



**REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF TUCSON, ARIZON**

**Thursday, August 20, 2020
3:00 p.m.**

Virtual Public Meeting held via Zoom

Minutes

Present: Board Members

Laurence T. Lucero
Judy Clinco
Sandra Barton
Neal Eckel
Melissa (“Mimi”) Noshay-Petro
Patricia Schwabe

Advisors

Charles Lotzar, Lotzar Law Firm, PC
Gary Molenda, BDFC Advisor Services, LLC
Karen Valdez, BDFC Advisor Services, LLC

Guests

Scott Riffle, Stifel Public Finance
Mike Czechowski, City of Tucson, Arizona

Open Meeting: Due to the impacts of the COVID-19 pandemic, which have prompted declarations of a public health emergency at both the State and Federal levels, the Board of Directors of The Industrial Development Authority of the City of Tucson, Arizona’s (the “**Authority**”) Regular Meeting was conducted using measures to protect public health. Social distancing practices were used. This Regular Meeting was held remotely through a Zoom based conference call, as permitted under Arizona law. Members of the public were not allowed to attend the Regular Meeting in person. Members of the public could attend the Regular Meeting by a Zoom based conference call.

ITEM	ACTION TAKEN/TO BE TAKEN
1. Call to Order	The meeting was called to order at 3:01 p.m.
2. Request for resolution to approve the Minutes of the Regular Meeting of July 16, 2020.	A MOTION was made and seconded (N. Eckel / J. Clinco) to approve the Minutes of the July 16, 2020 Regular Meeting as presented. Approved 6-0
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 (N. Eckel / S. Barton) to approve payment of invoices, as presented. Approved 6-0

Approved September 17, 2020

<p>4. Status report from the Liaison to City of Tucson, Arizona City Manager’s Office related to:</p> <p>M. Czechowski provided updates on the following:</p> <ul style="list-style-type: none"> a. Mayor & Council Retreat and potential Strategic Action Plan b. The City’s Economic Development Prospect list c. The City’s use of Economic Development tools <ul style="list-style-type: none"> • On September 9, 2020, the Central Business District (“CBD”) expansion will be presented to Mayor & Council for review and approval. • A map of the expanded CBD was reviewed, showing existing CBD boundaries and the proposed expanded CBD. • The Sunshine Mile (Broadway) will include a small portion of Armory Park. • The renewal deadline is October 2020. d. Opportunity Zones e. Current items of interest <p>450 N. Main: C. Lotzar has submitted to the City of Tucson, Arizona (“COT”) numerous documents in an effort to allow for the marketing or development of the property. Discussion ensued regarding a request to have the property considered at a COT Study Session.</p> <p>L. Lucero stated that he will reach out to Ward 1 to bring this issue forward.</p> <p>Vacancy on the Authority’s Board of Directors: The COT has not taken any action.</p>	<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 Authority’s last meeting:</p> <p>L. Lucero reviewed the following and provided status:</p> <ul style="list-style-type: none"> • COVID-19 related actions – The Authority’s website has been updated to include COVID-19 related actions taken by the Authority. • Small Scale Developer Workshop – At the February 20, 2020 Regular Meeting, the Authority authorized a \$3,500 sponsorship for this Workshop to be held in October 2020. Due to the COVID-19 pandemic, the Workshop is being transitioned to a digital format. It was noted that the local host group has been working diligently to promote the event through radio, email, and social media. This information will also be promoted on the Authority’s Facebook and Instagram pages. • Vacancy on the Authority’s Board of Directors – L. Lucero had one recommendation to fill the vacancy. Unfortunately, the individual was not a resident of the City of Tucson, Arizona which is a statutory requirement. • Review of the Authority’s Policy on Loan Restructuring. 	<p>No action taken.</p>
<p>6. *Status report related to the Authority’s operation of (a) Block 175 parking lot, (b) Stone & Council parking lot, including annual budgets prepared by Pueblo Parking Systems, LLC and request for resolution related thereto.</p>	<p>A MOTION was made and seconded (J. Clinco / N. Eckel) to accept the proposed budgets, for</p>

