

In The Matter Of:

*Rio Nuevo
Board Meeting*

11/18/25

November 18, 2025

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

Original File 111825 Rio Nuevo.txt

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RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

BOARD MEETING VIA ZOOM
Tucson, Arizona
November 18. 2025
1:00 p.m.

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

FINK & ASSOCIATES
6095 East Grant Road
Tucson, Arizona 85712
(520)624-8644

1 **BOARD MEMBERS PRESENT:**

2 Fletcher McCusker, Chair
3 Edmund Marquez, Vice Chair
4 Chris Sheafe, Treasurer
5 Taunya Villicana, Secretary
6 Jannie Cox
7 Shay Jimenez
8 Richard Oseran
9 Corky Poster

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11 **ALSO PRESENT:**

12 Ms. Kristin Saad, Acting Administrative Director
13 Mr. Mark Collins, Board Counsel
14 Mr. Timothy Medcoff, Board Counsel

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18 BE IT REMEMBERED that a meeting of the Board of
19 Directors of the Rio Nuevo Multipurpose Facilities
20 District was held via ZOOM, in the City of Tucson, State
21 of Arizona, before THOMAS A. WOPPERT, RPR, Certified
22 Reporter No. 50476, on the 18th day of November 2025,
23 commencing at the hour of 1:00 p.m.

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1 **CHAIRMAN McCUSKER:** Good afternoon, everyone.
2 Welcome to the pre-Thanksgiving Rio Nuevo meeting.
3 So, Kristin, I hope you have or Huna has our
4 virtual flag.
5 **MR. HAMMOND:** I have one here for you.
6 **CHAIRMAN McCUSKER:** And, Huna, guess what,
7 you're going to lead the pledge.
8 **MR. HAMMOND:** Oh, my goodness. All right.
9 (Pledge of Allegiance)
10 **CHAIRMAN McCUSKER:** Well, you did that poorly
11 enough you'll never be asked again.
12 **MR. HAMMOND:** I'm safe for the future.
13 Apologies. Thank you.
14 **CHAIRMAN McCUSKER:** Okay. Kristin, you get to
15 call the roll. Mike Levin is not here today and Corky's
16 going to be late.
17 Go ahead and call the roll and drop your flag.
18 **MS. SAAD:** Chris Sheafe.
19 **MR. SHEAFE:** Chris is here.
20 **MS. SAAD:** Edmund Marquez.
21 **MR. MARQUEZ:** Here.
22 **MS. SAAD:** Jannie Cox.
23 **MS. COX:** Here.
24 **MS. SAAD:** Taunya -- I'm sorry if I pronounce
25 this wrong -- Villicana.

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1 **MS. VILLICANA:** Villicana is great. Thank you.
2 By the way, I was born with that name, so --
3 **MS. SAAD:** Shay Jimenez.
4 **MS. JIMENEZ:** Here. Here. I'm here.
5 **MS. SAAD:** And then Richard Oseran.
6 **MR. OSERAN:** Here.
7 **MS. SAAD:** That's everybody.
8 Oh, Fletcher. Sorry.
9 **CHAIRMAN McCUSKER:** Thank you very much. I'm
10 here. We have a quorum. As we mentioned, Mike is not
11 going to make the meeting. Corky's going to be a little
12 BIT late.
13 So you have two sets of minutes, one from
14 September, one from October. They're transcribed. Unless
15 you have a change, I just need a motion to approve.
16 **MS. COX:** So moved.
17 **CHAIRMAN McCUSKER:** Somebody second that,
18 please.
19 **MR. MARQUEZ:** Second.
20 **CHAIRMAN McCUSKER:** All in favor say aye.
21 (Motion made, seconded and passed unanimously)
22 **CHAIRMAN McCUSKER:** Thank you for that.
23 This is the time set aside for executive
24 session. I would need a motion to recess.
25 **MS. VILLICANA:** So moved, Taunya.

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<p>1 MS. COX: Jannie is second.</p> <p>2 CHAIRMAN McCUSKER: For those people online, we</p> <p>3 always go into exec first. We should be back in the</p> <p>4 public session right around 2:00 o'clock.</p>	<p>1 MR. SHEAFE: There really isn't too much to add</p> <p>2 from where we were before. If you look, you can see our</p> <p>3 total cash on hand is 7.8 million and we're still working</p> <p>4 with the monthly cash flow totaling 5.7, so the estimated</p> <p>5 available cash within one year is 13.5.</p>
<p>5 Members, click out of this meeting, click into</p> <p>6 your executive link.</p>	<p>6 And I can't scroll this, so you have to do it</p> <p>7 for me.</p>
<p>7 (Recess)</p>	<p>8 But if you look down --</p>
<p>8 CHAIRMAN McCUSKER: We have a quorum. We're</p> <p>9 waiting on Mr. Oseran, but if somebody wants to move to</p> <p>10 reconvene.</p>	<p>9 CHAIRMAN McCUSKER: Scroll that down, Kristin.</p>
<p>11 MS. COX: So moved.</p> <p>12 CHAIRMAN McCUSKER: Second that, please.</p>	<p>10 MS. SAAD: Okay.</p>
<p>13 MR. MARQUEZ: Second.</p>	<p>11 MR. SHEAFE: I can read it off my own copy.</p>
<p>14 CHAIRMAN McCUSKER: We have a motion and a</p> <p>15 second to reconvene. All in favor say aye.</p>	<p>12 Anyway, just the --</p>
<p>16 (Motion made, seconded and passed unanimously).</p>	<p>13 CHAIRMAN McCUSKER: Stop right there.</p>
<p>17 CHAIRMAN McCUSKER: Thank you, everybody.</p> <p>18 Through you for your patience.</p>	<p>14 MR. SHEAFE: Yeah. If you look at the -- the</p>
<p>19 Just a couple of brief comments about today's</p> <p>20 agenda. Not a lot of volume but a lot of very important</p> <p>21 projects. We're talking again about the Odd Fellows Hall</p> <p>22 that used to be Janos's Downtown Kitchen and the Delta.</p> <p>23 We're talking to our friends at Benjamin Supply about what</p> <p>24 could become a huge, iconic evolution for that building.</p> <p>25 And we're now going to go full public with 75 East</p>	<p>15 committed projects, they're 15.1, but we pulled 6 million</p> <p>16 out of that, so we're looking at 9.1, which give us a</p> <p>17 freeboard of 4.2 at least for the current year. So we're</p> <p>18 in good shape where we are with financial commitments for</p> <p>19 this year.</p>
<p>20 Where we have some structural weakness is</p> <p>21 making sure that we haven't overcommitted the long term,</p> <p>22 because if you add the 5.1 -- 15.1 and the 6, you end up</p> <p>23 with \$21 million against a revenue base of -- currently of</p> <p>24 about 13.5. But then you can add at least a year to two</p> <p>25 years income to that, so it gets fairly, you know, even.</p>	
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<p>1 Broadway, Broadway project. There's no NDA here. There's</p> <p>2 been nothing secretive about this, but Obie Properties out</p> <p>3 of Eugene, Oregon, was awarded the right to negotiate this</p> <p>4 project about two years ago and they have now committed to</p> <p>5 a multi million dollar effort to construct a hotel and</p> <p>6 several new retail outlets on that spot.</p>	<p>1 We're projecting at the rate of 1.6 million per</p> <p>2 month income and we've got enough other obligations.</p> <p>3 Remember we have to pay our bonds, and that takes up about</p> <p>4 800,750, and then we've got around 300,000 in overhead,</p> <p>5 400,000, it varies, and so we're ending up with a gap,</p> <p>6 which is what you see in this report.</p>
<p>7 It is public now. They presented to the board</p> <p>8 of supervisors this morning to a great reception, I must</p> <p>9 say. You know, you don't see applause much at the board</p> <p>10 of supervisors, but when Brian stepped away, everyone</p> <p>11 applauded their presentation. So we're going to talk</p> <p>12 about what we need to do to advance that project. And</p> <p>13 then finally Crystal is going to give us an update on</p> <p>14 everything at the Downtown Partnership.</p>	<p>7 Then on the second page, it's just a simple</p> <p>8 listing of everything that we have by project. And the</p> <p>9 only thing that I would say for people that aren't used to</p> <p>10 dealing -- this is the form here. And if you look across,</p> <p>11 you'll see committed and then what we've paid, and that's</p> <p>12 already been paid out, and then remaining and then the</p> <p>13 total that Rio Nuevo's portion is. And the only thing</p> <p>14 that's a little confusing, it is for me, because the names</p> <p>15 of projects periodically get changed and I haven't figured</p> <p>16 out how to make that a little easier for the person who's</p> <p>17 just trying to read it and doesn't read it regularly.</p>
<p>15 So Dan is not here. He's traveling. We did</p> <p>16 see the financial report. It's only been a week</p> <p>17 seriously, but Kristin has it. If you want to refresh</p> <p>18 your memory, we can pull it up to peruse, or if you --</p>	<p>18 But we've created an awful lot of activity.</p> <p>19 And you can see on the left-hand side all the projects. A</p> <p>20 number of them have been fully funded and are moving ahead</p> <p>21 very well.</p>
<p>19 MS. SAAD: I do have it.</p> <p>20 CHAIRMAN McCUSKER: Just go ahead and -- yeah</p> <p>21 let's pull it up and take a look at it. Nothing's changed</p> <p>22 since a week ago. I think we're still waiting on the most</p> <p>23 recent month of revenue.</p>	<p>22 By the way, while we're commenting on that, I</p> <p>23 think a significant win has been all the things that are</p> <p>24 happening with the Fox Theater. Bonnie has created an</p> <p>25 enormous headwind on creating a whole new entertainment</p>
<p>24 And if you'll scroll slowly, Mr. Sheafe, do you</p> <p>25 want to go through this?</p>	

<p style="text-align: right;">Page 9</p> <p>1 center with the Fox. We have completed our funding for 2 our portion of it, but they've expanded it up to about 3 \$25 million and it's pretty exciting what's happening 4 there.</p> <p>5 And I just throw that in, because if you add in 6 all of the investment that we've made, which is just over 7 \$100 million.120 million or so, we've generated about 1.4, 8 I think, billion in private investment and other forms of 9 investment in the district. Pretty outstanding results.</p> <p>10 CHAIRMAN McCUSKER: Chris, if you'll scroll to 11 the bottom, you'll see that leverage, Chris, with the 12 commenter commitments. So as of now we've committed 13 15 million and our private sector partners have 14 contributed 114 million.</p> <p>15 MR. SHEAFE: It's pretty outstanding. So it's 16 a very nice thing.</p> <p>17 And, by the way, the auditor general has just 18 gone just through, and the key and most salient point is 19 that we've again gotten a clean audit an our formal audit 20 that we do annually and I think a pretty clean audit from 21 the auditor general. And if I am not mistaken, Fletcher, 22 they've deferred even receiving a presentation up there 23 because we have such good results. So they don't feel 24 like they have to invest the time. Why spend their time 25 looking at something that's a very happy story.</p>	<p style="text-align: right;">Page 11</p> <p>1 MR. POSTER: Mr. Chairman -- 2 CHAIRMAN McCUSKER: Part of our challenge 3 here -- Corky's here, please note that -- Ross doesn't 4 have a tenant. It's a beautiful project. We want to 5 support you. You've done everything you've ever said you 6 were going to do, but we struggle with the precedent of 7 investing in something that does not have a tenant.</p> <p>8 So that's kind of where we left it with you 9 last time. I don't know if you have anything you want to 10 show us or you just want to discuss kind of where you are 11 with the project.</p> <p>12 MR. RULNEY: Thank you. And I think Corky was 13 trying to recuse himself.</p> <p>14 Is that correct, Corky?</p> <p>15 Anyway --</p> <p>16 CHAIRMAN McCUSKER: Yeah, he's offline.</p> <p>17 MR. RULNEY: But anyway. Yes, thank you, Mr. 18 Chairman. What we've decided to do, the project as 19 previously presented the last couple times remains the 20 same, the scope of work remains the same, the budget 21 remains the same, but because we do not yet have a tenant 22 for the Downtown Kitchen and Cocktails or also known as 23 the Delta space or any of the current space inside of the 24 Odd Fellows Hall building, we decided I'm going to move 25 forward on securing that building, meaning structurally</p>
<p style="text-align: right;">Page 10</p> <p>1 CHAIRMAN McCUSKER: Yeah. I was advised that 2 by the JCCR that you guys are the least of our problems, 3 you're doing great, keep it up, keep sending in a written 4 report, but you don't need to appear. So that's the best 5 kind of compliment, is they believe in us and they've got 6 other things to worry about.</p> <p>7 If you go back to the 4 million dollar balance, 8 you know, just if you're new to Rio Nuevo, you know, we're 9 cash poor and that's why you see us get really creative 10 when we talk to our developer partners about ways to fund 11 their projects that don't require us to write a check. So 12 you're going to see more of that particularly in the short 13 term as we try to advance even the stuff we're talking 14 about today with not enough cash to even do one of them.</p> <p>15 All right. Kristin, you can drop that.</p> <p>16 Any other questions for Chris, comments about 17 the financial status?</p> <p>18 (No oral response)</p> <p>19 CHAIRMAN McCUSKER: Okay. Here we go. We're 20 going to go Odd Fellows first. I see Jeremy and Rick 21 online.</p> <p>22 MR. MARQUEZ: Odd Fellows is Ross.</p> <p>23 CHAIRMAN McCUSKER: Never mind. Yeah, I got my 24 people confused. Odd Fellows is Ross Rulney's project.</p> <p>25 Ross, you're online.</p>	<p style="text-align: right;">Page 12</p> <p>1 and new roof just to be able to buy some time so that we 2 don't see further evidence of deferred maintenance to that 3 building.</p> <p>4 But what I have decided to do is reduce the ask 5 temporarily and just focus on the Wave Lab building at 6 111, next door, South 6th Avenue. My ask now is just a 7 third, \$200,000. We do have a tenant called Third Street 8 Social Club. We have a signed letter of intents, we have 9 a lease that's ready for execution depending on what 10 happens here today. We will move forward with what we 11 previously presented, improvements, everything from 12 entirely new facade. As you probably remember, it's one 13 of the most not attractive buildings downtown, but I think 14 with money and creativity, and thank goodness for Rep + 15 McClain for putting together their design and their 16 willingness to be a part of this, we're going to move 17 forward with that project.</p> <p>18 It needs a bit of everything from mechanical to 19 roofing to a new facade and glass fronts, so I'd like 20 to -- we're in for permits. We have the go ahead to begin 21 once permits are paid and we'd like to get started on that 22 since that is the only portion of the block that has -- or 23 the properties in question that has a user.</p> <p>24 And then on the Odd Fellows building, once I 25 can secure a user, then hopefully we could finish and</p>

