

RIO NUEVO MULTIPURPOSE)
FACILITIES DISTRICT,)
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MEETING OF THE BOARD OF DIRECTORS

April 24, 2018
Tucson, Arizona
1:00 p.m.

Reported by: ANTHONY C. GARCIA, RDR, CR
Certified Reporter No. 50218

KATHY FINK & ASSOCIATES, INC.
2819 East 22nd Street
Tucson, Arizona 85713
(520) 624-8644 Fax (520) 624-9336

1 APPEARANCES:

2 BOARD MEMBERS:

3 Fletcher McCusker, Chairman

4 Edmund Marquez

5 Jannie Cox

6 Chris Sheafe

7 Mark Irvin

8

9 ALSO PRESENT:

10 Mark Collins, Board Counsel

11 Brandi Haga-Blackman, Operations
12 Administrator

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15 BE IT REMEMBERED that the Meeting of the
16 Board of Directors of the Rio Nuevo Multipurpose
17 Facilities District was held at the Arizona State
18 Building, 400 West Congress Street, Room 222, in the
19 City of Tucson, State of Arizona, before ANTHONY C.
20 GARCIA, RDR, CR, Certified Reporter No. 50218, on the
21 24th day of April 2018, commencing at the hour of 1:00
22 o'clock p.m.

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

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3 CHAIRMAN McCUSKER: We'll call the meeting to
4 order. And it's 1:08 Edmund Marquez time.

5 Let's do the pledge.

6 (Pledge of Allegiance.)

7 CHAIRMAN McCUSKER: Brandi, call the roll.

8 MS. HAGA-BLACKMAN: Edmund Marquez.

9 MR. MARQUEZ: Here.

10 MS. HAGA-BLACKMAN: Jannie Cox.

11 MS. COX: Here.

12 MS. HAGA-BLACKMAN: Chris Sheafe.

13 MR. SHEAFE: Here.

14 MS. HAGA-BLACKMAN: Fletcher McCusker.

15 CHAIRMAN McCUSKER: Here.

16 MS. HAGA-BLACKMAN: Mark Irwin.

17 MR. IRVIN: Here.

18 CHAIRMAN McCUSKER: We understand Mr. Hill is
19 on a post tax-time vacation. Well deserved.

20 Brandi distributed the transcripts from the
21 March 20 meeting. They are verbatim. You have had
22 them for a while.

23 If there's no comments or changes, need a
24 motion.

25 (Motion moved, seconded and passed

1 unanimously.)

2 CHAIRMAN McCUSKER: This is the time we set
3 aside for Executive Session. Need a motion.

4 (Motion moved, seconded and passed
5 unanimously.)

6 CHAIRMAN McCUSKER: We'll be back in -- call
7 it 45 minutes.

8 (Recess.)

9 CHAIRMAN McCUSKER: Motion to reconvene.

10 (Motion moved, seconded and passed
11 unanimously.)

12 CHAIRMAN McCUSKER: Okay. Thank you for
13 bearing with us. We'll try and get to the public
14 session here pretty quickly, so I'll keep my remarks
15 relatively brief.

16 But, obviously, the most important thing
17 that's happened since most of us have been on the Rio
18 Nuevo Board is the passage of House Bill 2456. So I
19 think most of us are pleasantly surprised, given
20 particularly the Republican conservative support we had
21 at the Legislature. But what it provides for this
22 community is really a chance for us to finish our work.
23 There's enough time and funds now, given our pretty
24 small geography, that we should be able to accomplish
25 anything we want within the Rio Nuevo boundaries. And

1 as you can see from our 20 previous projects, that's
2 likely to be a mix of things going forward.

3 We remain particularly focused on retail, but
4 we're seeing a lot of other inbound interest in our
5 community, particularly since the bill passed. One of
6 the things we're contemplating, I think there's general
7 consensus amongst the Board this would be worthwhile,
8 is to schedule some sort of retreat where we invite the
9 public to come in and consult with us on how to
10 prioritize the funds in the time that we gain from this
11 extension. We believe the extension for the full
12 10-year period is worth something in the neighborhood
13 of \$150 million. So with our ability to leverage,
14 which is now running between 10 and 11 times, it's not
15 inconceivable that we could be stewards of something
16 near a billion dollars to reinvest in our downtown. So
17 it's really quite remarkable.

