In The Matter Of:
Rio Nuevo
Board Meeting

4/8/20
April 8, 2020

Kathy Fink & Associates
2819 E 22nd St
Tucson, AZ 85713
520/624/8644
1 RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

BOARD MEETING
Tucson, Arizona
April 8, 2020
1:00 p.m.

REPORTED BY:
Thomas A. Woppert, RPR
AZ CCR No. 50476

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

BOARD MEMBERS PRESENT:
Fletcher McCusker, Chair
Chris Sheafe, Treasurer
Mark Irvin, Secretary
Jannie Cox
Edmund Marquez

ALSO PRESENT:
Brandi Haga-Blackman, Operations Administrator
Mark Collins, Board Counsel

BE IT REMEMBERED that a meeting of the Board of Directors of the Rio Nuevo Multipurpose Facilities District was held at via ZOOM, in the City of Tucson, State of Arizona, before THOMAS A. WOPPERT, RPR, Certified Reporter No. 50476, on the 8th day of April 2020, commencing at the hour of 1:00 p.m.

CHAIRMAN McCUSKER: Okay.  I'm going to call the meeting to order.  It's 1:07 p.m.
Brandi, do we have something we can do the Pledge of Allegiance to?

MS. HAGA-BLACKMAN: Yes.  Huna, has it.

CHAIRMAN McCUSKER: As soon as we see a flag, we will recite the pledge.

(Discussion off the record)

CHAIRMAN McCUSKER: Okay.  So if you'll stand with me and recite the Pledge of Allegiance.

(Pledge of Allegiance)

CHAIRMAN McCUSKER: Thank you for that.
Brandi, thank you.
That was a little more emotional for me than usual.  I expected it might be.  I hope everybody's doing okay.  It looks like we're all safely sheltered in place at home, so, Brandi, go ahead and call the roll.

MS. HAGA-BLACKMAN: Edmund Marquez.
MR. MARQUEZ: (No oral response).

CHAIRMAN McCUSKER: He's muted.  You should be able to control your own mic in the left-hand corner.

MR. IRVIN: Upper top?  No chance of doing it on upper top?

MR. SHEAFE: Well, it will be on the lower left if you do it on the computer.

CHAIRMAN McCUSKER: There you go.
MR. MARQUEZ: There we go.  Huna, the host, had muted me.

CHAIRMAN McCUSKER: All right.  Keep going.  We got Edmund.

MS. HAGA-BLACKMAN: Jannie?
MS. COX: (No oral response).

MS. HAGA-BLACKMAN: Now Jannie's muted.  I see her.

MR. IRVIN: Repeat yourself, Jannie.

CHAIRMAN McCUSKER: She's muted.  I see her.

MS. HAGA-BLACKMAN: Chris Sheafe.
MR. SHEAFE: I'm here.

MS. HAGA-BLACKMAN: Mark Irvin.
MR. IRVIN: I'm here.

MS. HAGA-BLACKMAN: Fletcher McCusker.

CHAIRMAN McCUSKER: I'm here.  So I think you got everybody, Edmund present, Jannie present, and I'm muted, Mark, Chris and myself.  We indeed have a quorum.
So the first item on the agenda is the transcriptions from both February 25th and 3/17.  They're verbatim.  Unless you have a change or a comment, I would need a motion to approve.

MS. COX: So moved.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: All in favor say aye.

CHAIRMAN McCUSKER: Oh...

MR. MARQUEZ: There we go.  Huna, the host, had muted me.

CHAIRMAN McCUSKER: All right.  Keep going.  We got Edmund.

MS. HAGA-BLACKMAN: Jannie?

MR. IRVIN: Repeat yourself, Jannie.

CHAIRMAN McCUSKER: She's muted.  I see her.

MS. HAGA-BLACKMAN: Chris Sheafe.
MR. SHEAFE: I'm here.

MS. HAGA-BLACKMAN: Mark Irvin.
MR. IRVIN: I'm here.

MS. HAGA-BLACKMAN: Fletcher McCusker.

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MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: All in favor say aye.
### Rio Nuevo Board Meeting

**April 8, 2020**

**Chairman McCusker:** This is the time we set aside for executive session, so I would need a motion to recess.

**MR. IRVIN:** So moved.

**MR. MARQUEZ:** Second.

(Motion made, seconded and passed unanimously)

**Chairman McCusker:** For those of you that are on the call, we're going to click out and go into executive session. And we intend to be back promptly at 2:00 p.m., so there's no need for you to hang around if you want to walk back in. You're certainly welcome to keep this live.

Huna Hammond will continue to monitor the site.

We'll see everybody in a few minutes.

(Recess)

**Chairman McCusker:** I guess I will entertain a motion to reconvene.

**MS. COX:** So moved.

**MR. MARQUEZ:** Second.

(Motion made, seconded and passed unanimously).

**Chairman McCusker:** Okay. We're launched. You can open the meeting.

**MR. HAMMOND:** Broadcasting. Give it a second for people to connect.

**Chairman McCusker:** Huna, let me know when you're ready to go.

**MR. HAMMOND:** You're live and there are 35, 36, 37 participants.

**Chairman McCusker:** Good afternoon, everyone, and welcome to the public session of the Rio Nuevo meeting. We convened an hour ago, basically just got the minutes out of the way and then adjourned to executive session.

(Discussion off the record)

**Chairman McCusker:** The feedback comes from someone who's on the phone and on the computer, you can't do both, so we might have to mute if we know where that's coming from, or if someone's watching on the video and talking on their phone, that's where the echo comes from, and we're all going to learn a lot about Zoom.

(Discussion off the record)

**Chairman McCusker:** I'll start the meeting again and ask everyone to mute until we call on you. That way we won't have any kind of cross talk or feedback. You should all be able to control your own microphone that's in the upper right-hand -- lower left-hand corner on Zoom.

And I will keep you live because you'll probably have a million questions.
Rio Nuevo Board Meeting

1. To make that number go down. First of all, we received our April allocation in May -- excuse me, in March, and that was about 1.9 million, so we kind of need to take that off that 10.5. And we've also got some debt service issues coming up that I want to make sure we get in there because those are commitments that we cannot change anyway, $800,000 again when I came in in March and we'll have to put 800,000 out in April, so that refigures our cash on hand to approximately 8 million.

2. You'll see down below a list of our remaining contracts as of today. In the past, I've put a number in there of about $250,000 a month, which is our profit. That's derived from an average of $1.3 million of TIF revenue every month less our debt service, less our operating expenses. So in the past, that's been up there added to the cash on hand, but since we really have no idea what our TIF revenue is going to be, I like to kind of put that in there.

3. Remaining obligations we have that are on the books as of now, some of which will likely be deferred, is 9.5 million, so you see that's why we have a 1.6 deficit that we're going to have to deal with. I've been doing projections seems like day and night, all kinds of scenarios. And, as Fletcher mentioned, my most recent projection showed no TIF revenue.

4. From -- which would be March collections through September, which would be June collections. You know, if we catch a break and we get some amendments or things turn around more quickly than expected, then that can go up, but I think just for safety reasons, I put zero in there through September. And if that's the case, we should still have somewhere near 1.5 to $2 million. And, again, everything at this point in time is just subject to what happens with this whole Covid-19 issue.

5. Anybody have any questions?

6. CHAIRMAN McCUSKER: A sidebar to that, Dan, and everyone online. We have had encouraging conversations with the state, the legislature, the governor. We've also had a very encouraging conversation with city leadership. I spent a significant amount of time over the weekend with Mayor Romero. We know there's federal relief coming to this state. I don't know that anyone today knows in what shape, form or timing. We are very hopeful that Rio Nuevo would benefit from that, so one of the things that you don't see on Dan's forecast is anything we might receive in the way of federal relief.

7. You could see that we're basically 2 million bucks underwater assuming that we have no income and we've managed our way through all these commitments. Later on in the agenda, we're actually going to discuss at length why in making projections we had to drop half of the zero projection, because with the drop in revenue that we can put our hands around, it basically puts us below the threshold where Rio Nuevo participates, so that's how that number became zero.

8. CHAIRMAN McCUSKER: There's a little history lesson there, Chris. The base year was 1999 when Rio Nuevo was formed.

9. MR. SHEAFE: Correct.

10. CHAIRMAN McCUSKER: So the way the Rio Nuevo share works is the state still gets basically the amount of sales tax it was getting in 1999, and then we participate above that base. So what Dan is actually forecasting -- God forbid, but forecasting is that our sales tax revenue goes back to the 1999 kind of base.

11. MR. MARQUEZ: I just wanted to say thank you. I've been in touch with both Dan and Chris since last meeting concerned about cash flow. And for those of you not on the board kind of getting used to simply seeing Dan's report, they've done a heck of a job behind the scenes and I just -- from a fiscal conservative perspective, I appreciate the fact that they went to zero, and they went to zero for four months, so I think we're playing it very conservatively. If the numbers come in better, great, but I love the fact that we are literally
We are concerned, as you rightly pointed out, with Convergence Design in Kansas City, but Dan Norville is going to lead off the presentation, so I'll let him go first.

