



The Industrial Development Authority
of the City of Tucson, Arizona

**REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF TUCSON, ARIZON**

**Thursday, November 19, 2020
3:00 p.m.**

Virtual meeting held via zoom

Minutes

Present: Board Members Larry Lucero
Judy Clinco
Sandra Barton
Neal Eckel
Patricia Schwabe – left at **4:00 p.m.**

Absent Melissa (“Mimi”) Noshay-Petro

Advisors Charles Lotzar, Lotzar Law Firm, PC
Karen Valdez, BDFC Advisor Services, LLC

Guests Scott Riffle, Stifel Public Finance
Mike Czechowski, City of Tucson
Aaron Williams, City of Tucson
Jay Kaprosy, Veridus

Open Meeting: Members of the Board of Directors of The Industrial Development Authority of the City of Tucson, Arizona (the “**Authority**”) may attend either in person or by Zoom conference call.

COVID-19 REGULAR MEETING NOTE: Regular Meeting was conducted using measures to protect public health. Social distancing practices were used. This Regular Meeting was held remotely through Zoom based telephone conference call, as permitted under Arizona law. Members of the public were not allowed to attend the Regular Meeting in person. Members of the public could attend and listen to the Regular Meeting by a Zoom based conference telephone call.

ITEM	ACTION TAKEN/TO BE TAKEN
1. Call to Order	The meeting was called to order at 3:01 p.m.

<p>2. Request for resolution to approve the Minutes of the Regular Meeting of October 15, 2020.</p>	<p>A MOTION was made and seconded (S. Barton / J. Clinco) to approve the minutes of the October 15, 2020 Regular Meeting, as presented. Approved 5-0.</p>
<p>3. Request for resolution to approve the payment of invoices and the notification of to be paid on the Authority’s behalf by third parties.</p>	<p>A MOTION was made and seconded (N. Eckel / S. Barton) to approve payment of invoices, as presented. Approved 5-0.</p>
<p>4. Reports: Monthly Staff Report for the month ending October 31, 2020.</p> <p>The following monthly reports were provided to the Authority in keeping with past practices. K. Valdez provided status updates on the following:</p> <p>a. General Operations of the Authority:</p> <p>i. Marketing</p> <ul style="list-style-type: none"> • Full page advertisement for the Winter Issue of Biz Tucson. • Art work for Billboards will contain same message. • Consistent website and social media updates. • Single Family eligibility quiz. <p>ii. Cash Management</p> <p>Total Cash & Cash Equivalents less commitments and recommended reserves: \$2,787,097.</p> <p>PTHS Program has achieved a new equilibrium and funds should be flowing back to the Tucson IDA this 4th Quarter 2020.</p> <p>iii. Bond Borrower’s payment of Administrative Fees – Current</p> <p>iv. Loan Origination - 3 approved and pending loans.</p> <p>v. Loan Servicing – 3 loans on deferment; all others current.</p> <p>vi. Parking Lot monthly report prepared by Pueblo Parking Systems, LLC (“PPS”): Reviewed PPS Reports noting that:</p>	<p>No action taken.</p>

- Property Taxes were paid in **October 2020**
- **Block 175: Monthly Net Income - \$10,924.78.**
- **Stone/Council: Monthly Net Income - \$740.89.**

b. Outstanding Single Family Mortgage Programs:

- i. **The 7% 2nd Mortgage Loans originated in connection with:**
 - A. **Series 2006 (Joint) - \$30,475,000 – 1st Mortgage Loan Interest Rate 5.97% - 2016 Final Redemption of all Bonds - approximately \$85,000 in 2nd Mortgage Loans are outstanding).**
 - B. **Series 2007A (Joint) - \$23,400,000 - 1st Mortgage Loan Interest Rate 5.69% - 2016 Final Redemption of all Bonds - approximately \$120,000 in 2nd Mortgage Loans are outstanding).**
- ii. **\$9,375,000 The Industrial Development Authority of the City of Tucson, Arizona Single Family Mortgage Credit Certificate Program of 2020-January 2, 2020 – Origination Period expires December 31, 2022 and approximately 10 Mortgage Credit Certificates have been issued aggregating to approximately \$1,932,921.**
 - **10 MCC’s issued with total loan amount of \$1,932,921.**
- iii. **The Industrial Development Authority of the City of Tucson, Arizona The Industrial Development Authority of the County of Pima Tucson Pathway to Purchase Program (the “Tucson P2P Program”) – Phase II commenced on August 1, 2018 and unless extended expires on December 31, 2020 – more than \$327,600,000 in mortgage-backed securities sold (1st sales in October 2016) with more than \$32,195,000 of down payment assistance granted to homebuyers and over \$7,300,000 deposited into the Tucson Rapid Rehousing Fund.**
- iv. **\$40,000,000 The Industrial Development Authority of the County of Pima and The Industrial Development Authority of the City of Tucson, Arizona Revolving Taxable Single Family Mortgage Loan Program of 2012 (the “Pima/Tucson Homebuyers Solution Program” or**

<p>“PTHS Program”) - commenced on December 17, 2012 and unless extended expires on December 31, 2020 (extension anticipated to December 31,2020) – more than \$643,977,000 in mortgage-backed securities sold with more than \$26,969,00 of down payment assistance granted to homebuyers.</p> <ul style="list-style-type: none"> • 129 Loans reserved in the month aggregating to \$26,861,072. • Since inception of the PTHS Program 5,161 Loans have been issued aggregating to \$724,441,781. 	
<p>5. Status report from the Liaison to City of Tucson, Arizona City Manager’s Office related to:</p> <p>M. Czechowski provided updates on the following:</p> <p>a. The City’s Economic Development Prospect list</p> <ul style="list-style-type: none"> • 75 Broadway - Mayor & Council (“M&C”) approved the City of Tucson (“COT”) Development Agreement and Rio Nuevo approved the Agreement. The Pima County Board of Supervisors approval is required and is expected in December 2020. <p>b. The City’s use of Economic Development tools</p> <ul style="list-style-type: none"> • Central Business District (“CBD”) – Renewed in October 2020. • Continuing conversations with stakeholders. • 7 public meetings have been scheduled beginning in January 2021. • Public meetings will be based on the locations of the Wards and Mayor’s office. <p>c. COVID-19 related actions – Aaron Williams COT Principal Internal Auditor – and financial lead for the CARES funding. Mr. Williams reported that the COT received a total of \$95,600,000 in Coronavirus Relief Funds (“CRF”) that has been allocated into 4 main allocation categories, as designated by the Mayor & Council:</p> <ol style="list-style-type: none"> 1. Community Investment and Support - \$40,500,000 2. City Manager Allocated and Committed - \$2,800,000 3. Continuity of City Operations - \$40,900,000 	<p>No action taken.</p>

<p>4. Crisis Reserve - \$11,400,000</p> <p>The funding must be used by December 30, 2020 with no carryover. As of today, there has been no action at the Federal level for additional stimulus.</p> <p>Small Business and Nonprofit Continuity Grants has a current allocation of \$7,850,000 through Mayor & Council designations:</p> <ol style="list-style-type: none"> 1. \$5,000,000 in Small Business Continuity Grants is being administered by the YWCA. 2. \$1,250,000 in Nonprofit Continuity Grants is being administered by the Community Foundation for Southern Arizona (“CFSA”). 3. 2 different grant line items for arts, culture, and entertainment venue are being administered by the Arts Foundation of Tucson and Southern Arizona. 4. \$500,000 of the CRF funding for small business loans was administered and fully issued by Business Development Finance Corporation (“BDFC”). 5. \$167,000 of existing COT loan funds administered by BDFC was rolled into the “Somos Uno/We are One” initiative established by the Mayor & Council to provide a total of \$667,000 in loan funds to small businesses. 6. The Economic Initiatives Office has an allocation of \$130,000 for small business assistance focusing on webinars and digital marketing/community outreach. <p>d. Current items of interest</p> <p>450 N. Main – M. Czechowski will be meeting internally with the City of Tucson’s Housing Department regarding the Art Space concept.</p>	
<p>6. President’s Report: Summary of current events, including items brought to the President’s attention or matters that required handling by the President since the Authority’s last meeting:</p> <ul style="list-style-type: none"> • Shark Tank – on going effort launched by Pima County to identify small builders to encourage them to consider building in small lots of the inner city. The on-going effort is for small scale development focusing on accessory dwelling units (“ADU”). The Flowing Wells neighborhood has expressed interest in this type of 	<p>No action taken.</p>

