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**NOTICE OF PUBLIC MEETING  
THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF PHOENIX, ARIZONA  
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, BOARD OF DIRECTORS**, and to the general public, that **THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA, BOARD OF DIRECTORS** will hold a meeting open to the public on **Thursday, April 18, 2024, at 3:00 p.m.** located at 2201 East Camelback Road, 4<sup>th</sup> Floor, Phoenix, Arizona. Public attendees may also call 669-900-6833 and enter Meeting ID 812 3329 8453, Passcode 449420 to join the meeting.

Pursuant to Arizona Revised Statutes §38-431.03(A)(3) and/or (4), the Board may vote to recess and meet in executive session for the purpose of discussion or consultation for legal advice with the Board's legal counsel and to provide direction to the Board's legal counsel in connection with any matter on the agenda.

The agenda for the meeting is as follows:

**Call to Order.**

- 1. Approval of Meeting Minutes.**
  - a. March 21, 2024 – Regular Session
- 2. Education Session – Nonprofit 501c3, Lessening the Burden of Government.**
- 3. Lease Revenue Bonds, Notes or Other Obligations (GW-SLB II, LLC Project).** Presentation, discussion, and possible action for final approval of the issuance of lease revenue bonds, notes, or other obligations to be issued in one or more tax-exempt and/or taxable series in an aggregate principal amount not to exceed \$10,000,000.
- 4. Lease Revenue Bonds, Notes or Other Obligations (AGES-SLB, LLC Project).** Presentation, discussion, and possible action for final approval of the issuance of lease revenue bonds, notes, or other obligations to be issued in one or more tax-exempt and/or taxable series in an aggregate principal amount not to exceed \$6,000,000.
- 5. Annual Phoenix IDA Liability Insurance Policies.** Presentation, discussion, and possible action to approve directors, officers, executive management, employment practices, property, and general liability insurance policies for the annual policy period.

6. **Mercy House (Senior Bridge Transitional Container Housing for Homeless Seniors).** Presentation, discussion, and possible action to approve financial support to Mercy House in support of Senior Bridge.
7. **Financial Statements for Period Ending December 31, 2023.** Presentation, discussion, and possible action to approve the Phoenix IDA Financial Statements for Period Ending December 31, 2023.
8. **Requests for future board agenda items.**
9. **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:**



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Item 1

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

**March 21, 2024**

A public meeting of the Board of Directors of The Industrial Development Authority of the City of Phoenix, Arizona (the “Phoenix IDA”) was convened on Thursday, March 21, 2024, at 3:00 p.m., in person and via Zoom Videoconferencing.

**Board Members present:**

Ms. Tess Burleson  
Mr. Phil Gordon  
Mr. Aaron Marquez  
Mr. Mark Moeremans  
Mr. Bruce Mosby  
Ms. Tina Marie Tentori

**Board Members absent:**

Mr. Jack Dover  
Mr. Colin Tetreault

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

Ms. Toneille Bent, City Year  
Ms. Elizabeth Berry, The Plaza Companies  
Mr. Richard Crews, Keys to Change  
Mr. Frank Enriquez, Phoenix IDA  
Ms. Tracey Fine, National Church Residences  
Mr. Jerald Goode, Goode Tax LLC  
Mr. Randy Goode, Goode Creative  
Ms. Wendy Gutierrez, Phoenix IDA  
Mr. Dan Holwerda, Holwerda Law PLLC

Ms. Meredith Hanson, City Year  
Ms. Verity Kang, Kutak Rock LLP  
Ms. Lydia Lee, Phoenix IDA  
Mr. Paul Magallanez, Phoenix IDA  
Mr. Adam Morgan, Morgan and Associates  
Mr. C.W. Ross, Fennemore Craig, P.C  
Mr. Juan Salgado, Phoenix IDA  
Mr. Mike Santellanes, Phoenix IDA  
Ms. Christa Severns, Phoenix IDA  
Ms. Cindy Stotler, Phoenix IDA

Any member of the public that was present during the meeting was able to hear all discussions and actions taken by Board Members that were present, in person and over the phone, via a videoconferencing system.

Director Mosby called the Board meeting to order at 3:02 p.m. A quorum was noted.

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

Director Mosby introduced Item 1 seeking approval for the regular meeting minutes for the February 15, 2024, Board of Directors meeting. There being no comments or changes, Director Mosby called for a motion.

**MOTION:** Director Gordon moved to approve the regular meeting minutes for February 15, 2024, Board of Directors meeting. Director Marquez seconded the motion. **Motion passed 6-0 with Board members T. Burleson, P. Gordon, A. Marquez, M. Moeremans, B. Mosby, and T. Tentori in favor.**

**ITEM 2:      City Year.**

Mr. Salgado introduced the item and asked Ms. Lee to present the staff report and guests. Ms. Lee completed the staff report as reflected in the Phoenix IDA's records for this meeting, which are available upon request.

Ms. Lee introduced Ms. Meredith Hansen and Ms. Toneille Bent from City Year.

Ms. Bent gave a brief background of the City Year program and Ms. Hansen gave a presentation on the plans and implementation for City Year Phoenix.

Discussion and questions from board members ensued.

Ms. Hanson responded to Director Moereman's inquiry that City Year's recruitment is done both locally and nationally. Additionally, approximately 40% of the core stay in the core service area.

There being no further comments or questions Director Mosby called for a motion.

**MOTION:** Director Gordon moved to approve a grant in the amount of \$250,000 in support of City Year Phoenix. Director Marquez seconded the motion. **Motion passed 6-0 with Board members T. Burleson, P. Gordon, A. Marquez, M. Moeremans, B. Mosby, and T. Tentori in favor.**

Mr. Salgado thanked Director Marquez for introducing the Phoenix IDA to City Year and recognized that Director Marquez is a City Year alumni.

**ITEM 3:      Multifamily Housing Revenue Bonds, Notes or Other Obligations (Memorial Towers Project).**

Mr. Salgado introduced the item to the board for the approval of the Multifamily Housing Revenue Bonds (Memorial Towers Project), Series 2024. Mr. Salgado introduced Mr. Enriquez to present the staff report on this project. Mr. Enriquez completed the staff report as reflected in the Phoenix IDA's records for this meeting, which are available upon request.

Mr. Enriquez introduced Ms. Verity Kang of Kutak Rock, who is representing the issuer as counsel. Ms. Kang reported that she has reviewed the application and relevant documents and has concluded that the project is eligible for IDA financing and the documents are essentially in final form.

Mr. Enriquez introduced Ms. Tracey Fine from National Churches Residences, who gave a project overview and was available to answer any further questions.

Director Mosby asked if there were any questions or comments from the board. There being no questions or comments, Director Mosby called for a motion on the project.

**MOTION:** Director Marquez moved to approve Resolution 2024-06 as recommended by the Chief Executive Officer and legal counsel to the Phoenix IDA. Director Tentori seconded the motion. **Motion passed 6-0 with Board members T. Burleson, P. Gordon, A. Marquez, M. Moeremans, B. Mosby, and T. Tentori in favor.**

**ITEM 4: Real Estate Property.**

Mr. Salgado introduced the item to the board for the approval of the real estate acquisition. Mr. Salgado introduced Ms. Cindy Stotler to present the staff report on this project. Ms. Stotler completed the staff report as reflected in the Phoenix IDA's records for this meeting, which are available upon request.

Ms. Stotler introduced the key partners in the overall project who gave brief reviews of their respective companies and their roles in the project. Ms. Elizabeth Berry, The Plaza Companies, Mr. Jerald Goode, Goode Foundation, and Mr. Rihcard Crews, Foresight/Keys to Change.

Mr. Salgado recalled that Foresight foundation received an investment/grant from the Phoenix IDA in the form of seed capital.

Ms. Stotler introduced Mr. Dan Holwerda, legal counsel for the project. Mr. Holwerda was available to answer any legal questions should be Board elect to go into executive session for this item.

Director Mosby asked if any of the board members felt the need for an executive session discussion on this item. There were none. There being no additional questions or comments, Director Mosby called for a motion on the project.

**MOTION:** Director Marquez moved to approve Resolution 2024-06 as recommended by the Chief Executive Officer and legal counsel to the Phoenix IDA. Director Tentori seconded the motion. **Motion passed 6-0 with Board members T. Burleson, P. Gordon, A. Marquez, M. Moeremans, B. Mosby, and T. Tentori in favor.**

**ITEM 5: Education Session – Ethics and Conflict of Interest.**

Mr. Salgado introduced Mr. C.W. Ross, Fennemore Craig, P.C, corporate counsel for the Phoenix IDA, who presented a Board Education Session on Ethics and Conflict of Interest, as reflected in the Phoenix IDA's records for this meeting.

This item was for information purposes only, no action was taken.

**ITEM 6: Requests for future board agenda items.**

Director Mosby introduced the item and offered an opportunity for any board member to recommend any item for future board meetings.

No comments were made.

This item was for information purposes only, no action was taken.

**ITEM 7:      Call to the Public.**

Director Mosby made a call to the public.

With no further business to come before the Board, being duly moved and seconded, the Board meeting was adjourned at 4:01 p.m.



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## Item 2





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# EDUCATION SESSION

Nonprofit 501c3 -  
Lessening the  
Burden of  
Government



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## Item 3



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## MEMORANDUM

**DATE:** April 18, 2024

**TO:** Members, Board of Directors

**FROM:** Juan Salgado, Chief Executive Officer

**SUBJECT:** Lease Revenue Bonds (GW-SLB II, LLC Project), Series 2024 – Retail Store

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### BACKGROUND

Goodwill of Central and Northern Arizona, an Arizona nonprofit corporation (“Goodwill”) and an exempt organization described under the Code, operates retail sites for collecting community donations, processing donated goods, and generating revenues through the sale of donated goods for purposes of supporting the job training and career placement missions of the organization (each, a “Goodwill Mission Center”).

Today, to support Goodwill and a Goodwill Mission Center, GW-SLB II, LLC, an Arizona limited liability company (the “Borrower”), whose sole member is Community Enhancement Corporation, an Arizona nonprofit corporation and an exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, is seeking the Board’s final approval for the issuance of Phoenix IDA’s subject Lease Revenue Bonds (the “Bonds”), in one or more series issued on a tax-exempt or taxable basis, in an aggregate principal amount not to exceed \$10,000,000. Proceeds of the Bonds will be loaned to the Borrower and used to finance or refinance, as applicable, the acquisition, construction, improvement, equipping, and/or operation of land and building (the “Goodwill Facility”). The Goodwill Facility will be leased to and operated by Goodwill as a Goodwill Mission Center. The Goodwill Facility will be owned by the Borrower, and operated by Goodwill, its affiliates, successors and assigns, pursuant to a lease agreement between the Borrower and Goodwill.

