RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

TUCSON, ARIZONA

MAY 14, 2015

Reported by:
KATHY FINK, RPR
AZ CCR 50493

KATHY FINK & ASSOCIATES
2819 East 22nd Street
Tucson, AZ 85713

520.624.8644
BOARD MEMBERS PRESENT:

   FLETCHER McCUSKER, Chairman
   JEFFREY HILL
   CHRIS SHEAFE
   MARK IRWIN
   JANNIE COX
   CODY RITCHIE

ALSO PRESENT:

   Mark Collins, Board Counsel
   Michelle Bettini, Operations Administrator

BE IT REMEMBERED that the Meeting of the Board of Directors of the Rio Nuevo Multipurpose Facilities District was held on the 14th day of May 2015 at the Tucson Community Center commencing at the hour of 10:00 a.m.
PROCEEDINGS:

CHAIRMAN McCUSKER: We’re going to call the meeting to order. It’s 10 o’clock. We’ll have the pledge.

(Pledge of Allegiance.)

CHAIRMAN McCUSKER: Michelle, will you call the roll?

(Roll Call by Ms. Bettini.)

CHAIRMAN McCUSKER: And Cody is on his way. We have a quorum.

Item number 3 on the agenda today is the meeting minutes. You have been provided a copy of that. Any questions, comments?

MS. COX: Move to accept the minutes.

MR. HILL: Second.

CHAIRMAN McCUSKER: All in favor saye aye.

(Motion approved.)

CHAIRMAN McCUSKER: For those in the audience, we do have an executive session scheduled and it looks like it will be relatively short, 15 to 20 minutes, I’m thinking.

If someone would bring a motion.

MS. COX: So moved.

MR. IRWIN: Second.

(Motion approved.)

CHAIRMAN McCUSKER: We’ll be back as soon as we can.
(Board of Directors in Executive Session between 10:04 and 10:25 AM.)

CHAIRMAN McCUSKER: Can we have a motion to reconvene?
(Motion to reconvene made and seconded. Motion approved.)

CHAIRMAN McCUSKER: Okay. Thank you. Good morning everyone. We were five minutes slower than I thought, but I think that's a record executive session.

So this is an important day for Rio Nuevo. This is the day we set aside to do our annual budget. We are on a fiscal year, same fiscal year as the state, which starts July 1st through June 30th of '16. So we have combined that budget period with today's meeting. So we'll take two calls to the audience, right, Mark?

MR. COLLINS: Correct.

CHAIRMAN McCUSKER: We will allow people, so if you want to comment on our budget, you can give a card to Michelle and we will hear any of those comments before we take action on the budget. If you're here generally to call of the audience, we will do that at the end of today's session. And I think a lot of people are here for Item 12 and will have to bear through the budget hearing and us to do that. The rest of the agenda should move quickly.
As we begin to think about next year's budget, I think it's important to reflect a little bit on last year. It was an extraordinary year for Rio Nuevo in terms of projects completed. It's one of the reasons, I think, today's executive session was so short. We finished the Phase I of the arena remodel. The handrails are going in across the way as we speak. We tidied up the settlement business with the City and I got the Mission Gardens project funded. We got the street scape funded. You know, we -- so a lot of things we've been working on, of course, are now kind of behind us.

The arena lot, we'll talk about that today. We see no reason that won't close now and that will give us a chance to repurpose some money from the sale of land proceeds. Also, the sale of the Rialto Theatre. Looks like that's going through. So for the first time that I've been on the Board, we have income from sources other than state revenue, which, I think, gives us a chance to think about what we can do as we plan for next year. So unless anybody on the Board has any comments about last year, let's move to --

MR. IRWIN: Don’t forget the AC Marriott.

CHAIRMAN McCUSKER: Oh, and that's launched, yeah.

Yeah, they -- I think I heard they're going to break ground this week or next week. A fence will go up around that project and it will break ground this month. And that project wouldn't have happened without Rio Nuevo.
All right. So this is our budget presentation. Dan,
I think we have a copy of the budget? Let's do that first. Go
do the financial update first and then we'll go to the budget.

MR. MEYERS: Okay. I'm Dan Meyers, the CFO for Rio
Nuevo. So we'll quickly go through the April cash position. As
of April 30th, we have about 1.8 million dollars in our Alliance
bank account, which is used for just basically paying bills
throughout the month. We have another account at Alliance which
is basically never used and it's got about five million dollars
in it. And we've got the Bank of Tucson account, which is used
for our payroll and collection of rental income. That's got
about $416,000 in it. The City of Tucson pool fund money, that
was cleaned out in April. We used it to pay some retention on
the TCC Arena remodel, so that is now behind us. So we've got
about 7.2 million dollars currently sitting in our operating
accounts.

A couple of days ago, we got notified by the
Department of Revenue that our TIF collections for February which
will go in the bank at Wells Fargo here any day now was $773,000.
And just some comments on that. Since we now have access to
information from the Department of Revenue on who's paying into
the -- paying the sales taxes, we are privy to have part of it.
We've been doing some analysis and we've discovered that one
significant box store has all of a sudden stopped coding their
sales tax report properly. My estimate is that could be as much
as a $140,000 a month. The Department of Revenue is investigating that and at some point in time, I think we'll get windfall of cash when that gets corrected.

There's one other box store that what appears to me that they are significantly under-recording. We don't know why. Again, the Department of Revenue is aware of that and they're investigating it as well.

Michelle and I have come up with a relatively short list of people who are in our district that are merchants, that should be paying sales taxes and coding their report properly and we discovered a few of those, so we submitted a short list for the Department of Revenue to get started on looking into that. They have not made much progress on that yet, but they are looking into it, so what I think is going to happen is we're going to see our TIF revenues increase just because now we have better information to kind of follow up on. So I think that's a great thing we accomplished last year and I'm looking forward to monitoring that as we go down the road.

As far as commitments we've made that hasn't changed dramatically, we've got Mission Gardens still, 1.1 million. The AC Marriott Hotel, we've got a commitment of about 4.3. January 8th has about $60,000 remaining, street scape 750,000 an approximate balance on the TCC Arena remodel is $370,000 as we sit here today. So right now, we've got in excess of about $700,000. Keep in mind that we do have the proceeds from the
Arena Site and the Rialto Theatre purchases that will enable to do some things. And actually we'll talk about it a little bit when we get to the budget.

CHAIRMAN McCUSKER: The leftover bond proceeds, are those totally spent? I know we've drawn all that down to the City of Tucson?

MR. MEYERS: Yes.

CHAIRMAN McCUSKER: There's no money left?

MR. MEYERS: No money left there.

CHAIRMAN McCUSKER: Any questions for Dan on the current cash?

MR. MEYERS: Mark.

MR. COLLINS: Dan, just only on my suggestion, I know we added commitments some time ago just to keep us up, you know, with some of the stuff that was going on. Specifically, you know, that's why we're trying to recognize the AC Marriott that's going to be something that would occur later. I think we ought to have similar things, things that could occur relative to the income. We talked about the Arena, talked about the Rialto Theatre. It might just be nice, not that those are firm, but it might be nice to reflect what those look like on the statements, which really is just a snapshot.

CHAIRMAN McCUSKER: We'll see that in the budget and as soon as we approve the budget, we can start showing those potential income. That's a good segue way to the budget for
fiscal '16.

MR. MEYERS: And one other note here I want to bring up. As far as the people that are not properly filing their TPT reports to the State, they can go back four years and amend or the State can audit as well. So -- and the State is very willing to work with them to get these things corrected as well. So I really think we've got a pretty good partner in the State as far as getting these numbers right and getting us the money we're entitled to.

CHAIRMAN McCUSKER: Does everybody in the audience have a copy of the budget that wants one? We put some hard copies around. Are we going to do anything with PowerPoint or you're just using the --

Mr. MEYERS: I don't have any PowerPoint. I'm an old guy.

CHAIRMAN McCUSKER: Okay. A couple of high level budget assumptions. Dan does the lion’s share of work on the budget, I kibitzed with him on some items and we passed it onto the full Board. The revenue which is on the second page is pretty straightforward. We used the current TIF average as a projection for next year and it's $125,000 a month. I agree with Dan. I think that will get better on a lot of accounts. One is our own enforcement of TIF, particularly those that don't properly code. We're also seeing an uptake in retail restaurant activity and you've got, of course, some construction projects
coming online that pay into the TIF.

So that's a very conservative estimate. It's our historical average. We've gone through the bond rating agencies, how we budget. They're also quite comfortable with using our average as we go forward. You'll see some other income lines in there to note. We are now getting about $235,000 from the City. This is their repayment of Rio Nuevo funds as a result of the settlement agreement. That's specific to the Depot Garage. And the balance on that account is somewhere in the neighborhood of $13,000,000 that we turned out to the City, but you're now beginning to see that income increase. And the item that's identified there as the TCC Arena, that's the rent from the City and that's a straight debt pass-through so that -- we don't make any money on renting the TCC to the theater. That's the exact dollar amount of bond related to the TCC.

And then, Mark, as you indicated, we've shown as revenue for next year, the sale of the Rialto and the sale of the Arena.

On the expense side, we pretty much carried everything forward. I have requested a two and a half percent salary increase for staff. That's exactly what state employees got. That -- you'll see that in the budget. You'll see Dan's time go up a little bit because we have asked him -- he's on an hourly basis, we have asked him to spend some more time in the tax enforcement area, so he and Michelle are doing a lot of work.
It's money well spent, I think, to help us recover some of the unpaid taxes.

And you'll see an item kind of toward the bottom there, the BID Tax. It's the business improvement district tax. This is a tax that's taxed upon merchants that are downtown. The government entities have been exempt from that. The City voluntarily pays. The County voluntarily pays. We have not made a voluntary payment and, as a consequence, I've learned we don't get our grounds taken care of because we're not paying for it.

So we can discuss that item further, but that would provide that the TCC complex be included in the business improvement district that would include landscaping, planting, watering, power washing, trash pickup, etc., which I think is also money well spent that would be voluntary on our part.

The big item probably to discuss separately is the public relations line item. Jannie's done a lot of work. Michelle and I have kibitzed with her on a marketing plan that really could drive a lot of pedestrian activity to our TIF merchants all the way from Park Place Mall to downtown. Last year we spent about $90,000 in public relations. This year's request would be $160,000. So we want to spend some time -- actually, have a separate plan that Jannie will go through with you. Dan, am I missing anything in terms of assumptions?

MR. MEYERS: I don't think so. I mean we pretty much stuck with the numbers for most of the other things. I didn't
see any reason to modify those because they've been consistent for the past few years.

CHAIRMAN McCUSKER: All right. So let's go to the marketing plan. Jannie?

MS. COX: Okay. Thank you, Mr. Chairman and the Board. Our group which has consisted of Fletcher and Michelle and me, we also invited a woman who has a long career in communications and marketing. And asked her to be kind of a -- well, a member of our group to look at the potential of driving more business to our district businesses. And she was a very valuable asset to this group.

As we reflected first on what Michelle has been doing the last few years, we looked at her budget, how she has spent that budget and then Michelle made some recommendations based on what was working really well and what was not working as well. So we made a few modifications in the existing budget.

