

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, January 18, 2024
4:00 p.m.

Board Members Present (Appearing in Person):

Robin Romano
Ken Burns

Board Members Present (Appearing via Zoom):

David Castillo
Marcel Dabdoub (joined the meeting at 4:02 p.m.)
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 (In Person):

Kelly McGuire – Kutak Rock LLP

Presenters (Appearing Telephonically):

Ryan Kelly – TWG Development
Tanner Nygren – Dominion, Inc.
Sally Schwenn – Gorman Companies
Steve Hastings – Foundation for Senior Living
Matthew Shoemaker – HS Development Partners

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 4:00 p.m. Board members Robin Romano and Ken Burns attended the meeting in person. Board members David Castillo, Lea Márquez Peterson, and Marcel Dabdoub attended via Zoom. Roll was called by Kelly McGuire, as meeting facilitator, and Mr. Dabdoub was noted as absent. A quorum was declared present. Mr. Dabdoub then joined the meeting at 4:02 p.m.

2. **Adoption of Minutes of the December 14, 2023, AZIDA Board Meeting**

Board member **Ken Burns** moved to adopt the minutes of the December 14, 2023, AZIDA Board Meeting. Board member **David Castillo** seconded the motion and called for a discussion.

Mr. Castillo expressed his appreciation for the detail provided in the December board meeting minutes but noted that he had corrections. He wanted to clarify some of the discussion during the Executive Director's report and asked who prepared the minutes. Ms. McGuire answered that her paralegal, Chris Gionet, prepares the initial draft of the minutes and then they are reviewed by Sierra Belisle and Ms. McGuire. Ms. McGuire stated that many portions of the recorded meeting are listened to numerous times in an effort to ensure the final minutes are correct. Mr. Castillo requested a few additional changes and provided staff with proposed revisions to the December meeting minutes. Specifically, he requested that minutes refer to a previous discussion relating to the requested preliminary approval of a project (Eloy Geo) tabled by the Board at the December meeting. Additionally, Mr. Castillo requested that the minutes reflect his request that Board approval of the meeting agenda be added to future agendas so the Board can approve the agenda at the beginning of each meeting. He further requested that the minutes reflect his appreciation for the information offered by staff on the various projects brought before the Board, although he noted concern related to the previous bad press the Board has received regarding the functions and practices of AZIDA. Finally, Mr. Castillo requested that the minutes be revised to identify the project materials the Board requested be provided in the future with respect to each proposed project, including detailed pro formas, sources and uses documentation, information related to the developer's financial capacity, and other formal documentation similar to that included in a credit memorandum.

Mr. Castillo expressed concern that he had not been able to review project financing details for the projects on the current agenda (January). Ms. Romano stated that most of the items on the agenda were before the Board for preliminary approval only. Mr. Castillo noted that he would be recusing himself from voting on the agenda items as a matter of principle.

Ms. Romano declared that the approval minutes of the December 14, 2023 AZIDA Board Meeting would be tabled until the February 15, 2024, Board Meeting pending revision as requested.

3. **Agenda Items Considered:**

Presentation, Discussion & Adoption

Approval of Resolution No. 2024-1 – Acknowledging notice of replacement of the general partner of TWG Glendale, LP, affirming the Authority's approval of not-to-exceed \$20,000,000 Multifamily Housing Revenue Bonds (Unity at West Glendale Project), to be issued in one or more tax-exempt and/or taxable series, to finance a qualified residential rental project in Glendale, Arizona, for the benefit of TWG Glendale, LP, and authorizing related document amendments.

(The Unity at West Glendale Project had previously received final approval from the Board. Subsequently, however, there had been a change of the general partner of the borrower entity.) Ryan Kelly of TWG Development, LLC (“TWG”), reminded the Board that final approval for this project was granted on October 19, 2023. The original request for \$20,000,000 of tax-exempt bonds to fund an LIHTC project of 105 units in Glendale, Arizona, which remains the same, however, the original general partner informed TWG that they would no longer be available to participate in the project. TWG intends to admit a new general partner as listed in the resolution. Mr. Kelly stated that TWG is headquartered in Indianapolis and develops projects in approximately 20 states throughout the country. He expressed his appreciation for AZIDA’s willingness to work with developers in support of affordable housing projects. Mr. Kelly informed the Board that, although this project has been difficult due to rising costs and interest rates, TWG will be ready to close in the first quarter of 2024. He then offered to answer any questions.

