

Meeting Minutes

**ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS MEETING**

Location: Virtual Meeting via Zoom

Date and Time: Thursday, January 22, 2026  
3:00 p.m.

Board Members Present (Appearing via Zoom/Telephonically):

Ken Burns  
Marcel Dabdoub  
Robin Romano

Board Members Absent:

David Castillo (with prior notice)  
Andre Whittington (with prior notice)

Staff Present (Appearing via Zoom/Telephonically):

Dirk Swift, Executive Director  
Dan Dialessi, Chief Financial Officer  
Carson Folk, Conduit Bond Business Development Officer  
Deaun Hampton, Operations and Administrative Coordinator  
Dongyan Jones, Accountant  
Sierra Belisle, Kutak Rock LLP, Legal Counsel

Meeting Facilitator (Appearing via Zoom/Telephonically):

Kelly McGuire, Kutak Rock LLP

Presenters (Appearing via Zoom/Telephonically):

Angela Arnholt, Ulysses Development Group  
Anand Kesavan, Equitable School Revolving Fund, LLC  
Jon LeBlanc, Hudbay Minerals, Inc.

**Actions:**

1. **Call to Order:**

The meeting was called to order by Robin Romano, President of the Board of the Arizona Industrial Development Authority (“AZIDA”), at 3:18 p.m. Board members Ken Burns, Marcel Dabdoub and Robin Romano attended via Zoom. Roll was called by Kelly McGuire, as meeting facilitator. David Castillo and Andre Whittington were noted as absent, having previously informed Ms. Romano that they would be unable to attend. A

quorum was declared present. Ms. Romano asked the Board members if they had any conflicts related to the items on the agenda. No Board member declared a conflict.

2. **Agenda Items Considered:**

*Presentation, Discussion & Adoption*

*Approval of Resolution No. 2026-1 – Authorizing (i) final approval of the issuance of not-to-exceed \$40,000,000 of Multifamily Housing Revenue Bonds (Salt River Flats 2 Project), in one or more tax-exempt and/or taxable, senior and/or subordinate series, and (ii) the reallocation of calendar year 2023 carryforward volume cap, for the benefit of SRF 2 Owner LLC.*

Angela Arnholt of Ulysses Development Group (“UDG”) presented the project to the Board. She shared that Salt River Flats 2 is the second phase of the Salt River Flats community previously financed through AZIDA. Salt River Flats 1 is a 192-unit community that stabilized in April 2024 and is located directly adjacent to the proposed project (Salt River Flats 2). Salt River Flats 2 is located on 6.5 acres at 4027 South 13th Street and will add 168 homes to the South Phoenix community, including one-, two-, three-, and four-bedroom units, providing housing options for a wide variety of households, whether it’s individuals or larger multi-generational families. All of the units will be spread across seven, three-story garden-style buildings. Ms. Arnholt added that community amenities will include a clubhouse, business center, playground, carports, pool, picnic areas, and outdoor recreational space. Inside the units, amenities will include a refrigerator, oven and range, walk-in closets, air conditioning, microwave, window coverings, in-unit washer and dryer, hard stone countertops, and balconies or patios. She said all of the 168 units will be income-restricted to residents making 60% of area median income (“AMI”). There will also be a large solar program offsetting approximately 72% of the project’s electricity consumption, as well as reducing carbon emissions. The Salt River Flats 2 project is permit-ready and has identified financing partners. Along with the requested tax-exempt bonds, the project will be financed by low-income housing tax credits (“LIHTC”) from the Arizona Department of Housing (“ADOH”), a tax-exempt construction mortgage, a taxable equity bridge loan, a subordinate cash flow bond, and a subordinate loan from ADOH. She shared that UDG is grateful for the partnership with AZIDA. Through that partnership, UDG has closed four projects, Salt River Flats 1, Dahlia Village, Acacia Youngtown Phase 1, and Acacia Youngstown Phase 2, totaling 630 units. Ms. Arnholt noted that Salt River Flats 1 and Dahlia Village are both completed and stabilized, and the two Acacia projects are on schedule to deliver the first phase of units this summer.

Ms. Arnholt added that Salt River Flats 2 not only enjoys market demand, but also local and community support. UDG received positive feedback in community meetings it held, and the letters of support provided to AZIDA. She then thanked the Board for its time and offered to answer questions.

Mr. Burns noted that the price per unit looks pretty good.

