

RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
April 15, 2013
1:00 p.m.

REPORTED BY:

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1 (Meeting commenced at 1:17 p.m.)

2 CHAIRMAN McCUSKER: We'll call this meeting to
3 order. I have 1:17.

4 It should be noted that Cody Ritchie indicated
5 that he is on his way. And Mr. Hill and Mr. Irvin are
6 both -- have excused absences. So the five of us chickens
7 is all you're gonna have.

8 Michele volunteered to lead us in the Pledge of
9 Allegiance.

10 MR. COLLINS: Okay. Do you want to do roll before
11 you do that?

12 CHAIRMAN McCUSKER: Yeah. Let's do the roll call
13 first. Well, actually the Pledge is first.

14 (The Pledge of Allegiance was recited.)

15 CHAIRMAN McCUSKER: Now you can call the roll.

16 MS. BETTINI: Chris Sheafe.

17 MR. SHEAFE: Here.

18 MS. BETTINI: Fletcher McCusker.

19 CHAIRMAN McCUSKER: Here.

20 MS. BETTINI: Jannie Cox.

21 MS. COX: Here.

22 MS. BETTINI: Alberto Moore.

23 MR. MOORE: Present.

24 CHAIRMAN McCUSKER: All right. You should have a
25 transcript of the March 18th meeting. And barring any

1 issues with that, if someone will move to approve those
2 minutes.

3 MR. SHEAFE: So moved.

4 MS. COX: Second.

5 CHAIRMAN McCUSKER: All in favor, say aye.

6 (Ayes.)

7 (The Board voted and the motion
8 carried.)

9 CHAIRMAN McCUSKER: All right. We have an
10 Executive Session scheduled.

11 We need a motion to convene to Executive.

12 MS. COX: So moved.

13 CHAIRMAN McCUSKER: We need a second.

14 MR. SHEAFE: Second.

15 CHAIRMAN McCUSKER: Second.

16 All in favor, say aye.

17 (Ayes.)

18 (The Board voted and the motion
19 carried.)

20 CHAIRMAN McCUSKER: And we should -- we'll try and
21 speed this up so that we're back here, maybe, 2:30. What
22 time's the public meeting supposed to start?

23 MR. COLLINS: 2:30.

24 CHAIRMAN McCUSKER: Okay. We can do that.

25 We can do that.

1 We are temporarily adjourned.

2 (The Board adjourned for Executive
3 Session at 1:18 p.m.)

4 (Meeting reconvened at 2:26 p.m.)

5 CHAIRMAN McCUSKER: If someone will move, we'll
6 reconvene the public meeting.

7 MS. COX: So moved.

8 CHAIRMAN McCUSKER: Somebody second?

9 MS. BETTINI: Second.

10 CHAIRMAN McCUSKER: All in favor, say aye.

11 (Ayes.)

12 (The Board voted and the motion was
13 carried.)

14 CHAIRMAN McCUSKER: Mr. Moore is here. He's just
15 in the back of the room. We'll proceed with the agenda.
16 Mr. Hill and Mr. Irvin are excused.

17 Let me just touch on some of the things we're
18 going to cover today. We are going to press to make certain
19 we're done at ten minutes to four because today is the
20 thirtieth anniversary of --

21 MS. COX: Third -- fourth.

22 CHAIRMAN McCUSKER: How many?

23 MS. COX: Fourth.

24 CHAIRMAN McCUSKER: Fourth. Thirty -- we've been
25 doing them for a long time.

1 -- fourth anniversary of Meet Me at Maynards, so a
2 huge crowd expected for that.

3 You have how many bands, Jannie?

4 MS. COX: They have 11 bands and the U of A
5 cheerleaders.

6 CHAIRMAN McCUSKER: So we expect all of you, right
7 after this, to go over and run Meet Me at Maynards.

8 MR. COLLINS: Are you going to walk your full four
9 miles?

10 MS. COX: We're shortening the route tonight
11 because we tightened in the music so everybody could enjoy
12 it without rushing.

13 CHAIRMAN McCUSKER: On the agenda today, we're
14 going to talk about the TCC Arena. I think you all know
15 that we've committed to a major renovation there as part of
16 the global settlement. We have our project manager and
17 architect here to give us a brief update and ask for some
18 approval on some of the expenses associated with that.

19 Jim Lovelace is here from Beach. And sorry, it's
20 tax day. We forgot. We're going to try to get him in and
21 out of here quickly. I am pleased to announce, for the
22 first time since 2010, legislative intervention. The Rio
23 Nuevo District will be issuing an unqualified audit. It's
24 not been without a lot of work from Jim and the folks at
25 Beach. We're going to talk about that.

1 We have some opportunities to really begin to
2 focus on the West Side, particularly the Arena Lot and the
3 parcels west of the freeway. I'll remind everyone that, in
4 order to do that, there are two conditions that we have to
5 meet regarding Notices to Proceed. We have to issue a
6 Notice to Proceed on the Convention Center, which we're
7 doing as we speak; we also have to issue a Notice to Proceed
8 on a hotel.

9 You'll notice, for those of you that are following
10 us, that the -- Scott Stiteler or the 5th Congress proposal
11 is not on today's agenda. Mr. Sheafe and I have recused
12 ourselves from those conversations for different reasons
13 that are identified in our agenda. But if we step out with
14 Mark and Jeff gone, it only leaves three members on the
15 board, so we would not have a quorum to discuss the Stiteler
16 project. Hopefully in the main meeting we'll have some
17 updates for you as to where we are with the opportunity to
18 develop a downtown area hotel.

19 We are going to talk about the Arena Lot today.
20 And we confirmed that the Auditor General will be selecting
21 an auditor for tri-annual audit here in the next couple of
22 weeks. One of the recommendations three years ago was that
23 the District should have a capital plan. That's basically a
24 pretty loose piece of theory on how we might spend the
25 capital available to us. We're going talk about that.

1 And then, as always, we welcome your comments. So
2 if you do want to say something to us, please fill out a
3 Call to the Audience card.

4 First up on the agenda is the annual audit.

5 Let me kind of summarize for you, from my
6 perspective, the challenges with this year's audit and the
7 end result of this year's audit. We do have copies -- a few
8 copies available for the public. After today's meeting it
9 will be posted on our website. Assuming the Board approves
10 it, this is no different for our Board than the drafts that
11 we've seen; however, the Board does have the opportunity to
12 review and approve the annual audit.

13 Revenue for the TIF district is pretty
14 straightforward. We get revenue from the State; they get
15 sales tax from merchants; anything over the 1990 base -- the
16 1999 base, we split that with the State of Arizona. So they
17 tell us what our revenue is.

18 Our expenses are pretty straight forward. We have
19 administrative expense, which we develop a budget every year
20 for; we have significant debt service expense, which is
21 retiring the debts of our predecessor boards.

22 The challenge -- and I think the reason we've had
23 qualified opinions in the past -- is not revenue and
24 expenses. It's been on the asset side of Rio Nuevo's
25 assets. And we've done a lot of work this year to clean up

1 the balance sheet. And as a result of that, you'll note it
2 in the agenda, we will write down about \$19 million of
3 assets.

4 All of those are in what's called
5 construction-in-progress assets. When a government entity
6 goes out to build something and starts spending money on a
7 project, it books it into what's called a CIP account, or a
8 construction-in-progress account. Eventually that project
9 gets built, that item becomes capitalized, is removed from
10 the construction-in-progress account, is capitalized, and
11 then depreciated. If for some reason that project is
12 abandoned, it should be immediately expensed at the time the
13 project was discontinued.

