BOARD MEETING

Tucson, Arizona
February 28, 2017
1:00 p.m.

REPORTED BY:
John Fahrenwald, RPR
Certified Reporter No. 50901

KATHY FINK & ASSOCIATES
2819 East 22nd Street
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APPEARANCES:

BOARD MEMBERS:

Fletcher McCusker, Chair
Chris Sheafe, Treasurer
Mark Irvin, Secretary
Jannie Cox
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, Room 222, in the City of Tucson, State of Arizona, before JOHN FAHRENWALD, RPR, Certified Reporter No. 50901, on the 28th day of February, 2017, commencing at the hour of 1:00 p.m.
CHAIRMAN McCUSKER: We're going to call this meeting to order. 1:00 o'clock by the official Rio Nuevo clock.

And thank you, everyone.

Mr. Irvin, do you want to lead the pledge?

(Pledge of Allegiance recited.)

CHAIRMAN McCUSKER: Brandi, you get to call the roll.

MS. HAGA-BLACKMAN: Fletcher McCusker.

CHAIRMAN McCUSKER: I'm here.

MS. HAGA-BLACKMAN: Chris Sheafe?

MR. SHEAFE: Here.

MS. HAGA-BLACKMAN: Mark Irvin?

MR. IRVIN: Here.

MS. HAGA-BLACKMAN: Edmund Marquez?

MR. MARQUEZ: Here.

MS. HAGA-BLACKMAN: Jannie Cox?

MS. COX: Here.

MS. HAGA-BLACKMAN: Jeff Hill?

CHAIRMAN McCUSKER: Mr. Hill is absent, probably doing tax work, we understand.

Cody Ritchie, I think everyone knows resigned last month. That's the Speaker's appointment. We know that
Speaker Mesnard is interviewing candidates. Hopefully by this time next month we'll have a speaker appointment made. You have in front of you the transcription from the meeting of January 24th. These are verbatim transcriptions. Any questions, comments, changes, or additions?

MR. MARQUEZ: I move to approve.
CHAIRMAN McCUSKER: Second, please.
MR. IRVIN: Second.
CHAIRMAN McCUSKER: All in favor aye.
(ayes.)
This is time set for Executive Session. I would need a motion to recess.
MR. IRVIN: So moved.
MS. COX: Second.
CHAIRMAN McCUSKER: All in favor say aye.
(ayes.)
We should be back here in an hour.
(The Board recesses for Executive Session at 1:02 p.m.)
(The Board reconvenes for the public meeting at 2:23 p.m.)
(Mr. Hill is present.)
CHAIRMAN McCUSKER: We are going to reconvene. We need a motion to reconvene, please.
SECRETARY IRVIN: So moved.
MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(ayes.)

Thank you for bearing with our Executive Session.

You can see we have a lot of stuff going on and we have a slow-talking lawyer.

Where is our slow-talking lawyer?

I'll try and pick up some tailwinds here with my remarks. Just a couple of things that people ask me about all the time.

Caterpillar is on everybody's radar. I think everyone knows we hired SmithGroup out of Phoenix as the architect. We have hired Sundt as the contractor. Most of the early work between now and June will be on the site, site prep, site engineering. We have retained a firm to scope for us the issues around the landfill, so Sundt will be bidding out estimates to remove and remediate the landfill debris, not only in the Caterpillar parcel but the adjoining parcels.

So the first time since I've been on the Rio Nuevo Board we have been talking about the "A" Mountain landfill, we will soon have a hard estimate on the cost of actually removing and remediating those landfill projects.

So the architects have been meeting with
Caterpillar staff, and they will start meeting with the community and others probably next month; that should move along pretty quickly. They want to occupy their new space in March of 2019.

A couple of legislative things that seem to be working out. You probably followed with great interest if you're downtown developing -- the Representative Leach's bill, which would really challenge the GPLET, which we used extensively develop in Tucson.

And I can tell you that we're very grateful to Representative Leach for his cooperation in this. We've alerted him to the issues it creates for Rio Nuevo and downtown Tucson. It certainly affects Caterpillar; but also a number of our other projects. He's assured us that as the bill advances, it would do no harm to Rio Nuevo. So we are expecting maybe to see that amended in the senate, but we're working with him and other legislative leaders to make sure that the GPLET stays alive for Tucson.

This is hotel day, an unbelievable day for Rio Nuevo, to have the opportunity to talk about something we've always dreamed was impossible, impractical, the opportunity to launch not one, but two new hotels. We'll work through those diligently with you in the public meeting. And as you can tell from our agenda, we indeed have a lot of stuff going on.
So, Dan, without further adieu, let's have you up for the financial report.

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

As of January 31st, our cash reserves that are unrestricted about $13 million. Our commitments, again, and as of January 31st, which obviously subject to change here, about $20 million, and that includes some estimates for financing both the Greyhound and the Caterpillar building.

We have not yet received our TIF allocation for November, usually there's about a two-month lag. I was alerted today we'd be getting it any day and it's going to be about a million dollars, which is pretty much our budget.

Of that, I just want to remind the Board that of the million dollars we get in every month, $800,000 is set aside to pay for the bonds. They're usually payable in July. And there's no set aside in April -- excuse me -- in May and June, so our available revenue usually pops up quite a bit towards the end of our fiscal year.

Any questions?

CHAIRMAN McCUSKER: There are none, Dan.

Thank you very much.

Item 7. Scott? I don't know if I should steal any of your thunder, but previewing this, or just let
you go.

MR. IRVIN: Let him go.

MR. COLLINS: Okay.

MR. STITELER: Okay. Good afternoon, Board.

My name is Scott Stiteler -- I just spilled some water. I cannot believe that in the next few months, fewer than six months, we're going to open the AC Hotel.

And, gulp -- today we're going to talk about a second hotel at the Depot Plaza site, Moxy, which I'm very excited to talk about. I often share these stories with my wife and kids: Samantha, 18, her response when we talked about another hotel was: Dad, you're insane. Dad, your nuts.

Henry is 5, and his response -- later that night, I was reading my book and he whispered in my ear: will it have a slide?

And so to the first comment with Samantha, nuts, yes; and then sadly, there will not be a slide.

We're going to talk about five things now:

One, the AC Hotel; two, much needed improvements to the 200 Block -- or the HUB block; three, the Depot Plaza Hotel; four, our modification and agreement; five, timing.

I'll start with timing.

We don't have much time. So there is a lot
of pressure on us with what we're going to discuss today to understand it. Hopefully, the Board is comfortable with it and then move as quickly as we can because we are on a time -- time is not our friend with the AC Hotel opening in four or five months and we have a lot of work to do to modify the agreements.

AC Hotel.

So, our current schedule is to open by the end of August.

As I've shared with many people, it's on time, it's on budget, and it has become a real force in the Marriott family of brands. I think the community is going to be thrilled with the finished product. I can't wait to invite all of you into it and see it live the end of August.

Two, improvements to the 200 Block.

The 200 Block is about a 20,000 square foot building. We've spent about 9 -- a little over $9 million to date, and we're prepared to spend another $3.2 million at some point this year for improvements that include a substantial roof improvement, bathrooms, back of house, finishing the two vacant spaces, and then a completely new experience on the south side of the building that will build that relationship between the lobby and main entry to the AC Hotel and the guests that are arriving in the back of the building. I'll show you some renderings in a moment.
Three, Moxy.

