

Meeting Minutes

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

Location: Virtual Meeting via Zoom

Date and Time: Thursday, March 20, 2025
3:00 p.m.

Board Members Present (Appearing via Zoom/Telephonically):

Ken Burns
Marcel Dabdoub
Robin Romano
Andre Whittington*

Board Members Absent:

David Castillo (with prior notice)

Staff Present (Appearing via Zoom/Telephonically):

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

Meeting Facilitator (Appearing via Zoom/Telephonically):

Kelly McGuire, Kutak Rock LLP

Presenters (Appearing via Zoom/Telephonically):

Brad Hinton, El Dorado Land Development, Inc.
Pam Giss, Launch Development Finance Advisors
Tyler Cobb, Ballard Spahr
Erik Chung, Community Preservation Partners, 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 3:01 p.m. Board members Ken Burns, Marcel Dabdoub, Robin Romano, and Andre Whittington* attended via Zoom. Roll was called by Kelly McGuire, as meeting facilitator. David Castillo was noted as absent,

* Mr. Whittington joined the Zoom meeting at 3:11 p.m.

having previously informed Ms. Romano that he would be unable to attend. Mr. Whittington was also noted as absent but had informed Ms. Romano that he would be late. 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.

In the interest of full transparency, Tyler Cobb of Ballard Spahr (“Ballard”), counsel to the Arizona Finance Authority, informed the Board that Ballard had been engaged to serve as the issuer’s bond counsel and disclosure counsel for the Montanero project (item 3 on the agenda) but that he did not believe there to be a conflict.

Mr. Whittington joined the meeting at 3:11 p.m.

2. **Agenda Items Considered:**

Presentation, Discussion & Adoption

Approval of Resolution No. 2025-6 – Authorizing the issuance of not-to-exceed \$150,000,000 of Single Family Mortgage Revenue Bonds, 2025 Series A (Non-AMT), in one or more tax-exempt and/or taxable series, the proceeds of which will be used to fund a single family mortgage loan program.

Dirk Swift, Executive Director, reminded the Board that the initial “Arizona Is Home” program launched in 2024, with two bond issues closed that year. Subsequently, AZIDA granted preliminary approval for the 2025 bonds in December of 2024. It is now time to request final approval in order to issue the bonds. In summary, last year, AZIDA received approximately \$65 million in volume cap to issue tax-exempt single family mortgage revenue bonds and issued another \$15 million in taxable single family mortgage revenue bonds to create about \$80 million in available product. In reports prepared for the Arizona Department of Housing (“ADOH”), Mr. Swift found AZIDA committed to do 300 loans; 297 loans closed under that product and there are four more in the pipe. He is confident AZIDA will hit the 300-unit goal set by the Governor’s Office and ADOH. Mr. Swift added the 2025 program launched on February 3 and it has been very robust. There are 107 loans in the pipeline for almost \$29 million, and 20 loans have closed so far. The program had been a success last year and continues to be successful this year. The terms of the bonds are roughly the same as the second series issued in 2024, though the requested authorization is for an amount not-to-exceed \$150 million. AZIDA did not receive \$150 million of volume cap, however, the not-to-exceed \$150 million request gives AZIDA some flexibility in the event that it makes sense to do a taxable bond in combination with the tax-exempt component and would not require repeatedly coming to the Board multiple times for approvals. While he would like to maintain program flexibility, Mr. Swift shared that currently he thinks there will be only one bond issue of \$90 million tax-exempt this year.

Ms. Romano asked to clarify whether the amount of the requested authorization was being reduced from \$150 million to \$90 million.

Mr. Swift explained the requested authorization amount is not-to-exceed \$150 million in case AZIDA needs to do a taxable component, but as of right now he predicts only a

single \$90 million bond issue will be issued for 2025. In 2024, \$150 million was authorized, but only \$80 million issued based on that same principle.

Ms. Romano commented that AZIDA meeting the goals the Governor’s Office set out and putting people in homes is a wonderful thing. It brings stability to the economy, and she is proud AZIDA has been able to contribute.

Board member **Ken Burns** then motioned to approve Resolution No. 2025-6, as presented. Board member **Marcel Dabdoub** seconded the motion.

