RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT,

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.
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APPEARANCES:

BOARD MEMBERS:

Fletcher McCusker, Chairman
Edmund Marquez
Jannie Cox
Chris Sheafe
Mark Irvin

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, 400 West Congress Street, Room 222, in the City of Tucson, State of Arizona, before ANTHONY C. GARCIA, RDR, CR, Certified Reporter No. 50218, on the 24th day of April 2018, commencing at the hour of 1:00 o'clock p.m.

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

Let's do the pledge.

(Pledge of Allegiance.)

CHAIRMAN McCUSKER: Brandi, call the roll.

MS. HAGA-BLACKMAN: Edmund Marquez.

MR. MARQUEZ: Here.

MS. HAGA-BLACKMAN: Jannie Cox.

MS. COX: Here.

MS. HAGA-BLACKMAN: Chris Sheafe.

MR. SHEAFE: Here.

MS. HAGA-BLACKMAN: Fletcher McCusker.

CHAIRMAN McCUSKER: Here.

MS. HAGA-BLACKMAN: Mark Irwin.

MR. IRVIN: Here.

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

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

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

(Motion moved, seconded and passed
CHAIRMAN McCUSKER: This is the time we set aside for Executive Session. Need a motion.
(Motion moved, seconded and passed unanimously.)
CHAIRMAN McCUSKER: We'll be back in -- call it 45 minutes.
(Recess.)
CHAIRMAN McCUSKER: Motion to reconvene.
(Motion moved, seconded and passed unanimously.)
CHAIRMAN McCUSKER: Okay. Thank you for bearing with us. We'll try and get to the public session here pretty quickly, so I'll keep my remarks relatively brief.

But, obviously, the most important thing that's happened since most of us have been on the Rio Nuevo Board is the passage of House Bill 2456. So I think most of us are pleasantly surprised, given particularly the Republican conservative support we had at the Legislature. But what it provides for this community is really a chance for us to finish our work. There's enough time and funds now, given our pretty small geography, that we should be able to accomplish anything we want within the Rio Nuevo boundaries. And
as you can see from our 20 previous projects, that's likely to be a mix of things going forward.

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

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

Couple things quickly. If you are driving around downtown, the Caterpillar steel will top off mid
May. Phil, is that right? I think something around the 11th. We're going to have a celebration in that building regarding the final level of steel. It's on budget, on time, and really quite remarkable, if you haven't been on the west side of the bridge lately.

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

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

But we're back on track with Cailber regarding the TCC Hotel, and I think from our chairs respectively and collectively, we believe that our funding resources give us the opportunity to really commit it to the TCC. And we're asking staff to help us put together kind of the scope on what it would take to really bring that -- everything there back to state of the art, the Music Hall, the Leo Rich Plaza, the
exhibition hall space. We're doing a nice job with the arena. Of course, hockey has been unbelievably successful there. We're well north of 120,000 hockey fans, and, as you know, the Roadrunners made the playoffs. The first home game in the playoffs series is actually tomorrow night, and we're expecting a sold-out crowd. So that's 6700 hockey fans that would otherwise be a dark arena. And thanks to SMG for all the hard work helping with that.

Without further ado, let's get after it.

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

MR. MEYERS: Dan Meyers, CFO Rio Nuevo.

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

The good news is our January TIF revenue was over 1.5 million. So we've been saying we're expecting a bump up in the revenues as we find people that have not been filing property, and that's starting to come to fruition. So starting May, we've already paid all our debt service in for the year, so anything we collect we pretty much get to keep in May and June.

I'm expecting somewhere between, you know, 1.2 and one
point -- excuse me -- 2.2 and two point -- one more try -- 2.5 and $3 million for the next two months. Again, that all goes on our bottom line outside of the normal operating expenses.

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

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

Any questions?

MR. SHEAFE: Pretty good news, Dan.

MR. MEYERS: Yeah, thank you.

CHAIRMAN McCUSKER: Dan, thank you very much. Jerry and Adam are here to update on us on the Mercado Annex project. Gentlemen, come on up. Are we looking at any pictures, Brandi? Do we have a PowerPoint or anything?

UNIDENTIFIED VOICE:

MR. WEINSTEIN: Did not bring a PowerPoint.

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

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

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

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

In any case, today we just received our first landscape delivery. So all of that's going in at the moment right. But now the tenants are just massively completing merchandising on the retail units. We have our retail preview on Thursday, which I believe some of you are attending. I believe that starts at 5:00 p.m.

And there will be champagne and just baseline preview of the facility and the core retail tenants, while the food and beverage tenants are still completing tenant improvements and going through final inspections.

