

Meeting Minutes

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

Location: In-Person Meeting at Arizona Grand Resort & Spa
8000 S. Arizona Grand Parkway, Phoenix, Arizona 85004
In Meeting Room: Palm 3A

Date and Time: Monday, August 19, 2024
8:00 a.m. (Meeting Room Open)

Board Members Present (Appearing in person):

Ken Burns
David Castillo
Marcel Dabdoub
Robin Romano
Andre Whittington

Staff Present (Appearing in person):

Dirk Swift, Executive Director
Dan Dialessi, Chief Financial Officer
Deaun Hampton, Operations and Administrative Coordinator
Pat Ray, Cathedral Rock Issuer Services, Bond Program Manager

Legal Counsel (Appearing in person)

Kelly McGuire, Kutak Rock LLP
Sierra Belisle, Kutak Rock LLP

Meeting Facilitator (Appearing in person):

Reginald Givens, Witt O'Brien's, LLC
Leah Russell, Witt O'Brien's, LLC

Presenters (Appearing in person):

Gregg Ghelfi, Arizona Finance Authority
Mary Foote, Greater Arizona Development Authority

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 8:33 a.m. Board members Ken Burns, Marcel Dabdoub, David Castillo, Andre Whittington and Robin Romano appeared in person. Roll was called by Kelly McGuire. A quorum was declared present. Ms. Romano welcomed the Board for the second part of the Authority's Strategic Planning Session (the

“Planning Session”), the first portion of which was held on Sunday, August 18. Ms. Romano then asked the Board to introduce themselves to the meeting’s facilitator, Reginald Givens. Mr. Givens likewise introduced himself and then identified his objectives and goals for the Planning Session. To begin, Mr. Givens discussed the outcomes of the “Think, Feel, Act” assessment that was sent to the Board prior to the Planning Session. Mr. Givens provided detail on the categories that each of the Board members fell under. Mr. Givens explained that the activity helps assess personalities and can provide insight on how to better communicate with others based on how they process information.

2. **Authority’s Vision for Current and Future Administrations**

Mr. Givens distributed a handout listing the Governor’s priorities (as he had determined based on a review of the Office of the Governor’s website) on one side and the Authority’s mission on the other side. He began the discussion by asking the Board if AZIDA’s mission aligned with the Governor’s priorities.

Mr. Swift posed to the Board the question as to whether the Authority’s mission remains correct or needs to be revised.

Mr. Castillo stated that the current mission was close but noted that while the Authority has the power to serve the entire state, actual results show that its financings disproportionately serve Maricopa County.

Ms. Romano concurred that the mission statement was close.

Mr. Givens took a moment to discuss “SMART” goals with the Board, noting that their goals should be simply stated, measurable, attainable, realistic, and within a time certain. Mr. Givens then asked if AZIDA’s mission statement was simply stated.

Ms. Romano responded that the mission statement was not simply stated, considering AZIDA focuses on housing and nothing regarding housing was mentioned in the mission statement.

Mr. Whittington noted that the mission statement should be broad enough to encompass economic development generally. He also asked what role the Board wants AZIDA to serve.

Mr. Castillo stated that when AZIDA was conceived, it had a specific purpose under a prior administration. Now the Board needs to have a good sense of the vision for AZIDA and how that vision aligns with this Governor’s vision. Mr. Castillo then shared a process he had used in the past to help define an organization’s vision and discussion ensued.

Mr. Dialessi added that AZIDA does not have its own vision separate from the Governor’s.

Mr. Dabdoub agreed that the Board’s mission statement should be based on the Governor’s priorities.

Mr. Givens noted that there should be objectives in place for rethinking AZIDA's mission, such as first understanding the mission and then simplifying the mission before taking action to rewrite it.

Ms. Romano then questioned whether the sentence addressing AZIDA's self-sustainability was necessary since it was already in law that public moneys were not used to fund AZIDA. Mr. Dabdoub agreed it was not.

Mr. Swift added his agreement and stated that the current mission is too long and broad. The Board members agreed. Mr. Swift also noted that the Arizona Department of Housing's ("ADOH") mission statement is one sentence.

