

RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

BOARD MEETING

Tucson, Arizona

January 24, 2017

1:00 p.m.

REPORTED BY:

John Fahrenwald, RPR

Certified Reporter No. 50901

KATHY FINK & ASSOCIATES

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APPEARANCES:

BOARD MEMBERS:

- Fletcher McCusker, Chair
- Chris Sheafe, Treasurer
- Mark Irvin, Secretary
- Jannie Cox
- Edmund Marquez

ALSO PRESENT:

- Mark Collins, Board Counsel
- Brandi Haga-Blackman, Operations Administrator

* * * *

BE IT REMEMBERED that the meeting of the Board of Directors of the Rio Nuevo Multipurpose Facilities District was held at the TCC Leo Rich Theater, in the City of Tucson, State of Arizona, before JOHN FAHRENWALD, RPR, Certified Reporter No. 50901, on the 24th day of January, 2017, commencing at the hour of 1:00 p.m.

1 P R O C E E D I N G S

2 (Meeting commenced at 1:00 p.m.)

3 CHAIRMAN McCUSKER: Okay. We're going to
4 call the meeting to order. It's 1:00 o'clock, official Rio
5 Nuevo time.

6 Mr. Marquez, do you want to lead the Pledge?

7 MR. MARQUEZ: Sure.

8 (Pledge recited.)

9 MR. McCUSKER: So for five years I've said,
10 "Michele, call the roll."

11 So now we get to say, "Brandi, please call the roll."

12 MS. HAGA-BLACKMAN: Okay. Do you want me to
13 go up to the microphone?

14 CHAIRMAN McCUSKER: Yeah, I think you're
15 going to need to so we can hear you.

16 MS. HAGA-BLACKMAN: Fletcher McCusker?

17 CHAIRMAN McCUSKER: Here.

18 MS. HAGA-BLACKMAN: Mark Irvin?

19 MR. IRVIN: Here.

20 MS. HAGA-BLACKMAN: Chris Sheafe?

21 No.

22 MS. HAGA-BLACKMAN: Jannie Cox?

23 MS. COX: Here.

24 MS. HAGA-BLACKMAN: Jeff Hill?

25 No.

1 MS. HAGA-BLACKMAN: Edmund Marquez?

2 MR. MARQUEZ: Here.

3 CHAIRMAN McCUSKER: And we think Chris is
4 inbound. We do have a quorum.

5 Probably if you're paying attention you heard that she
6 did not mention Cody Ritchie's name. Cody has in fact
7 resigned from the Rio Nuevo Board. And he's a speaker
8 appointment so we'll be looking to the speaker to appoint
9 his replacement.

10 Cody has become quite busy. They've bought
11 businesses in California, Colorado, and Nevada and this is a
12 very challenging board to be a member of. So we appreciate
13 all of Cody's hard work. We wish him well back in being a
14 civilian.

15 Quorum is still four?

16 MR. COLLINS: Correct.

17 CHAIRMAN McCUSKER: We have the Board meeting
18 minutes in front of you. These are the transcripts from the
19 December 13, 2016 meeting. They are verbatim transcripts.
20 Any questions or comments?

21 MS. COX: I move acceptance.

22 MR. MARQUEZ: Second.

23 CHAIRMAN McCUSKER: Move and acceptance for
24 approval of the December 13th transcript.

25 All in favor say "aye."

1 (Ayes.)

2 Any opposing, nay. Thank you.

3 This is the time we set aside for Executive
4 Session. We need a motion to recess.

5 MR. IRVIN: So moved.

6 MR. MARQUEZ: Second.

7 CHAIRMAN McCUSKER: All those in favor say
8 "aye."

9 (Ayes.)

10 For those of in the audience, we typically go
11 straight into exec. We have a long executive agenda today.
12 My guess is we'll be out of the room for an hour and then
13 come back for the public meeting.

14 We're at recess to Executive Session.

15 (The Board recesses to Executive Session at
16 1:02 p.m.)

17 (2:23 p.m.)

18 CHAIRMAN McCUSKER: Motion to reconvene.

19 MR. IRVIN: So moved.

20 CHAIRMAN McCUSKER: Second, please.

21 MR. MARQUEZ: Second.

22 CHAIRMAN McCUSKER: Thank you everyone for
23 waiting. We had a longer than usual Executive Session.

24 You saw the agenda and you can appreciate why.

25 You'll notice that Jannie left. Her husband is

1 scheduled for surgery here literally in a few minutes.
2 She's going to be where she should be -- with her husband in
3 preop.

4 We still have a quorum.

5 Mr. Hill is busy preparing tax returns.

6 And Cody Ritchie, as we mentioned earlier,
7 resigned from the Board.

8 So I'm going to move pretty quickly because
9 we have a lot of stuff to cover in the public session.

10 So, Dan, do go ahead and give us the financial report.

11

12 6) FINANCIAL REPORT -- UPDATE & DISCUSSION ONLY

13 MR. MEYERS: I'm Dan Meyers, CFO of Rio
14 Nuevo. Okay. As of the end of the calendar year, we had
15 approximately \$13.5 million in various institutions.

16 Our outstanding commitments, including the Caterpillar
17 building, at an estimated cost of 40-, almost 49 million,
18 which 43 million will be financed, is 22 million. So
19 there's about a \$8- or \$9 million deficit there we see.
20 Some of that will be covered with some financing for the
21 Greyhound, Depot, and the AC Hotel.

22 One thing on there you will see is that Zions Bank --
23 we got approximately \$2 million in there. That account is
24 where our monthly TIF revenue goes. And for the first 10
25 months of the year, approximately \$800,000 comes out to

1 finance the bond to make the payments. But in May and June
2 we get to keep all of that TIF revenue. So that number
3 should go up substantially here in the next few months.

4 As far as TIF revenue received in January, we got about
5 \$800,000, which is lower than our budget; but that number
6 bounces around pretty good, so I don't have any great
7 concern about that.

8 I think that's pretty much it.

9 Anybody have any questions?

10 CHAIRMAN McCUSKER: Any questions for Dan?

11 I think it's safe to say for the public's edification,
12 we have a little money -- \$20ish million bucks.

13 We can in fact do everything that's currently
14 on our plate. It will make doing anything else really
15 challenging. We are talking to the legislature and the
16 governor about Rio Nuevo and our financing and our
17 termination date.

18 But this is going to be a tough budget year if you're
19 following that whole process. JLPC budgets several hundred
20 million dollars off of the governor's budget, so there's a
21 lot of work to do.

22 We are state agencies; it's important to remember that.
23 We benefit from state tax dollars, so we're dependent on the
24 State of Arizona to continue to grow our projects.

25 Dan, thanks for everything.

1 I'll stay in order since none of us have any place to
2 go quickly.

3

4 7) NOVA HOME LOANS ARIZONA BOWL -- POSSIBLE ACTION

5 The next item on the agenda is from our
6 friends at the Nova Home Loans Bowl. I saw Ali.

7 To refresh your memory, last year we stepped
8 up big for this event. We are one of the two major
9 sponsors. We committed \$400,000 to the Bowl which has
10 extraordinary results. I won't steal any of Ali's thunder,
11 but if you will introduce yourself for the transcriptionist
12 and then tell us what you did with our money.

13 MR. FARHANG: Mr. Chairman, members of the
14 Board, my name is Ali Farhang. I'm the chairman of the Nova
15 Home Loans Arizona Bowl. I'm here today to first and
16 foremost to say, thank you, and give you a report of what we
17 did with your money.

18 As you know -- or you may not know, the whole
19 festivities started in October with our kick-off luncheon.
20 We were at capacity at the DoubleTree Hotel on Alvernon --
21 about 450 people there with Ricky Hunley as our keynote
22 speaker, and, Kerri Strug, as our Arizona Strong Award
23 winner.

24 The DoubleTree was also the headquarters of
25 all of our media. We had all bowl committee meetings at the

1 DoubleTree. And it was also a destination for all the fans
2 from the United States Air Force Academy and South Alabama,
3 who were the two participating institutions.

4 On December 28th, we had the Rio Nuevo
5 Downtown Block Party. We had a great battle of the bands
6 between the Air Force and South Alabama.

7 That night we had a VIP dinner at El Charro Steak with
8 the conference commissioner, members of his staff, the
9 United States Air Force Academy, Lieutenant General Michelle
10 Johnson, the athletic director, Jim Knowlton, the South
11 Alabama's President, athletic director, and other
12 dignitaries.

13 There was a great Ferris Wheel at the
14 Downtown Block Party. It was -- if you were there, much
15 more well-attended than last year; I think that's an
16 understatement.

17 I want to stop saying that it's hard to find
18 a seat at any restaurant during our Downtown Block Parties,
19 because I don't want people not to come. But it was very
20 challenging to find a seat at any restaurant.

21 And then Barrio Brewing came out with a new
22 beer, the Citrazona, which I wanted to highlight because it
23 was really good.

24 So we had great night at the Rio Nuevo
25 Downtown Block Party on December 28th.

1 other schools -- particularly Colorado State and Nevada and
2 others -- because they said, why should it be your game? We
3 want it to be our game.

4 And it's all part of the positive narrative
5 that this Board conveys on a daily basis, frankly, in all
6 the things that it does. This game is just part of that
7 tapestry. People come away and the secret is out about what
8 a great community we are. They stay at the finest hotels;
9 they're treated with the best hospitality.

10 I'm going to read you this quick note from the athletic
11 director of the Air Force Academy, Jim Knowlton:

12 Your team was exceptional in every respect.
13 And the Air Force Academy is still buzzing about so many
14 aspects of our week in Tucson. We appreciate the efforts
15 and how excited our academy was to be part of the Nova Home
16 Loans Arizona Bowl.

17 And one of the particular connections with the Nova
18 Home Loans Arizona Bowl and the Air Force Academy -- at
19 Davis-Monthan, we had great buy-in from the commander,
20 Colonel Campbell, there. It was just a great event.

