

Meeting Minutes

Industrial Development Authority

Regular Meeting

August 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 Charles Ertl at 7:32 a.m.

Roll Call

Commission Attendance

President Charles Ertl
Secretary James Baglini, Jr.
Treasurer Jon Lok
Director Lee Kroll
Director Shannon Wilson

Staff Attendance

Kristi Smith, Financial Services Director
Tawn Kao, Assistant City Attorney
Matt Dunbar, Budget & Policy Director
Edyie McCall, Economic Development Sr. Prgm Manager
Chandler Escalante, Workforce Dev. Project Manager
Karla Lange, Management Assistant
Julie Goucher, Accounting Senior Manager

Other Attendees

Zach Sakas, Bond Counsel, Greenberg Traurig, LLP
Katie Belous, Vice President, Pipeline AZ
Angela Creedon, Arizona Public Affairs Manager Intel Corporation
Carly Wakefield, Vice President of Workforce Development, Chandler Chamber of Commerce

Absent

Vice President William Nolde

Scheduled and Unscheduled Public Appearances

None.

Approval of Minutes

1. Director Wilson moved to approve the May 14, 2024, Regular Meeting Minutes. Director Kroll seconded the motion. Motion approved unanimously (5-0).

Briefing Items

2. **Chandler Career Center Grant – 4th Quarter Report:** Edyie McCall, City of Chandler Economic Development Sr. Program Manager introduced Katie Belous, Vice President of Pipeline AZ, who provided a PowerPoint Presentation to the IDA Board Members (attached as Exhibit A) which highlighted the accomplishments related to the first installment of grant funding for the Chandler Career Center version of Pipeline AZ, approved by the Industrial Development Authority in November 2023.

The current solution is focused primarily on advanced manufacturing and healthcare specific to Chandler-area employers. Ms. Belous reviewed a customized landing page reflecting the city's brand standards. They have developed resources mainly focused on area employers, but also have a job seek function for users seeking local employment. She noted that one of the things that Pipeline AZ has done to curate the experience for Chandler employers is to restrict the job search to 10 Chandler zip codes. Additionally, they have implemented an automated process for company tagging, which means any Chandler employer, no matter where they do their on-boarding (i.e., any of the Maricopa Community Colleges) will received a tagged designation to Chandler, which will bring that employer into the flow for users to see within the system in the Chandler Career Center. Additionally, Ms. Belous continued, while some larger employers like Intel may designate "Phoenix" as a job location when they publish jobs to larger audiences, Pipeline AZ will override some of those decisions to ensure that these local employers appear inside of the Chandler Career Center solution.

Ms. Belous continued that while there is a "light" job board function within the program, the real emphasis is on career exploration, and that is Pipeline AZ's real value, as they take a user through a journey by assessing their interest, which helps them build a resume and points them in the direction for the experience, skills and education necessary for their preferred field. On the flip side, the companies can prioritize skills and rank importance for each position and see candidates that potentially match up to these criteria. Pipeline AZ also provides a nexus between the job seekers and potential

employers by allowing case managers to do a deeper dive on the analytics of the company dynamics and the workforce and talent needs currently and, in the future, as well as coalescing potential intern or apprenticeship opportunities and work-based experiences to build the future workforce.

Responding to Director Kroll, Ms. Belous conveyed that Pipeline AZ works directly with the Maricopa County School District but does not have insight to specific contacts at Mesa-Gilbert Community College. She noted that Chandler-Gilbert district has one of the highest activation totals, so across all of Maricopa County's District, the First-Year Experience is a course that is offered to incoming students. These students are invited to create a Maricopa Pipeline account as an initiation point into the system. This initiates a guided pathway, and they will receive assistance throughout their education to navigate to course completion. This could include work-based experience, job shadowing or an internship and when the student nears graduation, career services connections are more readily available.

In response to Director Kroll, Ms. Belous explained that they are in sync with the Department of Labor initiative and are now embarking on a project with the school of sustainability for a focus on green-energy and clean energy jobs, so Pipeline AZ is doing a deeper exploration and outreach to companies and finding ways that they can help to create better awareness, especially in the largest pool of learners. Most users in the system are K-12 students, and Pipeline AZ is approaching about 150,000 total K-12 users. One focus is on helping these users to understand what post-secondary pathways are available to them in Arizona. She noted that all degree program recommendation certifications are Arizona-specific. This is a talent development effort, as opposed to a "talent attraction" approach. She continued by adding they hope learners can see opportunities in Arizona to advance and pursue a career, get the experience they need, take the required courses and complete the degrees or certifications that they want in order to move forward and ultimately stay and work in Arizona.

