

**NOTICE OF PUBLIC MEETING  
THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF PHOENIX, ARIZONA  
EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS**

Pursuant to A.R.S. Section 38-431.02, notice is hereby given to the members of **THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA, EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS**, and to the general public, that **THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA, EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS** will hold a meeting open to the public on **Wednesday, November 10, 2021, at 1:00 P.M.** Public attendees are not permitted to attend the meeting in person but may call 346-248-7799 and enter Meeting ID 860 6872 0676, Passcode 739511 to join the meeting. The Committee may consider a motion to go into executive session in accordance with A.R.S. § 38-431.03 (A)(1) for Item 6.

One or more board members may participate via teleconference.

The agenda for the meeting is as follows:

**Call to Order**

**1. Approval of Meeting Minutes.**

- a. September 9, 2021 – Regular Session
- b. September 9, 2021 – Executive Session

**2. Roosevelt School District Roadmap Project.** Presentation, discussion, and possible action to approve financial support for Roosevelt School District Roadmap Project.

**3. Financial Audit for period ending June 30, 2021.** Presentation, discussion, and possible action to approve the Phoenix IDA's financial audit for the period ending June 30, 2021.

**4. Financial Statements for period ending September 30, 2021.** Presentation, discussion, and possible action to approve the Phoenix IDA's financial statements for the period ending September 30, 2021.

**5. Phoenix IDA Governance Policies.** Presentation, discussion, and possible action to approve amendments to Phoenix IDA Governance Policies 202 and 203.

**6. Personnel.**

**7. Call to the Public.** Comments will be limited to two minutes.

**Adjournment**

For reasonable accommodations, please call Lydia Lee at Voice/602-661-6898 or TTY: use 7-1-1, as early as possible to coordinate needed arrangements.

**Date Posted:** November 8, 2021



PHOENIX**IDA**

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Item 1

**MINUTES OF PUBLIC MEETING  
THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF PHOENIX, ARIZONA  
EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS**

**September 9, 2021**

A public meeting of the Executive Committee of the Board of Directors of The Industrial Development Authority of the City of Phoenix, Arizona (the “Phoenix IDA”) was convened on Thursday September 9, 2021, at 1:00 p.m. held as a videoconference meeting.

**Committee Members present:**

Mr. David Lujan, Chair  
Mr. Bruce Mosby (*joined, 1:12 p.m., left, 1:47 p.m.*)  
Ms. Tina Mari Tentori (*left, 2:01 p.m.*)  
Ms. Darcy Renfro

**Committee Members absent:**

Ms. Barbara Ryan Thompson

**Also present for all or portions of the meeting were:**

Mr. James Barham, Phoenix IDA  
Mr. Murray Boess, Phoenix IDA  
Ms. Dorina Bustamante, Ritoch-Powell & Associates  
Ms. Gina Flores, Phoenix IDA  
Dr. Chad Gestson, Phoenix Union High School District  
Mr. Ryan Gray, Phoenix IDA  
Ms. Meredith Hansen, City Year, Inc.  
Ms. Anna Maria Maldonado, Phoenix International Consultants  
Mr. Aaron Marquez, Phoenix Union High School District  
Ms. Brenda Naumann, Phoenix IDA  
Mr. Vic Reid, Phoenix IDA  
Mr. C.W. Ross, Fennemore Craig PC  
Mr. Juan Salgado, Phoenix IDA  
Ms. Christa Severns, Phoenix IDA

Any member of the public that was present during the meeting was able to hear all discussions and actions taken by Committee Members that were present via a video conferencing system.

Chairman Lujan called the Executive Committee meeting to order at 1:04 p.m. A quorum was noted.

**ITEM 1: Approval of Meeting Minutes.**

Chairman Lujan introduced the item and presented the meeting minutes for the regular session and executive session minutes for the July 1, 2021, Executive Committee meeting for approval.

**MOTION:** Director Renfro moved to approve the minutes. Director Tentori seconded the motion. **Motion passed 3-0 with committee members D. Lujan, D. Renfro and T.M. Tentori in favor.**

**CONSENT AGENDA:**

- **Item 4 - Community Development Fund**
- **Item 5 - Bond Fee Adjustments for Period Ending June 30, 2021**
- **Item 6 - Financial Statement for Period Ending June 30, 2021**

**MOTION:** Director Renfro moved to approve Items 4, 5, and 6 without further discussion as recommended by the Chief Executive Officer. Director Tentori seconded the motion. **Motion passed 3-0 with committee members D. Lujan, D. Renfro and T.M. Tentori in favor.**

**ITEM 2: City Year Program.**

Chairman Lujan introduced the item and asked Mr. Salgado to present the City Year program and guests. Mr. Salgado introduced the item, as reflected in the Phoenix IDA's records for this meeting, which are available upon request. Mr. Salgado introduced Dr. Gestson, Superintendent of Phoenix Union High School District (PUHSD) and requested he present the City Year program to the committee.

Dr. Gestson presented an overview of the PUHSD emphasizing the partnerships between the district's middle and high schools. The strength of these partnerships is critical to a student's success of achieving high school graduation as they transition from middle to high school. Dr. Gestson introduced Ms. Hansen, a City Year program representative. Ms. Hansen introduced the City Year program and reviewed the success of the program as it enhances and encourages the partnership between schools and transitioning students. Ms. Hansen reviewed the process, stages, and goals of a partnership with PUHSD.

Discussion and questions from committee members ensued. There being no further comments or questions Chairman Lujan called for a motion.

**MOTION:** Director Tentori moved to approve financial support in the amount of \$150,000 in support of City Year program as recommended by the Chief Executive Officer. Director Renfro seconded the motion. **Motion passed 4-0 with committee members D. Lujan, B. Mosby, D. Renfro and T.M. Tentori in favor.**

**ITEM 3: Healthcare Strategy.**

Mr. Salgado introduced the item, as reflected in the Phoenix IDA's records for this meeting, which are available upon request. Mr. Salgado asked Ms. Severns to brief the board on the healthcare strategy.

Ms. Severns gave an overview of how integrating healthcare into Phoenix IDA projects and services is a significant element in achieving Phoenix IDA's mission. Ms. Severns introduced Ms. Flores and Ms. Maldonado to present the healthcare strategy to the committee.

Discussion and questions from committee members ensued. There being no further comments or questions, Chairman Lujan called for a motion.

**MOTION:** Director Renfro moved to approve funding in the amount of \$1,100,000 for the Phoenix IDA Healthcare Strategy. Director Tentori seconded the motion. **Motion passed 3-0 with committee members D. Lujan, D. Renfro and T.M. Tentori in favor.**

**ITEM 7: Community Development Fund – Bond Projects.**

This item is listed for review in Executive Session.

**ITEM 8: Personnel Matters**

Mr. Salgado requested a motion to go into Executive Session for Items 7 and 8.

**MOTION:** A motion was made by Director Renfro and seconded by Director Tentori to move into executive session. **Motion passed 3-0 with committee members D. Lujan, D. Renfro and T.M. Tentori in favor.**

Executive session convened at 1:50 p.m.

Discussion ensued and direction was given.

Regular session reconvened at 2:09 p.m.

**ITEM 9: Call to the Public.**

Chairman Lujan made a call to the public. There were no comments.

With no further business to come before the Executive Committee, being duly moved and seconded, the Executive Committee meeting was adjourned at 2:10 p.m.



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## Item 2

# RSD Roadmap Proposal

Roadmap: A plan of action to move an entire community forward.

## Mission/Purpose

To effectively catalyze the South Phoenix community—challenged by current events—into effective lanes, based upon expertise & interest, to establish an RSD Roadmap for an entire community to move forward, using the strategic plan & voice of the community as a compass.

Gather: 9,000 students, 1,300 employees, 18 campuses, and moving towards 1 goal.

## Project Description

RSD Roadmap is an opportunity to reinvent the traditional model of building and revamping neighborhoods through a more effective partnership between public schools, the neighborhoods they exist in, and the surrounding community.

This partnership titled “RSD Roadmap,” will utilize, repurpose, and optimize Roosevelt School District assets to increase the impact, outreach, and community building of the Roosevelt School District with the goal to revive the surrounding beleaguered South Phoenix community.

The timing for this opportunity is nothing short of excellent, as the recent COVID-19 economic fallout has highlighted the major weaknesses impacting the South Phoenix region. This complex problem encompasses many key stakeholders that can be roughly grouped into three sections: **schools, neighborhoods, and businesses**.

The Roadmap has been designed to incorporate FOUR LANES:

- LANE 1:       Roots, Space & Place
- LANE 2:       Holistic Health & Wellness
- LANE 3:       Participation, Partnership, & Possibilities
- LANE 4:       Opportunity: Skills, Training, & Economic Progress

Each lane will be charged with creating a map toward achievement of specific strategic plan objectives along with long-established community priorities.

## Need for the Project

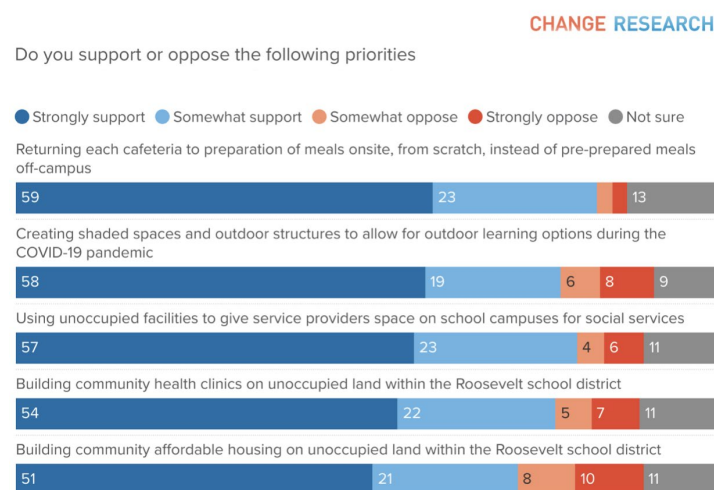


**Schools** are left in a difficult position because their enrollment and thus their resources are so heavily dependent on the neighborhoods they serve. Traditional thinking has leaders building neighborhoods to build up schools, but the RSD Roadmap partnership will show that building schools can build up the neighborhoods instead. The schools involved are also currently plagued with both past-due infrastructure improvements as well as a shift to digital learning exemplified by COVID-19.

**Neighborhoods**, like the South Phoenix region serviced by Roosevelt School District, face an impending COVID fallout with likely foreclosures and other housing disruptions. If the neighborhoods are uprooted, the surrounding schools and businesses will also be uprooted. The cycle further repeats because when the neighborhoods impact the schools the schools in turn tank home values.

**Businesses**, meanwhile, have their own battle to face in the wake of COVID. However, nothing is likely more severe than the disappearance of a reliable work force should major displacement occur in the neighborhoods these businesses serve. Thus, not only does retooling the way schools interact with their communities build up neighborhoods but also serves as a major business catalyst.

Here is initial research to help establish some priorities to discuss with the community at large and identify community members to drive home changes in each lane.