Goodwill and the Borrower will seek Phoenix City Council approval on May 1, 2024, pending Phoenix IDA Board approval.

### THE PROJECT

The Goodwill Facility is located at or near 8517 W. Grand Avenue in Peoria, Maricopa County, Arizona. The Goodwill Facility is not located within the Phoenix City Council Districts, however the corporate headquarters for Goodwill is located in the city at 2626 W. Beryl Avenue.

### PLAN OF FINANCING

The Bonds will be sold through a direct placement to Arizona Bank & Trust, a division of HTLF Bank. Goodwill and the Borrower expect the sale of the Bonds to be completed by May 15, 2024.

**RECOMMENDATION**

It is recommended that approval be granted subject to the terms and conditions contained in the Board final approval resolution, as reviewed by Phoenix IDA staff and Squire Patton Boggs (US) LLP, legal advisor to the Phoenix IDA for this transaction.

**RESOLUTION NO. 2024-09**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA GRANTING APPROVAL OF THE ISSUANCE OF ONE OR MORE SERIES OF ITS LEASE REVENUE BONDS (GW-SLB II, LLC PROJECT), SERIES 2024, TO BE ISSUED ON A TAXABLE OR TAX-EXEMPT BASIS, IN AN AGGREGATE ORIGINAL PRINCIPAL AMOUNT OF NOT TO EXCEED \$10,000,000 (THE “BONDS”); AUTHORIZING THE EXECUTION AND DELIVERY OF A FINANCING AGREEMENT AND RELATED SECURITY DOCUMENTS; APPROVING THE TERMS OF SUCH DOCUMENTS AND RELATED DOCUMENTS TO BE EXECUTED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH SUCH BONDS; AND AUTHORIZING OTHER ACTIONS NECESSARY IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS**

**WHEREAS**, The Industrial Development Authority of the City of Phoenix, Arizona (the “Authority”), is an Arizona nonprofit corporation designated as a political subdivision of the State of Arizona (the “State”), empowered under the Industrial Development Financing Act, Title 35, Chapter 5 of the Arizona Revised Statutes, Section 35-701 et seq., as amended (the “Act”), to issue revenue bonds for the purposes set forth in the Act, including the making of secured and unsecured loans to finance or refinance the acquisition, construction, improvement, equipping or operating of a “project” (as defined in the Act), whenever the Board of Directors of the Authority (the “Board of Directors”) finds such loans to further advance the interests of the Authority or the public, and to refund outstanding obligations incurred by an enterprise to finance the cost of a project when the Board of Directors finds that the refinancing is in the public interest; and

**WHEREAS**, the term “project” includes within its meaning any land, any building, or other improvement, and all real and personal property which are suitable for facilities owned or operated by a nonprofit organization described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended (the “Code”);

**WHEREAS**, GW-SLB II, LLC, an Arizona limited liability company (the “Borrower”), whose sole member is Community Enhancement Corporation, an Arizona nonprofit corporation and an exempt organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), has requested that the Authority issue its Lease Revenue Bonds (GW-SLB II, LLC Project), Series 2024 (the “Bonds”), pursuant to a Financing Agreement (the “Financing Agreement”), among the Authority, the Borrower, and Arizona Bank & Trust, a division of HTLF Bank (the “Purchaser”), pursuant to which the Authority will loan the proceeds of the Bonds to the Borrower (the “Loan”) to, together with other available moneys: (a) finance or refinance the cost of acquiring, constructing, improving, equipping or operating, as applicable, land and a building located at 8517 W. Grand Ave, Peoria, Arizona (the “Facility”), to be operated by Goodwill of Central and Northern Arizona, an Arizona nonprofit corporation and an organization described under Section 501(c)(3) of the Code (“Goodwill”), as a site for collecting community donations, processing donated goods, and generating revenues through the sale of donated goods for purposes of supporting the job training and career placement missions of Goodwill (collectively, “Community Donation Retail Operations”); (b) fund any required reserves; (c) fund any required capitalized interest on the Bonds; and (d) pay costs and expenses incurred in connection therewith (collectively, the “Project”), all in accordance with the Act; and

**WHEREAS**, the Facility will be leased to and operated by Goodwill, pursuant to a Lease to be entered into between the Borrower and Goodwill (the “Lease”); and

**WHEREAS**, the Loan will be secured by, among other things: (a) a Deed of Trust and Assignment of Rents with Security Agreement (Financing Statement-Fixture Filing), executed by the Borrower in favor of the Authority, granting a lien on and security interest in the Facility (the “Deed of Trust”); (b) all right, title and interest of the Authority in and to any moneys held under the Financing Agreement; (c) all right, title and interest of the Authority in the Financing Agreement (excluding certain enumerated rights); and (d) a Guaranty, executed by Goodwill in favor of the Purchaser and the Authority; and

**WHEREAS**, the terms, maturities, provisions for redemption, security, and sources of payment for the Bonds are set forth in the Financing Agreement and in the forms of the Bonds attached thereto; and

**WHEREAS**, the Bonds will be sold through a direct placement to the Purchaser pursuant to the Financing Agreement; and

**WHEREAS**, there have been prepared and presented to the Chief Executive Officer of the Authority the proposed substantially final forms of the following documents (collectively, the “Documents”):

- (a) the Financing Agreement, including the initial form of the Bonds;
- (b) the Lease;
- (c) the Deed of Trust; and
- (d) the Guaranty; and

**WHEREAS**, the Borrower is organized exclusively to further the stated charitable purposes of the Member, which specifically includes, among other purposes, the acquisition, development, management and operation of buildings and other facilities to further the charitable purposes of organizations recognized as exempt under Section 501(c)(3) of the Code; and

**WHEREAS**, Goodwill is an organization recognized as exempt under Section 501(c)(3) of the Code, and its stated charitable purposes include, among other purposes, skills training, job preparation and career readiness services, and referral connections to hiring companies (collectively, the “Goodwill Mission”); and

**WHEREAS**, the Goodwill Mission is accomplished, in part, by funding provided from Community Donation Retail Operations; and

**WHEREAS**, the acquisition of the Facility by the Borrower and lease-back of the Facility to Goodwill will lessen the burdens of Goodwill related to its the Community Donation Retail Operations by facilitating favorable financing under the terms of the Financing Agreement; and

**WHEREAS**, insofar as the operation of the Facility by Goodwill to provide its Community Donation Retail Operations is part of the charitable purposes of Goodwill, the acquisition and lease-back of the Facility by the Borrower furthers the charitable purposes of the Member; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of The Industrial Development Authority of the City of Phoenix, Arizona, as follows:

**Section 1. Findings.** The Board of Directors finds and determines that the issuance of the Bonds and the making of a loan to the Borrower for the purpose of financing and/or refinancing all or a portion of

the cost of the Project and the costs and expenses incidental thereto, are in furtherance of the purposes and interests of the Authority under the Act and in the public interest and that the Facility will constitute a “project” within the meaning of the Act.

**Section 2. Authorization and Terms of Bonds.** The Bonds, which shall be named as set forth herein or as otherwise set forth in the Financing Agreement, are hereby approved and authorized to be issued, in one or more taxable or tax-exempt series, in an aggregate principal amount of not to exceed \$10,000,000, to be dated, to mature (no later than 40 years after their date of issuance), to bear interest (not in any event to exceed 9% per year), to be subject to redemption, to be payable as to principal and interest, and with such other terms, all as provided in the Financing Agreement pursuant to which the Bonds are issued.

**Section 3. Special Limited Obligations.** The Bonds shall be payable solely from the property held and receipts and revenues received by or on behalf of the Authority pursuant to the Financing Agreement. Nothing contained in (a) this Resolution, (b) the Documents, or (c) any other agreement, certificate, document, or instrument executed in connection with the issuance of any of the Bonds shall be construed as obligating the Authority (except as a special limited obligation to the extent provided in such documents or instruments) or obligating the City of Phoenix, Arizona (the “City”), or the State to pay the principal of or premium, if any, or interest on the Bonds, or as incurring a charge upon the general credit of the Authority, the City or the State, nor shall the breach of any agreement contemplated by this Resolution, the Documents, or any other instrument or documents executed in connection herewith or therewith impose any charge upon the general credit of the Authority, the City or the State. The Authority has no taxing power.

**Section 4. Other Bonds.** Prior to the issuance of the Bonds, the Authority has or will have issued, and subsequent to the issuance of the Bonds, the Authority may issue, bonds in connection with the financing of other projects (said bonds are referred to herein as the “Other Bonds”). Any pledge, mortgage, or assignment made in connection with the Other Bonds shall be protected, and any funds pledged or assigned for payment of principal of or premium, if any, or interest on the Other Bonds shall not be used for the payment of principal of or premium, if any, or interest on the Bonds. Any pledge, mortgage, or assignment made in connection with the Bonds shall be protected, and no funds pledged or assigned for the payment of the Bonds shall be used for the payment of principal of or premium, if any, or interest on the Other Bonds.

**Section 5. Authority Documents; Authority’s Signatures.** The forms, terms, and provisions of each of the Documents, in the forms of such Documents (including the exhibits thereto) presented to this meeting, are hereby approved, with such insertions, deletions, and changes as are approved by the officers authorized to execute the Documents (which approval will be conclusively established by their execution and/or delivery thereof). Upon satisfaction of the conditions set forth in Section 6 hereof, the Authority’s President, Vice President, Secretary, Treasurer or Chief Executive Officer (each an “Authorized Officer”) are each hereby authorized to execute and deliver each of the Documents or, with respect to any of the Documents not calling for execution by the Authority, to approve and deliver such Documents, with respect to any one or more series of the Bonds. From and after the execution and delivery of each of the Documents, the officers, agents, employees and Chief Executive Officer of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents, certificates and assignments as may be necessary to carry out and comply with the provisions of each of the Documents (as executed and delivered).

Signature pages for any Documents requiring the Authority’s signature shall be delivered to Authority’s Counsel no fewer than seven days prior to Bond closing or any other date on which an executed

signature page is required, and once executed will be held in escrow by the Authority's Counsel and delivered on the closing date or on such other date on which an executed signature page is required.

