

In The Matter Of:

*Rio Nuevo
Board Meeting*

*6/24/25
June 24, 2025*

*Fink & Associates
6095 E Grant Road
Tucson, AZ 85712*

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<p style="text-align: center;">RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT</p> <p style="text-align: center;">BOARD MEETING VIA ZOOM Tucson, Arizona June 24,. 2025 1:00 p.m.</p> <p>REPORTED BY: Thomas A. Woppert, RPR AZ CCR No. 50476</p> <hr/> <p style="text-align: center;">FINK & ASSOCIATES 6095 East Grant Road Tucson, Arizona 85712 (520)624-8644</p>	<p style="text-align: right;">Page 3</p> <p>1 CHAIRMAN McCUSKER: I'm going to call the 2 meeting to order. 3 Happy June, everyone. This is the 24th Rio 4 Nuevo meeting. 5 Brandi, if you can launch our virtual flag. 6 (Pledge of Allegiance) 7 CHAIRMAN McCUSKER: Brandi, will you call the 8 roll, please. 9 MS. HAGA-BLACKMAN: Corky Poster. 10 MR. POSTER: I'm here. 11 MS. HAGA-BLACKMAN: Jannie Cox. 12 MS. COX: Here. 13 MS. HAGA-BLACKMAN: Richard Oseran. 14 MR. OSERAN: Here. 15 MS. HAGA-BLACKMAN: Chris Sheafe. 16 MR. SHEAFE: Here. 17 MS. HAGA-BLACKMAN: Edmund Marquez. 18 MR. MARQUEZ: Here. 19 CHAIRMAN McCUSKER: And, Brandi, Huna, I see 20 Shay in the attendee side. 21 MR. HAMMOND: I'll move her over. 22 CHAIRMAN McCUSKER: And Taunya is vacationing. 23 Mike is vacationing. 24 There's Shay. 25 MR. SHEAFE: Add Shay. She's here now.</p>
<p style="text-align: right;">Page 2</p> <p>1 BOARD MEMBERS PRESENT: 2 Fletcher McCusker, Chair 3 Edmund Marquez, Vice Chair 4 Chris Sheafe, Treasurer 5 Jannie Cox 6 Shay Jimenez 7 Richard Oseran 8 Corky Poster 9 10 ALSO PRESENT: 11 Ms. Brandi Haga-Blackman, Administrative Director 12 Mr. Timothy Medcoff, Board Counsel 13 Mr. Dan Meyers, CFO 14 * * * * 15 16 BE IT REMEMBERED that a meeting of the Board of 17 Directors of the Rio Nuevo Multipurpose Facilities 18 District was held via ZOOM, in the City of Tucson, State 19 of Arizona, before THOMAS A. WOPPERT, RPR, Certified 20 Reporter No. 50476, on the 24th day of Junne 2025, 21 commencing at the hour of 1:00 p.m. 22 23 24 25</p>	<p style="text-align: right;">Page 4</p> <p>1 CHAIRMAN McCUSKER: Yeah. 2 All right. This is for attendees. We have a 3 dozen or so on early. We always go into executive session 4 first. That typically takes us about an hour, so we'll be 5 back in the public session promptly at 2:00. You can stay 6 here and leave and come back or you can log off and log 7 back in. 8 So having said that, I need a motion to recess 9 to exec. 10 MS. COX: So moved. 11 MR. SHEAFE: Second. 12 CHAIRMAN McCUSKER: All in favor say aye. 13 (Motion made, seconded and passed unanimously). 14 CHAIRMAN McCUSKER: Okay. For members, click 15 out of this meeting, click on the executive session link. 16 And, attendees, we'll see you here in 50 17 minutes. 18 (Board in Executive Session) 19 CHAIRMAN McCUSKER: I need a motion to 20 reconvene. 21 MS. COX: So moved. 22 CHAIRMAN McCUSKER: Second that, please. 23 MR. MARQUEZ: Second. 24 CHAIRMAN McCUSKER: Who was that. 25 MR. MARQUEZ: Edmund.</p>

<p style="text-align: right;">Page 5</p> <p>1 CHAIRMAN McCUSKER: All in favor say aye. 2 (Motion made, seconded and passed unanimously). 3 CHAIRMAN McCUSKER: We've got an echo coming 4 from somewhere. 5 Chris, you -- you were the last one to log on. 6 It seems to be gone now. 7 Edmund, say something. 8 MR. MARQUEZ: Hello. 9 CHAIRMAN McCUSKER: Okay. Sounds good. 10 Thank you, everyone. Thanks for your patience 11 during exec. We're pretty much on time. 12 There's a lot to cover in today's meeting. 13 Some things that we've covered we're going to re-cover as 14 we continue to educate many new Rio Nuevo followers about 15 how we operate, what our statutory mandate is, moreover, 16 what our statutory limits are. 17 I think we're a better board because of it. 18 You'll see our agendas are a little more descriptive about 19 what we're thinking about, what we might do. We've also 20 built now into permanent policy at least a two-week lag 21 between presentation of an item and approval of an item. 22 We're also developing a way for the public to comment 23 between meetings so you don't have to just limit yourself 24 to three minutes in a public meeting. And all that will 25 come together probably starting with our new fiscal year,</p>	<p style="text-align: right;">Page 7</p> <p>1 giving away tax handouts to people that don't deserve it. 2 So if we wanted to, we couldn't do that, because there are 3 too many restraints and too many accountable measures on 4 us that would prevent us from doing that. Chief among 5 those is the fact that none of us have any term limits, so 6 if the legislature thinks we are running astray, they can 7 fire us this afternoon. 8 One thing that we don't talk a lot about is the 9 obligation for us -- we're going to talk about the Moxy 10 again today. We've had a lot of commentary about the 11 Moxy, you know, why would you give so much money to 12 somebody who obviously could afford to do the deal by 13 themselves. One of the things we're required to do is to 14 have a third-party opinion about the tax benefits from any 15 transaction we do. That includes the government lease. 16 That opinion has to demonstrate to the state that the 17 taxpayer has a greater benefit from any deal that we do 18 than the developer does, and that's especially true of 19 hotel transactions. 20 If you look at the money we've invested in 21 hotels, it's a lot of money, but it's a very small 22 percentage of the overall cost of building a hotel. And 23 what you'll hear from Mr. Stiteler today and Obie when 24 they get ready to discuss their hotel is the gap that we 25 fill is the gap that finances the project. Lenders want t</p>
<p style="text-align: right;">Page 6</p> <p>1 July 1st. 2 This is also our official budget day. Just 3 like the city and the county and the state, we go into a 4 budgetary hearing. We go through every line item in our 5 budget, discuss, debate that as a board. The public have 6 the opportunity to comment on that. Then ultimately we're 7 obliged to approve a budget so we can disseminate that to 8 the state. 9 Let me remind everyone that we are a state 10 agency. We receive a portion of sales tax, TPT tax, to 11 reinvest in our projects, so we are appointed by the 12 speaker, the president and the governor. We report to the 13 joint legislative budget committee. Any project we do 14 over \$500,000 in fact has to be approved by the 15 legislature, so we don't get to just run amuck here. 16 All these laws were put in place in 2011, 2012 17 before most of us were appointed to the board to rein in 18 the former Rio Nuevo, which was indeed a boondoggle. But 19 we're audited by the auditor general. We have to submit 20 an independent audit every day. All of those things are 21 available on our website. 22 Moreover, we post every check we write and 23 every agreement that we write to the website. We're not 24 very good about communicating that, obviously, because 25 many of the concerns raised recently are about us just</p>	<p style="text-align: right;">Page 8</p> <p>1 see some improvement in debt coverage ratios, particularly 2 in blighted downtowns. We're still considered blighted. 3 So in order to attract a commercial lender, we obviously 4 put some skin in the game along with the developer to 5 provide for that exercise. 6 We could not do that and we could not do that 7 today for the Moxy unless we can prove through a 8 third-party evaluation that the benefit to the taxpayer is 9 greater than the benefit to the developer. 10 You can thank Senator Vince Leach for most of 11 this legislation, which was implemented in 2011, 2012 when 12 the state seized the Rio Nuevo District from the city. We 13 still are bound by those laws today and you're going to 14 hear from us today on some ideas we have to better 15 communicate all of that so that all of you can be assured 16 we're not just pissing away your state tax dollars. 17 I probably can't say that in a public meeting, 18 but I did. 19 Dan, let's launch your financial report, and 20 then we're going to move to the budget. 21 MR. MEYERS: Okay. This is Dan Meyers. I'm 22 the CFO here at Rio Nuevo. 23 At the end of May, we had about \$10.5 million 24 in our operating accounts that were available for 25 spending. 731,000 of that is restricted to make the debt</p>

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1 service payment on June 1st leaving about \$9.8 million
2 available.

3 We were unable to get some rebates transferred
4 at the end of May, so we subtracted \$125,000 from that,
5 and then we pretty much protect a cash flow of \$350,000 a
6 month. And since these -- this report is based on a year
7 out, that's \$4.2 million giving us projected cash
8 available of about 13.9 million.

9 On the second page, you'll see our projects,
10 18.7 committed, about 7.2 million already paid leaving a
11 balance of about 11.5 million. Again, since we're going
12 12 months out, some of our commitments, estimated to be
13 about 1.5 million, will be outside of that one year, so
14 when comparing \$10 million worth of projected cash outflow
15 for our committed projects as opposed to \$13.9 million
16 available, we've got a balance of close to \$4 million for
17 future projects.

18 Our April TIF revenue was 1.726 million. For
19 our next year's budget, we're projecting 1.6, so when we
20 get to the budget thing, I think this pretty much confirms
21 that we're budget conservative and, you know, we hope
22 these grow as more of our projects come on board.

23 Our fiscal year to date average for TIF revenue
24 is 1.623 million, so, again, that -- I think that
25 validates our 1.6 million for next year's budget.

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1 If you want to flip the page and look at our
2 list of current projects, some of these have been wrapped
3 up and will be falling off the schedule next year.
4 Anything in bold are the projects that are falling outside
5 of the one year timeline. For example, Indoor Football
6 League, we've got two installments remaining on that, so
7 half of that 666 will be the next fiscal year.

8 Do we want to take time to go through this or
9 do we want to wait until we get the actual budget,
10 which --

11 **CHAIRMAN McCUSKER:** At the risk of sounding
12 defensive, I do want to point out that I think all but one
13 of those projects are local, small, minority, female-owned
14 businesses, which have always been on your bread and
15 butter, so we take great offense to the, you know,
16 comments that all we're doing is supporting these big,
17 ultra wealthy, out of state, out of town developers.
18 There's probably no organization anywhere in the state
19 that's done more for local operators than Rio Nuevo. And
20 you can tell by these commitments that's the means under
21 which we've more than doubled our tax base, investing in
22 small, local operators.

23 Now, it is true that the substantial majority
24 of these projects are in food and beverage, that, you
25 know, we've added some 45 restaurants to the downtown and

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1 Broadway corridor and we've now added, you know, four or
2 five hotels in there. But you can see some important
3 projects there like the skate park, the Sosa-Carrillo
4 House, the children's museum that are not necessarily
5 revenue producing; contracts, the amount of money we
6 invest in downtown security, et cetera. So we're much
7 bigger than just -- our intention is much bigger than just
8 standing up a bunch of hotels.

9 Any questions for Dan?
10 (No oral response)

11 **CHAIRMAN McCUSKER:** I think it gives you some
12 comfort on the 1.6 number we're going to slow you here in
13 a minute for the budget. The commitments that have been
14 committed to, we're obligated to fund those.

15 Dan, if you go back and just look at how much
16 money is left over in terms of -- as we think about the
17 new year.

18 Bring that last page back up, Brandi.
19 So you end up at --

20 **MR. MEYERS:** Want to go to the first page,
21 Brandi?

22 **CHAIRMAN McCUSKER:** Yeah. Where does it show
23 the money that's --

24 **MR. MEYERS:** \$13.9 million, you know, available
25 a year out and about \$10 million of current projects on

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1 the books remain to be paid.

2 **CHAIRMAN McCUSKER:** So the point being we're
3 deficit spending. We're spending money that's been built
4 up this year, we're spending more than we're going to
5 collect next year to fund those projects plus a few more
6 that might come online.

7 **MR. SHEAFE:** We can show that the easiest way
8 when we look at the budget, Fletcher.

9 **MR. POSTER:** Fletcher this is, Corky. There's
10 one comment I wanted to add. You said these are our
11 commitments of the Rio Nuevo board. They are commitments,
12 but they are conditional commitments conditioned upon the
13 actions and behavior and completion of projects by the
14 applicant, so it's not like our money is sitting in their
15 bank account. We're waiting for them to do what they
16 said, and if they do, then we will honor our commitments.
17 I think that's important.

18 **CHAIRMAN McCUSKER:** It's an important
19 correction, because we are the last money in in any one of
20 these projects. So, you know, we do commit, but you're
21 right, Corky, they're obligated for a whole pile of
22 deliverables.

23 We've never been hard nosed about that. We
24 have some developments that take three years, four years,
25 we have some that are done in six months, nine months.

