

Meeting Minutes

ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY BOARD OF DIRECTORS MEETING

Location: In-Person Meeting at CO+HOOTS
221 East Indianola Avenue, Phoenix, Arizona 85012
In the “Classroom”

Date and Time: Thursday, August 17, 2023
4:00 p.m.

Board Members Present (Appearing in Person):

Ken Burns
David Castillo
Robin Romano

Board Members Absent:

Marcel Dabdoub
Lea Márquez Peterson

Staff Present (In Person):

Dirk Swift, Executive Director
Dan Dialessi, Chief Financial Officer
Pat Ray, Cathedral Rock Issuer Services, Bond Program Manager

Meeting Facilitator:

Kelly McGuire – Kutak Rock LLP

Presenters:

Ahmed Abdelhameed – Ulysses Development Group
Eric Grodahl – DBG Properties LLC
Kevin Sturgeon – Roers Companies
Kuhl Brown – Mercy Housing Mountain Plains

Actions:

1. **Call to Order:**

The meeting was called to order by Ken Burns, Treasurer of the Board of the Arizona Industrial Development Authority (AZIDA) (as acting President), at 4:01 p.m. Board members Ken Burns, David Castillo and Robin Romano participated in person. Board members Marcel Dabdoub and Lea Márquez Peterson were absent. Roll was called by Kelly McGuire, as meeting facilitator, and a quorum was declared present.

2. **Adoption of Minutes of the July 25, 2023, AZIDA Board Meeting**

Board member **David Castillo** moved to adopt the minutes of the July 25, 2023, AZIDA Board Meeting. Board member **Robin Romano** seconded the motion.

The Board members were individually polled – Ken Burns (yes), David Castillo (yes), Robin Romano (yes), and by a vote of 3-0 the motion passed.

3. **Agenda Items Considered:**

Presentation, Discussion & Adoption

Approval of Resolution No. 2023-27 – Authorizing final approval of the issuance of not-to-exceed \$30,000,000 of Multifamily Housing Revenue Notes (Dahlia Village Project), in one or more tax-exempt and/or taxable series for the benefit of South 12th St Owner LLC.

Ahmed Abdelhameed with Ulysses Development Group gave a summary of the Dahlia Village project and explained that the working group is in the final stages of development with the City of Phoenix, the Arizona Department of Housing and Ulysses' other financing partners. The development team anticipates closing the bond transaction and beginning construction in mid-September. Dahlia Village will be comprised of 1-, 2-, 3- and 4-bedroom units. The project will have both rent and income restricted units at or below 60% AMI, 50% AMI, as well as 11 units subject to HOME Funds restrictions which are specifically set aside for at-risk individuals and families requiring services or assistance to prevent homelessness. Rent for the HOME units will be based off a percentage of the tenant's income to ensure they are offered housing stability. Mr. Abdelhameed then offered to entertain questions.

Ms. Romano asked if they were working with anyone in particular in the South Phoenix area when it comes time to lease-up the HOME units. Mr. Abdelhameed stated that their management company will work closely with various providers, whether they be a nonprofit or a local municipality, when it gets closer to completion of construction and lease-up.

Ms. Romano then asked about the rent range for the units. Mr. Abdelhameed indicated that rental rates are based off of the AMI rents published by HUD every year. The HOME units will be based on a percentage of the tenant's income as opposed to a set rental rate.

Ms. Romano then asked whether there had been community outreach regarding the project. Mr. Abdelhameed stated they have met with both the previous and current city council members for that district, as well as a few CDFIs and nonprofits in the area, who have been very supportive of the project.

Board member **Robin Romano** then motioned to approve Resolution No. 2023-27, as presented. Board member **David Castillo** seconded the motion.

The Board members were individually polled – Ken Burns (yes), David Castillo (yes), Robin Romano (yes), and by a vote of 3-0 the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2023-28 – Authorizing final approval of the issuance of not-to-exceed \$55,000,000 of Multifamily Housing Revenue Bonds (Overland Flats Apartments Project), in one or more tax-exempt and/or taxable, senior and/or subordinate series, for the benefit of Overland Flats Apartments LLC,

and

Presentation, Discussion & Adoption

Approval of Resolution No. 2023-29 – Authorizing final approval of the issuance of not-to-exceed \$55,000,000 of Multifamily Housing Revenue Bonds (Waterman Senior Apartments Project), in one or more tax-exempt and/or taxable, senior and/or subordinate series, for the benefit of Waterman Senior Apartments LLC.

