

Meeting Minutes

Industrial Development Authority

Regular Meeting

September 13, 2022 | 7:30 a.m.
Chandler City Council Chambers
Webex Meeting +1-415-655-0001
Access Code: 2598 141 8860



Call to Order

The meeting was called to order by President Lee Kroll at 7:30 a.m.

Roll Call

Commission Attendance

President Lee Kroll
Vice President Shannon T. Wilson
Treasurer Edward A. Salanga
Director Charles Ertl

Staff Attendance

Dawn Lang, Deputy City Manager | CFO
Kelly Schwab, City Attorney
Kristi Smith, Financial Services Officer
Savanna Martinez, Management Assistant
Karla Lange, Management Assistant

Absent

Director William (Bill) Nolde - excused

Scheduled and Unscheduled Public Appearances

None.

Approval of Minutes

1. Director Ertl moved to approve the May 10, 2022, Regular Meeting Minutes. Vice President Wilson seconded the motion. Motion approved, (3-0, Treasurer Salanga Abstained).

President Kroll moved Item 5. to be discussed first, with Item 4. to immediately follow.

Briefing Items

2. April, May, and June 2022 Financials: Ms. Smith presented the April Statement of Net Position that explained a Total Current Assets of \$103,239 with Cash in Bank of \$103,239. Investments of \$894,394, providing Total Assets of \$997,633. The Beginning Net Position is \$899,744 and a Year-to-Date Change in Net Position of \$98,389, providing an Ending Net Position of \$997,633. The Statement of Revenues, Expenditures, and Changes in Net Position for April 30, 2022, includes no Operating Revenues, Operating Expenses totaling out to \$23. comprised of miscellaneous bank charges, and Operating Income Loss of negative \$23. Non-Operating Revenues of \$154, providing a Net Change in Net Position of \$131.

May Statement of Net Position that explained Total Current Assets of \$103,216, Total Investments of \$894,266 providing Total Assets of \$997,482 and Ending Net Position of the same amount. The Statement of Revenues, Expenditures, and Changes in Net Position for May 31, 2022, includes no Operating Revenues, Operating Expenses totaling \$23 comprised of miscellaneous bank charges, and Operating Income Loss of negative \$23. Non-Operating Revenues of negative \$128, providing a Net Change in Net Position of negative \$151.

June Statement of Net Position September Statement of Net Position that explained Total Current Assets of \$105,210, Total Investments of \$894,511 providing Total Assets of \$999,720 and Ending Net Position of the same amount. The Statement of Revenues, Expenditures, and Changes in Net Position for June 30, 2022, includes Operating Revenues of \$2,000, Operating Expenses totaling \$6 comprised of miscellaneous bank charges, and Operating Income of \$1,993. Non-Operating Revenues of \$244, providing a Net Change in Net Position of \$2,238. For the twelve-months ended, there were Operating Revenues of \$101,039 including Grants and Miscellaneous Expenses of \$450, providing for the Total Operating Expense of \$2,056. Non-Operating Revenue for the twelve-Month Ended had Investment Income of \$1,493 providing a Net Change in Net Position of \$100,476.

Responding to President Kroll, Ms. Lang voiced that not all of the original \$200,000 was allocated to local business for PPE, and the remainder will stay in the IDA Cash account, which is separate from the City's General Fund. Ms. Smith noted that the PPE line item will be removed for the next meeting, since the new fiscal year began on July 1, 2022.

Ms. Smith voiced that the Board originally had \$200,000 in PPE grants to award, for a maximum of \$500 per local business. She reiterated that remainder of any funds not awarded will stay in the IDA budget.

3. Update on Board Vacancies – Ms. Lang offered that the Board recently lost two members, who have moved outside of the City. Residency within the city limits is a requirement to serve on the IDA. Ms. Lang is reviewing applications, and the Mayor will made a final recommendation to fill the appointments, which will go before Council for approval.
4. Update on \$600M Intel Bond Issue – Ms. Lang reported that all bond-related authorization paperwork was completed by the IDA in February, 2022 in preparation for Intel to issue the bond when the market was ready.

Ms. Lily Berman-Landolt, bond attorney for Intel, stated that on September 8, 2022, the Authority closed its 4th new money bond issue in support of Intel's investment in Chandler, with prior issuances being in 2005, 2007 and 2019. The original target was March of 2022; however, certain Intel market factors delayed the issuance. Ms. Berman-Landolt further noted that the bonds were issued on a draw-down basis, which is advantageous to Intel for various tax purposes. The bond issue date was September 8, 2022, for Federal tax purposes and for Volume Cap purposes. This draw down structure allows Intel to issue amounts for costs which have actually been incurred and provides an additional 3-years for them to be able to make draws on the \$600,000,000 for the various Fabs at Ocotillo.

In this issuance, the first sub-series of this draw down was made in the amount of \$131,175,000 of par of bonds. These mature in 20-years at variable interest rates, in different interest rate modes by the company, within parameters set by the Authority. Individually, the bonds are bearing tax-exempt interest at a five-year term rate of 5%, and at the end of the five years, the bonds will be re-marketed in a new interest rate mode until the bonds mature or are redeemed. All of the \$600,000,000 that is authorized is Intel's obligation to repay, and not the IDA's.

The issuance of tax-exempt bonds by the Authority is one of the few ways under Federal law that allows Chandler to provide a non-capped financing without incurring financial liability. She reiterated Ms. Lang's comment that the deal was done quickly, and approvals were ready to go when the market was favorable and met the SEC requirements that allow for a very small active window for selling bonds. Ms. Berman-Landolt offered her appreciation for the quick amount and speed of the work by the Authority, City Council, City Staff and other parties for this to come to fruition.

Ms. Smith reported that with the new Intel bonds, the total annual administrative revenue from all outstanding bond fees for the IDA will be an estimated \$140,000.

Action Agenda

5. Election of Secretary: Charles Ertl was recommended as Secretary to replace Secretary Kurt Johansen. President Kroll moved to approve, and Director Salanga seconded, motion approved unanimously (4-0).

Calendar

6. The next regular meeting will be held on Tuesday, October 11, 2022, at 7:30 a.m.

Adjourn

The meeting was adjourned at 7:52 a.m.

A handwritten signature in black ink, appearing to read 'Lee Kroll', is written over a horizontal line.

Lee Kroll, President