

RIO NUEVO MULTIPURPOSE FACILITIES

PRE SUBMITTAL MEETING

Tucson, Arizona

June 16, 2014

2:00 p.m.

REPORTED BY:

John Fahrenwald

KATHY FINK & ASSOCIATES

2819 East 22nd Street

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Attendees:

Andy Kelley	Bog Creek
Charles Corrales	Southwest Consulting
Bill Hughes	Nor-Generations
Josh Marks	Rider Levett Bucknall
Rob Lamb	GLHN Architects nad Engineers
Phil Swaim	Swaim Associates
Doug Marsh	Oxford Realty Advisors
John Strittmatter	Ryan Companies
Jack Neubeck	The Planning Center

For Rio Nuevo:

Michele Bettini	Operations Administrator
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1 MR. SCHMALTZ: Welcome. Thanks for coming today
2 in your interest. My name is Chris Schmaltz. I'm an
3 attorney with Gust Rosenfeld. We are the attorneys for the
4 District. I am a procurement advisor for the District. I
5 handle the procurement efforts; advise them on their
6 procurement code, et cetera; I worked on the RFP with my
7 partner, Mark Collins, and other members of the Board in
8 terms of preparation and evaluation criteria et cetera, et
9 cetera for the arena site RFP.

10 That's why we're here -- is the pre submittal
11 conference really to entertain your questions and talk about
12 sort of any issues that you want to discuss about the RFP
13 itself, any details of the property that you might want to
14 sort of talk about.

15 The RFP itself is relatively self-explanatory and
16 provides some background information relative to the site .
17 But there may be some other details that you might want to
18 know, or have questions about which -- if I can't answer
19 today or Michele can't answer today, we certainly will
20 provide an answer either through an addendum to the RFP, or
21 something that is less formal than that.

22 In terms of process, RFP sets out the schedule. After
23 this, the due date for the responses to the RFP is the end
24 of the month. And then those -- any proposals that come in
25 will get distributed to the evaluation committee, which is

1 the Board.

2 The Board is serving as the evaluation committee. They
3 will individually get copies of all of your proposals that
4 are submitted. They will individually prepare the scores
5 for each proposal -- response to the proposals that they
6 receive. They will provide their scoring to Michele, who
7 will be the RFP administrator on this, who will then combine
8 and compile all those scores into a table that will then be
9 distributed to the Board as part of the July 15th regular
10 board meeting.

11 It will be on the agenda on July 15th; that's a
12 regular board meeting date. They will receive the matrix of
13 scoring from all of the board members for each proposal with
14 totals with an idea at that day to arrive at a file list --
15 based upon that scoring in the evaluation criteria, arrive
16 at a short list of -- that may become the final list; but
17 there will be a short list from the responses that are
18 received and then scored at that meeting.

19 And then at that meeting the Board will determine
20 whether or not they want to conduct interviews of any of the
21 respondents on the short list of 3 to 5. Those interviews
22 will be scheduled for some time in the future -- probably
23 all on the same day, in order to allow for no competitive
24 advantage for any proposers. They will all be on the same
25 day. We will likely request -- because it's a board, The

1 Board, that is serving as the evaluation committee, it will
2 be subject to Open Meeting Law. But we will probably
3 request people who are being interviewed, groups who are
4 being interviewed, if the Board chooses to do that -- to not
5 attend the other interviews. We haven't really determined
6 how that's going to work in terms of if the Board chooses to
7 do interviews. But that's the likely outcome -- is we'll
8 ask the other proposers to not attend the other entities'
9 interviews to preserve some of that competition.

10 But again, it will be subject to open meeting law
11 and so your proposal will be -- your interview will be open
12 to the public. It will be likely a regular Board meeting.
13 There will be an agenda and notice to the public because it
14 will be a board meeting, essentially, a special board
15 meeting nonetheless.

16 So as I said, any questions about that? Or
17 process? Or timing?

18 That timing may shift depending on if we need to
19 do a substantial addendum to the RFP or if there are other
20 issues that are raised, either in this meeting or in any
21 other questions that you might have while you're going
22 through your due diligence and preparing your proposals.

23 Again, as the RFP talks about, you can get your
24 questions in writing, or call Michele. She will then either
25 forward them to me or we will answer them.

1 If they are informal questions and simple answers,
2 we'd certainly be able to handle them. If they are more
3 detailed and formal questions, it might prompt an addendum
4 which might push out the timeframe.

