

Meeting Minutes

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

Location: In-Person Meeting at Regus
2025 N. 3rd Street, Suite B300, Room 336, Phoenix, Arizona 85004

Date and Time: Thursday, May 21, 2026
3:00 p.m.

Board Members Present (Appearing in Person):

Ken Burns
Robin Romano

Board Members Present (Appearing via Zoom/Telephonically):

David Castillo
Marcel Dabdoub
Andre Whittington

Staff Present (Appearing in Person):

Dirk Swift, Executive Director
Dan Dialessi, Chief Financial Officer
Carson Folk, Conduit Bond Business Development Officer
Christian Hernandez, Single Family Homeownership Business Development Officer
Sierra Belisle, Kutak Rock LLP, Legal Counsel

Staff Present (Appearing via Zoom/Telephonically):

Deaun Hampton, Operations and Administrative Coordinator
Dongyan Jones, Accountant
Pat Ray, Conduit Bond Program Manager

Meeting Facilitator (Appearing in Person):

Kelly McGuire, Kutak Rock LLP

Presenters (Appearing in Person):

Gerald Minott, Housing Authority of Maricopa County

Presenters (Appearing via Zoom/Telephonically):

Patrick Lawrence, Leona Schools (representing Kaizen Education Foundation)
Michele Kaye, Leona Schools (representing Kaizen Education Foundation)
Jessica Shaham, Kutak Rock LLP
Jon LeBlanc, Hudbay Minerals, Inc.
Erik Greenberg, Academy of Mathematics and Science, Inc.
Britney Martinez-Posadas, Kittle Property Group
Tyler Kalachnik, Ice Miller LLP
Sara Russell, Collegiate Housing Foundation (member of CHF – Arizona, L.L.C.)

Mark Lambing, Dominion Inc.
Cole Froemming, Lincoln Avenue Communities
Clayton Patterson, Patterson Enterprises (member of SMDB LIH, LLC, SMDB LIH 2, LLC, and SMDB LIH 3, LLC)

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 3:00 p.m. Board members Ken Burns and Robin Romano attended in person. Board members David Castillo, Marcel Dabdoub and Andre Whittington attended via Zoom. Roll was called by Kelly McGuire, as meeting facilitator. 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. 2026-11 – Presentation, Discussion and Board Action on a Resolution authorizing the execution and delivery of a First Amendment to 2016 Loan Agreement and Waiver, a First Supplement to 2016 Indenture, a Second Amendment to 2019 Loan Agreement and Waiver, and an Acknowledgement and Consent Agreement Letter relating to the Authority’s previously issued loan obligations, for the benefit of Kaizen Education Foundation.

Patrick Lawrence and Michele Kaye of Leona Schools [charter school management company] representing Kaizen Education Foundation (“Kaizen”), and Jessica Shaham of Kutak Rock LLP, as bond counsel for the transaction, presented the amendment request to the Board. Mr. Lawrence explained that Kaizen is in the process of closing two schools. One school, located in Lake Havasu City, has had several challenges over the years with enrollment down due to empowerment scholarship accounts (“ESAs”). Another school, located in the East Valley, has historically been under enrolled. Kaizen has another school nearby and thinks there is significant overlap in students, and they plan to transition as many students as possible to the other school in the area. Mr. Lawrence noted that the closure of a school is considered an event of default under the bond documents, however, Kaizen has made a presentation of the solution to the majority bondholder and to Western Alliance Bank representatives because the closures will strengthen the overall financial health of Kaizen even with the remaining schools covering the debt service related to the two closed schools. While Western Alliance Bank is on board with the plan, Kaizen still needs to send a solicitation for consent to the majority bondholder. Kaizen is seeking AZIDA’s permission to waive that event of default, assuming the majority bondholder also consents.

Ms. McGuire asked if there had been any payment default.

Mr. Lawrence said there had not, and all payments were current. Kaizen has had no issues or any late payments on the bonds.

Ms. Romano said that, technically, when the school is having problems and has to be taken out, it's considered a default, but Kaizen actually has not had a financial default but a paper default.

Mr. Lawrence said that was correct.

Ms. Romano noted that in that respect it's like depreciation, it doesn't really exist.

Mr. Burns asked if enrollment and population decreases are a trend for just charter schools or also other public schools or whether the problem is something unique to the two schools to be closed.

Mr. Lawrence said Kaizen has seen ESAs have an impact on overall enrollment and thinks a lot of public districts in the state are experiencing similar enrollment challenges. He said Kaizen has not come close to any sort of financial default and believes closing the two schools will strengthen its overall financial health. He noted there are a couple other schools in this pool of schools that have had some challenges but believes their marketing efforts will allow them to stem those enrollment losses and the system will continue to be strong financially. He said the ESA environment has had an effect on Kaizen and on public districts.

Ms. Romano noted it was a great question and entertained further questions from the Board.

Mr. Castillo wanted more information as to how the debt service on the two closing schools would be covered, wondering if there were sales pending on the sites, and what the current status was. While he was hearing the message that Kaizen believes its financial position will strengthen with the closures, he wasn't hearing the rationale – was that because the overhead will be reduced? Mr. Castillo noted that there is even now an ESA ballot initiative going forward and asked Mr. Lawrence to explain how Kaizen had concluded the closures would result in a stronger financial position. He wanted to understand what the forecast is really based on.

