



# INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF TUCSON



## THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF TUCSON, ARIZONA – DEVELOPMENT COMMITTEE

Monday, April 18, 2022  
11:00 AM

Virtual meeting held via zoom

### Minutes

#### Present

#### Absent

Board Members:

Moniqua Lane  
Sharayah Jimenez  
Judy Clinco

Patricia Schwabe

Staff & Advisors:

Andrea (“Dre”) Thompson, CEO  
Karen Valdez, BDFC Advisor Services  
Julie Arvo MacKenzie, Engelman Berger, P.C.

Due to the impacts of the COVID-19 pandemic, which have prompted declarations of a public health emergency at both the state and federal levels, this meeting was conducted using measures to protect public health. The Development Committee of The Industrial Development Authority of the City of Tucson, Arizona (the “**Authority**”) was held virtually on **Monday, April 18, 2022** via Zoom.

Pursuant to **Arizona Revised Statutes Section 38-431.02**, notice of the meeting was given to members of the Authority’s Board of Directors, the Authority’s Committee Members and the general public.

	RECOMMENDATION
<p><b>1. Call to Order and Mission Statement</b></p> <p><b>Tucson IDA enables strategic economic and community development by providing financing and access to capital for projects and programs that benefit a thriving Tucson.</b></p>	The meeting was called to order at 11:06 a.m.
<p><b>2. Status report and discussion related to development strategy or set of basic principles and other processes related to potential development of one or more properties on: (a) 450 N. Main, (b) Block 174, (c) Block 175, and (d) 257 N. Stone Avenue, and request for recommendation to the Board of the Authority for any actions related thereto.</b></p>	No action taken

D. Thompson began by stating the objective of the Committee is to establish parameters for deal flow, related to the Authority's properties, that will assist in her efforts to recruit deals.

- Parameters will include strategies to sell, develop, co-develop, hold property, or acquire new property, as it relates to the Authority's overall mission and goals.
- Pricing: **1)** How it fits into the overall budget, **2)** willingness to be flexible for the mission, or **3)** to ensure the highest and best value is received.
- Criteria for evaluating qualifications of proposals received, based on understanding of the industry, field, or players.
- Rubric: a list of specific criteria used for decision making and to rate/score proposals to establish transparency. Flexibility by project.
- Secure and evaluate proposals and provide recommendations to the full Board.

Review of the following documents:

- Decision Rubric Template
- Rubric, specific to 450 N. Main
- Multiple Listing Service Comparisons ("MLS Comps") and CoStar Comparisons
- El Presidio Activation: Description of Master Plan for El Presidio

The Decision Rubric is structured for internal organizational use. It includes the following information:

- Project details
- Background information
- Core Assessments – has added points going up to 10 and includes supportive data (pros) and contrary data (cons) and Score for the following: Mission Alignment; Reputational Alignment; Organizational Capacity Alignment; Short Term Financial Benefit; Long Term Financial Benefit.
- Bonus Points – A project can make up points here and includes: Equity, Diversity & Inclusion; Natural Environments; Community Organizations & Programs; Community Engagement; Public Space & Infrastructure; Local Enterprise; Job Creation.

These metrics were pulled from other organizations. The Committee can decide how to evaluate and/or can be moved to Core Assessments.

- Total Points & Next Steps

Discussion ensued:

- M. Lane stated that she would like this to be viewed by the Board generally; its very discretionary and would want to make sure that the

<p>Board is comfortable with what they want to do.</p> <ul style="list-style-type: none"> <li>• J. Clinco agreed and stated this would best be held for discussion at the Board Retreat.</li> <li>• S. Jimenez agreed and asked what score range is acceptable?</li> <li>• D. Thompson reviewed the Total Points, with defined point ranges &amp; Next Steps and noted that the scoring doesn't have to be a complete no, it could be conversational with options for improvement. D. Thompson views her role as inputting project information for the Committee to review and score; or collectively score during a meeting.</li> <li>• S. Jimenez stated it is a good balance of being innovative but also realistic.</li> <li>• M. Lane commented on Core Assessments – short term and long-term financial benefits as follows: the financial impact should be part of the Core Assessments but the language “contributes to short-term financial well being and wealth of the organization” should be changed. It was noted that there may be some projects that could contribute to the financial wellbeing of the organization that won't have anything to do with the Tucson community. Therefore, make it clear up front, using phrasing from the Authority's mission statement.</li> </ul> <p>J. Arvo MacKenzie recommended deleting “and wealth” in both the short- and long-term benefits.</p> <p>M. Lane: add “quality of life for Tucsonans”</p> <p>J. Clinco and S. Jimenez agreed.</p> <ul style="list-style-type: none"> <li>• M. Lane commented on Proformas: limit it to financial viability in the Core Assessments.</li> <li>• Discussed posting the Rubric on the website for transparency.</li> </ul>	
<p><b>3. Review and discussion of proposal related to 450 N. Main and request for recommendation to the Board of Directors of the Authority for any actions related thereto.</b></p> <p>D. Thompson reviewed property zoning and history of 450 N. Main including the following:</p> <ul style="list-style-type: none"> <li>• The Authority purchased 450 N. Main at the encouragement of the City of Tucson (“COT”) with the understanding that additional right-of-way would be gifted to the Authority by the COT; conditioned upon the property being removed from the flood plain and used for affordable housing. Language from the COT Mayor &amp; Council <b>Resolution #21383</b>, dated <b>September 9, 2009</b>, was reviewed which states: in addition to affordable housing, the development may contain another land use or uses (a mixed-use development).</li> <li>• Cost of holding the property – over <b>\$350,000</b> through <b>12/31/2021</b></li> <li>• Discussed Land Value Assessment vs Appraisal – assessments are for tax purposes; an appraisal provides property value.</li> </ul>	<p>Recommendation:</p> <ol style="list-style-type: none"> <li>1) Pass on proposal.</li> <li>2) Remove for-sale sign on 450 N. Main.</li> </ol>

