

In The Matter Of:

*Rio Nuevo
Board Meeting*

*1/27/26
January 27, 2026*

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

RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

BOARD MEETING VIA ZOOM
Tucson, Arizona
January 27, 2026
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 **CHAIRMAN McCUSKER:** Good afternoon, everyone.
2 Welcome to the late January Rio Nuevo meeting.
3 Mr. Sheafe, do you want to lead the pledge?
4 And, Kristin, if you guys will pull up the
5 virtual flag.
6 (Pledge of Allegiance)
7 **CHAIRMAN McCUSKER:** That was very robust.
8 Kristin, call the roll, please.
9 **MS. SAAD:** Chris Sheafe.
10 **MR. SHEAFE:** Here.
11 **MS. SAAD:** Edmund Marquez.
12 **MR. MARQUEZ:** Here.
13 **MS. SAAD:** Jannie Cox.
14 **MS. COX:** Here.
15 **MS. SAAD:** Mike Levin?
16 **MR. LEVIN:** Here.
17 **MS. SAAD:** Taunya Villicana.
18 **MS. VILLICANA:** Here.
19 **MS. SAAD:** Shay Jimenez?
20 **CHAIRMAN McCUSKER:** She should be along
21 shortly.
22 **MS. SAAD:** Corky Poster.
23 **CHAIRMAN McCUSKER:** There she is now.
24 **MR. POSTER:** Here.
25 **CHAIRMAN McCUSKER:** We just called the roll.

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 Michael Levin
- 9 Corky Poster

10

11 **ALSO PRESENT:**

- 12 Ms. Kristin Saad, Administrative Director
- 13 Mr. Timothy Medcoff, Board Counsel
- 14 Mr. Mark Collins, Board Counsel
- 15 Mr. Dan Meyers, CFO
- 16 * * * *

17

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 27th day of January 2026,
23 commencing at the hour of 1:00 p.m.

24

25

1 Shay.
2 She's here, and the only one missing is Richard
3 Oseran, so we're accounted for.
4 Those of you that are joining, we always go
5 into executive session first. This will be a long one
6 today.
7 So we have board minutes to approve. You
8 should have a transcribed copy of the last meeting.
9 Do we in fact have those?
10 **MR. SHEAFE:** Yes.
11 **CHAIRMAN McCUSKER:** I think everybody's seen
12 those. Unless you have a change or --
13 **MS. COX:** I move that the minutes be approved
14 as emailed.
15 **MR. LEVIN:** Second.
16 **CHAIRMAN McCUSKER:** Moved and seconded. All in
17 favor say aye.
18 (Motion made, seconded and passed unanimously).
19 **CHAIRMAN McCUSKER:** Okay. I need a motion to
20 recess to executive session.
21 **MR. LEVIN:** So moved.
22 **MS. VILLICANA:** Second by Taunya, moved by
23 Mike.
24 (Motion made, seconded and passed unanimously)
25 **CHAIRMAN McCUSKER:** Okay. Members, click out

Page 5

1 of this meeting, click on your executive session link.
2 If you're an attendee, you can hang out here or
3 log back in. We should be back right at 2 o'clock.
4 (Executive Session)
5 **CHAIRMAN McCUSKER:** We'll take a motion to
6 reconvene.
7 So I see Taunya's back, Corky's back, Chris is
8 back, I'm back. That's four of us.
9 **MS. COX:** Jannie's back.
10 **CHAIRMAN McCUSKER:** Mike's --
11 We do have a quorum if somebody wants to make a
12 motion to reconvene.
13 **MS. VILLICANA:** So moved, Taunya.
14 **MS. COX:** Second.
15 **CHAIRMAN McCUSKER:** All in favor say aye.
16 (Motion made, seconded and passed unanimously).
17 **CHAIRMAN McCUSKER:** Thank you. Thank you,
18 everyone.
19 Now I really need you to drop that.
20 There we go.
21 Thank you, everyone. And, again, welcome to
22 the Rio Nuevo second meeting of January.
23 As you can probably tell from our agenda, we
24 have some serious conversations around our current
25 financial status that's going to occur in today's meeting.

Page 6

1 We also have a number of projects that we're trying to
2 advance, which is our dilemma.
3 Dan's going to walk through the budget, but
4 just as kind of the headlines, our revenue to date is
5 about a third behind where it was this time last year.
6 For the 14 years I've been on the board, we've never had a
7 year go backwards. Every year is better than the last
8 one. This is the first time we've seen a dip in our
9 revenue. Moreover, a huge miss to our budget. We had
10 budgeted a 1.450 million a month and we're 200,000 or
11 \$250,000 a month short of that.
12 We're in the middle of our year. We're fiscal
13 year, it ends June 30th, so it's incumbent on us to
14 understand these issues and to help all of us,
15 particularly Dan, manage these issues.
16 We'll talk about it in Dan's session, but it's
17 kind of the overriding theme for today. About \$800,000 of
18 that monthly expense is servicing our old debt. If you're
19 a Rio Nuevo follower, you know that we took over
20 \$160 million of city debt when we transferred to state
21 leadership. That's down to about 80, but it still
22 requires a hefty piece of our income.
23 You'll see from our report retail is down
24 significantly, maybe as much as a third. Economists tell
25 us that's the Amazon factor, that this year particularly I

Page 7

1 think for the first time ever online purchasing was bigger
2 than in-store purchases.
3 Rio Nuevo only gets sales tax from a physical
4 store. It has to be physically located inside the
5 district, and then we participate in that revenue, so we
6 do not benefit from online sales. The state may see the
7 tax, but if it's not originating inside our boundary, we
8 don't see it. Our concern, of course, is that this is a
9 permanent change in our revenue picture.
10 We are a little bit down in the restaurant
11 space. It doesn't seem to be enough to really worry
12 about, but given that we entirely depend on, you know,
13 store-based sales tax, it's quite troubling.
14 We've talked to the legislature about this,
15 we've talked to the governor's office about this. There
16 are formula changes and legislative changes that could
17 benefit from us, but that conversation won't start until
18 next year's session, so we've got to get through the next
19 12 months, maybe the next 18 months. And there are ways
20 we're going to talk about today that we can do that.
21 It's coincidental, but maybe it's not. I think
22 most people know we've been talking about hiring a CEO.
23 The firm that's helped us is online today to walk through
24 their recommendations. We don't take that lightly.
25 That's also a very expensive proposition in the face of

Page 8

1 what we're currently dealing with.
2 So we've got some psychosis going on because of
3 that and at the same time we have these brilliant projects
4 today, you know, El Ritual, the Obie Hotel, which is
5 finally approved by the county, you know, and a new bagel
6 store in the Sunshine Mile. So the challenge for us is to
7 keep doing our great work and do it within the constraints
8 that we have from how we collect revenue.
9 So, Dan, let me turn this over to you. And I
10 guess you're going to start with the current cash report.
11 **MR. MEYERS:** This is Dan Meyers. I'm the CFO
12 here at Rio Nuevo.
13 So as of December 31st, we had about
14 \$7.2 million in available operating cash. About 725 of
15 that is held back for the mortgage leaving us about
16 6.5 million.
17 You'll see that line just below there. We try
18 to project what our profit's going to be for the next
19 year, because we're trying to take a picture of this a
20 year out. And up until today, that number shows
21 \$2.7 million, that's been 57, so I've basically reduced
22 our profit by \$250,000 a month based on the performance
23 the first five months of this fiscal year.
24 You know, we weren't sure if this was something
25 temporary and it was going to correct itself, but I really

Page 9

1 believe that five months in with the numbers down as much
2 as they are, I don't think we can prudently expect this
3 just to fix itself anymore.
4 So, anyways, if we take that 6.5 and add 2.7 to
5 it, we've got about \$9.2 million available for the next
6 year to fund projects.
7 We've currently got about 13.5 remaining on
8 unfunded projects that we committed to. You know, we have
9 almost \$20 million worth of projects. We've funded a
10 little over 6 million leaving that 13.5. And about
11 5.5 million of that 13.5 is outside of the (inaudible). A
12 big chunk of that is the Moxie Hotel, which is 4.8
13 million. So that leaves about \$8 million we expect to
14 fund over the next year. The difference is 1.2 million.
15 I think we've been running with about 4 million for an
16 awful long time now, and so obviously things have changed
17 a little bit.
18 Our TIF revenue for November was 1.422 million.
19 Again, we budgeted 1.6, so -- that's actually the best
20 month we've had in the last three or four months. And
21 we've got December on the way, which has -- December has
22 the largest baseline. It's almost 3.4 million, so
23 December is usually not a very good month for us.
24 If you go back to 1999, I think we can all
25 safely assume that the shopping malls were just knocking

Page 10

1 it out of the park at that point in time and, as Fletcher
2 mentioned earlier, I think a lot of those sales have now
3 gone to online purchases.
4 I want to just kind of show you guys TIF
5 revenue by the month for the last four years.
6 Kristin, do you have that?
7 There's a schedule of the TIF revenue for the
8 last four years. This is calendar year, so a little bit
9 different. We see in 2022 we did 16.5, and then '23 we
10 did 17.8, last year, 19.6, and this year I think we're
11 going to be lucky to get to \$18 million.
12 Again, there's nothing we can do about this.
13 It's money spent within our district with the taxes paid
14 to the state of Arizona, so I just -- you can see the last
15 four months, 1.2, 1.2, 1.2 and 1.4. So, again, our budget
16 was 1.6. I think that was legitimate, because you see the
17 prior year. You know, 1.6 for 12 months is 19.2 million,
18 so I don't think our budget was really in error.
19 Something's going on out there that we just haven't put
20 our finger on yet.
21 That's my spiel. Does anybody have any
22 questions? I mean, I don't think we -- there's not a lot
23 of things we can really dramatically cut costs on. Most
24 of our commitments are long term, the security downtown.
25 Our marketing, we do -- you know, we do the big events, we

Page 11

1 do lots of small events. We've got a budget in there of a
2 million dollars a year and we've spent a good chunk of it
3 so far because all the big events have been funded.
4 **CHAIRMAN McCUSKER:** Do you have that handy,
5 Dan? Do you have a budget we can look at?
6 **MR. MEYERS:** I -- Fletcher, I don't. I do not.
7 **MS. VILICANA:** So, Dan, let me ask a question
8 with regard to monies being set aside.
9 One of the things that we had produced in the
10 budget was per month that I believe was 100K to set aside
11 for a rainy day fund. I'm going to call it that. Are we
12 still doing that behavior with the current levels and what
13 does that total amount look like as we -- you know, in the
14 last reporting?
15 **MR. MEYERS:** Oh, we've not had any ability to
16 put any money aside this far, so it's -- that was kind of
17 just a number in there to reduce it to get down to where
18 we kind of figure out what we have to use in the current
19 year.
20 So, Fletcher, I apologize for not having our
21 budget available at this point.
22 **CHAIRMAN McCUSKER:** How quick could you find
23 it?
24 **MR. MEYERS:** I could get it pretty quickly.
25 **CHAIRMAN McCUSKER:** Let's just talk about the

Page 12

1 general categories. You started to touch on them.
2 And, you know, for the public that's watching
3 this, we're not allowed to do our budget in executive
4 session, so I apologize you have to suffer through this
5 with us, but in full transparency, you know, budgets are
6 supposed to be done with public entities in the public
7 session.
8 So of that million four that Dan just
9 described, if you go back and look at your financial
10 statement, half of that is going to debt service and we
11 have no way to adjust that, right, so seven --
12 Is that -- is that one month? Is it about 750
13 a month?
14 **MR. SHEAFE:** Yes.
15 **CHAIRMAN McCUSKER:** Yeah. So half of our
16 income right now is going to debt service, so that leaves
17 us discretionary money of about \$700,000.
18 And what does it cost to run the office, Dan?
19 What's the -- kind of the administrative overhead?
20 **MS. SAAD:** Fletcher, he's putting some numbers
21 together for you real quick.
22 **CHAIRMAN McCUSKER:** But do you think --
23 **MR. SHEAFE:** It's about a quarter of a million
24 if we add in all of the burdens that we are currently
25 handling.