A poll from Change Research of 310 registered voters in the Roosevelt Elementary School District in Phoenix, Arizona from September 4-9, 2021

## Population to be Served

The goal of the project is to serve the greater Roosevelt School District Community.

9,000 students, 1,300 employees, 18 campuses & greater community impacted by the programming created in this overall proposal.

## **Goals, Objectives, & Strategies**

The RSD Roadmap project overall strategy is to up-cycle and repurpose the Roosevelt School Districts outreach, impact, and assets to improve the surrounding neighborhoods and businesses.

Leveraging the \$90 million dollar bond will empower RSD Roadmap to reorganize their community, optimize the assets, improve community health, provide community kitchens, build community housing, increase economic development, and implement an accelerator/incubator, ultimately building a sustainable impact for the district and community alike.

## **Project Plan**

Over the course of this project ABC will research, identify, and create a strategic recommendation for RSD Roadmap to grow impact, mitigate risk, and drive community development in each of the four lanes, as well as identify the community members to drive out the changes guided by the overall community.

ABC and its employees will establish a weekly meeting with RSD Roadmap leadership and key community stakeholders. ABC will discern a reporting structure with RSD Roadmap leadership to provide full transparency throughout the 3-6-month project duration.

## **Community Organization**

Organizing communities around schools unlocks the network ability to develop multiple impact centers in a quick period. Since schools are already strategically built to cater to the many different areas of a region, the region is already covered for and all neighborhood residents would reside reasonably close to their closest impact center.

This approach to community organization will be inherently repeatable, predictable, scalable and sustainable. It will be repeatable because the model can be replicated in many different Roosevelt School District communities. The process will be predictable because the process will be designed for consistency across locations. Thus, we will know what to expect at all locations as we design the model location.

School based community organization will be inherently scalable as we tackle school districts in their entirety instead of the traditional piecemeal community organizing process. Finally, schools were built to serve communities for generations, so leveraging that intentional sustainability in this approach to community organization will keep the focus on making a generational impact instead of just short-term gains.

## **Asset Optimization**

Asset optimization is a critical piece of strategy to achieve the overarching strategy of RSD Roadmap: to up-cycle and repurpose the Roosevelt School Districts outreach, impact, and assets to improve the surrounding neighborhoods and businesses.

Since Roosevelt School District is the largest landowner in South Phoenix there is major potential for impact with those assets alone. However, the school districts themselves likely lack the knowledge or ability to discern how to maximize their assets.

We will create a plan for RSD Roadmap to assist the Roosevelt School District in prioritizing infrastructure updates, adapting current property/land, and how to collaboratively plan for future land use. Then, we will assist in the development of strategic partnerships to execute the planned updates and adaptations.

## **Community Housing**

Greater Phoenix Leadership, Vitalist, Phoenix IDA, Roosevelt School District and Aaron Bare & Co. will partner to initiate a strategy to leverage the assets of the school district and the needs for affordable housing for the community.

RSD Roadmap has identified a unique opportunity to leverage Roosevelt School District land to improve the community housing situation in South Phoenix. We will assist RSD Roadmap with developing a plan for leasing public school lands for community housing, articulate the benefits to the neighborhoods, and develop a criteria for the community members that the housing will serve.

Community housing will help families in transition but keeping families in the communities feeds all major stakeholders. First, schools keep enrollments high and retain their concurrent resources. Next, keeping residents in the neighborhood will buoy the local work force and local property values.

We will also help RSD Roadmap outline a community housing financial plan. This plan will cover the sustainable impact of reinvesting the land in community housing. We will identify a plan on how to execute operations and maintenance long term to further capitalize on the community housing investment.

## **Community Health**

Community health is to focus on nutrition and health in the community. RSD Roadmap goal is to create a Community Health initiative started with the creation of a Community Health space for primary care, behavioral health, pain management, and substance abuse. The community will also service surrounding areas with tele-health and virtual health with the community. Roosevelt will seek to find the right partner to bring public health to the community and create sustainable revenue sources for the redevelopment of a Community Health Center at each campus.

## **Community Kitchen**

RSD Roadmap has an opportunity to re-optimize school kitchen assets to create 18 community kitchens that will integrate with service providers, partnering organizations, and provide extracurricular offerings throughout South Phoenix.

Re-tooling these spaces yields a countless number of ways to better nourish the South Phoenix community through food. Education and food service opportunities can be made available to the community, educating residents of all ages outside of typical school curriculum.

## **Community Center**

The Community Center will create a way for Community Governance. The plan is to establish a group of leaders to tackle and manage ongoing needs of the community for housing, health and nutrition, job and skills creation, and overall governance.

RSD Roadmap can create a community center to leverage the investments in community kitchens, community health, and create community incubators/accelerators to help develop education, employment, and entrepreneurship.

## **Economic Development**

Outside of the School District and the Community, the third major stakeholder in the RSD Roadmap are local businesses that exist within and around South Phoenix. The major catalyst for economic growth is the implementation and use of digital technologies. Thus, all areas of the community must gain digital technology improvements, updates, or installations for the business to grow sustainably.

## **Sustainable Revenue Optimization**

RSD Roadmap will do a great deal of good in the South Phoenix neighborhood with their strategic initiatives. These initiatives: Community Health, Community Kitchen, Community Housing, Economic Development, and Incubator/Accelerator, will all need their own revenue plans in order to create long lasting change. This will require building a multiple sided business model that will create and deliver value to many different customer segments. Creating as many customer segments as possible is critical so we can spread the necessary revenue across them, ideally making as many services as possible very affordable.

In our model we will consistently point towards the sustainability impact. While thinking big, we must consider several generations at a time, not just the present. This means we will need to identify potential long-term issues and partnerships or revenue sources to alleviate those issues. Further, we will need to provide a value for this long term impact and then strategically communicate this value to get the rest of the major stakeholders invested.

## **The Goal**

The goal is to establish a plan and the creation of 4 individual cabinets to manage each lane of the RSD Roadmap plan. We will work with these community leaders to establish a SWOT analysis for Community Engagement in each of the areas. With the assistance of the Board and Dr. Boyce, we will work to have a pre-meeting with as many community stakeholders as possible, interview them for community reflection, establish a questionnaire and survey for broader participation and help the RSD Roadmap project guide the creation of Several Roundtables to manage and continue to report back to the School Board and other Stakeholders.

## **Collaborative Partners**

The partners for the project are Greater Phoenix Leadership, Vitalist, Phoenix IDA, Roosevelt School District, and Aaron Bare & Co.

## **Timeline & Implementation Plan**

The plan is for this engagement to create a specific plan to execute and align the necessary community development team to implement.

### **[PLANNING]**

**[Navigator Meeting] - December**

**[Board Orientation] - November board meeting; November Special Meeting**

### **[LAUNCH]**

**[Feedback & Public Input (Digital)] - January**

**[Public Orientation] - 1st or 2nd week of January**

### **[REVIEW THE MAP]**

**[Report Back - Board & Community]- February Board Meeting**

### **[DRIVE]**

**[2nd public meeting]- 1st or 2nd week of March**

**[Final Review of Roadmap] - April Board Meeting**

## **Sustainability**

The goal is to leverage assets and create revenue optimization for the Roosevelt School District through innovative community development.

## **Supportive Documentation**

### **Consultant of Record**

Aaron Bare & Co. will work to create a definitive plan for RSD Roadmap to succeed.

**3-Month Budget Outline: \$50,000**

<b>Task</b>	<b>Hours</b>	<b>Investment</b>
Community Meetings - Facilitation	50	\$5,000
Individual Community Meetings	100	\$10,000
Weekly Meetings & Preparation	100	\$10,000
Research &	150	\$15,000
Oral History Documentation	20	\$5,000
Contingency	50	\$5,000

### **Commitments of Support**

<b>Entity</b>	<b>Amount</b>	<b>Form</b>
Vitalyst	\$20,000	Firm commitment
Roosevelt School District	Administrative Support	In-Kind
Phoenix IDA	\$25,000	Pledge
Reimagine Roosevelt	\$5,000	Firm commitment

### **IRS Designation**

Roosevelt School District is the designated agent pursuant to IRS requirements. Given their exemption from the standard 501(c)(3) requirements, no designee letter is necessary to accept the anticipated contributions.

### **Board of Directors**

**Mr. Lawrence Robinson**  
**Board President**

Lawrence Robinson currently serves as the Director of the Maricopa Community College District's Center for Civic Participation.

He is a graduate of Claremont McKenna College where he earned degrees in both Religious Studies and Government. He also earned his Juris Doctorate from NYU School of Law where he focused his studies on Critical Race Theory as well as Constitutional Law.

He formerly served as a Policy Advisor to Mayor Greg Stanton on issues including education and homelessness and has been a professor at the Arizona Summit Law School, where he teaches courses including civil rights and constitutional litigation.

Lawrence is a member of the Roosevelt School District Governing Board, where he has championed an innovative anti-bullying policy, expanded access to after school programs, and founded a non-profit called Good Things Grow building outdoor classrooms where students can get their hands dirty learning about STEM.

He also serves on the Executive Committee of the Arizona School Board Association.

**Ms. Michelle Campuzano  
Board Clerk**

Roosevelt Elementary School District No. 66 Governing Board Clerk Michelle Campuzano is known in the community for her activism and advocacy on issues concerning social justice and inclusion. She is an expert in trauma informed care, inclusion, and disability rights advocacy.

She has been involved in community outreach initiatives and continues to work to build and develop local partnerships, in an effort to combat the alarming number of children with disabilities falling victim to the school to prison pipeline.

In 2019, she was awarded the Det. Olsen Lifetime Achievement Award by the Mayor's Commission on Disability Issues (MCDI) Disability Awareness as well as the One Community Working Together award from the Arizona Developmental Disabilities Planning Council and the My Mom, My Hero award from Helping Hands for Single Moms.



Ms. Campuzano is the spokesperson for Helping Hands for Single Moms, serves as a board member for the Greater Purpose Project and is involved with the Center for Exceptional Children's East Valley Chapter and Healthy Families Advisory Board. She is also a member of the Child Help Parent Council, Mountain Park Health Diversity Council (Baseline) and the South Mountain W.O.R.K.S. Coalition.

"My passion stems from my own personal fight to ensure that my son and previous students have access to, and are included in, our district's and community's plans moving forward," she said.

Her goal as a governing board member is to eliminate some of the challenges preventing the most vulnerable families from accessing the valuable resources and tools necessary to achieve success.

Ms. Campuzano was born in San Francisco and moved to Arizona when she was 10 years old. She has lived in South Phoenix since 2002. She graduated from ASU with a bachelor's degree in interdisciplinary studies in social welfare and master's degrees in nonprofit leadership and education. She was a local youth pastor prior to serving on the RSD governing board. In 2020 she was featured as one of eight stories in the book "Heroes in Our Midst."

### **Ms. Alexis Aguirre**

"I look forward to working collaboratively to harness the expertise of school, family and community leaders to address needs and continue building upon the progress being made in the best interest of Roosevelt students, families and educators," she said.

