



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

**Thursday, February 17, 2022
3:00 p.m.**

Virtual meeting held via zoom

Meeting Minutes

Present: Board Members Judy Clinco
Melissa (“Mimi”) Noshay-Petro
Sandra Barton
Sharaya Jimenez
Patricia Schwabe (arrived at 3:45 p.m.)
Meredith Aronson (arrived at 4:00 p.m.)

Absent Moniqua Lane

CEO Dre Thompson

Advisors Julie Arvo MacKenzie, Engelman Berger, P.C.
Brigitte Finely Green, Engelman Berger, P.C.
Gary Molenda, BDFC Advisor Services, LLC
Karen Valdez, BDFC Advisor Services, LLC

Guests Scott Riffle, Stifel Public Finance
Mike Czechowski, City of Tucson
Erik Chapman, Pueblo Parking Systems, LLC

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

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

Approved 3/17/2022

ITEM	ACTION TAKEN/TO BE TAKEN
<p>1. Call to Order and review of Mission Statement:</p> <p>Tucson IDA enables strategic economic and community development by providing financing and access to capital for projects and programs that benefit a thriving Tucson.</p>	<p>The meeting was called to order at 3:05 p.m.</p>
<p>2. Request for resolution to approve the Minutes of the Regular Meeting of January 20, 2022, and the Special Meeting Minutes of December 13, 2021, January 12, 2022, February 4, 2022.</p>	<p>A MOTION was made and seconded (M. Noshay-Petro / S. Barton) to approve the minutes of the January 20, 2022, Regular Meeting, February 4, 2022 Special Meeting, January 12, 2022 Special Meeting, and December 13, 2021 Special Meeting as presented. Approved 4-0</p>
<p>3. Request for resolution to approve the payment of invoices and the notification of items to be paid on the Authority’s behalf by third parties.</p> <p>K. Valdez reviewed the following additional payments that have been added to the payables detail:</p> <ul style="list-style-type: none"> • Payment to Dre Thompson: 2 weeks salary plus expense reimbursements. • File storage • BDFC Participation loan to El Grupo Youth Cycling, Inc. 	<p>A MOTION was made and seconded (M. Noshay-Petro / S. Barton) to approve payment of invoices as presented. Approved 4-0</p>
<p>4. 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>D. Thompson reviewed the following information received from Veridus:</p> <ul style="list-style-type: none"> • This week marked the end of the legislative session. • HB2674 relating to municipal zoning; to overhaul the states zoning and adding \$90,000,000 to the Housing Trust Fund, has stalled. • Veridus, the Industrial Development Authority of the city of Phoenix (“Phoenix IDA”) and the Industrial Development Authority of the County of Maricopa (“Maricopa IDA”) are responding to a proposed HUD rule change regarding down payment assistance programs. • C-PACE legislation has been proposed and tabled. 	<p>No action taken</p>

<ul style="list-style-type: none"> SSBCI submitted to the Treasury on behalf of Arizona. The \$111,000,000 includes funding for Community Development Finance Institutions (“CDFIs”) and Venture Capital (“VC”) firms. The lack of qualified CDFIs in Southern Arizona may limit ability to access the funds. It is unclear if Industrial Development Authority’s (“IDAs”) will be eligible to disburse these funds; Veridus will be lobbying for this on behalf of the Authority. <p>D. Thompson noted that Lesli Pintor will be retiring from Growth Partners Arizona (“GPAz”), a CDFI, and will be hiring an Executive Director to replace her. D. Thompson asked if there is any potential to partner with GPAz and increase capacity?</p> <p>G. Molenda stated that GPAz is a supporting organization of Business Development Finance Corporation (“BDFC”); BDFC controls the Board of Directors of GPAz. G. Molenda will follow up with L. Pintor regarding designation of funding.</p> <p>D. Thompson stated that there will be an information session for all Southern Arizona organizations, something that the Authority advocated for.</p>	
<p>5. Status report from the Liaison to City of Tucson, Arizona City Manager’s Office related to:</p> <ul style="list-style-type: none"> a. The City’s Economic Development Prospect list. b. The City’s use of Economic Development tools. c. COVID-19 related actions. d. Current items of interest. <p>M. Czechowski provided updates on the following:</p> <ul style="list-style-type: none"> City of Tucson (“COT”) sale of the Broadway/Volvo property is scheduled to close tomorrow, Friday, February 18, 2022. Sloan McFarland will be the new owner and will begin construction on a hotel, mixed use, open space concept. The American Rescue Plan Act (“ARPA”) grant applications are being reviewed for scoring and submission; anticipated timeline is within the next few weeks. The Build Back Better (“BBB”) has a March 15, 2022 deadline. B. Coffee will be presenting to Mayor and Council at the March 8, 2022 meeting. <p>D. Thompson reported that on the BBB grant, the Authority was contacted regarding interest in including the 257 N. Stone building and parking lot on a BBB grant proposal. It was noted that there is also interest in including County property which looks like it may go through; however, inclusion of the Authority’s property is also an option.</p>	<p>No action taken</p>

