

RIO NUEVO MULTIPURPOSE)
FACILITIES DISTRICT,)
)
)
_____)

MEETING OF THE BOARD OF DIRECTORS

June 28, 2018
Tucson, Arizona
1:00 p.m.

Reported by: Patricia Gerson, RMR
Certified Court Reporter #50429

KATHY FINK & ASSOCIATES
COURT REPORTERS
2819 East 22nd Street
Tucson, Arizona 85713
(520) 624-8644

1 APPEARANCES:

2 BOARD MEMBERS:

3 Fletcher McCusker, Chairman

4 Chris Sheafe

5 Mark Irvin

6 Jeffrey Hill

7 Jannie Cox

8 Edmund Marquez

9 ALSO PRESENT:

10 Mark Collins, Board Counsel

11

12

13

* * * *

14

15 BE IT REMEMBERED that the Meeting of the Board of
16 Directors of the Rio Nuevo Multipurpose Facilities
17 District was held at the Arizona State Building, 400 West
18 Congress Street, Room 222, in the City of Tucson, County
19 of Pima, State of Arizona, before PATRICIA GERSON, RMR,
20 Certified Court Reporter No. 50429, on the 28th day of
21 June 2018, beginning at the hour of 12:57 p.m. on said
22 date.

23

* * *

24

25

P R O C E E D I N G S

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CHAIRMAN MCCUSKER: What I announced before the PA was up is if you're here for our meeting, you notice from the agenda, we go into exec session first. And based on today's agenda, it's probably 40, 45 minutes. So, you're welcome to hang around. But we always go into exec first.

So, with that --

Somebody's phone. Maybe we should make him lead the pledge. Is that fair?

(Pledge of allegiance.)

CHAIRMAN MCCUSKER: You also notice we have no staff. Both Dan and Brandi are traveling for personal reasons. So, Mr. Collins is holding down the fort. Thank you, very much. So you have some \$20 an hour work, then you've got your regular rate work.

MR. COLLINS: Right. I'm here anyway. I'm here all night.

CHAIRMAN MCCUSKER: I guess you're calling the roll.

MR. COLLINS: Edmund Marquez.

MR. MARQUEZ: Here.

MR. COLLINS: Jannie Cox.

MS. COX: Here.

1 MR. COLLINS: Chris Sheafe.

2 MR. SHEAFE: Here.

3 MR. COLLINS: Mark Irvin.

4 MR. IRVIN: Here.

5 MR. COLLINS: Jeff Hill.

6 MR. HILL: Here.

7 MR. COLLINS: And Fletcher McCusker.

8 CHAIRMAN MCCUSKER: Here.

9 Thank you.

10 MR. COLLINS: Certainly.

11 CHAIRMAN MCCUSKER: We have received the
12 transcripts from the May 22nd meeting. They are verbatim.
13 Thank you very much.

14 So unless you have a concern, question, or
15 change, I would just need a motion to approve.

16 MR. IRVIN: Move to approve.

17 MR. MARQUEZ: Second.

18 CHAIRMAN MCCUSKER: All in favor say aye.

19 (Ayes.)

20 CHAIRMAN MCCUSKER: Approved unanimously.

21 We set some time aside for an executive session.

22 We'd need a motion to --

23 MR. MARQUEZ: So moved.

24 MS. COX: Second.

25 CHAIRMAN MCCUSKER: All in favor say aye.

1 (Ayes.)

2 CHAIRMAN MCCUSKER: All right. We'll see
3 everybody in about 40 minutes.

4 (Board recesses to executive session 1:00 p.m.)

5 (Board reconvenes at 2:00 p.m.)

6 CHAIRMAN MCCUSKER: Okay. I'll entertain a
7 motion to reconvene.

8 MR. IRVIN: So moved.

9 CHAIRMAN MCCUSKER: Second, please.

10 MR. MARQUEZ: Second.

11 CHAIRMAN MCCUSKER: Mr. Marquez seconded that on
12 his way up.

13 All in favor say aye.

14 (Ayes.)

15 CHAIRMAN MCCUSKER: Motion carries. Back in
16 regular session, thank you for that.

17 I'll make my comments pretty brief so we can get
18 after the agenda.

19 You'll notice item seven on our agenda is a
20 budget hearing. This is the time once a year where we
21 actually convene a public hearing on the Rio Nuevo budget,
22 and we're going to do that today and go through the budget
23 kind of line item by line item.

24 Speakers are allowed to sign in and speak
25 specifically to the budget hearing. And you're also

1 allowed to sign in and speak to the general call of the
2 audience.

3 So if you want to do either of those, I think,
4 Mark, the cards are out.

5 MR. COLLINS: They should be in back, I believe.

6 CHAIRMAN MCCUSKER: And then we'll come back to
7 our regular session.

8 MR. SHEAFE: Did you not receive one?

9 MS. COX: I did not get a budget.

10 CHAIRMAN MCCUSKER: I don't know that anyone has
11 one just yet. I think we're going to do that when we get
12 to that session of the agenda.

13 MR. SHEAFE: Mark, do you have them with you?

14 MR. COLLINS: I do.

15 MR. SHEAFE: Okay. I've got mine.

16 CHAIRMAN MCCUSKER: That's because you're the
17 treasurer, dude, you have to.

18 MR. MARQUEZ: I have mine.

19 CHAIRMAN MCCUSKER: I have to be careful what I
20 say, because it all gets written in the transcript.

21 All right. Just quickly for me, I would
22 encourage all of you just to drive around downtown, it's
23 just so much fun right now.

24 The Cobra Arcade opened up yesterday. And if you
25 haven't heard about that, it's a pinball arcade for 21 and

1 over people. Really cool bar. They started in Phoenix.
2 It's been so popular there, they came down here.

3 And if you're old school pinball player with the
4 flippers and balls, they have those. But they also -- my
5 son went with me and, you know, played Frogger and
6 Asteroids and Galaxy. And it's just really a neat spot.

7 And of course that's all sales tax. So we're
8 thrilled to see those kind of things coming downtown.

9 Likewise, the Mercaldo Annex pretty much totally
10 open. Few more stores coming into them. It's a really
11 neat place at dusk. Even with the heat, they have a
12 number of kind of outdoor common seating areas. There's a
13 little wine bar right there as you go into the entrance.

14 And everything over there is leased up. We
15 expect that property will produce something close to half
16 a million dollars a year, sales tax, out of a whole bunch
17 of containers, shipping containers. So it's quite
18 extraordinary.

19 Beaut Burger is open. I might have to take back
20 everything I said about those guys. That's a plant-based
21 burger.

22 MR. IRVIN: Plant-based burger.

23 CHAIRMAN MCCUSKER: You just have to deal with
24 the fact it's a vegetarian burger. But they're open. And
25 a lot of people in line when we went back over there.

