

1 RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

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7 BOARD MEETING

8
9 Tucson, Arizona

10 October 31, 2017

11 1:00 p.m.

12
13 REPORTED BY:

14 John Fahrenwald, RPR

15 Certified Reporter No. 50901

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BOARD MEMBERS PRESENT:

- Fletcher McCusker, Chair
- Chris Sheafe, Treasurer
- Mark Irvin, Secretary
- Jeffrey Hill
- 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 Arizona State Building, in the City of Tucson, State of Arizona, before JOHN FAHRENWALD, RPR, Certified Reporter No. 50901, on the 31st day of October, 2017, commencing at the hour of 1:00 p.m.

P R O C E E D I N G S

1
2 CHAIRMAN McCUSKER: We're ready to call the
3 meeting to order.

4 It's 1:01 on the official Rio Nuevo smart phone.

5 MS. COX: Am I in the right seat?

6 MR. COLLINS: Yes.

7 MS. COX: Oh, thank you. Sorry boss.

8 CHAIRMAN McCUSKER: You have to lead the
9 pledge therefore.

10 (Pledge was recited.)

11 CHAIRMAN McCUSKER: Brandi, can you call the
12 roll.

13 MS. HAGA-BLACKMAN: Jannie Cox.

14 MS. COX: Here.

15 MS. HAGA-BLACKMAN: Chris Sheafe.

16 MR. SHEAFE: Here.

17 MS. HAGA-BLACKMAN: Mark Irvin.

18 MR. IRVIN: Here.

19 MS. HAGA-BLACKMAN: Jeff Hill.

20 MR. HILL: Here.

21 MS. HAGA-BLACKMAN: Fletcher McCusker.

22 CHAIRMAN McCUSKER: Here.

23 CHAIRMAN McCUSKER: And do we know Mr.
24 Marquez's status?

25 MS. HAGA-BLACKMAN: I don't know. I was just

1 about to text him.

2 CHAIRMAN McCUSKER: Did he confirm?

3 MS. HAGA-BLACKMAN: Yes.

4 CHAIRMAN McCUSKER: We are a quorum. We are
5 calling the meeting to order. You have the transcription
6 from our September 26th meeting. This was distributed as
7 verbatim. Unless you have a change or question?

8 MR. IRVIN: Motion to approve.

9 CHAIRMAN McCUSKER: Second, please.

10 MS. COX: Second.

11 CHAIRMAN McCUSKER: All in favor say, aye.

12 (Ayes.)

13 Thank you for that. We need to move to
14 recess to exec.

15 MR. IRVIN: So moved.

16 CHAIRMAN McCUSKER: Second, please.

17 MR. SHEAFE: Second.

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

19 (Ayes.)

20 This looks like a long schedule for those of
21 you that are in the audience. It's probably an hour before
22 we get back to the public meeting.

23 (The Board recessed to Executive Session at 1:03
24 p.m.)

25 (The Board reconvenes at 2:18 p.m.)

1 CHAIRMAN McCUSKER: Someone make a motion to
2 reconvene.

3 (Mr. Marquez is present; Ms. Cox is not present.)

4 MR. IRVIN: So moved.

5 MR. MARQUEZ: Second.

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

7 (Ayes.)

8 We are back in business. Thanks for your
9 patience. You can see we have a lot of stuff on the agenda,
10 a lot of stuff happening downtown. So it's taken us a
11 little longer to keep ourselves organized.

12 I'm going to do a brief update so we can get
13 to the agenda. I understand Jim Beach needs to move up so,
14 Dan, we're going to move BeachFleischman right after your
15 report.

16 If you're not planning to be at Downtown Now
17 tomorrow night at 6:00, you're really square.

18 (Ms. Cox enters the boardroom.)

19 A year ago we were worried about the second
20 annual downtown celebration -- that we might not have
21 anything to talk about. And oh, my god, all you do is drive
22 around to the cranes, the demo, the new construction, the
23 activities -- almost all of it's either enabled by or a
24 catalyst of Rio Nuevo. So we're really proud of where we
25 are.

1 We're doing an unbelievable amount of work.
2 Particularly since we really only spent about \$30 million of
3 state tax money to create \$300 million of construction
4 activity by leveraging with many of you in the audience and
5 choosing to partner on projects, instead of trying to let
6 the government build on and operate everything.

7 We will be seeking an extension of the District in the
8 next legislative session. I think we've been public about
9 that. We do have sponsors for legislation and leadership
10 support to extend the TIF District to 2035.

11 So anybody that knows a legislator or friend of the
12 legislator or anybody in governor's office, you are
13 deputized as our evidence.

14 MR. MARQUEZ: Mr. Chairman, just a piece of
15 clarity. The Downtown Now event starts at 5:30. The doors
16 open at 5:30 and the actual event itself -- the presentation
17 starts at 6:00 sharp.

18 MS. COX: Don't be late.

19 CHAIRMAN McCUSKER: Don't be late. Do we
20 need a ticket or can people just show up?

21 MS. COX: You need a ticket. You can print
22 it. Everybody got their ticket --

23 CHAIRMAN McCUSKER: Go to downtownnow dot --

24 MS. COX: No-no-no.

25 CHAIRMAN McCUSKER: How do you get that?

1 MS. COX: If you've got a problem with your
2 ticket, email me and I'll figure it out.

3 CHAIRMAN McCUSKER: What if you don't have a
4 ticket and you want to go?

5 MS. COX: Email me and I'll figure it out for
6 you.

7 CHAIRMAN McCUSKER: All these people --

8 MS. COX: Go to downtownnowtucson.com, and
9 they're \$20. Cheap. It's going to be a fabulous party.

10 MR. MARQUEZ: Mark Collins will be there.

11 CHAIRMAN McCUSKER: Dan, the financial
12 report.

13 MR. MEYERS: Dan Meyers, the CFO of Rio
14 Nuevo. The end of September, we've got about \$7 million in
15 various banks. The good news is that yesterday we got our
16 first reimbursement from the Caterpillar loan of
17 \$3.4 million to help restore our cash that we've been
18 spending quickly for the last few months.

19 As far as commitments go, the remaining
20 commitments we've got on the books right now is about
21 \$5.4 million. So if you take the 3.4 we just got, plus the
22 7 we had at the end of last month, we've got about
23 \$5 million of money to use properly.

24 As far as TIF revenue goes, the July TIF collection was
25 down a bit. We got a budget of \$1 million a month and it

1 was about 850,000. That number jumps around based on who is
2 filing and who is not, when we catch up, and things like
3 that. I've got a quick summary of our Caterpillar project
4 right now.

5 The cost being incurred through October 1st is about
6 \$14.5 million. Take out the land and the incentives,
7 \$9.2 million. So our out-of-pocket cost through the end of
8 basically through today is \$5.3 million. And 1.8 of those
9 are for the sewer and landfill improvements which we're
10 basically paying ourselves.

11 Questions?

12 CHAIRMAN McCUSKER: Dan, thanks, as always.

13 This is the time we reserve for our auditors
14 to present to the Board and the public the findings of their
15 independent audit. So, Lydia, put yourself on the record
16 and fire away.

17 MS. HUNTER: Lydia Hunter, I'm senior manager
18 with BeachFleischman.

19 Mr. Chairman, Members of the Board, thank you
20 for the opportunity to present our audit results today. I
21 am pleased to report that the District did receive a clean
22 opinion on the financial statements.

23 So I'm going to go through your two documents
24 in front of you today. The first is a letter on
25 BeachFleischman letterhead. I'm going to go through that.

1 Just point out a couple of things: This letter summarizes
2 our required communications with those charged with
3 governance.

4 The first thing I want to point under significant audit
5 findings: The District did have to adopt a new GASB, a
6 Government Accounting Standards Board statement related to
7 tax abatements this year. It did not change the numbers or
8 the accounting frame thing, but it did add -- see my notice
9 from the draft, a couple pages of disclosures.