18 We're very grateful to Jonathan Paton, who is
19 our Legislative liaison. We're extremely grateful to
20 Representative Finchem, who sponsored the bill and
21 helped us carry it through super majorities in both the
22 house and the Senate. And thank you to Governor Ducey,
23 who ultimately signed it.

24 Couple things quickly. If you are driving
25 around downtown, the Caterpillar steel will top off mid

1 May. Phil, is that right? I think something around
2 the 11th. We're going to have a celebration in that
3 building regarding the final level of steel. It's on
4 budget, on time, and really quite remarkable, if you
5 haven't been on the west side of the bridge lately.

6 We're going to hear an update today from
7 Gadsden. They are about to open the Mercado Annex
8 first week of May. They are going to give us update on
9 that.

10 If you have been south of us, the
11 extraordinary project at the Cathedral Square is well
12 underway. And if you get a chance to go inside the
13 renovated chapel, it's really a remarkable restoration,
14 and you can see the precious work that's being done on
15 the Marist College. And then the housing that's
16 immediately adjacent to that is moving along as well.
17 We'll talk about it later today.

18 But we're back on track with Cailber
19 regarding the TCC Hotel, and I think from our chairs
20 respectively and collectively, we believe that our
21 funding resources give us the opportunity to really
22 commit it to the TCC. And we're asking staff to help
23 us put together kind of the scope on what it would take
24 to really bring that -- everything there back to state
25 of the art, the Music Hall, the Leo Rich Plaza, the

1 exhibition hall space. We're doing a nice job with the
2 arena. Of course, hockey has been unbelievably
3 successful there. We're well north of 120,000 hockey
4 fans, and, as you know, the Roadrunners made the
5 playoffs. The first home game in the playoffs series
6 is actually tomorrow night, and we're expecting a
7 sold-out crowd. So that's 6700 hockey fans that would
8 otherwise be a dark arena. And thanks to SMG for all
9 the hard work helping with that.

10 Without further ado, let's get after it.

11 Dan, if you are ready, let's do the financial
12 report.

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

14 Okay. As of March 31st Rio Nuevo has about
15 5.8 million dollars of available funds. We have
16 commitments within the next year or so of about
17 four million, leaving excess of 1.8 million.

18 The good news is our January TIF revenue was
19 over 1.5 million. So we've been saying we're expecting
20 a bump up in the revenues as we find people that have
21 not been filing property, and that's starting to come
22 to fruition. So starting May, we've already paid all
23 our debt service in for the year, so anything we
24 collect we pretty much get to keep in May and June.
25 I'm expecting somewhere between, you know, 1.2 and one

1 point -- excuse me -- 2.2 and two point -- one more
2 try -- 2.5 and \$3 million for the next two months.
3 Again, that all goes on our bottom line outside of the
4 normal operating expenses.

5 We started paying rebates to some of the
6 programs we made agreements with. So those people that
7 we promised to help with their financing through the
8 form of rebates, they are starting to get paid as well.

9 I'm in the process now of working on the
10 budget for the fiscal year ending June 30th, 2019, and
11 should have a pretty good update for you all next Board
12 Meeting.

13 Any questions?

14 MR. SHEAFE: Pretty good news, Dan.

15 MR. MEYERS: Yeah, thank you.

16 CHAIRMAN McCUSKER: Dan, thank you very much.

17 Jerry and Adam are here to update on us on
18 the Mercado Annex project. Gentlemen, come on up.

19 Are we looking at any pictures, Brandi? Do
20 we have a PowerPoint or anything?

21 UNIDENTIFIED VOICE:

22 MR. WEINSTEIN: Did not bring a PowerPoint.

23 CHAIRMAN McCUSKER: Hold it over your head
24 and it will be a overhead.

25 Somebody got that.

1 MR. WEINSTEIN: Adam Weinstein, Gadsden
2 Company. We are in the major throes of completion at
3 the moment, so hence my attire. I've been out at the
4 time site this morning since 5:30 today, so we are --

5 CHAIRMAN McCUSKER: Did you hear Jan? She
6 says you always look like that.

7 MR. WEINSTEIN: It's true. It's true.

8 In any case, today we just received our first
9 landscape delivery. So all of that's going in at the
10 moment right. But now the tenants are just massively
11 completing merchandising on the retail units. We have
12 our retail preview on Thursday, which I believe some of
13 you are attending. I believe that starts at 5:00 p.m.
14 And there will be champagne and just baseline preview
15 of the facility and the core retail tenants, while the
16 food and beverage tenants are still completing tenant
17 improvements and going through final inspections.

