



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

Regular Meeting
Thursday, February 20, 2020
2:30 p.m.

Tucson Metropolitan Chamber of Commerce
212 E. Broadway
Tucson, Arizona 85701

Minutes

- Present: Board Members** Larry Lucero
 Judy Clinco – via teleconference
 Mimi Noshay-Petro
 Meredith Aronson

- Absent** Neal Eckel
 Sandra Barton
 Patricia Schwabe

- Advisors** Charles Lotzar, Lotzar Law Firm, PC
 Gary Molenda, BDFC Advisor Services, LLC

- Guests** Mike Czechowski, City of Tucson

The Regular Meeting of the Board of Directors of The Industrial Development Authority of the City of Tucson, Arizona (the “**Authority**”) was held on **February 20, 2020**, at the Tucson Metropolitan Chamber of Commerce, 212 E. Broadway, Tucson, Arizona 85701. 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
1. Call to Order	The meeting was called to order at 2:30 p.m.
2. Request for resolution to approve the Minutes of the Regular Meeting of January 16, 2020.	A MOTION was made and seconded (M. Aronson / J. Clinco) to approve the minutes of the January 16, 2020 Regular Meeting as presented. Approved 4-0
3. Request for resolution to approve the payment of invoices and the notification of to be paid on the Authority’s behalf by third parties.	A MOTION was made and seconded (M. Aronson / M. Noshay-Petro) to approve payment of invoices, as presented.

<p>C. Lotzar stated that with regard to the Mortgage Credit Certificate Program (the “MCC Program”), his firm’s Statement covered the complete establishment of the MCC Program that spanned over approximately 8 months.</p>	<p>Approved 4-0</p>
<p>4. Status report from the Liaison to City of Tucson, Arizona City Manager’s Office related to:</p> <p>M. Czechowski provided status updates on the following:</p> <ul style="list-style-type: none"> a. The City’s Economic Development Prospect list. b. The City’s use of Economic Development tools. <ul style="list-style-type: none"> • 75 Broadway <ul style="list-style-type: none"> ➤ Pima County who owns the land and issued the Request for Proposal (“RFP”). ➤ Change in Developer to Peach Properties. ➤ 5 levels of garage parking with 500 spaces. ➤ 19 story building with a mix of office and residential. ➤ Rio Nuevo will offer their sales tax reimbursement and Government Property Lease Excise Tax (“GPLET”) for portions of the development. ➤ City of Tucson incentives on the development are scheduled to sunset at the end of June 2020. • Workforce Development and Special Events Grants RFP <ul style="list-style-type: none"> ➤ Grants are on a 2 year cycle. ➤ For workforce development, economic development, opportunities for individuals, and special events. ➤ Competitive process. ➤ \$600,000 available. c. Opportunity Zones. e. Current items of interest. <ul style="list-style-type: none"> • Mayor & Council Retreat – Focusing on: <ul style="list-style-type: none"> ➤ Affordable Housing. ➤ Green storm water infrastructure. 	<p>No action taken.</p>
<p>5. President’s Report: 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>L. Lucero provided updates on the following:</p> <ul style="list-style-type: none"> a. Ward 1 Open House from 1:00 pm to 5:00 pm on Sunday, February 16, 2020 at the Ward 1 offices - 940 W. Alameda Street, Tucson, Arizona 85745. <p>L. Lucero met with Ward One Council Member Lane Santa Cruz and her staff. Mr. Lucero provided Ward One with a packet of information on programs offered by the Authority. A meeting was requested to discuss the Authority’s properties and in particular 450 N. Main. Meeting dates and times were proposed and Ward One staff was directed to set up a meeting; however, no meeting confirmation has been received.</p> <ul style="list-style-type: none"> b. Rio Nuevo – El Presidio Project for Public Spaces. 	<p>No action taken.</p>

