

RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

BOARD MEETING

Conducted via Zoom Videoconferencing

Tucson, Arizona

December 14, 2021

1:00 p.m.

REPORTED BY:

John Fahrenwald, RPR

Certified Reporter No. 50901

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KATHY FINK & ASSOCIATES

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BOARD MEMBERS PRESENT:

- Fletcher McCusker, Chair
- Chris Sheafe, Treasurer
- Mark Irvin, Vice-Chair, Secretary
- Edmund Marquez
- Jannie Cox

ALSO PRESENT:

- Mark Collins, Board Counsel
- Brandi Haga-Blackman, Operations Administrator
- Dan Meyers, Chief Financial Officer

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BE IT REMEMBERED that the meeting of the Board of Directors of the Rio Nuevo Multipurpose Facilities District was held virtually via ZOOM, in the City of Tucson, State of Arizona, before JOHN FAHRENWALD, RPR, Certified Reporter No. 50901, on the 14th day of December, 2021, commencing at the hour of 1:01 p.m.

P R O C E E D I N G S

(1:01 p.m.)

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2  
3 CHAIRMAN McCUSKER: Good afternoon, everyone.  
4 Welcome to the December Rio Nuevo meeting, the last meeting  
5 of 2021. I think I have mixed feelings about the year. The  
6 first half of it was really dark. The second half, you  
7 know, the pandemic is still around but the economy is  
8 recovering. So it looks like Rio Nuevo will not only  
9 survive but thrive going into 2022.

10 So let's call the meeting to order. Brandi, will  
11 you please call the roll.

12 MS. HAGA-BLACKMAN: Edmund Marquez.

13 MR. MARQUEZ: Here.

14 MS. HAGA-BLACKMAN: Jannie Cox.

15 MS. COX: Here.

16 MS. HAGA-BLACKMAN: Mark Irvin.

17 MR. IRVIN: Here.

18 MS. HAGA-BLACKMAN: Chris Sheafe.

19 MR. SHEAFE: Here.

20 MS. HAGA-BLACKMAN: Fletcher McCusker.

21 CHAIRMAN McCUSKER: I'm here. I skipped over the  
22 pledge, so that means that the roll call was un-American.  
23 Brandi, will you pull up the flag?

24 (The Pledge of Allegiance was recited.)

25 Now, we don't have any plans to regroup in-person.

1 I think all of us assume that, you know, the pandemic would  
2 be behind us now. It's coming on two years. It will be two  
3 years in March that we've gone remote. The City is still  
4 remote. The County is still remote. I think given the  
5 spike that we've seen with the variants, probably the safe  
6 thing to do is to stay remote for a while.

7 So I think Brandi has got a schedule going around.  
8 But, you know, we'll probably continue to Zoom and allow our  
9 constituents to Zoom in as well.

10 So you have the Minutes in front of you from the  
11 November meeting. They're transcribed verbatim. So unless  
12 you have a change or comment, I just need a motion to  
13 approve them.

14 MS. COX: So moved.

15 MR. IRVIN: Second.

16 CHAIRMAN McCUSKER: All in favor say "aye."

17 (Ayes.)

18 CHAIRMAN McCUSKER: And this is the time we've set  
19 aside for Executive Session. I would need a motion to  
20 recess.

21 MS. COX: So moved.

22 MR. MARQUEZ: Second.

23 CHAIRMAN McCUSKER: All in favor say "aye."

24 (Ayes.)

25 CHAIRMAN McCUSKER: Okay. So for the people

1 observing, attendees, we always do this first and we'll come  
2 back the meeting in about an hour. And if you're moving,  
3 you have to click out of this meeting and click on the other  
4 link. Thank you.

5 (Recess 1:04 p.m. - 2:15 p.m.)

6 CHAIRMAN McCUSKER: So we're all back. I need a  
7 motion to reconvene.

8 MS. COX: So moved.

9 MR. MARQUEZ: Second.

10 CHAIRMAN McCUSKER: All in favor say "aye."

11 (Ayes.)

12 CHAIRMAN McCUSKER: Thank you. Thank you for your  
13 patience everyone. Welcome to the December '21 Rio Nuevo  
14 meeting. I want to move quickly to Dan's report because  
15 it's mostly good news. But I think the lessons learned over  
16 the last year for us, are the back-half of 2021 looks very  
17 robust economically. We're seeing pre-COVID revenue numbers  
18 after the first time in almost 20 months. Things are very  
19 busy downtown, restaurants, entertainment venues, the TCC is  
20 back open and doing very well and beautiful, by the way, if  
21 you haven't had a chance to go by or go by and skate. The  
22 ice arena is up there I think through January.

23 The pandemic still rages on. Many of the venues  
24 have mask and vaccination requirements, but it doesn't seem  
25 to be paralyzing us economically. So the upside of the

1 pandemic for us, of course, is the TCC where we've had  
2 almost 20 months to renovate that and we'll be entirely  
3 through with that project in March. And moreover, Tucson  
4 has become a very popular destination post-COVID. So we're  
5 seeing a lot of inbound interest from apartment builders and  
6 companies relocating, remote workers, California residents  
7 escaping their tax situation and price of gas or whatever.

8 But -- so I think we're very optimistic that 2022  
9 will be a good year for Rio Nuevo. We remain engaged to try  
10 and make a difference. So you're seeing that both big and  
11 small from us as we move forward.

12 So, Dan, do you want to go ahead and give us your  
13 financial report?

14 MR. MEYERS: You bet. This -- this is Dan Meyers,  
15 I'm the CFO of Rio Nuevo. So if we look at the top of the  
16 page, in very simple terms we've got about \$5.6 million  
17 sitting in the bank as of November 30th, which can be used  
18 to meet our commitments.

19 Down at the bottom of the page you see our  
20 commitments that we kind of expect to be funding within the  
21 next year, a little over 4.7 million. That gap is about,  
22 what, 800,000, which is quite a bit less than last -- last  
23 month. However, we had something come up with our  
24 compliance with our bank covenants, and due to exclusively  
25 COVID and I also I believe because of several big merchants

1 not filing properly and timely, and to receive the money, we  
2 had to come up with close to \$800,000 to set aside in a  
3 reserve fund for the next year. It's just a ratio that we  
4 need to bring in the door in TIF revenues net of rebates,  
5 and compared to the annual debt service. So it's not a  
6 great thing to have this happen, but it's very  
7 understandable. I believe all our lenders were very  
8 understanding with this. We quickly funded the account and  
9 everything's great with our banks. I spoke with both of the  
10 banks and they're really pleased with what's happened so far  
11 in this current fiscal year. For example, in all of 2021,  
12 that fiscal year, we had \$9.7 million in revenue. And based  
13 upon me speaking to somebody at the Arizona Department of  
14 Revenue this morning, we believe we're going to get about  
15 1.5 million in for October, which I was --

16 MS. COX: Wow.

17 MR. MEYERS: I was anticipating 1.2 million, so that  
18 was a nice surprise. But anyways, with that 1.5 million  
19 we'll be at \$5.8 million for four months as opposed to 9.7  
20 million for the entire year last year.

21 So you know, as Fletcher mentioned, I'm finally  
22 optimistic that, you know, we turned the corner. I expect  
23 November to be strong. The baseline for October is like  
24 1.87 million. So if we get 1.5, that means the State  
25 collected about 3.4 million. And that's been consistent for

1 the last several months. We've been hovering around 3  
2 million, 3.1, so I don't believe much more detail than I  
3 have in the past, but I'm kind of happy right now.

4 The November base is 2 million, so if we just stay  
5 consistent with October then we recollect get close to 1.4  
6 million. So I think November is going to be solid.  
7 December's base is a little over 3.3 million, but you know,  
8 we've got holiday sales. So I don't know what to really  
9 expect there, but you know, again, I think we're trending in  
10 the right direction. The revenues have been consistent now  
11 for several months. So anyway, I think -- I think we're in  
12 really good shape that way.

13 A couple of things that happened -- else that  
14 happened in October is that we funded -- we ended up having  
15 to fund the Southern New Hampshire parking because they in  
16 fact did pay the County and we have an agreement to  
17 reimburse them. So that put us -- that was about \$190,000  
18 and we gave \$100,000 in film assistance funds of the  
19 \$500,000 we've set aside. So you know, we spent lot of  
20 money in November, but that's what we're supposed to do.

21 On another positive note, we received a little over  
22 \$1.3 million from the City Park Project. That project was  
23 -- was sold and the terms of agreement we had \$1.3 million  
24 back, which was great. And then we got a payment from the  
25 City of Tucson for the Depot Garage from an agreement that



1 was in place, I believe, five years ago. We had \$285,000  
2 from that. So it looks like December is going to be a great  
3 month as far as bringing money in the door. And you know I  
4 expect that to continue.

5 MS. COX: Dan, I have a question. The Depot Garage,  
6 you said that they have resumed payments. Why were they --  
7 I don't remember why those payments stopped.

8 CHAIRMAN McCUSKER: This is our settlement  
9 agreement. This is that.

10 MS. COX: No, I knew it was, but I thought that -- I  
11 thought Dan said that they have not paid for a while and now  
12 they're --

13 MR. MEYERS: There was a five-year moratorium back  
14 when I believe we bought the land for Caterpillar.

15 CHAIRMAN McCUSKER: Correct.

16 MS. COX: Right.

17 MR. MEYERS: It was tied to that. And then I think  
18 there was probably -- the payments were supposed to resume  
19 this year. So it wasn't like we did anything --

20 MS. COX: Oh, okay. Got it.

21 MR. MEYERS: -- special for them. I think it was  
22 just the terms of the agreement.

23 MS. COX: Okay.

24 CHAIRMAN McCUSKER: And I think, Dan, the balance on  
25 that is about 3.5 million that -- the debt remaining. Do

1 you know?

2 MR. MEYERS: I thought, unless I'm totally missing  
3 something, it's \$6 million on our books before the 285 came  
4 off.

5 CHAIRMAN McCUSKER: Well, half of that we used for  
6 the Music Hall lot.

7 MR. MEYERS: That's right. It has not been -- I'm  
8 sorry -- it has not been -- I think we went through that  
9 with the audit. That has not been finalized. That has not  
10 been taken off our books.

11 CHAIRMAN McCUSKER: Yeah. Will you double check and  
12 let us know the balance on is the indebtedness from the City  
13 to Rio Nuevo?