But a lot of what we're proposing this year is ongoing from Michelle's budget in previous times. We looked at a whole lot of possibilities. We started meeting on the -- I think it was the 11th of March; wasn't it Michele? And we met every couple of weeks after that. We looked at a lot of possibilities to -- with a single focus of driving customers into district businesses, all the way from the TCC to Park Place Mall.

And we not only selected the ones that looked to be the most promising, but we then invited the representatives from
the media where we would buy media and also the Southern Arizona Arts and Cultural Alliance, SAACA, and met with them to make sure that we knew we were getting the numbers that we anticipated as we've considered this budget. And we feel really positive about everything we have included in the budget. But we've also put in some measurement tools, merchant feedback, a poll of the Merchant's Association at Park Place to make sure the merchants are seeing a difference in their business from the activities that we're pursuing there.

The Downtown Tucson Partnership has offered to do three street polls at the Second Saturdays' events, so that we can measure what our effect has been on that particular thing and also all of the businesses downtown separate from Second Saturday.

We also will get -- Fletcher is helping us find an intern from either the Eller School or SBS, who will design and implement a tracking mechanism so that we can be sure what we're doing is working. If it's not working, we're going to stop doing it.

So that's our commitment from those of us who have put this together. And I'd be happy to go through each one, if you would like me to, or you can ask me specific questions. Probably one of the ones that will make --

CHAIRMAN McCUSKER: Talk about the stuff that's new, Jannie.
MS. COX: Okay.

CHAIRMAN McCUSKER: I think that, you know, the stuff that's carried over and historically done in terms of friend's support for Merchants or BizTucson, but, you know, specifically there's a lot of money next year in sponsorships.

MS. COX: Right. And we took some money out of print media and moved it into sponsorships, actually. One of those is explore Sunshine Mile, which will be done through journal broadcast, radio and KGUN television. And that is an activity that goes on all summer long to engage the community in a contest, if you will, to drive people into the businesses. They print out a game card and then they have all summer long to visit the businesses and build points on their game card. Both of the media sponsors have a lot of experience with this kind of an event and they are very, very high on this opportunity with Sunshine Mile. And the businesses are excited, too, because it will bring people inside their -- physically inside their door. Not just hear about them on the radio or television.

CHAIRMAN McCUSKER: If you've never heard that term, Sunshine Mile, that's the Broadway corridor from Euclid to Country Club, so these are merchants we have not historically supported, but this will be the first time, right, Jannie, --

MS. COX: That's right.

CHAIRMAN McCUSKER: -- that we would invest in trying to drive traffic to those merchants.
MS. COX: Well, it's the first time we'll invest in trying to drive the traffic to a lot of the merchants, not just Sunshine Mile, but Park Place Mall as well. Our relationship with Park Place Mall has not always been stellar because they're so far from our primary component that they don't really feel like Rio Nuevo is serving them. We all know that's not true because anything that strengthens our city center strengthens the community.

But if they can see Rio Nuevo taking a part in bringing thousands and thousands of people inside the mall to spend dollars there, I think they will feel differently. And I'll talk about that in a minute.

But before that is Tales of the Keg, we have several independent distilleries downtown and near downtown. It is a huge trend right now. There's a lot of media interest and community interest in craft beers. And Tales of the Keg is already going on. It's a 14-month program. Is that right, Michelle? And we have podcasts that are happening on -- is that a weekly basis?

MICHELLE: Weekly basis.

MS. COX: Weekly basis. It will go on four 14 months. And it has been very popular, especially because of a large number of independent breweries in Tucson.

The movie premieres at Park Place and El Con, there are several movie premieres. We chose the ones that have the
highest possibility to drive people to the mall. They are Star Wars, Hunger Games, Fireman and Batman, basically. And two of them will be at El Con. Two of them will be at Park Place. Basically, the sponsors buy out the theater, then those tickets go to between five and seven businesses within the mall that's affected and then through radio and television people.

And you'd be amazed how many people want to be in the first showing, not the second showing, but they need to be at the premiere. We've been guaranteed that this will only be for the premiere. People will go to the businesses to get those tickets. So it will drive people inside the mall and the numbers look very, very positive for that. So we have selected four -- I think there were like eight or nine of them, weren't there Michele, and we selected the top four.

And this would mean that there would be two visits by the individual who goes to get a ticket and every individual has to go in. You can't go in and get ten tickets. You go in and get a ticket. So people are going to come, get their tickets. They're going to come back to the mall when they see the movie. So we're pretty confident that one is going to be a winner.

We're also looking at some potential sponsorships at the Tucson Convention Center and how -- and if we invest in sponsorships at the Convention Center, what we will do is get other businesses to match what we are doing so that it will be a collaboration of businesses doing a sponsorship. So we've
allocated $10,000 to do that.

We're also looking at increasing our public relations presence. We will actually put together an annual report that will be something that we will distribute throughout downtown, at least downtown, and hopeful along all of the district to let people know the great news about what has happened through Rio Nuevo's effort in conjunction with the City and others. But we've got a story to tell and I think that we think it's time for us to put together an annual report that although we do one that's required by law, we would like to do one that would actually be put in the hands of people to read, rather than being just an obligation.

We will leverage support of all of the dollars that we spend. We will work with partners such as Downtown Tucson Partnership and the City of Tucson to make sure that those dollars are leveraged as well as they can be.

We also want to -- we've allocated $10,000 annually for a social media expert. In some conversations with Downtown Tucson Partnership, we've learned a lot. And, actually, I was dragged, kicking and screaming, into the social media world for my little business when I became convinced that social media is incredibly effective, an inexpensive way to reach a market with very, very targeted information.

We understand that because of the fact that we are subject to the open meeting laws, that isn't as easy as it
sounds. There will be some really strict rules around how the social media will work. And I will just say up front, don’t friend us. And don't retweet. Don't send along a post. Don't use your networks to extend the information that comes from Rio Nuevo because we will really be in conflict with the open meeting law and we don't want that to happen. So we'll have some very strict guidelines around it and Mark is going to be personally involved with training the person who will be doing this.

But one of the things I didn't know until recently is that the Pugh Research Center recently, and this totally surprised me, did a study on people who use social media and learned, no surprise, that people 18 to 65, between 82 and 89 percent of them are on social media. What really surprised me is 49 percent of the people 65 and older who are online, that is, if they don't use a computer they're not counted. But if they are - - if they use a computer, 49 percent of people over 65 are on social media as well.

Downtown Tucson Partnership has found social media to be a huge, hugely, effective tool in marketing downtown. They have thousands of friends and are able to specifically target messages that will support the downtown businesses.

So we have an opportunity to help broaden the reach of the businesses within our district and small business looks towards social media as the best way for them to communicate for no dollars if they're doing it themselves. So it's a really good
way for us to build our relationships with those businesses by
helping them broaden their reach. So that's why the social media
person will be really critical.

And unless there are any other questions, --

CHAIRMAN McCUSKER: A couple of things I need to
interject.

MS. COX: Sure.

CHAIRMAN McCUSKER: One, there's a budget item in here
for Second Saturdays.

MS. COX: Oh, that's right.

CHAIRMAN McCUSKER: I am on the Second Saturday's
Board, Mark, so it's not something I requested. I think staff
and Jannie are very big on being involved in that event. I know
it's not a legal conflict, but it appears to be one, so I will
properly recuse myself on that particular line item.

MS. COX: And I will just say that Fletcher recused
himself in the meetings, too, so I don't want to talk about this.
If you're going to propose it, it's not going to be with my
input.

CHAIRMAN McCUSKER: The other thing that we're really
big on and I think is very important for downtown and the
advancement of downtown to see a kiosk item in terms of kiosk
content. If you look at the big budget, you'll see a $34,000
capital request for kiosk. We would like to place a touchscreen
kiosk in strategic places along the streetcar route downtown.
They would indicate what's going on in and around that area. They would allow you to touch on merchants. It would identify specials that are nearby that are only available to the kiosk. They could direct you to activities in the region.

Other cities have gotten a lot of advancement from being able to have this kind of digital technology. It's not very expensive. The kiosks are around $15,000. They're totally self-contained. They look like an ATM machine. In order for them to be relevant, however, they have to be updated daily. And we've talked about having someone -- either we outsource that or we have, you know, again an intern or student or somebody that would provide that content.

Working with the merchants to have daily specials. It will identify your cell phone. You can connect to it. It could text you directions. It could give you a coupon to go into a restaurant or a bar. This is a lot of stuff we think we can really do. And as part of the WOW factor, I think people will see again coming downtown. It's a very inexpensive item. It is included in the marketing budget. So there's a couple of ways I think the Board can proceed. This was designed for you not just not just to rubber stamp it, but to actually go through this. I do want to point out, too, that we do have non-TIF revenue that we can dedicate to marketing. But, Mark, if you want to touch on our authority and obligation, too, it might be a part of this, too. Mr. Hill?
MR. HILL: Mr. Chairman, Dan raised a couple of questions in my mind and I wanted some clarification and I know he did this inadvertently because he is in the accounting field, but he used the word audit.

You mentioned that if they're not using the right code for Rio Nuevo that there is a four-year for an audit. The word audit doesn't bother you or me particularly, but scares the bejebbies out of somebody in business. I don't want to give the impression that this allows the DOR to go on a witch hunt and invade all these businesses because they failed to use the Rio Nuevo code.

The other thing you said that sparked my attention was some firms had been coding Rio Nuevo and quit. Again, urban myths and people's fear of government entities and audits, they may have decided that I'm not going to put that down there if this is going to raise some level of attention by taxing authorities. Could you address that -- those two comments for clarity, I think?

MR. MEYERS: Right. Well, my conversation with the Department of Revenue is that they need to be very careful when they contact a taxpayer because they don't want to audit something unless it really deserves an audit. So that's why they don't really want us contacting them directly. They want to handle it and more of it would be in more of a suggestive manner an amendment as opposed to a true audit.
However, I mean, there are people that I've identified to them that they will be auditing because there's something haywire. But I think that most of these are going to be in a suggestive manner to come in and try to work with them to correct what's been done as opposed to a true audit where they're poring through their records.

MR. HILL: And to extend that one point further, is there a penalty in the tax code for them failing to code Rio Nuevo?

MR. MEYERS: No. All it is now is the State has to pay us our share, which they have not done yet.

MR. HILL: Okay.

MR. MEYERS: So there's no consequences to the merchants. It's just more or less getting the money --

CHAIRMAN McCUSKER: In terms of the term “audit,” is the taxpayer can amend their return back to the four-year allowable audit period. We have no authority to directly engage with the taxpayers and we have no authority to make this information public. So we have to work entirely through ADOR. And what we've encourage them to do, and so far they're doing it, is to reach out to educate the merchants. Many of them, Jeff, are out of town or out state.

MR. HILL: Right.

CHAIRMAN McCUSKER: Just to make sure they're aware that this is not being properly coded.
MR. HILL: Hence the confusion because --

CHAIRMAN McCUSKER: And then to allow them -- the more meaningful word to me in this process was amend.

MR. HILL: Yes.

CHAIRMAN McCUSKER: They can go back and amend the returns.

MR. HILL: I like that A word, “amend”, better than audit.

CHAIRMAN McCUSKER: Back four years, yes.

MR. MEYERS: And the other thing we intend to do is do our own little bit of handing out some information to some of these people and just let them know that don't forget to put the three-letter code in there for us. Because, you know, I mean, if you're on the Sunshine Mile and now we're starting to focus on marketing efforts there, it seems to me they'd be very willing to make sure they're going to fill the forms out properly.

