

RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

BOARD MEETING

Tucson, Arizona
November 13, 2018
2:00 p.m.

REPORTED BY:
Thomas A. Woppert, RPR

AZ CCR No. 50476

KATHY FINK & ASSOCIATES

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BOARD MEMBERS PRESENT:

- Fletcher McCusker.
- Chris Sheafe.
- Mark Irvin.
- Edmund Marquez.
- Jannie Cox.

ALSO PRESENT:

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

BE IT REMEMBERED that the meeting of the Board of Directors of the Rio Nuevo Multipurpose Facilities District was held at the Arizona State Building, in the City of Tucson, State of Arizona, before THOMAS A. WOPPERT, RPR, Certified Reporter No. 50476, on the 13th day of November 2018, commencing at the hour of 1:00 p.m.

P R O C E E D I N G S

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CHAIRMAN MCCUSKER: Let's call the meeting to order. It's 2:06 p.m. We had a text from Edmund. He's running a few minutes late. We do have a quorum.

Mr. Sheafe, do you want to lead us in the pledge?

(Pledge of Allegiance)

CHAIRMAN MCCUSKER: Brandi, will you please call the roll.

MS. HAGA-BLACKMAN: Jannie Cox.

MS. COX: Here.

MS. HAGA-BLACKMAN: Chris Sheafe.

MR. SHEAFE: Here.

MS. HAGA-BLACKMAN: Mark Irvin.

MR. IRVIN: Here.

MS. HAGA-BLACKMAN: Fletcher McCusker.

CHAIRMAN MCCUSKER: Here. And, as we mentioned, Edmund's on his way and Jeff Hill is indisposed.

You have the minutes from the October 23rd meeting. We don't have minutes yet from the study session on Friday, but the transcript is verbatim. Unless you have a change or suggestion --

MR. IRVIN: Motion to approve.

1 MS. COX: Second.

2 CHAIRMAN MCCUSKER: All in favor say aye.

3 (Motion passes unanimously)

4 CHAIRMAN MCCUSKER: Let me chat out loud here
5 for a while. Raise your hand if you're here for the
6 Armory Park agenda item.

7 Just a couple of you.

8 How about the rest of you? Are you observing?
9 Are you here for an agenda item? Are you in a civics
10 class, you know, or --

11 UNDIFFIED SPEAKER: Sunshine Mile.

12 CHAIRMAN MCCUSKER: Sunshine Mile.

13 UNDIFFIED SPEAKER: For a civics class.

14 CHAIRMAN MCCUSKER: There you go.

15 We usually go straight to executive session and
16 it takes 45 minutes to an hour, so you're going to be
17 lonesome. I do know there's a number of Armory Park
18 people that I think wanted to come, but I don't know if
19 they were planning on coming at 2:00. Councilman Kozachik
20 said he wanted to speak to us. So we could flip the order
21 of things, but then I might confuse the people who are
22 going to come later, or just keep the schedule and let you
23 guys chill.

24 All right. So let's do that. Let's --

25 And you are here for which item? Hello? Let

1 me know what you're here for.

2 MR. IRVIN: You're here for everything, aren't
3 you, Mark?

4 UNDIFFIED SPEAKER: He's here for Armory Park.

5 CHAIRMAN MCCUSKER: Do an abbreviated exec, try
6 and get down here quickly?

7 Let me just say a few words about the Armory
8 Park item because it's unusual that we have this kind of
9 attendance.

10 A couple months ago, we had a conversation with
11 the city about Armory Park. And it's clear to all of us
12 that the current park is dysfunctional. It's also, in a
13 word, disgraceful. Our interest is in rehabilitating the
14 park to its historical accuracy. And that's the plan
15 you're going to see this afternoon.

16 On the heels of the Dusk Festival, it's
17 important that you all know we have nothing to do with who
18 uses the park. The city of Tucson issues the permits and
19 licenses for the use. Our interest is to make it a better
20 park for anyone and everyone. And it's quite simple.
21 It's to restore the grass where the current band shell is
22 and the bocce ball courts and the tennis courts and to put
23 the band shell back to where it was historically. So
24 that's it.

25 I expect given the e-mail traffic I've seen, a

1 lot of people are concerned about the noise and crowds
2 associated with a music festival. This is the wrong place
3 to have that conversation. We know a lot of people that
4 want to use it for a variety of events whether it's
5 Shakespeare or a political event or a sports event or a
6 concert, whether it's jazz or rock or hip-hop. That
7 particular park seems to be in a great deal of demand.
8 However, our interest is not in changing its use or making
9 it more exclusive or more capable of, you know, a music
10 festival kind of event. That's really entirely up to the
11 city of Tucson, who issues these permits.

12 So I considered actually tabling the item, but
13 I think that's a disservice to the whole conversation.
14 We're going to keep it on the agenda. I may take calls to
15 the audience for that item early so that you all don't
16 have to sit around forever. If you're in a civics class,
17 you're stuck with us for as long as you have to. But
18 let's go to exec as planned and try and get back as
19 quickly as we can.

20 So having said that, I would need a motion to
21 recess to executive session.

22 MR. IRVIN: So moved.

23 MS. COX: Second.

24 CHAIRMAN MCCUSKER: All in favor say aye.

25 (Motion passes unanimously)

1 (Recess)

2 CHAIRMAN MCCUSKER: We need a motion to
3 reconvene.

4 MR. IRVIN: So moved.

5 CHAIRMAN MCCUSKER: Second, please.

6 MR. MARQUEZ: Second.

7 CHAIRMAN MCCUSKER: I never heard a second.

8 MR. MARQUEZ: Second.

9 CHAIRMAN MCCUSKER: All in favor say aye.

10 (Motion passes unanimously)

11 CHAIRMAN MCCUSKER: Okay. We're back in
12 regular session. Thank you for your patience. We use
13 executive session primarily to talk to our attorney. I
14 will make my remarks brief. We'll get the financial
15 report, and then the Armory Park item. I will allow
16 people that are here for the Armory Park item to do call
17 to the audience as part of that item.

18 So it's really a busy time for us, unbelievably
19 busy. I think the press release from our Friday session
20 just went out this morning. We did have a study session
21 on Friday to look at the Tucson Convention Center and
22 capital improvement requests for that. We were presented
23 with a list of requests that totaled about \$42 million. I
24 can tell you we didn't do anything to reduce that amount.
25 We probably added to it to the extent of maybe 5 million

1 or possibly 20 or \$25 million depending on what we do with
2 parking structures and the second sheet of ice for hockey,
3 et cetera.

4 The only action item that occurred out of that
5 is we will be soliciting commercial lenders for financial
6 proposals that include a scope of up to \$70 million. So
7 Rio Nuevo obviously does not have the kind of cash to do
8 that, but indeed we can finance a project of that scale.
9 So in the next few days, if you're a commercial lender,
10 you'll see an RFP on our website asking you to submit a
11 proposal on how you might finance and under what terms a
12 project of that scale.

13 Hotels are going up all around us. You're
14 following that. We've approved five new hotel projects.
15 I can tell you there are a couple more still out there.
16 People ask me all the time, oh, my God, you know, aren't
17 you overbuilt. We referenced a CBRE study that looked at
18 the downtown hotel opportunities and they identify the
19 need and value for at least 1,000 new beds, so combined so
20 far, I think we're at about 550 or under 600, so we still
21 think there's room. And all of a sudden now, Tucson's a
22 very interesting spot around the globe for hotel
23 developers from -- you know, name a brand and we probably
24 talked to them in the last few weeks.

25 Caterpillar is on time, on schedule. We expect

1 to turn the keys over to them around Christmas.

2 Any other project update? Nothing I can think
3 of.

4 So, Dan, let's do your financial review.

5 MR. MEYERS: Dan Meyers, CFO for Rio Nuevo.

6 Okay. As of the end of October, we had about a
7 little less than \$4.5 million in the bank. We've got
8 about \$4.2 million in committed funds. However, I spoke
9 to Phil Swaim a few minutes ago and we've got a
10 500,000-dollar contingency in there that it appears we can
11 take that out of the commitments, so that's really good
12 news.

13 The August TIF revenue, I got an estimate from
14 the state of 950,000. Our monthly budget is 1.2 million,
15 but if you go back and study the last few years, TIF
16 revenue historically July through October are kind of our
17 leaner times, and then it pops back up when we get close
18 to the holidays and through spring. So our annual budget,
19 I think, has an estimated surplus of \$3.7 million. I
20 think even though we're \$300,000 off our budget for the
21 first two months, I don't see any reason at this point in
22 time to reduce that number, but we need to keep an eye on
23 it.

24 Any questions?

25 CHAIRMAN MCCUSKER: To be clear, the

1 million dollars you show remaining on Caterpillar, that
2 does not come from the 4.4 cash on hand; right? That's --

3 MR. MEYERS: No, that's our portion of our
4 contract with Sundt. That's our piece. And there might
5 be even a little bit of a surplus left on that, I'm told,
6 so hopefully that's not --

7 MR. SHEAFE: That's where the 500 is that you
8 referred to?

9 MR. MEYERS: The 500 is a line below, which I
10 thought, you know, when we started this project, we kind
11 of always had that in there, but now that we're getting
12 close to the end --

13 MR. SHEAFE: But it's part of the Caterpillar
14 thing. I see what you're saying. Okay.

15 MR. MEYERS: That's going to disappear on next
16 month's report.

17 Any other questions?

18 CHAIRMAN MCCUSKER: Any questions for Dan?

19 Thank you very much.

20 MR. SHEAFE: It's another way of saying you
21 also came in on time but also on budget.

22 CHAIRMAN MCCUSKER: Okay. We can move on to
23 item number seven. It's the Armory Park possible action.
24 I asked Ken Kavanaugh to come out and help us make a
25 presentation. Ken is a landscape architect who's done a

1 lot of work on this project over the last several months.
2 Again, to kind of preface, Rio Nuevo's interest in this
3 particular park, it is the only park in fact inside the
4 Rio Nuevo district. Our interest here is primarily
5 preservationist. We are looking at restoring the park to
6 its historical status and we welcome your input into that.

