

Meeting Minutes

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

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

Date and Time: Wednesday, June 18, 2025
3:00 p.m.

Board Members Present (Appearing in Person):

Ken Burns
Robin Romano

Board Members Present (Appearing via Zoom/Telephonically):

Marcel Dabdoub*
Andre Whittington

Board Members Absent:

David Castillo (with prior notice)

Staff Present (Appearing in Person):

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

Meeting Facilitator (Appearing in Person):

Kelly McGuire, Kutak Rock LLP

Presenters (Appearing via Zoom/Telephonically):

Kristin Iverson, Winthrop & Weinstine
Jessica Shaham, Kutak Rock LLP

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 3:02 p.m. Board members Ken Burns and Robin Romano appeared in person. Board members Marcel Dabdoub* and Andre

* Mr. Dabdoub joined the meeting at approximately 3:15 p.m.

Whittington attended via Zoom. Roll was called by Kelly McGuire, as meeting facilitator. David Castillo was noted as absent, having previously informed Ms. Romano that he would be unable to attend. Mr. Dabdoub 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.

2. **Agenda Items Considered:**

Presentation, Discussion & Adoption

Approval of Resolution No. 2025-25 – Authorizing the execution and delivery of an Amended and Restated Bond Financing Agreement and replacement bonds relating to Authority’s previously issued \$7,510,256 Multifamily Housing Revenue Bonds (Vistabella Apartments Project) Series 2021, for the benefit of Vistabella Apartments LLC.

Kristin Iverson of Winthrop & Weinstine, outside counsel to Cedar Rapids Bank & Trust (“CRBT”), the lender on the Vistabella transaction, addressed the Board. She explained CRBT is working on a securitization with Freddie Mac. In order to fit into the Freddie Mac program, language in the bond financing agreement needs to be standardized. The amendments make those changes, but there are no substantive modifications to the terms of the transaction.

Ms. McGuire confirmed with Ms. Iverson that the document amendments are simply to update the forms so they comply with the Freddie Mac requirements.

Ms. Iverson responded yes and added that the only change that could be considered more substantive would be a change in the maturity date of the bonds. The monthly payment date on the loan will be changed from the 8th to the 1st of the month, therefore changing the maturity date from October 8, 2039 to October 1, 2039.

Ms. Romano noted the request is straightforward.

Board member **Ken Burns** then motioned to approve Resolution No. 2025-25, as presented. Board member **Andre Whittington** seconded the motion.

By a vote of 3 ayes, 0 opposed and 0 abstentions, the motion passed.

Presentation, Discussion & Adoption

Approval of Resolution No. 2025-26 – Authorizing the execution and delivery of a First Amendment to Loan Agreement relating to the Authority’s previously issued \$7,400,000 loan obligations, for the benefit of Daisy Education Corporation.

Jessica Shaham of Kutak Rock LLP, as bond counsel, addressed the Board. She reminded the Board that the original financing was a three-party loan agreement between AZIDA, Daisy Education Corporation (“DEC”) and Western Alliance Business Trust (“WABT”) for the acquisition of one of DEC’s campuses. DEC would like to pay off the loan in full using excess cash flow and money from fundraising and WABT has agreed. Ms. Shaham explained the documents do not allow a redemption of the loan for another

three years, but WABT has agreed to advance the maturity and delete the early call provision.

Board member **Andre Whittington** then motioned to approve Resolution No. 2025-26, as presented. Board member **Ken Burns** seconded the motion.

By a vote of 3 ayes, 0 opposed and 0 abstentions, the motion passed.

3. **Presentation and Discussion of Financial Summary of Fiscal Year 2025 and Consideration and Approval of Fiscal Year 2026 Budget**

Dan Dialessi, the Authority's Chief Financial Officer, presented the expense projections for Fiscal Year 2026. The projections are based on the same methodology used last year, and costs are not allocated to the MRB program yet, as that program is still building critical mass. Adjustments were made for the additional employee and related expenses. Similar to last year, the costs of issuance for the MRB program were not included in the expense projections but are included in the encumbrances because of the success of the program and unlikelihood that the Arizona is Home program would be terminated.

Ms. Romano agreed.