Ms. Romano stated that she understands TEFRA was approved but expired and she asked if any issues with TEFRA reapproval are anticipated. Ms. McGuire stated she anticipates no issues and that approval is expected by January 19, 2024.

Ms. Romano stated that it was a solid project and the City of Glendale is definitely in need of affordable housing.

Board member **Lea Márquez Peterson** then motioned to approve Resolution No. 2024-1, as presented. Board member **Marcel Dabdoub** seconded the motion.

By a vote of 4 ayes, 0 opposed and Mr. Castillo abstaining, the motion passed.

Ms. Romano congratulated Mr. Kelly and wished him luck with TEFRA approval.

Presentation, Discussion & Adoption

Approval of Resolution No. 2024-2 – Approving certain post-closing changes related to the Authority’s previously issued \$58,000,000 Multifamily Housing Revenue Note (Vista Ridge Apartments Project), Series 2021, which financed a qualified residential rental facility in Phoenix, Arizona, known as “Vista Ridge Apartments” for the benefit of Phoenix Leased Housing Associates II, LLLP, including replacing the initial general partner with a nonprofit general partner and related document amendments.

AZIDA issued bonds to finance the Vista Ridge project in April of 2021. Tanner Nygren of Dominion reminded the Board that the Vista Ridge Apartments project consists of 308 units in Phoenix, Arizona. Construction has been completed and the property is now over 99% occupied. Dominion is replacing the initial general partner with a nonprofit general partner and requesting approval of the replacement and any related document amendments.

Ms. Romano was delighted to hear of the occupancy rate.

Ms. Márquez Peterson asked Mr. Nygren if it was always Dominion’s intent to have a nonprofit general partner. Mr. Nygren responded that it was not the intent at closing, however, the issue was discussed as the project neared completion of construction. Ms.

Márquez Peterson then asked if Dominion plans to retain and maintain the nonprofit general partner. Mr. Nygren stated that was correct.

Board member **Ken Burns** then motioned to approve Resolution No. 2024-2, as presented. Board member **Marcel Dabdoub** seconded the motion.

By a vote of 4 ayes, 0 opposed and Mr. Castillo abstaining, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2024-3 – Authorizing preliminary approval of not-to-exceed \$35,000,000 of multifamily housing revenue bonds, notes or other obligations to be issued in one or more tax-exempt and/or taxable series, to finance a qualified residential rental project in Wickenburg, Arizona, for the benefit of Wickenburg Housing, LLC.

Sally Schwenn of Gorman & Company (“Gorman”) informed the Board that the Wickenburg Apartments project is a proposed 208-unit apartment complex that will serve residents with AMIs between 30% and 80%. The average AMI for the entire project will be 60%. The project will be located on approximately 14 acres of land near two major arterials, Wickenburg Way and Saguro Drive, a few minutes from downtown Wickenburg. The project is near schools, employment, healthcare and shopping. Ms. Schwenn stated that there is a dire need for affordable housing, specifically in Wickenburg. According to a 2022 housing needs assessment done by Elliott Pollock, 22% of renters in Wickenburg pay over 50% of their income for rent. In addition, there are currently only 92 units of affordable housing in the community. There were approximately 200 units but the most recent two LIHTC projects recently went through the qualified contract process and have been converted to market rental rates. As a result, there is a significant need for employers, including the school districts, the hospitals and large employers such as Freeport McMoran to be able to retain the employees they have and attract new employees to the community. Ms. Schwenn noted that it is very expensive to live in Wickenburg so Gorman is excited about the opportunity to bring this project to Wickenburg. Gorman is working closely with the community and the Town of Wickenburg and, in fact, the Town has entered into an intergovernmental agreement with Maricopa County for \$10,000,000 to assist with financial gaps.