**Section 6. Conditions.** The Bonds shall not be issued unless and until:

(a) if the Bonds have not received a rating of "BBB-" or better (or an equivalent rating) from a nationally recognized bond rating agency, each purchaser of the Bonds shall execute and deliver an investor acknowledgement letter in form and substance satisfactory to the Authority and its counsel; provided, however, the provisions of this paragraph may be waived by the Authority in its sole discretion prior to the issuance of the Bonds;

(b) notice regarding the issuance of the Bonds is given to the Arizona Attorney General in the manner contemplated by Section 35-721(F) of the Act and, within 10 days of such notice, the Arizona Attorney General does not issue a negative opinion regarding the issuance of the Bonds;

(c) all agreements, certificates, documents, or instruments requiring the execution or consent of the Authority are in a form and substance acceptable to the Authority's Counsel;

(d) the Authority receives such opinions, certificates, comfort letters and consent letters in connection with the Bonds as the Authority's Counsel may deem necessary or appropriate, in form and substance satisfactory to the Authority's Counsel and advisors;

(e) the Borrower agrees to make arrangements mutually satisfactory to the Authority as to the payment of the Authority's closing fees, if any, annual administrative fees, and expenses, the terms and conditions of which will be incorporated into the Financing Agreement;

(f) the Authority, its officers, directors, employees, agents and its Chief Executive Officer and the City have been provided with full indemnification in connection with the issuance and sale of the Bonds, in form and substance satisfactory to the Authority's Counsel; and

(g) the Council of the City has approved the proceedings under which the Bonds are to be issued.

**Section 7. Ratification of Actions.** All actions, not inconsistent with the provisions of this Resolution heretofore taken by or at the direction of the Authority and its directors, officers, counsel, advisors, agents or its Chief Executive Officer, including, but not limited to, the engagement of Squire Patton Boggs (US) LLP, as Authority's Counsel, directed toward the issuance and sale of the Bonds, are hereby approved and ratified.

**Section 8. Sale of Bonds; Authentication.** The sale of the Bonds to the Purchaser in accordance with the terms of the Financing Agreement is hereby authorized and approved. Any Authorized Officer is hereby authorized to execute and deliver the Bonds to the Purchaser.

**Section 9. Further Actions.** The officers, the agents, the employees and the Chief Executive Officer of the Authority, upon satisfaction of the conditions set forth in Section 6 hereof, shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated hereby, including without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with the issuance, sale and delivery of the Bonds.



**Section 10. Open Meeting Laws.** It is found and determined that all formal actions of the Authority and its Board of Directors concerning and relating to the adoption of this Resolution were adopted in an open meeting and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the State and the Authority.

**Section 11. Public Hearing.** The Authority is hereby authorized to determine, in consultation with the Borrower, a date for a public hearing on the plan of financing of the project and the proposed issuance of the Bonds, as required by Section 147(f) of the Code, and to publish or post a public notice of such hearing in such form as approved by the Borrower and Bond Counsel.

**Section 12. Irrepealability.** After the Bonds are delivered by the Authority to the Purchaser upon receipt of payment therefor, this Resolution shall be and shall remain irrepealable until the Bonds and interest thereon shall have been fully paid, canceled, and discharged.

**Section 13. No Personal Liability.** The Chief Executive Officer of the Authority, the members of the Board of Directors and any director, officer, official, employee or agent of the Authority shall not be subject to any personal liability or accountability by reason of the issuance of the Bonds. The liability of the Authority with respect to the Documents, or any other document executed in connection with the transactions contemplated hereby, shall be limited as provided in the Act and such Documents.

**Section 14. Severability.** If any section, paragraph, clause, or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

**Section 15. Waiver.** Any provisions of the Authority's Bylaws, Procedural Pamphlet, as amended through January 25, 2023 (the "Pamphlet"), or prior resolutions inconsistent herewith are waived to the extent only of such inconsistency. This waiver shall not be construed as repealing any such Bylaws, Pamphlet, or resolution or any part thereof.

**Section 16. Headings.** Subject headings included in this Resolution are included for purpose of convenience only and shall not affect the construction or interpretation of any of its provisions.

**Section 17. Inability or Unavailability of Authorized Officer or Executive Director.** In the event of the absence, inability to act or unavailability of any Authorized Officer or the Chief Executive Officer of the Authority to perform any duty assigned to such person by the terms of this Resolution, any member of the Board of Directors of the Authority is each hereby authorized to act for such person.

**Section 18. Notice.** Notice of Arizona Revised Statutes Section 38-511 is hereby given. The provisions of that statute by this reference are incorporated herein to the extent of applicability to matters contained herein under the laws of the State.

**Section 19. Resolution Not to be Construed as Providing Advice Concerning Municipal Securities.** None of this Resolution, any of the Documents or any action taken by the Authority, any member of the Board of Directors, the Chief Executive Officer or the Authority's Counsel in connection with the issuance of the Bonds is intended to provide, and shall not be construed as providing, advice of any kind to the Borrower with respect to the issuance of the Bonds for purposes of 15 U.S.C. Section 780-4(e)(4)(A)(i). The Authority is a conduit Authority and none of the Authority, the Board of Directors, the Chief Executive Officer or the Authority's Counsel is acting or will act as a municipal advisor, financial advisor or fiduciary to any party involved in the issuance of the Bonds.

**Section 20. Effectiveness.** This Resolution shall be effective immediately.

[Signature page follows.]

Adopted and approved this 18<sup>th</sup> day of April, 2024.

THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF PHOENIX, ARIZONA

By: \_\_\_\_\_  
Juan Salgado, Chief Executive Officer



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# Item 4



**MEMORANDUM**

**DATE:** April 18, 2024  
**TO:** Members, Board of Directors  
**FROM:** Juan Salgado, Chief Executive Officer  
**SUBJECT:** Lease Revenue Bonds (AGES-SLB, LLC Project), Series 2024 – Education Facility

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**BACKGROUND**

Goodwill of Central and Northern Arizona, an Arizona nonprofit corporation (“Goodwill”) and an exempt organization described under the Code, operates an adult charter school through a wholly-owned affiliate, Arizona Goodwill Education Services, an Arizona nonprofit corporation (“AGES”).

Today, to support Goodwill and AGES, AGES-SLB, LLC, an Arizona limited liability company (the “Borrower”), whose sole member is Community Enhancement Corporation, an Arizona nonprofit corporation and an exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, is seeking the Board’s final approval for the issuance of Phoenix IDA’s subject Lease Revenue Bonds (the “Bonds”) in one or more series issued on a tax-exempt or taxable basis, in an aggregate principal amount not to exceed \$6,000,000. Proceeds of the Bonds will be loaned to the Borrower and used to finance or refinance, as applicable, the acquisition, construction, improvement, equipping, and/or operation of land and a building (the “Goodwill AGES Facility”). The Goodwill AGES Facility will be leased to and operated by AGES as an adult charter school. The Goodwill AGES Facility will be owned by the Borrower, and operated by AGES, its affiliates, successors and assigns, pursuant to a lease agreement between the Borrower and AGES.

Goodwill and the Borrower will seek Phoenix City Council approval on May 1, 2024, pending Phoenix IDA Board approval.

**THE PROJECT**

The Goodwill AGES Facility is located at or near 4837 E. McDowell Road, in Phoenix, Maricopa County, Arizona. The Goodwill AGES Facility is located within Phoenix City Council District 6, represented by Councilmember Kevin Robinson.

**PLAN OF FINANCING**

The Bonds will be sold through a direct placement to Arizona Bank & Trust, a division of HTLF Bank. Goodwill and the Borrower expect the sale of the Bonds to be completed by May 15, 2024.

**RECOMMENDATION**

It is recommended that approval be granted subject to the terms and conditions contained in the Board final approval resolution, as reviewed by Phoenix IDA staff and Squire Patton Boggs (US) LLP, legal advisor to the Phoenix IDA for this transaction.

**RESOLUTION NO. 2024-10**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA GRANTING APPROVAL OF THE ISSUANCE OF ONE OR MORE SERIES OF ITS LEASE REVENUE BONDS (AGES-SLB, LLC PROJECT), SERIES 2024, TO BE ISSUED ON A TAXABLE OR TAX-EXEMPT BASIS, IN AN AGGREGATE ORIGINAL PRINCIPAL AMOUNT OF NOT TO EXCEED \$6,000,000 (THE “BONDS”); AUTHORIZING THE EXECUTION AND DELIVERY OF A FINANCING AGREEMENT AND RELATED SECURITY DOCUMENTS; APPROVING THE TERMS OF SUCH DOCUMENTS AND RELATED DOCUMENTS TO BE EXECUTED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH SUCH BONDS; AND AUTHORIZING OTHER ACTIONS NECESSARY IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS**

**WHEREAS**, The Industrial Development Authority of the City of Phoenix, Arizona (the “Authority”), is an Arizona nonprofit corporation designated as a political subdivision of the State of Arizona (the “State”), empowered under the Industrial Development Financing Act, Title 35, Chapter 5 of the Arizona Revised Statutes, Section 35-701 et seq., as amended (the “Act”), to issue revenue bonds for the purposes set forth in the Act, including the making of secured and unsecured loans to finance or refinance the acquisition, construction, improvement, equipping or operating of a “project” (as defined in the Act), whenever the Board of Directors of the Authority (the “Board of Directors”) finds such loans to further advance the interests of the Authority or the public, and to refund outstanding obligations incurred by an enterprise to finance the cost of a project when the Board of Directors finds that the refinancing is in the public interest; and

**WHEREAS**, the term “project” includes within its meaning any land, any building, or other improvement, and all real and personal property which are suitable for facilities owned or operated by a nonprofit organization described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended (the “Code”); and

