RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

BOARD MEETING

Tucson, Arizona

May 30, 2017

2:00 p.m.

REPORTED BY:

John Fahrenwald, RPR

Certified Reporter No. 50901

KATHY FINK & ASSOCIATES

2819 East 22nd Street

Tucson, Arizona  85713

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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, in the City of Tucson, State of Arizona, before JOHN FAHRENWALD, RPR, Certified Reporter No. 50901, on the 30th day of May, 2017, commencing at the hour of 2:00 p.m.
CHAIRMAN McCUSKER: We're going to call this meeting to order.

It's 2:00 straight up and down on the official Rio Nuevo clock.

So Mr. Irvin is inbound. I have not heard from Mr. Hill. We do have a quorum.

Mr. Marquez, lead the pledge.

(The pledge was recited.)

MS. HAGA-BLACKMAN: Edmund Marquez?

MR. MARQUEZ: Here.

MS. HAGA-BLACKMAN: Jannie Cox.

MS. COX: Here.

MS. HAGA-BLACKMAN: Chris Sheafe?

MR. SHEAFE: Here.

CHAIRMAN McCUSKER: You're mumbling.

MS. HAGA-BLACKMAN: Mark Irvin and Jeffrey Hill, inbound.

CHAIRMAN McCUSKER: You have the transcription from the April 25th meeting. Any comments, questions?

If not, we need a motion to approve.

MS. COX: So moved.
MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: All in favor say "aye."

(Ayes.)

Those will be posted.

This is the time set for Executive Session.

We need a motion to go to exec.

MS. COX: So moved.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: All in favor say "aye."

(ayes.)

(The Board convenes for exec session.)

(Mark Irvin and Jeffrey Hill join the public proceedings.)

CHAIRMAN McCUSKER: We need a motion to reconvene.

MR. SHEAFE: So moved.

CHAIRMAN McCUSKER: Second, please.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: All in favor say "aye."

(Ayes.)

CHAIRMAN McCUSKER: Okay. We're back in business. Thank you for your patience.

You can tell we have a lot going on in little old Rio Nuevo.

My shirtsleeves are rolled up -- I didn't realize that
until somebody pointed it out to me -- but indeed, today is
a shirtsleeve rolling up day for Rio Nuevo.

We are going to talk with Sundt, our
contractors for the Caterpillar site, about the unbelievable
work they're doing for all of us on the West Side.

We have some bids that have come in. We have
opportunities downtown, which include such iconic brands as
CVS, Loft theaters, and Chris Bianco, and we'll talk about
that today.

We're going to talk to the diocese about the
unbelievable work they're doing at Cathedral Square.

In a note to developers -- and you'll see it in the
agenda a couple times today as it relates to the TCC hotel
project and to the Dabdoub projects -- we have inadvertently
discovered an invaluable tool in our little quiver.
Sometimes desperation can be a good thing.

Since we took over Rio Nuevo in about 2012, we've only
spent $20 million. It seems like we've spent hundreds of
millions of dollars, but when you boil it all down, we've
advanced several hundred million worth of projects with only
a $20 million investment of our own money.

That's because five years ago, we elected to
partner. The old way was a fool's folly for the government
to build and operate these iconic monolithic structures that
was never going to do anything to increase our sales tax
If you look at other successful TIFs, particularly San Diego, Oklahoma City, others, their model was to partner with private developers. And, of course, private developers bring private lenders. And in our view, much more sustainable budgets are created when they are private sector-driven, not public sector-driven.

So we began to hang a shingle outside and say we're open for business. And we've been extraordinarily lucky to partner with pretty much everybody which is developing downtown.

One of the things I've learned with San Diego is we don't get to pick these developers; they picked us. They bought property downtown, pieces of garbage properties that they're renovating now to extraordinary parcels. And we've had a little bit of luck with things like Marriott and Chris Bianco and other things.

But indeed, our intent going forward is to partner. The most valuable commodity is our ability to improve your cash flow by rebating back to your site specific sales tax.

And we hadn't done that before. We did it with the AC Marriott. Historically, we've invested cash into developer's equity pool. That's what we did with City Park, it's what we did with Gadsden, and we were happy to do.
You will hear today we're going to spend six to eight million dollars just on preparing the Caterpillar site, a substantial amount of the cash we have left.

So we began to talk about ways we can help private sector development without a lot of cash available. We made a petition to the legislature. Anybody that tracks Rio Nuevo knows that we met with the governor and legislative leadership about the idea of extending the TIF or the idea of a single appropriation to support particularly Caterpillar.

We were asked to wait. We work for the State, so we wait. We may go back next term, next session, hopefully. Governor Ducey has offered to support us in our endeavors to create economic development.

In the meantime, we're looking at an organization that has $14 million in cash. And Dan will confirm that here in a minute in his report. We net about $2 million a year above the old debt service that the old Rio Nuevo saddled us with. So over the life of the TIF, we'll make another 19- or $20 million.

So for all of us sitting up here over the remaining seven years of our TIF life, we have about 35 million bucks. However, we believe we can leverage that into $300 million or $400 million of activity by being smart in how we partner.
And we're going to talk about a lot of those today.

I will tell you, if you're a downtown property owner and you want to do a project that creates TPT tax, sales tax, and you need some help, you should come see us because we will figure it out.

What the banks have told us about these tax rebates is they create debt service coverage ratios, which makes it easier for them to lend money. So the banks like the programs, the developers like the programs, the State likes the programs. We like it because we're basically giving developers their own money back instead of putting up cash to enable a development.

So those people that think we just sit up here and pick winners and losers, come on down. If you own property, you want to develop something, we're happy to talk to you. We're going to see a lot of that today and hopefully we can advance some pretty significant projects.

So, Dan, I might have stolen your thunder, so see how close I am to reality.

MR. MEYERS: Dan Meyers, CFO for Rio Nuevo.

Although this is May 30th, this information I'm presenting is as of April 30th. And we've got some pretty big things going on, it's going to adjust us a little bit. So as of today -- or, rather, April 30th, we had $11.8 million in banks that's available for use.
We set up our payment for our debt service in 10 installments. We made about $800,000 a month. And that stops on April 30th every year. So the TIF money we receive in May and June stays 100 percent with Rio Nuevo; we don't have to put any of that aside.

So I anticipate that being about $1.7 million after we pay our operating expenses for May and June.

So if we add that to the 11.8, we're about 13.5, right in that vicinity.

As far as commitments, we've got about $11.8 million on the books now. Our February TIF revenue was 850, which is about $150,000 below our budget. However, when Brandi and I scrutinize what we receive, we only see things that somebody may have filed late, or there may have been a change in their accounting staff and that they don't file properly, and we have to go on and search for how to get that money restored. And it eventually comes back to us, but sometimes it's a matter of months until we get it back. That's why our TIF revenue jumps around so much; it's fairly unpredictable.

But it's a lot more predictable now that we have a way of reviewing than it was four or five years ago when I just got here, so I think we really do a much better job of monitoring that.

What's happened since April 30th is the Greyhound
terminal got refinanced, and we picked up 1.8, 1.9 million
on that.

We funded Marist for 350,000 and we paid some for costs
for Caterpillar and other projects.

   MR. SHEAFE: When is the 2 million due?

   MR. MEYERS: I believe that's due on Friday.

   MR. SHEAFE: This coming Friday?

   MR. COLLINS: Arguably Saturday.

   MR. MEYERS: Do you have any questions?

   Oh, one more thing. The other thing is, we're still in
the process of working on the budget. There's a lot of
stuff going on. I think I've got a pretty good draft I'd
like to go over with Chris later this week and get that out
for comments for the rest of the Board.

   CHAIRMAN McCUSKER: Dan, thank you very much.

   Edmund?

   MR. MARQUEZ: I have a question on the
$170,000 on the TCC remodel. Are we done there? Or are
there still some outstanding ... ?

   MR. MEYERS: There's still retention, a few
other things hanging out there. I don't think there's a
whole lot more. But I'd like to get that wrapped up.

   MR. MARQUEZ: Yeah. Thank you.

   MR. MEYERS: Thanks.

   CHAIRMAN McCUSKER: Let's move on to
Caterpillar. I'm going to reverse the order and take item 8 first and talk about the lease. Then we'll move to the piece developed by Sundt on the site prep.

To remind everybody what we're doing as part of the enticement for Caterpillar's relocation of their mining division to Tucson, Rio Nuevo made a number of commitments. One of those Chris just asked about, that's the upfront cash that we committed to Caterpillar, $2 million.

We also agreed to build to suit their headquarters building and then lease that back to Caterpillar. That's about the extent of that conversation nine months ago.

Then we made a 392-page lease, then, out of that. In other words, down to the stake that we started with.

We have gotten Big Caterpillar, as Caterpillar corporate, to guarantee the divisions' lease that was an important piece for us that's working its way into the documents. That obviously makes it much more financeable to have a Fortune 500 company behind it, not just the division of a Fortune 500 company behind the lease. And we're working through the financing piece of that as we speak. So obviously we agreed on a budget. That budget now is $43 million.

Rio Nuevo will borrow that money either directly from a commercial lender, or we will issue bonds -- at least
revenue bonds, and then Caterpillar's lease will be the debt service on those obligations. We've agreed, then, we wouldn't mark that up. I think we did propose $50,000 handling fee for just the work of managing the Caterpillar lease.

So we are dangerously close to having the lease, but I would say they're not there today, Mr. Collins. That is a safe way to put that.

So update us and the public on where you are with Caterpillar and what we have to do to wrap this up.

MR. COLLINS: Mr. Chairman, Members of the Board, you're accurate when you say we're not there yet. I sent a draft lease to Caterpillar on the 17th of December. I received their first comments on the 19th of this month.

I have returned my comments to them. We have aways to go.

However, I think that the primary component is the financing that you just talked about. It needs to be -- the rent component of the lease is made up principally of the $43 million that Caterpillar has agreed to repay the District for, the cost of refinancing -- or financing that and an interest rate.

And the interest rate is a sticking point. And it is such a sticking point that, in my opinion, you ought not to be spending any more money on Caterpillar until you have a
signed lease, because only when you have that signed lease
would we then be able to go out and finance that $43 million
and the rest of the cost.

So that's where we are with the lease. It's doable.
We've got aways to go.

CHAIRMAN McCUSKER: It is a chicken and egg
kind of thing, though, right? You can't finance without the
lease. You can't complete the lease without understanding
the financing. So at some point, these things have to meld
more specifically at the same time.

MR. COLLINS: Correct. And obviously, one of
the biggest issues is tying down an interest rate.
We've all lived through an interesting time of interest
rates. Fortunately, we're pretty flat right now on the
rates that would be applied here. But Caterpillar wants a
special rate, and so it's not going to be that simple.

So to your point, Mr. Chairman, I think what needs to
happen is there needs to be a conceptual agreement on
exactly how much Caterpillar is going to pay in addition to
the $43 million, what interest rate they're going to pay.

Once those terms are decided upon, we lawyers
can craft the language to do that.

MR. SHEAFE: Is your problem simplified if
Caterpillar were to say we will negotiate the interest rate
and we accept whatever we negotiate?
MR. COLLINS: Sure. But that's kicking the can down the street because you can't -- you can't take that back to the bank.

MR. SHEAFE: Why not? If the rate is negotiated and built into the lease, then Caterpillar accepts that risk.

MR. COLLINS: And then what if Caterpillar says, no, I'm not doing anything over 2 percent?

MR. SHEAFE: Well, yeah, I'm suggesting if they agree to that. If they do not agree to that, then that throws it back to where --

MR. COLLINS: Yes, I agree with that. I agree with that. I think, conceptually in my mind, anyway, if -- for example, if this Board was going to -- if Caterpillar wanted a 3 percent interest rate, which is below market today -- if Caterpillar wanted a 3 percent interest rate, the Board could secure financing, pay extra money to be able to secure that interest rate, and all of that could be written into the lease. And the lease would then address what happens if there's a spread between the 3 percent and the actual cost.

As you know, Mr. Sheafe, probably better than I do, that can be crafted in language. But there's got to be an agreement on what the components are. We know we've got 43 million bucks, we know there's going to be some cost
of issuance. The interest rate's the big deal.

CHAIRMAN McCUSKER: Will you walk through the rest of the lease for us, its term, option to purchase, just kind of the nonfinancing pieces, Mark, just to refresh?

MR. COLLINS: Yes.

CHAIRMAN McCUSKER: And while you're doing that, generally, you have an agreement on those nonfinancial issues as you kind of tick them off?

MR. COLLINS: Well, as you allude, the lease is roughly 90 pages long.

