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RIO NUEVO MULTIPURPOSE )  
FACILITIES DISTRICT, )  
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MEETING OF THE BOARD OF DIRECTORS

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

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

KATHY FINK & ASSOCIATES, INC.  
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Tucson, Arizona 85713  
(520) 624-8644 Fax (520) 624-9336

1 APPEARANCES:

2 BOARD MEMBERS:

3 Fletcher McCusker, Chairman

4 Chris Sheafe

5 Mark Irvin

6 Jeffrey Hill

7 Jannie Cox

8 Edmund Marquez

9 ALSO PRESENT:

10 Mark Collins, Board Counsel

11 Brandi Haga-Blackman, Operations  
12 Administrator

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15 BE IT REMEMBERED that the Meeting of the  
16 Board of Directors of the Rio Nuevo Multipurpose  
17 Facilities District was held at the Arizona State  
18 Building, 400 West Congress Street, Room 222, in the  
19 City of Tucson, State of Arizona, before ANTHONY C.  
20 GARCIA, RDR, CR, Certified Reporter No. 50218, on the  
21 23rd day of October 2018, commencing at the hour of  
22 1:00 o'clock p.m.

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P R O C E E D I N G S

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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

1 the last meeting, the August 28th, 2018, meeting.  
2 They've been distributed to you.

3 The Board have any comments, questions or  
4 changes? If not, I'll entertain a motion to approve.  
5 (Motion moved, seconded and passed  
6 unanimately.)

7 CHAIRMAN McCUSKER: Minutes are approved.  
8 We need a motion to recess to Executive  
9 Session.

10 MR. IRVIN: So moved.

11 MR. MARQUEZ: Second.

12 CHAIRMAN McCUSKER: All in favor say aye.  
13 (Motion moved, seconded and passed  
14 unanimately.)

15 (In Executive Session.)

16 CHAIRMAN McCUSKER: Someone make a motion  
17 convene.

18 MR. IRVIN: So moved.

19 (Motion moved, seconded and passed  
20 unanimately.)

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

23 Thank you for your patience. I'll try and  
24 keep my remarks brief, and I can shortcut a couple of  
25 agenda items.

1           As you can tell, today is hotel today at Rio  
2 Nuevo. We're actually talking about five new and  
3 separate hotel projects, two dual brands, then one at  
4 the TCC. The extraordinary project is 75 East  
5 Broadway.

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

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

13           But just a quick note from us, the Project  
14 For Public Spaces, who we've retained as the visionary  
15 for that project, will be in Tucson November 5th, 6th  
16 and 7th to begin a number of charettes and meetings  
17 with stakeholders along the north sections of Broadway.  
18 We have advertised for and selected three architectural  
19 firms, local firms, to assist us with that project. We  
20 should be able to advance that pretty quickly in early  
21 2019.

22           The City is tracking with us on the  
23 acquisition of 39 properties, which will be deeded to  
24 Rio Nuevo. We acquired one property in our own right  
25 to fill out the block, and sometime over the next year

1 we'll be working to rehabilitate, refurbish and  
2 reactivate those spaces as restaurant or retail. The  
3 sales tax swing for us is multimillions of dollars a  
4 year. So there's no argument regarding the return on  
5 investment, and we think it's going to be quite an  
6 extraordinary project. So, if you are interested in  
7 Broadway, please watch our website. These meetings  
8 will be open to the public, and if you live in or near  
9 the area or you're interested in the Sunshine Mile,  
10 please make sure you attend one of those meetings.

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

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

16           Dan, are you ready to do your financial  
17 report?

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

20           In the top half of this page we show our  
21 unrestricted funds as of September 30th. It's  
22 approximately \$5.3 million. Down at the bottom half of  
23 the page we show our known commitments for the next  
24 year, and it's approximately 4.6 million. A good chunk  
25 of that is finishing off the Caterpillar building, and

1 that's an estimated number as of now, about  
2 \$1.6 million. The other big project is the Ochoa  
3 Street project, and that's about 940,000. So those are  
4 the two big chunks of our commitments.

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

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

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

22 CHAIRMAN McCUSKER: Dan, the million 109 that  
23 you have showing as remaining for Cat, it doesn't come  
24 out of current cash, right? You will have financing  
25 receipts coming in that will --

1 MR. MEYERS: Well, that's our chunk of the  
2 water and sewer stuff.

3 CHAIRMAN McCUSKER: That will come out of  
4 the --

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

8 CHAIRMAN McCUSKER: So my recollection from  
9 the budget and your forecast is that we think we'll  
10 have something in the neighborhood of five or  
11 \$6 million of disposable cash in 2019.

12 Does that sound close?

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

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

17 CHAIRMAN McCUSKER: Right. Right.

18 MR. MEYERS: Exactly.

19 CHAIRMAN McCUSKER: Questions for Dan?

20 Thank you very much.

21 MR. MEYERS: You bet.

22 CHAIRMAN McCUSKER: Lydia, come on up.

23 As everyone knows, we contract with Beach  
24 Fleischman for our annual independent audit. We've had  
25 an unqualified opinion for five years running, and



1 they've completed their work on last year.

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

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

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

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

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

24 We do want to point out there are some  
25 significant estimates in the draft, and that would --

1 point that out just in case those estimates were to  
2 change. It could have an impact on the financial  
3 statements. The most significant ones for the District  
4 are the depreciation of the capital assets, so your  
5 useful life estimate and the net reliable value of your  
6 long-term receivable.

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

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

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

24 And then one of the pages in the draft has a  
25 budget to actual. I just want to point out that we do

1 not audit that schedule. We perform limited procedures  
2 and do not actually express an opinion on that.

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

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

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

1 year on a full accrual basis.

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

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

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

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

24 CHAIRMAN McCUSKER: Lydia, while you're  
25 there, let me kind of tick through the expense

1 statement. We're going post this, subject to Board  
2 approval, on our website.

3 But, just for the record, revenue for -- this  
4 is the year ended June 30th, 2008. Revenue was  
5 12.871 million, and our expenses were 8 million and  
6 change. And then you had an additional revenue -- the  
7 charge for service line item is --

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

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

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

19 MR. SHEAFE: Do you want to expand on that?  
20 Because, really, what's happening is all of the  
21 projects that have been done in the last few years are  
22 starting to pay off and those revenue streams are  
23 coming in. Now the District has gone from a position  
24 where it had substantial debt and no income to a  
25 position where it has less than substantial debt, but

1 not low debt. We still have high debt, we've got the  
2 bonds and we're paying them, but we've got  
3 significantly increased income. And that's why our  
4 Financial Officer got up and said that he sees a  
5 surplus coming in the 2019 period of now in the  
6 millions. It used to be in the 100,000 or 200,000, and  
7 we would wait a whole year to generate it.

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

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

19 MR. SHEAFE: Thorough process.

20 MS. HUNTER: Any other questions.

21 MR. MARQUEZ: Great job.

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

25 CHAIRMAN McCUSKER: Thanks a lot, and thank

1 you to everyone at Beach. Any time an organization can  
2 get a clean opinion and make 6 million bucks, we should  
3 celebrate that. Thank you very much.

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

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

10 Scott, you ready to go?

11 MR. STITELER: I'm ready.

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

14 A VOICE: Not set up to do that.

15 MS. COX: Need to buy some bigger screens.

16 CHAIRMAN McCUSKER: You're in the State  
17 building.

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

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

22 A VOICE: PDF.

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

25 A VOICE: No.

1 CHAIRMAN McCUSKER: All right. Go ahead.

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

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

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

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

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

14 And, Jannie, great job.

15 Mark, thanks for the wearing the Moxy colors.  
16 Appreciate it.

17 I know I'm not up here to reminisce, but it  
18 wasn't that long ago that I stood here and we talked  
19 about the AC Hotel, which just had its one-year  
20 anniversary. And there was lot of dialogue that day  
21 and conversation. I remember when Jeff at some point  
22 said, this is going to be a great project for Tucson,  
23 and we've asked all the questions and now we need a  
24 vote, and it's going to make a lasting impact. And  
25 then the vote happened, and it was four to three, it



1 was a close vote. So I can't thank you enough for that  
2 vote and that show of faith. We just had our one-year  
3 anniversary, and it has provided the impact that I  
4 think we were all looking for.