Page 13

1 **MS. VILLICANA:** Yeah, I read -- 467.000 is what
2 I read in one of the last emails.
3 **CHAIRMAN McCUSKER:** Yeah. And then --
4 **MR. SHEAFE:** That's what you include, but our
5 rough overhead is like a quarter of a million.
6 **CHAIRMAN McCUSKER:** Yeah. And our marketing
7 budget is about 100 a month.
8 **MR. SHEAFE:** A little less.
9 **CHAIRMAN McCUSKER:** Our legal bills are about
10 50 a month. The rest of that we've committed to projects.
11 **MR. SHEAFE:** It's very easy to get confused
12 with these numbers, because they get combined in different
13 ways, so when Dan comes back with the number, you can see
14 how it's actually calculated and what's in it.
15 **CHAIRMAN McCUSKER:** Yeah, but the point being
16 the only money we can advance to public/private
17 partnerships is money we create. We don't have an
18 appropriation, we don't have any, you know, lines of
19 credit or bond money, so if we're making a million two and
20 750 of that goes to debt service, you know, you've got
21 \$500,000 a month.
22 I think people assume we have \$200 million, you
23 know, because they think -- you know, you look at how
24 successful we are, you assume we're a big budget agency.
25 Of that 500, a hundred is going to marking,

Page 14

1 then you've got the admin, office and legal. Those are
2 your -- that's kind of your fixed expenses. So I think,
3 Dan, on the back of a napkin that gives you about 200
4 grand a month of discretionary money.
5 **MR. SHEAFE:** Well, Dan, you may want to look at
6 that, put the number up there, because it's actually a
7 little bit less than that. And I'm not trying to put a --
8 **CHAIRMAN McCUSKER:** No, I think that's the
9 point, is --
10 **MR. SHEAFE:** It's really important that we deal
11 with the reality here.
12 **MR. MEYERS:** This is our budget we approved in
13 June.
14 **MR. SHEAFE:** Well, Dan, let's go into a little
15 more detail on what we're talking about what we do. What
16 is in the overhead number that you calculate every month
17 that's kind of a fixed cost?
18 **CHAIRMAN McCUSKER:** Yeah, since we're talking
19 monthly, let's stay with monthly.
20 **MR. MEYERS:** Okay. So there's our budget for
21 the month -- for the year, 1.589. So what is that, 100 --
22 **CHAIRMAN McCUSKER:** 125.
23 **MR. MEYERS:** 130. Yeah, \$125,000 including the
24 legal and everything we've got in there, the marketing.
25 **CHAIRMAN McCUSKER:** And that doesn't include

Page 15

1 the marketing budget; right?
2 **MR. SHEAFE:** Yeah, be sure of that and also the
3 fees that we're paying for the security downtown.
4 **MR. MEYERS:** Let's go down to the expenses.
5 **CHAIRMAN McCUSKER:** I think that's admin, so
6 that's what I would call G & A, Chris. You know,
7 that's not --
8 **MR. MEYERS:** There's nothing in there that
9 really has any flexibility to it. I mean, it's insurance,
10 salaries and wages, you know, all the professional fees
11 and all that good stuff.
12 Here's the debt service and now we're down to
13 what -- you know, your our project support and our
14 marketing, security.
15 **CHAIRMAN McCUSKER:** Go to marketing. That's
16 the million, right? So that's --
17 **MR. MEYERS:** That's a million --
18 **MR. SHEAFE:** It's called events and
19 sponsorships. Just so that you realize, it's line 62.
20 **CHAIRMAN McCUSKER:** Yeah.
21 **MR. SHEAFE:** And then right below it is the
22 downtown security, and we calculated that at 600. And
23 that's based on --
24 **CHAIRMAN McCUSKER:** Between the two, that's
25 another 150, so you're now at --

Page 16

1 **MR. SHEAFE:** The Hexagon --
2 **CHAIRMAN McCUSKER:** -- \$225,000 of what I would
3 call profit.
4 **MR. MEYERS:** And below that I'm showing what we
5 were anticipating paying out for the projects during the
6 year. A couple of those things have disappeared, but, of
7 course, we've added to it as well.
8 **CHAIRMAN McCUSKER:** And go back to your future
9 commitment line item. I think it was \$8 million.
10 **MR. SHEAFE:** He's talking about the other form,
11 Dan.
12 **CHAIRMAN McCUSKER:** Yeah, go back to the
13 financial report form.
14 **MS. SAAD:** Can you guys see this or no?
15 **CHAIRMAN McCUSKER:** It's still on this old
16 page. You need to drop that one.
17 **MS. SAAD:** Give me one second.
18 **CHAIRMAN McCUSKER:** Drop that on your screen.
19 There you go.
20 **CHAIRMAN McCUSKER:** All right. \$8 million of
21 future commitments.
22 **MR. SHEAFE:** Well, in the next 12 months.
23 **CHAIRMAN McCUSKER:** Okay. And we just
24 discerned we're going to have -- call it will two and a
25 quarter a month of money to contribute toward those

Page 17

1 commitments.
2 Are you following this?
3 **MR. SHEAFE:** Well, I don't think you're stating
4 it right, Fletcher. I know what you're trying to do, but
5 let's go back and say if you take the commitments that we
6 really are stuck with, whether they're projects or
7 whatnot, we basically over the next year instead of having
8 about five and a half million have close to 1.2 million.
9 **CHAIRMAN McCUSKER:** Okay. So that 8 million's
10 been calculated into the spread.
11 **MR. SHEAFE:** Yeah, that's -- (inaudible)
12 million, is our projected income over the next 12 months.
13 Go ahead, Dan.
14 **MR. MEYERS:** Yes. And that's what, Fletcher,
15 said, 225. That's what that 2.7 million dollars is. You
16 guys are on the same page here.
17 **MR. SHEAFE:** Right. Okay. So if that turns
18 out to be our income stream, then we're going to turn
19 around and have as of today over the next 12 months
20 roughly \$1.2 million of new project capability.
21 Now, one thing to pay attention to is that the
22 Moxie out of that 5 and half million that isn't on there
23 is almost 4 million of it.
24 **CHAIRMAN McCUSKER:** That's several years out.
25 **MR. SHEAFE:** Well, it may not be, because, as

Page 18

1 you know, that thing is moving forward very rapidly right
2 now.
3 **CHAIRMAN McCUSKER:** But I think we termed it.
4 Didn't we term it over --
5 Edmund, do you remember?
6 **MR. MEDCOFF:** 100,000 per month for four years.
7 **CHAIRMAN McCUSKER:** Yeah, it's a four-year
8 commitment.
9 **MR. SHEAFE:** Right. But that's, you know,
10 based on when it starts. And then your 3.9 million
11 number, Dan, when did you start the Moxie payments?
12 **MR. MEYERS:** The Moxie payments are several
13 years out.
14 **MS. VILLICANA:** Isn't occupancy required,
15 because we're paying that monthly?
16 **MR. MEDCOFF:** It's when they break ground and
17 they're not expected to break ground until late this year
18 or early next year.
19 **MR. SHEAFE:** It's moving very rapidly right
20 now.
21 **CHAIRMAN McCUSKER:** Dan, go back -- go back to
22 the budget. And this is where I think we need board help.
23 We can't control the debt service. We have
24 little control over admin unless you terminate some people
25 and some lawyers. We can control the marketing budget.

Page 19

1 That's entirely discretionary. That's \$100,000 a month.
2 And we can control money we contribute to, you know,
3 public/private partnerships, but that's kind of shooting
4 yourself in the foot, because that's future income from
5 today's dollars.
6 You can drop all that, Dan.
7 So questions, comments, ideas? What do you
8 want to see next?
9 **MR. SHEAFE:** Well, I don't know that -- you
10 know, I think everybody is at least up to speed and it's
11 been a process for several months coming to the
12 realization that we are not continually expanding and this
13 looks like it's really going to be there, so -- and we are
14 dedicated to a couple of the majors, the Moxie being one
15 and the Obie being the second primarily and the third one
16 being the Arizona Hotel, so if we put those things on the
17 table, then looking forward, we need to be very thoughtful
18 about what future large demands we place on the district
19 so that we absolutely ensure we do not run out of cash at
20 any given time.
21 And one of the things about the marketing side
22 of it, and this isn't a subtle hit that it should be the
23 one picked on, but we don't control the tile of marketing.
24 You know, a lot of the other ones we can kind of look
25 forward and say, oh, that's not going to happen for nine

Page 20

1 months or that's not going to happen until -- you know, at
2 the end of the year or that's going to happen shortly, but
3 marketing kind of comes in spurts. Because it's a
4 million dollars that's sitting there, we don't always have
5 it just sitting there idle waiting to be used. We're
6 relying on money coming in and marketing demands can come
7 in rather quickly, because most of those commitments are
8 not made far in advance. Fortunately most of them are not
9 that big, so on an individual basis we're able to handle
10 them. But it is really something to be aware of. We've
11 just got to manage our cash tighter than we have.
12 **CHAIRMAN McCUSKER:** So two burning questions.
13 Do we want to reduce the marketing budget? We can have an
14 immediate impact by terminating some of the commitments
15 we've made. Do we want to reduce the off-duty police
16 budget? That's 60 -- you know, \$50,000 a month.
17 I know what my answer would be to both of
18 those, but I think the board's got to weigh in. That's
19 where you have discretion right now, is those twos items.
20 **MS. COX:** Fletcher, could I just say something?
21 And this is peanuts, I understand, but we have \$150,000
22 budgeted for murals this year and some of the processes
23 that I need to go through to get buildings to do the
24 murals on has not happened as quickly as I hoped this
25 year, and if we wanted to save -- I've only made about

Page 21

1 \$75,000 worth of solid commitments for that 150,000, and
2 if you tell me today that you'd like to have 75,000 back
3 this year, I can give you \$75,000 today. I'd sure like to
4 have that budgets back next year, but that's next year's
5 decision. And I know it's small, it seems
6 inconsequential, but it's still \$75,000 that I could give
7 up today if you tell me you need it.
8 **MR. SHEAFE:** By the way, just so everybody
9 understands, we have the mural budget inside the marketing
10 budget.
11 **MS. COX:** Oh, you -- okay. I thought it's
12 always been a separate line item. I didn't pay attention
13 to that. Sorry.
14 Well, the marketing budget's been a
15 million dollars for a long time, so how did the 100 --
16 **CHAIRMAN McCUSKER:** We did cut that back this
17 year, and then we included the murals. We did make some
18 cuts going into the year.
19 **MS. COX:** So, anyway, that's my offer.
20 **CHAIRMAN McCUSKER:** We don't need to do this
21 line item by line item. The broader issue I think for the
22 board is -- one thing is certain, we're going to have to
23 refrain from large budgets, you know, that require cash.
24 We're not going out of business. You know, we
25 do have some discretionary accounts. If it doesn't get

Page 22

1 any worse, we can still keep our marketing parts, police
2 presence downtown intact, but it does affect the project
3 side of our business.
4 **MR. MEYERS:** I just wanted to --
5 **MR. SHEAFE:** Go ahead.
6 **MR. MEYERS:** I just wanted to bring attention,
7 you know, so we can start addressing the budget. We've
8 been noticing that the revenue was down and I think we all
9 thought it was temporary and five months in, I just think
10 it's prudent that we at least address this. I don't know
11 if we need to make any major decisions today, but I think
12 we at least all ought to know that we need to pay closer
13 attention to this, and when projects are presented to us,
14 we need to, you know, make good decisions on those and
15 just keep an eye on what's coming.
16 Maybe this will switch once we get through
17 December. I don't know, but I just feel like we should
18 address this to some extent now.
19 **MR. SHEAFE:** Well, you know, you guys have been
20 really good about talking. And, Dan, you've been
21 tremendous in putting the alarm bell out there. I don't
22 think we have to make a decision right today, but at least
23 the awareness went way up and we'll be -- if this
24 continues, then we'll be looking for some specifics.
25 **MS. VILLICANA:** One of the things I'd like to

Page 23

1 just address on this, and, Dan, I know I sent you on email
2 on this, is maybe just put a laundry list of things
3 together the marketing committee looks at and then, you
4 know, the executive committee looks at and then bring any
5 thoughts from individuals they can send -- you know, go to
6 the lawyers and give their comments, but I think we should
7 have some kind of collective discussion.
8 If it comes in different angles, then we just
9 put it altogether and synthesize it and run it by Dan and
10 say, you know, what does this look like when you key up
11 the numbers.
12 I think we need to be a little bit more
13 businesslike, a little bit more coordinated. And there
14 are things that we just don't know as individuals coming
15 into that conversation. It's like the marketing group,
16 they're going to know things intimately about the
17 commitments and what we can and cannot do and we'd love to
18 have that feedback directly versus us assuming anything
19 and potentially putting folks at odds with one another on
20 this topic.
21 **MR. POSTER:** There are four things that I sort
22 of wanted to bring up. One was a request to Dan. I'm
23 wondering if you could graph the numbers that you showed
24 us in that by year and by month. And graph it two
25 different ways. One is gross income and the other is net

Page 24

1 income after -- after debt service, because I think -- I
2 don't know, I'm a visual person, so when I look at trends
3 I want to see it in a graph and not in sort of an array of
4 numbers, number one.
5 Number two is we have control over our outpour
6 of money to some extent, so two ways that we could do
7 that. Number one is we could consider perhaps a hiatus on
8 new projects starting in the second quarter of 2026 as a
9 way to really see if we can get some of these issues under
10 control. In other words, if we can't spend at the rate
11 we've been spending, then it's useful to just call a time
12 out and start thinking about that, number one.
13 Number two, I still think there's some more
14 information we need. The trend that we're looking at
15 looks like about a four-month trend and it didn't include
16 December, so it would be really interesting to see if that
17 holds up over time.
18 And then we always have the ability to create a
19 new budget next year. And it might be much more of a
20 conservative budget from a cost point of view. And we
21 have the ability to do that. We have the ability to go
22 like item by line item. We've been in sort of a fat
23 situation for a while and we've gotten expansive in the
24 kinds of things we've been funding. And if we're in a
25 contracting situation, I think we can respond to that in a