5 But right now this is the schedule that I think
6 the Board wants to stick to; but I don't think that they are
7 opposed to moving the schedule out. But this is the
8 schedule that was initially sort of arrived at by members of
9 the Board in terms of responses.

10 In terms of the RFP itself, just in general,
11 obviously it's the Board's interest to sell or -- and/or
12 lease the Arena Site, 8-acre parcel that is articulated, its
13 location is articulated in the RFP.

14 Of course the Board could have made the decision
15 simply to sell the parcel and entertain proposals to simply
16 buy it. But obviously, going the RFP route, the Board wants
17 a hand in the development, how its looks, how it's
18 structured -- is interested in proposals that maximize the
19 benefit of the parcel to the area that it sits in.

20 The Board is publicly -- if you've been
21 following -- the Board has publicly sort of expressed an
22 interest in assisting sort of the adjacent property owner
23 with regard to the parking needs for the Gem Show; that's
24 articulated in the RFP as well.

25 And really what the RFP is hoping to get is some

1 creative proposals to deal with sort of developing it and
2 maximizing its location and the sort of mixed use and
3 opportunities it presents at that location, and for the
4 long-term benefit of the area.

5 With that, certainly I can entertain any questions that
6 you might have about process, or aspects of the RFP that you
7 want to ask about. I may not have answers for you in detail
8 simply because the RFP is what it is; but I'm certainly
9 willing to entertain any questions that you might have.

10 MR. STRITTMATTER: John Strittmatter, with Ryan
11 Companies. You referenced the parking for the Gem Show. Is
12 that just during the term of the Gem Show, or is a longer
13 period of time that that is required?

14 MR. SCHMALTZ: Mainly it's during the term of the
15 Gem Show but your proposals -- it really needs to -- what's
16 articulated on the RFP is that ultimately 1200 spaces need
17 to be available for parking during the Gem Show. How those
18 spaces are used the rest of the year, when that high demand
19 spike isn't happening, is really sort of up to you to be
20 creative about. Really, it should be open to the public,
21 available to the public, or available to sort of your -- the
22 public that is shopping or doing whatever, at whatever
23 proposal you develop that you propose for the site.

24 But your proposal really needs to cover sort of
25 how you're going to provide those ultimately 1200 spaces

1 that will be available for patrons of the Gem Show during
2 the Gem Show.

3 MR. STRITTMATTER: So can we then utilize those
4 1200 spaces for parking for the development that we put in
5 place?

6 MR. SCHMALTZ: Yes. But again, understanding that
7 when I say "yes" that means that those 1200 spaces have to
8 be then available in some capacity for patrons of the Gem
9 Show in a dedicated way. However you do that, that's your
10 creativity. And the Board will sort of evaluate that based
11 upon the criteria of the RFP.

12 MR. SWAIM: Chris, Phil Swaim, Swaim Associates
13 and Architects.

14 So if we've got a hotel that needs 200 spaces and
15 we anticipate those guests to be going to the Gem Show, does
16 that qualify within your 1200?

17 MR. SCHMALTZ: Potentially. But the problem is,
18 is that of those 200 spaces for your hotel are available to
19 -- are not somehow exclusive to patrons -- or made available
20 exclusive to patrons of the Gem Show during the Gem Show, it
21 might not qualify. It might not be, well, that's just
22 available too. And yet the reality of it is, is that
23 everyone who is staying at the hotel might be at the hotel
24 during those time periods because they want to go to the Gem
25 Show. But technically they wouldn't be dedicated to the Gem

1 Show or used solely for the purpose of the Gem Show itself
2 and supporting the development on the Gem Show site.

3 And so it's probably not enough just to say that, yeah,
4 they're available for hotel patrons and the hotel patrons
5 are all going to go to the Gem Show.

6 MR. STRITTMATTER: Maybe we're getting down into
7 too much detail here, but during the term of the Gem Show,
8 24/7, they're allocated to the Gem Show and there's no other
9 use can accommodate -- ?

10 MR. SCHMALTZ: I don't know the answer to that,
11 24/7; I don't know what the hours of the Gem Show are.
12 Really that's for you to sort of include in your proposal on
13 how much or how little you want to and what kind of a deal
14 you may have struck with either the Gem Show proprietor or
15 anyone else as part of your proposal to make those spaces
16 available.

17 Because the general statement that I'll make is
18 that the Board has expressed on multiple occasions the
19 desire to support the Gem Show with parking. The Gem Show
20 development I think has need of parking in order to proceed
21 with this development. And how that parking is achieved may
22 or may not involve dedicated parking spaces on the Arena
23 Site. And so, I think the evaluation criteria certainly
24 expresses that that's one of the development parameters, so
25 any proposal that is submitted that doesn't solve that

1 problem in way that satisfies the 1200 spaces that provides
2 -- that are provided for Gem Show patrons, is not going to
3 score well.

