

RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona  
May 19, 2014  
1:30 p.m.

REPORTED BY:

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1 (Meeting commenced at 1:33 p.m.)

2 CHAIRMAN McCUSKER: We're going to call the  
3 meeting to order. Are we on? Testing. There you go.  
4 Thank you very much.

5 Call the meeting to order. It's 1:33 p.m. and  
6 we'll start with the pledge.

7 Mr. Hill, you've been absent for a while, so enjoy  
8 your pledge.

9 (Pledge of Allegiance recited.)

10 CHAIRMAN McCUSKER: Michelle, call roll.

11 MS. BETTINI: Cody Ritchie?

12 MR. RITCHIE: Here.

13 MS. BETTINI: Jannie Cox?

14 MS. COX: Here.

15 MS. BETTINI: Mark Irvin?

16 SECRETARY IRVIN: Here.

17 MS. BETTINI: Fletcher McCusker?

18 CHAIRMAN McCUSKER: Here.

19 MS. BETTINI: Chris Sheafe?

20 TREASURER SHEAFE: Here.

21 MS. BETTINI: Jeff Hill?

22 MR. HILL: Here.

23 MS. BETTINI: Alberto Moore?

24 MR. MOORE: Present.

25 CHAIRMAN McCUSKER: All right. You have all seen

1 the transcript from the April 8th meeting. They are  
2 verbatim. Anybody have any changes or comments you want to  
3 make to those?

4 MR. MOORE: Mr. Chairman?

5 CHAIRMAN McCUSKER: Sir.

6 MR. MOORE: I have a question on it.

7 On Page 76, when it refers to the --

8 CHAIRMAN McCUSKER: Do you have a copy?

9 MR. MOORE: I have a copy of the minutes. You  
10 don't have minutes for everybody?

11 CHAIRMAN McCUSKER: They are emailed.

12 MR. MOORE: Oh, well let me just say what I --  
13 there was an item on the agenda regarding La Placita -- and  
14 Jannie had made it. And there was some discussion. And  
15 there were some points that were brought up in the  
16 amendment. But the --

17 CHAIRMAN McCUSKER: We're going to need the  
18 minutes, Michele.

19 MR. MOORE: Yeah. Do you want to postpone this  
20 until later?

21 The question is, it didn't seem like the amendment  
22 was addressed when it was...

23 CHAIRMAN McCUSKER: Let's table the minutes.

24 Michele, if you'll round up copies, we'll come to  
25 it when we come back in session.

1 MS. COX: Can we just print Page 76?

2 MR. MOORE: Well, Page 76 -- sure. I don't care.

3 CHAIRMAN McCUSKER: What pages do you need?

4 MR. MOORE: It goes from 77 to 80.

5 CHAIRMAN McCUSKER: Okay. We'll look at that --

6 MR. MOORE: And that's the whole lot.

7 CHAIRMAN McCUSKER: We'll look at that when we  
8 come back.

9 MR. MOORE: 82.

10 CHAIRMAN McCUSKER: The minutes are tabled.

11 Entertain a motion to adjourn to Executive  
12 Session.

13 SECRETARY IRVIN: So moved.

14 CHAIRMAN McCUSKER: Okay. We'll recess into  
15 Executive Session.

16 (The Board recessed to Executive Session  
17 at 1:36 p.m.)

18 (Meeting reconvened at 3:01 p.m.)

19 CHAIRMAN McCUSKER: Okay. We're going to call the  
20 meeting back to order. We need a motion to reconvene.

21 MR. MOORE: So moved.

22 CHAIRMAN McCUSKER: All in favor, say aye.

23 (Ayes.)

24 CHAIRMAN McCUSKER: We postponed the board meeting  
25 minutes issue.

1 And Michele --

2 Where did Michele go?

3 MR. COLLINS: I think down printing them.

4 CHAIRMAN McCUSKER: Okay. So we'll keep that on  
5 the agenda for a while.

6 MR. MOORE: We can do it at the end if you want  
7 to.

8 CHAIRMAN McCUSKER: Okay. We got that.

9 Due to our tardiness from exec and the number of  
10 visitors, and time, I am going to move the La Placita  
11 conversation, Item No. 15, to the front of the agenda right  
12 after Dan's update.

13 So just some quick comments from me. We'll get  
14 the update from our CFO and then we'll -- Chris and I will  
15 have to step off and allow you to discuss the La Placita.

16 Thank you, everyone, for coming. A quick -- some  
17 notes from the chair -- of the chair.

18 I think everyone's aware that the Senate Bill 1351  
19 did pass. It passed unanimously, without a single "no" vote  
20 in either house. That bill will become law in late July.  
21 We hope to be able to discipline ourself to actually follow  
22 the components of the law even before it goes into effect.

23 As you know that law eliminates the statutory  
24 requirement that we build and operate a hotel. So what that  
25 does for Rio Nuevo --

1 Am I on?

2 UNIDENTIFIED SPEAKER: You're --

3 CHAIRMAN McCUSKER: You know what you're doing?

4 UNIDENTIFIED SPEAKER: I was able to turn it off,  
5 so I was a hero in here earlier.

6 CHAIRMAN McCUSKER: Because it is kind of fuzzy.

7 All right. So we obviously now can engage as a  
8 board. We intend to engage. You've heard us discuss a  
9 number of projects that we're interested in pursuing.

10 We'll talk a little bit about money during Dan's  
11 session. But over the remaining life of the TIF, we should  
12 have somewhere in the neighborhood of \$50 million to invest  
13 in downtown. That's clearly, you know, not the kind of  
14 money that was initially envisioned. But we believe that  
15 money can be leveraged by partnering with other  
16 jurisdictions; namely, the County, the City, the Indian  
17 Nations, but also our private development -- developer  
18 colleagues.

19 This is -- you probably heard me talk about it  
20 before -- this is the San Diego model. For every dollar the  
21 San Diego TIF invested, the private sector invested 6. So  
22 we really hope to advance downtown development and use our  
23 money as seed money, opportunities to partner with a variety  
24 of people. It's in that spirit today that we've invited  
25 representatives from the County. I see Mr. Huckleberry is

1 here; Mr. Hecker's here from the bond commission; and from  
2 the University of Arizona, Dean Jan Cervelli's joined us to  
3 talk about one of those possible partnership in the  
4 La Placita complex.

5 For those of you that have followed the Urban Land  
6 Institute intervention into Tucson and downtown, a number of  
7 us serve on the ULI committee that's trying to advance the  
8 proposal that came out of that commission's report, which we  
9 all believe collaboration and partnership is going to be key  
10 to us being successful going forward. So almost any  
11 development conversation you hear coming from this group  
12 going forward is probably going to include some partnership  
13 proposals, whether it's with the Tribe, or a private  
14 developer, the City, the County, or UofA. And we'll have a  
15 chance to discuss some of those in further detail today.

16 So, Dan, if you can kind of just give everyone an  
17 update on where we are financially.

18 MR. MEYERS: Okay. As of April 30th, we have the  
19 following funds available: The Alliance Bank operating  
20 account, we've got about 6,700,000; the Alliance Bank  
21 account we just kind of let money sit there and accrue some  
22 interest, we've got 5,008,000; and the Bank of Tucson, where  
23 we do some of our operating out of, has 280,000.

24 We also have some funds sitting in the City of  
25 Tucson, which is currently about 3.9 million. Of course,

1 that money is being used as we incur construction costs at  
2 the TCC Arena renovation.

3 Some of that money that we've got sitting aside  
4 for the City of Tucson, we've got \$333,000 currently in  
5 construction costs that we're going to be paying -- paid in  
6 May. And we also have \$57,000 of retention that we'll be  
7 paying at the completion of the contract.

8 Any questions?

9 CHAIRMAN McCUSKER: So go through the commitment  
10 stand, just so -- we have roughly \$16 million. Then you've  
11 got 9 that's earmarked?

12 MR. MEYERS: Yeah. We've got 1.1 earmarked for  
13 Mission Gardens; 750,000 earmarked for Streetscapes; and a  
14 remaining balance of 7.3, the Tucson Convention Arena. So  
15 that leaves approximately \$6.8 million available in future  
16 investment.

17 CHAIRMAN McCUSKER: And I don't know if this is  
18 available in the audience or not, but the \$8 million --  
19 that's the item identified there as lien reserve fund --  
20 that's the \$8 million we're trying to release from Wells and  
21 replace with a surety bond.

22 We have retained or in the process -- Mark,  
23 right? -- of retaining Piper Jaffray to assist us in that  
24 regard. So if we're successful in that, that would increase  
25 your remaining cash -- available cash to about \$17 million.



1           Just a note to yourself, we'll see the budget in  
2 the June meeting. We will have a budget hearing and approve  
3 next year's budget. But you can generally anticipate,  
4 unless there's some improvement in the TIF, that the TIF  
5 generates about \$2 million over our expenses on an annual  
6 basis.

7           So if -- I would hope that would improve with the  
8 Wal-Mart now in the TIF and the activity downtown. All  
9 those establishments are TIF contributors. Maybe that will  
10 go up; maybe it won't. But that will produce another, you  
11 know, \$25 million over the life of the TIF. So, you know,  
12 you've got somewhere in the neighborhood of 40- to  
13 \$50 million that, over the next several years, we can  
14 invest.

15           Any questions for Dan?

16           MR. MEYERS: Thank you.

17           CHAIRMAN McCUSKER: Okay. And, Chris, you and I  
18 will step off.

19           I'm going to turn to gavel over to Mr. Irvin.  
20 Yeah. They are all here on behalf of La Placita. So in no  
21 particular order, Mr. Hecker, Mr. Huckleberry, and  
22 Dr. Jan Cervelli.

23                               (Chairman McCusker and Treasurer Sheafe  
24                               left the proceedings.)

25           SECRETARY IRVIN: For the record, just state who

1 you are and where you live and your interest in La Placita.

2 MR. HECKER: My name is Larry Hecker. I'm here in  
3 my capacity as the chair of Pima County Bond Advisory  
4 Committee. My address is 850 East Calle Vieza (phonetic).

5 SECRETARY IRVIN: Great.

6 MR. HECKER: And I assume I'm here to hear the  
7 different suggestions about a possible bond project. As  
8 chair of the bond committee -- she left -- but we've been  
9 meeting for the last few years to try and come up with a  
10 bond package to place before the voters at this point next  
11 year. And it's my understanding that it's been suggested  
12 that -- as an economic development project -- that La  
13 Placita would be something that should be considered by the  
14 bond committee for recommendation for supervisors and  
15 ultimately to the voters.

16 SECRETARY IRVIN: We're probably a little ways  
17 away from making any decisions relative to La Placita. But  
18 I think one of the things that many of us have been  
19 concerned with is, if we did move forward in participating  
20 in La Placita, in whatever event that might be, then what is  
21 our exit strategy. So we've had a number of discussions on  
22 that. I know there's been interest on behalf of the  
23 University, the bond committee, and County and others  
24 relative to that.

25 And I just think it would be important for the

1 Board to hear maybe some of your thoughts as it might relate  
2 to how we might repurpose La Placita if we decide to pursue  
3 that.

4 MR. HECKER: I'm not sure that I have an opinion  
5 on that. What might be useful is for the Board to  
6 understand where we are in terms of the bond process.

7 Shortly after the bond election in 2004, the bond  
8 committee, recognizing that there were still tremendous  
9 unfilled capital needs, starting meeting again to plan for  
10 the next major bond election. We spent quite a bit of time  
11 narrowing about \$2 billion worth of projects down. And then  
12 the recession hit. And it was obvious that property values  
13 has taken such a hit, it would be unrealistic to pursue a  
14 bond package. So we went into a hiatus situation.

15 We started meeting again last year to discuss the  
16 possibility of a bond election in the near future. We're in  
17 the middle of that process now. The committee has  
18 identified approximately a billion dollars worth of projects  
19 that have been recommended to us either by Pima County or by  
20 one of the jurisdictions -- one of the incorporated  
21 jurisdictions or one of the Tribal nations -- for inclusion  
22 in a bond package.

23 And the County administrator has advised us that  
24 based upon the current direction that property values are  
25 going, that a bond election totaling approximately

1 \$700 million would be realistic without raising property  
2 taxes, which is something that the bond committee has been  
3 reluctant to do. So right now, we're looking at about a  
4 billion dollars worth of clear identified needs, and maybe  
5 \$700 million worth of capacity.

6 So as I said, we're in the middle of the process.  
7 I think it's June 20th that we'll be discussing economic  
8 development projects, including the possibility of some  
9 partnerships with the University downtown. And I expect, in  
10 the fall, we'll start narrowing it down to come up with a  
11 more definitive package to present to the board of  
12 supervisors.

13 SECRETARY IRVIN: Any questions for Larry?

14 Chuck, I'm sure you've got a word or two to say,  
15 not that you need an introduction.

16 MR. HUCKLEBERRY: Yeah. Chuck Huckleberry, County  
17 administrator. I'm up here as Larry's bodyguard and have to  
18 protect the chairman of our bond advisory committee.

19 And I think this -- the concept about Rio Nuevo  
20 and La Placita kind of starts from the whole discussion  
21 about what role does the County have, if any, with regard to  
22 downtown redevelopment and what do we do.

23 Back in about 19 -- I think it's '90 -- when we  
24 first talked about expanding our employment base in the  
25 downtown, we looked at La Placita to actually purchase it.

1 And it didn't make the cut because I think one or more of  
2 our board members said, Well, you'd have to hire an extra 50  
3 staff to lead people around to find your way in La Placita.

4 So that led us to actually, if anybody remembers,  
5 the lawyer's titled and the eyesore it was for years, they  
6 nicknamed it Beirut Hilton. We went into that bit.

7 And since then, we've actually expanded the square  
8 footage and the employment base downtown. We probably have  
9 the largest number of downtown employees. So we're very  
10 interested in making sure downtown is successful and it  
11 becomes kind of the location where our employees can, you  
12 know, basically look forward to coming to work and  
13 recreating the downtown.

14 The La Placita proposal is one that just simply  
15 arises out of the concept of, do you create downtown as a  
16 cultural and arts center so that it has, you know, other  
17 things other than just, say, governmental employment  
18 downtown with the City and the County and the State. We'd  
19 like to see, you know, some private major employment move  
20 into the downtown area.

