

RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

April 8, 2014

Tucson, Arizona

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

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1 APPEARANCES:

2

3 BOARD MEMBERS:

4 Fletcher McCusker, Chairman

5 Jannie Cox

6 Mark Irvin

7 Chris Sheafe

8 Alberto Moore

9 Cody Ritchie

10

11 Michele Bettini, Staff

12 Mark Collins, Legal Counsel

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16 BE IT REMEMBERED that pursuant to Notice, the
17 Board Meeting of the Board of Directors of the Rio
18 Nuevo Multipurpose Facilities District was held at the
19 Arizona State Building, Room 222, 400 West Congress, in
20 the City of Tucson, State of Arizona, before ANTHONY C.
21 GARCIA, RDR, CR, Certified Reporter No. 50218, on the
22 8th day of April 2014, commencing at the hour of 2:00
23 o'clock p.m.

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P R O C E E D I N G S

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CHAIRMAN McCUSKER: Call the meeting to order
at 2:06 p.m.

We'll make him lead the pledge. It will
teach him.

We've appointed you to lead the pledge.
(Pledge of Allegiance recited.)

CHAIRMAN McCUSKER: Michele, call the roll.

MS. BETTINI: Cody Ritchie.

MR. RITCHIE: Here.

MS. BETTINI: Alberto Moore.

MR. MOORE: Here.

MS. BETTINI: Chris Sheafe.

MR. SHEAFE: Here.

MS. BETTINI: Mark Irvin.

MR. IRVIN: Here.

MS. BETTINI: Jannie Cox.

MS. COX: Here.

MS. BETTINI: Fletcher McCusker.

CHAIRMAN McCUSKER: Present.

MR. COLLINS: You have a quorum.

CHAIRMAN McCUSKER: We have a quorum.

We have the transcripts from the March 11
meeting. These are verbatim transcripts. You've all

1 read them.

2 We'll entertain a motion to approve.

3 MS. COX: So move.

4 MR. IRVIN: Second.

5 CHAIRMAN McCUSKER: All in favor say aye.

6 (Board votes unanimously and motion carries.)

7 CHAIRMAN McCUSKER: First item on the agenda
8 is to go into Executive Session.

9 Do we have a motion?

10 MR. IRVIN: So move.

11 CHAIRMAN McCUSKER: Second, please.

12 MS. COX: Second.

13 CHAIRMAN McCUSKER: All in favor say aye.

14 (Board votes unanimously and motion carries.)

15 (In Executive Session at 2:08 p.m.; resumed
16 at 3:20 p.m.)

17 CHAIRMAN McCUSKER: I need a motion to
18 reconvene.

19 MR. IRVIN: So moved.

20 CHAIRMAN McCUSKER: Second, please.

21 MS. COX: Second.

22 CHAIRMAN McCUSKER: All in favor say aye.

23 (Board votes unanimously and motion carries.)

24 CHAIRMAN McCUSKER: Good afternoon, everyone.

25 Obviously, a very complete agenda.

1 Just for our guests, we are going to move
2 item number 11 up to immediately after item six. So
3 for those of you who have been waiting to present to
4 us, we'll get that out of the way quickly so you don't
5 have so sit around through the whole meeting. And
6 we're going to ask that you keep your remarks maybe to
7 five, 10 minutes tops, and allow us to ask some
8 questions.

9 So to set the stage for today's meeting,
10 there are a number of very serious issues before us
11 today, which many of them may, in fact, be voted on.
12 We have a number of projects that we have been trying
13 to move that I think we're prepared to take some action
14 on today.

15 If you just kind of walk down through the
16 agenda, the arena site, to refresh everyone's memory,
17 is the site where the Greyhound is temporarily located.
18 That's the eight-and-a-half acres between Granada and
19 Congress immediately along the freeway. The District
20 does, indeed, have title to that property now, and we
21 are interested in developing it rather than watching it
22 sit empty with surface parking on it. When we do have
23 it developed and planned, we have to give the Greyhound
24 one-year notice to vacate that property.

25 Immediately adjacent to that, of course, is

1 the Nor-Gen property where we've heard a couple of
2 presentations from their staff about their desire to
3 develop an extraordinary structure, 120,000-square foot
4 of exhibition space, and we're trying to do everything
5 we can as a public entity to enable that development,
6 though we're going to discuss specifically the parking
7 requirements the City has imposed upon the developer in
8 that today.

9 So item seven and eight.

10 Item nine should be a pretty quick update.

11 Item 10 is property that you will see a
12 couple of people come on and off this desk as agenda
13 items come up. We are very careful about conflicts of
14 interest, because many of us have relationships or
15 client relationships with parties that we occasionally
16 opine on or vote on. Not only do we have to abstain,
17 but we actually excuse ourself from the conversation.

18 So Chris Sheafe and I have a conflict with
19 HSL properties and Roberto Lopez. That's an agenda
20 item today. And Cody has a conflicts with Mr. Norville
21 and Mr. Schwabing. So he'll step off the desk when we
22 discuss those items today.

23 Item 11, which we will move up. You heard us
24 talk about before we have about \$16 million sitting in
25 the bank over at Wells Fargo. When those bonds were

1 initially issued, the District was not a creditworthy
2 entity in our own right. We have since had two
3 unqualified audits. Our bond ratings are, indeed, up.

4 We believe that with some help we may be in a
5 position to release those funds and maybe replace them
6 with a surety bond or some other vehicle. We've asked
7 for some financial consultation in that regard, and
8 we'll hear from a couple of firms today that are
9 suggesting they might be able to help us.

10 Elaine is back from her honeymoon, item
11 number 12. We'll get an update on the TCC project.

12 Congratulations, by the way, from all of us.

13 We'll discuss the name change issue and,
14 lastly, hear from anybody in the audience.

15 So without further ado, Dan is absent, Chris,
16 so if you will give us the financial report.

17 And Michele, are there copies of the
18 financials?

19 MR. COLLINS: Yes. They are up on the desk.

20 MR. SHEAFE: Short version of this is that we
21 currently have, as Fletcher just mentioned, little over
22 16 million that's available and usable, but we have
23 commitments out against that of about \$9.4 million in
24 round numbers. So we have roughly 6.8 million of funds
25 that are uncommitted.

1 We do not have anything in the last several
2 months, because it takes almost 90 days for us to know
3 how much revenue was generated. And, hopefully, we're
4 going to get that corrected with some legislative
5 changes that allows us to see a little better what the
6 revenue stream is going to be. But in round figures,
7 revenue stream coming into the District is somewhere in
8 the area of 500 to 600,000 a month.

9 So unless there are any questions, I think
10 that concludes the financial report.

11 CHAIRMAN McCUSKER: I think in your dyslexia
12 moment you might have flipped a couple of numbers,
13 because I'm showing that we have \$9.4 million.

14 MR. SHEAFE: Those -- I see. Your, saying,
15 well, they come in as 9.6 and the remaining is 9.4.

16 CHAIRMAN McCUSKER: Correct.

17 MR. SHEAFE: All right.

18 That takes in some reserve. That's correct.

19 CHAIRMAN McCUSKER: Roughly nine-and-a-half
20 million dollars of uncommitted funds available to the
21 District.

22 MR. SHEAFE: Yeah.

23 CHAIRMAN McCUSKER: Any questions, Chris, any
24 questions about the financials?

25 Okay. Let's move on item number 11 up.

1 And, Mark, I don't know if there's any
2 particular introduction you want to make in this item,
3 you can organize this.

4 MR. COLLINS: Mr. Chairman, members of the
5 Board, when the Board expressed an interest in perhaps
6 exploring this possibility, I sought the assistance of
7 my partner, Tim Stratton, who focuses on bonds and is
8 very familiar with that area. I asked Tim to look in
9 to some of the people whose names that people had
10 submitted and then to investigate on his own. Tim's
11 here today to give you a bit of report on what he did
12 as a preface to the presentations by the three
13 potential providers that are here today.

14 Tim.

15 MR. STRATTON: Thanks, Mark.

16 CHAIRMAN McCUSKER: State your name for the
17 record.

18 MR. STRATTON: Yes. My name is Tim Stratton,
19 and I am a bond attorney practicing with the firm of
20 Gust Rosenfeld. Mark Collins is one of our law
21 partners, and he had asked for some assistance in going
22 through the legal documents related to the District's
23 outstanding bond issues.

24 As we all know, there is the matter of the
25 reserve funds, which is tying up a lot of cash that

1 could be deployed, potentially, in an advantageous
2 manner. And so, going through those legal documents
3 and reviewing the provisions, it is possible for that
4 surety bond to be replaced. I'm sorry. For the surety
5 monies to be replaced with a surety bond. The
6 documents do provide for that mechanism.

7 However, as I indicated to Mark, typically
8 when we get into actually doing that sort of a
9 substitution, it's very important that we have the
10 guidance of a financial -- municipal financial advisor,
11 because there are ramifications to that potential
12 ramifications and things that have to be navigated in
13 order to release those monies, because those are
14 security, pledged as security for the bondholder and
15 make a substitution.

16 So some of the things that we're concerned
17 about that will need to be dealt with are the rating
18 agencies and how are they are going to view this and
19 how the narrative and the story will be told to them,
20 as well as some requirements that the bond insurers may
21 impose on that.

22 And so, as Mark and I were discussing the
23 process in the most efficient way to go about it, we
24 looked into several firms. There were some firms that
25 had reached out and contacted us as well as firms that

1 we, as a firm, have done business with and that are
2 extremely active in the Arizona public finance market.

3 So before you today are three of those firms
4 that are active in Arizona public finance. In no
5 particular order, Mark Reader, with Stifel Nicolas, is
6 here today, as well as Bill Davis, with Piper Jaffray,
7 and also Larry Given, with Wedbush Securities. All
8 three firms are top-notch Arizona public finance firms
9 who routinely advise clients across the state, both
10 large and small.

11 With that being said, I think, unless the
12 Board has questions, we can just move into the
13 presentations. I would ask, just as a matter of
14 courtesy to the other applicants, perhaps if we can
15 just have one -- you know, the presenter here, and
16 perhaps the other two firms could excuse themselves as
17 the presenter makes their presentation and answers
18 questions from the Board.

19 I don't think we've selected an order. So
20 whatever order we want to go in, alphabetical might
21 work. But if there are any questions, Mr. Chairman, at
22 this time, will you please let us know?

23 CHAIRMAN McCUSKER: Any questions of counsel?

24 Ready to proceed.

25 I think that's fair. We'll ask the other two

1 firms to step out during the other presentation. If
2 you do it alphabetically, Bill, Piper Jaffray, would go
3 first. That would be Piper Jaffray Stifel and Wedbush.