So Marriott, much like AC about three years ago, very few people had heard of the brand, and we started to get excited when we heard which cities and which developers were committing to AC, cities like Miami and New York and Denver, et cetera.

And AC is a more mature guest profile. It's still in that moderate price range, about $150 average daily rate. Moxy slides below that at about $125 average daily rate; it's millennial-driven, and it, much like AC, is becoming a brand that is coveted by many developers, which means, again, Cherry Creek was just announced.

Seattle, Washington across from Amazon's headquarters, four Moxy's in New York City, two of them under construction, the developer, Lightstone, has committed for over a billion dollars to build Moxy, a brand that no one had heard of a year ago -- Atlanta, New Orleans, Kansas City, San Diego, San Francisco -- in Europe, about 20 properties -- Milan, Oslo, Frankfurt.

All right. We can talk about the agreement now.

I'm going to show you some pictures and then we'll talk about the agreement.

Can this be expanded, Leo? So on the left side of the screen, AC Hotel,
8 stories, 137 rooms, about 210 parking spots. As we move to the right, the 200 Block improvements, we cross Congress and we have the One North Fifth apartment building, and then to the right, Depot Plaza site, Moxy Hotel -- about 110 rooms and likely 40 or 50 apartments.

Next slide, please.

CHAIRMAN McCUSKER: I think if you hit the maximize button, you'll get up in the right corner, the little square.

Now that un-maximizes.

MR. STITELER: Okay. AC, we've seen this rendering many times. August opening. We couldn't be more pleased with where we are on this project, our lender feels the same way.

Marriott, that's a relationship that started about four years ago with our company, and it feels like we've known them for decades; it's the kind of relationship where they use words like "unconditional support" with our endeavors. We're very lucky with our relationship with that company.

The next slide, please.

This would be the south side of the 200 Block. The roof you see is a brand new roof that extends from Fifth Avenue westerly almost to Elvira's. Much of the east side of the building will be demolished on the inside,
all of the exterior space will be demolished and replaced
and heavily upgraded -- happening some time this year.

Next slide. Thanks for helping, Miguel.

The front of Playground, part of the
Playground will expand into the former Bianco space. We
will announce a new concept between Bianco and HUB.

HUB sorely needs upgrades. All back of house
upgrades. And a new concept in-between HUB and Elvira's,
and Elvira's at the end of the block.

Okay, I'm really excited about the next
slide, please.

And this is Moxy. Again, millennial-driven.

It layers in perfectly with what AC is going to deliver on
price and experience. It works well in entertainment
districts.

We have Hotel Congress across the street, a
lot of entertainment happening there, the Train Whistle, et

cetera, and this is just a great fit for that type of
setting.

Boy, we've come a long way in that picture
with AC in the background, the 200 Block building, One North
Fifth and then Moxy.

Moxy sits on the Depot site, the foundation
below it will accommodate up to a 10-story building.

Ideally, from a timing standpoint, we're prepared to start
early 2018. Gulp, again. I can't believe we're saying that; but I think it's plausible, probably likely.

And because the foundation is finished -- or far enough along, the build, unlike AC, which is about 19 months, would be closer to 12 months.

Okay. We've talked about AC, the 200 Block, Moxy, timing.

And now let's talk about our modification.

We can go to the next slide, Miguel, please.

Let me touch upon what we've spent to date and then what we're about to spend.

AC Hotel is a $36 million build. We've spent $25 million through last month. Over the next 5 months, we'll spend the next 11, and then open the 200 Block, to-date about a $9 million spend.

Improvements, that would start this year and coincide with the opening of AC, another 3-million plus.

And the Depot project, hotel, some apartments, about a $24 million spend.

None of this includes what has happened at the Rialto block or the One North Fifth apartment block.

On to the next slide, please. If you can expand this just a little bit, maybe to a hundred percent.

All right. Trying to simplify this discussion.
Rio Nuevo has a commitment to Five North Fifth of $4.3 million this summer on the AC project. We are prepared to make that go away, which would allow Rio Nuevo to reallocate that capital on other very important projects. That requires us -- which was not part of the prior slide -- to provide $4.3 million of additional capital into our project and a few other conditions that the bank has requested that we've agreed to.

Two. Improvements and renovations to the 200 Block, a little over $3 million. It's bid. It's designed. And we are in a position to start in late May; and it's about a hundred-day project.

We have a busy year ahead.

Three. The Rio Nuevo commitments to date. We have to go back about 10 years. I'll try and do this quickly.

Depot Plaza is -- the new MLK building, the One North Fifth apartment building, and where we would build the next hotel.

About 10 years ago, the City, Rio Nuevo, our company, made a long list of commitments to that project. Some of them happened, some of them have not happened, and we're revisiting those.

From our standpoint in that agreement, the major commitment on our part in 2006 to 2010 -- a very
difficult time in Arizona in real estate, not very much happening downtown -- we followed through and built out the empty One North Fifth building and about 9,000 square feet of spec retail, which is where Miguel and Sonya from FORSarchitecture's office is located and a few other businesses. That was just shy of a $10 million spend -- a very, very scary time.

Rio Nuevo's obligation in that agreement would go away as part of this agreement.

Four. A commitment to build a new hotel. And a commitment to build that hotel next year and be able to talk about it with a lot of traction this year, which means we would immediately go into design on that project. We've actually started that process.

All right. Five. How is this paid for?

What we're looking to do is recover a portion of some of our spend from TIF revenue to Rio Nuevo. It would have a cap of about $12 million. On the projections on the next page that we provided, if you run it through when TIF expires, it's about $5.6 million, which is the way we have underwritten this transaction. And the revenue would come from AC tax, the 200 Block tax, and Moxy, when it's constructed.

Those are the five main parts of it. I'll go over 6 through 9 quickly.
43 parking spots. Thankfully, we have some spaces already in the Depot Garage, which we use for the apartments. We need additional spots to build a hotel.

Typically, that's about -- for 110 to 130-room hotel, which is our range on Moxy, we would need about 90 spots.

We're going to be able to use some of the apartment spots; we're short about 45 spots. We're not asking for any subsidy on those spots, we just need to work with Rio Nuevo and the City on some type of agreement for an additional 43 spots. And we would pay whatever market rate is required.

We've already talked about the total new spend. The $31 million is on top of the 45-plus that we have spent to date.

The projection on the next page shows, through the TIF, based on our number, AC, Moxy, the 200 Block businesses, about $5.6 million of support. And then it's structured thus far with two agreements, an agreement on each block, the Depot block, the 200 AC block, that they stand on their own -- on their own merit.

Okay. We can -- the next page we can go there for a moment. This was a projection through second half '17 through the end of 2025, the three tax drivers being the AC, 200 Block, and Depot.
If we need to talk about that after my presentation, happy to.

And that is the end.

So if we can work together, get this approval, I can't emphasize enough the 1-2 punch that an AC Hotel and a Moxy Hotel together at the same intersection will provide. It sends a message to employers from other cities that are making decisions on whether or not to move to Tucson, and they're seeing those combinations in their community. They're already familiar with what AC is and what Moxy is, and that's something we very much want to deliver and can deliver.

