

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF TUCSON, ARIZONA**

**Minutes of the Regular Meeting  
of the Board of Directors**

**October 8, 2015**

3:00 P.M.

at the

Ward VI Council Offices - East Conference Room  
3202 East First Street  
Tucson, Arizona 85719

<b>Present:</b>	<b>Board Members</b>	Marilyn Robinson Gary Bachman Emily Nottingham Evelia Martinez Adam Weinstein (left at <b>3:50 pm</b> )
	<b>Staff</b>	Charles Lotzar, Lotzar Law Firm, PC Gary Molenda, Business Development Finance Corporation (left at <b>3:50 pm</b> ) Karen Valdez, Business Development Finance Corporation
	<b>Guests</b>	Thaddeus Pace, El Presidio Neighborhood Association Nick Ross, City of Tucson Jeff Singleton, Southern Arizona Land Trust
	<b>Absent</b>	Judy Clinco Larry Lucero

The Regular Meeting of the Board of Directors of The Industrial Development Authority of the City of Tucson, Arizona (the “**Authority**”) was held on **October 8, 2015**, at the Ward VI Council Office - West Conference Room, 3202 E. First Street, Tucson, Arizona. All Authority’s Board Members and the general public were duly notified of the meeting. C. Lotzar had informed the Authority’s Board of Directors that Arizona’s Open Meeting Laws allow for members of the Authority’s Board of Directors and legal counsel to appear and participate in the meeting telephonically so long as all participants in the meeting can hear and be heard.

ITEM	ACTION TAKEN/TO BE TAKEN
<b>1. Call to Order</b> The meeting was called to order by Marilyn Robinson, with a quorum present.	The meeting was called to order at <b>3:00 p.m.</b>
<b>2. Request for resolution to approve the minutes of the Special Meeting of September 17, 2015.</b>	A <b>MOTION</b> was made and seconded (E. Martinez / G. Bachman) to approve the meeting minutes of the <b>September 17, 2015</b> Special Meeting as presented. <b>Approved 5-0.</b>
<b>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.</b>	A <b>MOTION</b> was made and seconded (E. Martinez / E. Nottingham) to approve payment of invoices and notification of items to be paid as presented. <b>Approved 5-0.</b>
<b>4. Status report from the Liaison to City of Tucson, Arizona City Manager’s Office related to:</b>	No action taken.

<p>Nick Ross provided updates on the following:</p> <p><b>a) The City’s Economic Development Prospect list</b></p> <p>Tucson Medical Center (“TMC”) will be receiving City of Tucson’s Primary Jobs Incentive for their new <b>44,000</b> square foot facility at the southwest corner of Houghton and Drexel. The project will</p> <ul style="list-style-type: none"> <li>• Create <b>22</b> new jobs paying over <b>\$52,400</b> (14 of which will pay <b>\$200,000</b>).</li> <li>• Create an additional <b>37</b> jobs (for a total of <b>59</b> jobs) with an overall average payroll of <b>\$77,000</b>.</li> <li>• Cover <b>75%</b> of employee healthcare plan costs.</li> </ul> <p><b>b) The City’s use of the Tucson Community Development Loan Fund aka the HUD Section 108 Loan Program</b> - No update.</p> <p><b>c) The City’s use of HOME Funds</b> - No update.</p> <p><b>d) The City’s use of its 21 Economic Development tools</b> - No update.</p> <p><b>e) Current items of interest</b></p> <p>The City of Tucson is currently working on economic modeling project with Pima County to determine:</p> <ul style="list-style-type: none"> <li>• Potential buildout scenarios.</li> <li>• Identify infrastructure needs.</li> <li>• Costs and timeframe to have parcels “<b>shovel ready</b>”.</li> <li>• Utilities.</li> </ul> <p>This project is expected to take <b>7-8 months</b> to complete.</p>	
<p><b>5. Status report related to the affairs of Dark Mountain Development Corporation and request for resolution related to any actions related thereto.</b></p> <p>G. Bachman stated that there is no activity to report, but he requested that this line item remain on the Agenda each month.</p>	<p>No action taken.</p>
<p><b>6. Discussion regarding demolition of 450 N. Main Avenue.</b></p> <p>M. Robinson began the discussion on options for <b>450</b> N. Main Avenue by providing background information.</p> <ul style="list-style-type: none"> <li>• The Authority acquired the property from Arizona Department of Transportation (“ADOT”) in <b>March 2010</b> at a purchase price of <b>\$161,000</b>.</li> </ul> <p>The City of Tucson Mayor &amp; Council previously approved the transfer of certain land deemed excess right of way to the Authority, with the understanding and requirement that the City of Tucson’s land be utilized for affordable housing and/or mixed use development.</p>	<p>No action taken.</p>