Ms. Romano agreed and said it was about \$388,000 per unit, and asked Mr. Dabdoub if that made him happy.

Mr. Dabdoub said it absolutely did.

Ms. Romano noted AZIDA was happy about the first phase and is glad to do the second phase. She added that Salt River Flats 2 is in an area that desperately needs multifamily housing, especially low-income at 60% AMI, and it fills a gap in an area of the Phoenix Metropolitan Area that desperately needs it. AZIDA is proud to partner with UDG on it.

Board member **Ken Burns** then motioned to approve Resolution No. 2026-1, as presented. Board member **Marcel Dabdoub** seconded the motion.

By a vote of 3 ayes, 0 opposed and 0 abstentions, the motion passed.

*Presentation, Discussion & Adoption*

*Approval of Resolution No. 2026-2 – Authorizing final approval of the issuance of not-to-exceed \$350,000,000 of Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2026A – Social Bonds, in one or more tax-exempt and/or taxable series, for the benefit of Equitable School Revolving Fund, LLC.*

Anand Kesavan of Equitable School Revolving Fund, LLC (“ESRF”) thanked the Board for its long-time support and the successful program ESRF and AZIDA have built together over the years. He introduced David Stinfil and John Carter of Siebert Williams Shank (bond underwriting firm), and Eugene Clark-Herrera of Orrick (ESRF’s bond counsel), in the event there are questions.

Mr. Kesavan explained that since the Board is familiar with ESRF he will keep his presentation brief. He shared that he is the CEO and Founder and has been with ESRF since 2017. This will be ESRF’s seventh issuance with AZIDA, and eighth issuance overall. ESRF has loaned almost \$1 billion to high performing public charter schools since its creation and has loaned about \$300 million just so far this year. Mr. Kesavan noted ESRF has experienced no loan defaults, and certainly no defaults on their bonds. ESRF is current on all bond payments and all disclosure obligations. He added that ESRF keeps in close touch with its investors, and is proud to share that, for the first time, ESRF received a Standard & Poor’s rating upgrade to A+, a difficult thing to achieve. Therefore, the 2026 series of bonds will be marketed with an even higher rating than previous issues, which, of course, have also been upgraded.

Mr. Kesavan reminded the Board that ESRF is seeded by a very large philanthropic grant and has more than \$500 million in equity grant philanthropy. He noted most of this is from philanthropic donors who want to build schools for low-income children, and some from governments who want to use their money wisely. Mr. Kesavan added that ESRF then matches that, like a revolving fund, with capital markets money and puts it all into one big pool, from which it makes loans to hundreds of schools. ESRF currently has made loans to more than 280 schools across the country, saving schools a lot of money, with the savings going right back into classrooms. ESRF is a nonprofit corporation that operates at a break-even point. ESRF intends to keep growing with the goal to bring a couple of bond issuances to AZIDA every year for the next several years as their loans continue to evolve.

Mr. Kesavan then gave a quick update on the status of the loan pool, generally. To date, ESRF has made 114 loans to schools serving more than 140,000 students across the whole

country. He noted ESRF's loan rating is BB+ for their underlying schools, most of which are actually pretty good credits. And then, of course, ESRF earns an A+ rating when the schools are combined. Mr. Kesavan added ESRF has almost \$2 billion in loans, all pledged to ESRF's bonds. He noted it's a tough business but that ESRF's schools are doing well overall.

Mr. Kesavan presented ESRF's academic results, information not often shared with the market, but is very important to ESRF's mission. He explained ESRF's schools aren't just any schools. ESRF has a big team focusing heavily on the of quality of the schools ensuring they can not only pay the bills, but also succeed academically. Mr. Kesavan shared information on the sophisticated statistics model ESRF utilizes to gauge the performance of the schools. The model accounts for students' race and income, and how ESRF thinks they would perform in a more typical school in the students' community (as opposed to an ESRF eligible school). He noted ESRF's data shows their students perform better than 78% of the local schools ESRF would otherwise expect them to attend. Most charters are performing at right around 50%, with districts right around the 50th percentile, so the schools benefited by ESRF's loans are performing significantly better in English Language Arts, and even better than that in math compared to other charter schools around the country. Mr. Kesavan said ESRF's schools are not just doing well credit-wise, but also serving lower-income children who really need it and giving parents a choice they otherwise wouldn't have, which is an important part of ESRF's nonprofit mission.