10 So in the past, GASB was not very specific
11 about what was required to be disclosed related to tax
12 abatements. And that is the type of agreement where the
13 District gives the future TIF revenue to a developer to
14 entice them to develop when right now, there's no TIF
15 revenue generated and there it helps generate TIF revenue.
16 So those types agreements are tax abatements; so they did
17 fall under this new GASB. So I just wanted to point out
18 that might be why the statements seem a little longer than
19 in the past.

20 The significant accounting estimates in the
21 financials relate from the appreciation of capital assets
22 and valuation receivables. The most sensitive disclosure in
23 the financial statements is the probably footnote 11 -- it's
24 on page 19-23 -- and that relates to, one, tax abatement
25 agreements, and second, the District's commitments. So any

1 time the District makes a commitment we have that disclosed
2 in the financial statements.

3 If you turn to the second page it talks about corrected
4 and uncorrected misstatements. We are pleased to report
5 there were no uncorrected misstatements as a result of the
6 audit. We had no disagreements with management. And there
7 was no what we call "opinion chopping," where management
8 seeks an outside auditor's opinion.

9 With that, that summarizes the key points of
10 the letter. If you'll turn to the draft document in front
11 of you, this is the draft of the financial statements. I'm
12 just going to go over a couple of key points here, I'm not
13 going to go over it in detail.

14 But I do want to point out page 1 and 2 is
15 the audit report; and the top paragraph on page 2 it is
16 where it tells you our opinion.

17 Again, we gave you guys an unmodified
18 opinion; that's referred to a clean opinion. So good job to
19 the District for that.

20 If you will turn to page 3 on the financial
21 statements, this is your statement of net position or your
22 balance sheet, in other lingo. So here we summarize all the
23 assets, liabilities, and the net position of the District.

24 And your total assets went up about 3 million
25 from the prior year, and that's predominantly the increase

1 in capital assets offset by any decreases in cash or
2 receivables. Your debt has decreased. You made debt
3 payments of about \$6.9 million and had some new debt of
4 about \$2.3 million.

5 So that's kind of a summary of the changes in the
6 balance sheet. If you turn to the page to the statement of
7 activities, this is a full accrual income statement, and you
8 will see you have a healthy change in net position of
9 \$3.6 million.

10 And there was a big change in the expenses as
11 interest decreased about a million dollars. And that's
12 predominantly due to the advance refunding of the bonds last
13 year, and you are seeing that benefit on your income
14 statement.

15 And just a couple of footnotes I want to
16 point out to you. If you turn to page 15, this is the page
17 where we summarize the change in capital assets in case
18 you're curious because the District obviously had a very
19 busy year in terms of capital projects. So that page
20 summarizes that.

21 And page 16 summarizes the change in your
22 debt and your payments that you've made.

23 And then finally just to point out page 19,
24 there's 23 -- discusses the commitments and the tax
25 abatements.

1 And then finally I do want to point out as
2 part of our audit we do look at internal controls. And we
3 had no written internal control comment to communicate to
4 the Board.

5 So with that, I'd like to thank Dan and
6 Brandi for all helping us get through the audits.

7 Are there any questions?

8 MR. SHEAFE: To put this in summary form,
9 this was absolutely a clean audit.

10 MS. HUNTER: Yes. No controlled findings and
11 very clean, yes.

12 MS. COX: I'd just like to make one comment.
13 I have been around long enough to remember when a clean
14 audit was an impossible dream. And, boy, have we come a
15 long way. Isn't this our fourth consecutive clean audit?

16 MS. HUNTER: I believe it's fourth -- maybe
17 fifth.

18 MR. SHEAFE: My compliments to Dan.

19 MS. COX: Yes. Dan, great job. Brandi,
20 great job.

21 MR. MARQUEZ: I have a question for you.

22 MS. HUNTER: Yes.

23 MR. MARQUEZ: I'm proud of the fact that Rio
24 Nuevo was a hundred percent transparent. And I'm curious
25 how that assisted you during your audit, the fact we post

1 every check on our website, post every bank statement, and
2 post every signed contract.

3 Did you find us easier to work with than
4 other organizations?

5 MS. HUNTER: It does help us in a sense. We
6 can come a little bit more prepared because we can see so
7 much online.

8 But Dan and Brandi provide us everything that
9 we ask for anyway. But, yes, it does help in that anything
10 we need, we can see it right there -- but, yes.

11 MR. SHEAFE: There's a lot of things going
12 on. And it would be easy to have this get confusing in a
13 hurry. And it's quite a note to the staff that this is
14 totally clean and continues to be that way.

15 CHAIRMAN McCUSKER: This does go to every
16 member of the legislature.

17 We do an annual report, which becomes the cover of
18 this. We have a lot of things obviously to report on.
19 We'll include some pictures of current projects -- and,
20 Chris, every member of the legislature gets a copy.

21 It has certainly been noted in Phoenix, our
22 continued compliance. We met with the governor's chief of
23 staff a week ago and people certainly are taking notice that
24 indeed, as you guys said, we've come a long way -- baby.
25 Thank you.

1 And thanks to Beach. Nice job.

2 Any other questions to our auditor?

3 Hearing none, we'll move on to item No. 7 on
4 the agenda.

5 If you guys are ready, come on up.

6 The Fentons own a remarkable property on Toole and 7th
7 Avenue. They are about to develop that and increase all of
8 our retail tax base. And like many before you, you need a
9 little help, which is the most fun we have. And Keri
10 represents them -- who needs no introduction, but you still
11 have to put yourself on the record.

12 The Fenton family were downtown before a lot of us.

13 I remember walking through Riley's upstairs just after
14 you acquired -- oh, my god. I did think you were crazy.
15 Crazy like a fox.

16 Keri.

17 MS. SILVYN: Good afternoon. Keri Silvyn,
18 representing Toole Partners 3, LLC. My address: 5983 East
19 Grant Road.

20 Congratulations on the clean audit. I, like Jannie,
21 can say I was here back when.

22 So that's kudos to you. Thank you.

23 The gentlemen sitting next to me -- both of them
24 probably need no introduction -- but, Toole Partners: the
25 managing partner is Steven Fenton in this project; and then

1 Zack Fenton is here representing one of the potential
2 tenants in the project.

3 So Toole Partners is here and desires to work
4 with Rio Nuevo on an economic incentive package to really
5 start getting that northern portion of the District, 35 East
6 Toole is in the District -- it's on the northern edge of the
7 middle of the warehouse district -- and really bring some of
8 the revitalization that you've been so successful with on
9 the east, west, and middle of the downtown, and start to
10 really carry that north.

11 So the property is located on Toole Avenue.
12 It is in the heart of the warehouse district. It's
13 approximately a 14,000 square foot warehouse building. It's
14 historic, and it is in need of some substantial
15 reinvestment.

16 The desire is to provide retail bar and restaurant uses
17 again in this area of downtown that could use the lift that
18 has been there in other places. The barriers to investment
19 in this kind of area of downtown are things that are not
20 unfamiliar to you all from the rest of downtown.

21 The historic nature of these buildings makes it
22 difficult to invest. They are old. Some have just been
23 neglected, others have been abused. But they -- we want to
24 bring them back; and they're historic so there's extra
25 expense associated with that, the fact they've been

1 neglected over the years.

2 This area of downtown really has some very
3 limited parking. It is a warehouse district. As we all
4 know, when you build a warehouse you don't need a lot of
5 parking. So these buildings tend to take up most of the
6 property and there's not a lot of public parking. As we
7 create reuse and we need additional parking, we have some
8 issues.

9 What I've pointed out in red is the County parking
10 garage, which is an opportunity to create that public
11 parking. Right now, it is not -- that parking is not open
12 on the weekends. And as some City staff realized very
13 recently at a hearing that went too long, it also closes at
14 either 7 or 8 p.m. so their cars got stuck in there.