Page 25

1 budget format.
2 **CHAIRMAN McCUSKER:** To Taunya's point, Dan,
3 let's run a couple scenarios.
4 You know, if it stays at this level, what are
5 the board's options, if it gets worse, what are our
6 options. And, you know, there's got to be a conversation
7 about the big discretionary items. Marketing and police
8 coverage are two of those.
9 Chief Kasmar will tell you we've made our
10 downtown pretty safe, but it's challenging and it's
11 expensive and, you know, crowd flow figures out where
12 they're stationed and they go someplace else to start
13 trouble, so -- but, you know, we're the front line right
14 now in our downtown. And it's pretty typical of a lot of
15 urban downtowns right now, that that's kind of the go to
16 place if you want to stir up trouble.
17 **MR. MARQUEZ:** We have a third discretionary
18 item no one ever wants to talk about, and that is the
19 deals that we look at moving forward. We typically say we
20 will do up to -- up to 50 percent, but so many times we
21 default and automatically it's 50 percent of every deal we
22 do. So another way to look at it is how much sales tax
23 are you generating, what's our income, can we invest
24 simply up to the sales tax that we receive. You know, so
25 many times we go past that dollar. We're not going an

Page 26

1 ROI, we're getting a break even, so just --
2 **CHAIRMAN McCUSKER:** We could also go rebate
3 only for a while.
4 Okay. Dan, let's get this circulated. You'll
5 see it on the next agenda. We're not panicking. We are
6 trying to appeal to the state. We had a great audit. Our
7 ROI right now is nine to one. There's a lot of reasons to
8 invest with us, but it's now political.
9 That's a terrible segue, Dave and David, into
10 the next conversation, because, you know, we've been
11 pretty serious about this idea of bringing on a CEO for
12 well over a year.
13 David Smith and David Ginsburg are with a firm
14 I'm familiar with called HRS out of Chicago. They are a
15 recruiting agency into the economic development space.
16 I've worked with them before. They're very knowledgeable,
17 very successful, so we retained them to discuss with us
18 and how they viewed this position and, you know, things we
19 might think about as we want to advance some sort of full
20 time CEO, which we've never had in the 14 years that I've
21 been here.
22 So, Dave, I'll turn it over to you guys. We
23 have distributed the report to the board, but, Kristin, if
24 you have one or Dave if you are going to go through it or
25 you might have some slides, I don't know what your plan

Page 27

1 is, but we can actually bring the report up if you want.
2 **MR. GINSBERG:** I thought that since the board
3 members all had a copy of the report, there wasn't a need
4 to develop slides, you know, for the -- because it's not
5 that long in its content. But actually I think having the
6 financial discussion is really a great segue into
7 discussing, you know, whether or not there's a need for --
8 we called it an executive director instead of a CEO.
9 Typically most of the organizations like this around the
10 country, the individual who runs the day-to-day operations
11 carries the title of executive director. And typically
12 the person is, you know, well healed in economic
13 development and project development and project
14 recruitment to make -- you know, to make things happen.
15 And I think that's probably, you know, the kind of
16 individual, you know, this organization would probably be
17 looking for, you know, in the long term.
18 The organization, obviously you've been
19 successful in the current -- you know, current model. The
20 board's been doing yeoman's work, you know, obviously
21 approving these deals and so forth, so the question really
22 is, you know, can -- can the organization even do more or
23 be better and grow, you know, with any organizational
24 leadership changes so to speak.
25 And I think in the course of the report, which

Page 28

1 we provided in doing our research, you know, there's
2 pluses and minuses all the time. The pluses of having,
3 you know, an executive director is you have someone who's
4 working 40 hours a week, you know, focused on the business
5 model and making things happen, which means that right now
6 I think the organization, if I can characterize it as
7 that, is somewhat passive in terms of the deals that
8 come -- the deal flow is what comes in the door. And when
9 you have someone that's a real talent and understands this
10 whole process of deal making and the economic development
11 world, you would hope to have someone who's going to be
12 proactive as well and go out and seek deals and bring
13 deals to the table based upon whatever the needs are
14 downtown. So the plus side is that, you know, you would
15 have -- by having a full-time executive director and
16 having the right person with the right skill sets and
17 qualifications, you would have somebody that would be more
18 proactive, which might in fact help situations like you're
19 currently in with -- where the revenue has declined. This
20 would be a person who would hopefully be bringing deals to
21 the table and not just waiting for the deals to kind of
22 come in the door. So that's the plus side.
23 You know, on the downside obviously, to attract
24 someone like that, you'd have to pay a fairly decent
25 salary. We probably figured at least in the 150 to 180

Page 29

1 range, maybe a little bit more, and you'd be looking for
2 someone that's not a junior in their career. You want
3 somebody who's quite experienced and very politically
4 savvy, because your organization, you know, depends on the
5 legislature a lot, the legislature and the governor and so
6 forth, so there's kind of a political background to
7 things, so this person has to be very politically astute
8 to work with the board, because the board still is
9 critical in approving projects in any model. But
10 hopefully what the executive director would be able to do
11 is bring projects to the table that are already curated,
12 going all through your due diligence so that that's done
13 up front in addition to being proactive versus reactive to
14 deals. So that's probably the big advantage.
15 So, again, the disadvantage is it takes
16 additional revenue to do that. And I think someone again
17 would be looking for, you know, financial stability if
18 they're going to come into this role, they'd be looking
19 for the board to be, you know, behind what they're doing
20 and be able to work collectively with the board, would be
21 critical and, of course, the -- I think the legislature
22 and the governor and so forth would have to definitely be
23 on board with, you know, supporting a full-time, you know,
24 executive director.
25 And just as an aside, you know, I noted in the

Page 30

1 audit report that they even recommended having an
2 additional person to be a project manager for the hotel --
3 or for the convention center, because that's a major,
4 major portion of your -- of your charter. So I think
5 there's probably a need to have, you know, a small staff.
6 You've got Kristin right now, who's doing, you know,
7 yeoman's work and, you know, doing all the administrative
8 work holding everything together, so you'd have someone
9 like Kristin and you've have a project manager for the
10 hotel, you'd have an executive director. You have a CFO,
11 so you already have the makings of a -- you know, of an
12 organization or an organization structure. And, again, an
13 executive director would be responsible for making sure
14 that everything -- the organization runs properly, so --
15 But, you know, timing is everything and it, you
16 know, becomes a financial -- a financial commitment that
17 has to be there, I think, in order to get the -- you know,
18 to be able to attract the right types of people you would
19 want in that role.
20 So anyway, David, do you want to add anything
21 to that?
22 **MR. SMITH:** I think the only thing I would add
23 to it is that as you think about this, having an executive
24 director can either be looked at as an expense or an
25 investment. And I think given what the trends are right

Page 31

1 now, having somebody in place that could pick up the trend
2 a little bit earlier, figure out why the trend is, what is
3 actually happening and what types of projects will
4 generate the kind of revenue that you need to kind of grow
5 your sales, if you will, would be helpful.
6 So, you know, I think in the short term there
7 is a bit of investments there, but I think you almost need
8 somebody in a position like that that can be at this full
9 time getting the facts, answering your questions, that
10 could begin to turn the sales trend around.
11 And then, you know, you have had some
12 (inaudible) of this board for many, many years, which it's
13 recognized, it's nationally recognized. I mean, we've
14 seen this and heard this everywhere. And I think as you
15 begin to transition the organization into the future, it's
16 a wise thing to take advantage of that and do it maybe in
17 a gradual way.
18 So if you look at what our recommendation is,
19 the recommendation is to initiate the process of
20 establishing the position of an executive director, it's
21 not turn right around and do a search but begins the
22 process of establishing an executive director. So that I
23 think is our bottom line recommendation.
24 So, Dave, Weida, do you have any other points
25 you would add to that or --

Page 32

1 **MS. TUCKER:** I would just say that, you know,
2 the other major advantage is -- you know, just to
3 reiterate this, is that there are all kinds of ways that
4 you can increase sources of revenue. So when you have
5 somebody full time focused on that, you're going to have a
6 better launching pad to really acquire better funding. So
7 I think that's the main benefit really, one of the main
8 benefits.
9 **CHAIRMAN McCUSKER:** Any questions for Dave,
10 David or Weida?
11 (No oral response)
12 **CHAIRMAN McCUSKER:** Thank you very much.
13 This is a non-action item.
14 Taunya, go ahead.
15 **MS. VILICANA:** Yeah. So I'd ask each of you
16 in your professional opinion what are the risks of not
17 bringing someone in at this juncture and taking this
18 process as you have suggested in your assessment.
19 **MR. GINSBERG:** I think at this juncture the
20 biggest risk probably is you have a lot of talent right
21 now in -- you know, in your leadership and Fletcher and
22 the executive committee and the board and, you know, it
23 gives you the time. You have the ability right now to use
24 that to leverage that talent, to help integrate the right
25 individual so that you have a -- you know, a long-term

Page 33

1 sustainable, you know, leadership model to run with.
2 You know, life happens and, you know, a lot of
3 things can happen, too, with -- you know, with the board
4 and everything else. So I think you've got an opportune
5 time right now, you know, to leverage the talent and the
6 experience that's on the board to help make that
7 transition.
8 Does that make sense? Does that answer your
9 question?
10 **MS. VILICANA:** It does. It really does, yeah.
11 I think that's along some of our discussion.
12 **MR. SMITH:** I can sometimes be a little bit
13 direct, but my background before I got involved with any
14 of this downtown type of stuff was I was a retail
15 executive, and if I saw a 30 percent decrease in my sales,
16 especially over a few months, I think I'd want to know
17 something a little more specifically than, you know, is it
18 the Amazon effect. What is it? Where are the sales
19 revenues? Why are they not coming in. And I think having
20 somebody that's an executive director that has some sense
21 of urgency and is tied to generating the kind of revenue
22 that you need I think is important.
23 And the risk is not having somebody like that.
24 If that sales trend gets going or we wait and see for
25 three or four more months, what's a little bit of a

Page 34

1 problem now could become a real serious issue and it
2 doesn't take too long to happen.
3 I'll be nice from here on.
4 **MS. VILICANA:** Well, you don't have to be. I
5 love the directness.
6 Weida, do you have anything that you'd like to
7 comment?
8 **CHAIRMAN McCUSKER:** What's the temperature in
9 Chicago today?
10 **MR. SMITH:** Well, I'm in Cincinnati actually
11 and it's 10 degrees, so a trip to Tucson wouldn't be bad.
12 **CHAIRMAN McCUSKER:** There you go. Thank you.
13 Any questions?
14 Corky.
15 **MR. POSTER:** I have a question.
16 You get to see a lot of organizations, and
17 obviously this is not the only one that you're looking at.
18 I'm curious whether you're seeing organizations that have
19 the structure that we currently have and the movement of
20 those organizations to the executive director. I'm just
21 curious sort of big picture how we -- how we sit in sort
22 of the national scene and how typical or atypical Rio
23 Nuevo is.
24 **MR. GINSBERG:** That's a great question. I
25 think from a national perspective, most of the

Page 35

1 organizations that have the budget size that you have and
2 so forth that carry the name of TIF, you know, they're
3 typically run by, you know, a professional executive
4 director and staff, so you're atypical, I guess, relative
5 to the national, if you will.
6 The other side of it is that you generate most
7 of your revenue from sales tax, and that's a bit unusual,
8 because most of the other similar type organizations, you
9 know, have other methods of generating their revenue. So
10 that's also unique to -- you know, to your situation. And
11 I think --
12 **MR. SHEAFE:** Dave, a question.
13 **MR. GINSBERG:** Shoot. Go ahead.
14 **MR. SHEAFE:** In your experience -- now, we have
15 right now officially a nine-year runway, a little less
16 than nine years. When you're trying to attract somebody
17 that is mature and seasoned, what limitation does that put
18 on you when you can say, well, we don't know if this
19 organization is going to last all that much longer.
20 **MS. VILICANA:** We can also mandate that they
21 stay longer.
22 **MR. SHEAFE:** Yeah, but right now we have a hard
23 date.
24 **MR. SMITH:** I think, Chris, that's an excellent
25 question related to the previous question. You are really