**MR. NORVILLE:** Hello, everyone. I appreciate you taking the time with us today. I know it's unusual circumstances doing a meeting virtually, but business is used to seeing the Brady Bunch squares we've got going on here.

But really this day we're talking about potential for partnership, and we believe it would be a visionary project for downtown Tucson. We're really trying to think big here and we hope the district will appreciate the lengths we've gone to already just to get this far.

Norgen has been both active and sincere in its efforts to develop this property and make it a positive for the community and the Rio Nuevo District. Norgen's spent time, money, effort exploring a number of options, as you know, over the years, including a hotel, housing, parking, expansion facilities for the gem show and as a location potentially to house the U of A mineral museum, photography center, which would include the archives for the world renowned photographer Ansel Adams.

Our team has gone so far as to put forth a detailed plan with architectural renderings for an exhibition hall and hotel, which we presented to both board members (inaudible) previously for potential partnership opportunity that would have provided additional significant parking downtown. Ultimately that proposal was denied not with any allowance for further discussion or negotiation, we ask, though, in trying to build this permanent home for the GJX gem show. This show was a show that Allan and Alfie started nearly 25 years ago to bring significant, ongoing, long-term economic benefit to the city in our opinion. Norgen's also been willing to set aside these efforts and expend money several times to explore using its property and the facilities for the benefit of the community.

Other efforts that we've done included investigating the use of a practice facility for the Roadrunners hockey team, construction of a stadium for Tucson's professional minor league soccer team, construction of a basketball arena for the U of A. Ultimately these efforts were unsuccessful but highlights how much time and effort we have been spending on these things over the year. Norgen's founder contributed substantial money and architectural time building these plans for these different endeavors, and we're working closely with the university and Pima County even to try to relocate the mineral museum downtown into the old Pima County court house.

You know, also some of our efforts to pursue other developments meant that some of the opportunities originally identified in our original pitch, specifically the convention hotel and downtown housing, ultimately got developed by others. I think as many here are aware, these other hotel projects that are moving forward currently are located in the federal opportunity zones program, thus becoming far more viable projects than what our site entailed by not being included in the opportunity zones program. We remain unclear to this day on how our site is not included in the opportunity zones given that all of the sites surrounding us are included.

On a personal note, I'm personally in the process of building a ground up hotel in an opportunity zone in Phoenix. Had this land been zoned as such, I would be building that hotel on this site without question.

The other opportunities on projects coming to fruition due to this highly creative financing mechanism meant that a lot of opportunities were foreclosed to us. However, Norgen is continuing to be creative and active in pursuing the use of this property in a way that would benefit the community and the district.

We're here today to present an opportunity that we think fits the needs of the district and the community. We're hoping that you share our vision in seeing how the property could be utilized to this benefit.
Regarding the current market climate and the economy, our society's dramatically changed in the last six to eight weeks since we originally asked to have this meeting and presentation. No one really knows what to expect right now. We're taking a cautious viewpoint.

So with that said, we are excited to share with you what we have. I'll turn it over to David to present the plan and we can discuss any questions or feedback after that as well.

Mr. Greusel: Thank you. Dave Greusel with Convergence Design. I'm going to share my screen and hopefully get us to the presentation.

Okay. So this is a proposal for an amphitheater.

There we go hopefully.

Okay. So, again, I'm an architect out of Kansas City. I'm happy to be with you today. We're going to just do a little -- take a quick look at a couple of ideas for an amphitheater on the Rio Nuevo site that's immediately adjacent to Interstate 10.

I wonder -- you guys know what your mission is, but I wanted to just underscore the last part of this mission statement about citizens and tourists seeking an urban destination that is safe, walkable, artistic and fun compete with great food and music because that is exactly what this amphitheater proposal was about, so I think it fits very nicely with your mission statement.

The site we're talking about is the long and skinny parcel of land immediately to the east of Interstate 10 in the Rio Nuevo District, I'm sure you're familiar with it, between Congress and Cushing. And I'm going to turn the site plan sideways so that we can see it better, so north is now to the right on the site plan drawings that you'll look at. I'm going to show you a couple of different site plans and a couple of different versions of each site plan, so it's a bit to keep straight, but hopefully it will become clear as -- as we go along.

This is a fairly conventional approach to an open air amphitheater. In this case, the -- the main entry to the amphitheater would be off of Congress Street, off of a large plaza that you see on the right there, hopefully you can see my pointer, with another entry coming off a setout where this large parking resource is, all together, including this lot and this lot, about 810 on site parking spaces. We think the balance of the parking can be accomplished with the garage across the street as well as many other parking resources that exist within downtown Tucson hopefully encouraging people to park somewhere else and walk to this venue stopping at bars and restaurants along the way.

I should probably say that all of this sort of presupposes that the social distancing that we're experiencing now will end at some point and we will get back to coming together for large events as this amphitheater anticipates.

So what you see in this site plan is again the entry plaza on Congress Street, a fixed seating area, which is these blue things, facing the stage. The stage is at the north end of the site facing south and then a large area of lawn seating that would accommodate about 4,000 people behind that with restaurants and concessions kind of backing that up, so there's sort of two different modes to this -- actually three modes to this venue. One is people standing right in front of the stage, the next is the fixed seating, and the next is the lawn seating, so, generally speaking, three categories of seating or not seating based on the stand needs.

So it's a fairly straightforward kind of amphitheater layout. This is the train depot that exists. And this right of way is currently planned for a bike trail, but we also have an alternative site plan that flips the bike trail to the west side of the site next to the Interstate 10 frontage road. I don't know that we necessarily have a preference for which of these is better, but I wanted to show you that as an option as something to consider. But basically, it's the same exact plan just with the bike trail flipped to the west side of the site instead of the east side of the site presumably through some kind of a land swap.

So that's what that looks like in plan. We've got a couple of quick concept images of what that might look like in 3D to give you little bit better feel.

So in this view, you're looking -- you're southwest of the amphitheater looking -- sorry, southeast of the amphitheater looking northwest. You can see the depot in the foreground here. You can see the fixed seating area, which is under roof, and then the stage house popping up with some backup house support space wrapping around it and then the restroom and concession buildings at the south end of the site.

In this view, you're looking almost straight north. You can see the large parking garage across Congress Street, of course, the federal courthouse, the tent where the gem show is held, the depot and then looking into the back of the amphitheater.

In this view, you're sort of over Interstate 10 looking back towards downtown Tucson, and, again, the amphitheater layout's fairly self-explanatory. You can see how the lawn seating creates a big open space in front of...
1. of the depot and all that parking again across Congress Street.
2. And then this is a view from the north looking at the back of the stage house where we're anticipating we would include a large video board that would be visible from southbound Interstate 10, and you can see the -- the large entry plaza here in the foreground.
3. What you're going to see now, hopefully, if the technology works, is a little animation that just kind of flies you around this proposed development.
4. So now we're west of the facility looking east back toward downtown, coming around to the north side where we will start to zoom in on the little entry plaza.
5. In this case, there's a screened loading area at the north of the building, so the loading would come off of Congress Street. You can see the main entry there right in front of you that leads you into the amphitheater, maybe a VIP tent there in the foreground, and then the fixed seating, which, as I said, is under roof, and then the lawn seating behind it would be open air and open to the sky. That's kind of a quick little fly around of that option.
6. And now I'm going to show you another option, which is in this case orienting the stage house toward the west. So we turn the amphitheater to 90 degrees, which I think you can see fairly well here. The fixed seating is a kind of a L-shaped support building that extends out either side of the stage and a little triangular plaza on either side of that would be a place for people to mill around and stand in line for concessions and that kind of thing.
7. In this scheme, the fixed seating area is a little bit larger. It's about 3,500 seats. The lawn seating's a little bit smaller, so it's also about 3,500 seats. The total capacity of both of these schemes is a little over 7,000. You know, that's just as approximate number at this point, not super precise estimates.
8. Deal with lawn seating, you're always dealing with approximations because you only allocate a certain number of square feet per person for lawn seating, so it's always a bit of a guess.
9. You can see again the entry plaza on Congress Street. Parking is in basically the same place it was before, and in this case, the housing has moved to the south side of the building coming through the parking lot before actually getting to the backup house space where the loading would take place. Programmatically very similar, but what's different about this one is the notion that the fixed seating area might actually be enclosed or enclosable as we'll see in a minute. This site plan is exactly the same thing just with the trail shifted from 10. east to west again, so we have those two options, trail on the east or trail on the west, but the building configuration is basically the same in either one.
11. So here's a view of it looking -- starting over the highway, looking kind of to the northeast with the downtown in the background. You can see how the stage house sort of fronts the highway. And then from the northwest, you're looking at the entry plaza on Congress Street and the main entrance to the building.
12. This view is kind of looking over the state office building. And you can see the parking garage on the right here and then the amphitheater kind of off in the background. And you can begin to see how we're proposing to enclose this one in contrast to the first one, which was more open air.
13. This is a view from the southeast looking northwest and it gives you a good feel, I think, for the overall scale of the facility.
14. And we're going to do one more little video, hopefully, that will kind of fly you around the facility.
15. So coming in over Interstate 10, flying around to the north where the parking garage is on Congress, then turning to look at the entry plaza on Congress Street, which would, you know, be a fairly significant civic space, about 20,000 square feet of plaza space in this aerial with the main entry to the building right off of that plaza and then taking you into those triangular courtyard areas, and then you can see the fixed seating again under roof but, in this case, entirely enclosed.
16. And the idea would be that these large windows in the back, which are nearly 50 feet tall, would be glass, but the lower half would actually raise up like a garage door into the upper half so that the lower 25 feet of those would be open, when you were using the lawn seating, could be opened up so the lawn seating would participate in the event much more than if the glass was pulled down. So the idea is operable glass here on the back wall. All the other glass would be fixed. So that gives you little bit of a flavor of what this might look like as an enclosed facility.
17. And just to quickly recap the two proposals that you just saw, the open air amphitheater is about 7,000 seats, roughly 3,000 fixed and 4,000 on the lawn. It has about 15,000 enclosed square feet, which means really support space, backup house, concessions, restroom and so forth, and about 30,000 square foot of roof, but the roof is unenclosed. It's just providing shade and rain protection. And we estimate this upper open air project at around $15 million. Those are very round numbers at this point, not super precise estimates.
18. The lower image is of the enclosed
Rio Nuevo Board Meeting