15 So it's not very user-friendly for
16 restaurants and bars and things that go later in the
17 evening. So there may be an opportunity there to work with
18 the County and have that be part of the public parking
19 that's available on weekends and in the evenings to help
20 with some of this revitalization.

21 MS. COX: Could you tell me again the exact
22 location of that parking garage.

23 MS. SILVYN: It's red.

24 MS. COX: The red, but --

25 CHAIRMAN McCUSKER: It's the County

1 courthouse parking garage.

2 MR. SHEAFE: It's the old courthouse parking.
3 The old one.

4 CHAIRMAN McCUSKER: New one.

5 MR. SHEAFE: Well, it's the new courthouse
6 parking but it's the old parking --

7 CHAIRMAN McCUSKER: No. It's a totally new
8 garage. It's the new garage south of Pennington between
9 Pennington and Toole.

10 MS. SILVYN: It's the garage that should have
11 been built a while ago but we found some bones.

12 CHAIRMAN McCUSKER: It's about 500 spaces.
13 Just a footnote here, Keri, so I can bring the board up to
14 speed.

15 I've had very positive conversations with the
16 County regarding opening this garage after hours and
17 weekends. They would ask that we would help subsidize the
18 additional security, which would be a very small investment
19 on our part.

20 So we've opened the conversation, and had a
21 very favorable response from the County to opening these
22 garages to the public. It really enables this project and
23 others by having a nearby public garage. So we haven't
24 advanced that any further than an introductory conversation,
25 but they were very amenable to figuring that out.

1 MR. MARQUEZ: What's the demand for parking
2 prior to this project for that parking garage? Is there any
3 demand right now?

4 CHAIRMAN McCUSKER: There's several hundred
5 open spaces. And it's only used by the County for
6 courthouse-related activity. So there's several hundred
7 vacant spaces.

8 MR. IRVIN: No night use.

9 CHAIRMAN McCUSKER: And no night use
10 whatsoever.

11 MS. COX: What's the demand for the night use
12 now?

13 MR. IRVIN: We're not sure yet.

14 CHAIRMAN McCUSKER: Who knows. There's
15 nothing to go to over there at night. So the point is they
16 would begin to create a demand with the adjacent parking.

17 MS. COX: Mr. Chairman, I believe I heard you
18 say plural parking garages? So perhaps not just this one,
19 the County would be amenable to opening other public garages
20 in the evenings and weekends if there was a demand for it?

21 CHAIRMAN McCUSKER: They've expressed an
22 interest in doing that. This one was the most topical
23 because it was tied into a pending development. But they
24 did express an interest to have the conversation that the
25 County could see the wisdom of opening all of their parking.

1 MR. MARQUEZ: If you go southeast of the
2 yellow box, is that a large parking lot?

3 CHAIRMAN McCUSKER: Across the railroad
4 tracks?

5 MR. SHEAFE: No, southeast.

6 MR. MARQUEZ: No, southeast.

7 CHAIRMAN McCUSKER: That is owned by Peach
8 Properties.

9 MR. MARQUEZ: It's parking?

10 CHAIRMAN McCUSKER: It is parking. Adjacent
11 to a Peach building. It's safe to say this developer
12 controls no parking in the immediate area; is that correct?

13 MS. SILVYN: That's correct. There's no real
14 parking to speak of on the site. The warehouse takes up
15 almost the entire lot.

16 CHAIRMAN McCUSKER: And of course to the
17 west, Edmund, across the zone, that's the so-called platform
18 block that at some point will be developed. And most of the
19 planning I've seen in that includes some sort of parking
20 structure. We own the lot block west of Church.

21 That's a Rio Nuevo service --

22 MS. COX: And the property you are speaking
23 about being developed is?

24 CHAIRMAN McCUSKER: The corner of Toole and
25 7th Avenue.

1 MS. COX: Oh, Toole and 7th.

2 MR. MARQUEZ: The yellow box.

3 CHAIRMAN McCUSKER: Everybody tracking?
4 Keri, go ahead.

5 MR. MARQUEZ: Do you have any printed version
6 so we can look at from here?

7 MS. SILVYN: No. I didn't bring them. I'm
8 sorry, I thought you guys would have them.

9 MR. SHEAFE: Mark, you can hand at least one
10 out.

11 MR. COLLINS: I can bring them out. It will
12 just take me a moment.

13 CHAIRMAN McCUSKER: Keep going, Keri.

14 THE WITNESS: So I'm going to give you a
15 little of history about the building, what is going on, and
16 what it is -- the desires for the building.

17 This is the existing interior as it sits
18 today. The building was originally constructed in the
19 1920s. It's been operated over times as a warehouse, and
20 then some art studios.

21 At some point in time, ADOT acquired the
22 building. We believe it was around the time of the attempt
23 to link Aviation with the I-10 in this area. So they had it
24 for a while and had it vacant. And that's where it lost a
25 little bit of TLC. It was sort of left sitting there for a

1 awhile.

2 Obviously, when it was owned by ADOT, it wasn't part of
3 the property tax system. And it was vacant the whole time.
4 In 2010, Toole Partners acquired it from ADOT. It was
5 vacant at that time and had not had any significant
6 reinvestment.

7 So there's a couple of things that we want to do to.
8 This is the existing interior. There is another of the
9 existing interior.

10 Most of the investment is probably going to
11 be in the interior. And in large part that's because it is
12 historic and so there's a limited amount that you can do on
13 the exterior of the building.

14 This is an artist's rendering of at least one
15 of the tenant spaces that's currently being discussed -- a
16 restaurant in there -- to reinvest in this area. We want to
17 re-tenant with restaurant/bar/retail. We want to revitalize
18 some of the infrastructure in the area. We'll talk about
19 that in a minute.

20 The external building -- that may help place
21 it. For those of you trying to figure out what that yellow
22 square looks like -- it's right on that corner -- and I
23 think everybody drives by it relatively frequently and just
24 doesn't see it.

25 The exterior, we want to revitalize. Again, it's

1 historic. So we've got to be careful. We can't knock it
2 down and start all over, and we can't do a lot to the
3 external or it loses its historic value. So we try to do an
4 artist's rendering or, I guess, a mock up of what it could
5 look like. There's some windows that were historically
6 there that we could bring back, give it a nice fresh paint
7 job, and then work on some modern signage as we can to
8 freshen up the building.

9 We're also talking about new heating and cooling. We
10 need some new mechanical equipment. As we all know in this
11 area, the infrastructure line sewer/water are old. And so
12 as we update the building we're going to have to be working
13 with the City and County on working on upgrading some of
14 those systems as well. We already talked about needing
15 public parking in this area.

16 So what do the economics look like? The
17 building is about 14,000 square feet. We think there's a
18 potential for about four tenants. Obviously, as we work on
19 the inside, we can tenant that in different ways. One of
20 the tenants that is sitting here is -- it's not Reilly
21 Pizza. It's a concept from the same group who started
22 Reilly Pizza and it's confidential. It's so confidential
23 that they haven't even shared it with their lawyer. Really
24 excited about it. That was part of the rendering that they
25 saw, the bringing a restaurant and bar use into the area.

1 And the hopes are that will then attract another two or
2 three as well.

3 So these sales tax projections -- I call them
4 conservative, ambitious -- I don't know what you want to
5 call them -- in the sense that these are numbers that assume
6 a hundred percent occupancy and full stabilization tenant
7 sales. So assuming that in the 2.8 percent that comes back
8 to the District, it's about \$130,000 a year.