18 So then we're leading up to next week, which
19 is the block party, which you are kind enough to
20 support. And we have events on the 4th, 5th and 6th,
21 which are series of performances by local talent,
22 including Hey Bucko and Giant Sand and Brian Lopez and
23 Gabe Sullivan and some other local favorites, along
24 with the first series of performances in the festival
25 grounds by Flam Chen Pyrotechnic Theater, which if you

1 go over to the project site at the moment you will
2 already see that they are set up with their stage and
3 their aerial rig. They are presenting one of their
4 first -- most recent performances that they've done
5 called Fishers Wish, which they designed and launched
6 for a series of productions in Austin, Texas, last
7 year. So this will be the first official time it's
8 presented in Tucson. They did a preview of it last
9 year on a one-night preview over at Creative Machines,
10 but this will be a several-day event. So that will be
11 going on also on Thursday, Friday, Saturday
12 performances.

13 So everything's starting to come together and
14 really looking like a completed project. There is
15 quite a bit of paving going on and on-site completion
16 of the festival grounds area, but most of it's focused
17 on the facility itself where the units are really
18 coming together quite lovely. It really has a great
19 sort of the dimension to it, nice sense of place. The
20 courtyards, I think, are really, as they were intended,
21 are going to be the most charming area. And we're just
22 about receive tomorrow the first round of our shade
23 cloth, which is a series of vertical and horizontal
24 shade planes that create the microclimates that are in
25 the courtyard area. So that will start being installed

1 by Arizona Awnings tomorrow, mainly on the rib
2 formations that you see kind of outlined on the
3 container units themselves.

4 And is the facility is really more than just
5 a facility. It actually is 18 separate buildings, and
6 as a result, the complexity of the ground was something
7 to be reckoned with. We really took advantage of
8 leading the way on on-site water harvesting. Virtually
9 the entire acre-and-a-half parcel is fully
10 self-irrigated and creating recharge back into the
11 Santa Cruz River, and we're -- it's amazing how much
12 rock is actually on that site.

13 But it's coming together quite handsomely,
14 and I think it's going to be a nice demonstration of
15 how we're able to support with on-site irrigation our
16 riparian vegetation. So everybody's just been pushing.

17 CHAIRMAN McCUSKER: Take us through the
18 retail shops that are --

19 MR. WEINSTEIN: Yes. Tomorrow you will be
20 able to begin to go through -- there are four that will
21 be open tomorrow as part of that preview. One is
22 called Now or Never. And they were open as a pop-up at
23 the Mercado San Agustin during the Holiday Bazaar in
24 December. And the festival weekend next weekend also
25 happens to coincide with our Spring Bazaar, which we

1 host every year. So now that's expanded to two
2 facilities, so it will also be at the Mercado San
3 Agustin at it's main home, but now it's expanded, you
4 know, quite larger over at the Annex as well.

5 So the other four tenants are Dustin
6 Heritage, which is a local antique and heritage store,
7 that they have all manner of things from furniture to
8 lighting to other home goods. Why I Love Where I Live,
9 which is one half of the team that actually produces
10 that cultivative event that was on last week. They are
11 going to have their first brick and mortar where they
12 do both local area tours, but they primarily make
13 printed material that celebrates the best of where they
14 live, in this particular case Tucson.

15 The other tenants that will be open is Avenue
16 Boutique, which is currently located at Broadway
17 Village, and they are opening their second store with
18 us. So Alexis and her husband, Jeremiah, are doing a
19 kind of expanded concept that has both men's and
20 women's clothing and apparel, and they will be
21 available also on Thursday.

22 And then who am I forgetting that's there?
23 I'm sorry. There's at least one other tenant that I'm
24 not thinking of at the moment. Oh, Hermosa Coffee
25 Roasters is also going to have their first little

1 pop-up that will be there. They are starting their
2 tenant improvement as we speak.

3 So it should be fun, and looking forward to
4 welcoming the public in and taking down the
5 construction fences and letting this thing live and
6 breathe at the corner of Avenida and Cushing Street.

7 CHAIRMAN McCUSKER: Questions for Adam?

8 MR. MARQUEZ: Just a comment.

9 I think it's really exciting that you are
10 activating that area, and very excited for the burger
11 place.

12 MR. WEINSTEIN: Yes, we are too. And they
13 are right around the corner. They are just completing
14 their R&D right now. They will be launching within the
15 next several weeks. So we're excited for Beaut Burger
16 as well.