14 MS. COX: Yeah.

15 MR. MEYERS: Were -- were you asking me or Collins?

16 CHAIRMAN McCUSKER: Yeah, you.

17 MR. MEYERS: Well, I know it's on the books for 6  
18 million. So it --

19 CHAIRMAN McCUSKER: Well, but we did use some of  
20 that for the Music Hall. So we just need to be updated.

21 MR. MEYERS: Okay.

22 CHAIRMAN McCUSKER: You can do that. Just send it  
23 around.

24 MR. MEYERS: Okay. Yeah, so then you got a list of  
25 the projects, what the status is -- committed and what's

1    been paid and what's remaining on our projects and that  
2    seems to be continuing to grow. So time to spend of that  
3    money, I guess. Anybody have any questions?

4           CHAIRMAN McCUSKER: Okay. Thank you, Dan. Brandi,  
5    thanks for your chasing our merchants.

6           First up is Zemam's. I see a whole bunch of our  
7    friends online. A quick update for people that are  
8    following our work on Sunshine Mile, particularly with some  
9    of our more iconic restaurants. We're in the process of  
10   helping Lerua's relocate to the Sunshine Mile. We're also  
11   working with Rocco's to relocate a couple of doors down from  
12   its current location.

13           We've been working with the Zemam's family, who  
14   have been at that restaurant I think for 27 years, maybe 30  
15   years, at Broadway and Treat, and the widening really  
16   created some problems for them, but some opportunities in  
17   that we were able to acquire the three parcels immediately  
18   west of them. So we're working on basically a new patio  
19   restaurant, new bar, remodeling the current Zemam's, as maybe  
20   what's going to become one of the most walkable corners on  
21   the Sunshine Mile, Broadway and Treat. So a couple meetings  
22   ago they met with us and were looking for something in the  
23   \$1.3 million range. We asked them to scale that back and  
24   they've since presented us with a budget of a little over  
25   half a million dollars to do a number of things to improve

1 that project.

2 So, Lucas, I see your whole family on there with  
3 you. We'll turn it over to you and I know your contractor  
4 and architect are on the line. If the Board members have  
5 any questions of you -- and do you have a presentation?

6 MR. GEBREMARIAM: We do, yes.

7 CHAIRMAN McCUSKER: So Brandi, are you setting that  
8 up for them to share? Go ahead.

9 MR. A. GEBREMARIAM: Okay. I'm going to start. My  
10 name is Amanuel Gebremariam, and I'm the owner of Zemam's,  
11 co-owner actually, right now with my kids. I came to this  
12 wonderful county about 40 years ago as a refugee. And I owe  
13 all the peace, the security, and freedom I got from this  
14 country and I'm really thankful.

15 I started Zemam's about 28 years ago this past  
16 November, with four tables, credit card, and my mom's  
17 recipe. And thank God for the opportunity I got. Zemam's  
18 grown fast and the Tucsonans loved the food, and it grew up  
19 into 15 tables, which is the current -- the current tables I  
20 have. Definitely the smaller Zemam's grown up, now, into a  
21 small African village, which is going to be called the Z  
22 Street. And it is going to contain many varieties of  
23 cultures, entertainment, and many other stuff for the Tucson  
24 community. The Tucson community has given me all. They did  
25 not only open their doors, they opened their hearts, too,

1 for me. So I'm really thankful. Thank you very much. And  
2 my son Luke will follow on the rest.

3 MR. L. GEBREMARIAM: All right. So we're going to  
4 go over the -- this is our agenda, just kind of an overview  
5 of what we're doing. So we're going to share with you the  
6 vision that we have for our project, and then I'm going to  
7 pass it over to our contractors and architect, Leo Katz and  
8 Dan Taylor, and then we'll come back to me for the revenue  
9 projections for both the restaurant and the bar. And then  
10 we'll open it up to any questions you guys might have.

11 Here are the presenters: that's my dad, myself, Leo,  
12 and Dan, and then my brother as well. If you guys have any  
13 questions, he's done a lot of behind the scenes work.

14 So basically what our vision is, is after the 28  
15 years, we want to give restaurants and people opportunities  
16 to build on their business. We want to make this a new kind  
17 of popping area that is off of Fourth Avenue and downtown to  
18 kind of create a new -- kind of be a place that starts a new  
19 area to go to in Tucson, because right now there really  
20 aren't a whole lot. So partnered with Zemam's, which you  
21 know, will always have the best in class service and bring  
22 that community to Tucson.

23 We want to build this new area, which is going to  
24 have an international sports bar, it's going to have coffee  
25 and dining area, like desserts area, as well as individual

1 stalls, vendor stalls, which we'll be giving opportunities  
2 to people who can't necessary afford a brick and mortar  
3 location, but have really good food and want the opportunity  
4 to share that food with people with -- yeah, with our  
5 customers.

6           And then as well as that, there's going to be  
7 outdoor dining and entertainment in this area to the  
8 customers. So it's kind of a -- it's going to be modeled  
9 after a rural village with a sports bar that does mostly  
10 international sports. We don't want to do the soccer -- or  
11 the basketball, football, and baseball. We want to do  
12 soccer, cricket, rugby, Formula One, things that are not  
13 just -- that are watched around the world. So that's it.

14           So in the Phase I, which we are presenting to you  
15 guys now, we have -- the plan is to create -- is to redo  
16 Zemam's, and we'll show you the pictures of what that plan  
17 is. So increase the size from about 50 to about 150, so it  
18 will be about tripling the size with some outdoor dining and  
19 some privately dined areas. The international sports bar,  
20 as I mentioned, which we're already kind of rolling with the  
21 liquor licenses and stuff. And as well as that, we'll do  
22 the demolition of the outside common area. That's going to  
23 be because our parking is changing, so we will need -- we  
24 want that area to be access to the new Zemam's entrance  
25 area, which will kind of build on the excitement as

1 customers come into Zemam's when we reopen, they'll see  
2 what's going around this project. They'll see everything  
3 that's happening and that will kind of build the excitement  
4 towards everything.

5           And in addition to, there's going to be a -- we're  
6 going to construct that 8-foot wall that is sound and a  
7 security area for our neighbors in the Sam Hughes area. The  
8 estimated time completion we have from our contractors is  
9 six months and will cost approximately \$650,000. And as you  
10 can see, this is all of the stuff that is -- that goes into  
11 that cost. And as well as that, we will be investing about  
12 150 of our personal money into this project to make sure  
13 that everything is done right and done well.

14           Then, the second and third phases, that's where  
15 we'll come -- the vendor stalls, there's a satellite outdoor  
16 bar, restrooms, kind creating that whole outdoor venue that  
17 is going to really look like a rural village kind of bazaar  
18 area. And after all that is said and done, it's going to be  
19 right around \$1.3 million for the entire project. So with  
20 that, I want to pass it over to our architect, Leo Katz. He  
21 might need to be given control.

22           MR. KATZ: Great. Good job, Luke. Yeah, my name  
23 Leo Katz. I believe I met some of you in the previous  
24 meeting we had a while back. The drawings that I shared  
25 with the Gebremariams to get on with their PowerPoint, I

1 have updated drawings that are CAD-generated, and sort of a  
2 -- it will show step in the right direction we're going as  
3 far as, you know, getting some working drawings in pursuit  
4 of getting our building permits and everything else. And so  
5 if you look here, does it -- can everybody see the shared  
6 screen on that?

7 MS. COX: Yes.

8 MR. KATZ: Okay. So this is what Luke was talking  
9 about. This is the updated version of the site plan of part  
10 of the initial expenses was to get an ALTA survey of the  
11 property, which we were able to get in the last few weeks.

12 That really sort of defined the parameters, the  
13 real parameters of the work. We've been working off of a  
14 schematic site plan and, you know, with sort of an aerial  
15 photos as a basis of our drawings. And even you can see on  
16 Broadway Boulevard, these curves right here just went in a  
17 week ago. So we're on the cutting edge of what's on the  
18 ground and what we're being able to produce. One of the  
19 benefits that we were able to get out of that is that we  
20 were able to -- I was able to come up with an additional ten  
21 parking spaces than we had previously discussed and had in  
22 the plan. So we're up to 28 parking spaces within the  
23 parking -- the projected parking area, which is really a  
24 huge benefit for the full development here, as well as any  
25 shared parking that is going to be within the region. So



1 that's a real benefit.

2 One of the things that I'm going to do -- I'm just  
3 going to move in down here. Again, as Luke described, what  
4 we're -- what we're seeing here, and I can even enlarge it a  
5 little bit to get a better view.

6 And then over here is that this is -- right here  
7 is the -- is Zepam's at 2731. Next door is where the Z bar  
8 is going to go in. And so that's part of that early -- that  
9 first phase and sort of the anchor of the whole area. Up  
10 here is the food stalls, the commissary kitchen in the  
11 center. We have restrooms that will serve the new dining  
12 space. This is the food street right here where the -- this  
13 is where we're going to create the tables and dining for the  
14 stalls being able to go there. And to the East at the last  
15 portion here, that's the coffee shop with its own private  
16 patio here. So that's a detail that we're working with.

17 And so with that, you can really see the whole  
18 vision that we're trying to create. One of the suggestions  
19 from one of the earlier meetings was to really start to  
20 establish and create a strong connection between the new  
21 parking area, which you can see there's no parking left on  
22 any of the streets because of the widening, is to create a  
23 new entry way into the -- into the -- these and through the  
24 north portion of these different buildings along here for  
25 the -- the new access. And so what this will serve as --

1 and I think that Luke mentioned that -- is initially it's  
2 going to be the main entrance into the new -- into Zemam's.

3 Right now, the main entrance was off of Broadway  
4 to the south. But now going bring people in through the  
5 north and into the building. And there's been an expansion  
6 of the building here, as well as a new entry into a patio  
7 and into the new bar area that was an old insurance  
8 building. So what's going to happen in the phasing is that  
9 the entryway will be used to access the two Zemam's  
10 buildings prior to the future development here. So people  
11 will start using this, seeing this, and there have been  
12 suggestions of promotion for the future uses to be on the  
13 site. Let's see.

14 This is -- this is an illustration. I think it does  
15 a good job of showing what the phases are. The phase would  
16 be, again, in the -- and let me lower that down -- this  
17 would be Phase I. And that would involve Zemam's, the front  
18 areas, the demolition and preparation of the plaza bringing  
19 people into the unit, as well as tying into the parking lot.  
20 And then we're going to have do some work, you know, with  
21 the plans being able to look at the Broadway elevations and  
22 areas in front of the restaurants. And that's all sort of a  
23 work in process. It's interesting because we're really on a  
24 fast track right now in working on the remodel as well as  
25 coming up with a development plan.

