

RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
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2:30 p.m.

REPORTED BY:

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1 CHAIRMAN McCUSKER: Okay. We're going to call
2 this meeting to order. It is 2:30 by the official clock.

3 Mr. Marquez, will you please lead us in the
4 pledge.

5 (Pledge of Allegiance)

6 CHAIRMAN McCUSKER: Michele, call the roll.

7 MS. BETTINI: Edmund Marquez.

8 BOARD MEMBER MARQUEZ: Here.

9 MS. BETTINI: Jannie Cox.

10 BOARD MEMBER COX: Here.

11 MS. BETTINI: Chris Sheafe.

12 BOARD MEMBER SHEAFE: Here.

13 MS. BETTINI: Fletcher McCusker.

14 CHAIRMAN McCUSKER: Here.

15 MS. BETTINI: Mark Irvin.

16 BOARD MEMBER IRVIN: Here.

17 CHAIRMAN McCUSKER: Mr. Hill is absent and
18 Mr. Ritchie's on his way; correct?

19 All right. We have a quorum. You have the
20 transcription from the April 26th and the May 4th meeting.
21 I would entertain a motion to approve.

22 BOARD MEMBER IRVIN: So moved.

23 BOARD MEMBER MARQUEZ: Second.

24 CHAIRMAN McCUSKER: So let's do the April 26th
25 first.

1 Mr. Irvin?

2 BOARD MEMBER IRVIN: So moved.

3 CHAIRMAN McCUSKER: Second, please.

4 BOARD MEMBER MARQUEZ: Second.

5 CHAIRMAN McCUSKER: All in favor say aye.

6 (Motion made, seconded and carried unanimously)

7 CHAIRMAN McCUSKER: For those of you in the
8 audience, we typically go into executive session first.
9 This should be a pretty short one, 30 minutes, 40 minutes,
10 and then we'll be right back to start on the public agenda,
11 so I need a motion to recess.

12 BOARD MEMBER IRVIN: So moved.

13 BOARD MEMBER MARQUEZ: Second.

14 CHAIRMAN McCUSKER: All in favor say aye.

15 (Motion made, seconded and carried unanimously)

16 CHAIRMAN McCUSKER: See you back here in a few
17 minutes.

18 (Recess)

19 CHAIRMAN McCUSKER: Motion to reconvene, please.

20 BOARD MEMBER IRVIN: So moved.

21 CHAIRMAN McCUSKER: Second?

22 BOARD MEMBER MARQUEZ: Second.

23 CHAIRMAN McCUSKER: All in favor say aye.

24 (Motion made, seconded and carried unanimously)

25 CHAIRMAN McCUSKER: Thank you, everyone. It was

1 a little longer than we thought. As you can tell, we have a
2 number of very complicated legal conversations in front of
3 us.

4 Just to touch on the agenda quickly, this is the
5 time we set aside every year to go through our budget. That
6 will actually be a separate hearing which we'll call kind of
7 in the middle of the meeting. If anyone wants to make a
8 comment on the budget or our budgeting practice, we will
9 hear your comments separately in the call to the audience.

10 I am going to move item 13 up just because our
11 friends from FSL are here and there's no reason for you guys
12 to sit around all afternoon while we go through the rest of
13 our business.

14 As you can tell from our agenda, this is a very
15 exciting and busy time for Rio Nuevo. We're actually
16 beginning to see serious traction in a number of things that
17 we have been dreaming about. We can confirm -- I think
18 you'd have to live in a hole if you hadn't heard that the
19 Coyote's AHL franchises is indeed coming to Tucson. That
20 was a very complicated and complex tri-party conversation
21 between Rio Nuevo and the City of Tucson and the team, but
22 we can tell you now that they should skate their first game
23 in October.

24 If you were at our last meeting, I think you
25 heard us talk about the AHL, American Hockey League, had

1 been to the arena. The design work that we're doing, the
2 \$3.7 million, is specifically to secure AHL approval for our
3 arena.

4 Elaine Becherer, bless her heart, is the project
5 manager for that project as we continue to work our way
6 through the TCC renovation. We're highly confident that we
7 will have a skatable arena for them in October. That also
8 includes upgrades to the ice and chilling systems. It also
9 includes upgrades to the Wildcat's facility. So we're
10 getting a lot of mileage out of that \$3.8 million.

11 If you've driven down Broadway eastbound lately,
12 you've been caught up in the AC construction traffic that we
13 think is a year away.

14 Mark?

15 BOARD MEMBER IRVIN: Should be summer of next
16 year, absolutely. They're on the fifth floor right now.

17 CHAIRMAN McCUSKER: And we hope to advance some
18 other of our agendized projects here today.

19 Economically the TIF has never done better.
20 We've had record TIF income in the last several months.
21 You'll see some of that reflected in our budget. And, of
22 course, we recently refinanced our bonds, which were
23 re-rated recently as A plus. So Rio Nuevo's in pretty good
24 shape. Our motto between Mark Irvin and myself is, if we
25 had any money, we'd be dangerous.

1 BOARD MEMBER IRVIN: That and go big or go home.

2 CHAIRMAN McCUSKER: Yeah.

3 So let's go ahead and deal with item 13, the
4 Marist College, and the renovation across the street from
5 the TCC.

6 To refresh your memory, the Foundation for Senior
7 Living is a very well established senior housing developer
8 statewide. They have under contract a project at the Marist
9 and across the street from the Marist. They have applied
10 for LITEK funding. We've agreed to contribute a small
11 amount to that 24-million-dollar project in order for them
12 to maximize their points. They are right in the middle of
13 that scoring. And it appears that our original request is
14 going to be a little light. We're going to ask the board to
15 approve a 350,000-dollar budget for that project as opposed
16 to the 319 you approved a meeting ago.

17 And we will be able to walk through here with
18 Mr. Collins the terms of that arrangement because the
19 principals need to be able to go to the LITEK scorers with
20 more than just a nice letter from Rio Nuevo. We actually
21 need to firm up the deal.

22 So, Mark, if you'll kind of walk us through what
23 we're thinking.

24 Again, to contribute, we have to contribute to
25 publicly owned land, which were prepared to -- they're

1 prepared to deed us a parcel that would meet that standard.

2 So walk through kind of where you think we're
3 headed.

4 MR. COLLINS: Mr. Chairman, members of the board,
5 as I understand the potential arrangement, it will involve a
6 payment by the board to the developer, Mr. Teufel or
7 whatever company he uses for this, of \$350,000 in exchange
8 for which you'll get a parcel of property that's part of
9 this project.

10 That's important because, as you folks know, you
11 can only expend money on government-owned property whether
12 it's owned by you, the city or the county. There is -- as I
13 understand it, the discussion has been that there will then
14 be an option to repurchase that agreement -- or that parcel
15 from the developer for X number of dollars. That will
16 require a written agreement. It will require a memorandum
17 of option. It would be part of the record on this piece of
18 property.

19 None of that is rocket science, even a lawyer can
20 do it, but that's the basic foundation as I understand it.
21 And, in my opinion, because you'll own the property, because
22 there's going to be a written agreement on how that money
23 can come back to you folks and whether there's any interest
24 or whatever is paid, satisfies your requirements. The only
25 question is if it is TIF revenue, the city's got to approve

1 it over \$50,000. But if it's not TIF --

2 CHAIRMAN McCUSKER: So we probably really don't
3 have time to agendize this at the city council, our
4 requirement for them to concur?