Mr. Castillo noted that the Board was selected by the Governor because there is a sense that these Board members share in the Governor's vision.

Mr. Whittington added that the mission of AZIDA will be to support the Governor regardless of who is in office at any particular time. The mission must capture the support of economic development across the state.

Mr. Dabdoub agreed and thought it would be helpful to include a brief statement to tie the AZIDA's mission statement to the vision.

Mr. Givens asked the Board to consider how AZIDA will operate with different administrations. Mr. Dabdoub responded that the mission is to support the Governor's priorities.

Ms. Romano noted that some of the current mission statement is not applicable or useful and may be removed.

Mr. Castillo, Ms. Romano, Mr. Whittington, Mr. Dabdoub and Mr. Dialessi each offered various ideas for sample language that could be added to AZIDA's mission statement.

Mr. Givens noted that if the Board wants to revise the mission someone needs to be identified as having that responsibility, as well as setting a timeframe for delivery.

Mr. Swift said he would own the task and would circulate a draft to the Board in about a week.

Mr. Whittington then proposed additional language explaining how AZIDA might act through partnerships and collaborations with other organizations.

Mr. Castillo asked if the Board should consider being more intentional with the projects AZIDA takes on. Mr. Castillo suggested that, for instance, charging a premium fee for projects in Maricopa County might then be used to subsidize the fees for projects in rural areas of the state.

Ms. Romano suggested charging a premium fee for projects located outside of the state.

Mr. Ray agreed with the idea.

Ms. Romano noted that the Board could implement a new fee structure and then revisit it in the future to determine if the incentives had been successful.

Mr. Dabdoub agreed that subsidizing the fee for projects in rural communities could incentivize developers to bring projects to those underserved areas. Mr. Dabdoub added that AZIDA also needs to be communicating with those underserved communities to assess their needs.

Ms. Romano noted that although AZIDA does not have the capability right now, one objective to add to the list would be hiring someone to make those connections in rural communities and find the key players to bring projects to those areas.

As an example of the need to be able to determine the needs of non-Maricopa County communities, Mr. Swift added that the City of Apache Junction had recently reached out to him to discuss a project and options on how to move it forward. Apache Junction's IDA has been inactive for over 30 years.

Mr. Dabdoub noted that smaller communities do not have enough resources to run an effective IDA, which is hard to do without people and volume.

Mr. Dialessi agreed and noted that there is no incentive to relaunch inactive IDAs when those communities can come to AZIDA to finance their projects. Reconstituting an inactive IDA to do one project is not cost effective in most cases.

Mr. Swift shared that we don't know exactly how many IDAs exist in Arizona, but that doing internet searches, he had come up with a list that went onto a second page. It seems most are inactive.

Mr. Ray added that there are over 50 IDAs that have incorporated in the state of Arizona (the "State") but only 5 that are active.

Ms. Romano stated she was shocked that the City of Yuma does not have an IDA despite it being a growing area.

Ms. McGuire added that the County of Yuma has an IDA, though it is not active.

[There was a break from 9:40-9:50.]

Mr. Givens summarized: (i) the Board would be revising AZIDA's mission statement, (ii) potentially hiring a new role, and (iii) implementing premium fees for out of state projects with a goal of subsidizing fees for underserved communities.

Mr. Swift will provide the Board with more data on the fee structure.

Ms. Romano stated that the Board should be evaluating its fees periodically anyway to support its mission.

Mr. Dabdoub added that data will also provide a sense of the needs in each underserved community and can be used to identify how large the gap between needs and services is in some of those communities.

Mr. Swift asked Mr. Givens, who previously worked with ADOH, if there was an annual impact study done by ADOH.

Mr. Givens did not think so and shared that the City of Phoenix did its own housing assessment every five years and noted that smaller communities likely don't have the resources to complete such assessments.

Mr. Dabdoub noted that it would be valuable to know the needs of rural communities and how those needs can be addressed.

Mr. Whittington asked if AZIDA could partner with the Office of Economic Opportunity so all the work would not be passed to Mr. Swift.

