In The Matter Of:
Rio Nuevo

Board Meeting
December 17, 2019

Kathy Fink & Associates
2819 E 22nd St
Tucson, AZ 85713
520/624/8644
CHAIRMAN MCCUSKER: Okay.  We're going to call this meeting to order.  It is 1:00 o'clock exactly.  Edmund, do you want to lead the pledge?

(Pledge of Allegiance)

CHAIRMAN MCCUSKER: Okay.  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: I'm here.
MS. HAGA-BLACKMAN: Mark Irvin.
MR. IRVIN: So am I.
MS. HAGA-BLACKMAN: Jeff Hill.
MR. HILL: Here.
CHAIRMAN MCCUSKER: And we think Mr. Sheafe is indisposed.  He indicated he might be in a trial, so we'll note him as excused.

You have received the transcribed conversation from the November 19th meeting.  It's verbatim unless you need to make a change or --

MS. COX: Move they be approved.
MR. MARQUEZ: Second.

CHAIRMAN MCCUSKER: All in favor say aye.

(Motion made, seconded and passed unanimously)

CHAIRMAN McCUSKER: We approved the minutes.

This is the time we set aside for executive session.

I do notice somebody in the audience.  Do you know we go straight to exec?

MR. MARQUEZ: You can stay here.

CHAIRMAN MCCUSKER: I need a motion to recess.

MR. IRVIN: So moved.
MR. MARQUEZ: Second.

CHAIRMAN MCCUSKER: All in favor say aye.

(Motion made, seconded and passed unanimously)

CHAIRMAN MCCUSKER: Back to business.  Thank you everyone.  Thank you for your patience.  You can tell we're very busy, actually surprisingly busy.  We have a
Page 5

1 really exciting and full agenda. We thought December might be a slow month, but there goes that notion.
2 We are entertaining today yet another downtown hotel project which were really excited to talk about.
3 Just quickly from me and we'll move on to the agenda, if you have an hour to kill and want to read a 54-page audit report, the auditor general released their Rio Nuevo audit a couple weeks ago. It's actually on our website linked to them, and it's also on the state of Arizona auditor general report.
4 It's really quite extraordinary given where this organization has come from. The audit used things like our work is truly exceptional. The auditor identified that we might be one of the best tax incremental financing districts in the country in fact, so we're really proud of that. And I commend my fellow board members for all the hard work.
5 And hats off to Dan, who's not here today, because a lot of the issues -- if you were around in 2010, this audit is also still on the auditor general's website. If you want to compare the two, you would be astonished at the differences, which we've enjoyed participating in organization to be off mission, mismanaged, wasteful, virtually corrupt. And, you know, to see an audit now virtually every year a copy of the summary of cash position. Just reading from Chris's notes, as you'll see, there's roughly $4,874,000 and some change. In addition to the actual cash that's on hand, there's an additional $5.6 million that is shown. That brings the total up to 10.5 and some change of available funds.
6 Chris has also gone through with Dan and looked at a number of other things. And, as you will see, there's some numbers there like, you know, a 12 million dollars. And he's explained these as there are some amended filings that are coming in that we already know about. There were some construction sales tax that weren't filed correctly and are now being corrected.
7 There's also about $881,000 that's coming back to us that's funds that we've spent relative to the TCC project that we'll get reimbursed for.
8 And then the bottom number of $3 million is estimated monthly expenses or, excuse me, monthly cash concerns and we'll probably continue to be pretty conservative over the next several months, so --
9 We are, however, going to have some short-term cash concerns and we'll probably continue to be pretty conservative over the next several months, so --
10 we're not going to have any shortage of funds to complete projects in the long term.
11 We are, however, going to have some short-term cash concerns and we'll probably continue to be pretty conservative over the next several months, so --
12 We are, however, going to have some short-term cash concerns and we'll probably continue to be pretty conservative over the next several months, so --
13 We are, however, going to have some short-term cash concerns and we'll probably continue to be pretty conservative over the next several months, so --
14 We are, however, going to have some short-term cash concerns and we'll probably continue to be pretty conservative over the next several months, so --
15 We are, however, going to have some short-term cash concerns and we'll probably continue to be pretty conservative over the next several months, so --
16 We are, however, going to have some short-term cash concerns and we'll probably continue to be pretty conservative over the next several months, so --
17 We are, however, going to have some short-term cash concerns and we'll probably continue to be pretty conservative over the next several months, so --
18 We are, however, going to have some short-term cash concerns and we'll probably continue to be pretty conservative over the next several months, so --
19 We are, however, going to have some short-term cash concerns and we'll probably continue to be pretty conservative over the next several months, so --
20 We are, however, going to have some short-term cash concerns and we'll probably continue to be pretty conservative over the next several months, so --
21 We are, however, going to have some short-term cash concerns and we'll probably continue to be pretty conservative over the next several months, so --
22 We are, however, going to have some short-term cash concerns and we'll probably continue to be pretty conservative over the next several months, so --
23 We are, however, going to have some short-term cash concerns and we'll probably continue to be pretty conservative over the next several months, so --
24 We are, however, going to have some short-term cash concerns and we'll probably continue to be pretty conservative over the next several months, so --
25 We are, however, going to have some short-term cash concerns and we'll probably continue to be pretty conservative over the next several months, so --

Page 6

1 that basically identifies our work as exceptional, we're all very proud of that.
2 One of the things that's in there, and you'll see it as a constant thing pretty much in every meeting, is our ability to leverage state dollars. And it's not accidental. Except for the projects that we own, projects like the Greyhound and the Tucson Convention Center, we have chosen to partner with private sector developers.
3 And what that's done is bring in other people who ultimately are responsible for these projects but also bring in other people's money, equity from development, we now see opportunity zone players in town, but moreover commercial lenders. So a lot of the projects you see around downtown, we've done over 20 now, are funded, in fact, by commercial banks.
4 So this audit identifies that our current leverage ratio is eight to one. That is, for every dollar that we invest of state money, the private sector's investing $8, which is really again quite extraordinary, so we're very pleased with that.
5 And, Mark, are you going to -- who's going to do the financial report with Dan out or are we just going to --
6 MR. IRVIN: Actually I got some notes from Chris, so I was going to try my best to do it.
Rio Nuevo Board Meeting December 17, 2019

1 CHAIRMAN MCCUSKER: They're now getting around to completing the duplex adjacent to the El Presidio Museum.

2 The Sunshine Mile, if you've driven down Broadway and Cherry, you've seen the second of seven bungalows actually now moved. We were invited to go look at it, but by the time we got down there, it had already been moved, so we've actually seen one in realtime.

3 The Volvo site, that's the site around the walk-in diner. We have a $2.1 million investment dedicated to that project. That has cleared zoning and we expect they will close on that project here pretty quickly.

4 The Congress Street Activation, we're going to talk about some of that today, the Julian Drew Lofts, a project we approved the last month to build new retail and market rate housing in and around the area across the street south of AC Marriott, our little outdoor ice rink, which is -- of all the things we've done in this town, I can tell you we get stopped more often to be thanked for putting up that ice rink and probably $70 million we're investing in the TCC.

5 MR. IRVIN: That's true.

6 CHAIRMAN MCCUSKER: We approved last month the project we approved the last month to build new retail and market rate housing in and around the area across the street south of AC Marriott, our little outdoor ice rink, which is -- of all the things we've done in this town, I can tell you we get stopped more often to be thanked for putting up that ice rink and probably $70 million we're investing in the TCC.

7 And then we're well on our way, and we'll have some conversation today about the $65 million we've committed to the TCC renovation.

8 So indeed we're busy.

9 Any questions about finances from anybody?

10 (No oral response).

11 CHAIRMAN McCUSKER: Okay. Let's move on to the agenda. The first item on the agenda is the Tucson Convention Center, two issues.

12 Philip, do you want to come up and talk about those with us?

13 I think everybody knows that Swaim Associates is the Rio Nuevo project manager for this project. Sundt and Concord are the contractors for this. We're well underway on the garage side of this. We intend to move to the meeting room restoration and the Eckbo Plaza restoration shortly thereafter.