1 Caterpillar is topped off, and they're starting
2 to work on the interior and exterior facades.

3 Go by the Cathedral Square, the beautiful Marist
4 building has now been totally restored. Remember, it was
5 being held up by two-by-fours, you know, tarped over, not
6 that long ago.

7 The chapel's been redone. The diocese is pretty
8 far along on the new convention center.

9 And then ultimately we'll narrow Ochoa and make
10 that a very beautiful pedestrian entrance into the new
11 Cathedral Square, which will include a public space
12 restaurant and cafe, right there at the church.

13 Just really neat times for us. And a lot more
14 coming. We're going to talk about some of the stuff
15 that's now pending this afternoon.

16 So, I mentioned our staff is all on very well
17 deserved vacations.

18 So, Mr. Collins, are you going to do the
19 financial report? Or is Mr. Sheafe going to do that?

20 MR. COLLINS: Well, my understanding that
21 Mr. Sheafe was going to do it. I do have copies of the
22 cash positions that I can provide to each one of you.

23 See how much better it is when Brandi does it
24 than when I do it?

25 MR. SHEAFE: I'll make this short, because I

1 don't think anybody in the audience has a copy of this.

2 So you can see on the top the unrestricted cash
3 at 5.6. If you look down to the bottom, you'll see where
4 the commitments are listed. And you can see that it's
5 broken into three pieces -- what we originally committed
6 at 10.2, what's already been paid, at a little over 5, and
7 what's remaining to be paid at a little over 5.

8 The good news is, we have cash. We haven't run
9 out of any money. And no checks that are being issued are
10 in any jeopardy. So we actually seem in pretty good
11 shape.

12 The one thing that might be a little confusing is
13 that we had very good income this last month, it was about
14 1.45. We generally project roughly a million bucks a
15 month. So that's, you know, almost 50 percent or
16 45 percent above. And that looks like we had a phenomenal
17 month.

18 However, we've been going back and auditing all
19 of the people who were paying in, and we found several
20 major vendors who were not coding properly, so the taxes
21 were being paid to the state, but the state wasn't
22 rebating them.

23 Part of that 1.45 is making up for lost ground
24 and moneys coming back. So we're really pretty much on
25 target at about a million.

1 One of the things that we're looking at and
2 paying attention to is we're going to lose two of our
3 bigger contributors, Sears and Toys "R" Us.

4 CHAIRMAN MCCUSKER: Oh, we're going to make money
5 on Sears. Have you seen what's going in there?

6 MR. SHEAFE: No, please.

7 CHAIRMAN MCCUSKER: A bowling alley, karaoke bar.
8 Sales tax. Food and beverage.

9 MR. SHEAFE: That actually is going forward?

10 CHAIRMAN MCCUSKER: They have already agreed to
11 the lease.

12 MR. SHEAFE: Thank you. I generally get a lot of
13 my information from Fletcher. I don't know how he does
14 it. But he manages to stay better informed than any of
15 us.

16 CHAIRMAN MCCUSKER: I think they're LA based.
17 These things are huge. There's a bowling alley, but it's
18 not your father's bowling alley. Has a bar and live music
19 and a restaurant and karaoke bar and arcades. And they're
20 very popular.

21 MR. MARQUEZ: I believe it's an Asian company.

22 MS. COX: Literally?

23 MR. MARQUEZ: From Japan, I think.

24 CHAIRMAN MCCUSKER: Which is probably why you
25 don't know about it.

1 MR. SHEAFE: Well, you know, at my point in life,
2 I have no idea how people go through life and have that
3 kind of time for personal entertainment. I just can't
4 figure it out. I haven't been able do it my entire life.
5 But I'm really thrilled that other people can. And thank
6 you so much.

7 CHAIRMAN MCCUSKER: What was the other
8 contributor that we're losing? I might have some
9 information.

10 MR. SHEAFE: Toys "R" Us.

11 CHAIRMAN MCCUSKER: Yeah, nothing on that.

12 MR. IRVIN: But you know what, you contribute in
13 other ways, Chris. Just because you're not paying any
14 taxes, you are contributing by just being here today.

15 MR. SHEAFE: Thank you. That's why I don't have
16 time to go to the arcade.

17 Anyway, we're in good shape financially. This is
18 going to be posted on our website, so you can look at it.

19 And it's interesting, because it shows that as we
20 grow, inside the TIF, we're growing the revenues, which is
21 really growing the opportunity stream for Tucson. Because
22 all this money gets reinvested.

23 And the chairman will mention this once in a
24 while, but we're 11 to 1 on our leverage. For every
25 dollar that we invest, \$11 gets invested by other people.

1 Phenomenal. There isn't any place in the country doing
2 that.

3 So that's my report.

4 CHAIRMAN MCCUSKER: Any questions for Treasurer
5 Sheafe?

6 Good job.

7 Okay. So this is the time we set aside for the
8 budget hearing. I would need a motion to convene --

9 MS. COX: So moved.

10 CHAIRMAN MCCUSKER: -- the hearing on the budget.

11 MR. MARQUEZ: So moved.

12 CHAIRMAN MCCUSKER: All in favor say aye.

13 (Ayes.)

14 CHAIRMAN MCCUSKER: All right. So the regular
15 meeting is in recess. We're now in a public hearing on
16 the 2018 - 2019 budget.

17 Just some quick notes for the audience and board.
18 So the budget is prepared by our CFO and the treasurer.
19 The executive officers have some input into that. But
20 it's presented to the rest of the board in this public
21 session. So we're going to go through it with some
22 detail. And I think we might have hard copies.

23 Mark?

24 MR. COLLINS: We do.

25 CHAIRMAN MCCUSKER: If you want to take a hard

1 copy of the budget, as well, as some of us don't have a
2 hard copy.

3 MR. SHEAFE: It will make it a lot easier for
4 those of us to have to explain, if nobody has a copy.

5 CHAIRMAN MCCUSKER: And then if anyone wants to
6 comment on our budget, we will do that before we adjourn
7 the hearing, and then the board will take action
8 immediately following.

9 And I think Treasurer Sheafe, you did such a good
10 job on the financial report, that we're going to ask you
11 to start with the budget.

12 MR. SHEAFE: Well, let me ask, Mr. Chairman, if
13 you wouldn't chime in as much as you feel, you've been
14 very much involved in this.

15 But essentially what is being projected here is
16 almost \$16 million worth of revenue coming in.

17 CHAIRMAN MCCUSKER: Is that as big as that gets?
18 Can we expand that any? Because nobody can really read
19 it.

20 MR. COLLINS: Not a lot.

21 CHAIRMAN MCCUSKER: So if you stay with that
22 column, just go down that budget, 6/30/19, we can point
23 out the line items so people will be able to follow that.
24 You get too much smaller and nobody is going to be able to
25 read it.

1 So the first section of our budget there is
2 revenue. What you see there, that Chris alluded to, total
3 revenue for us next year is a little under \$16 million,
4 compared to 14 million for the year just ending.

