

RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

BOARD MEETING

Tucson, Arizona

May 22, 2018

12:59 p.m.

REPORTED BY:  
Thomas A. Woppert, RPR  
AZ CCR No. 50476

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KATHY FINK & ASSOCIATES

2819 East 22nd Street

Tucson, Arizona 85713

(520)624-8644

1 BOARD MEMBERS PRESENT:

2 Fletcher McCusker, Chair

3 Chris Sheafe, Treasurer

4 Mark Irvin, Secretary

5 Jannie Cox

6 Edmund Marquez

7 Jeffrey Hill

8

9 ALSO PRESENT:

10 Mark Collins, Board Counsel

11 Brandi Haga-Blackman, Operations Administrator

12

13 \* \* \* \*

14

15 BE IT REMEMBERED that the meeting of the Board

16 of Directors of the Rio Nuevo Multipurpose Facilities

17 District was held at the Arizona State Building, in the

18 City of Tucson, State of Arizona, before THOMAS A.

19 WOPPERT, RPR, Certified Reporter No. 50476, on the 22nd

20 day of May 2018, commencing at the hour of 12:59 p.m.

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1           CHAIRMAN McCUSKER: Okay. We are going to call  
2 this meeting to order.

3           Chris, do you want to lead the pledge?

4           (Pledge of Allegiance recited)

5           CHAIRMAN McCUSKER: Okay. You have received  
6 the transcripts from the April 24th meeting. You'll  
7 notice my voice is booming under our new system, so you  
8 don't have to get too close to the mic. You will resonate  
9 throughout the whole room.

10           And we also need to be careful about stepping  
11 over each other because it will be really loud if we're  
12 all trying to talk at once, plus it makes it really hard  
13 for the transcriptionist, so keep that in mind.

14           Thanks for the sound system.

15           So you have the transcript from April 24th.  
16 It's verbatim unless you see a correction or a change  
17 that's needed.

18           MR. IRVIN: Motion to approve.

19           MS. COX: Second.

20           CHAIRMAN McCUSKER: All in favor say aye.

21           (Motion made, seconded and passed unanimously)

22           CHAIRMAN MCCUSKER: We approved the minutes.

23           This is the time we set aside for executive  
24 session. We need a motion to recess.

25           MR. IRVIN: So moved.

1 MR. MARQUEZ: Second.

2 CHAIRMAN McCUSKER: All in favor say aye.

3 (Motion made, seconded and passed unanimously)

4 CHAIRMAN MCCUSKER: So we'll be back here in 45  
5 minutes or so.

6 (Recess)

7 CHAIRMAN McCUSKER: May we have a motion to  
8 reconvene.

9 (Motion made, seconded and passed unanimously)

10 CHAIRMAN MCCUSKER: We're back in regular  
11 session. Thank you for your indulgence. I was about 30  
12 minutes off my predictions, but you can see from our  
13 executive session agenda we have a lot of real estate  
14 stuff going on. That's the good news. Because we only  
15 meet once a month, that's the opportunity for the whole  
16 board to talk to our attorneys regarding real estate  
17 transactions, so some of these are complicated and  
18 complex. But the good news is we have a lot of stuff  
19 going on. It should shorten the public session of the  
20 meeting because some of the things that are teed up are  
21 not quite ready for prime time.

22 It is an exciting time for us. Last week  
23 Caterpillar put the last piece of steel beam on top of  
24 their building. They have about 300 employees. I rode  
25 the streetcar over from their current office to the new

1 office and I'm really quite proud of their new facilities,  
2 the legacy that they're creating. And, of course, they  
3 continue to upsize their expectations on that project. We  
4 can report that the project is ahead of schedule and  
5 actually ahead of budget, so so far, so good.

6 The Mercado I think is now finally open. It  
7 had some C of O issues, but I think they've resolved all  
8 those. They're right across the street from Caterpillar's  
9 open.

10 And you can tell from our agenda we have a lot  
11 of stuff that we're discussing regarding large-scale real  
12 estate projects and even some small-scale projects that  
13 have been overlooked for some time. Indeed Rio Nuevo is  
14 open for business.

15 So, Dan, will you give us your financial  
16 report.

17 MR. MEYERS: Good afternoon. I'm Dan Meyers,  
18 CFO for Rio Nuevo.

19 As of April 30th, we've got about \$5.1 million  
20 in the bank. Our outstanding commitments at this time are  
21 about 3.2 million, leaving 1.9 available.

22 In April we paid for the improvements and  
23 drainage over on the (inaudible) side for 855,000, so  
24 you'll see there's nothing remaining there.

25 We had some significant rebates as those come

1 online and we're getting those set up.

2 April was the last of our debt service we need  
3 to put aside, so, again, April, May and June, the money we  
4 receive is all ours, so that should add to our surplus.

5 Coming up in June, we've got some fairly big  
6 things going on. We've got our Roadrunner surcharge.  
7 We're receiving that, half of which gets put aside into a  
8 fund for reinvestment in the -- in the TCC for hockey  
9 improvements.

10 We're going to have to come up with a balance  
11 for the Greyhound debt service. Greyhound pays us monthly  
12 rent and that pretty much covers the principal. We  
13 have -- we're still responsible for the debt service and  
14 the interest on that, and that's about 140,000. And I  
15 anticipate having a couple hundred thousand dollars going  
16 out for rebates to our merchants. So, again, that money  
17 comes in to us and is redirected back to them as opposed  
18 to coming up with money up front.

19 In May we received just under \$1.2 million for  
20 our February TIF. We're about \$22,000 behind budget, but  
21 I fully anticipate us exceeding our budget as we receive  
22 TIF revenue for the last four months of this fiscal year.  
23 I think we're going to come in probably about \$3 million  
24 with a cash surplus for this fiscal year.

25 I'm in the process of kind of wrapping up the

1 upcoming year budget. Hopefully by the beginning of next  
2 week, that will be in a form where I can run it past some  
3 board members and get some input and see if that's -- if  
4 everything's in line, then we'll finalize it at the next  
5 board meeting.

6 Any questions?

7 MR. MARQUEZ: Mr. Chairman.

8 CHAIRMAN McCUSKER: Edmund.

9 MR. MARQUEZ: Dan, I know you and Brandi have  
10 done a fantastic job of actually reaching out to the  
11 retailers and trying to educate them on how to code  
12 correctly on their tax -- we call it return, tax form.  
13 Where would you say we stand with that? Like how big or  
14 small is that issue with people filling out their tax form  
15 correctly?

16 MR. MEYERS: It's much less than it was  
17 because, you know, we've gone back and some of the  
18 merchants have amended and now you can see them filing  
19 properly month after month. We've still got some  
20 significant merchants that for one reason or another have  
21 not come on board yet and we're constantly calling them  
22 and reminding them.

23 And some of the stuff, especially the bigger  
24 corporations, it's hard to find the source to get that  
25 done, but I think we're having a lot of luck. Brandi's

1 spending time finding some of the smaller merchants that  
2 just for one reason or another have not come on board, so  
3 I think this number is going to -- we're going to keep  
4 seeing this number going up a little bit and we're going  
5 to see some significant corrections still, but, you know,  
6 those are getting less and less all the time, but I think  
7 we're really on top of it now.

8 MR. MARQUEZ: Thank you.

9 CHAIRMAN McCUSKER: Mr. Hill.

10 MR. HILL: Dan, I also notice that the  
11 streetscapes that was, gosh, seven or years ago, we  
12 settled with the city for that and the number for paid  
13 seems never, you know, to rise dramatically. What's going  
14 on? Are they their dragging their feet or --

15 MR. MEYERS: We just got a ton of invoices this  
16 month --

17 MR. HILL: Okay.

18 MR. MEYERS: -- going back to the end of last  
19 year. I don't know what the holdup was, but we're going  
20 to make that about \$425,000.

21 MR. HILL: Okay.

22 MR. MEYERS: I'm waiting to see actual official  
23 invoices as opposed to just some things from the city of  
24 Tucson, so we're on top of that. Those should get paid  
25 later this month.