<p style="text-align: right;">Page 13</p> <p>1 continue with what was previously proposed. 2 CHAIRMAN McCUSKER: Thank you for that. That's 3 very helpful. And you're a gentleman and a scholar. 4 Do we have a revenue forecast? What did you 5 call it, the Third Street -- 6 MR. RULNEY: Social Club. Yeah, that was part 7 of the first couple presentations. We put a revenue 8 forecast together. I didn't -- 9 CHAIRMAN McCUSKER: Can you get to that pretty 10 quickly? 11 MR. RULNEY: I'm about as -- 12 MR. McCLAIN: I can -- 13 MR. RULNEY: Oh, Rick is here. 14 MR. McCLAIN: Yeah. Give me one second. 15 CHAIRMAN McCUSKER: So one of the things that 16 this is going to trigger, I think, in the spirit of our 17 two-week delay, we probably would look at this as a new 18 request and require this to be a discussion item and that 19 we vote on it in the December meeting. 20 I know that you don't want to hear that, but I 21 think we've committed to the public that we've built in 22 a -- some time to take in the impact of all this. 23 Okay. So we're looking for the forecast for 24 the Third Street Social Club. 25 MR. RULNEY: Well, if you -- I can't --</p>	<p style="text-align: right;">Page 15</p> <p>1 cetera, et cetera. 2 CHAIRMAN McCUSKER: So what we should do, Ross, 3 is to break this down into the Third Street Social Club 4 item, present the ask, what you're going to do with that 5 money and show us a revenue forecast and we can take 6 action on it in the December 9th meeting. 7 MR. RULNEY: Okay. Well, the ask would be 8 \$200,000. 9 CHAIRMAN McCUSKER: We got that, but let's just 10 break this down now since you're phasing this. Let's just 11 look at an agenda item for them and for that 12 200,000-dollar ask and let's look at the revenue 13 associated with that operation. 14 MR. RULNEY: So, Mr. Chairman, are you 15 suggesting to -- 16 CHAIRMAN McCUSKER: Just send it to us between 17 now and the 9th. 18 MR. RULNEY: And to revisit this on the 12/9 19 agenda? 20 CHAIRMAN McCUSKER: Yes, 12/9 is our next 21 meeting. 22 MR. RULNEY: Okay. 23 CHAIRMAN McCUSKER: And I guarantee you we'll 24 take action on that date. 25 MR. RULNEY: Okay.</p>
<p style="text-align: right;">Page 14</p> <p>1 Rick, are you running this? 2 MR. McCLAIN: Yes. You tell me where you want 3 me to go, Ross. 4 MR. RULNEY: Yeah, if you could go -- well, 5 this is -- this is for the entire property including Odd 6 Fellows Hall originally as presented. We didn't bring out 7 just this one -- this one user. It's the total impact as 8 a whole. I would say -- 9 CHAIRMAN McCUSKER: Do you have an idea of 10 roughly what -- 11 MR. RULNEY: It's basically a third or less, 25 12 to, you know, 30 percent of the overall. It's the smaller 13 portion. 14 CHAIRMAN McCUSKER: But it's north of 15 \$2 million? 16 MR. RULNEY: Overall, absolutely. 17 CHAIRMAN McCUSKER: Yeah, so it's not a small 18 operation. It's producing 2 million of revenue. 19 MR. RULNEY: At the end of the day, yes. 20 CHAIRMAN McCUSKER: Yeah. 21 MR. SHEAFE: We might want to just -- even 22 though we're doing this in public session, just give a 23 little recap of the steps that we have to go through as a 24 commitment like this is made in terms of verifying the 25 income stream and what it actually turns out to be, et</p>	<p style="text-align: right;">Page 16</p> <p>1 MR. MARQUEZ: Can you stop sharing for a 2 second? 3 So just a really super easy recap. I mean, 4 we're still looking at a 1.8 million dollar total project. 5 It's just being phased into really two phases. We're 6 going to look at the first phase specifically, which is 7 the Wave Lab building, which over -- you know, you're at a 8 200,000 dollar ask based on your projections over the next 9 let's say nine years. You're going to actually generate 10 around \$700,000 worth of taxable income for us, so you're 11 asking 200, so that's a win win for us. 12 We're just basically going to look at this 13 as -- just because we're giving the public two weeks, 14 we're going to give you -- and I apologize. Yes, December 15 9th we'll take a look at it, but we're going to look at it 16 as basically the Wave Lab deal look and we'll just look at 17 that one piece of it knowing that it's staged. You're 18 going to come back to us at some point when you finally 19 get the Delta space activated, then you go vertical on the 20 floors two and three, which will be a second ask. We know 21 the total ask was 600 originally, so we'll be prepared for 22 a 400,000 dollar ask. Once you get a tenant, you get 23 farther along in that space. 24 MR. RULNEY: That is correct. 25 MR. OSERAN: I have a question, Mr. Chairman.</p>

<p>1 What is the Third Street Social Club?</p> <p>2 MR. RULNEY: They do everything from daytime 3 events -- it's a venue space. They do daytime events, 4 everything from art shows and Pilates to nighttime adult 5 social activities. It's not -- it's not like a Scrappy's. 6 It's a sophisticated adult social club.</p> <p>7 CHAIRMAN McCUSKER: And food and beverage or is 8 it --</p> <p>9 MR. RULNEY: Yes. The idea is to bring in 10 catered or food trucks until we have a user next door, and 11 then we would create some kind of relationship with the 12 restaurant next door.</p> <p>13 CHAIRMAN McCUSKER: And all that activity 14 generates sales tax?</p> <p>15 MR. RULNEY: Yes.</p> <p>16 CHAIRMAN McCUSKER: There's not like a 17 membership or a subscription or --</p> <p>18 MR. RULNEY: I've never heard those words. 19 Yeah. Correct.</p> <p>20 MR. OSERAN: Is it basically, Ross, renting 21 space to different folks that are doing different things 22 in there?</p> <p>23 MR. RULNEY: It's a single tenant, yes. I'm 24 not -- I'm not a partner in the business at all.</p> <p>25 CHAIRMAN McCUSKER: So get that to us. We'll</p>	<p>Page 17</p>	<p>1 CHAIRMAN McCUSKER: I talked to Rock today. 2 He's in Minneapolis. He's quite famous. He said the only 3 place he would repaint it would be at your site. We 4 talked about like, you know, repainting it someplace else 5 or, you know, digitizing it, you know, so he wants to have 6 a conversation with all of us about how he can provide 7 some art to your building. And I think he understands 8 that the current mural can't be saved.</p> <p>9 So having said that, what's your update for us 10 on where you are, kind of what the economics look like?</p> <p>11 Do you need to run any slides or are we just 12 chatting.</p> <p>13 MR. SMITH: I don't think so. I think we -- 14 you know, we presented everything that we kind of had, you 15 know, moving forward, you know, that -- you know, so 16 unless there's something more that you guys want to see. 17 The only conversation that I know we were going to come 18 back after last meeting was Rick had reached out to the 19 historical --</p> <p>20 MR. McCRAIN: The SHPO -- the SHPO office. 21 MR. SMITH: Yes.</p> <p>22 CHAIRMAN McCUSKER: How did that go?</p> <p>23 MR. McCRAIN: So just to clarify, when we had 24 started this project originally, we had reached out to the 25 SHPO's office just so we made sure we had a good</p>	<p>Page 19</p>
<p>1 send it around and we'll table this until December 9th.</p> <p>2 MR. RULNEY: I will do that.</p> <p>3 CHAIRMAN McCUSKER: Thank you.</p> <p>4 MR. RULNEY: Thanks, everybody.</p> <p>5 CHAIRMAN McCUSKER: Okay. Now I got my 6 projects lined up. So Benjamin Supply. Rick, you get to 7 stay around, Jeremy --</p> <p>8 So I guess we should talk about it because it's 9 become -- developed a life of its own. Rock Martinez's 10 extraordinary mural, which is his wife by the way, no one 11 knew that, is jeopardized because it's crumbling and, you 12 know, won't survive whether you remodel or not. So I 13 think some of the, you know, protective nature of our art 14 is, oh, that's terrible, you're going to tear that wall 15 down, there goes Rock's mural. If we did nothing, we 16 can't save that mural. Jeremy; right?</p> <p>17 MR. SMITH: Yeah. I mean, what's in the paper, 18 they put out that image and it was beautiful. That was 19 eight years ago and I'm like, oh, my gosh, she 20 unfortunately does not look like that even a little bit 21 anymore. Her face is literally falling off of the 22 building unfortunately, and so that's one of the things 23 that we're trying to do, is have a conversation with him 24 and see if we can put it in another spot, if he'd be 25 willing to do that and talk about it.</p>	<p>Page 18</p>	<p>1 understanding of the historical context and the -- 2 everything that we were proposing on doing and we got 3 favorable responses for how we were -- the warehouse 4 building on 6th, I would like to kind of remove the stucco 5 that's been overlaid and bring that back to its original. 6 And -- and with the current condition of the infill panels 7 insides the tower building, how we wanted to retreat that 8 to, you know, maintain the rhythm, scale, portion 9 character of the building but bring that into a much -- 10 you know, because it's having issues as well and we got -- 11 we got favorable treatment, like I said, on all that as 12 well, too.</p> <p>13 We've reached so we could get a formalized 14 letter, which I think the request from Corky, Mr. Poster, 15 last time was to have a letter just letting us know that 16 the work that we're doing would not jeopardize the 17 contributing status of the property and that's what we're 18 seeking from the SHPO's office currently.</p> <p>19 CHAIRMAN McCUSKER: Does the city weigh in 20 here, too, Corky? Is there a --</p> <p>21 MR. POSTER: Well, if it's private funding and 22 Rio Nuevo funding without any additional outside funding, 23 there's no formal rule for SHPO other than your request 24 that the building would not be delisted. You're not using 25 the infill incentive district, so that's not an issue.</p>	<p>Page 20</p>