Hackett with our team, but we've talked to large and small
1. operators of events venues and tried to come up with a
2. reasonably conservative estimate of what the revenues and
3. ultimate sales tax could be from a venue such as this.
4. John, maybe walk through some preliminary
5. assumptions that we've had based on those third-party
6. conversations.

CHAIRMAN McCUSKER: John, go ahead.
MR. NORVILLE: John, are you there?
CHAIRMAN McCUSKER: I wonder if he's maybe not
a presenter.

11. Huna, can you unmute John Hackett?
12. Stand by. We're going to try and unmute you.
13. There you go.
14. No?
15. There might be an audio problem at your end
16. because you don't appear to be muted.

17. MR. HACKETT: Can you hear me now?
18. CHAIRMAN McCUSKER: Now we got you.
19. MR. HACKETT: To answer that question, what
20. we've done is we looked at the taxable revenue that would
21. come through this venue within a year's period. And what
22. we're looking at is the taxable revenue would come in at
23. about $1.2 million.
24. MR. NORVILLE: John, is that the net or is that
25. the total gross?

MR. HACKETT: That would be the total gross,
2. what we'd be looking at if we broke it down to the sales
3. revenue. And what we're looking for for our buckets is we
4. are looking -- as Dan said, we've talked to some of the
5. major promotion companies in the United States as well as
6. some great local companies that have great events up in
7. the Scottsdale/Phoenix area and we want to do more in
8. Tucson. What we're seeing is that we're basing -- I'm
9. basing this number on the fact of talking with these
10. promotion companies. Tucson is a great location because
11. there's a lot of concert venues come from the El Paso,
12. Texas, area, there's really no stopping until Phoenix, so
13. they feel they can utilize this venue for 20 to 25 events
14. a year. And when I look at that, I look at the
15. comparative pricing or ticket pricing. What we're looking
16. at, I based an 80 percent occupancy because, of course, be
17. conservative. You're not going to sell out every show.
18. But in ticket sales, we'll bring in about $7.7 million on
19. ticket sales, so just under $8 million.
20. And then, if we look at concessions, we're
21. going to have a great concessions complex within this
22. venue. And, you know, just off the top of my head, with a
23. lot of the local breweries and a lot of involvement from
24. the downtown vendors, it's going to be wonderful. We're
25. looking at about $3.5 million in food and beverage coming

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16. at, I based an 80 percent occupancy because, of course, be
17. conservative. You're not going to sell out every show.
18. But in ticket sales, we'll bring in about $7.7 million on
19. ticket sales, so just under $8 million.
20. And then, if we look at concessions, we're
21. going to have a great concessions complex within this
22. venue. And, you know, just off the top of my head, with a
23. lot of the local breweries and a lot of involvement from
24. the downtown vendors, it's going to be wonderful. We're
25. looking at about $3.5 million in food and beverage coming

Hackett with our team, but we've talked to large and small
1. operators of events venues and tried to come up with a
2. reasonably conservative estimate of what the revenues and
3. ultimate sales tax could be from a venue such as this.
4. John, maybe walk through some preliminary
5. assumptions that we've had based on those third-party
6. conversations.

CHAIRMAN McCUSKER: John, go ahead.
MR. NORVILLE: John, are you there?
CHAIRMAN McCUSKER: I wonder if he's maybe not
a presenter.

11. Huna, can you unmute John Hackett?
12. Stand by. We're going to try and unmute you.
13. There you go.
14. No?
15. There might be an audio problem at your end
16. because you don't appear to be muted.

17. MR. HACKETT: Can you hear me now?
18. CHAIRMAN McCUSKER: Now we got you.
19. MR. HACKETT: To answer that question, what
20. we've done is we looked at the taxable revenue that would
21. come through this venue within a year's period. And what
22. we're looking at is the taxable revenue would come in at
23. about $1.2 million.
24. MR. NORVILLE: John, is that the net or is that
25. the total gross?

MR. HACKETT: That would be the total gross,
1 across the amphitheater as well as that parking.
2 I do look at the Congress lot, which I think is
3 about 1,900 spots, if I'm not mistaken, plus our parking,
4 so I think it's going to benefit Park Tucson very much to
5 have 25 venues a year coming through with that parking
6 revenue coming through in addition to the parking that
7 we're going to be using for our 800 spots.  So if I wrap
8 all that together, it does come to about 13.5,
9 13.6 million, so that brings the tax to about 1.2 million,
10 just under that.
11 MR. NORVILLE:  And I think what we would be
12 looking at in the partnership is the ability to use some
13 of that sales tax revenue generated from the parking to
14 serve as the debts for the project potentially.  But,
15 again, we are open to working through some partnership
16 arrangement on that, but this is a very high tax revenue
17 generating type of project for the community.
18 MR. HACKETT:  What I was trying to do with my
19 numbers was base this just on the concert venue, so when I
20 really look at it, there's so many cross-utilizations of
21 this venue that can be had.  There's going to be a lot of
22 additions with some of the local promoters bringing larger
23 events like the Southern Arizona Taco Festival and a lot
24 of great festivals that are going to draw thousands of
25 people to the downtown area.  I think those opportunities

1 the street trolley and the stops at the south and the
2 north of our properties, it's just great to add to the
3 revitalization of downtown.  This venue would be
4 tremendous.  Driving would be cut down.  University of
5 Arizona students could easily take public transportation
6 to get to this venue.
7 CHAIRMAN McCUSKER:  On David's presentation, it
8 looked like there was a structure on the Granada side, and
9 I think it's parking.  Is that part of the same timing
10 that you would do something on the Granada frontage along
11 with this arena or -- I didn't hear an explanation about
12 that.
13 MR. HACKETT:  I think that's a discussion that
14 can be had. We do have an egress for entrance of parking
15 on that side, so we definitely would be developing the
16 parking and the venue. I would have to check with my team
17 on that.
18 MR. LOPEZ:  Okay.  I do know that what we've
19 talked about is looking at this as a two-stage
20 development. And we've had some conversations about what
21 stage goes first. We've always seen the venue that you've
22 seen presented here as stage one. As a second stage,
1. in Tucson and considered those, but if you have specific questions, we want to engage you so that the board can be involved in that, see what we're seeing.

And then we'd like to, as Dan indicated, partnership with Rio Nuevo. We understand that, you know, right now there is no money. What -- the number that John was giving you was the estimate -- the $1.2 million number is an estimate of increased tax revenues solely from this venue. It doesn't -- it doesn't include increased tax revenues that might be generated by ancillary uses outside like bars, restaurants, outside parking, those types of things, which we see as an addition to the Rio Nuevo District.

And what we're hoping, though, is that -- and we're not trying to capture those -- that we could talk about if in fact our numbers are right, if we can deliver that type of tax revenue, how we can form a public/private partnership to put this to work and bring this into Tucson. So that's what we're focused on.

And what we're asking is to use this next 60 to 90 days to work with Rio Nuevo. Our next step would be if we could reach -- we come back to the board. If we could reach some agreement, make a specific proposal, because you saw that Mark had a couple of different options and you just heard me describe a couple options with the parking garage also, but we could finalize that, and then we could get -- I'm sorry, David mentioned there are a couple of different options. We could get David to prepare final architectural plans and we could start working with the city of Tucson to get the plans approved, work on getting building permits issued and then lay out a construction schedule and get this thing in the ground and going. So that's what we're hoping to do.

MR. MARQUEZ: Mr. Chairman.

CHAIRMAN McCUSKER: Mr. Marquez.

MR. MARQUEZ: So the elephant in the room is the timeliness of everything obviously. I think the plans look fantastic. It would be a fun project. It would be really cool to have downtown.

