

RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

BOARD MEETING

Tucson, Arizona

April 25, 2017

1:00 p.m.

REPORTED BY:

John Fahrenwald, RPR

Certified Reporter No. 50901

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KATHY FINK & ASSOCIATES

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APPEARANCES:

BOARD MEMBERS:

- Fletcher McCusker, Chair
- Chris Sheafe, Treasurer
- Mark Irvin, Secretary
- Edmund Marquez
- Jeffrey Hill

ALSO PRESENT:

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

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BE IT REMEMBERED that the meeting of the Board of Directors of the Rio Nuevo Multipurpose Facilities District was held at the Arizona State Building, in the City of Tucson, State of Arizona, before JOHN FAHRENWALD, RPR, Certified Reporter No. 50901, on the 25th day of April, 2017, commencing at the hour of 1:00 p.m.

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P R O C E E D I N G S

(Meeting commenced at 1:01 p.m.)

CHAIRMAN McCUSKER: We're going to call this meeting to order. It's 1:01 on the official Rio Nuevo clock.

Mr. Irvin, do you want to do the Pledge.

(Pledge recited.)

CHAIRMAN McCUSKER: We're still a 6-member board, if you will call the roll.

MS. HAGA-BLACKMAN: Edmund Marquez?

MR. MARQUEZ: Present.

MS. HAGA-BLACKMAN: Fletcher McCusker?

CHAIRMAN McCUSKER: Here.

MS. HAGA-BLACKMAN: Mark Irvin?

MR. IRVIN: Here.

MS. HAGA-BLACKMAN: Jeff Hill?

MR. HILL: Present.

CHAIRMAN McCUSKER: We do have a quorum, Jannie Cox is traveling. She will not be here.

Mr. Sheafe, Brandi, is on his way in. I have the transcription from the March 28th meeting and it's verbatim.

MR. IRVIN: I move to approve.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: All in favor say "aye."

1 (ayes.)

2 Thank you.

3 This is the time set for Executive Session.

4 We need a motion to recess. All in favor say aye.

5 (ayes.)

6 We'll be back in about an hour.

7 (The Board recesses for Executive Session.)

8 (The Board reconvenes at 2:25 p.m.)

9 (Mr. Hill and Ms. Cox not present.)

10 CHAIRMAN McCUSKER: We have a quorum. Let's  
11 move to reconvene. Somebody?

12 SECRETARY IRVIN: So moved.

13 MR. MARQUEZ: Second.

14 All in favor say "aye."

15 (Ayes.)

16 We're back in business. I'll do a quick update. Since  
17 we're running a little behind I want to move to the agenda  
18 pretty quickly.

19 I just want to thank everyone -- to note the  
20 activity you see around downtown, much of which is Rio Nuevo  
21 enabled -- if you've been by the West Side, recently, the  
22 Mercado annex is underway, that's the 15,000 square foot  
23 retail agreement we have with Gadsden properties; that site  
24 has been fenced off and under development.

25 Likewise, so is the City Park development on Scott and

1 Broadway; they're doing their site prep down.

2                   Immediately across the street you will see  
3 Nor-Gen, also operating some heavy equipment to start on the  
4 drainage features along Granada, which will enable the  
5 eventual development of those sites and including the new  
6 Exhibition Hall for the Gem Show. A lot of things going  
7 around us.

8                   We expect that activity to continue. As you  
9 can tell from our agenda, we have a lot of things happening  
10 in and around Rio Nuevo, not only downtown proper, but now,  
11 east on Broadway.

12                  I can say that any legislative efforts this year to  
13 either extend the TIF or to appropriate new dollars into the  
14 TIF have been voluntarily postponed on our part. We don't  
15 sunset until 2025. There's a lot of issues at the  
16 legislature this session so we opted not to insert ourselves  
17 into their priorities for this particular session.

18                  There was one GPLET bill. Representative Leach  
19 introduced House Bill 2213, which initially was very  
20 punitive toward the GPLET. I'll commend Representative  
21 Leach in working with our representatives; we were never his  
22 target.

23                  There's been a lot of concern about how the GPLET is  
24 used in Maricopa County. And they really wanted to slow  
25 down or eliminate those abuses. But we were able to amend

1 that piece of legislation so that the GPLET in fact did  
2 survive.

3 It has some new features that are totally appropriate  
4 and will continue to allow the City of Tucson to use that  
5 tool at the benefit of economic development.

6 So a lot going on. We're going to try to catch you on  
7 up to where we are quickly.

8 So, Dan, do you want to give us your  
9 financial update?

10 MR. MEYERS: Dan Meyers, CFO of Rio Nuevo.

11 So March was relatively quiet as far as outflows of  
12 cash went. We're currently up \$12.6 million in the bank.

13 However, we've done a pretty good job at chipping away  
14 at that in April.

15 Our April TIF, we receive tomorrow was actually for  
16 January's \$1.2 million. That pushed us over our budgeted  
17 amount year to date through January, just 4 or \$5,000 over  
18 the budgeted amount, so that's a good thing.

19 We're about to get \$190,000 from the Roadrunners for  
20 the ticket surcharge. We should get that any day now. Half  
21 of that needs to be put aside for capital improvements. So  
22 we've got to get another account opened up to put that money  
23 away for a while.

24 As far as April goes, we paid Mission Gardens 95,000,  
25 so we're getting close to the end of that. We paid 800,000

1 for -- I believe the property on Scott. And we paid about  
2 \$25,000 thus far in April for streetscape. So as I said,  
3 we're starting to spend some of the money and got more  
4 coming our way.

5 Any questions?

6 CHAIRMAN McCUSKER: Remind us again on the  
7 timing of our annual budget. Will we do it, Dan, in May?

8 MR. MEYERS: Yeah. I'd like to present that  
9 at the next board meeting.

10 I've started it. In the meantime, I'll also be working  
11 on the long-term budget to go through kind of the end of the  
12 2025 -- so get a look of where things are headed.

13 CHAIRMAN McCUSKER: Any questions for Dan?

14 Thank you, sir.

15 Item No. 7, Broadway Corridor. Just a quick status  
16 report on the so called Sunshine Mile.

17 I think we've been pretty public about our interests in  
18 that section. It's the Broadway from Euclid to Country  
19 Club. We do have an agreement now with our board to engage  
20 with the City and the RTA on the so-called "remnant"  
21 properties.

22 There will be several properties that  
23 ultimately the City acquires that we will have the  
24 opportunity to transfer those properties to us for purposes  
25 of repurposing them as restaurant or retail.

1           It's kind of a property-by-property thing.

2           It will evolve over the next several months.

3           We're well on our way in terms of the public input part  
4 of that process. And I believe the roadway design through  
5 its 60 percent design's been released to the public.

6                        So generally everybody knows the impact of  
7 the Broadway widening. So if you see a property that's  
8 dissected by that roadway, it will in fact be demolished.

