MEETING OF THE BOARD OF DIRECTORS

October 23, 2018
Tucson, Arizona
1:00 p.m.

Reported by:  ANTHONY C. GARCIA, RDR, CR
Certified Reporter No. 50218

KATHY FINK & ASSOCIATES, INC.
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(520) 624-8644    Fax (520) 624-9336
APPEARANCES:

BOARD MEMBERS:

Fletcher McCusker, Chairman
Chris Sheafe
Mark Irvin
Jeffrey Hill
Jannie Cox
Edmund Marquez

ALSO PRESENT:

Mark Collins, Board Counsel
Brandi Haga-Blackman, Operations Administrator

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BE IT REMEMBERED that the Meeting of the Board of Directors of the Rio Nuevo Multipurpose Facilities District was held at the Arizona State Building, 400 West Congress Street, Room 222, in the City of Tucson, State of Arizona, before ANTHONY C. GARCIA, RDR, CR, Certified Reporter No. 50218, on the 23rd day of October 2018, commencing at the hour of 1:00 o'clock p.m.

* * * *
CHAIRMAN McCUSKER: Call the meeting to order.

It is 1:01 on the official Rio Nuevo smartphone.

We have a quorum. A couple of stragglers on their way in.

Mr. Irving, do you want to lead the pledge?

(Pledge of Allegiance.)

CHAIRMAN McCUSKER: Brandi, would you call the roll.

MS. HAGA-BLACKMAN: Jannie Cox.

MS. COX: Here.

MS. HAGA-BLACKMAN: Mark Irving.

MR. IRVIN: Here.

MS. HAGA-BLACKMAN: Jeff Hill.

MR. HILL: Here.

MS. HAGA-BLACKMAN: Fletcher McCusker.

CHAIRMAN McCUSKER: Here.

MS. HAGA-BLACKMAN: Edmond Marquez.

MR. MARQUEZ: Here.

CHAIRMAN McCUSKER: Mr. Sheafe, we understand, is on his way in.

So our minutes are actual transcriptions of
the last meeting, the August 28th, 2018, meeting.

They've been distributed to you.

The Board have any comments, questions or changes? If not, I'll entertain a motion to approve.

(Motion moved, seconded and passed unanimously.)

CHAIRMAN McCUSKER: Minutes are approved.

We need a motion to recess to Executive Session.

MR. IRVIN: So moved.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: All in favor say aye.

(Motion moved, seconded and passed unanimously.)

(In Executive Session.)

CHAIRMAN McCUSKER: Someone make a notion convene.

MR. IRVIN: So moved.

(Motion moved, seconded and passed unanimously.)

CHAIRMAN McCUSKER: Okay. We are back into regular session.

Thank you for your patience. I'll try and keep my remarks brief, and I can shortcut a couple of agenda items.
As you can tell, today is hotel today at Rio Nuevo. We're actually talking about five new and separate hotel projects, two dual brands, then one at the TCC. The extraordinary project is 75 East Broadway.

And we will entertain you today with our partners at the City a total renovation of the Tucson Convention Center. So, indeed, it's an important meeting.

I'll give you an update on the Sunshine Mile. We're not going to take any action today, so pull that from item 14 on the agenda.

But just a quick note from us, the Project For Public Spaces, who we've retained as the visionary for that project, will be in Tucson November 5th, 6th and 7th to begin a number of charettes and meetings with stakeholders along the north sections of Broadway. We have advertised for and selected three architectural firms, local firms, to assist us with that project. We should be able to advance that pretty quickly in early 2019.

The City is tracking with us on the acquisition of 39 properties, which will be deeded to Rio Nuevo. We acquired one property in our own right to fill out the block, and sometime over the next year
we'll be working to rehabilitate, refurbish and reactivate those spaces as restaurant or retail. The sales tax swing for us is multimillions of dollars a year. So there's no argument regarding the return on investment, and we think it's going to be quite an extraordinary project. So, if you are interested in Broadway, please watch our website. These meetings will be open to the public, and if you live in or near the area or you're interested in the Sunshine Mile, please make sure you attend one of those meetings.

Is Beach Fleischman here? Did I see -- I'm going to move you up, Lydia, so you can come right after Dan's report.

Our annual audit is also done and available today, so let's get after it.

Dan, are you ready to do your financial report?

MR. MEYERS: I'm Dan Meyers, CFO for Rio Nuevo.

In the top half of this page we show our unrestricted funds as of September 30th. It's approximately $5.3 million. Down at the bottom half of the page we show our known commitments for the next year, and it's approximately 4.6 million. A good chunk of that is finishing off the Caterpillar building, and
that's an estimated number as of now, about $1.6 million. The other big project is the Ochoa Street project, and that's about 940,000. So those are the two big chunks of our commitments.

We pretty much paid off Mission Gardens this month, so that one's off. And I believe we made the final payment for Streetscapes in October as well. So that's what's going on from that standpoint.

Again, our budgeted TIF revenue per month for this fiscal year is 1.2 million. I expect a surplus for this fiscal year of about $3.7 million. Again, assuming those TIF collections are at that level. The July TIF revenue was little over 1.1 million. That number has really smoothed out or the past few years, I think, due to us doing a better job of tracking it and staying on top of our merchants when we see them fall behind or something and we're able to get right on that. So we don't see the big swings we've seen in the past.

Other than that, I think that's pretty much it. Anybody have any questions?

CHAIRMAN McCUSKER: Dan, the million 109 that you have showing as remaining for Cat, it doesn't come out of current cash, right? You will have financing receipts coming in that will --
MR. MEYERS: Well, that's our chunk of the water and sewer stuff.

CHAIRMAN McCUSKER: That will come out of the --

MR. MEYERS: Yes. That's our direct contract with Sundt. I don't have the Cat portion of this listed on here.

CHAIRMAN McCUSKER: So my recollection from the budget and your forecast is that we think we'll have something in the neighborhood of five or $6 million of disposable cash in 2019. Does that sound close?

MR. MEYERS: Yeah, that's pretty close, I think.

MR. SHEAFE: At the end of the period if we didn't take on any new obligations?

CHAIRMAN McCUSKER: Right. Right.

MR. MEYERS: Exactly.

CHAIRMAN McCUSKER: Questions for Dan?

Thank you very much.

MR. MEYERS: You bet.

CHAIRMAN McCUSKER: Lydia, come on up.

As everyone knowns, we contract with Beach Fleischman for our annual independent audit. We've had an unqualified opinion for five years running, and
they've completed their work on last year.

So, Lydia, if you will introduce yourself, go to the report.

MS. HUNTER: My name is Lydia Hunter. I'm a senior manager with Beach Fleishman.

Brandi is passing out to you two handouts. So, Mr. Chairman, Members of the Board, we really appreciate the chance to present our audit today.

I'm going to start with the smaller of those two handouts, which is a letter. This letter is our standard communication with those charged with governance. I will let you read it on your own time, but I am going to point out a couple of key things.

So the District follows the GASBs, which are the standards set by the Governmental County Standards Board. I'm pleased to report that there was no transactions entered into by the District that there was no authoritative guidance for. There was also no new GASB standards this year that related to the District that we needed to implement. You might remember last year we had the tax abatement GASB that we implemented, but this year was pretty standard and straightforward.

We do want to point out there are some significant estimates in the draft, and that would --
point that out just in case those estimates were to change. It could have an impact on the financial statements. The most significant ones for the District are the depreciation of the capital assets, so your useful life estimate and the net reliable value of your long-term receivable.

And then, also, this letter points out sensitive disclosures. We feel maybe the most important disclosure in the footnotes is note 11, which talks about your commitments and your tax rebates. And I will point out which page that's on when we look at the draft.

I'm also pleased to report we had no significant difficulties dealing with management, we're required to say. No significant difficulties, but we had no difficulties at all working with management.

If you flip to the next page, some of the key points there, we do post-audit adjustments as part of our audit. None of the adjustments we posted were not expected. Management discussed with us what was expected to be adjusted as part of the audit. So all of the adjustments were standard, recurring and expected.

And then one of the pages in the draft has a budget to actual. I just want to point out that we do
not audit that schedule. We perform limited procedures and do not actually express an opinion on that.

And with that, I would like for you to turn to the other handout, which is the draft itself. So if you look at page one and two of the draft, that is our audit report. If you look at page two, that's where it says our opinions. And it's plural because we express an opinion on the full accrual numbers and also on the modified accrual. And I am pleased to report that we are issuing an unmodified, which is a clean opinion, which is the best type of opinion we can give the District.

Then just a couple of things on the statement. If you look at page three, that is your statement of net position. That is, basically, your balance sheet. You will see, if you were to compare that to last year, your capital assets have increased about 19 million, and that's related to predominantly the Caterpillar project. And we would expect that to continue to go up in this current year. And related to that, your long-term liabilities went up, as most of that was financed.

And page four, if you want to see that, is the full accrual income statement. So you can see you're actually posting a $6 million net income for the
year on a full accrual basis.

Then, finally, if we can go to page 20, that is footnote 11. That's what I said is maybe one of the interesting footnotes to read. It talks about all the District's commitments. We do have to disclose what the District has committed to. All those commitments can be changed through Board action as they were put on, but as of June 30, those are the commitments in place.

And, also, in that footnote it talks about all your tax rebate plans that you have in place. So I think the length of that footnote just shows the depth of the projects currently going on.

And then, finally, on the last two pages, page 27 and 28, we have our internal control report. We are required to conduct the audit in accordance with governmental auditing standards, which requires us to look at internal controls, and I am pleased to report that we have no material weaknesses to communicate to you today.

So with that, I will open it up to any questions, if there's anything you would like me to discuss.

CHAIRMAN McCUSKER: Lydia, while you're there, let me kind of tick through the expense
statement. We're going post this, subject to Board approval, on our website.

But, just for the record, revenue for -- this is the year ended June 30th, 2008. Revenue was 12.871 million, and our expenses were 8 million and change. And then you had an additional revenue -- the charge for service line item is --

MS. HUNTER: That is the rental income you get from the City, which basically goes and pays the debt.

CHAIRMAN McCUSKER: So if we were a for-profit company, our profit last year would have been $6.6 million, which is really quite healthy. We spend that money, of course, on projects. But revenue over expenses is better than probably any previous year.

MS. HUNTER: Yeah. This is probably one of the best years in that respect.

MR. SHEAFE: Do you want to expand on that? Because, really, what's happening is all of the projects that have been done in the last few years are starting to pay off and those revenue streams are coming in. Now the District has gone from a position where it had substantial debt and no income to a position where it has less than substantial debt, but
not low debt. We still have high debt, we've got the
bonds and we're paying them, but we've got
significantly increased income. And that's why our
Financial Officer got up and said that he sees a
surplus coming in the 2019 period of now in the
millions. It used to be in the 100,000 or 200,000, and
we would wait a whole year to generate it.

So it really is coming to fruition that we
have a system here that's paying big time for this
community. And this Board has the responsibility to
see to it those dollars are invested in a way that even
expands the pie further and gets greater assets. You
will hear more about that in a few minutes.

MS. HUNTER: Yeah. And it's worth also
noting that sales tax number of 12.5 is net of the
rebates that you guys had. So there was 900,000,
approximately, of rebates that was deducted from that
number. So that is net that the District gets.

MR. SHEAFE: Thorough process.

MS. HUNTER: Any other questions.

MR. MARQUEZ: Great job.

MS. HUNTER: Again, we'd like to thank Dan
and Brandi for all their help giving us everything we
need to get the audit done smoothly.

CHAIRMAN McCUSKER: Thanks a lot, and thank
you to everyone at Beach. Any time an organization can get a clean opinion and make 6 million bucks, we should celebrate that. Thank you very much.

Okay. Let's go after it. So first up, Marriott Moxy.

Mr. Sheafe has a conflict with Mr. Stiteler, so as we do any time anyone declares a conflict of interest, we excuse them from the conversation and the vote. So Mr. Sheafe will be leaving the dais.

Scott, you ready to go?

MR. STITELER: I'm ready.

MR. MARQUEZ: Are we able to turn on that back TV as well?

A VOICE: Not set up to do that.

MS. COX: Need to buy some bigger screens.

CHAIRMAN McCUSKER: You're in the State building.

MR. STITELER: Let me know when you would like me to start.

CHAIRMAN McCUSKER: Are you on? Is that a PowerPoint or is that a PDF?

A VOICE: PDF.

CHAIRMAN McCUSKER: You can't go to the slide show?

A VOICE: No.
CHAIRMAN McCUSKER: All right. Go ahead.

MR. SHEAFE: Scott Stiteler, 5 North 5th Hotel, LLC. I just thought about the next name for the project across the street. It may be -- if we flex some creative muscle, it might be 6 North 5th, LLC.

Thanks for the event last night. It was great. It gets better every year.

As I told you, Edmund, you're doing a great Jimmy Fallon job. And next year you got to practice lip-syncing or the hot-pant dance that he does so well.

MR. MARQUEZ: I'll do the hot-pant dance.

MR. STITELER: We're all looking forward to that.

And, Jannie, great job.

Mark, thanks for the wearing the Moxy colors.

Appreciate it.

I know I'm not up here to reminisce, but it wasn't that long ago that I stood here and we talked about the AC Hotel, which just had its one-year anniversary. And there was lot of dialogue that day and conversation. I remember when Jeff at some point said, this is going to be a great project for Tucson, and we've asked all the questions and now we need a vote, and it's going to make a lasting impact. And then the vote happened, and it was four to three, it
was a close vote. So I can't thank you enough for that vote and that show of faith. We just had our one-year anniversary, and it has provided the impact that I think we were all looking for.

I had a nice moment today. I was in the AC Hotel in my room, and I was staring outside at the rain, and I get so -- as people that know me well, I get so passionate about these projects. They are very personal to me, and sometimes I get so passionate I can't even see straight. And that was a moment where I was able to just look at the rain from a room and just breathe, and it was a good feeling.

Okay. On to the project. As I said, the new project is across the street from AC. It is a 16-story building with two Marriott branded hotels, Element and Moxy, and then a massive upgrade to the Rialto Theater, which we will go into more detail in a few moments. And Curtis is going to come up, McCrary, the Executive Director of the theater, and talk about that for a few minutes in a bit.