9 Assuming --

10 CHAIRMAN McCUSKER: Is the revenue comparable
11 to what you see at Reilly's? Is that the basis for --

12 MR. FENTON: That's part of how I came up
13 with it.

14 CHAIRMAN McCUSKER: Thank you.

15 MS. SILVYN: Assuming it takes until 2019 to
16 do the improvements, full occupancy and stabilization that
17 the revenue stream through 2025 is somewhere -- depending on
18 where in 2019/2020 it actually hits those marks -- is
19 somewhere between 780,000 and 910,000. So we're still under
20 a million dollars in sales tax revenue coming to Rio Nuevo
21 over that period of time.

22 So the request that we are making this afternoon is to
23 work with Rio Nuevo on a lease that Rio Nuevo owns the
24 property. We will be the lessee. We'd like to do that for
25 a period of eight years.

1 We've reached out to the City and I'm
2 assuming the City will work with us on some level of a
3 GPLET, either abatement or a reduced GPLET amount.

4 We'd also like to work with Rio Nuevo on
5 property-specific sales tax revenue reinvestment, which is
6 why we wanted to create these numbers for you to see how
7 that works.

8 Our desire is to recoup the investment. As
9 you can see from the numbers, it's a modest recoupment in
10 large part because of that tiny issue and the percentage.
11 Obviously, the better we do with sales tax -- if we beat
12 these projections, then we get closer to recouping and it's
13 better ultimately for the District as well at the end of
14 sales tax sharing because it's doing really well. So the
15 incentives are in the right place.

16 We also started the conversations and you
17 received the update too on you being a catalyst to work with
18 the County to get some of those garages up and running.

19 So the request is really threefold: It's to
20 enter into the lease for the eight years, assuming the City
21 will work with us on the GPLET; the sales tax reinvestment;
22 and then working with you on the parking at the County to
23 get the parking garages open.

24 CHAIRMAN McCUSKER: I'll plant a seed that
25 you may or may not know. If you've seen our other rebate

1 deals with other developers, many of them have a clause that
2 in the event that we get an extension, the development can
3 continue to participate in a rebate and then, Keri, we
4 typically cap that at some number. So I think that's open
5 to you as well.

6 We have established that as precedent with other
7 developers so there may be a way for you to enjoy the rebate
8 beyond 2025.

9 MS. SILVYN: And we're happy to work with the
10 Board on that.

11 CHAIRMAN McCUSKER: Questions for the
12 developer?

13 MR. IRVIN: I don't really see this as
14 anything we've not done for anybody else.

15 CHAIRMAN McCUSKER: It's absolutely nothing
16 we've not done. I think that's the thing of having
17 established this precedent.

18 This is a huge opportunity to activate a very
19 dark part of our District. And you have to know and respect
20 the work that they've done with their projects. Reilly's is
21 part of the catalyst, the bar/food scene downtown. And make
22 no mistake about it, the work they've done there will
23 translate to this space. And the County is going to help us
24 figure out the parking. I can't think of any reason we
25 wouldn't proceed.

1 MR. SHEAFE: I guess that's all you really
2 need because we're encouraging you to proceed with that and
3 there has to be a proposal to put forth that will be worked
4 out with our counsel.

5 CHAIRMAN McCUSKER: You can pretty much do
6 anything you want. You can instruct counsel to start on the
7 documents.

8 MR. SHEAFE: Do we need a motion to authorize
9 counsel?

10 MR. IRVIN: Before you get to the motion, so
11 Steve or somebody -- Zack, Gary talk about -- because maybe
12 I missed it -- because I already know the number, but I
13 don't think everybody else does -- what do you envision the
14 investment it's going to take to get this thing to a point?
15 I know the number but I don't think you shared it.

16 MS. SILVYN: I believe I skipped over that in
17 my outline -- not on purpose. We're expecting it to be
18 about a \$2 million investment.

19 MS. COX: And you're not asking Rio Nuevo to
20 invest any cash. Simply the --

21 MS. SILVYN: -- the sales tax. Site-specific
22 sales tax.

23 MR. SHEAFE: I'll make a motion that we
24 authorize counsel to work with counsel for the Fenton family
25 on this project in the hopes that we can put together a

1 workable agreement with the rebates and whatnot that we've
2 done for other parties.

3 MS. COX: Second.

4 CHAIRMAN McCUSKER: Mr. Collins, does that
5 satisfy you?

6 MR. IRVIN: Probably need a cap number on
7 there.

8 MR. COLLINS: Well, yeah.

9 CHAIRMAN McCUSKER: What he's designed is
10 something that comes back to the Board.

11 MR. COLLINS: That's the point. You take
12 that as an amendment --

13 MR. SHEAFE: Well, yeah. It was
14 incorporated -- I'm not going to set any rules. We're going
15 to figure the deal out.

16 MR. COLLINS: Okay.

17 CHAIRMAN McCUSKER: So the motion to
18 paraphrase is the authorize you to begin the legal work to
19 document this sale/lease back, and you'll present it back to
20 the Board at a future meeting.

21 MR. COLLINS: Correct.

22 CHAIRMAN McCUSKER: Brandi, will you call the
23 roll.

24 MS. HAGA-BLACKMAN: Edmund Marquez.

25 MR. MARQUEZ: Aye.

1 MS. HAGA-BLACKMAN: Jannie Cox.

2 MS. COX: Aye.

3 MS. HAGA-BLACKMAN: Chris Sheafe.

4 MR. SHEAFE: Aye.

5 MS. HAGA-BLACKMAN: Mark Irvin.

6 MR. IRVIN: Aye.

7 MS. HAGA-BLACKMAN: Jeff Hill.

8 MR. HILL: Aye.

9 MS. HAGA-BLACKMAN: Fletcher McCusker.

10 CHAIRMAN McCUSKER: Aye.

11 (The Board voted and motion carried 6-0).

12 We passed that unanimously. Congratulations. It's
13 well deserved. Let's try and move this along quickly. And
14 I will get after the County post-haste.

15 MR. SHEAFE: I'm probably the only member
16 that actually recognizes one of those interior shots.

17 MR. IRVIN: You built that.

18 MR. SHEAFE: No, but I spent a lot of time --
19 Julie Jones used to be in there. And I must be spent 150
20 hours in that --

21 CHAIRMAN McCUSKER: I'm going to swap Item 9
22 and 8 so that we hear the Caterpillar GMP request. And then
23 come back to the City portion of that.

24 Phil, you and Sundt want to come on up?

25 Does that work, Elaine?

1 So Item No. 9. We are going to hear an update from
2 Sundt on where they are with the Caterpillar project.
3 You'll see some pictures and then they have a specific
4 budget request for us to continue to advance our \$43 million
5 construction project on the West Side. Our agreement with
6 Sundt is what's called a Guaranteed Maximum Price contract.

7 We've approved two of those: GMP1, and GMP2. Today
8 you're going to hear from Phil and Sundt on GMP3, and GMP3A.
9 Phil, are you going first?

10 MR. SWAIM: Good afternoon. Phil Swaim,
11 Swaim Associates Architects, 7350 East Speedway. It's a
12 great time to be able to update you on Caterpillar, actually
13 as they are calling it now the Caterpillar Tucson Mining
14 Center. Things are moving very quickly and efficiently.

15 This next slide actually shows what's happening out at
16 the site. Over the last four months, Sundt has been working
17 incredibly hard doing all the critical site prep work to get
18 to where they are today.

19 One of the major components has been the
20 sewer line, this big 30-inch diameter sewer that's been
21 running right through the center of the site. As of
22 yesterday it is officially flowing in the new pipe and we're
23 basically done with that part of the project. Incredible
24 feat to be able to get that taken care of.

25 They've also been moving for the past four months on

1 the landfill remediation. Roughly 15 to 20 trucks an hour,
2 five days a week, for several months. If you do the math,
3 that's several thousand truckloads of landfill going from
4 this site to Los Reales Landfill, filling up with clean fill
5 and with clean dirt and coming back to this site.

6 I sort of describe it as this ballet or
7 dance. It's incredible when you see all these trucks
8 flowing out, getting loaded, coming back, unloading, and
9 water trucks, compactors, et cetera, all Caterpillar
10 equipment sort of miraculously creating this orchestrated
11 effort; it's been very impressive.