<p>6. Status report by the Parking Lot Manager concerning the Authority's financial performance through the Authority's first fiscal quarter ending December 31, 2021 including a comparison to the prior fiscal year's actual results.</p> <p>E. Chapman, Pueblo Parking Systems, LLC, reviewed financial performance of both Block 175 and Block 174 parking lots for the period from July 1, 2021 through December 31, 2021 and comparison to the prior year through the same period.</p> <p>Block 175: Gross Income for the 6 months ending 12/31/2021 and 2020:</p> <ul style="list-style-type: none"> • 2020 - \$63,391 • 2021 - \$121,458 <p>Block 174:</p> <ul style="list-style-type: none"> • 2020 - \$37,350 • 2021 - \$56,492 <p>Not yet back to pre-covid revenue but making progress.</p>	<p>No action taken</p>
<p>7. Status report by the Parking Lot Manager concerning the cost estimates for repaving the parking lots.</p> <p>E. Chapman discussed options for asphalt repair:</p> <p>Bids from Sunland provided 2 options. It was noted that Sunland does not recommend an overlay based on the current condition of the asphalt on Block 175 asphalt.</p> <p>Option #1 – completely remove, just under 90,000 square feet of asphalt and replace: \$211,953.00</p> <p>Option #2 - Mill grade, grind down a couple of inches, and pave it - \$198,482.00</p> <p>Option #3 – Do nothing</p> <p>E. Chapman stated that if there is any probability of sale of the property or development on the lot within the next 3 years, the recommendation is to pass on redoing the asphalt at this time and set a deadline to sell or develop. However, if sale or development is 5+ years out, the Authority would be able to recoup the expense of repaving the lot.</p> <p>J. Clinco recommends setting a sale/development deadline within the next 3 years and continue to patch asphalt.</p> <p>S. Barton discussed possible liability.</p> <p>D. Thompson stated that the Authority has insurance in place, most park for location convenience, and the intention is to move quickly and develop or sell.</p>	<p>No action taken</p>

<p>E. Chapman added that with the volatility of the Oil Industry, the bids have increased over \$50,000 since the last quote, and the current bid is only guaranteed for 30 days.</p> <p>It was the consensus of the Authority to do nothing and to set a 3-year deadline for sale or development.</p>	
<p>8. Status report by the Authority’s Advisor concerning the Authority’s financial performance through the Authority’s second fiscal quarter ending December 31, 2021 including a comparison to the prior fiscal year’s actual results.</p> <p>D. Thompson reviewed that Authority’s financial performance through the first half of the fiscal year from July 1, 2021 through December 31, 2021.</p> <ul style="list-style-type: none"> • The negative impact of COVID19 on revenue seems to be receding. • Administrative, Legal, and Consulting fee’s increased as a result of the purchase of 2 properties. • Revenue generated by the Pima Tucson Homebuyer’s Solution Program (“PTHS”) was advanced to meet the increased demand for the program. • Positive trend. <p>Reviewed Revenue and Expenses and provided the following FY22-23 High Level Strategy:</p> <ul style="list-style-type: none"> • Reduce fixed costs by streamlining operations (lean startup mode). • Diversify revenue streams (example: grants, improved investment strategy, new programs, rental income etc.). • Scale up existing high performing programs PTHS, Bond Activity, and Small Business loans. • Expect some increases in variable expenses, such as digital ad expense. • Reduce financial risk points such as lack of Internal Control Policies and under invested funds. <p>Discussed a marketing plan to capture the 100% of the market.</p> <p>To receive ARPA funding, the Authority will need to activate Dark Mountain Development Corporation (“Dark Mountain”) and open a bank account in order to finalize the System for Award Management (“SAM”) SAM.Gov application.</p> <ul style="list-style-type: none"> • Activate Dark Mountain by submitting for an IRS Affirmation letter, change of address, and • Open a nonprofit bank account (free to open, \$100 deposit needed) with D. Thompson, J. Clinco, and S. Barton as signatories. <p>K. Valdez stated that a meeting of Dark Mountain will need to be held and because it is a support organization of the Authority, the meeting agenda will need to be posted.</p>	<p>No action taken</p>