7 I can say on Ken's behalf he spent a lot of
8 time with stakeholders to get to the point where we are.

9 So, Mr. Kavanaugh, introduce yourself and let's
10 go.

11 MR. KAVANAUGH: I am Ken Kavanaugh. I'm
12 educated a landscape architect, primarily a golf course
13 architect. I design outside spaces.

14 On August 14th, I met on site with Fletcher and
15 we started talking about how can we make improvements to
16 the concert venue portion of Armory Park.

17 We then met with the city manager. The city
18 manager said, that's great, have a conversation with the
19 neighborhood, so we have done that.

20 This is the existing site with the building
21 here. You'll notice what I'm calling the event plaza is
22 rectangular. It sits right there. The existing stage,
23 and we're calling it a band shell, is right there, and a
24 game area that sits down there, that includes shuffle
25 board, bocce and horseshoes.

1 Now, when the city manager -- and its
2 orientation is this way. Well, this is the existing park.
3 You'll also notice there are vehicles parked there, there,
4 there, there, there, and maybe even down there. There's a
5 gate there and a gate there and emergency access that goes
6 right through there like that currently. So that's kind
7 of the criteria. And we're interested in reorganizing the
8 existing functions at Armory Park.

9 When we had our conversation with the
10 neighborhood, it turned into a history lesson. It really
11 did. And it started with this photograph right here.
12 Now, I have brought about half of the photographs that
13 have been presented to us and that our historic
14 rehabilitation is based upon.

15 You'll notice in this one, and it's from 1913,
16 the sidewalks went -- made an X through the property and
17 right exactly in the middle where those sidewalks
18 intersected is a circle. Now --

19 You can go to the next one.

20 I show this slide only because of the -- well,
21 it's historic in nature, the size of the vegetation. I
22 think this is Armory Park and this is the children's
23 library over here. I show it because of the light fixture
24 which currently -- which this, I think, is a five-globe
25 fixture. What's on site right now is a pole very similar

1 to this, only it's a two-globe, so we think they are --
2 they do have -- what's down there now does have historic
3 significance. We would leave those, but they could use
4 some paint and new globes.

5 This is the Armory Park side. This is the
6 children's museum. You can see the circle is still there.
7 This photograph is from the 1930s, but a building, the
8 armory, has appeared on site.

9 Next one.

10 You can still see the circle. This is the
11 building, I think there was a parade going on that day,
12 and a band shell was right here on the front of the
13 building. It was not -- current -- today it's over here.
14 Originally, historically, it was on the front of the
15 building and it was about 45 feet across. And there's the
16 circle and the sidewalks coming in.

17 I want you to notice in this photograph the
18 geometry of the park, and the commitment to geometry in
19 the park not with just the paved surfaces but also with
20 the landscape. The palm trees are one, two, three, four,
21 the same over here, one, two, three, four, the same out
22 here, a commitment to geometry.

23 Okay. We can go on.

24 Just a closeup, I think, taken on the same day,
25 same parade. The band shell they're setting up for an

1 event, the geometry of the palm trees, the geometry of the
2 entire park.

3 Okay. Go ahead.

4 Why am I showing -- I'm showing this -- here's
5 the children's museum. This is the armory building. This
6 is the band shell on the front of the building.

7 Next one, please.

8 And this is it. This was the front of the
9 armory building at Armory Park and this was the stage.
10 And I think it's about 45 feet from there to there.

11 Now, you will notice that the base of this
12 stage -- well, I don't know if you can notice or not. I
13 would tell you that is a stone face on the base of the
14 stage. We think it is called A Mountain quarry stone at
15 the base of the stage.

16 Next one.

17 Here is what -- in our conversation with the
18 neighborhood, speaking only for myself, it has been a kind
19 of partnership relationship. As we learned the history of
20 the property, this is what we developed. You can see the
21 circle. That is 130 feet across. That's a 65-foot
22 diameter. That is the location of the old circle. You
23 can see underneath that is where the current rectangle
24 event plaza is. And here, that's -- that's the existing
25 sidewalk, existing sidewalk. There's the circle.

1 The material in this circle primarily, I think,
2 should be exposed aggregate with small aggregate no larger
3 than a half an inch in size because back in the very first
4 photograph that we showed you, it probably wasn't even
5 paved then. It was probably just a compacted aggregate,
6 and so exposed aggregate takes its inspiration from the --
7 from before it was even paved. And you will see the
8 aggregate.

9 We think it's important that's in these spaces
10 here the striping I'm calling brick header that's running
11 through the circle. Now, the brick header -- first let me
12 say it will be in the configuration that we're showing to
13 define and accentuate the diagonals -- the old original
14 diagonals running through the site, we want to accentuate
15 those. This is old broom finish gray concrete while this
16 will be exposed ag. Right there and running through,
17 we'll have the old just broom finish gray concrete running
18 through the space and then exiting that way and exiting
19 that way.

20 We have defined -- well, let me talk about the
21 brick header which runs around the outside and defines
22 those sidewalks takes its inspiration from two places.
23 One, depending on how you look at it, this side of this
24 building is all brick and this is the main entrance to the
25 building, and this is a large brick patio and sidewalk

1 coming into the building. So everywhere there's a door on
2 this side of the building, which is there, there and
3 there, we will have brick much like the entry -- well,
4 just like the entry on this side of the building also and
5 in some ways more importantly, down at this intersection
6 here, here, here and here. If we were to blow this up,
7 you would see that there is brick header -- well, we're
8 not going to blow it up, but -- but brick header, brick
9 stripes, are running through the concrete at this
10 intersection here, here, here and here. So this becomes a
11 kind of transient space, and then this becomes a kind of
12 arrival space with brick striping and then big brick
13 patios at the doors. This -- so that's the event plaza.

14 I'll go on to say -- I'll lastly say about that
15 this sidewalk is 10 feet wide, so it will go through and
16 exit 10 feet wide. This side here comes through 10 to
17 there but exits 15 feet wide. And that is because of the
18 emergency access thing that we have maintained through
19 here and access to servicing the stage on event day.

20 The stage is here. It's not up against the
21 building like it once was because right now the building
22 has big double doors. That's the main entry to this side
23 of the building. So this is 20 feet in here. There will
24 be 20 feet of service kind of access behind the stage and
25 a ramp up to the stage. And this entire 20 feet in here

1 is brick, a big brick patio that not only enters the --
2 the main entry on this side, but it's also an
3 architectural element much like is back here, a big area
4 of brick that connects in some way the stage to the front
5 of the building like it once was. The stage is three feet
6 tall. It has brick steps going up to it. It's just gray
7 concrete on top, probably broom finish, but around the
8 edge and bottom of it is these stone -- the U of A quarry
9 stone face just like the old days.

10 CHAIRMAN MCCUSKER: You didn't say it, but
11 everything that's green is grass?

12 THE WITNESS: And everything that's green is
13 grass. I was going to finish with that.

14 Well, actually it's not so. There are
15 different shades of green. This shade of green is grass.
16 This shade of green is not. It's like landscape
17 foundation planting not to exceed the height of the stage,
18 not to exceed three feet in height, but -- and a stone
19 face on the stage. I don't know if I -- I said this is
20 brick steps access to the top of the stage. This is
21 handicap ramp access on the back of the stage, so when
22 you're setting up for an event, you set up here, you can
23 use the ramp or the steps.

24 Lastly, second to lastly, we would -- we are
25 recommending that we remove the game area, the shuffle

1 board, bocce and horseshoe, remove it and grass it.
2 And -- well, irrigation system and grass. Now, that's not
3 grass seed but gas sod where we just roll it out and it is
4 a lawn the very next day.

5 Since the game -- since the gaming area is
6 coming out, what we would put back in that area are palm
7 trees, 30-foot tall mature palm trees, date, date, date,
8 fan, just like what is out there right now here, just like
9 I pointed out on the historic photographs. And, lastly,
10 on site right now is three palms. And in order to comply
11 with the historic geometry, we would add one palm, a date
12 palm, there.

13 In this area here where the existing stage
14 comes out, that would -- just like over here, we would
15 irrigate that and sod it with new turf grass.

16 And -- and, you know, it's -- it's just simple
17 and that's it. It's kind of an elegantly simple --

18 CHAIRMAN MCCUSKER: Talk about the monuments
19 and some of the other things that are --

20 MR. KAVANAUGH: Well, the monuments -- the
21 existing monuments are one, two, three. I might say that
22 at least one of them has the stone base at the base of it
23 that will be the same stone at the base of the stage, so
24 yeah, there are three existing monuments down there to
25 remain.

1 The -- these arrows -- there are two drinking
2 fountains here to be relocated in a similar place, and the
3 lights on site remain. This design works with the
4 existing lights.

5 What I just completely forgot to mention is
6 that on the other side of the circle where this sidewalk
7 comes through and exits, we would add one, two three and
8 one, two, three Italian cypress trees, the same tree that
9 is out there now doing the -- the geometric landscape
10 entry along the diagonal sidewalks. We would pick that up
11 on the other side as you leave the circle, and so the
12 landscape plan is just geometry palm trees, geometry
13 Italian cypress and low flowering foundation planting
14 against the building and at the base of the stage.

15 Oh, geez, Fletcher, lastly, I promise, this
16 stage is roughly 40 by 40, which is 1,600 square feet.
17 There are four little squares on there. That would be the
18 pillars that would support this. We would cover these --
19 the new stage, 1,600 square foot stage, with a 1,500
20 square foot prefabricated band shell that I'm showing down
21 here. We would -- we would have stone pillars up here and
22 then the -- the supports for the band shell coming out of
23 the pillars. This has a stone face on it. End of story.

