

RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
August 12, 2014
9:00 a.m.

REPORTED BY:

John Fahrenwald

KATHY FINK & ASSOCIATES

2819 East 22nd Street

Tucson, Arizona 85713

(520) 624-8644

1 (Meeting commenced at 9:05 a.m.)

2 CHAIRMAN McCUSKER: We're going to call the
3 meeting to order. It is, by our clock, 9:07. How close is
4 that to real time?

5 SECRETARY IRVIN: Pretty close.

6 CHAIRMAN McCUSKER: 9:05. Good morning, everyone.
7 This is a special meeting for Rio Nuevo. We have two
8 procurement items.

9 Let's do the Pledge of Allegiance.

10 Jannie?

11 (Pledge of Allegiance recited.)

12 CHAIRMAN McCUSKER: Michele, you call the roll.

13 MS. BETTINI: Jannie Cox?

14 MS. COX: Present.

15 MS. BETTINI: Chris Sheafe?

16 TREASURER SHEAFE: Present.

17 MS. BETTINI: Fletcher McCusker?

18 CHAIRMAN McCUSKER: Here.

19 MS. BETTINI: Mark Irvin?

20 SECRETARY IRVIN: Here.

21 MS. BETTINI: Alberto Moore?

22 MR. MOORE: Present.

23 CHAIRMAN McCUSKER: And we think Mr. Hill's
24 inbound.

25 MS. BETTINI: Think so.

1 CHAIRMAN McCUSKER: And Cody is not coming.
2 You have the transcripts from the June 24th
3 meeting. They are verbatim transcripts which we'd need a
4 motion to approve.

5 MS. COX: So moved.

6 SECRETARY IRVIN: Second.

7 CHAIRMAN McCUSKER: All in favor, say aye.

8 (Ayes.)

9 (The Board voted and the motion
10 carried.)

11 CHAIRMAN McCUSKER: For those people in the
12 audience, we have a very brief Executive Session on the
13 agenda. We're going to talk to our lawyers just to make
14 sure we're following the rules and understand the process
15 for today. So we'll do that as quickly as we can.

16 The first item on the agenda is the TCC
17 procurement issue. And then we'll move to the Arena Site
18 RFPs.

19 So I need a motion to recess to Executive Session.

20 MS. COX: So moved.

21 SECRETARY IRVIN: Second.

22 CHAIRMAN McCUSKER: All in favor, say aye.

23 (Ayes.)

24 CHAIRMAN McCUSKER: All right. So we'll see you
25 in about 10 or 15 minutes. And we'll grab Jeff Hill.

1 (The Board adjourned to Executive
2 Session at 1:05 p.m.)

3 CHAIRMAN McCUSKER: Okay. We need a motion to
4 reconvene.

5 SECRETARY IRVIN: So moved.

6 CHAIRMAN McCUSKER: Second, please.

7 MS. COX: Second.

8 CHAIRMAN McCUSKER: All in favor, say aye.

9 (Ayes.)

10 CHAIRMAN McCUSKER: Okay. Thank you, everyone.

11 Obviously the big ticket item for today is the arena
12 procurement. But we do have a small TCC item.

13 So, Elaine, if we could do that first.

14 Chris?

15 MR. SCHMALTZ: Mr. Chair and Members of the Board,
16 Item 6A is the formal termination of the initial IFB on the
17 video boards which we had not agendized at the last meeting.
18 And so that's what we need to do prior to Elaine's
19 presentation on the updated IFB on the video board.

20 So the first item to act upon is 6A, which is the
21 termination of the prior video board invitation for bid.

22 CHAIRMAN McCUSKER: To refresh everyone's memory,
23 we did bid this out. The bids came in a lot higher than our
24 budget. We elected to rebid. So the purpose for the
25 termination will be because we are rebidding the item.

1 So I would need a motion to terminate the initial
2 procurement.

3 TREASURER SHEAFE: So moved.

4 SECRETARY IRVIN: Second.

5 MR. MOORE: All in favor, say aye.

6 (Ayes.)

7 (The Board voted and the motion
8 carried.)

9 CHAIRMAN McCUSKER: Okay. And then we now have to
10 rebid this item, right, Elaine? You're going to go through
11 that with us?

12 MS. BECHERER: Yes.

13 CHAIRMAN McCUSKER: Do you have anything for us or
14 are you just --

15 MS. BECHERER: I do not. It will just be a verbal
16 presentation.

17 CHAIRMAN McCUSKER: Go ahead.

18 MS. BECHERER: Good morning. Elaine Becherer, Rio
19 Nuevo TCC Arena project manager.

20 So the second solicitation of the video boards, we
21 received three bidders. The first bid was TS Sports, and
22 that came in at \$354,141.79. The second bid was Norcon and
23 that was \$370,500. And the third bid was Daktronics at
24 \$373,520.

25 Based on a review of the three bids and the

1 requirements of the invitation for bid, Daktronics was found
2 to be the entity that was the low responsive and responsible
3 bid. So their bid, again, was \$373,520.

4 CHAIRMAN McCUSKER: That's the high bid.

5 MS. BECHERER: It is.

6 CHAIRMAN McCUSKER: But it's -- you say you had
7 some issues with the responsiveness of the other two?

8 MS. BECHERER: Correct.

9 CHAIRMAN McCUSKER: So go through that.

10 MS. BECHERER: Daktronics was determined to be
11 responsive and they met the requirements of the
12 solicitation.

13 In our budget, we do have set aside \$350,000 for
14 the video boards, so we are 23,000 over. But we have it in
15 the owners contingency, which is at \$450,000 approximately.
16 So that's where the difference would come out of.

17 But in terms of why the other two were not
18 responsive, for a number of reasons. Their area did not
19 meet the video area, did not meet the requirements of the
20 solicitation; the emits in terms of the whiteness, the
21 brightness of the video board; they did not have -- they did
22 not provide all of the equipment for a turnkey installation
23 as required in the solicitation.

24 CHAIRMAN McCUSKER: So, Chris, it appears pretty
25 straightforward then, you had, of the three received

1 proposals, only one of them was responsive.

2 MR. SCHMALTZ: That's correct, Mr. Chair, Members
3 of the Board. That analysis is required under the
4 District's procurement code and is set forth very clearly in
5 the invitation to bid. So the determination was made by
6 Elaine and me that the Daktronics bid is the low responsive
7 bid.

8 CHAIRMAN McCUSKER: And we're obligated to take
9 that unless we were to terminate the process.

10 MR. SCHMALTZ: That's correct. You can -- you
11 can -- by a motion today, you can approve that Daktronics
12 bid. Again, it's subject to the protest period, et cetera,
13 so that any motion to approve that Daktronics bid would be
14 contingent upon the running of the protest period that any
15 bidder has a right to do under procurement code. But that's
16 the recommendation from staff.

17 CHAIRMAN McCUSKER: Elaine, so the 23,000 would
18 come out -- how is the contingency holding up?

19 MS. BECHERER: The owners' contingency is at
20 449,000, so just about 450,000. And so that's where the
21 difference could come out of.

22 And in my projections, looking out a couple months
23 ahead with things that are coming up, I think that the
24 owners' contingency will be -- will be fine and that there's
25 sufficient funds in there to plan for other things that come

1 up.

2 CHAIRMAN McCUSKER: Does anybody need any further
3 details about what we're bidding? These are the electronic
4 scoreboards for both the north and the south end of the
5 Arena. So they're all new, digital, high-definition, 6 mm,
6 state-of-the-art video.

7 MS. BECHERER: The north end is, I believe,
8 15 feet by 6 inches by 29 feet, 6 mm board, completely LED
9 video board. And the south board is -- I think it's around
10 7 feet. But it's -- it's smaller. But they're both
11 completely LED video boards.

12 CHAIRMAN McCUSKER: Okay. What's your pleasure?

13 SECRETARY IRVIN: I'd make a motion we approve and
14 move forward.

15 TREASURER SHEAFE: Second.

16 CHAIRMAN McCUSKER: Any further discussion?

17 All in favor, say aye.

18 (Ayes.)

19 CHAIRMAN McCUSKER: Ayes appear to have it -- do
20 have it. So ordered.

21 (The Board voted and the motion
22 carried.)

23 Elaine, thank you very much.

24 MS. BECHERER: Thank you very much.

25 CHAIRMAN McCUSKER: Okay. Just a quick history

1 lesson, I think, for everyone. Thank you for your
2 attendance today. Our procurement attorney, Chris, is going
3 to kind of, for all of us, walk through the process going
4 forward.

5 But I think most of you know the history of Rio
6 Nuevo and the Arena lot. We're quite pleased to be at the
7 edge of what appears to be two proposals that could lead to
8 a hundred million dollar development on our western gateway.

9 This is property that we obtained from the City of
10 Tucson through settlement. And so we would not be able to
11 have these conversation except for our ability to negotiate
12 with the City.

13 That is the lot where the Greyhound is temporarily
14 located. Our arrangements with the City in that regard are,
15 once the development plan's approved, we give the Greyhound
16 a year notice to vacate that property. Rio Nuevo is not
17 responsible for any of the relocation costs or the
18 replacement costs for the bus terminal. That resides
19 entirely with the City.

20 And so, Chris, do you want to kind of make sure
21 we're following the rules. And reintroduce yourself for
22 some of the new members.

23 MR. SCHMALTZ: Sure. Happy to do so.

24 Mr. Chair, Members of the Board, I'm Chris
25 Schmaltz, an attorney with Gust Rosenfeld, partner with Mark

1 Collins, sort of your normal counsel -- regular counsel.

2 So a couple of things that I want to emphasize
3 today in terms of where we are, how we got here, and sort of
4 where we're going.

5 This is an RFP process. It's sort of a hybrid RFP
6 process under the District's procurement code. It's a
7 competitive proposal process. The RFP itself establishes
8 and spoke to this process and how we got here today. It was
9 issued a couple months ago. It contains evaluation criteria
10 and other criteria including minimum qualifications for the
11 submittal of the sale or lease of the Arena Site.

12 The RFP itself contained all the criteria. And
13 the proposals were submitted a few months ago. And the
14 initial list -- we received two proposals. And the initial
15 list was formed based upon your individual scoring of the
16 proposal itself and nothing more.

17 Those scores were posted on the website
18 immediately, have been available from the date that they
19 were -- or the day after they were due from you all. And
20 then the determination was made subsequent to that, you were
21 going to exercise the option to conduct interviews. The RFP
22 process provided that either you could determine that you're
23 going to make the final list -- the final ranked list based
24 upon the initial proposal scores only; or make a -- make the
25 final list determination based upon the proposal scores, and

1 the presentation and interview scores.

2 So you as the Board, slash, selection committee,
3 made the determination that you were going to conduct
4 interviews. And so we've scheduled those interviews today
5 for purposes of arriving at that interview score. And then,
6 the -- ultimately, because we're doing interviews, the final
7 list, the final rank list will be determined by combining
8 your proposal scores with the interview score.

9 Where we are today is, you'll conduct those
10 interviews. The proposers will each have an opportunity
11 make a presentation up to 30 minutes, I think is the
12 ballpark, and then 30 minutes for questions for each.

13 Just a reminder on a couple of things with regard
14 to the RFP itself. The result of this process -- because
15 it's an RFP, the result of this process is the No. 1 ranked
16 proposer in the final list gets the initial opportunity to
17 negotiate an agreement with the District. There is no
18 contract that is created or formed as a result of this
19 process.

20 Ultimately, the agreement that is negotiated has
21 to be brought back to you as the Board and approved by you
22 as the Board in order for it to be binding upon both
23 parties. That's unique to this RFP process and other RFP
24 processes.

25 It's not like the invitation for bid where a

1 contract is formed when you approve that selection of the
2 bidder. In this process, we're determining that No. 1
3 entity. And then you'll provide direction to us and others
4 who you appoint to conduct those negotiations to arrive at a
5 contract that we will then bring back to the Board for
6 purposes of final approval.

7 A couple other things that I want to mention.

8 During this process, because this is an active
9 procurement and there's been time in between meetings, there
10 have been some articles in the paper and some other
11 commentary, either online or otherwise. And so we were
12 asked by the Chair to examine sort of issues related to the
13 competition and whether there are any violations of the
14 procurement code or any violations related to the terms of
15 the RFP.

16 After an investigation by Mark and I, we've
17 determined that the postings on the internet and other
18 articles that have appeared in paper or elsewhere, they
19 don't -- there's no evidence to suggests that there's been
20 any violation of the procurement code or the RFP itself.

21 Of course, the procurement code and the RFP say
22 multiple times and emphasize that this is supposed to be a
23 fair and open competition. And it has been. The unique
24 sort of nature of you all as the Board serving as the
25 selection committee has created that environment. This is

1 an open and fair RFP and procurement process as I have seen
2 because everything has been up on the website, everything
3 has been included and produced to the public from day one
4 with regard to this RFP process.

5 So we have -- we haven't seen any evidence to
6 suggest that there's been any violation of the procurement
7 code or the RFP itself. I just wanted to make that point.

8 CHAIRMAN McCUSKER: Chris, will you also talk
9 about conflicts of interest. You know, Cody's absent. He's
10 been identified as conflicted with one of the bidders.

11 But you have had to look at all of us --

12 MR. SCHMALTZ: That's right.

13 CHAIRMAN McCUSKER: -- and our relationships to
14 the proposers. And what have you concluded?

15 MR. SCHMALTZ: That's correct.

16 Mr. Chair, Members of the Board, you know, you --
17 just because you're serving as the selection committee, you
18 remain the public official -- all of you remain that public
19 official who is subject to the conflicts of interest laws.
20 Remember our last meeting, we had a brief training on
21 conflicts of interest.

22 And so all you have to go through that analysis
23 with -- especially with regard to this because it is
24 ultimately going to be a decision that you as a Board make
25 in terms of approving -- negotiating and approving a

1 contract related to the development of the Arena Site. So
2 those issues have been examined.

3 You have a responsibility as a public official to
4 call out and be sensitive to all of those issues related to
5 whether or not you have a conflict. Any that have been
6 brought to our attention, we've evaluated, Mark and I. And,
7 to date, we determined sort of all of you who are present
8 and able to participate. Those who -- Cody, who is not, has
9 a conflict, is not able to participate at all, including
10 when a contract comes back to the Board for approval.

11 The other missing -- Jeff Hill, the other missing
12 Board member was injured today, I'm told, and is unable to
13 attend. But those conflicts issues have been closely
14 examined.

15 CHAIRMAN McCUSKER: Specifically, the Peach
16 proposal references Scott Stiteler. Both Mr. Sheafe and I
17 have been conflicted previously with Mr. Stiteler. And I
18 believe we asked you to look into those relationships too.

19 MR. SCHMALTZ: Yes. Mr. Stiteler is not a
20 proposer. He is referenced as a reference, as a strategic
21 potential partner. And that doesn't produce a conflict in
22 our view.

23 CHAIRMAN McCUSKER: Mr. Irvin?

24 SECRETARY IRVIN: So we had one of our members,
25 Jeff Hill, who unfortunately got injured and is not with us

1 today, what happens with the first part of the process where
2 we all scored the individual presentations without the
3 benefit of this public hearing?

4 MR. SCHMALTZ: In terms of the impact on his score
5 and the determination of the final lists?

6 SECRETARY IRVIN: Correct.

7 MR. SCHMALTZ: Well, that's a scenario that the
8 RFP itself doesn't directly address and neither does the
9 procurement code. We'll have to make a determination as to
10 what's the most fair and appropriate sort of step to take.

11 Initially I think the thought is to drop his
12 scores completely so it's not included in the determination
13 of the final list. Your scores will be combined with --
14 your initial scores of the proposal will be combined with
15 the interview score to determine the final total score to
16 determine the final list.

17 I think that's our initial thought.

18 CHAIRMAN McCUSKER: And talking about our options
19 today, going forward after the presentation.

20 MR. SCHMALTZ: Yeah. Your options today, and as
21 the agenda provide, you have a couple of options in front of
22 you today. After the presentation and interviews, you can
23 make the determination to score here today and turn those --
24 you know, we would do that -- sort of take whatever time
25 you'd need.

1 If you were going to make that determination
2 today, we would determine the score, we would compile the
3 scores today in front of everyone, and then post those
4 initial scores on the, sort of, white boards that are
5 prepared for doing exactly that. So if you did that, then
6 you would proceed with the remainder of the agenda, which
7 was we would have a final list, again, subject to
8 procurement code protest periods, et cetera.

9 But you would have the determination of a final
10 list today based upon that scoring after the entire process.
11 And then you could proceed with that agenda item that says,
12 let's acknowledge that this is the final list, determine
13 that this is the final, and provide for direction in terms
14 of beginning negotiation.

15 Your alternative process could be, you make a
16 determination today to set a deadline for your scores of the
17 interviews. That deadline could be as immediate as this
18 week. And then those will be turned into the RFP
19 administrator. Give you some time to process, think about
20 it, contemplate sort of what the scores would be in
21 interviews, and then turn them in at the deadline you set.

22 Those final scores and those final sheets would
23 then be tabulated and posted to the website. And then the
24 agenda item for the announcement of the final list and then
25 the action item related to the negotiation would be at the

1 subsequent regular meeting.

2 CHAIRMAN McCUSKER: Mr. Irvin?

3 SECRETARY IRVIN: One more question so -- also
4 just we're all clear. There is not, as I understand it, a
5 provision in our scoring to fill out a high or a low score
6 and come up with a weighted average. It's just pure adding
7 all the numbers up, correct?

8 MR. SCHMALTZ: That's correct.

9 CHAIRMAN McCUSKER: Any other questions for Chris?

10 Mr. Moore?

11 MR. MOORE: Chris, for the call to the audience,
12 would you just mention that we have these yellow cards so
13 that people might want to have something to say after the
14 presentation.

15 MR. SCHMALTZ: Oh, yeah.

16 Mr. Chair, Members of the Board. Yes, there is
17 a -- as in every agenda, there is a call to the audience.
18 There is no testimony from the public during the
19 presentations of the interviews. That's strictly between
20 the proposers and the Board. However, during the call to
21 the audience, certainly anyone can speak to any item that
22 they would like to speak.

23 Just a reminder with regard to the RFP and the
24 scoring, as I've said before and as the RFP said, as we've
25 said on multiple occasions, the evaluation criteria

1 contained in the RFP is your sole -- and should be -- your
2 sole criteria that you apply to the scores that you
3 determine on the interview.

4 Of course, those attempt to be objective criteria.
5 But there's room for subjectivity for all of you within that
6 criteria. There always is in any kind of an evaluation
7 procurement. But just to emphasize that that criteria
8 that's articulated in the RFP should be the measure by which
9 you determine the score for the interviews.

10 CHAIRMAN McCUSKER: I think if the Board
11 determines the score today live, we should do that after the
12 call to the audience. I think it would be inherently unfair
13 if we were to score, post the score, and then allow audience
14 members to speak.

15 So I think you can decide now how you want to
16 proceed, or you can wait until we hear the presentations --
17 after the presentations, which is probably more
18 appropriate -- talk about do we want to go ahead and score.
19 Or do you want to take your time and go back and reflect on
20 the presentations, reread the bid -- and, Chris, a day or
21 two days, maybe to turn those back in.

22 And we would do the same thing we did with the
23 initial scores, we would post them immediately to the
24 website.

25 TREASURER SHEAFE: Mr. Chairman, may I suggest

1 that we defer that question until after we've heard the
2 presentations and then consider whether we want to score
3 immediately or give ourselves 24 hours or 48 hours to get it
4 done.

5 CHAIRMAN McCUSKER: I have an unopened deck of
6 cards. The process will be, we'll allow Mr. Norville,
7 Mr. Schwabe to draw, high card gets their choice of going
8 first or second. We will ask that the bidder not
9 presenting, and their team, leave the room during the other
10 presentation. And we've left our office downstairs open so
11 you have some private space and some water to hangout with,
12 if you'll do that.