If you have any questions, I'm happy to answer them.

CHAIRMAN McCUSKER: Let's talk a little bit about the parking situation. The City controls that garage; we don't. We settled with the City and they're paying us back for those construction costs but we have little or no influence over the parking. So you've presented this to the City? Are they favorably disposed toward the parking solution? What can you say about the parking?

MR. STITELER: It's a complicated subject. So favorably disposed -- I'm speaking for the City, which I'm not sure that I can -- based on our meetings, yes, they would like to work with us; however, because of the existing
bond, there is a cap on how many spots can be controlled by the private sector.

In my last meeting with the City, we talked about our ability to just lease the spots at market and would that upset that cap, and they seem to be very open to that.

They also wanted us to work with Rio Nuevo, and your counsel, and perhaps bond counsel, for City and Rio Nuevo on that garage to come up with a solution.

CHAIRMAN McCUSKER: Is that our bond, Mr. Collins?

MR. COLLINS: It is, Mr. Chairman.

MR. STITELER: It hasn't been discussed by the City with bond counsel in about a year.

Our -- because we can do it at market, and quite frankly because we need it for the hotel, we're lucky it's only 40 spots and not another 90 spots.

There's just not room for it. We are hopeful that there is a creative solution. But I think it will require the City, Rio Nuevo, and ourselves, to get creative and make sure we don't do anything to upset the bond.

CHAIRMAN McCUSKER: Questions for Scott?

MS. COX: I just want to make sure I'm really clear. We, Rio Nuevo, don't expend the $4.3 million on the garage. We get that back to reinvest. We give up the TIF
revenue from the 200 Block that we're getting now -- that's existing TIF revenue that we would be giving up until 2025. We would be giving up the future TIF revenue from the two hotels through 2025. That equates to 5.6 million approximately. So what we're giving up is the TIF we have now, and the future TIF, and we're getting back $4.3 million and we're getting two hotels, and an upgraded 200 block.

Is that -- I just want to make sure it's not too good to be true.

MR. STITELER: That's close. But I just want to make sure that there's no gray area in this.

If the TIF is extended in the agreement -- the draft agreement that our counsel has been working with your counsel on, we would still be eligible to receive half of the TIF revenue after 2025 until we arrived at $12 million.

$12 million as a fraction of the $75 million -- is that's about 16 percent, if I'm doing my math right? I think I'm close. And then the 5.6, if the TIF is not extended is about 8 percent of the total project spend.

So we've been sensitive to making sure that these percentages are in line with some of the other projects that have received support.

It's -- this is, in my estimation, one of
those rare win/win/win opportunities. Hope you agree.

And daunting. When Samantha said, Dad, you're nuts. I mean, this is -- my partners, who are tremendous, the Chellgren family and the Dabdoub family, we just spent two days back east talking about today. And we went deep on it. And it is daunting when we haven't opened hotel one. We are excited about it, we have high expectations to already start spending -- which we've done -- and now committing to another hotel.

And the next presenter is going to discuss a third hotel.

But downtown's come a long way and properly located, sensibly-priced hotels, there's room for more than one. Knock on wood.

CHAIRMAN McCUSKER: Mr. Collins, can we talk about the legal structure of this for a minute?

MR. COLLINS: Sure.

CHAIRMAN McCUSKER: Scott, standby in case we have any follow up.

This is a unique structure for us. I don't know that we've done this before. We are using site-specific sales tax in other situations: we have with Gadsden; we are with City Park. So I'm assuming that the legal answer is, yes, we can "rebate" -- my word, site-specific sales tax back to a developer to encourage
MR. COLLINS: As long as the property is owned by the government.

CHAIRMAN McCUSKER: So we would have to take title to the properties --

MR. COLLINS: Correct.

CHAIRMAN McCUSKER: -- for at least the period the GPLET provides.

MR. COLLINS: Correct.

One of the things that you've got to do -- keep in mind that the AC Marriott Hotel, I believe the City leased, and I think what's being contemplated for the Moxy portion of what Scott's talking about would be a lease from the District to his entities.

So it would be the ground, the fee title, if you will, will be owned by governmental entity, City-owned AC Marriott, District on Moxy. So, yes, you can do those. The complicating component is the 200 Block.

CHAIRMAN McCUSKER: And Scott may have to address this. Is there anything about the current AC Marriott transaction that pledges or collateralizes those TIF revenues in any matter to the City, to us?

MR. STITELER: No. And the 200 Block is part of the GPLET also.

MR. COLLINS: Is it?
MR. STITELER: Yes, with the City.

MR. SHEAFE: Do you have financing, Scott, on the 200 that would block this from transferring titles?

MR. STITELER: It was all -- no. We do not have -- Grandpoint, our lender on the 200 Block with a single note and deed of trust and the AC Hotel. When we finish this summer, the GPLET -- we have a GPLET with the City on both the 200 Block and the AC Hotel.

Which is helpful, I believe, right?

MR. COLLINS: It does help, yes.

MR. STITELER: Did I answer your question?

MR. SHEAFE: Yeah, it does. And I don't want to get too much deeper because we're not here to try and ferret out the details. But what you're saying is you've already worked through that and you feel that what you are proposing is something that mechanically works?

MR. STITELER: Yes, we are quite deep into the conversation with Grandpoint and California. They flew out last Friday and toured everything and it's going exceptionally well.

CHAIRMAN McCUSKER: Scott, does the deal fall apart without the parking? Is it subject to 45 additional spaces?

MR. STITELER: Thanks for asking that.
It's going to be tough with a hotel. A hotel guest is going to want a lender, the owner is going to want to be able to drive into something close by and get into the hotel quickly.

I mean, perhaps our fallback is if we had a market rate monthly cancelable deal on the 40 spots, I know that at a minimum doesn't upset the bond, so then we run the risk that it could be taken away.

But I think we need them. But we have to find some type of solution. We'll be as creative as necessary.

CHAIRMAN McCUSKER: What's the Board's pleasure?

MR. IRVIN: I don't mind going first. Having worked on this thing for a while and working with Scott back when we put the AC transaction together, I think he's been incredibly sensitive to our needs to preserve capital. We weren't left with a lot. And I think this does that for us. It pledges revenue -- huge revenues that a lot of us wouldn't be here without the hotel and some other stuff.

So, for me, I think it's a really good creative solution in my mind. And I'd love to see us pursue along the lines that Scott talked about.

CHAIRMAN McCUSKER: Mr. Collins, what action would be required of us today? We obviously can't approve
it because there's still unmet conditions, particularly the 
parking. But we can authorize it to go forward, kind of 
subject to satisfactorily resolving the parking situation. 
The rest of it we control: the use of TIF funds, the 
amendments of our own agreements, you know, we can approve 
all that. The only thing we can't deliver today on is 
really the parking solution.

MR. COLLINS: Mr. Chairman, members of the 
Board, what you might consider doing is making a motion 
authorizing the executive officers and counsel to move 
forward with the draft agreements that Mr. Stiteler's 
attorney and I have put together, hopefully completing them 
in a timeframe that satisfies his needs and on terms that 
satisfy your needs, and bring those agreements back for 
final approval to this Board.

MS. COX: So moved.

MR. MARQUEZ: -- second.

MR. IRVIN: -- second.