24 MS. COX: Ken, you talked about removing the
25 game area and you had a lot of input from the neighbors.

1 I assume they're the ones who primarily played games
2 there. Were they supportive of changing out that game
3 area?

4 THE WITNESS: Well, I don't know if I would
5 make that assumption or not. However, yes, we have had
6 conversations with the neighbors about that. Now, I'm --
7 I think -- when you say they're the ones that use it, I
8 don't -- I wouldn't make that assumption. Now, that may
9 be true. I wouldn't go there because I think people from
10 a larger area than just this neighborhood come use the
11 senior citizens center.

12 Now, what we have heard and what I have
13 observed down there is, you know, that armory building
14 that I was showing you in past photographs, it was like
15 this big. Well, this current building is -- the old
16 building is like a third of the size of this building down
17 here now. And I think and have observed that mostly,
18 almost always, the -- the senior citizen activities at
19 this park are being done inside this new big building.

20 MR. MARQUEZ: And, Ken, I was down there this
21 weekend and I noticed there's different elevations to the
22 grass. And you're saying you're going to re-sod. Is
23 there any recommendation for adjustment to actually level
24 the -- the fields that's it's actually a nice, flat
25 surface?

1 MR. KAVANAUGH: Well, yes. In fact, you said
2 it. When the existing game area and the existing band
3 shell and the existing event plaza are demoed, demolition
4 is done, then all of those areas -- that entire area will
5 be graded flat, and then some of it will be paved and some
6 of it will be grass.

7 The beauty that occurred to me during this is
8 that, you know, if it's not raining, there's really no
9 difference -- as far as spectator area goes, there's
10 really no difference between paving and grass. You can
11 use both for event viewing, so --

12 CHAIRMAN MCCUSKER: Jannie, to your point, we
13 couldn't find anybody to defend the bocce ball or shuffle
14 board areas.

15 MR. KAVANAUGH: We do have support.

16 CHAIRMAN MCCUSKER: Nobody uses them. They're
17 not regulation, we've heard. They're trip hazards for the
18 most part. I was concerned when we initiated this that
19 somebody was going to chain themselves to the shuffle
20 board court, our precious shuffle board court. No one
21 that we've talked to --

22 MS. COX: I assumed that. I assumed that, but
23 I just needed --

24 MR. KAVANAUGH: I just never say no.

25 MR. SHEAFE: Well, it is popular but apparently

1 not here.

2 MR. KAVANAUGH: This is a popular place, but
3 there are a lot of activities inside the building.

4 MR. SHEAFE: Well, you know, I'm a developer at
5 Rancho Del Lago and out there we have a shuffle board
6 facility. And I'll tell you, you can go there any day of
7 the week and it's being used.

8 CHAIRMAN MCCUSKER: A couple of comment on the
9 band shell. This is not rigged for sound. It's not
10 designed for any particular type of use. It could be
11 Shakespeare in the Park or it could be a, you know,
12 symphony, a rock band. There's really up to the user to
13 rig it. So it was basically just to restore a space and
14 to create flexibility for the users. There are a lot of
15 uses in this from political events to sporting events to
16 gatherings to musical events. We didn't really prejudice
17 this in terms of any particular use but to basically make
18 it more usable to anyone that wants to use it for any
19 reason. And you can talk about the cost. Are you going
20 to --

21 MR. KAVANAUGH: If you'd like me to. All we've
22 done is reorganize what is down there sympathetic to its
23 historic context. When we had or conversation with the
24 neighbors, they're all about the history of the place, and
25 so -- but we're just reorganizing what's down there

1 already.

2 CHAIRMAN MCCUSKER: I'm talking about the price
3 tag.

4 THE WITNESS: It's a work in progress. We
5 still have to do, you know, working drawings. What I --
6 the most accurate and honest answer right now is that it
7 will cost within 10 percent of \$450,000 for what you're
8 looking at. Now, what that means is -- well, 405 to 495.

9 CHAIRMAN MCCUSKER: Okay. And the --

10 THE WITNESS: The first number will be a four.

11 CHAIRMAN MCCUSKER: The process -- this is an
12 historical property. I think we've submitted to the
13 commission --

14 MR. KAVANAUGH: Today. I'm proud to say we did
15 that today and it should be on an official neighborhood
16 agenda for November 20.

17 MR. IRVIN: Fletcher, can you also talk about
18 what -- like the million and a half bucks that the city
19 has got planned in part of their parks referendum? Can
20 you just touch -- they're not touching any of this stuff.
21 There's just more restrooms and other things, but can you
22 touch on that?

23 CHAIRMAN MCCUSKER: Yeah. So we haven't seen
24 anything that would rehabilitate the park. In the city
25 bond proposal, they're operating to light it, to add some

1 restrooms, you know, maybe modernize, my word, the park.
2 This is kind of, as Ken said, an evolving effort that
3 really was in concert with the neighbors, the preservation
4 people who know this park historically. We saw the value
5 in terms of our commitment to this and its restoration.
6 There's nothing in the city's bond package that would do
7 that. I can say if we don't do this, it's likely not to
8 get done.

9 MR. IRVIN: Right.

10 CHAIRMAN MCCUSKER: And what you will have then
11 is still a dysfunctional park with a dysfunctional band
12 shell oriented to the wrong direction. Unusable bocce and
13 shuffle board courts would now have a bathroom and lights.
14 Edmund.

15 MR. MARQUEZ: I really appreciate the fact that
16 you went to the neighbors. It's very important obviously.
17 What was the general feedback from the neighborhood?

18 MR. KAVANAUGH: Well, I don't know if some of
19 them are there. I -- I feel like their partner. I feel
20 like this plan is -- is the evolution of a kind of
21 partnership with the neighbors and we arrived at this
22 together.

23 MR. MARQUEZ: Excellent.

24 MR. KAVANAUGH: I don't know. There are some
25 of them here, I -- well --

1 CHAIRMAN MCCUSKER: We're going to find out.

2 MR. KAVANAUGH: That's how I feel. Yeah, we're
3 going to find out.

4 CHAIRMAN MCCUSKER: Any other questions for
5 Ken?

6 MR. MARQUEZ: Thank you.

7 MS. COX: Ken, great job.

8 CHAIRMAN MCCUSKER: Whether you filled out a
9 call or not, we're going to open up comments specific to
10 this agenda item, Armory Park.

11 Brandi, you might have some calls signed, but
12 if you want to speak, just literally raise your hand and
13 we'll make sure you get a chance to do that.

14 A couple of rules of engagement in audience
15 participation. This is kind of a change in the schedule,
16 to call the audience, but our rules are quite simple and
17 quite legal. You're allowed three minutes. You can say
18 anything you want during those three minutes. We are,
19 however, not allowed to interact with you, so this is a
20 one-way conversation. You get to tell us what's ever on
21 your mind as it relates to this. We'll keep track of the
22 time. We're not crazy about it, but try and keep your
23 remarks to three minutes or less, and then we'll move back
24 to the board after you've had a chance to have some input.
25 And, again, if you didn't fill out a card, just raise your

1 hands, so there's no particular order.

2 Elizabeth Burton.

3 THE WITNESS: Can I defer and have Martha go
4 first? She was the other card.

5 CHAIRMAN MCCUSKER: Sure. Martha McClements.

6 MS. MCCLEMENTS: Hi. My name is Martha
7 McClements. I'm the chairperson of the Armory Park
8 Historic Zone Advisory Board. And we have seen the
9 presentation and very happy to hear that you have an HPZ
10 number now because you will have to come back and do --
11 with your final drawings to go through our approval with
12 this process because it is in the historic preservation
13 zone.

14 Let me be clear. We are not the neighborhood
15 association of which you are about to hear some people, so
16 at this point, if your committee wanted to come and talk
17 to the neighborhood association, that would probably be a
18 good thing because I know for a fact some of the people do
19 use the -- the shuffle boards for -- God knows if it's
20 shuffle board but some kind of an event.

21 When we met with you, we as the historic
22 advisory board are pleased with the plans as presented.
23 We would like to make sure that the plants that are still
24 there and the trees that are still there are
25 representative on the drawing. Have you updated it since

1 your last presentation?

2 MR. KAVANAUGH: Yes.

3 THE WITNESS: Okay. Good.

4 Remember, it's a neighborhood park. It's not a
5 regional park. That has been pointed out to me. And I
6 will see you on the agenda on the 20th. You don't have to
7 go through the entire thing for the board since you've
8 gone through us once before. Big sigh of relief there.
9 We don't want to waste your time, but I'm sure you will
10 get some feedback if not today. And if you ask for
11 feedback from the neighborhood, we're vocal, so -- as you
12 can see, we tend to show up.

13 Thank you very much.

14 CHAIRMAN MCCUSKER: Okay. Liz.

15 MS. BURTON: Good afternoon, everyone. My
16 name's Elizabeth Burton. I'm a resident of Armory Park.
17 I have the honor and privilege of serving as president of
18 the neighborhood association. And thank you for the
19 opportunity to address this committee.

20 I just have a couple of observations and
21 comments about not the design, which I think is wonderful.
22 One really is the intent beyond creating a usable space
23 for this neighborhood park. I would agree with Martha --
24 or maybe she didn't say this, but I'll say this. I think
25 it would be good to engage the neighborhood in a

1 conversation about that neighborhood park and what the
2 neighborhood's desires for it for the future are with the
3 kinds of upgrades that you're talking about.

4 So it prompts a question for me in terms of why
5 1940. Why is that the date that is being looked at to
6 restore to and not something else. And I know we can't
7 interact, but that was the question that came up to me.

8 As a neighbor park, I would agree that it's not
9 as functional as we would like it to be, but it's, I
10 think, more functional than people realize and used by
11 more than just homeless persons. My granddaughter and I
12 when she is in town use that park on a regular basis. She
13 learned to ride her bike there. We kicked ball there.
14 There are charter schools who use it now for their
15 playground and the like.

16 And so I think as we look to infrastructure and
17 relandscaping to keep both past and present and future
18 uses in mind would be very important for a nearly half a
19 million dollar investment. I think that thinking through
20 the kinds of events that the infrastructure may support is
21 a very important part of this process as well as the kinds
22 of events that help to foster -- can the infrastructure
23 help to foster more neighborhood connection, not less.