<p>L. Lucero will be co-chairing the Rio Nuevo Presidio Project for Public Spaces; which will involve participation from the City’s Transportation, Diane Alarcon and Planning Director, Scott Clark.</p> <p>Rio Nuevo will help fund a charette of the El Presidio neighborhood to identify sites that can be activated in an attempt to draw more visitors to the downtown area. Examples include the El Presidio Museum, and the adjacent old wall; which could receive new signage so that people who visit can see the birthplace of Tucson. Activation of areas is anticipated to occur within the next 6 months.</p> <p>c. Urban Land Institute ("ULI") Trends Day 2020 - February 26, 2020 – JW Marriott Desert Ridge, 5350 E. Marriott Drive, Phoenix, Arizona 85054.</p> <p>L. Lucero, N. Eckel, M. Aronson, and C. Lotzar will be attending.</p> <p>d. 2020 NALHFA Annual Conference – May 6 – 9, 2020 – New York Hilton Midtown, New York, NY</p> <p>K. Valdez will be attending.</p>	
<p>6. Status report related to certain events and request for resolution related to sponsorship of:</p> <p>L. Lucero reviewed the following:</p> <p>a. 2020 State of the City Luncheon and Business Expo hosted by the Tucson Metro Chamber from 10:00 am to 2:00 pm on April 7, 2020 at the Tucson Convention Center 260 S. Church Avenue, Tucson, Arizona 85701.</p> <p>The Authority will be purchasing a table at this event. Seats are open to the Authority’s members and advisors. If there are any remaining open seats, then invitations can be extended to other industry partners.</p> <p>b. Pima County Community Development & Neighborhood Conservation Department’s and Incremental Development Alliance’s 2020 Small-Scale Development Workshop.</p> <p>The Authority received a request for sponsorship of this event. Discussion ensued and it was the consensus of the Authority to authorize sponsorship at the \$3,500 level.</p> <p>L. Lucero has contacted the President of The Industrial Development Authority of the County of Pima (the “Pima IDA”) to see if the Pima IDA would consider sponsorship in a like amount.</p>	<p>No action taken.</p>
<p>7. Status report and review of website development and request for resolution related thereto.</p> <p>L. Lucero stated that the second phase of the website has now gone live and asked if there are any comments? The following was discussed:</p> <ul style="list-style-type: none"> ➤ J. Clinco stated that on the homepage the white lettering over the cover photo is hard to read. ➤ M. Aronson that the website has taken a huge step forward. 	<p>No action taken.</p>

<p>➤ It was noted that S. Barton indicated a slow loading time when reviewing on her cellular telephone; however, when her computer was used there were no issues.</p> <p>It was noted that edits will be made as needed.</p>	
<p>8. Status report to potential Arizona legislation regarding the Industrial Development finance Act and Private Activity Bonding Allocation Act and request for resolution 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 discussion or consultation with and to provide direction to the Authority’s legal counsel about this item. Any action taken by the Authority regarding this matter will be taken in open meeting session (either at this meeting or later) after the adjournment of the Executive Session.</p> <p>C. Lotzar reviewed the following:</p> <p>➤ Mr. Lotzar’s former partners at Kutak Rock said they are not running any bills this legislative session. However, Kutak Rock would like to have a stakeholders’ meeting the Governor to discuss the Intel allocation of private activity bonding authority. The concern is that \$500,000,000 is too much for 1 company and there are too many other companies did not receive an allocation of private activity bonding authority as a result. Examples include multifamily residential rental housing and small manufacturing; which would have provided a job creation and affordable housing.</p> <p>C. Lotzar stated that Intel has the right to issue tax-exempt bonds anytime within the next 3 years. The good news is Arizona kept its share of private activity bonding authority. The bad news was there were other businesses that were desirous of using an allocation of private activity bonding authority in a relatively short time frame as well.</p> <p>➤ Raytheon has expansion plans that would fit within the same category.</p> <p>➤ C. Lotzar disclosed he is actively supporting and working in favor of the passage of the State low - income housing tax credit legislation.</p>	<p>No action taken.</p>
<p>9. Status Report related to the potential sale, development, construction, equipping and /or operation of a project on (a) 450 N. Main, (b) Block 174, and (c) Block 175, and request for resolution related thereto; which may include formally ratifying the direction previously given to legal counsel. 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 discussion or consultation with and to provide direction to the Authority’s legal counsel about this item. Any action taken by the Authority regarding this matter will be taken in open meeting session (either at this meeting or later) after the adjournment of the Executive Session.</p> <p>450 N. Main:</p> <p>The Licensing Agreement for the construction staging area at 450 N. Main has been extended through March 2020.</p> <p>Block 174:</p> <p>C. Lotzar has requested information from Pueblo Parking Systems regarding the number of parking spaces that could be added if 257 N. Stone were acquired and the existing building demolished and whether it would make sense economically to expand the Stone & Council parking lot.</p> <p>Block 175:</p>	<p>No action taken.</p>