CHAIRMAN McCUSKER: But if it didn't register with you, they've identified two big box stores that contribute between the two of them $300,000 a month in taxes that's in fact going to the State. It's just not coming back to us, you know, so that's, you know, over $3,000,000 a year.

MR. HILL: Well, and I think that's important, but I didn't want to establish some specter of audits coming --

CHAIRMAN McCUSKER: Right.

MR. HILL: -- in from Rio Nuevo, or whoever or what
have you people. It's not something they look forward to.  

One other question, Dan. I've been looking at the budget and I thought there was something missing. I spent too many years on a joint legislative budget committee, and I wanted to request and if it's impossible and nobody else cares, that's fine, but JLVC would have a column for the actual for the previous fiscal year. So they would have five columns on the proposed budget rather than your four. Kind of a give a baseline for people looking at the budget to what was actually spent the previous fiscal year.

MR. MEYERS: So you're looking for something from 2014?

MR. HILL: Yes.

CHAIRMAN McCUSKER: And that would be real easy to do.

MR. HILL: Okay. I would like to see them. I think, if nothing else, government is used to it and perhaps some public is when they see other governmental entities, obviously. We're kind of a hybrid but perhaps that would even give a little bit more openness for people to have something to base it on.

MR. MEYERS: Absolutely.

MR. HILL: All right. And I'll shut up -- one more, Mr. Chairman. On the Rio Nuevo Merchant Advancement Plan, there is some language here. Without a TIF District those tax dollars would go to the state general fund with little or no benefit to Tucson. I think we probably should strike that. Sixty percent
of the state budget goes to education. I think that’s just kind of like poking a stick in the proverbial eye. The legislature's going through a tough year. It looks more prudential to Tucson by making that blanket statement which is factually not correct.

MR. MEYERS: We'll fix that. What actually happens to TPT money is it goes to the State and then it's distributed to 92 municipalities, right?

MR. HILL: No. It's the state government, state gets no property tax.

CHAIRMAN McCUSKER: But the sales tax from the TIF gets --

MR. HILL: 60 percent of it goes to education.

CHAIRMAN McCUSKER: All right. Duly noted.

MS. COX: Okay. Thank you.

CHAIRMAN McCUSKER: Did you want to make any comments, Jeff, on the marketing plan?

MR. HILL: No. I'm very supportive.

MR. RITCHIE: I just want to say that I think that Jannie did a good job. I think she's very passionate about helping the businesses. I think she put a lot of thought and research into it on a personal level. We're very good friends.

I joined the Board for a couple of reasons. Just to offer my -- what I believe is my expertise. There's a lot of real estate and financial expertise on this board, but I think one area where I could stand in running my business equal to any of the people on
the board is marketing.

And I just -- I look at this and I just -- I have to look at myself in the mirror in the morning and I can't just go along to get along on some things. And I think that the money -- I don't think that the ROI is there for the amount of money that will be spent. I think we can still accomplish all the things that we want to try to do within the budget that we had for last year. Otherwise, I think the budget looks really good, but I just think that we're spending far too much money on marketing dollars. Because I know how I spend my dollars and we spend a lot but it's my dollars, it's not taxpayer dollars.

Also, I think that as far as helping out with like the events downtown, I know my business last year, we donated $18,000 to downtown Second Saturdays and I think there are other people like that out there that we could still try to get the same bang for buck and recruit people. So I just wanted to add my two cents. I just think that the marketing dollars is too much, in my opinion.

MR. SHEAFE: Jannie, thanks for your efforts. About the only comments that I really have on this is I do kind of wonder -- first of all, I love the support of the things that are downtown. I think those are exactly the kind of events that we should be supporting. And I think we look conspicuously absent not being involved in some of those events like Meet Yourself and Second Saturdays we can go on. So I actually like that
One thing that I've always been interested in is, you know, is our website, driving traffic to it. I know you're really focused on that. But two things that I guess I'd like for us to think about. Maybe there's no room for them in this budget, but just for maybe going forward.

One thing is, you know, the -- you know, a lot of stuff's going on with the Sunshine Mile is those properties have sat there for a long time and nothing's happened with them. And depending on what happens with that, there might be some opportunities, you know, for marketing and that kind of stuff.

You know, we've had discussions in the past about would it make any sense to create a portal on a website, so that people that had properties that fell with inside the district, whether they were commercial or residential, could pay a small posting fee and allow us -- we can have restrictions on it having to be a PDF file, it has to be this, it has to be that, no more of a certain size and what have you. But we might find that if you'd like to see traffic driven to the website, having a portal there that listed properties that were available, whether they're for sale or for lease, might be a opportunity to do that.

And then second, you know, we talked about engaging the merchants, you know, in trying to drive traffic to our website, have we thought about anything that will allow, you know, a portal site allow merchants to actually advertise
specials. You know, we're talking about that with a kiosk. I'm just wondering if that makes sense. I don't profess to be an expert on that, but just things for you guys to think about.

MS. COX: And I'm not an expert either, but I think we have an opportunity through our website. I mean, technologically, it's not that complicated. And especially for downtown because if we are going to be programming the kiosks, we're going to have a huge amount of information that could be made available. It's also available on Downtown Tucson Partnership website. But, yes, the information, we've heard that it's a little bit like pulling teeth to get the information from the restaurants and small businesses sometimes, but they are learning the value of being more responsive. So that is growing and we feel pretty comfortable that we're going to have that information and, technologically, it's easy to get it out on our site.

MR. SHEAFE: Thanks for your efforts on that.

CHAIRMAN McCUSKER: Okay. So the only little nudge we got of disapproval might be around the marketing dollars. Any other comments from anybody on the Board about the rest of the budget? So let's separate for a moment the marketing budget and the marketing plan. We will separate out Second Saturdays as a separate item, so I will pass the gavel to Mark on that one. Does somebody want to make a recommendation or a motion as it relates to the marketing advancement plan?
MR. COLLINS: Mr. Chairman, if I may, may I interject that I think it's appropriate for you to take a call of the audience before the Board moves forward with any affirmative action on the budget.

CHAIRMAN McCUSKER: Including the marketing plan, you think because I was going to do that, if we can get an agreement on the marketing plan?

MR. COLLINS: Oh. Well, you know, I --

CHAIRMAN McCUSKER: Let's pause now. Michelle, are there any -- anybody want to speak to us about the budget? All right. So that solves that.

MR. COLLINS: Okay.

CHAIRMAN McCUSKER: Let me move for approval of the marketing budget as stated and in deference to the other remark which I -- I'm just a fan of conserving dollars and spending them effectively as anybody. If I'm going to make a mistake on expenditures, I wouldn't mind making a mistake and over-expending a little bit on marketing dollars where -- we've got a good thing going. We've got some room here. And if we make a mistake, it'd be a lot less costly to us if we put a few too many dollars into marketing than it would be to put too few in and end up missing opportunities. We're building a head of steam, so that is not in any way to question the thought process, it's in the grand scheme of things, the amount of money we might be talking about is small enough and the benefit is big enough that we may want to just go
ahead and experiment.

Let me just say that in my business, I always had the opinion that 50 percent of every dollar I spent on marketing was wasted. My problem was I didn't know which 50 percent and that just happens to be the way. It's very difficult to know whether your marketing dollars are actually working or not by individual expenditure. But it is easy to know whether or not the total is working because you can measure that. So since we're in the infancy and since we're trying to get this whole thing to come together now and we've got a lot of tools in our toolbox that are interesting people, it doesn't bother me if we're just a little over-aggressive in putting it into marketing. That's why I'm suggesting that we approve the budget as presented.

MR. RITCHIE: We have Second Saturdays that we have to entertain that separately.

CHAIRMAN McCUSKER: Yeah, that's fine.

MR. RITCHIE: Can I make one more comment?

CHAIRMAN McCUSKER: Let's see if we get a second first.

MS. COX: I'll second.

CHAIRMAN McCUSKER: Okay. Now, go ahead.

MR. RITCHIE: Okay. Again, I mean, I agree with pretty much everything you said. My competition doesn't advertise and we do. I think we built up a good brand and you can't really put a -- you can't really put your finger on how
much our ally is out there. However, I know proportionately with what my business is and we're a taxing district, we're not a regular "business." So I just really have a hard time because we go down the -- we set the budget for this year and then maybe it's the same next year and the same next year. And if I take 60,000 times five, that's $300,000. You know, I harken back to when we were replacing our CFO. I think we did a nice job and saved quite a bit of money and, in my opinion, getting better work. And so you take that along with that, that's $600,000 over five years and that's a lot. We could do another Herber Alley type thing. I'm all for helping out Downtown.

If I had -- my suggestion would be that maybe baby step it up and then some of us on the Board fundraise and try to make up the difference in some of the things that we're trying to do. I would be glad to do that. I would love to be able to vote with the Board a yes, but I'm just stating my opinion. That's the one item that I can't. I'm just going to, you know, stick to my position, I guess.

CHAIRMAN McCUSKER: Okay. We have a motion and a second to approve the budget as presented less the Second Saturday item. So by my math, that's $148,000 budget marketing plan as part of the overall budget. Go ahead.

I'm going to separate that out and deal with that separately --

MR. RITCHIE: Which is a 50 percent increase.
CHAIRMAN McCUSKER: -- and recuse myself.

And I believe he corrected his motion to exclude the Second Saturday item.

MR. RITCHIE: Okay.

MR. COLLINS: And separated out the marketing from the budget.

CHAIRMAN McCUSKER: All right. Now, all we're talking about is the marketing plan.

MR. COLLINS: Oh, okay.

CHAIRMAN McCUSKER: And there's a motion to approve the marketing plan --

MR. COLLINS: That's what I understood.

CHAIRMAN McCUSKER: -- less the Second Saturday item as presented. And we have a second. Any other discussion? Michelle, call the roll.

MS. BETTINI: Jeff Hill?

MR. HILL: Aye.

MS. BETTINI: Jannie Cox?

MS. COX: Aye.

MS. BETTINI: Chris Sheafe?

MR. SCHEAFE: Aye.

MS. BETTINI: Mark Irwin?

MR. IRWIN: Aye.

MS. BETTINI: Cody Ritchie?

MR. RITCHIE: No.
MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: Aye. And so by votes of five to one, the marketing plan will be incorporated into the budget. And now you can deal with the Second Saturday. I am recused.

MR. IRWIN: Okay. So we're going to be approving the budget minus the Second Saturday and --

MR. HILL: Voting on the 12,000.

MR. IRWIN: We're just voting on the 12,000, so we need a motion.

(Motion moved and seconded.)

MR. IRWIN: Thank you. Do a quick call.

MR. RITCHIE: So we're voting on the budget minus Second Saturday?

MS. COX: No, we're voting on Second Saturday only.

MR. IRWIN: We already approved the budget. We're now voting on the budget that includes Second Saturday.

MR. RITCHIE: So another $12,000?

MR. IRWIN: Yes.

MR. SHEAFE: You're moving it from 148 to the original 160?

MR. RITCHIE: My comment is I think it should be included in the 148. I mean, that's my comment. I like it but it'd make things too complicated, guys. You really do.

MR. IRWIN: So we got a motion and a second. Any further comments?
MR. HILL: Call for the question, Mr. Chairman.

