

In The Matter Of:

*Rio Nuevo
Board Meeting*

*3/24/26
March 24, 2026*

*Fink & Associates
6095 E Grant Road
Tucson, AZ 85712*

RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

;BOARD MEETING VIA ZOOM
Tucson, Arizona
March 24, 2026
1:00 p.m.

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

FINK & ASSOCIATES
6095 East Grant Road
Tucson, Arizona 85712
(520)624-8644

1 **CHAIRMAN McCUSKER:** Good afternoon, everyone.
2 Welcome to summer Tucson, Arizona. It's hard to believe
3 it's March. Welcome to the March Rio Nuevo meeting.
4 Let's launch the pledge.
5 You know what, Kristin, you get to lead the
6 pledge.
7 (Pledge of Allegiance).
8 **CHAIRMAN McCUSKER:** Okay. Thank you. You can
9 drop the flag. Call the roll.
10 **MS. SAAD:** Chris Sheafe.
11 **MR. SHEAFE:** Here.
12 **MS. SAAD:** Edmund Marquez.
13 **MR. MARQUEZ:** Here.
14 **MS. SAAD:** Jannie Cox.
15 **MS. COX:** Here.
16 **MS. SAAD:** Mike Levin.
17 He's not attending today.
18 Taunya Villicana.
19 **MS. VILLICANA:** Present.
20 **MS. SAAD:** Shay Jimenez.
21 **MS. JIMENEZ:** Here.
22 **MS. SAAD:** Corky Poster.
23 **MR POSTER:** I'm here.
24 **MS. SAAD:** Richard Oseran.
25 **CHAIRMAN McCUSKER:** We understand he's tardy.

1 **BOARD MEMBERS PRESENT:**
2 Fletcher McCusker, Chair
3 Edmund Marquez, Vice Chair
4 Chris Sheafe, Treasurer
5 Taunya Villicana, Secretary
6 Jannie Cox
7 Shay Jimenez
8 Richard Oseran
9 Corky Poster
10
11 **ALSO PRESENT:**
12 Ms. Kristin Saad, Administrative Director
13 Mr. Timothy Medcoff, Board Counsel
14 Mr. Dan Meyers, CFO
15 * * * *
16
17 BE IT REMEMBERED that a meeting of the Board of
18 Directors of the Rio Nuevo Multipurpose Facilities
19 District was held via ZOOM, in the City of Tucson, State
20 of Arizona, before THOMAS A. WOPPERT, RPR, Certified
21 Reporter No. 50476, on the 24th day of March 2026,
22 commencing at the hour of 1:00 p.m.
23
24
25

1 **MS. SAAD:** Okay.
2 Then Fletcher McCusker.
3 **CHAIRMAN McCUSKER:** I'm here, so we have a
4 quorum.
5 If you're new to Rio Nuevo, we go into the
6 executive session first, so I'll get the minutes done, and
7 then we recess until about 2 o'clock.
8 So having said that, you have the prior
9 minutes. They're transcribed. Unless you have a change,
10 I just need a motion to approve.
11 **MS. COX:** So moved.
12 **MS. VILLICANA:** Second, Taunya.
13 **CHAIRMAN McCUSKER:** A motion and a second to
14 approve the minutes. All in favor say I've.
15 (Motion made, seconded and passed unanimously).
16 **CHAIRMAN McCUSKER:** Thank you. We have set
17 aside this time for executive session. I would need a
18 motion to recess to exec.
19 **MS. VILLICANA:** So moved, Taunya.
20 **MS. COX:** Second.
21 **CHAIRMAN McCUSKER:** All in favor say aye.
22 (Motion made, seconded and passed unanimously).
23 **CHAIRMAN McCUSKER:** Thank you, everyone.
24 So, members, click out of this, click on your
25 executive session link.

Page 5

1 If you're early to Rio Nuevo, we'll be back
2 right around 2 o'clock.
3 (Recess)
4 **CHAIRMAN McCUSKER:** Okay. Somebody can move we
5 reconvene.
6 **MR. SHEAFE:** So moved.
7 **MS. VILICANA:** Second, Taunya.
8 **CHAIRMAN McCUSKER:** Was that Mr. Sheafe?
9 **MR. SHEAFE:** Yes.
10 **CHAIRMAN McCUSKER:** All in favor say aye.
11 (Motion made, seconded and passed unanimously)
12 **MS. COX:** Thank you, everyone. I appreciate
13 you waiting for us. And we're obviously very busy. We're
14 very broke but very busy, so that's incongruent, but we've
15 got nine years to figure it out.
16 So you're going to see some projects we've been
17 working on for a long time on the agenda today for action,
18 Obie Properties, the Tucson Inn and Market we hope to move
19 along today along with the Hotel Arizona not to be
20 confused with the Arizona Hotel. This is the one across
21 the street from the bus terminal that's been owned by
22 Marcel.
23 It looks like you're online.
24 So we're going to try and get those done up
25 front and quickly.

Page 6

1 Grant Krueger, I'm going to move you up because
2 some of the other stuff is basically just extensions for
3 some of our projects. Your timeline's actually expiring,
4 so we've got a deeper dive coming up with you.
5 But, as I mentioned, you know, a little bit
6 facetiously, we are very busy. There's a lot of inbound
7 interest in Tucson. I think some of the things that we
8 have done are attracting a lot of attention to us. We
9 have several restaurateurs approaching us, we have new
10 hotels that are going to come on line.
11 Some of the properties that have been vacant
12 are showing interest from tenants. Traders Joe's is going
13 to open in April. The guys at Park Place Mall are moving
14 their project around, so, you know, things are looking
15 pretty good for us.
16 We spend money as fast as we get it, and so we
17 are overcommitted. We've approached the governor and the
18 legislature, who advised us to live within our means
19 during this session. There's really no appetite to extend
20 our appropriation or change our geography, so we'll deal
21 with that maybe next year. In the meantime, you're going
22 to see our budget presented to the public next month.
23 Dan's got some good news. We've seen some
24 uptick in our retail sales. This is after five months of
25 downward revenue, so, Dan, I'll let you give the financial

Page 7

1 report.
2 **MR. SHEAFE:** Dan, the report's up on the screen
3 now.
4 **CHAIRMAN McCUSKER:** And you're muted, Kristin.
5 **MR. MEYERS:** Sorry about that. I didn't know I
6 was muted.
7 I'm Dan Meyers, the Rio Nuevo CFO.
8 At the end of February, we had about \$5.7
9 million in the bank for operating accounts. About 700,000
10 of that is allocated to the debt service in March leaving
11 about \$5 million cash available.
12 We've now changed our projections to be an
13 estimate of about \$225,000 a month, so essentially we're
14 looking out of here -- that's another \$2.6 million in cash
15 we'll have available leaving about \$7.7 million total.
16 On the commitment side, we've got \$24.8 million
17 committed. We've paid about 6.9 leaving about 18 in
18 remaining commitments and about 10,900,000 is outside of a
19 year, so it appears that our commitments as of now for the
20 next 12 months is about 7.6 million.
21 The difference is \$50,000. I mean, for several
22 years that number's been closer to 4 million, but with the
23 reduction of our TIF revenue beginning July 1st, we've
24 really had to lower our expectations to what our profit's
25 going to be every month for lack of a better word.