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1 We've never really had a do it or die conversation with a
2 development partner. And we had some challenges in that
3 regard, you know, not the which of least is one of your
4 favorite projects, the Bungalow Block. You know, it's
5 still sitting there undeveloped. You know, could we,
6 should we be more demanding of our development partners?
7 You know, they've always got a great reason that they
8 haven't been able to complete their project. We tend to
9 be super lenient, particularly with local, small
10 operators.
11 **MR. SHEAFE:** Brandi and Peter on that
12 particular example say they've got six tenants and their
13 holdup is purely processing fees and getting approvals out
14 of the city, so haven't we gone and tested that, but
15 that's the story we've gotten quite recently.
16 **CHAIRMAN McCUSKER:** Yeah, we've been super
17 challenged, particularly because we have so many
18 historical properties. They seem to take longer than
19 everything.
20 It's quite impressive how quickly Trader Joe's
21 moved along. It was under an NDA, but it was a very
22 fascinating process to watch. Traders Joe's would not
23 sign their lease until they had city permits. Trader
24 Joe's would not sign their lease until the city issued
25 their permits, so that was probably the fastest project

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1 we've seen move in the downtown corridor. But, again,
2 this is really developer -- we've never found a way to
3 influenc the process other than to make our money
4 available.
5 Nothing else for Dan, we'll move to the budget.
6 So this is an actual hearing. I would need a
7 motion to recess the regular meeting and to convene a
8 special hearing on the 25-26 budget.
9 **MR. SHEAFE:** So moved.
10 **MR. POSTER:** I'll second it.
11 **CHAIRMAN McCUSKER:** Okay. So we're adjourning
12 the regular meeting. I'm going to call the hearing to
13 order on the 2025-26 annual budget.
14 We are a fiscal year government agency just
15 like the state, county and city. We budget from July 1st
16 to June 30th. We have to do this today, because we have
17 to submit our budget to the state so they can finish their
18 budget up there for the current fiscal year.
19 We've got a couple of things for you to look
20 at.
21 Brandi, we might have to flip between two
22 documents. We have a budget presentation that Dan will
23 walk us through line item by line item, we've also tied
24 the budget to the master plan so we can actually discuss
25 in public the current status of the master plan

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1 and dollars that have been committed to our master
2 planning.
3 We've never done this before and I'm not sure
4 that I have a plan to do it that's not a little messy,
5 because you might want to --
6 Well, let me ask the question. Do you want to
7 look at the master plan and dollars committed to that
8 first or do you want to go through line item by line item
9 and then see how --
10 **MR. SHEAFE:** Actually let me suggest a little
11 different. I think what I'd like to see happen is Dan
12 give the global view of what we covered the last time as
13 to where our income projections are coming from, what is
14 our -- and this is how we set the budget format up.
15 The next thing is what are our operating fixed
16 costs and all the things that we deal with operationally.
17 And then the third item is what does that leave
18 for supporting projects, and then talk about the projects
19 that we currently have in the system, including a bunch of
20 projects.
21 And this sort of answers your question,
22 Fletcher, what projects are in there that make up the
23 million and a half but also what projects don't we show
24 but we know are coming, and then where does that leave us
25 if this budget were to occur as it's laid out at the end

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1 of the year and what is the global result from that.
2 And I think if we cover that, then people have
3 a general understanding of what we're looking at for our
4 economics, and then we could entertain questions about any
5 detail in there that gets us to that. But we need to
6 cover the master stuff.
7 And, again, it's where our income comes from,
8 how much are we using for our overhead, what remains for
9 projects, what are our assumed projects in the budget and
10 where does that leave us at the end of the year. Then be
11 sure and point out that 10 million at the beginning of the
12 year, okay?
13 **CHAIRMAN McCUSKER:** That's a great plan. Let
14 me remind the board that what you're seeing today is a
15 draft budget that's prepared by Dan. A number of us have
16 had input into the budget, including executive officers
17 and non-executive members, so Dan's been the keeper of
18 that input and today would be the first time we're seeing
19 it as a group because of the open meeting law constraints.
20 So in the spirit of --
21 **MR. POSTER:** Mr. Chairman, Chris's suggestion
22 didn't answer your question, because he never put in that
23 sequence of events where the master plan might go. I'm
24 suggesting that we might want to start the conversation
25 with a very brief overview of the topics in our master

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1 plan so those folks in the audience might -- who I'm
2 certain haven't studied it in great detail -- might get a
3 sense of what we have laid out in terms of our goals and
4 objectives for the coming year.

5 **MR. SHEAFE:** Corky, in respect to you, because
6 I know that that was an important issue for that, Dan's
7 going to reference as he goes through those elements
8 issues that are related to the master plan.

9 **MR. POSTER:** Okay. Thank you.

10 **MR. SHEAFE:** We put a number in there for the
11 small business allocation, you'll see it listed in there,
12 and we doubled it. And that was specifically because of
13 the master plan.

14 **MR. POSTER:** I guess my point is, Chris, if
15 there's something in the budget -- I understand there's
16 something in the budget that corresponds to an element of
17 the master plan, but if there's something in the budget --
18 if there's an item in the master plan that doesn't appear
19 in the budget, that doing it that way would never show us
20 that; right?

21 **MR. SHEAFE:** (Inaudible) ask questions, too,
22 because we want to make sure that we're, you know,
23 including that. It's a valid point. We put a lot of time
24 and effort into the master plan.

25 **CHAIRMAN McCUSKER:** It would only take a minute

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1 for us to -- and Brandi has it -- to pull up the master
2 plan and just refresh our memory and to show new
3 participants. There are 15 items in the plan. We can
4 just kind of click through them in the major categories,
5 and then there are a number of them now that tie directly
6 to the budget.

7 So, Mr. Sheafe, if you want to indulge Corky,
8 we can pull the master plan document up first.

9 Brandi.

10 And this was completed at the end of last year,
11 so we're not -- we're a half a year into our master plan.

12 Can you expand that?

13 **MS. HAGA-BLACKMAN:** Maybe.

14 Does that look better?

15 **CHAIRMAN McCUSKER:** Okay. I'm going to whip
16 through it. We're not going to have a lot of chance to
17 discuss it in depth, but it's basically a reminder of the
18 work we did collectively a year ago.

19 Go back up, Brandi, so we pick up the heading.

20 Item number one, work to increase our funding,
21 we do have commitment to our lobbyists. As I've been
22 advised, this is not the year to approach this legislature
23 on trying to increase our appropriation, so we have
24 voluntarily elected not to pursue that in the current
25 legislative session.

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1 Item number 1.2, I believe the board has spoken
2 as to your desire not to create any additional debt.

3 Number 2, you can see we invest a lot
4 of dollars.

5 Slide down into public safety. That's
6 increased quite dramatically. Now we're approaching a
7 million dollars a year of our budget into public safety.

8 Transportation, you're going to see some
9 changes in the budget, some suggestions from us to
10 terminate the valet service and look at some of the other
11 things we talked about in the planning sessions and commit
12 some dollars to that, namely two of those items, maybe
13 three.

14 Housing, other than us selling one lot to La
15 Frontera, we've not been able to really impact the
16 affordable housing market, one, because we don't own a lot
17 of land, two, we don't have a lot of money and we haven't
18 really been able to approach the lenders, because you have
19 to have a specific project. So probably the most
20 disappointing thing about our planning six months ago is
21 probably going to be the affordable housing area.

22 The convention center, we've done a great job
23 on the other hand with that. I think you heard us tease
24 we have a brand-name sponsor coming in for that. That
25 will be entertained in August. That income will more than

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1 support the projects that are on this list.

2 As Chris mentioned, we really like the small
3 grant program, item number six, that we initiated last
4 year. We're asking the board to double that in the new
5 year.

6 We do indeed have a hotel development item. It
7 mentions Obie, the Ronstadt Center, other possible hotels.
8 Of course, the Moxy has been a pleasant surprise in item
9 number seven.

10 Number eight, marketing to downtown, we do have
11 some collaborative budgets with Tucson Foodie, with Visit
12 Tucson, with the Downtown Tucson Partnership. The DTP
13 runs the downtown calendar.

14 Item nine, we've not spent any money nor have
15 we spent any real effort on Corky's idea to really look at
16 the Country Club to Park Place. You'll see an item in the
17 budget to bring back the Project for Public Spaces.

18 Ten, restaurant and retail development, we
19 wanted to accelerate food and beverage projects. There's
20 some commentary now that maybe we have too many
21 restaurants. We certainly can revisit that, but item 10.4
22 challenged us to look for new restaurant opportunities to
23 continue to funds outdoor dining, look for retail. We've
24 been generally unsuccessful.

25 Item number 11 solved itself when the

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1 community -- the city decided to leave the base of A
2 Mountain as open space.
3 Increase Rio Nuevo's staff, we're not going to
4 discuss that in the context of the budget, but we are
5 going to have a study session regarding staff and the
6 value of a CEO.
7 Events downtown, we spend a million dollars a
8 year now in promoting our downtown events. Some people
9 might suggest to you that there might be too many downtown
10 events. Some of them might be in fact disruptive.
11 The grocery store was exclusive to Trader
12 Joe's. We have indeed done that. If you've driven by
13 there lately, that's going up very quickly. We did and
14 have helped Gibson Market expand and modernize their
15 property, so we're doing pretty well on the grocery
16 development side.
17 Urban planning, I would say we've been
18 generally unsuccessful in facilitating any accelerated
19 developing planning. We continue to talk to the city.
20 Corky is a huge resource when we need him to help run some
21 interference with the city.
22 So that was 15 items that we discussed a year
23 ago. Some of them have developed some negative energy, I
24 would say, around the number of food and beverage spaces
25 in the downtown core and the continued investment in very

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1 expensive hotels.
2 **MR. SHEAFE:** Dan, do you want to pick it up
3 now?
4 **CHAIRMAN McCUSKER:** So let's go into the actual
5 budget.
6 **MR. MEYERS:** Okay. So keep in mind that this
7 was presented --
8 **CHAIRMAN McCUSKER:** Let Brandi get it up.
9 Here we go.
10 **MR. MEYERS:** We went over this two weeks ago at
11 the board meeting. The numbers have tried up some. We'll
12 just kind of go through this, and stop me if you have any
13 questions along the way.
14 Like we spoke about a few minutes ago, we're
15 assuming the revenue of \$1.6 million per month, which is
16 \$19.2 million annually. We subtract from that the rebates
17 that we pay out as we collect TPT for certain projects,
18 and that should be about \$1.8 million a year. And then we
19 try and put some money aside, because as you see, we go
20 through this budget. We're going to go through it very
21 quickly this year. We want to make sure we keep reserves
22 on hand. So that really gives us a net of \$16.2 million
23 to start with.
24 We've got a little bit of rental income from
25 the Greyhound Depot. And our interest income is

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1 significant, because we have many accounts at Bank of
2 Oklahoma Trust for deposits, for debt service for where we
3 hold our revenue as it comes in. And, of course, that's
4 all contingent on interest rates, but right now I project
5 that to be \$780,000.
6 We typically do not receive that. That kind of
7 goes and offsets our monthly debt service, which will be
8 reset August 1st, but -- so total budget income of about
9 \$17 million.
10 We can go down the operating expenses. Those
11 are pretty much consistent from year to year. There's a
12 couple of things I wanted to point out that we've added
13 that Fletcher may have mentioned.
14 We see the public relations of \$50,000 again
15 just to get our word out better and people understand more
16 what Rio Nuevo does.
17 Fletcher mentioned the BPS for \$50,000 to do
18 the study on -- from Country Club out to Park Mall. We're
19 assisting with an audit from one of our merchants and we
20 really want to upgrade our website.
21 So those are four or five items there that
22 we're going to have in this year's budget.
23 **MR. POSTER:** Dan, can you explain the red- blue
24 code?
25 **MR. MEYERS:** The red is brands new, stuff we've

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1 never done before. Blue is stuff that has changed from
2 our last meeting, the last time I presented this.
3 **MR. POSTER:** Thank you.
4 **MR. MEYERS:** Okay. And then the big item was
5 the (inaudible). That's what we pay downtown
6 development -- Tucson Partnership that take of our
7 beautiful downtown.
8 So I've got \$1.6 million leaving \$15.4 million
9 to fund our debt service and our commitments. The debt
10 service, we have \$9 million annually for 2019 bonds, the
11 Greyhound bonds are \$260 annually, and we've got to take
12 out a loan for some significant IT changes and
13 improvements down at TCC. That's about 309,000. So our
14 debt service is about \$9.6 million a year, and that leaves
15 about \$5.8 million for our commitments.
16 Under that you see an extensive list of our
17 commitments. Fletcher mentioned events and sponsorships.
18 He mentioned downtown security. We've got some parking
19 assistance we'll be laying down this year, and then we've
20 got a few other commitments that are new.
21 We've got the final installment of the Congress
22 Street Block commitment. We gave the Fox \$2 million to
23 get them going and we're down to owing them less than
24 5,000 now. Empire Pizza is progressing a little slowly.
25 Again, the Bata Patio, they kind of want to refine their

1 request a little bit. Herbert's Deli, the Annex
2 Commissary, those are all the same entity we've helped
3 over the years.
4 Trader Joe's Fletcher mentioned earlier. That
5 should come to fruition within about a year. Thunder
6 Bacon, we're waiting on getting that commitment completed.
7 The Roger, \$750,000, Cold Beer & Cheeseburgers, we've got
8 a million dollar commitment on that, 500,000 due looks
9 like July and then another 500,000 falls outside of this
10 budget year.
11 We've got several projects that we heard about
12 that we haven't made any firm commitment on yet. It looks
13 like that Punchline pretty much fell apart. Then we've
14 got the Obie Hotel, the Moxy Hotel, the La Buhardilla
15 Block and the Freidman Block. We're working on those.
16 We mentioned earlier the \$500,000 for small
17 business grants doubled from last year. The El Presidio
18 Neighborhood looks like it's going to be wrapped up and
19 pretty much paid for in the next couple days. The Indian
20 Trading Post, that thing's moving along nicely and is
21 anticipated to be completed by June 30th of next year.
22 Not really sure what the status of Obon is. We
23 anticipate it being done by June 30th of next year.
24 Zeke's Pizza and Coffee just got wrapped up. Copal, they
25 made a request and we're working through it. We've got a

1 couple of Gibsons Food Hall, one of which will just be
2 completed and be funded between now and the end of the
3 next couple days.
4 We've got \$150,000 in there for murals that
5 seem to be a rousing success. We've still got some time
6 to assist the Tucson Roadrunners with their lease to keep
7 them in town. We've got some significant investment in
8 the Sosa-Carrillo house plus a match, and we're still
9 waiting to kind of get the details on those, so there may
10 be a little wiggle room in those numbers as far as when
11 they're going to be completed.
12 We've got a commitment to the Tucson Children's
13 Museum that again falls outside of the next fiscal year.
14 And I was just notified that the skate park is going to
15 fall outside the next fiscal year. We've got a new item
16 on our budget to assist the Mission Garden.
17 And we spoke earlier about the Indoor Football
18 League championship, year two of a three-year commitment.
19 And we've got a couple of small parking things that we
20 committed to that will winding down.
21 Again, our master plan talks about parking in
22 Tucson, so we've got two new items in there that we
23 anticipate doing, and then we've some more parking with an
24 annual contract with Pima County.
25 So that uses up about 11.5 thousand (sic) and