17 CHAIRMAN McCUSKER: You understand that's
18 vegetarian?

19 MR. MARQUEZ: That's why I'm excited.

20 MR. WEINSTEIN: It's all vegetarian,
21 100 percent plant-based protein, everything on the
22 menu, but it doesn't -- it tastes very unique, though.
23 So it's not what you normally think of. So we're
24 looking forward to having them there too.

25 And in the process of that, we also brought

1 in a local sushi restaurant as well called Ku-Kai,
2 which is also currently under construction, and they
3 will be opening shortly after Beaut Burger.

4 MS. COX: That's within the Annex?

5 MR. WEINSTEIN: That's within the annex,
6 exactly. And then we have some available expansion
7 space for if and when up by the festival grounds. But
8 these are the 14 core tenants makes up 100 percent
9 occupancy for the complex.

10 CHAIRMAN McCUSKER: The little amphitheater,
11 tell me, how many does that seat.

12 MR. WEINSTEIN: Yes. The festival grounds
13 all graded and finished, and that's where the Flam Chen
14 Pyrotechnic Theater set-up is at the moment. So that's
15 all prepared. That seats 500, and standing anywhere
16 between 700, a thousand. It depends on where we end up
17 filling out with TFD. But it's got enough capacity for
18 that.

19 Right now when you go over, the stage is
20 actually moved about a third closer to the container
21 facility, that it will normally be set up just due to
22 the way that they have this sort of
23 theater-in-the-round production of Fishers Wish. And
24 that will remain in that set-up for the following
25 weekend.

1 CHAIRMAN McCUSKER: Do you contemplate
2 programming that every week?

3 MR. WEINSTEIN: We have quite a full calendar
4 with that. It's not necessarily going to be programmed
5 with events every week, but there are other types of
6 events like -- that are more food and beverage-oriented
7 or are custom-hosted events or things like that that
8 will be ongoing with catering and other functions that
9 are not necessarily just performance driven. But the
10 performance calendar at the moment is getting pretty
11 filled up.

12 Flam Chen has the resident theater company
13 exposure at the facility, so they have their choice of
14 dates that are looking to present a great deal of their
15 material that they have largely taken on the road
16 internationally at this point and haven't been able to
17 present to the local community. So we're really
18 looking forward to having them be able to present their
19 repertoire at the facility on a regular basis.

20 In addition to that, we have quite a bit of
21 other event programming that are family entertainment
22 or music-oriented and just continuing to look to expand
23 that to the extent we can.

24 CHAIRMAN McCUSKER: Do you control and book
25 all that or can someone rent the --

1 MR. WEINSTEIN: We have a production company
2 that was set up specifically to support the Annex. So
3 that's the interface, and depending on the type of
4 event, we have flexibility as to how we handle it.

5 So to answer your question, yes, there could
6 be a third party that could come in, and we have
7 provisions to support that type of --

8 CHAIRMAN McCUSKER: Shakespeare.

9 MR. WEINSTEIN: Correct.

10 MR. IRVIN: I'm excited about it. Can't wait
11 to send my buddies in New Zealand a picture.

12 MR. WEINSTEIN: Thanks, Mark. Yeah, that was
13 our conversation from a couple years ago now, right,
14 were one of the inspirations. So looking forward to
15 you having you share our unique venue with your friends
16 there.

17 It's really come out to be a nice,
18 high-quality, desert-oriented complex, and it feels
19 very placed. It is not a container park by any
20 stretch. I think it really has the feeling of being in
21 a unique pavillion-oriented desertscape. And I think
22 it's really fun to begin to be in and around there, and
23 at nighttime, now that we have the -- some of the site
24 lighting completed, it really has a night glow to it.
25 So I think it's going to be a nice expansion for the

1 Mercado San Agustin and a great leveraged asset for the
2 community. So thank you very much for your support.

3 MR. SHEAFE: You're harvesting water in those
4 big cisterns that were sunk --

5 MR. WEINSTEIN: Correct. Yes.

6 MR. SHEAFE: -- and then you're actually
7 pulling that back out in --

8 MR. WEINSTEIN: In certain cases, and in
9 other cases it's just recharge. So it's a part of the
10 Pima County ordinance.