14 For the Rio Nuevo District, neither of those
15 things happened as a routine occurrence. So we had a number
16 of assets on our books that were either completed -- for
17 example, the east entrance of the TCC -- or long
18 abandoned -- for example, the TCC hotel. And as part of a
19 balance work for this year -- balance sheet work for this
20 year, we've adjusted those assets, which will affect our
21 balance sheet negatively by about \$19 million.

22 We also had, on the books, 13 million and
23 change -- about \$13.7 million of construction-in-progress
24 assets for the Depot Garage. Because that's been converted
25 to a receivable from the City, we've not been compelled to

1 write that off. So you'll actually see about \$32 million of
2 adjustments in the CIP account, the construction-in-progress
3 account, but 13 and change of that is coming back to us in
4 the form of a receivable from the City of Tucson.

5 The other thing that we were compelled to do this
6 year is address the issues of the Fox Theatre. Those of you
7 that have been following that for the last couple of years,
8 the District, in 2006, loaned the Fox Theatre \$5.8 million
9 plus interest. We were advised, over a year ago, that the
10 Fox had no capacity to settle that. The respective boards
11 at both organizations did work out new terms related to that
12 indebtedness; however, those terms were rejected by the
13 National Historic Trust, who basically is in first position
14 on that property and has an annual dividend associated with
15 that lease and didn't want to risk any payment to their
16 dividend. So that project, the settlement of that, has
17 languished.

18 Under GAAP, when you have a bad loan, you have to
19 address it. What we did this year was write off the
20 interest associated with that indebtedness and reduced the
21 principal to half of the initial \$5.8 million. We're still
22 hopeful that when the Fox can get clear of the Trust that
23 they can continue to make payments to the District for the
24 remaining debt. And we've been able to convince the
25 auditors that we have a good chance of doing that.

1 It's important to remember that the superior court
2 has determined that the Rio Nuevo District is exempt from
3 the gift clause. So there's not a gifting issue associated
4 with the forgiveness of debt to anyone. That was part of
5 the Kromko lawsuit against the District as it related to the
6 Bourn lot. The Rio Nuevo TIF District is, in fact, exempt
7 from the gift clause -- Arizona constitutional gift clause.
8 And that's kind of it in a nutshell.

9 Jim, I don't know if you wanted to kind of
10 summarize it based on the work that we've done.

11 If there are any questions for Jim, he's here.
12 What I would need to do is have the Board act on the audit
13 as presented by BeachFleischman.

14 MR. RITCHIE: Mr. Chairman, I have a quick
15 question. What kind of assurances do we have that the Fox
16 Theatre will -- Fox Foundation will indeed pay back the
17 other portion of it, that they don't just get a complete
18 free ride on this?

19 MR. LOVELACE: Well, it's an estimate by
20 management -- in this case, the Board -- as it relates to
21 the -- I'll just say the ability of the Fox to collect the
22 5.8 going forward. In the meantime, the note has been
23 allowed for. The principal's not been written off,
24 technically, but in full accrual accounting under GASB 34,
25 it's been allowed for 50 cents on the dollar. Okay?

1 CHAIRMAN McCUSKER: We could have them, maybe even
2 at the next meeting, Cody.

3 The Fox is much healthier than it was two years
4 ago. And I think, except for the Trust, we would have been
5 able to renegotiate this debt. The Fox revenue last year
6 was about \$2 million. Two years ago, the Fox revenue was
7 about \$500,000. So they certainly have the means under
8 which to continue to pay out this debt.

9 However, because of the cockamamie deal that was
10 done back in 2006, the first position, as it relates to the
11 Fox Theatre, belongs to the National Trust for Historical
12 Preservation. And they have the right to approve or
13 disapprove of any new debt that the Fox enters into. And
14 from their perspective, this was deemed new debt, so they
15 stopped it. There is a clause in the contract that provides
16 that the Fox can take the National Trust out in the year --
17 Mark, you'll help me remember 20 --

18 MR. COLLINS: -- 14.

19 CHAIRMAN McCUSKER: 2014.

20 MR. COLLINS: For a period of six months.

21 MR. MOORE: So what the Fox has to do is
22 renegotiate its deal with the National Historic Trust. And
23 then I think we can sit down with them and work out the
24 remaining terms. The Fox has never expressed any interest
25 to dodge this indebtedness. In fact, they actually had an

1 agreement made with us that would work. Our issue is with
2 the National Historic Trust.

3 And the deal's really complicated. And when you
4 go back and look at it, you -- everyone walks away going,
5 what the hell were they thinking? Because it -- someone
6 equated it to if you gave the first mortgage on your house
7 to the people that built your pool. You've got someone with
8 a very little investment now controlling --

9 MR. RITCHIE: You're talking the Fox Board.

10 MR. MOORE: -- you know, controlling the Fox Board
11 and the Rio Nuevo Board.

12 MR. RITCHIE: Right, right.

13 CHAIRMAN McCUSKER: You know, this was a
14 City-proposed negotiated transaction that had multiple
15 facets, multiple entities, a loan that they had no means to
16 pay back.

17 And then, the tenant of the Fox Theatre -- most
18 people don't appreciate this -- is not the Fox Theatre.
19 It's the National Historical Trust for Preservation.

20 MR. LOVELACE: It's a master lease.

21 CHAIRMAN McCUSKER: They're the master tenant, and
22 they sublease it to the Fox. So that's the 900-pound
23 gorilla. It's not the Fox Theatre.

24 MR. LOVELACE: And that put option, I think,
25 lapses very -- in the very near term. And then I think the

1 District is probably in a better position to assess the
2 projection and the likelihood of that debt being serviced
3 and prompt payments being made.

4 MR. RITCHIE: Well, if I could add one more thing
5 in that is that, I just don't want to be, as a Board, in a
6 position to pick -- be picking winners and losers, you know,
7 in the development downtown, helping them, give them a hand
8 up, not a hand out. And hopefully that this -- this will
9 help us get paid back with what you were talking about,
10 Fletcher.

11 CHAIRMAN McCUSKER: Well, I think the lesson there
12 is -- and I hope we apply this as we look at other
13 developments -- we should not be lending anybody money. You
14 know, it's just way too risky. That should be not be the
15 role of a TIF. You know, our job should be to help
16 participate in development. We're tasked to create economic
17 development, not return on loan dollars. So I think the
18 whole thing was flawed.

19 It's consistent with a lot of the decisions that
20 were made, you know, in the middle of the tenure of the TIF.
21 And I hope we never loan anybody money again, Cody, because
22 what we should be doing is finding a way that our investment
23 creates other investments.

24 MR. RITCHIE: Yes.

25 CHAIRMAN McCUSKER: And, you know, the TIF has

1 never thought like that, I think, until this board was
2 seated.

3 Chris?

4 MR. SHEAFE: Just a quick question. I know that
5 we spend money for facilities and whatnot over here. And
6 I'm familiar because I was -- a long time ago as chairman of
7 the advisory committee -- upstairs at the Fox in the offices
8 of the original Rio Nuevo, which I'm guessing are sitting
9 there empty. If we were to work some of that debt off by
10 using office space there rather than here, would that be
11 something that is practical from your --

12 CHAIRMAN McCUSKER: We've approached them sometime
13 ago. I think the Board elected to come to this building.
14 They have since leased that space out, other people have
15 leased the space.