5 MR. COLLINS: No. No. You -- you can approve
6 the \$350,000.

7 CHAIRMAN McCUSKER: And not use TIF dollars?

8 MR. COLLINS: And not use TIF dollars.

9 CHAIRMAN McCUSKER: Then we don't need the city's
10 concurrence?

11 MR. COLLINS: Then you would not need the city's
12 concurrence. You have separate sources of income as you've
13 all heard me mention before. But this transaction does need
14 to be documented. At the request of the board, I prepared a
15 letter that the developer could use today, but it's all
16 subject to a rather simple series of documents.

17 CHAIRMAN McCUSKER: The principals are here if we
18 want to -- Steve and his partners -- if you want to ask any
19 questions of the developer.

20 BOARD MEMBER COX: So we're just talking about
21 increasing our loan from 319 to \$350,000?

22 CHAIRMAN McCUSKER: Yeah. And we've tightened up
23 some of the unknowns of the original terms. We will take
24 title to a parcel.

25 MR. COLLINS: Correct.

1 CHAIRMAN McCUSKER: We will --

2 MR. COLLINS: Grant an option.

3 CHAIRMAN McCUSKER: -- lease that parcel back to
4 them for a nominal amount.

5 MR. COLLINS: Well, for -- yeah.

6 CHAIRMAN McCUSKER: A dollar, some number.

7 MR. COLLINS: Some number.

8 CHAIRMAN McCUSKER: There has to be some
9 consideration. They will have an option to acquire that
10 back for the --

11 MR. COLLINS: For 350.

12 CHAIRMAN McCUSKER: -- the same amount over some
13 period of time.

14 MR. COLLINS: Right.

15 CHAIRMAN McCUSKER: It's really a pretty simple
16 transaction.

17 MR. COLLINS: It is.

18 BOARD MEMBER SHEAFE: Do they want to comment?

19 CHAIRMAN McCUSKER: We probably should hear that
20 you guys are comfortable that this is going to get you where
21 you need to go. Introduce yourself for the transcriptionist
22 and launch away.

23 MR. HASTINGS: Thank you very much. My name's
24 Steve Hastings with The Foundation for Senior Living. I'm
25 the director of real estate services. And our request is

1 respectfully to ask for an increase from 319 to 350,000,
2 that the Rio Nuevo District would then buy a parcel of the
3 project from the ownership entity, which is FSL Padre Kino
4 Village, LLP, which is a wholly owned subsidiary of The
5 Foundation for Senior Living. And hopefully we can have
6 that term of the lease extend at least 15 years for a dollar
7 per year. And if we can get that kind of into a letter by
8 the end of this week, I think we can get this project done.
9 This is perhaps the most exciting thing the foundation's
10 ever worked on.

11 CHAIRMAN McCUSKER: You want to just kind of
12 remind us? A lot of people, I think, in the audience maybe
13 didn't see your original presentation. What are your plans
14 there? I know this includes saving the Marist, which were
15 very excited about, so kind of just summarize at a high
16 level what your plans are.

17 MR. HASTINGS: Well, there are two major things
18 to accomplish. One is the Marist College, which, as you
19 know, is a 100-year-old, three-story building structure. a
20 good solid infrastructure. It's perfect for remodel. And
21 we'll place eight senior units, all affordable, in that
22 building. And the bottom floor that opens out into Ochoa.
23 It would be a nice community center for the seniors and the
24 surrounding community.

25 And then down the street at 111 South Church,

1 we've already purchased and own the old diocese office,
2 which is a two-story building which will be demolished and a
3 seven-story building brought up for affordable housing for
4 seniors, fantastic amenities in it, not least of which is
5 the top floor which will have some outdoor space, some patio
6 space, some senior meeting space.

7 So, again, it's probably the most significant
8 project we've done. And we've worked in most cities around
9 the state. If you want to visit any of our properties, I
10 think we'd be grateful for your time and be happy to show
11 you.

12 CHAIRMAN McCUSKER: And again refresh our memory
13 on why our little \$350,000 is going to matter to the
14 LITEK --

15 MR. HASTINGS: Well, the low income housing tax
16 credit program is over-subscribed in applications every
17 year. It really becomes a game of inches. And so in the
18 scoring matrix, to get a score high enough, you need to have
19 a couple of things happen, one of which was we need to be on
20 the light rail, which this property qualifies for, but in
21 addition, we need a local contribution. The local
22 contribution gives us a full five points. When we made our
23 first request of 319, we were about \$15,77,000 in expenses
24 and now we're pushing 16, so we needed a little bit more
25 money to preserve that five percent ratio. Five percent of

1 the construction comes from a local participant and you
2 folks.

3 CHAIRMAN McCUSKER: Do you have a site plan,
4 Michele? Is there --

5 MS. BETTINI: No.

6 CHAIRMAN McCUSKER: This is the corner of
7 Broadway and Church where the current dioceses is, so that
8 will be demolished; right, Steve?

9 MR. HASTINGS: Yes.

10 CHAIRMAN McCUSKER: And replaced with this
11 mid-rise.

12 MR. HASTINGS: And the pink is --

13 BOARD MEMBER COX: And the dioceses offices
14 are --

15 CHAIRMAN McCUSKER: They're moving across the
16 street to the church.

17 BOARD MEMBER COX: Okay.

18 MR. HASTINGS: We've already purchase it.
19 They're currently our tenants in that property.

20 CHAIRMAN McCUSKER: And this parcel in the pink
21 is the parcel that we would acquire; right, Steve?

22 MR. HASTINGS: Yes. Correct, aptly labeled RN
23 for Rio Nuevo.

24 CHAIRMAN McCUSKER: Any questions for Steve?

25 (No oral response).

1 CHAIRMAN McCUSKER: Okay. So we would need a
2 motion somewhere along the line to approve 350,000 as
3 opposed to 319,000 and instruct counsel to complete the
4 documentation so they can present it.

5 BOARD MEMBER COX: So moved.

6 BOARD MEMBER MARQUEZ: Second.

7 CHAIRMAN McCUSKER: All in favor say aye.

8 (Motion made, seconded and carried unanimously)

9 CHAIRMAN McCUSKER: Six-zero the motion passes.
10 Gentlemen, thank you very much.

11 MR. HASTINGS: Thank you very much.

12 CHAIRMAN McCUSKER: Mark, do you want to show
13 them the draft where the --

14 MR. COLLINS: Yeah. You can go ahead, Mr.
15 Chairman. I'll talk to --

16 CHAIRMAN McCUSKER: Okay. We're going to go back
17 to the start of the agenda.

18 Mr. Meyers.

19 MR. MEYERS: Hi. Dan Meyers, CFO of Rio Nuevo.

20 Okay. From a cash standpoint, as of April 30th,
21 we've got about \$7.8 million in the Alliance Bank operating
22 account, about \$5 million in the Alliance Bank ICS account,
23 about \$400,000 in the Bank of Tucson operating account and
24 about \$5 million at Bank of Tucson ICS account for a total
25 of 18.2 million.

1 In addition to that, in May we received a couple
2 TIF payments sitting in Zion's account, about 2.3 million,
3 so at our discretion, we can move that over into our other
4 accounts. I like to leave some money in there just in case
5 somebody's TIF number comes in low and we may have to keep
6 some money in reserves over there, but I think we'd be safe
7 to move that at this point in time.

8 Our February increment, which we received in May,
9 was \$1.1 million in TIF revenue. That makes an average of
10 the money we've actually collected for fiscal year for eight
11 months of 915,000. And, if you recall, we've been budgeting
12 that for 825,000.

13 As far as commitments go, we've had about
14 \$18 million in commitments at this point in time. The major
15 one is the garage at the AC Marriott Hotel, 4.29 million, \$2
16 million going out to Caterpillar to assist the move,
17 approximately 3.7 million for the Coyotes and the TCC, and
18 then approximately 3.4 million for the Mercado annex and
19 purchasing the performance bonds, which was done earlier
20 this month.