4 MR. SWAIM: As long as we're talking about our
5 favorite subject of parking, the 600 public parking spaces
6 minimum, does that also include the 450 to support Nor-Gen's
7 facility?

8 MR. SCHMALTZ: That's exactly what it is. The 600
9 up to 1200 is to support the Nor-Gen facility.

10 MR. SWAIM: Okay.

11 MR. SCHMALTZ: For those of you coming late, I'm
12 Chris Schmaltz. I'm an attorney with Gust Rosenfeld; we're
13 the attorneys for the District. I am their procurement
14 advisor for the District. Michele Bettini will be the RFP
15 administrator; she's the office manager/secretary to the
16 Board. She will be your contact point.

17 The RFP is self-explanatory with regard to that in
18 terms of questions you may have. Now is the opportunity to
19 sort of talk about process or other aspects of the RFP that
20 might be not as clear as we might have wanted it to be.

21 If necessary, we can issue an addendum to the RFP,
22 but the timeframe, as it is, is the timeframe that the Board
23 established and wants to see sort of things moving
24 relatively quickly with regard to the site. And so we're
25 all here, and if you have any other questions with regard to

1 the RFP itself or process, just let me know.

2 The Board will -- for the benefit of those that
3 came in after I talked about it, the Board is the evaluation
4 committee. The Board will receive any proposals that are
5 submitted, along with the score sheet. The Board will
6 individually provide their evaluations and scores to
7 Michele, who will then compile them, put them into a matrix
8 -- I'm sure that I will help with that. And that matrix
9 will then be included with the Board at its regular meeting
10 on July 15th; that's a regular meeting date.

11 At that meeting, there will be an agenda item
12 which is: Here is the short list of those individuals or
13 entities who submitted an RFP; here's the scoring of all of
14 the proposals that were submitted. The Board will then make
15 a determination as to whether or not they want to do an
16 interview or interviews of those 3 to 5 short-listed top
17 scoring proposals. And then the interviews will be
18 established at a later date, likely all on the same day.

19 Because it's the Board, they're subject to Open
20 Meeting Law. And so those interviews will be at an open
21 meeting open to the public. We'll probably ask individual
22 proposers not to attend the other proposers' interviews.
23 But it will be -- it will be subject to Open Meeting Law.
24 Any other questions?

25 MR. STRITTMATTER: Regarding the land take down,

1 you talked about in the RFP those that might want to buy
2 only part of the parcel. What is your response to a take
3 down in phases of the entire parcel?

4 MR. SCHMALTZ: I think the Board would be willing
5 to consider that.

6 I don't think the RFP rules that out; so if there's a
7 rational proposal that talks to a take down in phases --
8 certainly opening the door for not taking down less than the
9 full size opens the door for exactly that. So I think if
10 you're creative and your proposal's excellent, I think that
11 they would absolutely consider that.

12 MR. SCHWABE: I'm Ron Schwabe with Peach
13 Properties -- and I may have missed this -- but on the
14 parking side of it, is there some sort of projection of what
15 -- for the Gem Show portion of it, what the charge is gonna
16 be for the parking and for the public parking?

17 MR. SCHMALTZ: Nope.

18 MR. SCHWABE: And so it's just to be negotiated?

19 MR. SCHMALTZ: Yep.

20 MR. SCHWABE: And that would be -- Rio Nuevo is
21 out of that negotiation?

22 MR. SCHMALTZ: Well, it depends on how it's
23 handled. Certainly, any proposal -- what Rio Nuevo is
24 looking for in the RFP is the solution to that problem.

25 Or that challenge. And how you determine that

1 solution, and propose that solution, and can achieve that
2 solution, Rio Nuevo wants to see it. Because they've, on
3 more than one occasion, publicly committed to trying to
4 support that parking for the Gem Show development.

5 MR. SCHWABE: And that's 1200 spaces or 600?

6 THE WITNESS: Ultimately 1200.

7 MR. SCHWABE: And so during construction of the
8 site, the Gem Show can't be interrupted as far as the
9 parking, or is that . . .