Mr. Kesavan reiterated that ESRF is proud that S&P has given them a pretty notable upgrade and said a lot of good things about ESRF's financial model. He noted ESRF's default tolerance model is very strong, so they always feel comfortable that their bondholders are going to get paid back, and in his opinion, it's really at the AAA level. With all that context, today ESRF is asking for approval for approximately \$300 million of bonds, which may go a little bit higher, in which case ESRF would expect to seek approval for additional bonds this summer. He then offered to answer any questions.

Mr. Dabdoub said he had no questions and thanked Mr. Kesavan for the presentation.

Ms. Romano said she loves the updates and added there is nothing wrong with ESRF bragging that their students are doing really, really well.

Board member **Marcel Dabdoub** then motioned to approve Resolution No. 2026-2, as presented. Board member **Ken Burns** seconded the motion.

By a vote of 3 ayes, 0 opposed and 0 abstentions, the motion passed.

*Presentation, Discussion & Adoption*

*Approval of Resolution No. 2026-3 – Authorizing preliminary approval of not-to-exceed \$450,000,000 of revenue bonds, notes or other obligations to be issued in one or more tax-exempt and/or taxable series, to finance and/or refinance solid waste disposal facilities located in Pima County, Arizona, for the benefit of Copper World LLC.*

Jon LeBlanc, the Chief Financial Officer of Hudbay Minerals, Inc. (“Hudbay”), explained that Hudbay is a publicly traded Canadian mining company with nearly 100 years of experience developing and operating mines. Hudbay currently has operations and projects

across the United States, Canada, and Peru. The Copper World project, which Hudbay is very excited about, is located in Pima County and is a \$1.7 billion investment to build one of the highest-grade open pit copper operations in the United States. Mr. LeBlanc added the project has already secured all three key state permits for air, water, and reclamation. Hudbay expects to create nearly 400 new permanent jobs that pay well above the Arizona average, and the jobs are future-facing, technologically advanced, generationally changing jobs for Arizonans. Mr. LeBlanc added Hudbay also has the support of the local unions, which they'll use for construction. Mr. LeBlanc noted Hudbay expects to contribute more than \$850 million in taxes, which includes \$170 million for the state of Arizona and \$250 million in property taxes.

Mr. LeBlanc explained that Hudbay, led by its values, is committed to supporting sustainable water resources through their investment in 'Project Renewals,' an initiative by the Community Water Company of Green Valley ("CWC"). Project Renewals will deliver water supplies to recharge the aquifer serving Green Valley and Sahuarita, at no cost to community members. That initiative will supplement the local water table and recharge basins that double as habitats for local wildlife, supporting both environmental conservation and recreational opportunities.

Mr. LeBlanc noted that Hudbay has completed its preliminary feasibility study and is working towards completion of a final feasibility study sometime in the middle of this year. Hudbay recently secured a world-class partner in Mitsubishi Corporation, and they are in the final phases of identifying their financing structure. He shared that Hudbay is evaluating tax-exempt bond financing for a portion of the copper mining and production facilities that qualifies under the solid waste category for byproduct treatment and disposal. This includes facilities and equipment for the mine in the waste rock disposal area, the copper concentrator plant, and the copper leach plant.

Mr. LeBlanc added that Hudbay very much appreciates the Board's consideration of the preliminary resolution, and they look forward to working together. He then offered to answer any questions.

Ms. Romano noted that mining is not known for its water sustainability, which is a hot topic in the state of Arizona. She asked Mr. LeBlanc to describe the water sustainability process for the Board.

Mr. LeBlanc explained that Hudbay has a commitment to CWC to recharge more than 100% of what Hudbay will consume. He noted he is the finance guy and not the environmental person, but he believes Hudbay has already replenished over 50% of the water that the mine will consume over its life. Mr. LeBlanc agreed that it is true, mining is a water-intensive activity, but Hudbay believes through that partnership with CWC, Green Valley and Sahuarita, that Hudbay will not only replenish what they use, but also add to the water tables, actually creating a more sustainable ecosystem going forward. Hudbay has committed to investing and funding those recharge basins at no cost to community members.

Ms. Romano then asked if the mine workers will be from those local communities.