<p>development. It was noted that the Authority was a sponsor of the first workshop held in Tucson.</p> <ul style="list-style-type: none"> • Thrive in the 05 – on-going effort to secure funds for the Oracle / Miracle Mile area. The group continues to be very active and engaged with the small business community meeting with residents of the Tucson House and COT. L. Lucero will continue to participate in the monthly meetings on behalf of the Authority. • Mayor & Council Update – No new developments on filling the Authority’s vacancy. L. Lucero will be recommending Victor Gonzalez, Economic Development Director of the Town of Sahuarita who has expressed interest in the vacant seat on the Authority’s Board of Directors. • 450 N. Main – L. Lucero had a short conversation with Ward 1 staff who remain very interested in having an affordable housing development on the property. Discussions will continue with Liz Morales, COT Housing Director and Art Space. 	
<p>7. Status report related to the Authority’s Loan Review Committee and request for resolution related thereto.</p> <p>No activity to report.</p>	<p>No action taken.</p>
<p>8. Status report related to the Authority’s Small Business Lending Program and request for resolution acknowledging the role of Business Development Finance Corporation (“BDFC”) and BDFC’s power to restructure loans.</p> <p>L. Lucero reported that there may be some potential interest in a partnership with Rio Nuevo, the Authority, BDFC, and the owner of a pizza restaurant on Congress. This is Phase Two of the recovery effort.</p>	<p>No action taken.</p>
<p>9. Status report related to Pima Council on Aging’s request for a Home Sharing Feasibility Study and request for resolution related thereto.</p> <p>J. Clinco reported that she continues to be in contact with Debbie Chase who is targeting December 1, 2020 as the date of completion of the Feasibility Study. Shared Housing was featured in a number of presentations at a 2 - day Community Health Learning Collaborative Seminar that was recently held. It was noted that there are other opportunities for home sharing. J. Clinco stated that software will be required for facilitating the home sharing. Material regarding the seminar is included in the Authority’s Board of Directors’ Meeting Package.</p>	<p>No action taken.</p>
<p>10. Status report related to the Authority’s Marketing Committee and request for resolution related thereto.</p>	<p>A MOTION was made and seconded (P. Schwabe / J. Clinco) to approve a</p>

<p>P. Schwabe reported that the Marketing Committee has met to discuss marketing strategies and social media. Jeaninne Kaufer, the Freelance Contractor the Authority has retained, is currently working on the following:</p> <ul style="list-style-type: none"> • Website updates and weekly social media posts. • 2021 Slogan to be used in all marketing, advertisements, and newsletters. • Merchandise for giveaway items for name recognition. • Logo and QR to steer folks to the Authority’s website. • Analytics on the website to track activity / provide feedback. • A new Ad for the winter issue of Biz Tucson that will incorporate a 2021 slogan. • Billboards, both adjacent to the downtown, one to go up at the end of December and the other the beginning of January. • Art work will tie to the Biz Tucson advertisement. • It was noted that calls are coming in from those who have found the Authority on the internet. • 2020 yearend card/newsletter or 2021 New Year card/newsletter. • Press Release to be issued regarding additionally loan availability. <p>Discussion ensued; L. Lucero requested approval of a budget for the billboards.</p>	<p>marketing budget to be used for 2 billboards at an amount not to exceed \$2,600. Approved 5-0.</p>
<p>11. Status report related to the Authority’s Strategic Planning Committee and request for resolution related thereto.</p> <p>N. Eckel reported that the consumer loan program known as the ABLE Program remains on hold until the first of the year 2021. Partners in this program includes:</p> <ul style="list-style-type: none"> • Community Investment Corporation, • Primavera, • Pio Decimo, and • Catholic Community Services. 	<p>No action taken.</p>
<p>12. Status report related to potential Arizona legislation regarding the Authority’s business including, but not limited to the Industrial Development Financing Act and Private Activity Bonding Allocation Act and request for resolution related thereto.</p> <p>J. Kaprosy, Veridus, reported that any Federal stimulus for rental assistance/tenant issues will not happen until the new Congress is in place.</p>	<p>No action taken.</p>