**WHEREAS**, AGES-SLB, LLC, an Arizona limited liability company (the “Borrower”), whose sole member is Community Enhancement Corporation, an Arizona nonprofit corporation and an exempt organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), has requested that the Authority issue its Lease Revenue Bonds (AGES-SLB, LLC Project), Series 2024 (the “Bonds”), pursuant to a Financing Agreement (the “Financing Agreement”), among the Authority, the Borrower, and Arizona Bank & Trust, a division of HTLF Bank (the “Purchaser”), pursuant to which the Authority will loan the proceeds of the Bonds to the Borrower (the “Loan”) to, together with other available moneys: (a) finance the cost of acquiring, constructing, improving, equipping or operating, as applicable, land and a building located at 4837 E. McDowell Road, Phoenix, to be operated by Arizona Goodwill Education Services, an Arizona nonprofit corporation (“AGES”) and wholly-owned subsidiary of Goodwill of Central and Northern Arizona, an Arizona nonprofit corporation and an organization described under Section 501(c)(3) of the Code (“Goodwill”), as an adult charter school (collectively, the “Facility”); (b) fund any required reserves; (c) fund any required capitalized interest on the Bonds; and (d) pay costs and expenses incurred in connection therewith (collectively, the “Project”), all in accordance with the Act; and

**WHEREAS**, the Facility will be leased to Goodwill and AGES, and operated by AGES, pursuant to a Lease to be entered into among the Borrower, Goodwill and AGES (the “Lease”); and

**WHEREAS**, the Loan will be secured by, among other things: (a) a Deed of Trust and Assignment of Rents with Security Agreement (Financing Statement-Fixture Filing), executed by the Borrower in favor of the Authority, granting a lien on and security interest in the Facility (the “Deed of Trust”); (b) all right, title and interest of the Authority in and to any moneys held under the Financing Agreement; (c) all right, title and interest of the Authority in the Financing Agreement (excluding certain enumerated rights); (d) an Irrevocable Pledge and Assignment, executed by the State Treasurer, providing for the transfer of all funds to which AGES is entitled to under its State charter contract and which are permitted by State Law to be used for the purposes set forth in the Lease (the “State Payments”) to a depository bank (the “Depository Bank”) to secure payment and performance of the obligations of Goodwill and AGES under the Lease (the “Irrevocable Pledge and Assignment”); (e) a Deposit Account Control Agreement, establishing a segregated deposit account with the Depository Bank (the “Deposit Account”) by Goodwill and AGES for purposes of receiving and holding the State Payments and granting and perfecting a security interest therein in favor of the Purchaser (the “Deposit Account Control Agreement”); and (f) a Guaranty, executed by Goodwill in favor of the Purchaser and the Authority (the “Guaranty”); and

**WHEREAS**, the terms, maturities, provisions for redemption, security, and sources of payment for the Bonds are set forth in the Financing Agreement and in the forms of the Bonds attached thereto; and

**WHEREAS**, the Bonds will be sold through a direct placement to the Purchaser pursuant to the Financing Agreement; and

**WHEREAS**, there have been prepared and presented to the Chief Executive Officer of the Authority the proposed substantially final forms of the following documents (collectively, the “Documents”):

- (a) the Financing Agreement, including the initial form of the Bonds;
- (b) the Lease;
- (c) the Deed of Trust;
- (d) the Irrevocable Pledge and Assignment;
- (e) the Deposit Account Control Agreement; and
- (f) the Guaranty; and

**WHEREAS**, the Borrower is organized exclusively to further the stated charitable purposes of the Member, which specifically includes, among other purposes, the acquisition, development, management and operation of buildings and other facilities to further the charitable purposes of organizations recognized as exempt under Section 501(c)(3) of the Code; and

**WHEREAS**, Goodwill is an organization recognized as exempt under Section 501(c)(3) of the Code, and its stated charitable purposes include, among other purposes, skills training, job preparation and career readiness services, and referral connections to hiring companies (collectively, the “Goodwill Mission”); and

**WHEREAS**, the Goodwill Mission is accomplished, in part, by providing educational and career services to individuals that are at-risk, low-income, without a high school diploma, and are seeking advancement within the workforce (the “Education and Career Services”) through AGES, which is a wholly-owned subsidiary of Goodwill that operates an adult charter school pursuant to A.R.S. §15-181 et seq. at the Facility; and

**WHEREAS**, the acquisition of the Facility by the Borrower and lease-back of the Facility to Goodwill and AGES will lessen the burdens of Goodwill related to providing the Education and Career Services by facilitating favorable financing under the terms of the Financing Agreement; and

**WHEREAS**, insofar as the operation of the Facility by AGES to provide the Education and Career Services is part of the charitable purposes of Goodwill, the acquisition and lease-back of the Facility by the Borrower furthers the charitable purposes of the Member; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of The Industrial Development Authority of the City of Phoenix, Arizona, as follows:

**Section 1. Findings.** The Board of Directors finds and determines that the issuance of the Bonds and the making of a loan to the Borrower for the purpose of financing and/or refinancing all or a portion of the cost of the Project and the costs and expenses incidental thereto, are in furtherance of the purposes and interests of the Authority under the Act and in the public interest and that the Facility will constitute a “project” within the meaning of the Act.

**Section 2. Authorization and Terms of Bonds.** The Bonds, which shall be named as set forth herein or as otherwise set forth in the Financing Agreement, are hereby approved and authorized to be issued, in one or more taxable or tax-exempt series, in an aggregate principal amount of not to exceed \$6,000,000, to be dated, to mature (no later than 40 years after their date of issuance), to bear interest (not in any event to exceed 9% per year), to be subject to redemption, to be payable as to principal and interest, and with such other terms, all as provided in the Financing Agreement pursuant to which the Bonds are issued.

**Section 3. Special Limited Obligations.** The Bonds shall be payable solely from the property held and receipts and revenues received by or on behalf of the Authority pursuant to the Financing Agreement. Nothing contained in (a) this Resolution, (b) the Documents, or (c) any other agreement, certificate, document, or instrument executed in connection with the issuance of any of the Bonds shall be construed as obligating the Authority (except as a special limited obligation to the extent provided in such documents or instruments) or obligating the City of Phoenix, Arizona (the “City”), or the State to pay the principal of or premium, if any, or interest on the Bonds, or as incurring a charge upon the general credit of the Authority, the City or the State, nor shall the breach of any agreement contemplated by this Resolution, the Documents, or any other instrument or documents executed in connection herewith or therewith impose any charge upon the general credit of the Authority, the City or the State. The Authority has no taxing power.

**Section 4. Other Bonds.** Prior to the issuance of the Bonds, the Authority has or will have issued, and subsequent to the issuance of the Bonds, the Authority may issue, bonds in connection with the financing of other projects (said bonds are referred to herein as the “Other Bonds”). Any pledge, mortgage, or assignment made in connection with the Other Bonds shall be protected, and any funds pledged or assigned for payment of principal of or premium, if any, or interest on the Other Bonds shall not be used for the payment of principal of or premium, if any, or interest on the Bonds. Any pledge, mortgage, or assignment made in connection with the Bonds shall be protected, and no funds pledged or assigned for the payment of the Bonds shall be used for the payment of principal of or premium, if any, or interest on the Other Bonds.

**Section 5. Authority Documents; Authority’s Signatures.** The forms, terms, and provisions of each of the Documents, in the forms of such Documents (including the exhibits thereto) presented to this meeting, are hereby approved, with such insertions, deletions, and changes as are approved by the officers authorized to execute the Documents (which approval will be conclusively established by their execution and/or delivery thereof). Upon satisfaction of the conditions set forth in Section 6 hereof, the Authority’s President, Vice President, Secretary, Treasurer or Chief Executive Officer (each an “Authorized Officer”) are each hereby authorized to execute and deliver each of the Documents or, with respect to any of the



Documents not calling for execution by the Authority, to approve and deliver such Documents, with respect to any one or more series of the Bonds. From and after the execution and delivery of each of the Documents, the officers, agents, employees and Chief Executive Officer of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents, certificates and assignments as may be necessary to carry out and comply with the provisions of each of the Documents (as executed and delivered).

Signature pages for any Documents requiring the Authority's signature shall be delivered to Authority's Counsel no fewer than seven days prior to Bond closing or any other date on which an executed signature page is required, and once executed will be held in escrow by the Authority's Counsel and delivered on the closing date or on such other date on which an executed signature page is required.

**Section 6. Conditions.** The Bonds shall not be issued unless and until:

- (a) if the Bonds have not received a rating of "BBB-" or better (or an equivalent rating) from a nationally recognized bond rating agency, each purchaser of the Bonds shall execute and deliver an investor acknowledgement letter in form and substance satisfactory to the Authority and its counsel; provided, however, the provisions of this paragraph may be waived by the Authority in its sole discretion prior to the issuance of the Bonds;
- (b) notice regarding the issuance of the Bonds is given to the Arizona Attorney General in the manner contemplated by Section 35-721(F) of the Act and, within 10 days of such notice, the Arizona Attorney General does not issue a negative opinion regarding the issuance of the Bonds;
- (c) all agreements, certificates, documents, or instruments requiring the execution or consent of the Authority are in a form and substance acceptable to the Authority's Counsel;
- (d) the Authority receives such opinions, certificates, comfort letters and consent letters in connection with the Bonds as the Authority's Counsel may deem necessary or appropriate, in form and substance satisfactory to the Authority's Counsel and advisors;
- (e) the Borrower agrees to make arrangements mutually satisfactory to the Authority as to the payment of the Authority's closing fees, if any, annual administrative fees, and expenses, the terms and conditions of which will be incorporated into the Financing Agreement;
- (f) the Authority, its officers, directors, employees, agents and its Chief Executive Officer and the City have been provided with full indemnification in connection with the issuance and sale of the Bonds, in form and substance satisfactory to the Authority's Counsel; and
- (g) the Council of the City has approved the proceedings under which the Bonds are to be issued.

**Section 7. Ratification of Actions.** All actions, not inconsistent with the provisions of this Resolution heretofore taken by or at the direction of the Authority and its directors, officers, counsel, advisors, agents or its Chief Executive Officer, including, but not limited to, the engagement of Squire Patton Boggs (US) LLP, as Authority's Counsel, directed toward the issuance and sale of the Bonds, are hereby approved and ratified.

**Section 8. Sale of Bonds; Authentication.** The sale of the Bonds to the Purchaser in accordance with the terms of the Financing Agreement is hereby authorized and approved. Any Authorized Officer is hereby authorized to execute and deliver the Bonds to the Purchaser.

**Section 9. Further Actions.** The officers, the agents, the employees and the Chief Executive Officer of the Authority, upon satisfaction of the conditions set forth in Section 6 hereof, shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated hereby, including without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with the issuance, sale and delivery of the Bonds.