1           MR. HILL: Okay. So they're doing something  
2 constructive with that then?

3           MR. MEYERS: Yes.

4           MR. HILL: That's good to hear. Thank you.

5           MR. MEYERS: Any other questions?

6           CHAIRMAN McCUSKER: I think just in terms of  
7 rough math, we'll see the budget probably next month for  
8 the next fiscal year, but, you know, between now and 2025,  
9 we expect to net somewhere in the neighborhood of three to  
10 five million a year. Property leveraged, that could be  
11 worth 10 times that. That's what we've been able to do,  
12 particularly by using tax rebates, which are  
13 future dollars. Remember in 2025 this debt service is  
14 deleted, so that's 11 million a year that will drop to the  
15 bottom line starting with our extension period.

16                   Thank you very much, Dan.

17           Item number seven, quick update, a couple  
18 things here that will require a board conversation just by  
19 way of updating on the status of what we call the Sunshine  
20 Mile.

21           The city's in the acquisition process and I  
22 would say nearly complete acquiring the properties that  
23 are affected by the widening. There are 39 of those  
24 properties located on the north side of Broadway that will  
25 be titled to Rio Nuevo. It basically represents three

1 blocks of properties that we will be given the opportunity  
2 to renovate.

3           The objective there is to partner with the  
4 private sector, renovate those properties and place them  
5 back into service as retail or restaurant. The tax  
6 implications, of course, are huge, properties that would  
7 otherwise be vacant versus properties that are food,  
8 beverage and retail.

9           We do want to bring back the Project for Public  
10 Spaces to help us with that. That's also an agenda item  
11 for today. And we're going to involve local architects as  
12 we move forward on those projects. So the RTA, the city  
13 and Rio Nuevo have signed the intergovernmental agreement  
14 that establishes the ground rules for these properties.  
15 If and when they're sold, the proceeds go back to the RTA.  
16 So that's the plan going forward.

17           And we're looking specifically at the Solot  
18 Plaza block. That's Tucson Tamale, Perimeter Bicycle  
19 Association, other members that are there, the -- what I  
20 call the doughnut hole block, that's Plumer east, and then  
21 the bungalow block are all projects that we intend to  
22 renovate and return to retail.

23           There is one property in that block that the  
24 city has determined has adequate parking that they will  
25 not acquire. Mark Irvin and Chris Sheafe have been

1 looking at that property specifically for an independent  
2 acquisition. We're going to talk about that here in a  
3 minute. And then we also want to talk about how we  
4 involve our local architecture community in helping us  
5 with this will project.

6 So, Mark, talk about the building.

7 MR. IRVIN: So we've got a building on Broadway  
8 that's -- as we've talked about, is the doughnut hole  
9 building. It's the only piece in that block that is not  
10 going to be taken by the city. We think it's a very  
11 material piece of what we're doing. And as we talked  
12 about in executive session, I'd like to see the board move  
13 forward with approving that purchase. I think it fits  
14 really well with everything else we're doing on that  
15 block. I think probably the only question that we have is  
16 would that be part of the overall RFP when it's issued for  
17 that block or would this one piece maybe stand out as a  
18 separate piece to be -- to be decided. But I -- I concur,  
19 Chairman. I think we would be remiss in not moving  
20 forward to purchase that. We'd end up with everything  
21 around this developed and then one piece in the middle  
22 that's not.

23 CHAIRMAN McCUSKER: What's the address --  
24 what's the address on that property?

25 MR. IRVIN: 2221.

1           MR. SHEAFE: Because there are 16 other  
2 properties on that block that we will be taking over  
3 through the rest of the intergovernmental process.

4           MR. IRVIN: Correct.

5           CHAIRMAN McCUSKER: Someone make a motion.

6           MR. SHEAFE: Well, I move that we authorize the  
7 executive committee to move forward --

8           MR. IRVIN: Officers.

9           MR. SHEAFE: The executive officers to move  
10 forward on the acquisition of the 2221 property.

11          MR. MARQUEZ: Second.

12          CHAIRMAN McCUSKER: Is that sufficient enough,  
13 Mr. Collins, for us to take action?

14          MR. COLLINS: Mr. Sheafe, if you consider  
15 amending your motion to proceed with it as discussed in E  
16 session.

17          MR. SHEAFE: I would make that amendment that  
18 we will proceed as discussed in E session.

19          MR. MARQUEZ: Second.

20          CHAIRMAN McCUSKER: So we have a motion and an  
21 amended motion, both were seconded, to allow the executive  
22 officers and counsel to proceed with the acquisition of  
23 property located at 2221 East Broadway.

24          Mr. Hill.

25          MR. HILL: Point of order. An amendment would

1 take two votes, so we're not really amending. He was just  
2 correcting or changing his motion.

3 CHAIRMAN McCUSKER: So we did have two  
4 amendments and a second, so are you fine restating that as  
5 your motion?

6 Is my phone on?

7 (Discussion off the record)

8 CHAIRMAN McCUSKER: All right. So we have a  
9 motion as restated to authorize the executive officers and  
10 counsel to proceed with the acquisition at 2221 East  
11 Broadway.

12 MR. COLLINS: As discussed in executive  
13 session.

14 CHAIRMAN McCUSKER: As discussed in executive  
15 session.

16 Brandi, will you call the roll.

17 MS. HAGA-BLACKMAN: Edmund Marquez?

18 MR. MARQUEZ: Aye.

19 MS. HAGA-BLACKMAN: Jannie Cox?

20 MS. COX: Aye.

21 MS. HAGA-BLACKMAN: Chris Sheafe?

22 MR. SHEAFE: Aye.

23 MS. HAGA-BLACKMAN: Mark Irvin?

24 MR. IRVIN: Aye.

25 MS. HAGA-BLACKMAN: Jeff Hill?

1 MR. HILL: Aye.

2 MS. HAGA-BLACKMAN: Fletcher McCusker:

3 CHAIRMAN MCCUSKER: Aye.

4 By your vote of 6-0, we will proceed with that  
5 acquisition and keep everybody posted.

6 The other item on this agenda item is the  
7 discussion and hopefully release of an RFQ to entertain  
8 the acquisition of architect and contractual assistance to  
9 help us with these projects.

10 Mr. Collins, you have a draft?

11 MR. COLLINS: Mr. Chairman, members of the  
12 board, yes. It's a basic straightforward design-build  
13 draft. It would be issued seeking ideas from the public  
14 on how they would like to see or what they think ought to  
15 happen to these various parcels.

16 I believe the way that we would do this is,  
17 once we've identified all the parcels, we could issue one  
18 RFP with all of the parcels attached as separate units or  
19 an RFP for each of the three blocks that Mr. Chairman has  
20 talked about.

21 The template is ready to go. All I would need,  
22 should you be so inclined, is a motion to release the  
23 templates once they're finalized for each of the three  
24 plots.

25 MR. IRVIN: Do we need to at that point in

1 time, Mark, in any motion address whether we want three or  
2 four of those or is that something that could be left to  
3 the executive officers, no less than three, but maybe  
4 four?

5 MR. COLLINS: I would urge you to leave it to  
6 the executive officers' discretion on how to -- how many  
7 RFPQs to issue.

8 MR. SHEAFE: Is their flexibility built into  
9 the RFP that would allow somebody to take a portion of it  
10 and say we would like to present a plan on just this  
11 piece?

12 MR. COLLINS: Yes, of course.

13 MS. COX: Just the piece of one block?

14 MR. IRVIN: Correct.

15 MS. COX: I thought one block was a piece.

16 MR. SHEAFE: Well, that was my question. Would  
17 somebody --

18 MS. COX: So you could submit a bid to do half  
19 of a block?

20 MR. IRVIN: No.

21 MS. COX: No.

22 MR. IRVIN: I think we would want somebody --

23 MR. COLLINS: Let me stop you. We've got to  
24 talk one at a time. He's very good at what he does, but  
25 once we start talking over each other, it's a problem.

