In The Matter Of:
Rio Nuevo
Board Meeting

10/18/19
October 18, 2019

Kathy Fink & Associates
2819 E 22nd St
Tucson, AZ 85713
520/624/8644
BOARD MEMBERS PRESENT:
1. Fletcher McCusker, Chair
2. Chris Sheafe, Treasurer
3. Mark Irvin, Secretary
4. Jannie Cox
5. Edmund Marquez

ALSO PRESENT:
9. Mark Collins, Board Counsel
10. 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 Arizona State Building, in the City of Tucson, State of Arizona, before THOMAS A. WOPPERT, RPR, Certified Reporter No. 50476, on the 18th day of October 2019, commencing at the hour of 1:58 p.m.

Meeting Program:
- Introduction and opening remarks by Chair
- Approval of minutes from the previous meeting
- Executive session
- Approval of agenda
- Approval of budget and financial statements
- Approval of new members
- Approval of new projects
- Approval of contracts and agreements
- Approval of policy and procedural updates
- Approval of officer nominations
- Approval of committee nominations

The meeting adjourned at 3:00 p.m.

Signed:
[Signature]
Chairperson

Date: October 18, 2019
Rio Nuevo
Board Meeting
October 18, 2019

1 CHAIRMAN McCUSKER: I will entertain a motion to reconvene.
2
3 MR. IRVIN: So moved.
4 CHAIRMAN McCUSKER: Second, please.
5 MS. COX: Second.
6 CHAIRMAN McCUSKER: All those in favor say aye.
7 (Motion made, seconded and passed unanimously)
8 CHAIRMAN McCUSKER: Thank you.
9 Thank you for waiting.
10 Brandi, I did see a couple of audience cards.
11 MS. HAGA-BLACKMAN: There's one so far.
12 CHAIRMAN McCUSKER: Is there one or more or --
13 MS. HAGA-BLACKMAN: I have one.
14 CHAIRMAN McCUSKER: Is Ryan here? Are you here?
15 It may be easier if we just take call to the
16 audience first. That way you're not sitting around for
17 another hour.
18 UNIDENTIFIED SPEAKER: I'm happy to wait either
19 way.
20 CHAIRMAN McCUSKER: If you're going to be here
21 through the whole meeting --
22 Okay. Anybody else want to say anything to us?
23 We're pretty flexible on time.
24 (No oral response)
25

1 CHAIRMAN McCUSKER: Okay. Again, thank you. A
couple of remarks from me, then we're going to try and
move through this agenda pretty quickly.
4 We're not at the TCC today because the very
5 successful 10 West festival is occupying our space, but I
6 think everyone knows we have committed to a
7 70 million-dollar, approximately, renovation of the TCC
8 complex.
9 We can announce today that we have selected the
10 contractors for that project. It's the team of Sundt
11 Construction combined with Concord, so that was a
12 competitive process.
13 John's here, John Nyman. I think I saw Ian
14 from Sundt. Thank you very much, gentlemen. It was a
15 compelling proposal. And what we've decided to do is to
16 have one contractor for the entire project, so they will
17 see us through what could be a couple years, I think, of
18 renovation of that in phases.
19 And Swaim is the architect. Michael is here.
20 We will get after all those projects.
21 If you're following our financial commitment to
22 that, the ice rink was a part of that. That's done and
23 the Roadrunners open tonight. And I think Disney Ice was
24 getting our new ice in the last few weeks. It was about a
25 3 million-dollar project.

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1 The garage on the east side is going up, and
2 then we will move to other projects as we deem in terms of
3 priority phasing. I expect you'll probably see us working
4 on the east side of the TCC probably first, maybe in the
5 ex hall. Part of that is the commitment we've made to the
6 Eckbo Fountains, and then, you know, move into the meeting
7 room space, new meeting rooms, music hall, Leo Rich, so
8 we're really thrilled.
9 That's probably the biggest project we've ever
10 launched and a real legacy for this board, so, gentlemen,
11 thank you very much and congratulations. And as soon as
12 Mr. Collins can put a contract in front of us, we'll get
13 you to work.
14 Dan, do you want to give us your financial
15 report?
16 MR. MEYERS: Dan Meyers, CFO for Rio Nuevo.
17 This seems to get a longer and longer list and
18 it gets more cramped on the page, but --
19 MR. SHEAFE: Dan, you're barely down to one
20 page.
21 MR. MEYERS: As of September 30, we've got
22 about $5.4 million in the bank. I've got a couple little
23 things added onto that to kind of get us a little better
24 of where we're going to stand cash-wise.
25 There's about a million dollars -- we'll call
1 them errors on some of the merchants have reported without
2 putting the proper coding in on it that I believe we'll be
3 getting within the next 30 to 60 days. These are
4 accidental and personnel changes, so we've got another
5 million coming in, I anticipate, plus as we went through
6 the refinancing, Bank of Oklahoma and BBVA were kind of
7 confused on who held the reserves, so we got $1.4 million
8 that I can transfer out of reserve funds back to our
9 operating account, and then we've got a budgeted amount of
10 $3.6 million that we should have excess during the course
11 of the year with the assumption that we've got
12 $1.3 million a month coming in from TIF revenue, so really
13 we're going to have about $11.4 million available to
14 commit to projects.
15 Down below you'll see the long list of
16 commitments we have, what's been paid for so far. And on
17 this list, we've got about $8.1 million of committed
18 funds, so the difference is about three million,
19 3.1 million.
20 One thing we need to keep in mind is we have --
21 this is -- within the next year, we've got commitments
22 that are coming due outside of the year that's going to
23 eat into this 3.1 million of estimated cash flow, cash
24 balances.
25 The July TIF revenue was $822,000, much less
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| 1. than the 1.3 we had budgeted. Typically July through October are kind of our worst months. I don't know if that's because our baseline is artificially higher for whatever reason, that was established back in 1999, so July through October are off. We've got $319,000 still that we can put into the Roadrunners in some manner over at TCC. We've not used it yet, so it's still sitting there as well. If we want to apply it to the ice plant or whether we just want to go with our traditional financing, we have --

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<td>CHAIRMAN McCUSKER: Dan, you show the ice plant under the commitments 2.294. Aren't we paying ourselves back for that through the new financing?</td>
<td>MR. MEYERS: We are. We are. Those last four items there, I mean, we've got our 2 -- we've got the MR. SHEAFE: If you add up the 55 and the six and the one, that's what, 63, and 65 million-dollar financing, the bottom line, so that really those four items net to a negative 2 million, so that amount is built into the $8.1 million total commitment. So what it's basically telling us is that, once I get that $2 million on the books, then the amount funded by financing is going to drop to 63 and those things will all net out to zero. CHAIRMAN McCUSKER: Okay. Everybody else tracking that?</td>
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<td>CHAIRMAN McCUSKER: All right. You managed to lose me now, so --</td>
<td>MR. MEYER: Okay. So we're putting $65 million into the TCC. CHAIRMAN McCUSKER: Right. MR. MEYERS: And if you add up the 55 and the six and the one, that's what, 63, and 65 million-dollar financing, the bottom line, so that really those four items net to a negative 2 million, so that amount is built into the $8.1 million total commitment. So what it's basically telling us is that, once I get that $2 million on the books, then the amount funded by financing is going to drop to 63 and those things will all net out to zero. CHAIRMAN McCUSKER: Okay. Everybody else tracking that?</td>
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<td>MR. SHEAFE: Uh-huh.</td>
<td>CHAIRMAN McCUSKER: Any other questions for Dan?</td>
<td>MR. SHEAFE: Actually I appreciate you putting this in the format you did because you can lose track of this awfully easy at this point. MR. MEYERS: Yeah. I keep trying to change it to make it relevant. You guys are making this interesting for me. Thank you.</td>
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<td>MR. SHEAFE: It's a very complex picture made fairly simple.</td>
<td>CHAIRMAN McCUSKER: And just to be clear and transparent about it, so the money that's sitting in the bank from BBVA is earmarked to the TCC? MR. SHEAFE: That's right. CHAIRMAN McCUSKER: So that's exclusively for the TCC project. MR. MEYER: Oh, the project -- the money sitting in the project fund that we draw down?</td>
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<td>MR. SHEAFE: Yes.</td>
<td>CHAIRMAN McCUSKER: The interest related to that, do we enjoy the interest on it?</td>
<td>MR. MEYERS: I don't think that restricts us to the interest. I think --</td>
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<td>MR. MEYERS: I think we're close to two on that if I'm not mistaken.</td>
<td>MR. SHEAFE: I thought it was more like 1.1, but, you know, when you've got a universe that big, it does make a difference. CHAIRMAN McCUSKER: We're earning two and paying 2.7, so we basically reduce the interest rate with the arbitrage. That's not going to create any additional cash. So as I read this and you think about just available money, we're going through some pretty big asks here the next few weeks. We've got -- you know, call it three, and a half million dollars of identifiable cash outside of the money that's reserved for the TCC. That will replenish next year, but in terms of between now and call it, you know, January, you know, three million and change is kind of what's available to us.</td>
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MR. SHEAFE: Yeah, I was going to say. You need to verify. I think the timing there, Fletcher, is a little different. It's not three million sitting there today, it's three million looking forward over the next 12 months, so we're -- we're playing a dicey game on making sure that we do not overextend a payment out before we get the cash.