1 we only have about 5.8 million, so here we're going to
2 have a deficit without any new projects on this list yet
3 of about \$5.7 million.
4 We knew these were coming at us. You know,
5 they've been planned out and we've been hanging onto our
6 cash until these things actually come to fruition.
7 It appears we're going to have \$10 million in
8 our accounts at the end of June, so subtracting that
9 deficit from the \$10 million, we anticipate having about
10 \$4.3 million to spend on projects for the next year.
11 **MR. SHEAFE:** That's a key thing to focus on.
12 And we talked about this several weeks ago. But you see
13 at the very beginning of this, one of the income items is
14 780,000 in interest. That won't be there if we get rid of
15 all the money that we're drawing the interest from. So
16 those two numbers that you're looking at there, starting
17 in June of '25, you've got roughly 10 million, and June of
18 '26, you've got 4.3 million, so we've overspent by the
19 difference.
20 And that is not suggesting that we change
21 anything in this budget, and there's a number of things in
22 there that will change, but we need to pay attention to
23 the fact that we are living beyond our means right now.
24 And we even upped our income from 1.4 to 1.6 per month.
25 So we've tried to give ourselves all the benefit that we

1 can.
2 Now, admittedly 100,000 of that every month is
3 going to set up some reserve, but that won't be much of a
4 reserve for the size of what we've got. You'll see the
5 very last line down there, estimated balance. That
6 1.2 million isn't achieved until a year from now goes by
7 and everything else is met.
8 The two things that I see that are bothersome
9 just from my own personal philosophy is that we're -- we
10 keep -- we said, well, we're going to take a
11 million dollars and put it into non-productive items, but
12 if you go through this budget, we keep adding more things
13 outside that million dollars and we're spending a greater
14 and greater amount of our money on things that don't
15 produce revenue directly in starting new businesses.
16 And I think, for example, when we go to the
17 Project for Public Spaces, Corky, it's nice to get a big
18 study, but if we don't have any money to implement it,
19 it's almost, you know, inconsequential as to what we can
20 achieve. So it's going to be very important that we very
21 strategically think through the year how we're going to
22 (inaudible) '27 year route based on what we're learning
23 here, because we can't continue to do what we're doing.
24 We'll get away with it for this year, but unless we go
25 out -- Fletcher's suggestion has been that we borrow a lot

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1 of money, if that were one way to do it. Another way to
2 do it is to bring our expenditures in line with our income
3 and live within our means, but it really comes down to
4 that, too.

5 So here's our budget. It's our best guess at
6 the moment. Dan's done a terrific job of putting this
7 together. He explained what the red and the blue means.
8 There's been a lot of little changes, but we're about -- I
9 won't be participating, but if we make the commitment on
10 the Moxy, which, by the way, won't hit in this next year,
11 that is going to change that number for the following
12 year, because it will be a pretty good sized hit, and
13 that's in there right now at zero.

14 **MR. MARQUEZ:** The Moxy's pushed out two years,
15 so it wouldn't show up in '26 '27 either.

16 **MR. SHEAFE:** Yeah.

17 **CHAIRMAN McCUSKER:** Chris, what's your thinking
18 on the reserve?

19 **MR. SHEAFE:** Well, you know, when we needed the
20 reserve the last time, we went through 5 million. And
21 that was when we were operating at a much more
22 condensed -- so I think we just keep putting 100,000 aside
23 and keep building that up. And if you were to ask me what
24 should it be built up to, I'd say you shouldn't mess with
25 it until you get at least to 5 million, because if we hit

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1 another, you know, what I call a black Swan event, the way
2 we're using cash, it wouldn't be very difficult to use
3 that up rather quickly.

4 For example, when we went through COVID, our
5 overhead expenditures were running about 50 percent of
6 what they are now.

7 **MR. MARQUEZ:** So your end number is-- it's 4.3
8 million plus we'll have the 1.2 million in reserve, right?

9 **MR. SHEAFE:** Yes.

10 **MR. MARQUEZ:** All right.

11 **MR. POSTER:** What this budget does not project
12 nor can it reasonably do so is that as we bring all of
13 these projects on line, our stated mission is the reason
14 we're spending money on line on these projects that come
15 on line is that they will produce more revenue, so we do
16 not have any mechanism for projecting additional revenue
17 above our 1.6 million monthly revenue --

18 **MR. SHEAFE:** Well, we do, Corky, because what
19 we did when we projected this was take our monthly income
20 and take it from 1.4 to 1.6, so we're picking up a lot of
21 those new income streams. And maybe next year, if
22 everything were to happen, we would maybe be able to take
23 that to 1.7. But that won't with solve the problem that
24 we're going to get our ourselves into in about a year.

25 **MR. POSTER:** Last month it was 1.7, and if

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1 there's any logic to what happened last year, then during
2 the course of the year it may go to 1.8, 1.9, 2.0, because
3 these projects that are now -- that we have funded in
4 black letters in our budget are coming on line and
5 producing sales tax.

6 **MR. SHEAFE:** Well, that's why we have to always
7 be thinking about this. But remember we're also bringing
8 projects in and working GPLETs where in effect we're not
9 putting money out, but we're also keeping away that future
10 tax revenue. So we have to be thoughtful about that, and
11 Dan's doing his best to project those things.

12 The reality is we either develop the discipline
13 to live within our budget or we don't.

14 **MR. MARQUEZ:** The \$780,000 doesn't go away ail
15 at once either. It's reduced by about 55 percent. And
16 also we're not going to go from 10 million down to 4.3
17 with cash on hand immediately. It's going to take time to
18 get there. So the 780 doesn't go away all together.

19 **MR. SHEAFE:** One of the things that we have to
20 look is what investment are we making sometimes in
21 relation to how much is that business going to generate.

22 Edmund's been very effective in pointing that
23 out, where we're being asked to put, you know, 800,000
24 into a business that's going to give us 40,000 a year.
25 That's just out of balance and we need to sometimes look

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1 at it and say, you know what, based on the revenue
2 possibilities that the district will get, we probably
3 shouldn't put more than maybe two to three years multiple
4 against the revenue stream. And that assumes that they're
5 successful.

6 **MR. MARQUEZ:** Yeah. We're also squeezing
7 ourselves a bit in the costs here, so, Dan, if you scroll
8 up or Brandi a little bit, not to pick on them, but like
9 mission Garden assistance is already in the budget, but it
10 hasn't been presented to us, we haven't seen the economics
11 of it, et cetera, and we're already adding it into our
12 budget, so we are squeezing ourselves a bit in the budget
13 here just for us looking at it.

14 **MR. SHEAFE:** Well, when those things come, if
15 we decide not to do that, we'll pull it back out.

16 **CHAIRMAN McCUSKER:** So go to the marketing --

17 **MS. COX:** I have a comment, please, that PPS,
18 although I think the world of PPS and they might play a
19 great role in helping us make decisions about what to do
20 between Country Club and Park Place Mall or the end of our
21 district, \$50,000, it's -- it just seems \$50,000 is a
22 fraction of what it's going to cost to have PPS do that
23 work for us.

24 **MR. MARQUEZ:** Also between Country Club and
25 let's call it O'Reilly Chevrolet, we don't own properties.

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1 The reason why we brought on PPS is because we had four
2 different batches of properties that we now own, so this
3 is the first I'm hearing of PPS besides, I mean, just in
4 the budget conversation.

5 **MR. SHEAFE:** From a budget point of view, we
6 have other things in there and this isn't the time to
7 debate they. We'll do them one at a time. But you've got
8 ride share subsidy, 100,000, Park Tucson, 50,000, you
9 know, PPS, 50 000. If you start adding those up and say,
10 you know what, maybe we take a large amount of money --
11 maybe a mural project would be instead of 150, 50. There
12 are ways to pull this, but we have to collectively decide
13 we're going to do that. So our job is to present what's
14 happening and what people are talking about and just lay
15 that out so we stimulate these discussions.

16 The thing that I wanted to push is simply to
17 understand that we're way overspending our income. And
18 we've got enough in there that we can get away with it
19 this year, but we're not going to get away doing what
20 we're doing right now for very much longer.

21 **MR. POSTER:** One thing that is really important
22 to me is that we can't budget, you know, what's going to
23 happen this year, what's going to happen next year. Part
24 of our budget needs to look way forward in the future. I
25 drive up and down Broadway a lot and from Craycroft to

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1 Country Club there must be 50 PICOR available signs on
2 various properties along the way. So part of our budget
3 needs to go to what's happening four years from now or
4 three years from now.

5 And I know what I'm going to hear is we don't
6 work that way. And I've said many times that that's
7 simply not true. We participated heavily in the Sunshine
8 Mile Overlay District and that has been and will continue
9 to produce revenue for a decade. And so somewhere in our
10 budget we need some long-term investments that are not
11 this pizza shop and this coffee shop but rather what can
12 we do that will open up a whole avenue of future income in
13 areas that are ripe for development.

14 It just seems to be poor planning to -- you
15 know, to only think what's going to happen this year or
16 next year and not do things this year that we'll benefit
17 five years from now or six years from now or seven years
18 from now. And it turns out those investments are
19 relatively small compared to the payoff down the road.

20 **MR. SHEAFE:** Well you have to start off with
21 how much money you've got, and then are you going to use
22 it in the most effective way possible. And as I kind of
23 feel like I'm, you know, being objectionable with this,
24 but I keep pointing out we've got a lot of property. You
25 just go up and down Congress and half of it is dark, and

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1 that's our downtown. So we can pat ourselves on the back
2 for a lot of good things, but, boy, when you compare this
3 to other cities that I've been to, we're really not
4 looking that good in my own personal view. I think that
5 we have to try much harder on bringing more businesses
6 into the district.

7 And, you know, Fletcher very rightly points out
8 we're reactive, but maybe through Project for Public
9 Places or some other review we can begin expanding how we
10 attract those other businesses other than bars and
11 restaurant to really fill in all the pieces. And I think
12 a real difference in the overall --

13 **MR. POSTER:** I agree with that, but that's
14 going to take some planning to figure that out.

15 **MR. SHEAFE:** Yeah, quite a bit.

16 **CHAIRMAN McCUSKER:** Scroll down to the
17 marketing piece.

18 **MR. SHEAFE:** Look at some of the successful
19 communities and look at the businesses they've got.

20 **CHAIRMAN McCUSKER:** Do you have the marketing
21 budget in there, marketing item?

22 Yeah, keep going down.

23 So to Chris's point, and I think it's a worthy
24 conversation, when you have \$10 million available and
25 the dollars that we spend on things that don't generate a

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1 building, a bar, a hotel, a retail store, this is the big
2 ticket items, we spend a million dollars a year,
3 10 percent of our disposable income, on promoting and
4 marketing events that attract pedestrians to downtown, and
5 the numbers are staggering.

6 Brandi probably has them, but, you know, just
7 Tucson Meet Yourself is 150,000 people, El Tour is 20,
8 Arizona Bowl is 10, Dusk is 20. The parade was 20, the
9 jazz festival is 22,000 people. You know, we just did
10 this deal with the U of A that they're delivering in
11 spades on to make us more connected to pre-game and
12 post-game activity, and we've seen the impact of all that.

13 But this is discretionary. Every one of
14 these dollars is discretionary. Do they fulfill our
15 mission? Sure they do. Is it worth deficit spending to
16 get there? I would argue absolutely, because they produce
17 pedestrian traffic that at some point is going to come
18 back and spend money.

19 But if you scroll back up, Brandi, and you look
20 at the other things where we spend discretionary money
21 currently before you look at any of the new projects,
22 we're now spending a million dollars a year on safety and
23 security, so there's a million dollars going to marketing,
24 there's a million dollars going to off-duty police and the
25 private security provided by the Downtown Partnership. Do

1 you cut back on that? I would argue absolutely not. You
2 know, this is part of why -- people are not going to come
3 downtown if it's not safe, so there's \$2 million that you
4 could debate doesn't produce any ROI, you know, but
5 they're hugely important to us.

6 Keep scrolling back up. Look for the things
7 that are -- don't contribute to, you know, projects.

8 You could argue the parking subsidies don't
9 necessarily produce revenue. These -- these things -- so
10 you've got, you know, at least 2,000,005, maybe \$3 million
11 of discretionary funding in this budget, which is almost
12 the entire deficit. We're going to spend a million and a
13 half dollars remodeling the Sosa-Carrillo House.

14 **MR. MARQUEZ:** That deal was different. A
15 million and a half goes towards crediting us towards the
16 purchase price. We actually received that asset for
17 spending that money.

18 **CHAIRMAN McCUSKER:** Yeah. I think that, you
19 know -- but, you know, if -- I don't think we're in panic
20 mode. Deficit's a hard word. I think this is all
21 investment spending. I think Corky's right. It's not
22 going to be that much down the road where we're making
23 \$2 million a month.

24 Shay, go ahead.

25 **MS. JIMENEZ:** I was going to email Brandi and

1 Dan just to ask, but I'll just ask the board while we're
2 here publically. Would it be possible to put our projects
3 in sort of a Gantt sheet, you know, the Gantt timeline.
4 Construction budgets use this -- you know, (inaudible) are
5 usually set up in this way where, you know, you have all
6 your trades working over time and some are working
7 concurrently, but you can see the overlap over time as to
8 which projects. You could do that same kind of thing for
9 projects that are coming on line. You know, we could
10 project that out concurrently. It would for me just be a
11 really helpful visual tool to understand which projects we
12 have and then what phase they are, whether they're
13 upcoming, current, you know, just to see that projected
14 from however far many years we go back with a deal to how
15 many far years forward we're projecting out for a deal,
16 and that would help clarify this cash flow basically
17 situation we have.

18 **MR. SHEAFE:** Well, we can always do a sources
19 and uses of cash, which every normal organizations needs
20 to do. You have that a little bit, Shay, in this second
21 document that you get every month, this one. And that's
22 basically what Dan is doing without all the backup detail,
23 but he's saying this is how much we've paid, this is how
24 much we think we're going to pay between now and the end
25 of the year, and here's what we think will go beyond the

1 end of the year. That saves you having to go through a
2 whole bunch of detail, but Dan has to go through it all
3 and make those judgments. And he's been pretty darn
4 accurate in what he's put out. But it's like a
5 kaleidoscope of changes. You know, it's hard enough to do
6 for that one project. I do it all the time in my own
7 company, but to do it for 40 projects, that gets really
8 complex just getting the communication.