MR. IRWIN: Michele, roll call.

MS. BETTINI: Jeff Hill?

MR. HILL: Aye.

MS. BETTINI: Jannie Cox?

MS. COX: Aye.

MS. BETTINI: Chris Sheafe?

MR. SCHEAFE: Aye.

MS. BETTINI: Cody Ritchie?

MR. RITCHIE: I don’t even know how to vote. I mean, I like it, but I don't like it as part of the -- in addition to the 148, so Mark, it would be -- I think your vote would be --

MR. COLLINS: As I understand it, the motion that we're voting on is the Second Saturday component of the budget. I don't think the motion was the rest of it. So I think you're in a position to vote either way on Second Saturday.

MR. RITCHIE: I'll vote no and I'll go try to raise the $12,000 myself.

MR. IRWIN: Back to you.

CHAIRMAN McCUSKER: Okay. Any other comments, questions, on the budget itself? So what we are asking the Board to advance is the budget as presented with the marketing dollars as presented and no other changes to the budget in terms of this revenue and our expense projections.

(Motion made and seconded.)
CHAIRMAN McCUSKER: Okay. We have a motion and a second to approve the budget as presented. Michelle, call the roll.

MR. RITCHIE: Excuse me. So this is minus the marketing because marketing was a separate item?

MR. COLLINS: It would be minus the marketing and minus Second Saturdays.

MR. RITCHIE: Okie Dokie.

MS. BETTINI: Jeff Hill?

MR. HILL: Aye.

MS. BETTINI: Jannie Cox?

MS. COX: Aye.

MS. BETTINI: Chris Sheafe?

MR. SHEAFE: Aye.

MS. BETTINI: Mark Irwin?

MR. IRWIN: Aye.

MS. BETTINI: Cody Ritchie?

MR. RITCHIE: Aye.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN MCCUSKER: Aye. All right. That’s approved unanimously. We have the budget and we have to, Dan, file this with the State. Thank you, everyone. Jannie, thank you very much. Okay. Onward and upward.

Phase II. So one of the things you will notice in the
budget is that with the sale of the Arena and the sale of the
Rialto Theatre, we will unusually produce over $6,000,000 of
profit in the next fiscal year. We have a little over $7,000,000
in the bank of which a couple of that is committed in the near
term. So you will now begin to hear opportunities to spend that
money. Some of them are of our own design. We talked about a
Phase II, the Convention Center. Some of those you will hear
community requests for Rio Nuevo to engage in TIF-related
projects. So keep those numbers in mind as we go forward.

And, Phil, are you ready? We have asked and engaged
Swaim and Associates to help us go with what we're calling Phase
II of the Tucson Convention Center Remodel. We've actually asked
them to go ahead and identify anything that might contribute to
making this facility more competitive even though we knew going
into it that a lot of it is something we certainly cannot afford.
But they've done that and we're going to go through that now with
the Board and the public in terms of what some of the near-term
opportunities are, what some of the long-term challenges are and
things that we can do to continue to enhance this, our primary
component. So, Phil, take it away.

MR. SWAIM: Thank you.

CHAIRMAN McCUSKER: Start by introducing yourself so
we get you in the record.

MR. SWAIM: Right. My name is Phil Swaim with Swaim
Associates Architects, 7350 East Speedway.
We're extremely excited to be able to have an opportunity to be able to explore how we can build upon the success of Phase I with the renovation of the TCC Arena.

We've spent the past several months getting feedback from the community, from the user groups, about the success and what they liked and what's been successful there with the Arena. We talked with SMG, the operators, about what they think is important to be able to be successful. We met with Visit Tucson, operators of the Gem Show, the El Tour de Tucson, Click Auto, all sorts of non-profit agencies, that may be interested in doing events and other community and business groups.

So with that, we've -- over the past month and a half, we then developed a document, well, it's about two inches thick, of information, narratives, concept diagrams and to be able to develop a potential scope of what it would take to be able to move the TCC forward. And then over the past several weeks, I've also worked with a cost estimator to develop those potential project costs, including construction and project costs available to again understand what the impacts of those might be.

So out of that, we've been working now to be able to and have proposed an initial phase of a near term, because what we've heard throughout the community are what we think are some real immediate needs as well as then long-term needs. And some of those are maybe dependent as the community moves forward and we see other development happening, such as Alan Norvil (sp)
moving forward or getting downtown hotels or other successes here
that will then increase the need for other services that we can
provide to be successful. So the --

MS. BETTINI: Sorry, I'm getting there.

MR. SWAIM: That's okay. Hopefully, we can --

Michelle can get this up there. But what we've got there -- the
first phase or actually what we call Phase II, the next phase,
would be of our near-term needs. Our goal is to be able to --
well, one of the key things we heard from the community is they
like the restrooms. And it's also shown how wonderful the new
restrooms are and how old unfortunately the other ones are
throughout the TCC. So one of our priorities is to be able to
include renovating all of the existing restrooms. And on your
site plan there, it is shown in green throughout the TCC.

Our next priority is our ball room. I think one of
our best opportunities to be able to compete in the community and
have business downtown is to really upgrade this ballroom. We've
renovated the kitchen already, so we've solved the issue of
people's concern about food and concessions. So now we need to
be able to take the ballroom and really bring it up to 21st
Century technology, acoustics, deal with the old materials and
upgrade the galleria and the lobby space to support that, get the
technology in there and we think that we can actually be drawing
events in that otherwise might be going to casinos and some of
the other hotels around town. A tremendous location. We've got
parking and so we think that's a huge priority.

Another priority is meeting space. Really, the meeting space here at the TCC is limited to this north -- the north meeting space here, it's part of the oldest part of the building. The technology is poor. We need to be able to upgrade really all of the finishes. Part of the concept here with this is really creating a conference center where on the east end, we would create a board room that would be -- have all high-end technology and have supporting for catering. The center four rooms would be really upgraded. Open up the walls so that, you know, even on a day like today, we have the opportunity to be able to just spill out onto this wonderful plaza and enjoy the weather we've got here in Tucson.

We've included some funds to be able to upgrade the adjacent landscaping as well here in the old part of the plaza directly adjacent to these meeting rooms so we have breakout space. So and also even on the west end of the meeting rooms connected directly to the galleria as opposed to having sort of a hidden entrance off the west end.

And then the other component to here that we recommend to include in Phase II is one item that we did not complete part of the arena. You know, with the arena renovation, we focused on that experience. But what we didn't do was really support the people coming to actually be in the events. And so we need to be able to upgrade locker rooms, the green rooms and the dressing
rooms and provide some storage there to really have -- so that
the people coming to our events are excited and they're part of
that.

What we call Phase III actually because --

CHAIRMAN McCUSKER: Stay with II and do the economics
of II and then go back to III.

MR. SWAIM: Okay. So looking on the back page of your
document, we have a breakout of the estimated cost. That would
be the fourth slide there.

So what we have is called -- identified as near term
and that includes Phase II. The items in red are what we would
propose would be supported by Rio Nuevo. What I'm to identify
right off is that we have pulled FF&E items out of that, so those
items are currently unfunded but are important components to
really make this and to have it as being sort of a cutting edge
conference center, we still need to be able to have those sort of
supporting furnishings and that sort of thing to go along with
that. But knowing that there has been concern, we did pull that
out separately.

So the item for restrooms still below 1.3 million.

And what these -- these costs actually include the subcontractor
cost, the general contractor's overhead, profit, insurance,
contingency and then also the project costs on top of that being
permits, fees, testing and project management fees and as well as
a contingency for Rio Nuevo on top of that.
The ballroom, lobby, galleria is just over $4,000,000.

Locker rooms and green rooms are almost $1,000,000 and the conference center exterior plaza I think about 3.3 million. So the proposed Phase II budget would be 9.9 or just almost $10,000,000.

The long-term options that we would propose as the -- to be able to anticipate as next steps -- Michele, if we could go back a couple of slides there. A little more, please. Thank you.

Next, we need to be able to address the exhibition hall. It's a large space and it's also out of date with technology and power. We need to be able to really upgrade that to be able to bring in some additional conferences, medical conferences and other high-tech things that are important in our community.

As development occurs to the west of us, we need to be able to -- we're showing some components that actually connect TCC to Grenada, the street car and those projects that hopefully Alan Novil will be moving forward with soon.

One of the other components that we've heard as feedback from conference users here is that the meeting space here -- one, is we need more meeting space. But, also, it's a little disconnected. And so one of the things that we're proposing is -- part of the challenge here with the design of the TCC is the circulation passes around the service yard. And so
what we're trying to do is actually maybe kill two birds with one 
stone and actually build an addition of meeting room space, 
conference space, over the top of the service yard. That would 
be in a prime location, block the view and we've heard from users 
at S & G that that would be an absolute fabulous addition to the 
Community Center. And so that's one that we would -- that we 
think is in an important one, though. We did put that in as the 
next phase.

Another thing that we have included as part of this 
future phase are some upgrades in the arena, as their success 
moves forward. Get some premium seating, some opera suites and 
other types of things that support the type of events we're 
doing. We found some spots on the north end where we can 
actually add a few hundred more seats. We need to be able to 
complete the overhead lighting and do some things like that as 
well.

So the -- and then -- so that would -- the -- I guess 
we jump back to our funding that Phase III, by the time we 
include all those components, we're at a $26,000,000 budget that 
we anticipate as future components moving forward.

One of the other things that we have shown here -- 
Michelle, you're getting very good at that. Thank you. That's 
perfect. Is for a future they've been calling Phase 4, is at 
some point we wanted to explore as we grow downtown and our 
events are even more popular and have multiple events, how could
we provide more parking? And so we just explored a potential parking garage where we could add another 900 spaces on our west lot and that project budget would be about $18,000,000 in the current estimate. But we just plugged that in again for your knowledge as you sort of anticipate and we move forward to see how your priorities might be met.

So with that, are there any questions or comments I can help with?

CHAIRMAN McCUSKER: It's important to note that we are the first official body to see this. It's obviously a robust plan. The City has not been consulted and they obviously need to be part of the solution as we think about continuing to enhance this facility. But Phil did exactly what we asked the man, which is to scope and meet with the stakeholders, meet with the end users, meet with the current event planners and identify why this facility's passed over in favor of Albuquerque and El Paso. And Phase I kind of addresses that.

We'll never be competitive without some adjacent meeting rooms. And if we had the money, we probably would treat that as a Phase I item. But everybody we heard from is a lot of reasons this facility doesn't work because of the lack of meeting space. And, of course, the whole issue hotel issue is a separate thing. But that's -- when you talk to end users about these facilities, it's the lack of convention center hotel rooms, the lack of meeting rooms and then just it's general -- I mean, we're
in what could be, you know, an elegant state of the art conference center and this is what you get right now.

So you can see how tight it would be if we tried to do all of Phase I ourself. It would take, you know, 90 percent of the dollars we have available in the near term. Make it really challenging to look at any other projects. You know, there's no way you could touch anything in Phase II without cooperation from the City. And, you know, we will have that conversation in terms of, you know, what kind of match would they be prepared to do to really continue to address these issues. But, Phil, nice job.

Thank you very much. Questions for Phil?

MR. RITCHIE: I would just add the same thing that you did, Fletcher. Great job, Phil.

