

RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

BOARD MEETING

March 28, 2017

Tucson, Arizona

Reported By: Michael A. Bouley, RDR

Certified Reporter No. 50235

KATHY FINK & ASSOCIATES, INC.

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1 APPEARANCES:

2 BOARD MEMBERS:

3 Fletcher McCusker, Chairman

4 Mark Irvin

5 Jannie Cox

6 Edmund Marquez

7

8 ALSO PRESENT:

9 Mark Collins, Board Counsel

10 Brandi Haga-Blackman, Operations Administrator

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15 BE IT REMEMBERED that the meeting of the Board
16 of Directors of the Rio Nuevo Multipurpose Facilities
17 District was held at the Arizona State Building, 400 West
18 Congress Street, Suite 222, in the City of Tucson, State
19 of Arizona, before MICHAEL A. BOULEY, RDR, Certified
20 Reporter No. 50235, on the 28th day of March, 2017,
21 commencing at the hour of 1:00 o'clock p.m.

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P R O C E E D I N G S

CHAIRMAN MCCUSKER: Let's call the meeting to order. 1:02 Rio Nuevo time. We don't need him between now and --

MR. COLLINS: You need him for your quorum, don't you?

CHAIRMAN MCCUSKER: One, two, three, four.
(Pledge of allegiance recited.)

CHAIRMAN MCCUSKER: Okay. Brandi, call the vote. Not vote, call the roll.

MS. HAGA-BLACKMAN: Mark Irvin?

MR. IRVIN: Here.

MS. HAGA-BLACKMAN: Jannie Cox?

MS. COX: Here.

MS. HAGA-BLACKMAN: Ed Marquez?

MR. MARQUEZ: Here.

MS. HAGA-BLACKMAN: Fletcher McCusker?

CHAIRMAN MCCUSKER: Here

MS. HAGA-BLACKMAN: We're not going to call Chris?

CHAIRMAN MCCUSKER: No.

MR. IRVIN: Why don't you text him? Just tell him to call after executive session.

CHAIRMAN MCCUSKER: You got Jannie?

1 MS. HAGA-BLACKMAN: Yes.

2 CHAIRMAN MCCUSKER: You have the transcriptions
3 from the February 28th meeting. They have been sent to
4 us in advance. They are verbatim. We need a --

5 MR. IRVIN: Approve.

6 MR. MARQUEZ: Second.

7 CHAIRMAN MCCUSKER: All in favor, say aye?

8 (Board responds aye.)

9 CHAIRMAN MCCUSKER: Motion's approved.

10 This is the time we set aside for the executive
11 session. We need a motion and second.

12 MS. COX: So moved.

13 MR. IRVIN: Second.

14 CHAIRMAN MCCUSKER: All in favor, say aye.

15 (Board responds aye.)

16 CHAIRMAN MCCUSKER: We should be back around 2
17 o'clock-ish.

18 (Recess for executive session.)

19 CHAIRMAN MCCUSKER: We need a motion to
20 reconvene.

21 MS. COX: So moved.

22 CHAIRMAN MCCUSKER: Second, please?

23 MR. MARQUEZ: Second.

24 CHAIRMAN MCCUSKER: We are reconvening at 2:15.

25 Thank you for your patience. We hate to be even 15

1 minutes late, but as you can see from our agenda, we have
2 a lot of stuff going on. We're proud to be involved in
3 your downtown.

4 We want to move to the agenda quickly. I do
5 want to give you an update on some things that are not
6 particularly on the agenda today.

7 But, a quick update on the Caterpillar project
8 on the west side. We are engaged in site planning with
9 our engineers. We are looking at the landfill issues,
10 the sewer, power, water. We expect to have hard bids on
11 all that in May, that we can react to regarding the eight
12 and a half acre 150,000 square foot project for
13 Caterpillar on the west side.

14 We were proud to be at the Greyhound terminal
15 grand opening last week. They are -- love their new
16 spot. They are doing great. Did a beautiful job.
17 That's not a Rio Nuevo project that also enables the
18 development of the former Greyhound lot, and Mr. Irvin
19 will be pleased to know that the clock is now running on
20 Norgen, so they have clearly a limited amount of time to
21 develop what they have promised us they will develop.
22 Actually, they are going to write you a big check.

23 MR. IRVIN: I want development. I don't want a
24 check.

25 CHAIRMAN MCCUSKER: Yeah, I think we'd all like

1 to see development. A lot of inbound activities from
2 apartments to hotels. We're moving in the -- ahead with
3 Caliber. Caliber is in their due diligence mode
4 regarding the 125-bed convention center hotel, which we
5 intend to launch in partnership with them. And you'll
6 see a lot of projects moving in the next few months that
7 are partnered with private sector developers.

8 So Dan, you want to tell us how fast you're
9 spending our money?

10 MR. MEYERS: I'm Dan Meyers, CFO of Rio Nuevo.
11 Okay. As of the end of February, cash on hand was about
12 11.5 million. That's down. One primary reason is we
13 didn't receive our November TIF allotment until March, so
14 it was a month late. So that was a little over a million
15 dollars. And then we received our December TIF allotment
16 just last week, and that was a little over 1.1 million.

17 So again, our monthly budget, \$1 million. I
18 think overall for the year we are just a little below
19 budget, but usually the first -- the spring months are
20 pretty good. So I anticipate that -- getting to our
21 budgeted amount.

22 Just a little -- a couple details here. The
23 first line item, the funds held by Chapman for the
24 Greyhound lease, that money will be disbursed to us here.
25 They are doing the final closing on it and that will be

1 disbursed to us in the next couple weeks.

2 Again, the Scion Bank balance is low because of
3 the November TIF being received in March. Brandi and I
4 have been reviewing the TIF collections for November and
5 December. We are finding, you know, some merchants are
6 late in paying or have gone a spell without paying, so we
7 are turning those people over to City of Tucson. They do
8 the legwork on that, and usually we get follow-up on
9 those within a month or two.

10 We're closing out the final payments to the
11 Greyhound. We are waiting for the final retention
12 billing and a couple change orders. Same thing with
13 Tucson Community Center. We just got some retention to
14 pay on that, a few other things outstanding. So that
15 stuff is pretty much completed.

16 Other than that, just same ol' same ol'. We'll
17 get going on the budget the next fiscal year in the next
18 couple weeks, get that approved, hopefully at the next
19 meeting. Lucky. Just plugging along.

20 Any questions?

21 CHAIRMAN MCCUSKER: Some questions for Dan.
22 Mr. Marquez?

23 MR. MARQUEZ: Moving forward with all the
24 different deals that we have working, do you have maybe
25 like a five-year time line on income and expenses and

1 just kind of road map?

2 MR. MEYERS: I do.

3 MR. MARQUEZ: I'd love to see that. I don't
4 know if I need to see that in public session or if I need
5 to see that --

6 MR. MEYERS: Yeah, I have got to update it some.
7 I will update it after this meeting. But yeah, I've got
8 five-year projections out there, you know, trying to keep
9 our eye on the ball.

10 CHAIRMAN MCCUSKER: I think would be appropriate
11 as we look at the annual budget that maybe we look at a
12 five-year forecast. You know, the TIF, maybe even a
13 seven-year forecast. TIF sunsets in 2025. So Dan's been
14 doing the work kind of on the side. So I think all he
15 needs is for us to ask him to present.

16 MR. MEYERS: We have it as part of the
17 performance audit. We were asked to do that. So it's
18 there. It's a work in process, and I can certainly
19 update it.

20 MR. MARQUEZ: Great. Yeah, I'd love to see
21 it.

22 CHAIRMAN MCCUSKER: So we'll plan on adding that
23 to the '18, I guess, the fiscal '18 budget presentment.

24 MR. MEYERS: Sounds good.

25 CHAIRMAN MCCUSKER: Anything else for Dan?

1 Thank you very much.

2 MR. MEYERS: You bet.

3 CHAIRMAN MCCUSKER: Item 7 on the agenda, we are
4 pleased to introduce to you some of our new friends from
5 New York. The Project for Public Spaces is here. We've
6 been touring the Sunshine Mile for the last couple of
7 days, literally looking at virtually every property along
8 that corridor, two-mile corridor. We've met with the
9 City staff. We've met with the Regional Transportation
10 Authority. We've met with a number of stakeholders along
11 the Broadway corridor.

12 To refresh your memory, the mayor and council
13 have approved us and PPS involvement in Sunshine Mile of
14 the Broadway corridor. There are some 50 remnant
15 properties, maybe more, that will end up affected by the
16 widening. They do not all need to be demolished. So our
17 objective is to try and revitalize as many of those as we
18 can and convert them to taxpaying retail businesses.

19 Meg, if you want to come up and introduce
20 yourself and talk about how successful you've been
21 everyplace else. And welcome to Tucson.

22 MS. WALKER: Thank you. And I am Meg Walker,
23 senior vice president at Project for Public Spaces, and
24 I'd like to introduce my colleague Alessanadra Galletti,
25 who is our architect, and we have worked a number of

1 projects together.

