

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF TUCSON, ARIZONA
Legal Action Report of the Regular Meeting
of the Board of Directors

January 14, 2016

3:00 P.M.

at the office of

Ward VI Council Office - East Conference Room

3202 East First Street

Tucson, Arizona 85716

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| Present: | Board Members | Marilyn Robinson Emily Nottingham Evelia Martinez Larry Lucero Judy Clinco Gary Bachman (arrived at 3:30 p.m.) |
| | Staff | Charles Lotzar, Lotzar Law Firm, PC (via teleconference) Gary Molenda, Business Development Finance Corporation (left at 3:55 pm) Karen Valdez, Business Development Finance Corporation |
| | Guests | Nick Ross, City of Tucson Wiley Cornell, EPNA Patricia Rotondi, Tucson Metro Chamber |
| | Absent | Adam Weinstein |

The Regular Meeting of the Board of Directors of The Industrial Development Authority of the City of Tucson, Arizona (the “**Authority**”) was held on **January 14, 2016**, at the Ward VI Council Office, 3202 East First Street, Tucson, Arizona 85716. 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 |
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| 1. Call to Order The meeting was called to order by Marilyn Robinson, with a quorum present. | The meeting was called to order at 3:02 p.m. |
| 2. Request for resolution to approve the minutes of the Special Meeting of December 10, 2015. | A MOTION was made and seconded (L. Lucero / E. Martinez) to approve the meeting minutes of the December 10, 2015 Special Meeting as presented. Approved 5-0. |
| 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. | A MOTION was made and seconded (E. Martinez / J. Clinco) to approve payment of invoices and notification of items to be paid as presented. Approved 5-0. |
| 4. Status report from the Liaison to City of Tucson, Arizona City Manager’s Office related to: a) The City’s Economic Development Prospect list | No action taken. |

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| <ul style="list-style-type: none"> b) The City's use of the Tucson Community Development Loan Fund aka the HUD Section 108 Loan Program c) The City's use of HOME Funds d) The City's use of its 21 Economic Development tools e) Current items of interest | |
| <p>5. Status report related to the affairs of Dark Mountain Development Corporation and request for resolution related to any actions related thereto.</p> | <p>No action taken.</p> |
| <p>6. Request for resolution to approve the Authority's audited financials for the fiscal year ending June 30, 2015.</p> | <p>A MOTION was made and seconded (E. Nottingham / E. Martinez) to approve the audited financials as presented. Approved 6-0.</p> |
| <p>7. Staff Reports:</p> <p>Monthly Staff Report for the month ending December 31, 2015.</p> <ul style="list-style-type: none"> a. General Operations of the Authority: <ul style="list-style-type: none"> i. Parking Lot Financial Statements prepared by Pueblo Parking Systems, LLC ("PPS") ii. Bond Borrower's payment of Administrative Fees iii. Cash Management iv. Loan Servicing v. Loan Origination vi. 450 N. Main Street b. Updates: <ul style="list-style-type: none"> i. Federal legislation ii. Arizona legislation c. Outstanding Single Family Programs: <ul style="list-style-type: none"> i. Mortgage Revenue Programs that have completed the Origination Period: <ul style="list-style-type: none"> A. Series 2006 (Joint) - \$30,475,000- 1st Mortgage Loan Interest Rate 5.97% - Final Redemption of Senior Bonds July 28, 2014 - CUSIP No. 89873QAB5 Subordinate (approximately \$196,000 - 7% 2nd Mortgage Loans are tied to the Subordinate Bonds of approximately \$820,000) . B. Series 2007A (Joint) - \$23,400,000- 1st Mortgage Loan Interest Rate 5.69% - Final Redemption of Senior Bonds July 28, 2014 CUSIP No. 89873QAE9 Subordinate (approximately \$192,000 - 7% 2nd Mortgage Loans are tied to Subordinate Bonds of approximately \$135,000). 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>No action taken.</p> |

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| <p style="text-align: center;">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>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 Board may vote to recess and meet in executive session for the purpose of discussion or consultation with and to provide direction to the Board’s legal counsel in connection with this item. Any action taken by the Board 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.</p> <p>C. Lotzar stated that Gary Molenda has declared a conflict and has not participated in the Block 175 RFQ/RFP process (the “Process”) 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. Mr. Molenda is leaving the meeting at 3:55 p.m.</p> | <p>A MOTION was made and seconded (E. Martinez / J. Clinco) to adjourn the Regular Meeting at 3:50 PM. Approved 6-0.</p> <p>A MOTION was made and seconded (L. Lucero / E. Martinez) to enter into Executive Session at 3:55 PM. Approved 6-0</p> <p>A MOTION was made and seconded (E. Martinez / G. Bachman) to reconvene the regular session of the Regular Meeting. Motion carried.</p> <p>The Regular meeting was reconvened at 5:15 PM</p> <p>A MOTION was made and seconded (E. Nottingham / J. Clinco) to enter into negotiations for development of Block 175 with the Proposers El Presidio 175 subject to the understanding that any agreement would be required to have the full approval of the Authority’s Board of Directors, and entering into negotiations does not convey a development right. Approved 6-0.</p> <p>A MOTION was made and seconded (E. Nottingham / L. Lucero) to have staff move forward with all steps required to clean up the ownership of the small strip of land on the North end of Block 175, at the Franklin boarder, to include hiring a civil engineer to provide a legal</p> |

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| | <p>description that can be provided to the City of Tucson. Approved 6-0.</p> <p>A MOTION was made and seconded (L. Lucero / E. Martinez) to accept the appointments to the Negotiating Committee as presented by M. Robinson, President of the Authority. Approved 6-0.</p> |
| <p>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.</p> | <p>No action taken.</p> |
| <p>10. Call to the audience</p> <p>There was no one in the audience who wished to address the Authority.</p> | <p>No action taken.</p> |
| <p>11. Adjourn</p> | <p>A MOTION was made and seconded (L. Lucero / E. Martinez) to adjourn the meeting at 5:20 p.m. Approved 6-0.</p> |

Submitted by:
Karen J. Valdez
Business Development Finance Corporation

Approved by:
Marilyn Robinson, President
The Industrial Development Authority of the
City of Tucson, Arizona