Mr. LeBlanc responded that Hudbay has a local hire commitment and shared that one of its recently hired employees is from Sahuarita. He said he spoke with the mayor of Tucson at a recent Governor's address, and the mayor is very excited to have this operation nearby in Sahuarita and Green Valley. Mr. LeBlanc added that Hudbay also has a commitment to the local unions through the construction phase so those 400 jobs will be based in Tucson for the long haul, as well as over 1,000 to possibly 3,000 potential indirect jobs sourced through local unions during the construction phase as well.

Ms. Romano thanked Mr. LeBlanc and asked if Board members had any questions.

Mr. Dabdoub noted the project is well known in Tucson and there is excitement about the economic boost it represents.

Mr. Burns added he appreciated the several support letters included in the packet, as it's always good to know a project is supported by the local community, because it's an important industry, but sometimes comes with some "NIMBYism", so it's great to see that the community is embracing the project.

Ms. Romano said she liked the maps and commended Mr. LeBlanc for the information package and his explanations.

Board member **Ken Burns** then motioned to approve Resolution No. 2026-3, as presented. Board member **Marcel Dabdoub** seconded the motion.

By a vote of 3 ayes, 0 opposed and 0 abstentions, the motion passed.

*Presentation, Discussion & Adoption*

*Approval of Resolution No. 2026-4 – Authorizing preliminary approval of not-to-exceed \$270,000,000 of Single Family Mortgage Revenue Bonds, in one or more tax-exempt and/or taxable series, the proceeds of which will be used to fund a single family mortgage loan program.*

Dirk Swift, Executive Director, explained this preliminary approval of not-to-exceed \$270 million of single-family mortgage revenue bonds will allow AZIDA to request a volume cap allocation by the end of January. He noted AZIDA's statutory single-family volume cap allocation for 2026 is \$73,775,783, however, the preliminary approval of the higher amount will provide some flexibility in the event additional volume cap becomes available if the other IDAs do not take an allocation. Mr. Swift noted this year's project will differ from the previous two years in that it will not be done in partnership with the Governor's Office with financial contribution from ADOH, therefore AZIDA would be responsible for 100% of the issuance costs. Mr. Swift shared he was in Washington, D.C. last week meeting with some of AZIDA's single-family program partners to collect data and start estimating what those costs may look like. He reiterated that the preliminary approval request is simply the first step to allow AZIDA to request volume cap, and he will provide more detailed information to the Board when final approval is sought.

Board member **Marcel Dabdoub** then motioned to approve Resolution No. 2026-4, as presented. Board member **Ken Burns** seconded the motion.

By a vote of 3 ayes, 0 opposed and 0 abstentions, the motion passed.

3. **Presentation and Discussion; No Board Action – Quarterly Financial Report**

Dan Dialessi, Chief Financial Officer, presented the Q2 2026 financial report as of December 31, 2025. He noted it is in a similar form as the last quarter. The balance sheet shows almost \$199 million in assets and \$173 million in liabilities for a net position of about \$25 million. Growing quarter over quarter, in Q2 the net position increased almost 1.6%, with growth since January 1 of about \$2.6 million. AZIDA is doing well, with contributing factors including growing the single-family bond indenture, strong fee revenue on the TBA side of the single-family programs, and conduit bond fees. He explained the assets are broken down by quarter and are composed of cash and mortgage-backed securities. With the mortgage revenue bond program, essentially, AZIDA borrows money and then buys mortgage-backed securities. AZIDA has a community of lenders that go out and generate the mortgages to pool and create the securities. The third much smaller category is the second liens receivable. When we create the down payment assistance second liens, we carry them almost at face value for the non-forgivables, about 20 cents on the dollar for the 5-year forgivables, and only about 3% of face value on some of the old 3-year forgivables we're carrying because they get amortized down monthly. Most of the 30-year forgivables are almost unwound. AZIDA's net position is growing steadily over time.

Mr. Swift added that, based on the Board's feedback, Mr. Dialessi and Ms. Jones have tweaked the presentation of AZIDA's financials to make the information more accessible and as easy to digest as possible. If there is something about the way the information is presented that they don't find helpful, revisions can be made until the presentation is satisfactory.

Ms. Romano said she understood.