5 And that breaks it down for you in order of
6 rental revenue. We do collect rent from the city, from
7 Greyhound, from Caterpillar. Interest income, the money
8 we invest, if you keep going down, the next column is all
9 interest income.

10 We collect money, obviously, on the money we have
11 in the bank. Our biggest source of revenue -- keep
12 sliding down Hunan, you'll see a \$12 million number. That
13 \$12 million number is the TIF revenue estimate that's
14 pretty much in line with what we received over the last
15 year.

16 Dan is a very conservative budgeter. I expect
17 this to be significantly higher. But he's been
18 conservative in terms of how he's projecting that.

19 And then the last item of revenue, the \$200,000,
20 is the fee we get from Roadrunner hockey.

21 So, all that together creates a revenue forecast
22 of \$15.96 million.

23 MR. SHEAFE: And I think the significant thing
24 is, looking at that and comparing it with -- by the way,
25 our budget runs from June to June, so this is why we're

1 talking about it today, because we need to have it
2 approved before July 1st.

3 CHAIRMAN MCCUSKER: Then if you scroll back up,
4 the next items are obviously expenses. The first one
5 there is zero -- yeah, so everything below that 15.9 is an
6 expense item. And I'll just quickly run through those.

7 The first one is the marketing budget. You can
8 see the increase over last year. The Arizona Bowl
9 contributions, same as last year.

10 The next section are rebates that we've agreed
11 to, to our development partners.

12 And then some small items, until you get down to
13 \$46,000. That is our insurance.

14 And then the next section is basically our
15 operating budget. That would include salaries and legal
16 and our audit and rent and those kind of things. All the
17 way down to that -- through that page. You've got a hard
18 copy.

19 And then the next page finishes with expenses, in
20 terms of taxes we pay and interest we pay on money that we
21 borrowed.

22 And then the final items there, if you go to
23 \$6.4 million number -- Hunan keep going down, stop
24 there -- that is the interest on our bonds, \$6.4 million
25 from our old City of Tucson bond, and 950 grand of

1 interest payment on the old cost.

2 And then the money we borrowed for Greyhound
3 basically is the last piece of that.

4 Then if you go to the bottom number, what you're
5 seeing -- keep going down -- 13 million. Okay. So that's
6 the total expense side of the budget.

7 So, just to refresh your memory, the revenue
8 forecast is 15.96 million, the expense forecast is
9 13.0 million. In other words, if we were a for-profit
10 business, you would have \$2.9 million of income. Since
11 we're a 501(c)(3), we call that revenue over expenses.

12 And then if you keep going --

13 MS. COX: 5019(c)(3)?

14 CHAIRMAN MCCUSKER: -- 2.9 million. If you keep
15 going down, what Dan is suggesting is that we spend that
16 money on projects.

17 So we have cash in the hand and then the surplus
18 of next year equates to something in the neighborhood of 6
19 million bucks. And we're going to basically commit to
20 invest that into economic development.

21 MR. SHEAFE: Just to put this in perspective, if
22 you say that we have roughly 3 million of excess, you have
23 to remember that we have 5 million of commitments out
24 there that we haven't funded yet, most of which will not
25 fund all of next year. We have to be cognizant of the

1 fact we have commitments out front.

2 Also, our 16.2 represents a 10 percent increase
3 in revenue stream over what we did in the previous year.
4 And we assume that'll happen. So there are things we need
5 to work with.

6 But at the end of the day we're very balanced,
7 we've got money to put into quality projects. And I don't
8 want to step in front of any of our board members, but I
9 think our commitment has been investing things that
10 generate revenue, so that we'll have more money to invest
11 in the future. Don't put the money into nonproductive
12 elements, other than a very small amount that goes into
13 some of our marketing and some of our community support
14 elements.

15 And that really summarizes where we are with the
16 budget.

17 CHAIRMAN MCCUSKER: I think there's no changes in
18 the operating budget, year over year. We might want to
19 look at that.

20 I don't know if you guys subtotaled that, but in
21 things that we have control over, you know, we can't
22 control interest and bond principal, but we can control
23 salaries and rent and office supplies and legal and, you
24 know, personnel, obviously, I think.

25 MR. SHEAFE: Well, you know what's interesting,

1 because, Fletcher, a lot of this has to do with every
2 member of this board I think has been highly productive.
3 But we're running a \$16 million enterprise with
4 essentially two people on staff, and a whole lot of
5 volunteer time on the part of people here. It's an
6 enormous value for the community.

7 It also comes as a result of getting very able
8 supply in terms of the guidance we get from our legal
9 side. And our legal side is working to help us even
10 better manage those dollars through interplay between our
11 staff and the demands we have with our legal side.

12 But it's remarkable, when you look at the number
13 of people it takes to get almost anything done, and we're
14 doing it with two people. Two employees. In fact, one of
15 them is under contract.

16 CHAIRMAN MCCUSKER: So let me tick through those
17 things, since they're not --

18 MS. COX: I have a comment I'd like to make.

19 CHAIRMAN MCCUSKER: Go ahead.

20 MS. COX: With the marketing budget, you
21 mentioned that with the -- how productive those dollars
22 are spent, with the exception of marketing.

23 But I'd like to say, the marketing budget, I'm
24 very involved in that, and I would like everyone to be
25 comfortable with the fact that marketing dollars don't go

1 to anything that doesn't bring in revenue to downtown. So
2 we're very focused with our marketing dollars.

3 MR. SHEAFE: We have to thank both you and
4 Edmund. You guys have done a terrific job.

5 They put a lot of time into this. It's not
6 something that, you know, the rest of us get that involved
7 in. I think Fletcher probably has more direct
8 involvement.

9 But the leverage we get out of it, just an
10 example, Arizona Bowl wouldn't have happened had we not
11 stepped up early. And what that's doing for the community
12 today is good. What it's going to do for the community in
13 two or three years, we probably won't even be contributing
14 to it at that time, is just enormous.

15 CHAIRMAN MCCUSKER: Let me just finish the
16 comparison, then we'll open it up for discussion.

17 Most of the line items year to year that we
18 control are what I would call level funded. The CFO is
19 budgeted to go from 62 to 72. I think that's a reflection
20 of the amount of time that Dan intends to increase with
21 us, some of the work that he's doing, particularly in
22 tracking sales tax.

23 Legal is pretty much level forecast, right around
24 \$600,000. The project for public spaces item that we
25 approved at the last meeting, that's about a hundred grand

1 of new money that was not in last year's budget.

2 Rent is the same. We rent space here in the
3 state building.

4 Salaries have been level funded. That's probably
5 something we want to talk about. We've done nothing to
6 contemplate any kind of merit increase for staff. Health
7 insurance is the same. Our bid tax stays the same.

8 So only thing that's different in the ops budget,
9 is an uptick in marketing, an uptick in the Sunshine Mile
10 expenses. Everything else is -- and 10 grand in increased
11 expenses to our CFO. Everything else is the same as it
12 was last year.