4 Thank you.

5 One other -- while Bill's getting set, does
6 anyone on the Board have any reason to disclose a
7 conflict with any of these firms?

8 Okeydoke.

9 MR. IRVIN: What was the third one?

10 CHAIRMAN McCUSKER: Wedbush Securities.

11 MR. COLLINS: Mr. Chairman and members of the
12 Board, the names of the various firms are on the
13 agenda, which I believe you each have.

14 CHAIRMAN McCUSKER: And you've got some of
15 these that we can make available if the media or public
16 asks, Michele, if anybody wants to see them.

17 Go ahead.

18 MR. DAVIS: Bill Davis, managing director,
19 Piper Jaffray in our Phoenix office.

20 Born and raised in Tucson. My family still
21 lives down here. I've been in the public finance
22 business in Arizona for over 30 years, with Piper
23 Jaffray now for about 16 years.

24 We, as Tim mentioned, we do kind of a full
25 breadth of investment banking services, focusing

1 exclusively on providing financial advisory services to
2 municipal entities, special districts throughout the
3 state.

4 The information that I've passed out to you
5 is a brief summary of who the firm is. I don't want to
6 read the entire booklet, but just to give you a --

7 Yes, sir?

8 MR. SHEAFE: Go ahead. I didn't mean to
9 interrupt you. I will have a question, not right now.

10 MR. DAVIS: Piper Jaffray is a top 10
11 underwriting firm in the country, headquartered in
12 Minneapolis. We have three basic business lines:
13 Public finance, corporate finance and asset management.
14 Again, we're in the public finance side.

15 We, as I mentioned, provide a lot of
16 financial advisory underwriting services to municipal
17 entities throughout the state. We have been the City
18 of Tucson's financial advisors since 1998. I was
19 intimately involved in the District's first two
20 financings as financial advisor to the City of Tucson.
21 We also were senior managing underwriter on the
22 District's last two financing transactions, including
23 the subordinate lien transaction that you are looking
24 to replace the cash fund and debt service reserve
25 policy on. So we're very, very familiar with not only

1 Tucson, but the Rio Nuevo District, for better or
2 worse, but I don't think that that presents a conflict.

3 Again, I think you have some good
4 institutional knowledge standing right here talking
5 about these issues, so I could a help down the road.

6 I don't see a real problem at all with
7 regards to approaching Assured Guaranty and asking them
8 to provide a surety for the policy, frequently cash.
9 As Tim mentioned, you need to talk to rating agencies
10 just to make sure it doesn't create any problems.
11 Standard & Poor's just upgraded Assured Guaranty to AA.
12 So that's a real positive, I think, with respect to any
13 impacts on your outstanding ratings.

14 There is a fee for that surety policy, and I
15 think you can expect to pay between -- somewhere
16 between three-and-a-half, four percent of the
17 \$8 million as a one-time premium. So you're talking
18 anywhere from 280 to \$320,000 would be a ballpark cost
19 for that surety policy. Again, that frees up the
20 balance. So you'd end up with 7.6, 7.7 million of the
21 available cash if you can accomplish it.

22 Again, I have a number of questions too in
23 terms of what you're looking for. This specific kind
24 of transactional replace the cash fund reserve with the
25 surety policy, you know, that's really not a lot of

1 work. Typically, what we like to do is provide
2 advisory services over a longer period of time. Be
3 happy to do this one transaction for you. But, again,
4 I'm not sure if this is the appropriate place to really
5 ask that your --

6 CHAIRMAN McCUSKER: Can you talk about the
7 timing of just the surety bond issues, three months,
8 six months, year? How long would it take for us to --

9 MR. DAVIS: My sense is it would be 30 to 45
10 days. It shouldn't take that long. On occasion you
11 can run into some complications, but I don't foresee
12 that happening.

13 You know, the insurance company, Assured
14 Guaranty, has some underwriting criteria. Typically,
15 for these surety replacements they require a minimum
16 rating of A. You're well above that. So that that
17 shouldn't be problem there.

18 They are guaranteeing payment of principal
19 and interest. So this is a way for them to make more
20 money on a risk that they already have, so it's good
21 business for them. And we have historically not
22 encountered too many problems when we attempted to do
23 exactly what you're doing right now, or want to do.

24 CHAIRMAN McCUSKER: I think it's astute to
25 talk about long-term issues. This was the most

1 pressing item, obviously, but there are a number of
2 things we talked about. For example, are we bondable
3 in our own right?

4 The cities have to guarantee our debt,
5 historically, but a lot of that was credit rating
6 related. We may at some point be interested in issuing
7 our own debt or refinancing current debt. So I think
8 we would have a number of potential projects as the
9 tiff continues to evolve.

10 Any questions for Bill? Are you ready to --

11 MR. SHEAFE: Just curious. Now your
12 component of this, what would we invest to get you guys
13 through the process, the cost for the services to get
14 through this process?

15 MR. DAVIS: To give you a specific amount, I
16 think I would need to truly understand better. If this
17 was a more long-term kind of a project or if it's just
18 exclusively to start the project to work through the
19 debt service reserve surety replacement, I would
20 probably suggest working on an hourly basis with a
21 minimum of \$1500. My sense is that it would be
22 potentially less than \$2500 total. It's just not going
23 to be that expensive of a --

24 MR. SHEAFE: I want to ask one other
25 question.

1 CHAIRMAN McCUSKER: It's not a
2 transactional-related fee, not a commission or --

3 MR. DAVIS: It would be just a fee, hourly
4 fee based on how much time we invested. You know, I
5 would be comfortable putting a maximum and minimum on
6 it, just run with it.

7 MR. SHEAFE: Bill, help me understand, how
8 would we avail ourselves beneficially of your services
9 ongoing?

10 MR. DAVIS: Our typical contracts, you know,
11 involves sale of bonds, and we usually get paid when
12 bonds are sold and closed.

13 MR. SHEAFE: Right.

14 MR. DAVIS: In light of -- you know, there's
15 a possibility that you might sell bonds, specifically
16 refunding bonds in the future as you approach the call
17 dates on your existing bonds.

18 Depending upon your needs, we could work on
19 either an hourly basis or some sort of retainer fee
20 basis would be my suggestion.

21 MR. SHEAFE: Anybody else got a question?

22 CHAIRMAN McCUSKER: We're on a roll. Keep
23 going.

24 MR. DAVIS: Appreciate that.

25 CHAIRMAN McCUSKER: Anything else for Piper

1 Jaffray?

2 Thank you.

3 MR. DAVIS: Thank you very much.

4 CHAIRMAN McCUSKER: Mark or Tim, do you want
5 to grab Stifel.

6 Introduce yourself and the firm, and speak up
7 so our transcriptionist can follow.

8 MR. READER: Would you like a copy,
9 Mr. Chairman?

10 CHAIRMAN McCUSKER: Please.

11 MR. READER: Thank you. Got enough copies.

12 MS. COX: Thank you.

13 MR. READER: Mr. Chairman, members of the
14 Board, good evening. Just want to -- my name's Mark
15 Reader. I'm with Stifel Nicolas. I want introduce my
16 colleague here, Erika Miller. We have a power point
17 presentation in front of you.

18 I guess I would like to ask how, much time
19 would you like me to take?

20 CHAIRMAN McCUSKER: No more than 10 minutes.

21 MR. READER: Okay. That's a lot of stuff
22 here that we hope is helpful. Maybe perhaps after we
23 leave --

24 Just real quick, I wanted to introduce myself
25 and my colleague, Erika. We have another team member

1 who, unfortunately, could not make it this evening, it
2 would and a valuable member to the team in the event
3 we're privileged to work with the District. Her name
4 is Randie Stein, on the right-hand side.

5 My background, I've been around about 26
6 years doing municipal bond financings in Arizona, do a
7 lot of work down here in Pima County, including most of
8 the cities, towns, and privileged to be financial
9 advisor of the Regional Transportation Authority, which
10 we know you're familiar with.

11 Randie is an important team member. One of
12 the things we would like to assist you on is trying to
13 get a really good understanding and handle of your TPT
14 or your excise tax revenues and of the volatility of
15 those, which I'm assure you're aware of. I don't have
16 a lot of time to go into her background, but one of the
17 things we would like to propose to do for you is to get
18 our arms around that revenue stream and educate
19 ourselves and perhaps add some value to that revenue
20 stream going forward.

21 If I can go for the third slide, Erika.

22 The third slide, Mr. Chairman, members of the
23 Board, is the communities we represent in Pima County.
24 And without boring you with all this, we represent just
25 about every municipal jurisdiction in Pima County, with

1 the exception of Pima County, Pima County Community
2 College District.

3 So if you look on there you'll see that we
4 are a big player, highly regarded, highly respected
5 amongst all of those jurisdictions. Just wanted to
6 share that with you relative to our experience.

7 Page seven and eight is our Arizona
8 experience really over the last 10 years. You can see
9 from these bar charts that we're incredibly active, and
10 we think that adds a lot of value as we start to
11 interact with your Board relative helping you with your
12 challenges and your objectives.

13 Page nine are the various financial advisor
14 services we would see ourselves doing for you. And
15 that is getting our arms around your debt structure,
16 helping you meet your goals and your objectives, which
17 I think are many, and assist you with all your bond
18 transactions, work with you with rating agencies, the
19 TPT revenue analysis, as we discussed, budget
20 assistance. And one of the things we're really good
21 at, too, is legislative assistance, to the extent that
22 becomes relevant to you.

23 Page 10 is just some more information on the
24 TPT revenues of the District.

25 Page 11 is your debt profile. And we know

1 you got your 80 million subordinate lien revenue bonds,
2 and on top of that you got your certificates of
3 participation.

4 Maybe if I can draw your attention to page
5 11, down at the bottom, you've got about 71.3 million
6 in subordinate lien revenue bonds outstanding. They
7 are relatively short, only about 7.2 years, in what's
8 called an average life.

9 Your average cost of capital on your current
10 bonds is 6.3 percent, fairly high. We do see a
11 refinancing coming for you down the road. We have a
12 quick analysis for you to the extent we have time.

13 Then we show the certificate of participation
14 transaction on the right-hand side.

15 Page 12 is your ratings in the middle of the
16 page. You're an A rated by Fitch and A1 by Moody's.
17 We have given you some history there, which we won't
18 get into right now. Your certificates of participation
19 are an A+, A1.

20 Page 13. This is your debt structure
21 relative to the subordinate lien revenue bond that you
22 issued, about 8 million dollars a year. You recognize
23 that number.

24 If you look out in 2026 this is going to be
25 one of our challenges, is that you've got about

1 15 million coming due in 2026. That is to be netted
2 against \$8 million sitting in the account to get you
3 back to level debt around a little less than
4 \$8 million.