24 So those are some of the kinds of issues I
25 think need to be a part of the process before you decide

1 exactly what infrastructure improvements you're going to
2 make.

3 Thank you.

4 CHAIRMAN MCCUSKER: Anybody else want to speak
5 to Armory Park?

6 MS. COOPER: I'll speak.

7 CHAIRMAN MCCUSKER: We just need your name.

8 THE WITNESS: I'm Anne Cooper. I'm the
9 president of the Armory Park Neighborhood Association, not
10 the historic association.

11 Fletcher has come to -- came to our last
12 meeting and talked about the upgrades to Armory Park. We
13 have not had you come and I would like to see that happen.
14 I think it would be important to get the neighborhood
15 feedback. We have a meeting tonight. It's probably a
16 little late to have you come, but we meet once a month and
17 I will talk to Fletcher and see what we can do about
18 having you come and make this presentation.

19 Again, I think what you're proposing is
20 wonderful. I think it's -- it's -- it's -- it will be --
21 it will make the neighborhood want to utilize the park
22 even more so, but I -- I think it's important that we get
23 the feedback and the input from the neighbors.

24 Thank you.

25 CHAIRMAN MCCUSKER: Anybody else?

1 Okay. Thank you. I'm going to close the
2 audience section of this.

3 A couple of things that we're trying to do and
4 maybe trying not to do. This is an historical park. We
5 looked at kind of things that are traditional amenities in
6 other parks, swing sets and spinning around things and
7 teeter-totters. That's totally contrary to what the
8 preservationists in fact would allow.

9 The time period of reference is really the last
10 time anyone can identify the park post the senior center.
11 And at some point if you're going to do a historical
12 rehabilitation, you have to pick a period. If you go all
13 the way back to 1913, it basically was a parade ground,
14 just an empty field, you know, so at some point, we have
15 to pick a process.

16 We're not the final decision in this. We're
17 enabling some state dollars to potentially go into this,
18 but ultimately the city would have to approve this.
19 Clearly the neighbors have to engage. We wouldn't do
20 anything contrary to neighbor desires. And ultimately I
21 think Ken's demonstrated a great deal of flexibility as it
22 evolves. This may not be the final thing, but there are a
23 number of forces that bear on this. Historical
24 preservation is one. And if we wanted to put a big
25 merry-go-round in that park, we couldn't. You know, so

1 there are certain limitations to what you can do and can't
2 do as opposed to something like a Reid Park when you're
3 trying to create more of a public gathering.

4 From our perspective and people we talked to,
5 this is already a public gathering place. That picture
6 that Ken showed is the rodeo parade circa 1914 and still
7 is the grounds where the parade of lights is launched and
8 the El Tour de Tucson is launched. Any political event
9 that I can think of recently started and had been held in
10 Armory Park. There are a number of musical uses for that
11 now. I think the city is going to have to wrestle with,
12 you know, what they'll let go in there and what decibel
13 level they let go in there, but, you know, there are a lot
14 of appropriate uses.

15 We've seen other parks in other cities that
16 have routine plays which are audible in a small venue like
17 that. The reason that the band shell is curved is to
18 create the kind of flexibility you would have for any use.
19 It's not designed to be a music stage, it's not designed
20 to be a theater stage, but literally anything that you
21 wanted to put there you could put there.

22 So my interest was, A, to improve the park,
23 make it something that as Rio Nuevo we could be proud of
24 and something the neighborhood could be proud of. We
25 really have nothing to say about how it's used.

1 I think Ken's demonstrated -- I'm perfectly
2 willing to -- we may not be on your agenda tonight, but,
3 you know, I think anything that you do to approve this
4 basically would earmark some money and instruct us to
5 continue the process to whereby we would continue to
6 present to the city, to the planning and development
7 people, the historical commission and to the neighborhood
8 and other stakeholders this plan.

9 And ultimately I think, Mr. Collins, it would
10 probably have to come back here before we finalized
11 anything.

12 MR. COLLINS: Mr. Chairman, I agree with that.

13 CHAIRMAN MCCUSKER: So given all that, what is
14 your pleasure?

15 MR. IRVIN: It sounds like we need to make a
16 motion that allocates a certain amount of money. I'm
17 thinking half a million dollars to allow us to go and
18 price this and take some of those next steps. Obviously
19 it has to be sold to the city and other stakeholders, but
20 the first step is, you know, this board's willingness to
21 move forward with upwards of a half a million dollars
22 subject to working out all the other issues with the city
23 and other stakeholders.

24 So I'd like to make a motion that we authorize
25 that to move forward. Obviously it needs to come back to

1 the board to authorize upwards of a half a million
2 of dollars in this subject to a study, Ken finishing the
3 study, and having that come back to us with the
4 neighborhood. And obviously you to have the city of
5 Tucson's approval, but up to a half a million dollars.

6 MR. MARQUEZ: Second.

7 MR. SHEAFE: You say the city's approval. Are
8 you referring to the neighbors? Are you referring to --

9 MR. IRVIN: I'm referring to both the city
10 council and we definitely need neighborhood input, all of
11 it.

12 MR. MARQUEZ: I'll still second.

13 CHAIRMAN MCCUSKER: I have a very long-winded
14 motion and a second, but I think we get the drift. We'll
15 continue to advance that and then bring it all back good,
16 bad or ugly.

17 So, Brandi, call the roll.

18 MS. HAGA-BLACKMAN: Edmund Marquez.

19 MR. MARQUEZ: Aye.

20 MS. HAGA-BLACKMAN: Jannie Cox.

21 MS. COX: Aye.

22 MS. HAGA-BLACKMAN: Chris Sheafe.

23 MR. SHEAFE: Aye.

24 MS. HAGA-BLACKMAN: Mark Irvin.

25 MR. IRVIN: Aye.

1 MS. HAGA-BLACKMAN: Fletcher McCusker.

2 CHAIRMAN MCCUSKER: Aye.

3 So we're unanimous on that. Thank you for your
4 input. And, Ken, thanks for all the hard work. You're
5 out of here.

6 Item number eight --

7 MR. SHEAFE: It's okay. You can stay if you
8 want to be entertained.

9 CHAIRMAN MCCUSKER: Item number eight I'm going
10 to table, but let me kind of preface the conversation.

11 The downtown YMCA, the Lohse YMCA, is going
12 through a strategic initiative to kind of look at the Y
13 and how it fits better into an urban environment. They've
14 studied Y's in L.A. and Philadelphia. Part of the
15 conversation is to create some retail on the street level
16 of the Y. And they've asked if Rio Nuevo would help. Our
17 response to that any time somebody says the word retail
18 out loud is, sure, we would like to help. What we don't
19 have today is what that would look like nor the forecasts
20 that we typically look at when we try to enable retail, so
21 you'll probably see that on a future agenda as we
22 encourage the YMCA to finalize their plans.

23 MR. IRVIN: You know, one thing I might add to
24 that, Fletcher, is, you know, one of the first things that
25 the Y had to do was decide in their capital campaign what

1 were they going to do relative to a capital campaign. I
2 think one of best decisions that they made was rather than
3 doling money out amongst a handful of Y's, that they
4 picked a project. And obviously we're excited because
5 it's the downtown Y. And, you know, those conversations
6 really started because a number of people went and looked
7 at the Y and said, you know, I just don't think that's
8 going to fit what we're trying to do.

9 So I applaud them trying to figure out a way
10 to, you know, put a downtown Y stake on the map like they
11 have in every other community where you have a YMCA
12 downtown. It's well known. It's on every map and people
13 cherish and love to go down there. So I love it,
14 especially with the bicycling piece tied to it.

15 CHAIRMAN MCCUSKER: Okay. Watch for that on a
16 future agenda.

17 Item nine, the Volvo site, we're not making
18 Volvos, but this is the affectionate term for the site at
19 Park and Broadway.

20 Sloane, I think you're here. The city I think
21 everybody knows submitted a request for proposals and
22 basically a bid treating this as surplus property. Sloane
23 McFarland and his team who own the Welcome Diner are the
24 awardee, is the technical term in government procurement,
25 and they're trying to advance their plans again because it

1 would have a significant impact on sales tax. We've
2 offered to participate.

3 So having said that, Sloane, we'll turn it over
4 to you.

5 MR. MCFARLAND: Hi. How are you. Thank you
6 all for having me here today.

7 CHAIRMAN MCCUSKER: Start with your name and --

8 THE WITNESS: Sure. My name is Sloane
9 McFarland, principal of Martha & Mary, a development
10 entity that we run, as well as Welcome Hospitality who
11 runs Welcome Diner at --

12 CHAIRMAN MCCUSKER: Do you have that on a
13 Power -- can you go to a slide show or is that PDF?

14 MS. HAGA-BLACKMAN: It's PDF.

15 MR. MCFARLAND: So this was the -- this was the
16 RFP response for the site at Volvo. And I think it might
17 be great to -- I'll move around in a minute, but I would
18 probably like to get some focus on what -- where the site
19 is.

20 There we go.

21 We own, control and operate the site that says
22 Martha & Mary Welcome Hospitality. We -- as well we own
23 the other two sites that are in red. We purchased those
24 over the last couple years. And then the Volvo site is in
25 yellow, and -- and we've been awarded that RFP.

1 Just a quick background. Born here in Arizona,
2 started as an artist. My family was in real estate and I
3 kind of got my -- my -- my first projects were -- going
4 back now 20 years were -- are community and field
5 development projects, so I come at it from an artist's
6 perspective. I see things as community vehicles. We
7 don't just do buildings, we don't just do food. We work
8 with farmers, we work with artisans and we're interested
9 in putting together an experience.

10 The reason that this project began was -- came
11 out of one very, very simple thing, which was a 1964
12 diner, which was a Sambo's, and when we purchased it, it
13 was a Chaffin's. The building was possibly going to be
14 torn down. It was being sold as is. And our perspective
15 was, what, that can't happen, so we renovated the building
16 and I'm working with Alex Shafe and the owner to talk
17 about some bigger ideas. And Alex is an amazing community
18 member and we talked about some of the parcels in the back
19 here, the fact that the Volvo site might come up for sale
20 at some point and started thinking about how could the
21 Welcome Diner, this historic building, this building
22 that's in the crossroads between downtown and Sunshine
23 Mile and campus and South Tucson, how could that all
24 coalesce really in a crossroads sort of opportunity here.