Her goal as a governing board member is to examine, grow and create policy around inclusive leadership, restorative justice practices and culturally integrated instruction in the Roosevelt School District.

Ms. Aguirre was born in California and raised in West Phoenix. She graduated from ASU with a bachelor's degree in history and a master's degree in elementary education. At ASU, she was the co-chair and community service chair for M.E.Ch.A: Movimiento Estudiantil Chicanos de Aztlán. She and her husband have lived and raised a family in South Phoenix for the last 10 years.

### **Ms. Shelley Jackson**

Roosevelt Elementary School District No. 66 Governing Board Member Shelley Jackson is a dedicated community organizer, focused on advancing her community.

She has worked in classrooms, after school programs focused on character development and directly with teachers providing trainings on social-emotional learning.

### **Ms. Nancy Piña-Gray**

Roosevelt Elementary School District No. 66 Governing Board Member Nancy Piña-Gray is a proud educator and an advocate for children and education.

She has taught for more than 40 years at every level from kindergarten through eighth grade, while also working with pre-school and high school students. She received bilingual/ESL endorsement and reading endorsement.

Ms. Piña-Gray is a lifetime National Education Association member, as well as a current member of Arizona Education Association-Retired. She is also a member of ASBA, Arizona Latino School Boards Association and NALEO.

“All of our children should be able to pursue their curiosities, goals, and dreams while demonstrating and feeling accomplishment and success,” she said.

Her goal as a governing board member is to enhance the educational opportunities for all RSD students while supporting them and their families as they progress on this journey.

Ms. Piña-Gray was born on the border in California and has lived in South Phoenix since 1983. She graduated from Prescott College with a bachelor’s degree in Spanish/Spanish literature with a minor in French. She earned teaching certificates from the University of Wisconsin-Green Bay.



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## Item 3

**THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF PHOENIX, ARIZONA  
(A COMPONENT UNIT OF  
THE CITY OF PHOENIX, ARIZONA)**

**FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2021**



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**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT UNIT OF THE CITY OF PHOENIX, ARIZONA)**  
**TABLE OF CONTENTS**  
**YEAR ENDED JUNE 30, 2021**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>3</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>5</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>11</b>
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>12</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>13</b>
<b>STATEMENT OF FIDUCIARY NET POSITION</b>	<b>14</b>
<b>STATEMENT OF CHANGES IN FIDUCIARY NET POSITION</b>	<b>15</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>16</b>
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>26</b>

Board of Directors  
The Industrial Development Authority  
of the City of Phoenix, Arizona

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Industrial Development Authority  
of the City of Phoenix, Arizona  
Phoenix, Arizona

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of The Industrial Development Authority of the City of Phoenix, Arizona, a component unit of the City of Phoenix, Arizona (Phoenix IDA) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Phoenix IDA's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of The Industrial Development Authority of the City of Phoenix, Arizona, a component unit of the City of Phoenix, Arizona, as of June 30, 2021, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

During fiscal year ended June 30, 2021, the Phoenix IDA adopted GASB Statement No. 84 *Fiduciary Activities*. As a result of the implementation of this standard, the Phoenix IDA reported a restatement for the change in accounting principle (see Note 1). Our auditors' opinion was not modified with respect to the restatement.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021, on our consideration of the Phoenix IDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Phoenix IDA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Phoenix IDA's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
October 13, 2021



**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT UNIT OF THE CITY OF PHOENIX, ARIZONA)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2021**

We, The Industrial Development Authority of the City of Phoenix, Arizona (Phoenix IDA), are pleased to provide an overview of our financial activities for the fiscal year ended June 30, 2021. The Management's Discussion and Analysis (MD&A) is intended to provide an objective and easy to read analysis of the Phoenix IDA's financial activities based on currently known facts, decisions, and conditions. This discussion addresses current operational activities, the sources, uses, and changes in resources, service levels, limitations, and significant economic factors. When referring to prior year data in this analysis that data is drawn from last year's audited financial report.

**FINANCIAL HIGHLIGHTS**

- ◆ The assets of the Phoenix IDA exceeded its liabilities at the close of the most recent fiscal year by \$33,146,047 (unrestricted net position). This amount may be used to meet the Phoenix IDA's ongoing obligations to citizens and creditors. The Phoenix IDA board has designated \$24,250,000 for operating reserves, community development fund awards, and a fund for community investments where a return is expected on those investments.
- ◆ During the fiscal year, net position increased by \$3,570,440 compared to a decrease in the previous year of \$599,418. As in previous years, sources of revenue include residential mortgage program income, which increased by \$1,445,168 during the fiscal year. There was an increase in nonoperating revenue of \$972,149 due to the gain on sale of capital assets and collection of some notes receivable that were previously allowed for. There was also a decrease in community development fund awards of \$2,346,000 made during the fiscal year relative to prior year.
- ◆ The Phoenix IDA has typically supported various nonprofit entities through competitive application for funding. In March 2020, with the onset of COVID-19 and the effect on the nonprofit and small business communities, a shift was made in award funding. The Phoenix IDA created the AZ COVID-19 Community Relief Fund with Arizona Community Foundation to receive money from other donors and distribute it. All of these awards are included in the community development fund awards discussed above. In addition, working with the City of Phoenix, as authorized by the City Council, the fund has received and awarded a total of \$5 million to nonprofit and small businesses to aid in the response and recovery efforts. The Phoenix IDA acted as a fiduciary of those funds.
- ◆ The Phoenix IDA undertook two other initiatives during the fiscal year related to COVID-19. Since the beginning of the pandemic, the Phoenix IDA paused loan payments from nonprofit borrowers on direct loans and in collaboration with our community lending partners. This pause lasted six months through October 2020. Phoenix IDA was also asked by the Business Development Finance Corporation (BDFC) in early 2021 to loan them \$1.5 million to support their Small Business Administration Paycheck Protection Program (PPP) lending efforts. BDFC's PPP loans provided 24 loans with an average loan size of \$27,000 to Phoenix small businesses (averaging 4 employees) and more to businesses across Arizona.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT UNIT OF THE CITY OF PHOENIX, ARIZONA)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2021**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the financial statements for the Phoenix IDA consists of this discussion and analysis and the basic financial statements. The basic financial statements include the fund financial statements and notes to the basic financial statements.

**Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, the Phoenix IDA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Unlike most other governments, which have multiple funds, all of the Phoenix IDA's activities are business-type activities and are accounted for in a single proprietary fund.

**Proprietary Fund**

The Phoenix IDA maintains its accounting records in a single enterprise fund. Enterprise funds are used to report functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Phoenix IDA uses an enterprise fund to account for its operations.

The statement of net position presents information on the Phoenix IDA's assets and liabilities, with the difference between the two reported as "net position." Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the Phoenix IDA is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information on how the Phoenix IDA's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows in future fiscal periods.

The basic financial statements can be found on pages 9 - 11 of this report.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the entity. Fiduciary funds are not reflected in the Phoenix IDA's financial statements because the resources of those funds are not available to support the Phoenix IDA's own programs.

The basic fiduciary fund financial statement can be found on page 12 - 13 of this report.

**Notes to Financial Statements**

The notes to basic financial statements (pages 14 - 23) provide additional information that is essential to a full understanding of the data provided in the basic financial statements and should be read with the basic financial statements.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT UNIT OF THE CITY OF PHOENIX, ARIZONA)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2021**

**Financial Analysis**

Net position may serve over time as useful indicators of a government's financial position. The following table reflects the condensed statement of net position of the Phoenix IDA for June 30, 2021 and 2020 showing that assets exceeded liabilities by \$33,146,047 and \$29,575,607 respectively.

The Industrial Development Authority of the City of Phoenix, Arizona  
Net Position  
June 30

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets	\$ 29,906,668	\$ 25,689,666
Other Assets	<u>3,479,379</u>	<u>4,123,590</u>
Total Assets	<u><u>\$ 33,386,047</u></u>	<u><u>\$ 29,813,256</u></u>
<b>LIABILITIES</b>		
Current Liabilities	\$ 240,000	\$ 237,649
<b>NET POSITION</b>		
Investment in Capital Assets	-	2,460,447
Unrestricted	<u>33,146,047</u>	<u>27,115,160</u>
Total Liabilities and Net Position	<u><u>\$ 33,386,047</u></u>	<u><u>\$ 29,813,256</u></u>

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT UNIT OF THE CITY OF PHOENIX, ARIZONA)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2021**

Phoenix IDA has \$33,146,047 of unrestricted funds at June 30, 2021. The \$24,250,000, as discussed above, is designated for operating reserves, community development fund awards, and a fund for community investments where a return is expected on those investments.

Overall, 2021 net position increased by \$3,570,440. Key elements of this increase are as follows:

The Industrial Development Authority of the City of Phoenix, Arizona  
Changes in Net Position  
Fiscal Years Ended June 30

	2021	2020
<b>OPERATING REVENUES</b>		
Bond Fees	\$ 863,354	\$ 1,305,595
Residential Mortgage Program Income	2,890,790	1,445,622
Management Fee Income	600,000	600,000
Fee and Other Income	59,274	282,200
Total Operating Revenue	4,413,418	3,633,417
<b>OPERATING EXPENSES</b>		
General and Administration	1,740,349	1,767,877
Bond Administration	-	750
Other Programs	46,302	43,998
Community Investment	710,000	3,056,000
Bad Debt Expense	-	11,303
Program and Project Development	109,983	145,255
Loan Portfolio Administration	2,079	1,238
Total Operating Expenses	2,608,713	5,026,421
<b>NONOPERATING REVENUE</b>		
Recovery of Doubtful Accounts	599,290	-
Gain on Sale of Capital Assets	783,609	-
Interest Income	327,404	610,068
Realized/Unrealized Gain on Investments	55,432	183,518
Total Nonoperating Revenue	1,765,735	793,586
<b>CHANGE IN NET POSITION</b>	3,570,440	(599,418)
Net Position - Beginning of Year	29,575,607	30,175,025
<b>NET POSITION - END OF YEAR</b>	<u>\$ 33,146,047</u>	<u>\$ 29,575,607</u>

The Phoenix IDA's major revenue source has been residential mortgage program income which increased by \$1,445,168 or 100.0% during the fiscal year. This increase is attributable to increased volume in the Home in Five Advantage mortgage origination program due to a March 2019 change to the professionals used in the program, reducing the interest rates for homebuyers.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT UNIT OF THE CITY OF PHOENIX, ARIZONA)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2021**

Nonoperating revenue was impacted by the repayment of two loans, long held in reserve, and the sale of a building, offset by market impacts on interest and investment revenues, resulting in an overall increase to nonoperating revenue of \$972,149 or 122.5% during the fiscal year.