<p>Page 21</p> <p>1 You might do some kind of courtesy review 2 through Desiree Aranda and the historic commission, but I 3 think there's no legal or formal responsibility to do 4 that.</p> <p>5 The not delisting is important, I think, and 6 that letter would be very, very helpful.</p> <p>7 MR. MARQUEZ: Hey, guys, there was additional 8 conversation about this project after we got out of our 9 board meeting. We've been discussing -- kind of like with 10 Ross's deal, there's property, there's part of the 11 property that is not yet activated yet and your total 12 overall budget is \$6 million; correct? Is it 6?</p> <p>13 MR. SMITH: Yes.</p> <p>14 MR. MARQUEZ: I mean, for what you're asking of 15 us, there's also an investment from us into spec space, 16 which we do not do. You have property that's not yet 17 filled, you have different floors that haven't yet been 18 activated. You are asking for 100% off our income that 19 we'd receive from the deal.</p> <p>20 I'm sure like us -- and we absolutely respect 21 your business and all that you guys have done. I'm sure 22 like us you have a greater good perspective and you want 23 to make sure that we still have some sort of income so we 24 can do small business grants and we can invest in 25 restaurants and events that we have in the area. Just</p>	<p>Page 23</p> <p>1 We've got to be careful of investing into spec space, 2 which we don't do. Plus, I mean, asking for 100 percent 3 of our income, we still -- if you looked at our budget, 4 we're cash poor. We still need some money in order to do 5 other deals that come our way.</p> <p>6 MR. SMITH: I don't quite understand that just 7 because it's 100 percent of just five years, I want to 8 say, or --</p> <p>9 CHAIRMAN McCUSKER: The point he's making, and 10 I have to get to his motion here to see if there's a 11 second, is if you do \$10 million of revenue, our 12 percentage of that is 2.6 percent, so we'll make \$260,000 13 towards Rio Nuevo's contribution to that over a, you know, 14 eight-year period. So, you know, that, you know, leaves 15 us with no really room to do anything else other than to 16 pay you your rebate.</p> <p>17 I think the board --</p> <p>18 You know, Mr. Collins, I'm at a little Roberts 19 Rules of Order loss, because Edmund made a motion, we've 20 not heard a second and we're discussing the motion with 21 the developer, so it seems like the appropriate thing to 22 do would be see if there's a second to Edmund's motion.</p> <p>23 So we have a motion to invest --</p> <p>24 MR. SHEAFE: I second Edmund's motion for 25 purposes of discussion.</p>
<p>Page 22</p> <p>1 like with Ross's deal, I would prefer to see a phased deal 2 where you don't have occupants of the other space.</p> <p>3 I would -- actually I'll put forth a motion, 4 and then we can see if we can approve it, and then we can 5 have a discussion on it.</p> <p>6 So because this is a phased deal, I would -- I 7 move that we rebate up to a million dollars towards this 8 project as it currently stands, because you have some 9 unoccupied space, and we will also add in \$50,000 from our 10 budget that we have set aside for murals and we will 11 authorize the executive and our attorneys to complete that 12 deal with you as moved.</p> <p>13 MR. SMITH: The only thing I will say is that 14 it isn't -- as far as the budget is concerned, the rental 15 space is -- I mean, Rick would have to say the percentage 16 of it that is being used for that versus what is being 17 used for Benjamin Supply. It is pretty minimal because, 18 again, we're not even putting up walls in those spaces for 19 the rental property. We're just kind of like prepping it 20 to then advertise it and to get people into those spaces.</p> <p>21 So as far as like the total cost of the 22 project, I would guess over 80 percent of it is Benjamin 23 Supply's. The amount of money that we're spending goes to 24 our work and what we're doing for our company.</p> <p>25 MR. MARQUEZ: It's still setting precedence.</p>	<p>Page 24</p> <p>1 CHAIRMAN McCUSKER: Okay. So we have a motion 2 and a second now, which makes it an official act of the 3 board for a million dollars worth of rebates over the 4 remaining life of Rio Nuevo and a 50,000-dollar 5 contribution to Rock's mural.</p> <p>6 Now, Jeremy, you can react to that and so can 7 other members. So you started to say -- finish your 8 thought.</p> <p>9 MR. SMITH: I think I'm -- I think --</p> <p>10 MS. VILLICANA: Let me ask some probing, 11 questions, Jeremy, if you don't mind. I wasn't at the 12 last meeting, if you don't mind, just kind of teasing out 13 some of the things you're thinking.</p> <p>14 So I just kind of did a rough number. So 15 you're putting 6 -- it's a total project, let's say 6 16 million, and you said 80 percent of it is really being 17 utilized by your organization.</p> <p>18 MR. SMITH: Yeah. That's on the low end, but 19 Rick can really answer that because I really don't know.</p> <p>20 MS. VILLICANA: Okay. And let's just use raw 21 numbers. I'm just -- so that's 4.8 million, right? So 22 4.8 million and your original ask was for 2 million if I'm 23 understanding well.</p> <p>24 MR. SMITH: Plus our construction sales tax of 25 300,000.</p>

<p style="text-align: right;">Page 25</p> <p>1 MS. VILLICANA: So 2.3 if we used a total 2 number. Am I understand that correctly? I want to make 3 sure I'm teasing out the numbers correctly.</p> <p>4 CHAIRMAN McCUSKER: A little over a third or a 5 third plus the construction sales.</p> <p>6 MS. VILLICANA: Okay. Okay. Good.</p> <p>7 So let's negotiate this a little bit. And I 8 think one of the things that we try to do as a board is 9 look at organizations that are locally run. And you've 10 been here for multi decades. You have a great reputation 11 in our community. You're trying to expand your market 12 share to revenue generating in this corridor, so I want to 13 applaud that. I also want to highlight that.</p> <p>14 So I think one of the things I would like to 15 hear from you is -- like this is an opportunity to come 16 back and say, look, we're really looking for X and Y. And 17 as the board -- Edmund put forward this number, but 18 obviously you're coming back and hearing these new 19 figures. What are you thinking and how would you see the 20 project moving more, you know, expediently, more robustly?</p> <p>21 What does that look like for you and your team?</p> <p>22 MR. SMITH: Yeah. I mean, in terms of the 23 speed, I mean, our -- I guess there's a couple of things. 24 When we had originally kind of talked about doing this 25 project, we were not ever going to move into the tower,</p>	<p style="text-align: right;">Page 27</p> <p>1 MR. SMITH: Just the top floor, and then where 2 we originally were going to put the appliance showroom, 3 which was the building to the east, that is now -- the 4 intention was for it to become more rental space.</p> <p>5 And, again, the real goal of this was to make 6 it something more than restaurants and bars and things, 7 but actually, you know, to -- kind of a different thing 8 that's not happening as much in this space and in this 9 area downtown and in this warehouse district for, you 10 know -- you know, again, it's home appliances 11 predominantly as well as the -- you know, the plumbing 12 that we're doing.</p> <p>13 So yes it is a beautiful project and building 14 because I'm trying to get people to think of downtown as 15 their destination, as a place they want to come, as a 16 beautiful place that they are willing to spend, you know, 17 \$25,000 on a range in a way that they aren't driving to 18 Scottsdale to do because they think that there is a place 19 that is as beautiful and, you know, lends itself to the 20 luxury market.</p> <p>21 MR. MARQUEZ: We like and appreciate the deal. 22 We're offering a 1 million-dollar incentive for you to 23 build it.</p> <p>24 And, again, let's not miss this, I also said 25 this can be phased, so let's just say you get those</p>
<p style="text-align: right;">Page 26</p> <p>1 because that's the biggest expense, is the elevator. It's 2 moving, you know, bathrooms up there, electric up there, 3 all of those different things. And it was never 4 functionally -- it was a warehouse. It was never supposed 5 to have people in it, so tearing out the walls and all 6 those things became fairly expensive. But through 7 conversations with Mr. McCusker and with Mr. Marquez, with 8 other people in the community, people were like, hey, you 9 know, how can we activate the whole space, how can we use 10 all of the square footage, and so that's what we kind of 11 moved into. And so, honestly, it doubled the price of our 12 project, and so that is kind of where we have kind of come 13 to this, and so that's what we've been kind of under the 14 impression of -- of our work and, you know, working with 15 Rick and his team on --</p> <p>16 CHAIRMAN McCUSKER: Jeremy, what did it do to 17 the revenue? So if you were the ground floor only, it 18 produces X. If you occupy the whole building, it produces 19 Y, I assume. Do you know --</p> <p>20 MR. SMITH: That's the problem, is that I don't 21 want to speculate, because the why is the future tenants 22 that I don't currently have on board, but I am spending 23 the money to create, you know, some of that.</p> <p>24 CHAIRMAN McCUSKER: So the upper floors in the 25 tower would be rented to someone other than --</p>	<p style="text-align: right;">Page 28</p> <p>1 tenants and you start to occupy and we see though tenants, 2 because there's no guarantee right now that there's sales 3 tax generators. You may say, oh, my gosh, I built this 4 building, I'm going to put office people in there, it's 5 the only tenant I could find. Well, we don't invest in 6 office. But if you get to that second phase and you 7 actually get sales tax generation, come to us. We invest.</p> <p>8 MR. SMITH: Am I able to come back and say -- 9 because at the end of the day, this is a big expense. You 10 know, the future thing is much less expensive. To put up 11 walls, I mean, you know, is not that as big of a deal. 12 And so I guess that's my question. Can I come back and be 13 like, hey, retroactively, I know I've already done all 14 these improvements, I've already spent this money, but now 15 here's my tenant and I'm asking for more from that.</p> <p>16 MR. MARQUEZ: You can come back again. I don't 17 know about retroactively. You come back to us and say 18 we've got this tenant. Just like Ross with the Delta 19 property, he's going to now bring a restaurateur in in the 20 second phase. He's going to come back to us for more 21 money. You can do that as you activate the space, but 22 like I don't see -- I don't see -- I've never seen Rio 23 Nuevo invest in empty space.</p> <p>24 I understand that you're spending the money, 25 which it's your building, which you're not flush in the</p>