21 We also need to get people from other parts of the  
22 community -- whether it's the foothills, or Pima Valley,  
23 Green Valley, Sahuarita -- reason to come downtown. So that  
24 then pulls us in this direction of our culture and what to  
25 do.

1           And I think our concept of when we first started  
2 talking with the University of Arizona and the redevelopment  
3 that we've done with regard to Roy Place, which is the old  
4 Walgreens now leased to the University, we had talked about  
5 maybe to have an option for a better and bigger presence not  
6 only in art but instructional. And we always know what  
7 they've done with regard to students and student housing.

8           And so I think all we did is say we're certainly  
9 welcome and open to the possibility of partnering. And I  
10 think that's the key issue that Larry talked about. When we  
11 develop bond proposals, we like to see multiple partners,  
12 partners that contribute something, either assets or money  
13 or, in the case of a long-term commitment, to instruction or  
14 to art museums, something that makes it more attractive to  
15 have it, I think, be on a ballot in the future.

16           And so I think we're absolutely open to the  
17 possibility. And I know the Bond Advisory Committee this  
18 June is talking about economic development. And one of the  
19 components of economic development is primary employment or  
20 export-based jobs. That's why we're interested in buffering  
21 Raytheon and creating a separate opportunity down on the  
22 south side where manufacturing and employment centers are,  
23 but we're also kind of equally interested in downtown and  
24 what we can do to help there.

25           But we need partners. And the more partners you

1 have, the greater success that you may have in redeveloping  
2 a site such as La Placita.

3 MR. HECKER: Mr. Chair, I wonder -- Mr. Chair, I  
4 wonder if I might -- I brought along the criteria that the  
5 bond committee applies to the projects that it's looking at  
6 in order to prioritize it and attached some copies of that,  
7 as well as sort of an interesting memorandum that describes  
8 the breakdown by population and assessed value of  
9 unincorporated Pima County and the various incorporated  
10 jurisdictions that -- not that there's a formula, but it  
11 is -- it does give a sense of how population is dispersed  
12 throughout the County and remembering that the Pima County  
13 bond program should be regional in nature and benefit as  
14 much of the region as possible.

15 SECRETARY IRVIN: Thank you.

16 Any questions for Chuck or for Larry?

17 Again, just as a recap, the Board has instructed  
18 that Jannie and myself start to explore the possibilities  
19 related to La Placita in trying to kick off another hotel in  
20 and around there. So we haven't made any decisions yet at  
21 all regarding anything back to the Board. And part of our  
22 goal is to bring in people that had an idea and some  
23 thoughts in partnering with us to determine what that might  
24 look like. And we're kind of at Step 1 as we're starting to  
25 explore this.

1 I think it's great that you both came down to  
2 visit with us.

3 Alberto, did you have a question?

4 MR. MOORE: I just had a quick question.

5 Chuck, one of things I would be concerned with  
6 regarding La Placita is that we're not looking at renters of  
7 dollar a year. So we'd need to figure out how -- whatever  
8 purchase price or whatever that relationship is between the  
9 bonds and the County and the University, that we get  
10 appropriate rents based on the market and so forth. And is  
11 that -- is that possible? I mean, is it -- or -- and I'd  
12 wait for the University to speak up on that. But I don't  
13 want to have more giveaways. We've got plenty of those.

14 MR. HUCKLEBERRY: Yeah. I think what you're going  
15 to do in whatever model or partnership structure you come up  
16 with, you're going to have to have some financial  
17 feasibility. Because I think everyone has to remember that  
18 while we can contribute capital to build something, actually  
19 the larger cost in the long run is operating and  
20 maintenance. And someone has to be able to stand and  
21 continue to make those investments and not let the asset  
22 deteriorate.

23 So I think that's part of the financial  
24 feasibility to figure out which partners bring which side to  
25 the equation to actually make the entire project whole.



1 MR. MOORE: Now, do you help us in doing that and  
2 figuring that out so it meets everybody's approval?

3 MR. HECKER: I think a good example would be the  
4 Roy Place Building which is leased to the University. The  
5 University is responsible for all maintenance and operations  
6 for that facility. And that's part of the -- part of the  
7 lease.

8 SECRETARY IRVIN: Any other questions?

9 MR. MOORE: That is all I have right now.

10 SECRETARY IRVIN: Thank you.

11 Do you have any questions?

12 Thank you.

13 Michael, are you going to be addressing this as  
14 well?

15 MR. KEITH: Not unless you need me to.

16 SECRETARY IRVIN: Always happy to hear from you.

17 MS. CERVELLI: Good afternoon. I'm Jan Cervelli,  
18 dean of the college of architecture planning, landscape  
19 architecture, and special assistant to the president for  
20 downtown initiatives. Thank you for this opportunity to  
21 share a little bit more on the concept of the La Placita  
22 development.

23 Just adding on to what Chuck described, the  
24 University's interest here is primarily to help advocate for  
25 the economic development potential of the site and this

1 partnership.

2           If you begin to look at the phenomenon happening  
3 across the country in downtown areas, particularly around  
4 the millennial generation, the 24-year-olds to the  
5 40-year-olds, they're looking for that kind of an urban  
6 context to live, work, play, and to learn. This is  
7 happening in every major city. And you're beginning to see  
8 it here.

9           And so if you begin to look at that as our future  
10 workforce, our ability to retract -- to attract and retain  
11 that workforce is going to be hinged, to a great extent, on  
12 having a very vibrant downtown, but also for their  
13 opportunity to work there. So you're going to see,  
14 increasingly, employers looking to locate in downtown simply  
15 because that's where they're going to have play on the  
16 workforce.

17           If you look at the potential of the -- a cultural  
18 district -- now that includes the convention center, it  
19 includes the Tucson Museum of Art, the Museum of  
20 Contemporary Art, hopefully the January 8th Memorial, a  
21 western museum collection -- you really begin to have a  
22 strong dynamic to play on for a cultural district that  
23 would, again, be very attractive to this workforce.

24           If you begin to blend housing into that cultural  
25 district -- don't think of it just as a whole bunch of

1 museums, but it has housing, retail, and some entertainment  
2 dynamic to it -- you see the kind of place that these  
3 millennials are attracted to.

4           And if you look at -- you have University of  
5 Arizona with world-class collections in modern and  
6 contemporary photography. We have all of the negatives of  
7 Ansel Adams sitting in a wonderful facility on campus that  
8 gets very little visitation. This is a world-class  
9 collection that we could be attracting people from all over  
10 the world.

11           Same thing right across the street in the  
12 University of Arizona's art museum, world-class contemporary  
13 paintings that get very little, relative to the attraction.

14           So while we may not bring, and we cannot bring  
15 large capital investment in buildings, we have the  
16 intellectual capital to help build this cultural district.

17           So again, in partnership, we perceive it as a  
18 multipartner, multiyear, multibond -- right? -- and  
19 multiphase project where you could take a facility like  
20 La Placita, begin to lease it out, under some of the terms  
21 that we just discussed, to not only the University, to other  
22 educational institutions -- we're happy to partner -- begin  
23 to perhaps demolish La Placita in phased pieces and rebuild.  
24 The idea, again, is economic development around employment,  
25 increasing the tax base -- right? -- contributing to Rio

1 Nuevo and contributing to the City. So I hope that helps  
2 flesh out a little bit.

3 If you look at two examples that I think are  
4 pertinent here, the I.D.E.A center -- District in San  
5 Diego -- again, educational institutions; private  
6 development in terms of housing, retail, and entertaining;  
7 the other is the Innovation District on the harbor front in  
8 Boston.

9 What they began to attract in terms of businesses  
10 are those related to design, so your digital media  
11 companies, marketing, advertisement, galleries. But then as  
12 the other employment -- employers in some of the more tech  
13 areas started to see that's where their employees wanted to  
14 live and be able to walk to work, now they're beginning to  
15 see tech companies move into those same areas. So I think  
16 we can learn from that. We have the real potential here.

17 Thank you.

18 SECRETARY IRVIN: Any questions for Jan?

19 MS. COX: I just have one question, Jan. When you  
20 speak about the Ansel Adams negatives and the other  
21 incredible art that you have, why is it not being visited  
22 now? And why -- I understand that if it were in a downtown  
23 museum, it would be more accessible to the public. But  
24 would that be enough?

25 MS. CERVELLI: I think it would make a major

1 difference.

2           If you look at the Center for Creative  
3 Photography, its location is in a spot on campus that's hard  
4 to find. It's right next to my building so I know that it's  
5 hard to find.

6           MS. COX: Okay. And you can't park either.

7           MS. CERVELLI: The perception of parking is --  
8 there is parking, but it's like downtown.

9           MS. COX: Okay.

10          MS. CERVELLI: There's still some issues there,  
11 right?

12          But the building itself was designed for it to be  
13 an archive, a real research facility. If you walked by the  
14 building, you wouldn't have a clue unless you actually  
15 walked in.

16          MS. COX: Oh, I see.

17          MS. CERVELLI: And there are -- there are these  
18 phenomenal photographs there. So the approach to it from  
19 the beginning was one of preservation, conservation,  
20 archival -- not exhibit to the public space.

21          MS. COX: Okay.

22          MS. CERVELLI: So that's the next phase for that.  
23 Which this would be on that La Placita site. There's no  
24 better site for that kind of a function. The same thing  
25 with the paintings across the street.

1           The facilities there, in terms of even  
2 exhibiting -- even storing those facilities really need  
3 improvement. So this would help a lot of that. Not to  
4 mention the academic programs that would be associated with  
5 that, it would be very attractive to employers as well.

6           MS. COX: Okay. Thank you. That was very  
7 helpful.

8           MR. RITCHIE: Jan, have you -- have you approached  
9 the current owner of La Placita of this concept?

10          MS. CERVELLI: Not officially. I can't speak for  
11 any of our partners on this, but the University has not.

12          MR. RITCHIE: Okay. Thank you.

13          MS. CERVELLI: Thank you.

14          SECRETARY IRVIN: Any other questions?

15          MR. MOORE: May I ask one?

16          SECRETARY IRVIN: Sure.

17          MR. MOORE: I don't know who can answer it, but  
18 what is the -- what is the status of the Tucson Museum of  
19 Art, as far as the attendance goes, and so forth, downtown?  
20 That's the -- that's a gallery that's respected.

21          MS. CERVELLI: I can't speak to that.

22          MR. MOORE: I don't know who can answer that.

23          MS. CERVELLI: I'm sorry. Anyone in the audience?

24          I'm sorry, I can't -- I can't speak to --

25          MR. MOORE: Okay. Because I think that would be

1 interesting to know what their attendance is in comparison  
2 to what the plan is.

3 SECRETARY IRVIN: I might have one question for  
4 Chuck even though I know he has grabbed a seat there.

5 I've seen a lot of stuff on the bond about  
6 creating a -- for lack of a better way to say it -- a strave  
7 between the music -- excuse me -- the museum and MOCA. And  
8 I'm curious, in your mind, how having La Placita kind of in  
9 the middle of that might impact that overall plan.

10 MR. HUCKLEBERRY: It probably complements it.  
11 Because I think what you've heard is this stravenue concept  
12 of how do you have the Tucson Museum of Art on one end and  
13 MOCA on the other end in a north-south orientation, access  
14 that kind of travels through what I would call a western  
15 half of downtown.

16 And you know, we still have -- and it's in the  
17 package still, is a bond proposal to expand. And once we  
18 move everyone out of the old courthouse, which will happen  
19 in very early '15, we will repopulate the old courthouse  
20 with the second and third floors being administrative for  
21 the board and County administrator, the clerk. And that  
22 first floor, ultimately, be turned back over for an art  
23 museum for western art with the -- with the Tucson Museum of  
24 Art. That's the current plan.

25 It will probably take some bond investments. So

1 that will be on, more than likely, the '15 bond election.  
2 But it's really creating this pathway, or corridor, that  
3 basically goes from Tucson Museum of Art -- the first floor  
4 of the old courthouse, kind of an historic storage building,  
5 as well as the western art collection -- and then proceeding  
6 south, cross -- through the complex into La Placita, into  
7 the convention center, and then ultimately into MOCA.

8 SECRETARY IRVIN: Thank you.

9 Any other questions?

10 So I want to thank everybody for addressing us.  
11 We're very preliminary with our discussions in trying to  
12 figure out what, if anything, we're going to do with  
13 La Placita.

14 And, Michael, I asked you if you had anything you  
15 wanted to share. I'd appreciate your thoughts, again, for  
16 the record.

17 MR. KEITH: Michael Keith. I live at One East  
18 Broadway, downtown.

19 What's interesting about today and all these  
20 visions is they are part and parcel of a new kind of a  
21 concept, an urban village concept. Virtually everything on  
22 your docket is addressing this in one form or another.

23 And I think your -- the end game here is to create  
24 a new synthesis of these new urban structures on the west  
25 side of downtown Tucson. Everything here is complementary,



1 amazingly complementary. All of it's coming together in  
2 this beautifully realized package.

3           And you're going to look at these as  
4 individual items today, but they're all connected; they're  
5 physically adjacent. They are philosophically aligned,  
6 economically aligned. And you've got the start of an entire  
7 new city on the west side of downtown Tucson.

8           And I think Jan's right: The things that are  
9 going to make this alive are blending in residential,  
10 blending in small retail, blending in open space, all of  
11 that, all the projects that are being considered and looked  
12 at, the convention center, the arena, all of this has to be  
13 thought of as a larger urban experiment in how they all come  
14 together. And I've never seen a time when so many great  
15 ideas are on the table at the same time and could just  
16 dovetail beautifully.

17           Thank you.

18           SECRETARY IRVIN: Michael, just for the record,  
19 could you also let everybody know what you do when you're  
20 not out in real estate?

21           MR. KEITH: I'm CEO of the Downtown Tucson  
22 Partnership.

23           SECRETARY IRVIN: Thank you.

24           MR. KEITH: Thank you.

25           SECRETARY IRVIN: Any furthered questions?

1 All right. Thank you.

2 Okay. We're going to move into Item 7, which is  
3 the AC Marriott -- possible hotel.

4 I think -- so that the audience has a better  
5 understanding of the community as well, I want to share a  
6 few opening remarks prior to asking other people to present.

7 I want everybody to know that you're actually  
8 going to -- besides myself, you're going to hear from our  
9 District's legal counsel who we've asked to provide an  
10 executive summary of our proposed transactions.