There's six Rio Nuevo board members for those of you on the call. Of the six, I'm the only one that wasn't on the board when this was approved. I got on the board -- I was appointed by Governor Ducey in June of 2015 believe it or not. Was it '15? Yeah, it was '15, June of '15. I think this deal happened June of '14, so I wasn't here when the original plan happened. Obviously this is different than the original plan as it was presented. Part of me is semi surprised just because I know the Norville's great connection with the gem show, which is an economic juggernaut for Tucson. I would think actually you guys -- I thought you would present more -- something that had to do with more gem show square footage. My concern with the timeliness is some of the issues you might hear about that are going to come later in this conversation, later in the board meeting, is, first of all, we have four months of zero income. We don't know what that's going to look like or what kind of delays that might cause us internally.

Also, secondly, development services, because of Covid-19, from what I understand, they're not operating right now because people can't get together and have their meetings, etc., so I'm just concerned that might come into the timeliness as well, so something to consider as we continue this conversation.

MR. HACKETT: Could I respond to that?

I've got to tell you, honestly, I see it as an opportunity. And I don't -- you know, it sounds horrible, but what we've seen is cycles in the market and we're obviously at a very down cycle and it's a very tough time for a lot of people, but if we can take advantage of this time to move our planning forward and get something in place, then we're going to be at a point where we're going to be able to open, hopefully at a time when things are more positive, because, of course, there would be nothing worse than trying to open a venue right now today.

But now I think is a very good time for us to be serious about planning this and moving forward. And I know my client is willing to commit the financial resources to do that work, and I know that's going to be substantial.

MR. NORVILLE: If I may, your point's valid, but, as I mentioned, we're in the process -- we should have our building permit on our hotel up in Phoenix any day. We're actually dealing with the planning commission there. They're reviewing plans, providing comments. But, David, would you be able to pull up the plan that we had previously submitted for the exhibition hall with the parking and the hotel? I don't know if the rest have seen our previously submitted plan.

MR. GREUSEL: Okay. It looks like I can do that, so yes. Hang on just a second.

MR. NORVILLE: And we won't spend a lot of time on this, but it was a previously submitted plan and we're thinking it would be a good phase two to this.

CHAIRMAN McCUSKER: Mr. Collins, while he's doing that, given the current status of our agreements with Norgen, the board would have to amend the current development agreement. Can you walk us through legally kind of where we are and what would have to occur if we...
1. were so inclined?
2.  
3. MR. COLLINS: Well, as you mentioned, Mr. Chairman, there is an existing agreement, actually a couple of them, between Norgen and the district. They would have to be amended. That process certainly could be -- could be done if that was the board's pleasure. I think that would be part of the topic of discussion. Pat and I would talk again regularly and -- but that's what would have to happen. There would have to be written amendments to what we have in place right now.
4.  
5. CHAIRMAN McCUSKER: Thank you.
6.  
7. MR. SHEAFE: Well, basically the time that we're operating under right now is not disturbed by any of this at the moment unless we positively make a decision to change them. The deadlines and everything that we're operating by stand; is that correct? And I believe that's September 15th.
8.  
9. CHAIRMAN McCUSKER: Is that a question for counsel?
10.  
11. MR. SHEAFE: Yeah, it's a question for Mark Collins.
12.  
13. MR. COLLINS: Yeah. Whatever the date is currently, Chris, would not be altered by this discussion unless and until we did those amendments.
14.  
15. CHAIRMAN McCUSKER: Okay. David, you have the conn.
16.  
17. MR. GREUSEL: So, Dan, is this the set of documents you were looking for?
18.  
19. MR. NORVILLE: Correct. If you could go to the next page. Effectively it was some subterranean parking with our permanent exhibition hall and home to the gem show which we had previously submitted as planned. As you can see, it would be on the south end of the site here still allowing room for the open-air concert venue as well on the site. As previously mentioned Allan and Alfie started this show. It's a major event for the city and this was looking to provide a permanent home that we previously looked at.
20.  
21. MR. GREUSEL: As I think was mentioned earlier, this is what's called the Granada site, which is immediately to the east of the site we were just looking at for the amphitheater.
22.  
23. MR. HACKETT: To the south, David.
24.  
25. MR. GREUSEL: Got you.
26.  
27. CHAIRMAN McCUSKER: Okay, gentlemen. Unless there's anything else, thank you very much. We're very appreciative of all your time. And I know you're all in probably six different places. We will get back to you posthaste.
28.  
29. MR. SHEAFE: Dan, I'm assuming you're our primary contact unless you correct me otherwise. We'll work with Pat and you and try and get something scheduled here. So.
30.  
31. Again, thank you for your time. I tend to agree with Edmund, based on what SMG thinks, but to have that kind of venue downtown on the streetcar is a really interesting idea, so let us do some work and we'll get right back to you.
32.  
33. MR. NORVILLE: Great. Thank you very much.
34.  
35. CHAIRMAN McCUSKER: David, thank you very much.
36.  
37. Allan, thank you.
38.  
39. Okay. We're going to move on to the next item, Fox Theater is item number eight on the agenda. We basically wanted to clarify the action we took in the prior meeting. I think anyone that was paying attention last month, even through our technical challenges, we still own the Fox Theater and we're very concerned about it being dark and they literally could have gone out of business as a result of this.
40.  
41. (Discussion off the record)
42.  
43. CHAIRMAN McCUSKER: So to rephrase the agenda item, we wanted to clarify our intent and make sure the board was still resolved to help with the Fox. We talked about providing some security for their half a million dollar credit line at National Bank. We offered to match a fund raising program and we forgave some rent. So, Mr. Sheafe, these were originally your motions. Did you want to just spend a minute making sure we're all in sync with you?
44.  
45. MR. SHEAFE: Let's clarify the different items so there's no confusion.
46.  
47. The 500,000 that we dedicated to go to the National Bank of Arizona as standby security for the loan -- for the loan was intended to be just that, security, so that should be clear in the original motion and it's reemphasized here.
48.  
49. The second element was a matching commitment. That's $250,000 from the district matched to money raised by the board of directors of the Fox. The original motion intimated that that money, once it was raised, would be used to repay the loan for -- that is the 500,000-dollar loan guarantee. And that is changed to state very clearly that the 250,000-dollar match does not come with a commitment from the use of those dollars to repay the loan.
50.  
51. The third element was forgiveness of two payments each due each year for roughly 90,000, just slightly below that, of rent on the theater itself which would be normally paid from the Fox board back to Rio
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Thank you very much.

CHAIRMAN McCUSKER:

MS. HAGA-BLACKMAN:

MR. IRVIN:

MR. SHEAFE:

MS. HAGA-BLACKMAN:

CHAIRMAN McCUSKER:

MS. COX:

muted, Jannie.

CHAIRMAN McCUSKER:

I'll make it as a motion.  I think Mark Irvin seconded it

if he accepts, that ought to do it.

Is that correct?

MR. COLLINS: In my opinion, Chris, yes.

CHAIRMAN McCUSKER: Mr. Irvin, you're muted.

MR. IRVIN: Well, I'm trying to tell you I

accept.  I said it like six times.

(Discussion off the record)

CHAIRMAN McCUSKER: What you really meant to

say is you second his motion?

MR. IRVIN: I second his motion.  I said that,

but Tom didn't like the way I said it.

CHAIRMAN McCUSKER: Okay.  So I think we all

understand that this is a three-phase program with the

Fox.  We're moving some of Rio Nuevo's hard earned money

to their bank and offering it as security against their

own line of credit.  We want the board engaged.  They've

committed to raise up to $250,000.  We told them we would

match that.  And we've relieved them of two years of rent.

So item next, I think we have a couple of

updated contracts that Mr. Swaim, I think, are all yours,

the Sunshine Mile, the TCC lot and garage A.  So I think

you're on and unmuted, so walk through what we need to do

on those items starting with the Sunshine Mile bungalow

block.

MR. SWAIM: One of my partners, Michael

Becherer, probably has more of the details on Sunshine

Mile, but I think I could probably walk us through on that

if necessary.

CHAIRMAN McCUSKER: I can fill in the gaps

there, too, if you need me, to, so -- and Mr. Collins has

the actual document; right?

MR. COLLINS: Yeah, I have a copy of Kappcon's

GNP1.2.2 which I believe the executive officers authorized

on April 1st.  That is for $463,644 for the rest of the

foundations.  And I think what needs to happen today on

that is this board needs to ratify what the executive

officers did to keep that project moving.

CHAIRMAN McCUSKER: What that does is we've now

relocated all seven of those bungalows.  They're out of

the right of way.  It was quite an amazing process if you

didn't get a chance to observe it.  We are now moving them

back so that they have their relative position to the
curb, and that will require new foundations.  So this

amendment or change would allow them to complete the

relocation and resetting of all seven of those on their

new foundations.

So with that, I would entertain a motion to

ratify the contract amendment.

MR. SHEAFE: I move to ratify the contract

amendment.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: All in favor say aye.