21 From a numbers perspective, the best indicator of kind
22 of what economic impact we have in our game -- if you may
23 recall, the 25th through the 30th of December is usually a
24 slow time for restaurants and hotels in Tucson. Last year,
25 we had over a 20 percent increase in occupancy for hotels

1 for our inaugural game. On top of that, we had
2 approximately a 16-percent growth on game night for this
3 year.

4 The final week of 2016 saw an 8.2 percent
5 growth of hotel rates in comparison to 2015. And revenue
6 for a comparable room -- which is a function of occupancy
7 and rates and widely viewed as one of the indicators of
8 hotel profitability -- was up approximately 10 percent
9 between December 25th and December 31st 2016 in comparison
10 to the prior year.

11 Moving forward, it's all part of the philosophy:
12 You're getting better or you're getting worse; there's no
13 such thing as staying the same.

14 We are contemplating adding a second downtown
15 festivity night and making this an event that's basically
16 Tucson's Mardi Gras week. I'm very hesitant to say this
17 because I'm on the record and I'm a high school football
18 coach on the side: It's not just about a football game.

19 It pains me to say that. This is about a
20 week of celebrating Tucson and getting out that positive
21 narrative, and it ends with a football game.

22 We would also like to make the headquarters
23 of our bowl office downtown at the Marriott -- and I know
24 we're going to have meetings about that after this meeting.
25 We would like to make the downtown Marriott our

1 headquarters -- not just for our office, but for all
2 activities around the game and where the conference
3 commissioners will be, where the athletics directors will
4 be, et cetera.

5 We are currently very close -- our partner last year --
6 the last two years is Sinclair Broadcasting, with respect to
7 TV.

8 They are in over 90 million homes across the nation.
9 But they're at different stations in every city -- might be
10 on The CW in Denver, maybe on FOX in Colorado Springs, et
11 cetera.

12 We are very close to basically finalizing a
13 deal with a TV network for next year that will provide some
14 additional revenue for us.

15 One more takeaway from last year to this year is last
16 year we provided -- not counting sponsored tickets for our
17 heroes program -- \$85,000 in charitable contributions.

18 This year, we will double that at least with
19 the possibility of a partner next year that will not change
20 our control over the date and time of the game. I promise
21 you that.

22 The game will be either December 29th, Friday, or
23 December 30th, Saturday, 2017.

24 So move your ski trips to after that.

25 The game will be in the afternoon, the sun will be out,

1 and according to sources it's going to be 72 degrees in
2 2017.

3 Again, before I take any questions you may have, my
4 only reason for being here other than providing you a brief
5 synopsis of what happened last year, is to thank you.

6 Thank you on behalf of over 150 volunteers
7 and staff that comprise the Nova Home Loans Arizona Bowl.
8 Thank you on behalf of our community -- if I may be so
9 bold -- not just for the Arizona Bowl, but for everything
10 else that Rio Nuevo does.

11 And we're just looking to get better, and
12 there's some exciting things that are happening. So with
13 that, I'm happy to answer any questions you may have.

14 CHAIRMAN McCUSKER: Mr. Marquez?

15 MR. MARQUEZ: First of all, I want to say,
16 fantastic job with the bowl game. I thought it was a
17 high-quality event. The teams were great. I had a lot of
18 fun. So I just want to say thank you for bringing it to
19 Tucson.

20 I had a question and concern at the very
21 beginning when you started talking but you actually answered
22 it at the end. I just want to state my support for it.

23 I heard the DoubleTree. I'm not sure the
24 DoubleTree for your headquarters is in our TIF district, if
25 I'm correct. So I'm really happy to hear that you're

1 considering AC Marriott.

2 And I love the idea of the second night
3 downtown. Because we're all about the downtown TIF
4 district. Obviously, that's what funds us. So I'm fully
5 supportive of that. Thank you.

6 MR. FARHANG: Well, I'm glad I was later able
7 to give a good answer because if it was a bad answer, I
8 would have changed it for you. But I'm going to stay at
9 being honest. In that regard, it was completely my
10 understanding that it is within that area; if it's not,
11 that's our error.

12 But we -- absolutely, downtown -- it's imperative that
13 we are connected with downtown as part of this game. And
14 that's genuine. And like I said, it's imperative for us and
15 it's great for us that there's going to be a hotel downtown
16 because the center of all activity should be there.

17 MR. IRVIN: Isn't it really the bowl's goal
18 that anything that can be done in the District --
19 specifically downtown and along the Broadway corridor --
20 that there's an office that will fit that as hotels start to
21 come downtown?

22 It will be the goal of the Bowl, as I
23 understand it, to continue to add those hotels?

24 MR. FARHANG: It's not only the goal of the
25 bowl -- like I was telling Mr. Marquez -- I think it's

1 imperative for our -- in order to build the tradition that
2 we're trying to build and the longevity of the event. To
3 answer your question in a long way -- I'm also an attorney
4 so it's just part of my nature -- the answer is "yes."

5 MR. IRVIN: Thank you.

6 CHAIRMAN McCUSKER: This is agendized as an
7 action item. I know, Ali, you didn't ask for anything. But
8 I expect you're already back in front of your sponsors. I
9 don't think you have multiyear agreements with any of us.
10 What are you thinking regarding next year?

11 Are you trying to keep all of this at the
12 same level? Where are you with the budget? And I know TV
13 revenue will help, but share with us what your expectations
14 for us is for next year.

15 MR. FARHANG: In making this the Tucson Mardi
16 Gras week -- and I'm hoping -- I know that some of you have
17 given me suggestions for a name already -- we're going to
18 continue to push all of our sponsors to give as much as they
19 can. Because the more they give the more we can ultimately
20 build this event.

21 So to be candid and direct about it, the amount of
22 support that you gave last year -- something around that
23 amount if not slightly above that -- would be more than
24 well-received and welcome.

25 But with adding a second night downtown --

1 and I'm not sure exactly what it's going to look like -- but
2 one of the concepts is combining it -- actually having the
3 players and teams -- because as you know the way we have it
4 now -- so the night before the game, you can't have the
5 team, the coaches there. So having the teams there and
6 having the events for the teams downtown as part of that
7 will obviously increase our expense.

8 So I don't know if that answers your
9 question, but we're kind of doing the budget for next year
10 as we speak. And our thought is with adding the other day
11 and some other events, you know, basically going to our
12 sponsors and asking them if they are able to do anymore,
13 then, that would be great.

14 CHAIRMAN McCUSKER: Mr. Irvin?

15 MR. IRVIN: So I think this is a really
16 neat event. And I like the fact that it focuses on Tucson,
17 and I like the fact that it gives back to our community and
18 really talks about the things that we're doing right.

19 And obviously the downtown showcase is
20 important for us that sit on the Board. Because you've
21 heard we're struggling a little bit financially in some
22 areas of what we can and can't do. Having said that, I
23 really think it would be a shame for us not to continue to
24 support you where we've been supporting you. Would I like
25 to do a little bit more? Yeah, I would. But knowing kind

1 of what's on the plate, I'm struggling a little bit with
2 that.

3 So with that, I'd like to make a motion that
4 we continue at our current level of funding, which is
5 \$400,000.

6 MR. SHEAFE: Second.

7 CHAIRMAN McCUSKER: Motion and second to
8 continue our sponsorship for the Nova Home Loans Arizona
9 Bowl same level as last year.

10 Any further discussion?

11 All in favor say "aye."

12 (Ayes.)

13 Any opposed?

14 There you go, Ali.

15 (The Board voted and motion passed
16 unanimously.)

17 MR. FARHANG: Thank you.

18 CHAIRMAN McCUSKER: Thanks for everything
19 you're doing. I believe if I'm not mistaken this was the
20 second largest attended bowl game outside of the BCS series.

21 MR. FARHANG: It was. My favorite number now
22 is 33,864. Because we need to have one more next year than
23 we had this year, if not more.

24 Tucson really showed up. Our community really showed
25 up and did a great job. And a lot of people came away very

1 impressed with what we're all about, as they should.

2 MR. SHEAFE: One quick question. In getting
3 businesses to support the seats and the tickets that you did
4 hand out, was it easier if you had a military component
5 there, where they were donating to people in the service
6 and, particularly, to the Air Force?

7 MR. FARHANG: That's a great question. Yes,
8 I think it made it easier. I think including
9 first-responders and teachers as part of our heroes package
10 was also very important. And that is a tradition that will
11 not go away regardless of the teams that are here.

12 Because after the event we had, and the
13 positive energy, a large part of that was due to how
14 invested and incorporated -- how much we incorporate
15 Davis-Monthan -- not just Davis-Monthan, but all the bases
16 in Arizona.

17 So regardless of the teams, that will
18 continue. Because I think it gives the game a great energy,
19 and gives our sponsors a lot of passion for it as well.

20 CHAIRMAN McCUSKER: Ali, thanks. We wouldn't
21 have a bowl game without Ali Farhang. Most of us know that.
22 So -- in your spare time -- thanks for everything you do.

23 The next several items are
24 Caterpillar-related. We're going to try and take some
25 pretty serious action to move along the Caterpillar build to

1 suit.

2 I will preface the next several agenda items to say on
3 behalf of Mark Irvin and I, who have spent most of the time
4 with Caterpillar since May and negotiating this agreement to
5 not only bring them to Tucson, but to build what we believe
6 will be an iconic headquarters building, there's probably
7 nothing I've done that's been more rewarding, important of
8 the scale of this than becoming intimately acquainted with
9 the Caterpillar organization.

10 This is an extraordinary company. They do
11 extraordinary things for the communities that they are
12 based. And Tucson's really blessed to have them.

13 So in the last several weeks, we've done a
14 number of things to move this project forward. You'll see
15 them on the agenda, which includes the review -- and
16 hopefully approval -- of a binding agreement between Rio
17 Nuevo and Caterpillar to build what is now a \$43 million
18 headquarters building.

19 We have gone through a competitive process to
20 select the design team. And we've gone through a
21 competitive process to select the contractor.