21 So those commitments are 17.9. So, as you can
22 see, we've got quite a bit of cash now. We've got quite a
23 bit of cash committed. I think when we get to the budget,
24 this will look even better, but that's the status as of
25 today.

1 One other note. We've selected -- went through
2 the proposals for the database. Michelle and I reviewed
3 those and we've selected Fast Rhino to come in and get our
4 database going so we can track TIF revenue more efficiently.
5 And that should be accomplished within the next 60 days.

6 BOARD MEMBER SHEAFE: So you have that done?

7 MR. MEYERS: Beg your pardon?

8 BOARD MEMBER SHEAFE: You've made that selection?

9 MR. MEYERS: Yes. We had three proposals, three
10 totally different ones. We think this is the way to go.

11 CHAIRMAN McCUSKER: The actual outflow, Mark, of
12 the AC payment is probably -- we're a year out. It's --

13 BOARD MEMBER IRVIN: Probably June, July of next
14 year.

15 CHAIRMAN McCUSKER: So it's conceivable it could
16 be in the current fiscal year but toward the end of it.

17 MR. MEYERS: Yeah. When we see our budget,
18 you'll see I've got it budgeted for -- by next -- next June.

19 BOARD MEMBER IRVIN: That thing's tied to the
20 certificate of occupancy. I think they'll probably finish
21 substantial construction, you know, probably in May, June.
22 That's what triggers our deal.

23 BOARD MEMBER RITCHIE: Why can't they start the
24 first rooms?

25 BOARD MEMBER IRVIN: My understanding is that

1 they want to just kind of do a soft opening where they're
2 not doing anything for probably a couple months to get staff
3 trained and what have you, so I don't think they're really
4 keyed up to do that until really the fourth quarter.

5 BOARD MEMBER RITCHIE: Of next year?

6 BOARD MEMBER IRVIN: Uh-huh.

7 BOARD MEMBER RITCHIE: For the football game?

8 BOARD MEMBER IRVIN: Right.

9 BOARD MEMBER MARQUEZ: I have a question.

10 CHAIRMAN McCUSKER: Yes.

11 BOARD MEMBER MARQUEZ: I love that we refinanced
12 the bonds and we saved millions of taxpayer dollars. I'm
13 just curious, though. Usually -- similar to you refinance a
14 house, you have one month without that monthly payment
15 because it comes out of your closing, but basically you're
16 without a monthly payment. Would that happen with the
17 bonds? Did we save a payment on the bonds?

18 MR. MEYERS: Well, I think about 3.3 million is
19 in an account from those proceeds. They'll be paid out July
20 15th for the first bond payment. And then there's no other
21 principal payment until July of 2017. However, we are
22 required to put money aside so that by the end of next year,
23 all that money is put away in a separate account and we're
24 sure we can pay for bond payments. So we're going to be
25 putting aside over \$700,000 a month starting July to prepare

1 for that.

2 BOARD MEMBER MARQUEZ: Okay.

3 CHAIRMAN McCUSKER: It was quarterly paid, right,
4 the old bond? So we probably didn't really -- was it a
5 monthly payment or quarterly payment?

6 MR. MEYERS: You know, Wells Fargo kind of kept
7 track, but it was money put aside every month.

8 CHAIRMAN McCUSKER: But they didn't really --
9 they didn't -- so the short answer's no, we didn't really
10 skip a payment. You know, we went from one bank to another
11 and one reserve account to another, so we didn't really ever
12 stop paying on the bonds.

13 MR. MEYERS: No.

14 BOARD MEMBER SHEAFE: We were going to move some
15 money. When is that going to happen?

16 MR. MEYERS: We're waiting for Compass to get the
17 paperwork in. The last I heard, we were waiting on Compass
18 to provide the paperwork.

19 MS. BETTINI: I have paperwork to be signed. And
20 then once you guys sign and I fax it, five days we can have
21 everything set up and moved.

22 MR. MEYERS: Any other questions?

23 CHAIRMAN McCUSKER: Any questions for, Dan?

24 (No oral response)

25 CHAIRMAN McCUSKER: Thank you very much. Nice

1 job.

2 MR. MEYERS: Thank you.

3 CHAIRMAN McCUSKER: Okay. So this is the time we
4 set aside for hearing and a presentation of our fiscal 2017
5 budget. This is a budget that starts July 1st and goes to
6 June 30, 2017. So I will call that hearing to order.

7 Mr. Meyers.

8 MR. MEYERS: Okay. This is -- this is kind of a
9 fun budget to prepare. Some of the numbers are
10 significantly different than last year, some are the same.

11 CHAIRMAN McCUSKER: Make sure Becky gets one. I
12 know she loves budgets.

13 MR. MEYERS: Okay. So the first -- first item
14 that we've done is we raised the budgeted income from
15 \$825,000 a month to a million a month. And that's based on
16 our collections of the past few months, the fact that
17 overall year to date, you know, it's gone up from 825 to 915
18 the last two months. It's now over 1.1 million. I think
19 we're doing a better job tracking it. I think we're doing a
20 better job asking questions, so I think that million dollars
21 a month is a pretty good number.

22 The rest of the revenue items, no significant
23 change there. You can see the rental income from the TCC.
24 That's what's used to pay the -- I believe it's the 2008
25 cops bonds.

1 Marketing, we bumped that up fairly significantly
2 from 160,000 to about 235. We've got some special projects
3 in there we're going to try to jump into.

4 Let's see. We've got a couple hundred
5 thousand dollars set aside for various projects, surveys,
6 professional fees, things like that. A lot of that will be
7 related to the Caterpillar project.

8 BOARD MEMBER RITCHIE: Can I ask what the
9 marketing is for?

10 CHAIRMAN McCUSKER: We're going to come back and
11 go into that. Just let him hit the high level and we'll
12 come back to it.

13 MR. MEYERS: Two items in here regarding -- or
14 three items regarding auditing. Our annual audit with Beach
15 Fleischman, actually it's come down the last couple years.
16 I think we're doing a good job of getting them information
17 and getting in and out of the -- the audit.

18 We've got a performance audit coming that's done
19 every three years. That quote was for 71,500. That will be
20 starting any day now. And then there's still the completion
21 of the forensic audit. And that's estimated at \$30,000.
22 It's ongoing. They're trying to get that thing wrapped up
23 and put to rest once and for all.

24 Going down the page, again there's no significant
25 changes from the prior year. The bottom line on that first

1 page is the interest. That's on the new bonds that I spoke
2 about a little bit ago. That will be paid in July of
3 2000 -- the first half will be paid in January of 2015 -- 17
4 and the second half in July 2015.

5 Flipping the page, you'll see the principal
6 payment of \$6 million. Again that's July of 2017. So that
7 money's in the budget because every month we're required to
8 put money aside to prepare for those actual payments.

9 You see on the second page again I'm anticipating
10 approximately \$900,000 in additional cash being generated in
11 May and June if we collect our TIF revenue and we pay some
12 bills.

13 We've got about \$18 million in the bank as of
14 April 30th. We've got the 2.3 million I referred to earlier
15 sitting in the Compass account that we -- reserve account
16 which we have access to. And then below that, you'll see
17 all the projects that we talked about earlier as well.

18 So if all goes as expected, we should generate
19 about six, six and a half million dollars next year in cash.

20 CHAIRMAN McCUSKER: Okay. So to go back through
21 the admin budget, which is the thing we spend the most time
22 on, we are asking for a small increase in staff salaries.
23 We're asking for no monetary increase in our legislative
24 liaison. We're expecting Dan's hours -- remember Dan is a
25 consultant contractor to us. We do expect his hours to go

1 up with all the auditing activity.