9 **MR. MEYERS:** Can I just say a couple things?
10 One thing is that I think we have to look at it this way,
11 is a lot of these projects in this particular year,
12 upcoming year, are all coming to fruition at once. We've
13 never spent \$11 million on projects. You know, these
14 things have been around for years, a lot of these
15 projects. They keep getting pushed back. And then we
16 took on some pretty big hits this year with Trader Joe's.
17 I think this is a little bit of an anomaly, but -- and I
18 also think that -- I listened to Chris and I think we need
19 to be cautious in what we're going to be spending from
20 this point on.

21 And Corky's mention, you know, 1.7 million the
22 last come months, well, I think we need to look at
23 averages, because you guys don't always see the baselines
24 that all of a sudden will -- like, for example, Christmas,
25 we'll bring in \$4 million of revenue, but the baseline's

1 so high, we only get a million. So I don't think you can
2 just look at the last two months.

3 You know, like I said, we've got 1.623 million
4 for this fiscal year. Now, do I expect it to go up
5 because of new stuff we're bringing on board, absolutely,
6 but I don't see it just going straight to \$2 million or
7 anything like that. You know, I remain very optimistic
8 about this, but I do think we have to be cautious, because
9 if something crazy happens and -- I mean, COVID was a real
10 big deal, but yeah, we blew through 5 million bucks in
11 like six months.

12 **MR. MARQUEZ:** This year is an anomaly. I agree
13 with you. I think as this board is becoming more diverse,
14 it's not as simple as us passing the budget as we have in
15 the past. I mean that respectfully. I think any project
16 that has not been presented to us from Mission Garden to
17 parking, ride share, et cetera, I'd remove that from the
18 budget and let it be presented to the boards so we could
19 al make decisions and have discussions, a little more
20 transparency on those. I think that will help us as we
21 look at our final numbers.

22 And then from a conservative perspective, I
23 would decrease our amount of spending, put a little less
24 money into each deal that we're doing. I mean, sometimes
25 they ask us for X amount of dollars and, again, Chris and

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1 I -- Chris mentioned it earlier, it depends on how much
2 sales tax you generate, et cetera, what's our return on
3 investment. So I'd recommend taking out some of the
4 projects that haven't been presented to us yet.

5 **MR. SHEAFE:** Well, we can do that. And you're
6 going to vote on the budget in a few minutes, so you can
7 propose that. But, you know, that gets into the weeds and
8 awful lot. It would seem that if you really want to
9 capture it, you say, all right, we're going to limit the
10 amount of money not that we put into all non-productive
11 new business investments to a percentage of our total.

12 And we're already paying a million dollars in
13 police protection for downtown, which is really
14 legitimately a city problem, but the city isn't willing to
15 do their job, so we're having to cover it. And I don't
16 mind if that's quoted in the paper, because it's not
17 right. We're supporting what needs to be done, Fletcher's
18 absolutely right, but the city is refusing to do their
19 part.

20 So there's a million, so you could say
21 20 percent of our available funds and no more go to
22 projects that do not create new business revenue streams.

23 Now, that allows the people that are making
24 those decisions to keep, you know, giving and taking to
25 keep the total in that realm rather than trying to pick

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1 and choose right now, because that's not asking a very
2 fair thing of the board, to try and, you know, drink from
3 a fire hose and make valid decisions. So that would be my
4 comment.

5 **MR. MARQUEZ:** Correct me if I'm wrong, it's
6 600,000 to off-duty police officers unless your including
7 downtown Tucson --

8 **CHAIRMAN McCUSKER:** Yeah, I'm including the
9 purple shirts. We just added 300 grand, remember, to
10 increase that security.

11 **MR. SHEAFE:** What is happening is we're making
12 a lot of these decisions piecemeal without keeping the
13 total in mind. And that's the exact -- that's how a
14 government always gets in trouble. If you do it for your
15 business, and I know I did this for our business, even big
16 numbers, I had to be realistic in how much money I knew we
17 had. I needed to be able to write checks and have them
18 actually cash for the people I wrote them to, so I had to
19 figure that out. You do it with your family. You don't
20 just go out and say, well, we're going to buy a car and
21 we're going to do this and, oh, yeah, this is a good idea,
22 we'll donate money over here. You're always lining that
23 up with what the resource is. And most families say,
24 well, we have a certain amount of money that we're going
25 to commit to giving away. And that's usually a number

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1 that's a percentage of their total income or what they're
2 going to invest in some of the basics.

3 So if I could sell that point to the board, I
4 would say make a motion that limits how much we're going
5 to allocate to these non-productive elements and then let
6 the process wrestle with how they fit the expenses into
7 the available dollars. That's the only way you're going
8 to get control over it.

9 **CHAIRMAN McCUSKER:** I think you're all
10 forgetting a little bit of history. 12 years ago we
11 didn't have a dollar to invest in anything and we've built
12 this revenue by investing in things that produced
13 incremental revenue. We've scrounged up three million
14 bucks to invest into the Tucson Convention Center and it
15 filled up.

16 But, you know, if you look at what's occurred
17 to us even post COVID, the year 2021, our income was
18 \$9 million. It's now \$19 million and it's representative
19 of the decisions that we've made, which are pretty much
20 stand-alone decisions. And I'm a much bigger risk taker
21 than probably most of the people on this board. We have
22 spent every dollar we've had for the last 12 years and we
23 have doubled our tax base.

24 Do you start allocating by percentages, do you
25 cut back on marketing, do you trim up the police, not now.

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1 You know, we're at, I think, a real turning point with our
2 downtown. We have unbelievable inbound activity. And,
3 you know, we're being challenged. The Live Nation deal
4 produced a million dollars a year of new taxes, you know,
5 but it was too big, too controversial, so we find
6 ourselves weaving through this diplomacy to continue to
7 attract this revenue. While we're talking about debt, I
8 just want to put it on the table.

9 **MR. SHEAFE:** You know, Fletcher, you're making
10 a very good point. And there was a mixture, but we were
11 able to generate a lot of that money. Of course, the
12 start was when we redid the bonds.

13 **CHAIRMAN McCUSKER:** So let me just -- let me
14 finish that sentence.

15 **MR. SHEAFE:** It's been very effective. And
16 that's kind of the argument that I would make, that the
17 more dollars we put into businesses, the more we can
18 generate that, you know, revenue stream in order to be
19 able to do other things. It's just that we also need to
20 bring a lot of people downtown and we need to make our
21 city --

22 **CHAIRMAN McCUSKER:** Let me just talk about debt
23 for a minute.

24 For the same \$100,000 a month that we're going
25 to give the Moxy spread out over ten years, you could

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1 borrow \$10 million and you would have that money in three
2 months. And if our paths continue, that \$10 million would
3 attract \$90 million of private sector investment. So debt
4 might not be as risky as you think, because right now
5 you're having to have this conversation as to we don't
6 have enough money to do what we want, so do we change what
7 we want or do we hope that next year is going to be
8 better. I would fall into that latter category. I think
9 it's going to be better.

10 I don't think we cut anything out of this
11 budget. I think some of the things that are in there that
12 we haven't discussed, you know, you leave them in the
13 budget, but they have to be subsequently approved. We
14 haven't approved, you know, subsidizing Uber. It's a line
15 item in our budget. But Edmund's right, that whole
16 proposal should come to the board and be approved as a
17 line item. But, you know, today's the day. We're
18 obligated to send our budget to the state by June 30th.

19 **MR. SHEAFE:** Well, let me soften the blow a
20 little bit, because, Fletcher, you are -- and I would
21 imagine during the year, we're going to have this
22 discussion quite a bit. The budget is simply an outline.
23 The only thing I can tell you that's absolutely correct
24 about the budget is exactly what we have here won't
25 happen. There will be plenty of changes during the year

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1 and we may even have to adjust it, but we need to approve
2 something. So if the collective interest is to say, yeah,
3 we'll just approve it as is or if you want to make certain
4 adjustments and say we'll approve it that way, but
5 whatever we approve, it's just a budget and I've never
6 seen a budget that actually became totally accurate at the
7 end of the budget period. They all change. So we made
8 our best guesstimate using information, some of it
9 approved, some of it not, to try and create a picture of
10 what the next year looks like understanding that there's
11 going to be plenty of changes.

12 **MR. MARQUEZ:** I'm okay with approved the budget
13 as it is.

14 **CHAIRMAN McCUSKER:** Let's me -- we're obligated
15 to take some public comment here, so before we get into
16 motions --

17 **MR. MARQUEZ:** I'm not making a motion. I'm
18 just saying as long as those projects come to the board
19 for the full transparency for us to vote on them.

20 **CHAIRMAN McCUSKER:** All right. So we have a
21 few people that want to speak to us. Let's move into
22 public comment. We can come back and finish the
23 conversation.

24 Brandi, I think you have a few people that
25 wanted to the speak to us, yes?

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1 **MS. HAGA-BLACKMAN:** They're not specifically
2 for the budget. Do you still want them to speak?

3 **CHAIRMAN McCUSKER:** They can speak now. This
4 is a public hearing. They can speak to the budget or
5 anything that's related to the budget or anything that
6 impacts us economically and it gives them a chance to
7 weigh in.

8 Brandi will run the com. She will mute all of
9 us, recognize the speaker and they get their three minutes
10 of glory, and then we'll come back to the budget.

11 **MS. HAGA-BLACKMAN:** Okay. So we have three
12 people that requested to speak to the board. Your name
13 will be called. We'll promote you to presenter and you'll
14 have three minutes.

15 Just a reminder, the board cannot respond, so
16 if the board members can please mute themselves and we'll
17 go ahead and start with the first request from a James
18 Hanley.

19 **MR. HAMMOND:** I have a Jim Hanley. I'm going
20 to assume that's the right one.

21 (Discussion off the record)

22 **MR. HAMMOND:** I got a little indicator that
23 said -- oh, there we go. Declined. So Jim declined.
24 Do you want to do the next one, Brandi?

25 **MS. HAGA-BLACKMAN:** Raquel Mogollon.

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1 **MS. MOGOLLON:** Hello, Rio Nuevo board members.
2 Hi. I'm Raquel Mogollon. I've spoken with you recently.
3 And I've lived in downtown for over 35 years, raised my
4 daughters here, and I just have witnessed a lot of, you
5 know, local working people creating exciting, productive
6 ventures deserving the kind of support that you guys can
7 offer. I want to express appreciation for those of you
8 that are talking about, you know, with good intent and
9 even the vulnerabilities and historic mistakes of Rio
10 Nuevo. Thank you for sharing that transparently.

11 I am here again today to speak about the
12 proposed incentive of the \$4.8 million for the Moxy Hotel
13 development. Even listening to everything that's been
14 said here, I still do not see this as a good use of our
15 tax funds. Why is the Rio Nuevo board and downtown Tucson
16 I still say giving away money to wealthy developers. As I
17 talk to folks in the downtown that I know, we see that,
18 you know, they've -- these are people even that have
19 already received taxpayer support.

20 So we see right now that our state has a pretty
21 big budget crisis. Last year Arizona faced over a billion
22 dollar budget shortfall, and I don't understand why
23 wealthy developers should benefit from state sales tax
24 revenue while regular Arizonans are having to fight for
25 funding for crucial services that we need.

1 Personally I can say I have a very close
2 friends, for example, who is in terrible distress, extreme
3 distress, struggling around the issues of her disabled
4 son, having all these monies cut and services cut and all
5 the tightening that's going on, which has created a
6 terrible, you know, hardship on her.

7 I do need to say that, you know, we still have
8 issues of parks being closed without good accommodations
9 for our unhoused people.

10 And so at least five other hotels have already
11 received millions of dollars in property tax breaks, sales
12 tax rebates and other financial support from Rio Nuevo in
13 the last few years. I really feel that enough is enough.
14 I do see this as a giveaway to developers and we should
15 not be doing that any longer. Let's prioritize the local
16 establishments, increase that support to local
17 establishments and the needs of Arizona residents looking
18 for, you know, long-term and creative solutions that make
19 our downtown have more meaningful investments and not --
20 we don't want to see this \$4.8 million Moxy Hotel giveaway
21 as I will continue to call it.

22 Please vote no. I thank you very much for the
23 opportunity to speak with you and look forward to
24 opportunities to discuss more ideas and possible creative
25 solutions for our downtown. Thank you.

1 **MS. HAGA-BLACKMAN:** Thank you, Raquel.
2 And then Jim, it looks like you are here, so if
3 you can go ahead and unmute yourself.

4 **MR. HANLEY:** First I want to say a little bit
5 about myself. I'm the chairman of Arizonans For a New
6 Economy. We are a public banking advocate in Arizona.
7 We're about 15 years old.

8 I wanted to weigh in on the Moxy proposal.
9 It's really the first issue that's come to my attention
10 from the Rio Nuevo operations and I just -- I'm not
11 questioning, you know, what you do generally, but in this
12 particular instance, I don't see the wisdom of -- as I
13 understand it, the petitioner's requesting \$5 million from
14 the -- from Rio Nuevo for this project. That represents
15 about 16 percent of the -- the total cost of the project.

16 So first we want to look and see, you know,
17 what are the prospects for this business to be profitable
18 if you get behind it and you invest in it. And, you know,
19 I checked today and there's a vacancy rate of about
20 37 percent statewide. I don't have the figures for the
21 district -- hotel occupancy in the district, but that's a
22 pretty big vacancy rate. And I don't understand if, you
23 know, you already have more capacity than you need why
24 you're going to create more capacity.