The operating expenses of the Phoenix IDA for 2021 decreased by \$2,417,708 or 48.1%. This decrease is mostly attributable to a \$2,346,000 decrease in community development fund awards made by the Phoenix IDA during the fiscal year.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Economic growth in Arizona in the second quarter of 2021, as measured by personal income, grew faster than the national average, for the fifth fastest growth in the nation, with the Phoenix Metropolitan and Statistical Area (Phoenix MSA) remaining the primary engine. The Phoenix MSA outpaces the statewide figures in nearly every economic measure, including job growth, wage increases, and the drop in unemployment figures. The state economy continues to expand and growth is likely to continue as long as the nation avoids recession. The forecast calls for state growth to pick up speed over the next five years, with gains across most indicators far exceeding national results (<https://www.azeconomy.org>).
- The United States Census Bureau reports that the City of Phoenix's population increased by 1.7% from July 2019 to July 2020, and 16.3% since the 2010 census with city level population data from the 2020 census not yet released (<http://www.census.gov>). The unemployment rate in the Phoenix MSA in August 2021 was 4.6%, which is lower than the state average of 6.2% and the national average of 5.2% (<https://www.azeconomy.org>).
- As reported by the U.S. Census Bureau, City of Phoenix's population increased 9.9% from 2000 to 2010, which is higher than the United States' overall population increase of 9.7% for the same time period (<http://www.census.gov>).

The Phoenix IDA will continue to generate revenue from the Home in Five Advantage mortgage origination program. The program has experienced great success and continues to be a successful tool for homebuyers in Maricopa County, including the city of Phoenix. The current program has provided down payment and closing cost assistance for low- to moderate-income homebuyers with government backed (FHA and VA) as well as conventional loans. The program also provides an additional 1% assistance to qualified military homebuyers, first responders, income-qualifying households (below 50% AMI), and full-time teachers in pre-K-12.

The Phoenix IDA anticipates continued growth in bond financings, with a focus on health care, education, and manufacturing. This growth, offset by the regular redemption of bonds, should result in a little or no change in bond fees in Fiscal Year 2021-22. Application and other fees should be consistent with past years. Investment earnings are difficult to predict; however, we expect rates and earnings to continue at the current low levels during the upcoming fiscal year.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT UNIT OF THE CITY OF PHOENIX, ARIZONA)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2021**

The operating expenses of the Phoenix IDA continue to be managed in a fiscally prudent manner. Expenses will increase in Fiscal Year 2021-22 due to general cost increases with a continuing focus on increasing communications with constituents and others with interest in the Phoenix IDA. There may be additional community development fund dollars awarded by the Phoenix IDA in Fiscal Year 2021-22. These dollars are contingent on operating income of the Phoenix IDA during the fiscal year.

In March 2020, the onset of COVID-19 affected our community in ways we are all still working on understanding. Needs and priorities changed nearly overnight. The Phoenix IDA was able to work with the Arizona Community Foundation to create the AZ COVID-19 Community Relief Fund, providing a process with reasonable standards to help a substantial number of nonprofits and small businesses. In June 2020, the City Council of the City of Phoenix authorized a total of \$5 million from CARES monies received by the City to be placed with the Phoenix IDA as a custodian of those funds, of which more than \$4.3 million provided much needed help through the AZ COVID-19 Community Relief Fund in the fiscal year. The Phoenix IDA will continue to evaluate new opportunities and additional funding to assist in the stability and growth of our community.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Phoenix IDA's finances for all of those with an interest in the government's finances. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to:

Phoenix IDA  
P.O. Box 10439  
Phoenix, Arizona 85064  
(480) 482-1086

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 19,689,301
Certificates of Deposit	10,000,000
Notes Receivable, Current Portion	166,544
Interest Receivable	12,089
Prepaid Expenses	<u>38,734</u>
Total Current Assets	<u>29,906,668</u>

**NONCURRENT ASSETS**

Community Development Fund, Net of Unrealized Gain/Loss	160,980
Long Term Notes Receivable, Net	<u>3,318,399</u>
Total Noncurrent Assets	<u>3,479,379</u>

Total Assets	<u><u>\$ 33,386,047</u></u>
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**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

Accounts Payable	\$ 240,000
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**NET POSITION**

Unrestricted	<u>33,146,047</u>
Total Net Position	<u>33,146,047</u>

Total Liabilities and Net Position	<u><u>\$ 33,386,047</u></u>
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See accompanying Notes to Financial Statements.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2021**

**OPERATING REVENUE**

Bond Fees	\$ 863,354
Residential Mortgage Program Income	2,890,790
Fee Income	15,679
Management Fee Income	600,000
Other Income	43,595
Total Operating Revenue	<u>4,413,418</u>

**OPERATING EXPENSES**

General and Administration	1,740,349
Other Programs	46,302
Community Investment	710,000
Program and Project Development	109,983
Loan Portfolio Administration	2,079
Total Operating Expenses	<u>2,608,713</u>

**OPERATING INCOME** 1,804,705

**NONOPERATING REVENUE**

Recovery of Doubtful Accounts	599,290
Gain on Sale of Capital Assets	783,609
Interest Income	327,404
Net Realized/Unrealized Gain on Investments	55,432
Total Nonoperating Revenue	<u>1,765,735</u>

**CHANGE IN NET POSITION** 3,570,440

Net Position - Beginning of Year 29,575,607

**NET POSITION - END OF YEAR** \$ 33,146,047

See accompanying Notes to Financial Statements.



**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Customers	\$ 1,522,628
Net Cash Receipts from Down Payment Assistance Program	2,890,790
Cash Payments to Suppliers for Goods or Services	(1,027,101)
Cash Payments to Employees for Services	(1,583,194)
Net Cash Provided by Operating Activities	<u>1,803,123</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Purchases of Capital Assets	(22,309)
Proceeds from Sale of Capital Assets	3,266,365
Net Cash Provided by Financing Activities	<u>3,244,056</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Principal Payments Received on Notes Receivable	2,196,831
Issuance of Notes Receivable	(2,605,942)
Interest Income Received	511,591
Purchases of Certificates of Deposit	(10,000,000)
Redemptions of Certificates of Deposit	16,702,200
Sales of Investments	120,000
Net Cash Provided by Investing Activities	<u>6,924,680</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

11,971,859

Cash and Cash Equivalents - Beginning of Year

7,717,442

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 19,689,301

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income (Loss)	\$ 1,804,705
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Deposits	3,440
Prepaid Expenses	(7,373)
Accounts Payable	2,351
Net Cash Provided by Operating Activities	<u><u>\$ 1,803,123</u></u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION**

Net Unrealized Gain on Investments	<u><u>\$ 49,115</u></u>
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See accompanying Notes to Financial Statements.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2021**

	Custodial Fund
<b>Assets</b>	
Cash and Investments	\$ -
<b>Liabilities</b>	
Due to Other Organizations for COVID Relief	-
<b>Fiduciary Net Position</b>	
Unrestricted	\$ -

*See accompanying Notes to Financial Statements.*

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**YEAR ENDED JUNE 30, 2021**

	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Contributions	\$ 2,500,000
<b>DEDUCTIONS</b>	
Grants Issued	<u>4,344,780</u>
<b>NET DECREASE IN FIDUCIARY NET POSITION</b>	(1,844,780)
Fiduciary Net Position - July 1, 2020, as restated	<u>1,844,780</u>
<b>FIDUCIARY NET POSITION - JUNE 30, 2021</b>	<u><u>\$ -</u></u>

*See accompanying Notes to Financial Statements.*

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Industrial Development Authority of the City of Phoenix, Arizona (Phoenix IDA) is a nonprofit corporation designated a political subdivision of the state of Arizona. The Phoenix IDA was established on July 7, 1981 in order to exercise its broad statutory powers, including the power to issue conduit revenue bonds to finance “projects” as such term is defined by the Arizona Revised Statutes, §35-701(8). All bonds issued by the Phoenix IDA are special, limited obligations of the Phoenix IDA, payable solely from revenues generated by the project being financed, and do not constitute a debt of, a loan of, or credit by, the Phoenix IDA. The Phoenix IDA charges administration fees to bond applicants and uses such fees to cover its administration costs and to support its ongoing community and economic development programs in Arizona. The Phoenix IDA is a special-purpose governmental entity engaged in business type activities. The Phoenix IDA is the primary governmental entity but has no taxing power and is a component unit of the City of Phoenix, Arizona.

The Phoenix IDA has one single blended component unit, the Phoenix IDA Real Estate Holdings Corporation (Corporation). The Corporation is included as a blended component unit because the Corporation is organized for the exclusive purpose of acquiring, holding title to, and collecting income from real property, and remitting the entire amount of income from such property (less expenses) to the Phoenix IDA.

**Basis of Accounting**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Such estimates and assumptions affect the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Phoenix IDA evaluates its estimates and assumptions based upon historical experience and various other factors and circumstances. Management believes that its estimates and assumptions are reasonable under the circumstances; however, actual results may differ from those estimates.

**Fund Accounting**

The Phoenix IDA reports in a manner consistent with proprietary funds for their ongoing operations and activities, which are similar to those often found in the private sector. Enterprise funds are the only type of proprietary funds used by the Phoenix IDA. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Accounting (Continued)**

Additionally, the Phoenix IDA reports the following fiduciary fund type:

The *Custodial Fund* is custodial in nature and is described as follows:

The AZ COVID-19 Community Relief Fund accounts for donations received to aid in the response and recovery efforts related to the COVID-19 pandemic but held by the Phoenix IDA as a custodian.

**Change in Accounting Principle**

During the year ended June 30, 2021, the Phoenix IDA adopted GASB Statement No. 84, *Fiduciary Activities*. Previously, the assets of the Arizona Coronavirus Relief Fund were reported as an agency fund. The fund is reported as a custodial fund with the adoption of GASB No. 84 resulting in a restatement of fiduciary net position of \$1,844,780.

**Revenue Recognition**

A significant portion of the Phoenix IDA revenue is derived from issuer fees related to its bond issuances activity and includes assessment fees, program fees, and application fees. Issuer fees are based on executed Trust Indenture/Loan Financing Agreements and are recognized as revenue when earned. Other significant revenue is derived from fees earned from a down payment assistance program through sales of mortgage-backed securities.

**Cash and Cash Equivalents**

The Phoenix IDA considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

**Certificates of Deposit**

Certificates of deposit are valued at cost including accrued interest which approximates fair value. The Phoenix IDA intends on holding these certificates to maturity.

**Investments**

Investments are stated at fair value based upon quoted market prices. Limited marketability investments, such as private investments and investments in land, are valued based on the price for underlying marketable securities or an estimate of underlying asset fair values as determined in good faith. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the change in net position.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Notes Receivable**

Notes receivable consist of amounts advanced to projects financed in whole or in part by the Phoenix IDA and other entities. Interest on notes receivable is recognized as revenue when earned. The Phoenix IDA does not recognize interest income on notes once they are deemed to be impaired or nonperforming. A note is considered impaired when, based on current information and events, it is probable that the Phoenix IDA will be unable to ultimately collect all amounts due. Nonperforming notes include all notes for which payment of principal and/or interest is more than 90 days past due. Cash receipts are first allocated to interest income, except when such payments are specifically designated by the terms of the note as principal reductions or payment of fees.