Mr. Dialessi then moved on to the profit and loss statements which he presented for Q2 and year-to-date. The first chart shows detail on where the revenue comes from and what the expenses are and how that all balances out for Q2. He used a stacked bar chart comparing the income earned in Q2 versus Q1 as well as the total income earned so far for fiscal year 2026. He mentioned that while he used pie charts for the last presentation, he felt so many dimensions were lost with that format so he switched to a type of stacked chart to illustrate how the categories cumulatively grow. In the first quarter, AZIDA earned about \$698,000 from conduit bond fees and in the second quarter, about \$1.26 million, so all in for the whole first half of the year, about \$1.9 million. Then looking at the mortgage revenue bond program income, AZIDA has brought in approximately \$7.4 million. The TBA program has been picking up a bit lately, generated from the little bit of gain AZIDA makes when it trades those capital market securities, and fees charged in the origination process. TBA profits are picking up quarter over quarter, and so far, they total about \$1.9 million.

Mr. Burns noted the conduit bond revenue is just under \$2 million, but last year at this time, it was at \$5 million. He asked Mr. Dialessi to elaborate on why the revenue is so much lower than last year.

Ms. Romano added that the Board wanted to look at year-over-year data.

Mr. Burns shared that he struggles with numbers presented in a vacuum. Without being able to see trends, what's being presented is kind of hard to evaluate. Ms. Romano agreed.

Ms. McGuire offered some context to explain the timing of conduit bond fees. In calendar year 2024, December was a huge fee month because of the volume cap deadline – all 2024 current year volume cap had to close in December. With the increased demand for cap, and the timing constraints prescribed in the volume cap statutes, for calendar year 2025, June was the first big volume cap deadline, and the volume of transactions that had to close was like what we've historically seen in December.

Mr. Dialessi said the private activity bond cap allocation and expiration dates do have an effect on that. There is a timing difference where carryforward cap expires in December, and so there was this rush to get everything that was carried forward from prior years, and that was the name of the game in prior years. The lottery for carryforward was in December, not in January, and everybody got it for 3 years. He noted that's how it went for the years that he managed it, and then it was only recently that we're starting to see a change in the pacing with all or most of volume cap being used in the current year (as opposed to carried forward).

Mr. Swift agreed.

Mr. Folk added that AZIDA had five multifamily LIHTC projects close in December 2024, so that was a much higher closing period than in December 2025 because of the volume cap.

Mr. Swift asked Mr. Burns if it would be helpful to see the data trend out month-by-month.

Mr. Burns said he hoped that someone is looking at the data to determine if AZIDA is on track or not. If this is mid-period, and it's lower, and it's going to shift into January, February, March, it's not really a problem. But, if it has dropped off 60% from prior years, then that's an issue.

Mr. Dialessi agreed. He pointed out that the AZIDA pipeline, which is very robust, contains many projects that have been granted preliminary approval so they could enter the private activity bond cap lottery. Whether AZIDA deals or the deals going through another IDA are drawn in the lottery is out of AZIDA's control. If there was ever a lottery in which fewer AZIDA projects were drawn, AZIDA could conceivably see a drop in revenue, despite its volume of bond financing applications being even or higher than usual. Projects that just received cap have to close by the end of June. The revenue shortfall from the conduit revenue bond program is not for lack of production or outreach, it is a timing issue with projects not being able to get volume cap and thus they can't secure the 4% low-income housing tax credits needed to fill the financing gap.

Mr. Burns noted AZIDA just granted final approval to a \$350 million bond deal.

Mr. Dialessi clarified that because the ESRF financing is a 501(c)(3) transaction, it doesn't need volume cap.

Mr. Burns explained he's not talking about capital, but he's talking about revenue. That revenue wouldn't have been reflected in the December numbers since we just did final approval today.

Mr. Dialessi agreed that one is in the pipeline.

Mr. Folk explained that revenue from a particular deal would only show in the quarter in which the transaction actually closed, and not all will close.

Mr. Dialessi reiterated that if a deal hasn't closed yet, it would be a Q3 number.

Mr. Burns said that was his point. The revenue from the very large ESRF approval wouldn't show up in the next quarter unless it had closed. He wasn't sure of the amount but that's a really large number.

Mr. Folk added that based on recent volume cap awards, the pipeline shows that AZIDA is trending towards similar fee revenue results on the conduit side as the last fiscal year.

Mr. Burns said that was ultimately his question.

Mr. Dialessi noted that in the current quarter, we're looking at a little over \$1.2, and then next quarter, that's about \$1.9 billion in potential, if the deals can get cap and move forward. That's potentially worth another roughly \$7 million or so in fees. AZIDA is plugging away and it's more of a timing artifact of the way that private activity bond cap works.

