

Meeting Minutes

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

Location: Telephonic Meeting

Date and Time: Wednesday, November 30, 2022  
10:32 a.m.

Board Members Present: (Appearing Telephonically):

Gary Naquin, President  
Lea Márquez Peterson  
Paulina Vazquez Morris  
Ken Burns

Board Members Absent:

Jim Keeley

Executive Director Present (Appearing Telephonically):

Dirk Swift

Meeting Facilitator:

Keela Seelandt – Kutak Rock LLP

Presenters:

Mr. Steven Hykes, Academies of Mathematics and Science, Inc.  
Mr. Michael Harling, Municipal Capital Markets Group  
Mr. David Farnsworth, Benjamin Franklin Charter School  
Mr. Eric Omdahl, Casa Grande AH I, LLLP  
Mr. Kevin Sturgeon, Roers Companies  
Mr. Doug Moss, Legacy Cares, Inc.  
Mr. Tim Stratton, The Stratton Law Firm, PLLC  
Mr. Dirk Swift, AZIDA Executive Director

Also addressing the Board with respect to Agenda Item No. 9:

Mr. Pat Ray, Cathedral Rock Issuer Services, LLC  
Mr. Michael Slania, Slania Law, PLLC  
Mr. Bryant Barber, Lewis & Roca  
Mr. Michael Baggett, McCann, Garland, Ridall & Burke

**Actions:**

1. **Call to Order:**

The meeting was called to order by Gary Naquin, President of the Board of the Arizona Industrial Development Authority (AZIDA) at 10:32 a.m. Participating via telephone

were Gary Naquin, Lea Márquez Peterson, Paulina Vazquez Morris and Ken Burns. Jim Keeley was absent. A quorum was declared present.

2. **Agenda Item No. 1 - Adoption of Minutes of the October 20, 2022 AZIDA Board Meeting**

Board member **Paulina Vazquez Morris** moved to adopt the minutes of the October 20, 2022 AZIDA Board Meetings. Board member **Lea Márquez Peterson** seconded the motion.

The Board Members were individually polled – Lea Márquez Peterson (yes), Paulina Vazquez Morris (yes), Ken Burns (yes), Gary Naquin (yes), and by a vote of 4-0 the motion passed.

3. **Agenda Items Considered:**

**Agenda Item No. 2 - Presentation, Discussion & Adoption**

*Approval of Resolution No. 2022-59 – Granting final approval of not-to-exceed \$17,500,000 of Education Revenue Bonds (Academies of Math & Science Projects), Series 2023, to be issued in one or more tax-exempt and/or taxable series, for the benefit of Academy of Mathematics and Science, Inc., Academy of Mathematics and Science South, Inc., and Math and Science Success Academy, Inc.*

Steven Hykes, Academies of Mathematics and Science, Inc. (“AMS”), gave a summary of the project and offered to entertain questions from the Board. Board member Gary Naquin asked whether the AMS charter schools were seeing a continued growth in its platform and their type of curriculum and also asked what AMS sees looking forward. Mr. Hykes stated that coming out of the pandemic things have started to go back to where things were with respect to parents’ expectations for brick-and-mortar campuses being a necessity. In terms of growth, Mr. Hykes said a big concern is oversaturation and the next phase of growth may be out of state, noting there is high demand for buildings, space, and land in the Phoenix area market.

Board member **Lea Márquez Peterson** then motioned to approve Resolution No. 2022-59 as presented. Board member **Ken Burns** seconded the motion.

The Board Members were individually polled – Lea Márquez Peterson (yes), Paulina Vazquez Morris (yes), Ken Burns (yes), Gary Naquin (yes), and by a vote of 4-0 the motion passed.

**Agenda Item No. 3 - Presentation, Discussion & Adoption**

*Approval of Resolution No. 2022-60 – Granting final approval of not-to-exceed \$45,000,000 of Revenue Bonds (IoT Fiber-Lebanon, LLC Project), to be issued in one or more tax-exempt and/or taxable series for the benefit of IoT Fiber-Lebanon, LLC.*

Michael Harling, Municipal Capital Markets Group, gave a summary of the project and offered to entertain questions from the Board.