MR. MEYERS: Right.

MR. SHEAFE: And we're making some assumptions here about the three and a half million that I think are fairly safe, but, you know, nobody has assurance that the world's going to continue the way it is.

The million dollars coming in that you have listed above is a case in point. We're looking at that. That requires an amendment to the funding from a couple of the big box guys. And if we get that done right and it comes back and the state reacts right, we have a million dollars there. We have a chance that that could get pushed out two or three months, all of a sudden, that million isn't there. So, you know, all of that has to be thought through in making sure that we don't end up committing to something where we can't write the check.

MR. MEYERS: Well, in this month, for example, for a year, and so he's pretty well informed on how the timing of all this stuff is and when a project's going to hit and how we anticipate the cash to come in. At some point, we could certainly share that with you and --

MR. SHEAFE: I think the takeaway at this point, because the picture keeps changing, is that we've had more flexibility in the past two years than we probably are going to have in the year going forward and we've just gradually tightened up our -- our -- you know, our fudge factor.

And we're -- Dan and I are kind of dancing a little bit. I mean, nobody else in the audience has ever experienced this where you have to think about cash flow, right? But we're -- we're watching this saying, you know, well, I hope that happens and that happens in order to make sure that we can meet all the commitments that we've got.

And, you know, the picture keeps changing and I think it reflects rather responsible use of this opportunity that we have, but we cannot take it for granted. And it wouldn't take very many things to go wrong and all of a sudden it's, wait a minute, we don't -- we just don't have that 400,000 that we're supposed to pay out next month.

CHAIRMAN McCUSKER: Dan, thank you.

like I said, we've got 822,000 and the first 800 goes right into debt service, so in July, you know, we really didn't gain --

MR. SHEAFE: It's about the same. It's like a wash.

MR. MEYERS: But, like I said, July through October are typically our --

MR. SHEAFE: Well, you're liable to pick up another 400 against that because that's about how it was underfunded because of the reporting.

CHAIRMAN McCUSKER: But you also have timing opportunities in the commitments. You know, the Julian Drew Lofts is months, a year away.

MR. SHEAFE: Yes.

CHAIRMAN McCUSKER: The Bungalow project is not going to spend that money that quickly, you know, so I think there are -- you know, I think what's missing is trying to -- this is -- that gives us a good picture maybe over a 12-month period. What it doesn't show -- I mean, we have five and a half million dollars available today. You know, it doesn't really time for us how the money that's coming in matches up with the money that's going out.

MR. MEYERS: Well, Chris and I do that -- have a monthly meeting where we look and we project this out
and, you know, some office space. Hexagon Mining surprised all of us by being very interested in this space exclusively for their use and they immediately leased the third and fourth floor. As they expanded and continue to expand, they eventually leased the fifth floor. There goes the bowling alley. There went the bar.

The good news is that Hexagon has identified this project now and this particular building as their international headquarters of their mining division and they’re interested in expanding it to the second floor which would further squeeze out some retail, but this has been a great conversation to have.

Moreover, in our conversations with Hexagon, they intend to use Tucson as the training site for every single employee in their multinational company. It’s a huge win for all of us. This year alone, I think they’ve booked over 3,500 hotel rooms.

So we’re excited to have Hexagon as a partner. We’ve got to adapt the project with a little less retail and I think we have a proposal to do that.

So, Don, we probably ought to hear from you guys first, just kind of what’s up and what you need from us and then allow us to react.

Mr. Bourne: Thanks for having us.

Chairman McCusker: Who you are and who you’re with for the record.

Mr. Bourne: Don Bourn, Bourn Companies, regarding City Park. Our office is at 20 East Congress.

Chairman McCusker: Edmund, you all right? Can you hear him?

Mr. Marquez: Yeah, perfect. Thanks.

Mr. Bourne: Hi, Edmund.

So, as you said, we’ve -- we’ve experienced some great success with Hexagon. They’ve continued to expand. They’ve not only expanded their -- their use of the building for all of these international events and training, which they want to continue to add, but they’ve also met all their metrics when it comes to the hiring that they promised us up front when we first looked at them. They’ve found that Tucson has been a -- a good market for them to continue to recruit, which in today’s world is critical for companies, and the building has been considered a big part of that.

In fact, they’re a subsidiary of Hexagon Global, which is based in -- in Europe, Switzerland, and they -- they actually are now having some of their -- their parent company functions here in Tucson, and so -- so from that standpoint, it’s been a real success for not only us as the owner of the building but I think for the community as a whole.

The -- the other part of the equation has been the -- the food and the food hall. It’s been challenging with the -- the rising construction costs and we added a number of signed leases and we were moving forward with the plans and unfortunately the contractor came back with a budget which was substantially above where -- where we targeted things, so we’ve had to readjust and -- and try to work not only with the contractor but the design, with various restaurant and retail tenants.

So as we look at the entire building, we’re trying to remix the building to -- to make all this -- make it all work and I feel like this -- this discussion today is going to help do that.

Chairman McCusker: So to refresh everyone’s memory, Mr. Collins, I think we have 2.4 million or $2.6 million that we’ve advanced on behalf of the retail. Good news is you haven’t had to use that money because you haven’t stood up the retail.

Mr. Bourne: Yeah. And just to be clear, we have not -- we’ve not drawn that, so that’s still in -- still in your account.

Chairman McCusker: So what would be -- we’re obviously going to have less retail to offset the repayment of that, so the proposal that you’ve made is to convert half of that to equity. And it’s really that simple, I think. Mr. Collins can talk to us about the deal itself, but if we were to allow a million three of that to convert to equity as opposed to a loan, then you guys are prepared to do whatever you need to do on the Hexagon side to compel them to take the additional space?

Mr. Bourne: Yes.

Chairman McCusker: And we still get some retail out of this; right?

Mr. Bourne: Yes.

Chairman McCusker: So, Don, talk about that.

What are the plans now for the remaining section and what kind of retail should we expect?

Mr. Bourne: We’re continuing to work with the -- the restaurant users we’ve been working with in a food hall environment. We’re looking at changing the design to -- to reduce some of their -- their back of house costs.

As you may recall, we’ve -- we’ve already -- we’ve built a bank of restrooms on the second floor, and so that would continue to be part of the plan, so there would be some shared use of the common area restrooms on the second floor with Hexagon.

And the project is designed to have two large patios at either end of the project. That would continue to be the -- the plan. And -- and we’ve -- we’ve been
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1. working with, you know, a number of different restaurant
2. and retail users to fit into the first floor, so I think
3. in total we expect that retail restaurant component to
4. still be around 13,000 -- 12 to 15,000 square feet.
5. MR. IRVIN: What's your timing for that, Don?
6. MR. BOURNE: For the first floor?
7. MR. IRVIN: Yeah, for the retail.
8. MR. BOURNE: As quickly as we can -- as we can
9. put it all together. We've -- we've continued to talk to
10. all these people and we've been waiting to do something
11. that made economic sense.
12. MR. IRVIN: So as you probably can appreciate,
13. one of our deals that we've really been focused on is how
14. to activate Congress. And with Southern New Hampshire
15. moving across the street and filling back all
16. the space that was Caterpillar, I think that's going to
17. really start to add a lot to that area.
18. I'm concerned that the big piece of retail
19. that's sitting on the ground floor of your building, you
20. know, is still sitting on the ground floor of your
21. building. And I love -- I love having a problem with
22. Hexagon, you know. And I talked about this. I
23. like having a problem with Hexagon. I support that. But
24. I also want to see something happen with the ground floor.
25. So I my question to you -- and I'm going to

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1. can do that right away. If we need to take a little bit
2. of time to make sure it's done right -- this project is
3. going to be here for a long time, so we're not going to --
4. our attitude isn't to rush out and do something that's
5. going to be second rate.
6. MR. IRVIN: Yeah. And I'm not asking you to
7. rush out and do something, but that space now has been
8. completed for how long?
9. MR. BOURNE: About a year.
10. MR. IRVIN: Yeah. So, you know, I guess my
11. question is, is what's a reasonable length of time for you
12. to go and get the rest of that backfilled?
13. MR. BOURNE: Typically, if we're looking at a
14. project start to finish, probably 18 months.
15. MR. IRVIN: I think that's -- I think that's
16. kind of reasonable. You know, obviously we would hope it
17. would happen before that, but --
18. MR. BOURNE: Sure.
19. MR. IRVIN: Okay. If nobody else has any
20. questions, I'm ready to make a motion.
21. CHAIRMAN McCUSKER: Mr. Collins, walk us
22. through the terms of the amendment, if you would. And,
23. Don, stand by because you tell we're negotiating with you.
24. MR. COLLINS: Mr. Chairman, members of the
25. board, it's a little more complicated than you mentioned.