<ul style="list-style-type: none"> <li>• Assembly of excess City Right of way (“<b>ROW</b>”) associated with the realignment of St. Mary’s Road was closed and recorded <b>February 17, 2015</b>.</li> <li>• Property is located within the <b>AO-2 100-year</b> flood zone.</li> <li>• In order to remove the property from the FEMA-designated flood plain, completion of the Downtown Links Project’s drainage improvements is required, then FEMA can approve a Letter of Map Revision; which will have the effect of removing the property from the FEMA designated flood plain.</li> <li>• According to a <b>2010</b> architect’s review of the property, any substantial building improvements, <b>50%</b> or more of the actual building cost, will require that the lowest finished floor be either elevated <b>1</b> foot above the <b>100-year</b> flood elevation or the building must be flood proofed.</li> <li>• The building as currently configured lacks several ADA accessibility requirements, including but not limited to accessible entrance and accessible restrooms.</li> <li>• Options reviewed by the Authority in <b>2010</b>: <ul style="list-style-type: none"> <li>• A quote for demolition was obtained in <b>February 2010</b> for <b>\$18,444</b></li> <li>• A “<b>White Box Estimate</b>” in the amount of <b>\$20,976</b> was obtained.</li> </ul> </li> </ul> <p>It was determined that the condition of the building’s interior will make it difficult to lease. Substantial improvements are required to bring the building to code in order to obtain a “<b>Certificate of Occupancy</b>”.</p> <p>Discussion ensued regarding:</p> <ul style="list-style-type: none"> <li>• Property taxes which will change due to the transfer of the ROW.</li> <li>• If the Authority pursues demolition, then there will be an additional insurance cost of <b>\$258</b> to cover demolition.</li> <li>• Current insurance premium is <b>\$1,280.71</b> that renewed <b>April, 2015</b>.</li> <li>• Insurance cost on the vacant (after demolition) would start at <b>\$775/year</b>.</li> <li>• Homeless issue downtown.</li> <li>• Concerns of El Presidio Neighborhood (“<b>EPN</b>”).</li> </ul> <p>It was the consensus of the Authority to leave the building as is unless there is an alternative suitable “<b>interim amenity</b>” to the EPN. M. Robinson stated that she will make arrangements with T. Pace to discuss with the EPN.</p>	
<p><b>7. Staff Reports:</b></p> <p><b>Monthly Staff Report for the month ending September 30, 2015.</b></p> <p>K. Valdez provided status on the following items:</p> <p style="padding-left: 40px;"><b>a. General Operations of the Authority:</b></p>	<p>No action taken.</p>

- i. Parking Lot Financial Statements prepared by Pueblo Parking Systems, LLC (“PPS”)** - Reports were reviewed as prepared and submitted by PPS.
  - ii. Bond Borrower’s payment of Administrative Fees** - Current with the exception of continued research on the Miraflores and Catalunya Apartments projects.
  - iii. Cash Management** - Reviewed interest bearing and non-interest bearing accounts; reviewed account balances less existing commitments and recommended reserves for an estimate of funds available.
  - iv. Loan Servicing** - no servicing actions.
  - v. Loan Origination** - No new loan requests as of **September 30, 2015**. 2 loans remain pending:
    - 1) Desert Horizons Communities - Closing/funding is anticipated by end of month **October, 2015**, and
    - 2) Non-profit Loan Fund of Tucson and Southern Arizona (“NPLF”) - a balance of **\$50,000** remains to be drawn.
  - vi. 450 N. Main Street.**
  - vii. Program Updates:**
    - Effective with all loans registered on or after **November 1, 2015** under all Housing Finance Agency (“HFA”) programs, the US Bank Funding Fee will be increased to **\$400** from the current fee of **\$300**. This is a due to the increase in volume associated with all HFA programs.
    - The Freddie Mac HFA Advantage Underwriting, Processing & Loan Submission Overview (dated **Revised June 25, 2015**) is available upon request. E. Martinez asked that K. Valdez provide a copy to her via email.
    - Letter dated **September 23, 2015** from Freddie Mac to National Association of Local Housing Agencies reaffirming Freddie Mac’s ongoing support of certain down payment assistance programs, including those offered by HFAs.
- b. Updates:**
- i. Federal legislation.**
  - ii. Arizona legislation.**
- c. Outstanding Single Family Programs:**
- i. Mortgage Revenue Programs that have completed the Origination Period:**
    - A. Series 2006 (Joint) - \$30,475,000- 1<sup>st</sup> Mortgage Loan Interest Rate 5.97% - Final Redemption of Senior Bonds July 28, 2014 - CUSIP No.**