Page 36

1 atypical. Number one, you're the only TIF in the state of
2 Arizona, so -- and I don't see any prospects for any
3 others. Secondly, you're using sale tax revenues, which
4 relatively few other TIFs use. And, thirdly, you're
5 controlled by the state where most TIFs around the country
6 are controlled more locally. And because you're
7 controlled by the state, there's a lot of political
8 vulnerability there, the legislature changes, the governor
9 changes. That could put some real risk in place for an
10 executive director. And it's especially important, you
11 know, if the political support that you currently provide
12 for that person would not be there. So I think those are
13 some things that are really a little bit atypical.
14 **MR. SHEAFE:** Especially if that political
15 support could change very easily to a different agenda,
16 whatever that is.
17 What limitations from a practical standpoint do
18 you recruit under those circumstances.
19 **MR. GINSBERG:** That's, I think, one of the
20 issues that you have to discuss with, you know, potential
21 candidates. That's why I said I think you're going to be
22 looking at candidates that are -- this is not going to be
23 a position for any reason for somebody that's stepping up
24 the ladder. You're looking for somebody that already -- I
25 won't want to call this maybe a capstone position in their

Page 37

1 career but certainly not somebody that's getting ready to
2 retire. You want somebody that's going to be there eight
3 to ten years.
4 So the fact that there's a nine-year runway,
5 you know, I think the person with the right kind of
6 experience, skill sets and so forth may find this given
7 the track record and, you know, what they could possibly
8 do with the organization, find this an attractive
9 position. But it wouldn't be attractive to everyone. I
10 mean, just for that reason that you mentioned, that, you
11 know, they could look at this and say, hey, it's
12 technically only there for nine more years. Hopefully it
13 will there be much longer. And I think with a good
14 strong -- at least from our vantage point, with a good
15 strong leadership team in place, you know, I think there's
16 a good possibility to be there longer than, you know, nine
17 years.
18 But it's -- you know, it's -- again, you're
19 looking for that person that has the experience and the
20 talent in putting these kinds of deals together and being
21 able to bring those deals to the table and be more
22 proactive, I guess is the word I've been using, you know,
23 so that you're not just waiting for the deals to come
24 across the transom so to speak.
25 **MR. SMITH:** I would take a yellow highlighter

Page 38

1 on page four of the report and say the process of
2 establishing the position of executive director. That
3 goes to Chris's question of you need to look at what some
4 of those risks are and is there anything that you can do
5 or that you can negotiate with the state to help to
6 mitigate some of those risks, because they are real.
7 **MR. SHEAFE:** Thank you for the answer.
8 Appreciate it.
9 **MR. POSTER:** There's a second half to my
10 question, which is, nationally what have you -- what is
11 the transition that you may have seen between the sort of
12 board-run organization to an executive director
13 organization.
14 So one of the big questions in our mind is what
15 does that transition look like. Is it a successful
16 transition. You know, what have you seen in other
17 organizations. Even though we're atypical, there must be
18 other organizations who have gone from sort of a board
19 dominated action program to an executive director.
20 **MR. SMITH:** Good question. And I think as you
21 may know from our firm that most of the work that we do is
22 with downtown organizations, business improvement
23 districts. That's where I came out of. I was a CEO of
24 our organization here in Cincinnati. And typically those
25 organizations get no staff. It's usually a group of very

Page 39

1 concerned property owners that know something needs to be
2 done to save downtown and they develop some committees and
3 they start studying things and they develop a little
4 program and they are board led. And once they start to
5 see that they're starting to make a difference and that
6 maybe they develop a special improvement district so they
7 have some stable funding, it's only then that they put in
8 an executive director or a CEO or a paid staff.
9 So there is that transition. And how the board
10 handles that transition and works with that CEO or
11 executive director or paid staff is critical. But this is
12 a very common transition in the downtown business. It's
13 how these organizations are all born.
14 **MR. POSTER:** Thank you.
15 **MS. TUCKER:** The other thing I would add is
16 that, you know, once that transition is made, if you do
17 hire an executive director, then I think it's fair to say
18 that when you -- if you do that, that you actually give
19 that person the power that they deserve to run the
20 organization with the support they need.
21 **CHAIRMAN McCUSKER:** All right. Thank you,
22 David, Dave and Weida. Thank you very much. We'll be in
23 touch. Thanks for all your hard work.
24 **MR. GINSBERG:** Thanks to all of you. Have a
25 good day.

Page 40

1 **CHAIRMAN McCUSKER:** Just quickly. Felix, if
2 you've got some people that need to go back to work, I
3 know we pulled some people off the bagel making line, are
4 you -- I can put you up now if you need people to make
5 bagels.
6 **MS. GROFF:** I'm done for the day. I'm okay.
7 **MR. RIPPEL:** I think we're okay.
8 **MS. GROFF:** Yeah, I'm okay.
9 **CHAIRMAN McCUSKER:** Kyle and Rebecca, you're
10 good?
11 **MR. LAUER:** Yeah, we're okay.
12 **CHAIRMAN McCUSKER:** All right. Well, you're
13 getting a civics lesson. By the time we come to you,
14 you'll understand how we operate.
15 So, Jacqueleen, that puts you up next. You're
16 the seasoned veteran now. You can teach these
17 whippersnappers.
18 **MS. LARSON:** I have to say budget review was
19 much easier to follow this time around now that I've had a
20 crash course.
21 **CHAIRMAN McCUSKER:** So this is El Ritual. We
22 saw this project the last meeting. It's really smart and
23 cool and it's in the depot and it's something we want to
24 support. So this is set up today for action. And you had
25 some time, Jacqueleen, between the meetings to kind of

Page 41

1 polish up your proposal, so I think you're already set up
2 to run your slides.
3 **MS. LARSON:** Yes.
4 **CHAIRMAN McCUSKER:** And introduce yourself,
5 because we transcribe everything.
6 **MS. LARSON:** I'm Jacquleen Larson. And, as
7 Fletcher said, I am coming to you with a presentation for
8 my startup El Ritual today.
9 So first and foremost, can you guys see this
10 okay?
11 **MR. POSTER:** Yes.
12 **MR. MARQUEZ:** Yes.
13 **MS. LARSON:** Perfect. I really appreciate the
14 conversation from last -- or earlier this month. I went
15 ahead and took back the feedback mainly about recurring
16 charges or recurring -- renewing memberships with
17 recurring additional charges somehow blocking this from
18 TPT viability, so I have some good news to share with you
19 there.
20 But just as a tiny refresh, our concept is a
21 boutique wellness studio really rooted in the beauty of
22 the Sonoran desert. We're offering contrast therapy,
23 which is sauna and cold plunge, sound and breath work in
24 noise canceling headphones so we don't have to worry about
25 trains as well as a small retail selection.

Page 42

1 We are projecting to bring in about 400 -- or
2 8 -- I need to calm down -- \$600,000 in the first few
3 years ramping into about a million stabilized like fully
4 ramped up revenue.
5 Like Fletcher said, our lease is at the depot.
6 We're doing a four-year initial term with two-four year
7 options to review. And with the beautiful investment
8 that's going into this space, I hope to be there for that
9 full, full time.
10 We are very much aligned with some of your
11 goals. We complement some of your big bets in downtown
12 hotels quite nicely offering, you know, kind of this spa
13 experience for them that is really unique and native to
14 Tucson, which I think when people come here, they're
15 always delighted by.
16 We're generating sales tax in a new way, so
17 we're not really affected by the slump that we're seeing
18 in retail. We're definitely not a restaurant, so our
19 membership model offering access to an amusement is kind
20 of net new for what you guys currently have on your
21 roster.
22 And the ask that I'm coming to you with today
23 for hard construction build-out I actually will pay for --
24 I will deliver positive ROI in my initial lease term, and
25 then it's just kind of upside cream from there.

Page 43

1 So you guys have seen this before. I brought
2 this to the last meeting, but just kind of showing again
3 that one to four-year ramp in of gross revenue and then
4 what the estimated TPT would look like. And so that 290
5 is the number I want you to remember, I will remind you,
6 on my initial term and then basically 100,000 in TPT for
7 every incremental year past that first four.
8 This is the good stuff.
9 Edmund, I don't see you in my screen, but I'm
10 thinking of you. I'm going to scroll so I can see your
11 reaction, because I feel like we need to discuss this.
12 Will Pew is on the line.
13 And, Tim, thank you so much for all of your
14 help. We have all come together over the last two weeks
15 since we met last to basically confirm that El Ritual is
16 TPT tax liable and based on these following key points.
17 Will, I feel like you've been waiting for a
18 long time. Do you want to walk them through these three
19 key points?
20 **MR. PEW:** Yeah, I'm happy to try to explain. I
21 think Tim's on the same page. So bottom line is that El
22 Ritual by default will be a taxable entity type, and so
23 under the Arizona tax code absent an application for an
24 exemption from TPT, they're going to have to pay it.
25 So there is an exemption for gym memberships --

Page 44

1 or for gyms where 80 percent or more of the revenue is
2 from recurring memberships. And the business model, we
3 don't anticipate that's ever going to be the case. I
4 think Jacquleen came out with 65 percent, something like
5 that.
6 **MS. LARSON:** Correct.
7 **MR. PEW:** And so they wouldn't satisfy the
8 definition of a health and fitness establishment for
9 purposes of getting that exemption. And even if it did,
10 it would -- you know, absent applying for the TPT
11 exemption, it's still going to have to, you know, pay the
12 TPT tax. We don't think that would be the case, because,
13 you know, even were the memberships going to be 80 percent
14 or more, there's also this provision in the code that says
15 that access has to be for 28 days or more, and the way
16 we're structuring this will be sort of a month -- or four
17 week to four week or month to month membership that only
18 gives a person 12 days of access so, less than 28 days of
19 access. And then finally by including a line item on the
20 customer invoice for TPT, then they're obligated to remit
21 those funds that they're collected.
22 So given all these factors, and Jacquleen's
23 willing to sign, you know, sort of a covenant to agree to,
24 you know, not request an exemption, to include the TPT
25 line item and to collect that tax and remit it. We don't

Page 45

1 think there's any risk that it would ever not be paying
2 TPT.
3 **MS. LARSON:** And then the ADOR counsel did
4 specifically address our question about the short-term
5 membership status not being impacted, or would it be
6 impacted if it was auto renewing and she said that's not
7 an issue.
8 **MR. PEW:** Does anybody have any questions on
9 that?
10 **MR. MARQUEZ:** I just have a point of
11 clarification. This is Edmund, of course. I've been
12 thinking about you, too.
13 **MS. LARSON:** Good.
14 **MR. MARQUEZ:** I mean, if we have a pragmatic
15 conversation and let's just say this becomes a rebate,
16 because we just explained that we're basically out of
17 money for the most part.
18 If you go back a slide, I think it's one slide,
19 8.7 percent estimated TPT, the state sales tax is 5.6, we
20 get half of that, so just call it 2.6 percent is what our
21 actual income is, so for you to get a rebate, just know
22 it's a lot less than the \$290,000.
23 **MS. LARSON:** Well, I hope I don't have to fall
24 into getting a rebate, but understood, not ideal.
25 Revenue model, we can walk through that, but

Page 46

1 we -- is there any other questions on TPT liability or are
2 we feeling good?
3 **CHAIRMAN McCUSKER:** Will, thank you. We
4 appreciate all the work.
5 **MS. LARSON:** Thank you.
6 **CHAIRMAN McCUSKER:** This was new to us. I
7 think it was a little novel for ADOR, so it was a real
8 educational experience. I think we're comfortable with
9 your business model now.
10 So the number Edmund was referring to, 2.6
11 percent of your forecast would be about \$87,000 over the
12 same period of time.
13 **MS. LARSON:** Okay. Got it.
14 **CHAIRMAN McCUSKER:** Go ahead.
15 **MS. LARSON:** All right. Understood.
16 **CHAIRMAN McCUSKER:** Let's go to your budget
17 and stuff you've --
18 **MS. LARSON:** Okay. So --
19 **CHAIRMAN McCUSKER:** We see --
20 **MS. LARSON:** Perfect.
21 **CHAIRMAN McCUSKER:** Let's see your construction
22 budget.
23 There you go.
24 **MS. LARSON:** Great. Okay. So I am coming to
25 you -- I literally just got -- I'm working with Caylor for

Page 47

1 GC. When I presented last time, I had their estimate,
2 which, you know, the GC that's running the propped, Pedro,
3 said he felt good about, but I literally this morning just
4 received the hard -- like the official, official,
5 everything validated build-out cost and it did uptick
6 slightly, so we're at 530 for hard construction. I have
7 to buy all my devices that kind of plug in and aren't hard
8 fixed into the space, and then I have some startup cost
9 fees, you know, marketing, legal, my architect, et cetera.
10 But ultimately what I am asking you for is just shy of 50
11 percent of my hard construction build-out, 250K.
12 I'm going to be in it for 280 plus obviously
13 the ancillary things that aren't even in the discussion
14 for you guys. So all in project cost is 650. I'm funding
15 400 out of just personal capital and asking you guys for a
16 generous contribution of 250 for these build-out costs
17 paid directly to Caylor or however you expect to do it.
18 But I don't know that a rebate would work for me, but I'm
19 happy to learn more about like how that would be
20 structured.
21 **MS. VILICANA:** So let me ask. Is there an
22 opportunity for us to also consider small business grants
23 in Shay's committee? I want us to also consider that as a
24 segment of this so that the --
25 **CHAIRMAN McCUSKER:** Those are very small,