11 We're also going to hear from developer Scott  
12 Stiteler, who will update us on the status of the project  
13 and where he is with his discussions with the City and his  
14 progress on financing.

15 We'll also ask the District CFO and also Jeff  
16 Hill, who, in case you didn't know, is a pretty doggone good  
17 CPA, to take a look at a report that was commissioned by the  
18 City of Tucson that relates to the hotel project. It's a  
19 study that was done to ensure that the hotel did qualify for  
20 the GPLET structure that there were discussions about.

21 Obviously we're going to provide an opportunity  
22 for the board to address all presenters.

23 This potential hotel is one that this Board's been  
24 working on for over a year. And, in fact, in July, the 15th  
25 last year, the Board voted to pursue allocating \$4.3 million

1 towards the construction of a new hotel and parking  
2 structure.

3 I'm going to just mention that I think hotel  
4 transactions are extremely difficult to finance -- I think  
5 Scott will address that in his discussions with us -- but  
6 especially more so in Tucson's market. And I think a hotel  
7 in downtown Tucson has proven especially difficult to  
8 finance.

9 It's interesting that in the recent legislation  
10 that was passed, sponsored by Senator Worsley -- it passed  
11 unanimously -- a lot of the discussion was focused on a  
12 couple of key areas that I just wanted to touch on.

13 First, I think it's important to note that this  
14 Board was praised for its yeoman's efforts in turning things  
15 around. And I think that Rio Nuevo is no longer a dirty  
16 name. And it's now considered a model TIF that is both  
17 accountable and transparent. I'd like to thank Chair  
18 Fletcher for leading those turnaround efforts.

19 The legislature also recognized past District  
20 decisions that preceded this Board and have left the  
21 District with probably roughly \$50 million that we're gonna  
22 have between now and the time that the TIF turns. If the  
23 stars align, that number could be as high as \$70 million;  
24 realize the importance of leveraging these remaining funds.

25 It was suggested during those regulatory hearings

1 that the District needed to focus on partnerships with other  
2 parties to increase its impact. The legislature recognized  
3 this financial picture and that the District simply doesn't  
4 have the ability to do things alone. Hence the reason I  
5 think we're looking at partnership opportunities all across  
6 the board. Our Chair and this board has continued to  
7 express the desire to partner with others.

8           The District has discussed structuring potential  
9 developments that are akin to, I think what our Chair called  
10 earlier, the San Diego model. And that's a dollar invested  
11 by the District would be followed by 5 or \$6 invested by  
12 others.

13           Under that situation, assuming a \$50 million, it  
14 would turn that into about \$300 million that would be  
15 following by other parties.

16           If the District does end up with 70 million rather  
17 than the 50 million, it could end up with potentially  
18 \$420 million invested by others. This potential transaction  
19 of \$4.3 million by the District greatly exceeds that 1 for 6  
20 goal.

21           It has also been the District's desire to create a  
22 structure that we could use as a model to discuss other  
23 potential developments downtown. Rather than create a plan  
24 that was developer-specific, our desire was to create  
25 something that would be useful for everybody in the future.

1           Despite the recent legislation that we just talked  
2 about that removed the District's handcuffs relating to  
3 developing a convention-style hotel, the District has not  
4 given up on exploring those hotel opportunities. We  
5 currently, as you've heard, are in discussions with other  
6 hotel projects.

7           Over three years ago, when the convention center  
8 hotel did not go forward -- I think, Alberto, you and I were  
9 the only two that were involved back then; I could be wrong,  
10 but I think that's correct -- the District Board discussed  
11 the importance of smaller, more boutique-style hotels that  
12 fit within the Tucson market. I think this Board  
13 understands the importance of having hotels downtown in  
14 order to support the convention center, the Arena which  
15 we're currently making a large investment in, and downtown  
16 in general.

17           The recent Urban Land Institute study specifically  
18 addressed the near-term demand for a 100- to 200-room,  
19 branded, mid-sized hotel -- business hotels. This potential  
20 transaction definitely creates a template. And I would  
21 definitely call this development a boutique hotel.

22           That same ULI study also suggested using  
23 incentive-based policies to spur new development, including  
24 the use of GPLET and site-specific TIFs. It also discussed  
25 retail positioning and the importance of creating additional

1 retail opportunities downtown.

2 This hotel is gonna add about 9,000 square feet of  
3 retail opportunities to downtown. And I believe it's the  
4 second largest addition of retail space to downtown in the  
5 last 35 years. Comically, the largest was also done by this  
6 developer right across the street.

7 This development, I think, is also very sensitive  
8 to other retail developments downtown. We've all seen the  
9 news about the Gibson supermarket and all the things that  
10 are happening there, the goal to take Arizona Avenue and  
11 make it more pedestrian friendly. Both of those  
12 developments are adjacent to the hotel property. The hotel  
13 definitely fits a goal of adding retail opportunities  
14 downtown.

15 The ULI study suggests the need for using  
16 strategically located parking to generate new development  
17 and to increase the utilization of the modern streetcar.  
18 This development is going to add approximately 200 spaces to  
19 the downtown market. And in the process, create new hotel  
20 and retail. To make matters even better, the hotel will  
21 lease back the parking structure from the District creating  
22 a reasonable return. This hotel development definitely  
23 addresses the ULI parking suggestions.

24 With that, I'm going to ask Mark Collins if he  
25 would come forward and provide for us -- as we have

1 voluminous documents in front us that the Board's been  
2 provided, I think it would be beneficial to have Mark walk  
3 us through an executive summary of this transaction.

4 Mark?

5 MR. COLLINS: Thank you, Mr. Secretary, Members of  
6 the Board.

7 What I'm going to try and do is provide an  
8 executive summary of the roughly 40 pages of documents that  
9 you have in front of you.

10 You have -- as you've mentioned, Mr. Secretary --  
11 there's a purchase agreement and then there's a lease back.  
12 The concept of this project, it's a condominium project.  
13 And the District would be buying the garage component of  
14 this -- of this project. And it would be for the  
15 \$4.3 million Mr. Secretary talked about.

16 This began back in the July meeting of 2013. This  
17 Board voted four to one in favor of doing it, proceeding  
18 forward with preparing these documents. Chris Sheafe and  
19 Fletcher McCusker, as they are today, were disqualified then  
20 because of their relationship to Mr. Stiteler. And Mr.  
21 Moore was the no vote; and the rest of the vote was in favor  
22 of it.

23 The hotel developer has advised this Board that  
24 the cost of the land underneath this project is in excess of  
25 \$3.4 million and that the cost of that property, that land,

1 is not being passed along to the District. And, indeed,  
2 that -- as his projected has advanced, the cost of building  
3 the garage has exceeded the \$4.3 million number.  
4 Nevertheless, the purchase agreement that you see in front  
5 of you requires the payment of \$4.3 million only.

6 The District will not purchase the property,  
7 however, or the garage, until it is complete, until the  
8 hotel developer has obtained a certificate of occupancy. So  
9 in other words, there isn't an outlay, sight-unseen. The  
10 garage will be built, with a certificate of occupancy from  
11 the City of Tucson before the \$4.3 million is paid.

12 However, the developer requires a commitment from  
13 this Board so that the developer can get the construction  
14 financing. That's part of the challenge in the documents  
15 that you see in front of you.

16 The District's -- upon the purchase by the  
17 District of the garage, it is leased back to the developer  
18 or its affiliate. The lease back begins when the close of  
19 escrow -- when you fund the \$4.3 million, the lease begins.

20 Rent gets paid six months thereafter and continues  
21 for what's called the initial term, which is seven years,  
22 roughly. It's a little flexible. And by the way, as I  
23 think I've mentioned, the details of these 40 pages are in  
24 those documents. Please rely on them. This is my best  
25 summary of that.



1           But the -- six months after the commencement date,  
2 the developer will start paying rent at \$80 per space, per  
3 month. The contract documents require no less than 195  
4 parking spaces, hopefully as much as 205. But that's still  
5 to be decided. If the lease continues on past the initial  
6 period, the rent goes from \$80 a month to \$100 a month  
7 for -- and thereafter, it will go to market rate.

8           The hotel developer or its affiliate is obligated  
9 to buy the garage back from the District between years five  
10 and seven. It can extend, one time, that obligation by the  
11 payment of a million dollars. I'll call that the extension  
12 number. It's required to make that million dollars to  
13 continue its right to buy the property, to buy the garage.

14           If the hotel developer elects not to ultimately  
15 buy it, then that million dollars stays with the District.  
16 If the hotel developer elects to buy it -- it, being the  
17 garage -- that goes against the purchase price. And the  
18 purchase price is based upon the rent that has been paid and  
19 the TIF revenues that have been raised.

20           The repurchase of the hotel is based upon that  
21 formula. For example, \$4.3 million, if a -- if the hotel  
22 developer elects to purchase, 50 percent of the rent  
23 credit -- rent that has been paid is deducted from that  
24 \$4.3 million dollars reducing the purchase price, but only  
25 if the TIF revenue raised by the hotel -- based upon the

1 studies that you've seen, but at that time the real money  
2 that has actually been raised -- is three times that  
3 revenue.

4           For example, if the rent during the initial period  
5 was \$1.3 million or -- half of that number would be deducted  
6 from the 4.3. And so that you'd have a purchase price of  
7 \$3.6 million provided the TIF revenue was three times that  
8 number. If the TIF revenue is less than three times that  
9 amount, the reduction in the purchase price goes down. So  
10 it behooves the hotel developer to generate as much TIF as  
11 possible.

12           The -- once the garage is leased back to the hotel  
13 developer, the hotel developer has all of the maintenance  
14 obligations. They have to maintain it and to -- all of the  
15 obligations that are normally attend to it.

16           It's kind of a short summary of 40 pages of  
17 documents. But in summary, the District will be paying, if  
18 it elects to do this, less than the stated cost of the  
19 garage upon the purchase. And within somewhere between five  
20 and twelve years, the District will recapture, by the terms  
21 of these documents, its initial cost plus an additional  
22 return of at least -- of approximately half the rent.

23           So that's my summary.

24           SECRETARY IRVIN: So a couple questions before I  
25 turn it over to the other Board members to ask.

1           So we talked about the \$4.3 million purchase. But  
2     that the actual construction costs for that parking  
3     component is closer to 5.4 without the land included. And  
4     if we add the land, I -- as I understand it, it would push  
5     the actual cost, even though we're buying at 4.3, closer to  
6     a little over \$7 million.

7           MR. COLLINS: That's what we've been informed  
8     by -- Mr. Secretary, as far as I know, we haven't done a  
9     financial analysis of that. But I think Mr. Stiteler is  
10    here. He can speak to that. But that's correct.

11          SECRETARY IRVIN: Then also I just want to touch  
12    on something else.

13          We've talked about the number of parking spaces  
14    and, based on that first year of \$80, it could be roughly  
15    \$187,000 a year in rent. That's obviously based on it being  
16    195 spaces --

17          MR. COLLINS: Right.

18          SECRETARY IRVIN: -- rather than the possibility  
19    that it could be as much as 205, which, according to my  
20    calculation, would push it up to about \$197,000 during that  
21    additional term, per year.

22          MR. COLLINS: Per year.

23          SECRETARY IRVIN: And then conversely, if they go  
24    past that initial term and we go into that \$100 a month  
25    number, it would push that from 234,000 to 246, if my math

1 is correct.

2           And then the other thing I just wanted to touch  
3 with you on is that, you know, depending on the number of  
4 spaces, whether it's 195 or 205, my quick math shows that  
5 the return to the District is somewhere between 4.3 and  
6 4.6 percent.

7           MR. COLLINS: Mr. Secretary, those sound accurate  
8 to me. I would defer. You're a better mathematician than I  
9 am.

10           SECRETARY IRVIN: Great. Thank you.

11           That's really all I had.

12           MR. RITCHIE: Mr. Irvin?

13           SECRETARY IRVIN: Yeah, Cody?

14           MR. RITCHIE: Mark, the July '13 void -- or pardon  
15 me -- Mr. Collins, on the July 2013 vote that proceeded on  
16 the four-to-one vote, I did make a -- my last question to  
17 Mr. Stiteler was, would he be willing to personally  
18 guarantee the difference, because it was approached to us  
19 that it was going to be a loan at that point and not be us  
20 owning a garage.

21           So I don't know when we're going to get to the  
22 vote, but when we do get to the vote, I may want to make an  
23 amendment here. I think a lot of work's gone in. I like  
24 the project. I just -- I have some reservations on the  
25 structure of that.

1           And I guess my question would be, if we were  
2 willing originally to do the loan, why wouldn't we not  
3 operate the garage and just loan the operator the money and  
4 then collect the money in mortgage payments with interest  
5 with the balloon payment at the end to better protect  
6 ourselves?

7           MR. COLLINS: Mr. Ritchie, the -- it depends upon  
8 what the hotel developer wants. But certainly, the  
9 structure could be made so that there would be a loan on the  
10 garage component secured by first deed of trust to secure  
11 the repayment of the promissory note, whatever terms those  
12 are. That could be done. That was not the structure that  
13 you see in front of you right now.

14           MR. RITCHIE: Yeah.

15           MR. MOORE: Excuse me.

16           SECRETARY IRVIN: Alberto?

17           MR. MOORE: Mr. Chair, I understand Jeff Hill did  
18 some reviewing of the numbers. I'd like to hear from him as  
19 far as what his thoughts are.

20           SECRETARY IRVIN: Yeah. I was going to actually  
21 ask Jeff to address that after Scott. Absolutely.

22           MR. MOORE: Oh, okay.

23           SECRETARY IRVIN: Yeah.

24           Jeff, did you have any questions?

25           MR. HILL: (Shakes head.)

1           SECRETARY IRVIN: I'm going to ask for Scott to  
2 come up and address it if he would.

3           And, Michele, could we have the renderings that we  
4 could put upon the screen as well?

5           Perfect.

6           Scott, if we could just take a two-second break.  
7 We have one of our members that needs to use the little  
8 boys' room.

9           MR. STITLER: Okay. That's fine.

10          SECRETARY IRVIN: You can just pause this a couple  
11 minutes.

12          MR. STITLER: You got it.

13                         (Mr. Moore left the proceeding.)

14          SECRETARY IRVIN: I won't tell you which Board  
15 member it is.

16                         (Recess from 3:36 p.m. to 3:38 p.m.)

