

RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

BOARD MEETING VIA ZOOM

Tucson, Arizona

March 23, 2022

12:50 p.m.

KATHY FINK & ASSOCIATES, INC.
Certified Court Reporters
2819 East 22nd Street
Tucson, Arizona 85713
(520) 624-8644

1 BOARD MEMBERS PRESENT:

2 Fletcher McCusker, Chair

3 Chris Sheafe, Treasurer

4 Jannie Cox

5 Edmund Marquez

6 Michael Levin

7 Ross McCallister

8

9 ALSO PRESENT:

10 Brandi Haga-Blackman, Operations Administrator

11 Mark Collins, Board Counsel

12 Daniel Meyers, CFO

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16 BE IT REMEMBERED that a special meeting of the

17 Board of Directors of the Rio Nuevo Multipurpose

18 Facilities District was held via ZOOM, in the City of

19 Tucson, State of Arizona, on the 23rd of March, 2022,

20 commencing at the hour of 12:50 p.m.

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1 CHAIRMAN McCUSKER: I will mention the court
2 reporter's not here today. We're going to record this,
3 transcribe it later.

4 Good afternoon, everyone. Welcome to today's
5 Rio Nuevo meeting. You'll see an unfamiliar face on the
6 Zoom. The Governor literally appointed Ross McCallister
7 to the Rio Nuevo board about 30 minutes ago, so he had
8 nothing better to do than join our meeting, so we'll do a
9 more formal introduction when we come back after exec as
10 we'll have a lot more participants then.

11 So, with that, let's launch the pledge.
12 Brandi, you have a virtual flag. Normally, we make the
13 rookies lead this roster. We're going to give you a
14 break.

15 MR. McCALLISTER: I haven't even got my breath
16 yet. I literally was out of the office for -- 20 minutes
17 ago at a lunch meeting, so --

18 MR. MARQUEZ: And this is where we awkwardly
19 stand on our Zoom meeting and have the pledge, so get
20 ready.

21 CHAIRMAN McCUSKER: So, Edmund, launch it.

22 MR. MARQUEZ: I'm ready.

23 (Pledge of Allegiance.)

24 CHAIRMAN McCUSKER: Organized chaos. So we
25 have been virtual for two years. I think this is the

1 24th meeting we've had via Zoom, and we'll discuss at
2 some point going back live. I think City Council's going
3 back maybe next meeting.

4 MR. SHEAFE: They're going at their next
5 meeting in April.

6 CHAIRMAN McCUSKER: Yeah, so it might be time
7 for us to at least talk about.

8 Brandi, go ahead and call the roll.

9 MS. HAGA-BLACKMAN: Okay. Edmund Marquez.

10 MR. MARQUEZ: Here.

11 MS. HAGA-BLACKMAN: Jannie Cox.

12 MS. COX: Here.

13 MS. HAGA-BLACKMAN: Chris Sheafe.

14 MR. SHEAFE: Here.

15 MS. HAGA-BLACKMAN: Mike Levin.

16 MR. LEVIN: Here.

17 MS. HAGA-BLACKMAN: How do you say your name?

18 CHAIRMAN McCUSKER: Levin.

19 MR. LEVIN: Levin.

20 MS. HAGA-BLACKMAN: I'm sorry.

21 CHAIRMAN McCUSKER: Like Adam Levin of the --

22 MS. HAGA-BLACKMAN: I'll get it right.

23 MR. LEVIN: Maroon 5.

24 MR. SHEAFE: Maroon 5.

25 CHAIRMAN McCUSKER: There you go.

1 MS. HAGA-BLACKMAN: Fletcher McCusker.

2 CHAIRMAN McCUSKER: I'm here.

3 MS. HAGA-BLACKMAN: And do we now call roll
4 with Ross?

5 MS. COX: Oh, yeah.

6 MR. MARQUEZ: Yeah, he's appointed.

7 MS. HAGA-BLACKMAN: Okay. Ross, are you here?

8 MR. McCALLISTER: I am.

9 MS. HAGA-BLACKMAN: All right.

10 CHAIRMAN McCUSKER: And Mr. Hill is working on
11 tax returns. So this is the board minus Jeff Hill, Ross,
12 so we usually don't see him between now and April 15th.

13 The minutes are transcribed. You have an
14 advance copy of two meetings; unless there's something
15 that didn't transcribed properly, we just need a motion
16 to approve.

17 MS. COX: I'll move.

18 MR. MARQUEZ: Second.

19 CHAIRMAN McCUSKER: All is favor say aye.

20 (Motion made, seconded, and passed unanimously.)

21 CHAIRMAN McCUSKER: And this is the time we set
22 aside for executive session. We need a motion to recess.

23 MS. COX: So move.

24 MR. MARQUEZ: Second.

25 CHAIRMAN McCUSKER: All in favor say aye.

1 (Motion made, seconded, and passed unanimously.)

2 CHAIRMAN McCUSKER: So we do have about six
3 people. We'll be back hopefully around 2:00, a little
4 after 2:00 o'clock. Smoke them if you got them.

5 MS. COX: Ross, you know exactly what to do,
6 right?

7 MR. McCALLISTER: Yeah.

8 CHAIRMAN McCUSKER: So we leave this --
9 actually leave this meeting and then click on the other
10 line.

11 MR. McCALLISTER: Okay.

12 CHAIRMAN McCUSKER: Thank you.

13 (Recess.)

14 CHAIRMAN McCUSKER: Okay. We need a motion to
15 reconvene.

16 MS. COX: So moved.

17 MR. MARQUEZ: Second.

18 CHAIRMAN McCUSKER: All in favor say aye.

19 (Motion made, seconded, and passed unanimously.)

20 CHAIRMAN McCUSKER: Good afternoon, everyone.
21 And please join us in welcoming Ross McCallister to the
22 Rio Nuevo board. Ross was literally appointed by
23 Governor Ducey about an hour ago, and had nothing better
24 to do than join our meeting. So I may ask you to say a
25 few words, Ross, but I think people that have been in

1 town for any length of time know that you've been doing
2 real estate for 40 years I think, and have a wealth of
3 experience in development, land acquisition, property
4 management, multifamily real estate.

5 We're really happy to see you join the board.
6 So I think the Governor made a very wise decision, Ross,
7 and if you want to introduce yourself and say anything
8 about your interest in Rio Nuevo and all things downtown,
9 we're really happy to see you.

10 MR. MCCALLISTER: Well, thank you, Fletcher,
11 and thanks everybody for supporting my nomination. And I
12 literally got the letter at 11:30 and texted Fletcher and
13 said I was appointed and he said -- at 12:45, he says,
14 good, we got a meeting at 1:00, so I dropped my fork and
15 ran home and got on this meeting. So apologize -- I
16 don't even have a collared shirt on today, so apologize
17 for that.

18 So I'm very happy to be -- I think Rio Nuevo
19 has been one of the greatest accomplishments, certainly,
20 that has happened in -- in Tucson. You know, when I
21 first came to Tucson in 1983, downtown was the place to
22 be. We were all, everyone -- we all had our offices down
23 there. We all had -- all the accountants and all the
24 bankers and we all had -- there were nice restaurants and
25 everything and it was -- within five years it was a

1 complete ghost town. So it's a long time coming. I
2 think it's been a huge asset and a huge part of Tucson's
3 recovery economically and a big part of that is due to
4 Rio Nuevo, and I'm -- I'm happy to be asked to
5 participate and I'm looking forward to contributing any
6 way I can.

7 CHAIRMAN McCUSKER: Thank you. Thank you very
8 much. A good segue into my remarks. Now I think people
9 that watch our meetings know this time a year ago we were
10 really nervous, and our revenue had dropped from almost
11 \$2 million a month to zero. Janos had closed his
12 restaurant and Susana Avila closed her restaurant, Sinai
13 Thai had closed, Yawa Burger was closing, the Fox was
14 dark, the Rialto was dark, the convention center had
15 boarded up.

16 We weren't sure any of us would survive this,
17 you know, to see new blood, new faces on the Rio Nuevo
18 board; but, moreover, as you can tell from our agenda,
19 we're busier now than we have ever been, even before
20 COVID. There's more interest in Tucson's urban core.
21 There's more developers talking to us about
22 public/private partnerships. We're seeing hotel
23 operators, one, two a week. We're seeing multifamily
24 developers. We're seeing restauranteurs, you know. And
25 our revenue, Dan's going to report on that here in a

1 little while, is back almost to pre-COVID levels.

2 So the silver lining to COVID for us was we
3 finished the almost \$100-million-dollar project at the
4 Tucson Convention Center, to rave reviews and sold out
5 shows. And I think not only have we survived, but it's
6 clear to me that we probably will thrive. And buckle
7 your seatbelt, Ross, because I think we're going to be
8 really busy here the next year, two years, working with
9 our private developer partners.

10 Dan, with that, how'd we do last month?

11 MR. MEYERS: This is Dan Meyers. I'm the CFO
12 for Rio Nuevo.

13 Things are looking up. At the end of February,
14 we had about \$8.6 million of cash in the bank that is
15 available for investing and covering our overhead.

16 Our December TIF revenue -- and for those of
17 you that aren't familiar with how this works, for all the
18 sales taxes that are collected within the district, State
19 of Arizona sales taxes, we receive a portion of that in
20 February. So December's revenue was \$1.2 million, just a
21 touch over that.

22 I've not the numbers for January, but I spoke
23 with somebody from the Arizona Department of Revenue
24 earlier today, and he anticipated our January TIF revenue
25 to be \$1.3 million.

1 MS. COX: Wow!

2 MR. MEYERS: I find that to be very good news.

3 Brandi has been working diligently for the last
4 couple years, going back and, you know, as we find people
5 that haven't paid properly or haven't filed at all,
6 tracking those people down. And so I think this -- this
7 \$1.3 million we're getting for January is all pretty much
8 current revenue, so I think that's just a great number.
9 And I think that's something we should be able to, you
10 know, plan on from this point forward. In our rolling
11 budget, I've been using a million dollars a month for
12 revenue for our projections, so again I think this is
13 very good news.

14 And going back to what Fletcher said, I think
15 our last budget we did pre-COVID we budgeted \$15.6
16 million of revenue, which is \$1.3 million a month, so I
17 think we are, in fact, very close to our pre-COVID
18 numbers again.

19 As far as the commitments go, you see the list
20 there, what we committed or -- you know, either
21 originally or we revised, what's been paid so far and
22 what commitment remains. There's a couple in there that
23 are highlighted in black that are really deferred.

24 The Southern New Hampshire University one,
25 that's a remaining commitment that we pay annually, and I

1 think there's at least three more years to pay that, so
2 those numbers have kind of been backed out, so at the
3 bottom of the page you'll see that the commitments we
4 have upcoming, hopefully within the next year, are
5 somewhere in the vicinity of \$4.3, \$4.4 million. I'm --
6 yeah.

7 So we've got about a \$4-million-dollar spread
8 in the bank to the commitments within the next year. So
9 I think we're in pretty good shape financially. I think
10 we have reasons to be optimistic and I think we're -- we
11 have reasons to continue reinvesting in -- within the
12 district.

13 Anybody have any questions?

14 MR. MARQUEZ: Yeah, Dan, this is Edmund. I'm
15 just curious. I think more and more we're seeing the
16 State's efforts to start collecting a lot of the online
17 business -- sales tax on the online business being done.
18 Are you seeing any sort of trend for sales tax generation
19 from online sales?

20 MR. MEYERS: Well, we see it slowly edging up.
21 I don't -- it's not that big of a number, Edmund. I -- I
22 don't -- I don't -- I just don't see a lot. I think the
23 online stuff is huge with residential, and I think it's a
24 huge number to the City of Tucson, the sales tax they've
25 collected online, but I don't think that -- that there's

1 -- that impacts within our district.