**Section 10. Open Meeting Laws.** It is found and determined that all formal actions of the Authority and its Board of Directors concerning and relating to the adoption of this Resolution were adopted in an open meeting and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the State and the Authority.

**Section 11. Public Hearing.** The Authority is hereby authorized to determine, in consultation with the Borrower, a date for a public hearing on the plan of financing of the project and the proposed issuance of the Bonds, as required by Section 147(f) of the Code, and to publish or post a public notice of such hearing in such form as approved by the Borrower and Bond Counsel.

**Section 12. Irrepealability.** After the Bonds are delivered by the Authority to the Purchaser upon receipt of payment therefor, this Resolution shall be and shall remain irrepealable until the Bonds and interest thereon shall have been fully paid, canceled, and discharged.

**Section 13. No Personal Liability.** The Chief Executive Officer of the Authority, the members of the Board of Directors and any director, officer, official, employee or agent of the Authority shall not be subject to any personal liability or accountability by reason of the issuance of the Bonds. The liability of the Authority with respect to the Documents, or any other document executed in connection with the transactions contemplated hereby, shall be limited as provided in the Act and such Documents.

**Section 14. Severability.** If any section, paragraph, clause, or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

**Section 15. Waiver.** Any provisions of the Authority's Bylaws, Procedural Pamphlet, as amended through January 25, 2023 (the "Pamphlet"), or prior resolutions inconsistent herewith are waived to the extent only of such inconsistency. This waiver shall not be construed as repealing any such Bylaws, Pamphlet, or resolution or any part thereof.

**Section 16. Headings.** Subject headings included in this Resolution are included for purpose of convenience only and shall not affect the construction or interpretation of any of its provisions.

**Section 17. Inability or Unavailability of Authorized Officer or Executive Director.** In the event of the absence, inability to act or unavailability of any Authorized Officer or the Chief Executive Officer of the Authority to perform any duty assigned to such person by the terms of this Resolution, any member of the Board of Directors of the Authority is each hereby authorized to act for such person.

**Section 18. Notice.** Notice of Arizona Revised Statutes Section 38-511 is hereby given. The provisions of that statute by this reference are incorporated herein to the extent of applicability to matters contained herein under the laws of the State.

**Section 19. Resolution Not to be Construed as Providing Advice Concerning Municipal Securities.** None of this Resolution, any of the Documents or any action taken by the Authority, any member of the Board of Directors, the Chief Executive Officer or the Authority's Counsel in connection with the issuance of the Bonds is intended to provide, and shall not be construed as providing, advice of any kind to the Borrower with respect to the issuance of the Bonds for purposes of 15 U.S.C. Section 780-4(e)(4)(A)(i). The Authority is a conduit Authority and none of the Authority, the Board of Directors, the Chief Executive Officer or the Authority's Counsel is acting or will act as a municipal advisor, financial advisor or fiduciary to any party involved in the issuance of the Bonds.

**Section 20. Effectiveness.** This Resolution shall be effective immediately.

[Signature page follows.]

Adopted and approved this 18<sup>th</sup> day of April, 2024.

THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF PHOENIX, ARIZONA

By: \_\_\_\_\_  
Juan Salgado, Chief Executive Officer



PHOENIXIDA

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# Item 5



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## MEMORANDUM

**DATE:** April 18, 2024

**TO:** Members, Board of Directors

**FROM:** Murray Boess, Chief Financial Officer

**SUBJECT:** Annual Phoenix IDA Liability Insurance Policies

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The Phoenix IDA's \$10 million Errors and Omissions Liability policies and the \$6 million General Liability and Non-Owned and Hired Auto policies expire on April 26, 2024. The Premium and Executive Summaries for each policy prepared by our broker, USI Insurance Services (USI), is attached. The full USI proposal is available for review upon request.

### EXECUTIVE LIABILITY

The Phoenix IDA carries Directors and Officers (D&O) liability insurance, Employment Practices Liability (EPL) insurance, and Errors and Omissions (E&O) coverage due to the Phoenix IDA's scope of business that includes decisions on loan collateral, loan participations and other transactions. E&O covers wrongful acts related to professional services rendered by the organization, while D&O covers general management decisions.

Current coverage is provided to a \$5 million limit by AXA XL/Indian Harbor, with \$15,000 retention (deductible) and excess coverage for an additional \$5 million by RSUI/Landmark American (RSUI). Renewal quotes were obtained for the same type and level of coverage.

The total quote for the combined coverage is \$31,002.31, which is \$1,098.98 less than the expiring coverage premium. USI states that the premium "decreased due to the decrease in revenue". The policies from AXA XL/Indian Harbor and RSUI are available for review upon request.

### GENERAL LIABILITY

In April 2019, the Board approved an increase in general liability coverage to \$5 million per occurrence and \$6 million in aggregate. Such levels have been maintained to date through a base liability policy providing per occurrence/aggregate coverages of \$1 million/\$2 million, along with an excess liability policy providing per occurrence/aggregate coverages of \$4 million/\$4 million.

General liability, which includes real property endorsements for 2201 East Camelback Road (IDA's office space with the Arizona Community Foundation), as well as employee benefits, and auto insurance coverage, is provided by Evanston with excess liability coverage provided by Markel. The automobile coverage is for Non-Owned and Hired Auto, for claims above the driver's own insurance coverage (employees only), up to \$1 million while driving "in the course of business."

The total quote for this combined coverage at the current level is \$4,411.80, which is \$406.60 more than the expiring coverage premium, as “liability premiums have been increasing over the past few years”. These policies are also available for review upon request.

Please note that a separate policy quote will be provided shortly for the property at 3101 W McDowell, since it is now “land for development and/or demolition”.

**RECOMMENDATION**

I recommend approval of the E&O, D&O and EPL coverage offered by AXA XL/Indian Harbor and RSUI, respectfully, plus the General Liability, Employee Benefits, and Non-Owned and Hired Auto offered by Evanston and Markel, respectfully for a total cost of \$35,414.11 for the coming year, an overall decrease of \$692.38. All four insurers exceed USI’s minimum standards for A.M. Best Strength Ratings and financial size as well as having long track records in the industry.

## Premium Summary

Coverage	Carrier	AM Best Rating	Billing Type	Admitted or Non-Admitted	Minimum Earned Premium	Expiring Term Premium	Proposed Term Premium
General Liability	Evanston Insurance Company	A XV	Agency Bill	Non-Admitted	25%	\$750.00	\$750.00
Employee Benefits Liab.					25%	350.00	350.00
Hired/Non-Owned Auto					25%	400.00	400.00
Policy Fee					100%	225.00	125.00
Inspection Fee					100%	0	100.00
State Tax					25%	51.74	51.75
Stamping Fee					25%	3.45	3.45
TOTAL					\$1,780.20	\$1,780.20	
Excess Liability	Evanston Insurance Company	A XV	Agency Bill	Non-Admitted		\$2,000.00	\$2,400.00
Policy Fee					225.00	150.00	
State Tax					0	76.50	
Stamping Fee					0	5.10	
TOTAL					\$2,225.00	\$2,631.60	
Primary Management Liab.	Indian Harbor Insurance Company	A+	Agency Bill	Non-Admitted		\$15,752.00	\$15,027.00
Carrier Policy Fee					245.00	245.00	
Policy Fee					600.00	750.00	
State Tax					497.91	480.66	
Stamping Fee					33.19	32.04	
TOTAL					\$17,128.00	\$16,534.70	
Excess D & O	Landmark American Insurance Company	A++	Agency Bill	Non-Admitted		\$13,909.00	\$13,269.00
Policy Fee					600.00	750.00	
State Tax					435.27	420.57	
Stamping Fee					29.02	28.04	
TOTAL					\$14,973.29	\$14,467.61	
<b>TOTAL ESTIMATED ANNUAL PREMIUM</b>						<b>\$36,106.49</b>	<b>\$35,414.11</b>

Agency Bill: A payment procedure in which USI Insurance Services LLC sends an invoice to the client and the client remits payment directly to USI Insurance Services LLC. *If your policy(ies) is indicated to be Agency bill you will receive an invoice from USI, and payment can be remitted electronically per instructions below:*

- Visit the ePayPolicy portal located at <https://usi.epaypolicy.com/>. Payment can be remitted using ACH Debit or credit card.
- Enter your Client Code – **INDUSDEV9** and Zip Code – **85064**
- ACH processing is free of charge, but a 3.25% fee is charged for all credit card payments.
- You will receive an e-receipt when payment has been made. Please email a copy of the receipt to your agent or account manager.

Premium Financing: A payment agreement in which the insured uses borrowed money to pay for insurance premiums. Finance agreements are used for Agency Billed policies to pay insurance premiums on an installment basis, vs having to pay the premium in full. If this is an option you are interested in, please contact your service team for a premium finance quote.



# Executive Summary

Thank you for the privilege of representing The Industrial Development Authority of the City of Phoenix, Arizona for its' insurance needs. In this Summary we highlight some, but not all, of the key points for consideration. These points may or may not reflect items that you believe have the greatest merit and we encourage you to review the entire proposal.

## General Liability / EBL and Hired & Non-Owned Auto

1. Carrier will not continue covering vacant land at 3101 W McDowell, since it is now "land for development and/or demolition." We are looking at quoting a separate policy.
2. General Contractor and Owner should provide a Certificate of Insurance naming IDA as additional insured.
3. The renewal premium on the expiring coverage is at the minimum premium is \$1,500 for the 2024 renewal term – not including fees/taxes.
4. Excess Liability does have a slight increase in premium.
5. Excess Liability premiums have been increasing over the past few years.

## Executive Management Liability with Employment Practices Liability

1. The Primary D&O/EPL Carrier – Indian Harbor - XL Landmark American. (Both same as expiring)
2. The combined pure premium for the Indian Harbor/ Landmark American has decreased due to the decrease in revenue.
3. Given the municipality exposure the markets are very limited for this type of exposure, specifically for this line of coverage.
4. There is an explicit exclusion (by endorsement) for Cyber.
5. The Indian Harbor policy provides **defense costs outside in addition to** the limit of liability.
6. The Indian Harbor policy retentions are same as expiring, no changes.
7. Indian Harbor and RSUI are non-admitted companies. They are approved Excess & Surplus Lines companies and as such, there would be no financial guaranty funds available, as is the case with admitted firms.

