

# Meeting Minutes

## Industrial Development Authority

### Regular Meeting

February 13, 2024 | 7:30 a.m.  
Chandler City Council Chambers  
88 E. Chicago Street, Chandler, AZ



### Call to Order

The meeting was called to order by President Shannon Wilson at 7:37 a.m.

### Roll Call

#### Commission Attendance

President Shannon Wilson  
Vice President Chuck Ertl  
Secretary Edward Salanga  
Director James Baglini, Jr.  
Director John Lok

#### Staff Attendance

Dawn Lang, Deputy City Manager | CFO  
Tawn Kao, Assistant City Attorney  
Kristi Smith, Financial Services Asst Director  
Karla Lange, Management Assistant

#### Other Attendees

Zach Sakas, Bond Counsel, Greenberg Traurig, LLP  
Angela Creedon, Public Affairs Manager, Intel  
Dane Fernandes, Bond Counsel, Kutack Rock, LLP

#### Absent

Director Lee Kroll  
Treasurer William Nolde

## Scheduled and Unscheduled Public Appearances

None.

## Approval of Minutes

1. Vice President Ertl moved to approve the December 12, 2023, Regular Meeting Minutes. Secretary Salanga seconded the motion. Motion approved (5-0).

## Briefing Items

2. **November and December 2023 Financials:** Ms. Smith presented the November Statement of Net Position that explained Total Current Assets with Cash in Bank of \$101,782, Investments of \$1,069,112, providing Total Assets of \$1,170,894. The Beginning Net Position is \$1,154,013 and a Year-to-Date Change in Net Position of \$16,881, providing an Ending Net Position of \$1,170,894. The Statement of Revenues, Expenditures, and Changes in Net Position for November 30, 2023, includes no change to Operating Income, \$251 in Operating Expenses, and Investment Income of \$3,716, providing a Net Change in Net Position of \$3,465 for November.

Ms. Smith presented the December Statement of Net Position that explained Total Current Assets with Cash in Bank of \$101,782, Investments of \$1,073,365, providing Total Assets of \$1,175,147. The Beginning Net Position is \$1,154,013 and a Year-to-Date Change in Net Position of \$21,133, providing an Ending Net Position of \$1,175,147. The Statement of Revenues, Expenditures, and Changes in Net Position for December 31, 2023, includes no change to Operating Income or Operating Expenses, and Investment Income of \$4,253, providing a Net Change in Net Position of \$4,253 for December.

3. **Discussion of Application for financing by the Chandler Industrial Development Authority submitted by Intel Corporation in an amount not to exceed \$700,000,000 for project expenditures that may include, in addition to other purposes, industrial sewage and wastewater treatment facilities and solid waste disposal or recycling facilities, associated with the chip fabrication facilities and other present and future plant facilities.**

Ms. Lang reported that the Industrial Development Authority received a bond application from Intel on January 22, 2024. She introduced Ms. Angela Creedon, Public Affairs Manager at Intel, who was in attendance to answer any questions the Board may have related to the application and provide an overview of the project. Mr. Dane Fernandes introduced himself as partner at Kutack Rock and is serving as bond counsel representing Intel. Ms. Lang noted that Mr. Zach Sakas of Greenberg Traurig, bond counsel for the IDA, has also reviewed the application and is available for any questions the Board might have.

Ms. Creedon provided the following overview of the current Intel projects in Chandler. She reported that Intel has two (2) new FABs currently under construction, that were announced in September 2021. The construction project is on-schedule and offered her appreciation to the construction workers and tradesman, who have been instrumental in keeping the project on track. She noted there have been between 6,000 – 9,000 workers on-site and on-going, Intel expects that 3,000 of these trade workers will remain working on the jobsite at all times. The new FABs are designated as FAB 52 and FAB 62. She offered that construction continues on the RWIF (Reclaimed Water Interconnect Facility), which recycles ~9M gallons of water/day and the OBRF (Ocotillo Brine Reduction Facility), which desalinizes water utilized in the facilities. She noted that construction transformation and upgrades continue on these projects to support the new FABs. FAB 52 is on track to be operational in 2025 and FAB 62 will follow in 2026.

Ms. Creedon added that Intel has been successful in obtaining a new customer for foundry services, for which Intel will manufacture chips for an outside party's chip design. She wrapped up by adding that this is a very exciting time for Intel and believes this is a tremendous opportunity for growth.

Ms. Lang concurred that it is an exciting time for Intel, for the City of Chandler, for Arizona and for the country. She added that this has had a positive impact for Chandler's local economy.

Ms. Creedon followed up by saying that Arizona has become a hub for major manufacturers and noted that Intel is on the front edge of that. She mentioned that Intel CEO Pat Gelsinger had only been in his position for a few months when he announced that Intel would expand in Arizona, and they are looking forward to continuing his vision.