17                         (Mr. Moore returned to the proceeding.)

18                         (Ms. Cox left the proceeding.)

19          SECRETARY IRVIN: If you wouldn't mind, just for  
20 the record.

21          MR. STITLER: You got it.

22           Scott Stiteler. Although my wife and four kids  
23 would tell me -- tell us that I live in downtown Tucson, my  
24 address is Two Golden Gate Avenue, Belvedere, California.

25           Good afternoon, board members.

1           Since the last presentation, our partnership  
2 group, which includes myself, the Dabdoub family -- Rudy is  
3 here today, Rudy Dabdoub -- and the Chellgren family have  
4 worked very closely with the Marriott Corporation, the City,  
5 our design team, Lloyd construction, and also Rio Nuevo --  
6 specifically Board Member Irvin -- or Secretary Irvin and  
7 your lawyers, Mark and Laura.

8           And we have arrived at a design that is very  
9 close, we hope, to the final design, which I'll show you  
10 now. And it is different from what I showed you about six  
11 months ago. It's a very fluid process. But we're thrilled  
12 with where we are at this stage of the process.

13           And I'm going start with a map of the AC Hotels  
14 across the United States. Because while we have made a lot  
15 of progress on AC Tucson, the Marriott Corporation has made  
16 a lot of progress on launching a brand, which is very  
17 important to them, across the United States.

18           And on this map, we have about ten or -- about a  
19 dozen -- and this is a little bit older map -- AC Hotels  
20 that have been approved. I think they're now at 28 across  
21 the country -- and then target markets that they would like  
22 to build this brand. Their goal is to get to 150 AC Hotels  
23 in the United States over the next five years. So it's  
24 ambitious; and it's nice to have a partner likes Marriott  
25 focused on this launch.

1           And a few of the renderings at some of the cities  
2 that have started constructions or are about to start  
3 construction, I'll show you now.

4           This was the first AC to start in South Beach in  
5 Miami. Cincinnati, Ohio. La Guardia. San Diego. We talk  
6 about San Diego a lot here in Tucson and learn a lot from  
7 what they've been able to do downtown. Raleigh. The Cotton  
8 Exchange in New Orleans. And now AC in Tucson.

9           So hopefully we can join this, you know, what I  
10 think is a very impressive group of cities across the  
11 country that are now building this product.

12           As you know, the hotel is between Congress and  
13 Broadway with entrances on Fifth Avenue, which is this  
14 rendering. And then the next rendering is an entrance on  
15 Broadway.

16           If you don't mind going back to the rendering two  
17 back. Thanks, Miguel.

18           It is an eight-story building. The first floor  
19 lobby and 9,000 square feet of retail on Fifth Avenue.  
20 Floors 2 through 5, the parking garage that we're talking  
21 about today, about 200 spaces. And then 3 floors --  
22 Floor 6, 7 and 8 -- of hotel rooms. And right now, about  
23 150 rooms.

24           The agreement we have in front of you -- I hope  
25 it's acceptable -- provides many things that were already



1 touched upon by Secretary Irvin and Mr. Collins. But I  
2 think they're important to -- to touch upon again.

3 So, first of all, security. We will spend --  
4 between hard costs, which are currently \$4.8 million on the  
5 garage alone; land and soft cost, permitting, finance  
6 design -- between 6- and \$7 million on the garage alone.

7 The agreement contemplates you owning the garage,  
8 which is, from what I understand, about as secure a position  
9 as you can have. And is why -- Board Member Ritchie, why,  
10 in the meetings I had with Secretary Irvin and counsel, that  
11 that was discussed as maybe a better position for the Board,  
12 more security. But I'm happy to answer any questions later  
13 if you want to explore that additionally.

14 It provides current income, \$80 a space. \$80 per  
15 space, per month, six months after we open, is above market  
16 for downtown. My understanding from a conversation with  
17 ParkWise in the last two weeks, Depot Plaza is about \$60 and  
18 Plaza Centro is about \$70. We, of course, are at 80.

19 Both of the garages, the City pays for operations  
20 and maintenance. And that is not what we're asking for in  
21 our agreement.

22 It provides significant new revenue. The report  
23 from Applied Economics projects between 8- and \$900,000 of  
24 new tax to the state of Arizona. I do not know the math on  
25 how additional tax revenue to the State flows down to Rio

1 Nuevo. But I do know, based on that report, that it totals,  
2 through the term, just shy of \$8 million of direct, new  
3 revenue from the hotel.

4 It provides jobs. About 220 new jobs at the hotel  
5 and surrounding properties, jobs that are currently not  
6 there; about 220 construction jobs; and then there are a  
7 bunch of multiplier effects, indirect job projections that  
8 only add to that -- to that number.

9 And it obviously provides rooms that have all of  
10 the modern amenities that we need to attract tourists and  
11 new companies who are considering downtown Tucson to  
12 relocate or expand.

13 It also provides in our agreement that will go  
14 before Mayor and Council on June the 3rd, the ability for us  
15 to use a portion of the tax generated with the City of  
16 Tucson to upgrade the public property around the hotel -- so  
17 four sides to the hotel. We often talk about Arizona Alley,  
18 which we've all seen. And because of our ability to take  
19 most, if not all, of the trash into the hotel -- it's  
20 something we're currently designing, but it's our intention  
21 to carry a heavy load of taking trash off the alley -- and  
22 then that openings up the opportunity to improve the  
23 experience for everyone on Arizona Avenue.

24 Most importantly, it provides support for the  
25 merchants who struggle more than many people understand.

1 Downtown is on a wonderful path, and I like where it's  
2 going. But there are a great number of merchants that work  
3 very hard just to make rent each month. So this provides  
4 that opportunity to create backbone, additional visitors,  
5 et cetera, that may come downtown and frequent their  
6 businesses and hopefully thrive one day.

7 It keeps Downtown Tucson in the urban vitalization  
8 game. One, that I think -- although there are a lot of  
9 exciting things that are being discussed, I think we're  
10 behind most of the peer group across the country in urban  
11 revitalization with hotels, with housing, with retail,  
12 et cetera. But I like where we're headed.

13 So with your support today on the hotel, we take a  
14 very important step forward to making all of this a reality.  
15 So I hope for a favorable outcome at today's meeting.

16 SECRETARY IRVIN: Thank you.

17 Questions?

18 MR. MOORE: Yeah, I have a question.

19 SECRETARY IRVIN: Alberto.

20 MR. MOORE: What's -- what was the appraised value  
21 of the land? Or what did you pay for it?

22 MR. STITLER: So we don't have an appraisal on the  
23 land.

24 MR. MOORE: Okay. What did you pay for it, then?

25 MR. STITLER: We are -- I'll answer that.

1 MR. MOORE: Okay.

2 MR. STITLER: We are under contract with an  
3 unrelated party on a portion of the land for \$1,450,000. So  
4 arm's-length, unrelated-party transaction. And that's the  
5 legal building and some of the land on Broadway.

6 If you extrapolate from that transaction on the  
7 balance of the property behind the HUB, you end up at  
8 probably north of \$4 million. In our proforma, we have  
9 three and a half for the land.

10 I paid -- it was a complicated transaction because  
11 it had two projects attached to it and a lot of  
12 commitments -- the original purchase price for both of those  
13 commitments, One North Fifth and 200 Congress, was about  
14 three and a half million dollars.

15 And then I proceeded to follow through, based on  
16 the tri-party agreement with the Rio Nuevo and the City,  
17 with an additional \$8 million spend on the south -- or  
18 excuse me -- on the north side of Congress and about four  
19 and a half million dollars, to date, on the south side of  
20 Congress.

21 And those are a lot of numbers that I just  
22 mentioned. When you make a commitment to an area that is  
23 all vintage buildings, that were unreinforced, the cost to  
24 renovate those buildings is alarmingly high. And that's the  
25 commitment I made on all three blocks around the Hotel

1 Congress because I want it to stay authentic.

2 MR. MOORE: What would you say to the square  
3 footage price of the land area that you are talking about  
4 for the hotel and garage? What's that? I don't know how  
5 many square feet we're talking. 9,000 square feet?

6 MR. STITLER: I think it's about 25,000 square  
7 feet, Board Member Moore.

8 MR. MOORE: Okay.

9 MR. STITLER: And I don't think it's very  
10 different from the transaction, which was over a hundred  
11 dollars a foot, at the west gate of the UofA for one of the  
12 student towers. So because we're going vertical with a  
13 dense project, that often makes the per-square-foot price on  
14 land higher.

15 MR. MOORE: So you're saying the land is about a  
16 hundred dollars a square foot for the 25,000 square feet?

17 MR. STITLER: We're at about --

18 MR. MOORE: I'm not trying --

19 MR. STITLER: Okay. We're at about 25,000 square  
20 feet on the land.

21 MR. MOORE: Right.

22 MR. STITLER: Which would work out to \$140 a  
23 square foot, is my quick math.

24 MR. MOORE: Have you --

25 MR. STITLER: But I -- a hotel developer looks at

1 it differently. They look at it from the per-key cost. And  
2 if they can get that per-key cost south of \$30,000 -- or in  
3 this example about four and a half million dollars -- then  
4 that's something that they can try to make pencil.

5 MR. MOORE: Sure.

6 The other question is, have you discussed any  
7 of -- you know, one of the projects that we have with the  
8 City, or one of the commitments, is the matching funds.

9 Has the City made any offer to match the funds if  
10 we came up with 4.3 million to help you or any share of our  
11 4.3?

12 MR. STITLER: The agreement that goes in front of  
13 Mayor and Council in two weeks -- which I've spent about a  
14 year and a half working with them closely -- does have many  
15 elements of support.

16 MR. MOORE: Financial support?

17 MR. STITLER: Financial support.

18 Including the Section 108, the job creation loan  
19 program that they offer to applicants who create jobs and  
20 comply with other parts of that loan. That's an \$8 million  
21 loan. And the --

22 MR. MOORE: An \$8 million loan or in value?

23 MR. STITLER: \$8 million loan which is tied to  
24 creating at least 200 new jobs downtown.

25 MR. MOORE: Okay.

1           MR. STITLER: It's a loan sponsored by HUD that is  
2 in place to create jobs.

3           They also are -- the GPLET Program that is  
4 something that some of my peers have already --

5           MR. MOORE: GPLET?

6           MR. STITLER: The GPLET.

7           So this is an opportunity, if you improve the cost  
8 of the block by at least a hundred percent, if you spend a  
9 hundred percent of the value, an additional hundred percent  
10 to -- not to pay property tax for a period of time.

11           And, lastly, some of the tax that is created, the  
12 agreement contemplates having that as an incentive to and an  
13 offset to some of the costs, like the one I just discussed  
14 which was the sidewalks around the project and the Arizona  
15 Avenue.

16           MR. MOORE: I understood that -- and please  
17 correct me if I'm wrong -- that in the terms of the buyback,  
18 within the five to seven years, we have 4.3 million in it.  
19 We'd get 50 percent of the parking rental income to apply  
20 towards that 4.3, discounting it; is that correct? The  
21 revenue generated from the rent?

22           MR. STITLER: I'm not sure I follow the question.

23           MR. MOORE: Well, the rent that's being proposed,  
24 \$80 a space per month --

25           MR. STITLER: Yes.

1 MR. MOORE: Okay.

2 -- \$40 of that is going to be applied against the  
3 purchase price, so that would reduce the purchase price by  
4 whatever that number is.

5 MR. STITLER: That's not my understanding.

6 MR. MOORE: Okay. Please -- then, please, clear  
7 my mind.

8 SECRETARY IRVIN: I think that's been explained.

9 Maybe, Mr. Collins, you want to take another stab  
10 at it?

11 Do you mind if Mark takes another stab at it?

12 MR. MOORE: I'm sorry, but I've --

13 MR. COLLINS: Well, it's -- I understand the  
14 confusion, and I'll do my level best to try and clarify.

15 If we stick to the \$40 that you're talking about  
16 out here, when the buyback occurs, that \$40 will be reduced  
17 from the 4.3 if, and only if, the TIF revenue has been \$120  
18 for that 40 bucks, three times that amount.

19 MR. MOORE: And the TIF funds come from direct  
20 sales tax; is that what I'm understanding?

21 MR. COLLINS: Yes. The study that you have before  
22 you, that I believe Mr. Stiteler was referring to and I  
23 believe Secretary Irvin mentioned, shows just short of  
24 \$8 million projected of TIF revenue from that particular  
25 hotel.



1           That analysis, as I read the analysis -- and I'll  
2 defer again to Dan Meyers and Jeff Hill, because I'm not a  
3 numbers guy -- but that doesn't even take into account the  
4 revenue from the garage itself. It's just the hotel  
5 component.

6           So if that hotel generates, over the period of  
7 time, three times that 40 bucks, then that 40 bucks gets  
8 applied to the purchase price, reduced the purchase price.  
9 With me?

10           MR. MOORE: Yeah.

11           MR. COLLINS: It's a condition. I will tell you  
12 that it's further complicated by the fact that if the  
13 revenue is \$115 for the 40 bucks you were talking about,  
14 there's still a reduction. Some of that 40 bucks is  
15 applied, but only a portion of it. Are you with me?

16           MR. MOORE: I'm kind of with you, but . . .

17           MR. COLLINS: In other words, the developer is --  
18 it behooves the developer to generate TIF revenue --

19           MR. MOORE: Sure.

20           MR. COLLINS: -- because the more TIF revenue that  
21 is generated, certainly up to three times that \$40, it  
22 reduces the purchase price back of the garage.

23           MR. MOORE: And then what else is going to be  
24 reduced? Is there anything else? For instance, the HUD  
25 money or any of the -- any of those other loans from the

1 City or anything, those are not going to be credited against  
2 the purchase?

3 MR. COLLINS: No. Those are not part of your  
4 purchase agreement.

5 MR. MOORE: Okay.

6 MR. COLLINS: That's -- because of the nature of  
7 this project, it's a condominium -- and I'll defer to  
8 Mr. Stiteler -- but as I understand the arrangement, the  
9 City is gonna own it, except us, for a period of time. And  
10 that's how they're avoiding certain taxes.