Mr. Lawrence said the two schools being closed have historically, over the last several years, been operating in a fairly significant deficit. Just taking those schools out of the equation and having the remaining schools pick up the debt service on those facilities strengthens Kaizen's debt service coverage. As to the status of the two campuses, currently, Kaizen is in the initial stages of entertaining potential sales of those facilities. He said there has been a little bit of interest, but selling the two properties would ultimately be Kaizen's desire.

Ms. McGuire asked Ms. Shaham if the sale of these campuses would require redemption of a related amount of outstanding bonds.

Ms. Shaham responded that tax rules and document requirements would be followed, but the final disposition was not yet determined. Kaizen may be able to redeploy the funds at other campuses, and it also depends on how much they want to de-lever the bonds. They are still exploring available options and noted Kaizen may eventually need to come back to the Board for further amendments.

Mr. Castillo asked if they might also need further amendments if the financial condition deteriorates.

Ms. Shaham noted that the situation remains somewhat speculative and added that if there became a real financial concern with the network, there would probably be more going on than only document amendments.

Ms. Kaye, the CEO of Leona Schools, clarified that the result of the closures will definitely be to improve the financial position of Kaizen. The remaining schools in the system are fairly stable, and they have seen some enrollment increases across the board. There has been some decline at a few schools, but overall, enrollment is fairly stable. They do not expect to lose the entire headcount of the closed schools. Eighty-six percent of the students at the closing Mesa campus rely on school-provided transportation. Kaizen is going to transfer that transportation plan to the other school in Mesa, so they expect its operations to improve and stabilize.

Board member **Ken Burns** then motioned to approve Resolution No. 2026-11, as presented. Board member **Marcel Dabdoub** seconded the motion.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2026-12 – Presentation, Discussion and Board Action on a Resolution granting final approval of the issuance of not-to-exceed \$53,000,000 of Solid Waste Disposal Revenue Bonds (Copper World LLC. Project), Series 2026A, for the benefit of Copper World LLC.

Jon LeBlanc, the CFO of Hudbay Minerals, Inc. (“Hudbay”), presented the project to the Board for final approval. He refreshed the Board’s recollection regarding details related to Hudbay and the proposed project, sharing that Hudbay is a publicly traded mining company that has been developing and operating mines for almost 100 years. Hudbay currently has operations in the U.S., Canada and Peru. The Copper World project, located in Pima County, is a \$1.7 billion investment to build one of the highest-grade open pit copper operations in the U.S. The mine has already obtained the three key state permits for air, water and reclamation. Hudbay expects to create over 400 new permanent high paying jobs at the project over the next three years, with wages well above Arizona averages, and has support from local unions. Hudbay also expects to contribute more than \$850 million in U.S. taxes, approximately \$170 million in Arizona state taxes and \$250 million in property taxes.

Mr. LeBlanc further noted Hudbay’s commitment to supporting sustainable development of the mine, particularly with respect to water resources. One of Hudbay’s main investments is in its Project Renews campaign, which is an initiative with Community Water Company of Green Valley to provide new water supplies to the Green Valley and Sahuarita areas at no cost to community members. That initiative will supplement the local water table and include recharge basins that double as habitats for local wildlife and support environmental conservation and recreational opportunities. Hudbay had a preliminary feasibility study completed and is working towards the final feasibility study later this year.

Mr. LeBlanc then described the plan of financing. He shared that development of the Copper World project is through a joint venture partnership with Mitsubishi Corporation, and the corporations are in the final phases of identifying the financing structure. Tax-exempt bonds will be used for the portion of the copper mining and production process that qualifies under the waste management category [of the Internal Revenue Code] for byproduct treatment and disposal. That includes facilities and equipment for the mine and waste rock disposal areas, the concentrator plant, and the copper leach plant. Mr. LeBlanc expressed Hudbay's appreciation of the Board's consideration and offered to answer questions.

Mr. Burns recalled that the Board had just heard about the project in January and he knows it well. The letters of support provided with the submittal package were appreciated by the Board.

Mr. Dabdoub shared that the project has been talked about a lot in Tucson [Mr. Dabdoub is based in Tucson], and going through the processes for all the necessary approvals had been a long road.

Board member **Marcel Dabdoub** then motioned to approve Resolution No. 2026-12, as presented. Board member **Andre Whittington** seconded the motion.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2026-13 – Presentation, Discussion and Board Action on a Resolution granting final approval of the issuance of not-to-exceed \$34,000,000 of Education Revenue Bonds (Academies of Math & Science Projects), Series 2026, for the benefit of Academy of Mathematics and Science, Inc.

