

RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

BOARD MEETING

Tucson, Arizona
February 26, 2019
1:00 p.m.

REPORTED BY:

John Fahrenwald, RPR

Certified Reporter No. 50901

KATHY FINK & ASSOCIATES

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BOARD MEMBERS PRESENT:

- Fletcher McCusker, Chair
- Chris Sheafe, Treasurer
- Mark Irvin, Secretary
- Jeffrey Hill
- Edmund Marquez
- Jannie Cox

ALSO PRESENT:

- Mark Collins, Board Counsel
- Brandi Haga-Blackman, Operations Administrator

* * * *

BE IT REMEMBERED that the meeting of the Board of Directors of the Rio Nuevo Multipurpose Facilities District was held at the Tucson Convention Center (TCC), in the City of Tucson, State of Arizona, before JOHN FAHRENWALD, RPR, Certified Reporter No. 50901, on the 26th of February, 2019, commencing at the hour of 1:00 p.m.

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P R O C E E D I N G S

CHAIRMAN McCUSKER: Call this meeting to order. It's 1:06 by the official smart phone.

Brandi, call the roll:

MS. HAGA-BLACKMAN: Edmund Marquez?

MR. MARQUEZ: Here.

MS. HAGA-BLACKMAN: Jannie Cox?

MS. COX: Here.

MS. HAGA-BLACKMAN: Fletcher McCusker?

CHAIRMAN McCUSKER: Here.

MS. HAGA-BLACKMAN: Jeffrey Hill?

MR. HILL: Here.

CHAIRMAN McCUSKER: And we understand that Mr. Irvin and Mr. Sheafe are inbound. We do have a quorum. You have the transcript from the January 29th meeting.

We need a motion to approve.

MR. MARQUEZ: So moved.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor say "aye."

(Ayes.)

This is the time we set for Executive Session. We need a motion to recess.

MR. MARQUEZ: We missed the pledge.

CHAIRMAN McCUSKER: Mr. Hill.

(Pledge of Allegiance was recited and lead by

1 Mr. Hill.)

2 I think I had a motion and a second for
3 Executive Session. We go to Executive Session right away.
4 It takes 45 minutes to an hour -- if you are here for
5 something special.

6 (Whereupon, the Board recessed for Executive
7 Session.)

8 (The Board reconvenes for Executive Session
9 at 2:16 p.m.)

10 CHAIRMAN McCUSKER: I'll entertain a motion
11 to reconvene.

12 MS. COX: So moved.

13 MR. MARQUEZ: Second.

14 CHAIRMAN McCUSKER: All in favor say "aye."
15 (Ayes.)

16 We're back in business. Thank you. As soon as
17 you settle in we'll get to work.

18 Most anything I would have to say in remarks,
19 we're going to cover today. So I'm going to move straight
20 into the agenda.

21 Dan, do you want to start with your financial
22 report?

23 MR. MEYERS: Dan Meyers, the CFO of Rio
24 Nuevo. So at the end of January, we had about \$4.6 million
25 of liquid cash. As we project a year out, we expect to have

1 about a \$3.7 million excess. So that gets us kind of
2 looking into next year, about \$8.3 million available to put
3 to good use.

4 Towards the bottom of the page, we have our
5 known commitments within one year. That's 6.7, but that
6 also includes the TCC ice plant, which we're hoping to get
7 financed. And then down below that you see a few projects
8 we are consider that probably fall outside the one-year
9 parameter.

10 We had a nice TIF collection in January,
11 which was for November sales: 1.6 million. Our budget is
12 1.2, so that was a nice month. And we're on a clip this
13 year for the calendar year to exceed \$15 million in TIF
14 revenue.

15 Our budget for the fiscal year is 14.4 million so
16 we're just slightly ahead of that. So we're hopefully the
17 next six months -- will be equally as good.

18 Anybody have any questions?

19 TREASURER SHEAFE: Just for the purpose of
20 the audience, you might mention that we also have some bond
21 payments. So that 14.4 might mislead somebody thinking
22 there's fourteen-four available dollars.

23 MR. MEYERS: Right. We've got about an
24 \$8 million annual debt service.

25 CHAIRMAN McCUSKER: -- 20, 25.

1 MR. MEYERS: Correct.

2 Any questions for Dan?

3 TREASURER SHEAFE: Notice when the questions
4 go down, the income goes up?

5 MR. MEYERS: I like that.

6 CHAIRMAN McCUSKER: Must be the Treasurer.
7 Sunshine mile. I think it's just a quick update
8 from us. We are waiting for title to some 40 properties on
9 the north side of Broadway. We expect them in the next 30
10 days.