25 And I'm also looking at -- I checked on that

1 Hotel Arizona project. It looks like that's coming
2 through, so that 37 percent vacancy rate on hospitality is
3 just going to grow by 290 rooms by September of 2026.
4 That's the figure that I saw in the most recent article.
5 This looks like it's going through. I don't understand --
6 you know -- this might be good for Scott, but is it going
7 to be good for downtown, is it going to be good for the
8 city. After all, Hotel Arizona is right next to the
9 convention center. And, you know, there's another hotel
10 on the south end of -- I don't remember if that's a
11 Marriott, but it's a big hotel, so I don't understand the
12 wisdom of spending money on another project when you
13 already have excess capacity in this. It does not seem to
14 me that you have good prospects for profitability,
15 because -- so, you know, let's say that you build that
16 hotel. Well, you already have capacity, and so your
17 visitors are going to go to the Moxy instead of to the
18 Marriott or one of the other hotels in the district. You
19 have gained nothing, you know. In fact, you're increasing
20 capacity, which is going to drive rates down, hotel, you
21 know, rates down.

22 So really that's the reason why I have, you
23 know, for the first time attended your meeting and I
24 appreciate you going through the plan. You know, I
25 haven't -- I haven't looking at your plan before and the

1 budget. All that's very interesting. So thank you for
2 having me.

3 **MS. HAGA-BLACKMAN:** Thank you, Jim.
4 Okay. We have one more that came in, an Ian
5 Stupar.

6 **MR. HAMMOND:** I do have an Ian. Do you want to
7 try that.

8 (Discussion off the record?)

9 **MR. STUPAR:** I just needed to bring up a few
10 issues. You know, early in the discussion with budget,
11 you guys speak about how much you're giving to these small
12 businesses and how it's predominantly small businesses.
13 And there are definitely a lot of small businesses on
14 there that I agree with and I appreciate that you're doing
15 that. I myself am a small business owner and am
16 representing a group of small business owners, but
17 historically and on your guy's website, these people that
18 you are dubbing small business, in particular certain land
19 developers and landlords, maybe in the scope of the world
20 are small businesses, but these are huge businesses. And
21 in your budget with your shortfalls, it's just very
22 disappointing to hear that what you're alluding to that I
23 hope doesn't happen that you're going to like cut art
24 programs, like get rid of murals and these things that are
25 going to be easier for you to get rid of so people can

1 build these giant hotels and these things when those
2 people already have millions and millions of dollars of
3 their own or their companies are worth millions and
4 millions. And historically it does feel like and seem
5 that Rio Nuevo is very quick to give like one of the big
6 four downtown property owners, land developers, it's like
7 they come in, they do a very whatever pitch, and then you
8 guys are writing a check for millions, and then the true
9 small business owner that's asking for like 100 grand, 50
10 grand, it is a huge process and is super rare or it's a
11 50/50 shot if they get anything.

12 You know, most recently there was the thing
13 that you guys did with Ground Swell and it's like these
14 people that are small businesses that are struggling, like
15 the economy is in a very weird place right now in the word
16 for lots of reasons and, you know, people are getting a
17 2,500-dollar check. And by no means did anybody I've
18 talked to, all the help is always appreciated, but it's
19 like these people are like you're making true small
20 business owners like feel like rats like needing to go get
21 table scraps, and then these people that are worth
22 millions of dollars that own tons of property and
23 buildings and real estate, and then you're just writing
24 them checks.

25 And then to hear that like you guys are over

1 items that might need subsequent approval. There was some
2 conversation about maybe some arbitrary, you know, you cut
3 everything by X to produce Y. Personally I'm not in favor
4 of that.

5 There's this on and off again conversation
6 about borrowing some money to provide some capital that we
7 pay for over the next ten years. It does not appear to me
8 that I would have the votes to do that, but if there's a
9 motion, we would certainly entertain it.

10 So we do have to submit a budget to the state.

11 **MR. MARQUEZ:** Mr. Chairman, I move we approve
12 the budget as written as long as those red items are
13 coming to the board for open discussion.

14 **MS. COX:** Second.

15 **CHAIRMAN McCUSKER:** Okay. Discussion to that
16 motion. So that would approve Dan's draft as our official
17 budget. It doesn't mean we're obligated to everything
18 that's in there. If it's a new item, it will come back to
19 the full board.

20 **MR. POSTER:** Mr. Chairman, I'm going to go back
21 to beating the drum of the master plan, and I'm going to
22 make a very minor amendment to the motion that Edmund has
23 made.

24 There are two line items -- well, there are two
25 things in the master plan that are invisible in the budget

1 budget potentially because you're giving out millions to
2 these huge, huge projects when those people have the money
3 or there's probably a zillion other resources for them to
4 go get whatever money that they need rather than the money
5 from Rio Nuevo, but the discretion has already been like
6 you're giving it to them.

7 You know, case in point, something like the
8 Moxy, it's like the Marriott and the landowner of those
9 projects I'm certain has a million other resources to go
10 get that money and, you know, we're going to now be left
11 with a potential deficit because of it.

12 **MS. HAGA-BLACKMAN:** Thank you, Ian.

13 That is -- let me double-check. That is all of
14 the requests. That's it.

15 **CHAIRMAN McCUSKER:** And thank you, Brandi,
16 thank you, everybody. We always appreciate your comment.
17 As I mentioned in my introductory remarks, we are going to
18 put something up on our website that you can comment
19 respectfully, productively. We always welcome public
20 input. We are not career politicians. All of us are
21 voluntary. None of us get paid for doing this, so we
22 share your passion for our downtown.

23 Okay. Back to the budget. So there seems to
24 be some conversation about approving the budget in its
25 Gestalt, as one item, and we worked through the individual

1 so far. The issue on transportation, our master plan
2 talks about rubber wheel trolley, rapid transit focusing
3 on Broadway, employee shuttles, and I noticed there's a
4 150,000-dollar very targeted support or subsidy for Uber.
5 I would like simply to say for that line item that we do
6 Dash Transit as part of that line item.

7 And the reason I say that is the mayor and
8 council is very soon debating a fare free issue in terms
9 of the Sun Tran system. I don't think we know, although I
10 think we certainly benefit tremendously from a free fare
11 system on the streetcar and I think we probably benefit
12 from a free fare system on the route eight bus into
13 downtown.

14 And so I would like to amend that particular
15 line item to leave room for further discussion about
16 looking at all those items that are in our master plan,
17 rapid transit focusing on Broadway, rubber wheel trolley,
18 et cetera. So that's my first item in my motion.

19 The second item in the motion is you've got a
20 line item for PPS, that's an organization, not a topic,
21 and I would suggest that the affordable housing component
22 of our master plan is also absent. And, again, not to
23 make a mess of the budget, I would suggest that we write
24 PPS -- keeping it the same amount but PPS/Eco Northwest.
25 Eco Northwest is now under contract to Pima County to do

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1 an affordable housing plan and I think for a very small
2 amount of money they could give us some very good advice
3 about how we might be able to invest in affordable housing
4 in our Rio Nuevo district.
5 So the two very small items, I'm suggesting no
6 change in dollars but simply a change in language. Where
7 it says Uber I would put the word transit as well and
8 where it says PPS, I would say Eco Northwest. Thank you.
9 **CHAIRMAN McCUSKER:** And/or those two
10 organizations or we could --
11 **MR. POSTER:** And/or. I mean, a slash kind of
12 means and/or.
13 **CHAIRMAN McCUSKER:** So the best way to do that
14 if the board approves, item three in our master plan is
15 transportation. It has seven subcomponents which were
16 attached with a line item. You could put 150,000 just in
17 the heading, which would allow you discretionary use of
18 that money through any of item three. And he added we --
19 we use PPS because it's an organization, obviously, we're
20 familiar with, but you could make it more generic and just
21 say commission a consultant or you can name the
22 organization Corky's interested in.
23 So both of those, Edmund, were offered as an
24 amendment to your motion to approve.
25 **MR. MARQUEZ:** So yes, I'm okay with adding

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1 transit and I'm okay with adding consultant. I don't know
2 Echo Northwest. I know PPS. I'll just say consultant, so
3 I'm okay with amending with transit and consultant.
4 **CHAIRMAN McCUSKER:** And who seconded Edmund's
5 motion?
6 **MS. COX:** I did and I accept that as well.
7 **CHAIRMAN McCUSKER:** Okay. All right. So we
8 have a motion to approve the budget draft as written with
9 the two exceptions that Corky has moved and the second has
10 agreed to those.
11 Any other comments before I call the vote?
12 Richard, you're muted.
13 Richard, you're still muted.
14 In the left-hand corner you see audio --
15 **MR. OSERAN:** Thank you.
16 **CHAIRMAN McCUSKER:** There you go.
17 **MR. OSERAN:** I'm challenged with technology.
18 The event line item, I think that can be looked
19 at closely and we can really talk about those events.
20 Some of those events, as I've raised in the past, don't
21 really benefit downtown merchants, they don't really
22 benefit downtown, and I think we could look and study each
23 event and see which event is really beneficial from a
24 creating sales tax revenues or otherwise culturally
25 important to downtown. Others I think can be cut. I've

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1 talked before about events that are self-contained and
2 they -- they basically bring in vendors, they block
3 streets, the vendors don't generate downtown tax revenues
4 and we don't really benefit from those. I'd just like to
5 look at -- be able to look into those line items and have
6 a discussion about those, not presently, but -- and maybe
7 we just cut that line item by 20 percent, and then we find
8 a way to place the revenues for that.
9 **CHAIRMAN McCUSKER:** So that complicates the
10 motion as an amendment. You might entertain that as a
11 separate motion.
12 **MR. MARQUEZ:** I don't know if you can do a
13 separate motion. The overall motion --
14 **CHAIRMAN McCUSKER:** Yeah, you've moved to
15 approve the budget, so if that motion passes, you would
16 have to agree to accept some amendment then from
17 Mr. Oseran to review the marketing item.
18 **MR. MARQUEZ:** Yeah. If this helps, Richard,
19 for the big events that are listed in the budget, some of
20 them have already been cut back, but it's not reflecting
21 that in the marketing budget right now. So they've
22 already been adjusted lower.
23 **MR. OSERAN:** I won't make it as an amendment to
24 the motion and we can go forward on the vote if there are
25 no other amendments to be made.

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1 **CHAIRMAN McCUSKER:** All right. We have an
2 amended motion to approve the budget subject to two
3 revisions. Any other comments?
4 (No oral response)
5 **CHAIRMAN McCUSKER:** Brandi, you can call the
6 roll.
7 **MS. HAGA-BLACKMAN:** Corky Poster.
8 **MR. POSTER:** Aye.
9 **MS. HAGA-BLACKMAN:** Jannie Cox.
10 **MS. COX:** Aye.
11 **MS. HAGA-BLACKMAN:** Shay Jimenez.
12 **MS. JIMENEZ:** Aye.
13 **MS. HAGA-BLACKMAN:** Richard Oseran.
14 **MR. OSERAN:** Aye.
15 **MS. HAGA-BLACKMAN:** Chris Sheafe.
16 **CHAIRMAN McCUSKER:** You're muted, Chris.
17 **MS. HAGA-BLACKMAN:** Chris, you're muted.
18 **MR. SHEAFE:** Aye.
19 **MS. HAGA-BLACKMAN:** Edmund Marquez.
20 **MR. MARQUEZ:** Aye.
21 **MS. HAGA-BLACKMAN:** Fletcher McCusker.
22 **CHAIRMAN McCUSKER:** I vote aye. That passes
23 unanimously. Congratulations, we have a budget for next
24 year.
25 Dan, you know how to post that and submit it to

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1 the state and the county.
2 It is always a work in progress. I think this
3 is the first year that it's been that deliberate and
4 debated and comprehensive, so I think the board's doing
5 great work here.
6 So I would need a motion to adjourn the budget
7 hearing.
8 **MS. COX:** So moved.
9 **CHAIRMAN McCUSKER:** Somebody second that,
10 please.
11 **MR. MARQUEZ:** Second.
12 **CHAIRMAN McCUSKER:** All in favor say aye.
13 (Motion made, seconded and passed unanimously).
14 **CHAIRMAN McCUSKER:** Okay. Now we go back to
15 our agenda. There's a few items left. The Moxy is next,
16 Cal's Bake Shop, El Presidio update from Jannie, and we
17 have three extensions we want to talk about yet today, so
18 let's move to the Moxy Hotel.
19 I think, Scott, I've seen you online. Thank
20 you.
21 This is the third time around for Scott. It's
22 obviously a big project. You heard some of the public
23 comments concerned about how big it is.
24 You're in an interesting position to address
25 the occupancy question. You know, does this affect the

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1 occupancy at your own hotel? I mean -- and other hotels.
2 You know, so that would be interesting to come from the
3 public directly to you. But we did ask you a whole bunch
4 of questions. We appreciate your follow-up, so if you --
5 I think you -- do you have slides?
6 **MR. STITELER:** I don't. Well, yes, I do have a
7 bunch of slides, but I don't -- if they're relevant today,
8 then I'll share them.
9 **CHAIRMAN McCUSKER:** Okay. The floor is yours.
10 **MR. STITELER:** Okay. Thank you.
11 Members of the board, again, thank you all for
12 your time. I think you know that Rudy, my partner, and I
13 have for many years wanted to build a Moxy Hotel at 5th
14 and Congress on a vacant gravel lot. And that is
15 something that we are dedicated to doing and we do need
16 your support.
17 I'll start with -- I'll try to answer your
18 question, Fletcher. I'm a big believer that a rising tide
19 lifts all boats and, you know, activity breeds activity.
20 And that did happen with the hotels that were built in
21 downtown. When AC was the first hotel and then another
22 was announced, there was some concern on our part that
23 vacancy would rise and that did not happen. It increased
24 because it brought more people, that the synergies created
25 from one hotel to three, four, five are real. And that's

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1 important. And without that, it would be hard for a
2 lender, ourselves, third parties, Marriott, et cetera, to
3 support a new hotel. It just wouldn't happen.
4 I listened to Ian and Raquel and Jim, so thank
5 you for your comments. The first thing I thought of when
6 you spoke was what Fletcher shared at the beginning, which
7 is, you know, none of this moves forward, this incentive,
8 this hotel, this project, you know, without our group
9 jumping through a lot of hoops and, you know, satisfying a
10 lot of requirements. And one of the most important ones
11 is whatever we receive, a third party has to analyze it
12 and prove that the public sector receives more than the
13 applicant.
14 If that were not the case or if that was the
15 opposite, I would not want to be a part of this.
16 Thankfully hotels usually typically pass that test and
17 they usually pass it with flying colors. And I've brought
18 it up in the past two presentations, hotels are very
19 impactful bringing a new fan base, new guests, visitors,
20 you know, to an area and they stay overnight or multiple
21 nights and they embrace the surroundings. They spend
22 money and they learn about the area, you know, and as cool
23 as Tucson is, you know, they'll come back and hotels play
24 a very important part in all of that calculus of
25 revitalizing downtown.