2 The marketing line item we left level. We
3 budgeted 160 last year. We spent 126. We're asking for 160
4 again. Jannie and Edmund have done most of that planning
5 and can talk specifically if you have questions.

6 The difference there in what we've asked Dan to
7 identify is special projects, which include four items there
8 that are really kind of one-time items that are not
9 necessarily ongoing marketing commitments. The first one
10 there, the site selector conference, in March of 2017, the
11 universe of site selectors, the kind of people that helped
12 pick Tucson for Caterpillar, their annual conference is at
13 Starr Pass and we've been invited to have some displays and
14 welcome to Tucson kind of activity there. I think it's
15 really smart for us to do that, particularly right on the
16 heels of having landed Caterpillar.

17 The bike share program, if you haven't been
18 following that, the city is committed to a bike share racks
19 and kiosk system. You've probably seen them in other cities
20 where there are various bikes parked around different
21 locations in town. You swipe your credit card, ride off on
22 your bike and park it someplace else.

23 They are interested in branding some of those
24 geographically. We've expressed some interest, Cody, in
25 branding the downtown bike share --

1 BOARD MEMBER RITCHIE: A question for you. When
2 I was in New York, I noticed that Citibank sponsors that and
3 in all the other cities I've been, I've never seen kind of a
4 governmental entity sponsoring a bike share program,
5 although I like it in concept.

6 CHAIRMAN McCUSKER: Many of them have a single
7 sponsor. Nike's a sponsor someplace and there are a lot of
8 bank sponsors. What we've heard so far, they've not had
9 anyone in Tucson step up to sponsor the whole program.

10 It's several hundred thousand dollars, Jannie,
11 right?

12 BOARD MEMBER COX: It's 400. Ideally they --
13 they need to bring together 400,000.

14 CHAIRMAN McCUSKER: Yeah. So they've been
15 looking for more smaller partners. They approached us about
16 do we want our brand on the downtown kiosk.

17 Caterpillar, this is some advertising at the
18 airport. If you go to Milwaukee, you'd see that Milwaukee's
19 the Harley Davidson headquarters everywhere in the airport.
20 We would like to do something like that for Cat.

21 The carryover from last year, which we've never
22 launched, we would like to do a state of downtown event
23 where we host a luncheon or, you know, reception-type
24 conference. We will do that at the TCC and invite
25 participants to come hear about all the exciting things that

1 are happening in downtown Tucson.

2 So if you have specific questions on any of
3 those, now would be the time to ask.

4 BOARD MEMBER RITCHIE: My recommendation,
5 although not up for vote, is if we spent 126 last year and
6 we budgeted 160, that it would be economical to keep it at
7 126. I don't mind bumping some of these other things, but
8 I'd like to see us try to find a private sector sponsor of
9 the bike share. And not that we haven't been doing a good
10 job, and I very rarely disagree with the rest of the board,
11 but I think that -- we do have a lot of good momentum and I
12 do think we have to be good stewards of taxpayer dollars.
13 And I said this last year. I felt like 126 was more than
14 adequate to market the district. We spent money on the bowl
15 game, some -- you know, my recommendation is, if we increase
16 it, we don't increase it by that much.

17 CHAIRMAN McCUSKER: Michele, do you have the
18 difference between what we budgeted and what the actual --

19 MS. BETTINI: Not with me.

20 CHAIRMAN McCUSKER: Jannie, do you know kind of
21 off the top of your head?

22 BOARD MEMBER COX: I don't know off the top of my
23 head between the budget and -- we had not spent the entire
24 budget.

25 CHAIRMAN McCUSKER: It's 30k difference, but I

1 can't honestly --

2 BOARD MEMBER RITCHIE: It says here it's \$34,000.

3 CHAIRMAN McCUSKER: Yeah. I can't remember
4 honestly why --

5 BOARD MEMBER COX: I can't right now remember
6 what we didn't do, but --

7 CHAIRMAN McCUSKER: Do you have it have in
8 the office?

9 MR. MEYERS: I don't have it. And keep in
10 mind --

11 CHAIRMAN McCUSKER: I'm asking Michelle.

12 MR. MEYERS: I'm sorry.

13 MS. BETTINI: No, I don't.

14 BOARD MEMBER MARQUEZ: I will say, to add, that
15 as we discussed a lot of these items, we made sure that
16 these were -- this was marketing -- not marketing for the
17 Rio Nuevo brand or Rio Nuevo itself but literally to drive
18 traffic downtown to our district, the restaurants, the night
19 clubs, the museums.

20 The site selector conference, that is the Super
21 Bowl of site selector events. It's never been in Phoenix.
22 This is the first time it's been in Arizona. It's here in
23 Tucson. These are literally the individuals that choose
24 what community they want to bring these major companies to
25 that can be such a big part of our economic development for

1 our city, so this is a -- it's a big deal, big deal.

2 BOARD MEMBER RITCHIE: I think we can accomplish
3 both. I just -- I mean, we all bring our expertise to the
4 board and I think -- in my business, we spend our
5 own dollars on promoting our business. \$126,000 to me is a
6 lot of money. We -- we're accomplishing it by bringing the
7 Coyotes here, by accomplishing our mission, so I just want
8 to be really careful that, you know, it's not 10,000 here,
9 5,000 here, 20,000 there, because that's when things, you
10 know, start getting a little bit out of control, so --

11 CHAIRMAN McCUSKER: Okay. Let's come back to --

12 BOARD MEMBER COX: Cody, I can tell you that
13 there are a couple of things that were very, very impactful
14 last year that we increased this year. And two of those
15 were the El Tour De Tucson where we got -- and as you
16 recall --

17 BOARD MEMBER RITCHIE: Right.

18 BOARD MEMBER COX: -- we got that 104 -- titled
19 sponsorship of the 104-mile race for, what was it, \$15,000.
20 No one's ever been able to do that before. It starts and
21 finishes downtown and has a huge impact, so we did -- we
22 increased our participation in that significantly this year.

23 And the other thing that was very impactful was
24 the Martin Luther King Jazz Festival and all the people that
25 swarmed downtown Martin Luther King Day for that. So we

1 are -- we increased that this year to \$18,000 and we are
2 going to put our name on the entire Martin Luther King
3 portion of the Jazz Festival, which is huge for downtown.

4 BOARD MEMBER RITCHIE: My feeling is once we get
5 the momentum going, then those events should be kind of
6 stand alone. So I know we spent a lot of money on the
7 Sunshine Mile last year. I don't know what our ROI on that
8 was.

9 BOARD MEMBER IRVIN: Actually we didn't.

10 BOARD MEMBER COX: We budgeted the money for it.

11 MS. BETTINI: We spent a lot on Sunshine Mile.

12 BOARD MEMBER COX: We did spend --

13 MS. BETTINI: We had an increase in foot traffic
14 and a 15 to 20 percent increase in TIF revenue.

15 CHAIRMAN McCUSKER: Let me come back to Mark.

16 Let me tick through the rest of these things.

17 Any controversy over Jonathan Payton's (ph)
18 costs?

19 (No oral response).

20 CHAIRMAN McCUSKER: Hearing none, I'll keep
21 moving on.

22 The Caterpillar, we would expect that we will be
23 bidding out the design and scope work for them. We're just
24 anticipating some of the architectural fees. Once that
25 project's designed, we will bid it out. That's just

1 representative of kind of the head start on that.

2 Legal we've level funded.

3 Audit is -- these are bids generated by
4 outsiders.

5 Payroll we talked about.

6 So the only real controversy I'm hearing is
7 around the marketing and special project piece, which we
8 could approve the budget except for that and then deal with
9 that separately.