9                        If you see properties that are impacted by  
10 the roadway in terms of losing their frontage or their  
11 parking or other pieces that don't necessarily touch the  
12 building, those will be properties where we have the  
13 opportunity to acquire them and reengage with our private  
14 sector partners in repurposing them.

15                       The items specifically today was for us to look at  
16 opportunities that are being generated by private sellers.  
17 If you've driven up and down Broadway lately between Euclid  
18 and Country Club you will see any variety of for-sale signs  
19 of properties that are not going to be torn town, but are  
20 being sold which could become part of a re-envisioned  
21 Sunshine Mile project.

22                       And as we discussed, I think extensively in our  
23 executive committee -- if somebody wants to paraphrase  
24 better than I can -- but I believe the messaging that we  
25 want to communicate today is that we don't see ourselves

1 particularly as a parcel of buyers, but as a parcel of  
2 partner.

3 Edmund, is that properly stated in your view?

4 MR. MARQUEZ: I think so. And I appreciate  
5 that. I think as you've looked at Rio Nuevo of late, we've  
6 had some creative ways in which we've gotten involved in  
7 deals here in the downtown area. And I think it would be  
8 great for the community if we are able to parlay some of  
9 those strategies into Broadway which sounds like we're on  
10 the right track; so, yes, stated perfectly.

11 CHAIRMAN McCUSKER: We're pretty loud. I  
12 don't know if we need this, but I don't hear the PA. so  
13 without any further comments from the peanuts, what we  
14 demonstrated our capabilities as it relates to projects is  
15 our ability to syndicate deals with private developers, with  
16 banks, with tax credits, with sales tax relief. And that's  
17 really the approach we're going to take to Broadway.

18 It may involve the acquisition of a private  
19 parcel, but indeed Rio Nuevo is not going to be the ultimate  
20 owner. So that's-- we'll share that with the sellers who  
21 have approached us regarding properties on Broadway.

22 MR. COLLINS: Mr. Chairman, may I jump in?

23 CHAIRMAN McCUSKER: We need to do something.

24 MR. COLLINS: Nobody has ever accused me of  
25 being quiet. Can you hear me back there?

1           That one's working.

2           I just wanted to point out that it is vital that  
3   everybody understand that the condemnation that the City is  
4   doing is not for the purpose of repurposing the remnants but  
5   for the Broadway widening. If then they condemn it and  
6   there is a remnant, just as Mr. Chairman indicated and you,  
7   Mr. Marquez, that property could be repurposed.

8           It's a fine line distinction.

9                       CHAIRMAN McCUSKER: Let me correct you on one  
10   point and it's a very sensitive word for everybody involved,  
11   that's condemnation.

12                      Most of the properties, if not all of the  
13   properties, the City will acquire. They will not condemn  
14   but actually acquire through mutual agreement between seller  
15   and buyer.

16                      MR. COLLINS: Prior to condemnation.

17                      CHAIRMAN McCUSKER: There are different  
18   traders. But legally to a property that has been condemned  
19   and acquired versus one that has been voluntarily sold and  
20   acquired.

21                      Our focus is on the latter; it's on the  
22   properties that the City -- property owner, and the City  
23   agree have been impaired. And therefore the City will do  
24   what they call a full acquisition.

25                      And then those parcels could in fact be made available

1 to us.

2 Is everybody tracking that? Because it is  
3 tricky.

4 MR. COLLINS: It is.

5 CHAIRMAN McCUSKER: And we should reiterate:  
6 We have no interest -- earthly -- in the widening of  
7 Broadway.

8 SECRETARY IRVIN: I think we said that about  
9 over a year ago.

10 CHAIRMAN McCUSKER: We are not trying to  
11 affect the engineering or the roadway design or the path of  
12 the roadway or which building it affects.

13 But at the end of the day, there will be some  
14 buildings there. The City Council unanimously agreed to  
15 allow us to engage. And I would say generally people are  
16 excited about the opportunity to save some of those  
17 buildings.

18 So you will hear more from that on us in the  
19 future but probably not as an individual parcel buy.

20 Item 8. I'm going to table. Just a quick  
21 note to why it's on the agenda and why it's on the table.

22 With the Caterpillar project and the 8-acres  
23 approximately on the West Side, Avenida del Convento will  
24 extend south of Cushing Street onto that parcel. It's a  
25 smart conversation to have with the City is that while we're

1 over there building stuff, we might be convinced to build  
2 the roadway on the City's behalf and use our current  
3 contractual relationships to do that.

4 That conversation is not far enough along for  
5 us to take any action.

6 Item No. 9. Mark, we can include an update in terms of  
7 what's going on in the timing of the Caterpillar site and  
8 why we need some access agreements.

9 Particularly since the property has not officially  
10 legally changed hands. But we are trying to stay on the  
11 schedule whereby Caterpillar can occupy that site in March  
12 of 2019. And we have a number things in play in order to  
13 accomplish that schedule.

14 I believe everybody knows we've selected an architect,  
15 we've selected a contractor, we have engaged in some of the  
16 site prep work that predates any of the actual site  
17 preparation.

18 We will be seeing hard bids on a lot of that  
19 in May. And at our next meeting we will actually look at a  
20 number of those items, which include remediation of various  
21 landfill features, relocation of the sewer line that cuts  
22 through property, resolution of some of the floodplain  
23 issues associated with the property, access via the roadway,  
24 et cetera, et cetera.

25 I think we've talked about it publicly and we don't

1 have all the data yet, but it's safe to say we're going to  
2 spend a small fortune preparing this parcel for 150,000  
3 square foot corporate headquarters building; but we're on it  
4 and with the even help of Phil, who is the owner's  
5 representative, with SmithGroup out of Phoenix is our  
6 architect, and Sundt, we're in really good hands.

7                   It's no understatement to say that those  
8 parcels are extremely more challenging than any of us ever  
9 realized.

10                   In the meantime, we need to be driving on  
11 that.

12                   Mr. Collins.

13                   MR. COLLINS: Mr. Chairman, Members of the  
14 Board, you have in front of you pictures up on the screen --  
15 it's the same picture. The artist, Elaine Becherer, back  
16 here, is the one who was kind enough to create this for us.

17                   What you're seeing there, the Caterpillar site is the  
18 orange up in the right hand corner next to Cushing Street.  
19 The discussion is during the remediation of the landfill,  
20 the trucks that need to remove the landfill and bring in  
21 clean dirt have to go down a certain route.

22                   And after a lot of effort by Elaine and Phil,  
23 I believe they've determined that the most feasible route is  
24 the truck route; it's the red line that you see there.

25                   That truck route is what we call the Westside

1 Parcel; it's the property owned by the District. Elaine has  
2 already checked it out with the Environmental Services.  
3 They believe that the volume of traffic that will be  
4 generated by these efforts will not harm the cap on that  
5 landfill.