13 Now, Mr. Irvin?

14 MR. IRVIN: I was just going to say, you know
15 probably doesn't impact relative to this budget, but
16 almost every deal we're structuring right now is one where
17 we're allowing the developers to benefit from building
18 their own success.

19 So, like, as an example, in the current budget,
20 we're burning through a bunch of these with the AC and
21 others, and I guess what I would like to see, and maybe
22 it's one of those things we ask Dan to do with some of the
23 additional time he's going to have, but maybe look at what
24 is that burn factor. You know, we have got -- every one
25 of these is subject to a cap.

1 I think it would just be -- I'd like to see kind
2 of a tally in where we are with those things as we go
3 forward, you know. They're allowed to have this much,
4 where are they with that burn factor, so we can kind of
5 look at that going forward, as well.

6 MR. SHEAFE: What Mark is saying is that we've
7 made deals where there is a rebate going back. But those
8 rebates are capped. And we may have allowed 10 years or
9 seven years for the rebate to work itself through.

10 But we're finding with the numbers coming in that
11 those rebates are going to stop because of their caps in
12 four years. And that's going to have a real impact on the
13 opportunity stream that we have for Rio Nuevo to have
14 long-term. Particularly those people who are around when
15 some of us are no longer here.

16 So, we couldn't have hoped for a better
17 circumstance than we've got.

18 CHAIRMAN MCCUSKER: The note to make to your
19 comment is that's all neutral to us.

20 MR. IRVIN: Right.

21 CHAIRMAN MCCUSKER: They pay the tax, and then we
22 give it back to them. So there's really no impact to us.

23 MR. IRVIN: There's no impact to us. It's all
24 stuff that was generated before.

25 CHAIRMAN MCCUSKER: We did do a cash flow

1 forecast. This is kind of budgeting. But we do forecast
2 cash. And I think we could build on that.

3 MR. IRVIN: I'd like to see us do that.

4 MR. SHEAFE: It's a good suggestion, and we can
5 get that done fairly easily. It really is a best of all
6 circumstance to assume that.

7 The job is going to be to make sure we don't feel
8 rich and start doing things differently than we've been
9 doing. Because we've got a long ways to go to turn this
10 community into the community that it really deserves to
11 be.

12 CHAIRMAN MCCUSKER: Any other comments from
13 members on the budget?

14 Any questions for the treasurer on the budget?

15 Anyone from the audience want to kibitz with us
16 on the budget? Speak now or forever hold your peace.

17 MR. SHEAFE: At least a year.

18 MR. MARQUEZ: I have a question.

19 CHAIRMAN MCCUSKER: Mr. Marquez.

20 MR. MARQUEZ: Mr. Sheafe mentioned the Arizona
21 Bowl, which is a \$400,000 -- in 2019, which they haven't
22 presented to us yet. So we've still had some discussions
23 with them. So this is approving, really, up to that
24 dollar amount, which is what we spent previously. It is
25 an up-to dollar amount; correct?

1 CHAIRMAN MCCUSKER: It's a budgeted amount, so it
2 could not be exceeded. But could be reduced. You're
3 right.

4 MR. MARQUEZ: All right.

5 MS. COX: But it will come back to the board.

6 MR. IRVIN: I think they've already presented to
7 the board. They've already told us what they did, what
8 plans are being forward. I'm not sure what else they
9 could say to us.

10 MR. MARQUEZ: Voted on it and brought to us.

11 MR. IRVIN: They just made a big presentation,
12 told you exactly how they spent money, what their plan is
13 in the future, just gave you a four-page report outlining
14 everything. What do you need to know, that you do not
15 know?

16 MR. MARQUEZ: I guess we didn't have a motion and
17 a second to approve the dollar amount.

18 CHAIRMAN MCCUSKER: You would do that in this
19 budget.

20 MR. IRVIN: By the budget.

21 CHAIRMAN MCCUSKER: Up to that amount.

22 MR. SHEAFE: You know, I'm trying to remember. I
23 thought we did make a motion. Maybe, you know, Edmund,
24 you would know, so I'm going to buy your memory on this.

25 MS. COX: We had a motion and voted on it last

1 year. We did not have a motion to vote on it this year.

2 MR. SHEAFE: Okay. I guess what Fletcher's
3 saying is it would be -- it probably should have been
4 handled that way.

5 Basically, what they said, if I turn into the
6 Arizona salesman, and Mark probably ought to be the one
7 speaking on this, but they basically came in on a plan and
8 said now -- they named off, what was it, five elements
9 that they had picked up, that basically improved the
10 status of our bowl.

11 It's phenomenal that our bowl has stepped into a
12 league of bowls that's a world removed from a whole bunch
13 of other ones. So we're one of the preferred bowls and I
14 think it's the top 16 --

15 CHAIRMAN MCCUSKER: Eight, we're number eight.

16 MR. SHEAFE: And they said, okay, so we need to
17 do these things. And they were counting on 400 again from
18 us to launch them into the second position. And in that
19 discussion, I guess my memory is not right, but I thought
20 we had approved it.

21 MR. MARQUEZ: There was no motion --

22 MR. IRVIN: And, actually, I don't think last
23 year, if I'm not mistaken, we had -- it was in the budget,
24 we vote on the budget, it wasn't -- if I recall, I do not
25 recall it being a separate line item discussion

1 specifically for the Arizona Bowl. It was presented in a
2 budget like everything else was, open for discussion.

3 MR. MARQUEZ: Ali came and presented to us. We
4 were in the Leo Rich Theater. We did a motion and a
5 second to approve.

6 I just want to say publically, I'm in love with
7 what the bowl game does for our community. I think it's
8 amazing. I've heard your presentation numerous times.
9 Love what it does for charities.

10 My concern is with the amount of money that we've
11 spent and invested in the last few years, as the amount of
12 sales tax that's being able to be generated in the
13 downtown area, number one, for a bowl game that's not in
14 downtown, I know that they really worked on having a
15 concert and like a festival thing here at night.

16 I know that in the future they're talking about
17 bringing hotel rooms downtown. Right now we just simply
18 have the AC Marriott, we haven't brought the other hotels
19 online.

20 I know we talked about helping them get started,
21 and it was my understanding that we would have a stepdown
22 over the years. And this isn't stepping down, it's just
23 equalizing what we've done.

24 When they're not -- in my own perspective,
25 they're not generating \$400,000 of sales tax in our

1 downtown -- in our district right now.

2 MR. IRVIN: I think you'd have to look at all the
3 numbers, Edmund. You know, they're coming back this year,
4 I mean yesterday they had a two-year celebration downtown
5 with a big block party.

6 This year they're not only doing that, they're
7 also doing battle of the bands downtown. They're doing
8 their kickoff luncheon downtown, their offices downtown.

9 I mean, they came here and they spent an hour
10 with us telling all the stuff they were doing.

11 So I'm going to respectfully disagree with you.
12 I think they've come in and created a really good story
13 for us to look at.