Page 8

1 The good news is today we found out that our
2 January TIF allocation is going to be about \$1.65 million.
3 Our budget for this current fiscal year, we were using
4 \$1.6 million as a base, so this is really good news,
5 especially considering the fact that the first six months
6 of this fiscal year we only got about 1.3 in. So very
7 hopeful that this trend is going to continue.
8 You know, we looked at the possible reasons on
9 why our revenue dropped. I believe it's several things.
10 I believe it's the online purchasing, and I don't know who
11 actually leaves their house to go buy Christmas gifts this
12 year. I think there's been some crime here in our
13 district, the U of A student population is down. And I
14 think one thing that's probably a good thing in one way
15 but bad in another is the reduction of alcohol
16 consumption. It seems to be on a downward trend. So
17 there's all kinds of things that could contribute to our
18 reduction of revenue.
19 Chris Sheafe and I met with some folks over at
20 the Eller School of Business and they're going to try to
21 help us determine what has happened in the past few months
22 and also help us try to do some projections on what's
23 upcoming in the form of revenues.
24 Chris, why don't you turn the page. We're
25 going to go down -- first we're going to go through this

1 list of our current commitments, you know, what's been
2 paid, what remains.

3 And, Fletcher, you're probably more aware of a
4 lot of these things than I am, but the things highlighted
5 in the black we expect to probably, at least most of it,
6 fall outside of a year, but the rest of these things, I
7 think they're probably going to hit within the next 12
8 months.

9 **CHAIRMAN McCUSKER:** So if you'll scroll back up
10 to the cash portion, because when you hear a number like
11 \$50,000, I think we all panic a little bit. That's not
12 cash. That's cash minus commitments, so, you know, we
13 actually have access to almost \$8 million.

14 When we launched this years ago, we had zero
15 dollars, so, you know, we've been able to build an
16 incremental tax base now that's approaching \$60 million a
17 year. We get a third of that, the city gets a third, the
18 state gets a third, so we've obviously been very
19 successful. Our audit recently pointed that out.

20 The point is in the 50,000-dollar number, you
21 can now scroll down, we have been very generous committing
22 those hard-earned funds to create additional projects.
23 Everything we do, everything we try to do is about
24 increasing the sales tax, so, you know, we're going to
25 take a hard look as we budget in all of these columns to

1 a lot of cash into that deal. And you see why now.
2 Empire Pizza is continuing to get the runaround regarding
3 their historical esthetic. We do a lot of work with the
4 downtown partnership event-wise, holiday-wise, vinyl
5 wrappings. We also support the purple shirts.

6 Keep going down.
7 Stacks, Block A. It's actually Block A, not A
8 block. You know, we can talk to Grant about that project.
9 We've not seen any real activity from 123 South Stone.
10 Cold Beer and Cheeseburgers is going up. That's at Park
11 Place Mall. Herbert's Deli in the annex on the far west
12 side. Gibson's Food Hall, they're going to reopen a
13 spectacular property here in the next couple months. That
14 includes the former smoke shop property. The annex is
15 doing great. Trader Joe's, as I mentioned, is about to
16 open and, you know, we've helped Desert Drifters and
17 others.

18 So I don't think there's a dollar wasted in
19 that column, but, you know, we're not going to have the
20 capacity to be so generous certainly within the next year,
21 maybe two years.

22 Any questions for Dan?
23 (No oral response)

24 **CHAIRMAN McCUSKER:** Okay. When we come back in
25 April, you'll see Dan present the budget. We are fiscal

1 be certain we can assure our appointers that we have the
2 capacity to continue to improve sales tax.

3 The things that are not project related, the
4 marketing budget, the other kind of things that we do
5 that -- that boost the downtown we may not be able to do
6 as much as we've done historically, you know. But when
7 you start to look at the projects, the outlook is very
8 good. You know, we saved the Roadrunners again. They've
9 committed. We just signed that extension. They're here
10 for a couple of years. That was crucial to the city and
11 the region. It also keeps us in the game for a
12 replacement team if they ever move.

13 The Moxie, the Obie, if you read our audit, the
14 state was very critical of hotel beds downtown and around
15 the convention center. In order to keep our state money
16 flowing, we've got to continue to invest in hotels. It's
17 a lot of money, but it's a very small percentage of what
18 actually is being paid for by our developer partners.

19 Sunshine Mile, Friedman Block, the Trading Post
20 is coming along. Cornish Pasties is going to be a huge
21 project. They are a huge taxpayer. It's very important
22 that that continue to exist. Lucky Penny we just approved
23 the last few weeks. If you watched how strenuous that was
24 from us. You know, this is Seattle restaurateurs moving
25 to Tucson with big plans and we really weren't able to put

1 year the same as the state, so our new year is July 1st.
2 It's probably going to be a tighter budget than you've
3 seen from us in the past.

4 Anything else, Dan?
5 Any questions for Dan?
6 (No oral response)

7 **CHAIRMAN McCUSKER:** Okay. Obie, you guys are
8 first up. Irene, thank you, Brian, thank you very much.
9 I do think you've got a small update for us.

10 We are so appreciative to having met you and
11 worked with you over a couple years now. You're very
12 thorough, but you're also very efficient and we're very
13 close to being able to help you build that hotel and
14 retail complex.

15 So, Irene, if you want to run your update for
16 us, we're going to try and get some decisions today that
17 move this along.

18 **MS. ALLTUCKER:** We're un-muted and you can see
19 us and we're on the screen, so I figure that's three --
20 three wins.

21 **CHAIRMAN McCUSKER:** Yeah. You've become an
22 expert in Rio Nuevo presentations.

23 **MS. ALLTUCKER:** It's great. It's great.
24 Appreciate -- very, very much appreciate being able to
25 present. And we will go through our update that we

Page 13

1 provided during the last board meeting. And Brian I am
2 sure will want to add comments throughout.
3 So we will -- we'll start out. This is the
4 Tucson Inn and Market located at 75 Broadway.
5 Here is the site as you well know. Very
6 exciting to know that Johnny Gibson's Market is opening
7 across the street, and then the Cornish Pasties will be up
8 and running soon. Every time I go down there, I see
9 changes and improvements and a lot of work is being done,
10 and so downtown Tucson is really having a lot of wonderful
11 activity thanks to Rio Nuevo's investment.
12 So when you talk about leveraging dollars from
13 a gravel lot to the Tucson Inn and Market and adding to
14 the income that Rio Nuevo then leverages for other
15 projects, we're excited to be able to contribute to that.
16 So this is a project that we have been working
17 on for probably now -- I think it's been about three years
18 from the initial RFP to then having the exclusive
19 negotiating agreement with Rio Nuevo that we worked
20 through a variety of projects so that we could then land
21 on the Tucson Inn and Market, which will be five floors,
22 125 hotel rooms.
23 Throughout the ground floor, there will be
24 multiple retail outlets that will not only be in the lobby
25 but also in the alley. The lobby will flow into the