Ms. Romano expressed her appreciation for the very detailed project description included with the bond application, as well as providing evidence of the very strong local support the project has gathered. Ms. Romano also enjoyed the fact that the project would have a “western” theme which would fit in with Wickenburg’s general theme.

Board member **Marcel Dabdoub** then motioned to approve Resolution No. 2024-3, as presented. Board member **Lea Márquez Peterson** seconded the motion.

By a vote of 4 ayes, 0 opposed and Mr. Castillo abstaining, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2024-4 – Authorizing preliminary approval of not-to-exceed \$10,000,000 of multifamily housing revenue bonds, notes or other obligations to be issued in one or more tax-exempt and/or taxable series, to finance a qualified residential rental

project in Flagstaff, Arizona, for the benefit of FSL Village on Humphreys Flagstaff 2019, LP.

Steve Hastings of the Foundation for Senior Living (“FSL”) shared with the Board that FSL is an approximately 50-year-old, Arizona only, nonprofit specializing in services for adults and adults with developmental disabilities. FSL specializes in a number of areas, including affordable housing. FSL owns many apartments in the “high country,” the closest being Flagstaff Senior Meadows, which consists of 60 units of senior housing in Flagstaff, Arizona, on the McMillan Mesa. FSL tries to keep no more than 500 people on a wait list so FSL understands the demand for affordable housing in the area. FSL is seeking approval of tax-exempt bonds to be coupled with 4% tax credits. He reported that the low-income housing tax credits have already been conditionally approved by the Arizona Department of Housing (“ADOH”), along with \$5,000,000 in Housing Trust Funds to help with gap financing.

Ms. Romano expressed her appreciation for the very detailed project description submitted with the bond application, showing that this project has incredibly strong local support, as well as the project’s commitment to house seniors and those with disabilities.

Board member **Marcel Dabdoub** then motioned to approve Resolution No. 2024-4, as presented. Board member **Ken Burns** seconded the motion.

By a vote of 4 ayes, 0 opposed and Mr. Castillo, while noting his appreciation for the good works of FSL, abstaining, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2024-5 – Authorizing preliminary approval of not-to-exceed \$8,000,000 of multifamily housing revenue bonds, notes or other obligations to be issued in one or more tax-exempt and/or taxable series, to finance a qualified residential rental project in Sedona, Arizona, for the benefit of The Villas on Shelby, LLC.

Matt Shoemacher of HS Development Partners (“HSDP”) shared with the Board that the proposed project is a 30-unit affordable housing project in Sedona, Arizona. One hundred percent of the units will be at 60% AMI. Mr. Shoemacher stated that with AZIDA’s generous support and soft funds from the City of Sedona, as well as from the State of Arizona, HSDP is excited to see the project move forward to contribute to the huge need for affordable housing in Sedona. He noted that this project will be the first project with low-income housing tax credits in the City of Sedona and HDSP is excited to reach that milestone to make an impact on the residents in the community.

Ms. Romano expressed the hope that this project is the first of many affordable housing projects to come to the City of Sedona. Mr. Shoemacher indicated there is a huge need for this product in the area, and the City of Sedona has been very proactive in addressing the need and working with HSDP to see this project come to fruition. He further stated that it was great to see the collaboration between the public and private partnerships.

Mr. Dabdoub noted that real estate in Sedona has been pricing a lot of people out of the market so there is a definite need for affordable housing.

Ms. Romano noted the project is located near the middle of the city and congratulated HSDP on obtaining the land lease, as land is hard to find in Sedona. She also indicated the application package showed good support from the local government as well as additional support through ADOH for moneys being given and the other affording housing projects HSDP has completed.

Board member **Lea Márquez Peterson** made a motion to approve Resolution No. 2024-5, as presented. Board member **Marcel Dabdoub** seconded the motion.

By a vote of 4 ayes, 0 opposed and Mr. Castillo abstaining, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2024-6 – Authorizing preliminary approval of a possible Single Family Mortgage Revenue Bond Program for calendar year 2024 of not-to-exceed \$150,000,000.