(Motion made, seconded and passed unanimously)

CHAIRMAN McCUSKER: Okay.  Now, Phil, go ahead

and move on to the lot A garage.

MR. SWAIM: At the Tucson Convention Center,

the lot A garage is about to start construction here in

April.  You did an initial GNP with Sundt plus Concord as

our contractors so they can pre-order the precast

concrete.  We now have the GNP in place to be able to

complete the project.  We are within the project budget

and recommend approval of that GNP so we can proceed as

quickly as possible.

MR. SHEAFE: And the final number, Phil?

MR. SWAIM: Do you have the GNP quantity for
1. the lot A parking garage?

2. MR. COLLINS: I believe I do, Phil. I'm looking at 2.488 million bucks. Does that sound right to you?

3. MR. SWAIM: Yes, it does.

4. MR. COLLINS: Okay. 2.488830 is the current GNP number two.

5. CHAIRMAN McCUSKER: And just to remind everyone, the total budget on the garage?

6. MR. COLLINS: $7.35 million.

7. CHAIRMAN McCUSKER: Okay.

8. MR. SWAIM: The total construction budget is 6.6 million.

9. CHAIRMAN McCUSKER: Okay. So we have that GNP in front of us. We need a motion to approve.

10. MR. SHEAFE: Which one are we approving?

11. CHAIRMAN McCUSKER: The 2. million and change.

12. MR. SHEAFE: All right. The motion is to approve the 2.488 million current GNP number.


14. CHAIRMAN McCUSKER: We can do this by voice vote.

15. CHAIRMAN McCUSKER: All in favor say aye.

16. (Motion made, seconded and passed unanimously)

17. CHAIRMAN McCUSKER: Okay. Thank you for that.

18. I'm going to keep our stimulus response conversation at the end of the meeting, item 11.

19. Mr. Collins, number 12 is Sunshine Mile. I don't believe we have anything to do there because it's related to the overlay, so --

20. MR. SHEAFE: Go ahead, Phil.

21. MR. SWAIM: We have an additional GNP required for the Tucson Convention Center renovation.

22. CHAIRMAN McCUSKER: Is that nine and 10 as well?

23. MR. SWAIM: Correct.


25. MR. SWAIM: That is just a hair under $2 million for the renovation of the project also with Sundt plus Concord. The previous GNP for the meeting room renovation, that is about ready to start construction here in April. With the -- with the shutdown and loss of events at the convention center, what we were requesting is to see if we could actually speed up any of the construction for the ballroom and exhibition hall, and so we are currently working to be able to do so.

26. This $2 million provides us with funds to go ahead and get going on that and pre-order materials so that construction could possibly start at a sooner period,
1 impact the non-TCC side of our business. So I think it's important that people maybe tuned in for the first time are following the absurdity of what we're trying to do here, why we build and at the same time try and survive. So with that, Mr. Collins, if you want to give us the exact amount of that GNP, we'll look for a motion.

Mr. Collins: Excuse me, Mr. Chairman. I was sending --

Phil, don't you have that number?

Mr. Swaim: That is $1,998,171.

Mr. Sheafe: Did he say 1,998,171?

Mr. Swaim: Yes, that's correct.

Mr. Sheafe: All right. So the motion would be to approve allocation from our reserves for $1,998,171 to be immediately authorized for expenditures to accelerate the improvements to the meeting rooms as rapidly as possible.

Ms. Cox: Second.

Chairman McCusker: Any other questions or comment?

(No oral response).

Chairman McCusker: Brandi, you paying attention?

So that's a big enough number. Let's do a --

let's do a roll call vote.

Ms. Haga-Blackman: Jannie Cox.

Ms. Cox: Aye.

Ms. Haga-Blackman: Edmund Marquez.

Mr. Marquez: 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.

Someone's going to have to find me a gavel.

Maybe I'll find my own gavel. I've got a hammer out in the closet.

Mr. Sheafe: Yeah, take a hammer and just pop it on top of you head.

Chairman McCusker: Thank you for that.

We're going to move item 11 down.

Phil, we get all your business done?

Mr. Swaim: There be may be one other item on Sunshine Mile. I believe there was an item related to Project for Public Places, a potential addition services request that they had. I don't know if the board needs to act on that either.

Mr. Collins: Don't we have Dan on here?

Mr. Sheafe: We took that item out of the cash projections on the (inaudible).

Chairman McCusker: I'm going to table it then and we'll talk about it off line.

Anything else on Sunshine Mile?

Mr. Marquez: I've got some clarity that might be related to Sunshine Mile. I made a comment during the conversation with the Norvilles about development services. The economic innovator director for the city of Tucson e-mailed me and said development services is operating digitally right now, but the planning commission may not meet this month. She included Scott Park from the city of Tucson. They're going to check in and get back to us whether or not the planning commission might do a Zoom meeting and meet virtually.

Chairman McCusker: Wow, that's impressive.

Edmund. You say something and they respond.

Okay. We're going to move on to Ross's project.

Ross Rulney's on the Zoom.

Thank you very much Ross.

Ms. Becherer: Chairman McCusker, this is Elaine Becherer with the mayor's office. I'm not tracking why item 11 keeps getting pushed down because we're on the line.

Chairman McCusker: Oh, okay. We were assuming you weren't, so we can -- is Mr. Ortega on as well?

Ms. Becherer: He had to go to another meeting, and so he waited as long as he could.

Chairman McCusker: Okay.

Ms. Becherer: We were both on the meeting since the beginning.

Chairman McCusker: So let's go ahead and touch on that, but thank you for that. Yeah, it was hard to track because we only see phones numbers when someone's on the phone.

So item 11 is complex, complicated, opportunistic and probably required of us. As we've talked about at the beginning of the meeting, not only is our downtown dark, but virtually all of Rio Nuevo District is under extreme peril to, you know, move from thriving to possibly not even surviving. I know that I feel and I think many of the board members feel a sense of obligation to the businesses that are in our district to help them survive this. And while we've been talking about it online and off line, this is creating some sort of relief or stimulus package that would be targeted at our smaller businesses, our most vulnerable businesses.

I think everyone is tracking the Paycheck Protection Program. It wouldn't be designed to replace that, but it might be a lifeline to help a small business.
1 We've had a great conversation with the city of Tucson, from Mayor Romero to the city manager to Elaine Becherer, the chief of staff for the mayor, about the city participating in that program with us. It's a rare opportunity that we have to both align towards something that would provide some lifeline to our current businesses.

So we don't have all the particulars in place, but I think what we would like the board to authorize is for us to create a multi-million dollar program that would allow us to encourage our merchants to apply for small grants to help them get by in these very difficult times.

Part and parcel to that conversation which we can have, we don't necessarily need the city involved in, is that obviously we have to go back through our committed items and look at what we might choose to defer in order to create the cash for this kind of program. And I think, you know, one of the things that we've talked to the city about is the $2.1 million Volvo site, we're about to talk to Ross Rulney about his site, but if you look at those other projects, I believe they're all deferable whether it's Rocco's or the El Presidio or anything else that's on Dan's list.

So my recommendation to the board is we pause anything that can be paused. We obviously are moving forward on the Bautista. We just moved forward on other projects, but those that we can defer we defer and that we create a program designed to provide some immediate cash relief to the businesses within the district that are distressed because of Covid-19.

And, Elaine, I know you guys wanted to have an opportunity to say something.

MS. BECHERER: Thank you, Chairman McCusker.

Elaine Becherer, chief of staff.

So the mayor would like to echo the chairman's opening remarks and that the intent of the mayor and the city manager in concert is reaching out to Rio Nuevo and saying, as we're moving forward, we would like to do this in conjunction with each other so that as any type of federal stimulus money is coming to Tucson, that we are having conversations with each other because a win for Rio Nuevo is a win for the city and we need to make sure that the Rio Nuevo District is shored up and all of the businesses, not just downtown, but all the way to the Park Mall, are shored up as well as businesses outside of the district.

And so, however we can leverage our voice with stimulus money coming to Tucson in addition to what the city of Tucson is doing and furthering everything that Rio Nuevo is doing to, you know, try to reallocate funds, we just wanted to make sure that the board as well as the community knows that we are partnering on this and working together. Thank you.

CHAIRMAN McCUSKER: Elaine, thank you very much. We applaud the reach out. We're very grateful to staff, particularly to the mayor. You know, I think all of us have been focused on staying healthy and this community's done a great job, I think, creating awareness and social distance. Pima County has one of the fewest positive rates of Covid-19 for a community our size. Now we've got to think about how do we survive this economically. And I think Rio Nuevo has the opportunity to. We would have to redirect some of our cash. The city's offered to help us. I do believe we're going to get some federal relief, but to immediately create a program where our small businesses benefit.

And with that, I'll turn it over to the board.

MR. IRVIN: Mr. Chairman, first off, thanks for your efforts just trying to lead this discussion in a very tough, difficult time. We're all trying to find a way to be impactful.

I also thank the city for jumping in and realizing that the district has some special abilities nobody else has because of the way we're structured. So love the partnership, love the opportunities to kind of do that.