Page 14

1 activated pedestrian alley. We will have multiple meeting
2 rooms, and then the guestrooms will be on the second and
3 fifth floor.
4 The rooftop will have a restaurant and cocktail
5 pool as well as there will be food and beverage located on
6 the ground floor as well.
7 This is an artistic image. When I have shown
8 this before, I have made sure to note that this is just
9 the initial rendering. We do not envision the exterior
10 will be this stark white. It's more about the
11 articulation of the building and how it is going to be of
12 interest and eye catching along that very important
13 corridor of Broadway and 6th and Scott making it a
14 location where people want to come, a center of activity
15 and energy. So look at this as being the initial
16 rendering and you can see that cocktail area on the
17 rooftop there, and then there will be other -- this ground
18 floor will have retail that is open on the street.
19 This I think everybody is very excited about.
20 On the right is the Chicago Music Store, very exciting
21 things going on at the Chicago Music Store and flowing out
22 into the alley. And this alley, we would be standing
23 right now at Gibson's Market looking towards the Cornish
24 Pasties location. And it would be a vibrant activity
25 whether it might be an artist market or various vendors

Page 15

1 and community activities that happen in this alley. It
2 will be programmed and it will be important to the hotel
3 guests as well as the community. It will become a place
4 to gather.
5 And we are bringing our experience of our
6 activation and alley that we have here in Eugene that just
7 all the time has programmed activities whether it's movies
8 or it's artist classes. We are always having activities
9 in this alley.
10 Here's the ground floor retail. The various
11 colors are just more for our key looking at the retail.
12 And you can see how it will flow into the alley having
13 booths and kiosks out there. And we will have the lobby
14 right in the center of the retail, so when hotel guests
15 come in, they are immediately entranced by what is going
16 on and what they can do here at the Tucson Inn and Market.
17 These are the initial estimates that we have
18 worked with Sundt Construction on this building we
19 provided to them. It's about almost a 48 million-dollar
20 project. And that does not include the cost of the land.
21 So if you figure the cost of the land is an additional --
22 I think it's right at 3.5 million, and then we also have
23 the soft costs for the operating.
24 So when we talk about our financial analysis,
25 we have about a 40 million-dollar total project budget

Page 16

1 including a project shortfall of 7.8 million plus the cost
2 of the land.
3 And so do you want to --
4 **MR. OBIE:** Well, thank you, Irene. And I
5 think, you know, those numbers are obviously important and
6 we've spent quite a bit of time on those with Sundt. I
7 think they'll go up from here frankly just because that's
8 the way the world is rolling, particularly right now with
9 the underlying inflation and potential inflation, a lot of
10 hazards out there, but I think it's one of our strengths.
11 We keep moving forward and we will continue to move
12 forward. We have the will to make this happen.
13 Irene, I wonder if you could go back a couple
14 of slides to the marketplace. I don't think we -- I don't
15 want to under-speak and under-appreciate what this is,
16 because off to the left there actually is something of a
17 stage. There would be live music going out onto 6th and
18 then across to the Gibson Marketplace in trying to create
19 the center of energy. And, of course, across the way, all
20 those doors are all historic buildings that face onto
21 Congress, but the alley side of them has not been
22 activated.
23 That layout that Irene showed you, I think if
24 we could move that one step, Irene, it only shows the
25 commercial on our side of the alley. Actually the

Page 17

1 Congress Street stores will also be backing up to the
2 alley and there will be commercial activity flowing onto
3 the alley and approaching the alley from that side as
4 well.
5 That's really important to the project in terms
6 of creating the activity that we need for the entire
7 project to function and work well and to be an attraction
8 that people will gravitate to, not only people that are
9 already downtown but hopefully outside of downtown when we
10 have various shows whether they be a show like Irene
11 talked about or gem shows or what have you. There will be
12 a kaleidoscope of activity that will take place there.
13 And also some of that in conjunction with the Gibson
14 Marketplace as well.
15 So that's -- I think that represents the
16 speakeasy that we're truly underground and going to be
17 pretty exciting under the Chicago Music Store that's
18 already kind of in place and we've just got to make it
19 work and make it a secret and people will have a lot of
20 fun with that.
21 Three restaurants in the hotel itself, but then
22 there will be a lot of other food activity along that
23 corridor there in the alley.
24 I think the three years that you're talking
25 about, we've gotten reasonably well acquainted with this

Page 18

1 board and the relationship today -- maybe it's not the
2 end, but maybe it's the beginning of the end so we can get
3 started on this. The beginning of it, the end of the
4 beginning maybe. And certainly your work with the county
5 getting that moving, that's a big step. Today's a big
6 step. One more step was the city. And we'll have some
7 neighborhood meetings and those type of things. We
8 understand that we don't get stressed about that. We do
9 it and frankly we want to gather support from throughout.
10 There's a lot of small businesses in there that
11 people will appreciate, a lot of people that are starting
12 out in business, et cetera. It really becomes an
13 attraction for people outside the alley but actually an
14 attraction for people to get into business, so there's a
15 lot of positive aspects to this project.
16 **CHAIRMAN McCUSKER:** Will you go back to your
17 budget slide? I'd just like to remind our board what we
18 discussed. And I think it's safe to say I've heard Brian
19 say this, but for Rio Nuevo, this project wouldn't be
20 built, because, you know, your ability to raise equity and
21 borrow is limited.
22 What we've talked about is to gift this parcel
23 to you so you can take out the cost of land issue. Rio
24 Nuevo will acquire this from the county and sublease it to
25 you at a nominal amount. That's the GPLET, the government

Page 19

1 lease program which we can take advantage of.
2 We've also talked about contributing 3 million
3 in cash to the project over a five-year period, so
4 theoretically that covers 6 million of your 7.8 million
5 dollar gap.
6 The county has approved this project. I'll
7 remind the public and the board the county has approved
8 this, but the county is not offering direct incentives to
9 the developer. They can't. Rio Nuevo has statutory
10 authority to incentivize our developers.
11 So as you contemplate action today, what we've
12 offered Obie and I think you get to comment on is, you
13 know, the land comes to you with basically no cost and
14 we'll contribute \$3 million towards your construction
15 costs.
16 **MR. OBIE:** No question that it's fundamental,
17 Fletcher. We could rationalize \$40 million for the
18 project, but no question that 7.8 million is important and
19 your portion of that. The city has given us encouragement
20 on helping fill out the balance and we think we'll be able
21 to do that, but regardless, we will make this happen.
22 We've gone far enough down the road, we have to figure out
23 and in fact make this happen. We'll make it happen.
24 We're three years into it and a lot of effort and time and
25 it's important that we move forward.