16 MR. SHEAFE: Are they -- oh, they're occupied.

17 CHAIRMAN McCUSKER: Yeah.

18 MR. SHEAFE: Okay.

19 MR. LOVELACE: In the account reporting, I'm going
20 to call that a noncash transaction. But if, in fact, there
21 was some arrangement or structure to that effect, it could
22 be reported appropriately, I do believe.

23 CHAIRMAN McCUSKER: What we need to do is to keep
24 the Fox's feet to the fire to take out the Trust and then
25 sit down with us on negotiating the remainder of this term.

1 Alberto?

2 MR. MOORE: Mr. Chairman.

3 Mark, you mentioned something about six months.

4 Does that mean that that put that the City -- that the Fox
5 Theatre has six months in 2014 to exercise that put? Or
6 what?

7 MR. COLLINS: Mr. Moore, I'd have to go back and
8 look. As you all know, I've talked about this at great
9 length. My recollection is that in September of 2014 is
10 when the put-call period begins. I can confirm that for
11 you.

12 At that point in time, there is -- the ball is in,
13 as I recall, the --

14 CHAIRMAN McCUSKER: Foundation.

15 MR. COLLINS: -- Foundation's court. And the
16 Foundation can say buy me out for -- and I think our -- the
17 estimated numbers a year or so ago was about a quarter
18 million bucks.

19 And if -- if the Fox didn't do that, then the
20 District had the right to step in and do that. And the plan
21 would be -- and had been discussed -- would be that the
22 Trust would say X, and the Fox would accept -- pay that off,
23 and we'd get the 600-pound gorilla out of the room. That
24 would place us in a position to be able to sue Fox and
25 restructure the deal.

1 It's -- the existence of the National Trust is
2 what creates the complexity.

3 MR. MOORE: Sure, sure.

4 MR. COLLINS: But my recollection, Mr. Moore, is
5 that it was a quarter of a million bucks.

6 MR. MOORE: Is that necessary to be represented
7 within the audit, or is that --

8 MR. LOVELACE: Not in the context -- from the
9 District's perspective because that's by and between the Fox
10 Foundation and their business partner, shall we say. I
11 don't want to get too much into details, but when you have a
12 tax credit at risk, you never want those credits to lapse,
13 because then -- they being a 501(c)(3), would have other
14 challenges themselves as well. Okay?

15 So again, that put option belongs to the
16 Foundation not to the District. We, the District, simply
17 have a note receivable between the Foundation and the
18 District.

19 MR. MOORE: But we can -- we can take that option,
20 right?

21 MR. LOVELACE: I don't think it's our decision.

22 CHAIRMAN McCUSKER: No. The only documents that
23 exist between the Rio Nuevo District and the Fox Theatre is
24 a lease.

25 MR. LOVELACE: Right.

1 CHAIRMAN McCUSKER: And that's a sublease. The
2 National Historic Trust is the master tenant. They have a
3 35-year lease. There's a put clause in there that allows
4 the Foundation to remove them. If they don't exercise that,
5 the Trust can stay in place for 35 years.

6 MR. MOORE: Yeah.

7 CHAIRMAN McCUSKER: Now, the Fox has committed to
8 us that they will exercise that. And that gives us then the
9 opportunity to --

10 MR. MOORE: But do we have anything in writing
11 from them to say that they would exercise --

12 CHAIRMAN McCUSKER: All that was rejected --

13 MR. COLLINS: -- by the Trust.

14 CHAIRMAN McCUSKER: -- by the Trust because
15 they're not going to jeopardize nor negotiate their
16 position. So they became the 900-pound gorilla. And that's
17 really what forced the writeoffs, is that we had no way to
18 renegotiate that.

19 MR. COLLINS: There is an incentive to take the
20 Trust out of the equation, as I recall, because of the rent
21 that has to be -- rent, if you will -- that has to be paid
22 to the Trust by the Fox.

23 CHAIRMAN McCUSKER: And on top of that, they have
24 a dividend, a \$90,000-a-year dividend --

25 MR. COLLINS: Well, that's what really -- right.

1 CHAIRMAN McCUSKER: -- for 32 more years. So I
2 think -- and we'll invite them to the May meeting to kind of
3 update us on what --

4 MR. SHEAFE: But this all got put in place when
5 they were trying to raise that critical quarter of a million
6 dollars, right?

7 CHAIRMAN McCUSKER: The transaction was that the
8 District would put up \$5.8 million in the form of the loan
9 subject to the National Trust putting up, you know,
10 \$3.6 million in the form of tax credits. But in order to
11 structure that, they had to create these for-profit entities
12 and this lease back.

13 And you know, it's -- Mark and I often remark --
14 we were at different places then -- that it was probably the
15 most complicated insane transaction that either one of us
16 had ever witnessed. And we thought we had a way out of it.
17 We actually thought we could -- and they -- they vetoed
18 that. And that's kind of what pushed the issue into the
19 aisle.

20 MR. LOVELACE: And, Mr. Chairman, I can, again,
21 just emphasize, there's been no factual, actual write-off.
22 In full accrual accounting, it's an allowance, a
23 reservation. Okay? The 5.8 is still in place, but
24 there's --

25 CHAIRMAN McCUSKER: We've not forgiven anything.

1 MR. MOORE: Right.

2 MR. LOVELACE: That's correct. There's an
3 allowance against it, but there's been no forgiveness of
4 debt, thus far.

5 MR. SHEAFE: Well, we have that in our
6 nonperforming asset category now, right?

7 MR. LOVELACE: If folks are familiar with the
8 banking industry, it's called nonaccrual, on your watch
9 list, if you're familiar with those terms.

10 CHAIRMAN McCUSKER: Any other questions for Jim?
11 Somebody move to approve the audit.

12 MR. SHEAFE: So moved.

13 CHAIRMAN McCUSKER: Second?

14 MS. COX: Second.

15 CHAIRMAN McCUSKER: Jannie. That's Chris Sheafe
16 and Jannie.

17 All in favor, say aye.

18 (Ayes.)

19 CHAIRMAN McCUSKER: Anybody opposed?

20 MR. MOORE: I oppose.

21 CHAIRMAN McCUSKER: The motion passes 4 to 1.

22 Jim, thank you very much. This is the third year
23 in their three-year engagement. We're very appreciative of
24 the work that Beach has done on our behalf. Thank you very
25 much. Go file some tax returns.

1 MR. LOVELACE: I have a few more extensions to do.

2 CHAIRMAN McCUSKER: Okay. The TCC Arena.

3 We've had a number of meetings with a number of
4 different stakeholders. And it's an exercise for me -- and
5 translated to all of you -- in patience because I think we
6 all want to move quickly on the arena remodel. But there's
7 gonna to have to be some work done in advance of that.
8 We're also going to have to work around the very busy arena
9 schedule, which didn't dawn on me initially, but they're
10 booked relatively consistently.

11 With us today is a Elaine Weaver and Phil.

12 Elaine, so if you'll give us just a quick update
13 on what you guys have been doing.

14 MS. WEAVER: Okay. Hello. Thank you.

15 So, first, I want to give just a quick project
16 update, then talk about the project schedule, and then talk
17 about the consultant fees that we would like to present to
18 you today.

19 In the past month, we've been meeting weekly with
20 the project team. And that includes Mark Irvin, Fletcher
21 McCusker, myself, some other City staff members, as well as
22 Phil and his team, and then the new interim director of the
23 TCC, Marty Carey. He's now on our design team as well. So
24 we're coming together weekly to talk about the project, give
25 each other updates, and move the project forward.