By a vote of 4 ayes, 0 opposed and 0 abstentions, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2025-7 – Authorizing preliminary approval of not-to-exceed \$120,000,000 of revenue bonds, notes or other obligations to be issued in one or more tax-exempt and/or taxable series, to finance a wastewater reclamation facility, water wells, a water campus, transmission lines, and ancillary facilities associated with a master planned community in Florence, Arizona, for the benefit of El Dorado Land Development, Inc.

Brad Hinton of El Dorado Land Development, Inc. (“El Dorado”) and Pam Giss with Launch Development Finance Advisors (“Launch”) addressed the Board. Ms. Giss said that Launch has been looking for an opportunity to work with AZIDA for years to help finance infrastructure across Arizona and was pleased to have found the proposed project with El Dorado, a top rate sponsor. El Dorado has helped build a good portion of the Southeast Valley. The proposed bonds will finance infrastructure to include the construction of a wastewater reclamation facility with water wells, a water campus, transmission lines, and ancillary facilities. El Dorado anticipates approaching the Arizona Finance Authority (“AFA”) to request private activity volume cap up to the par amount of the tax-exempt bonds. The project will support the development of the first three phases of the Montanero master planned community (formerly known as Merrill Ranch) in the Town of Florence. Montanero is currently entitled for up to 15,000 units, 265 acres of commercial and mixed-use, and 275 acres of industrial land. Montanero will provide 3,196 residential lots to include much needed entry-level housing with starting home prices at \$250,000.

Mr. Hinton explained that El Dorado is primarily a master plan developer of mostly single family lots and sells the entitled lots to developers who construct the homes. The Montanero land is owned without debt. Mr. Hinton noted that Mike Ingram, the founder and CEO of El Dorado, was instrumental in the development of the City of Maricopa from a small farm community to what it is today. Mr. Ingram partnered with the Gila River Indian Community, the Ak-Chin Indian Community and the State and was able, through a bond approved by the Communities, to fund and build State Route 347. He also brought in all water and sewer and communication utility providers. The water and sewer improvements were eventually sold to Global Water. Mr. Ingram developed the first handful of subdivisions, most predominantly Rancho El Dorado and the Villages at El Dorado, then helped incorporate the City of Maricopa. El Dorado has also developed

several communities and subdivisions throughout the Valley, but mostly in the Southeast Valley – in San Tan Valley and the unincorporated Pinal County area. Mr. Hinton added that one of the first communities in the San Tan area, Circle Cross Ranch, helped George Johnson and Johnson Utilities start up the water and sewer utility in the area. Another active development, Bella Vista Farms, has eight or nine home builders active in that subdivision. El Dorado has about 2,500 lots either fully developed or under development with about 3,000 more to go. Approximately three miles south and east from Bella Vista Farms is Arizona Farms. El Dorado just sold the first phase, called Silver Cross, and it is under construction with three different home builders.

Mr. Hinton explained that El Dorado continues to position itself in the San Tan and Florence markets to support the major infrastructure needed in the area. There are entitlements already on the property, with an approved plan unit development of roughly 15,000 units, split into two villages. There are also several acres of industrial land as well as commercial and mixed use.

Ms. Giss noted that the Town of Florence has been supportive of this project since 2003, when the Town annexed it. Merrill Ranch has been an incredibly successful project and there have been several amendments to the project. The Town has also approved a community facilities district and there have been several amendments to those documents, including a land use approval process agreement in 2018. Ms. Giss said the Town of Florence is fully in support of the project as El Dorado is providing much needed housing of all levels, especially entry level, in the area.

Mr. Hinton added that, in most cases, the lot sales cover the needed infrastructure for the development, and in this particular project, the development agreement requires El Dorado to build a wastewater treatment plant and a water campus. El Dorado is basically building a new utility system for the Town of Florence. The project is different than El Dorado's typical development where it is within an existing utility provider that has treatment capacity. In this case, there is a lot of upfront infrastructure that is not typical to most of El Dorado's master planned communities.