Responding to Treasurer Lok, Ms. Belous affirmed that local healthcare employers are a primary focus area for Pipeline AZ. So far, they have worked directly with (Arizona Health Care Cost Containment System) AHCCCS through American Rescue Plan, with focus on workforce and healthcare. She noted that they onboarded over 500 provider agencies with supportive access over the last year. A large percentage of those are Maricopa County provider agencies, but in this upcoming effort, they will be supporting onboarding of hospital networks and some of the larger managed care organizations that they work closely with, including Banner, Mercy-Gilbert and all of those contracted Managed Care Organizations (MCOs) that are really great at helping us reach their contracted providers so surgical centers, hospitals and allied health will be one of the focuses for activation inside of Chandler.

Treasurer Lok noted that the zip code tagging specific to Chandler may not be as effective in healthcare, as employees work at locations across the Phoenix metropolitan area, so wanted to know how Pipeline AZ would handle this issue?

Ms. Belous conveyed that there is a vanity URL for the kind of entry point into the healthcare employment exploration. It is easyhealthcarecareers.org and is a deep dive into these career pathways. That initially started with access as an investment in home and community-based care. She noted that these were the jobs that AHCCCS was having a difficult time helping their provider agencies to find talent for and to keep filled. Pipeline AZ started with Pathways from Home and Community Based Services (HCBS) direct-care worker, direct support, and professional peer support. Since then, they have stair-stepped into figuring out how those roles related to becoming a registered nurse, a phlebotomist, or a radiation tech, and that's where AHCCCS really sees the opportunity. Ms. Belous conveyed that some of those occupations that require only a certification (versus a license) allow Pipeline AZ to show those pathways into additional kind of opportunities by helping to get people into the healthcare queue and remain in the industry.

Treasurer Lok asked how many interviews that Pipeline AZ has done with companies to see what they are looking for and what classes would help them connect the bridge to employment, specifically in advanced manufacturing? Ms. Belous reported that they have walked alongside the team at Arizona Advanced Manufacturing Institute over the last six years, really starting with the Boeing Boot Camp. They have also migrated the Intel Quick-Start program into the platform and appreciate the Community College being the convener for many of the larger area employers. She continued that Pipeline AZ works behind the scenes to make sure everything that they are queuing up for candidates, including describing what they have learned, the learning outcomes, the certifications that are accomplished, and additionally what the employers are hiring for, are inside of the platform.

Ms. Belous continued that Pipeline AZ has done more direct convening for healthcare, but Advanced Action and the work that the City of Chandler has done with hosting workshops and in-person sessions for employers have been the baseline for that. It has been a great opportunity knowing the time between what companies need now, in the moment, and what educators can provide for, training and short-term programs is a huge opportunity. She continued by noting there's a lot of work at the national level to create a registry called Credential Engine that takes all of the skills, certifications, alliance and potential pathways and micro pathways and makes that data available so that they also reference that in helping to create the kind of matching algorithm in our system.

Treasure Lok noted the Quarterly Report provide by Pipeline AZ stated that job placement was slightly below the expected goal, is there a plan to bridge that gap?

Ms. Belous conveyed that the reports of who has been hired come from three areas. The first report comes from the job seekers, who are asked within their profile in the system. Pipeline AZ verifies that the data is correct and then we add that to the cumulative total. Similarly, within the case manager user type can also use that same form link and enter the data related to a user that was hired on behalf of the job seeker. Lastly, employers can report on individuals that were hired. This is also the most challenging data to obtain, as finding an employer to actually tell you if they've hired someone a lot of times, with large companies, is difficult. There's a complete disconnect between the recruiters and human resources, making it difficult for recruiters, who may never actually know who's gone all the way through the hiring process. She added that they do ask companies for this data, and noted and there are linkages inside of the platform where we communicate with both parties about whether anyone was hired and what the experience was like.