So then we're leading up to next week, which is the block party, which you are kind enough to support. And we have events on the 4th, 5th and 6th, which are series of performances by local talent, including Hey Bucko and Giant Sand and Brian Lopez and Gabe Sullivan and some other local favorites, along with the first series of performances in the festival grounds by Flam Chen Pyrotechnic Theater, which if you
go over to the project site at the moment you will already see that they are set up with their stage and their aerial rig. They are presenting one of their first -- most recent performances that they've done called Fishers Wish, which they designed and launched for a series of productions in Austin, Texas, last year. So this will be the first official time it's presented in Tucson. They did a preview of it last year on a one-night preview over at Creative Machines, but this will be a several-day event. So that will be going on also on Thursday, Friday, Saturday performances.

So everything's starting to come together and really looking like a completed project. There is quite a bit of paving going on and on-site completion of the festival grounds area, but most of it's focused on the facility itself where the units are really coming together quite lovely. It really has a great sort of the dimension to it, nice sense of place. The courtyards, I think, are really, as they were intended, are going to be the most charming area. And we're just about receive tomorrow the first round of our shade cloth, which is a series of vertical and horizontal shade planes that create the microclimates that are in the courtyard area. So that will start being installed
by Arizona Awnings tomorrow, mainly on the rib formations that you see kind of outlined on the container units themselves.

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

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

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

MR. WEINSTEIN: Yes. Tomorrow you will be able to begin to go through -- there are four that will be open tomorrow as part of that preview. One is called Now or Never. And they were open as a pop-up at the Mercado San Agustin during the Holiday Bazaar in December. And the festival weekend next weekend also happens to coincide with our Spring Bazaar, which we
host every year. So now that's expanded to two facilities, so it will also be at the Mercado San Agustin at its main home, but now it's expanded, you know, quite larger over at the Annex as well.

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

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

And then who am I forgetting that's there?

I'm sorry. There's at least one other tenant that I'm not thinking of at the moment. Oh, Hermosa Coffee Roasters is also going to have their first little
pop-up that will be there. They are starting their
tenant improvement as we speak.

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

CHAIRMAN McCUSKER: Questions for Adam?

MR. MARQUEZ: Just a comment.

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

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

CHAIRMAN McCUSKER: You understand that's
vegetarian?

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

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

And in the process of that, we also brought
in a local sushi restaurant as well called Ku-Kai, which is also currently under construction, and they will be opening shortly after Beaut Burger.

MS. COX: That's within the Annex?

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

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

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

Right now when you go over, the stage is actually moved about a third closer to the container facility, that it will normally be set up just due to the way that they have this sort of theater-in-the-round production of Fishers Wish. And that will remain in that set-up for the following weekend.
CHAIRMAN McCUSKER: Do you contemplate programming that every week?

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

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

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

CHAIRMAN McCUSKER: Do you control and book all that or can someone rent the --
MR. WEINSTEIN: We have a production company that was set up specifically to support the Annex. So that's the interface, and depending on the type of event, we have flexibility as to how we handle it.

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

CHAIRMAN McCUSKER: Shakespeare.

MR. WEINSTEIN: Correct.

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

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

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

So I think it's going to be a nice expansion for the
Mercado San Agustin and a great leveraged asset for the
community. So thank you very much for your support.

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

MR. WEINSTEIN: Correct. Yes.

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

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

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

But in addition to that, all of the plants --
and there are -- I think the last count from AAA
Landscape, I think we've got about 800 different
planting features there between shrubs, ground cover
trees, et cetera, that are all in their own individual
irrigation PVC pipe, and everything that's been set in
there -- there's a 24-inch pipe that holds all of the
packed soil so that they can irrigate and be maintained while the irrigation rock is set around it. So it's just a very complex ground.

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

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

MR. WEINSTEIN: That's right. Yes.

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

MR. WEINSTEIN: Thank you.

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

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

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

MR. WEINSTEIN: Well, that's the plan.
MR. SHEAFE: What Jannie said to me is after this project is really successful you will be able to afford the collar.

MR. WEINSTEIN: That's right. I might.

Let's see.

CHAIRMAN McCUSKER: Don't change your wardrobe.

MR. WEINSTEIN: I hope so.

CHAIRMAN McCUSKER: Thank you very much.

Good luck.

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

CHAIRMAN McCUSKER: Leave them there.

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

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

CHAIRMAN McCUSKER: Thank you very much.

Congratulations.

Item number eight, our sales tax incentive rebates for the TCC. I think you all remember we implemented a program some time ago that rewards our biggest users of the TCC. That's paying off in spades.
Glenn, do you guys want to say anything about that while you're here or should we just motor on?

UNIDENTIFIED VOICE: Motor on.

CHAIRMAN McCUSKER: All right.

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

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

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

So I would suggest to you that you consider renewing the agreement for at least one more year on the same terms and conditions.
MS. COX: So moved.

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

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

MR. GRABSKI: Oh, absolutely.

Glenn Grabski, General Manager of TCC.

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

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

MS. COX: Absolutely.

MR. MARQUEZ: I'd second that.

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

It's been moved and seconded. All in favor
say aye.

(Board responds affirmatively.)

CHAIRMAN McCUSKER: Any opposed? Nay.

(Motion moved, seconded and passed unanimously.)

CHAIRMAN McCUSKER: Okay. There you go.