Mr. Dialessi, Ms. Romano, Mr. Burns, and Mr. Castillo discussed possible alternatives to collecting data on needs of rural communities.

Mr. Ray added the perspective that while the state has many needs, AZIDA cannot be expected to take on the entire vision for the state.

Ms. Romano agreed, noting AZIDA cannot take on projects such as free early childhood education and the like.

Mr. Dabdoub restated the importance of AZIDA's role as a statewide IDA, in particular for those rural communities in which there is no active IDA. AZIDA needs data on housing needs, for instance, in those communities and then have strategic conversations with those players.

Manufacturing might also help rural communities. Ms. Romano, Mr. Ray and Ms. McGuire discussed the difficulties with financing manufacturing projects on a tax-exempt basis given the intricacies and outdated limits contained in the Internal Revenue Code of 1986, as amended (the "Code").

Ms. Romano reiterated that, if feasible, financing manufacturing projects outside of Maricopa and Pinal Counties may be a possible way of generating income for AZIDA as well as helping rural communities.

Ms. McGuire noted that financing manufacturing projects using tax-exempt bonds was currently unlikely but offered that if AZIDA issued taxable bonds, there would be no need to worry about the requirements of the Code.

Mr. Castillo and Mr. Givens noted the importance of being intentional with projects statewide. Although the projects financed with the proceeds of bonds issued by AZIDA may continue to be concentrated in Maricopa County, it is important to communicate with rural communities who are preparing to take on projects.

Mr. Dialessi added that there is nothing finite about what AZIDA has to offer and reaching out to other parts of the State is good business regardless.

Mr. Whittington reiterated the benefit of AZIDA being strategic in doing deals outside of the State while bringing money in from those deals to reinvest in other projects.

Mr. Dabdoub agreed and stated that Maricopa County might always contain the majority of projects financed with the AZIDA bonds, however, it is still important to address the housing gap in other counties. Mr. Dabdoub also asked whether AZIDA's role should include any type of lobbying regarding the restrictions on private activity bonds.

Ms. Romano noted that the restrictions on private activity bond volume cap are at a federal level so lobbying from AZIDA would not be effective.

Ms. McGuire noted that there are some lobbying groups, including the National Association of Bond Lawyers and Council of Development Finance Agency ("CDFA") who lobby on industry-related matters.

Mr. Ray noted that he has been trying to pass legislation for years that would fix the IDB (industrial development bond) laws to no avail.

Ms. Romano summarized that AZIDA will be (i) evaluating its fees, (ii) creating a position to coordinate communication to rural communities, and (iii) examining other methods to finance manufacturing projects whether through tax-exempt or taxable bonds.

Mr. Dabdoub noted a fourth point, the need to collect data on housing needs in rural communities.

Mr. Castillo added that AZIDA is evaluating fees and incentives.

Mr. Dialessi and Mr. Burns discussed the possibility of a partnership with the Arizona Commerce Authority to create a liaison position and in order to make connections in rural communities.

Ms. Romano also noted that AZIDA should consider other revenue channels.

3. **Discussion; No Board Action – Authority Future Expectations and Opportunities - Homeownership**

Mr. Given asked whether Mr. Swift had considered making the down payment assistance program ("DPA Program") non-forgivable as another source of revenue for AZIDA.

Mr. Swift described the current DPA Program repayment process and forgiveness periods and noted that a non-forgivable structure would be possible. Mr. Swift explained that the competitive rate of the DPA Program is what persuades him to keep the program forgivable.

Mr. Dialessi shared that about \$18 million was forgivable under the DPA Program last year.

Mr. Givens noted that was a lot of money and getting that money back may help AZIDA fulfill its mission more by reinvesting that money in other areas.

Mr. Castillo stated that if the homeownership mission is clear, a partnership with the Navajo Housing Trust Fund will promote and stimulate homeownership on tribal lands.

Ms. Romano suggested providing mortgage revenue bond loans to borrowers at 110% AMI.