2 MR. MARQUEZ: And how are the malls doing?

3 MR. MEYERS: I haven't -- I haven't seen the
4 numbers for January. I'll take a look at that when I get
5 the January numbers. We just got through the holiday
6 season. In 2020, we had zero for December. And this
7 year we got \$1.2 million. So, obviously, the -- the
8 traffic is up in that respect.

9 MR. MARQUEZ: Yeah, it's fantastic.

10 MR. MEYERS: Any other questions?

11 MS. COX: Good job, Dan, as always.

12 MR. MEYERS: Well, thank you.

13 CHAIRMAN McCUSKER: Let me take Item 9 out of
14 order, Dan, since you just finished that. We talked
15 about this in executive session. We have an item on the
16 agenda to look at those funding commitments to see if any
17 of them are out of date or need to be amended in any
18 (unintelligible), so I think there's going to be a motion
19 regarding our funding commitment conversation.

20 MR. SHEAFE: Mr. Chairman, the list of
21 commitments is a bit fluid and we're trying to pin down
22 just which projects are viable and moving forward, which
23 are not. That constantly changes. And we don't want to
24 discourage any opportunity for growth or increased
25 revenues in the downtown area. But since it's so fluid,

1 I would ask that we approve a motion that directs the
2 executive officers to work directly with the commitment
3 list and make adjustments as to whether commitments are
4 to be kept current or pushed beyond, where we have to
5 reserve funds for them, and we'd notify each committed
6 party to that level by action by the executive officers
7 working with counsel with the authority to make those
8 commitments.

9 MR. LEVIN: I would second that motion.

10 MR. SHEAFE: I'm sorry?

11 CHAIRMAN McCUSKER: No, we had a second. Who
12 was that?

13 MR. LEVIN: That's me.

14 CHAIRMAN McCUSKER: Mike, thank you. Mike
15 seconded that. You'll notice we don't have a court
16 reporter today and we're recording this session. We will
17 transcribe it later and publish those transcribed
18 minutes.

19 So pretty straightforward motion to authorize
20 the executive officers to review the funding commitment
21 list. Any comment, questions? All in favor say aye.
22 Any opposed nay.

23 (Motion made, seconded, and passed unanimously.)

24 CHAIRMAN McCUSKER: Okay. We'll go back to
25 item number whatever now. Moniqua.

1 MS. HAGA-BLACKMAN: No. 7.

2 CHAIRMAN McCUSKER: No. 7. We have two
3 presenters today, both really important projects
4 downtown. It's really nice to see activity from the
5 private sector, particularly people we don't normally
6 get to see, and one of those is Moniqua Lane, our friend
7 who also is working with us on the Sunshine Mile. If
8 you don't know Moniqua, she's the force behind the
9 Clifton Hotel and a number of other properties
10 developing in the urban core. So, today, specifically
11 we want to talk about the Citizen Hotel.

12 Brandi, she does have a presentation, if you
13 want to allow her to share her screen. Moniqua, I'll
14 turn it over to you.

15 MS. LANE: Fletcher, thank you for that
16 introduction. Hi, everyone. Thank you for having us
17 today. It's good to see faces I know. Kelly, it's been
18 a long time, wherever you went on my screen, it's great
19 to see you and everyone else.

20 I'm also here today with Sarah, who is one of
21 the founders and principals at Sand-Reckoner Wines,
22 Sand-Reckoner Vineyards, and soon to be Sand-Reckoner
23 Cellar at the Citizen Hotel Tucson. Sarah is the sort
24 of business and marketing face and all the fun stuff
25 that we get to deal with, and her partner, Rob

1 Hammelman, is the wine maker. He's actually out in the
2 winery today so couldn't be here with us.

3 So I was going to talk a little bit about
4 myself and what I do, but Fletcher already said it far
5 more articulately than I ever will, so I'll let Sarah
6 speak a little bit about Sand-Reckoner.

7 MS. FOX: Sure. Let's see. Let me get this
8 up and going for everyone. So, yes, Sarah Fox. I'm the
9 co-owner of Sand-Reckoner Vineyards. We started in
10 Willcox, which now has its own American Viticultural
11 Area that's established pre-COVID.

12 We started in 2010, so we've been making wine
13 for -- going into our 13th harvest. And we opened our
14 tasting room, our first tasting room in Tucson Warehouse
15 Arts District, 6th Street and 7th Avenue, in 2017, so we
16 have been a part of the community here for just over
17 five years.

18 MS. LANE: And a part of my life much longer
19 than that, I actually met Sarah in 2014 when she and Rob
20 and their two adorable little boys would come up from
21 Willcox. They were practically commuting to work --
22 between work and home, and would stay with us up at the
23 Clifton. And since those days we share a love of wine,
24 particularly of the wine that they make at Sand-
25 Reckoner, and we knew that we wanted to do a project

1 together; of course, we stand here today on the verge of
2 that project happening.

3 And please let me know if you all can't hear
4 me. There are actually people walking upstairs. Sarah
5 and I are in the basement where the cellar will be and
6 there's people upstairs in my lobby, which is, oh, my
7 God! So I'm pretty excited about that.

8 Anyhow, so we've been thinking about this
9 project for at least six, seven years, trying to figure
10 out where to fit it, and we managed to fit it inside the
11 old Tucson Citizen Building in the district, so that
12 brings us to you here today.

13 As a general concept, the Citizen Hotel Tucson
14 and Sand-Reckoner Wine Cellars particularly, are trying
15 to create an elevated immersive wine experience here in
16 the heart of downtown Tucson. Yeah, Sarah actually
17 speaks more articulately to that than I do, so I'll see
18 if she wants to add anything before we move on.

19 MS. FOX: Sure. Yeah, so Sand-Reckoner, our
20 background comes from wine making around the world:
21 California, Australia, Colorado, other high-elevation
22 regions.

23 So those who haven't gotten yet to visit the
24 Willcox area, it's much higher than it is here and it
25 has this incredible soil and microclimate that makes --

1 that drew Rob and I originally to the area, and it is
2 within the foodshed of, you know -- the City of
3 Gastronomy foodshed, it's just outside of the designated
4 Sonora region, so we call it the high Sonoran Desert.
5 But having made wine in so many different places, we
6 were really drawn to this region for its really untapped
7 potential.

8 And so as we're moving forward into this
9 project, wanting -- having opened a tasting room in
10 downtown, in the Warehouse Arts District, and seeing the
11 response, both locally and a lot of visitors from around
12 the country and like from Phoenix -- really wanting to
13 be able to provide a more immersive experience for
14 people here. So this space will be -- people will be
15 able to taste wine among the barrels, so allowing and
16 providing for folks a place to really dig in to the wine
17 and sense of place while still being in downtown Tucson.

18 MS. LANE: So, apart from what we've just told
19 you, some of you may have actually heard about this
20 project in advance of us being here. We've been working
21 on it for three years, 2018, I believe, so we've gotten
22 a lot of interest. Visit Tucson has been a fantastic
23 partner for us, very supportive with press and PR, so
24 we've already gotten some national and international
25 attention.

1 We've been featured in Bon Appétit, Phoenix
2 magazine, which is our biggest feeder market -- our
3 biggest feeder market for the Clifton and will probably
4 be for the Citizen Hotel as well, Condé Nast Traveler,
5 and that's just to name a few. We expect additional
6 writeups in the next month or two from Food & Wine, from
7 Thrillist, from Nat Geo Traveler. We've been in the
8 Boston Globe, the Toronto Star. And we're just
9 generally excited to be able to finally bring an
10 offering that will bring people to Tucson.

11 I'm a Tucson native. I live downtown in
12 Armory Park. I love Tucson. I love downtown Tucson
13 particularly. That's why I do what I do, where I do
14 what I do. And I'm just -- I'm thrilled to be so close
15 to sharing downtown Tucson and these experiences with
16 other people around the region, this country, the globe.
17 So that's sort of our, you know, pretty fluffy view
18 about what we're doing.

19 But down to the nuts and bolts. The project,
20 specifically construction-wise, is an adaptive reuse of
21 the old Tucson Citizen Building. The building is
22 approximately 113 years old; it was either built in 1913
23 or 1921 depending on whose records you believe. In a
24 bit, I'll talk about the weirdness of this building, but
25 what we'll discover or what you'll hear is that it was

1 actually two buildings and better masquerading as one.
2 But we've -- we're looking to -- or we are not looking
3 to, we actually did do extensive renovation of the
4 inside of this building to put ten luxury rooms on the
5 top two floors, and then to create a cellar space for
6 Sand-Reckoner Cellars down here in the basement where
7 we're sitting.

8 The entire project cost, including
9 acquisition, is about \$4 million, and we've got about
10 2.6 in so far. Well, 1.4 -- we've got -- we've got
11 about 2 -- we've got about 2, forgive me, in
12 construction, and then we have about 2 to one and a half
13 -- forgive me, I did my math wrong.

14 We are the principals in this project and I
15 wanted to, of course, justify why we did this, our
16 rationale. So, for me, of course, it was to create this
17 lodging experience. It is what I do and what I like to
18 do. But, also, I wanted to smartly leverage the success
19 that we're having at the Clifton and I wanted to be able
20 to add marginal capacity or incremental capacity
21 efficiently for my guests at that, that's a 30-room
22 hotel down the street, and I wanted to actually place
23 something in the district. So, for me, the hotel on the
24 upper floors accomplishes that. And then having Sand-
25 Reckoner move into the cellar, while really accomplishes

1 me being less thirty for wine, but also just creates a
2 really, you know, unique amenity to a hotel that really
3 I haven't seen anywhere else in Tucson. And then, of
4 course, I'll let Sarah talk about why -- why they wanted
5 to do this project.

6 MS. FOX: Yeah, for Sand-Reckoner kind of -- I
7 alluded to it before, we will not be -- we will be
8 closing our tasting room in the Warehouse Arts District
9 and focusing all of our energy here so we really can
10 provide that tasting, immersive tasting experience for
11 people. The space also, at almost 5,000 square feet,
12 helps us double our footprint, more than double our
13 footprint so we can continue to grow.

14 The Willcox region is continuing to be planted
15 with really exciting grape varietals with some very
16 innovative growers, so this allows us to increase our
17 capacity or our production, capacity for production, and
18 with the goal of distributing outside of Arizona
19 nationally --

20 MS. LANE: And --

21 MS. FOX: -- taking it there.

22 MS. LANE: -- you're already in those
23 conversations, correct, about distributing --

24 MS. FOX: Mm-hmm.

25 MS. LANE: -- nationally and regionally?

1 MS. FOX: Yeah.

2 MS. LANE: So, to a certain extent, this
3 capacity was needed to support that?

4 MS. FOX: Yeah.

5 MS. LANE: That's what I thought. All right.

6 So here's the real nitty-gritty of it, right?
7 As we've already alluded to, and you can see from where
8 we are, we've already done some construction on this.
9 As a matter of fact, I, the hotel, has a C of O. It's
10 Sand-Reckoner that has not moved in yet because of some
11 of these hurdles we're looking at, so -- and we want
12 Sand-Reckoner here. We're not trying to have them not
13 move in.

14 So, as you can see, 4.3 is what the project
15 looks to be. We are -- I'll -- ooh, which is different
16 than my numbers on the first slide, sorry -- we're at
17 3.9 right now. The -- most of that is actually in
18 construction. There's a little bit in -- about \$255,000
19 left in construction that we need to finish. There's a
20 little bit, about \$30,000, in FF&E that, of course,
21 we're not asking Rio Nuevo to contribute. You guys
22 don't pay for FF&E, we know that. And then the
23 remainder that we would want to ask for from you all is
24 rent assistance for Sand-Reckoner particularly, and that
25 would be over a period of years, over a period of

1 probably two years is what that works out to for us for
2 her.