25 We are looking at and what we proposed -- this

1 is about a 60-page document. Bear with me. This is a --
2 kind of a -- an area map. Number five is the site that we
3 were just looking at. Six is the Sunshine Mile, which, of
4 course, is a huge upcoming opportunity -- visionary
5 opportunity of future development. We have the -- the --
6 generically the barrio at two, the mercado at one,
7 downtown at three, U of A, four. It speaks to the Gateway
8 nature of kind of where I think this site sits.

9 We would -- we like the -- this is kind of an
10 oversight and a concept drawing. We like -- number one is
11 where the -- where the diner is and number two is the
12 existing Volvo building. And number three, you can't
13 really tell by looking at it if you've driven by it. It
14 looks like a building that was plopped there in the '80s,
15 but it's actually a 1940s service station, Standard Oil.
16 It's a fantastic building.

17 We're looking at how we can bring all these
18 assets together and build upon their -- their history and
19 where they sit in the San Antonio neighborhood, where they
20 sit in the crossroads for City of Tucson and bring our --
21 our particular approach, which is community-oriented
22 infill development focused around food and beverage,
23 focused around meeting and unique ways that engage things
24 like farmers and wine makers and -- and such.

25 If you look at this -- this particular site,

1 and, again, this is a concept site. I ought to probably
2 focus -- focus on -- on -- on that note once I walk
3 through this. The -- the thought here is that we could
4 activate two along with our -- our existing diner and some
5 kind of a food and beverage capacity, retail capacity,
6 create -- number four, kind of create some kind of a -- I
7 call it mercado sort of feeling but something that's
8 inside that has some element of public space. Eight is a
9 hotel. It's inwardly directed. And three is the existing
10 Standard Oil building.

11 Now, what -- what I want to share about the
12 site itself is the very unique aspect of the -- here's
13 just some kind of different images that kind of run with
14 that. I'll try to let it stand there. Part of the
15 process of the -- the welcome -- this idea and the idea of
16 the Volvo project is very unique in that the RFP
17 expresses -- expresses an intention to not only work with
18 the neighborhood and work on the scale of it with the
19 neighborhood but to potentially look at the existing
20 buildings, but it also asks to have some density to it.
21 So part of the process that the city's engaged in this RFP
22 is to go through a PAD -- a PAD approval. And so probably
23 about 90 percent of that's been completed with
24 neighborhood meetings and different proposals, not
25 necessarily with our specific vision but with a vision of

1 density type of uses, so, for example, no billboards.
2 There is a desire not to do big box retail, to do some of
3 these more neighborhood, more infill sort of pieces, how
4 to approach landscaping, how to approach environmental
5 features.

6 So all that's been collated through a
7 preliminary PAD process through the city. The city as
8 part of this RFP is asking us now to take the lead to
9 complete that, and so we will not know -- we need to
10 complete that -- that process before we know exactly what
11 we're building.

12 But I think what's important to express is, you
13 know, our perspective in, you know, again, where the site
14 sits as a gateway site, our general intention and what
15 we've been doing for 20 years now in terms of infill
16 community, artist-driven development and some of the
17 directions that we're taking from the neighborhood and
18 from the site specifically such as the existing Mobile
19 building and the Standard Oil project.

20 So I expected to have a very similar direction
21 of the work that we've already done with the Welcome
22 Diner, which we've really enjoyed building that team and
23 building that experience.

24 CHAIRMAN MCCUSKER: Sloane, when you talk about
25 where you are with the city and closing and -- you know,

1 kind of walk us through what the next steps are and the
2 timing of those and, you know, when your money goes at
3 risk, you know, the economics, really, of the --

4 MR. MCFARLAND: Yeah, sure. So, again, it was
5 a very unusual RFP process in that this PAD component's
6 there, so contractually we -- there's a period of time
7 that the closing -- that we're given to complete the PAD.
8 And in that process, there's a due diligence period,
9 what's called an inspection period in the contract, where
10 we're, you know, looking at -- we're doing all the typical
11 stuff one does when you exchange property. We're looking
12 at building inspections, environmental reports, surveys,
13 all those -- all those typical things.

14 So we are -- we are in the process of
15 completing the PAD because that will be necessitated to
16 close, but working backwards, we're in the inspection
17 period. And the inspection period has a -- a period of
18 time --

19 Keri might be best to speak to that, where we
20 are exactly.

21 MS. SILVYN: November 29th.

22 MR. MCFARLAND: The 29th?

23 MS. SILVYN: 11/29.

24 MR. MCFARLAND: So currently that comes to past
25 November 29th where our initial monies go nonrefundable,

1 and then we get locked into the purchase and the -- the
2 PAD direction.

3 CHAIRMAN MCCUSKER: What happens if the PAD
4 goes south, if it doesn't get approved, it's so offensive
5 to the neighborhood, I mean, because it sounds like
6 there's a lot of contingencies that have to occurred in
7 order for you to do anything.

8 MR. MCFARLAND: Yeah, it's very malleable.
9 We're -- we're kind of -- we're a very unique player in
10 that we -- we -- in having property that's adjacent to it
11 and having such a strong development vision for it, we
12 are -- are -- are very excited about what can be there.
13 But that's very unusual for a developer. Usually they
14 want to have all the certainties figured out on the front
15 end. So this is something that we're working through and
16 managing through, how to take the risk of our money, you
17 know, becoming nonrefundable before we know really what we
18 build. The process is very clear that we need to -- we to
19 go through the PAD and we need to make the -- we need to
20 purchase this with that approved. And even though
21 we've -- a lot of the meetings have been completed and
22 we've -- we've had many neighborhood meetings, et cetera,
23 the reality is that that's -- that's a process that we
24 don't control and could fall apart.

25 CHAIRMAN MCCUSKER: Do you have a range of

1 kinds of scale and budget, so, you know, at a minimum --

2 THE WITNESS: Keri was reminding me that we
3 don't close if we're not approved.

4 CHAIRMAN MCCUSKER: Right. So at a minimum, do
5 you have kind of a minimum to maximum scale in terms of
6 cost and density? You know --

7 MR. MCFARLAND: Yeah.

8 CHAIRMAN MCCUSKER: -- we're having some
9 trouble, frankly, honing in on --

10 MR. MCFARLAND: Right, right.

11 CHAIRMAN MCCUSKER: -- the economics of all
12 this.

13 MR. MCFARLAND: Yeah, exactly. So --

14 CHAIRMAN MCCUSKER: Is there a minimum under
15 which you pull the trigger?

16 MR. MCFARLAND: In terms of purchase price or
17 construction?

18 CHAIRMAN MCCUSKER: Not the price but project
19 scope and scale and, you know, you do something relatively
20 small and affordable versus, you know, something big and,
21 you know, multiple levels and expensive. It sounds like
22 you're kind of going through that.

23 MR. MCFARLAND: Oh, we're very much going
24 through that. And I think that's -- that's part of the
25 opportunity here, is to really find the scale in such a

1 way that it meets the maximum kind of community impact and
2 kind of artistic impact in terms of the value it brings
3 but also the reality of the economic -- the economics
4 working.

5 So is your question specifically what is the --

6 CHAIRMAN MCCUSKER: What do you think is the
7 minimum amount you would invest, you and your partners, a
8 total project kind of scope?

9 MR. MCFARLAND: Right. Right. It's -- the
10 minimum is probably about \$5 million and the maximum is --

11 CHAIRMAN MCCUSKER: Above the purchase of the
12 land, so just the project cost after the land is
13 purchased.

14 MR. MCFARLAND: Yeah. Well, the -- it depends
15 on how on look at that. We have X amount that we've
16 already invested, so if you want to include that --

17 CHAIRMAN MCCUSKER: That's has nothing to do
18 with --

19 THE WITNESS: That's one number.

20 CHAIRMAN MCCUSKER: Five million on a small
21 scale.

22 THE WITNESS: Yeah, I think above and beyond
23 the purchase price, I mean, I think the very minimum
24 project is somewhere in that kind of 2 to 3 million-dollar
25 range. Maximum is \$60 million.

1 MR. IRVIN: Are you off of the hotel? I know
2 at one point in time you had discussed doing a hotel
3 there, Sloane. I know we've had a lot of great hotel
4 announcements. And my impression was that it slowed you
5 down, or have you changed your thought process?

6 MR. MCFARLAND: Well, we're -- I think the CBRE
7 analysis is a real thing and I think that's the beautiful
8 thing about where the market is right now. I think there
9 is room for an additional hotel. I think it adds a little
10 more dynamic because things are happening and moving. We
11 do have relationships with hotel operators that are very
12 much interested in the idea -- the ideas that I expressed
13 and the type of product that I expressed, so we're --
14 we're working through that. That -- I would say only it
15 slowed us down in that the -- that it -- the effort to
16 build more hotel rooms in downtown Tucson has been
17 successful, which is great.

18 MR. IRVIN: So, you know, I know just about
19 every other project we've done we've had a real clear
20 understanding and idea of what we're going to do. And I
21 think what we're struggling with with yours is we're not
22 sure what you're going to do and I think we need to get a
23 little better clarity on that.

24 MR. MCFARLAND: Well, I do think that the
25 concept, if I may go back to it, really does -- and there

1 is -- you know, for the -- for the -- this is a public
2 record and -- and I kind of skated over this, but this --
3 this really does -- this document is -- however many pages
4 it is, 15 pages -- is a direct reflection of the certain
5 components that were required for us to -- to demonstrate
6 our approach. And -- and I think our approach does speak
7 to some specificity as to the type of -- of what will be
8 part of the product mix.