CHAIRMAN McCUSKER: I was a couple hundred over.

MR. COLLINS: So it's a 25-year lease currently. There had been discussions of shortening that lease, and those discussions have been in connection with the findings. But 25 is as long as you can lease it.

The rent is the biggest component that hasn't been decided upon. The guarantee by Big Cat -- this lease is between the District and Surface Mining and Technology's Division.

Caterpillar corporate, or "Big Cat" as I have called it, has agreed conceptually to guarantee the lease. We have provided the language of that guarantee to Caterpillar, Big Cat and Little Cat. I don't know what their position is on it, but it's a straightforward guarantee.
The lease requires the District to build the facility in accordance with the plan and specifications that Phil Swaim, and Sundt, and SmithGroup have been working on with this Board and with Caterpillar. All of that is in these lovely 90-some-odd pages.

CHAIRMAN McCUSKER: And they do have an option to purchase?

MR. COLLINS: Yes. The option to purchase is available to them. To exercise the option, they have to pay you the unpaid balance of the 43-plus, and any other charges that may have been -- they may have incurred.

This is unlike a real live rental where you might do present value. This is you guys are incurring $43 million plus, $43 million is being financed, and so they would have to pay the balance of that. The 43 million currently would be amortized over 25 years, plus interest.

CHAIRMAN McCUSKER: They can exercise that at any time?

MR. COLLINS: Correct. They could.

For a variety of reasons, it's unlikely they would do it before 8 years. And based upon the terms of the lease, they have the benefit from excise tax, not only for the first 8 years, but years 9 through 15 as well. So it's unlikely in my mind that they're ever going to exercise that option short of 15 years.
CHAIRMAN McCUSKER: How much time do you believe it will take to finalize the lease?

MR. COLLINS: I'd like to think we can get it done by the middle of next month.

CHAIRMAN McCUSKER: Mr. Marquez.

MR. MARQUEZ: I know there are a lot of moving pieces to this. This is such a -- I will call it a complicated deal for a non real estate guy here.

I just want to publicly say thank you to you and Fletcher. You guys have been really trying to expedite this and move this deal along. It's such a big victory for Tucson. So just thank you. And hopefully we can get the other side as well to work on expediting so we can get this deal done sooner than later.

MR. COLLINS: Thank you, Mr. Marquez. It's complicated even for the people who have been doing this awhile.

CHAIRMAN McCUSKER: I'll reserve my next question for Sundt. But I think they were planning on having heavy equipment on that site, like, Monday, so if we delay even two weeks, it could create some implications for the whole project.

MR. COLLINS: It could. But when you get back to that agenda item, that's a roughly $7 million GMP. And that's spending $7 million of your money without a
signed contract from Caterpillar.

And you guys have the authority to do that.

As your lawyer, I'm advising you not to do that, however.

CHAIRMAN McCUSKER: Often, on a unfinished
item where we believe you might wrap it up between now and
the meeting, we have authorized the executive officers to
complete the work.

This is probably not the kind of thing I would suggest
that we allow anyone, other than the full Board, to review.

So the next meeting, I believe, is June 20th.

MR. COLLINS: That's right.

CHAIRMAN McCUSKER: I can certainly call a
special meeting.

MR. COLLINS: Yes.

CHAIRMAN McCUSKER: And would if you get the
lease done before that.

MR. COLLINS: Yeah.

CHAIRMAN McCUSKER: Unless somebody wants to
argue with counsel, I tend to agree, we should not advance
the Notice to Proceed until we have a lease signed by both
parties.

MR. IRVIN: I wholly concur.

MS. COX: Me too.

CHAIRMAN McCUSKER: So go forth and write a
lease and we'll schedule a special meeting. I'll find what
that does to --

MR. COLLINS: Right.

Mr. Chairman, Members of the Board, you have previously authorized my office and the executive officers to do that. Now that Caterpillar is engaged on the lease-writing effort, I'm hopeful that the turnarounds happen more quickly.

CHAIRMAN McCUSKER: Thank you.

Back to the Caterpillar site prep item.

Sundt is here. These guys have done an heroic amount of work in a short amount of time. I think none of us really understood the treachery we were getting into on that side, but the landfill has turned out to be worser and deeper than we ever imagined.

Caterpillar has insisted not only that that be remediated, but we create a buffer around any human contact with the former landfill. Besides the floodplain, the main sewer line runs right through this property. You probably couldn't have picked a worse site to build a building on.

In spite of that, we have a manageable project. Everybody remains excited about the reasons they picked this site, which is its iconic history in terms of Tucson's origins, its viability being on the streetcar line, and the opportunity to activate the West Side, all the
things we got into this.

So we asked Sundt in the last meeting to go ahead and get some hard bids on what they would need to do to prepare for this and they have done that.

Ian, introduce yourself and walk us through the I guess it's two GMPs we're looking at.

MR. McDOWELL: Sure. Thank you, Mr. Chairman, Members of the Board.

First off, my name is Ian McDowell. I'm the vice president of Sundt Construction. I'm the director of our Tucson office.

It has been an interesting process for us as well. We've certainly learned a lot about landfills. And it's certainly, as you've alluded to earlier, a complicated process when you're talking about things you can't see under the ground.

And regarding the GMP process, we did go out and identified 12 possible bidders we thought were good candidates for this project. In the end, we received 6 bids, wound up interviewing 3 of the candidates, and we've selected the appropriate candidate for the project.

Obviously, our ability to identify that subcontract will depend on us getting notice to proceed and us executing a successful contract with that potential bidder. But we think we've got a really good plan and path to get us where
we need to be at the appropriate time.

CHAIRMAN McCUSKER: Go through the GMPs with us. You have something and were going to show us a PowerPoint?

MR. McDOWELL: Sure. There's 3 components of the GMP that we've divvied up into two separate GMPs. There's really three components that are very deeply intertwined.

There's the remediation of the landfill. The landfill can be between 25 and 30 feet deep in places. Obviously, we have to remove all that landfill material.

There's actually some material on the top of the landfill that can be used, which we have a plan to do. That material will likely go and be placed over the area where the second major part of the GMP is happening, which is the sewer work.

All of this -- the last piece I'll throw in there is the mass grading component, which you see there the Caterpillar is identified as GMP 1. That portion is essentially built up to construct the site in a way that achieves the Caterpillar design, so what we've been working on with SmithGroup and everybody else.

So suffice to say these three components are deeply intertwined: You pick up a bucket of dirt in one area and move it to a different direction. All of this will
be executed simultaneously with the intent to being ready to
work on the building pad on or about the middle of October
of this year.

CHAIRMAN McCUSKER: What do we do to the
schedule if we back up a couple weeks?

MR. McDOWELL: So it was actually the ninth
was the day we expected to have ironed out on the site. If
we back up a couple of weeks, there are things if you'd like
us to we can do to keep it moving administratively, just
getting paperwork done, agreements executed -- agreements
negotiated, but not executed.

So there are certain things that we can do in
the interim to keep the momentum going and put us in the
best possible position to move forward when we do move
forward and give us notice to proceed. Certainly, as we
move further past the ninth, it will impact our ability to
deliver the building pad in October.

CHAIRMAN McCUSKER: Mr. Collins, I'm assuming
we can approve the GMP subject to the finalization of the
Caterpillar lease. I wouldn't necessarily need to agendize
these again if the Board is so inclined to approve them,
only if and when the final lease is completed. Then we kind
of automatically kick in. Is that . . . ?

MR. COLLINS: Mr. Chairman, Members of the
Board, I'm going to step into Ian's territory here a little
bit. But I think what you would do is authorize the GMPs that he's just spoken about, but not issue a notice to proceed on those GMPs yet.

It's my understanding -- and Ian can jump in. If you authorize the GMPs, and he can continue with some of the administrative stuff as he talks about negotiating the contracts with the subcontractors, doing those sorts of things, while on another track we're working on the lease with Caterpillar, with the target being, as he says, the ninth, as close as we can get to that -- I don't want to build anything else, but there may be some flex in that. But it's got to get done very shortly.

And I think the other component that Ian -- I've talked to Ian about, if you notice in the GMPs, the $1.6 million there, that's under the Caterpillar column. If that isn't done at the same time -- these wizards at Sundt can make it all work, but it's going to cost more money and it's going to take more time.

So I think everybody's motivated -- certainly everybody in this room is motivated to have that 1.6 done at the same time as Ian has programmed it out. We need some confirmation, however, from Caterpillar that that 1.6 is coming out of their construction budget.

MR. SHEAFE: We're assuming, then, that gets solved in the satisfaction of the lease, correct?
MR. COLLINS: Correct.

MR. SHEAFE: We have the negotiated, signed-off that covers the 1.6?

MR. COLLINS: Yes. In fact, I didn't mention it, but the draft that I have now sent back to Caterpillar specifically includes that number as being part of the construction component of the overall budget.

Mr. Chairman, Members of the Board, you've seen the project budget several times. Phil Swaim knows it by heart, I think. It's a roughly $36 million construction budget, and the issue is whether that 1.6 comes out of that 36.

CHAIRMAN McCUSKER: Here's a harebrained idea.

MR. COLLINS: Goody.

CHAIRMAN McCUSKER: I guess it goes to whether or not we intend to develop that site with or without Caterpillar. Because if that was the case, there'd be no reason for us not to invest in this remediation and site prep.

We're not wasting money just remediating -- the whole thing has always been part and parcel Caterpillar. It was never our intent to do anything other than Caterpillar. But would it be imprudent of us if we are so inclined to authorize that $4.8 million gets them to work even though we
may not end up with Caterpillar there?

    If we did that, you couldn't combine the grading, though, because that is totally a Caterpillar item.

    MR. COLLINS:  Yep.

    MR. SHEAFE:  Would it be appropriate to just have a motion to approve the GMP, which would allow the administrative and not issue notice to proceed, restrict that, and then if he's successful, I think, Mr. Chairman, it would be your prerogative to call an immediate special session, because this is big enough that you'd need to take action right away.

    CHAIRMAN McCUSKER:  Make that a motion.

    MR. SHEAFE:  The motion is to approve the GMPs, and reserve the Notice to Proceed and not approve that as an action by this Board.

    MR. HILL:  I don't think you can put in motion negatives.

    MR. SHEAFE:  Approve the GMPs without approving the Notice to Proceed. The Notice to Proceed will require additional action by this Board.

    MR. MARQUEZ:  Can I get clarity on that? We're moving forward with spending on the GMPs?

    CHAIRMAN McCUSKER:  No. We're authorizing the GMPs, but not issuing the Notice to Proceed. They can't start actual work until they issue a Notice to Proceed.
MR. COLLINS: Sundt is going to incur some expenses to do this, but it's not in that neighborhood of what we're talking about, the $4 million and 1.6.

MR. MARQUEZ: So that's the administrative costs?

MR. COLLINS: Yes.

MR. MARQUEZ: So we're still waiting for the lease?

MR. COLLINS: Yes.

CHAIRMAN McCUSKER: I don't have a second for that motion.

MR. IRVIN: I'll second it.

CHAIRMAN McCUSKER: So the conversation is to approve GMP 1 and 2.

MR. COLLINS: Just 1 and 1A.

CHAIRMAN McCUSKER: And for people that don't know the jargon, "GMP" means guaranteed maximum price.

So this is an agreement we're making with Sundt whereby our exposure is no more than what they've identified it is; however, we would, before we issue a Notice to Proceed, call a special meeting for that purpose, and that can occur only with the completion of the Caterpillar lease.

Brandi, call the roll.

MS. HAGA-BLACKMAN: Edmund Marquez?
MR. MARQUEZ: Aye.

MS. HAGA-BLACKMAN: Jannie Cox?

MS. COX: Aye.

MS. HAGA-BLACKMAN: Chris Sheafe?

MR. SHEAFE: Aye.

MS. HAGA-BLACKMAN: Mark Irvin?

MR. IRVIN: Aye.

MS. HAGA-BLACKMAN: Jeffrey Hill?

MR. HILL: Aye.

MS. HAGA-BLACKMAN: Fletcher?

CHAIRMAN McCUSKER: Aye.

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

So by 6-0, we've kicked the can down the road.

So do what you need to do to keep things moving along.

We'll probably have a special meeting as soon as we can to issue the notice.

And to echo Mr. Marquez, thank you very much, thanks to Sundt and all the hard work you're doing for this project. You know, it's going to really represent the company and community very well. We're very grateful.

MR. McDOWELL: Thank you. And let us know if we can do anything to help.

CHAIRMAN McCUSKER: Thanks again.