1           In the purple represents the second phase, which  
2 would be including the commissary kitchen, the food stalls,  
3 upgrading the food court area, and sort of bringing that all  
4 together. And so that has to be also considered in our  
5 development plan as we're putting it together. It was  
6 decided on pretty early that the coffee shop area, which is  
7 in yellow, would be something that would be developed by a  
8 private owner and would be brought in on its own.

9           So we're holding that out as sort of separate from  
10 the rest of the -- the rest of the construction being there.  
11 You know, one of the -- one of the things that we're  
12 working with, is that there's three different portions of  
13 this development, which I'm hoping we can communicate with  
14 Rio Nuevo with and get help with. And that is one -- is, as  
15 I mentioned before is the present, which is -- and Dan  
16 Taylor, the contractor, will talk to that and show you  
17 pictures of progress that have been made on the project.

18           But there's the renovation and conversion of both  
19 the restaurant and the bar that is going on, as well as  
20 coming up with a development plan. We're hoping to get the  
21 permits for the reopening of the bar -- of the  
22 restaurant/bar simultaneously or before the development  
23 plan, because they're really on different sort of time  
24 tracks and -- and demands. The development plan will take  
25 considerably more time than just permitting the renovation

1 plans. So that's one thing.

2           And then other thing is the -- is the coordination  
3 of the development, which I believe Rio Nuevo is taking on  
4 the parking lot itself. So there's going to be a lot of  
5 coordination and the need to bring all those things up to --  
6 up to -- up to speed independently but at the same time, and  
7 coordinated be each other. So that -- this diagram sort of  
8 illustrates what the -- what the overall concept was when,  
9 you know, when Luke was describing what the phasing would  
10 be.

11           What we have going on right now -- and this will be  
12 a good segue into Dan's presentation -- is what -- what's  
13 been going on with the -- with the individual buildings  
14 here. And so Zeman's at this time breaks right at this line  
15 and is contained with -- the kitchen was contained within  
16 this small room. These were offices in the back. So the  
17 renovation that's going on right now is that the -- the  
18 kitchen space and serving spaces is essentially tripled to  
19 what it used to be. It's -- and it's contained all within  
20 this area here. There's been a breakthrough into creating  
21 more dining. This is the new entryway that we had discussed  
22 so that we're really sort of flipping the whole plan around  
23 so that there's a whole new entry way.

24           Again, here's the food street and people will be  
25 coming from -- primarily coming from the parking area off to

1 the west through the food street and into the new plaza.  
2 Included in that is the big patio area that expands that  
3 we're going to have. And you can see that that's  
4 significantly -- well, there wasn't really a patio before --  
5 but it's a significant seating area. And then we've also  
6 preserved the garage in the back, which will be open -- has  
7 been really sort of broken -- renovated and is prepped for,  
8 you know, covered dining, private -- private parties,  
9 anything else they're going to have to do. So the dining  
10 area and the kitchen areas are going to be greatly improved.

11 The bar area, the Z bar area is, like we said was --  
12 it was an insurance office and now we're going to be able to  
13 open that up. In order to centralize any kind of food  
14 preparation and service, we're going to have a link between  
15 what will be in the back here will be the service area for  
16 the -- for the bar, which will be able to serve a limited  
17 menu with bar food and snacks that can be had in the bar and  
18 out into their new patio area, which will be around here.  
19 This will be the new entryway coming down through, again,  
20 through the Z street and then down into the building.

21 I have just quickly -- and we'll look at these  
22 pretty quickly -- but these are the demolition plans that  
23 have been put together, you know, for the both projects.  
24 And with the dashed lines you can see what the layout of the  
25 existing buildings were prior to the new construction. And

1 then this is a more detailed and labeled floor plan that we  
2 have now for the -- for the design.

3 Like I said before, this is -- it's graduated from  
4 what were my conceptual drawings that we have been working  
5 off for a while, and now we're into -- these are  
6 computerized drafted -- we're going to be able to, you know,  
7 break off from these, easily break off from these, and come  
8 up with our working construction drawings.

9 Right now, we have -- we're work with EDG Electrical  
10 Engineers for coming up with our electrical plan. I'm in  
11 communication with Hamstra Heating and Cooling and they are  
12 going to be doing a consultation with us and putting us  
13 together with a mechanical engineer to be able to get those  
14 because we'll have those in.

15 We met with the Gebremariams and Dan and I met with  
16 the Health Department, I think a week or two ago and, you  
17 know, went over the plans and they were very appreciative  
18 and complimentary that we actually talked to them before we  
19 even started to do anything, before we tried to open a  
20 restaurant, which -- which I think all of us had experience  
21 that we knew that was going to need to be done.

22 We've also been talking with a family friend and  
23 associate who has years of bartending management, that came  
24 and consulted on the -- on the bar at -- at a good pace with  
25 the idea of trying to open as quickly as possible. And I

1 know with the goal of -- what we've been hearing from our  
2 meetings, which is the thing we want to do is get the  
3 restaurant and the bar open and add to the, you know, to  
4 Dan's spreadsheet on tax revenues coming in. So I think  
5 that's important in what we want to be able to do. And  
6 that's -- that's what we really want to do. And then  
7 Amanuel and his family, you know, everybody wants to get  
8 this open and get the restaurant open and running again, as  
9 well as the patrons.

10 So that's just a good overview of what's going on.  
11 And I think, again, it segues into what Dan will be able to  
12 share, but if anybody has any questions, you know, I'm  
13 available to take those if you'd like to ask any questions  
14 about what's going on.

15 CHAIRMAN McCUSKER: Let's hear from Dan and then  
16 that'll give us the context from the contractor.

17 MR. KATZ: Okay.

18 CHAIRMAN McCUSKER: Nice job, Leo. Thank you.

19 MR. KATZ: Okay.

20 CHAIRMAN McCUSKER: So we need to let the other  
21 Lucas share. You may have already done that.

22 MR. TAYLOR: Let me just start this slide show here.  
23 This is the original backyard we've opened up, taken down  
24 some structures, pavers, whatnot. We're building a tension  
25 shade fabric steel structure there. This is an original

1 shot of the backyard as we found it. It had never been used  
2 as a patio space, so we've opened it up and have provisioned  
3 for all kinds of exciting stuff. This is in the process of  
4 building the shade structure that we have in the back there.  
5 So that's going to hold up some of these pleated shade sails  
6 that are retractable in the backyard. You'll see on the  
7 next slide here.

8 CHAIRMAN McCUSKER: That was parking before. Right,  
9 Dan?

10 MR. TAYLOR: That was just a patio. It was unused.  
11 It was part of the apartment that was attached to the back  
12 of the building.

13 I don't know if it's still playing. It looks like  
14 it may have paused.

15 Did the video pause there Lucas? Frozen. I have it  
16 backed up. I can share it. I can share it locally here if  
17 possible. Yeah, let's -- let's back it up here. Can you  
18 back up the slide show? Or I could share it locally. There  
19 you go. That's good.

20 This is the new wall. We've expanded the patio  
21 space. You missed the slide on the shade sails that are  
22 going up. I just put a sample of what that's going to look  
23 like. We have some steel gates replacing some of the old  
24 worn out wood gates. So that's starting to happen. This  
25 whole process -- we've only been at it for about three



1 weeks, so we're all hitting the ground running here.

2           And then we provisioned for -- this is before, this  
3 is a before shot -- we provisioned for a mister system water  
4 and ground there. So that's what you're seeing here. This  
5 is demolition of the old window that's going to be the new  
6 entrance. So we've created the new entrance to the  
7 building.

8           And it looks like we may be slowing down  
9 internet-wise here.

10           So we've opened up what was a window to create a new  
11 door there. And the door is going to be a, you know, glass  
12 and steel custom door. It's in the process of design and  
13 fabricating.

14           I'm going to try to go ahead and share the slide  
15 show locally here and see if we can -- because I may have a  
16 little better internet connection.

17           CHAIRMAN McCUSKER: That's like one of those demo  
18 jobs. Right? You still need somebody with a sledgehammer?

19           MR. TAYLOR: Yeah, right. Those -- that's a tool  
20 that comes in handy. It doesn't look like it's available to  
21 share here on this end here and my content.

22           CHAIRMAN McCUSKER: I see it.

23           MR. TAYLOR: I think it's an internet connection  
24 issue skipping all around. Okay.

25           So we're about halfway through if you want to back

1 up I'll try to restart.

2 CHAIRMAN McCUSKER: You're at the new door with the  
3 baby Caterpillar.

4 MR. TAYLOR: Yeah. You can start it from there and  
5 -- and see if it queues up again, Lucas.

6 I think your internet is just bogging down with all  
7 the information. If you want to hit play there. I don't  
8 know if you're -- if that's available.

9 CHAIRMAN McCUSKER: Can you switch to slides and not  
10 run the video?

11 MR. TAYLOR: You know, the slides I just embedded in  
12 the present -- the PowerPoint presentation that I gave the  
13 family here. So this is the new door that's, again, that's  
14 what you saw being demolished earlier. And this is where we  
15 cut in from the old existing kitchen to expand into the  
16 kitchen space that Leo showed you about. This is inside the  
17 old office, which is now opened up. We removed all the  
18 soffits, HVAC system, and created a more open space here.  
19 So this is in the process of opening up and tripling that  
20 kitchen space. And another shot from there, which is the  
21 old apartment.

22 Moving into the kitchen, this is a doorway from the  
23 existing dining into the kitchen, which will be walled off  
24 from patrons. It's just going to be a client -- or an  
25 employee access. This is the door we're opening up into the

1 Z bar. It was a window and it will be a 36-inch opening  
2 currently covered with plywood, but you can kind of see the  
3 location there that's going to be connecting with to Z bar  
4 in the back. So this is a shot of that door where there's  
5 going to be a concrete pad, a steel Ramada overhang, and  
6 access into the bar area for serving food from the  
7 restaurant so they can use a common kitchen. And this is  
8 where it'll connect into the building. It's just the  
9 process of taking down some of the openings to widen them  
10 and shoring them up with steel. There'll be an  
11 ADA-compliant ramp there out to eight feet. That'll be  
12 actually be done on Saturday. This is just a shot from the  
13 other side of shoring that up.