3 So, all tolled, we have \$530,000 that we need
4 to complete the project and we're asking Rio Nuevo to
5 help -- sorry, we have \$335,000 we need to actually
6 complete the project; 530 to get us where we want to go,
7 including rent assistance; and then we're asking Rio
8 Nuevo to help us with \$500,000 of that. The 255 would
9 be used for construction and then the remainder would be
10 for rent assistance. (Unintelligible) but, okay.

11 So what did we really do? Pictures, pictures,
12 pictures. What have we done so far? So that picture at
13 the top corner up there is the building when we
14 purchased it from COPE, and what you see on the bottom
15 is the building as it is now. Of course, it doesn't
16 look like we've done very much at all with the building,
17 but we have.

18 On the outside all we did was sort of update
19 the facade, we repainted it, and we updated some of the
20 finishes at the entrance and over on the side for Sarah
21 to have her entrance into the cellar space. Part of the
22 reason that we left the facade particularly alone is
23 because, even though the building is not historic, no
24 one ever placed it in a historic designation, the City
25 of Tucson considers the building a contributor to a

1 potential historic district, so changing the facade
2 would've been relatively tricky.

3 And, of course, what we would have wanted to
4 do was remove the stucco -- although the stucco's
5 probably historic at this point, too -- but we thought
6 about removing the stucco and revealing the brick below,
7 the original brick in that building, but we were
8 concerned about damaging it and, of course, that stucco
9 is filled with asbestos, so we thought we'd leave it in
10 place and avoid the \$400,000 estimate that we had pre-
11 COVID to actually take the stucco off. So that's why
12 the outside of the building looks very similar to the
13 way it has before, even though we've been doing a lot of
14 work on it. Of course, that facade, though unassuming,
15 hides a lot of -- well, fascinating things that are
16 going on with this building.

17 This building is both a trapezoid and a
18 rhombus at the same time. It gets narrower to the west
19 than it does on the east. There is not a single
20 straight angle in this building whatsoever, and it lists
21 ever so slightly to the south, so it's been a lot of fun
22 to work in this building. We think -- and I keep
23 referring to it as "this building," but we think that's
24 mostly because this was originally two buildings and
25 it's been masquerading as one for its entire existence

1 or most of its existence. So we've been sorting through
2 all that in construction and I think we got some things
3 accomplished and, yes, let's see what we've done.

4 MR. MARQUEZ: Hey, Moniqua, it's Edmund.

5 MS. LANE: Yes.

6 MR. MARQUEZ: Didn't -- like two slides ago,
7 didn't it say the building is like 110 years old?

8 MS. LANE: Yeah. So if you go by 2000 -- oh,
9 God, you know, my biggest fear is somebody correcting my
10 math on a Zoom call. So built in 1913 is what we have
11 seen from historical records, which would make it almost
12 110. When I purchased this, I believe the assessor has
13 its build date, or the title company has its build date
14 as 1921, so we do have two different build dates on this
15 building depending on who you believe --

16 MR. MARQUEZ: All right.

17 MS. LANE: -- or on the different buildings.

18 MR. MARQUEZ: Interesting they didn't -- and
19 historical for as much as we -- we run into historical
20 pieces, interesting that it hasn't been deemed
21 historical. I mean, we're -- we're battling with like a
22 1960s Whataburger on Broadway but -- yeah, that's
23 interesting. Beautiful building. Beautiful building.

24 MS. LANE: You got to keep it, Edward (sic),
25 you got to keep the Whataburger.

1 For us, it's something that I've -- I've sort
2 of let -- I'm not going to say let the ball drop, but
3 definitely put it on the back burner from the time I
4 acquired this building. So this building was a year-
5 long acquisition process, it didn't close until 2019; is
6 that right?

7 MS. FOX: Yeah.

8 MS. LANE: Yeah. And I first put it under
9 contract in 2018. When I first put it under contract, I
10 did want to make the building historic, but I've been so
11 wrapped up in being able to get through construction at
12 all, and finding the financing and funding for it, that
13 I haven't gotten back to it, but it is something that I
14 would be interested in doing. I just haven't done it
15 yet.

16 So what we're seeing here are our stairs, our
17 new stairs in the building, and I show it for a couple
18 of reasons. Of course, the price of steel during the
19 pandemic was wildly expensive, probably second only to
20 the price of lumber. You're seeing a lot of steel in
21 this picture and you're seeing a lot of wood, but you
22 are not seeing as much wood as exists in this building.

23 Those floors that you're looking at in that
24 picture are white oak; those were here when we got here.
25 We believe they went in sometime in the '60s I think,

1 and there is wood floor beneath it, but it's pine and
2 not really suitable for anybody doing anything with it,
3 but we did reveal the original pine floor at our
4 entrance on the -- on the external at our main entrance.
5 So doing the floors was one thing, but it was really
6 things like redoing the vertical circulation, as I
7 believe architects say, that was shockingly expensive.
8 Those stairs were drawn one way and, of course, when we
9 opened up the building to put them in, those stairs did
10 not fit in the building, so we had to re-engineer them a
11 couple of times. I believe we only had to build them
12 twice. And we did have to build a special crane, also
13 out of that same steel, to hoist them into that space.

14 So, with those stairs there now, people have
15 logical access to all three and a half floors of this
16 building. There's the basement, there is a street level
17 which goes to nowhere but the stairs, and then there's
18 the main level and then there's the second floor. So I
19 just -- it was fun dealing with that. And we did it on
20 the south side, too, where there's another staircase
21 that we had to re-engineer, a smaller staircase, so it
22 was easier to do, faster to do, and less surprisingly
23 costly, but we did do both staircases.

24 Do you want to move on? What you're seeing
25 here is my bar, that top picture in the corner, so my

1 bar. This entire project will have a tasting room in
2 Sarah's cellar which only serves tastes of her -- her
3 wines. If you all have been to tasting rooms, I'm sure
4 you're familiar with how those work. And then upstairs
5 in my lobby there's a full bar, so that's a Series 6
6 license so we can serve anything and everything, but
7 primarily we're focusing on higher-end alcohols and
8 higher-end wines that speak to the way in which Sand-
9 Reckoner makes their wines, so that's what you're seeing
10 in these pictures. That top picture is during
11 construction, that middle picture is also during
12 construction, and then there's the finished product
13 there.

14 I put this picture in because I adore my bar,
15 it's the most finished thing in this building now that
16 we got our (unintelligible) in, but also the bar was a
17 bit tricky as well because -- I can't remember if I
18 mentioned earlier, this building is both two feet too
19 large to the east and two feet too small to the west, so
20 this bar ended up not quite fitting in this space. Oh,
21 other way around, two feet too big to the west, two feet
22 too small to the east, so the bar ended up not quite
23 fitting in the space the way we anticipated, so we had
24 to make some adjustments in terms of engineering and
25 architecture and even on-the-fly construction for that.

1 The other thing that I'm particularly happy
2 about with this bar is those newspaper panels you see in
3 the bar came from inside this building. So when we
4 started doing demo -- we actually started in the
5 basement with the intention of having Sand-Reckoner in
6 first and us in second. When we started demo down here,
7 these -- well, not those newspapers, but newspapers
8 you'll see later actually fell from the floor joists,
9 which I'm looking up because those are Sarah's ceiling
10 rafters. So papers ranging from about the late '20s to
11 the early '40s, just right at the end of World War II,
12 so the '40s, fell down from the roof. We collected
13 them. We had took them to an archivist to have them
14 preserved, actually made into panels, and then installed
15 in our bar. Even though we're very wine focused here
16 and that's the story we want to tell, we didn't want to
17 neglect the history of this building. We did want to
18 give some homage to the history of the newspaper being
19 here.

20 We didn't remove -- this building is called
21 the Citizen Building according to Tucson and -- the City
22 of Tucson and it's what's written on the facade outside,
23 and we did just (unintelligible) and left that there.
24 So we still refer to this building as the Citizen
25 Building as well, and, of course, that's where the hotel

1 gets its name.

2 More bar shots just -- that post right there
3 is supposed to be in a wall, like it's all -- all over
4 the place with what we're doing. We had this piece --
5 you guys might be familiar with it because Nick did this
6 for the Century Room as well, but that piece that's in
7 the window frame is a piece by Nick Giorgio that he very
8 kindly donated to us, and there's a similar one at the
9 Century Room, and I just adore his art and I'm happy to
10 be supportive or have an artist be supportive of us who
11 is making a name for himself in Tucson as an art
12 destination. I think -- I think it's pretty cool.

13 The next slide. Here -- here is another place
14 in the hotel that I actually adore. It's our mezzanine
15 level, or actually technically it's our second level,
16 and, of course, what you see is before and then after,
17 what we did after. All those floors are also white oak
18 that we had installed to speak to the white oak that is
19 down below. Of course, that's a little darker and a
20 little prettier because it's older, but it also runs in
21 opposite -- you guys don't care about this detail, but
22 whatever -- it also runs in opposite directions because
23 that's how they laid it in the '60s, and they couldn't
24 lay it that way upstairs. So there's a few tweaks here
25 and there, but that's what you're seeing, you're seeing

1 those white oak floors.

2 You're seeing the original walls exposed.
3 Originally, we were going to cover that up with drywall,
4 but we didn't. We left the plaster, we left the brick,
5 so you could get some feel of what's there.

6 You're looking at what are original windows
7 that we actually had to hand recreate. More about
8 windows in a moment because that was also a surprising
9 and unexpected expense for us.

10 But that mezzanine, I'm really pleased with
11 that railing because it is hand carved by a local mill
12 worker, the millwork shop is Tanzillo and Son, and they
13 are sixth-generation Tucsonans. And that is hickory or
14 pecan which also informs the vineyards where Sand-
15 Reckoner grows their grapes and it's beautiful.

16 And we put that mezzanine in so that people
17 could be on any floor and experience the entirety of the
18 building. So, if you're standing at that mezzanine, you
19 can look down -- I neglected to mention the floor lights
20 that we put into the bar -- but you can look down, look
21 through floor lights and see into the cellar, see into
22 where Sarah's barrels will be eventually. And, if you
23 are about four feet in front of us, you can stand under
24 those floor lights and look up and see the mezzanine and
25 see the windows and see the floor up there. Super,

1 super happy with this area, except that it is completely
2 not square and it is the place where it most obviously
3 lists to the south. This was actually probably the
4 easiest thing that we did here.

5 What you are not seeing in this picture,
6 because it doesn't yet exist but is part of this
7 construction shortfall that I was chatting about a
8 little bit, is our elevator. So this building is
9 required to have an elevator and it came with an
10 elevator. The elevator goes from the third floor all
11 the way down to the basement. It is partially operable.
12 It is partially operable because when we changed the
13 vertical circulation when we changed the stairs, we had
14 to flip the elevator door. So the door opened to the
15 north originally, and it needs to open to the south now
16 because the stairs are in the way. Apparently, we have
17 known that the entire time, that did not come as a
18 surprise to us.

19 What did come as a surprise to us is that our
20 distributor for elevator doors -- we've been building
21 this for a year and three months now -- our distributor
22 for elevator doors could not locate the elevator doors,
23 for the pandemic, until about five weeks ago and those
24 doors were very expensive, about \$35,000. I didn't know
25 elevator doors cost \$35,000. And if we don't secure

1 them by April 1st, they're going to go up by 19-percent
2 is what they've told us. So that -- that's fun. But we
3 do need the elevator doors.