10 MR. SCHMALTZ: Well, this is -- this is
11 development of the Arena Site. Certainly you'd have to
12 coordinate with the City of Tucson and the Gem Show people
13 in terms of how all of that works in terms of development of
14 the Arena Site corresponding with whatever's going on with
15 the Gem Show; for sure, that would have to be coordinated.
16 But those are details in terms of what's down with road and
17 site planning and everything else. But there are, I'm sure,
18 interim solutions that the City of Tucson would accept, the
19 Gem Show people would accept, as the development of the
20 Arena Site is ramped up.

21 MR. SCHWABE: And infrastructure on the property
22 that's done: I know that Rio Nuevo's been working on some
23 that -- is that going be ongoing, or that's to the point
24 that it is and...?

25 MR. SCHMALTZ: I think ongoing. And it will

1 depend on what the next steps are in terms of what Rio Nuevo
2 does on- or off-site related to infrastructure -- really
3 will depend on, you know, when they enter into negotiations
4 with the highest scoring proposer and what the idea is with
5 regard to, here's how/what we want to do and how we can
6 accomplish it; here's what we want the District to do.

7 If the proposer is saying, we can do all of this
8 stuff, but you, District, need to provide XY and Z,
9 certainly that will be part of A, the scoring and B,
10 negotiations with the number one scoring entity.

11 MR. LAMB: Rob Lamb. My firm was involved in a
12 lot of the infrastructure planning for the original master
13 plan for Rio Nuevo. And so the real question I think is a
14 follow on to this: Are there any material changes to the
15 master plan that either have occurred or are being
16 considered by the Board right now that would affect
17 infrastructure that had been already been planned for, for
18 the site?

19 MR. SCHMALTZ: It's a good question. I don't have
20 an answer for you on that.

21 MR. LAMB: Okay.

22 MR. SCHMALTZ: But we can get that.

23 MR. LAMB: That'd be great. Thank you.

24 MR. SCHMALTZ: I can say that that aspect -- none
25 of that was part of the discussions in the preparation of

1 the RFP, the discussion of the RFP by the Board. But that
2 doesn't mean -- so I'll figure that out.

3 MR. SCHWABE: I guess some of that is that there
4 was certain easements and access issues were sort of
5 integrated between the two parcels, the Nor-Gen and -- and
6 is there any thing that's firm on that or it's just...?

7 MR. SCHMALTZ: Well, I would certainly do your due
8 diligence in finding the existing easements, what's been
9 recorded on the site. I can sort of find that out as well.
10 The Board took the property in a settlement with the the
11 City of Tucson in an "as is where is" basis, so whatever's
12 out there now, that's what you have to deal with.

13 MR. STRITTMATTER: Strittmatter with Ryan again.
14 Are you -- should one assume that the actual due
15 diligent period will be negotiated once you select someone
16 and go into negotiations because the infrastructure sort of
17 falls into that?

18 MR. SCHMALTZ: I wouldn't necessarily assume that,
19 but I think that's the reality of it. Certainly, we want to
20 see creative proposals that solve a lot of the problems that
21 would produce an excellent development for the site. And
22 negotiation with the highest scoring proposal will involve
23 an agreement that will be a purchase agreement, but also a
24 development agreement. Essentially, here's what you need to
25 do, here's what the District's going to do, here's the money

1 you're going to pay, et cetera, et cetera, how much you're
2 going to have, that kind of the thing.

3 MR. KELLEY: Andy Kelley. Is there any
4 archaeological studies on this property?

5 MR. SCHMALTZ: You know, not that I'm aware of.
6 The City of Tucson issued an RFP on this multiple years ago,
7 and I don't believe in that RFP there was anything that
8 detailed any archaeological sites or -- but I don't know if
9 they had done any studies. I don't think the District has
10 done any archeological study.

11 MS. BETTINI: We've only done a Phase I --

12 CHAIRMAN McCUSKER: -- Phase I, yeah.

13 MR. SCHMALTZ: Maybe there was an ALTA survey?

14 MS. BETTINI: ALTA. And Phase I.

15 MR. SCHMALTZ: But I'll get you a specific answer.

16 MR. KELLEY: Are the utilities near the property
17 or on the property?

18 MR. SCHMALTZ: There are some utilities on and
19 near. There's the existing Greyhound lease that's on the
20 property, so there are some utilities there. But you'll
21 have to deal with sort of that transition away from the
22 Greyhound use that's on the site and the rights that they
23 have under the settlement agreement and their existing lease
24 as part of sort of any development of the site that will
25 have to be dealt with.

1 The RFP talks about that briefly. But you have
2 the recording numbers in the RFP so you can pull up those
3 agreements and take a look at them for yourself.