6 So what needs to happen is the Board needs to  
7 consider granting to itself, if you will, and all of its  
8 contractors, the right to go across the Westside Parcel  
9 where that red line is.

10 MR. SHEAFE: And it's taking a curved route  
11 because you're trying to protect the cap; is that correct?

12 MR. COLLINS: Correct.

13 CHAIRMAN McCUSKER: Cap and the neighbors.

14 MR. COLLINS: Cap and the neighbors.

15 MR. IRVIN: Thanks for addressing the cap  
16 issue. It probably would be important for everybody to know  
17 why this is necessitated. Because to me, I look at this,  
18 why can't I just go down this way and that way? So explain  
19 if you would that piece.

20 MR. COLLINS: Well, go ahead. And --

21 MR. IRVIN: And I'd also like to know: Is  
22 there any additional cost in creating this?

23 MR. SWAIM: Mr. Chairman, Members of the  
24 Board, Phil Swaim, Swaim and Associates Architects.

25 The reason for this proposed route is to avoid the

1 neighborhood to the west and also to avoid Mission Gardens.  
2 Environmental Services has confirmed that the existing cap  
3 on that West Side landfill is stable enough that it will  
4 handle the truck traffic.

5 The subcontractor will be responsible for  
6 maintaining the condition of that for their own trucks. But  
7 they've confirmed it should not be causing any additional  
8 costs.

9 MR. IRVIN: Where is the export going and  
10 where is the import coming from?

11 MR. SWAIM: It's going to Los Reales Landfill  
12 and we're then excavating Los Reales' next landfill cell and  
13 bringing back dirt from that location.

14 So we're bringing a truck back full of trash  
15 and bringing it back with clean dirt.

16 MR. SHEAFE: I noticed that you're cutting  
17 the original idea, which would have been to run along the  
18 south side of Mission Gardens.

19 That's got to be a little bit of an awkward deal going  
20 across that entire piece of property.

21 And I'm just wondering how intense were those  
22 discussions because it seems to me that -- Mark just asked  
23 the question -- there is extra cost here.

24 And given the way we've supported Mission Gardens and  
25 whatnot, what's wrong with just taking a more direct route

1 and cutting the cost as much as possible?

2 MR. SWAIM: Well, the concern is really dust  
3 and noise from the number of trucks. We're anticipating  
4 potentially thousands of trucks.

5 CHAIRMAN McCUSKER: We should talk about the  
6 scale. We're not talking about a few dump trucks. We're  
7 talking about maybe 10,000 loads.

8 So this going to be heavy equipment for an extended  
9 period of time moving trash out and dirt back.

10 So what we really try to address was the least  
11 intrusive way to all the existing establishments over there.

12 And, you know, yeah, that's vacant land. So it's  
13 probably -- we're not -- we don't really grade anything,  
14 we're not paving anything. So it's really no cost to us  
15 that would whip through our property, than it is to stay on  
16 Grande for a little longer and then stir up all kinds of  
17 dust and debris along these barrio neighbors.

18 MR. SHEAFE: Isn't it true we're going to  
19 have to water --

20 SECRETARY IRVIN: It's not free.

21 CHAIRMAN McCUSKER: We have to squirt it down  
22 on these sections here. So the water truck is going to have  
23 to run down the road.

24 MR. IRVIN: What's the distance of that?

25 MR. SHEAFE: The difference between that and

1 that?

2 MR. SWAIM: I'm anticipating that looks to be  
3 a quarter to a half mile.

4 MR. IRVIN: What happens we get into monsoon  
5 season and we have those issues. I'm not sure I'm keen on  
6 something that's going to cost us money. If it's a simple  
7 driving across it, I couldn't care less. But the expenses  
8 we're already incurring in this site, a lot of them which  
9 you are well aware are unknown, having another unknown just  
10 to accommodate somebody, it's going to be a big expense.

11 I'm not really keen on it myself. Are you  
12 saying there's no additional expense to us? It sounds like  
13 there is with water and trucks and what have you.

14 MR. SWAIM: I can certainly follow up with  
15 Sundt and be able to confirm what that expense might be.  
16 And maybe have them test the condition of the soil to make  
17 sure it's going to be stable during the monsoons.

18 MR. IRVIN: Yeah. I think I'd like the  
19 answer to that before I say, hey, I'm cool with it. I can  
20 see some issues with it. Do I want to make the neighbors  
21 happy? Yeah, we've already done a lot for the neighborhood.  
22 We've been a very good neighbor as it is.

23 And, by the way, this is something that's  
24 going to happen as we continue to explore other options on  
25 that site. So at some point in time we're going to be going

1 through some neighbors. So I'm not sure -- I know this is a  
2 little bit different situation, but I would just like to  
3 understand this.

4 MR. MARQUEZ: I'm not super-excited, being a  
5 insurance agent, of the liability aspect of having 10,000  
6 heavy duty trucks driving across a cap that used to be a  
7 landfill with methane below it. I think the shorter route  
8 would be more expeditious and more conscious of the  
9 liability aspect.

10 CHAIRMAN McCUSKER: I think it may be prudent  
11 to get some additional data. But let's talk about this  
12 conceptually for a minute. The last thing we need to be  
13 viewed as over there is some evil machine big developer  
14 wielding all these trucks and whipping through this barrio.  
15 We will not live that down.

16 And I'm the last guy that's going to stand up in front  
17 of those neighbors and say, oh, by the way, we're going to  
18 be running 10,000 dump trucks through your neighborhood.

19 Even if it costs us some money, I'm fine with  
20 finding out what that is. But we've got to stay clear of  
21 this barrio and any -- the gardens are a very fragile  
22 property. Who knows what additional dust or debris could do  
23 to those. These are 400-year-old plants. I've endorsed the  
24 plan all along and haven't thought about: Is there a trade  
25 off economically? Because to me it wasn't --

1 MS. BECHERER: Public relations.

2 CHAIRMAN McCUSKER: Yeah, the public  
3 relations aspect to this. And to cut through this  
4 neighborhood with heavy equipment, the proposition would be  
5 insane.

6 MR. IRVIN: Why aren't they hopping two  
7 blocks to take the service road down I-10? We've already  
8 got the infrastructure. Why are we trying to create  
9 infrastructure?

10 CHAIRMAN McCUSKER: The only other way to get  
11 there would be Cushing Street south, and now you're in front  
12 of the streetcar.

13 Grande, north to Cushing, and over. But now you're  
14 still interfering with the streetcar. I think there's been  
15 a lot of work done in terms of how you get on and off of  
16 this site.

17 MR. IRVIN: I'm not saying there has or  
18 hasn't, I'm just getting tired of us being the guy that  
19 everybody comes to to try to fill up holes in the budget.

20 So until I know kind of what the numbers are  
21 and if other alternatives that were discussed, it's just  
22 really hard for me to support it.