**Allowance for Notes Receivable**

The allowance for notes receivable is established as losses are estimated to have occurred through a provision for doubtful accounts charged to earnings on a monthly basis and is based on risk. Notes receivable losses are charged against the allowance when management believes the uncollectibility of a notes receivable balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for notes receivable is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the notes receivable in light of historical experience, adverse situations that may affect the borrower's ability to repay, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

**Program Receivables**

Program receivables are stated at the amount management expects to collect under the terms of the contracts and agreements. Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction of the related receivables. Management considers all program receivables to be collectible at June 30, 2021.

**Capital Assets and Depreciation**

Capital assets are initially recorded at original cost and carried net of accumulated depreciation. Depreciation is provided on the straight-line method based on the estimated useful lives of the property items, which consist of 35 years for buildings and 10 years for any building improvements. The costs of additions and replacements are capitalized. Repairs and maintenance are charged to expense as incurred. Retirements, sales and disposals are recorded by removing the cost and accumulated depreciation from the asset and accumulated depreciation accounts with any resulting gain or loss reflected in general revenues within the statement of activities. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the fair value is less than the carrying amount of the asset, a loss is recognized for the difference.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

Net position is reported as unrestricted, of which the board of directors has designated \$24,250,000 of net position for specific uses.

**Tax-Exempt Status**

As a political subdivision of the state of Arizona, the Phoenix IDA is exempt from federal and state corporate income taxes. Consequently, no provision for corporate income taxes has been included in the accompanying financial statements.

**NOTE 2 CASH AND INVESTMENTS**

A summary of the Phoenix IDA's cash and investments at June 30, 2021 follows:

Cash	\$ 75,805
Cash Equivalents, Money Markets	19,613,496
Certificates of Deposit	<u>10,000,000</u>
Cash and Cash Equivalents	29,689,301
Investments	<u>160,980</u>
Total Cash, Cash Equivalents and Investments	<u><u>\$ 29,850,281</u></u>

The Phoenix IDA's investment policy, as approved by the board of directors, is to match investment maturities with cash requirements.

As of June 30, 2021, the Phoenix IDA had certificates of deposit with the following maturities:

	Credit Quality Rating	Less than One Year
Certificates of Deposit	<u>Nonrated</u>	<u>\$ 10,000,000</u>

The above certificates of deposit have original maturities of six months or greater, which are not rated, and management intends to reinvest the monies as they mature.

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The Phoenix IDA had \$6,317 realized gains on investments during 2021 and is reflected in Net Realized/Unrealized Gain on Investments on the statement of revenues, expenses, and changes in net position.

*Custodial Risk* – The Phoenix IDA places its cash with high credit quality financial institutions and generally limits the amount of credit exposure to the amount in excess of the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit. At June 30, 2021, all of the Phoenix IDA's cash accounts were covered by FDIC insurance.

*Interest Rate Risk* – It is the Phoenix IDA's policy to hold investments to maturity and avoid any loss on investments resulting from an early sale or retirement of an investment.

*Credit Risk* – The Phoenix IDA's investment policies mandate the quality of investments allowable for purchase. Specifically, municipal bonds must have a minimum "P1" rating by Moody's and minimum "A1" rating by Standard & Poor's, or an equivalent by a second major rating agency. In addition, investments in U.S. Government Securities carry an implied AAA rating.

**Concentration of Credit Risk**

The Phoenix IDA's Investment Policy limits unreasonable risks inherent in over-weighting in certain financial institutions. In order to comply with its Investment Policy, whereby maturing principal and interest on certificates of deposit (CDs) in any institution should not exceed the \$250,000 FDIC deposit insurance limit, the Phoenix IDA utilizes three types of accounts, the Insured Cash Sweep (ICS), the Certificate of Deposit Account Registry Service (CDARS), and a managed CD account.

The ICS and CDARS services are comprised of a network of member financial institutions that each issue either money market accounts or CDs in increments below the FDIC insurance maximum, thus both principal and interest are FDIC insured. This allows the Phoenix IDA to invest its funds through a wide array of banks by making deposits through ICS and/or CDARS member banks that place the funds through ICS and/or CDARS, while ensuring all of its deposits are federally insured. As a result, the Phoenix IDA has a vastly diverse investment portfolio, and investments in anyone banking institution do not exceed 5% of total investments.

Investments through the custodians (KS State Bank and Mutual of Omaha Bank) in the ICS, CDARS, or managed CD account programs are, in actuality, investments made in multiple financial institutions at a level covered by FDIC insurance and, as such, do not individually exceed 5% of total investments.



**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 3 FAIR VALUE**

In determining fair value, the Phoenix IDA uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The fair value measurements framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The fair value measurements define levels within the hierarchy based on the reliability of inputs as follows:

*Level 1* – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

*Level 2* – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3* – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The Phoenix IDA investments at June 30, 2021, categorized within the fair value hierarchy detailed above were as follows:

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Arizona Community Foundation	\$ 160,980	\$ -	\$ -	\$ 160,980
Total Investments Measured at Fair Value	<u>\$ 160,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,980</u>

**NOTE 4 NOTES RECEIVABLE**

Borrower, Terms, and Maturity	Purpose	Original Principal	2021 Outstanding Principal Balance
Original loan was modified on December 1, 2019, in which \$79,007 of interest added to principal of \$338,984 and due date extended to 2045. Interest bearing loan at 2.0%. Payments made semiannually until maturity October 2045.	Funds used to assist in the acquisition and construction of an affordable senior housing project, located in the Phoenix metropolitan area.	\$ 338,984	\$ 410,741

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 4    NOTES RECEIVABLE (CONTINUED)**

Borrower, Terms, and Maturity	Purpose	Original Principal	2021 Outstanding Principal Balance
Loan commencing September 25, 2017, bearing interest at 3.5%. With principal payment of \$69,415 due within one year and the remaining principal and interest paid annually by September 2024.	Funds used to assist in financing to purchase equipment and furniture in connection with the build of a health center.	\$ 500,000	\$ 304,199
Loan commencing February 1, 2018 bearing interest at 3.5%. With principal payment of \$11,966 due within one year and the remaining principal and interest paid annually by January 2023.	Funds used to assist in financing the construction and renovation costs for a transition housing facility for homeless veterans.	500,000	467,217
Loan commencing August 30, 2019 bearing interest at 3.5%. Principal and interest due November 2026.	Funds used for construction and renovation costs for adult care center for the mentally ill.	500,000	287,564
Loan commencing March 10, 2021 in the amount of \$1.5 million available to be draw down, bearing interest at 1.0% on the outstanding balance. The principal and interest are due September 2026.	Funds used for PPP loans for Phoenix small businesses to be administered by the nonprofit corporation under the Economic Aid Act.	668,392	488,413
Loan commencing June 10, 2021 bearing interest at 5.0%. With interest to be paid monthly, all unpaid principal and interest due June 2024.	Funds used for construction and renovation costs for a multifamily housing project.	1,937,550	<u>1,937,550</u>
Total Notes Receivable			3,895,684
Less: Reserve for Uncollectible Accounts			<u>(410,741)</u>
Notes Receivable, Net			<u><u>\$ 3,484,943</u></u>

As of June 30, 2021, the Phoenix IDA has entered into a deferment agreement with the borrowers, the current and noncurrent notes receivable prior to deferment, after applying the reserve for uncollectible accounts, consisted of the following:

Current Portion	\$ 166,544
Long-Term	3,318,399
Total	<u><u>\$ 3,484,943</u></u>

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 5 CAPITAL ASSETS**

Capital assets at June 30, 2021, consist of the following:

	<b>Balances</b> <b>July 01, 2020</b>	<b>Additions</b>	<b>(Disposals)</b>	<b>Balances</b> <b>June 30, 2021</b>
Capital Assets, Not Being Depreciated:				
Land	\$ 950,000	\$ -	\$ (950,000)	\$ -
Capital Assets, Being Depreciated:				
Building	1,121,346	-	(1,121,346)	-
Improvements	442,040	22,309	(464,349)	-
Total Capital Assets, Being Depreciated	1,563,386	22,309	(1,585,695)	-
Less Accumulated Depreciation:				
Building	45,392	-	(45,392)	-
Improvements	7,547	-	(7,547)	-
Total Accumulated Depreciation	52,939	-	(52,939)	-
Total Capital Assets, Being Depreciated	1,510,447	22,309	(1,532,756)	-
Capital Assets, Net	<u>\$ 2,460,447</u>	<u>\$ 22,309</u>	<u>\$ (2,482,756)</u>	<u>\$ -</u>

During the year the Phoenix IDA sold the building and land that they were operating out of that resulted in a gain on sale of the assets of \$783,609.

**NOTE 6 CONDUIT BALANCE**

The Phoenix IDA issues Private Activity Revenue Bonds that provides capital financing for third parties that are not part of the Phoenix IDA's reporting entity. The aggregate amount of all conduit balance obligations outstanding at June 30, 2021 was \$1,556,615,376. The Phoenix IDA has no obligation for the repayment by the borrower.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 7 PHOENIX IDA REAL ESTATE HOLDINGS CORPORATION**

The Phoenix IDA has invested in and is the sole and managing member of the Phoenix IDA Real Estate Holdings Corporation (Corporation). The Corporation was organized for the exclusive purpose of acquiring, holding title to, and collecting income from real property, and remitting the entire amount of income from such property (less expenses) to the Phoenix IDA. The Phoenix IDA has consolidated the Corporation's financial statement amounts as a blended component unit. The condensed component unit information for the Phoenix IDA Real Estate Holdings Corporation for the year ended June 30, 2021 and combining financial statements are as follows:

<b>Condensed Combining Statement of Net Position</b>	<b>Phoenix IDA</b>	<b>Corporation</b>	<b>Eliminations</b>	<b>Total</b>
Current Assets	\$ 29,906,613	\$ 55	\$ -	\$ 29,906,668
Other Assets	3,479,379	-	-	3,479,379
Total Assets	<u>\$ 33,385,992</u>	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ 33,386,047</u>
Current Liabilities	\$ 240,000	\$ -	\$ -	\$ 240,000
Unrestricted Net Position	33,145,992	55	-	33,146,047
Total Net Position	<u>33,145,992</u>	<u>55</u>	<u>-</u>	<u>33,146,047</u>
Total Liabilities and Net Position	<u>\$ 33,385,992</u>	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ 33,386,047</u>

<b>Condensed Combining Statement of Activities</b>	<b>Phoenix IDA</b>	<b>Corporation</b>	<b>Eliminations</b>	<b>Total</b>
Operating Revenues	\$ 4,413,418	\$ -	\$ -	\$ 4,413,418
Operating Expenses	2,604,571	4,142	-	2,608,713
Operating Income	1,808,847	(4,142)	-	1,804,705
Nonoperating Income	1,765,735	-	-	1,765,735
Change in Net Position	3,574,582	(4,142)	-	3,570,440
Total Net Position - Beginning of Year	29,571,410	4,197	-	29,575,607
Total Net Position - End of Year	<u>\$ 33,145,992</u>	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ 33,146,047</u>