14 So in our packet today, Phil, we did see a proposal for architectural and engineering services for Eckbo. But we've only seen it literally for a day, so my instincts were to table that and to give us some more time to really understand what the plan is, but I don't know and I want you to address if there's any real urgency to that and, you know, why we're pressing to get it approved in December as opposed to January. And then we'll talk about the lead time project for the garage.

15 MR. SWAIM: Phil Swaim, Swaim Associates Architects, 7350 East Speedway.

16 It's great to be here. I think we're making some good progress at the TCC. As you've said, we've got the contract for the Eckbo plaza and fountain restoration before you. The lead landscape architectural firm is ARC Studios. Eric Barrett, the principal, is here with us today if you've got some questions for him as well.

17 There certainly is some urgency. I can explain a little more about the contract, but the -- there's a number of things engaged with that work that's going to take some time. We know, because the Eckbo was on the National Historic Landscape, it's going to take more community involvement as well as approvals through the state and other levels for -- to be able to make sure that we're hitting all the historic requirements correctly.

18 There's a lot of people who are also very passionate about that again we want to be able to have involved so they're comfortable with we're doing the right thing and how we're dealing with the fountains. ARC Studios was actually our landscape consultant when we first got involved -- when we first started analyzing future work beyond the arena renovation.

19 So it was probably four or five years ago you had us do a study for additional work, and ARC Studios led the effort for the Eckbo at that point, so they're very familiar with the historic aspects of it and some of the concerns.

20 They have Aqua Design, who's one of the premier pool consultants, on board to help design the fountain systems. They've got Corky Poster, an architect here, who's an board. We got allowance for him to be able to provide some additional consulting from a historic standpoint as he's doing on some of the Sunshine Mile work as well.

21 The goal of this work is -- we're going to do it probably in four phases. The first priority is to get what we're calling the upper plaza. And, you know, that's the area outside of the -- the ticket booth area and next to the garage. It's going to be starting construction in the spring. The goal is to have that work done along with the garage next year, and then the fall -- the rest of the work within the plaza itself is going to have probably two
1 or three phases so we can be done in a way not to impact
2 or limit access to Leo Rich and the music hall and that
3 sort of thing as well.
4 So some of the urgency is to get the work going
5 so we can get the upper plaza work completed but then also
6 just because -- especially the central plaza is really
7 going to take a significant amount of time, of community
8 involvement and state approvals.
9 **CHAIRMAN MCCUSKER:** Phil, it sounds like 30
10 days could in fact slow you down. It's just troubling
11 when we get stuff a day in advance. It's really hard for
12 us to get up to speed on it.
13
14 **MR. MARQUEZ:** I'm curious about the Eckbo
15 Plaza. So there's historic requirements. We're now
16 obviously going through historical review. We're
17 basically taking it back to what it looked like
18 previously, so don't you have -- I mean, this is a real
19 rookie question. Don't you have the old plans and we can
20 just simply go back to the old plans without a lot of
21 today's planning and expense?
22 **MR. SWAIM:** Well, unfortunately, that's
23 probably not quite that simple because we've got things
24 like the old historic lighting that were just nice simple
25 globes that don't meet the current dark sky ordinance.

**Page 14**

1 **MR. MARQUEZ:** Uh-huh.
2 **MR. SWAIM:** So we're going to go through the
3 process to determine how can we come to agreement with
4 either lower wattage bulbs and then have to add other
5 lighting to be able to supplement and create a safe place
6 or find a way to be able to shield that against -- so it's
7 something that we've got multiple stakeholders that we'll
8 need to get approval on.
9 **CHAIRMAN MCCUSKER:** The other challenge there,
10 Edmund, is it was a single filtering pool, a single
11 system, and they're looking at breaking that out into --
12 **MR. IRVIN:** Three pieces.
13 **CHAIRMAN McCUSKER:** -- sections, so that would
14 have to be reengineered. It might have to be shallowed
15 because there's been some risk management concerns about
16 its original depth, so indeed there's going to be some
17 ongoing work there. I don't think we're troubled with
18 that. Again, we're just scolding you for, you know,
19 getting it to us so late.
20 **MR. SWAIM:** Absolutely. Well, and --
21 **CHAIRMAN McCUSKER:** I don't think you were
22 sitting around on it, but it makes it really hard for us
23 to get up to speed.
24 **MR. IRVIN:** Plus I'm not really sure with the
25 holidays coming up we're going to lose a couple weeks

**Page 15**

1 anyway, so I don't think you're really losing any time to
2 allow us a chance to look and understand this thing. I'm
3 personally uncomfortable. As you know, I've been involved
4 since day one. I haven't even had a chance to read it, 5
6 **CHAIRMAN MCCUSKER:** One of the things you might
7 consider is to authorize the executive officers to approve
8 this. That way we could do it in an interim conversation
9 between now -- I think the January meeting is very late,
10 Mark, Brandi.
11 **MR. IRVIN:** 28th.
12 **CHAIRMAN MCCUSKER:** Yeah, so you're six weeks
13 away from the next meeting.
14 **MR. IRVIN:** If the board's comfortable with
15 that, I'm fine with it.
16 **MR. MARQUEZ:** Yeah. I move to authorize the
17 executive officers to approve it.
18 **CHAIRMAN MCCUSKER:** I didn't hear a second on
19 that.
20 **MS. COX:** Second.
21 **CHAIRMAN MCCUSKER:** Okay. And then, Jannie,
22 you had a question.
23 **MS. COX:** I do have a question.
24 **MS. COX:** Have Karla Van Drunen, Latoy and Helen Erickson
25 had any input at all in the selection of the designers?
Min-U-Script®

Rio Nuevo

Board Meeting

December 17, 2019

1 the amount of the proposal.
2 MR. SWAIM: So the scope of the work includes
3 the landscape architecture for the landscaping itself.
4 And there's another issue where the original trees were
5 olives and zylozas and things that are no longer
6 acceptable or approved within -- within Tucson because of
7 issues with allergies and things, so the landscape design,
8 the restoration/repair of items.
9 We do have GLHN Engineers as the electrical
10 engineers to provide continuity for the lighting, Corky
11 Poster and the Aqua Design for the fountains. That is
12 right now about a $30,000-dollar contract, which is about
13 80,000 less than what we had budgeted, so we're feeling
14 good that the fees are within an area that we're
15 confident. We've got the expertise, but we're being
16 efficient with those fees.
17 CHAIRMAN MCCUSKER: Okay. We have a motion and
18 a second to authorize the executive officers to finalize,
19 if we're so inclined, the contract for the Eckbo
20 fountains.
21 Brandi, please call the roll.
22 MS. HAGA-BLACKMAN: Edmund Marquez.
23 MR. MARQUEZ: Aye.
24 MS. HAGA-BLACKMAN: Jannie Cox.
25 MS. COX: Aye.

1 MR. MARLEY: We are on course on that as well.
2 We're working on getting a development packet submitted.
3 We've had our pre-submittal conference with the city of
4 Tucson that went really well, very smoothly, and we don't
5 expect any real hiccups there.
6 MR. IRVIN: Will you touch briefly on just
7 construction times and how we're trying to match up with
8 the hotel under construction as well?
9 MR. MARLEY: Correct. So right now we're
10 tracking for completion in December -- late November to
11 December of 2020, and that tracks with the completion of
12 the hotel.
13 CHAIRMAN MCCUSKER: And just remind us and the
14 public again. How many spaces is this garage and, you
15 know, what happens to the egress and how does it connect
16 to the hotel? Refresh our memory on what you're doing.
17 MR. MARLEY: Sure. So the parking garage will
18 provide 390 spaces on four levels. And I apologize, I
19 don't have the numbers right off the top of my head on
20 what the net add is. It's about 270 spaces, I think, net
21 added spaces to what's currently on grade in lot A, so
22 it's a significant add to that side of the complex.
23 And right now, the entry will continue to be in
24 the same location. We'll be providing a new ticket booth.
25 Might even be air conditioned. It actually will be air