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

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

21 Next slide. Thank you, McGill. Okay. Not  
22 long ago, black and white downtown. A lot of baby  
23 steps along the way that have added up to some very  
24 large steps. Rio Nuevo support, the City support, the  
25 streetcar, the press has been kind, the community has

1 rallied around it, a lot of top 10 lists now all across  
2 the country, if not internationally. So we've gone  
3 from black and white to color at the same intersection.  
4 A lot of hard work went into this, as you're all aware.

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

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

21           So, as I said, with AC, when we were one of  
22 the first AC's in North America, and joining New  
23 Orleans and Los Angeles and Chicago, and it was nice to  
24 be on that list. Now the list is a lot of other  
25 amazing cities around the world. And much like AC,

1 we're at the forefront of figuring out what could work  
2 in this town and which brands are going the right  
3 direction. We're one of the first eight or 10 Moxys  
4 that are going through the franchise approval with  
5 Marriott in North America.

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

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

20 If you can imagine, we spent a lot of time on  
21 developing Congress Street and Broadway east, west. I  
22 walked from AC yesterday to the Convention Center and  
23 loved all of the development I saw along Broadway. Now  
24 it's time to start working north, south. So that 5th  
25 Avenue stretch between Congress and Broadway, if you

1 can picture this in three years, three years meaning we  
2 start construction on this project in a year, two years  
3 to build it, so three years from now we're in the lobby  
4 together.

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

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

25 We love the rendering. It's a window system

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

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

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

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

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

1 Corbett building.

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

10           Okay. Reason we're talking about the Corbett  
11 Building is the Rialto Theater has had a wonderful  
12 100-year run with a rich history. Their 100-year  
13 anniversary is next September. And I go back now 14  
14 years with the theater, and Curtis and love that  
15 relationship. We've done a lot together and grown  
16 together and seen downtown come together. Now it's  
17 coming full circle where this was the first project  
18 that I purchased and then spent the last 10 years at  
19 5th and Congress.

20           When we upgrade the theater, and the theater  
21 upgrade will be something around a \$6 million upgrade  
22 on our nickel, the easiest way to describe it, is it is  
23 a gift to the community and to the theater. We  
24 currently own their offices and rent to them their  
25 green room, some of their bus parking. So it's been

1 hard for them to attract the right talent to this town.  
2 It's hard for them to compete as an independent against  
3 the large live music operators. So to have an  
4 opportunity to have a dual-branded hotel, new, like a  
5 Tesla, next to something that's a 100-year-old that  
6 they just don't make things, as we all know, that way  
7 anymore, next to a Studebaker, and make them work  
8 together is our goal.

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

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

1 Theater experience moves back to 5th and Congress.

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

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

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

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

21 And to go back several months, when Scott  
22 first approached me about -- we had been talking on and  
23 off about the future of the block and what his future  
24 development plans were, and how that impacted the  
25 office green room building that we leased, and our



1 capital campaign and what we were going to be able to  
2 accomplish, and everything was more or less up in the  
3 air. We proceeded with our capital campaign focusing  
4 on the bathrooms and other upgrades inside the theater,  
5 but didn't know long term what we would do for an  
6 office and green room. And our operation is such that  
7 those are absolutely essential pieces in order to  
8 continue to bring several hundred nights of programming  
9 to Tucson every year.

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

20           And I had just seen in 2017, when he -- when  
21 Scott closed and remodeled Playground and retained the  
22 entire staff there, which is very much to his credit,  
23 that he was able to do that and keep people on and not  
24 disrupt their employment, because that's a big deal.  
25 And so, that was kind of left TBD, but I trusted that

1 he would help us find a solution for that issue for  
2 however long we were going to be displaced.

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

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

24           He and I have had a conversation, I don't  
25 know, three or so years ago where he was kicking around

1 ideas about what to do with it, and I pitched a whacky  
2 idea I had to him just for the fun of it. Obviously,  
3 it didn't go anywhere. But that was a real big sort of  
4 relief, aha moment for me to say, yeah, the way this is  
5 coming together, it's going to be seamless transition.

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

17           One of the biggest aspects of any kind of  
18 construction project or need to close down or whatever  
19 is the management of dates, because, you know, people  
20 have good intentions about when they are going to  
21 complete things and say, we'll be done by -- and we're  
22 experiencing that right now with our bathroom project  
23 where it's taking a little longer than we anticipated.  
24 And if you are trying to book shows and you don't know  
25 whether or not the project is going to be done, it

1 makes it extremely difficult. So what we'll have is a  
2 place that's ready to go by the time we're ready to  
3 move out, and then we will be in there until the Rialto  
4 is back and ready to go.

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

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

22           It will be -- it won't be, like I said, easy,  
23 but it will be absolutely well worth it from our  
24 perspective. We will keep everybody employed. We will  
25 keep the bringing shows and keep the theater operating

1 at a different location. I think that's going to be  
2 fun for people where they will be, like, oh, that's a  
3 cool, old building, and I wondered about it and never  
4 knew anything about. They will get to see it in an  
5 upgraded form and take in a show at the same time. And  
6 then three years from now we will return to a  
7 dramatically and massively upgraded theater.

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

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

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

19 MR. McCRARY: Yes.

20 CHAIRMAN McCUSKER: So will that ownership --  
21 you will continue to own the theater itself?

22 MR. McCRARY: Absolutely.

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

25 MR. McCRARY: Yes. And we haven't worked out

1 the exact specifics of it yet, but as we've discussed,  
2 in terms of the new space in the brand new building  
3 that they will be building for us, it will be done on a  
4 condominium plat, so that the floor where our office is  
5 and our green room space will be owned by the Rialto  
6 Theater Foundation.

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

17           CHAIRMAN McCUSKER: All right.

18           MR. McCRARY: Thank you.

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

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

1           **Q.    I like her.**

2           MR. STITELER:   So I apologize.

3           The economics, it's not inexpensive.  We're  
4   trying to raise the bar in a serious way with this  
5   project.  It's between an 80 and \$90-million build, 240  
6   rooms.  That is all in.  The simple math on the ask for  
7   AC, \$47-million project, and the incentive that we  
8   received was 16.7 percent of the total cost of the  
9   project.  This project is a 12 percent ask, capped at  
10  12 percent.

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

18           The GPLET, again, straight forward.  On AC we  
19  worked with the City, we've since learned that there's  
20  an opportunity to GPLET the project with Rio Nuevo for  
21  a longer period of time.  The property tax incentive is  
22  less, but it lasts for longer, and we like the math  
23  better working with Rio Nuevo on that possible  
24  incentive.  So site specific sales tax with a  
25  12 percent tax on the total cost of the project and a

1 GPLET.

2 CHAIRMAN McCUSKER: Did you offer the 25-year  
3 GPLET or the eight year?

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

7 CHAIRMAN McCUSKER: Thank you.

8 MR. STITELER: You're welcome.

9 CHAIRMAN McCUSKER: Questions for Scott.

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

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

14 MR. IRVIN: Okay. Thank you.

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

17 MR. STITELER: No.

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

20 MR. STITELER: Correct.

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

23 MR. STITELER: Correct.

24 MR. IRVIN: Got it. Thank you.

25 Couple things. I wanted to just say thank.



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

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

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

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

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

24 MR. IRVIN: Second.

25 CHAIRMAN McCUSKER: Edmund Marquez made the

1 motion as stated by counsel and seconded by Mr. Irvin.