I think a couple of things that we've talked about I think are important is to say you've -- you know, the small business communities up and down in the district, not the big box store, not the big franchises, all those kind of things, not the 501(c)(3)s that have other opportunities available to them through community foundation and other things, but to really support those roots that are generating revenues for the district and to be -- to help them over a really tough time.

And I know we don't get, you know, what kind of numbers we're talking about. I think, you know, we probably need to stay a little vague until we figure all those pieces out. But I think we're all confident it's, you know, going to be a couple million bucks at least. And I think what I'd like to think that maybe we suggest or think about doing is to remember that one of the things that I think has really helped us as a district is our ability to be nimble and quick. And I do think we've been really nimble and quick, so I think whatever we try to establish be something that's nimble and quick.

The other thing is, is I think everybody on our board is more than qualified to help kind of go figure this thing out. And I know it's difficult to try to figure out. You know, we can't have more than three of us
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in trying to figure this thing out, so I -- you know, as we start to get applications and start to think through that process, what I would suggest is that we develop a really simple application form that we post on our website, that we ask Brandi and Dan to reach out to those merchants, and I think we've identified that there's probably a little over 300 merchants in the district that fit that bill, and reach out to them and between now and then, we'll design a form that allows them to come and explain to us what's going on in their particular business. We already know what's going on, but what their particular hardship is and, you know, what the district can do to help. You know, I think it's going to be somewhat vague.

MR. MARQUEZ: Mr. Chairman, I just -- you're muted, by the way, Fletcher, but I just want to enthusiastically say I love this. When you take us back, I love the fact the city of Tucson and Rio Nuevo gathered to help our local businesses. If you take two steps back, think about the fact that we're both 3.0 and basically a CDO for Rio Nuevo. If you think about Rio Nuevo 2.0, this creates a (inaudible) between the city and Rio Nuevo. We've come such a long way that -- I think we mentioned earlier that you've got to throw away -- throw out all the different political parties, et cetera. I love the fact that we have taken off the table and, number two, if we don't fund all these other issues with that. So if that continues to be true, number one, starting in June, July or August and we just have to live to put it, but the net effect is the district gets zero for our local businesses.

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that we're coming together to do what's best for our small businesses. I love the fact that Mark just said we're going to leave out the big boxes. This is local. This is about our shops, our mom and pop shops along the street, so just wanted to say a enthusiastic I love this.

MS. COX: And I would like to just speak up for a moment as well. I want to reiterate what Edmund has said. And especially I see this as a terrific opportunity for us to partner with the city. We have -- I mean, we're all looking at the same goal. And by us working together and because of our unique abilities as Rio Nuevo that the city doesn't have in a situation like this. I think it's a perfect opportunity for us to partner and I'm really happy to see that happen.

MR. SHEAFE: If I might --

MS. BECHERER: Thank you, Jannie. This is Elaine again. Just one quick thing to add. And, you know, you all are so spot on. One thing, we both can be nimble and flexible in our own ways, the city and Rio Nuevo. And I think where we can have a bigger and stronger voice is all of the stimulus funding gets distributed and whether -- regarding the jurisdictions, because right now a certain amount of stimulus money is going to be described to cities greater than 500,000, with the populations, and so right now, that (inaudible)

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Phoenix and Tucson, so that's where the mayor wants to ensure that we are doing this as one voice because we don't want the pie divided up that then short changes the city or Rio Nuevo. So yes, thank you very much.

MR. MARQUEZ: Thank you, Elaine. Appreciate it.

MR. SHEAFE: I want to make sure that we don't lose sight of the fact that in doing our financial projections, in trying to understand where we were financially, we had assumed that we were not going to fund the Volvo site, which is 2.1 million. And that's really what we're talking about here. And then it became evident that the fund -- the Volvo site would need to be funded, so all of a sudden, we had to put that back in.

Now, under both scenarios, we were out of money. So then we turned around and said, okay, how are we going to handle this. And the city said, well, what we can do is not actually take that money, but we'll accept a note or something so it takes over a year, year and a half before that funding would be made to the city. In effect, we would owe the city the amount of the Volvo site money, again, 2.1 million.

But it isn't money that was sitting there. It was money that we had planned not to expend. So we recast and we've taken off the table all of these other expenses,

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there's a long list of them, and we just one by one went through and said, well, we can defer that, we won't do this.

Ross we'll be talking in a little bit where we shifted away and we'll switch over to Access 12, which defers quite a bit of money. But in every scenario, we're dealing with negative balances, and so in making any decision that we make or any commitment we make, what we're going to do is basically be banking on the fact that we'll be able to either renegotiate our financial commitments let's say in September or we get some kind of a different kind of windfall that helps offset the negative load that will automatically occur if we do not have anything change.

Now, when I say anything change, we have to remember that we're using projections that are just projections. They assume, okay, if we have a continuation of the kind of reduction in overall economic activity where tax funds are generated, that will place the district in the position -- and it's a rather complex way to put it, but the net effect is the district gets zero starting in June, July or August and we just have to live with that. So if that continues to be true, number one, and, number two, if we don't fund all these other issues that we have taken off the table and, three, the city
1. rebates the $2.1 million that would be put up and then 2. received back on the Volvo site, we still have a negative 3. condition to deal with. So we just have to also be very 4. aware of the reality of what we’re doing here, and that is 5. basically we’re spending money that we don’t have. 6. **MR. IRVIN:** Mr. Chairman, it would seem to me 7. that even assuming that we, you know, elect to move 8. forward on this idea, and I sure hope we do, that even 9. going at, you know, rampant speed, it’s going to take us a 10. little bit of time to get a form drafted and allow people 11. time to respond. It’s probably going to be at least, you 12. know, 10 days before we’re able to sit down wherever that 13. group is to review these various proposals. 14. You know, I’m trying to think about how do we 15. formulate moving forward when there are a number of 16. unknown hurdles. We really appreciate your thoughts. 17. **CHAIRMAN McCUSKER:** There’s two sides to this. 18. One is process, the other is a budget. The process part 19. is pretty easy. We put in an application, we could send 20. it out to every eligible merchant within the district, ask 21. them to identify the nature of their hardship and apply 22. for some money. That would also give you an idea of the 23. scope of the problem, because if you eliminate the big box 24. stores and the chains, you know, there’s, you know, a few 25. hundred merchants that might have access to these kind of

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1. it can’t exceed a certain amount of money, and then we do 2. everything we can to identify those sources. 3. What we’ve done in the meantime is rescued 4. several hundred businesses that may otherwise have to 5. shutter. And I don’t need to tell you the impact that’s 6. going to have on the sales tax that Rio Nuevo receives. 7. So you’re trading off some future projects basically to 8. save current projects, is the way I view this. And I 9. think we can do a couple of things because it’s got to 10. move quickly. Either we authorize the executive officers 11. to put this plan together and grant some funds not to 12. exceed an amount or that there’s some committee of the 13. board appointed to do this, but I think, you know, it’s 14. not going to matter if we don’t start tomorrow. 15. **MR. IRVIN:** I see Mr. Collins shaking his head. 16. **MR. COLLINS:** Mark, what’s the headshake? 17. **MR. IRVIN:** I don’t want to see a committee 18. because a committee then has to have the public notice and 19. has quorum requirements. If the executive officers do it, 20. that’s pretty easy. Jannie’s expressed a desire to be 21. involved. Perhaps you could have a motion to authorize 22. the executive officers to pick three people to pursue this 23. for the board and to explore, get the -- get the 24. application put together, get it posted on the web page 25. and then evaluate the initial applicants. As a committee,
The way I interpret what that does for us is the major component of relief for our merchants to a business is going to come from that federal program. I'm concerned about the guys that can't pay payroll Friday, that can't -- they've got to refund -- you know, they've booked a bunch of stuff and it was canceled, they've got to refund. They've got a huge amount of -- I don't know what's out there. I think all of us have heard one disaster after another, you know, because of these shutdowns.

So there is federal relief coming and it is significant and they have assured us it's going to move timely. What I would look to is those businesses that need help outside of that program. And, again, that's why we're not going to know what kind of money we're talking about until we understand the scale and the scope.

So, you know, I would commit to you that we certainly can't spend more than $4 million. You know, we could find a path to do that. And if the city will help us, we can -- we can get to that amount. And in the meantime, we've shored up a bunch of businesses. But it may be that we don't need to spend that money. Again, I don't think we really know until we launch the program.

Mr. Chairman, is it appropriate to go ahead and make a motion that we could talk through?

CHAIRMAN McCUSKER: Yeah. I think -- I think we need to have a better understanding of what we're going to communicate to the public because, you know, we're not going to -- the PPP program is very confined and very defined. You take your payroll and you multiple it times two and a half and you can borrow that kind of money, and under certain conditions, it's forgiven. I don't think we want to do that. I think we want to say to our businesses, what's the nature of your hardship and how can we help you and, you know, what little amount of money is important to you right now just to help you get by.