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1. We've got to modify the loan agreement. The loan
2. agreement says 2.6. It's now going to say 1.3. And it
3. will also say that -- that Bourn is going to deal with the
4. additional incentives for Hexagon to make this work,
5. modify the economic development agreement so that it
6. provides for rebates being extended to the termination
7. date of the district's right to receive those rebates,
8. which is June 30 of 2035, modify the intercreditor
9. agreement among the primary lender and the district to
10. allow the senior bank loan to be as much as $15 million, I
11. believe it's 13 million now, and then modify the various
12. timelines.
13. Obviously, if we're going to be modifying these
14. various documents, we need to reset the deadlines. And I
15. suspect that you're going to leave that up to
16. Mr. (inaudible) and me to figure that out as we put these
17. documents together.
18. CHAIRMAN McCUSKER: Everybody tracking all
19. that?
20. MR. IRVIN: Yeah.
21. CHAIRMAN McCUSKER: Mr. Irvin.
22. MR. IRVIN: So I'd like to make a motion that
23. we move forward with taking half of this and swapping it
24. into equity along the lines, Mr. Collins, as you outlined.
25. I would like to have in there a provision that that ground

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1. probably being a motion that's going to tie into
2. that -- how much time do you need to make that happen?
3. MR. BOURNE: As you know, in the leasing
4. business, it's hard to know exactly how much time.
5. You know, one point I didn't make is that the
6. critical factor for Hexagon in expanding as well is that
7. we do something on the first floor. They -- they want to
8. see that first floor energized. They want to see -- see
9. the kind of environment that we've all been hoping for, so
10. we don't -- a big -- you know, there's a big part of our
11. project -- a big part of the income that we generate from
12. the project is from that first floor, so we don't -- it
13. doesn't do us any good to sit there with a vacant first
14. floor, so we're going to try to do it as quickly as we can
15. in a prudent, effective manner.
16. The other thing I can tell you is that I think
17. when you look at the building, you'll see that we didn't
18. take a lot of shortcuts. You know, our -- our -- our
19. costs for this project were significant. We felt that
20. this was a centerpiece for Congress, West Congress
21. certainly, to make sure that Congress continues to -- to
22. expand and to become that urban main street that we all
23. hope it can be, so -- so we're -- we -- our commitment is
24. to do a first quality project on the first floor like the
25. rest of the building. If we need to -- we're hoping we
1 floor be leased to others with a certificate of occupancy
2 in place within 18 months, and that if that is not done,
3 that the million three becomes due and payable that we
4 threw in as equity.
5 MR. MARQUEZ: Second.
6 CHAIRMAN McCUSKER: Don, you probably ought to
7 respond to that. I don't like negotiating on the fly,
8 but, you know, you understand what he's done is put a hard
9 date on -- on the million three equity, that if you're not
10 leased, is what I heard you say --
11 MR. IRVIN: Certificate of occupancy.
12 CHAIRMAN McCUSKER: Yeah, that, you know, you
13 would have to return our equity investment.
14 MR. BOURNE: If you're talking about a C of O,
15 I'd propose making it 24 months.
16 CHAIRMAN McCUSKER: Our attorney for the record
17 is nodding.
18 MR. COLLINS: Yeah. I think that's --
19 THE COURT: You're now negotiating with your
20 own lawyer.
21 MR. IRVIN: I'm thinking 18. I'm comfortable
22 with 18. I don't want to modify it to 24.
23 MR. BOURNE: Mark, it just takes a long time to
24 get this stuff --
25 MR. IRVIN: I know, but we've been working on

1 point. I definitely see your point as well. The only
2 change that would be -- I don't think it would be
3 executive because as Chris has a conflict, it might be me
4 because I'm part of this deal originally.
5 MR. IRVIN: Right. Yeah. So I guess it would
6 be, since Chris is recused in that, it would be Fletcher
7 and you and me sitting down trying to work out those
8 pieces, but I think the intent is, is that sometime
9 between 18 and 24 months, we're either going to see some
10 serious construction in the works or a C of O or something
11 working that way or Mr. Bourn is going to have a chance to
12 write a check, which I know he doesn't want to do.
13 And I don't know how to provide any other
14 incentive than to do that, Don, you know, but I just don't
15 want to see ourself in another deal that we're going
16 through right now with Norville. I just don't want to get
17 into it.
18 MR. BOURNE: Just to reiterate, though, we
19 haven't used any Rio Nuevo money to build the project to
20 this point, so --
21 MR. IRVIN: You used $100. Never say never.
22 CHAIRMAN McCUSKER: Okay. We have a motion and
23 a second on the floor. To paraphrase, it would instruct
24 counsel to make the amendments to the documents that he
25 described to us which would reduce the current
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1 $2.6 million loan to a 1.3 million dollar loan. One three of that would be equity, which means you don't have to pay us back. Our ROI in that case comes back to us from the incremental sales tax. You would have a deadline of 18 months to deliver that project, and that could be flexed to as much as 24 months at the discretion of the executive officers.

8 Mr. Collins, you can document all that.
9 And, Don, is that fair?
10 MR. BOURNE: Yes, I'm -- I'm in agreement with that.
11 CHAIRMAN McCUSKER: Okay. The attorney's
12 nodding.
13
14 MR. COLLINS: Yes.
15 THE COURT: It's hard to get his nods in the
16 transcript.
17 Brandi, call the roll.
18 MS. HAGA-BLACKMAN: Edmund Marquez.
19 MR. MARQUEZ: Aye.
20 MS. HAGA-BLACKMAN: Jannie Cox.
21 MS. COX: Aye.
22 MS. HAGA-BLACKMAN: Mark Irvin.
23 MR. IRVIN: Aye.
24 MS. HAGA-BLACKMAN: Fletcher McCusker.
25 CHAIRMAN McCUSKER: Aye.

1 Don, thank you and thanks for everything you're doing. And we're really thrilled to see Hexagon, you know, with that kind of commitment to Tucson and let's get after the retail.
2 MR. BOURNE: Thank you very much.
3 CHAIRMAN McCUSKER: Thank you.
4 Mr. Sheafe is rejoining the board.
5 Item number eight, an extraordinary
6 conversation with Gadsden on the west side. I think there's been some public communication of this project.
7 I've seen some things trickle into the paper every now and then. But, Adam and Jerry, if you want to come up and just describe the Bautista, what's going on and how we can help you with this extraordinary project.
8 MR. WEINSTEIN: Good afternoon. Adam
9 Weinstein, 408 South Convent Avenue in Tucson. Thank you for having us this afternoon.
10 Mr. Chairman, pursuant to our conversations leading up to this meeting, I've put together a brief presentation to describe the activity that Gadsden and its affiliates have been working on on the west side of the Mercado District, since we've last been in front of the board.
11 First off, the map that you see in front of you here is just showing an outline of the general Mercado

1 District property overlaid on top of the state of Arizona opportunity zone map, which extends down all the way to 22nd Street and gerrymandered beyond that over to South Tucson as well, and it is totally encompassing the entire Rio Nuevo west side property, including all the Mercado District property, some of which, of course, you're in partnership with the Gadsden Company and its affiliates, so that's just to identify the overall area.
2 Go ahead, Brandi.
3 The next map is showing a variety of different information. In -- in yellow or goldenrod are the elements that are either under construction or in activity in 2019-2020.
4 On the west side of the screen there, the left side of the screen, is the Monier apartment building, which I'll go into in some further detail. Up on the northwest part of that are two active areas, one that's called the Lillian Apartments, which is about to start in early 2020, and the Mercado row houses, which will be starting within the next 30 to 60 days.
5 On the east side of the map are the Bautista project, which are on the river front making up the --
6 the -- I don't know if you can see this, the --
7 Thanks, Brandi. The infrared isn't working apparently.

1 The two -- well, it's a single building, two wing project called the Bautista, and then immediately north of that a project called 101 Linda, which I'll also in the slides get into further detail, which is a commercial mixed use project as well.
2 In the red elements are items that have already been completed, the Mercado San Augustine on the northwest, the MSA Annex, which, of course, Rio Nuevo was part of on the southeast, and then up on the northeast corner is Sentinel Plaza, which was the first phase that was completed in 2011-2012. And then moving forward to the green element there is West End Station, which was completed in February of 2019.
3 Go ahead, Brandi.
4 Thank you.
5 So this is just a quick little rundown that we've presented to you in the past with the overall sales tax component that's been generated globally on each of these different elements. Rio Nuevo is -- is not a -- an investment member of the Mercado San Augustine public market, but that project generates for the state of Arizona and for the district $494,565 annually.
6 The MSA Annex, which is a slightly larger footprint at 18,500, which Rio Nuevo is an investment member of, is $491,966, and our annualized sales tax for
The intention of this ask that I'll go into the MSA Annex.