11 We are going to go ahead and launch a proposal to
12 move the bungalows. Those 7 bungalows are in the
13 right-of-way, so we are working on a proposal to relocate
14 them. The rest of that will occur over the next several
15 months as we take title to these properties to renovate and
16 activate them.

17 Mr. Collins, I don't think we need anything
18 else on the Sunshine Mile, do we?

19 MR. COLLINS: Agreed, Mr. Chairman.

20 CHAIRMAN McCUSKER: Item 8, Caliber. We do
21 have some issues to discuss. Counsel, if you want to go
22 through this. This is the -- now what we know to be the
23 DoubleTree Hotel project at the convention center in that
24 corner.

25 MR. COLLINS: Mr. Chairman, Members of the

1 Board, as you recall, you have been working with Caliber for
2 quite some time now on the agreement necessary to have them
3 build what will now be approximately a 175-room hotel on a
4 portion of the TCC property that is currently unused.

5 The terms of that transaction have been reduced to
6 an agreement which -- the final terms of which we discussed
7 in Executive Session. The builder, Caliber, wants to
8 commence construction in April of this year.

9 There are some requirements. We need to have
10 approval from the mayor and counsel for this; and we need to
11 have bondholder approval. But more importantly for today, I
12 need from you -- if you're willing to so do, a motion-pass
13 that authorizes the finalization of the lease in accordance
14 with what we discussed in executive session.

15 CHAIRMAN McCUSKER: So we might just remind
16 the public that what we're doing is carving out the site
17 that the hotel will occupy that, removing that from the
18 lease that we enjoy with the City of Tucson. And then we
19 will lease that property directly to the hotel.

20 MR. COLLINS: Correct. It will require
21 the -- currently, the trust -- or a trust owns the property;
22 it is leased to the District. The District, in turn,
23 subleases it to the City. We're going to undo those two
24 leases and then we will convey that parcel to Caliber with a
25 reversionary interest, the piece that you've talked about.

1 CHAIRMAN McCUSKER: And they get a GPLET?

2 MR. COLLINS: Ultimately, yes.

3 CHAIRMAN McCUSKER: And they get a tax
4 rebate?

5 MR. COLLINS: Correct. All of which you've
6 approved --

7 CHAIRMAN McCUSKER: -- from previous
8 meetings, right.

9 TREASURER SHEAFE: I move that we authorize
10 counsel to conclude the negotiations along the lines that
11 we've discussed in executive, and try and finalize this old
12 deal.

13 MR. COLLINS: And authorize executive
14 officers.

15 TREASURER SHEAFE: Authorize the executive
16 officers to approve it once it's in completed form.

17 MR. COLLINS: Correct.

18 SECRETARY IRVIN: Second.

19 CHAIRMAN McCUSKER: Okay. We have a motion
20 to advance the agreement subject to no substantial changes.

21 Brandi, call the roll.

22 MS. HAGA-BLACKMAN: Edmund Marquez.

23 MR. MARQUEZ: Aye.

24 MS. HAGA-BLACKMAN: Jannie Cox.

25 MS. COX: Aye.

1 MS. HAGA-BLACKMAN: Chris Sheafe.

2 TREASURER SHEAFE: Aye.

3 MS. HAGA-BLACKMAN: Mark Irvin.

4 SECRETARY IRVIN: Aye.

5 MS. HAGA-BLACKMAN: Jeff Hill.

6 MR. HILL: Aye.

7 MS. HAGA-BLACKMAN: Fletcher McCusker.

8 CHAIRMAN McCUSKER: Aye.

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

10 So we pass that unanimously.

11 CHAIRMAN McCUSKER: Item 9. 35 East Toole.

12 We have approved this project. We have the GPLET now
13 finally done, condition of activating a restaurant at Toole
14 and 7th Avenue that we helped the County open up their
15 garage across the street. So we've discussed some terms
16 that enable that. We also discussed this in Executive
17 Session.

18 TREASURER SHEAFE: Mr. Chairman, may I
19 suggest we just table this item. We've got some serious
20 questions that need to be taken care of. No reference to
21 the parties involved, it's just the way things work the most
22 fruitful would be to just table it.

23 CHAIRMAN McCUSKER: You could table it, which
24 mean we got to bring it back in March. Or you could
25 authorize the executive officers to complete the

1 negotiations. I'm concerned about delays for the developer.