So I wouldn't put a cap on it or a range or really a budget until we understand more what the need is. So I think the only way you do that is you launch the process. You know --

MS. COX: It seems to me that if we're going to launch this then today, we need to set at least limits on what we might spend. And that might be flexible as we get into the process, but it seems like we need to establish an amount that we could spend assuming that it's passed by the city so that we can move forward without having another meeting.

MR. IRVIN: So, Jannie, are you saying -- when you talk about small businesses, 300 plus, we had talked about before or are you just wide open for all businesses --

MS. COX: No, I'm sorry. I am talking about locally owned small businesses within our district.

MR. IRVIN: Okay. So as I understand your motion, two and a half million bucks matched by the city, but it seems like we need to establish what we might spend. And that might be flexible as we get into the process, but it seems like we need to establish an amount that we could spend assuming that it's passed by the city so that we can move forward without having another meeting.

CHAIRMAN McCUSKER: I think that that moves us into Mr. Collins' aspect of committee --

MR. COLLINS: Yes, it does.

CHAIRMAN McCUSKER: -- if we would be a subcommittee of a public entity and you have to agendize that, post the meetings and do all that in public, so I think it's got to be a small group of Rio Nuevo board members with the authority to enact the program.

MR. MARQUEZ: You might want to also add in your motion that these dollars are used for businesses that create sales tax.

MS. COX: Yes. And that was assumed by our previous conversation, but the motion should be that we allocate $2.5 million as matched dollar for dollar by the city to establish a program to support our -- our -- within the district businesses that create TIF revenue for Rio Nuevo.

MR. IRVIN: Jannie, are you saying -- when you say businesses consistent with the discussions we had, are you talking about small businesses, 300 plus, we had talked about before or are you just wide open for all businesses --

MS. COX: I'd like to propose then, and I'll put this in a form of a motion if you all think it's appropriate, but I'd like to propose that we fund this with up to two and a half million dollars that is matched dollar for dollar by the city and that we get an application developed as soon as possible and move forward on this.

CHAIRMAN McCUSKER: So --

MR. MARQUEZ: Authorize an executive, two or three people, or authorize the executives.

MS. COX: Yeah, I didn't mention that. I guess we need to authorize the executive committee to either move forward with the program or select three people to do so.

MR. IRVIN: So, Jannie, can I ask you a question, because I kind of envisioned that we would probably have, you know, to keep it nimble and quick, maybe three people on the board, then the three people, maybe it's executive officers, would pick two other people. And I'm thinking, you know, somebody that's very active and involved downtown would probably take one of those seats. I don't know how you'd feel about that or how the chairman does.

CHAIRMAN McCUSKER: I think that that moves us...
1 a small group of three people from the board starting with
2 the executive officers to pick that group and put the
3 program in place and get going.
4    MS. COX: Yes. The only caveat would be that
5 my motion would say up to two and a half million dollars.
6    MR. IRVIN: Got it.
7    CHAIRMAN McCUSKER: And I think that extends to
8 some authority to the executive officers with counsel that
9 if we needed to tweak the program for whatever reason,
10 legally or economically, you know, we define a locally
11 owned business. You know, I could see a lot of little
12 things that have to occur now as you try and implement
13 something of this magnitude. So, you know, I think the --
14 the executive officers are going to need to be able to
15 establish the program so long as that it fits within your
16 parameters.
17    MR. MARQUEZ: I'll second her motion.
18    MR. SHEAFE: Thank you, Edmund.
19    CHAIRMAN McCUSKER: Does everyone understand
20 generally what we're trying to do here? We're going to
21 allocate two and a half million dollars. We're asking the
22 city to match that. We're going to create an opportunity
23 for our small businesses within the district to apply for
24 a grant. Those grants would not require them to be paid
25 back and a small group of us will go through that process

1   Elaine's lanes right, they've got to go through their own
2   process with the mayor and council.
3   MS. BECHERER: Well, no, not even that. How
4   you guys have an executive committee, I mean, it's very
5   similar, so do we, and it would be detrimental and a
6   missed opportunity for then anyone to have to take away
7   that, oh, the city didn't meet their $2.5 million match.
8   We never discussed actual numbers and then having a match.
9   CHAIRMAN McCUSKER: So the better way to deal
10 with that, Jannie, would be we allocate our own money and,
11 you know, encourage us to continue the conversation with
12 the city to create a match.
13    MS. COX: That's why I said up to two and a
14 half million dollars, that it would not exceed two and a
15 half million.
16    CHAIRMAN McCUSKER: But it did have a dollar
17 for dollar match, so --
18    MS. COX: Right. If the city can match
19 1.5 million and they can't match 2.5 million, then our
20 program is $3 million.
21    CHAIRMAN McCUSKER: That also means we can't
22 advance it until the city confirms their match.
23    MS. COX: That's true.
24    CHAIRMAN McCUSKER: And I don't know if we want
25 to do that. I think we want to --
Chairman suggested.

MS. COX: All right. Reluctantly I would amend my motion to -- to relieve the match by -- to remove the match by the city to the program that we move forward with.

MR. MARQUEZ: Second.

MS. COX: Certainly with the hope that that match occurs.

CHAIRMAN McCUSKER: Okay. I think we understand what we're doing.

Brandi, are you ready to do a roll call?


Edmund Marquez.

MR. MARQUEZ: Aye.

MS. HAGA-BLACKMAN: Jannie Cox.

MS. COX: Aye.

MS. HAGA-BLACKMAN: Chris Sheafe.

MR. SHEAFE: No.

MS. HAGA-BLACKMAN: Mark Irvin.

MR. IRVIN: Aye.

MS. HAGA-BLACKMAN: Fletcher McCusker.

CHAIRMAN McCUSKER: Aye.

So that's five to one ayes. That motion will pass. We'll continue to talk to the city and other potential jurisdictions that might help us with the program. In the meantime, the executive officers will meet and determine who's going to help oversee this, and we're going to try and do that quickly. So any other conversation about the stimulus?

(No oral response).

CHAIRMAN McCUSKER: Okay. Now, Ross, thank you for hanging in there with us. I started to paraphrase the agenda item, which I believe is our last agenda item, that a couple meetings ago, we were enthusiastic to approve your project on Broadway in the Julian Drew. In the meantime, you know, you acquired the Access 12 building. You know, you have to wonder what you're thinking nowadays, but you have some very complicated projects, some of which we get to participate in, some we don't.

But, you know, given the current economics and the lack of retail that was really being established in that project, Ross has come to us to ask if we would consider switching our support to the Access 12 building as opposed to the Julian Drew building.

And, Ross, hopefully I didn't butcher that introduction and I'll let you take it from here.

MR. RULNEY: Well, thank you for giving me the opportunity to talk with everybody during these very complicated times. About a month ago, the different projects I've been working on probably the last few years, it came time to make some real hard decisions. And, as you may know, we've recently broke ground on the Monastery project on Country Club Road. I couldn't be more excited.

This is outside of the district, but it certainly brings in a tremendous amount of revenue and fees and I think it's going to be a phenomenal project. We have probably the best around. Sundt is the GC on the project and they're off to a (inaudible) start and I couldn't be more pleased with how things are going.

Another project that I have had to come to terms on is the seven-story, multi-family market rate project that used to be the old Planned Parenthood or the old Planned Parenthood building. And just to bring you up to speed on that, that is also similar to the Norville property just outside of the Rio Nuevo boundary. It doesn't have a retail component, so it's certainly not something that we were able to work on together but certainly a part of the overall improvement of the block.

I'm happy to say -- a little nervous to say, but I'm happy to say that we broke ground yesterday on the 2030, 2000 square foot development on the off-site improvements that we're obligated to put in and we have Herbert Avenue closed-off and things are moving there as of yesterday. I expect that we'll be trying to wrap things up with Sundt and hopefully they will be out there the first week of May working on taking that project vertical as well.

The third project is the project that we're talking about today. Originally we had been working on a three-story, 20,000 square foot development on the parking lot just to the west of Charro's Steak or Charro Del Rey at the Julian Drew property. It's a project I've been working on for years and years and it continues to be a struggle. There are very few efficiencies because of the lack of size, but I've been committed -- I've spent over $300,000 so far in getting me to the point where we have building permits ready to be pulled.