Ms. Romano provided a brief bit of background on the proposed Single-Family Mortgage Revenue Bond Program (“MRB”) and commended the AZIDA staff for their hard work on bringing the program to life. Ms. Romano noted that the MRB program would offer down payment assistance, as well as rate reduction, to get more people into homes. Ms. Romano shared that there had been a lot of good discussion with the State of Arizona and that at the State of the State address, the Governor introduced the *Arizona Is Home* down payment assistance and rate reduction program to be rolled out by AZIDA.

Ms. McGuire noted that the current request was just for preliminary approval of the MRB program.

Mr. Swift thanked Ms. Romano for the introduction and shared initial programmatic information with the Board. Mr. Swift stated that he has been uploading data regarding the new MRB program to the Board’s SharePoint folders. Mr. Swift explained how he had the opportunity to meet with certain of the working group members that AZIDA would be engaging to work on the MRB program while at a conference in Washington D.C. Mr. Swift clarified that while the resolution presented to the Board requests preliminary approval for “not-to-exceed \$150,000,000” of bonds, the intent is to issue a mortgage revenue bond in the amount of \$50,000,000. He further shared that there has been a lot of movement and discussion with the 9th Floor and the Governor’s advisors on different ways to maximize this MRB program, including the possibility of combining a taxable and a non-taxable bond. By granting approval of not-to-exceed \$150,000,0000, more flexibility is given to the MRB program. Mr. Swift noted that the MRB program will strictly focus on buyers at 80% AMI in the 13 rural counties, which excludes Pima County and Maricopa County. Mr. Swift explained that the request before the Board is for preliminary approval so AZIDA has the ability to request volume cap and so Mr. Swift can formally engage the related professionals, including CFX and Barclay’s. Mr. Swift noted that he does not yet know what the final structure of the MRB program will look like but will keep the Board informed.

Ms. Romano asked for confirmation that a more complete package will be presented to the Board when this program comes back for final approval.

Mr. Swift confirmed that was the case.

Ms. Romano reiterated for the Board that the request was for preliminary approval, which would allow Mr. Swift to proceed with negotiations.

Mr. Swift stated that was correct. Mr. Swift then explained that there is about half a million dollars in setup fees to issue a mortgage revenue bond but if another mortgage revenue bond is issued, the setup fees are less. Additionally, a reserve must be funded, the size of which depends on the amount of bonds issued. For \$50,000,000 of bonds, a \$3,000,000 reserve must be set aside. Mr. Swift stated that he will request \$3,500,000 from the state Housing Trust Fund (“HTF”), which will be the source of funds used to pay costs and fund the required reserve. The amount to be contributed to buy down loan rates has not yet been determined and will be driven by ADOH.

Ms. Márquez Peterson expressed her excitement and support for the MRB program and asked if Mr. Swift has been engaging with any legislative committees regarding the HTF funding, under the assumption that those funds are included in the Governor’s budget.

Mr. Swift explained that there is \$10,000,000 of last year’s HTF funds set aside for the program, and therefore these monies are not part of the State budget currently being negotiated. Consequently, a vote from the Legislature is not required to move forward with the MRB program. Mr. Swift also reminded the Board that AZIDA has contributed \$46,000,000 into the HTF since its inception. Last year the Legislature determined that HTF monies, whether used for rental or housing preservation, had to be used to assist households at 80% AMI or lower. This is why the MRB program will be limiting the program to homeowners at or below 80% AMI instead of allowing access by homeowners at 110% AMI, which is the typical mortgage revenue bond cap.

Ms. Márquez Peterson inquired as to whether the HTF is at risk of potential sweeps due to the budget shortfall.

Mr. Swift stated that it is possible for the Legislature to sweep from the HTF, which is one of the reasons the program is on the fast track – the Department of Housing will be able to transfer HTF funds to AZIDA following preliminary approval.

Ms. Márquez Peterson thanked Mr. Swift for answering her questions and Ms. Romano noted they were great questions.

Mr. Dabdoub asked if the resolution needed to be revised since it requests approval for \$150,000,000 but only \$50,000,00 is expected to be issued and asked for further clarity.

Mr. Swift explained that the \$150,000,000 amount shown in the resolution is a not-to-exceed amount. The higher amount is to allow for flexibility if the program is successful, in which case the Board may want to issue another revenue bond in June or July and allows the Board flexibility to issue a taxable mortgage revenue bond as well, if that helps the

program. Mr. Swift further clarified that the higher amount is meant to cover various options of what the program might ultimately look like and saves him from having to come back before the Board to request an additional amount.