11 MR. MOORE: Is City's gonna own -- what? The  
12 land?

13 MR. COLLINS: The other part of the hotel.

14 MR. MOORE: Oh, the hotel itself --

15 MR. COLLINS: Right.

16 MR. MOORE: -- as opposed to the garage.

17 MR. STITLER: That's correct. Yes, that's --

18 MR. COLLINS: That's how the GPLET works is --

19 MR. MOORE: Okay.

20 MR. COLLINS: -- is that -- and you know, that's  
21 part of this whole project that's being funded in quite a  
22 creative way. You guys would be part of that.

23 But, no. To answer your question directly,  
24 there's nothing else in those documents that you have that  
25 would reduce the purchase price back to the developer.

1 MR. MOORE: Okay. And it's my understanding,  
2 then, that if you don't exercise your first option period,  
3 you have to come up with a million dollars to extend that  
4 option or that lease term?

5 MR. STITLER: Yeah.

6 MR. COLLINS: Yes.

7 MR. MOORE: Am I right?

8 MR. STITLER: I don't know who's going to answer  
9 it.

10 MR. COLLINS: Yes, that's correct. It's -- it --  
11 the initial term is roughly seven years. It's to the  
12 earlier of December 12th, 2024, or seven years from the  
13 commencement date. The commencement date is when escrow  
14 closes. So even if you signed the documents today, that  
15 seven years doesn't start running until close of escrow.

16 And the first period, the exercise can be between  
17 Year 5 and Year 7. If the developer decides that, yeah, I  
18 want to keep that option alive or that right alive, I can  
19 pay a million dollars and extend it out for 12 years.

20 MR. MOORE: Okay. And I understood that there  
21 were actually four options or three options of five years,  
22 that you could extend even after 12 years for another five  
23 years if you wanted to. You have the choice on that; is  
24 that correct?

25 MR. COLLINS: You mean the purchase, or the lease?

1 MR. MOORE: The lease. There's a --

2 MR. COLLINS: The lease can be extended --

3 MR. MOORE: There's a total of about 20 years that  
4 could extend out --

5 MR. COLLINS: The lease can be extended, but it's  
6 the buyback option.

7 MR. MOORE: Okay.

8 MR. COLLINS: The option for the hotel developer  
9 to buy the garage from the District. That's the 12 years  
10 that I'm talking about.

11 MR. MOORE: Okay. But I'm saying, if he doesn't  
12 do that and put up a million dollars, he continues paying --

13 MR. COLLINS: Rent --

14 MR. MOORE: -- at least rent till -- and he can  
15 buy the place anytime he wants thereafter?

16 MR. COLLINS: No.

17 MR. MOORE: He only has one shot at it.

18 MR. COLLINS: Yeah. Well, he's -- it's either  
19 between Year 5 and 7, or to Year 12.

20 MR. MOORE: Okay.

21 MR. COLLINS: And after that --

22 MR. MOORE: So then, let's assume that we go out  
23 to 20 years and he doesn't buy it, then that garage belongs  
24 to us; is that right?

25 MR. COLLINS: What?

1 MR. MOORE: The garage belongs to us.

2 MR. COLLINS: The garage will belong to you from  
3 day one. And it will continue to belong to you until the  
4 developer buys it from you.

5 MR. MOORE: Okay.

6 MR. COLLINS: It will continue to. And if he  
7 doesn't -- if the developer doesn't exercise that right,  
8 then you continue to own it and you continue to lease it.  
9 And you've heard about \$80 a month, and that bumps to a  
10 hundred dollars a month. And after that, in the extended  
11 period that you're talking about, it's market rate.

12 MR. MOORE: That answers my question.

13 MR. RITCHIE: If you do that for 20 years, would  
14 it be less expensive for him to do that than to actually  
15 finance it and put a 20-year mortgage on it?

16 MR. STITLER: Well, we'd forfeit a million  
17 dollars.

18 MR. RITCHIE: But still, over a 20-year period,  
19 I'm just --

20 MR. STITLER: And then, I believe the agreement is  
21 that lease goes to market, which puts you in a very good --  
22 gives you a lot of leverage in -- in that potential  
23 extension.

24 MR. COLLINS: It does go to market.

25 MR. MOORE: And are we at market now or above

1 market?

2 MR. COLLINS: I think Mr. Stiteler had said, based  
3 upon his conversations with ParkWise, it's above market. I  
4 will tell you that what I pay for parking is just a little  
5 bit -- is \$80 a month in the building I'm in. So it sounds  
6 right to me.

7 SECRETARY IRVIN: Any other questions?

8 Did you have anything, Jannie?

9 MS. COX: No. I read all of the materials. And  
10 I've been very impressed with everything I've read and the  
11 way you've put this together.

12 MR. STITLER: Thank you.

13 MS. COX: So I'm pretty excited about it myself.

14 SECRETARY IRVIN: Jeff, did you have any  
15 questions?

16 MR. HILL: I didn't have any questions.

17 But I just -- you know, I glanced at that ten-page  
18 analysis that Mr. Stiteler referenced. Obviously I don't  
19 have any control over -- of how the thought process went  
20 into where these numbers come from. But they cite some  
21 real-type entities and drew on some real-type numbers. So I  
22 would suggest, as far as crystal-ball gazing, this is pretty  
23 good.

24 And with the amount of TIF -- sales tax revenue  
25 going to the general fund of a little over 7.6 million in

1 that eight-year period, Rio Nuevo, assuming that's going to  
2 be over the base which would also assume to whole economy  
3 tanks, we have 50 percent. So that's north of 3.8 million.  
4 Now that money, which we could use hopefully on wonderful  
5 things and not useless things like in the past.

6 SECRETARY IRVIN: And part of the reason, just to  
7 restate it, is that, you know, to me, I don't think there's  
8 anything that would make me happier -- speaking only for  
9 myself -- to see the developer repurchase that as timely as  
10 they could because I think it would be great for this Board  
11 to wonder, what are we going to do with that money to  
12 repurpose it. Imagine, we could create another hotel like  
13 this with this model. That was really the purpose of that.

14 Any other questions for Scott?

15 I had also asked Dan to take a look that report.

16 And, Dan, I'm curious -- Dan Meyers is our CFO.

17 Dan, do you -- anything that you would add to what  
18 Jeff said?

19 MR. MEYERS: No. I think my numbers are very  
20 close to what Jeff was speaking of. So I think we're on the  
21 same page there.

22 MR. MOORE: Dan, do you want --

23 MR. MEYERS: Absolutely. I'll be right up.

24 MR. MOORE: Dan can come up.

25 I'd be interested in knowing your opinion of this

1 proposal, Dan, and the numbers.

2 MR. HILL: Mr. Chairman, it's always been the  
3 tough duty for a staff person to opine on political  
4 decisions.

5 So with that warning, Dan -- I just threw that  
6 out.

7 MR. MEYERS: Yeah. Well, some of this is really  
8 the first time I've heard about these things.

9 And you know, Mark asked me to look at the numbers  
10 and see what impact it had with Rio Nuevo from a TIF-revenue  
11 standpoint. You know, I think if they bump up our TIF  
12 revenue to the extent I think both Jeff and I think they  
13 will, I think it's a nice return on investment.

14 And then looking at the lease revenue and -- you  
15 know, like -- as I mentioned, the sooner we get this  
16 purchased back from us, the better.

17 So I mean, again, I haven't really studied the  
18 whole investment, but from my point, it looks pretty decent.

19 MR. MOORE: Nothing pops out at you that we should  
20 be concerned about?

21 MR. MEYERS: No. Like I said, I haven't read the  
22 whole proposal. So you know, I really just kind of got  
23 that.

24 MR. MOORE: When did you get it, may I ask, the  
25 proposal?



1 MR. MEYERS: I got it about three weeks ago,  
2 maybe.

3 MR. MOORE: Oh, okay.

4 MR. MEYERS: Two weeks ago, the impact study.

5 MR. MOORE: Okay.

6 Thank you.

7 MR. MEYERS: All right.

8 SECRETARY IRVIN: I do have one --

9 MR. RITCHIE: Mark, I'm just curious. I mean, not  
10 to keep beating a dead horse. But was that ever a  
11 discussion that you and Mr. Stiteler had about -- just the  
12 original discussion was a loan, a mezzanine loan or a bridge  
13 loan as you discussed in July of 2013, or did --

14 SECRETARY IRVIN: I don't think we ever really had  
15 much of the discussion about doing a loan. I think after I  
16 looked at it and looked at really the goal to get a hotel up  
17 and also to create some parking and generate a return for  
18 the District, it just seemed to me that that was a more  
19 logical way to look at it.

20 As you can probably appreciate, I was without the  
21 help or direction of two people who I would love to have  
22 involved, and that is Chris Sheafe and Fletcher McCusker.  
23 So you know, a lot of it was just myself sitting down with  
24 Scott and bringing Mark and Laura in and really just having  
25 some very serious discussions about the best way to

1 structure it.

2 So in my opinion, having looked and done -- not a  
3 hotel deal, but doing other things like this, I thought that  
4 was the best structure for that.

5 I do have one question, though, for Scott.

6 Scott, if you don't mind. So you know, we've had  
7 a lot of discussion about, you know, once this is completed  
8 and once you get your certificate of occupancy, then we  
9 would go in and we'd buy it.

10 What do you think a realistic date for that's  
11 going to be, when we're going to need to show up with our  
12 check for 4.3 million?

13 MR. STITLER: We have an important vote in front  
14 of Mayor and Council in two weeks. And we need their  
15 support. If that goes well, if today goes well, then we  
16 have -- we immediately start on the construction documents  
17 with Force [phonetic] and Swaim. That's probably five  
18 months of work. And then another two months to get a  
19 building permit and 15 to 18 months to build the project.

20 So somewhere between two years from now and maybe  
21 30 months.

22 SECRETARY IRVIN: Okay. Thank you.

23 MR. STITLER: You're welcome.

24 MR. MOORE: Let me ask Dan --

25 SECRETARY IRVIN: Yes.

1 MR. MOORE: -- one other question.

2 Now, I understood -- and Mark, correct me if I'm  
3 wrong, Mark Collins -- that we have another review period at  
4 the time you submit because we don't have all the documents,  
5 is my understanding -- we don't have the condominium  
6 document; we don't have the construction drawings or budgets  
7 on that -- that we have a review period maybe within the  
8 next five to six months to make a final approval as to  
9 whether we want go with this project or we don't want to go  
10 with this project; is that's correct, Mark?

11 MR. STITLER: Do you want to answer that?

12 MR. COLLINS: Sure. I'd be happy to or at least  
13 try.

14 Yeah. Member Moore, the documents that you have  
15 in front of you provide for 150-day due diligence period.  
16 For example, if you approved it and you approve this project  
17 with those documents and it were signed today, the developer  
18 has to provide all the due diligence documents that they  
19 have.

20 They do not have -- it does not have condominium  
21 documents or construction documents. You just heard  
22 Mr. Stiteler say that he's got to commission several hundred  
23 thousand dollars of construction documents.

24 Well, if those construction documents and if those  
25 condominium documents are prepared within that 150 days --

1 actually, no later than 130 days -- then the 150-day period  
2 is what you have. You have a due diligence period of a 150  
3 days. And this Board can decide not to do this, in its  
4 reasonable discretion, if that's what you decide to do.

5 For example, however, if 150 days go by and the  
6 condominium documents aren't done or the construction  
7 documents aren't done -- it's about October, by the way --  
8 then when those documents are done, you have another 20-day  
9 period to look a look at those documents.

10 MR. MOORE: So he has an extension of 20 days  
11 for --

12 MR. COLLINS: No. It's not an extension, really.  
13 There could be a break. I could see a break occurring,  
14 theoretically.

15 MR. MOORE: Okay.

16 MR. COLLINS: But Mr. Stiteler just talked about  
17 how long it's going to take him for the construction  
18 documents. I think that's the longer period of time than  
19 the condominium documents. But -- but, yeah.

20 So you're going to have at least 150 days.

21 MR. MOORE: He has 150 days to produce them.

22 MR. COLLINS: Well, we have 150 days -- we, the  
23 Board, has 150 days to -- its due diligence period. You  
24 have a due diligence period of 150 days.

25 MR. MOORE: What is Scott's --

1 MR. COLLINS: He has --

2 MR. MOORE: He has to provide -- we don't -- we're  
3 not going spend 150 days after he produces his drawings and  
4 everything else. We have a period of time after he presents  
5 his documents to us. What kind of a time period do we have  
6 to respond back?

7 MR. COLLINS: 20 days after the condominium  
8 documents and the construction documents are submitted to  
9 this Board, you have another due diligence period.

10 MR. MOORE: Okay.

11 MR. COLLINS: In this first period, you're going  
12 to get title documents. You're going to get all those kinds  
13 of things for review. Survey. I understand that there's  
14 going to be another survey that we're -- we're working on  
15 that.

16 MR. MOORE: Any appraisals?

17 MR. COLLINS: I haven't -- I'm not aware of any.

18 MR. STITLER: I do want to add, if that's okay,  
19 for Member Moore.

20 Within the confines of the agreement, it is  
21 important to me -- and I think to other applicants who may  
22 come before you -- to have confidence that this is a  
23 commitment. We've done the best job we can to work  
24 together.

25 Over the next six months, as we finish the

1 construction documents -- which for my company and my  
2 partners, we've spent a quarter of a million dollars so far  
3 to get to this place. We have an approved agreement with  
4 Marriott. The balance of the design fee is another million  
5 dollars.

6 And it would not be good for the project if -- if  
7 there was concern over the next five, six months that this  
8 is just another step along the way. So I hope --

9 MR. MOORE: That makes sense. I understand that.

10 MR. RITCHIE: Scott, I've got a question.

11 If you could own the garage from day one, would  
12 that be a great thing for you or not?

13 MR. STITLER: I like this structure for a couple  
14 reasons.

15 Number one, it allows Rio Nuevo and the private  
16 sector to work together and take mutual ownership, along  
17 with the City, of creating jobs and new taxes in a hotel  
18 that we desperately need in this community. And I want to  
19 do that together and show that it can be done. And I  
20 recognize that's a process and we're in the middle of it.

21 Secondly, the structure, which is complicated to  
22 explain -- if the tax is created, based on that projection,  
23 there is a provision that allows us to get a discount when  
24 we buy it back, but in no uncertain terms, ever below the  
25 \$4.3 million.