<p style="text-align: right;">Page 29</p> <p>1 money, it's going to the investment in your building, but 2 you can come back to us as you activate the space for 3 additional --</p> <p>4 MR. OSERAN: I think what he's saying basically, 5 though, is that the greatest expense is not the new tenant 6 space, the greatest expense is creating this building and 7 this facade that's going to just stand out as a fabulous, 8 you know, addition to the community and the downtown 9 community, and that's where the real expense is going. So 10 coming back, you know, to create some tenant space is 11 going to be relatively insignificant to the initial cost.</p> <p>12 Is that correct, Jeremy? Am I understanding 13 that?</p> <p>14 MR. SMITH: Yes.</p> <p>15 MR. OSERAN: We can help with the real meat and 16 potatoes of this, which is the initial cost of the 17 restructuring and renovating of this building.</p> <p>18 CHAIRMAN McCUSKER: Tim, you're hands up, 19 probably a legal issue.</p> <p>20 MR. MEDCOFF: Yeah, just based on precedent. 21 So, Jeremy, I know -- I suspect you haven't sat 22 in on a lot of Rio Nuevo meetings, but just for 23 background, we have done -- Rio Nuevo has done deals where 24 they basically say to the developer, you take it to gray 25 shell, and then when you get a tenant, then we'll help you</p>	<p style="text-align: right;">Page 31</p> <p>1 MR. POSTER: Mr. Chairman, before we vote, I've 2 just got a couple of comments that I wanted to make. 3 Number one is I know I've talked a lot in the 4 past about funding other sources of revenue other than 5 restaurants and bars, and this is a great example of doing 6 exactly that, number one.</p> <p>7 Number two, the flip side of that, the downside 8 of that is that restaurant and bars have folks downtown 9 that spend money in other places and that may not be the 10 case -- although I understand your argument, that may not 11 be the case for someone who comes in at 3 o'clock in the 12 afternoon and buys, you know, a Wolf range. They may 13 not -- they're going to go back home and do that.</p> <p>14 The other thing, though, is what I'm a little 15 uncomfortable with, although I'll support the motion, is 16 that it would be really nice to know what it would cost to 17 do all of the construction you're proposing on the 18 historic portion that heads out to the south and then the 19 tower minus the top floor and then minus everything but 20 the tower. We don't know what that costs. You were 21 guessing 80 percent, but we're not sure what that number 22 is.</p> <p>23 And then, you know, your side of the bargain 24 might be subject to some value engineering. I know you 25 don't want to do that, but if the subsidy or the Rio Nuevo</p>
<p style="text-align: right;">Page 30</p> <p>1 to get it to vanilla. So, again, that's up to you to 2 figure out what that minimum amount of expense is as part 3 of your overall construction but then put the bare minimum 4 into that third floor or top floor, and then you come back 5 with the vanilla for that tenant to get it ready for them.</p> <p>6 CHAIRMAN McCUSKER: So I have a motion and a 7 second. We're going to do a roll-call vote here in a 8 minute.</p> <p>9 Not to put words in Edmund's mouth, but what I 10 hear him saying is this is an investment, Jeremy, in what 11 we consider the first phase, you know, to get as far as 12 you can with a million dollars if you don't start on the 13 other 4.8 million-dollar budget. And I think you've 14 expressed some resistance to that. Let's see what our 15 board thinks about all this, but, you know, this is how 16 deals get done.</p> <p>17 So, Kristin --</p> <p>18 MR. SHEAFE: Point of clarification.</p> <p>19 CHAIRMAN McCUSKER: Go ahead. Anybody want to 20 clarify anything?</p> <p>21 MR. SHEAFE: Edmund, did your motion include 22 the requirement that our normal requirements and hurdles 23 be satisfied?</p> <p>24 MR. MARQUEZ: Yes, of course.</p> <p>25 MR. SHEAFE: All right.</p>	<p style="text-align: right;">Page 32</p> <p>1 match is less than you had hoped for, then you might wind 2 up doing some reduction in your side of the equation as 3 well.</p> <p>4 MR. SMITH: Yeah. I guess that's just -- I 5 guess my question is what I'm -- what I think it could do. 6 And that's what our family has kind of talked a little bit 7 about, is, okay, well, why don't we just go back to our 8 plan and not go into the tower, because I think it's -- I 9 mean, half the expense of the 6 million dollar project 10 is -- is going up -- up floors and having an elevator, you 11 know, and all of that.</p> <p>12 MR. MARQUEZ: Let's be realistic about this. 13 So if you say this sounds good, thank you for the 14 million -- if I were you, I'd be like thank you for the 15 million, I'll go ahead and start construction. I'll do 16 the tower like I'm talking about, et cetera, because this 17 is rebates. This isn't checks we're cutting except for 18 the 50. So as you start selling, because you're going to 19 take a while to elevate your sales, you're going to start 20 receiving some of our million dollars, it's going to take 21 a while to get to our million dollars; right? Hopefully 22 by the time you've gotten through your million bucks, 23 you've done everything you're promising, which is building 24 out this extra space and you're leasing it up. As you 25 bring in the new tenants, you come back, do another ask</p>

<p>Page 33</p> <p>1 and say I've actually brought in sales tax generation. I 2 have another ask for you. That's okay. It's going to 3 take you a while to get to the million anyway.</p> <p>4 MR. SMITH: Yeah.</p> <p>5 CHAIRMAN McCUSKER: Corky, did you want to 6 provide an alternative or --</p> <p>7 MR. POSTER: No, I just wanted to -- I mean, we 8 typically go by a fixed project cost and then figure out 9 what we're going to match to that. We said pretty clearly 10 that we're not going to fund the east rental buildings 11 without a tenant it and we're not going to fund the upper 12 floor without a tenant. I don't yet know what that costs. 13 It's not 6 million, but maybe it's 4.8. I don't know 14 exactly what that is.</p> <p>15 I think, you know, Rep + McClain could probably 16 figure that out. But I guess my notion is that Edmund has 17 a pretty modest proposal and I support that modest 18 proposal or you could come back, I guess, at your choice 19 and say here's more precise information about what we're 20 doing in the one story portion, what we're doing on the 21 lower levels, here's the income projection, if we do that, 22 and then have another conversation.</p> <p>23 MR. SHEAFE: There is a -- if the motion 24 includes the requirement that we have our normal 25 (inaudible), that's going to require that whatever is</p>	<p>Page 35</p> <p>1 great benefit that the community experiences because we 2 will have these sort of public spaces at a higher level, 3 it's a gateway into the downtown area, it's a gateway into 4 the warehouse district, all those things.</p> <p>5 My fear would be that going vertical like that 6 is the substantial part of the construction of this 7 project and that there's a chance that this goes back to 8 an all ground floor project as well if they can't make the 9 business work. If they can't expand it to those 10 directions, then we limit some upper potential on this as 11 well.</p> <p>12 MR. POSTER: I'm sorry. Go ahead, Taunya.</p> <p>13 MS. VILLICANA: So -- I raised my hand. That's 14 probably why he said that versus just talking out, I 15 guess.</p> <p>16 So, Rick, just to understand both you and 17 Jeremy, can you give us some like -- contextualize what 18 that means when you say, if we stay ground floor, we're 19 still going to be selling the same to both commercial as 20 well as residential, that's not changing it, we're trying 21 to enhance the business by giving more visual and tactile 22 experiences, so we may sell more because we have this 23 additional space to do that. Is that kind of what I'm 24 hearing or am I missing the marker?</p> <p>25 MR. McCLAIN: That is correct. And if it's</p>
<p>Page 34</p> <p>1 presented in the final form includes those numbers, passes 2 the test of what we will invest in and the limitation as 3 to percentage of total what we will invest in. So -- and 4 that gets incorporated into the rebate as it's structured, 5 so there's going to have to be a revisit at the end when 6 we get the benefits agreement put together, because we're 7 talking theory right now and we don't know what real 8 numbers are and neither does Jeremy. So this is a way of 9 helping him move forward without absolutely having a 10 guarantee that he's going to end up with a million dollars 11 in his pocket.</p> <p>12 MR. McCLAIN: As a point of clarification, we'd 13 be more than happy to break out those numbers exactly as 14 Corky is suggesting and we can provide the board with 15 those actual figures if it helps to -- to move the process 16 along.</p> <p>17 The other thing that I just wanted to point out 18 from my observation of this is, and I think Jeremy hit on 19 this a little bit, too, but just to be clear, the project 20 originally was all ground floor only because the cost of 21 going up on those second, third, fourth floors was so 22 enormous that the original project was to mothball those 23 floors and just make this a ground project only.</p> <p>24 Then after these conversations, we talked about 25 going vertical. And if you think that there is a really</p>	<p>Page 36</p> <p>1 okay, I can share my screen very quickly well here as 2 well, too.</p> <p>3 MS. VILLICANA: Love it. I'd love to see more.</p> <p>4 MR. McCLAIN: So just a clarification. The 5 project was originally -- because we knew the cost of 6 dealing with, you know, a very old tower that didn't have 7 an elevator, didn't have proper egress, didn't have proper 8 mechanical, electrical, plumbing, didn't have proper 9 insulation in the walls. All these things was a more 10 costly expenditure.</p> <p>11 The original proposal was that let's wrap 12 around Benjamin Supply to the north here. We'll take the 13 warehouse building on the east side, we'll take the bottom 14 floor of the tower, and then essentially the three floors 15 in the tower about the ground floor would be sort of 16 mothballed. They'd be kind of closed off because it was a 17 large expenditure to do that as a private developer.</p> <p>18 Now that we can really open this up, we've got 19 a lot of transparency here, I think you see life, you see 20 vibrance, you see -- it's a much more activated space all 21 the way through there.</p> <p>22 Then Benjamin Supply is expanding quite a bit. 23 They are expanding into the first, second, third floor of 24 this tower, which give them more sales, more revenue 25 generation. And then these spaces over here to the east,</p>

<p style="text-align: right;">Page 37</p> <p>1 they've already leased spaces. They've been leased spaces 2 for ever and ever, so they already set up for all that. 3 They have mechanical, they've got plumbing, they've got 4 electrical, they've got all of the infrastructure. We 5 actually are simply going through and removing the stucco 6 applique that was put on there and kind of bringing it 7 back to the original brick and warehouse feel as well, 8 too.</p> <p>9 So fortunately the cost of that is pretty minor 10 because it is really just an exterior cosmetic. There's 11 not a lot that's going into that. And then, as Jeremy 12 said, the fourth floor has sort of been reserved a little 13 bit, too, but there's not a ton of cost of that in a 14 project, because certainly once we get an elevator in 15 there, the bulk of the cost is the elevator. It's not a 16 big expenditure to add that to one more floor.</p> <p>17 Does that help answer your question?</p> <p>18 MS. VILLICANA: Exactly what I was looking for. 19 Thank you.</p> <p>20 MR. McCRAIN: Yeah.</p> <p>21 MS. VILLICANA: Just activating more space so 22 you have more opportunity. Makes sense.</p> <p>23 MR. McCRAIN: Yeah.</p> <p>24 CHAIRMAN McCUSKER: Go ahead and drop that, 25 Rick. Thanks.</p>	<p style="text-align: right;">Page 39</p> <p>1 for us it is imperative that we have a cabinet shop, it is 2 imperative we have a tile store, it is imperative we 3 have -- you know, that is our goal, because that helps 4 increase our sales, so that is what we're going after and 5 that is what we will be working on in order to help the 6 main business, because for us it's not about the rent so 7 much, it is about Benjamin's being able to sell more 8 product.</p> <p>9 MR. POSTER: Okay. And going to the second and 10 third floor for Benjamin Supply opens up the other space 11 for other retail opportunities which could in fact benefit 12 Rio Nuevo.</p> <p>13 MR. SMITH: Correct, because what we started to 14 talk about was, okay, can we put people up on the second, 15 third and fourth floor and what our challenge was. I was 16 like who wants to be like on the second floor, like who 17 wants to be on the third floor.</p> <p>18 The fourth floor is interesting because I do 19 think it's cool. It's got this great view. You know, it 20 could be prestigious in its own way. But that was our 21 challenge when we started discussing this, is like most 22 people want some sort of ground entrance, so we were like 23 Benjamin can move into that second and third floor and --</p> <p>24 MR. POSTER: Okay. That's clear. I appreciate 25 that.</p>
<p style="text-align: right;">Page 38</p> <p>1 MR. McCRAIN: Sure.</p> <p>2 MR. POSTER: So I did have one more question.</p> <p>3 So am I understanding, Rick and Jeremy, that 4 your first plan was to essentially take all of the first 5 floor space and devote it to showroom floor, plumbing and 6 appliances and instead take -- now take the second and 7 third floor of the tower, which I'm guessing is a similar 8 square footage to the eastern extension, and put it 9 vertically instead of horizontally. And so that begs the 10 question -- and, therefore -- it's a lot more expensive 11 from your point of view, and, therefore, you need more 12 support from Rio Nuevo.</p> <p>13 But that begs the question can you demonstrate 14 additional tax revenue for plan B versus plan A? And the 15 question is important because you're asking Rio Nuevo to 16 invest substantially more money in plan B without any real 17 assurance that there's substantially increased tax 18 revenue.</p> <p>19 MR. SMITH: I mean, the only -- I mean, I don't 20 know if it's assurance per se, but, you know, what we were 21 trying to accomplish is something that we have done prior 22 in our Gilbert location. And in order for Benjamin Supply 23 to do better, it is to have like businesses with us. And 24 Benjamin Supply, it's only thing is downtown. If you want 25 anything for your home, you do not go downtown. And so</p>	<p style="text-align: right;">Page 40</p> <p>1 CHAIRMAN McCUSKER: Taunya.</p> <p>2 MS. VILLICANA: Thank you.</p> <p>3 So here's a suggestion and food for thought. I 4 think if you take a little bit more time and just step 5 back from the vote today and reconfigure two visual 6 things. One is that it's really saying to us like, look, 7 here's what we want specifically and what it looks like, 8 the revenue streams. Here's -- if we go to the secondary, 9 the smaller form, go back to the first floor, this is what 10 that looks like. If you can give us those data points, I 11 think you're going to end up in a better space with us 12 from the visual and the discussion around what you're 13 trying to achieve. You're coming into this meeting and 14 probably feeling a little bit blindsided by the offer 15 that's been proposed. I can see it a little bit.</p> <p>16 MR. SMITH: Yeah. No, I appreciate that, 17 because it's a little bit where we were when we were just 18 ground floor and weren't spending so much money, so that's 19 where you're like now we went through a lot of work to 20 create a lot more expense for a future, you know, goal 21 that is hard to give data on when I don't have renters, 22 you know. So it is kind of a, you know, cart before the 23 horse situation and trying to understand what comes first, 24 what comes second and, you know, through that process, 25 so --</p>