Page 20

1 **CHAIRMAN McCUSKER:** You can drop your screen,
2 Irene, and see what the board interaction is.
3 One thing we didn't talk about is when our
4 stipend starts. So we've committed \$3 million to you over
5 a five-year period. I don't know if you want to do that
6 in front of God and everybody, but I think the one piece
7 that we didn't agree on is when those payments to you
8 would initiate.
9 **MR. SHEAFE:** We might be able to cover that in
10 the motion.
11 **CHAIRMAN McCUSKER:** Or if you guys have an
12 idea, it would help us kind of frame the cash timing of
13 all this or we can defer that and do it online.
14 **MR. OBIE:** Well, I think it's fine. You can do
15 that. The first payment, if we could get that -- the
16 construction project is about a two-year process, and
17 certainly it would be helpful if a couple of those early
18 payments are in that during that construction process for
19 sure. But we'll work within your budget and financial
20 capabilities as well.
21 **MR. SHEAFE:** That's very helpful, Brian.
22 **MS. ALLTUCKER:** I was just echoing what Brian
23 was saying, that initially we said that it would begin
24 during construction.
25 **MR. SHEAFE:** That's very helpful to us. Thank

Page 21

1 you for defining that.
 2 **CHAIRMAN McCUSKER:** All right. Any questions
 3 of Brian and Obie? Any questions about our offer to them?
 4 (No oral response)
 5 **CHAIRMAN McCUSKER:** What's the board's
 6 pleasure?
 7 **MR. SHEAFE:** Well, let me try and make a
 8 motion. And it's kind of fun to reference Brian Obie and
 9 Winston Churchill in one sentence. We'll try and make
 10 this motion be the end of the beginning.
 11 **MR. OBIE:** There we go. There we go.
 12 **MR. SHEAFE:** The intent of the motion is to
 13 start the process, which begins the GPLET process by
 14 authorizing counsel to authorize the beginning and Obie to
 15 move forward on the GPLET process based on a financial
 16 commitment of 3 million to begin in monthly payments over
 17 a five-year period, which would be essentially 50,000 a
 18 month beginning when construction starts on the hotel,
 19 having all of your building permits in place and your
 20 financing in place.
 21 And, secondly, that the negotiations with the
 22 county be finalized and memorialized in the GPLET process
 23 being approved and fully moved forward and then to have
 24 counsel prepare the benefits agreement based on that and
 25 authorize the executive officers to approve it once

Page 22

1 finalized in its final form.
 2 **MS. VILICANA:** Second, Taunya.
 3 **CHAIRMAN McCUSKER:** So one thing I'm not sure
 4 that's clear is that the rent is nominal.
 5 **MR. SHEAFE:** Well, thank you. May I make an
 6 addition to my motion, which is that we would then lease
 7 the land from the county and in turn sublease it to the
 8 Obie Companies with the commitment that there's two
 9 elements. First that the rent paid to the county becomes
 10 a portion of the purchase price, which has already been
 11 established by appraisal, at the end of the purchase
 12 period or rental period, that being benefited to Obie
 13 Companies and they then could buy the land at a very
 14 nominal price, a very small amount of money.
 15 **MS. VILICANA:** I will accept the amendment and
 16 second it.
 17 **CHAIRMAN McCUSKER:** Did you in your motion
 18 allow Tim to complete all this?
 19 **MR. SHEAFE:** Yes. And I also allowed the
 20 executive officers to execute the final approved
 21 agreement.
 22 **CHAIRMAN McCUSKER:** So, Brian and Irene, the
 23 devil's in the details, but Tim will start the
 24 documentation that, one, authorizes a GPLET from Rio Nuevo
 25 to you at a nominal lease rate that's usually for us like

Page 23

1 1,000 bucks a year kind of thing.
 2 We do have to get a valuation done in order to
 3 show the taxpayer community that they have a greater
 4 benefit than you do as the developer. That takes about 60
 5 days. We can't finally approve the project until that
 6 comes back to us.
 7 And you heard the cash commitment there from
 8 Mr. Sheafe, 3 million in cash starting at C of O. And two
 9 documents will come from counsel. One would be the draft
 10 form of the lease and the other what we call economic
 11 benefits agreement.
 12 **MR. SHEAFE:** Fletcher, I need to correction.
 13 The cash benefit would begin when construction undertakes,
 14 not C of O, which is end of construction, but the
 15 beginning of the construction after all the approvals are
 16 in place including the financing.
 17 **CHAIRMAN McCUSKER:** Yeah. I think your motion
 18 was correct. I think I misspoke about the start. So it
 19 would start when construction starts.
 20 **MR. MEDCOFF:** Mr. Chairman, just one point of
 21 clarification. On the economic study, the developers are
 22 traditionally required to pay that to the contractor.
 23 It's about \$4,000, so I assume that won't be a problem,
 24 but I just wanted to make sure that the developer was
 25 clear on that.

Page 24

1 **MR. OBIE:** Yes. Certainly that's fine and we'd
 2 be glad to do that. And I also want to comment on the
 3 criteria. I think the criteria are clear and achievable.
 4 And we thank you for the motion. I think it lays out the
 5 job that we all have to do here. Perfect.
 6 **CHAIRMAN McCUSKER:** Any other questions?
 7 We have a motion and a second to launch the
 8 GPLET and to create an economic benefits. This is about a
 9 6 million-dollar commitment to a 50 million-dollar
 10 project. It's pretty good leverage, good use of state
 11 money. So if there's no further questions, Kristin, you
 12 can call the roll.
 13 **MS. SAAD:** Chris Sheafe.
 14 **MR. SHEAFE:** Aye.
 15 **MS. SAAD:** Edmund Marquez.
 16 **MR. MARQUEZ:** Aye.
 17 **MS. SAAD:** Jannie Cox.
 18 **MS. COX:** Aye.
 19 **MS. SAAD:** Taunya Villicana.
 20 **MS. VILICANA:** Aye.
 21 **MS. SAAD:** Shay Jimenez.
 22 **MS. JIMENEZ:** Aye.
 23 **MS. SAAD:** Corky Poster.
 24 **MR POSTER:** Aye.
 25 **MS. SAAD:** Richard Oseran.

Page 25

1 **MR. OSERAN:** Aye.
2 **MS. SAAD:** And Fletcher McCusker.
3 **CHAIRMAN McCUSKER:** As enthusiastic an aye as I
4 can make.
5 You surprised us with the scope and depth of
6 this project. You know, it was a vacant parcel. We were
7 interested in a variety of proposals, but the -- I don't
8 think people will appreciate the impact that this retail
9 will have on downtown Tucson. We've really struggled to
10 create retail. You're going to bring, I think, 16 retail
11 operations with the hotel in the middle of it.
12 So we're really glad to have met you. We'll
13 get the draft documents to you posthaste, and we should
14 have that going in the next couple of weeks. So
15 congratulations. Welcome to Tucson.
16 **MS. ALLTUCKER:** Thank you.
17 **MR. OBIE:** Thank you for your confidence and we
18 hold that trust truly important. Thank you.
19 **CHAIRMAN McCUSKER:** Thank you very much.
20 Okay. Let's keep building some hotels. Hotel
21 Arizona, this has been like a 10-year conversation. I
22 think Marcel was one of the first developers downtown. I
23 was a tenant in that building when he acquired it and
24 there's been a lot of conversations about its highest and
25 best use.