4 We, the hotel, is actually ADA compliant,
5 because our ADA room is on the first floor and that is
6 accessible. But as a general concept, we don't have
7 full vertical circulation because that elevator does not
8 go all the way up to the third floor and open.

9 And the other thing that we need to do in
10 order to be able to insure -- and here I mean i-n-s-u-r-
11 e, not e-n-s-u-r-e -- insure both businesses inside this
12 building is we need to install a locking mechanism, and,
13 of course, it makes sense, a locking mechanism in the
14 elevator so that we can lock Sarah's floor after hours
15 so that we don't have people coming in and drinking and
16 whatever one wants to do in a cellar. We don't have a
17 price on that yet, that's out for pricing right now.
18 But we didn't expect to have to do that in order to be
19 able to actually occupy the space. We thought it'd be
20 smart, but it turns out we have to now, so we're working
21 on that in this space.

22 Go to the next slide. So here's just one of
23 our rooms. It doesn't obviously do justice. I would
24 invite anyone and everybody to come in and see the
25 space. But this is Room 4, and Room 4 is near and dear

1 to my heart because it hides our electrical sins. And
2 by "electrical sins," I mean that when TEP did the
3 plans, the electrical plans for this building, we had to
4 upgrade electrical here to make it work, upgrade the
5 electrical service and completely rewire the building.
6 When they did the plans for the service, they didn't
7 realize that we are a zero lot line building, so they
8 had originally placed the service outside of the
9 building. Once they realized that, that we're a zero
10 lot line building, we had to move it back inside and we
11 had nowhere to put it except in this room. So you can't
12 see it very clearly, but not only does this room have no
13 right angles, but it has all sorts of funny little bump-
14 outs and carve-outs, and that's because it's hiding an
15 entire commercial electrical service inside of it.

16 So we had actually already placed the
17 electrical service outside. We had to remove it, bring
18 it back in, find the proper place to put it where it
19 could reach all of the rest of the wiring and insulate
20 that space both for noise and for safety, and that is
21 still so far, in the few weeks we've been open, one of
22 the favorite rooms that we have for people.

23 All our rooms generally come with both a bed
24 and a sitting area, the TV swivels, the bathrooms look
25 as you see. That window in the bathroom is so that you

1 can watch TV from the bathtub if you're a bath taker;
2 turns out there's a lot of them, at least at my hotels.
3 So that's roughly what we did with the rooms and how we
4 built them.

5 I mentioned when we're talking about the
6 mezzanine that I was going to go back to the windows.
7 So there are on just one side of this building 22
8 windows, 22 windows that were built in either 1913 or
9 1921, depending. We hand restored all of those windows,
10 not just because we wanted to spend a lot of money and
11 had, you know, a year and a half of time on our hands,
12 but because they were sagging so severely, and the
13 frames themselves were bowed so severely that there was
14 a danger of, at least during construction, windows
15 falling into the building and out of the building. As a
16 matter of fact, a few windows did fall into the building
17 while we were building them. They were that delicate.

18 So those windows have been fun to work with,
19 but not as fun as the windows that I am not showing you,
20 because I didn't take a picture for the north side of
21 the building. When this building again was built, it
22 had 22 windows on the north side as well. And, of
23 course, when we purchased the building we knew that we
24 were going to have to replace those windows so that you
25 could have ventilation and light in rooms, right?

1 So, you know, we asked -- went through our
2 architect, we asked design, obviously we got permitted
3 plans, and we said, well, we'd like to put the original
4 windows back in and they approved that. And somehow,
5 through an oversight, they approved windows that are not
6 fire rated. Of course, our building is only six feet
7 away from 1 West -- 1 West Broadway I think it is,
8 from, you know, HealthOn Broadway and the apartments
9 that are there, so the windows on the north side do need
10 to be fire rated. They are fire rated. We did get that
11 corrected, but we had to go back through planning,
12 approval, architecture, design, and then we had to buy
13 fire-rated glass after we already bought -- after we
14 already bought regular glass.

15 Fire-rated glass, as some of you probably
16 know, is about triple the cost of regular windows and
17 there are 12, I believe, on that side, 12 fire rated,
18 but picture windows on the north side, and they turned
19 out to be actually quite, quite, quite lovely, but
20 quite, quite, quite expensive, even more expensive than
21 the windows we hand redid.

22 MR. MARQUEZ: Moniqua?

23 MS. LANE: Yes, dear.

24 MR. MARQUEZ: It's Edmund, it's Edmund. It
25 looks fantastic. This is -- this is astonishing, this

1 is beautiful. We're probably going to have a ton of
2 financial questions for you on economic impact, so --

3 MS. LANE: Sure.

4 MR. MARQUEZ: -- you may want to just kind of
5 go through and show us what the project looks like, and
6 then we'll get to the economic -- the economic impact
7 questions.

8 MS. LANE: Absolutely. That might be the next
9 slide. Oh, no, this is the basement. Those are the
10 newspapers I told you about. That's a hole we
11 discovered in the floor. And then if Sarah wants to pop
12 through to the next slide. This is about what the
13 basement looks like now. We're sitting in it. You can
14 see it's partially done. There's not a ton left to do,
15 but we'll need to add water filtration, et cetera, a
16 special water filtration system for wine and a few other
17 details that we still need to cover, a lift and the
18 engineering for the lift.

19 Now, financial impact. So what I've done here
20 is I've separately stated what we expect our revenue to
21 be. For me, it's room revenue at -- and year one for
22 me, that would be a fully-operational year, which
23 actually may happen this year, would be about \$680,000.

24 F&B revenue, we'll have small food service
25 even though there's no kitchen here, about \$250,000.

1 Those numbers are based on what we're doing at the
2 Clifton, even though the Clifton is larger, we've scaled
3 it down, so it's, you know, based on something somewhat
4 real.

5 For me, other revenue is primarily rent and
6 marginal -- marginal retail. We won't have a large
7 retail component here, except for the bar, and marginal
8 special event income that'll come up. So total revenue,
9 at least in year one, and you can see how we've
10 projected it going out, is about a million is what we're
11 looking at.

12 And then I know I wrote the phrase "taxable
13 revenue to Rio Nuevo," but what I mean is the revenue
14 that you care about, because the tax comes back to the
15 district, would be about 934. And I did that by
16 removing the other revenue, that's where I got to that
17 number, I just took that number out. The tax impact
18 will be negligible for you.

19 For Sand-Reckoner, I did roughly the same
20 calculations but with revenue. Hers is broken down by
21 wholesale -- and you can explain how your business makes
22 money in a second -- retail and event. And then so her
23 total taxable revenue would be about 660, and the
24 revenue that would be taxable and be able to be returned
25 to the -- have those taxes returned to the district

1 would be about 540.

2 In this case, we pulled out the wholesale
3 revenue because that wholesale revenue, although tax
4 will be collected on it, it won't be collected by Sand-
5 Reckoner and it generally happens outside of the
6 district, it happens throughout the state.

7 MS. FOX: Yeah, correct. Some of it will be
8 within the district, but it's hard to parse out.

9 MR. MARQUEZ: Between the two entities, you're
10 probably generating directly 40 to \$60,000 a year and we
11 get 2.8-percent of that. But the part that's probably
12 -- actually it's not being counted in here is your --
13 counting your peripheral economic impact as these people
14 go to dinner, they go to shows, et cetera, so you're
15 actually generating a nice amount of sales tax for us.
16 And it's a ten-key hotel with -- with a -- a high-class
17 wine in the cellar, so it's very cool. It's a very cool
18 project.

19 MS. LANE: Thank you. And, Edmund, you
20 properly or thankfully anticipated the next slide. If,
21 Sarah, you want to go to it. So I did not do those
22 peripheral economic impacts, but, yes, I find that to be
23 true with the Clifton and here at the Citizen as well.
24 But what I did include on this is our property tax that
25 we'll start paying into the district as well. This

1 building was owned by a nonprofit previously and it was
2 an office previously, so it wasn't generating any
3 property taxes, it wasn't generating any transaction
4 privilege taxes, and it wasn't generating any bed tax,
5 which, of course, here is negligible. For us, just like
6 most hotels, the big tax driver is -- is that 12.5-
7 percent that we have to pay to the state; and then, of
8 course, retail is 8.7 is how we did that math.

9 So that's what I tried to show you guys on
10 this slide is what our combined -- just the revenue that
11 we expect to make and what we expect to generate for
12 other people, what we expect to be taxable and paying
13 the property tax. And, for me, that property tax is
14 just based on -- I'll be honest, I didn't actually go
15 through the assessor's calculation, those returns are
16 just based on what we paid in property tax here as a
17 vacant building. I'm sure once they figure out that
18 we're actually generating money, it'll kick up to
19 probably close to what the Clifton is, frankly.

20 MR. MARQUEZ: They know where to find you.

21 MS. LANE: Yeah. Oh, yeah, they're really
22 good at finding me.

23 MR. MARQUEZ: You did a nice job on those
24 returns.

25 One other piece, especially for Ross

1 McCallister, as he already knows but new to the board
2 here, we continue to talk about the income that we make
3 off construction sales tax, so there's another place
4 that you're generating some -- some dollars for us.
5 This -- you've done a really nice job here.

6 MS. LANE: Correct. That's a good point. I
7 didn't even think about putting that in, so thank you
8 for calling that. I appreciate that.

9 And, for me, since this is actually my last
10 slide in this presentation, I'll just go ahead and
11 explain why it says no GPLET there, and it's just
12 because I'm not asking for a GPLET. I'm not asking for
13 a sales tax rebate. It's not that it wouldn't be
14 important to us to have that money, but it's as
15 important for me, particularly since I'm making a cash
16 ask, it's as important for me to give back to the
17 district. I truly couldn't do this project, or the
18 other ones that I want to do, without the district
19 existing, and I just want to make sure that we're being
20 mindful of sharing what we can share. So that's --

21 CHAIRMAN McCUSKER: Follow up, a couple things
22 that Edmund mentioned. The construction sales tax to us
23 just overall is about 160 grand. This is about a 10-
24 percent return on our investment, which is decent. And,
25 again, there's no ask for additional rebates on GPLETs.

1 So you get the stick-to-it award, Moniqua. I
2 mean, it's just unbelievable what you went through to
3 keep this property authentic and it really is a nice
4 addition downtown and we're really pleased to see Sand-
5 Reckoner as part of this.

6 So the question for us is: Can we help them
7 accelerate this and get open? And I can't think of a
8 better use, frankly, of half a million bucks than to
9 invest in this project. But I'm really interested in
10 the rest of the board's sense about this. It's unusual
11 when we're not being asked to do a GPLET, but it looks
12 like a pretty straightforward grant. It's not
13 inconsistent with what we've done for other retail
14 downtown.

15 MR. SHEAFE: This is a labor of love and it's
16 also a labor of unique addition to the downtown, it's
17 everything we're trying to create in downtown and it --
18 frankly, just on the basis of pure economics can't do it
19 on itself. It takes an intervention. So, if we're
20 ready to consider a motion, I'd be happy to put one
21 forth.

22 MR. MARQUEZ: I have just -- I have one
23 question. So, obviously, construction -- a budget for
24 construction nowadays is a moving target as we've seen
25 in the slide show. What -- what -- I don't know -- I

1 don't know if guarantees is the word, but what
2 guarantees us that our \$500,000 gets it done for you?
3 You're not going to fall short another couple hundred
4 grand six months from now.