<p style="text-align: right;">Page 41</p> <p>1 MS. VILLICANA: Yes. If you're using that 2 80 percent number and you think that's a reality, let's 3 just tease it out, unless you want to go -- you know, we 4 can go forward with a vote today and move forward with 5 what's been proposed. I just got the sense based on our 6 conversation and watching the body language that it may be 7 a better approach to go back, do a little bit more 8 scrubbing, come back with two different proposals or one 9 proposal, whatever that looks like, and allow for us to 10 chew on it differently and think differently.</p> <p>11 That would be my sense. I'm not ready to vote 12 on it today because I think there should be more 13 information around two different opportunities or one, you 14 know. I like your business plan. I'm super encouraged by 15 it.</p> <p>16 MR. POSTER: I mean, I'm 100 percent behind 17 what Taunya's saying. I would like to add one other 18 element, which I'm now understanding and I didn't five 19 minutes ago. By going up to the second and third floor in 20 the tower, although expensive, it frees up the ground 21 floor space to the east for other tenants that are likely 22 to produce additional sales tax like a tile shop, like a 23 cabinet shop, et cetera. So it would be useful in that 24 additional information if you could -- and I understand 25 you'd be speculating, but you could imagine some typical</p>	<p style="text-align: right;">Page 43</p> <p>1 inviting not only people but businesses -- new businesses. 2 That's what I'm -- my point.</p> <p>3 Thank you for allowing me to speak.</p> <p>4 MS. COX: I have a question, too.</p> <p>5 To me this is a very exciting project for some 6 of the reasons that Richard just mentioned. And I think 7 it's a great opportunity for downtown.</p> <p>8 I just -- I've been hearing people talk about 9 how wonderful it is to have local people creating this 10 opportunity, but -- not that all of our developers are 11 local, because certainly they are not, but are you from 12 Tucson, Jeremy?</p> <p>13 MR. SMITH: I do not live in Tucson, no.</p> <p>14 MS. COX: I didn't think so. So I --</p> <p>15 MR. SMITH: I live in Phoenix.</p> <p>16 MS. COX: So talking about the fact that you're 17 local and it's so great to have you be local -- I love the 18 project, but you do not live in Tucson; is that correct?</p> <p>19 MR. SMITH: I don't, but my brother lives there 20 part time and so does my --</p> <p>21 MS. COX: And that's okay. The project is 22 still wonderful.</p> <p>23 MR. SMITH: I appreciate it. Thank you.</p> <p>24 MS. COX: I just want it to be clear that we're 25 talking about how great this is that it's local Tucson</p>
<p style="text-align: right;">Page 42</p> <p>1 uses for that and give us some potentially gross sales tax 2 income from that additional space. And that would sort of 3 incentivize us to spend more money to go up, because in 4 the future, we've got more opportunity for more sales tax.</p> <p>5 If you just take the first floor, it's quite 6 unlikely that we're ever going to get sales tax from the 7 second, third or even fourth floor, so that's an argument 8 that I think is the worth making.</p> <p>9 Rick and Jeremy, does that make sense?</p> <p>10 MR. SMITH: Yeah.</p> <p>11 CHAIRMAN McCUSKER: Richard, it looks like you 12 want to say something, Mr. Oseran.</p> <p>13 MR. OSERAN: Yeah, I just wanted to say there's 14 another part of this I don't think we're looking at. When 15 you create a design center downtown, it invites a lot more 16 that can come downtown when they see something really 17 special, it's just not bars and restaurants anymore.</p> <p>18 It's what we've talked about a lot. It's 19 creating a lot more of an environment downtown than we 20 have presently. And this is like the first big step in 21 seeing something other than what we've been funding 22 primarily in the past, which are bars, restaurants and 23 hotels.</p> <p>24 I just think it would be a great addition to 25 expand our community and make it more of a -- we're</p>	<p style="text-align: right;">Page 44</p> <p>1 people doing it. It's not local.</p> <p>2 MR. SMITH: Yeah.</p> <p>3 MS. COX: It's just a great project.</p> <p>4 CHAIRMAN McCUSKER: You can't really say the 5 other occupants would be local. I mean, if you're going 6 to create a design center, you want people to come from 7 around to occupy a downtown design center.</p> <p>8 So to table it would require Mr. Marquez to 9 withdraw his motion. We could do that and gather some 10 data between now and the next meeting. That's his call.</p> <p>11 MR. MARQUEZ: I'm happy to table it. That's 12 fine. Part of my staging here was because there's so many 13 unanswered questions. We all love the deal. I'm not 14 trying to be disrespectful in my motion. I'm just 15 protective of our tax dollars. But, I mean, I understand 16 the Benjamin Supply piece, but there's still vacant space. 17 We just got done telling Ross we don't invest in vacant 18 space, so there's unanswered questions. I'm happy to 19 table it. Let's sit down and kumbaya and see what we can 20 do to make this the best deal possible.</p> <p>21 CHAIRMAN McCUSKER: Does that mean you will 22 withdraw your motion or you --</p> <p>23 MR. MARQUEZ: Yes.</p> <p>24 CHAIRMAN McCUSKER: Did I hear you withdraw 25 your motion?</p>

<p style="text-align: right;">Page 45</p> <p>1 MR. MARQUEZ: I will withdraw my motion. 2 CHAIRMAN McCUSKER: All right. So we can -- my 3 sense is we all want to come back to this. I don't know 4 that I need a motion to do that. I think what Corky 5 suggested, Taunya has echoed, guys, is that you break out 6 this development by components so that we can identify 7 what is going into Benjamin Supply proper and what is 8 speculative on behalf of new tenants. And we may consider 9 some sort of phased investment in that, Jeremy, but we 10 really can't go forward without a better understanding of 11 how the costs break out. 12 Is that a fair statement? 13 MR. SMITH: Yeah, I think that is and we will 14 work on that. 15 CHAIRMAN McCUSKER: Okay. Thank you. You saw 16 our financial statement at the beginning. You know, we're 17 trying to make sure we not only get your deal done but the 18 other things that are coming to us. 19 So congratulations. We'll help figure this 20 out. We'll be talking to you between now and the 21 December 9th meeting. 22 MR. SMITH: I appreciate it. Thank you so 23 much. I really do. I real appreciate it. Thank you. 24 MS. VILLICANA: Yeah. And feel free to reach 25 out to us to -- you know, lean in as you're kind of going</p>	<p style="text-align: right;">Page 47</p> <p>1 the board might have, why don't you go ahead and run 2 whatever -- 3 MS. ALLTUCKER: Sure. We'll through our 4 presentation and then answer questions. 5 I think I need permission to share. 6 MR. HAMMOND: You should have it. 7 MS. ALLTUCKER: And we are presenting on 75 8 Broadway. 9 CHAIRMAN McCUSKER: Thank you. 10 MR. OBIE: Yes. And recognize that you've been 11 meeting for quite a while now and going through the 12 different aspects. 13 Are we connected now, Irene, so we can -- 14 MS. ALLTUCKER: Okay. I'm hoping you're 15 seeing. Do you see the screen? 16 MS. VILLICANA: We do, yes. 17 MR. OBIE: Okay. Great. Well, thank you again 18 and thank you, Fletcher, for the introduction this morning 19 at the county. And that was the supervisors. I thought 20 that went really well, quite well, enjoyed being there and 21 I think they're excited to contemplate something happen on 22 this property after 40 years. And I think all of us would 23 be proud to have a piece of making a catalytic development 24 take place there in downtown Tucson without question. 25 That's the kind of work we do and the kind of work we want</p>
<p style="text-align: right;">Page 46</p> <p>1 through this process. You know, we want to be here to be 2 kind of a supporter of making sure that you come to these 3 meetings very prepared and then also just kind of -- if 4 you need a soundingboard, that's what the executive 5 committee is really set up to do initially -- 6 MR. SMITH: Yes. 7 MS. VILLICANA: -- so you feel very prepared 8 once you get here, okay? 9 MR. SMITH: Great. Thank you so much. 10 CHAIRMAN McCUSKER: Thank you. 11 75 East Broadway. Is Brian on? Is -- 12 MS. ALLTUCKER: We are on. Hello, chairman 13 Fletcher. We are missing Marcel because I couldn't -- I 14 didn't receive that other link under our name, so -- 15 CHAIRMAN McCUSKER: Okay. So I gave a little 16 introduction about how successful you were at the county. 17 This is now in the full public eye. We have some work to 18 do. I'm going to discuss how we advance your project. 19 You had some slides today that maybe are new to 20 us. I don't know if you want to go back quickly to kind 21 of where you are now with the project. 22 Our intent today is to do what we have to do in 23 the order we have to do it to advance you forward. So 24 we're not going to vote on anything today, but we can 25 start drafting documents. But if there's any questions</p>	<p style="text-align: right;">Page 48</p> <p>1 to do. 2 The reason we have this particular slide up, 3 it's an example to some extent of our vision of what will 4 happen on the subject property but also an effort to 5 introduce ourselves to you and earlier to the county and 6 our capabilities of getting things done. 7 This is about a 90 million-dollar project in 8 Eugene on a half a block including departments and 9 commercial buildings. And there's a hotel, Gordon Hotel. 10 But in the center of that you'll see an alley, 11 and that has a lot to do with the project we're talking 12 about off Broadway here, Broadway and Scott between Scott 13 and 6th. It's utilizing the alley for local retailers, 14 most of which would -- not most but -- okay, most will be 15 makers of products and events and services that are 16 created here by local makers of anything from jewelry to 17 plants, whatever, art, whatever it might be. And we 18 create spaces as we move forward on this presentation that 19 they afford and make work as entrepreneurs and ready to 20 take the next step. 21 The next slide is really an effort to introduce 22 you to our company. This is our executive committee, 23 which consists of people like Irene, who is vice-president 24 of real estate, all things real estate in our company, 25 marketing person, the vice-president of marketing,</p>

1 hospitality. We currently operate four hotels, building a
2 fifth one. Tucson will be number six. We're high-end
3 specialty hotels.

4 And behind these people, however, are 200 other
5 employees that really have cranked in this particular
6 arena that we're talking about, and that is create centers
7 of energy, centers of activity, because that is what we do
8 and what we know and, frankly, we think is good work in
9 how we spend our time.

10 We do have other partners working with us on
11 this. Gensler Company is the architectural firm that is
12 frankly internationally renowned as developing centers of
13 activity, centers of energy, Swaim a local architectural
14 firm most of you are familiar with and Sundt Construction,
15 who has been helpful on the consulting side as to costs
16 and what have you to bring it this far.

17 So that is kind of a little bit about who we
18 are, background, people, et cetera. Irene has been with
19 us nine years. She's one of the younger group. Several
20 in the photographs have been here 13 years, 20 years, et
21 cetera, here meaning doing this kind of work.

22 So we'll move on to the next one, Irene.

23 Several slides just to show you some of the
24 things that we do. This was our first hotel in Eugene.
25 That came about -- I've got kind of a mantra, if you will,

1 from adversity comes opportunity. We got in the bind of
2 2007 and 2008 when there was no credit, et cetera, had
3 this half built, the banks left and we had to go out and
4 find financial partners and wound up building just a great
5 hotel. We had not been in the hotel business before, so
6 all we wanted to do was build a hotel that we would like
7 and love and hopefully others would as well.

8 It turned out the following year to be named
9 one of the top 25 hotels in the country. It has just had
10 a great history now going on for 12 years and will
11 continue, I think, for many more, because we do make a
12 great effort on keeping this going.

13 Go to the next one Irene if we might.

14 We went from there, built a hotel in Boise
15 again right downtown in cooperation with the city, the
16 renewal agency, et cetera, 120 room, 110 room hotel, great
17 restaurants, meeting rooms, garage, et cetera. It is the
18 darling of Boise. It is a boutique independent hotel
19 without a flag and certainly a destination as it comes to
20 Idaho.

21 And the next slide is the Gordon Hotel we'll
22 spend a little more time on in Eugene, most recent hotel
23 that we've built. And, frankly, it's named after my dad,
24 who was an artist and a traveler. And the Gordon's is all
25 about art as will the Tucson Inn be all about art in many

1 respects and we'll talk about that.