Okay. Item 9.
In the recruitment of Caterpillar, and a little chat I had with Governor Ducey one day, the State is putting up $4 million. And we're -- offered to put up $2 million to defray the cost of Caterpillar's relocation of some 500 people to Tucson. It was part and parcel to the incentives that allow us to prevail over Denver.

That money is not here.

MR. COLLINS: Well, according to the development agreement, this Board agreed to pay that $2 million within 30 days of when the State paid their $4 million. That 30 days expires on June 6th, so it's Saturday.

MR. IRVIN: What kind of agreement do we have if something goes goofy with Caterpillar?

MR. COLLINS: We have -- the development agreement contemplated that you would have the same type of agreement -- you, the District, would have the same type of agreement with Caterpillar that the Arizona Congress Authority has. After looking at that, there was too much brain damage for me.

So what we've done is, we've prepared an agreement that says if there's a breach of the Caterpillar ACA agreement, it's a breach of your agreement.

There are clawback provisions in the agreement with the ACA. If certain conditions are not satisfied, Caterpillar
has to pay back all the portion of the $4 million.

The agreement that I've drafted for you folks is similar to that. It is an agreement like the lease that is between Rio Nuevo, the District, and SM&T, the division.

There is, however, a stand-alone guarantee by Big Cat. That's where we are on that one.

CHAIRMAN McCUSKER: Most of that I recollect was tied to employment. So, if, indeed, they don't go forward and they don't employ anybody, they have breached the agreement, we would have to get it back if we advance it.

MR. MARQUEZ: They haven't signed the lease. Have they signed the agreement?

MR. COLLINS: No.

CHAIRMAN McCUSKER: Well, yes, we have a development agreement.

MR. COLLINS: We have a development agreement, but we don't have a separate agreement. It's drafted; I'll get it to them. I just haven't had a chance to do that.

CHAIRMAN McCUSKER: On the 2 million.

MR. SHEAFE: If we submitted the 2 million subject to them signing and returning that agreement, that would solve that side of it?

MR. COLLINS: I believe so. I quite frankly
think that's good enough, in my opinion.

    MR. SHEAFE: Are you wanting a motion for that?

    MR. HILL: Question: I believe they've been moving people in here left and right?

    MR. COLLINS: They have been.

    MR. HILL: Yeah. So it's not like they're all sitting in Milwaukee waiting for us to vote on this thing?

    MR. COLLINS: No. There are a whole bunch of folks at 97 East Congress.

    MR. SHEAFE: Mr. Chairman, I would propose that we make the $2 million payment, because I think it's very important that we perform according to what the agreement is, and that we submit the document and make that receipt of that 2 million dependent on returning the agreement. That gives us the same protection as the ACA has, and that we do that on time.

    MR. IRVIN: I'll second that.

    CHAIRMAN McCUSKER: Okay. The motion is that we advance the $2 million subject to the finalization of the written agreement which Mr. Collins will expedite.

    Brandi, call the roll.

    MS. HAGA-BLACKMAN: Edmund Marquez?

    MR. MARQUEZ: Aye.
MS. HAGA-BLACKMAN:  Jannie Cox?
MS. COX:  Aye.
MS. HAGA-BLACKMAN:  Chris Sheafe?
MR. SHEAFE:  Aye.
MS. HAGA-BLACKMAN:  Mark Irvin?
MR. IRVIN:  Aye.
MS. HAGA-BLACKMAN:  Jeffrey Hill?
MR. HILL:  Aye.
MS. HAGA-BLACKMAN:  Fletcher McCusker?
CHAIRMAN McCUSKER:  Aye.

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

Okay. By that, we're sending Caterpillar 2 million bucks. Mr. Collins, not until you finish the agreement.

So for those people watching the clock, I'm going to table the items 11, and 12. Those are the County items. We're not far enough along to have that conversation yet.

We're going to move to the Caliber presentation, Peter, thank you very much.

We have previously engaged with Caliber out of Scottsdale with the idea of putting in a convention center hotel on the grounds of the Tucson Convention Center. A lot of work's been done in the interim and hopefully we can advance that today.

MR. ANADRANISTAKIS:  Good afternoon, Members
of the Board. I'm Peter Anadranistakis, President of Caliber. I was here before. And we were asked -- first of all, I'd also want to thank the Rio Nuevo Board for great back and forth feedback and communication.

We did receive approval to proceed with an agreement. And as part of that back and forth recently, there was a request to propose a site selection for where the proposed hotel would go.

So here we have on the screen a picture of the TCC, an aerial view of the TCC. And you'll see in the orange border in the bottom right-hand corner -- which I'll refer to as the southeast corner of the site -- we believe this is an excellent location for what we're proposing to be a minimum 120-room hotel at that site.

I can get into great detail as to why we feel that particular location is excellent. However, for the benefit of time, I'll go over just a few points.

One is, it already builds on the good work we feel of what's already been done by the Rio Nuevo Board. So opposite to that location is the hockey arena and new entrance way, and it's a beautiful entrance way for those people who have been inside of there. So there's somewhat what we might refer to "bookends" that a little bit.

Secondly, again, we're proposing a convention center hotel. And by utilizing this area, patrons will literally
be able to walk directly through the hotel right into the
convention center and vice versa.

Thirdly, we feel it will have a minimum
disruption to the site through the construction phase so
that hockey patrons won't feel a major construction, arena
goers won't feel that, people enjoying the Leo Rich Theater,
et cetera.

And finally, we feel that it will -- we are
hoping to minimize any short-term parking needs that might
be required at that, utilizing this particular site. And
I'll let the Rio Nuevo Board get into that further should we
need to.

We feel it's an excellent location and feel it will
cause minimum disruption in parking and utilization at the
TCC.

Thank you.

MR. MARQUEZ: Great to see you again, Peter.

Really interesting area.

MR. ANADRANISTAKIS: Thank you.

MR. MARQUEZ: Really cool area.

MR. ANADRANISTAKIS: Thank you.

MR. MARQUEZ: So in regard to the parking, I
see Glenn here from SMG.

Is this parking lot enough to sustain a hotel
and convention center? Or are you planning on building
multiple levels of parking on top of that?

MR. ANADRANISTAKIS: Well, as part of the original agreement, we were in discussions with your board to also collaborate on a parking structure.

I believe there may be some further discussions as far as what the size of that structure will be, and I'll let your esteemed board figure that out. So for the time being, we would like to get started on the project.

And we feel that this particular site, at least we can get started in conjunction and collaboration while those decisions are being made for the parking structure and the size.

CHAIRMAN McCUSKER: There's already parking challenges there. We put a hotel and a restaurant and a bar. We're going to exacerbate that, so clearly we need to sit down with the City about some sort of solution.

It may be that you just do another level, or two more levels, and triple those spaces. I think parking in general -- what we didn't want to do is bog them down with our conversation with the City and whomever about a parking structure. But it's not going to work without some additional parking.

So, Mr. Collins, you might know, is that parcel they've identified within the lease of the City?
MR. COLLINS: It is.

CHAIRMANN McCUSKER: This is a triparty conversation. We own the property, but we lease it to the City. They specifically lease that parking area and SMG manages that. They benefit from the revenue. So it's really almost a four-way conversation about how to resolve the parking with Rio Nuevo, the City, and SMG.

MR. COLLINS: In the near term, the agreement that you have in front of you provides for 75 parking spaces when the hotel goes up for a period of five years.

In the meeting of February 28th, when this Board authorized the executive officers and me to work with Peter and his group to put together the agreement that you have in front of you, subject to solving the parking component. The parking component was back in February, a very big deal. And what we did and have done is separate or uncouple it from the rest of the agreement.

We're going to have -- we, the Board, is going to have to make an arrangement with SMG and the City to provide 75 spaces while they're constructing it. What we're talking about is renting 75 spaces. And as Peter has pointed out to me, that's not a whole lot of spaces on that eastern parking lot.

MR. MARQUEZ: So will the language in your agreement here change, because it says the District shall
make 75 parking places available?

MR. COLLINS: Correct. That's an obligation you as a Board will take on to provide the developer with those parking spaces until this parking garage -- if that's what happens -- is built.

MR. SHEAFE: We have in our prerogative the ability to make that commitment to Caliber without necessarily knowing the details of exactly how we're going to do it?

MR. COLLINS: Correct.

CHAIRMAN McCUSKER: Well, you do and you don't. You've leased it to the City. I don't believe we can make that decision without consulting the City.

MR. COLLINS: Mr. Chairman, Members of the Board, what you have in front of you is the draft agreement between Caliber and the District.

And if you look at page 2, it's paragraph 3, are the contingencies. And I think that's what -- I think maybe that answers your question, Mr. Marquez.

This entire agreement is contingent upon the City approving the termination of the sublease of that space, the bondholders approving this change, right, and the City working with the District and the developer to clarify the zoning requirements, and then we all agree upon the form of a GPLET lease, okay?
So, it's all intertwined. It's a -- in my humble opinion, a fabulous use of space that's not being utilized already. But it's going to be a 3, 4-way deal, as you say, Mr. Chairman.

MR. SHEAFE: Let me repeat the position. I want to make sure that I'm not jumping ahead here.

What I think Peter wants is to get enough assurance from this Board so he can move forward on a lot of his soft costs. And we have a little bit of a chicken or egg circumstance here. We're not going to have all the answers.

So my comment was directed towards the issue that if we collectively say we're willing to take on the effort to figure out how we're going to supply those 75 spaces for five years, and we pass a motion that says we'll do that, is that sufficient for Peter to be able to go forward with his project? And I believe that's what your agreement here is attempting to accomplish?

MR. COLLINS: I think perhaps the way to go about this is I can walk you through the main components of that agreement.

You have authorized the preparation of this agreement. You have already authorized the execution of this agreement, provided that it addresses the public parking. So I would suggest, subject to the Board's approval, we can -- very quickly, there's a few highlighted sections of what's in
front of you.

CHAIRMAN McCUSKER: Let's stay with the parking issue for a moment.

MR. COLLINS: Okay.

CHAIRMAN McCUSKER: And Glenn is here. I don't know of any conversation that we've had with the City about any of this. So we really can't commit to this until -- we can commit to figure it out. We can commit to go talk to the City and we can commit to negotiate something with the City. We can commit to the City that if we do this, we'll replace those spaces. There's a lot of things we can do, but committing parking that they control I don't think is one of those.

So we might ask Glenn, you know, put you on the spot, Glenn. But there's really been no conversation with you about dedicating space to this project.

Is that a safe assumption?

MR. GRABSKI: Glenn Grabski, Manager, TCC.

No, there has not been any conversations with me.

MR. MARQUEZ: In regards to Peter's soft costs, we've already committed up to half of the $250,000 of the initial investment. So where do we stand with regards to that expense? And can we continue going forward knowing we're on the hook for $125,000?

MR. ANADRANISTAKIS: If I could just comment.
I, too, have rolled up my sleeves. Roy Bade, who's here, our Executive Vice President, rolled up his sleeves. We brought in our architect from New York to collaborate with Phil Swaim. We're all rolling up our sleeves to make this deal happen in good faith.

So just to be very blunt, we're not here to spend your money or our money. We feel in good faith that this is going to happen. We feel in good faith that this is an excellent site because it does minimize impact.

And as Glenn mentioned, we can't have those conversations with him to discuss parking and means of egress and impact until we get an agreement from the Board that says, yes, we're going to give you 75 spaces.

I have --

MR. SHEAFE: Let's make sure that the context is right because I may have misstated what I intended.

Obviously, we don't have the right -- and Fletcher's obviously correct. We don't have the right to make a commitment about something we don't control.

What I intended to say was we would make the effort to complete those negotiations successfully so that we could make that commitment.

And I believe you're referring to the --

MR. ANADARANTAKIS: Saying the same thing.

MR. COLLINS: Mr. Chairman, Members of the
Board, the agreement contemplates precisely that. It is all contingent upon agreement with the City, and to the extent necessary, agreement by this Board's bondholders.

What this would do, if you voted to proceed with it and to execute it, would be they would start incurring the soft costs and move in the direction of building that hotel, while we would work with the City and Glenn, and satisfy those requirements.

MR. SHEAFE: So the motion would properly be to approve this agreement?

MR. COLLINS: Correct.

MR. HILL: I guess we're still on the parking.

How many spaces does the TCC lose with the construction of your hotel?

MR. ANADGANISTAKIS: That's a great question. We're actually not sure at this point. That's why we're looking to proceed in good faith to first answer Mr. Marquez's question. We've been keeping costs at a minimum.

It's my time, and Roy's time, and friends-and-family discount time from our architect working hard to try to make this happen, because it's not our intent to walk away and leave you with the bill for $125,000. It's our intent to collaborate and work together.