2 We are so happy to be here. This has been
3 really actually a very interesting day and a half, and
4 learning all about Sunshine Mile, meeting countless
5 people at this point, stakeholders, and the City. So
6 we've actually been, you know, drinking out of a firehose
7 here the last couple days. So we've been absorbing a
8 lot.

9 We do -- I came with a PowerPoint that's kind of
10 about our place making process and how we apply it to
11 streets and boulevards, and we call them streets as
12 places. But I will give you a little bit of background
13 before I launch into that.

14 So we are a nonprofit organization. We've been
15 around for 40 years. And our mission is to transform
16 public spaces so that they support communities' needs.
17 And we always start with the community. We think about
18 what -- you know, what is it that the community needs
19 most and how can that public space support them in
20 whatever it -- whatever it is, economic development,
21 bringing the community together, creating a sociable
22 place, whether it's public health or other reasons that
23 they want to improve their public spaces or create new
24 public spaces. And we call this place making.

25 So we -- a great public space to us is a place.

1 And we work on all different kinds of public spaces,
2 everything from streets and boulevards to downtowns and
3 waterfronts, parks and plazas, and, you know, whole
4 districts. So we have worked on a number of mixed use
5 developments, new mixed use developments and doing master
6 plans, public space master plans. So it's all different
7 types of work.

8 And I'm an architect and a planner. Alessandra
9 is an architect and a landscape architect. And we have a
10 number of -- we have a firm of about 30 various
11 professions, really. We are not all designers and we're
12 not all planners. We have writers. We have
13 anthropologists. We have sociologists. So we think
14 about, you know, how people are going to use public space
15 in a lot of different ways.

16 So we see this as an opportunity to think about
17 place making on the Broadway corridor on the Sunshine
18 Mile, is about serving kind of a variety of different
19 users, everybody from, of course, the people who own it
20 and the businesses that are there, the people who live in
21 the neighborhood, the folks who are not too far away,
22 like the university students, people from the downtown.
23 It's close by. And then what's the -- what's the bigger
24 picture? Residents from all over Tucson, tourists,
25 potentially.

1 So you think of kind of the layers of uses
2 starting with the community. And so we've been learning
3 about who these users are or potential users could be.

4 And then what kind of uses, what kind of
5 activities could take place on the corridor that could
6 actually serve the community? So we are thinking about
7 opportunities for specific anchors, what retail nodes,
8 opportunities for outdoor spaces that perhaps they need.
9 Or, in looking at redevelopment sites, how can they also
10 -- if they are redeveloped as, let's say, housing. Could
11 they also have retail on the ground floor that provides
12 services for the neighborhood?

13 So we are looking at all this on the two-mile
14 corridor trying to figure out how you can develop nodes
15 of activity and then connectors between the nodes. It's
16 kind of our approach to this right now. And we're pretty
17 early in thinking about it, but we already understand
18 that there is one area toward the west that's going to be
19 probably more university students because it's closer to
20 the university. And the area on the east may have more
21 housing for adults or for seniors or for empty-nesters
22 with the kinds of uses that they would be interested in.
23 So, that's kind of -- that's the big picture that we are
24 looking at right now.

25 And then we're going to look at, you know, each

1 block, really, and how -- what -- how could you develop
2 it in terms of better, you know, pedestrian -- the
3 pedestrian, I suppose mobility, safety opportunities.
4 How can you -- if you have parking issues, how can you
5 solve the parking issue in front, in back? Can you do
6 shared parking? So we're going to be kind of looking at
7 the opportunities at that level, too.

8 So the big -- kind of big image identity of, you
9 know, vision for the corridor and then -- and then block
10 by block. You know, who are you going to serve on this
11 block and how are you going to provide something that,
12 you know, a retailer or a restaurant would find that, in
13 fact, a great place to be? Is it an opportunity for an
14 incubator space? Is it an opportunity for a new
15 restaurant to get started? Or small spaces where you
16 could have entrepreneurs who are doing their kind of
17 first -- first time they have had a brick and mortar
18 shop, for example?

19 So, you know, a lot of makers in Tucson. Can
20 you create places for them? So those are the sorts of
21 things we're talking about.

22 I will give you a -- I have a show that kind of
23 talks about place making --

24 CHAIRMAN MCCUSKER: Go for it.

25 MS. WALKER: I just don't want to go for too

1 long. How much time you want to give me?

2 CHAIRMAN MCCUSKER: Go for it.

3 MS. WALKER: So should I keep talking into the
4 mic?

5 CHAIRMAN MCCUSKER: Yeah. Brandi, can you
6 advance the frames? Can you advance?

7 MS. WALKER: I had an advancer, but I think its
8 battery is dead.

9 You know what, I can take this out.

10 So then I can just talk like from here. Okay.
11 You can hear me?

12 So, we -- as I said, we have been around 40
13 years. We do work all over the world. We do all
14 different types of public spaces, and particularly, you
15 know, we work with communities. We believe the community
16 is the expert. We start with the idea of place making,
17 but what is a place and how is it different from space?
18 And, our thought is that place is something that people
19 become -- it's a physical space or a physical location
20 that people become attached to.

21 And why do they become attached to it? And
22 that's what we have to discover. What is it about, you
23 know, the Sunshine Mile? There is certainly nostalgia,
24 there's certainly history there, but why do people want
25 to be there now? What's going to attract people there

1 now? And, develop that kind of emotional attachment.

2 And, we always say places are about people.

3 And, those that create them and those that use them.

4 It's -- it's not -- it's great to talk about historic
5 architecture, that's fantastic. I am an architect and
6 I'm a preservationist. I really -- I really respect, you
7 know, the preservation of buildings. But we are here now
8 to figure out what are the uses for these buildings and
9 what are the uses for this neighborhood and how it -- are
10 people going to become attached to this, to this
11 corridor?

12 So, people kind of are often the place makers
13 themselves. So we think that the community and the
14 business owners can actually -- and work with partners
15 and other stakeholders to actually do the place making.
16 You know, you create the stage on which the place -- on
17 which the place making happens, in a way. You want to
18 create the stage for people to come together, for people
19 to create, for people to create businesses. So, we're
20 creating that kind of flexible space on which people can
21 then do their thing as -- as time goes on.

22 And whether it's a market or, you know, an
23 outdoor restaurant, or community events, we see places as
24 having the opportunity for people to do a whole variety
25 of things. So place making we think of as a

1 collaborative process that brings people together, create
2 and sustain the public spaces and the hearts of their
3 communities. And it really is an opportunity to bring
4 people together. It really is an opportunity to create
5 that kind of sociable gathering place we think that
6 actually can make -- it's the difference between -- to
7 me, you know, a suburban neighborhood that has no public
8 space in it, everybody is living kind of isolated from
9 each other.

10 When you give them a park or a community center
11 where they can come together, suddenly it changes the
12 whole dynamic of a neighborhood. Suddenly, people know
13 each other. Neighbors know each other and they can
14 interact with each other, and it breaks down barriers.
15 So, we are all for finding opportunities for people to
16 come together.

17 Our work is based on the work of William H.
18 White, who wrote *The Social Life of Small Urban Spaces*.
19 He also pioneered the idea of using time lapse film to
20 observe how people use public spaces. And, he said it's
21 hard to create a space that will not attract people.
22 What is remarkable is how often this has been
23 accomplished. So we find public spaces all over the
24 world that are just ---- they are empty. They have no --
25 you know, there's -- there's nothing going on. People

1 will design them, maybe they are even beautiful, but if
2 you -- if you can't figure out how to program them and
3 activate them, people aren't going to come.

4 So what attracts people, he said, it would
5 appear, is other people. And that kind of is like a
6 common sense thing. But, you know, would you ever go
7 into a restaurant where there is nobody there?

8 I had that experience the other night. Looked
9 in this restaurant and there is nobody there. I said,
10 I'm not going in there.

11 So, people feel the same way about parks and
12 public spaces and sidewalks, even. If nobody is walking
13 on the sidewalk, you don't feel comfortable walking on
14 that sidewalk.

15 And when you focus on place, you do everything
16 differently. You think about it more as opposed to
17 individual buildings or designs or things, or -- or just
18 -- yeah, or block by block. When you think about it more
19 as a place in a more holistic way, you approach things
20 differently.

21 And so just a little bit about how we kind of --
22 this is kind of our our approach to thinking about what
23 makes a public space great. What are its key attributes?
24 Uses and activities, comfort and image, access and
25 linkages and sociability. And we really need to have all

1 four of these to make a great place.

2 So uses and activities is really key because
3 this was what keeps people coming back. What keeps
4 people and will attract a variety of people. You want it
5 to be active every day. You want it to be active all
6 year round. You have summer issues here. You know, how
7 can you use a space in the heat of the summer? Are there
8 ways to get people to come in the summer? Are there ways
9 to use a public space at night?