14 We've come across, you know, it's a bit of  
15 archaeology when you do these old buildings and come across  
16 the fact that a lot of the systems needed updating. The  
17 sewer system was completely gone, so we've since, as you can  
18 see in background there, it would show on the next slide but  
19 it looks like it's stopped playing. We saw cut the floor,  
20 added new ABS plumbing, and new incoming copper lines and  
21 whatnot to bring it up to speed. So all of the systems in  
22 the building are going to be brand new. And it was -- it  
23 was time. You know, the original building, 1910 probably,  
24 and the addition in the back sometime in the 40s and it  
25 really hasn't been touched since. So there were some other

1 slides in there kind of showing the progress. But we've  
2 really hit the ground running and it's a really fun exciting  
3 project. That's looking into the kitchen. This is the old  
4 clay pipe that we found actually in really good shape to the  
5 street, but again, joints, cast iron pipes, it was trashed  
6 and so now it's new ABS connection there, 3-inch ABS line.

7           So this is demolition of the old kitchen wall, which  
8 is the new plumbing wall for the new kitchen, dish washing,  
9 three compartment sinks. We've got the grease trap in there  
10 and that's all brand new and will be up to code. And just  
11 again some new plumbing there. That's the ADA-compliant  
12 bathroom, ready to go. And it's under water pressure test  
13 as we speak. This is demolition of the kitchen, taking down  
14 the soffits, shoring up some of the old framing and whatnot.  
15 Again, some plumbing that's being done to take out the cast  
16 iron pipes. So we're ahead of the game there. All the  
17 roughed-in plumbing is pretty much done. This is looking  
18 into what will be the bodega, from my understanding,  
19 possibly dining, but a little space there and looking into  
20 the bathroom.

21           And that's -- that's it. I think we missed a little  
22 bit of it, but, yeah, we're going full steam. I've got a  
23 good crew. Everybody's very motivated. I'm just looking  
24 forward to it reopening because it's been my favorite  
25 restaurant for 20 years. So, you know, that's -- we're in

1 full commitment, full mode, to get it done as soon as  
2 possible. Everybody's firing on all cylinders.

3 CHAIRMAN McCUSKER: Dan, thank you very much.

4 Any concern about the timing with the surprises  
5 you've found so far?

6 MR. TAYLOR: No. We've rolled with the punches. We  
7 weren't expecting the water line to be so dilapidated. You  
8 would have seen in the pictures. When the City hooked up  
9 their new one-inch copper to the old 3/4-inch galvanized  
10 pipe, it actually collapsed the pipe into the restaurant, so  
11 we're having to put in all new incoming water. But that's  
12 just a couple of days' process, and that's actually going to  
13 be done by next week. So I don't see any bottlenecks,  
14 really. All the electric is going to be replaced, so that  
15 makes it easy just to gut it. You know, the only thing I  
16 can see that will be holding it up might be the parking  
17 situation, but that's out of my hands. Other than that, I  
18 think we're going to make -- be ahead of the timeline.

19 CHAIRMAN McCUSKER: All right. Luke, let's go ahead  
20 and run -- go to your revenue slides.

21 MR. L. GEBREMARIAM: So with the revenue we will be  
22 tripling the capacity of the restaurant. So before COVID  
23 our average sales were about 1,500 a day, and so we  
24 anticipate that to go to around 4,500. In addition to that,  
25 getting our liquor license from -- at that location is also

1 going to increase --

2 (Audio dropped).

3 CHAIRMAN McCUSKER: We lost audio again. Brandi, go  
4 to the next slide. Brandi, let's -- let's run the slides,  
5 see if they can get back online.

6 MS. HAGA-BLACKMAN: These are the last two slides.

7 CHAIRMAN McCUSKER: Yeah, this is the revenue. So  
8 you're good there. We saw the revenue related to the  
9 restaurant. This is revenue related to the new bar. So  
10 we're showing, you know, basically quadruple 5 time -- 5X,  
11 6X times current revenue. We always look for an ROI when we  
12 invest in food and beverage. Try slide 17. I think that  
13 goes to this Q & A, so that's really what they wanted to  
14 show us, was the current state of the plan, the before and  
15 after, the uptake in revenue, and I think the only thing we  
16 haven't seen is the budget.

17 MR. MARQUEZ: Yeah. And the bar is going to be big  
18 for them. Obviously they haven't had alcohol license prior  
19 -- an alcohol license prior. And this actually, beyond the  
20 international sports bar they're bringing in. It also brings  
21 in alcohol to the restaurant. So this is going to increase  
22 their ticket amount substantially. So I think, Rio  
23 Nuevo-wise, investment-wise, this is a great investment.

24 CHAIRMAN McCUSKER: Brandi, do you have a copy of  
25 the budget?

1 MS. HAGA-BLACKMAN: No, just the presentation.

2 CHAIRMAN McCUSKER: I think we had one in exec.  
3 Collins? Probably not.

4 MS. HAGA-BLACKMAN: I can -- I can check it.

5 CHAIRMAN McCUSKER: I mean online.

6 MR. SHEAFE: While we're waiting, Edmund, I would  
7 guess a good portion of their customer base would be other  
8 people from that part of the world, which is heavily Muslim,  
9 and would that affect their liquor sales?

10 MR. MARQUEZ: It would talk, demographically, in  
11 regards to the culture of people showing up. I think it's  
12 basically the surrounding neighborhoods and Tucsonans that  
13 are showing up.

14 MR. SHEAFE: You're not expecting the liquor sales  
15 to be less because they have a higher percentage of Muslim  
16 patrons?

17 MR. MARQUEZ: I don't think so. I mean look at Dan  
18 here on the -- on the Zoom. It's his favorite restaurant.  
19 I think they're going to be -- I think they're going to do  
20 great. This went literally -- this went from a singular  
21 restaurant --

22 MR. SHEAFE: Yeah.

23 MR. MARQUEZ: -- building that was pretty --

24 MR. SHEAFE: Well, I'm asking.

25 MR. MARQUEZ: -- similar to a campus. And it's

1 going two buildings instead of one, plus more outdoor  
2 seating.

3 MR. SHEAFE: Okay.

4 MR. MARQUEZ: As they pick up the alcohol license I  
5 think their tickets are going to jump. I mean if you saw  
6 the revenue on just the bar, they're looking at 1.7 million  
7 a year just from the bar.

8 CHAIRMAN McCUSKER: So, Dan, your current budget is  
9 521; is that correct? 524 or something like that?

10 MR. TAYLOR: I think the last revision of that  
11 budget brought it up to somewhere around 540, something like  
12 that.

13 CHAIRMAN McCUSKER: 540.

14 MR. TAYLOR: Just with some of the discovery that  
15 we've done with HVAC and plumbing, but that's -- yeah,  
16 that's the number I --

17 CHAIRMAN McCUSKER: Any chance you have a -- you  
18 have -- can you pull up a copy of that?

19 MR. TAYLOR: You know, I have a copy of it and  
20 unfortunately, I -- as you were speaking I was trying to  
21 look on how to share it there, and let me see if it's on.

22 CHAIRMAN McCUSKER: So even engineers -- I mean you  
23 should be able to pull up the budget. So that's --  
24 basically they ask fellow Board members, the original budget  
25 1.3, the current budget's -- call it approximately \$540,000.



1 This would involve the kind of typical GPLET arrangement  
2 that we would normally engage. It would provide a budget  
3 like we've done for Rocco's and Lerua's and allow them to  
4 draw on that against the amount we've improved.

5 MR. SHEAFE: Let me ask a question. 1.3 was the  
6 budget for the expanded out version. Is that not correct?

7 MR. TAYLOR: That's correct.

8 CHAIRMAN McCUSKER: That's correct, yeah.

9 MR. SHEAFE: Phase I is the 540.

10 CHAIRMAN McCUSKER: 540, yeah.

11 MR. SHEAFE: Right. But -- but --

12 CHAIRMAN McCUSKER: And we've made no commitments,  
13 Chris.

14 MR. SHEAFE: How much of the Phase I then are we  
15 being asked to put up in terms of the amount and how much  
16 are they putting up for Phase I?

17 CHAIRMAN McCUSKER: 5 of 7, basically. They're  
18 putting about 200 grand plus their building into the  
19 project. They're ask for us is about 500.

20 MR. SHEAFE: Okay.

21 MR. MARQUEZ: I have the -- I have the budget in  
22 front of me. It's 521,300.

23 MR. SHEAFE: Okay.

24 CHAIRMAN McCUSKER: I think we did -- I think we did  
25 bump it up with the wall. So you may not be the final one.

1 I think, Dan, you said it was 540.

2 MS. GEBREMARIAM: Can you -- can you hear me now,  
3 you guys?

4 CHAIRMAN McCUSKER: We do see -- we hear you and see  
5 you.

6 MS. GEBREMARIAM: Okay. So what -- yeah. The total  
7 budget all in, as we said on those one slides, was about  
8 650, which includes, you know, the furnishings and the  
9 refrigeration and all that kind of thing.

10 Luke, mute yourself for everybody.

11 And what we're asking for -- we -- we're able to put  
12 in about 150 -- 150 to 200 grand of our own money. We've  
13 already invested very heavily in this, and so what we would  
14 be looking for from you all is about five and a half. Yeah.

15 MR. SHEAFE: Are you saying 550 or are you saying  
16 500? Because if I take 650 and take 150 from it, that would  
17 be 500.

18 MS. GEBREMARIAM: Okay. Yes.

19 MR. SHEAFE: So is that your ask?

20 MS. GEBREMARIAM: Yes.

21 MR. SHEAFE: All right. So you want 500 at this  
22 time. Okay.

23 CHAIRMAN McCUSKER: Any other questions of Dan, Leo,  
24 or the family?

25 What's the Board's pleasure, here?

1 MR. SHEAFE: Well, let's do a motion that we approve  
2 of commitment of 500,000 for Zemam's, payable immediately  
3 actually, or set up a fund they can draw against.

4 CHAIRMAN: Right.

5 MR. SHEAFE: And we'll establish that upon approval  
6 by the Board as my motion.

7 MR. MARQUEZ: I'll second that.

8 CHAIRMAN McCUSKER: All right. So the motion is to  
9 establish a draw account similarly to what we've done for  
10 other restaurants for \$500,000 that would be available for  
11 them to draw down to pay the remodeling costs.

12 Brandi, please call the roll.

13 MS. HAGA-BLACKMAN: Edmund Marquez.

14 MR. MARQUEZ: Aye.

15 MS. HAGA-BLACKMAN: Jannie Cox.

16 MS. COX: Aye.

17 MS. HAGA-BLACKMAN: Mark Irvin.

18 MR. IRVIN: Aye.

19 MS. HAGA-BLACKMAN: Chris Sheafe.

20 MR. SHEAFE: Aye.

21 MS. HAGA-BLACKMAN: Fletcher McCusker.

22 CHAIRMAN McCUSKER: I vote aye.

23 (The Board voted and motion carries unanimously  
24 5-0.)