23 CHAIRMAN McCUSKER: Go ahead, Elaine.

24 MS. BECHERER: Elaine Becherer, City of  
25 Tucson.

1                   I think the way that the City came to Rio  
2 Nuevo and started initial conversations was, one, we did our  
3 due diligence with Environmental Services and, your  
4 attorney, and your owner's rep, have fully reviewed the  
5 extensive explanation that Environmental Services sent to  
6 Rio Nuevo saying that it is safe to drive over the cap, and  
7 there will not be methane escaping from it.

8                   It's a landfill that had been unused for over  
9 60 years. And in terms of any potential added cost to drive  
10 due south, which all the trucks are going to go anyways, in  
11 terms of the risk associated with Rio Nuevo for the public  
12 relations -- and so we contemplated both of those in the  
13 City working with Rio Nuevo --

14                   MR. IRVIN: I can appreciate that. I don't  
15 think there's anybody more sensitive about Rio Nuevo's  
16 perspective in the community than everybody sitting up here.  
17 But I'm getting tired of it being on our dime all the time.

18                   I just want to the understand the cost and  
19 want somebody to explain what happens during the monsoon  
20 season because this is going to occur when all this is going  
21 on.

22                   CHAIRMAN McCUSKER: Is there any concern  
23 about the delays? We don't meet again until the end of May.  
24 If we table this and asked you to bring back some  
25 information is it going to affect the timing of the project?

1                   MR. SWAIM: The potential impacts on the  
2 timing -- they need to be able to start this work on June  
3 1st, so we'll be back for your May 30th board meeting for  
4 approval of the cost.

5                   They are anticipating getting their  
6 construction fences up the week prior so they are really  
7 prepared to go full speed here. But at this point as long  
8 as we can resolve these things prior to that May 30th board  
9 meeting, we're confident that we have that direction.

10                  MR. SHEAFE: Let me ask one more question.  
11 Elaine said the cap -- and that was by the way my  
12 understanding is the cap is capable of sustaining these  
13 loads.

14                  So if you look at the map and the southeast  
15 corner of Mission Gardens, and the road then goes north  
16 along Mission Gardens rather than continuing sort of on a  
17 45-degree angle and connects right to the corner of where  
18 the Convento Site is, which it's avoiding, why are you not  
19 taking a straight run across there instead of going north  
20 and then turning 90 degrees and then turning 90 degrees  
21 again?

22                  You're talking 10,000 trucks. Having paid these bills,  
23 I can tell you that those are expensive turns.

24                  CHAIRMAN McCUSKER: Isn't that kind of in the  
25 existing roadway?

1                   MS. BECHERER:  There's an existing access  
2 road through your property.  And so I think we did consider  
3 that instead of having to route a new route through the  
4 property that's existing that Sundt has driven through, ES  
5 has driven through, and in my belief in terms of the  
6 maintenance, the relationship that you've built with not  
7 only the neighborhood, but also Mission Garden, the wear and  
8 tear on the road in white I think will be greater in terms  
9 of public relations, responses, and just the overall wear  
10 and tear of maintaining a road that Mission Garden uses and  
11 then you have to maintain it every couple of months during  
12 construction or week the route in red was.

13                   MR. SHEAFE:  So you could go across there and  
14 make it a straight line.

15                   CHAIRMAN McCUSKER:  We'd have to grade it.

16                   MR. SHEAFE:  We'd have to grade it anyway.

17                   MS. BECHERER:  No, there's no grading needed.  
18 There's a route there we've all driven and Sundt has  
19 reviewed it and it is good for the trucks.

20                   CHAIRMAN McCUSKER:  That's why it wiggles  
21 around because following the dirt road that runs through  
22 that section of the property.

23                   MR. IRVIN:  I wouldn't mind going to drive  
24 it.  I still like to answer what happens in monsoons.

25                   MR. SHEAFE:  We might have to make a decision

1 here because we're under a hell of a -- excuse me -- public  
2 session. We're under a very significant framework of trying  
3 to get a lot done.

4 We've been held up on a Caterpillar project  
5 quite a bit and it's going to start really pressing us up  
6 against the 2019 date. So I'm uncomfortable with delaying  
7 this but I want to make a reasonably good decision. And it  
8 sounds like it's more of a political decision than it is one  
9 that --

10 (crosstalk.)

11 MR. MARQUEZ: Can we approve executive to  
12 make this decision before the next board meeting?

13 MR. COLLINS: Mr. Marquez, you and I are  
14 thinking alike.

15 Mr. Sheafe, you are correct, we're on a  
16 really tight timeframe with the entirety of Caterpillar.  
17 One thing you could consider doing is authorizing the  
18 executive officers to make the determinations of cost,  
19 route, and so on and so forth, so that the executive  
20 officers could execute the necessary right of entry  
21 agreement with its contractors to take the route that the  
22 executive officers determine are the appropriate route  
23 across that West Side Parcel.

24 MR. MARQUEZ: So moved. Can I use that?

25 MR. IRVIN: I'll second that.

1 CHAIRMAN McCUSKER: Okay.

2 So the motion is basically punting the issue to the  
3 executive officers. And fill in that couple of week period.  
4 We would want some additional data on any decision costs  
5 associated with the route, any additional maintenance issues  
6 associated with the link of the dirt road so the executive  
7 officers then could make a better informed decision which if  
8 the Board so authorizes would be the final decision, right,  
9 Mr. Collins, as it relates to access?

10 MR. COLLINS: That's correct, Mr. Chairman.

11 CHAIRMAN McCUSKER: Okay.

12 Brandi, let's call the roll.

13 MS. HAGA-BLACKMAN: Edmund Marquez?

14 MR. MARQUEZ: Aye.

15 MS. HAGA-BLACKMAN: Chris Sheafe?

16 MR. SHEAFE: Aye.

17 MS. HAGA-BLACKMAN: Mark Irvin?

18 MR. IRVIN: Aye.

19 MS. HAGA-BLACKMAN: Jeff Hill?

20 MR. HILL: Aye.

21 MS. HAGA-BLACKMAN: Fletcher McCusker?

22 CHAIRMAN McCUSKER: Aye.

23 (The Board voted and motion carried  
24 unanimously.)

25 CHAIRMAN McCUSKER: So we'll be working with

1 you guys on some tools that we would need in the next couple  
2 of weeks to finalize the access agreement.

3 MS. BECHERER: Just one thing to add. The  
4 City and Rio Nuevo will be sharing with neighbors of the  
5 Menlo Park Neighborhood Association in mid May the logistics  
6 of what the landfill removal will consist of. And so this  
7 ties in with the project -- you know, can't wait until the  
8 end of May.

9 CHAIRMAN McCUSKER: Shouldn't be any reason  
10 we can't do it between now and then.

11 MS. BECHERER: Just wanted to clarify.

12 CHAIRMAN McCUSKER: Thank you.

13 Item no. 10. Edmund and I are bringing this  
14 to the full board for at this point for a conceptual  
15 conversation that indeed is challenging economically.

