

RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

BOARD MEETING

September 27, 2016

Tucson, Arizona

---

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

KATHY FINK & ASSOCIATES, INC.  
2819 East 22nd Street  
Tucson, Arizona 85713  
(520) 624-8644 Fax (520) 624-9336

1 APPEARANCES:

2 BOARD MEMBERS:

3 Fletcher McCusker, Chairman

4 Chris Sheafe

5 Mark Irvin

6 Jannie Cox (present telephonically)

7 Jeffrey Hill

8 Edmund Marquez

9 ALSO PRESENT:

10 Mark Collins, Board Counsel

11 Michele Bettini, Operations Administrator

12

13 \* \* \* \*

14

15 BE IT REMEMBERED that the Meeting of the  
16 Board of Directors of the Rio Nuevo Multipurpose  
17 Facilities District was held at the Arizona State  
18 Building, 400 West Congress Street, Suite 222, in the  
19 City of Tucson, State of Arizona, before ANTHONY C.  
20 GARCIA, RDR, CR, Certified Reporter No. 50218, on the  
21 27th day of September 2016, commencing at the hour of  
22 1:00 o'clock p.m.

23

24 \* \* \* \*

25

P R O C E E D I N G S

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

CHAIRMAN McCUSKER: Call this meeting to order.

Let's do the pledge, Mr. Irvin.

(Pledge of Allegiance lead by Mark Irvin.)

CHAIRMAN McCUSKER: Michelle, call the roll.

MS. BETTINI: Edmund Marquez.

MR. MARQUEZ: Here.

MS. BETTINI: Jeff Hill.

MR. HILL: Here.

MS. BETTINI: Chris Sheafe.

MR. SHEAFE: Here.

MS. BETTINI: Fletcher McCusker.

CHAIRMAN McCUSKER: Here.

MS. BETTINI: Mark Irvin.

MR. IRVIN: Here.

CHAIRMAN McCUSKER: Jannie is in Colorado; she's going to call in. And Cody may or may not make the meeting, we understand.

We do have a quorum.

First item on the agenda is the minutes, the transcription from the August meeting. They are transcribed verbatim.

Any questions, comments or changes?

1 MR. IRVIN: Move for approval.

2 MR. SHEAFE: Second.

3 CHAIRMAN McCUSKER: All in favor, say aye.

4 (Board responds aye; motion moved, seconded  
5 and passed unanimously.)

6 CHAIRMAN McCUSKER: All right.

7 We have time set aside for an Executive  
8 Session. We need a motion to recess.

9 MR. SHEAFE: So moved.

10 MR. HILL: Second.

11 (Board responds aye; motion moved, seconded  
12 and passed unanimously.)

13 CHAIRMAN McCUSKER: We'll back here as soon  
14 as we can.

15 (Recess.)

16 CHAIRMAN McCUSKER: Motion to reconvene.

17 MR. IRVIN: To moved.

18 CHAIRMAN McCUSKER: Second please.

19 MR. MARQUEZ: Second.

20 CHAIRMAN McCUSKER: All in favor, say aye.

21 (Board responds aye; motion moved, seconded  
22 and passed unanimously.)

23 CHAIRMAN McCUSKER: We're back in business.

24 We're going to dial Jannie Cox here in a moment. Stand  
25 by for that.

1 Hello, Jannie.

2 MR. IRVIN: You even have your own name plate  
3 over the phone.

4 MS. COX: That's nice. Thank you so much.

5 CHAIRMAN McCUSKER: Couple of quick updates  
6 for me. I think we have a lot of people trying to get  
7 places. We're going to move through this agenda pretty  
8 quickly.

9 If you are driving by Broadway and Euclid  
10 lately, you've seen the initiation of the Greyhound  
11 terminal. That project's moving pretty quickly. The  
12 exterior walls are, in fact up. They tell me we're  
13 going to do the roof trusses possibly this week. So  
14 we'll have some pictures posted to the website of that.

15 The TCC Arena and capability for the new  
16 Tucson Roadrunners is really quite an amazing story. I  
17 think the Star published a series of pictures end of  
18 last week. The ice is, indeed, down and on schedule  
19 with the Roadrunners logos on it. The back of the  
20 house transformation is really quite unbelievable.  
21 We've built locker rooms where there were no locker  
22 rooms. We've updated everything that existed. There's  
23 a new press box, you know, they are on time and on  
24 budget.

25 So, Elaine, hats off to you, and thank you to

1 Concord for what they've done on the heroic job.

2 We're going to do the full update on that  
3 project in our October meeting, go back through  
4 everything we approved and where we ended up on the  
5 budget. I will add, I think we've spent through most  
6 of the contingency funds with some things that were not  
7 foreseen, but we'll still be on budget.

8 Mercado Annex is in escrow. We've funded our  
9 portion of that. Hopefully, they will break ground  
10 here shortly. We expect all of these projects to be  
11 completed this winter or first part of 2017.