Treasurer Lok asked if they have utilized any type of incentive to obtain this data? For example, we'll send you a pen if you tell us what happened during your experience? Ms. Belous reported that they have done similar work in terms of employer incentives with the healthcare initiative. There was a differentiated adjusted payment program under AHCCCS where they provided reimbursement to the provider agency to tell us about their utilization of Pipeline AZ. She agreed that on the job seeker side, that is a way to get better responses. At in-person hiring events, they have utilized a person at the doors of the event. This person sees every employer walking out of the room and provides a survey.

Director Wilson suggested replacing that particular goal with other analytics like landing page views, which can be tracked more effectively, because without an incentive, tracking direct job placement is always going to be challenging.

Responding to Treasurer Lok, Ms. McCall conveyed that it has always been the intent of providing this tool to the employers and job-seekers specific to the Chandler boundaries. Pipeline AZ reports specifically on the data within the municipal boundaries of Chandler, as there are many platforms that report on areas outside of Chandler. Ms. Belous added that if job seekers were to go to the Pipeline AZ parent site, all jobs across Arizona are available to view, and as a user, they can narrow or expand their search radius to see matches utilizing key words.

3. **City Capital Project Funding/Bond Election Discussion:** Matt Dunbar, Budget and Policy Director outlined the details of a PowerPoint Presentation (attached as Exhibit B) related to Capital Project Funding and a potential future Bond Election. He reported that the city is potentially coming up to a possible bond election, and at the Mayor and Council's direction, he is reaching out to the various city board and commission members to get feedback and gauge interest in serving on a Bond Election Exploratory Committee. Mr. Dunbar relayed that Fire Station 2 was recently refurbished, and that

project included adding an additional bay, which allows another unit to run out of that station and noted that this project utilized bond funds. He conveyed that Fire Station 4 is slated next to be rebuilt, as it was built in the late 1980s, and costs continue to rise.

Mr. Dunbar reported that Mayor and Council have approved a 10-year Capital Plan for the City of Chandler and public review of the list of capital projects happens on an annual basis during the budget process. Each item on the program list is tied to a specific area within the Council's Strategic Framework. For the next 10 years, the total spend for the Capital Plan is approximately \$2.5 billion worth of projects. Bonds are an integral part of this plan, with 68% of all projects being bond-funded, with the remainder being funded by current revenues or fund balances, grants, and System Development Fees. The last bond authorization was approved by the voters in 2021 using 2019-20 project costs. He noted that there has been a significant inflationary impact since the last authorization over the past 3 fiscal years. He noted that the city sells bonds every other year, and authorization is being used up sooner than anticipated due to inflation. Based on this data, there is a need to discuss going back to the voters for bond authorization before the FY 2026-27 begins to bump up against these authorization thresholds. Given that FY 2026-27 is a heavy ballot for an election year, and a desire to not overwhelm the voters, discussions have centered around recommending a bond election to the voters in November 2025.

Mr. Dunbar conveyed that it has been practice to go to the voters every 3 to 4 years to increase authorization, with the exception of the 2007 election where \$451 million was authorized just prior to the Great Recession, which many projects were delayed due to the lack of appetite for a significant property tax hike and also due to the low property valuation during that time, which was a significant anomaly.

Responding to Director Wilson, Mr. Dunbar relayed that the city had recovered from that recession, and property valuations are back up. He noted that the \$451 million authorization lasted much longer than expected, and the city was able to go 14 years (until 2021) without requesting additional authorization. In 2021, \$270 million in authorization was approved, with a high percentage of voter support – around 70%. Prior to the 2021 bond election, the Mayor and Council appointed a Bond Exploratory Committee, with a number of sub-committees, focused on different proposed projects and programs. Its Steering Committee brought recommendations back to the Mayor and Council for their consideration. This was a beneficial process, because gaining resident buy-in on projects and to understand the process more fully, committee members were able to share this information with their friends, neighbors and circle of influence.

Mr. Dunbar noted that the Committee selection process for the Bond Exploratory Committee would kick-off in September, with committee meetings in October-

November 2024, with recommendations provided to the Mayor and Council in February-March 2025, resulting in a call for election no later than May 8, 2025.

He continued that most cities in Maricopa County are in the same boat as Chandler, related to the need for additional bond authorization. Some are considering GO Bond authorization, and some are considering a transaction privilege tax (TPT) increase, and through tourism, will have a dedicated revenue source for specific debt service. Chandler typically relies on secondary property tax for bond debt service and TPT for operations.