25 We're honored to be involved. You know, we think

1 this is going to be a destination not only for Tucson but  
2 maybe for the whole state and the whole region. I think  
3 it's culturally really astute. And we're just really  
4 pleased to be involved with the whole family. So  
5 congratulations. Dan, we'll be in touch with you regarding  
6 how the account works. And Mr. Collins, we'll be in touch  
7 with you regarding the legal documents. And, Dan, we don't  
8 need to speed you up. You're in mode -- full-speed mode  
9 already.

10 MS. GEBREMARIAM: I just want to say thanks for  
11 tolerating our poor internet connection, you guys. I can  
12 only attribute that to the weather. It must be very windy  
13 or something. I'm really sorry.

14 MR. SHEAFE: Thanks for all your efforts and thanks  
15 for being one of the leaders in establishing a location for  
16 people to go to. It's an exciting concept and I'm looking  
17 forward to visiting it when you --

18 MR. GEBREMARIAM: Well, we can't wait to host you.

19 MR. SHEAFE: -- ready to open.

20 CHAIRMAN McCUSKER: Chris is known for sneaking into  
21 restaurants he supports, so watch out for him.

22 MS. GEBREMARIAM: Very good.

23 MR. TAYLOR: Mr. Sheafe, it's nice to see you again.  
24 It's been a long time. Your son Adam was a good friend of  
25 mine.

1 MR. SHEAFE: Oh, thank you.

2 MR. TAYLOR: My dad was Jay Taylor.

3 MR. SHEAFE: Wow. Oh, is your dad Jay Taylor?

4 MR. TAYLOR: Yeah. He died a couple years ago,  
5 but --

6 MR. SHEAFE: Oh, I'm -- you know, we really miss  
7 him.

8 MR. TAYLOR: Yeah, we do.

9 MR. SHEAFE: He really was an absolutely unique  
10 thing. How is your mom doing?

11 MR. TAYLOR: She's doing great. Thanks. She lives  
12 next door in my house and I have a house next door and she's  
13 a -- she's still a great cook. I get Uber Eats delivered  
14 every day, it seems like.

15 MR. SHEAFE: Wow.

16 MR. TAYLOR: Yeah.

17 MR. SHEAFE: That's really neat.

18 MR. TAYLOR: Nice to see you. It's been a long  
19 time.

20 CHAIRMAN McCUSKER: I thank -- thank you again,  
21 everyone. We're going to move on to the next time. Thank  
22 you again.

23 MR. TAYLOR: All right. Take care and thanks  
24 everybody.

25 MS. GEBREMARIAM: Thanks, guys.

1           CHAIRMAN McCUSKER: Thank you again, Fox Theater. I  
2 saw both Bonnie and Brent. You can unmute yourself.

3           A little background for people who have not been  
4 involved with Rio Nuevo or the Fox for any period of time,  
5 but I became acquainted to the Fox Theatre in 1955 when I  
6 was a member of the Mickey Mouse Club and every Saturday my  
7 parents would drop me off there and then we would duck out  
8 the back door of the theater and, you know, run around  
9 downtown.

10           So I was pleased to be involved with the Fox in  
11 2010 before I joined the Rio Nuevo Board. And I think  
12 everybody that's a Rio Nuevo observer knows that at some  
13 point we acquired the Fox Theatre back from the National  
14 Trust and we've been privileged to be your partner ever  
15 since. I must say we were very worried about you a year  
16 ago, as we were all of everything downtown.

17           And if you haven't met Bonnie Schock yet, she's a  
18 force of nature that is the new CEO of the Fox, came to us  
19 from Minnesota. I think we hired you in February of '20 and  
20 right before the coronavirus forced everything to go dark.  
21 So we haven't had a Fox update in a long time. We're eager  
22 to hear how we're doing and anything you need from us. And  
23 then I think you've got some organizational issues that we  
24 want to talk about.

25           So Bonnie, Brent, we'll turn it over to you.

1           MR. DAVIS: All right. Thank you, Fletcher and all  
2 the members of the Board. It's an honor to be part of this  
3 even though it's not in person. Something that we have  
4 resumed, programming in person at the Fox, as most of you  
5 know. I want to say on behalf of our Board of Directors and  
6 our staff and our -- and the thousands of people that come  
7 down and visit the Fox every year, at least when the  
8 pandemic is not raging -- we want to change you for a great  
9 partnership, a partnership which allowed us to get through  
10 the pandemic, the first year of the pandemic. Your support  
11 was absolutely invaluable. Not only financially but also  
12 for morale reasons -- for making this thing continue.

13           And you're right. We were very excited when we  
14 hired Bonnie. I joke with her that I think we had,  
15 Fletcher, I think we had what, three final candidates or  
16 four? I can't remember. We had receptions for the Board to  
17 meet all of them. The only one I was able to get to was  
18 Bonnie -- Bonnie's reception. So it worked out great. And  
19 she did come in and then 30 days later everything went to  
20 hell in a hand basket, as you all know. I took over the  
21 Presidency March of this year, and it's been a great -- an  
22 honor to lead the Fox Board and we've got a really suburb  
23 Board and superb donors and superb organizations like Rio  
24 Nuevo that support us.

25           And I just can't overemphasize our thanks to having

1 that partnership with Rio Nuevo that we've had here for  
2 these many, many, years. Now, we do have an agenda item and  
3 I'm going to let Bonnie talk about that and she's going to  
4 give you a brief update on the activities at the Fox and  
5 other issues related to it. Bonnie?

6 MS. SCHOCK: Hi everybody. Thanks, Brent. Good to  
7 see you all and thanks for taking the time to have us on the  
8 agenda. I don't want to take a lot of your time today in  
9 terms of an update because I'd love to -- we would love to  
10 give you a little bit more of a formal annual report as we  
11 come to the close of this 2021, very strange year at the  
12 beginning of next year. So I'm hoping that we may be able  
13 to do that in a more formal way coming up very soon.

14 The good thing is as Fletcher mentioned for Rio  
15 Nuevo overall and many of the businesses in downtown, is  
16 that the Fox really has returned strong. We -- we were all  
17 very worried about the Fox and ever business downtown last  
18 year at this time. And really it's been a remarkable  
19 turnaround, I guess, is really the only way to say it. And  
20 entirely, I would say due to the very exceptional timing and  
21 precision of Rio Nuevo's investments in the Fox right as the  
22 pandemic was beginning to happen. It allowed us to leverage  
23 additional support. It allowed us to feel confident to a  
24 certain degree in proceeding forward with planning what now  
25 is turning out to be a very aggressive season, which we feel



1 is giving the Fox probably more activity than most  
2 entertainment venues, certainly ones of significant size in  
3 the region that I'm aware of among my colleagues and other  
4 venues around the State.

5           So we have seen, since we've reopened in middle of  
6 August, we've presented 21 national touring events. We --  
7 as well as had a range of films, lots of rental activities,  
8 and community events also that have continued to happen and  
9 be hosted at the Fox.

10           So -- and what's really exciting to me, and I think  
11 particularly surprising given that the uncertainties of the  
12 pandemic and how people are reacting to feeling comfortable  
13 going out or not, continue to shift and evolve over those  
14 events, those presented events, we've seen an average of 800  
15 tickets sold in our 1,164 seat house. So this is a  
16 fantastic trend, I think, for the Fox overall and for  
17 downtown as we start to bring people back in.

18           We also are building -- ramping up those activities.  
19 So in the first month or so, in August we actually just had  
20 one event in August as we started are re-staff and try to  
21 figure out what was going on and how we were going to  
22 operate in this new reality. And then September added more  
23 events. October more events. November more events.  
24 December we're really operating at a similar number of  
25 events to pre-pandemic days. So that's true across the

1 January, February March for us as well in the coming quarter  
2 ahead.

3 So -- and the other wonderful news to share with you  
4 is that at the beginning of the pandemic and in April, early  
5 April of 2020, the Fox's working capital was nonexistent.  
6 And we also saw of course our earned revenue cut to zero.  
7 We now -- we've gone from a .25 to 1 working capital ratio  
8 at that time, to a 1.76 to 1 working capital ratio.

9 So this puts us in a position to be much more  
10 strategic, to be investing in the ongoing sustainability of  
11 the organization, really trying to be a part of the solution  
12 for downtown and not hopefully any part of a problem. So  
13 we're super excited about that and huge thanks to all of you  
14 for believing in this space and this place as really a hub  
15 in lots of ways for all the wonderful activity that you're  
16 leveraging in the area. So that's the overall update.

17 Are there any questions about that at this moment?

18 MR. SHEAFE: Congratulations on all the progress,  
19 Bonnie. It's really quite remarkable. And very fortunate,  
20 but --

21 MS. COX: And thanks for hanging in there  
22 considering the start. I can't even imagine what that must  
23 have felt like to be in a new community and have everything  
24 just fall apart. So thank you.

25 MR. SHEAFE: Well, it's better to do it at 70

1 degrees than at 20 below zero, at least.

2 MS. SCHOCK: Exactly. You get it, Chris. You get  
3 it for sure. Well, I think we'll need to say that it takes  
4 a remarkable Board, a dedicated Board, a really fantastic  
5 staff I believe he had as the pandemic started. And that  
6 we've continued to improve upon. We are still in process of  
7 re-staffing, but we're close to full staffing levels. And  
8 it's really a strong team that's pushing things forward. So  
9 really grateful to everybody and all the various different  
10 community supporters who've helped to keep believing and get  
11 us back on the right track.

12 MR. DAVIS: You know, I would -- I would be remiss  
13 if I didn't add one of our great accomplishments this past  
14 year was the completion of the restoration of the mighty  
15 Wurlitzer at the Fox after a 20-year restoration project.  
16 And we previewed that a couple months ago with a showing of  
17 Nosferatu, the famous German silent film. And we had a mini  
18 concert for a bunch of our donors. And if you haven't heard  
19 it, gang, you got to get over and hear it. And then the  
20 second accomplishment was -- and this is how they enticed me  
21 to become President -- they tripled the salary of the  
22 President from a year ago, and that was great until I found  
23 out it was zero a year ago. So it's still zero.