1           MR. IRVIN: We're not contemplating that  
2 somebody would come in and develop a piece of that. If  
3 they're going to take it, they're going to take a block.  
4 They're going to take the whole RFP piece.

5           MR. COLLINS: We can make the RFP say that, but  
6 recall that the proposals come in and then are evaluated  
7 by the evaluation committee and points are assigned to the  
8 proposals. And if -- let's say for a moment that there's  
9 one RFP for -- you call it the doughnut hole block comes  
10 out and a proposal is only for one property in that  
11 doughnut hole, I would guess -- not a guess, I can tell  
12 you that the numbering system would not allow that  
13 particular proposal to be the highest ranked proposer. I  
14 mean, that's -- it's a vetting process, so I think it  
15 would be ill advised of a proposer to try to cherry pick  
16 one property out of -- out of the group, but I can make  
17 that explicit rather than just implicit.

18           MR. IRVIN: Speaking for myself, I'd rather it  
19 be implicit.

20           CHAIRMAN McCUSKER: At this point, all we need  
21 to do is authorize you to finalize and issue the RFQ for  
22 design and build assistance in and along the Sunshine  
23 Mile.

24           MR. MARQUEZ: One or more?

25           CHAIRMAN McCUSKER: One or more.



1                   Somebody make a motion.

2                   MS. COX:    So moved.

3                   MR. MEYERS:   Second.

4                   CHAIRMAN McCUSKER:   Okay.  We have a motion on  
5 the floor.  Any discussion to authorize executive officers  
6 and counsel to finish the RFQ, the one or more RFQs for  
7 the Sunshine Mile.

8                   Brandi, call the roll.

9                   MS. HAGA-BLACKMAN:  Edmund Marquez?

10                  MR. MARQUEZ:  Aye.

11                  MS. HAGA-BLACKMAN:  Jannie Cox?

12                  MS. COX:  Aye.

13                  MS. HAGA-BLACKMAN:  Chris Sheafe?

14                  MR. SHEAFE:  Aye.

15                  MS. HAGA-BLACKMAN:  Mark Irvin?

16                  MR. IRVIN:  Aye.

17                  MS. HAGA-BLACKMAN:  Jeff Hill?

18                  MR. HILL:  Aye.

19                  MS. HAGA-BLACKMAN:  Fletcher McCusker:

20                  CHAIRMAN MCCUSKER:  Aye.

21                  By a vote of 6-0 we passed that motion  
22 Unanimously.

23                  Item number eight, I can avoid some  
24 dilly-dallying around on this project.  Just a quick  
25 update from our folks at Caliber.  They are indeed moving

1 aggressively on the development plans for the what we call  
2 TCC hotel. The site of that's been selected and announced  
3 publicly, the southeast corner of the TCC complex. They  
4 indeed have a brand franchise which they get to release  
5 that they're negotiating. They also have expressed an  
6 interest in upsizing the hotel, adding a rooftop pool and  
7 larger restaurant and more amenities. We're in favor of  
8 all that, but it requires some further negotiations, so I  
9 think at this point, all we're really going to do is  
10 advise our attorney to keep on chatting with these folks  
11 until we can pin down the exact size, scope and site plan  
12 for the project.

13 MR. COLLINS: I agree with that summary, sir.

14 CHAIRMAN McCUSKER: Okay. Item number nine,  
15 Presidio Duplex. If you're not familiar with this  
16 property, Rio Nuevo has owned for as long as any of us  
17 have been on the boards a vacant historical property  
18 adjacent to the Presidio. It's dated, Jannie, to about  
19 1868, 1870, something like that. We are inclined to help  
20 renovate that and put that building into service as food,  
21 beverage and retail. And I think we have some folks here  
22 that want to talk to us about that.

23 Jannie, this is your item.

24 MS. COX: This is Amy Hartmann-Gordon from El  
25 Presidio. She is executive director of the museum.

1 MS. HARTMANN-GORDON: May I approach the bench?  
2 Hello, members of the Rio Nuevo board.

3 CHAIRMAN MCCUSKER: Please state your name.

4 MS. HARTMANN-GORDON: My name is Amy  
5 Hartmann-Gordon. I'm executive director of the Presidio  
6 Museum, which is managed by the Tucson Presidio Trust, a  
7 nonprofit organization.

8 A couple quick introductions. The president of  
9 our board is here also. His name is Homer Thiel.

10 Raise your hand.

11 And my vice-president of the board sat here  
12 patiently for an hour and a half and left, and that was  
13 Mr. Mark Clark, who I think some of you know. And also  
14 I'm happy to share that Mr. Ray Flores is here who  
15 represents the Charro group and the Flores family.

16 This is a brief presentation on the building.  
17 This building is located at Court and Washington Streets.  
18 It's a duplex, originally an apartment building, 198 and  
19 200 North Court Avenue. If you know a little bit about  
20 the Presidio, it was a reconstruction that was paid for by  
21 Rio Nuevo.

22 MS. COX: Excuse me. Could we advance the  
23 slide to the -- there you go -- to the building.

24 MS. HARTMANN-GORDON: So this is 198-200 North  
25 Court. It is over 100 years old, this building, and it is

1 part of the complex of the renovated museum. The rest of  
2 the museum is going strong and we are doing many  
3 activities and programs and education and field trips.  
4 This briefly is a reminder of how the property is broken  
5 up now. The red is owned by the city of Tucson, which is  
6 the reconstruction on the fort. The yellow and green is  
7 owned by Rio Nuevo. The yellow part was renovated and is  
8 part of our functioning property. The green is that  
9 duplex. And it's sitting there vacant and abandoned and  
10 pretty deteriorated.

11 To emphasize what I want to make sure is clear  
12 is this is Rio Nuevo property and it is sitting there in a  
13 rather sad state right now.

14 As I mentioned, the Presidio is very active.  
15 We are the site of the official birthday. We do  
16 reenactments. We have lots of walking tours, including  
17 the Turquoise Trail. We have children's programs and  
18 concerts.

19 What I really want to get to is talk about the  
20 potential for the Presidio and the potential for the  
21 revenue generation that is not happening. We are very  
22 pleased that we have gotten a liquor license. It was a  
23 long, complicated process, but we got it. And, as you can  
24 see, there is potential for weddings, large events up to  
25 3, 400 people, smaller dinners. And we have been doing

1 some of that, but we really need the infrastructure to  
2 continue with that.

3           There's a lot of potential in the whole  
4 neighborhood. This is the historic Presidio district and  
5 we believe that we could create a brand around the  
6 Presidio that would include interesting foods, signature  
7 drinks that would just add to the whole ambiance of the  
8 district.

9           The site is surrounded by three important  
10 stakeholders. Directly across the street is La Cocina and  
11 Old Town Artisans. If you're familiar with that, that  
12 property was very close to being bankrupt about six years  
13 ago. The owner of Bentley's Cafe came in and she's done  
14 an incredible turnaround. The place is hopping every  
15 Friday and Saturday night. It's about a \$2.2 million  
16 business.

17           El Charro represented by my colleague Ray of  
18 course has been in business for many generations and is  
19 extremely successful. It is right down the street from  
20 us. And those people often come down out of the  
21 restaurant and walk down the street to visit us.

22           And finally, the Tucson Museum of Art is  
23 undergoing a renaissance as well with a huge renovation  
24 and two and a half million in new acquisitions recently.  
25 They, too, are opening up their museum in new and creative

1 ways to offer their space for venue rental just like we  
2 are wanting to do.

3           Again, interested partners are El Charro,  
4 Downtown Kitchen owned by Janos Wilder and La Cocina  
5 across the street. It's important to recognize that La  
6 Cocina is -- does not have an air-conditioned space right  
7 now, so their season is basically in the fall. And  
8 they're sitting there pretty underutilized for three to  
9 four months a year, so if we had a space to offer them,  
10 they could continue their business.