12 Just last week they did hit bottom on the
13 landfill. And the environmental tests were done and we have
14 a clean bill of health. So they will continue to take that
15 out and start to fill that back in.

16 The other component that they've done is that
17 they've actually created the building pad. You will see on
18 the major portion there is where the building is going to go
19 and they're ready to proceed as the next slide shows.

20 What's actually been kind of cool as well is Sundt and
21 SmithGroup have been combining their technology. As you
22 see, here is the model that SmithGroup has developed of the
23 building, and Sundt has been utilizing drone technology and
24 doing regular survey updates of the site to make sure they
25 are on target with the grades, documenting quantities

1 removed, and moved around. It's really been incredible so
2 -- and tying those two together.

3 The next slide actually shows what they're ready to
4 proceed with now, which is the foundation, here in November.
5 You approved that GMP last month.

6 For the next year or so, we'll be on task to
7 complete all the major components of the building, which is
8 what Sundt is bringing together for us today of the GMP3,
9 all with the eye on the target of being ready by the end of
10 2018 for Caterpillar to start to move in.

11 Some of the renderings that we've got here -- this is
12 obviously our target. This is a view from the west of the
13 building, from Avenida del Convento, at the entry. It's
14 actually showing their customer center where they're
15 planning on bringing customers from around the world to be
16 able to visit Tucson, spend time here, and go to the proving
17 grounds, and have that sales experience with Caterpillar in
18 Tucson.

19 The collaborative office space here, above
20 the dining area, cantilevered out over the river. And you
21 can see from the river park below -- so this is a view that
22 you would see from the freeway and the river park.

23 It's got a -- it actually has a porch along
24 that side as well that has a view of the City and the river
25 park.

1 Caterpillar is very excited to be able to
2 take advantage of our outdoor environment here in Tucson.
3 So it's wonderful to see. The metal panels that are on this
4 building, we are making every effort to see if we can get
5 those to be copper panels and that really, again, speaks to
6 mining, and Tucson, and Caterpillar.

7 So with that, we're ready to spend more money. I'd
8 like to bring up Randy Rusing from Sundt Construction to
9 describe the next Guaranteed Maximum Price and see where we
10 can go from there.

11 MR. RUSING: Thank you. Randy Rusing with
12 Sundt Construction. Do you need my address? 2015 West
13 River Road.

14 I'm here to just kind of update you on the GMPs, where
15 we're at, kind of take you back and run through real quickly
16 where we started and where we are at.

17 We had our first GMP for our preconstruction
18 services that we started. And that a little under a half a
19 million dollars. And the GMP1, which was the mass grading
20 and the pad preparation, which was approved several months
21 ago. And it still said UP2 Foundations. Elevator retaining
22 walls was approved last month. It was \$7.3 million.

23 And today what we're presenting is GMP3,
24 which is the structural steel, the envelope, the MEP, site
25 utilities, and the adjacent garage that we're going to be

1 building.

2 As far as the dollars, you can see that hundred percent
3 confidence up there. What that really is referring to where
4 we think we are with the budget and the numbers that have
5 been presented thus far. So we're very confident -- the
6 numbers we've submitted today we're very confident with.

7 The next GMP will be GMP4, which is the
8 finishes and the landscape, and artscape, which is going to
9 be a little over \$8 million. And we have a lot of
10 confidence in that number. The 2GMPs below that are --

11 CHAIRMAN McCUSKER: Let's stop there for a
12 minute. We're going to deal with Cat and then come back to
13 the City.

14 Any questions of Sundt or Phil on the request
15 for GMP3, which is \$19,022,205?

16 MR. RUSING: So our target budget at the
17 beginning of this job was \$36.8 million for the structure
18 and the site work. And we are currently at \$36.8 million
19 with our budget working with the architects, which is one of
20 the great uses of this process. So it's been good to give
21 -- to maximize Caterpillar's building for their budget.

22 So to date, once this GMP is approved -- if
23 you see fit to do that -- we will have GMP'ed 76 percent of
24 the project cost with the remaining \$8.8 million, which is
25 about 24 percent. So we're -- have a high confidence that

1 we're right on that numbers.

2 Anyone have any questions for me?

3 CHAIRMAN McCUSKER: We're going to approve
4 this.

5 MR. IRVIN: Motion to approve.

6 CHAIRMAN McCUSKER: I have a motion to
7 approve GMP3. I need a second, please.

8 MR. SHEAFE: Second.

9 CHAIRMAN McCUSKER: Brandi, call the roll.

10 MS. HAGA-BLACKMAN: Edmund Marquez.

11 MR. MARQUEZ: Aye.

12 MS. HAGA-BLACKMAN: Jannie Cox.

13 MS. COX: Aye.

14 MS. HAGA-BLACKMAN: Chris Sheafe.

15 MR. SHEAFE: Aye.

16 MS. HAGA-BLACKMAN: Mark Irvin.

17 MR. IRVIN: Aye.

18 MS. HAGA-BLACKMAN: Jeff Hill.

19 MR. HILL: Aye.

20 MS. HAGA-BLACKMAN: Fletcher McCusker.

21 CHAIRMAN McCUSKER: Aye.

22 (The Board voted and motion carried 6-0).

23 So 6-0, we approve GMP3, \$19,022,000. Let me just
24 remind people on the conversation we're about to engage.

25 The City has worked extensively through Council member

1 Regina Romero's leadership and the city council to take
2 advantage of our contract with Sundt and has elected
3 unanimously to remediate the adjacent landfills and to begin
4 to design the public roadway Avenida del Convento.

5 The smartest thing for all of us would be to
6 cooperate with the City while Sundt is there and allow them
7 to access our agreement.

8 We're both government, we can do that through
9 an IGA. And really, we'll save probably as much as a
10 hundred percent of the cost if the City were to do this
11 themselves. So what we're going to hear now is kind of a
12 sidebar GMP conversation, which we're going to call GMP3A;
13 is that the plan?

14 MR. RUSING: Correct.

15 CHAIRMAN McCUSKER: Which would authorize
16 Sundt to work with us and the City to begin to construct --
17 I guess begin remediation and, at this space, the design of
18 the roadway.

19 Elaine.

20 MS. BECHERER: Good afternoon. Elaine
21 Becherer, the City of Tucson, 255 West Alameda.

22 Mr. Chairman, Members of the Board, thank you. As Rio
23 Nuevo and the City in the region we've all been talking
24 about how Caterpillar is meant to be a catalyst for our
25 community. And with -- yes, the council member Romero's

1 leadership and all Mayor and Council on August 8th they
2 voted unanimously 7-0 to further support that catalyst and
3 to remediate the additional approximately 300,000 cubic
4 yards of landfill to the site to the immediate south and
5 west. And then also to support the project and build the
6 extension of Avenida del Convento.

7 The \$7 million, working with Rio Nuevo and
8 Sundt, we too have a hundred percent confidence in that
9 number. And just to get it on the record, that is money
10 that the City will pay directly to Sundt and our
11 contractors, our consultants. There will not be any level
12 of reimbursement. But through the mechanism working with
13 your counsel and our counsel, because of the efficiencies of
14 the mobilization already having occurred, Sundt being on
15 site, we would like to partner with Rio Nuevo and take
16 advantage of the fact that you're already on-site.

17 But the \$7 million for the landfill remediation will be
18 paid directly by the City. And in the agreement, there will
19 be provisions -- if something were to happen, that the City
20 is, you know, good for it, and we will pay our bills.

21 I do -- the City wants to get that on the record
22 because I think we know it's important for Rio Nuevo to get
23 that question on the record.

24 And then second, for the design of the road, that's the
25 second half million GMP. We don't have a GMP for the

1 construction yet because we're in design. So once we have
2 the design complete, then we come back to you for the
3 construction of the road.