Next slide. Thank you, McGill. Okay. Not long ago, black and white downtown. A lot of baby steps along the way that have added up to some very large steps. Rio Nuevo support, the City support, the streetcar, the press has been kind, the community has
rallied around it, a lot of top 10 lists now all across the country, if not internationally. So we've gone from black and white to color at the same intersection. A lot of hard work went into this, as you're all aware.

Next slide. Okay. I hope you can all make sense of this. This is an older aerial. We need to do a better job with it. The AC Hotel is the dirt, and then above the dirt is the south half of the Rialto block. So Rialto block north half, the Rialto building, nearly 100 years old, and the south side of the block, two older buildings that will be torn down. Not historic, no issues there. That is where we'll build Moxy, Element and then begin the upgrades to the theater.

Moxy, one of Marriott's new brands, fun-seeking, high energy, fits incredibly well in entertainment District. We were with Marriott recently in Bethesda at their headquarters, met with the Moxy design team. They showed us what Moxy's doing in Tokyo and Milan and London, New York City, et cetera.

So, as I said, with AC, when we were one of the first AC's in North America, and joining New Orleans and Los Angeles and Chicago, and it was nice to be on that list. Now the list is a lot of other amazing cities around the world. And much like AC,
we're at the forefront of figuring out what could work in this town and which brands are going the right direction. We're one of the first eight or 10 Moxys that are going through the franchise approval with Marriott in North America.

Element is extended stay, more reliable, it's a Westin brand. You know Westin is known for the heavenly bed, et cetera. It's Westin's answer to Residence Inn, which is a Marriott brand. Now that Marriott owns or purchased Westin, this is something that they are putting a lot of muscle behind. So Moxy, fun, young, hip, and Element extended stay, which I know the next presenter's going to talk about extend stay. There's no question we need extended stay in downtown Tucson.

All right. This elevation is the 5th Avenue side of the elevation. To the left Moxy, to the right element. So a dual-branded hotel, again, a 16-story building.

If you can imagine, we spent a lot of time on developing Congress Street and Broadway east, west. I walked from AC yesterday to the Convention Center and loved all of the development I saw along Broadway. Now it's time to start working north, south. So that 5th Avenue stretch between Congress and Broadway, if you
can picture this in three years, three years meaning we start construction on this project in a year, two years to build it, so three years from now we're in the lobby together.

But that section between Congress and Broadway on both sides, you would have three boutique hotels, each of them under 150 rooms. Collectively, about 400 rooms and 400 parking spots, restaurants, bars, coworking and upgraded live music venue that is quite special. So a lot of -- great collection place when you come downtown. It's well lit, and busy morning, noon and night, seven days a week.

This is the Corbett Building. This is the rendering. We are working with a firm out of California. The founder of that firm is one of my longtime best friends. Typically, I try to not work with friends, but we went to Marriott, asked them for their advice on the top five firms on the west coast to work with on a dual-branded Moxy/Element, and the email came from Marriott, and that was the first name on the list. And that's AXIS/GFA, offices in San Francisco and Los Angeles, Cory Creath the founder. They have about 50 hotels that they have either completed or under construction now.

We love the rendering. It's a window system
all the way around. It's two distinctively different anesthetics. You will learn about dual brand that for the guests, when you come into the hotel, it's two different experiences, different elevator bays, different lobbies, different bars, you know, et cetera, et cetera, but all under one roof, and you're able to combine a lot of the back-of-house functions.

The lobby at 5th Avenue and Broadway. So an entry court under cover. The south side of 5th Avenue at Broadway.

On to Congress -- or on to the Corbett slide.

Okay. As some of you are aware, I started and now we -- we, my partners, the Dabdoub family, my in-laws, the children, same ownership group on this project. On everything we do it's the same three families, which is a blessing. Before that, this was the first acquisition of mine in 1999. It's the Corbett Building purchased from the Corbett family, one of the pioneer families of Tucson.

This picture's from 1931. It was the same experience for me that I had with Rialto. I walked by the building, I loved the history, the bones, and I had that aha moment, what a special place. The U of A was the tenant back then. It's where they used to count all the money after the football games. That's the
Corbett building.

So that was the first parcel. Subsequent to that, three other blocks around hotel Congress. So we have four blocks. We're the steward of that opportunity and that responsibility to develop them the right way for this community. I mean, that's where all the passion comes from, to get it right, not let anyone down, make them last. The bones are there, but how you get them filled up is a whole 'nother story.

Okay. Reason we're talking about the Corbett Building is the Rialto Theater has had a wonderful 100-year run with a rich history. Their 100-year anniversary is next September. And I go back now 14 years with the theater, and Curtis and love that relationship. We've done a lot together and grown together and seen downtown come together. Now it's coming full circle where this was the first project that I purchased and then spent the last 10 years at 5th and Congress.

When we upgrade the theater, and the theater upgrade will be something around a $6 million upgrade on our nickel, the easiest way to describe it, is it is a gift to the community and to the theater. We currently own their offices and rent to them their green room, some of their bus parking. So it's been
It's hard for them to compete as an independent against the large live music operators. So to have an opportunity to have a dual-branded hotel, new, like a Tesla, next to something that's a 100-year-old that they just don't make things, as we all know, that way anymore, next to a Studebaker, and make them work together is our goal.

On top of that, we're -- instead of having a new building next to an old building, they will be woven together without impacting the exterior of the Rialto Theater. It will retain all of its, you know, history and bones. But there will be opportunities, when you come into the new building, to circulate into the theater that are quite fun.

When they close, we will -- about a year from now. We already have a permit in place to begin work on the Corbett Building, so we started this planning some time ago. We will move them to the Corbett Building and energize 6th Avenue and 4th Avenue. And this venue will accommodate more people than the Rialto Theater. It's a perfect fit with about 250 parking spots. Then you fast forward two years after that, the new and improved Rialto Theater, ready for the next 100 years, opens with the hotel, and the entire Rialto
Theater experience moves back to 5th and Congress.

When I called -- Curtis is going to come up in a moment. He'll talk about it for three or four minutes, then I will go over the math and the ask today. And the ask is straightforward. It is a percentage of site specific tax and a GPLET. And I'll give you details in a moment.

When I asked Curtis about whether or not the Corbett would work for the Rialto, I had him go there by himself. And he walked in and he had that aha moment. This is going to be just right for two years. So there was no selling involved. And he called and said, this is going to work really well, Scott. I mean, it's meant to be.

So I will now invite Curtis to come up and talk about it for a bit. Thank you.

MR. McCRARY: Good afternoon everyone. It's been a while since I stood before you. My name's Curtis McCrary. I'm the Executive Director of Rialto Theater.

And to go back several months, when Scott first approached me about -- we had been talking on and off about the future of the block and what his future development plans were, and how that impacted the office green room building that we leased, and our
capital campaign and what we were going to be able to accomplish, and everything was more or less up in the air. We proceeded with our capital campaign focusing on the bathrooms and other upgrades inside the theater, but didn't know long term what we would do for an office and green room. And our operation is such that those are absolutely essential pieces in order to continue to bring several hundred nights of programming to Tucson every year.

And so, he very quickly, you know, in his manner -- he's, like, I'm going to do a lot of talking, just listen, and I said okay -- kind of laid out the idea behind this, and it was very exciting and enticing. But my first question was, what am I going to do about my staff and everybody that comes through -- that works at the Rialto over this period of time. And at the time we didn't have -- he didn't have a specific answer for me, but reassured me not to worry.

And I had just seen in 2017, when he -- when Scott closed and remodeled Playground and retained the entire staff there, which is very much to his credit, that he was able to do that and keep people on and not disrupt their employment, because that's a big deal. And so, that was kind of left TBD, but I trusted that
he would help us find a solution for that issue for however long we were going to be displaced.

And, initially, I had an incorrect idea of kind of how long it would be. I was picturing a scenario where they would start construction and we would still be able to operate. And the more we examined and thought about it and had a conversation where I said, you know, Scott, what's the first thing you're going to do, what's the first aspect of beginning construction. And the answer was demoing the two buildings on the south corners of the Rialto block. And I said, well, that much settles it, that's it's going to have to be -- we'll be displaced for the duration of construction.

A bit prior to that I said it would probably behoove us to maybe find an alternate location from which we can operate over however long we're displaced. And he said, you mean something like the Corbett Building? And I had forgotten, actually, or it just hadn't been front of mind, that he owned the Corbett. And I said, hmm, exactly like the Corbett Building. And I had never been in there, but always wondered about it.

He and I have had a conversation, I don't know, three or so years ago where he was kicking around
ideas about what to do with it, and I pitched a whacky idea I had to him just for the fun of it. Obviously, it didn't go anywhere. But that was a real big sort of relief, aha moment for me to say, yeah, the way this is coming together, it's going to be seamless transition.

And I went over and looked at it, as he said, and thought this would be absolutely suitable, assuming -- it needs a lot of work, obviously. But it was just the kismet that, independently of this process, he had pulled permits months ago. That would be a huge time setback if that hadn't taken place. That was just luck, so -- for us anyway. So we're really excited about the prospect of having a place to more or less -- I mean, this is -- it's not going to be easy, but as far as these things go, it's going to be seamless, as far as I see it.

One of the biggest aspects of any kind of construction project or need to close down or whatever is the management of dates, because, you know, people have good intentions about when they are going to complete things and say, we'll be done by -- and we're experiencing that right now with our bathroom project where it's taking a little longer than we anticipated. And if you are trying to book shows and you don't know whether or not the project is going to be done, it
makes it extremely difficult. So what we'll have is a place that's ready to go by the time we're ready to move out, and then we will be in there until the Rialto is back and ready to go.

And the bottom line for us is that at every step of the way Scott has anticipated what our concerns would be. We, as he said, go back many years, and not all of it was, you know, great times, but I think we've definitely come to a place where we have an excellent relationship, and I expect that to continue into the future.

And so, all of the things that I was most concerned about, like, you know, owning the space from which we operate our offices and our artist green rooms and making huge improvements to that aspect of our operations -- you know, we're kind of bursting at the seams, in terms of our office, with all the administrative staff that we have currently, and we really need more space. We needed to figure out what to do about that, and we didn't know, and now we do. Now we have this great solution.

It will be -- it won't be, like I said, easy, but it will be absolutely well worth it from our perspective. We will keep everybody employed. We will keep the bringing shows and keep the theater operating
at a different location. I think that's going to be fun for people where they will be, like, oh, that's a cool, old building, and I wondered about it and never knew anything about. They will get to see it in an upgraded form and take in a show at the same time. And then three years from now we will return to a dramatically and massively upgraded theater.

And so, basically, from top to bottom of our organization, our Board and staff and everyone else, it's just kind of been a no-brainer for us. We couldn't be happier about the prospect of this huge investment and the difference it's going to make in our ability to keep doing what we're doing at an increasingly higher level. So that's our take on it.

CHAIRMAN McCUSKER: One question for you before you sit down.

A couple years ago we sold the Rialto Theater to your foundation.

MR. McCRARY: Yes.

CHAIRMAN McCUSKER: So will that ownership --

you will continue to own the theater itself?

MR. McCRARY: Absolutely.

CHAIRMAN McCUSKER: And the improvements that are going into it?

MR. McCRARY: Yes. And we haven't worked out
the exact specifics of it yet, but as we've discussed, in terms of the new space in the brand new building that they will be building for us, it will be done on a condominium plat, so that the floor where our office is and our green room space will be owned by the Rialto Theater Foundation.

And on that note, I think, you know, we for a long time wanted to own a theater, and we were extremely grateful to this Board in 2015 for helping facilitate our purchase of the theater. And that's just been a really important thing to us. But the fact that you, you know, had the foresight and wisdom to kind of make that happen or help us make that happen, really in a lot of ways sort of -- it was a very important ingredient for this project to come into being, is our ownership of that.

CHAIRMAN McCUSKER: All right.

MR. McCRARY: Thank you.

CHAIRMAN McCUSKER: Scott, you got to shake it. We got a lot of stuff behind you. So if you hit the highlights of the economic issues.

MR. STITELER: One of my partners was asked to do a presentation on this project, and she said, we're building two hotels across the street and upgrading a theater and sat down. It was 12 seconds.
Q. I like her.

MR. STITELER: So I apologize.

The economics, it's not inexpensive. We're trying to raise the bar in a serious way with this project. It's between an 80 and $90-million build, 240 rooms. That is all in. The simple math on the ask for AC, $47-million project, and the incentive that we received was 16.7 percent of the total cost of the project. This project is a 12 percent ask, capped at 12 percent.

Our math on the tax created over the life of the TIF is somewhere around $13 million. Based on the 12 percent cap, we would cap out at about nine-and-a-half to $10 million. So, again, in relation to AC, a lower ask, but a very important ask. We have our work cut out to make this make sense on every level and deliver a project that takes it to the next level.

The GPLET, again, straight forward. On AC we worked with the City, we've since learned that there's an opportunity to GPLET the project with Rio Nuevo for a longer period of time. The property tax incentive is less, but it lasts for longer, and we like the math better working with Rio Nuevo on that possible incentive. So site specific sales tax with a 12 percent tax on the total cost of the project and a
CHAIRMAN McCUSKER: Did you offer the 25-year GPLET or the eight year?

MR. STITELER: Eight with the City, then it does convert to Rio Nuevo when -- at the end of the eight years on AC.

CHAIRMAN McCUSKER: Thank you.

MR. STITELER: You're welcome.

CHAIRMAN McCUSKER: Questions for Scott.

MR. IRVIN: Are we allowed on to do an eight and 25 or does this step in and replace it, counsel?

MR. STITELER: This will be a 25, not an eight and 25.

MR. IRVIN: Okay. Thank you.

So it's an eight-year where you pay the excise fees?

MR. STITELER: No.

MR. IRVIN: 25-year straight GPLET with Rio Nuevo?

MR. STITELER: Correct.

MR. IRVIN: Where you pay the excise tax fees?

MR. STITELER: Correct.

MR. IRVIN: Got it. Thank you.

Couple things. I wanted to just say thank.
You know, we had a discussion about this, I think we said, four years ago when we first started talking about potential for the Moxy. And, of course, it's bounced around a little. As you know, I've had some concerns that you take care of what's going on with the Rialto Theater, because we did everything we could as a District to set them up, so I want to say thank you for that.