14 They've also not just talked about where are they
15 today, but they talked about where they're going in the
16 future and what their plan is. And everything that
17 they're doing right now that they can do downtown, they're
18 doing downtown.

19 So, to me, I just disagree. I think this is one
20 that's a great use of our funds. And, as you also know,
21 some of the reason that we didn't have the publicity in
22 the years past wasn't because the Arizona Bowl didn't
23 offer them to us. We asked them to downplay us, let us do
24 other things. Because we didn't want to draw any
25 attention to ourself.

1 And, virtually, the legislature said, hey, guys,
2 we want you to step up and talk about what you're doing.
3 So this year, as part of our package with everything else
4 that we're going to get from them, we're going to get a
5 national television spot, commercial spot that's worth
6 north of a hundred thousand dollars.

7 So if you're looking for a way to save a hundred
8 grand, there you go.

9 MR. MARQUEZ: I respect what you're saying. I
10 think I look at our marketing budget at \$400,000 as equal
11 to what we spend at the bowl game.

12 And we're presented numerous events and community
13 efforts here in the downtown area. Look at the dollars
14 they generate from the jazz festival, especially -- you
15 know, jazz festival and others that come to the downtown
16 area. And collectively we're spending \$400,000, and those
17 events actually downtown. So, I mean --

18 MR. IRVIN: What I would say is most stuff
19 they're doing with the bowl is downtown. And we have not
20 gotten, as an example, your budget, the budget for
21 marketing is from two to four, I haven't seen -- I've been
22 a guy that supported the increase in the budget.

23 But we haven't been presented a plan on how
24 you're going to spend that money. I have confidence that
25 you're going to spend that money the right way it needs to

1 be spent. I think you need to have a little confidence
2 that we're going to do the same thing.

3 MR. MARQUEZ: I had confidence over the last
4 couple years. If you just simply add up the numbers that
5 we've put into the bowl game.

6 Again, I respect the bowl game, but I look at,
7 gosh, how many events did we sponsor with our \$217,000
8 last year? Thirty?

9 MS. COX: Oh, yeah, yes.

10 CHAIRMAN MCCUSKER: So, just to be clear on the
11 process, we're only discussing the budget in this hearing,
12 and we're not going to take action.

13 When we adjourn the hearing and move back to the
14 regular agenda, we will take action. You all have several
15 options in terms of how you proceed. And the majority
16 will determine the outcome.

17 Someone can move the budget as presented, second
18 it, and we vote on that. If someone wants to change a
19 line item, they can say I'd like to make a motion to
20 change this to that, and if someone seconds that we would
21 vote on that.

22 So, the budget has been prepared by staff.
23 Basically, their instructions were quite simple: Level
24 fund everything, unless you get direction from somebody to
25 change that.

1 So, even to legal, you know, our counsel has
2 confidently left that level. Most everything else,
3 salaries, are level.

4 The only changes are related to marketing and
5 Sunshine Mile.

6 But you all have the opportunity to pick away at
7 the budget in the regular session.

8 Any other discussion, questions, comments?

9 MR. SHEAFE: That will conclude the treasurer's
10 report.

11 CHAIRMAN MCCUSKER: All right. So I need a
12 motion to adjourn.

13 MR. IRVIN: So moved.

14 MR. MARQUEZ: Second.

15 CHAIRMAN MCCUSKER: All in favor say aye.

16 (Ayes.)

17 CHAIRMAN MCCUSKER: Opposed, nay?

18 Okay. We're back in the regular session.

19 This is now an action in item number eight. You
20 have been presented the budget, explained quite
21 adequately, I think, even with some audiovisual issues.

22 And Mr. Sheafe, thank you for all the time you
23 put into this.

24 And I know Dan did a lot of work in terms of
25 developing the format.

1 As Mr. Collins indicated, this is not an item we
2 get to defer. We have to provide this to the state and to
3 the county by the end of the fiscal year, which is a few
4 days from now.

5 So, what is your pleasure?

6 MR. SHEAFE: Would one of you like to move for
7 approval?

8 MS. COX: No.

9 MR. SHEAFE: I need somebody to move.

10 CHAIRMAN MCCUSKER: You can move.

11 MR. SHEAFE: All right. As the treasurer, I'll
12 move that we approve the budget as presented.

13 MR. IRVIN: I'll second.

14 CHAIRMAN MCCUSKER: Okay. We have a motion and a
15 second to approve the budget as it's been submitted.

16 Any comments, questions?

17 Mr. Collins --

18 Mr. Hill?

19 MR. HILL: I just wanted to thank Dan. He did
20 add that extra column with the historical information that
21 I had requested, and I find that very helpful.

22 And I would also point out that the income is up,
23 but the budget isn't much higher than it was last year.
24 And budgets are just guesses that make the state happy.
25 We still have control over all the line items when they

1 come up for a vote.

2 So I think this is well done. We have almost \$3
3 million plus. So, you know, I'm comfortable with it,
4 Mr. Chairman.

5 CHAIRMAN MCCUSKER: Any other questions,
6 comments?

7 Mr. Collins, call the vote.

8 MR. COLLINS: Jeffrey Hill.

9 MR. HILL: Aye.

10 MR. COLLINS: Mark Irvin.

11 MR. IRVIN: Aye.

12 MR. COLLINS: Chris Sheafe.

13 MR. SHEAFE: Aye.

14 MR. COLLINS: Jannie Cox.

15 MS. COX: Aye.

16 MR. COLLINS: Edmund Marquez.

17 MR. MARQUEZ: No.

18 MR. COLLINS: Fletcher McCusker.

19 CHAIRMAN MCCUSKER: Aye.

20 So, by a vote of 5-1 the budget has passed as
21 presented. Thank you, very much.

22 Item number nine. Item nine, 75 East Broadway, I
23 think we have representatives here, David and Phil are in
24 the room.

25 For people that can't track the address, this is

1 the county-owned parcel across the street from TEP, that
2 Rio Nuevo has under option.

3 We ran a competitive process, and JE Dunn of
4 Kansas City was selected as the awardee. And I think you
5 guys are going to give us an update on the status of the
6 project.

7 Mr. Swaim.

8 MR. SWAIM: Chairman McCusker, Members of the
9 Board, Phil Swaim, Swaim Associates Architects, 7350 East
10 Speedway.

11 We are making good progress on -- as we're
12 preparing, hopefully, to ratify agreements with Rio Nuevo
13 on the 75 Broadway project.

14 David Volk and CBRE are doing well to -- reaching
15 out and bring in probable tenants. We're finding some
16 good strong opportunities there.

17 And obviously just want to be able to see things
18 coming out of the ground to be able to finalize some of
19 these things. But he's doing a wonderful job.

20 Folks, JE Dunn's office in Phoenix is managing
21 the construction cost estimating. And even in this market
22 they're working diligently to have new cost estimates as
23 of Monday of this week, and are now pulling all that into
24 our pro forma, along with the economic incentives that
25 we've been coordinating with you and the City of Tucson.