## In order to bind coverage, USI Insurance Services requires:

1. Completed and signed Hired and Non-Owned Liability Supplemental Application, see separate attachment.
2. Completed and signed Landowners Program Supplement, see separate attachment.
3. Signed and dated AM Disclosure Form, page 10.
4. Completed, signed and dated Client Authorization to Bind form, Page 13.
5. Two Terrorism Acceptance/Rejection Form(s) with your election, see separate attachment.
6. Check made payable to **USI Insurance Services, LLC**. The Check can be mailed to the address below or you have the option to pay online. Below are the instructions:
  - The ePayPolicy portal is located at [usi.epaypolicy.com](https://usi.epaypolicy.com).
  - Clients have the option to pay their bills electronically using ACH debit or a credit card.
  - Clients will enter their USI Sagitta client code (INDUSDEV9) and zip code (85064) in the portal, which will provide a listing of open items. Without a valid Sagitta code and the correct zip code, payment cannot be processed.
  - **ACH processing is free of charge, but a 3.25% fee is charged to clients for all credit card payments.**
  - Clients will receive an e-receipt when their payment is made. (Please e-mail me a copy of the receipt.)
  - ePayPolicy is a secure, PCI-Level 1 Compliant solution, which means that it adheres to Payment Card Industry Standards (PCI) for merchants.

Let us know if you have any questions and thank you for your business.



PHOENIXIDA

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## Item 6



**MEMORANDUM**

**DATE:** April 18, 2024  
**TO:** Members of the Board of Directors  
**FROM:** Cindy Stotler, Housing Director  
**SUBJECT:** Mercy House - Senior Bridge Grant / Partnership with Steel & Spark

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**BACKGROUND**

Steel & Spark is a small local business whose team has been designing and building innovative architecture since 2005. They have designed and constructed multiple site-built container projects throughout the Phoenix metro area, including Containers on Grand; the first multi-family container development in the United States built in 2015, the Oscar, Churchill, Freight, and IDA on McKinley; the tallest shipping container building in North America.

In addition to their site-built projects, Steel & Spark collaborated with the Arizona Department of Housing and the City of Phoenix to bring SPARKBOX to the world as a housing demonstration for Superbowl LVII in Phoenix. Sun-powered by day, battery-powered by night, the SPARKBOX does not need utility connection or on-site construction. The one bed/bath SPARKBOX is equipped with an incinerator toilet, saving 2000 gallons of water per person, per year. It also features Solarban gray glass, spray foam insulation, LED lighting, and hidden mini split for year-round heating and cooling.

With the ability to be used off-grid, the SPARKBOX units have the potential to answer a variety of housing needs including transitional housing, parents aging-in-place, supportive space for family members with special needs, and workforce housing. Given the significant shortage of housing in Phoenix and across the state, the hope is to encourage others to grow their businesses by adopting fast-to-market, environmentally sensitive, innovative technologies.

Most recently, Steel & Spark delivered four SPARKBOX “X-Wings” to the City of Phoenix which provide 80 beds in the form of non-congregant emergency transitional shelter units. The SPARKBOX X-WINGS are off-grid factory-built buildings that set up in 8 hours powered by the sun by day and lithium battery by night. These X-Wings were designed for the Phoenix environment. They are fully insulated and air conditioning for each unit is provided via a central AC unit in the center of the X-Wing. The technology in the X-Wings was tested and proven successful during summer 2023, when Phoenix experienced one of the hottest summers ever recorded.

Steel & Spark’s container projects have garnered national attention for design and innovation. Their apartment projects Containers on Grand, the Oscar, and IDA on McKinley revolutionized the use of containers for multi-family housing in Phoenix. Each of their five metro Phoenix container projects are highly unique, include many sustainable elements, and are attractive and

desirable to tenants. In 2023, they exhibited the SPARKBOX on the National Mall at the US Department of Housing and Urban Development's Innovative Housing Showcase. When the X-WINGS were placed on homeless shelter sites, they received local and national attention for architectural and technological innovation, and also for creative urban planning and social responsibility. Most recently in March 2024, the SPARKBOX and X-WINGS won a prestigious South by Southwest Innovation Award in Urban Design.

## **THE PROJECT**

The SPARKBOX X-WINGS were Steel & Spark's first endeavor at designing dignified, sustainable, and innovative housing units for homeless persons. These are currently being used as shelter units on two homeless campuses in Phoenix. The Senior Bridge project is an expansion of the X-Wings, designed for a longer, transitional, stay while preparing the resident for a return to permanent housing.

Senior Bridge is a partnership of public and private entities including the State Department of Housing, the City of Phoenix, Steel & Spark, Mercy House, and the Garcia Family Foundation, to provide 40 non-congregate, 1 bed / 1 bath transitional housing units for homeless Seniors (55+). These individual units will provide safe, dignified, individual space for homeless seniors to stabilize and access services to improve their economic, physical, and emotional well-being as they prepare for permanent housing.

All 40 units will be built using re-purposed shipping containers. The units will be configured and landscaped to provide a unique, safe, and innovative community for homeless seniors. Amenities include 24 hr. supervision, on-site navigation services, dog run, landscaped community space, and on-site parking. Each 160 square foot unit will contain an ADA Accessible en-suite bathroom and a small kitchenette. Fully powered by solar panels and lithium batteries, this technology will eliminate the largest operating expense for the site.

These non-congregate units are phase one of a two-phased community that will include permanent apartment-style housing to provide continuum of housing on the same site. This beautifully designed project is intended to demonstrate how a small, regional homeless shelter combined with affordable housing can seamlessly blend into a neighborhood while providing a healing, supportive community for its vulnerable residents.

Senior Bridge is located at 2853 E. Van Buren in Phoenix City Council District 8. Councilwoman Hodge Washington voiced her enthusiastic support at the March 26<sup>th</sup> City Council Policy Meeting when this project was discussed.

Approximately (50) Permanent apartments will be constructed on the Senior Bridge site as Phase Two. This will create a strategic continuum of housing that will lead to greater long-term success. The strategy is based on experience with residents being moved to permanent housing and still needing support to live independently and maintain that housing. Having this continuum on-site, adjacent to the transitional housing, provides the client with a better chance of success.

## **COMMUNITY AND SOCIAL IMPACT**

Senior Bridge will serve homeless seniors aged 55 and older. Arizona has an older population due to the large retirement population and, with their fixed incomes, they are being priced out of the rental market.

More than 2,000 people aged 55 and older are experiencing homelessness in Maricopa County, according to data collected during the January 2023 point-in-time count. Large congregate shelters such as the Homeless Services Campus do not provide a stable, healing environment, especially for seniors. In addition, they can be a burden on the surrounding community as homeless persons across the region congregate there for shelter, food, and services. Small, specialized regional shelters are far more successful in stabilizing homeless residents by providing an individual unit in a secure and nurturing community. Additionally, small, closed-campus, regional shelters can blend better into neighborhoods, causing less disruption and anxiety for residents. Senior Bridge is designed to successfully demonstrate this concept and be replicated in other locations in Maricopa County.

## **PLAN OF FINANCING**

### Phase One

Senior Bridge was awarded a \$6,250,000 grant by the Arizona Department of Housing. The land for Senior Bridge and the construction and placement of the container housing is funded by \$5 million from the Arizona Department of Housing's grant and \$750,000 from the City of Phoenix. Mercy House will be operating and managing Senior Bridge as well as providing comprehensive wrap-around supportive services to homeless seniors residing at Senior Bridge. Operations will be funded with \$1,250,000 from the Arizona Department of Housing's grant, \$500,000 from the Garcia Foundation and Mercy House has requested \$1 million from the Phoenix IDA to support three years of operations at Senior Bridge.

### Phase Two

Steel & Spark has plans for approximately 50 apartment units to be built on the same site and rented to seniors 55 and older as permanent housing. These units will also be fully solar powered, utilizing the same technology as SPARKBOX, X-WINGS, and Senior Bridge. The amenities and services provided for the transitional housing residents will be available to the permanent residents, as needed, to facilitate successful, independent living. These apartments will be rented to seniors as affordable housing for incomes equal to 60% AMI and below. This phase will be constructed with a combination of grant funding and conventional loans. The Phoenix IDA will work with Steel & Spark to identify financing and a possible loan participation opportunity for this second phase.

### Future Projects

Senior Bridge is a demonstration project utilizing repurposed containers and creating sustainable housing with very low utility costs. Steel & Spark and the Phoenix IDA are interested in creating multifamily, affordable and workforce container housing projects on infill parcels, including excess School District land, utilizing this solar technology to dramatically reduce utility costs for the residents.

**RECOMMENDATION**

I recommend approval of the grant request for Senior Bridge and our plans to pursue additional opportunities to partner with Steel & Spark on multi-family affordable and workforce housing projects.

# Community Development Fund Grant Request

## Mercy House/Senior Bridge

Mercy House was established in 1988 and provides services to 1,500 at-risk and homeless individuals and families annually in California and Arizona. What started as a dream to serve one of the most vulnerable populations in Orange County has now served over 100,000 homeless individuals. Mercy House's mission is to be a leader in ending homelessness by providing a unique system of dignified housing opportunities, programs, and supportive services. More information about Mercy House can be found on their website at: <https://www.mercyhouse.net/>

### Project Description:

Mercy House will provide comprehensive wrap-around supportive services to homeless seniors residing at Senior Bridge. Senior Bridge is a partnership of public and private entities including the State Department of Housing, the City of Phoenix, Steel & Spark, and the Garcia Family Foundation, to provide 40 non-congregate, 1 bed / 1 bath transitional housing units for homeless Seniors 55 and older. These individual units will provide safe, dignified, individual space for homeless seniors to stabilize and access services to improve their economic, physical, and emotional well-being as they prepare for permanent housing.

All 40 units will be built using re-purposed shipping containers. The units will be configured and landscaped to provide a unique, safe, and innovative community for homeless seniors. Amenities include 24 hr. supervision, on-site navigation services, dog run, landscaped community space, and on-site parking. Each 160 square foot unit will contain an ADA Accessible en-suite bathroom and a small kitchenette. Fully powered by solar panels and lithium batteries, this technology will eliminate the largest operating expense for the site.

These non-congregate units are phase one of a two-phased community that will include permanent apartment-style housing to provide continuum of housing on the same site. This beautifully designed project is intended to demonstrate how a small, regional homeless shelter combined with affordable housing can seamlessly blend into a neighborhood while providing a healing, supportive community for its vulnerable residents.