5 MS. LANE: That's a great question and I would
6 answer that two ways: The first thing I would say is we
7 are actually almost done, so we have pretty closely, and
8 probably close enough to our timelines, exactly what we
9 need to pay, right? We've already paid two million of
10 it, so we're actually only asking for about 255. And we
11 only expected there to be two million -- sorry, yeah, we
12 -- we only expected there to be -- what'd I say? It's
13 2- -- 2,255,000, so I'm not looking at my own slide. I
14 didn't back up to it. \$2,255,000. We expected to pay
15 about \$2 million to build this, around 2.1, 2.2 or so,
16 all in with FF&E. And so what really put us over were
17 things like -- that I was trying to point out to you,
18 the windows, the electrical generator, the architecture,
19 all that sort of stuff. So we have a pretty good handle
20 on exactly what the costs will be because we paid so
21 much of them already, or we've received our -- our --
22 our bids for them, they're in hand and we just can't pay
23 them.

24 But the other bit that I would answer to that
25 is the other part of the ask is actually not for

1 construction at all, it's for rent assistance for Sand-
2 Reckoner, and that covers about a year and a half of
3 rent assistance for her, 18 months, which actually is
4 clearly helpful for me, but -- because I also pay rent,
5 even though it's to myself -- or to the entity that I
6 share with other people, it's not just me who owns this
7 entirely by myself, obviously there's an investor in
8 this. So, anyhow, that's the other bit and that -- and,
9 apparently, we need to keep the lights on in here. But
10 that other -- that other portion, I think it's in that
11 slide up there, 190 or 160, or whatever it was that I
12 said, is -- can be spread out over -- obviously, over
13 more than one year and that's just again for her rent as
14 it comes up, so we're not even asking for \$500,000 at
15 one shot.

16 MR. McCALLISTER: So I have a question about
17 that. So the -- first of all, congratulations. If
18 you're within 10-percent today on your general
19 contractor, you're -- that's magnificent even with all
20 the stuff you got going on. And I have some other -- if
21 you'd like to manage some other construction projects,
22 give me a call.

23 But the other -- what is your proposal about
24 the \$195,000 rent reduction. Do you want that up front?
25 Do you want it over -- diluted over time? What are -- I

1 guess what you're -- I'm confused about what you're
2 asking now.

3 CHAIRMAN McCUSKER: And is that -- is that
4 100-percent of her rent or is that a contribution to her
5 rent, Moniqua? How do you view the subsidy working?

6 MS. LANE: It would be 100-percent of her
7 rent.

8 CHAIRMAN McCUSKER: For a year and a halfish?

9 MS. LANE: Yeah, if I could -- and sorry for
10 -- for punting the question, but if you would be so kind
11 as to let me think about that portion. I was assuming
12 that that would be over -- over the period of time, but
13 if -- if you can do it up front, that's probably equally
14 helpful and it would -- it would be what she needs. But
15 I would like to -- I'm -- I'm thinking I'm leaning
16 towards that's not paid at one shot, but I -- I would --
17 I would like to think about it if that's okay.

18 CHAIRMAN McCUSKER: So we can use some
19 discretion, Ross, in the motion that we could advance it
20 all at one time or we could advance the construction
21 dollars and subsidize the rent over a period of time.
22 We do a lot of rent subsidies that are paid monthly or
23 --

24 MS. LANE: Yeah.

25 CHAIRMAN McCUSKER: -- quarterly downtown.

1 MR. McCALLISTER: Well, I would think -- I
2 would think we'd want it paid out certainly over time as
3 opposed to up front. I mean, we could pay it up front,
4 but we could pay it out over -- rather than just writing
5 her a check.

6 CHAIRMAN McCUSKER: Commit to it -- commit to
7 it and pay it over time.

8 MR. McCALLISTER: Yeah.

9 CHAIRMAN McCUSKER: Okay. Are you guys ready
10 to make a motion? Somebody want to make a motion?

11 Moniqua, nice job.

12 MS. LANE: Thank you.

13 CHAIRMAN McCUSKER: We're thrilled. Sarah,
14 we're thrilled for you guys. It's really just cool to
15 see this downtown. It was a huge surprise. The first
16 time I walked through it, you were talking about 20
17 rooms and you've just -- you just made these rooms so
18 glamorous and so desirable. I think it's going to be a
19 really hot project. And to have Sand-Reckoner downtown,
20 based downtown, you know, there's a lot of focus right
21 now on jazz and wine and high-end kind of
22 establishments, and you've brought -- you know, you've
23 raised the bar for everybody.

24 MS. LANE: Thank you. I appreciate that. We
25 both do.

1 MR. SHEAFE: Let me try a motion that we
2 approve a commitment of \$500,000, consistent with the
3 request; that we pay 250 immediately and 250 at 12
4 months from the date of the first payment. So --

5 CHAIRMAN McCUSKER: The math was a little
6 different, isn't it? Moniqua, isn't it 300 in
7 construction and basically 200 in rent?

8 MS. LANE: Let me go back. I'm going to look
9 at my own slide. Sorry.

10 MR. SHEAFE: Well, you had 195 in rent.

11 MS. LANE: Yep, that's what it was.

12 MR. McCALLISTER: And 255 in construction?

13 MS. LANE: Yep.

14 CHAIRMAN McCUSKER: Yes, and that doesn't add
15 up to 500.

16 MR. SHEAFE: Well, there was a little gap in
17 there, but I just -- I rounded the number. I could
18 easily adjust that --

19 MS. LANE: So --

20 CHAIRMAN McCUSKER: It's really -- it's really
21 --

22 MR. SHEAFE: -- if it's going to 275 now, so -
23 -

24 CHAIRMAN McCUSKER: -- 300 in one and 200 in
25 the other.

1 MS. LANE: That's perfect.

2 MR. SHEAFE: Why don't we do it then? We'll
3 change the motion to 300 immediately and 200 in one
4 year.

5 MS. LANE: That works very well for us. And,
6 sorry, that gap is actually the FF&E in there, even
7 though I wrote rent assistance, that's the extra money.

8 CHAIRMAN McCUSKER: That sounded like a motion
9 to me. Does somebody want to second that?

10 MR. LEVIN: Second.

11 CHAIRMAN McCUSKER: So that's 300 now as a
12 contribution grant towards your project, 200 in rent
13 assistance payable to you monthly.

14 MR. SHEAFE: Well, in one year. We'll just
15 make the one payment because we'll just set the money
16 aside and it'll be there.

17 CHAIRMAN McCUSKER: Okay. So, we'll pay that
18 at the -- the entire amount at the end of one year or --

19 MR. SHEAFE: Yeah, at the end of the -- the
20 one-year anniversary of when we made the \$300,000
21 payment.

22 MR. LEVIN: And if I could maybe actually jump
23 in here. I know I seconded that. But I thought that
24 we're going the direction that Ross had mentioned, which
25 I just heard was -- Ross' observation is that if we give

1 that rent assistance on a monthly basis as the project
2 goes along, that would be my preference as well, so I
3 don't know if --

4 MR. SHEAFE: Yeah, I think she's going to --
5 Moniqua's going to need the cash flow help --

6 CHAIRMAN McCUSKER: Right.

7 MR. SHEAFE: -- so I would recommend --

8 CHAIRMAN McCUSKER: So, Chris, that would --
9 that would amend your motion, keep the 300 in
10 construction assistance and 200 in rent assistance,
11 payable monthly.

12 MR. SHEAFE: Over a period of one year; is
13 that what you're thinking?

14 CHAIRMAN McCUSKER: No, just payable monthly
15 until it's gone.

16 MR. SHEAFE: Until it's gone. Well, it has to
17 be divided by some number, so --

18 MR. McCALLISTER: I think she said 18 months.

19 CHAIRMAN McCUSKER: Eighteen months, yeah,
20 that's what I heard.

21 MS. LANE: It's typically something like
22 17.35.

23 CHAIRMAN McCUSKER: Yeah, so -- so 18 months
24 would work for you?

25 MS. LANE: Mm-hmm. Yeah, at maximum, yes.

1 CHAIRMAN McCUSKER: Are you following that,
2 Sheafe? It would 300 --

3 MR. SHEAFE: Yeah.

4 CHAIRMAN McCUSKER: -- in construction funds,
5 200,000 is rental assistance payable over 18 months.

6 MR. SHEAFE: I agree. We'll make the motion
7 amended to that outcome.

8 MR. LEVIN: I'll second that amended motion.

9 CHAIRMAN McCUSKER: Okay. So we have an
10 amended motion and a second. Any other conversation,
11 questions?

12 (No oral response.)

13 CHAIRMAN McCUSKER: Brandi, call the roll.

14 MS. HAGA-BLACKMAN: Can you stop sharing your
15 screen, my dear? Thank you.

16 MS. LANE: Hi, Brandi.

17 MS. HAGA-BLACKMAN: Hi. I love your space by
18 the way.

19 MS. LANE: Thank you. Okay. Calling roll.
20 Edmund Marquez.

21 MR. MARQUEZ: Aye.

22 MS. HAGA-BLACKMAN: Ross McCallister.

23 MR. McCALLISTER: Aye.

24 MS. HAGA-BLACKMAN: Jannie Cox.

25 MS. COX: Aye.

1 MS. HAGA-BLACKMAN: Chris Sheafe.

2 MR. SHEAFE: Aye.

3 MS. HAGA-BLACKMAN: Mike Levin.

4 MR. LEVIN: Aye.

5 MS. HAGA-BLACKMAN: Fletcher McCusker.

6 CHAIRMAN McCUSKER: Aye. That's unanimous.

7 Congratulations. We'll be touch with you on
8 how all this works and can't wait to visit the Sand-
9 Reckoner.

10 MS. FOX: Thank you so much.

11 MS. LANE: Thank you so much. Thank you very
12 much.

13 MS. FOX: Thank you.

14 CHAIRMAN McCUSKER: Thank you. Nice job.

15 MS. LANE: Thank you.

16 CHAIRMAN McCUSKER: Buy some more property.

17 MS. LANE: Will do. We're on it.

18 MS. COX: Mr. Chairman, I'd --

19 CHAIRMAN McCUSKER: Yes, ma'am.

20 MS. COX: -- just like to inject (sic) that I
21 have 30 more minutes and, I apologize, I'm going to have
22 to leave this meeting in 30 minutes, so could we --

23 CHAIRMAN McCUSKER: Okay. I think Nick can do
24 that. So next up, Item 8, an equally exciting project
25 from HighWire and Johnny Gibson. HighWire, you may

1 know, is the little bar right behind Johnny Gibson in
2 the alleyway called Arizona Avenue. They have very
3 significant plans to change the impact of that location.

4 And, Nick, I'll turn it over to you guys.

5 MR. EGGMAN: Thank you so much. Hey,
6 everyone, I'm Nick Wayne Eggman. Let me do a quick
7 introduction. And, Jannie, we are going to knock this
8 out 30 minutes or less guaranteed.

9 To my left here is Kelly Abbott, one of the
10 owners of Johnny Gibson's Downtown Market. Behind her,
11 Mr. Steve Gibson who is the property owner. We have his
12 lawyer, Mr. Steve Waitt, tucked back there. And then my
13 business partner, John Hardin. So we're all here today
14 and we're going to go over what we have with you.

15 And, Brandi, is it okay, can I share my
16 screen?

17 MR. MARQUEZ: Yes.

18 MR. EGGMAN: Perfect.

19 MR. LEVIN: Yep, you're good.

20 MR. EGGMAN: Get this pulled up. All right.
21 So, HighWire, yeah, started off -- we're actually in the
22 original building right now, a very quaint shoebox of a
23 cocktail lounge downtown. Johnny Gibson's Market, if
24 you guys aren't familiar, a grocery store in the
25 downtown area. We share a courtyard. And let's get

1 started.