2 TREASURER SHEAFE: Sure. I'll move that we
3 move this Item 9 forward on the basis that the executive
4 officers will work to solve the problems and, if possible, a
5 completed arrangement and --

6 MR. COLLINS: Execute the --

7 TREASURER SHEAFE: -- authorize the executive
8 officers to sign it if counsel can put the documents
9 together.

10 CHAIRMAN McCUSKER: The attorney is nodding
11 so Brandi, call the roll. Do we need any conversation about
12 it?

13 MR. MARQUEZ: I have a question.

14 CHAIRMAN McCUSKER: Go ahead.

15 MR. MARQUEZ: Is there a way, based on the
16 conversation in exec, to put a cap on that number?

17 CHAIRMAN McCUSKER: You could do anything you
18 want.

19 SECRETARY IRVIN: I think we understood -- or
20 I can only speak for myself -- I think I understood mentally
21 in executive session what we think that cap should be. So I
22 don't know if we need to say it publicly.

23 MR. MARQUEZ: Okay. I'm good with that.

24 MR. COLLINS: I understand it as well.

25 MR. MARQUEZ: All right.

1 CHAIRMAN McCUSKER: Okay. We have a motion
2 and a second. Brandi, call the roll.

3 MS. HAGA-BLACKMAN: Edmund Marquez.

4 MR. MARQUEZ: Aye.

5 MS. HAGA-BLACKMAN: Jannie Cox.

6 MS. COX: Aye.

7 MS. HAGA-BLACKMAN: Chris Sheafe.

8 TREASURER SHEAFE: Aye.

9 MS. HAGA-BLACKMAN: Mark Irvin.

10 SECRETARY IRVIN: Aye.

11 MS. HAGA-BLACKMAN: Jeff Hill.

12 MR. HILL: Aye.

13 MS. HAGA-BLACKMAN: Fletcher McCusker.

14 CHAIRMAN McCUSKER: Aye.

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

16 It's imperative we move this quickly. So we
17 passed that unanimously.

18 CHAIRMAN McCUSKER: Item 10. 75 East
19 Broadway.

20 Mr. Collins, do you want to give us the
21 status?

22 MR. COLLINS: Mr. Chairman, Members of the
23 Board, as you know, when we last met, we were undergoing the
24 archaeological study of this particular site. Yesterday we
25 received the end of field work report from Logan Simpson

1 that has now been submitted to the County. The County, in
2 the ground lease that we have with them, has agreed to turn
3 that around within five days. Assuming that it is turned
4 around without requests for modification, that will amount
5 to archaeological clearance on the site, meaning that
6 there's no archaeological problem or impediment to moving
7 forward.

8 We as yet don't have a signed sublease with JE
9 Dunn. I spoke with their representatives this morning. I'm
10 hopeful that we have that shortly. But as soon as there's
11 archaeological clearance and a signature, the one year to
12 begin construction will start to run.

13 SECRETARY IRVIN: Mark, if I'm not mistaken,
14 we had already approved moving forward subject to wrapping a
15 bunch of these things up. So we don't need a second motion
16 or anything? We're clear with what we need to do?

17 MR. COLLINS: No, I had it on really as an
18 update to you folks. Logan Simpson did a fabulous job,
19 turned it around very quickly, dealt with some hiccups along
20 the way, and did it efficiently. I just wanted to make sure
21 everybody was aware of that.

22 CHAIRMAN McCUSKER: Does someone have to sign
23 off on the archaeology? Does that go to some place --

24 MR. COLLINS: Yeah. It's the Office of
25 Sustainability and Conservation at the County. And the head

1 of that has the report. I'm rather confident he's going to
2 approve that. And once that happens --

3 CHAIRMAN McCUSKER: -- that starts the clock.

4 MR. COLLINS: Assuming we have a signed
5 sublease.

6 CHAIRMAN McCUSKER: And the lease was subject
7 to the archaeology --

8 MR. COLLINS: Correct. Well, we have two
9 leases of course. We have the ground lease with the County,
10 which has been fully executed; and then there's a sublease
11 with JE Dunn.

12 CHAIRMAN McCUSKER: Any questions about 75
13 East Broadway? They've got a sign up.

14 MR. COLLINS: Yeah.

15 CHAIRMAN McCUSKER: Mr. Collins, thank you.
16 Caterpillar. You might as well stay up there.

17 MR. COLLINS: Yes.

18 I think Mr. Swaim is here to address the more
19 important aspects of Caterpillar at the moment.

20 CHAIRMAN McCUSKER: Come on up.

21 MR. COLLINS: At least he promised he would
22 anyway.

23 MR. SWAIM: Phil Swaim. Swaim Associates
24 Architects. 7350 East Speedway. I think it was about three
25 years ago we were meeting with mysterious groups out --

1 downtown and looking at dirt across the river. And come to
2 find out that was Caterpillar. You've all worked together
3 with the City and County to create some masterful deals
4 here. So we're now days away from completing their new
5 headquarters.