No report.	
<p>10. Status Report related to 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”) the “Pathway to Purchase Program” within the Pima/Tucson Homebuyers Solution Program and request for resolution related to proposed improvements or modifications to the Program including additional marketing efforts. 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 discussion or consultation with and to provide direction to the Authority’s legal counsel about this item. Any action taken by the Authority regarding this matter will be taken in open meeting session (either at this meeting or later) after the adjournment of the Executive Session</p> <p>L. Lucero stated that the Intergovernmental Agreement (“IGA”) between the Authority and the Pima IDA will be expiring December 31, 2020. It was noted that there should be more interaction between the members of the Authority and the Pima IDA .</p>	No action taken.
<p>11. Status Report related to \$9,375,000 The Industrial Development Authority of the City of Tucson, Arizona Single Family Mortgage Credit Certificate Program of 2020- January 2, 2020 and request for resolution 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 discussion or consultation with and to provide direction to the Authority’s legal counsel about this item. Any action taken by the Authority regarding this matter will be taken in open meeting session (either at this meeting or later) after the adjournment of the Executive Session</p> <p>L. Lucero reported that he is still investigating the activity surrounding the Mortgage Credit Certificate Program, including the activity of the Pima IDA and its affiliates.</p>	No action taken.
<p>12. Staff Reports: Monthly Staff Report for the month ending January 31, 2020.</p> <p>C. Lotzar provided updates on the following:</p> <ul style="list-style-type: none"> a. General Operations of the Authority: b. Parking Lot Financial Statements prepared by Pueblo Parking Systems, LLC (“PPS”). Reviewed monthly reports as prepared and provided by PPS for both Block 175 and Stone & Council parking lots. c. Bond Borrower’s payment of Administrative Fees. Annual assessment fees are current as of January 31, 2020. d. Cash Management. Cash and cash equivalent accounts were reviewed. Estimated funds available at January 31, 2020, less existing commitments and recommended reserves is \$4,444,731. e. Loan Servicing. All loans are current as of January 31, 2020. f. Loan Origination. g. Outstanding Single-Family Programs: <ul style="list-style-type: none"> i. \$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 (the “Pima/Tucson Homebuyers Solution Program” or “PHTS Program”) - commenced on December 17, 2012 	No action taken.

<p>and unless extended expires on December 31, 2020 – more than \$617,075,000 in mortgage-backed securities sold with more than \$25,000,000 of down payment assistance granted to homebuyers.</p> <p>The PTHS Program has originated approximately 4,340 loans in with an aggregate loan amount of approximately \$625,668,200.</p> <p>ii. The Industrial Development Authority of the City of Tucson, Arizona The Industrial Development Authority of the County of Pima Tucson P2P Program (the “Tucson P2P Program”) – Phase II commenced on August 1, 2018 and unless extended expires on December 31, 2020 – more than \$340,000,000 in mortgage-backed securities sold (1st sales in October 2016) with more than \$30,000,000 of down payment assistance granted to homebuyers and over \$6,200,000 deposited into the Tucson Rapid Rehousing Fund.</p> <p>As of December 31, 2019, the Tucson P2P Program has been fully originated.</p> <p>The Tucson P2P Program has originated approximately 2380 loans since inception in 2016, with an aggregate loan amount of \$357,089,000 and generating over \$34,900,000 in down payment assistance.</p> <p>iii. \$9,375,000 The Industrial Development Authority of the City of Tucson, Arizona Single Family Mortgage Credit Certificate Program of 2020- January 2, 2020 – Origination Period expires December 31, 2022.</p> <p>iv. The 7% 2nd Mortgage Loans originated in connection with:</p> <p style="padding-left: 40px;">A. Series 2006 (Joint) - \$30,475,000 – 1st Mortgage Loan Interest Rate 5.97% - 2016 Final Redemption of all Bonds - approximately \$117,000 in 2nd Mortgage Loans are outstanding).</p> <p style="padding-left: 40px;">B. Series 2007A (Joint) - \$23,400,000 - 1st Mortgage Loan Interest Rate 5.69% - 2016 Final Redemption of all Bonds - approximately \$139,700 in 2nd Mortgage Loans are outstanding).</p>	
<p>13. Call to the Public</p> <p>M. Petro provided a status report from the Strategic Planning Committee as to what the focus has been:</p> <ul style="list-style-type: none"> • Follow up on research regarding consumer loans to assist those folks who would otherwise go to some of the more predatory lenders such as “Pay Day Loans”. • There currently is a consumer loan program (the “Consumer Loan Program”)and systems in place through Pyramid Credit Union in collaboration with their partners (a) Community Investment Corporation, who provided the seed money, and (b) Pio Decimo who provides the required credit counseling courses. 	<p>No action taken.</p>