Mr. Sakas noted that in the Bond Application, Intel has requested a waiver on performing an appraisal and environmental assessment, which would be customary and typical for a transaction like this, as there is no need since there is no real estate asset pledged. In addition, Mr. Sakas offered that this is a broader project scope than what the IDA has participated in financing previously, where prior transactions were focused more exclusively on wastewater treatment and this project offers a tremendous opportunity for expansion, which is great for both the City of Chandler and Intel. This project includes wastewater, solid waste aspects and other broader project components. He continued that Kutack Rock would be responsible for the analysis ensuring that the project meets Federal and State requirements for tax-exempt bonding. He added that this project does meet all requirements provided for in Arizona State Statute.

Mr. Sakas continued by noting that Intel provided information related to financial performance in the application from the prior quarter, but released additional earnings data shortly after submitting the application, which are publicly available for review.

Mr. Sakas noted for the Board that anything the Board potentially approves at this meeting is a preliminary action, and the Board will need to follow up with final approval once Intel provides exactly what they require for financing.

Secretary Salanga offered that he is happy to have Intel in Chandler and excited to be working with them again.

## Action Agenda

4. **Discuss and possible adoption of Resolution 2024-01, approving a Second Extension Agreement relating to the Supplemental Agreement to the Intel Corporation Amended and Restated Application for Financing by the Authority dated November 17, 2005.**

Ms. Lang reported that Intel has received lower fees related to bonding in past agreements with the IDA since 2005. She noted that the resolution under consideration offers entering into an agreement for the first bond sale with Intel under the existing fee structure. Moving forward, the board would have the opportunity to discuss updating the fee structure based on current costs and inflation. She added that Intel did pay a \$3,000 application fee with their current application, which will be waived per the existing agreement, and if Intel is agreeable, will be applied to the closing costs for the first sale from the \$700,000,000 bond.

Mr. Sakas requested that the Board provide direction to staff to do an analysis of current fees, including staff time spent on IDA business. Currently, there is no reimbursement from the IDA for City staff time cost.

Secretary Salanga voiced that he would like to see an analysis of the cost the Board expects to incur for the bond issuances to allow the Board to evaluate if adjusting the fee schedule if deemed necessary. He also asked if Intel has an idea of what the first issuance amount would be.

In response to Secretary Salanga's question regarding the amount of first issuance, Mr. Fernandes moved forward to discuss the inducement resolution, 2024-02. He continued that the Federal tax code, for projects of this nature, requires a couple of different elements that are served by the preliminary resolution. The main element is that it induces the project, where the IDA is requested to declare its official intent, which allows Intel to begin spending on the hard costs of the project, and ultimately have these costs reimbursed with the bond proceeds.

The second element is that projects of this type require an allocation of the private activity bond appropriations that are given to each state, based on their population, commonly referred to as volume cap. The preliminary resolution allows Intel to approach the Arizona Finance Authority, who manages the volume cap process in Arizona, and make a request for volume cap. Mr. Fernandes indicated that how much volume cap Intel can receive determines the amount of the taxes and bonds the Authority can issue. Because of Arizona's rules during the current year, no project can obtain more than \$40,000,000 of volume cap, except through the director's discretion, but at the end of the year, anything that hasn't been utilized is carried forward, and that is likely the amount that Intel will request, at the end of December 2024. Depending on how much Intel can receive, they will plan to do their first issuance in 2025. Mr. Fernandes noted it is highly unlikely that Intel will receive \$700,000,000 in one chunk, especially now, with the number of multi-family housing projects in the state, who will likely take a large portion of the volume cap during the current year. He projected that Intel will likely need to come back multiple times to exhaust the \$700,000,000 funding.

Secretary Salanga moved to approve the Resolution 2024-01, to approve a Second Extension Agreement relating to the Supplemental Agreement to the Intel Corporation Amended and Restated Application for Financing by the Authority dated November 17, 2005. Vice President Ertl seconded the motion. Motion approved (5-0).

5. **Discuss and possible adoption of Resolution 2024-02, granting preliminary approval for and declaring the intention of the Authority to issue its revenue bonds in an amount not to exceed \$700,000,000 for Intel Corporation or its affiliate.**

Vice President Ertl moved to approve the Resolution 2024-02, granting preliminary approval for, and declaring the intention of the Authority to issue its revenue bonds in an amount not to exceed \$700,000,000 for Intel Corporation or its affiliate. Secretary Salanga seconded the motion. Motion approved (5-0).

## **Member Comments/Announcements**

None

## **Calendar**

The next regular meeting will be held on Tuesday, March 12, 2024, at 7:30 a.m.

## **Informational Items**

## **Adjourn**

The meeting was adjourned at 7:58 a.m.

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

Shannon Wilson, President