The other thing that was important is that we try to figure out a way to bring some down some of those numbers. So to go from almost 16 to 12, thank you for that as well.

So I don't really have any questions. I've looked at this thing way too long over the last four years and most recently of late. So I don't have any questions, and I'll defer to anybody else.

CHAIRMAN McCUSKER: Mr. Collins, what do we need to advance this, just simply a motion to allow you to finalize the documents for the GPLET and the rebate?

MR. COLLINS: You might move to direct me to work with Mr. Stiteler's legal team to prepare the document consistent with his ask for ultimate approval by the Executive Officers and execution.

MR. IRVIN: Second.

CHAIRMAN McCUSKER: Edmund Marquez made the
motion as stated by counsel and seconded by Mr. Irvin.

Brandi, call roll.

(Roll called.)

(Motion moved, seconded and passed unanimously.)

CHAIRMAN McCUSKER: You know, you and I met over the Rialto 2010.

MR. STITELER: We did.

CHAIRMAN McCUSKER: Thank you. My pleasure.

Vote is six-zero, and we're building two hotels.

MR. STITELER: Thank you very much.

MR. IRVIN: Scott, is that better than four-three?

MR. STITELER: That's better than four-three, yes. I like that.

CHAIRMAN McCUSKER: Item number eight. If you ever doubted that Tucson was on the radar nationally and internationally, you heard Scott mention the interest the Marriott has in the AC and the Moxy with cities like Tokyo and Madrid, it's really quite extraordinary, for those of us who have participated in this project, to be able to talk to the next agenda item is equally as impressive to us in moving -- Hilton builds a lot of hotels and has a very select few
developers, and are going to do what they can to stay up with the Marriott.

So, Greg, you want to come up and talk about the Hilton at the Cathedral Square. I'm sorry you had to follow Scott Stiteler. We don't wish that on anybody.

MR. FAY: My name is Greg Fay. I'm with Fay Hospitality Group, and we're a hotel developer with Hilton. And, you know, I'm new to Tucson, so I haven't been around the block as long as Scott has, but certainly is on the national radar. And Hilton was the one who actually asked me to come to Tucson and said, hey, look, we'd really like to see some Hilton branded hotels in downtown Tucson. They gave me a couple brands they wanted to see down here. And I said, well, it's been a while since I've been to Tucson, but let me go there and see what's going on. And, quite frankly, fell in love with Tucson from my first visit.

I was privileged to -- maybe most people wouldn't say this about Jerry, but Jerry Hawkins showed me around town, and we really did scour the City to find the right place to do a hotel project. And we think we found, quite frankly, just a great place to do a dual-branded hotel. It's not a Marriott branded, but a Hilton-branded hotel. It will be a Hampton Inn Hotel
and a Home2 Suites.

I guess most of you probably know what a Hampton Inn Hotel is and probably have stayed in one. Home2 is a little bit different, a little newer hotel. Scott referenced earlier extended stay hotels. So where Element will be at a little bit higher price point, Home2 will be a little bit more affordable price point in what -- in the hotel business they call mid-scale. So if you stayed in a Hampton, around that level of hotel.

But Hilton has really hit it out of the park when they developed Home2. The pipeline for Home2 Suites Hotels is over 400 hotels. If it gives you any idea of what the market's reaction to that brand has been, it really has been fantastic. I'm super excited to be able to do a Hampton Inn Hotel and a Home2 Suites in the same location.

We think -- I don't have a really nice PowerPoint of where this is, but it's on Stone Avenue between the Ochoa and Corral, right across from Cathedral Square. Really excited to see what's going on across the street. And we think with the hotel development right across the street from it, you know, basically a block-and-a-half from the Convention Center, is just a fantastic site.
Look at there. So, currently, a parking lot on the east side is the Scottish Rite building, and then on the west side is Cathedral Square. We think this will make just a great connector between the downtown Broadway central retail restaurant activity zone and the Convention Center a block-and-a-half the other way. We just think that's, quite frankly, just a killer site.

To tell you little bit about what we're envisioning here, it's a 75-room Hampton Inn Hotel and a 123 rooms Home2. We, like Scott, think that the extended-stay market in downtown is underserved. We think doing a little bit more extended-stay rooms is the way to go here. Certainly, they can be used in either way, but, you know, with the way Home2 works and the Hampton, it's really something that really is exciting.

On this structure size, we'll be at six stories. We'll have a structured parking deck that covers about two-thirds of the first two floors, a lobby on the first floor. So, very similar to Scott's lobby picture of where they have an inlet that's covered by the second floor for loading and unloading of guests, we'll have a very similar structure to that off of Ochoa Street. We think that will really mix
well with what's going on to the west on Ochoa and, you
know, really activating, if you will, the east side of
Stone Avenue -- or Ochoa from Stone Avenue. Having the
lobby on that side will really just activate that whole
area. So we're super excited about what's going on on
Ochoa, and we're in talk with a lot of people in the
community about how to really make that section of
Ochoa really something special. So we're super
excited, you know, about doing this development there.

I'll tell you that I was in the McLean,
Virginia, last week, and I was talking with the global
head of both Hampton Inn and Home2 Suites, and we
specifically talked about this project, which they,
obviously, knew I was doing. But both the brands are
super excited about this particular development and
where it's going. Just to give you an idea of kind of
the recognition the project's getting, even within the
Hilton family while they have a lot of hotels in the
development pipeline, this is one that, if you will, is
on their radar. So it's really something super excited
about.

I certainly don't want to forget to mention
the team that we have working on this project. Seaver
Franks, a local architectural firm, is working on this
project with me. Cypress Development is working on
this project with me. We have met numerous times to
make sure that we develop the right type of hotel and
the right place, and we're really excited about what
we -- you know, the opportunity we have here.

CHAIRMAN McCUSKER: Talk about your
background.

MR. FAY: Certainly. For the past 11 years I
worked at Goldman Sachs, was the co-lead of their
select service hotel platform. So think Hampton Inn
Hotels, Homewood Suites, Residence Inns. We had about
350 hotels under our management, about $5 billion worth
of assets. We were, if you will -- you know, if there
was a select service hotel within the Goldman platform,
we were involved with it. We did -- we owned and we
managed hotels within the Goldman platform.

For seven years before that I was with a
public hotel REIT that focused on select service hotels
and extended-stay hotels as well, big owners of
Residence Inn Hotels. At the time, that was before
Home2 Suites were out there. Certainly, Residence Inn
is probably the category killer of extended-stay
hotels. We were a large owner of Residence Inns.

My partner and I that are in this venture
together, we were two of the five founding investors of
a company called MCR Hotel Development. MCR is now one
of the largest private owners of hotels in the country. They are based in New York. And they are doing a project just in -- you might have seen something in the news this weekend about an airplane going down the interstate in New York. It was covered by several people. It's called a Connie, an old Constellation airplane that's going to be a bar at the new TWA terminal that's being turned into a hotel in the JFK Airport property. MCR is the developer of that hotel. Really excited to see -- you know, that's really something that was really spectacular, a great project. But that's an MCR development, that myself and Randy were two of the founders of that company. So have been in the hotel development business, you know, for 25 years now in various stages of my career.

So, you know, again, I really look forward to this. This project is just something that I think is just a great project. I'm super excited to be here in Tucson.

MR. IRVIN: Talk to us a little bit about your timing. You're on somewhat of a fast track.

MR. FAY: So we would love to be on a fast track. So our timing, we would -- if all goes well, we want to start construction June 1 of next year. We have 14 to 16 months of construction. So the idea
would be -- is to, no later than the end of 2020,
finish construction and be open for all of 2021. So,
effectively, just a little over two years from now.

MR. IRVIN: I think it's interesting that
after not having any dual-brand hotels in Tucson, that
we're getting two kind of back to back in Tucson. And
as you know, because we've had discussions, I think
there's a pretty strong bandwidth for people that would
look at the extended stay. And we talked to Catepillar
and Hexagon, I know Bob Hoffman's here with the
Roadrunners, he can talk about some of their needs,
plus other businesses that we're bringing down here.
So I really like the dual-branded things that you guys
are bringing as well.

MR. FAY: We'll be a little bit different
than the Moxy. We will not have an on-site restaurant
or bar. All our guests are going to need, if you will,
leave the building and go partake of those items out in
the community.

MR. IRVIN: All the restaurant guys downtown
are not going to like that at all.

MR. FAY: Obviously, Hampton Inn has a
breakfast. But the idea is that our people leave the
building and enjoy the community around them during the
day and at night.
MR. SHEAFE: Greg, this is kind of a unique opportunity. We're hearing from two hotels, we're going to talk about another one, but you -- really, there are a lot of cities in the United States and you are operating across the country. Can you kind of pin down the one or two things that we, in Tucson, maybe don't see as clearly as you guys do about why Tucson is in the spotlight right now? What makes us so special?

MR. FAY: You know, I think it's a couple of things. For me, one, it was -- when I came here, and I'm guessing other visitors when they come, you get a real sense of community when you come. That is not always the way it is when you go to visit a community.

And I'll credit you guys as well of creating the activity in downtown that necessitates the need for the hotel rooms in downtown. If there wasn't anything going on in downtown, we wouldn't have a reason to build a hotel here. The fact is, there's a lot going on in downtown. Certainly, Caterpillar and Hexagon are a big part of that, that create demand for rooms that we have. Certainly, you know, your agenda item that you have later on, the Tucson Convention Center, that is something that is not lost on us of why we selected the site we did, was to be near that so that we could take advantage of that room demand.
So, you know, for us, when you build hotels, it's all about is there demand for the product that we're selling at night. And Tucson has that. So that's why we're here. But it really is something that is unique, I do think, to Tucson of -- you know, a unique time for us. And I guess if I were to say, look, we're not going to do the project, you know, there would be probably five other people that would come running to the podium saying they'll do the project. But I was here first, so I get to keep it.

But, you know, it is something that it really is about demand for the hotel rooms. And, certainly, Scott sees that as well. I think that having the Marriott product just a little north of us will be great for us. You know, really give you some hotels that have put a lot of people -- we're doing nearly 200 rooms. That will create a lot of activity in a little different section of downtown than his hotels. And for us, I think that's a great thing.

CHAIRMAN McCUSKER: Walk us through your economics in your ask.

Mr. Collins, are we exchanging documents with their team already or how far along are we?

MR. COLLINS: Mr. Chairman, Members of the Board, I have exchanged documents with counsel for
Greg's group. I believe I've discussed most of them all with the Executive Officers. I don't have with me today that list, however, it looks to me like Greg does. Go for it.

CHAIRMAN McCUSKER: Greg, we're thrilled that you are here. We, obviously, suspected someone like you would show up. We're glad it is, in fact, you. What do you need from us to build this project?

MR. FAY: So, like we said, Mark said, we got a very similar ask as Scott. We're going to do the -- he called it a giblet, I call it a GPLET. But the 25-year lease, you know, we're not going to ask for abatement from the City on the excise tax. We'll pay the excise tax on the lease. Same thing of the rebate of the sales tax generated by the project. And I think we have a similar cap. I think we were at seven-and-a-half million.

MR. COLLINS: About right.

MR. FAY: And I think that was it.

CHAIRMAN McCUSKER: God bless America. All right.

What's the Board's pleasure?

MR. SHEAFE: There's one comment I would like to make just for the audience's benefit, because you
hear a lot of these things and it may not come clear.

We are not writing a check here. What we're
doing is trading off something that we wouldn't have if
it wasn't there. And it's really significant. And
we're going to have two major developments in this
community and a whole lot of economic activity without
having to really write a check.

So I would like to propose a motion that we
authorize counsel to finish the documentation necessary
to put this whole thing in motion, and authorize the
Executive Officers to work with counsel to approve
those documents when they're ready to be signed.

MR. IRVIN: Do you want to state the 25-year
GPLET and then also what the cap is so.

MR. SHEAFE: I would say the 25-year GPLET
would be -- authorized to be within the documents, and
the cap would be the cap. And I'm recalling when we
were meeting -- I don't want to say seven-and-a-half
because I'm not sure, but it's the number that we've
been using.

CHAIRMAN McCUSKER: He's gone from a motion
to a story.

MR. COLLINS: I think, Mr. Sheafe, if you
were to say you're instructing me to work with the
Executive Officers to finalize the documents in
accordance with the outline that Greg just provided to
you, I think that would be adequate.

MR. SHEAFE: That seems like the perfect way
to state it.

MR. IRVIN: I'll second it.

CHAIRMAN McCUSKER: Does that allow this to
go forward without coming back to the Board, unless
there's some material change, the work is done and
documents move on and hotels get built?

MR. COLLINS: Yes, Mr. Chairman.

CHAIRMAN McCUSKER: Thank you very much.

Mr. Irving.

MR. IRVIN: I think one thing that we
shouldn't lose sight of is, you know, almost a little
over eight years one of the biggest decisions that we
had to make as a Board is do we green-light a hotel on
the Tucson Convention Center grounds that was going to
be hundreds of rooms run by the City. I could go on
till I'm blue. I think many on this Board felt that
the worst thing that we could do is to green-light that
project and be one and done with Rio Nuevo, which would
have happened, because we would have had the backstop
those bonds. Thank goodness Steve Kay felt the exact
same way that we did, but from the City's perspective.
And I think what came out of that -- in fact, I know
what came out of that -- was a really strong desire and thought that the best thing that we could do was to spread that risk around, and rather than doing some big monolith hotel, to spread that around and actually do what Tucson feels is better, and that is boutique hotels scattered around downtown. And I think -- thank goodness the City brought in the streetcar, because that really allowed a lot of that to happen.

So I'm tickled to see small boutique things likes this. I love the fact that they are being done by Texans that have come and seen something. It's a fact that I say that, Greg. And so, I wish you the best.

CHAIRMAN McCUSKER: Brandi, call roll.

(Roll called.)

(Motion moved, seconded and passed unanimously.)

CHAIRMAN McCUSKER: Aye all the way around.

Six-zero.

Greg, welcome to Tucson, and give our thanks to the Hilton and the Hilton family.

MR. FAY: Thank you, Mr. Chairman.

CHAIRMAN McCUSKER: All right.

Caliber, you got big shoes to fill. Roy around? Anybody from Caliber come today? I didn't see
anybody. Mark, yes, no?