2 The next slide I think shows -- on the left
3 shows you the tower on the Gordon Hotel. Again, it's a
4 very active hotel. On the right is the lobby. That's the
5 ceiling of the lobby, hard to recognize that. Some people
6 think it's crystal, others recognize it as mason jars.
7 This lobby on many a night you don't know whether you're
8 in a hotel lobby or a restaurant/bar, et cetera. There's
9 a lot of activity, and that's what we're all about. And
10 that's what our guests in this particular venue are
11 about, is creating energy and being attracted to that
12 energy.

13 And one of the distinct things about this that
14 you don't -- can't see in this photo is in the corner is
15 what we call an art bar. And in that corner many of our
16 guests and other artists from outside come and do their
17 thing and paint and in some cases quit and do other things
18 at that bar that people are interested in and promotes art
19 in the community, which is very important to us just based
20 on where we come from and what we do.

21 And the next slide -- now we'll go back to the
22 alley that was between those buildings. What we're
23 talking about to a great extent, between 6th and Scott,
24 the alley that would join those two streets backing up to
25 the building -- the historic buildings on Congress and the

1 new hotel, which Irene will show you in just a moment.
2 But this alley will be lined with retail. Some of it will
3 be food and beverage, but in most cases, it will be
4 entrepreneurs that are making their products, selling
5 their products. Could be chocolate, could be toys as I
6 mentioned, could be clothes for kids, could be vintage
7 clothes, could be any number of things, but it will focus
8 on retail, focus on the entrepreneur or the person that
9 has a very small space, but this is maybe the first
10 business that they've ever been in, they've had this idea,
11 they want to make it happen and we're there to do that.

12 At the same time, the alley serves as well
13 during the holiday season whether it be Christmas or,
14 frankly, whether it be Easter or Halloween or what have
15 you. The alley dresses for the occasion and activates for
16 that occasion.

17 You'll see on the right hand side there a rally
18 in the alley, and that's when -- any time that Oregon is
19 playing anybody on a Saturday, we have a rally in the
20 alley on Friday night. The sole purpose is to bring the
21 university downtown, and it's successful in doing that.
22 We'll get 4 or 5, 600 people to show up for that rally and
23 it's exciting. In this case you see the cheerleading
24 group of the Ducks that's always there and the other
25 props, what have you. Entertainment goes on. And it is

<p style="text-align: right;">Page 53</p> <p>1 to excite the community about the Ducks playing the next 2 day but in many respects bring the university community 3 downtown.</p> <p>4 You can barely see the Gordon Hotel in the 5 background. That is the lobby right in the background 6 there underneath that large screen that you see. That's a 7 screen that comes down. On Tuesday nights it has movies. 8 We get families that come down for that. We get families 9 that come down for the game because they can't afford to 10 go to the game, but they love to be in the alley watching 11 the game with a lot of other people. And that will we 12 will do in Tucson without a question.</p> <p>13 Then the next slide, this shows the -- that 14 photo that had our executive committee in it was taken at 15 this particular site. That was a groundbreaking for the 16 Gordon Hotel in Corvallis, a community much smaller than 17 Eugene, much smaller than Tucson. This is an 18 80 million-dollar project hotel and apartment, three 19 restaurant -- food and beverage venues and is on the river 20 in Corvallis. It backs up to downtown. Again, full 21 support of the university, close ties with the university. 22 We're excited it's underway. We're under construction on 23 that and looking forward to opening in the spring of '27. 24 And we're looking forward to that being one of our great 25 projects.</p>	<p style="text-align: right;">Page 55</p> <p>1 and in our thoughts about nine years ago when I joined 2 Obie Companies. I had a home -- have and had a home at 3 that point and still do here in Tucson and I would travel 4 here about every six weeks. And it piqued Brian's 5 interest as to why I was going down to Tucson so 6 regularly, and I said what an amazing place it is, and so 7 we started exploring it further to see if there might be 8 the possibility that there was something here for Obie 9 Companies and that should we consider that.</p> <p>10 And so as we considered the city of Tucson and 11 what might be a possibility, you think about the criteria 12 that you would want a site to meet. And so we've thought 13 about the downtown corridor, the proximity to the 14 university, the connection with the streetcar to the 15 University of Arizona, the convention center, the activity 16 around downtown looking at Johnny Gibson's Market, Hotel 17 Congress, one of my favorite places to go. And back a few 18 years ago, there was Hydra Boutique that would bring us 19 downtown. But if just was this viable place of downtown 20 Tucson that we thought, well, if there was ever a site 21 that could be a place for a future development, it would 22 be in the heart of downtown.</p> <p>23 Rio Nuevo then a couple years ago put out a 24 request for proposal for this gravel lot and it was 25 exactly in the location that met our criteria. It -- the</p>
<p style="text-align: right;">Page 54</p> <p>1 Here's a project we hope to break ground on 2 four months from now, fully expect to. We are in the 3 funding stage right now on this. It is 130 apartment 4 houses and about 8,000 square foot of retail. It's a 5 ground floor, which we like to do because it serves the 6 tenants well, it serves also the neighborhood.</p> <p>7 And one of the things about this, it's called 8 the Station House because it's next to a 100-year-old 9 train station -- Southern Pacific train station, just 10 beautiful in architecture that we also own, the tenant 11 there being the Old Spaghetti Factory, so this ties 12 together that venue and really is a corner stone for the 13 community of Eugene, which we want to be certainly in 14 Tucson.</p> <p>15 I'm going to ask Irene to now introduce the 16 project. Other than this morning, I want you to know this 17 is the first time that anybody has laid eyes on this 18 project and what can be, will be, should be, et cetera.</p> <p>19 So, Irene, if you'll take it from there.</p> <p>20 MS. ALLTUCKER: Thank you for your patience as 21 we go through. Technology is always interesting, isn't 22 it?</p> <p>23 So I want to first start off with it's 24 wonderful being here in front of all of you and presenting 25 this project. This project actually started in our minds</p>	<p style="text-align: right;">Page 56</p> <p>1 location on Broadway between Scott and 6th and adjacent to 2 Congress is an absolutely perfect location.</p> <p>3 We responded to the request for proposal that 4 Rio Nuevo put out and put together an outline of what the 5 project could look like that we would develop there. We 6 were chosen and we were selected with an exclusive 7 negotiating agreement.</p> <p>8 After receiving that we embarked on many 9 studies and exercises to then determine what we could 10 build in this lot -- on this lot, and so we did 11 architectural drawings, we did market studies, market 12 studies for both apartments and market studies for hotels. 13 We did construction estimates. So we've done a lot of 14 work to get to the point where we can now present to you 15 the Tucson Inn and Market. So when we talk about this 16 project has been a long time coming, it's because we've 17 been doing our work and our homework and our research.</p> <p>18 So this is the initial rendering that we worked 19 with Gensler and Swaim and Sundt on presenting to you 20 today. It is a hotel with the ground floor devoted to 21 retail.</p> <p>22 And when Brian showed to you our initial hotel 23 in Eugene, it exemplifies how we know how to engage retail 24 with a hotel. That is a very interactive hotel with 25 Pendleton Woolen mills and a hair salon and five other</p>

<p>1 boutiques within just four steps of the hotel lobby. 2 So we're very familiar with the interaction of 3 hotel guests, visitors and then also making it as a 4 destination for the local market to come and visit. So 5 it's about knowing the interaction and putting a lot of 6 energy into the retail component of the hotel. 7 Looking at how this hotel would be situated on 8 this lot, how it interacts with the Ms. Saigon fabulous 9 restaurant that I know that Rio Nuevo supported and its 10 proximity to the hotel is wonderful. The proximity to the 11 Gibson Market and the event space that is being created, 12 the food hall, that is important to us as we're designing 13 this hotel and looking at how it fits within the 14 neighborhood, looking at the buildings, the historic 15 buildings on Congress that adjoin join this alley. That 16 is an important component to we designed the building. 17 So the next slide is our initial rendering of 18 the Tucson Inn and Market. I will tell you it's an 19 initial rendering because Obie Companies continues -- as 20 we come from this type of a rendering, we look at every 21 way to enhance this building, to make it attractive, to 22 make it reflective of the community and interactive with 23 the neighborhood. 24 For example, when we are developing in 25 Corvallis, we -- the initial drawing didn't have any red</p>	<p>Page 57</p> <p>1 Street buildings that will also back into or open up onto 2 the alley, which is a very important part of that venue so 3 we activate both sides of the alley and we can walk from 4 one end to the other and create climate control to some 5 extent, but areas that people want to be. 6 You can see a bandstand here to the left. 7 Actually that will be probably more frontal, because we've 8 got to have an active alley. 9 In addition to perhaps a rally, we have a mini 10 market that happens about every other Saturday right down 11 the middle of it, brings people from throughout. We'll 12 have an art market that goes down the middle, all types of 13 activity. We'll start to tie in with many of the 14 different venues that go on in the community -- downtown 15 community at the same time attracting people from those 16 venues. 17 So this is just a really exciting part when 18 you're a guest in the hotel or you're coming from 19 elsewhere or maybe live in an apartment across the street, 20 this will be a place that you want to be. 21 You know, with that, I think the next slide, 22 Irene, shows the ground floor drawing. At this point you 23 can see in a very light pink -- very light pink, it 24 doesn't show up very well, are designated retail that will 25 be leased and all along the alley there and with</p>
<p>Page 58</p> <p>1 window boxes. Now when you see that drawing of the 2 Corvallis Gordon Hotel and Residences, it has red window 3 boxes because we wanted to make sure it enhances the 4 neighborhood and adds and contributes. 5 You can see that there is a pool on the top 6 floor. That will be open to the public. That will be a 7 pool bar and it is -- I think they call it a cocktail pool 8 because it's not one you will actually go in and swim laps 9 in, but it enhances why someone would go up to the bar and 10 be a customer of this venue. 11 I am going to then share the next slide and 12 Brian will talk a little bit more about the alley and how 13 we're developing that further. 14 MR. OBIE: Thank you, Irene. 15 If you were at the Gibson Market across the 16 street, this is what you'd be looking at, perhaps a little 17 closer to this. On each side as you go down that alley, 18 there would be small and larger, nothing -- not anywhere 19 near a box store of any kind but spaces anywhere from 500 20 square feet, 200 square feet, 2,000 square feet would be a 21 large one, different retailers, some food and beverage, 22 some candy, some -- you name it, people that make candy, 23 people that make baked goods, whatever it might be, and 24 connected as you saw in the drawings with the Congress 25 Street property. Marcel is a principal in those Congress</p>	<p>Page 60</p> <p>1 contemplation across the alley from that light pink in the 2 back -- back end -- what is now a back end, considered a 3 back end, hopefully won't be considered, what will be 4 alley frontage of those Congress Street buildings. And in 5 working with Marcel and his ownership on the old Chicago 6 Music store, opening that up to the alley and to the lobby 7 of the hotel. 8 So you can -- you should be able to see the 9 drop off for the hotel, you walk in, you're going to be in 10 the middle of activity. You're just going to be in the 11 middle of activity. This is not a sedate, laid back kind 12 of thing. And you're going to look all the way through 13 Chicago Music store and other small venues whether it be 14 bakeries or brew pubs or whatever it might be. 15 We may bring a couple of tenants with us that 16 have found success, but by and large, 80% of the tenants 17 are going to come from Houston -- excuse me, from Tucson 18 and we're going to -- frankly we want to dig them up and 19 make this work for them and ourselves. 20 So I think that kind of explains where we're 21 at. 22 Irene, did I miss anything? 23 MS. ALLTUCKER: No I think we covered it all. 24 I don't know if there's any other follow-ups that we would 25 like to address at this time, Fletcher. My understanding</p>