13 Take the jokers out, Chris.

14 SECRETARY IRVIN: He's pretty good with those
15 cards.

16 CHAIRMAN McCUSKER: Now, we could have just --
17 have high card be the winner.

18 MR. ALLAN NORVILLE: How is this determined, who
19 goes first?

20 MR. SCHMALTZ: The high card gets the option,
21 chooses whether they go first or second?

22 MR. SCHWABE: Who goes first on the cards?

23 CHAIRMAN McCUSKER: What were the cards, Chris,
24 for the record.

25 MR. SCHMALTZ: For the record, queen was drawn by

1 Mr. Schwabe.

2 MR. SCHWABE: Yes.

3 MR. SCHMALTZ: Okay. You have the option. You've
4 chosen to go second. You make your presentation second.

5 CHAIRMAN McCUSKER: And Mr. Norville drew a deuce?

6 MR. ALLAN NORVILLE: Are deuces wild?

7 MR. SCHMALTZ: We did not say ahead of time, so,
8 no.

9 CHAIRMAN McCUSKER: Okay. So, Ron, if you and
10 your team would -- we'll come get you, plan on probably an
11 hour.

12 Allan, we're ready for you and your team.

13 MR. ALLAN NORVILLE: Mr. Chairman, Members of the
14 Board, my name is Allan Norville, 411 West Congress. I
15 represent Nor-Generations.

16 MR. MOORE: Can you speak up, please?

17 CHAIRMAN McCUSKER: Or maybe turn the mic a little
18 bit.

19 MR. ALLAN NORVILLE: Before I begin, I'd like to
20 address the article that was in the paper. I received many
21 calls. And I was advised that I should address it.

22 But before I do that, I want you all to know, as a
23 result of the article, I'm going to withdraw my bid for
24 governor. Okay?

25 MS. COX: Withdraw my bid to what?

1 TREASURER SHEAFE: Governor.

2 MS. COX: Oh.

3 MR. ALLAN NORVILLE: The perception of many people
4 is that we're going get the property and we're not gonna do
5 anything with it. And that was somewhat addressed in the
6 paper. And I thought I would address what we've done, what
7 my companies have done, what the Norville interest has done
8 and show you that we have a serious interest.

9 And I'm sure that when we finish our presentation
10 and you see the team that we have put together, that you'll
11 see that we have a serious intent to development this
12 property.

13 In terms of what we do in our activity, over the
14 last year, the Norville interest have leased up 148,649 feet
15 on properties that we own. In November of last year, we
16 acquired a hotel in north Phoenix of 284 rooms. We are very
17 active in the market.

18 The numbers that have come up in terms of how many
19 square feet have we developed. I have been developing
20 properties for 46 years. And just in the past year plus, we
21 did 148,000. It's probably in the millions.

22 Up in Alaska this year, we made an offer for
23 165,000-square-foot building. We are still pursuing it. It
24 wasn't accepted, and it's back on the market. We're
25 commencing construction in -- on August 19th on the

1 development that we're going to build 45,000-square-foot
2 addition on our center up in Alaska.

3 Point being, we're very activity in the market.

4 In relation to our site downtown, that we don't do
5 anything with the property, we use that property every year.
6 We have built the largest gem show in Tucson. Next year
7 will be our 22nd year. And every year we start from
8 scratch, and we built 120,000-square-foot building.

9 We start in December, the first part, first week
10 in December. And it takes us, to build it, use it, and then
11 tear it down, three months. We're finished in March. So we
12 do use the property.

13 In the construction of that, we install 1,250 tons
14 of air conditioning. We carpet three acres of property.
15 It's a horrendous undertaking. And our goal is to build a
16 permanent building. It always has been. And we've made
17 applications in the past for it.

18 Now, when you look at this proposal, look at it at
19 its merits. Personalities have gotten involved. And who
20 someone likes or who someone doesn't like isn't important.
21 What is important is what is the right development for
22 Tucson. That's your decision. And personalities shouldn't
23 be involved in it. So --

24 CHAIRMAN McCUSKER: Michele, you're still
25 squeaking.

1 MR. ALLAN NORVILLE: Pardon me?

2 CHAIRMAN McCUSKER: You're feeding back.

3 MR. ALLAN NORVILLE: Sorry.

4 CHAIRMAN McCUSKER: Hang on a minute.

5 THE WITNESS: We have a team. We have a very
6 strong team. David Greusel is our coordinating architect.
7 And he will start us out.

8 And with that, David, come on up. Let's get
9 started.

10 And thank you for the time. And thank you for
11 voting for us in the first go around. And I hope that we'll
12 prevail. We feel we have the best project for Tucson.

13 David?

14 MR. GREUSEL: Thank you, Allan.

15 Good morning, Mr. Chairperson, Members of the
16 Board.

17 My name is David Greusel. I am an architect with
18 Convergence Design out of Kansas City, Missouri. Our firm
19 specializes in large scale public projects very much like
20 this. And we've done projects like this all over the county
21 from Pittsburgh to Florida to Oklahoma. And we're very
22 excited to be here.

23 And I wanted to, first of all, tell you who's in
24 the room with us today because we have quite a few team
25 members and guests. And if those team members and guests

1 would just identify yourself by raising your hand when I
2 call your name, I would appreciate it.

3 First of all, from Nor-Generations, we literally
4 have generations of Norvilles here. Allan and Alfie are
5 well-known to you. But their son and daughter, Michael and
6 Patti are also here. And their grandson Dan will be joining
7 us for part of the presentation. So it truly is a
8 generational effort.

9 From the University of Arizona, we have Andrew
10 Comrie who is the provost of the University; John Schaefer
11 who, as you all know, is the past president of the
12 University. From National Bank of Arizona, David Lyons and
13 Mark Berard.

14 And from our rather extensive consulting team,
15 which I want to bring up, we have the following individuals,
16 Mark Rusing (phonetic), who is a counsel to our team, Gene
17 Fong who is the architect for the hotel and housing, John
18 Campisano who is the architect for the exhibition center.
19 And we also have Tony Penn here who is the President of the
20 Tucson Area Chamber of Commerce. So quite a collection of
21 folks here to both be on our team and be in support of our
22 team.

23 So first of all, I want to tell you a little bit
24 about the team organization itself. This is not just
25 Allan's project. Allan has assembled a truly all-star team

1 of people from all over the county with expertise in this
2 type of project, including financial expertise as well as
3 engineering disciplines of various kinds.

4 In terms of the hotel development, we have
5 Ensemble Investments, which you'll hear a little bit about
6 later; and Marin Management, who are both very experienced
7 in the development and management of hotel properties. And
8 several consultants who assist us with the feasibility and
9 economic impact of what we're proposing, including David
10 O'Neal of Conventional Wisdom, a guy I work with often in
11 the convention center word; Tom Hazinski, of HVS
12 Hospitality, who is a very good consultant in the hotel
13 feasibility studies, and I work with him all the time to;
14 and Larry Kosmont from Kosmont Companies who helped us with
15 developing the economic benefits aspect of our proposal
16 today.

17 So without further adieu, let's get into the
18 proposal itself. And just to briefly summarize where we're
19 going today, we think we have the best plan for Rio Nuevo
20 and the West Side of downtown for the Arena Site. In
21 particular, because, first of all, it meets the needs of the
22 District. It's the best deal.

23 It creates synergy with the Convention Center in a
24 way that the competing proposal cannot, in that, it includes
25 the Exhibit Hall and the promenade connecting the Exhibit

1 Hall to the Arena Site.

2 So let's look at the plan. And I'm going to
3 briefly walk you through this plan kind of going from north
4 to south starting at Congress Avenue and working our way
5 down because I think that's the easiest way to understand
6 it. Obviously the Interstate is on the left. And the
7 Convention Center is just off the screen to the right at the
8 lower part of the screen.

9 But starting with Letter G, that is a public plaza
10 that we have identified as a significant public space to
11 kind of give back to community as part of our proposal.
12 That plaza would be essentially at street level and would
13 connect with the greenway system that you see winding its
14 way through the site from top to bottom.

15 Immediately south of that plaza is the Visual Arts
16 Center, which is labeled A, which consists of three small
17 museums and a theater that would be an essential cultural
18 centerpiece of our proposal.

19 Moving south from that, Letter J is the hotel
20 site. You can see it's directly adjacent to the Exhibition
21 Hall which is letter K, which is the, kind of, center piece
22 of the Norville property.

23 And you can also see that the hotel is connected
24 by an elevated promenade which is also labeled G because
25 it's another public space that connects the hotel on the

1 west side with the Convention Center on the east side at
2 essentially a, more or less, flat crossing that takes
3 advantage of the grades as Granada is falling off. And the
4 entrance to the Convention Center is slightly raised up to
5 bring people over Granada Street without having to cross the
6 street at street level.

7 And then Letter L is our proposed housing
8 development near the bottom. And Letter E is a retail
9 development that would help to activate Granada Street. And
10 I should mention that that retail development will wrap
11 around on the parking garages that the hotel and housing sit
12 on and help to activate the street level of that new street
13 that takes the place of that exiting railroad right-of-way.

14 And just on a personal note, I want to say that
15 the elevated promenade, which is shown in our sketch, is
16 Allan's idea. He's had this idea for many, many years. And
17 that drawing of it is my drawing. Just so you know.

18 Just a brief summary of the project in terms of
19 overall square footage. I'm not going to go through all
20 these numbers in detail because of the -- in the interest of
21 time. You can read them for yourself, and they're in our
22 written proposal.

23 But just to jump to the bottom line, this is a
24 \$100 million project, all in. And we expect that it will
25 throw off more than \$300,000 in sales tax receipts to the

1 District in a stabilized year of operations.

2 This is a conceptual schedule for how the project
3 comes together. And the first thing I want to point out is
4 that, if we are the selected team, the planning, design, and
5 permitting for the Exhibition Hall begins immediately.
6 Because there is nothing to encumber that project, it can
7 begin right away.

8 Our intent is to break ground immediately after
9 the 2015 Gem Show in March of 2015 and to have that project
10 actually complete by the end of 2015 in order to use it for
11 the 2016 Gem Show in February 2016.

12 The next line down on the schedule is the
13 relocation on the bus station. As you mentioned,
14 Mr. Chairman, that is not the responsibility of the
15 District. But it is important to pull the trigger in that
16 and give them their 12-month's notice so that we can be in
17 the process of relocating that bus station so the Arena Site
18 development can continue on schedule.

19 While that's happening, we will be in planning and
20 design and permitting for if next three phases of the
21 project -- which all occur, more or less, simultaneously --
22 the parking development, the hotel development, and the
23 residential development, for which we intend to break ground
24 in the early part of 2016 and have those delivered in late
25 2016.

1 The Visual Arts Center, because of the process
2 that we're using, will take a little bit longer to design.
3 We'll tell you a little bit more about that design process
4 in a minute. But we expect construction to start on that in
5 late 2016 or early 2017.

6 So to briefly illustrate the various components of
7 our proposal, this is a picture of the proposed Exhibition
8 Hall structure of 120,000 square feet that will go on the
9 Nor-Gen property. This structure is to be privately
10 financed. It is ready to go. And there is nothing really
11 standing in the way of developing this project except your
12 agreement to hire our team.

13 The intent is for this to be not only a place for
14 the Gem Show to take place, this show that Allan has
15 developed over the last 21 years, but also to make this
16 space available to the Tucson Convention Center as
17 additional exhibit space for the Convention Center.

18 And this next graphic kind of illustrates what
19 that would mean to Tucson as an exhibition market.

20 This shows several of your competitive facilities
21 in the southwest using airport codes. We've got
22 Albuquerque; El Paso; Long Beach; Ontario; Phoenix, of
23 course, is the big bar; Reno; and Salt Lake City. And you
24 can see that by adding that orange chunk, which is the
25 proposed new exhibition space to the exhibition space that

1 the TCC already has, you are able to put Tucson in a much
2 more competitive position relative to its peers in the
3 marketplace for the amount of exhibition space we can offer
4 to the Convention community.

5 Now, obviously this space would not be available
6 during the Gem Show because, already, those spaces are
7 completely full few in February. But the other 11 months of
8 the year, it would be a nice thing to be able to add that
9 amount of inventory to the exhibit space that the TCC
10 already has.

11 I would like to ask Gene Fong, our hotel
12 architect, to come up and briefly describe his design for
13 the hotel to you.

14 Gene?

15 MR. FONG: Good morning. My name's Gene Fong of
16 Gene Fong Associates. We are the design architect for both
17 the hotel and the residential project.

18 This proposed hotel will be designed with the
19 latest amenities, the latest criteria offered by the brand.
20 The Hyatt brand is a world-recognized brand in the industry.
21 It has the highest guest satisfaction. We are very familiar
22 with the brand standard as we have done a number of Hyatt
23 flags in the past.

24 It is -- in our discussion earlier with Hyatt,
25 they were very interested in this particular location

1 because of the opportunity the Exhibition Hall has to offer.
2 It will -- it gives the hotel the opportunity to use it on
3 those occasion where they need large gatherings.

4 Our firm -- well, before I get into that. So the
5 proposed -- I'm sorry -- again, the proposed hotel would
6 feature the latest brand standard. We will work very
7 closely with Hyatt to make sure that we meet with all the
8 their criteria.

9 Our firm specializes in hotels. We go from
10 boutique hotel to three-star to four-star resort. We are
11 very familiar with all the other brands out there, such as
12 Hilton, Marriott, Starwood, InterContinental, Hampton, and
13 Wyndham. Our experience allows us to have direct access to
14 many of their corporate individuals that could assist us in
15 moving this project along.

16 We are happy that the -- that this project is
17 moving ahead. We are currently working on several project
18 with Ensemble who is the hotel developer.

19 On the left is the Hyatt Place in Emeryville. It
20 is 172 rooms, six story. Emeryville is just outside of
21 Oakland. And it's an up-and-coming area as parts of this
22 high tech growth. And this is in a great location on Bay
23 Street. It's part of the urban infill that the city is
24 asking for. It is an RFP that our client was chosen and was
25 selected to be the developer.

1 Also with Ensemble, we're working on them at Hyatt
2 Place at Paseo, Colorado. That's in Pasadena. That is in
3 the mall in Pasadena. It's a 182 room, six story, Hyatt
4 Place and will integrated within the shopping center.

5 In addition, Ensemble is a very astute hotel
6 developer. We're working with them on two other projects in
7 Los Angeles. And we're happy to be parts of that team.

8 MR. GREUSEL: Thank you, Gene.

9 Regarding Ensemble, our team member and hotel
10 developer, I wanted to ask David Lyons if he would just
11 briefly comment on his experience working with Ensemble
12 since he's here in town.

13 Dave?

14 MR. LYONS: Good morning. I'm Dave Lyons, with
15 the National Bank of Arizona. I'm the regional president
16 here.

17 And through our Phoenix office, we have been
18 working with Ensemble -- it's longer than I've been with the
19 bank, which is 20 years. And we have locally been working
20 with Allan Norville for that same period of time, if not
21 longer. So both good groups of people that we have a
22 long-term relationship and a lot of faith and trust in.

23 So that's all I have to say.

24 MR. GREUSEL: Thank you, Dave.

25 And Dan Norville is going to walk us through a

1 little bit on the financing aspect of the hotel because he's
2 better about numbers than I am, being an architect.

3 MR. DAN NORVILLE: Thanks, Dave.

4 I'm Dan Norville. I'm happy to be part of the
5 team and obviously part of the family as well, but
6 Nor-Generations and part of the team.

7 Kind of going into, again, Ensemble, actually.
8 That was a relationship that I have, have worked and struck
9 other agreements on other projects with that group. As you
10 can see from the prior slide, maybe just going back quickly,
11 but they are a very substantial group. \$230 million
12 portfolio, three projects in development, flipping
13 120 million.

14 They have bank relationships that they can bring
15 to bear. They also have a committed equity fund which they
16 are using to fund the equity for these developments. So
17 what we thought was a great partner, not trying to do the
18 entire project ourselves, of course, bringing in only the
19 best to help get this accomplished.

20 So moving to the next slide, this is the hotel
21 development cost and finance, as you can see. 23.5 million
22 is the total cost for the project. We have secured recently
23 a \$38.5 million term sheet for the financing of both the
24 hotel and the residential component of the project. We feel
25 very confident in being able to deliver on these terms for

1 the construction funding.

2 We also have explored routes such as new-market
3 tax credits. We've had conversations Dudley Ventures here
4 locally; also with Craig Dale of Capital Peak Partners, who
5 I've worked with on another project in Los Angeles. Both
6 very reputable tax credit consultants that can help secure
7 those necessary funding.

8 CHAIRMAN McCUSKER: Who is your term sheet from,
9 Danny?

10 MR. DAN NORVILLE: It's a brokerage firm,
11 Harborview Capital Partners, who has spoken with several
12 banks that are interested in potentially doing the deal,
13 from PNC Bank to Deutsche Bank and the likes, large national
14 banks that look at large project of this size and scale.

15 As you can see --

16 TREASURER SHEAFE: Is your term sheet dependent at
17 all on new-market tax credits?

18 MR. DAN NORVILLE: No. The term sheet does not --
19 it is a preliminary indication, obviously. We don't have
20 the deal yet. So they could only go so far. But it was
21 saying, if this deal does get accomplished, they had the
22 ability to review our proformas, review our numbers, and
23 come up with a term sheet at a 70 to 75 percent loan to cost
24 on the project. And as we can kind of educate them more
25 fully on the project, that will help.

1 And this is probably a good chance to bring up a
2 little bit of my background and what I've been doing
3 recently.

4 I come from a finance background, been doing
5 finance for about ten years now. And in last two years,
6 I've successfully closed 160 million in new projects
7 developing to ground up -- to currently ongoing operations
8 and projects, all real estate related.

9 At the current time, I'm work on 75 million of
10 financings including four refinancings and four permanent
11 loan takeouts. So this is a market and -- that I'm very
12 activity within, understand the finance and how to get these
13 projects successfully accomplished. Happy to share any more
14 about my track record of financing similar projects
15 recently.

16 So again, going to the proforma and why we think
17 there will be interest from banks and from lenders, you can
18 see here, we have the stabilized net operating income of the
19 project, nearly \$3 million for the hotel, which equates to a
20 12.7 percent unleveraged return on total cost.

21 I'm going to turn this back over to David for the
22 apartments.

23 MR. GREUSEL: Okay. Just to give you a quick
24 overview on the apartments. Again, what we're proposing is
25 96 units of Class A multifamily developed on top of one of

1 the parking garage podiums. That would be four stories of
2 development, would include, of course, all the appropriate
3 amenities that you would expect to see in a Class A
4 multifamily development.

5 Question might arise, why only 96 units? We feel
6 like 96 is a number that's market supportable in this
7 market. Our target market is young professionals and people
8 who want to live downtown. As you know, demographics are
9 shifting and more and more people are interested in living
10 downtown. But we think 96 is the market supportable number.

11 And, frankly, we don't want to overbuild the site
12 with multifamily for two reasons. One is because of sheer
13 density. The other is because multifamily doesn't really
14 throw off any sales tax, so it doesn't really benefit the
15 District that much.

16 And I'm going to ask Danny, again, walk us through
17 the financials on the housing.

18 MR. DAN NORVILLE: So again, you know, in the
19 conversations that I've had, there's significant capital
20 markets appetite, as you probably -- or might be aware of
21 reading the news, that a lot of multifamily is being
22 developed currently. Maybe not a lot in this city, but
23 national. So there is appetite.

24 We would finance this through a convention loan
25 program or a government-sponsored entity, such as Fannie Mae

1 or Freddie Mac. We have also included a potential for HUD.

