MEMORANDUM

Date: August 19, 2021

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

From: C.H. Huckelberry
County Administrator

Re: Additional Information Related to Activities of the Pima County Industrial Development Authority as well as the Nonprofit Affiliates Appointed by the Authority as Support Organizations Including the Community Investment Corporation, Family Housing Resources and Southern Arizona Land Trust

The attached report from the Pima County Industrial Development Authority (IDA) is being provided for your information.

Please advise if you require any additional information regarding the IDA, its activities or the activities of its support organizations.

CHH/anc

Attachment

c: Jan Lesher, Chief Deputy County Administrator
Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer, Health and Community Services
Dan Sullivan, Director, Community and Workforce Development
C.H. Huckelberry  
Pima County Administrator  
Pima County Governmental Center  
130 West Congress, 10th Floor  
Tucson, Arizona 85701

Re: The Industrial Development Authority of the County of Pima (the “Authority”)  
– Community Investment Corporation (“CIC”), Family Housing Resources  
(“FHR”), and Southern Arizona Land Trust (“SALT”)

Dear Mr. Huckelberry:

On behalf of the Authority, I wanted to provide information about the Authority and its recent activities, as requested at prior Pima County Board of Supervisors meetings and follow-up emails. The Authority hopes that this letter helps provide additional information about its activities and those of its support organizations for the County. This letter builds on the background previously provided to you and the Board.

The Authority has had only two meetings since my last letter to the County. At the most recent meeting, the Authority’s Board approved a resolution approving the issuance of new bonds for TMC and TMC HealthCare in an amount not to exceed $235,000,000. This same bond issue was then approved by the Board of Supervisors on July 6, 2021. As a reminder, no general funds of the Authority nor the County are pledged to these bonds.

In addition, the Authority and its counsel have been working with the Industrial Development Authority of the City of Tucson, Arizona and the respective County and City economic development people to find areas of further collaboration. As you know, the Authority is interested in further impacting economic development in Pima County.

The Authority continues to advance affordable housing in Pima County through its Pima Tucson Homebuyers Solution program, which is a daily priced mortgage revenue loan program with various levels of down payment assistance available. Additionally, the Authority has continuously issued Single Family Mortgage Credit Certificate programs which provide qualifying homebuyers in Pima County with an annual tax benefit, based upon the amount of interest paid on their mortgage amount. Qualifications include income and purchase price limits.
The Authority has created, and supplied funding to, three support organizations. Each is a separate nonprofit corporation controlled by two Board members of the Authority to lessen the burdens of government which is recognized by the IRS as a support organization to the Authority. The Authority has also attached a short report for the County from its affiliates: Community Investment Corporation ("CIC"), Family Housing Resources ("FHR") and Southern Arizona Land Trust ("SALT"). These reports reflect recent activities through June 30, 2021.

Hopefully, this letter provides you with information about the Authority and its affiliates to assist you and the Pima County Board of Supervisors. If you have any further questions, please contact me.

Sincerely,

Michael A. Slania
Counsel to the Authority

cc: John Moffatt, Director Pima County Economic Development
    Patrick Cavanaugh, Deputy Director Pima County Economic Development
Community Investment Corporation

Community Investment Corporation is a nonprofit economic development organization dedicated to the prosperity of Pima County and the surrounding area since 1996.

CIC’s goal is to promote economic inclusion for all members of southern Arizona, regardless of socioeconomic status. We achieve it by leveraging our financial and knowledge capital into the areas of our local economy where expansion of access is desperately needed. Specifically, our work ensures that more people in our community can buy homes, can access quality education for their children, and can get the funding they need to start, sustain, and grow their small businesses.

Program Service Areas:
Committed to expanding economic opportunities, we pursue three distinct program areas that are foundational to individual and community well-being:

- **Entrepreneurship**: Providing much needed access to capital to small businesses and nonprofits, as well as, introducing innovative crowdfunding approaches to promote private investment in early-stage businesses
  - Microlending (<$10K) and Small Business Lending (<$100K)
  - Nonprofit Partnership Lending (i.e. supporting food security through lending to food entrepreneurs in partnership with the Community Foundation for Southern Arizona).