12 And the AC Marriott Mark continues to track.  
13 We're a year away.

14 MR. IRVIN: Expecting a certificate of  
15 occupancy June, July.

16 CHAIRMAN McCUSKER: Oh, so less than a year.

17 MR. IRVIN: Yeah.

18 CHAIRMAN McCUSKER: Dan, do you want to give  
19 us your financial update?

20 MR. MEYERS: I'm Dan Meyers, CFO with Rio  
21 Nuevo.

22 Okay. As of the end of August we had about  
23 \$16.2 million in various banks, with outstanding  
24 commitments about 68 million. Of course, we're in the  
25 process of trying to do some financing for, I think,

1 about \$57 million of that, so we've had about  
2 \$5 million of excess cash as of the end of August,  
3 assuming the financing all goes through.

4 Our TIF revenues continue to be higher than  
5 budget. We received about \$1.45 million for June,  
6 which we just received a couple of days ago. That caps  
7 off our fiscal year June 30th, 2016. I think we just  
8 barely exceeded \$12 million, which is about  
9 \$2.1 million over budget for last year; so it's  
10 extremely good news. As Fletcher mentioned,  
11 \$2.2 million of our outstanding commitments were  
12 financed last month. We took \$2.2 million out of the  
13 Alliance Bank ICS account to pay for that.

14 Our performance audit is pretty much  
15 completed. We have -- oh, we had a meeting yesterday  
16 to go over the draft of that, very minor modifications.  
17 Our annual audit is completed as well. I believe they  
18 will be presented at the October 25th Board Meeting.

19 Our new database is working great, compiling  
20 a ton of information. I think our next step now will  
21 be to go out and really try to identify which of the  
22 merchants are not properly completing the Arizona sales  
23 tax form, get them to go along with us, and, hopefully,  
24 we keep increasing our TIF revenue.

25 CHAIRMAN McCUSKER: Any questions of, Dan?

1           MR. IRVIN: Just want to tell you, I think  
2 that investment that you recommended we make in  
3 software has paid dividends. Thank you for that.  
4 Thank you for just monitoring that as well.

5           MR. MEYERS: Makes my little easier to --

6           CHAIRMAN McCUSKER: The Auditor General's  
7 report they have indicated should be released to the  
8 public maybe next week. This is the tri-annual audit.  
9 First one in 2010, '13 and now '16. So we've met with  
10 the auditors, they will submit that draft to the  
11 Auditor General, the Auditor General will submit that  
12 to the Governor, the President of the Senate and the  
13 Speaker, then we'll make it public when it's done  
14 probably sometime next week.

15           Mr. Collins, you want to update us on item  
16 seven and eight, both the conversation we've had  
17 regarding financing the improvements for the Greyhound  
18 and the AC Marriott?

19           MR. COLLINS: Mr. Chairman, Members of the  
20 Board, progress is being made. There is interest in  
21 the marketplace to buy the bonds that we would issue on  
22 revenue streams. Both Tim Stratton, and Bill Davis of  
23 Piper Jaffray, are exploring that. As a result of  
24 that, the interested banks are looking at the various  
25 documents, and there's hope that we can have that ready



1 for going out to market, if you will, before the end of  
2 the year.

3 CHAIRMAN McCUSKER: Do we have to bring terms  
4 back to the Board or are you authorized to go --

5 MR. COLLINS: Mr. Chairman, Members of the  
6 Board, the resolution that was passed authorizes the  
7 Executive Officers in general and the Chairman in  
8 particular to sign the necessary documents, provided  
9 that the return that the District is receiving falls  
10 within the margins that we're discussed at that  
11 meeting. If it goes beyond that, if the return is not  
12 back, then it would have to come back to you folks.

13 CHAIRMAN McCUSKER: Timing on that, you think  
14 before Christmas?

15 MR. COLLINS: That's the hope, yes, sir.

16 CHAIRMAN McCUSKER: Any questions of  
17 Mr. Collins on those two deals?

18 Okay. Item number nine, this is the  
19 conversation that's been ongoing between us and the  
20 City of Tucson to purchase what we call the Cat Parcel.

21 To refresh everyone's memory, as part of the  
22 consideration for attracting Caterpillar Mining and  
23 Technology Division to Tucson, Rio Nuevo is building  
24 their headquarters building, approximately 150,000  
25 square feet, and leasing that back to Caterpillar. The

1 site that they selected, in conjunction with us, is  
2 immediately west of the Gutierrez Bridge just on the  
3 banks of the Santa Cruz. That's currently owned by the  
4 City of Tucson. Mr. Collins and Mr. Rankin have been  
5 negotiating the documents to provide for the sale of  
6 that parcel to Rio Nuevo, which we basically have  
7 completed. So we're in a position now, I think, to  
8 take it to City Council.

9 Mr. Collins, so all we need to do today is  
10 authorize you to proceed, right, or authorize us to  
11 execute the documents?