11 But there's so much of it, Chris, that
12 irrigates the entire landscape there, so as a result,
13 what we ended up having to do is a unique installation
14 on the landscape features where there's basically
15 three-and-a-half feet of irrigation rock in various
16 gradations up to final grade. And within that, then it
17 gets packed with more of a chat-quality stone on top,
18 so that it's walkable you can also dine and sit on it.

19 But in addition to that, all of the plants --
20 and there are -- I think the last count from AAA
21 Landscape, I think we've got about 800 different
22 planting features there between shrubs, ground cover
23 trees, et cetera, that are all in their own individual
24 irrigation PVC pipe, and everything that's been set in
25 there -- there's a 24-inch pipe that holds all of the

1 packed soil so that they can irrigate and be maintained
2 while the irrigation rock is set around it. So it's
3 just a very complex ground.

4 I say to Jerry, it's almost like starting on
5 a microchip and kind of building a building on top.
6 There really isn't a square inch in that entire site
7 that doesn't have some underground plumbing, gas line,
8 whatever in it. It's pretty remarkable.

9 MS. COX: Adam, it really is going to be a
10 gem for this community, what you're doing to just bring
11 the west side to life. And then in less than a year
12 you're going to have 750 people officed across the
13 street --

14 MR. WEINSTEIN: That's right. Yes.

15 MS. COX: -- which is just fantastic. I
16 commend you for -- you plugged away --

17 MR. WEINSTEIN: Thank you.

18 MS. COX: -- and it wasn't easy and you
19 stayed on top of it and got it done. So good for you.
20 And by the way, I like your shorts.

21 MR. WEINSTEIN: Okay. Thank you. Appreciate
22 that on all accounts.

23 CHAIRMAN McCUSKER: You will be able to
24 deliver those veggie burgers to Caterpillar.

25 MR. WEINSTEIN: Well, that's the plan.

1 MR. SHEAFE: What Jannie said to me is after
2 this project is really successful you will be able to
3 afford the collar.

4 MR. WEINSTEIN: That's right. I might.
5 Let's see.

6 CHAIRMAN McCUSKER: Don't change your
7 wardrobe.

8 MR. WEINSTEIN: I hope so.

9 CHAIRMAN McCUSKER: Thank you very much.
10 Good luck.

11 MR. WEINSTEIN: I have a few other just
12 little block party fliers that have the schedule of
13 events.

14 CHAIRMAN McCUSKER: Leave them there.

15 MR. WEINSTEIN: I can leave it. Thank you
16 very much.

17 Look forward to seeing you guys, hopefully,
18 on Thursday, but certainly at the block party. It's
19 going to be a blast.

20 CHAIRMAN McCUSKER: Thank you very much.
21 Congratulations.

22 Item number eight, our sales tax incentive
23 rebates for the TCC. I think you all remember we
24 implemented a program some time ago that rewards our
25 biggest users of the TCC. That's paying off in spades.

1 Glenn, do you guys want to say anything about
2 that while you're here or should we just motor on?

3 UNIDENTIFIED VOICE: Motor on.

4 CHAIRMAN McCUSKER: All right.

5 Mr. Collins, I think we're just approving a
6 renewal, correct?

7 MR. COLLINS: Yes. Mr. Chairman, Members of
8 the Board, I think the issue today is whether or not
9 you want to reup the agreement. There have been two
10 one-year agreements. They started out a year at a
11 time. We would now be doing a third one.

12 To refresh your recollection, it has to do
13 with large events that take place at the TCC. An event
14 that equals or exceeds a half-million of dollars of
15 gross sales revenue, there's a portion of that that
16 gets rebated to the client, if you will. And to the
17 extent that money is spent on food and so forth at that
18 facility during that event, you also rebate as much as
19 \$6000, depending upon certain factors. That's been --
20 the first year didn't have the food component. Last
21 year had the food component, and I'd defer to Glenn and
22 Dan. I do think it's paid off in spades.

23 So I would suggest to you that you consider
24 renewing the agreement for at least one more year on
25 the same terms and conditions.

1 MS. COX: So moved.

2 MR. IRVIN: Just a question. I'd like to ask
3 Glenn to answer this.

4 Glenn, is there any benefit -- you know,
5 we've been doing this year to year to year, and it
6 seems to me like it's a program that's working really
7 well. And I guess my question is, are there benefits
8 that -- are there shows we might lose because people
9 are wondering if this is going to be an effect? Do you
10 gain anything by making this a two year versus a one
11 year?