16 But you all remember when we completed the arena  
17 renovation -- which has really proved to be one of the  
18 smartest things we've done in terms of increasing the  
19 utilization of the TCC Arena -- we had a Phase II budget for  
20 the rest of the Tucson Convention Center complex. The  
21 additional bathrooms, the renovation of the Music Hall, the  
22 renovation of the Leo Rich Theatre.

23 Part of that conversation involved the  
24 pass-through lease that we have with the City of Tucson.  
25 Right now, the lease services the debt that was put on that

1 convention center long before our time.

2 In order to provide additional bonding capacity, we had  
3 asked the City to increase the rent. That's -- if I can be  
4 blunt -- not gonna happen.

5 So we're left with our primary component, the thing  
6 that we are legislatively mandated to be responsible for.

7 And with no help in terms of its ongoing maintenance  
8 requirements, upgrade -- the City's doing its job with what  
9 they have.

10 But Edmund and I walked through The Music Hall the  
11 other day and it's the same sense I had, Mark, when you and  
12 I walked through the arena. It's embarrassing. The  
13 bathrooms don't have locks on them. They're dirty, it's  
14 uncleanable, the lobby is riddled with hand-me-down  
15 furniture. And, you know, we're trying to, you know, house  
16 the symphony and ballet and the opera, concerts. And we  
17 want Broadway to come back.

18 None of that's going to happen unless we find  
19 a way to invest in these facilities.

20 In that conversation, we've spoken to the symphony, the  
21 ballet, the opera, True Concord, the choral group, about  
22 their willingness to partner with us economically.

23 And Edmund's led those conversations. So I'll let you  
24 speak to that directly. But all of them have offered to  
25 help through, one, means to begin this charged sales tax on

1 their ticket revenue. Right now they don't. It could be a  
2 huge source of income for us. And, two, to also help raise  
3 capital to improve these facilities. So we just wanted to  
4 bring it to you. We don't have plan, we don't have a  
5 number.

6 We have very interested and willing partners who now  
7 have expressed a strong desire and I think some urgency that  
8 if we don't do something, these artistic endeavors are at  
9 risk.

10 This doesn't touch their Plaza or the Eckbo Fountains  
11 or anything on the exterior of that convention center. But,  
12 you know, I don't think the City's going to be in a position  
13 to help us economically for maybe 4 or 5 years. So we could  
14 continue to ignore those properties, or find a way that Rio  
15 Nuevo upgrades those facility and partners with the end  
16 users and present a better venue, which we have seen pay off  
17 for us economically.

18 So I think we just kind of wanted to share that at the  
19 board level; and get some direction from this board as to  
20 whether or not you want us to continue those conversations.

21 MR. IRVIN: Well, you know, I think shame on  
22 our community for failing to pass even one of the recent  
23 bond proposals that were presented. As we know, those would  
24 be taken care of Leo Rich, Music Hall, Eckbo fountain -- I  
25 could go on until I'm blue. Unfortunately, it didn't pass

1 so we're sitting here trying to figure out.

2 I think it's great, Edmund, that you're  
3 looking at that, saying, hey, you know, could we generate --  
4 that's our mission, you know, generate sales tax. So I  
5 think that's a great discussion to have. I think it would  
6 be interesting to see what that study looks like.

7 To me -- and I don't profess to be the guy  
8 that knows this. I see Mark's in the audience, he ought to  
9 address this.

10 But I know, as example, Leo Rich is like 500  
11 seats. So I think that probably has a little less of a need  
12 to do with something right now as I look at the Symphony  
13 Hall, which, to me, I think is just an albatross. It should  
14 have an aisle down the middle of it, it's -- the bathrooms  
15 are a mess. We could go on until we are blue in the face.  
16 It does have good acoustics.

17 So I support the idea of exploring that. I  
18 think it would be interesting to see what an economic study  
19 might look like. Here's what the ticket sales were last  
20 year, here's what it would look like if we apply the tax to  
21 it, here's how much of that we get to keep. How could we  
22 position -- I think those are great discussions. I think  
23 those are creative discussions and I support it if the  
24 numbers makes sense.

25 MR. MARQUEZ: And this comes down to pride.

1 I had an opportunity of attending the Tucson Symphony  
2 Orchestra. The music was beautiful, I had a great night. I  
3 went with one of my buddies and visited the restroom and I'm  
4 so used to what we've done with the Roadrunners and  
5 everything in the arena, I was shocked. I was shocked with  
6 the 1965 bathroom -- waiting for Leave It to Beaver to walk  
7 out or something. It was not a pretty site. It just comes  
8 down to pride for our community.

9 As Fletcher mentioned, this is a partnership.  
10 It's an opportunity we have for the arts community to come  
11 together with Rio Nuevo, SMG, hopefully the City of Tucson,  
12 to do something great for our facilities. We deserve it.  
13 And in context with everything we're doing downtown, as you  
14 look at the restaurants, the hotels that are coming, the  
15 2,000 apartments, the TCC, is our primary component and has  
16 to keep pace. And right now, unfortunately, the Music Hall  
17 and Leo Rich are just really outdated and desperately need  
18 us, the Rio Nuevo, and our love.

19 MR. IRVIN: I might also add to that the TCC  
20 we've done a great job with the arena. But there's a piece  
21 of the TCC that needs attention as well. I just saw Glenn  
22 walk in. I always like to put him on the stand when he's  
23 unprepared. I wouldn't mind hearing from SMG on their  
24 thoughts on this, revenues that might come, what do you  
25 support, what do you think makes sense?

1                   So I wouldn't mind hearing from Glenn.

2                   We waited for you.

3                   MR. GRABSKI: I appreciate it. Glenn

4                   Grabski, General Manager of TCC.

5                   The TCC obviously needs some love, as you guys have  
6                   said.

7                   Every time we turn a corner, we figure out something  
8                   new to do. We appreciate the attention that Rio Nuevo's  
9                   given it, especially with the Arena.

10                  It made a huge difference for bookings.

11                  I think part of what we have to face is twofold. The  
12                  first fold is just -- it's been left for so long you just  
13                  need to be kept up now. Also we need to be prepared in the  
14                  future for potential revenue streams.

15                  I think about if a hotel comes back online, I want to  
16                  be prepared with the meeting rooms at the convention center  
17                  to capture revenue to go out there and have something to  
18                  sell.

19                  As far as the Leo and Music Hall, yes, they  
20                  need love. They need some attention. I think the Music  
21                  Hall a little bit more than Leo. Obviously, I think there's  
22                  more revenue potential from the Music Hall.

23                  I think I've been very vocal about that. We need to  
24                  get those bookings up. As far as increased revenues, I  
25                  think it's -- there's increased revenues across the board

1     there potentially.  I also think part of what we have to  
2     look at is not losing business.