10 And you want to attract as diverse an audience
11 as you can so -- because that will actually help to -- to
12 round out the uses. Because older people might come in
13 the afternoon, or seniors might be there in the morning.
14 Families might bring their kids on a Saturday. And then
15 you might have the millennials coming at midnight. So
16 you think about who the users are to round out all those
17 kind of potential year-round activities.

18 Access and linkage, of course, this is like a
19 transportation project -- started as a transportation
20 project, Broadway. We're trying to now make it into a
21 place making project. But the transportation aspects are
22 still really important because it's -- still it's got to
23 be walkable. It's got to be bikable. You need to be
24 able to get there. You need to be able to cross it on
25 foot. And it's got to be connected to the neighborhoods

1 around it. So thinking about its linkages around it, not
2 just as a thoroughfare, but how is it -- so, and then
3 comfort and image. This helps people linger. If they
4 are comfortable there, if they have the appropriate kind
5 of seating, if it's movable, they have control of where
6 they sit, if there is shade, if they feel safe there, if
7 it feels friendly and inviting, that's a place that they
8 will -- will stay longer in.

9 You don't want people just to come for 10
10 minutes and say, oh, this is a cool place. You want them
11 to feel really comfortable there.

12 And finally, maybe most important of all, is
13 sociability. Because you really wants folks -- we want
14 these places to have a sense of community. We want folks
15 to feel like they are going to have spontaneous
16 interaction with other people, that they can meet their
17 neighbors there. It's a place where folks from other
18 parts of Tucson might come and feel comfortable being
19 there because it's a welcoming place. So, it attracts a
20 diverse audience who also feel comfortable. So the
21 sociability is maybe the most important thing of all
22 because that's what -- that's what -- you know, as I
23 said, people attract people. It's because it feels
24 sociable.

25 And then if you get this right, if you get your

1 place making right, it has a lot of benefits. It can --
2 as we talked about, it can promote a sense of comfort.
3 It can promote a sense of community. But it also can
4 promote health. It can get people walking. It can get
5 people outdoors. It actually often -- it's been proven
6 that public spaces that people enjoy and where they meet
7 their friends actually help mental health. They help
8 people's mental health. Can support your economic
9 develop goals. Can help start entrepreneurs get -- kind
10 of incubate entrepreneurs. And it should be accessible
11 and promote accessibility for everybody. So just some
12 kind of key ideas.

13 Yes, sir.

14 MR. MARQUEZ: This is great. This is fantastic,
15 by the way. Just if we could get to more brass tacks.

16 MS. WALKER: Yeah.

17 MR. MARQUEZ: So what was the areas you looked
18 at? You're from New York, came into Tucson. You saw our
19 two-mile stretch, Sunshine Mile. What area did -- that
20 had the most potential, not the area -- the area that you
21 saw where the two-mile stretch --

22 MS. WALKER: Yeah.

23 MR. MARQUEZ: -- that you were the most excited
24 about that may not be developed now, or maybe you can
25 see, maybe you saw the bones of the historic property.

1 What area excited you the most in regards to potential?

2 MS. WALKER: Well, there is different things. I
3 think there is some areas where you could -- I want to
4 show you. We'll just skip ahead to one of our concepts
5 is called lighter, quicker, cheaper. Make things happen
6 now.

7 So when you can actually take a space that's
8 underutilized and start to program it immediately or do
9 some kind of light development or have food truck rallies
10 or have the community put on shows or events, festivals,
11 we call this lighter, quicker, cheaper interventions
12 where you can actually begin right now to transform a
13 space and build enthusiasm about a project.

14 So we heard about the block between -- I forget
15 what is it location-wise, it's where the -- it's near the
16 --

17 CHAIRMAN MCCUSKER: Where the Panda restaurant
18 used to be.

19 MS. WALKER: Yeah, where the Panda -- Panda
20 restaurant used to be.

21 CHAIRMAN MCCUSKER: We call that the Panda
22 block, yeah.

23 MS. WALKER: The Panda block.

24 CHAIRMAN MCCUSKER: Sunshine Plaza.

25 MS. WALKER: Sunshine -- they were calling it

1 Sunshine Plaza.

2 CHAIRMAN MCCUSKER: Used to be an empty lot.
3 Then it was the Panda Chinese food restaurant. The City
4 has torn it down. So now it's a vacant lot.

5 MS. WALKER: So we think you can have -- and,
6 you know, they already have been having food truck
7 rallies there. So it's -- it's on the north side. And
8 the community has said that they really enjoyed, you
9 know, the activities.

10 Well, you could step that up and start to get
11 working with local partners or working with the community
12 and have festivals, have music there, have -- you know,
13 the goal -- along with the food trucks, you could do
14 other things. You could have activities for kids there.
15 So there could be kind of a regular programming. And
16 that can actually kind of build some enthusiasm.

17 And we always really recommend that people start
18 with this kind of simple programming, and they can do --
19 you know, we call it an interim public space. It's like
20 what you -- you may even develop that parcel later, but
21 in the meantime it can become something. This is like
22 place making in action right away. So, and you can
23 provide amenities or food trucks like that. You can have
24 activities like, you know, art activities. You can do
25 yarn balling and, you know, there is all kinds of things

1 that could happen there.

2 People were saying they would love to have some
3 activities where kids could actually do drawings outdoors
4 or have giant chalkboards on which they could write. You
5 could have makers come and put on a maker festival there.
6 You know, there's -- a community has a lot of different
7 ideas. So this was one thing we were kind of excited
8 about that they are already starting to do. So how to
9 promote that, I think, is something you could talk about.

10 And then in terms of longer term, I think we
11 were excited about the bungalows and the way that, you
12 know, in terms of historic significance, that they could
13 actually become a row of little restaurants or boutiques,
14 where there's -- I mean that's a destination when you've
15 got the whole --

16 CHAIRMAN MCCUSKER: Cherry, Broadway and
17 Highland.

18 MS. WALKER: Yeah, Cherry and --

19 CHAIRMAN MCCUSKER: A number of
20 turn-of-the-century properties there that could otherwise
21 be torn down.

22 MR. MARQUEZ: Great.

23 MS. WALKER: And you could do cool things with
24 those. I just wanted to show you this other tool that we
25 use. We call it -- we were sort of doing this today with

1 some of the stakeholders. We like to think about how you
2 create destinations all along your corridor. And
3 thinking of it on a larger scale, we call this the power
4 of 10 because it's about layering of activities and
5 building up places.

6 So every city, we say, should have at least 10
7 great destinations. Broadway could be one of Tucson's
8 greatest major destinations. Along that Broadway, you
9 should have 10 destinations. Each one of those should
10 have 10 places. Each one of those places should have 10
11 things to do. So in the end, you have like a thousand
12 things to do along the Broadway corridor.

13 So, for example, this is New York City, but --
14 but there are 10 great public spaces in lower Manhattan.
15 And this is one of them. This is Bryant Park, and it
16 should have 10 places within it. And then each one of
17 those places should have 10 things to do. So people are
18 buying hotdogs and playing chess. They are meeting their
19 friends by the fountain. They are playing bocce. They
20 are getting food. They are eating outdoors. They are
21 doing all these things in this one area.

22 So you think about this is a way of thinking
23 about a corridor in a more manageable way. So we've been
24 trying to identify what those -- doesn't have to be 10,
25 could be six, could be 12. But whatever, you know. We

1 are trying to identify those locations along it.

2 So like the bungalow block is a -- could be a
3 destination. A couple of those really lovely mid-century
4 modern -- lovely may be the wrong word. They are kind of
5 almost whimsical, actually, the plazas. You know, like
6 the Solot Plaza and the -- I forget the name of the --
7 the Hoss Plaza and the Freeman Plaza. There are a few of
8 them that have really kind of interesting mid-century
9 modern architecture. Some of it's hiding behind
10 whatever. It's layered over it. And they are tiny
11 little parcels.

12 CHAIRMAN MCCUSKER: Tucson Tamale. These little
13 very slender -- they will be starved of their frontage.
14 So the City is obligated to acquire them. Before we
15 showed up, the options were really to demolish them. So,
16 can you take a section like that, a block long plaza with
17 20 small store fronts, create some new way to park and
18 get in and out of it and activate 20 retail
19 establishments? When we looked at the economics of the
20 entire corridor, it's about a \$5 million a year swing
21 tax-wise.

22 MR. MARQUEZ: Well --

23 CHAIRMAN MCCUSKER: If we let it go, we lose
24 about five million a year of sales tax. If we improve
25 it, we might be able to improve \$5 million of sales tax.

1 So not only is the sense of place important, but the
2 economics of this are huge. And, I think they get that.
3 We're not going to build a walkable tour of museums'
4 profits, but we can take seven totally vacant unused
5 bungalows and convert them into retail restaurant, and
6 maybe we run a trolley, Edmund, that connects this to
7 the, you know, Joesler Village in El Con.