Erik Greenberg, the CEO of Academy of Mathematics and Science, Inc. ("AMS"), presented to the Board. He began with a description of the AMS network sharing that AMS has been serving students in Arizona since 2002 and currently serves about 8,500 students across the Tucson and Phoenix areas. AMS is the largest charter school operator to exclusively serve students in low-income areas. AMS's schools in Arizona have received "A" and "B" letter grade ratings in 24 of the last 28 state letter grades issued by the Arizona State Board of Education. AMS is extremely proud of the work they do to serve low-income families, building community schools, and continuing growth in Arizona. This work is continued with the purchase of what is currently the existing Noah Webster Charter School in Mesa. Following the purchase, it will become the AMS Power campus located near Power Road and Baseline Road. The proposed bond financing also includes the purchase of a school in Las Vegas. Mr. Greenberg shared that the transaction is near and dear to AMS's heart as Noah Webster is unfortunately closing after serving students in the Scottsdale and Mesa communities for more than 30 years. By acquiring Noah Webster's Mesa campus, AMS can prevent the closure of a school that serves a high free and reduced lunch population. AMS's intends to retain as many Noah Webster students as possible, as well as the teachers and staff currently employed there. In doing research in this community, AMS found there is not a school within five miles that has a greater than 40% student population eligible for free or reduced lunch. AMS wants to continue serving that

population as it strives to create community-based schools. The financing of the Power Campus and the school in Las Vegas will allow AMS to continue to serve and expand the offering of a high-quality education to their students and provide great teaching and leadership opportunities to staff members. AMS very much appreciates the support of the Board over the years and hopes to continue to serve families and students in the state of Arizona.

Ms. Romano said she thinks this is a fantastic project and, as a Mesa resident, is happy that AMS is taking over the Noah Webster school.

Board member **Andre Whittington** then motioned to approve Resolution No. 2026-13, as presented. Board member **David Castillo** seconded the motion.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2026-14 – Presentation, Discussion and Board Action on a Resolution granting final approval of the issuance of not-to-exceed \$13,000,000 of Multifamily Housing Revenue Bonds, Series 2026 (Southgate-Canterbury House Project), for the benefit of Canterbury House – Southgate, L.P.

Britney Martinez-Posadas, a financial analyst with the Kittle Property Group (“Kittle”), and Tyler Kalacknik of Ice Miller LLP, Bond Counsel, addressed the Board. Ms. Martinez explained Kittle is a multifamily development company based in Indianapolis since 1946. Kittle is vertically integrated with construction, architecture and design, accounting, finance, development, among other departments, with over 550 employees and about 20,000 units. Kittle is present in 19 states, and its product is mostly affordable 4% bond deals and some market rate developments. The Canterbury House Apartments Southgate property was built in 2009. It is mixed income and serves both affordable and market rate tenants. It has 230 multifamily units with 165 of them low-income housing tax credit (“LIHTC”) units. The property is in Southgate, Kentucky, which is in the Cincinnati metropolitan statistical area. It is a long-term stabilized asset that has shown historical stable occupancy ranging from 90% to 94% within the past couple of months and has a good safety reputation. It is located within a mixed-use neighborhood a few miles south of downtown Cincinnati and has food and retail choices nearby within a walkable distance. The property benefits from good access and connectivity. In July 2020, AZIDA issued approximately \$12.5 million of tax-exempt bonds, and the property took out a \$6.7 million taxable mortgage. Kittle is requesting the same amount to refund the 2020 bonds and seeking an increase of the non-bond taxable tail portion to \$11.5 million. The additional proceeds will be used to cover financing and closing costs in connection with the refinancing and invest in more developments. The bonds don’t use any volume cap and will solely be an obligation of the project and not a general obligation of AZIDA. The new refinancing structure will result in interest rate savings and overall help Kittle keep providing low-income housing to the community. She thanked the Board for its time and offered to answer questions.

Ms. Romano thanked Ms. Martinez for the presentation and asked if the Board had questions.

Mr. Dabdoub said it was his understanding that Kittle is going to continue the affordable housing restrictions on the property but not make any upgrades. He asked if this is just an opportunity to continue providing affordable housing of an already existing asset.

Ms. Martinez confirmed it was a straightforward refinance to recapitalize an already stabilized long-term asset.

Board member **Ken Burns** then motioned to approve Resolution No. 2026-14, as presented. Board member **Marcel Dabdoub** seconded the motion.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2026-15 – Presentation, Discussion and Board Action on a Resolution granting final approval of the issuance of not-to-exceed \$350,000,000 of Student Housing Revenue Bonds (CHF – Arizona, L.L.C. – University of Arizona Project), Series 2026, for the benefit of CHF – Arizona, L.L.C.

Sara Russell, the executive vice president for business development and transactions with Collegiate Housing Foundation (“CHF”), addressed the Board. She said CHF is the sole member of the proposed borrower for this transaction, CHF – Arizona, L.L.C. CHF is a national 501(c)(3) organization established in 1996 exclusively for charitable and educational purposes, including assisting colleges and universities across the country in providing facilities for their students, including student housing. To date, CHF has financed over 70 student housing projects in 26 states for 53 different schools with aggregate project costs of \$4.6 billion. CHF is very excited to work with the University of Arizona (the “University”) on a public-private partnership for student housing. The proposed project will provide approximately 1,300 beds of suite-style accommodations targeted mainly toward freshman students. The University is in the process of implementing a freshman residency requirement to create a more residential campus. The University has some outdated housing stock that needs to be replaced, and this project will effectively provide the swing space for them to be able to consider what to do with older residence halls. As part of the transaction, CHF will be acquiring land on the corner of Speedway and Campbell that will be gifted to the University at closing. The University will lease the land to the CHF limited liability company borrower created for this financing via a ground lease and the tax-exempt and taxable financing will provide all of the proceeds necessary for that land acquisition as well as the design, development, construction and equipping of the project. The debt will be secured solely by project revenues and assets. The University will operate the project pursuant to a series of agreements related to the marketing and leasing of the project and the facilities maintenance aspects of the project. CHF anticipates a minimum investment grade rating on the project and has a bid for bond insurance from Build America Mutual. She then offered to answer any questions.