1                   And that's important because -- Board  
2 Member Moore, I thought of you often when I was working on  
3 this -- on this and anticipating questions -- if you take  
4 the purchase price and the lease payments that we pay over  
5 time, no matter what happens with the math on all of this  
6 additional tax that we hope we create for the State and for  
7 Rio Nuevo, there is no situation where we pay under  
8 \$4.3 million. So it may be bold to say that it's a  
9 windfall, but you have security, you have current income,  
10 you're creating jobs, et cetera, et cetera. So I like that  
11 structure more than just owning it.

12                   MR. RITCHIE: Just a hypothetical. So if this  
13 wasn't -- this opportunity to -- for us to own the garage,  
14 and it was just a situation where we could loan you the  
15 money and you secured against a personal guaranty, I'm going  
16 to ask you this: A year and a half ago, would you be  
17 willing to do that; or do you not want to answer that  
18 question?

19                   MR. STITLER: We've come a long way to get today,  
20 and I'm eager to build a hotel in this community. And I  
21 think the structure -- I listened and did the best I could  
22 to come up with a structure that protects the Rio Nuevo.  
23 And I think this gives you more leverage and protection  
24 than -- quite frankly, than me.

25                   MR. RITCHIE: Well, you know, we're not asking for

1 collateral, or at least in my mind.

2           When I joined the Board -- two reasons I joined  
3 the Board. Because a lot of money went missing from the old  
4 days. And I'm not indicting that on any person in this  
5 room. But I think that the public wanted somebody up here  
6 to be a watchdog for the taxpayer.

7           And I also think that I also joined it because  
8 I -- like everybody else on this Board, I want to see  
9 Downtown Tucson thrive. I have children in the community.  
10 In my business I have done a tremendous amount, along with a  
11 lot of other people in this room.

12           So I'm just -- I'm a little disappointed that, in  
13 2013, we had this thing that I -- I think that I was very  
14 vocal about. And it seems like this is a -- if it's -- if  
15 it's difficult to explain, it's difficult to vote on too.  
16 You have to -- you know, you put yourself in Chairman  
17 Moore's [sic] seat, but you have to put yourself in my seat.

18           So you know, although, I mean, I love -- I love  
19 the whole concept. I'm still cloudy in my mind, to be very  
20 honest with you, if it is the very best way to, you know,  
21 protect the taxpayer.

22           MR. MOORE: Mr. Chairman --

23           SECRETARY IRVIN: Jannie would like to say  
24 something really quick. But I'm going to ask one really  
25 quick question of Scott first.



1           So, Scott, the documents that we -- that just were  
2   referenced, the condo, or horizontal property regime  
3   documents, and the construction documents, not only do those  
4   have to be approved by you, they've got to be approved by  
5   the Marriott, they've got to be approved by HUD, they've got  
6   to be approved by the City of Tucson.

7           As my understanding is, there's a whole layer,  
8   when those come, that have to go through an approval  
9   process. Am I correct there?

10           MR. STITLER: Correct.

11           SECRETARY IRVIN: Okay. And the second question  
12   is, is it unusual for those to follow in a transaction like  
13   this? You don't typically see these presented at day one, I  
14   guess is my question.

15           MR. STITLER: I want to simplify things. We've  
16   come as far, as I'm aware of, on a hotel that has a real  
17   chance to get built, this hotel in this location and start  
18   in the next nine months. And our group has spent the money  
19   upfront to get to this place. And no different than other  
20   applicants in other communities where hotels have already  
21   been built and many hotels where public boards provide some  
22   type of incentive and participation. I need to be at a  
23   place where I have clarity on the transaction so that we can  
24   get the thing started.

25           And I firmly believe that the structure is better

1 for -- protects the Rio Nuevo more than us, because you own  
2 an asset. You have title to an asset that costs 50 to  
3 75 percent more to build and is in -- is the heart of a  
4 \$30 million hotel. And that was the reasoning behind coming  
5 up with a structure that I generally thought was better for  
6 this Board and Rio Nuevo.

7 SECRETARY IRVIN: Thanks.

8 So we're going to let -- Jannie has a comment she  
9 wants to make and then I think Jeff Hill. And then we're  
10 going to ask Mark Collins to come up for a second and  
11 hopefully bring this to a conclusion.

12 Jannie?

13 MS. COX: I would just like to say that our  
14 bosses, the governor and the legislature, have made it  
15 pretty clear the kinds of things they want to see us  
16 involved in.

17 We had the Urban Land Institute here recently.  
18 They made some strong recommendations about what the needs  
19 are downtown, which is boutique hotels, retail, anything  
20 that adds to our very important asset, the TCC.

21 I think a lot of thought has gone into this  
22 structure. I got the materials from Mark Collins late last  
23 week. I read the entire economic study. That's not easy  
24 reading for me. I'm not a numbers person. But I read every  
25 word of that. I read the summary and I understand it. So I

1 don't think it's as complicated as -- if I understand it,  
2 it's not that complicated.

3           And I just want to commend everyone who has worked  
4 on this, that I think it is a great project and I like the  
5 way it's structured.

6           MR. STITLER: And I appreciate that. Thank you.

7           SECRETARY IRVIN: Member Hill?

8           MR. HILL: Perhaps to ease Cody's mind, I look at  
9 a lot of these types of things when you deal with politics  
10 from a political viewpoint. And just because there's no  
11 facts to back up a political judgment doesn't mean it's not  
12 true.

13           So with that caveat, though, I just heard today  
14 that the City's gonna own a hotel. Well, if I'm Rio Nuevo,  
15 which I am, and Marriott and the other principals, I would  
16 sure like to have the bastion of Rio Nuevo being a stopgap  
17 situation against the City trying to pull some kind of a  
18 fast deal down road, which they're infamous for, because now  
19 they have to deal with the power of Rio Nuevo who has a  
20 vested interest in the City not screwing up the hotel  
21 because we need those spaces rented.

22           So I think this is a heck of a better way to do  
23 it. Even if that's all conjecture, it certainly gives me a  
24 sense of warmth, we're not under the gun from the City where  
25 they may want to tear down a hotel to build another unused

1 bridge across the freeway, for example.

2 Thank you, Mr. Chairman.

3 SECRETARY IRVIN: So, Mark Collins, if I could --  
4 Scott, first, thank you.

5 MR. STITLER: You're welcome. Thank you.

6 MR. MOORE: Thank you, Scott.

7 SECRETARY IRVIN: Mark, you know what? I think  
8 what I struggle with here a little bit, especially given the  
9 recent passage of 1351 and really our need -- and I know  
10 that doesn't kick in yet, you know, we've had some  
11 discussions about the need to notify our respective  
12 representatives and this, that, and the other -- can you try  
13 to help us summarize what would be a motion to move this  
14 transaction forward, in your mind, which would also create  
15 the comfort level that Scott would need to move forward with  
16 his discussions with his lenders in this thing.

17 MR. COLLINS: Mr. Secretary, Members of the Board,  
18 let me try to come at that this way.

19 Back when the motion was made to explore this  
20 option, Senate Bill 1351 hadn't been drafted yet. And it  
21 was my opinion then, and it is today, that a Notice to  
22 Proceed on the construction of this hotel would satisfy the  
23 statute as it sits today. You folks have already issued a  
24 Notice to Proceed on the Convention Center. I believe this  
25 hotel that you've been hearing about satisfies the other

1 component.

2           And so the statutes that govern you today do not  
3 require you to do the -- to do the notice. Let me back up  
4 for the public, briefly.

5           The amendment to the statutes that govern the  
6 District had several components. The two principal ones  
7 that apply here are, that the Notice to Proceed requirement  
8 is no longer there.

9           The other is that this Board, before it expends  
10 \$500,000 or more, must notify the appointing authorities.  
11 There's a process for that.

12           That statute, those amendments take affect on  
13 July 24th of 2014.

14           So if you want to talk just legal issues, you  
15 could do it all today. You could pass a motion to authorize  
16 the execution of these documents. I would suggest that you  
17 do a motion that's subject to minor changes that are not --  
18 materially affect anybody's rights. And you could do that  
19 and start it today.

20           Alternatively, you could also, if that motion were  
21 passed and authorized, the execution of the documents in  
22 front of you today, but not until after the next Board  
23 meeting. But would authorize you an opportunity to notify  
24 your appointing authorities. You're not required to do  
25 that. But that's certainly the spirit of the new

1 amendments.

2           And your appointing authorities, as the amendments  
3 come into play, they don't have any veto power. But they  
4 can certainly pull and appoint someone new. But you could  
5 do that. And that would be roughly a 30-day delay in the  
6 execution of these documents.

7           Those are the things that come to my mind about  
8 how you might address this transitional period, because  
9 that's where you are. When the governor signed Senate  
10 Bill 1351, we knew that by July 24th, the rules were gonna  
11 change for you guys.

12           Late last week, we got the documents prepared.  
13 Hardly enough time for you folks to do a two-week notice.  
14 So you're in some unusual territory here.

15           So you could do a motion to approve, not to be  
16 executed until after the next Board meeting; you could do a  
17 motion to approve and execute immediately.

18           Those are a couple of options.

19           MR. MOORE: Mr. Chair, may I have two questions?

20           One is if we asked for that delay, that period, is  
21 that going affect Scott's presentation to the City Council?

22           MR. COLLINS: I'm sure that it will have an impact  
23 on that. I mean, defer to him.

24           MR. MOORE: That's important.

25           MR. COLLINS: Yeah. I mean, it is a process.

1 He's absolutely right. And it's a difficult one.

2 MR. MOORE: Okay. My other -- my last question  
3 is, how does this process -- assuming that we're going to go  
4 forth on Scott's proposal, how is that going affect Rio  
5 Nuevo making decisions in the future? Is this setting up  
6 any kind of a precedent, that what we do here, that we might  
7 be obligated to follow a similar path to somebody else down  
8 the road?

9 MR. COLLINS: Not in my opinion. I think one of  
10 the goals was that -- stated by Secretary Irvin was to have  
11 a template. But this Board evaluates each project on a  
12 case-by-case project.

13 The fact that the Board elects to proceed on this  
14 project in this way, in my judgment, doesn't bind you to do  
15 that same thing for anybody else.

16 But as Secretary Irvin has said, it's a good idea  
17 it strikes me, that there be a template. It may be an  
18 approach that would satisfy other developers.

19 As far as being real legally bound? No.

20 MR. HILL: Mr. Chairman, I think we've ticked this  
21 around. I would move that the District Board vote to pursue  
22 the allocate of 4.3 million to purchase the parking garage  
23 component of the AC Hotel with nonsubstantial tweaking by  
24 the various attorneys involved.

25 MS. COX: Second.

1           SECRETARY IRVIN: So -- if I might -- one of the  
2 things that we haven't talked about -- and I think need to  
3 talk about -- is there will be construction documents that  
4 will be coming our way. There will be condominium documents  
5 that will be coming on our way.

6           What I might suggest, since Mark Collins and  
7 myself and Laura have been most key in reviewing all those  
8 documents, that the Board allow us to use our reasonable  
9 discretion to approve the condominium docs and the  
10 construction documents along with that.

11           Is that acceptable to you?

12           MR. HILL: Mr. Chairman, Mark, is that necessary?  
13 Isn't there already -- that's already a motion some time  
14 ago. Why would we need to include that in this?

15           MR. COLLINS: Well, you don't need to include it.  
16 But it wouldn't hurt. I mean, this is -- this is a --  
17 that's your call. I mean, you're not required to follow  
18 Robert's Rules of Order. Mark has asked you whether you --  
19 if you're okay with that amendment, that's fine.

20           MR. HILL: I think it's duplicitous and  
21 unnecessary.

22           MR. COLLINS: Okay. All right.

23           SECRETARY IRVIN: So we've got a motion and a  
24 second. Any further discussion?

25           I'd call for the vote. Can we start with Alberto,



1 please, work our way this way.

2 MR. MOORE: I'd rather start the other way. Thank  
3 you.

4 SECRETARY IRVIN: You're always last. I was  
5 giving you a chance to go first.

6 MR. MOORE: I know. I know. But what can I say?

7 MS. BETTINI: Cody Ritchie?

8 MR. RITCHIE: No.

9 MS. BETTINI: Jannie Cox?

10 MS. COX: Aye.

11 MS. BETTINI: Mark Irvin?

12 SECRETARY IRVIN: Aye.

13 MS. BETTINI: Jeff Hill?

14 MR. HILL: Aye.

15 SECRETARY IRVIN: Alberto Moore?

16 MR. MOORE: Well, since the yeas have it, I'll say  
17 no.

18 SECRETARY IRVIN: The Board voted. It passes  
19 three to two. And I'm going hand the gavel back to  
20 Fletcher.

21 (Chairman McCusker and Treasurer Sheafe  
22 returned to the proceedings.)

23 (Mr. Ritchie and Ms. Cox left the  
24 proceedings.)

25 CHAIRMAN McCUSKER: All right. Thank you very

1 much. We all survived.

2 Now, we can find the agenda.

3 SECRETARY IRVIN: Here you go.

4 CHAIRMAN McCUSKER: Okay. The Arena Lot issues --  
5 yeah, we still have a quorum. A note for the record that  
6 Member Ritchie and Member Cox have left.

7 On the Arena Lot there are two items on the  
8 agenda. I think we can combine them for the sake of this  
9 conversation and possible action. You'll remember in the  
10 last meeting the District voted to pursue an RFP on this  
11 property. The attorneys are drafting that.

12 In the meantime, Mr. Sheafe, Mr. Moore, and I have  
13 met extensively with Nor-Gen and the City regarding the  
14 proposed development on the Nor-Gen lot immediately west of  
15 TCC. And it's clear now that the magic number for parking  
16 to enable that development is 1200 spaces.

17 So in order for them to pull a permit, the City's  
18 going to want to see a commitment from us, both in the short  
19 term and the long term, that provides that level of parking.

20 So the question is, how do we get from here to  
21 there. I think all of us, Allen, are committed to doing  
22 that and finding a way to achieve that so that you can start  
23 on your project.

24 The RFP conversation from last meeting did not  
25 contemplate a lease. Nor-Gen has, in the interim period,

1 presented us with a lease option for that property which I  
2 believe we've discussed -- Mark, you're going to have to  
3 nurture us through this -- could simply be added to the RFP  
4 as an option. And we release the RFP post-haste.