22 MR. SWAIM: He's actually a nicer guy than I
23 am, so -- we've been working together for 35 years.
24 MR. IRVIN: That goes without speaking, right?
25 CHAIRMAN MCCUSKER: So we'll need your name and
1 conditioned.
2  **CHAIRMAN MCCUSKER:** I appreciate that.
3  **MR. MARLEY:** I think they'll appreciate that.
4  It will use the same scenario right now, 
5  basically having folks take payments as people enter. You 
6  know, right now the way that works is, when the -- when an 
7  arena event exits and all those cars come out, it's just 
8  easier just letting people go out.
9  We will have egress on the north side of the 
10  garage just as it is now, but they also will be sharing 
11  the entry drive for the hotel off of Church on the south 
12  side of the garage. And we'll be using that for egress 
13  out of the garage as well, so we'll be splitting that 
14  traffic and running it two directions out onto Church 
15  Avenue.
16  **CHAIRMAN MCCUSKER:** All right. And esthetics, 
17  we're talking to the neighbors, stakeholders, historical 
18  people.
19  **MR. MARLEY:** Talking to stakeholders. We've 
20  have a couple meetings with the historical folks and they 
21  are on board with what we're doing.
22  You know, a parking garage is kind of a parking 
23  garage, but we are providing a green screen around it. We 
24  have a requirement so that we don't have to mechanically 
25  ventilate it, which would be astronomical in cost, to have

1 a certain amount of open area around the perimeter of the 
2 garage for natural ventilation. We're able to achieve 
3 that by -- we're going to do a vertical cable system on 
4 the building -- on the structure that then will have vines 
5 growing up on it so it kind of softens the appearance of 
6 it and gives it a nice look but at the same time still 
7 allowing that natural air flow through it.
8  **CHAIRMAN MCCUSKER:** Mr. Marquez, do you have a 
9 question?
10  **MR. MARQUEZ:** No. I'm impressed.
11  **CHAIRMAN MCCUSKER:** Do you have a motion? We 
12 have a $3.3 million item that we've been asked to approve.
13  **MR. MARQUEZ:** Yeah. I move we approve the 
14 $3.3 million item.
15  **MS. COX:** Second.
16  **CHAIRMAN MCCUSKER:** Any questions, comments?
17  (No oral response).
18  **CHAIRMAN McCUSKER:** Brandi, call the roll.
19  **MS. HAGA-BLACKMAN:** Edmund Marquez.
20  **MR. MARQUEZ:** Aye.
21  **MS. HAGA-BLACKMAN:** Jannie Cox.
22  **MS. COX:** Aye.
23  **MS. HAGA-BLACKMAN:** Mark Irvin.
24  **MR. IRVIN:** Aye.
25  **MS. HAGA-BLACKMAN:** Jeffrey Hill.

1 the employees and everyone around Congress.
2  **CHAIRMAN MCCUSKER:** What's there now? Are you 
3 taking space? It's right across from the Playground?
4  **MS. GAXIOLA:** Yes. Literally right across from 
5 that, yeah.
6  **MS. COX:** So it's next to the coffee shop?
7  **MS. GAXIOLA:** No. So it's the coffee shop, and 
8 then it's a smoothie shop, and then I would be right next 
9 to the smoothie shop.
10  **MS. COX:** Okay.
11  **CHAIRMAN MCCUSKER:** Do you have a lease?
12  **MS. GAXIOLA:** I do, yes.
13  **CHAIRMAN MCCUSKER:** And what do you need help 
14 with?
15  **MS. GAXIOLA:** The revamping of it. So I 
16 definitely am in need of the mirrors, the flooring, the 
17 painting of everything. It used to be -- so the reason 
18 why also is, before it was vacant, it was a flower shop, 
19 so there was a lot there and I would have to remodel it.
20  **CHAIRMAN MCCUSKER:** Do you have an architect 
21 or --
22  **MS. GAXIOLA:** I do.
23  **CHAIRMAN MCCUSKER:** -- anybody working with 
24 you?
25  **MS. GAXIOLA:** Yes, I do. And I have the
1 numbers as well. I'm asking for 22.1.
2 **CHAIRMAN MCCUSKER:** $22,000?
3 **MS. GAXIOLA:** Uh-huh.
4 **MR. IRVIN:** What's the total cost of the
5 project?
6 **MS. GAXIOLA:** The total cost of the project
7 including -- in terms of just the remodeling?
8 **MR. IRVIN:** Yeah.
9 **MS. GAXIOLA:** It would be 22.1.
10 **MR. IRVIN:** And what's your investment in the
11 project?
12 **MS. GAXIOLA:** My investment as far as --
13 **MR. IRVIN:** Are you asking the district to
14 backstop the entire cost of the improvements?
15 **MS. GAXIOLA:** Yes. The initial improvements,
16 yes.
17 **CHAIRMAN MCCUSKER:** You've obviously done
18 something with the lease, so you've --
19 **MS. GAXIOLA:** Yes.
20 **CHAIRMAN McCusker:** You've executed a lease?
21 You've paid the first rent and deposit?
22 **MS. GAXIOLA:** Yes.
23 **CHAIRMAN McCusker:** And you don't have the
24 means to really remodel it the way you want?
25 **MS. GAXIOLA:** Correct.

---

1 **CHAIRMAN MCCUSKER:** In anticipation of the next
2 question, if we can't give you the entire 22,000, do you
3 have other resources that get you where you want to be?
4 **MS. GAXIOLA:** I do, yes, but, of course if --
5 if I have to, yes, yes, but my hopes today were to be able
6 to remodel that with the help of you guys.
7 **MR. IRVIN:** Do you have any projections on
8 sales tax revenue generation, kind of what you're
9 predicting and looking at that?
10 **MS. GAXIOLA:** I don't have the numbers in front
11 of me, but I can definitely get that from my bookkeeper.
12 I do have a bookkeeper as well helping me, so I can
13 provide that to you. I can send that to you via e-mail.
14 I have that.
15 **MR. IRVIN:** I'd almost rather see us, Mr.
16 Chairman, table this until we've had a chance to look at
17 some of the other numbers associated with it. I mean,
18 this is, I think, a stretch for us and a building that we
19 don't own and something that's -- you know, we haven't
20 looked at the sales tax revenues that would come off of
21 that. And as much as we'd like you to be successful, you
22 know, I'm not quite comfortable yet on your experience
23 level, so I'd like to just have a little more time to kind
24 of look through some of those things myself.
25 **CHAIRMAN MCCUSKER:** What's your timing? When
1. **Ms. Gaxiola:** So my goal was to open in January just because of everything as far as resolutions. Fitness is a huge thing at the beginning of the year and my hope was to get there and start teaching classes ASAP.

2. **Chairman McCusker:** This might be another situation where you authorize the executive officers to take a look at it if you want to be open in January. I like this. I mean, this is -- we knew when we went into this that there were going to be non-owned tenants who might have an interesting idea and, you know, I think you're exactly the kind of person I was hoping would apply. So if we table it, it sounds like we need to do something relatively quickly or we offer --

3. **Mr. Hill:** You're just not -- you don't have enough information. I'd like to know a little bit more about it.

4. **Ms. Cox:** I would move that we fund your proposal for $22,000 contingent upon the executive officers approving the financials.

5. **Mr. Irvin:** Is that a maximum number or is that a requirement? You're just not -- you don't have enough information.

6. **Ms. Gaxiola:** My goal was to open in January. She makes a new motion. Amendments are treated differently.

7. **Mr. Marquez:** If Jannie's willing to amend her motion to what Mr. Collins has said, I will second that.

8. **Mr. Hill:** She makes a new motion. Amendments are treated differently.

9. **Ms. Cox:** Okay. I'll start over.

10. **Mr. Marquez:** Start over.

11. **Ms. Cox:** Okay. I'll start over.

12. **Mr. Marquez:** That's a big distinction.

13. **Ms. Gaxiola:** Memberships, yes.

14. **Mr. Marquez:** We said it four times. I hope so.

15. **Mr. Hill:** Mr. Chairman, I think -- we were talking about the sales tax. I think you said you were going to sell memberships.

16. **Ms. Cox:** Yes.

17. **Mr. Marquez:** That's clear, right?

18. **Chairman McCusker:** Are you following all this?

19. **Ms. Gaxiola:** Yes.

20. **Mr. Marquez:** We said it four times. I hope so.

21. **Ms. Cox:** I'm am, yes.

22. **Mr. Hill:** Okay. And you collect sales tax on memberships?

23. **Ms. Gaxiola:** Yes.

24. **Mr. Hill:** So that's going to be a fairly significant amount of your revenue.

25. **Ms. Gaxiola:** Yes.