4 CHAIRMAN McCUSKER: Mr. Irvin.

5 MR. IRVIN: So Elaine, I'm always happy when
6 I have a chance to see you present because I know the
7 numbers are good. Worked with you a lot, it's just great to
8 see you in a project. I want to say publicly thank you --
9 because I know a lot of this stuff happens because of your
10 involvement, so thank you.

11 MS. BECHERER: Thank you.

12 MR. IRVIN: Mr. Chairman, I'd like to make a
13 motion that I think we in Executive Session spent a little
14 time talking about what that agreement should look like.

15 I'd like to make a motion that we allow
16 Mr. Collins to wrap up that agreement. And as long as it
17 doesn't deviate from what we discussed in Executive Session
18 that we allow these officers to move forward with that.

19 CHAIRMAN McCUSKER: We may want to approve
20 the GMP first so that you have the money to spend. And then
21 an agreement on how it is being reimbursed.

22 MR. IRVIN: I'll make a motion to approve.

23 MR. MARQUEZ: Second.

24 CHAIRMAN McCUSKER: That would be to approve
25 GMP3A. \$6,919,110.

1 MR. MARQUEZ: Second.

2 CHAIRMAN McCUSKER: Let's make sure that's
3 right. You're showing your slide.

4 MR. SHEAFE: 6,919,110.

5 Just for the record, GMP stands for
6 guaranteed maximum price. So the work will be done for no
7 more cost than that amount of money.

8 CHAIRMAN McCUSKER: Mr. Collins -- and since
9 we already have an existing agreement with Sundt, this is
10 basically a change order between Rio Nuevo and Sundt.

11 MR. COLLINS: It's actually an amendment to
12 the agreement. You can call it a lot of different things,
13 but it's a three-party agreement between -- among Sundt, the
14 City, and the District on which we're grafting the City on.

15 CHAIRMAN McCUSKER: So we're going to come
16 back to that. But we have a motion and a second to approve
17 the GMP.

18 MR. COLLINS: Correct.

19 CHAIRMAN McCUSKER: Brandi, call the roll.

20 MS. HAGA-BLACKMAN: Edmund Marquez.

21 MR. MARQUEZ: Aye.

22 MS. HAGA-BLACKMAN: Jannie Cox.

23 MS. COX: Aye.

24 MS. HAGA-BLACKMAN: Chris Sheafe.

25 MR. SHEAFE: Aye.

1 MS. HAGA-BLACKMAN: Mark Irvin.

2 MR. IRVIN: Aye.

3 MS. HAGA-BLACKMAN: Jeff Hill.

4 MR. HILL: Aye.

5 MS. HAGA-BLACKMAN: Fletcher McCusker.

6 CHAIRMAN McCUSKER: Aye.

7 (The Board voted and motion carried 6-0).

8 CHAIRMAN McCUSKER: So 6-0, we approved GMP3A
9 on \$6,900,000, which will be paid directly by the City of
10 Tucson to Sundt via an agreement, Mr. Collins, that you're
11 working on.

12 So now, Mr. Irvin, fire away.

13 MR. IRVIN: I'd like to make a motion that as
14 we discussed in Executive Session, that counsel work to
15 finalize that agreement with the City of Tucson and the
16 tri-party agreement. And if there's no substantial changes,
17 that the executive officers be authorized to sign.

18 MR. MARQUEZ: Second.

19 MR. HILL: Point of order -- wouldn't the
20 word be material? I'll amend that motion --

21 MR. IRVIN: I'll accept that.

22 MR. HILL: -- or incorporate it at material.

23 MR. COLLINS: Correct.

24 MR. HILL: Okay. Thank you.

25 CHAIRMAN McCUSKER: Missing a second.

1 MR. MARQUEZ: Second.

2 MR. SHEAFE: Mark, certainly included the
3 "good for it" provision.

4 CHAIRMAN McCUSKER: Right. It's Elaine's
5 personal guarantee.

6 We have a motion and a second to authorize
7 counsel to finish the IGA with the City of Tucson, Rio
8 Nuevo, and Sundt; it's a tri-party agreement that will
9 represent our \$6,900,000 and provide for the City to pay the
10 contractor directly.

11 Brandi, call the roll.

12 MS. HAGA-BLACKMAN: Edmund Marquez.

13 MR. MARQUEZ: Aye.

14 MS. HAGA-BLACKMAN: Jannie Cox.

15 MS. COX: Aye.

16 MS. HAGA-BLACKMAN: Chris Sheafe.

17 MR. SHEAFE: Aye.

18 MS. HAGA-BLACKMAN: Mark Irvin.

19 MR. IRVIN: Aye.

20 MS. HAGA-BLACKMAN: Jeff Hill.

21 MR. HILL: Aye.

22 MS. HAGA-BLACKMAN: Fletcher McCusker.

23 CHAIRMAN McCUSKER: Aye.

24 (The Board voted and motion carried 6-0).

25 We're on a roll. That passed unanimously, 6-0.

1 MR. COLLINS: Mr. Chairman, while we're on
2 that topic and while you are on a roll. As -- in addition
3 to having an agreement among the City, the District, and
4 Sundt, we also need an agreement between the City, the
5 District, and SmithGroup, and the design team.

6 So -- yes, for the design of Avenida del Convento. And
7 so I think it would be appropriate, if you were so inclined,
8 Mr. Irvin, to make a motion like you just did but it would
9 be a three-party agreement among the City, the District, and
10 the SmithGroup.

11 CHAIRMAN McCUSKER: Does that have a dollar
12 amount attached to that?

13 MS. BECHERER: A couple of months ago we came
14 to the Board and we have a price not to exceed \$100,000.
15 And we do have a fee from Soma, SmithGroup, as well as
16 Ashley for serving, and it is -- all three combined is under
17 a \$100,000.

18 CHAIRMAN McCUSKER: There you go, Mark.

19 MS. BECHERER: And that, again, would be paid
20 directly from the City.

21 MR. IRVIN: Same motion. We've authorized
22 you to wrap up those agreements.

23 CHAIRMAN McCUSKER: Same motion would give
24 the money to Sundt.

25 MR. IRVIN: Right. As we discussed in

1 Executive Session, per the agreements, if there's no
2 material changes then the executive officers authorized to
3 sign.

4 MR. COLLINS: The tri-party agreement among
5 the District, City, and SmithGroup.

6 MR. MARQUEZ: Second.

7 MR. SHEAFE: If you need any other provisions
8 in there with any other consultant because she's naming off
9 Soma and other places.

10 MR. COLLINS: Somas is working with
11 SmithGroup.

12 CHAIRMAN McCUSKER: Okay. So we have a
13 motion to authorize the counsel to enter into a tri-party
14 agreement between the City, Rio Nuevo, and SmithGroup
15 architects, not to exceed a \$100,000.

16 Brandi, call the roll.

17 MS. HAGA-BLACKMAN: Edmund Marquez.

18 MR. MARQUEZ: Aye.

19 MS. HAGA-BLACKMAN: Jannie Cox.

20 MS. COX: Aye.

21 MS. HAGA-BLACKMAN: Chris Sheafe.

22 MR. SHEAFE: Aye.

23 MS. HAGA-BLACKMAN: Mark Irvin.

24 MR. IRVIN: Aye.

25 MS. HAGA-BLACKMAN: Jeff Hill.

1 MR. HILL: Aye.

2 MS. HAGA-BLACKMAN: Fletcher McCusker.

3 CHAIRMAN McCUSKER: Aye.

4 (The Board voted and motion carried 6-0).

5 6-0, we passed that. Thank you very much.

6 MS. COX: Mr. Chairman, could I ask a
7 question of Phil? Phil, you said that the official name for
8 this is the Caterpillar Tucson Mining Center.