Agenda items 3 and 4 (considering Resolutions 2023-28 and 2023-29) are related “sister” projects and were considered together.

Eric Grodahl with DBG Properties LLC gave a summary of the project explaining that the two projects are part of a larger, three-phase master plan within the City of Maricopa. Overland Flats (for families) and Waterman Senior (for seniors, 55 years of age and older) will each consist of 200 units. Income averaging will be utilized for each project. Overland Flats will have a mix of 14 units at 30% AMI, 42 units at 70% AMI and 144 units at 60% AMI. Waterman Senior will have a mix of 15 units at 30% AMI, 45 units at 70% AMI and 140 units at 60% AMI. These neighboring projects will share some open space and a dog park between them but will otherwise be fully standalone projects, with separate amenities. Mr. Grodahl then offered to entertain questions.

Mr. Burns commented that the Board sees a lot of projects in the City of Maricopa and asked how much need for these types of projects still exists. Mr. Grodahl responded that they have worked very closely with the City of Maricopa since the onset of these projects. The City Manager is very pro-housing generally, and especially with respect to rental housing. Even with the projects that have already been completed and those in process, Maricopa still has less than 10% of the desired inventory of multifamily units given the growth in the area. Mr. Grodahl further explained that these projects are unique in that they do not have access or utilities at this time. This area was rezoned, in part, to accommodate the projects and the City is providing required infrastructure at its own expense, which is further evidence of local support.

Ms. Romano complimented Mr. Grodahl on the utilization of solar panels on the carports. In addition, she stated that the senior housing is extremely important, as it is quite sparse in the City of Maricopa, Coolidge and surrounding areas.

Mr. Castillo asked about the outlook for lease-up and the point at which projections would be fulfilled. Mr. Grodahl responded that the market study showed very strong levels of occupancy for housing in this rent range. The projected vacancy rate was under 1.5% for both projects. There is very little competition in the area and the population is steadily growing.

Board member **Robin Romano** then motioned to approve Resolution Nos. 2023-28 and 2023-29, as presented. Board member **David Castillo** seconded the motion.

The Board members were individually polled – Ken Burns (yes), David Castillo (yes), Robin Romano (yes), and by a vote of 3-0 the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2023-30 – Authorizing final approval of the issuance of not-to-exceed \$45,000,000 of Multifamily Housing Revenue Bonds (Alto Apartments Project), in one or more tax-exempt and/or taxable series for the benefit of Roers Maricopa Apartments Owner LLC.

Kevin Sturgeon with Roers Companies gave a summary of the project. He noted that Alto Apartments will be 200 units comprised of 1-, 2- and 3-bedroom units with various indoor and outdoor amenities across the site, including a central clubhouse area. All of the units will be at 60% AMI levels. They anticipate closing and beginning construction in approximately three weeks. Mr. Sturgeon then offered to entertain questions.

Mr. Castillo asked that since preliminary approval was granted almost two years ago, how much of an impact has the timing lag had on projections and costs. Specifically, he asked whether labor and materials costs had stabilized. Mr. Sturgeon indicated they have been working through construction cost volatilities in the market. They have updated the financing parties with current third-party reports. Market study demographics indicate the demand is still strong, with the average vacancy are in the market at 1-1.5%. He noted that similar projects in the area currently have wait lists of over 100 people.

Board member **Robin Romano** then motioned to approve Resolution No. 2023-30, as presented. Board member **David Castillo** seconded the motion.

The Board members were individually polled – Ken Burns (yes), David Castillo (yes), Robin Romano (yes), and by a vote of 3-0 the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2023-31 – Authorizing final approval of the issuance of not-to-exceed \$9,000,000 of Multifamily Housing Revenue Notes (Western Winds Apartments), in one or more tax-exempt and/or taxable, senior and/or subordinate series, for the benefit of MHMP 17 Western Winds Apartments LLLP.

Kuhl Brown with Mercy Housing Mountain Plains gave a summary of the project. Mr. Brown explained to the Board that this is one of Mercy Housing’s legacy properties. It is a former Franciscan Ministries property, built in 1980, that Mercy Housing inherited in 2016. The property consists of 100 existing units located in north Tucson. The property is in need of significant upgrades and repair, which will provide for the overall longevity and preservation of the property. The proposed financing will allow for an occupied rehabilitation of the property. The project serves extremely low-income seniors that are paying no more than 30% of their income, whether it be SSI or disability. Mr. Brown offered to entertain questions from the Board.