12 MR. COLLINS: Mr. Chairman, Members of the  
13 Board, yes. We have discussed in Executive Session the  
14 terms of the pending agreement between the District and  
15 the City. If you were to so instruct me to work with  
16 the Executive Officers to finalize and execute that  
17 document, provided that there are no material changes  
18 in it, it would seem to me that would advance the ball  
19 in a way that would allow Mayor and Council to discuss  
20 it during their next meeting. My understanding is that  
21 it's in the process of being agendaized for that next  
22 meeting, so --

23 CHAIRMAN McCUSKER: What's your pleasure?

24 MR. SHEAFE: Let's move for approval that  
25 authorizes counsel to move forward by finalizing the

1 agreement, preparing it for the Executive Officers to  
2 approve.

3 MR. MARQUEZ: Second.

4 CHAIRMAN McCUSKER: Any conversations?

5 All in favor, say aye.

6 (Board responds aye.)

7 MR. IRVIN: Just want to make sure that the  
8 survey's coupled with that.

9 MR. COLLINS: Well, it's going to be about a  
10 particular parcel of property. What you've seen is the  
11 rough draft of it. I understand that Phil and Elaine  
12 have discussed the concerns that the Board had  
13 expressed about it. The agreement will not be  
14 finalized until we have a metes and bounds description,  
15 and that the description satisfies this Board as well  
16 as Mayor and Council.

17 MR. IRVIN: Thank you.

18 CHAIRMAN McCUSKER: All in favor, say aye.

19 (Board responds aye.)

20 CHAIRMAN McCUSKER: Any opposed?

21 Motion carries.

22 Jannie, you were an aye?

23 MS. COX: I was an aye.

24 CHAIRMAN McCUSKER: Thank you very much.

25 Okay. Now that we own this land or we'll

1 soon own this land, you're going to see us bring a  
2 number of items that you would typically see a  
3 developer deal with as we move forward on this project.  
4 In conversations with Mr. Collins, we've elected to  
5 bring each and every item to the Board for conversation  
6 and approval, regardless of its size or significance.

7 So we're basically in the land development  
8 business now, so anything you would see a developer go  
9 through -- archeology, engineering, Phase I and II,  
10 ALTA, water, sewer, power, floodplain, environmental --  
11 we're in that business. So there are a number of  
12 things that have to be accomplished before we can  
13 really begin to design and place the building on this  
14 parcel.

15 If you went to the Sun Corridor Luncheon, you  
16 heard the CEO of this Division announce to the world  
17 that he expects to break ground in six months.

18 MR. COLLINS: I did hear that.

19 CHAIRMAN McCUSKER: Obviously, on a very fast  
20 track. We're going to do everything we can to  
21 accommodate Caterpillar.

22 So the first of those items is, indeed, as  
23 Mr. Irvin suggested, the survey. So we're requesting  
24 you to authorize a survey to identify the boundaries.  
25 We are using open contractors to do the work, so we

1 don't have to competitively procure. Mr. Sweeney, who  
2 is our project manager, has vetted all of these and  
3 submitted them to us for approval.

4 Phil, anything you want to say, or do we need  
5 to know anything else about the boundaries, survey?  
6 Mr. Collins, anything?

7 MR. COLLINS: Mr. Chairman, Members of the  
8 Board, just for the public's understanding, the City  
9 periodically vets a series of vendors for the City's  
10 use, because the City has been in the development  
11 business for a long time. The District has a  
12 cooperative purchasing agreement with the City, which  
13 allows the District to choose from among the vendors  
14 that have been pre-vetted by the City to do some of the  
15 work the District needs to have done. Phil is very  
16 well aware of all of that. He has been working in  
17 conjunction with Elaine Becker, at the City, to  
18 identify the folks that will best serve your needs for  
19 these various steps. And Ashby Surveying was selected;  
20 it's one of the vendors.

21 What you're being asked to do today is to  
22 authorize the boundary survey, which is merely a metes  
23 and bounds description of the property itself, roughly  
24 \$250 deal.

25 CHAIRMAN McCUSKER: The cost for that?

1 MR. COLLINS: Roughly \$250.

2 CHAIRMAN McCUSKER: We told you we're going  
3 to bring everything to you. So \$250 request, they are  
4 an open contractor.

5 MR. IRVIN: Motion to approve.

6 MR. SHEAFE: Second.

7 CHAIRMAN McCUSKER: All in favor, say aye.

8 (Board responds aye; motion moved, seconded  
9 and passed unanimously.)

10 CHAIRMAN McCUSKER: Aye carries.

11 Next item's a little more expensive, but we  
12 also have to look at the archeology of this parcel.  
13 And we have, Mr. Collins, a proposal as well for that.  
14 So walk us through that piece.

15 MR. COLLINS: Well, Mr. Chairman, Members of  
16 the Board, as you've said, Mr. Chairman, there's a lot  
17 of steps to take. The City and Federal Government has  
18 regulations about archeological studies. There is a  
19 proposal that you folks have seen by one of the  
20 vendors, that's approved by the City of Tucson, to  
21 commence a staged level of archeological investigation  
22 on that parcel. It could cost as much as \$110,000,  
23 depending on what they find.

24 It may cost less, right?

25 MR. SWAIM: Phil Swain Associates Architects,

1 7350 East Speedway.