<p>C. Lotzar stated that over the last few months, the parking lots have seen the effects of COVID-19 due to the Governor’s “Stay at Home” order.</p> <p>E. Chapman, Pueblo Parking Systems (“PPS”), presented the proposed budgets for both the Block 175 and Stone Council parking lots. The following was discussed:</p> <ul style="list-style-type: none"> • Stone Council is strictly used by daily parkers. • Block 175 is also used by daily parkers, but there are also a substantial number of monthly parkers. • The majority of monthly parkers are currently working from home. • The largest monthly rental customer is Ernst & Young. • Ernst & Young has notified PPS that Ernst & Young’s employees will continue to work from home for the remainder of 2020. • In January 2021 Ernst & Young’s employees will be returning to work in the office. • There is no guarantee that the Ernst & Young’s employees’ parking spaces will be available when they return to working from the office. • Monthly parking revenues are down 60% in comparison to the FY19-20 budgeted amounts. • The FY20-21 proposed budgets have been completed as “worse case” scenario. • The monthly checks customarily sent by PPS to the Authority are being withheld to ensure there is enough cash to pay property taxes that are due in October 2020. • Discussion ensued and it was the consensus of the Authority to accept the proposed budgets as presented. 	<p>Block 175 and Stone/Council parking lots, as presented.</p> <p>Approved 6-0</p>
<p>7. Status report related to the Authority’s Marketing Committee and request for resolution related thereto.</p> <p>P. Schwabe reported the activity of the Marketing Committee.</p> <p>The Authority retained Jeaninne Kaufer, to maintain the Authority’s website, the Facebook and Instagram pages, and to provide graphic design and photography as needed.</p> <p>In August 2020, the website revisions were completed, including:</p> <ol style="list-style-type: none"> a. The Project Location Map links are operational. b. All Participating Mortgage Lenders have been updated and are now linked. c. All Mortgage Credit Certificate (“MCC”) application form links are on a single page. The Borrower has the power to upload completed documents. d. The COVID-19 response tab/page has been added. e. A COVID-19 banner will be added to the Home Page. f. Social Media: Facebook and Instagram pages have been added – includes event for the Small Scale Developer Workshop 	<p>No action taken.</p>

<p>i. Facebook: https://www.facebook.com/tucsonida ii. Instagram: https://www.instagram.com/tucsonida/</p> <p>P. Schwabe explained that the Authority will be featured in an article appearing in BizTucson’s Fall 2020 issue. Additionally, through Summer 2021, each quarter, the Authority will have a Full Page advertisement in BizTucson. This will include the electronic newsletter that is distributed 2 times per week.</p> <p>K. Valdez thanked S. Riffle and Stifel Public Finance for providing marketing give away items to promote the Pima Tucson Homebuyer’s Solution Program.</p>	
<p>8. Status report related to the Authority’s Strategic Planning Committee and request for resolution related thereto.</p> <p>N. Eckel said that at the June 18, 2020 Regular Meeting, the Authority authorized a \$50,000 investment in consumer loan program as an alternative to predatory lending to be known as the “ABLE Program”. ABLE Program Partners will be:</p> <ul style="list-style-type: none"> • Primavera Foundation, • Catholic Community Services (“CCS”), • Pio Decimo, and • Community Investment Corporation (“CIC”) <p>All the partners are on board, but the ABLE Program will not launch until later in 2020.</p> <p>J. Clinco said that at the April 16, 2020 Regular Meeting, the Authority authorized paying \$12,938 for a Home Sharing Feasibility Study (the “Study”) to be commissioned and managed by the Pima Council on Aging (“PCOA”). PCOA has contracted with Architect Corky Poster to begin the Study prior to yearend.</p>	<p>No action taken.</p>
<p>9. Reports: Monthly Staff Report for the month ending July 31, 2020.</p> <p>The following monthly reports were provided to the Authority in keeping with past practices.</p> <p>a. General Operations of the Authority:</p> <p>i. Bond Borrower’s payment of Administrative Fees. – As of July 31, 2020 all fees are current.</p> <p>ii. Cash Management. As of July 31, 2020, total cash equivalents after accounting for existing commitments and recommended reserves, result in estimated funds available of \$2,705,782.</p> <p>iii. Loan Servicing. Loan Participation borrowers who were given loan payment deferrals have been making the August 1, 2020 payments. Two borrowers require additional loan payment deferment with the loan maturity extended and re-amortized:</p> <ul style="list-style-type: none"> • Gibson’s Market’s extended loan deferment period went from August 2020 to October 2020. • Ermamos Craft Beer Depot extended loan deferment period went from October 2020 to January 2021. <p>iv. Loan Origination. Two loans approved and pending:</p> <ul style="list-style-type: none"> • David Smith, LLC • Yellow Brick Coffee 	<p>No action taken.</p>

b. Outstanding Single Family Mortgage Programs:

- 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 “PTHS Program”) - commenced on December 17, 2012 and unless extended expires on December 31, 2020 – more than \$660,423,360 in mortgage-backed securities sold with more than \$27,641,753 of down payment assistance granted to homebuyers.**
- ii. The Industrial Development Authority of the City of Tucson, Arizona The Industrial Development Authority of the County of Pima Tucson Pathway to Purchase 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.**
- 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 and approximately 9 Mortgage Credit Certificates have been issued aggregating to approximately \$1,676,921.**
- iv. The 7% 2nd Mortgage Loans originated in connection with:**
 - A. Series 2006 (Joint) - \$30,475,000 – 1st Mortgage Loan Interest Rate 5.97% - 2016 Final Redemption of all Bonds - approximately \$85,000 in 2nd Mortgage Loans are outstanding).**
 - B. Series 2007A (Joint) - \$23,400,000 - 1st Mortgage Loan Interest Rate 5.69% - 2016 Final Redemption of all Bonds - approximately \$120,000 in 2nd Mortgage Loans are outstanding).**

K. Valdez briefly reviewed the unaudited financial statements for the **FY19-20** ending **June 30, 2020**, as follows:

- Balance Sheet – Assets - **\$11,035,720**
- Profit & Loss – Net Revenue for **FY19-20: \$368,847**

The Profit & Loss pie chart for the month of **July, 2020** was reviewed.

- Pima Tucson Homebuyers’ Solution (“**PTHS**”) Program revenue is down significantly.
- Community Investment Corporation (“**CIC**”) is withholding funds to reimburse themselves for the funds **CIC** contributed to address the substantial increase in loan volume under the **PTHS** Program.
- The Authority has increased its investment in the **PTHS** Program by **\$750,000**.
- Pueblo Parking Systems has already reported the decrease in operating revenue for the parking lots and that it is withholding the revenue to pay property taxes in **October 2020**.

In connection with the **PTHS** Program, Mr. Lotzar stated that the level of equilibrium is estimated to be attained by yearend. Mr. Lotzar also stated that US Bank has allowed

<p>additional Mortgage – Backed Securities sales at no additional expense to the PTHS Program.</p> <p>S. Riffle stated that the PTHS Program is the first to offer rates on government loans at 2.50%, offered through a special investor. S. Riffle stated that lowest mortgage loan interest rates are usually reserved for borrowers with 720 FICO scores or above. All Borrowers in the PTHS Program with FICO scores above 640 have equal access to lowest mortgage loan interest rates at the various levels of down payment assistance.</p> <p>Discussion ensued regarding the following:</p> <ul style="list-style-type: none"> • Affordable Housing – lack of inventory. • Builders are selling faster than projected. • Builders note that it is difficult to get affordable housing lots approved and still maintain the ability to make any money. • It takes approximately 36 months to transform raw land into finished single family home lots. • Alliance Bank may be able to assist Pima County Community Land Trust (“PCCLT”) build 5 affordable housing units. • Dark Mountain Development Corporation – formed to acquire property and develop as affordable housing. • PTHS Program does allow manufactured housing (“MH”). • The quality of MH has improved over the years. • M. Czechowski expressed caution in encroaching into the City of South Tucson. There is a sensitivity that the City of Tucson is trying to gentrify the area. 	
<p>10. Adjourn</p>	<p>A MOTION was made and seconded (P. Schwabe / M. Noshay-Petro) to adjourn the meeting at 4:32 p.m.</p> <p>Approved 5-0</p>

<p>Submitted:</p> <p>BDFC ADVISOR SERVICES, LLC</p> <p>By: _____ Karen J. Valdez, Program Manager</p>	<p>Approved:</p> <p>THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF TUCSON, ARIZONA</p> <p>By: _____ Laurence T. Lucero, President</p>
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