Ms. Romano noted that it looked like there is an existing structure on the property and asked if that structure would be torn down or rehabilitated.

Ms. Russell said the Palm Shadow Apartments, an abandoned apartment community, will come down in its entirety. The site will be scraped, and a beautiful new building will be put in its place.

Ms. Romano said it looks like there is something right next to that and asked if that would be expansion space.

Ms. Russell said there is a University building adjacent to the project and she believes it is residential, but it is a little aged. She believes there is some discussion at the University as to when, if and how that building would come down to provide sites for development, whether into additional housing or academic space.

Mr. Dabdoub noted it is an aged building, and the Palm Shadow Apartments have been shut down for years. A number of years ago when the market was great, all of the residents were kicked out because there was a plan to redevelop the site, but it didn't happen. The property has been vacant and has become a nuisance, so it's great that corner is being redeveloped.

Ms. Russell added it's a nice gateway to that side of campus.

Mr. Dabdoub agreed.

Mr. Folk noted the renderings look nice too.

Ms. Romano thanked Ms. Russell for answering her questions and asked if the Board had any other questions.

Mr. Burns said he is not familiar with the property, but he sees a lot of nods about the need for this project, and it sounds like it's filling a need.

Ms. Russell added that CHF is very excited for the project to move forward and understands the University team offered to knock down the abandoned building with sledgehammers.

Ms. Romano asked Ms. Russell to send pictures.

Board member **Marcel Dabdoub** then motioned to approve Resolution No. 2026-15, as presented. Board member **Ken Burns** seconded the motion.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2026-16 – Presentation, Discussion and Board Action on a Resolution granting final approval of the issuance of not-to-exceed \$25,000,000 of Multifamily Housing Revenue Notes (Cholla Ranch Project), for the benefit of Buckeye Leased Housing Associates III, LLLP.

Mark Lambing of Dominion Inc. (“Dominium”) shared that Dominion is seeking approval for the bonds to acquire and rehabilitate Cholla Ranch, which is an existing community in Buckeye, built in 2001. The community consists of 180 units with a mixture of set asides of 30%, 40%, 50% and 60% average median income (“AMI”) units, as well as 56 market rate

units. Dominion is planning to conduct a \$65,000 per-unit rehab, roughly \$12 million altogether, to update the community. Dominion plans on redoing the clubhouse and adding a dog park, walking paths, new playgrounds and outdoor game area. Interior unit upgrades will include new flooring, new appliances, new kitchen cabinets and granite countertops, new HVAC systems, and new windows. Dominion has permits in hand and is aiming to close in the next month and is super excited to start construction immediately after. Construction is estimated to be about 10 months, wrapping up around spring of 2027. One of the unique things about this project is that Dominion is converting the 56 market rate units to affordable units. Mr. Lambing compared the \$65,000 a door being spent on the existing units for this project to the \$200,000 to \$250,000 it costs to build a new unit of affordable housing, noting that it's a very efficient use from Dominion's standpoint. Dominion is excited about the opportunity and securing affordability at the project for another 30 years. Mr. Lambing then offered to answer questions.

Ms. Romano added that it is nice to hear Dominion is converting the market rate units, which rarely happens, and it sounds like a wonderful project.

Board member **Andre Whittington** then motioned to approve Resolution No. 2026-16, as presented. Board member **David Castillo** seconded the motion.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2026-17 – Presentation, Discussion and Board Action on a Resolution granting final approval of the issuance of not-to-exceed \$34,000,000 of Multifamily Housing Mortgage Revenue Notes (Rose Terrace Apartments Project), for the benefit of Rose Terrace Redevelopment, LLC.

Gerald Minott, the executive director of the Housing Authority of Maricopa County (“HAMC”) presented the project to the Board. He said the Rose Terrace Apartments were built in 2002 in Avondale and consists of 120 units of housing for extremely low-income families and seniors. The property has one- to five-bedroom units in 44 residential buildings with both a Rental Assistance Demonstration (“RAD”) Project-Based Voucher HAP contract and Section 8 project-based vouchers to support long-term affordability on the project. The project is a tax-credit property and is on its last couple of years of the extended use period. HAMC is seeking approval for tax-exempt bonds to redevelop the property. There hasn't been any substantial rehabilitation done since 2002 and HAMC wishes to preserve its affordability. Mr. Minott emphasized that HAMC will continue to be the managing member of the property to provide continuity of service in their resident services programs. During the rehabilitation, residents will be relocated within the property. HAMC will not only rehabilitate the unit interiors but also some landscaping and interior upgrades to the community spaces for the resident services and community projects. Mr. Minott noted there are a lot of different groups supporting the rehabilitation of the property. HAMC plans to enhance some of the ADA features and provide some security upgrades.