Page 26

1 I think what you're going to hear today is a
2 conversion from the AirBnB to a legitimate boutique hotel.
3 The bottom floor will be food and beverage. The parking
4 lot will be converted to food and beverage. The vacant
5 space will be converted to a coffee shop. It's really an
6 extraordinary project.
7 What we talked about last time with Marcel was
8 that similar to what we just did with Obie, we would
9 launch the GPLET immediately. It would take a 60-day
10 valuation process. This GPLET would have no cash attached
11 to it but a 1.2 million dollar sales tax rebate, which
12 basically sends the sales tax back to the developer until
13 it hits that cap.
14 So this one's a pretty simple, straight forward
15 process and we can launch that today assuming everybody's
16 in agreement.
17 So, Marcel, anything you wanted to add to my
18 comments?
19 **MR. SHEAFE:** Is Marcel still with us?
20 **MR. MEDCOFF:** Yeah, Mr. Chairman, Marcel
21 actually had to board a plane. He texted me. He had
22 actually given us notice before the meeting that his
23 availability was limited.
24 So, Mr. Chairman, you hit the deal on the nose
25 so to speak. This is the Hotel Arizona space across from

Page 27

1 the bus terminal. Lucky Penny is going to be going in
2 there to put in a restaurant and coffee shop in the
3 basement. They're going to develop the patio to generate
4 sales tax dollars to meet the prior discussed rebate cap
5 of 1.2 million.
6 Marcel is actually contributing
7 significant dollars to bridge the gap. As the board will
8 recall from the Lucky Penny presentation, there was a
9 substantial gap between what Lucky Penny needed to do the
10 project and what Rio Nuevo was able to contribute to them
11 and Marcel has agreed to step up to bridge that gap to
12 allow that project to move forward.
13 And so what we need today, if the board's
14 inclined, would be to launch the GPLET, the economic
15 study. The developer would be responsible for the cost of
16 the economic study. And clearly we need the economic
17 study to show that the public would benefit more than the
18 developer, in which case then we proceed forward with the
19 drafting of the GPLET development agreement. And that
20 would -- once those are drafted and approved by the
21 developer, a notice is sent out to the taxing authorities.
22 If there's no objections, then I'd be back in front of you
23 in about 60 to 90 days seeking approval of those
24 documents.
25 **MR. SHEAFE:** You just made the motion, so I'll

Page 28

1 just --
2 **CHAIRMAN McCUSKER:** Hold on .
3 Edmund, go ahead.
4 **MR. MARQUEZ:** Thank you. Thank you.
5 I have a question on the 1.2 million dollar
6 rebate. In light of our weak current cash flow situation,
7 I'd be curious on what type of sales tax or how much sales
8 tax is being generated by the property currently and could
9 we trade a baseline and say 1.2 million up and above the
10 current sales tax being generated?
11 **CHAIRMAN McCUSKER:** Most of the activity is
12 currently vacant, so it would start pretty much at a zero.
13 The evaluation, they will have to provide them with
14 revenue forecasts for all of these pieces, Lucky Penny,
15 the coffee shop, the patio, they have another tenant going
16 into the former Thunder Bacon space, so we'll see all of
17 that as presented to them with the opinion from the
18 evaluator. So right now that number is literally zero.
19 **MR. MARQUEZ:** Yeah. If it's zero, then we're
20 doing our job by activating vacant space. That's our job.
21 **CHAIRMAN McCUSKER:** Absolutely.
22 **MR. MARQUEZ:** Yeah.
23 **MR. SHEAFE:** So the motion has been stated by
24 counsel, Tim, and I make the motion as a board member and
25 we need a second and we may move forward.

Page 29

1 **MS. VILICANA:** Second, Taunya.
2 **MR. SHEAFE:** As stated by Tim.
3 **CHAIRMAN McCUSKER:** Okay. Well, that's
4 something new. Give me a moment, because he basically
5 just moved whatever you said, Tim, so --
6 **MR. SHEAFE:** I can restate it, but he did a
7 very nice job.
8 **MR. MEDCOFF:** Yeah. I wasn't meaning it to be
9 a motion. I was trying to give background on the project
10 and what needed to happen to move forward. So, Chris, if
11 you don't mind, just so that it's crystal clear --
12 **MR. SHEAFE:** Well, the motion is simply that we
13 authorize counsel to move forward with the GPLET for the
14 Arizona Hotel with all of the time constraints and
15 requirements qualified and that allows the project to move
16 forward to reactivate the GPLET process that was started
17 earlier with a 1.5 million dollar cap.
18 **CHAIRMAN McCUSKER:** 1.2 million.
19 **MR. SHEAFE:** 1.2 million, correction, cap and
20 to come back to the board with the final approval once the
21 developer has paid the cost for the economic study and met
22 the time requirements.
23 **MR. MARQUEZ:** Second. It's almost as long as
24 Tim.
25 **MS. VILICANA:** Well, wait. Let's go back for

Page 30

1 a second. I already seconded it, so it would be me
2 amending my second. But you want to say that the economic
3 study represents taxpayers being the ones that are the
4 winners in this if you will?
5 **MR. SHEAFE:** Well, that's fundamental to the
6 process.
7 **MS. VILICANA:** Okay. Fair enough.
8 **CHAIRMAN McCUSKER:** So the point -- let's talk
9 about this for a minute, because I think there's some new
10 people. The point of an independent opinion is to make
11 certain that what we think is a really good idea actually
12 benefits the taxpayer more than it does the developer. So
13 we cannot move forward on anything that we want to do
14 without a third party issuing their opinion that the
15 taxpayer benefit is greater than the developer's.
16 That was the law that then Senator Vince Leach,
17 who might have been in the house, Representative Leach,
18 reformed in 2018 when the GPLETs were running amuck,
19 particularly in Maricopa County. You know, they built a
20 bowling alley and lots of fun stuff up there, so now you
21 have to get a third-party opinion that the taxpayer
22 achieves this benefit. So we don't really need to do
23 anything except ordered it and see what it says.
24 If it doesn't muster, we can't move forward on
25 the project.

Page 31

1 **MS. VILICANA:** So I will accept the amended
2 motion made by Chris as my second.
3 **CHAIRMAN McCUSKER:** So Chris's motion now is to
4 launch the GPLET. We will provide the drafts, we will
5 order the appraisal, the valuation. The sales tax rebate
6 is capped at \$1.2 million. There's no cash being offered
7 to this developer.
8 Okay. Kristin, roll-call.
9 **MS. SAAD:** Chris Sheafe.
10 **MR. SHEAFE:** Aye.
11 **MS. SAAD:** Edmund Marquez.
12 **MR. MARQUEZ:** Aye.
13 **MS. SAAD:** Jannie Cox.
14 **MS. COX:** Aye.
15 **MS. SAAD:** Taunya Villicana.
16 **MS. VILICANA:** Aye.
17 **MS. SAAD:** Shay Jimenez.
18 **MS. JIMENEZ:** Aye.
19 **MS. SAAD:** Corky Poster.
20 **MR POSTER:** Aye.
21 **MS. SAAD:** Richard Oseran.
22 **MR. OSERAN:** Aye.
23 **MS. SAAD:** Fletcher McCusker.
24 **CHAIRMAN McCUSKER:** I vote aye.
25 Sorry we lost Marcel, but there's been a lot of

Page 32

1 conversation with him and his attorney this week, so I'm
2 certain everything's okay. All we're doing today is
3 launching the third-party opinion, so all of that will
4 come back to you in due course.
5 Let me move the Friedman Block up, because I
6 know Corky's got a hard stop.
7 Grant, I think you're online.
8 First of all, thank you for all the work you're
9 doing downtown. The Block A is coming along. We're very
10 grateful.
11 This is specific to the Friedman Block where
12 you have bumped up against a deadline and, you know, the
13 property is certainly not very attractive, so we're trying
14 to understand as your sponsor its current status, where
15 all this is going and how much time you need to complete
16 this project.
17 So, Grant, I don't know if you have a
18 presentation, but I'll turn it over to you.
19 **MR. KRUEGER:** I do have a little bit of a
20 presentation, but I'll just start here verbally, and then
21 I'll share a screen here in just a second.
22 **CHAIRMAN McCUSKER:** Huna, does he have screen
23 share?
24 **MR. HAMMOND:** Yes, you're all set up.
25 **MR. KRUEGER:** So first and foremost, thank you

Page 33

1 so much for your time. I recognize that this has been a
2 three-year and some change journey on the Friedman Block
3 and it's been an incredibly challenging project. I love a
4 good challenge. I wouldn't be in the restaurant business
5 if we didn't. But this one has had a lot of parking ups
6 and downs.