2 Brandi, call roll.

3 (Roll called.)

4 (Motion moved, seconded and passed  
5 unanimously.)

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

8 MR. STITELER: We did.

9 CHAIRMAN McCUSKER: Thank you. My pleasure.  
10 Vote is six-zero, and we're building two  
11 hotels.

12 MR. STITELER: Thank you very much.

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

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

17 CHAIRMAN McCUSKER: Item number eight. If  
18 you ever doubted that Tucson was on the radar  
19 nationally and internationally, you heard Scott mention  
20 the interest the Marriott has in the AC and the Moxy  
21 with cities like Tokyo and Madrid, it's really quite  
22 extraordinary, for those of us who have participated in  
23 this project, to be able to talk to the next agenda  
24 item is equally as impressive to us in moving -- Hilton  
25 builds a lot of hotels and has a very select few

1 developers, and are going to do what they can to stay  
2 up with the Marriott.

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

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

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

1 and a Home2 Suites.

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

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

18 We think -- I don't have a really nice  
19 PowerPoint of where this is, but it's on Stone Avenue  
20 between the Ochoa and Corral, right across from  
21 Cathedral Square. Really excited to see what's going  
22 on across the street. And we think with the hotel  
23 development right across the street from it, you know,  
24 basically a block-and-a-half from the Convention  
25 Center, is just a fantastic site.

1           Look at there. So, currently, a parking lot  
2 on the east side is the Scottish Rite building, and  
3 then on the west side is Cathedral Square. We think  
4 this will make just a great connector between the  
5 downtown Broadway central retail restaurant activity  
6 zone and the Convention Center a block-and-a-half the  
7 other way. We just think that's, quite frankly, just a  
8 killer site.

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

18           On this structure size, we'll be at six  
19 stories. We'll have a structured parking deck that  
20 covers about two-thirds of the first two floors, a  
21 lobby on the first floor. So, very similar to Scott's  
22 lobby picture of where they have an inlet that's  
23 covered by the second floor for loading and unloading  
24 of guests, we'll have a very similar structure to that  
25 off of Ochoa Street. We think that will really mix

1 well with what's going on to the west on Ochoa and, you  
2 know, really activating, if you will, the east side of  
3 Stone Avenue -- or Ochoa from Stone Avenue. Having the  
4 lobby on that side will really just activate that whole  
5 area. So we're super excited about what's going on on  
6 Ochoa, and we're in talk with a lot of people in the  
7 community about how to really make that section of  
8 Ochoa really something special. So we're super  
9 excited, you know, about doing this development there.

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

22 I certainly don't want to forget to mention  
23 the team that we have working on this project. Seaver  
24 Franks, a local architectural firm, is working on this  
25 project with me. Cypress Development is working on

1 this project with me. We have met numerous times to  
2 make sure that we develop the right type of hotel and  
3 the right place, and we're really excited about what  
4 we -- you know, the opportunity we have here.

5 CHAIRMAN McCUSKER: Talk about your  
6 background.

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

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

23 My partner and I that are in this venture  
24 together, we were two of the five founding investors of  
25 a company called MCR Hotel Development. MCR is now one

1 of the largest private owners of hotels in the country.  
2 They are based in New York. And they are doing a  
3 project just in -- you might have seen something in the  
4 news this weekend about an airplane going down the  
5 interstate in New York. It was covered by several  
6 people. It's called a Connie, an old Constellation  
7 airplane that's going to be a bar at the new TWA  
8 terminal that's being turned into a hotel in the JFK  
9 Airport property. MCR is the developer of that hotel.  
10 Really excited to see -- you know, that's really  
11 something that was really spectacular, a great project.  
12 But that's an MCR development, that myself and Randy  
13 were two of the founders of that company. So have been  
14 in the hotel development business, you know, for 25  
15 years now in various stages of my career.

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

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

22 MR. FAY: So we would love to be on a fast  
23 track. So our timing, we would -- if all goes well, we  
24 want to start construction June 1 of next year. We  
25 have 14 to 16 months of construction. So the idea



1 would be -- is to, no later than the end of 2020,  
2 finish construction and be open for all of 2021. So,  
3 effectively, just a little over two years from now.

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

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

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

22 MR. FAY: Obviously, Hampton Inn has a  
23 breakfast. But the idea is that our people leave the  
24 building and enjoy the community around them during the  
25 day and at night.

1           MR. SHEAFE: Greg, this is kind of a unique  
2 opportunity. We're hearing from two hotels, we're  
3 going to talk about another one, but you -- really,  
4 there are a lot of cities in the United States and you  
5 are operating across the country. Can you kind of pin  
6 down the one or two things that we, in Tucson, maybe  
7 don't see as clearly as you guys do about why Tucson is  
8 in the spotlight right now? What makes us so special?

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

14           And I'll credit you guys as well of creating  
15 the activity in downtown that necessitates the need for  
16 the hotel rooms in downtown. If there wasn't anything  
17 going on in downtown, we wouldn't have a reason to  
18 build a hotel here. The fact is, there's a lot going  
19 on in downtown. Certainly, Caterpillar and Hexagon are  
20 a big part of that, that create demand for rooms that  
21 we have. Certainly, you know, your agenda item that  
22 you have later on, the Tucson Convention Center, that  
23 is something that is not lost on us of why we selected  
24 the site we did, was to be near that so that we could  
25 take advantage of that room demand.

1           So, you know, for us, when you build hotels,  
2   it's all about is there demand for the product that  
3   we're selling at night. And Tucson has that. So  
4   that's why we're here. But it really is something that  
5   is unique, I do think, to Tucson of -- you know, a  
6   unique time for us. And I guess if I were to say,  
7   look, we're not going to do the project, you know,  
8   there would be probably five other people that would  
9   come running to the podium saying they'll do the  
10  project. But I was here first, so I get to keep it.

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

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

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

24           MR. COLLINS: Mr. Chairman, Members of the  
25  Board, I have exchanged documents with counsel for

1 Greg's group. I believe I've discussed most of them  
2 all with the Executive Officers. I don't have with me  
3 today that list, however, it looks to me like Greg  
4 does. Go for it.

5 CHAIRMAN McCUSKER: Greg, we're thrilled that  
6 you are here. We, obviously, suspected someone like  
7 you would show up. We're glad it is, in fact, you.

8 What do you need from us to build this  
9 project?

10 MR. FAY: So, like we said, Mark said, we got  
11 a very similar ask as Scott. We're going to do the --  
12 he called it a gible, I call it a GPLET. But the  
13 25-year lease, you know, we're not going to ask for  
14 abatement from the City on the excise tax. We'll pay  
15 the excise tax on the lease. Same thing of the rebate  
16 of the sales tax generated by the project. And I think  
17 we have a similar cap. I think we were at  
18 seven-and-a-half million.

19 MR. COLLINS: About right.

20 MR. FAY: And I think that was it.

21 CHAIRMAN McCUSKER: God bless America. All  
22 right.

23 What's the Board's pleasure?

24 MR. SHEAFE: There's one comment I would like  
25 to make just for the audience's benefit, because you

1 hear a lot of these things and it may not come clear.

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

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

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

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

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

23 MR. COLLINS: I think, Mr. Sheafe, if you  
24 were to say you're instructing me to work with the  
25 Executive Officers to finalize the documents in

1 accordance with the outline that Greg just provided to  
2 you, I think that would be adequate.