2 I've done two other HUD deals in my past.

3 Specifically one in Little Rock which was a 224(d) program.

4 The projects in the program for HUD is very stringent, very

5 rigorous, and something that you would probably shy away

6 from and go the convention route or through Fannie or

7 Freddie. There is a lot of hurdles. It's a 12-month

8 process to get through it. And even after it's developed,

9 there's ongoing monitoring of the project that becomes very

10 cumbersome to the developer.

11 So in these -- in this proforma, the main point

12 to point out and hit up on is, we developed these

13 assumptions using reasonable market rents with rents of

14 comparable properties in the downtown area that we think are

15 readily achievable with a very reasonable growth rate in

16 those rents over the projected period.

17 So this was working with the Kosmont Companies to

18 develop this analysis. It wasn't developed by us, but by a

19 reputable third party who does several public/private

20 ventures throughout a couple states. He works to advise

21 both the city governments, such as yourselves, as well as

22 developers and is kind of an industry figurehead.

23 As you can see, we've got 14.3 million of total

24 tax revenue, sales tax revenue for the project benefiting

25 the City directly and the District.

1 On the next slide we also further analyzed the
2 potential tax benefit of the hotel. Obviously a hotel
3 generates significant transit occupancy tax. Having a
4 high-end brand to be able to garner a high rate will produce
5 a higher revenue. And at the end of the day, over a 30-year
6 period, the average comes out to nearly a million dollars a
7 year benefit to both -- this is including the State -- as
8 well as the City and the City's room tax.

9 MR. GREUSEL: Okay. Thank you, Dan.

10 So that brings us to what we're calling Phase III
11 on this slide. But as you can remember from our schedule,
12 this is kind of a little farther down the line
13 chronologically.

14 The cultural center piece of this project is the
15 Visual Arts Center and Civic Plaza at the north end of the
16 site. Our proposal is to include three museums -- one for
17 gems and minerals, one for photography, and one for visual
18 arts -- working in conjunction with the University of
19 Arizona.

20 And I would like to ask, if he would, Andrew
21 Comrie, a provost of the University, come and just speak
22 briefly about the university's interest in downtown.

23 MR. COMRIE: Thank you, David, and good morning,
24 Members. So my name is Andrew Comrie. I am the provost --
25 and probably none of you know who that is -- but I'm the

1 senior VP for academic affairs. And what that means is that
2 I am sort of the chief operating officer for everything
3 academic on campus.

4 Now, one of the things that I have exposure to and
5 we deal with on campus is the real scholarly value of our
6 art collections. And we have many of those. But two really
7 strong ones that we are foregrounding in our own thoughts
8 and that have been mentioned in this presentation are the
9 UofA Museum of Art and our Center of Creative Photography.

10 So I am a teacher. I love art. And so I can't
11 resist being that today and having a little quiz for you
12 all, which is, how many of you know -- raise your hand after
13 I ask this question -- if you know that you can see an
14 original of Georgia O'Keeffe, a Jackson Pollack, Roy
15 Lichtenstein -- let's see -- Mark Rothko and a whole slew of
16 others, the things you go to the Museum of Modern Art to go
17 see. How many of you know those are sitting on wall down
18 the road there? Raise your hand if you know that.

19 How many of you will pay to go do that? A whole
20 bunch.

21 And how many would take your guests, if they were
22 in town, to go to a visual attars center? Exactly.

23 So our own museum is hidden away on campus and,
24 actually, in quarters that could be better.

25 And then we have the Center for Creative

1 Photography that Dr. Schaefer started after his presidency
2 in the University of Arizona. And it has many, many
3 holdings of very famous photographers, Gary Winogrand comes
4 to mind.

5 But the most famous photographer in there is a guy
6 you might have heard of called Ansel Adams. And we have the
7 Ansel Adams archive here courtesy of Dr. Schaefer who knew
8 Ansel Adams personally and got him to donate his archive
9 here. You don't just go and see a great, high-contrast
10 black-and-white picture of Half Dome. You can go and see
11 multiple different prints at different times of Ansel Adams'
12 lifetime of that famous picture or many, many others.

13 And we have the Center for Creative Photography in
14 that same part of campus. And again, largely there for the
15 scholarly reasons right now. But really deserves a growing
16 audience.

17 So we've had some ideas that have developed into
18 what we call the Visual Arts Complex to really highlight
19 some of our most famous and most deserved-to-be-seen
20 assets -- that I've also heard on the sly, they are perhaps
21 one of the most valuable assets that the State of Arizona
22 has -- and make them really available, more easily available
23 for a wider view as part of something to do with our
24 interest in being a much bigger and better part of your
25 downtown.

1 All off you know the streetcar opened just
2 recently. We already have a bunch of activities downtown in
3 different parts. And we think, at the conceptual stage
4 right now, that some kind of visual arts complex related to
5 what we do -- in concert with all the other interests
6 downtown, the Tucson Museum of Art, there's MOCA, there's
7 many others -- could really perhaps build some kind of a
8 spirit and a sense of excitement around a cultural
9 attraction that included the photography museum and the art
10 museum in some configuration.

11 So that's my comments. Thank you very much.

12 MR. GREUSEL: And I wanted to also mention that
13 the design for this will be developed in concert with the
14 College of Architecture Planning and Landscape Architecture
15 at the University using it as kind of a test-case project
16 for one of their design studios that will involve the public
17 in the process and make it a really interesting and fun
18 design process with the visual arts center.

19 Dr. Schaefer, I wonder, could I prevail upon you
20 to speak briefly on the photography collection?

21 DR. SCHAEFER: Thank you. Actually, college
22 presidents don't speak briefly on anything.

23 I've been a member of Tucson's community since
24 1960, 54 years. I've watched, along with you, with dismay,
25 the decline of our downtown area. And I'm so encouraged by

1 what you're trying to do.

2 I've been a member of the Tucson Museum of Art's
3 board for a long time, the theater company, the symphony,
4 the desert museum. And I know how important an attraction
5 for this community is to all of those organizations.

6 At the University of Arizona, we have the world's
7 best collection of photography. The world's best. About
8 two months ago there was a long article in the Sunday New
9 York Times about a Gary Winogrand show that was opening in
10 the Metropolitan Museum of Art in New York. It was
11 attracting worldwide attention. All of that material came
12 out of the University of Arizona, out of Tucson.

13 We do not have enough facilities at the University
14 of Arizona to adequately display what the public would be
15 interested in seeing in that collection. We have an
16 incredible mineral museum that's stuffed in the corner of
17 the planetarium. Minerals are one of the things that have
18 made Tucson, Arizona and -- a big attraction to coming here
19 and seeing what we have.

20 Linking a performing arts center, a visual arts
21 center, to our downtown community, I think will do an
22 enormous amount to stimulation tourist attraction to
23 downtown, provide the University of Arizona with an
24 opportunity to show off a lot of its great holdings. And I
25 hope this project goes forward.

1 By the way, I was asked to come here as a
2 representative of the Norville interest. I am not involved
3 in the Norville interest. I signed up to speak for myself.
4 And I am speaking for myself. I have no financial
5 connection with the Norvilles in the past, in the future.
6 I've dealt with them at the University, obviously, for their
7 support of things from the Sarver Heart Center to the
8 astronomy programs.

9 But I urge you to give this proposal serious
10 consideration. Thank you.

11 CHAIRMAN McCUSKER: President Schaefer, will you
12 give your name and address?

13 DR. SCHAEFER: I did.

14 CHAIRMAN McCUSKER: You got it for the record?

15 DR. SCHAEFER: I signed up to speak as a -- well,
16 that's all right. That's all I have. Thank you.

17 MR. GREUSEL: Thank you Dr. Schaefer.

18 We're heading toward the end here. So let me just
19 wrap up by saying, you asked us to speak about this
20 proposal's consistency with the District's goals. We feel
21 like this proposal is entirely consistent with the
22 District's goals.

23 It will create a 24/7 live-work-play destination
24 in the west part of downtown Tucson. It integrates
25 extremely well with the greenway and the

1 walking-biking-hiking trail system that's being developed.

2 It's, most importantly, compatible with the
3 entertainment that already exists at this site, which is the
4 Tucson Convention Center and the related cultural
5 development around that. We believe it will spur ancillary
6 private development because it creates a critical mass of
7 space on the west edge of downtown.

8 And obviously the University's presence downtown
9 will be a huge addition to that. But the arts and culture
10 component of this, we think, is compelling.

11 So to conclude and lead into your questions and
12 our responses, we feel like we have, first of all, and
13 probably, most obviously, the best deal for the City is on
14 the table. We think we have the best plan for the City on
15 the table. We think we have a highly qualified,
16 professional, capable team to deliver this plan. And we
17 have the strongest hotel brand, an internationally known
18 hotel that will serve well as a convention hotel for all of
19 the needs of the civic center and this part of downtown.

20 So with that, we invite your questions.

21 TREASURER SHEAFE: Let's start off with kind of an
22 overall question. In the -- could you summarize, in
23 addition to buying the land from the District, what other
24 support from the District your plan incorporates? Where are
25 you? And specifically address the bridge over to the

1 convention center. That's something that's part of the plan
2 that you're looking for outside financial assistance to
3 create that.

4 MR. DAN NORVILLE: Sure. I think -- I'd be happy
5 to answer your questions -- more specifically, I guess,
6 what, you know, we're looking for from the District, the
7 City, whatever the entity is, is the typical incentives that
8 are available to said projects such as this.

9 We've worked on a couple of deals already that I
10 think could serve as a good case study for this development.
11 Achieving those same incentives, I think, would be our
12 desire. We're not looking for anything more than what's
13 available or will be available in the future in terms of
14 that. I believe that the promenade is part of our
15 Exhibition Hall.

16 But the Exhibition Hall is more grandfather's
17 piece. But I believe that would be put in as part of our
18 exhibition.

19 TREASURER SHEAFE: Relating specifically to the
20 promenade, as you build 120,000 square feet, if you have the
21 hotel and the workforce housing on the other side of it, you
22 would then build the promenade and connect that to the
23 Convention Center.

24 MR. DAN NORVILLE: Correct. We would look to loop
25 that into the old development, the broader development,

1 along with the Exhibition Hall. But again, the component
2 piece is the market rate somewhat kind of mixed apartments,
3 but mainly market-rate apartments, as well as the hotel
4 would bear their proportion and shares as well with this
5 project.

6 TREASURER SHEAFE: But that would all be on your
7 side of the table in terms of what's supporting --

8 Do you mind if I dominate this a little bit?

9 CHAIRMAN McCUSKER: No. I think you have to
10 assume that they're crossing a public street and they're
11 encroaching into our parking lot, that we're going to have
12 some obligations to complete the eastern half of that
13 promenade. That's his question, really, is --

14 MR. DAN NORVILLE: Got it. I understand.

15 CHAIRMAN McCUSKER: I don't think we would expect
16 you to build on public land --

17 MR. DAN NORVILLE: Sure. I think it's a -- go
18 ahead.

19 CHAIRMAN McCUSKER: But do we know how much that
20 walkway costs and what our piece of that would be?

21 MR. DAN NORVILLE: I think we've looked at some
22 preliminary estimates. We have not driven anything home, so
23 I wouldn't want to state a case. But I think that we're
24 really looking at a partnership, a public-private
25 partnership here where -- as you can see from the plan,

1 especially area G, we're not utilizing the entire site for
2 every square inch, trying to build every square inch of, you
3 know, capacity that this site holds.

4 That public plaza, G, is a very significant
5 outdoor venue where there can be festivals, there can be all
6 types of public events in front of the Visual Arts Center.
7 So that's our contribution to the public. We are buying
8 this land at the highest price of the bids. And not only
9 are we paying the highest price, we're not utilizing every
10 square inch of the site. We are dedicating some back to the
11 public. So we would hope that this a true partnership and
12 that we can work together to get, you know, our needs met as
13 well as yours.

14 TREASURER SHEAFE: Well, in your proposal you have
15 four buildings which are basically either museums or
16 public-use-type space. So I've got two questions.

17 First, who's going to own those buildings?

18 MR. DAN NORVILLE: We will strike a deal with the
19 developer for the hotels. And we are also in discussion
20 with the developer for the residential component. The
21 company I currently work for has over a thousand residential
22 units and we are developing several hundred additional. And
23 that could be a component, who owns the residential piece.

24 The hotel developer, Ensemble, will own the hotel
25 piece. And we will separate the ownership in a way that

1 make sense for that. But we would expect those groups, if
2 they were to come in, would want that ownership in order to
3 spur that investment.

4 TREASURER SHEAFE: So in other words, the
5 University would enjoy the space or the use of that space
6 for the photography center or for the art museum or the
7 mineral museum, would that be free gratis or do you have it
8 arranged to give you some financial support? Because you've
9 got maintenance and all kinds of things that are going to be
10 related to this.

11 MR. DAN NORVILLE: Sure. And it's a good point.
12 It's something that we have not developed, as far, at this
13 point. We are more focused on the design and getting the
14 University on board and involved. As you can see, we've got
15 significant support from the University at this stage.

16 So I'll let Allan continue.

17 MR. ALLAN NORVILLE: So that's to be determined.
18 We've had conversations in terms of how we're going to do
19 it. And we feel it can be achieved and the ultimate
20 ownership will not be in our name.

21 And in answer to your question of the plaza to the
22 Convention Center, our portion on our site is approximately
23 a million dollars estimated by Mr. Grenier of Grenier
24 Engineering. And we would look for assistance for the
25 bridge across because that's public property. But we're

1 looking to fund the plaza with our own funds. It's in our
2 project.

3 TREASURER SHEAFE: All right. So that was really
4 my question.

5 MR. DAN NORVILLE: Sorry. I had to let the boss
6 step in on that one.

7 CHAIRMAN McCUSKER: Mr. Irvin?

8 SECRETARY IRVIN: I actually do have a bunch of
9 questions. But before, could you take a moment, each of the
10 proposers was provided a list of six questions. Can you
11 take a moment and just address those?

12 MR. DAN NORVILLE: Sure, sure. And I have them
13 here. And I think the first question was about the
14 financing and funding commitments being in place and how the
15 project will be financed.

16 Hopefully I did a sufficient job in the
17 presentation explaining that. But we do have the necessary
18 funding secured, as you saw. It will be a hundred percent
19 financed for the Exhibition Hall and our promenade. We will
20 be providing that funding ourselves.

21 And actually before that, to step back, the first
22 piece, which will be the purchase of the site from the TIF
23 District, will be a purchase that is a hundred percent
24 financed by Nor-Gen as well.

25 So two of the critical components of this

1 development are a hundred percent privately financed. We
2 are not asking for support for those two pieces. And we
3 will, if selected, be able to proceed on that plan.

4 The remaining pieces, as I mentioned, I would be
5 happy to share with you. But the preliminary indication
6 shows that we have 70ish percent loan-to-cost of the
7 financing and funding for the hotel and the residential
8 components. And we feel very confident on being able to
9 deliver on those terms.

10 I've had conversations with lenders directly on
11 those projects that have shown interest, especially given
12 the brand that we've brought to them. It was something new
13 to the table and we think really benefits the project. So
14 there's not a lot of lender appetite for -- if you're off of
15 the top three major hotel brands, it becomes a more
16 difficult project to fund.

17 The second question you had was the estimate of
18 the sales tax generated. As we showed, 14.3 million benefit
19 to the District for the sales tax income based on -- that
20 equates to about 300,000 a year. And then, also, we have
21 factored in the occupancy tax coming in at about
22 17.3 million benefit. As you can see -- sorry -- a
23 \$15 million benefit to the City, including the room tax, you
24 get to 17.3.

25 So we have analyzed those benefits. They are

1 significant. And I would -- I would just say that can
2 support portions of the incentives that you'd be willing to
3 provide.

4 Other strategic partners identified and on board
5 and agreements in place. We have, as you saw, Ensemble.
6 And as I mentioned before, I have worked with Ensemble
7 before. They have been around 30-plus years doing hotel
8 development. Obviously they are a great group,
9 well-capitalized group. We have a former agreement with
10 them for other opportunities. So we can work very -- we
11 know we can work well with them.

12 They -- and I guess this goes to the article as
13 well, but this isn't a one-man show. This is a broad team
14 effort and multiple parcels, like I said, split ownership,
15 where, each piece, we're not expecting one -- we are the
16 master developer, but we are cognizant of the fact that each
17 piece needs to be split out and developed separately.

18 How will it will be contributed to the
19 revitalization of downtown to this point. I think that my
20 grandfather hit that really well earlier in terms of the Gem
21 Show being -- you know, it's kind of the Super Bowl of gem
22 shows, if you will. It happens once a year. And it's a
23 huge event for us and for the City. Growing that event from
24 only 35 exhibitors on our site to now being 700, producing
25 substantial revenues for both the show as well as the City,

1 I think is a huge component of the revitalization effort
2 that we bring.

3 And not to mention, the other developments that we
4 have on our site. We have executed on ongoing lease with
5 our office building on the site as well as some other
6 developments that we have planned.

7 So we've consistently tried to be a participant in
8 the revitalization. As you may be aware, we participated in
9 the RFP process in 2007 to be part of the master plan with
10 a, probably, more conservative development effort that we
11 were sure we could get done. And as recently as maybe a
12 year and a half ago, we were proposing to the District and
13 the City about our Convention Center, hotel, and Exhibition
14 Hall. So we've consistently been trying to be a component
15 of the revitalization downtown.

16 There's a big difference between the proposals in
17 the number of residential units we were planning to build.
18 How did we make that decision?

19 I think this is kind of an easy one for us. We
20 wanted a proper product and amenity base to match the urban
21 environment. We wanted culture, we wanted arts included.
22 Because when you're building a 120,000 exhibition hall and
23 you're making a substantial investment in the TCC, we wanted
24 those to benefit from the proper --

25 We checked with our consultants and especially

1 our -- on the convention side. And they raised serious
2 concerns of having such a -- too dense of a residential
3 environment directly nextdoor to the Convention Center and
4 next door to the Exhibition Hall. It brings up concerns
5 over safety and other things. So we kept it to primarily
6 market-rate units, something that we feel confident that we
7 can deliver on a reasonable scale, 96 units. We didn't try
8 to build more than that.

9 What are our development benchmarks and how will
10 we meet them?

11 I think the most critical path is getting started.
12 And we can -- we know we're going to get started. We have,
13 as I said, the necessary funding for two of the very
14 critical parts of this, buying the land and then commencing
15 construction, if we are selected on the Exhibition Hall.

16 So those are our two critical benchmarks. A lot
17 of the development of the Arena parcel is predicated -- and
18 when I say that, predicated, I mean breaking ground for the
19 relocation of the Greyhound bus station. But as you can
20 see, we've been working tirelessly to get commitments in
21 place for the funding of the other pieces on the Arena site.
22 And obviously this is the main focus of my family for
23 several decades now for getting this development.

24 So, I think, hopefully that addresses the
25 questions that you had risen.

1 CHAIRMAN McCUSKER: Mark, do you have some more?

2 SECRETARY IRVIN: Yeah. So you know, you
3 talked -- I heard a little bit that Allan -- that
4 Dr. Norville talked earlier about, you know, the roughly
5 150,000 square feet of activity that he was involved in --
6 and I don't know if that was just so far this year. I guess
7 my question is, how much of that is in Tucson, Downtown
8 Tucson Arizona?

9 MR. DAN NORVILLE: I don't know if you want to
10 step in.

11 That was mainly relating to leases that were
12 struck in the City and around the City.

13 MR. ALLAN NORVILLE: I think 35,000 square feet.

14 But I'd have to check with Bill Hewitt (phonetic).
15 But my recollection is 35,000 square feet.

16 SECRETARY IRVIN: My other question -- and
17 Dr. Norville, please don't take this wrong -- but my big
18 concern is, is that we don't just select somebody, but we
19 select somebody that's going to create a win-win for the
20 citizens of our State and this community. So I'm concerned
21 about making sure something gets built.