1 As of last week on Friday, we concluded two weeks
2 of programming meetings, where we met with all of the end
3 users at the TCC. Everyone from their lighting, the
4 rigging, staging, security, concessions, and advertisement.
5 And we sat through fact-finding meetings where we sat and we
6 asked them questions and we listened to them to say, what is
7 it that you need? What's working? What's not? And where
8 do we need to go from here?

9 It is important to note that I don't know to what
10 extent that's ever been done at the TCC. And it was just a
11 wealth of information that the design team was able to
12 document. And so that, as we're moving forward, we have the
13 right information in front of the us. We're not making
14 those decisions as to what they need. They're telling us,
15 and then we're taking that information to the design team
16 and doing the right improvements that they actually need.

17 I've also been meeting with the TCC to get a sense
18 of their event schedule all the way through 2014. They are
19 booked. And I've presented that to the design team. I have
20 it all the way through May of 2014.

21 So last week I met with Bill Allen and the City of
22 Tucson finance. And we worked through how the project
23 intends to report and track for the Board as well as for
24 Bill, and so how we can track expenditures. And then in the
25 following -- in the upcoming week, I'll be meeting with

1 Chris and Bill Allen and procurement so we can flush out how
2 to get these contracts in place because, to date, we don't
3 actually have a contract in place for Phil or any of the
4 consultants, even though we've been doing work. So we need
5 to move quickly on the procurement side of it.

6 Regarding the project schedule, predesign, we will
7 be wrapping up in middle of June. And so what that means is
8 that I will be coming back to you -- I'll be here in May --
9 but in June I will be presenting to you the costs associated
10 with all of those line items on the needs and repair list.

11 Between now and then, the design team, myself, and
12 Phil, and the consultants, will be working on their scope
13 narratives, their costs and their options.

14 And today, specificity to move the project forward
15 and to get approval, hopefully for the architectural fees
16 for the project as well as a scan, a 3D scan of the arena,
17 and then a third-party cost estimating.

18 CHAIRMAN McCUSKER: You may need to give Michele
19 some in case anybody in the public wants to look at it.

20 MS. WEAVER: Yeah.

21 CHAIRMAN McCUSKER: A side note here as it relates
22 to procurement. Elaine is a City employee. She is on loan
23 to us. She's unbelievably good at her job.

24 The City runs a process every year to select
25 architects, contractors, engineers, and others for small

1 items. It's competitively procured. Because we're an
2 affiliate of the City, we're allowed to use that
3 open-contract process.

4 Phil was the architect who competitively won that
5 open contract. So that allows us to use Phil without having
6 to compete for or solicit architectural proposals. However,
7 his fees are capped, a hundred thousand dollar cap with a
8 waiver, maybe \$150,000; so if the -- architecturally, it
9 looks like it's going to be more than that, we would have to
10 solicit proposals from architects.

11 And I'll let Elaine continue then. But I just
12 wanted to touch base on how procurement -- how we got
13 started so quickly, and then the limits we would have before
14 we would have to competitively procure.

15 MR. SHEAFE: Mr. Chairman, just quickly. We're
16 talking about a \$12 million project, 6 from us and 6 from --

17 CHAIRMAN McCUSKER: Yeah. The only thing we are
18 responsible for is our money, is the 6 million.

19 MR. SHEAFE: Yeah.

20 CHAIRMAN McCUSKER: So the City has their own
21 process, their own procurement, their own timing. But
22 they've dovetailing that with us, and they're coordinating
23 the timing.

24 MR. SHEAFE: Well, like this Phase 1 predesign, is
25 that paid half by us and half by the City or is that --

1 CHAIRMAN McCUSKER: This is all ours.

2 MS. COX: It's all ours.

3 MR. SHEAFE: So it's a \$6 million project.

4 CHAIRMAN McCUSKER: That's correct.

5 MS. WEAVER: The fees in front of you, they are
6 for a \$6 million project.

7 So Item No. 1, the architectural design fees,
8 we're currently in predesign. And we have our fees from
9 Phil and his team, which includes structural, electrical,
10 plumbing. That's for \$51,348. That's based on a \$6 million
11 project.

12 Phase 2, 3, and 4 of the entire project would
13 consist of construction documents. We'll take whatever the
14 scope is, whatever we decide as a team we can move forward
15 on, there'll be a short documentation phase. We'll then
16 move into construction. And then there'll be construction
17 administration.

18 All of that, those four phases, for the design
19 fees, what I'm presenting to you today is that those fees
20 will not exceed \$150,000. To date, I have fees from Phil
21 Swain for 51,348.

22 Item 2 is the scan of the arena. So the City does
23 currently have as-builts of the arena, but they're all
24 two-dimensional and they're all PDFs. So we don't have
25 architectural backgrounds in the computer, nor do we have

1 anything that is a hundred percent accurate. And so we have
2 proposed to Mr. McCusker, as well as Mr. Irvin and the team,
3 that we would like to move forward on a three-dimensional
4 scan of the arena and all the spaces. And the outcome of
5 that would be a 3D digital model that the consultants could
6 use.

7 And then Item 3 is \$4,760. And that's to have a
8 third-party cost estimator.

9 Those three items equal 204,278.

10 CHAIRMAN McCUSKER: And, Elaine, that gets to
11 where? That gets us to bids, and then everything beyond
12 that would be bid out?

13 MS. WEAVER: That gets us to -- if we -- we know
14 we're not going exceed the 150,000 until then. From there,
15 we would just go to construction. We would go into the
16 documenting phase, and then we would start looking at
17 construction.

18 CHAIRMAN McCUSKER: We've talked about how we
19 might do that, and the need for a general or not having a
20 general. How do you think, right now, we would proceed
21 with -- you know who would we be soliciting proposals from?

22 MS. WEAVER: We think that we have, potentially,
23 four different packages on the table. One is a scoreboard
24 of some sort. We think that we can go straight to a vendor
25 for that package where we would not need a general

1 contractor. If we need any electrical work, we could hire a
2 City of Tucson job contractor. So they could come in,
3 facilitate, give us the power that we need, and then the
4 vendor could install the scoreboard.

5 A second -- Package 2, 3 and 4 could be anywhere
6 from the restrooms; it could be a security package; and then
7 a signage, way-finding package.

8 What was --

9 CHAIRMAN McCUSKER: Seating.

10 MS. WEAVER: Seating. Thank you. Seating.

11 So seating, restrooms, let's call it interiors and
12 security, those potentially could be separated out into
13 three separate packages.

14 Another approach could be that those three are
15 combined into one. And we have one general contractor, and
16 we take advantage of -- when you're taking down existing
17 signs, which we'll need to do -- you need to come back and
18 patch and repair. And a general contractor could help
19 facilitate that coordination. And they could also help to
20 work with us and the TCC event schedule. So we could give
21 them timeframes. We could say, we need you to get this work
22 done in the arena on these date. And the general
23 contractor, it would become their responsibility to do that
24 and make that happen, rather than have four separate
25 packages.

1 So we're looking at potentially four, but all the
2 way -- potentially as low as two. We could streamline it a
3 little bit.

4 CHAIRMAN McCUSKER: And, Mark, in terms of our
5 authority to approve, we're operating under the settlement
6 agreement which has committed us to \$6 million; the Board's
7 approved that. You know, am I outside of kind of the
8 \$50,000 limit under the IGA? Can we approve these items?