- **Homeownership**: Helping would-be homeowners through down payment assistance and tax credits.
  - Pima Tucson Homebuyer’s Solution (PTHS)
  - Mortgage Credit Certificates (MCC)
  - HOME

- **Education**: Assisting schools with access to capital and reporting information to meet bond compliance requirements, as well as, aspiring to assist work with Pima County schools and parents to elucidate families wants and needs to inform our public education institutions and better match offerings with demand.
  - School Bond Compliance
  - School and Family Engagement

Accomplishments:

- Winner of 2020 Tucson Metro Chamber’s Copper Cactus Award for Social Impact.
- Nominated for 2021 Tucson Metro Chamber’s Copper Cactus award as a community champion of diversity & inclusion.
- Secured $600K in funding education & innovation grants for Southern Arizona schools

COVID-19 Crisis Work:

- CIC has proven to be one of the most agile and nimble nonprofit organizations in the community through the pandemic, standing up multiple new programs in the last 16 months – some within our existing competencies like our COVID-19 emergency microloan portfolio, and some brand new like the construction and administration of an online web portal to increase the efficiency of facilitating rental assistance. This has led to Significant organizational growth to meet community need. CIC grew from a staff of 14 (11.75 FTE) at the beginning of 2020 to 25 employees (22.75 FTE) and 12 contractors (10 FTE). Further, we are managing relationships with 10 social service agencies that employ roughly 50 case managers for Eviction Prevention through subcontracts with CIC. Administering $27MM in funding for majority of eviction prevention efforts across Pima County with another $20MM to be added to the award by the City of Tucson before the end of Q3.
TMC HealthCare and Subsidiaries

Consolidating Statement of Income
Year Ended December 31, 2019
(In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>TMC Hospitals</th>
<th>TMC Medical Network</th>
<th>TMC Foundation</th>
<th>OLP Insurance Company</th>
<th>Benson Hospital</th>
<th>Eliminations</th>
<th>Total TMCHC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues and other support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net patient service revenue</td>
<td>$582,206</td>
<td>$-</td>
<td>$25,316</td>
<td>$-</td>
<td>$8,040</td>
<td>$-</td>
<td>$615,642</td>
</tr>
<tr>
<td>Other income</td>
<td>$17,432</td>
<td>$10,705</td>
<td>$2,165</td>
<td>$726</td>
<td>$7,903</td>
<td>$1,493</td>
<td>$27,052</td>
</tr>
<tr>
<td>Total revenues and other support</td>
<td>$599,718</td>
<td>$10,705</td>
<td>$27,511</td>
<td>$8,766</td>
<td>$15,933</td>
<td>$(12,512)</td>
<td>$641,184</td>
</tr>
<tr>
<td>Net assets released from restrictions for operations</td>
<td>$-</td>
<td>$-</td>
<td>$1,590</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$1,590</td>
</tr>
<tr>
<td>Total revenues and other support</td>
<td>$599,718</td>
<td>$10,705</td>
<td>$27,511</td>
<td>$10,356</td>
<td>$15,933</td>
<td>$(12,512)</td>
<td>$641,184</td>
</tr>
</tbody>
</table>

Expenses:

Salaries, wages and benefits
267,074 - 24,602 848 - $4,135 $(2,467) 294,300
Supplies and other
174,746 490 4,174 2,565 75 1,329 - 183,279
Medical and other professional fees
52,320 318 8,161 501 169 2,876 (190) 63,648
General and administrative
42,046 4,319 3,751 21 5,749 496 (9,555) 46,016
Depreciation and amortization
31,221 4,038 805 1 - 135 - 36,200
Interest
6,134 253 - - - 18 (12) 4,283

Total expenses
372,341 3,409 40,883 3,934 5,593 8,682 (12,524) 620,729

Operating income (loss)
27,377 1,296 (13,372) (1,668) 1,910 841 12 16,456

Other income (loss):

Investment return, net
8,701 559 - 5,665 4,191 - (12) 19,344
Change in fair value of interest rate swap agreements
(1,081) - - - - - (1,081)
Contributed net assets upon change in control
- - - - - - -
Other
(115) - - - - - (115)

Total other income (loss)
6,505 559 - 5,665 4,191 - (12) 20,855

Excess (deficit) of revenues over expenses
34,282 2,155 (13,372) 3,997 6,101 3,948 - 37,111

Equity transfer
(24,261) 2,475 10,615 - 1 - 2,174 -

Increase (decrease) in net assets without donor restrictions
$10,021 $4,029 $6,244 $2,997 $6,102 $3,948 $2,174 $37,111

*Consists of the Hospital and other insignificant entities as identified in Note 1.
- Highlighted as the most productive Eviction Prevention program in the State of Arizona by the Arizona Multi-housing Association.
- National Low Income Housing Coalition (NLHOC) noted Pima County as model program.