3             And there is, as you guys know, if you look at the  
4     convention center, the bathroom and stuff, it's -- they need  
5     a lot of attention.  And we want to keep the business we  
6     have, in addition to growing our own business.

7             MR. IRVIN:  So, Glenn, I know it's been a  
8     while, I apologize.  Because I know some time ago you had  
9     put together a needs list and kind of organized them.

10            Have you looked at that lately?  And is that  
11    something you could update for us and try to help us  
12    prioritize that?  I think that one is not one that has a  
13    revenue source.  Edmund and Fletcher have come up with  
14    something that's probably going to have a revenue source,  
15    but I think it would be interesting to brainstorm on other  
16    revenue sources that we might be able to bring to the TCC.  
17    And I'd love for you as a guy that manages all of those  
18    venues to give us some direction on how we should prioritize  
19    some of those things.

20            MR. GRABSKI:  Sure.  Since day one, we  
21    started with a cap list that could be potentially go out to  
22    30 years.  Obviously, it changes as we tick things off.  
23    And, you know, part of it is infrastructure part is FF&E.  
24    We have done -- I just finished up a meeting with the City  
25    and it looks like we got a go ahead on some FF&E and some

1 other stuff that we need to do.

2 So, yes, I can update that and definitely discuss it.

3 MR. IRVIN: I agree with the meeting rooms.

4 I think with some of the discussions we're having with  
5 various parties to unshutter hotels and open new ones, all  
6 of them -- some of those have convention meeting space, some  
7 of those don't, and would look to the TCC to back to some of  
8 that.

9 So I think we've always looked at those rooms  
10 and said, you know, they need a lot of work. I love  
11 Fletcher's idea about taking one of those and making it into  
12 a high-tech board room kind of thing. And I'd like to  
13 explore that as well in this kind of global discussion. But  
14 I don't want to take away from what Edmund is working on and  
15 Fletcher. But at the same time, I don't want to lose site  
16 of our primary component, which is the piece we own and what  
17 we need to be doing with that.

18 CHAIRMAN McCUSKER: That Phase II, the budget  
19 was 24 million bucks or more. It's highly unlikely we can  
20 syndicate anything that's going to come close to that.

21 But I don't know what the number is. We  
22 haven't really run the economics. If we spent 12 on the  
23 arena, I can easily seeing us spend 12 on everything else.  
24 And can we do that in a way where there's economic partners  
25 that help pay for that.

1                   I think what Edmund and I are trying to  
2 convey is we don't have a choice. If we want to be the  
3 downtown that we aspire to be and we're spending millions to  
4 put a hotel in your parking lot across from an empty  
5 fountain, you know, with dated venues, you know, it's just  
6 absurd as any kind of development organization.

7                   So I think we've got to find a way to do it.  
8 I've been pleasantly surprised and Edmund is very persuasive  
9 that all of the artists that we've talked to have agreed  
10 tentatively -- I don't want to put words in their mouth --  
11 but have agreed to add the sales tax component to their  
12 ticket and concessions revenues. I think you may already do  
13 it on concessions.

14                   MR. GRABSKI: Yeah. The F&B is something  
15 that we do -- sales tax.

16                   CHAIRMAN McCUSKER: You do that over on the  
17 next 25, 30 years, there's a lot of money. Right now, we  
18 will never see it.

19                   So I think there is a formula that we could sit down  
20 with Glenn and sit down with these artist groups and look at  
21 what we can do to enhance those.

22                   I think it's money well spent now. You know,  
23 it's not as sexy as putting in a couple million bucks in a  
24 \$25 million hotel. But I think all this stuff comes  
25 together.

1                   And I think, Mr. Collins, this is our primary  
2 component and I think we have a legal obligation to this  
3 above anything else. If I recollect -- that everything else  
4 we do is considered secondary in fact to the Tucson  
5 Convention Center.

6                   MR. COLLINS: Mr. Chairman, you're correct.  
7 Just those two words convey it all. Your primary component  
8 is the Tucson Convention Center, and everything else is  
9 secondary only when you decide that is supportive of your  
10 primary component.

11                   CHAIRMAN McCUSKER: So I think we can bring  
12 something back if you are so inclined.

13                   MR. IRVIN: Absolutely.

14                   CHAIRMAN McCUSKER: I don't think we need to  
15 take any action, but unless somebody persuades us otherwise  
16 we can bring you budget and some revenue sources and some  
17 other potential capital contributions and maybe look at that  
18 in the middle of the summer.

19                   MR. IRVIN: I would love to see it.

20                   CHAIRMAN McCUSKER: Okay. That's what we're  
21 going to do.

22                   Item No. 11. Cushing Street parcel. And the Broadway  
23 parcel.

24                   So just to refresh everyone's memory, Rio Nuevo has  
25 negotiated options to ground lease both of these parcels,

1 The corner of Cushing Street and Interstate 10, across from  
2 the River Park Inn, the parcel across the street from Tucson  
3 Electric Power, both owned by the County.

4 We have negotiated the options on those with  
5 the opportunity to develop. We have had a lot of inbound  
6 interest in developing those parcels.

7 Mr. Collins, I don't believe we're at any  
8 point to take action on either.

9 But to instruct you to sit down with our counterparts  
10 with the County and discuss the process under which we  
11 obtain control of these parcels, I think that's consistent  
12 with the message we want to deliver to the County.

13 MR. COLLINS: I think that's consistent with  
14 what we discussed in E-session.

15 We need a motion for that.

16 MR. IRVIN: I make a motion.

17 You keep working with the County, and nail  
18 down the terms of the option agreement, and to me that  
19 includes both height, use, et cetera.

20 MR. COLLINS: And I assume you mean in  
21 conjunction with the executive officers.

22 SECRETARY IRVIN: Correct.

23 CHAIRMAN McCUSKER: You kind of seconded it  
24 before he made a motion.

25 MR. SHEAFE: I'll second it again.



1 than I am, Mr. Collins. If you want to refresh to everyone  
2 the commitments that we've made on the AC Marriott and the  
3 opportunities we have in renegotiating those agreements?

4 MR. COLLINS: Yes, Mr. Chairperson and  
5 Members of the Board. We're bringing up a picture here.

6 This agenda item that we are on concerns the  
7 AC Marriott Hotel and the 200 Block of Congress.

8 And that's what we're talking about -- that's agenda  
9 item --

10 CHAIRMAN McCUSKER: 13.

11 MR. COLLINS: 13. Currently, the District  
12 has an agreement in place to purchase the parking garage of  
13 the AC Marriott Hotel from the developer.

14 That purchase agreement requires the District  
15 to pay \$4.3 million at about the time the certificate of  
16 occupancy is issued for that project, the AC Marriott.

17 The current projection is that that certificate of  
18 occupancy will occur in late July or early August of this  
19 year. This would require the District to pay the developer  
20 \$4.3 million. That garage would then be leased back to the  
21 developer.