Ms. Romano said it sounds like another great rehabilitation project.

Mr. Swift noted that over the past couple of years a lot of projects have come back to the Board to increase the not-to-exceed amount because of costs. From his perspective on the outside, it becomes more difficult during the last 90 to 120 days to nail down some of those expenses, and he asked Mr. Minott to share some of his insights and experience.

Mr. Minott explained HAMC originally planned to close on June 18th but had to push the date back a bit because of some bidding, contract execution and getting subcontractors on board to get quality materials into the property. HAMC wants to be sure to assign resources properly and effectively to not exceed the amount requested. They are currently planning to close July 9th, about 21 days later than originally anticipated, to capture those costs, so they wouldn't need to come back to the Board again.

Mr. Swift assured Mr. Minott that AZIDA does not mind projects coming back to the Board and just wanted to provide some perspective on the challenges.

Ms. Romano noted this project is very well received by the community as shown by the five letters of public support submitted. She noted that this was the second or third project where an effort was made to not displace residents and the Board really appreciates those efforts, just as the residents do.

Board member **Marcel Dabdoub** then motioned to approve Resolution No. 2026-17, as presented. Board member **Andre Whittington** seconded the motion.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2026-18 – Presentation, Discussion and Board Action on a Resolution granting final approval of the issuance of Multifamily Housing Revenue Bonds (Estrella Villas Project) and Multifamily Housing Revenue Note (Estrella Villas Project), in a combined aggregate principal amount of not-to-exceed \$40,000,000, and authorizing participation in the Authority's multifamily housing bond recycling program, for the benefit of Estrella Villas, L.P.

Cole Froemming of Lincoln Avenue Communities (“LAC”) shared that LAC is requesting final approval for their Estrella Villas project, a 289-unit new construction, 4% LIHTC development located in southwest Phoenix near the Sunset Farms neighborhood. The build-to-rent development consists of two-, three-, and four-bedroom units with a large clubhouse, pool, dog park and all of the traditional market-rate-level amenities LAC provides at its affordable communities. All permits with the City of Phoenix have been approved, debt and equity partners are lined up and LAC plans to close this summer.

Mr. Swift noted there are different bills in the House of Representatives with language relating to investor-owned properties. He believes there have been unintended consequences for build-to-rent, low-income housing projects and asked Mr. Froemming to comment on what it has been like for developers of those projects.

Mr. Froemming said the bills have caused delays. LAC originally planned to close shortly after this approval, but the bill has pumped the brakes on the equity markets. The original language in the bill proposed in the Senate effectively would have forced LAC to divest

after seven years, which would cause huge issues with meeting compliance period requirements associated with affordable housing. It has basically scared off the equity markets developers rely on to purchase tax credits. Luckily, good progress is being made and the House recently passed an amended version of the bill that effectively removed the mandatory seven-year disposition requirement and effectively rewrote the language to target single family home acquisitions as opposed to limiting new construction of rental communities and thwarting an increase in affordable housing supply. He noted that the bill is going to the Senate for final approval and there may be some further negotiation, but it sounds like the Senate understood some of the issues with the original version. LAC's equity partners have effectively said that if the Senate votes the bill forward they would be ready to close. LAC is trying to position the project to be ready to close as soon as that vote happens.

Mr. Swift thanked Mr. Froemming for his insight.

Ms. Romano appreciated the context and asked if the Board had any additional questions or comments.

Mr. Dabdoub asked if these are detached units being built on fee simple single family lots.

Mr. Froemming said the project is built on one parcel for the entire rental community. The units sometimes have a single-family look to them, but are not intended to be sold as single family homes.

Ms. Romano noted that the project also received wide support from the community, especially with regard to workforce development in Tolleson.

Board member **Ken Burns** then motioned to approve Resolution No. 2026-18, as presented. Board member **Marcel Dabdoub** seconded the motion.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2026-19 – Presentation, Discussion and Board Action on a Resolution granting final approval of the issuance of not-to-exceed \$7,000,000 of Multifamily Housing Revenue Bond (Eloy Geo Housing Project), Series 2026, for the benefit of SMD LIH 1, LLC;

and

Approval of Resolution No. 2026-20 – Presentation, Discussion and Board Action on a Resolution granting final approval of the issuance of not-to-exceed \$5,000,000 of Multifamily Housing Revenue Bond (Eloy Geo Housing II Project), Series 2026, in one or more tax-exempt and/or taxable series, for the benefit of SMD LIH 2, LLC;

and

Approval of Resolution No. 2026-21 – Presentation, Discussion and Board Action on a Resolution granting final approval of the issuance of not-to-exceed \$5,000,000 of

Multifamily Housing Revenue Bond (Eloy Geo Housing III Project), Series 2026, for the benefit of SMDB LIH 3, LLC.

Agenda items 9, 10 and 11 (considering Resolution Nos. 2026-19, 2026-20 and 2026-21) were all requests for final approval from SMDB LIH 1, LLC, SMDB LIH 2, LLC and SMDB LIH 3, LLC, respectively, for the issuance of multifamily housing revenue bonds to finance qualified scattered site residential rental projects and were considered together.