Eviction Prevention
- 15,090 applications taken since November 30, 2021.
- Over 3,000 households have received more than $14MM in rental assistance and another $1MM in utility assistance through CIC, its government partners and social service agency contractors.
- Currently CIC and its contractors are assisting approximately 200 households weekly with roughly $1.3MM of Eviction Prevention funding.

Home Ownership:
- Have assisted 585 first time home buyers in 2021 with over $4.5MM in down payment assistance and mortgage credit certificates.

Lending & Alternative Business Funding

**COVID-19 support to small businesses**
- Over $200,000 in low interest (3%) loan capital loaned to 20 businesses during COVID-19 crisis.
- $224,000 in 0% loans to 24 businesses through partnership with Kiva
- 60 businesses given COVID-19 resource assistance
- 108 businesses access coaching and mentoring to navigate pivoting and health related retrofits to deal with COVID-19.
- Facilitated over $450K of investment in 2 local women founded businesses through crowdfunding platform, Wefunder.

**Improving Access to Capital for undercapitalized Black, Indigenous People of Color (BIPOC) entrepreneurs**
- CIC fundraised $100,000 to invest in small businesses including through a new Community Managed Loan Fund specifically seeking to outreach to BIPOC entrepreneurs and business owners.
- 0% interest with no fees and term from 3 to 5 years.
- Eligibility, underwriting criteria, & loan decisions determined by committee of BIPOC community leaders.
- Applications for the first cohort are open until August 20.

Job Training
- Currently launching the second year of a $76K grant from City of Tucson Department of Economic Initiatives to establish an IT/Cyber Security job training program in Tucson via national firm, Transmosis.
  - 5 participants completed industry certifications and are being supported with job placement.

Bond Compliance
- Supports Pima IDA’s tax exempt bond issuance work through bond compliance services for continuing disclosure obligations to 78 current clients
TMC HealthCare and Subsidiaries