Okay. Item number nine on the agenda, the Caliber Hotel, which we can also refresh your memory is also a Hilton brand. Because it's on Rio Nuevo owned property, it's been a little more challenging than the private sector developers you just heard from. Major issue has become parking, which we're going to talk about also in concert with the TCC agenda.

But to update everyone on the status of the Caliber Hotel, we have approved unanimously, by the way, Rio Nuevo providing the land to build the hotel on the southeast corner of the Tucson Convention Center complex that will use some of the existing entrance as part of the hotel proper. Initially, that was going to be cantilevered over the parking lot so you maintain all the surface parking. With the cost of building and operating hotel increasing as they have, Caliber has come back to us with a pleasant surprise. They request to upsize the hotel now to 170 rooms, which is an extraordinary opportunity. In order to enable that, however, we would have to improve the parking situation.

So the issue for this Board is, are we willing to consider building a parking garage, parking structure on the east lot of the TCC to enable this
MR. IRVIN: As we know right now, at the TCC we have a parking problem, and it only gets worse when we're using it like we're supposed to, which is pretty funny. So we already know we had a problem, and we know in order to bring this hotel there we definitely need to add a parking structure. I know that we spent some time looking at a parking plan that would build three decks.

CHAIRMAN McCUSKER: Do you have these slides? Can we pull up these slides?

MR. IRVIN: Probably good to have that drawing up there. I know we've looked at a plan that would basically keep the roughly 100 parking space, I think it's 106 parking spaces that are just out front of where the new hotel will be as open surface parking. But then on top of that, at 170 rooms, we still need about 64 rooms that we would need to make available for the garage. We need to make those available for them in the garage.

And in that particular picture, I believe the blue field on top of that garage is actually a solar panel that I understand that the City would like to explore, if it's something that would make some sense to add to that.
The other thing we haven't really talked about, but we probably should consider, is since we're building three floors, what would be the addition to add a fourth floor and add another 100 and basically five parking spaces with that. I know we've had some discussion about that's probably the maximum height that we would want to do. But I know that, currently, right now with this parking plan that we have here, probably all in, that's probably close to a $5 million number. I'm thinking probably should explore if we should add an additional level on top of and just look at what those numbers are. But I think if we're going to bring a hotel in and we're going to satisfy the TCC, I think, at an absolute minimum, we've got to look at this parking structure, at a minimum.

MR. SHEAFE: Mr. Chairman, I think what we're trying to do is here is give enough green light to keep this project moving, and at the same time in a few minutes we're going to be talking about a much more comprehensive plan for the TCC, which, hopefully, we can incorporate the parking question into. So would it be appropriate to put a motion forward to authorize counsel to continue to work with the Caliber people to get this much of it, on the assumption that will solve the parking problem?
Because they've asked for us three things, if I recall correctly. They would like to be able to hook into the AC system that's already on the TCC, which, by the way, was designed and built with a hotel in mind being part of it. That saves them a very large amount of money. They do want to have a GPLET in that kind of a structure, and they are looking for a certain level of parking abatement.

So if we could make the motion that says we authorize counsel to work with Caliber to move forward the project on the assumption that those three problems will be worked out, and then work with the Executive Officers to bring that to completion, subject to getting the master plan for the TCC and its financing also worked out.

MR. COLLINS: I think that works.

CHAIRMAN McCUSKER: Next sentence was -- I'm making a motion -- I believe he made that a motion. Let's see if that gets seconded.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: Okay. Mr. Collins.

MR. COLLINS: This is going to be a process. I think you made it pretty clear, everybody that's spoken. We can move the ball forward, as you said, Mr. Sheafe, but there are a lot of issues left.
So I think we're going to have talk about how big the garage is going to be, how it's going to work and play in with Caliber and all of that, and how that is going play into what you're going to do to the TCC overall. So I think what you've done is you've authorized us to move forward, but we will still have work to do.

CHAIRMAN McCUSKER: Mr. Collins, who owns that land? Is that Rio Nuevo owned?

MR. COLLINS: That land is owned by Rio Nuevo, but it is subleased to the City.

CHAIRMAN McCUSKER: So that conversation has to take place.

MR. COLLINS: Yes.

CHAIRMAN McCUSKER: I believe the garage is managed by SMG. So at a minimum, there's three, four parties now with the hotel who have an interest in the land and the garage.

MR. COLLINS: Yeah. For a lot of reasons, you're going to want to have a third party, and SMG would qualify, to manage the parking garage.

CHAIRMAN McCUSKER: Mr. Sheafe has moved and it's been seconded, is we basically are not saying no, which we could. You could defeat this motion, say no we're not building the hotel.
MR. COLLINS: You're not building a parking garage.

CHAIRMAN McCUSKER: Not building a parking garage. Or we can keep the hotel on the drawing board by committing to continue to explore the opportunities for Rio Nuevo to build a garage.

Now, remember, this would be Rio Nuevo built. This has nothing to do with Caliber and Caliber's not going build it, we're going to build it. But it does address a number of issues at the TCC, parking being the chief one, but also enables an adjacent hotel.

So any further conversation about the motion?

MS. COX: I have a question about the parking.

I think you stated that Caliber, in their agreement, wanted a certain number of parking spaces. Are these parking spaces that go to Caliber from the garage that we built that we don't get the revenue from?

MR. IRVIN: We currently have an agreement from Caliber that, for a period of time, we'll supply X number of parking spaces.

MR. COLLINS: That's correct.

MR. IRVIN: Now that they've upsized the hotel, we need to revisit that discussion, Jannie. But
we had based that upon them building a 125-room hotel, which I think at one point in time scaled down to, like, 115 and now we're up to 170. So that's probably the issue we need to revisit.

I've kind of got it mentally that they need roughly -- they don't need roughly, they need 170 spaces, one per room. And with the 106 that they have immediately adjacent to them, we need to provide about 64 more parking spaces for them.

MR. COLLINS: And if you look at the picture on the screen, the number of spaces Mark's talking about are the ones that are directly to the east of where the hotel is going to be placed.

MR. SHEAFE: Just to explain, I purposely tried to keep enough flexibility in my motion that we -- because we're going to be working through a lot of complexities here, and I'm sure that exactly what we think today isn't going to end up being the case anyway, so we need to have counsel have the flexibility to move this to where it works for the TCC and for the hotel and for all of our other vendors that are there.

CHAIRMAN McCUSKER: This is coming back to the Board.

MR. COLLINS: It will come back to the Board.

MR. IRVIN: As part of the overall plan, this
is just advancing it forward till we address the other items relevant to the TCC.

CHAIRMAN McCUSKER: Brandi call roll.

(Roll called.)

(Motion moved, seconded and passed unanimously.)

CHAIRMAN McCUSKER: That makes five hotels then in a single meeting.

Anybody out else out there want to build a hotel? Roadrunners?

We do have a specific ask from the team. Elaine and Bob are here to talk about the hockey in general. We're going to talk about adding some premium seating, which will tie back in later to the Convention Center conversation.

But Elaine Becker, as everybody knows, has moved on to greener pastures, actually now works for the Coyotes. We miss her, but we get her back. So it's a win-win situation for everybody.

So, Bob, if you want to launch, and introduce yourself for the transcript.

MR. HOFFMAN: Sure. I'm Bob Hoffman with the Tucson Roadrunners.

Thank you, Mr. Chairman and Members of the Board for allowing us to be here today to talk a little
bit about the state of the team and give some updates on some of the exciting things that we're doing.

I want to start off our presentation, if I could, with a quick video of some activity and action from last year.

MS. HAGA-BLACKMAN: Do we have sound?

A VOICE: I think so.

CHAIRMAN McCUSKER: Hit the sound button on the laptop.

MR. HOFFMAN: It was great to experience that whiteout in Tucson last spring for the first time, the team making the postseason and winning the Western Conference Championship, getting into the playoffs, winning a playoff series, and we hope to go further this year. And, obviously, proud for Tucson. Off to a great start, the club is, with winning decisions in four of the first five games, and right there amongst the top of the league again.

Greg was up here a few minutes ago talking really about that community in Tucson and really how Tucson has that feel. And for the first two years, when we talked to different people around Tucson, it was always was interesting, because we were asking at that point and saying, we're excited, we're going to be out there in the community, we're excited to be a part
of this Tucson community, and we're excited to kind of plant our seeds and grow within the community. And now we head into third year here, and I feel like I can firmly say we are a part of that community and that we have done some really good things in two years, so that now the newcomers coming into Tucson can look to us as well as a part of the everything that's great that everyone that's been here for years and years has accomplished.

Some of those connecting moments that we've had in the community, things that we've really worked on, was to be true to what Tucson was, and to be here with the things that were steady and stable in Tucson, like Davis-Monthan Air Force Base, and bringing airmen and their family out to games. Last year close to 10,000 seats were bought and purchased by local corporate community partners of ours here in Tucson to give seats to airmen and to their families throughout the course of the season.

This year we launched something at Dusty's PE Program to where we have right now 29 schools around Tucson and some of the surrounding area, that we have gym programs in place teaching curriculum and teaching sportsmanship, physical fitness, and to what to learn about the sport of the hockey. That's something that
wasn't, obviously, second nature down here in Tucson. It's something that we've had to grow on in two years to be able to educate about our sport. And we're very pleased with the progress we've made in getting into the curriculum of the schools.

One of the big adventures of our summer that we had in June was the unveiling of the William J. Doss Memorial Deck Hockey Rink right on the Doolen Middle School grounds there by the Boys and Girls Club. It was a collaboration of more than 20 businesses here in Tucson that went out pro bono to do so many different things to put that in place, so that we now have a place that youngsters can go and play the game of hockey and learn from our players and have clinics and tournaments. The first in-line tournament is being planned right now for the second week in November, which will be that first kind of foray into something organized from a tournament standpoint on that deck hockey rink, and then dealing with our corporate partners, dealing with people that want to be there side by side with us to donate tickets to the Boys and Girls Club, to the airmen, like I mentioned, and just wanting to be a part of all that entertainment and celebration that the Roadrunners are presenting and what it means to come to downtown Tucson and be a part
of the growth.

Also, I wanted to bring up one our big initiatives when we came into town, was we wanted to work hand in hand with the U of A and with their hockey program. We have found different ways and different paths to be able to do that through building relationships with their coaching staff to our coaches, building relationships through different mechanisms of operations of their game ops personnel coming and talking and be getting practices from the professionals that we have and doing different things along those lines. We've raised money for the U of A through different 50/50 raffles. We wore a special University of Arizona hockey jersey back in January of 2017, and we've been able to raise money and donate that to the University to help their growing needs as well from a financial standpoint.

And then from growing the game of hockey, it's obviously something very critical to us. We want kids, eight, nine, 10-year-olds kids to see the U of A players, to see the Roadrunners, to be able to say that they want to be hockey players. We talked with the U of A group, and we look at it from our pride in what we want to be one day with it.

We're very firm that one day you're going to
have a player born and raised in Tucson that went and played at the University of Arizona for hockey, and that suits it up and laces them up for the Tucson Roadrunners. The State of Arizona is growing in this fashion, with the number one overall pick two years ago from Scottsdale. So we're going to be a part of that. You're going to have Tucson on the map as we continue to grow the game.

Building a community asset is something we try to do to make sure we appeal to so many different people and so many different genres. When you look at the fan and family-friendly atmosphere that we're trying to create, we want to keep ticket prices affordable. We're maintaining that. This year, heading into year three, we had to do a small ticket increase, which is the first increase through three years. Different promotions and giveaways to make sure that there's a little bit of something for everyone, whether it's a Harry Potter Night that we're running in January, we had a Star Wars night, a Marvel Super Hero night, different things that we're trying to become really family friendly and get the kids to get excited about coming out to the TCC.

And then, also, we feel that hockey players and anyone, I think, that's had that opportunity to
meet our guys in their time in here Tucson, are the
most down-to-earth, greatest athletes in the world.
And we want to give people that access to the players,
to the ice surface, and find different ways. When we
have our event fan fest that we had close to 2000
people at right at the start of our season, people were
able to go out and take shots on net, were able bring
skates, if they have them. And we're looking for
programs to have skates available for others as well,
so that we can have open skates in conjunction with the
TCC, as well as after our games, for partners, clients
and just the general public.

In growing the game of hockey statewide,
we've seen large increases. Obviously, the Coyotes and
what their initiatives are with that, and now we've
jumped on that in Tucson as well. Statewide, there's
been an 11 percent increase in youth hockey over the
last 15 years. And that deals with not only the men's
leagues, but girls and women's leagues as well as the
youngsters. 10-deck hockey rinks have gone up in the
State of Arizona, including the one that I mentioned
right here in Tucson, and we're going to have
continuing efforts, hopefully, for a community rink
here in Tucson to create more access to ice for people
who want to learn the game.
That one particular slide there just shows some of those amazing numbers as to the growth from not only the Coyotes' and the Roadrunners' joint efforts statewide, but the one that pops out on there to me is that bottom bar with the growth in Tucson's eight-and-under program of 433 percent. We've gone from having, you know, what was a dozen kids that may be interested in learning the game of hockey two, three, four years ago, to now we've got hundreds and hundreds of kids interested in learning the game of hockey, and we're going to continue to grow that.

Development is what we really tried have to do as well through our first two years, from creating new jobs from people here in Tucson. We look right to the U of A to find a lot of the youngsters that we're hiring. The average age of our staff is just over 24 years old. So this is a great starting point for them to get their feet wet in the professional sports world. And we look right here locally, somebody who knows Tucson, is what we're looking for to grow that staff.

We're up right now from what was 17 full-time staff members to close to 25 or 24 members right now. So we've had that growth from there. And the hockey operations department as well is now up to 11 people in that hockey operations side, I think, on top of the 24
full-time front office staff members.

We've been responsible throughout that two seasons, through our first two seasons, of more than 320,000 people that have come to downtown Tucson over those two years, with economic impact of more than $10 million. We are trying to help make Tucson a destination, and really following on the footsteps of so many good things we've heard in here today as well, as to growth of all the hotels, with Caterpillar coming in as well. I mean, there are some great things, obviously, we all know happening right here in Tucson, and we're happy to be able to put Tucson on the pro hockey map and make us just a destination for so many different markets, with fans coming from Winnipeg last year, from all the California teams, and from Austin, Texas, to come and follow their teams and be a tourist right here in Tucson.