Mr. SHEAFE: Oh, the value here is that we're building a basis of information that helps us set priorities. We're going to be doing something as time goes along. But one of the questions I've got, Phil, is when you were looking at the need for meeting space, did you incorporate the capacity that Alan will have if he goes 120,000 square feet right next to us?

MR. SWAIM: Well, that's one of the reasons that we put the Exhibition Hall upgrade as a Phase III because we'd anticipated with this 120,000 square feet from what we understand right no, he's concentrating on exhibition space and not meeting space.

MR. SHEAFE: Because you know one of the things that
pops into my mind is I think it's really important that we create
kind of a heartbeat convention center that meets a market segment
that we know isn't going to compete with Al's, but it could
compete with several -- Albuquerque would be a good comparable.
But in so doing, we don't want to just simply transfer business
already coming to Tucson from one of the other facilities here to
the Convention Center. What we want to do is create a whole new
level of business for our community; otherwise, we haven't really
accomplished that.

So in that regard, one position we might take is
rather than continue to put bandaids on this place, we want to
press everyone that's involved to fund $35,000,000 of
improvements, which, you know, go big or go home.

Or we can do what we can do, which is what we did in
Phase I and, you know invest the TIF money we're blessed with
back into this facility or some combination of those two things.

MR. IRWIN: This is not a, you know, project that we
can do on our own and we're definitely going to have to engage
the City. I agree that I think the one thing that we don't have
here is enough breakout room and meeting rooms. We've heard it
from every single person that we've visited with. This room, as
an example, is inadequate. It just doesn't -- so, you know, my
hope is that we'll reposition this thing, and I also would love
to see us continue to capitalize I think on the successes that
we've already built here. We've got the Phase I done. We got
great accolades for that. I'd like to see us continue to move on
that momentum.

And, you know, Mr. Chairman, I'd appreciate it if
you'd just take a second and maybe just talk about the financial
side of this. You know, I mean, we know how much money we have,
but we also know how inexpensive money is right now to go and
borrow. And, you know, it just seems to me we're going to have
to engage the City in this discussion and with where money is
right now and as inexpensive it is, I know that a whole bunch of
stuff just got retired. But talk if you would for a little bit
about just the impact of how that would look if we got the City
to engage in a bond or something.

CHAIRMAN McCUSKER: I think that the numbers are good
and accurate. We went through the same exercise with Swaim on
Phase I and they were dead on in terms of what the contractors
actually came back as estimates. So Rio Nuevo has not had a
history of accurately estimating, but I feel pretty good about
these numbers. You're talking about, you know, $35,000,000 to
really do what we would want to. We might be able to come up
with ten of them.

You know, the City has a lot of options. They could
match our ten and we'd go forward quickly. We could raise money
and increase the City's rent. How this facility has been
improved in the past is through certificates of participation
where Rio Nuevo would issue a bond and increase the City's rent.
From 2002 to 2012, the City's rent was about 3.6 million dollars a year. When those bonds retired in 2012, the City's rent dropped to its current level, which is about 1.4 million dollars a year. We tried to convince the City at the time that keeping the rent stable would be a good use of City money that could come back into this facility.

But they've been dealing, as we all know, with their own budget issues, you know, since 2010. I don't know how the City would react to helping us fund these projects. I think we've got to advance the data, have some meetings with them about how they might participate, would they be willing to help us fund a project or would they be willing to increase their rent in order to enable us to fund the whole project?

And I think we have to decide as a Board, do we want to spend some of our newfound resources on any of the Phase II items.

And, Mark, what would have to happen if we wanted to advance a Phase II project? It would not be dissimilar to what we did with the original Phase I, right? I mean, we would hire an architect, we would procure a contractor, if the Board wanted to move forward, what's the process?

MR. COLLINS: I think you've just outlined it. If you wanted to pick one of the ones of Phase II that Phil has identified or all of them, that would be part of the process. We could advance that process today by -- you're talking about large
sums of money here. And what I would suggest to you is that we
would -- if you were inclined to do that, that we put together an
appropriate agreement and RFP, that sort of thing, for you guys
to approve. Does that answer your question, Mr. Chairman?

CHAIRMAN McCUSKER: Yes. Precisely.

MR. IRWIN: You know, I might also suggest that, you
know, we reach out to the City and see who came to the study
session or sit down and talk on all of the above because it will
be a big number for them and they obviously need to understand
it.

MS. COX: Could I -- I have a question that someone
here can probably answer. If we are successful, let's say we go
forward with these phases one at a time, are we going to have
hotel rooms for these people to stay in? I mean, I don't know
where people are going to stay if we significantly increase
the --

CHAIRMAN McCUSKER: We know for sure two projects are
coming online, the AC Hotel, which is --

MS. COX: AC and the one on the arena site.

CHAIRMAN McCUSKER: And the Nor-gen project has
secured a Hyatt --

MS. COX: Right.

CHAIRMAN McCUSKER: -- as part of theirs, so you'll
have an adjacent --

MS. COX: Three hundred rooms all together --
CHAIRMAN McCUSKER: Adjacent to the Hyatt. And then something has to happen with the Arizona hotel.

MS. COX: True.

CHAIRMAN McCUSKER: It's got to be brought back into service. Will we have 2,000 hotel rooms?

MS. COX: No.

CHAIRMAN McCUSKER: Probably not. But we could have several hundred, Jannie, in and around the area. And, you know, the River Park ends a street car away now. Dixon & Gaston Properties are looking at a hotel on their site. You know, so, you know, you're not going to see, you know, five hotels surrounding this complex, but I think you might see five that are a street car stop away.

We can help that. We obviously helped with the AC Hotel. And I think you're going to be approached by other operators who like the deal that we did with Steitler and say, gee, will you help me with my hotel. And that's part of the challenge we have if we tap ourselves out. You know, we're not going to get to do much more without some additional income. It may be that you want to pick a project and launch it and have these conversations with the City or we take over the whole space altogether and go have a chat with the City.

If we're going to bid this out, it would make sense to bid it out all at once. If we bid it out in pieces, we can do that and we'll get the work done, you know, but it would be --
you know, if they'd really need, you know. I don't know how far
fetched it is. We've got a new city manager, in the middle of an
election year, you know. I just don't know how the City would
react to a $26,000,000 request.

MR. SHEAFE: Well, you know, we have a very, very
limited pot. It seems like a lot of money, but it's not. And
our role is to place those dollars as strategically as we can so
that it generates the biggest bang for the dollar. That's easy
to say but difficult to put into place, but I think about the AC
hotel arrangement that we made and, you know, there's a pretty
good payback on that.

CHAIRMAN MCCUSKER: Yeah.

MR. SHEAFE: And it actually added a new facility
downtown, and added a very large job base downtown and it anchors
Tucson on the map of travelers nationally and internationally in
a way that it wouldn't have been without that one facility.

So, you know, I wouldn't want to trade off the ability
to do something like that in exchange for improving the
restrooms. I'm not trying to be disrespectful, I'm just saying
that, you know, we have a very finite amount of money here and we
really need to think very carefully. So in trying to make a
decision like that, it seems to me, looking at this, I really
appreciate the information that Phil's put together and that
gives us a good framework to work with.

Now, we need to go to the rest of the picture and say,
all right, what are the range of choices and opportunities we
have so if we made these choices in a thoughtful way and get the
best return. Because at the end of the day, if we make this
snowball bigger, it's going to gain momentum and it will drop a
lot of other -- much more revenue and that will provide more
opportunity for.

But, I'm thinking, you know, we've got the west side,
we've got two or three things happening over there. We just may
see some opportunities that might cause us to say, you know what,
those are better resources.

CHAIRMAN McCUSKER: Would you want to launch on
anything, you know? We know the ballroom is not utilized to the
extent it could be. We know the restrooms are disgraceful. You
know, it sounds like what you're suggesting is we chat this up
with our partners and see if we come together with a single plan
that would include the City.

MR. SHEAFE: Yeah, that's what I'm thinking is we
ought to find out what are the other resources and then we may
also have a few other opportunities put on the table that we want
to really seriously consider because we can see that they have a
real impact. And I thought it was interesting the other day,
Fletcher, when you were talking and I actually learned -- I did
not realize that we had gotten up to 46 restaurants, I think you
quoted.

CHAIRMAN McCUSKER: No, new.
MR. SHEAFE: Brand new. And you think about the collective benefit of that and some of the work that we've done which is sort of driving this, there are just strategic places we can put money that would drive a whole lot of other commerce and that is going to benefit everybody.

And then there's the visibility side of it, too. You know, what we created here, I think, and what the first phase has been, that we now have a great performance facility. We don't have a great meeting facility yet, but we've created a performance facility. So we got a big piece of the pot. Now, the next thing is meeting rooms, and that's going to be important, but does it come ahead of say another AC hotel?

CHAIRMAN McCUSKER: Okay. So is everybody okay with that? We take the information, we sit down with the City, we try and come back with a plan that addresses Phase I and II.

MR. IRWIN: II and III.

CHAIRMAN McCUSKER: II and III.

MR. IRWIN: That's right, Chairman.

CHAIRMAN McCUSKER: Phil, thank you very much. Stand by.

MR. SWAIM: Thank you.

CHAIRMAN McCUSKER: Okay. Arena site. Mr. Collins?

MR. COLLINS: Mr. Chairman, members of the Board, as you will recall back in January, a purchase and sale agreement was signed between the District and Nor-Generations, LLC. That
agreement includes obvious due diligence periods for Nor-
Generations, which they have been pursuing. One of those due
diligence periods is title objections and another is feasibility
period.

Timely, Nor-Generations made several title objections.
I have been working with Mr. Pat Lopez, who's the attorney for
Nor-Generations, to try and resolve as many of those as we can.
There are several, but we are making good progress, in my
judgment, towards doing that. Once those objections are either
resolved to the satisfaction of Nor-Generations or are waived,
this can go forward to close. That's where we are.

CHAIRMAN McCUSKER: Do you need anything from us?
MR. COLLINS: I do not at this point.
CHAIRMAN McCUSKER: While you're up, there, Item 11 is
the Fox Theatre.

MR. COLLINS: Yeah. By way of quick review, as you
folks will recall, back in December I explained to you what I
thought was going to be the restructuring of the Fox Foundation
relationship to the District. It was based upon assignments of
leases. The accountants for the Fox Foundation found that to be
not acceptable, so after I was authorized to go through the
process of doing assignment of leases, the deal changed a bit.
But we got the deal put together before the end of the year and
the District funded the money necessary to buy out the Trust and
simplify the arrangement.
Since that time, the District and Fox have been working on what has been called a first amendment to this original agreement. That amendment includes governance covenants and those governance covenants involve several things. It allows the District to view the Fox Foundation's financial records. It precludes the Foundation from making certain organizational changes. It limits their ability to borrow money without approval from the District. And that effort has been ongoing since January. We -- Greg Sonenberg and Larry Hecker, counsel for the Fox, and I have been working on this and we've reached a point where, in my judgment, it's an appropriate time for you folks to consider two things. One, whether or not to ratify the final version of the original restructuring and agreement and, two, whether to give instruction to me to complete the first amendment in accordance with the discussions that we had in executive session and based upon my recent conversations with counsel Larry Hecker and Mr. Greg Sonenberg. How's that?

CHAIRMAN McCUSKER: Sounds like we're done.