Mr. Swift noted that AZIDA has a program targeting 150% AMI but that it is not successful in the current market. He added that 120% to 110% AMI is possible however, the last issuance of the mortgage revenue bond program (“MRB Program”) had the benefit of funds contributed by the State Housing Trust Fund which came with a limit of 80% AMI.

Ms. Romano added that changing the MRB Program’s service areas would also allow for more flexibility. Ms. Romano stated that if the AZIDA really wants to make changes in communities, housing needs to be sustainable and keep people in neighborhoods to build their wealth.

Mr. Swift agreed that the MRB Program has been very successful, and it supports the Governor’s mission. Mr. Swift then gave insight on number of loans closed through AZIDA’s first MRB program.

Mr. Whittington added that showing the narrative behind the numbers is important and helpful when AZIDA receives bad press.

Ms. Romano noted that one of the Board’s objectives has been to improve public relations.

Mr. Givens asked the Board how AZIDA’s public persona might be improved.

Ms. Romano responded that it may addressed by creating a new public relations position. She also noted that any promotion of AZIDA in the press helps rural communities become aware that AZIDA exists, enabling AZIDA to reach the population it strives to help.

Mr. Dabdoub added that every organization wants to have a strong identity in its particular area of the market. He then went back to ask where the Board ended up on the decision regarding the forgivability on the DPA Program. He asked whether Mr. Swift would be making a recommendation one way or another.

Mr. Swift stated that he could change the DPA Program.

Mr. Givens said if the DPA Program became non-forgivable, an objective would be made to determine what would be done with the money received.

Mr. Swift noted that the Phoenix IDA and the Maricopa IDA have similar down payment assistance programs. If he changes AZIDA’s DPA Program to non-forgivable and the rates aren’t comparable, homebuyers will choose to go with the other IDA’s programs. However, in the rural communities, no other IDA would be competing with AZIDA’s DPA Program and it was important not to inadvertently penalize rural residents.

Ms. Romano asked if AZIDA could have multiple programs.

Mr. Swift responded that AZIDA could have multiple programs, but the rates would be different.

Mr. Givens added that they could create a scenario where the consumer would be able to choose which rate they prefer based on whether they selected the forgivable or non-forgivable DPA Program, which Ms. Romano agreed made sense.

Mr. Swift explained that one issue is that AZIDA does not have funds of its own to finance the loans made under the DPA program. Mr. Givens suggested that AZIDA keep the option in mind – changing the DPA Program to non-forgivable may be an option in the future when AZIDA has the necessary funds.

Mr. Castillo asked whether AZIDA had looked into an employer-assisted housing program.

Mr. Swift noted that the theme of the day was AZIDA needing to connect more to know the needs and expertise of other parties. Mr. Swift then discussed two examples of down payment assistance programs and employer assisted housing partnerships that have been implemented by the HFA in Pennsylvania and the University of Washington in Washington State. He then theorized on some ways AZIDA could implement a similar program.

Mr. Castillo asked whether such a program would be by region. Mr. Swift stated that the program could be by region or by individual employer. Mr. Castillo noted that large Arizona-based employers could get involved with such a program.

Ms. Romano asked if AZIDA could accept funds from private employers. Mr. Swift stated that a separate account or trust could be set up to accept funds. He also noted that this may not be a completely new channel of business, but merely the broadening of a current channel. Ms. Romano explained that policies could be made as to how the partnerships are made. Mr. Swift agreed and noted that the employer based DPA Program could be by area, by employer, or completely customized. He also stated that the employer based DPA Program would likely be targeted to certain lenders.

Mr. Dabdoub added that there should be some sort of certification process for lenders to be involved in the employer based DPA Program.

Mr. Swift also noted that AZIDA has the advantage of running such a program anywhere in the State so employers with multiple locations would benefit. Mr. Swift and Mr. Dabdoub then discussed various aspects of a potential lender selection process.

Mr. Swift then presented the results of his research into the Section 184 Indian Home Loan Guarantee Program (“HUD 184 Program”). Ms. Romano considered whether adding the expansion the DPA Program should be identified as a new objective for the Board. Mr. Givens suggested that the objective be more specific – for instance, the objective of expanding the DPA through HUD 184 Program versus revisions to the DPA Program.