9 So if you look at this, if you take that
10 narrative of what -- of the -- some of the specificity
11 approach, we -- we like additional food and beverage, we
12 like to see -- again, I think the mercado is a fantastic
13 example of something that mixes retail, food and beverage,
14 public space. It doesn't have the density. It has
15 density around it, not density within its square. This
16 site would be different in that it would have a density
17 component. But, you know, I think that -- I think that it
18 will take time to figure out exactly what goes into the
19 space.

20 MR. IRVIN: I guess my point is, if you look at
21 the other projects that we we're doing, we knew exactly
22 what was going into those spaces.

23 MR. MCFARLAND: Correct.

24 MR. IRVIN: I don't speak for anybody else, but
25 I know for some of us it causes a concern not knowing

1 exactly what your plan is. I know we talked about a plan,
2 and then some of that's kind of changed, so --

3 MR. MCFARLAND: Yeah. Well, I think the
4 biggest issue that's changed is that the city's position
5 ended up being that they would like -- on one hand, it's
6 saying that they want to maintain -- they -- they would
7 like to see a portion of the -- the historic buildings
8 looked at and dealt with, how that might incorporate, but
9 it's also looking at a maximum density as well. And so I
10 think if anything, there's been -- through the -- the PAD
11 process that's happened to this point with the
12 neighborhood and with the city, there's -- there's the
13 potential for more density on the site than what was in my
14 concept plan.

15 So I think that -- I think that -- I wouldn't
16 say that the specificity of understanding the value of the
17 site being a gateway site hasn't changed. And in that is
18 those elements that I mentioned, the food and beverage,
19 the gathering space, the retail space. We would like to
20 continue in the hotel direction. The question just really
21 is at what density and where is the massing.

22 CHAIRMAN MCCUSKER: The issue we're having is
23 the ask is about 2 million bucks.

24 MR. MCFARLAND: Right.

25 CHAIRMAN MCCUSKER: And it's not atypical for

1 us. You know, is it 2 million on a 25 million-dollar
2 project, is it 2 million on a 5 million-dollar project?
3 The terms of that would be dramatically different from us
4 and you and, you know, ultimately the deal. So, you know,
5 we're trying to help you close, that's the obvious issue,
6 but the only thing that's going to go at risk right now is
7 the earnest money. So you don't really need our money and
8 you don't need your money and there's really no money
9 unless the project moves forward, and then at some point,
10 we could make a better educated guess about, you know, our
11 investment vis-a-vis your investment.

12 I assume part of what you're trying to do is to
13 understand your commitments, you know, equity investors,
14 lenders, Rio Nuevo, before your earnest money goes hard.
15 Is that a safe assumption?

16 Keri, you're welcome to the table. Welcome to
17 the adult table.

18 MS. SILVYN: Keri Silvyn with Lazarus, Silvyn &
19 Bangs.

20 CHAIRMAN MCCUSKER: Keri Silvyn.

21 MS. SILVYN: Yes, S-i-l-v-y-n.

22 A couple of things that I think I may be able
23 to add.

24 This is -- this is a weird project in the way
25 that the city RFP was working because the PAD is -- while

1 there's been a lot of public engagement, as Sloane
2 indicated, it hasn't even started yet in the official PAD
3 process, but there is a sense of what we need to provide.
4 So we don't know what the uses are, we don't know what the
5 densities are, but we're going to be starting that now.
6 So the issue, Fletcher, I think you're the one who just
7 mentioned this, is that Sloane and his team need to know
8 what this looks like and what Rio Nuevo's commitment might
9 be at the closing because he doesn't need the money kind
10 of up -- up front in the escrow piece of it, and then
11 we're going to be going through the PAD process. And as
12 we do that, Rio Nuevo -- we can make sure we're noticing
13 Rio Nuevo of all the meetings. I'm sure what you would
14 love to do is add another meeting to any of your
15 schedules, but we can also come back and report how this
16 is going, what this is looking like, what the maximum
17 densities are looking like.

18 We do have an addendum to the offer, which I
19 believe you have, that talks about some of the limitations
20 that are already -- that are part of the RFP relative to
21 some of the uses. The base zoning is OCR-1, so that
22 provides a tremendous amount of height. The question's
23 going to be they also would like us to explore saving some
24 of the buildings that are there. And as you do that, it
25 makes certain portions of the property very difficult

1 to -- to maximize that height. So those are the kinds of
2 things that we're going to have to work through with the
3 neighbors and work through during the PAD process, which
4 all has to happen before closing.

5 MR. MARQUEZ: So, Keri and Sloane, the city's
6 pushing back on you on the historic perspective. I'm kind
7 of looking at this design here and cognizant that our --
8 our district runs through the middle of it. If I look at
9 what you're proposing within our district -- we're
10 attracted to sales tax, period. We are sales tax hungry.
11 The Welcome Diner that's already existing in spot number
12 one, I've got maybe a coffee shop or a bakery, and I've
13 got a recording studio. The hotel's not even within our
14 district.

15 I kind of echo Mark. We don't -- it's very --
16 and I'm with you. RFPs are a little funky, so it's hard
17 to kind of grasp this, but really hard, I think, to get
18 our appetite at this point because we don't know what your
19 project is and what you're ask is. And if your total bill
20 is going to be five million, that's not a lot of juice for
21 the squeeze.

22 MS. SILVYN: And to be clear, there is no
23 restriction in the current RFP that we have to save the
24 buildings. That has come out from some of the
25 neighborhood groups. I mentioned there were a tremendous

1 numbers of neighborhood meetings. But recently there have
2 also been some voices from some of the neighborhoods
3 saying, well, hold on a second, this is an arterial, this
4 is really where we should be having the density. So
5 there's some internal conflict in some of the feedback
6 from some of the neighbors who have been engaged that
7 we're going to have to work through in the PAD, but there
8 is no requirement within the RFP to save the existing
9 buildings.

10 MR. MARQUEZ: It also comes down to the quality
11 of the sales tax generation, the ROI. Look at us
12 historically. We're a 10 to one return. I would just
13 keep that in mind as you move forward with your PAD.

14 MS. SILVYN: And a couple things that we -- we
15 had some discussions. I think you all may have had some
16 discussions before I got involved in the project with the
17 idea your traditional investment is TPT, transaction
18 privilege tax reinvestment, and/or a GPLET. Those we've
19 acknowledged at this point it's too early to even engage
20 in those discussions for exactly this reason. We don't
21 know what we're developing. We can't give you the
22 numbers. We can't do the economic analysis yet. It's
23 coming. So some of your traditional investments we've
24 acknowledged from the very beginning are not on the table
25 at the moment.

1 there's a -- you know, all the projects that I've -- I've
2 looked at and seen people have done have been incredibly
3 impactful to whatever neighborhoods they're in or whatever
4 larger goals there are.

5 MR. MARQUEZ: We usually look at total built in
6 relation to how much money we put in. There's the 10 to
7 one.

8 MR. MCFARLAND: Yeah.

9 MR. MARQUEZ: But on top of that, we look at
10 economic impact.

11 CHAIRMAN MCCUSKER: One of the things we might
12 consider -- you know, the advantage of us doing this as a
13 public meeting is we discuss these things in public, but
14 maybe we share the earnest money risk, because none of us
15 today can really identify what's going to happen or what
16 your ultimate project's going to look like or how we're
17 asked to participate. And only thing that's really urgent
18 right now is 175,000 or -- what's the current earnest
19 money deposit that goes nonrefundable?

20 MR. MCFARLAND: Roughly that number.

21 MR. SHEAFE: We're very, very premature on
22 this. And our board, what we're trying to do is encourage
23 people to move forward, so we're looking for every way we
24 can --

25 MR. MCFARLAND: Right.

1 MR. SHEAFE: -- to make that development path,
2 but we just cannot at the same time make commitments that
3 are unclear as to what the return would be and how the
4 economics really work. And so I'm just speaking for
5 myself. I'm wondering what the city's going to do if you
6 say, yeah, we're just not going to go hard, period, and
7 we'll handle this later when you guys give us the time to
8 go through the process that you've imposed on us to get to
9 a point to where we can go get the --

10 MR. MCFARLAND: Well, I think one of the
11 reasons we've invested so heavily, again, we've now
12 purchased three properties, we actually operate a business
13 in one of them, and why we're strategically looking at
14 this is that we like to look at what's -- what is -- how
15 do we create the project at multiple levels, whether it's
16 a \$60 million project or it's a five million-dollar
17 project. So this -- where we stand today is we're looking
18 to -- with the purchase price set as it is, with the --
19 the proposal that you all are looking at, we're really
20 looking at a return on those dollars based on the -- the
21 buildings that are there and looking at the -- the
22 additional value that we can have down the road.

23 So the -- when you're looking at underwriting
24 the investment, I think we're really looking at -- I just
25 want to be very clear. We're not looking at a

1 60 million-dollar project as the foundation of that or
2 necessarily a 130-room hotel, which would be a medium
3 size. We're looking at there's an existing -- when you
4 look at the appraisal, there's an existing 18,000 square
5 feet of building there adjacent to ours that has
6 infrastructural buildout and the -- the participation in
7 the purchase of this building really underwrites from that
8 foundational level. Anything else is -- is above and
9 beyond. So if you look at the appraisal and you look at
10 the market valuation of what that -- that building as is,
11 we're -- it -- it -- it underwrites for that purchase
12 price and with our value added component and anything
13 additional is additional. So I think there is a return
14 that's existing.

15 MR. SHEAFE: Let me ask you a question just
16 sort of directly.

17 MR. MCFARLAND: Uh-huh.

18 MR. SHEAFE: If we decide we're not going to
19 participate until we have more specific plans, what does
20 that do to your plans to go hard on the 29th?