2 So I'm very excited to share our progress with
3 you guys, our plans for the future. Coming out of the
4 pandemic, HighWire shifted our focus to launch a
5 restaurant concept and grow its community involvement.
6 Aside from expanding our current space into 30 South
7 Arizona Avenue, which is the former Independent
8 Distillery building that -- that had been vacant after
9 they folded in 2020.

10 HighWire is also partnering with Johnny
11 Gibson's Market to create a 6,000-square-foot event
12 center at 33 South 6th Avenue. So all these buildings
13 link up. The courtyard back here is kind of the hub.
14 33 6th Avenue, that was the former drawing studio space
15 that's been vacant for quite some time, since I think
16 2015.

17 So, all together, this -- entirety of this
18 project will solidify the Gibson property as a half city
19 block of retail, food and beverage, entertainment,
20 community space downtown. As a part of this, an
21 activation -- a streetscape as they call it for our
22 alley, which is Arizona Avenue, to create a bright,
23 vibrant multi-use part of downtown.

24 So we're going to jump into it. I'm going to
25 pass this over to Kelly Abbott to kind of go over the

1 benefits of why an event center downtown would be cool.

2 MS. ABBOTT: Thank you. So, as far as you all
3 know -- most of you don't know who I am. Anyway, my
4 husband and I own Stardance Event Center on the
5 northwest side of town, so we're very, very, very
6 familiar with the event center business and have been
7 doing it for about ten years.

8 So the space will be for weddings, corporate
9 events, meetings, large gatherings, holiday functions,
10 family reunions, gem shows, jazz fest, which is Nick's
11 -- very near and dear to Nick's heart, and it'll have a
12 positive impact on the business and the neighbor --
13 neighboring hotels and retail community and the bars and
14 restaurants. It will -- it will nearly double the
15 revenue in the first full year.

16 And I'm -- I'm -- again, you probably may not
17 be familiar with Stardance, but as of right now,
18 Stardance had to redo 130 weddings due to COVID. We had
19 to change dates for 130 weddings, and we have actually
20 almost finished all of our weddings and are booking
21 about 150 weddings just with that venue alone.

22 So this has potential to be absolutely amazing
23 for the downtown community. And with -- with our
24 experience and the way Nick and John and Steve and Paul
25 Sysak -- what everybody brings to the table, I think it

1 will be amazing for -- for this community because we
2 don't have an event center. There's not even a real,
3 you know, big enough size for a meeting room or anything
4 like that around here. So the jobs that it's going to
5 bring in is, you know, is -- is -- I mean, obviously, if
6 we can find employees, that's going to be the main
7 thing. But the jobs and the investment that -- in -- in
8 making this beautiful old building from being vacant to,
9 you know, lively is -- is the benefits that I see.

10 Nick?

11 MR. EGGMAN: All right. Thank you, Kelly.
12 The sun is shining, there's all kinds of badness going
13 on downtown, so it feels like home. It's an awesome
14 day. All right. So let's get back to our presentation.

15 Benefits of HighWire's expansion. So we've
16 been doing a lot of cool stuff since the pandemic, you
17 know. Just relying on selling cocktails isn't, you
18 know, what it's all about. We got into offering our
19 courtyard space, pop-ups for small businesses that might
20 not have a brick-and-mortar or an opportunity for space,
21 that's turned into a monthly thing.

22 We got -- I -- I really got and dragged
23 everyone in to sustainability with me. We've added a
24 huge 1,600-gallon rainwater harvesting cistern in our
25 courtyard. I want to continue that work with Local

1 First Arizona, Mrs. Green's World, some exciting stuff.

2 On that front, bring live music back. I
3 understand in May, I believe second Saturdays is coming
4 back. So we, prior to the pandemic, tapped off and did
5 our own kind of -- featured local artists in the
6 courtyard, so want to get that going again.

7 Continuation of work that HighWire is doing
8 with Downtown Tucson Partnership, the Tucson Police.
9 I'm the co-chair of the Downtown Safety Committee. And
10 then, of course, most importantly, you know, for this
11 meeting and kind of why we come to work every day, more
12 revenue, employment, to boost the economy downtown.

13 Now, with this alley project, incorporating
14 green initiatives, like to do things with solar
15 lighting. There's a company called Bottle Rocket here
16 in town, they take crushed glass and make anything from
17 candles to benches, planters, using, you know, reused
18 materials. Provide a showplace for local artists, small
19 businesses that'll be involved with it, and it'll kind
20 of be a bridge that connects Broadway to Congress. Now,
21 with The Delta, the Charro, we have stuff that's kind
22 of, you know, on both sides and I think south downtown
23 off Broadway will continue to grow.

24 And here's kind of what we're looking at for
25 the overall site. So Arizona Avenue is kind of the

1 bridge, and then you have the original HighWire, this
2 little shoebox, at 14 South, along with Johnny Gibson's
3 Market.

4 This light purple is the new HighWire, so
5 HighWire now consists of two buildings and a courtyard.
6 This courtyard connects to this kind of promenade that
7 will lead to the event center. And here's a commercial
8 kitchen that we're already built out that services not
9 only HighWire, but provides caterings for the market's
10 offsite events along with the proposed event center, so
11 this kind of gives you an overhead of the entirety of
12 it.

13 There's some course-of-construction pictures.
14 The former Independent Distillery, which, unfortunately,
15 it just needed to be pretty much razed to nothing. A
16 lot of electrical, structural that's not in compliance,
17 a lot of issues, had to tear it down and even go
18 underground and kind of build back up. This is the kind
19 of rendering we went off. This is what I put together,
20 what I wanted to achieve, and luckily it turned out.
21 That's it.

22 So we opened just a couple weeks ago.
23 HighWire is now a full, you know, bar/restaurant,
24 between the two buildings and courtyard, 7,500 square
25 feet of -- of space.

1 So I'm going to run you guys through some
2 numbers real quick. To date, what we've paid on -- on
3 renovating 30 South, the former Independent, 433. We
4 have a balance of 64 left. These are things that are
5 already done, the building, you know, is open, that'll
6 put us at a total of just under 500,000 expanding
7 HighWire that's pretty much paid, move on with life.

8 This is exciting. I'm going to zoom in. So,
9 you know, taxable revenue, like I said, that's what
10 we're all here for, revenue. 2021, the first week of
11 March, HighWire did 29,000. With this expansion open
12 just a few weeks, opened at the end of February, the
13 first week of March this year, we did 56. Second week
14 in 2021, 27. This year, 53. St. Paddy's weekend in
15 2021, 41,000. This year we hit 68. Sunday was a total
16 dud, it did rain, it was cold. A little bummed out. We
17 could do better. But this shows you what is possible
18 and what's happening as far as numbers. So this was
19 really exciting. I didn't expect us to do this well
20 with it just being open a matter of weeks, so this kind
21 of shows the direction we're going in. Historically,
22 we're going on our seventh year, June, July, August,
23 through -- through, you know, Halloween, those are our
24 busiest months, so the best is yet to come as far as
25 sales.

1 Get us back to full screen. Moving on to the
2 event center, so this is 33 South 6th. Johnny Gibson's
3 Market would be right next door. This is the building
4 just to the south of it. This is kind of a layout, a
5 concept we came up with, and these are pictures from
6 Stardance. We kind of want to base this event center
7 off of what -- what Kelly has done up at Stardance,
8 kind of just a rendering of what the facade could look
9 like. I'd like to replace the windows, replace the
10 current gate with something that goes more with art deco
11 architecture, a fresh coat of paint.

12 And this is what we're looking at as far as
13 numbers. So we've already built out the commercial
14 kitchen between Johnny Gibson's Market and -- and
15 HighWire, that's knocked out. Architects, contractors,
16 we've gotten all our quotes and bids together. We're
17 looking at 430,000, so that'll bring the total cost to
18 build this 6,000-square-foot event center to about
19 \$560,000. And this would be the former drawing studio
20 space at 33 -- and I messed that up, it's not Arizona
21 Avenue, it's 33 South 6th Avenue. I moved a little too
22 fast.

23 This is the exciting part, which there's
24 really no direct impact on taxable revenue, but, with
25 this project in the alley, I really think it could be a

1 beacon, it could be something downtown's known for, with
2 the way people interact on social media, a very
3 photographed and exciting spot, just like things in
4 Austin, up in Seattle and in other cities.

5 So this is our streetscape concept. The first
6 drawing at the top is just the current existing, it's
7 nothing, it's a concrete alley. Below you'll kind of
8 see an overhead with the annotations of what, you know,
9 we have planned. So I partnered with the Planning
10 Center downtown and we kind of came up with this
11 concept. So it'll include arches at Congress and
12 Broadway, Arizona Avenue, mural on the wall of the
13 former Elvira's building. There's plans to etch into
14 the concrete, do staining, have kind of mosaic-tile
15 welcome mats at all door entry points on the alley,
16 solar lighting if possible. I know with traffic, it
17 does need to remain the way it is as a two-way street.
18 None of this competes -- none of this goes any further
19 into traffic than the telephone poles and utilities
20 already do.

21 So there's a meeting I had with the city, end
22 of January. They're very excited about this. Of
23 course, it was left with, you know, I need to find the
24 funding. But, otherwise, it seems like this is
25 something everyone's very excited about. I think it'd

1 be very cool for Tucson, for downtown. So we have
2 benches, planters, window boxes. I know with fire,
3 we're probably not going to be able to string lighting
4 across, but I think we could do something with bunting
5 or flags.

6 I -- I definitely -- I'm a local Tucsonan. I
7 grew up here, fifth generation. My grandma worked, a
8 waitress at the Willcox Café, which is now John Henry's.
9 My grandfather on the railroad. Great grand uncle,
10 apartment above the -- you know the Rialto building.
11 And so I want to do something that's very true to
12 Tucson. This isn't Vegas or Scottsdale or Gilbert, so I
13 want to keep it very true to Tucson. And so I think
14 what we've come up with is really an awesome concept.

15 And now the numbers. Most of it's going
16 towards I think -- or I don't think, I know --
17 unfortunately, the Planning Center, this is the budget
18 they gave me for what they would need to see this
19 project through. And then we have quoted out for signs,
20 the concrete staining, mosaic tile, planters, benches,
21 so it puts us at -- looks like about 238,000 for this
22 project. These are a lot of big numbers, a lot going
23 on.

24 On top of all this I would like, after seven
25 years, to renovate the entire courtyard. We need some

1 paint, some staining, some sealing of the pavers. And
2 then the current building we're in, the original
3 HighWire is due for a facelift as well. So that's
4 another 188 that HighWire's, you know, willing to put
5 in, and that will complete pretty much a half city block
6 of downtown Tucson.

7 And I'm sorry if I'm talking too fast. I'm
8 trying to -- trying to knock this out, Jannie. Here's
9 our overview. So if we go back to when the Gibson
10 property -- when the theater closed, drawing studio
11 vacated, this is 2014/2015, so far to date to get
12 everything -- the tenants open, just under \$3 million.
13 There's going to be a packet and I can email -- Fletcher
14 and Brandi, I'll email after the meeting, just you guys
15 if you want to get it out to the board. That way you
16 guys can review documentation numbers if you want to see
17 anything. So we're about \$3 million on the initial
18 developing of this property.

19 Since we began this kind of post-pandemic
20 expansion, so far \$650,000 has been spent. For the new
21 HighWire expansion, 433. The commercial kitchen,
22 130,000. And then upgrades the landlord has made to
23 electrical, infrastructure, another \$86,000. In order
24 to knock out everything I just went over in this
25 presentation requires another 834,000, which would bring

1 this total investment, post-pandemic investment, to
2 about \$1.4 million. We're looking at hopefully that
3 increasing taxable revenue by a lot and creating a bunch
4 of jobs downtown.