22 We also are going to have to spend some money to
23 deliver this project. We've gone through that in great
24 detail in the Executive Session, and we'll walk through that
25 now in the open meeting.

1 So Mr. Collins, I guess starting with item 8,
2 right?

3 MR. COLLINS: Yes, sir.

4

5 8) PURCHASE OF SM&T HEADQUARTERS PARCEL -- POSSIBLE ACTION

6 CHAIRMAN McCUSKER: The first thing we have
7 to do is buy the land.

8 And we've had at least a few setbacks terms of closing
9 on that. So walk through that for us and the public and
10 tell us what you need.

11 MR. COLLINS: Mr. Chairman, Members of the
12 Board, the current deadline for closing escrow or
13 transferring title was the 20th, last Friday. And we did
14 not close. There's a couple of reasons for that.

15 Number one, the Phase I, the environmental site
16 assessment, has not yet been completed. Until that is
17 completed, neither the District nor Caterpillar ultimately
18 can obtain the defenses under CERCLA of the federal act.

19 The draft of the ESA was 300-megabytes of data. The
20 lawyers for Caterpillar and the lawyers for this board and
21 the environmental lawyers are reviewing that. We anticipate
22 that all of the questions will be answered in roughly two
23 weeks.

24 That's the Phase I component of this.

25 This property has a lot of what I affectionately call

1 "title warts." There are problems with the title. This
2 piece of property is within the Rio Nuevo subdivision,
3 something that City and the District platted many years ago.
4 Many of those title warts can be solved by the preparation,
5 execution, and finalization of a second amended plat.

6 That second amended plat will resolve many of the title
7 objections that I provided to City and that the City
8 attorney and I worked through. So we need to complete that
9 process as well.

10 The actual -- doing the second amended plat will take
11 longer than two or three weeks. It will actually require
12 some things to happen after closing of escrow.

13 So there's lots of moving parts. We're making
14 progress. My suggestion is that you authorize me to
15 postpone the close of escrow for a period of your choosing
16 and direct me and authorize the executive officers to
17 execute the documents that are necessary to close the
18 purchase, including the post-closing agreement.

19 CHAIRMAN McCUSKER: I think you're up,
20 Sheafe.

21 MR. SHEAFE: I move that we authorize the
22 executive officers to execute the documents necessary to
23 achieve the closing which can occur after we receive the
24 Phase I and, in effect, establish the transfer on the CERCLA
25 provisions to protect the chain of title over a longer

1 period of time.

2 I might add that this is important not only
3 to us, it's important to Caterpillar many years down the
4 road when the property, once again, may transfer -- if they
5 decide to purchase it.

6 So that's my motion.

7 MR. IRVIN: If I could interject we put a
8 timetable on that. 30-day or something?

9 MR. SHEAFE: Yeah, let's say it closes in 30
10 days. But the key operative factor here is we need to get
11 the Phase 1 finished. Once we get that finished we could
12 close.

13 And to editorialize a little bit: That does
14 not require that we at any time also have the plat done.
15 The amended plat will come later; and we have a lot of
16 things to be corrected on that.

17 So the motion only goes to authorization for
18 the execution of documents, having established the Phase 1.

19 CHAIRMAN McCUSKER: We probably need you to
20 restate that since it was kind of all over the place. Can
21 you succinctly restate your motion?

22 MR. SHEAFE: The executive officers are
23 authorized to -- and counsel's authorized to prepare the
24 executive officers who are authorized to sign the
25 acquisition documents for the land subsequent to the release

1 of the Phase 1 on the property.

2 CHAIRMAN McCUSKER: Does that answer the
3 timeframe issue? You don't need a 30-day limit or window?

4 MR. COLLINS: If you amend that and say
5 within the next 30 days --

6 MR. SHEAFE: -- within a next 30 days.

7 CHAIRMAN McCUSKER: We have a motion. Now --

8 SECRETARY IRVIN: I second.

9 CHAIRMAN McCUSKER: Edmund, you're following
10 this?

11 MR. MARQUEZ: Yes.

12 CHAIRMAN McCUSKER: Brandi, will you call the
13 roll on this one?

14 MS. HAGA-BLACKMAN: Mark Irvin?

15 MR. IRVIN: Aye.

16 MS. HAGA-BLACKMAN: Chris Sheafe?

17 MR. SHEAFE: Chris votes yes.

18 MS. HAGA-BLACKMAN: Jannie Cox?

19 CHAIRMAN McCUSKER: She's absent. So just
20 the people here.

21 MS. HAGA-BLACKMAN: Edmund Marquez?

22 MR. MARQUEZ: Aye.

23 MS. HAGA-BLACKMAN: Fletcher McCusker.

24 CHAIRMAN McCUSKER: Aye.

25 So 4-0. Motion carries.

1 (The Board voted 4-0 and motion carries.)

2 Mr. Collins, you let us know if there's any subsequent issue
3 or delay.

4 MR. COLLINS: Yes, Mr. Chairman.

5 CHAIRMAN McCUSKER: So we buy the land. We
6 have an agreement with Caterpillar to prepare the land and
7 build their building.

8 That definitive document is in the form of a
9 development agreement, which we have spent weeks, countless
10 hours negotiating between Rio Nuevo attorneys, Caterpillar,
11 and their attorneys.

12 I'm pleased to say that both parties are now
13 in complete agreement regarding the status of that
14 development agreement.

15 Mr. Collins, if you just tick through kind of the major
16 terms of that.

17 MR. COLLINS: Mr. Chairman, Members of the
18 Board, the major terms are the budget. And the budget for
19 the new building is a \$43 million budget.

20 That currently is almost finalized. But that budget,
21 when it is finalized, will be attached as Exhibit No. A to
22 the development agreement that we discussed.

23 That's -- that's the number that you're going to have
24 to utilize to define the rent for Caterpillar.

25 There will need to be this development agreement

1 finalized and executed, as will there need to be a lease.
2 But the budget is the driving -- is the driving force.
3 Outside of that budget, the District is committed to certain
4 things to Caterpillar not to pass through.

5 One of them is the \$2 million relocation contribution
6 that you folks have made.

7 Caterpillar has agreed that your \$2 million
8 contribution -- the terms of that will track and be
9 identical to the terms that the ACA has with Caterpillar for
10 their \$4 million.

11 Another one is that the District is providing the land.
12 This is a property we just talked about to Caterpillar
13 without any passthrough costs. The legal description of
14 that is Exhibit No. C to the development agreement.

15 There are various items that are outside of the
16 \$43 million budget, including remediation, moving the sewer,
17 that sort of thing.

18 But, at the end of the day, once this
19 agreement is signed, Caterpillar is obligated to sign the
20 lease that has been drafted and circulated, which is also an
21 exhibit to this development agreement.

22 CHAIRMAN McCUSKER: Mr. Collins, as it
23 relates to Item 13, you touch on the additional costs.

24 And speculating that if we approve the development
25 agreement, we're also approving these additional costs

1 because they are conditions of the development agreement.

2 MR. COLLINS: That's correct.

3 CHAIRMAN McCUSKER: So let's take those two
4 things together so we understand the scope of what we're
5 doing.

6 The development agreement contemplates that we will
7 build a \$43 million building and lease it to Caterpillar on
8 a straight passthrough basis. Part of that agreement, we
9 will deliver the site, shelf-ready, for this development.

10 Not all of those shovel-ready aspects are included in
11 this budget. We are committing to remediate the leftover
12 pieces of the landfill; we're committing to resolve the
13 floodplain issues; we're committing to relocate the sewer
14 line. Those are the -- really the big items right outside
15 of the build-to-lease budget.

16 Our estimates for those -- the Board's gone through
17 that with the Executive Session in the neighborhood of
18 \$5 million.

19 So not only are we contributing the land to
20 Caterpillar, we're going to have to spend Mr. Dan Meyer's
21 money -- our money -- \$5 million of that 22 to prepare the
22 land.

23 So if we approve Item 9, we are de facto approving Item
24 13.

25 You following me?

1 MR. COLLINS: I do, yeah.

2 MR. SHEAFE: So the motion would be that we
3 authorize the executive officers in this case -- is that
4 correct? -- counsel to prepare the executive officers to
5 prepare the development agreement between the District and
6 Caterpillar.

7 I'd like to say for the record the guarantee on this on
8 Caterpillar's side is not the surface mining division, it is
9 the major Caterpillar corporation, which gives us quite a
10 bit of secured.

11 And coincidentally with that the District is taking on
12 the burden of creating a shovel-ready project according to
13 the terms of the development agreement.

14 CHAIRMAN McCUSKER: I think that was sort of
15 a motion.

16 MR. IRVIN: I think I understand what he
17 said. Okay on 43, okay on 5, Collins prepare the
18 agreement, executive officers are authorized to sign.

19 MR. COLLINS: As Mr. Sheafe said, there is a
20 guarantee in there.

21 CHAIRMAN McCUSKER: Okay. We have a motion.

22 MR. MARQUEZ: Second.

23 CHAIRMAN McCUSKER: We have a motion and a
24 second.

25 It's a big item -- with a roll call vote, Brandi. This

1 will authorize the signatures for the Caterpillar-Rio Nuevo
2 development agreement to build and lease back to Caterpillar
3 the \$43 million Caterpillar surface mining and technology
4 division headquarters.

5 In addition to that, we're authorizing the
6 Board to expend up to \$5 million on the site.

7 MR. SHEAFE: Is that part of this motion?

8 CHAIRMAN McCUSKER: We -- come on.

9 MR. SHEAFE: I said that we would --

10 CHAIRMAN McCUSKER: Well, if you approve the
11 development agreement, which in the development agreement
12 requires us to do these, you kind of --

13 MR. SHEAFE: I'm happy to expand that out.

14 MR. IRVIN: I think you already did.

15 CHAIRMAN McCUSKER: I think you did.

16 Mark, are we okay here?

17 MR. COLLINS: I'm comfortable that the record
18 is clear enough that you're approving the development
19 agreement for the \$43 million new facility; and as you do
20 that you are also making a commitment to remediate the
21 landfill to move the sewer and all of the other items that
22 Caterpillar is asking to be accomplished and not included in
23 that \$43 million budget.