5 So if we're successful in releasing the
6 reserve fund, we have to take talk about how we're
7 going to address that issue. Okay. I know you're
8 aware of that.

9 The page 14 is a graphical depiction of what
10 I just described to you. On top are the subordinate
11 lien revenue bonds, about 8 million. You can see how
12 we went up, then when we netted out your reserve fund
13 we're back to a good number. So just wanted to
14 highlight that for the Board.

15 Page 15. We went back and looked at your
16 TPT, your transaction privilege tax or your excise
17 taxes that are so important to your District, and,
18 obviously, is a extreme amount of volatility. We want
19 to get our arms around that and try to add some value
20 with respect to that.

21 Page 16. The interest by the District in
22 swapping, if you will, replacing \$8 million in cash,
23 replacing that with a surety, replacing that with an
24 insurance policy, which we've had a lot of experience
25 with this. Okay.

1 We have two insurance companies open for
2 business. We have two insurance companies, what's
3 known as Assured Guaranty and Build America Mutual,
4 that are interested in this type of a transaction,
5 subject to the credit approval process. We've got to
6 go through the story with them, got to educate them why
7 we want to do this, why it makes that sense.

8 So in the middle of the page there you can
9 see that they are interested in credits in the A and AA
10 range. They are not really interested in the triple B
11 category or probably even the low category, for obvious
12 reasons. We do think they would be interested in
13 talking to us, and to the extent that we were
14 successful in securing that, obviously, the District
15 would pay a premium and replace for that insurance
16 policy and then you replace for the release of the
17 cash.

18 Apologize for going quick.

19 CHAIRMAN McCUSKER: Doing good so far. We're
20 tracking.

21 MR. READER: On the bottom of 16, Mr.
22 Chairman, members of the Board, Mr. Stratton talked
23 about this. We also have to go back into your previous
24 documents to make sure the previous documents allow the
25 District to potentially release cash and replace it

1 with a reserve fund, because it impacts the 2008 bond
2 orders. Fair?

3 So there is a provision in there, as
4 Mr. Stratton said, but it does require the rating
5 agency that currently has an outstanding rating on your
6 bonds to approve it. So we got to go through that
7 drill with the rating agency to make sure that they
8 will not get in the way of a potential transaction. We
9 have some educating and communications with them, as
10 well as we do the insurance companies.

11 So that was real quick. And that provides
12 you with a quick summary of that very important
13 criteria.

14 On page 17 and 18 we looked at your cost of
15 refinancing. We see a refinancing coming down the
16 road. Our challenge is your bonds aren't callable for
17 three years. 2018. Okay. And so, not like a
18 mortgage, we have to put them into an escrow, makes it
19 expensive. So we see down the road, depending upon
20 where interest rates go and as we approach that call
21 date, the possibility of doing a refinancing and doing
22 various things relative to a refinancing.

23 My colleague, Erika, here put together a
24 brief analysis, which I'm not going to be able to get
25 in to because of time.

1 Then, really, the last page is page 19, is we
2 know you're looking at three firms for this assignment.
3 We would be very privileged to work with your District
4 and your community. So we just put an a slide in here.
5 Why Stifel Nicolas?

6 We're very passionate about what we do, very
7 passionate about Tucson.

8 We have the largest public finance staff in
9 Arizona. We're based in Phoenix. We have about 13
10 full-time public finance professionals who do nothing
11 but municipal bond advising and underwriting.

12 I've been around 26 years. A lot of my
13 colleagues up in Phoenix have been around equally as
14 long.

15 Number four, just over the last 10 years
16 we've done about 700 financings, by about 19 billion,
17 just to give you kind of the breadth and the depth of
18 our engagements.

19 We're specialists in excise tax secured,
20 economic development and TPT or excise tax analysis,
21 which we think is relevant for your situation.

22 We're very collaborative, very, very service
23 oriented. And, you know, our services don't just stop
24 when we do a transaction. Our services are ongoing as
25 needed by staff and by the Board.

1 So that with, I know I went fast, I apologize
2 for that, but I know time is --

3 CHAIRMAN McCUSKER: Talk about how you get
4 compensated.

5 MR. READER: Mr. Chairman, members of the
6 Board, how we get compensated is -- this one's a little
7 unique, in the sense that if you do not -- if the Board
8 does not do a refinancing to secure the surety bond --
9 because you may not have to do a refinancing. Are you
10 with me? You may not have to take out all the 2008
11 bonds and start over.

12 So in that case, it would be a lot less time
13 in terms of making that transaction happen, if we were
14 to do a surety, advise you with respect to replacing
15 your cash with a surety. So, you know, I don't really
16 know what our fee would be at the moment. I don't
17 think it would be all that expensive.

18 CHAIRMAN McCUSKER: Would it be hourly or a
19 percentage of the --

20 MR. READER: Again, because I haven't done
21 one of these recently, I would probably say maybe do a
22 not-to-exceed amount, say \$20,000, on or around, maybe
23 \$25,000.

24 We could do an hourly, we could most
25 definitely do an hourly if that was preferred by the

1 Board, and we could follow up with additional detail on
2 that.

3 CHAIRMAN McCUSKER: Bigger picture, I know
4 you get a commission on bonds you underwrite. Is there
5 a retainer involved? What's your typical client
6 relationship?

7 MR. READER: Right. For example, this is a
8 financial advisory engagement, I think as you're aware,
9 so we would not be the underwriter. In other words, we
10 would not be selling the bonds for the authority, for
11 the District.

12 For example, Regional Transportation
13 Authority, we're their financial advisor. We're
14 getting ready to do 150 million in the next 30 days.
15 We are getting a fee based on a competitive RFP for a
16 \$150 million transaction. I want to say our
17 transaction -- our fee for that is 75,000 to 90,000,
18 give or take.

19 So it depends on kind of the size of the
20 transaction, how much time we put into it, what the
21 ultimate ratings are, but on or around something like
22 that. We could follow up with you with regard to
23 further clarification.

24 CHAIRMAN McCUSKER: Some of the ongoing
25 issues, like TPT analysis and consultation, I'm

1 assuming that would be hourly.

2 MR. READER: You know, on that, again, I
3 think that's where we do have a competitive advantage.
4 I do wish my colleague, Randie Stein, was here due to
5 her background in this.

6 We probably wouldn't charge the District for
7 that. I think that would be an analysis where we would
8 want to dig in, because we need to understand the
9 revenue stream backwards and forwards. We need to
10 understand, so that we can communicate effectively to
11 the ratings agencies and the insurance companies, why
12 do we have volatility going on. We think we have some
13 ideas on that.

14 So I think the first order of business for
15 us, which would be part of --

16 CHAIRMAN McCUSKER: The short answer to that
17 is prior period adjustments made by the state. So they
18 wake up and find out that some big-box store forgot to
19 pay them, they do an audit and they collect \$4 million.
20 That's the best we can explain.

21 MR. READER: So to answer your question, to
22 the extent we would do some in-depth TPT analysis,
23 that's part of our fee. We don't generally charge
24 outside of doing a bond transaction for ongoing
25 services.

1 Now if it gets incredibly time consuming for
2 whatever reason, then we have to take a step back,
3 maybe have a little conversation.

4 CHAIRMAN McCUSKER: Any questions for Mark?

5 MR. READER: Thank you.

6 CHAIRMAN McCUSKER: Nice job.

7 MR. READER: We look forward to hearing from
8 you.

9 MR. GIVEN: Good afternoon.

10 My name is Larry Given, with Wedbush
11 Securities. This is Janelle Gold, an associate. I'm a
12 managing director of public finance.

13 Quickly, the background of the firm. Our
14 firm was started in the 1970s as Young, Smith and
15 Peacock in providing financial advisor, municipal
16 underwriting services all across the state. We later
17 formed a successor firm called Peacock, Hislop, Staley
18 and Given in 1989, and subsequently sold that firm to
19 Wedbush Securities about six years ago. I say that so
20 that you know the background of our experience in
21 Arizona public finance.

22 I also, in the past, spent 15 years as a
23 financial advisor in Tucson, number one, and eight
24 years to the City of Tucson. So if that's a conflict,
25 you guys -- I know there's been in the past some

1 consternation, but we have do have a history going back
2 with the City of Tucson.

3 Our office right now is devoted totally to
4 public finance work and we specialize in being
5 financial advisors. We still do bond underwriting. We
6 have our southwest trading desk in our offices in
7 Phoenix. We have a retail office up in Scottsdale.
8 But primarily the same people that work with -- some of
9 them started with me at Young, Smith and Peacock 35
10 years ago, the same guys I'm working with now. So
11 really hasn't been a let-up or any kind of a miss on
12 serving Arizona during the last 35 years.

13 To the point of your initial services, we
14 took a look at the legal documents for the 2008
15 financing. And at that time and subsequent periods, of
16 course, especially the 2009 COP deal, the situation was
17 that the District was not generating sufficient pledged
18 excise tax revenue to reach that obligation. I know
19 the deal was backstopped by agreement with City of
20 Tucson.

21 And the one thing that I would warn you
22 about, we're willing to take on the job and negotiate
23 primarily with Assured Guaranty Insurance Company that
24 provided -- or AGM, that provided insurance in the 2008
25 deal, but there's a reason there was a cash reserve in

1 there, just to be frank. The reason is because of the
2 moral obligation of the City of Tucson that the funding
3 would be there every year. If there was ever a hiccup,
4 the way, they think, the insurance companies, is we
5 want to have a cash reserve.

6 So although it seems to me like the documents
7 allow for the replacement, there's a third fund, cash
8 reserve with a surety. The good thing about having AGM
9 still having survived the financial crash, the last
10 they insured as a triple A rated entity was yours back
11 in 2008, then they got downgraded. They recently got
12 upgraded.

13 Again, there are really two insurance
14 providers out that's AA or better, and that's BAM,
15 B-A-M, and AGM. I would be inclined to go with AGM
16 immediately. We those know those people very well and
17 talked to them about what their requirements would be.

18 But I guess my warning is, this is no slam
19 dunk, in my opinion. Because they may still want to --
20 may still want a cash reserve policy, unless Tim's
21 spoken to them. You guys know more than I do.

22 I think it's to going to be an uphill battle
23 to come up with \$8 million. I know you don't want to
24 hear this. But when a bond insurance company or surety
25 provider like this comes to you with an issue, they

1 primarily are insuring the ongoing obligations.

2 A lot of times, if the numbers work, the
3 numbers are right, they will say, we'll put a surety or
4 some other payment mechanism under reserves so you
5 don't have to, because we're in it anyway. We're
6 insuring this deal. If anything goes wrong, a reserve
7 fund would be nice, but we're still going to have to
8 cover all the debt service. So we'll make an extra fee
9 instead of getting a surety bond.