22 That's the current state of affairs.

23 There have been discussions -- since that agreement was  
24 entered into, in 2014, as is this Board knows, the Board has  
25 gotten involved in many other capital-intensive efforts.

1                   And during that period of time,  
2   Mr. Stiteler -- I will say Mr. Stiteler, but it's his  
3   development group -- also received the opportunity to  
4   develop the Depot Plaza, which is the top of that picture.  
5   I'll talk about that in a minute. But what I'm trying to  
6   give the public or some sort of sense is, there were organic  
7   discussions between the executive officers of this Board and  
8   Mr. Stiteler about how to perhaps make these things happen.

9                   MR. IRVIN: You mean executive officers sans  
10   Mr. Sheafe.

11                   MR. COLLINS: Yes. Correct. Thank you.  
12   Mr. Sheafe is good about that.

13                   So this is how it currently structured. There's going  
14   to be what -- we discussed it in Executive Session --  
15   there's a proposal to terminate the District's obligation to  
16   pay \$4.3 million for the AC Marriott garage. That would  
17   relieve \$4.3 million from -- the District wouldn't have to  
18   pay that.

19                   In exchange, the developer who also owns the 200 Block  
20   of Congress -- that's the second rectangle above the AC  
21   Marriott Hotel -- Mr. Stiteler and his group own that. Both  
22   of those blocks -- both of those blocks are going to be  
23   conveyed title, are going to be conveyed to the City of  
24   Tucson at the certificate of occupancy.

25                   CHAIRMAN McCUSKER: That's the

1 Playground-HUB-Elvira's restaurant block.

2 MR. COLLINS: Yes, exactly. And then the  
3 retail that is currently not active in the 200 Block.

4 So Mr. Stiteler is very interested in upgrading that  
5 200 Block because there are lots of developments going on  
6 around town and he would like to upgrade that.

7 So the idea is that the District would be relieved of  
8 the 4.3, but would agree to provide Mr. Stiteler and his  
9 group site-specific TIF revenue on both of those parcels up  
10 to \$7.75 million.

11 That number comes from the 4.3 million plus the  
12 3.225 million that Mr. Stiteler is going to invest in the  
13 200 Block.

14 So in other words, this deal, if it were  
15 approved by this Board, and all of the rest of the  
16 conditions were satisfied, the District would ultimately be  
17 paying \$4.3 million but over time, as opposed to in cash,  
18 and would also defray the cost of upgrading the 200 Block.

19 That is the nature -- those are the principal terms  
20 of the agreement that I have worked on -- my office has  
21 worked on with Mr. Stiteler's attorney. And -- any  
22 questions?

23 CHAIRMAN McCUSKER: It sounds like a smokin'  
24 deal. We don't have to pay 4.3; we'll only remit back to  
25 the developer the incremental sales tax that he otherwise

1 would provide. But I think we also talked about having  
2 someone smarter than us opine as to its economics.

3 Mark, so can we make a condition that we have  
4 an economic analysis?

5 MR. COLLINS: You most definitely can,  
6 Mr. Chairman. And -- absolutely, and that's my  
7 recommendation: that there be a economic study; and that the  
8 final execution of this agreement be subject to the  
9 completion of that study and the approval of that study by  
10 the executive officers. And if they don't approve it, then  
11 bring that study back to the Board to consider it.

12 MR. IRVIN: Sounds like a motion to me. I  
13 just might adopt that. In fact, I will adopt that.

14 MR. MARQUEZ: I'll second that.

15 CHAIRMAN McCUSKER: All right. So what we're  
16 voting on would include the renegotiation of our commitment  
17 to the garage, which is an existing commitment. If we don't  
18 do this we're writing a check for \$4.3 million in a couple  
19 of months.

20 To exchange that for a site-specific -- I'm going to  
21 use the word "rebate" -- my word -- site-specific sales tax  
22 rebate specific to these properties, period.

23 MR. COLLINS: Correct.

24 CHAIRMAN McCUSKER: Which is capped. So it  
25 doesn't go on forever.

1 MR. COLLINS: Correct.

2 CHAIRMAN McCUSKER: It's capped.

3 And we're just going to enhance our knowledge of this  
4 by having you get us a third-party economic analysis.

5 MR. COLLINS: Correct.

6 MR. IRVIN: I might also add I think one of  
7 the things I like about this deal is, you know, the District  
8 wasn't left with a lot of cash. And Fletcher, thanks to  
9 you, and Chris, and your financial genius, you know, we've  
10 been able to move some things around and refinance some  
11 things and clear up some things and do stuff.

12 The end result of all that is, you know, we  
13 had a goal to put a buck in and have about \$4 or \$5 follow  
14 us. And Edmund, as you've noted so clearly, we're way more  
15 than that. We're like one dollar for 10 or maybe even 11,  
16 could be even more than that I need to sit down and kind of  
17 look at the numbers.

18 I think this a great way for us to not just  
19 free up cash, but to reposition that cash. I look at that  
20 4.3 and that's about \$40 million-something. I'm not sure  
21 what this is, but that's the way I look at it; so I support  
22 that.

23 CHAIRMAN McCUSKER: The AC Marriott is a  
24 \$35 million project. He's going to put another \$4 million  
25 into the Playground block.

1 MR. COLLINS: 3.2 approximately.

2 CHAIRMAN McCUSKER: Yeah, he's investing  
3 \$40 million. We're putting up at most, 7, so that's your  
4 leverage on that.

5 MR. IRVIN: The other ones we got up front  
6 cash --

7 CHAIRMAN McCUSKER: That's not even cash  
8 leverage, that's leverage over time.

9 MR. COLLINS: Mr. Chairman, Mr. Secretary,  
10 and Members of the Board, the way the agreement is  
11 structured, as we discussed in E session, is that if the TIF  
12 period, which terminates on July 1 of 2025 -- if it does  
13 not -- is not extended, that's the end of the sharing of the  
14 revenue. So Mr. Stiteler --

15 CHAIRMAN McCUSKER: -- can't commit the State  
16 to something that doesn't currently exist.

17 MR. COLLINS: Correct. And that's accounted  
18 for in the terms of this agreement.

19 CHAIRMAN McCUSKER: Part of his explanation,  
20 which you made a motion, was that the executive officers  
21 will then be authorized to finalize the deal subject to this  
22 economic analysis.

23 MR. COLLINS: Right. Yes. Right.

24 CHAIRMAN McCUSKER: It's -- what was your  
25 word, Jeff? If it's -- you had a great word.

1 MR. HILL: It wasn't "profane."

2 CHAIRMAN McCUSKER: No, it wasn't profane.

3 MR. IRVIN: It was profound.

4 CHAIRMAN McCUSKER: Mr. Marquez.

5 MR. MARQUEZ: Because every dollar counts and  
6 we're spending top tax dollars here, in the summary of cash  
7 position by Dan Meyers it says we've already paid \$10,000  
8 for the garage of the AC Hotel.

