



INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF TUCSON



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

Thursday, March 17, 2022
3:00 p.m.

Virtual meeting held via zoom

Minutes

	Present	Absent
Board Members:	Judy Clinco Meredith Aronson Sharayah Jimenez Melissa ("Mimi") Noshay-Petro (left at 4:19 p.m.) Moniqua Lane Sandra Barton (arrived at 3:20 p.m.)	Patricia Schwabe
Staff & Advisors:	Andrea ("Dre") Thompson, CEO Wendy McBroom, Operations Coordinator Gary Molenda, BDFC Advisor Services, LLC Karen Valdez, BDFC Advisor Services, LLC Julie Arvo MacKenzie, Engelman Berger, P.C. Brigitte Finley Green, Engelman Berger, P.C.	
Guests:	Liz Morales, City of Tucson Jesús Edmundo Robles, Jr, DUST Cade Hayes, DUST Jerrick Tsosie, DUST	

COVID-19 SPECIAL MEETING NOTE: This Regular 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.

Pursuant to **Arizona Revised Statutes Section 38-431.02**, notice was given to the general public and to the members of the Authority's Board of Directors that the Authority will hold a meeting open to the public to discuss, consider and take legal action on the following Agenda items:

ITEM	ACTION TAKEN / TO BE TAKEN
<p>1. Call to Order and Review of Mission Statement 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>D. Thompson introduced Wendy McBroom who started working this week as the Tucson IDA's Operations Coordinator.</p>	<p>The meeting was called to order at 3:05 p.m.</p>
<p>2. Request for Resolution Approve the Minutes of the Regular Meeting of February 17, 2022</p>	<p>A MOTION was made and seconded (M. Aronson / M. Noshay-Petro) to approve the minutes of the February 17, 2022 Regular Meeting as presented. Approved 5-0</p>
<p>3. CEO Update: Status Report & Action An overview of the financial, strategic, and operational developments of the organization over the past month and request for resolutions related thereto.</p> <p>D. Thompson reviewed the following:</p> <p>A. Review of Finances, including discussion and action of the Financial Policies and Procedures document and the FY 2022-2023 annual budget draft proposal.</p> <ul style="list-style-type: none"> • Addressing potential financial risks that were identified in a risk assessment conducted by an external public accountant who did a 360 review of the organization. Risks identified include internal controls. • Included Federally mandated policies to make the IDA compliant for any federal dollars should they be secured in the future. Historical documents have been integrated. • Working to understand the profitability of each program to identify FY22-23 budget strategy. <p><u>Internal Controls – decision points that need review:</u></p> <ul style="list-style-type: none"> • Division of Responsibility between the Board, Staff, and Advisors and fiscal responsibility of each. • Board approval on checks, etc. • Risk Management requirements for Contracted Advisors, etc. <p>J. Clinco stated that this information has been reviewed by the Finance Committee during a meeting that was recently held. Finance Committee members: S. Barton (Chair), J. Clinco, P. Schwabe, D. Thompson.</p> <p>K. Valdez reminded the Board members that all Committee Meetings need to be posted, minutes taken and posted once approved.</p> <p>J. Arvo McKenzie confirmed that all Committee Meetings must be posted, minutes taken and posted upon approval.</p>	<p>A MOTION was made and seconded (S. Barton / M. Aronson) to move forward and work with Tucson Association of Realtors ("TAR"), using funds from TAR and request grant funding from the City of Tucson, to establish the Essential Workers Housing Fund. Approved 6-0</p>

Review draft of the Financial Policies and Procedures and the following discussion ensued:

