

Minutes
of the
Regular Meeting of the Board of Directors of
The Industrial Development Authority of the County of Maricopa
(the "Authority")

Date: December 12, 2023, 9:30 a.m.

Place: GoToMeeting - virtually

Presiding: Rebecca Burnham

Present: Lisa A. James, Jim Rounds, Andrew M. Cohn, Ronald J. Castro, Jr., Freddie Bracamonte, Jeremey Stawiecki, Rebecca Burnham, Vanessa Valenzuela Erickson and Jose Martinez

Absent: None

Executive Director: Shelby L. Scharbach

Administrators: Janis L. Larson and Mary Misic

Attorney: Julie Arvo MacKenzie and Brigitte Finley Green of Squire Patton Boggs

Guests: Mary Sue Lotzar, Joe Keeper, Bill McAllister, Desiree Tanke, Jean Dietrich, and Courtney LeVinus

Ms. Burnham called the Regular Meeting of the Board of Directors to order at 9:30 a.m., noting the presence of a quorum.

1. APPROVAL OF MINUTES OF THE REGULAR MEETING AND SPECIAL MEETING OF THE BOARD HELD ON OCTOBER 10, 2023, AND DECEMBER 5, 2023.

On motion made by Mr. Stawiecki and seconded by Mr. Cohn, the minutes of the October 10, 2023, Regular Meeting and the December 5, 2023, Special Meeting were approved as written.

The motion passed unanimously by a vote of (7-0).

2. DISCUSSION AND ACTION AS DETERMINED REGARDING THE ADOPTION OF A RESOLUTION GRANTING PRELIMINARY APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$15,000,000 OF

THE AUTHORITY'S REVENUE BONDS FOR THE LA VICTORIA COMMONS PROJECT, FOR THE BENEFIT OF LA VICTORIA COMMONS 4% LIHTC, LP.

Ms. James joined the meeting at 9:31 a.m.

Ms. Arvo MacKenzie explained the borrower, La Victoria Commons 4% LIHTC, LP (the "Applicant"), and Copa Health, an affiliate of the Applicant, is requesting preliminary approval for a project wherein the proceeds of the proposed bonds will be used to construct and equip 52 affordable multifamily housing units on floors 4 and 5 of a 5-story project. Financing for the project will also include 4% low-income housing tax credits ("LIHTC").

This preliminary approval request is necessary for the Applicant to seek carryforward volume cap from the Arizona Finance Authority by December 15, 2023.

Ms. Arvo MacKenzie noted that Squire Patton Boggs will serve as both the Authority's counsel and bond counsel on this project.

Ms. Arvo MacKenzie introduced representatives of Copa Health – Bill McAllister, and Desiree Tanke, Joe Keeper of Keeper Consulting Services, along with Mary Sue Lotzar of Lotzar Law Firm, Applicant's counsel.

Mr. Castro joined the meeting at 9:35 a.m.

Mr. McAllister explained that this project came about in response to an RFP for the development of a 3-acre parcel of land owned by the City of Tempe. Under the terms of a long-term ground lease, the Applicant will build the 5-story multifamily housing rental complex. The first floor will include a Copa Health integrated clinic, a restaurant/cafe run by clients of Copa Health, a community room for tenants and the neighborhood, and parking. Floors 2 through 5 will include a total of 104 1, 2, and 3-bedroom rental units. The 52 bond project units will be affordable units for persons whose income is at or below 60% of area medium income.

Joe Keeper added the City of Tempe is forcing a \$1 million sewer extension on the project, and the City will not be adding any gap funding to assist with that work. Also, with the jump in interest rates over the past year, it has had a very large impact on their construction loan, permanent loan and financing costs.

Mr. McAllister explained that in April 2023, Copa was approved by ADOH for 9% LIHTC in connection with the nonbond financed part of the project; however, the 4% LIHTCs are necessary to fund the bond financed portion.

Mr. Keeper said this will be the first 4%/9% LIHTC hybrid project in Arizona, and the Applicant will have advisors that have worked on similar hybrid projects to assist with the process. This type of hybrid model will eliminate the need for any gap financing.

After further discussion and upon motion made by Mr. Bracamonte and seconded by Mr. Stawiecki, the following was adopted:

RESOLVED to adopt the inducement Resolution in the form presented to the meeting preliminarily authorizing and approving the issuance of not to exceed \$15,000,000 of The Industrial Development Authority of the County of Maricopa Multifamily Housing Revenue Bonds (La Victoria Commons 4% Project).

The motion passed unanimously by a vote of (9-0).

6. PAYMENT OF INVOICES, AND ACTION AS DETERMINED.

(This agenda item was taken out of order.)

Ms. Scharbach referred to the invoices previously distributed to the Board Members for the months ended October 31, 2023, and November 30, 2023, and requested approval by the Board.