26. **Mr. Hill:** Hence it's going to be a chunk of sales tax. I don't think we had envisioned when we heard it being a service where you were training.

27. **Ms. Gaxiola:** Oh, no. Yes.

28. **Mr. Hill:** That's a big distinction.

29. **Ms. Gaxiola:** Memberships, yes.

30. **Mr. Hill:** Okay. Well, I feel a lot better about it with that information.
CHAIRMAN MCCUSKER: One of the things we'll need from you is a forecast. We'll help you do that so we can look at the revenue and the tax bases you're going to produce, but I commend you for what you're doing. We'd love to see you on Congress.

MS. GAXIOLA: Thank you.

CHAIRMAN MCCUSKER: So, Brandi, call the roll.

MS. HAGA-BLACKMAN: Edmund Marquez.

MR. MARQUEZ: Aye.

MS. HAGA-BLACKMAN: Jannie Cox.

MR. COX: Aye.

MS. HAGA-BLACKMAN: Mark Irvin.

MR. IRVIN: Aye.

MS. HAGA-BLACKMAN: Fletcher McCusker.

MR. HILL: Aye.

MS. HAGA-BLACKMAN: Jeffrey Hill.

CHAIRMAN McCusker: Aye.

It's unanimous. Don't go buy a boat yet because, you know, we've got some work to do.

MS. GAXIOLA: Thank you.

CHAIRMAN MCCUSKER: We know how to reach you. I think.

MS. GAXIOLA: Thank you.

CHAIRMAN MCCUSKER: Thanks. Thank you very much.

Patricia has an unbelievable amount of activity on Congress. Of course, they own the Chicago Store block, and I think you have a presentation for us.

MS. SCHWABE: Good afternoon. I'm Patricia Schwabe, Peach Properties, 44 East Broadway. Thank you for having us today.

So thank you for this opportunity. Thank you for putting out this program to incentivize people to get excited to rent on Congress. There's -- there's been some activity buying buildings, but it hasn't been easy always to rent the buildings once the initial investment has happened. This new program really got us excited. We started talking tenants or possible tenants for some of these buildings being able to tell them that there will be extra cash available to help them with their initial tenant improvements and also help us with negotiations and talking to them and really being able to pass it on.

I'm a licensed agent, so I do a lot of the work representing the tenants, too, even in our own developments, so I know how to struggle sometimes for tenants to come up with money to finish up the -- the concepts that they have in mind just like you see on (inaudible). I mean, sometimes it's just $20,000 that they need, sometimes it's 200,000, 300, and that can be a big challenge even though the landlords try to do improvements.

In our case, we're doing a lot of the gray shell of the building, but it gets to a point that -- depending on the use, there's more money still needed. And you know all of that. So your program has really been a tool that has helped us go reach out to multiple people. So we can start -- I don't know. Do you want to start -- oh, we did a little video. We can watch it or not. I think it's too long. Do you want to run it or just keep it?

UNIDENTIFIED SPEAKER: Your choice.

MS. SCHWABE: We'll try the video, but if it gets kind of long, then we can cut it.

Chicago Store is one of our main focal points on Congress. We had a lot of activity for many, many years. The building was purchased. It's going through a lot of structural work right now inside.

The entire second floor, just to, I guess, give information to you guys and the public, has been leased to a co-working space. It's about 15,000 square feet -- 13,000 square feet on the second floor that goes from the Chicago Store to the Gus Taylor building that is being leased. And we're putting an elevator for that, bathrooms, all the tenant improvement. That's not why we are asking for money at this time, but it's part of what is happening on Congress. The tenant is hoping to be open by the end of March, so she will be doing also memberships and another co-working space. You're familiar with the co-working spaces now.

That requires us then to start talking to different people about the ground floor of the Chicago Store, the Gus Taylor, and then coming from this end, from the west end, the Wig-O-Rama, the old grill, the old Red Room and then again Gus Taylor, so we have all those buildings that have been kind of sitting waiting for -- for tenants.

So starting from the west, that orange on the left side, that orange square, rectangle, we have two concepts, one in the front that is a bakery, just like a regular real bakery with just normal pastries that everybody can recognize, coffee, the juices, bakery-type sandwiches. And that will be open early and it will stay open probably through later fall toward 10:00 o'clock at night.

The second half, the long second rectangle in the same -- in the same area will have also probably light breakfast but opening later. The concept, we're very excited. It's price point should be very affordable, but we're still trying to promote high ingredients. It's...
25 Am I really boring you? You look very --

24 MR. MARQUEZ: Okay. Well, you have 11 other

23 MS. SCHWABE: Yes.

22 MR. MARQUEZ: Your concept is the Forage?

21 MR. MARQUEZ: -- are these third-party --

20 MS. SCHWABE: I'm involved on the west end on

19 that one concept only, and then the rest of the concepts

18 are just different people, yeah.

17 MR. MARQUEZ: -- are these third-party --

16 Of these 12 proposed businesses --

15 MS. SCHWABE: Yes.

14 MR. MARQUEZ: So super exciting. We love the

13 sales tax generation.

12 MS. SCHWABE: Yes.

11 MR. MARQUEZ: Can I ask a question?

10 CHAIRMAN MCCUSKER: No, no we're not bored.

9 MS. SCHWABE: But you'll have the bar. For a

8 night, it could be a bar and it could be used for

7 functions. People can rent it for events when you have an

6 event. There will be a bar in place to be used and it

5 could be used.

4 Sometimes bars have a really, really high price

3 when you want to secure a space because they compare that

2 to their business of any given night, so if they make

1 $10,000 a night, they're going to want to charge you

0 $10,000. People have more room as an event space.

-1 CHAIRMAN MCCUSKER: If that happens, we will

-2 go to the counter. They'll see -- it's a little bit of a

-3 higher -- not higher end but better well done, whole food

-4 salad bar where you go, you reach out or they're serving

-5 you the salad, the grains, the protein, the soup. And

-6 there will protein at night. People can have chicken or

-7 meatloaf. I don't know. The menu sounds great. It's

-8 going to have a small bar, and that will help generate all

-9 the sales taxes that we're talking about.

0 I'll try to go faster.

1 On the top square on the old Red -- on the old

2 grill, we're talking to a florist, again, retail

3 flower/plant shop that will encompass a great glass

4 entrance with a glass hallway. And in the back, there's

5 another bar hopefully with a different concept than all

6 the other bars in downtown Tucson, but another bar. He's

7 very interested in taking the back of the space.

8 So the front will have a flower shop, hallway

9 all in glass. You walk through glass hallway where you

10 can see the flowers, get to the back, nice traditional

11 classic bars. It's been called -- I think the people that

12 are doing it, they want to call it The Lyric. Hopefully

13 everybody thinks that's a nice name, but that's the name

14 they're calling it, The Lyric, and I think bringing back

15 the charm of local. And we're committed directly to local.

16 And then the money goes a little bit

17 farther that way. That will be retail. So the three

18 spaces on the front I've spoken so far are retail.

19 The back is for -- it's going to be used later

20 for the common area lobby and elevator for the project

21 that is being proposed for the second floor, so we're just

22 talking about the little square in the front, about 650

23 square feet.

24 Then we have Batch and NEB, and then we skip to

25 Gus Taylor, the old Gus Taylor that was adjacent to the

1 Chicago Store. The second floor again is getting occupied

2 already by a co-working. That bottom floor, we also have

3 a tenant that will be doing an event space with a bar

4 where it will be open hopefully every day of the week,

5 events during the morning from classes to --

6 going to be a concept of counter service where people can

7 go to the counter. They'll see -- it's a little bit of a

8 higher -- not higher end but better well done, whole food

9 salad bar where you go, you reach out or they're serving

10 you the salad, the grains, the protein, the soup. And

11 there will protein at night. People can have chicken or

12 meatloaf. I don't know. The menu sounds great. It's

13 going to have a small bar, and that will help generate all

14 the sales taxes that we're talking about.

15 Those are the first concepts on the west end.

16 I'll try to go faster.

17 On the top square on the old Red -- on the old

18 grill, we're talking to a florist, again, retail

19 flower/plant shop that will encompass a great glass

20 entrance with a glass hallway. And in the back, there's

21 another bar hopefully with a different concept than all

22 the other bars in downtown Tucson, but another bar. He's

23 very interested in taking the back of the space.