2 The 3.3 eastern acres of this site have not  
3 had archeological study to date. The other portions  
4 have been cleared, so their first step is about a  
5 \$40,000 endeavor to be able to go in and do actual  
6 trenching through the site to be able to determine what  
7 is in place. They are anticipating canals and that  
8 sort of thing, and depending upon what they find,  
9 additional studies would need to be done to be able to  
10 do any final documentation to clear it. But that first  
11 step is really what we need to be able to do what, if  
12 anything, is in place.

13 MR. SHEAFE: Phil, you remember when Mike  
14 Jones was leading a lot of this effort for the City?

15 MR. SWAIM: Yes.

16 MR. SHEAFE: Have you been in contact with  
17 him? He's got a really good history of exactly what  
18 was done out there and what wasn't. Basically, the  
19 archeological review will be to go to the State records  
20 to see what's registered. Not all that work was  
21 registered, I'm pretty certain of that.

22 He's retired up on Mount Lemmon. I can get  
23 you his number if you want it, but he's really a bright  
24 guy, and I know he could say, I know exactly what we  
25 did, and here is where the records are.

1           MR. SWAIM: I think following up with John  
2 Jones, yes.

3           I've been coordinating with Jonathan Mabry,  
4 at the City, who manages their archeological Division,  
5 and -- but I think he'd be able to follow up with John.  
6 The more assurance we have that we're going to be  
7 cleared and understand what's been done historically  
8 will be really valuable.

9           MR. SHEAFE: Okay.

10          MR. SWAIM: Thank you.

11          CHAIRMAN McCUSKER: What's the timing on  
12 the -- if we authorize it today, when do you see the  
13 results?

14          MR. SWAIM: This first step is probably about  
15 a month-and-a-half process, month-and-a-half to two  
16 months. The problem is, we need to be able to  
17 coordinate the timing of this with the environmental  
18 Phase I survey, so that we don't disturb the Phase I  
19 environmental study before they get going and then they  
20 don't disturb the archeological. So it would be a  
21 coordinated effort. So we've got about a two-month, I  
22 think, window to be able to get that first step done to  
23 then move forward for Phase II items.

24          CHAIRMAN McCUSKER: So the estimate is  
25 \$110,000. It's to Desert Archeology, I believe, which



1 is an authorized vendor. Could be less than that. So  
2 you might want to authorize up to that amount.

3 MR. SHEAFE: So move that we authorize up to  
4 maximum of 110 to explore the archeological review on  
5 the property, and also throw in a request that you make  
6 a special effort to go back to John Jones and others  
7 who have been involved in this to see if we can't clear  
8 out as much of that effort as possible, just realizing  
9 there is historical documentation that probably is out  
10 there.

11 MR. IRVIN: Second.

12 CHAIRMAN McCUSKER: You might have set the  
13 record for the most long-winded motion.

14 MR. IRVIN: No. He's been higher than that.

15 CHAIRMAN McCUSKER: You think?

16 MR. IRVIN: Oh, yeah.

17 CHAIRMAN McCUSKER: The motion, simply  
18 stated, is we authorize \$110,000 -- up to \$110,000,  
19 subject to Phil doing some additional research so that  
20 we don't duplicate others' efforts.

21 All in favor, say aye.

22 (Board responds aye.)

23 CHAIRMAN McCUSKER: Jannie?

24 MS. COX: Aye.

25 JUDGE HALEY: Any opposed? Nay.

1 Carries.

2 (Motion moved, seconded and passed  
3 unanimously.)

4 CHAIRMAN McCUSKER: Next item on the agenda,  
5 the ALTA. Mr. Collins, Mr. Swain.

6 MR. COLLINS: Well, I'll start and let Phil  
7 fill in.

8 We would -- the suggestion is that Ashby not  
9 only do the boundary survey, but do the ALTA survey.  
10 The ALTA survey provides a great deal more information  
11 and --

12 CHAIRMAN McCUSKER: For people who don't know  
13 what ALTA is --

14 MR. COLLINS: American Land Title Association  
15 Survey. It is agendized as ACSM, but about a month ago  
16 or two months ago it became -- ACSM became NSPS,  
17 alphabet soup. It's a very high-level survey. It is  
18 where the title company and your surveyor work together  
19 so you know exactly what you get on the property. I  
20 will let Phil fill in, but I think that's what it does.

21 For any project like this, it's my strong  
22 recommendation that you have an ALTA survey.

23 MR. IRVIN: Also takes the title report and  
24 translates on to the survey anything from the title  
25 report; easements, access, et cetera, et cetera.

1 MR. COLLINS: Yes, sir.

2 MR. IRVIN: It's way above a metes and  
3 bounds. It draws your four corners, shows you  
4 everything and --

5 MR. COLLINS: Protrusions, encroachments, all  
6 of that stuff.

7 CHAIRMAN McCUSKER: And the cost for the  
8 ALTA?

9 MR. COLLINS: I think around \$10,000.

10 CHAIRMAN McCUSKER: Okay. And are we going  
11 to ask to authorize Ashby to do both the archeology  
12 study and the ALTA simultaneously, or coordinate it so  
13 one doesn't interfere with the other?