Mr. Rounds moved to approve payment of the invoices as submitted for the months ended October 31, 2023, and November 30, 2023. Ms. Valenzuela Erickson seconded the motion.

The motion passed unanimously by a vote of (9-0).

3. REPORT FROM CLIFTONLARSONALLEN OF THE AUTHORITY'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023.

Jean Dietrich of CliftonLarsonAllen gave a report regarding the Authority's fiscal audit ending June 30, 2023, and noted the Authority received a clean unmodified opinion, which is the highest level of assurance a CPA firm can provide.

In arriving at the opinion, management did adopt two new accounting standards, one regarding Statement 91, which is the conduit obligation. This did not have a material impact on the Authority's financial statements as the Authority's disclosures were consistent and were already over-disclosing what is required by the Governmental Accounting Standards Board (GASB). In addition, the Authority adopted GASB Statement 96, which is the subscription-based information technology arrangement. This adoption also did not have an impact on the Authority's financial statements.

All financial statement disclosures were consistent, neutral and clear. There were no difficulties in performing the audit and auditors found no deficiencies of internal control that would be required to report to the Board.

There were no disagreements with management and no material adjustments regarding the statements.

4. LEGISLATIVE REPORT, DISCUSSION AND ACTION AS DETERMINED.

Courtney LeVinus reported the State's budget in the past few years has had a surplus; however, going into 2024, there is an estimated deficit of anywhere from \$450 million to \$1 billion. The deficit will result in numerous cuts to programs, including the \$150 million housing trust fund. That money has not been deployed in its entirety, and there are some questions with the Senate not confirming the Governor's agency heads, and the Governor renaming the agency heads and removing them from the Senate nominations process. The Director of the Department of Housing may not be able to deploy those funds because she has not been confirmed by the Senate. It is possible the Legislature could try to take back the remaining funds in the housing trust fund.

Expected key areas of focus in the Legislature for 2024 will most likely include: water, education (teacher pay), housing/homelessness and election reform.

Mr. Bracamonte and Mmes. James and Valenzuela Erickson left the meeting at 9:51 a.m.

5. FINANCIAL REPORT.

Ms. Scharbach referred to the financial statements included in the Board packages for the months ended October 31, 2023, and November 30, 2023, and said she may request some adjustments to the statements.

7. PRESIDENT'S REPORT.

There was no president report.

8. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach introduced Vanessa Valenzuela Erickson, the Authority's newest Board Member.

Ms. Valenzuela Erickson gave a summary of her work and personal history.

Ms. Scharbach also announced Ms. Burnham has been reappointed to the Authority's Board, and Jim Rounds's term as a Board Member will be ending on December 17, 2023. Ms. Scharbach thanked Mr. Rounds for his service on the Board.

Ms. Scharbach reminded Board Members of upcoming events, including the I Am Home Breakfast sponsored by Human Services Campus being held on Friday, December 15, 2023, and announced the Authority will be sponsoring a table at the Arizona Autism Charter Schools Dance for Autism Gala to be held at the Arizona Biltmore on April 27, 2024.

9. LEGAL COUNSEL REPORT.

Ms. Arvo MacKenzie reminded the Board they authorized \$200 million for the 2023 Single Family Mortgage Revenue Bond Program. The first tranche of that program in the amount of \$30 million closed on November 30, 2023. The mortgage rate for the homebuyers under the \$30 million tranche will be 6.83%. It will also include 4% down payment assistance that takes the form of a 7-year forgivable second mortgage note. This program will be called the Home in Five “Platinum” Program.

The Home in Five “Advantage” Program is still available to homebuyers, but its interest rate is determined on a daily basis.

Once the \$30 million tranche has been used, additional tranches will be priced and made available to homebuyers.

Ms. Finley Green added that the reason the bonds are priced in tranches is so that the mortgage rates can stay competitive with market rates.

Ms. Arvo MacKenzie then reported on two separate lawsuits the Authority may be drawn into as plaintiffs. One is a class action lawsuit regarding LIBOR, which is a variable rate index that has been used for decades. The litigation is about whether the rates set for LIBOR were done appropriately.

The second lawsuit relates to variable rate demand obligations – The City of Philadelphia, et al vs Bank of America, et al. The Authority received a subpoena to appear in person and to produce a volume of documents. The in-person subpoena has since been deferred, and staff is working with the litigants to upload variable rate bond issue documentation.

If the Authority is able to join the plaintiffs’ class in either one or both lawsuits, the Authority may be able to recover some of the money being spent on its legal fees.

10. COMMENTS FROM BOARD MEMBERS.

There were no comments from the Board.

11. CALL TO THE PUBLIC.

No members of the public commented.

ADJOURNMENT

With no further business to come before the Authority, upon motion made and duly seconded, the Regular Meeting adjourned at 10:09 a.m., without objection.


