

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

Date: January 14, 2025, 9:30 a.m.

Place: GoToMeeting – virtually

Presiding: Rebecca Burnham

Present: Rebecca Burnham, Lisa A. James, Ronald J. Castro, Jr., Jeremy Stawiecki, Leah Landrum Taylor, Vanessa Valenzuela Erickson, Freddie Bracamonte, and Jeffrey A. Schwartz

Absent: Jose Martinez

Executive Director: Shelby L. Scharbach

General Counsel: Julie Arvo MacKenzie

Special Counsel: Brigitte Finley Green of Squire Patton Boggs

Administrators: Mary Misic and Adriana Taylor

Guests: Courtney LeVinus along with various others listed under each respective bond project.

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 OF THE BOARD HELD ON DECEMBER 10, 2024.

On motion made by Mr. Stawiecki and seconded by Ms. Valenzuela Erickson, the minutes of the December 10, 2024, Regular Meeting were approved as written.

The motion passed unanimously (8-0).

Ms. Landrum Taylor joined the meeting at 9:34 a.m.

2. DISCUSSION AND ACTION AS DETERMINED REGARDING THE ADOPTION OF A RESOLUTION GRANTING PRELIMINARY APPROVAL FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$10,000,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF UNITED TINY HOMES, INC.

The following people were present in support of this agenda item: Chad Warren, Gail Kingsbury, and Ivan Golubic of United Tiny Homes, Inc. and Richard Sandor of Cuddy & Feder LLP.

Ms. Arvo MacKenzie referenced that the Board received a bond application, summary memo, and a preliminary approval resolution. She reminded the Board that this matter is being brought forward for preliminary approval in order for the applicant to apply for manufacturing volume cap with the Arizona Finance Authority.

Ms. Kingsbury explained that the tiny homes are manufactured in the Arizona factory and are delivered directly to the buyer. She further added that these homes provide an affordable housing solution, with multigenerational households benefiting from their use.

Ms. Burnham inquired about any regulatory challenges the company might be facing with zoning. Ms. Kingsbury acknowledged that there were issues in previous years but noted that many communities and cities they work with are now making the process easier for zoning and permits.

Ms. Valenzuela Erickson inquired about the in-ground connections for water, sewer and electricity in the tiny homes. Ms. Kingsbury explained that the company partners with third-party vendors who handle the necessary connections for power, water and waste management.

Mr. Schwartz inquired about the financing side of the process. Ms. Kingsbury explained that United Tiny Homes works with several lenders. Mr. Warren added that they also offer in-house financing options as well. Lending is provided by personal loan and not by a mortgage.

Mr. Castro raised concerns about the company's financials, particularly the losses shown in the statements, the company's equity position, and the high rent for its facility. In response, representatives from United Tiny Homes stated that the company is projected to achieve profitability in 2025. They also noted that four original partners had contributed equity, additional funds were raised through fundraising efforts, and the high rent was a result of securing a larger facility to accommodate large contracts.

Mr. Castro indicated that he would likely not vote in favor of this item. Ms. Arvo MacKenzie reminded the Board that this request is for preliminary approval only, and that United Tiny Homes will still need to secure bond financing before final approval by the Board.

After further discussion and upon motion made by Mr. Schwartz 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 \$10,000,000 of The Industrial Development Authority of the County of Maricopa Revenue Bonds (The United Tiny Homes Project) Series 2025.

The motion passed (7-1).

Mmes. Burnham, James, Landrum Taylor, Valenzula Erickson and Messrs. Stawiecki, Bracamonte and Schwartz voted aye. Mr. Castro voted nay.

3. DISCUSSION AND ACTION AS DETERMINED REGARDING A GRANT REQUEST FROM RAZA DEVELOPMENT FUND – ARIZONA WORKFORCE HOUSING IMPACT FUND.

The following people were present in support of this agenda item: Annie Donovan and Adrian Ruiz of Raza Development; Shannon Scutari of Scutari & Co.; and Suzanne Pfister and Gabriel Jaramillo of Vitalyst Health.