24 CHAIRMAN McCUSKER: Three x. Three x zero, Brent.  
25 So they ask -- we have a copy of your letter. Let

1 me help set this up for you, for as long as Mr. Collins and  
2 I have reviewed documents, the structure, organizational and  
3 corporate structure of the Fox Theater, I must confess, was  
4 one of the most complicated things we have ever seen. And  
5 it has indeed a Foundation, but there were several  
6 subsidiaries that were not-for-profit entities. There were  
7 for-profit entities that contracted with one another. The  
8 for-profit entities applied for tax credits and then the  
9 not-for-profit entity forgave those loans. It was a mess,  
10 Bonnie. And, you know, I think the "ask" today is to  
11 further simplify that by eliminating the last surviving  
12 for-profit. Is -- am I correct in that? Is the --

13 MS. SCHOCK: No. No, there's still one more.  
14 Arizona Fox Theater is also an LLC, and it holds the last  
15 components of property and renovation value in the building.  
16 So that remains, but has zero transactions in a given year.  
17 So it's a --

18 CHAIRMAN McCUSKER: Right. And our -- our tenant is  
19 the foundation. Right? Our least is correctly between Rio  
20 Nuevo and the Foundation?

21 MS. SCHOCK: Correct.

22 CHAIRMAN McCUSKER: Right.

23 MS. SCHOCK: Correct. So this -- part of what we've  
24 been doing in this downtime, as it were, is also looking at  
25 our administrative structure and how we can streamline our

1 operations in lots of different ways, the front end that  
2 people see but also in some of these back end ways that --  
3 that make things potentially overly complicated and no  
4 longer serve a purpose. So this removes the LLC, the Fox  
5 Presents LLC, which you see there, was functioning as the --  
6 for a while -- as the operating entity with the Foundation  
7 and as a disregarded entity of the Foundation, where our  
8 payroll and most of the contracts with artists, et cetera,  
9 were running through that Fox Presents LLC. That's however  
10 not necessary. There's no reason for it.

11 The Fox's liquor license is owned, for example, by  
12 the Foundation. We pay those sales taxes associated with  
13 the bar sales and those kinds of things, through the --  
14 through the nonprofit anyway. So it doesn't have a specific  
15 function except, at this point, to complicate our accounting  
16 and create multiple ways we have to report to lots of  
17 different government entities, those kinds of things. So  
18 that one we've done all the work in this last year to remove  
19 all of the operating pieces of that LLC. So right now, like  
20 in this last year, in 2021, there hasn't been a transaction  
21 associated with that EIN of the LLC.

22 MR. SHEAFE: Well, the -- they key here Bonnie is  
23 that any action we take today is not going to interfere with  
24 the legal relationship we have with you. And you guys with  
25 clean up your systems so -- all you want at this point. So

1 I think the estimate's --

2 CHAIRMAN McCUSKER: They do need our formal -- they  
3 need our formal permission to terminate this LLC. So I just  
4 need a motion to honor their request as presented.

5 MR. SHEAFE: Well, I -- it sounds like it's sort of  
6 a fluid thing anyway, Mr. Chairman. So why don't we just  
7 make the motion that the Board support the Fox in making the  
8 transitions with the legal documentation that they desire so  
9 that at the end of the day they've streamlined their  
10 organization and our participation as the owner of the Fox  
11 and as the lessor, will be clarified at the end of this  
12 process.

13 MS. COX: Second.

14 CHAIRMAN McCUSKER: Okay. So we have a motion and a  
15 second. I'll do this by voice vote.

16 All in favor say "aye."

17 (Ayes.)

18 CHAIRMAN McCUSKER: Any opposed? Mr. Collins, you  
19 know what we're doing?

20 MR. COLLINS: I believe so, Mr. Chairman.

21 CHAIRMAN McCUSKER: All right. Thank you very much.  
22 Bonnie, we'll take you up on your offer when your annual  
23 report is done. Let me know and we'll get you in  
24 immediately. We'd love to see the whole picture,  
25 particularly how you survived through PPP and, you know, the

1 shows came back -- what that's meant for the Fox in revenue.  
2 And obviously the permanent substantially of the Fox is  
3 probably the most important thing for us.

4 MS. SCHOCK: Wonderful. We look forward to it.  
5 Thank you everybody. Appreciate your time.

6 CHAIRMAN McCUSKER: Thank you. And thank you very  
7 much.

8 Item last that it's on every month for me, and then  
9 I will step out as you talk about the Hotel Arizona. We  
10 routinely put the marketing budget on there to discuss. We  
11 have allocated about \$200,000. Brandi, I think we spent  
12 about 110 of that, so we have about 90 remaining. So I  
13 don't have any ask of the Board today and there's really --  
14 unless somebody has something else to add or take away from  
15 the marketing budget, we can move on to the Hotel Arizona.

16 MR. SHEAFE: Let's do that.

17 CHAIRMAN McCUSKER: Okay. For the record, and for  
18 those that are observing, I am conflicted on this particular  
19 item. I am a business partner with one of their principals.  
20 Rio Nuevo takes those relationships very seriously. So not  
21 only do I recuse and abstain, but I'm seriously not allowed  
22 even to participate. So I am going to drop off the meeting.  
23 Mr. Irvin will step in as Chair. And God speed. See you  
24 all on the other side.

25 MR. SHEAFE: Excuse me, Mr. Chairman. Everything we

1 do now is in public session, so you certainly do not have to  
2 be unavailable to what we're doing. You're as entitled to  
3 know what's going on as anybody else. Apparently, you just  
4 can't be part of the vocal part of the panel.

5 CHAIRMAN McCUSKER: Yeah. I actually cannot even  
6 participate under the advice of counsel. I am going to play  
7 bingo.

8 MR. SHEAFE: Well, hope you win.

9 CHAIRMAN McCUSKER: Thank you for that. Thank you  
10 everyone for your hard work today and I'll catch up with  
11 counsel afterwards to hear the outcome of this item. Thank  
12 you, everyone.

13 (Chairman McCusker exits the proceedings).

14 MR. IRVIN: So I didn't get handed a gavel, but I  
15 guess I've sort of got a digital gavel. So first, I just  
16 want to say, Jerry and Omar, thanks for joining us. Just a  
17 little bit of a heads up -- so the Hotel Arizona shuddered a  
18 little over eight years ago and the pandemic and  
19 construction costs and everything that's been going on has  
20 not helped us even one iota with getting that reestablished.

21 We did back in 2017 have a Board motion relative  
22 to some other things with revenue share and a sale lease  
23 back. But we're here now to just talk with everybody about  
24 the new hotel -- excuse me -- the renovated hotel, the  
25 Arizona Hotel, what the timing is, and we're also -- whether



1 there's some associated projects that are with that, one  
2 being a project that's right next door that we'll have back  
3 on our agenda in November -- excuse me -- in January to talk  
4 about.

5 But without further ado, I'd just like to hand  
6 things off. Jerry, I understand you and Michael Becherer  
7 are going to be the two taking the lead. If you would both  
8 just introduce yourself and who you work for and all those  
9 kind of stuff and then just -- let's hop into your  
10 presentation and we'll go from there.

11 MR. FISCHER: Sure. Yeah. Thank you all. Thank  
12 you to the Board. Mark, thanks for teeing that up. I think  
13 you gave a brief history of where we were with the hotel  
14 since it's been shuttered. We have a presentation today  
15 that's primarily focused on the renovation of Hotel Arizona,  
16 but also an adjacent project that we're doing at 175  
17 Broadway.

18 We're going to kind of tag team this presentation  
19 today. We have Michael and Ed Marley from Swaim. There's a  
20 slide show that we'll take you through and kind of walk you  
21 through the history of -- you know, Rio Nuevo, the Board  
22 knows the TCC campus better than anyone, but I think what we  
23 wanted to do is kind of go through a little bit of history  
24 of what's happened at the campus over the last two years  
25 from kind of a top down shot, and then move on to what we

1 think will complete the campus for those two projects.

2 So, Mike, what we can -- I think you're going to  
3 have controls of that presentation; is that correct?

4 MR. BECHERER: Yes, that's correct. I'm bringing it  
5 up right now. Okay.

6 MR. FISCHER: Yeah, thank you. And I think, Mike,  
7 if we go to that next slide this is really what we're  
8 talking about today to the Board and whomever is on the  
9 call. The hotel project, as you guys know, the last 20ish  
10 months have really put a damper on not only the entire  
11 economy but certainly the hotel industry got hit very hard,  
12 as did the restaurant industry. So we're kind of back on  
13 this project again and I'm happy to say that we're scheduled  
14 to start this project in the summer of next year, of 2022.  
15 And similarly, I think in concert, the 175 Broadway senior  
16 living component that we're working on as well is already in  
17 design and we're going to run these two projects  
18 concurrently. And Michael, I think that we have our  
19 partnership slide next. Yes.

20 So one of the things I think that was important to  
21 HSL Properties as we moved forward with these two projects  
22 and particularly the hotel, was to really have the partners  
23 that were part of the Rio Nuevo/TCC campus. You know, we  
24 kept our Sundt Construction group together that did a lot of  
25 the projects over at the TCC from.

1           The architectural perspective, we're keeping Swaim  
2 on as the architect of record, and in fact, with the 175  
3 Broadway project, we're pretty well along with the design.  
4 So -- which is encouraging. I think that as we go through  
5 the sides -- the slides -- you'll be very impressed on  
6 what's happening to kind of finish out that campus and in  
7 that corner as well.

8           Michael -- and perhaps the next slide -- so this was  
9 kind of a context slide, again for the Board members, we  
10 know that you get it, you live it every day down there. But  
11 just to give everyone some context to what's happened around  
12 there. You know, the cultural, the housing, the civic, the  
13 hospitality has all grown over the last couple of years.  
14 And I think those -- those two red projects that we have  
15 project sites indicated are really going to fill the rest of  
16 that project and the campus out.

17           And Michael, perhaps you can talk to this slide. I  
18 think you were involved with much of this.

19           MR. BECHERER: Yeah. I know, again, the Board,  
20 you're familiar with what we're doing at the campus, but for  
21 the others joining, this slide basically shows the entire  
22 block from Broadway on the north to Cushing on the south,  
23 Church and to Granada. You know with the TCC improvements,  
24 the renovation of the existing convention center, the arena  
25 renovation that was -- 14, you know, we're adding two

1 parking garages with about a total of 900 stalls. The  
2 Double Tree was completed last year with a little over 250  
3 rooms. We've completely renovated the entire site on the  
4 campus. We've also restored the historic landscape with the  
5 Fountains. The Music Hall's been renovated. And then also  
6 -- so we're moving further north in the block, the Flin is  
7 complete now and have people living in them. So that's  
8 exciting. And really, when we look at this entire block,  
9 the northwest corner is really kind of the last piece. So  
10 we're really excited about both of these projects in terms  
11 of the -- getting the hotel restored and open again. And  
12 then the senior living project that we're going to be doing  
13 next door.

