



MEMORANDUM

TO: Board of Supervisors
FOR: Richard Karwaczka
FROM: Dan Coxworth, AICP, Director
SUBJECT: Work Session: Industrial Development Authority (IDA) of Cochise County
DATE: October 24, 2023

An Industrial Development Authority (IDA) serves as a non-profit entity, typically established by a State or local government, with the primary mission of fostering economic development within its jurisdiction. IDAs play a pivotal role as intermediaries, enabling bond issuers to offer tax-exempt bonds at both the Federal and State levels. As interest rates rise, the benefits of tax-exempt bonds are significant.

IDAs generate revenue by levying fees to facilitate such bonds' issuance. The funds accumulated through these fees can be employed at the discretion of the IDA, often directed towards grants, loans, and administrative support to advance their mission. It's noteworthy that while the IDA and the Board of Supervisors (BOS) collaborate in the approval process for bond issuance, the County assumes no financial risk nor bears any fiduciary responsibility.

In 1975, the BOS approved by Resolution (attached) the creation of the IDA of Cochise County. In 2013, the BOS met in a Work Session to discuss the dissolution of the IDA. The last annual report was filed with the Arizona Corporation Commission (ACC) in 2013, and after six years without filing an annual report, the IDA of Cochise County was administratively dissolved. To re-establish the IDA, the County is required to adopt a new Resolution and apply with the ACC.

Re-establishing an Industrial Development Authority (IDA) in Cochise County could prove highly advantageous, especially considering the emerging prospects within the industrial and warehousing sectors and establishing a new commercial port of entry. Moreover, the County's significant agriculture industries may benefit from having a local IDA to facilitate bond issuance.

The initial establishment of the IDA may require seed funding from the County that the IDA will reimburse. Seed funding is essential for hiring legal representation and initiating the necessary operations.

The structure of the IDA of Cochise County will provide parameters of the IDA By-Laws of how the funds the IDA receives from bond issuances may be used to support economic development efforts. Staff recommends the Board of Supervisors appoint between three to five members to the IDA, a minimum of one from each district and two at large. IDA Board members will initially serve staggered 2, 4, and 6-year terms, then reappointments of 6-year terms.

The establishment of the IDA of Cochise County holds the potential to expand the region's economic growth and development prospects. However, for an IDA to flourish and deliver, the Board of Supervisors must proactively appoint dedicated and engaged members who can champion the cause of the IDA and the broader economic

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development initiatives it represents. These appointed members should not merely occupy seats but actively advocate for the IDA's mission and promote the various economic development opportunities available within Cochise County.

If the BOS decides to move forward with the IDA, a Resolution for your approval will be placed on the November 14th regular meeting. Appointments to the IDA Board of Directors will also occur at the November 14th meeting.

Attachments:

- Cochise County IDA – Bylaws (Draft)
- Cochise County IDA – Board of Supervisors Resolution (Draft)
- IDA Board Member Requirement (Draft)