9 MR. COLLINS: Well, Mr. Chairman, I frankly
10 haven't considered those issues and would need to get back
11 to you on that particular topic. But let me address a
12 couple of things.

13 First, there is -- you're working with the City on
14 this, and the City has gone through procurement process so
15 far, I guess.

16 MS. WEAVER: We have.

17 MR. COLLINS: Yeah. Okay.

18 Because the biggest thing that comes up for me on
19 this is we're obligated by statute to comply with Title 34.
20 I'll tell you that if the City procurement has been
21 followed, we are in good shape, so that gets us over that
22 hump.

23 No. 2 is, you're right, we have a \$50,000 safe
24 harbor in the amended IGA with the City, which would allow
25 you folks to spend up to \$50,000 on the primary component or

1 on a hotel without approval of the City. From what I'm
2 hearing, however, this is not just with approval with the
3 City, but it's in cooperation with the City. So I don't see
4 a problem with the \$50,000 part.

5 Keep in mind, also, that you have funds that --
6 from a 2008 bond -- that have not been expended. And that's
7 really where a lot of this money is --

8 CHAIRMAN McCUSKER: All of it's coming out of
9 this.

10 MR. COLLINS: -- coming out of that. So you've --
11 and you've got an obligation to spend that money on the TCC.

12 So, Mr. Chairman, those are my thoughts on the
13 subject. As far as being able to authorize --

14 CHAIRMAN McCUSKER: I think the only issue there,
15 it shouldn't affect how we proceed. The only issue as it
16 relates to the \$50,000 limit is that we have to have the
17 City concur --

18 MR. COLLINS: Yes.

19 CHAIRMAN McCUSKER: -- if we spend more \$50,000.

20 MR. COLLINS: Agreed.

21 MR. MOORE: So there may be another step in
22 this --

23 MR. COLLINS: Right.

24 CHAIRMAN McCUSKER: -- that we approve this --

25 MR. COLLINS: Subject to the City's approval.

1 CHAIRMAN McCUSKER: Subject to the City's
2 concurrence.

3 MR. COLLINS: Right.

4 MS. WEAVER: And I've actually -- just this
5 afternoon, I posed that exact question to Sylvia Amparano,
6 and we're confirming what that actually means.

7 MR. COLLINS: Okay. And I would -- frankly would
8 want to confirm that with the City attorney as well.

9 MS. WEAVER: And she's doing that, yes. Yeah.
10 She's going to ask Mr. Rankin.

11 MR. COLLINS: Once that's confirmed, subject to
12 your approval, then you're -- I think you're a go.

13 CHAIRMAN McCUSKER: Can we do all of this in one
14 motion? Are you okay with that? Or should break it into
15 the components of the three different items?

16 MR. COLLINS: I think you ought to break it into
17 three items.

18 CHAIRMAN McCUSKER: Item No. 1, as it relates to
19 architectural fees, we cannot exceed \$150,000. This is
20 going to Phil Swain who has won a competitive procurement
21 under the City's code, so we're perfectly fine with
22 procurement.

23 You're watching these carefully so we're going to
24 know month in and month out how close we get to that amount,
25 right?

1 MS. WEAVER: Well, currently we have the 51,000,
2 that's for predesign. The fees that Phil submits for
3 construction documents and construction administration --
4 and then I'll be monitoring conduction -- it will not exceed
5 the 150,000.

6 CHAIRMAN McCUSKER: So I would need a motion to
7 authorize those, not to exceed \$150,000.

8 MS. COX: So moved.

9 CHAIRMAN McCUSKER: Someone second that, please.

10 MR. SHEAFE: Second.

11 CHAIRMAN McCUSKER: Any conversation? Any
12 reservations?

13 MR. MOORE: I have a question.

14 CHAIRMAN McCUSKER: Go ahead.

15 MR. MOORE: Now, as far as Phil's concerned, what
16 specifically -- you're going to design the facilities and --
17 I just want to get clear on what your participation is.

18 MR. SWAIN: We are -- yes. We are in charge of
19 the design and -- as well as coordinating the engineering
20 team within our services. And once we determine exactly
21 what the final scope is, that would be completed. Again, we
22 will -- we'll then coordinate with you and Elaine in terms
23 of exactly how we need to be involved in each one of those
24 packages.

25 CHAIRMAN McCUSKER: If you go back to our wish

1 list, most of this is aesthetic. We're talking about at the
2 bathrooms, the concessions, the seating, the paint, the
3 color scheme, the signage. You know, you're not talking
4 about an infrastructure kind of remodel.

5 So our hope, Alberto, is we have very limited
6 architectural concerns with this project. Now, as we get
7 into it deeper, we may find that that's not the case. But
8 right now, you know, Phil's been tasked with coordinating
9 all of those elements of design to the point that we can
10 solicit bids.

11 MR. MOORE: My question, have you already spent
12 51,000, or is that what you're anticipating just for this
13 first phase?

14 MR. SWAIN: That's what we anticipate during this
15 first phase, through June.

16 MS. WEAVER: We have not spent that.

17 MR. MOORE: Okay.

18 MS. WEAVER: We're coming to you to ask for
19 approval of those fees.

20 MR. SWAIN: That's correct.

21 MR. MOORE: Okay. And then as far as the -- my
22 understanding that the City's going forward with designing
23 the escalators and the elevator system; is that correct?

24 MS. WEAVER: That's correct. Right now we're in
25 Phase 1 of a multiphase project. And I'm the project

1 manager for that project. And the Elevator No. 2, by the
2 admin suite, that currently down; it's out of service. And
3 it should be complete by the end of the month.

4 And then the escalators by the admin suite, those
5 are also down and those will be under construction through
6 September.

7 MR. MOORE: Okay. Is it possible to get those
8 costs included as a separate column of what those fees are
9 going to be in order to put in -- remodel the escalators and
10 so forth just so we can look at the sharing of this cost of
11 improving the TCC?

12 MS. WEAVER: Yes. Is the intent, Mr. Moore, that
13 you'd like to see how the City is doing the matching funds,
14 and so --

15 MR. MOORE: Yeah.

16 MS. WEAVER: -- you can see where we are with
17 that?

18 MR. MOORE: Yeah. That would be very helpful.

19 MS. WEAVER: Yes. Would you like that -- for me
20 to update that on a monthly basis?

21 MR. MOORE: Sure.

22 MS. WEAVER: Okay. Yes, I can do that.

23 MR. MOORE: That'd be great. Thank you.

24 MS. WEAVER: Okay.

25 CHAIRMAN McCUSKER: Okay. We have a motion and

1 second on the architectural fees not to exceed \$150,000.

2 And that's not been spent, that's proposed.

3 All in favor, say aye.

4 (Ayes.)

5 CHAIRMAN McCUSKER: Any opposed?

6 (The Board voted and the motion

7 carried.)

8 CHAIRMAN McCUSKER: Okay. The scan. Does anybody
9 not know what we're talking about doing and why it costs
10 \$50,000?

11 MS. COX: If -- could I just -- the way I
12 understand what you're saying is that this scan would
13 provide a measurement and -- of all of the spaces within the
14 TCC so that architects could design based on what you've
15 learned from that. But right now, there is nothing to do
16 that.