4 MR. KELLEY: So the way I see it, if you phase it,
5 you're still obligated for 1200 spaces, and then Greyhound
6 takes a chunk out of that. So the big question is, is there
7 enough flat surface for 1200 units going into Phase II. And
8 then, would they require you to pave it at an extraordinary
9 cost?

10 So what I think I'm saying is if you develop Phase
11 I, let's say up near -- I think it's Congress -- you may be
12 forced into building some sort of a parking structure in
13 advance. Because I don't think there's enough room for 1200
14 cars. I don't know if that means anything. I'm just
15 thinking out loud.

16 MR. SCHMALTZ: Any other questions?

17 MR. STRITTMATTER: Yeah. The \$1.9 million, issue
18 with Peach --

19 MR. SCHMALTZ: Mm-hmm.

20 MR. STRITTMATTER: You just sort of laid it out:
21 Here it is. And so what do you expect to be done with it?

22 MR. SCHMALTZ: I expect you to talk to your
23 lawyers, evaluate it on your own. We're not your lawyers;
24 we're not going to give you legal advice with regard to
25 that. Those are the facts.

1 MR. STRITTMATTER: Okay.

2 MR. SCHMALTZ: With regard to that.

3 MR. STRITTMATTER: So we're assuming that
4 liability? If there is --

5 MR. SCHMALTZ: I wouldn't assume anything. Those
6 are the facts and the situation as it stands; that paragraph
7 articulates it. So I would certainly advise you to have
8 your lawyer take a look at it.

9 MR. KELLEY: On the develop plan or plan that you
10 submit, are you gonna be held to that plan? Because there
11 might be a variable in a tenant, you know, going on a
12 floorplate -- I'm talking about from a 15,000 square foot
13 floorplate to 30,000-foot floorplate. But you haven't
14 finalized a potential tenant.

15 MR. SCHMALZ: I think the answer to that question
16 is: not necessarily. You won't be necessarily held to
17 strict conformance with what you submit in your response.
18 Certainly any negotiation from a successful proposer
19 standpoint -- you know, the number one, or if we can't
20 arrive at a deal with number one, moving on to number two,
21 et cetera -- will start with what your proposal says and go
22 from there.

23 But the nature of development is such that -- and,
24 you know, certainly if yours looks and smells like it's
25 filled with spec development, that may not be viewed as

1 favorably as something that's more concrete, from the
2 Board's perspective. But I don't speak for the Board. But
3 from a negotiation standpoint it's going to start from your
4 proposal.

5 Any other questions?

6 MR. SWAIM: It does say the drawings are -- or all
7 things are limited to 8 1/2 by 11, so I assume there's a
8 limited amount of detail we can have in our plans limited to
9 8 1/2 X 11.

10 MR. SCHMALTZ: Yes, that's correct.

11 MR. SWAIM: Okay.

12 MR. SCHMALTZ: That's for -- for cost savings and,
13 you know, the front end and to save Michele's and the
14 Board's having to handle large --

15 MR. SWAIM: Okay.

16 MR. SCHMALZ: Try to be as detailed as you can,
17 but again -- you know, you know the drill.

18 Okay. Some of these questions that I wasn't able
19 to answer today, dealing with the master plan and
20 infrastructure questions, as well as some more detail on the
21 easement and access issues, I'll have to think about whether
22 or not it will warrant an addendum. Probably doesn't rise
23 to level of an addendum, but what I can do is -- everybody's
24 included their email. I can include an answer to those
25 specific questions via email. But we may formalize and do

1 an addendum. If that happens, it will certainly be out in
2 the next couple of days.

3 MR. KELLEY: Does it materially affect the site,
4 from what you know? How can we lay it out if we don't have
5 that kind of information?

6 MR. SCHMALTZ: Well, that's -- I didn't know that
7 answer to that. If I look into it and say, okay, there's a
8 big issue here, then we'll do an addendum if you have more
9 details --

10 MR. KELLEY: -- well, our time too.

11 MR. SCHMALTZ: Yeah. I mean if -- like I said, if
12 it warrants additional time, we'll talk about that and that
13 will be -- that will certainly warrant an addendum, that
14 will shift the timeframe. But I don't know the answer --

15 Okay. Make sure before you leave that you get a copy
16 of the sign-in sheet; make sure everybody's email and
17 contact information is on that sign-up sheet. If you didn't
18 put your email on it, please do so. And we'll get you a
19 copy of that before you go, and look forward to your
20 excellent proposals.

21 [meeting concluded at 2:30 p.m.]

22 --oo--

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