Monthly calendar for both the Mercado San Augustine and events and planned events that are on the weekly and large events as well as the Night Market series that Rio Nuevo has sponsored as well as a series of other festival events and planned events that are on the weekly and monthly calendar for both the Mercado San Augustine and the MSA Annex.

The intention of this ask that I'll go into.

So just a moment to focus on the Monier Annex on the east side is $1,450,000 annually. I'm sorry, west side of Avenida del Convento and the MSA Annex on the east side is $1,450,000 annually.

Next, Brandi.

The next piece is the MSA Annex with a specific focus on the festival grounds, which is a component part of the ask for today. That area is a future phase to be completed after the main part of the complex has been finished in May of 2018. And this piece is housing what is to be a large festival grounds area, which has already been activated in its relatively unimproved state, which is currently just a graded decomposed granite area with a stage that's been set up for various planned events and activities and also has been host to several different large events as well as the Night Market series that Rio Nuevo has sponsored as well as a series of other festival events and planned events that are on the weekly and monthly calendar for both the Mercado San Augustine and the MSA Annex.

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Next, Brandi.

A rendering of the building from the southeast looking up.

The next piece is the MSA Annex with a specific focus on the festival grounds, which is a component part of the ask for today. That area is a future phase to be completed after the main part of the complex has been finished in May of 2018. And this piece is housing what is to be a large festival grounds area, which has already been activated in its relatively unimproved state, which is currently just a graded decomposed granite area with a stage that's been set up for various planned events and activities and also has been host to several different large events as well as the Night Market series that Rio Nuevo has sponsored as well as a series of other festival events and planned events that are on the weekly and monthly calendar for both the Mercado San Augustine and the MSA Annex.

The intention of this ask that I'll go into.

In the gray area that makes up the 3,725 square foot space is a future building which is not part of this request but will be an additional investment by the Gadsden Company and its affiliates of an additional $1,500,000 most likely with Clearinghouse Community Development Corporation, who is the lender on the property that Rio Nuevo is the landholder on. And that is to house both a commissary kitchen to support the banquet and catering activities and a large destination management activity that we're solicited for on a regular basis as well as a stand-alone, third-party food and beverage facility. And we are currently in negotiations with a local regional tenant that is looking to come down from the foothills area to open their first establishment in the downtown community. We'll will be able to describe that further as we move through that development.

So the area is a combination of brick paver hardscape, some underground utility work that needs to be extended from the east side to the west in order to accommodate sanitary sewer, gas, power, etcetera, in order to facilitate the building of the (inaudible) Building that's shown in gray as well as being able to provide some additional drainage and -- and the hardscape and landscape combination that's being -- are hopefully

Go ahead, Brandi.

If you want to move forward, Brandi.

A larger diagram showing some of the demising elements for each of the spaces identified for pure commercial retail as well as office as it lines the Avenida del Convento and it also lines the public paseo that connects Mercado District.

This is a larger diagram showing some of the demising elements for each of the spaces identified for pure commercial retail as well as office as it lines the public paseo.

A rendering of the building from the southeast looking up.

Next, Brandi.

The liner that's identified there shows the ground floor of the building. It fronts on Avenida del Convento to the neighborhood in general, the Mercado District.

This a map showing the flexible events space area of the 8,800 square feet reorientation of the current stage configuration that's provided by one of our tenants, which is Flan Chen Pyrotechnic Theater Company, a green room improvement immediately adjacent to the stage facility as well as some temporary kiosk space for some additional food and beverage vending and -- and bar

We currently are maxed out on what we can host there based on its current condition and are looking for some additional assistance to improve both some infrastructure at below grade to facilitate a future building, which I'll describe momentarily, as well as improve the hardscape and landscape in order to make that a more active temporal space for use on a regular basis.

If you want to move forward, Brandi.

A map showing the flexible events area of the 8,800 square foot space reorientation of the current stage configuration that's provided by one of our tenants, which is Flan Chen Pyrotechnic Theater Company, a green room improvement immediately adjacent to the stage facility as well as some temporary kiosk space for some additional food and beverage vending and -- and bar

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ready to be completed as soon as we can get approval.

Go ahead, Brandi.

The next piece of the request -- and I'll take a moment to just stay on this map for a bit. The Bautista is outlined in yellow and the goldenrod color.

The other piece of that, which is an important connection, is what's shown in blue. The Bautista and the way its oriented with the public plaza, which I'll describe in greater detail on a larger map, is connecting the entirety of the west side component of the Mercado District to all of its public plazas from west to east and bringing us to a new river front amenity which will be jointly funded by the Bautista construction as well as an allocation of the construction sales tax incentive for improvement that will hopefully also be able to house a new Tucson Water supported water feature, which we're in current negotiations on.

We were recently approached by them for a discharge location as part of the extension of the Heritage project, our next phase of the Heritage project, and it is to provide up to 2,000 gallons per minute of class A reclaimed water that they'd like for us to be able to filter through an off-channel water feature which would allow it to flow through the kind of public amenity on that river edge and then return back into the river basin for recharge, which allows them to get 100 percent credit on that recharge of that facility. So we are currently in preliminary conversations with them on the creation of what would hopefully be analogous to a San Antonio river walk type of improvement that would be available to the community as well as be partially on site for the Bautista complex.

Go ahead, Brandi.

Thank you.

This is showing the commercial retail and restaurant liners of that facility, which all are at grade on both the Linda Avenue frontage, the river front and the paseo.

Go ahead.

This is a blowup of that diagram showing the various different typologies and where they're located. The orange (inaudible), that's facing the river is the piece that's specifically for a restaurant tenant, which we're in preliminary conversation on at the moment.

Go ahead.

This is just a view looking at that blue line that I was talking about a few minutes ago looking from its furthest west point through the main plaza on Mercado District property passing through the Monier building at its -- at its closest point and then moving all the way down to the river front creating a full active passageway through there that will allow for a beautiful walk through the property and hopefully will create an environment that people are going to want to spend quite a bit of time on while they're not only exploring the neighborhood but also enjoying all of the commercial retail activity.

Go ahead, Brandi.

This is a model view of what potentially the river edge would like as it's improved down to the river itself. That is just a placeholder example of one approach to the off-channel water feature bringing that into a fountain component up at the public plaza. We're looking as this as being a combination of a potentially traditional Hispanic plaza configuration with a series of fountains and other water features that hopefully support the activated retail along the corridors and, at the same time, come into a more organic flow as it moves down towards the river and becomes an activated river park.

This is just an example of a shot from the river walk in San Antonio. It's only 18 inches deep and about 24 feet wide, but it really gives the sense that you're in a very controlled and rich riparian environment, so we're inspired by the opportunity to be able to bring that feature in, especially now that we've got the support of -- or potential support of Tucson Water.

This is just another view looking on the Linda Avenue frontage of the project. It's a 253 unit, two wing plaza -- complex, excuse me, with all of the commercial retail activity at grade on a podium deck with one grade -- one tier below of underground parking.

Go ahead, Brandi.

The sales tax generation of the Bautista project pursuant to that diagram is broken up into three categories, the Linda Street frontage, the Paseo Plaza and the Santa Cruz River Park, all with a performance expectation yielding $760,163 in annual sales tax revenue based on the 16,500 square feet of commercial retail.

Today's ask to the district is specific to only supporting commercial retail and office activity in a very similar format as it was with the Monier building, which by contrast, the Monier building is 122 units with 12,975 square feet of ground floor commercial retail and office, so this is slightly larger and, therefore, obviously, has a little bit higher performance.