Page 48

1 25,000 kind of thing.
2 **MS. VILICANA:** Okay. But it could be a
3 segment of hard cash.
4 **MS. LARSON:** No, we don't like to see people
5 pull from (inaudible) funds.
6 **MS. VILICANA:** I see. Okay.
7 **MS. LARSON:** We haven't been allowing that.
8 **MS. VILICANA:** Okay. Thank you.
9 **CHAIRMAN McCUSKER:** Do you have a lender,
10 Jacqueleen? Is this -- do you have a bank or a line of
11 credit or --
12 **MS. LARSON:** No, I -- it's -- it's just cash.
13 **CHAIRMAN McCUSKER:** Your personal cash?
14 **MS. LARSON:** Yeah.
15 **MR. SHEAFE:** What would be the timing? If you
16 needed money from Rio Nuevo, what timeframe would we be
17 putting that in? And is this -- you're showing that now.
18 **MS. LARSON:** Yeah. Thank you for asking that.
19 So time is tight for me. The building -- or the space I'm
20 going into is owned by the city. The best I could get
21 them to negotiate was starting my rent payment in June,
22 which is literally the worst time to start paying full
23 freight rent in Tucson, but that's fine. I'm grateful for
24 the runway that they've afforded me for build-out and a
25 couple months of operation, but in order to preserve those

Page 49

1 operating months before I'm due rent, I need to open in
2 April.
3 Right now my architect said that we could
4 probably hit a 45-day build, and I got Caylor to say, yes,
5 they can start demoing the space next Monday,
6 February 2nd. So I am trying to move as fast as possible
7 for an open in April.
8 **MR. SHEAFE:** Are you paying for your contractor
9 up front? One of the things that all of our commitments
10 do is we're last in, so you have -- because that's the
11 400.
12 And then the other thing is what backup do you
13 have if things get real dry for you July, August,
14 September, you know, whatever? What about your operating
15 overhead if you're not quite cash flowing during that
16 period?
17 **MS. LARSON:** Yeah. I was trying to basically
18 like push off needing to take out a line of credit or a
19 loan, but that's basically where my head's at for getting
20 that kind of operating runway should it be needed. So I
21 wanted to pay for and fund the actual build-out and
22 startup with, you know, savings that I have and then would
23 kind of dip into that credit as my runway and cushion
24 should I need it from an operational standpoint.
25 **MR. SHEAFE:** All right.

Page 50

1 **MR. MARQUEZ:** Would you go back to your
2 financials up above?
3 **MS. LARSON:** Yes.
4 **MR. MARQUEZ:** Please, pretty please.
5 **MS. LARSON:** This one?
6 **MR. MARQUEZ:** No, the one that actually has the
7 projection as one through year four.
8 There you go.
9 So, I mean, we sunset in 2035. I don't know,
10 I'm just trying to do math. I mean, based on the -- I
11 mean, the hard part is like we just chatted here. So this
12 isn't as clean as a restaurant and a bar. I mean, the TPT
13 is so much easier. This is kind of creative TPT, which is
14 great. It sounds like it's legal. I mean, I'm just
15 trying to look at your runway. There are bigger
16 construction deals as we get into the larger deals, which
17 we'll look at our entire runway out to 2035 as kind of
18 what you'd generate.
19 But, again, even if you look at like -- gosh,
20 you're at 3 -- why does your number go down so much. Year
21 one through four is 3.3 million, then you're --
22 **MS. LARSON:** This is one year, so --
23 **MR. MARQUEZ:** Oh.
24 **MS. LARSON:** It's like 1,000 a year.
25 **MR. MARQUEZ:** A million a year.

Page 51

1 **CHAIRMAN McCUSKER:** A million a year, yeah.
2 **MS. LARSON:** In revenue and then 1,000 in TPT.
3 **CHAIRMAN McCUSKER:** If you assume that, Edmund,
4 for the next five, you know, if she can get to a million
5 in year four, then you've got five more years at a
6 million, but that's only \$140,000, to us, you know, so
7 it's -- it's about a break even deal for us. You know, we
8 would bring in about -- if she hits her numbers, about
9 220K over the term of our life.
10 But it does diversify downtown. It brings kind
11 of an elite client. The challenge as you heard is cash.
12 There might be an interesting conversation with
13 Rob to see, you know, if we were to pay him directly what
14 kind of terms we might get, Jacqueline, directly from
15 Caylor.
16 **MR. MARQUEZ:** Yeah. I mean, we just got done
17 contemplating a conversation cutting back our police force
18 downtown and cutting our marketing, which brings hundreds
19 of thousands of people downtown. I mean, if it's me
20 looking at this and we look at our lack of cash flow, I'd
21 be looking at doing a rebate. You'd have to front your
22 cost of construction, pay your TPT, and then, I mean, us
23 being generous at doing the full 250 in a rebate. You can
24 add in inflammation there. But, I mean, that's what I
25 see. I mean, I'm watching people nod on some of the

Page 52

1 comments that Fletcher's making, so I'll leave it alone
2 and see what motion somebody wants to make.
3 **MR. SHEAFE:** Well, I'd be happy to try and --
4 I'm sorry, Taunya. Please jump ahead.
5 **MS. VILLICANA:** Yeah. I think -- i want to
6 kind of pan back a little bit. A number of things. One
7 is it is taking a space and making it into something that,
8 A, is hitting all age bands if you look at her business
9 model and the focus here, and it's also meeting the
10 criteria around like -- look, she comes with a background
11 in this particular area with a stack of knowledge that
12 takes it even further out in marketing sustainability.
13 She's a family member that is also looking at saying,
14 look, I moved here, I'm raising my family, I'm taking
15 risks here, I'm putting money in.
16 I think there's a lot of sweat equity that's
17 going to go into this business model and stack of
18 knowledge that is unique. We need to be mindful of that
19 and I think we need to -- to invest in this differently
20 and uniquely thinking along those lines. I'm very
21 interested in seeing this come to fruition, and I don't
22 want us to get too like numbness to the point where it's to
23 nauseam.
24 Jacqueline, I see your nervousness. I
25 understand. I've spent time with you. I know you've done

Page 53

1 a lot of scrubbing on this and I know you're very vested
2 in this. So I really want us to move forward and think,
3 you know, along the lines of like, look, we're going to be
4 revisiting our numbers, we're going to be reworking and
5 thinking about the organization. I really want us to
6 invest in Jacquleen and this business.
7 **MR. SHEAFE:** Do you have a suggestion for how
8 to do that, Taunya?
9 **CHAIRMAN McCUSKER:** Well, she did sort of make
10 a motion, so --
11 **MS. VILICANA:** I did.
12 **CHAIRMAN McCUSKER:** Let me kind of come back to
13 that, because --
14 **MR. POSTER:** I'll second that motion for
15 discussion.
16 **CHAIRMAN McCUSKER:** So that ask is \$250,000 in
17 pretty quick cash. She's going to be open in April. So
18 just to make sure, Taunya, that's what you meant.
19 **MS. VILICANA:** I did, yes. I mean, I would be
20 willing to go to the 220 level if you're saying like,
21 okay, we've got to break even on this, let's go to 220
22 and, Jacquleen, make it happen. I mean --
23 **MS. LARSON:** Yes.
24 **MS. VILICANA:** -- if you're comfortable,
25 Corky, going with my amended motion.

Page 54

1 **MR. POSTER:** I am.
2 **MR. MARQUEZ:** I would like to request a second
3 amendment of doing \$50,000 in cash and \$200,000 in rebate.
4 **MS. VILICANA:** I don't think she can do that.
5 **MS. LARSON:** It doesn't work.
6 **MR. SHEAFE:** Is there any number that does
7 work, Jacquleen, where you bifurcate and have an element
8 of rebate in the total?
9 **MS. LARSON:** We could invert what Edmund
10 suggested and do 200 and then 50 on rebate.
11 **MR. SHEAFE:** Okay. Do you know the numbers
12 well enough to feel confident in making that statement?
13 **MS. LARSON:** Yes. I mean, if you're asking me,
14 yes, Chris, I do.
15 **MR. SHEAFE:** Do you want to amend your motion,
16 Taunya?
17 **CHAIRMAN McCUSKER:** That was to you, Taunya.
18 **MS. VILICANA:** I know. I'm thinking through
19 my brain here.
20 I'm comfortable amending my motion, 50,000 in
21 rebates, 200,000 in reimbursable funds from Rio Nuevo.
22 **MR. POSTER:** I'll accept that. I'll second.
23 **CHAIRMAN McCUSKER:** The only thing I would add
24 to that, which I think is maybe not relevant to the motion
25 but to the timing, I think Rob Caylor would work with us.

Page 55

1 I think if we went to him and said, Rob, you know, we need
2 to pay this over a year or some other workout, I've got to
3 believe that he would work with us. But, you know, the
4 motion would require us to, you know, follow our typical
5 procedures and reimburse you, Jacquleen, as you spend
6 money.
7 Tim, you've got your hand up, too.
8 You're muted, Tim.
9 **MR. MEDCOFF:** We need to have a motion or amend
10 the motion to allow the executive officers --
11 **MS. VILICANA:** I'll say that right now.
12 **MR. MEDCOFF:** -- and legal to finalize the
13 deal.
14 **MS. VILICANA:** We'll do it. So I'm going to
15 add into that motion, so I'm going to go back and say the
16 full motion at this juncture if that's okay, Chairman.
17 **CHAIRMAN McCUSKER:** Yeah, let's start at the
18 beginning. Go ahead and make your motion.
19 **MS. VILICANA:** Okay. So I make a motion to
20 provide 200K in direct benefit -- reimbursable benefit
21 that can be stretched potentially with Caylor Construction
22 and then a 50,000-dollar rebate. And I instruct the
23 counsel as well as the executive team to basically enact
24 this motion.
25 **MR. SHEAFE:** Can I ask just to have an addition

Page 56

1 there. I know it will come up as a complication. The
2 50,000 would be paid at the rate of 50 percent of what we
3 receive until it reaches 50,000.
4 **CHAIRMAN McCUSKER:** Well, that's new math, so
5 that would require her to -- if it's a straight rebate,
6 they get our portion of the tax capped at 50,000.
7 **MR. MARQUEZ:** It's typically a straight rebate.
8 **CHAIRMAN McCUSKER:** Yeah, it's usually a
9 straight rebate.
10 **MR. SHEAFE:** Well, we still have to know what
11 it is; correct? We have to know how much --
12 **CHAIRMAN McCUSKER:** They'll pay the taxes, we
13 get the taxes, we refund it to them until it hits \$50,000.
14 We refund all of it to them until it hits 50,000, so
15 theoretically it could be paid off in two years.
16 **MR. SHEAFE:** I'm going to assume that
17 suggestion has been rejected.
18 **MR. MARQUEZ:** I have a question for Dan Meyers.
19 Dan, do we have an opportunity to collect the
20 construction tax on this being a TI deal?
21 **MR. MEYERS:** I don't think there's any
22 construction sales tax on these kinds of projects.
23 **MR. SHEAFE:** Well, there's going to be some,
24 but it will be small because most of it will be labor.
25 **CHAIRMAN McCUSKER:** Corky, did you second the

1 new motion.
 2 **MR. POSTER:** Yes, I did.
 3 **CHAIRMAN McCUSKER:** Tim, go ahead.
 4 **MR. MEDCOFF:** Yeah. Just to clarify, because
 5 this would be an economic benefit agreement, it's not a
 6 GPLET or a development agreement, it would be the sales
 7 tax equivalent, not actual sales taxes, so it would come
 8 out of our other bucket.
 9 **CHAIRMAN McCUSKER:** Right. The amounts are
 10 coincidental.
 11 If everybody's following this, Kristin, we're
 12 going to have you call the roll. We have a motion to
 13 approve a \$200,000 investment into El Ritual and a
 14 50,000-dollar rebate paid as we collect funds from the
 15 department of revenue that would be funded by
 16 non-TIF dollars, and we'll have a conversation with Rob
 17 just to see if we can make something with him happen.
 18 That's not part of the motion. We're just going to talk
 19 to him.
 20 Everybody understand? Any questions of anybody
 21 about the motion?
 22 (No oral response).
 23 **CHAIRMAN McCUSKER:** Okay. Kristin, call the
 24 roll, please.
 25 **MS. SAAD:** Chris Sheafe.