24 MR. SHEAFE: I made my motion to include
25 those items.

1 CHAIRMAN McCUSKER: We seconded that.

2 MR. MARQUEZ: I second that.

3 CHAIRMAN McCUSKER: Any further questions,
4 conversation?

5 Brandi, call the role.

6 MS. HAGA-BLACKMAN: Mark Irvin?

7 MR. IRVIN: Aye.

8 MS. HAGA-BLACKMAN: Edmund Marquez?

9 MR. MARQUEZ: Aye.

10 MS. HAGA-BLACKMAN: Chris Sheafe?

11 MR. SHEAFE: Aye.

12 MS. HAGA-BLACKMAN: Fletcher McCusker?

13 CHAIRMAN McCUSKER: Aye.

14 (The Board voted and motion carries, 4-0.)

15 Congratulations to us, and especially Caterpillar.
16 Mark, we're very appreciative of the leadership that you
17 provided -- the firm's provided in what's been a very
18 challenging big league document.

19 So thank you very much.

20 Okay. So we own a piece of land.

21 We're going to fix up that land. We're going to build
22 a building. To do that you got to have an architect.

23 So we're very pleased -- and it's paid off in spades --
24 that we've retained Phil Swaim as the owner's rep in this
25 process.

1 Phil, we might need you to help on the next
2 two items.

3 But we advertised for a design team. We received very
4 large number of really qualified firms. Same thing for the
5 contractor side of this equation.

6 So we are prepared today with Phil's help and
7 leadership to authorize the agreement for our design firm.

8 Phil, you kind of want to walk us through
9 that -- and this is feed-backing to me, is it just in the
10 monitor or making you crazy out there?

11 UNIDENTIFIED SPEAKER: We're good out here.

12 MR. SWAIM: We're not crazy.

13 CHAIRMAN McCUSKER: Okay.

14 MR. SWAIM: Phil Swaim, Swaim and Associates
15 Architects.

16 It has been a great process going through to
17 select an architectural team.

18 We started with a public RFQ process. We received 18
19 submittals. And then our selection committee went through a
20 short list of five. Interviewed those five teams. It was
21 incredible -- the quality of teams that went after this
22 project. It was a very difficult decision. We can all be
23 proud of the firms that we have and not only in Tucson but
24 in Arizona and in other firms from across the country that
25 were interested in this project.

1 We did ultimately select SmithGroup out of
2 Phoenix, who is a national firm, as our highest rank firm.
3 They were teamed with WSM architects out of Tucson, as a
4 local partner. And we have negotiated a fee with them that
5 we think is very equitable. So we're hoping to be able to
6 proceed forward with that design contract.

7 CHAIRMAN McCUSKER: Mr. Irvin?

8 MR. IRVIN: I make a motion that we move
9 forward and approve that contract.

10 MR. MARQUEZ: Second.

11 CHAIRMAN McCUSKER: Okay. So by authorizing
12 this action we would authorize the executive officers to
13 sign the agreement between SmithGroup JJR, WSM, and Rio
14 Nuevo.

15 You also have negotiated the fees, right? So
16 they are part of this agreement?

17 MR. SWAIM: That's correct.

18 CHAIRMAN McCUSKER: Anything else,
19 Mr. Collins, Mr. Swaim, we need to do?

20 MR. COLLINS: I think, Mr. Chairman, Members
21 of the Board -- I think that as long as we've reviewed that
22 contract, as long as it's substantially in the term -- in
23 the form that we reviewed in the Executive Session, I think
24 you've got enough before you.

25 CHAIRMAN McCUSKER: You want to state that?

1 And who made that motion?

2 MR. IRVIN: I did. I'm fine with that --

3 CHAIRMAN McCUSKER: -- no substantial changes
4 to the agreement that we reviewed.

5 Okay. Brandi, roll call?

6 MS. HAGA-BLACKMAN: Mark Irvin?

7 MR. IRVIN: Aye.

8 MS. HAGA-BLACKMAN: Edmund Marquez?

9 MR. MARQUEZ: Aye.

10 MS. HAGA-BLACKMAN: Chris Sheafe?

11 MR. SHEAFE: Aye.

12 MS. HAGA-BLACKMAN: Fletcher McCusker?

13 CHAIRMAN McCUSKER: Aye.

14 (The Board voted and motion carries, 4-0.)

15 We're excited to see SmithGroup, WSM, involved. They
16 are both involved in some really iconic design. We're very
17 pleased too that these are Arizona firms. We're very
18 grateful to Caterpillar for keeping everything kind of in
19 this state. Don't forget that they pay state sales tax.
20 And where does that go?

21 So we have an architect. And you need a contractor.
22 Phil, walk us through the process to select the CM at risk.

23 MR. SWAIM: We made the decision that we
24 needed to be able to bring that contractor on board up front
25 using a construction manager at risk contract. So we also

1 issued a public notice requesting qualification submittals
2 from contractors.

3 We received 13 from both local and national
4 firms of the largest construction companies in the country
5 and the world -- again, with some incredible experience,
6 some fascinating team proposals.

7 We short-listed -- our selection committee short-listed
8 to six firms to interview. Again, the quality was
9 absolutely amazing. Made it very difficult. We're proud of
10 the firms that are here in Tucson and others that have been
11 developing our downtown.

12 We selected Sundt as our highest ranked firm that we
13 have negotiated with and come to an agreement on a
14 preconstruction fee and to be able to get them moving
15 forward. Having them on the team with SmithGroup will allow
16 us to really manage budget and schedule from day one to be
17 able to development the quality that the Caterpillar
18 requires.

19 CHAIRMAN McCUSKER: Mr. Marquez?

20 MR. MARQUEZ: I'm really happy for the fact
21 that not only did we get high quality companies, but I love
22 the local component. And I just wanted to say I'm glad it
23 turned out that way. I know we didn't pick just based on
24 local but I love to see that there's a local connection.
25 Thank you.

1 CHAIRMAN McCUSKER: Mr. Irvin?

2 MR. IRVIN: Also, we're not allowed to
3 provide any local -- so it's kind of interesting that it
4 ended up that way, but we're not allowed to look at it quite
5 that way as you well know. But anyway, thank you. I think
6 you did an outstanding job not just with the architect, but
7 also in herding the cats relative to helping us get to a CM
8 at risk.

9 I'd like to make a motion that assuming
10 there's no material change from what we looked at in
11 Executive Session that the executive officers would be
12 authorized to sign and you'd be authorized to review the
13 agreement as presented.

14 MR. MARQUEZ: Second.

15 CHAIRMAN McCUSKER: Brandi, call the role.

16 MS. HAGA-BLACKMAN: Mark Irvin?

17 MR. IRVIN: Aye.

18 MS. HAGA-BLACKMAN: Edmund Marquez?

19 MR. MARQUEZ: Aye.

20 MS. HAGA-BLACKMAN: Chris Sheafe?

21 MR. SHEAFE: Aye.

22 MS. HAGA-BLACKMAN: Fletcher McCusker?

23 CHAIRMAN McCUSKER: Aye.

24 (The Board voted and motion carries 4-0).

25 By a vote of 4-0, we've approved the CMA risk

1 contract between Rio Nuevo and Sundt Construction.

2 Congratulations. Thank you, everybody.

3

4 12) CONTRACT for GEOTECHNICAL SERVICES -- POSSIBLE ACTION

5 One little small contractual item -- item 12 on the
6 agenda, which is, I guess, separate and apart of what we
7 just approved.

8 We are doing geotechnical work over there.

9 Phil, you want to walk us through that item?

10 MR. SWAIM: One of the next steps that we
11 need to be able to deal with right away is dirt. We talked
12 about there's a lot of issues related to the site that will
13 affect cost, budget, et cetera, and certainly schedule. So
14 we need to be able to get some geotechnical investigations
15 done as soon as possible. We are currently gathering the
16 requirements necessary to deal with the building,
17 foundations, the site construction, sewer relocation,
18 landfill remediation, road, a whole variety of issues. So
19 we want to be able to do a request for proposals from some
20 geotechnical firms.

21 Our goal is to be able to get that out within the next
22 two weeks so we can get that information for the design
23 teams, construction team, as soon as possible.

24 CHAIRMAN McCUSKER: How much is that -- the
25 dollars amount?

1 MR. SWAIM: We're --

2 MR. SHEAFE: These are proposals.

3 CHAIRMAN McCUSKER: So we're just soliciting
4 proposals?

5 MR. SWAIM: That's correct.

6 MR. SHEAFE: So I don't know that you need
7 that authorization, but I move you be authorized to move
8 forward on putting up the RFPs to engage the geotechnical
9 firm that will service whatever needs we have.

10 MR. SWAIM: Perfect.

11 MR. MARQUEZ: Second.

12 CHAIRMAN McCUSKER: All in favor say aye?

13 (Ayes.)

14 Phil, thank you. Thanks for all your hard
15 work.

16 Item No. 14.

17

18 14) FINANCING OPTIONS for SM&T HEADQUARTERS - POSSIBLE
19 ACTION

20 Okay. So we have 7.85-acres.

21 We have a development agreement with Caterpillar, we
22 have an architect, we fixed the dirt.

23 TREASURER SHEAFE: How are we going to pay
24 for this?

25 CHAIRMAN McCUSKER: Just one little problem.

1 We don't have \$43 million.

2 We've stated all along our intent is to finance this
3 project. We've had a lot of inbound interest because of it
4 is Caterpillar. It's now Caterpillar corporate standing
5 behind this credit. I think also Rio Nuevo is looked at in
6 entirely new light by our lending institutions.

7 So the action item would be that we
8 authorized our advisors to begin to solicit, discuss, and
9 direct us in terms of our financing options for this
10 \$43 million project.