11           And, Mr. Flores, would you like to make a brief  
12 comment about El Charro and your relationship?

13           CHAIRMAN McCUSKER: Start with your name for  
14 the transcriber.

15           MR. FLORES: Ray Flores from El Charro.

16           So these folks approached us a while back about  
17 this project. And, of course, the -- the needs of our  
18 business have grown because of Rio Nuevo. We have several  
19 restaurants, as you know, in the area and we're constantly  
20 looking for more space. With the advent of the extra  
21 hotel rooms, being that they're a more limited  
22 service-type hotel, not necessarily a large convention and  
23 whatnot space, we find that the opportunity here to have  
24 more just usable space would be an ideal addition to  
25 downtown, especially one with this traditional western --

1 you know, Southern Arizona feel. There's a lot of nice  
2 shiny glass stuff coming up, but this kind of building is  
3 desperately needed by corporations and other events that  
4 are going to be looking for this kind of thing, so the El  
5 Charro family is behind this 100 percent and we're here to  
6 support it as however we need to.

7 MS. HARTMANN-GORDON: Ray did comment to me  
8 that he thought that the size was -- was a good fit as  
9 well because it holds 3 to 400 people and there are a lot  
10 of smaller venues and a lot of really, really big venues,  
11 but this one's kind of a medium size.

12 And that's the end. I just have a site plan  
13 here to show you a little bit. It's about 1,400 square  
14 feet.

15 CHAIRMAN McCUSKER: Amy, you talk about its  
16 historical status. Is this registered? Is this -- have  
17 you talked to the historical society about these plans?

18 MS. HARTMANN-GORDON: This is part of the  
19 historic -- a historic district. And, of course, I have  
20 the best advice possible from my boss, Homer Thiel, who is  
21 one of the most recognized archeologists in town, so yes,  
22 we would have to go through the city of Tucson historic  
23 preservation office. They have already looked at it and  
24 my understanding is that it's important to keep the  
25 facade, but you can do a certain amount of work on the

1 interior.

2 MS. COX: And, Amy, I have a question. This  
3 will be something very new to, you know, Presidio, so can  
4 you talk to us about how the board feels? Is the board  
5 ready to make this transition to be not only there for its  
6 historic purpose but also as a venue and how have they  
7 responded to this idea?

8 MS. HARTMANN-GORDON: Yes. So the board has  
9 been working on this plan for some time. And at our last  
10 board meeting, we specifically made sure to call a vote.  
11 The vote was unanimous in support of the Rio Nuevo --  
12 hopefully your vote to proceed with a discussion about how  
13 to renovate this building.

14 The goal and the hope of the board is to create  
15 a space that would be multi use, probably have some retail  
16 space, some food service space. We recognize that as a  
17 museum it's very, very important that we stick to our  
18 mission. Everything associated with the building would  
19 have to be mission appropriate, but I think that's very  
20 doable. You could have a gift shop that is mission  
21 appropriate and you could certainly create a retail -- or  
22 a venue rental space that would continue to teach what  
23 we're trying to teach.

24 CHAIRMAN McCUSKER: Can you give us your best  
25 guess on the scope? You know, is this a, you know,



1 100,000-dollar project, is this a million dollar project?

2 MS. HARTMANN-GORDON: We did go out for two  
3 bids and the -- the one that we think is probably the  
4 right range is 400 to \$450,000. We are not looking to try  
5 to turn this into a full service space just from the point  
6 of view of reality in terms of how much we think you are  
7 going to be willing to spend, i.e., we're not going to try  
8 to put in a full commercial kitchen. The idea would be to  
9 have kind of a prep space and then work with our  
10 commercial vendors, El Charro or Downtown -- La Cocina.  
11 La Cocina has a kitchen directly across the street, so if  
12 they're doing some food service, they could basically work  
13 out of that kitchen.

14 The Flores family, of course, has incredible  
15 infrastructure when it comes to catering, so they would  
16 have like a prep space, but it wouldn't be a full-on, you  
17 know, burner and whatever all the stuff is that goes with  
18 a commercial kitchen.

19 MS. COX: Another point that I think needs  
20 calculation for the group is that if El Charro is catering  
21 an event there, El Charro specifically, El Charro is not  
22 within the district, so how do you see those funds --  
23 those -- the revenues flowing?

24 MS. HARTMANN-GORDON: Yeah. Great question.

25 MS. COX: We want to keep them in the district.

1 MS. HARTMANN-GORDON: Yeah. We've also thought  
2 through that a lot. So luckily we do have two great  
3 partners. One is a business within the Charro group,  
4 which is the Stillwell-Twiggs house. That is located  
5 within the Rio Nuevo district. So all the business and  
6 catering is going through Stillwell-Twiggs. We would  
7 basically be able to post that as tax revenue for you.

8 Additionally, if we work with La Cocina, that's  
9 obviously in the Rio Nuevo district. We're looking at  
10 some other vendors as well.

11 CHAIRMAN McCUSKER: I think if you're retailing  
12 those, your address is the TPT designation, so as long as  
13 it's being sold in your premises and it's within our  
14 district, it's all right -- in the right zip code for TPT  
15 purposes.

16 MR. MARQUEZ: Dan, do you agree with that?

17 MR. MEYERS: Well, I think it's who's reporting  
18 the sale. I mean, whoever completes the TPT form is how  
19 they -- it has to be coded properly, so I think it's who's  
20 reporting the sale.

21 MR. SHEAFE: Yeah. Not only who, but they  
22 would have to divide that out and we would have to make  
23 that a component.

24 CHAIRMAN McCUSKER: Mr. Collins, so this is a  
25 Rio Nuevo owned building, so I'm assuming if we were so

1 inclined to renovate it, we would have to procure the  
2 renovation, yes?

3 MR. COLLINS: Correct, Mr. Chairman.

4 MR. MARQUEZ: Mr. Chairman.

5 CHAIRMAN McCUSKER: Mr. Marquez.

6 MR. MARQUEZ: I think this is fantastic. I  
7 love the fact that we're going to activate a property  
8 that's within Presidio that's owned by Rio Nuevo. I move  
9 we authorize counsel to move ahead with the procurement of  
10 the renovation of the El Presidio duplex.

11 MS. COX: Second.

12 CHAIRMAN McCUSKER: I have a motion and second.  
13 Discussion? I'm assuming that these bids would come back  
14 to us, so we obviously have an opportunity to tweak them  
15 or reject them, Mr. Collins, so, you know, I guess what  
16 we're asking you to do is go ahead and get some bids.

17 MR. COLLINS: Correct. And as is always the  
18 case, we'll send them out and the board will have -- this  
19 board will have the ability to punt if you don't like what  
20 you get and accept what you do like, so --

21 CHAIRMAN McCUSKER: Is the motion sufficient  
22 direction for you?

23 MR. COLLINS: I'm comfortable with it.

24 CHAIRMAN McCUSKER: Okay. We have a motion and  
25 a second to authorize the procurement of the renovations

1 at the Presidio duplex.

2 Brandi, call the roll.

3 MS. HAGA-BLACKMAN: Edmund Marquez?

4 MR. MARQUEZ: Aye.

5 MS. HAGA-BLACKMAN: Jannie Cox?

6 MS. COX: Aye.

7 MS. HAGA-BLACKMAN: Chris Sheafe?

8 MR. SHEAFE: Aye.

9 MS. HAGA-BLACKMAN: Mark Irvin?

10 MR. IRVIN: Aye.

11 MS. HAGA-BLACKMAN: Jeff Hill?

12 MR. HILL: Aye.

13 MS. HAGA-BLACKMAN: Fletcher McCusker:

14 CHAIRMAN MCCUSKER: Aye.

15 By your unanimous vote of 6-0 we passed that  
16 motion.

17 MS. HARTMANN-GORDON: Thank you for your  
18 consideration.

19 CHAIRMAN MCCUSKER: Thanks for everything.  
20 Good luck.

21 MS. HARTMANN-GORDON: Thank you Jannie for  
22 being a big booster to the Presidio.

23 CHAIRMAN MCCUSKER: Item number 10 started to  
24 be a little mysterious on this, but it's not unlike when  
25 we were approached by the Coyotes. We have principals

1 involved with arena football and indeed have identified  
2 Tucson as a likely expansion community. In order to do  
3 that, our arena would take some enabling to allow indoor  
4 football.