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1 Much of the conversation in the last two
2 presentations was between myself and Corky, myself and
3 Richard, so if it's okay, I'll address some of their
4 comments. I mean, I'll start with Richard.
5 I mean, if a top 100 list of fans of the Hotel
6 Congress was ever put together, I like my chances of being
7 on that list. I've been going there for almost 30 years
8 and I've gotten to know you and your family well. And I
9 love that place. And that's not going to change. It's as
10 cool if not the coolest thing downtown.
11 I'm a giant fan of the Rialto block also, I
12 like old buildings, but Hotel Congress is the center. And
13 if this is approved, and obviously I hope that it is
14 approved so we can move and build the hotel and make a
15 positive difference, without question there will be an
16 impact while it's under construction. I mean 15 or 18
17 months of construction on a project of this scale will
18 impact the surrounding area. There's no question.
19 But on the other side of that, there will be a
20 new hotel and all the things we've talked about, all the
21 positives that go along with it, and that will create a
22 ripple effect for Hotel Congress and downtown Tucson. I
23 mean, it's just undeniable that that is what happens.
24 We've talked about tax benefit, which is part
25 of the third party study, both direct and indirect.

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1 On the direct, when this hotel is built, tax
2 comes off of gross revenue. It doesn't come off of
3 whether there's a profit or not. And a hotel this size
4 will create about \$1.3 million of tax directly to the
5 state, city and Rio Nuevo per year for decades.
6 I think Fletcher said it at the beginning of
7 the meeting and one of the board members, I believe it was
8 Shay at the end of last meeting, you know, eloquently --
9 and I wasn't aware of this. It was one of the Arizona --
10 it was Tim at the Star, Tim Steller, that referenced
11 pre-AC \$200,000 of sales tax in the downtown area and
12 several years later now it's 2.2 or \$2.3 million, and I
13 hope that that grows.
14 I try to be very logical about things, and if
15 that grows, when that grows, and it should, that increases
16 the revenue to Rio Nuevo, which is already proven from
17 9 million a year to \$19 million a year. I think that will
18 keep growing with all of the investments that you've made.
19 And then all of this discussion, debate in the last two,
20 three months has been healthy, because you're spending a
21 lot of time on where that money should go and making sure
22 that it's spread to a lot of different applicants that
23 need help from small business, medium to large.
24 And, Corky, I think we share similar
25 objectives, Corky. We certainly care about downtown. I

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1 think everyone on this call does. I believe that. I hope
2 that's the case. We care about good design, we care about
3 process. A lot of your questions have been about process
4 and my answer has always been that I follow the rules and
5 I welcome the process. And the process of getting a new
6 build-mid rise approved in an urban setting and in an
7 historical setting is a large process. And that lies
8 ahead. And I'm ready for it, but I can't start it without
9 an incentive.
10 And there are headwinds in any downtown
11 revitalization and in particular Tucson. We certainly
12 have tailwinds, but we have a lot of headwinds. We don't
13 have the tailwinds that the foothills enjoy or Scottsdale
14 or Chandler or San Diego, Denver, et cetera, et cetera. I
15 mean, it's a long list and it's the fundamental reason why
16 a TIF was approved, and a TIF that has done a lot of good
17 things.
18 I have a front row seat along with most of you
19 and certainly Corky and Richard of what downtown looked
20 like 25 years ago, I started 26 years ago, and where it is
21 today and, boy, have we made a lot of progress. And that
22 progress did not happen without TIF. No question despite
23 being called a wealthy developer would I have been able to
24 absorb, get comfortable with and afford the work that
25 myself and my partners have done.

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1 And I have great partners. We've been together
2 for a long, long time. Christina, Chris, Nick, Regan,
3 Omar. It's a long list of really good people that live in
4 Tucson and love Tucson.
5 **CHAIRMAN McCUSKER:** Scott, can you speak to
6 that? Are you going to use the IID or are you using the
7 under -- can you help us understand the process?
8 **MR. STITELER:** Yes. And thanks for listening
9 to me go on about that. I'm passionate about all this
10 stuff.
11 95 percent chance that we end up with an IID.
12 I spoke to our design team, I spoke to the city and that
13 is the highly likely path forward for this approval
14 process. It's what we used for the AC Hotel, so it makes
15 the most sense to me. But this is a unique development
16 site that -- I shared this in a document to the board last
17 week trying to answer Corky's questions on what the
18 entitlement process looks like. And the city 20 plus
19 years ago built on a vacant lot a garage. They put
20 columns in the grounds and those columns were designed and
21 put in places where two buildings would be built. One of
22 those buildings, New MLK, was built, the other building is
23 this building. And it's a unique situation that the city
24 has been very clear with me in the last two weeks that
25 they want to handle with me and with all of the different

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1 departments from transportation to fire, from planning to
2 historic that I will have to work with, listen to, get
3 feedback from and address any of their concerns or
4 requirements. That all lies ahead.
5 So sitting here today, I do think, Fletcher, it
6 will be through the IID process. And an approval today by
7 no means removes any of the requirements that I just
8 mentioned that I'm going to have to satisfy, but I can't
9 move forward without support from Rio Nuevo.
10 And timing matters. There is a window, in my
11 opinion, where inflation has settled, contractors do not
12 have the backlog they had before, that they have some
13 headwinds and it is a great opportunity for a project -- a
14 quality project like Moxy to get approved and permitted
15 and under construction and, you know, open in the near
16 future.
17 **MR. MARQUEZ:** Scott, so pragmatically I asked
18 ask myself, too, like why another Marriott, why a Moxy
19 downtown. So from what I've dealt with as a Rio Nuevo
20 member even from being the primary connection with U of A
21 and this U of A marketing deal, we don't -- we don't have
22 enough hotels downtown. I know it sounds crazy, but here
23 I am pushing U of A saying I need every away team staying
24 downtown, we need coaches, we need referees, we need
25 mascots, we need cheerleaders staying downtown. And

1 they're like, we'll do it, but we can't get the rooms.
2 And then when I go to the Tucson Convention
3 Center, which is our primary component, and I say -- I've
4 asked Kate, I've asked Glenn, if I could waive a magic
5 wand and we at Rio Nuevo could do anything for you, what
6 would it be, and they would say open Hotel Arizona. We
7 just -- we're a convention center hotel, which previous to
8 Rio Nuevo investing in the Double Tree, we were the only
9 convention center hotel in the entire country that didn't
10 have a hotel next to it, which basically means you don't
11 do conventions unless they're going to do bus service to
12 the convention center, which is awkward.

13 So from what we're seeing, even as we see and
14 we support El Tour de Tucson or Dusk, et cetera, and we're
15 asking for hotel deals downtown, the hotels are saying to
16 us, we'll give you a block, but we're not going to give
17 you a big block. And if we do give you a big block we're
18 not going to give you a big discount because we're already
19 full. So, you know, the vacancy rate was mentioned to us
20 earlier. I'll ask. We've got two hotels owner on the
21 Zoom, you and Richard. What's your occupancy rate, what's
22 the vacancy rate, what's your demand, what's the demand
23 that you see downtown for a hotel.

24 **MR. STITELER:** Yes, I agree that for -- to
25 attract the best conventions and larger conventions, we

1 need more hotel rooms in downtown Tucson. I saw a time
2 lapse yesterday of a street in Austin, Texas. I think
3 it's Rainey Street. I've been on it. I mean, it's really
4 special. And it was a 20-year time lapse and the
5 difference is hotels. And they just line both sides of
6 the street for six blocks. And that brought apartments.
7 And they don't have street level restaurants with, you
8 know, available signs like we have all over. You know,
9 that's the difference. Everybody wins when there is that
10 type of synergy. And hotels matter.

11 A healthy hotel is around 80 percent occupancy,
12 and that's where we are at AC. That's what a lender wants
13 to see and that's what everyone wants to see. We're not
14 quite 80. Last year was a difficult year. I don't know
15 why, but it was. 2025 has been slightly better. We're a
16 little below budget and margins that are not outstanding
17 but that they make sense. And it wouldn't have happened,
18 Edmund, without Rio Nuevo.

19 I did learn something yesterday from Brandi,
20 which is great for Rio Nuevo that I had forgotten about
21 and it's material but relevant to what we're talking
22 about. Starting July 1st from AC Rio Nuevo will start
23 receiving about \$200,000 per year from AC forever.

24 I mean I know for Rio Nuevo it depends on when
25 it sunsets, whether that's 2035 or extended, that the

1 state and until it changes Rio Nuevo, \$200,000 per year
2 starting in a week. And that's great. That's makes me
3 feel good that I'm a part of that. And it wouldn't have
4 happened without the board eight years ago.

5 Did I answer your question?

6 **MR. MARQUEZ:** It does. And that actually
7 speaks to Corky's point earlier that our income will
8 continue to grow over time, so thank you very much.

9 **CHAIRMAN McCUSKER:** Scott, help us understand
10 why you need us. A lot of people have challenged us and
11 you, you know, you don't need our money you know, you
12 invested \$100 million of your own money, but, you know,
13 what I've to trying explain as someone experienced in this
14 is that every development stands on its own. The lender
15 is not going to look to the AC Marriott to make a loan on
16 this hotel, and nobody builds a hotel without debt.

17 I believe part of what we do is help you with
18 your lender. Is that an oversimplification of the value
19 that we bring to your project?

20 **MR. STITELER:** No. Our request is 14 percent
21 of the project, slightly over, and the answer, Fletcher,
22 is what we've talked about on this call and why there's a
23 TIF. We are not the foothills. If you go to the
24 foothills in Tucson in January, February, everything --
25 there's people everywhere, the restaurants are full,

1 they're on a wait. And that's the same in a lot of other
2 communities. I'm not -- I mean, the foothills are
3 wonderful, a great part of Tucson.

4 We just don't have that type of experience
5 whether it's a restaurant or hotel in downtown Tucson.
6 It's why we have a TIF. It's why applicants, hundreds of
7 them, have come to this board for 20 years and asked for
8 and needed support to make their project, their dream,
9 happen.

10 Yeah, it's the gap funding that allows us to --
11 you know, Rudy and I to close on a loan. You saw the
12 slides from before. We have almost \$10 million in this
13 project, which is -- you know, we have dug deep to make
14 that happen. And if Rio Nuevo -- if we get today support
15 from Rio Nuevo, we're going to move forward on it. We'll
16 get it built. It will get opened, and then the sales tax
17 and the construction, you know, TPT, for a long time will
18 go to the state and back to the Rio Nuevo.

19 **MR. POSTER:** Scott, this is Corky. Thanks very
20 much for addressing some of the questions I had. I want
21 to be clear that I have a very -- I have a great deal of
22 confidence in your design team. I appreciate all the
23 information you gave. I was especially attracted to the
24 building section that you showed us, which shows how the
25 height of the building along 5th Avenue reduces so that

1 you don't have the height going straight up 5th Avenue,
2 but it sets back a significant amount. And I think that
3 really will go a long way toward softening the impact of
4 the building on the historic scale of that plaza, let's
5 call it a plaza, that space made by your building and by
6 the Hotel Congress.

7 I also need to say that I have a great deal of
8 confidence in the review process that you're about to go
9 through. A lot of people complain about the bureaucratic
10 process and how long it takes to get a permit and how many
11 people's approval are necessary to get a big project done.
12 And my experience is every time you go through one of
13 those reviews whether it's the historic commission or the
14 planning department or the pre-submittal that you go
15 through with all the engineering departments, the project
16 gets better. And part of my question to you was, is this
17 the project we're going to get or are you going to go
18 through this long process which makes it better?

19 I had the privilege of being your design
20 reviewer on the Corbett's building and I like to think it
21 got better when I was working with your design team with
22 specific recommendations. I think it did. Hopefully they
23 think it did as well and didn't see it just as another guy
24 meddling in their design.

25 So the fact that you have reassured us whether

1 it's through the IID or that additional information you
2 gave about the city's position, who's going to review this
3 and how it's going to get reviewed, that gives me a lot of
4 confidence that this will be thoughtful and considered.
5 And over the course of the next nine months of review that
6 you're going to go through, it's going to get better.
7 It's going to get better and better. Not to say it didn't
8 start off good, but when good things get reviewed and
9 commented upon, they tend to get better.

10 So I appreciate you clarifying that. I think
11 the IID is a -- I'm guessing you're going to wind up doing
12 that. Almost all projects within the IID in the last six
13 years since we wrote it have used it, because it gives
14 lots and lots of flexibility, but it comes with
15 responsibility for good quality design. And so that --
16 your commitment to that process gives me a lot more
17 confidence, so thank you.

18 **MR. STITELER:** You're welcome. Thank you.

19 **MR. OSERAN:** I have one question, Scott. And I
20 concur with Corky. I think -- from what I've seen, I
21 think the design is a significant improvement over the
22 design that you had proposed the last time you had
23 proposed a hotel on this property.

24 But my question is this. Do you believe you
25 can satisfy all the city requirements that were imposed

1 upon you when you proposed the last development on that
2 site?

3 **MR. STITELER:** I don't think I have a choice,
4 Richard. I mean, I have to answer to the city like I have
5 to answer to this board with all the --

6 **MR. OSERAN:** The requirements could differ.

7 **MR. STITELER:** What's that?

8 **MR. OSERAN:** The requirements could differ this
9 time around. You don't -- I don't know whether SHPO's
10 involved, I don't know whether the feds are involved, but
11 if those requirements were imposed upon you again, and
12 they may be, I don't know, do you believe you can comply
13 with them?

14 **MR. STITELER:** I feel like I'm on the stand
15 and --

16 **MR. OSERAN:** I used to be an attorney.

17 **MR. STITELER:** That's okay.