Mr. Dialessi explained that the Arizona is Home program is accounted for in the encumbrances, however, it could be added to the expenses, if that is a change the Board would like to make. Either way, the result would be the same. In the section of the projections showing encumbrances, some adjustments were made for expenses that have been paid since the last bank statements in order to show available resources. Under "encumbrances", projected operating expenses are about \$2.68 million, which is split between business channels according to the ratios established last year. All amounts related to the Arizona Is Home indenture, cash reserves for costs of issuance related to the MRB program, and the Ellington servicing account are encumbered funds and also included under "encumbrances." The result is approximately \$961,000 to be swept over to the Economic Development Fund and approximately \$118,000 to the Housing Trust Fund. Overall, it was a good year. The MRB program is still in the start-up phase and is using resources, but it will be worth it since the program is gaining critical mass and helping a lot of people.

Ms. Romano agreed and added the Governor's office appears to be very happy with the success of AZIDA's contribution to the Arizona Is Home program. She assured Mr. Dialessi that if the Arizona is Home program should be shown as an expense that AZIDA needs to bear in order to continue the program in 2026, it should be listed as an expense. Ms. Romano then asked the Board members if there are any issues with that.

Mr. Burns said he didn't believe it could be listed as cash reserves and moving it to an expense would work.

Ms. Romano agreed it should move up to an expense because it is an expense.

Mr. Swift asked what the costs of issuance for last year's MRB program were.

Mr. Dialessi said that based off the profit and loss statement, \$484,000. He explained there are things in the profit and loss numbers that aren't in the budget expenses. This is kind of a cash exercise to determine what may be available for the sweeps and there are a lot of variables.

Ms. Romano said she understands the books have not closed for the month of June, so this is not an exact number because something could change between June 19th and June 30th. This is just a budget for what we're projecting in 2026. She said she doesn't believe anybody thinks AZIDA is going to stop administering the Arizona Is Home program, because AZIDA has already committed to it, and it has been a successful program.

Mr. Swift agreed.

Ms. Romano added that affordable housing remains an issue in the state.

Mr. Dialessi noted he believes both sides of the aisle are probably fans of home ownership, and AZIDA's program serves rural counties.

Ms. Romano agreed and said the program is one AZIDA has done really well in comparison to others with similar goals. AZIDA actually gets money deployed in the rural counties and noted that AZIDA actually saw several program loans originated in Graham County.

Mr. Swift agreed.

Mr. Swift noted that while the last couple years have been thin on revenues, since AZIDA's inception in 2016, \$26.8 million has been swept to OEO and \$46.7 million to the Housing Trust Fund. AZIDA has made some substantial contributions, and he wishes the annual contributions could be more consistent. Mr. Swift said he also wished House Bill 2666 read a little differently so AZIDA was able to retain a few assets, but it wasn't.

Ms. Romano then asked if there were any other questions regarding the budget. She added that she liked the format as it was easy to understand and breaks everything down for AZIDA's lines of business.

Mr. Whittington echoed her sentiments.

Mr. Burns said he appreciated the help from staff on the budget over the last few days. He would like to see how AZIDA can increase revenues on the bond side. He noted that current results and projections are tighter than AZIDA has been, as far as cash flow, since he joined the board. With more cash flow on the conduit bond side of the business, AZIDA can continue to work and address the single-family housing problems through its MRB program.

Mr. Dialessi noted the conduit bond program has been pretty successful. He was looking at it today in terms of closings, volume and revenues, and the information presented to the Board is AZIDA's position as of now and there are several conduit bond closings

scheduled for the end of this month. He also noted that AZIDA had put money into the MRB program at least twice during fiscal year 2025, which came from conduit bond program revenues.

Mr. Swift said AZIDA's margins were increased slightly during the first year because the program was running really thin with pricing one basis point to the house (AZIDA) because of the interest rates. AZIDA increased the margin slightly, though, it takes a little time for them to move along the pipeline. We're starting to close on some of those pools now.

Mr. Ray noted that Mr. Burns was talking about the conduit bond side.

Mr. Swift replied that he noticed it on both sides because the whole home ownership channel is not generating revenues. So, to Mr. Burn's point, it has been thinner than it should be.

Ms. Romano announced that Mr. Dabdoub had joined the meeting.