14 MR. COLLINS: That would be my  
15 recommendation.

16 Before you make the motion, let me get to the  
17 to the proposal. The proposal is \$9300 plus the 250  
18 for the legal description.

19 And then an additional \$1800 may also be  
20 charged, right?

21 MR. SWAIM: The additional \$1800 is allowance  
22 for on-site surveying that they may need to be able to  
23 do as we identify other utilities and have Blue Stake,  
24 that sort of thing, because most of this was actually  
25 on the done with the initial survey through an aerial

1 photograph.

2 CHAIRMAN McCUSKER: Authorize up to \$11,000,  
3 should cover everything?

4 MR. COLLINS: I would recommend 12.

5 CHAIRMAN McCUSKER: 12. Somebody make that  
6 motion.

7 MS. COX: So moved.

8 CHAIRMAN McCUSKER: Jannie made the motion.

9 MR. SHEAFE: Second.

10 CHAIRMAN McCUSKER: Up to \$12,000 for ALTA.

11 All in favor, say aye.

12 (Board responds aye.)

13 CHAIRMAN McCUSKER: Opposed? Nay.

14 (Motion moved, seconded and passed  
15 unanimously.)

16 CHAIRMAN McCUSKER: Sorry. This seemed a  
17 little cumbersome. We decided we would do -- a lot of  
18 government entities batch all this stuff together and  
19 give some blanket approval. It's not the Rio Nuevo  
20 way.

21 MR. SWAIM: One clarification that would  
22 help, I think, to build on what Mr. Sheafe was  
23 requesting in the archeology, just want to clarify that  
24 we have been coordinating closely with the City of  
25 Tucson, Tucson Water, the utilities companies to make

1 sure that we're identifying elements that may be on the  
2 site, because what we found out, things like -- there's  
3 a reclaimed water line on the corner of the site, but  
4 because it's a City of Tucson property, there is no  
5 easement in place, so it wouldn't show up in the title  
6 report. So we're doing our homework. We've also been  
7 doing the records search, meeting with other engineers  
8 who have been involved in the property. We had  
9 archeology and other issues as well. So we really want  
10 to make sure we do our homework and identify anything  
11 out there.

12 Also, Ashby Surveying, who was the surveyor  
13 that had been working with the City of Tucson, had  
14 surveyed their entire parcel here on this site, so they  
15 are the logical one to be able to update that survey  
16 for this boundary as well.

17 Thank you.

18 CHAIRMAN McCUSKER: And, finally, the Phase  
19 I, which is the environmental. Mr. Collins.

20 MR. COLLINS: This is really -- you need to  
21 do the same thing or you need to consider doing the  
22 same thing with the Phase I Environmental Site  
23 Assessment. This is one of the many things that you  
24 need to do as a developer.

25 Phil has been talking, I believe, to

1 Terracon --

2 MR. SWAIM: That's correct.

3 MR. COLLINS: -- and Terracon is one the  
4 outfits that is an approved vendor for the City of  
5 Tucson, so you can cooperatively procure it as you're  
6 doing everything else. I think that's the appropriate  
7 way to go.

8 It's also my understanding -- Phil, correct  
9 me if I'm wrong -- but I believe Terracon is a vendor  
10 that is also on Caterpillar's approved list; so that's  
11 a pretty good reason.

12 CHAIRMAN McCUSKER: What's listed on the  
13 phase -- talk about Phase I, Phase II, and --

14 MR. COLLINS: I think we're looking -- Phase  
15 I, Phase II are assessments that you have to do if you  
16 want to avail yourself of any protections, if there are  
17 environmental problems on the site. If you do your due  
18 diligence, you can provide yourself with defenses if  
19 there are problems with the site.

20 Phase I is the initial assessment. In the  
21 assessment, there will be a recommendation if you need  
22 to go beyond Phase I. So the first step is Phase I.  
23 You may not have to do a Phase II.

24 I believe that the estimate here is \$3000.

25 MR. SHEAFE: It's helpful to know.

1 Basically, Phase I is going through all the records  
2 that are available in all the agencies, identifying if  
3 there's anything of record that applies to this  
4 property. Then Phase II would be to dig a little  
5 deeper.

6 The one thing I would say is that since  
7 Terracon would be the party, and we will need a Phase  
8 I, but when we get to the development stage, if we --  
9 particularly if we do something relative to bond or  
10 not, we need to include in that agreement that they  
11 will send that Phase I over, at least make it available  
12 to us so we don't have to repeat the same process,  
13 having already gone through it.

14 MR. SWAIM: That is correct. Obviously, as  
15 you know, the Phase I is basically good for 180 days.  
16 So we want to be able to make sure the time of that  
17 works, and it can be extended too, we will coordinate  
18 that. And in relation to that as well, we're  
19 coordinating with the City of Tucson and their  
20 Environmental Services Division because of their  
21 research and knowledge about the site as well.

22 CHAIRMAN McCUSKER: Is there --

23 MR. IRVIN: First of all, 3000 bucks, it's a  
24 great number, for whatever it's worth. But I'm pretty  
25 convinced when they do the Phase I, especially when

1 they look at the aerial photos as part of the overall  
2 survey, they are going to find that there's something  
3 there going that's to call for a Phase II and some  
4 drilling and checking. Chris, you know that as well.