8 So these are the kind of things very early for
9 us that -- we came to this party very late. You know,
10 when we were asked to engage in the Broadway widening
11 debate over a year ago, and I think even before you were
12 appointed to the board. In a public meeting we said no,
13 we have no dog in this fight. However, when you guys
14 figured out what you're doing with the roads, which could
15 have been an eight-lane road with everything on the north
16 side demolished, and we're very interested in the impact
17 it has on TPT tax. Because this is in the Rio Nuevo
18 district.

19 What we now know is the road decisions have been
20 made. The road meanders now from Euclid to Country Club.
21 It's no longer a straight street. It picks up some
22 properties on the north, picks up some properties on the
23 south, curves around the church, goes around Miles
24 Elementary. You know, that's done. But at the end of
25 the day now, you've got this fragmented retail strip

1 that, for the most part, will be vacant because of the
2 roadway.

3 So what the City now authorized us to do is to
4 go in with our private development friends and try and
5 activate sections at a time. I think one of the things
6 we've talked to them about is -- yesterday, was not
7 trying to do the whole two-mile section at once, but pick
8 a block or two blocks, and prove up these concepts. Then
9 it's not just a park where you can go walk your dog and
10 play chess, but it's going to attract people that spend
11 money in stores that benefit our TIF district. And I
12 think that's ultimately our challenge.

13 It's been very contentious, as you know. There
14 is very hard-sided conversations on what was supposed to
15 happen to this road, and I think we have kind of helped
16 create some detente now around what could happen to
17 these, these properties. And I don't know if you have
18 other slides of work you've done.

19 MS. WALKER: I will show a couple of projects
20 that are kind of --

21 CHAIRMAN MCCUSKER: Please do. I think that's
22 really what attracted us.

23 MS. WALKER: These are just kind of simple
24 things that you could do.

25 MR. MARQUEZ: While you were pulling that up, I

1 was just in Bryant Park in New York City in June. The
2 one thing that you can't describe in a PowerPoint
3 presentation was the energy in that park.

4 MS. WALKER: Right.

5 MR. MARQUEZ: And literally walking by there and
6 there was something about the park that felt in a
7 different rhythm than the streets of New York City. So I
8 went to the Bryant Park, and she is describing it
9 correctly. There were people eating lunch. There were
10 the hotdog carts. There was the chess. There -- it was
11 like 50 different things going on in one park, and had
12 such a positive energy and it was a place that people I
13 think were calm, compared to what they felt in New York
14 City, and they were just -- they were activated in all
15 these different activities. It was really neat to see.

16 It's funny that you mention it, because I walked
17 by and I told my family we got to walk in here, there is
18 something going on. And there was just everything going
19 on.

20 MS. WALKER: Everything going on. And that's
21 one of our earliest projects. So we did that in the late
22 '80s and did the programming and came up with the idea of
23 having, you know, all these different activities that we
24 make it safe. Because before that, it was just a needle
25 park. People were in there buying drugs and homeless

1 people had taken it over.

2 You know, and the funny thing is there's still
3 homeless people in there. But you really don't notice
4 them because they are overwhelmed by all the positive
5 activity. They are playing chess with each other. You
6 know, so they just blend in with everybody.

7 So it's -- it's a very, you know, welcoming
8 place where everyone feels comfortable. So that's kind
9 of always our goal is to make it -- not every place can
10 or will be as vibrant as that place, but that is sort of
11 like the ultimate goal.

12 And just some simple examples of place making.
13 This was a project in Los Angeles where we were working
14 for the transportation company, trying to figure out how
15 to enhance bus stops. This was a bus stop in North
16 Hollywood, and we are walking around in the community and
17 they said, well, there's this empty lot next to this bus
18 stop and maybe we can do something with the empty lot.
19 They decided to locate a bus shelter there. That was the
20 first step, instead of just a stick in the ground.

21 And then the local arts group said, well, we'll
22 put a sign up here about our upcoming events. So that
23 went next. And then the City owned the building to the
24 -- to the right of that lot and they said, well, we'll
25 rent it to a cafe that can then put an outdoor cafe

1 there. And suddenly, you have this -- you know, this
2 great space where it's a lot more than a bus stop but it
3 started as a bus stop.

4 And then once that went in, this public space
5 went in, a new furnishings company moved -- this store
6 moved in next door and Starbucks moved in across the
7 street. And suddenly, what was a really derelict kind of
8 dead downtown started to really come alive.

9 So, simple things like that can really actually
10 leverage, you know, more -- you know, attract new
11 businesses and really create a vibrant block in a, you
12 know, derelict kind of downtown. So that's just kind of
13 a small example.

14 And this is another example where we did a
15 lighter, quicker, cheaper intervention, we call it, in
16 downtown Detroit. There was a park that we worked on in
17 the early 2000s called Campus Marshes. But it wasn't
18 really getting people out of the building and it wasn't
19 attracting the residents. So we did a community -- a
20 number of workshops with the community and surveys to
21 find out what kinds of things they liked to do downtown.

22 And we kept hearing, well, we like beer garden,
23 we like beach, we like to play basketball. We thought
24 how do you do that in a downtown? Well, we did. We
25 created a beach and beach bar and grill. And suddenly,

1 it became this major attraction in downtown and it was
2 such a simple thing to do. It really didn't cost very
3 much. They were serving like more food in that little
4 beach bar and grill than any other restaurants in the
5 downtown.

6 MR. MARQUEZ: So if I could -- if I could just
7 butt in. I went there as well this summer.

8 MS. WALKER: You did?

9 MR. MARQUEZ: And there was a reggae party going
10 on. So you're walking in the center of -- and I text you
11 in the middle of this. I was showing you. I walked in
12 the middle of downtown, and you just felt -- you heard
13 the reggae drums and there was a reggae party, a beach
14 party in the middle of -- and all the people that are
15 working in all the tech businesses around downtown had
16 taken off their expensive dress shoes, rolled up their
17 pants, were walking around in the sand with a beer in
18 their hand in the middle of downtown. It was really
19 cool.

20 MS. WALKER: So that actually started to attract
21 people right away. So lunchtime, after work, come out
22 and they'd play games and have a beer. And then, we had
23 this prepared food. Now they are -- they have food
24 trucks. But we were experimenting with like getting
25 people out of their buildings at lunchtime to come and

1 meet each other for lunch outdoors, and there would be
2 music.

3 And we -- then we even put in temporary
4 basketball courts and so people will play -- the office
5 workers will come out after work and they will meet some
6 of the kids from the neighborhood and they will have
7 these basketball tournaments after work. So that's
8 getting the -- you know, the people from the -- you know,
9 from the residents -- from the neighborhoods who weren't
10 coming downtown at all.

11 So these simple things, they're kind of not --
12 not hard to do, but each -- each one is kind of -- it's
13 got to be unique. It's got to be authentic. It's got to
14 be the right thing for the neighborhood. We can't come
15 in and just say we'll do a beach anywhere and say that's
16 going to work. Or we'll, you know, put a basketball
17 court anywhere. It's got to kind of work with that
18 community.

19 So if the community says, well, we don't have
20 playgrounds, for example, or there's no place to take our
21 kids, maybe we can work with them to create the kind of
22 playground they would really like to have, you know, on
23 the court or in a safe place. But whatever, you know.
24 But they need to kind of come up with the ideas, because
25 they are going to be the users and hope to sustain it.

1 We hope they sustain it over time.

2 These kinds of things, these lighter, quicker,
3 cheaper things can also evolve. They don't have to --
4 you don't spend a lot of money on them. Maybe they are
5 there for a summer, the next summer you do something else
6 We thought that beach would only be there for the summer,
7 but it was so popular they just keep bringing it back and
8 bringing it back.

9 CHAIRMAN MCCUSKER: Think about Geronimo Court
10 at Main Gate. You know, create that, little dinky
11 stores, no reason for you to be there, but they activated
12 this courtyard and now it's probably the busiest outdoor
13 space along the Main Gate. But they are all fine food
14 and beverages from the nearby location.

15 MS. WALKER: Yeah, that sounds like a terrific
16 example.

17 CHAIRMAN MCCUSKER: So it's a kind of -- no one
18 has really thought about this kind of activation along
19 the strip. Now we know we are going to have some
20 buildings, but what else do you do to create this sense
21 of place that attracts people to it as a destination?

22 MS. WALKER: And then, of course, I mean, there
23 is things that the commercial folks could do, your
24 business owners can do more things outdoors or to engage
25 the public space, or at least, you know, start to work --

1 or do -- do promotional events. Getting that kind of
2 collective action going is really important.

3 We understand there is a Sunshine Mile
4 Association, business association, and it has 50
5 businesses. And that's a really great start because they
6 can start to work together. But you also have to get the
7 businesses in just those plazas working together. You
8 know, they don't even often talk to each other. So
9 getting that kind of collective action, I think, is
10 important.

11 And then how do you sustain it over time when --
12 when you're gone? You know, you created this thing, but,
13 somehow, there is going to have to be some kind of
14 management that will sustain it, a main street manager
15 type thing or a bid or, you know, how can you sustain it
16 over time. We always talk about 80 percent of the
17 success of a public space could really be attributed to
18 good management. And that's -- so that's going to be
19 something we need to think about.