6 Sundt is having a bit of a difficult time
7 completing the site work, as we get rain and snow -- if we
8 ever thought we'd had that opportunity to say. But the
9 building itself is going to be ready -- probably next week
10 is the goal. We've got our construction meeting again
11 tomorrow. And Caterpillar is already scheduling taking over
12 insurance utilities, et cetera, starting the warranty period
13 and will be moving people over from there to temporary
14 locations throughout the month of March. So things are
15 moving well. It's still a lot of work to do over there, but
16 it's definitely a success story. Caterpillar seems to be
17 very happy with what they're going to be living in.

18 CHAIRMAN McCUSKER: Anything we need to do
19 for you or for -- I think all the agreement's in place. The
20 lease is effective at C of O, I believe. Correct?

21 MR. SWAIM: That is correct. And I think
22 what we all agreed is we're officially making that C of O
23 date in March. So the official lease payments will probably
24 start April 1st. But I think in talking with counsel,
25 you'll get paid the full amount whether it starts March 1st

1 or April 1st.

2 MR. COLLINS: Yes.

3 MR. SWAIM: So that shouldn't be a problem.

4 I've been working closely with Dan Meyers monitoring all of
5 the expenses, all of our soft costs, and contingencies.

6 Caterpillar's goal is to be able to spend
7 every nickel of the \$43 million. So we're working on how to
8 be able to get all that work done and contracted and still
9 complete here over the next month. There's a chance
10 Caterpillar may actually front an additional \$300,000 to get
11 some additional work done. But they would pay that to you
12 in cash so that that does not affect the lease payments at
13 all.

14 TREASURER SHEAFE: The summary then, Phil, is
15 that it is coming in on budget.

16 MR. SWAIM: Yes.

17 CHAIRMAN McCUSKER: Below.

18 TREASURER SHEAFE: And you have a little
19 extra room. And you're doing things to create extra value
20 and fully allocate all the funds and it's coming in on time.
21 That's quite an accomplishment.

22 MR. SWAIM: And Sundt has actually done a
23 masterful job with the Rio Nuevo funds that they've used to
24 be able to do landfill remediation, relocate the sewer line,
25 do bank protection and things. They're doing their final

1 accounting. But they're going to be able to actually return
2 some money to you.

3 TREASURER SHEAFE: On the tour the other day,
4 the number went up again. So what's your latest employee
5 count?

6 MR. SWAIM: The building can accommodate a
7 little over 700. And actually I think when Caterpillar
8 analyzes how -- so typically 20 percent of their people are
9 on the road. And because they have a sort of hoteling
10 approach on how to share desks and things, they can get well
11 over 700 people. I think they're starting right now with
12 about 395 people moving over here in March and then will
13 continue adding over the next year or two.

14 CHAIRMAN McCUSKER: A little known fact that
15 I find astonishing -- when we met them, they suspected about
16 half of their Illinois base employees would choose to
17 relocate. And they had a very nice package if they wanted
18 to stay. 96 percent of Caterpillar --

19 TREASURER SHEAFE: The last two weeks have
20 kind of helped.

21 CHAIRMAN McCUSKER: And they're also bringing
22 people in from around the world. We've met people from
23 Colombia and Argentina. It's really an extraordinary
24 achievement for this region. Not the kind of wins we're
25 used to celebrating.

1 MR. SWAIM: The message that went back from
2 the initial employees that moved here to Tucson was what a
3 wonderful community it was. The CFO said he met more people
4 in three months than he did in three years in Peoria.

5 Just seeing how the Rio Nuevo, City, and County
6 have worked together to be able to make this happen. Not
7 the sort of thing we'd thought we'd be saying ten years ago.
8 So I think our entire community has a lot to be very proud
9 of here.

10 CHAIRMAN McCUSKER: I talked to a "Catty."
11 He was picked up -- Uber at the airport with a Cat hat --
12 and he said welcome to Tucson. How is your \$43 million
13 building that Rio Nuevo is building? He said he was
14 surprised how much people know about what they're doing and
15 the contributions that they're making. So we're doing
16 something special I hope. Right? There's an open house?

17 MR. SWAIM: They are planning some sort of
18 celebration, I believe, in April. But I don't have the
19 final details. I can imagine they are trying to keep track
20 of Gene's schedule to make that happen.