5 My question is, have we asked them for a  
6 pricing on the Phase II, what that would cost? Do we  
7 need to wait till they have identified where they think  
8 the problem areas are?

9 As I understand, the area that's, quote, "a  
10 hole in the ground," has all been abated, that's kind  
11 of cleaned up. I can't tell how far east that line  
12 goes. In looking at some of the drawings, I'm pretty  
13 sure they are going to probably recommend something  
14 else. Curious if we've had any talks with them about  
15 pricing and timing.

16 MR. SWAIM: I have not spoken with them about  
17 pricing at this point about the Phase II.

18 Basically, the site is split down the center,  
19 because that's also where the Pima County sewer line  
20 splits the site as well. So it is just that eastern  
21 half. But you're absolutely right, the landfill, at a  
22 minimum, is adjacent to the edge of the site. We're  
23 going to confirm exactly where on the southern edge  
24 that is, so that will identify some level of Phase II  
25 investigation. But because of that, knowing that



1 there's something there, we can certainly start to  
2 understand what that is and anticipate as we're looking  
3 at our project budget.

4 MR. IRVIN: Thank you.

5 CHAIRMAN McCUSKER: So the request is to  
6 authorize up to \$3000 for Terracon to do the Phase I  
7 Environmental Site Assessment.

8 MR. IRVIN: So moved.

9 MR. MARQUEZ: Second.

10 CHAIRMAN McCUSKER: All in favor, say aye.

11 (Board responds aye.)

12 CHAIRMAN McCUSKER: Any opposed?

13 MS. COX: Jannie on the record as aye.

14 (Motion moved, seconded and passed  
15 unanimously.)

16 CHAIRMAN McCUSKER: Last item on our agenda  
17 is Caterpillar related. We're all about expediting  
18 Cat's relocation to Tucson.

19 For those of you that are tracking  
20 Caterpillar, the first 35 Cat execs have, indeed,  
21 relocated to Tucson, as we hoped for. They are all  
22 home buyers, they are builders. The next wave of 35 is  
23 right behind them. They ultimately hope to relocate  
24 350 staff to Tucson. They are coming from worldwide  
25 destinations. They are consolidating a number of

1 offices in favor of Tucson.

2           We have a little wrinkle in the current  
3 temporary space. As you know, the County is leasing 97  
4 East Congress to Caterpillar. It will house up to  
5 about 250 employees and is designed to be their  
6 short-term headquarters while Rio Nuevo builds out  
7 their permanent building. The original tenant in that  
8 building, besides the County, is the Indian Health  
9 Center. They have agreed to vacate their lease early  
10 to make room for Cat and are in the process of  
11 acquiring another County-owned building. In that  
12 process, they've identified some issues with the air  
13 conditioning system. Their estimate to do that is  
14 \$140,000. The Indian Health Center doesn't have  
15 \$140,000, so we're at risk of delaying Cat's  
16 relocation.

17           Rio Nuevo's been asked to help. The County's  
18 offered to put up 50 of that 140. We're going to  
19 discuss the options and opportunity for Rio Nuevo to  
20 help make up that difference so we can expedite the  
21 Indian Health Center's relocation and get the next wave  
22 of Caterpillar's employees into that building.

23           MR. HILL: Mr. Chairman, is there someone  
24 from the County to explain where they came up with the  
25 50,000?

1           CHAIRMAN McCUSKER: We were hopeful somebody  
2 would be here. That's the limits of the County  
3 Administrator's authority without going to the Board of  
4 Supervisors, which I think they would be prepared to  
5 do, but maybe not as quickly as we can. That's the  
6 extent of Mr. Huckleberry's scope of authority.

7           MR. IRVIN: When does the Board meet next?

8           MR. SHEAFE: The 18th of October.

9           MR. MARQUEZ: Mr. Chairman.

10          CHAIRMAN McCUSKER: Mr. Marquez.

11          MR. MARQUEZ: I don't think Indian Health  
12 Center or Rio Nuevo, personally, should be paying this.  
13 I mean, we all had a piece of this deal; City of  
14 Tucson, Sun Corridor, Pima County. They are simply  
15 going to temporarily house Cat for us.

16                 In round numbers, we put in 60 million of the  
17 64 million for -- you know, I'm sure -- I'm going to  
18 guess that Pima County has to do an asset audit at some  
19 point to know what buildings they have available, to  
20 know what buildings will also need to work for them.  
21 To move Indian Health Center to a building that needs  
22 \$140,000 worth of work and only come up with 50,000 and  
23 come to us for the 90, we're already 60 million of the  
24 64 million, something doesn't sit right. I understand  
25 moving forward for Caterpillar, but at some point --

1 Pima County's not even here to address us on this. Did  
2 they us for a hone, did they offer a credit towards any  
3 future fees we might be paying to Pima County for  
4 future construction, whether it's water, sewer? I'm  
5 just personally kind of blown away by this and not  
6 excited for the fact they've come to us for additional  
7 funds when we've already done so much via this Rio  
8 Nuevo Board.