Senior Bridge is located at 2853 E. Van Buren in Phoenix City Council District 8. Councilwoman Hodge Washington voiced her enthusiastic support at the March 26<sup>th</sup> City Council Policy Meeting when this project was discussed.

## **Need for the Project:**

Across the U.S., senior homelessness has risen steadily, with experts warning that even more will lose their homes in the face of rising rent and stagnant fixed income. Arizona has an older population due to the large retirement population and, with their fixed incomes, they are being priced out of the rental market.

More than 2,000 people 55 and older are experiencing homelessness in Maricopa County, according to data collected during the January 2023 point-in-time count. Seniors who are homeless on the street can quickly experience a decline in their health and cognitive function. Central Arizona Shelter Services (CASS) screens all seniors coming into their shelter for cognitive decline and reports that 90% of them “are screening positive for possible dementia or cognitive impairment.” However, CASS has also found that cognitive function, as well as overall health, can be improved with a dedicated shelter and services specifically for seniors.

Large congregate shelters such as the Homeless Services Campus do not provide a stable, healing environment, especially for seniors. In addition, they can be a burden on the surrounding community as homeless persons across the region congregate there for shelter, food, and services. Small, specialized regional shelters are far more successful in stabilizing homeless residents by providing a secure and nurturing community. Small, closed-campus, regional shelters can blend better into neighborhoods, causing less disruption and anxiety for residents. Senior Bridge is designed to successfully demonstrate this concept and be replicated in other locations in Maricopa County.

## **Population to be Served:**

Seniors aged 55 and older experiencing homelessness.

## **Goal, Objectives, Strategies:**

Mercy House, through its proposed 24/7 site management plan, aims to establish a secure and nurturing environment for the transitional housing campus, operating in adherence to their established Good Neighbor policies and procedures.

The staffing plan includes a Program Manager and Site Lead, responsible for day-to-day operations and property management of the campus. A Residential Service Specialist will be available, offering client support and intervening in overnight crises as needed. Security will be provided during the night.



A Housing Navigator with Senior Housing experience will provide clients with swift and effective transition into housing. These navigators are dedicated to working closely with Clients, meeting at least once a week, to assist them in achieving their housing and income-related objectives. With a commitment to maintaining a low caseload ratio of 1:20, these navigators provide personalized attention and guidance to each participant.

Upon conducting thorough entry assessments, Clients collaborate with their designated Housing Navigator to formulate an Individualized Housing Stabilization Plan. This tailored plan is structured around the individual's specific strengths, needs, capabilities, and preferences, taking into account identified challenges that may impact housing sustainability. Goals and objectives within this plan aim to support Clients in maintaining stable housing by addressing various areas such as financial management, employment, life skills, sobriety, physical and mental health, among others.

While the goals of the plan are specific to each participant, generally the Housing Navigator will provide a number of targeted interventions and comprehensive support services as part of their client-centered and housing focused case management that may include but are not limited to:

1. Triage eligibility and enter assessment into the Maricopa County Coordinated Entry System for linkage to housing opportunities;
2. Assist participant with obtaining documents required for housing placement;
3. Build relationships with properties and landlords in the local area to create housing leads for Clients who may have the resources to secure housing on their own or have been connected with vouchers and/or rental assistance;
4. Assist in setting up application appointments and providing tenant education coaching such as preparing for and presenting for a housing appointment;
5. Provide employment linkage, benefits establishment, linkage to community providers for substance abuse, primary and mental health care, and all other services needed to assist program Clients in reaching their stabilization goals;
6. Provide strengths-based case management and service coordination designed to assist program Clients in obtaining and maintaining stable housing;
7. Conduct crisis and risk assessments in consultation with supervisor and case management team;
8. Provide crisis intervention services focused on enhancing the Clients' ability to independently problem solve, utilize effective coping skills, and manage and self-coordinate own care;
9. Provide warm hand off to selected housing provider ensuring a smooth transition from the shelter into permanent housing.

## Projected Outcomes and Related Indicators:

The goals of the proposed program are not only to end the homelessness of the seniors served but also to help meet the systemic goals of addressing homelessness for the City of Phoenix as well as for the entire Maricopa County Continuum of Care.

Program Goals	Anticipated Outcomes	Evaluation Method / Data Elements
Unsheltered homeless seniors and will gain access to transitional shelter	At least 50 homeless individuals will receive shelter and services annually; 13,140 bed-nights of service will be provided annually	Number of individuals enrolled in the program. Comparison (days) between Enrollment Date and Exit Date. Data reported from HMIS
Senior Bridge will maintain a high occupancy rate to meet need for shelter by homeless seniors	Shelter will maintain a daily bed vacancy rate between 90-95%	Number of beds occupied daily through per diem bed count summary. Data reported from HMIS and per diem worksheets.
Sheltered homeless seniors will increase access to appropriate housing opportunities available through Coordinated Entry System	At least 90% of households will complete an assessment during their shelter stay	Number of households that completed an assessment before or while in program; Number of households matched to CES while in program. Data reported from HMIS & CES rosters.
The length of time an individual spends being homeless will decrease	At least 70% of shelter participants who exit to housing destinations will do so within 365 days or less	Number of participants that exit to permanent housing destinations upon exit. Comparison (days) between Enrollment Date and Exit Date. Data reported from HMIS.
Homeless seniors will exit transitional shelter to permanent housing destinations	At least 60% of shelter participants who exit to known destinations will exit to permanent housing destinations	Number of participants that exit to permanent housing destinations upon exit. Data reported from HMIS.
Homeless seniors will increase their income while in the program, enabling them to become more self- sufficient	At least 30% of program participants will increase their income upon exit from the program.	Comparison of income (\$) for adult participants at entry and exit. Data reported from HMIS.

Senior Bridge will be set up to be fully integrated into the Maricopa County HMIS system as a means for collecting program level data. Mercy House Navigators are trained to complete intakes, exits, services and annual assessments in accordance with HUD Data Standards. Mercy House has a dedicated Data Quality Analyst who is also charged with ensuring that data is entered accurately and adhering to the agency's established "Data Quality Plan" which includes monthly review of data accuracy and timeliness.

Mercy House's Chief Strategy and Compliance Officer is charged with reviewing program reports to determine if the agency is on target to meet program outcomes, using data from HMIS to monitor these programs. On a quarterly basis, their Program

Evaluation Team, consisting of our Chief Executive Officer, Chief Operations Officer, Chief Program Officer, Chief Strategy and Compliance Officer, Housing Solutions Director, Emergency Services Director and Data Manager meet to review and evaluate each one of their programs towards their intend goals. The Senior Bridge program will be amongst those reviewed. The Chief Program Officer, Housing Solutions Director and Emergency Services Director discuss progress and strategies for course-correction with their respective program teams, as needed.

Standard and ad hoc reporting capabilities from the HMIS system will enable Mercy House to fulfill all Arizona Department of Housing reporting requirements.

Approximately (50) Permanent apartments will be constructed on the same site as Phase Two. This will create a strategic continuum of housing that will lead to greater long-term success. The strategy is based on experience with residents being moved to permanent housing and still needing support to live independently and maintain that housing. Having this continuum on-site, adjacent to the transitional housing, provides the client with a better chance of success.

#### **Implementation Plan:**

Senior Bridge was awarded \$6,250,000 from the Arizona Department of Housing for the land acquisition, construction, and operations of 40 transitional housing units. The funding contract with the State and the acquisition of the land will be completed in April 2024. Factory building will begin in May and on-site construction in July, with unit installation planned for August and Grand Opening in September 2024.

#### **Sustainability:**

The land and buildings will be fully funded with \$5 million from the Arizona Department of Housing and \$750,000 from the City of Phoenix. Approximately three years of operating funds have been committed by parties including the Arizona Department of Housing \$1,250,000, the Garcia Foundation \$500,000, and, hopefully, \$1 million from the Phoenix IDA. Mercy House and the partners at Senior Bridge will seek additional grants and actively fundraise for additional operating funds to continue as transitional housing for as many years as possible.

The 40-unit transitional housing site may be converted to senior affordable housing after 5 years if transitional housing is no longer feasible.

#### **Budget:**

The operations budget for year one at Senior Bridge includes 24/7 staffing, case management, maintenance, equipment, supplies, and insurance. Mercy House is

requesting \$1 million from the Phoenix IDA to support the initial 3 years of operations. A detailed annual operating budget is below:

## Operations Budget

Year 1						
Staff	Rate	Count	Salary	Benefits	Total	
Regional Director	\$ 75,000	0.1	\$ 7,500	\$ 1,500	\$ 9,000.00	Provides executive oversight to Arizona Region
HMIS Staff	\$ 20	1	\$ 41,600	\$ 8,320	\$ 49,920.00	HMIS data entry, data quality, and reporting
Housing Solutions Manager	\$ 32	0.2	\$ 13,312	\$ 2,662	\$ 15,974.40	Provides management of all aspects of case management in Maricopa County programs.
Program Manager	\$ 32	1	\$ 66,560	\$ 13,312	\$ 79,872.00	1 FTE Program Manager
Sr. Site Lead	\$ 25	1	\$ 50,960	\$ 10,192	\$ 61,152.00	1 FTE Sr Site Lead
Site Lead	\$ 24	2	\$ 97,760	\$ 19,552	\$ 117,312.00	2 FTE Site Leads
Residential Services Specialist	\$ 16	1	\$ 32,240	\$ 6,448	\$ 38,688.00	other property duties
Navigation Supervisor	\$ 25	0.3	\$ 15,600	\$ 3,120	\$ 18,720.00	1 Supervisor oversees 2 Navigators on site
Navigator	\$ 23	2	\$ 95,680	\$ 19,136	\$ 114,816.00	20 cases per case manager
Security	\$ 35	0.33			\$ 101,178.00	1 guard 8 hours/day for overnight shift
Utilities, Landscaping, Pest Control	\$ 1,800	12			\$ 21,600.00	Est. \$500 for pest control, \$800 landscaping, \$500 for internet service
Food Support	\$ 10,000	12			\$ 120,000.00	\$200 per unit per month
Supplies, Client Services, and Housing Barrier Fund	\$ 5,000	12			\$ 60,000.00	Supplies, animal services, transportation assistance, deposits, HOM Inc. Housing Search/placement services, short term rent assistance etc.
Minor facilities Maintenance	\$ 1,000	12			\$ 12,000.00	Minor facilities upkeep i.e. clogged sink, paint touch up, etc.
Computers, Phones, and Workstations	\$ 1,500	7			\$ 10,200.00	Computer workstations, phones, and site cell phones.
Insurance	\$ 7,500				\$ 7,500.00	GL and WC coverage
Admin	10%				\$ 83,043.24	Accounting, Human Resources, Executive, IT, training and Development Costs
Contingency	10%				\$ 83,043.24	
<b>Total</b>					<b>\$ 1,004,018.88</b>	

# MERCY HOUSE

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# MERCY HOUSE

## BOARD OF DIRECTORS

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Term: 18 Years



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# Item 7

**MEMORANDUM**

**DATE:** April 18, 2024  
**TO:** Members, Board of Directors  
**FROM:** Murray Boess, Chief Financial Officer  
**SUBJECT:** Financial Statements for Period Ending December 31, 2023

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Attached are the financials for December 2023 for your review and approval. The notes below are provided to supplement the information contained in the financial statements.