Issues:

- The Consumer Loan Program is limited to employees of nonprofit organizations.
- No ability to scale the Consumer Loan Program.
- If the Consumer Loan Program is opened to a larger audience, then there is a possibility that management of the Consumer Loan Program could be an issue based on capacity concerns.
- The credit counseling courses require the borrower to take an **8** week course; which is a practical barrier.

The Consumer Loan Program is within the Authority's mission, but the Consumer Loan Program does not provide significant revenue and the Consumer Loan Program should be considered a risky investment. As a result, the Strategic Planning Committee is looking for direction on whether the Authority should look to invest in the Consumer Loan Program.

Discussion ensued:

- C. Lotzar stated that The Industrial Development Authority of the City of Phoenix, Arizona (the "**Phoenix IDA**") has a similar program. The Phoenix IDA has found that the majority of the program's customer were really candidates for bankruptcy. C. Lotzar noted that he put the Phoenix IDA in touch with members of the Bankruptcy Bar.
 - It was noted that if you set someone free from **10 years** of misery that should be considered a win.
 - J. Clinco stated that Pyramid Credit Union might want to reach out to the employers who bank with them; maybe start with a couple of employers to learn and maybe match with an employer who's willing to help.
 - L. Lucero feels that the Authority would support the Consumer Loan Program in terms of trying to help folks avoid the "payday loan" trap.
 - M. Aronson stated that the Authority needs to think about it as: what's the structure of an initial effort that we can learn from before we think about going to others to grow the Consumer Loan Program.
- Short - Term Emergency Business Loans
 - BDFC is working on defining what constitutes an "emergency", and developing criteria for credit scoring in lieu of full scale underwriting and loan process.
 - M. Czechowski will provide information regarding what kind of issues the City Code causes small businesses, such as landlord – tenant issues that result in short-term cash demands for tenant improvements.
 - Is there a need for a marketing sales position?
 - Criteria: What the Authority is looking to solve? How does the Authority measure performance?
 - Cost: Activity that could take over some of the existing costs or would the Authority be spending more?
 - Is collaboratively working in Google Doc a concern under Arizona's Open Meeting Laws.

<p>Mr. Lotzar stated that this is a “slippery slope”. Arizona’s Open Meeting Laws are not written for modern technology and the Arizona’s Open Meeting Laws generate a substantial amount of cases and concerns each year</p> <p>Arizona’s Open Meeting Laws requires that any “legal action” be done in the open with the members of the public having the right to know what is happening.</p> <p>Working on draft documents does not normally rise to the Arizona’s Open Meeting Laws level.</p> <p>Working collectively on a document in an electronic environment, such as Google Docs is probably acceptable so long there is not a quorum of the Committee working on the document at the same time.</p> <p>Additionally, Arizona’s Open Meeting Laws require that if a meeting is scheduled using Skype or Zoom Meeting, then an Agenda of the Meeting must be posted, there must be open access to the public at a designated location with at least one person in the noticed room, the public must be able to attend the meeting in some form or fashion, the meeting should be recorded by electronic means, and there must meeting minutes prepared.</p> <p>J. Clinco discussed a match program (the “Match Program”) opportunity for people over 60 years old who are looking for housing. The Match Program would look source prospective tenants with persons who have available room(s) in their home to rent. Ms. Clinco asked if the Authority would consider investing in having a study completed to evaluate the need in the community and to assess where funding might come from to sustain a Match Program?</p> <p>L. Lucero stated that it is worth considering and asked J. Clinco to provide information to N. Eckel for the Strategic Planning Committee to review and make a recommendation to the Authority.</p> <p>L. Lucero stated that in the future there will be a standing Agenda items for various committee reports.</p>	
<p>14. Adjourn</p>	<p>A MOTION was made and seconded (M. Petro / M. Aronson) to adjourn the meeting at 4:10 p.m. Motion carried.</p>

Submitted by:

Approved by:

Karen J. Valdez
BDFC Advisor Services, LLC

Larry Lucero, President
The Industrial Development Authority of the
City of Tucson, Arizona