Rio Nuevo's portion annually of that is about $218,464 per annum, that through the projections that were provided forecast over the -- over the period are generating over $4 million of overall sales tax to the district. Our ask today is for support on that piece for $2.8 million in order to be coupled with a
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| 1. 20 million-dollar equity infusion that will come in the form of Gadsden’s first opportunity zone investment coupled with its partner out in Salt Lake. 
2. This will be the first opportunity zone investment of its kind and of its size in Tucson. It will be yielding a 70 million-dollar project with a 51,500,000-dollar construction budget and will be an overall yield of 21 -- 26 to one on the impact ratio relevant to Rio Nuevo’s investment. 
3. Go ahead, Brandi. 
4. The next project I’m just showing you for context. Fletcher had asked me to take a moment and just sort of walk the board through what else we have on the board and what we’re looking at in the immediate future. 
5. Menlo Park Commons is a key facility, key project for the overall district. It’s going to house, as it’s been intended, its park once parking garage facility, which is currently sized at 450 spaces of underground parking. I’m pleased to announce that we have made very good progress with Chicanos Por La Causa over the last six months with a new potential opportunity zone investment with them coupled with a new market tax credit allocation that is being preliminarily committed to the project in the amount of $25 million. 
6. We are looking to be able to build that project, that podium and then also -- 
8. -- which will be a multi-phase -- 
9. You can go one more. 
10. -- multi-phase, mixed use complex that will be housing our Grand Mercado building, which is currently sized at 21,000 square feet of pure commercial retail, 15,000 square feet on the ground floor, 6,000 square feet on the second mezzanine level, and then it's lined with a Workforce Housing 130-unit project that we're currently in negotiations on with the new Freddie Mac product that supports a mixed income execution, so differently than the HUD product and differently than the (inaudible) tax credit product. 
11. And in addition to that, it will be using on our grocery, which we're currently working with a very well known Nogales-based grocer that will be bringing their footprint to Tucson. They actually happen to live here in Tucson, but it will be their first store that they're looking to do here with a traditional carniceria and a whole slew of other produce and other prepared foods that they're looking to roll into the Tucson marketplace. 
12. So this is an exciting complex. It got a lot more momentum on it sooner than we had expected based on the authorization of the opportunity zone fund investment. 
13. pool and, in addition, the CPLC looking to deploy that in Southern Arizona. 
15. This is an image board of our inspiration for that market, which happens to be based on a facility designed by Gustave Eiffel and his company in the late 1800s that was built in Seville, Spain. And it is a multi-bay, simple steel truss building and heavily purveying from the region. 
16. It's a beautiful orientation, very light filled, becomes kind of a jewel box the way it focuses itself at night and we think will be a real attraction in completing what will be the fourth and fifth phases of the Mercado District build-out, which will ultimately conclude at nearly 125,000 square feet of pure commercial retail generating sales tax for the state and for the district all housed within our -- within our 32-acre development in the Mercado District. 
17. This is just a section of the building so you can see how the overall configuration is intended with the mezzanine elements on the east and west side. 
18. Next is a project called 101 Linda, which we've also been making some serious momentum on. This was designed by Poster Frost Mirto architects and it is an eight-story build to suit, which we are currently in preliminary negotiations with two different tenants. One is a 60,000 square foot user that is currently in the marketplace that's looking to house a new -- moving from Fort Lowell their Tucson-based headquarters, and the other is also another group that is from the Phoenix area that's looking for a 55 to 60,000 square foot opportunity. We are currently exploring both of them in earnest and their timeframes with our -- our realtor, which is PICOR, Cushman & Wakefield. And I'll be able to share more with you on that hopefully within the next 30 days. 
19. So both of them have a fairly significant parking requirement, which were trying to house in four levels of parking within the building above grade. 
20. There’s a small retail commercial component on the ground floor lining its lobby, and then the balance of it is pure office. And these are both terrific class A tenants that we’d very much like to have within the overall Mercado District office metroplex. 
22. This is an image of that building as designed looking from Congress Street down Linda, just some of the footprint of the building with the garage and the retail liner facing Linda, the other garage placed for floors two |

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1 through four.
2 Go ahead, Brandi.
3 The additional four and five and then six
4 through eight.
5 The next piece is showing a -- what is called
6 the West Abbey. This is a commercial mixed use project as
7 well, which is still in concept level for the time being.
8 It will be a temporary, partially improved parking
9 facility, which will continue to be able to provide free
10 parking for our annex and Mercado and now Monier retail
11 liner.
12 Yes. Go ahead.
13 That's showing ultimately as designed where the
14 commercial retail components on the ground floor will be
15 long term. We're looking at another full-service
16 restaurant in that facility as well as a balance of
17 compatible retail tenants with -- with possible service
18 components.
19 Go ahead, Brandi.
20 Then lastly on the map is just a goldenrod area
21 showing what we refer to as our block D site. That is the
22 second of the river front properties, and it is currently
23 slated to be a large mixed use commercial complex, may or
24 may not have any residential component. At the moment,
25 we're talking with -- the Ozone investor on Bautista has a

1 great interest in it in doing a potential hotel product.
2 They happen to be one of the premier Marriott developers
3 in the country and Marriott has very much an interest in
4 potentially placing one of their products with them, so
5 we're in preliminary conversations with them on that.
6 That also would be housing primarily commercial and office
7 on -- on the podium deck as well.
8 Go ahead, Brandi.
9 Go ahead.
10 Go ahead.
11 That's it.
12 So that is a general overview of the block by
13 block intentions and what's happening currently in
14 2019-2020, what's on the boards and will take -- go into
15 construction in 2020 and then immediately thereafter in
16 2021 with the Menlo Park Commons and hopefully at that
17 point in time, the 101 Linda property as well.
18 So that's -- that's the -- the overview for
19 the -- of what we're up to. And -- and we -- we have been
20 able to take -- take on some preliminary conversation
21 relative to the structure of the Bautista conversation
22 with the officers and with counsel thus far and we're here
23 to answer any questions.
24 CHAIRMAN McCUSKER: Can you take us through the
25 economics of the first phase of the Bautista? So how much

1 is the construction budget?
2 MR. WEINSTEIN: The construction budget is
3 51,500,000.
4 CHAIRMAN McCUSKER: And how much construction
5 sales tax does that produce?
6 MR. WEINSTEIN: The construction sales tax --
7 excuse me, Fletcher. Let me just pull out the number.
8 The construction sales tax component to the
9 district is $868,000, just the district's portion. It's
10 $2.1 million, I believe, total.
11 CHAIRMAN McCUSKER: And then the sales tax
12 figures I think was a million --
13 MR. WEINSTEIN: Then the sales tax figures
14 based on the projections that were provided, the
15 district's portion annually are $218,438 per annum, so the
16 total sales tax, we round it at present value as
17 4,000,017, so it's just south of that with a six percent
18 discount.
19 MR. SHEAFE: That was using the 25 year?
20 MR. WEINSTEIN: Correct, using the 20-year
21 projection, Chris. And that was in the projection
22 information that was circulated to the board.
23 CHAIRMAN McCUSKER: And the request is a
24 $2.8 million investment into the Bautista?
25 MR. WEINSTEIN: That is correct.

1 CHAIRMAN McCUSKER: And a 457,000-dollar --
2 MR. WEINSTEIN: $427,500 for the festival
3 grounds to complete that scope of work and a $2.8 million
4 request for the Bautista.
5 MR. SHEAFE: The festival number, just to build
6 on what you're saying, actually becomes even a little more
7 attractive. Do you happen to have that?
8 MR. WEINSTEIN: The -- in terms of --
9 MR. SHEAFE: The sales tax that's being --
10 MR. WEINSTEIN: The sales tax. With the
11 build-out -- with the million five investment that Gadsden
12 will be making on the building that will house the
13 commissary kitchen and the new restaurant, the total
14 combined sales tax is estimated to be over $170,851 per
15 annum. Without it, which is the piece, that we want to
16 get started on now, it's about half of that.
17 MR. SHEAFE: Okay.
18 MR. WEINSTEIN: And that's in addition of
19 course, to the projections that are already being achieved
20 annually on the annex as it's currently performed for '18.
21 MR. IRVIN: So netting out the million five for
22 the new restaurant building, what's your cost to do all
23 that?
24 MR. WEINSTEIN: The total cost at the moment,
25 the budget's looking like it's going to be about one
we don't need to sit down now because a lot of this stuff you
we're done pretty much for 12 months.  And not that

1. MR. IRVIN: So you're looking for the district
to front about a third of that?
2. MR. WEINSTEIN: We're looking for the
district -- yes, if you want to look at that it that way,
but we're looking at it as the -- the only pieces that the
district would be providing in the 427.5 ask are only for
the underground utility connections. The balance of that
is all going towards the improvements for the hardscape
and landscape and the other elements to activate that
plaza starting day one and just put it into a more
permanent state. The restaurant piece is forthcoming.
We're expecting we'll be in a position to move forward on
that within the next 90 days.
3. MR. IRVIN: So maybe just a little bit of an
editorial coupled with maybe a question or two.
4. So way back when when the district stepped in
with some of the issues going on on the west side and took
the city out and bought the bond and did all that kind of
stuff, you know, we then jumped into the MSA Annex and
then over to our latest project over there, the Monier,
and I don't know if I in my mind, when we voted to help
you guys take that property and put it in a developable
stage, thought I was going to be sitting here with every
one of the developments that you do as one of your equity
partners, so I'm a little bit concerned about that.

The other thing I'm concerned about is just --
you know, our focus has been on driving retail sales tax.
I'm not saying you're not driving some here, but there's a
huge component of this that is residential. And I'm not
saying that residential is not important because it is
important, but it's not been our bandwidth and the area
that we focused on.

A case in point, we've not helped the guys at
HSL with Flynn, we've not helped Carver with his project.
And the Flynn's -- excuse me, the Flynn's are about the
same size that yours are, so I'm a little nervous about
doing that.