10 Mr. Irvin, go ahead.

11 BOARD MEMBER IRVIN: So another source of income,
12 we've zeroed out the depot garage.

13 CHAIRMAN McCUSKER: That's anticipating the land
14 swap with the city.

15 BOARD MEMBER IRVIN: Right. But, you know,
16 you've totally zeroed it out and we haven't even decided on
17 the number for that yet. I think that's a little
18 aggressive. I don't know what the number should be.

19 MR. MEYERS: Well, they paid -- yeah, they paid
20 us through June. I think that they owe us -- it would be
21 144,000 for the first six months of -- the last half of the
22 year.

23 CHAIRMAN McCUSKER: There's probably no way to
24 budget that until we know --

25 BOARD MEMBER IRVIN: Know the number, right. I'm

1 not arguing about it. I'm just saying that's the one that
2 sticks out to me that you've zeroed out.

3 BOARD MEMBER RITCHIE: Can we make that a motion
4 to the budget?

5 CHAIRMAN McCUSKER: You can make a motion, do
6 anything you want.

7 BOARD MEMBER RITCHIE: My motion would be to
8 approve the budget but increase marketing from a total of
9 160,000 budgeted to 200 budgeted knowing that we only spent
10 128,000 last year and see if we can't live within that
11 200,000-dollar budget as opposed to -- I think it was
12 238,500.

13 BOARD MEMBER IRVIN: Could I ask a question?

14 CHAIRMAN McCUSKER: Somebody has to second that.

15 BOARD MEMBER IRVIN: I'll second it for
16 conversation purposes only.

17 CHAIRMAN McCUSKER: All right.

18 BOARD MEMBER IRVIN: So, Jannie, what can you not
19 do with that 200 that you've really got your eyes set on?
20 This is my question.

21 CHAIRMAN McCUSKER: The big item would be the
22 kiosk.

23 BOARD MEMBER COX: Yeah.

24 BOARD MEMBER IRVIN: A downtown kiosk?

25 BOARD MEMBER COX: Yes. We're not going to do

1 the kiosks. They turned out to be like four times what
2 we --

3 CHAIRMAN McCUSKER: I'm talking about the bike
4 share.

5 BOARD MEMBER COX: Oh.

6 CHAIRMAN McCUSKER: That's the one thing --

7 BOARD MEMBER COX: The kiosks -- you asked a
8 question before, what did we not do. That's what -- that's
9 a big piece of what we didn't do last year. And then we put
10 that money -- we moved that money into special projects and
11 Martin Luther King Day for the Jazz Festival and the El
12 Tour.

13 CHAIRMAN McCUSKER: So Cody's motion, Jannie, is
14 an overall budget, marketing and special projects, Cody, if
15 I'm tracking you, of 200,000 total.

16 BOARD MEMBER RITCHIE: I'll up it to 205, but
17 that takes --

18 CHAIRMAN McCUSKER: Well, you've got to -- you've
19 got to motion.

20 BOARD MEMBER RITCHIE: I'll take the motion to
21 200. I'll leave it at 200.

22 CHAIRMAN McCUSKER: You made it. You can amend
23 it.

24 BOARD MEMBER RITCHIE: I'll amend it to 205,000.

25 CHAIRMAN McCUSKER: You seconded it.

1 BOARD MEMBER IRVIN: I'll second it.

2 CHAIRMAN McCUSKER: Okay. So the motion on the
3 table is to approve --

4 We're approving the whole budget subject to the
5 changes in marketing to \$205,000 for total marketing, PR and
6 special projects.

7 Any further conversation?

8 (No oral response)

9 CHAIRMAN McCUSKER: Michelle, call the roll.

10 MS. BETTINI: Edmund Marquez.

11 BOARD MEMBER MARQUEZ: No.

12 MS. BETTINI: Jannie Cox.

13 BOARD MEMBER COX: No.

14 MS. BETTINI: Chris Sheafe.

15 BOARD MEMBER SHEAFE: Abstain.

16 MS. BETTINI: Mark Irvin.

17 BOARD MEMBER IRVIN: Aye.

18 MS. BETTINI: Cody Richey.

19 BOARD MEMBER RITCHIE: Aye.

20 MS. BETTINI: Fletcher McCusker.

21 BOARD MEMBER RITCHIE: First time ever.

22 CHAIRMAN McCUSKER: I vote aye.

23 The motion passes. We have an approved budget
24 subject to the changes in marketing.

25 205 we said, right?

1 BOARD MEMBER RITCHIE: 205, yeah.

2 CHAIRMAN McCUSKER: Anything else, Mr. Collins, I
3 need to do on the budget hearing?

4 (No oral response).

5 CHAIRMAN McCUSKER: I need a motion to close the
6 budget hearing.

7 BOARD MEMBER IRVIN: So moved.

8 BOARD MEMBER SHEAFE: Do we have any calls to --
9 has anybody --

10 CHAIRMAN McCUSKER: Oh, yeah, call to the
11 audience.

12 Michele, no?

13 MS. BETTINI: (No oral response).

14 CHAIRMAN McCUSKER: Thank you very much. We'll
15 keeping moving right along.

16 MR. MEYERS: Okay. One quick thing. So next
17 meeting I'll have the formal budget that's all drafted up in
18 the manner that it needs to be submitted.

19 CHAIRMAN McCUSKER: When do we have to submit it
20 to the state and county?

21 MS. BETTINI: By the 30th of next month.

22 CHAIRMAN McCUSKER: Okay. Mr. Collins, Greyhound
23 Terminal. We left this off last month with an extension
24 with the sellers so we could complete the lease negotiations
25 with the Greyhound Corporation. And I can tell you that the

1 city has approved all the elements of our project. We had
2 to do a little tweak to one curve, but the plans are at
3 development services, so we're ready to design and pull
4 permits.

5 Where are we with the lease?

6 MR. COLLINS: The build to suit lease has been
7 and continues to be in negotiation. As I indicated in
8 executive session, we are within 15 days of, I think, being
9 able to finalize the build to suit lease so that you could
10 close your purchase.

11 I have requested authority from the seller to
12 extend the closing time from today at 5:00 o'clock until
13 5:00 o'clock on June 15th. That seller has graciously
14 agreed to that, has drafted the third amendment to the
15 purchase agreement. I have it. I would recommend that you
16 extend your agreement with the buyer until that date and
17 that you give me the instructions you want me to do to
18 finalize that lease.

19 CHAIRMAN McCUSKER: Is Greyhound done with the
20 draft we saw --

21 MR. COLLINS: They have not signed.

22 CHAIRMAN McCUSKER: But they're done negotiating?

23 MR. COLLINS: Yes. Based on e-mail communication
24 at 11:00 o'clock this morning between the lawyers, we're
25 done. And if that lease is signed by Greyhound before you

1 exercise your purchase rights, then you are protected in my
2 opinion. You have a tenant for the property that you're
3 buying.

4 BOARD MEMBER IRVIN: So it would seem to me that
5 we need a motion to perhaps, since we do have a couple loose
6 ends, authorize the executive officers to -- I hate to use
7 this word, Fletcher because I know you don't like it -- tidy
8 up that situation and then allow for a slight extension of
9 the purchase to occur. Then once we have it signed, we can
10 go ahead and instruct the officers to close that.

11 Would that be appropriate?

12 MR. COLLINS: It would be to me.

13 CHAIRMAN McCUSKER: Let's talk about the budget
14 first since it's connected to our other approval.

15 BOARD MEMBER SHEAFE: The thing is we don't know
16 exactly how quick Greyhound can respond, maybe if they have
17 a board meeting or something.