10 That's really what it's all about.

11 For us to have a second insurer like BAM come
12 in just to replace the surety is a long shot, because
13 they didn't get the fees that were involved initially
14 in insuring this financing.

15 So I would say first up would be AGM and see
16 what we can do in negotiating with them, and if that
17 doesn't work, go to BAM.

18 But your next -- this is the part you don't
19 want to hear. The next thing I would tell you, is
20 right now those bonds from 2008 have six-and-a-half
21 percent coupons. Right now you can sell those for
22 about four-and-a-quarter. And you're saying, wow, we
23 can save a lot of money. The problem is negative
24 arbitrage.

25 So you ask why our cities and counties and

1 towns are not doing advanced refunding, so four years
2 from the call date on those 2008 bonds where you lose
3 your insured investment money between the time you
4 switched to the new bonds and replaced it with the old
5 bonds. So, mathematically, right now things don't work
6 out.

7 The thing I want to tell you is you probably
8 have even a better shot of having a replacement for
9 this reserve come in if you were doing a refunding
10 along with it, because then the insurance company's
11 really motivated. They are going get a big fee for
12 providing the bond insurance on the major deal.

13 But that would be my comments on the deal.
14 This is what we're about. We don't have any nice
15 graphic to tell you anything, except we're here. We
16 represent about 10 cities as financial advisors in the
17 State of Arizona, admittedly most of America, but I'm
18 getting too how old to drive to Tucson every day like I
19 used to. Just kidding.

20 But the we have a wealth of background. We
21 have two investments bankers there, a corporate finance
22 person, and we've all been around for a long time. We
23 know how to handle these products. We would ask you to
24 consider hiring us.

25 CHAIRMAN McCUSKER: Is refinancing available?

1 We have a no-call period, right?

2 MR. GIVEN: Right now the first call in --
3 we're talking about the high interest rates -- is 2018.
4 And what happens is, if you sold bonds today at
5 four percent in 2014, we would save a lot of money.
6 Actually, we call these ins. So an advance refunding
7 what you do is you invest the money from today until
8 the first call in.

9 Well, you guys know what treasury bonds rates
10 are like. It's like next to nothing for the next four
11 years. So if you issue them in four, you're
12 reinvesting at one percent at the most. It's probably
13 .8 right now. You're losing three percent of savings a
14 year until you get to that call date, so it makes the
15 refunding really inefficient. So we wait until we get
16 closer to the call. Probably '16 would be probably the
17 earliest.

18 I would say if this market would go back to
19 usual where treasury rates were higher than municipal
20 rates, everything I said is wrong about doing an
21 advanced refunding. I was thinking on the way down
22 here, we haven't had that kind of situation for about
23 10 years, where the treasury -- where the Fed has kept
24 treasury rates so low it's hard to do an advance refund
25 deal. So I wouldn't recommend it.

1 Just doing the numbers in my head, it sounds
2 like you might still have a marginal savings. But why
3 would you do that, waste the benefit of doing it later,
4 unless you really, really want to get that \$8 million.

5 Again, that's a business decision for you
6 people to make.

7 CHAIRMAN McCUSKER: Have you seen a situation
8 where we could reduce the reserve requirements, say, to
9 half that, four million?

10 MR. GIVEN: Everything's up for grabs when we
11 call AGM and tell those guys to start looking at this,
12 see what they think.

13 My fear is -- and again, maybe things have
14 changed, but might look back, and the history of this
15 District is excise tax flow isn't covering your debt
16 service. And, again, if you are depending on the moral
17 obligation of the City, I know the City has to have the
18 money over here before the fiscal year starts and all
19 that stuff for the next subsequent year's payment, but
20 it might give you pause is all I'm saying.

21 CHAIRMAN McCUSKER: Larry, talk about how you
22 get compensated.

23 MR. GIVEN: A transaction like this, we're
24 just replacing your reserve fund, I would probably work
25 on an hourly basis for \$300. Just have it -- you can

1 pay me out of operating costs or out of money you
2 remove from the reserve fund, if Tim allows it.

3 But I would tend to go by the hour for
4 something like this. We usually get paid per
5 transaction, but there's really not a transaction here.
6 We'd just charge you for whatever our efforts are, what
7 Janelle's efforts are.

8 CHAIRMAN McCUSKER: Any questions?

9 MR. IRVIN: Any indication how many hours
10 involved?

11 MR. GIVEN: I don't know. Maybe two days by
12 the time we found out. We just have to have a
13 conference call, send the documents. I don't know,
14 maybe I can gin up some extra time.

15 But it's not going take that much. Assemble
16 electronic documents, conference call, come back and
17 report. As much as I want to drive.

18 But that would probably be better for you
19 guys anyway, you know.

20 CHAIRMAN McCUSKER: Thank you very much.

21 So, Mr. Collins, what are our options here?
22 We can pick a firm, we can do some research. Seems to
23 me we want to do some reference checking maybe. What
24 do you suggest?

25 MR. COLLINS: Mr. Chairman, members of the

1 Board you have a lot of options. You can decide not to
2 take any formal action today on the subject. You've
3 been educated by three people that know what they are
4 doing in the area. You can mull it, we can re-agendize
5 it. That's number one.

6 Number two, you can decide that you are going
7 to pick one of these fellows or firms to do just this
8 small piece that you are talking about, which is try to
9 find, see if you can get a surety bond in lieu of the
10 cash reserves.

11 You can also go to the next step, which is
12 engage them for a longer period of time, like some of
13 the presentations you've seen.

14 The agenda would allow all of that. It's
15 your pleasure. As a cautious person, I would suggest
16 to you that you consider it, put it back on the agenda
17 for the next time.

18 What I think we've heard is that range of
19 thoughts as to how long it would take. But what we did
20 here was a relatively short period once you do it. So
21 you've got options.

22 CHAIRMAN McCUSKER: Another thing you might
23 consider is maybe authorizing the executive officers to
24 select one of these firms.

25 MR. COLLINS: This is a professional service.

1 You can direct select. You do not need to RFP. This
2 was an effort to try and do that for you, and you
3 certainly could authorize executive officers to do
4 that.

5 CHAIRMAN McCUSKER: All right.

6 What's your pleasure?

7 MR. SHEAFE: I would like to put a motion
8 forward that we authorize the executive officers to
9 meet, come back with recommendation at the next
10 meeting.

11 CHAIRMAN McCUSKER: Can he do that since he's
12 an executive officer?

13 MR. COLLINS: You can.

14 MR. SHEAFE: That's right. I got myself
15 conflicted here.

16 MS. COX: Second.

17 CHAIRMAN McCUSKER: We have a motion and a
18 second to authorize the executive officer's to meet
19 with and select one of these firms.

20 Any other comment?

21 All in favor say aye.

22 Any opposed? Nay.

23 (Board votes unanimously and motion carries.)

24 CHAIRMAN McCUSKER: Okay. That's what we got
25 to do.

1 So Mark and Tim, if you will help us maybe
2 with the next step in that process, we'll get back to
3 you as soon as we can.

4 MR. COLLINS: Thank you.

5 CHAIRMAN McCUSKER: The arena site -- I'm
6 going to change the order on seven and eight. We're
7 going to deal with the joint development agreement on
8 the Norville property first.

9 We've seen the proposal from the engineering
10 firm working with Allen on that project.

11 MR. RITCHIE: I have to recuse myself.

12 CHAIRMAN McCUSKER: You do have to recuse
13 yourself. Thank you, Cody.

14 To summarize the conversations that we've had
15 around this, the developers have met with the City, and
16 the City would like some assurances that there will be
17 parking made available adjacent to the site so that the
18 developer can maximize his footprint. Certainly,
19 that's easy for us to do in the short term.

20 We have surface parking. We can make that
21 available. I think the trickier piece for us is what
22 we do in the long term. But I think we've said a
23 number of times publicly we're committed to this
24 project and want to provide some permanent solutions so
25 that Allen and his team can go to the City and pull a

1 permit, which is really what we're all about.

2 With that, any conversation or
3 recommendations from the Board?

4 MR. SHEAFE: Do we need to take some action?

5 CHAIRMAN McCUSKER: You can. They are here
6 if you have any questions of the developer. They've
7 made themselves available.

8 You can discuss it amongst yourselves.
9 Somebody can make a motion.

10 MR. SHEAFE: Let me make a motion, then we'll
11 see if it holds water.

12 The important thing is that we provide the
13 facility for Nor-Gen to be able to move forward with
14 development on their property. The hard part is what
15 you just said, Mr. Chairman, which is that the
16 longer-term picture has to be worked out. It's moving
17 as process. We're not sure of some of the aspects of
18 that right now.

19 So my motion would be that we affirm the
20 Ford's commitment to providing the parking for Nor-Gen,
21 as is required by the City, in order to get its
22 building permit approved in one manner or another; and
23 then we engage counsel to meet and work out the details
24 of that over the next short time frame so that Nor-Gen
25 has the assurance that they, one way or another, will

1 be able to get the parking, and that they can go back
2 to the City and at least move forward on their project.

3 CHAIRMAN McCUSKER: We would need a second.

4 MR. MOORE: I'll second that.

5 CHAIRMAN McCUSKER: Seconded by Alberto.

6 Any discussion about the motion? That's
7 wordy.

8 Counsel, have we done anything illegal?

9 MR. COLLINS: I understand, I think,
10 Mr. Sheafe, what you're attempting to accomplish. My
11 concern is that this Board doesn't know what the City
12 is going to require, and this Board, in my opinion,
13 ought not to be obligating itself or hobbling its
14 development of the arena site.

15 If you were to make a motion to direct a
16 member and me to work with Nor-Gen to use our best
17 efforts to provide what is necessary to allow Nor-Gen
18 to move forward with its development. That seems to me
19 that that would work.

20 I'm concerned for the Board that you pass
21 something that commits you irrevocably to something on
22 your arena site. That's my concern.

23 Use your best efforts. That's just a
24 thought.

25 MR. SHEAFE: Well, help me here, because the

1 focus of my motion was to try to give Nor-Gen assurance
2 so they can go back and say, we are going to have the
3 parking that we need to qualify for our building
4 permit, and then they can move forward.

5 But we don't know what those details are, and
6 so we cannot wait until they have the details, because
7 now we have chicken and egg and nobody can make a
8 decision. We want them to be table to make a decision.

9 MR. COLLINS: That's fine. It's your
10 decision.

11 My concern is that there's a third party
12 here, and that's the City of Tucson.

13 MR. SHEAFE: That's right.

14 MR. COLLINS: And the City of Tucson isn't
15 controlled either by this Board or by Nor-Gen, and the
16 City of Tucson is the one that's going to say yea or
17 nay on whatever it is that Nor-Gen provides.