- Discussed Affordability Measures: Low Income; Workforce Housing; and Impact Assessment Fee Abatement Eligibility

Reviewed Current Proposal:

- **24** units of mixed income & workforce housing
- Unit mix
- Voucher eligible: set aside
- A portion of the property dedicated for community benefit; will require special zoning
- Goal is to visually fit into the community
- Proposed timeline and development costs
- Proposal requests a sale price of **\$169,000**; discussed property value noting proposals received in the last few years have all been in the **\$400,000+** range.
- Bond financing:  
J. Arvo MacKenzie: – in order to be tax exempt for multifamily housing, **20%** of the housing units need to be set aside for **50%** or lower of Area Median Income (“AMI”), or **40%** of units set aside for up to **60%** AMI. This Proposal doesn’t meet the tax code rules for a tax-exempt project. AMI set asides need to be monitored for a period longer than the financing to ensure that no flipping occurs. Bond requirements run with the land. For this project, tax exempt bond financing doesn’t appear to work.
- COT Housing and Community Development, and **Ward 1**, have indicated that they would be comfortable affirming the current plan as meeting “affordability” per the terms of the existing agreement.
- El Presidio Neighborhood Association (“EPNA”) has reached out requesting participation in the review process.
- J. Clinco stated that any project on the property will need to aesthetically fit into the EPN.

Discussion ensued regarding selling, co-development, or development. Other options discussed: land swap with the COT; buying the portion of property that was transferred to the Authority to do away with restrictions on development.

S. Jimenez asked that discussion on partnerships take place at the Board Retreat.

D. Thompson stated that she has solicited request for qualifications (“RFQ”) from 3 separate organizations that specialize in supporting Industrial Development Authorities, and similar organizations, in creating economic strategy as it relates to real estate development and building master plans. These RFQs will be reviewed in the event that the Authority would like to have a professional consulting service develop a strategy. Each of the organizations take on a different angle: architecture, economic focused, etc.

**4. Review and discussion of proposal related to 257 N. Stone Avenue**

Recommendation:

<p><b>and request for recommendation to the Board of Directors of the Authority for any actions related thereto.</b></p> <p>D. Thompson began discussion by giving a recap on the presentation provided by DUST at the <b>March 17, 2022</b> regular meeting. Discussion ensued as follows:</p> <ul style="list-style-type: none"> <li>• J. Clinco: Discussion of renovation to the building is premature. The Authority first needs a master plan to know whether the building will be demolished or renovated.</li> <li>• S. Jimenez: The biggest concern would be spending money on a building that may be demolished in the future. The Authority's properties are located in prime areas that require a long-term strategy.</li> <li>• M. Lane: Agreed that clear strategic direction is needed and should be discussed at the Board Retreat.</li> </ul>	<ol style="list-style-type: none"> <li>1) Pass on the DUST Proposal.</li> <li>2) Develop a strategic plan that aligns with real estate development.</li> </ol>
<p><b>5. Development Committee: Future scheduling and Master Planning.</b></p> <p>J. Clinco suggests changing the name of the committee. Discussion ensued and it was the consensus that committee be called the Property Development Committee. Regular meetings will be held the <b>2<sup>nd</sup></b> Thursday of every month from <b>4:00 p.m. to 5:00 p.m.</b></p>	<p>Recommendation:</p> <ol style="list-style-type: none"> <li>1) Change name of committee to Property Development Committee.</li> <li>2) Schedule regular monthly meetings to be held the 2<sup>nd</sup> Thursday of every month from 4 pm to 5 pm.</li> </ol>
<p><b>6. Adjourn</b></p>	<p>Meeting adjourned at 12:01 p.m.</p>

Submitted by:  
Karen J. Valdez  
BDFC Advisor Services, LLC