

## Meeting Minutes and Legal Action Report of the Board Retreat

### Industrial Development Authority for the City of Tucson

*Open Meeting: Pursuant to Arizona Revised Statutes Section 38-431.02, notice is hereby given to the general public and to the members of the Authority's Board of Directors that the Authority will hold a public meeting to discuss the following Agenda Items.*

#### Results of the Tucson IDA Strategic Board Retreat September 10 + 11, 2025

This report summarizes the discussions and actions items from the Board Retreat.

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#### Retreat Orientation and Context

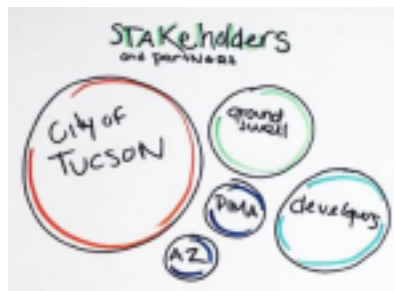
The initial session focused on establishing the orientation and context for the retreat, including perspectives of Board members and a review of the Tucson IDA's accomplishments since 2022.

#### Perspectives

Prior to the retreat, Board members provided personal perspectives on the following questions:

*Q1: Who do you believe are the most critical stakeholders and partners for the IDA? A1:*

- City of Tucson
- Groundswell Capital
- Developers
- Pima County
- State of Arizona



*Q2: Who do you believe are the most important beneficiaries of the IDA's work? A2:*

- Residents of Tucson
- Developers
- Small Businesses



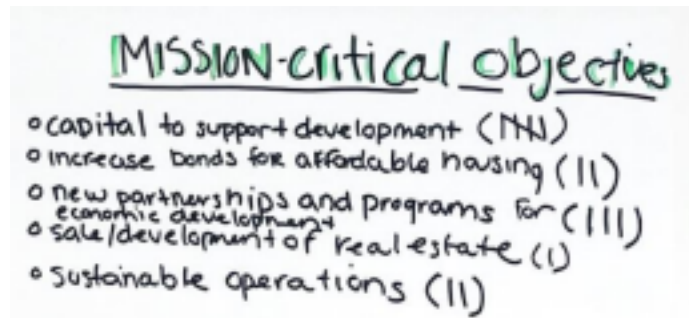
- Homeowners

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Q3: What do you believe is the single most mission-critical objective the IDA should accomplish in the next 3 - 5 years?

A3:

- Capital to support development
- New partnerships and programs for economic development
- Increase bonds for affordable housing
- Sustainable operations
- Sale / development of real estate holdings



Q4: By 2035, what do you believe will be evidence that the IDA had a meaningful impact on Tucson's economic development?

A4:

- Prosperous economy
- Housing affordability
- Incentives for developers
- Infill development
- Home ownership



Tucson IDA in Action

A document summarizing the Tucson IDA's accomplishments since 2022 is attached for review.

Of note, the summary of Tucson IDA's accomplishments includes a restatement of the organization's mission and how the Tucson IDA Staff views the mission connecting to Tucson's residents.

***Tucson IDA Mission:***

The Tucson IDA enables strategic economic and community development by providing financing and access to capital for projects and programs that benefit a thriving Tucson.

*Local Economic Development means:*

- Increased prosperity
- Equal opportunity
- Upward mobility
- Generational wealth building

Tucson IDA Suite of Programs

The Tucson IDA has a suite of programs to address a vertical and horizontal spectrum of stakeholders and beneficiaries, including:

- Workforce Development
- Home Ownership
- Small Business Development
- Small Scale Community Development
- Corporate / Enterprise Development
- Municipal Infrastructure
- Climate Resilience



Challenges and Opportunities

The Board discussed potential opportunities and challenges to be considered in determining and prioritizing objectives.

*Challenges:*

- Public resistance to certain types of development initiatives
- Current permitting process for development
- Current zoning overlays
- Availability of qualified trade labor

- Identifying viable capital raising opportunities
- City and/or community lack of understanding of the tax base and sources of revenue

*Opportunities:*

- Create our own narrative around initiatives and benefits

With the understanding of these perspectives, and light of the Tucson IDA's mission and available suite of programs, while also acknowledging the challenges and opportunities in front of the Tucson IDA, the retreat discussed turned to addressing the critical objectives of the strategic plan.

## **Strategic Objectives for the Tucson IDA**

The retreat condensed the strategic objectives for the Tucson IDA into four (4) core functions:

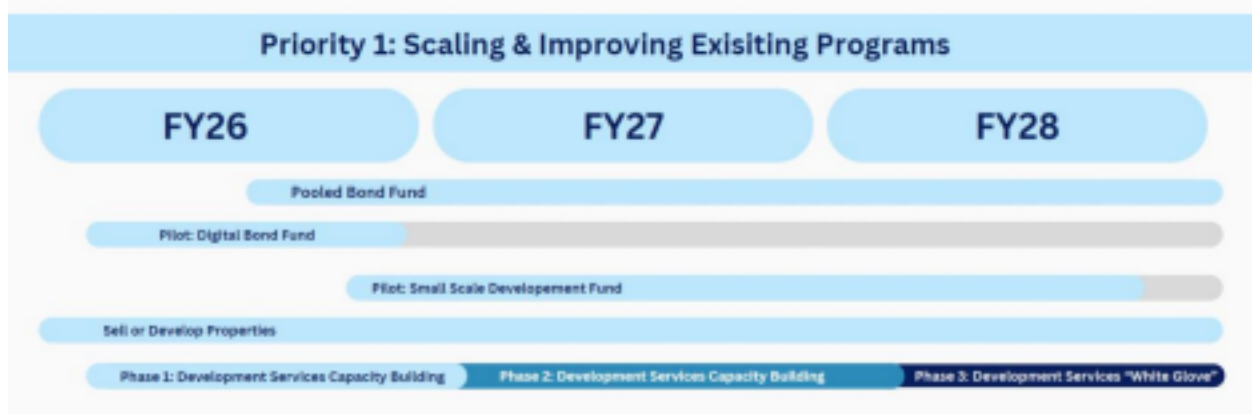
- Raising Capital: The ability for the Tucson IDA to secure impactful and recurring sources of capital to fund initiatives and sustain operations.
- Deploying Capital: How the Tucson IDA invests capital directly and indirectly into stimulating economic and community development.
- Partnerships & Pipeline: Establishing and nurturing relationships across the continuum of stakeholders, peers, and public and private organizations that will result in capital raising and deployment opportunities.
- Operational Excellence: Ensuring that the organization staff, operations, and resources efficiently and reliably facilitate the other critical objectives.

The retreat discussed medium-term and long-term priorities in the context of the strategic objectives for the organization.

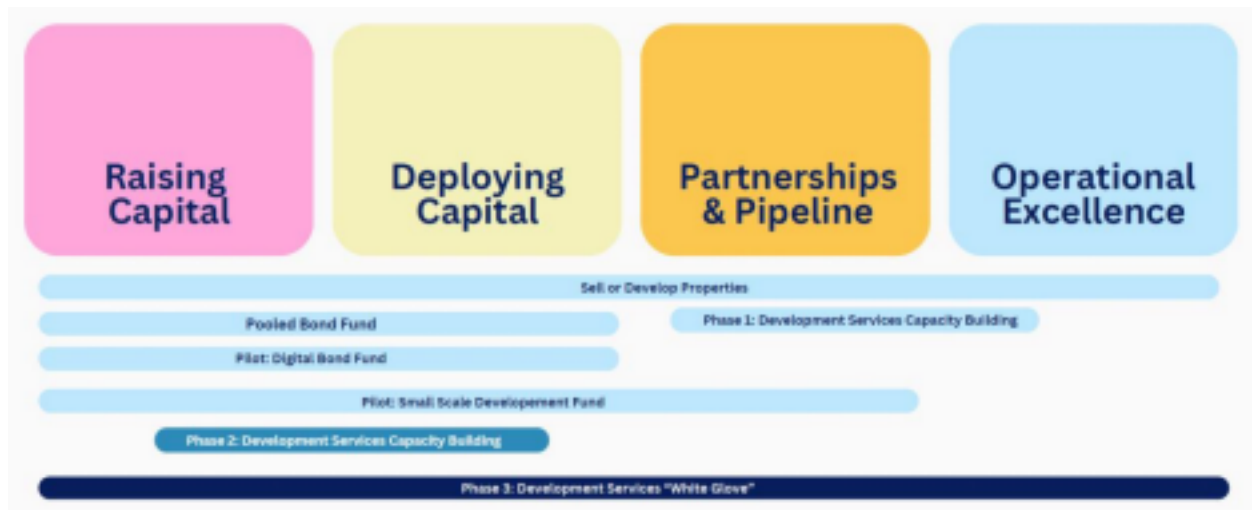
### Medium-Term (1 – 3 years) Priorities

- Pooled Bond Fund
- Digital Bond Fund
- Small Scale Development Fund
- Sell / Develop Real Estate Holdings
- Build Capacity for Development Services
- Large Scale Development Fund

*Medium-Term Priorities by Fiscal Year*



*Medium-Term Priorities by Strategic Objective*

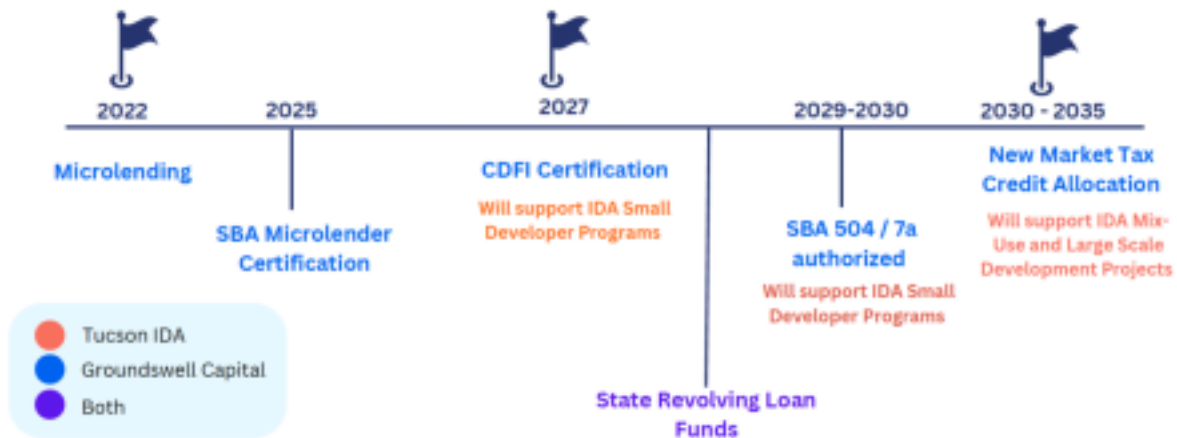


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Long-Term (3 – 5 years) Priorities