Mr. Dabdoub thanked Mr. Swift for his responses.

Ms. Romano asked if Mr. Castillo had a question.

Mr. Castillo first expressed the need for this type of program and his enthusiastic support for the program and then inquired if this program would be impacted by the Arizona Commerce Authority's ("ACA") possible sunset.

Mr. Swift explained that structurally AZIDA falls under or flows up through the Arizona Finance Authority and the Office of Economic Opportunity, which is a separate channel from the ACA. AZIDA received its legislative continuation last year and its next sunset review will be in June of 2027. Mr. Swift noted that although AZIDA is very friendly with the ACA, they exist independently.

Ms. Romano further clarified that AZIDA is not tied to the ACA.

Mr. Swift echoed that AZIDA is not tied to the ACA and what happens to ACA does not affect AZIDA, although AZIDA is supportive of ACA's continuation.

Ms. Romano asked if AZIDA was in the ACA's organizational chart. Mr. Swift stated that AZIDA is not in ACA's organizational chart.

Mr. Burns confirmed that the ACA's continuation, which is expected, would not affect AZIDA at all.

Ms. Romano expressed an appreciation for the members' fabulous questions about this important program and asked if there was any further discussion.

Mr. Burns asked what the approval process was to obtain the funds from HTF, since those amounts will not be funded under this year's budget.

Mr. Swift explained that his conversations have been with the Chief Executive Officer of ADOH because that body administers HTF monies. Of the total \$150,000,000 in the HTF, ADOH has carved out \$10,000,000 specifically for home ownership. ADOH confers with the Governor's office on expenditures such as this and it is those two entities that provide the green light for the funds. Mr. Swift noted that Mr. Ghelfi (Director of the Arizona Finance Authority) has also been a part of those conversations.

Mr. Burns thanked Mr. Swift for his response.

Ms. Romano asked for any further questions and reminded the Board that Mr. Swift is seeking preliminary approval and he will need to come back to the Board for final approval.

Board member **Ken Burns** then motioned to approve Resolution No. 2024-6, as presented. Board member **David Castillo** seconded the motion.

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

4. **Adoption of Fiscal Year 2024 Budget**

Ms. Romano introduced the next agenda item and called for Mr. Dialessi to provide a summary of the Fiscal Year 2024 Budget.

Mr. Dialessi noted that a proposed budget has been brought to the Board a few times and discussed a summary of the changes made since the last time. Mr. Dialessi also went through revenues received year-to-date by the conduit bond program. Initial projections were \$3.87 million and so far the conduit program has brought in \$4.68 million.

Mr. Ray noted that the conduit bond program had a very big December with six multifamily housing deals closing in that month alone. Mr. Ray added that there are a substantial number of solid projects in the pipeline that should close before the end of the fiscal year, adding to the \$4.7 million.

Mr. Dialessi stated that he thought staff had been reasonable with the numbers, but the results turned out to have been better than expected.

Ms. Romano agreed that it was a better year since affordable housing is a hot item. Ms. Romano also expressed her excitement that there were several projects located outside of Maricopa County and the general metropolitan areas.

Mr. Dialessi continued his presentation noting that revenues from the down payment assistance program were \$252,000 year-to-date. Mr. Dialessi stated that staff initially projected about \$815,820, however, as expected, it had been a difficult year due to interest rates. Mr. Dialessi said he was hopeful that with the new programs there will be an uptick in that number.

Mr. Swift added that the mortgages have been priced so thin that it is not a year in which the down payment assistance program will be a revenue generating channel. He added, though, that the down payment assistance program is covering costs.

Mr. Swift agreed.

Ms. Romano added that the down payment assistance program has some profitability.

Mr. Dialessi agreed.

Ms. Romano further noted that assisting people at 110% and below is important.

