

**PROCEEDINGS OF THE COCHISE COUNTY BOARD OF SUPERVISORS
WORK SESSION HELD ON
TUESDAY, OCTOBER 24, 2023**

A work session of the Cochise County Board of Supervisors was held on Tuesday, October 24, 2023, at 3:00 p.m. in the Board of Supervisors' Executive Conference Room, 1415 Melody Lane, Building G, Bisbee, Arizona.

Present: Peggy Judd, Chairman; Tom Crosby, Vice-Chairman; Ann English, Supervisor

Staff Present: Sharon Gilman, Deputy County Administrator
Paul Correa, Civil Deputy County Attorney
Lara Loewenheim, Deputy Clerk of the Board

Attendees: Dan Coxworth, Development Services, Director

Vice-Chairman Crosby called the meeting to order at 3:00 p.m.

ANY ITEM ON THIS AGENDA IS OPEN FOR DISCUSSION

ITEMS FOR DISCUSSION

Board of Supervisors

1. Discussion and possible direction regarding the reestablishment of the Cochise County Industrial Development Authority (IDA).

Mr. Coxworth presented this item and answered questions from the Board throughout. Mr. Coxworth stated that Chairman Judd and County Administrator Karwaczka asked him to research the reestablishment of a new Industrial Development Authority (IDA).

Mr. Coxworth provided an overview on the purpose and function of an IDA. He stated that an IDA is a nonprofit entity established by the Board of Supervisors to offer tax-exempt bonds, making them attractive for investors and businesses. He explained IDAs are governed by a board of directors appointed by the Board of Supervisors, and they oversee the funds received from bond issuances to ensure responsible use.

Mr. Coxworth explained that there is interest from a local business to bond for a waste management system. Additionally, he stated as a new commercial Port of Entry is being considered, and the IDA could be useful for capital improvements. He stated the revenue generated from bond issuances is not public money and can be used for various economic development purposes. To move forward, Mr. Coxworth recommended appointing three board members to the IDA, one from each district at the next Regular meeting.

Vice Chairman Crosby asked Mr. Jason Grubbs, Banker for Frazer Lanier for comment. In response to the Board, Mr. Grubbs noted that it's important to understand the legal aspects of an IDA and the authority it operates within. He stated in the State of Arizona, there's an extraterritorial authority for IDAs to issue bonds for

projects. Mr. Grubbs stated that the IDA serves as a conduit for private businesses to benefit from tax-exempt industrial revenue bond financing. He noted that the IDA itself does not incur debt, obligations, or liabilities on behalf of the county. He explained the revenue generated from bond issuance, including fees and expenses, is covered by those who utilize the program.

A discussion followed with Mr. Grubbs, Dane Fernandes, Attorney with Kutak Rock Law Firm, and the Board on the legal aspects of an IDA financing of bonds, and the accountability to the public.

Supervisor English made a comment as to why there needs to be a County IDA since others already exist elsewhere in cities and the state.

In response to Supervisor English, Mr. Grubbs stated the reason for proposing the establishment of the Cochise County IDA is the need for approval from the county, whether it serves as the issuer, or another IDA serves as the issuer. Additionally, he stated it's beneficial for the county because the fees generated from these finances can be used locally, supporting economic development and initiatives within Cochise County.

Attorney Fernandes provided additional clarification regarding the federal tax overlays and the TEFRA (Tax Equity and Fiscal Responsibility Act) notice and hearing process.

Supervisor English stated that she is not willing to provide any direction at this time to move forward. Vice Chairman Crosby also declined to provide direction.

Vice-Chairman Crosby adjourned the meeting at 3:32 a.m.

APPROVED:

Peggy Judd, Chairman

ATTEST:

Sharon Gilman, Interim Clerk of the Board