9 MR. HILL: Mr. Chairman, to follow up on  
10 Mr. Marquez's comments, I'm in total agreement,  
11 combined with the fact that we recently bailed out the  
12 County with the boundary situation on the Garden where  
13 they were eight feet into the City lane and all that.  
14 And I think we certainly did our due diligence there,  
15 and now they've come back and asked for 50,000. They  
16 have gotten in the habit -- or asking for 97,000.  
17 They've gotten in the habit, as many of the groups  
18 have, that they hit the City, hit the County, whoever  
19 else, and then they say, we'll go to the easy mark, Rio  
20 Nuevo, the bottomless pit. And I think what we are  
21 characterized out there in the public, and certainly in  
22 the news media, with the old Board that was a  
23 consistent pattern. I have fought that with the  
24 Fountain, the Memorial; that we set ourselves up for  
25 these people to come in with their wish list.

1           If the County really wanted to do this, they  
2 should have had a public vote. They should have found  
3 a way to fix that or they shouldn't be here asking for  
4 97, \$98,000.

5           In addition to that, they are a creature, if  
6 you would, of the State, and the State has a vested  
7 interest in Caterpillar coming here. Why they don't  
8 they go to the State, to their monthly Board meeting,  
9 reallocate resources. They could probably simply give  
10 that 97,000 out of whatever budget in the Governor's  
11 Office that they need to switch it, Joint Legislative  
12 Budget Committee. I think that should be the first  
13 place they should have gone. If we then have a  
14 direction from the Governor, with the President and  
15 Senate, Speaker of the House, suggesting the only way  
16 to fix this is for us to give them the \$98,000, that's  
17 a different color. That makes more sense.

18           We serve at their pleasure. We all serve at  
19 the pleasure of taxpayer. And as Mr. Marquez said,  
20 this really smacks as an abuse of the taxpayer  
21 situation.

22           There's nobody here from the media. We're  
23 back to skullduggery of the County and the City.  
24 Whenever they have a problem, go to Rio Nuevo and get  
25 the money. I also find that unsettling and I'm not

1 overall pleased, as you can tell, particularly with  
2 nobody here from the Board of Supervisors.

3 Thank you very much.

4 CHAIRMAN McCUSKER: Mr. Irvin.

5 MR. IRVIN: I completely and totally concur  
6 with everything that Edmund said. I think you said it  
7 very, very well.

8 You know, we've -- I think the County, as I  
9 understand it, was always proud that they've never come  
10 to Rio Nuevo to ask us for anything. They always say  
11 the City has done that, not us. When I saw this  
12 request, I was very surprised by it. And you know, in  
13 the context of \$60 million, I'm not sure \$100,000 is  
14 going to make or break a deal, but I do know that it's  
15 important to get these folks in town.

16 You know, one thing that I know we've got is  
17 a sewer line that runs right down the middle of the  
18 property. Sewer lines are never where they are  
19 supposed to be. You know, I just wonder if there's not  
20 an opportunity to -- maybe, Chris, you could comment on  
21 this. You know, is there an opportunity maybe to do  
22 something with the County and say we'll take care of  
23 that, but we would like some consideration for -- you  
24 just went through that for some other things on  
25 relocating drainage. Do you have a swag number what

1 that might be?

2 CHAIRMAN McCUSKER: You could offset their  
3 impact fees. There are going to be connection fees,  
4 all kind of things the County's going to see on the  
5 other side of this development.

6 Maybe what you do, Mark, is say, okay, we'll  
7 advance this money, but we want it credited against our  
8 project.

9 MR. IRVIN: That's exactly where I was going.

10 I would like to make that motion, that we  
11 advance the money, we take it back from Pima County in  
12 a credit from other fees and relocations, things  
13 we're --

14 MR. SHEAFE: You want that to be a commitment  
15 from the County up front, that they would say, yes,  
16 we'll work with you when we get the --

17 MR. IRVIN: Yes, I would.

18 MR. MARQUEZ: Are we instructing counsel to  
19 move forward with a discussion with Pima County in  
20 regards to a credit?

21 CHAIRMAN McCUSKER: You have a motion, no  
22 second, to negotiate with the County to provide us an  
23 offset, dollar-for-dollar offset, that anything we  
24 advance to expedite this we would recover in the Cat  
25 project.

1 MR. SHEAFE: I'll second that.

2 MR. HILL: Mr. Chairman, discussion on the  
3 motion, the second then is in order.

4 Counsel, is that doable? I mean, can we  
5 legally make a motion that's binding on the County?  
6 Because you would give that to them and they would have  
7 to sign off and have that 140 -- or the 97,000  
8 guaranteed in proverbial stone that we'll get that  
9 offset.

10 MR. COLLINS: Correct, Mr. Hill. Yes, we can  
11 put that in writing. We can make it conditional.  
12 That's not a terribly difficult agreement to write.  
13 Other agreements that I've written for you guys are a  
14 lot more complicated than that.