Mr. Dialessi then highlighted AZIDA's investment proceeds and income, which is the interest on its cash and losses. He added that it too had been affected by interest rates. Mr. Dialessi stated that staff had project \$4.78 million midyear and currently AZIDA is at

around \$4.9 million across all programs in revenue. Mr. Dialessi next discussed program management fees. Mr. Dialessi stated that staff budgeted \$491,000 overall for the various professional services and currently AZIDA's actual spend is \$243,000, which is about 50% through 50% of the year. Mr. Dialessi noted that the AFA legal fee budget had been projected to be about \$143,000 at this point in the year and it had only been about \$45,000 in actual costs. Mr. Dialessi also noted that with Mr. Ghelfi's new initiatives and different programs, more expenses are expected throughout the year.

Mr. Swift suggested the Mr. Dialessi focus on areas of the budget that exceed projections.

Ms. Romano stated that sales and marketing is the only category where the expense exceeds the projection and asked if this was due to work on the new AZIDA website.

Mr. Dialessi noted that the current expenses for sales and marketing are at 52% of the projection halfway through the fiscal year.

Mr. Swift explained that AZIDA pays under the same contract for sales and marketing irrespective of what the IT person is working on because the contract allows for a set number of hours per month for those services. Usually, the down payment assistance program uses most of the hours, but with that program being slower, the sales and marketing IT contractor pivoted his time from that program to building out the new AZIDA website. Mr. Swift noted that his time will now pivot to the *Arizona Is Home* program, but it will still be the same basic expense.

Ms. Márquez Peterson noted that at one time AZIDA had a public affairs firm representing it and inquired as to whether one would be brought back in and if that is represented in the budget.

Mr. Dialessi responded that he expects that will be a service that AZIDA will share with the AFA. Mr. Swift added that staff is looking at options and that he has had conversations with outside public relations firms. He agreed that it is possible those services would be shared with the AFA.

Ms. Romano stated that Ms. Márquez Peterson has discussed the public relations matter with her in the past. Ms. Romano added that AZIDA has had some negative press in the past but that there has been a lot of good done lately, which deserves recognition. She referenced Phoenix IDA's electronic newsletter as an example of what AZIDA could be doing on its own behalf.

Ms. Márquez Peterson asked if AZIDA is required to go through an RFP process to engage a PR firm.

Mr. Swift responded that AZIDA is not required to do an RFP.

Mr. Dialessi added that the sales marketing line item being a bit ahead of the year-to-date at 52% factors in the first half of the year when public affairs representation was still an expense, but it has been taken out of the second half of the year.

Ms. Romano stated that being at 52% at mid-year is only 2% over, which is pretty good.

Mr. Dialessi ended his presentation sharing that staff anticipates having funds in excess of operations at the end of the fiscal year for the statutorily required sweeps.

Ms. Romano noted that the State of Arizona will want their sweeps and then asked for any additional questions.

Mr. Burns thanked Mr. Dialessi and Mr. Swift for listening to his thoughts and concerns throughout the budget process and added his support for the budget.

Ms. Romano asked for any additional questions.

Mr. Castillo asked if the marketing outreach currently proposed is satisfactory to the Board.

Ms. Romano stated that for now it is satisfactory. She added that there will be outreach through the AFA as well. The Board will learn more about that from Mr. Ghelfi and his work with the Greater Arizona Development Authority (“GADA”).

Mr. Castillo thanked Ms. Romano for her response.

Ms. Romano shared that outreach would be even more relevant in fiscal year 2024-2025 once the Board has a strategic plan for both AFA and AZIDA. Ms. Romano added that she would like to have a Board retreat of some sort to facilitate discussions and agreed Mr. Castillo’s was a good point that had not been forgotten.

Board member **Ken Burns** then motioned to approve the Fiscal Year 2024 Budget, as presented. Board member **Lea Márquez Peterson** seconded the motion.

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

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

Mr. Swift reminded the Board that the new AZIDA website went live on Monday, January 8th, and noted that the Board should find it more transparent and more informative. Mr. Swift added that a new electronic, forward-facing, conduit bond financing application has been added to the new website as well. Mr. Swift apologized to the Board for the length of the board packets due to printing issues related to the new application and assured the Board that would be fixed.