20 So, yeah.

21 CHAIRMAN MCCUSKER: They have worked in Seattle,
22 Oklahoma City. I mean a lot of cities that we aspire to
23 and how they have created this kind of economic
24 development around indoor outdoor connectivity, transit.
25 Oklahoma City is a great example of their works.

1 Seattle.

2 So it's just really an unbelievable opportunity
3 for us to do this right, you know, to really activate
4 that street. It may be some of the most important work
5 we've ever done. I mean, you know, downtown is kind of
6 organic in that regard. But drive down Broadway. It's a
7 dead zone. You know, you look at these strip malls that
8 are vacant waiting for the City to buy them out,
9 buildings that are fenced around now because they are now
10 owned by the City, you know, blocks of vacant buildings.

11 That's what downtown looked like 10 years ago.
12 And we've made the kind of difference we've had by
13 partnering with private sector developers. And that's
14 really the vision for Broadway. And they just bring it
15 to us on steroids. And we are just really -- see, you're
16 a fan and you didn't even know it.

17 MR. MARQUEZ: No. Those are two we already did.
18 We did 19 cities in 25 days.

19 MS. WALKER: You did?

20 MR. MARQUEZ: And those were two of the most
21 defining feelings I had was going down to Detroit, which
22 impressed me, and then Bryant Park in New York City. And
23 they -- they were alive. And you know, honestly, City of
24 Tucson, the citizens deserve -- they deserve a two-mile
25 stretch that's fantastic as you lead to our amazing

1 downtown. So I'm excited to you guys. I think it will
2 be really neat what you guys come up with.

3 CHAIRMAN MCCUSKER: Any questions for Meg or
4 Alessandra?

5 Thank you very much.

6 MS. WALKER: Thank you.

7 CHAIRMAN MCCUSKER: We are thrilled to have
8 you.

9 MS. WALKER: We're happy to be here. Thank you
10 so much. I mean, I think this is an exciting -- it's
11 obviously a very challenging but also exciting project.
12 So, thank you.

13 CHAIRMAN MCCUSKER: We do have a little business
14 to tidy up with them, and in the prior meeting we
15 discussed their contract, which was estimated at the time
16 to be \$75,000. Unfortunately, I didn't include any
17 travel in that. So the current estimate is about \$87,500
18 for the entire project.

19 Mr. Collins, if I wander into some procurement
20 issues, help me here. But under our procurement code,
21 the treasurer and the chairman, that's Mr. Sheafe and I,
22 we identify a vendor that's especially qualified,
23 uniquely qualified, we can contract directly with them.
24 The -- it's the obligation of the chairman and the
25 treasurer to assure you that this does not need to be

1 competitively procured. And I believe that's the case
2 with this particular project. There really isn't another
3 Project for Public Spaces that's done the kind of work we
4 need them to do and in Tucson.

5 So, discuss just for a minute procurement code
6 issues.

7 MR. COLLINS: Sure.

8 CHAIRMAN MCCUSKER: And then we do have a
9 proposal of \$87,500 to engage the Project for Public
10 Spaces to assist us and the other stakeholders in the
11 activation of the Sunshine Mile.

12 MR. COLLINS: Mr. Chairman, members of the
13 board, as you all know, services that you pay for with
14 public money generally have to be procured through
15 bidding process. There are some exceptions to that.
16 Professional service and a service license professionally
17 by the State of Arizona, like me, or Phil, you can
18 procure directly. These folks don't fall in that
19 category.

20 However, as I understand it, the mayor and
21 council authorized this Board to work on the projects
22 that Mr. Chairman is talking about and try to repurpose
23 the facilities that are being condemned so as to maintain
24 your income. Five million a year is a real number, and
25 -- and, to be allowed to do that, mayor and council said

1 thou shall engage Project for Public Spaces. And I
2 believe that falls then within another exception that you
3 have, Mr. Chairman, as just mentioned; that if the
4 treasurer and the chairman believe there is only one
5 source to provide this service, you can do it, you all
6 have to approve it, but they have to certify that there
7 is only one service.

8 I have prepared for them for signature a
9 document which says that. So does that answer your
10 question?

11 CHAIRMAN MCCUSKER: Yes, sir. Thank you very
12 much.

13 Any questions about the process, the contract?
14 I need a motion to approve.

15 MS. COX: So moved.

16 MR. MARQUEZ: Second.

17 CHAIRMAN MCCUSKER: All those in favor, say
18 aye?

19 (Board votes aye.)

20 CHAIRMAN MCCUSKER: Those opposed, nay?

21 All right. That passes unanimously.

22 Meg, you're on the payroll.

23 MS. WALKER: Thank you, everybody.

24 CHAIRMAN MCCUSKER: I know Mr. Sheafe has
25 recused, Mr. Collins, on a number of items, I think 9,

1 10, and 11, but not 8. Is that correct?

2 MR. COLLINS: That's correct.

3 CHAIRMAN MCCUSKER: So we should probably do 8
4 and then, Mr. Sheafe, we can actually dismiss you unless
5 you want to -- is there any call -- obviously, any call
6 from the audience cards so we don't lose our quorum? But
7 you're certainly welcome to hang around -- yeah, you'll
8 step down for those items.

9 So let's do Item 8. Mark, I saw Elaine here.
10 Let's get an update on where we are with the Avenida del
11 Convento.

12 MR. COLLINS: Mr. Chairman, members of the
13 board, as you know, one of the components of improving
14 what I call the Caterpillar site is the improvement of
15 Avenida del Convento, which runs down the western
16 boundary of the property. The City has agreed to
17 reimburse the district for those efforts, because it
18 makes a huge amount of sense since you have mobilized
19 Sundt for the construction and Smith Group for the design
20 out there to utilize their services in connection with
21 the design and then later the construction of Avenida del
22 Convento.

23 Elaine and Phil have done enough work now to be
24 able to say that the design of the extension will be
25 \$100,000 or less. This is money that would be evidenced

1 by an agreement, an IGA, between this board and the City.
2 And the City would ultimately reimburse this board for
3 that as well as the improvement. That's the City's
4 contribution, if you will, to the -- improving the Cat
5 parcel. So --

6 CHAIRMAN MCCUSKER: That's the design piece.
7 Right?

8 MR. COLLINS: It just is the design piece. And,
9 then, ultimately, the City will also reimburse us for the
10 construction costs.

11 That will be -- Elaine and Phil have to do their
12 magic to try and reduce that hundred thousand dollar
13 number. And then once the design is done, we will get a
14 bid from Sundt as to what that will cost for Sundt, since
15 they are already out there. They are already mobilized,
16 already doing all those things. The thought is the
17 number is going to be -- it's going to be a better use of
18 public funds. And that will require another motion
19 before this board. That would be GMP, or gross maximum
20 price, number two under the construction contract for
21 Caterpillar.

22 So, today, however, it's just the design.

23 CHAIRMAN MCCUSKER: And capped at \$100,000?

24 MR. COLLINS: Yes, sir.

25 CHAIRMAN MCCUSKER: You just need a motion to

1 that effect?

2 MR. COLLINS: Yes, sir.

3 CHAIRMAN MCCUSKER: Any questions for
4 Mr. Collins?

5 MR. IRVIN: No.

6 CHAIRMAN MCCUSKER: Someone move the item?

7 MR. IRVIN: I make a motion that we approve
8 moving forward with an IGA with the City of Tucson for
9 the design of the road and reimbursement of the costs
10 related thereto.

11 MR. SHEAFE: Second.

12 CHAIRMAN MCCUSKER: All those in favor, say aye?

13 (Board members vote aye.)

14 CHAIRMAN MCCUSKER: Those opposed, nay?

15 That passes unanimously. You'll be back here
16 -- they will be back to us when we actually know the cost
17 of the road itself?

18 MR. COLLINS: Correct.

19 In the meantime, I will prepare that IGA. And
20 I'm going to take the position that that motion
21 authorizes the execution of that IGA.

22 CHAIRMAN MCCUSKER: All right. For the public
23 record, we should acknowledge Mr. Sheafe has left the
24 building.

25 MR. SHEAFE: I didn't leave the building.

1 CHAIRMAN MCCUSKER: Items 9, 10, and 11, he has
2 a stated conflict of interest on so he's not allowed to
3 participate. So we'll come back and do probably 10
4 first. Does that make more sense?

5 MR. COLLINS: Yes.

6 CHAIRMAN MCCUSKER: Item Number 10 is the
7 discussion possible action regarding the AC Marriott, the
8 200 block. We would identify as The Hub playground space
9 also owned by the same developer.

10 To refresh everyone's memory regarding our
11 commitments to the AC Marriott, it's been two years,
12 Mark? We committed \$4.3 million to the garage portion of
13 this project to Eagle Construction of the AC Marriott.
14 We are thrilled to say that even before that Marriott
15 opens, Marriott is prepared to commit to another hotel
16 just literally two blocks north of that. So that's
17 compelled us to enter into a new set of negotiations with
18 Stiteler, Dabdoub and the developers regarding all three
19 of their current projects.