Board member **Lea Márquez Peterson** motioned to approve Resolution No. 2022-60 as presented. Board member **Ken Burns** seconded the motion.

The Board Members were individually polled – Lea Márquez Peterson (yes), Paulina Vazquez Morris (yes), Ken Burns (yes), Gary Naquin (yes), and by a vote of 4-0 the motion passed.

**Agenda Item No. 4 - Presentation, Discussion & Adoption**

*Approval of Resolution No. 2022-61 – Granting final approval of not-to-exceed \$19,500,000 of Education Revenue Bonds (Benjamin Franklin Charter School Projects), Series 2023, to be issued in one or more tax-exempt and/or taxable series, for the benefit of Benjamin Franklin Charter School – Queen Creek.*

David Farnsworth, Benjamin Franklin Charter School, gave a summary of the project and offered to entertain questions from the Board.

Board member **Paulina Vazquez Morris** motioned to approve Resolution No. 2022-61 as presented. Board member **Ken Burns** seconded the motion.

The Board Members were individually polled – Lea Márquez Peterson (yes), Paulina Vazquez Morris (yes), Ken Burns (yes), Gary Naquin (yes), and by a vote of 4-0 the motion passed.

**Agenda Item No. 5 - Presentation, Discussion & Adoption**

*Approval of Resolution No. 2022-62 – Granting final approval of not-to-exceed \$45,000,000 of Multifamily Housing Revenue Bonds (Agave House Apartments), to be issued in one or more tax-exempt and/or taxable series for the benefit of Casa Grande AH I, LLLP.*

Eric Omdahl, Casa Grande AH I, LLLP, gave a summary of the project and offered to entertain questions from the Board. Board member Gary Naquin asked about the level of demand and acceleration of absorption and how long the apartment units are generally on the market. Mr. Omdahl said that with their prior project Copa Flats (also in Pinal County), once they began phase one solicitation of preleasing applications for occupancy in March 2023, they received over 30 applications in less than the first 24 hours, confirming that demand is substantial.

Board member **Ken Burns** motioned to approve Resolution No. 2022-62 as presented. Board member **Paulina Vazquez Morris** seconded the motion.

The Board Members were individually polled – Lea Márquez Peterson (yes), Paulina Vazquez Morris (yes), Ken Burns (yes), Gary Naquin (yes), and by a vote of 4-0 the motion passed.

**Agenda Item No. 6 - Presentation, Discussion & Adoption**

*Approval of Resolution No. 2022-63 – Granting final approval of not-to-exceed \$45,000,000 of Multifamily Housing Revenue Bonds (Mesa Vista Project), to be issued in one or more tax-exempt and/or taxable series for the benefit of Roers Casa Grande Apartments Owner LLC.*

Kevin Sturgeon, Roers Companies, gave a summary of the project and offered to entertain questions from the Board.

Board member **Ken Burns** motioned to approve Resolution No. 2022-63 as presented. Board member **Lea Márquez Peterson** seconded the motion.

The Board Members were individually polled – Lea Márquez Peterson (yes), Paulina Vazquez Morris (yes), Ken Burns (yes), Gary Naquin (yes), and by a vote of 4-0 the motion passed.

**Agenda Item No. 7 - Presentation, Discussion & Adoption**

*Approval of Resolution No. 2022-64 – Granting an extension of preliminary approval of not-to-exceed \$45,000,000 of multifamily housing revenue bonds, notes or other obligations to be issued in one or more tax-exempt and/or taxable series to assist in the financing of a qualified residential rental facility to be located in Maricopa, Arizona, for the benefit of Roers Maricopa Apartments Owner LLC.*

Kevin Sturgeon, Roers Companies, gave a summary of the requested extension and offered to entertain questions from the Board. Board member Gary Naquin asked whether the request for extension relates to timing of construction or supply chain issues. Mr. Sturgeon said the request is mostly related to delays on the construction side relating to rising construction costs. Board member Gary Naquin then asked how Mr. Sturgeon is evaluating supply versus demand on housing and saturation of the housing market and his view on the overall market in terms of supply and demand. Mr. Sturgeon stated that there is an extreme shortage of supply in Maricopa, Pinal, and Pima Counties and throughout the State of Arizona with extensive waiting lists, assuring Board member Naquin that there were no issues on the demand side.