Consolidated Statement of Income
Year Ended December 31, 2020
(In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>TMC Hospitals</th>
<th>TMC Holdings, Inc.</th>
<th>TMC Medical Foundation</th>
<th>TMC Network</th>
<th>GLP Foundation</th>
<th>GLP Insurance Company</th>
<th>Benson Hospital</th>
<th>Eliminations</th>
<th>Total TMC/DHC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues and other support:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net patient service revenue</td>
<td>501,550</td>
<td>-</td>
<td>25,889</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>19,899</td>
<td>-</td>
<td>606,447</td>
</tr>
<tr>
<td>Provider relief fund grants</td>
<td>21,856</td>
<td>-</td>
<td>434</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,396</td>
<td>-</td>
<td>25,278</td>
</tr>
<tr>
<td>Hospital fees program</td>
<td>14,617</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14,617</td>
</tr>
<tr>
<td>Other income</td>
<td>11,225</td>
<td>10,998</td>
<td>1,952</td>
<td>-</td>
<td>5,027</td>
<td>3,509</td>
<td>(8,833)</td>
<td>-</td>
<td>25,895</td>
</tr>
<tr>
<td><strong>Total revenues and other support</strong></td>
<td><strong>609,058</strong></td>
<td><strong>10,998</strong></td>
<td><strong>28,375</strong></td>
<td>-</td>
<td><strong>8,037</strong></td>
<td><strong>25,894</strong></td>
<td>(8,833)</td>
<td>-</td>
<td><strong>673,334</strong></td>
</tr>
<tr>
<td>Net assets released from restrictions for operations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,833</td>
<td>-</td>
<td>-</td>
<td>44</td>
<td>-</td>
<td>1,277</td>
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<tr>
<td><strong>Total revenues and other support</strong></td>
<td><strong>609,058</strong></td>
<td><strong>10,998</strong></td>
<td><strong>28,375</strong></td>
<td><strong>1,833</strong></td>
<td><strong>8,037</strong></td>
<td><strong>25,894</strong></td>
<td>(8,833)</td>
<td>-</td>
<td><strong>674,611</strong></td>
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<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Salaries, wages and benefits</td>
<td>254,638</td>
<td>-</td>
<td>25,773</td>
<td>713</td>
<td>-</td>
<td>-</td>
<td>9,058</td>
<td>(2,691)</td>
<td>297,706</td>
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<tr>
<td>Supplies and other</td>
<td>182,379</td>
<td>532</td>
<td>9,197</td>
<td>2,120</td>
<td>37</td>
<td>2,731</td>
<td>(-01)</td>
<td>70,551</td>
<td>183,953</td>
</tr>
<tr>
<td>Medical and other professional fees</td>
<td>59,473</td>
<td>345</td>
<td>9,229</td>
<td>239</td>
<td>127</td>
<td>5,939</td>
<td>(801)</td>
<td>70,551</td>
<td>183,953</td>
</tr>
<tr>
<td>General and administrative</td>
<td>41,265</td>
<td>3,538</td>
<td>4,335</td>
<td>81</td>
<td>969</td>
<td>982</td>
<td>(5,329)</td>
<td>51,531</td>
<td>56,860</td>
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<tr>
<td>Depreciation and amortization</td>
<td>27,635</td>
<td>4,337</td>
<td>707</td>
<td>18</td>
<td>-</td>
<td>268</td>
<td>-</td>
<td>32,945</td>
<td></td>
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<tr>
<td>Interest</td>
<td>3,447</td>
<td>95</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12</td>
<td>(8)</td>
<td>3,547</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>573,024</strong></td>
<td><strong>5,848</strong></td>
<td><strong>45,206</strong></td>
<td><strong>3,171</strong></td>
<td><strong>8,023</strong></td>
<td><strong>19,990</strong></td>
<td>(8,833)</td>
<td><strong>648,223</strong></td>
<td></td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td><strong>34,034</strong></td>
<td><strong>2,150</strong></td>
<td>(15,921)</td>
<td>(1,629)</td>
<td><strong>1,214</strong></td>
<td><strong>6,885</strong></td>
<td>(9)</td>
<td><strong>25,678</strong></td>
<td></td>
</tr>
<tr>
<td>Other income (loss):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment return, net</td>
<td>6,144</td>
<td>60</td>
<td>-</td>
<td>2,119</td>
<td>4,075</td>
<td>119</td>
<td>-</td>
<td>12,816</td>
<td></td>
</tr>
<tr>
<td>Arizona Community Physicians subsidy</td>
<td>(3,081)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(3,081)</td>
<td></td>
</tr>
<tr>
<td>Change in fair value of interest rate swap agreements</td>
<td>(1,899)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,899)</td>
<td></td>
</tr>
<tr>
<td>Loss on sale of El Dosado Hospital</td>
<td>(3,000)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(3,000)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>1,235</td>
<td>841</td>
<td>(29)</td>
<td>-</td>
<td>(9)</td>
<td>2,041</td>
<td>-</td>
<td>-</td>
<td>2,041</td>
</tr>
<tr>
<td><strong>Total other (loss) income</strong></td>
<td><strong>620</strong></td>
<td><strong>501</strong></td>
<td>(39)</td>
<td><strong>2,118</strong></td>
<td><strong>4,075</strong></td>
<td><strong>114</strong></td>
<td><strong>9</strong></td>
<td><strong>6,870</strong></td>
<td></td>
</tr>
<tr>
<td>Excess (deficit) of revenues over expenses</td>
<td>33,434</td>
<td>3,051</td>
<td>(16,970)</td>
<td>480</td>
<td>5,289</td>
<td>6,972</td>
<td>-</td>
<td>32,256</td>
<td></td>
</tr>
<tr>
<td>Other changes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,378)</td>
<td>-</td>
<td>-</td>
<td>(1,378)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Equity transfer</td>
<td>(27,644)</td>
<td>-</td>
<td>15,696</td>
<td>(2,422)</td>
<td>-</td>
<td>-</td>
<td>14,670</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in net assets without donor restrictions</td>
<td>$5,780</td>
<td>$3,051</td>
<td>$(1,474)</td>
<td>$(3,317)</td>
<td>$5,289</td>
<td>$6,972</td>
<td>$14,670</td>
<td>$30,281</td>
<td></td>
</tr>
</tbody>
</table>

40
**FHR Family Housing Resources**

**Housing Counseling Program**

- **353** Total Clients Served
  - First-time home buyer education, pre-purchase counseling, down payment assistance programs
- **18 Households**
- **$396,121** Distributed

**Down Payment Assistance**

- **WISH (27%)**
  - WISH funds are expected to be depleted by end of September
- **HOME (64%)**