Mr. Swift then presented information related to the HUD 184 Program and, in particular, challenges with intaking applications (often required to be manually input), lenders

refusing to participate in the program at all, and major difficulty packaging and selling the loans. Mr. Swift noted that he is still researching if and how AZIDA might get involved in the HUD 184 Program in an effective and meaningful way.

Mr. Castillo confirmed his experience with certain systemic challenges of the HUD 184 Program and how it is difficult to sell packaged loans into the secondary market. Mr. Castillo then theorized how AZIDA might partner with banks, employers, or in the case of the HUD 184 Program, tribes, to act as a guide for the rest of the market in an effort to change the market from the bottom up.

Mr. Swift agreed that some of the Board's objectives will be short term so AZIDA can test them out, then reevaluate, and pivot, as necessary.

Mr. Dialessi asked whether AZIDA has the authority to partner with tribes, such as the Navajo Nation, which stretches outside Arizona and into Colorado and New Mexico. Mr. Swift explained that AZIDA cannot take its homeownership program outside of the State. Mr. Ray noted, however, that AZIDA has the authority and there is precedent to finance rental housing inside or outside of the State. Mr. Swift added that AZIDA could partner with other states.

Mr. Dabdoub expressed the importance of stimulating local economic development by getting qualified homebuyers back on the tribal reservation. Mr. Castillo also noted that AZIDA cannot change the structure of the market, but it can change how things work at the local level by taking on a leadership role whether that is through the HUD 184 Program or the DPA.

[There was a break from 10:55 a.m. to 11:06 a.m.]

4. **Authority's Future Expectations and Opportunities – Business Channels**

Mr. Givens began the discussion by asking the Board and Mr. Ray how to preserve affordable housing after the 15-year qualified project period. Mr. Ray explained that there are multiple ways to preserve affordability past the qualified project period, such as an acquisition and rehabilitation, refunding or selling the project to a 501(c)(3) organization with a mission to keep the project affordable. Mr. Ray noted that while AZIDA cannot force developers to keep a project affordable, he encourages developers to do so.

Mr. Given asked if the list of projects approaching the end of the 15-year period is published.

Ms. McGuire noted that ADOH keeps track of the qualified project period because they are the entity that allocates tax credits. They monitor projects throughout the fifteen-year period.

Mr. Swift then addressed the issue of volume cap being oversubscribed.

Mr. Ray added that projects being financed through AZIDA have been awarded approximately 80% of the available volume cap. Mr. Ray discussed the history of AZIDA projects that did not need volume cap, noting that only 30% of all deals have required a

volume cap allocation from the Arizona Finance Authority (“AFA”). There are many categories of bond financings that do not require volume cap such as issuances by 501(c)(3) organizations, governmental issuances, refunding of any issue, any type of deal done outside the State, or any taxable issuance. Mr. Ray then addressed some of the other issues that the conduit bond program faces such as competition from local and national issuers and fluctuating interest rates.

Mr. Swift and Mr. Ray discussed pricing flexibility and the possibility of out of state premium pricing.

Ms. Romano stated that the Board needs to determine the bottom line for AZIDA’s fees. Mr. Ray agreed and indicated that there may be instances where the Board wants to take a loss on a certain project in order to make connections.

Ms. Romano then discussed the guidelines for out of state projects and noted that those guidelines may be revised in the future but that they are also criteria from the Governor’s policies that the Board does not have control over. Ms. Romano referred to an out of state charter project in Nevada that the Board approved but was not granted TEFRA approval by the Governor’s office.

Mr. Ray discussed potential new lines of business to generate revenue, including soft lending, where AZIDA would make a low-interest loan to a developer similar to the subordinate funding ADOH provides on many affordable housing projects.

Mr. Swift mentioned that Mr. Whittington and Mr. Castillo’s Community Development Financial Institutions (“CDFI”) are involved in microlending.