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA**  
**(A COMPONENT OF THE CITY OF PHOENIX, ARIZONA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 7 PHOENIX IDA REAL ESTATE HOLDINGS CORPORATION (CONTINUED)**

<b>Condensed Combining</b>	<b>Phoenix IDA</b>	<b>Corporation</b>	<b>Total</b>
<b>Statement of Cash Flows</b>			
Cash Flows Provided (Used) by Operating Activities	\$ 1,807,265	\$ (4,142)	\$ 1,803,123
Net Cash Provided (Used) by Operating Activities	1,807,265	(4,142)	1,803,123
Net Cash Used by Financing Activities	3,244,056	-	3,244,056
Net Cash Provided by Investing Activities	6,924,680	-	6,924,680
Net Increase in Cash and Cash Equivalent	11,976,001	(4,142)	11,971,859
Cash and Cash Equivalents - Beginning of Year	7,713,245	4,197	7,717,442
Cash and Cash Equivalents - End of Year	<u>\$ 19,689,246</u>	<u>\$ 55</u>	<u>\$ 19,689,301</u>
<b>Supplemental Disclosure of Noncash Information</b>			
Net Unrealized Gain (Loss) on Investments	<u>\$ 49,115</u>	<u>\$ -</u>	<u>\$ 49,115</u>

**NOTE 8 CONTINGENCIES**

The Phoenix IDA is periodically involved in various claims arising in the ordinary course of business, none of which, in the opinion of management, if determined adversely against the Phoenix IDA, will have a material adverse effect on the financial condition, results of operations, or liquidity of the Phoenix IDA.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
The Industrial Development Authority  
of the City of Phoenix, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate remaining fund information of The Industrial Development Authority of the City of Phoenix, Arizona, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise The Industrial Development Authority of the City of Phoenix, Arizona's basic financial statements, and have issued our report thereon dated October 13, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Industrial Development Authority of the City of Phoenix, Arizona's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Industrial Development Authority of the City of Phoenix, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of The Industrial Development Authority of the City of Phoenix, Arizona's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Industrial Development Authority of the City of Phoenix, Arizona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
October 13, 2021





## Item 4

**MEMORANDUM**

**DATE:** November 10, 2021

**TO:** Members, Executive Committee

**FROM:** Darcy Renfro, Board Treasurer

**SUBJECT:** Financial Statements for period ending September 30, 2021

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Attached are the financials for September 2021 for your review and approval. The draft financials were reviewed in detail with your Treasurer, Ms. Renfro. The notes below are provided to supplement the information contained in the financial statements.

**Statement of Net Position (Balance Sheet)**

**Allocated Funds:** Adjustments were made at the beginning of the year to reflect the budget adopted and additional budget adjustments to increase the Community Development Fund budget.

Total operating expenses through September 2021 were below budgeted expense levels. Revenues for the year to date exceed budgeted revenues, primarily due to higher than expected Residential Mortgage Program fees, as shown on the attached charts.

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**Statement of Net Position  
September 30, 2021**

**Assets**

Current Assets		
Cash and cash equivalents	\$	18,109,547
Certificates of Deposit		10,000,000
Receivables		67,543
Deposits		0
Other current assets		31,309
Total Current Assets	\$	28,208,399
Noncurrent Assets		
Investments	\$	3,160,980
Long term notes receivable, net		2,717,644
Fixed Assets		-
Due from Related Company		-
Total Noncurrent Assets	\$	5,879,674
<b>Total Assets</b>	<b>\$</b>	<b>34,088,073</b>

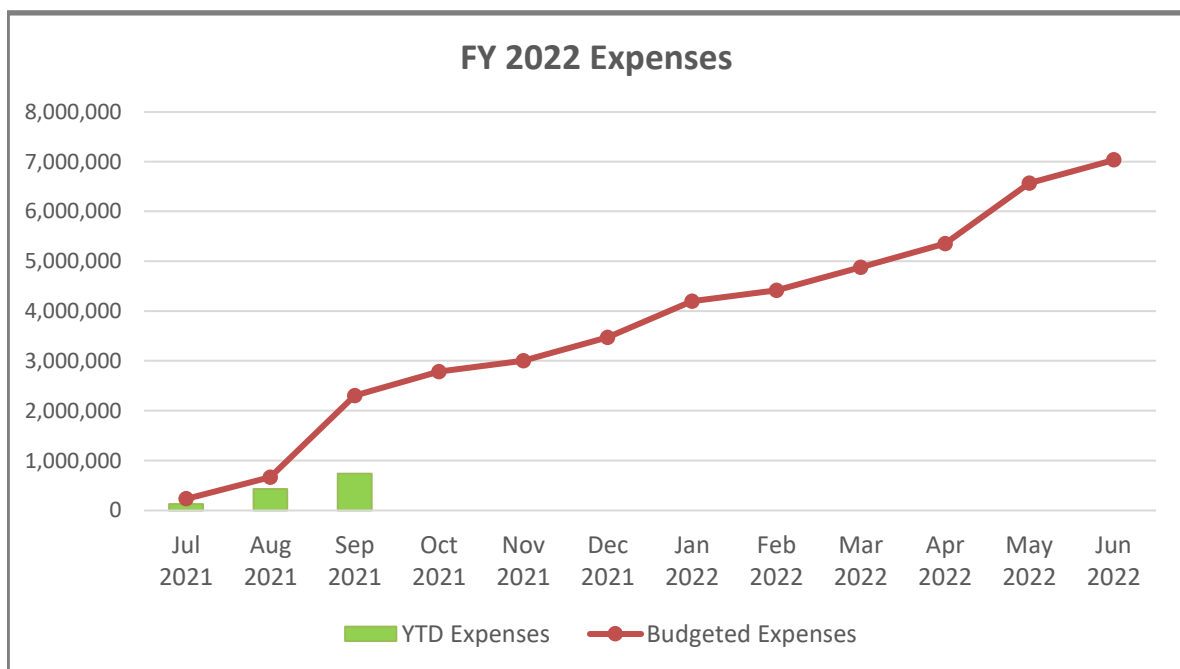
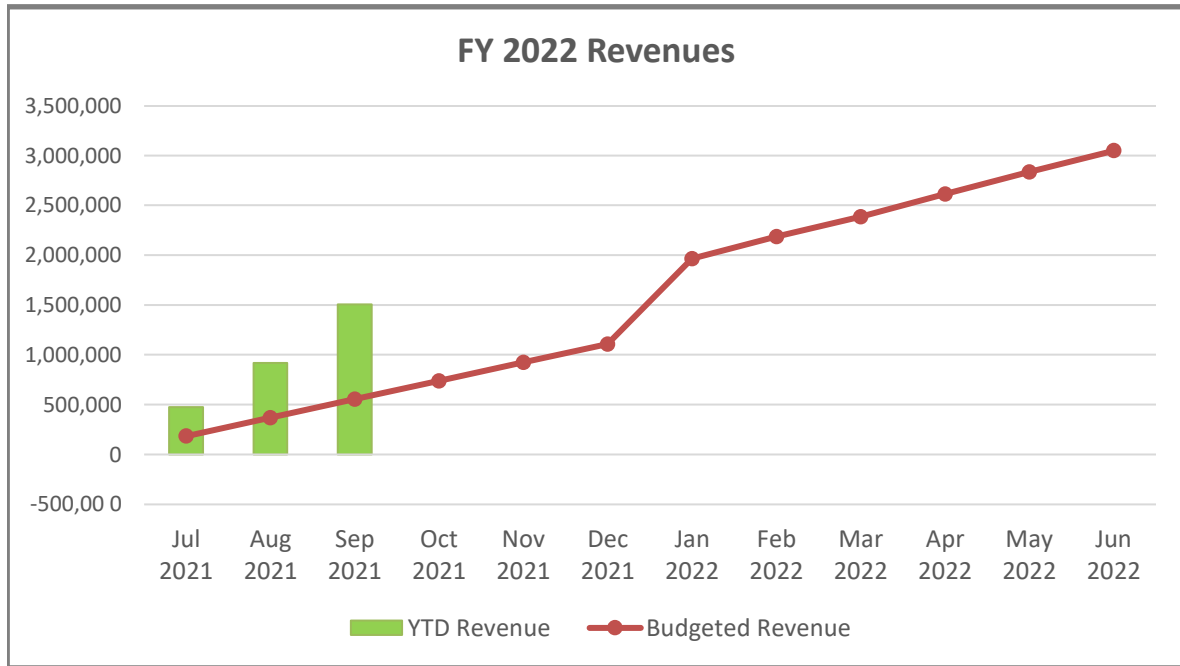
**Liabilities and Net Position**

Current Liabilities		
Accounts payable	\$	28,567
Accrued expenses		140,826
Total Current Liabilities	\$	169,392
Allocated Funds		28,160,000
Restricted Assets - Donations		-
Net Assets - Unrestricted		5,758,681
<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b>34,088,073</b>

**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Month and Year to Date as of September 30, 2021**

	September-21 Current	Actual	Year to Date Budget	Variances	Annual Budget
<b>Operating Revenue</b>					
User Assessment Fees	\$ 9,407	\$ 9,407	\$ 0	\$ 9,407	\$ 840,000
Residential Mortgage Program Fees	480,730	1,208,790	300,000	908,790	1,200,000
Fee Income	90,900	264,900	225,000	39,900	910,600
Total Operating Revenue	<u>\$ 581,037</u>	<u>\$ 1,483,097</u>	<u>\$ 525,000</u>	<u>\$ 958,097</u>	<u>\$ 2,950,600</u>
<b>Operating Expenses</b>					
General and Administration	\$ 81,473	\$ 213,049	\$ 383,525	\$ 170,476	\$ 1,463,000
Bond Administration	0	0	4,650	4,650	10,000
Other Programs	68,918	199,159	234,250	35,091	936,250
Community Development Fund	150,000	250,000	610,000	360,000	1,000,000
Program and Project Development	7,082	71,624	62,700	(8,924)	251,500
Loan Portfolio Administration	0	0	3,900	3,900	14,500
Total Operating Expenses	<u>\$ 307,474</u>	<u>\$ 733,833</u>	<u>\$ 1,299,025</u>	<u>\$ 565,192</u>	<u>\$ 3,675,250</u>
Operating Income	\$ 273,563	\$ 749,264	\$ (774,025)	\$ 1,523,289	\$ (724,650)
<b>Non-Operating Revenue</b>					
Interest income	\$ 8,112	\$ 23,425	\$ 27,900	\$ (4,475)	\$ 110,000
Recovery on Collections	0	0	0	0	0
Gain on Sale/Disposal of Asset	0	0	0	0	0
Net change in the fair value of investments	0	0	0	0	0
Total Non-Operating Revenue	<u>\$ 8,112</u>	<u>\$ 23,425</u>	<u>\$ 27,900</u>	<u>\$ (4,475)</u>	<u>\$ 110,000</u>
<b>Other Expenses</b>					
Bad Debt Expense	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Change in Net Position</b>	<u><u>\$ 281,676</u></u>	<u><u>\$ 772,689</u></u>	<u><u>\$ (746,125)</u></u>	<u><u>\$ 1,518,814</u></u>	<u><u>\$ (614,650)</u></u>

## Phoenix IDA Budget vs. Actual Through September 30, 2021





PHOENIX**IDA**

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## Item 5

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 202</b>
SECTION 200 <b>FINANCIAL, INVESTMENTS AND LENDING</b>	Original Effective Date: <b>May 12, 2011</b>
SUBJECT <b>INVESTMENT POLICY</b>	<b>Page 1 of 4</b> Effective Date: <del>August 30,</del> <del>2020</del> <b>October 1, 2021</b>

This document sets forth the investment policy (the “Policy”) of The Industrial Development Authority of the City of Phoenix, Arizona (the “Phoenix IDA”). The Policy is intended to guide the Phoenix IDA’s management in investing the Phoenix IDA’s administrative funds and to guide the Phoenix IDA’s Board of Directors in the oversight of such investments, thus achieving the highest level of transparency and accountability with respect to the Phoenix IDA’s investment operations. The scope of the Policy is limited to investment of the Phoenix IDA’s administrative funds and is not intended to cover investment of any funds held in trust accounts containing proceeds of bonds issued by the Phoenix IDA.