<p style="text-align: right;">Page 61</p> <p>1 is we are just presenting where we are and providing an 2 update to Rio Nuevo.</p> <p>CHAIRMAN McCUSKER: Yes, ma'am. And thank you.</p> <p>4 It's spectacular. We knew it would be, the interaction 5 you have with the block, but moreover the retail is hugely 6 important to us. We don't benefit from a hotel bed tax, 7 but we benefit in spades from sales tax, you know. So, 8 you know, I saw a dozen retail establishments that do not 9 exist downtown right now. So you've created a mall with a 10 hotel in the middle of it and, you know, that's an 11 extraordinary opportunity to create this block as a 12 destination. So congratulations. We're thrilled to see 13 where you are.</p> <p>14 Let me just briefly talk about the process 15 going forward.</p> <p>16 So this was a procurement under an RFP run by 17 state of Arizona procurement law. Obie has been what's 18 called in that environment the awardee. At some point 19 they indicate their intention to go forward with the 20 project.</p> <p>21 Our relationship with the county is we have an 22 option with Pima County to lease and/or purchase this 23 parcel, so our next step would be to notify the county of 24 our intent to exercise that option. And that begins kind 25 of a three-way dialogue between Rio Nuevo, Obie and Pima</p>	<p style="text-align: right;">Page 63</p> <p>1 of us, but it's been a molding process, a sculpturing 2 process of bringing this together, your ideas, your needs, 3 your desires. It's worthy work for all of us.</p> <p>4 This project will happen. It will be one that 5 really I think demonstrates Rio Nuevo's impact on this 6 community and ours, which is important to us. We have -- 7 whatever time we have in our lives, we want it to be 8 viable and valuable and want to make a contribution. And 9 the project will be significant.</p> <p>10 And it will be just the beginning. We will 11 prove retail works here by bringing the locals into it, 12 and I think you'll see it expand from there. That's what 13 we've seen in Eugene. As we create these local retailers, 14 then the large once see, oh, this is working and maybe we 15 can get on board. That kind of thing, so --</p> <p>CHAIRMAN McCUSKER: You attracted a couple of 17 well known retailers in Eugene. I think Pendleton 18 occupies your hotel and I think Nike's there, so we know 19 that you'll attract tenants. And the fact that you've 20 made so much of this stuff available to local small 21 businesses, you really seized the moment and I think it's 22 a smart project. You guys have really done your homework 23 in terms of what Tucson needs.</p> <p>24 So we will see a lot of you here in the next 25 few weeks and we'll be in touch, Irene, on how we advance</p>
<p style="text-align: right;">Page 62</p> <p>1 County on the economics associated with what I think, 2 Brian, is north of \$50 million, right, 51, 52?</p> <p>MS. ALLTUCKER: That is right, 50 million plus.</p> <p>CHAIRMAN McCUSKER: Yeah.</p> <p>5 So so far everyone on this program has 6 indicated their flexibility on how we manage the 7 economics.</p> <p>8 You saw our financial statement at the top of 9 the hour. We're going to work with the county on how to 10 secure the property, make that available to Obie. We're 11 going to work with Obie on how to incentivize this 12 remarkable retail corridor. So those are the next steps.</p> <p>13 The county has a schedule that they publish 14 that brings everybody back to them in December to talk 15 about the notice. It does require an appraisal of the 16 parcel, and then hopefully all the decisions get made in 17 January.</p> <p>18 So that's the path that we're on, so you'll see 19 them in our meeting probably two, three times between now 20 and mid-January.</p> <p>21 MR. OBIE: Thank you, Fletcher. We look 22 forward to being here, being back in human body in the 23 first week in January and certainly I'm assuming between 24 now and then. We feel like we've worked with many of you 25 for two years now. We worry sometimes that you get tired</p>	<p style="text-align: right;">Page 64</p> <p>1 your project. So congratulations and --</p> <p>MR. OBIE: Very good. Thank you.</p> <p>MS. ALLTUCKER: Thank you.</p> <p>MR. OBIE: Thank you for your patience.</p> <p>MS. ALLTUCKER: Thank you very much.</p> <p>CHAIRMAN McCUSKER: Okay. Last but not least, 7 Crystal are you alive?</p> <p>MS. MOORE: Okay. Here I am. Wow.</p> <p>CHAIRMAN McCUSKER: Wow is right.</p> <p>MS. MOORE: That was some meeting.</p> <p>CHAIRMAN McCUSKER: Some meeting.</p> <p>12 So you're at a conference or someplace; right?</p> <p>MS. MOORE: I'm at a conference in Phoenix.</p> <p>14 And first and foremost, I want to say thank you, Chairman 15 and Rio Nuevo board for making time for me today.</p> <p>16 I do want to shout out to the Benjamin Supply 17 team and Obie. Wonderful things on the horizon for 18 downtown. And if you are all still on the call, you'll be 19 excited about some of the information I'm going to share.</p> <p>20 I'm going to share my screen now.</p> <p>CHAIRMAN McCUSKER: Give her screen share.</p> <p>MR. HAMMOND: You're all turned on.</p> <p>CHAIRMAN McCUSKER: This is almost exactly a 24 year since the decision was made to take Crystal off of 25 the board and make her the CEO of the Downtown Partnership</p>

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<p>1 and she is a force of nature, I will tell you.</p> <p>2 But, you know, even this data surprised me</p> <p>3 around the crowds that we're attracting, the work that the</p> <p>4 partnership is doing. We are a big contributor I think as</p> <p>5 everyone knows to the Downtown Tucson Partnership.</p> <p>6 So, Crystal, take it away.</p> <p>7 MS. MOORE: Thank you.</p> <p>8 As the Chairman said, one year and 13 days ago,</p> <p>9 I accepted the position here at DTP. Back in April I</p> <p>10 presented to Rio Nuevo and asked for additional monies</p> <p>11 from their voluntary support to help reduce my time</p> <p>12 conflict. And we've been very successful in our targets</p> <p>13 and I'm going to share some of those purposes and goals</p> <p>14 and themes with you all today. And as it turns out, I</p> <p>15 have 13 percent left on my battery, so I'm going to just</p> <p>16 keep going here.</p> <p>17 In December of 2023, we gave my predecessor</p> <p>18 some goals, and when I took over in November of 2024,</p> <p>19 those goals hadn't been met, so I kind of picked up that</p> <p>20 goal sheet and just utilized that as my guide for my</p> <p>21 start.</p> <p>22 We presented to over 40 community engagements</p> <p>23 from rotary clubs to ward offices to neighborhood</p> <p>24 associations. We partnered with TPD and homeless</p> <p>25 resources for multiple projects downtown, but most notably</p>	<p>1 on Stone Avenue would impact the day-to-day driver. We</p> <p>2 also partnered with you, Rio Nuevo, in the El Presidio</p> <p>3 activation, which was hugely successful and a wonderful</p> <p>4 mural thanks to Jannie.</p> <p>5 Continue review of our strategic plans -- and</p> <p>6 if anybody ever wants a copy of our strategic plans, I'm</p> <p>7 happy to email you a PDF version because we're kind of</p> <p>8 breezing through here because we're going to get to the</p> <p>9 real exciting stuff.</p> <p>10 Sorry. I went the wrong way there.</p> <p>11 Okay. 2025, how the year began. This is</p> <p>12 really important to remember what I inherited a year ago.</p> <p>13 We had daytime conflict. I referred to the youth gone</p> <p>14 wild. These kids were terrorizing people downtown from</p> <p>15 the Pennington Street garage to the Ronstadt Center. Some</p> <p>16 of our youth going to City High, Margo Day, they were</p> <p>17 really struggling. Parents were really struggling with</p> <p>18 having their children go to school downtown. It was</p> <p>19 almost a daily occurrence. We stationed safe ambassadors</p> <p>20 and district officers in the area and eventually this</p> <p>21 problem has gone away.</p> <p>22 One thing I wasn't -- I wasn't prepared for was</p> <p>23 the nighttime conflict. My phone started ringing maybe</p> <p>24 two weeks after I took the position on crazy fights and</p> <p>25 conflict and Uber things happening downtown in really</p>
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<p>1 the Armory Park closure. We gave many of our leaders from</p> <p>2 Pima County and city of Tucson and Rio Nuevo golf cart</p> <p>3 tours around the district sharing some of the needs and</p> <p>4 also success stories of our business improvement district.</p> <p>5 The main goal for me when I started was to</p> <p>6 strengthen our brand and recognition not only through just</p> <p>7 our normal users, and I would say that's anybody who lives</p> <p>8 in midtown. I really wanted to expand our reach to, you</p> <p>9 know, SaddleBrooke and Marana and Oro Valley and</p> <p>10 Sahuarita, Green Valley, Benson to make it really the</p> <p>11 regional hub for all of Southern Arizona.</p> <p>12 I spent the last ten months going over our</p> <p>13 strategic goals. We have a five-year strategic goal plan</p> <p>14 and the last ten months I went through and reviewed and</p> <p>15 put into motion action items related to each one of those</p> <p>16 goals. And I'm really proud that even before my</p> <p>17 involvement, DTP has done a really good job at aligning</p> <p>18 the goals and actions and we're really, really close to</p> <p>19 finishing that strategic goal plan.</p> <p>20 And a lot of if obviously is clean and safe,</p> <p>21 but we also promote downtown by being supplemental</p> <p>22 marketing tools to our stakeholders.</p> <p>23 Here's a big list of how I got involved. You</p> <p>24 see me there with contractors working on transportation</p> <p>25 and development of the bike lane and how that new project</p>	<p>1 early nighttime hours. Here's a couple of those.</p> <p>2 So my immediate response was, okay, we need to</p> <p>3 have a strategic plan on how our ambassadors work</p> <p>4 downtown, so I implemented a four-district clean section</p> <p>5 for downtown and I positioned a clean ambassador in each</p> <p>6 one of those four districts.</p> <p>7 Prior to that we had just kind of a shotgun</p> <p>8 approach that everybody would just go out and address what</p> <p>9 they could. We still have that. If there's a specific</p> <p>10 situation, we still respond to that, but we have an</p> <p>11 ambassador who kind of owns each one of those little</p> <p>12 districts. And sometimes there's a big project, a</p> <p>13 landscape project, then we send others around. So of</p> <p>14 those four -- we currently have 10 full-time clean</p> <p>15 ambassadors. When we started, we had six.</p> <p>16 The safe ambassadors, we kind of did the same</p> <p>17 thing. We established different districts for patrol.</p> <p>18 When I started we had seven safe ambassadors and now we</p> <p>19 have ten. Two of those additional three are fully funded</p> <p>20 by Rio Nuevo. Thank you very much.</p> <p>21 We also started Together Tucson. This was in</p> <p>22 response to how we would reduce nighttime conflict,</p> <p>23 because the citizens sitting in Marana or Sahuarita on</p> <p>24 their phones are watching the nighttime conflict happen</p> <p>25 and thinking to themselves that maybe downtown isn't where</p>