24 So the front will have a flower shop, hallway

25 all in glass. You walk through glass hallway where you

26 can see the flowers, get to the back, nice traditional

27 classic bars. It's been called -- I think the people that

28 are doing it, they want to call it The Lyric. Hopefully

29 everybody thinks that's a nice name, but that's the name

30 they're calling it, The Lyric, and I think bringing back

31 the charm of local. And we're committed directly to local.

32 And then the money goes a little bit
be like you see in other cities a bookstore with a café
presence that will also support the people on the second
floor to come and have coffee and a bar so people can stay
longer reading a paper or writing their notes and they can
have a glass of wine or coffee.

MR. MARQUEZ: Is this an open concept, the
Chicago Store?

MS. SCHWABE: It's an open concept. What we
are proposing is that they stay very open. And you have
some pictures of what we are trying to work with the
architects, but it will be pretty open.
And then there will be another section where
we'll have -- I mean, I'm not saying what we've done. We
haven't been successful. We've been trying to do
something with Summit Hut. It hasn't happened, so it's
not included in the presentation. If somebody knows them
and can give them a little push, I mean, I think the
combination would be fantastic. They're not there yet.

So instead of waiting for them to get there, we're going
to try to get other smaller vendors to take an average of
800 to 1,200 square feet, so that will be four to five vendors
on the other end of the Chicago Store.
And we're talking to people that sells hats,
we're talking to people that sell things for pets, we're
talking to people -- actually it's more flowers. A lot of
flower people right now are trying to rent spaces.
There's a couple jewelers. So there is a lot of interest
for the smallest spaces. If we can go to 800 square feet,
6, 800, we'll feel it out. The original goal was to get
Summit Hut, but we cannot tell you today that they have
agreed.

MR. MARQUEZ: On your new tax revenue --

MS. SCHWABE: All the reasons, new tax with new
employees, new labor force production.

MR. MARQUEZ: On your new tax revenue
projections that you have in this book, are those annual
numbers? Are you putting together --

MS. SCHWABE: These are just annual numbers.

MR. MARQUEZ: I mean, just a side note. So for
Olivia, this is projections, concept drawings, tax revenue
 generation. And every business owner needs a mentor.
Here’s yours. I would come and meet her at the board
meeting. That’s good. It should be good for you.

MS. SCHWABE: She can just take it and reedit
it, with our numbers, of course. The concept, I mean,
nothing new. I mean, people have seen this in every city,
every country with just a bakery, like I said, where you
can get your normal croissant and your normal baked goods.
The Forage, she just opened with a bar but also
great food that you can just go grab when you're busy and
you're working and you don't want to deal with a server.
I have a restaurant and I still don't want to deal with a
server. I just want to get my soup and go sit down and do
my work, so hopefully that's something that that will do.
The grill, the Batucada Flower Shop, hallway,
bar in the back. And we're really trying to be sensitive
to the building. A lot of people have a lot of emotion
for that building the old grill just brings out. It's not
good enough maybe for some locals, but we're trying to
stay local. That's a flower shop. There's a bar in the
back.

And then we're talking to the record store,
which we hope we can get a record store, but if not, we
have other retailers interested in that square feet. It's
a small enough area that we have a couple people
interested.

There's Batch, who's already there. They're
looking at an expansion. And that's kind of the feel of
very kind of happy during the day event space where you
can go and work maybe from Bookmans there, but also it can
be rented to be used as a bar and a place where people can
have events. (Inaudible) usually is calling around all
the time where to have a party and different big
companies, Caterpillar, why don't we have a party
downtown. And there's some good places, but I think we
can handle another place. And then that will be the
restaurant in the back of the Chicago Store.
Oh, I forgot to talk about that. In the back
of the Chicago Store, there is an interest for a smaller
restaurant, maybe like a 30 seat only, maybe this size
restaurant. And the concept is just a chef, a bartender,
a couple servers, very small staff. And they have this --
this nice land to do something very -- very simple but
nice that's well done hopefully.

MS. COX: That's Heritage?

MS. SCHWABE: Yes, in the back of --

MS. COX: Okay.

MS. SCHWABE: -- the Chicago Store.

So that's it.

Questions?

Marcel, do you want to talk a little bit about
applying the funds and --

MR. DABDOUB: Sure. Thank you.

My name is Marcel Dabdoub.

Just from a -- sort of a developer's
perspective, we started with acquisitions on this block in
2013 with the Chicago Store, and now we are in the process
of acquiring the one remaining building, which is office
on the first floor, to continue the office concept on the
second without having to put in new elevators and to be
1 able to activate the first floor space as well. That's
2 truly more of a work in progress, but as developers, we
3 kind of have to get creative as possible.
4 One thing that we have heard on behalf of
5 prospective retailers is that they just -- it's just too
6 much -- especially if you want to keep it local, there's
7 too much of a -- you know, it's too much of a carry for,
8 you know, doing the TIs for a larger space. And that's
9 why, you know, from the beginning we've been sort of
10 exploring the opportunity of splitting things up to
11 make -- to make the activation of the block more
12 manageable. At
13 The end of the day, what we want right now is
14 for the buildings to be occupied because these are a
15 long-term hold for us and we know that these things take
16 time and -- and they will become something that's valuable
17 in terms of NOI, but for the time being, we're just more
18 focused on phase.
19 And we have had requests from brokers,
20 especially in the Phoenix area, trying to bring in more --
21 more commercialized concepts and we're really focusing on
22 keeping it local, so it just takes more work. These are
23 people that have great ideas, good concepts that can make,
24 you know, the Congress experience more enriching, but they
25 take more work, they need more help and they take more

1 pulling.
2 So what we're proposing, the projected
3 investment for all the concepts is over $4 million once
4 you include soft costs, $3.7 million worth of hard costs.
5 And what we are requesting is a million dollars, half of
6 which would be paid pro rata as we actually get signed
7 leases, so we wouldn't -- we wouldn't be requesting any
8 help with the TI portion until we have a signed lease to
9 present. We sign a lease, then we present sort of a
10 request for that portion of it. And this will only be for
11 half. And for the other half, it would be for a period
12 of -- it would be, you know, reimbursed 12 months after
13 the space is open. So at that point, we are -- we are not
14 asking for money for something that's not there. We're
15 asking for money for something that's already open and
16 we're making an ask 12 months later. And on top of that,
17 we would reduce the cap on the sales tax rebates that were
18 approved for those buildings by half a million dollars, so
19 the net to Rio Nuevo would end up being really just, you
20 know, $500,000.
21 Yes.
22 CHAIRMAN MCCUSKER: Touch on your total
23 economics. The ask is about a million bucks. The
24 forecast for annual sales tax revenue --
25 MR. IRVIN: 672.
1 especially on a pro rata basis, it really works out pretty well.
2 So I like the concept as you know. I think you guys have worked hard on that concept, so yeah, I like it and I'm ready to make a motion if there are no other questions.

MR. DABDOUB: Thank you. And just to piggyback on that, there is a need for -- for options and a lower ticket price in downtown Tucson. If we only look at the offerings that we have currently it's like more of a formal, more expensive experience, sit-down experience, having some more grab and go options where people are not paying an average sticker price of, you know, 25 plus a 20 percent tip, it just makes it easier for people to go out and eat on a more frequent basis.

MS. COX: I heard you mention that the funding would be triggered by a signed lease.

MS. SCHWABE: We've got signed leases.

MS. COX: Signed lease or C of O?

MR. DABDOUB: So what we're requesting is that for half of it, it would be --

MS. COX: Right, the first half.

MR. DABDOUB: -- it would be -- we would be able to request that upon a signed lease because that's when we have to start doing the work, and then the other half would not be -- would not be payable until 12 months not after lease execution but after the space is open. So we are -- we would get gap funding for that period between -- which is really more than 12 months if you consider that we're making the improvements and the TIs -- or we and the tenant are making the improvements and the TIs as soon as the lease is signed, but then there's some months before the tenant opens, so between lease execution and when that additional $500,000 would become due, then it's really more -- probably more like an 18-month period.