9 So we are no longer referring to it as Caterpillar
10 Surface Mining and Technology headquarters?

11 MR. SWAIM: As of today, that's what we've
12 been directed to -- by Caterpillar to quote.

13 CHAIRMAN McCUSKER: If you can go back to
14 that slide, that's Caterpillar's rebranding of their
15 headquarters.

16 MS. COX: Caterpillar Tucson Mining Center is
17 what you're going to hear tomorrow night.

18 Okay. Good. Thank you.

19 CHAIRMAN McCUSKER: Item 10 I'm going to
20 table. We're still working on that project.

21 No. 11. We have now seen a completed
22 inter-governmental agreement approved by the regional
23 transportation authority and the mayor and council of the
24 City of Tucson.

25 We would be the third party to this, which

1 provides that Rio Nuevo could take title to the so-called
2 remnant properties along the Broadway corridor affected by
3 the widening that is from Euclid to Country Club. We have
4 discretion over any property we choose to take title to with
5 the intent to re-purpose that as retail.

6 This agreement we've seen in exec. All it does is
7 provide for the means in which title is transferred.
8 Everything else would then be decided on a
9 property-by-property basis.

10 MR. SHEAFE: Motion to approve having counsel
11 complete that agreement in accordance with what was
12 discussed in exec providing there are no material changes.

13 MR. MARQUEZ: Second.

14 MR. HILL: Point of order.

15 MS. COX: What about signing it?

16 MR. SHEAFE: With the executive officers
17 approving it.

18 MR. MARQUEZ: Second.

19 CHAIRMAN McCUSKER: We have a point of order.

20 Mr. Hill.

21 MR. HILL: Counsel is -- when they -- can
22 they reference a discussion made in Executive Session?

23 MR. COLLINS: It's more appropriate to direct
24 the executive officers -- or the counsel to finalize the
25 agreement as discussed in e-session with no material changes

1 and the executive officers to sign.

2 CHAIRMAN McCUSKER: We're talking about the
3 document, not the discussion.

4 MR. HILL: That's what had me concerned.

5 CHAIRMAN McCUSKER: Do you want to rephrase
6 that our let it hang out there?

7 MR. SHEAFE: Well, I actually thought what I
8 said was pretty close. So we effectively have a tri-party
9 agreement that we are all aware of that will be posted
10 publicly.

11 My motion is for counsel to be authorized to finalize
12 that, keep it consistent, with no material changes from the
13 agreement that we've already discussed, and then bring it to
14 the executive officers for final approval.

15 MR. MARQUEZ: Second.

16 CHAIRMAN McCUSKER: Okay. We understand that
17 now.

18 Brandi, call the roll.

19 MS. HAGA-BLACKMAN: Edmund Marquez.

20 MR. MARQUEZ: Aye.

21 MS. HAGA-BLACKMAN: Jannie Cox.

22 MS. COX: Aye.

23 MS. HAGA-BLACKMAN: Chris Sheafe.

24 MR. SHEAFE: Aye.

25 MS. HAGA-BLACKMAN: Mark Irvin.

1 MR. IRVIN: Aye.

2 MS. HAGA-BLACKMAN: Jeff Hill.

3 MR. HILL: Aye.

4 MS. HAGA-BLACKMAN: Fletcher McCusker.

5 CHAIRMAN McCUSKER: Aye.

6 (The Board voted and motion carried 6-0).

7 By a vote of 6-0, we are now engaged in the Broadway
8 widening.

9 MR. COLLINS: Oh, don't say it that way.

10 MR. IRVIN: We are not involved in the
11 Broadway widening.

12 CHAIRMAN McCUSKER: I take that all back. We
13 have nothing to do with the Broadway widening.

14 MR. SHEAFE: This doesn't rise to the level
15 of triangle over rectangle, but it comes close. Just a
16 quick update. We might need a motion to spend a little
17 money. But I think god bless Caliber out of Scottsdale for
18 hanging with us on this TCC hotel.

19 We were a little surprised we would have to
20 approach the City on an amended PAD. We did do that. The
21 City agreed to expedite that and give them credit when
22 credit is due; they have in fact expedited our zoning
23 request. We had approval for the zoning enforcement officer
24 hearing a couple of weeks ago. We've had no -- none --
25 neighborhood or any other objection for that matter to the

1 TCC hotel, which would be located in the southeast corner of
2 the Tucson Convention Center. There's one little clause in
3 the zoning officer's recommendation that could cost us a
4 little money.

5 In his approval, in our presentation for the
6 PAD, we've agreed to add 95 parking spaces within the
7 existing TCC complex. We're going to dedicate 75 parking
8 spaces to the hotel. This gives us a net gain of 20. The
9 zoning officer suggested that we should go ahead and do that
10 immediately and not make it a condition to the hotel.

11 We have an estimate from our architect and planners on
12 that that it should not exceed \$100,000. So your options
13 are to try and appeal that opinion to mayor and council to
14 have them soften or remove that language, or just let that
15 recommendation go forward, which would probably be easier to
16 manage.

17 Mr. Irvin?

18 MR. IRVIN: Well, I know we've walked the TCC
19 many times and we know that we're short on parking. I think
20 for the money we'd spend to add these additional spaces,
21 regardless if Caliber comes or not -- and they're coming --
22 but I think it's important for us to go in there. As you
23 already know, we have a parking shortage. Of the numbers
24 I've heard, it's like a hundred grand to do that. It's very
25 inexpensive and will add a lot to our primary component.

1 CHAIRMAN McCUSKER: I think the motion could
2 include that as a cap.

3 MR. IRVIN: I'd like to make a motion that we
4 move forward with the recommendations of the hearing
5 examiner, which asks that we add 95 spaces that were part of
6 that. I'd like to make a motion regardless whether Caliber
7 comes or not that we move forward with that, adding those 95
8 spaces, subject to \$100,000 expenditure.

9 MR. SHEAFE: Cap.

10 MR. IRVIN: Thank you. Cap.

11 MR. MARQUEZ: Second.

12 CHAIRMAN McCUSKER: Any other conversation?
13 Brandi, call the roll.

14 MS. HAGA-BLACKMAN: Edmund Marquez.

15 MR. MARQUEZ: Aye.

16 MS. HAGA-BLACKMAN: Jannie Cox.

17 MS. COX: Aye.

18 MS. HAGA-BLACKMAN: Chris Sheafe.

19 MR. SHEAFE: Aye.

20 MS. HAGA-BLACKMAN: Mark Irvin.

21 MR. IRVIN: Aye.

22 MS. HAGA-BLACKMAN: Jeff Hill.

23 MR. HILL: Aye.

24 MS. HAGA-BLACKMAN: Fletcher McCusker.

25 CHAIRMAN McCUSKER: Aye.

1 (The Board voted and motion carried 6-0).

2 CHAIRMAN McCUSKER: 6-0. A consensus board.
3 We're going to paint us some new parking space. And I do
4 agree with Mark: Caliber is coming.

5 Item number 14. This is the time we finally got
6 everybody together to elect officers for a new two-year
7 term.

8 What is the board's desire?

9 MR. SHEAFE: Our choices are to change or to
10 remain where we are, right?

11 MS. COX: I'd like to move that the
12 officers -- the current officers remain in place for another
13 two-year term.

14 MR. MARQUEZ: Aye. I mean, second.

15 MR. SHEAFE: The executive officers and the
16 chairman, correct? The chairman stays the same.

17 MS. COX: Well, I said the three officers
18 stay the same.

19 MR. MARQUEZ: Second.

20 CHAIRMAN McCUSKER: Mr. Collins, do the
21 officers vote on themselves?

22 MR. COLLINS: Yes, you do.

23 MR. HILL: Do the gentlemen -- and nominated
24 accept that?

25 CHAIRMAN McCUSKER: That would be true in our

1 case. We would have to agree to accept that. Mr. Sheafe?