5 We think that is not a lot of money given that  
6 arena football plays inside the existing dimensions of the  
7 hockey ice. It would take some dashers and turf, goal  
8 posts, some other kind of items to address, but it's  
9 probably not more than, say, 350 or \$400,000. So I think  
10 our interest is to ask the board to authorize that.

11 Again, we would have to bid that out, so we'd  
12 see the final number. And also I think we would want it  
13 subject to the commitment from the league, the team, and  
14 to acknowledge that a lease has been arranged with the  
15 city of Tucson. So if you're in agreement with that, I  
16 would need somebody to make a motion.

17 MR. IRVIN: I'd make that motion, but I think,  
18 Mr. Chairman, we need to push that number up to not to  
19 exceed 400,000. I know we've looked at some of those  
20 preliminary numbers and I'm thinking it's probably going  
21 to be a little bit closer to four. Obviously I'd be  
22 ecstatic if it was less than that, but I'd like to make  
23 that motion subject to it not exceeding \$400,000.

24 MR. SHEAFE: And subject to the other  
25 condition --

1 MR. IRVIN: Correct.

2 MR. SHEAFE: -- that the city -- we actually  
3 have a deal --

4 MR. IRVIN: We actually have a transaction put  
5 together, the league's approved it, all the same things  
6 that we did when we brought the Roadrunners to Tucson.

7 CHAIRMAN McCUSKER: Mr. Collins, some of this  
8 is construction, some of it is equipment, things like turf  
9 and dashers. How do we procure those things? Can we sole  
10 source that or do we have to go through a competitive  
11 process?

12 MR. COLLINS: I'll need to talk to the  
13 proposer, if you will, to see what sources are available.  
14 It may be a sole source situation, it may not be. I don't  
15 know that we'll have another exception to the procurement  
16 requirement. I don't believe there's a professional  
17 service here, so we're going to have to bid it. I'll try  
18 to figure out the way to do it as quickly and efficiently  
19 as possible.

20 CHAIRMAN McCUSKER: Some things that are  
21 interesting to us about arena football, if you've not seen  
22 indoor football, first of all, it's incredibly exciting.  
23 The Rattlers, for example, average 15,000 people to a home  
24 game. It is indeed indoors and the ball is live wherever  
25 it ends up, so it moves fast, it scores big and it draws a

1 lot of people downtown.

2 Their season is summer, so it would be opposite  
3 of hockey, so it's a way for us to bring another  
4 professional team to town and challenge S & G to fit them  
5 into the schedule.

6 Did we get a motion?

7 MR. IRVIN: We did.

8 CHAIRMAN McCUSKER: And a second?

9 MR. MARQUEZ: Yes.

10 MR. IRVIN: Yes.

11 CHAIRMAN MCCUSKER: Brandi, call the roll.

12 MS. HAGA-BLACKMAN: Edmund Marquez?

13 MR. MARQUEZ: Aye.

14 MS. HAGA-BLACKMAN: Jannie Cox?

15 MS. COX: Aye.

16 MS. HAGA-BLACKMAN: Chris Sheafe?

17 MR. SHEAFE: Aye.

18 MS. HAGA-BLACKMAN: Mark Irvin?

19 MR. IRVIN: Absolutely.

20 MS. HAGA-BLACKMAN: Jeff Hill?

21 MR. HILL: Aye.

22 MS. HAGA-BLACKMAN: Fletcher McCusker.

23 CHAIRMAN MCCUSKER: Aye.

24 By a vote of 6-0, we've approved procurement to  
25 attract arena football to Tucson and a yet to be named or

1 identified team. The Roadrunners didn't listen to me, so  
2 they probably won't either.

3 Project for Public Spaces, item number 11, I  
4 touched on that one. We were talking about the Sunshine  
5 Mile. We brought them in about a year ago to help us  
6 vision what destination along Broadway could become.  
7 Their work has been extraordinary. It created a lot of  
8 interest from other related parties. This, of course, is  
9 the group that's behind places like Bryant Park and the  
10 Geronimo neighborhood in San Francisco. We would like to  
11 continue to engage them. They submitted a proposal to us  
12 for all of the Sunshine Mile work that I believe,  
13 Mr. Collins, is right around \$140,000 total.

14 CHAIRMAN McCUSKER: Yeah, but it's 146,000.

15 CHAIRMAN MCCUSKER: \$146,000. So I would need  
16 a motion to allow Mr. Collins to enter into a binding  
17 agreement in that range.

18 MR. SHEAFE: I move that we authorize Mr.  
19 Collins to move forward with the extension of their  
20 agreement with the amount of 146,000.

21 MR. MARQUEZ: Second.

22 MR. IRVIN: Second.

23 CHAIRMAN McCUSKER: Any discussion,  
24 conversation?

25 Brandi, call the roll.



1 MS. COX: Can we ask you to include in that  
2 agreement that they take a look at the Presidio  
3 neighborhood as well?

4 MR. COLLINS: As far as I'm concerned, you can.  
5 Mr. Sheafe, it was your motion.

6 MR. SHEAFE: I have no problem with that  
7 addition.

8 MS. COX: Good. Thank you.

9 MR. IRVIN: And I have no problem seconding it.

10 MR. COLLINS: Thank you.

11 CHAIRMAN McCUSKER: All right. So the  
12 conversation is to increase their scope but not their  
13 payment to help us with the Presidio --

14 MR. COLLINS: Correct.

15 CHAIRMAN McCUSKER: -- work. And following  
16 that --

17 Okay. Brandi, call the roll.

18 MR. COLLINS: Negotiating on the fly.

19 CHAIRMAN McCUSKER: Call the roll.

20 MS. HAGA-BLACKMAN: Edmund Marquez?

21 MR. MARQUEZ: Aye.

22 MS. HAGA-BLACKMAN: Jannie Cox?

23 MS. COX: Aye.

24 MS. HAGA-BLACKMAN: Chris Sheafe?

25 MR. SHEAFE: Aye.

1 MS. HAGA-BLACKMAN: Mark Irvin?

2 MR. IRVIN: Yes.

3 MS. HAGA-BLACKMAN: Jeff Hill?

4 MR. HILL: Aye.

5 MS. HAGA-BLACKMAN: Fletcher McCusker:

6 CHAIRMAN MCCUSKER: Aye.

7 By a unanimous vote of 6-0, we passed that  
8 motion.

9 Item number 12, 123 South Stone. Mr. Collins I  
10 probably need you to help me with this, but this is one of  
11 the projects that we previously approved with the Peach,  
12 Dabdoub coalition to remodel that on behalf of Chris  
13 Bianco.

14 MR. COLLINS: Correct, Mr. Chairman.  
15 Approximately a year ago, it was May of '17, you approved  
16 several of these projects. 123 South Stone was one of  
17 them. A unique aspect of that is Mr. Bianco and the need  
18 to improve the property for his restaurant/bar facility.  
19 And one of the requests was that Mr. Bianco get some rent  
20 relief from the district in connection with the overall  
21 structure of this property.

22 What we've never talked about before is that  
23 that needs to be memorialized in an agreement between  
24 Mr. Bianco or his company and the district economic  
25 development agreement. It is very similar to what we did

1 with Hexagon and City Park. And so I would be asking you  
2 to authorize the finalization and execution of an economic  
3 development agreement with Mr. Bianco for rent relief when  
4 he moves into 123 South Stone.

5 CHAIRMAN McCUSKER: The scale of that's  
6 identified; right?

7 MR. COLLINS: It's \$75,000.

8 CHAIRMAN McCUSKER: \$75,000. Not a bad deal to  
9 attract Chris Bianco to downtown, I don't think. Plus I  
10 think we agreed to it, but we never really separated it  
11 from the agreement with the property owners.

12 MR. COLLINS: Correct.

13 CHAIRMAN McCUSKER: So this would establish an  
14 agreement directly with the proprietary --

15 MR. COLLINS: Precisely.

16 CHAIRMAN McCUSKER: I would need to have a  
17 motion.

18 MR. SHEAFE: We need to put this motion in a  
19 format that does not indicate picking and choosing winners  
20 and losers, which is not what's happening here, but it's  
21 trying to figure out how to put the words together to make  
22 it so that it expresses what's really going on.