*Data collected - October 2020 - June 2021*

**Eviction Prevention Rental Assistance / Utility Relief Program**

- **847** Total Cases Assigned to FHR
- **428** Applications Approved by FHR
- **51%** Acceptance Rate
- **7.5** FTE Caseworkers

*Data collected - March to June 2021*

**FHR's COVID-19 Emergency Rental Assistance Program (CERA)**

- **241** Total Awards
- **$889** Average Award per Month
- **$182,256** Distributed

*Data collected - May 2020 to June 2021*

**Racial/Ethnic Demographic Outlook**

- **BLACK / AFRICAN AMERICAN (9.4%)**
- **HISPANIC (39%)**
- **NATIVE AMERICAN, OTHER, MULTIRACIAL (24.1%)**

**Residential Properties**

- **220** Units
- **16 Households**
- **$27,000** (Through DES and FHR's CERA programs)

**Volunteer Program**

- **31** Volunteers
- **$51,743** Value of Service Hours
  - (Value equivalent derived from Independent Sector)
- **1,813** Service Hours

*FHR is proud to be a service agency for the City of Tucson / Pima County program administered through CIC Tucson*

fhrtucson.org

January to June 2021
June 30, 2021

Southern Arizona Land Trust Inc. (SALT) Overview

SALT is a support organization to the Industrial Development Authority of the County of Pima (IDA) and is recognized as a 501(C)(3) charitable organization by the Internal Revenue Service (IRS). SALT’s primary mission is to serve the Tucson/Pima County metropolitan area with affordable housing opportunities for Low-to-Moderate income households (LMI). SALT’s mission statement:

To improve the lives of Tucsonans by investing in and revitalizing neighborhoods through the development of quality affordable housing. Safe Affordable Living in Tucson.

SALT approaches this Mission as a developer and property manager of affordable housing. Currently, SALT is positioned to impact affordable housing in Tucson in the following ways:

1. As a landlord/provider, by currently offering affordable housing opportunities through SALT’s rental portfolio of primarily single-family homes.
2. As a developer, by acquiring, rehabilitating, or constructing units for its rental portfolio or home ownership.
3. As a partner, working in concert with other nonprofits and the private and public sectors to create collaborative efforts that are sustainable, provide elements of relief in the affordable housing space and create political capital to further our collective work.

SALT’s Programs:

1) Affordable Housing:

Single Family Homes Rental Portfolio.
The portfolio consists of one hundred twenty-eight (128) three and four bedroom detached homes and a triplex (3) consisting of two bedroom units. The average monthly rent is $1,100 and this portfolio serves families with an average median income (AMI) in Pima County of approximately 65% which is roughly $45,000 per year for a family of four. As of June 30, 2021, the portfolio is at a 97% occupancy rate and by the end of July, the portfolio should achieve a 100% occupancy rate. Over the past twelve (12) months, SALT has received $112,044 in rental assistance from the Pima County IDA's program called COVID-19 Emergency Rental Assistance (CERA) which was administered by FHR and Pima County & City of Tucson programs which are administered by CIC.

Home Ownership Opportunities.
Since 2014, SALT has provided home ownership opportunities for previous tenants and other LMI families. Sixty-seven (67) single family homes and lots have been sold to LMI families.
2) Development & Construction Projects:

_Belnor Vista_ is a one hundred twenty-five (125) acre parcel located at Valencia and Camino De La Tierra and within District Five’s boundaries. On June 22, 2021, the Specific Plan and an Amendment of the Comprehensive Plan was approved by the Pima County Board of Supervisors. The Belnor Vista Specific Plan envisions the creation of an employment hub with supporting commercial services and housing in the emerging Southwest Growth Area. This project is in the master block platting stage of development and would be an ideal location for a library and a fire/police station as well as other public works buildings.

_Corazon Del Pueblo_ is a single-family home development located at 1-10 and Craycroft Blvd. SALT is currently building fifteen (15) single family homes for homeownership opportunities and affordable rentals. The first series of closings will occur in the 4th quarter of 2021.

_Vista Montana Estates_ was a single-family home development project located at 1-10 and Wilmot Rd. SALT constructed and sold thirty-nine (39) homes to families making less than 120% AMI. SALT provided $1,340,000 in total down payment assistance (DPA) to qualified households. This development was classified as a NSP2 land bank project with total home sales of $7,721,500.

_Other Land Development Projects_: SALT currently owns five (5) vacant land parcels throughout Pima County that could be developed into residential communities. Due to the increased costs of development and construction, SALT has been actively searching for grants and funding to make these projects economically viable.