14 MR. FISCHER: Yeah. And Mike, I would just add I  
15 think everyone knows that the top left quadrant of the grid  
16 there was the old Hotel Arizona garage that we razed a  
17 couple years ago. And really we're looking that -- looking  
18 at that piece of ground for future development. It hasn't  
19 been decided what that would be, but we any obviously it's a  
20 very valuable corner and we'll take it and, you know, put  
21 the highest and best use on that corner in the future.

22 And as Michael indicated, the Flin is complete and  
23 open. We -- I think many of you got to go along with the  
24 CCIM tour a couple weeks ago that was put together partly by  
25 Rio Nuevo. So thank you. And if you -- if you get a

1 chance, pop your head in the Flin, if you haven't been in.  
2 It's beautiful. I think a good addition to downtown. So  
3 we're excited about it. So this is really it. Michael, go  
4 ahead and kind of walk them through it.

5 MR. BECHERER: Yes. I'm going to walk through the  
6 floor plan and then we'll show some of the renderings.

7 The -- what we're seeing here is the first floor,  
8 the lobby level of the Hotel. Broadway is on the top of the  
9 screen. You can see where the hotel drop off is. Part of  
10 the reason we took down the Starlight Ballroom annex was to  
11 help create an easier connection from the hotel drop-off  
12 around to Calle Arruza behind the building. So what we're  
13 actually doing a layer of parking underneath the senior  
14 living project, which will be just to the east of the  
15 existing hotel, in between the existing hotel and the  
16 historical landscape, the Linear Fountains that are on the  
17 east side. You'll see that on the next slide. So this --  
18 the design of the senior living is -- part of it is again to  
19 help facilitate that access from the hotel lobby to Calle  
20 Arruza. We're also able to create a plaza just to the east  
21 of the hotel lobby, so we would -- that with the hotel  
22 restaurant. So we'd have some outside dining and we'll do  
23 landscaping to buffer that from Broadway Street.

24 We're also able to solve one of the problems with  
25 that Linear Fountain sequence in that we're going to be able

1 to create an accessible path from Broadway up to the -- up  
2 to the end of that -- the Eckbo landscape on the north,  
3 which will then -- people will then be able to connect to  
4 the TCC campus and pass their way through. As it stands now  
5 -- I'll go to this next slide -- you know, people leave the  
6 TCC and work their way all the way up that Linear Fountain  
7 sequence. There is a stair but there's no accessible way to  
8 get down to Broadway. So we're going to solve that problem  
9 as part of this project.

10 Calle Arruza is actually going to be our -- yes?

11 MR. SHEAFE: A question. Yeah, how many parking  
12 spaces are you going to put under the plaza there that goes  
13 down to the senior living facilities?

14 MR. FISCHER: We are currently showing 30 park  
15 stalls under the building.

16 MR. SHEAFE: Thirty under there. And the main  
17 hotel, you've got the drop off on the Broadway side, but do  
18 you -- what about the Calle Arruza? I thought the main  
19 entrance would be from that side. Is it still going to be  
20 on the Broadway side?

21 MR. FISCHER: Yeah. It's -- the main entrance will  
22 still be on Broadway.

23 MR. SHEAFE: Okay.

24 MR. FISCHER: This -- the -- Calle Arruza is the  
25 main service area for the hotel.

1 MR. SHEAFE: All right.

2 MR. FISCHER: So we'll be doing some screening for  
3 that because, as I was mentioning, our main entrance for the  
4 senior living will be on Calle Arruza. There's just too  
5 much congestion on Broadway to be able to get that entrance  
6 in there properly. So it's --

7 MR. BECHERER: Yeah, Chris. And I would just add I  
8 think it's, you know, for the longest time obviously Calle  
9 Arruza and then Broadway for the hotel side, makes the most  
10 sense for the projects.

11 MR. SHEAFE: All right.

12 MR. BECHERER: So if we go to the -- basically the  
13 Linear Fountain sequence. So we're carefully designing that  
14 to integrate with the existing landscape and the restored  
15 landscape that's going on right now. We're using Arc Studios  
16 Landscape Architecture, Eric Barrett. He's been the main  
17 landscape architect leading the restoration. So he really  
18 understands that space and how we can integrate that  
19 together. We're also putting the main senior living  
20 amenities on this level. So we'll have a multi-purpose  
21 room. We'll have a fitness center. We'll have a  
22 restaurant. And all of that is going to be facing the  
23 historic landscape. So you have the -- that ground level  
24 activity all the time along the walkway. And really what we  
25 want to see happen is really see that, you know, the

1 adjacent spaces get reactivated with this building.

2           When we get to mezzanine level of the hotel, which  
3 is where the pool is, we're actually going to have a  
4 physical connection to the senior living project. We're  
5 talking about trying to share some of those amenities. So  
6 restore the hotel pool, but not necessarily build another  
7 pool for the senior living and possibly they can share that  
8 amenity or possibly the fitness room and some other things.  
9 Also, if people come to visit their parents that are maybe  
10 living there, they can stay at the hotel and there's a  
11 really nice, clean connection for them.

12           MR. FISCHER: Yeah, Mike. And -- Mike, what -- if I  
13 may. I apologize for interrupting. One of the things I  
14 think we mentioned back in '17 in front of the Board as we  
15 were trying to get this project under way, the hotel  
16 project, the -- when we got our agreement with Hyatt,  
17 they've been very, very welcoming of this kind of idea of  
18 shared services. I think it benefits -- it's mutually  
19 beneficial for both projects, quite frankly. I think that  
20 the hotel income, the sales tax will grow because of the use  
21 and the connectivity of both projects.

22           MR. BECHERER: Yes, absolutely.

23           So we will have -- at this level we will have some  
24 units. This is basically one story above the TCC landscape.  
25 And then when we get up to the tower -- hotel tower level --



1 we'll have 14 units per floor, essentially somewhere between  
2 80 to a hundred units. We're still working on a market  
3 study right now to nail down exactly what that unit mix be,  
4 but it will be a combination of 1-bedroom and 2-bedroom  
5 units within the -- within the facility. And I'll just give  
6 it back to you, Jerry.

7 MR. FISCHER: Sure. I think many of you that have  
8 been in town for a long time remember this building when it  
9 was billed as the Braniff. And I think it never opened as  
10 the Braniff. I believe it opened as a Marriott full service  
11 hotel. But that was the structure as it was designed in the  
12 early 70s: 309-room, north of 40,000 square feet of meeting  
13 space, I think, at the time.

14 We've obviously shrunk that meeting space a little  
15 bit by getting rid of the annex. But I think that showing  
16 this slide was important because if you look at the way that  
17 this hotel was designed it was, you know, kind of that  
18 linear feel. You know, the PTAC air conditioning units are  
19 sticking up, but certainly it had a linear feel as opposed  
20 to what it looks like today.

21 And perhaps, Mike, what you got there, you know.  
22 So the annex to left has been -- been razed so that's not  
23 there any longer. And -- but you really see how that kind  
24 of grid pattern has come out. I think that the -- they --  
25 the best -- I think it's just a band of white paint, if you

1 will, that's underneath each window. And the idea would be  
2 as we do the new renovation, the new design that it really  
3 fits in better not only with the senior living component,  
4 but really that whole block from Church all the way to  
5 Granada on the Broadway side. So we think that's really the  
6 feel and look.

7           And I do want to mention -- I know that some folks  
8 on the Board may -- may know this: the existing 309 rooms in  
9 that hotel, the plan with Hyatt is really to shrink that key  
10 count by about 10 or 12 rooms. We will add a few more  
11 suites. We think we'll get it down to about a 290-room key  
12 count after the renovation. We'll still have north 20,000  
13 square feet of convention and meeting space, which again, I  
14 think when we took the tour of the TCC, when we talk about  
15 this as a true campus and this finishing the campus. The  
16 idea is that there's an additional 20,000 square feet of  
17 meeting in this hotel that the Convention Center can sell  
18 and vice versa. It will be a true partnership.

19           MR. BECHERER: Yeah. And as Jerry mentioned, you  
20 can see in this rendering that we would return those  
21 vertical slots to a darker expression to really show the  
22 verticality of the structure and getting back closer to that  
23 original, kind of mid-century design. And then cleaning  
24 things up -- the existing hotel. They had added the  
25 crenellations to the drop off. We're proposing to remove

1 those. This is really the original design if we go back to  
2 the Braniff of image. So really return it something closer  
3 to its period-correct expression. And then obviously we'll  
4 be working closely with Hyatt for the interiors and for the  
5 design in that.

6 MR. FISCHER: Yeah. And I think, Michael, you know,  
7 when you look at this rendering for the Board and audience,  
8 it's a much more clean look than it ever was even when it  
9 was built, because we're getting rid of those through the  
10 wall PTACs. We're going to do -- units that feel like a  
11 central system at each guest room. So you won't have that  
12 view from the outside, if you will. It will be a much more  
13 clean look. I think it really fits in with the 175 design,  
14 which fits in nicely with the Flin next door.

15 MR. BECHERER: Yeah. This -- this image shows  
16 pretty well the scale of the senior living with the hotel  
17 and the Flin and all this is some of the County buildings on  
18 the other side of the street. So we think the scale is  
19 right. We're pulling the new building back just a little  
20 bit. But here you can see where the drop off -- you can  
21 pull through under this building and a pause at directly  
22 adjacent to the restaurant area. And then that accessible  
23 connection up to the walkway to get access to the TCC from  
24 the -- from the hotel.

25 And this is just --we'll go through these slides

1 pretty quickly. This is another view of that plaza space  
2 and the hotel drop off from the accessible connection up to  
3 the walkway. Again, this is that plaza space. And then the  
4 hotel interiors. We -- you know, obviously we'll be  
5 engaging with the -- with Hyatt's interiors people and work  
6 to their standards as we move forward with this.

7           So we'll just introduce the senior living concept a  
8 little bit more. So as I said, it's going to be about an 8-  
9 to 10-story building. This is showing it's 10 stories here.  
10 That will all depend on the unit counts, and we're 80 to 100  
11 units. They'll be all 1- and 2-bedroom units. We will have  
12 the amenities on-site. So as I mentioned, the restaurant.  
13 There will be a salon. There will be a movie theater, all,  
14 you know, all built within the facility on that first floor  
15 to really activate the landscape.