So to be very frank, if we were to walk away
right now, I would be incredibly disappointed. It would be sad. We looked at some other deals. But we would want to come back another day and really have very minimal -- as far as costs are concerned, to answer your question, I hesitate to guess. But if I'm guessing and I look at that size, if you want me to guess -- and I could tell you that there's a strong opportunity to proceed at that particular location, that's why we chose it -- and have 75 parking spaces at that site. However, I need to feel good about spending my hard-earned money, and Roy's, and yours, and good citizens of Tucson -- who I've grown to love Tucson very much -- to proceed.

So if somehow we can come to an agreement where we can operate in good faith -- I'll feel really good in that agreement. It states in the next 90 days we can get a site survey. I really want to proceed with a number of these items. I really want to start spending some money and come back to you with a plan that might say we have all the spaces that we need at that site.

Roy?

MR. BADE: Hello. This is Roy Bade.

Mr. Hill, the answer is, in this scenario, none of the existing spaces would be used by that particular site. So we're not impacting, under this scenario, any of the existing spaces. You think we will likely have a few
that are? Yes. We put in there minimal. Is that 3 or 4, we change a drive arounds. Those things may happen, but it would be a minimal effect on the existing parking.

MR. HILL: So implicit I guess I thought we were trading 75 for 75, but that's not true?

MR. ANADRANISTAKIS: Originally what we were looking at is we were looking at different locations for the hotel.

And as we continued to walk the grounds -- so were looking at the east parking lot. So one of the logical places you might put it is on the east side or the west side. So what we were communicated is saying for every parking space that we would displace, we would replace with a ratio of 1.2. So if we took away 10 parking spaces, we would have 12 parking spaces.

And then we started communicating saying, you know what? There's a shortage of parking. The Rio Nuevo Board communicated there's a shortage of parking at the site to begin with. How about if we built a larger parking structure? Would you collaborate with us to do that? And we said of course we would.

To Roy's very good point, this site has, from what we can see currently, either somewhere between zero to three parking spaces disrupted.

And that's one of the reasons why we chose
this site is because it is, in our opinion, underutilized. It is, in our opinion, not an area that's used for parking or for people to sit and relax or have a cup of coffee and enjoy. It's a space that, in our opinion, makes exceptional good sense to put a 120-unit hotel and hopefully have either minimal or no disruption to parking at all whatsoever.

MR. HILL: I'm glad that's true. I was thinking we were losing 75. The other thing I remember from Mr. Stiteler's hotel projects that when we talked about parking, there was always a percentage of parking spaces we were going to get a guaranteed market rate paid towards that, so we knew we had that cash flow. That language is not here. And what's the difference, I guess?

MR. COLLINS: Well, 75 spaces versus 220 spaces. And we're not spending the money that we -- the District isn't spending the money to build a hotel -- a garage as we did in Stiteler --

MR. HILL: 4 million.

MR. COLLINS: The 4 million. It's Caliber's nickel that's spending that money.

MR. HILL: So we don't need that.

MR. COLLINS: No. And we struggled -- and I think that the executive officers will agree with me that we struggled to try and make the parking garage, if you will, work with this hotel.
But for these guys to make a hotel work, it needs to start moving, and so we decoupled the two, with that being the only remedy.

CHAIRMAN McCUSKER: So that collectively the powers that be can deliver the parking, the project stops because it doesn't work right, Peter, without it, unless you can -- if you -- probably what you need to find out is can you park on that side?

MR. ANADRANISTAKIS: That's an excellent point.

You know, if you can't make that commitment, perhaps what we can do is at least proceed to the next phase, which is spending some dollars to be able to get that site --

CHAIRMAN McCUSKER: Mark, what's involved?

This would be a ground lease?

MR. COLLINS: It would. And that's all in your contingencies.

CHAIRMAN McCUSKER: We own the property. The City agrees to separate from the City lease --

MR. COLLINS: And it's all subject --

CHAIRMAN McCUSKER: And we have previously negotiated the rebate piece of this. So if it's built, we have an agreement on how we can participate in the project.

MR. COLLINS: Right. It would be -- it's all set forth in that agreement. I'm happy to walk you through
it. We went through it and the term sheet back in February. But what would be happening is that title would go from the District to Caliber.

They would spend 20-plus million dollars, if I remember correctly, to build the hotel and amenities. It would then be conveyed back to the District and leased to Caliber. And Caliber would receive the incremental, which in this case would be a hundred percent of TPT revenue until the end of the 2025.

MR. MARQUEZ: Is the contingency language, is it broad enough to give us the time to have the conversation with the City about the 75 spots?

MR. ANADRANISTAKIS: Well, I believe the contingencies are in the agreement for that particular reason.

MR. MARQUEZ: I'm sorry. It's more of a Mark Collins question.

MR. COLLINS: I believe you have the flexibility you need. You may reach a point where the City says, No way. Game over.

MR. MARQUEZ: I'd like to make a motion. I'd like to make the motion to approve the agreement so that we can move forward in good faith with Caliber.

MR. SHEAFE: Second.

CHAIRMAN McCUSKER: Any further conversation?
The challenge we have -- and it's really on me, I guess -- is the City hates to be boxed in when we do something. If we approve something, they feel like, oh, my God, now we're obligated.

No one's ever had the conversation about how we resolve these parking situations. So I think it's inherent that we immediately get with City and say, How can we figure this out together? And that's like tomorrow.

Because they -- it doesn't work without them. However, if we put a hotel there, I think the site selection is brilliant. I think the project gets enhanced. I think we've got to get with the barrio neighborhood because we're building across the street from Cushing Street Bar and the barrio. And I think we've got to have a conversation about traffic. And you've got to have a conversation about parking.

And all those things could screw this up. But selecting that particular site makes a lot of these things easier, in my opinion. But we've got to get after them immediately so you guys know what we are doing.

MR. ANADRANISTAKIS: Thank you for the motion. If I close by saying that we are very hopeful, we're trying to be mindful of this site and the District that's there. We believe we can find 75 spaces at that site that don't exist today.
We could be wrong. So we certainly don't want this to be a if a parking structure proceeds or not. We feel that we can be part of the solution for a parking structure. We would appreciate any communications you would have with the City. We definitely do not want the City to feel boxed in.

And we feel by proceeding and moving forward, we're all collectively, along with the City, Rio Nuevo, Caliber, will come to a good decision and we'll find a solution.

CHAIRMAN McCUSKER: We're talking about valet parking. There's a lot of things we could do. We have a motion.

MR. IRVIN: I think our first conversations were in October. We sat down really early in November and I know we bounced all around this site looking for the right place. I would have never thought of that one. That's a great choice. I didn't see that coming. I think that's really a much better choice from some of the other ones we talked about.

Hats off.

MR. ANADRANISTAKIS: Thank you.

MR. MARQUEZ: Just one last point. I believe if my data is correct and what I've heard, we are the largest city with a convention center that does not have a hotel in the United States.

MR. ANADRANISTAKIS: From our research, you
are one of very few major metropolitan centers that we've researched that has a convention center that doesn't have these types of amenities.

CHAIRMAN McCUSKER: We have a motion and second to approve the development agreement, which has contingencies related to us working on the satisfactory agreement with the City.

This doesn't need to be triparty in your opinion, Mr. Collins; it's just a matter of us reaching a satisfactory --

MR. COLLINS: The risk that you run here is that the evaluations comes up that it can't build it or the City simply says, no, your risk is $125,000, with a possibility of having a 120-room hotel on a dormant portion of your primary component. So that's how I kind of look at it.

CHAIRMAN McCUSKER: Brandi, call the roll.

MS. HAGA-BLACKMAN: Edmund Marquez?

MR. MARQUEZ: Aye.

MS. HAGA-BLACKMAN: Jannie Cox?

MS. COX: Aye.

MS. HAGA-BLACKMAN: Chris Sheafe?

MR. SHEAFE: Aye.

MS. HAGA-BLACKMAN: Mark Irvin?

MR. IRVIN: Aye.

MS. HAGA-BLACKMAN: Jeffrey Hill?
MR. HILL: Mr. Chairman, I would like to explain my vote.

I think it's a great proposal. One of the things that I think we have to occasionally try and think of, you're not going to believe that, but there are detractors out there of Rio Nuevo, all kind of stupid stuff in various rags and anyplace else they can get it. And I could see a headline "Rio Nuevo votes to wipe out TCC parking places with evil developer." So that's why if you can grab that stuff and throttle it and throw it away before they have an opportunity to do it, you don't have to go through that abuse and neither do we.

This time I'm happy to vote "aye."

(The Board voted and motion carries, 5-0).

MR. ANADRANISTAKIS: Thank you.

CHAIRMAN McCUSKER: Gabby, you can't use that headline. She's feverishly typing over there.

Thank you, Peter. You guys have been great to work with and we really hope we can pull this off.

Table item 11, and 12. While we're on a roll, item 13, which is really multiple conversations we've had with the extraordinary team of Marcel Dabdoub and Ron Schwabe.

To catch everybody up in previous meetings, this developer group has presented a number of the iconic
structures they are acquiring downtown and asked us to participate; we indeed did to the tune of about $4.3 million.

On projects like the Chicago Store, and 123 South Stone, the former Bring Funeral Home. We are totally aligned at the hip with this developer. They are doing retail. And they're also now talking to some iconic brand names retail on these particular sites.

(Receipt member Marquez temporarily exits proceedings).

As I explained in my introductory remarks, they've been intrigued with the possibility of converting our cash commitment to a tax rebate commitment, which when you look at our balance sheet, is a very smart thing for us to consider. So we kind of packaged this as a single agenda item to look at the commitments that we've made to Dabdoub Schwabe and maybe to reengage in that conversation along a tax rebate plan.

I'll go through some of the opportunities they have but I think the rumor mill's been rampant. We can confirm that CVS is under letter of intent to move into the Chicago Store. Would be a extraordinary development for downtown Tucson. It's one of the signs of a real urban life when a drugstore makes that kind of commitment.

We have medical services now thanks to TMC and El Rio. And to have CVS downtown would be
extraordinary. They've got parking issues as well. They've also had conversations which the press has been a little bit ahead of us on, but indeed we are in a dialogue with the Loft theater about a satellite location to bring the Loft downtown onto this block. And of course we've been talking about returning the iconic Chris Bianco to Tucson. And all of that is because of these developers.

So Marcel and Ron, if you guys want to come up and present your plan, we're excited that you're here.

MR. DABDOUB: Thank you, Mr. Chairman, thank you members of the Board.

We would like to just start with an update -- oh, Marcel Dabdoub, and my partner, Ron Schwabe.

We would like to start with just sort of an update as to where we are with the projects that have already been presented. This is one of the quotes from one of our tenants. As you might remember, Brings was a funeral home.

When we bought it we really didn't know what it was going to turn into, but we really believed it could turn into a really cool retail hub and just sort of off of downtown, just off the main thoroughfare of downtown. And it really has turned into something great.

Here we have Katie Peterson, who is opening up a vintage and housewares store. We have Teresa Delaney, who started up Cultivate; and they're operating on a
significant portion of the second floor. Cindy Ballesteros, with Territory Magazine, is officing there. We have Exo Roast, which opened up a couple of weeks ago.

(Mr. Marquez returns to the proceedings.)

We have Owl's Club, we have the Escape Room -- so it's turned into this great mix of tenants that we're all excited about. And it turned into something we really didn't expect.

And I think it's part of the same -- you know, coming from the same place of general enthusiasm for being in a downtown Tucson and being in a place that's urban and pedestrian friendly.

So we're pretty much almost fully leased up. I think we have a couples of spaces there that and are still available and we've been talking to several tenants, but that project is pretty much completed.

Arizona Hotel. The UPS store opened maybe about a month ago or so. And, you know, they've been really excited about what happens with the rest of that -- of the retail space in that building. Before UPS, when this deal was approved in it previous arrangement, we were maybe about 24 percent leased on the commercial side.

Now, with UPS, we're just under 33 percent leased. It's just off downtown, just off Congress, so it doesn't get the same attention that a lot of people from Congress get.
We've been talking to several tenants and we're confident that we're going to be leasing it up. People are concerned about the construction that's going to be going on across the street.