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

5 MR. IRVIN: I'll second it.

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

10 MR. COLLINS: Yes, Mr. Chairman.

11 CHAIRMAN McCUSKER: Thank you very much.  
12 Mr. Irving.

13 MR. IRVIN: I think one thing that we  
14 shouldn't lose sight of is, you know, almost a little  
15 over eight years one of the biggest decisions that we  
16 had to make as a Board is do we green-light a hotel on  
17 the Tucson Convention Center grounds that was going to  
18 be hundreds of rooms run by the City. I could go on  
19 till I'm blue. I think many on this Board felt that  
20 the worst thing that we could do is to green-light that  
21 project and be one and done with Rio Nuevo, which would  
22 have happened, because we would have had the backstop  
23 those bonds. Thank goodness Steve Kay felt the exact  
24 same way that we did, but from the City's perspective.  
25 And I think what came out of that -- in fact, I know

1 what came out of that -- was a really strong desire and  
2 thought that the best thing that we could do was to  
3 spread that risk around, and rather than doing some big  
4 monolith hotel, to spread that around and actually do  
5 what Tucson feels is better, and that is boutique  
6 hotels scattered around downtown. And I think -- thank  
7 goodness the City brought in the streetcar, because  
8 that really allowed a lot of that to happen.

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

14 CHAIRMAN McCUSKER: Brandi, call roll.

15 (Roll called.)

16 (Motion moved, seconded and passed  
17 unanimously.)

18 CHAIRMAN McCUSKER: Aye all the way around.  
19 Six-zero.

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

22 MR. FAY: Thank you, Mr. Chairman.

23 CHAIRMAN McCUSKER: All right.

24 Caliber, you got big shoes to fill. Roy  
25 around? Anybody from Caliber come today? I didn't see

1 anybody. Mark, yes, no?

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

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

23 So the issue for this Board is, are we  
24 willing to consider building a parking garage, parking  
25 structure on the east lot of the TCC to enable this



1 hotel.

2 MR. IRVIN: As we know right now, at the TCC  
3 we have a parking problem, and it only gets worse when  
4 we're using it like we're supposed to, which is pretty  
5 funny. So we already know we had a problem, and we  
6 know in order to bring this hotel there we definitely  
7 need to add a parking structure. I know that we spent  
8 some time looking at a parking plan that would build  
9 three decks.

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

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

21 And in that particular picture, I believe the  
22 blue field on top of that garage is actually a solar  
23 panel that I understand that the City would like to  
24 explore, if it's something that would make some sense  
25 to add to that.

1           The other thing we haven't really talked  
2 about, but we probably should consider, is since we're  
3 building three floors, what would be the addition to  
4 add a fourth floor and add another 100 and basically  
5 five parking spaces with that. I know we've had some  
6 discussion about that's probably the maximum height  
7 that we would want to do. But I know that, currently,  
8 right now with this parking plan that we have here,  
9 probably all in, that's probably close to a \$5 million  
10 number. I'm thinking probably should explore if we  
11 should add an additional level on top of and just look  
12 at what those numbers are. But I think if we're going  
13 to bring a hotel in and we're going to satisfy the TCC,  
14 I think, at an absolute minimum, we've got to look at  
15 this parking structure, at a minimum.

16           MR. SHEAFE: Mr. Chairman, I think what we're  
17 trying to do is here is give enough green light to keep  
18 this project moving, and at the same time in a few  
19 minutes we're going to be talking about a much more  
20 comprehensive plan for the TCC, which, hopefully, we  
21 can incorporate the parking question into. So would it  
22 be appropriate to put a motion forward to authorize  
23 counsel to continue to work with the Caliber people to  
24 get this much of it, on the assumption that will solve  
25 the parking problem?

1           Because they've asked for us three things, if  
2 I recall correctly. They would like to be able to hook  
3 into the AC system that's already on the TCC, which, by  
4 the way, was designed and built with a hotel in mind  
5 being part of it. That saves them a very large amount  
6 of money. They do want to have a GPLET in that kind of  
7 a structure, and they are looking for a certain level  
8 of parking abatement.

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

16           MR. COLLINS: I think that works.

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

20           MR. MARQUEZ: Second.

21           CHAIRMAN McCUSKER: Okay. Mr. Collins.

22           MR. COLLINS: This is going to be a process.  
23 I think you made it pretty clear, everybody that's  
24 spoken. We can move the ball forward, as you said, Mr.  
25 Sheafe, but there are a lot of issues left.

1           So I think we're going to have talk about how  
2 big the garage is going to be, how it's going to work  
3 and play in with Caliber and all of that, and how that  
4 is going play into what you're going to do to the TCC  
5 overall. So I think what you've done is you've  
6 authorized us to move forward, but we will still have  
7 work to do.

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

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

12          CHAIRMAN McCUSKER: So that conversation has  
13 to take place.

14          MR. COLLINS: Yes.

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

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

22          CHAIRMAN McCUSKER: Mr. Sheafe has moved and  
23 it's been seconded, is we basically are not saying no,  
24 which we could. You could defeat this motion, say no  
25 we're not building the hotel.

1 MR. COLLINS: You're not building a parking  
2 garage.

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

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

12 So any further conversation about the motion?

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

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

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

23 MR. COLLINS: That's correct.

24 MR. IRVIN: Now that they've upsized the  
25 hotel, we need to revisit that discussion, Jannie. But

1 we had based that upon them building a 125-room hotel,  
2 which I think at one point in time scaled down to,  
3 like, 115 and now we're up to 170. So that's probably  
4 the issue we need to revisit.

5 I've kind of got it mentally that they need  
6 roughly -- they don't need roughly, they need 170  
7 spaces, one per room. And with the 106 that they have  
8 immediately adjacent to them, we need to provide about  
9 64 more parking spaces for them.

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

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

22 CHAIRMAN McCUSKER: This is coming back to  
23 the Board.

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

25 MR. IRVIN: As part of the overall plan, this

1 is just advancing it forward till we address the other  
2 items relevant to the TCC.

3 CHAIRMAN McCUSKER: Brandi call roll.

4 (Roll called.)

5 (Motion moved, seconded and passed  
6 unanimately.)

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

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

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

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

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

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

24 Thank you, Mr. Chairman and Members of the  
25 Board for allowing us to be here today to talk a little

1 bit about the state of the team and give some updates  
2 on some of the exciting things that we're doing.

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

6 MS. HAGA-BLACKMAN: Do we have sound?

7 A VOICE: I think so.

8 CHAIRMAN McCUSKER: Hit the sound button on  
9 the laptop.

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

19 Greg was up here a few minutes ago talking  
20 really about that community in Tucson and really how  
21 Tucson has that feel. And for the first two years,  
22 when we talked to different people around Tucson, it  
23 was always was interesting, because we were asking at  
24 that point and saying, we're excited, we're going to be  
25 out there in the community, we're excited to be a part



1 of this Tucson community, and we're excited to kind of  
2 plant our seeds and grow within the community. And now  
3 we head into third year here, and I feel like I can  
4 firmly say we are a part of that community and that we  
5 have done some really good things in two years, so that  
6 now the newcomers coming into Tucson can look to us as  
7 well as a part of the everything that's great that  
8 everyone that's been here for years and years has  
9 accomplished.

10           Some of those connecting moments that we've  
11 had in the community, things that we've really worked  
12 on, was to be true to what Tucson was, and to be here  
13 with the things that were steady and stable in Tucson,  
14 like Davis-Monthan Air Force Base, and bringing airmen  
15 and their family out to games. Last year close to  
16 10,000 seats were bought and purchased by local  
17 corporate community partners of ours here in Tucson to  
18 give seats to airmen and to their families throughout  
19 the course of the season.

20           This year we launched something at Dusty's PE  
21 Program to where we have right now 29 schools around  
22 Tucson and some of the surrounding area, that we have  
23 gym programs in place teaching curriculum and teaching  
24 sportsmanship, physical fitness, and to what to learn  
25 about the sport of the hockey. That's something that

1 wasn't, obviously, second nature down here in Tucson.  
2 It's something that we've had to grow on in two years  
3 to be able to educate about our sport. And we're very  
4 pleased with the progress we've made in getting into  
5 the curriculum of the schools.