- M. Aronson questioned CEO responsibility for reviewing and approving all grant submissions and asked if there is any connection between the CEO and the Board with regard to grants? M. Noshay-Petro stated that there has to be.
- Audit – recommendation is to not have an audit this year and instead have an audit prep only. S. Barton stated that for consistency, the IDA should have an annual audit.
- M. Aronson stated that there is no checks and balances for the budget. D. Thompson stated that the check on CEO spending is the Board Treasurer.
- S. Barton discussed petty cash, potential embezzlement of funds, finger printing, etc. and recommends that staff be fingerprinted. M. Lane would like to see a petty cash procedure for a purchasing card (not as liquid as a debit card).
- D. Thompson has looked into Expensify, where everything regarding credit cards is automatically tied to payroll: receipt scanning, expense tracking, reimbursements, and it is all on one app at no additional cost; there are integrations, approve vs disapprove, that can be done. The Payroll Agency GUSTO has a pretty robust expense approval system built in, but an Expensify cash card can be connected to the payroll system. M. Aronson stated that she would support this.
- M. Aronson asked if there would ever a time when a reserve fund might be required? S. Barton stated that **6 to 12** months reserves in operating expenses is good practice. M. Lane agreed that there should be funds in reserve. D. Thompson reviewed the IDAs existing accounts. K. Valdez stated that the IDA does have designated reserves of **\$650,000** for operating expenses and **\$400,000** for single family programs.
- Methodology and Procedures pertaining to Micro-Purchases, Small Purchase, Sealed bids: reviewed dollar thresholds. S. Jimenez discussed the difficulty in quantifying small, medium, and large projects. M. Aronson stated that sealed bid is for development and not anything that the IDA does; sealed bids are specific to property and structures. M. Lane recommends dropping micro to **\$5,000** and under.

Next steps: Board members to review and forward comments to D. Thompson

B. Update on the Strategic Framework progress.

- Onboarded a new employee, activation of payroll through GUSTO Payroll Agency.
- Pursued an opportunity for cost effective renovation and tenant agreement with DUST at **257** N. Stone Avenue – Presentation in item **#4** below.

<ul style="list-style-type: none"> Reviewed slides from a presentation that will be provided to the Mayor & Council next week: <p>Review Purpose of Industrial Development Authority's ("IDAs").</p> <p>Tools at the IDAs disposal.</p> <p>How the IDA can help: 1) Leverage National Programs, 2) Solve Targeted Problems, 3) Reduce Gridlock.</p> <p>C. Review of Program Updates, including discussion and action on the Essential Workers Housing Fund.</p> <ul style="list-style-type: none"> Secured \$125,000 from the Tucson Association of Realtors ("TAR") and their Charity Association for the Essential Workers Housing Fund for borrowers participating. Will be pitching the program to City of Tucson Mayor & Council for \$375,000 to bring the total fund to \$500,000. <p>Borrowers must be participating in the Pima Tucson Homebuyers Solution ("PTHS") Program and would cover 1% of closing costs up to \$2,500. The amount would be added to the down payment assistance from the PTHS Program.</p> <ul style="list-style-type: none"> M. Aronson expressed concerns about the current market condition and would like to ensure the market demand will be there for a success launch of the program. <p>Program Updates:</p> <ul style="list-style-type: none"> The PimaTucsonHome.org website will be relaunched in April. 	
<p>4. 257 Stone Property: Status Report</p> <p>An introduction to the principles of DUST, a multidisciplinary architectural design studio, and a review of proposed partnership</p> <p>D. Thompson stated that when thinking about the property at 257 N. Stone, an interesting and innovated idea emerged with the DUST team and a joint project with the Industrial Development Authority of the City of Tucson (the "Authority"). DUST would do in-kind services, in terms of planning and rehabilitation of the building, and become tenants through a Tenant Improvement Fund Agreement. The Authority would invest in the rehabilitation costs of the building, DUST would be on-going tenants, and the Authority would have a home at 257 N. Stone. The DUST Team introduced themselves: Jesús Edmundo Robles, Jr, Cade Hayes, and Jerrick Tsosie who gave a presentation to the Authority. DUST is a small Tucson architectural design firm and General Contractors. They've conducted a site visit and review the site for adaptive reuse. As Tucsonans, they recognized the value of maintaining some of the historic 1950's infrastructure.</p> <p>The Presentation included:</p> <ul style="list-style-type: none"> Who DUST is and projects they have completed and projects they are currently engaged in. Proposed layout – diagram drawings 	<p>No action taken</p>

- Original quote the Authority received for asbestos removal and demolition; currently waiting on **2nd** quote.
- **Phase I** – remove walls and expose the structure of **2nd** floor; estimated cost is **\$20,000**; waiting on a quote for asbestos removal.
- **Phase II** – remove any structure needed, cutting holes in the masonry that is needed, removal of asbestos (approx. **\$60,000**).