2 MR. SHEAFE: I accept.

3 CHAIRMAN McCUSKER: Mr. Irvin?

4 MR. IRVIN: I accept.

5 CHAIRMAN McCUSKER: Oh --

6 MR. SHEAFE: You got to accept.

7 MR. IRVIN: I accept subject to you

8 accepting.

9 CHAIRMAN McCUSKER: I accept.

10 It's been a great pleasure to serve. And I'm happy to
11 continue to do it.

12 So with that, Brandi, call the roll.

13 MS. HAGA-BLACKMAN: Edmund Marquez.

14 MR. MARQUEZ: Aye.

15 MS. HAGA-BLACKMAN: Jannie Cox.

16 MS. COX: Aye.

17 MS. HAGA-BLACKMAN: Chris Sheafe.

18 MR. SHEAFE: Aye.

19 MS. HAGA-BLACKMAN: Mark Irvin.

20 MR. IRVIN: Aye.

21 MS. HAGA-BLACKMAN: Jeff Hill.

22 MR. HILL: Aye.

23 MS. HAGA-BLACKMAN: Fletcher McCusker.

24 CHAIRMAN McCUSKER: Aye.

25 (The Board voted and motion carried 6-0).

1 CHAIRMAN McCUSKER: And I vote for myself.

2 -- and all my colleagues -- it's been a pleasure we're
3 doing great work and the entire state is proud of what we're
4 doing.

5 MR. SHEAFE: I think we ought to say a little
6 more here. I tell you, I've served on boards, I've worked
7 on things, I really appreciate this board. And I'm
8 absolutely amazed at what our chairman is capable of getting
9 done.

10 I sometimes wonder if he has anything else in
11 his life going on because he seems to be in meetings
12 handling details, staying on top of the myriad of details
13 that boggle my mind. In the meantime, he starts and sells
14 successfully another business and now is starting a third
15 one.

16 We really have been graced by extraordinary
17 leadership in this Rio Nuevo effort.

18 And I recall very clearly sitting with our
19 chairman and with Mark before we accepted these assignments
20 and started this new board and looked at what was before us
21 and seriously wondered how we would be able to navigate
22 through. But it just seemed like we had a possibility of
23 getting something done.

24 And I can tell you I have plenty of things
25 going on in my life, but one of the reasons I've stayed with

1 this is this board and speaking for myself and the
2 remarkable leadership coming from our chairman. So when I
3 voted yes, I voted it really with a lot of knowledge that
4 Tucson has been served just amazingly well, and especially
5 by my two members, Mark, and, of course, our chairman, who,
6 as I say, has been remarkable in his capability of handling
7 all of these processes. And I'm enjoying riding on his
8 shoulders and the other board members' shoulders.

9 MS. COX: Well, hear, hear. I would agree
10 with everything you said except that I would include you in
11 that because we are totally transparent, and we can be
12 transparent with a lot of confidence because you look over
13 every word, in every contract, every dollar that leaves
14 here, and with a lot of background and knowledge of all of
15 the issues. And without that, our chair and Mark couldn't
16 do what they do, and we appreciate you just as much.

17 CHAIRMAN McCUSKER: And, you know, as much as
18 I would take credit for some of that, I think the fact that
19 we are a consensus board, and we're not mainstream
20 politicians, has really allowed us to gain unbelievable
21 credibility in every sector of our community and state.

22 We've become nonpartisan. It's about
23 downtown it's about what we can build, what we can do, and
24 grow together, and I think people are recognizing that. The
25 fact that the governor, and the speaker, and the president

1 would even consider an extension speaks to all of us. This
2 is the same group of people that could have by all rights
3 and with gnat's hair difference terminated the District in
4 2010. And they made it pretty clear to all of us when we
5 got involved. I remember that the president in the senate
6 told me at the time you have six months: If you don't do
7 something in six months, we're going to shut that thing
8 down; so that was seven years ago.

9 MR. MARQUEZ: I'd like to remind people -- in
10 town, when I speak to them is we're not up for reelection
11 and we don't have a term limit. We serve at the pleasure of
12 the state legislature. And it's almost -- it's a very
13 eclectic group up here. Everyone brings their own
14 strengths, from real estate entrepreneurs, to a former state
15 legislator at the end, that keeps us true, in all senses of
16 the word.

17 I'm always amazed as a nonexecutive member
18 how many meetings you all go to get a lot of this behind the
19 scenes work done. And for those of you in the audience, we
20 have some healthy debates in e-session and we talk things
21 out. We may be consensus up here, but it's been a drag out
22 fight a lot of the time and we've come to a good common
23 ground in a lot of ways.

24 CHAIRMAN McCUSKER: You're not allowed to
25 talk about that.

1 MR. MARQUEZ: I know, I've got the lawyer in
2 the room. But it's a fantastic board and, Tucson, we were
3 due for it. We were due for the momentum --

4 CHAIRMAN McCUSKER: My wife solved the "how
5 do I do it?" mystery. Unbeknownst to me, we were recognized
6 publicly for our work as a couple. They let her speak --
7 not me, which was a really smart thing. They asked her, why
8 are you so successful? And she said, simply, Fletcher
9 doesn't have a plan B.

10 MR. MARQUEZ: That's so true.

11 CHAIRMAN McCUSKER: And it hadn't dawned on
12 me then that I'm kind of all in on everything.

13 MR. MARQUEZ: That's so true.

14 CHAIRMAN McCUSKER: Any call to the audience?
15 Entertain a motion to adjourn.

16 MR. IRVIN: So moved.

17 CHAIRMAN McCUSKER: All in favor say, aye.

18 (Ayes.)

19 Let's just do a quick date update. The
20 November meeting is the 14th.

21 MR. COLLINS: No it's the 21st.

22 Let me double check.

23 MR. MARQUEZ: 21st at 1:00.

24 MR. COLLINS: 21st at 1:00.

25 CHAIRMAN McCUSKER: All right. That's also a

1 city council day?

2 MR. COLLINS: It is.

3 CHAIRMAN McCUSKER: And we may be at city
4 council.

5 MR. COLLINS: You may.

6 CHAIRMAN McCUSKER: That's not going to work,
7 unless we do it some other time.

8 MR. COLLINS: Well --

9 CHAIRMAN McCUSKER: I think we are agendized
10 that day for the city council.

11 MR. COLLINS: For what?

12 CHAIRMAN McCUSKER: For the Caterpillar
13 agenda item. We may want to use that to move the --

14 MR. COLLINS: He's got a problem with a 14th.

15 MR. HILL: I do too.

16 MR. COLLINS: Oh, you do too.

17 CHAIRMAN McCUSKER: Here's a novel idea. Is
18 there a reason we need to meet in November?

19 MR. MARQUEZ: I can do it the 14th.

20 MS. COX: I can too.

21 MR. HILL: I'll be in Berlin.

22 CHAIRMAN McCUSKER: Let's set November for
23 the 14th.

24 MR. IRVIN: Can we push it back a half hour
25 to 1:30?

1 CHAIRMAN McCUSKER: Sure.

2 MS. COX: Yes, let's do that.

3 CHAIRMAN McCUSKER: And then December is
4 currently scheduled for what? Seems like that was early
5 too.

6 MR. COLLINS: Yeah, it is early.

7 It's -- 12th.

8 CHAIRMAN McCUSKER: Does that work for
9 everybody?

10 MR. MARQUEZ: 14th at 1:30?

11 CHAIRMAN McCUSKER: December 14th. So
12 November 14th and December 14th.

13 MR. COLLINS: Correct.

14 CHAIRMAN McCUSKER: Is that what we're
15 talking about?

16 MR. COLLINS: -- no. It's November 14th at
17 1:30; December 12th at 1:00, correct.

18 CHAIRMAN McCUSKER: And then, Brandi, if you
19 will start on a 2018 calendar and circulate that so we can
20 post that to the website.

21 Thank you, everyone.

22 (3:22 p.m.)

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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