Mr. Burns asked how many units are currently occupied. Mr. Brown stated that they are holding ten units vacant, that way as units begin to be renovated, tenants can be moved into the open units. The tenants will remain housed onsite during the phased renovations over the next 13 months.

Ms. Romano expressed gratitude for Mercy Housing's renovation of this property in order to serve this population of seniors who have very limited income.

Board member **Robin Romano** then motioned to approve Resolution No. 2023-31, as presented. Board member **David Castillo** seconded the motion.

The Board members were individually polled – Ken Burns (yes), David Castillo (yes), Robin Romano (yes), and by a vote of 3-0 the motion passed.

4. **Election of Officers.**

Acting President Burns called for a nomination for President.

Board Member **Ken Burns** motioned to nominate Robin Romano as President. Board Member **David Castillo** seconded the motion.

The Board members were individually polled – Ken Burns (yes), David Castillo (yes), Robin Romano (abstain), and by a vote of 2-0 and one abstention the motion passed.

Mr. Burns called for a nomination for Vice President.

Board Member **Ken Burns** motioned to nominate David Castillo as Vice President. Board Member **Robin Romano** seconded the motion.

The Board members were individually polled – Ken Burns (yes), David Castillo (abstain), Robin Romano (yes), and by a vote of 2-0 and one abstention the motion passed.

Mr. Burns called for a nomination for Treasurer.

Board Member **Robin Romano** motioned to nominate Ken Burns as Treasurer. Board Member **David Castillo** seconded the motion.

The Board members were individually polled – Ken Burns (abstain), David Castillo (yes), Robin Romano (yes), and by a vote of 2-0 and one abstention the motion passed.

Mr. Burns called for a nomination for Secretary.

Board Member **Ken Burns** motioned to nominate Lea Márquez Peterson as Secretary. Board Member **Robin Romano** seconded the motion.

The Board members were individually polled – Ken Burns (yes), David Castillo (yes), Robin Romano (yes), and by a vote of 3-0 the motion passed.

Mr. Burns called for a nomination for Assistant Secretary. Ms. Romano questioned the necessity of filling that position.

Board Member **Robin Romano** motioned to not fill the position of Assistant Secretary. Board Member **Ken Burns** seconded the motion.

The Board members were individually polled – Ken Burns (yes), David Castillo (yes), Robin Romano (yes), and by a vote of 3-0 the motion passed.

5. **Executive Director’s, Chief Financial Officer’s and/or Program Manager’s Reports**

Mr. Swift provided a brief update on current activities. AZIDA is required to file an annual report with the Arizona Corporation Commission each year. The filing deadline was Friday, August 11th. It was decided to delay the filing because a president needs to be identified in the report. Each board member is required to respond to four disclosure questions. Mr. Swift indicated he would forward those questions to each Board member and asked that they return them promptly so the report can be filed.

Mr. Swift also mentioned that Board member bios and photos have traditionally been posted on the website. If the Board decides to continue this tradition, he will need the bio and photo of each of the new Board members. He also stated that the websites are currently being updated and they will provide the buildout to the Board members for review by the end of October.

Mr. Swift informed the Board that the same meeting space has been booked for the September meeting. If the Board desires, staff will research other locations.

6. **Call to the Public**

Kelly McGuire announced a call to the public for comments.

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

7. **Announcements**

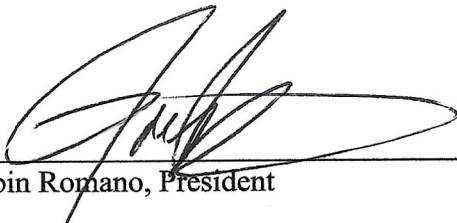
Mr. Burns announced that the next meeting of the Arizona Industrial Development Authority is scheduled to be held on Thursday, September 21, 2023, in the same location, at 4:00 p.m., but noted that people should consult the Arizona IDA website for any changes to meeting details.

8. **Adjournment**

Board member **David Castillo** motioned for adjournment of the AZIDA Board Meeting at 4:43 p.m. Board member **Robin Romano** seconded.

The Board members were individually polled – Ken Burns (yes), David Castillo (yes), Robin Romano (yes), and by a vote of 3-0 the motion passed.

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.



Robin Romano, President

September 21, 2023

Date of Board Action