12 MR. GRABSKI: Oh, absolutely.

13 Glenn Grabski, General Manager of TCC.

14 A lot of these shows that we're working,
15 we're working more than a year out. So if we had this
16 in our pocket and it's getting close to try and close
17 the deal, and I knew it was going to be there, you
18 know, we'd offer. So it does --

19 MR. IRVIN: Do you consider modifying your
20 motion for a two year?

21 MS. COX: Absolutely.

22 MR. MARQUEZ: I'd second that.

23 CHAIRMAN McCUSKER: The motion was revised to
24 authorize the two-year extension of the rebate program.

25 It's been moved and seconded. All in favor

1 say aye.

2 (Board responds affirmatively.)

3 CHAIRMAN McCUSKER: Any opposed? Nay.

4 (Motion moved, seconded and passed
5 unanimously.)

6 CHAIRMAN McCUSKER: Okay. There you go.
7 Thanks for all your help with that. And it is working,
8 we've seen it work in a number of occasions.

9 Caliber Hotel, item number nine. Some quick
10 background as we think about an extension for this
11 project.

12 To refresh your memory, Cailber, which is a
13 group out of Scottsdale, operates most of the hotels in
14 and around Sky Harbor, approached us some time ago with
15 the idea to build a Convention Center Hotel on the
16 southeast corner of the TCC complex. We basically
17 would put up the land. It's a \$25 million project.
18 They would finance the hotel themselves. We got zoning
19 approval on that project. It took an amendment to the
20 PAD.

21 Cailber had some turnover of staff and then
22 kind of asked to reassess the program. One the things
23 they did specifically was to retain the services of
24 CBRE for a needs assessment. That more than supported
25 the opportunity, so they are kind of back full speed.

1 But, in meantime, they need some extensions on our
2 agreements.

3 Mr. Collins.

4 MR. COLLINS: Mr. Chairman, Members of the
5 Board, that's a fair statement.

6 I can also share with you that Cailber has
7 now retained its architect, so it is able to move
8 forward with defining the location precisely so that we
9 can deal with the bonding components and the sublease
10 components. There are several contingencies that need
11 to be extended out. After meeting with the folks at
12 Cailber, we've all reached the conclusion that those
13 contingencies can be satisfied by July 8th of this
14 year.

15 So what I'm suggesting to you is that someone
16 make a motion to extend the various -- they are called
17 paragraph three contingencies -- until July 8th of this
18 year.

19 MR. IRVIN: So moved.

20 MS. COX: Second.

21 CHAIRMAN McCUSKER: Any conversation?

22 All in favor say aye.

23 (Board responds affirmatively.)

24 CHAIRMAN McCUSKER: All opposed? No.

25 (Motion moved, seconded and passed

1 unanimously.)

2 CHAIRMAN McCUSKER: Mr. Collins, thank you.

3 44 East Broadway. This is also a project we
4 approved some time ago as part of the package from
5 Peach Dabdoub. They are now prepared to move forward
6 on the lease.

7 Mr. Collins.

8 MR. COLLINS: Mr. Chairman, Members of the
9 Board, this is -- by way of some background, this
10 particular project was approved by this Board at the
11 meeting of 5/30 of '17. Excuse me. And the approval
12 was based upon a proposal that Mr. Schwabe and
13 Mr. Dabdoub had prepared. We have now reduced that to
14 a purchase lease option agreement, which does about --
15 I'll summarize it for you.

16 The District leases the property -- or excuse
17 me -- buys the property for a thousand dollars, leases
18 it back to the developers for a thousand dollars a
19 year. It's their obligation to do all of the
20 improvements, which are estimated at a cost of just
21 over \$30 million, do all of the improvements. At the
22 end of that time they have either the option to buy it
23 back during a 25-year lease term or they would be
24 required to buy it back after that term. The purchase
25 price buying it back is a thousand dollars.

1 So during that time period the agreement
2 provides that you will rebate to them incremental site
3 specific sales taxes to a cap of \$4.5 million. In
4 other words, the money that you would be rebating to
5 them is money that they would be generating for you
6 and, for that matter, for the State of Arizona. And
7 that's the agreement.

8 I will tell you that, as with all of the
9 agreements that you enter into, there has to be an
10 economic study. It has to be shown by a third party
11 that the benefit to the public outweighs the benefit to
12 the developer. That study was completed yesterday. It
13 will be posted on the District web page tomorrow, I
14 think. I can share with you that it clearly shows that
15 the benefits to the private sector are well outweighed
16 by the benefits to the public sector.