The Roadrunners Give Back Foundation is something that we started a year ago, and are happy to announce that we donated more than $100,000 last year in our first season through different events, partnering with the American Heart Association, Diamond Children's Hospital, the Boy Scouts, SACA, Boys and Girls Club of Tucson, and many, many more. We're looking to, hopefully, grow that number to -- right now
our goal for this year is to be able to donate more that $150,000 here in year two. And we've had that great success with not only the support from the community, but also from our fans in being so generous in buying jerseys during our auctions, and being able to buy different fundraising initiatives that we've been able to put out there in front of our fan base.

Some of the events that we have going with the Roadrunners Give Back Foundation for this year, some of you attended the face-off luncheon. That is one of the areas that we have proceeds of a luncheon. Restaurant fundraisers and percent nights at restaurants will happen throughout the year. And then our big event that we've just announced is our Top Golf Classic, with the entire hockey playing golf at Top Golf with anybody that would like to come and participate and be a part of that fundraiser. That date is January 8th at Top Golf from 5:30 to 8:30.

So with all of those different growth initiatives and different things we are trying to put in place, we feel that we really are part of this community. We're happy to be here. The support from everyone on the Board, as well as from everyone in Tucson, has been very warm, and we're excited about what the future holds for the team.
And one of those growth and development
things we have on there, as Fletcher already mentioned,
with Elaine Becherer coming on Board with us. That's a
continued piece of that growth, as well as Elaine, a
member of the Arizona Coyote staff, working down here
in Tucson most of the time and being able to work on a
lot of special projects, as the Director of Special
Projects for the Coyotes, to try to help us continue
that growth and development.

And I'll turn it to her for a few words now.

MS. BECHERER: Good afternoon. It's good to
see you all.

Maybe if say Elaine Weaver, will you
recognize me?

MR. IRVIN: Yeah, that might help.

MS. BECHERER: Elaine Becherer,
B-E-C-H-E-R-E-R, with the Arizona Coyotes.

Again, thank you for having us and giving us
this opportunity. So we want to continue to leverage
the success that Bob has just shared with us. And it's
really our success; it's the City's, it's Rio Nuevo's,
as well as the Roadrunners and the Coyotes.

So we are here to advocate and support the
City's number one project on their TCC CIP list, and
that's the full replacement of the ice plant and the
ice floor. There has already been a leak in the system this year, and everybody jumped on that quickly to fix that. But as we heard regarding the revenues, it was really great to hear the generation of the revenues, as well as get it on the record. And so, the ice floor and the ice plant is critical to supporting that asset.

To note, the hockey renovation that we did three years, when we did that entire locker room renovation, all we did was we simply put band-aids on the existing equipment. We knew at the time that there would come a day that we had to do a full replacement. And this is tearing up the floor, this is new pipes, this is moving away from the R-11, going to ammonia. We did what we could back then, and it's lasted and it's worked. But now is the time to move forward to support and protect, really, the community asset that we've all built.

As a key end-user of the ice, we're asking that the Coyotes and the Roadrunners really have a voice at the table to drive and advocate and help lead that project. We've already been in contact with the Ice Den up in Chandler and Scottsdale. We've also spoken with our partners over in San Jose, the Sharks recently replaced their floor. So we have the experience, we have the expertise, and we have the
support needed.

So I think the two things that we really want to point out to help move the project forward is really the advanced planning. The advanced planning is key. And, you know, we have a very short window of time. Once football is done, we have about three months. So that's for us to start designing, hiring a team based on qualifications, as well as a general contractor based on qualifications. This is not a hard-bid project where you just take the lowest number. This is about staying on schedule and on budget so that the first hockey puck truck can be dropped next season.

So Chairman McCusker mentioned the premium seats. We also want to continue the fan experience that we've built. And to that point, we would like to start, you know, having a serious conversation about building premium seats.

We believe that there's some low-hanging fruit regarding premium seats. It is not the Cadillac version of premium seats, but we believe that version is a couple years away; whereas, the low-hanging fruit is something that we could build this year, and there can be multiple price points over the next coming years. But the low-hanging fruit is something that we would like to see if we can figure out how to make that
happen.

We've been talking with the City, and the City, to me, includes SMG. To me, they are one and the same. So we've been talking with the City/SMG regarding looking at the premium seats and how we can make that work.

So, in closing, we also want to continue to support the community asset regarding professional hockey here in Tucson. And we're hopeful that, as you're considering the TCC CIP list that's coming up shortly, which includes a lot of deferred maintenance items, in all fairness, that we can jump start the conversation regarding a community ice rink. The community ice rink could be a new revenue-generating asset for Rio Nuevo, for the City, as well as for growing the game of hockey in Arizona.

We're looking -- and you're talking about parking in lot A. That would be a conversation for parking lot B. So it's an ongoing conversation. And the CIP list does not include new assets. It only includes existing assets. So, hopefully, we can have a broader conversation about, truly, the overall campus design and planning of the TCC, which could, and we believe should include a community ice rink one day.

Thank you.
CHAIRMAN McCUSKER: Elaine, will you walk through the math on the two projects you mentioned? What's the price tag on the floor and what's the estimate on the premium?

MS. BECHERER: So prior to leaving the City, I worked with my colleague in the City Manager's Office, Greg Jackson, on putting together the CIP list, and our rough order of magnitude estimate is $2.1 million. And so, that's for a full replacement of the floor and the ice plant.

There is language in the contract that we have with Rio Nuevo and the City regarding the -- it's not a facility fee, but it's equipment fee, and there's a certain pot of money in that, and the City has a portion and Rio Nuevo has a portion. And then there's language in their regarding if that does not meet the total need, that the owner, which in this case is Rio Nuevo, would provide the gap funding. I don't know the current balance, and Mr. Jackson, I think, can probably share that with us, but that project is 2.1 million.

The second project that I spoke of is the premium seating, the low-hanging fruit. Now, there's broader, grander versions of premium seating, blowing out a wall, filling in the corners. What we've looked at is taking some of the concourse-level seating, which
is currently used for ADA seating. We've done a code
analysis, with the help of Swaim Architects, to look at
some of that ADA seating can be repurposed and used as
seating for the Arena. So we're still code compliant,
and we would also be generating new seats within the
bowl.

So we're looking at 32 premium seats. And
when we say "premium," we're not talking suites. You
know, suites don't sell like they used to. In Glendale
we have looked at -- you know, the big suites don't
sell like they used to, even groups of eight, it's more
twos or fours. And so, that's how they are designed,
they are in pods of four. And what it would be is on
the concourse a small pony wall, a countertop,
stool-height chairs, and it would be dedicated food
service that we would probably provide. And so, fans
would be on the concourse with great views to the
floor.

MR. MARQUEZ: In regard to your code
assessment, are you saying we have more ADA spaces than
necessary?

MS. BECHERER: Yes, sir, we do, because the
code recently changed. And so, that's why we have more
than what we need for 2018.

MR. MARQUEZ: Okay.
MS. BECHERER: And that project --

CHAIRMAN McCUSKER: So it would also be

available then for other events?

MS. BECHERER: Yes, that's correct. So it's

an additional revenue-generating asset for the City

that they can rent out. If they choose not to use it,

that's fine. They don't have to have the chairs out

there. They could pull them out and not sell those

seats.

MR. SHEAFE: What was the number on the

premium?

MS. BECHERER: All in with FF&E, $100,000.

MR. SHEAFE: Okay.

MR. IRVIN: So a couple things. In just

looking through earlier our audited report, I think we

set aside 200 -- or collected $232,000 just last year

for the surcharge that currently applies on the

tickets. So if you are looking for that number, there

you go.

MS. BECHERER: I believed it to be higher,

but --

MR. IRVIN: Yeah, I realize that. We'd all

like it to be higher.

The other thing is the floor, we've also

known that was going to be a problem we have to change
out, do something at some point in time. That's probably further accelerated this, Elaine, by the fact the R-11 that we're currently using to fuel that, you're not even going to believe able to get that in, like, 2022 or 2023, whatever that date is. So that's kind of an interesting stop date for us as well. And as Fletcher just talked about very clearly, that will definitely benefit the Sugar Skulls as well as it would anybody that's using the TCC.

I like that low-hanging fruit piece, but I'm also concerned about what happens if our ice plant goes out. We only have one sheet of ice in Tucson, and to have that sheet of ice go out would be quite scary. I'm not sure what we would actually do about that. So I'm all for supporting and figuring out a way to figure out that ice plant.

I also just wanted to say, just while I'm talking a little bit, is I think the Roadrunners and Coyotes got a steal in hiring you, and we're still mad about that, just like we were when you got married without our permission.

The other thing a lot of people don't really realize, and I know Bob talked about it briefly, but is what the Roadrunners do in the community. The first year when you guys were here, I remember Bob reached
out to us and said, can you connect us with the hospitals, we want to go see kids, and so we connected them with four NICUs. And I thought they'd send a couple players over to see a couple of the hospitals. And if I remember correctly, they hung a signing in the locker room, and every single player signed up and every single player went out the whole day to see kids. And I think that's really outstanding.

I think what happened with the deck rink is a great first step of what we need to do in Tucson. It doesn't replace the ice, which we need to think about. But I also think it's neat that the Roadrunners are also really involved in the military and are very involved in helping us perfect the military lounge at Tucson International Airport, which will be something that will announced here in the next couple of weeks or so. So lot of stuff going on.

I think we would be remiss not figuring out a way to address the suites -- excuse me -- the premium seating, because, Fletcher, if I'm not mistaken, that was an idea of yours, like, day one. So I think we're kind of -- definitely something we ought to go and do. The $2.1 million that almost -- I know we need to address it, just like we needed to address parking for the hotel. It almost seems like it falls into that big
kind of capital discussion that we're having, so I know we need to address it. I'm trying to figure out the best way to address that with a motion. I would like for us -- I know we got to do it, but I --

CHAIRMAN McCUSKER: What you might want to do is advance the premium seating. That not in the CIP budget, that's separate item. I think that has value across the Board.

MR. IRVIN: That would be a simple one.

I would like to advance that we approve and fund the premium seating, with the price tag not to exceed $100,000.

MS. COX: Second.

MR. MARQUEZ: Do we have a design we can see?

MS. BECHERER: We do have a design. I can get that to the Chairman and the Board.

It's literally a countertop added to the existing concrete walls on the concourse with a short pony wall that extends out and then some stools. We would be filling in -- there's gaps between the concrete walls. There's a lot of cut-throughs, and we would be filling that in, and then providing the FF&E needed.

MR. MARQUEZ: If this is phase one of premium seats, how many more phases are there? Is this one of
ten or one of three?

MS. BECHERER: I think it's to be determined. That's an ongoing conversation we would like to have with the City regarding building new assets within the Arena that we can utilize, as well as other events in the Arena for concerts, for football. Let's figure it out.

The corner -- let's see. That's the northeast corner of the Arena. That's a vacant hole. And we've looked at filling that in with a floor, adding seating, if not a more traditional suite. We can't really do that on the northwest corner because of the clearances needed for trucks to pull into the Arena.

And so, I think that should be an ongoing conversation with Rio Nuevo, the City and, you know, end-users, significant end-users of the building.

CHAIRMAN McCUSKER: I have a couple questions for our lawyer before we vote. Start building, if we want to add seats, we can do that. But I expect we would have to procure probably both a design and the contract.

MR. COLLINS: Certainly the contract.

CHAIRMAN McCUSKER: Same thing on the ice. If we opt to proceed with changing out the ice, no
different than the work we did a few years ago where we solicited selected a contractor and did a renovation.

MR. COLLINS: Don't forget you have a cooperative purchasing agreement with the City of Tucson, and they, the City, may have the right people already on that list, so that you can streamline the procurement process.

CHAIRMAN McCUSKER: Is that true on the contractor side as well?

MR. COLLINS: Correct.

CHAIRMAN McCUSKER: Then crazy question on the ice, since nobody but hockey teams really know how to do this. Could we subcontract the restoration of the ice floor to the Coyotes?

MR. COLLINS: That's going to be a procurement we've got to do. At $2.1 million, you're into Title 34.

MR. IRVIN: Couldn't we draft that RFP in a manner that addresses the need that the work occurs within that very small window? You know, we've got basically a three-month window. So we can address that RFP so it addresses that piece, which will probably make some groups say, we can't meet that schedule, and they'll deselect.

MR. COLLINS: You bet.
CHAIRMAN McCUSKER: So you answered both of my questions. We can proceed on premium seating. If we want to use somebody on the City approved list, that could be expeditious.

As it pertains to the floor, I think, one, you wanted to see that in the context of the whole renovation of the --

MR. IRVIN: You know, I don't know if I could ever restate Mr. Sheafe's motion as it related to the parking piece, but I would have a motion that would say we should move forward with this subject to the same criteria that we had relative to the parking. We know we need to do it, we know we need to go through a process. It almost, to me, falls within exactly, Chris, what we just went through with the garage. So is there a way that somebody could --

CHAIRMAN McCUSKER: I don't know you need to make a motion. I think you can just state the obvious, that, yeah, we get it, we'll do it, we got to figure out how and when.

MR. IRVIN: I'll except that as a motion.

CHAIRMAN McCUSKER: Anybody that doesn't want to fix the ice, you know, speak now or forever hold your peace, I guess.

MR. SHEAFE: You're going to want to do the
one motion on the seats, right?

MR. COLLINS: That's what this is.

CHAIRMAN McCUSKER: Just about to call Roberts Rules of Order on me, so let's do a voice vote on the motion for the premium seating.

All in favor say aye.

(Board responds affirmatively.)


(Motion moved, seconded and passed unanimously.)

MS. COX: Anybody ever second that motion?

CHAIRMAN McCUSKER: Yeah, it was seconded.

MR. IRVIN: It was seconded.

CHAIRMAN McCUSKER: And what's your pleasure on the floor? Do you want to see in context with the whole thing, come back to it, or do you want to spend $2.1 million?

MR. IRVIN: I know we need to do it. I think it's -- I know we're going to be faced with this at some point in time. I would like for us to continue to explore what it's going to cost. And, candidly, I think it's something we ought to nail down the numbers a little bit tighter, Elaine, and come back maybe next month.