<p>89873QAB5 Subordinate (approximately \$196,000 - 7% 2<sup>nd</sup> Mortgage Loans are tied to the Subordinate Bonds of approximately \$820,000) .</p> <p>B. Series 2007A (Joint) - \$23,400,000- 1<sup>st</sup> Mortgage Loan Interest Rate 5.69% - Final Redemption of Senior Bonds July 28, 2014 CUSIP No. 89873QAE9 Subordinate (approximately \$192,000 - 7% 2<sup>nd</sup> Mortgage Loans are tied to Subordinate Bonds of approximately \$135,000).</p> <p>C. Series 2008 (Joint) - \$30,000,000- Mortgage Loan Interest Rate 5.89% - Term Bonds CUSIP Nos. 898700FH7, 898700FJ3, 898700FK0 and PAC Bonds CUSIP No. 898700FL8 (approximately \$7,565,000 outstanding).</p> <p>D. Restructuring Opportunities and past results.</p> <p>ii. Mortgage Credit Certificate Program that is in the Origination Period – 2014 in the amount of \$5,000,000 formed on January 2, 2014 - Origination Period expired December 31, 2016.</p> <p>iii. \$40,000,000 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 (Pima Tucson Homebuyers Solution) – Program commenced on December 17, 2012 and unless extended expires on December 31, 2016 - over \$140,278,000 in mortgage-backed securities sold with over \$5,611,000 of down payment assistance granted to homebuyers.</p>	
<p><b>8. Status Report related to development of the Request for Qualifications/Request for Proposal (“RFQ/RFP”) or other process related to the potential development of Block 174 and/or Block 175 and request for resolution for any actions 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 the purpose of discussion or consultation with and to provide direction to the Authority’s legal counsel in connection with this item. Any action taken by the Authority regarding this matter will be taken in open meeting session (either at this meeting or at a later date) after the adjournment of the executive session.</b></p> <p>C. Lotzar stated that Adam Weinstein has declared a conflict and is recusing himself from discussions related to the development of the <b>Block 175</b> RFQ/RFP or any other process related to the potential development of <b>Block 175</b> and / or <b>Block 174</b> and to avoid the appearance of impropriety Mr. Weinstein is leaving the meeting at <b>3:55 p.m.</b></p> <p>C. Lotzar stated that Gary Molenda has declared a conflict and has not participated in the Block 175 RFQ/RFP process (the “<b>Process</b>”) since proposals were received and his working relationship with at least one of the proposers was identified in their proposal. Mr. Molenda will continue to declare a conflict and to avoid the appearance of impropriety will not participate in any portion of the Process.</p>	<p>A <b>MOTION</b> was made and seconded (E. Nottingham / E. Martinez) to adjourn the Regular Session at <b>3:55 p.m.</b>  <b>Approved 5-0.</b></p>
<p><b>9. President’s Report: Brief Summary of current events, including items brought to the President’s attention or matters that required handling by the President since the last meeting.</b></p> <ul style="list-style-type: none"> <li>Dark Mountain Development Corporation (“<b>Dark Mountain</b>”) - a meeting was</li> </ul>	<p>No action taken.</p>

<p>held with the new City Manager at which a packet of information regarding the Authority was provided. Ms. Robinson reported:</p> <ol style="list-style-type: none"> <li>1. There is interest in talking about the possibility of the Authority and the City of Tucson working on joint projects.</li> <li>2. G. Molenda will schedule a meeting with G. Bachman (as President of Dark Mountain), M. Robinson, and the City Manager.</li> <li>3. Following the meeting referenced, next step will be to schedule a meeting with the Office of Integrated Planning (“OIP”) to further discuss options.</li> </ol> <ul style="list-style-type: none"> <li>• Planting Day at the Christopher Carroll Centennial Park will be on <b>Saturday, October 17, 2015</b> from <b>7:30 a.m.</b> to about <b>9:30 a.m.</b> All are invited and asked to bring a shovel and gloves. Refreshments will be provided by Susan Aiken. The work this day will complete the existing plans for the Park.</li> <li>• Arizona Small Business Forum will be held <b>October 28, 2015</b> from <b>9:30 a.m. to 2:30 p.m.</b> at the Pima County Housing Center - <b>801 W. Congress Street, Tucson, Arizona.</b> The Authority’s members are asked to register on-line if interested in attending.</li> <li>• Trends in Alternative Financing for Non-Profits will be held <b>October 29, 2015</b> from <b>4:00 p.m. to 7:00 p.m.</b> at the Arizona-Sonoran Desert Museum - <b>2021 N. Kinney Road, Tucson, Arizona.</b> The Authority’s members are asked to register on-line if interested in attending.</li> <li>• The <b>2015 CDFA Arizona Financing Roundtable Conference</b> will be held <b>Tuesday, November 17, 2015</b> at the Phoenix Convention Center in Phoenix, Arizona. The Authority’s members are asked if interested in attending, please follow-up with K. Valdez.</li> </ul>	
<p><b>10. Call to the audience</b></p> <p>Jeff Singleton, Executive Director for Southern Arizona Land Trust (“SALT”) introduced himself and gave a brief history of SALT.</p>	<p>No action taken.</p>
<p><b>11. Adjourn</b></p>	<p>A <b>MOTION</b> was made and seconded (E. Nottingham / E. Martinez) to adjourn the meeting at <b>3:55 p.m. Approved 5-0.</b></p>

Submitted by:

Approved by:

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**Karen J. Valdez**  
**Business Development Finance Corporation**

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**Marilyn Robinson, President**  
**The Industrial Development Authority of the**  
**City of Tucson, Arizona**