7 We've got 42,000 square feet of building as a
8 refresher and between 30 and 50 parking spaces depending
9 on how you count that back alley. And, of course, we're
10 required under the Sunshine Mile overlay, if you remember,
11 it's one parking space for every 300 square feet, and so
12 the project is short about 90 to 100 parking spaces just
13 to meet the legal minimum.

14 Our initial plans three years ago included some
15 potential topic of historic demolition or taking off the
16 backs of some of these buildings that was met with a
17 pretty hard no, that that was an absolute impossibility to
18 do, and so we began a lot of negotiations with both the
19 Teenage Parent High School and TUSD and the possibility of
20 leasing spaces through TUSD and tremendous amounts of
21 begging, bribing, coercion from Council House Apartments
22 located at 2323 10th Street to the north of the property.

23 We do have Council House at this point agreeing
24 to rent up to 40 parking spaces for us right now and we've
25 got up to 40 -- I've got 35 on a drawing I'm going to show

Page 34

1 you right now from TUSD, and I think that there's a way to
2 make this get slightly above and above our legal bare
3 minimum here for parking.

4 So I want to share a recent development. Can
5 you see my screen now?

6 **MS. COX:** Yes.

7 **MR. KRUEGER:** So I want to share this with you
8 guys. This was developed just in the last couple weeks
9 with discussions with Repp + McLain Construction. I was
10 worried that over the last couple years there was no
11 chance we would get mayor and council votes for any sort
12 of demolition on the backs of these buildings to reduce
13 the amount of building and/or increase the number of
14 parking that we have.

15 I'm now convinced that we can get those votes
16 to get this done. I had -- and Fletcher's aware, we had
17 meetings with myself and with land use attorney Keri
18 Sylvan and current city Councilwoman Miranda Schubert and
19 her chief of staff Kylie Walzak and expressed some of the
20 challenges we were having with the historic designation on
21 these buildings and how it was imperative that we kept the
22 facade intact, that that was the historic part. And I
23 certainly don't want to say that we have their votes as a
24 guaranteed, 100 percent, but when presented with the
25 facts, I strongly believe that Councilwoman Schubert and

Page 35

1 three other votes on the city council and mayor would go
2 for this demolition on the backs of the eastern tranches
3 of buildings.

4 And we asked Councilwoman Schubert what she
5 wanted to see. This project is in Ward 6, right, and
6 we're doing, of course, the Block A thing in Ward 6 as
7 well, too, and, of course, what they wanted was cutesy
8 little retail shops but done 14 times in a row, which
9 maybe won't entirely work here.

10 But one of the things they also talked about
11 was housing. And after having that meeting, I brought it
12 up to Repp + McLain and Rick McLain came up with this
13 drawing that you see here in front of you for these
14 eastern tranches of buildings. Everything that's on the
15 left of this drawing is exactly what was presented three
16 years ago to you guys to get this approval.

17 You can see a pair of very large restaurants.
18 We're still prepared to anchor and bring on a live music
19 component inside the Donut Hole building.

20 There's a great possibility in the other light
21 blue building to the right-hand side to also have another
22 full-service restaurant, and then there's about 18,000
23 square feet of overall retail space.

24 And I still think that we've got a strong mix
25 or potential strong mix of coffee shop, tea shop, a couple

Page 36

1 boutique fitness things to activate the mornings and I've
2 got a couple art galleries and a couple of boutiques that
3 have also still expressed interest in it.

4 The eastern tranche of buildings are a little
5 more complicated, however, because there are a number of
6 buildings that are non-contributors. We talked about that
7 one before.

8 Can you see this screen over here where's there
9 two historic non-contributors that we could take down?
10 However, the way up that Rick brought this up is that, you
11 know what, Grant, if you were to take this eastern tranche
12 of buildings and go three story residential on it, you
13 only need one parking space per unit. You'd end up
14 increasing the square feet of the property. You have 23
15 built-in clients and some life and activity to this. And
16 it may be a way to not have, quite frankly, an overuse of
17 retail on the space.

18 I'm not 100 percent married that we have to by
19 any means go vertical and residential on this, but I do
20 think this will garner more support from mayor and council
21 when I go to them and ask them to allow us to basically
22 demo the back parts of these buildings on this eastern
23 tranche, which that in combination with an agreement with
24 Council House Apartments and TUSD will get us the legal
25 parking that we need to get this across the finish line.

Page 37

1 I believe this is possible based on recent
2 developments that happened both on Drachman with the
3 historic hotel buildings that were demolished and what
4 happened recently, of course, as you all know, with the
5 Fox Theater where there was a small amount of historic
6 demolition allowed basically sacrificing the few to save
7 the many and I think this is a very good use case for
8 that.

9 Councilwoman Schubert was in general like very
10 disappointed in the lack of development that's happening
11 on Broadway all the way down to downtown, and I let her
12 know, you know, just how difficult this challenge is based
13 on the current city parking codes and we actually had a
14 great discussion about parking codes and I want to get
15 together and work on that point as well.

16 My other plan for this, though, right now is I
17 met with Kristin on the side just a few weeks ago, that
18 the buildings in their current state right now aren't
19 looking all that great. There's been a tremendous amount
20 of unhoused population incursions onto these and at Rio
21 Nuevo's time and expense.

22 You guys have been maintaining the buildings.
23 I would suggest that one of the first things we could and
24 should do is fence the entirety of this project and scrim
25 it. It's going to be pretty much a complete gut. Having

Page 38

1 worked with Repp + McLain and Larsen Baker and having
2 strong knowledge of exactly what was done at the Solot
3 Plaza, it's going be to be a very similar property. And
4 they found great utility in essentially fencing their
5 project and getting the demo permit and demoing it all the
6 way down to basically just the CMU block walls, if you
7 remember how Solot sat for a number of months. And I'd
8 like to start just so that the general public would see
9 some sort of progress on this and not just see boarded up
10 buildings and walls.

11 And so I've got some quotes on both rental
12 fencing. There's about 1,400 linear square feet of fence
13 depending on exactly how you fence up that eastern tranche
14 of buildings with relation to the Continental Building,
15 which is the two-story, cast concrete building immediately
16 to the east of the buildings you see here on the green,
17 and I'd love to have a discussion with Rio Nuevo about
18 potentially sharing or incurring some of those costs as
19 well, too, to put our money where our mouth is.