17 MS. WEAVER: There's nothing digital.

18 MS. COX: Oh.

19 MS. WEAVER: And it would include all of the
20 spaces associated with this project at the TCC.

21 MS. COX: Okay.

22 MS. WEAVER: So although the north ex hall is a
23 part of the TCC, this scan will not include the north ex
24 hall because we know that this \$6 million will not be
25 renovating the north ex hall.

1 And your description is exactly -- it's exactly
2 accurate.

3 MS. COX: Okay.

4 CHAIRMAN McCUSKER: And it would allow the team
5 then to fiddle with the three-dimensional design. So if you
6 want to add a wall, take out a wall, or move something, you
7 can do all of that now on the computer.

8 MS. WEAVER: Correct. And it will allow us to
9 look at options. For example, the scoreboard on the south
10 wall. There's more than one solution. And we will be able
11 to look at the different solutions and say, well, this one
12 costs 250,000; this one costs 150; or this one costs
13 500,000. What do we want to do?

14 MR. SHEAFE: And this is adjustable? As changes
15 are made, the scan is easily updated so that we don't have
16 to do it again.

17 MS. WEAVER: Well, we won't have do it again. And
18 it will be Phil's job, and his team, to give to the Rio
19 Nuevo Board an accurate as-built model. So once all of
20 these renovations are done, part of Phil's deliverable will
21 be, he'll turn over a file. And it will be a digital 3D
22 model of the arena that you can use for the next project and
23 for the next project, ideally.

24 CHAIRMAN McCUSKER: It's basically a CAD drawing,
25 right?

1 MS. WEAVER: It's a 3D Revit model.

2 CHAIRMAN McCUSKER: So it's a Revit drawing.

3 MR. SHEAFE: So you can transfer it to a
4 consultant.

5 Can I ask one other question? If you don't know
6 the project, who were you thinking of on the 4,760? That's
7 a pretty tightly defined number. Not knowing what it is,
8 he's going to ask.

9 MR. SWAIN: That's based upon the original list
10 that was developed of all sorts of items. And it may end up
11 adding up initially to \$10 or \$12 million of potential
12 project costs. And so that's based upon the estimated time
13 of what -- or the proposed time of what he's -- what he
14 said. And it's a fixed fee, so --

15 MR. SHEAFE: Well, is that -- wait a minute. Is
16 that the 6 million or is that the 12 million?

17 MS. WEAVER: The 6. All of the fees in front of
18 you are based on a \$6 million --

19 MR. SHEAFE: So in other words, that's a portion
20 of the total.

21 CHAIRMAN McCUSKER: And our 6 million includes all
22 soft costs. So it's not 6 million plus 204,000. It's
23 6 million total.

24 MR. SWAIN: Correct. And maybe I confused
25 mentioning 12 million. The initial list, we're assuming

1 it's certainly going be more than \$6 million, which is why
2 we're doing this complete estimate, so you can then discern
3 which of those items you want to be able to proceed with.
4 So whatever that proportion is, that estimator would do
5 that.

6 MS. WEAVER: If I may, just to clarify one other
7 thing. Item No. 3, that is our consultant's fee to give
8 a -- give us a cost estimate for the project. So that's
9 RLB. They're a local cost estimator. And that's their fee
10 that they're saying, you need to pay us \$4,700 and we'll
11 estimate the project for you, all of those needs and repair
12 items on the list.

13 MR. SHEAFE: But that number has to then be
14 flexible, right? For example, if you decide the number one
15 priority is putting up a scoreboard, you contract with the
16 scoreboard manufacturing. You don't need somebody else to
17 estimate anything other than some electrical, and that's a
18 whole different thing.

19 MS. WEAVER: Right. And that -- they won't be
20 doing that.

21 MR. SHEAFE: And taking on a major, so that number
22 ought to adjust way down, right?

23 CHAIRMAN McCUSKER: We want to see these estimates
24 before we green light anything.

25 MR. SHEAFE: Yeah.

1 CHAIRMAN McCUSKER: Because we know what we want
2 to do is going to cost more than \$6 million. So we're going
3 to try and identify for you how to prioritize these
4 projects.

5 MR. SHEAFE: That's so we can make our choice.
6 Once we bid something out, we'll find out the real number.

7 MR. SWAIN: That's correct. But -- so the
8 scoreboard is an interesting example. Based upon our
9 programming meetings, we may have two or three different
10 options of types of scoreboards or video systems that
11 could -- and so this estimator will come back with the
12 costs, the estimated costs of each one of those so you can
13 then determine which, if any of those, you want to actually
14 proceed with.

15 But you're correct, once you actually decide we're
16 going to go with this scoreboard system, they are no longer
17 involved in that, and it goes on to the contractor.

18 CHAIRMAN McCUSKER: And let's go --

19 Go ahead, Albert.

20 MR. MOORE: Question. On the 3D model, that --
21 one of the things that I've understood over the years is
22 that, the TCC, we only own a portion of that building; is
23 that correct?

24 There's a -- seems to me that some of those
25 conference facilities on the north end is actually under the

1 City of Tucson. And the arena and the exhibition areas are
2 under Rio Nuevo. And I'm just trying to remember, but I
3 think that particular building has two different owners as
4 far as the way it was laid out.

5 MS. WEAVER: I thought that -- Mr. Moore, that the
6 Rio Nuevo Board currently owns the TCC, which includes the
7 arena. But the Leo Rich Theater and the Music Hall, those
8 are City.

9 MR. MOORE: Right. But I also thought that part
10 of the TCC, those conference rooms on the north end, were
11 separate.

12 MS. WEAVER: The north ex hall and the meeting
13 rooms?

14 MR. MOORE: Yeah. Those meeting rooms are
15 separate?

16 MS. WEAVER: I would have to check.

17 MR. MOORE: I don't -- I'm just asking if you'd
18 look into it.

19 MS. WEAVER: I will.

20 MR. MOORE: Because I would be interested in
21 knowing -- if that's the case, how we're adjusting those
22 costs in doing the 3D and some of these other expenses.

23 MS. WEAVER: We're not -- the 3D scan will not be
24 of the meeting rooms on the north or the ex hall. It's only
25 of the arena and the adjacent restrooms associated with the

1 arena.

2 MR. MOORE: Oh, okay.

3 MS. WEAVER: And I --

4 CHAIRMAN McCUSKER: Mark, you might have to do
5 some research on that, because it would go back all the way
6 to the 2002 acquisition.

7 MR. COLLINS: Right. I can --

8 CHAIRMAN McCUSKER: And there's probably some
9 title documents on what we --

10 MR. MOORE: I know that was always a contention
11 when we were trying to worry out these numbers, etc.

12 MS. WEAVER: Okay. All right.

13 CHAIRMAN McCUSKER: Okay. So we have a motion and
14 a second to approve the 3D scan, let's call it \$50,000.

15 All in favor, say aye.

16 (Ayes.)

17 CHAIRMAN McCUSKER: Any opposed?

18 (The Board voted and the motion was
19 carried.)

20 CHAIRMAN McCUSKER: And then, finally, the small
21 item, which you explained to us is, these are the fees for
22 your cost estimator.

23 MS. WEAVER: Yes.

24 CHAIRMAN McCUSKER: And let's call that \$5,000.

25 MS. COX: So moved.

1 CHAIRMAN McCUSKER: Second, please?

2 MR. RITCHIE: Second.

3 CHAIRMAN McCUSKER: Any further conversation?

4 All in favor, say aye.

5 (Ayes.)