Clayton Patterson of Patterson Enterprises (a member of SMDB LIH 1, LLC, SMDB LIH 2, LLC, and SMDB LIH 3, LLC, collectively “SMDB”) presented the projects to the Board. He thanked the Board for their time, especially in considering three projects. SMDB’s original plans did not include having all three projects before the Board at one time, but through a stroke of luck, the projects all received volume cap allocations from the Arizona Finance Authority. The Phase 1 project (“Phase 1”) has been before the Board several times already. SMDB had been delayed by the volume cap process and had not been drawn more than once. Phase 1 is a 30-unit single-family style housing development located in Pinal County in the Eloy area, which is historically a little bit underserved for low-income units. The project is unique in that it’s not a single development but actually scattered sites throughout existing communities, providing SMDB the opportunity to construct the project in a low-to-no-impact or disruption way. SMDB is utilizing existing infrastructure and existing zoning. Standard plans are already in place so that the permitting process is just a 4-to-6-week request for permit, since plan reviews have already been completed. Probably the most compelling aspect of the project is the renewable energy component. All houses will include not only solar power, but also geothermal. The geothermal utilizes a radiant loop to help balance the temperature in the homes, reducing the amount of energy used, because in Arizona, the majority of energy used is for temperature control. Phase 2 and Phase 3 allow SMDB to expand on this first project to achieve some economy of scale for operating expenses, especially on the property management side. Phase 2 is a 25-unit multifamily community spread across five sites with 4 fourplexes and one 9-unit building, and Phase 3 is a 29-unit multifamily community spread across three sites with two 10-unit buildings and one 9-unit building. They’re all two-to-three bedroom, two-bathroom units, all utilize the same renewable energy concepts and technologies and are all located in the same general area in Arizona City or Eloy. Mr. Patterson then turned to a discussion of costs per unit. When SMDB started development planning, they were concerned, as the Board was during the very first presentation for Phase 1, about the cost per unit being high as compared to other 4% LIHTC developments. To look into it, SMDB submitted a Freedom of Information Act to the Arizona Department of Housing to get information on previously approved projects. They wanted to evaluate the financials to confirm they would pencil out from SMDB’s perspective and assure SMDB that its product would be attractive to tax credit investors. What SMDB found was that while at first the Phase 1 price per unit seemed pretty high, when they looked at the average size of the approximately 500 to 600 units in the sampled projects, they averaged out to be a little less than half of the size of SMDB’s units. After adjusting for the size of the units and looking at things on a square footage basis, SMDB found that its project costs actually lined up right around the same as these other projects before accounting for the inflation that has taken place over the past almost four years since the sampled projects were built out. Most importantly, SMDB found that every state agency that reviewed these projects and SMDB’s equity investors agreed that the financials penciled out, and investors were happy. SMDB is also happy because it

allows them to bring these affordable units to a community that has a need for low-cost housing and includes a unique renewable aspect that brings utility costs down to almost nothing for the tenants. Mr. Patterson noted that all of the units are set as low-income units, to be leased to tenants earning at or below 60% AMI, and is the affordability restrictions will be locked in for 15 years. He then offered to take questions.

Ms. Romano asked if there were any questions from the Board.

Mr. Dabdoub thanked Mr. Patterson for addressing the cost concerns up front. When reading through the packet, even on a cost-per-square-foot basis, he felt \$680 per square foot still seemed high. Mr. Dabdoub asked what SMDB is projecting in rents for these units, as he assumes the projections are also based on square footage. He also wanted to confirm his understanding that SMDB would be getting grants because of the sustainability features that would reduce the basis and asked if that reduction in basis would pay down the bonds to improve debt service coverage or pay down the equity.

Mr. Patterson explained there are two cost components. First, there are some small grants, or actually rebates, but the second and larger aspect is when we take the still rather high number per square foot, but then factor out the extra costs related to the renewable features but that qualify SMDB for renewable energy investment tax credits. The renewable energy tax credits, as well as a few state level credits, are what allows the capital stack to work. The two components come in as equity to reduce the amount of bonds or debt that's required. The bonds are a set amount required per federal regulations, but after having worked the equity numbers into the financials, it balances out and results in SMDB having an allowable debt service coverage ratio.

Mr. Castillo asked if the tax credits were providing about 50% of the equity in this project.

Mr. Patterson agreed it was right around 50% after including investment tax credits. The remaining portion, after accounting for the bonds, is money SMDB is contributing secondary to the bonds, so SMDB is very confident in the numbers. Hunt Capital, who is the tax equity syndicator, has reviewed the financials and it is clear that showing the extra equity makes a big difference.

Mr. Castillo asked where the pricing on the tax credits is sitting, because he knows the pricing sometimes suffers for rural projects.

Mr. Patterson said they are at 85%.

Mr. Dabdoub asked what SMDB is projecting their reduced basis would be after receiving the credits, based on \$680 per square foot for the construction.

Mr. Patterson said that after adding in the amount of the credits, or a better way would be removing the extra cost of the renewable features, SMDB's basis drops by about 30%.

Mr. Dabdoub has appreciated having a better understanding of the interplay and asked if the tax credits for the sustainability improvements are for an amount equal to the full cost of those improvements.