11 MR. IRVIN: That's a perfect -- I'll adopt
12 that as a motion.

13 CHAIRMAN McCUSKER: So moved.

14 MR. SHEAFE: Second.

15 CHAIRMAN McCUSKER: So we're not taking any
16 action.

17 We are instructing our advisors to find the
18 options for us to bring them back to a subsequent meeting.
19 All in favor say "aye."

20 (Ayes.)

21 Any opposed, nay?

22 MR. COLLINS: Mr. Chairman.

23 CHAIRMAN McCUSKER: Mr. Collins.

24 MR. COLLINS: May I make a quick comment.

25 We will start that -- it's actually already been

1 started without your authority. I was kind of hoping it
2 would work that way -- we can move forward in earnest once
3 that development agreement is signed, but we're going to
4 need -- that lease that we've talked about needs to be
5 executed too. But we will start the process immediately.

6 CHAIRMAN McCUSKER: Okay. Now back to some
7 things we can actually afford.

8

9 15) CITY PARK -- POSSIBLE ACTION

10 City Park.

11 Mark, we've had a couple of delays outside of our
12 ability to control. You want to update us on the status of
13 City Park?

14 MR. COLLINS: Mr. Chairman, Members of the
15 Board, a quick history review.

16 The restated development agreement that was entered
17 into among the City, the District, and the developer,
18 require a building permit to be pulled by December 10th --
19 or -- Excuse me. October 10 -- I'll get it right -- 16.

20 That didn't happen. Nevertheless, this board gave the
21 developer until the end of this month to pull that building
22 permit.

23 This is a 60,000-foot level, folks.

24 The developers people and I have been working rather
25 hard on this.

1 By way of a little bit of a background: Since you
2 granted that extension, the mayor and counsel unanimously
3 voted to abate the taxes on the excise taxes on this project
4 at their meeting on 12/20 of '16.

5 The requirement there is that the District
6 and the developer reach an agreement on the GPLET lease and
7 the economic development agreement.

8 On the 23rd of December, the existing condominium plat
9 on the property terminated and the block plat was recorded.
10 Earlier this month, the construction drawings reached a
11 hundred percent.

12 As we sit here today, the documents, the agreements
13 that I've been working on with the developer and the Bank of
14 Tucson -- I'm not able to give you a percentage -- but I'm
15 thinking we're 80 to 90 percent done with those documents.

16 We will not make it in time for the developer to pull
17 building permit by the 31st of this month.

18 Nevertheless, the developer is in a position -- and I
19 believe will pick up the grading permit by the 30th of this
20 month and could then break ground on the 31st.

21 They won't.

22 And if I were the Bank of Tucson's lawyer, I wouldn't
23 let them either; and I'm your lawyer and I won't let them
24 either.

25 So the documents have made a lot of progress. There

1 have been a lot of conversations and we're really close.

2 You have lots of options available to you here. You
3 can decide not to extend the deadline; or you can extend the
4 deadline -- make a motion to extend the deadline to this
5 next board meeting, which is February 28, provided that the
6 documents are finalized and the grading permit is pulled
7 before that meeting.

8 MR. SHEAFE: Mark, just to make a point. In
9 a development like this, you can't break priority by doing
10 anything until after your loan documents are complete.

11 MR. COLLINS: Correct. And recorded. Right.

12 MR. SHEAFE: So there are some extenuating
13 circumstances here beyond everybody's control.

14 CHAIRMAN McCUSKER: Mark, given that, is the
15 building permit the right trigger? They are indeed doing
16 everything we've asked them to do? The deal's coming
17 together, the bank is committed, it's a matter of
18 documentation. The equity is sitting in a bank.

19 The City, as you said, has abated the tax. There
20 really isn't anything here -- and this is just a lightening
21 rod of extensions after extensions.

22 MR. COLLINS: That's right.

23 CHAIRMAN McCUSKER: I'm concerned the public
24 will perceive we've granted Don yet another extension. But
25 they're really like at the door. And I don't know that any

1 of us can control the building permit if it's subject to the
2 bank finishing their documents. And this particular lender
3 is known to be slow.

4 So is that the right -- do we have the right pull
5 point?

6 MR. COLLINS: Yes. Mr. Chairman, Members of
7 the Board, Mr. Abi-Aad and I have become too close friends
8 during the course of this. We've been working very hard to
9 make this happen.

10 Yeah, it's taken awhile. But as you point out,
11 Mr. Chairman, Mr. Sheafe, all of this is in either Don
12 Bourn's control, or your control.

13 I will tell you, however, that I'm confident
14 based upon the work that I've done with Ali and his team and
15 my office that by the time we meet again, you'll have a
16 building permit and the documents will have been recorded;
17 you'll hold title.

18 You'll also hold a second lien hold position
19 on the property subordinate to Bank of Tucson. But that's
20 consistent with what we've talked about all along.

21 CHAIRMAN McCUSKER: And two things here. We
22 may want to ask him a couple of questions.

23 The building's designed; I've seen the drawings.
24 They're spectacular.

25 You have tenants, right? And you have a master lease

1 in place? What's the risk now -- and I guess for both of
2 you, what could possibly go wrong with this deal? I mean,
3 it seems like the building permit is an artificial date
4 under which we're required to launch. But you really can't
5 control the launch date. Indeed, you've done everything
6 we've asked you to do.

7 MR. ABI-AAD: Mr. Chairman, Members of the
8 Board, we would agree with that phrasing and certainly with
9 what Mr. --

10 MR. SHEAFE: You may want to state your name
11 just for the record.

12 MR. ABI-AAD: Toufic Abi-Aad, Bourn Company
13 CFO.

14 We would agree with what -- how you've
15 characterized it and how Mr. Collins has characterized it.
16 We are a hundred percent drawings. We have an executable
17 contract with our general contractor. We are ready to pick
18 up the grading permit and commence construction subject only
19 to the ERC meeting this Thursday afternoon at 3:00 o'clock.
20 We would be in position to break ground but for breaking
21 priorities which we can't do, we won't do.

22 And so you say what -- I guess we'd rather focus on
23 what still need to happen. And that is just getting the
24 final documents in position to execute and record.

25 MR. SHEAFE: Do you have any doubts about

1 your ability to get that last step taken care of with the
2 documentation within the next 30 days?

3 MR. ABI-AAD: To the best of any knowledge,
4 no. We are teed up to get everything done, as Mr. Collins'
5 suggested.

6 CHAIRMAN McCUSKER: Mr. Marquez?

7 MR. MARQUEZ: As much of a fan as I've been
8 of this project -- I think it's fantastic -- and as much a
9 critic as I've been of having to continually extend --
10 because there's so much past history with this project and
11 Bourn, I'd like to make a motion that we extend to
12 February 28th and I hope you get it done.

13 MR. IRVIN: I'll second that.

14 That's also the date of our next board meeting, as you
15 probably know. And I would also echo what Edmund said. And
16 that is that -- as you know, I've been a very large critic
17 of the time and economy and the whole 9 yards and some
18 things are out of your control.

19 I do appreciate very much you guys taking to
20 heart our strong suggestion that you do certain things by
21 certain dates. You've done that; you've exhibited that.
22 You guys are serious about that.

23 As you know, Don has already said that if
24 this deal doesn't go forward, we're going to send Mark
25 Collins' bill -- it's a nice bill. He'll enjoy it. We

1 won't enjoy sending it to you.

2 So with that statement, I'm on board for
3 extending it to the 28th as well.

4 MR. SHEAFE: That would be a second.

5 MR. IRVIN: That would be a second.

6 CHAIRMAN McCUSKER: Why do we authorize to do
7 this? Does this have to come back to the board? Are we
8 currently authorized to close this? And it's really just a
9 matter of waiting for you to tell us the bank is done and
10 we're next. Is it that simple? We're just literally
11 waiting for the bank documents?

12 MR. COLLINS: Well, from 60,000 feet, it's
13 that simple. From down here there are a lot of documents to
14 be finalized.

15 But as far as authority is concerned, you
16 already have authority to execute them based upon what I do
17 working with Toufic and his team.

18 CHAIRMAN McCUSKER: So the only issue is we
19 ran past our own established deadline.

20 MR. COLLINS: Right.

21 And, yes, I don't have any doubt that we'll get it done
22 either. But --

23 CHAIRMAN McCUSKER: Why don't we just abolish
24 the deadline?

25 MR. COLLINS: No.

1 CHAIRMAN McCUSKER: We're done. We're just
2 waiting for the bank. Why do we need another timeframe?

3 MR. SHEAFE: I don't think we're extending
4 it. What we're suggesting here is that within that
5 timeframe, which is a reasonable timeframe, Toufic and his
6 team will move as rapidly as they can.

7 MR. MARQUEZ: I'm okay with a 30-day
8 extension. I don't want to abolish --

9 CHAIRMAN McCUSKER: I'm just wondering if
10 it's an unnecessary step. And I'm going to have to explain
11 to Bud Foster why we've given these guys yet another
12 extension.

13 All right. We have a motion and a second.

14 Any further discussion?

15 Brandi, let's do roll call on this too.

16 MS. HAGA-BLACKMAN: Mark Irvin?

17 MR. IRVIN: Aye.

18 MS. HAGA-BLACKMAN: Edmund Marquez?

19 MR. MARQUEZ: Aye.

20 MS. HAGA-BLACKMAN: Chris Sheafe?

21 MR. SHEAFE: Aye.

22 MS. HAGA-BLACKMAN: Fletcher McCusker?

23 CHAIRMAN McCUSKER: Aye.

24 (The Board voted and motion carries, 4-0.)

25 We don't want to see you in February.

1 MR. ABI-AAD: Thank you.

2 CHAIRMAN McCUSKER: Sunshine Mile I'm going
3 to table. Waiting to get in to see our friends at the RTA.

4 Cushing Street parcel we're going to table.

5 Nor-Gen: Mr. Collins, Mr. Irvin?

6 18) NOR-GEN -- POSSIBLE ACTION

7 MR. IRVIN: I'd like to make a motion that we
8 authorize counsel to pursue the discussion that we had in
9 Executive Session relative to Nor-Gen.