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

1 of the growth.

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

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

25           We're very firm that one day you're going to

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

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

24 And then, also, we feel that hockey players  
25 and anyone, I think, that's had that opportunity to

1 meet our guys in their time in here Tucson, are the  
2 most down-to-earth, greatest athletes in the world.  
3 And we want to give people that access to the players,  
4 to the ice surface, and find different ways. When we  
5 have our event fan fest that we had close to 2000  
6 people at right at the start of our season, people were  
7 able to go out and take shots on net, were able bring  
8 skates, if they have them. And we're looking for  
9 programs to have skates available for others as well,  
10 so that we can have open skates in conjunction with the  
11 TCC, as well as after our games, for partners, clients  
12 and just the general public.

13 In growing the game of hockey statewide,  
14 we've seen large increases. Obviously, the Coyotes and  
15 what their initiatives are with that, and now we've  
16 jumped on that in Tucson as well. Statewide, there's  
17 been an 11 percent increase in youth hockey over the  
18 last 15 years. And that deals with not only the men's  
19 leagues, but girls and women's leagues as well as the  
20 youngsters. 10-deck hockey rinks have gone up in the  
21 State of Arizona, including the one that I mentioned  
22 right here in Tucson, and we're going to have  
23 continuing efforts, hopefully, for a community rink  
24 here in Tucson to create more access to ice for people  
25 who want to learn the game.

1           That one particular slide there just shows  
2 some of those amazing numbers as to the growth from not  
3 only the Coyotes' and the Roadrunners' joint efforts  
4 statewide, but the one that pops out on there to me is  
5 that bottom bar with the growth in Tucson's  
6 eight-and-under program of 433 percent. We've gone  
7 from having, you know, what was a dozen kids that may  
8 be interested in learning the game of hockey two,  
9 three, four years ago, to now we've got hundreds and  
10 hundreds of kids interested in learning the game of  
11 hockey, and we're going to continue to grow that.

12           Development is what we really tried have to  
13 do as well through our first two years, from creating  
14 new jobs from people here in Tucson. We look right to  
15 the U of A to find a lot of the youngsters that we're  
16 hiring. The average age of our staff is just over 24  
17 years old. So this is a great starting point for them  
18 to get their feet wet in the professional sports world.  
19 And we look right here locally, somebody who knows  
20 Tucson, is what we're looking for to grow that staff.  
21 We're up right now from what was 17 full-time staff  
22 members to close to 25 or 24 members right now. So  
23 we've had that growth from there. And the hockey  
24 operations department as well is now up to 11 people in  
25 that hockey operations side, I think, on top of the 24

1 full-time front office staff members.

2           We've been responsible throughout that two  
3 seasons, through our first two seasons, of more than  
4 320,000 people that have come to downtown Tucson over  
5 those two years, with economic impact of more than  
6 \$10 million. We are trying to help make Tucson a  
7 destination, and really following on the footsteps of  
8 so many good things we've heard in here today as well,  
9 as to growth of all the hotels, with Caterpillar coming  
10 in as well. I mean, there are some great things,  
11 obviously, we all know happening right here in Tucson,  
12 and we're happy to be able to put Tucson on the pro  
13 hockey map and make us just a destination for so many  
14 different markets, with fans coming from Winnipeg last  
15 year, from all the California teams, and from Austin,  
16 Texas, to come and follow their teams and be a tourist  
17 right here in Tucson.

18           The Roadrunners Give Back Foundation is  
19 something that we started a year ago, and are happy to  
20 announce that we donated more than \$100,000 last year  
21 in our first season through different events,  
22 partnering with the American Heart Association, Diamond  
23 Children's Hospital, the Boy Scouts, SACA, Boys and  
24 Girls Club of Tucson, and many, many more. We're  
25 looking to, hopefully, grow that number to -- right now

1 our goal for this year is to be able to donate more  
2 that \$150,000 here in year two. And we've had that  
3 great success with not only the support from the  
4 community, but also from our fans in being so generous  
5 in buying jerseys during our auctions, and being able  
6 to buy different fundraising initiatives that we've  
7 been able to put out there in front of our fan base.

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

19           So with all of those different growth  
20 initiatives and different things we are trying to put  
21 in place, we feel that we really are part of this  
22 community. We're happy to be here. The support from  
23 everyone on the Board, as well as from everyone in  
24 Tucson, has been very warm, and we're excited about  
25 what the future holds for the team.



1           And one of those growth and development  
2 things we have on there, as Fletcher already mentioned,  
3 with Elaine Becherer coming on Board with us. That's a  
4 continued piece of that growth, as well as Elaine, a  
5 member of the Arizona Coyote staff, working down here  
6 in Tucson most of the time and being able to work on a  
7 lot of special projects, as the Director of Special  
8 Projects for the Coyotes, to try to help us continue  
9 that growth and development.

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

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

13           Maybe if say Elaine Weaver, will you  
14 recognize me?

15           MR. IRVIN: Yeah, that might help.

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

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

23           So we are here to advocate and support the  
24 City's number one project on their TCC CIP list, and  
25 that's the full replacement of the ice plant and the

1 ice floor. There has already been a leak in the system  
2 this year, and everybody jumped on that quickly to fix  
3 that. But as we heard regarding the revenues, it was  
4 really great to hear the generation of the revenues, as  
5 well as get it on the record. And so, the ice floor  
6 and the ice plant is critical to supporting that asset.

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

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

1 support needed.

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

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

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

1     happen.

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

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

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

25                    Thank you.

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

5           MS. BECHERER: So prior to leaving the City,  
6 I worked with my colleague in the City Manager's  
7 Office, Greg Jackson, on putting together the CIP list,  
8 and our rough order of magnitude estimate is  
9 \$2.1 million. And so, that's for a full replacement of  
10 the floor and the ice plant.

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

21           The second project that I spoke of is the  
22 premium seating, the low-hanging fruit. Now, there's  
23 broader, grander versions of premium seating, blowing  
24 out a wall, filling in the corners. What we've looked  
25 at is taking some of the concourse-level seating, which

1 is currently used for ADA seating. We've done a code  
2 analysis, with the help of Swaim Architects, to look at  
3 some of that ADA seating can be repurposed and used as  
4 seating for the Arena. So we're still code compliant,  
5 and we would also be generating new seats within the  
6 bowl.

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

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

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

25           MR. MARQUEZ: Okay.

1 MS. BECHERER: And that project --

2 CHAIRMAN McCUSKER: So it would also be  
3 available then for other events?

4 MS. BECHERER: Yes, that's correct. So it's  
5 an additional revenue-generating asset for the City  
6 that they can rent out. If they choose not to use it,  
7 that's fine. They don't have to have the chairs out  
8 there. They could pull them out and not sell those  
9 seats.

10 MR. SHEAFE: What was the number on the  
11 premium?

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

13 MR. SHEAFE: Okay.

14 MR. IRVIN: So a couple things. In just  
15 looking through earlier our audited report, I think we  
16 set aside 200 -- or collected \$232,000 just last year  
17 for the surcharge that currently applies on the  
18 tickets. So if you are looking for that number, there  
19 you go.

20 MS. BECHERER: I believed it to be higher,  
21 but --

22 MR. IRVIN: Yeah, I realize that. We'd all  
23 like it to be higher.

24 The other thing is the floor, we've also  
25 known that was going to be a problem we have to change

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

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

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

22 The other thing a lot of people don't really  
23 realize, and I know Bob talked about it briefly, but is  
24 what the Roadrunners do in the community. The first  
25 year when you guys were here, I remember Bob reached



1 out to us and said, can you connect us with the  
2 hospitals, we want to go see kids, and so we connected  
3 them with four NICUs. And I thought they'd send a  
4 couple players over to see a couple of the hospitals.  
5 And if I remember correctly, they hung a signing in the  
6 locker room, and every single player signed up and  
7 every single player went out the whole day to see kids.  
8 And I think that's really outstanding.