<p>9. Status report on the transition of legal counsel and introduction of Julie Arvo MacKenzie and Brigitte Green.</p> <p>D. Thompson introduced the Authority’s new Counsel, Julie Arvo MacKenzie and Brigitte Green, with ENGELMAN BERGER, P.C.</p> <p>Both Julie and Brigitte have over 30 years in Bond space, and both have been involved in Economic Development, Housing, Health Care, and Education serving as Bond Counsel, Underwriters Counsel, Trustee Counsel and now in addition to that, Issuer and General Counsel. J. MacKenzie stated that she will be developing plans and procedures to work well with staff. Items working on:</p> <ul style="list-style-type: none"> • Refreshing Application and Policies and Procedures. • Using relationships to let everyone know that the Authority is open for business. • Ready to provide educational advice. • Update the Tucson IDA website • Refresh Bylaws • Need to know more about Dark Mountain. K. Valdez will forward information to both J. MacKenzie and B. Green <p>The Tucson IDA used to be in the top 4 IDAs in the State of Arizona and would like to see it back.</p> <p>B. Green is almost a native of Tucson, has worked with the University of Arizona and the City of Tucson. Worked on Housing and at one time worked on the Mortgage Credit Certificate Program. Excited to be on Board.</p>	<p>No action taken</p>

<p>10. Status report related to the Authority’s Loan Review Committee, including a recommendation related to interest bearing and non-interest-bearing commercial bank accounts and request for resolutions related thereto.</p> <p>S. Barton declared a conflict of interest, as an employee of Alliance Bank, with the Request for Proposal (“RFP”) sent out for Commercial Banking Services, and provided the following background information on actions taken as Treasurer of the Authority:</p> <ul style="list-style-type: none"> • Contacted National Bank to discuss the Authority’s accounts, fees charged, and request for Analysis Statements. There has been no response to requests for information. • S. Barton made phone calls to several banks and credit unions to discuss the process and procedures regarding opening accounts and transfer of funds and to gather information for an RFP. • Reviewed the section of the Staff Report pertaining to the cash management. Although there is a significant amount in a CDRS account at Alliance Bank, a decision needs to be made regarding the funds held at National Bank especially since the Authority is not receiving the services it should be. • Alliance Bank was the only bank who responded to the RFP. If the Authority decides another RFP is needed, S. Barton will get another sent. • D. Thompson stated that the decision made at the last meeting was to wait until she was added as Administrator and Authorized Signer of all accounts, which has now been completed. She will contact National Bank to request information that hasn’t been provided. • P. Schwabe asked that time be allowed for a conversation to be had with National Bank. 	<p>No action taken</p>
<p>11. Status report related to the Authority’s participation in the ABLE Program and request for resolution related thereto.</p> <p>D. Thompson reported that a draft Agreement for the ABLE Program was completed by C. Lotzar, and a meeting has been scheduled with Community Investment Corporation (“CIC”) next week to review and finalize.</p>	<p>No action taken</p>
<p>12. Status report from the Chief Executive Officer related to implementation of the Operational Framework.</p> <ul style="list-style-type: none"> a) Administrative. b) Governance. c) Marketing. d) City of Tucson, Arizona’s American Rescue Plan Act (“ARPA”) 1st Round of Partnership Funding. <p>D. Thompson reviewed the Administrative and Governance items completed:</p>	<p>No action taken</p>