18 MR. COLLINS: Yeah. I have no idea.
19 Greyhound --

20 BOARD MEMBER SHEAFE: I've been pointing it out
21 pretty quick, so what if we put forth a motion that says
22 that we increase the budget from 1.7 to 1.9 knowing that we
23 do not know what is in that additional 200,000 and that we
24 authorize counsel to determine the timeframe within which
25 Greyhound should reasonably be able to authorize and sign

1 the document and lock into that date as the fixed date for
2 them to get their date -- their signature on the paper and
3 extend our ability to -- or our purchase right to that date.
4 So pick a hard date. So I'm not giving you the date because
5 I don't know when it is.

6 CHAIRMAN McCUSKER: Shouldn't we do those
7 separately if we're going to have a budget conversation?

8 MR. COLLINS: And you've got a motion -- you've
9 got --

10 CHAIRMAN McCUSKER: He didn't really make a
11 motion. He chatted for a while.

12 MR. COLLINS: Okay.

13 CHAIRMAN McCUSKER: And he might actually --

14 BOARD MEMBER SHEAFE: Are you talking about him
15 or me?

16 BOARD MEMBER IRVIN: You chatted, too.

17 CHAIRMAN McCUSKER: Both of you just kind of
18 rambled. But shouldn't we -- if there's a budget issue and
19 the lease is tied to the budget, it seems like we should
20 discuss the budget changes separate.

21 MR. COLLINS: You can, Mr. Chairman. Do you want
22 me to do that?

23 CHAIRMAN McCUSKER: Let me just kind of
24 paraphrase the issue.

25 Our architects have been engaged with Greyhound,

1 with the city, with the site, traffic, et cetera. We
2 authorized 1.7. It's looking like it's going to be more
3 like 1.9. So we would have to authorize the 1.9 as opposed
4 to the 1.7. All the other terms of our relationship with
5 Greyhound would be subject to the lease; however, this was
6 the amount we budgeted. It's what's in Dan's forecast
7 currently at 1.7. So if you're so inclined to agree with
8 our architects, we're not going to build the terminal we
9 wanted to build for 1.7. It will be more like 1.9. I think
10 we should approve that separately.

11 BOARD MEMBER IRVIN: I think it's also important
12 to recognize that the rent --

13 BOARD MEMBER SHEAFE: Yeah. In other words, the
14 rent goes up --

15 BOARD MEMBER IRVIN: Mr. Chairman, I'd like to
16 make a motion to move to a million nine.

17 BOARD MEMBER MARQUEZ: Second.

18 CHAIRMAN McCUSKER: All in favor say aye.

19 (Motion made, seconded and carried unanimously)

20 CHAIRMAN McCUSKER: Okay. Now, off to the lease.

21 You have negotiated the terms of a lease that
22 you're satisfied with. It has not been finalize nor has it
23 been signed.

24 MR. COLLINS: Correct.

25 CHAIRMAN McCUSKER: So all we need to do is

1 authorize you to complete that and secure the appropriate
2 signatures. And at such time you do that, we can close?

3 MR. COLLINS: Yes.

4 CHAIRMAN McCUSKER: We don't need to come back to
5 the board. We don't need to bring this back in a month.
6 You'll have the sufficient authority to close and fund the
7 property?

8 MR. COLLINS: The wrinkle, Mr. Chairman and
9 members of the board, is that the seller has granted this
10 board until the 15th of June to fish or cut bait on the
11 purchase.

12 CHAIRMAN McCUSKER: Let's deal with that
13 separately then, too. Let's get a motion to extend our
14 purchase agreement with the seller until June 15th.

15 MR. COLLINS: Correct.

16 BOARD MEMBER IRVIN: So moved.

17 (Motion made, seconded and carried unanimously)

18 CHAIRMAN McCUSKER: That carries six zip.

19 Okay. So where I'm sitting, we have a
20 \$1.9 million budget and a drop dead date of June 15th.

21 MR. COLLINS: Correct.

22 CHAIRMAN McCUSKER: All right. And now on to the
23 lease.

24 We have lease terms you're satisfied with. It's
25 a marked up copy. It's not finalized.

1 MR. COLLINS: Correct.

2 CHAIRMAN McCUSKER: And we have to obtain
3 Greyhound's signature.

4 MR. COLLINS: Correct.

5 CHAIRMAN McCUSKER: All we have to do is
6 authorize you to do that?

7 MR. COLLINS: Authorize me to finalize it and
8 authorize --

9 BOARD MEMBER IRVIN: The executives officers.

10 MR. COLLINS: -- the executive officers to
11 execute it when the time comes.

12 BOARD MEMBER IRVIN: If that's a motion, I'll
13 make it.

14 CHAIRMAN McCUSKER: Second, please.

15 BOARD MEMBER SHEAFE: Second.

16 CHAIRMAN McCUSKER: Everybody understand what
17 we're doing?

18 Jannie and Edmund, we're about to approve the
19 Greyhound lease.

20 BOARD MEMBER MARQUEZ: All right.

21 CHAIRMAN McCUSKER: You ready?

22 BOARD MEMBER MARQUEZ: Ready.

23 BOARD MEMBER COX: I'm ready.

24 CHAIRMAN McCUSKER: All right. All in favor say
25 aye.

1 (Motion made, seconded and carried unanimously)

2 CHAIRMAN McCUSKER: Is that tidied up?

3 Okay. We're on a roll.

4 Item number 10, the Mercado Annex and Gadsden,
5 we -- I think everyone that's following this knows we have
6 closed with the City of Tucson. We have acquired the city's
7 position in this development agreement. We now own the
8 agreement between what used to be the City of Tucson, now
9 Rio Nuevo and Gadsden. We will also take assignment of the
10 performance bonds. The next step in that process is to
11 negotiate an agreement with Gadsden themselves. And you're
12 not ready for us to advance that today. It's going to take
13 some more lawyering.

14 MR. COLLINS: Mr. Chairman, members of the board,
15 I'm a little concerned about accepting that terminology, but
16 I'm not ready to bring it before you to finalize, that's for
17 sure.

18 CHAIRMAN McCUSKER: So we really don't need to do
19 anything other than to acknowledge you're working on the
20 agreement. We hope to have it finalized by the next
21 meeting.

22 MR. COLLINS: And you've instructed me to proceed
23 in accordance with the executive say.

24 CHAIRMAN McCUSKER: And we have funded the
25 purchase with the city; correct?

1 MR. COLLINS: Correct.

2 CHAIRMAN McCUSKER: Okay. Caterpillar land
3 acquisition, I don't believe we're in a position to advance
4 this. Just to refresh everyone's memory, the site selected
5 by Caterpillar is a City of Tucson owned parcel immediately
6 west of the Gutierrez Bridge commonly referred to as the
7 hole in the ground. Rio Nuevo will be acquiring that
8 parcel. We are working with the city on establishing its
9 value.

10 Did I miss anything?

11 MR. COLLINS: That is correct. We're also
12 working with Caterpillar to move forward on the design and
13 construction of the building.

14 CHAIRMAN McCUSKER: Okay. Item 12, Friends of
15 Tucson's Birthplace, to refresh your memory on our career
16 project, the funding of this goes back to the settlement
17 with the city where we agreed to fund \$1.1 million to finish
18 the Mission Garden complex.

19 After we made that agreement, there were a number
20 of issues with the Friends of Tucson's Birthplace's ability
21 to complete the project as presented to us, the least of
22 which is they had neglected to consult with the county. So
23 the project's been pretty much on hold while they
24 renegotiate the design, scope, scale, placement,
25 architecture, archeology, et cetera. I think all that's now

1 resolved.