Mr. Dialessi added that AZIDA gave assistance to GADA and there are things that AZIDA has been using funds for throughout the year that make the balances look a little smaller. If this was simply the revenue, the numbers would look better.

Ms. Romano said she thinks creativity is going to become important next year because there are a lot of unknowns on many fronts, such as volume cap, which is not something that AZIDA controls.

Mr. Burns agreed that transactions that do not rely on volume cap are the new focus.

Ms. Romano concurred that it is important that the Board continue to have conversations to explore opportunities outside of volume cap because AZIDA can't control it.

Mr. Burns added, though, that it's great that projects in the state are using up the volume cap and noted that AZIDA has financed some great projects and refundings.

Mr. Dialessi noted that when he was administering the volume cap program, there were years when volume cap went unused. Ms. Romano added that now people are fighting for volume cap.

Mr. Dabdoub apologized for being late.

Ms. Romano updated Mr. Dabdoub noting that in the materials, cash reserves will not be listed as an encumbrance, but instead as an expense because it covers the MRB costs of issuance.

Mr. Dialessi explained the costs of issuance are the expenses for the underwriters, ratings agencies, and attorneys for the MRB transactions.

Ms. Romano confirmed the cash reserves would be moved from being shown as an encumbrance to an expense item then asked for a motion to approve the financial summary and projections for fiscal year 2026.

Board member **Ken Burns** then motioned to approve the Fiscal Year 2026 Budget, as presented, with the modification discussed. Board member **Andre Whittington** seconded the motion.

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

Ms. Romano was pleased with the important job AZIDA had done for fiscal year 2025, and how it had benefitted the State.

4. **Presentation and Discussion; No Board Action – Executive Director’s Report**

Mr. Swift informed the Board members that, like last year, they would be receiving an email with five questions they each need to answer in order for him to prepare the annual report to the Arizona Corporation Commission.

Mr. Swift also shared that he had an interesting conversation with the Federal Home Loan Bank (“FHLB”) in San Francisco, which supports the California, Nevada and Arizona markets. FHLB currently helps AZIDA’s peer group in Nevada with their MRB program on the taxable side, and there is a way FHLB creates an avenue to reduce the margin between taxable and tax-exempt. He indicated that there may be an opportunity with the FHLB in the future.

Next, Mr. Swift updated the Board on the status of the active MRB program. He noted that the Arizona Is Home loans take 60, 120, or 150 days to settle, and the program is about six days away from shutting off new reservations and depleting AZIDA’s \$90 million bond for the year. Loan reservations began to be accepted on February 1st and the program has managed well.

Ms. Romano said the results evidence the need for the program. While AZIDA is offering a very fair rate in today’s market, it’s not like the rate is 3%, and yet the program is very successful.

Ms. Romano added, as full disclosure, that her credit union, Marisol, is a member of the FHLB.

Mr. Swift noted the early conversations centered on how AZIDA can become a member of FHLB. There were some steps that AZIDA’s peers in Nevada went through to become a member and AZIDA would kind of piggyback off that. He added that FHLB approached AZIDA and knows that if they want to enter the Arizona market, AZIDA is the best avenue because of AZIDA’s demonstrated track record.

Ms. Romano was aware that 501(c)s and other community groups can become members of FHLB and is interested in hearing more. She added that the speed at which the bond money was utilized was fabulous news.

5. **Adoption of Minutes of the April 17, 2025 and May 29, 2025 AZIDA Regular Board Meetings**

Board member **Marcel Dabdoub** moved to adopt the minutes of the April 17, 2025 and May 29, 2025 AZIDA regular board meetings. Board member **Andre Whittington** seconded the motion.

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

6. **Call to the Public**

Ms. 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 regular meeting of the Arizona Industrial Development Authority is scheduled to be held in person on Thursday, July 17, 2025, at 3:00 p.m., but noted that people should consult the AZIDA website for any changes to meeting details.

8. **Adjournment**

Board member **Andre Whittington** motioned for adjournment of the AZIDA Board meeting at 3:30 p.m. Board member **Marcel Dabdoub** seconded.

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

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



Dirk Swift, Executive Director

July 17, 2025

Date of Board Action