22 And you know, I know you've owned this parcel for
23 a long time. And my understanding is, is that in late '90s,
24 you actually pulled a grading permit to start. And I'm just
25 kind of curious why we haven't seen a permanent structure

1 down there given that you've owned this property, I think,
2 for close to 30 years.

3 MR. ALLAN NORVILLE: A great, great question. And
4 thank you for asking it.

5 Let me go back to the '70s. When we proposed
6 doing a athletic facility back in -- well, it was really --
7 we designed and had signed up over 300 members. And it's on
8 the site where the -- I own the site that was where the fire
9 station is today. It's about 8 acres. And we were
10 condemned. We were condemned. It killed the project
11 completely.

12 We have been through five condemnations. Every
13 time we try to start something, the City initiated an
14 action. And it's well known, well known in this community,
15 that the City was intent on buying our property. And as
16 Danny said, we couldn't get building permits.

17 And in terms of what we have done, we've built the
18 biggest gem show in Tucson. I serious believe that had we
19 not gone into the gem show business -- and it's a result of
20 my wife, not me, it was her idea -- the show wouldn't be
21 here today because we have close to 700 dealers that would
22 have had no place to go. And that's -- when you say we
23 haven't done anything on our site, the site is the Gem Show
24 site.

25 It's -- it's -- when you say that -- because I was

1 talking to someone yesterday, we were talking about the
2 newspaper article, and they said, you haven't done anything.
3 What about the stadium at the University of Arizona? This
4 is their example. That site, they play six football games a
5 year. So if you use our analogy and follow through, what's
6 the sense of having a football stadium for six games a year?

7 Well, we use our site 90 days a year, it takes us
8 to put it up. We run a show that runs about ten days. But
9 it brings millions of dollars into this community.

10 So I don't -- we can build a HUD project, a
11 subsidized housing project. That does nothing for the
12 synergy between the Convention Center and what we want to
13 do.

14 If you take a look at our plan, you look at that
15 building, that's what we cover today. It's -- the tent
16 covers the whole property. We have attempted, many times,
17 to get a building permit. And we were stymied by the City
18 because they wanted to get that property. And that's been
19 documented.

20 To this day -- we went through five, they
21 initiated the sixth. Not many people know that. I don't
22 know if it's still even outstanding. The only reason that
23 stopped them was the economy. It fell apart.

24 So we use our property, have used it, and will
25 continue to use it for the Gem Show.

1 SECRETARY IRVIN: So one last question for you
2 from me. So if I'm not mistaken, a number of meetings ago,
3 we addressed for you the covering the parking issue that
4 you've been concerned about so that you can go and pull a
5 permit. And I know we did that -- I believe it was back in
6 June.

7 Can you tell us -- I know you've blended these two
8 projects together, but didn't the District Board cover for
9 you the parking issue that would allow you to get that
10 permit? And even if you were not the successful bidder on
11 this project, is there anything that would prohibit you from
12 moving forward given our past activity?

13 MR. ALLAN NORVILLE: Our consultants are strongly
14 advising us to re-examine a 320-subsidized-housing project
15 next to the Exhibition Hall. It's not compatible,
16 Mr. Irvin. It is not compatible. And it could be the kiss
17 of death. It really could be.

18 CHAIRMAN McCUSKER: The City has been challenging
19 on the parking issue. A number of us have met with the City
20 around how many spaces and when and where. And they weren't
21 going to let them pull a permit, Mark, until he could
22 clearly identify that there was that a permanent commitment
23 to parking. So, you know, our interest in that was not
24 enough to satisfy the City in terms of them pulling the
25 permit. And I've been directly involved.

1 SECRETARY IRVIN: So, Dr. Norville, just so you
2 don't misunderstand me, I applaud your efforts for the Gem
3 Show. I think you've done a hell of a job. And I think
4 there's a -- and even though I didn't vote for the parking
5 thing because I thought it was a little bit premature given
6 these discussions, I do fully support what you're doing on
7 the Gem Show.

8 And I think you've seen this Board be very
9 concerned about ensuring that we take care of, not just you,
10 but anybody that's involved in the Gem Show. So you know, I
11 guess we're still working through some stuff. And I kind of
12 look at it as mutually exclusive. And I guess I'm still not
13 clear that your decision, whether you move forward or not,
14 should not be hampered by something that this District board
15 is doing.

16 And my hope is that you would get any and all of
17 the support that you would need. And if you're not, I would
18 hope you would communicate that to us. Because I know
19 when -- even though I didn't vote for it -- once this Board
20 makes a decision, it's my job to support that decision. And
21 I do support that decision. So I would hope that, if you're
22 struggling with that, that you would let us know and us try
23 to help you with that as well.

24 MR. ALLAN NORVILLE: Mr. Irvin, Mr. Chairman, last
25 Thursday we met with the planning department. And the issue

1 of parking came up. The requirement for parking, as the
2 Chairman rightly pointed out, is not our requirement. It's
3 the requirement of the City.

4 The real concern with the City is that all -- if
5 adequate parking isn't there, the Barrio is going to suffer.
6 If you look -- if you were downtown, any of the weekends
7 that the Jehovah Witnesses were there, our lot was full.
8 For three days they were -- it was full.

9 Now, when we build, that parking is lost. So we
10 must have parking. And it's a requirement, and --
11 Mr. Chairman, you're right -- it's the City that says,
12 you're not gonna do this unless you have adequate parking.

13 And the problem -- get right to it, the problem
14 with a housing project of 320, a 108 subsidized project --
15 it's a federal project -- as Danny pointed out, there's a
16 lot of red tape -- you're not going to be able to convince
17 the government that you have to have so many parking spaces.
18 But during the Gem Show, they go away and we get to use
19 them?

20 The same thing with the office building, that we
21 had this discussion Thursday with the City. There can't be
22 joint use during the show. What do you do with 320
23 apartments if we get to take their parking, or a 120,000
24 square foot office building, or a hotel with a hundred --
25 whatever it is, 140, 150?

1 There can't be joint use during the Gem Show, and
2 we can't kick those people out. So it's a real dilemma.
3 And the City is aware of that. And we addressed it
4 Thursday. So hopefully, that will go away. And we will,
5 again, prevail.

6 We're ready to go. We're excited. We have done
7 many things on our site. But it's been geared to the Gem
8 Show. And as I said, it's like the football stadium. Yeah,
9 it looks empty most of the year. But when we go to action,
10 that -- we use every square inch of that property, and then
11 some.

12 CHAIRMAN McCUSKER: And while you're there, Allan,
13 the southern half of your proposal seemed very well gelled,
14 financed, commitments in place, four-star hotels.

15 The northern section, however, is very pie in the
16 sky. It involves buildings that we don't know who's going
17 to build them or how they're going to get built or how
18 they're going to get financed. It involves commitments from
19 the University. As Chris suggested, it involves OEMs,
20 someone is going to have to staff these facilities. What
21 happens if all that falls apart?

22 MR. ALLAN NORVILLE: Mr. Chairman, that is the
23 most exciting thing in this whole proposal.

24 If -- this isn't just happening because of this
25 RFP. I've been working on this for four years. And I can

1 show you emails back four years ago. We have been
2 working -- and I'm -- I'm not going to get into how we're
3 going to do everything because we're having negotiations; we
4 have a plan; and this will come about.

5 And I can't stand here publicly and tell you all
6 the things that we're doing to make it happen because I
7 can't disclose what we're doing. But this will happen if
8 you let us do it. And it's the most exciting thing that
9 could happen downtown.

10 What would you rather have? An office building or
11 a visual arts center? An active exhibition hall or a
12 subsidized housing? The Hyatt or a Drury? Take a look at
13 the proposal. The visual arts center can be done.

14 When I bought this property 36 years ago, this is
15 what I envisioned. And I've been condemned. Every time I
16 turn around they condemn me. We can do this, Mr. Chairman.

17 CHAIRMAN McCUSKER: Alberto, any questions for
18 Allan?

19 MR. MOORE: Not at this point.

20 CHAIRMAN McCUSKER: Jannie?

21 MS. COX: No.

22 CHAIRMAN McCUSKER: Any final statements you
23 guys --

24 Chris, do you have another --

25 TREASURER SHEAFE: Well, I guess I have a curious

1 question, and this has really nothing to do with the -- I'm
2 justs curious about it. For the hotel design, Mr. Fong,
3 where is the public space? I looked to me like you have it
4 above, but you must have an entrance at the street level?
5 How is that going to work? And that's just curious.

6 MR. FONG: No problem at all. I mean, I could
7 show you plans but I --

8 TREASURER SHEAFE: No. Just in general, what are
9 you going to do?

10 MR. FONG: The hotel is sitting on top of the
11 garage podium. Okay?

12 TREASURER SHEAFE:

13 MR. FONG: The parking. We have, on the ground
14 floor, a transit lobby. It's very common. You drive up,
15 drop the passenger off. There's a concierge seating area
16 down there. The elevator will take to the top level, which
17 is the check-in lobby, what we call the sky lobby. It's
18 open to the terrace, to the pool, the outdoor seating area.
19 That's where the hotel lobby is.

20 In urban setting, it's very common. In
21 particular, they do a podium concept where there's retail on
22 the ground floor. You want to leave as much of that
23 opportunity at the base to activate the street. And you
24 lift the lobby to the upper level.

25 TREASURER SHEAFE: I understand. And I just

1 wanted to ask because I didn't see it in the drawing.

2 MR. FONG: That's all right. That's all right.

3 TREASURER SHEAFE: I figured for sure you had
4 that. And you kind of have a similar situation with the
5 apartments, I would guess.

6 MR. FONG: Absolutely. Same thing. Same thing.
7 We're wrapping retail around, create that energy that we
8 want on the ground floor. Sense of security, the apartment
9 main lobby is above that, open to the terrace.

10 CHAIRMAN McCUSKER: You want to make a closing
11 statement?

12 MR. GREUSEL: Well, I think we've kind of made our
13 case. Just to reiterate what Allan said, I think, at the
14 end of the day, this isn't a popularity contest. It's about
15 what's best for the City of Tucson. We think we put the
16 best deal, the best plan on the table. And we think we have
17 a superbly professional team to pull it off. So we very
18 much would appreciate your favorable consideration.

19 CHAIRMAN McCUSKER: I think probably a ten-minute
20 break is in order, and then we'll round up the next
21 proposal.

22 Do I need a motion to do that?

23 MR. SCHMALTZ: (Shakes head.)

24 CHAIRMAN McCUSKER: So recess for ten minutes.

25 (Recess was taken.)

1 CHAIRMAN McCUSKER: We're all back. Thank you.

2 Ron, you have roughly 30 minutes, and then we've
3 got about the same amount of time for questions.

4 If you'll touch on the prepared questions at some
5 point in your presentation, if not, we'll ask you again at
6 the end. So the stage is yours.

7 MR. SCHWABE: Thank you.

8 My name is Ron Schwabe.

9 MR. MOORE: I can't hear you very clearly.

10 MR. SCHWABE: My name is Ron Schwabe. We
11 certainly appreciate the opportunity to present and to
12 answer any questions on our proposal.

13 I'm going to, real quickly, kind of go through our
14 plan and introduce our plan and our team.

15 Can you hear okay, Alberto?

16 MR. MOORE: It could be a little louder.

17 MR. SCHWABE: There. Is that better?

18 MR. MOORE: That's better, thank you.

19 MR. SCHWABE: So I'm going to just do a real quick
20 introduction to our plan and our team. But, before that, I
21 just wanted to sort of make sure that the Board knows that
22 this is -- we're not new to this property. Everyone on our
23 team has been working, in some fashion or other, on this
24 property for at least three to four years.

25 We know the property intensely. We know the good

1 things about it, the bad things about it. And probably,
2 more importantly, we know how significant this property is
3 to the City of Tucson, to the Downtown, and certainly to
4 this Board.

5 And that's not just, you know, that it's gateway
6 property. That's not just that it's a gateway property or
7 that it's, you know, the property that 200,000 eyeballs look
8 down on and form their impression about Downtown or the
9 linkage to the West Side. It's really -- I think the most
10 important thing is just that it's a property with a history.
11 It's a property with sort of a bad resume. It has --
12 there's been a lot of, you know, history with this property,
13 promises, announcements, plans, and that sort of thing.

14 We have a team that's -- as I said, we've -- we're
15 very familiar with the property. We have come up with sort
16 of a plan that really, I think, simplifies the development
17 of it. And it's very deliverable.

18 It's made up of three parts, basically, office;
19 hotel; and residential, slash, what we call infill retail.

20 Real quickly, the hotel portion is being done by
21 Drury Hotels. They couldn't be here today. They're
22 actually opening up a property in South Carolina.

23 I think -- I don't know -- I mean, I can't say
24 enough about Drury Hotels. I don't know how familiar you
25 are with them. They have different levels of hotels. The

1 one that they're planning here is a very boutique,
2 urban-type hotel. Great company. 20-some thousand rooms.
3 In you've ever staid at a Drury, that's the best advertising
4 for them. Their attention to detail and service is
5 unsurpassed. They've won all the awards.

6 They -- I got a text from John Drury asking how
7 it's gone today. We were going on this morning. And they
8 are so anxious to get in there. They know their product.
9 They know the market. And they know the site. And they're
10 dying to get in there and go.

11 The second piece is office, which we have
12 partnered -- this goes way back -- we -- in 2009, Drury and
13 Peach competed with the City -- for the City RFP. Peach was
14 awarded that RPP and we brought in -- we pretty immediately
15 we brought in Ryan. Great builder. I mean, that's --
16 they're doing the office portion of this. They have built a
17 gazillion square feet of everything.

18 They've done a lot of building in Tucson that
19 you're probably not aware of. But they've -- most people in
20 this room know that they built the UniSource Tower, which
21 was is last Class A -- and really the only Class A office
22 space downtown. And that is kind of what piqued their
23 interest in this -- in this site, because they had a lot of
24 inquiries on people interested in that sort of space, the
25 large floor plates, the green construction, and just

1 something new.

2 The third piece is the residential and retail.
3 And that actually is my company's part, Peach Properties.
4 We may be better known in this town for our crummy old
5 buildings.

6 We do a lot of older building rehab, and we love
7 that business. But we are -- we have more depth in --
8 actually in multifamily business. We've done, developed,
9 operated -- or developed, owned, and operated more than
10 4,000 units. We are the largest residential
11 developer/owner/manager in the downtown right now.

12 We also have a lot of commercial. We're very
13 passionate about our commercial space, our retail space. We
14 have a huge staple of retail users. These are -- they are
15 local. You know, the bakers, the roasters, the brewers, the
16 baker, the candlestick maker. I mean, the whole gamut of
17 the smaller local users. And this is what will make this
18 project really work, is kind of all this -- in the end, of
19 the small users. We have about 20,000 square feet that
20 we're going to be doing with the small retail users.

21 So that's basically -- I'm just being really quick
22 so Phil can do a detailed walk through on the whole project.
23 But that's our -- you know, basically our plan in a
24 nutshell.

25 I guess, hopefully in this presentation, you can,

1 I mean, know that we have the experience; the commitment;
2 and, most of all, the excitement to really get going on this
3 thing. We're really anxious. It's been a long -- as well
4 as it's been a long time for Rio Nuevo, we're very anxious
5 to get going.

6 And it shouldn't really be, at this point, a
7 question of whether, you know, this plan that we have can
8 happen or whether these guys can pull this off. I mean, it
9 really is going to be a question of just what you guys want,
10 whether this -- you know, we want to activate that eight and
11 a half acres.

12 So I'll give it over to Phil.

13 MR. SWAIM: Thank you, Ron.

14 Phil Swaim. Certainly, incredibly excited to be
15 able to have a chance to be here with you guys today to talk
16 about the development of the Arena Site.

17 What we're going to do is to try and real quickly
18 go through the -- your seven selection criteria in order to
19 cover all the issues there. I think we covered many of the
20 questions you sent out at the same time.

21 And when I say, really quickly, we've also got a
22 lot to say. It's a really exciting project. And so we want
23 to make sure that we all understand the -- kind of the
24 detail and kind of our passion behind this. So let me go
25 ahead and get rolling here.

1 Obviously the site is incredibly key. I mean,
2 here we are. It's not just as a key location here in
3 downtown, but also the incredible opportunity to support the
4 TCC, the Gem Show. You know, with the TCC renovation, the
5 new management coming on, we have even increased importance.
6 The incredible interest now in the Eckbo Plaza.

7 La Placita, I mean, an incredible site there. And
8 obviously that's where the visual arts center has been
9 planned and negotiation's been going on to date. And the
10 UofA has done some design studios there last year. Great
11 location for that to be able to help really activate that
12 cultural plaza.

13 Now, we also have the Exhibition Hall with
14 Nor-Gen. And we're very excited about that. And to be able
15 to, again, support the Gem Show and be able to sure that
16 that is incredibly successful for downtown.

17 Now, the other parts of this, though, is that, you
18 know, we've got some great circulation. We see the blue is
19 the modern streetcar. One of the challenges that we see to
20 be able to really activate the west end of downtown is
21 creating these circulation connections. And not just these
22 three red lines here, not just into the Exhibition Hall.
23 But also we think we need a strong connection to the Arena
24 and the Eckbo Plaza, as well as having enough significant
25 density here to be able to activate Congress Street as well.

1 Again, it's the -- it's to anchor the west
2 downtown. It's important for the Mercado District to really
3 create that linkage and support that. And it's also the
4 gateway into downtown. So again, having that density and
5 that significant project on the corner there at Congress we
6 think is very important.

7 So with that, let me run through and take you to
8 what we call the Tucson Highline. It starts with the
9 central circulation spine, north/south. It's a tree-lined
10 parkway aligned with the El Paso rail line and greenway. It
11 actually interconnects there at Cushing, at an intersection
12 that we actually helped establish and initiated years ago
13 when we were designing the Arena and doing master planning
14 here.

15 One of the other key components, obviously this
16 spine connects to everything. It connects to significant
17 parking and -- which covers actually a major portion of our
18 site, two levels of parking to support all that we're
19 talking about here.

20 But one of the other key things that occurs with
21 that is it creates a podium to allow and activate that upper
22 level, what we call the Highline. Actually we're kind of
23 excited that Nor-Gen has also picked up on that raised
24 circulation. We've been meeting with them and sharing
25 plans. It's a great way to be able to interconnect the

1 projects together.

2 One of the things -- I don't think they quite get
3 it right, because when they cross over to the eight and a
4 half acres, they actually hit the midlevel of the parking
5 structures as opposed to the active level of where we're at.

6 So our Highline actually completely interconnects
7 the hotel, the restaurants, the office, the residential, the
8 fitness center, and retail to really create that active,
9 iconic location.

10 You can see here in these elevations, you know,
11 how the lower level of parking interconnected with retail,
12 et cetera, our ground-level amenities, and create that --
13 again that Highline level as we go.

14 So for parking, obviously a key component here,
15 we've got -- it's a two-level, 1200 space parking garage.
16 It absolutely is the most efficient way to be able to build
17 a parking structure. It minimizes the quantity of ramps.
18 It's a pretty inexpensive way to do it as opposed to doing
19 more high-rise parking structures. But again it -- so it --
20 but it creates that podium level for the Highline.

21 And we have 150 in surface parking as well that we
22 did, in and out, to support whether it's Gem Show or retail
23 or other components there. It also actually provides an
24 opportunity that you could decide to even put a Gem Show
25 tent in that one -- in the parking lot to even enhance the

1 Gem Show amenities. It's amazing what that income can do
2 once a year.

3 We're -- one of the other key components that
4 we're doing is, with the Highline, we bridge across Congress
5 to connect to the underutilized 1300 spaces in the State
6 parking garage. It gives us the flexibility to, during the
7 Gem Show, our users and tenants can be able to shift their
8 parking needs across the street and ensure we have always
9 uninterrupted parking for the Gem Show and TCC events which
10 is absolutely critical.