21 CHAIRMAN McCUSKER: Phil, nice job. Thank
22 you.

23 We're moving quickly.

24 MR. COLLINS: Yeah, we are.

25 CHAIRMAN McCUSKER: Let me take the addendum

1 item. It's the last two. You saw we have an addendum; we
2 rarely have an addendum. We did add an item to our agenda
3 for Wig-O-Rama. Ron, are you presenting this? Somebody
4 presenting this for Peach?

5 PATRICIA SCHWABE: This is the Patricia
6 Schwabe. Ron Schwabe, Peach Properties.

7 RON SCHWABE: 44 East Broadway.

8 PATRICIA SCHWABE: 44 East Broadway. I think
9 I'm just talking a little bit about the leasing part. And
10 you're talking about the construction part?

11 RON SCHWABE: Yeah. I guess Larry was going
12 to forward some slides but I guess they didn't get
13 forwarded. So we can use our imagination. On the
14 Wig-O-Rama block, the 1055 Brewery is in and open. We're
15 negotiating a lease with --

16 PATRICIA SCHWABE: Well, I was going to talk
17 about the leases. We have a couple coffee shops where the
18 Wig-O-Rama -- well, those are special spaces, as you know.
19 They have a lot of history for people downtown, the
20 Wig-O-Rama corridor, and then what used to be the old Grill
21 diner -- I don't know if you can remember the Grill. And
22 then The Red Room. So we have multiple people looking at
23 the spaces. We're really trying to focus on finding the
24 best local users that we can find. You've heard we had
25 other attempts of leasing it to national companies.

1 Starbucks at some point --

2 RON SCHWABE: That was the exception.

3 PATRICIA SCHWABE: That was the exception.

4 But we're trying to focus on local.

5 TREASURER SHEAFE: Maybe we could kind of
6 define this a little better just on some parameters. The
7 building right now height is what and what --

8 RON SCHWABE: The building is a little
9 over --

10 PATRICIA SCHWABE: -- can talk about that --

11 RON SCHWABE: -- 10,000 square foot on the
12 ground floor.

13 CHAIRMAN McCUSKER: So for people who aren't
14 following this without your slides, this is the Chicago
15 Store --

16 PATRICIA SCHWABE: -- no.

17 CHAIRMAN McCUSKER: -- to Wig-O-Rama?

18 PATRICIA SCHWABE: No. I think --

19 CHAIRMAN McCUSKER: -- it's just the --

20 PATRICIA SCHWABE: 1055 --

21 CHAIRMAN McCUSKER: -- western corner.

22 PATRICIA SCHWABE: 1055. If you come from
23 Scott Avenue East, Wig-O-Rama was the --

24 CHAIRMAN McCUSKER: -- and the two properties
25 immediately east --

1 throughout the building. If you go to 1055, you see the
2 high beams that go through the ceiling and everything. So
3 it's all prepared for the next three floors. But right now,
4 you're just seeing the first floor.

5 TREASURER SHEAFE: All right. So you have
6 10,000 feet of retail.

7 RON SCHWABE: Right.

8 TREASURER SHEAFE: And then you're going to
9 have these three floors --

10 PATRICIA SCHWABE: -- with eight units.

11 TREASURER SHEAFE: -- with work/live space.

12 And how many units are going to be --

13 PATRICIA SCHWABE: Eight per floor.

14 RON SCHWABE: 24.

15 TREASURER SHEAFE: 24. And you're taking the
16 building from its present height up two more floors?

17 Because you already have --

18 RON SCHWABE: No, three floors above the --

19 TREASURER SHEAFE: The retail.

20 RON SCHWABE: Right.

21 TREASURER SHEAFE: There's really two floors
22 in the retail space now --

23 PATRICIA SCHWABE: Yeah, they are high, but I
24 don't think we're using that for any other use.

25 RON SCHWABE: Yeah, that's just mezzanine

1 space.

2 MR. COLLINS: We have to -- excuse me. We
3 have to make sure we don't talk over each other.

4 PATRICIA SCHWABE: Okay. Sorry.

5 MR. COLLINS: He's really good but he's not a
6 magician.

7 RON SCHWABE: Oh, okay.

8 TREASURER SHEAFE: Well, I don't want to take
9 over here. I just want to get -- so what is your right now
10 proposed total budget for this whole project?

11 RON SCHWABE: On total build-out it's about
12 \$7 million.

13 TREASURER SHEAFE: Well, you're not going to
14 build two extra floors for \$7,000,000.

15 RON SCHWABE: No. \$7,000,000 on the new
16 portion. We're about 90 -- 80 percent through the first
17 floor build-out.