MS. SCHWABE: I just want to say something, that for me as a person that is talking to the people -- and I'm going to say something that doesn't really matter to anybody, but I'm going to say it anyways. Like the space -- the space this young lady's looking at, I was the broker when those spaces got rented a long time ago. And it was great when you guys went in, when Ari Shapiro went in and we had like three, four people going into there at once. And that really changed a little portion of Congress back then 12 years ago, 10 years ago. It's the same thing. I think they need to know other people are coming with them to feel that there's going to be an energy because we're telling them all these people are going to be going in. So the support is really needed and will be applied immediately, because as soon as we tell
Rio Nuevo Board Meeting
December 17, 2019

1 CHAIRMAN MCCUSKER: Well, I heard --
2 MR. DABDOUB: I think from our perspective, the
3 request is that we draw on up to half a million pro rata
4 as we secure leases, but there's nothing before lease
5 execution. However, if from a cash position there needs
6 to be a lag, then, you know, we're happy to have that
7 conversation so we can just this appropriately.
8 MR. IRVIN: And I believe my motion is based on
9 the certificate of occupancy.
10 MS. SCHWABE: With the first 500, we will have
11 a certificate of occupancy during the tenant improvement
12 period.
13 MR. IRVIN: I realize that.
14 MS. SCHWABE: Okay. So that money will not
15 happen until the tenant --
16 MR. IRVIN: Occupies the space, correct, or you
17 have a certificate of occupancy, whichever occurs first.
18 MS. SCHWABE: Okay. So it's not just on the
19 lease. So now I'm in the same place telling my tenant
20 there's no money until you finish your project.
21 MR. IRVIN: Six months after C of O or
22 occupancy for the first half.
23 MS. SCHWABE: Well, that's a different --
24 that's different than what I thought we were asking for.
25 No?

1 MR. IRVIN: No, that's exactly what we talked
2 about.
3 MR. DABDOUB: Okay. We'll figure out -- we'll
4 figure out the gap for that period.
5 MR. MARQUEZ: I'll second that motion.
6 CHAIRMAN MCCUSKER: Are you tracking this?
7 MR. DABDOUB: We're tracking this. Basically
8 what Mark is saying is it would be -- the first 500,000
9 would be funded. We would have to figure out how to
10 advance funds for 100 percent of the TI part. The first
11 500,000 gets funded at C of O or occupancy.
12 CHAIRMAN MCCUSKER: You can't occupy it without
13 a C of O.
14 MR. IRVIN: You actually can.
15 CHAIRMAN McCUSKER: Well --
16 MS. SCHWABE: Temporary C of O.
17 MR. DABDOUB: And then the other would be
18 funded again pro rata assuming the spaces are open within
19 12 months after that.
20 MR. IRVIN: Correct.
21 MR. DABDOUB: And we'll come up with the
22 funding for that gap period, so thank you.
23 CHAIRMAN MCCUSKER: And that's agreeable to you
24 guys?
25 MR. DABDOUB: Yes.

1 CHAIRMAN MCCUSKER: At least 50 percent of it.
2 MS. SCHWABE: We'll work it out.
3 CHAIRMAN MCCUSKER: All right. We have a
4 motion and a second. Any other questions for the
5 developers?
6 (No oral response).
7 CHAIRMAN McCUSKER: Brandi, call the roll.
8 MS. HAGA-BLACKMAN: Edmund Marquez.
9 MR. MARQUEZ: Aye.
10 MS. HAGA-BLACKMAN: Jannie Cox.
11 MS. COX: Aye.
12 MS. HAGA-BLACKMAN: Mark Irvin.
13 MR. IRVIN: Aye.
14 MS. HAGA-BLACKMAN: Jeffrey Hill.
15 MR. HILL: Aye.
16 MS. HAGA-BLACKMAN: Fletcher McCusker.
17 CHAIRMAN McCUSKER: I'm a little -- I think
18 it's going to be challenging to monitor, but I think
19 between Dan and Mr. Collins we can figure this out. So it
does activate the space. It gives you some encouragement
20 to seek an incentive. And I think you've got a very
21 powerful plan. So with that, I vote aye. So that's
22 unanimous as well. Thank you very much. Good luck to
23 you.
24 MR. DABDOUB: We appreciate your support.

1 Thank you.
2 CHAIRMAN McCUSKER: Okay. Presidio/Duplex,
3 this should be a quick item. Everybody knows the Project
4 for Public Spaces is working with us on Broadway. We
5 subsequently engaged them to help us vision some
6 improvements in the Presidio District. We have a proposal
7 for them. The only additional request is for $12,000.
8 It's some of the best money we've ever spent bringing them
9 in, so if you're so inclined, I would need a motion to add
10 a 12,000-dollar increase to the Project for Public Spaces.
11 MS. COX: So moved.
12 MR. MARQUEZ: Second.
13 CHAIRMAN MCCUSKER: Any further conversation?
14 (No oral response).
15 CHAIRMAN McCusker: All in favor say aye.
16 (Motion made, seconded and passed unanimously)
17 CHAIRMAN MCCUSKER: And a really exciting item,
18 number 10.
19 Keri, do you want to introduce your clients?
20 And I think you guys have some slides.
21 Brandi?
22 MS. HAGA-BLACKMAN: I'm sorry?
23 CHAIRMAN McCusker: They have some slides.
24 (Discussion off the record)
25 MR. KENT: Good afternoon. My name is Tyler
We're proposing a revitalization of the iconic One South Church building. We think it presents a generational opportunity for downtown Tucson. The adaptive reuse of the current (inaudible) to a vertical mixed use property with a boutique lifestyle hotel and a repositioned and renovated office component will create offering that doesn't exist in the market today.

The office product currently at One South Church, it's dated and it's not current to meet the needs of today's corporate demand. The building is currently 50 percent occupied and has seen a significant decline in value. The project will allow the One South Church office to restabilize and modernize while also allowing the downtown office market and other stakeholders a new nearby lifestyle amenity in the hotel. We believe the property will transform into a gathering place for residents, office tenants and downtown visitors.

Some of the salient information on the project, the way the asset breaks down, you've got about 285,000 square feet of total gross square footage. 140,000 of that is to be allocated to the office in the upper floors, which would be floors 11 and 23, and 100,000 square feet would be allocated to the hotel component, partially floor one and then floors two to 10.

The total estimated investment into the One South Church revitalization and repositioning is approximately 38.28 million.

So this is a section of the building just to give you a visual of how it will break up.

We can go to the next slide, please.

And here's our ground floor. The vision is to activate the interior courtyard. There's currently the position. We intend to activate that interior courtyard.

The hotel -- the hotel entry would be on the west side of the building along Church. We would activate that hotel entry. We'd a lobby/lounge in the middle of that ground. That's the ground floor where Caterpillar used to occupy the space. They have vacated and is a bit of a catalyst to the current situation of the building.

Next slide, please.

So a little bit about our vision statement.

I'm not going to get into this. I want to keep it kind of short for you guys. We want to make sure you guys have as much information as we can get you on the project, but, again, we feel that this is an iconic building, an iconic project for downtown Tucson. We think that our proposed redevelopment plan is perfect for the downtown core. A little bit about the setting here. You can see the building in the background.

Next slide.

Site context. Access is phenomenal, transit oriented. The proximity to the convention center is very big for us for room nights. We do believe that our hotel will induce both transient and group demand. We feel that we will offer additional new, high quality hotel stock that will help the convention sell more business.

Next slide.

Here's just some images that our design team has collected to start to give us some visuals and get us excited about what we can do within the building. It's tough to give you guys a great picture and vision of what is today because it is an existing building, it's a renovation project, but here's some precedent that we found, exterior rebrandings of similar projects throughout the United States in urban, you know, high-rise buildings that went through a vertical mixed use repositioning.

Next slide.

Some more of the same.

Next slide.

Interior gathering place. You know, when you look at downtown Tucson today, Hotel Congress is fantastic. It's a classic here. We think the AC Hotel is indicative of there being an unmet demand in the market. When you go there midweek, mid-morning, there's people gathering, having coffee, having meetings. We think we need more of that downtown and that's what, you know, we envision delivering.

Next slide.

We've got some food and beverage here.
Next slide.

This is Fox's Henry Restaurant up in Phoenix. And when we think about our interior courtyard and what we want to do to activate the middle of this campus, the middle of this block, with Rendezvous and our asset, you know, we think of some of that outdoor space and kind of think about urban downtown cafes, and that's the vision here.