I think that would be an opportunity to set up a business before you get all that, but that's where we are. With the Chicago Store -- like Chairman McCusker said, we do have a signed LOI with CVS. They are going before the real estate committee on June 14, so that's a pretty important date for us. We've given all the support that we could in terms showing all the projects that are coming online. It's a big move for them. Because you don't have, right now, the pedestrian traffic counts that they normally look for in sort of a downtown location. But I think they're doing a lot of foresight thinking. If we don't do this now, if we wait for the traffic count then it's going to be more difficult to find a space that actually works for us. CVS locations are typically about 12,000 square feet. This building is 21,000 square feet. So it really is an out-of-the-box move for them. And we're really excited about this moving forward. Statistically, once it gets approved by the real estate committee, then the chances of this moving forward are really, really high. So we're really looking forward to seeing what the results of that real estate committee meeting are.
123 South Stone. We -- like Chairman McCusker said, we do have a signed LOI with Chris Bianco for a concept that would basically take up the whole first floor of that building with the exception of two smaller retail locations that are further down Ochoa...

And the goal would be to put the second floor to be office, so we're going to be rehabbing that building -- the entire building as well.

So that's basically a rundown of the projects that were approved and we'd like to -- well, first of all, talk about the new structure we're proposing.

In total, there's been a total funding of $5,050,000 that's been approved for these projects. And we're proposing to cancel that funding and just do what was previously a 15-year lease, extend the term of that lease to the extent that if and when the Rio Nuevo District gets extended. And we would basically just be participating in actual sales tax revenue that's generated in these properties.

None of them were generating any sales tax when we acquired Brings, 123, Chicago Music Store had closed down. So the intention would be to participate in actual sales tax dollars that are generated from these properties and same as the previous structure. We -- none of this would kick in until the day they start generating sales tax. So this is
not something we would be benefiting from unless and until we start producing sales tax on these sites.

The two additional locations that we'd like to submit for your consideration are these four buildings that start with -- jacks and end with Wig-O-Rama.

Again, these four properties are generating zero sales tax dollars. We are in conversations with someone who would -- someone who would open up a restaurant/bar concept on the first location.

As you may know, restaurant/bar concepts with a liquor license tend to produce the highest sales tax dollars per square foot. So we're excited about those types of opportunities; but at the same time, we recognize the importance of complementing those opportunities with other types of uses just because we can't -- especially before the hotels are built, we're concerned about oversaturation with certain types of use. So we have been in conversations with the Loft.

At this point in time we don't have anything. They have indicated willingness to allow sales tax charged for the ticket sales. But even still it's hard for that to with somebody who can generate $500 a square foot for a restaurant/bar concept. So we're actively in discussions with them. And we're trying to see if we can come up with a solution that would allow for a user like that that doesn't
generate the same sales tax per square foot to still open up
a location downtown.

These are just some historic pictures of what it used
to look like. We're hoping to remove the existing facade to
expose the brick construction. So we're excited about this
project.

And then the next project is 44 East Broadway. We have
a proposal that assumes a redevelopment of the parking lot
that's right next to 44 East Broadway, as well as the
parking lot that's right behind it.

It would result in about 80,000 square feet of what we
would consider headquarter office space.

We know that Rio Nuevo's been doing a lot of work
talking to prospective employers and there's really not
enough opportunities for somebody to occupy what we call
open-style, open plan, Class A office space in the core of
downtown.

So if it is on a spec basis, it's something
that we would -- that we still feel would be occupied when
the next big employer wants to make a commitment to
downtown, make a commitment to Tucson, and to have their
office space in downtown area.

These are just -- you know, the other reason we're
excited about this opportunity is because this would
activate the retail on Ochoa. And we understand especially
with this hotel that's being closed by Caliber, there's a proposal to really reactivate the retail along Ochoa so that becomes a new pedestrian route from the convention center towards downtown Tucson up until Scott.

We have spoken to Holualoa. And they're excited about doing retail on the Ochoa side of their property right in front of the cathedral.

This is rendering of what that property would look like. We would have retail at the very first floor. And we would do a pop out on the existing 44 building that could also be maybe a reception area for the four stories of headquarter office space on the upper floors, or it could be retail.

We've had -- we've shown that site to the regional real estate guys for Starbucks as well; so we're really exploring a lot of retail opportunities.

This would be -- this is a view of the connection between the two buildings over Jackson. We have had limited conversations with the City of Tucson. It would be a possibility to build over Jackson in order to allow for that connection. And then what you would see just be a rooftop garden that just gets shared by those two buildings, basically on the fourth floor, on the top of the fourth floor of that building. And that's basically a run down of where we are.
CHAIRMAN McCUSKER: So to be clear, the only thing you're asking of us is the sales tax that you yourself generate?

MR. DABDOUB: That's right.

CHAIRMAN McCUSKER: Somebody want to make a motion?

MR. SHEAFE: Number one, I think the motion ought to apply the projects we've already approved; is that not correct?

CHAIRMAN McCUSKER: I was being facetious. But conceptually, for a minute, why wouldn't we do this?

MR. SHEAFE: That's the whole point.

CHAIRMAN McCUSKER: They're getting more than the cash; but it's sales tax they have to generate and they're talking about an entire four square block retail development smack in the middle of downtown. This is exactly the kind of thing that we were destined to approve. So the devil's in the details.

Mr. Collins, what do we have to do to -- can we just approve all of this in one single motion and tell you to go fix it? Or do we have to look at each of these projects?

MR. COLLINS: Mr. Chairman, there really three components, three chunks here.

These gentleman originally had -- Arizona Hotel brings
Chicago Store and 123 South Stone they brought to you. And shortly after that, the Gus Taylor building, which makes up the $5 million of commitments that Marcel was talking to you about. You have approved the purchase/lease option agreement structure on all of those.

Indeed, you closed the one on Bring but you authorized them on all of them.

The two new ones --

CHAIRMAN McCUSKER: Stay there for a minute. All we would have to do is amend our approval converts up front cash to tax rebate.

MR. SHEAFE: The motion would be to authorize counsel to repair the document, to change from the original plan, to the rebate plan.

MR. COLLINS: And then bring them back to you guys.

MR. SHEAFE: Yeah.

CHAIRMAN McCUSKER: And they have to come back?

MR. SHEAFE: Well, probably someone's got to approve.

MR. IRVIN: Yeah.

CHAIRMAN McCUSKER: The documents themselves come back.

MR. SHEAFE: We can approve them, essentially
the deal.

MR. COLLINS: You can authorize me to move forward.

CHAIRMAN McCUSKER: I think where you were going with that is the new properties then would require a separate approval.

MR. COLLINS: Yeah, I think you ought to keep them segregated. We'll call them the old bunch, which is the Arizona Hotel, Brings, Chicago Store, along with Gus Taylor, and 123 South Stone. You've authorized all of those. So you could make a motion to change the structure of each of those to the new proposed structure or the new structure that's been proposed by Marcel and Ron.

MR. IRVIN: Two questions. First, we'd also had a discussion about caps. Is there a cap discussion in here? And then the other thing we had a discussion is about legal fees.

That's for Collins. We'll get you in a second, Marcel.

MR. SHEAFE: Unless you want to volunteer to take care of the legal fees.

MR. COLLINS: The caps that have been proposed for 236 South Scott, which is Brings, right?

MR. DABDOUB: That's correct.

MR. COLLINS: Is $1.86 million.
The proposed cap on 123 South Stone is $1.575 million. The proposed cap on 130 to 128 East Congress, which is the Wig-O-Rama, et cetera, is $5.95 million, and the Arizona Hotel is $3.1 million.

I think it's because of those caps, if no other reason, that you'd want to see the agreements back.

CHAIRMAN McCUSKER: What do those total? The total caps?

MR. COLLINS: 12 or 13 million bucks.

CHAIRMAN McCUSKER: And you guys are investing like 35 million, 30 million in these projects?

MR. DABDOUB: That's correct; that's the current estimation.

CHAIRMAN McCUSKER: You didn't make a motion you were fixing to make a motion.

MR. SHEAFE: The motion would be to authorize counsel to proceed to prepare documents that would convert from the original deal to the tax rebate structure proposed by Marcel.

MS. COX: Second.

CHAIRMAN McCUSKER: That would be subject to final Board review.

MR. IRVIN: And legal fees.

CHAIRMAN McCUSKER: It's not in his motion so --
MR. SHEAFE: I'm authorizing the legal fees to do that in my motion.

MR. IRVIN: Reimbursement.

CHAIRMAN McCUSKER: You guys are talking in circles.

MR. DABDOUB: If I may I'd like to make a proposal. When this was structured originally, very tidily Mark Collins, suggested let's come up with one template and then if we can agree with that template then we're basically just using that same template for the other deals. We did close on Brings.

So an offer we would like to make is it would require an amendment to that one deal that was approved so we are offering to cover the District's -- if it makes sense if the deal makes sense under the new structure for Rio Nuevo, we're proposing to cover the District's legal expenses for the amendment on a deal that was basically already -- already signed and closed.

MR. IRVIN: One of the concerns that we've got -- and Marcel you're not going to be the only person that comes and talks to us. We're in Cat's preservation mode.

So what we'd ask counsel to do is to come up with a template of what he thought these transactions were going to entail. And I think what I'd like to see is a
reimbursement not just on the deal we've already approved and makes sense but on any deal going forward.

CHAIRMAN McCUSKER: He's asking you to pay the legal fees for the new agreements.

MR. COLLINS: Certainly. The new template or all agreements?

MR. IRVIN: All agreements. Whatever those are. If it's a template, that's fine.

MR. COLLINS: My concept --

CHAIRMAN McCUSKER: He's not talking to you.

MR. DABDOUB: I just want to make sure I understand what he is asking.

The deals that were approved under the old structure, the legal fees that have been incurred, have been incurred on both sides of the transaction.

I don't -- I believe that that template has been finalized and we went ahead and closed on Brings. With respect to the change that we're proposing, it is a cash preservation proposal that we are making to Rio Nuevo, because we're canceling funding that was previously approved.

And we're also offering to cover the legal fees for the one deal that was approved because it's going to require an amendment on something that has to be changed at our request. So that's understood.
We would also be happy to cover the legal fees if you're okay with that.

For the template for the new deal. My understanding is that our attorney was drafting that template in order to save money for the District. I don't know if, Mark, you're not able to confirm that?


We have a motion and a second unless it doesn't have anything to do with legal fees -- is to authorize the conversion of projects from cash up front to rebate in the arrears unless you want to withdraw that motion or amend the motion with legal fees.

MR. HILL: Include the legal fees to articulate.

CHAIRMAN McCUSKER: So finish your thought.

MR. DABDOUB: So any legal fees incurred by the District in order to draft and or review an amendment for the one property that was closed, we're happy to cover those legal fees. And we're also happy to advance the legal fees in the drafting and/or review of the template. I believe our attorney was drafting that template for the new structure and that that template had already been drafted, and there's going to be fees incurred with review on your part for that template. Because this is intended to be a
win-win for both sides, we would not want that to extend to any the additional review that would be required but we're open to that conversation.

MR. HILL: Questions on the motion he articulated on the amount.

CHAIRMAN McCUSKER: The current motion is to approve the projects.


MR. IRVIN: Include the --

MR. HILL: Include the legal fees that he articulated that they're willing to produce on the change on the already accepted agreement.

CHAIRMAN McCUSKER: Mr. Collins, you're going to bill all this you're following this.

MR. COLLINS: Yes, sir. I believe the amendment is to the legal fees to undue or redo Brings and the legal fees to create the template as we go forward on the other projects.

CHAIRMAN McCUSKER: We have an amended motion and a second.

Brandi, call the roll.

MS. HAGA-BLACKMAN: Edmund Marquez?

MR. MARQUEZ: Aye.

MS. HAGA-BLACKMAN: Jannie Cox?
MS. COX: Aye.

MS. HAGA-BLACKMAN: Chris Sheafe?

MR. SHEAFE: Aye.

MS. HAGA-BLACKMAN: Mark Irvin?

MR. IRVIN: Aye.

MS. HAGA-BLACKMAN: Jeff Hill?

MR. HILL: Aye.

MS. HAGA-BLACKMAN: Fletcher McCusker?

CHAIRMAN McCUSKER: Aye.

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

We've approved as Mr. Collins so elegantly stated, "the old bunch" as amended.

MR. SHEAFE: You approved the amendment.

CHAIRMAN McCUSKER: Thank you, sir. I've got a good mentor.

Brandi, call the roll on the motion as amended.

MS. HAGA-BLACKMAN: Edmund Marquez?

MR. MARQUEZ: Aye.

MS. HAGA-BLACKMAN: Jannie Cox?

MS. COX: Aye.

MS. HAGA-BLACKMAN: Chris Sheafe?

MR. SHEAFE: Aye.

MS. HAGA-BLACKMAN: Jeff Hill?

MR. HILL: Aye.
Okay.