Ms. Giss added that the Town of Florence had requested an economic analysis. It was determined that over the course of the development, about 4,300 temporary construction jobs would be created, with an average annual salary of \$53,500, totaling just under \$230 million throughout the construction period, and will create state and local tax revenue of almost \$36 million. Once the community is complete and functioning, the industrial and commercial pieces are expected to create approximately 9,000 jobs with an average salary of \$50,000-\$52,000 per individual for annual wages totaling just over \$480 million and an annual economic output of over a billion dollars, creating local and state tax revenue of \$142 million.

Ms. Giss noted the community includes a park area of 55 acres, not including other open spaces located throughout the project, as well as three new schools.

Mr. Dabdoub asked if the construction is funded on the front end by the roughly \$119 million in bond proceeds plus the \$47 million in equity, and then by the land sale proceeds happening over time.

Ms. Giss explained that El Dorado anticipates that the bonds will be secured by a deed of trust on the first three phases of the project. There would be a minimum value-to-lien ratio of 3 to 1, with a 15-year amortization. A portion of the lot sale proceeds would be used to pay the release price associated with each lot which will be transferred to the trustee to pay down the debt and, in turn, release the deed of trust from those lots. El Dorado anticipates the lot appraisal value will be the same as the finished lot value, with a total appraised value of approximately \$356 million. Ms. Giss noted that El Dorado anticipates the sale of the first three phases over a period roughly from 2028 to 2033, and repayment of the debt will begin in 2028.

Mr. Cobb added that the infrastructure improvements being financed with bond proceeds are the water and public infrastructure improvements that will unlock the development of these phases for up to 50,000 homes. The total cost of those improvements will be funded with the bond proceeds and also with developer equity. As those lots get sold off to home builders, a portion of that lot sale price, in the average amount of \$36,000 to \$42,000, will flow back to the trustee as the release price to release those lots from the lien of the deed of trust securing the bonds. A portion of the lot sale proceeds will be used to pay down the debt and another portion will be used for other improvements on the property.

Ms. Giss noted there are also other sources of income not reflected in the repayment forecast as it is not needed to service the debt. There is revenue from the community facilities district that will eventually reimburse the developer for other infrastructure, as well as other sources. She believes the sources sufficiently demonstrate that El Dorado can repay the debt just through lot sales quite comfortably.

Ms. Romano thanked Ms. Giss for a very thorough explanation of the project and added she is sure the Town of Florence is very happy that El Dorado is putting this much time, money, time, and effort into infrastructure, especially water treatment, which is much needed in that particular area.

Mr. Dabdoub noted that he believes this is the first land development deal that he has seen and asked Ms. McGuire if the infrastructure for a specific development is within AZIDA's scope.

Ms. McGuire said it is. She previously discussed that analysis with Mr. Cobb, and it was determined the project is eligible to be financed under the Industrial Development Financing Act.

Mr. Burns then asked about the water situation in this part of Pinal County, as it has been a big issue hindering growth in the area.

Mr. Hinton explained that El Dorado is required to drill a series of groundwater wells to supply the water it needs for development. For the greater area, the Town of Florence is a designated water provider, with its own designation of assured water supply.

Board member **Marcel Dabdoub** then motioned to approve Resolution No. 2025-7, as presented. Board member **Andre Whittington** seconded the motion.

By a vote of 4 ayes, 0 opposed and 0 abstentions, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2025-8 – Authorizing preliminary approval of not-to-exceed \$25,000,0000 of revenue bonds, notes or other obligations to be issued in one or more tax-exempt and/or taxable series, to finance a multifamily qualified residential rental project in Mesa, Arizona, for the benefit of a tax credit limited liability company or partnership to be formed by Community Preservation Partners, LLC.

Erik Chung of Community Preservation Partners (“CPP”) addressed the Board. He explained that CPP is a long-term housing tax credit developer that specializes in preserving existing affordable housing assets, primarily United States Department of Housing and Urban Development (“HUD”) Section 8 apartment communities all over the country. CPP has worked with AZIDA on a number of projects in the past and is currently working on the Tanner Terrace project in Glendale. Known as the Alma Park Apartments, the project is a 106-unit existing affordable housing development located in Mesa. It was built in 1972 and benefits from a federal Housing Assistance Payments (“HAP”) contract on 100% of its units. CPP is requesting the bond allocation to facilitate rehabilitation of the project to preserve long-term affordable housing for the community. Through rehabilitation, there will be an increased standard of living for the residents as well as an extension of the affordable housing covenants for all 106 units.