CHAIRMAN McCUSKER: Brandi, let's do a roll 
call vote.

MS. HAGA-BLACKMAN: Fletcher?

MR. FLETCHER: Take me last.

MS. HAGA-BLACKMAN: Chris?

MR. SHEAFE: Did you say Chris?

MS. HAGA-BLACKMAN: I did.
MR. SHEAFE: Aye.

MS. HAGA-BLACKMAN: Mark?

SECRETARY IRVIN: Aye.

MS. HAGA-BLACKMAN: Edmund?

MR. MARQUEZ: Aye.

MS. HAGA-BLACKMAN: Jannie?

MS. COX: Aye.

MS. HAGA-BLACKMAN: Jeff?

MR. HILL: Aye.

MS. COX: Fletcher?

MR. FLETCHER: Aye.

CHAIRMAN McCUSKER: Enthusiastically, aye.

Is that 6 of us? 6-0, we passed that unanimously.

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

Scott, I'll personally commit to you to talking about the City about the parking situation immediately, so hopefully we can address that and move this along. It's an unbelievable opportunity.

We all know what you mean to them and Tucson.

You showed it in spades today. Thank you very much.

MS. COX: Thank you, Scott.

MR. STITELER: You're welcome.

(Mr. Hill left the proceedings.)

CHAIRMAN McCUSKER: While we're on a roll, I will take a little introduction for Caliber. I'm sorry that
you have to follow Scott. He's a big act to follow and he's
done an unbelievable amount for our downtown. You heard it
today, over $70 million of personal capital.

We always knew that our work would attract
someone like you. We didn't it know it would be you
particularly, but we've heard over and over again
anecdotally how Tucson is attracting national development
attention in areas of retail, apartments, hotels.

For those of you that don't know Caliber,
Peter will introduce the firm -- they're Scottsdale-based, a
very well-heeled real estate investment fund and not unlike
what we're seeing from Marriott. They're interested in a
hotel property in Tucson.

So having said that, gentleman, Peter, take
it away.

MR. ANADRANISTAKIS: Thank you. I just need
a moment.

CHAIRMAN McCUSKER: We just need a name and
who you're affiliated with for the transcriptionist.

MR. ANADRANISTAKIS: Members of the board,
good afternoon. I have the pleasure of presenting on behalf
of Caliber. My name is Peter Anadranistakis. I'm the
President of the company.

CHAIRMAN McCUSKER: You need him to spell
that?
MR. ANADRAINISTAKIS: S-m-i-t-h.

I have the pleasure of being joined by Roy Bade, our executive vice president and our fund manager. Between Roy and I, we have 50 years of development experience. So like Socrates said, the more we learn, the more we understand we know nothing; however, we do have some good experience in this particular area.

It's an absolute pleasure to be here today and, yes, it's a very hard act to follow, following Scott. I will say that as you learned through presentation today, one of the things that drew us to downtown Tucson -- we have already made several investments in Tucson -- but what drew us to downtown Tucson was Scott's crane in the air and the great work that all of you have been doing.

I'm not going to read our disclaimer that we typically have; however, we do have some business objectives to communicate with you today.

One is, who is Caliber and what do we bring? Second is, the excitement downtown and what we're seeing downtown which we think is absolutely tremendous.

Our experience in hotels and convention centers, what we believe world class convention centers will require including technology, and our expertise with historical projects.
So briefly about Caliber, it's important to understand what Caliber is. Caliber is comprised of 270 individual accredited investors. Why that is very important is because individual accredited investors invest in bad times, and they invest in good times. In bad times, they like to buy existing real estate; and in good times they like to develop real estate.

We have 270 active credit investors, we have over 600 employees, we have 250 million in assets under management and over 300 million in acquisitions, and we are very diversified.

Today, we're going to talk about our hotel strategy and our hotel portfolio. With that said, we own apartment buildings, we own self-storage facilities, we own commercial properties, and we own single-family homes.

We are hoping to bring an incredible team to downtown Tucson. As you'll hear, we already do own some real estate already in Tucson. We have Roy Bade, our executive fund manager, and our executive vice president and fund manager, who not only has significant development experience, but has been a great friend of mine here in Arizona and we work incredibly well together. We're very passionate about Tucson. We call Tuesdays "Tucson Tuesdays." So if you're on the I-10, you might see us coming or you might see us going, but we are here on
Tuesdays. And we know it's not an option, but it's a great start for us right now.

Myself, for 25 years in real estate, and I have a strong technology background; Jennifer Schrader, one of our co-founders, who has an incredibly strong design background, great entrepreneur; Leland Harty, our chief financial officer, you can read his resume; he's one of the best around and we are very fortunate to have Leland; and Chris Loeffler, our CEO and co-founder, who's a former PricewaterhouseCoopers public auditing accountant.

I did want to talk about our core principles for the Board members to know. I won't read all of them but I'm happy to supply a copy of these. This is how we make decisions. This isn't something that we just post in our office. We focus on integrity, honesty, transparency, responsibility, honor, and discipline.

We have won a number of awards. We did win 15 awards last year. I won't go over all of them, but we are a "three-repeat" on the Inc. 500 and Inc. 5000, which means for three years in a row we've either been named the 500 fastest growing companies in America, or the 5000 top fastest growing companies in America.

We're an Ace Award recipient, which means the top 50 fastest growing companies in Arizona, top 50 largest employers in Arizona.
Phoenix Chamber of Congress provided us the Impact Awards for economic driver, one I'm particularly proud is the Better Business Award finalist Torch Award for Ethics.

Think Realty named us -- this is a national recognition Commercial Investor of the Year. Because we are a woman-owned business, most influential woman in Arizona, Jennifer Schrader, was named that last year; Ernst & Young Entrepreneur of the Year finalist; Scottsdale Chamber of Commerce Sterlings Award winner; and our properties receive design awards all the time.

Further recognition in the lodging industry.

(Mr. Hill returns to the Board).

Further recognition in commercial real estate. We were named commercial real estate innovator of the year for Landmark Leaders; and Lodging Magazine named us the top 10 up and coming commercial hotel innovator.

In the media, we are often in the hotel business, AC business, commercial executive, some national publications and, of course, some local news stations.

We do foster very strong relationships with community, City and state officials, so we are hoping to have a very successful communication with you today. And we do get asked to speak a lot of what we refer to as thought leader conferences -- Exchange, being one of them, they're
based out of Los Angeles and they have one in Phoenix; Alliances, which is an entrepreneur organization. And we do give back a lot, either through United through Reading Pipeline Worldwide, Arizona StandDown, and do offer meals at our hotels for our veterans.

So one thing we always say at Caliber is the only thing constant is change, and what you just want to know about Caliber is we're a vertically integrated company. And the benefit to our investors and potentially the benefit to yourselves, having a vertically integrated company, we handle the accounting and finance in-house we handle all the property management in-house, all of our hospitality, we have a hospitality managing partner, along with our internal resources, we manage that in-house.

We have a Caliber Realty, which is a brokerage. We have 10 commercial agents, 60 residential agents, we have a wealth development division, an asset acquisition division, and, of course, what's going to impact and benefit Tucson, we have a commercial development and construction company.