11 So we actually even show a little chart here of
12 what we can do during the Gem Show and the other remaining
13 11 months out of the year on how to be able make that
14 parking configuration work.

15 So the hotel. Drury Hotel, Ron mentioned it, a
16 family-owned, very well-established hotel chain, 135 hotels.
17 They love this site. And it's got the visibility. It's
18 right on Congress. It really creates that gateway
19 statement. They're ready to start construction as fast as
20 we can possible move. And we're ready to start, at least on
21 that portion, right after the Gem Show. And it -- I guess
22 it would be in March of 2015.

23 180 rooms, nine floors, ground level of lobby down
24 at the turnaround here on the ground-level level. And the
25 Highline pool and plaza that is kind of a fun way to be able

1 to activate the Highline.

2 We're looking at two restaurants. Solid, local
3 restaurateurs have been talking with Ron, very excited about
4 the location with the density we've got, with the office,
5 and residential and retail, we can support those restaurants
6 and are confident. Again, they anchor that side along
7 Congress and next to the hotel.

8 And actually, the upper level even supports the
9 pool and deck area for the hotel as well. It's kind of a
10 fun outdoor space.

11 The office, Ryan Companies, the largest office
12 developer in Arizona, and obviously a national firm as well
13 with experience around the country. 125,000 square feet of
14 office space here, Class A, LEED certified.

15 One of the key things, it's a 25,000-square-foot
16 floor plate. And we've learned that, when we did the
17 UniSource headquarters that there is no large floor plate,
18 Class A office space here in town. And there was a --
19 there's a real interest and desire for that.

20 I think Norville was showing a smaller office
21 building on his site. It's only a 15- to 17,000 square foot
22 floor plate. So I can understand that probably is maybe not
23 what the market is requesting at this point.

24 Residential, obviously Peach is taking the lead on
25 that. We think that it's really important to be able to

1 have this 24-hour-a-day, 7-days-a-week, the 365 activation
2 with residential here. 320 units to really create a
3 community.

4 It's got a pool, and courts, and a central commons
5 area, terraces in the buildings for private and semiprivate
6 uses. It's market rate. It's Class A. It's a -- really
7 sort of create this energy here. And with 320 units, we've
8 got enough that it can actually support that infill retail
9 that Ron was talking about.

10 We're really creating a community here, a
11 neighborhood. We can't afford to be able to have this site
12 sit empty major portions of the year. It's just not putting
13 it to its use. And we're concerned that that would not have
14 the activity to really make this a sustainable location.

15 So we're also looking at a fitness center. Ryan
16 Companies is currently doing a fitness center up in Phoenix.
17 On the south end will be the amenities for the residential,
18 the hotel, the office. Peach Properties of 18,000 square
19 feet of retail. It's, you know, the dry cleaners, the bike
20 shop, that small drugstore. Even possibility some live-work
21 space. I think we've got the opportunity that -- again,
22 we've got the density that that can really support and do
23 well.

24 We did a quick area and population summary
25 comparing the Peach and Nor-Gen proposal. At this point, I

1 think in the original proposal -- well, what we're -- we
2 have not included the parking structures on here because
3 they're not active space. But the -- right now, we're
4 including about 627,000 square feet on the eight and a half
5 acres. And so with Nor-Gen's hotel and residential, about
6 217,000 square feet. And the Visual Arts Center is a
7 possibility. But I think that, even in his original
8 proposal, there was no square footage or funding shown for
9 that.

10 And it shows -- even difference of employees,
11 we've got over 500 more employees on this site. Over a --
12 and with a 1400 total population, over a thousand more
13 people will be utilizing this part of the community to
14 really activate the West Side.

15 So we're excited you asked about meeting the
16 District's goals. And we're -- they're fantastic.
17 Including with what ULI and the City of Tucson have come up
18 with, we think that we're responding well, really creating
19 an innovative destination -- an iconic place here. ULI
20 emphasized that we need to be able to have enough activity
21 to bring additional activity downtown and not have -- and
22 have full-time use to really make sure that this works as an
23 urban -- in an urban location.

24 It needs to support the Gem Show, the TCC, and
25 Nor-Gen obviously with parking, a hotel, and restaurants

1 providing the circulation and access for the Exhibition Hall
2 service; the east-west pedestrian connection with the
3 Highline; and also, again, the potential for additional Gem
4 Show space, whether -- either within the podium or the tent
5 in the parking. Whether that's provided for Nor-Gen to do
6 that or Rio Nuevo or for this development team, I think,
7 again, it's for the good of the -- for the good of the
8 community and the Gem Show.

9 One of the key things that we've been very
10 sensitive to is the transitions and mitigating transitions
11 in the development. It's a gateway to downtown. We've
12 actually lowered the scale and provided residential on the
13 sound end because that part of the Barrio has been very,
14 very concerned about having high impacts and taller
15 buildings. And so we've been sensitive to that.

16 Created a pedestrian environment with transit and
17 bicycles near the highlight pedestrian activity level. And
18 even with the bridge connectivity to the north over to the
19 Manning House and beyond it.

20 It's sustainable. And to me, it's not just the
21 environmental but also the social and economic
22 sustainability that we're going for. Environmentally, these
23 are going to be LEED buildings. We're looking at water
24 harvesting and trees and shade. We're actually proposing a
25 significant underground water storage system to help

1 mitigate the flood controls -- or flood issues going on
2 through this site and actually then use that to water
3 landscaping and -- a significant opportunity. And over at
4 UniSource, we had a 150,000-gallon underground tank system.

5 Socially this is a community. It's a place. It's
6 a sustainable neighborhood. And economically, with the
7 full-time use, it's economically sustainable.

8 You know, for Rio Nuevo and public benefits,
9 obviously maximizing sales and property taxes and jobs.
10 We've got a handout to be able to show some of that in
11 detail here in a bit. You know, additional Gem Show space,
12 incubating retail, maximizing parking, really creating an
13 iconic place as well as activating the greenway.

14 So we've got issues -- again, the taxes will hand
15 out some details. Jobs, about creating over 500
16 construction jobs, another 500 direct and induced.

17 Support of the community. I mean, this is
18 something that we're really excited about, that we're
19 already out to try to build support within the community.
20 We, both Peach and Swaim, have a strong history of support.
21 Whether it's with Armory Park with what Peach has been
22 doing, my career has been built around working closely with
23 the neighborhoods and communities.

24 Downtown Tucson Partnership and Visit Tucson, we
25 want to be able to make sure that we create a place, an

1 iconic place, that they can market, to, again, help make a
2 viable place here for downtown.

3 Support from the mayor. I mean, even the quote's
4 saying, it's time to be able to have action here. It's
5 really important. Some of the other -- I mean, HSL
6 Properties is -- you know, it understands the importance to
7 make sure that this gets developed. That makes their place
8 more viable and they can get going. Jerry Dixon is in the
9 West Side. And they really need, again, the support here to
10 be able to bridge that gap and support the West Side.
11 Actually.

12 One of the -- the -- I'll hit on that here in a
13 second.

14 So the -- complete in the shortest time possible
15 is another component. I mean, we are ready go ahead and
16 start, basically immediately. We can start on the north
17 side of the -- of the site with our hotel and parking and
18 there's residential, the office complex. So that we can
19 start as soon as the Gem Show is done.

20 There's actually some minor components that we
21 need to start with some underground utilities this fall.
22 Later in the -- we've got a very detailed Microsoft project
23 schedule outlining all of the steps in here, many of them a
24 little difficult to read from where you're at. But we'll
25 give you handout with all of that available.

1 So then we'll complete -- or proceed then with
2 Phase II right after the Gem Show in 2016 to complete the
3 remaining parking, residential, fitness center and things on
4 that end. So that allows us to start with the hotel darn
5 near immediately. We're ready -- we're ready to go ahead
6 and proceed.

7 Our schedule is user driven. We've got the
8 commitment from all three of our development partners. And
9 I think with what Ryan and we did with UniSource, we've
10 shown that we can -- we can execute a fast-track project
11 process.

12 So the team qualifications. Again, we've got a
13 great team. Whether it's -- with Peach as the master
14 developer, Ryan as our contractor. We're -- Swaim is the
15 element in the middle coordinating with the City and the
16 community and Nor-Gen throughout the project.

17 We're excited to coordinate with Nor-Gen. We've
18 been sharing plans with them for years. We've got a great
19 working relationship with Bill Huey. I think they've
20 included John Campisano as a local architect for the
21 Exhibition Hall. I know John. I'm eager to work with him.
22 I didn't know he was doing commercial this scale, but that
23 would be great. And I think that's what we do, is
24 coordinating and can work with them.

25 And we think they're probably going to have their

1 hands full with 125,000-square-foot Exhibition Hall and the
2 offices on that side. We want to coordinate and make sure
3 that this works for the entire community.

4 And then we show that Peach and Drury and Ryan are
5 the other develop partners here.

6 One of the questions you asked about is, you know,
7 what contributions has our team done for downtown? And with
8 Peach, with the Depot Plaza development; with their
9 residential Broadway and Scott development; with office and
10 retail and restaurants; the east side development, again,
11 more office and residential; the Herbert is full with a
12 waiting list.

13 We've got the UniSource Energy headquarters that
14 we've done together with Ryan, ongoing projects right now
15 with the AC Marriott downtown, and the TCC renovation.

16 Got a number of Tucson organizations that we're
17 involved with, and Peach, the Downtown Tucson Partner, ULI,
18 Downtown Links, urban planning, merchants association.
19 We're committed and part of downtown. It's really who we
20 are.

21 So the with team qualifications, I think Ron
22 touched on Peach. Obviously they've been around for more
23 than 30 years. Have, you know, an incredible residential
24 experience. Certainly downtown, the largest residential
25 developer.

1 Some -- this is the Herbert that they did, 144
2 units. Again it's full. It's exciting, which is why Ron
3 knows that there's a market and is eager to go ahead and
4 continue this. Same thing with One North Fifth, 96 units,
5 retail. It's full. And they've got a waiting list. So
6 he's ready to go ahead and proceed and understands the
7 importance of activating a project with residential.

8 He's done lot of other apartment projects around
9 town of significant scale. Did -- has done apartment
10 projects in Oregon, in Portland, and sort of brings some of
11 that energy and things that the Tucson, as we've been
12 looking at where Tucson's going, how we can connect with
13 that sort of the thing.

14 Again, some of the -- this is the Broadway Scott
15 development that -- where their offices are and Providence
16 is at this point. The Depot Plaza, I think there's sand
17 volleyball right now going on in this vacant spot. So
18 another great activity. I think we even have a game
19 scheduled later this month.

20 The east end, this is off of Broadway and Fifth
21 Avenue with everything going on, as well as the residential
22 to the south.

23 They're committed. They -- this -- I mean, they
24 get things done.

25 With Swaim Associates, I grown up around

1 architecture ever since my father started the firm upstairs
2 in our house 45 years ago. I did get a chance to get away
3 from home, went school in the University of Oregon and lived
4 in downtown Denver back in the '80s when they were going
5 through growth and redeveloping, creating the 16th Street
6 Mall. So I learned a lot about some of the things that
7 we're trying to do here and where we are going.

8 I did back. Our firm has grown. We have a staff
9 of 17, 8 registered architects. We can do some pretty
10 significant work. We are local, but we do work around the
11 country as well.

12 We're proud of some of the awards that we've won,
13 four Architect of the Year awards, including the State Firm
14 of the Year, a few years ago.

15 But something that maybe is more appropriate here
16 is, we've been connected with seven Metropolitan Pima
17 Alliance Common Ground Awards. And those are based upon
18 creating very complex projects, bringing diverse groups
19 together, public-private partnerships, building consensus,
20 and getting projects done. And that's something that we're
21 very, very proud of.

22 Experience here on the site. We were actually
23 hired back in 2007 to design a 12,000-seat arena on this
24 site, as well as we were doing master planning from the
25 Frontage Road to Church, Congress to Cushing. I really got

1 to understand the site well, understand the utilities and
2 the hydrology and the dynamics of the TCC, et cetera, here.

3 It was a great design. It was actually one that
4 was within budget. But unfortunately as the -- as Rio Nuevo
5 and the City were reorganized, that project went away. But
6 we've stayed involved, whether it's with Paul Cunningham
7 trying to put a 16,000-seat arena here and with dividing it
8 up for hotel and other things, and even more recently
9 working with -- at least following Stantec as they've been
10 dealing with drainage and utility infrastructure to be able
11 to make sure that thing happens.

12 So UniSource headquarters, working with Ryan
13 Company was fantastic. These guys are impressive. They
14 have a lot of energy together, striving for quality, really
15 tried to set -- establish a new standard here downtown.
16 270,000 square feet. We're actually currently working on
17 completing the retail on the ground level there. LEED Gold.
18 The 150-gallon cistern that I talked about. And that was a
19 fast track project. We didn't have much choice but to be
20 able to get that project down in just under two years.

21 University of Arizona, we did a four-block master
22 plan for the Highland Commons, over 750,000 square feet of
23 dorms and retail and the office and the health center, which
24 we actually completed, all around the central quad. It's
25 become kind of a very cool space within the UofA as we

1 helped implement that.

2 The AC Marriott is the one that -- that you've
3 been working with Scott Stiteler on, and we're out there as
4 well. And 140 rooms, 200 parking spaces, retail, LEED Gold
5 goal, and construction starts in December. So again, we are
6 moving forward very quickly on that.

7 So with that, enough for me. I'd like to
8 introduce John Strttmatter from Ryan Companies.

9 MR. STRITTMATTER: Thanks, Phil.

10 I don't think I can talk as fast as he does.

11 And excuse my voice. I've got a little bit of
12 laryngitis. Thank you for the opportunity to be here. I
13 really appreciate it.

14 A real quick introduction on Ryan for those of you
15 that aren't familiar. We're a third-generation,
16 family-owned company, started in 1938 in Minnesota, believe
17 it or not. So today we're 76 year old.

18 I started with Ryan in 1985 in Minnesota. And at
19 that time, we did \$42 million in business that year. This
20 year we'll do a billion, one, with ten offices nationally.

21 It says, on the graphic, we'll complete \$300,000
22 of construction in Arizona. That actually should be
23 \$300 million of construction in Arizona this year. If it
24 was 300,000 our 125 people would be standing around doing
25 not much of anything. So I apologize for the graphic. But

1 we're actually going to have one of our better years.

2 The reason we're even in Arizona, ironically, was
3 because in 1993 we were building two Target stores, one on
4 Ina and one on Grant. We do a lot of work for Target
5 nationally, and they gave us two stores in Tucson. On the
6 basis of that work, we ended up opening an office in
7 Arizona.

8 As Phil mentioned, we completed, with him, the
9 UniSource corporate headquarters project. And today we're
10 actually continuing to build in Tucson. We're building the
11 Santa Cruz Catholic school. We're doing a renovation there.
12 And we're doing renovation at St. John the Evangelist. And
13 that's in concert with the local diocese and the University
14 of Notre Dame who basically has adopted those two school
15 under their ACE program. So we're currently working on
16 those two renovations as we speak.

17 We've got some projects here that we'll go through
18 really quickly. And it's important not to look at the
19 project itself. But I'll give you some context which
20 relates to why we're excited about working on this project.

21 This is a -- sort of a once-in-a-lifetime legacy
22 project. It's a 2-million-square-foot project with State
23 Farm. It happens to be in Tempe on Tempe Town Lake. It's a
24 five-office-building project. It's about \$750 million in
25 construction over a four-year period. So those don't come

1 along very often. We're about a year into the four-year
2 construction process.

3 The only reason I bring it up is this, what we're
4 talking about here in Tucson is we're talking about health
5 clubs, we're talking about hotels, we're talking about
6 retail opportunities, and we're talking about residential.
7 So it's a live-work-play sort of environment. That's
8 exactly what they wanted.

9 On one side of this development, we're going to
10 build a hotel. On the other side, another company is going
11 to build 242 market-rate apartments. What they wanted for
12 their 10,000 employees is a live-work-play environment. And
13 that's what we're creating here.

14 Besides it's sort of a -- in this process. This
15 is a major national company -- actually it's an
16 international company. And they wanted to make sure that
17 they had this sort of environment for not only the workers,
18 but for the community in general.

19 This is really more at the scale of which we're
20 talking about. This is a building, one of two we actually
21 did, up at Desert Ridge on the corner of 101 and Tatum.
22 There's a four-story, 146,000-square-foot office building.
23 This is across the street from a large million-square-foot
24 retail center. And just to the north of this project are
25 market-rate apartments. And we're actually building a

1 40,000-square-foot mountainside fitness facility just next
2 door to these buildings. So once again, you'll have all
3 these particular items in this project.

4 And then the other thing that's important here is,
5 this is freeway frontage. To be able to bring companies
6 into an environment, they love the exposure on a freeway.
7 These buildings, both of them -- which are about four years
8 old actually -- both of these buildings have great freeway
9 frontage. We have AT&T in one and we have Humana in the
10 other.

11 The fact that we have ten offices around the
12 country allows us to have national scope, but with a local
13 sense of community. And that's what we bring to this
14 project. We've been in Tucson, as I mentioned, since 1993,
15 on and off, building. We obviously have been in Phoenix
16 since 1994, building. And we have built, for example, for
17 Hartford, for Home Depot Supply, for John Deere, for Aetna.

18 We've built buildings for them and have done
19 leases with them on buildings around the country. And I
20 think, because we have offices around the country, a lot of
21 times, our customers will come to us and ask if we can
22 provide services in other areas. So I can't tell you that I
23 have anything in my back pocket. If I did, I'd tell you who
24 that would be. But I would tell you that we have a national
25 scope which helps us in that -- in leasing up buildings.

1 This is a -- this is a building that we did
2 downtown Phoenix, 21-story office building, 50 percent
3 preleased. Now, in this environment, there's some
4 preleasing environment that's required. From a financing
5 standpoint, Ryan self-funds projects with our own equity.
6 And we have a number of banking relationships, six to eight,
7 where we secure recourse construction loan, construction
8 loan for the build out. So we have zero financing
9 contingency on any of our projects. They are none. We get
10 it done.

11 Phil mentioned UniSource. I won't go into a long
12 dissertation about UniSource. But there's a really
13 important point here. And the point is -- I think maybe
14 even it was mentioned, by Ron -- during the course of this
15 construction, we had a large number of builders contact us
16 and say to us, do you have space there? I mean, we have
17 customers who are looking for space.

18 And unfortunately the answer to that was no. And
19 that really got us to start thinking about this marketplace
20 and what is -- what would really be an opportunity in this
21 marketplace. And I think we believe, in concert with Ron
22 and Phil, that an opportunity is a multistory office
23 building with four-per-thousand parking, with large floor
24 plates.

25 If you look at the office business today, even

1 lawyers -- excuse me -- are going to a point where they're
2 not having big, large, paneled offices. Office users today
3 are putting more people in a space, parking ratios are
4 higher, the per-square-foot-per-employee is less, so their
5 efficiencies go up. And so they want large floor plates.
6 They want LEED buildings, which this is. And every building
7 I showed you, by the way, is a LEED-certified -- will be a
8 LEED-certified building.

9 And I think these large floor plates really drove
10 us to -- and the reality that a lot of people came to us
11 during this construction period and said, do you have space
12 available, and we couldn't provide that -- drove us to the
13 point where we think this really makes a lot of sense.

14 I'm done. Thank you for your time.

15 MR. SWAIM: Let me touch base just a little bit
16 more on Drury. We've got a handout for you. We've got --
17 this is our -- the second commitment letter that we've
18 received from Drury. We had another one back in 2013.