23 I guess the motion should be to authorize  
24 counsel to prepare and finalize a document that would  
25 express the original goal that was approved back

1 originally in a format and then bring it back for final  
2 approval.

3 MR. COLLINS: That would work.

4 CHAIRMAN McCUSKER: I can help you couch this,  
5 too, so maybe we don't need to make it a motion. We do  
6 deals all the time with real estate developers. It's our  
7 nature. And that leverage has been unbelievable. Right  
8 now it's about 10 or 11 times leverage for every dollar we  
9 invest. The private sector invests 10 or 11.

10 We've also aided their tenants when it's  
11 important enough for the district to create some rental  
12 incentives to attract the right people to those buildings.  
13 We did it with a lot of people. So I think we considered  
14 that when we approved this a year ago.

15 The only thing we didn't do was authorize the  
16 specific agreement with Chris Bianco. So I don't know  
17 that you need a lot of ideology in your motion. I think  
18 it can be pretty straightforward. We authorize \$75,000 of  
19 rental relief to the proprietor of 123 South Stone, you  
20 know, subject to everything that we approved a year ago.  
21 They've got to build the building, they've got to sign the  
22 plat, they have to do the TIs and, you know, then Bianco's  
23 got to move in. You know, those are all kind of  
24 conditions precedent, so none of that needs to be  
25 revisited, does it?

1           MR. COLLINS: Well, the thing that's new, if  
2 you will, that I've brought up as I tried to put this deal  
3 together is that there has to be a separate agreement  
4 between this board and Mr. Bianco. Earlier the deal was  
5 there was only an agreement between this board and the  
6 developers, so we now have two agreements. We have the  
7 standard purchase, lease, repurchase option and this  
8 agreement. And so this agreement I think needs to be  
9 authorized. And, as I say -- as you say, we've done it  
10 before. It's precisely what I suggest we do here.

11           CHAIRMAN McCUSKER: I believe it was part of  
12 the package that was presented to Bianco a year ago to  
13 attract him --

14           MR. COLLINS: It was.

15           CHAIRMAN McCUSKER: -- to Tucson in the first  
16 place.

17           MR. COLLINS: It was.

18           CHAIRMAN McCUSKER: So we're basically papering  
19 up the previous agreement?

20           MR. SHEAFE: So the approval is simply to allow  
21 you to structure it in a way that it works?

22           MR. COLLINS: Yeah.

23           MR. SHEAFE: According to the original intent;  
24 right?

25           MR. COLLINS: I would agree with that.

1 MR. SHEAFE: And do I need --

2 CHAIRMAN McCUSKER: I still don't have a  
3 motion. In like 25 words or less, make a motion.

4 MR. SHEAFE: Well, I'm thinking I did, but the  
5 motion is to authorize counsel to finalize a structure and  
6 agreement for Chris Bianco in accordance with the original  
7 intent of the approved motion.

8 MR. IRVIN: I'll second that.

9 CHAIRMAN McCUSKER: And that number's \$75,000  
10 just for the record.

11 MR. SHEAFE: Yeah.

12 CHAIRMAN McCUSKER: Any other conversation?  
13 Everybody following this?

14 Brandi, call the roll.

15 MS. HAGA-BLACKMAN: Edmund Marquez?

16 MR. MARQUEZ: Aye.

17 MS. HAGA-BLACKMAN: Jannie Cox?

18 MS. COX: Aye.

19 MS. HAGA-BLACKMAN: Chris Sheafe?

20 MR. SHEAFE: Aye.

21 MS. HAGA-BLACKMAN: Mark Irvin?

22 MR. IRVIN: Aye.

23 MS. HAGA-BLACKMAN: Jeff Hill?

24 MR. HILL: Aye.

25 MS. HAGA-BLACKMAN: Fletcher McCusker:

1           CHAIRMAN MCCUSKER: Aye.

2           6-0 now on that one, too. We're on a roll.

3           Thank you, everyone. And, Mr. Collins, let us  
4 know if we need to do anything else in that regard.

5           The final item before call to the audience, I  
6 think I saw Brent here and Alan. They're going to give us  
7 an update on the Arizona Bowl and its economic impact.  
8 This is an update and discussion item only.

9           MR. YOUNG: Well, good afternoon. I'm Alan  
10 Young. I serve on the staff of the Nova Home Loans  
11 Arizona Bowl with our vice-chairman, Mr. Brent DeRaad from  
12 Visit Tucson. And we're also joined in the back by Del  
13 Arvayo, Allyson Tofel and Michelle Thorton who are on our  
14 staff.

15           And the objective here today is to, number one,  
16 thank you for what you do; number two, update you a little  
17 bit on the bowl, but as long as you're giving out money  
18 and you're on a roll, I think we may change our --

19           CHAIRMAN McCUSKER: Unfortunately you're not  
20 part of the agenda.

21           MR. YOUNG: Okay.

22           CHAIRMAN McCUSKER: It's a good try, though.

23           MR. YOUNG: Thank you.

24           We are three years into the bowl. It doesn't  
25 seem like it's been that long, but we just finished our

1 third game, very successful. It does everything that  
2 we -- our vision thought it would do, but we want to show  
3 you a little bit about what that is and what it looks  
4 like, so if we could play just a very short video, we'd  
5 appreciate it.

6 That's our new promotional video that we can  
7 show at anything that we want people to see our story and  
8 we think that does a pretty good job. Let's take a few  
9 minutes and -- and, Brent, talk a little bit about the  
10 history, the economic impact, what it does for Southern  
11 Arizona, for Tucson, for Rio Nuevo and for the bowl, so,  
12 Brent, a little bit of the history.

13 MR. DeRAAD: Absolutely. And, again,  
14 Mr. Chairman, members of the board, thanks so much for the  
15 opportunity to be in front of you here today.

16 From our perspective again, it's hard to  
17 believe this game's only three years old. I think back to  
18 our founders, Ali Farhang and then two of you sitting up  
19 here today, you know, Chairman McCusker and Vice-chairman  
20 Ivryn. Again, to have Chairman McCusker come to me in the  
21 summer of 2015 and say, we're going to have a college  
22 football bowl game in December. And I have to tell you,  
23 going back 30 years ago, my first job was working for the  
24 Fiesta Bowl, I was there for about four years, and just  
25 knowing what goes into a college football bowl game and



1 the ancillary activities, I was dubious at best that we  
2 were going to have an initial game in 2015, but just  
3 taking a look at, again, just the drive to be able to  
4 create something for the community, it was really  
5 remarkable.

6           And so Rio Nuevo stepped up. It convinced me  
7 and Visit Tucson to step up and invest. We continue to  
8 increase our investment as well just based on, you know,  
9 the fantastic impact there as well.

10           Again, Alan's going to talk about some of the  
11 economic impact numbers here in just a moment, but what I  
12 wanted to point out very quickly is just the incremental  
13 business that's associated with this.

14           For us -- and, again, one of the reasons that a  
15 college football bowl game is just so vital, when you take  
16 a look at that week between Christmas and New Years, there  
17 is no meetings business happening, and so from a hotel  
18 standpoint, you're left with pretty much just that leisure  
19 travel aspect. Being able to bring in an event of this  
20 magnitude, especially this past year, it's just been  
21 fantastic. So when you take a look at hotel spending  
22 within the district and throughout metro Tucson, you take  
23 a look at the food and beverage spending, entertainment,  
24 et cetera, for us the Nova Home Loans Arizona Bowl has  
25 truly been remarkable from that perspective.

1 MR. YOUNG: Thanks, Brent.

2 I think bowls are designed to do a lot of  
3 different things, but probably number one on every bowl's  
4 list is to give back economic impact and give back  
5 charity. That's what we've been able to do. We give back  
6 in the way of tickets and charitable grants and -- a lot  
7 of ways. But the economic impact I think is what is  
8 important to us, to Southern Arizona and to Rio Nuevo.