- CDFI Certification
- State Revolving Loan Funds
- SBA 504 / 7a Authorization
- New Market Credit Allocation

*Long-Term Priorities by Year*



## Monitoring & Managing Progress

The Board discussed the information necessary to monitor and manage progress toward the strategic priorities.

Quarterly reporting on the status of medium-term strategic priorities,

- including:
- *Initiative*: The specific initiative, program, or project.
  - *Strategic Objective*: The strategic objective(s) that initiative supports: raising capital, deploying capital, partnerships and pipeline, and operational excellence.
  - *Target Outcome and Date*: The success metric and established deadline.
  - *Next Milestone*: The next meaningful and measurable indication of progress.
  - *Budget Impact*: Whether the initiative is accurately reflected in the current budget and, if not, any estimated impact.
  - *Support Needed*: Whether the Tucson IDA Staff wants assistance from Board members or other stakeholders.

*Example Quarterly Reporting of a Single Strategic Priority:*

<b>Initiative</b>	Small Scale Development Fund	<b>Strategic Objective</b>	Deploying Capital
<b>Target Outcome and Date</b>	\$150,000 Loan Fund by March 2026		
<b>Next Milestone</b>	Identify potential project / borrower and create appropriate loan documents.		
<b>Budget Impact</b>	<u>Not</u> included in FY2026 Budget	<b>Support Needed</b>	Loan Committee Chair

Semi-annual reporting will include an update to the existing fiscal year budget to account for and reflect progress toward strategic priorities.

Additionally, the Board discussed a desire for periodic reporting on the following information:

- Capital raising relative to goals, and
- Current number of open programs and YTD funds raised through each program.

A draft quarterly report will be presented to the Board at the Board meeting following the issuance of this report.

### **Short-Term Priorities**

In discussing medium-term priorities, the Board spent time on several matters that could be characterized as short-term priorities, including:

- Small Scale Development Fund
  - Target issuing one (1) loan for approximately \$150,000 within the next six (6) months.
  - Establish parameters for a loan committee, loan documents, and proposal requirements.

- Development Services Process
  - Through the Municipal Investment Fund (MIF) program, Tucson IDA will review and identify possible solutions to shorten the approval timelines in the permitting process for developers.
  - This will include input from City of Tucson Development Services.

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- Considerations may include: the use of artificial intelligence in the permitting review process, education for developers, and greater involvement in the process by Tucson IDA.
  - The result will include a proposed solution and timeline.
- Sale / Development of Tucson IDA's existing real estate holdings.
    - The process should include an ROI modeling on the use of sale proceeds.
  - Research the viability of leveraging Foreign Direct Investments for economic development.
  - Revisit whether the Tucson IDA has an appropriate brand identity.
  - Establish capital raising goals.

## Observations

The retreat provided an opportunity for the Board and the Staff to witness organizational energy and dynamics while exploring the perspectives in the room. Similarly, the facilitator noted several observations, including:

- Mission Alignment: The Board and Staff demonstrated alignment in perspectives of the mission. While there are nuances in the perspectives shared between the Board and the Staff and among individuals, there is an overarching consensus on the objectives and priorities necessary to fulfill the organization's mission.
- Shared Enthusiasm: The Board and the Staff demonstrated a shared enthusiasm for the objectives and opportunities in front of the Tucson IDA. There is an authentic and reality-based belief in possibilities for the organization.
- Autonomous Partner: The Board and the Staff shared the view that the Tucson IDA is best served to continue its partnership with the City of Tucson while retaining its independence and ability to prioritize the organization's agenda.
- Causality Dilemma: The Tucson IDA has a need for capital to implement initiatives, but initiatives often require capital to begin, creating a causality dilemma of which objective results in the other. This creates a tension in the

prioritization of objectives and initiatives.

- Capacity Multipliers: The strategic objectives are diverse and broad in scope, requiring more resources than those available simply through the Staff. The Board and the Staff will need to enlist partners and stakeholders to help mobilize critical initiatives.

- Governance Maturity: The Tucson IDA is beginning the transition in its organizational maturity from start-up phase into a growth phase, which requires a deeper maturity in the governance framework. This transition should include evaluating meeting

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frequency, format, and content, as well as the necessity for deep and frequent interactions between the Board and the Staff. Additionally, the Board and Staff should consider the value of governance layers, such as Board or operational committees.

*~ End of Report ~*

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