Responding to Director Kroll, Mr. Dunbar noted that the last time that Chandler increased its TPT rate was in 1990.

Mr. Dunbar reported that he was asked to report any feedback from the various boards and commissions and see if there are any volunteers to potentially serve on the Bond Exploratory Committee. The Mayor and Council will ultimately make the appointments to this committee, but he would be happy to convey if there is interest by any of the Industrial Development Authority Board Members.

Director Kroll pointed out that it is never a good time, but when you look at the data and the need for appropriation and the continuing need for road construction and repair, it is something that needs to happen, regardless of whether it is a good time or not.

Mr. Dunbar responded that the goal right now is to maintain the property tax rate at \$0.87 per \$100 of assessed value, and that is included as part of the 10-year plan. He continued that it is the right time to go to the voters and get authorization for additional appropriation to continue capital projects, while maintaining a flat property tax rate.

Responding to Director Kroll, Mr. Dunbar noted that in regard to potentially raising the TPT, one of the concerns shared with Mayor and Council is from an operating standpoint, the current five-year operating plan is balanced. But as costs keep increasing, in year 6-7, there may be some issues, and if operating issues arises, the TPT is a much better funding source operationally to fund those O&M costs.

Responding to President Ertl, Mr. Dunbar relayed that the TPT rate is set by the Mayor and Council, with public input.

Mr. Sakas added that the information Mr. Dunbar provided related to inflationary costs is very powerful because most cities in Arizona were very stable for a long time, and this planning was done back in the 2019-2020 timeframe, prior to the pandemic. There is a common narrative from citizens who attend council meetings that the "city doesn't

know what they are doing” – however, when you consider how far out these projections are, there was no way that when the bonds were authorized that they could have accounted for the extraordinary inflationary pressures, supply chain issues, labor costs, or the shortage of materials. It is a fact that everything costs more to build today. The cities in Arizona have identified their critical infrastructure needs and their potential delays or shortfalls based on what was authorized in the 2021 elections, with no idea about the long-term effects, based on historical predictions and estimates.

4. **April, May and June 2024 Financials:** Ms. Smith presented the April Statement of Net Position that explained Total Current Assets with Cash in Bank of \$228,521, Investments of \$1,089,828, providing Total Assets of \$1,318,349. Intel application deposit of \$3,000 was received and is recorded as a Current Liability. The Beginning Net Position is \$1,154,013 and a Year-to-Date Change in Net Position of \$161,336, providing an Ending Net Position of \$1,315,349. The Statement of Revenues, Expenditures, and Changes in Net Position for the month ended April 30, 2024, includes \$16,800 in Operating Expenses and Investment Income of \$3,994, providing a Net Change in Net Position of (\$12,806) for April.

Ms. Smith presented the May Statement of Net Position that explained Total Current Assets with Cash in Bank of \$228,521, \$2,000 in Accounts Receivable and Investments of \$1,093,989, providing Total Assets of \$1,324,510. Current Liabilities for the period are \$3,000. The Beginning Net Position is \$1,154,013 and a Year-to-Date Change in Net Position of \$167,497, providing an Ending Net Position of \$1,321,510. The Statement of Revenues, Expenditures, and Changes in Net Position for the month ended May 31, 2024, includes \$2,000 in Accounts Receivables in Operating Income, no Operating Expenses, and Investment Income of \$4,161, providing a Net Change in Net Position of \$6,161 for May.

Ms. Smith continued with the June Statement of Net Position that explained Total Current Assets with Cash in Bank of \$228,521, Accounts Receivable of \$2,000 and Investments of \$1,097,875, providing Total Assets of \$1,328,396. Current Liabilities for the period are \$3,000. The Beginning Net Position is \$1,154,013 and a Year-to-Date Change in Net Position of \$171,383, providing an Ending Net Position of \$1,325,396. The Statement of Revenues, Expenditures, and Changes in Net Position for the month ended June 30, 2024, includes no Operating Income or Operating Expenses, and Investment Income of \$3,886, providing a Net Change in Net Position of \$3,886 for June.

