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# MEMORANDUM

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Date: August 16, 2017

To: The Honorable Chair and Members  
Pima County Board of Supervisors

From: C.H. Huckelberry  
County Administrator *CHH*

Re: **International Sonoran Desert Alliance Subordination Agreement**

In a recent Board of Supervisors meeting, District 1 Supervisor Ally Miller raised a number of questions regarding the International Sonoran Desert Alliance (ISDA) and the Ajo Plaza, LLC., particularly as it relates to the County leasing space within the Plaza for the Ajo Library.

I asked the ISDA to respond to the issues and questions raised by Supervisor Miller. Their August 11, 2017 response letter is attached for your information.

CHH/anc

Attachment

c: Jan Leshar, Chief Deputy County Administrator



August 11, 2017

C.H. Huckelberry  
County Administrator  
Pima County  
130 W Congress St, 10<sup>th</sup> Floor  
Tucson, AZ 85701

Dear Mr. Huckelberry,

Thank you for the opportunity to provide a response to the concerns voiced by Supervisor Miller regarding the subordination agreement with the International Sonoran Desert Alliance. This is ISDA's response to each of the concerns as reported to us by Margaret Kish, Director of the Pima County Community Development and Neighborhood Conservation Department:

1. Regarding Supervisor Miller's concern that relationship between ISDA (as a nonprofit) and the Ajo Plaza LLC (as a for-profit entity) may cause problems for ISDA regarding compliance with IRS 501 c 3 rules in maintaining the tax-exempt status:

Many nonprofits have for-profit subsidiaries. This violates no rules and has no bearing on their nonprofit status. All of the activities of the Ajo Plaza LLC and all of ISDA's work related to the Ajo Plaza are 100% consistent with ISDA's nonprofit mission.

2. Regarding the Supervisor Miller's concern that there is a "conflation" of roles between ISDA and Ajo Plaza LLC, specifically a) in 2008 ISDA is the sole owner of the Ajo Plaza; b) Tracy Taft signing documents on behalf of each entity; and c) dual roles for members of ISDA and managers of Ajo Plaza:

The relationship between ISDA and the Ajo Plaza is clear:

- Ajo Plaza LLC is a subsidiary corporation wholly owned by ISDA (technically ISDA is the sole member of the single member Ajo Plaza LLC).
- The LLC was formed in 2008 to own the Ajo Plaza real estate.
- In 2008, Tracy Taft was the executive director of ISDA, and she was also one of three Managers of the Ajo Plaza LLC.
- As such, Taft did have dual roles and did sign documents for both entities. This violated no rules.
- Currently, Aaron Cooper is the executive director of ISDA, and neither Cooper or Taft is one of the three Managers of the Ajo Plaza LLC.

- However, per a management agreement with Ajo Plaza LLC, ISDA staff handles maintenance, leasing and other operational support for the plaza. Therefore, you will find Cooper's signature on documents related to the Ajo Plaza.

3. Regarding the Supervisor Miller's concern as to why ISDA is now in process of purchasing Ajo Plaza:

Due to the recession, the financial operation of the plaza has been challenging. ISDA is purchasing plaza buildings from the Ajo Plaza LLC to obtain new financing available to nonprofits, which in turn will improve the financial operations and outlook for the plaza.

It strikes us that Supervisor Miller may be wondering "why?" – why would ISDA be involving itself so much in the revitalization of the Ajo Town Plaza? She might be interested to know that ISDA first became involved in the Ajo Plaza at the request of a business committee of Ajo District Chamber of Commerce. The business members were concerned about the deterioration of the Plaza. Not only is the Plaza the Ajo community's town center, but it is also Ajo's magnet for tourism that is essential to Ajo's economic survival.

The Plaza was on the market, but was in need of so much renovation that a private sector purchase was unlikely. The Chamber turned to ISDA because with the help of Pima County, ISDA had successfully renovated the historic Curley School as affordable artisan housing, a \$9.6M project and the first such project in Arizona. The Chamber hoped that ISDA could succeed with the Plaza too. ISDA accepted the challenge, seeing the job as one of nonprofit stewardship for the Ajo community which really should own its town center but cannot because the town is unincorporated. We continue to work at this and are grateful to the Board of Supervisors for their ongoing assistance with the project.

Sincerely,



Aaron Cooper  
Executive Director