15 If Mr. Huckleberry and the County are  
16 generally in agreement, then I'm sure we can write it  
17 and have it signed and they can approve it.

18 MR. HILL: Mr. Chairman, just to follow that  
19 one more step further, what if they don't want to sign  
20 that and don't want to approve it, what do we do then?  
21 We would be postponing, delaying the Caterpillar  
22 project. Do we have any other options that you can  
23 think of or perhaps come up with to hold their  
24 proverbial feet to the fire?

25 CHAIRMAN McCUSKER: Hang on one second.



1 Mr. Sheafe has to go.

2 We have a motion and second. Do you want to  
3 record your vote on the way out?

4 MR. SHEAFE: I will support the motion,  
5 because I can see that this is really only authorizing  
6 you to go ahead and do the negotiations, really.

7 CHAIRMAN McCUSKER: We'll finish our  
8 conversation before we do the rest of the roll call.

9 MR. SHEAFE: Thank you.

10 CHAIRMAN McCUSKER: It's pretty obvious to  
11 me, if we do that, it would have to go to the Board of  
12 Supervisors. It probably exceeds the County Manager's  
13 scope of authority.

14 I don't know if I agree with Edmund that  
15 we're easy. I do know we're fast. I think the reason  
16 both Cat and the County came to us was because we can  
17 expedite these kind of things. This is not  
18 expeditious, but it may be the right thing, but it is  
19 going to put it back in the Board of Supes. They can  
20 either say, we're not going to do that, just pay for it  
21 ourselves, or we'll accept that proposal from Rio Nuevo  
22 and find a way to offset that. But I don't think  
23 that's going to occur without being agendized at the  
24 Supervisor's level.

25 MR. COLLINS: As I understand the motion, it

1 is to authorize the advancing of the \$97,000, provided  
2 that the County agrees. Now, whether the County  
3 Manager has authority to make such an agreement prior  
4 to the Board Meeting, I don't know that.

5 CHAIRMAN McCUSKER: Our motion is invalid  
6 unless the County agrees?

7 MR. COLLINS: That's correct.

8 CHAIRMAN McCUSKER: Mr. Marquez.

9 MR. MARQUEZ: One has last point.  
10 We just got done approving boundary survey,  
11 ALTA. Pima County Supervisors meet in 20 days. I'm  
12 sure we'll be busy, still progressing forward while we  
13 wait 20 some days for the Pima County Board of  
14 Supervisor to meet. I don't think we're holding  
15 anything up. Worse case scenario, they either pay for  
16 it them themselves -- that would be fantastic -- or  
17 they give us credit towards our future deal.

18 MR. COLLINS: It seems to me you have a  
19 motion and second.

20 CHAIRMAN McCUSKER: We have one recorded aye.  
21 Michelle, call the roll.

22 MS. BETTINI: Edmund Marquez.

23 MR. MARQUEZ: Aye.

24 MS. BETTINI: Jeff Hill.

25 MR. HILL: I wish to explain my vote.

1 I think the addition to the motion is  
2 appropriate; that we do get that money. I think that  
3 the County's got to understand we're just not a blank  
4 checkbook. So I support the concept, but as a message  
5 to the County that we are not the proverbial rubber  
6 stamp when it comes to their money problems, at this  
7 time I'm required to vote no.

8 MS. BETTINI: Mark Irvin.

9 MR. IRVIN: Yes.

10 MS. BETTINI: Jannie Cox.

11 MS. COX: Aye.

12 CHAIRMAN McCUSKER: And aye for me.

13 So the motion carries five to one.

14 We'll notify the County of our intent,  
15 Mr. Collins, and we'll wait for them to respond.

16 We've set aside some time for call to the  
17 audience.

18 Michelle, anything?

19 Entertain a motion to adjourn.

20 MR. IRVIN: So moved.

21 CHAIRMAN McCUSKER: Second, please.

22 MR. MARQUEZ: Second.

23 CHAIRMAN McCUSKER: All in favor, say aye.

24 (Board responds aye; motion moved, seconded  
25 and passed unanimously.)

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

CERTIFIED REPORTER'S CERTIFICATE

STATE OF ARIZONA )  
 ) ss.  
COUNTY OF PIMA )

BE IT KNOWN that I took the foregoing  
proceedings; that I was then and there a Certified  
Reporter, CR No. 50218, in the State of Arizona; that  
said proceedings were reduced to writing by me.

I DO FURTHER CERTIFY the ethical obligations  
set forth in ACJA 7-206 (J)(1)(g)(1) and (2) are in  
compliance; that I am not a relative or attorney of  
any party, or financially or otherwise interested  
in the action.

WITNESS MY HAND this 28th day of September  
2016.

\_\_\_\_\_  
ANTHONY C. GARCIA, RDR, CR  
Certified Reporter No. 50218

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

REPORTING FIRM CERTIFICATE

THIS FIRM CERTIFIES the ethical obligations set forth in ACJA 7-206 (J)(1)(g)(1) through (6) are in compliance and have been met.

WITNESS MY HAND this 28th day of September 2016.

---

KATHY FINK & ASSOCIATES, INC.  
No. R1003