## A. BACKGROUND

The Phoenix IDA earns income from bond issue fees, ongoing assessment fees, extensions of credit, bond redemptions, investments, and administrative fees.

## B. STANDARD OF CARE

The Chief Executive Officer, and his/her designee, as administrators of the Phoenix IDA’s monies, shall adhere to the “prudent person” standard when managing the Phoenix IDA’s funds. Their duties must be performed with the care, skill, prudence and diligence that a prudent person acting in a like capacity would use in the conduct of an enterprise with like character and goals of the Phoenix IDA.

The Chief Executive Officer, and his/her designee, shall refrain from engaging in any activity that impairs (or has the potential to impair) his or her ability to make impartial investment decisions for the Phoenix IDA. The Chief Executive Officer, and his/her designee, shall disclose in writing to the Board of Directors any material financial interests as well as personal relationships existing with employees and/or officers of financial institutions conducting business with the Phoenix IDA.

## The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 202</b>
SECTION 200 <b>FINANCIAL, INVESTMENTS AND LENDING</b>	Original Effective Date: <b>May 12, 2011</b>
SUBJECT <b>INVESTMENT POLICY</b>	<b>Page 2 of 4</b> Effective Date: <del>August 30, 2020</del> <b>October 1, 2021</b>

### C. GOALS

The following are the Phoenix IDA's goals as they relate to its investments in marketable securities, listed in order of priority:

1. Safety of principal: Safety of principal is the Phoenix IDA's most important investment policy goal. Investments shall be made with the primary aim of avoiding loss of principal.
2. Liquidity: An adequate amount of funds shall remain liquid in order to meet anticipated cash disbursement requirements.
3. Rate of return: The Phoenix IDA seeks a rate of return consistent with its safety of principal and liquidity goals.

### D. CASH MANAGEMENT

The Phoenix IDA shall meet its annual operating cash needs by depositing funds in insured bank accounts. To ensure maximum safety, the Phoenix IDA shall deposit, in aggregate, no more than the FDIC insurance limit (currently \$250,000) in any one insured institution that does not offer a program, or programs, such as that described in Section F. of this Policy. To the extent the FDIC, or other, insurance limit is reduced, the Phoenix IDA's aggregate deposit with any one insured institution shall be adjusted accordingly.

### E. INVESTMENTS IN SECURITIES

Given the priority of safety of principal, the Phoenix IDA shall invest only in the following securities:

1. U.S. Treasury bills, notes and bonds.
2. Securities guaranteed, insured, or backed by the full faith and credit of the U.S. Government.



## The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 202</b>
SECTION 200  <b>FINANCIAL, INVESTMENTS AND LENDING</b>	Original Effective Date: <b>May 12, 2011</b>
SUBJECT  <b>INVESTMENT POLICY</b>	<b>Page 3 of 4</b> Effective Date: <del>August 30,</del> <u>2020 October 1, 2021</u>

3. U.S. Government Agency Securities (Government Sponsored Enterprises) exclusive of mortgage-backed and commercial-backed securities.
4. Repurchase Agreements – All repurchase agreements require that a fixed rate of interest be paid and further require that related collateral be delivered versus payment to the Phoenix IDA's custodian. Delivery price of collateral shall be at least 102% of the dollar price with collateral marked-to-market daily. Maximum maturity shall be one year.
5. Certificates of Deposit where maturing principal and interest do not exceed the \$250,000 FDIC deposit insurance limit (total deposits and maturing values of CDs in any institution should not exceed \$250,000 in aggregate, except as delineated in this section).
6. Private fixed-income obligations fully guaranteed by the United States (such as FDIC-backed assets).
7. Municipal obligations – Issuer must be a city, county, state, or other political subdivision created by a government act. If the obligation is short-term debt, then it must have a minimum "P1 or MIG1P1" rating by Moody's and a minimum "A-1" rating by S&P. If the obligation is long-term, then it must have a minimum "A1" uninsured rating by Moody's and a minimum "A+" uninsured rating by S&P. Purchases will not be allowed for those issuers who are currently under review by either rating agency for possible downgrade of their debt rating.
8. Money Market Mutual Funds must be U.S. Government, U.S. Government Agencies, or Municipal Money Market Mutual Funds registered with the Securities and Exchange Commission pursuant to the Federal Investment Company Act of 1940. By prospectus or other fund statement of additional information, the funds shall only invest in investments that comply with this Policy's requirements for authorized investments.
9. Bank deposits backed with a letter of credit (LOC) from a Government Sponsored Enterprise, such as a Federal Home Loan Bank (FHLB), that insures the funds in excess of the FDIC limit. The LOC would serve as the mechanism by which the

## The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 202</b>
SECTION 200 <b>FINANCIAL, INVESTMENTS AND LENDING</b>	Original Effective Date: <b>May 12, 2011</b>
SUBJECT <b>INVESTMENT POLICY</b>	<b>Page 4 of 4</b> Effective Date: <del>August 30, 2020</del> <b>October 1, 2021</b>

trustee would draw the insured funds to remit to the bank's insured account holders.

### F. PROCEDURES

Below are key procedures to maximize the effectiveness of this Policy:

1. Reporting: The Chief Executive Officer should receive bank statements and securities holdings and performance reports not less than monthly.
2. Audit: A review of the Phoenix IDA's banking and investment activities shall be included in the Phoenix IDA's annual financial audit.
3. Oversight: Administration of banking and investment relationships shall be handled by the Chief Executive Officer and his/her designee. The Chief Executive Officer and the Phoenix IDA's Treasurer shall provide regular oversight of banking and investment activities. At least annually the ~~Finance Committee~~Board of Directors shall receive a written ~~and/or~~ verbal report on investments and banking activities from the Chief Executive Officer, or his/her designee.

### APPROVED:

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Tina Marie Tentori, Secretary  
The Industrial Development Authority of  
the City of Phoenix, Arizona

## The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 202</b>
SECTION 200 <b>FINANCIAL, INVESTMENTS AND LENDING</b>	Original Effective Date: <b>May 12, 2011</b>
SUBJECT <b>INVESTMENT POLICY</b>	<b>Page 1 of 4</b> Effective Date: <b>October 1, 2021</b>

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### **A. BACKGROUND**

The Phoenix IDA earns income from bond issue fees, ongoing assessment fees, extensions of credit, bond redemptions, investments, and administrative fees.

### **B. STANDARD OF CARE**

The Chief Executive Officer, and his/her designee, as administrators of the Phoenix IDA’s monies, shall adhere to the “prudent person” standard when managing the Phoenix IDA’s funds. Their duties must be performed with the care, skill, prudence and diligence that a prudent person acting in a like capacity would use in the conduct of an enterprise with like character and goals of the Phoenix IDA.

The Chief Executive Officer, and his/her designee, shall refrain from engaging in any activity that impairs (or has the potential to impair) his or her ability to make impartial investment decisions for the Phoenix IDA. The Chief Executive Officer, and his/her designee, shall disclose in writing to the Board of Directors any material financial interests as well as personal relationships existing with employees and/or officers of financial institutions conducting business with the Phoenix IDA.

## The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 202</b>
SECTION 200 <b>FINANCIAL, INVESTMENTS AND LENDING</b>	Original Effective Date: <b>May 12, 2011</b>
SUBJECT <b>INVESTMENT POLICY</b>	<b>Page 2 of 4</b> Effective Date: <b>October 1, 2021</b>

### C. GOALS

The following are the Phoenix IDA's goals as they relate to its investments in marketable securities, listed in order of priority:

1. Safety of principal: Safety of principal is the Phoenix IDA's most important investment policy goal. Investments shall be made with the primary aim of avoiding loss of principal.
2. Liquidity: An adequate amount of funds shall remain liquid in order to meet anticipated cash disbursement requirements.
3. Rate of return: The Phoenix IDA seeks a rate of return consistent with its safety of principal and liquidity goals.

### D. CASH MANAGEMENT

The Phoenix IDA shall meet its annual operating cash needs by depositing funds in insured bank accounts. To ensure maximum safety, the Phoenix IDA shall deposit, in aggregate, no more than the FDIC insurance limit (currently \$250,000) in any one insured institution that does not offer a program, or programs, such as that described in Section F. of this Policy. To the extent the FDIC, or other, insurance limit is reduced, the Phoenix IDA's aggregate deposit with any one insured institution shall be adjusted accordingly.

### E. INVESTMENTS IN SECURITIES

Given the priority of safety of principal, the Phoenix IDA shall invest only in the following securities:

1. U.S. Treasury bills, notes and bonds.
2. Securities guaranteed, insured, or backed by the full faith and credit of the U.S. Government.

## The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 202</b>
SECTION 200 <b>FINANCIAL, INVESTMENTS AND LENDING</b>	Original Effective Date: <b>May 12, 2011</b>
SUBJECT <b>INVESTMENT POLICY</b>	<b>Page 3 of 4</b> Effective Date: <b>October 1, 2021</b>

3. U.S. Government Agency Securities (Government Sponsored Enterprises) exclusive of mortgage-backed and commercial-backed securities.
4. Repurchase Agreements – All repurchase agreements require that a fixed rate of interest be paid and further require that related collateral be delivered versus payment to the Phoenix IDA's custodian. Delivery price of collateral shall be at least 102% of the dollar price with collateral marked-to-market daily. Maximum maturity shall be one year.
5. Certificates of Deposit where maturing principal and interest do not exceed the \$250,000 FDIC deposit insurance limit (total deposits and maturing values of CDs in any institution should not exceed \$250,000 in aggregate, except as delineated in this section).
6. Private fixed-income obligations fully guaranteed by the United States (such as FDIC-backed assets).
7. Municipal obligations – Issuer must be a city, county, state, or other political subdivision created by a government act. If the obligation is short-term debt, then it must have a minimum "P1 or MIG1" rating by Moody's and a minimum "A-1" rating by S&P. If the obligation is long-term, then it must have a minimum "A1" uninsured rating by Moody's and a minimum "A+" uninsured rating by S&P. Purchases will not be allowed for those issuers who are currently under review by either rating agency for possible downgrade of their debt rating.
8. Money Market Mutual Funds must be U.S. Government, U.S. Government Agencies, or Municipal Money Market Mutual Funds registered with the Securities and Exchange Commission pursuant to the Federal Investment Company Act of 1940. By prospectus or other fund statement of additional information, the funds shall only invest in investments that comply with this Policy's requirements for authorized investments.
9. Bank deposits backed with a letter of credit (LOC) from a Government Sponsored Enterprise, such as a Federal Home Loan Bank (FHLB), that insures the funds in excess of the FDIC limit. The LOC would serve as the mechanism by which the

## The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 202</b>
SECTION 200 <b>FINANCIAL, INVESTMENTS AND LENDING</b>	Original Effective Date: <b>May 12, 2011</b>
SUBJECT <b>INVESTMENT POLICY</b>	<b>Page 4 of 4</b> Effective Date: <b>October 1, 2021</b>

trustee would draw the insured funds to remit to the bank's insured account holders.