Mr. Dabdoub mentioned land banking, which Ms. Romano noted would require funding.

Mr. Ray discussed the goals of generating fees and then the Board’s decision as to what to do with that revenue. One statutory requirement is to transfer funds to the Office of Economic Opportunity (“OEO”).

Mr. Castillo asked whether the Board could direct where the funds are allocated after they are transferred to the OEO. Ms. Romano responded that the Board cannot direct how OEO uses its Economic Development Fund.

Ms. Romano and Mr. Whittington discussed soft lending as being worth further study as a means to increase revenues.

Mr. Castillo mentioned that communicating with OEO prior to encumbering funds would be a good idea, with which sentiment Ms. Romano, Mr. Swift, Mr. Givens, and Mr. Ray agreed.

Mr. Givens noted that Mr. Ray would be taking on the objective of gathering more information on soft lending. Mr. Ray and Mr. Whittington discussed the logistics in adding soft lending to AZIDA’s list of services.

The Board agreed to take a break from the Planning Session for lunch at 11:46 a.m. The Planning Session was resumed at 12:28 p.m.

5. **Discussion; No Board Action – Collaboration & Community Engagement Opportunities.**

Mr. Swift discussed ways to determine the needs of rural communities and potentially partner and collaborate with other IDAs.

Mr. Ghelfi suggested reaching out to other IDAs in the state through their counsel.

Ms. Foote shared that she has been in process of reaching out to rural communities about the relaunch of the Greater Arizona Development Authority (“GADA”) and offered to include information about AZIDA and the programs it offers in those conversations. Ms. Foote is on the Rural Committee for Arizona Association for Economic Development and can connect Mr. Swift to some contacts in rural communities.

Mr. Castillo added that as AZIDA expands its scope, there may be additional staff needed. The Board would like Mr. Swift focused on the DPA and mortgage revenue bond program.

Mr. Dabdoub and Mr. Whittington discussed the status of inactive IDAs and noted the benefit of Ms. Foote being able to conduct initial outreach and make the introductions to AZIDA staff.

While Ms. Foote was available, Mr. Swift asked Ms. Foote to share how the GADA relaunch was going.

Ms. Foote responded that it has been going well and she is working with potential applicants to get their applications submitted. Ms. Foote noted that while GADA focuses on infrastructure projects, the parties she works with are often in close contact with the housing teams. Ms. Foote suggested the GADA and AZIDA have conversation a few times a year to talk about each organization’s programs to help them work together effectively.

Mr. Castillo was interested in learning how AZIDA could more effectively reach out to rural communities.

Ms. Foote described a few organizations that would likely be helpful in communicating with rural communities such as the League of Arizona Cities and Towns, Arizona City Managers, County Supervisor Association. Although the folks on those boards might not be the final point of contact, the organizations often hold conferences that representatives from rural communities attend.

Ms. Foote and Mr. Swift discussed sponsoring conferences and making contacts through various associations of which they are members.

Mr. Ghelfi noted that reaching out to the bond attorneys in the state might be the best way to connect with rural IDAs. He added that the OEO has a lot of resources and data that may be helpful in determining the needs in rural communities.

Mr. Castillo asked about the success of Ms. Foote's collaboration with federal partners. Ms. Foote explained the U.S. Department of Agriculture ("USDA") has been a great partner. The USDA does a lot of work in housing, but has limited resources, so they act as more of an ambassador.

Mr. Castillo added that Local First Arizona has been a tremendous ally, advocate, and collaborator as well.

Mr. Dialessi noted that AZIDA has resources to help support IDAs that have been inactive for years.

Mr. Swift described conversation he had with a municipal employee in Apache Junction regarding AZIDA providing assistance rather than reconstituting an IDA to finance a single project.

Mr. Ray noted that most rural IDAs were formed for a single project and then not maintained after the completion of the project. Mr. Ray, Mr. Swift, and Mr. Castillo then discussed the logistics of partnering with a previously dormant IDA.

Ms. Foote thanked the Board for inviting her to the Planning Session and she and Mr. Ghelfi departed.