<p>It was noted that there have been the beginnings of some policy discussions around affordable housing as the election concludes. Veridus is working on building a “white paper” of sorts for the Authority’s consideration that might help lead on some of that discussion with policy makers, both at the legislature as well as at the Arizona Department of Housing (“ADOH”). Mr. Kaprosy stated that rental assistance will be included and noted that C. Lotzar has been very helpful with the history that comes with those funds and how to identify those pieces.</p> <p>Mr. Kaprosy reported that the numbers at the legislature is a much more conservative body than the past several years. Republicans gained a seat and Democrats lost a seat resulting in a 31-29 conservative Senate.</p> <p>L. Lucero stated there will be a “Skinny Budget” similar to 2020, similar to a Federal Continuing Budget Resolution with no change in programs.</p> <p>J. Kaprosy stated that there will be a small budget surplus. There is still a need for adopting a “Skinny Budget”, but ACCHSS expenditures rise rapidly in an environment of high unemployment. The Legislature is not looking at significant cuts.</p> <p>Discussion ensued regarding the following:</p> <ul style="list-style-type: none"> • Names of those who may run for Governor in 2022 when Governor Ducey’s term expires. • Young people moving away from party registrations and moving to registering as “Independents”. • Veridus Agreement renewal will be on the December 17, 2020 Agenda. 	
<p>13. Status Report related to The Industrial Development Authority of the County of Pima and The Industrial Development Authority of the City of Tucson, Arizona, Revolving Taxable Single Family Mortgage Loan Program of 2012 (the “Pima/Tucson Homebuyers Solution Program” or “PTHS Program”) the “Pathway to Purchase Program” (“Tucson P2P Program”) within the Pima/Tucson Homebuyers Solution Program and request for resolution related to proposed improvements or modifications to the Program including extension of the term and additional marketing efforts.</p> <p>C. Lotzar stated that last month the Authority approved extension of the program for an additional 3 years as the Pima Tucson Homebuyers Solution Program (“PTHS”) current term expires on December 31, 2020.</p> <p>Due to increase in volume, there has been a concern about going above the PTHS \$40,000,000 cap therefore, there is a request to increase the cap to a \$50,000,000.</p>	<p>A MOTION was made and seconded (S. Barton / J. Clinco) to approve the form of Resolution, as presented.</p> <p>Approved 5-0.</p>

<p>S. Riffle stated that there is an extraordinary volume occurring in the PTHS program and its success in Pima County. It was noted that other programs across the country have slowed due to lack of affordable housing, COVID19 lockdowns, seasonal slow-down, etc. However, Tucson seems to be experiencing a perfect storm.</p> <p>J. Clinco would like a comparison of revenue vs expenses as it relates to C. Lotzar's time and K. Valdez time.</p>	
<p>14. Status Report related to the potential sale, development, construction, equipping and /or operation of a project on (a) 450 N. Main, (b) Block 174, and (c) Block 175, and request for resolution related thereto.</p> <p>No new activity to report.</p>	<p>No action taken.</p>
<p>15. Call to the Public</p>	<p>No action taken.</p>
<p>16. Adjourn</p> <p>Next Regular Meeting is Thursday, December 17, 2020</p>	<p>A MOTION was made and seconded (J. Clinco / S. Barton) to adjourn the meeting at 4:38 p.m. Motion carried.</p>

Submitted by:

Karen J. Valdez
BDFC Advisor Services, LLC

Approved by:

Larry Lucero, President
The Industrial Development Authority of the
City of Tucson, Arizona