Ms. Arvo MacKenzie stated that if the Board decided to provide the requested funding that staff recommends investment in the restricted grant donation option with a requirement that any return on capital paid to Raza from the investment of the Authority's grant be utilized back into the Arizona Workforce Housing Impact Fund.

Mr. Castro further recommends that this request be treated as a grant donation to better fit the Authority's investment policy.

Ms. Landrum Taylor mentioned that she has worked with Vitalyst in the past, noting that they are thorough in their research and are responsible stewards of finance.

Ms. Vanessa Erickson inquired about the expected cadence for the Board to receive reports on their investment. Mr. Ruiz responded that reports are typically provided on a quarterly or semiannual basis. Ms. Arvo MacKenzie reminded the Board that any reporting requirements will be outlined in the Authority's Funding Agreement.

After further discussion and upon motion made by Mr. Castro and seconded by Ms. Landrum Taylor, the following was adopted:

RESOLVED to approve a grant in the amount of \$500,000 to Raza Development Fund for their Arizona Workforce Housing Impact Fund.

The motion passed unanimously (8-0).

4. LEGISLATIVE REPORT.

Ms. LeVinus reported that the legislature is currently in session as of January 13, 2025. She noted that Governor Hobbs delivered her 2025 State of the State Address, with affordable housing being one of the key topics discussed.

Ms. LeVinus reported on HB2136 which would reduce the county or municipality population threshold for certain projects bond financed through IDAs to be excluded from the Department of Housing approval requirement.

Ms. LeVinus reminded the Board that they will begin receiving weekly reports summarizing legislative activity as well as the Authority's Bill Tracking Report.

5. FINANCIAL REPORT.

Ms. Scharbach referred to the financial statements for the period ended December 31, 2024, and reviewed the same. Ms. Scharbach reported that the Authority has a healthy net position.

Ms. Scharbach provided an update on the Authority's grant payable balance, specifically regarding the Key Campus grant designated for capital improvements. She also noted that the Campus is making good progress and has invited the Authority and its Board members to tour the campus.

Ms. Scharbach pointed out that the trend for administrative fees is now to pay a one-time upfront fee, rather than semi-annual payments over the life of the bonds.

Ms. Scharbach reported that our expenses are on track, and the Authority continues to maintain fiscal prudence.

6. PAYMENT OF INVOICES, AND ACTION AS DETERMINED.

Ms. Burnham referred to invoices previously distributed to the Board Members for the month ended December 31, 2024, and requested approval by the Board.

Mr. Bracamonte moved to approve payment of the invoices as submitted for the month ended December 31, 2024. Mr. Schwartz seconded the motion.

The motion passed unanimously (8-0).

7. PRESIDENT'S REPORT.

Ms. Burnham thanked Mr. Castro and Ms. Arvo MacKenzie on their work on the Raza Development Fund Grant.

8. EXECUTIVE DIRECTOR'S REPORT.

Ms. Scharbach again reminded the Board about the invitation from the Key Campus to tour its facilities and encouraged them to contact Administrator Adriana Taylor if interested.

Ms. Scharbach also reported that three newly elected individuals have officially taken their seats on the Maricopa County Board of Supervisors. Ms. Scharbach plans to meet with both the new and returning Supervisors to bring them up to speed.

9. LEGAL COUNSEL REPORT.

Ms. Arvo MacKenzie reported that the Volume Cap lottery held on January 2, 2025, totaled \$990,821,390, with \$396,328,556 allocated to multifamily housing projects. Of the 29 separate applications in the multifamily housing category, nine were selected as winners, while the remaining 20 projects were placed on a waiting list. Unfortunately, none of the Authority's multifamily housing projects requiring Volume Cap were chosen. Those projects are now seeking director's discretion approval.

10. COMMENTS FROM BOARD MEMBERS.

No Board members commented.

11. CALL TO THE PUBLIC.

No members of the public commented.

ADJOURNMENT.

With no further business to come before the Authority, the Regular Meeting adjourned at 10:33 a.m.