Ms. Romano noted that she lives in Mesa and is familiar with the property and it does need some rehab. She loves rehab projects and AZIDA’s involvement in them.

Mr. Dabdoub and Mr. Burns echoed Ms. Romano’s sentiments.

Mr. Dabdoub added kudos to CPP because rehabilitation projects are difficult. An income generating property usually has to be bought at a higher price point and then you tack on the rehabilitation costs. He thinks it is great that CPP is able to maintain a cost per unit of only \$450,000.

Board member **Marcel Dabdoub** then motioned to approve Resolution No. 2025-8, as presented. Board member **Ken Burns** seconded the motion.

By a vote of 4 ayes, 0 opposed and 0 abstentions, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2025-9 – Authorizing preliminary approval of not-to-exceed \$15,000,0000 of revenue bonds, notes or other obligations to be issued in one or more tax-exempt and/or taxable series, to finance a multifamily qualified residential rental

project in Phoenix, Arizona, for the benefit of a tax credit limited liability company or partnership to be formed by Community Preservation Partners, LLC.

Mr. Chung informed the Board that this project, the McDowell East Apartments, is a 76-unit existing affordable housing development located in Phoenix. It was built in 1974 with similar traits as the previously discussed Alma Park Apartments. The project benefits from a federal HAP contract on 100% of its units, and there are no other long-term affordable regulatory agreements tied to the property. CPP's goal is to receive 4% low-income housing tax credits to rehabilitate the property and preserve the long-term affordability.

Ms. Romano added that she drives by the property every day and it is definitely an area in need of rehabilitation. She noted that this project costs a bit more at \$484 per square foot.

Mr. Chung explained that the rehab of larger assets has a bit more economy to scale and McDowell East is slightly smaller asset.

Board member **Andre Whittington** then motioned to approve Resolution No. 2025-9, as presented. Board member **Marcel Dabdoub** seconded the motion.

By a vote of 4 ayes, 0 opposed and 0 abstentions, the motion passed.

3. **Adoption of Minutes of the February 20, 2025 AZIDA Regular Board Meeting**

Board member **Marcel Dabdoub** moved to adopt the minutes of the February 20, 2025 AZIDA regular board meeting. Board member **Andre Whittington** seconded the motion.

By a vote of 4 ayes, 0 opposed and 0 abstentions, the motion passed.

4. **Call to the Public**

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

Mr. Swift introduced Dongyan Jones as AZIDA's new accountant. Ms. Jones has worked with a number of state agencies, as well as the Eloy Housing Authority. She has an undergraduate degree in accounting and a master's degree.

Mr. Romano encouraged Board members to read the email sent by the Council of Development Finance Agencies. She noted there are a lot of interesting things happening and they are moving very fast, some of which could negatively impact industrial development authority-type entities across the country.

5. **Announcements**

Ms. Romano announced that the next regular meeting of the Arizona Industrial Development Authority is scheduled to be held in person on Thursday, April 17, 2025, at

3:00 p.m., but noted that people should consult the AZIDA website for any changes to meeting details.

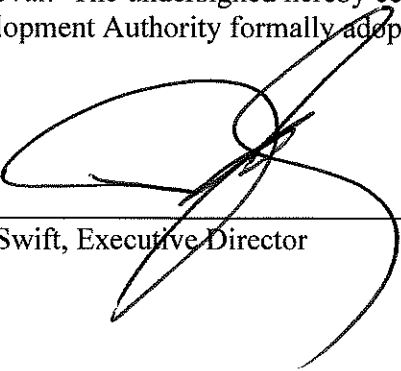
6. **Adjournment**

Board member **Andre Whittington** motioned for adjournment of the AZIDA Board meeting at 3:50 p.m. Board member **Marcel Dabdoub** seconded.

By a vote of 4 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

April 17, 2025
Date of Board Action