



INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF TUCSON



THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF TUCSON, ARIZONA – LOAN REVIEW COMMITTEE MEETING

Friday, June 10, 2022
9:00 AM

Virtual meeting held via Zoom

Minutes

Present

Board Members: Sandra Barton
Judy Clinco
Patricia Schwabe (arrived 9:20 a.m.)

Staff & Advisors: Andrea (“Dre”) Thompson, CEO
Gabriel Gomez, BDFC Advisor Services, LLC
Lori Simmons, BDFC Advisor Services, LLC
Karen Valdez, BDFC Advisor Services, LLC

The Loan Review Committee of The Industrial Development Authority of the City of Tucson, Arizona (the “**Authority**”) was held virtually on **Friday, June 10, 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.

ITEM	ACTION TAKEN / TO BE TAKEN
1. Call to Order	The meeting was called to order at 9:01 a.m.
2. Request for Approval of the minutes of the Loan Review Committee for the meeting held October 6, 2021.	A MOTION was made and seconded (J. Clinco / S. Barton) to approve the minutes of the October 6, 2021 committee meeting as presented. Motion carried.
3. Review and request for recommendation to the Board of Directors of the Authority concerning a loan request from Business Development Finance Corporation (“BDFC”) for a participation agreement with BDFC	A MOTION was made and seconded (J. Clinco / S. Barton) to recommend

in an amount not to exceed \$100,000.00 related to BDFC's loan to Borderlands Taproom Concepts, LLC for its business operations at 2500 E 6th Street, Tucson, Arizona.

G. Gomez reviewed credit memo dated June 8, 2022 as follows:

Borrower: BORDERLANDS TAPROOM CONCEPTS LLC
 BDFC Loan Total: \$200,000
 IDA Loan amount: \$100,000 participation
 Perm Loan: 7-year Term/Amortization
 Rate to IDA: 7.50% (6.50% net of 100 basis point servicing fee to BDFC) fixed
 Total Project Cost: \$200,000
 Project Address: 2500 E 6th St, Tucson, AZ
 Purpose: Tenant improvements, FF&E
 Basis of eligibility: Section 3(a) of Loan Policy – Economic Development
 Job creation: 10 FTE
 Minority Owned Business
 Collateral: 1st Security Interest on FF&E/M&E owned by the affiliate brewery and the borrower (new FF&E)
 Gurantees: BORDERLANDS BREWING COMPANY, INC. (the existing brewery/tap room)
 Voltron Brewing Company LLC (entity that reports the wholesale brewing)
 Personal Full Guarantees

Borderlands Taproom Concepts is an expansion (2nd location) for the existing Borderlands Brewing operation on 119 E Toole (Toole & 7th Ave). The current location is primarily a brewery with a large outdoor seating area. Initially, no food was offered, but a small food truck offering a very limited taco menu has since been added. At its peak, food only accounts for 35% of sales.

This location/expansion will bring an expanded focus to a food menu to create a more brewpub environment. Ownership is teaming up with Chef Maria Mazon, the owner of Boca Tacos. Boca Tacos has been featured on the Food Network, New York Times, and Travel Channel. It is a Tucson City of Gastronomy Certified restaurant. In 2020, Maria became a James Beard Award semi-finalist for Best Chef in the Southwest Region. Chef Maria will design the menu and assist in running the kitchen. Ownership's focus will be to continue to brew high quality beer, while at the same time offering a menu from a highly respected, local Chef. Currently, only a small handful of breweries in Tucson also offer a full food menu, none of which have the backing of a nationally recognized Chef.

Reviewed sources & uses and the loan criteria as it pertains to the Authority's Loan Policy. It was noted that the BDFC Loan Committee reviewed and approved the loan. Two guarantees offer strength to pay off the loan if needed.

Discussion ensued and it was the consensus of the Committee to recommend approval.

approval with terms as presented, to the full Board of the Authority, to participate in BDFC's loan to Borderlands Taproom Concepts, LLC in an amount not to exceed **\$100,000.00**.
Motion carried

4. . Review and request for recommendation to the Board of Directors of the Authority concerning a loan request from Business Development Finance Corporation ("BDFC") for a participation agreement with BDFC

A MOTION was made and seconded (J. Clinco / P. Schwabe) to recommend

in an amount not to exceed \$70,000.00 related to BDFC's loan to Make Way for Books for its business operations at 700 North Stone Avenue, Tucson, Arizona.

L. Simmons reviewed credit memo dated June 8, 2022 as follows:

Borrower: Make Way for Books
BDFC Loan Total: \$120,000
IDA Loan amount: \$70,000 IDA participation
Perm Loan: 10-year Term - 25-year Amortization
Rate to IDA: 4.00% (3.00% net of 100 basis point servicing fee to BDFC) fixed
Total Project Cost: \$150,000
Project Address: 700 North Stone Avenue, Tucson, AZ
Purpose: Purchase commercial real estate at 710 North Echols Avenue, Tucson
Basis of eligibility: Section 3(a) of Loan Policy – Job creation: 2 FTE Non-Profit Business serving LMI residents Project in Opportunity Zone
Collateral: 2nd DoT on project property

This nonprofit entity is a family education and literacy organization. Make Way for Books provides access to high quality early literacy education through programs that meet families with young children in high-need locations including community sites and neighborhood elementary schools, as well as online. Children are offered shared reading and literacy activities that help to build their critical emergent literacy and language skills. Through a two-generation approach, children and parents learn together. These programs feature a strong parent engagement focus, empowering parents with skills and resources to support their children's literacy development. During Covid online platforms and low contact book deliveries were offered.

Borrower has the opportunity to purchase the parking lot adjacent to their current commercial property, which they currently rent for \$400 per month. These 16 spaces are critical since there is no on-street parking on Stone immediately in front of the building.

Property address for the parking lot to be purchased is 710 North Echols Avenue, Tucson, AZ. Purchase price is \$150,000 and client will use \$30M unrestricted cash as a down payment. The subject property is located in an Opportunity Zone. The business entity is a 501C(3) nonprofit.

Reviewed audited financial statements for years ending: June 30, 2019, 2020, 2021, and interim statement through April 30, 2022. It was noted that cash balances are entirely unrestricted at FYE2021; and grant receivables are expected to be collected within one year based on contracts or promises to give.

Reviewed: Debt Service Coverage, Collateral, Effective Combined Loan to Value, BDFC Loan Grading, Risks and Strengths.

Discussion ensued and it was the consensus of the Committee to recommend approval.

approval with terms as presented, to the full Board of the Authority, to participate in BDFC's loan to Make Way for Books in an amount not to exceed **\$70,000.00. Motion carried**

5. Adjourn

A **MOTION** was made and seconded (P. Schwabe / S. Barton) to adjourn meeting at **9:29 a.m. Motion carried**

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