MR. SHEAFE: Sounds like you got pretty much what you need, but you need a motion passed.

MR. COLLINS: Yes, I'm --

CHAIRMAN McCUSKER: Actually, there are two motions.

MR. COLLINS: Well, two motions would be cleaner. One motion would be to ratify the structure of the ground lease and loan modification agreement, and then the other -- to ratify and
execute it to, okay, motion number one. And then we can address
the first amendment in another motion. How's that?

So perhaps you would like to move to ratify the
version of the ground lease and loan modification and authorize
the executive officers to execute it?

MS. COX: So moved.

MR. RITCHIE: And I'll second that.

CHAIRMAN McCUSKER: So the motion, we've all seen the
documents, is to ratify the ground lease and loan modification
agreement that was drafted before Christmas.

MR. COLLINS: Before New Year's, yeah.

CHAIRMAN McCUSKER: There's been no changes to that
document?

MR. COLLINS: No.

CHAIRMAN McCUSKER: All right. All in favor say aye.

(Motion approved.)

CHAIRMAN McCUSKER: Okay, motion carries. Now, you
want a motion to approve or authorize you to complete the first
amendment as it relates to the governance covenants.

MR. COLLINS: Correct and can --

CHAIRMAN McCUSKER: Would you need to bring that back
to us or can we also authorize the executive officers to execute?

MR. COLLINS: I believe that you can authorize me to
complete the process of finalizing the first amendment in
accordance with the discussions that I've had with counsel for
Fox and that I've explained in executive session, and then you can authorize the Board members to execute it. So the motion could be –

MR. SHEAFE: So moved.

MR. COLLINS: Okay. Yeah.

CHAIRMAN McCUSKER: Mr. Sheafe made the motion. We need a second.

MS. COX: Second.

CHAIRMAN McCUSKER: Jannie seconded. All in favor say aye.

(Motion approved.)

MR. IRWIN: Mr. Chairman, if I might just say one thing just on the record real quickly on that if I could. So, you know, we've worked very diligently, counsel, as you know with the Rialto o position them so that after five years of working with them, they finally got into a position where we can take that and feel comfortable that Rialto can take and run the Rialto Foundation and the theatre and all that and we can then repurpose that money just like what we're talking about here just a little bit earlier.

I'd love to see candidly a situation speaking for myself where we would have the same situation with the Fox where we put them on a pathway like we did with Rialto and work with them, not -- and get them where they are looking and saying let's put this thing into position. Because I would also love to see
us take that money and reposition it and do something else with it. So I'd like to have the kind of relationship -- I think we've had a very good relationship with the Fox. I think we're a little -- I'm personally a little suspicious, given some of the shenanigans that I thought occurred a while back with them, but I think we're past all that and I'd like to just figure out a way to work very closely with them and again put them on a pathway so that at some point in time we're out of the Fox Theatre business and we're repurposing that money. So I just wanted to publicly go on record and say that.

CHAIRMAN McCUSKER: Okay. Item Number 12, the Sunshine Mile. Let me set this up. I think we have a couple of people that are going to make a presentation. There's been a lot of news lately about the Broadway corridor. I expect all of us are following it. We've never really educated ourself about the plans or the alternatives. I'm not suggesting that we try and influence the process now, but really try to identify what might happen to our TIF merchants in that sector and what Rio Nuevo might do ultimately when the plans are reached.

For those of you who don't follow this, the Sunshine Mile is the Broadway corridor from Euclid to Country Club. It has a voter-approved widening that dates back to the RTA, but there's been a lot of back and forth about how best to do that. There's a citizen's task force who will make a recommendation to the mayor and council. I understand that's on the agenda for the
June 9th mayor and council meeting. And then ultimately that will go to the regional transportation authority for final approval. The projects have waivered over the years from significant demolition to something less than that, to a curving kind of Broadway that would maybe provide more historical preservation.

At any point, I thought it's important that we understand what's going on, what's of interest to our merchants, the Historical Society has developed a specific interest in this property. So, now, let's just get all of us up to speed and please introduce yourself.

MS. ZELNIO: My name is Andie Zelnio and I’m a board member with the Tucson Historic Preservation Foundation. And Demion Clinco asked me to step in today for him. He's at the Preservation Conference in Flagstaff. First of all, somebody has to drive the machine here. I want to pass out --

CHAIRMAN McCUSKER: Michele, can you advance her slides? And that way you don't have to do two things.

MS. ZELNIO: All right.

CHAIRMAN McCUSKER: And if you have some, just set them on the table and face the audience.

MS. ZELNIO: Yeah, we have some handouts.

CHAIRMAN McCUSKER: Okay.

MS. ZELNIO: And I'm also going to direct your attention to the screen for the presentation. Again, thank you
very much for inviting us here today to talk about the Sunshine Mile. It's important to the City, its history, architectural history, cultural history.

The Sunshine Mile is located in two miles along Broadway, East Broadway, between Euclid and Country Club. It's located in the Rio Nuevo Tax Increment Financing District. It is a part of the City of Tucson in Ward five and six in Pima County District Five.

The Preservation Foundation is currently preparing a national historic register nomination for this stretch of highway and we hope to have it designated as the Sunshine Mile Historic District at some point in the future.

This map shows -- the orange highlight shows the Rio Nuevo Tax Increment Financing District and the red circle indicates the Sunshine Mile right in the middle of your TIF District.

This is the map that you see on the back of your foldout, a smaller version. Demion and I created this map three years ago in anticipation of the first Tucson modernism week. And we went along Broadway and felt that there was a lot of opportunity here and it was under-utilized and so this map shows a few of the images of storefronts along Broadway and on the other side are some historical photos of Broadway shops as well as history.

What is mid-century modern? Prior to World War II,
Tucson basically built in a pretty traditional sort of Spanish-revival style. Our population in 1930 was just over 35,000 people, but by 1960, it was over 200,000, obviously due to the post-World War II economic boom and the number of young families that were moving into western cities.

Downtown looked like this in the mid-century and there were a lot of retail shops or department stores. Our main shopping district in the mid-century was downtown Tucson. But with the advent of the car and the building of neighborhoods out in suburban Tucson, such as in this map, Broadway is that center line, that center spine in the map. This was from some of the builders that were building neighborhoods farther out to the east side and the northwest side. These neighborhoods are cul-de-sacs, two and three-bedroom family houses for young families. And this is also from a Tucson builder in the late 50s, how we all lived.

Broadway is anchored on the eastern end by not only Broadway Village which is significantly important to all of us, but also by the Chase Bank. It was originally Valley National Bank built in 1971 by Friedman and Jobusch. It's an iconic structure. It's been photographed and published in European magazines. It's one of those buildings that people remember in Tucson and they use it as kind of a funding aid.

These are images of the storefronts as they are now along the Sunshine Mile. I know this is tiny, but what I think
you can notice is that they're a collection of really unique
storefronts. They're all sort of individual. They have a
special sort of architectural character. It's not a mini mall
that's sort of tan with a bunch of plastic signs on it. They
actually have real identity.

The second row indicates the Solot Plaza, which is
just east of Tucson Boulevard, west of Treat, on the north side
of the street. Sonny Solot, who was a real estate developer here
in the middle part of the century and developed a lot of the
Sunshine Mile, he believed that a 20-foot-wide storefront was an
ideal incubator space for small business, small professional
business, small retail business. And all of the storefronts were
designed by different architects in unique styles and they're all
individually owned.

This is a rendering by Nick Sakellar of Solot Plaza
and he has designed for what is now -- it's a glass gallery.
That's the one with the palm tree going through the roof. This
is also a Nick Sakellar drawing of the boulevard shops. This is
just north of Broadway on Tucson Boulevard on the west side.
It's kind of pink now. It was originally meant to be a high-end
fashion district with Elizabeth Arden and Lauren Taylor and it
was meant to serve the communities of El Encanto, Colonia Solano
and bring some of the retail out of downtown and along this
strip.

Other shops along Broadway at this time were furniture
stores, were lighting stores, automobile dealerships, fashion stores. This was really an extension, the first real serious extension of the retail district from downtown Tucson to reach the communities that were being built farther east.

This is another shot of the Sunshine Mile Kelly Building on the right, some of the little store fronts. This is on the north side just west of Tucson Boulevard. Some of these storefronts over the years, there's been a sort of preservation by neglect because of this road-widening debate of no one really knowing what's going to happen with these buildings. So in some ways they've been untouched and they're very well built. Some of them have had sort of stucco facades put on the front of the original structure, and I'll show you a couple of those.

In 1953, the local newspaper sponsored a contest to name this important strip in Tucson. That's how important it was that they sponsored a contest, gave a $1,000 prize, to whoever could name this. The winning name was the Sunshine Mile and we have the Sunshine Mile merchants here also to talk to you a little bit. They revitalized the name and have adopted it again to brand that strip.

Some of the really important architects that built along this two-mile stretch of Broadway is really incredible because every important architect and designer who was working in Tucson in the 1950s, '60s, built something along this strip of Broadway. That includes Bernie Friedman, Fred Jobusch, Nick
Sakellar, Ralph Haver. We only have one Ralph Haver building in Tucson. He's a very important architect in Arizona, a lot of buildings in Phoenix. He's nationally known. It's the Child and Family Services building on Broadway now. It was originally a furniture store.

Anne Rysdale, she was the only licensed female architect in the state of Arizona during this period and she built over 150 buildings. Charlie Cox, William and Sylvia Wilde, Cain, Nelson and Ware, among others.

These are just a few of the buildings. This is the Broadmoor Medical Center from 1954. This was William Wilde and his wife, Sylvia Wilde. It's just south of Broadway at the entrance at Manchester into Broadmoor.

This is the Felix Medical Center and I can't actually see all the dates from here. '65. This is Cain, Nelson and Ware. It was modeled after the famous Mexican architect, Luis Veragan.

This is Anne Rysdale. It's American Optical from 1958. And the stacked brick bond makes it sort of unique, the asymmetrical sort of storefront.

This is the Arizona Bank from 1964. Is that right? Friedman and Jobusch, first drive-through bank.

This is the Broadway Office Building. It's also Friedman and Jobusch, 1965. It's still in use. You drive under the second floor and into an office courtyard.
This is the American Service Center from 1950. It's one of the earlier buildings. We don't have an architect on this. We're searching for it. But typical, because of the car, we have a lot of automobile dealerships along that strip and we have a need for gas stations and service stations.

This is the Kelly Building. Besides the Chase Bank Building, I think we consider this the most important historic building along this strip of the Sunshine Mile. It's designed by Nick Sakellar. And it's a really beautiful building. It's still in use. Again, you drive through to this sort of courtyard area.

It's a really important building and we hope that we can keep it.

This is Anne Rysdale -- the two-story building is Anne Rysdale with the glass storefront, the exposed stair, the mezzanine, very mid-century in its character and I think it was originally a fabric store or lighting store or something. So retail, anyway.

This is the Nehring Insurance Building, Friedman and Jobusch. This is in the Solot Plaza. El Tour de Tucson has their offices in there now.

We found the original drawings on all of these buildings. We spent a lot of hours going through microfilm in the city archives and to pull up the archives to get dates, names and also what the facades looked like originally.