So in this moment of truth or just recently, I should say, backing up a little bit. I've purchased also the neighboring building, the old Channel 12 city access building. We are in there remediating some of the environmental concerns and demoing out the entire inside, and it's turned into quite a project. And I say that with total excitement because it is a phenomenal building and I'm happy that I ended up being the person that gets to be certainly a part of the overall improvement of the block.
Rio Nuevo Board Meeting

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1 retail pushing 5,000 square feet. It will have the
2 opportunity -- and I hope to do this from the very
3 beginning, but I don't want to commit until I get the next
4 round of numbers back for an additional 1,300 square feet
5 of retail. But at a minimum, we are talking about 4,900
6 and change in retail, which is close to 8,900 square feet
7 more than the Julian Drew building. It will provide, you
8 know, once we get through these uncertain times, sales tax
9 and -- sales tax revenue, which is good for everybody,
10 compared to the Julian Drew building.
11 So my -- my ask is that, since these are very
12 comparable, this new project is slightly more significant,
13 that we for now trade one project for the other. Between
14 the Monastery, between the seven-story market rated
15 housing on 5th Avenue, the Julian Drew and the Access
16 building, especially in these times, I -- I -- it should
17 come as no surprise that having all four of those projects
18 go at the same time is -- I could use almost any
19 adjective, but nerve racking to say the least, but I'm
20 committed and I'm in it.
21 So what I'm asking is that, since the economics
22 favor the Access building that we switch that building for
23 now to replace the Julian Drew building and everything
24 begins immediately.
25 CHAIRMAN McCUSKER: Tell us something about the

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1 economics. I think we were committing a million seven to
2 the original project and I think we had -- we were kind of
3 the last money coming into the project. Given what you've
4 heard all day long, you know, talk to us about your need
5 for cash and when we might need to help fund you.
6 MR. RULNEY: So the -- the value of the two
7 projects is very close. The amount of money that Rio
8 Nuevo committed wouldn't change because of the
9 construction costs and the value of the two with this one
10 being a little bit larger, but I would be able to --
11 The other component that I didn't explain was
12 my timing on the opportunity fund. And I have blown -- I
13 take full responsibility. It has taken me a long time to
14 get to this place and my clock has been ticking for a long
15 time and I need to start spending money very rapidly.
16 And that was another major factor of me taking
17 on these developments downtown. I have the opportunity
18 with the Access building to defer out some of the Rio
19 Nuevo contributions of up to $500,000 and up to an
20 additional six months. I can draw against a credit line
21 for that. It counts, it goes towards my opportunity fund,
22 but it also gives relief to Rio Nuevo that I don't need
23 those additional funds until a later date. And that later
24 date is -- all of it isn't -- doesn't become due until the
25 completion of the project, but this will extend those

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1 funds out an additional six months.
2 CHAIRMAN McCUSKER: And how long out is that, a
3 year, a year and a half? When do you think you --
4 MR. RULNEY: I think it's probably close to
5 a -- listen, I'm always wrong on time. I don't know what
6 to say. So as confident as I think this will take place
7 within a year and then subsequently the additional six
8 months, I -- I think that's a fairly reasonable estimate
9 right now. I -- I don't have -- on the Access building, I
10 don't have plans like I do on Julian Drew, so that will
11 take some time. I'm ready to pull permits on Julian Drew.
12 I'm not near that with Access, so I think all that adds to
13 the time which may favor the circumstances within the
14 district.
15 MR. SHEAFE: But, Ross, do I interpret that as
16 about a year and a half for our planning?
17 MR. RULNEY: I would say -- I really would like
18 to get the project done in a year, but I -- I -- I don't
19 know how possible that is.
20 MR. SHEAFE: Just advising us, should we take
21 one year or --
22 MR. RULNEY: I -- I would say that's
23 reasonable, Chris.
24 CHAIRMAN McCUSKER: Is there a way that
25 regardless of how quickly you complete it, we could build

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1 in our funding time on? So obviously a year and a half
2 favors us. Is there a way regardless of when you finish
3 that we don't fund our commitment for 18 months?
4 MR. RULNEY: Are we talking about the initial
5 or the --
6 CHAIRMAN McCUSKER: The full Monty, the whole
7 million seven.
8 MR. RULNEY: That would be terrific because I'm
9 going to be replacing your money. I can -- I can commit
10 to the $500,000 being deferred for 18 months.
11 MR. SHEAFE: Would you do this? I mean, you
12 know, we can do what we need to do today, I think we're
13 all excited about your project, and then maybe within two
14 weeks, you could get back and say, here's how you should
15 set up your timing, because that's all I'm worried about.
16 MR. RULNEY: Well, I think we can say -- I can
17 make this commitment. I can handle things on my own so
18 that even if it's less than a year, that doesn't -- won't
19 include you. So if we could push out everything but the
20 $500,000 to no earlier than 12 months, and then the
21 additional $500,000 would be deferred to that 18-month
22 period, I could -- I could probably pull that off.
23 MR. SHEAFE: Okay.
24 CHAIRMAN McCUSKER: So, Mr. Collins, for
25 today's efforts, we have an agreement in place with Ross
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<td>1 on different project. Is it as simple as amending the 2 address that we're going to allow him to pivot to a 3 different location or do we need to start over? 4</td>
<td>1 CHAIRMAN McCUSKER: Would we need a new 2 economic analysis? 3</td>
<td>1 Mr. Rulney to move rapidly towards completion of this 2 alternate project. 3</td>
<td>1 CHAIRMAN McCUSKER: Aye. 2 (Motion made, seconded and passed unanimously). 3</td>
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<td>4 MR. RULNEY: With all due respect, let me chime 5 in, Mark, for your benefit. The ownership is exactly the 6 same. It's the Julian Drew Lofts, LLC, which is the legal 7 owner of the Access building, so all of the ownership 8 remains the same. 9</td>
<td>4 MR. COLLINS: Thanks, Ross. 5</td>
<td>4 CHAIRMAN McCUSKER: And authorize the executive 5 officers? 6</td>
<td>4 CHAIRMAN McCUSKER: Brandi, let's do a roll 5 call vote. 6</td>
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<td>9 MR. COLLINS: Thanks, Ross. 10 Mr. Chairman, I don't see this as starting from 11 scratch. I think that the legal for the Julian Drew could 12 be replaced with the legal for the Access 12. Perhaps 13 after Ross has had an opportunity to converse with Chris 14 about the timing, we can change that, otherwise, we're 15 done. I mean, I don't see this as a problem. 16</td>
<td>10 MR. RULNEY: I -- I agree. And I spoke to Ted 11 Hinderaker prior to making this proposal because I wanted 12 to understand whether it was very complicated or not and 13 he seemed to feel the same, whether it could be just a 14 simple amendment, Mark, but obviously, you know, waits to 15 hear from you. 16</td>
<td>10 MR. MARQUEZ: Second. 11</td>
<td>10 MR. IRVIN: I did, but I was muted. Sorry. 11</td>
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<td>17 MR. RULNEY: I -- I agree. And I spoke to Ted 18 Hinderaker prior to making this proposal because I wanted 19 to understand whether it was very complicated or not and 20 he seemed to feel the same, whether it could be just a 21 simple amendment, Mark, but obviously, you know, waits to 22 hear from you. 23</td>
<td>17 MR. COLLINS: No, I'll be happy to -- we can do 24 it, Mr. Chairman, rather quickly. I just need authority 25 from the board. 26</td>
<td>12 MR. IRVIN: Aye. 23</td>
<td>12 MR. MARQUEZ: Second. 24</td>
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<td>27 CHAIRMAN McCUSKER: So anything we did today 28 would be subject to the economics? 29</td>
<td>27 MR. COLLINS: Correct. I don't see it as a 30 problem based on what Ross has provided, but you're right, 31 Mr. Chairman. 32</td>
<td>28 MR. RULNEY: Thank you all for your support and 30 patience. I appreciate it very much. 31</td>
<td>28 MR. MARQUEZ: Second. 32</td>
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<td>33 CHAIRMAN McCUSKER: Okay. Any questions for 34 Ross? 35</td>
<td>33 MR. COLLINS: Okay. Any questions for 34 Ross? 35</td>
<td>34 CHAIRMAN McCUSKER: Okay. That's the last 35 item. I'll entertain a motion to adjourn. 36</td>
<td>34 MR. IRVIN: So moved. 36</td>
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<td>37 (No oral response). 38</td>
<td>37 CHAIRMAN McCUSKER: Okay. We'll see you next 38 time. Thank you, everybody. Good job. 39</td>
<td>38 CHAIRMAN McCUSKER: All in favor say aye. 40 (4:04 p.m.) 41</td>
<td>38 CHAIRMAN McCUSKER: Aye. 40</td>
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<td>39 CHAIRMAN McCUSKER: What's the board's 40 pleasure? 41</td>
<td>40 (Motion made, seconded and passed unanimously). 41</td>
<td>40 CHAIRMAN McCUSKER: So that's unanimous, no 41 gavel tapping. 42</td>
<td>40 MR. IRVIN: So moved. 42</td>
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<td>41 MR. SHEAFE: Well, subject to qualifying on the 42 economic analysis, I -- I propose that the board authorize 43 counsel to substitute the properties within the same 44 ownership as described by Ross to switch to the Access 12 45 building and put in place the commitment that we would 46 fund according to initially an estimate of 1.2 million 47 within a year and the following 500,000 within 18 months 48 and ask counsel to complete the paperwork that would allow 49</td>
<td>41 CHAIRMAN McCUSKER: Second. 42</td>
<td>41 CHAIRMAN McCUSKER: In favor say aye. 42</td>
<td>41 CHAIRMAN McCUSKER: Aye. 42</td>
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Kathy Fink & Associates
(2) architect - called Rio Nuevo Board Meeting 4/8/20
April 8, 2020

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