1 So we're eagerly seeing that pro forma updated over the
2 next few days here.

3 Let's see. The Swaim Associates in our design
4 team, we're proceeding with the building design, really
5 working closely with the city and county. They have a
6 collaborative effort going on managing issues related to
7 utilities and design and permitting. So we're
8 coordinating, sort of anticipating what that schedule
9 needs to be to accommodate that.

10 We're working on easements and things to be able
11 to abandon the alley for that acquisition, the Pima
12 County, City of Tucson are working on, so at the same time
13 coordinating with TEP and Tucson Water to be able to
14 accommodate those items.

15 We coordinated -- we're talking with the City of
16 Tucson, about hopefully they're going to be managing the
17 parking garage. I know that deal isn't finalized yet.
18 But to make sure they've got input on the design of the
19 garage and how that's organized and functioning.

20 So, hopefully if that deal is able to get
21 completed, they're certainly going to be excited and ready
22 to go with the garage design.

23 Let's see. We again, we met with the city and
24 county about the infill incentive district process. They
25 actually have collaborated to be able to come up with a

1 process that is much more efficient than they have in the
2 past. And so we're really pleased about their efforts and
3 commitment to the project. It's great to see those two
4 entities working closely together.

5 And beyond that, I think sort of the final thing
6 is really they're breaking out in the cost estimating,
7 they're breaking out the cost of the garage itself, as to
8 be able to really understand how we can, again, hopefully,
9 finalize the agreement with the lease here with Rio Nuevo.

10 I think a lot of it -- well, we've also been
11 coordinating, certainly, with Rio Nuevo and Mark Collins
12 on things like the archeology investigation.

13 They have actually gone to the -- one corner of
14 the site and done some radar investigation and actually
15 done some exploratory work.

16 So they have an agreement now with the state, the
17 office is -- they have a permit in place tying down
18 expenses that otherwise will be going up four -- I think
19 from --

20 MR. COLLINS: Four times.

21 MR. SWAIM: Four times on July 1st. So that
22 effort has been coordinated and tied down.

23 The Phase One environmental has been proceeding.
24 There is a Phase Two recommended, and they're currently
25 coming in with a proposal to do so. So, basically some

1 radar investigation to be able to determine if we've got
2 any tanks or what sort of elements that may be in place
3 that were identified during the Phase One effort.

4 We may potentially do some soil boring to
5 determine the next level. Otherwise we're coordinating
6 with archeology and environmental to do all of their work
7 and over about a three-month process, backing up from the
8 time that JE Dunn wants to be able to start construction.
9 And right now we're hoping that that is the end of the
10 year, so --

11 CHAIRMAN MCCUSKER: How do you feel about that?
12 Is that realistic? You know, because the way the leases
13 are designed, once they're signed and executed, you have
14 six months to break ground, I think. Can you do that in
15 six months?

16 I mean, all the awards should be dealt with.
17 We'll know the archeology, we'll know if we have to do any
18 remediation. You're well on your way in negotiating the
19 boundaries and the alley.

20 But, you know, is six months really an adequate
21 time to get permits and everything you need to do to
22 launch a build?

23 MR. SWAIM: I'm confident with the county and
24 city on board, that the permit process is not going to be
25 the challenge. We just need to be able to get release to

1 go ahead and --

2 CHAIRMAN MCCUSKER: How about on your side? Can
3 you draw and scope and do everything you need to do, well
4 within that window?

5 MR. SWAIM: We're planning on being able to come
6 up with a foundation package to get them started. Then we
7 will follow up with a garage package.

8 And then while we're under construction, our
9 office tower has the capability to even add additional
10 floors. So we're going in with a base level of the
11 project to get to our pre-lease requirement to break
12 ground.

13 And I think as we've seen, potential tenants,
14 when they see ground actually moving and a crane on site,
15 they have a lot more confidence about a completion date.

16 So we're having the capability to even add floors
17 to the building, as opposed to anticipating a maximum
18 sized building, or trying to get to a pre-lease percentage
19 for that maximum side.

20 So that final package is going to be the office
21 tower itself.

22 But we have at least one tenant who has a --
23 who's -- they need a commitment for an opening date a
24 couple years out, that we'll need to be able to meet.

25 MR. SHEAFE: So you're really describing a

1 process where you have a foundation package and probably
2 the first parking package, and the retail component pretty
3 well designed, and you can get that done within the six
4 months, including receiving the permits?

5 MR. SWAIM: Yeah. Right now we're anticipating
6 having a basement, two-level basement, that would be --
7 that will be part of our retail component. And certainly
8 we can come in and that's a couple months worth of work,
9 easily.

10 So we could certainly have that foundation and
11 basement package ready to go, follow up then with the
12 garage package on top of that. So we would be able to
13 keep up with the contractors.

14 MR. SHEAFE: In saying that, Phil, is there a
15 possibility that you could find yourself actually
16 launching construction before you actually know the full
17 size of the office component?

18 MR. SWAIM: Yes.

19 MR. SHEAFE: Okay.

20 MR. SWAIM: We have the capability right now with
21 the structural design, the system we have, to be able to
22 add four additional floors as -- once we've started
23 construction.

24 MR. SHEAFE: Okay.

25 MR. IRVIN: Four floors off of what height?

1 MR. SWAIM: Right now, the base level of the
2 building is 150,000 square feet. We have 30,000 square
3 foot floor plates, so that's levels of office, so we'd be
4 able to go to 270,000 square feet.

5 CHAIRMAN MCCUSKER: Is that 10 stories then? Is
6 that base 10?

7 MR. SWAIM: So that's nine floors of office, I
8 think we're --

9 CHAIRMAN MCCUSKER: So, 11 stories above ground?
10 At minimum for all of us to launch, and the way you're
11 designing this then is you can permit additional floors if
12 the demand is there?

13 MR. SWAIM: Correct. Plus the 500 and some
14 parking spaces, which is about eight levels of parking.

15 CHAIRMAN MCCUSKER: Interesting. And county is
16 okay with that kind of fragmented -- I don't know that
17 we've ever done anything like this. Have we?

18 MR. SWAIM: They've done -- they've done separate
19 permits for us. They've done that in packages, and
20 they're fine with that.

21 We did that with them on World View, and we've
22 done some of that in a similar way even with Caterpillar.
23 They're fine with doing that.

24 MR. SHEAFE: So we're going to get all -- and I
25 know you're aware, but I'm asking the question so it gets

1 on the record -- you're aware that we are investing, at
2 this point, the district, into those sort of base elements
3 to make sure the archeology, make sure we get the phasing,
4 the phase one and phase two complete, take care of the
5 alley, get the survey done, we've done the alpha and all
6 of that. We have all that done so you have a complete
7 package, and you're going to need that in order to
8 actually launch anyway.