But probably the thing that makes me the most
nervous, Adam, is, you know, you've heard about our
financial situation and I don't want to give any sort of
impression that we don't have money because we do. As
Chris said, it's really a balancing act. We're trying to
move those dollars around and be prudent with them. But
I'm sitting here saying to myself, okay, you know, we've
got roughly $3.4 million, and if we invest all that with
you, we're done pretty much for 12 months. And not that
we don't need to sit down now because a lot of this stuff

1. economic study, but we don't yet have an -- I don't think
we're going to have any problem with the economic study.
2. We don't currently have an economic study. So I guess my
question is -- I'm struggling with the entirety of your
ask. I think -- I told you this. I think it's too much.
3. And so my question is, where would you find the other
funds assuming that we're not going to be able to help you
with all of them?
4. MR. WEINSTEIN: I'd answer that --

CHAIRMAN McCUSKER: Let's touch on the urgency
1. first.
2. MR. WEINSTEIN: Okay.
3. CHAIRMAN McCUSKER: I think the opportunity
zone timing is driving some of this, right?
4. MR. WEINSTEIN: Yeah.
5. CHAIRMAN McCUSKER: Because doesn't that money
have to be in invested and in place by the end of the
calendar year?
6. MR. WEINSTEIN: That is correct.
7. CHAIRMAN McCUSKER: Yeah. And that's kind of a
newfound problem for us.
8. MR. WEINSTEIN: For all of us.
9. CHAIRMAN McCUSKER: Yeah. By the grace of God,
somebody penciled all that property on the west side into
an opportunity zone, which has attracted huge investment
interest from around the world, but it's also time

MR. WEINSTEIN: Correct.

CHAIRMAN McCUSKER: And that's really kind of

what's driving the timing of this project.

So to Mark's point, what happens if we chose to
do nothing? What happens if we chose to do some portion
of that given the time that you're under. You know,
what -- what peril does that create to this project?

MR. WEINSTEIN: First and foremost, I wanted to
just make sure we were all clear that the ask is

specifically about the commercial retail and office
components. The nature of the Mercado District as is the

nature of a lot of the infill in downtown Tucson as you're
seeing is that these are going to be multi-asset class
buildings. It's nature of -- the resultant of the -- of
the land costs at this point in time and what needs to be
able to put back into the vertical execution in order to
achieve the yield. So it is going to be very unlikely
that within the downtown corridor over time that you're

going to see simply stand-alone buildings perhaps save for
a hotel or perhaps save for an office tower. Most

everything is going to come online and all subsequent
requests that are going to come online are going to be in
the form of the district participating in the part that

they can. And that's exactly what we've done here with
the Mercado District. And, as you know, in order to bring
the retail purchasing bodies, we also have to have that
disposable income right there at ground zero on site. So
the approach to that overall development opportunity is --
is certainly by design and it's a necessary element to
building out this district successfully in addition to the
local and regional traffic that it drives beyond that.

The -- the sales rate that we basically have
been modeling, Mark, has been based on our historic rates
that are anywhere between 350 to over $450 a square foot.
Again, we have small footprint businesses that are able to
produce at that level. And -- and we've been providing a
lot of guidance and -- and opportunity for those
businesses as we've curated the overall commercial retail
for the Mercado District.

Relative to the question about where would the
project stand but for Rio Nuevo's involvement, it would
obviously put a -- it would require us to go back and, in
addition to the $20 million of equity, largely of which is
Gadsden equity, to potentially look to closing the gap
from that angle. Because of the opportunity zone
complexities and how those investments are put together,
it's not something that can just easily bring in a
multi-tiered capital stack, let's say, like on the Monier

on the HUD financing.

So it creates an immediate challenge. We may
not be in a position to meet the -- the year-end deadline,
and it may have to be looked at in an entirely different
manner. So we have had some very successful structural
conversations to date, you know, relative to -- to you
making counsel available to our counsel to be able to
discuss a possible format. And I think that with the
right size up front investment and a possible back-end
rebate of sales tax that we might actually be able to
close the gap on this and execute and get the 26 to one
impact ratio leverage that I think we'd all like to see by
creating this 70 million-dollar project online, which is
in design development and will be in a position to start
construction by Q2 of 2020.

MR. IRVIN: So a couple things. So on the
opportunity zone funds, I know you're going against a
deadline of December 31st, but I don't believe that's the
overall deadline for investment of opportunity fronts, is it, Mr. Collins? Do you know?

MR. COLLINS: Currently I believe it is.

MR. IRVIN: It is the 31st? I thought there
was an extension that pushed it out a little bit.

MR. COLLINS: If it has been enacted, I'm not
aware of that. I know been it's in the mill, but, as far

as I know, it's still 31 of this year.

MR. WEINSTEIN: -- we are open to --

ideas, Mark. I wouldn't, you know, without further
discussion know what that would like. Obviously those are
committed and are within that stack. The -- the piece
that's been discussed relative to Monier at this point
simply has to do with the fact that, when we close that
loan, the -- the repayment feature was still to be
discussed directly after that and that's what the deadline
was. I know Mark has been directed to work with us and
with counsel to push that out beyond C of O so that we
have the ability to perform on that. And that's what the
CHAIRMAN McCUSKER: Just timing-wise on that, that's 2 and a half million bucks, 2.4 million bucks.

MR. WEINSTEIN: It was 2.4 million, Fletcher.

CHAIRMAN McCUSKER: And, you know, you said you should be C of O in May, you know, so sometime in the summer, you know, that money's going to get repaid to us if I'm following the schedule.

MR. WEINSTEIN: That is correct, but it's -- but just for clarity, it is going to be repaid in the form of the -- of a feature that has yet to have been approved.

And that feature is similar to the structure that was put together for the annex. What's happened here is, prior to closing, just for our institutional memory, the HUD -- HUD was not able to provide consent at that point in time in order to allow for the GPLET lease to go forward at closing. So the GPLET lease was discussed to be negotiated and put into place during construction or post construction once it received HUD's consent. And that is currently the piece that's going to be worked on.

CHAIRMAN McCUSKER: And similarly with this project, and I think the opportunity zone may change some timing opportunities, but you're not going to build the building -- it's going to take you a couple of years to do this.

MR. WEINSTEIN: Yes.

CHAIRMAN McCUSKER: And if it wasn't for the opportunity zone, we could commit an amount to you but spread it over a period of time. That's not the case here because don't you have to demonstrate to the opportunity zone that you can fund the equity portion?

MR. WEINSTEIN: That is correct, but I believe through our discussions with Mark, and, Mark, I don't want to put any words into anyone's mouth, but there may be the ability to structurally work through the -- the transfer components of the -- of the transaction to allow the full value of the opportunity zone investment to be recorded properly at closing -- at initial closing and find a way for the funding to come in perhaps in two tranches, maybe even in the form of more than two.

MR. IRVIN: It seems to me, you know -- and, again, I don't want to make my concerns everybody's concerns, but I've got a couple of them. First, you know, I've already -- I can't say it any other way. I'm a little concerned about our cash position since we're in the process of kind of going and crunching those numbers now and making sure we're comfortable with them. You heard earlier, we have some unknowns and I'm just sitting here saying to myself, do I take and do we do -- do I vote to invest with you for our fifth project basically the balance of our bandwidth for this year. And I've got to tell you I'm not comfortable with that.

The second thing I'm not comfortable with is that we haven't gotten an economic study done yet. I know that's in the works. I have a hard time voting for things when we don't have an economic study.

And, third, I think the current loan that we have with you guys is one that we should bring into the discussion and see if we can't figure out a way to use that to help you bridge some of these gaps.

And so I think with that what I'd like to see us do is maybe tap the brake pedal, give us a couple of weeks to finish the economic study, give a couple weeks to continue our discussions and make sure that we can figure out what's the best way to go about this. And then, if we need to call a special meeting, that's obviously the chairman's decision to go do that, but I'd like to see us maybe go that way. I'm not comfortable right now. If I had to vote right now today, I'd tell you I'd have to vote no.

MR. WEINSTEIN: Okay.

MR. IRVIN: Not that I don't believe in the project, not that I don't think it's a great project, not that I don't want to right away do it, but I think right now with the information I've got, I'm not comfortable.

MR. SHEAFE: Let's, if you don't mind, go back and make sure that we have a common understanding of what we're doing with the Monier loan.

The 2.4 million that's already out -- excuse me. When you get the C of O and you have a chance, how much of that were you repaying back to --

MR. WEINSTEIN: It's being repaid through the reimbursement, the repayment of the sales tax.

MR. SHEAFE: Right. Well, that took care of about -- it was close to 800,000. It's kind of a common number, but the 800,000. So the 2.4 drops to 1.6. The --

MR. WEINSTEIN: And, again, it's retired over the life of the --

MR. SHEAFE: And the 1.6 would go --

CHAIRMAN McCUSKER: To your question, there's no cash coming in.

MR. SHEAFE: No cash coming back. Okay.