5 MR. COLLINS: Mr. Chairman, Members of the Board,  
6 that's true. The draft request for proposal that you have  
7 is a result of Mr. Sheafe's motion last month. And it's  
8 just for the sale of all or a portion of the Arena Site  
9 property. There is not a component in it for a lease.

10 It would not be rocket science to make that part  
11 of a response. In other words, the RFP gives guidelines for  
12 people to give proposals to this Board, and one of the  
13 options could be for a proposer to give a proposal for a  
14 lease for all or a portion of the arena property.

15 CHAIRMAN McCUSKER: The problem that Nor-Gen is  
16 going to have with that is timing. So if we mess around for  
17 60 or 90 days, they'd lose their window for the next gem  
18 show. So what can we do on the RFP side that would  
19 accelerate the timing of the RFP?

20 MR. COLLINS: Well, there's really two times --  
21 there's really two periods that you can accelerate it, it  
22 seems to me.

23 One is to authorize one or more of the members to  
24 work to finalize the RFP to get it out the door because  
25 that's -- the first period is you've got to get the RFP out

1 the door.

2           Then the period of time for a response -- and this  
3 is -- this is arguably the biggest asset the District has --  
4 and you're gonna want responses. So if you give 30 days,  
5 for example, for responses to the RFP, you can truncate  
6 it -- you could do it shorter than 30 days. But I defer to  
7 guys that do developments if that's what you want to do. I  
8 think that's the way you do it is you authorize the  
9 executive officers, or some combination of the Board members  
10 to finalize and issue the RFP. Remember --

11           CHAIRMAN McCUSKER: In the interest of time, I'm  
12 trying to paraphrase your advice to us. But I think the  
13 least complicated legal route would be to amend the current  
14 RFP, provide for a lease, and we can do whatever timeframe  
15 we want to in that regard.

16           MR. COLLINS: Precisely.

17           CHAIRMAN McCUSKER: And then clarify for us who  
18 evaluates these responses to the proposal.

19           MR. COLLINS: This Board under the proposal that  
20 we've talked about at this point.

21           CHAIRMAN McCUSKER: Do you need anything else from  
22 counsel? All right. I'm not sure we'd need -- I guess we  
23 will need a motion to amend the RFP --

24           MR. COLLINS: Well --

25           CHAIRMAN McCUSKER: -- or can we just instruct you

1 to move?

2 MR. COLLINS: I think you would do a motion to  
3 amend the RFP so that it could -- in a proper response,  
4 could be a proposal to lease all or a portion of the arena  
5 property. Because currently, it's based just on  
6 Mr. Sheafe's motion of the last meeting.

7 CHAIRMAN McCUSKER: And how would we determine the  
8 time frame? Leave that up to the executive officers?

9 MR. COLLINS: You can do that.

10 MR. HILL: Because you're the chair.

11 MR. COLLINS: If speed is the issue, yeah. I  
12 guess it would.

13 CHAIRMAN McCUSKER: I'll entertain some sort of  
14 motion.

15 MR. SHEAFE: As spoken.

16 CHAIRMAN McCUSKER: Oh, my God. This is the  
17 shortest motion you have ever made, which is not going to  
18 help the record at all. He said: as spoken.

19 So moved. No. We need real English.

20 MR. SHEAFE: The motion would be to amend the RFP  
21 to include the possibility of a lease, for all or a portion,  
22 within a timeframe to be issued as rapidly as possible at  
23 the selection of the executive committee.

24 CHAIRMAN McCUSKER: Executive officer.

25 MR. SHEAFE: Executive officers.

1 CHAIRMAN McCUSKER: We don't need another me.

2 MR. HILL: Second.

3 CHAIRMAN McCUSKER: We have a motion and a second.

4 Any further discussion?

5 All in favor say aye?

6 (Ayes.)

7 CHAIRMAN McCUSKER: Any opposed, nay?

8 Okay. Mark, you got your marching ordering on  
9 that.

10 Mr. Hill, I don't think we have anything else.

11 MR. HILL: Oh, good. Are we going to talk  
12 about -- oh.

13 CHAIRMAN McCUSKER: I think you need to leave.

14 MR. HILL: -- can talk, just can't vote on  
15 anything.

16 (Mr. Hill left the proceedings.)

17 CHAIRMAN McCUSKER: There's four of us here.

18 MR. MOORE: The proposal that Nor-Gen made? Did  
19 that --

20 CHAIRMAN McCUSKER: I think we just incorporated  
21 it into the proposal.

22 West Side Parcel. Mark, I don't know if you got  
23 anything new on the deed. We're still waiting on the deed.

24 MR. COLLINS: Well, you --

25 CHAIRMAN McCUSKER: In the meantime, let me get to

1 Item No. 10, Mike Byrne is still here. WLB has been working  
2 with us on the engineering for that parcel. It's been quite  
3 complicated, in terms of an unsurveyed parcel, identifying  
4 the parcel boundaries, the landfill challenges, the wells,  
5 gas lines. We kind of maxed out our contract with them. We  
6 would like to continue to engage them to look at this  
7 property and its potential uses.

8 All I would need would be a motion to do that.  
9 Mr. Moore is conflicted with this particular party. So if  
10 we can -- what happens now? Did I lose my quorum?

11 MR. COLLINS: Yeah, you lose your quorum.

12 CHAIRMAN McCUSKER: Well, darn.

13 MR. MOORE: You have a quorum with four.

14 MR. COLLINS: Yeah, but you can't vote. You can't  
15 vote, yeah.

16 CHAIRMAN McCUSKER: He can't even participate let  
17 alone not vote.

18 MR. SHEAFE: Mr. Chairman, might I suggest, there  
19 is a fairly minor amount of work involved between now and  
20 the next meeting. WLB could decide to just go ahead and  
21 perform that work. We could approve it at the next meeting  
22 and pay the bill rather rapidly, and . . .

23 CHAIRMAN McCUSKER: So I'll change this to ratify  
24 rather than approve it.

25 MR. COLLINS: Well, you can't ratify it today.

1           CHAIRMAN McCUSKER: No. I mean by the next  
2 meeting.

3           MR. COLLINS: Yeah, sure.

4           CHAIRMAN McCUSKER: TCC update. Elaine, we do  
5 have change order we need to talk about. Thank you for  
6 hanging around, though.

7           MS. WEAVER: Of course.

8           CHAIRMAN McCUSKER: You have other important  
9 things to do. Can't imagine what they are.

10          MS. WEAVER: Good afternoon. For the record, Rio  
11 Nuevo TCC Arena project manager, Elaine Weaver.

12           Three quick things that I'd like to go through  
13 with you today. One is I just wanted to give you an update  
14 on the overall construction. Then I'm going to walk through  
15 and present -- I lost my monitor -- I want to walk through  
16 and present the owner's report that I just passed out to  
17 you, and I do have public -- copies for the public. And  
18 then go through the budget tracking sheet for the overall  
19 project.

20           So in the past month since we've met, construction  
21 has moved forward rapidly. There's been electrical  
22 plumbing -- electrical rough-in, as well as plumbing  
23 rough-in. We are currently drywalling and texturing 12 sets  
24 of restrooms. We've begun to install the new plumbing  
25 fixtures. We are painting throughout the entire arena.



1           We are removing old signage, patching the walls,  
2 sanding. The new -- the ceiling over the arena -- so the  
3 upper ceiling -- that is being painted black. And that will  
4 be done, I believe, by the end of the week if not next week.  
5 On the concourse level, all of the ceiling grid has been  
6 painted and we're installing the new ceiling tiles.

7           And let me go -- let me go into the owner's report  
8 now, where we have some photographs and then it also gives  
9 you a written description of the work that's been conducted  
10 over the last month.

11           The two images in front of you and on this monitor  
12 are the ice pit for -- that complements and supports the  
13 making of the ice. It's where the ice is dumped. A new  
14 guardrail, a new chain-link fence, just to deal with safety  
15 issues, fall prevention, things like that. That works has  
16 begun.

17           This is an overall photo of the arena. And again,  
18 it's a little bit hard to see on the monitor, but the south  
19 wall is really the eye candy in this photo. The ugly pipes  
20 along the south wall have been removed as well as the  
21 acoustical panels. All of that infrastructure to support  
22 the new perforated metal panels. That's all going up.

23           You can see the fully gutted restrooms. We'll be  
24 discussing the change order regarding the floors  
25 momentarily. The new accent wall is painted. New ceiling,

1 new lights, new fixtures, new accessories, new partitions.

2 Another overall arena shot.

3 This is a photo of the expansion joint that  
4 separates the ice rink floor from the remaining arena floor.  
5 The entire edge has been redefined to be plus-or-minus an  
6 inch-and-a-half gap. So we have a really clean, consistent  
7 expansion joint. We have new backer rod, new caulk, and  
8 we're going to have an expansion -- a cover plate that will  
9 live there permanently and will not have to be removed. So  
10 we won't have any flashing or duct tape anymore on the arena  
11 floor.

12 CHAIRMAN McCUSKER: No duct tape.

13 MS. WEAVER: This is a shot of the concourse  
14 level. And you can see the old tiles that have the lights  
15 in them next to the new ceiling tiles. So we have not yet  
16 done the lights. And when we do the lights, then we'll  
17 replace that ceiling tile. So you can really see how the  
18 new ceiling tiles have already brightened the concourse  
19 level prior to the new lighting.

20 This is an action shot of the arena. They're  
21 getting set up for graduations. All last week and this  
22 week, that's what we've been working around.

23 CHAIRMAN McCUSKER: We should mention that we've  
24 yet to disrupt a single event. It's truly been  
25 extraordinary to watch. Concord works 24/7 for several days

1 to amend the schedule. And they have to back out entirely  
2 cleaning the arena. They have to leave it in spick-and-span  
3 condition for the event. As soon as the event's over, they  
4 move back in and make it dirty for a few days and then back  
5 out.

6 And for the next several weeks, they'll be  
7 engaged. And then the circus comes. They've got to be  
8 totally out leave it in presentable condition. It's just  
9 been remarkable to watch them move the crews in and out --

10 MS. WEAVER: It has been.

11 CHAIRMAN McCUSKER: -- without disrupting a single  
12 event and coordinating the water shutoffs and power access.  
13 It's just a remarkable team.

14 MS. WEAVER: Every week we have two team members  
15 that attend the TCC production meeting. So we're hearing,  
16 firsthand, the events coordination, coordination with  
17 F and CM, what needs get shutoff, what need's to get  
18 coordinated, what needs to get cleaned.

19 Concord's stopping two to three days prior to an  
20 event, cleaning. And we're all just trying to communicate  
21 and work together to not disrupt anything. And so far, you  
22 know, it's been going really well. And that's our goal, is  
23 to continue that.

24 This is a current shot from earlier this morning.  
25 So the new plumbing fixtures are going in. The plywood for

1 new mirrors and accessories is also. And then the rest of  
2 the document is just a Word document. But I wanted to show  
3 you the photos.

4 MR. MOORE: Have the chairs been installed yet?

5 MS. WEAVER: Mr. Moore, the chairs, the fixed  
6 chairs, the demolition starts in August. And we'll have two  
7 solid weeks of demolition. And then we have a week-long  
8 event where we'll stop construction.

9 During that time, the new seats will come in.  
10 They'll start to unload the truck, put the seats together.  
11 And then end of August all the way through October 1st is  
12 when plus-or-minus 4900 fixed seats will go in. At the same  
13 time, we'll also have the portable seats that will be  
14 delivered as well.

15 So for our October 1st event, we'll have new  
16 portable seats and new fixed seats.

17 CHAIRMAN McCUSKER: Any issues with the schedule?  
18 Everything still tracking?

19 MS. WEAVER: Everything is still tracking. The  
20 light fixtures in the restrooms, you know, they took a  
21 little longer than we had anticipated. But we're working  
22 with the TCC, instead of having the east restrooms down --  
23 we still have the east restrooms down, we just didn't take  
24 down the west restrooms on the concourse level. So we're  
25 just working through things like that.

1           That's part of construction, design. Nothing --  
2 you can plan it to nth degree, but it just doesn't always go  
3 as perfectly as it does on paper. And so it's just about  
4 being flexible and working together and accommodating  
5 change.

6           Let me just bring this up. So this is just a  
7 reference document for the audience if they'd like to view  
8 the copy. But you have it in front of you. And what I'd  
9 like to review with you, this is our overall project  
10 tracking sheet that we look at monthly.

11           And, you can see that -- so Phase I is the  
12 predesign phase, which is \$105,000. And that has not  
13 changed. The original budget column is our column on the  
14 left. And then our current project budget, that's our  
15 column -- I'll be comparing those two claims.

16           Construction documents, as we discussed before,  
17 originally, I had estimated \$230,000 when we got all of our  
18 actual contracts. Those came in at \$185,000. So the  
19 difference in those two numbers, the money went down to  
20 contingency.

21           We've added some scope to the project, which is  
22 the escalator lobby renovations. And so I've set aside  
23 \$25,000 for the design fees. We don't have those design  
24 fees yet. So once we do, then I will update the project  
25 budget.

1           Portable seats, again, we -- when we were doing  
2     predesign, we had an estimate of \$278,000. The hard bid  
3     that we contracted with, that came in at 171,000. And then  
4     once you add taxes, it came to 175,539. So that's our  
5     current project budget. And we do have a PO with spec seats  
6     for that \$175,000.

7           The fixed seats for Hussey, the 100 -- 101 -- or  
8     excuse me -- \$701,000. What that number does not include is  
9     the sales and state tax. And so next month, we will, in  
10    working with Dan your CFO, we will have that final number.  
11    And it will go up approximately, I think, like 35,000 --

12           MR. MEYERS: That sounds about right.

13           MS. WEAVER: -- from that \$701,000.

14           The scoreboards, we have not issued that  
15    solicitation yet. So initially we estimated 160. We're  
16    still at the \$300,000.

17           MR. HILL: Now, is that -- do you know the number  
18    of scoreboards? Do you know what you're gonna be issuing,  
19    or are you still trying to figure out?

20           MS. WEAVER: Mr. Sheafe, we are almost there.  
21    We're still trying to figure out -- we know that a  
22    19-millimeter scoreboard is out of the picture. We're  
23    honing in on whether a 12 millimeter or a 16 millimeter is  
24    the perfect scoreboard for the exterior application. And  
25    we're trying to vet out whether a 7.2 or a 10 millimeter is

1 the right scoreboard for the interior application.