MR. COLLINS: Now, you've got the new bunch.

CHAIRMAN McCUSKER: Oh, boy.

MR. SHEAFE: This is 14. For everybody's information. That's the new group.

CHAIRMAN McCUSKER: Wig-O-Rama's properties -- we're calling them and 44 East Broadway. The proposal is the same, no cash, we would commit site-specific sales tax up to a maximum amount. The attorneys will draft the documents, bring them back to the board.

MR. SHEAFE: I proposed we approve both projects for moving forward. We authorize our lawyer to move forward with the documentation necessary to have the applicant.

MR. MARQUEZ: Second.

Brandi, call the roll.

MS. HAGA-BLACKMAN: Edmund Marquez?

MR. MARQUEZ: Aye.

MS. HAGA-BLACKMAN: Jannie Cox?

MS. COX: Aye.

MS. HAGA-BLACKMAN: Chris Sheafe?

MR. SHEAFE: Aye.

MS. HAGA-BLACKMAN: Mark Irvin?
MR. IRVIN: Aye.

MS. HAGA-BLACKMAN: Jeff Hill?

MR. HILL: Aye.

MS. HAGA-BLACKMAN: Fletcher McCusker?

CHAIRMAN McCUSKER: Aye.

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

So there you go. You guys are unbelievable. Thank you very much.

While we're doing God's work, I'm going to postpone the Leo Rich item. Bishop Kicanas has been patiently waiting. I think he has to be some place. Just to update everyone on the Cathedral Square Project, if you haven't driven down Ochoa between Church And stone lately, you should. If you want to stop by and pay a visit to the remodeled chapel.

The work the diocese is doing on that block is quite extraordinary. The bishop met with me several months ago to see how we might participate. I suggested kind of offhanded that maybe they ought to build a restaurant and then we would benefit from the sales tax of that. So they are advancing that project and have a specific proposal for us.

So Bishop Kicanas thank you very much.

BISHOP KICANAS: Thank you very much, Mr. McCusker.

It's a joy to be able to stand before you and all of
the Rio Nuevo Board.

First of all, to say thank you for all you're doing. I arrived in Tucson in 2001. And just today listening to all the development that's going on; it's quite encouraging and hopeful for our city which we all feel great pride in.

I want to present a project that has everything to do with partnership and economic development. So first of all, I'd like to speak about the diocese' commitment; and secondly, to talk about what Rio Nuevo's commitment might be; and third, talk a little bit about what the economic development potential is from this partnership.

And finally, to make a request.

So first of all, with regard to the diocese's participation in this project: As you know, the diocese of Tucson has also identified with downtown Tucson from the earliest times.

Our first cathedral was on the site of the Poncho Villa statute now. And that was moved then to Stone Avenue and is right in the heart of the Rio Nuevo District and also in the heart of our downtown.

When we talked about the fact that the cathedral square, which should be a beautiful and contributing partner in downtown Tucson, I was quite embarrassed to see what our cathedral square looked like. It was in a state of great disarray although historic because, as you know, the diocese
of Tucson's cathedral square has been a part of Tucson's
development from very beginnings.

Ochoa Street, which is the street that borders on
Cathedral Square was originally the territorial buildings.
Estevan Ochoa was, as you know, mayor of the territorial
area. And he was very proud of the territory and what he
was able to contribute. The diocese purchased those
property and in its place built several historic buildings,
each over a hundred years old. Including Marist College
which, happily, one of the most iconic buildings in Tucson
because it was the first desegregated school in the state --
it is the tallest adobe structure -- happily, we're going to
be able to restore through your help and through the work of
the Foundation for Senior Living -- you're well aware of
that project.

The Chapel, as Mr. McCusker said, has been totally
renovated. Everyone who has seen it has been quite
impressed. It will serve not only worship purposes, but
also for performance -- small concerts, because it's
acoustically a perfect space. And already we've been able
to hold several concerts there.

As you know, the City of Tucson unanimously approved
the fact that the cathedral hall, also historic, could be
torn down because it had no reasonable economic use; it was
built at a time when the cathedral was a very small
community and the diocese was very small.

Even if we were able to spend the 3- to $4 million of the cost to restore that building, it would be basically unusable for a diocese that comprises 450,000, a minimum number of Catholics, and covers 43,000 square miles.

So right now, we are in the process of building a 4-story building in the place of that cathedral hall, which would have the offices of the cathedral, conference center. And on the second floor, something that we have desperately needed and I think would also be highly beneficial to our community is a 500-person conference and education center, which could host any number of events, perhaps even contributing to the Gem Show and other activities that could be used in that new facility.

The third and fourth floors of course would be the offices of the diocese because we sold -- the Catholic Foundation sold our building to make feasible the possibility of renovating Marist College; and that work is about to begin.

So the diocese is planning to spend 17-plus million dollars on the renovation and revitalization and beautification of the Cathedral Square.

Obviously, we are totally dependent on our people's generosity. But I'm quite encouraged that we are well on the way to raising the monies necessary to do this
That 17 million does not include the renovation of the oldest building on the square, which is the rectory; that is almost completed as well and would be in addition to that 17 million.

And the chapel was approximately about an $800,000 renovation that took place.

So when cathedrals are renovated, there is also a spur to economic development. That's been true in almost every city because the cathedrals are always very centrally located. I don't know how the bishops decided where the center of life would be in the community, but they were very good at it. So this kind of renovation of the cathedral square has great potential to spur economic development.

Within the hall itself, within the cathedral, education and conference center and building, we also hope to have a coffee house, which would not be Starbucks, but even better, where sandwiches and so on could be had.

We've talked to several people and there is, in the packet that you've been given, a group that is very interested in this project.

They love the location, they think it has great potential, and it will certainly bring in tax revenues to the Rio Nuevo, and to the City, and the State.

Part of this project really calls for some kind of
enhancement of lineages and corridors within the downtown area. You all have -- are working very hard to do something with our Tucson Convention Center. And I'm delighted to hear that there are efforts to build some hotel space downtown.

You know, the Catholic community has many conferences. And many people have approached us to have conferences here in Tucson, but it's impossible because there is no downtown hotel adequate to house these smaller conventions of 3-, 4-, 500 people.

So it's encouraging that there is some efforts now to develop those hotel spaces here in downtown Tucson.

What we would like Rio Nuevo to consider is the possibility of enhancing this historic street, Ochoa Street, which is in the very center of downtown and is a link between the Tucson Convention Center and the good activity that's going to be happening there and this historic walk along Ochoa Street, which is where the territorial buildings and where some of the other development is taking place.

You just heard Ron Schwabe and Marcel Dabdoub talk about some developments along Ochoa Street, which would have retail potential. And I think a beautified and enhanced corridor and linkage would certainly spur that interest of people coming in to take this retail space.

It would also be a way of connecting the
Tucson Convention Center and the restaurant district, which currently there are no really nice avenues, linkages, corridors, by which people can navigate our downtown. Our thought is that, in keeping with the partnerships, the development of the Cathedral Square on the diocese part, that Rio Nuevo would consider the possibility of enhancing that linkage, which has huge potential retail benefits.

In the booklet, you will see some of the possible enhancements that take place from the diocese part.

We are not able currently to bring any of our people in any numbers to downtown Tucson; we simply don't have any space for that. The new conference and education center will allow gatherings of our community for 500 people, which as you know, our diocese covers 43,000 square miles. And we draw people from all over Southern Arizona.

And were we be able to hold conferences and events at the conference center, this would bring in a good number of people on an annual basis.

And on page 24, we've listed some of the possibilities. We figured a $25 per person contribution to the downtown area. And you can see over a five-year total -- and this is really a very conservative figure because you're not talking about Catholic conferences that could take place in downtown Tucson because they would want to be in the cathedral area because most Catholic conferences have to make use of
Catholic cathedrals, so these would be national conferences not just even local.

The site -- the Cathedral is certainly one of the most visited centers in Tucson. And drawing people to that area by a renovated and revitalized square, if there were good linkages, if there were good corridors for people to navigate, it could be a tremendously helpful.

If you look at the next several pages it shows some of the developments that are anticipated. You've already heard some of the them in the presentation prior to this. On the following pages is a little look at some of where downtown corridors have been established in cities with great retail benefit. So what we're asking Rio Nuevo to consider -- and this is located on page 18 -- is to contribute a million dollars toward the enhancement of the corridor between TCC and Stone Avenue.

The breakdown of that request is found on the next pages, page 20. And page 19 shows kind of the design. So it wouldn't be just asphalting the street, but it would be narrowing the street. The City has already agreed to that. And secondly, to not have parking on the street, so that there will be free movement and access along the street and a real avenue that would draw people to this particular area, which is why I think the developers like Mr. Schwabe and Mr. Dabdoub and Mr. Kasser have expressed a strong
interest in this kind of development for the interest of
drawing retail support to the community.

We've talked to Mike Kasser and Omar Mireles
from HSL. As you know, Mike Kasser owns the ground
underneath the parking lot and HSL Properties owns the lease
for that parking lot.

I think everybody agrees that's an eyesore; it's something if a street were beautified would have to be
improved. And they are open to looking at that possibly. They seem quite willing to see how that could be done. And
many cities have done that. You can walk by parking lots
and not even no what they are because there's such a nice
facade.

Part of the request also is for Rio Nuevo to just talk
to the City about the possibility of purchasing a
right-of-way which would allow this expansion and
development of Ochoa Street.

It's estimated by the City -- and we're not sure how
strong that estimate is -- the estimate is for $200,000 as a
way of purchasing that right-of-way.

That's our request to the Rio Nuevo Board, one which I
think you will find quite beneficial in the long term for
the taxation that is really the foundation for what Rio
Nuevo is able to achieve and accomplish in our City.

So that's our -- be very open to questions. There's a
number of people here that will be able to help answer any of those questions if you have them.

CHAIRMAN McCUSKER: Bishop Kicanas, my first thought was you've missed your calling, but indeed you probably haven't.

BISHOP KICANAS: No one fell asleep on my homily so that's pretty good.

CHAIRMAN McCUSKER: And very well done. Thank you. Any questions for Bishop Kicanas?

MR. MARQUEZ: I have a question for you, Mr. Chairman. I'm looking through our Streetscape budget for Scott. It looks like with Scott there was a portion of it -- this was before my time on the board, but it shows $55,000 spent. Was that for the street by the old Providence headquarters?

CHAIRMAN McCUSKER: Scott Avenue -- we committed as part of the settlement agreement to invest in Scott between Congress and Pennington. So that's currently in the works. It's been subbed out to the City's Department of Transportation now. I think they're going to begin this month on that. So that 750's been sitting in there committed to redo Scott Avenue, which would be winnowed sidewalks, extended cafes, it will be a beautiful street. Historically, we wanted to stay out of the Streetscape
business because it didn't really prove up the economic
development. And I think there are some exceptions that are
noteworthy. One is the appeal this does by opening up that
square, which is currently walled off. It's not
approachable, nobody goes there from the Ochoa side so in
terms of activating that street has huge potential. They
have agreed, like many of the charitable organizations
you're talking to, to charge sales tax on concessions and
food and beverage from their little cafe.

But when you think about the other
presentation we just had on Ochoa, in my view, this is a
worthwhile conversation. And I like the idea -- in fact, I
had a brief conversation with the City -- I would approach
them about Rio Nuevo acquiring basically Ochoa -- the
right-of-way to Ochoa. We could invest in it whether we do
or not because it's publically owned. But it might be more
interesting if we in fact owned that section. And I think
we could have a lot of influence on Kasser and HSL.

So I think it's a very intriguing project. I
think they hit on a lot of the marks on economic
development; otherwise, we kind of discourage streetscapes.
I think I discouraged you the first couple of conversations.

BISHOP KICANAS: Right. No, it makes sense.
You don't want to just beautify a street but you want it to
add benefit.
CHAIRMAN McCUSKER: But I think they've responded by addressing things that make it much more appealing economically.

BISHOP KICANAS: Another thing that's somewhat in the planning stage, as I understand it, TEP is talking about the possibility of putting retail on that parking lot, which is on Ochoa, which would be another option. And again, the more pedestrians that come through there or interest in visitors stopping by and seeing this area, the more interest obviously retail companies are going to be having.

MS. COX: If I could add. It's my understanding from what I learned from you is that the street would be narrowed to 20 feet wide, much like Scott is, so there would be one car each direction and no parking on the street.