10 CHAIRMAN McCUSKER: It requires a second.

11 MR. MARQUEZ: Second.

12 CHAIRMAN McCUSKER: Any further discussion?

13 All in favor say aye?

14 (Ayes.)

15 Any opposed, nay.

16 Counsel, you have your instructions.

17 Item No. 19, Gadsden.

18

19 19) GADSDEN -- POSSIBLE ACTION

20 CHAIRMAN McCUSKER: Why can't we close
21 something?

22 Go ahead, Mark.

23 MR. COLLINS: Well, those are my thoughts
24 too, but I'm involved with them.

25 The Gadsden matter -- as you may recall,

1 you've entered into a purchase agreement, and you've closed
2 the purchase of the property.

3 You've leased it back to the Gadsden -- I'll call it
4 the Gadsden Group. You have funded a large portion of what
5 you're contributing in this project. But the final piece is
6 the construction funding. And the construction funding --

7 CHAIRMAN McCUSKER: Not our money. Coming
8 from the lender.

9 MR. COLLINS: It's coming from the lender,
10 right. That amount is \$3,075,000.

11 As you will recall, at the last meeting we learned that
12 the developer, in this case, Gadsden, had the opportunity to
13 bifurcate that loan, one, into what call the conventional
14 loan, and the other what I call the new markets loan. The
15 new markets loan is a much more complicated creature, but it
16 does reduce the cost for the developer.

17 And you authorized us to do that -- the executive
18 officers did. We closed the conventional loan on 12/31;
19 that money remains in escrow, except for the cost.

20 The current deadline to close the new markets loan is
21 the 28th of this month. That's not going to happen.

22 I've heard from the attorney for Gadsden. He estimates
23 that we ought to be able to get it done in another month.
24 This is out of your control. This is in the hands of the
25 new markets lender. And it is -- we've gone over it a

1 couple of meetings ago -- it's a complicated arrangement;
2 but that's where we are.

3 CHAIRMAN McCUSKER: I guess I'm confused as
4 to why this is even on the agenda. We are all authorized to
5 close this. We funded it. We have a lease. This is just
6 paperwork.

7 I mean, why are we --

8 MR. COLLINS: The Board extended the deadline
9 until the 28th of this month. I don't have the authority --

10 CHAIRMAN McCUSKER: This is another force --

11 MR. COLLINS: I don't have the authority to
12 extend it on my own.

13 CHAIRMAN McCUSKER: All right. This is
14 another out-of-our-control extension request.

15 MR. IRVIN: Would 45 days get you to where
16 you think you need to be, Mark?

17 MR. COLLINS: I believe so, Mr. Irvin.

18 CHAIRMAN McCUSKER: Anyone here from Gadsden?
19 Adam, can you give us an update how is the project going on?

20 MR. WEINSTEIN: Thank you, Mr. Chairman, the
21 project --

22 CHAIRMAN McCUSKER: Introduce yourself for
23 the record.

24 MR. WEINSTEIN: Adam Weinstein, with the
25 Gadsden Company.

1 The closing with the Rio Nuevo financing occurred on
2 September 13th. We immediately on the 14th of September
3 commenced the modification of the container units that were
4 received to Parsons Steel Builders. That work has continued
5 to go on on a daily basis with an acceleration of activity
6 as we move forward receiving the balance of the custom units
7 and the units that were being modified.

8 So we have been working very diligently on
9 getting all the units to the extent that we can upon the
10 offsite construction.

11 We have a similar issue with the broken
12 priority with not being able to get out to the field at this
13 point until we close with the lender.

14 The lender, which is Clearinghouse CDFI, was a company
15 we do quite a bit of work with. We're a preferred borrower.

16 Through the course of this financing, a new
17 program was introduced to them by an affiliate lender named
18 National Community Investment Fund, who is a new markets tax
19 credit specialist. They had put together a new financing
20 program that was going to allow them to come in a
21 participation loan with Clearinghouse, hence the
22 bifurcation, which was able to buy down the overall interest
23 rate on half of that \$3,075,000 loan amount, from 6 and a
24 half percent down to 3 and a quarter percent, which does a
25 tremendous benefit to the overall performance and

1 sustainability of the project.

2 Clearinghouse came to us first and asked if
3 we would be willing to entertain this new program with them
4 as their first choice. We were excited to be in a position
5 to be selected to do that. This is a program that the tax
6 credit investor is through Wells Fargo. And there just have
7 been some overall programmatic delays getting the program
8 rolled out through the participation loan with Clearinghouse
9 CDFI.

10 As a tremendous concession, the Board and
11 Mark Collins and his team were able to work with them to
12 close on the fee component of the project prior to year end
13 and we thank them, even though while Mark was on his holiday
14 vacation, assisted us in getting that work done.

15 So the lender was able to close on a \$1,575,000
16 participation financing. And those funds sit in a borrower
17 held construction loan account at this point awaiting the
18 final closing on the new market tax credit component, which
19 was scheduled to be before month end.

20 They had asked just out of prudence --

21 CHAIRMAN McCUSKER: In January.

22 MR. WEINSTEIN: In January.

23 -- out of prudence that the Board potentially
24 consider a short-term extension in order to allow the loan
25 documents to be completed and us to close in a timely

1 manner.

2 It's my understanding, just walking over to
3 the meeting and speaking with the CFO of Clearinghouse CDFI,
4 we're expecting receipt of the loan documents for the new
5 market tax credit part of the loan by close of business
6 today. And we're working with our attorney and Mark
7 diligently to hopefully get this done by month end. But
8 they did ask for a little bit of extra time for them to
9 complete their part of the process.

10 CHAIRMAN McCUSKER: What does all this do to
11 your go-live schedule?

12 MR. WEINSTEIN: What we've been able to do,
13 Chairman, is been able to adjust some of the activity that
14 was going to commence in the field to actually commence out
15 at Parsons Steel as an offsite part of the construction.
16 It's required a lot of rejiggering of the way we were
17 approaching both the offsite and on-site construction so we
18 didn't lose time in the overall execution schedule.

19 But we're currently maintaining the same
20 schedule that we had rolled out initially and are looking to
21 pick up as much time as we can both in the field, but also
22 been able to migrate some of the trades out to the offsite
23 condition as well.

24 CHAIRMAN McCUSKER: Thank you. Any questions
25 for Adam?

1 MR. MARQUEZ: Just to remind me, when is the
2 completion date?

3 MR. WEINSTEIN: We're looking for a fall 2017
4 roll out.

5 CHAIRMAN McCUSKER: Hmm.

6 Mr. Sheafe, reminded me you might be
7 conflicted. Does that make me quorum-less?

8 MR. COLLINS: It does make you quorum-less.
9 So you can't take an action.

10 CHAIRMAN McCUSKER: How do we resolve the
11 deadline issue?

12 MR. COLLINS: You can't. You leave it in my
13 hands.

14 CHAIRMAN McCUSKER: I knew this shouldn't be
15 on the agenda. Thank you for refreshing our memory. We'll
16 figure this out. If we need to call a special meeting --
17 and we'll get this taken care of.

18 The frustrating thing -- I think all of us -- and
19 you're seeing some of it from the Board, we're
20 action-oriented.

21 We're private sector people. We love to see projects
22 come out of the ground. And there's nothing any of us you
23 or I or anybody doing the delays to these projects. So
24 we're doing everything we can.

25 MR. IRVIN: The flip side is we'll all get a

1 lot of people throwing rocks at us because the traffic gets
2 worse downtown because all the projects start at the same
3 time.

4 MR. SHEAFE: Tell the guys at the lenders to
5 go --

6 CHAIRMAN McCUSKER: Consider this officially
7 tabled due to the lack of a quorum on this particular item.

8 No. 20, anyone conflicted on this one, Mark?

9 MR. COLLINS: Not that I'm aware of.
10

11 20) GUS TAYLOR ADDITION TO CHICAGO STORE DEAL -- POSSIBLE
12 ACTION

13 So we have made a commitment on my word to assist
14 Dabdoub and Schwabe and the renovation of the Chicago store.
15 They have acquired the property next door and they would
16 like to roll that into our package.

17 Mark, what's the status of that whole transaction?

18 MR. COLLINS: I don't see Marcel here. He's
19 better at the status than I am.

20 The component is -- refreshing everybody's
21 recollection -- you have approved the investment and the
22 structure of the Chicago Store component of this.

23 What Marcel is going to talk to you about is adding the
24 Gus Taylor, the neighboring property to that.

25 This was on the December agenda, and Secretary Irvin

1 hadn't looked at the place.

2 As I recall, it was tabled. And based on my
3 conversations with Marcel, you have seen it. So we're ready
4 for you guys to ask whatever questions you have of Marcel.

5 If you approve it, we can move forward with
6 that.

7 CHAIRMAN McCUSKER: Marcel, just go back
8 through the original deal, the deal, total project, what
9 you're bringing, what we're bringing, just to refresh
10 everybody's memory.

11 MR. DABDOUB: And Mr. Chairman, Members of
12 the Board, thank you for having us here. I pulled up the
13 numbers. And let me --

14 MR. SHEAFE: Marcel, state your name.

15 MR. DABDOUB: Marcel Dabdoub.

16 So just by way of background, those buildings were
17 owned by the same property owner before we acquired the
18 Chicago Music Store. They sold it to a recording studio
19 operation that has since closed down and they offered the
20 building for sale.

21 But having those two buildings together
22 allows for a lot of flexibility in terms of accessibility
23 and things like they because both -- the second floors were
24 connected at one point and the first floors were connected
25 at one point as well.

1 In terms of cost, I believe the -- give me
2 one second I have this --

3 CHAIRMAN McCUSKER: That was all four of the
4 projects.

5 MR. COLLINS: Right. 1.4 for Chicago Store,
6 as I recall.

7 CHAIRMAN McCUSKER: Out of a total --

8 MR. DABDOUB: That's correct. And we're
9 requesting another \$650,000 for the Gus Taylor building,
10 which, in both cases, they represent less than 25 percent of
11 the projected cost. So I believe I sent --

12 I sent the spreadsheets. I sent the spreadsheet that
13 includes what this represented as a percentage of projected
14 sales tax revenue. We have been in discussions with a
15 restaurant bar operator that is interested in leasing the--
16 you know, the bottom space.