9 As you can see, the economic impact issue is  
10 about 31 million. Over the life of the bowl, it's  
11 probably about 70 million, which is really just a start.  
12 And this is a figure created by the Eller School of  
13 Business that says this is how many people came into town  
14 for our game, this is what they spend on average and  
15 here's the 31 million, which is a great goal, a great  
16 start, but it's really so much bigger than that. We've  
17 all seen -- that 31 million is a family of four coming  
18 from Logan, Utah, to here and spending three days and  
19 spending money on motels and rental cars and food and  
20 that, but the bigger picture is that we want those people  
21 to come back every year, like Tucson, come back and spend  
22 three or four days or come back and buy a second home,  
23 come back and buy a first home or, even better, we've seen  
24 an awful lot of we're going to open up a business in  
25 Tucson, transfer our business to Tucson, so it does a lot

1 of good that way.

2 So that's what the economic -- and I apologize.  
3 I know you guys know economic impact a lot better than I  
4 do, but that 31 million is throughout Southern Arizona.  
5 And we put our teams at La Paloma and Starr Pass. And the  
6 moment we're able to get facilities downtown to place  
7 those teams there, that's -- that's our goal.

8 Right now we've put the media and all of our  
9 VIPs at the AC Marriott. We have our kickoff luncheon  
10 downtown at the convention center and certainly direct all  
11 the fans and that to the pre-game parties, which we have a  
12 couple of and are pretty popular, to Rio Nuevo.

13 And that's our plan in the future, so we think  
14 we can give back that way. As a partner to this bowl, you  
15 have the right -- we -- we have the honor of showing you  
16 as a sponsor, a major sponsor, in our bowl, which means we  
17 can put your name on whatever you want. We want you to  
18 tell us how we can better promote and brand Rio Nuevo  
19 through our bowl.

20 I think we plan this year to -- we have --  
21 we're on CBS Sports Network for the game and really  
22 worldwide. And you saw the number of people that they  
23 attract. And we plan on giving Rio Nuevo -- if you can  
24 accept a commercial during our game for -- for that  
25 network and that. And that's one of the ways that we can

1 give back to you.

2 Brent, are we covering everything?

3 MR. DeRAAD: Yeah, I think so.

4 MR. YOUNG: I think it's important that you  
5 know that we are just starting. We have such a good name  
6 in this business after three years. The industry likes  
7 what we're doing. The conferences that attend our game  
8 love what we're doing and want us to get bigger and better  
9 in their eyes. And that reflects on the teams that they  
10 send us, but the hotels that they stay at, the -- like I  
11 said, the downtown communities that they fall in love with  
12 be it the teams or the fans, the practice facilities that  
13 we put them at. They could not be happier with the  
14 experience that the players and staff and fans get from  
15 Tucson.

16 Our goal is to expand that. And we're working  
17 now -- we have two years left on our agreements as all  
18 bowls do. After the next two years, it's wide open. And  
19 for the next six years, we will sign agreements to get  
20 teams here. And every conference -- there's 10 major  
21 football conferences. All 10 plus Notre Dame and Army and  
22 BYU, all have expressed a strong desire to come here. And  
23 that's a -- that's a tribute to our community, our fans,  
24 the hospitality that we show. But even the big guys, they  
25 want to come to Tucson and see -- bring their -- have a

1 reward for their team to come here. So we're talking to  
2 them and we'll get some fine conferences and teams coming  
3 here. But the bowl's solid. We plan on growing this to  
4 be whatever we want.

5 But thank you so much for your support of this.  
6 We really couldn't have done it without you. It's easy to  
7 say, but that's absolutely true.

8 Brent.

9 MR. DeRAAD: Just a couple of other things just  
10 to finish up the slides here.

11 So as you see up here in terms of the community  
12 giving, a couple slides before, we were talking about 1.6  
13 million in terms of charitable giving back to the  
14 community. And that's just in three years of the event,  
15 so it's really remarkable to see how that's transpired.

16 Again, great promotion for Tucson, but being  
17 able to give back to this community has been paramount for  
18 us. So what's being introduced this year is a matching  
19 grants initiative. And that's going to be new for us, so  
20 we've made obviously many donations out there, but, you  
21 know, having that charitable match we think will really  
22 expand just the amount of that giving as we move forward  
23 as well.

24 A new program as well, Michelle Thorton, our  
25 vice-president of marketing, came up with this.

1 Mr. Irvin's been a huge supporter of this as well, the  
2 concept of top deck for education. In the past years what  
3 we had is basically a large flag in the upper deck. We've  
4 sold out last year this lower bowl, you know, fantastic  
5 opportunity, but we want to figure out how to get the  
6 entire stadium sold out. And for us being able to --  
7 essentially be able to package tickets, provide those to  
8 school districts, have them sell these tickets and to have  
9 that upper deck filled, we think that's going to be a  
10 remarkable opportunity for this game and moving forward as  
11 well.

12           The other thing, too, I wanted to bring up is  
13 just in terms of building -- you know, the Nova Home Loans  
14 Arizona Bowl is a community event. The biggest aspect  
15 behind that really comes back to building a volunteer  
16 base. I think what you see from some of the largest and  
17 best bowl games in the United States is that the local  
18 community digs in. They help. We're a nonprofit  
19 organization. We're out there trying to generate profits  
20 for charity. We need the assistance of the community not  
21 only in terms of attending the game but helping with all  
22 the different events and activities as well.

23           A couple of things as well just in terms of the  
24 district. Some of the areas where you benefit is probably  
25 fairly intuitive, but that dining/nightlife aspect. And,

1 again, you know, even Alan -- you know, I know you've  
2 stayed at AC Marriott quite a bit yourself, but any time  
3 that we can bring in, again, some of the VIPs from  
4 throughout the community, we want to make sure that we're  
5 using downtown hotels.

6           You know, our thought as well is, as you  
7 proceed with Caliber, as hopefully the Moxie comes on  
8 line, hopefully at some point with Hotel Arizona and  
9 perhaps some new projects as well, our focus is downtown  
10 first and foremost in terms of trying to deliver that  
11 impact as we move ahead. And I just want to make sure  
12 that that's well understood as well.

13           Alan talked about many of the different events  
14 that we've had in the downtown area. This past year,  
15 being able to create a block party in downtown was really  
16 remarkable, having a couple of nights with thousands of  
17 people at Armory Park and wandering through downtown, a  
18 great opportunity for us.

19           Even the bowl trophy working with Tom  
20 Philabaum. Unfortunately he's going to be retiring here  
21 soon, so the board, Mr. Irvin in particular, took it upon  
22 himself to get five new trophies made as well, very unique  
23 in terms of the college football industry and certainly  
24 very unique to Tucson as well.

25           Television, the major reason why I'm out there

1 investing, I want to do well for the community, but it's  
2 also a four-hour infomercial for Tucson, being able to,  
3 you know, again, showcase our weather to people throughout  
4 the United States. During that last week in December, it  
5 was 73 degrees and sunny this past year. We had, you  
6 know, a mid-afternoon kickoff, absolutely beautiful  
7 weather. Being able to show that to people throughout the  
8 United States is so important to us as well. And then  
9 certainly the hotels. And we've talked about those  
10 impacts already.

11 If we can go to the next slide.

12 The previous slide just gives you kind of a  
13 taste of that downtown block party and some of the  
14 elements in terms of bringing people into downtown not  
15 only enjoying the activities there but then spending money  
16 afterwards in the restaurants and nightclubs.

17 And then I just wanted to quickly give you a  
18 couple of numbers up there as well. So what you're seeing  
19 is growing impacts in terms of -- from a hotel standpoint.  
20 These numbers are for December 25th through the 31st. It  
21 comes from a group we work with, STR. They give us the  
22 numbers on an ongoing basis as well.