Ms. Romano stated that she enjoyed seeing the application and a more detailed description of the projects but noted that some information, such as the applicant’s tax identification number was not needed. Ms. Romano asked for the Board’s thoughts.

Mr. Dabdoub agreed and stated he found the letters of support especially helpful.

Mr. Swift stated the support letters were a part of the new application and added that some of the additional information AZIDA will receive with the new application can be added

to the SharePoint in separate files, instead of being included in board packets, to reduce the size of the packets. Mr. Swift also shared that he found out each board member could have an AZIDA email address created.

Ms. Romano stated that if it will make it easier to get into SharePoint, she thinks all Board members would like that.

Mr. Dabdoub agreed that he does not care what email address was used so long as he can access SharePoint, with Mr. Burns adding that this month was the first time he was able to get into the SharePoint.

Mr. Swift asked if Mr. Burns had had multiple emails and wondered if access had been initially sent to the wrong address. Mr. Burns thought that might be the case.

Ms. Romano asked for Ms. Márquez Peterson's opinion on the new application.

Ms. Márquez Peterson responded that she also appreciated the detail in the application and added that she thinks she may already have an old AZIDA email address. Ms. Márquez Peterson added that in the future she would like to see a PDF that is bookmarked with a clickable table of contents that goes to each item to avoid scrolling during the presentation of each project.

Ms. McGuire added that the packet was supposed to be bookmarked.

Ms. Romano confirmed the packet was bookmarked and Mr. Castillo added that the bookmarking was really helpful.

Ms. Romano suggested bookmarking within each project, such as the application, letters of support, etc. and Ms. McGuire responded that they would be prepared that way going forward.

Mr. Swift apologized for the size of the packets.

Ms. Romano reiterated that having the additional information was much appreciated by the Board and understood that staff would work on making it easier to access and review.

Mr. Castillo noted that the old AZIDA website was still up and asked that staff work with tech support to get it taken down to ensure people get to the right one.

Mr. Swift and Mr. Castillo discussed that it was corrected by refreshing the webpage.

Mr. Castillo added that the new website looks very sharp.

Mr. Burns added that sometimes the redirect takes a while to refresh and sometimes it may take a person to the old site during the refresh if a person has been to the old site on their browser before.

Mr. Dabdoub then asked that the Board discuss clarifying its role and what information should be provided at Board meetings. Mr. Dabdoub added that he did not want to have another Board meeting where a Board member abstains categorically from all approval votes for lack of information.

Ms. Romano agreed that it needs to be addressed.

Ms. McGuire stated that the Board can generally have a discussion on the matter.

Ms. Romano echoed that the Board can have a general discussion but cannot take action.

Mr. Dabdoub noted that the Board does not serve in an underwriting role. Mr. Dabdoub referred to a project brought before the Board last month and explained his concern that it was an approval for single family homes costing around \$1.3 million each, even though it was supposed to be an affordable housing project. Mr. Dabdoub asked if the Board could get a brief statement saying why this project is eligible. Mr. Dabdoub explained that he had had previous conversations with Ms. McGuire and used to think that in order for a project to qualify for tax-exempt bonds it had to be tax credit housing. Mr. Dabdoub noted that it was made clear that that wasn't a requirement. Mr. Dabdoub noted that if a project is coming before the Board, it is eligible to be financed by AZIDA because it has already been vetted by staff and the legal team. Mr. Dabdoub stated that the members should receive some type of statement or brief explanation of the exact reason why the project is eligible for tax-exempt bonding allowing for a standard of review that is not too onerous and doesn't put the Board in a position of having to underwrite a project.

Ms. Romano further clarified that is not the Board's job to underwrite because there is a lender involved who is underwriting the loan. Ms. Romano added that the Board made the right call regarding the previously referenced preliminary project (Eloy Geo) last month by tabling the agenda item and asking the developer to put in more work. Ms. Romano stated that at the preliminary stage developers are not going to have all their ducks in a row yet, but that at final approval the developers must have all their ducks in a row and present a lot more detail.