20 So, we'll talk first about the AC Marriott and
21 let Mr. Collins discuss the 200 block.

22 MR. COLLINS: Mr. Chairman, members of the
23 board, the picture that you have up on the screen
24 identifies in yellow the two projects that we're talking
25 about. Number 4 is where the AC Marriott Hotel is being

1 constructed. Number 3 is the so-called 200 block of --
2 of Congress, Mr. Stiteler's entity 5 North Fifth Hotel,
3 LLC owns both 4 and 3.

4 Back in 2014, the district committed -- made a
5 commitment to buy the garage component of the AC Marriott
6 Hotel, which is in the Square 4 there, for \$4.3 million
7 when a certificate of occupancy was issued. That \$4.3
8 million is going to be due in July or August of this
9 year.

10 And as I understand it, AC Marriott -- or
11 Marriott is sufficiently excited about this that they
12 would like to have another hotel in the area. So there's
13 been discussion about the district, and we'll talk more
14 about it later in the meeting, number 2 up there, that's
15 a portion of the Depot Plaza garage. Staying on Number
16 4, however, we have discussed -- and we discussed in
17 e-session an agreement to change the terms of the
18 arrangement that the district has with 5 North Fifth to
19 relieve the district from having to make that \$4.3
20 million payment and, instead, the district would share or
21 actually provide the sales tax revenue generated both by
22 Property 4 and Property 3 over a period of time.

23 As a cap on that, I'll talk about that in a
24 minute. But, so the district would get relieved of \$4.3
25 million. Mr. Stiteler and his group are agreeing to

1 invest another \$3.3 million in improving the 200 block.
2 That's Number 3 up there. And the district then is
3 agreeing to provide 100 percent of the sales tax revenue
4 on Blocks 3 and 4 blocks.

5 CHAIRMAN MCCUSKER: State sales.

6 MR. COLLINS: State sales taxes revenue. Yes,
7 sir.

8 MS. COX: Or a portion of it?

9 MR. COLLINS: Yes, correct. It's -- the way the
10 language in the agreement is written is what the district
11 gets from ADOR the district gives to Mr. Stitler's
12 Company, 5 North Fifth Hotel, LLC. And, that is capped
13 at 7 -- let me get my number right -- \$7.75 million.
14 That's the combination of the \$4.3 million and the
15 contribution of the money that Mr. Stiteler is going to
16 be putting into Number 3.

17 That's the nuts and bolts of that particular
18 agreement. It's conditional. Even if you guys vote to
19 approve this, nothing happens until the City agrees to
20 accept title to the property to 3 and 4 and lease it back
21 under a GPLET back to Scott and his group. And the City
22 agrees to -- to not only that, but agrees to subordinate
23 its 108 loan in connection with this transaction, and the
24 construction and permanent financier for the AC Marriott
25 is Bank of Tucson Grand Point Bank. They have to agree.

1 So all of those things have to happen before the District
2 is relieved of its \$4.3 million obligation.

3 But the step one is for you folks.

4 MS. COX: Mark, I have a question. The \$4.3
5 million, although we would be relieved of having to put
6 out that cash, that was also an investment --

7 MR. COLLINS: True.

8 MS. COX: -- that we were going to gain from?

9 MR. COLLINS: True.

10 MS. COX: I don't remember the exact details,
11 but they were going to lease back the --

12 MR. COLLINS: We were getting paid for the rent.
13 They were leasing.

14 MS. COX: They were lease -- we were lease back
15 on the parking spaces?

16 MR. COLLINS: Correct.

17 MS. COX: Right. So that was an investment that
18 we were going to have a return on?

19 MR. COLLINS: Right. We still -- right. Go
20 ahead.

21 MS. COX: So we won't have that so we are -- we
22 are relieved of the 4.3 million, but we are also relieved
23 of the income that it would have generated?

24 MR. COLLINS: Keep in mind when you're thinking
25 about that, Ms. Cox, that some of that money reduced the

1 right -- price that Scott had to pay to buy back the
2 project.

3 MS. COX: Okay. That's right.

4 MR. COLLINS: It was a complicated --

5 MS. COX: I remember that now.

6 CHAIRMAN MCCUSKER: Mr. Irvin and I probably
7 don't like each other because of what we went through for
8 that, but, yes, there is that component, but you're
9 right. There is some revenue lost in this transaction.

10 MR. IRVIN: We also had a period of time,
11 Jannie, where we did not charge rents for those parking
12 spaces. Just a normal -- I believe it was six months, if
13 I'm not mistaken.

14 MR. COLLINS: Yeah, it might -- I think that's
15 right.

16 MR. IRVIN: So for a period of time, we were not
17 going to charge for those space, just give them their
18 normal time to wrap up, expected that.

19 CHAIRMAN MCCUSKER: I show their agenda item
20 separately and it showed them on the map separately, but
21 I don't think we'd be having this conversation except for
22 the Moxy and our interests which we celebrated at the
23 last meeting was really the opportunity to launch another
24 hotel. We actually helped conceptually launch two hotels
25 in the last meeting, one at the JCC, the Marriott Moxy

1 down the street from the AC. So, the entire conversation
2 contemplates 2, 3 and 4.

3 MR. COLLINS: It does. I'm happy to talk about
4 2.

5 CHAIRMAN MCCUSKER: Yeah. So I think before we
6 vote on one without understanding the context of the
7 other, go ahead and talk about the Number 2 on the map.

8 MR. COLLINS: And if you'll allow me a moment of
9 irony. You've done all of this after the statute was
10 amended requiring you to build a hotel. Right? I mean,
11 now you're building two or three of them.

12 Okay. Number 2 there, just to make things
13 confusing, for those who may not know, Number 2 is a
14 portion of the Depot Plaza condominium and, currently,
15 the City owns Number 2. The history of Number 2 is
16 interesting, but, there is a dispute between the City and
17 Mr. Stiteler and between the district and Mr. Stiteler
18 about who owes whom what over Number 2.

19 There was a development agreement in 2006.
20 There was an amended and restated development agreement
21 in 2008. This board, over a period from 2003 to 2008,
22 made various resolutions that arguably obligated the
23 board to pay money to Mr. Stiteler. Short version is
24 there is -- there are a lot of disputes about Number 2.

25 And, instead of fighting about those disputes,

1 what is ongoing right now is Mr. Stiteler is working with
2 the City and with this Board to allow Number 2 to become
3 the location of the new Moxy hotel. I said Moxy
4 somewhere along the way, but it's Moxy Hotel. And, as we
5 discussed in E session, that's a separate agreement.

6 CHAIRMAN MCCUSKER: He and his company would
7 acquire that property from the City?

8 MR. COLLINS: Yes.

9 CHAIRMAN MCCUSKER: So, title now becomes clear,
10 and any disputes are settled as a part of the new
11 agreement?

12 MR. COLLINS: Yes. As part of two agreements,
13 it will be -- and Mr. Stiteler has different disputes
14 with the City than he has with this Board. All of that
15 -- and that's a condition, settling those disputes with
16 the City is a condition of --

17 CHAIRMAN MCCUSKER: What are the economics of
18 that project, what's the cost of the hotel and --

19 MR. COLLINS: Mr. Stitler's staff are here if we
20 need to ask.

21 MR. MARQUEZ: 23 million for the Moxy. 38
22 million for AC Marriott, and 3.3 million improvements on
23 the 200 block, for a total of 64.3 million we get
24 invested in downtown?

25 MR. COLLINS: I agree with all that. But the

1 Moxy, though, the Number 2 up there, the approximate
2 number is 23.877 to construct that. So the mechanics
3 would be, that, Number 1, Mr. Stiteler's entity buys
4 Number 2 from the City. Mr. Stiteler develops the Moxy
5 hotel on that piece. Then there is going to be a GPLET
6 between the City and Mr. Stiteler on Number 2.

7 CHAIRMAN MCCUSKER: Which has yet to be
8 approved.

9 MR. COLLINS: It has yet to be approved.

10 CHAIRMAN MCCUSKER: Be a condition of our
11 deal.

12 MR. COLLINS: Yeah, it has never --

13 MR. IRVIN: Very similar to what they did at the
14 AC Marriott?

15 MR. COLLINS: Correct. Correct. As far as I
16 know, no economics study has yet been done on Number 2.
17 And as you folks remember from the Thrifty block, that
18 has to be done in advance of the GPLET being finalized
19 and all of that sort of thing.

20 CHAIRMAN MCCUSKER: Can we piggyback on that?
21 Does it cover our economics as well, or is it really just
22 designed to look at the costs of the GPLET versus the
23 economic --

24 MR. COLLINS: It's the excise tax. It focuses
25 just on the excise tax.

1 CHAIRMAN MCCUSKER: We want an economic analysis
2 of our own. We should commission that apart and separate
3 from --

4 MR. COLLINS: Correct.

5 CHAIRMAN MCCUSKER: -- whatever they are doing
6 for the City?

7 MR. COLLINS: Correct. And that would be my
8 suggestion, both with respect to Property 2 and respect
9 to Properties 3 and 4.