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

18 I think we would be remiss not figuring out a  
19 way to address the suites -- excuse me -- the premium  
20 seating, because, Fletcher, if I'm not mistaken, that  
21 was an idea of yours, like, day one. So I think we're  
22 kind of -- definitely something we ought to go and do.  
23 The \$2.1 million that almost -- I know we need to  
24 address it, just like we needed to address parking for  
25 the hotel. It almost seems like it falls into that big

1 kind of capital discussion that we're having, so I know  
2 we need to address it. I'm trying to figure out the  
3 best way to address that with a motion. I would like  
4 for us -- I know we got to do it, but I --

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

9 MR. IRVIN: That would be a simple one.

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

13 MS. COX: Second.

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

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

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

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

1 ten or one of three?

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

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

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

18 CHAIRMAN McCUSKER: I have a couple questions  
19 for our lawyer before we vote.

20 Start building, if we want to add seats, we  
21 can do that. But I expect we would have to procure  
22 probably both a design and the contract.

23 MR. COLLINS: Certainly the contract.

24 CHAIRMAN McCUSKER: Same thing on the ice.  
25 If we opt to proceed with changing out the ice, no

1 different than the work we did a few years ago where we  
2 solicited selected a contractor and did a renovation.

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

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

10 MR. COLLINS: Correct.

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

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

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

25 MR. COLLINS: You bet.

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

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

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

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

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

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

25          MR. SHEAFE:  You're going to want to do the

1 one motion on the seats, right?

2 MR. COLLINS: That's what this is.

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

6 All in favor say aye.

7 (Board responds affirmatively.)

8 CHAIRMAN McCUSKER: Opposed? Nay.

9 (Motion moved, seconded and passed  
10 unanimately.)

11 MS. COX: Anybody ever second that motion?

12 CHAIRMAN McCUSKER: Yeah, it was seconded.

13 MR. IRVIN: It was seconded.

14 CHAIRMAN McCUSKER: And what's your pleasure  
15 on the floor? Do you want to see in context with the  
16 whole thing, come back to it, or do you want to spend  
17 \$2.1 million?

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

25 I think we all want to do it, but we're a

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

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

17 CHAIRMAN McCUSKER: Talking about the floor?

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

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

24 MS. BECHERER: Well, the three of us, let's  
25 just go do it.

1           So just to note, thank you.

2           CHAIRMAN McCUSKER: I'm moving on.

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

5           CHAIRMAN McCUSKER: Jannie, go ahead.

6           MS. COX: We have the item on the agenda for  
7 the update from the team, but we don't -- it doesn't  
8 say action. Can we do that on this agenda item?

9           It says discussion only. I'm all for it, but  
10 I want to make sure we're not --

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

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

19          Just a quick summary of the conversation.  
20 Since we've been on the Board we've always struggled  
21 with how we really fund and advance the renovation of  
22 the Tucson Convention Center. There was some fantasy  
23 under the old Rio Nuevo leadership we would build a new  
24 Arena. Those days are long lost to all of us. So,  
25 obviously, we have to commit to the one that we have.



1 We made that commitment on the Arena, and that's,  
2 obviously, paid off in spades. You've seen the  
3 attendance up, I think, over half a million visitors a  
4 year now to the Convention Center.

5 We've continued to neglect, and you heard  
6 Elaine used the word "deferred maintenance." The rest  
7 of our assets, which under law, remember, are our  
8 primary component. So once our extension passed to  
9 2035 and gives Rio Nuevo a little breathing room, we  
10 asked the stakeholders, particularly the City and SMG,  
11 to come with us with a list of ideas, and to some  
12 extent the City Council's priorities, in terms of what  
13 they would like to see us renovate on that complex.

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

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

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

23 MR. JACKSON: Thank you, Chairman McCusker.  
24 Good afternoon, Members of the Board.

25 Greg Jackson, City of Tucson City Manager's

1 Office. We also have Glenn Grabski, the general  
2 manager of the Tucson Convention Center here to help  
3 answer any questions.

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

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

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

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

24 As Elaine alluded to, this is only about  
25 improving existing facilities. This does not take into

1 consideration expanding facilities, like another sheet  
2 of ice, parking garages, expanded concessions or any of  
3 those things. This is just fixing existing facilities.  
4 Think of the Arena project four years ago and the money  
5 we unfused into it and what we have today. The same  
6 idea is to think about how we might have that same  
7 impact on the Exhibit Halls, Ballroom, the Music Hall,  
8 and the Leo Rich Theater and the landscape.

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

15           When we developed this list, we did it by  
16 project, because the City's been funding between 450  
17 and \$750,000 a year for improvements at the Convention  
18 Center. So this list doesn't include things like  
19 carpeting of the Convention Center, because we did that  
20 last year. We spent 275,000 last year in carpet in the  
21 Convention Center. This list doesn't include upgrades  
22 to the elevator at the Music Hall, because we spent  
23 225,00 three years to upgrade that elevator. So this  
24 list is projects that we still think need to be  
25 completed over time, and that's why we created the

1 different projects under each category.

2 So if you look at just on page one,  
3 Convention Center, it's about \$7.6 million worth of  
4 improvements, not including the HVAC. You'll see the  
5 highlighted HVAC items. Those are things the City has  
6 said, hey, we should take on those repairs and fund  
7 those.

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

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

12 MR. JACKSON: They are not. They are  
13 separate. So the total for the Music Hall is about  
14 10 million.

15 CHAIRMAN McCUSKER: Got it.

16 MR. JACKSON: 10.9 to be exact.

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

20 Third item on page --

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

24 MR. JACKSON: I don't have the background,  
25 but that is all -- that's replacing that entire

1 concrete roof over time. It's diminishing, so at point  
2 we're going to have to redo that roof.

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

7 MR. JACKSON: I don't think so, sir, but I'll  
8 have to double check and come back to you on that.

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

13 CHAIRMAN McCUSKER: Mr. Marquez, does that  
14 track with your conversations with Music Hall  
15 stakeholders; carpeting, seating, lobby, restrooms,  
16 lighting, dressing area?

17 MR. MARQUEZ: It does. I too was looking at  
18 the roof. I know I'm getting caught up on the roof  
19 piece.

20 So from Rio Nuevo, our perspective is  
21 generating sales tax and driving as much dollars spent  
22 downtown as possible. I'm kind of looking more to user  
23 experience versus the deferred maintenance. I mean,  
24 obviously, we lease to the TCC -- sorry, we lease to  
25 the City the Tucson, but of the TCC we own the Arena,

1 we own the Convention Hall. We don't own the Music  
2 Hall or the Leo Rich.

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

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

16 MR. JACKSON: Totally agree.

17 MR. MARQUEZ: Yeah.

18 MR. JACKSON: We put this list together so  
19 that as funding becomes available we know where we need  
20 to prioritize. This includes the whole gamut of the  
21 things need to be replaced. Obviously, some of those  
22 might not be as relevant for Rio Nuevo. But they are  
23 on the list because we know at some point we've got to  
24 update these elements of the asset. So that's why they  
25 are on the list.

1           If you go to page three, you have the Leo  
2 Rich Theater, which is the fourth item that we broke  
3 our categories down into, with 14 projects. About  
4 420,000 for HVAC, about 2.7 million for the rest of  
5 those projects.

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

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

20           Then we looked at them across the Board and  
21 said, okay, if we had \$2 million and we had funding  
22 coming in, what's the number one priority. We also  
23 asked the TCC to do that, the Commission to do that.  
24 Excuse me. TCC Commission. So they prioritized what  
25 they think is most important as well.