18 Richard, what the city and historic based on
19 feedback from stakeholders, including yourself, you know,
20 impose upon me when we restart this process, of course I
21 have to adhere to them. Not only do I want a good looking
22 building, you know, and I don't want to build anything
23 that looks out of place. My track record stands on its
24 own for over 20 years on every project I've done downtown
25 where I care about how it looks. And I'm not going to be

1 that guy that builds a tan box just to make money.

2 So I don't know if I've answered your question,
3 because I don't know what all those requirements are going
4 to be. I have said clearly that the memorandum of
5 understanding, which I have -- it's not my document, it's
6 a document that came from the city, Depot Plaza and New
7 MLK. The director of SHPO wrote a letter saying that that
8 document is no longer in effect. The end of that letter
9 also says that they encourage the city to work with
10 stakeholders and historic, everyone to make sure that --
11 that we respect where this building is getting built,
12 which is across from two of the best buildings in all of
13 Tucson, Rialto and Hotel Congress.

14 **MR. OSERAN:** And the train depot.

15 **MR. STITELER:** And the train depot. Yeah,
16 okay, you beat me to it, the train depot. I mean, those
17 are three of the coolest buildings in our community. I'll
18 do the best I can and I'll listen to you. We may disagree
19 on things. I'm sure we will, but I'm going to listen.
20 I'm going to pay a lot of attention.

21 **MR. OSERAN:** You won't have to listens to me al
22 all. I'm not going to suggest anything. I'm just -- the
23 city process I think will impose restrictions, and I
24 expect they'll be similar to the restrictions that were
25 imposed on the last proposal that you had made on that

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1 site.

2 **MR. STITELER:** I'm sure there will be

3 overlapping restrictions, but I don't know what lies ahead

4 and the city is about to -- and historic are about to let

5 me know.

6 **MR. OSERAN:** Okay. Thank you.

7 **MR. STITELER:** You're welcome.

8 **CHAIRMAN McCUSKER:** Edmund, can you describe

9 the economics that we've offered Scott.

10 **MR. MARQUEZ:** Yes. In a nutshell, we have

11 offered \$4.8 million, a \$100,000 a month starting two

12 years from now as long as permits and approvals are met at

13 that time.

14 Did I nail that?

15 **CHAIRMAN McCUSKER:** Yeah. I think this has

16 really been educational. We normally don't take a month

17 to approve something, but in this process, I think the

18 observers have learned a lot, Scott, about why you can't

19 do this without our help. This is a gravel parking lot

20 that if you don't do something on, nothing's ever going to

21 get built there.

22 We have to prove to the people we report to,

23 namely the legislature, that the taxpayer will get more

24 benefit than you do or we can't approve this deal. And we

25 don't owe you any money unless you can deliver a project

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1 that has all the tangent approvals, so there's very

2 little risk to us here and now.

3 There's a lot of hoops that you have to go

4 through at your own expense to deliver a project that

5 everybody approves, but moreover our economic analysts

6 confirm that the taxpayers benefit from it. This is the

7 nature of our work. It's so narrow now in terms of what

8 we can approve that there's all sorts of people that we

9 report to. And I tend to think this project would meet

10 all those, but the only way we find out is to approve it

11 and allow you to go forward.

12 Shay, your hand's up.

13 **MS. JIMENEZ:** I just have one last comment, and

14 I don't want to throw any more monkey wrenches in this

15 deal, but I do think that there is something to be said

16 about the care from the community and the cry for, I

17 think, accountability, really is what it comes down to. I

18 think the one failsafe left that we haven't addressed as a

19 board, and I wouldn't want to make any motion at this time

20 until we decide to apply a further restriction to all

21 projects down the road, because I don't want us to seem

22 like we're unnecessarily drilling down on one particular

23 project, but I do think the one remaining failsafe we have

24 left is that we don't require developers to pay the money

25 back if the business fails. That's the one last piece,

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1 the one last constraint that could be seen as a giveaway.

2 And I'm just curious if the board has any appetite to

3 address that in the future.

4 **MR. MARQUEZ:** Well, this one's a little bit

5 different. So if the business fails, that means the hotel

6 business inside the actual structure failed and that means

7 Marriott would pull the flag and he would have to then

8 sell that business or that property to another owner that

9 would then carry a different flag. Once it's built out as

10 a hotel, it's built out as a hotel.

11 **CHAIRMAN McCUSKER:** Shay, we did aggressively

12 pursue that with a development a few years ago where

13 basically we didn't trust the developer. We had a lot of

14 good reasons not to trust the developer and we wanted to

15 build what's called a claw back into our agreement that

16 provided we would in fact get paid back. The lenders

17 wouldn't touch it.

18 Right, Scott, the lenders would never approve

19 you if you had any risk that you had to pay back our gap

20 funding.

21 So we abandoned that, Shay, as a strategy,

22 because it literally wouldn't allow the project to go

23 forward.

24 **MS. JIMENEZ:** Okay. Thank you for answering

25 that question. I just wanted to --

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1 **CHAIRMAN McCUSKER:** Is that in fact the case

2 with you as well?

3 **MR. STITELER:** Yes.

4 **MR. MARQUEZ:** Scott, are you using the proposed

5 \$4.8 million -- I'm going to guess you're not borrowing

6 that money, you've used \$100,000 effectively like a draw,

7 so as you're going through construction, you wouldn't pull

8 it from the bank you would just receive it from us.

9 **MR. STITELER:** Correct. You'll be able to --

10 even past permit, Edmund. I mean, put a condition that we

11 have to start construction. Walk by the building as

12 it's getting built knowing exactly where your dollars are

13 going.

14 **CHAIRMAN McCUSKER:** Dan, what's the

15 construction sales tax on a 35 million-dollar project?

16 **MR. MEYERS:** Oh, my gosh.

17 **MR. MARQUEZ:** Who's the builder, Scott? Who

18 would be the builder?

19 **MR. STITELER:** Three different contractors

20 we're talking to. It wouldn't be fair to share which

21 one's in the lead.

22 **MR. MARQUEZ:** So, Brandi, isn't it correct that

23 as long as the project is within the district, even if the

24 GC is outside the district, we still receive the

25 construction sales tax?

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1 **MS. HAGA-BLACKMAN:** Correct. And Scott has
2 been on that list all of his developments. He
3 communicates that well and we communicate with the
4 contractor.
5 **MR. MARQUEZ:** Thank you.
6 **CHAIRMAN McCUSKER:** Dan, do you have a number
7 approximately?
8 **MR. MARQUEZ:** We need to see it. We want it to
9 the penny.
10 **MR. MEYERS:** Hang on a second.
11 **MR. MEDCOFF:** Normally it's a lawyer who's
12 squirming.
13 **MR. MEYERS:** I think it's 1.625, is the number
14 we have to multiply it by.
15 **CHAIRMAN McCUSKER:** And we get that very early.
16 We get that as the construction's being done.
17 **MR. POSTER:** Yeah, before the building ever
18 opens, you get that.
19 **CHAIRMAN McCUSKER:** Yeah.
20 Okay. We've messed around with this all we're
21 going to get, so if somebody wants to entertain a motion.
22 **MR. MARQUEZ:** I'll do it. I move we approve up
23 to \$4.8 million paid out \$100,000 a year after a two-year
24 period as long as construction has started and the project
25 has been permitted and has all approvals.

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1 **MR. MEDCOFF:** Did you mean a month or a year?
2 **MR. MARQUEZ:** Did I say a year? I meant a
3 month, \$100,000 per month. Sorry. I was thinking ahead
4 of myself.
5 **CHAIRMAN McCUSKER:** Subject to the regular
6 stuff lawyers do.
7 **MR. MARQUEZ:** Yes, subject to our executive
8 board and our attorneys working through the nuances of the
9 deal.
10 **CHAIRMAN McCUSKER:** Yeah, and our third-party
11 opinion.
12 **MR. MARQUEZ:** And our third-party opinion.
13 **CHAIRMAN McCUSKER:** It's a very good motion.
14 Somebody second that.
15 Sorry, Scott, nobody seconded.
16 **MS. COX:** I seconded the motion. I accept the
17 amendment.
18 **CHAIRMAN McCUSKER:** There wasn't one. It was
19 just the Chris Sheafe motion.
20 **MS. COX:** Okay. I second that motion.
21 **CHAIRMAN McCUSKER:** So you have a motion to
22 approve the plan that's been presented to us economically.
23 It includes nuances that require approvals and it also, of
24 course, requires our third-party opinion.
25 Any other discussion?

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1 Tim, do you want to say something.
2 **MR. MEDCOFF:** Yeah. I just want to clarify.
3 Since this is going to be a GPLET, if the board approves
4 it today, then I'll send out 60-day notice to the taxing
5 authorities to let them know that the board would like to
6 move forward with the GPLET. We then have to wait 60 days
7 for the taxing authorities to potentially make an
8 objection, if they have one. Meanwhile we can hire our
9 independent third-party consultant to move forward with
10 the economic study to verify the public will benefit more
11 than the developer on this project. That also needs to
12 then be posted for 30 days to the taxing authorities, so
13 roughly it could be 65 plus days before this could come
14 back to a final vote for the full board to approve. The
15 GPLET, the development agreement, of course, subject to no
16 objection from the taxings authorities. I just wanted to
17 raise that since we have some newer board members.
18 **CHAIRMAN McCUSKER:** So this would be considered
19 a contingent approval. A lot of things have to happen for
20 it to be fully be effective.
21 Dan, was that you or Brandi with your hand up?
22 **MR. MEYERS:** Yeah. I think the number is about
23 \$570,000 TPT would come back to us.
24 **CHAIRMAN McCUSKER:** Motion, second on the
25 floor. Any other comment, discussion?

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1 (No oral response)
2 **CHAIRMAN McCUSKER:** Brandi, call the roll.
3 **MS. HAGA-BLACKMAN:** Richard Oseran.
4 **MR. OSERAN:** Aye.
5 **MS. HAGA-BLACKMAN:** Jannie Cox.
6 **MS. COX:** Aye.
7 **MS. HAGA-BLACKMAN:** Shay Jimenez.
8 **MS. JIMENEZ:** Aye.
9 **MS. HAGA-BLACKMAN:** Corky Poster.
10 **MR. POSTER:** Aye.
11 **MS. HAGA-BLACKMAN:** Edmund Marquez.
12 **MR. MARQUEZ:** Aye.
13 **MS. HAGA-BLACKMAN:** Chris Sheafe.
14 **MR. MARQUEZ:** He's recused.
15 **MS. HAGA-BLACKMAN:** Oh, okay.
16 Fletcher McCusker.
17 **CHAIRMAN McCUSKER:** I vote aye.
18 That's unanimous, Scott. You've done
19 everything you ever said you would do with us over the
20 last 15 years. We would expect nothing less and God
21 speed.
22 **MR. STITELER:** I will give it my all. Thank
23 you, everyone.
24 **MS. COX:** Thank you, Scott.
25 **CHAIRMAN McCUSKER:** Okay. Cal's Bake Shop,

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1 this should be a little easier.
2 Brandi, Huna, did somebody hear from --
3 **MS. HAGA-BLACKMAN:** I did not talk to them.
4 **CHAIRMAN McCUSKER:** Let's discuss the project.
5 We have it on a two-week lag, but if you'll bring out the
6 slides, we can introduce it to the board and the public.
7 **MS. HAGA-BLACKMAN:** Give me just one second
8 please.
9 Do you see a Terry in the --
10 **MR. HAMMOND:** No, I don't have a Terry.
11 **MS. HAGA-BLACKMAN:** Okay. Yeah, they didn't
12 respond to --
13 **CHAIRMAN McCUSKER:** All right. So let's just
14 take a peek at it and we'll make sure he's back in the
15 next meeting.
16 **MS. HAGA-BLACKMAN:** Okay.
17 **CHAIRMAN McCUSKER:** And the agenda speaks to
18 it. The owners of the Bisbee Breakfast Club are now
19 taking over the former Rocco's across the street, and
20 they're developing a bake shop, a really cool project,
21 bakery that would be between the Sol Plaza and Zmam's.
22 This is some renderings of the project and a budget, which
23 totals -- it looks like 318 grand GAP, so we would be
24 discussing as we think about approving this something that
25 would be 50 percent or less the net number.

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1 There's another picture I think, too Brandi,
2 isn't there?
3 **MS. HAGA-BLACKMAN:** This is all I have.
4 **MR. SHEAFE:** We only received these two. And
5 we don't know quite what the request is. When Terry
6 talked to us before, he was talking about in the range of
7 75 or 100,000.
8 **CHAIRMAN McCUSKER:** He's got some furniture and
9 stuff in there. I'm sorry he's not here.
10 **MR. SHEAFE:** He had some other stuff, so I
11 thought Edmund actually came up with a number.
12 Do you recall that, Edmund?
13 **MR. MARQUEZ:** It is still variable, but
14 Fletcher's correct. I mean, they're showing kitchen
15 equipment, furniture, et cetera, so we'll see what they
16 come back with. It's a great property. Right now it's
17 just vacant sitting between Solot and Zmam's. So kind of
18 an easy deal, generates sales taxes. The (inaudible)
19 family, they own Bisbee Breakfast Club, they have Bashful
20 Bandit Barbecue. They have a ton of Pizza Huts in town.
21 They're great operators. This is kind of a fun project
22 that --
23 **CHAIRMAN McCUSKER:** You'll see that officially
24 at the next meeting.
25 Item number ten is I think El Presidio.