Board member **Paulina Vazquez Morris** motioned to approve Resolution No. 2022-64 as presented. Board member **Lea Márquez Peterson** seconded the motion.

The Board Members were individually polled – Lea Márquez Peterson (yes), Paulina Vazquez Morris (yes), Ken Burns (yes), Gary Naquin (yes), and by a vote of 4-0 the motion passed.

**At 10:59 a.m., Lea Márquez Peterson let President Naquin know that she needed to leave the meeting and was dropping off the call.**

**Agenda Item No. 8 - Presentation, Discussion & Adoption**

*Approval of Resolution No. 2022-65 – Granting an extension of preliminary approval of not-to-exceed \$45,000,000 of multifamily housing revenue bonds, notes or other obligations to be issued in one or more tax-exempt and/or taxable series to assist in the financing of a qualified residential rental facility to be located in Flagstaff, Arizona, for the benefit of Roers Flagstaff Apartment Owner LLC.*

Kevin Sturgeon, Roers Companies, gave a summary of the requested extension and offered to entertain questions from the Board.

Board member **Ken Burns** motioned to approve Resolution No. 2022-65 as presented. Board member **Paulina Vazquez Morris** seconded the motion.

The Board Members were individually polled – Paulina Vazquez Morris (yes), Ken Burns (yes), Gary Naquin (yes), and by a vote of 3-0 the motion passed.

**Agenda Item No. 9 - Presentation, Discussion & Adoption**

*Approval of Resolution No. 2022-66 – Authorizing the execution and delivery of a Second Supplemental Indenture of Trust relating to the Authority’s \$250,770,000 of Economic Development Revenue Bonds, Series 2020 (Legacy Cares, Inc. Project), comprised of Tax-Exempt Series 2020A, Taxable Series 2020B, and Tax-Exempt Turbo Redemption Series 2020C, and the Authority’s \$33,000,000 of Economic Development Revenue Bonds, Series 2021 (Legacy Cares, Inc. Project), comprised of Tax-Exempt Series 2021A and Taxable Series 2021B, each for the benefit of Legacy Cares, Inc.*

Doug Moss, Legacy Cares, Inc., and Tim Stratton, The Stratton Law Firm, PLLC, gave a summary of the post-closing changes and offered to entertain questions from the Board. Board member Gary Naquin asked exactly how much bondholders have agreed to release from the reserve account to be used for operations for the forbearance. Mr. Moss said approximately \$22,000,000 is on account in the debt service reserve fund. Tim Stratton, as Bond Counsel on the old transaction and the proposed refinancing, confirmed that Mr. Moss is correct that the amount in that account is approximately \$22,000,000. Board member Gary Naquin then asked how long it would take to deplete that account at the current cash burn rate. Michael Slania of Slania Law, PLLC, legal counsel to Borrower, Legacy Cares, Inc. (the “Borrower”) responded that the supplemental indenture in front of the Board just allows the fund to be used, if necessary, and there has not been a schedule approved by the bondholders yet and is still in negotiations between the bondholders and Legacy Sports Park (aka Bell Bank Park, the “Park”) as to how much and when that is going to be used. Board member Gary Naquin then asked for clarification that what is being asked of the Board today is consenting to the bondholder’s request vis-à-vis the Trustee to have access to the funds. Mr. Moss and Mr. Stratton confirmed that is indeed correct.

Board member Gary Naquin then opened the question session up to Dirk Swift, Executive Director, and/or Pat Ray, the bond program manager. Pat Ray asked Mr. Slania and Mr. Stratton for some level of comfort in what is being done is going to work, and whether there have been enough conversations with Bryant Barber, legal counsel to the Trustee, and the bondholders in getting an impression that this is what the bondholders’ believe is what is needed to get this right. Mr. Stratton said they have had conversations with Mr. Barber and the directing bondholder group, and this is coming from them, and noted concurrently as Mr. Moss indicated, that they are in discussion with the bondholder group about restructuring activities and bondholders are actively participating in those discussion which are ongoing.