20 Ultimately we need a little bit more time to
21 work out a mayor and council approval for historic
22 demolition of the back of the eastern tranches of
23 buildings. I personally believe it would actually be
24 cheaper to purchase said fencing than it might be to lease
25 it for six to eight or nine months. And given some of the

Page 39

1 projects that we all have going on in Rio Nuevo and
2 everything that's going on down Broadway and my
3 understanding is that we're also currently renting fencing
4 right now for some of the County Home Furnishings
5 buildings below that I would be willing to purchase or
6 perhaps share the cost of purchase of fencing with Rio
7 Nuevo and we may be willing -- or maybe we should even
8 look at just owning that, because there's going to be more
9 projects fenced on Broadway, and when you get into that
10 cost versus rent analysis on fence, if you keep this for
11 more than about six months or eight month, you might as
12 well just buy it. And that's not even counting the
13 salvage value of fence.

14 And so I've got quotes of anywhere from 16 to
15 \$24,000 for the approximately 117 6 by 10 panels that we
16 would need to do that fencing. And then, of course,
17 there's a cost of installation and a cost of scrim, but I
18 thought maybe that some of the scrim projects could -- or
19 the scrim could be kind of like what we did at A Block
20 where we scrimmed (sic) up the Hi-FI space to keep the
21 rough crowd from breaking in or causing problems, and
22 maybe we could slap this with some Rio Nuevo coming soon
23 and other more positive things than just the current look
24 right now, which is as everybody on this call can agree
25 not very attracter and it's not going to continue to age

Page 40

1 like a fine Bordeaux.

2 So I'd like another six-month period of time
3 from you guys as well, too, if at all possible. I think
4 in that time period I can bring you either an approval or
5 denial from mayor and council on a project that would
6 involve potentially enriched use with a little bit of
7 residential components on that one. And I think if we
8 know that answer, we'll know the viability of the Friedman
9 Block project. And I'm pretty confident we're going to be
10 able to get that through.

11 **MR. SHEAFE:** Are you asking, Grant, six months
12 or nine months?

13 **MR. KRUEGER:** So I'd like as much as you give
14 me. I'll ask for nine right now formally. I think in
15 that time period, again, we could and should also fence.
16 And I certainly would be willing to incur some of the cost
17 with you guys to make that happen, because I worry about,
18 quite frankly, even the safety of individuals breaking
19 into these buildings. There's nothing really to salvage
20 on the buildings. The plumbing, electrical, doors,
21 windows, everything's gone when this construction happens.

22 **MS. COX:** The roofs are starting to fall as
23 well. The roofs are starting to fall.

24 **MR. KRUEGER:** Right, because they've broken in
25 through skylights and ripped all the openings of the

Page 41

1 mechanical units off. I mean, it's -- even the roofs are
 2 total replacements.
 3 The real danger is people breaking in through
 4 the roofs of these properties, coming in through the
 5 skylights and then using the crash bar exit doors to then
 6 enter and exit unmitigated for days or weeks. And I do
 7 think besides from being an eyesore it creates a safety
 8 hazard as well, too, and I think that could be at least
 9 mitigated in a way that also makes this project more
 10 attractive.
 11 And given just the amount of fencing that we as
 12 Rio Nuevo have going on, I think it would actually make
 13 sense to buy rather than rent in my discussions with
 14 American and Security and Canyon Fencing.
 15 **CHAIRMAN McCUSKER:** At the risk of raining on
 16 your parade, there are a myriad of legal problems with
 17 what you've suggested. One is the overlay, which requires
 18 historical properties to be saved, two is our RFP, which
 19 required properties to be saved. This is a drastic
 20 departure from the award. It's not just up to mayor and
 21 council. First of all, you've got to deal with us and the
 22 RFP itself, the overlay zone, and it's just not -- we just
 23 can't just say here's some more time. It's a dramatic
 24 change in the project itself.
 25 Corky, I know you wanted to say something

Page 42

1 before you left.
 2 **MR POSTER:** Yeah. The idea of housing on that
 3 site is attractive. However, what it really tells me,
 4 your diagram really says to me that you should split your
 5 project. 23 units of market rate housing is going to be a
 6 very, very tough thing to pencil out. I do this for a
 7 living and it's very, very difficult to do. And the last
 8 thing I want to see is have you get mired down in trying
 9 to make the rent and cost of those 23 units mire down the
 10 whole rest of your development project.
 11 I had a conversation with Koren Manning the
 12 other day and she asked me, Corky, do you know how many
 13 applications we have for market rate rental housing in
 14 development services? And I said, gee, I don't know. She
 15 said zero.
 16 It's nearly impossible given construction costs
 17 and given sort of the way we peaked out on rents to be
 18 able to make a large project happen. That becomes even
 19 more complicated for 23 units.
 20 But your diagram really screams at me that if
 21 you want to do that, you should bifurcate your project.
 22 Cut off the green part, figure out how to make that work
 23 and proceed on the western part. It solves some of your
 24 parking shortfall problem.
 25 I just am terrified that trying to make that a

Page 43

1 residential project, and I understand why Ward 6 would be
 2 interested in it, it's going to take a lot of time and
 3 energy and effort to make it work. And if that time,
 4 energy and effort is added to the difficulty that you've
 5 already had, we're going to wind up talking about this two
 6 years from now and still having not made any progress.
 7 So please consider the idea of, you know, doing
 8 a perforated line along the eastern -- western boundary of
 9 those green buildings and proceed with everything on the
 10 west and think about what might happen on the east, if
 11 that would work with the RFP and the other elements. It
 12 just seems like you're going down a whole new direction,
 13 which I know from my everyday experience is much harder
 14 than it looks.
 15 **CHAIRMAN McCUSKER:** Corky, in your learned
 16 opinion, are those buildings west of that salvageable? As
 17 you know, there's been three years of vandalism while
 18 we've all waited to advance this. You know, I'm not sure
 19 we can demolish them.
 20 **MR POSTER:** I'm not sure I understand your
 21 question, Fletcher.
 22 **CHAIRMAN McCUSKER:** Well, could that whole
 23 section, the Donut Hole building, some of those, could
 24 they be demolished now?
 25 **MR POSTER:** I mean, I don't think the damage is

Page 44

1 as bad as you think. The guts of those buildings are
 2 still solid. You're already intending to gut them.
 3 If you're looking for the ability to get
 4 permission to demolish them, I think you're barking up the
 5 wrong tree.
 6 **CHAIRMAN McCUSKER:** I think there are issues in
 7 the overlay, there's issues in our RFP that basically
 8 required the developer to save those, so there are legal
 9 questions we probably just can't answer today, Grant.
 10 **MR. KRUEGER:** In fairness, Fletcher, the ask --
 11 and this is just potential ask on the residential
 12 redevelopment side, let's call that the eastern tranche,
 13 would involve salvaging all of that historic facade of
 14 those buildings. Like the intent of that was not to demo
 15 those buildings in their entirety. The intent would be to
 16 build on top of them leaving that facade to meet the
 17 historic designation. The only demolition is off the
 18 backsides of those buildings, something that even Damien
 19 Clinko in his most fervent interest in this one -- I won't
 20 say he conceded to it, but he felt that that was -- those
 21 weren't really the driving historic contributors as to why
 22 these buildings were designated to the National Registry
 23 of Historic Places.
 24 **CHAIRMAN McCUSKER:** And the whole facadectomy
 25 idea is just not covered in the overlay and it's not