1           Then sent a survey out to our key  
2 stakeholders, people using the facilities on a regular  
3 basis, and we're asking them to prioritize the elements  
4 of the venue that use. So those using the Music Hall  
5 would prioritize projects within the Music Hall, plus  
6 the outside projects, parking lot, fountains,  
7 landscaping. Roadrunners would prioritize the Arena  
8 projects, plus the outside things.

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

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

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

23           And then we also looked at return on  
24 investment. Are the projects in here that, hey, we  
25 upgrade these things, does it help in efficiency, does



1 it help us improve sales. That helped us prioritize as  
2 well.

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

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

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

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

25 MR. IRVIN: Yep.

1 MS. COX: Yes, it does.

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

5 CHAIRMAN McCUSKER: And we can't run Sangria  
6 in it.

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

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

11 CHAIRMAN McCUSKER: Let me ask question.

12 So that kind of jumps around, you know, venue  
13 to venue.

14 MR. JACKSON: Yes, it does.

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

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

1 facilities.

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

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

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

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

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

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

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

25 Again, our priority is the ice floor. We see

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

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

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

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

23           You know, Greg, I think this is a really good  
24 first start, and I know it's something we've been  
25 asking and talking about for a while, especially since

1 we've picked up a little bit of additional bandwidth by  
2 our extension.

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

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

20           And, also, I think we would be silly not to  
21 consider Eckbo Fountain in all this. At some point in  
22 time it's not going to be addressed. It's an eyesore,  
23 it holds us back with stuff, and I don't want to speak  
24 for anybody else, but it's driven me crazy for the  
25 eight plus years I've been on the Rio Nuevo Board. So

1 I know we need to, you know, figure out a piece of  
2 that.

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

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

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

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

25 Couple things that Greg probably can't say

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

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

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

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

22 MR. IRVIN: The other thing that I kind of  
23 questioned, as an example, in the central plant, one of  
24 the things we inherited when I first came on the Board  
25 was the fact we had to approve a project that was

1 already ongoing, and that was to upgrade the central  
2 plant to make way for us to be able to build the hotel,  
3 which never got built. So I would like to have a  
4 little bit better of an understanding of the money that  
5 we spent before and what those addressed.

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

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

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

22 We can't bond. You're right. We're now  
23 prohibited from bonding under the new legislation, but  
24 we're certainly -- and, Mr. Collins, interrupt me if I  
25 misstate this. We are, in fact, obligated to improve



1 our primary component. And in the paragraph of that  
2 statute we're allowed to finance that.

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

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

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

25 The meeting rooms are obsolete. If we're

1 ever going attract a convention, we've got to have  
2 breakout space. We may need a junior ballroom.

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

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

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

22 CHAIRMAN McCUSKER: The challenge we have,  
23 and the reason we go through this, is the open meeting  
24 law. We can't all, like, get together over at your  
25 house and talk about this. So the best way to advance

1 this is either maybe the Executive Officers or maybe we  
2 form a subcommittee or somebody that sits down with  
3 Greg and Glenn and other stakeholders in this at some  
4 point, and relative quickly. You know, I would like to  
5 have our version of these priorities, so then we can go  
6 back and go to the City Council and say, this is kind  
7 of what we would like to do, and let's get an agreement  
8 on how we fund it.

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

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

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

23 MR. COLLINS: On the subject of special  
24 meeting, your next meeting is the 13th of November. It  
25 is three weeks away. It's not that far off into the

1 future. So if you want to shorten it up, I mean,  
2 that's -- you don't have very far to go to the next  
3 meeting. I'm just mentioning that.

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

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

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

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

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

24 So we could make a motion now to move ahead  
25 on the ice floor.

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

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

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

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

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

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

25           So there's no real new design, but I'm going

1 to hold off until I talk to our gentleman that comes  
2 in.

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

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

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

17 MR. COLLINS: Right.

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

20 MS. BECHERER: I think that we would advocate  
21 sitting down and having a conversation about it.  
22 Potentially, it can be specked, but I still think that  
23 with all of the building systems, the existing  
24 infrastructure, and there are some things in that  
25 facility that we still don't know until we tear out and

1 get into. The unforeseen conditions and the risks  
2 associated with that are high.

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

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

10 MR. COLLINS: Correct.

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

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

21 (Cross-talking.)

22 CHAIRMAN McCUSKER: Finish your statement.

23 MR. JACKSON: Our window's really tight, so  
24 by November 13th we're going to have to give you a real  
25 detailed plan on the dates to knock this out, because

1 we've got next June, July, August, small time frame to  
2 really implement this.

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

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

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

19 Greg, anything else on the CIP?

20 MR. JACKSON: No, sir.

21 CHAIRMAN McCUSKER: Any questions for  
22 Mr. Jackson?

23 We're going to move this along expeditiously.

24 I didn't see anyone from JE Dunn. Is anyone  
25 from Dunn here? Are you going to speak to it, David?



1           Let me talk to our lawyer first, because we  
2    have some news.

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

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

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

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

19           MR. COLLINS:  Correct.

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

24           MR. COLLINS:  As soon as you sign it.

25           CHAIRMAN McCUSKER:  Right.  As soon as we

1 sign it. Because there's been a lot of consternation  
2 over the past month about the size and scale and  
3 parking and tenancy, and we'll let Dave address that  
4 here in a minute.

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

8 MR. COLLINS: Correct.

9 CHAIRMAN McCUSKER: And the terms with the  
10 County are agreed upon. It's just a matter of  
11 completing the document.

12 MR. COLLINS: Correct.

13 CHAIRMAN McCUSKER: So from my layman's  
14 perspective, we have a deal.

15 MR. COLLINS: I understand that.

16 CHAIRMAN McCUSKER: I mean, a couple of nits  
17 and T's and I's and things, but --

18 MR. COLLINS: Correct.

19 CHAIRMAN McCUSKER: -- we're now moving  
20 into -- you know, we're not planning anymore, we're  
21 fixing it.

22 MR. COLLINS: Correct.

23 MR. SHEAFE: Did you want to add, though,  
24 that the deal still has some hurdles to get over before  
25 it becomes a deal that we know is going forward?

1           CHAIRMAN McCUSKER: Yeah, there's some outs  
2 in the deal, but for the period since we've authorized  
3 it till today, it's been in what I would call escrow.  
4 And it had a lot of escapes for the developer. They've  
5 now basically eliminated the majority of those  
6 contingencies and signed the lease. So there are some  
7 outs in the lease document.

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

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

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

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

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

19          CHAIRMAN McCUSKER: Let me ask you some  
20 questions.

21          MR. VOLK: Sure.

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

24                 The original project was a 20-story multi-use  
25 building, two floors of retail, several floors of

1 parking, several floors of office space.

2 MR. VOLK: Yes.

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

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

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

11 MR. VOLK: About half.

12 CHAIRMAN McCUSKER: We went from where to  
13 where.

14 MR. VOLK: 250 to 150.

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

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

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

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

24 CHAIRMAN McCUSKER: 14 floors.

25 MR. VOLK: And we first came to you before we

1 ran into issues with soils, and we also had that  
2 basement in the retail center, and with the issues with  
3 soils that kind of dropped out a while back. So in the  
4 very, very original proposal I think there was three  
5 floors of retail, but in the last six months we've  
6 talking two.

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

9 MR. VOLK: Yes.

10 CHAIRMAN McCUSKER: And --

11 MR. VOLK: And five floors of office.

12 CHAIRMAN McCUSKER: Five floors of offices.

13 MR. VOLK: Plus a partial penthouse.

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

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

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

25 MR. IRVIN: Whatever you need to block his

1 views, that's really important to me.