19 Again, they're family-owned and operated in over
20 20 states for over 40 years. They've actually received the
21 JD Power award nine years in a row now for the midscale
22 hotel. They are number one in Market Metrix Hospitality
23 Index. And Consumer Reports, No. 1 in the last two years.
24 They are a significant quality hotels system.

25 They're currently -- they develop four to six

1 hotels a year. They've got their own development budget
2 of -- a line of credit of over a hundred million dollars.
3 They don't need to go out and get separate financing for
4 their projects. They're the long-term holder and operator
5 of the hotels.

6 And I might even mention that even Ryan Companies
7 is currently managing the UniSource headquarters. So they
8 stay and maintain and manage these facilities.

9 So this is actually an image of the hotel that
10 Drury is currently building in Phoenix. Great facility.
11 And you may have actually stated that the Drury that's at
12 NAU and connected to their conference center there, a very
13 great place.

14 So we get to the business plan. Again, the Drury,
15 it's what they do. They know their market. And they're
16 ready and say that this fits. And they -- you know, they
17 got their \$150 million credit line that they're ready to go
18 in and proceed forward and utilize. I mean, it's user
19 driven.

20 The same thing with the office and Ryan Companies.
21 As John mentioned, it's user driven. We talked about the
22 key things, the size, their financing availability, and
23 financial strength. And at this point, we don't have any
24 other comparable office space downtown. And we certainly
25 need it to be able to be the scale of downtown that we're

1 heading.

2 Residential, the same sort of thing. The business
3 model is actually very simple from Peach of the standpoint
4 that it's user driven. They have waiting lists. They know
5 their model of how much they get for rent pays for their
6 system. And they've got the financial backing to be able to
7 do that.

8 So the financial capacity, we've got another
9 handout here for you. The -- this is just a quick chart in
10 terms of the key financial partners we've got here for the
11 land of Peach and Holualoa, providing cash equity for the
12 land; obviously Drury, the 27 million for the hotel; Ryan
13 Companies and the conventional financing on the office;
14 peach, same thing with the residential and retail and, as
15 well as, then our parking and flex space that we have.

16 So the -- one of things that's in that packet is a
17 funding matrix. And so what Peach has done is to go through
18 and show all the different -- all the different components
19 of the development and the different lines of -- levels of
20 financial access that we have to go ahead and bring this to
21 reality.

22 And certainly, if you've got some questions at the
23 end, Ron can certainly answer that. But I think it shows
24 that they've got it mapped out and we're not -- we know
25 where we're going with this.

1 The other thing, the request for District
2 assistance. Right now, what we're proposing is that Rio
3 Nuevo, following the approach with the AC Marriott, would be
4 to build and own a parking structure and lease back -- lease
5 back parking spaces. And we're certainly flexible with that
6 approach. It's a -- it was a trend to show you what the
7 need -- that it is a fundable or it -- you know, it's an
8 affordable way to be able to be able to finance that portion
9 of the parking structure.

10 And obviously we're getting public benefit with
11 the really activating the entire parcel, jobs, the tax
12 benefits, the entire Highline population, the possibility of
13 flex and Gem Show space, utilizing the State parking garage
14 that's back up, the -- you know, the obviously the property
15 purchase.

16 And the other component is that \$1.9 million claim
17 from Peach goes away. And not a bad thing to be able to
18 have as an element as we move forward.

19 So the project schedule, obviously we've got this
20 in detail. It was in your original proposal. And we'll
21 give you a copy of this PowerPoint here so you can see this
22 in detail.

23 But this is what we've already begun to be able to
24 map out with -- for each project Phase, again, starting the
25 project here immediately, being prepared to go ahead and

1 start the actual on-site construction after the Gem Show is
2 complete. You know, it's important that we -- that we do
3 not interrupt parking needs and the support for the TCC and
4 the Gem Show as we move forward.

5 So we can start immediately with the hotel,
6 et cetera, on the north end, ensure that happens, and then
7 proceed with the north end once the Greyhound station moves
8 away.

9 These sort of complex projects are what we do.
10 And I'd be happy to be able to answer further questions
11 about the schedule and how we're going to be able to pull
12 this off.

13 So maybe in summary, sort of why Peach?

14 Experience. I mean, we have some incredible
15 partners that are leaders in their parts of the industry
16 here with incredible financial strength. We're committed to
17 be able to move forward and make this project happen. And
18 we're local. All the partners right now are building or
19 developing here in Tucson or Southern Arizona. And we want
20 to make sure that this occurs and supports all the projects,
21 including Nor-Gen's Exhibition Hall as well.

22 So with that, why don't we get into the Q and A.
23 And we do have these other questions. If we need to be able
24 to answer these further, we'd be more than happy to.

25 But I'd like to be able to turn that back over to

1 you or whatever your pleasure is.

2 CHAIRMAN McCUSKER: You went over -- you had a
3 slide about sales tax generated several slides back.

4 MR. SWAIM: There is a --

5 CHAIRMAN McCUSKER: Which you glossed over. Is
6 there something . . .

7 MR. SWAIM: There's a -- there's a handout that
8 actually provides more detail on that, of the sales tax in
9 that package that we handed out.

10 Why don't you go ahead and hand out the booklet as
11 well?

12 Taxes are not my expertise. I just pay them. But
13 this is the latest understanding of estimation of what we
14 have for sales taxes.

15 I don't know if Ron or others want to be able to
16 help explain that further.

17 And certainly, our approach is to be able to
18 maximize the development -- or the idea of the -- of the --
19 again, of the Visual Arts Center is exciting. But it's --
20 but it's not a revenue generator at this point. And it's
21 not a -- it's not a sure thing. The concern about having
22 half the site be vacant is not what this development needs
23 be able to thrive or to be sustainable. Again, getting that
24 additional 400,000 square feet of development to be able to
25 generate sales tax revenue and property tax and jobs is what

1 we're after.

2 CHAIRMAN McCUSKER: Chris?

3 TREASURER SHEAFE: Could you go back over the
4 parking garage? In the written presentation, you have one
5 resource, some of your comments talked about it a little
6 differently. And maybe I should put it in the context,
7 though: What support are you looking for from the District
8 in your plans? So other than buying the land, what other
9 things do the District have to -- or you assume the District
10 is going to bring to the table in support of the overall
11 plan?

12 MR. SWAIM: Ron, do you want to be able to touch
13 on that?

14 There we go.

15 MR. SCHWABE: I mean, basically, Chris, the main
16 piece of that is the 600 spaces, parking spaces -- this --
17 in the structure.

18 TREASURER SHEAFE: Now you calculated those at
19 19,000 a space.

20 MR. SCHWABE: Per space.

21 TREASURER SHEAFE: And in your extension, you show
22 it actually as a 28 million. So there's some kind of a gap
23 in there between -- and you were using 1200 spaces in the
24 presentation. But I understand you are referring to the --
25 what the City's basic requirement was.

1 But are you only asking the District to build 600
2 of the 1200?

3 MR. SCHWABE: That's right.

4 TREASURER SHEAFE: Okay. So the other 600, you
5 would be building as part of your development scheme.

6 MR. SCHWABE: Right.

7 TREASURER SHEAFE: Okay.

8 SECRETARY IRVIN: Want to slide that a little bit
9 further, Chris?

10 TREASURER SHEAFE: Yeah. Go right ahead.

11 SECRETARY IRVIN: So, Ron, I think you're familiar
12 with the transaction that we are wrapping up with Scott
13 Stiteler and what that deal looks like. It's all public
14 record. I think you know that the Board asked me to take
15 the lead on that project. Under that situation, we're not
16 building a parking garage. We're going in and buying a
17 parking garage that's been constructed in a preconceived
18 number. And then they're leasing them all back from us in
19 the long term.

20 Is that the type of structure that you're open to?
21 Is it what you're proposing? I'm not clear on your parking
22 at all.

23 MR. SCHWABE: We're open to that sort of structure
24 or where Rio Nuevo would build it and own it outright. We
25 can own the air space above, the condominium. We're open to

1 really any sort of structure that makes the most sense for
2 you.

3 SECRETARY IRVIN: Okay. Would you envision
4 that -- it sounds like you don't care if we build it, you
5 build it, we just buy it. You're open to any type of
6 discussion on that?

7 MR. SCHWABE: Sure, absolutely.

8 SECRETARY IRVIN: Including obviously the
9 decisions that we made in the past were based upon what
10 those costs were going to be going in and making sure that
11 they made sense for us and that they also made sense and
12 were supportable on the -- what the parking would bear,
13 which we estimated were somewhere in the \$80-per-square-foot
14 range. I'm not sure if, you know, \$80 a foot at 19,000 a
15 space is a number that pencils out. So that's definitely
16 going to be an area that we're going to be very concerned
17 with.

18 MR. SCHWABE: Right. We're open to any sort of
19 structure that makes sense to you guys.

20 I mean, there -- we have some different
21 public-private financing vehicles that we're gonna be using,
22 and some of that could overlap. I mean, it's just going to
23 have to be negotiated.

24 We don't know what the arrangement is with Nor-Gen
25 on the 600 spaces. There's a lot of, you know, sort of

1 missing pieces at this point.

2 SECRETARY IRVIN: Sorry. I didn't mean to steal
3 your mic.

4 TREASURER SHEAFE: I really appreciate your
5 enlarging on it. I want to really try to understand.

6 So I think I understand part of the parking. But
7 in your financials when you perform on out the residential,
8 you have a rather large component of income coming from
9 parking. So is that --

10 MR. SCHWABE: That would be on additional spaces
11 above the 600.

12 TREASURER SHEAFE: Yeah. So that's where that
13 money comes from.

14 MR. SCHWABE: Right.

15 TREASURER SHEAFE: And, you know, you're an
16 excellent parking developer, and you really know the
17 numbers. But I was curious in -- in -- did you prepare the
18 numbers? Is that your team?

19 MR. SCHWABE: Actually, someone in our office did,
20 yeah.

21 TREASURER SHEAFE: Because I know noticed your
22 overhead cost -- you know, just your maintenance and
23 whatnot -- seemed fairly low. And I don't want to put you
24 on the spot with that kind of question. But I just want to
25 know, have you gone through those numbers and really felt

1 comfortable with them?

2 MR. SCHWABE: No absolutely, Chris. This is very
3 conceptual at this point. And those numbers will kind of --

4 TREASURER SHEAFE: And then the other question I
5 have on that is, there is a huge disparity between the
6 housing -- and, Phil, you kind of referenced it -- you know,
7 in the numbers from one plan to another. In the world of
8 more is better, always, you know, you want to make sure that
9 you have more is better in providing -- you don't get into
10 problems with being able to actually perform.

11 MR. SCHWABE: Right.

12 TREASURER SHEAFE: So what is the basis for you
13 selecting the 320 units?

14 MR. SCHWABE: Just simple market experience.

15 I mean, the downtown needs captive residential,
16 for one. We're the largest, you know, developer and
17 operator of that in downtown right now. We've got a front
18 seat to what that demand is. There's probably, you know,
19 less than 1500 units downtown. There's probably demand for
20 another 3,000 units before it start to evaporate.

21 TREASURER SHEAFE: Okay. It's that good.

22 MR. SCHWABE: Pardon me?

23 TREASURER SHEAFE: It's that good. I mean, that
24 is really encouraging.

25 MR. SCHWABE: Yeah. I mean, look at the numbers.

1 Look at the rents. We're getting close to \$2 a square foot.

2 TREASURER SHEAFE: Well, you perform at a buck 85,
3 and Norville performed at a dollar 92. So you know, you
4 guys are right in there.

5 MR. SCHWABE: Right. That's what the going rate
6 is downtown. I mean, in the plats, it's 70, 80 cents a
7 square foot.

8 CHAIRMAN McCUSKER: Talking about the demands for
9 parking, you know, with exhibition space next door; you got
10 320 units, that's probably two spaces a units; office
11 parking. You know, it seems like we put more density on the
12 parcel than the parking allows. I know you've had some
13 concepts of tying in to the State garage across the street.
14 Just talk generally about the parking a little bit.

15 MR. SCHWABE: Yeah. I mean, we're talking --
16 well, parking in general, we know from experience in
17 downtown, we don't need to have the 1.5 space per unit. We
18 have -- you know, for example, the Herbert apartments is 144
19 units, and there's 36 parking spaces. We're full. We know
20 there's a lot of off-street parking. People -- it drives
21 parking to the lots. The people -- you know, they're on the
22 streetcar. They are in an urban setting. So we know that
23 we're not going to -- we'd like to have 1.5 space per
24 apartment, but we know we don't need it.

25 The other part of that is, our pedestrian

1 connection to the State/City lot to the north allows us a
2 lot of flexibility. And you know, this is kind of nuances
3 in this thing. But if we have -- and Phil talked about it a
4 little bit. We have, you know, 1 to 3 acres of potential
5 space under the podium, 20-foot, 18-foot high, very usable,
6 very securable space.

7 And as the manager of the apartments and of the
8 office, I mean, we can drive that space across to the state
9 lot for two weeks out of the year, three times a year, four
10 times -- how much -- how many, you know, events go on there.
11 So we've got a lot of flexibility with parking having a
12 pedestrian connection. We know we're not completely hostage
13 to parking on the residential.

14 It's on the streetcar stop. So we're -- you know,
15 we're very -- you know, we're okay with the parking. We
16 have a lot of leeway in there.

17 CHAIRMAN McCUSKER: Alberto?

18 MR. MOORE: Yes. Ron, a question I know that's
19 been pending for a long time in our conversations with the
20 Board and legal and so forth is your pending legal actions
21 against Rio Nuevo and the City through this process for
22 being the first bidder.

23 And I'd like to know what your feelings are if
24 there's a negative turn of events on this bid? Where will
25 you be on your legal action? Are you going to continue it?

1 Are you going to drop it? Are we going to go forward in a
2 positive way for the community? Or are you going to
3 continue that position?

4 MR. SCHWABE: You know what? I probably would
5 have to get my attorney's opinion on that. I don't -- I'm
6 not --

7 MR. MOORE: Well, what's your side? What would
8 you --

9 MR. SCHWABE: Well, I'd love -- I'd love to never
10 have started.

11 MR. MOORE: Well, we know that it exists. And I'm
12 concerned because I don't want that to be an element that's
13 holding up making decisions.

14 MR. SCHWABE: Right.

15 MR. MOORE: So I'd like to know that we're all
16 working on the same level playing field. And that's why I'm
17 asking the question.

18 MR. SCHWABE: We won the RFP with the City, fair
19 and square. We've been working on this project for three or
20 four years. We spent a lot of attorney's fees trying to
21 stay in the project.

22 You know, I -- I'm not a litigious, you know,
23 person, by any means, but I don't know. I'd have to consult
24 with my attorney on what will go around on that. Obviously,
25 you know, if we go forward with the developing this, it's

1 gone.

2 MR. MOORE: Right.

3 MR. SCHWABE: I don't want that to sound bad. But
4 I -- honestly, I mean, there's been a lot of fees paid to
5 him. And he should probably have a little something to say
6 about it.

7 MR. MOORE: Well, I mean, I'm just asking because
8 I think that's an important question for the Board in
9 evaluating this. We got different people have different
10 weight on how to make a judgment on this. And I just would
11 like to see something that would be more of a level playing
12 field and everybody's -- we're looking at a project based on
13 its merits specifically and not because somebody might be
14 held up -- hold up out here on the side. If you don't get
15 your way, we're going to have a different issue.

16 So I'd just like to know you're feelings. Are you
17 going to be a good sport?

18 MR. SCHWABE: I'm always a good sport.

19 MR. MOORE: Pardon.

20 MR. SCHWABE: I'm always a good sport.

21 MR. MOORE: What does that -- what does that mean?

22 TREASURER SHEAFE: Do you mind if I ask a --

23 MR. MOORE: Well, I --

24 TREASURER SHEAFE: I'm sorry. I thought you were
25 finished.

1 MR. MOORE: No. I'm just waiting for an answer.
2 Maybe there is no answer.

3 MR. SCHWABE: That is the answer. I think I
4 definitely wouldn't want to -- you know, I'd want to confer
5 with them and at least have a conversation with them.

6 MR. MOORE: Okay. That's fine.

7 TREASURER SHEAFE: Can I ask a question?

8 MR. MOORE: Of course.

9 TREASURER SHEAFE: No. I didn't mean to interrupt
10 you.

11 MR. MOORE: No, no.

12 TREASURER SHEAFE: I'm curious on the office space
13 question too. And this might be a question for you, John.

14 But the -- you know, when UniSource was built, you
15 guys did such a beautiful job with that. It really did suck
16 the wind out of the occupancy of downtown. And it hasn't
17 really come around yet. It's higher downtown than almost
18 anywhere else in the metroplex.

19 So introducing new offices, could you make me feel
20 a little better about just what the demand is for the new
21 when there's such a high vacancy in really quality buildings
22 built. In the old UniSource offices, for example, you know,
23 that building, I think, has a very high vacancy.

24 MR. STRITTMATTER: Sure. I'm happy to do that.

25 MR. SWAIM: Come up to the mic.

1 TREASURER SHEAFE: I didn't mean to -- you guys
2 answer it however you want.

3 MR. SCHWABE: My opinion is, the old UniSource
4 space is pretty dated and it's a whole different space from
5 the new UniSource.

6 MR. STRITTMATTER: The actual vacancy downtown is
7 about 13.8 percent. And it depends on whose numbers you
8 look at.

9 But actually the office vacancy in Phoenix is
10 19 percent, overall. And we're building buildings out
11 there.

12 The difference here is the velocity of the deals.
13 I mean, there's just fewer deals there. The question is:
14 Why is that?

15 And I think, to a certain extent, it's because the
16 buildings that are existing are obsolete. Take UniSource, I
17 mean, they never really looked at any others because there
18 really weren't options for them downtown. So they looked at
19 build-to-suit from day one.

20 And as we looked at the market and as we continued
21 to get people knocking on our door asking if UniSource would
22 lease space to them, it became apparent that when you look
23 at today's office market, as I references earlier, when you
24 have larger floor plates, you have higher parking ratios,
25 you have LEED-certified buildings, that a company that's

1 looking for those kinds of opportunities on office space,
2 there just aren't any available here.

3 So, you know, I just think there's a -- there's a
4 kind of a window of opportunity here in this office, on a
5 market with this particular kind of office.

6 Does that answer --

7 TREASURER SHEAFE: You're talking about big open
8 plate where you get much higher density and higher utility
9 out of it.

10 MR. STRITTMATTER: Right. I mean, that's
11 generally where offices -- they're putting more people in
12 the space. Their efficiencies are going up. And that's
13 generally what we're seeing.

14 Quite frankly, there's a lot -- I mean, the State
15 Farm project is a build-to-suit because they couldn't find
16 the space that -- of that particular kind that they looked
17 for. Same with Desert Ridge. Those floor plates are 40 --
18 or I'm sorry -- are 30,000 square feet. So we have much
19 bigger floor plates there. You end up with AT&T in an
20 open-office environment. We ended up with Humana in an
21 open-office environment.

22 So I think it's more -- it's more the issue of,
23 are there the right kinds of spaces available for tenants
24 looking to expand?

25 And we think the answer is no. I know there

1 hasn't been a new office building, other than UniSource,
2 constructed downtown for a long time.

3 TREASURER SHEAFE: Thank you.

4 CHAIRMAN McCUSKER: Jannie, anything?

5 MS. COX: No. I submitted all my questions, and
6 they are on a written document.

7 CHAIRMAN McCUSKER: Mr. Moore, are you done?

8 MR. MOORE: I'm done.

9 CHAIRMAN McCUSKER: Do you want to make a final
10 comment? Phil? Ron? Anybody?

11 MR. SWAIM: I think maybe just to be able to
12 reiterate where we're at and sort of why Peach?

13 And we'll get back to that right there. Again, I
14 think we've got -- we've got a wonderful team. We've got
15 folks who are committed to be able to make sure this
16 happens. This is really important.