I do want to go over a few of our assets. I'm going to start with -- one of my favorite properties on the corner of Campbell and Prince right here in Tucson. It wasn't a nice property not too long ago, and we feel it's a premiere property in Tucson, an apartment community.
You can see the beautiful community spaces, and beautiful pool area, and the renovations that we've done inside the apartment building. We invite you to take a tour of that property at any time.

One of my favorite properties in our portfolio is the Hilton Tucson East on Broadway. We recently acquired that property last year and Roy was just there the entire day. We're doing a complete top to bottom renovation on that entire property. And without getting into too many details on the numbers, we're basically putting in what we purchased it for. So we purchased it for approximately 9 and a half million, and we are putting in nine and a half million in renovations.

We own the Hilton at Phoenix Sky Harbor Airport. On the docket today, communicated that Caliber controls 51 percent of all the rooms in the Phoenix Airport sub market. One of those properties is the Hilton, the Phoenix Sky Harbor Airport. We also own the beautiful Crowne Plaza at Phoenix Sky Harbor Airport -- and the Holiday Inn Suites at the Phoenix Sky Harbor Airport. And the Holiday Inn and Suites at Phoenix Sky Harbor Airport.

At that Holiday Inn and Suites, we have a beautiful restaurant called Burger Theory. It's one of the top performing restaurants in that chain. It is part of the Intercontinental Hotel Group, IHG, which is Intercontinental
Hotels, Holiday Inns, Crowne Plazas, and is currently the top performing Burger Theory in the entire chain. And this particular restaurant won not only won an award, it's recognized by IHG as the new brand standard moving forward in the southwest.

We also own Hampton Inn Suites next to Talking Stick Casino.

And we also own some properties in Alaska. So when it's incredibly hot in Arizona, we enjoy these economies of scale a go to Alaska and we have two properties in beautiful Ketchikan, Alaska.

What we're proposing in Tucson we feel is very special and we certainly deem complementary to Scott. Again, it's one of the reasons that attracted us to downtown. We feel a modern corporate atmosphere is something that could be very well-utilized here in downtown Tucson at the convention center site. We feel it should be a special place, a place to gather, to meet, to collaborate and stay to return time and time again.

We want to give the patrons who come for the convention a reason to return. And we feel this particular asset class and this particular property would integrate very well with the existing positive energy and good works that have already begun in downtown Tucson and soon to begin as we heard today in downtown Tucson.
And our hotel management partner has been involved with Marriott at the early stages. He was with Bill Marriott when Bill had 20 hotels involved with Disney and on the board of EuroDisney.

We believe a nice hotel that also has some amenities on the inside, whether it's a microwave, a toaster, little things that people can enjoy being inside of the room and making things a little bit more comfortable and give them a reason to come back and of course all the standard amenities that are required, a world-class workout facility, a nice pool.

And we have recognized, as all of you have recognized, Tucson is quickly becoming recognized around the world. And we also want to partner at this particular site to replace the parking with a minimum ratio of 1.2; so whatever parking is displaced, a minimum ratio of 1.2 to be enhanced.

And in our proposal, our development proposal, we're communicating partnering good faith the design the needs of today while taking into account the future needs of tomorrow.

I'm a big technology proponent. And I believe with the advent of autonomous vehicles, today we need parking at that site, maybe we need less in the future, but we will be very pleased to partner with you so that not
only can create a parking structure that's required perhaps
if there isn't the need for parking in the year 2025 or as
much of a need, we can re-purpose that parking structure.

Again, just some pictures of one of the
proposals that we're communicating. And, as you can see my
favorite subject is food, so we feel it should be a special
food and beverage complement to what's happening in Tucson
and all the things regarding food and beverage.

And we also feel a great gathering place
should have a coffee shop. So we specifically want to have
a coffee shop where people could walk up to, and drive up
to, a place to gather. And we've even talked about putting
some of the memorabilia from the Rock and Roll Hall of Fame
that is currently in the convention center and this would
take care of that asset. And we are talking to a couple of
local musicians to partner with us with this coffee all-day,
everyday concept.

So speaking of technology, one of the things
that we feel we can enhance and assist with at the
convention center and at the hotel property is technology.
I would like to virtually introduce you to our chief
technology officer, our consulting chief technology officer,
Mr. Mark Vantage (phonetic). Mark is also a friend of mine.
He sold his last company to Electronic Arts. He became the
chief technology officer for EA Interactive for 14 months,
and he is passionate about using technology into real estate
and we would work together to infuse technology, not only
into the Tucson convention center real estate but also into
our hotel properties.

Mr. Sotirios Kotoulas, which is also a
business partner and friend of mine -- he literally is a
world-renowned architect and world-renowned designer. He is
one of the few folks that was accepted into Cooper Union in
New York City. He's done projects in Israel and China and
Dubai and New York and we hope soon to be Tucson, Arizona.

And, in addition, Sotirios's family and his
father is also a friend of mine is Alpha Masonry. You can
look them up; they've won national and international awards
both for historic restoration projects and have won awards
in 2005, 2007 and 2014. And the reason why we're
communicating that is we feel there is historical -- we
don't feel -- there is a historical component to this
particular site, specifically regarding that the Eckbo
installation that is there -- and we want to not only be
respectful, we would like to be part of the solution long
term for that installation. So, once again, we've got our
entire team behind us. And the entire team that I
mentioned, and I did mention world-class convention centers
in our research and our belief and with our hotel
hospitality management partner who is running convention
We feel there's three key things to have a world-class convention center. It requires the integration of technology, the integration of hospitality, and the integration of food and beverage, and the reason to return time and time again. I think downtown Tucson is reason to return time and time again alone. But I feel that having something that complements what's going on in downtown Tucson is going to have this nice interchange.

We have the experience running the Portland convention center, the Denver convention center, and our hotel and management partner opened the Atlanta Marriott Marquis that has over 300,000 square feet of convention center space.

So some of the aspects in technology integration, it can be what I refer to now as simple as opening your hotel room from your smart phone. It used to be really radical thinking two years ago and it's not quite radically thinking now. Now, typically, you can log onto the an app, you can select the room that you want, you can bypass the front desk and you can go right to your room; but also other technologies, including tablets, to not only communicate what's happening inside the convention center, but communicate when you are going to arrive, to see who your friends are, to see who's checking in.
So to summarize Caliber's track record, for this 125-unit hotel is -- we are a vertically integrated full service company, we have approximately 300 million in acquisitions since 2009; and we have approximately 250 million in assets under management; we're in multi asset class, single family, multi-family, office, hospitality, self-storage, and, of course, with new construction, and been on the Inc. 500 and Inc. 5000 lists for the three years running, and we hope to be a partner with Rio Nuevo.

Thank you.

CHAIRMAN McCUSKER: Let's walk through the economics of the hotel and kind of what you intend to do, what help we can give you. It's an extraordinary opportunity and we agree your timing's perfect.

What does a project like this cost? how do you finance it? How do we help?

MR. ANADRANISTAKIS: Yeah, thank you. So we have a good, better, best scenario. And if we just focus on the good, the overall cost for us to do the construction under a bid scenario is approximately $28 million on this particular site and this particular project. There are some better costs and better scenarios.

We feel that overall the project will have a on a conservative basis, we're projecting a 60 percent occupancy rate in the first year scaling up. We are
projecting $125/night room rate, so a very reasonable room rate. So our rent par is approximately $81.25 on that. So we're projecting approximately $49 million in revenue on a conservative basis generated on that particular site, just from the hotel, just from the restaurants, doesn't include other installations and additional benefits to the convention center.