And before we go on, I just -- I'm just going to hold this up because I don't have it in the presentation, but as we
walked along Broadway, you know, we photographed all of the buildings. And we also were looking at the sort of character of the buildings and the material, the architectural character of the buildings. And it's remarkable how many artists were involved, how many -- the use of materials. Sometimes simple materials like concrete block but they were laid in a unique way because labor wasn't expensive. Tearing down these buildings and building new buildings, we'd never be able to afford this sort of level of detail and character. I'm just going to let you pass that along. It's more eye candy.

This is the Snyder Podiatry Building and the remarkable thing about this is the wall panels that draw a lot of attention when you drive down Broadway. They were designed by a local artist, Charles Clement. Charles Clement designed a lot of art sculpture and art pieces for buildings here in Tucson, including downtown at the Transamerica Building, there's a relief sculpture on the front on the church side, that's Charles Clement.

This is the Chaffins' Diner. It's still a diner. And the next -- we're going to back and forth here. The next slide, we found the original photo. It was the Sambo's Pancake Restaurant. This is the original photo of what it looked like originally. Now, I'll go back to what it looks like now. Perfect. So, you know, architecturally, structurally, it hasn't really changed. It's really just the facade details and things
that would be fairly simple to come back and sort of revitalize some of these buildings. You can go back to the new one. Thank you. And the next.

This is the Ray Manley Photo Studio. This is just south of Broadway on Tucson Boulevard on the west side of the street. And the next photo is how it looked originally and then back to how it looks today. Again, not so much. Replaced the storefront glass, a little paint, some signage. You know, it's ready to go for a new tenant.

And I think there's one more. This is along Broadway. This is The Attic. And what they've done here is they've actually just created -- built a new stucco wall in front of the old storefront. Next photo. This is how it looked originally. And so, basically, that wall was just put in front and we feel like these are sort of cosmetic-type changes that we could remove the old -- the wall that was put in front and restore some of these storefronts. Next.

Finally, we all believe that Sunshine Mile should be a destination. It should not just be a traffic corridor, as it's been for a while now. It could be a very productive resource. It could increase our tax base.

Beginning in 2012, the Tucson Historical Preservation Foundation started Tucson Modernism Week to celebrate the explosion of our city and the development of our city in the mid-century. This is heritage tourism, if you will. Also, in
December of 2012, the Sunshine Mile merchants, which we'll --
I'll invite up here in a moment, rebranded themselves as the
Sunshine Mile Merchants. Also, not listed here, in December
2012, the Arizona Preservation Foundation, that's a statewide
organization, named this section of Broadway to one of its 25
most endangered places in the entire state. That includes
national parks. That includes everything. And, in part, because
of the road widening and because of the unique character of this,
this is unique to Tucson.

An investment in the Sunshine Mile has regional public
benefit, as I don't need to go into. It's a gateway to downtown,
but I also think it's an extension of downtown in the other
direction, too, and also connects to the neighborhoods and the
University. It improves the urban core. Heritage development
and tourism is very popular. I'll give you a few facts on that
in a second. Cultivating small businesses, especially small
local incubator businesses. It expands the City's sales tax
base, increases property values and the rehabilitation of these
buildings and these facades has big implications and significant
community return.

Mid-Century modern is sort of a hot commodity, not
only here, but certainly western cities where we really came of
age in the mid-century. Cities all over the southwest. You've
seen these resources to create community branding and revitalize
their shopping districts.
The most obvious example is Palm Springs. I lived in California 15 years ago. It looked a lot like Broadway. It was sort of tired and sort of neglected. And a few very intelligent people came in and said you know what, this is a real opportunity and they transformed that city. And they started the original modernism week to celebrate this mid-century heritage. And I have some facts about the income and also their -- the attendees.

This is just one of Palm Springs' bank buildings. We have a lot of the Valley National Banks that have a very similar character.

And this is their modernism week with bus tours and so on and so forth.

The Millennial Generation is really actively investing in Mid-Century neighborhoods and design. I happen to live in Broadmoor. And every house sold over the last year, and it's been quite a few, is now being occupied by young couples, 20s and 30s, baby carriages. They want to live in the urban court. They want to hike to the university or to their jobs downtown or take public transportation. They don't want to live out in gated communities, sort of isolated from what's going on in town.

Palm Springs Modernism Week attendance is over 45,000 people now. They've done it for nine years. I think they're in their tenth year now. It's recast Palm Springs as a worldwide destination for historic importance, artistic intellectual, everything modern. And it creates 17 to $20 billion dollars of
activity a year for this city.

Finally, I hope that I've been able to convince you that we have a real opportunity here. The fact that these storefronts exist, people want them. They just don't know, because of the road widening, nobody's really been able to go in there and establish a strong business. But it's right in the middle of your tax incentive district and could be a real opportunity to revitalize sort of another extension of downtown.

And I can answer any questions, if you have some now, but I want to introduce --

CHAIRMAN McCUSKER: Does someone have the current alignment status? Do we have a slide or a handout or anything that we can give the Board?

MS. ZELNIO: I don't have one with me, but I can get one.

CHAIRMAN McCUSKER: Can you just send one?

MS. ZELNIO: And do you guys -- does anyone here have that? No, we just --

CHAIRMAN McCUSKER: Can you kind of speak to how it's evolved, how it affects some of what you're trying to do with it and where does it go from here?

MS. ZELNIO: Yeah. Yeah, we've been working on this for three years and been attending all the meetings. And the impetus for Tucson Modernism Week, we located it along the Sunshine Mile and all the empty storefronts. And we prepared a
workshop which this map was part of in order to raise awareness, in order to make people understand that, wait, these buildings aren't just buildings that are in decay.

CHAIRMAN McCUSKER: Described as blight.

MS. ZELNIO: As blight. You know, they're not blight. They're our history. They're our legacy. They're special. They're what makes us unique. So we've been attending all the meetings. And it started out as an eight-lane highway to extend into downtown. It's now a six-lane highway. All of the public meetings where they took public votes and public votes on this, the number one concern of the community and number one important thing the community voted on was the historic context and the buildings. The community wants to save this district. They want to save these buildings.

I was at the public meeting about two weeks ago and that goes to Mayor and Council pretty soon. So the alignment is six lanes now, so we've managed to save more of the buildings. Right now, I believe its eight or nine buildings that are to be demolished due to the road widening. Most of those are west of Campbell on the north side of the street. A couple of important ones, that'd be old Walsh Brothers Furniture store, that's a Place in Place building. Place in Place designed our courthouse, for instance, you know. But there's a few buildings that are definitely going. There's 85 additional buildings that are at risk. And what that means is they're going to have to take a
front portion of the property, sidewalks and bike lanes and
things like that, which is going to remove some parking.

So one of the obstacles that we have and one of the
things that we're working on with the City is to relax the land
use code in relation to the parking standards, the parking
requirements for businesses. And we do something more similar to
what's been done downtown and create some parking lots that are
walking distance from some of these businesses to create
opportunities. People want to walk. People -- and, frankly, if
you -- I walked this stretch of Broadway more times than I can
tell you, back and forth. And when you walk along, that's when
you see all of the character of the buildings and the detail of
the buildings.

Widening the road, driving, you know, 45 miles down
the street, isn't going to help the businesses, because the
businesses want you to go slow so that you can see what's there.
So that's a long answer to a short question.

CHAIRMAN McCUSKER: And we did invite a couple of
merchants?

MS. ZELNIO: Yes.

CHAIRMAN McCUSKER: I don't know if you've a
spokesperson or two, but please come on up.

MR. MONTOYA: Good afternoon. Larry Montoya, Board
Member of the Sunshine Mile Merchant Association.

MS. COOK: I'm Monica Hay Cook, and I'm President of
the Sunshine Mile and Larry is Vice President. Andie did such a
great job of saying a lot of stuff I think we were going to say,
so I don't really want to duplicate what she's saying.

We started just really grassroots about three years
ago. I felt like the area needed a name and had gone up to
Phoenix, picked up a brochure from Melrose District, my sister's
dog chewed it up, but I took it around to merchants and they
signed up to be on the pamphlet. So we've grown from there.
We're now a business association and Larry's going to talk a
little bit about what we've been doing.

MR. MONTOYA: So three years ago, we had no
communication in that community, now we do. I've had the
opportunity to meet a lot of businesses. We have over 400
businesses on the Sunshine Mile, which is really two miles. And
we've had, you know, up to 50 members and now we're down to 30.
It goes up and down.

VOICE: Forty.

MR. MONTOYA: Now we have 40, so you picked up 10. So
it's been a fantastic opportunity for us to learn and reach other
businesses. We, you know, have had meetings, mixers. We try to,
you know, invite everybody to come out and hear what we're doing.
We do a coop advertising and we bought banners. If you drive up
and down Broadway, you'll see 18 banners. Basically, I guess,
they go from Euclid all the way to --

MS COOK: We only have 18.
MR. MONTOYA: We only have 18. So but we have a wonderful little mat that used to be the old Panda Buffet building. It's on Broadway and Tucson. Now it's a beautiful park. We have food trucks that come out every first and third Thursday. And there's different things that we've done. Obviously, we would like to do more, invite more merchants to join and I don't know what's wrong with merchants, but they don't like to share. We want to share. We want it to be a community to work together and to continue just growing our businesses together, and have a vision.

MS. COOK: We have a kiosk that the City of Tucson gave us.

MR. MONTOYA: For free.

MS. COOK: For free that --

MR. MONTOYA: It's not high tech, though.

MS. COOK: It's not high tech but --

MR. MONTOYA: It works.

MS. COOK: It's a start, so. I just went through and looked at some of the signage. My husband and I went through and looked at some of the signage, which you have a copy of there. It shows, you know, the mural that we put up on the wall, the pole banners. I thought possibly the signs at Albert's Car Care could maybe be turned into Sunshine Mile signage. Hirsh's Shoes, they restored their sign over the last couple of years, but it's a storefront, too, that could use even more. It's beautiful.
Sahuarro Trophy, you know, that sign is just historical, that
could be renovated. The Barbershop sign that's sitting on the
property, perhaps that could say Sunshine Mile, you know I'm just
-- the bow ties and all that, that was in the 60s.

There's a sign that's very little known that's a block
south, and it says service motor park, and that was a neon sign.
I don't know that even -- that's right by Safeway on North 12th.
You could -- you probably can't see that from Broadway, it was
restored and I think the arrows probably flashed. I mean, that
would be really cool.

Now, just gone through the wall element on 2026 East
Broadway. Now, that was an architectural wall and it probably
had a sign on it. You know, several of us have started to
restore some of our buildings. You know, I'm thinking, one of
the things is that we put a sample here of one of the buildings.
Prescott Printing allowed us to do that where, you know, it might
just be painting some of the buildings.

There is a building at 2530 East Broadway. That's
just down from my store. Somebody hit it with a car. And
underneath that façade is brick and stone, beautiful stone.

But -- and so, you know, there's a lot of
possibilities and I think Andie talked about that. I put
together real quickly kind of a list, a wish list. I don't know
if there are any questions on that.

CHAIRMAN McCUSKER: What happens to your wish list
items with the realignment? Or are you going to invest in things
that get demolished, because, you know, where you are trying to
revitalize your --

MS. COOK: Yes.

CHAIRMAN McCUSKER: -- stretch at the same time?

You're kind of --

MS. COOK: Right.