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

**Accounts Receivable:** receivable balances carried over from last fiscal year.

**Fixed Assets:** Property acquired through a special purpose entity, Phoenix Community Enhancement (Bret Tarver), LLC, for a ground lease to UMOM to construct workforce housing. Lease revenue is to be recognized annually over the 75-year term of the lease.

**Other Assets:** SFMRB Investments, single-family bonds investment in first and second mortgages and capitalized interest, as provided in bond documents

**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.

**Statement of Revenues, Expenses and Changes in Net Position (Income Statement)**

**Fee Income:** Includes first year revenue for the Bret Tarver lease and privilege (sales) tax to be paid in October, as well as the return of funds from ACF for pre-funded expenses of the cancelled CodePHX project.

Total operating expenses through December were above budgeted expense levels, primarily due to expenses yet to be reimbursed. Revenues for the year to date exceeded budgeted revenues, primarily due to lease revenue and other fee income.



**Statement of Net Position  
December 31, 2023**

**Assets**

Current Assets	
Cash and cash equivalents	\$ 2,519,147
Receivables	331,568
Other current assets	29,747
Total Current Assets	\$ 2,880,462
Noncurrent Assets	
Investments	\$ 24,676,792
Long term notes receivable, net	6,487,268
Fixed Assets	2,880,000
Due from Related Company	-
Other Assets - Loan Related	2,008,463
Other Assets - SFMRB Investments	737,426
Total Noncurrent Assets	\$ 36,789,948
<b>Total Assets</b>	<b>\$ 39,670,410</b>

**Liabilities and Net Position**

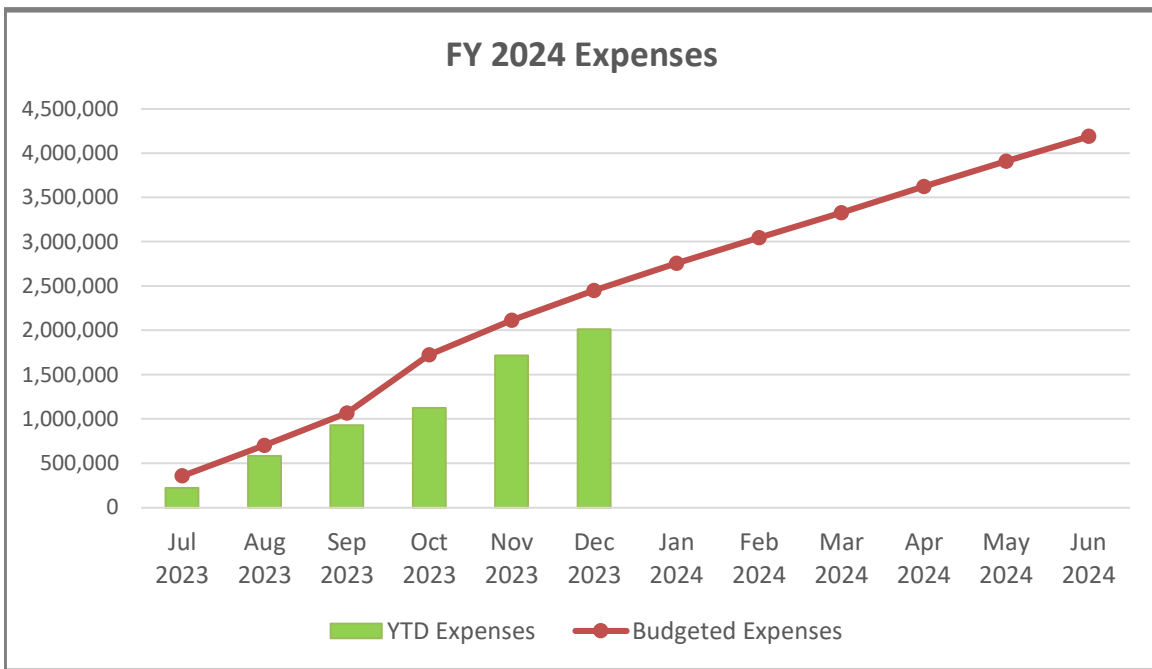
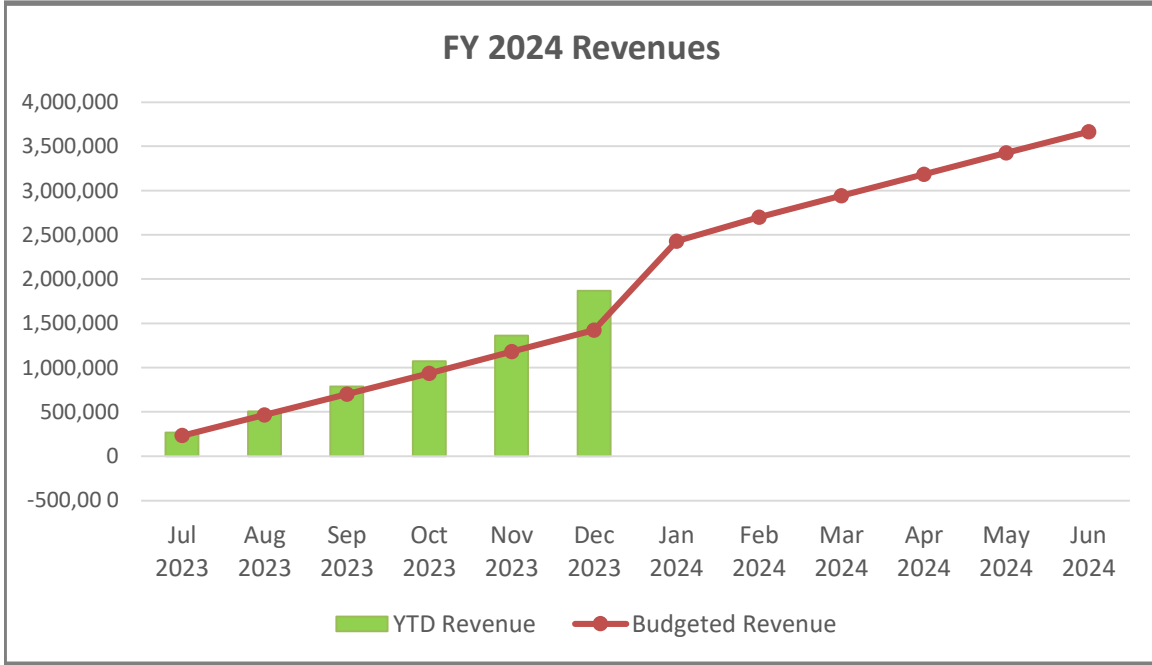
Current Liabilities	
Accounts payable	\$ 47,961
Accrued expenses	24,533
Customer Deposits	2,848,000
Total Current Liabilities	\$ 2,920,495
Allocated Funds	27,654,318
Net Assets - Unrestricted	9,095,597
<b>Total Liabilities and Net Assets</b>	<b>\$ 39,670,410</b>



**Statement of Revenues, Expenses and Changes in Net Position  
For the Month and Year to Date as of December 31, 2023**

	<u>December-23</u>	<u>Actual</u>	<u>Year to Date</u>	<u>Variiances</u>	<u>Annual</u>
	Current		Budget		Budget
<b>Operating Revenue</b>					
User Assessment Fees	\$ 0	\$ 10,629	\$ 0	\$ 10,629	\$ 800,000
Residential Mortgage Program Fees	12,217	112,559	200,000	(87,441)	440,000
Fee Income	85,000	592,603	483,000	109,603	940,600
Total Operating Revenue	<u>\$ 97,217</u>	<u>\$ 715,791</u>	<u>\$ 683,000</u>	<u>\$ 32,791</u>	<u>\$ 2,180,600</u>
<b>Operating Expenses</b>					
General and Administration	\$ 135,117	\$ 808,938	\$ 926,880	\$ 117,942	\$ 1,761,900
Bond Administration	1,500	225,552	6,350	(219,202)	10,000
Other Programs	70,585	394,862	422,850	27,988	845,250
Community Development Fund	100,000	103,963	669,000	565,037	981,000
Program and Project Development	(25,388)	468,355	416,300	(52,055)	576,500
Loan Portfolio Administration	1,432	9,532	7,500	(2,032)	14,500
Total Operating Expenses	<u>\$ 283,246</u>	<u>\$ 2,011,203</u>	<u>\$ 2,448,880</u>	<u>\$ 437,677</u>	<u>\$ 4,189,150</u>
Operating Income	\$ (186,029)	\$ (1,295,411)	\$ (1,765,880)	\$ 470,469	\$ (2,008,550)
<b>Non-Operating Revenue</b>					
Interest income	\$ 183,215	\$ 892,152	\$ 740,600	\$ 151,552	\$ 1,485,000
Net change in the fair value of investments	224,469	260,437	0	260,437	0
Total Non-Operating Revenue	<u>\$ 407,685</u>	<u>\$ 1,152,589</u>	<u>\$ 740,600</u>	<u>\$ 411,989</u>	<u>\$ 1,485,000</u>
<b>Change in Net Position</b>	<u><b>\$ 221,655</b></u>	<u><b>\$ (142,822)</b></u>	<u><b>\$ (1,025,280)</b></u>	<u><b>\$ 882,458</b></u>	<u><b>\$ (523,550)</b></u>

## Phoenix IDA Budget vs. Actual Through December 31, 2023





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# Item 8



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# Future Board Agenda Items.



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## Item 9



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# CALL TO THE PUBLIC



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# ADJOURNMENT