BISHOP KICANAS: No parking. The City has agreed to that. That weren't making much money on those parking meters anyhow; so they've agreed that there would be no parking. Originally, the concept was to make it a pedestrian street but in order to have a pedestrian street, you have to have 60 percent of the owners on the property and right now there's only two owners. And Mr. Kasser is hesitant about that, which is understandable. He wants that property of parking lot if in fact something were to happen
in the future that it would add benefit, but maybe he's open
to further conversation.

MS. COX: How did you come about the million
dollars mark for that?

BISHOP KICANAS: If you look at page 20, it
breaks down those figures.

Actually, Kevin Hall is here. If you have any
questions about the actual figures.

MS. COX: Okay. Thank you.

CHAIRMAN McCUSKER: Is it safe to say this
project won't get built without us?

BISHOP KICANAS: No, it won't.

CHAIRMAN McCUSKER: It's investing in a road
which your benefactors are probably not that keen on. The
City's not going to do that.

BISHOP KICANAS: We would contribute about
107. If you notice on page 20, it's 1,170,000. And we'd be
open to taking up that 170,000 that would be soft costs.

MR. SHEAFE: What is your timing?

BISHOP KICANAS: As soon as possible. We're
going vertical hopefully within the next few weeks. I think
if we can do this commensurate with what's going on at
Marist College and what's happening at Cathedral Square, it
would be hugely beneficial rather than to wait.

MR. SHAHEEN: We have between us and I guess
the station for senior living, we're basically on the same track to build. So it's about the street would be built in the next 16 --

CHAIRMAN McCUSKER: Please identify yourselves for the transcriptionist.

MR. SHAHEEN: John Shaheen is the properties manager; Larry -- works with Diversified; Richard Faith Tom (phonetic) is the architect and Kevin Hall is also with Diversified.

CHAIRMAN McCUSKER: Mr. Marquez.

MR. MARQUEZ: Bishop, if we decide not to do this, what will that side of the street look like? And who's having discussions with the City in regards to what their next move in regards to maintenance or paving it? What would it look like without Rio Nuevo's involvement?

BISHOP KICANAS: About as ugly as it currently looks I'm afraid. I think -- you know, what this benefits I think immensely is the attraction of people and the attraction of retail.

Because people do not want to gather on a street that looks currently like -- and if even it was just paved, it's an ordinary street. This would be a classic city place for people to walk, to gather, and to shop, to get from TCC over to, eventually, Scott Street, and over into the restaurant district.
MR. MARQUEZ: The one piece that I do like --
just to give an opinion -- I do like the fact -- I saw your
economic impact study, and those are a lot of people that
attend church -- sometimes, you know, gosh, you go to church
and you may not stay and have a sandwich or something, I
like the fact that it would activate your parishioners.
They would stay downtown, maybe have a sandwich, have a
coffee. And I see Peter in back of the room and I also
think about the investment into the area that we look to
activate that area for a hotel as well. Because right now
there's not a lot going on in that street.

CHAIRMAN McCUSKER: There are a couple of
benchmarks that I look at. One is leverage, $17 million of
their money, a million dollars of our money. That's a 17
times leverage. When you look at ROI, because of the added
restaurant, it does produce about a 15 percent return over
the period of the lease.

So these are kind of things that we would
like at if we weren't investing in the street, just the
project. It's consistent with how we've looked at other
private developments. The twist is we're in investing in a
streetscape.

MR. IRVIN: Just a couple of things.

First off, I appreciate the conservative
approach using 25 bucks rather than $30. As I think you
probably know we typically use a number of 30 because we -- 
our research has shown that's kind of what people spend once 
they come downtown. So I appreciate that.

I'd also kind of key in on what Fletcher 
talked about. And that is, you know, when we look at what 
we've done already with the TCC, with the arena, and some 
other things we'd like to do there, and with the hotel, and 
what have you and all and the development that is 
surrounding this area, and especially given that you're 
across the street from our primary component, to me, it 
seems like something that makes a lot of sense for us to 
look at. So I appreciate your conservative numbers. I do 
have a question for counsel.

Mr. Collins.

So what hurdles do we have with this deal? Because 
it's not a -- do we need to take ownership of something? 
How does that work if we go forward?

MR. COLLINS: I don't know how exactly how to 
make it work. You've got the same limitation that you had 
with the FSL.

As the chairman mentioned --

CHAIRMAN McCUSKER: We're investing in a 
public street. So the street's owned theoretically by the 
City of Tucson.

MR. COLLINS: Theoretically, if that's where
the investment is going, then it could be in the street. That is publically owned.

CHAIRMAN McCUSKER: Right.

MR. COLLINS: And I think it's more than a thoroughfare; I think they own fee title to it as opposed to just a right-of-way. So it will require some nuances of the agreement. I don't fully understand how that breaks down the million dollars.

But you've got to keep an eye on the fact if it's not owned by a government, then it's got to be nonTIF dollars. That's the same hurdle we have with FSL. Because if the million dollars -- if FSL is unable to get it from the federal home loan bank, then you guys are going to have to commit a million nonTIF dollars. So I figure I can do anything, I can create anything.

MR. SHEAFE: One way or the other, the street is going to be owned by the government whether it's us or the City.

MR. COLLINS: Yeah, if you owned the entire street and all the money was going to the street --

MR. IRVIN: Are there procurement issues on this as well? How does that work in your mind?

MR. COLLINS: Not if you don't own the property while the building is going up.

MR. SHEAFE: But the question is --
MR. IRVIN: Relative to the street improvements.

MR. COLLINS: Yeah, you would absolutely have procurement issues.

CHAIRMAN McCUSKER: This million 170, that's the actual investment you're going to make into the streetscape. So those improvements will be made so the streetscape --

MR. COLLINS: Before you fund?

MR. SHEAFE: And you have the agreement with the City to do that if you have the money; is that correct?

MR. SHAHEEN: Yeah. They agreed to close the street to narrow the street. And they told us to go find a way to improve it, yes, they will take care of that.

CHAIRMAN McCUSKER: I think you can resolve I think this is easier than the FSL project; that's a public street. We're investing in a public street. So if we're going to do it we've got to figure that piece out.

MR. IRVIN: A question for the bishop.

Is something that if we needed you to, we liked it, would you be able to fund it. And after the project's complete, we could come in and invest at that point in time? Is that a possibility?

BISHOP KICANAS: I don't think so. I think the challenge for us currently is to make sure we can raise
the $17 million. Actually it's more like 18 million when
you put all the whole project in.

CHAIRMAN McCUSKER: Mr. Marquez.

MR. MARQUEZ: Mr. Collins, is it okay to be
putting an investment towards a church that would then
invest in a street; or should we as Rio Nuevo simply invest
in the street? Would it be an agreement to simply, we'll
agree to improve this part of the street?

MR. COLLINS: Mr. Marquez, Members of the
Board, my suggestion is that if you were interested in
pursuing this -- and I know that like everything else you
get presented, it's better soon rather than later --
I really do think you could authorize moving forward
with trying to figure out how to do this.

The Chairman may be right, maybe it's simple. But I
don't have it in my head exactly how we can do it.
Especially, if it's the bishop says the million dollars is
needed during the construction process because that's a
problem.

CHAIRMAN McCUSKER: Same problem we have with
FSL.

MR. COLLINS: Well, not so much. We bought a
sidewalk.

CHAIRMAN McCUSKER: We can buy a street.

MR. SHEAFE: We are improving. How are our
MR. COLLINS: I don't have any idea, Mr. Sheafe. I don't understand this deal yet; that's my problem.

MR. SHEAFE: That's the same deal.

CHAIRMAN McCUSKER: Scott's the same argument. But it was invested in a public street. We can improve every public street.

MR. MARQUEZ: Not with a church though.

CHAIRMAN McCUSKER: The church doesn't own the street.

MR. MARQUEZ: I understand, but it depends where our monies go.

CHAIRMAN McCUSKER: It's all going into the street. That's the only way it works.

MR. MARQUEZ: Directly to the street.

CHAIRMAN McCUSKER: Well, let's see if we're even interested in pursuing it first.

MR. SHEAFE: Let me ask -- just one other issue. It would seem to me that if we have an improved right of way like this and dramatically improved where a lot of pedestrian traffic is created, there will be other uses put to the neighboring properties. The diocese certainly has their plan complete, but you've got other properties there that would respond to this, I would think in a number
of retail because that's what happens when you get a pedestrian --

CHAIRMAN McCUSKER: One of the things we didn't talk about -- but what if that cobblestone kind of attractive streetscape carried all the way from Church to Scott, the whole street was streetscape, walkable, like one of the pictures -- sidewalk cafes, bike paths, pedestrian walkways, shade. It totally changes the character of the street. And if we do this, we're doing 2/3 of it. And I think these private developers would probably be very interested in working with us on taking Ochoa all the way to TEP. But, you know --

MR. SHEAFE: How do you want to proceed?

CHAIRMAN McCUSKER: Well, somebody's got to make a motion to proceed, or we have a very nice chat with the bishop.

MR. MARQUEZ: I'd like to make a motion to authorize counsel and the executive committee to further research the possibilities of investing in the streetscape on Ochoa.

MR. IRVIN: I think we meant executive officers.

MR. MARQUEZ: What did I say?

MR. IRVIN: Committee. We don't have --

MR. MARQUEZ: Oh, yeah. No committees.
Executive officers.

MS. COX: Second.

CHAIRMAN McCUSKER: So that's a motion only to look at the possibility. Right? So I understand it's not authorizing any commitment.

MR. COLLINS: Are you interested in authorizing exploring and bringing something back to you?

MR. MARQUEZ: Yes. So amended.

MR. COLLINS: Okay.

CHAIRMAN McCUSKER: I'm not tracking this. So there's a million dollars in there some place.

MR. COLLINS: Correct.

CHAIRMAN McCUSKER: Is the motion to -- if it's legal, authorize and proceed; or if it's not legal, or we can't do it obviously, we wouldn't proceed.

MR. COLLINS: If I understood the motion correctly if it's legal, if you will --

CHAIRMAN McCUSKER: You want to determine that first? That's my question for you. His motion currently is just to have you research the legality and we have a second for that.

So unless someone wants to amend that or you want to withdraw that it, that's all we're doing.

MR. SHEAFE: Let's amend the motion to -- will you accept the amendment?
MR. MARQUEZ: Let's hear it first. Sure, I'll accept an amendment.

MR. SHEAFE: In the interest of time that, first, a million dollars will be proposed amount; and secondly that if it is legal, we will move forward rapidly to set up a plan for how we would fund it on the assumption that it would be approved by the Board at our next meeting, whatever that is.

CHAIRMAN McCUSKER: That's an amendment. We need a second.

MS. COX: Second.

MR. HILL: The million is somewhat nebulous. Do we use the words cap of a million or up to a million dollars?

MR. SHEAFE: I set the amount at 1 million, not less not more.

MR. HILL: Okay. All right.

CHAIRMAN McCUSKER: Okay. So we have an amendment to the motion to authorize a million dollars if indeed the project can be legally managed.

Brandi, call the roll.

MS. HAGA-BLACKMAN: Edmund Marquez?

MR. MARQUEZ: Aye.

MS. HAGA-BLACKMAN: Jannie Cox?

MS. COX: Aye.
MS. HAGA-BLACKMAN: Chris Sheafe?
MR. SHEAFE: Aye.

MS. HAGA-BLACKMAN: Mark Irvin?
MR. IRVIN: Aye.

MS. HAGA-BLACKMAN: Jeff Hill?
MR. HILL: Aye.

MS. HAGA-BLACKMAN: Fletcher McCusker?
CHAIRMAN McCUSKER: Aye.

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

So we passed the amendment.

The amendment is subject to the motion, which is to
instruct counsel to determine if we in fact can legally make
this investment.

Brandi, call the roll.

MS. HAGA-BLACKMAN: Edmund Marquez?
MR. MARQUEZ: Aye.

MS. HAGA-BLACKMAN: Jannie Cox?
MS. COX: Aye.

MS. HAGA-BLACKMAN: Chris Sheafe?
MR. SHEAFE: Aye.

MS. HAGA-BLACKMAN: Mark Irvin?
MR. IRVIN: Aye.

MS. HAGA-BLACKMAN: Jeffrey Hill?
MR. HILL: Aye.

MS. HAGA-BLACKMAN: Fletcher McCusker?
CHAIRMAN McCUSKER: Aye.

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

So 6-0, we passed the motion and the amended motion. We'll get back to you post-haste on the legality of this.

BISHOP KICANAS: Thank you very much, I appreciate all your time.

CHAIRMAN McCUSKER: I skipped over the Leo Rich item. It should be a pretty quick item. I think everybody knows we're in conversations with groups that are interested in both the Music Hall and the Leo Rich. In order for us to do some of the architectural work, we need to do a 3D laser scan very similarly to what we did in the arena. The cost of that is $24,000.