9 MR. SWAIM: Absolutely.

10 MR. SHEAFE: In terms of getting permission from
11 JE Dunn. And we're happy to make that investment in order
12 to promote this thing.

13 But at the time that you actually are released to
14 draw, your anticipation is that that release will take you
15 up through the parking floors, but not necessarily be a
16 release to draw all of the office floors. Is that
17 correct?

18 MR. SWAIM: No, but I -- we've actually been
19 released to draw over the last few months, which is why
20 we're proceeding with design and structure. And so it's
21 -- what we're hoping is that here in July, if we're able
22 to get the lease agreement completed with Rio Nuevo, that
23 that will then give them the confidence to go ahead and
24 release us for the remaining portion.

25 What we're aiming for then is to -- we have to,

1 again, hit that certain percentage pre-lease to be able to
2 actually break ground. And if for some reason we didn't
3 achieve that level, they could stop the project in
4 mid-stride. But I don't anticipate that's going to
5 happen.

6 MR. SHEAFE: In order for us, I think, this is
7 almost a question for Mark, we're going to need to know
8 the scale of this thing before we launch and do our final
9 sublease. Are we not?

10 MR. COLLINS: Mr. Sheafe, Members of the Board --
11 thanks.

12 Clarify something. The way this sublease is
13 currently written, the preliminary plans have to be done
14 in six months, and the final plans have to be done three
15 months after that. Okay?

16 To your point, Mr. Sheafe, I agree with you. At
17 some point during -- the way this is set up, as you may
18 recall, is there's a ground lease between Pima County and
19 the district. And that ground lease continues on until
20 the construction is completed, at which time the district
21 buys the property from the county.

22 Sitting on top of that ground lease is a
23 sublease, from the district to JE Dunn. That sublease
24 requires JE Dunn to have preliminary plans submitted to
25 the county within six months of commencement of that

1 lease, and final plans within three months after that.

2 So, it's in that context that you -- that we
3 would all have to know the size of the building.

4 MR. SHEAFE: Thank you.

5 MR. IRVIN: That's what I was just going to say.
6 You know, Phil, feel free to touch on this.

7 So the RFP reflected certain criteria -- size,
8 parking, what have you -- and I think it is important just
9 to restate that whatever we do, whatever happens here, is
10 going to at least, if not greatly, exceed that RFP.

11 MR. SWAIM: That is correct. The RFP has the
12 base minimums of 500 parking spaces and 150,000 square
13 feet of offices.

14 And so what we've got is a base level pro forma
15 that will allow us to actually break ground by hitting
16 that percentage of 150,000 square feet of pre-lease, as
17 opposed to setting a bar to the 270 that our goal is.
18 Because, obviously, that makes it more difficult to break
19 ground.

20 But because we're sizing our foundation and the
21 structure for the larger building, we can go ahead and
22 break ground and proceed.

23 MR. IRVIN: Right. And I just, you know, want to
24 make sure it's clear we support maximizing that site at
25 300 feet, if the demand supports it and the developer has

1 a little taste for a little risk. But as long as it
2 exceeds the RFP thing, we're fine.

3 And what we like about it, speaking for myself, I
4 love the retail component. Do I not like office? Sure, I
5 love office. But I think the retail component is what the
6 district is all about.

7 MR. SWAIM: Absolutely.

8 CHAIRMAN MCCUSKER: Will it be constructed such
9 that a year from -- after construction, if you wanted to
10 add another level, you can come back and do that? Or do
11 you kind of have to build it all at once?

12 MR. SWAIM: We need to build it all at once. It
13 would be really difficult to come back and reinstall a
14 tower crane and add another floor on top of a building.
15 It would be cheaper to go ahead and build another building
16 at another site.

17 But we have every confidence -- and we've already
18 had some potential tenants say, hey, if we see you
19 breaking ground, we're going to go ahead and make a
20 commitment.

21 Or we've seen some others that say we can't make
22 a commitment here in the next four months, but give us
23 some time. And so, I think, again, that enthusiasm will
24 allow us to go forward.

25 MS. COX: So I'm still not clear on what the

1 minimum amount of office space will be. You're going to
2 start out with 150,000 --

3 MR. SWAIM: That's correct.

4 MS. COX: -- square feet of office space?

5 MR. SWAIM: That's correct.

6 MS. COX: And that could expand, with demand, to
7 what?

8 MR. SWAIM: 270. That's four more floors of
9 30,000 square feet apiece.

10 CHAIRMAN MCCUSKER: The RFP minimum was exactly
11 150,000 square feet.

12 MS. COX: Thank you.

13 CHAIRMAN MCCUSKER: They've always been well
14 above what we asked of them. So at a minimum, we're going
15 to get exactly what we advertised for, and still the
16 possibility that it could be substantially greater than
17 that.

18 MR. SWAIM: We just want to make sure that we can
19 break ground as quickly as possible. That's what's really
20 important.

21 There are not that many tenants that can afford
22 to commit to a lease two years or more out.

23 CHAIRMAN MCCUSKER: Does that change the parking,
24 whether it's 11 stories or 15 stories?

25 MR. SWAIM: Yeah.

1 CHAIRMAN MCCUSKER: When you do the foundation
2 and garage, you know, do you get locked into a certain
3 capacity at that point, or --

4 MR. SWAIM: We would potentially have the ability
5 to add an additional floor or so of parking, as well. I
6 don't know if -- we have not had as much discussion about
7 that. It's really, mainly, been about adding more floors
8 of office. But that's certainly a conversation we can
9 have.

10 I think underseeing the new pro forma and cost
11 estimates here over the next couple of weeks will help
12 understand that.

13 CHAIRMAN MCCUSKER: Awesome.

14 Any questions for Phil?

15 Mr. Collins, we have some underlying documents we
16 need to talk about.

17 MR. COLLINS: Yes, Mr. Chairman.

18 Mr. Chairman, Members of the Board, as you will
19 recall, we have discussed a ground lease and a sub-lease
20 that I just explained to you.

21 We're now acting under a development agreement
22 between the district and JE Dunn. And that development
23 agreement outlines what is supposed to be done for the due
24 diligence, it's already been talked about, to allow Dunn
25 an opportunity to determine, after looking at it for a

1 while, whether they want to go forward with this project.

2 That development agreement expires or has an end
3 date of July 18th. Your next board meeting is the 24th of
4 July. So it is my suggestion and hope that you consider
5 authorizing executive officers to finalize and execute the
6 ground lease and the sublease, should that become
7 appropriate prior to your next board meeting.

8 So, those are the underlying documents,
9 Mr. Chairman.

10 MR. IRVIN: Sounds almost like a motion.

11 MR. SHEAFE: Well, let me propose a little
12 different motion. If you don't mind?

13 CHAIRMAN MCCUSKER: As long as she can keep up
14 with you.

15 MR. SHEAFE: We've got a pretty complex
16 circumstance here. We've got a lot of moving parts.
17 We've got phasing going on and the phases, we've got
18 archeology going on, we've got an alley, we've got a
19 ground lease, we've got a sub-ground lease, we have
20 changes in scale and size and scope. And we have a
21 deadline.