10 CHAIRMAN MCCUSKER: And so the only thing we're
11 contributing to 2, similarly to 3 and 4, is the sales tax
12 rebate?

13 MR. COLLINS: Correct.

14 CHAIRMAN MCCUSKER: Do we call it a rebate?

15 MR. COLLINS: It is.

16 CHAIRMAN MCCUSKER: Somebody is paying the tax
17 and then we return it to the developer as it's received?

18 MR. COLLINS: And the cap on Number 2,
19 currently, in the current draft, is 4.775 million
20 dollars, \$4,775,000.

21 CHAIRMAN MCCUSKER: Separate cap, not a
22 combined?

23 MR. COLLINS: Correct.

24 CHAIRMAN MCCUSKER: Everybody following this?

25 MR. IRVIN: Yep.

1 MS. COX: Yes.

2 CHAIRMAN MCCUSKER: So we could improve -- we
3 could approve it all together, yes.

4 MR. COLLINS: You could. I would recommend
5 against it.

6 CHAIRMAN MCCUSKER: So we can approve within --
7 in our own conditions of things?

8 MR. COLLINS: Correct.

9 CHAIRMAN MCCUSKER: We would approve 4 and 3,
10 and then approve 2 separately?

11 MR. COLLINS: Correct.

12 MR. IRVIN: Requirement that they be done
13 together?

14 CHAIRMAN MCCUSKER: Yeah, we could require as a
15 condition that they be done together. That the City must
16 approve and obviously settle, that the bank has to
17 approve and obviously subordinate.

18 Then we get an economic analysis of all three
19 projects.

20 MR. COLLINS: Yes, you could do that.

21 CHAIRMAN MCCUSKER: Does that slow you guys
22 down? Just come talk to us about the timing, what you
23 need. And, you know, I know there is some urgency with
24 the Marriott.

25 We are transcribing this, so we need your full

1 name for the record.

2 MR. DABDOUB: Rudy Dabdoub.

3 Good afternoon.

4 MR. IRVIN: Rudy, ask you a question real quick,
5 maybe simplify things a little bit. I mean, I think
6 it's always been kind of my understanding -- can't speak
7 for anybody else -- that these two transactions were
8 linked together.

9 MR. DABDOUB: Correct.

10 CHAIRMAN MCCUSKER: And they were all three
11 properties were linked together. So, you know, I know
12 you guys are under some constraints. My guess is we are
13 used to driving Mr. Collins crazy, so that's no problem.
14 But I'm trying to be as cognizant of your deadlines and
15 needs and then also knowing what our attorney has to do
16 to get caught up with some of our goofiness.

17 So what I -- my guess is you probably want the
18 AC deal done, like you can just move on with that one.
19 And, you know, I'd like to get them both done at the same
20 time, but I don't think that's really feasible from just
21 the timing standpoint. I have no idea.

22 Mark, can you address that?

23 MR. COLLINS: Well, I think what you're asking
24 about, Mr. Irvin, is the economics study component?

25 MR. IRVIN: Right.

1 CHAIRMAN MCCUSKER: We did one of those for the
2 Thrifty block. Took like two weeks. Shouldn't be
3 anything that we are doing that -- that was my question
4 for Rudy. Anything you hear we are discussing that
5 jeopardizes your schedule?

6 MR. DABDOUB: No.

7 MR. COLLINS: And I think, Mr. Chairman, members
8 of board, I certainly can tee up one of those studies
9 rather quickly. It's going to be a little bit different
10 than City Park.

11 CHAIRMAN MCCUSKER: That was the GPLET
12 analysis?

13 MR. COLLINS: That was the GPLET analysis.

14 CHAIRMAN MCCUSKER: We were lucky in that.

15 MR. COLLINS: And the City is going to do that,
16 by the way.

17 CHAIRMAN MCCUSKER: But here we're looking at
18 the economic impact of our rebate strategy --

19 MR. COLLINS: Right.

20 CHAIRMAN MCCUSKER: -- versus the economic
21 upside that this development contributes to downtown.

22 MR. COLLINS: Right.

23 CHAIRMAN MCCUSKER: We have somebody that does
24 that routinely. Right?

25 MR. COLLINS: Well, routinely maybe not, but we

1 can do that.

2 CHAIRMAN MCCUSKER: They're a professional
3 service?

4 MR. COLLINS: There is professional services out
5 there.

6 MR. IRVIN: Do you know what that study cost us,
7 Mark, the last one?

8 MR. COLLINS: Oh, yeah. It was \$2,500. This is
9 going to be more expensive than that, but it was not a
10 lot of money.

11 CHAIRMAN MCCUSKER: Rudy, anything else you want
12 us to know? I think we're pretty educated now about the
13 project, any -- anything weird going on with the City or
14 anything that you're concerned about or --

15 MR. DABDOUB: Not at all.

16 CHAIRMAN MCCUSKER: Thank you, sir.

17 MR. DABDOUB: Thank you.

18 CHAIRMAN MCCUSKER: I think we are tracking you.
19 I think you need two motions. We need a motion to
20 proceed with 3 and 4 as discussed in the executive
21 session. That would --

22 MR. IRVIN: Subject to the City of Tucson
23 approval and economic study and a bank approval?

24 CHAIRMAN MCCUSKER: Right.

25 MR. IRVIN: And then, if nobody else is

1 concerned about linking these two together, I'm not, but
2 I think it's understood that we're going to do both of
3 these at the same time.

4 CHAIRMAN MCCUSKER: What you could do with 2 is
5 make 2 subject to 3 and 4.

6 MR. IRVIN: I will do that. I like that.

7 CHAIRMAN MCCUSKER: So do you have a motion? I
8 didn't hear a second.

9 MS. COX: Second.

10 CHAIRMAN MCCUSKER: Okay. So the motion is to
11 approve the AC Marriott 200 block.

12 MR. COLLINS: That subject to our discussion in
13 E session.

14 CHAIRMAN MCCUSKER: Pursuant to the discussion
15 in economic -- in executive session, subject to City
16 approval, bank approval and an economic analysis on
17 whatever -- let's do role call on both. That's a lot of
18 money.

19 Brandi?

20 MS. HAGA-BLACKMAN: Mark Irvin?

21 MR. IRVIN: I always get to go first, and I like
22 that. Yes.

23 MS. HAGA-BLACKMAN: Chris Sheafe?

24 Oh, forgot. Jannie Cox?

25 MS. COX: Yes.

1 MS. HAGA-BLACKMAN: Ed Marquez?

2 MR. MARQUEZ: Yes.

3 MS. HAGA-BLACKMAN: Fletcher McCusker?

4 CHAIRMAN MCCUSKER: Aye. So I noted four ayes,
5 no no's. We passed that unanimously.

6 Now we can move on to Item 2 on the map, Item 9
7 on the agenda.

8 Mr. Irvin, you're on a roll.

9 MR. IRVIN: It's almost the exact same motion,
10 Mr. Chairman. You know, it's going to require the City
11 of Tucson approval. It's obviously going to require an
12 economic study on our part. We're going to have the same
13 issue with the lender. Lender to opine on that as well.

14 MR. COLLINS: Economic study.

15 MR. IRVIN: Then also -- you know, I don't know
16 if we need to address this or not in the motion, but that
17 that should address all outstanding, you know, claims or
18 potential suits for everyone to do that, but then we
19 proceed as we addressed -- excuse me, as we discussed in
20 executive session.

21 MR. COLLINS: Yes.

22 CHAIRMAN MCCUSKER: So make that motion.

23 MR. IRVIN: I make a motion we approved as we
24 discussed in executive session subject to the City of
25 Tucson's approval, the bank's approval, an economic study

1 and that the document addresses separate issues.

2 THE COURT REPORTER: I'm sorry. The document
3 addresses?

4 MR. IRVIN: I want to make it contingent upon 3
5 and 4.

6 MR. MARQUEZ: Second.

7 CHAIRMAN MCCUSKER: Role call, Brandi?

8 MS. HAGA-BLACKMAN: Ed Marquez?

9 MR. MARQUEZ: Aye.

10 MS. HAGA-BLACKMAN: Mark Irvin?

11 MR. IRVIN: Aye.

12 MS. HAGA-BLACKMAN: Jannie Cox?

13 MS. COX: Aye.

14 MS. HAGA-BLACKMAN: Fletcher McCusker?

15 CHAIRMAN MCCUSKER: Enthusiastically aye.

16 It's just astonishing that the work that you
17 guys continue to do downtown. We are so glad to be your
18 partner, and I can't wait to check into the Moxy.

19 MR. IRVIN: I don't know that they will let us
20 in.

21 CHAIRMAN MCCUSKER: They'll probably stop us at
22 the door.

23 MR. IRVIN: I think another thing about these
24 transactions is these are two really different hotels.
25 They are different sizes and offer different services,

1 and they are all very different, different sizes,
2 different services, different rate structures. I mean,
3 they're all just very different. This is a really,
4 really, in my opinion, great mix and, I'm really tickled
5 about this thing.