21 MR. MCFARLAND: It puts us in a tough spot. I
22 mean, I think that we're -- we're really looking at --
23 we're really looking at how to -- how to engage this
24 process in a way. And, you know, it's not just \$175,000
25 just to be clear, too. It's -- it's the -- it's a year's

1 worth of time and all the -- the -- the cost associated
2 with doing the underwriting of that and -- you know, it's
3 a project that we're passionate about, so I tend to -- I
4 tend to just move forward with things that I'm passionate
5 about because I want to see it exist, but it adds a
6 significant challenge to -- I mean, it's a significant
7 challenge. It's not a -- it's a significant challenge to
8 go nonrefundable with monies when there's -- there's still
9 a process that needs to be --

10 MR. SHEAFE: Well, you do own three of the
11 other parcels and the city's in a little bit of an awkward
12 position if you decide not to go hard in that they just
13 can't say, oh, well, we'll just stick somebody else in
14 there. I would think anybody else would be very
15 tentative, so maybe you're in a rather good position to
16 save the city. You've asked us to put some conditions in
17 place, but you haven't given us a time to do it. We're
18 not interested in going hard until we have that process --

19 MR. IRVIN: I'm not sure myself just splitting
20 an earnest money deposit does much more than just kick the
21 can down the road. First of all, we believe in you. We
22 wouldn't be sitting here having this conversation. You
23 know what we've done for other people downtown. You know
24 we want to help you, but it's really impossible to
25 responded to a hypothetical development plan. And I think

1 you're in a position right now where you've got some
2 developer's risk. And I agree with Chris. I think you
3 need to figure out what you're going to do with that
4 developer's risk. And once you get your plan a little bit
5 further along, come sit down and have a serious discussion
6 with us when you've got that plan. But I think for me to
7 try to respond to a hypothetical, I'm not really sure, but
8 I think we're going to do X, Y and Z, is not something I
9 can see myself supporting right now. Do I like what I
10 think you're going to do, yeah, but I'm not sure what
11 you're doing yet.

12 CHAIRMAN MCCUSKER: Do you have any issue
13 committing \$2 million of our money subject to a final
14 plan?

15 MR. IRVIN: I think again, Fletcher, that in my
16 mind depends on the size of the overall plan, like you
17 testified, is it, you know, a \$2.5 million plan, is it a
18 \$5 million plan, is it a \$60 million dollar plan. I think
19 my support or lack thereof would be really conditioned
20 upon what you're going to do, what's the size, what the
21 scope of the project.

22 MR. SHEAFE: But it has something to do with
23 how much retail is going to be created and how much tax
24 revenue is going to come out of it. We're way premature
25 on that.

1 MR. MCFARLAND: Well, I think part of the --
2 the glue in all this is that -- and this is kind of why I
3 was spending time on it earlier, is our -- our
4 perspective, and I think it's in general agreement, is
5 that this is a crossroads location that's going to have a
6 lot of impact, especially on Sunshine Mile.

7 And we're in a very unique time period where
8 the city's gone through the process of RFP. There's no
9 guarantee that that's going to happen again. And there's
10 no guarantee our investors who own the other part --
11 parcels are going to wait. You know, they've got their
12 money taken away. So I think -- I think that speaks
13 highly to our -- our -- our commitment to the project at
14 this point that we're -- we're -- we've -- you know,
15 we've -- we've gone hard with dollars. We own real real
16 estate. We're operating real businesses that have, I
17 believe, community impact that's demonstrated.

18 CHAIRMAN MCCUSKER: You asked the city for an
19 extension? Is there any flexibility or is this governed
20 by the --

21 MS. SILVYN: We are in the midst of working on
22 an extension of the inspection period, but the RFP was
23 very clear from the very beginning that it would be
24 subject to whoever wins the RFP doing the PAD process.
25 And while the closing is conditioned on the PAD, they're

1 not willing to extend the inspection period, the escrow
2 money being nonrefundable to that -- to that point in
3 time.

4 MR. MCFARLAND: If I may add one other element
5 that I think speaks to some of the questions you were --
6 were raising. You know, the -- the -- and I think,
7 Fletcher, you as well. The reason we haven't come in and
8 brought to the table like a construction number or
9 participation in that is because we really were trying to
10 look at it from a very foundational issue of the existing
11 asset. And I mentioned briefly to that earlier. But I
12 think the return is easily demonstrable from that
13 perspective if that's -- if that's an element that the
14 board needs to focus on.

15 It's not -- you know, it comes from an praised
16 value. There's a sitting asset there. We have an
17 operating history. We own the property around it, which
18 brings more value. There's a lift in all these things.
19 And we come from, you know, a 20-year history of building
20 projects like this, you know, where -- you know, coffee
21 shops have been around for 20 years that we started and
22 retail stores. And we brought, you know, folks like
23 Undeafated from Los Angeles into our buildings. We
24 brought James Beard award winners into our buildings, we
25 do a 20-acre site that does community events. We know how

1 to activate existing infill buildings and bring
2 demonstrable measurable leverage value both economic
3 and -- and community-wise, so I think that's measurable.

4 CHAIRMAN MCCUSKER: Are any of these other
5 parcels encumbered? Do you have mortgages or --

6 MR. MCFARLAND: Correct. Yes.

7 CHAIRMAN MCCUSKER: They are?

8 MR. MCFARLAND: Uh-huh.

9 CHAIRMAN MCCUSKER: The Welcome Diner?

10 MR. MCFARLAND: Yes.

11 CHAIRMAN MCCUSKER: And the other two parcels?

12 MR. MCFARLAND: Correct. Yes.

13 So, you know, I wonder -- that's something that
14 just in that mindset of demonstration I think is what are
15 we demonstrating. I don't know that demonstrating -- I
16 think you guys are right. Demonstrating a
17 60 million-dollar project is not something that we can do.
18 And in thinking about this process and developing it, the
19 demonstration from my perspective, and maybe I didn't do
20 as good of a job as -- as one could, is really looking at
21 it from the -- the existing asset and -- and developing it
22 as is and then working through a process with the city to
23 see what kind of density is desired or needed or wanted,
24 and then we can add that on top of that.

25 So as an example, if we wanted to -- this

1 speaks to your -- your part of your, I think astute
2 question. This is a concept plan. And when we look
3 through -- and we've learned more about the tax district
4 and the GPLETs and all that. We've looked at massing that
5 onto the building where the -- where number three is. And
6 that's doable and we have those massing plans that have
7 done that. That was one of the first things that kind of
8 came up as we were looking at that. And the critical
9 question was, all right, well, can we still maintain the
10 community value piece to it, and we came up with scenarios
11 that it do that, so it met both the economic necessities
12 of the project but also the intrinsic community adds. So
13 I think all those things are things that can be addressed.

14 CHAIRMAN MCCUSKER: Let me make a couple of
15 suggestions.

16 I don't think you can assume that we can play
17 hardball with the city and have a favorable outcome. It's
18 just not predictable. Who knows what they would do. They
19 may sit on it, they may tell -- who knows what they would
20 do. You know, Edmund's used our kind of standard
21 reference point of 10 times leverage. You know, I don't
22 think we have any issue if you were sitting there today
23 with a 20 million-dollar project and asking for \$2 million
24 and some portion of it was retail and going to make X.
25 The one thing we might think about doing is doing a deal

1 subject to those parameters, that, you know, we would
2 agree to invest \$2 million into your project so long that
3 its total value was greater than \$20 million.

4 MR. IRVIN: And generate a certain amount of
5 tax.

6 CHAIRMAN MCCUSKER: I don't know how vague you
7 can being on the tax piece, but it generated kind of our
8 standard returns on -- on taxes. I think what we want to
9 do is get you in a position where you have enough comfort
10 to risk your nonrefundable deposit.

11 Edmund, Chris, what do you think about some
12 kind of contingent proposal?

13 MR. SHEAFE: Well, let me -- and I like the
14 fact that we're in public session because I want to
15 express this in two ways. First, I think we're very
16 fortunate to have a team like Sloane and his partners in
17 town. I really appreciate -- I took time to go look at
18 their developments in Phoenix and was very impressed. And
19 I don't in any way want to discourage that, but on the
20 other hand, I think what we're doing here -- and
21 considering also it's talking to what we're going to face
22 all the way up and down Sunshine Mile. And I personally
23 just can't justify in my own mind making commitments
24 without having anything that we really can put our arms
25 around because I'm the guy that's trying to figure out how

1 much money we have out there and I don't want to have 10
2 projects out there that I have no idea what's going to
3 happen, and yet I've got it all tied up and all of a
4 sudden I'm arguing against a very good, specific project
5 because I think everything is already allocated. So my
6 own -- and I'm only speaking for myself. I think you have
7 to decide. Are you willing to risk 175,000 bucks and
8 continue this process or do you go to the city and say,
9 we're not going to take this risk, we're continuing --
10 we're willing to continue it, but you, city, are going to
11 back down and give us the time to do it, and then you have
12 a time to come back, present a tight enough proposal that
13 we can put our arms around it and create the kind of
14 commitment with a timeframe and the other elements that
15 we've been able to do with other developments that have
16 actually resulted in dirt being moved and buildings being
17 built or improved.

18 MR. IRVIN: Well said.

19 MR. MARQUEZ: My take at the end of the day,
20 we're still appointed by the state legislature. I
21 represent Governor Ducey sitting up here. We invest state
22 dollars.

23 MR. MCFARLAND: Uh-huh.

24 MR. MARQUEZ: And I love that you're in our
25 community and willing to invest in our community. I love

1 Welcome Diner. You guys make some great trout. You know,
2 I'd love to see what the actual project is. In the
3 example Fletcher gave of a 20 million project that -- you
4 know, that had a certain amount of retail, that gave us X
5 amount of dollars on return of TPT, that's something I can
6 get my mind around. It's really hard to get my mind
7 around a concept in which we're not sure what we're
8 building. It's not completely your fault. It's really
9 our process with the city of Tucson, but I'm with Chris on
10 this.

11 MS. SILVYN: So, if I can, I just want to
12 clarify. We do have the -- we have about nine months to
13 get through the PAD process before we have to close, so
14 the city has given us -- there's a distinction between the
15 earnest money and the actual closing, so the city has
16 given us the time to get through the PAD process. What
17 we're trying to do is be very careful because, as you all
18 are aware, that PAD process is a very public process.
19 We're going to be working with the neighborhoods, we're
20 going to be working with the city. So we don't have a
21 project yet to necessarily show everybody, but we
22 certainly have ideas and there are some basic parameters
23 that have been set up.