<ul style="list-style-type: none"> • Created a governance portal website open to Board Members to share info such as agenda and reports and has a resource library. • In the Governance Portal, a series of trainings will be provided, legal and compliance, etc. • Members will have contact information on each Board Member. • The Portal should streamline meetings to be less report-based, more discussion based. • Data gathering, including surveys and interviews, to improve Board Experience. • Retool committee structure based on data findings. • Quarterly training sessions based on interest/need based on data findings. <p>D. Thompson discussed the position of an operations Coordinator and provided information on Wendy McBroom who is a Senior at the University of Arizona majoring in Personal and Family Financial Planning with a minor in Nonprofit Entrepreneurship, is a licensed Real-Estate Agent, Founder of Financial Freedom Club to spread financial literacy to college students and works at Take Charge Cats visiting local high schools and teaching financial skills. The recommendation is to offer a Part-time operations Coordinator position, 5 to 10 hours a week starting mid-March. Based on success, a full-time offer will be reviewed mid-summer.</p>	
<p>13. 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, including:</p> <ul style="list-style-type: none"> a) Mayor & Council update. b) Schedule Board of Directors group photograph. c) Liz Morales of the City of Tucson Housing & Community Development Department presentations scheduled for April 21, 2022, July 21, 2022, and October 20, 2022. <p>J. Clinco stated that D. Thompson has created a lot of Financial Policies that need to be reviewed. She is asking for volunteers to review By-Laws. D. Thompson has reached out to J. Salgado at the Phoenix IDA for a copy of their By-Laws that can be reviewed.</p> <p>J. Clinco, M. Aronson, and D. Thompson have met with the Mayor & Council members and the next step is that D. Thompson will be scheduling a study session to educate them on Bonds.</p> <p>M. Petro volunteered to review By-Laws.</p>	<p>No action taken</p>
<p>14. 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.</p>	<p>No action taken</p>

S. Riffle thanked D. Thompson for meeting with him a few weeks ago and to drop off a memento for each member to celebrate **\$1,000,000,000.00** in loans done in the PTHS Program, which is almost **\$47,000,000.00** in down payment assistance. The PTHS Program had a solid month with over **\$13,000,000.00** in reservations.

There are several headwinds in the market at this time:

- Inflation
- Rising mortgage rates

It wouldn't be surprising if there were some months with reservations lower than normal.

S. Riffle thanked D. Thompson for joining the training session held today for VIP Mortgage with over **50** in attendance. Trainings held and an increase in marketing is to remind Lenders and Realtors of the local good, local growth, local program. We have an extremely competitive market in this Pima County service area; the PTHS Program continues to have the lowest rates of any TBA (to be announced) program in the state of Arizona, every day. The PTHS Program is the only program that has not cut off or stopped certain options however, the **6%** option may be turned off because it is just not attractive from an interest rate perspective. This is not a significant change or something to be concerned about. The HUD Rule is a proposed rule. This is something that can't be controlled but we'll need to be ready if it does come out. Mr. Riffle is meeting with lobbyists of clients; this will be important moving forward.

D. Thompson reviewed a report from Stifel that she requested: PTHS Impact by Ward:

- Ward 1: **\$107,864,068 17.40%**
- Ward 2: **\$111,233,163 17.95%**
- Ward 3: **\$ 78,244,998 12.63%**
- Ward 4: **\$121,335,234 19.58%**
- Ward 5: **\$139,145,183 22.45%**
- Ward 6: **\$ 61,915,565 9.99%**

15. Status Report related to the potential acquisition, development, construction, equipping, operation and /or sale, of one or more properties on (a) 450 N. Main, (b) Block 174, and (c) Block 175, including a discussion of payments to real estate brokers and request for resolution related thereto Pursuant to Arizona Revised Statutes Section 38-431.03(A)(1)(3) and/or (4), the Authority may vote to recess and meet in Executive Session for discussion or consultation with and to provide direction to the Authority's legal counsel about this item. Any action taken by the Authority regarding this matter will be taken in open meeting session (either at this meeting or later) after the adjournment of the Executive Session.