17 You know, as our downtown is growing and
18 expanding, certainly as Rio Nuevo has continued to really
19 enhance your commitment and reputation in the community,
20 we're having success with the TCC, we want to make sure
21 we've got success here.

22 We're committed. We're going to be able to make
23 sure it happens. And we've got the financial commitment and
24 support that it happens. And we're here locally. So we've
25 got the relationships with people downtown, with the City.

1 We know how to get things done. We can work here closely.
2 And that's what this sort of project of this magnitude
3 needs.

4 So we would love to be able to have the
5 opportunity to be able to work with you and move forward.

6 CHAIRMAN McCUSKER: Thank you.

7 MR. SWAIM: Thank you.

8 CHAIRMAN McCUSKER: Any other questions?

9 Okay. Thank you, everybody. Thank you, both
10 teams.

11 We're honored to have this kind of proposal and
12 development activity in Tucson. We believe we're at a real
13 crossroads with how Rio Nuevo contributes.

14 Shortly after I joined the Board, I visited the
15 TIF in San Diego. And the lesson there was, for every
16 dollar that TIF invested, the private sector invested five.
17 And if you could think back to our original Rio Nuevo, and
18 had they been better capable of partnering, we'd have a
19 billion dollars, a billion and a half dollars of investment
20 in downtown Tucson today.

21 So we know the value the private sector brings.
22 These are both great proposals. Either of them would be
23 extraordinary projects on that now vacant land.

24 MR. MOORE: Mr. Chairman, do you think we could
25 invite the other presenters back?

1 CHAIRMAN McCUSKER: If they're still around.

2 MR. COLLINS: She's gone to do that.

3 CHAIRMAN McCUSKER: See if they're there, if they
4 want to come back in. The presentation's over.

5 Did Michele go to look for them?

6 MR. COLLINS: Yes, yes.

7 CHAIRMAN McCUSKER: So we'll standby on that.

8 I think the thing for you to ponder, is what you
9 want to do now. We discussed our options with counsel
10 before we launched into the presentations. We can hear a
11 call to the audience and adjourn, give you a couple of days
12 to look back at the written proposals, read the RFP, look at
13 your notes, and score.

14 Or we can score live.

15 I'm very pleased with the transparency this
16 jurisdiction has created around this procurement.

17 Chris -- and correct me if I'm wrong -- I don't
18 know of any other jurisdiction in the State that posts RFPs
19 live, that posts scoring live. And if you think about
20 what's going on in the County or TUSD or the City, and the
21 secrecy and the concerns around procurement, we've done an
22 extraordinary job of being transparent. I mean, I think
23 we've taken your advise to heart, and that is to -- as both
24 the Board and the evaluation committee, to look at the
25 proposals in their own merit.

1 And you guys have done an extraordinary job today
2 of presenting those to us. So we have a very serious
3 obligation now.

4 Again, this is not an outright award. So we will
5 not declare a winner, whether it's today or 48 hours from
6 now. It's not like a government contract where, you know,
7 we announce that and the winner prevails. We will put
8 someone in the first ranking position which gives them the
9 opportunity to negotiate an agreement with us. So that's
10 also a different very nuance in procurement, particularly in
11 this City and these jurisdictions. So it's an ongoing
12 process.

13 And the next step in that would be to identify the
14 highest rank, authorize us to negotiate a development
15 agreement and purchase agreement with that highest-ranked
16 bidder. You always reserve the right to go to the
17 second-ranked bidder if you can't come to an agreement.

18 And there are a lot of things I think the
19 questions alluded to so that we don't end up with another
20 Thrifty Block situation or a Gaston where you've got, you
21 know, commitments that have been made on now vacant land.
22 So a lot of that I think we can address on the document
23 itself.

24 So what are you thinking? Do you want to stay and
25 score? Do you want to take some time?

1 Mr. Irvin?

2 SECRETARY IRVIN: I don't want to take an extended
3 period of time. But I think with some of the new
4 information that's been presented to us, I think it would be
5 beneficial to look that through.

6 And I also think, whenever we do get the minutes,
7 it would be nice to have a chance to go back and refresh
8 ourselves with the minutes. My understanding is that could
9 probably get those in a day or so.

10 So under that situation, I kind of wonder if we
11 could have until Monday at noon? Or Friday at noon.

12 CHAIRMAN McCUSKER: Jannie, what do you think?

13 ATTENDEE: Point of order. Mr. Chairman, are you
14 going to allow people to speak?

15 CHAIRMAN McCUSKER: We're getting to that.

16 ATTENDEE: Thank you.

17 MS. COX: Well, I can only speak -- I feel like
18 with an hour or so to sit and think through what we've --
19 I've taken some notes and I've listened. And now I feel
20 like I'm ready to do the scoring in the next couple hours.
21 And just personally, I flew here to make sure I would be in
22 this meeting. And if we postpone it, I need to fly back
23 again. So it's a -- that's a concern for me.

24 CHAIRMAN McCUSKER: You don't need to be -- if we
25 score, we can go home and score and submit them to Michele.

1 They'll get posted to the website. So we don't need to meet
2 again until our next regular meeting.

3 Chris?

4 TREASURER SHEAFE: I do have a little bit of
5 reanalysis to do. It would be very helpful if the
6 presenters would have done a worse job and made this a
7 little easier. And, frankly, we have two really terrific
8 proposals. And I think it bears taking some time and
9 recalculating some of the numbers and just evaluating how we
10 do the best job for Tucson.

11 And I say that with imminent respect for the time,
12 the effort, and financial commitment that has been made by
13 both of the presenting teams. I think in Tucson, we're a
14 very fortunate community to have this level of quality being
15 brought before us. It has made our decision extremely
16 difficult.

17 MR. MOORE: Mr. Chairman?

18 CHAIRMAN McCUSKER: Mr. Moore.

19 MR. MOORE: Before we go forward with making this
20 decision, I'd like to make a couple of comments for the
21 record.

22 TREASURER SHEAFE: We're not going to make a
23 decision.

24 MR. MOORE: I understand. I understand.

25 TREASURER SHEAFE: We're going to talk to the

1 public first.

2 MR. MOORE: I understand that. But I'd like to
3 make a comment for the record so that I can share my
4 thoughts where I think we should be going.

5 Mr. Chairman and fellow board members, this is
6 probably the most important vote as representatives of the
7 Rio Nuevo Multipurpose Facilities District Board we will
8 have while fulfilling our term of service. This is our
9 legacy.

10 With that, I'd like to, first, take this
11 opportunity to thank the two presenters for stepping up to
12 the plate and presenting their development concept for the
13 eight and a half acres of property also known as the Rio
14 Nuevo property -- or excuse me -- the Arena property.

15 I know it took a lot of time, creative energy, and
16 money to present your ideas. And for that, I thank you.

17 Each presenter, I believe, are both capable,
18 experienced, successful developers. And I believe each one
19 can meet the financial requirements set forth in their
20 proposal.

21 Of great interest to me is who has the most
22 compelling vision for Tucson's future. Who best visualizes
23 the potential of Tucson's future and incorporates our rich
24 history and culture, carrying it forward into the 21st
25 century.

1 This is an exciting time to be a part of Rio
2 Nuevo. I'm very excited about what I've sensed around us.
3 A new energy, a new spirit, has emerged that is creating
4 wonderful things for downtown Tucson.

5 The original Rio Nuevo painted a beautiful picture
6 of a transformed downtown that celebrated our rich history,
7 our multiculturalism, and our future. This dream has not
8 been lost. Rio Nuevo has provided the focus, efforts, and
9 dollars required to inspire the existing development and
10 buildings that we now see around us.

11 This Board has been given the same opportunity, to
12 create a lasting legacy while completing the mission that
13 was sent before us. We were chosen as leaders. And while
14 we are the stewards of a revitalized Rio Nuevo, we also are
15 charged with completing the beautiful picture, the wonderful
16 vision of what Tucson can be.

17 Iconic projects, buildings, and public space are
18 now being created and planned around us that lift our
19 spirits, our vision, and our expectations. These include
20 the rebirth of the Fox Theatre, the refurbished east end
21 train station, Scott Stiteler's AC Marriott hotel, as well
22 as the innovative retrofit and rehabilitation of underused
23 and abandoned buildings throughout downtown by such firms as
24 the Stiteler Group and Peach Properties and others.

25 These creative efforts demonstrate what Downtown

1 Tucson can become through inspiration and hard work. Let's
2 not settle for second best. Our vision has been uplifted,
3 the bar has been raised, and we can do more.

4 I see four key challenges. One, this
5 eight-and-a-half-acre project is Tucson's gateway and must
6 properly introduce our vision of a new downtown as this will
7 also be a visitor's first impression of Tucson.

8 Will that first impression be inspiring, special,
9 and unique to this place we call home? Or will it be
10 something less than that? The -- this gateway to Tucson
11 should speak to both our history and our vision for the
12 future. This is a special opportunity.

13 Two, this project is also a special opportunity to
14 create a truly urban place. This could be our Rockefeller
15 Center or Bryant Park in New York City, our Century City in
16 Los Angeles, our St. Mark's Plaza in Venice, Italy. Our
17 Downtown Tucson will be a vibrant, active, driving urban
18 place that is a magnet for residents and visitors alike,
19 alive and inviting.

20 Three, a key challenge is to ensure the long term
21 through stability of the Tucson Gem and Mineral Show. This
22 is a specific mission of the Rio Nuevo District Board and is
23 key to the health of the Downtown and community alike.
24 Let's build on what has already been accomplished to-date
25 through generous private and public support. Let's ensure

1 the future for this critical event.

2 The fourth challenge is to provide linkage to the
3 complementary and supportive uses of the modern streetcar to
4 the West Side and Rio Nuevo's west in a way that knits both
5 sides of the Freeway.

6 Who best provides that critical linkage to the
7 west side of the Santa Cruz River, our birthplace, as a
8 community, and which also has potential to become a
9 wonderful historical place that celebrates our rich history
10 and multiculturalism?

11 I believe that the Nor-Gen project steps up to
12 these challenges, responds beautifully to the site, its
13 context, and its purpose. It would be an exciting and
14 appropriate gateway and wonderful, complements existing uses
15 and buildings on the Norville parcel. And as an addition to
16 what is there now, can become the true urban heart of
17 Tucson.

18 Allan Norville has supported the show and been
19 greatly involved in the Tucson Gem and Mineral Show's
20 success. He has --

21 CHAIRMAN McCUSKER: Thank. Please. I'm going to
22 stop you there. Mr. Schmaltz --

23 MR. MOORE: Why?

24 CHAIRMAN McCUSKER: We have not yet voted.

25 MR. MOORE: No. But I can still say what my

1 thoughts are.

2 CHAIRMAN McCUSKER: And --

3 MR. MOORE: Why not?

4 CHAIRMAN McCUSKER: Chris? Where are the --

5 MR. MOORE: I'd like to know why not.

6 CHAIRMAN McCUSKER: We're on a slippery slope
7 here.

8 MR. SCHMALTZ: Mr. Chairman, Members of the Board,
9 you have not yet had the opportunity to score the
10 interviews. And so, certainly, a statement in support of
11 one proposer over the other before sort of -- in general, a
12 statement with regard to that sort of is premature and
13 certainly appropriate for you as a Board member.

14 But I would advise you that we want to keep the
15 process as, sort of, open and fair as possible. So
16 proceeding with the scoring, and then you'll have an
17 opportunity -- every one of you will have an opportunity to
18 speak to sort of the ultimate final score and what sort of
19 approach the District should take moving forward is
20 appropriate.

21 I would just caution you that you're trending sort
22 of into an area where you don't want to sort of prematurely
23 indicate sort of what your scoring might be without an
24 opportunity to evaluate what the interview scoring should be
25 so that you can submit that along with everyone else at the

1 time that you all determine when that's due.

2 That's my interpretation of it.

3 MR. MOORE: Well, I disagree. Because I'll tell
4 you, I should have a right to express my opinion. This is a
5 very important vote. And I have a right as a citizen of
6 this community to speak up.

7 Now, these people don't have to accept my opinion,
8 or anybody in this room. But I'll be darned, I've spent
9 four years on this Board. And I believe that this is a very
10 important position. And I believe I have the right to
11 express my opinion as to which direction to go.

12 And take it for that. I expect to continue my
13 presentation. And if nobody likes it, too bad.

14 MR. SCHMALTZ: Thank you.

15 Mr. Chair?

16 MR. MOORE: Because this -- I am a citizen of this
17 community. And I believe in what I'm saying. And I believe
18 that it's important to say it.

19 And what they fellow Board members want to do with
20 it is up to them. I'm not selling them. I'm giving you my
21 impression. And they can take it for whatever they want.

22 CHAIRMAN McCUSKER: What he's suggesting, Alberto,
23 is that would be entirely appropriate and not create any
24 legal issues for us if it's done after we all score. And
25 all of us are going to have something to say, I think, about

1 the decisions that we made and why we made them.

2 But for you to proceed in advance of scoring could
3 put the entire procurement itself in jeopardy which would
4 deflate the very thing you're trying to accomplish, which is
5 the -- you know, the first four or five pages of your
6 presentation are extraordinarily accurate and beautiful.
7 And absolutely, I think we all agree.

8 But I think we want to be very careful that we
9 don't do something that jeopardizes this procurement or
10 allows a situation where one of the bidders could protest.
11 And our attorneys have suggested that, by predisposing
12 anyone to your opinion in advance of the scoring, creates a
13 legal technical challenge.

14 MR. MOORE: Well, excuse me --

15 CHAIRMAN McCUSKER: And, now, if you want to
16 proceed on that basis and risk the entire procurement, I'll
17 recognize you.

18 MR. MOORE: Mr. Chairman, I don't understand.
19 When someone is coming to vote on something that we don't
20 express our opinions prior to the vote. If I voted after
21 the fact, then what point are my concepts or my ideas going
22 to be reflecting on this total big picture? It seems to me
23 that each one of us should be able to express our opinion to
24 the benefit of everybody else.

25 This is -- this is -- you know, politics runs like

1 that. You have people coming out there speaking their mind
2 as to why one thing is better than another. And we are a
3 public body. And I believe, as a citizen of this community,
4 that -- as I say, I'm not twisting anybody's arm. I'm just
5 speaking from what I believe is important. And if you want
6 to vote the same way you wanted to vote, I'm not saying
7 anything wrong with that. But I believe I have a right to
8 say something.

9 And I don't know how it can jeopardize anything
10 when people are up here -- each one of these Board members
11 can make their same comments. And I think that's helpful
12 for the audience in here because they should know how we
13 think -- and each one of us, independently.

14 I'm not trying to screw up anybody's position in
15 their presentations. They're all honorable people. And I
16 think they're all valid. But I have a right to speak my
17 thoughts, as each one of them do here.

18 CHAIRMAN McCUSKER: Chris?

19 MR. SCHMALTZ: Mr. Chair and Members of the Board,
20 Board Member Moore, the only distinction that I would point
21 out to you with regard to -- and I totally agree with
22 everything you said regarding your right to speak and to
23 express your opinion with regard to sort of a very important
24 decision, obviously. I don't disagree with you at all.

25 I'm speaking to you as the procurement advisor for

1 the District and the context in which this RFP is in.

2 We are in the midst of a competition. The vote
3 that is front of the Board, or that may be in front of the
4 Board right now, is purely the idea about the timing of the
5 scoring.

6 If there was an item on the agenda that was a
7 motion to choose between Norville and Peach, then your
8 comments are 100 percent appropriate. Because, then, if
9 it's just a motion to say one or the other and it's a vote
10 amongst you all who the majority wins, then, absolutely,
11 your comments at that item for that motion is 100 percent
12 appropriate.

13 But because we're in the context of the
14 solicitation, where we're in the active scoring, and we're
15 at a period of time where the Board has determined that this
16 is the point at which we're going determine scores for the
17 interviews, and it's at that stage, and those scores will
18 then be added to the scores that were done by you all for --
19 on the proposal itself, we are in the midst of that
20 competition still.

21 And so it's -- that's a key distinction that sort
22 of goes back to the very beginning of this process when you
23 as a Board made the determination that you are the selection
24 committee, the evaluation committee. And so by doing that,
25 you constrain yourself by the language of the RFP, you

1 constrain yourselves by the language of the procurement
2 code.

3 And, from day one, the effort and the focus has
4 been to make sure that the competition remains fair and
5 open. And the idea is, is that the context we're in right
6 now, it's not a one or the other. Every one of you, today,
7 get's an opportunity to provide your score for the
8 interview. And then that score will be added to your score
9 on the proposal. That will ultimately determine the final
10 list.

11 So if it was an either/or proposition that we're
12 standing in right now, I absolutely, 100 percent, from the
13 core of my being, support you, Board Member Moore. But
14 we're at a different situation today, as of right now,
15 because we're in the context of scoring the interview and
16 the process of the RFP itself.

17 And so that's a -- that's a distinction that I
18 just want to highlight for you members of the Board to --
19 that's sort of the basis of my advise with regard to my
20 comments that I made earlier, is that you're in that context
21 right now. It's a different context then just simply, yes,
22 I'm an appointed member of the Board. That's all.

23 MR. MOORE: All right. Let me -- and that's --

24 TREASURER SHEAFE: Wait, wait, wait. Hang on a
25 minute.

1 CHAIRMAN McCUSKER: Mr. Sheafe?

2 TREASURER SHEAFE: Chris, you had gave us
3 instructions when we began this process not to communicate
4 with one another.

5 Would you repeat why you gave us those
6 instructions and what the basis was, because I can tell you,
7 to my knowledge, there's been absolutely no communication
8 between anybody on this Board relative to these proposals
9 about any aspect on these proposals.

10 MR. SCHMALTZ: Yes. There's a very clear
11 statement in the RFP that indicates that you are to have no
12 communication or contact with anyone that would potentially
13 influence your scoring, evaluation of the proposals. And
14 that's also in the procurement code.

15 The procurement code and the emphasis in the
16 procurement code and the RFP is for fair and open
17 competition. That has been the emphasis all along. And so
18 all of my advice is driven by those provisions. And that's
19 in the RFP itself.

20 And so the idea is, is that the -- I've said this
21 over and over again, you heard me say it again today -- the
22 RFP criteria is your basis for evaluation. That's it.
23 That's all it should be. You should be having no
24 conversation with anyone, proposer or otherwise, who is
25 attempting to influence your scoring.

1 TREASURER SHEAFE: Could I, then, ask if my fellow
2 Board member Mr. Moore would accept the concept that I would
3 truly like to hear your opinions. I thought, particularly
4 well-stated, was the beginning of your piece. And I,
5 frankly, appreciated it very much. And I would like to hear
6 the rest of it.

7 I wonder if you would give me the courtesy of
8 deferring until after we've done the scoring? And then, I
9 would make the motion to allocate some public time to
10 actually reread it from start to end. And that way we'll
11 stay consistent with counsel's advice, protect what we have
12 here, as considerable effort -- and time and effort, and
13 also reach a conclusion that's as independent as we're being
14 asked to reach. But then air the possibility of full
15 disclosure on everybody's part as to what their impressions
16 were and what our thought were.

17 MR. MOORE: Fine. I don't want to screw this
18 deal. I'm tired of running around in circles. So I'll
19 concede and I'll sit back. But I appreciate having the
20 opportunity to speak later.

21 CHAIRMAN McCUSKER: Okay. So the question at
22 hand, which will require a motion, is the Board's
23 prerogative in terms of how and when you score.

24 We can stay and do it now which, if we do, I'll
25 hold a call to the audience before you do. Or you can give

1 yourself a deadline, and we'll turn them back in at which
2 point they'll be posted immediately to the website.