I think we all want to do it, but we're a
little shy about just green-lighting something that we haven't quite figure out exactly what it's going to cost us and how we're going to pay for it. So I think, if you are okay with us deferring that one piece until the next meeting, and then come back with some stronger numbers and give you a chance to work with the Officers and with Mr. Collins tightening some of that stuff so that we can present something to the Board that they understand.

MS. BECHERER: Yeah, just to clarify, I'm well-versed in the City's on-call list for architects, and I think that there's definitely the skill set there. I would give pause to the on-call general contractors that the City has. It's more -- I don't know that they meet the qualifications to do this type of project. So I would hope that we wouldn't --

CHAIRMAN McCUSKER: Talking about the floor?

MS. BECHERER: Right. The ice plant and the ice floor. I would hope that we would not put that project in such a tight -- an additional constraint as to have to use those general contractors.

CHAIRMAN McCUSKER: Chris and I are contractors. We thought maybe we would do that.

MS. BECHERER: Well, the three of us, let's just go do it.
So just to note, thank you.

CHAIRMAN McCUSKER: I'm moving on.

MR. SHEAFE: I've gone cold on the idea of me doing it.

CHAIRMAN McCUSKER: Jannie, go ahead.

MS. COX: We have the item on the agenda for the update from the team, but we don't -- it doesn't say action. Can we do that on this agenda item? It says discussion only. I'm all for it, but I want to make sure we're not --

MR. COLLINS: That is part of the TCC. You're going to be hearing -- I think Elaine's already discussed it a little bit. You're going to be getting --

CHAIRMAN McCUSKER: Counsel's advised us it's properly agendized. We just took it out of order. So I'm going to move on to item number 12. We kept dancing around it.

Just a quick summary of the conversation. Since we've been on the Board we've always struggled with how we really fund and advance the renovation of the Tucson Convention Center. There was some fantasy under the old Rio Nuevo leadership we would build a new Arena. Those days are long lost to all of us. So, obviously, we have to commit to the one that we have.
We made that commitment on the Arena, and that's, obviously, paid off in spades. You've seen the attendance up, I think, over half a million visitors a year now to the Convention Center.

We've continued to neglect, and you heard Elaine used the word "deferred maintenance." The rest of our assets, which under law, remember, are our primary component. So once our extension passed to 2035 and gives Rio Nuevo a little breathing room, we asked the stakeholders, particularly the City and SMG, to come with us with a list of ideas, and to some extent the City Council's priorities, in terms of what they would like to see us renovate on that complex.

So, Greg, if you are ready, we're going to go through that.

This has had a lot of work, as Elaine said, for months involving people who use all of our facilities. So what you're going to see a list that's been compiled by staff, our stakeholders, and given to the Mayor and City Council.

So I don't know if there's any leftover out there for the public and the press, but Mr. Jackson.

MR. JACKSON: Thank you, Chairman McCusker.

Good afternoon, Members of the Board.

Greg Jackson, City of Tucson City Manager's
Office. We also have Glenn Grabski, the general manager of the Tucson Convention Center here to help answer any questions.

Wow, if I listed and added up the numbers correctly earlier, there are 610 hotel rooms in the next two years.

CHAIRMAN McCUSKER: Do you want to build a hotel? We'll make you a deal while you're standing there.

MR. JACKSON: The City doesn't want to build hotels. Council member Steve Kay hit that on the head. But I think that makes this discussion about the future of the TCC and the improvements even that more important that we talk about how to make this a good community asset.

The list that Brandi just handed out to you is the capital improvement projects I've been working on between SMG and the City for the last four years. This started out with an assessment that the City did prior to the Arena upgrades. As soon as SMG came on Board, we asked them to also evaluate the facilities. So we took those two reports, put them together to develop the CIP project list.

As Elaine alluded to, this is only about improving existing facilities. This does not take into
consideration expanding facilities, like another sheet of ice, parking garages, expanded concessions or any of those things. This is just fixing existing facilities. Think of the Arena project four years ago and the money we unfused into it and what we have today. The same idea is to think about how we might have that same impact on the Exhibit Halls, Ballroom, the Music Hall, and the Leo Rich Theater and the landscape.

The sheet that is in front of you, we wrote this CIP down into five categories. On the first page you will see the Convention Center. That includes the exhibit hall with seven projects, the ballroom with five projects, and the meeting room with eight projects.

When we developed this list, we did it by project, because the City's been funding between 450 and $750,000 a year for improvements at the Convention Center. So this list doesn't include things like carpeting of the Convention Center, because we did that last year. We spent 275,000 last year in carpet in the Convention Center. This list doesn't include upgrades to the elevator at the Music Hall, because we spent 225,000 three years to upgrade that elevator. So this list is projects that we still think need to be completed over time, and that's why we created the
different projects under each category.

So if you look at just on page one,

Convention Center, it's about $7.6 million worth of improvements, not including the HVAC. You'll see the highlighted HVAC items. Those are things the City has said, hey, we should take on those repairs and fund those.

So on the first page we've got 3.3 million in HVAC and 7.6 million for the other projects.

CHAIRMAN McCUSKER: Are they in the subtotal or they are not in the subtotal?

MR. JACKSON: They are not. They are separate. So the total for the Music Hall is about 10 million.

CHAIRMAN McCUSKER: Got it.

MR. JACKSON: 10.9 to be exact.

If you go to page two, the second category is the Arena. Five projects there. About 770,000 for the HVAC and about 6.3 million for the other four projects.

Third item on page --

CHAIRMAN McCUSKER: Surprised to see the roof on that. You want to walk through the roof and everything?

MR. JACKSON: I don't have the background, but that is all -- that's replacing that entire
concrete roof over time. It's diminishing, so at point we're going to have to redo that roof.

Mr. Irvin: Wasn't that roof just redone when the solar panels and stuff were installed on that, Greg, when we did all the stuff with the TCC Arena? I thought we addressed every bit of that.

Mr. Jackson: I don't think so, sir, but I'll have to double check and come back to you on that.

On the bottom half of page two you have the Music Hall with 15 projects and about 630,000 in HVAC and about 6.6 million for the remainder of those projects.

Chairman McCusker: Mr. Marquez, does that track with your conversations with Music Hall stakeholders; carpeting, seating, lobby, restrooms, lighting, dressing area?

Mr. Marquez: It does. I too was looking at the roof. I know I'm getting caught up on the roof piece.

So from Rio Nuevo, our perspective is generating sales tax and driving as much dollars spent downtown as possible. I'm kind of looking more to user experience versus the deferred maintenance. I mean, obviously, we lease to the TCC -- sorry, we lease to the City the Tucson, but of the TCC we own the Arena,
we own the Convention Hall. We don't own the Music
Hall or the Leo Rich.

And I'm going on a mini tangent here, but I'm really about user experience here and just trying to get some pride pumped back into the TCC.

Yeah, the numbers jive a bit. There's a little more added for deferred maintenance than -- I've seen some of it before, but then we originally talked about -- when you are talking about adding in electrical boxes and a roof and things like that. I'm more concerned with the couple that spends money with the symphony to go to the Music Hall, and they want nice carpet, a quality sound system, a quality area they can purchase a drink, and a bathroom that doesn't look like 1975.

MR. JACKSON: Totally agree.

MR. MARQUEZ: Yeah.

MR. JACKSON: We put this list together so that as funding becomes available we know where we need to prioritize. This includes the whole gamut of the things need to be replaced. Obviously, some of those might not be as relevant for Rio Nuevo. But they are on the list because we know at some point we've got to update these elements of the asset. So that's why they are on the list.
If you go to page three, you have the Leo Rich Theater, which is the fourth item that we broke our categories down into, with 14 projects. About 420,000 for HVAC, about 2.7 million for the rest of those projects.

And then the fifth category on here is kind of the exterior, the Eckbo Plaza, the parking lots and the landscaping. We've got six projects in there, about 11,000,008 of that is the fountains.

So I want to take you back to page one real quick. The process we went through here to prioritize projects, on the left-hand side of your page you'll see there's a staff priority, a TCC Commission priority, and a stockholder priority. So staff -- when I say staff, City staff and SMG. We went through each one of those projects and then within the venue -- so, for example, within the Exhibit Halls, we prioritized those seven projects one to seven. And we did that all the way through the list.

Then we looked at them across the Board and said, okay, if we had $2 million and we had funding coming in, what's the number one priority. We also asked the TCC to do that, the Commission to do that. Excuse me. TCC Commission. So they prioritized what they think is most important as well.
Then sent a survey out to our key stakeholders, people using the facilities on a regular basis, and we're asking them to prioritize the elements of the venue that use. So those using the Music Hall would prioritize projects within the Music Hall, plus the outside projects, parking lot, fountains, landscaping. Roadrunners would prioritize the Arena projects, plus the outside things.

We just got the results of those surveys. We haven't had a chance to plug those in here, but we'll be plugging in the stakeholder priorities here in the next week or two.

From the City staff perspective and SMG, our number one priority is the ice plant and ice floor. As Mr. Marquez mentioned -- we looked at three things. We looked at, number one, the impact of failure. If that fails, we're in big trouble. That's going to impact customers, it's going to impact our clients. That's a problem. So that was the number one priority for us.

The other thing we've looked is customer experience. What improvements in here make a better customer experience.

And then we also looked at return on investment. Are the projects in here that, hey, we upgrade these things, does it help in efficiency, does
it help us improve sales. That helped us prioritize as well.

So the number one priority was the ice plant. The number two priority is the bathrooms, from our perspective the bathrooms in the Exhibit Halls. Close behind that was bathrooms in the Music Hall. Let's face it, they are 40-year-old bathrooms. SMG does a great job keeping them clean, but they are just old, don't look good, not appealing. So those are the top three projects on our list.

Fourth was the lobby at the Music Hall. Again, wasn't designed with concessions in mind, so it does not have a good flow to it. Redoing that lobby would give much better feel.

And then the fifth priority from the staff perspective is the fountains. Let's face it, they are an eyesore. They are what everybody sees when they walk across the campus. There's not much we can do with them in their current condition. So for us it's a priority. If we're going to have all these hotel rooms and start bringing conventions here, they are going to walk across the plaza. No avoiding it.

MR. MARQUEZ: Does the Eckbo Fountain have a historical designation?

MR. IRVIN: Yep.
MS. COX: Yes, it does.

MR. JACKSON: So that from our perspective is the fifth priority, because we think it’s important on to really have a good venue --

CHAIRMAN McCUSKER: And we can’t run Sangria in it.

MR. MARQUEZ: For 8 million bucks, we might as well run Sangria.

MR. JACKSON: Yeah. So those are the five priorities.

CHAIRMAN McCUSKER: Let me ask question. So that kind of jumps around, you know, venue to venue.

MR. JACKSON: Yes, it does.

CHAIRMAN McCUSKER: Does it make more sense to take a venue and tackle it, i.e., the Music Hall, do everything we ought to do in the Music Hall and get around to the others, or is it a better -- do we think better of kind of agreeing with the priorities, one through 20 or one through 25, even though they may be in different venues, and kind of just focus on doing something campus wide?

MR. JACKSON: My thought would be to try to improve a venue specifically, and then maybe try to hit some of the other key priorities in some of the other
facilities.

The Music Hall is probably the second busiest asset to the campus. Glenn can talk to that more than I can. But it definitely needs some improvement.

The Exhibit Halls and Ballrooms are right behind that. They are very busy spaces. They're probably going get more busy as we start bringing conventions into town. So knocking off the venue makes a sense.

MR. MARQUEZ: So every day Glenn goes to work he has to sell the TCC.

Can we hear from Glenn what you think in the regards to the approach of TCC? What's going to help you bring higher-end performers and pack the room?

MR. GRABSKI: Glenn Grabski, general manager of TCC, SMG.

The campus is great. It's been vast improvement in four years. I used to -- and this document started four years ago. It's shrunk, actually, because we've been able to do things.

I believe there's a lot of things that just need to some cleaning up. Let's say the restrooms in the Convention Center and the Music Hall definitely be needed.

Again, our priority is the ice floor. We see
that as biggest liability. And for the record, it's R-22, is refrigerant they don't make anymore. SMG is currently doing four buildings, chillers for floors, we've done our stable, so we're very well versed with doing that, and we also have people already coming out and looking at that to give us a better quote.

What we're looking at here really in the future is not -- I don't want to talk about concerts. What you're looking at is conventions. Finally, getting hotels in here. You really don't have any association business and convention business until you get those.

So what the big point would be is the Convention Center has to be up to speed for that, our breakout space, meeting rooms be brought up to speed. So as Greg was saying, 610 rooms, that gives us something to sell.

MR. IRVIN: Obviously, with some our new hotels, especially Caliber's Hotel, some of the meetings rooms and stuff that we're going to need at TCC are going to be addressed, but only marginally, and we're not really quite even remotely there.

You know, Greg, I think this is a really good first start, and I know it's something we've been asking and talking about for a while, especially since
we've picked up a little bit of additional bandwidth by
our extension.

You know, one thing that strikes me with this
is, obviously, these are all things we need to focus
on, but about half the stuff that's in here, it's not
stuff that's done by Rio Nuevo. And I'm talking about
Eckbo Fountains, I'm talking about the Music Hall, I'm
talking about Leo Rich. And I'm not saying those
aren't important things for us to look at, but they
are, obviously, not something that we're going to be
able to tackle by ourself without some heavy
interaction with the City.

So, first, I applaud us looking at this
stuff. I think it's a lot of information for us to try
to digest and make some decisions on right now. I know
for myself, I would like to have a better understanding
of some of the priorities. I would like to have a
better understanding of exactly how that money is going
to be spent.

And, also, I think we would be silly not to
consider Eckbo Fountain in all this. At some point in
time it's not going to be addressed. It's an eyesore,
it holds us back with stuff, and I don't want to speak
for anybody else, but it's driven me crazy for the
eight plus years I've been on the Rio Nuevo Board. So
I know we need to, you know, figure out a piece of that.

And I'm just trying to struggle with how do we figure all that out relative to what we can do and what can the City do, and how do we go and finance this, and do we do it in a piecemeal fashion. You know, we've lost our ability to bond, so we need to have a discussion about how we finance this.