So we really can't take any potential renovation of the Leo Rich further without authorizing the laser scan.

MR. IRVIN: I think it would be great to hear from Glenn on Leo Rich.

CHAIRMAN McCUSKER: Mr. Grabski.

Let me set the stage a little for you.

We have been approached by a possible donor who is willing to contribute a significant amount of money to enhance the Leo Rich.

Like we know with all of our properties at the TCC, is outdated and in need of some significant repair. Some of
that would be acoustics, some of that could involve
renovation of the hall itself, reconstructing the stage,
lots of opportunities. We walked through with architects
who were kind of stymied because they really don't have a set
of plans to operate from.

The donor piece of this is what makes it really
interesting is that we have a substantial
contributor/benefactor who's interested in coinvesting with
us.

So Mr. Grabski.

MR. GRABSKI: The history of the Leo -- It
was I think it was originally designed as more of a
community theater facility. It does not have a fly down,
which means you can't bring the scrims in and out, it's all
on a hard pipe. It's 511 seats. You're talking about all
the different assets up on the campus, that is perhaps the
one that has taken the least toll as far as abuse over the
years as you walk around, but it still obviously needs
updating. It's part of the Eckbo plaza landscape as far as
I'm concerned -- you look out from the north end of the
arena. I think it's a beautiful little building. It serves
a lot of different purposes. So I would love to see -- we
can complete drawings of the buildings. We are still
scouring those up across the board. So anything that can
help us in that would be great.
MR. IRVIN: Do you have ideas what you think needs to be done there?

MR. GRABSKI: Honestly my attention towards the buildings were more towards the other buildings, not the Leo. To me, that was the one that needed the least amount of loving to begin with. I thought it was -- obviously, the arena was doing great, the convention center needs it.

My initial thoughts when I was putting together my thoughts for the campus and what's good for the campuses was to deal with the buildings that could generate more revenue. So the ballrooms, meeting rooms, convention center, 2200 seats in the Music Hall, as opposed to 500 seats in Leo.

MR. IRVIN: My understanding it was your least profitable venue for a lot of reasons, notwithstanding the number of seats the biggest --

MR. GRABSKI: We are very competitive rentwise there. I think right now, I think for nonprofits, $700 -- I mean for-profits; nonprofit is 550. So it does a lot of business for a lot of nonprofit businesses. That's what most of it is on campus, everything from ballet -- it's the home of the Arizona Friends of the Chamber Music and Desert Song Festival.

CHAIRMAN McCUSKER: Except for an anonymous donor who didn't blink an eye when we suggested they might
have to put up $2.5 million to get our attention we probably
wouldn't be focused on this theater. I think we'd move to
the Ex Hall, the Music Hall and the Plaza. But they're
specifically and only interested in the Leo.

MR. IRVIN: Obviously, that's a City-owned
facility, not owned by the District. But still it's on the
campus, and part of the TCC.

And with that, I'll make a motion that we
approve $24,000.

MR. SHEAFE: Second.

CHAIRMAN McCUSKER: Am I right about the
number, Mark, is that $24,000 proposal?

MR. COLLINS: I believe that's right.

CHAIRMAN McCUSKER: So we have a motion and a
second to approve $24,000 for a laser scan of the Leo Rich.
All in favor say, aye.

(Ayes.)

Opposed, nay. Thank you. We've approved
that.

Let's move to our little building on Broadway.

It's no secret to anybody following Rio Nuevo. We are
engaging in the so-called Sunshine Mile.

We are in a conversation with the City and the RTA to
take possession of the so-called remnant properties and
renovate them as retail.
Some of us believe that if we're serious about that, we may in fact want to establish a Rio Nuevo location right smack in the middle of the Sunshine Mile. We would vacate the State lease premises and move into renovated quarters along Broadway.

We have a contract on a building. Since it's real estate, we keep it confidential; but it's about $260,000 purchase, 3,000 square feet in change, which would allow us to move the Rio Nuevo headquarters to the Sunshine Mile.

Not a whole lot more we can say, is there?

MR. IRVIN: No. And, you know, it's probably a building that, Chairman, I think it's going to take a hundred to $150,000 to renovate. I think our initial review of that building is it's one that would allow us to actually hold these meetings on the Broadway corridor.

Have we done a hundred percent of our diligence on the building? No, we haven't. The basic agreement that we have with the seller is that we'd be given a reasonable amount of time to do our diligence on that. We've got a sharing agreement on there for reimbursement of surveys and environmental reports and those kinds of things.

It's a building that -- we've looked at a lot of buildings on the Broadway core and this is an interesting and unique building.

What I'd like to propose or make a motion is
that the Board authorize us to spend up to $275,000 to
acquire this building, or at least enter into the formal
purchase agreement to do so.

During our due diligence period, which will
take us probably at least 45 days. Between now and then we
could come back to the Board with a full budget of what this
deal would look like and ask for your overall permission.
So we're asking for really just permission now to enter into
escrow on to this building and start that process.

CHAIRMAN McCUSKER: It's a motion, I believe.

MR. IRVIN: It is.

CHAIRMAN McCUSKER: It will die without a
second.

Dan, what's our current rent here? Do you know?

MR. MEYERS: About $14,000 a year.

CHAIRMAN McCUSKER: 1200 a month, 1300.

MR. MEYERS: We pay quarterly, so yeah.

CHAIRMAN McCUSKER: Okay. That motion died
without a second. Moving on.

Fox Theater Board of Directors.

MR. IRVIN: So Tom is an attorney here in the
law firm here in town. The Rio Nuevo Board has counsel,
correct me if I'm wrong, a couple of seats that we're
allowed to propose to the Fox Theatre. Tom has been
interested in this for some time. And he actually is very
involved there a lot of things downtown. I think he'd be a
great addition. The first question I always ask somebody,
do you understand what your duties are as a board member and
are you ready to go and meet those obligation.

And he has advised me that is in fact true,
and he is very much excited about it. I've also had the
chance to talk to the Fox. And they're very excited about
his joining as well. So with that, I'd like to make a
motion that we move Tom Laue to the Tucson Theater
Foundation Board of Directors.

MS. COX: Second.

MR. MARQUEZ: Second. Mr. Collins, we have
three seats over there; is that right?

MS. COX: Five.

CHAIRMAN McCUSKER: Five seats?

MR. COLLINS: I think it is five. And I
don't recall how many you have appointed.

MR. IRVIN: One.

MS. COX: No, we've got three on there.

MR. IRVIN: Who are they?

CHAIRMAN McCUSKER: Bruce Dusenberry is one
of them. And Dan Cavanaugh.

MR. COLLINS: You're got room.

CHAIRMAN McCUSKER: My question do we have a
seat still available?
MR. COLLINS: I believe so.

I confessed to not have checked when we got to this agenda item, but I'm 90 percent confident that you have open seats.

CHAIRMAN McCUSKER: Assuming we have an open seat, you have a motion and second to appoint Tom Laue to the Fox board.

All in favor say "aye."

(Ayes.)

Any opposed, nay. Okay. That motion carried.

Jannie, do you want to update us on the downtown annual event?

MS. COX: Yes. In the interest of time, I will just let everyone know that our second annual Downtown Now will take place on November 1st. It will be at our primary component again, the Tucson Convention Center.

One problem, if you will, that we had last year was it would have been nice to be able to have each -- I know that when we started inviting people, I know Edmund put in his personal list of contacts for invitations. I put in probably a couple hundred. And -- but because of the open meeting law we really weren't able to reach out to other board members. And I'm wondering, can within the open meeting law this year, can we have Brandi, say, reach out to
board members and ask them for contact lists to help us in
our invitation process.

    MR. COLLINS: Might be able to structure
that; that's a spoke in the wheel problem. Let me visit
with Brandi and give it some thought. Most of my brain
power has been on Caterpillar.

    CHAIRMAN McCUSKER: The question is basically
all of us be allowed to submit potential invitees.

    MS. COX: We requested, not allowed.

    CHAIRMAN McCUSKER: Requested to submit
invitees. I guess we wouldn't know if they were ever
invited or not because it would create a serial email.

    MR. COLLINS: Yeah, that's the problem.

    CHAIRMAN McCUSKER: But is there a way they
can go inbound to you or to Brandi --

    MR. COLLINS: They can go inbound to Brandi.

And Brandi and I can make sure there's not any follow up
with you guys.

    CHAIRMAN McCUSKER: That seems to work.

Let's get that memorialized in an email. And if you can,
ask each one of us to submit potential invitees to the
downtown now event.

    MS. COX: It will take place on November 1st,
from 5:30 to 7:30. Once again, the first 300 tickets to the
event will be free to the community.
And then they will be $20 -- which is what we did last year and it worked out really well.

What we do at Downtown Now, for those who might not have experienced it, is that we celebrate all of the great things that have happened in our downtown, like three new hotels, Hexagon's headquarters moving downtown, the progress that's been made on Caterpillar since last year, all of the wonderful things that Ron Schwabe and Marcel Dabdoub are doing. There's so much more to report.

Last year was very, very well attended. We had 900 reservations. And it poured buckets of rain. Poured rain like you'd never seen for the half hour when people were supposed to be coming into the beginning. So we lost probably a hundred people. But we had 800 people there on a first-time event.

So it was very well will attended, very informative. It was a really -- it was like an annual -- a living annual report. And we will do the same this year. Brandi will be very involved again. And we are partnering or copresenting with Downtown Tucson Partnership. So it will be copresented by Rio Nuevo and Downtown Tucson Partnership.

CHAIRMAN McCUSKER: And people interested in sponsoring --

MS. COX: And anyone interested in sponsoring, we are certainly accepting sponsorships for the
event. Contact me, please.

    CHAIRMAN McCUSKER: Any questions for -- it
was a great event and I think everyone will be lucky.
Remember we were talking about what are we going to talk
about next year?

    MS. COX: I know well.

    CHAIRMAN McCUSKER: We don't have to worry
about that.

    This is the time we have set aside for call of the
audience.

    Brandi, I think I saw a couple of cards.

    MS. HAGA-BLACKMAN: There's one card. Any
others?

    You can give them to me.

    (audience members approach the podium.)

    CHAIRMAN McCUSKER: You're a duo? Caleb and
Kyle. Cushing Street skate park.

    Come on up, you guys have been really
patient. Thanks for hanging in there. Tell the
transcription your names.

    ATTENDEE: My name is Caleb.

    ATTENDEE: My name is Kyle.

    CHAIRMAN McCUSKER: Last names?

    ATTENDEE: Caleb Gutierrez. Kyle Araishi.

    So, yeah, we're here to propose a project that we've
been working on since October. And we have been working
with the City, ADOT, and Parks and Rec to build Tucson's
first shaded skate park underneath the Cushing Street
underpass: the underpass underneath the freeway where the
light rail go to Mercado, to point A to B, whatever you want
to call that.

And we got the City's approval and ADOT's approval, and
Park's and Recs. And now we're working with the Tucson Park
Foundation to help us get a nonprofit to get funding because
that's our only issue right now is funding.

So we're here to ask Rio Nuevo if you guys are willing
to help us out to make this project come to life.

CHAIRMAN McCUSKER: We don't get to interact,
do we? So, yeah, if you would put something together for
us.

ATTENDEE: Yeah, I brought a proposal. I
brought six.

CHAIRMAN McCUSKER: That's fine; just give it
to our attorney there.

ATTENDEE: It explains everything from
benefits of how the younger youth can get transportation
there by the streetcar; shade, being the health issue with
the sun in Arizona; and this is the first under the bridge
shaded skate park in Arizona. Phoenix doesn't have one.
There's tons all over the world in the US: New York, London,
Seattle, California.

So this is really big and huge for Tucson I think because we have really good talent and such a creative youth like skateboarders and any athletes that want to be involved. So this is a great way for them to achieve their --

CHAIRMAN McCUSKER: I'll commend you for bringing it to us. Leave it with us and we'll get it back to you.

ATTENDEE: Just also -- just the fact that the skate park being there, that whole area is starting to develop and everything. You have the Mercado right there and, you know, the light rail, just like add more people to ride the light rail to get over there.

ATTENDEE: If you guys have any questions for us --

MS. COX: Thank you. Good job.

CHAIRMAN McCUSKER: Need a motion to adjourn.

MS. COX: So moved.

MR. IRVIN: Second.

CHAIRMAN McCUSKER: All in favor say "aye."

(Ayes.)

(Proceedings conclude at 5:35.)

*****
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.

_________________________
John Fahrenwald, RPR