Mr. Patterson confirmed that was correct and a unique feature. The main reason it works is those costs are basis eligible for both the low-income housing tax credit and the renewable energy investment tax credit.

Mr. Castillo was pleased to hear investors were happy with the amount of equity in the project, and particularly that the tenants will see relief from the extreme energy burden. He asked if the rating on the building envelope itself also helps and whether it is considered a premium product. He also asked Mr. Patterson to share market expectations.

Mr. Patterson noted these weren't just good questions but highlighted a few other things he should have mentioned. He meant to call out another aspect of the cost being the energy rating. SMDB is using closed cell-foam envelopes on the houses, high efficiency windows, and other intentionally efficient finishings. They are not fitting the units the way low-income housing projects are usually done. There will be tile floors and granite countertops. SMDB is not trying to make the units overly fancy, but they are trying to build a nice product that will last and hopefully remove some of the stigma that sometimes gets attached to low-income units. One way they're doing this is building the units into existing communities. While the project sits in two main communities, one is already pretty nice, but the other will benefit a lot from having some nicer units added, and hopefully that will drive the market in a good direction. As far as expectations for getting them leased up in the market area, Mr. Patterson noted it is very easy to do because not only is SMDB providing low to no energy costs and fixed affordable rents, they are also providing a pretty nice place to live.

Mr. Dabdoub asked what rents SMDB is projecting for these units.

Mr. Patterson responded that the three-bedroom units are approximately \$1,700 per month, and the two-bedroom units are approximately \$1,400, based on the rent limits set by the Arizona Department of Housing.

Ms. Romano noted that Mr. Patterson had mentioned SMDB had community support for the projects and asked why there were no letters of support in the submittal package.

Mr. Patterson said the honest answer is that it was an oversight and SMDB should have solicited letters.

Ms. Romano agreed.

Mr. Patterson explained that since SMDB took the approach that the developments were low impact, low disturbance, and based on the verbal support expressed by the community, they thought it was sufficient and hadn't prioritized getting letters. He apologized and took ownership of the oversight noting that they should have had members of the City Council write letters. He assured the Board that SMDB would not make that mistake in the future.

Mr. Castillo commented that because the projects had come before the Board in the past, and particularly with discussions about the cost per square foot in the past, it took him a while to grasp how the deal would work. For that reason, he did a little of his own research and contacted some of SMDB's former clients. He noted that they all gave stellar feedback on the work, so he was satisfied.

Ms. Romano thanked Mr. Castillo for his due diligence and said that, in the future, the Board would like to see evidence of community support, especially in a unique community like Eloy. She added that she does not doubt the assertion of support cited in the submittal package, but it would have been nice to see evidence of the support and recommendations of the community.

Mr. Burns added he believes the Board is rooting for these interesting projects, and he loves the geothermal aspects, which the Board hasn't seen.

Mr. Patterson shared that SMDB has been a bit of a pioneer in Arizona. The family has been building here for a long time and by doing things that others haven't done, it might lead to some positive trends in the market. He does not want to be presumptuous and assume people are going to look at what they do and think it's great, but in his opinion, it is going to be great.

Mr. Dabdoub added that it has definitely not been done before and wished SMDB luck.

Ms. Romano agreed and said she hopes the idea does spread. She thanked Mr. Patterson for his patience in answering all of the Board's questions. She agreed these were unique projects and the Board appreciated the time spent explaining everything and looks forward to seeing the completed units.

Mr. Patterson thanked the Board and said SMDB will make sure the projects are done quickly and done well and hopefully will have similar projects to present in the future.

Board member **Marcel Dabdoub** then motioned to approve Resolution Nos. 2026-19, 2026-20 and 2026-21, as presented. Board member **David Castillo** seconded the motion.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed.

3. **Presentation and Discussion; No Board Action – Executive Director's Report**

Dirk Swift, Executive Director, welcomed Christian Hernandez to AZIDA as the new Single Family Homeownership Business Development Officer. She is working to get up to speed quickly and he can already tell she will be a good fit.

Mr. Swift informed the Board that the 36-month Auditor General response has been received, and all previous findings or recommendations have all been implemented, done and signed off.

Mr. Burns asked if there was any still identified the Auditor General as "in process."

Mr. Swift confirmed there are no "in process" results.

Mr. Burns congratulated the staff.

Ms. Romano shared that she had seen the audit and agreed staff has done well.

Mr. Swift said AZIDA is good to go, and he appreciates the Board's time on today's big agenda. He then offered to answer any questions.

Ms. Romano thanked Mr. Swift for the good questions he asked regarding the pending federal legislation.

Mr. Swift explained staff had been following the bill and had hoped the applicants would bring them up during presentations to offer their perspective.

Mr. Castillo added that he was confused about the bill and thought the disposition requirement only applied to single family. He was not aware that the Senate version included multifamily and wondered why.

Mr. Swift explained that some of the build-to-rents are almost like a single family but are on one large plot or parcel, so it seemed they got caught in the crosshairs. Legislators are trying to keep the large investors, such as Blackstone, from buying subdivisions, but there were unintended consequences for build-to-rent projects, and as the Board knows, there are quite a few BTR projects in development. The product is becoming popular, especially because there is less of the "not in my backyard" mentality associated with BTR developments – they look like single family houses. Mr. Swift added he is glad the issue is being worked out because developers have been going through the ringer.