6 CHAIRMAN McCUSKER: Okay.

7 Elaine, anything else for us, or are you good to
8 go until May?

9 MS. WEAVER: I'm good. Thank you very much. And
10 I'll be back next month.

11 And I'll follow up with you, Mr. Moore, on the
12 City dollar amounts, the tracking the one for one. And I'll
13 then coordinate with you on what -- who owns what.

14 MR. MOORE: All right.

15 MS. WEAVER: Thank you.

16 CHAIRMAN McCUSKER: Thank you.

17 MR. MOORE: Thank you very much.

18 CHAIRMAN McCUSKER: While we're spending money --
19 which is a lot more fun than anything else we've ever
20 done -- the West Side parcels -- that is the property that
21 was deeded to us west of the freeway, which we all know is
22 former landfill, has had a lot of work done by WLB Group.

23 They've offered to kind of consolidate for us all
24 of the previous iterations of projects on the West Side.
25 Remediation, infill, stabilization of the earth, what can be

1 built, what can't be built, what sites might be gradable,
2 what sites are not. And do all that for us at a cost under
3 \$50,000.

4 Not unlike we're having the consideration with the
5 arena, we don't believe we can go forward with any
6 conversation regarding the West Side unless we know how much
7 of that is developable or not developable. This is not
8 getting into any planning or what we're going to put where
9 or who's going to build what. It basically just tells us
10 the condition of the earth. And I don't -- there's really
11 no way for us to proceed without that.

12 Now, WLB, Mark, to the procurement issue, it was
13 under contract to the City for this work. We also believe
14 that as long as we stay within our not-to-exceed guidelines,
15 we can contract with WLB without having to reprocur this.

16 MR. COLLINS: Mr. Chairman, I spoke to Michael
17 Byrne at WLB this morning. He has confirmed for me that
18 there is no open contract with the City currently with WLB.

19 Now, that having been said, I've spoken to the
20 City, and they've indicated a willingness to work with us to
21 try and allow WLB to go forward. But there isn't any open
22 contract.

23 CHAIRMAN McCUSKER: So anything we do today would
24 be subject to you being able to work that out with the City.

25 MR. COLLINS: Yeah. And I'm going to suggest that

1 the Board consider the following:

2 Title to the West Side property is going to be
3 coming to you folks. It's not a done deal yet. There's
4 going to have to be a survey of that property. We all know
5 that there's going to be a -- the southern boundary, there's
6 going to be a walk through. But ultimately, you're going to
7 need a survey of that property. As far as I can tell, that
8 hadn't been done, even ever, perhaps.

9 But survey is required. You've got to RFP a
10 survey. And what you may want to do, and you may want to
11 consider doing, is do an RFP for a survey and exactly what
12 you're talking about as the first step. Because -- because
13 that would then allow you to be ready to decide how to
14 master plan.

15 But -- and I've jumped ahead -- yes, it would be
16 subject to me working with the City to make sure we can do
17 this and get approval from the City.

18 CHAIRMAN McCUSKER: Do you think there's any
19 procurement risk if we were to proceed with this without a
20 competitive bid?

21 MR. COLLINS: I do.

22 MR. MOORE: Mr. Chairman, I'd like to -- I have a
23 conflict of interest here to the point -- even though I was
24 appointed by the Board to be the point person on the Rancho
25 Chuk-shon, the WLB Group or Mike Byrne is a partner of mine.

1 And he's been working on this -- we've been working together
2 as friends with no financial benefit to anybody. But I
3 just -- I brought him in to help us in the early days, you
4 know, with all of this.

5 As a matter of fact, Chris brought the idea up, as
6 if we had to find people who were willing to put in some
7 sweat equity in helping us arrange what needed to be done
8 under this Rancho Chuk-shon situation. And that's what I
9 talked to Mike Byrne about. And he's been here. Diego
10 O'Bolger here is the president of the nonprofit entity that
11 was looking at working with all the different entities, the
12 chairman of the Tohono O'odham tribe, Austin Nunez and so
13 forth. But now that we're getting into all the financial
14 situation --

15 CHAIRMAN McCUSKER: Probably all the more reason
16 to competitively procure.

17 MR. COLLINS: Yeah. Well, and --

18 CHAIRMAN McCUSKER: So we would need to recuse
19 Alberto.

20 MR. MOORE: Right.

21 CHAIRMAN McCUSKER: But your advice is probably to
22 identify the specs for this --

23 MR. COLLINS: Right.

24 CHAIRMAN McCUSKER: -- include the ALTA survey for
25 this, and bid it out.

1 MR. COLLINS: Yep. Yep. And we can -- remember
2 now, that under the 2011 amendment of the IGA -- but among
3 the City -- City of Tucson, south Tucson, and the
4 District -- cooperative procurement can proceed as long as
5 the -- as long as the City the District agree. So that
6 gives us some flexibility that we wouldn't otherwise have.

7 But you're absolutely right. That's my opinion.
8 Is if you're going to proceed and you're going to take
9 title, I think you need an ALTA survey. And I think you
10 need to get a title policy for that property.

11 MR. SHEAFE: Mr. Chairman, let me ask a question
12 here. This all comes down to what you already know. It is
13 no mystery that the history of the West Side is absolutely
14 well-known by a lot of people. But if you pay somebody 175
15 bucks an hour or something to go read through everything and
16 try to summarize that, you're going to find out exactly what
17 you already know. And you walk down the street and talk to
18 any people who live there and they'll say, oh, no. This is
19 what we agreed to.

20 So why would we want to just go out and develop
21 all this information that is absolutely well-known over
22 there?

23 I know in my early days when I worked over there,
24 I had a pretty clear understanding of what was the long-term
25 vision in Prop 400. And nobody's ever varied from that.

1 Now, technically, we've spent a lot of time with land
2 remediation because of the old landfill. That is precisely
3 known. I mean, those --

4 CHAIRMAN McCUSKER: I think the reason that -- in
5 my conversation and why this is important -- is what kind of
6 weight will that support? Do you have to be on pylons? Can
7 you build on the grade? The hole in the ground, I
8 understand, is geothermal.

9 MR. SHEAFE: That's right.

10 CHAIRMAN McCUSKER: Right. So some of it may not
11 be developable. So before we can start talking about what
12 we're going to develop, it seemed obvious to me that we need
13 to understand where we can develop.

14 MR. SHEAFE: Well, okay. And I don't want to
15 be -- if you guys have put more time in on this --

16 CHAIRMAN McCUSKER: So I think we were trying to
17 get a better idea of this land that we're going to be
18 deeded, how much of it is swamp, how much of it is
19 developable, how much of it cannot be developed, how much of
20 it cannot support any weight, where could you put parking
21 etc., etc., and not get into, you know, is it going to be a
22 mission or a museum or an art museum or -- how much of it is
23 salvageable.

24 MR. SHEAFE: I think you're right. I'll tell you
25 where I'm struggling here. And then you have to correct me

1 because I haven't been there.

2 I was handed reports on everything you're talking
3 about, thick reports that we spent -- we shouldn't have to
4 spend thousands and thousands of dollars for somebody to
5 say, this is what's in this report. So I guess what I'm
6 looking at, is where does \$50,000 have to be spent?