22 I would propose that we pass a motion that we've
23 authorized counsel to proceed, as we discussed in
24 executive session, which should get us through to the next
25 meeting.

1 So, the specific proposal is, we authorize
2 counsel to proceed in the manner as instructed in
3 executive session.

4 MR. IRVIN: I'll second that.

5 CHAIRMAN MCCUSKER: Any further conversation?
6 Mr. Collins, while you're up there, call the
7 roll.

8 MR. COLLINS: Edmund Marquez.

9 MR. MARQUEZ: Aye.

10 MR. COLLINS: Jannie Cox.

11 MS. COX: AYE.

12 MR. COLLINS: Chris Sheafe.

13 MR. SHEAFE: Aye.

14 MR. COLLINS: Mark Irvin.

15 MR. IRVIN: Aye.

16 MR. COLLINS: Jeffrey Hill.

17 MR. HILL: Aye.

18 MR. COLLINS: Fletcher McCusker.

19 CHAIRMAN MCCUSKER: Aye.

20 By a vote of 6-0 we've authorized counsel to
21 proceed.

22 Phil, David, this it outstanding for the
23 community and our city. And you guys are doing Yoman's
24 (ph) job, helping deliver this project. So the whole city
25 is going to be in debt. And whatever it ends up is going

1 to be iconic. So, again, thanks for all that you're
2 doing.

3 MR. SHEAFE: We did put a little bit of a shining
4 light here on David Volk, I think, here in this meeting.

5 Are you feeling the bright light there, David?

6 MR. VOLK: Yes. Light and pressure. Thank you.

7 CHAIRMAN MCCUSKER: Sunshine Mile, I'm going to
8 table this, but just a quick update on progress there. We
9 have signed a contract with Project For Public Spaces out
10 of New York to help us with these three blocks.

11 The city is working on the acquisition of what
12 they call surplus property, 39 properties in total will be
13 deeded over to us. As we've done downtown, we will work
14 with the private sector to activate those properties,
15 mostly as food and beverage, restaurant, cafe, retail.
16 And hopefully we will begin to see titles transferred over
17 the summer, and we'll have a very active process with the
18 community, in terms of how we might envision the north
19 side of Broadway.

20 So, no action is required today. So, we'll
21 consider that update only.

22 Item 11 then, Caliber, Mr. Collins. We also have
23 some great news coming from them. The Caliber Hotel, to
24 refresh your memory, is the hotel we authorized to explore
25 on the southeast corner of the Tucson Convention Center

1 complex.

2 Caliber is aggressively moving forward with
3 design and a hotel brand partner. And I think it's safe
4 to say they just need a little more time to get their work
5 done. We have some deadline issues --

6 MR. COLLINS: We do.

7 CHAIRMAN MCCUSKER: -- there as well.

8 MR. COLLINS: We have a development agreement
9 with Caliber, as well. There's been a great deal of
10 progress on that particular project. It's come from the
11 concept to almost full -- completely fleshed out design.

12 But the deadlines that we currently have are
13 impossible to meet. They're July 8th deadline for
14 termination of their sublease or the ground lease to the
15 city.

16 For the completion of the economic study -- can't
17 get that done until Caliber knows how much it's going to
18 spend on the hotel. So, we need a little more time.

19 I've spoken to Caliber's counsel, and we agree
20 that the way to do this would be to have an agreement to
21 extend the current deadlines for a period of 60 days, call
22 it a grace period of 60 days, to allow the lawyers to get
23 things in order so we can have a realized schedule by the
24 end of those 60 days.

25 CHAIRMAN MCCUSKER: We need a motion to --

1 MR. SHEAFE: Well, let's suspend the deadlines.
2 But my motion will be, I move that we suspend the
3 deadlines until the August meeting of the board. That's
4 going to give you a little more than 60 days. And that
5 way, we won't have these deadlines suddenly terminating
6 right between meetings.

7 CHAIRMAN MCCUSKER: Very wise.

8 MS. COX: Second.

9 CHAIRMAN MCCUSKER: Very wise. Okay. The motion
10 is to extend the Caliber deadline until the August
11 meeting. I didn't hear a second.

12 MR. IRVIN: Second.

13 CHAIRMAN MCCUSKER: Any conversation, questions?
14 Simple enough. All in favor say aye.

15 (Ayes.)

16 CHAIRMAN MCCUSKER: Any opposed, nay.

17 Okay. That passes unanimously.

18 There are a couple of notes, particularly, for
19 the city. There's two really large projects that Rio
20 Nuevo is enabling, that have city action required.

21 Phil, I heard you say you're working with them on
22 some of that. But we made a commitment to mayor and
23 counsel to update them when these projects look a little
24 more real. And it sounds like we're kind of there now.

25 So, I'll talk to the mayor and manager about

1 briefing them on 75 East Broadway and the Caliber Hotel
2 project.

3 45 east -- 44 East Broadway, Mr. Collins, is just
4 a little legal nit, I think.

5 MR. COLLINS: Yes, that's exactly what it is,
6 Mr. Chairman, Members of the Board.

7 This project is a Schwabe and Dabdoub project.
8 You approved the completion and execution of the lease and
9 attendant documents at the April meeting.

10 Unfortunately, a statutory period, waiting period
11 hasn't run yet. I usually make sure that happens before
12 you have that vote. I failed to do that this time.

13 We've put out the notices to the taxing
14 authorities, we provided everybody with the economic
15 study. There's been no objection, nobody said anything.

16 And so what needs to happen now, just to comply
17 with the statute, is for the board to approve, again, the
18 lease and the structure of the deal with the developers of
19 44 East Broadway.

20 MR. IRVIN: Same context as we anticipate in
21 April?

22 CHAIRMAN MCCUSKER: Absolutely.

23 MR. IRVIN: If there's no change, I'll make that
24 motion that we authorize that.

25 MR. MARQUEZ: Second.

1 CHAIRMAN MCCUSKER: No substantive change at all.
2 Is that clear what we're moving? We're basically
3 just reauthorizing.

4 All in favor say aye.

5 (Ayes.)

6 CHAIRMAN MCCUSKER: Any opposed, nay.

7 MR. COLLINS: And shame on me for not having it
8 run first.

9 CHAIRMAN MCCUSKER: We have time set aside for
10 the call to the audience. I didn't see any cards.

11 Entertain a motion to adjourn.

12 MR. IRVIN: So moved.

13 CHAIRMAN MCCUSKER: Second, please? You might
14 second the adjourn or we're going to be here for a really
15 long time.

16 MR. SHEAFE: Second.

17 CHAIRMAN MCCUSKER: All in favor say aye.

18 (Ayes.)

19 CHAIRMAN MCCUSKER: See you next time.

20 (3:00 p.m.)

21

22

23

24

25