Ms. Romano agreed.

Mr. Dialessi then turned to an explanation of expenses, which are primarily organized by program. The mortgage revenue bond has huge expenses because it's leveraged, and that's the key takeaway here. He provided a little bit more detail on expenses by use since that gives us a lot more to dig into.

Mr. Burns commented that the Board was presented with a forecast of expenses at the beginning of the fiscal year, but there's nothing that says are we tracking above or below the forecast.

Ms. Romano noted there is no budget comparison, but the Board has asked for one.

Mr. Dialessi said he didn't believe it was done last time, but could add that in.

Mr. Burns said that it's just to provide some context to determine if the numbers are good or bad and how AZIDA is doing overall.

Ms. Romano added that if we're going to do the next round of the single family mortgage revenue bond program alone and not partnering with the State of Arizona or ADOH, we need to make sure that AZIDA has sufficient money to handle that expense.

Mr. Dialessi agreed and added that AZIDA needs about 4% of any deal that it does to bolster the indenture.

Ms. Romano said because when we do the second liens, the credit ratings agencies don't count that.

Mr. Swift added that staff will continue to clean up the financials, so the Board gets what they want in digestible fashion, and he agreed with Ms. Romano. Staff will be working on projected expenses for next year, and our closeout revenue through June, to see what kind of financial position we're in, whether AZIDA can write a check or even wants to write a check. We'll just make sure that the next iteration of the numbers includes that feedback.

Ms. Romano pointed out that a lot of these projects are obviously waiting for volume cap, but there are also some projects that are taking a bit longer to close. There have been some applicants that come back for Board approval and ask for more money because things are more expensive, and there was a big rush to get some stuff completed at the end of fiscal year 2025. So, if you just had looked at those numbers and the number of closings compared to what we've closed so far this year, there is a difference. Ms. Romano noted that if she remembered correctly, having seen years past, sometimes there's a little bit of a blip between the number of closings throughout the year. Ms. Romano stated she understood that it's not a complete linear line always going up, but as Mr. Burns correctly pointed out, we do need to have context to see that. Seeing historical performance never hurts.

Mr. Burns agreed and added that even if we're "off," it's okay so long as we understand why we're off.

Ms. Romano agreed.

Mr. Burns said it will even out, because we know that the cash flows are not even and it's hard to predict, so he's fine with all that. He just wanted to make sure that we know it, and that staff is looking at the results to understand what they mean, and whether there are adjustments we need to make.

Mr. Dialessi then discussed AZIDA's expenses, primarily for second liens, those funds are kind of backstopping the credit on the MRB program, and that takes the most cash. On TBA, AZIDA sells those securities into the capital markets at a premium, and then applies that premium to help the first-time home borrowers, and that's where those funds come from. But that's what the breakdown is, what we used to fund up, second liens, interest expense, about \$4.1 million, and then general operations. Mr. Dialessi then discussed AZIDA's general operations expenses including payroll, management fees, and legal fees.

Mr. Swift added he has a component in the executive director report where he is going to ask for feedback about a couple of items. He said staff appreciates the feedback and asked Board members to let staff know if they are not presenting information in the right fashion.

Ms. Romano said the Board will do that and noted she likes a good graph, but she thinks with a little tweaking it will be great. She commended staff on the good work.

4. **Presentation and Discussion; No Board Action – Executive Director’s Report**

Mr. Swift shared that AZIDA has helped 37,730 new single-family homeowners, providing just over \$308 million in down payment assistance. He presented maps showing the number of new homeowners and the amount of down payment assistance provided by county and then by city within each county. Mr. Swift noted that AZIDA had a successful volume cap allocation in the January round – a lot of AZIDA’s projects received an allocation, including the two smaller rehabilitation projects from the end of last year that the Board really liked.

Mr. Swift informed the Board that AZIDA is still in the midst of participating in AFA’s two-year sunset audit review. He noted there continues to be some back and forth with the Auditor General’s office, but he thinks it’s pretty close to being done.