18 MR. MARQUEZ: What are you all in as TI,
19 including the first floor?

20 RON SCHWABE: T --

21 MR. MARQUEZ: Total dollar number?

22 PATRICIA SCHWABE: For the tenant
23 improvements for the first floor?

24 MR. MARQUEZ: Yeah, what the whole package --

25 CHAIRMAN McCUSKER: -- improvements, facade.

1 We're trying to get to a total --

2 RON SCHWABE: The total number is around 10
3 -- \$10 million probably.

4 CHAIRMAN McCUSKER: Does that include the new
5 construction?

6 RON SCHWABE: New construction.

7 PATRICIA SCHWABE: And some of the tenant
8 improvement too.

9 TREASURER SHEAFE: All right. Well, you got
10 24 units at 10,000 -- so that starts making some sense.

11 CHAIRMAN McCUSKER: You really can't forecast
12 retail until you know what's going in there.

13 RON SCHWABE: Right.

14 PATRICIA SCHWABE: Well, we have a couple of
15 people -- I mean, hopefully by the end of spring we'll have
16 this secured and things hopefully opening by the fall.
17 That's the goal.

18 TREASURER SHEAFE: Well, let's talk about the
19 next step. Your timing for this is what? I know you're
20 doing the tenant improvement, the base work. You can't
21 start putting extra floors on until you put financing and
22 whatnot in place. And there's things that Mark will get
23 involved in. So what is your timing?

24 RON SCHWABE: Timing. We're building out the
25 first floor. We have the columns set for the second floor.

1 And we're able to actually pour a podium on the second floor
2 and build above that after the first floor is occupied.

3 So we -- some of the timing is dependent on kind
4 of finishing out the first floor. We're working with
5 Foothills Bank. And they've given us a commitment for the
6 total loan, and then they have a holdback on the upper floor
7 portion.

8 TREASURER SHEAFE: With Joe Smith (phonetic)?

9 RON SCHWABE: Joe Smith.

10 CHAIRMAN McCUSKER: Is that subject to a
11 commitment from us?

12 RON SCHWABE: It was underwritten with Rio
13 Nuevo's commitment, yes, a hundred percent.

14 TREASURER SHEAFE: What kind of timing do you
15 need out of us to keep you moving forward?

16 RON SCHWABE: As soon as we can get an actual
17 finalized commitment.

18 SECRETARY IRVIN: I think the question is, if
19 we delay you for a decision until next month so we get up to
20 speed on a project -- it would just hit our desk basically
21 today -- is that going to hinder you?

22 RON SCHWABE: I mean, closing with Foothills
23 is subject to the finalizing Rio Nuevo's commitment.

24 SECRETARY IRVIN: I'd like a little time to
25 have a chance to look at it.

1 RON SCHWABE: Right.

2 TREASURER SHEAFE: Do you have your plans or
3 anything?

4 PATRICIA SCHWABE: We'll make sure you get
5 it.

6 RON SCHWABE: Yeah. They didn't get
7 forwarded, apparently.

8 TREASURER SHEAFE: Will Margaret predict the
9 retail lease rates very accurately?

10 PATRICIA SCHWABE: She will.

11 SECRETARY IRVIN: So Ron, if you guys are
12 okay with it, I'd like to make a motion that we table this
13 until our next meeting just to give us a chance to get up to
14 speed with it.

15 CHAIRMAN McCUSKER: You don't need to table
16 it, we'll just re-agendize it for March.

17 TREASURER SHEAFE: We'll just put it on the
18 agenda.

19 PATRICIA SCHWABE: Yeah, but you need see it,
20 you need to go through it.

21 CHAIRMAN McCUSKER: What we need is our
22 typical packet. So, total volume, construction costs, and
23 forecast, if you have one, renderings, so we can make a
24 better presentation -- both to the Board and to the public.
25 But it's something we're on the record of having a great

1 deal of interest in. It sounds really cool. I imagine we
2 will want to participate.

3 PATRICIA SCHWABE: Well, we started the last
4 piece of history downtown, and we can make it cool.

5 CHAIRMAN McCUSKER: For us it's kind of
6 mathematical to embrace your projects. We'll put it on the
7 agenda for March.

8 RON SCHWABE: Fair enough.

9 PATRICIA SCHWABE: Thank you.

10 TREASURER SHEAFE: And when you get this put
11 together, it will be a dominant addition to downtown.

12 PATRICIA SCHWABE: Well, and there's a demand
13 for the live/work space.

14 MR. MARQUEZ: When you say there's 24 units,
15 8 per floor of work/live space, what is that? Do you have a
16 desk in your condo? What is that?