18 So it seems to me that you folks can direct
19 member and/or counsel to proceed and meet and try to
20 reach an agreement on that and bring it back to you
21 guys for final approval.

22 CHAIRMAN McCUSKER: We have some general
23 understanding of the City's scope, and it's well within
24 an area we're comfortable with. So what you're trying
25 to protect us from is that is the City does something

1 stupid and changes the rules in the middle of the game
2 and we've obligated ourself to do whatever.

3 So can we just have, you know, a clause in
4 our agreement that would say that, you know, if the
5 City does something that we believe is undoable or
6 unreasonable we've all got to sit down together again?

7 But as we understand the current scale and
8 scope, we're perfectly comfortable with what the City's
9 asked.

10 MR. COLLINS: Mr. Chairman, conceptually
11 speaking, it strikes me that an agreement could be
12 reached which provides enforceable parking for Nor-Gen
13 that doesn't hobble your future development plans for
14 the arena site.

15 It would have to have three stages, in my
16 mind. One would be for now, because there is no
17 development going on.

18 The second one would be how to handle parking
19 needs of Nor-Gen while the development of the arena
20 site went forward, because there's shovels are there
21 and digging is going on. That is a disruptive
22 activity. There would have to be -- if you were to
23 enter, for example, a lease agreement, you would have
24 to address that component.

25 And then, of course, it's what does it look

1 like after you have developed your arena parcel. That
2 is all doable, it strikes me.

3 And I think -- I haven't talked to the City,
4 but I think that what the City is going to require is
5 an enforceable park-and-ride before Nor-Gen can pull a
6 building permit. And I think that what that would
7 require is a lease, at least, of what we're just
8 talking about.

9 MR. SHEAFE: All of which -- one of the
10 problems in the development world is trying to find
11 certainty in an environment that doesn't have certainty
12 as part of it. And I found in my own experience that
13 what you have to do is lock down what you can lock down
14 and work around it and expand from that.

15 There is one thing we know. We know that we
16 want Nor-Gen to build its display center, exhibition
17 hall. We know that we're willing to take part of our
18 land and use it to facilitate their parking.

19 We also know that they can't suspend the Gem
20 and Mineral Show for two years while we're futzing
21 around. Once we make this commitment, it's going to be
22 a commitment. It might move around on the property, it
23 might have to be satisfied in some other way, but one
24 way or another they need assurance they are going to
25 have the parking that they absolutely need.

1 My motion goes to that objective, with the
2 understanding it's been a moving target and we need to
3 work those details out, as we know.

4 For example, we really don't know how many
5 parking spaces we're using right now. We don't know
6 what it takes for the exhibition hall to actually be
7 qualified, what kind of time frame, and that will have
8 to be worked out.

9 And my motion goes to the centerpoint of
10 saying, we know where we're trying to get to, we've
11 agreed to that, and we'll figure it out, because that's
12 a very high priority for us.

13 MR. COLLINS: I think, Mr. Sheafe, that the
14 figuring it out, that's the devils in the details. And
15 for good or for bad, I would be part of that.

16 You folks know generally, I guess, what the
17 City's looking for. I haven't dealt with the folks at
18 the City on this.

19 CHAIRMAN McCUSKER: The proposal is pretty
20 specific. That is, we would like a short-term lease.
21 We would like the District, as a public is entity, to
22 commit some sort of public parking permanence.

23 Is that what you're contemplating in your --

24 MR. SHEAFE: I think, in addition to that,
25 there's going to be other uses on the remaining area of

1 the arena parcel, and we're going to need to have
2 parking for that too.

3 MR. COLLINS: And that's what I'm suggesting,
4 is that in my -- the concept that comes up for me, if
5 you were going to do this, would be a lease that would
6 have to float.

7 Now it would be -- right now Nor-Gen has had
8 to enter into right-of-entry agreements every year with
9 the City of Tucson. It's a short-term use of the arena
10 site. I understand that that's not enough.

11 CHAIRMAN McCUSKER: We can't lease a building
12 we haven't built yet. So you would have to lease the
13 surface parking that we currently own --

14 MR. COLLINS: Right.

15 CHAIRMAN McCUSKER: -- forever, as long as
16 it's there. And we could commit that we will -- you
17 used the term "best efforts" -- use our best efforts to
18 assure that there's -- that if there's a replacement
19 for the surface parking, that it would be meet the
20 City's requirements for his building.

21 MR. SHEAFE: Which we want, because -- and I
22 know, Mark, I'm singing to the choir here a little bit,
23 but what we have today is an extraordinarily valuable
24 event that happens in this town in a tent because
25 nobody wants to make a permanent commitment. I'm very

1 much for making a permanent commitment to get a
2 permanent building, to get a permanent asset to lock
3 down a very valuable event for this community.

4 CHAIRMAN McCUSKER: That should have been
5 your motion.

6 MR. COLLINS: So moved.

7 CHAIRMAN McCUSKER: Can you go back and read
8 Mr. Sheaf's motion?

9 (Record read by the Reporter as follows:

10 "So my motion would be that we affirm the
11 Ford's commitment to providing the parking
12 for Nor-Gen, as is required by the City, in
13 order to get its building permit approved in
14 one manner or another; and then we engage
15 counsel to meet and work out the details of
16 that over the next short time frame so that
17 Nor-Gen has the assurance that they, one way
18 or another, will be able to get the parking,
19 and that they can go back to the City and at
20 least move forward on their project.")

21 CHAIRMAN McCUSKER: I believe if you insert
22 the word "present" in the sentence that says, as
23 required by the City, as presently required by the
24 City, you don't commit us to anything beyond what we
25 currently understand.

1 MR. SHEAFE: I would insert that word.

2 MR. COLLINS: I'm still troubled by the
3 future and using your best efforts. I mean, that's my
4 biggest concern.

5 MR. IRVIN: I don't think there's been a
6 second yet to the motion.

7 CHAIRMAN McCUSKER: There is a second.

8 MR. IRVIN: I guess I didn't hear that.
9 That's the reason I was asking, because I didn't hear
10 the second. Thank you.

11 So, counsel, don't go anywhere.

12 Walk me through how we take -- and under our
13 current situation where we have the arena lot, which is
14 owned by the District, and then Nor-Gen has his lot
15 that he wants to go build his facility on, how do we
16 take and address his concerns without tying up the
17 arena lot and impacting us going forward?

18 MR. COLLINS: You cannot do it. You cannot
19 provide what you're talking about to Nor-Gen without
20 having an impact on the arena site, because that's
21 where the parking is going to be. And the arena site
22 right now has nothing on it.

23 And that's what I'm saying. Surface
24 parking -- if you did a land lease right now forever,
25 it would make it almost impossible for you to develop

1 that property.

2 MR. IRVIN: So the only current encumbrance
3 we have on that property now is a requirement that once
4 we have a development plan that's been approved, that
5 we have one year to remove the Greyhound, other than
6 maybe environmental issues we may or may not know
7 about, coupled with the notice of claim we have from
8 Peach. We really don't have any other encumbrances on
9 the property, correct?

10 MR. COLLINS: I think that's at fair
11 statement. The title report would indicate a lot of
12 other things, but principally that's true. Most of
13 those title issues would be resolved by a plat.

14 CHAIRMAN McCUSKER: From the City's
15 perspective, right now there are 450 surface parking
16 spaces on that lot. If we were to make them available
17 to Nor-Gen, they would more than accommodate the City's
18 parking requirements. So in the short term he gets a
19 building permit, he builds a building, he has access to
20 our surface parking.

21 The challenge that you are all trying to
22 concern yourself with is when we get ready to develop
23 that property or we sell that property or we do
24 something else with that property, how can we provide
25 assurances, primarily to the City, but also to the

1 Nor-Gen, that there will be a replacement parking for
2 the current surface parking. That's the long-term
3 commitment that we're -- the City's going to ask us to
4 make. They are not going to let Allen build the
5 building and have the parking disappear down the road.

6 So, indeed, we're going to have to commit, at
7 a minimum, the current number of surface parking spaces
8 will be maintained on that site, irregardless of what
9 we do with it.

10 MR. IRVIN: I don't disagree with anything.
11 But my struggle is taking an encumbered piece of
12 property that's not currently encumbered, I still
13 struggle with -- I know how Allen will use the parking
14 when the gem show's going on. What happens the other
15 11 months? Who is going to pay for that parking? Who
16 is going to develop that parking? Who is going to use
17 that parking?

18 To me, that's very closely intertwined with
19 what we do on the arena site.

20 CHAIRMAN McCUSKER: I'm not sure you have. I
21 think what you done -- all we've done is -- whatever
22 happens on that lot, it will maintain some parking
23 availability adjacent to Nor-Gen. That's all we're
24 talking about.

25 MR. IRVIN: I would hope any developer that

1 we would visit with about that site, that would be one
2 of the things we would discuss with them about.

3 But to encumber that when we have just taken
4 title to it, I struggle with it.

5 CHAIRMAN McCUSKER: All right.

6 We have a motion and a second.

7 Any further discussion?

8 Michele, call the roll.

9 MS. BETTINI: Alberto Moore.

10 MR. MOORE: For it.

11 MS. BETTINI: Chris Sheafe.

12 MR. SHEAFE: For it.

13 MS. BETTINI: Mark Irvin.

14 MR. IRVIN: No.

15 MS. BETTINI: Jannie Cox.

16 MS. COX: Yes.

17 MS. BETTINI: Fletcher McCusker.

18 CHAIRMAN McCUSKER: Aye.

19 (Board votes and motion carries.)

20 CHAIRMAN McCUSKER: By a vote of one, two,
21 three, four ayes, one nay, Mark, we're instructing you
22 to move forward with documenting relationship with
23 Nor-Gen that provides parking so that he can get a
24 building permit.

25 MR. COLLINS: Will do.

1 CHAIRMAN McCUSKER: Okay. Item number seven.
2 Stay up there, Mark.

3 While we're talking about the arena lot, it
4 ties into, I think, Mr. Irvin's struggle with the whole
5 process, is we now own this lot, we want it to be
6 developed. Peach Properties have filed a proper claim
7 and they have presented us with a settlement proposal.
8 So we can accept the settlement or not, but we can't
9 just leave it laying around. We're going to have to do
10 something.

11 Our options would be to settle, which would
12 include selling the property to Peach, but they've
13 offered to allow the District's to control the
14 development. We can do nothing. We could auction the
15 property. We could offer other developers to propose
16 on the property.