17 Getting the specific numbers, but the point
18 of the story is, is that roughly \$42 million of
19 benefits go to -- excess benefits go to the government,
20 over and above the \$4.5 million that you are providing
21 to them and the insulation of property taxes. In other
22 words, this is a good deal for them. I don't
23 believe -- I believe you determined the last time we
24 talked that it wouldn't happen but for this. It is
25 within your authority, and what I'm suggesting to you

1 today, after we talked briefly about it in E session,
2 is that you authorize the completion of this project in
3 accordance with our discussions.

4 MR. SHEAFE: So moved.

5 MS. COX: Second.

6 CHAIRMAN McCUSKER: Any discussion?

7 Brandi, will you call the roll.

8 (Roll taken.)

9 (Motion moved, seconded and passed
10 unanimately.)

11 CHAIRMAN McCUSKER: By hearing unanimous
12 vote, five-zero, we've approved that GPLET lease.

13 And, Mr. Collins, you're authorized to
14 complete the documents.

15 MR. COLLINS: Thank you.

16 CHAIRMAN McCUSKER: Caterpillar. Stay there.

17 This, I understand, is basically a formality.
18 I think everyone remembers that we are also building
19 the Caterpillar building. We have leased that to
20 Caterpillar. They applied to the City for excise tax
21 abatement, the City Council unanimously approved that,
22 and now we need to approve the approval.

23 Is that safe to say?

24 MR. COLLINS: That's a fair statement, Mr.
25 Chairman. It has to do with the statutory requirement

1 that taxing authorities get noticed and that those
2 taxing authorities have an opportunity to review the
3 economic study.

4 In this particular, case Mayor and Council,
5 at their meeting on 12/19 of last year, approved the
6 abatement subject to no objections coming in prior to
7 January 28th of this year. No such objections have
8 come in, even to today. As a result of that, to dot
9 the I and cross the T of 42-6206, you need to consider
10 and perhaps move to reapprove the lease that you have
11 with Caterpillar.

12 MR. IRVIN: So moved.

13 MR. MARQUEZ: Second.

14 CHAIRMAN McCUSKER: Brandi, call roll.

15 (Roll taken.)

16 (Motion moved, seconded and passed
17 unanimously.)

18 CHAIRMAN McCUSKER: By a five-zero unanimous
19 vote, we have reapproved the existing lease with
20 Caterpillar.

21 Just so everyone's following this, under the
22 GPLET lease, only the City government can authorize the
23 abatement of the excise tax. So Caterpillar and Rio
24 Nuevo approached the City Council, and they've approved
25 that. We're basically just acknowledging their

1 approval. Caterpillar will take occupancy at this time
2 next year.

3 MR. COLLINS: Mr. Chairman, Members of the
4 Board, I think it's March of '19, and the target is, I
5 think -- Phil can correct me if I'm wrong, but I think
6 the target for them to start moving in is over the
7 holidays this year. So we'll see.

8 MR. SHEAFE: I think we're on target,
9 actually a little ahead of target right now. Is that
10 correct?

11 UNIDENTIFIED VOICE: Yes.

12 CHAIRMAN McCUSKER: I'll mention, only
13 because I think it's important for transparency sake,
14 we had asked to publicize the realtime videos that are
15 being taken of that building by putting it on our
16 website. Caterpillar asked us not to do that. They
17 are a public company and they don't necessarily want
18 people speculating in their stock as a result of a
19 construction project. So you pretty much have to drive
20 by to see what's going on over there.

21 We have time set aside to call for the
22 audiences. Brandi, do we have any requests?

23 Charles Duff. And just state your name for
24 the record.

25 MR. DUFF: Hello. Charles Duff. I'm with

1 Cobra Arcade Bar and Equus Capital.

2 I just wanted to come here today and
3 introduce myself to the Board. My company purchased 63
4 East Congress about a year ago. It was called the John
5 Wesley Miller Building. We have Senae Thai and Jimmy
6 John's are our two current tenants there. And we've
7 been working for the last six months on rehabbing the
8 space that had the Junxion Bar for a while. I think
9 that bar was in existence maybe a year or two. And
10 we're set to open our bar concept, which is Cobra
11 Arcade Bar. We have one in Phoenix. It's all these
12 vintage video games from the '80s and '90s, your
13 Pac-Man and your Galaga and those sorts of things, and
14 a bar. So it's over 21. It's not a Chuck E. Cheese.
15 It's a Chuck E. Cheese for adults.