17 RON SCHWABE: It could be. It's more like
18 live/work studios. It can be residential. But probably a
19 lot of it will be commercial -- just for the location.

20 MR. MARQUEZ: So it's really office space?

21 CHAIRMAN McCUSKER: You could be a potter or
22 a painter.

23 RON SCHWABE: A lot of it will be studios.
24 We have other live/works and there's a commercial element.
25 They do business out of their units.

1 MR. MARQUEZ: For people to lease? Or can
2 they also purchase?

3 PATRICIA SCHWABE: Lease.

4 RON SCHWABE: It's all for lease.

5 It's a great location for it. It's in the
6 absolute core. There's a huge demand for that.

7 MR. MARQUEZ: Awesome. Thank you.

8 RON SCHWABE: Thank you.

9 CHAIRMAN McCUSKER: I'm sorry we lost your
10 PowerPoint. We can't get on the internet? Who owns this
11 place?

12 (Laughter.)

13 TREASURER SHEAFE: Do you know the manager?

14 CHAIRMAN McCUSKER: We got internet at the
15 State building.

16 TREASURER SHEAFE: I think most people know
17 the District owns this facility.

18 CHAIRMAN McCUSKER: Okay. We have a Fox
19 Theater item. I think we've -- just to remind people, we
20 have the opportunity to refer up to five board members to
21 the Fox Theatre Foundation. I think we've placed four of
22 those, Mr. Collins?

23 MR. COLLINS: That's correct, Mr. Chairman.

24 CHAIRMAN McCUSKER: So this would be our
25 final recommendation. And I think -- do you want to go

1 through the candidate?

2 MR. COLLINS: I'll let Mr. Marquez do it.

3 CHAIRMAN McCUSKER: Edmund, it's your
4 nomination, right?

5 MR. MARQUEZ: Sure. Yeah.

6 CHAIRMAN McCUSKER: Go ahead.

7 MR. MARQUEZ: I would like to recommend --
8 and I probably need a motion in the end, I'm guessing --
9 Mr. Jerry Fischer. He is the Executive Vice President of
10 HSL Properties, responsible for their hotel assets. They
11 have 10 nationally branded hotels in the Tucson area.
12 Excellent individual, heavily involved in the community. He
13 would be a great asset for the Fox Theatre. He's a player
14 here downtown as they are developing their apartments right
15 now; they're Class A apartments.

16 I would like to move that Rio Nuevo -- we
17 recommend and refer Jerry Fischer to the Fox Board for their
18 board of directors.

19 SECRETARY IRVIN: I'll second that.

20 TREASURER SHEAFE: Second.

21 CHAIRMAN McCUSKER: Brandi, call the role. I
22 will recuse myself.

23 MS. HAGA-BLACKMAN: Edmund Marquez.

24 MR. MARQUEZ: Aye.

25 MS. HAGA-BLACKMAN: Jannie Cox.

1 MS. COX: Aye.

2 MS. HAGA-BLACKMAN: Chris Sheafe.

3 TREASURER SHEAFE: Aye.

4 MS. HAGA-BLACKMAN: Mark Irvin.

5 SECRETARY IRVIN: Aye.

6 MS. HAGA-BLACKMAN: Jeff Hill.

7 MR. HILL: Aye.

8 (The Board voted and the motion carries 5-0
9 with one abstention.)

10 CHAIRMAN McCUSKER: All right. So that
11 passes 5-0 with me abstaining. We'll let him know that he's
12 been appointed -- we'll let the Fox know.

13 TREASURER SHEAFE: Is it appropriate to
14 comment how appreciative this board member is about having
15 the garage pulled down in the corner next to the hotel?

16 CHAIRMAN McCUSKER: No, it's not agendized.

17 TREASURER SHEAFE: You didn't hear it?

18 CHAIRMAN McCUSKER: If I managed the agenda,
19 I think I've got both the addendum and the regular agenda.
20 It's time for a call to the audience. I only have one
21 submitted, but if somebody wants to say something to us,
22 we're happy to entertain you for the call to the audience.

23 MS. BECHERER: Good afternoon. Elaine
24 Becherer, B-e-c-h-e-r-e-r, Director, with the Arizona
25 Coyotes. And I'm here representing the Coyotes, as well as

1 the Tucson Roadrunners.

2 So we wanted to share with you a couple of
3 exciting updates. One is that we are partnering with the
4 UofA for a UofA Night on April 12th. And that will not only
5 include a hat -- something similar that we did up in Phoenix
6 with ASU. Of course, it will not be yellow -- but we're
7 working closely with UofA hockey, Joel Hauff, the coach, as
8 well as the trademark department for a hat, as well as a
9 fundraising component that will be a part of the promotion
10 and the ticket. So we wanted you all to hear that and get
11 it on your calendars for April 12th.