3 MS. COX: Mr. Chairman, I do have one question.

4 Chris, it was my understanding that our scoring
5 today was to be done in response to the oral presentation,
6 period. Not the written documents, only the oral
7 presentation.

8 For that reason, I feel, if I am correct, it seems
9 like we could vote pretty soon based on what we just heard
10 today from each one of the presenters.

11 Can you give me your thoughts on that, please?

12 MR. SCHMALTZ: Sure. Mr. Chair, Members of the
13 Board, the presentation time period, there was no
14 restriction placed on sort of if they wanted to have a
15 handout or provide you with a PowerPoint in terms of
16 limiting sort of what the proposers wanted to present.

17 If they had a handout that amplified what they're
18 saying, which one of the proposers did, maybe both,
19 certainly, that's part of their presentation. So you're not
20 precluded from considering that. You're not precluded from
21 all of you getting a copy of the PowerPoints to review
22 because that's part of the presentation and, quote,
23 interview process that is contemplated by the RFP.

24 So there's no strict limitation in the RFP about
25 simply the oral. It is their presentation. So if they

1 chose to supplement their PowerPoint with a handout that is
2 sort of a reflection of their PowerPoint, it's totally
3 appropriate for you to consider that.

4 MS. COX: Okay. Thank you, Chris.

5 CHAIRMAN McCUSKER: Mr. Irvin?

6 SECRETARY IRVIN: As I'd mentioned, I don't want
7 to delay this process. But I do think I need some
8 additional time to look through some of the additional
9 materials that were provided. And I also understand that
10 we'll probably get our transcript, although we won't vote to
11 approve it, but we'll get a copy of it so we can look back
12 at it. I'd like to have -- look at the time. We're not
13 going to get that until Thursday or Friday. I'd like to
14 propose that Monday, end of business, five o'clock that our
15 scoring sheets will be due.

16 That's my motion.

17 CHAIRMAN McCUSKER: All right. There we go. Now
18 we have a motion.

19 TREASURER SHEAFE: I'll go ahead and second that.

20 CHAIRMAN McCUSKER: But, Alberto, do you want to
21 discuss that?

22 MR. MOORE: Well, I don't know why we can't -- we
23 can't vote now. We've heard the two presentations. I don't
24 know why we can't sit and do our scoring. And then, you
25 know -- heck, I don't know if I can remember my speech the

1 next time.

2 SECRETARY IRVIN: It's okay. You wrote it down.

3 MR. MOORE: Because I wrote it down, but, you
4 know . . .

5 TREASURER SHEAFE: You're going to have to do it
6 again.

7 MR. MOORE: Anyhow, I think that we should be able
8 to vote.

9 CHAIRMAN McCUSKER: We have a motion and a second.
10 Michele, call role.

11 MS. BETTINI: Jannie Cox?

12 CHAIRMAN McCUSKER: And the motion is to give us
13 until Monday at noon --

14 TREASURER SHEAFE: Monday at five.

15 CHAIRMAN McCUSKER: -- Monday at five o'clock to
16 turn your scores back in based on today's presentation.

17 MS. COX: Yes.

18 MS. BETTINI: Chris Sheafe?

19 TREASURER SHEAFE: Yes.

20 MS. BETTINI: Mark Irvin?

21 SECRETARY IRVIN: Yes.

22 MS. BETTINI: Alberto Moore?

23 MR. MOORE: No.

24 MS. BETTINI: Fletcher McCusker?

25 CHAIRMAN McCUSKER: No.

1 The motion passed 3 to 2.

2 (The Board voted and the motion
3 carried.)

4 CHAIRMAN McCUSKER: Okay. So we have a deadline.
5 Take your scoring sheets home. Do not discuss these with
6 anybody inside or outside the organization. Return them in
7 the same manner that we did the first batch to Michele. And
8 you guys will tabulate them and post them. So we should
9 have them posted to our website hopefully by Tuesday.

10 MR. SCHMALTZ: Mr. Chair?

11 CHAIRMAN McCUSKER: Mr. Schmaltz.

12 MR. SCHMALTZ: I would like to clarify a point
13 that I think I made earlier when I was asked a question
14 about what will we do about Jeff's -- Board Member Hill's
15 scores. I think I indicated that my initial thought was to
16 drop his scores. And I think that that's incorrect.

17 I think, based on the language of the RFP, as I've
18 had more time to think about it, it's -- the RFP and the
19 language of the RFP currently will allow us to proceed,
20 continue with -- including those scores of his. But because
21 he's not here to do the scoring of the interviews, your
22 scores of the interviews will be added to your scores, your
23 initial proposal scores. And that will be able to determine
24 fairly the final lists.

25 So we won't be dropping anyone's scores. If we

1 wanted to drop scores, I probably -- it would probably be a
2 modification of the RFP, which is what we don't want to do.

3 So I think it's most appropriate for us to proceed
4 as is. And those who are here are able to score the
5 interview. And those scores will be then added to your
6 proposal scores. But all of the scores that we received
7 will be included in the final ranking.

8 CHAIRMAN McCUSKER: To clarify that, I think the
9 ranking is based upon the totaled scores.

10 MR. SCHMALTZ: That's right.

11 CHAIRMAN McCUSKER: So wouldn't you take the total
12 written score --

13 MR. SCHMALTZ: Yes.

14 CHAIRMAN McCUSKER: -- combine that with the total
15 oral score --

16 MR. SCHMALTZ: Yes.

17 CHAIRMAN McCUSKER: -- and you would have a total
18 store.

19 MR. SCHMALTZ: That's correct.

20 CHAIRMAN McCUSKER: In that regard, Mr. Hill's
21 scores would survive.

22 MR. SCHMALTZ: Yes. That's exactly what I said.
23 His proposal scores will be included in the total,
24 absolutely, so that we don't have any dropping of any
25 scores. They'll just be -- they'll be slightly smaller

1 because his interview score will not be included.

2 CHAIRMAN McCUSKER: Okay. Now is the time set
3 aside for call to the audience. We'll call your name.
4 We're not allowed to interact with you. You have three
5 minutes to say whatever you want. And we will keep a clock.
6 It's not a lot of people, so we're pretty lenient around
7 time.

8 So, first up, Bob Hicks.

9 ATTENDEE: I don't want to interrupt illegally --

10 CHAIRMAN McCUSKER: And state your name -- sorry,
11 Mr. Hicks. State your name and address.

12 ATTENDEE: Didn't want to interrupt illegally.

13 Bob Hicks. And I would like to give you each a --
14 as to who I am so I don't have to go through that.

15 CHAIRMAN McCUSKER: Give one to our
16 transcriptionist, Michele.

17 ATTENDEE: We are very fortunate. Mr. Chairman
18 thank you very much. Members of the Board, I appreciate
19 this very much.

20 I moved here from the wet state of Oregon and
21 Washington. My father-in-law was -- I'm not going to lean
22 on him because I was like sandpaper to him sometimes as an
23 architect. And he was an architect. Mukilteo company's
24 chief architect, moved here to establish the firm with
25 others, Cain, Nelson, Wares, Cook and Swaim. And that was

1 the father, I believe, of Mr. Swaim.

2 You're fortunate because I left my notes at home.

3 And -- but I moved here from Portland, Oregon.

4 And my father-in-law flew in one day and he said -- we asked
5 him how his flight was. And he said, it was okay. Flew
6 around Mr. Hood. It was a nice, clear day. He says, I even
7 saw Mount St. Helens.

8 And we said, oh, really?

9 He says, but it's relentlessly green up here.

10 And we laughed it up. That's been the laughable
11 family joke for years since we moved here.

12 Of the two projects, one is very much masked with
13 housing and a hotel. Standing strong above the I-10 but it
14 is very, very -- it's a tight complex. It's very European
15 in nature.

16 The other project I see very much similar to the
17 firm that I worked with -- Skidmore, Owings, and Merrill --
18 in Portland, where I did not do, but was -- at the time of
19 the downtown redevelopment, I was in the firm. And our firm
20 actually did the downtown Portland development as a
21 coordinating architect. We worked with the likes of Michael
22 Graves and Florence Halliday, both from the East Coast.
23 Didn't sit well at all with the local architects, not at
24 all.

25 However, once that project was complete, the

1 downtown redevelopment, Skidmore, Owings, and Merrill -- you
2 may not know the name, largest architectural engineering
3 firm in the world, Sears Tower -- the other one -- what's
4 the other one, I can't think of it right now -- but the
5 Sears Tower and the John Hancock Building were going up at
6 the time that i was in the firm.

7 I was a hospital architect. Worked around the
8 country. And I see the international design concept that
9 Skidmore developed in the renovation of Portland, where it
10 was housing, at one end, about ten structures. Went up, and
11 little by little people moved out. Offices came in and took
12 over. That was the southern part of the downtown area.

13 The downtown area was not very much government,
14 which was good. And that actually went downhill fast until
15 the project was ended. It took forever. And I swear, all
16 the sewers and electrical underneath the streets was a real
17 problem.

18 Now, I appreciate Mr. Sheafe's comment about
19 parking structures. Because you asked, first of all, about
20 what were you going to have to pay for. And the bridge came
21 up, you know, and as to how many dollars and cents are going
22 to have to put out. And then, finally, the -- with the
23 other proposal, the parking structure. I don't know what
24 the bridge is going to cost --

25 CHAIRMAN McCUSKER: You have about a minute left.

1 ATTENDEE: I'm done?

2 CHAIRMAN McCUSKER: You have one minute.

3 ATTENDEE: I have one minute?

4 CHAIRMAN McCUSKER: One minute.

5 ATTENDEE: Okay. Thank you.

6 So anyway, I look at it and say that the
7 European-type concept I much prefer over the glass and
8 concrete that, typically, Skidmore, Owings, and Merrill put
9 forth as an international design concept.

10 I do think that the dollars and cents, the dollar
11 that was spent in San Diego is really going to bring \$5. I
12 do not understand, as an architect, how one of the firms can
13 hold you accountable. I learned a long time ago, if you
14 don't have a contractor -- now, maybe they had a contract
15 with the City. But I don't understand how they can hold
16 anybody at bay without a contract. If they've got a
17 contract, fine and dandy, it ought to get paid off.

18 Thank you very much.

19 CHAIRMAN McCUSKER: That's time. Bob, thank you
20 very much.

21 ATTENDEE: Okay.

22 CHAIRMAN McCUSKER: Andrew Squire.

23 ATTENDEE: Good afternoon, Members of the Board.
24 Thank you so much for your efforts today and the work that
25 you've done. I'm Andy Squire, city of Tucson, 255 West

1 Alameda. I am the Gem Show liaison for the City of Tucson.

2 Having worked with the Gem Show's partners, AGTA
3 and TGMS and the TCC, a little bit with Mr. Norville's team
4 at GJX making sure that we are handling the transportation
5 issues there. And I come today very briefly on behalf of
6 Doug Hucker and AGTA. He is the CEO of AGTA.

7 He is -- the AGTA GemFair is the premiere colored
8 gem show in the world currently that occurs here. And it's
9 amazing that it's the synergy with GJX and the other shows
10 at the Holidome have created the over 40 shows here in
11 Tucson that are generating now, according to the
12 soon-to-be-released study by FMR Associates, \$125 million of
13 direct spending. So we're -- we know that you know this and
14 we know that you're greatly concerned about making sure that
15 these things also seed in partnership together.

16 The parking issue is a big issue for Mr. Hucker
17 and his vendors at the TCC. And as much of this is very
18 preliminary and you are not at liberty to discuss a lot of
19 the different details, the rumor mill kind of got to him
20 that B lot at the TCC, the primary large lot on the west
21 side, might, in fact, be repurposed or reused as part of the
22 development agreements moving forward.

23 He wants to make sure that you all understand that
24 that's a critical component for his vendors for parking. I
25 wish we could get folks more in the space where -- with the

1 streetcars and the additional parking opportunities in the
2 downtown, they would be ready and available to do that. But
3 the vendors really love being close to whatever facility
4 they are showing at.

5 And B lot, A lot, and C lot, during the Gem Show,
6 are utilized by AGTA which runs at the exact same time as
7 GJX and now, the very exciting new show out at Starr Pass,
8 JCK, foremost in the retail jewel industry.

9 So just to let you all know that, he will probably
10 be in touch of you down the line with the Rio Nuevo Board as
11 things move forward just to let you know and continue to
12 express his concerns. He's very excited about the changes,
13 very excited about the work that you all have done at the
14 TCC Arena. In fact, his show may eventually wind up
15 expanding to that again as it had years ago.

16 So thank you for the time. Thank you for the
17 opportunity to speak. Good luck.

18 CHAIRMAN McCUSKER: Thank you very much.

19 ATTENDEE: Yes, sir.

20 CHAIRMAN McCUSKER: Brian Corbell.

21 ATTENDEE: Mr. Chair, Mr. Vice Chair, and the
22 Board Members. My name is Brian Corbell. I live in Santa
23 Monica with my wife, my children and grandchildren are
24 there. I'm here on behalf of Tucson West Hotel Associates,
25 LLC, which owns the Riverpark Inn and the Pueblo Gem Show.

1 And there's only one issue I'm here to discuss.

2 And, first, a little bit about my background. I,
3 with a thousand dollars, bought my first real estate project
4 in West Oakland in the slum area, 1961. Redeveloped it
5 through the urban renewal. Did my first year of law school
6 at Berkeley, came south to work for a huge development
7 company.

8 Finished law school there while I was doing that.
9 Worked on 93 acres of Kaanapali that my company had, 10,000
10 acres in Conejo Valley that we were developing that is now
11 the city of Thousand Oaks. Bought Sun Valley, Idaho through
12 the Union Pacific, developed it. Developed several thousand
13 acres at the base of a mountain in Aspen.

14 Started my own company in 1969 to get into the
15 hotel business. First few years, worked basically on large
16 development projects that were assigned to me by third
17 parties. 1200 acres, resort development in lake Tahoe.
18 Several others not as large. 5,000 acres in Orange County.

19 In the meantime, was able to buy two hotels,
20 Washington, D.C., Anaheim. And then took over for a third
21 party, big project, New York. We had 5,000 hotel rooms --
22 at the Waldorf. Bought other hotels about the same time and
23 afterwards. Very much involved in the convention hotel
24 business. We owned and/or operated 500 rooms in Anaheim
25 Convention Center, 740 in Orlando Convention Center, four

1 big ones in New York, et cetera.

2 Since that time, bought assets from the ROTC,
3 FESC, et cetera. Along the way, in 1962, when I heard about
4 our property becoming available, a fax came over, I spent a
5 year and a half working with Rio Nuevo, working with the
6 City of Tucson, to decide to buy the property. Turns out,
7 hotel market was weak then. It's worse now.

8 We have survived because we operate a Gem Show,
9 which we have for 12 years. Been intimately involved with
10 every element of the City and County related to the Gem
11 Show. Every year I am a part of what Andy Squire referred
12 to as the City Gem Show Committee. And every year we talk
13 about parking and we talk about the fact that all this
14 parking is sitting across the street in the State Building
15 and nobody will use it, year after year. Gem Show people
16 won't touch it. They've got their heavy roller bags. They
17 won't go across the street even if you give them free
18 shuttles.

19 The subject property is the most important
20 property for parking for the Gem Show. As Mr. Hucker
21 apparently is going to state, they need their side for
22 parking when they're short. By 9:30 in the morning, all of
23 those lots are full.

24 GJX has relied on the subject eight and a half
25 acre for his parking. Year by year, we've often leased

1 parking on the southern part of that. We don't do that now
2 because the land on the west side is now accessible with the
3 bridge. And that's usable for parking.

4 The problem with both these sites is that the
5 Gaston property will eventually be developed. There will be
6 no surface parking there. The parking that will be there
7 will be used by the occupants. Same with this project.

8 Now, maybe there's some way for some of the
9 tenants, et cetera, to move into the State lot. I don't
10 know. But it's clear that the City believes -- the City
11 planning people believe that 1200 spaces are needed for the
12 GJX show alone. That's probably a -- with scale, a
13 \$20 million project, maybe more.

14 But the good part of that is, if it's financed at
15 a low enough rate and you design the bottom so that it can
16 also be used for the Gem Show, you can make a lot of money
17 on that. The net cost could be very affordable comparing to
18 not having the parking that is competitively needed. If you
19 go out to the county gem shows, they've got lots of surface
20 parking. It's all free.

21 CHAIRMAN McCUSKER: You got to wrap up.

22 ATTENDEE: And I urge the Board to think about the
23 imperative need of the Gem Show to have legally committed
24 parking on the site that you control.

25 CHAIRMAN McCUSKER: Thank you.

1 And last, Sergio Arcilano. Did I pronounce that
2 right?

3 ATTENDEE: Yes, sir.

4 CHAIRMAN McCUSKER: There you go.

5 ATTENDEE: Someone left their folder here.

6 Members of the Board, my name is Sergio Arcilano.
7 Just a normal citizen here that lives within the confines,
8 address, 756 West 44th Street on Ajo and 16th.

9 A long-time resident of the West Side. Grew up
10 here on the south side, southwest side of Tucson, Arizona.
11 So heavily involved in the community and the Barrio and the
12 people in the surrounding areas.

13 Sitting here as a citizen, I sat through both
14 presentations. And, you know, if I -- if the people, the
15 public, can interject their opinion, I, along with a lot of
16 people, state that the person that owns the adjacent
17 structure seems to know a little bit more of what's going
18 on.

19 A proven leader, 22 years on the Gem Show with
20 GJX. I used to work the Gem Show down the street on
21 Granada. And I was the parking lot attendant. So I know
22 how essential and how busy the Gem Show is. I used to do
23 security and all this other stuff back when -- you know, an
24 infantryman comes back with no skills from the Army and the
25 was. And the only thing we can do is security.

1 So I'm really thankful for the Gem Show and
2 everything in the surrounding area. GJX is a prime example.
3 And, you know, the vision that the Norville's plan brings,
4 brings a lot of Barrio inclusion and not some of
5 same-old/same-old downtown things that we have been seeing
6 alienating us, the people from the West Side, of what's
7 going on downtown.

8 And so, you know, UofA involvement -- and the
9 key -- the key components are, you know, luxury, four-star
10 hotels, Hyatt versus Drury. I mean, these are big changes,
11 big differences as to what's being proposed that we'd like
12 to see down here.

13 And there's a lot of artists, including a Barrio
14 artist named David Tineo who's done murals all over Tucson,
15 he would benefit greatly from more exposure because he is an
16 artist who is going blind. I mean, he's like 85 percent
17 blind and he still makes these great, wonderful pieces. So
18 I think he'd benefit from the exposure, along with a lot of
19 other people from the neighborhoods.

20 So in wrapping up, you know, I didn't like a
21 comment by Mr. Mark Irvin when he said, you know, what have
22 you done within the 22 years of you owning the property.
23 And the people of Tucson and the citizens -- and I'm sure
24 I'm not alone in this -- but, I mean, we're all disgusted
25 with what's been going on with -- in the past with Rio

1 Nuevo. What has Rio Nuevo done? You know, it shouldn't
2 exist in the first place. So it was pretty unfair to make
3 that analogy.

4 And just closing up, I believe the Norville plan
5 is great. There's a lot of citizens lined up behind it as
6 well. And we look forward to your scoring.

7 And thank you for your time.

8 CHAIRMAN McCUSKER: Thank you very much.

9 That's all the cards I have. Did I miss anybody?
10 We'll entertain a motion to adjourn.

11 SECRETARY IRVIN: So moved.

12 CHAIRMAN McCUSKER: All in favor, say aye.

13 (Ayes.)

14 (The meeting concluded at 12:55 p.m.)

15 --o0o--

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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.

John Fahrenwald

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25