While the Board was waiting for the next presenter to join the Planning Session via Zoom, Mr. Swift gave a brief update on the next issuance of bonds under AZIDA's 2024 single family mortgage program.

Mr. Castillo introduced Carl Slater from the Navajo Nation.

Mr. Slater shared that \$2,000,000 has been set aside in the Navajo Trust Fund to support down payment assistance programs and/or other creative housing solutions on tribal land. Mr. Slater discussed a few housing projects currently in progress on tribal land and noted the large demand for low-income and market rate housing, evidenced by long waiting lists due to the low stock of new build housing within the Navajo Nation. Mr. Slater asked that when AZIDA considers its next single family program loan servicer, it consider whether the servicer will be able to service HUD 184 Program loans. Mr. Slater then offered to entertain questions.

Ms. Romano noted that Mr. Castillo had brought up the issue of a refunding project on the Navajo Nation needing an additional \$13,000,000 and stated that the Board will be looking into that issue. Ms. Romano agreed that it was critical that the new loan servicer be able to service HUD 184 Program loans. She commended Mr. Slater for setting aside \$2,000,0000 for housing.

Mr. Castillo noted the importance of a partnership between AZIDA, the Governor's office and the Navajo Nation. He thanked Mr. Slater for his leadership.

Mr. Swift transitioned back to one of the ideas Mr. Ray proposed for new business channels and asked Mr. Whittington and Mr. Dabdoub to expand on the idea of microbusiness lending.

Mr. Whittington explained the process of microlending and noted while it is a needed resource, it is extremely expensive and may not be the best use of AZIDA resources. He suggested that AZIDA may see more benefit from investing in a CDFI fund.

Ms. Romano added that the AFA had attempted a microbusiness loan program but did not have a good showing.

Mr. Castillo emphasized the importance of taking a holistic approach to leveraging funds to stimulate economic development activity. Although AZIDA may not be lending to small businesses, it can support the ecosystem of economic development.

Ms. Romano agreed and noted the significant risks with small business lending. Mr. Swift agreed and added that while AZIDA may not be offering that service, it would be helpful to have a working knowledge of the industry.

Mr. Romano agreed but reminded the group that a better use of the Board's time may be to stay focused on investigating ways to address housing needs and looking at working with other IDAs.

Ms. Romano noted that all the objectives discussed during the Planning Session require money, time, and thought and the Board will need to be creative in generating capital to fund identified objectives, with one area to explore being formation of a 501(c)(3) organization. While today's initiatives may not show results overnight, they lay the pipeline for success.

6. **Discussion; No Board Action –**

Mr. Givens provided a summary of the objectives discussed throughout the Planning Session. He added that some of the objectives could be addressed by adding staff positions or assigning certain objectives to staff. Mr. Givens asked what resources would be required to handle formation of a 501(c)(3) organization.

Ms. McGuire responded that her firm could file the paperwork to create a 501(c)(3) organization and the variability of the formation timeline was discussed.

Mr. Castillo noted the attractiveness of having a 501(c)(3) organization associated with an IDA and the benefits and abilities that would become available to AZIDA through formation of a 501(c)(3) is worth exploring and further discussing at the Board level.

As the Planning Session came to an end, Mr. Givens stated that he would provide a strategic plan outline, including a targeted timeline for objectives.

Mr. Swift thanked the Board for their time and willingness to spend two days at the Planning Session.

7. **Call to the Public**

There were no members of the public in attendance.

8. **Announcements**

There were no announcements.

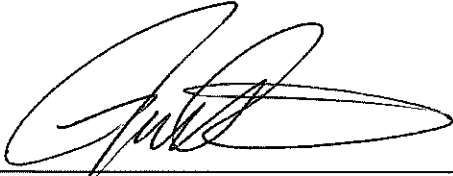
9. **Adjournment**

Board member **Marcel Dabdoub** motioned for adjournment of the AZIDA Board meeting at 1:38 p.m. Board member **David Castillo** seconded.

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

[Remainder of page left blank; signature page follows]

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



Robin Romano, President

October 17, 2024

Date of Board Action