Thanks for all your help with that. And it is working, we've seen it work in a number of occasions.

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

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

Caliber had some turnover of staff and then kind of asked to reassess the program. One the things they did specifically was to retain the services of CBRE for a needs assessment. That more than supported the opportunity, so they are kind of back full speed.
But, in meantime, they need some extensions on our agreements.

Mr. Collins.

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

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

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

MR. IRVIN: So moved.

MS. COX: Second.

CHAIRMAN McCUSKER: Any conversation?

All in favor say aye.

(Board responds affirmatively.)

CHAIRMAN McCUSKER: All opposed? No.

(Motion moved, seconded and passed
unanimously.)

CHAIRMAN McCUSKER: Mr. Collins, thank you.

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

Mr. Collins.

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

The District leases the property -- or excuse me -- buys the property for a thousand dollars, leases it back to the developers for a thousand dollars a year. It's their obligation to do all of the improvements, which are estimated at a cost of just over $30 million, do all of the improvements. At the end of that time they have either the option to buy it back during a 25-year lease term or they would be required to buy it back after that term. The purchase price buying it back is a thousand dollars.
So during that time period the agreement provides that you will rebate to them incremental site specific sales taxes to a cap of $4.5 million. In other words, the money that you would be rebating to them is money that they would be generating for you and, for that matter, for the State of Arizona. And that's the agreement.

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

Getting the specific numbers, but the point of the story is, is that roughly $42 million of benefits go to -- excess benefits go to the government, over and above the $4.5 million that you are providing to them and the insulation of property taxes. In other words, this is a good deal for them. I don't believe -- I believe you determined the last time we talked that it wouldn't happen but for this. It is within your authority, and what I'm suggesting to you
today, after we talked briefly about it in E session,
is that you authorize the completion of this project in
accordance with our discussions.

MR. SHEAFE: So moved.

MS. COX: Second.

CHAIRMAN McCUSKER: Any discussion?

Brandi, will you call the roll.

(Roll taken.)

(Motion moved, seconded and passed
unanimously.)

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

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

MR. COLLINS: Thank you.

CHAIRMAN McCUSKER: Caterpillar. Stay there.

This, I understand, is basically a formality.

I think everyone remembers that we are also building
the Caterpillar building. We have leased that to
Caterpillar. They applied to the City for excise tax
abatement, the City Council unanimously approved that,
and now we need to approve the approval.

Is that safe to say?

MR. COLLINS: That's a fair statement, Mr.

Chairman. It has to do with the statutory requirement
that taxing authorities get noticed and that those
taxing authorities have an opportunity to review the
economic study.

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

MR. IRVIN: So moved.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: Brandi, call roll.

(Roll taken.)

(Motion moved, seconded and passed
unanimously.)

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

Just so everyone's following this, under the
GPLET lease, only the City government can authorize the
abatement of the excise tax. So Caterpillar and Rio
Nuevo approached the City Council, and they've approved
that. We're basically just acknowledging their
approval. Caterpillar will take occupancy at this time
next year.

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

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

UNIDENTIFIED VOICE: Yes.

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

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

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

MR. DUFF: Hello. Charles Duff. I'm with
Cobra Arcade Bar and Equus Capital.

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

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

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

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

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

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

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

CHAIRMAN McCUSKER: My hip friends call this a barcade.

MR. DUFF: A barcade, yes. The guys that came up with the concept in Brooklyn trademarked
barcade, so that's why we're an arcade bar. Thank you very much.

CHAIRMAN McCUSKER: These we'll see you downtown.

Josefina Cardenas.

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

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

So we would also like to make an invitation to you that on May 2nd we've been having a University team working with us on a business plan for Rancho Chuk Shon. And if you can recall, there was a presentation
for you in September of 2012. Well, we can't give up. We need to see for the betterment of our barrio. So there's an invitation for you, May 2nd at 1:00 p.m., at the kettle conference room, to hear what has been happening.

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

So muchas gracias and look forward to it.

CHAIRMAN McCUSKER: Josefina, thank you very much.

MS. CARDENAS: Thank you.

CHAIRMAN McCUSKER: No other speakers.

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

(Motion moved, seconded and passed unanimously.)

CHAIRMAN McCUSKER: See you next month.

Thank you everyone.

(Record closed at 3:02 p.m.)
CERTIFIED REPORTER'S CERTIFICATE

STATE OF ARIZONA
COUNTY OF PIMA

BE IT KNOWN that I took the foregoing proceedings; that I was then and there a Certified Reporter, CR No. 50218, in the State of Arizona; that said proceedings were reduced to writing by me.

I DO FURTHER CERTIFY the ethical obligations set forth in ACJA 7-206 (J)(1)(g)(1) and (2) are in compliance; that I am not a relative or attorney of either party, or financially or otherwise interested in the action.

WITNESS MY HAND this 25th day of April 2018.

ANTHONY C. GARCIA, RDR, CR
Certified Reporter No. 50218
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