1 **MS. LARSON:** She'll have an honorary member --
 2 well, maybe just a monthly --
 3 **CHAIRMAN McCUSKER:** No comps.
 4 **MS. VILICANA:** Do not give me anything. I'll
 5 make sure I pay my way.
 6 **CHAIRMAN McCUSKER:** No comps. She's got to pay
 7 her own way.
 8 **MS. LARSON:** Thank you all tremendously. Thank
 9 you.
 10 **CHAIRMAN McCUSKER:** Thank you, everybody.
 11 **MS. VILICANA:** You've got this.
 12 **CHAIRMAN McCUSKER:** Welcome, Obie. And we're
 13 finally at a place where we can move this along. We're
 14 very grateful to your wisdom and tenacity and patience as
 15 you've worked through this with us. What's the saying, if
 16 it was easy, Brian, anybody could do it. So we're really
 17 pleased that you've gone from, you know, a proposal to
 18 prospective awardee.
 19 The major step in this for Rio Nuevo observers
 20 was to have the county sign off on Obie as the operator.
 21 Just to backfill some of the facts, Rio Nuevo has an
 22 option to lease and/or buy the land known as 75 East
 23 Broadway immediately across the street from TEP, that's
 24 been in place now for over two years, and we went through
 25 a competitive process and awarded Obie Properties of

1 **MR. SHEAFE:** Aye.
 2 **MS. SAAD:** Edmund Marquez.
 3 **MR. MARQUEZ:** Please make it first class. Aye.
 4 **MS. SAAD:** Jannie Cox.
 5 **CHAIRMAN McCUSKER:** I think she's --
 6 **MS. SAAD:** Mike Levin.
 7 **SPEAKER3:** -- left the building.
 8 **MR. LEVIN:** Aye.
 9 **MS. SAAD:** Taunya Villicana.
 10 **MS. VILICANA:** Aye.
 11 **CHAIRMAN McCUSKER:** Shay Jimenez.
 12 **MS. JIMENEZ:** Aye.
 13 **MS. SAAD:** Corky Poster.
 14 **MR. POSTER:** Aye.
 15 **MS. SAAD:** Fletcher McCusker.
 16 **CHAIRMAN McCUSKER:** I vote aye.
 17 (Motion made, seconded and passed unanimously).
 18 **CHAIRMAN McCUSKER:** It's unanimous.
 19 Jacquleen, you've got your work cut out for
 20 you. We'll be in touch on how this process works and
 21 there will be a legal document coming your way. So
 22 congratulations.
 23 **MS. LARSON:** Thank you so much.
 24 **CHAIRMAN McCUSKER:** Taunya's going to be the
 25 first in line.

1 Eugene, Oregon, the opportunity to close on that parcel.
 2 A large part of the reason we did that are the
 3 two people sitting at their conference table in Eugene,
 4 Oregon, the quality of the properties that you operate,
 5 the mixed use that you bring to a downtown. Edmund had
 6 firsthand experience with your hotels and became a real
 7 believer early on. And ultimately, you know, the project
 8 you brought to us includes not only a boutique hotel but
 9 over a dozen retail locations.
 10 So our next steps for you are to identify you
 11 as the developer and to authorize our executive officers
 12 to negotiate your incentives. What we've talked about --
 13 and this is not something we are voting on today, but
 14 we'll begin the process -- is that we will get you into
 15 this parcel at a nominal cost.
 16 That's my dogs. They're enjoy your
 17 presentation. That means that Amazon's here speaking of
 18 Amazon.
 19 So our objective is to get you this property
 20 basically at no cost to you. That will include an option
 21 to purchase the property coincidental to our option that's
 22 also at a nominal price. So our chief incentive is to get
 23 this land into your possession.
 24 We've also talked about some cash to offset the
 25 gap that you've presented to us. We might just have you

Page 61

1 go through that again so that we understand the current
2 status of your equity financing gap funding. That's the
3 part we intend to fill.
4 So if you'd just briefly update us on where you
5 are and your financing and budgeting and timing, then I
6 can entertain a motion.
7 Well, I can't. It's discussion only. We can
8 agree to then start our attorneys to advance your
9 documents.
10 So, Brian, welcome to Tucson.
11 **MR. OBIE:** Well, thank you, Fletcher. And it's
12 good to be with everybody again. We've been over two
13 years in this process. And while you're appreciative of
14 our tenacity, we appreciate yours as well. And it's very
15 interesting to hear the challenges and what's going on in
16 the retail world, to Tucson or in this geographic area,
17 which maybe we can speak to for a moment, because we have
18 a lot of retail experience and we have about 80 retail
19 tenants and half are probably the food and beverage
20 business.
21 And it's interesting. We have not seen that
22 kind of dramatic change in our base. Our tenancy sales
23 are up last year over the prior year, but we -- it's
24 basically food and beverage. Food and beverage is working
25 well at the high end, not the low end.

Page 62

1 On the retail, the thing that I think maybe
2 insulated us a little bit is the fact we've got local
3 tenants and purveyors of goods and they tend to rely --
4 their attention is not so much Amazon as an example
5 because of the unique products, et cetera, so a shifting
6 market.
7 We experienced a downturn shortly after the
8 election and the chaos that went on for about four months
9 and then things came back. And we had a little bit of a
10 chaotic time and we do see in the hospitality business
11 people being very careful about their selection, et
12 cetera. They are traveling. Our revenues, they're
13 basically flat on the hospitality side. That's a lot
14 about chaos, it's a lot about less Canadian travelers, et
15 cetera, but we're moving through that just fine.
16 And it's awfully interesting to me because what
17 were about in Tucson is creating activities, energy
18 downtown. I mean, that's why we're there. That's what we
19 want to do, that is what we do. That is why we feel
20 that our work is good work from a personal standpoint and
21 like what we're doing and why we would be in Tucson.
22 I don't have the numbers exactly in front of
23 me, I was not prepared to present those, but my memory's
24 still good enough that the total cost of the project was
25 north of around \$51 million. That will probably move up

Page 63

1 some over time unless we're into some economic, thing that
2 maybe moves it a little bit the other way. We've
3 accommodated tariffs that might be involved in that, but
4 \$51 million.
5 Our equity and loans combined, we can reach a
6 capacity of \$43 million on the project leaving a gap of
7 around \$8 million. And that's the gap we're talking about
8 and the gap we're finding and looking for.
9 If you're interested in projections and what
10 have you, our restaurants alone will generate I believe 10
11 to \$12 million a year. That's from the experience that we
12 have. And then with the additional retail that we've got,
13 at this point it would be speculative, but I think maybe 5
14 or so. That's small retail. It could be more than that,
15 but I don't want to over speak as well, so up in the 16,
16 17, 18, million dollar range annually probably in retail
17 sales plus the hospitality revenues.
18 But still perhaps more important than that and
19 the reason that you supported Moxie was bringing people
20 downtown. The Tucson area market is actually more than
21 just bringing -- just bringing travelers downtown. The
22 marketplace is there to bring people from around downtown
23 and frankly people that live downtown as a way to shop and
24 do whatever it might be on a given day.
25 We're into in this project creating sales that

Page 64

1 goes well beyond the traveler. The marketplace will
2 probably experience -- based on our experience here,
3 certainly 50 percent of its business will be from local --
4 local people. The other 50 percent perhaps from travelers
5 not just at our hotel but the other hotels as well.
6 So that's kind of where we are in an overview.
7 Irene, did I leave anything out or --
8 **MS. ALLTUCKER:** No, I think just understanding
9 the timeline I think is good to know, that we've been in
10 this and spending money for the last two almost years of
11 work with designers and architects and studies. We will
12 then continue. Once these next approvals get through with
13 Rio Nuevo, we would then move into more refined design and
14 construction looking to break ground in 2028, so to kind
15 of give you a time of what that would look like.
16 **CHAIRMAN McCUSKER:** Let's walk through that
17 from our side. So hopefully by the next meeting, we can
18 present you with a draft GPLET, government property lease
19 excise tax, document. That's the property side of the
20 equation. We'll present you with a draft EBA, economic
21 benefit agreement. If and when we agree to those, we
22 would have to vote on that in a public session. That vote
23 is subject to a 60-day notice, so when we do a government
24 lease to a private developer, we're obliged to post that
25 and allow other jurisdictions the opportunity to object.

Page 65

1 It's never happened to us, but it is procedural. So if we
2 can get an agreement done and agreed upon in two weeks,
3 Tim would post that and we would bring it back to the
4 board 60 days later upon the lapse of that period and
5 finalize the lease and economic development.
6 So once we agree, the only thing we wait for is
7 the period to lapse. And, again, it's never happened to
8 us, so I think we would all assume that you can move ahead
9 that quickly. And we may need some conversations about
10 how all that gets put together.
11 Tim, go ahead.
12 **MS. ALLTUCKER:** I think --
13 Sorry.
14 **MR. MEDCOFF:** Go ahead, Irene, and then I'll
15 jump in.
16 **MS. ALLTUCKER:** I think part of that's timing
17 issues then also when it's presented in front of the
18 county and that public notice as well. So getting --
19 **CHAIRMAN McCUSKER:** The only thing we have to
20 do with the county is to agree to their lease, not our
21 lease to you.
22 **MS. ALLTUCKER:** Okay.
23 **CHAIRMAN McCUSKER:** So the only people that
24 need to go back to the county is probably me and our
25 attorneys. We will be the county's tenant, you will be

Page 66

1 the subtenant, which they've already approved.
2 **MS. ALLTUCKER:** Okay.
3 **CHAIRMAN McCUSKER:** Subject to them seeing the
4 final lease.
5 **MR. OBIE:** As, I understand it, they'll act as
6 the agency where we would go for our permits,
7 construction, et cetera. And we would -- Fletcher, I
8 would add to what we've said here on the timing, once we
9 have our development agreement with you and the city, et
10 cetera, we'll move ahead hopefully in April and begin
11 architectural engineering. That process doesn't seem like
12 it should, but it could probably take a year, then we move
13 to permits. Of course, who knows how long that takes.
14 But that's when we -- I would hope we might break ground
15 earlier than 2028 but mid 2027, perhaps somewhere in
16 there.
17 **CHAIRMAN McCUSKER:** Right. Right. Before your
18 60th birthday.
19 **MR. OBIE:** Right on. Right on.
20 **MR. MEDCOFF:** Fletcher --
21 **CHAIRMAN McCUSKER:** The county has agreed to
22 run the development services here, too, so --
23 **MR. MEDCOFF:** And the other document, Fletcher,
24 typically for residential properties, there doesn't need
25 to be an economic study done showing that the public

Page 67

1 benefits more than the developer, so we may or may not
2 need an economic study here just depending on how much
3 retail space is on the ground floor versus the apartment
4 complexes, so I just have to double check that.
5 I think because this is not a multi-family
6 residence, it's going to require that economic study, so
7 there's a 30-day delay related to that. Then we have to
8 provide all the information to our independent contractor
9 to run that. So all of this would be contingent on that
10 study coming back showing that the public would benefit
11 more than the developer.
12 **CHAIRMAN McCUSKER:** All right. So we're going
13 to engage our lawyers. We're not going to vote on
14 anything today. We will begin to publicize the documents
15 associated with this action. We do have to go back to the
16 county with our lease from Pima County. We will present
17 to the developers our sublease to you and our economic
18 benefit analysis to help address your gap.
19 As Tim said, all that gets evaluated by a third
20 party. Given that that's gravel, it's not going to be too
21 hard to demonstrate taxpayer benefit, so we don't see an
22 issue there. And then we finally have to post it. So
23 we'll -- hopefully we'll have something to you guys in two
24 weeks.
25 **MR. OBIE:** Very good.