Mr. Swift noted that there is a sticking point in the sunset audit related to a fee that was part of a conduit transaction that was intended to go to one of AZIDA’s partners, Hilltop Securities (“Hilltop”). Unbeknownst to AZIDA, Hilltop chose not to collect that fee, and the documents provided that AZIDA was the contingent recipient. Again, AZIDA was not aware that Hilltop didn’t collect the fee. AZIDA was made aware during the first the sunset audit when the auditors made a finding that AZIDA was leaving revenue on the table, so now AZIDA collects it in the normal course, like other ongoing fees. AZIDA has collected in excess of \$700,000 in annual fees, and the auditors had an issue with this specific collection item because the granular details of the fees collected on each and every transaction are not specifically reported to the Board every quarter. Mr. Swift assured the Board that all fees are being collected and are presented in the financials. He is unsure whether or not this finding will finally get a favorable nod from the auditors.

Mr. Swift then shared that AZIDA has been building out a staff operations manual. He noted AZIDA is currently safe and secure in its cyber world but there is better security available and would be appropriate for AZIDA. Mr. Swift said he has been attempting to get AZIDA set up with a company called Tanium, which is basically a rock star platform widely used for cybersecurity. Tanium would be a more efficient way to maximize AZIDA cybersecurity position, instead of buying five separate McAfee subscriptions. Tanium responded that AZIDA is just too small for them to contract with, however, Tanium is a contractor for the state of Arizona, so the only way AZIDA can access the Tanium program is if it is considered part of the state of Arizona. AZIDA is not a state agency, so it would need a sponsor, possibly the Arizona Finance Authority or the Arizona Office of Economic Opportunity, to start the process of getting AZIDA set up on that platform. He would be reaching out to Directors Ghelfi and Foote for assistance. He added that, of course, AZIDA would fully pay for its access to the program and do whatever is necessary, not relying on AFA or OEO for that type of support, but a sponsor is needed to get a foot in the door.

Ms. Romano asked if Mr. Swift knew when the sunset audit would be in writing.

Mr. Swift responded that there is not a specific timeline, but the auditor will provide a final report on the two-year sunset review that AZIDA can review and respond to, and then the auditor will post the final two-year response.

Mr. Burns asked if this is a two-year follow-up or another new full audit.

Mr. Swift responded this is the two-year follow-up from the first audit from four years ago.

Mr. Burns said he thought the auditor gave a two-year extension and that's why they're back again.

Mr. Swift said AZIDA is asked to participate in AFA's sunset audit, and AFA sunsets again in June 2027, so the new audit is bound to start at any time.

Mr. Burns asked if this is still the two years from the last audit.

Mr. Swift confirmed this relates to the first audit's findings.

Ms. Romano chuckled about the timeliness of the process.

Mr. Burns said he thought the auditor just rolled into the next one and asked why they were still working on the first audit. He noted it appears they're just looking at old findings and what AZIDA has done to address those old findings instead of looking at new operations, but he was guessing that was coming soon.

5. **Adoption of Minutes of the December 11, 2025, AZIDA Regular Board Meeting**

Board member **Marcel Dabdoub** moved to adopt the minutes of the December 11, 2025, AZIDA regular board meeting. Board member **Ken Burns** seconded the motion.

By a vote of 3 ayes, 0 opposed and 0 abstentions, the motion passed.

6. **Call to the Public**

Ms. Romano announced a call to the public for comments.

No members of the public appeared via Zoom/telephonically to comment.

7. **Announcements**

Ms. Romano announced that the next regular meeting of the Arizona Industrial Development Authority is scheduled to be held in person on Thursday, February 19, 2026, at 3:00 p.m., but noted that people should consult the AZIDA website for any changes to meeting details.

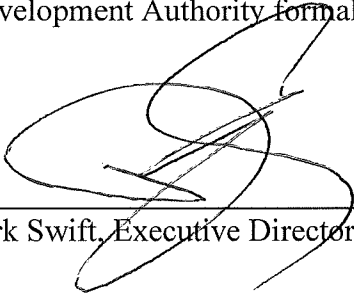
8. **Adjournment**

Board member **Ken Burns** motioned for adjournment of the AZIDA Board meeting at 4:10 p.m. Board member **Marcel Dabdoub** seconded.

By a vote of 3 ayes, 0 opposed and 0 abstentions, the motion passed, and the meeting was adjourned.

*[Remainder of page left blank; signature page follows]*

Approval: The undersigned hereby certifies that the Board of Directors of the Arizona Industrial Development Authority formally adopted these Minutes on the date shown below.



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Dirk Swift, Executive Director

March 19, 2026

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Date of Board Action