5 And so before I step on John's toes, I'm going
6 to turn it over to him to let him go over with you guys
7 projections.

8 MR. HARDIN: Hi, guys. I'm just taking over
9 some of the numbers here real quick that HighWire's done
10 in the past and what we're expecting to do in the
11 future.

12 HighWire has year over year had an average
13 increase of 33-percent in sales every time that we have
14 done a expansion project. As Nick was telling you, we
15 started from a really small bar, we expanded on the
16 patio, now we've expanded into the old distillery.
17 We've always met or beat our projections. For example,
18 that is right now we're expecting to be 24-percent
19 higher than we projected just this month alone.

20 With the addition of events and HighWire and
21 the market, expect to see over \$500,000 increase taxable
22 residual venue from people coming from the events into
23 the bar, into the market. With funding for the event
24 center, expect to see over a million-dollar increase in
25 taxable revenue for the first two years, then continued

1 growth year after year. Without funding, we expect to
2 -- to have the increase, but it'll take a whole lot
3 longer to get there.

4 We're expecting to increase our staff by 50+
5 employees. Most of these employees are going to be
6 downtown and they're going to be spending their
7 paychecks downtown, so this is going to also add into
8 additional taxable income.

9 MR. EGGMAN: Thanks, John. All right.

10 And this is the very, very, very awkward part.
11 So, with all of that said, HighWire, we planned --
12 financially prepared to pay the balance on 30 South,
13 that's the expansion.

14 The next phase is going to be the event
15 center. That's -- that's -- we're actually in the
16 process. Trucks were here today clearing it out. And
17 in order to execute this, we would like to request the
18 costs of the event center, the \$560,000. And then,
19 aside from that -- well, with that alley project there
20 is going to be a great amount of time as far as
21 planning, permits, so whether at this time or in the
22 future, I would also like to request the \$238,000 cost
23 for Arizona Avenue. From there, HighWire, we can use
24 the money that we're generating this year to cover the
25 rest, the other 180, that we want to renovate the

1 courtyard and original HighWire building.

2 So, with all that said and done, all the
3 projects detailed in this presentation can be completed,
4 I'm hoping by or before the summer of 2023.

5 MR. SHEAFE: Nick, what is your resource for
6 funding if we didn't cover all the things that you're
7 requesting from our side? Because, you know, we're
8 spreading money to various opportunities down there and
9 we're trying to create as much activity as we can and
10 strategically put that money out, and we want to be
11 careful that we don't over-invest because we have some
12 tests that we, the district, needs to fulfill in order
13 to fulfill our mandate, so that puts us in a limited
14 position as well.

15 MR. EGGMAN: Sure.

16 MR. SHEAFE: So we -- if we do something, we
17 want to know that the rest of it is going to happen.

18 MR. EGGMAN: And that's a very good -- and I
19 don't want to say anything condescending and need to
20 bite my tongue probably. No, I'm going to go for it.
21 You guys, I think there's a lot of amazing projects that
22 have been presented to you and unfortunately haven't
23 happened. And I'm actually going to bite my tongue and
24 not name names. I think based on what we've shown that
25 we complete and -- all right, I'm just going to keep my

1 mouth shut.

2 CHAIRMAN McCUSKER: Nick, go -- go back to the
3 slide -- you had a with and without slide that you kind
4 of glossed over, and I think that gets -- that gets to
5 Chris' question. On your own, I assume you've produced
6 the without column --

7 MR. EGGMAN: Exactly.

8 CHAIRMAN McCUSKER: -- am I reading that
9 correctly?

10 MR. EGGMAN: Yeah, to answer your question,
11 this event center -- I mean, I've just blown a half-mil-
12 -- not blown, invested half a million dollars, it's
13 going to take time to -- to re-up the reserves.
14 Luckily, sales are strong and it's -- it's doing better
15 than we thought. But to answer your question, we would
16 have to wait -- and I've never done anything with
17 investors, bank loans, any of that, we would just have
18 to wait, like we did with this, and build up the revenue
19 to do it. So, instead of being done in a year, it might
20 take five.

21 CHAIRMAN McCUSKER: So the answer to Chris'
22 question is you don't have another resource for a
23 funding --

24 MR. EGGMAN: No.

25 CHAIRMAN McCUSKER: -- commitment. You would

1 -- you would build up some revenue in the improvements
2 you've made and look at bringing the event center online
3 later --

4 MR. EGGMAN: Correct.

5 CHAIRMAN McCUSKER: -- and that -- that's kind
6 of how you broke out the difference in revenue, so it's
7 a \$1,300,000 swing.

8 MR. SHEAFE: Yeah, let me make sure that we
9 clarify that. I don't think -- and, Nick, you have to
10 add this, but I think the reference wasn't to delay the
11 event center, it was Arizona Avenue that gets delayed.

12 CHAIRMAN McCUSKER: I would like to talk about
13 that separately because that puts us in the streetscape
14 business and it's a whole different conversation about
15 whether --

16 MR. SHEAFE: Yeah.

17 CHAIRMAN McCUSKER: -- we want to invest in
18 improving a city-owned street.

19 MR. EGGMAN: Yes.

20 CHAIRMAN McCUSKER: And I appreciate the
21 comment that they liked the project subject to us paying
22 for it, but it may be a conversation we end up having
23 with the city.

24 MR. EGGMAN: Okay.

25 CHAIRMAN McCUSKER: And there are other

1 principals there, the AC Marriott, you know, there are
2 other potential partners to that.

3 So, Nick, let's just focus on the activity,
4 whether we do the alley or not --

5 MR. EGGMAN: Okay. So --

6 CHAIRMAN McCUSKER: -- and is that -- is that
7 -- was that the \$560,000 --

8 MR. EGGMAN: Well --

9 CHAIRMAN McCUSKER: -- which I think I heard
10 you say goes mostly into the event center?

11 MR. EGGMAN: Yeah, the 238 was the event
12 center. And so, Chris, to answer your question on the
13 alley, if -- if there was no funding, it's not something
14 I would ever fund myself. It's just -- it's a wonderful
15 look for a public space. I don't --

16 MR. SHEAFE: The key question -- and I don't
17 mean to interrupt you is --

18 MR. EGGMAN: Sure.

19 MR. SHEAFE: -- no matter what we do right
20 now, but if we were to come in you would have the event
21 center open right away; is that right?

22 MS. ABBOTT: Yes.

23 MR. EGGMAN: That is correct. And that's --
24 that's -- the big goal is to get -- that's the last
25 thing you can see on this half city -- or on Gibson's

1 property, that's the next step. And right now we're
2 already clearing it out, starting with the architect,
3 what we can pay for --

4 MR. SHEAFE: And --

5 MR. EGGMAN: -- and so -- oh, go ahead.

6 MR. SHEAFE: Well, one of the questions I had
7 in my own mind was when I first heard about this, was
8 there not a plan also to expand a little bit the -- the
9 grocery side of the Gibson's, that's not going to
10 increase in size?

11 MS. ABBOTT: No.

12 MR. EGGMAN: No.

13 MS. ABBOTT: No, not at all.

14 MR. SHEAFE: So this is all about the
15 courtyard and the event center and HighWire?

16 CHAIRMAN McCUSKER: And the old -- the old
17 distillery.

18 MS. ABBOTT: The old distillery.

19 MR. SHEAFE: And the old distillery.

20 CHAIRMAN McCUSKER: And the old distillery.

21 MR. SHEAFE: Right. And what is the -- when
22 you showed the map of it, there was a black box kind of
23 in the middle that you didn't reference.

24 MR. EGGMAN: We don't talk about --

25 MR. SHEAFE: What is that?

1 MR. EGGMAN: -- we don't talk about the black
2 box. So that's Mr. Gibson's, we call it the museum,
3 that's where -- kind of his archives, a lot of family --
4 this right here.

5 MR. SHEAFE: Yeah.

6 MR. EGGMAN: Well, there -- that's -- it's
7 from Johnny's when he owned gym equipment, the barber
8 shop, there is a treasure trove in here. And this --
9 actually this promenade that would connect everything, I
10 would like to use that to display a lot of this stuff.
11 I mean, there's --

12 CHAIRMAN McCUSKER: Who -- who owns that
13 space; is that -- who?

14 MR. EGGMAN: This, Steve Gibson.

15 CHAIRMAN McCUSKER: He does.

16 MR. EGGMAN: We refer --

17 CHAIRMAN McCUSKER: And -- and Steve -- Steve
18 owns the former drawing studio space?

19 MR. EGGMAN: Yes. So we would be leasing this
20 from him, so everything in red, with the exception of
21 the alley, is Gibson property.

22 CHAIRMAN McCUSKER: And who owns HighWire, the
23 HighWire space?

24 MR. EGGMAN: Gibson, everything --

25 CHAIRMAN McCUSKER: The Gibson fam- --

1 MR. EGGMAN: Gibson, yeah.

2 CHAIRMAN McCUSKER: And they own the old
3 distillery, so every -- the landlord for everything
4 you're doing --

5 MR. EGGMAN: Yes.

6 CHAIRMAN McCUSKER: -- is the Gibson family?

7 MR. EGGMAN: Correct.

8 CHAIRMAN McCUSKER: And there's a little
9 precious space in there that they don't want anybody to
10 touch?

11 MR. EGGMAN: Exactly, yeah.

12 MR. MARQUEZ: Will you please scroll down to
13 the event numbers again?

14 MR. EGGMAN: Event center, yeah.

15 MR. MARQUEZ: Yeah. So the part I'm trying to
16 get my mind around --

17 MR. EGGMAN: It's a lot, yeah.

18 MR. MARQUEZ: Well, no, you know, it's funny,
19 you know, you as a businessman or the business people in
20 the room there don't want to invest in a streetscape
21 because there's no real direct ROI --

22 MR. EGGMAN: Correct.

23 MR. MARQUEZ: -- but yet want us to. So -- so
24 just keep in mind this is a CEO board. We may be the
25 State --

1 MR. EGGMAN: Right.

2 MR. MARQUEZ: -- of Arizona, we may be
3 government, it is a CEO board. We, too, want a return
4 on investment.

5 So, streetscape-wise, I'll just tell you up
6 front I'm not interested in funding it at all.

7 MR. EGGMAN: Okay.

8 MR. MARQUEZ: So we have to look at the event
9 center and we're attracted to sales tax generation,
10 period, period. So we like HighWire. HighWire's great.
11 Right now we don't have to invest anything because you
12 guys are already generating sales tax for us. So let's
13 look at the event center and see if we can squeeze some
14 sales tax generation to see if we want to contribute.

15 And I'll be honest, I don't get too warm and
16 fuzzy when -- I -- I develop my own real estate. I
17 would love to be able to go to an entity and say give me
18 100-percent of what I want to do. I can see a
19 contribution --

20 MR. EGGMAN: Okay.

21 MR. MARQUEZ: -- but let's see what we can
22 figure out with the event space.

23 MR. EGGMAN: All right.

24 MS. COX: Yeah, hear hear.

25 CHAIRMAN McCUSKER: What would be interesting

1 about the alley -- and I don't think we're going to deal
2 with it today, I tend to agree with Edmund -- is there
3 something that those improvements do that enhance
4 retail? Could some portion of that become outdoor
5 seating? Could it be a sidewalk café? Could it be
6 kiosks that, you know, serve and pay tax? You know,
7 just to paint up an alley and hang some lights, it's
8 really not the business we're in. I'll have the
9 conversation with the city and some of the others. We
10 have done, for example, we did the streetscape at Scott
11 Avenue and it's beautiful, but it created outdoor
12 dining, you know, so there was ROI to that. And, you
13 know, here it's hard to see the ROI.