12 And then a couple of months ago, I shared with you
13 all a really great article promoting Tucson, as well as the
14 hockey players. I've shared it with Visit Tucson, Sun
15 Corridor, and others, just putting Tucson on the map. And I
16 brought a copy. There's a new article out about youth
17 hockey and the growth of youth hockey. And it's on the AHL
18 internet on the beat. And it's again by our local writer,
19 Alex Kinkopf. And so I have a copy for you.

20 CHAIRMAN McCUSKER: Make sure Brandi gets
21 that electronically.

22 MS. BECHERER: I will. Thank you.

23 CHAIRMAN McCUSKER: Roadrunners are going to
24 make the playoffs -- I'm not allowed to interact with the
25 audience.

1 MR. COLLINS: You're not supposed to. Even
2 if it is Elaine.

3 CHAIRMAN McCUSKER: Anybody else from the
4 audience?

5 Raul. Come on up.

6 RAUL RAMIREZ: Thank you, Mr. Chairman, and
7 the Rio Nuevo Board members. Actually, I'm here to talk
8 about --

9 CHAIRMAN McCUSKER: State your name for the
10 record.

11 RAUL RAMIREZ: Raul Ramirez, West Side,
12 representing no one.

13 I'm here just to share some good news with
14 you.

15 Most of you -- I am assuming you know about the
16 Jose Carrillo House. It's right here on the property of
17 TCC. This was one of the houses that was saved -- well,
18 reconstructed after urban renewal. And it's been under the
19 ownership of the Arizona Historical Society, which is part
20 of the State. And recently, as of January, Los
21 Descendientes, which is a nonprofit organization that I'm
22 involved with, leased the facility. And our plan is to make
23 it a Mexican-American Museum. The space is not very big,
24 but for us, it's a great start. Our first exhibit is
25 opening in March. And it has to do about mariachi women.

1 And there's very little known about the history of the
2 mariachi women. But it started in Mexico in the early
3 1900s. So we're going to have a display, not only with the
4 information, but also some of the trajes, meaning the charro
5 outfits that they wear. That's going to open on -- we're
6 going to have a special preview on March 8th at 2:00; that's
7 a Friday. And then the public -- but these are all open.
8 But we're going to have the main opening on March the 10th,
9 which is a Sunday. There's going to be a PowerPoint
10 presentation also at 2:00. And this is all going to
11 coincide with the mariachi play that's going to be opening
12 at the ATC starting in March. It's going to run for a whole
13 month. And then it also dovetails nicely with Women's
14 Heritage Month because this is focusing on women. And then,
15 in April, of course, we have the mariachi conference. So I
16 want to extend a warm invitation to you to come and join us.
17 It should be a lot of fun, and get acquainted more
18 intimately with Los Descendientes.

19 CHAIRMAN McCUSKER: Anybody else? Entertain
20 a motion to adjourn --

21 MR. MARQUEZ: There's a gentleman back there.

22 SECRETARY IRVIN: So moved.

23 ZACH FENTON: I don't know if it's
24 appropriate to --

25 CHAIRMAN McCUSKER: You got to come up here

1 and do it. It doesn't matter if it's appropriate.

2 (Laughter.)

3 Your name?

4 ZACH FENTON: Zach Fenton. So we have a
5 property at 117 N. 6th Avenue. And we basically wanted to
6 try and follow the same formula that we did with 35 Toole.

7 Not looking for any cash, just the sales tax
8 rebates and GPLET.

9 CHAIRMAN McCUSKER: We'll work on it.

10 ZACH FENTON: Okay.

11 CHAIRMAN McCUSKER: Didn't make today's
12 agenda. But not because we're not working on it.

13 ZACH FENTON: All right. That's all I had to
14 say then. Thanks.

15 CHAIRMAN McCUSKER: Now, I'll entertain a
16 motion to adjourn.

17 TREASURER SHEAFE: Move to adjourn.

18 SECRETARY IRVIN: Second.

19 CHAIRMAN McCUSKER: All in favor say "aye."

20 (Ayes.)

21 See you all in March.

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C E R T I F I C A T E

I, John Fahrenwald, certify that I took the shorthand notes in the foregoing matter; that the same was transcribed under my direction; that the preceding pages of typewritten matter are a true, accurate, and complete transcript of all the matters adduced to the best of my skill and ability.

John Fahrenwald, RPR