Action Agenda

5. **Discussion and possible approval of an extension of resolution granting preliminary approval for Intel Corporation Project**

Zach Sakas, Bond Counsel for the Industrial Development Authority, conveyed to the board of directors that Intel is requesting an extension of resolution granting preliminary approval that the Board approved on February 13, 2024, as Intel continues to identify project costs that will qualify for tax-exempt financing under state of Arizona and federal laws, and additionally, according to the Arizona Financial Authority, based on applications in process, as of July 1, 2024, there is no more 2024 volume cap allocation available and no more applications will be accepted until further notice. Due to these reasons, Intel requests to extend the preliminary approval for one year, through August 13, 2025. Intel also requests a waiver of the \$500 nonrefundable application fee, which has been the Board's practice in the past.

Mr. Sakas conveyed that the Board granted preliminary authorization to Intel to consider a potential bond issuance in the future. The authorization expires after a six-month period, under the IDA's standard policies and procedures. He relayed that Intel has submitted a request to extend that authorization for one year.

He continued that the type of bonds they're trying to sell is for their wastewater treatment plant and other improvements. In order to do this, Intel needs volume cap for the type of private activity bonds that they plan to sell. There is a restricted amount of volume cap allocated per state each year and Intel was hoping to apply for some within this calendar year, 2024, however, the volume cap for 2024 is already gone. This has been utilized for affordable multifamily housing or other types of projects. Intel will continue to pursue volume cap in 2025 and identify eligible project components of what they're building to eventually bond finance. Mr. Sakas conveyed that Ms. Creedon from Intel will provide an update on the project in Arizona. He noted that the action does not require a new resolution, the board will approve by motion to grant the extension of the preliminary approval for another one-year period. Additionally, Intel has requested to waive the \$500 fee, which staff supports.

Responding to Director Wilson, Mr. Sakas affirmed that there is typically a surplus of volume cap at the end of the year, however with the increase in interest rates, there are more projects who are finding the tax-exempt financing more appealing, and who are willing to go through the extra administrative and compliance process to secure this funding. Additionally, there is such a push for affordable housing, that this has consumed a large amount of the volume cap as well for these projects.

Responding to President Ertl, Mr. Sakas reported that it is Intel's plan to potentially seek volume cap in 2025, and that the plan was never to sell bonds immediately, as the project was still in the design phase.

Ms. Creedon reported that Intel has had a long, successful history in Arizona and that Intel plans for that to continue because Arizona remains an integral part of its long-term plans and that the expansion project continues to ramp up and targets coming online

in 2025. She continued that there has been a recent decline in Intel's stock and Intel also did not meet all of its earnings goals. Intel is taking some very decisive actions as a company, to accelerate the next phase of its transformation. As part of that work, Intel is becoming leaner, more agile, and very customer focused. This includes the broad-based cost reductions reported on by the media. She emphasized that Arizona is a key component of building a stronger future. The recent reduction in workforce is just part of the effort to execute on Intel's strategy to make them leaner and meaner. She added that there is continued focus on sustained investments to build a more resilient and sustainable workforce, a sustainable supply chain around the US and the world and a heavy focus on Intel's existing projects in Arizona. Ms. Creedon concluded it is a really important time for Intel, who is staying hyper-focused on making the right decisions.

Responding to Director Kroll, Ms. Creedon reported that Intel has approximately 3,000 trades onsite and with the new construction, that has ramped up to over 6,000, which is a dramatic increase when you are bringing up two new fabs. She noted they are on-track with Fab 52 and 62. She apologized for any inconvenience related to the increased traffic in the area but confirmed that this has been great for Chandler's economy, which is around \$8 billion right now.

Director Kroll reiterated that as a small business owner in Chandler, he appreciates the positive economic impact that Intel has had locally.

Responding to Treasurer Lok, Ms. Creedon related that she does not know yet how Intel's Arizona employees will be affected by layoffs. The plan will occur in phases, beginning with voluntary terminations (e.g., early retirements) and then would potentially move into involuntary, but does not know what that looks like right now for Arizona. She offered to provide an update at a future meeting.

Director Wilson motioned to approve the extension and waiver as proposed, and Director Kroll seconded the motion. Motion approved unanimously, (5-0).

Member Comments/Announcement

None.

Calendar

The next regular meeting will be held on Tuesday, September 10, 2024, at 7:30 a.m.

Informational Items

None.

Adjourn

The meeting was adjourned at 8:38 a.m.



Charles Ertl, President