23 But when you take a look at 2017 in particular,  
24 the room revenue in metro Tucson throughout that week was  
25 8.2 million, up from 6.5 million the year before. The



1 only variable in that mix is going to be the Nova Home  
2 Loans Arizona Bowl, so when you go back and start talking  
3 about impact, this is just direct hotel revenue. You  
4 know, no multipliers or anything associated with it.  
5 Higher occupancy on game night throughout the entire  
6 region, more than 87 percent of the hotels through metro  
7 Tucson were filled.

8           And we need -- again, some good fortune was  
9 involved. We were able to bring in New Mexico State  
10 University. Any time you go almost 60 years without  
11 playing in a bowl game, your fans are going to travel en  
12 mass. So part of that -- you know, again, it's some good  
13 fortune there, but the year before that was the Air Force  
14 and there are many other teams out there as well.

15           Alan talked about it. As we continue to,  
16 again, just grow our presence, our certainly strong  
17 desire, we want to pick a little bit higher when it comes  
18 to the Mountain West Conference, and we want to continue  
19 to just bring in those high profile teams that are going  
20 to bring fans and that are going to bring economic impact  
21 not only into metro Tucson but into the district.

22           And, again, you know, our job, we want to grow  
23 with Rio Nuevo. We're here and the bottom line is to grow  
24 with you. We appreciate you getting this game off the  
25 ground. If it wasn't for your initial investment up front

1 and the time, effort and energy that you put into this,  
2 there would be no Nova Home Loans Arizona Bowl and I want  
3 to be very clear about that.

4 Thank you for inspiring me to invest and for  
5 inspiring some of the others to get out there and get  
6 involved in this as well. We commend you, we thank you,  
7 and we hope to be your partner for many years to come.

8 MR. YOUNG: Any questions?

9 CHAIRMAN McCUSKER: Mr. Irvin.

10 MR. IRVIN: Just as a clarification obviously  
11 Fletcher can speak for himself, but Fletcher and myself  
12 and Ali are recognized as the three co-founders of this.  
13 Neither Fletcher nor myself have any role on the board.  
14 We just hold the, you know, title as founders. Nobody  
15 listens to us anymore, although we do get to come by  
16 occasionally and share some thoughts, but just so there's  
17 no misunderstanding, we don't run anything with the  
18 Arizona Bowl.

19 Just a couple of questions, Brent.

20 I know you've got some staff here. Do you  
21 think we could just introduce them real quick?

22 Alan, do you want to introduce your staff real  
23 quick?

24 MR. YOUNG: You bet.

25 In the back, Del Arvayo is our chief operating

1 officer, Allyson Tofel is our director of events, and  
2 Michelle Thornton is our director of sales and marketing.

3 MR. IRVIN: Thank you.

4 Brent, what's your role going to be going  
5 forward in the bowl?

6 MR. DeRAAD: Whatever Alan tells me.  
7 Actually -- so currently I'm the vice chair of the board  
8 and, again, just, you know, working with Ali Farhang.  
9 He's the chairman and one of the founders as well. I  
10 certainly hope he'll be the chairman for the next 10 years  
11 to come. Rumor has it at some point if he doesn't move  
12 aside that I might move into that role as well. And I can  
13 tell you I would do so very proudly. It's a great group.

14 MR. IRVIN: You also talked about -- I don't  
15 think you mentioned this, but the bowl office is downtown,  
16 too, isn't it?

17 MR. DeRAAD: It is, absolutely.

18 MR. IRVIN: And then on the video that you had  
19 talked about, it seems like that's like a 30-second spot,  
20 so is that a national, local? How is that -- is that a  
21 national?

22 MR. DeRAAD: So we -- actually we've got videos  
23 of varying lengths there as well, so -- you know, what we  
24 showed was a two and a half minute video. I think what  
25 you may be referring to, though, is a 30-second spot

1 specifically for Rio Nuevo. And that's one of the  
2 things -- we have Visit Tucson with our investment. We  
3 take advantage of some commercial spots during the game.  
4 And what Mr. Young was referring to is, you know, we would  
5 love to provide as part of the investment for Rio Nuevo a  
6 commercial spot back to Rio Nuevo to talk about that  
7 district and happy to help with any aspect of it. I think  
8 our question, is that something that Rio Nuevo can accept  
9 and make use of.

10 MR. IRVIN: Thank you. I think the answer to  
11 that's yes.

12 And then one last thing for me before I pass  
13 the questions to somebody else. Can you tell us last year  
14 where the bowl ended up as far as its ranking? There's 39  
15 bowls?

16 MR. DeRAAD: So number eight, which is really  
17 remarkable, again, you know, for a third year bowl game.  
18 And just taking a look at -- you know, certainly the  
19 competitiveness of the game, the excitement to everything  
20 affiliated with it, to crack the top 10, that certainly  
21 includes the college football playoff as well, really  
22 remarkable, I think, for a startup game like that.

23 MR. IRVIN: Thank you.

24 CHAIRMAN McCUSKER: As we challenge ourself,  
25 guys, with all of our marketing dollars, metrics are going

1 to be kind of even more and more important. I think we'd  
2 be interested in more of a defined economic impact. What  
3 does it mean to our hotels? I think we have 1,200 beds in  
4 the district and another 400 coming on line. What does it  
5 mean to our Rio Nuevo merchants, you know, year over year  
6 kind of numbers. I think for us to make a case --  
7 because, you know, we did help launch you and that's --  
8 that's one agenda item which I think we would argue we've  
9 accomplished, so on a go forward basis, I think we've got  
10 to look at the whole situation a little differently, and  
11 that's how are we benefiting downtown.

12           And, you know, if we had a national add, I  
13 would use it to promote our downtown merchants or our  
14 hotels, something germane to our mission as opposed to  
15 something community or region wide, and then to really  
16 look at how we impact -- I think the downtown party has  
17 huge opportunities to grow, particularly if we do some  
18 work with Armory Park to make that a friendlier place to  
19 hold a festival. I think we would help do that. But I  
20 think you guys have to think, you know, when you make a  
21 presentation to us what's it doing for downtown.

22           MR. DeRAAD: Without question, and I think as  
23 we move ahead then as well. Part of the numbers up there  
24 that I was showing from STR, there are ways for us to be  
25 able to get breakouts, and so we can certainly as we move

1 ahead -- in fact, we can do it from this past game as  
2 well. We can go back and pull for you and send you a  
3 report showing what those 12 hotels did this past year as  
4 well, so I'm more than happy to do that. We can certainly  
5 provide that information moving ahead. We can also try to  
6 work with the city of Tucson to just take a look at  
7 collections within the district as well just so that you  
8 can see if they're growing or not and to what extent.

9 CHAIRMAN McCUSKER: Anything else for Brent or  
10 Alan?

11 Gentlemen, thank you very much.

12 MR. YOUNG: Thank you.

13 MR. DERAAD: Thank you.

14 CHAIRMAN McCUSKER: Brandi, any calls to the  
15 audience? No cards?

16 MS. HAGA-BLACKMAN: I don't think so.

17 CHAIRMAN McCUSKER: All right. I'll entertain  
18 a motion to adjourn.

19 MR. IRVIN: So moved.

20 CHAIRMAN MCCUSKER: All in favor, say aye.

21 (Motion made, seconded and passed unanimously)

22 CHAIRMAN MCCUSKER: See you in June.

23 (3:35 p.m.)

24

25

1 STATE OF ARIZONA )  
 ) ss.  
2 COUNTY OF PIMA )

3 BE IT KNOWN that the foregoing transcript was  
4 taken before me, THOMAS A. WOPPERT, RPR, a Certified Court  
5 Reporter in the State of Arizona; that the foregoing  
6 proceedings were taken down by me in shorthand and  
7 thereafter reduced to print under my direction; that the  
8 foregoing pages are a true and correct transcript of all  
9 proceedings, all done to the best of my skill and ability.

10 I further certify that I am in no way related  
11 to any of the parties hereto nor am I in any way  
12 interested in the outcome hereof.

13 Dated at Tucson, Arizona, this 6th day of June  
14 2018.

15  
16 \_\_\_\_\_  
Thomas A. Woppert, RPR  
AZ CCR No. 50476  
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