MR. WEINSTEIN: It's in the form of the repayment with the sales tax --

MR. SHEAFE: Yeah. All right. So if I'm stacking up, to use your terms, how much total cash we've got out there and if all of this were to happen, we kind of peak out at about 5.6 of total, and then everything that comes back begins pulling that back down if you don't
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CHAIRMAN McCUSKER: While you're looking at dates, I think part of the conversation that we've got to wrestle with is just priorities. You're blessed with a lot of vacant land on the west side. None of us ever anticipated the opportunity zone opportunity and timing pressure. It's an unbelievable opportunity for us to totally change the nature of the west side. It's an extraordinary project, everything from the design to how you contemplated its integration for the use of water. I mean, you know, there's probably nothing we're going to do that's more important or more impressive.

And I think, Mark, what it gets to is, you know, we see ourselves stranded. You know, we've got commitments out there, you know, $2 million to the Sunshine Mile, a million five to Congress Street. You know, we see ourselves strapped. You know, we've got $2 million to the Sunshine Mile, a million five to Congress Street. You know, we see ourselves strapped. You know, we've got $2 million to the Sunshine Mile, a million five to Congress Street.

And the question was thrown to you earlier, but I want to put it in this perspective, if that were a plan to say maybe we need to reduce what we've got out, could you work with that?

MR. WEINSTEIN: Yes.

MR. SHEAFE: All right. So there's another way to approach this.

MR. IRVIN: So question. Counsel, when is our next board meeting? When is our November meeting?

MR. SHEAFE: Isn't it the 20th?

CHAIRMAN McCUSKER: I think that's manageable.

MR. IRVIN: You know, we're able to continue to have our conversations with you and to the extent you've authorized Mark to still be available to talk with our Ozone representatives so that we can keep things moving in that direction. I think that we can probably work with that.

MR. IRVIN: So, Mr. Chairman, I guess I might make a motion that we table this and in our tabling see if we can't figure out a way to take our November meeting and move it up a little bit, if that's even possible. I don't know.

I mean, Jannie, you're probably the toughest one because you're coming from out of town, but --

MS. COX: No, I'm back.

MR. IRVIN: You're back?

MS. COX: I'm back.

MR. IRVIN: You know, I think if there's a way to do that -- figure out a way to do it like that first week of so. Fletcher, I don't know if that works for anybody, but --

CHAIRMAN McCUSKER: I need a motion to table.

I can table it if I want.

You know, I think, you know, some time seems to give us an opportunity to discuss this further. And Mark's right, if we need a special meeting -- you know, I don't think, Adam, there's anything more important we're doing right now than what you're doing on the west side.

MR. WEINSTEIN: Thank you for that.

CHAIRMAN McCUSKER: It has ramifications for us all the way through to the Rio Nuevo owned land, all the opportunity zone. Most everything in the downtown area, every infill that we're looking at is an opportunity zone. And the Hilton is being built with opportunity zone funds.

I think we could become a huge player in the opportunity zone --

MR. IRVIN: I'm not -- I'm not against the project. I'm just -- I'd like a little more information. I'd like to study a little bit more and I'd like a little more information.

CHAIRMAN McCUSKER: What does two weeks do to you guys? Is it going to, you know, exacerbate the schedule?

I think the message you're giving us, we want to figure this out. There may be in some of our minds nothing more important than the work you're doing. We don't have an economic study. This would tap us out. That means we would have to forego probably any other development in the next year. Maybe we can move some things around to create some cushion, you know, but -- you know, what's a couple of weeks one way or the other?

MR. WEINSTEIN: I think that that's manageable.

You know, we're able to continue to have our conversations with you and to the extent you've authorized Mark to still be available to talk with our Ozone representatives so that we can keep things moving in that direction. I think
1.方式通过到29th，如何河流与社区交互。
2. I did want to ask you, because the project has
3. such scale, where’s the neighborhood with all this?
4. Where’s Menlo Park?
5. MR. WEINSTEIN: This is part of the
6. implementation of the original master plan, and this is a
7. successive development within that. And as we get further
8. along, we will continue to share images and -- and design
9. elements with the neighborhood and -- but at this point in
10. time, everything within the master plan is now just
11. beginning to come to fruition in basically its original
12. form, so --
13. CHAIRMAN McCUSKER: So every one over there has
14. seen this?
15. MR. WEINSTEIN: I would say yes, everyone has
16. seen this at this point in time, but, you know, as it's
17. been in design development, there are going to be some
18. other parts to share, but in terms of the overall
19. orientation, the nature of the architecture, its scale,
20. that -- that was -- that has been shared and will continue
21. to be shared.
22. CHAIRMAN McCUSKER: Jannie, Edmund, any
23. comments?
24. MS. COX: No. I'm just amazed at how huge this
25. project is. But with the opportunity zone, I mean, it's
26. just really, really exciting from our perspective. We
27. would love to help you do this, but I agree with Mark. We
28. need an economic study. I mean, we -- we need those
29. underpinnings before we make a commitment like this.
30. MR. WEINSTEIN: Sure. And just to comment on
31. that, while we've been working in realtime with -- with
32. you all on that, Dan Meyers has given us the parameters
33. for -- for which the study would effectively operate under
34. and all of our modeling has been within those parameter,
35. so we feel very confident in the numbers that we've
36. provided and we feel confident that the study will confirm
37. those numbers.
38. And, again, we're -- we have some flexibility
39. in terms of an increase on some of those net square
40. footage if there was some desire to push the -- the
41. retail up slightly from 16.5 because we have some ground
42. floor flexibility, but the 16.5 at the moment as modeled
43. achieves those numbers and those yields and that's what we
44. wanted to present to you today.
45. CHAIRMAN McCUSKER: The returns are great.
46. They're well within -- you're right. It's a 25 to one
47. project when you consider the overall construction costs
48. and the residential components of that, so -- you know, we
49. advertise our capabilities when anybody's monitoring what
50. we do. The question is really the size of the ask given
51. what's in the bank and what it might prohibit us from
52. doing for anybody else, so --
53. MR. IRVIN: I want to also mention -- I just
54. wanted to say as well, you know, when we stepped in and
55. helped you guys some years ago, we had kind of a vision
56. that you would do X by Y, and I would say for myself it
57. was kind of a leap of faith and you guys delivered, so I
58. want to be just really clear that you've done, I think,
59. everything we've asked you to do and everything that you
60. said you were going to do you guys have done, so I don't
61. want you to take any comments that I've made that we don't
62. support or I don't support because I think you know
63. differently. I'm just trying to dot and cross a bunch of
64. I's and T's.
65. MR. WEINSTEIN: I understand. And thank you
66. for that, Mark. That means a lot. We work hard at
67. meeting those objectives and those deadlines.
68. CHAIRMAN McCUSKER: Mr. Marquez. Anything from
69. Chicago?
70. MR. MARQUEZ: Yeah. So I think it's a
71. fantastic project. I think Mark Irvin's on point with
72. this. I'm concerned with the amount of monies we have
73. left versus the ask. And I wonder and I question if 12/31
74. is your deadline and this is part of the master plan and
75. you've been in conversation with Utah and the opportunity
76. zone (inaudible), why are we only hearing about it on
77. October 18th?
78. MR. WEINSTEIN: Edmund, we've actually been
79. speaking with the chairman about the project for some
80. time. We've been developing the timing on the project and
81. its overall execution on the architecture and engineering
82. side and being able to take advantage of the -- the timing
83. on construction. So we've -- we've been engineering this
84. in order to have a full completion on drawings so that
85. we'd be in a position for permanent in Q1 and execution in
86. Q2. And that's -- our initial conversations, it was -- it
87. was too preliminary, I guess, to be -- to be having us
88. come before you at the full board level. We've just been
89. trying to move this along conceptually with the Ozone
90. investor while they've been trying to react, as we have,
91. to the regulations as they're coming out. So much of
92. this, if not all of it, frankly, is in realtime, so we are
93. really trying to adjust and react accordingly.
94. CHAIRMAN McCUSKER: I don't think we had an
95. opportunity zone commitment this time a month ago.
96. MR. WEINSTEIN: That is correct.
97. CHAIRMAN McCUSKER: Okay. I'm going to
98. consider this item tabled. We're going to get the
99. economic study done. We'll continue to work with you.
We'll try and work it into the November schedule. If we need to accelerate that, we can call a special meeting.

Mr. Weinstein: Thank you.

Mr. Chairman, I just wanted to ask for one thing just relevant to the two requests today. I'm assuming that we're able to --

Chairman McCusker: Good point. Let's deal with the amphitheater. Any --

Mr. Irvin: I like the amphitheater, so I'll make a motion we approve the amphitheater.

Ms. Cox: Second.

Chairman McCusker: Okay. I think we all know what we're doing there.

Brandi, call the role.

Ms. Haga-Blackman: Edmund Marquez.

Mr. Marquez: Aye.

Ms. Haga-Blackman: Jannie Cox.

Ms. Cox: Aye.

Ms. Haga-Blackman: Chris Sheafe.

Mr. Sheafe: Aye.