Mr. Ray then stated that whenever there is a default on a conduit project, something bad has happened – either bad luck, covid, bad operations, bad management, bad underwriting, bad actors – and that he does not think there are any bad actors here or nefarious acts going on, but wanted to know, from the bondholders’ perspective what is going on here, or is it just what Mr. Moss indicated in his presentation, a matter of timing

and that it is all going to work itself out. Mr. Stratton stated he concurred with Mr. Moss' interpretation that the project hit a perfect storm – covid, recession, fears, supply change issues and timing that all cast a bad shadow on the deal, saying that to the best of his knowledge, that is the extent of the issues.

Mr. Barber, Lewis & Roca, representing the Trustee and 70-80% of the bondholders, confirmed for the Board that the bondholders are directing these changes and that the supplemental indenture is what they want. He went on to explain that the genesis of the second supplement provides the bondholders the option to direct the Trustee to use the monies. In negotiations between bondholders and the Borrower and its manager, it was noted the bondholders are not looking for recission at this time and want these bonds and want them to remain tax exempt. The bondholders love the facility, have visited the facility and are very concerned with community impact, and they need be able to write checks to continue propping up this project.

Mr. Ray asked Mr. Barber whether what the Board is being asked to approve today authorizes any additional bonds, and Mr. Barber confirmed that what is proposed today are amendments to the currently existing Indenture only.

Board member Gary Naquin then asked Mr. Barber to confirm the exact amount available in the reserve fund as \$22,000,000. Mr. Barber then stated it is actually \$22,300,000.

Mike Slania then addressed the board with respect to several newspaper articles relating to mechanics liens noting that the Court in Maricopa County just approved an order granting a stay of the mechanics liens in order to proceed with the plan the Borrower is pursuing, and that the Borrower plans to prepare a new bond financing application to be submitted to the Board, but in the meantime, the filings with regard to the mechanics lien issues are on EMMA as needed.

Mike Baggett of McCann, Garland, Ridall & Burke, as legal counsel to Legacy Sports, wanted to address the tapping of the reserve fund, again, confirming the perfect storm and issues with the supply chain, inflation, covid, but at this point the Park has had over 3.6 million visitors and expects that to hit 4 million by the end of the month during the busy season, noting that right now the Park is sustaining itself.

Board member **Paulina Vazquez Morris** motioned to approve Resolution No. 2022-66 as presented. Board member **Ken Burns** seconded the motion.

The Board Members were individually polled – Paulina Vazquez Morris (yes), Ken Burns (yes), Gary Naquin (yes), and by a vote of 3-0 the motion passed.

#### **4. Agenda Item No. 10 - Executive Director Update**

Dirk Swift, AZIDA Executive Director, gave a brief update on the engagement and ongoing work by Accenture to assist in implementing recommendations from Auditor General's sunset review and performance audit (of OEO/AFA, which also touched on AZIDA). Board member Gary Naquin acknowledged that there is much going on and thanked Mr. Swift.

5. **Agenda Item No. 11 - Call to the Public**

President Naquin announced a call to the public for comments.

No comments were made.

6. **Agenda Item No. 12 - Announcements**

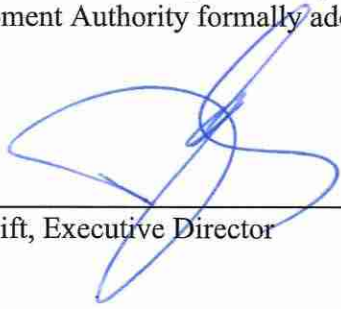
President Naquin announced that the next meeting of the Arizona Industrial Development Authority Board Meeting would be held on Thursday, December 15, 2022, and said to please consult the Arizona IDA website for any changes and/or meeting details.

7. **Adjournment**

Board member **Ken Burns** adjournment of the AZIDA Board Meeting at 11:28 a.m.  
Board member **Paulina Vazquez Morris** seconded.

The Board Members were individually polled – Paulina Vazquez Morris (yes), Ken Burns (yes), Gary Naquin (yes), and by a vote of 3-0 the motion passed.

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.

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

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Dirk Swift, Executive Director

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December 15, 2022  
Date of Board Action