17 In terms of general status, we're looking at how to
18 make the second floor space accessible if they don't take
19 it; But in our projections, we assume that the bottom space
20 would be used for restaurant operation, and that's what we
21 came up with the estimates on how much sales tax revenue
22 would be generated.

23 CHAIRMAN McCUSKER: So this is -- my math --
24 \$2 million investment from Rio Nuevo in roughly a \$6 million
25 project?

1 MR. DABDOUB: That's correct.

2 CHAIRMAN McCUSKER: I think that sales tax
3 was well north of a half a million. We should have had it
4 in front of us, but it was very -- Mark, do you --

5 MR. IRVIN: Yeah, I was the one that asked it
6 to be tabled since I hadn't had a chance to go look at it
7 yet. After I had a look, I think it's a great addition. I
8 think it's kind of just what we talked about.

9 We walked that project, it addresses my concerns.

10 CHAIRMAN McCUSKER: So, Mark, this is pretty
11 simple compared to some of the others.

12 MR. MARQUEZ: I'm just curious on Mark
13 Irvin's perspective being a commercial real estate guy. So
14 the bar/restaurant says no, what else would you imagine the
15 space to be? I'm just curious about if the bar/restaurant
16 doesn't come in that it's still TIF-generating.

17 MR. IRVIN: Well, obviously -- Marcel, chime
18 in, and Ron is here as well -- we talked about the reason
19 we're excited about that project is because it has a nice
20 retail component. So I think they have said they don't have
21 any problem ensuring there's going to be some sort of a
22 retail component.

23 I know on some of the other developments,
24 they've had some people that have come to them and wanted to
25 take space on the ground floor that weren't generating that

1 kind of revenue and they passed on those folks to get the
2 right thing. So I'm comfortable that we got guys that
3 understand that.

4 MR. DABDOUB: If I may, Mr. Marquez, my
5 understanding, based on the structure of the agreement, is
6 that we don't get any funding until the retail operation is
7 up and going.

8 So if there's that prerequisite, then the concern about
9 us receiving the benefit of funding and the building not
10 being used for a retail purpose, it would be negated
11 basically.

12 CHAIRMAN McCUSKER: And Mark, I was going to
13 ask since this is a building that we're renovating, we're
14 not bringing anything out of the ground, we don't have the
15 kind of issues we just discussed, the Thrifty Lot, the
16 Gadsden, and they're also not asking for excise tax.

17 MR. COLLINS: Correct.

18 And Mr. Chairman, Members of the Board, and
19 for the public's benefit, before the deal is inked, if you
20 will, should that occur, you'll have -- there will be an
21 appraisal. And your deal is subject to the appraisal
22 supporting your contribution to this project.

23 CHAIRMAN McCUSKER: And Marcel, this is all
24 equity too, right? There's no debt, there's no lender?

25 MR. DABDOUB: That's correct. This is being

1 done -- it's being purchased with equity. We would like to
2 get -- take out financing once the project is up and
3 running. But I believe the agreement already provides for
4 that.

5 CHAIRMAN McCUSKER: Okay.

6 MR. COLLINS: It's a little complicated to
7 provide the relief that you're giving them. But we've got a
8 structure.

9 MR. SHEAFE: Now, let's go through the basics
10 though of the structure. The basics of the structure is
11 that the District's money goes in last, number one.

12 Number one, the District's money is being
13 used after the asset improvements are there.

14 Now, when we talked about this before we were talking
15 about the Arizona Hotel, and it was sort of easier because
16 all of the work was already done; in this case, it isn't.

17 There's strong incentives built into the agreement that
18 if they can refinance or do something to get the money back
19 rather quickly, those are the key elements so far.

20 And fourth, our participation level is less
21 than 25 percent of the end asset value. And we are really
22 in the first position at that point subject to possible how
23 you're doing in financing. But the end financing in my mind
24 has been all along that when you put full financing on the
25 property after you monetize your revenue stream, you've

1 generated enough money to really take the District out of
2 the deal.

3 MR. DABDOUB: That's -- I think that's -- my
4 understanding is that partially along those lines. We have
5 to return the large majority of the money to the District by
6 the end of -- I think it's three years -- no matter what.

7 Regardless of whether we put financing in place, the
8 Arizona Hotel -- taking the Arizona Hotel as an example, we
9 haven't figured out the proportions with respect to the
10 projects. But the Arizona Hotel -- it's a \$1.2 million
11 funding. At the end of three years, we will -- we have to
12 pay you \$1 million or we lose the property.

13 So, I mean, that's -- obviously, that's a really strong
14 incentive for us to return -- so that's the majority of the
15 money coming back to you regardless of whether we put
16 financing and property or not.

17 MR. COLLINS: Mr. Chairman, Members of the
18 Board, Mr. Sheafe, as you know -- because you were
19 instrumental in helping structure this -- it was based on
20 what we talked about for the Arizona Hotel. That's been the
21 template for all these other matters.

22 The Arizona Hotel, however, has a GPLET on it. So
23 we've had to move to start taking that particular structure
24 and move it to other structures, the other four components
25 that you're talking about.

1 But, Members of Board, they're all going to
2 have the kind of the structure that Mr. Sheafe was talking
3 about. You've authorized the executive officers already to
4 do --

5 CHAIRMAN McCUSKER: The Chicago Store piece.

6 MR. COLLINS: -- Chicago Store piece. All
7 that you need to do if you're inclined to do so is to expand
8 the Chicago Store piece to include the Gus Taylor Addition
9 and to bump the contribution from \$1.4 million to
10 \$1.25 million (sic).

11 TREASURER SHEAFE: Would a motion be helpful
12 if we said we would like to authorize the expansion of the
13 Gus Taylor Addition into what's already been approved and
14 leave the amount of economics vacant until we've had a
15 chance to go through the numbers with the applicant and
16 agree that that number is the suitable number?

17 CHAIRMAN McCUSKER: Then you got to come back
18 --

19 MR. COLLINS: Then you've got to come back.

20 CHAIRMAN McCUSKER: -- so you can authorize
21 subject to the appraisal and everybody can move forward. If
22 the appraisal doesn't support it, then everything comes
23 back.

24 MR. SHEAFE: That's a great idea.

25 So I amend the motion to say: Subject to the

1 appraisal supporting the numbers that we have added here.

2 MR. MARQUEZ: Second.

3 CHAIRMAN McCUSKER: Okay. So what we're
4 about to vote on is increasing our contribution to Chicago
5 Store project from \$1.4 million to \$2,050,000.

6 MR. COLLINS: Yes.

7 CHAIRMAN McCUSKER: Subject to final
8 authorization.

9 Brandi, let's do roll call.

10 MS. HAGA-BLACKMAN: Mark Irvin?

11 MR. IRVIN: Aye.

12 MS. HAGA-BLACKMAN: Edmund Marquez?

13 MR. MARQUEZ: Aye.

14 MS. HAGA-BLACKMAN: Chris Sheafe?

15 MR. SHEAFE: Aye.

16 MS. HAGA-BLACKMAN: Fletcher McCusker?

17 CHAIRMAN McCUSKER: Aye.

18 By vote of 4-0, we will pass the amendment to
19 the Chicago Store.

20 (The Board voted and motion carries, 4-0).

21 MR. DABDOUB: Thank you so much.

22 CHAIRMAN McCUSKER: Marcel, thanks for
23 everything you're doing downtown.

24 Item 21 and then 22.

25

1 21) EMPLOYMENT OF ADMINISTRATIVE DIRECTOR -- POSSIBLE ACTION

2 You've heard us mention Brandi's name several times at
3 today's meeting. We were very concerned when Michele left.
4 She had been here for 6 and a half years.

5 We got really lucky with Brandi
6 Haga-Blackman, who was the director of operations for the
7 Downtown Tucson Partnership. Brandi actually has more
8 experience downtown than probably any of us, so we're really
9 grateful that she's come onboard.

10 In that process, the Board has to approve her
11 employment package, which includes salary and benefits.

12 Dan has negotiated that on our behalf. We
13 reviewed it in exec.

14 Mr. Collins, do we need to take them off --
15 the meeting, or can we just approve what we've seen
16 presented to us in executive session?

17 MR. COLLINS: You can do either; or just
18 approve the terms of her employment as were discussed in
19 Executive Session.

20 MR. SHEAFE: Motion to approve the package as
21 it was discussed in Executive Session.

22 MR. IRVIN: Second.

23 CHAIRMAN McCUSKER: All in favor say "aye."

24 (Ayes.)

25 (The Board voted and motion carries 4-0.)

1 MR. IRVIN: That doesn't include what would
2 people spend when they come downtown.

3 CHAIRMAN McCUSKER: No, we haven't done any
4 economic analysis. We know -- and I think they confirmed
5 they had probably 4,000 units. So these are people who come
6 downtown and now -- as you'll hear them describe -- they've
7 been doing this for as long as the TCC has been. In the old
8 days, people would come down by car. Now they're coming
9 down early, they have lunch, they ride the streetcar, they
10 go to the concert, they buy a car. So it's really
11 contributed more to the economy than just car sales.

12 What I would like to propose is that we
13 actually enhance the benefit to not only include their rent
14 but to offset some of the food costs. This helps SMG. They
15 don't have to try to negotiate down their caterers costs. If
16 we were to do that based on last year's expense, that would
17 be about 80,000 bucks in addition to the 60 that we paid in
18 rent.

19 This is available to any big-volume user. So
20 it's not exclusively to Click Automotive -- but RV shows,
21 other big ticket items, could take advantage to that. So it
22 will terminate if we don't do something in this meeting to
23 renew and revise.