Ms. Haga-Blackman: Mark Irvin.

Mr. Irvin: Aye.

Ms. Haga-Blackman: Fletcher McCusker.

Chairman McCusker: Aye.

MS. COX: I have a question for Adam.

All of the projects that you’ve talked about today, I mean, there are like six of them, in the perfect world, when will they be completed, all of them?

Mr. Weinstein: In a perfect world, we're looking at a -- at a three- to five-year horizon.

Chairman McCusker: All right. The motion on the amphitheater passed.

Mr. Collins, we give it to you on the documents.

Adam, Jerry, thank you. It's extraordinary work and we're always thrilled to be a part of it, so we'll try and figure it out.

Mr. Weinstein: Thank you very much.

Chairman McCusker: Item number nine, 75 East Broadway, I think we've talked about this in public before. JD Dunn has expressed a desire to assign the development agreement that we awarded to them to the local group of Peach and Dabdoub. We have -- now Mr. Collins has something in writing to that effect, so this board is being asked to approve that assignment.

Mr. Collins, if you'll kind of walk through the terms.

I will remind everyone that we can't approve it, but it also would require the approval of Pima County.

Mr. Collins.

Mr. Collins: Mr. Chairman, members of the board, what we have so far is an LOI or letter of intent subject to being placed into a purchase agreement. That purchase agreement is being drafted as we are here today. Among the original proposers, JE Dunn has been kind of lead dog, but Peach Properties and Dabdoub Properties were on the response to the RFP and have been actively involved in this since the beginning. Then JE Dunn lost its financing and what has now been worked out is that -- the proposal is that Schwabe and Dabdoub will pay Dunn its soft costs in exchange for Dunn walking away from this subject to approval by this board and by the board of supervisors or the county administrator.

Chairman McCusker: It extends the time somewhat, too; right?

Mr. Collins: It extends until January the time for their commitment to the project. Financing is what came between Dunn doing the project and not doing the project. Financing is what Ron and Marcel are working on right now.

Mr. Irvin: So this agreement then basically is just asking for basically a one-month extension to allow them time to get their --

Mr. Collins: Well, it's actually -- it does a lot more than that, Mark. It provides a way for there to be a changing of the guard at the top of this structure without, you know, going to guns, and so, in my judgment, that's probably the biggest part of this beyond getting the roughly $70 million that that project's going to cost.

Mr. Irvin: So January 31st rolls around and, in your mind, what has happened for this agreement to continue on with Dabdoub and Schwabe.

Mr. Collins: Well, if it hasn't funded by then, everybody's going to just have to figure out -- I mean, there's a lot of options, Mark. I think you're in a position to re-RFP it, RFQ it. Obviously you're partner's, if you will, with the county in this, and so it's not something that you can do without acquiescence or joinder with the county because at this point, it's still their property.

Mr. Irvin: Right. You know, it's kind of interesting. I think originally I had thought, you know, let's just kind of start this process over. And after I've thought about it quite a bit, you know, I'm really appreciative of Schwabe and Dabdoub kind of stepping in to try to figure this thing out. And given that we're going into what will very quickly be a holiday season, I'm just struggling. Do we really lose anything by kicking the can down the road for a couple months. And my
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1 instincts tell me we really aren't losing anything.
2 MR. COLLINS: Well, kicking the can down the road on --
3 MR. IRVIN: Well, I mean, until January 31st.
4 MR. COLLINS: Given the state of affairs with which you are now presented, I agree with that 100 percent.
5 MR. IRVIN: Mr. Chairman, unless somebody else has got any questions --
6 CHAIRMAN McCUSKER: The develops are here if anybody wants to ask a question of Ron or Marcel. It is pretty straightforward. It's the same development team.
7 The players changed. The responsibility now would belong to Peach and they've asked for, as you said, basically another month to figure this out, so --
8 MR. IRVIN: I'd like to make a motion that we grant the request.
9 MS. COX: Second.
10 CHAIRMAN McCUSKER: All right. So anybody need any conversation?
11 Edmund, you good?
12 MR. MARQUEZ: I'm good.
13 CHAIRMAN McCUSKER: All right. Brandi, call the road.
14 MS. HAGA-BLACKMAN: Edmund Marquez.

1 MR. MARQUEZ: Aye.
2 MS. HAGA-BLACKMAN: Jannie Cox.
3 MS. COX: Aye.
4 MS. HAGA-BLACKMAN: Chris Sheafe.
5 MR. SHEAFE: Aye.
6 MS. HAGA-BLACKMAN: Mark Irvin.
7 MR. IRVIN: Aye.
8 MS. HAGA-BLACKMAN: Fletcher McCusker.
9 CHAIRMAN McCUSKER: Aye. So that passes unanimously. Thank you. We've got to get that over to the county, so please remember our approval is subject to their approval.
10 I am going to table item number 10 and I am going to table item number 11, which takes us to call to the audience.
11 Brandi, I know we have one card. If you could give me that one.
12 Brian, do you want to come up?
13 So the way this works is you tell us who you are, you get three minutes to tell us anything you want. We are not allowed to interact with you, however, so your comments are on the record and we're grateful to you for hanging around. Thank you.
14 MR. EGAN: I appreciate you guys giving me an opportunity to speak. My name's Ryan Egan. I'm the founder of Stackhouse. We're an attainable housing developer started here in Tucson. I'm born and raised. I'm here just to let you guys know I attended a chamber meeting discussing some of the virtues of the projects that you guys have been working on and some of the success that you guys have had. As a Tucson native, I was a bit surprised because I had only heard the negatives, so I was glad to hear that there were some good positive things happening, so first I appreciate that.
15 But as I was listening to the types of projects and developers who were going to be involved in them and uses, I'm just here to encourage the board to go beyond the few individuals that you've been working with routinely in the past and maybe make your RFPs a little bit more public.
16 I have been trying to apply and work with you guys for over three years and couldn't get ahold of any of those RFPs in time, and I think we just watched an RFP transfer to someone else who also didn't get it in time. I've also been a broker here for the last 10 years and I've been doing projects within your district without knowledge that I could take those clients to apply for tax incentives through your district, that it extended all the way up to Park Mall, included parts of El Con Mall, things like that.

10 I'm not here to say you're doing anything wrong. I'm here to say there are more people who want to help you and want to be involved in Rio Nuevo and if you guys would just make a slight effort to be slightly more public. I mean, this meeting was announced with just over 24 hours' notice. Luckily I'm a broker, so I can make my own schedule. But if you operate a restaurant and you want to submit a proposal, you're kind of out of luck. So that's all I'm here to say and I appreciate your time.
11 Anybody else want to say anything? You don't necessarily need a card. Come on up.
12 The one behind you, Elaine, she's coming up first.
13 Your name. And if you represent anybody, we need to know that, and then it's your podium.
14 CHAIRMAN McCUSKER: Thank you very much.
the side on Mercado is beautiful, maintained and cleaned. When I walk on the side where Caterpillar is, there's tumbleweeds, thorns, bushes. It's very difficult to have even one person walk on that sidewalk. And I think with everything that's going on, we could tend to the area of Barrio Sin Nombre, which is where I call my home and I absolutely love. My taxes are just -- almost tripled living in the area where I think we could do a better job on the side of Barrio Sin Nombre, who has very few street lights, if they work, no sidewalks, no curbs. But, again, when I'm walking daily in front of Caterpillar on the side of Cushing, it's not a good scene and there's no reason for it.

And I thank you kindly. And, again, I'd like to thank Allan for all the wonderful things that he did mention about the area because we hear it through the grapevine. And I know there's two parcels that city of Tucson owns that Barrio Sin Nombre is going to be getting 1.2 million to share with Mercado, too, for street pavements, a new sewer line, but it's not even going to include in front of Mission Gardens, which is Mission Lane. That is so chucked up with potholes that it really has no excuse to keep going on in the condition it is when all of the money is going over to the Mercado and Barrio Sin Nombre is still looking like the ghetto right across the street.

Thank you for your time.

CHAIRMAN McCUSKER: Thank you.

Elaine?

MS. BECHERER: Good afternoon. Elaine Becherer, B-e-c-h-e-r-e-r, with the Arizona Coyotes.

So I just wanted to end on a thank you note. So tonight is the fourth kickoff season of the Tucson Roadrunners and we would not, one, be here without your support and your investment and we wouldn't be having a fourth season without your $3.2 million investment in the new sheet of ice and the new ice plant.

So, yeah, I just wanted to say thank you on behalf of the Arizona Coyotes and the Tucson Roadrunners and we greatly appreciate the support and the additional investment. And we, too, are an economic driver for downtown. We help bring sales tax. And we thank you for your partnership.

CHAIRMAN McCUSKER: Thank you.

Anybody else?

(No oral response)

CHAIRMAN McCUSKER: I'll entertain a motion to adjourn.

MR. IRVIN: So moved.

CHAIRMAN McCUSKER: Second, please.
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