2 CHAIRMAN McCUSKER: The retail survives. So  
3 there's still two floors, full floors of retail?

4 MR. VOLK: Yes.

5 CHAIRMAN McCUSKER: And that's first two  
6 levels and the ground?

7 MR. VOLK: It's a ground floor and the floor  
8 after that.

9 CHAIRMAN McCUSKER: And then parking above  
10 the retail and offices above the rest?

11 MR. VOLK: Yes.

12 MR. MARQUEZ: How many parking spots is five  
13 floors of parking?

14 MR. VOLK: Hair over 350.

15 CHAIRMAN McCUSKER: 350 spaces.

16 MR. IRVIN: Do we need a motion to go  
17 forward?

18 CHAIRMAN McCUSKER: No. Just an update.

19 MR. COLLINS: I believe --

20 CHAIRMAN McCUSKER: If they hadn't signed a  
21 lease, we'd be having a very different discussion.

22 MR. COLLINS: The discussion would be  
23 different if you didn't have a signed lease.

24 MR. IRVIN: So we've already been authorized,  
25 as Executive Officers, to sign that agreement upon

1 completion?

2 MR. COLLINS: Yes, you have.

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

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

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

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

11 Phil, do you want to comment on that?

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

14 MR. SWAIM: Phil Swaim, Swaim Associates  
15 Architects.

16 I believe at this point we need about  
17 15,000 feet of LOI commitment from the next tenant to  
18 get full release on design and construction documents  
19 to proceed.

20 MR. SHEAFE: All right.

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

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

25 MR. VOLK: We have the -- other parties are

1 very far along. Admittedly, we have three, four  
2 parties at the initial stages.

3 I'd, frankly, be surprised if we could  
4 progress with them to sign paperwork in anything less  
5 than a couple months or so. It will take a little  
6 while. We don't have it yet.

7 MR. SHEAFE: Ask then at the next meeting you  
8 just give us update so we know where you are.

9 MR. VOLK: Absolutely.

10 CHAIRMAN McCUSKER: Thank you.

11 Sunshine Mile we tabled.

12 Brandi any calls to the audience?

13 One, two, three. We have three minutes  
14 scheduled. We will keep a clock on this.

15 One, two, three, four, five speakers.

16 Start with Kevin Bellinger.

17 MR. BELLINGER: Hello. I'm Kevin Kairand  
18 Bellinger.

19 First of all, thank you. It's been a  
20 pleasure to meet a lot of you last night, but also over  
21 the last year or so.

22 I'm the Director of the Arizona Bowl  
23 Community Village and the creator of the RAAVOLUTION  
24 Parade with all the community flags and all that. And  
25 I would like to not ask, but offer the creation of a



1 possible Rio Nuevo Youth Advisory Board. And this is  
2 something that last night, while I was at Tucson Now, I  
3 thought of. And I've done it before.

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

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

24 So it's not an ask; it's an offer. That I  
25 was inspired by the work that you guys are doing, and

1 in collaboration with all your partners as well.

2 CHAIRMAN McCUSKER: Thank you very much.

3 Ryan DeJoe, Tucson Junior Roadrunners.

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

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

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

15 So all of these people are trying to use the  
16 one sheet of ice we have here in town. And the problem  
17 we have is that it's 200 feet by 85 feet. And it's the  
18 only place to skate here in Tucson. If you've ever  
19 heard that Tucson's the largest city in the United  
20 States without a hockey rink, and it's true. It's  
21 true, because I researched that myself and started  
22 telling anyone who would listen that's the case. So in  
23 terms of a community hockey rink, it's desperately  
24 needed by the hockey-playing community, which includes  
25 the U of A, which includes the Roadrunners.

1           My colleague, Mr. Bow, who is the President  
2 of the Junior Roadrunners, has much more of an economic  
3 background than I do, so he can speak to some of the  
4 direct benefits. But I can talk here for hours about  
5 what youth sports do, what youth hockey does for the  
6 youth of the community here. I know Mr. Irvin has an  
7 extensive background with Boys and Girls Club, and he  
8 can speak about how important it is for young folks  
9 here in the community to have something like hockey and  
10 have things like that.

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

22           But especially if a community rink is built,  
23 a summertime hockey contingent will be big. If  
24 anyone's ever been to Scottsdale, go look at the Ice  
25 Den on Bell Road in the middle of July, and you'll see

1 all three rinks packed and both restaurants, which are  
2 now one restaurant, packed.

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

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

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

20           MR. DeJOE: Be happy to you.

21           CHAIRMAN McCUSKER: Ryan, thanks.

22           Jeremy, you want to add something to that?

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

24 My name is Jerry Bow. I am the President of the Tucson  
25 Junior roadrunners.

1           I'm going to speak to you not just as the  
2 President, I'm also a parent. I have an eight-year-old  
3 son who's been skating with the Junior Roadrunners for  
4 three years. So I have a unique dual perspective  
5 there.

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

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

25           The other thing it does, opening a community

1 rink, is it clears up some of the schedule for the  
2 current Convention Center to bring in more of those  
3 conventions, bring in more of those events, those  
4 concerts that are generating additional revenue for the  
5 City and for the District.

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

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

1 here.

2 Thank you.

3 CHAIRMAN McCUSKER: We thank you very much.

4 Raul Ramirez.

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

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

18 And one of the things I think is missing is  
19 the area of community input. And I know in the past,  
20 when Alberto Moore was on the Board, he had been  
21 assigned to the west side projects. And I'm wondering  
22 if you've had on opportunity to assign anybody; if not,  
23 I was going to recommend Mr. Marquez. In the past, we  
24 had great interaction with Mr. Marquez at the Garden.  
25 But I think by having people that we can go to and talk

1 to about concerns really offsets some of the  
2 reactionary -- whatever you want to call it, kind of  
3 reacting to things and -- rather than sitting down and  
4 trying to work them through.

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

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

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

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

23 CHAIRMAN McCUSKER: Raul, thanks.

24 Liza.

25 MS. GRANT: My name is Liza Grant, and I am



1 representing the Menlo Park Neighborhood Association.

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

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

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

22 I'm going to go ahead and read what our  
23 neighborhood association wanted to present to the Rio  
24 Nuevo Board. Thanks for the opportunity for us to do  
25 that.

1                   To Fletcher Chairman McCusker and the Rio  
2   Nuevo Board of Directors. At the Menlo Park  
3   Neighborhood Association meeting held Thursday,  
4   October 18th, two relevant items were discussed as part  
5   of the agenda, the Santa Cruz River Heritage Project  
6   and the "A" Mountain Area Landfill.

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

24                   I did bring a copy of the letter from our  
25   President, Zach Yanscer (ph).

1           That is what I wanted to say.

2           CHAIRMAN McCUSKER: Will you send Brandi your  
3 meeting schedule?

4           MS. GRANT: I sure will.

5           CHAIRMAN McCUSKER: Thank you.

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

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

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

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

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

22                 I also heard with interest the interest in  
23 Caliber in connecting with the existing HVAC systems of  
24 the TCC. And I wanted to remind the Board that TCC  
25 Today has a working relationship with a water

1 harvesting specialist out of Chicago, Illinois. And  
2 they have assessed the existing condensate rate, and at  
3 its existing level it can fund well over 90 percent of  
4 the central fountain. So were Caliber to tie into that  
5 and were able to use all of that, we would have a very  
6 good source for the water for the fountain renovation.

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

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

22 Thank you very much.

23 CHAIRMAN McCUSKER: Thank you.

24 Anything else from the Board? Entertain a  
25 motion to adjourn.

1                   (Motion moved, seconded and passed  
2   unanimously.)

3                   CHAIRMAN McCUSKER: Meeting's adjourned.  
4   Thank you very much.

5

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

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REPORTING FIRM CERTIFICATE

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

WITNESS MY HAND this 25th day of October  
2018.

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KATHY FINK & ASSOCIATES, INC.  
No. R1003