CHAIRMAN McCUSKER: Over what period?

MR. ANADRANISTAKIS: Over a seven-year period. Yeah, thank you.

And, essentially, what we're asking for is we want Rio Nuevo to continue to do the good work that they're doing in downtown Tucson.

We don't require the money up front. We would like two and a half million dollars at a minimum by the year 2025. And we would like to negotiate in good faith with Rio Nuevo Board regarding parking at that site to address the specific parking needs for today and potentially what may be there tomorrow.

CHAIRMAN McCUSKER: The structure of that would be the conversation we just had with Scott and you would participate in your site-specific sales tax?

MR. ANADRANISTAKIS: Correct.

CHAIRMAN McCUSKER: We would rebate our portion of that to you?
MR. ANADRANISTAKIS: Correct.

CHAIRMAN McCUSKER: Through 2025?

MR. ANADRANISTAKIS: Correct.

CHAIRMAN McCUSKER: Questions for Peter?

MR. IRVIN: Peter, I obviously understand the deal fairly well. I guess the piece that still is kind of up there that we're still struggling with given the discussions that we have to have with the City of Tucson, with SMG, and obviously have to address your concerns and we have our own as well.

Still struggling with the parking piece. and I think it's going to be difficult for us to advance this thing -- every component that you'd like to see advanced, and that's probably one that I think is going to be a tough for us to do today given the fact that we've not had some of the other discussions that we need to have with some of those other people.

So I understand completely what you want to do and what you need to do, but I think it's probably the kind of thing that we're going to have to step back on a little bit and engage a few other people, i.e, SMG, i.e, the City of Tucson, et cetera, so that we can collectively come up with a decision what we want to do.

And one of those -- is not in my mind is replacing the 1.2 parking. We already know we have a
parking issue with the Tucson Convention Center. So I think kind of provides an interesting opportunity for us to sit down with SMG and really talk about what that parking issue is, and then I'll have a similar discussion with the City as well.

And then obviously concurrent with that, we have to figure out how do we fund this, and not only how do we fund it, but what reoccurring revenue stream we have to service a debt to cover that. So probably with that one piece as a concern, I'm not sure I have a lot of other concerns myself, but probably because I spent too much time looking at it.

MR. ANADRAINSTAKIS: Oh, thank you. And we concur. And what we're hoping to do today is get the agreement for the hotel portion so that we can get started. It's something that we would like to get. We would like to get the planning phase started, we've invited our architect, our historical restorers, and our team is wanting to come back next week and get started on the plan, and then alongside of that in parallel conjunction, to discuss the parking needs.

If there's more than a 1.2 required, we'd like to discuss that with you in good faith and can certainly see the need for greater parking today at the site. So we're in complete agreement about parking.
MR. SHEAFE: I don't know how the rest of the board will move, but it makes sense to get this process started. And along with that would be a commitment that we would cover the -- what we've talked about, the soft costs participation in the event that the whole thing doesn't go together.

It looks to me like it probably can. We're going to have to get creative with the parking, and as Mark I think said, I looked at it like we need to have kind of a more comprehensive solution and we need to work with the City and figure out how we're going to deal with a much bigger parking issue than just the hotel. We're going to need to get some flexibility from you guys, the economics and how to work through that, so we're not running down a rabbit hole here that we can't recover from financially. But you know it makes sense to get this thing to begin to coalesce, so --

CHAIRMAN McCUSKER: What the terms sheet provides, we split the soft costs and it breaks up.

Do you want to hear from Mark? You want to walk through the terms sheet? It sounds like we may vote on the hotel piece on that.

MR. IRVIN: Sans the parking.

CHAIRMAN McCUSKER: And separate the parking, per Peter's request and then come back to the parking
knowing that if we don't have a parking solution, it's not
going to work. It sounds like we are in the parking lot
business.

MR. COLLINS: Mr. Chairman, Members of the
Board, as we reviewed, there's a terms sheet that generally
outlines the nature of the transaction that Peter has been
discussing with you.

It would be -- you would provide a portion of
the eastern parking lot of the TCC as the site for this
hotel. That property would be conveyed to Caliber for
construction, would then come back to the District to be
leased on a long-term basis back to Caliber. There are
issues with that, as we've discussed, Irvin's mentioned
them.

Number one, that particular parking lot is
leased to the City of Tucson currently. So there will have
to be negotiations with the City of Tucson.

Number two, that particular lot also provides
security for the bonds that were issued in 2008 and that you
refinanced last year. So the bond holder will have to
approve that.

That being said, if those things can be
accomplished, then this would be -- we'd approach this very
similarly to what we've done on other parcels.

It's going to -- you've mentioned,
Mr. Sheafe, the sharing of the expenses.

Caliber is anxious to move this forward. It needs to have certain work done. It wants to do an initial investment. It has asked you to share in that initial investment of up to $125,000 if this deal doesn't go through.

If the deal goes through, that's part of the transaction -- I believe, Peter, that's part of the $28 million that you're talking about.

So the approach that I think I'm hearing from the Board is that you are interested in pursuing the hotel component.

You recognize that there are problems yet to be solved with respect to the parking component. And as your lawyer, I agree with all of that.

I would suggest to you that if I'm reading you right that you make a motion authorizing the executive officers to move forward with the hotel component, provided that an agreement can be reached on the parking component for this project; and provided that the City of Tucson, the bondholders, and SMG, are in agreement on this process.

MR. SHEAFE: I would like to make the motion, just slightly different but, one, that we authorize up to $125,000 in participation in the event that this thing does not go forward, which releases Peter's group, Caliber, to...
move forward.

And, secondly, we authorize the executive officers to move forward on an agreement with Caliber, which would eventually include both the parking and the hotel, but immediately, the hotel. And that, subject to just one thing -- and that is we need to have the City concur that they're on board with this. And I think, probably because we have one bondholder, we can have a rather short discussion with that bondholder and solve those two problems fairly quickly.

CHAIRMAN McCUSKER: That's a speech; that's not a motion.

Mark, do we have -- we have a term sheet. Is it as simple we approve the term simple sheet? Does it address all the things that you've just identified?

MR. IRVIN: With the exception of the parking component.

CHAIRMAN McCUSKER: Doesn't the term sheet provide that parking is yet resolved?

MR. COLLINS: Yes. The term sheet that was discussed in E Session provides for all of that and leaves open the pieces about the parking.

CHAIRMAN McCUSKER: So we could just vote to approve the term sheet as presented to us in Executive Session. That's your cue.
MR. SHEAFE: So we amend the motion for the term sheet as it was --
MR. HILL: I'll entertain a second. As we have a motion on the floor.
MR. IRVIN: I'll second for conversation.
CHAIRMAN McCUSKER: We don't have a motion. We have a conversation. Would somebody make a motion?
MR. MARQUEZ: I'll make a motion.
CHAIRMAN McCUSKER: No, you didn't make a motion.
I said all we got to do is approve the term sheet. So somebody put this on the table and needs to move that.
MR. MARQUEZ: I'd like to make a motion that we approve the term sheet as discussed in Executive Session.
CHAIRMAN McCUSKER: Now we're Roberts Rules of Order. Somebody second that.
MR. IRVIN: I'll second for conversation.
CHAIRMAN McCUSKER: Mr. Hill.
MR. HILL: Thank you, Mr. Chairman. Chris had mentioned the City of Tucson, since they're in essence the landlord released to them, and that we kind of in this conversation presuppose that they would have to cooperate in this endeavor. That always concerns me. The City of Tucson is the largest can of worms ever foisted on a governmental
entity or a city in the history of mankind.