24 MR. IRVIN: Well, I like the program. I'd
25 like to see it continue. You know, I understand -- as I

1 understand it, that they've been actually using some other
2 vendors relative to food service. So it would be nice to
3 see them keep everything in-house at the TCC.

4 I like the idea. My hope is that it
5 encourages other people to use it. The one piece that I'm
6 struggling with a little bit, Mr. Chairman, is should we put
7 some sort of cap or number on the food service piece of that
8 because that can get a little bit out of control.

9 But I'd like to extend it. I'd love to help
10 with that it's really obvious that we're getting plenty of
11 bang for that. I'd like to have backstop on that or some
12 security that we're not going to be going crazy.

13 MR. SHEAFE: Mr. Chairman, would you be
14 comfortable if we at least extended it? And that way
15 there's nothing to stop us from coming in at another meeting
16 and expanding it to something that makes a lot of sense
17 since we haven't had a chance to talk.

18 CHAIRMAN McCUSKER: I think one of the
19 things -- and we can table it if you want to.

20 MR. SHEAFE: I don't want to table it. I'm
21 saying, why don't we extend --

22 CHAIRMAN McCUSKER: Extending it and then --

23 MR. SHEAFE: -- the program we've got. And
24 we can amend that at the next meeting if we want.

25 CHAIRMAN McCUSKER: One thing I'm hopeful is

1 to encourage them to add additional shows.

2 MR. IRVIN: Right.

3 CHAIRMAN McCUSKER: It is successful. Mark's
4 right. They've been kind of shopping around the catering.
5 They're allowed to do that in the Ex Hall. They don't have
6 to be exclusive to SMG.

7 Last year, they invested 80 grand in SMG's
8 food. If you just said, well, do what you did last year.
9 Or you could say we'll match the rent. If you don't want to
10 negotiate it live, we can -- you know, in open meeting rules
11 we can't talk about this except in the meeting.

12 MR. IRVIN: I don't have a problem with that
13 conceptual idea with doubling up on the rent where half of
14 it goes towards food service. I mean it's six of one versus
15 the other.

16 CHAIRMAN McCUSKER: It's pretty easy math.

17 MR. IRVIN: Very easy.

18 CHAIRMAN McCUSKER: We rebate \$6,000 a show.
19 And you could just say we'll give you another 6,000 a show
20 toward your catering bill.

21 MR. IRVIN: Correct. And I'd love to see
22 other people taking advantage of this.

23 CHAIRMAN McCUSKER: It has to hit -- is Dan
24 still around? Isn't there a trigger, Dan, and they have to
25 hit a certain volume of revenue before the rebate triggers?

1 Do you remember?

2 MR. MEYERS: Yes. I don't know the numbers
3 right at the top of my head, but there are parameters they
4 do need to meet and then we give them a percentage of that
5 back. I believe there were 7 shows last year. SMG
6 negotiates the rent. Most of them were for \$6,000. There
7 was one that was 25,000.

8 CHAIRMAN McCUSKER: I don't know if that was
9 a bigger show or probably a 3-day show or a longer show.

10 MR. MEYERS: And then I know also that there
11 was an RV show here in December as well. So it's all
12 Mr. Click's stuff. We've got some outside -- and I think we
13 need to give plenty of incentive to continue doing that and
14 expand it outside of auto dealerships.

15 CHAIRMAN McCUSKER: So what Mark suggested is
16 we agree to rebate the rent and up to \$6,000 a show for
17 catering.

18 Very simple math.

19 Renewing it in a year.

20 Glenn is here. It would be nice to hear from
21 him.

22 While he's taking the microphone, the
23 Roadrunners are one game out of first place. We're halfway
24 through the season. If you had asked anybody in
25 professional hockey the beginning of this year, start up

1 team, if we'd be in second place in the Pacific league
2 people would have thought you were crazy. We have a real
3 chance of playing for the Cup.

4 Talk about this program, the benefits of us
5 reimbursing some of these big users for your catering costs,
6 would that encourage them to stay in-house?

7 MR. GRABSKI: Yeah. Glenn Grabski, Tucson
8 Convention Center.

9 Yes, right now, we are the exclusive catering
10 provider of the TCC. So we require them to use us. What
11 they've been doing is sending people offsite. And we'd like
12 to have that catering business back. In the bigger picture,
13 of the P&L for the facility, that's a prime piece when rent
14 is substantially fairly low.

15 So that makes it worthwhile for us if we
16 could get that catering piece back in.

17 CHAIRMAN McCUSKER: How do you view the
18 program overall?

19 MR. GRABSKI: How many times have we been in
20 here?

21 CHAIRMAN McCUSKER: No, I mean just this
22 incentive program; is it working for you?

23 MR. GRABSKI: Yeah -- I mean, it has. La
24 Mesa RV came in December. I haven't heard the numbers yet
25 of what they've sold. This was a big selling point for

1 them. And I was able to close the deal. It was a very
2 interesting show to try to squeeze into our building, but we
3 made it work, 70-plus RVs scattered around.

4 CHAIRMAN McCUSKER: Any questions for Glenn?
5 Edmund?

6 MR. MARQUEZ: So whether it's Click
7 Automotive, or an RV or boat show, we're proposing a \$6,000
8 rebate towards food. Do you think that would keep their
9 business here in the TCC?

10 MR. GRABSKI: Well, I think it's a little
11 light, honestly. I think you had the numbers. You're
12 correct that they were spending about \$20,000 a show on F&B.

13 We -- it's not they were paying rack rates either. We
14 work with them to make it work within their budget and
15 provide a quality of food at a decent price. So I don't
16 know if that would move their needle or not, you know, 6,000
17 out of a bill of 20 kind of thing.

18 CHAIRMAN McCUSKER: Would half of that would
19 be more of a true incentive?

20 MR. GRABSKI: I think so. Because I think
21 just our coffee service is about that amount. So it's about
22 that 6,000 figure off the top of my head I believe is the
23 coffee service.

24 I would love to have the additional business. I
25 understand they have costs to control and we have revenues

1 to produce.

2 CHAIRMAN McCUSKER: So we're kind of
3 negotiating this on the fly. And if you're uncomfortable,
4 we'll table it.

5 We're already abating the rent. Mr. Sheafe
6 is suggesting we extend that for another year. Glenn talked
7 about a \$10,000 per show contribution toward catering.

8 MR. SHEAFE: It's a little bit in the dark
9 trying to make that decision. But we did pretty well with
10 what we did. And then we just added the \$6,000 benefit in
11 there.

12 Might not be a bad idea to just try it that way and see
13 what happens. After all, what is really happening --

14 CHAIRMAN McCUSKER: What you may want to do
15 is maybe review it earlier. We don't go the whole year.
16 We've got 6 months.

17 MR. SHEAFE: How far forward, Glenn, are you
18 booking?

19 CHAIRMAN McCUSKER: They've booked all of
20 '17.

21 How far ahead have they booked?

22 MR. GRABSKI: Right now they're looking at
23 another event in March. Of course August is the big sale.
24 The rent is substantially higher. It's less of a discount.
25 And they also use the Arena and the north ex, and a lot more

1 space. But I believe we have holes for the rest of the
2 year.

3 MR. SHEAFE: To summarize this thing really
4 succinctly, probably most of the vehicles that are sold are
5 either -- maybe not so much with RV but at least in the
6 cars -- probably would be sold anyway somewhere. The
7 benefit is that it brings those sales inside the District
8 and utilizes the convention center.

9 We don't really have a down side; we have
10 nothing but upside. I'm just saying if you're going to do
11 it and just add another 6,000, if that isn't nirvana, it's
12 got to be better than it was. We did pretty well with what
13 it is so well why not stick with that formula and try it?

14 MR. MARQUEZ: Glenn, what are your feelings
15 if we said 50 percent of your food costs?

16 MR. GRABSKI: I don't want to speak on behalf
17 of the client of what motivates them.

18 CHAIRMAN McCUSKER: It incentivizes them to
19 order up. So -- \$50,000 worth of food, they know we're
20 going to reimburse half.

21 MR. GRABSKI: How about this:

22 This agreement terminates at the end of the February.
23 Can we talk about it and come to the Board with a proposal?
24 We can extend the basic agreement now and then come with a
25 food proposal at the next board meeting.

1 TREASURER SHEAFE: I think we can. And I
2 hope Glenn can appreciate -- and you need to comment on this
3 because you're out there selling way in front you have to be
4 able to represent. The question on the Board isn't: Are we
5 going to do it? The question -- so you can probably
6 represent anybody you're talking to, you're going to have
7 basically at the very worst the system we currently have.

8 (crosstalk.)

9 MR. IRVIN: My concern is -- right now,
10 today. So I we need to kind of have an agreement in place
11 that really kicks it out, gives you at least to the end of
12 the year, if not until February of next year.

13 MR. SHEAFE: Is there a motion of the floor?

14 CHAIRMAN McCUSKER: No, sir.

15 MR. IRVIN: I'd like to make a motion that we
16 continue with the program; that we authorize up to \$6,000 of
17 reimbursement and we extend that program until the end of
18 January next year.

19 MR. MARQUEZ: Second.

20 CHAIRMAN McCUSKER: That's 6,000 per show.
21 So we have the renovating program, which we're going to
22 extend by this action.

23 We'll offer up to an additional \$6,000 per
24 show contribution toward catering, right?

25 All in favor say "aye."

1 (Ayes.)

2 Any opposed, nay.

3 Thank you very much. Glenn, thanks.

4 Okay. And I think I'm done except for call to the
5 audience.

6 Brandi, any cards getting filled out? None?

7 MR. IRVIN: Motion to adjourn.

8 CHAIRMAN McCUSKER: Second, please.

9 MR. MARQUEZ: Second.

10 CHAIRMAN McCUSKER: Meeting is adjourned.

11 See you in February.

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C E R T I F I C A T E

I, John Fahrenwald, certify that I took the shorthand notes in the foregoing matter; that the same was transcribed under my direction; that the preceding pages of typewritten matter are a true, accurate, and complete transcript of all the matters adduced to the best of my skill and ability.

John Fahrenwald, RPR