Ms. McGuire added that projects coming before the Board for preliminary approval must check a box in the new application as to what type of project they qualify as under the Industrial Developmental Financing Act. Ms. McGuire added that at the preliminary approval stage, tax due diligence has not been conducted yet. Ms. McGuire referred to a previous transaction for which the Board granted preliminary approval. The project was for the preservation of senior housing in Lake Havasu City and seemed to be eligible as low-income residential rental. However, upon further inquiry into the project, as occurs after preliminary approval in the normal course, it had been revealed that the development was not set up to do an issuance on a tax-exempt basis right now.

Ms. Romano clarified that only preliminary approval had been given.

Ms. McGuire confirmed and stated that project would not be coming back before the Board for final approval.

Ms. Romano added that the Board will not see that project for final approval because the developer could not put everything together that it needed even though it was a good project.

Ms. McGuire agreed.

Mr. Ray added that unlike single family home ownership, in rental housing projects the cost of the project is not a factor of the tax-exempt analysis, which may seem counterintuitive. It is all about the income of tenants. For example, a developer can spend \$1,000,000 per unit if it wants, but still cannot charge more than 60% AMI. Mr. Ray also noted that not every project AZIDA does is done on a tax-exempt basis. AZIDA can also issue taxable bond. Mr. Ray clarified that AZIDA and its counsel is not responsible for telling the parties whether or not bonds are tax-exempt and noted that is up to the attorneys enlisted as bond counsel to do the required diligence and write the tax opinion. He reminded the Board that AZIDA issues bonds that are eligible for financing under the Industrial Development Financing Act, and they may be tax-exempt or taxable.

Ms. McGuire added that if the Board had given the geothermal project preliminary approval, those developers could have applied for volume cap and set their reimbursement date under the Internal Revenue Code, but a lot more would have had to happen before final approval. Ms. McGuire shared that she had reached out to that developer to ask for more information because it was such a novel proposal.

Ms. Romano noted that if the Board had seen the application previously submitted for the geothermal project, it would have been considered inadequate.

Ms. McGuire stated that the developer for that project has been asked to complete the new form of financing application.

Ms. Romano reminded the Board that she is still working with staff on developing criteria for when AZIDA considers financing out-of-state projects. Ms. Romano hopes to present proposed criteria at the next Board meeting.

Continuing the discussion related to information reviewed by the Board, Mr. Castillo noted that no one on the Board is suggesting that the Board double underwrite the projects presented. He reiterated, however, that applicants should be able to provide the cost per square foot and what the affordability index looks like. Mr. Castillo added that while members do not want to be buried in 450 pages of paper, there is a need for more than a one-page project summary. Mr. Castillo noted it was important that the Governor's priorities be identified, as well as the Board receiving a summary that includes whether or not a project addresses any of the priorities, meets eligibility requirements for AZIDA financing, and some of the development finance details.

Ms. Romano appreciated the discussion and agreed that somewhere between one and 400 pages was the goal.

Noting that since the meeting start time moved to 4:00 p.m. the meetings have regularly been going past 5:00 p.m., Ms. Márquez Peterson asked whether the Board meetings could be moved back to start at 3:00 p.m.

Ms. Romano directed staff to poll the Boards' availability for attending monthly meetings that start at 3:00 instead of 4:00 p.m.

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**

Ms. Romano announced that the next meeting of the Arizona Industrial Development Authority is scheduled to be held on Thursday, February 15, 2024, in the same location, currently at 4:00 p.m., but noted that people should consult the AZIDA website for any changes to meeting details.

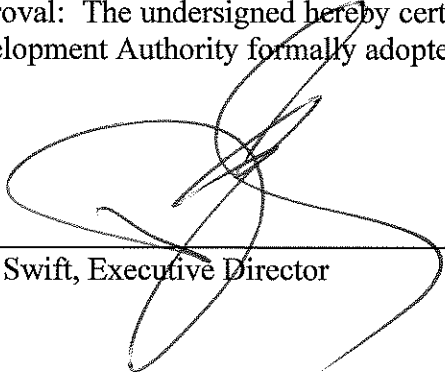
8. **Adjournment**

Board member **Lea Márquez Peterson** motioned for adjournment of the AZIDA Board Meeting at 5:24 p.m. Board member **Marcel Dabdoub** seconded.

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

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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

February 15, 2024

Date of Board Action