### F. PROCEDURES

Below are key procedures to maximize the effectiveness of this Policy:

1. Reporting: The Chief Executive Officer should receive bank statements and securities holdings and performance reports not less than monthly.
2. Audit: A review of the Phoenix IDA's banking and investment activities shall be included in the Phoenix IDA's annual financial audit.
3. Oversight: Administration of banking and investment relationships shall be handled by the Chief Executive Officer and his/her designee. The Chief Executive Officer and the Phoenix IDA's Treasurer shall provide regular oversight of banking and investment activities. At least annually the Board of Directors shall receive a written or verbal report on investments and banking activities from the Chief Executive Officer, or his/her designee.

### APPROVED:

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Tina Marie Tentori, Secretary  
The Industrial Development Authority of  
the City of Phoenix, Arizona

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 203</b>
SECTION 200 <b>FINANCIAL, INVESTMENT AND LENDING</b>	Original Effective Date: <b>June 14, 2012</b>
SUBJECT <b>COMMUNITY IMPACT FUND INVESTMENT POLICY</b>	<b>Page 1 of 3</b> Effective Date: <del>August 30, 2020</del> <b>October 1, 2021</b>

This document sets forth the community impact investment fund policy (the "Policy") of The Industrial Development Authority of the City of Phoenix, Arizona (the "Phoenix IDA"). The Policy is intended to guide the Phoenix IDA's Board of Directors (the "Board"), ~~Community Impact Fund Committee (the "Committee")~~, its Chief Executive Officer and employees in investing the Phoenix IDA's community impact funds through various loan products and to guide the Board in the oversight of such investments, thus achieving the highest level of transparency and accountability with respect to the Phoenix IDA's operations.

This Policy provides for investment in the community outside the Investment Policy. The scope of this Policy is limited to investment of the Phoenix IDA's funds allocated from the administrative fund to the community impact fund (the "Fund") by the Board.

## A. GENERAL

Community impact funds are to be directed for a public purpose to maximize community or social impact, while seeking a return on capital. Returns may be measured in traditional return on investment, such as interest on loans, or in other impacts, such as education, job creation, innovation, improving social services and similar non-traditional effects, or any combination of returns.

The Phoenix IDA may make impact investments directly or in collaboration with other entities including, without limitation, lenders, nonprofit organizations, educational institutions, foundations, economic development groups or other governmental agencies. Recipients of community impact funds may be businesses, 501 (c) nonprofit corporations or other organizations whose mission is in keeping with this Policy.

## B. GUIDELINES

Impact investments will follow these guidelines:

1. ~~One hundred percent (100%) of t~~The Fund's investments will be primarily directed to organizations with projects in Arizona, ~~at least sixty percent (60%) of which with~~ a focus on projects ~~shall be in within~~ the ~~city City~~ of Phoenix ~~and Maricopa County~~.

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 203</b>
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SUBJECT <b>COMMUNITY IMPACT FUND INVESTMENT POLICY</b>	<b>Page 2 of 3</b> Effective Date: <del>August 30</del> <u>October 1,</u> <del>2020</del> <u>2021</u>

2. No more than 10% of the Fund's total allocation shall be actively invested (cumulatively) with one organization.
3. Impact investments will be for no more than a ~~seven (7)~~ten (10) year period before the capital is to be returned.
4. Loan fees and interest rates are to be generally targeted at market rates, with adjustment possible for social impact up to a ~~100%~~-waiver of the loan fee and/or a ~~50%~~-reduction in the interest rate.
5. Collection of receivables and loan loss reserves for impact investments are governed by those provisions in the Financial Policy.
6. Proceeds from the Fund's impact investments will be treated as operating revenues and maintained in the administrative fund.
7. Exceptions to any requirements of this Policy may be made on a case-by-case basis by ~~the Committee or~~ the Board.

## C. PROCEDURES

Below are key procedures to maximize the effectiveness of this Policy:

- ~~1. "Programs" are multiple similar impact investments, such as a loan participation program or collateral enhancement program. All Programs shall be approved by the Board. Once the Board has approved a Program, the Board may delegate approval of individual investments within such Program to the Committee or to the Chief Executive Officer.~~
- 2.1. The Board shall approve all ~~individual non-Program~~ impact investments or categories of investments of over \$400,000~~250,000~~. Once the Board has approved a category of investments, the Board may delegate approval of individual investments within such category to the Chief Financial Officer or the Chief Legal Officer.
- 3.2. The Chief Financial Officer or the Chief Legal Officer~~Committee~~ may approve ~~any individual non-Program~~ impact investments of up to \$~~400~~250,000 as



## The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 203</b>
SECTION 200 <b>FINANCIAL, INVESTMENT AND LENDING</b>	Original Effective Date: <b>June 14, 2012</b>
SUBJECT <b>COMMUNITY IMPACT FUND INVESTMENT POLICY</b>	<b>Page 3 of 3</b> Effective Date: <del>August 30</del> <u>October 1,</u> <del>2020</del> <u>2021</u>

~~long as such investments are in compliance with the guidelines in Section B above and may delegate approval of individual non-Program impact investments up to \$50,000 to the Chief Executive Officer.~~

~~4.3. The Chief Executive Officer is delegated signing authority for all related documents on approved impact investments.~~ No authorization is given in this Policy to conflict with the check signing authority provided by the Financial Policy.

~~5.4.~~ Administration of impact investment relationships shall be handled by the Chief Executive Officer and his/her designee. The Chief Executive Officer or designee~~and the Committee chairperson~~ shall provide regular oversight of Fund impact investments to the Treasurer. At least annually the Board Committee shall receive a written and or verbal report on Fund impact investments from the Chief Executive Officer, or his/her designee.

~~6. The Chief Executive Officer or his/her designee shall maintain a listing of all active Programs with a summary of each Program's requirements, investment term limits and maximum amounts, as applicable.~~

**APPROVED:**

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Tina Marie Tentori, Secretary  
The Industrial Development Authority of  
the City of Phoenix, Arizona

# The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 203</b>
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This document sets forth the community impact investment fund policy (the “Policy”) of The Industrial Development Authority of the City of Phoenix, Arizona (the “Phoenix IDA”). The Policy is intended to guide the Phoenix IDA’s Board of Directors (the “Board”), its Chief Executive Officer and employees in investing the Phoenix IDA’s community impact funds through various loan products and to guide the Board in the oversight of such investments, thus achieving the highest level of transparency and accountability with respect to the Phoenix IDA’s operations.

This Policy provides for investment in the community outside the Investment Policy. The scope of this Policy is limited to investment of the Phoenix IDA’s funds allocated from the administrative fund to the community impact fund (the “Fund”) by the Board.

## A. GENERAL

Community impact funds are to be directed for a public purpose to maximize community or social impact, while seeking a return on capital. Returns may be measured in traditional return on investment, such as interest on loans, or in other impacts, such as education, job creation, innovation, improving social services and similar non-traditional effects, or any combination of returns.

The Phoenix IDA may make impact investments directly or in collaboration with other entities including, without limitation, lenders, nonprofit organizations, educational institutions, foundations, economic development groups or other governmental agencies. Recipients of community impact funds may be businesses, 501 (c) nonprofit corporations or other organizations whose mission is in keeping with this Policy.

## B. GUIDELINES

Impact investments will follow these guidelines:

1. The Fund's investments will be primarily directed to organizations with projects in Arizona, with a focus on projects within the City of Phoenix and Maricopa County.
2. No more than 10% of the Fund's total allocation shall be actively invested (cumulatively) with one organization.

## The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 203</b>
SECTION 200 <b>FINANCIAL, INVESTMENT AND LENDING</b>	Original Effective Date: <b>June 14, 2012</b>
SUBJECT <b>COMMUNITY IMPACT FUND INVESTMENT POLICY</b>	<b>Page 2 of 3</b> Effective Date: <b>October 1, 2021</b>

3. Impact investments will be for no more than a ten (10) year period before the capital is to be returned.
4. Loan fees and interest rates are to be generally targeted at market rates, with adjustment possible for social impact up to a waiver of the loan fee and/or a reduction in the interest rate.
5. Collection of receivables and loan loss reserves for impact investments are governed by those provisions in the Financial Policy.
6. Proceeds from the Fund's impact investments will be treated as operating revenues and maintained in the administrative fund.
7. Exceptions to any requirements of this Policy may be made on a case-by-case basis by the Board.

### C. PROCEDURES

Below are key procedures to maximize the effectiveness of this Policy:

1. The Board shall approve all impact investments or categories of investments of over \$250,000. Once the Board has approved a category of investments, the Board may delegate approval of individual investments within such category to the Chief Financial Officer or the Chief Legal Officer.
2. The Chief Financial Officer or the Chief Legal Officer may approve impact investments of up to \$250,000 as long as such investments are in compliance with the guidelines in Section B above.
3. No authorization is given in this Policy to conflict with the check signing authority provided by the Financial Policy.
4. Administration of impact investment relationships shall be handled by the Chief Executive Officer and his/her designee. The Chief Executive Officer or designee shall provide regular oversight of Fund impact investments to the Treasurer. At least annually the Board shall receive a written or verbal report on Fund impact investments from the Chief Executive Officer, or his/her designee.

## The Industrial Development Authority of the City of Phoenix, Arizona

<b>GOVERNANCE POLICY</b>	<b>No. 203</b>
SECTION 200 <b>FINANCIAL, INVESTMENT AND LENDING</b>	Original Effective Date: <b>June 14, 2012</b>
SUBJECT <b>COMMUNITY IMPACT FUND INVESTMENT POLICY</b>	<b>Page 3 of 3</b> Effective Date: <b>October 1, 2021</b>

**APPROVED:**

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Tina Marie Tentori, Secretary  
The Industrial Development Authority of  
the City of Phoenix, Arizona



PHOENIX IDA

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# Item 6

## **Executive Session**



PHOENIXIDA

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# Personnel Matters E-Session Oral Report

## Item 7



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# CALL TO THE PUBLIC