17 All of this is subject to some litigation
18 risk, because there is a claim on the property.

19 So anything else you think we or the public
20 needs to hear about this parcel?

21 MR. COLLINS: Well, Mr. Irvin pointed out,
22 and you folks are all aware --

23 MR. SHEAFE: Might want to get Cody.

24 CHAIRMAN McCUSKER: He's recused.

25 MR. SHEAFE: Excuse me. Sorry. Forgot.

1 MR. COLLINS: Brief history. City of Tucson
2 put out an RFP on this property sometime ago, there
3 were proposals, Peach Properties was the preferred
4 proposer, then the District filed a lawsuit and that
5 negotiation stopped. As a result of that, Peach
6 Properties has filed a notice of claim filed, a notice
7 of claim against the City while the City owned the
8 property. That's a requirement by statute.

9 Since that time, as you have talked about,
10 Chairman, you've talked about it transferring to the
11 District as a result of the settlement agreement with
12 the City. And as a result of that, the District has
13 agreed to defend and indemnify any claim Peach might
14 have.

15 So that there's that issue.

16 The District has the authority to sell the
17 property. Selling the property is not covered
18 by its -- or at least is exempted from its procurement
19 code. So you can do that.

20 You can do an RFP, you can request for
21 proposals. You're all familiar with how that works.
22 You could decide what you wanted to do, get an idea of
23 what you wanted to do with it, put out an RFP.

24 Certainly, Peach Properties could respond to
25 that. It would be up to Peach Properties as to what it

1 does, if anything, with respect to the notice of claim.
2 The request for proposals is one that allows you to
3 have more involvement in the development process.

4 Another way to do it would be an invitation
5 for bid. If you do an invitation for bid, qualifying
6 bids are going to -- as long as you're qualifying, it
7 ends up being the highest dollar number. You can do
8 that too.

9 So you have all of the options that you are
10 talking about, Mr. Chairman. You really have a lot of
11 choices on your plate.

12 But now that you own property, I think you're
13 in a position to begin to move forward on one of them.

14 CHAIRMAN McCUSKER: We would be remiss if we
15 didn't remind all of us that we cannot invest any money
16 into this property until we resolve the notice to
17 proceed.

18 MR. COLLINS: Absolutely. You cannot --
19 until the notice to proceed portion of 48-4204 is
20 either removed or satisfied, you cannot spend any money
21 on this particular parcel of property.

22 CHAIRMAN McCUSKER: What's your pleasure? Do
23 you have a settlement offer? Someone wants to move
24 that?

25 MR. SHEAFE: Can I make a motion?

1 CHAIRMAN McCUSKER: Make any motion you want
2 any time you want.

3 MR. SHEAFE: I'd like to preface it with a
4 comment that we have a customer. And in my business
5 that's a good thing. We have an offer on the table
6 that is there, and I think we ought to be respectful of
7 that.

8 We also just made a motion, and passed it,
9 that we would accommodate the parking needs for
10 Nor-Gen. So anything we do here today needs to
11 incorporate that motion into whatever statement we
12 make.

13 So my motion would be as follows: That we
14 authorize counsel to draft a request for proposal and
15 we go forward with that, with the provisions that the
16 request for proposal include the requirement that
17 whatever development plan is put forth on the purchase
18 price has to accommodate the parking needs of Nor-Gen;
19 that, secondly, that we have the controls of review
20 that we've had in the past, which was expressed in the
21 earlier RFP; and, thirdly, that there be a minimum bid
22 amount of 14.50 a square foot which is 5.3 million for
23 the property.

24 CHAIRMAN McCUSKER: That would need a second.

25 MS. COX: Second.

1 CHAIRMAN McCUSKER: All right. You have a
2 motion and a second.

3 Is there any piece of that you don't
4 understand, have a question about, want to talk about?

5 Mr. Collins, are we all right?

6 MR. COLLINS: Procedurally, yes, you are.

7 I think what you would be directing is the
8 preparation of the RFP to bring back to you for final
9 approval or input modification, as I understand the
10 motion.

11 CHAIRMAN McCUSKER: Michele, call roll.

12 MS. BETTINI: Albert Moore.

13 MR. MOORE: Aye.

14 MS. BETTINI: Chris Sheafe.

15 MR. SHEAFE: Yes.

16 MS. BETTINI: Mark Irvin.

17 MR. IRVIN: Yes.

18 MS. BETTINI: Jannie Cox.

19 MS. COX: Aye.

20 MS. BETTINI: Fletcher McCusker.

21 CHAIRMAN McCUSKER: I abstain.

22 (Board votes and motion carries.)

23 CHAIRMAN McCUSKER: By your votes of four
24 ayes, one abstention, you've passed the motion.

25 Mark, will you proceed with the drafting of

1 an RFP for the so-called arena lot?

2 MR. COLLINS: Yes, sir.

3 CHAIRMAN McCUSKER: All right.

4 While you're up there, item number nine,
5 west-side parcel, I think you just have an update on
6 the --

7 MR. COLLINS: Excuse me, Mr. Chairman. I
8 didn't mean to interrupt you.

9 CHAIRMAN McCUSKER: Go ahead.

10 MR. COLLINS: We are awaiting the draft Alta,
11 because once the draft Alta comes in we would have a
12 legal description that we can present to the City.

13 The eastern boundary has been agreed to and
14 resolved. There is a water well issue, but I think
15 that can be resolved as well.

16 I'm waiting to hear from WLB with their draft
17 Alta, and with that I can present a deed to the City of
18 Tucson. The City has some concerns about being able to
19 monitor and access these monitoring wells.

20 I can go into great detail if you like, but I
21 don't see any of those as a problem.

22 MR. SHEAFE: Can I make a point of order?

23 What I meant in my motion just passed, I
24 wanted to make sure that we incorporated the
25 responsibility in that RFP of the obligation we took on

1 from the City for accommodating Peach's claim, whatever
2 it might be.

3 So you'll build that into your RFP?

4 MR. COLLINS: I had intended to do that and
5 bring it back to you that way.

6 CHAIRMAN McCUSKER: We'll see the draft,
7 obviously before --

8 Any questions of Mark on the west-side
9 parcel? We're trying to get the deed in hand. We're
10 working through the ULI committee process to coordinate
11 with the County, the City and Rio Nuevo, the so-called
12 west-side projects. Hopefully, in the next few months
13 we'll have something we can bring back to this Board,
14 particularly on this section that we own south of
15 Mission Lane.

16 Item number 10, Chris Sheafe and I are
17 recused on that. It may make some sense to deal with
18 other items on the agenda and move that last. Okay.

19 So Tucson Convention Center update. Elaine,
20 thanks for hanging in there with us.

21 Mr. Moore stepped out momentarily. We still
22 have a quorum.

23 Michele, can you advance those slides so that
24 she can use the mic?

25 MS. WEAVER: I can speak really loud, but --

1 CHAIRMAN McCUSKER: We need you to get on the
2 mic.

3 MS. WEAVER: Good afternoon.

4 Elaine Weaver, project manager for Rio Nuevo
5 TCC arena. Happy to be back. Thank you again for the
6 well wishes.

7 So a lot has happened in the past month. And
8 I'm going to walk through the photos here briefly.
9 It's a quick update.

10 Construction started on time and on schedule
11 March 10th. And to date we've had no incidences.
12 We're working very closely with the TCC. And all
13 events are ongoing, and we have coordinated the events
14 with the TCC from now until December. We know when we
15 have an event, when we need to stop construction, clean
16 up, barricade restrooms, get the arena ready for the
17 next event, and then we know when we're back in
18 business.

19 What's coming up are the graduations in May.
20 And so we're having -- this initial phase is restrooms,
21 concessions. There will be a little bit of a lag in
22 May because of the various graduations, then we'll pick
23 up full speed again after that.

24 So this first photograph is the concourse
25 level concession stand. And it's a full gut of the

1 concession stand. We'll see that the back counter has
2 been removed. It's getting all new corion countertops.
3 The front countertop will be new. The soffit that you
4 see at the top, that will now extend to the existing
5 ceiling. New lighting, new digital signage and a new
6 wainscot at the bottom. The concession stand will also
7 address ADA renovations, and entry into the concession
8 stands will be ADA compliant, basically.

9 Next. This is an overall of the arena. It's
10 slightly hard to tell what's going on. It looks the
11 same. But if you look at the south wall, the piping
12 along the south wall has now been removed. There's a
13 scissor lift on the far right, and there's a couple
14 gentlemen that are still removing two lines of pipe.

15 Below that there used to be four, five, six
16 layers of abandoned pipe. So all of that is being
17 removed, which is great. And then new perforated
18 panels that will help with the acoustics in the arena,
19 that's going up in place of that.

20 So if you were to walk into the arena and if
21 you were to go in and say, where's the construction,
22 you would see the most activity on the concourse level,
23 the east side, the restrooms and the concession stands.
24 But what Concord is doing is, they are touching a lot
25 of little things throughout the arena, so that as time

1 opens up for us we'll be able to go to the south wall
2 and install this structure, put up the panels and paint
3 it, things like that.

4 The next two slides are just really showing
5 you that we're doing the prepping for the painting of
6 the ceiling. The entire grid will be painted, and new
7 tiles as well as the diffusers will be painted.

8 Next is about a week old. The photograph is
9 the same, concession stand.

10 Next, this is looking south at the arena in
11 the restrooms. Again, you will see steel studs going
12 up to the ceiling. A new soft soffit, again, is going
13 to go there to hide and conceal all the ugly duct work
14 and infrastructure, things like that.

15 Next two photographs are those concourse east
16 restrooms. So you can see that's a full gut, which is
17 great. We are getting all new plumbing fixtures, which
18 is really, really great. It will look like a new
19 space.

20 On the wall to the right, that is the sinks,
21 mirrors, accessories. And then the left wall is the
22 urinals and the toilets, new partitions, things like
23 that. New lighting as well.

24 Next. And then this is the men's, so similar
25 condition.

1 This last photo you will see is the plastic
2 drape going over the seats. And so we're doing further
3 prep to paint the ceiling. All of the seats will be
4 covered. The seats, the fixed seats do not come out
5 until August, so we do need to take care of them and
6 protect them between now and then, because we have
7 events. So we don't want graduates and their families
8 sitting on seats with paint.

9 I think that's it. That's my update. Really
10 short and to the point. But of course, if you have any
11 questions.

12 CHAIRMAN McCUSKER: Any slippage on the
13 schedule, timing still looking okay?

14 MS. WEAVER: Timing is looking okay. There
15 was a little bit of slippage in the fact that we had
16 approval to start, and then we started a couple weeks
17 after. And it's really the ordering of materials. And
18 so we moved very quickly on toilet partitions, light
19 fixtures, and we are a little behind on the light
20 fixtures in the restrooms, but we'll get caught up.

21 And that's also part of why Concord has
22 started to do little things here and there throughout
23 the arena. But there is no -- there has been no
24 extension of time and we're still on schedule.

25 MR. RITCHIE: Will all the new seats be in by

1 next, like, Christmas?