Next slide, please.

And then another kind of hotel entry exterior concept. This is sort of what we're thinking on that Church Street side.

So our team has put together our analysis. I want to make sure everyone knows that it's our analysis. A lot of oversight right now is subject to a third-party economic analysis.

We looked at what we think our project will do over an eight-year period and calculated that based on our revenue projections and the total impact that our team has put together is about a $13.25 million impact in tax revenue our project will generate. But part of the stabilization at year four -- it actually happens at year three, but once we stabilize as well, the repositioned property will produce 1.6 million annually in tax revenue.

And that grows to 2 million -- just around -- just under 2 million in year nine, and at year 10, we'll be at 2 million. Our hotel manager has told us that will create 33 new hotel jobs with annual wages and benefits of about 1.8 million.

Estimated construction is about 250 jobs that will be created, you know, for the redevelopment. You know, that is some new jobs and some, you know, kind of recycled jobs, if you will.

At stabilization, our estimate is that the combined annual impact of the repositioned asset will be about $3.5 million, both tax revenue and wages and benefits for the new jobs created.

And I guess while we're here today is project viability. The project is not financeable without the help of economic incentives from both Rio Nuevo and the city of Tucson. Sponsorship is pursuing a GPLET with Rio Nuevo along with an eight-year tax abatement from the city of Tucson and site-specific sales tax revenue sharing up to 1 million subject to the economic analysis.

That's all I have. Thank you.

MR. IRVIN: A couple questions. Talk with us a bit about timing, if you would. If everything lines up, what do you think as far as when you start, what do you think about when you finish, et cetera?

MR. IRVIN: So what do you think your timing is for --

Let me restate that.

When would you envision that you would be able to open?

MR. KENT: The planned opening is Q3 of 2021. It's about a little under a year project, so it would be about -- once we start work, they're saying 10 to 12 months to complete the repositioning.

CHAIRMAN MCCUSKER: A year and a half.

MR. KENT: Yes, sure thing. You know, we would like to be, you know, I think through, you know, our permitting process and starting work, kind of Q3, I would say, of next year, so a little under a year from now would be our goal.

How quickly we can get through, you know, the economic incentive process, that's hard to say. We're going to try and move as efficiently as we can. It is a renovation, so technically on the interior, we're zoned. We could renovate the interior of the building and move forward as soon as we can get design and permit.

But that's not the goal. The goal is to do a proper rebranding. We'll have a major brand in this asset that will require, you know, exterior improvements, so we'll be going through the proper process there.

MR. IRVIN: So what do you think your timing is for --

Let me restate that.

When would you envision that you would be able to open?

MR. KENT: The planned opening is Q3 of 2021. It's about a little under a year project, so it would be about -- once we start work, they're saying 10 to 12 months to complete the repositioning.

CHAIRMAN MCCUSKER: A year and a half.

MR. KENT: Very quick speed to market.

MR. IRVIN: So your request is for a GPLET, eight years, with Rio Nuevo, hopefully with your discussions with the city, you get that piece abated, and then up to $1 million and a revenue share on TIF revenues?

MR. KENT: That's correct.

CHAIRMAN MCCUSKER: You didn't mention, but it's not insignificant the construction sales tax, you know, adds another economic benefit to us, which is, you know, probably a million five at least.

You know, you guys didn't -- if you let me, I want to embellish your pedigree because you didn't. You know, this is no fly-by-night organization. These guys have been involved in the Pendry in San Diego, the Everly in Hollywood, three Montage properties, the Fairmount in Santa Monica. I mean, this is truly spectacular for our community to attract someone of your caliber. To come into, you know, an aging building and put in this quality development is really quite extraordinary.

I have a couple of technical questions and they may be for you, Keri.

So I'm assuming we could be asked to GPLET the entire building. That's the only way this really works. And that would be -- would the current owners -- at some
future date, there would be some redivision of the property, or what are you thinking legally, technically has to happen?

MS. SYLVAN: Chairman McCusker, members of the board, do I have to think legally?

The answer to your question is we'd like to start out -- we're looking at the project as a whole. As the -- as we finish the construction, there will be a need to create two different ownership interests, the hotel and the office, because it won't be a single owner, so we'll have to figure out -- Mark and I will have to put our legal heads together and figure out --

CHAIRMAN MCCUSKER: Exactly what we were doing with 75 East Broadway.

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

CHAIRMAN MCCUSKER: Mr. Irvin.

MR. IRVIN: I agree. I think this is an extraordinary opportunity for us. I like the structure. I like the thought. I know we've had some discussions about it. I'd like to move that -- subject to the economic study, that we push forward with a GPLET and also up to $1 million in incentives from rebates from sales tax that are generated from this project.

MR. MARQUEZ: Second.

CHAIRMAN MCCUSKER: Okay. Any questions?

(No oral response).

CHAIRMAN McCUSKER: Brandi, call the roll.

MS. HAGA-BLACKMAN: Edmund Marquez.

MR. MARQUEZ: Aye.

MS. HAGA-BLACKMAN: Jannie Cox.

MS. COX: Aye.

MS. HAGA-BLACKMAN: Mark Irvin.

MR. IRVIN: Aye.

MS. HAGA-BLACKMAN: Jeffrey Hill.

MR. HILL: Aye.

MS. HAGA-BLACKMAN: Fletcher McCusker.

CHAIRMAN MCCUSKER: An enthusiastic aye from me.

Welcome to Tucson. Welcome back to Tucson, Ryan, thank you, Keri. It's unbelievable really. We're so proud to be involved in this, and full speed ahead.

Thank you very much.

2020 meeting dates, Brandi, I don't know if we have a handout or if you want to do it off line or --

Just do it off line?

Okay. This is the time we set aside for call to the audience. I haven't seen a card, but we're kind of informal around here, so if somebody has something, raise your hand. If not, I will entertain a motion to adjourn.
committed (2)
  10:9;40:14
Common (3)
  8:20;38:14;40:22
communication (2)
  16:4,16
community (3)
  11:22;13:7;64:17
companies (1)
  43:24
compare (2)
  5:21;39:8
compelling (1)
  57:9
complete (2)
  8:11;63:24
completed (1)
  13:5
complex (1)
  20:22
component (2)
  57:23;58:15
concept (16)
  36:23;37:1,16;39:20,
  22:40;9:41;6:8;42:15,
  20:44;6:24;47:18;49:3,
  4:61;12
concepts (7)
  34:21;36:15;37:10,
  39:20;45;21:23;46:3
concerns (3)
  8:14;12:10;14:15
Concord (1)
  10:21
conditioned (2)
  20:25;21:1
conference (1)
  20:3
confident (1)
  17:15
Congress (19)
  9:14;23:6;8,17,18,
  21:24;1:30;24:31:25,
  33:5;34:2,9;35:15,
  36:2;45:24;47:12,20,
  50:20;60:17
connect (1)
  20:15
conservative (1)
  8:15
consider (2)
  15:7;50:5
considering (2)
  19:4;40:22
constant (1)
  6:4
construction (10)
  7:14;12:22;19:13,23,
  20:7;8,37;8:62;6;64:8;
  65:8
consultant (1)
  12:5
consultants (1)
  12:12
consulting (1)
  12:15
context (1)
  59:22
contingent (4)
  29:20;30:2;25;31:25
continue (4)
  8:14;20;23:4;44:24;
  57:9
continuity (1)
  17:10
contract (4)
  11:13,18;17:12,19
contractors (1)
  10:21
Convention (4)
  6:7;10:16;59:23;
  60:2
conversation (5)
  3:20;10:8;15:8,53:7,
  56:13
coordination (1)
  16:16
copy (1)
  7:3
core (1)
  42:23
cut (1)
  35:13
D
DABDOUB (14)
  44:18;19;49:7,20:23;
  51:9,24:53:2,54:3,7:17,
  21:25;55:25
Dan (4)
  5:18;6:22;7:9;55:19
dark (2)
  13:25;23:7
date (1)
  65:1
dated (1)
  58:1
dates (1)
  66:18
day (7)
  2:18;11:2;13:11;
  15:4;38:23;43:19;
  45:13
days (2)
  13:10;19:22
deal (2)
  43:1,2
dealing (1)
  12:3
dear (1)
  57:13
debt (1)
  7:22
December (5)
  2:18;5:1;11:7;20:10,
  11
declared (1)
  5:23
decline (1)
  58:4
dedicated (1)
  9:11
deeded (1)
  30:13
definitely (2)
  24:16;28:11
delay (1)
  52:18
delivering (1)
  60:23
demand (3)
  58:2;59:2;60:19
depending (2)
  35:4;48:15
deposit (1)
  25:21
depth (1)
  14:16
describe (1)
  52:21
Design (7)
  12:11;12:17;7:11,
  51:2;60:4;63:11
designed (1)
  48:9
designers (1)
  15:25
desire (1)
  23:7
determine (1)
  14:3
developers (3)
  6:8;45:2;55:5
developer's (1)
  44:20
development (5)
  6:11;20:2;57:6;59:2;
  64:19
developments (1)
  34:20
Diego (1)
  64:14
differences (1)
  5:22
different (7)
  36:7;37:16;39:21;
differently (1)
  30:20
diner (1)
  9:10
E