D. Thompson stated that a proposal will be drawn up with specifics:

- The Authority would cover the costs of demolition and rehabilitation.
- DUST would keep track of hours and per in-kind agreement reflected in their rent.

Discussion ensued regarding the following:

- Lots on Block 174 for future development.
- Anticipated rehab costs: **\$200,000 to \$250,000**
- Need to review a building proforma to determine whether it is more cost effective to rehab or demolish.
- Time, material, and labor costs are not convenient in today's environment.
- Zoning of **Lot 63** – skinny building with **4** parking spots.
- Zoning of **Lot 66A**
- Could future development go over building if building is rehabbed?

Next steps:

- Modify docs and bring back for review/decision.
- Schedule Committee meeting for review and recommendation to full Board.

5. Board Governance: Status Report

A discussion of Board Governance strategy and **request for resolutions** related thereto.

D. Thompson provided the following program updates:

- Created a budget to look at the efficacy of each program and make decisions based on findings.
- Budget Review: **1)** revenue and summary, **2)** budget worksheet, and **3)** organization expense budget.
- Schedule a Finance Committee meeting
- Board members are to review the financial budget – all comments can be submitted to either D. Thompson or K. Valdez to be compiled and

included in budget for committee review

In Process:

- Grant submission for Legacy & Heritage Food Revolving Loan Fund has been waitlisted by the COT.
- Partnership with YWCA continues

Status of Strategic Framework tasks:

- Hire a Financial Advisor – in process.
- A Request for Proposals (“RFP”) has been created for a fractional Chief Financial Officer (“CFO”).
- Review & Revise By-Laws – in process. M. Noshay-Petro to be on the Committee for review By-Laws. J. Arvo McKenzie and B. Finley Green asked that this be moved to the summer.
- Streamline regular management tasks – in process. Standing weekly meetings: Staff and BDFC
- Reassess contracts – Complete: Reviewed by various Board members and will be reviewed at next month’s regular meeting.
- Evaluate Programs (MCC, PTHS, etc.) – Complete
- Create Budgeting Process – In process.
- Review Current IDA Policies – In process.
- ARPA Funding – In process.

Governance:

- W. McBroom will be scheduling a one-on-one meeting with each of the Board members to get individual expectations.
- Board survey, about 15 questions.
- May Board Retreat preferred structure; full day or 2 mornings?
 - S. Barton - full day
 - M. Aronson – 9:00 to 3:00; would like to see Board input and Mayor & Council input prior to scheduling the retreat.
 - S. Jimenez – 2 mornings
 - J. Clinco – would like to see development of property.

It was the consensus of the Board to schedule a Development Committee Meeting prior to scheduling a Board Retreat:

- Development Committee: M. Lane, S. Jimenez, P. Schwabe, J. Clinco

<p>D. Thompson will send out times and request for comments regarding items to discuss at the Board Retreat.</p>	
<p>6. Status Report: 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"> • J. Clinco stated that meetings have been held with the Mayor & Council offices separately and D. Thompson will be presenting at a Study Session next week. • Monthly meetings with Charlene continue. 	<p>No action taken</p>
<p>7. Call to the Public</p>	<p>No Public present</p>
<p>8. Adjourn</p>	<p>A MOTION was made and seconded (S. Barton / M. Aronson) to adjourn the regular meeting at 5:05 p.m. Approved 5-0</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