Having said that, I would hope that that doesn't leave Rio Nuevo that job -- to negotiate that with the City. As you remember, many, many, hours we went through at the top of your office, I never want to do again.

So I'm hoping that that is left to the developer and his good graces than are for the misery of having put up with those people.

CHAIRMAN McCUSKER: We can assure you, Mr. Hill, you will not be invited to those meetings.

MR. HILL: Thank you, Mr. Chairman.

CHAIRMAN McCUSKER: Mr. Irvin?

MR. IRVIN: Peter, one quick question for you. So, you know, we obviously need to figure out the parking. And I guess my question relates to how much planning can you really do until we solve that piece for you? I don't want to be running up a $125,000 bill just for the sake of running one up.

MR. ANADRANISTAKIS: Thank you, Mark.

It's our goal to work in transparency with you and collaboration with you. and it's certainly not our goal to waste anybody's time or money. So we don't want this particular component, as Jeffrey communicated, to hold us all up. We're hoping that you will assist us in any communications and negotiations, et cetera. But we are here
to find creative solutions. So I can personally give you my word and Roy's word that we're here to collaborate. It's not a good use of our time, effort, or energy, to run a bill at $250,000 and ask you to reimburse us for 125.

We're here to do something special at the convention center, which you've already helped. It's just tying it all together. It's just tying everything together. And we hope that you will assist us with the communication with the City so that we can find a solution and collaboration. We don't want the parking to inhibit this process and this development. And you have my commitment that it won't.

MR. IRVIN: I think we have our commitment. I can't speak for Fletcher, but I've worked with him long enough to know that moss doesn't grow on things that move around like rocks. I think probably the first think you're going to see us do is sit down with the City and have some -- we've already had some discussions, but nothing serious.

CHAIRMAN McCUSKER: Mr. Marquez?

MR. MARQUEZ: I just want to take a taxpayer perspective and -- I'm excited about this. I believe I'm correct in saying that Tucson is one of the largest cities in the country that does not have a hotel connected to its convention center. This is a big deal. And the fact that
for so many different deals that we see that we are asked to
put money forth up front, this is literally the deal in
which really beyond $125,000 that we're putting into this
initial piece, we're not asked for money upfront and the
money generated to repay it, to I guess to put in our
2.5 million comes from the sales tax that is generated from
the hotel that we currently do not have.

So I'll tell you from what I've seen in your
presentation, I'm very, very impressed. I'm excited as a
Tucsonan, born and raised, to see a company of your Caliber,
pun intended, coming to Tucson with a deal that you're
presenting to us that we didn't go search for. I just want
to say thank you for presenting the deal to us.

MR. ANADRANISTAKIS: Thank you, Edmund.

We're honored to be here, it's a great community, it's a
great opportunity and it's a great city.

MR. HILL: Call for the question.

CHAIRMAN McCUSKER: We have a motion and
second on the floor. Brandi, call the roll.

MS. HAGA-BLACKMAN: Chris?

MR. SHEAFE: Aye.

MS. HAGA-BLACKMAN: Mark?

SECRETARY IRVIN: Aye.

MS. HAGA-BLACKMAN: Edmund?

MR. MARQUEZ: Aye.
MS. HAGA-BLACKMAN:  Jannie?

MS. COX:  Aye.

MS. HAGA-BLACKMAN:  Jeff?

MR. HILL:  Aye.

MS. HAGA-BLACKMAN:  Fletcher?

CHAIRMAN McCUSKER:  Aye.

By 6-0, we've approved the term sheet.

(Vote taken and motion carries, 6-0.)

We will get busy post-haste. Mr. Hill and I

will make a beeline to City Hall and negotiate that parking.

I agree with them this is an unbelievable

opportunity for us. I think your timing is perfect. We

have unbelievable activity at the convention center.

If I'm not mistaken, we've sold out the last

6 concerts and we're averaging about 4,000 fans for hockey.

We are definitely on the hunt. And we know a convention

center hotel will make a huge difference. So thank you very

much.

MR. ANADRANISTAKIS: Thank you very much.

CHAIRMAN McCUSKER: Item No. 9, I think we

can move quickly on this. We just need to give counsel some

instructions.

Mr. Collins?

MR. COLLINS: Mr. chairman, members of the

Board, you have approved this project quite some time ago.
The component, the construction component, $3.075 million, has not yet closed. It is imminent.

And my request is that you instruct me to proceed forward and quickly -- executive officers and close this transaction as soon as possible.

MR. IRVIN: I'll make that a motion.

MR. SHEAFE: I think we already had that instruction in place. Wouldn't we just continue to --

CHAIRMAN McCUSKER: Refresh our instructions to you to --

MR. SHEAFE: Refresh it.

CHAIRMAN McCUSKER: Post-haste to close this transaction.

MR. COLLINS: That works.

CHAIRMAN McCUSKER: All right. Item 10, same thing, right?

MR. COLLINS: Same thing.

Mr. Sheafe, I'm going have to ask you to step down on item 10.

CHAIRMAN McCUSKER: Don't go far.

Same kind of thing. We are just instructing you to move as long as there's no substantial changes to the documents, we're prepared to close.

MR. COLLINS: No substantial changes to the documents other than what I discussed with you in executive
session; yes, sir.

CHAIRMAN McCUSKER: Thank you very much.

Items 11 and 12, I think we can combine.

We're looking for some board authority here to spend a little money on due diligence on these parcels we currently option from the County. We want to do a Phase 1, we want to do some environmental, we want to do some archaeology, we're going to spend a few bucks.

Mr. Irvin?

MR. IRVIN: I think we already ordered a title report on these?

MR. COLLINS: Correct.

MR. IRVIN: So we got a title report. The next thing we've got to do is actually get a survey to go with that. And we probably need to do a Phase One report and see what that has to say. I know there's probably some archeological that's got to be done.

I could think of a whole litany of things that probably need to be done on both of these parcels. And it seems to me we probably need an authorization, like the survey is not that much money -- some of these other reports are -- but I am thinking we probably need 20, 25 thousand at a minimum?

CHAIRMAN McCUSKER: For both or each?

MR. IRVIN: For each.
CHAIRMAN McCUSKER: Does the County have any of this stuff already or -- Mr. Moffat's here. ** speaker -- We don't have much cultural. We do have a survey on the Broadway property. Our surveyors did it but we do have that.

CHAIRMAN McCUSKER: In other words, we still have to do a lot of work.

MR. SHEAFE: Let me just summarize this real quickly. I think we say, one:

We authorize counsel to communicate with the County to get all the information we've got, and if there are doubts, we would authorize up to 25,000 per property to complete the exploration that's necessary to put us in a position where we understand what we've got there.

CHAIRMAN McCUSKER: Sounds like a motion.