So I think it's a really good first step for us to have a discussion, and I'm struggling a little bit on what I think the next step would be, other than some -- an opportunity for us to really study this a little bit more. You know, I know some members are probably really up to speed with pieces of this, but I don't think anybody has seen this thing in its totality until today. So I know I still need some time to look at it.

So I'm glad you have gone through this exercise. Again, I think it's a great first start, but I would like to see us have a chance to study this a little bit before we move on any action myself.

CHAIRMAN McCUSKER: We might want to think about a special meeting just focused on this maybe between the upcoming meetings.

Couple things that Greg probably can't say
that I can. You know, I've talked to the Mayor and Council about this. They were quite respectful of our need to go through this. They were, frankly, surprised that we hadn't seen it. So they basically left it, let's get it to Rio Nuevo, let's see what they think, we'll all come back together and figure it out.

So I think the HVAC was kind of preempted probably by Manager Ortega, who was in that meeting. Both he and City Attorney Rankin said these are kind of our responsibility, so they took that off the table right away.

It's clear to me that the City's not going to be much help in financing any of these big ticket items for another three or four years. So if we're expecting them to share in the financing, we're probably three, four years away before the City budget is in healthy enough state to do that.

MR. JACKSON: The conversation I've had with the City Manager is that he would be willing to look at financing things and trying to work something into the budget next year, if there's a number that makes sense.

MR. IRVIN: The other thing that I kind of questioned, as an example, in the central plant, one of the things we inherited when I first came on the Board was the fact we had to approve a project that was
already ongoing, and that was to upgrade the central plant to make way for us to be able to build the hotel, which never got built. So I would like to have a little bit better of an understanding of the money that we spent before and what those addressed.

And it sounds like they didn't address what we thought they were going to address. So it's kind of interesting that we've got this big number in HVAC redo number, when I thought we kind of addressed that. Now, I know a lot of stuff changed, and ten years is a huge amount of time for HVAC. Again, I would just like to understand it a little bit better.

MR. MARQUEZ: Fletcher and I have been in on many these conversations. I would recommend -- it's not a motion. I'd just recommend that we continue to meet with Greg and the City manager and continue this conversation, try to boil down some of these numbers down into something a little more Rio Nuevo-ish, and then bring it back to the Board.

CHAIRMAN McCUSKER: Let me speak to the financing piece for a minute.

We can't bond. You're right. We're now prohibited from bonding under the new legislation, but we're certainly -- and, Mr. Collins, interrupt me if I misstate this. We are, in fact, obligated to improve
our primary component. And in the paragraph of that statute we're allowed to finance that.

So this would be more of a traditional financing. We would solicit banks and other commercial lenders. Once you kind of hone in on the project's scope, we would release an RFP, like we did with Caterpillar or any other project. And say we have -- pick a number -- a $40 million project we would like to finance, we would like to solicit proposals. So I think it's clearly my intent to advance that in some sort of financing mechanism, particularly now that we have time that you could do that over a 10-year period.

I think that conversation has to occur with the City, because they do have some options to finance some of their piece. Even though they can bond, they are as bond averse as they've ever been, because they've got to manage their own budget.

So it's clear in my mind this is not going to happen unless Rio Nuevo steps up, whether we own it or don't own it or it's going to be years from now. With everything that's going on -- you heard Greg Fay talk about it -- this is our Lincoln Center. This is our chance to make the Tucson Convention Center a destination.

The meeting rooms are obsolete. If we're
ever going attract a convention, we've got to have breakout space. We may need a junior ballroom.

We've got to do something with the plaza. And now that they are a registered landmark, we're prohibited from destroying it. So the only option is to restore them, but how and how deep. What do we do about the risk now of water back into that plaza. They were designed to be waded in. There's no way we can --

MR. IRVIN: On that issue, you know, we had, during our discussion with the folks at University of Arizona, a really smart millennial architectural student looked and -- where is Elaine? She probably remembers this. Remember we kind of looked at each other, like, where did that come from. Why don't you guys shallow those pools up and you can get the exact same thing, jut make them a little bit shallower.

So I know we spent some time talking with Risk Management about that. That was their issue. So I love the fact we were having discussion about Eckbo, because I don't know how we do any of this stuff if we don't include that piece in there.

CHAIRMAN McCUSKER: The challenge we have, and the reason we go through this, is the open meeting law. We can't all, like, get together over at your house and talk about this. So the best way to advance
this is either maybe the Executive Officers or maybe we
form a subcommittee or somebody that sits down with
Greg and Glenn and other stakeholders in this at some
point, and relative quickly. You know, I would like to
have our version of these priorities, so then we can go
back and go to the City Council and say, this is kind
of what we would like to do, and let's get an agreement
on how we fund it.

MR. IRVIN: Given the way that we're
structured, Fletcher, I guess what I would like to do
then is make a motion that we authorize the Executive
Officers to work with City and other stakeholders to
come back and prioritize and present to the Board some
options for further consideration.

MS. COX: Does that preclude the special
meeting that we --

MR. IRVIN: I didn't preclude anything,
Jannie. I think at some point in time we need a
special meeting, but I think we need to get a little
bit further down. So, no, my motion was not intending
to remove any of that. I think we need to have that
meeting.

MR. COLLINS: On the subject of special
meeting, your next meeting is the 13th of November. It
is three weeks away. It's not that far off into the
future. So if you want to shorten it up, I mean, that's -- you don't have very far to go to the next meeting. I'm just mentioning that.

CHAIRMAN McCUSKER: We deferred the floor issue that you saw that this in context.

Any further conversation about trying to advance the funding to do the ice floor, which seems relatively --

MR. IRVIN: I think -- no, no, no. I think we've got to figure out a way for the ice floor, especially if this is going to be a process, Fletcher, that's going to take us, you know, a couple two, three months to go work out. I mean, the lead time getting those items, I know, is significant.

And so, no, I would probably modify that motion to say with the exception of the floor, because I think the floor we need to really percolate up way in advance of that. But I still think we would be in a position to talk about that in November. So that's just three weeks away.

CHAIRMAN McCUSKER: The City's first priority is the team's first priority. And, Glenn, it's your first priority.

So we could make a motion now to move ahead on the ice floor.
MR. SHEAFE: Why don't we make a motion to have -- I think it would be appropriate to say City staff then to put together the specifics on the floor as to who -- they can do a pre-contract and come back and say, here is what we've got, and then -- in other words, this is what it's going to cost, this specific increment of what that contract would be, and what are the resources available, which we would be either part of 100 percent or whatever.

CHAIRMAN McCUSKER: Let me ask a tri-party question here, Coyotes, City and SMG.

Do we need an architect to do this? Can this be designed by staff? Glenn, do you have enough experience -- does the team have enough experience that you can spec what it is without architectural assistance?

MR. GRABSKI: I don't think and architect's needed, but we have a gentleman coming in this next week that deals with this. This is what he does.

CHAIRMAN McCUSKER: We have to submit plans to the City, so is that person --

MR. GRABSKI: Yeah. This is more than just how do we rip out the plant, put a new one in, how we take up the floor and put it in.

So there's no real new design, but I'm going
to hold off until I talk to our gentleman that comes in.

MR. IRVIN: So let me ask you a question, Mr. Collins.

Would it make sense to authorize the release of an RFP or an RFQ, as the case may be, with those specifics, so we can go test the water on what this thing's going to cost?

CHAIRMAN McCUSKER: That's goes to my question about an architect. Typically, you would retain a designer first, and then the designer would design the design, and then they would participate in the solicitation of a contractor. But if we can -- and Elaine may want to address this. If we can design it internally to the point where it can be specked, we could go straight to an RFP.

MR. COLLINS: Right.

CHAIRMAN McCUSKER: Elaine, what is your sense about it?

MS. BECHERER: I think that we would advocate sitting down and having a conversation about it. Potentially, it can be specked, but I still think that with all of the building systems, the existing infrastructure, and there are some things in that facility that we still don't know until we tear out and
get into. The unforeseen conditions and the risks associated with that are high.

So an architect provides that comprehensive planning and design and ownership of a project; whereas, if you just hire somebody to come in and do piping, they only look at piping.

CHAIRMAN McCUSKER: We're allowed to retain an architect without competitive bidding under our professional services clause.

MR. COLLINS: Correct.

CHAIRMAN McCUSKER: So if the team wants to make a recommendation to us, is there something that focuses in this area that can come in, do the architecture, we can hire that person, we don't have to bid for that person, then we can move to straight a -- they would work for Rio Nuevo, but they would work in concert with SMG and the City?

MR. JACKSON: I think we could come back with a with recommendation by November 14th meeting on what we would recommend the best process to --

(Cross-talking.)

CHAIRMAN McCUSKER: Finish your statement.

MR. JACKSON: Our window's really tight, so by November 13th we're going to have to give you a real detailed plan on the dates to knock this out, because
we've got next June, July, August, small time frame to really implement this.

MR. IRVIN: I think in the motion I made before, I envisioned that as being a piece of that. So I know some of those things probably won't be even remotely ready for us to discuss on our next meeting, but I would hope that one would. So I think my motion would allow for that to occur, and then that would be come back for full discussion at the Board at our next meeting.

MS. BECHERER: I think the recommendation that we could talk about is, you know, a delivery method for not only the design, as well as a delivery method for the construction. I think it needs to be planned and thought of holistically, design and construction.

CHAIRMAN McCUSKER: We'll put that on the November 14 -- 13th agenda.

Greg, anything else on the CIP?

MR. JACKSON: No, sir.

CHAIRMAN McCUSKER: Any questions for Mr. Jackson?

We're going to move this along expeditiously. I didn't see anyone from JE Dunn. Is anyone from Dunn here? Are you going to speak to it, David?
Let me talk to our lawyer first, because we have some news.

MR. COLLINS: Yes. Mr. Chairman, Members of the Board, as you will recall, you have authorized the preparation and execution of a ground lease with the County and then a sublease with JE Dunn. The ground lease is 95 percent done, D-O-N-E as opposed to D-U-N-N. And the sublease -- I received an executed version of the sublease executed by Tim Dunn, D-U-N-N, this morning.

So that -- we're making progress. There have been some rather significant changes in the design, but I think we're within the parameters of the RFP. So we're in a position to move forward.

CHAIRMAN McCUSKER: Let me try and clarify what that means.

Timothy Dunn, of JE Dunn, has signed a lease with us to build a building.

MR. COLLINS: Correct.

CHAIRMAN McCUSKER: So there's no more hemming and hawing around. You know, there's some things in the lease that have to occur, but this is no longer a conversation. It's a legal document.

MR. COLLINS: As soon as you sign it.

CHAIRMAN McCUSKER: Right. As soon as we
sign it. Because there's been a lot of consternation
over the past month about the size and scale and
parking and tenancy, and we'll let Dave address that
here in a minute.

But you have prepared and received JE Dunn's
half of the signature on the lease between JE Dunn and
Rio Nuevo?

MR. COLLINS: Correct.
CHAIRMAN McCUSKER: And the terms with the
County are agreed upon. It's just a matter of
completing the document.
MR. COLLINS: Correct.
CHAIRMAN McCUSKER: So from my layman's
perspective, we have a deal.
MR. COLLINS: I understand that.
CHAIRMAN McCUSKER: I mean, a couple of nits
and T's and I's and things, but --
MR. COLLINS: Correct.
CHAIRMAN McCUSKER: -- we're now moving
into -- you know, we're not planning anymore, we're
fixing it.
MR. COLLINS: Correct.
MR. SHEAFE: Did you want to add, though,
that the deal still has some hurdles to get over before
it becomes a deal that we know is going forward?
CHAIRMAN McCUSKER: Yeah, there's some outs in the deal, but for the period since we've authorized it till today, it's been in what I would call escrow. And it had a lot of escapes for the developer. They've now basically eliminated the majority of those contingencies and signed the lease. So there are some outs in the lease document.

MR. COLLINS: There are outs, but this is a significant step.

CHAIRMAN McCUSKER: Right. Dave, do you want to speak to the changes in the project? You comfortable doing that?

MR. VOLK: Honestly, I -- David Volk.

CHAIRMAN McCUSKER: I can do it without getting you in hot water if you --

MR. VOLK: No. I didn't really plan on doing any sort of presentation today. I was really here to check if there was any questions.

CHAIRMAN McCUSKER: Let me ask you some questions.

MR. VOLK: Sure.

CHAIRMAN McCUSKER: Answer them to the best of your ability. Mr. Collins might chime in.

The original project was a 20-story multi-use building, two floors of retail, several floors of
parking, several floors of office space.

MR. VOLK: Yes.

CHAIRMAN McCUSKER: The scale's been reduced, still within our RFP parameters. But how would you describe it's current scale?

MR. VOLK: Current scale is 150,000 feet of office. That's the biggest change, is the decrease in the amount of office space.

CHAIRMAN McCUSKER: Two floors different, is that -- how many floors is that?

MR. VOLK: About half.

CHAIRMAN McCUSKER: We went from where to where.

MR. VOLK: 250 to 150.

CHAIRMAN McCUSKER: So we reduced the office size from 250 to 150. I think that's four floors.

MR. VOLK: Yeah. We have a partial floor, but, yes.

CHAIRMAN McCUSKER: So that would -- we are now looking at a 16-story building?

MR. VOLK: And we end that parcel -- part of that we decreased by roughly two parking deck floors as well.

CHAIRMAN McCUSKER: 14 floors.

MR. VOLK: And we first came to you before we
ran into issues with soils, and we also had that
basement in the retail center, and with the issues with
soils that kind of dropped out a while back. So in the
very, very original proposal I think there was three
floors of retail, but in the last six months we've
talking two.

CHAIRMAN McCUSKER: So Gabby doesn't call me
later, two floors of retail, five levels of parking.

MR. VOLK: Yes.

CHAIRMAN McCUSKER: And --

MR. VOLK: And five floors of office.

CHAIRMAN McCUSKER: Five floors of offices.

MR. VOLK: Plus a partial penthouse.

CHAIRMAN McCUSKER: 12-floor building, not so
bad. It's not 20, but it's still huge for this
community.

MR. IRVIN: Maybe we could put something on
there to meet my criteria of we blocking our attorney's
views on the 19th floor of One South Church. So if you
could stand up there and just wave or something and
block that view for Mr. Collins, that would make me
feel lot better.