2 CHAIRMAN McCUSKER: It's all about pixels now.

3 MR. SHEAFE: Yeah.

4 CHAIRMAN McCUSKER: Pixels cost money. So we've  
5 been wandering the country looking at scoreboards. If you  
6 know anybody that has a scoreboard, 7.2 mil or 10 mil, you  
7 know, we're trying to compare the difference versus the  
8 cost.

9 MS. WEAVER: And we're going to have to -- we're  
10 going to try to look at apples to apples and say, a 7.2  
11 versus a 10-millimeter at this size, what is the price  
12 difference, and can the project really afford going down to  
13 7.2.

14 CHAIRMAN McCUSKER: A couple years ago, you had no  
15 option, if you look at Jobing.com, Staples, most of those  
16 are 10 millimeters. And you can go down to 4 now.

17 MS. WEAVER: And those are also --

18 CHAIRMAN McCUSKER: And -- I'm sorry -- of course,  
19 those become increasingly expensive. And Mark saw some  
20 10 mils in Seattle last week. You know, that's what McKale  
21 has around the bend. So it's surely just a question of how  
22 much definition we want versus the price.

23 MS. WEAVER: And how much you want to spend on  
24 them.

25 MR. MOORE: What's the difference in price?

1 MS. WEAVER: That's what we're working on.

2 MR. MOORE: Okay. Sorry.

3 MS. WEAVER: That's okay.

4 And then the CM at risk Concord list -- or item,  
5 400 -- 4.9 million was the original project budget. And a  
6 couple of months ago, when I presented the \$5.5 million  
7 contract with Concord. So that stays as is. And there have  
8 been no changes to that, to date.

9 And then, moving forward, we have construction  
10 administration.

11 And then, we originally had a project contingency  
12 of \$600,000. It's currently as 537,000 -- \$536,000. And  
13 the difference in that, some of the money went to the sales  
14 tax difference. And then it also went to the additional  
15 scope that we've add to the escalator lobby. So \$25,000 for  
16 the design, and then \$75,000 we've set aside for the  
17 construction. That design has not been done yet. We need  
18 to get a fee for the actual design work and then do the  
19 design, and then we will estimate the design.

20 CHAIRMAN McCUSKER: And that doesn't contemplate  
21 today's change order. So that's before anything we decide  
22 on.

23 MS. WEAVER: That is correct, Mr. Chair. That is  
24 before, yes.

25 So we currently, to date, have \$536,000 in your



1 owner's contingency.

2 CHAIRMAN McCUSKER: Want go ahead and talk  
3 about -- are you ready? You want to talk about the bathroom  
4 floors?

5 MS. WEAVER: I'm ready.

6 CHAIRMAN McCUSKER: So tell us what you ran into  
7 on the bathrooms first.

8 MS. WEAVER: Okay. So what we ran into is that it  
9 was a situation where, when we truly gutted the entire  
10 restroom and the only thing left existing were the floors,  
11 we looked around, and the floors were even worse than what  
12 we thought before.

13 We had the partition outs. We had more cracks.  
14 We had different concrete pours. And we were in a situation  
15 where we said to ourselves, the design team, we're going to  
16 renovate this entire restroom, and the only thing that we're  
17 not touching are the floors. And it's going be more of an  
18 eyesore if we don't do anything with the floors.

19 So the change order that we have, it exceeds the  
20 \$25,000. So per your process and procedure matrix, anything  
21 over \$25,000 comes back to the Board for approval.

22 It is for 12 sets of restrooms, approximately  
23 8500 square feet. And what it consists of is a concrete  
24 overlay, epoxy, urethane, and wax for all 12 sets of  
25 restrooms. And that's for \$61,000.

1           CHAIRMAN McCUSKER:  What were they before?  Was it  
2  a tile?

3           MR. MOORE:  Tile, yeah.

4           CHAIRMAN McCUSKER:  It was tiles?  Okay.

5           MR. MOORE:  Mosaic tile.

6           CHAIRMAN McCUSKER:  So most of --

7           MS. WEAVER:  Actually, most of them just had --

8           CHAIRMAN McCUSKER:  Aggregate?

9           MS. WEAVER:  -- concrete.

10          MR. MOORE:  Oh, do they?

11          MS. WEAVER:  Just sealed, plain concrete.  And you  
12  had cracks.  You had patches.  You had, you know, different  
13  color.

14          SECRETARY IRVIN:  Saw cuts.

15          MS. WEAVER:  Saw cuts, yeah.

16          CHAIRMAN McCUSKER:  So this is polished concrete,  
17  simply said, for people that don't know what you're doing.

18          MS. WEAVER:  It's actually -- it's epoxy.  It's an  
19  epoxy overlay over the existing concrete.

20                 And then the second item, as a part of that change  
21  order, it's for \$14,000.  And if you are on the concourse  
22  level -- let me talk through it, and if you don't have a  
23  visual, I can find the image.  At the south end, there's an  
24  area between the two concourse level restrooms.  And it's  
25  approximately 3,000 square feet that had an existing epoxy

1 overlay on it. It's old. Half of it is peeled off. It's  
2 speckled.

3 CHAIRMAN McCUSKER: It's in the back?

4 MS. WEAVER: Yes.

5 CHAIRMAN McCUSKER: Along the back wall?

6 MS. WEAVER: It's dated.

7 CHAIRMAN McCUSKER: So there's a walk around on  
8 the side.

9 MR. MOORE: Oh, yeah. I know what you're talking  
10 about.

11 MS. WEAVER: Yes.

12 The \$14,000, what that includes is to sandblast  
13 that off and then seal the concrete.

14 So, at least on the concourse, you have the  
15 concourse level, all of the concrete would be consistent,  
16 gray, blends into the field. When you go into the  
17 restrooms, that's where the concrete epoxy overlay would be.

18 And we're proposing a gray with a little bit of  
19 marbling silver in it. Neutral, sophisticated, and it will  
20 go with the pallet of the silver stainless-steel-looking  
21 partitions, the mirrors, the stainless steel in the  
22 restrooms.

23 CHAIRMAN McCUSKER: Any questions about the change  
24 order? We do need Board approval for the change orders.

25 MR. MOORE: So we're looking at 75,000.

1 CHAIRMAN McCUSKER: Seven --

2 What's the total, Elaine?

3 MR. MOORE: It's almost 14 --

4 MS. WEAVER: \$75,853.77.

5 MR. MOORE: And that would reduce the contingency  
6 then, the one you just gave us, from 563 to 450ish, 460.

7 MS. WEAVER: Yes, sir. It will come directly out  
8 of the \$536,000 of your owner's contingency.

9 MR. MOORE: Mr. Chairman?

10 CHAIRMAN McCUSKER: Mr. Moore?

11 MR. MOORE: Question.

12 CHAIRMAN McCUSKER: Sir?

13 MR. MOORE: Is there -- what has the City done, to  
14 date? Have they finished everything they were supposed do?  
15 The escalators and . . .

16 MS. WEAVER: So the escalator project, all six  
17 escalators are currently operational, and we're working on  
18 punch list items.

19 The City has also provided the -- I'm sorry -- the  
20 toilet fixtures for all of the restrooms as a part of this  
21 project. So on this tracking sheet, what I didn't continue  
22 to talk through is that we have the overall City of Tucson  
23 project management of \$370,000 provided by the City. In  
24 addition, the City of Tucson repairs, for a total of  
25 \$544,000. So the City is working hand-in-hand with Rio

1 Nuevo.

2 CHAIRMAN McCUSKER: They're actually not doing  
3 those. Our contractor's doing that. And then the City's  
4 paying for that.

5 MS. WEAVER: Correct, correct.

6 CHAIRMAN McCUSKER: So it's not City employees.  
7 It's our people --

8 MS. WEAVER: Right.

9 CHAIRMAN McCUSKER: Then they're reimbursed.

10 MS. WEAVER: But I was just trying to let  
11 Mr. Moore that the City has --

12 MR. MOORE: So the escalators are in perfect  
13 condition now? They've been -- because we had new ones  
14 installed, right?

15 MS. WEAVER: We have six new ones installed. One  
16 by the administrative suite and four over by the galleria.  
17 And they're all new. They're operational, back in service.  
18 The project is currently working through small, incidental  
19 punch list items.

20 CHAIRMAN McCUSKER: And they're beautiful.  
21 They're stainless. They're really new. It's nice.

22 MS. WEAVER: And then, as a part of the Phase I  
23 project, there was one elevator that was fully modernized,  
24 as well, at the TCC.

25 MR. MOORE: Mr. Chair, I recommend that we should

1 have our next Board meeting over at the TCC suite and see it  
2 all.

3 CHAIRMAN McCUSKER: We can do that.

4 MS. WEAVER: Yeah. I would --

5 CHAIRMAN McCUSKER: I think it would be, by June,  
6 something to see.

7 MS. WEAVER: Yes, definitely.

8 I would like to share with the Board that just two  
9 weeks ago I also gave the TCC commission a tour. And so I'm  
10 reporting to them monthly. And I conducted a tour with  
11 them. And so yes, I would love to have the Board come over  
12 there, and we can give you a tour. I think it has to be  
13 publicly . . .

14 CHAIRMAN McCUSKER: It's a public meeting.

15 MS. WEAVER: It's a public meeting. So we --

16 MR. MOORE: I make a motion to approve the --

17 MS. WEAVER: -- can work through the logistics --

18 MR. MOORE: -- increase.

19 MS. WEAVER: -- of how we do it so that there's  
20 not an issue.

21 MR. SHEAFE: Second.

22 CHAIRMAN McCUSKER: Okay. We have a motion to  
23 approve the change order by Mr. Moore, second's by  
24 Mr. Sheafe.

25 Any further discussion?

1 MR. MOORE: I do this in a very cooperative way.

2 CHAIRMAN McCUSKER: All in favor, say aye?

3 (Ayes.)

4 MS. WEAVER: Great. Thank you very much.

5 CHAIRMAN McCUSKER: Duly noted.

6 MR. MOORE: Duly noted, yeah.

7 MS. WEAVER: Thank you.

8 CHAIRMAN McCUSKER: We'll be working on your  
9 plaque.

10 MR. MOORE: Okay.

11 MR. SHEAFE: I do have to say, as a Board member  
12 who is a little bit separated from this particular projects,  
13 Elaine, you just get a lot of credit for not only managing  
14 this process but the well-done presentation you did. You  
15 make it very easy to sit on the Board relative to this.

16 MS. WEAVER: Thank you, Mr. Sheafe, thank you.

17 CHAIRMAN McCUSKER: She got a promotion out of  
18 this too. She has the unfortunate pleasure now of working  
19 for the City Manager.

20 MS. WEAVER: Thank you, all.

21 CHAIRMAN McCUSKER: Thank you, Elaine, very much.

22 Capital plan, we're going defer. We will hear our  
23 budget, and we'll do that in the June meeting. I think we  
24 covered everything on the agenda, minus call to the  
25 audience.

1 MR. COLLINS: Mr. Chair?

2 CHAIRMAN McCUSKER: Did I miss something?

3 MR. COLLINS: Yeah. You've got a action item to  
4 amend the TCC matrix.

5 CHAIRMAN McCUSKER: Oh, yeah.

6 Standby, Elaine, for that.

7 MS. WEAVER: I will.

8 MR. COLLINS: And it is -- Board members, it's  
9 behind Tab 5 of your booklet.

10 The real changes really are that signatures on  
11 the -- on approved invoices for payment can be the Chair and  
12 either the treasurer or the secretary. Currently, it is the  
13 chair and treasurer. But for -- to facilitate the signature  
14 process, this has been drafted.

15 If you approve it, then it still requires two  
16 signatures. In this case, it will be Mr. McCusker and  
17 either Mr. Irvin or Mr. Sheafe.

18 CHAIRMAN McCUSKER: This is just to expedite the  
19 approval process in the event one of us is missing.

20 MR. COLLINS: Right. It does not change any  
21 authority level or what anything can be done other than  
22 changing the two signatures.

23 MR. MOORE: The only thing I'd like to make sure  
24 is, then, that the treasurer, at the next Board meeting,  
25 approves what was signed. He didn't sign the checks. So



1 the --

2 CHAIRMAN McCUSKER: He still has to sign the  
3 checks. This would be the invoicing themselves.

4 MR. MOORE: Oh, okay.

5 MR. COLLINS: Invoice for payment, right.

6 MR. MOORE: Oh, okay.

7 CHAIRMAN McCUSKER: The process is -- and this is  
8 where it gets troublesome -- comes to us. Chris and I have  
9 to find each other, sign it.

10 MR. COLLINS: Right.

11 CHAIRMAN McCUSKER: And it has to go to the City.  
12 And the City has to process it. So anything we can do to  
13 speed up that process. This is not going to change any  
14 check authority.

15 SECRETARY IRVIN: Right. I think we also had the  
16 issue with before -- Alberto, you'll appreciate this -- is  
17 because, you know, people take vacations. Can you imagine?  
18 Chris actually took a vacation. It delayed the signature of  
19 some of those documents which means that we then delayed  
20 payment to the contractor which means we delayed payment to  
21 the subcontractor.

22 MR. MOORE: Yeah.

23 CHAIRMAN McCUSKER: We need a motion to approve  
24 that.

25 SECRETARY IRVIN: So moved.

1 CHAIRMAN McCUSKER: It's in your tab.

2 MR. MOORE: Second.

3 CHAIRMAN McCUSKER: All in favor, say aye.

4 (Ayes.)

5 CHAIRMAN McCUSKER: Okay. And I think by now I've  
6 dispensed with the agenda, except call to the audience.

7 Michele, any cards?

8 MS. BETTINI: (Shakes head.)

9 CHAIRMAN McCUSKER: Entertain a motion to adjourn.

10 SECRETARY IRVIN: So moved.

11 CHAIRMAN McCUSKER: All in favor, say aye?

12 (Ayes.)

13 CHAIRMAN McCUSKER: Meeting adjourned. Thank you  
14 very much.

15 (The meeting concluded at 5:00 p.m.)

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C E R T I F I C A T E

I, John Fahrenwald, certify  
that I took the shorthand notes in the foregoing  
matter; that the same was transcribed under my  
direction; that the preceding pages of typewritten  
matter are a true, accurate, and complete transcript  
of all the matters adduced to the best of my skill  
and ability.

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John Fahrenwald