2 MS. WEAVER: All the new seats will be in by
3 end of October, November.

4 MR. RITCHIE: And then -- I forgot. How many
5 of the seats are you replacing?

6 MS. WEAVER: We're replacing one for one. So
7 it's all of those bowl seats, which is around 4800, and
8 then all of the floor seats, the portable seats. So we
9 have some in the queue right now for the portable
10 seats.

11 They will be embossed on the back of the
12 portable seats to say TCC, so it will be very clear and
13 legible that it's property of the TCC. And all of the
14 coordination of the colors of the seats will be
15 coordinated with the existing new telescopic seats with
16 the navy and the gray.

17 CHAIRMAN McCUSKER: Will you put those pics
18 up on our website so people can follow along?

19 MS. WEAVER: Yes. Michele and I will
20 coordinate on that.

21 Any other questions?

22 Okay. Great. Thank you.

23 CHAIRMAN McCUSKER: Thank you.

24 Okay. Our name change adventure.

25 We wanted to wait for everybody, but we still

1 don't have everybody, but I think we've obviously made
2 some commitments to the students. We have identified
3 the winners by ward.

4 You will remember that changing our name to
5 begin with was a split vote, something I'm never
6 entirely comfortable with. I think my sense is the
7 tide since then has kind of changed to maybe not
8 changing our name. But I think that would be well
9 deserved, given the responsiveness we're getting from
10 the community over things like this.

11 And, you know, our legislative action, I
12 think everybody knows we've not had a single no vote on
13 the Rio Nuevo bill in the Legislature, not in the
14 committee, not on the floor. I think they view us as a
15 true turnaround at the Legislature.

16 So having said all that --

17 MS. COX: Mr. Chairman, I would like to make
18 a motion, but I'd like to preface my motion with a few
19 comments.

20 I was one of the aye votes for changing the
21 name. And that idea first came to me through our
22 lobbyist, Jonathan Paton. And at the time it made a
23 lot of sense. And that was last fall when we talked
24 about that. It seemed like a good idea to get a fresh
25 start with a new name.

1 But the landscape has changed dramatically
2 since then. We have clean audits for two years. We
3 have a bill that, as our Chairman said, has not a nay
4 vote to it. I think that the Legislature sees Rio
5 Nuevo as somewhat of a success story now.

6 I, for one, now take great pride in being a
7 member of this Board, and it took a few years for that
8 to happen. But I'm feeling really good about what
9 we're doing and why we're doing it.

10 I feel like we have made a commitment to the
11 students, and I understand from counsel that we are
12 obligated to select the name we like the most. I don't
13 know whether we'll all agree on that name or not. I
14 was pleased to see the name I liked the most made the
15 final six.

16 So I will preface my motion by saying that I
17 have much less appetite for changing our name and feel
18 like we need to be proud of the name Rio Nuevo and
19 carry that forward. However, I think the students have
20 done an outstanding job, and we need to reward them in
21 the manner which we planned in the beginning.

22 So I would like to move that we select as the
23 winning name for Rio Nuevo, Nuestro Centro, from
24 Sunnyside High School, submitted by Shantelle Lopez.

25 MR. MOORE: Which number is that?

1 MS. COX: That is the last one on your first
2 page.

3 MR. IRVIN: I'll second that.

4 CHAIRMAN McCUSKER: Now you have a motion and
5 a second.

6 Any discussion?

7 MR. MOORE: I would like to make a
8 recommendation.

9 I think it was great that all these students
10 participated in this program, but I couldn't find a
11 name that satisfied me. I know the individuals worked
12 very hard to come up with something, and I appreciate
13 that.

14 But I think in order to be fair to all of the
15 participants, that we take the thousand dollars that
16 was going to be committed to the winning participant
17 who selected that name, that I recommend we divide the
18 thousand dollars amongst the six participants, and that
19 way, knowing that we're not going to use any of their
20 names, and so in fairness to those who participated,
21 let us share those dollars with the six participants.

22 And before I finish, I would like to make
23 sure, since Nancy Montoya was the one who coordinated
24 this whole event and everything, to just see if this
25 would be acceptable to the participants to share it,

1 you know, without going out on a limb. So whatever you
2 could do to help me.

3 MS. MONTOYA: Nancy Montoya, with Nonprofit
4 News Source.

5 You threw me a curve there.

6 While we did not make that provision in the
7 rules and the regulations, I believe that we are within
8 our rights. The way we wrote the rules is that we
9 wanted to give the Board as many options as possible.
10 And while it does say -- I think under the rules -- I
11 just pulled it up a second ago here.

12 CHAIRMAN McCUSKER: Here you go, Nancy.

13 MS. MONTOYA: You have it? Oh, all right.

14 CHAIRMAN McCUSKER: Need to get all of them.

15 MR. SHEAFE: I didn't get the rules.

16 MS. MONTOYA: I messed up.

17 CHAIRMAN McCUSKER: You break it, you buy it.

18 MS. MONTOYA: Put it on my tab.

19 All right. I think under selection of prizes
20 and winners, G, item G says if the overall winner is a
21 combination of one or more of the names submitted, the
22 grand prize will be split among the contestants.

23 So we've already made a provision that you
24 could split that the prize.

25 My only concern with going with a name and

1 giving a person, you know, the grand prize, is that
2 there is no intent to use that name. And so I
3 personally would feel more comfortable if we split the
4 grand prize among all of the finalists. And that's,
5 you know, just my advice.

6 MS. COX: I think that's commendable. I
7 would not object to that, except that I understood from
8 our counsel that we are obligated to select one overall
9 winner. And that was the purpose of my motion, was to
10 select one overall winner, because counsel has advised
11 us that we must do that, otherwise, I would be really
12 happy with that option.

13 CHAIRMAN McCUSKER: Mark.

14 MR. SHEAFE: There is one other issue here.
15 It's just for background information.

16 Everybody that is on this list already
17 received a check for \$500.

18 MS. BETTINI: Not yet.

19 MR. SHEAFE: They didn't?

20 MS. BETTINI: Not yet.

21 MR. SHEAFE: You didn't hand them out? I
22 signed them.

23 CHAIRMAN McCUSKER: I didn't sign them. We
24 both got to sign them.

25 MR. SHEAFE: Oh. Got me confused.

1 MR. COLLINS: Section 4E of your contest
2 rules says, the Board will select the overall winning
3 name from among the award winners and the
4 at-large-winner. That's what I was talking about.

5 And there is -- at this point, procedurally,
6 there's a motion and a second on the floor.

7 CHAIRMAN McCUSKER: Is this something
8 different than you read, Nancy?

9 MS. MONTOYA: No. I think we're looking at
10 the same thing. I saw that as well.

11 We did try to make a provision that if you
12 were to choose a combination of the names as the final,
13 that you could split the prize. So I'm just not sure
14 if --

15 MR. MOORE: Like coming up with no name.

16 MS. MONTOYA: There is no name really. You
17 like that name, but that's not really the name you're
18 going to use.

19 MS. COX: I don't think that's been decided.
20 That was just my personal opinion. I'm not speaking
21 for the Board, but we did not change the name.

22 MS. MONTOYA: Okay. I think then if we do
23 select that name as the final winner, then, of course,
24 the grand prize goes to the student from Sunnyside.

25 MR. IRVIN: Can I ask a question on that?

1 MS. MONTROYA: Sure.

2 MR. IRVIN: So under your scenario that you
3 just outlined, was it assumed that maybe you liked the
4 name, this part is somebody's thing and this part is
5 somebody's, so you grab a couple pieces and put them
6 together, and that's why that clause was really
7 written?

8 MS. MONTROYA: I think when we met with
9 Fletcher and Mr. Moore we thought -- well, we tried to
10 think of all the what-ifs. What if we liked a little
11 bit of this, a little bit of that, so that if we had
12 five names or six names, and had a piece of all of
13 that, we could figure out a way to share the prize
14 among them.

15 CHAIRMAN McCUSKER: What we didn't plan for
16 was the event that we selected no name.

17 MS. MONTROYA: No name.

18 MR. MOORE: That would be the same case.

19 MR. RITCHIE: If I may add something.

20 I was one of the no votes in the very
21 beginning. I thought this had good intentions, but I
22 felt like we needed to keep our name, just keep forward
23 with our mission.

24 Again, although it's admirable these kids all
25 entered into this contest, if we are not really picking

1 a winner, to me, it's a waste. Although it's a small
2 amount of money, the intent -- it's taxpayer money that
3 is going to pay for something that we're not going to
4 use.

5 So I would like to make the motion.

6 CHAIRMAN McCUSKER: We have a motion.

7 MR. RITCHIE: I would like to make the
8 comment that, you know, I'm against it, awarding money
9 and/or changing the name.

10 MS. MONTOYA: If I might interject here, that
11 is one of the options. The Board -- we wrote it into
12 the rules that the Board can decide, we don't like any
13 of these names, at which point that thousand-dollar
14 grand prize is not awarded.

15 So that is certainly doable, I think.

16 CHAIRMAN McCUSKER: Seems like we've, Mark,
17 we've kind of cornered ourself with a technicality of
18 our own doing, that, you know, the combination of names
19 would allow us to split amongst two or more.

20 You know, is it that far removed that you
21 could split it amongst all six of the winners? I
22 mean --

23 MR. COLLINS: The applicable provisions of
24 the contest rules, I read one of them, you shall pick
25 an overall winner. There's another provision that

1 says, in its sole and absolute discretion the Board may
2 elect not to use any of the names selected.

3 So to the extent that you are talking about
4 putting yourself in a corner is -- it's interesting to
5 me.

6 There's a motion on the floor.

7 CHAIRMAN McCUSKER: It wouldn't be legally
8 appropriate to do -- let me kind of get back to
9 Robert's Rules of Order.

10 We have a motion and a second.

11 MR. COLLINS: Right.

12 CHAIRMAN McCUSKER: Jannie, unless you want
13 to withdraw that and someone initiate a substitute
14 motion, there is a conversation about splitting it
15 rather than identifying a single award winner.

16 So you made the motion. We can proceed with
17 the vote.

18 MR. SHEAFE: Wait a minute.

19 CHAIRMAN McCUSKER: She has a motion, there's
20 a second. We have to vote on it.

21 MR. SHEAFE: What are we being told we can't
22 do?

23 CHAIRMAN McCUSKER: We have a motion which
24 we're obliged to vote on, unless she withdraws or
25 amends the motion or accepts the substitute motion.

1 Mr. Robert would be quite impressed.

2 So we got to do one of those three things.

3 MR. IRVIN: As point of clarification, we're
4 not voting to change the name yet. That's the next
5 agenda item. We're only voting on what's our top
6 choice.