CHAIRMAN McCUSKER: -- held hostage to ultimately
what's going to happen to those --

MS. COOK: Well, you know, the banners would -- you
know, we're going to have full banners. You know, I tried to
think of that as we put this together, you know, the full banner,
you know. I assume we're setting up lighting on there and we'll
probably still *** -

THE COURT REPORTER: I can't hear you.

MS. COOK: We'll still have lighting along there where
the full banners would still be there. So I tried to think of
things that --

CHAIRMAN McCUSKER: Are all of these in the public
right of way? Are they private property or still proposed
property or City property?

MS. COOK: They're City, yeah.

CHAIRMAN McCUSKER: And most of them -- that actually
helps us because we --

MS. COOK: Yeah.
CHAIRMAN McCUSKER: We can invest in public owned.

MS. COOK: Okay.

CHAIRMAN McCUSKER: Publicly owned.

MS. COOK: Yeah, we have a real small budget. I think we've done quite a bit in the little money that we have, which is just from memberships. You know, possibly the City would help with installation of full banners, you know. I put it down as an installation cost, but, you know, I think they had helped Campbell and some other places.

Monument signs. I mean, that's something we would have to work with the City on and that -- because of the alignment, you know, where we do monument signs.

CHAIRMAN McCUSKER: City and the dark sky.

MS. COOK: And the dark sky. Right now, we looked at it as a non-lighted, but, yeah, you're right. There's dark skies.

The storefront plaques, I was thinking, you know, the brochure that Andie handed out, I mean, that would be a great place to start on the historic plaques. We're looking at maybe putting a picture of how the building looked and little bit of information. So that's what I was talking about with the storefront plaques.

I'm calling it the Sunshine Mile Plaza, the former Panda Buffet, so I'm trying to brand that as the Sunshine Mile Plaza, so that the City will let us keep it.
MR. MCCUSKER: Who owns that?

MS. COOK: The City. The City does. We would like to keep it, so I'm, you know, trying to -- so the things we would put there like the benches, the picnic tables, shade, they could all be moved, you know. Hopefully, we're going to have some places along there where people can gather.

CHAIRMAN McCUSKER: Have you talked to anybody at the City Development Services or Transportation if we're going to put stuff into the City right of way, have you --

MS. COOK: Well, we've been working with that on the plaza and --

CHAIRMAN McCUSKER: When you say them, who are you --

MS. COOK: It's the City -- he's with real estate. I think it's real estate?

MR. MONTOYA: Well, real estate and Jen.

MS. COOK: Yeah and Jennifer Burdick. We've been working with them on the use of that plaza. And so everything we've put down there I think could be moved, including the sundial. And, you know, those actually came from Jennifer's proposal. They kind of ran out of money, so -- after they landscaped -- they did landscape it with trees and walkways. And so I took that from her information.

CHAIRMAN McCUSKER: Okay. We're going to need to move along.

MS. COOK: Yes, and I think we're done. So.
CHAIRMAN McCUSKER: Thank you very much.

MS. COOK: Yes, thank you.

CHAIRMAN McCUSKER: And I commend you guys for what you're doing. And I have some personal experience with Palm Springs. My son lived in Palm Springs for three years. We would visit him often and it is quite a story behind what they've done with this period. And I saw it as a real opportunity to create a destination and I think Rio Nuevo would be really honored to participate in that. I think we've all got to see what the RTA does to you.

MS. COOK: Right.

CHAIRMAN McCUSKER: And, you know, hopefully, that will be this summer. But these are interesting in terms of things that could enhance the District now.

MS. COOK: In that way -- yeah.

CHAIRMAN McCUSKER: That don't necessarily get lost --

MS. COOK: Yeah.

CHAIRMAN McCUSKER: -- on whatever the City does with the remodel, so.

MS. COOK: And, you know, I think restoring some buildings would make people realize, wow, something's going to happen there besides just the widening of the street.

CHAIRMAN McCUSKER: Yeah. You probably wouldn't want to restore a building if they're going to tear it down.

MS. COOK: Well, no. I mean, you know -- I think,
hopefully, we have an answer on that real soon, but, yeah. And we appreciate what Rio Nuevo's already done for us and some advertising. So thank you very much.

CHAIRMAN McCUSKER: Thank you.

MS. COX: I have one question about parking.

MS. COOK: Yes.

MS. COX: If there's a six-lane road, some of the parking is going to go for these businesses?

MS. COOK: Yes. Yes.

MS. COX: And I do understanding the walking and that walking is important to a community. Walkable communities are incredibly important, but will people walk? I mean, will people walk from a parking lot two blocks down the street, when it's 106 degrees?

MS. ZELNIO: Do they do that downtown? But it happens downtown now.

MS. COX: It does.

MS. ZELNIO: I mean, I think that we'd like to think about the Sunshine Mile as an extension of retail and business of downtown. The retail and sort of department store kind of business has sort of moved out of downtown. Downtown's wonderfully revitalized, but it's entertainment and restaurants.

MS. COOK: Right.

MS. COOK: And we need a near downtown place that it's a revitalized shopping district. And so --
MS. COX: Well, I agree with you 100 percent. I'm just asking how the merchants -- I think the parking lot is a nice idea. And if it does make it a more walkable community and that people actually walk, it would be great. I just question --

MS. COOK: Don't know.

MS. COX: -- how the rest of the merchants feel. Are they going to stay there when they have half the parking spaces that they had before or are they --

MS. COOK: Well, there's some of both.

MS. ZELNIO: I think some of both.

MS. COOK: There's some that, you know, need more parking. Some of the restaurants, I know, like Tucson Tamale will need more parking than is allowed.

CHAIRMAN McCUSKER: You can't get into Broadway Village now. It's become so successful.

MS. ZELNIO: Yeah. Well, they're tearing down the Americana, so --

MS. COOK: Well, we -- and I don't know. Maybe that's something Rio Nuevo can help with, too. But the thing right now is that, you know, businesses are supposed to get together and buy property. Well, a lot of them don't have money to do that. So, you know, if one building was down then, you know, do they have money to purchase it and the rest of them use it?

MS. ZELNIO: I'm sorry, we don't have the realignment here because I think that would answer a few of your questions.
The City already owns I think about 35 properties along the north side of Broadway. Panda Buffet was a good example of one that they tore down and Sunshine Mile merchants are using that. But there is a number of opportunities with empty lots to sort of develop in some way and we're hoping -- you know, we're somewhat held hostage to the RTA engineers with the really fine-tuned development of this widening. Right now, it's looking pretty good, but, obviously, parking is sort of the biggest unknown at this point.

Some of the parking lots have been taken, but there's -- they're trying to provide as much parking adjacent to these buildings as possible. And then we're proposing other opportunities where the buildings have already been purchased and maybe already demolished to create some parking lots within a block. Some of these stretches like Solot Plaza and things like that, so we're working on it.

CHAIRMAN McCUSKER: Okay.

MS. COOK: Gene Hayward is in the audience and he worked on this last alignment. Would you like him to come and speak?

CHAIRMAN McCUSKER: We got it. We're dependent -- we're dependent on what happens.


CHAIRMAN McCUSKER: I think the question before our Board is to -- these are TIF merchants. They got this grass
roots plan that could create a destination. It will improve TIF revenue. There's a lot of issues about what happens with the realignment. But do we want to do anything to invest now or just sit on the sidelines and wait for the poo-poo to hit the fan and look at it after the alignment's done? Mr. Irwin?

MR. IRWIN: You know, the reason I think we have a dog in this fight is because we do have, you know, all the merchants there, but we really don't have any influence. You know, you guys have way more influence than we would and the Citizens' Task Force to go do that.

You know, having been involved in real estate in Tucson for over 30 years, I've always looked at that section and I've said to myself, why hasn't it done better. And I think there's a couple of reasons for that. Part of it is some of those buildings unfortunately have functional obsolescence. You can talk about that until you're blue in the face, but some of those buildings will at least, regardless.

The other thing I might point out is those buildings were built during a time in our era when has asbestos and other things that we didn't have -- that we don't use now as building materials are in those buildings. Having gone through abating asbestos at a lot of different projects in town, I can tell you that that is an expensive proposition to do. What I'd like to see us do is -- first, I appreciate you bringing this and informing us.
I'd never heard of the Sunshine Mile. Okay? And I'm in commercial real estate and I drive that thing, God, knows how many times. My office building is just kind of down from that a little bit on the 3700 block on Broadway, so I'm not in that, quote, mile, but I'm close enough that I can throw rock and hit it.

So I think, you know, educating people about that is, you know, is important. I think, and from my perspective, until the dust is settled and, you know, you guys have made your recommendation and the City's done their thing to hand them all off to the RTA, the RTA will be ultimately who, as I understand it, makes that decision. So I think it's hard for us right now to weigh in. I think it's neat that you guys brought it to us. I'd love to see if it shakes out how we could get involved in it, but I think it's really tough for us right now to really jump in too hot and heavy.

And the other thing that you might want to think about is, you know, it's hard -- we get -- investing in private buildings is going to be -- not going to work. So, you know I would suggest you guys also do is maybe enlist somebody who specializes in looking at not just the store structures for their store building, but ask yourselves some tough questions. Because I know as a fact that some of the buildings that you put up on that thing are laden with asbestos. And the reason they haven't sold or leased probably is a little bit tied to that.
And it's also somewhat tied to the fact that candidly, all of you have been held hostage for a long time. Who would want to put money into a building if you have no idea what's going to happen to it? You know, nobody in their right mind would do that. So we know you guys have been held hostage. I've listened to people for the last 20 plus years talk about this same exact issue. And I think not making a decision is the same things as making a decision. I hope it comes to the forefront quickly.

CHAIRMAN McCUSKER: So your recommendation is we invite them back --

MR. IRWIN: Absolutely.

CHAIRMAN McCUSKER: -- after we know what the RTA's going to do to them.

MR. IRWIN: I think a lot of this needs to be up to speed. I mean, I just learned about the Sunshine Mile about a couple of weeks ago, so I've been trying to understand what it is and I'm trying to measure with where the alignment is and this and not, so, yeah, I just think we need to get up to speed.

CHAIRMAN McCUSKER: Anybody disagree with that? Okay. We'll have you back. Stand by. Michelle, calls from the audience? Greg Clark.

MR. CLARK: Good afternoon.

CHAIRMAN McCUSKER: Name and address, please.

MR. CLARK: My name's Greg Clark. I live at 133 South
Cherry Avenue and I'm a member of a group that owns six properties on Broadway in the corridor, the 1100 and 1600 block and also some contiguous properties attached. I live less than a block away from Broadway and I would like to see it improved and widened. Our neighborhood -- the Mile's neighborhood has, in our neighborhood plan, have a -- the point that we support the expansion and improvement of Broadway.

And I think that this type of thing at this point, had you taken any action on such a recommendation, all you'd do is serve to muddle and confuse the issue. And, yes, the proper point would be to wait for the RTA because this type of thing, getting historical designation, it's just used as an argument to reduce the size of the improvement of Broadway.

And I think we need a roadway that serves all the community, including the commuters, the people who drive, the businesses, and also the ability to have new businesses, new commercial building, new residential development, and not just hold hostage to some kind of historical designation that doesn't want to see anything including dangerous asbestos-laden buildings torn down. So thank you.

CHAIRMAN McCUSKER: Thank you. That's it. I'd entertain a motion to adjourn.

Moved, seconded, carried.

(Meeting adjourned)