2 Mr. O'Malley is here to kind of update us on
3 where you are now.

4 Bill, take it away.

5 MR. O'MALLEY: Thank you, Chairman, board
6 members. Also here today, Roger Pfeuffer and Bill Dupont.

7 CHAIRMAN McCUSKER: Give their names to the
8 transcriptionist, please.

9 (Discussion off the record)

10 MR. O'MALLEY: Also Linda Mayro with Pima County
11 is here and Robin Schambach with BWS Architects is here.

12 So, yeah, a quick update on things. Since we
13 last met with you, things have moved along quite well. We
14 have resolved many of those issues that came up,
15 significantly the location of the buildings.

16 This is a diagram showing the garden. This is
17 Grande here, Mission Road, the main gate coming in. The
18 buildings have been resolved in agreement with Pima County
19 to locations where the archeology has already been cleared,
20 so we've resolved that issue.

21 The kitchen and toilets are over here near the
22 sewer on Mission Lane, so again that solves that archeology
23 problem.

24 The administrative functions are over in the
25 southwest corner, so that's where they're located.

1 There have been several property questions and
2 we've come to agreement with those. The paperwork is still
3 being finalized, but there's the property line between Pima
4 County and Rio Nuevo on the east side of the garden.
5 There's the easements that we have for service and access to
6 the garden. And also we have come to agreement with Kinder
7 Morgan on the gas line that goes through the property. So
8 those have been --

9 CHAIRMAN McCUSKER: Mr. Collins, we approved all
10 those property, property line transactions? Nothing else we
11 have to do?

12 MR. COLLINS: Well, Mr. Chairman, the county has
13 asked for some additional language in the transfer
14 documents. I've spoken to Ms. Mayro. We, I think, have a
15 plan for you folks to address that. But as far as the
16 technical aspects of it are concerned, the legal
17 descriptions have been made, the consent to donate has been
18 done, but the county is now seeking an additional paragraph
19 of indemnification.

20 CHAIRMAN McCUSKER: Wouldn't that have to come
21 back to us?

22 MR. COLLINS: Yes. And based on what I
23 understand from Linda, I can agendize that for your June
24 meeting and -- and that will be prior to the board of
25 supervisors taking it up in their early July meeting, so

1 we're good to go.

2 CHAIRMAN McCUSKER: Okay.

3 MR. O'MALLEY: The design is progressing. We're
4 at 90 percent documents at this point and we've got several
5 significant approvals in the interim period. The Pima
6 County Historical Commission and also significantly the
7 board of supervisors has approved the amendment to our
8 agreement, which includes the revised concept plan. And
9 that's this agreement.

10 Quickly, we've -- the Friends of Tucson's
11 Birthplace ourselves have raised over \$650,000 in the first
12 four years of that agreement.

13 This is the district funding agreement, our
14 agreement with you for the \$1.1 million funding. And to
15 date, \$84,000 of that has been invoiced.

16 Okay. The cost estimate, we are within the
17 \$1.1 million budget. I think Mr. McCusker has a more
18 detailed estimate. This provides an overview.

19 There are some things that we aren't able to do
20 within that budget such as the historic casita.

21 In addition to your funding, the Friends are
22 providing about \$40,000 in additional funding plus all of
23 the time spent by our volunteers. We will be building many
24 of the structures.

25 We have alternates. There are several things

1 that I mentioned that we are already able to do within the
2 \$.11 million budget, so those will be designed, included in
3 the documents, but we don't have the funding for them at
4 this point, and so that -- we'll be looking for additional
5 funding sources for those.

6 The schedule, if everything hangs together, our
7 current schedule is that we'll start construction on
8 July 8th, so the key is some of these agreements and the
9 board of supervisor's final approval of the agreements.

10 We also have archeology that will be starting
11 about that time, which is one of the first parts of
12 construction.

13 So in summary, we've resolved many of the issues
14 that held us up over the last several months and we are
15 ready to move forward.

16 The work that we're planning we want to have
17 completed by the end of this year. That's the
18 infrastructure for the garden. Now, the planting will occur
19 after that, but that's completing all of this work within
20 the first five-year increment of our three-party agreement.

21 CHAIRMAN McCUSKER: Would you go back to the
22 budget slide?

23 MR. O'MALLEY: Uh-huh.

24 CHAIRMAN McCUSKER: Mr. Collins, I believe we
25 approved a budget that tied to our \$1.1 million, but it was

1 dramatically different in terms of the projects. Is it just
2 as simple as us approving a revised budget that they've
3 presented today?

4 MR. COLLINS: You could -- Mr. Chairman, you
5 could move to amend the agreement to add the new cost
6 estimate as the new budget. There was a budget that was
7 part of the original agreement. This looks to be different.
8 I don't have the original agreement with me.

9 Do you?

10 CHAIRMAN McCUSKER: It's not a tri-party
11 agreement, is it?

12 MR. COLLINS: It is indeed, but the city's
13 involvement really is to monitor our payments as we make the
14 payments to Friends.

15 MR. O'MALLEY: Yeah. What we're looking for
16 really is there have been refinements to the concept plans,
17 most significantly the resolution of the buildings, and so
18 we're looking for your approval of those refinements to the
19 plans plus the updated cost estimate. And again this is
20 within the \$1.1 million that is --

21 CHAIRMAN McCUSKER: I'm assuming that, since we
22 have a tri-party agreement that has 1.1, how we define that
23 internally is between us and the Friends of Tucson.

24 MR. COLLINS: I would agree with that. The
25 agreement provides that you're going to fund \$1.1 million.

1 It talks about for hard improvements and so forth to the --
2 to the facilities capped at 1.1.

3 CHAIRMAN McCUSKER: So if we approve the revised
4 cost estimate or the revised budget, we've in fact approved
5 the changes to your plan because they're budgeted.

6 MR. COLLINS: Well, as long as it's under 1.1.
7 And I believe from Mr. O'Malley here that what's been paid
8 or invoiced anyway plus that number is we're still under
9 1.1.

10 Right?

11 MR. O'MALLEY: Yes.

12 MR. COLLINS: All right.

13 CHAIRMAN McCUSKER: What's your pleasure?

14 BOARD MEMBER SHEAFE: I move approval of a
15 revised budget of 1.1.

16 BOARD MEMBER RITCHIE: Second.

17 CHAIRMAN McCUSKER: Any first further discussion?

18 (No oral response)

19 CHAIRMAN McCUSKER: Let's do a roll call,
20 Michele.

21 MS. BETTINI: Edmund Marquez.

22 BOARD MEMBER MARQUEZ: Aye.

23 MS. BETTINI: Jannie Cox.

24 BOARD MEMBER COX: Aye.

25 MS. BETTINI: Chris Sheafe.

1 BOARD MEMBER SHEAFE: Aye.

2 MS. BETTINI: Mark Irvin.

3 BOARD MEMBER IRVIN: Aye.

4 MS. BETTINI: Cody Ritchie.

5 BOARD MEMBER RITCHIE: Aye.

6 MS. BETTINI: Fletcher McCusker.

7 CHAIRMAN McCUSKER: Aye.

8 By motion of six-zero, Bill, your new budget of
9 1.0 and change is approved. We have a procedure in place to
10 track -- as you itemize to that, it should now tie to that
11 budget.

12 BOARD MEMBER SHEAFE: It sounds like we're
13 probably going to being funding the vast majority of this
14 sometime between now and December. Is that correct?

15 MR. O'MALLEY: Correct. Yeah, these are --

16 CHAIRMAN McCUSKER: Go back to your add-on slides
17 just while you're here. We'll see if anybody up here is
18 favorably disposed to helping you with any of those items.