7 MR. COLLINS: I think Ms. Cox's motion -- to
8 me, Ms. Cox's motion made that clear.

9 And I concur with the Chairman, unless Board
10 Member Cox withdraws her motion, you've got to vote on
11 it.

12 MS. COX: My motion stands.

13 CHAIRMAN McCUSKER: Okay. We have a motion
14 and a second.

15 Michele, call roll.

16 Hang on. Make sure everybody's paying
17 attention.

18 Jannie's motion is to award the scholarship
19 to Shantelle Lopez from Sunnyside. That's all we're
20 discussing at this point.

21 Michele, call the roll.

22 MS. BETTINI: Cody Ritchie.

23 MR. RITCHIE: No.

24 MS. BETTINI: Alberto Moore.

25 MR. MOORE: No.

1 MS. BETTINI: Chris Sheafe.

2 MR. SHEAFE: No.

3 MS. BETTINI: Mark Irvin.

4 MR. IRVIN: Yes.

5 STPHRAO: Jannie Cox.

6 MS. COX: Yes.

7 MS. BETTINI: Fletcher McCusker.

8 CHAIRMAN McCUSKER: Crap.

9 MR. SHEAFE: Go ahead.

10 CHAIRMAN McCUSKER: I vote no.

11 (Board votes and motion fails.)

12 CHAIRMAN McCUSKER: Mr. Moore.

13 MR. MOORE: I would like to make a motion
14 that we award or split the thousand-dollar scholarship
15 amongst the six participants equally.

16 CHAIRMAN McCUSKER: We should acknowledge the
17 last motion failed to pass, so he's making a substitute
18 motion to award it equally.

19 MR. SHEAFE: Second.

20 CHAIRMAN McCUSKER: Anybody want to discuss
21 that any further?

22 Michele, call the roll.

23 MS. BETTINI: Cody.

24 MR. RITCHIE: No.

25 MS. BETTINI: Alberto Moore.

1 MR. MOORE: Yes.

2 MS. BETTINI: Chris Sheafe.

3 MR. SHEAFE: Yes.

4 MS. BETTINI: Mark Irvin.

5 MR. IRVIN: No.

6 MS. BETTINI: Jannie Cox.

7 MS. COX: Yes.

8 MS. BETTINI: Fletcher McCusker.

9 CHAIRMAN McCUSKER: Yes.

10 (Board votes and motion carries.)

11 CHAIRMAN McCUSKER: That's a four-to-two
12 vote. We've approved splitting the money amongst six
13 contestants.

14 Michele will notify them, send them all a
15 nice little letter thanking them for their support.

16 That kind of makes item 14 moot. But to the
17 extent that we've talked about it, I believe no action
18 is probably the appropriate action, since we have a
19 name and we're not planning to change our name.

20 MR. COLLINS: I would -- if that's the vote
21 of the Board, no action would be the appropriate
22 action.

23 CHAIRMAN McCUSKER: Okay. All right.

24 So back to this last item. Chris, you and I
25 are recused from item number 10. We'll come back to

1 call for the outcome.

2 MR. IRVIN: So there's a little history, and
3 I think just information for the audience, one of the
4 things that is part of our primary component is things
5 that around the convention center. So we've had a
6 number of discussions today about a number of things,
7 whether it's Allen Norville's project and other things.

8 One of the things that we've been in
9 discussions with, and that the Board asked me to go and
10 kind of explore, was what would it take to purchase La
11 Placita, what would that look like, who would we
12 partner on that. I think there's been a lot of
13 discussions ongoing on the District level trying to
14 figure out, you know, is that something that we have an
15 interest in, how would we use it, who would we partner
16 with. There's been discussions with everybody from the
17 University to Pima County to City and to others.

18 And we're still trying to figure out things
19 relative to value, exactly what we would ultimately do
20 with that property. But I don't think there's any
21 question that we look at it as a strategic piece that
22 really has a benefit to the District and one that we
23 need to explore. We still have a lot of work to do on
24 it.

25 I had actually asked Jannie if she would get

1 involved with looking at La Placita, meeting with the
2 various parties, talking about it, brainstorm about it.
3 She also sits with Fletcher on the ULI group, so she's
4 very informed on some of their thoughts and ideas
5 relative to La Placita.

6 At some point in time we have to get our arms
7 around it, and I'd like to see us kind of formalize
8 that process a little bit.

9 So, Jannie, I know you have had some thoughts
10 and ideas, maybe a motion that you thought about. Do
11 you want to talk about that?

12 MS. COX: Yes, Mr. Chairman, I have a motion.

13 I move to direct staff counsel and one or
14 more Board members, including Mark Irvin, to work with
15 the La Placita property owners to draft the Board's --
16 for the Board's consideration the potential approval at
17 a future meeting an agreement to purchase the La
18 Placita property, including the rights to the adjacent
19 parking garage, pursuant to the direction provided to
20 counsel and staff, and provided that any proposed
21 purchase price is supported by appropriate appraisals.

22 The agreement complies with all applicable
23 statutes and includes all appropriate due diligence and
24 inspection provisions prior to closing.

25 MR. IRVIN: We've got a motion. Do we have a

1 second?

2 Is it appropriate for me to make a second?

3 MR. COLLINS: You can second it.

4 MR. IRVIN: I would like to make a second.

5 Then I would also ask that Jannie consider in
6 her motion, when she talked about one or more Board
7 members, including myself, that she also add herself to
8 that list, because she's been very involved in those
9 meetings, and I would like to see her continue to do
10 so.

11 MR. COLLINS: Amend the motion.

12 MS. COX: So amend.

13 MR. IRVIN: To be clear, Jannie, on your
14 motion we're not asking anybody to approve anything.
15 We're asking them to approve, in principal, that we
16 would go and explore this property and then come back
17 to the Board with the information that they would need
18 to make an informed decision, including an appraisal
19 and, honestly, a bunch more work on our part, to talk
20 about what we would actually do with the property.

21 MS. COX: That is correct.

22 MR. IRVIN: We've got a motion and a second.

23 Is there any further discussion?

24 MR. MOORE: My only concern is that I thought
25 we're really looking at a study or review. I think

1 there's too much detail in what you're suggesting, that
2 we might have to fulfill some of those commitments.
3 And I thought we were just looking at the overall
4 project, looking at how does it really affect Rio Nuevo
5 and its future, and how it relates to -- you know, I
6 think that's what a committee should do.

7 But these other details that Jannie and
8 yourself have added to this, I don't like those
9 commitments. I'd rather have it much more general.
10 You review it, talk to the owners or whatever, and see
11 what they're proposing, and then come back and see if
12 we want to continue with it.

13 MR. RITCHIE: It's my understanding, Mr.
14 Chairman, that -- Jannie, correct me if I'm wrong, in
15 your motion that you are just making the recommendation
16 that we're contributing time, but no dollar amounts at
17 this time. There's not one nickel of Rio Nuevo's
18 dollar.

19 MS. COX: That is correct. There would be no
20 money expended for anything.

21 This would be the time Mark and I put in to
22 talking with the owners of La Placita, and there would
23 be no decisions made. Only information gathered about
24 the property and the wishes of the property owners. We
25 would bring that back to the Board for consideration,

1 and there is obligation on our part whatsoever.

2 MR. RITCHIE: Yeah, I can support the motion,
3 as long as there's a caveat that we don't spend a
4 nickel of Mark's time or -- other than the developer
5 and owner of that parcel contributes their own
6 resources into this.

7 MR. IRVIN: Counsel, do you want to comment
8 on that at all?

9 MR. COLLINS: Well, I think, Mr. Secretary,
10 and members of the Board, I think the motion
11 contemplates some of my time being spent.

12 MR. RITCHIE: Can you give an estimate maybe?

13 MR. COLLINS: At this stage of the game, I
14 can't. I mean, Mr. Irvin and Ms. Cox have looked at
15 all the documents.

16 My concept of this right now, as I understand
17 it, is I would have a limited amount of time involved
18 in it until something comes back to the Board.

19 But I think what these folks are talking
20 about is going beyond the sitting around the table and
21 talking.

22 MR. RITCHIE: Again, I would -- maybe we can
23 come up with some sort of dollar amount of your time.
24 I respect the work you do and everything, but I don't
25 want to spend a ton of our resources if it's something

1 we're not going to do.

2 MS. COX: I think we have to consider that
3 we're going to need some legal advice to decide step by
4 step whether or not it's something we can or can't
5 proceed with. And I think that is going to require at
6 least a limited amount of Mr. Collins' time.

7 MR. IRVIN: Mark, correct me if I'm wrong, I
8 think we've been looking and exploring this on a very
9 informal basis. And, you know, I think if we weighed
10 our time versus yours, I'm thinking that we got you 100
11 to one. Am I exaggerating that?

12 MR. COLLINS: Yeah. Mr. Irvin, I have
13 spent -- other than meeting and talking with you, I
14 have spent no time on this project.

15 MR. RITCHIE: Did I hear you say, educated
16 guess, maybe 10 hours?

17 MR. COLLINS: Yeah. Just trying to ballpark.

18 I know a little bit about the stacks of paper
19 that Mr. Irvin and Ms. Cox have gathered. I have a
20 general concept of what is going on.

21 I think that before the next coming back to
22 the Board, I think that would be a fair estimate.

23 MR. IRVIN: All right.

24 MR. RITCHIE: Just want to be sure it's not
25 10,000 hours.

1 MR. COLLINS: Sure.

2 MR. RITCHIE: It happened before we all
3 joined the Board here. Not with you, but --

4 MR. COLLINS: No. I'm telling you, I'll
5 commit now, I won't spend more than 10 hours. If
6 that's a condition, I'm happy to spend not more than 10
7 hours on this.

8 MR. IRVIN: So I call for the vote.

9 Michele, do you want to --

10 MS. BETTINI: Cody Ritchie.

11 MR. RITCHIE: Yes.

12 MS. BETTINI: Alberto Moore.

13 MR. MOORE: No.

14 MS. BETTINI: Jannie Cox.

15 MS. COX: Yes.

16 MS. BETTINI: Mark Irvin.

17 MR. IRVIN: Yes.

18 (Board votes and motion carries.)

19 MR. IRVIN: Motion carries three to one.

20 Fletcher, come back and get your gavel.

21 CHAIRMAN McCUSKER: The entire Board is
22 seated.

23 I think the only thing left on the agenda is
24 call to the audience.

25 Michele, do you have anything?

1 MS. BETTINI: No.

2 CHAIRMAN McCUSKER: All right.

3 Entertain a motion to adjourn.

4 MS. COX: So move.

5 MR. IRVIN: Second.

6 CHAIRMAN McCUSKER: All in favor say aye.

7 (Board votes unanimously and motion carries.)

8 CHAIRMAN McCUSKER: We stand adjourned.

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