Page 68

1 **MS. ALLTUCKER:** Pretty exciting.
2 **MR. OBIE:** We'll all stay focused and keep
3 trying to move down the road on this for sure.
4 **CHAIRMAN McCUSKER:** And Taunya can go straight
5 to you from the spa.
6 **MR. OBIE:** Right on. Right on.
7 **CHAIRMAN McCUSKER:** She's our case study.
8 All right. Thank you. We'll be in touch.
9 Okay. Welcome Diner, a quick announcement.
10 Sloane McFarland, who's been the long-time developer of
11 that property, has sold his interest to his partners. Our
12 agreement requires Sloane to be involved, so basically
13 we're announcing publicly that we have to start over again
14 on that particular site. So you'll see them presenting to
15 us and we'll talk to the mayor and city council and
16 others. They do intend to reopen the Welcome Diner and
17 then probably back to the drawing board on the property to
18 the south and east.
19 Roadrunners, just real quickly, they asked to
20 extend their lease a year. I think we're fine with that.
21 They may or may not eventually move to Reno, but their
22 attendance right now is really very good. The price tag
23 for us on that would be basically \$20,000 a month for one
24 year more than we originally approved. And this is set up
25 as an action item, but we should probably put the two week

Page 69

1 delay in this as well, don't on think, Tim?
2 **MR. MEDCOFF:** Yes.
3 **CHAIRMAN McCUSKER:** And then finally, Felix, we
4 saved the best for last, and we appreciate your patience.
5 If you're not a bagel lover, you're going to
6 hear a great story, because this team of pizza makers --
7 I think it was Pizza Luna, right, where you
8 guys started?
9 **MR. RIPPEL:** Yeah.
10 **CHAIRMAN McCUSKER:** -- started experimenting
11 with bagels baked in the pizza oven, not the traditional
12 bagel. Well, they're out of the pizza business and doing
13 quite well in the bagel business, so they have an
14 opportunity to move a new store downtown. So we're really
15 excited. I'm very excited because it's down the street
16 from my house.
17 So, Felix, introduce yourself and your team.
18 We've helped him build his presentation.
19 **MR. RIPPEL:** Yeah. Hi, everyone. I'm Felix
20 Rippel. I am in Portland, Oregon. And I've got Rebecca
21 Groff with me as well as Kyle Lauer. They are kind of the
22 heart and soul of Bubbe's. You know, it was a lot their
23 idea and they have taken this thing and run with it. And
24 they have proven to be such adept operators and creative,
25 big hearted people from Tucson that -- you know, I thought

Page 70

1 I was going to have to be a lot more involved with them,
2 and over the past few years, now we're just friends that
3 talk once a week and they are absolutely killing it there.
4 Before I get into any presentation, I just want
5 to say, wow, what a crazy thing you guys have going on
6 here with, you know, being able to kind of like grant
7 dreams. You know, seeing that young woman get approved
8 was just -- like brought tears to my eye. It's really
9 cool that there's such a thing as Rio Nuevo and that it's
10 so massively impactful. It's just -- it's a cool thing.
11 You know, I'm in Portland and, you know, we're
12 struggling with a depressed downtown as well and I'm just
13 sitting here going why can't we have a Rio Portland, like,
14 oh, wow. It's really cool what you guys have put together
15 and how you do it is so unique.
16 It's a bummer to hear about the economic woes,
17 but I think with all the brains in this room, you all will
18 figure it out. That goes without saying.
19 So I don't know. Where do we start? I can
20 show you --
21 **CHAIRMAN McCUSKER:** You should be able to run
22 your slides, so --
23 **MR. RIPPEL:** Okay. Let's see if I can figure
24 that out.
25 **CHAIRMAN McCUSKER:** If you can't, I think

Page 71

1 Kristin, we have them, right, so you might --
2 **MS. SAAD:** Yeah, I do.
3 **MR. RIPPEL:** Okay. So --
4 **CHAIRMAN McCUSKER:** You've got them if you just
5 want to expand.
6 **MR. RIPPEL:** All right. There we go. How's
7 that look?
8 **CHAIRMAN McCUSKER:** That's perfect.
9 **MR. RIPPEL:** All right. So this is just a
10 quick, quick mockup. The one thing about this building is
11 that it is getting the entire fascia redone. I have not
12 seen exact renderings of what it's going to look like when
13 we're finished, but we just wanted you to at least see it
14 with our sign up there.
15 A little bit about Bubbe's. You know, as
16 Fletcher kind of referred to, it started out just as a
17 little bit of a hobby. You know, we were running Pizza
18 Luna very successfully.
19 And, you know, the reason we were doing pizza
20 in Tucson is we've got ten locations up here in Portland,
21 Oregon, called Pizzicato and we've been up here for 38
22 years. It was started by Mark and Tracy Frankel, who are
23 my partners in the business and, you know, we've had a lot
24 of success here in Portland, kind of much loved,
25 multi-generational-type restaurant. We're kind of higher

Page 72

1 end, definitely a little bit higher on the cost of things,
2 but they really struck, you know, gold by doing a high end
3 gourmet pizza 38 years ago when that wasn't really
4 necessarily a thing.
5 Long story short, they buy a house in Tucson
6 because it's lovely, that's what we all want to do, and
7 ended up down there and couldn't get the pizza out of
8 their -- you know, they're kind of like serial
9 entrepreneurs as I say. Everywhere they go they need to
10 start something, started pizza when it was great.
11 You know, COVID hit and, you know, that created
12 its own set of challenges. And during that time, Kyle was
13 employed there, so, Kyle, I want you to pick up real quick
14 and just give a quick rundown of what happened at that
15 point.
16 **MR. LAUER:** Yeah, absolutely.
17 So I had started working at Pizza Luna around
18 2018 as I was attending university. And around COVID
19 time, I had started dating Rebecca, who's my fiancée
20 currently but also half of Bubbe's as well, and we had
21 just started to kind of, you know, talk about the idea of,
22 hey, Tucson does not have any locally-owned bagel shops,
23 really the only -- the only person in town was Bruegger's
24 at that time, and so it kind of started out as a pet
25 project to go along with Pizza Luna, quickly just

Page 73

1 ballooned into a very successful business that me and
2 Rebecca do run.
3 **MR. RIPPEL:** Awesome. Yeah, and we started out
4 with one small location. We took over -- well, we already
5 had it. We took the prep side of Pizza Luna and said why
6 don't we just open a bagel bakery here and see what
7 happens. Before you knew it, it took off. We opened a
8 store on Jostler two years after that, and now we're
9 looking to expand onto Broadway.
10 You know, we -- bagels are like pizza in the
11 sense that they're a little bit recession proof. I'll say
12 that. Our year on year sales growth has been exponential.
13 It's not been -- you know, I've been in food and beverage
14 my whole life and I've never seen growth like we've seen
15 at these two locations. You know, we're talking low 30
16 percent year on year growth.
17 And the other thing that was really surprising
18 to us is, you know, we went into it going this is going to
19 be a seasonal business, it's Tucson, you know, it's going
20 to dry up, and we saw a little bit of that the first year,
21 but since then it has almost flattened out. And the
22 reason that's so kind of heart warming to us is it means
23 that, you know, we're a part of that community now, we're
24 a part of people's daily routine, and that was just a nice
25 little surprise that we got.

Page 74

1 I've got -- all right. Some of this is by
2 rote. I'm sure you guys have seen this. You know, one of
3 the things that we'd like to do is really be in Tucson
4 with enough of a footprint without oversaturating and, you
5 know, we want to be there long term. And that's one of
6 the reasons we have ten-year leases at all of our
7 locations with options after that. So that's been a
8 practice we've had in our pizza business up here and it
9 served us. It's just, you know, really get there, grow
10 roots, be a reflection of that particular neighborhood,
11 you know, gain that kind of loyalty through time and just
12 be in there through the good and the bad. That's kind of
13 what we're seeing here.
14 I didn't do all the fancy math and say exactly
15 what we think we're going to be earning for you, but I
16 know there's much smarter heads in that room that will
17 figure that out.
18 This is just some examples. We don't have
19 renderings of the new store yet, but this is, you know,
20 just some pictures of the existing stores we have now so
21 you can kind of get the feel. It's very clean, it's kind
22 of quirky, you know, penny tile and bright colors and, you
23 know, just -- there is a mirth in our stores that is one
24 of the best aspects of it. People come in, it's joyful
25 and it's happy.

Page 75

1 It's basically a big, long shotgun as you can
2 see. One of the differences about this location is that
3 it's actually going to have more seating than either of
4 the others have. And we're really looking forward to
5 that. We've had -- you know, from the other two stores
6 that is one of the asks that we've gotten from our
7 customers, is they just really -- you know, it's a fun,
8 inviting, happy place and can you provide more space for
9 us to hang in it.
10 The Wilmot store has quite a bit of outdoor
11 seating. The Jostler store has a nice patio as well, but
12 it would be nice to have indoor as well as outdoor, so we
13 feel like we've accomplished that here. We're not going
14 to have much outdoor just because of the layout of the
15 complex there, but we are adding more indoor than we've
16 ever had.
17 I did that thing because Fletcher told me to.
18 There's no furniture, fixtures, equipment in any of our
19 builds, so I think that was the right thing to do. We've
20 got TI costs at 257,050.
21 You know, one of the things that we've done,
22 too, is I wanted this community oriented rather than trend
23 oriented. You know, we feel like, you know, bagels are a
24 stable of people's lives. They're a breakfast food. It's
25 at such a price point that it's not a big dining decision,

Page 76

1 it's not a big -- you know, you're not making a choice to
2 go get a bagel. It's kind of like it's on the way, it's
3 easy. You're going to be greeted by happy, shiny people
4 that are, you know, enjoying what they're doing. And that
5 was -- you know, that's just one of the ancillary benefits
6 of being in this.
7 Now, it costs quite a bit to do bagels, at
8 least initially, because of -- even though we started out
9 in pizza ovens, we are using actual bagel ovens now. And
10 if you have not seen one, they are sizable. It's like a
11 small tank that you have to have built in your location,
12 which is -- you know, there's a significant cost to that,
13 so -- but kind of, you know, some costs. Once it's laid
14 out there, it is a pretty fun and easy operation to run.
15 You know, the prior operating experience,
16 that's just -- we've been in this business -- I've been in
17 food and beverage my whole life. I've been with Pizzacato
18 up here in Portland for 19 years as CEO. I have been, you
19 know, with Bubbe's since its inception, so we've got a lot
20 of years of experience that have -- you know, and we think
21 of Bubbe's as it was a consolidation of all the things
22 that have worked for us in other aspects of our business
23 that we've done, because we've opened a bakery concept
24 here in Portland, we've had a couple stand-alone
25 restaurants and we've kind of learned the gamut and we

Page 77

1 said, what works best. Well, this model works best.
2 Well, that's how we designed Bubbe's and we're seeing that
3 happen. It's kind of sleek, fun and, you know, the sales
4 are showing that it's just caught on like wildfire.
5 So what we've got is a ten year, as I said,
6 with annual escalations as well as extensions. We did get
7 exclusivity there, so that protects us there, and we are
8 planning on being around for the long haul.
9 We've got everything we need as far as -- we're
10 ready to go. I mean, every -- we have deposits down on
11 equipment, we've got all our permitting, we've had
12 everything submitted to county, city, we've got our budget
13 and we are --
14 We don't take possession until September 1st,
15 but we are doing absolutely everything we can leading up
16 to that, so there's going to be nothing left, no waiting
17 beyond build-out and final approval and COI, and then
18 we're off to the races.
19 Three-year forecast. So I put in conservative.
20 It is conservative. I didn't -- I didn't want to blow
21 smoke and I just wanted to be honest. This is what we're
22 looking at. This is probably not a worst case, but I'd
23 say it's a medium to low case scenario for us as far as
24 sales go, small footprint. It's a pretty small average
25 check-type business, but the volume is bonkers.

Page 78

1 We think that we're located strategically in a
2 way that there's not going to be any cannibalization from
3 existing stores. We were really smart and waited a long
4 time to want to do this third store for us. Part of us
5 was like -- after the first two, we were like, okay, we're
6 a thing, everyone loves us here and we love doing this,
7 let's build three of them, and then we had a -- kind of a
8 look inside and said let's do this right, let's do it slow
9 and steady and let's be really thoughtful and make sure
10 that we're making really good choices that align with what
11 our, you know, growth ethos is, which is, you know, you
12 don't just go in and oversaturate, and then you end up
13 having to close one or two of those stores down the road.
14 That's not the way to do this. You know, we've kind of
15 let it come organically.
16 And we actually weren't actively looking for a
17 space when we were contacted about this space, which
18 always fee kismet and serendipitous. You know, Mark and
19 Tracy and I flew down there separately and just fell in
20 love with the spot and it just felt really natural and
21 great and loved what's been going on down there with the
22 revitalization in general. It just seemed like a really
23 natural fit, so we're -- you know, we're really -- we're
24 really excited.
25 The hardest part has been waiting, because, you

Page 79

1 know, it's been a long process on the lease. And we've
2 had a lease signed for a while, but we still have quite a
3 few months before we can get going and we are chomping at
4 the bit.
5 So we're requesting assistance in the amount of
6 112.5. It's a little bit less than half, because I wanted
7 a solid number and not some weird broken up number.
8 And, Fletcher, thank you for reviewing what I
9 had sent and catching that HVAC thing. That was very
10 helpful. I appreciate that.
11 As far as funding goes, we're self-funding. We
12 have -- we have plenty of capital. Mark, Tracy and I are
13 equal partners up here in Pizzicato as well as in Bubbe's.
14 And even though they're separate EINs, you know, it's all
15 kind of the same people involved with the same amount of
16 financial backing. And we have not taken out a loan for
17 growth since prior to 2000, so that's always been a part
18 of our model. We kind of wait and build up the coffers
19 until we can really just do something for cash. It just
20 makes it easier for us and we were never in -- didn't want
21 to be sitting under some crazy debt number, so we treated
22 this the same. And, you know, the business itself will be
23 providing some, and then the owners will provide the
24 remainder of that.
25 **MR. MARQUEZ:** So, Felix, if you don't mind me

Page 80

1 jumping in, let me just kind of jump into the business
2 side of it.
3 So beyond Fletcher catching the HVAC, our
4 attorney caught that there's \$60,000 of the TI coming in
5 from your landlord. We typically subtract that from the
6 deal because that's not skin in the game from the tenant,
7 so 257 minus the 60,000 is 197,000, divided by two, that
8 being a 98,500-dollar ask, so just take \$30,000 off that
9 roughly.
10 So being self-funded, I mean you obviously have
11 been in this meeting, you've heard all the things that
12 we've talked about financially. You guys have the money
13 to complete this deal where we could look at this as a
14 rebate. Based on the numbers and projections you just put
15 up there, I think about three years for you to get this
16 money back, but ideally for us you'd help us if you did a
17 rebate.
18 **MR. RIPPEL:** Yeah, I know that came up. I
19 spoke with the other partners about it and they are of the
20 mind that we would really prefer to do the self-funding.
21 We have the money earmarked and ready. It's all ready to
22 go out the door. And, you know, we're not going to say no
23 to anything, but we'd really prefer that it did not go the
24 rebate route.
25 **MR. MARQUEZ:** But you're self-funding, you guys

1 have the funds?