6 CHAIRMAN MCCUSKER: Got the tour with these two
7 ladies from New York, live in New York, do place making
8 all over the world. They are staying at the Hotel
9 Congress, and they could not believe our downtown, and
10 just the activity that was -- they have been there in the
11 evening, never went there late night. Been in the
12 morning. They are astonished at how active, you know,
13 and we talked about things that are coming. It's really
14 unbelievable what's happening.

15 MR. IRVIN: Thanks to the east side pioneers, I
16 mean, you know, that's probably the one piece we needed
17 in Tucson was a hotel. And to have not one but two on
18 the east side that are so diverse and fit really I think
19 really great demographics there. I mean, hats off. I
20 could not be more excited about that.

21 CHAIRMAN MCCUSKER: Item 11, this is also a
22 unbelievable opportunity for downtown, Rio Nuevo played a
23 pivotal role in this. I will give you a brief summary of
24 the conversations. Mr. Sheafe is also recused here as
25 well. It's Item Number 1 on the map, which we now

1 affectionately know as City Park Development. It indeed
2 has broken ground. If you haven't been by there lately,
3 there are Caterpillar tractors, you know, for breaking
4 ground on that project. It would not have happened
5 without Rio Nuevo, and I don't believe the Hexagon
6 relocation to that property would have happened without
7 Rio Nuevo.

8 But in summary, Hexagon is a Swedish-based
9 international mining technology company, and they are
10 interested in relocating to our downtown. We competed
11 with a number of other cities, not unlike we did with
12 Caterpillar. And Rio Nuevo's interest in this project
13 really made the difference. They are prepared to commit
14 to a 50,000 square foot lease in the City Park complex.
15 That takes all of Don's commercial space. This is now
16 building, remember, that we own. So we leased up our
17 building before it ever even got ground broke.

18 MR. IRVIN: Broke ground. Can't say that. It
19 has broke ground.

20 CHAIRMAN MCCUSKER: Before it's completed for
21 sure. There are some incentives involved in here. As we
22 have discussed, you know, in order for Tucson to compete
23 nationally and internationally, we are in the incentive
24 game, like it or not. We've offered very minimal
25 incentives to attract this company downtown. Parking is

1 a huge problem with this parcel. We've suggested that we
2 be willing to help buy some offsite parking in a public
3 garage, which we will be allowed to do. We've also
4 offered to abate or to reimburse the developer for the
5 first year's rent. So, our total obligation if you
6 approve this project would be about a million three. The
7 Sun Corridor economic analysis for this project
8 identifies this as a \$250 million economic impact for
9 Tucson.

10 Furthermore, it's another mining technology
11 company locating in the downtown core. And, indeed
12 Caterpillar and our work with them had a lot to do with
13 that.

14 So, the site selectors were in town a couple
15 weeks ago. Rio Nuevo hosted them for a dinner and I got
16 to be their native guide on the tour bus. And, I said
17 what would you like to see. And 35 international site
18 selectors said will you show us where Caterpillar is
19 going. So we did. We got to show some other stuff, but
20 we're clearly on -- and there are people here from
21 Holland. From Belgium, Holland --

22 MR. IRVIN: Germany.

23 CHAIRMAN MCCUSKER: Germany, who place
24 international companies. There were companies from all
25 over the U.S. You know, the Tucson opportunity to be a

1 corporate headquarters, particularly in this industry,
2 now is definitely on the radar. So I would encourage us
3 to approve this.

4 I don't know, Mr. Collins, if there is any
5 subject to's with this. I will say that Bourn has been
6 very aggressive in negotiating lease terms. They will
7 build to suit. They have a very aggressive lease with
8 this company. We did get an assist from Sun Corridor.
9 We got an assist from the County. We got an assist from
10 the City. But, you know, make no mistake, Rio Nuevo can
11 make this project happen.

12 MR. COLLINS: Mr. Chairman, let me respond this
13 way. As we discussed in executive session, there was a
14 business incentive opportunity package put together by
15 Sun Corridor, a component of which is the \$1.3 million
16 that you're talking about. I've had several
17 conversations with the parties involved. And what's
18 ongoing is the lease for the space is about 80 percent
19 done. I'm busy drafting for your review and signature an
20 agreement between this Board and Hexagon to provide the
21 incentives that you just outlined, and to do so in a
22 fashion that satisfies your statutory requirements. The
23 county is doing the same thing.

24 So, if you are so inclined, I think the motion
25 would be to direct counsel to prepare for execution by

1 the executive officers the agreement necessary to provide
2 Hexagon with the incentives that were outlined in Sun
3 Corridor's final presentation to Hexagon.

4 MR. IRVIN: It's a great motion. I will take
5 it.

6 MS. COX: Second.

7 MR. IRVIN: I'd also like to make a comment, if
8 I could, before we vote on it. I'm sure others may have
9 comments. I think this is an interesting transaction.
10 Probably 30 years ago, I did a lease with a little
11 company here in town called Mentech, which is -- what's
12 now become Hexagon. And I think that was probably 28, 29
13 years ago. So it's been interesting to me to watch them
14 grow up. And I know they had a lot of pressure, actually
15 moved to, I think, Sweden, if I'm not mistaken, Fletcher.
16 And they really tried to drag them over there, and
17 obviously Denver has got a big mining school as well and
18 they wanted to have them there.

19 And once again, we went up against Denver and
20 I'm pretty excited that we won again against Denver. I
21 think to have two like-minded engineering firms basically
22 in downtown Tucson sends an incredibly strong message.
23 And with that, I don't have anything else to say.

24 MR. MARQUEZ: I have a comment.

25 CHAIRMAN MCCUSKER: Did we get a second to that?

1 MR. COLLINS: Yes.

2 MS. COX: Yes.

3 CHAIRMAN MCCUSKER: Mr. Marquez?

4 MR. MARQUEZ: Just a quick fun comment. I geek
5 out on economic development, so I love this deal. The
6 fact that it's a \$250 million economic impact, 250
7 employees downtown, you take 250 employees, let's say
8 having lunch twice a week downtown, spending an average
9 of \$25 a week, over a five-year period since that's kind
10 of how we are playing with them around that time -- the
11 time line, it's \$1.75 million that they just spent on
12 lunch over these five years. That's what a big deal this
13 is. So I'm very excited. And get ready for a vote.

14 CHAIRMAN MCCUSKER: What if they don't eat
15 lunch?

16 MS. COX: They're going to eat dinner or
17 breakfast or whatever.

18 CHAIRMAN MCCUSKER: Brandi, call the role.

19 MS. HAGA-BLACKMAN: Ed Marquez?

20 MR. MARQUEZ: Yes.

21 MS. HAGA-BLACKMAN: Mark Irvin?

22 MR. IRVIN: Yes.

23 MS. HAGA-BLACKMAN: Jannie Cox?

24 MS. COX: Aye.

25 MS. HAGA-BLACKMAN: Fletcher McCusker?

1 CHAIRMAN MCCUSKER: Absolutely, yes.

2 Welcome downtown, Hexagon.

3 You've got some work to do, Counselor, but it
4 should be such that it doesn't have to come back to us.
5 Right?

6 MR. COLLINS: Yes.

7 CHAIRMAN MCCUSKER: You can go close this deal
8 subject to everybody else doing their work?

9 MR. COLLINS: Correct. I believe the motion was
10 to authorize the execution as well, so --

11 CHAIRMAN MCCUSKER: We have this time set aside
12 to call the audience.

13 Brandi, did anybody --

14 Motion to adjourn, please?

15 MR. IRVIN: So moved.

16 CHAIRMAN MCCUSKER: All in favor, say aye.

17 (Board votes aye.)

18 CHAIRMAN MCCUSKER: See you next month. Nice
19 meeting. Nice job.

20 (Meeting concluded at 3:36 p.m.)

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CERTIFIED REPORTER'S CERTIFICATE

STATE OF ARIZONA)
) ss
COUNTY OF PIMA)

BE IT KNOWN that I took the foregoing proceedings in shorthand; that I was then and there a Certified Reporter, CR No. 50235, in the State of Arizona; that said proceedings were reduced to writing by me.

I DO FURTHER CERTIFY the ethical obligations set forth in ACJA 7-206 (J)(1)(g)(1) and (2) are in compliance; that I am not a relative or attorney of any party, or financially or otherwise interested in the action.

WITNESS MY HAND this 11th day of April, 2017.

Michael A. Bouley, RDR
Certified Reporter
Arizona CR. No. 50235

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REPORTING FIRM CERTIFICATE

THIS FIRM CERTIFIES the ethical obligations set forth in ACJA 7-206 (J)(1)(g)(1) through (6) are in compliance and have been met.

WITNESS MY HAND this 11th day of April, 2017.

KATHY FINK & ASSOCIATES, INC.
R1003