earliest (1)  48:14
easy (1)  36:18
engaged (2)  11:19;56:5
encouragement (1)  37:14
end (10)  36:3,8,9;37:3,10; 39:19;41:22;45:13; 46:19;51:19
energy (1)  50:23
enjoyed (1)  5:22
enriching (1)  45:24
entire (7)  19:12;25:14;28:2; 31:5,22;35:18;64:24
entrance (1)  37:15
37:24;39:4;43:22
Erickson (1)  11:15;16:13,16
Erickson (1)  15:24
especially (4)  13:6;45;6;20:49:1
Exhibit (1)  17:9
Estate (2)  35:23;38:14;40;23
whether (3)  24:1;42:9

37:14
encouragement (1)  55:20
end (10)  36:3,8,9;37:3,10; 39:19;41:22;45:13; 46:19;51:19
energy (1)  50:23
enjoyed (1)  5:22
enriching (1)  45:24
entire (7)  19:12;25:14;28:2; 31:5,22;35:18;64:24
entrance (1)  37:15
37:24;39:4;43:22
Erickson (1)  11:15;16:13,16
Erickson (1)  15:24
especially (4)  13:6;45;6;20:49:1
Exhibit (1)  17:9
Estate (2)  35:23;38:14;40;23
whether (3)  24:1;42:9

Min-U-Script® Kathy Fink & Associates

(4) directions - fees

Rio Nuevo Board Meeting
December 17, 2019

38:24;43:19;53:11
money (12)
6:11,18;34:21;35:4,
25:38:10;46:14,15,
52:4,5;53:14,20;56:8
Monica (1)
64:16
monitor (1)
55:18
Montage (1)
64:15
month (4)
5:2;7:21;9:16,24
monthly (2)
7:20,20
months (18)
8:15;19:21;23:6;
46:12;16;48:9,18,24;
50:1,4,8;51:14;52:9,13,
25:53;21:54:19;63:24
moral (1)
8:2
more (30)
9:20;11:3,18,21;
28:23;29:18;35:4,
39:11;41:25:45:2,11,
17,20,21,22,24,25,25,
25:49;10,11,12,15;
50:4,10,10;57:14;60:2,
14,22
moreover (1)
6:12
morning (1)
38:24
morph (1)
47:17
most (1)
40:21
Motion (24)
4:1,8,12,16,20,22;
17:17;22:11;29:25;
30:11,18;19:31;10,22,
23:49:5,52:3,53:8,
54:5,55:4,56:9,16;
6:24;67:3
mouth (1)
31:15
Move (14)
3:23:5,5:10;13,22;
15:16;18:12,22:13,
29:19;30:23:38:3,
40:20;63:8,10;65:20
moved (6)
4:9,18;9:6,8;56:11,
66:25
moving (3)
16:8,19;22:51:3
MSA (1)
9:25
much (10)
6:4,26:2,28:21;
33:25;45:6,7,7:55:23;
59:15:66:17
multi-disciplined (1)
Min-U-Script®
Kathy Fink & Associates

(12) Sunshine - vendors
week (2)
    19:16;38:23;
weeks (3)
    5:8;14:25;15:12
Welcome (2)
    66:14,14
weren’t (1)
    7:15
west (8)
    10:4;36:9;13;37:10;
    39:19;40:24,24;59:5
what’s (5)
    20:21;24:2;25:4,10;
    28:25
whole (4)
    27:6;30:1;37:3;65:7
who’s (6)
    5:18;6:21;12:11,14;
    18:17;43:17
Wig-O-Rama (1)
    36:9
WOPPERT (1)
    2:17
words (1)
    31:14
work (32)
    5:13;17;6:1;10:1;
    11:19;12:6,8,16,18,23,
    25:13;4:5,14;17;16:25;
    17:2;18:9;23:4;33:19;
    34:18;35:17;41:10;
    43:4;20;45:2;22,25;
    49:25;51:2;55:2;63:3,
    23
worked (1)
    49:4
working (6)
    16:20;18:23;20:2;
    24:23;43:1;56:4
works (3)
    21:6;49:1;64:24
worth (1)
    46:4
writing (1)
    41:4
year (14)
    7:23;8:9;24;12:24;
    29:5;51:15;61:23;23;
    62:2;2;63:4;4,22,25
years (8)
    12:7;16:7;18:23;
    27:5;35:16;50:20,20;
    64:3
young (1)
    50:15
zone (1)
    6:12
zoned (1)
    63:9
zoning (1)
    9:11
zylosmas (1)
    17:5
1600 (1)
    41:21
1,500 (1)
    47:10
1.6 (1)
    61:25
1.8 (1)
    62:5
2 (2)
    2:18;3:2
20 (2)
    8:4;19:23;20:11;
    66:18;67:5
2010 (2)
    5:19;23
2013 (1)
    44:22
2019 (1)
    2:18
22,000 (5)
    26:20,23,24:44:25;
    54:12;62:15
Wootton (1)
    38:3
WOPPERT (1)
    2:17
words (1)
    31:14
work (32)
    5:13;17;6:1;10:1;
    11:19;12:6,8,16,18,23,
    25:13;4:5,14;17;16:25;
    17:2;18:9;23:4;33:19;
    34:18;35:17;41:10;
    43:4;20;45:2;22,25;
    49:25;51:2;55:2;63:3,
    23
worked (1)
    49:4
working (6)
    16:20;18:23;20:2;
    24:23;43:1;56:4
works (3)
    21:6;49:1;64:24
worth (1)
    46:4
writing (1)
    41:4
year (14)
    7:23;8:9;24;12:24;
    29:5;51:15;61:23;23;
    62:2;2;63:4;4,22,25
years (8)
    12:7;16:7;18:23;
    27:5;35:16;50:20,20;
    64:3
young (1)
    50:15
zone (1)
    6:12
zoned (1)
    63:9
zoning (1)
    9:11
zylosmas (1)
    17:5
1 (1)
    62:20
1,200 (1)
    41:21
1,500 (1)
    47:10
1.6 (1)
    61:25
1.8 (1)
    62:5
1:00 (2)
    2:18;3:2
10 (5)
    50:20;56:18;58:16;
    62:2;63:23
10,000,000 (1)
    7:24
10.5 (1)
    7:7
10:00 (1)
    36:19
100 (1)
    54:10
100,000 (1)
    58:14
11 (2)
    39:24;58:14
12 (10)
    39:16;46:12,16:47;1:
    50:1,4;20;52:13;54:19;
    63:23
12,000-dollar (1)
    56:10
123 (1)
    8:21
12-month (1)
    51:17
13,000 (1)
    35:21
14 (1)
Min-U-Script®

Kathy Fink & Associates

(13) ventilate - 7350
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>8</strong></td>
<td></td>
</tr>
<tr>
<td><strong>80,000</strong> (1)</td>
<td>17:13</td>
</tr>
<tr>
<td><strong>800</strong> (3)</td>
<td>41:21;42:3,4</td>
</tr>
<tr>
<td><strong>9</strong></td>
<td></td>
</tr>
<tr>
<td><strong>9.7</strong> (2)</td>
<td>7:25;8:1</td>
</tr>
<tr>
<td><strong>97</strong> (1)</td>
<td>47:19</td>
</tr>
</tbody>
</table>