2 **MR. RIPPEL:** Yes, 100 percent. And, you know,
3 there's contingencies above and beyond that as well.

4 **MR. MARQUEZ:** Awesome.

5 **MR. RIPPEL:** Like I said, we're kind of -- you
6 know, even though we're two different companies, there is
7 kind of a parent company that's been around forever and
8 has had a large amount of success and, you know, we've
9 always stayed closely held and it's just us three. And
10 we've done that so we have the financial freedom to do
11 stuff like this.

12 **CHAIRMAN McCUSKER:** Did you agree with his
13 math, Felix, given the landlord --

14 **MR. RIPPEL:** Yeah. I mean, I -- of course, I
15 want to double-check that myself, not that I disagree with
16 it at all, but that's just something I'd like to do.

17 **MR. MARQUEZ:** Awesome. Well, if no one else
18 has a comment, I'll start the conversation anyway. I move
19 we --

20 **CHAIRMAN McCUSKER:** This is a discussion item.

21 **MR. MARQUEZ:** Oh, that's right. That's right,
22 You're right. Thank you.

23 **CHAIRMAN McCUSKER:** We've fleshed out the
24 issues.

25 **MR. RIPPEL:** What else can I tell you about it?

1 this is important to the Sunshine Mile. All the things
2 that Felix described really fits in with what we're doing
3 there with the new bakery and the bookstore Stacks. You
4 know, it's all -- Corky, it's very Portlanesque. I think
5 it helps enliven the neighborhood.

6 We'll try and figure out the economics. We may
7 have a couple of counterproposals for you, but we'll work
8 on this diligently between now and the next meeting.

9 **MR. SHEAFE:** What was the location that you're
10 open at?

11 **MR. RIPPEL:** Currently?

12 **MR. SHEAFE:** Yeah.

13 **MR. RIPPEL:** There's one on --

14 Well, you tell him. You know exactly where it
15 is.

16 **MR. LAUER:** So our original location is Wilmot
17 and Speedway right next to Trader Joe's in that parking
18 lot if you're familiar, and then our Jostler Village one
19 is River and Campbell.

20 **CHAIRMAN McCUSKER:** Wilmot's right next to
21 Kazoku Sushi, Chris.

22 **MR. SHEAFE:** All right.

23 **MR. RIPPEL:** I think -- not to toot on the
24 horn, but I do want to point out that there has been
25 national recognition of Kyle and Becca's recipes and work

1 **CHAIRMAN McCUSKER:** And, Kyle, you guys are
2 local, right, you and --

3 **MR. LAUER:** Yeah, we both live in town. We're
4 in the Paloverde neighborhood, so just up the road from
5 there.

6 **MS. GROFF:** And I also wanted to --

7 **CHAIRMAN McCUSKER:** You're breaking up,
8 probably because you're on your cell. Try again, Rebecca.

9 **MR. MEDCOFF:** Or try turning off --
10 I guess you can't turn off the camera. Never
11 mind.

12 **MS. GROFF:** Okay. Is that better?

13 **CHAIRMAN McCUSKER:** Yes.

14 **MS. GROFF:** Excellent. I just wanted to also
15 jump in. Kyle and I are both in Tucson. We are both --
16 we both attended the University of Arizona and I'm also
17 born and raised, and so it like feels really, I mean,
18 amazing to add to the Tucson community. And that's what I
19 wanted Bubbe's to be. We have the very gracious backing
20 of Felix, Mark and Tracy Frankel, and so we're very
21 appreciative of that. And Kyle and I, you know, one day
22 want to make this something of our own. I just wanted to
23 jump in and say that as well.

24 **CHAIRMAN McCUSKER:** I would encourage everybody
25 in the next two weeks to go buy a bagel and you'll see why

1 on bagels, which they're probably too humble to bring up,
2 so I'll be the one to do it. But that's kind of a big
3 deal for us. You know, Tucson is on the map as a bagel
4 destination, you know, and you've got the entirety of the
5 east coast, especially in the northeast, that's been doing
6 it for millennia.

7 And I couldn't be more proud of those two, I
8 mean, so creative. You know, you're kind of students of
9 the art of bagel baking and, man, you're creative and it's
10 been really impressive to sit back and watch and I'm just
11 glad I'm part of it.

12 **CHAIRMAN McCUSKER:** You know, we have a local
13 (inaudible) that just got a beer award. Michelin is now
14 in Tucson. I don't know if anybody's tracking that, but
15 we actually now have Michelin-eligible restaurants, so we
16 have great hopes for you guys.

17 Okay. We'll be in touch. See you in two
18 weeks.

19 **MR. RIPPEL:** Sounds great.

20 **MR. LAUER:** Thank you so much.

21 **MS. GROFF:** Thank you so much.

22 **CHAIRMAN McCUSKER:** Okay. So I think we ended
23 up moving everything to the next meeting, so that's
24 definitely future agenda. We'll try and get some homework
25 done on the budget.

1 **MR. SHEAFE:** I've got a question.
 2 **CHAIRMAN McCUSKER:** Go ahead.
 3 **MR. SHEAFE:** On the Obie, if we put together an
 4 outline, which let's say we can get that done in two
 5 weeks, do you think it might be useful to have a special
 6 meeting for that one project so that we can actually get
 7 the 60-day timing process underway having already gone to
 8 the board and reached unanimous agreement as to what the
 9 structure's going to be?
 10 **CHAIRMAN McCUSKER:** So I need the county to
 11 give me their lease, and I was hopeful to have it today,
 12 so I don't think we can do anything with the subtenant
 13 until we have the master lease. You know, if the county
 14 can move along, I think we can move along. I think, you
 15 know, we just need to make a presentation to them on what
 16 the economics would look like and we've described to them
 17 now the two things we have to wait for. But I don't know
 18 that I can do that until we have a written agreement.
 19 **MR. SHEAFE:** Well, let me ask it a different
 20 way then. I did have a talk with Jan yesterday and she
 21 said that they're, you know, going to get it to you
 22 momentarily, so whatever that means. But once we get it,
 23 it shouldn't take us very long to go through and
 24 understand what we want to take to our board.
 25 **CHAIRMAN McCUSKER:** So there's a couple of

1 processes here. We have notified the county of our intent
 2 to exercise our option for the lease option. That
 3 required the county to approve the operator, which we did
 4 last Tuesday in a unanimous vote with the motion made by
 5 Chair Allen, so the county has approved Obie as the
 6 operator.
 7 What follows that is the lease -- the final
 8 lease between Rio Nuevo and Pima County as to that parcel.
 9 And, as you mentioned, it is on very nice terms that
 10 they've agreed to, which enables us to provide the
 11 incentives we need for Obie.
 12 So that's happening between Rio Nuevo and the
 13 county. It really doesn't involve Obie. We have to
 14 generate a sublease to Obie Properties or whatever entity
 15 they're going to use here and get that documented in front
 16 of them, which I do expect there will be some back and
 17 forth on that.
 18 Once they've agreed to those terms, which would
 19 include the economic benefit, then that has to come back
 20 to the Rio Nuevo board to be voted on. So they may not be
 21 able to occur simultaneously. Job one I think is to get
 22 the county lease done and approved by this board, and
 23 then, you know, do the sublease with Obie.
 24 If there's a way to move it along quicker, I
 25 think you're right. I mean, we could certainly call a

1 special meeting just to approve the -- we could do both.
 2 We could approve the county lease and approve the
 3 sublease.
 4 **MR. SHEAFE:** Well, what I'm thinking, and I
 5 hadn't thought it through as well as you just explained
 6 it, but I think we have a pretty good handle on what the
 7 deal structure's going to be going to Obie on the
 8 assumptions of what we decided for the county lease.
 9 And, by the way, in asking this question, that
 10 little strip that the city owns, which was the alley,
 11 that's gone away as an issue; is that correct?
 12 **CHAIRMAN McCUSKER:** It's been deeded to the
 13 county, so --
 14 **MR. SHEAFE:** So it's part of the county lease,
 15 so now what we need to do is, once we confirm what the
 16 county lease is, we can come up with the structure for our
 17 sublease, go to our board, get our board to approve that
 18 and then finalize it with Obie. And if there is
 19 adjustments, go back and get re-approval from our board on
 20 any adjustments that have been made.
 21 **CHAIRMAN McCUSKER:** The county document is
 22 really independent of Obie except that the county approved
 23 our subtenant. That whole process is ongoing between the
 24 county attorney and Mr. Collins. And Tim has a waiver to
 25 help us finalize that document. That's the only thing

1 that will survive between us and Pima County, and then we
 2 make our deal with Obie.
 3 **MR. SHEAFE:** Okay.
 4 **CHAIRMAN McCUSKER:** The county may or may not
 5 mention Obie is approved. I mean, that was a public
 6 process. It was, you know, a 5-0 vote.
 7 I don't know, Mark and Tim, if we have to
 8 identify Obie as the subtenant, because, you know, it's
 9 between Rio Nuevo and Pima County. They've approved --
 10 you might just have to mention they've approved the
 11 subtenant.
 12 **MR. COLLINS:** That may be all we need, Mr.
 13 Chairman.
 14 **MR. MEDCOFF:** Agreed.
 15 **CHAIRMAN McCUSKER:** All right. And handle a
 16 lot of unfinished business, I guess. We'll do some work
 17 on the budget. We need to, I think, regroup on the
 18 executive director position. That could be -- that was to
 19 be in the next meeting as well. There's a lot of stuff in
 20 the first meeting in February.
 21 **MR. POSTER:** This is Corky. I listened to or
 22 read some of the material from your presentation to the
 23 board of supervisors and read some of the comments from
 24 Andres Cano about affordable housing, which got me to look
 25 back at our goal number four in our master plan, increase

1 housing opportunities in the Rio Nuevo district serving
2 all levels of income. And it occurred to me that our
3 board could use some education on sort of the finer points
4 of affordable housing, particularly where the leverage
5 points are. I know we've talked a little bit about
6 housing being very expensive or getting parcels, but it's
7 my experience that there's a lot of leverage in affordable
8 housing in the gap funding areas. And I would like to
9 propose in our next meeting that we get a presentation by
10 a group of three people. And I'm suggesting an affordable
11 housing developer, someone from the housing community
12 development department of the city and a general
13 contractor that does a lot of affordable housing
14 specifically to educate us on what small points we might
15 be able to have an influence on the development of
16 affordable housing in our district. So I'd like to add
17 that as an agenda item to our next meeting with your
18 approval.

19 **CHAIRMAN McCUSKER:** The challenge we have is we
20 don't own any land, so part and parcel to us participating
21 has to be some jurisdiction that owns the land or some
22 private developer that owns the land has to partner with
23 us. So if part of that presentation --
24 Now, we have approached the IDA, but it's not
25 been fruitful. The county has indicated they would like

1 Mike seconded that. All in favor say aye.
2 (Motion made, seconded and passed unanimously).
3 **CHAIRMAN McCUSKER:** Thank you, everybody.
4 (4:18 p.m.)
5
6
7
8
9
10
11
12
13
14
15
16
17
18

1 to participate with us on maybe some site selection.
2 There are a couple of county parcels. So the biggest
3 challenge is not the mechanics of affordable housing but
4 acquiring the parcel itself, so --

5 **MR. POSTER:** Well, I'm proposing purely an
6 educational presentation.

7 **CHAIRMAN McCUSKER:** If there's someone in there
8 that could help us identify opportunities to acquire or
9 partner in land. That's been our biggest challenge, is to
10 find someone willing to --

11 **MR. POSTER:** Well, these are the smartest
12 people I know about, and so --

13 **CHAIRMAN McCUSKER:** Yeah, let's do that. Maybe
14 not the next -- maybe not the next meeting, but maybe the
15 one right after that.

16 **MR. POSTER:** Okay. Sure enough. That's fine.
17 I just wanted to get it on our agenda.

18 **CHAIRMAN McCUSKER:** Anything else for the good
19 of mankind?

20 (No oral response)

21 **CHAIRMAN McCUSKER:** Okay. I'll entertain a
22 motion to adjourn.

23 **MR. SHEAFE:** So moved.

24 **CHAIRMAN McCUSKER:** Second, please.

25 **MR. LEVIN:** Second.