9 We get that back, correct?

10 MR. COLLINS: It's being -- it's actually  
11 more than \$10,000. It's going to be split.

12 MR. MARQUEZ: Our ten grand?

13 MR. COLLINS: Yeah. We were supposed to have  
14 paid 100,000.

15 MR. MARQUEZ: Instead of a hundred, we're  
16 paying 5? All right.

17 CHAIRMAN McCUSKER: So we have a motion and  
18 second.

19 Brandi, call the roll.

20 MS. HAGA-BLACKMAN: Edmund Marquez?

21 MR. MARQUEZ: Aye.

22 MS. HAGA-BLACKMAN: Mark Irvin?

23 MR. IRVIN: Aye.

24 MS. HAGA-BLACKMAN: Jeffrey Hill?

25 MR. HILL: Aye.

1 MS. HAGA-BLACKMAN: Fletcher McCusker?

2 CHAIRMAN McCUSKER: Aye.

3 (The Board voted and motion carries  
4 unanimately.)

5 So you have your instructions, Counsel. Let's go and  
6 order us an economic analysis.

7 And 14 is definitely related. And was the genesis to a  
8 large extent of this conversation. I'm still shocked, but  
9 it's a pleasantly surprised kind of shock.

10 The Marriott is prepared to commit to another  
11 hotel, 2 blocks away from the AC before the AC is even  
12 finished. And Scott has offered us a similar package which  
13 enables him to put this deal together.

14 So walk us through the Moxy.

15 MR. COLLINS: Mr. Chairman, members of the  
16 Board, we're now moving to the top of the picture that  
17 Brandi has on the screen for us. What you see outlined  
18 there is known as Unit 3 of the Depot Plaza subdivision.

19 Scott Stiteler's company, Depot Plaza Investors, 5  
20 North 5th, which is also Mr. Stiteler's company, Rio Nuevo,  
21 are contemplating an agreement that will allow the Moxy to  
22 be developed on that parcel.

23 Some history I think is important.

24 Back in 2008, the City, the District, and Depot Plaza  
25 Investors, entered into a development agreement for the

1 development of the Depot Plaza.

2 Part of that agreement authorized or granted to  
3 Mr. Stiteler's entity the right to purchase Unit 3, which is  
4 outlined up there as the Depot Plaza Moxy Hotel. That  
5 hasn't happened yet.

6 As part of the process of entering that development  
7 agreement, this Board, in 2003 and 2006, passed various  
8 resolutions.

9 CHAIRMAN McCUSKER: It wasn't this Board. It  
10 was this Board, but none of us were there.

11 MR. COLLINS: Your predecessors passed  
12 various resolutions in support of this proposition -- and in  
13 fact, signed the development agreement.

14 In addition, your predecessors expended  
15 significant amounts of money pursuant to those resolutions  
16 and that development agreement. Mr. Stiteler, and his  
17 lawyer, and you and your lawyer, have disagreed about  
18 whether all of the financial obligations that the District  
19 incurred, if any, have been satisfied.

20 What we're talking about is difference of opinion that  
21 could be \$2- to \$3 million. And it's a real live lawsuit if  
22 anybody wanted to do that.

23 This agreement that we're talking about doing releases  
24 everybody from all of those claims, resolves that once and  
25 for all.



1 leverage. But it's a million times leverage of what we  
2 currently enjoy.

3 MR. IRVIN: We're going to have a hard time  
4 calculating all these returns. But the north of it is,  
5 everything is north of 10.

6 MR. COLLINS: Yeah. And I need to touch on  
7 something that I haven't yet touched on.

8 The agreement contemplates -- the current form of the  
9 agreement contemplates that Mr. Stiteler will enter into a  
10 lease with the District for that property.

11 As you all know it's called a GPLET.

12 He will develop it and he will then, when the C of O  
13 happens, title of Unit 3 will go to the District and then it  
14 will lease directly back to Mr. Stiteler precisely in the  
15 same way that the City is doing with the AC Marriott Hotel  
16 and the 200 Block.

17 CHAIRMAN McCUSKER: And this structure fits  
18 under Representative Leach's new bill, correct?

19 MR. COLLINS: Yes. Because --

20 CHAIRMAN McCUSKER: We won't be relieving  
21 them of the excise tax.

22 MR. COLLINS: Yes. And I have gone -- yes.  
23 The current draft of the agreement and the current draft of  
24 the GPLET both contemplate giving Mr. Stiteler the option of  
25 seeking that abatement.

1           He's contemplating that. But at the current, I  
2 believe, he is going to elect not to seek the abatement.  
3 And for the benefit of the Board and the public, now that  
4 2213 has been signed into law, if you seek abatement of  
5 excise taxes, the length of the lease can only be 8 years.  
6 If you do not seek abatement, it can be up to 25 years.

7           CHAIRMAN McCUSKER: Regardless, we will fit  
8 under the new legislature.

9           MR. COLLINS: This is my opinion.

10          CHAIRMAN McCUSKER: This is also a project we  
11 also talked about getting an economic study done.

12          Can you put that on your to-do list?

13          MR. COLLINS: I have that on my to-do list.

14 We probably ought to make a motion to --

15          CHAIRMAN McCUSKER: See if he can do this one  
16 by himself.

17          MR. IRVIN: I'd like to make a motion. The  
18 Board authorizes the executive officers to review agreements  
19 with you pending an economic study and no material change  
20 from what we discussed in Executive Session authorizing us  
21 to move forward.

22          CHAIRMAN McCUSKER: That's good. It's a lot  
23 harder than saying "so moved."

24          MR. MARQUEZ: I'll second that.

25          CHAIRMAN McCUSKER: Brandi, we have a motion

1 and second. Call the roll.

2 MS. HAGA-BLACKMAN: Edmund Marquez?

3 MR. MARQUEZ: Aye.

4 MS. HAGA-BLACKMAN: Mark Irvin?

5 MR. IRVIN: Aye.

6 MS. HAGA-BLACKMAN: Jeff Hill?

7 MR. HILL: Aye.

8 MS. HAGA-BLACKMAN: Fletcher McCusker?

9 CHAIRMAN McCUSKER: Aye.

10 (The Board voted and motion carries  
11 unanimously.)

12 So we've pass both of those subject to  
13 these economic analyses.

14 MR. COLLINS: And subject to the terms of the  
15 two agreements.

16 CHAIRMAN McCUSKER: Congratulations. We're  
17 done except for call of the audience, Brandi.

18 MS. HAGA-BLACKMAN: I don't have any.

19 CHAIRMAN McCUSKER: Motion to adjourn.

20 MR. MARQUEZ: Second.

21 CHAIRMAN McCUSKER: We stand adjourned.

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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.

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John Fahrenwald, RPR