MR. IRVIN: That's a motion; I'll second that.

CHAIRMAN McCUSKER: All in favor say aye.

(Ayes.)

That passes unanimously.

(The Board voted and motion carries, 6-0.)

Quickly, Item 13. I think everybody knows the city counsel unanimously approved Rio Nuevo engaging in what we all call the remnant properties, that's the -- along Broadway widening. There will be some number of properties
that eventually we can acquire and repurpose.

We have enthusiastically received a response from the New York based Project for Public Spaces to help us with this effort. They have done unbelievable accounting projects of similar nature around the country. They are clearly the expert in this space. The project estimation is $75,000.

That's all it would be for them to participate with us immediately through the outcome of this revitalization. The only thing I'm looking for today is authorization to engage the Project for Public Spaces in an amount not to exceed $75,000.

MS. COX: So moved.

MR. COLLINS: Mr. Chairman, and members of the Board, that's a service. That's something that can be solely procured if it is authorized by appropriate members of the executive board -- executive officers. Because $75,000 worth of a service, that falls within the procurement code. There is in your procurement code a sole source exception which could apply here.

So if the motion were modified so that it were to move forward provided that the procurement code was complied with, I think that would work.

MS. COX: I move that we move forward assuming the procurement code is applied -- complied with.
MR. COLLINS: Yes.

CHAIRMAN McCUSKER: So somebody second it.

Who seconded the original motion?

MS. COX: No one.

CHAIRMAN McCUSKER: Okay. So somebody second --

MR. SHEAFE: Second.

CHAIRMAN McCUSKER: It's an amended motion to proceed with the engagement of the project for public spaces as long as we don't violate our own procurement code.

You have a motion and a second. Discussion.

Mr. Irvin?

MR. IRVIN: First of all, you know, I've had a chance to drive this section quite a bit and look at it a bunch. Although I'd like a different process, I think from the City of Tucson, the process we have is the process we get.

One thing that I would be remiss in saying -- or not saying is that one of the things that has been a concern is all the cooks in the kitchen up and down the Broadway corridor. And I think we have made it abundantly clear to the City and to the RTA that we've got some buildings other people do not have, but we don't want to do anything that would in any way, shape, or fashion, slow that project down. So I just know we've talked about that, but I
think it's important just to mention that to the audience.

CHAIRMAN McCUSKER: We should mention, too, it has nothing to do with the roadway itself. It doesn't affect the engineering of the road, the width of the road, or the landscaping, or the intersections.

This is to contemplate how we deal with the remnant properties, tie them together, and create unique renovation opportunities. That's it.

Mr. Marquez?

MR. MARQUEZ: Sorry. Just a quick question. Is the New York-based Project for Public Spaces for the 75,000, it says they coordinate. What do they do for us?

CHAIRMAN McCUSKER: They will run all the envisioning process, all the public input, they will consult with us on each individual parcel about its potential uses and reuses. We'll learn from other projects they have experienced with.

Moreover, these are highly thought of people by every stakeholder: The City, the historians, the Broadway owners. They really bring a neutral voice to what's been very contentious. And I think it will bring everybody together on a common vision.

MR. MARQUEZ: It's up to the 75 number?

CHAIRMAN McCUSKER: Yeah. I think the motion was it can't exceed $75,000.
All in favor say aye.

(All ayes.)

Opposed, nay.

Thank you. We passed that unanimously.

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

Okay. So we've set aside a time for a financing hearing. We're obligated to do that when the District is issuing debt -- we currently have before us.

Do I need to adjourn the regular meeting or still in the regular meeting?

MR. COLLINS: Mr. Chairman, my opinion is you do not need to artificially adjourn. We can call the public hearing now on the Greyhound financing. You've met my partner, Tim Stratton, before. I'm going to let him talk to you about it. It's way too complicated for me.

CHAIRMAN McCUSKER: Are there any calls to the audience? Brandi? Any speakers? No?

Okay. So let's call the hearing to order for the Greyhound bus station financing.

MR. STRATTON: Thank you, Mr. Chairman, members of the Board. This is a public hearing which we are required to have for the issuance of taxes and bonds under the Tax Equity and Fiscal Responsibility Act of 1986, part of the IRS code. This is colloquially known as a "TEFRA Hearing," T-E-F-R-A Hearing.
Notice of the hearing was published in the newspaper in accordance with the federal statutes. So this is the opportunity for the public to comment on the issuance of the tax-exempt loan.

In this case, that we're contemplating for the Greyhound Bus terminal project. That loan will be in the amount not to exceed $2,315,000, paid for as the Board authorized by lease revenues and other revenues of the District, which may be used to secure the loan.

The financing will mature not later than 2028. With that, Mr. Chairman, I would entertain any questions from the Board or yourself, or the public, if there are any.

CHAIRMAN McCUSKER: Let's touch a minute on the 2028 issue. Obviously, the current plans for us to sunset in 2025, so I think as we have discussed with you and our financial staff, we would basically self-amortize this over the -- the TIF. And we don't need a balance due if indeed we sunset the end of 2025. So even though it's a 10-year term, it will be fully amortized and paid by the end of 2025.

MR. STRATTON: That's correct. The way the loan is structured, it's callable at any time. So if the District were to decide to pay off the entire balance in five years, it would have the ability to do so without
paying a prepayment penalty.

CHAIRMAN McCUSKER: And this is under the interest parameters we established as a Board.

ATTENDEE: That's right. If you recall some time ago, we adopted a resolution authorizing the executive officers to move forward to negotiate a financing transaction. This will fall ultimately when it is put together and closed, which we hope to happen relatively quickly. That would fall within the parameters of the resolution which we've previously adopted.

CHAIRMAN McCUSKER: Any questions?

MR. SHEAFE: Remind me, the construction was paid for -- ?

CHAIRMAN McCUSKER: Rio Nuevo was paid for in cash, so we're just reimbursing ourselves.

MR. SHEAFE: And the security, it goes beyond the Greyhound facility and the lease we have with Greyhound, correct?

MR. STRATTON: Absolutely.

CHAIRMAN McCUSKER: And look to our revenue sources from elsewhere as part of the collateral. But the lease payments will be a little short, at least paid off in seven years, so we'll have to pay out the difference.

So I need a motion to authorize us to issue $2,315,000 worth of tax exempt bond.
MR. IRVIN: So moved.

MS. COX: Second.

CHAIRMAN McCUSKER: Is that good? Everyone good? All in favor say, aye.

(The Board voted and motion carries, 6-0.)

CHAIRMAN McCUSKER: Thank you very much.

No calls to the audience.

Brandi, we need to a motion to adjourn.

MR. HILL: Just very quickly, I just want to remind the members in the audience that we just talked about three hotels.

The weakness in our efforts the last few years, according to the auditor general, is a lack of hotels downtown and a lack of focus. And I think we did both in the last few months since then. And I think our detractors in the public should know that that was said in the auditors general's report, and I think we're meeting it, and I want to congratulate the board in trying to preempt some of our normal criticism with that observation. Thank you, Mr. Chairman.

MR. COLLINS: Here, here.

CHAIRMAN McCUSKER: Motion and second to adjourn. All in favor say, aye?

(ayes.)

CHAIRMAN McCUSKER: See you next month. Nice
job.

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CERTIFICATE

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