D. Thompson reported the following pertaining to **257 N. Stone Avenue**:

No action taken

<ul style="list-style-type: none"> • Bid submitted for asbestos remediation and demo: \$190,000.00 for both; \$36,000.00 for asbestos only. • Rental revenue potential: \$50,000 to \$65,000 per year. • Dust Firm is interested in a Tenant Improvement allowance; interested in negotiating usage of the building and in return would complete work to update the building and get it up to aesthetic and modern needs. <p>Discussion ensued and P. Schwabe stated that she would like to have an office for the Authority at 257 N. Stone. The building could one day receive a Historic Designation; should be preserving. If someone is looking to develop Block 174, they can work 257 N. Stone into their deal.</p> <p>The Authority needs a Strategy Session to discuss the real estate and development to have a vision of what the Authority wants.</p>	
<p>16. Status report concerning results of the allocation of private activity bonding authority lottery conducted by the Arizona Finance Authority on or about December 16, 2021 and January 2, 2022.</p> <p>D. Thompson reported that the Tech Park is developing 3 more projects and have expressed interest in working with the Authority:</p> <ul style="list-style-type: none"> • Tech Parks partnership potential - \$100,000,000 in projects • ThinkBox, an investment group out of D.C. ThinkBox partnership potential - \$250,000,000 Fund • Ting Fiber Optics moving into Tucson; partnership potential - \$20,000,000 project 	No action taken
<p>17. Reports: Monthly Staff Report for the month ending January 31, 2022.</p> <p>a. General Operations of the Authority:</p> <p>i. Cash Management.</p> <ul style="list-style-type: none"> • Total Cash & Cash Equivalents less commitments and recommended reserves: \$3,701,196. <p>ii. Bond Borrower’s payment of Administrative Fees.</p> <ul style="list-style-type: none"> • All fees are current. <p>iii. Loan Origination.</p> <ul style="list-style-type: none"> • 2 loans approved and pending; the BDFC Participation loan to El Grupo Youth Cycling, Inc. will be closing Friday, February 18, 2022 and funding in the amount of \$134,000, which is significantly lower than the up to \$350,000 approved. <p>iv. Loan Servicing.</p>	2

- All loans paying as agreed.
- v. **Parking Lot monthly report prepared by Pueblo Parking Systems, LLC (“PPS”).**
 - **Block 175:**
Net Monthly Income: **\$15,549.**
 - **Block 174:**
Net Monthly Income: **\$4,146.**

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 **\$64,169** 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 **\$127,752** 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 **20** Mortgage Credit Certificates have been issued aggregating to approximately **\$3,799,400.**

- **20** Mortgage Credit Certificates (“MCC”) have been issued aggregating to approximately **\$3,799,400** in MCC Indebtedness.
- Average Income: **\$47,335.**
- Average Purchase Price: **\$198,511.**
- Average Mortgage Amount: **\$189,970.**

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

<p>extended expired on June 30, 2021 – more than \$332,846,560 in mortgage-backed securities sold with more than \$35,934,916 of down payment assistance granted to homebuyers and over \$8,404,480 deposited into the Tucson Rapid Rehousing Fund.</p> <p>Tucson P2P Program (4/1/2021 to 6/30/2021):</p> <ul style="list-style-type: none"> • 2,221 Total Loans aggregating to \$334,096,985. • Average Income: \$49,934. • Average Mortgage Amount: \$159,573. <p>vi. \$75,000,000 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 “PTHS Program”) - commenced on December 17, 2012, and unless extended expires on December 31, 2023 – more than \$1,013,303,928 in mortgage-backed securities sold with more than \$42,325,326 of down payment assistance granted to homebuyers.</p> <p>January 2022:</p> <ul style="list-style-type: none"> • 56 Loans reserved totaling: \$13,686,354. • Average Income: \$50,837. • Average Mortgage Amount: \$167,129. • MBS Sold (Par): \$1,013,303,928. • Gross DPA to Borrowers: \$42,325,326. 	
<p>18. Call to the Public</p>	<p>No action taken</p>
<p>19. Adjourn Next Regular Meeting is Thursday, March 17, 2022.</p>	<p>A MOTION was made and seconded (M. Noshay-Petro / S. Barton) to adjourn the regular meeting at 4:39 p.m. Approved 6-0</p>

Submitted by:

Karen J. Valdez
BDFC Advisor Services, LLC

Approved by:

Judy Clinco, President
The Industrial Development Authority of the City of Tucson, Arizona