MR. VOLK: Well, we have a floor penthouse, a
mechanical penthouse. That's another good --

MR. IRVIN: Whatever you need to block his
views, that's really important to me.

CHAIRMAN McCUSKER: The retail survives. So there's still two floors, full floors of retail?
MR. VOLK: Yes.
CHAIRMAN McCUSKER: And that's first two levels and the ground?
MR. VOLK: It's a ground floor and the floor after that.
CHAIRMAN McCUSKER: And then parking above the retail and offices above the rest?
MR. VOLK: Yes.
MR. MARQUEZ: How many parking spots is five floors of parking?
MR. VOLK: Hair over 350.
CHAIRMAN McCUSKER: 350 spaces.
MR. IRVIN: Do we need a motion to go forward?
CHAIRMAN McCUSKER: No. Just an update.
MR. COLLINS: I believe --
CHAIRMAN McCUSKER: If they hadn't signed a lease, we'd be having a very different discussion.
MR. COLLINS: The discussion would be different if you didn't have a signed lease.
MR. IRVIN: So we've already been authorized, as Executive Officers, to sign that agreement upon
completion?

MR. COLLINS: Yes, you have.

CHAIRMAN McCUSKER: Thanks for all your help with the project. Good luck going forward.

MR. VOLK: And thank you for your patience and help.

MR. SHEAFE: By the way, David, just one question.

So with this, do you happen to know if they are releasing the architectural work?

Phil, do you want to comment on that?

MR. VOLK: Not completely, but I'll let Phil go into the details.

MR. SWAIM: Phil Swaim, Swaim Associates Architects.

I believe at this point we need about 15,000 feet of LOI commitment from the next tenant to get full release on design and construction documents to proceed.

MR. SHEAFE: All right.

And how far away are you on that, since that's your arena, David?

CHAIRMAN McCUSKER: David's to going to take that space if he can't rent it.

MR. VOLK: We have the -- other parties are
very far along. Admittedly, we have three, four
parties at the initial stages.
I'd, frankly, be surprised if we could
progress with them to sign paperwork in anything less
than a couple months or so. It will take a little
while. We don't have it yet.
MR. SHEAFE: Ask then at the next meeting you
just give us update so we know where you are.
MR. VOLK: Absolutely.
CHAIRMAN McCUSKER: Thank you.
Sunshine Mile we tabled.
Brandi any calls to the audience?
One, two, three. We have three minutes
scheduled. We will keep a clock on this.
One, two, three, four, five speakers.
Start with Kevin Bellinger.
MR. BELLINGER: Hello. I'm Kevin Kairand
Bellinger.
First of all, thank you. It's been a
pleasure to meet a lot of you last night, but also over
the last year or so.
I'm the Director of the Arizona Bowl
Community Village and the creator of the RAAVOLUTION
Parade with all the community flags and all that. And
I would like to not ask, but offer the creation of a
possible Rio Nuevo Youth Advisory Board. And this is
something that last night, while I was at Tucson Now, I
thought of. And I've done it before.

My background is 35 years working with youth,
young adults 16 to 24, and I think this would be great
addition for Tucson as far as, like, the promotion of
Tucson, as well as all the work that you guys are
doing, to include the 16-to-24-year-old group, both in
two phases. One would be act as advisors to you guys
as well as an engagement action committee for some of
the projects that you are doing. And so, it's an offer
to bring my experience to this Board and those folks
that are involved with Rio Nuevo to develop a Youth
Advisory Board.

From a timeline perspective, this is
something that I can put together and have complete by
January, utilizing my connections and partnerships with
the Community Village for the Arizona Bowl. I have
over 50 community partners. So engaging those
community partners and having youth members from their
groups and then doing a gathering, a launch in
February, and then hope to have the first action
committee formed by March of next year.

So it's not an ask; it's an offer. That I
was inspired by the work that you guys are doing, and
in collaboration with all your partners as well.

CHAIRMAN McCUSKER: Thank you very much.

Ryan DeJoe, Tucson Junior Roadrunners.

MR. DeJOE: Ryan DeJoe. I'm the Coaching
Director for the Tucson Junior Roadrunners. Thank you
for the opportunity here.

I just wanted to put a little bit of
substance to some of the numbers you saw earlier from
the Coyotes and Roadrunners in their presentation.

The Junior Roadrunners currently have 192
hockey players from ages three to 18. The Tucson Adult
Hockey League has 240 players in 16 teams. The Tucson
Figure Skating Club is 32 members, and they also run a
learn-to-skate session, which has 167 skaters.

So all of these people are trying to use the
one sheet of ice we have here in town. And the problem
we have is that it's 200 feet by 85 feet. And it's the
only place to skate here in Tucson. If you've ever
heard that Tucson's the largest city in the United
States without a hockey rink, and it's true. It's
true, because I researched that myself and started
telling anyone who would listen that's the case. So in
terms of a community hockey rink, it's desperately
needed by the hockey-playing community, which includes
the U of A, which includes the Roadrunners.
My colleague, Mr. Bow, who is the President of the Junior Roadrunners, has much more of an economic background than I do, so he can speak to some of the direct benefits. But I can talk here for hours about what youth sports do, what youth hockey does for the youth of the community here. I know Mr. Irvin has an extensive background with Boys and Girls Club, and he can speak about how important it is for young folks here in the community to have something like hockey and have things like that.

But just to speak about how important it would be to grow the base of hockey in this town, which benefits the anchor tenant, the Roadrunners. You build hockey fans because you build hockey players and you build hockey families. And in here, especially with the Junior Roadrunners, one thing all of our parents and players have in common is that none of them live near downtown. So that dovetails nicely with economic opportunity for not only hotels and for things that go on, such as tournaments for the youth, for adults that will use downtown restaurants, downtown hotels.

But especially if a community rink is built, a summertime hockey contingent will be big. If anyone's ever been to Scottsdale, go look at the Ice Den on Bell Road in the middle of July, and you'll see
all three rinks packed and both restaurants, which are now one restaurant, packed.

So here in Tucson you have players from Oro Valley, Vail, Sahuarita, Sierra Vista, Marana all coming here downtown. If they had a full-time sheet, that's so much money and revenue that could be generated for just the downtown area. And that's in addition to, again, what I can speak for hours about, the benefit to just the young people in the community, but there's also an economic benefit as well. And when you are talking about having ice plant that needs restored, replaced, again, that's something that can lead directly into seeing what it would take to put a community rink somewhere downtown and seeing the benefits of that.

And I see my time's up, and if there are no further questions, I'll yield at this time.

CHAIRMAN McCUSKER: Will you email Brandi those statistics you rattled off?

MR. DeJOE: Be happy to you.

CHAIRMAN McCUSKER: Ryan, thanks.

Jeremy, you want to add something to that?

MR. BOW: Thank you, Members of the Board.

My name is Jerry Bow. I am the President of the Tucson Junior roadrunners.
I'm going to speak to you not just as the President, I'm also a parent. I have an eight-year-old son who's been skating with the Junior Roadrunners for three years. So I have a unique dual perspective there.

As Ryan mentioned, I do have a finance background. So to really get at the heart of some of those issues, we have literally hundreds of parents downtown in and around the TCC six or seven days a week. That's the very smallest impact to the downtown community. There would be -- in a community rink we would have potential for retail space, bringing in sales tax revenues for the District. The opportunities for cross-use of the facility itself, whether that be through, as Ryan mentioned, tournaments, camps, other things in the facility, you're bringing in that population to downtown.

All these new hotels that are being proposed and going to be going up, those are going to be packed by out-of-town players for tournaments, for camps, for all that incoming travel. And we have great examples in Phoenix, all around the area, Gilbert, Chandler, Scottsdale, of that already happening and already having significant financial impacts for those regions.

The other thing it does, opening a community
rink, is it clears up some of the schedule for the current Convention Center to bring in more of those conventions, bring in more of those events, those concerts that are generating additional revenue for the City and for the District.

So the low level of impact for the area is undeniable on every level from those sales taxes to be used from the population being drawn to the downtown district. People will come in, these extended stays with other teams coming in. Other teams coming in to play the Roadrunners, they are bringing in other fans. So you're already having the tourism being brought in through the TCC rink. Additionally, that's supplemented by their junior teams that are then coming in to play our junior teams. So that impact is there.

As a player -- excuse me. As a parent of a player, I saw the welcome video, and I saw a couple of our players in the video. That's not an accident. As Ryan mentioned, players become fans and their parents are buying the tickets and really spearheading that hockey community that we have, generating the revenue, generating the buzz around the city for this. And there is no denying that a community rink would take that excitement and take that participation to downtown district to an entirely new level that we have not seen
Thank you.

CHAIRMAN McCUSKER: We thank you very much.

Raul Ramirez.

MR. RAMIREZ: Thank you, Mr. Chairman and Members of the Board.

The last time I was here I talked to you a little bit about -- I read an article that came out in the business magazine where they quoted Katherine Erickson. She was new to the community at the time. She was talking about many aspects of working, one having to do with development and the other with historic preservation and community participation. So I want to focus my comments on community participation, because I'm here -- I'm not representing any group, but I've interacted with several downtown projects, more on the west side.

And one of the things I think is missing is the area of community input. And I know in the past, when Alberto Moore was on the Board, he had been assigned to the west side projects. And I'm wondering if you've had an opportunity to assign anybody; if not, I was going to recommend Mr. Marquez. In the past, we had great interaction with Mr. Marquez at the Garden. But I think by having people that we can go to and talk
to about concerns really offsets some of the reactionary -- whatever you want to call it, kind of reacting to things and -- rather than sitting down and trying to work them through.

In the past, my go-to person was Elaine. So I'm glad to see her here, because I miss her as you miss her. But she was kind of really a great person in the City of Tucson to kind of bounce off ideas and ask her for information.

So, I'd just like to make that recommendation. I think it would be great if you had a little subcommittee that people from the west side could work with. As you know, that area is really being developed and there's a lot of issues.

For example, one of them is going to be the traffic issues. Traffic study was -- there was one done for Caterpillar, but it only included Caterpillar. It didn't include the other things that are being developed. There's issues regarding the landfill. And Liza Grant is going to speak on that.

So with that, I'll just say thank you for the opportunity.

CHAIRMAN McCUSKER: Raul, thanks.

Liza.

MS. GRANT: My name is Liza Grant, and I am
representing the Menlo Park Neighborhood Association.

We just had elections in September, and I was
elected Secretary. And we had a meeting on
October 18th, and since I take really good notes, I was
elected to come here and read some of our notes of
concern for our neighborhood.

And as Raul was saying, there is an
incredible amount of development in our neighborhood.
And we are concerned about the traffic that -- we all
know that people use side streets to avoid busy
intersections. That's going to increase with all the
development there. We're worried about pedestrian
safety. Corner of Congress and Grande, right where I
live, there's a major crash once to twice a week.

But I did -- what I want to say is that I'm
glad to see people here who are considering how they
want to become part of the Tucson community. And I
wanted to say that Tucson is made up of strong
neighborhoods as well as neighborhood associations.
Without the neighborhood associations I think Tucson
wouldn't be what it is today.

I'm going to go ahead and read what our
neighborhood association wanted to present to the Rio
Nuevo Board. Thanks for the opportunity for us to do
that.
To Fletcher Chairman McCusker and the Rio Nuevo Board of Directors. At the Menlo Park Neighborhood Association meeting held Thursday, October 18th, two relevant items were discussed as part of the agenda, the Santa Cruz River Heritage Project and the "A" Mountain Area Landfill.

The neighborhood wished to relay at this Board meeting that we are in favor of using the soil dredged from the Santa Cruz River to be placed on top of the current "A" Mountain Landfill area to act as a cap for the contaminated surface now in place. Menlo Park neighbors share a common goal with Tucson and the west side of continuing to create a place where we can all live or can play. This year's new Board and the neighborhood represents -- looks forward to collaborating with you on the future of the landfill, which is a treasured piece of the neighborhood and an important part of Tucson's history. Please keep us informed of Rio Nuevo's intentions for that area. And I know our neighborhood really wants to encourage a healthy, open space with desert vegetation and maintaining the cultural significance of our neighborhood.

I did bring a copy of the letter from our President, Zach Yanscer (ph).
That is what I wanted to say.

CHAIRMAN McCUSKER: Will you send Brandi your meeting schedule?

MS. GRANT: I sure will.

CHAIRMAN McCUSKER: Thank you.

That's the last audience call I had. I would entertain a motion.

Oh, wait a minute. Somebody got in under the wire. Sorry. Karla.

MS. LiTOOY: Hello. I'm Karla Van Drunen LiTooy, with TCC Today. There were a couple things on the agenda that I just wanted to speak to.

I represent an organization that advocates for the rehabilitation of Music Hall, the Leo Rich, the Eckbo landscape. And the conversations about both Caliber Hotel and the CIP are relevant to the work that we've been doing, so just a couple comments.

I look forward to hearing more about the development of a Caliber parking area and how that will coordinate with the modernist architecture that is so important to the entire TCC.

I also heard with interest the interest in Caliber in connecting with the existing HVAC systems of the TCC. And I wanted to remind the Board that TCC Today has a working relationship with a water
harvesting specialist out of Chicago, Illinois. And they have assessed the existing condensate rate, and at its existing level it can fund well over 90 percent of the central fountain. So were Caliber to tie into that and were able to use all of that, we would have a very good source for the water for the fountain renovation.

I also heard you mention a study session with the Executive Board to look at the CIP list. TCC Today has been in partnership with the City and SMG and the TCC Commission as that list was created. And Helen and I would both like to offer ourselves as participants in that. We can speak to the landscape as well as being users, being season ticket holders for some of the organizations that present in the Music Hall and Leo Rich. We can provide comment for that.

I just want to note in closing that we have an existing rehabilitation plan for the Eckbo landscape. That would be a concept plan that does follow the National Register guidelines for any changes or rehabilitation to National Register listed properties.

Thank you very much.

CHAIRMAN McCUSKER: Thank you.

Anything else from the Board? Entertain a motion to adjourn.
(Motion moved, seconded and passed unanimously.)

CHAIRMAN McCUSKER: Meeting's adjourned.

Thank you very much.

(Record closed at 4:40 p.m.)

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