19 Do you want to walk us through them?

20 MR. O'MALLEY: Yeah, those items, the first and
21 the last, the kitchen sinks -- we included everything except
22 the kitchen sink. The kitchen sink and the commercial
23 kitchen go together since -- well, the initial plans for the
24 project were for a serving kitchen where we wouldn't do any
25 cooking, but subsequent to that, the board is interested in

1 expanding our abilities. A lot of our educational programs
2 revolve around preparation of food, cooking of food, plus we
3 anticipate significant involvement with the UNESCO City of
4 Gastronome events that will be happening. So those are the
5 commercial kitchen items.

6 The casita again was -- was always an add on to
7 the project. That's a historical element. And the water --

8 BOARD MEMBER COX: Bill, can you expand on what
9 is the casita?

10 MR. O'MALLEY: The casita is a small building
11 where the archeologist found evidence of that on the north
12 wall of the garden. And we have one photograph from the
13 1800s that shows it's a small building. It's about 12 by
14 12. And we believe that that was the gardener's shack.
15 Somebody lived there at one point. And so we'll be
16 rebuilding that with historic construction.

17 BOARD MEMBER COX: Okay. Thank you.

18 MR. O'MALLEY: The water features are a
19 significant part of the story of Mission Garden. Water is
20 what allowed the garden to be there originally. And we use
21 that in our interpretive programs on how water is gathered,
22 how it's used to irrigate the fields. And this will be
23 reconfiguring the existing concrete channel in the garden to
24 a much more natural looking amenity.

25 CHAIRMAN McCUSKER: Commercial kitchen, did you

1 talk about that when you talked about --

2 MR. O'MALLEY: Yeah. The kitchen sinks and the
3 commercial kitchen, yeah, they kind of go together. The
4 sinks are the infrastructure that we need to do now before
5 the floors get poured, and then the remainder of the kitchen
6 is the build out so we can do full cooking.

7 CHAIRMAN McCUSKER: How do you expect -- that's
8 191 grand. How do you expect to raise that? How important
9 are these to the completion of your project?

10 MR. O'MALLEY: Well, they're all important.
11 We're already looking at some possible grant opportunities
12 to provide funding for a couple of those elements.

13 CHAIRMAN McCUSKER: Feeling generous, anybody?

14 BOARD MEMBER SHEAFE: Well, actually I'm kind of
15 on the opposite page. I worry that Mission Gardens is going
16 to be complete and then not be able to support itself. And
17 I think frankly -- this is just me talking and looking at
18 some of the expenses that I've seen and the way that they're
19 postured and whatnot. I think the best thing we could do
20 for them is to put them in a position -- which we've done
21 with the 1.1 million, that's a big jump start, but that
22 forces them and compliments to the 650 that you've already
23 raised. But I think in order for you to survive long term,
24 you really need to get in place now the process that's going
25 to help you keep this thing going. Otherwise, after a year

1 or two, it might just start fading and going downhill.

2 I'm not saying that as a criticism. It's just a
3 natural byproduct of this kind of venture. And you've got
4 people on salary, you've got expenses that you're incurring
5 out there and you have the ability to get that done. And
6 the only way that you can become self-sustaining is to just
7 force yourself to do it. So I would not want to step up --

8 CHAIRMAN McCUSKER: Would you be inclined to
9 provide any match if they're raising money or getting grants
10 or --

11 BOARD MEMBER SHEAFE: Yeah, I don't think I would
12 close the door on anything, but I think -- my long-term
13 vision here is to make sure that they're successful. That's
14 only going to come from the interior. You know, we've --
15 we're trying to give them a hand up, not a handout. And if
16 we give them a handout --

17 CHAIRMAN McCUSKER: Are we still on the agenda?
18 Have I strayed from --

19 BOARD MEMBER IRVIN: Chris, I can say I agree
20 with you. I would love to see them come back at some point
21 in time with something that says, you know, gosh, we needed
22 185,000 and we've raised, you know, 110 of it and you guys
23 help us with that. That really would be a bit more
24 palatable than just right off the get-go, so --

25 BOARD MEMBER COX: Well, if they need to have a

1 reserve for operating, what if we did something like, say,
2 once they raised that 191,000, we'll match it?

3 BOARD MEMBER SHEAFE: What we've got to find out
4 now is are they going to execute here and get this built.
5 And we've got a few months to see how their operation
6 actually gets things done, and so, you know, it might be a
7 little premature to address that at this time.

8 MR. O'MALLEY: Just some comments about the
9 operations. Obviously we've been in operation for four
10 years and our operating budget now is about \$200,000 a year
11 with staff and water and so on, so we've got a plan in place
12 for maintaining the operating expenses.

13 CHAIRMAN McCUSKER: All right. So it sounds like
14 the door's open for you guys to come back. If you raise
15 this without us, great. If you stumble, we'd like to see
16 you again.

17 MR. O'MALLEY: Okay.

18 CHAIRMAN McCUSKER: Fair enough?

19 BOARD MEMBER COX: Fair enough.

20 CHAIRMAN McCUSKER: Thank you. Good luck to you.

21 I think that's everything but call to the
22 audience.

23 Michele.

24 Bill -- is that Martin?

25 MR. MARTIN: Yes, sir.

1 CHAIRMAN McCUSKER: Come on up.

2 Your name and address and three minutes.

3 MR. MARTIN: Okay. My name is William Martin and
4 I own a company named Madera Financial. We're located at
5 6890 East Sunrise. And I am affiliated with Quad Capital
6 who provides taxable bond financing throughout the country.
7 And I personally have been involved in over \$100 million in
8 taxable bond and tax exempt bond financing here in Tucson
9 and throughout the southwest. I've been engaged in
10 financing for over 40 years right here in Tucson.

11 I bring Quad Capital to the table today. I
12 represent them. They're a great company. We have --
13 through this presentation which we did specifically for the
14 board today and Caterpillar, financings, we have over a
15 billion dollars of various tombstones here. We could be
16 very, very competitive in providing construction and
17 permanent financing for bond financing on the Caterpillar
18 site.

19 We recognize that there may be a ground fields
20 issue with regard to environmental and I could work very
21 closely with you. Our fees are very, very competitive. We
22 don't have a lot of overhead. We don't have many branches
23 throughout the country. They are located in Madison,
24 Wisconsin. And I now work by myself, although I did have a
25 firm with over 50 people at one time and no more headaches

1 regarding that.

2 So we look for the opportunity of working with
3 you and providing a proposal. And if you would like us to
4 complete a request for background and qualification, we
5 certainly are able to do that. And I think you would be
6 quite happy with who we are and what we could do and look
7 forward to working with you.

8 CHAIRMAN McCUSKER: Well, nice to meet you.
9 Thank you very much.

10 Mr. Collins --

11 MR. MARTIN: Thanks.

12 CHAIRMAN McCUSKER: -- do you want to respond to
13 that? It's not agendized, not really. I do have a
14 Caterpillar item, but I don't want to overstep my bounds
15 here.

16 MR. COLLINS: We had as a discussion only item
17 the Caterpillar. Just for everyone's benefit, the board's
18 aware, this board is going to have to go through a
19 procurement process, sending out a request for
20 qualifications and requests for proposals all to comply with
21 your procurement code in Title 34. When that's ready to go
22 out, that will go out and everybody can respond to it.

23 CHAIRMAN McCUSKER: Thank you. That's what I
24 needed.

25 I need a motion to adjourn.

1 BOARD MEMBER IRVIN: So moved.

2 CHAIRMAN McCUSKER: Second, please.

3 BOARD MEMBER MARQUEZ: Second.

4 CHAIRMAN McCUSKER: All in favor say aye.

5 (Motion made, seconded and carried unanimously)

6 CHAIRMAN McCUSKER: See you next month.

7 (4:37 p.m.)

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