Mr. Dabdoub agreed with Mr. Castillo and added that the purpose of the bill was to discourage large institutional investors from buying up single family homes on single family lots. He thought the bill excluded large multifamily sites on a single parcel, and it sounds like it probably will.

Mr. Swift said they should have asked an IDA to weigh in.

Mr. Dabdoub said the Kentucky project made him wonder about the size of the market for refinancing transactions not constrained by needing volume cap, what share AZIDA is capturing, and how AZIDA can increase that market share. In terms of revenues for AZIDA, because cap is restricted, what can be done to get more out-of-state deals where they are looking to just refinance an existing stabilized property without volume cap. Those deals would be layups for AZIDA and he doesn't have a good sense of how AZIDA can capture more of those deals. He was pleased to see the project coming out of Kentucky and wasn't sure how it ended up with AZIDA.

Mr. Swift agreed that such projects could be a layup. He turned to Mr. Ray or Mr. Folk to provide some insight.

Mr. Ray explained that the refi market is vast. Essentially, every tax-exempt revenue bond that has been done by any issuer in the country can be refunded by AZIDA without using volume cap. It doesn't mean AZIDA will get those deals, but they're all ripe for it. Mr. Dabdoub's instincts are absolutely perfect – if AZIDA can get in front of some of the big users of volume cap in other states and pitch them on AZIDA having the ability to refund their bonds faster, better, and cheaper, and have an AZIDA bond issue to replace their "pick a name" bond issue, there is a huge market for AZIDA. It would take a lot of leg work and axle grease to get out there and knock on doors and talk to people, but it can be done.

Mr. Folk added confirmation that AZIDA's out-of-state policy allows for these types of deals.

Mr. Castillo said he knows some of the projects have utilized funding from the Housing Assistance Council and he sits on that board for rural affordable housing. He would be happy to make an introduction to the loan committee chair and the loan fund director. They see a lot of these deals come through and the board represents a lot in the rural affordable housing world. It could be a really good connection for staff, and he would be happy to make that introduction.

Mr. Folk said he would appreciate the introduction.

Ms. Romano said she was sure Mr. Ray had plenty of connections out there in the greater U.S. to help bring those projects to AZIDA and is sure he would also love to bring in as many layups as possible.

Mr. Ray said it's the bankers, the lawyers and the developers out there who control most of the deals.

Mr. Dabdoub said that, without overworking the team, it would be good to have a sense of strategy around how AZIDA could try to solicit more of those deals.

Mr. Castillo then noted that a lot of material was presented today and contained in the meeting packets, and he attributed how quickly the Board was able to move through the agenda to staff's efforts. The materials were put together really well, as always, and being bookmarked appropriately makes them easy to review. The material that's presented, the write-ups, is just super helpful and he really appreciates it. Shortly after he joined the Board, the Board asked that additional information for the projects be included in the materials, and the packet has improved so much. It's just a really good standard for anyone looking at so many transactions in one sitting.

Ms. Romano thanked everyone and added it's one of the reasons AZIDA received a clean performance audit.

4. **Adoption of Minutes of the April 16, 2026, AZIDA Regular Board Meeting**

Mr. Castillo said that he did not attend the April 16th meeting, but he did review the minutes and felt like he was there because the minutes were so detailed. He probably doesn't need to know that Mr. Dabdoub was cracking jokes, but it was nice to see in the minutes. Seeing the context of the discussions held around each agenda item is really useful. He shared that some of the other boards he is on have pared down the minutes to the point that it's difficult to tell that a meeting was even held, other than seeing the results of votes. But AZIDA is a different kind of organization, and detailed minutes are appreciated.

Board member **Andre Whittington** moved to adopt the minutes of the April 16, 2026, AZIDA regular board meeting. Board member **Marcel Dabdoub** seconded the motion.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed.

5. **Call to the Public**

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

No members of the public appeared in person or by telephone to comment.

6. **Announcements**

Ms. Romano announced that the next regular meeting of the Arizona Industrial Development Authority is scheduled to be held in person on Thursday, June 18, 2026, at 3:00 p.m., but noted that people should consult the AZIDA website for any changes to meeting details.

Ms. Romano also announced that June 18th is her 43rd wedding anniversary.

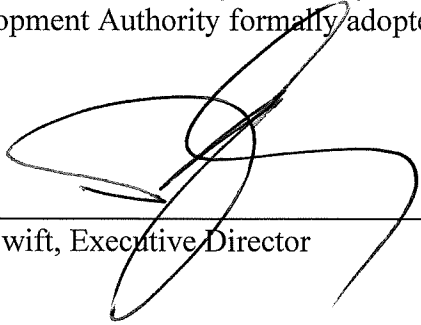
7. **Adjournment**

Board member **Marcel Dabdoub** motioned for adjournment of the AZIDA Board meeting at 4:22 p.m. Board member **Andre Whittington** seconded.

By a vote of 5 ayes, 0 opposed and 0 abstentions, the motion passed, and the meeting was adjourned.

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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.



Dirk Swift, Executive Director

June 18, 2026

Date of Board Action