<p style="text-align: right;">Page 69</p> <p>1 they want to go, so we had to really combat that 2 perception that downtown's not safe. 3 For every one bad video, it takes hundreds of 4 positive things to happen to overcome that one bad video, 5 so we created Together Tucson, which some of you know 6 about. It's the scanner ID program that also was funded 7 by Rio Nuevo. The first ban occurred in April. We've 8 banded 51 individuals for unfriendly behavior. 15 of 9 those people have requested for reinstatement. And after 10 coming to the group, explaining the situation and paying a 11 small donation to one of the -- the schools in the 12 downtown bid area, six have been granted reentry. 13 If you've seen any of the media coverage on 14 this project, you'll see that people in line getting into 15 these clubs are excited about this. This is a level of 16 reassurance to them that an extra step is being taken to 17 enter the club and ensure or try to ensure even more 18 safety. 19 This slide I was hesitant to include, because 20 it does show some district officer schedules, but the most 21 important thing is that we as a community had a 30 percent 22 decrease in our on-duty district officers for our 23 district. That includes the business improvement 24 district. 25 Then you can see the off-duty officers, how we</p>	<p style="text-align: right;">Page 71</p> <p>1 Laura Conover actually prosecute? 2 MS. MOORE: That's a good question. I don't 3 have the answer to that. 4 MR. SHEAFE: Okay. 5 MS. MOORE: Record breaking Halloween, this is 6 really exciting stuff. So I haven't had time to deep dive 7 into the report that I received this morning, but Visit 8 Tucson was generous enough to share some Placer AI data 9 with me early today, and in 2024, the Halloween for 2024 10 we had 16,700 visitors to the downtown area. 11 2025, a couple weeks ago, we had 24,100 12 visitors in downtown, almost a 30 percent increase. The 13 night of the festivities was a Thursday to a Friday, so we 14 would have assumed we would have seen a little bit of 15 pick up, but it also reflects confidence in downtown. 16 We're reaching people, we're spreading the word, we're 17 building that confidence in people to come downtown and 18 have a nice time and avoid the -- the nighttime conflicts 19 that we were plagued with last year. 20 I want to say that with 24,100 people downtown 21 on Halloween night we had zero 911 calls, zero, which is a 22 huge thing to consider. And it would not have happened 23 without Rio Nuevo, the partnership with the off-duty 24 officers and the way we are now managing off-duty 25 officers, district officers and safe patrol, so thank you.</p>
<p style="text-align: right;">Page 70</p> <p>1 have strategically aligned their deployment to fill the 2 gaps of the district officers that we don't have, and then 3 we put those safe ambassadors supporting the off-duty 4 officers. And this schedule is kind of living and 5 breathing. The district officers is pretty static, but 6 we, we meaning TPD and I, move and reschedule the safe 7 ambassadors as well as the off-duty officers. 8 We've seen a downward trend in recorded 9 incidents, a 19.9 percent decrease year over year from 10 2024 to '25. Most recently we've seen a reduction in 11 violent incidents from last year to this year, 12 62.5 percent decrease in sexual assaults and 64.7 percent 13 decrease in aggravated assaults. 14 Our burglaries did go up, and that was a lot 15 of -- maybe people that are watching were aware that we 16 had a serial burglar on the prowl for a couple months, and 17 thanks to our community and our block watch program, that 18 individual was arrested. 19 MR. SHEAFE: Is that where those -- because 20 when I read that, it was surprising to me that you were 21 having that. Is that all coming from one or two people? 22 MS. MOORE: It was one individual. And I think 23 he ended up breaking into 15 different retail 24 establishments downtown, so -- 25 MR. SHEAFE: You say he was arrested. Did</p>	<p style="text-align: right;">Page 72</p> <p>1 To that we have implemented a fall advertising 2 campaign. Again, we are -- we're on -- we have some 3 momentum. We need to continue to encourage our Southern 4 Arizona community members to embrace having a downtown 5 which is ours, which is everybody's, so downtown Tucson is 6 your downtown. So we're spreading the word with 7 billboards going up on November 19th all across -- there's 8 four total in Pima County and, again, just reiterating 9 that downtown is the place to be. 10 We have radio scripts. Some of you may have 11 already heard these. I won't read them, but they're 12 airing now and, again, just part of the overall shift in 13 the perception of downtown. 14 We've already implemented so many small safe 15 strategies including the Together Tucson scanner ID. We 16 also have the Downtown Tucson safe Ride Home program that 17 we're also using Rio Nuevo safe dollars for. 18 So one of the biggest challenges that we 19 identified in getting people to leave downtown as soon as 20 the bars close at 2:00 a.m. is the increase in the fare 21 from Uber. So if you leave before 1:45 -- and I tried 22 this, my destination was Prince and Roger and my ride home 23 was less than \$10 at 1:00 -- I'm sorry at 12:30. At 24 1:45 it was \$67. So it's the supply and demand thing, but 25 we need people to leave downtown early. So in every one</p>

<p style="text-align: right;">Page 73</p> <p>1 of the club bathroom stalls we have this little poster up, 2 and if you leave between 12:30 and 1:30, we have a 3 20-dollar coupon, voucher, that can be used with Uber. 4 We have a liability out right now of about 5 \$2,700 of the vouchers that have been saved because they 6 can save them through -- this has been updated actually. 7 They can save them through 12/31 but only have spent 8 \$36.88. So it's interesting that people are excited about 9 using the voucher, but then maybe they decide to stay 10 longer or they're going to save it for another day, but 11 they know they'll use it by the end of the year, so, 12 again, just these little security blankets that they can 13 see good things are happening downtown. 14 To Benjamin Supply's point, they referred to -- 15 you know, they're bringing people downtown. I want to 16 just suggest that somehow we make these imaginary 17 boundaries go away. DTP works within a business 18 improvement district, but for sure there's a perception of 19 people driving down and they don't see these 20 differentiating lines, those boundaries, so we're working 21 hard to make a bigger impact by having this four-district 22 collaboration, basically life along the streetcar, 23 Mercado, 4th Avenue and Main Gate. And when you look at 24 it from that vantage point, there's so much more going on 25 downtown that people are and will -- and it's proven --</p>	<p style="text-align: right;">Page 75</p> <p>1 higher. This is good data. 2 The impact of social media, just some more 3 data. We're doing these digital ads on Instagram and 4 Facebook. 5 As we turn the page to 2026, works in progress. 6 We want to start doing press releases, not necessary on 7 DTP but things like Obie, things that are coming, success 8 stories from our merchants and our stakeholders. We want 9 to continue to drive those QR code so we can have real 10 analytical data to build off of. 11 Story telling is a big deal. The trend is 12 pulling away from Instagram being billboards and now it's 13 a real invitation to come and participate in something 14 exciting and fun for the whole family. 15 Maintaining strong partnerships, this is 16 crucial because we would not -- DTP would not be 17 successful without our partners, not only just our private 18 property owners but our funding partners such as Rio 19 Nuevo, you, city of Tucson and Pima County. TDP has 20 participated in the last two years for our elimination 21 program and they're one of my main targets if they're 22 watching right now. 23 For many of you who don't know, the TEP block 24 is outside of our bid boundary, it's directly across the 25 street from 75 East Broadway, so we're really wanting them</p>
<p style="text-align: right;">Page 74</p> <p>1 will for sure find something to do. 2 I was in Encinitas a couple weeks ago and they 3 had a -- a sign that said the event -- the event lineup 4 for the shoreline, and it makes perfect sense. The events 5 were from La Jolla, Del Mar all the way up, and so I came 6 back with the idea and did the fall event lineup that 7 really allows us to captures things for the entire family 8 from children to full families with grandparents, and, of 9 course, date night and the late night stuff that happens, 10 but we're really trying to promote that downtown is really 11 for everyone regardless of your age. 12 The Garmin run was hugely successful. It was 13 not necessarily in our district, about 100 feet away from 14 our boundary line, but we participated again in an effort 15 to extend our reach beyond our boundary. And that data is 16 forthcoming, but I think they had 2,700 runners and 17 50 percent of those runners were from outside of Tucson. 18 Our impact on digital media, this is exciting 19 because this is where we're putting that money rebuilding 20 the downtown brand and reminding people that they can come 21 downtown and have a safe evening, safe experience. 22 Our social media, we have 136,000 followers. 23 We have over 4 million video views. Our website, our 24 email, it's all there. Our click rate is a little lower 25 than it was last year, however, their engagement time is</p>	<p style="text-align: right;">Page 76</p> <p>1 to embrace our community commitment to making downtown 2 wonderful and are asking them to possibly voluntarily pay 3 the assessment for the business improvement district with 4 partners such as Pima County, city of Tucson and Rio 5 Nuevo, who all voluntarily pay those assessed fees. 6 Looking ahead, we want to continue to 7 strengthen our communication with city and county leaders. 8 Rio Nuevo. I think this is the third or fourth time I've 9 presented to this group since I started, and that line of 10 communication just needs to continue to get stronger and 11 stronger. We want you to have confidence in us. We want 12 to be a problem solver and leader for everything that 13 takes place downtown. 14 Reflection 2025 was a rebuilding year focused 15 on systems, outreach and partnerships. I think we've done 16 a wonderful job. We are now in a better position to lead 17 city and county initiatives and our organization with our 18 new marketing staff is ready to function and have more 19 data-driven communication and engagement. 20 DTP enters 2026 with renewed confidence, 21 stronger partnerships and a clear path forward to enhance 22 downtown Tucson's vitality, identity and impact. 23 This is very interesting. There's been some 24 collaboration in the last 48 hours that has never happened 25 before. And it's been interesting why it hasn't happened,</p>

<p style="text-align: right;">Page 77</p> <p>1 but we'll be rolling it out in a couple days. And I can't 2 give more away now, but these collaborations are really 3 exciting and it gets our entire community involved, 4 demographics that wouldn't normally be involved. And 5 that's our goal.</p> <p>6 That's it. Does anybody have any questions.</p> <p>7 MR. SHEAFE: Very powerful.</p> <p>8 MS. COX: Wow, that is -- that is a lot, 9 Crystal. I'm really impressed with the progress that 10 you've made downtown and what you have taken on. And I 11 want to especially commend you for making yourself 12 available to the community for questions and to talk about 13 things. Your availability to your constituents, as I 14 would call all of us, is a really wonderful thing and I 15 want to commend you for doing that. I know it takes a lot 16 of time out your schedule, but you always seem to be there 17 when I have a question or something I need and I hear that 18 from others as well. So thank you for that.</p> <p>19 MS. MOORE: Thank you, Jannie.</p> <p>20 Taunya.</p> <p>21 MS. VILLICANA: Thank you, Crystal.</p> <p>22 Impressive. I just want to encapsulate what 23 you've just presented and add one little piece that I 24 think would be relevant to the work.</p> <p>25 Firstly, you've operationalized Downtown</p>	<p style="text-align: right;">Page 79</p> <p>1 MS. MOORE: Thank you. 2 One thing I didn't mention is part of the 3 strategic plan is -- that I didn't create, but I'm 4 following along -- is the fee for service, and that 5 imaginary boundary that most people don't even know 6 exists. There's some real powerful partnerships that are 7 on the other side of the street, right? So -- so we have 8 Cushing Street that has a great restaurant and market 9 and -- and they could really benefit from all those social 10 media impressions that we have, so we are going to be and 11 have already rolled out a fee for service program.</p> <p>12 We've given a proposal to 4th Avenue Merchants 13 Association for DTP to kind of assist them with some of 14 their service needs, if you will. We met with Crow 15 Holdings a couple weeks ago talking about Grant Krueger's 16 location and they're on the wrong side of the street, but 17 the general public doesn't know that boundary right in the 18 middle of the street even is there, so their perception 19 is, well, why is that side of the street so bad and this 20 side of the street, you know, beautiful, and so we're 21 trying to bridge that gap and we're pretty excited about 22 it.</p> <p>23 Going back to the marketing piece, when we 24 create something special and people can get excited about 25 that, people tend to take more care of it. So we are</p>
<p style="text-align: right;">Page 78</p> <p>1 Partnership in a way that it gives it a professional 2 presence, it gives it -- so I can see that you've got your 3 internal workings. But from the external side, being in 4 downtown, seeing the purple shirts, navigating downtown 5 differently, now it feels -- I feel prideful around it. 6 When you said pride, definitely, vitality, definitely, 7 impact, definitely.</p> <p>8 I think one of the adding components, Crystal, 9 is you and your leadership, your style and your team. 10 You've also given us a sense of safety. And I think 11 that's real important to highlight that 2026 is continuing 12 that task around having that sense of safety and that 13 we're building on that.</p> <p>14 You know, the other piece is the partnerships, 15 public and private. That's fantastic. I'd love to see 16 more of that activity and I think we need to support that 17 in our stewardship as far as being business people and 18 people that care about our community deeply, so lean into 19 us there as you're kind of thinking through that 20 strategically. And many of us -- you know, Tucson is 21 two percent of separation, right, two percent rather, so 22 keep that in mind. And I'm just really -- I want you to 23 know that I'm very proud of what you are doing, your 24 team's doing and the collaborations you've made, so thank 25 you.</p>	<p style="text-align: right;">Page 80</p> <p>1 creating something special downtown for people to get 2 excited and ultimately more care will be given from 3 everybody who visits, and we're going to prove that to be 4 true.</p> <p>5 Any other questions?</p> <p>6 MS. COX: I believe it.</p> <p>7 MS. MOORE: Yay.</p> <p>8 CHAIRMAN McCUSKER: How's your battery life?</p> <p>9 MS. MOORE: I made it. And I sped through 10 that, guys. I'm so sorry, but I had 15 percent, so I'm 11 good.</p> <p>12 CHAIRMAN McCUSKER: Thank you for everything 13 you're doing downtown. We're happy to be your partner. 14 We'll catch you in a few months.</p> <p>15 MS. MOORE: Okay. Thanks, everybody. Let me 16 know if you have any questions if you want a golf cart 17 ride.</p> <p>18 MS. VILLICANA: Thank you, Crystal.</p> <p>19 CHAIRMAN McCUSKER: One of the things that's 20 really working, you'll probably remember we assigned the 21 scheduling of TPD to Crystal and now her private duty 22 security and Tucson Police are both scheduled collectively 23 by her office. And it's really allowed them to move. And 24 they're using our scooters, the little ATVs that we bought 25 that are suited up like SWAT vehicles around downtown.</p>