Page 45

1 really covered in our RFP, so, you know, we just can't
2 tell you to go whack the back of those buildings off. You
3 know, I think we've got to table all this and get some
4 legal advice.
5 If you're telling us you can't complete the
6 project that you bid, you know, we may have to start all
7 over again.
8 **MR. KRUEGER:** I completely understand that
9 thought, but I'm not saying it's not possible to complete
10 it as bid. I'm saying that it's possible to complete it
11 as bid with the removal of the backs of those buildings,
12 which I think is possible. And under all fronts, like I
13 don't see like the backs as being as big of a driver
14 that's going to get the opposition in any capacity. I
15 mean, based on the current composition of those buildings
16 right now on Broadway, like a move forward I think is
17 actually easier on that than it was even three years ago.
18 We're kind of coming around to a similar thought process
19 that we had three years ago, but nobody had successfully
20 removed any portion of an history building in Tucson in
21 recent times, and now we've had two in the last two years.
22 **CHAIRMAN McCUSKER:** Tim, go ahead.
23 **MR. MEDCOFF:** Yeah. So I think for the board's
24 edification, unless Grant, you're willing to commit to
25 move forward with the project in the next six months as it

Page 46

1 was bid on the RFP, which, again, we can look at it and I
2 could talk with your attorney, but if you can't commit to
3 do that in the next six months, then we will likely have
4 to go back to an RFP, and then you can bid on the new RFP.
5 And, again, we may have to tweak the RFP. But if you
6 can't commitment to the next six months to complete the
7 project that you bid and were approved for, then I think
8 we have to table this for the next month or so or two
9 weeks at least so that Chris and I can look at the legal
10 ramifications of the RFP.
11 **MR POSTER:** Just one quick comment. Quoting
12 the (inaudible) motels at Pima College is not a good way
13 to go. Superior court decided strangely enough that Pima
14 College was not a division of the state and therefore not
15 subject to any historic preservation rules, so I sure
16 wouldn't quote that because it's a very, very special
17 condition.
18 **MR. KRUEGER:** Completely different. I agree.
19 **CHAIRMAN McCUSKER:** Well, you can't just wander
20 into the city council. There's a whole myriad of things
21 that would have to involve the historical commission, Rio
22 Nuevo, the overlay zone, the RFP.
23 I think the only thing we can do is to take
24 this under advisement, Tim, and see what we can do, Grant,
25 legally, talk to you off line about, you know, if there --

Page 47

1 because RFP's generally have very little flexibility,
2 because it opens us up to other bidders, you know, because
3 somebody could come in and litigate this action and say,
4 oh, I would have built apartments, but, you know, you guys
5 didn't want apartments, you wanted commercial and retail,
6 you know, so it just becomes really challenging.
7 These buildings have always been storage sheds
8 waiting for somebody to develop them, but we knew all that
9 going into them.
10 And the idea of purchasing them is also outside
11 of the current IGA. We have a tri-party agreement with
12 the RTA and the city of Tucson to lease them and apply the
13 development costs to the ultimate purchase.
14 So let me suggest we take this under legal
15 advisement. We'll try and get something back to you in
16 the next couple of weeks and we'll put it on the agenda
17 for a subsequent meeting about what we can and can't do
18 legally.
19 **MR. KRUEGER:** That seems very fair to me. I
20 believe ultimately that --
21 **CHAIRMAN McCUSKER:** You have some security
22 issues that if we're going to throw you out, we probably
23 can't expect you to share with us. But, you know, we'll
24 talk about that building has become a haven for vagrants.
25 **MR. KRUEGER:** Certainly. Again, no matter what

Page 48

1 happens, I think fencing if off and scrimming (sic) it is
2 the right call ultimately, because it's -- it's -- we're
3 not -- you're not really protecting anything in there
4 except for people's safety. There's not really anything
5 salvageable on the inside. It's going to get taken down
6 to block walls in the exact same way that Repp + McLain
7 did on the Solot Plaza. The only difference is this one
8 is just --
9 **CHAIRMAN McCUSKER:** What's the status with the
10 Council Apartments? Are they going to carve out some
11 space?
12 **MR. KRUEGER:** We're likely to get 40 spaces as
13 opposed to 60 from them. It was a big reduction, which is
14 where I also need the school to come in to meet the 114.
15 **CHAIRMAN McCUSKER:** We can work on documenting
16 that.
17 **MR. KRUEGER:** Uh-huh.
18 **CHAIRMAN McCUSKER:** Okay. So I'll use my
19 chairman's prerogative, I guess, to table this item while
20 we take it under legal advisement.
21 Grant, thank you very much. We'll get back to
22 you as soon as we can.
23 **MR. KRUEGER:** Thank you for consideration.
24 **CHAIRMAN McCUSKER:** Thank you.
25 The next items are pretty routine, Corky. If

1 you need to leave --

2 **MS. COX:** He's gone.

3 **CHAIRMAN McCUSKER:** Empire Pizza is looking for
4 an extension. We need to fix the lease at the Presidio
5 and I think that's everything. Yeah.

6 Let's talk about Empire Pizza.

7 Tim, they -- I know they're bumping into city
8 historical issues and they need some time. What do you
9 suggest?

10 **MR. MEDCOFF:** I would recommend that the board
11 consider a six-month extension.

12 **MR. SHEAFE:** Or we just make the motion to
13 extend Empire Pizza for six months with all of the same
14 requirements and conditions as originally approved.

15 **MR. MARQUEZ:** I'll second that. These guys
16 have a lot of skin in the game. This has not been their
17 fault. They're bumping into historic. Hopefully they
18 figure it out soon.

19 **CHAIRMAN McCUSKER:** Okay. We have a motion and
20 a second to extend them six months. I'll do a voice vote.
21 All in favor say aye.

22 (Motion made, seconded and passed unanimously).

23 **CHAIRMAN McCUSKER:** Okay. That passed.
24 Tim. Thank you.

25 Presidio, we lease part of that property to

1 them, the city leases the other. They're not coterminant
2 (sic). I think the suggestion is to make them
3 coterminant.

4 Tim, is it that easy?

5 **MR. MEDCOFF:** Yes, it is, Mr. Chairman.

6 **CHAIRMAN McCUSKER:** Now I need a motion to make
7 our lease match the city of Tucson's.

8 **MR. SHEAFE:** So moved.

9 **MS. COX:** Second.

10 **CHAIRMAN McCUSKER:** All in favor say aye.
11 (Motion made, seconded and passed unanimously).

12 **CHAIRMAN McCUSKER:** Okay. Future agenda items.
13 We're going to bring Friedman Block back. We
14 should have an update from Nate Ares. He's actually
15 moving along a lot faster than we originally hoped.

16 Okay. Thank you, everybody. I need a motion
17 to adjourn.

18 **MR. SHEAFE:** So moved.

19 **MR. MARQUEZ:** Second.

20 **CHAIRMAN McCUSKER:** All in favor, aye.
21 (Motion made, seconded and passed unanimously).

22 **CHAIRMAN McCUSKER:** All right. Thank you. See
23 you in two weeks.

24 (3:11 p.m.)

25