24 One of the things that we were just sitting
25 here chatting about is the idea that if Rio Nuevo is so

1 inclined to acknowledge a level of commitment subject to
2 some minimums, 20 million-dollar investment, whatever that
3 needs to be, we are going to have the nine months to be
4 working through that. We're going to have a much better
5 idea of the entitlements and what it is we're going to be
6 doing as we work our way through that process.

7 MR. SHEAFE: Speaking for myself, Keri, we're
8 willing to be in the background, but we don't -- I don't
9 want to support anything specific because, when I do that,
10 I have to start thinking about setting that money aside
11 and I really don't know where this is going to go. And,
12 frankly, the whole problem would go away if the city would
13 say, we understand. This is kind of a pioneering effort.
14 We want these benefits. You know what, we don't need your
15 175,000. We'll pick up the contingency and keep working
16 with you. And that's what I I'm --

17 CHAIRMAN MCCUSKER: When you have a public RFP,
18 you're not allowed to alter it. We know that from our own
19 experience. They can't make a deal with Sloane that they
20 didn't advertise. And anyone else who wrote an RFP now
21 has a contestable situation. So, you know, you're trying
22 to read between the lines, so I think what people on this
23 board are suggesting is you go hard on the -- on the
24 nonrefundable, get your plan together and we wouldn't have
25 any issues supporting something in the range that we

1 typically do, but it's got to have some meat on the bone.

2 MR. MCFARLAND: Okay. I appreciate the -- the
3 honest feedback as to -- and direct feedback. It's -- you
4 know, I appreciate it very much.

5 If we are successful in moving that date with
6 the city to a point at which we could be on your agenda
7 and come with a specific plan, the specific dollar amount,
8 the specific underwriting that met your -- your charter
9 perspectives, is that something that would be acceptable
10 to the board?

11 CHAIRMAN MCCUSKER: We're totally independent
12 of --

13 MR. MCFARLAND: I'm saying if --

14 CHAIRMAN MCCUSKER: Whether it goes hard or
15 doesn't go hard doesn't really affect us. We would value
16 the product. We would look at the total --

17 THE WITNESS: Yep. Good point.

18 CHAIRMAN MCCUSKER: -- your commitment to the
19 project versus ours, and then we would look to a sales
20 forecast to estimate the TPT returns.

21 MR. SHEAFE: We want to be as encouraging as
22 possible.

23 CHAIRMAN MCCUSKER: And what you might think
24 about doing is that regard is doing the minimum, you know,
25 say, at a minimum, we're going to do this.

1 MR. MCFARLAND: Right.

2 CHAIRMAN MCCUSKER: And there's the --
3 the dollars we're committing to the project, there's the
4 return on the project, here's what we ask of you. And I
5 think you've seen the reaction. If that's something under
6 \$20 million total, you know, we're going to have to
7 swallow hard. Now, we've done deals with less leverage,
8 but they had significant sales tax returns to them, so --

9 MR. MARQUEZ: Keep it mind, not to make it even
10 more difficult, but if you come to us with a \$20 million
11 project, which is 10 to one, only half your property's in
12 our district.

13 THE WITNESS: Yeah, it will be on that side.

14 MR. MARQUEZ: Make the south side a parking lot
15 and build everything on the north side of that line.

16 MR. SHEAFE: Put all the retail north of the
17 line.

18 MR. MCFARLAND: Right. Right.

19 MS. SILVYN: I think that can be done
20 relatively quickly. It would still be subject to the
21 PAD --

22 CHAIRMAN MCCUSKER: Yeah. I mean, nothing
23 happens until we all ready to close. You know, I think
24 we're just trying to find a way to get you a firmer
25 commitment.

1 MS. SILVYN: December --

2 CHAIRMAN MCCUSKER: 11th is our next meeting.

3 MR. MCFARLAND: Okay. Well, great. I think --
4 I think you've spoken. I think we understand it and
5 appreciate the time to --

6 CHAIRMAN MCCUSKER: So I'm hearing no action
7 from us, nobody's making a motion, Sloane and Keri, thank
8 you very much.

9 MR. MCFARLAND: That you very much. Appreciate
10 your time.

11 CHAIRMAN MCCUSKER: Although we did lose Jannie
12 Cox. We still have a forum.

13 The FORS project we have previously approved,
14 Mr. Collins. We're just backing into the documents;
15 correct?

16 MR. COLLINS: Mr. Chairman, members of the
17 board, yes. On the July 24th meeting, you authorized and
18 directed me to work with FORS to put together the
19 documents necessary to memorialize what they have proposed
20 to you. We've done that.

21 This is the property at 2020 and 2022 East
22 Broadway. Most of you have been there. They are going
23 to -- they've acquired it. They're going to spend
24 \$525,000 improving it. We've started the economic
25 analysis. I have a draft economic analysis report, as you

1 all know, for you to be able to do a lease of the nature
2 they requested. The public's got to benefit by more than
3 a dollar than FORS does. And I will tell you that the
4 study indicates that the public gets a lot more than a
5 dollar over and above it.

6 The economic analysis is almost completed. You
7 will purchase the property for its appraised value,
8 \$255,000. You will then -- when it is improved, you will
9 lease the property back to the FORS Architecture entity
10 for 25 years. The rent will be \$1,000 per year. I can
11 bore you to tears with the rest of the terms, but the
12 economic incentives are as we usually do or as you usually
13 do. There's rebates -- TPT rebates. The rebate cap is
14 \$375,000. At any time during the 25-year lease, the
15 developers have the option to buy the property and they
16 must buy the property at the end of 25 years. The
17 purchase price will be \$255,000, the same number that you
18 had purchased it for. There is an open question about
19 what the interest would be. That's where we are.

20 MR. SHEAFE: So I move that we approve the
21 documents as written with the addition of the interest
22 rate in conformance of the earlier discussions that we've
23 had. That will all be posted publicly and the public will
24 be able to see the full deal once we get it done.

25 MR. MARQUEZ: Second.

1 CHAIRMAN MCCUSKER: Okay. We have a motion and
2 a second to approve the FORS documents as presented by
3 Counsel.

4 Brandi, call the roll.

5 MS. HAGA-BLACKMAN: Edmund Marquez.

6 MR. MARQUEZ: Aye.

7 MS. HAGA-BLACKMAN: Chris Sheafe.

8 MR. SHEAFE: Aye.

9 MS. HAGA-BLACKMAN: Mark Irvin.

10 MR. IRVIN: Aye.

11 MS. HAGA-BLACKMAN: Fletcher McCusker.

12 CHAIRMAN MCCUSKER: Aye.

13 Thank you very much. That passes unanimously.

14 Sunshine Mile, we're going to wear people out,
15 but, you know, we're moving ahead. The Project for Public
16 Spaces were here, a lot of action. The city's working on
17 deeds. We want to move forward on the project manager
18 piece of that.

19 And, Mr. Collins, we've had a proposal from
20 Swaim to help us with that project, which I don't have in
21 front of me, but if you could kind of just tick off the
22 pertinent parts.

23 MR. COLLINS: Yes. Mr. Chairman, members of
24 the board, Swaim Associates has proposed that they would
25 be the project manager. Swaim is not involved -- was not

1 involved in any of the RFPs. Swaim obviously is familiar
2 with the property. They have proposed that their partner,
3 Michael Becker, would act as the project manager. They
4 have proposed various rates from a principal rate of \$145
5 an hour down to administration rates of \$65 an hour.
6 Services will be reviewed monthly. It will be very much
7 like an agreement that you have with your lawyer.

8 CHAIRMAN MCCUSKER: And this is a professional
9 service, so we can -- we don't have to procure these
10 competitively.

11 MR. COLLINS: Absolutely correct.

12 CHAIRMAN MCCUSKER: And it's obviously a firm
13 that we're familiar with.

14 Many times, Mr. Sheafe, we would cap this kind
15 of contract. You know, I think we could do that here.
16 The problem is we really don't know the extent of what
17 we're getting into. So the hourly rates are consistent
18 with market and we keep our eye on it if it gets beyond
19 something that we anticipate.

20 MR. COLLINS: And as I read the proposal, this
21 contemplates monthly or periodic, anyway, billings, so you
22 can keep an eye on it.

23 MR. SHEAFE: You don't mind if we pay only once
24 a year?

25 CHAIRMAN MCCUSKER: What's your pleasure on the

1 proposal that Swaim be the project manager for the
2 Sunshine Mile?

3 MR. MARQUEZ: I move to retain Michael Becker
4 as project manager for Sunshine Mile for properties within
5 our district.

6 MR. SHEAFE: Second.

7 CHAIRMAN MCCUSKER: Okay. We have a motion and
8 a second.

9 Brandi, call that roll.

10 MS. HAGA-BLACKMAN: Edmund Marquez.

11 MR. MARQUEZ: Aye.

12 MS. HAGA-BLACKMAN: Chris Sheafe.

13 MR. SHEAFE: Aye.

14 MS. HAGA-BLACKMAN: Mark Irvin.

15 MR. IRVIN: Aye.

16 MS. HAGA-BLACKMAN: Fletcher McCusker.

17 CHAIRMAN MCCUSKER: Aye.

18 So that passes unanimously as well. We're on a
19 roll.

20 Meeting dates, Brandi, I will defer to you.
21 With some board members absent, I don't really want to do
22 that now, so we'll table that.

23 A call to the audience. Any other cards from
24 anybody else?

25 I'll entertain a motion to adjourn.

1 MR. IRVIN: So moved.

2 CHAIRMAN MCCUSKER: Second, please.

3 MR. SHEAFE: Second.

4 CHAIRMAN MCCUSKER: All in favor say aye.

5 (Motion passes unanimously)

6 CHAIRMAN MCCUSKER: See you in December. Thank
7 you very much.

8 (4:37 p.m.)

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

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

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Thomas A. Woppert, RPR
AZ CCR No. 50476