



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

**Friday, August 23, 2019  
2:00 p.m.  
at the offices of  
Business Development Finance Corporation  
333 N. Wilmot Road, Suite 227  
Tucson, Arizona 85711**

**Minutes**

**Present: Board Members**      Sandra Barton – via teleconference  
    Patricia Schwabe - via teleconference  
    Judy Clinco – via teleconference

**Advisors**                        Gabriel Gomez, BDFC Advisor Services, LLC

**Absent**                             Meredith Aronson

The Loan Review Committee of The Industrial Development Authority of the City of Tucson, Arizona (the “**Authority**”) was held on Friday, **August 23, 2019**, at the office of Business Development Finance Corporation, 333 N. Wilmot Road, Suite 227, Tucson, AZ 85711 and via teleconference. All Authority’s Committee Members and the general public were duly notified of the meeting.

ITEM	ACTION TAKEN/TO BE TAKEN
<b>1. Call to Order</b>	The meeting was called to order at <b>2:01 p.m.</b>
<b>2. Request for Approval of the minutes of the Loan Review Committee for the meetings held: July 18, 2018, August 14, 2018, February 14, 2019, and April 17, 2019.</b>	A <b>MOTION</b> was made and seconded (J. Clinco/P. Schwabe) to approve the minutes of the <b>July 18, 2018, August 14, 2018, February 14, 2019, and April 17, 2019</b> as presented. <b>Approved 3-0.</b>
<b>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 in an amount not to exceed \$70,000.00 related to BDFC’s loan to Kingan Place, LLC for its business operations at 325 W. Franklin Street, Tucson, Arizona.</b>  S. Barton declared a conflict as an employee of Alliance Bank who will be providing a loan for this project and recused herself from voting on this item.  The Committee reviewed the following information:  Borrower:                        Kingan Place LLC Alliance Bank Loan:         \$175,000	Discussion held; recommendation for approval with request for further due diligence, to be presented at the <b>August 23, 2019</b> Special Meeting of the Tucson IDA Board.

<p>BDFC Loan Total: <b>\$140,000</b>  IDA Loan amount: <b>\$70,000</b> IDA participation  Borrower Injection: <b>\$35,000</b>  Perm Loan: <b>10 year Term - 20 year Amortization</b>  Rate to IDA: <b>5.5% (4.5% net of 100 basis point servicing fee to BDFC), fixed for 5 years, and then reset to the 10 year Treasury plus 3.50%.</b></p> <p>Total Project Cost: <b>\$350,000</b>  Project Address: <b>329 W. Franklin St, Tucson, AZ</b>  Purpose: <b>Purchase commercial property</b>  Basis of eligibility: <b>Section 3(a) &amp; 4(a) of Loan Policy - Promoting downtown development; Economic Development / Business Expansion; Job creation: 3-5 FTE; Woman Owned Business</b></p> <p>Collateral: <b>2<sup>nd</sup> DOT on commercial property located at 329 W. Franklin St, Tucson, AZ</b></p> <p>Borrower will purchase land and building on <b>329 W. Franklin St</b> that is adjacent to her current building on <b>325 W. Franklin St</b> (previously financed by BDFC/IDA, see below).</p> <p>This building will allow her to expand her wedding venue to be able to accommodate larger weddings, which in turn will bring in additional income. Wedding sizes will increase from <b>150-175</b> people currently, to <b>250</b>. She currently loses the <b>200+</b> audience. Additionally, she'll be able to house larger corporate events. A portion of the new building will be converted to rental space for cosmetologists</p> <p>Cash flow, debt service coverage ratio, and risk score was reviewed, as prepared by BDFC. G. Gomez stated that this is the <b>2<sup>nd</sup></b> loan to this borrower; the 1st loan, issued by BDFC and participated by the Industrial Development Authority of the City of Tucson ("Tucson IDA"), closed in <b>2017</b>. It was noted that the current loan has been paid on-time as agreed. Discussion ensued regarding the following:</p> <ul style="list-style-type: none"> <li>• Appraisal on the building at <b>329 W. Franklin St.</b> is anticipated to be received next week; it was noted that the loan is subject to receipt of a satisfactory appraisal.</li> <li>• Inspection of Property – there is no requirement for an inspection;</li> <li>• Existing bookings</li> </ul> <p>It was the consensus of the Committee to recommend approval with further due diligence. Prior to loan closing, a summary review of findings is to be forward to the Committee by G. Gomez, regarding:</p> <ul style="list-style-type: none"> <li>• Building inspection,</li> <li>• Appraisal,</li> <li>• Environmental questionnaire (if any).</li> </ul>	
<p><b>4. Discussion and request for recommendation to the Board of Directors of the Authority, for potential revisions to the Authority's loan process, programs, and policy.</b></p>	<p>Continued.</p>
<p><b>5. Call to the Public: This is the time for the public to comment. Members of the Committee and the Authority's Board of Directors may not discuss items that are not specifically identified on the Agenda. Therefore, pursuant to Arizona Revised</b></p>	<p>No action taken.</p>

<p>Statutes Section 38-431.01(G), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism or scheduling the matter for further consideration and decision at a later date.</p>	
<p>6. Adjourn</p>	<p>A <b>MOTION</b> was made and seconded (J. Clinco/P. Schwabe) to adjourn meeting at <b>2:17 p.m.</b> <b>Motion carried</b></p>

Submitted by:

  
 Karen J. Valdez  
 BDFC Advisor Services, LLC

Approved by:

  
 Sandra Barton, Chair of the Loan Review Committee  
 The Industrial Development Authority of the  
 City of Tucson, Arizona