16 And so, I just wanted to introduce myself,
17 let you all know we're going to be opening late May,
18 early June. We're probably going to be hiring 30 to 35
19 full and part-time employees here in Tucson. We're
20 bringing our general manager from Phoenix. He's run
21 our Phoenix location for two-and-a-half years. So he's
22 going to be the one employee from Phoenix coming out
23 here and we're going to hire everyone else here in
24 Tucson.

25 So just wanted to introduce myself, say we're

1 excited to be in Tucson. In Phoenix, we're downtown at
2 Second Street and McKinley, in the Roosevelt Row sort
3 of area. When we looked at expansion, we looked at
4 Tempe and Scottsdale and Chandler. We really feel, for
5 our brand, downtown Tucson is perfect, and we're really
6 happy to be here. One of our cofounders was born here
7 in Tucson, and we always come down here and -- the bar
8 scene and the night life scene in downtown Tucson has
9 always been even a little better than Phoenix, so we
10 come down here to party. And we came down here and
11 wanted to put our mark on it.

12 So just wanted to also open up for questions,
13 if have any questions about our process or what we're
14 doing or any of that.

15 CHAIRMAN McCUSKER: Make sure Brandi has your
16 contact stuff. So we'll reach out, certainly come by.

17 MR. SHEAFE: We're not allowed to comment in
18 public session. Very nice publicity in the paper.

19 MR. DUFF: Oh, yeah. We have not engaged a
20 PR firm here yet, but word seems to be getting out,
21 nonetheless, and we're really excited about that.

22 CHAIRMAN McCUSKER: My hip friends call this
23 a barcade.

24 MR. DUFF: A barcade, yes. The guys that
25 came up with the concept in Brooklyn trademarked

1 barcade, so that's why we're an arcade bar. Thank you
2 very much.

3 CHAIRMAN McCUSKER: These we'll see you
4 downtown.

5 Josefina Cardenas.

6 MR. CARDENAS: Buenas tardes. First of all,
7 my -- Josefina Cardenas, Barrio Kroeger Lane. My
8 grandson wanted to speak to you, but he fell asleep.

9 First of all, I would like to congratulate
10 you for the extension, as well as to appreciate and
11 look forward to the retreat you just mentioned. I'm
12 sure you will have lot of us out there, especially
13 speaking to you concerning the greatness that has been
14 happening to our City, but also the impacts, because
15 there's always two sides to the story. And there is
16 developments going on and people excited in coming over
17 that could also cause gentrification. Also have in
18 mind, please, that our barrios can be impacted as well.
19 There's properties in our barrio now that are being
20 sold over a million dollars. So what's that going to
21 look like in our barrio?

22 So we would also like to make an invitation
23 to you that on May 2nd we've been having a University
24 team working with us on a business plan for Rancho Chuk
25 Shon. And if you can recall, there was a presentation

1 for you in September of 2012. Well, we can't give up.
2 We need to see for the betterment of our barrio. So
3 there's an invitation for you, May 2nd at 1:00 p.m., at
4 the kettle conference room, to hear what has been
5 happening.

6 And, also, we look forward to -- Senor
7 Fletcher won't be there on May 2nd, so we're hoping
8 another member will join us. And I was looking forward
9 to also seeing something in writing for the land of
10 Chuk Shon, that we sometimes hear that it's the
11 landfill, but it's our original birthplace of Tucson.
12 So maybe next month we'll hear an update.

13 So muchas gracias and look forward to it.

14 CHAIRMAN McCUSKER: Josefina, thank you very
15 much.

16 MS. CARDENAS: Thank you.

17 CHAIRMAN McCUSKER: No other speakers.

18 With that, I'll entertain a motion to
19 adjourn.

20 (Motion moved, seconded and passed
21 unanimously.)

22 CHAIRMAN McCUSKER: See you next month.
23 Thank you everyone.

24

25 (Record closed at 3:02 p.m.)

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REPORTING FIRM CERTIFICATE

THIS FIRM CERTIFIES the ethical obligations set forth in ACJA 7-206 (J)(1)(g)(1) through (6) are in compliance and have been met.

WITNESS MY HAND this 25th day of April 2018.

KATHY FINK & ASSOCIATES, INC.
No. R1003