14 But -- but to Edmund's point, talk
15 specifically about the \$560,000 gap that you have in
16 order to open the event space and do you -- are you
17 looking to us for all of that?

18 MR. EGGMAN: In this, yeah, we're -- and I
19 know, of course, when I originally met you, yeah, you
20 kept asking me what the ask -- I need to come up with an
21 ask. So it's difficult because, like I said, we're not
22 -- you know, it's not not going to happen, it's just
23 going to take longer. So if -- if you guys are able to
24 do that amount or 500, that would definitely get that --

25 CHAIRMAN McCUSKER: What we don't want to do

1 is commit to something and then not open it. So I think
2 what we're trying to drill down to is what do you need
3 to get it open --

4 MR. EGGMAN: All right.

5 CHAIRMAN McCUSKER: -- but that doesn't fund
6 the entire amount?

7 MR. EGGMAN: Okay.

8 CHAIRMAN McCUSKER: And we're negotiating with
9 you live here in front of God and everybody and --

10 MR. EGGMAN: Right.

11 CHAIRMAN McCUSKER: -- and we can always table
12 this and come back to it or, you know, if you want to,
13 you know, get to a commitment today, it's going to take
14 some --

15 MR. EGGMAN: All right. So let's -- let's
16 hash it out. So what I'm looking at -- so right now
17 I've got -- let me go to the overview.

18 MR. MARQUEZ: Nick, just to cut you off --

19 MR. EGGMAN: Sure.

20 MR. MARQUEZ: -- you know, just as we become
21 fast friends here, I would highly advise that we table
22 this and you sit with the exec, because you don't --
23 actually don't want to be one of those companies you
24 were mentioning earlier that don't get something built
25 with us. I would actually table it and sit with exec,

1 let's hash it out, let's see how much cash you have, how
2 much we have, and something that gets the -- the shovel
3 in the dirt like next month.

4 CHAIRMAN McCUSKER: One way to do that would
5 be to authorize the executive officers to finish the
6 negotiations and that wouldn't cost us a month, or your
7 prerogative would be to, you know, negotiate with them
8 and bring it back to the board in April.

9 MR. EGGMAN: Okay. Let's do that then, yeah?

10 MR. LEVIN: Hey, I'll take a shot at that.

11 CHAIRMAN McCUSKER: Go ahead, Mike.

12 MR. LEVIN: I -- I would move that we
13 authorize the executive committee to negotiate with the
14 developer to -- on the project to come up with numbers
15 that are acceptable and then execute said agreement
16 based on those negotiations.

17 CHAIRMAN McCUSKER: Do you want to set a cap
18 to that or are you okay that as long as it's some number
19 under this budget?

20 MR. LEVIN: Some number under this budget but
21 that is acceptable to the executive committee. I trust
22 the executive committee's decision.

23 MR. SHEAFE: Mike, would you want to add that
24 we'd work through counsel?

25 MR. LEVIN: Yes.

1 CHAIRMAN McCUSKER: I think he said that,
2 yeah. So we have a motion, I haven't heard a second
3 yet, to authorize the executive officers to finalize
4 these negotiations with HighWire and Johnny Gibson's. I
5 would need a second to that.

6 MR. SHEAFE: I will second that.

7 CHAIRMAN McCUSKER: Okay. I think -- let's do
8 -- let's do a roll call vote. Any other questions of
9 Nick or the team? I think we're out of the alley
10 business for a while. We'll pursue that Nick and there
11 might be something creative that comes out of this
12 conversation and we'll finalize with you as quickly as
13 we can our investment in your project. Any other
14 questions for the team?

15 (No oral response.)

16 CHAIRMAN McCUSKER: Okay. Brandi, call roll.

17 MS. HAGA-BLACKMAN: And, Nick, do you mind not
18 sharing your screen anymore?

19 CHAIRMAN McCUSKER: Nice job. I know you're
20 rushed and --

21 MR. EGGMAN: No, it's all right. I just hope
22 I didn't talk too fast.

23 CHAIRMAN McCUSKER: You're not nearly as
24 scatter brained as we thought you'd be.

25 (Laughter.)

1 MS. HAGA-BLACKMAN: Oh, I still see your
2 screen there --

3 MR. EGGMAN: All right.

4 MS. HAGA-BLACKMAN: -- dear.

5 MR. EGGMAN: Stop share. There we go.

6 MS. HAGA-BLACKMAN: There we go. Okay. All
7 right. Edmund Marquez.

8 MR. MARQUEZ: Aye.

9 MS. HAGA-BLACKMAN: Chris Sheafe.

10 MR. SHEAFE: Aye.

11 MS. HAGA-BLACKMAN: Mike Levin.

12 MR. LEVIN: Aye.

13 MS. HAGA-BLACKMAN: Ross McCallister.

14 MR. McCALLISTER: Aye.

15 MS. HAGA-BLACKMAN: No Jannie.

16 CHAIRMAN McCUSKER: Did we lose Jannie?

17 MS. HAGA-BLACKMAN: Yeah, it looks like it.

18 CHAIRMAN McCUSKER: Jannie dropped off. And I
19 vote aye, so that's unanimous. We still have a quorum.

20 We'll get with you guys post haste to finalize
21 this so you can get after that project. And I've toured
22 the space. I'd encourage all the Board members to walk
23 through it. It's really going to activate the patio
24 and, you know, they did a really nice job on the
25 distillery which went out of business thanks to COVID,

1 so it's a really creative use.

2 And the Gibson family has really help enable
3 these projects and they haven't asked for anything.
4 They're not looking for property tax relief, they're not
5 looking for a GPLET), not looking for a rebate, you
6 know. This is basically us helping accelerate their
7 tenants' projects. So, once again, we see new blood
8 downtown and activating spaces that would otherwise be
9 dead in the water.

10 So, Nick, standby, we'll reach out to you in
11 the next couple days.

12 MR. EGGMAN: All right. I appreciate it.

13 MS. ABBOTT: Thank you.

14 MR. EGGMAN: This was actually a lot of fun.
15 Thank you guys so much.

16 CHAIRMAN McCUSKER: Fun is hardly a word we
17 hear, but we're very grateful.

18 MR. EGGMAN: All right. Thank you.

19 CHAIRMAN McCUSKER: Okay. We lost Jannie. I
20 wanted to talk about the Presidio duplex. We could
21 probably take action in her absence. Basically, the
22 long-lived dream of activating that adobe building there
23 by the Presidio Museum is completed, the construction's
24 done. And basically, Mr. Collins, we're authorizing the
25 district to enter into a lease with the operators,

1 correct?

2 MR. COLLINS: Correct.

3 CHAIRMAN McCUSKER: Is it that simple?

4 MR. COLLINS: Well, I will prepare one, Mr.
5 Chairman, subject to the approval of the executive
6 officers, and I think we can then allow the folks at the
7 trust to do what amounts to a sublease for which
8 portions they want to use.

9 CHAIRMAN McCUSKER: All right. Let's get a
10 motion to that effect, to authorize the completion of a
11 lease and authorize the executive officers to finalize
12 the lease agreement.

13 MR. SHEAFE: I would move that we authorize
14 counsel to prepare the leases because there's more than
15 one, and authorize the executive officers to have the
16 authority to approve it -- or each lease, and finalize
17 the arrangements for the duplex.

18 MR. COLLINS: And execute the lease or leases.

19 MR. SHEAFE: Execute the leases.

20 MR. LEVIN: I would second that.

21 CHAIRMAN McCUSKER: All in favor say aye. Any
22 opposed nay.

23 (Motion made, seconded, and passed unanimously.)

24 CHAIRMAN McCUSKER: Okay. The last item on
25 the agenda is the Sunshine Mile possible action. We own

1 some 45 properties there now. We have released and
2 awarded an RFP on one section, the bungalow block. The
3 conversation now is do we want to solicit private sector
4 partners for the other parcels that have been deeded
5 over to us, specifically that's the Solot Plaza block
6 and the Friedman block. So what's the board's pleasure?

7 MR. MARQUEZ: I'll do a motion. I move that
8 we move forward with submitting RFPs via our attorney.

9 MR. LEVIN: I would second.

10 CHAIRMAN McCUSKER: Does he need to be more
11 specific, Collins?

12 MR. COLLINS: How about -- Edmund, let me
13 suggest that -- that I be authorized to solicit partners
14 for those two blocks on behalf of the board in -- in
15 conjunction with the executive officers --

16 MR. MARQUEZ: So move for --

17 MR. COLLINS: -- because it's -- it's a
18 solicitation. I'm not sure that we want to do an RFP,
19 because that -- yeah --

20 MR. MARQUEZ: Yeah.

21 MR. COLLINS: -- because an RFP is unique.

22 CHAIRMAN McCUSKER: And so it might be an RFQ
23 or some other instrument, so --

24 MR. COLLINS: Correct.

25 CHAIRMAN McCUSKER: -- your -- your rephrasing

1 just authorizes you to proceed.

2 MR. COLLINS: Yes.

3 MR. MARQUEZ: Yeah, so amended.

4 MR. LEVIN: And then I second.

5 CHAIRMAN McCUSKER: Say so moved, Edmund, you

6 --

7 MR. MARQUEZ: So moved.

8 CHAIRMAN McCUSKER: There you go. Somebody

9 second that.

10 MR. LEVIN: Second.

11 CHAIRMAN McCUSKER: Okay. Brandi, let's call

12 the roll.

13 MS. HAGA-BLACKMAN: Edmund Marquez.

14 MR. MARQUEZ: Aye.

15 MS. HAGA-BLACKMAN: Mike Levin.

16 MR. LEVIN: Aye.

17 MS. HAGA-BLACKMAN: Chris Sheafe.

18 MR. SHEAFE: Aye.

19 MS. HAGA-BLACKMAN: Ross McCallister.

20 MR. McCALLISTER: Aye.

21 MS. HAGA-BLACKMAN: Fletcher McCusker.

22 CHAIRMAN McCUSKER: Aye.

23 So what we're doing here now is we're going to
24 advertise, solicit private sector partners that have an
25 interest in developing any or all of those parcels, and

1 I think there are 32 separately-deeded buildings in that
2 section. We have some commitments out to places like
3 Lerua's, but we can address all that in this document
4 that you're going to prepare, Mr. Collins, that solicits
5 --

6 MR. COLLINS: Yeah.

7 CHAIRMAN McCUSKER: -- the development
8 partners who hopefully have a checkbook. That's the
9 objective here is to have someone share in the economics
10 with us. So I think we have drafts of those as to --
11 this should move along pretty quickly. We should have
12 this out in the next couple weeks.

13 So, Ross, you survived your first Rio Nuevo
14 meeting.

15 MR. McCALLISTER: Roger that.

16 CHAIRMAN McCUSKER: I think I touched
17 everything on the agenda. Did I leave anything out?

18 MR. MARQUEZ: No, you're good.

19 CHAIRMAN McCUSKER: No, I'm good. May I have
20 a motion to adjourn?

21 MR. MARQUEZ: So moved.

22 MR. LEVIN: Second.

23 CHAIRMAN McCUSKER: All in favor say aye.

24 (Motion made, seconded, and passed unanimously.)

25 CHAIRMAN McCUSKER: Thank you, everyone.

1 MR. SHEAFE: Thanks, everybody.

2 MR. McCALLISTER: Thank you.

3 MR. MARQUEZ: Thank you.

4 (Conclusion of the meeting.)

5