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1 Jannie you've got an update?
2 **MS. COX:** Yes. Yes, I do. Thank you. And I
3 will make this brief. I hope to come back in
4 approximately a month and tell you that it's completely
5 finished, but I thought it was time for the board and the
6 public to know that we are approaching the final stages of
7 our construction for Activate El Presidio.
8 As you know, this is a place making project,
9 and place making is to take an historic area or an area
10 that needs attention and that you make it active, dynamic
11 and better connected to the people. And that's what we
12 feel like we're doing in Activate El Presidio.
13 It started in 2019. It's a six-year-old
14 project. And I want to thank the board for your patience.
15 There were a whole lot of reasons, COVID included, why it
16 took so very long. And the city, as helpful as they were
17 during the process of approvals, they like this project.
18 They wanted to see it happen, but it took a year to get
19 through the entire process with the city, because they
20 kept saying we've never seen anything like this, we've
21 never approved anything like this, we have to take it
22 slowly. And they did. And we appreciate the time and
23 effort they put into it as well.
24 But what we're going to bring to this historic
25 neighbor downtown is art, color, trees, planters, pots,

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1 shade, lighting, comfortable amenities to attract
2 pedestrians.
3 Washington Street has been closed to the
4 public. Now we're going to have permanent beautiful
5 dining stations all along Washington that will seat 40
6 some people. They are beautiful, stable. They add so
7 much to the neighborhood, to the ability for that small
8 business to move out into the street. And what a
9 beautiful place it is going to be when it is finished.
10 **MR. SHEAFE:** Jannie, we have in the budget
11 zero, in the new budget, under the assumption that you
12 were going to bill out the half a million --
13 **MS. COX:** And we are.
14 **MR. SHEAFE:** -- to be paid before the end of
15 the month.
16 **MS. COX:** That is correct.
17 **MR. SHEAFE:** So have you -- does Dan have those
18 numbers?
19 **MS. COX:** He has those numbers. He will have
20 the invoices. The project went over our budget because
21 part of our project is outside of the district. We had to
22 raise private funds for the part of the project that is
23 outside of our Rio Nuevo borders.
24 **MR. SHEAFE:** Well, congratulations for doing
25 that. And I know you mentioned that before, but, Dan, do

1 you -- because that's -- are we going to pay that this
2 week and get it into --
3 **MS. COX:** Yes, we are. Those invoices are all
4 in. We're going to pay it all.
5 **MR. SHEAFE:** Terrific. Well, congratulations.
6 It's a long, long hard struggle getting that one done.
7 **MS. COX:** And then the private funds that were
8 raised on top of that budget will finish off the project.
9 But Rio Nuevo's investment will be complete during this
10 fiscal year.
11 So we're bringing, art, trees planters, pots.
12 And those pots, they are beautiful and they're all planted
13 with desert flora in them and they're beautiful. And the
14 contractor has even been watering them in this terrible
15 heat. And tomorrow DTP takes over the watering of all
16 these beautiful plants. We have shade and lighting.
17 And the art, we started off with the Saguaro
18 cactus on the Transamerica Building. That was outside of
19 our budget, but we raised outside private funds to fund
20 it. That was from a donor. A very generous woman by the
21 name of Jean McDonald funded that mural, but it adds an
22 incredible amount to this project.
23 We also have outside money -- outside the
24 budget money to put a beautiful mural on the Tucson Museum
25 of Art building, the part of the building -- the museum

1 that faces Court Avenue. And that is nearly finished now.
2 And I want to thank the private builders, one
3 of them was Corky Poster by the way, but the Flores family
4 contributed, DWS Architects contributed, Joe Schneider's
5 family, I mentioned the Flores family, and the Presidio
6 Museum.
7 We also had an anonymous donor, a very generous
8 anonymous donor, who matched all of those outside gifts.
9 That is how we were able to do the extension that goes
10 north of Washington outside of the Rio Nuevo borders.
11 I would say come and look at it but I would
12 also -- don't come today. It's not quite ready for
13 showing to the --
14 **CHAIRMAN McCUSKER:** You have some big dates
15 coming up, July 25th.
16 **MS. COX:** Big dates coming up. July 25th is
17 the unveiling of four historic murals downtown that were
18 funded by Rio Nuevo and in partnership with the mayor's
19 office, Downtown Tucson Partnership, Visit Tucson and the
20 Presidio Museum. That unveiling -- they will be finished
21 next week and the unveiling is the 25th of July. You'll
22 all be invited. It's going to be a wonderful celebration
23 of Tucson's 250 years and four spectacular murals that
24 will last a very long time reminding everyone who sees
25 them about the rich history of Tucson.

1 **CHAIRMAN McCUSKER:** And August 23rd.
2 **MS. COX:** And August 23rd is the actual 250th
3 birthday of Tucson. We will finally be finished with
4 Activate El Presidio and there will be a huge block party.
5 We will be prepared to show off everything Rio Nuevo has
6 funded. And the IDA was a huge help getting this done.
7 They made a 25,000-dollar gift to the program and together
8 we made it all happen.
9 The -- we expect it to be finished probably the
10 last week of July, and then at the meeting following that,
11 I will invite you all to come down and take a look. But
12 give it a few more weeks to get seasoned. And I hope --
13 Corky said he likes it. I hope you'll say something, too.
14 **MR. POSTER:** I was about to, Jannie.
15 You know, as a business owner and a property
16 owner in the Rio Nuevo area who derives no financial
17 benefit from this project I might add, I just want to
18 thank Jannie for six years of visionary persistence making
19 this happen in very difficult circumstances. She just
20 wouldn't give up and just kept pushing and pushing and
21 pushing. We've recently had some late breaking commentary
22 that wasn't particularly helpful, but I think Jannie and I
23 got our heads together and decided to finesse that as
24 well.
25 Anyway, thank you, Jannie, for a great job.

1 And I think particularly the Washington Street and Tellez
2 Street efforts -- the whole thing is great, so I really
3 appreciate all of the work that you did. Thank you.
4 **MS. COX:** Thank you, Corky.
5 **MR. OSERAN:** Having lived on Washington Street
6 in the 1970s across from El Rapido Tacos, Tortillas, I'll
7 be interesting in seeing what you've done, Jannie. I'll
8 look forward to that.
9 **MS. COX:** Well, Jannie didn't do it. This was
10 a huge effort. There was so much input from the
11 community. They were so involved from the get-go that we
12 owe a big thanks to them. We were doing a lots of things
13 with their backyard and they were very supportive. They
14 had a lot of questions, but we worked through them all.
15 And there have been some hiccups during
16 construction. I think it's one thing to see the plan on
17 paper, but when you walk out your door and you see this
18 new thing in your backyard, it's shocking. And I think
19 that was a little bit surprising to some of the residents
20 in the area, but I'm hoping that they're -- we've talked
21 it through and I think they're feeling better about it now
22 and when it's finished. It's hard to see the concrete
23 broken up and think it's going to be beautiful in the end,
24 but it is going to be beautiful. And we're all very proud
25 of it.

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1 I want to thank the working group, and Corky is
2 on that working group, and I want to thank the city and
3 our contractor and our architect and all the people who
4 made this happen, because it's finally here and we're all
5 very proud of it. And I hope Tucson will enjoy it for
6 many years.

7 **CHAIRMAN McCUSKER:** Thank you. We're ready for
8 your next project.

9 Maybe -- Corky, maybe Broadway-Country Club.

10 **MR. POSTER:** Sure.

11 **MS. COX:** I don't know about that.

12 Thank you.

13 **CHAIRMAN McCUSKER:** Thank you, Jannie.

14 Okay. We have a couple of little business
15 items. Thee fall into the category of extensions. The
16 first one up I think is Obon. Yes.

17 Tim, if you want to update us on why we're
18 talking about this one.

19 **MR. MEDCOFF:** Happy to, Mr. Chairman.

20 So the Obon project for the newer board members
21 and for the public, this was the restaurant owner/operator
22 that approached Rio Nuevo a while back to help with the
23 construction of a new patio to take advantage of that
24 corner, which is the entranceway into downtown there are
25 at Congress and where the underpass from -- I think it's

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1 4th Avenue connects.

2 The board previously approved that. The
3 owner -- restaurant/owner operator needs a little bit more
4 time to construct the patio project. They've asked for an
5 extension. It's the board's pleasure on how long of an
6 extension to grant. This is a second extension request on
7 this project, so I just wanted to alert you to that issue,
8 and so it's up to the board's kind of wishes as to how
9 they wish to proceed.

10 **MR. MARQUEZ:** When did we originally approve
11 this?

12 **MR. MEDCOFF:** Back in 2023. It was approved --

13 **CHAIRMAN McCUSKER:** This is the second time
14 they've asked for an extension.

15 **MR. MARQUEZ:** How long of an extension do they
16 want?

17 **MR. MEDCOFF:** They didn't say.

18 **MR. SHEAFE:** Well, we know what their timeline
19 is on that patio, and I would just like to propose that we
20 grant a five-month extension with no other provision of
21 the benefits agreement having been changed.

22 **CHAIRMAN McCUSKER:** Make that a motion and
23 we're off to the races.

24 **MR. SHEAFE:** That is a motion.

25 **MS. COX:** Second.

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1 **CHAIRMAN McCUSKER:** All right. So we have a
2 motion to grant them an extension of five months. Do or
3 die is what I understood there. If they're not done, we
4 pull that money.

5 All in favor say aye.

6 (Motion made, seconded and passed unanimously).

7 **CHAIRMAN McCUSKER:** Okay. The Freidman Block's
8 a little more complicated. This is one of our competitive
9 awards. It's a multi million-dollar project. They've had
10 some parking challenges to say the leased, but they've
11 been very actively trying to solve them. This is Grant
12 Krueger's project of course.

13 Tim, how much time do they think they need?

14 **MR. MEDCOFF:** On this project I think we should
15 entertain a year or so. The prior deadline expired back
16 in March -- approximately March of this year and we were
17 just reluctant -- reluctant -- we missed that it expired.

18 We had had multiple updates from Grant on the parking
19 situation, so I would suggest, if the board's so inclined,
20 to grant the developer an additional year from March, so
21 it would expire March of 2025 (sic).

22 **MR. SHEAFE:** Well, I'll make that a motion that
23 we grant an additional year to comply with the benefits
24 agreement previously approved.

25 **MR. MARQUEZ:** Second.

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1 **CHAIRMAN McCUSKER:** We have a motion and a
2 second to extend that to March of '26. All in favor say
3 aye.

4 (Motion made, seconded and passed unanimously).

5 **CHAIRMAN McCUSKER:** Okay. Welcome Diner's not
6 so easy. We basically have to redo the GPLET there.

7 We've approved a GPLET, it's a rebate only GPLET, but Tim
8 has advised us that would have to be posted and basically
9 start anew, so the board basically needs to approve a
10 GPLET along the same terms that we originally did a few
11 years ago.

12 Tim, is that --

13 **MR. SHEAFE:** Can we -- would four months do
14 that? I know you've got 60 days, but you ought to give
15 yourself a little --

16 **CHAIRMAN McCUSKER:** Is the deadline to start or
17 to finish?

18 **MR. MEDCOFF:** So just to clarify, Chris, this
19 isn't an extension issue. The GPLET that was previously
20 in the works was never signed and executed and no notice
21 to the taxing authorities in compliance with the GPLET
22 statues was accomplished, so the Welcome Diner group would
23 like the board to vote to approve a GPLET today in theory.

24 It's conditional. If the vote were to proceed that way
25 today, then I would prepare a 60-day notice to the taxing

1 authorities related to that GPLET, I'd work with the
2 developer and the developer's attorney, Rory Juneman, who
3 is on the call, to structure that GPLET subject to the
4 full board then considering it roughly 61 plus days from
5 today's date.
6 **CHAIRMAN McCUSKER:** Will you script a motion
7 for us?
8 **MR. JUNEMAN:** Mr. Chairman, this is Rory.
9 Tim, could I just ask you a question. That's
10 the GPLET and then the TIF that we had requested; correct?
11 **MR. MEDCOFF:** The rebates. It would be the
12 same deal that was previously on the table back in 2019.
13 It's just now we've formalized that GPLET and then submit
14 it to the taxing authorities for approval.
15 **CHAIRMAN McCUSKER:** There's no way, Rory, to
16 shortcut that. The '60s days has to run its course.
17 **MR. SHEAFE:** I would make the motion that we
18 grant the time necessary to comply with the GPLET
19 ordinance notification provisions with all other elements
20 of the approval remaining the same.
21 **CHAIRMAN McCUSKER:** So hang on. We actually
22 have to approve a GPLET.
23 **MR. MEDCOFF:** Right.
24 **MR. SHEAFE:** Okay. So then the motion would be
25 for us to approve the GPLET in accordance with the

1 previously approved benefits agreement and to grant the
2 time necessary for the GPLET provisions to be properly
3 executed.
4 **MR. MARQUEZ:** Second.
5 **CHAIRMAN McCUSKER:** Tim's nodding, so that
6 seems to work, so we're going to reapprove the GPLET for
7 Welcome Diner. It does have to be posted for 60 days.
8 That's the law. If no one objects to it, it comes back to
9 us at which time we would formally approve the GPLET. So
10 it creates a little stall, Rory, in your plans, but we
11 don't have any other choice.
12 So this is a GPLET that needs a roll-call vote.
13 Brandi, when you're ready.
14 **MS. HAGA-BLACKMAN:** Richard Oseran.
15 **MR. OSERAN:** Aye.
16 **MS. HAGA-BLACKMAN:** Jannie Cox.
17 **MS. COX:** Aye.
18 **MS. HAGA-BLACKMAN:** Corky Poster.
19 **MR. POSTER:** Aye.
20 **MS. HAGA-BLACKMAN:** Shay Jimenez.
21 **MS. JIMENEZ:** Aye.
22 **MS. HAGA-BLACKMAN:** Chris Sheafe.
23 **MR. SHEAFE:** Aye.
24 **MS. HAGA-BLACKMAN:** Edmund Marquez.
25 **MR. MARQUEZ:** Aye.

1 **MS. HAGA-BLACKMAN:** Fletcher McCusker.
2 **CHAIRMAN McCUSKER:** I vote aye.
3 Rory, thank you. Sorry about the hassle, but
4 we'll get after it right away bay.
5 **MR. JUNEMAN:** No problem. Thank you very much
6 for working through it with us.
7 **CHAIRMAN McCUSKER:** Future agenda items is all
8 I have. We have a lot of stuff going on. We don't need
9 any future agenda items.
10 The budget's approved. It will be a few months
11 before we reevaluate the master plan. We are going to
12 bring to the board those items in the budget that have not
13 been formally approved.
14 I just need a motion to adjourn.
15 **MS. COX:** So moved.
16 **MR. MARQUEZ:** Second.
17 **CHAIRMAN McCUSKER:** All in favor say aye.
18 (Motion made, seconded and passed unanimously).
19 (4:34 p.m.)
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