16           All of the parking will be handled with the valet,  
17 so we're looking at parking solutions and parking options  
18 because obviously to your question, Chris, we have 30 stalls  
19 under the building but we have 100 units. So we, you know,  
20 we are working on those -- those parking issues. And then  
21 we're, as I said, we're working very closely to integrate  
22 this building with the historic landscape. Because we're in  
23 the downtown area with Rio Nuevo area requirements, we'll  
24 have to go through the historic commission and design review  
25 board. So we're getting out ahead of that right now. We've

1 really kind of pushed the design further ahead than probably  
2 where we would normally be right now. But we also know we  
3 have to get in front of those groups early, you know, and  
4 get a discussion going.

5 MR. SHEAFE: Remind me. Don't you have about 30  
6 stalls, also, over at the Flin?

7 MR. BECHERER: Well, the Flin, Chris, we actually  
8 have, gosh, north of 200 stalls.

9 MR. FISCHER: 200 -- it's about 270 stalls, but  
10 those are indeed -- that's for specific use for the  
11 residents of the Flin.

12 MR. SHEAFE: Okay. So there are 270? I didn't  
13 realize you had that many over there --

14 MR. BECHERER: Yes, sir.

15 MR. SHEAFE: -- that you build. And then you've got  
16 another 30. So that gives you almost 300 and we don't know  
17 how many you'll put on the corner. So that's -- it's under  
18 -- doesn't change anything we're going to accomplish here  
19 today. I'm just curious. I'd forgotten what the numbers  
20 were.

21 MR. MARQUEZ: Sure. We're 50 to 70 shy just on the  
22 -- on the retirement piece. And by the way, just if you  
23 don't mind, in that previous slide -- and you can stay on  
24 this one if you want -- you're showing the Broadway bridge.  
25 I had heard at one point that might not still -- might not

1 still be there in the future. Is this -- is this legit? Is  
2 this going to stay -- this bridge?

3 MR. BECHERER: I had -- I've never heard that the  
4 bridge is going anywhere. I can say the bridge is not  
5 accessible. So it's too steep to be an accessible path  
6 under the ADA. But yeah, I had not heard from anyone that  
7 was -- anything was happening with it.

8 MR. MARQUEZ: For ADA rules, you're not having to  
9 redo the bridge?

10 MR. BECHERER: No. It's not our property.

11 MR. FISCHER: It's not our bridge.

12 MR. MARQUEZ: Oh, that's good then.

13 MR. BECHERER: What we're -- what we're doing  
14 instead is providing a ramp to bring people down to  
15 Broadway. So we're sort of solving the problem in a  
16 different way.

17 And we just have -- a few you know, it's not  
18 mimicking the hotel but it's in a similar style. So we're  
19 looking at some sort of mid-century period pieces to -- and  
20 form the design of the senior living project. There will be  
21 the large exterior balconies with the units. We will really  
22 want those to be the outside rooms and not just little  
23 balconies that people store their grill and their bicycle  
24 on. So we're looking to really create something larger.  
25 This is the view from Calle Arruza. So this is where you

1 can see the hotel pool down in the lower left. And then  
2 this would be our main entrance into the senior living  
3 facility with a can -- a drop-off canopy that would reach  
4 out the Calle Arruza.

5 Through grade changes we're able to -- we do need a  
6 loading area, but we're able to recess that so it will be  
7 screened completely from the central plaza, the TCC  
8 landscape. So when people are having events out here,  
9 they're not going to be staring at our dumpsters or anything  
10 like that at all. We screened it in, in this area at the  
11 back of the building.

12 MR. IRVIN: Let me -- let me, if I might because I  
13 -- you know Chris and I have been working on this thing very  
14 diligently for a long time and we probably have a much  
15 better understanding of some of the nuances and how this  
16 thing has moved and shifted over the time. And not that the  
17 Board hasn't got up the senior living yet. Let's just talk  
18 about the Arizona Hotel. Where do you anticipate in your  
19 construction costs there, is first; and then second, where  
20 are you guys relative to your timing with this start next  
21 year?

22 MR. FISCHER: Yeah. Thank you Mark for the  
23 questions.

24 So relative to the first question, the renovation  
25 budget. Right now, we're working with a number that's right

1 around \$40 million to renovate that hotel.

2 MR. IRVIN: Okay.

3 MR. FISCHER: And then with regard to the start of  
4 construction, it is anticipated that we would start  
5 demolition and some remediation in the summer of '22 with  
6 the hope that the hotel would open in the fall of '23.

7 MR. IRVIN: Okay. And then, before you get into the  
8 actual request, does the rest of the Board, I'm sure has  
9 maybe some questions. I know we've all kind of lived and  
10 looked at this thing for quite some time. Before we get the  
11 request, I'm sure there'll be some stuff that comes after  
12 the request. Any -- any other questions from the Board?

13 MR. MARQUEZ: I just have a comment. You know, from  
14 the perspective of the \$650 million upgrade of the TCC,  
15 gosh, for the number of times that myself -- I know Fletcher  
16 as well will present around town, the number one question I  
17 get is about Hotel Arizona, whether it's going to be brought  
18 back to life. In regards to the convention space at TCC,  
19 this isn't a -- this isn't a want. This is a need. We have  
20 to have this hotel in play. It's 300, almost 300, 290  
21 additional rooms. As we reactivate the TCC and we bring it  
22 online to start attracting conventions to Tucson, we have to  
23 have this hotel in place. So I just want to say thank you.  
24 It's fantastic.

25 MR. IRVIN: So you guys want to jump into your



1 request?

2 MR. FISCHER: Yes, certainly. Thank you, Mark.  
3 Edmund, thanks for the comments. Really, you know, we've  
4 talked through this -- these two projects are really focused  
5 on the hotel today. When we get this hotel renovated, to  
6 Edmund's point, 290 keys. You know given where the hotel  
7 industry is today, particularly in an urban downtown market,  
8 we don't think we need a 1-for-1 parking request. It just  
9 doesn't make sense. Many travelers don't even come to  
10 hotels anymore. And they're in vehicles. But with said,  
11 given the meeting space, the TCC events, and the  
12 complementary uses, our request would be that the hotel has  
13 up to 150 -- can utilize up to 150 parking stalls in garage  
14 C, as being built as we speak.

15 MR. MARQUEZ: Is that for a certain length of time or  
16 indefinite or what do we have?

17 MR. SHEAFE: We'll cover -- we'll that in the -- in  
18 the motion.

19 MR. MARQUEZ: Chris, do you want to start with that?  
20 Do you want to take a shot?

21 MR. SHEAFE: Yeah. Let me propose a motion just to  
22 short circuit this because I think we all recognize the  
23 value of what we're doing. And this is step one, but it's  
24 putting together a piece that's a really critical component  
25 for our community.

1           So I propose that we approve a parking commitment  
2 for the HSL Hotel Arizona, to include 150 parking stalls in  
3 the now parking or the new parking garage on Lot C behind  
4 Symphony Hall. The space to be granted free of charge for  
5 two years from the C of O, for the hotel. The exact  
6 location of the space is to be moved as necessary within the  
7 overall parking structure. After two years, the rate for  
8 the spaces will be \$15 per day or market, whichever applies.

9           And my -- my motion includes a request that counsel  
10 be authorized to put together the documentation to certify  
11 this and the executive officers be granted the ability to  
12 approve it and move it forward as rapidly as possible.

13           MR. MARQUEZ: I will second that enthusiastically.

14           MR. IRVIN: So we've got a motion and a second, any  
15 further discussion?

16           Brandi, call roll, please.

17           MS. HAGA-BLACKMAN: Edmund Marquez.

18           MR. MARQUEZ: Aye.

19           MS. HAGA-BLACKMAN: Jannie Cox.

20           MR. IRVIN: Muted.

21           MS. COX: Oh, sorry. Aye.

22           MS. HAGA-BLACKMAN: Chris Sheafe.

23           MR. SHEAFE: Aye.

24           MS. HAGA-BLACKMAN: Mark Irvin.

25           MR. IRVIN: Absolutely, aye.

1 (The Board voted and motion carries 4-0.)

2 With that, the motion passes 4 to 0. Mr. Collins,  
3 you got a little work to do.

4 MR. COLLINS: Thank you, Mr. Irvin.

5 MR. IRVIN: I just want to say thank you to the HSL  
6 team. So many familiar faces. So many we've worked with  
7 over the years. I know this has been a dodging target.  
8 It's just such an important piece. I think Edmund addressed  
9 it so clearly. That's just extremely needed on the TCC  
10 campus. It really is that last piece that we needed to  
11 really kind of flesh out and finish. And not that there's  
12 not some other things for us to do there. There always will  
13 be. But this is a huge piece. We just want to thank you  
14 guys for sticking with us, sticking with this project, and  
15 coming to us with something that's -- that's really  
16 workable. So thank you all for that.

17 And with that, I will entertain a motion to adjourn.

18 MR. SHEAFE: So moved.

19 MR. MARQUEZ: Second. Thank you all.

20 MR. IRVIN: Motion is -- is that a second?

21 MR. MARQUEZ: Yeah. I said it.

22 MR. IRVIN: Anybody object -- anybody objecting to  
23 go start your holidays a little early?

24 With that we are adjourned. Thank you so much.

25 Look forward to seeing everybody early next year.

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(3:55 p.m.)

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CERTIFICATE OF REPORTER

STATE OF ARIZONA     )  
                                  )     ss:  
COUNTY OF PIMA     )

I, JOHN FAHRENWALD, a Certified Reporter in the State of Arizona, do hereby certify that the foregoing board meeting was taken before me in the County of Pima, State of Arizona; that the transcript is a full, true, and accurate record of the proceeding, all done to the best of my skill and ability; that the preparation, production and distribution of the transcript and copies of the transcript comply with the Arizona Revised Statutes and in ACJA 7-206(F)(3); ACJA 7-206 J(1)(g)(1) and (2); and ACJA 7-206 J(3)(b).

I FURTHER CERTIFY that I am in no way related to any of the parties nor am I in any way interested in the outcome hereof.

IN WITNESS WHEREOF, I have set my hand in my office in the County of Pima, State of Arizona, this December 29, 2021.

\_\_\_\_\_  
JOHN FAHRENWALD, RPR, CR NO. 50901

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