7 CHAIRMAN McCUSKER: Well, that is not --

8 MR. SHEAFE: Because I don't think -- I don't
9 think that that number is even there.

10 CHAIRMAN McCUSKER: No. We were just -- it's
11 under. We don't even really know what --

12 MR. SHEAFE: It should be way under. Like you
13 know, I think they ought to have this put together for us --

14 CHAIRMAN McCUSKER: Let's bid it out and we'll
15 find out. Right.

16 MR. COLLINS: And Mr. Sheafe, the thing that you
17 have to be aware of is that Title 34 does apply to the -- to
18 the District. And when it has to do with construction,
19 you've got to comply with it.

20 MR. SHEAFE: Well, I understand that. But if we
21 go out and say to a consultant -- and you're going to hear
22 the caustic side of me -- and say, well, tell us everything
23 that's ever been documented here. We're going to pay
24 somebody to sit there and read and write another report.

25 MR. COLLINS: But --

1 MR. SHEAFE: And what if we say to them, look, you
2 go to the report and very quickly determine what,
3 physically, can be supported on that soil, I can tell you
4 that wouldn't take me a half an hour to read through and get
5 it.

6 MR. COLLINS: But then you -- but then you put out
7 on RFP that says tell me what can be built on the West Side.
8 What will this parcel support? What will that parcel
9 support?

10 MR. SHEAFE: In other words, from a technical
11 standpoint, you don't have to go back and read all the --

12 CHAIRMAN McCUSKER: And there are
13 further requirements required.

14 MR. COLLINS: Right. Right. And then we would --
15 but --

16 CHAIRMAN McCUSKER: You can bid, if you want to
17 bid.

18 MR. SHEAFE: Well, I guess. But I'd like to see
19 that number reduced substantially.

20 CHAIRMAN McCUSKER: All right. So let's do this,
21 since obviously it's a possible procurement issue, at least
22 one of our Board members would have to recuse themselves,
23 we'll develop the specs --

24 CHRIS SHEAFE: And I apologize.

25 CHAIRMAN McCUSKER: No, no. That's why we're

1 doing this in front of the public.

2 Cushing Street. This is more of an update as it
3 relates to the Arena Lot. We're going to talk about that
4 under Mark's section here in a minute.

5 But one of the things we're going to have to look
6 at as we look at these properties is the District is going
7 to have to support the infrastructure pieces of this
8 development, intersections, curbing, roadway, sewer, flood
9 control, gradable sites.

10 And it's clear now, from our work with the City,
11 that that corner, the south corner of the Arena Lot, the
12 streetcar's going where the streetcar's going, right on the
13 corner of Cushing and Granada. And that's smack dab, the
14 southern entrance to what we affectionately call the Arena
15 Lot. The best way to make that project developable and the
16 adjacent parcels developable is probably to complete a new
17 intersection at that site.

18 So at some point when we take Arena Lot over,
19 Mark, part of what we want to address in that is the
20 do-ability and cost of, you know, egress, into this -- into
21 this lot. And we've -- this is kind of an update for the
22 Board and the public as it relates to the streetcar location
23 on that corner and the various conversations that people
24 have had with developers, the county, us, and others, that
25 the streetcar is staying on that corner.

1 And the only way, really, to develop egress for
2 both of us is probably a new intersection at Cushing and
3 Granada, which early estimates are -- could be a million
4 dollars.

5 MR. SHEAFE: Is there any action you need, or is
6 that just information?

7 CHAIRMAN McCUSKER: Just information to be aware
8 that -- you know, now that we're past that settlement and
9 we're landowners, to make that land developable, we're going
10 to have to invest in the land, water, sewer, streets, you
11 know, gradable sites, etc.

12 Bill, you're up. CFO report. And don't take 20
13 minutes.

14 Mr. Alberto stepped out, we still have a quorum --
15 Mr. Moore.

16 (Mr. Moore excused himself from the
17 proceedings.)

18 CHAIRMAN McCUSKER: Okay. You confused us now.

19 MR. SHEAFE: Are we handing --

20 MR. ALLEN: Yeah. Take -- there's five and five
21 and five.

22 MR. SHEAFE: Oh, I see.

23 MR. ALLEN: Sorry. I'll do it differently next
24 time. Just one from each stack. And those are for the
25 public.

1 All right. So the first thing that you should
2 have in front of you is the summary of cash position as of
3 April 15th.

4 MR. SHEAFE: The yellow one.

5 MR. ALLEN: Actually, it's -- I believe it's light
6 orange.

7 All right. That reflects total Rio Nuevo and City
8 of Tucson combined cash at the bottom, in the orange yellow.

9 CHAIRMAN McCUSKER: Michele, will you give one to
10 Darren and anybody else that wants one.

11 MR. ALLEN: \$12,900,000, which is a little more
12 than a hundred thousand lower than it was last month. And
13 the preponderance of that was legal bills. But there were
14 some other minor items -- office rent, just general
15 expenditures of the office that are common bills.

16 The totals have really not moved all that much
17 except for the expenditures from Rio Nuevo for the items
18 that I've just mentioned.

19 CHAIRMAN McCUSKER: And, Michele, we're putting
20 this on the website now, right? We're posting this?

21 MS. BETTINI: Yes, we are.

22 CHAIRMAN McCUSKER: And we don't need to take any
23 action. This is for our information?

24 (Mr. Moore returns to the proceedings.)

25 MR. ALLEN: That's correct.

1 CHAIRMAN McCUSKER: All right.

2 MR. ALLEN: The second document that I've laid in
3 front of you is born of a decision that was made of the
4 Board where they would review, for each month, discretionary
5 activity below \$5,000. That needs to be approved by the
6 Board. And the three items that fall into that category are
7 listed, two of them being Victory Marketing services and one
8 of them being an expense report from Michele.

9 CHAIRMAN McCUSKER: To revisit this issue -- and
10 frankly, I've never run a business that's so complicated to
11 get approvals for things -- but we did create \$5,000 of
12 discretion for the executive officers. But under Jannie's
13 motion, it requires those items to come to the full Board
14 for subsequent ratification. So every month you're going to
15 see something like this that identifies items that we've
16 committed to that were unbudgeted and under \$5,000.

17 MR. SHEAFE: May I --

18 CHAIRMAN McCUSKER: You can -- we can inquire to
19 what these are. Michele's is ongoing and relates to the
20 expenses that she has that we've reimbursed her for.

21 MR. RITCHIE: That's -- what are those expenses
22 for?

23 MS. BETTINI: QuickBooks is \$34 a month, and my
24 health insurance is 375 a month.

25 MR. ALLEN: That's correct.

1 MR. RITCHIE: Do we do the -- do we do the same
2 for you also?

3 MR. ALLEN: That's correct. We didn't have, in
4 that time period, reimbursement for me.

5 CHAIRMAN McCUSKER: And at some point we are going
6 to have to address that, even though we only have two
7 employees. They both purchase their own health insurance,
8 and we reimburse them for it.

9 Maybe you can help us with that, Cody. We're
10 having trouble finding a two-person approval.

11 The Victory Marketing, Victory, of course, is our
12 PR agency. We had a lot of issues transferring the website
13 from the prior firm to the current firm. We did authorize
14 an additional \$2,000. If you've been to our website lately,
15 it's really cool. It's working. It's really easy to
16 follow. It's rionuevo.org, a real simple address. That's
17 money well spent.

18 Sitton, of course, is David Sitton, his hosting of
19 our Sunday afternoon radio show. That was an unbudgeted
20 item. We're very grateful to him having stepped in. And we
21 pay him --

22 How much a week, Bill?

23 MR. ALLEN: 375, 350.

24 CHAIRMAN McCUSKER: 375.

25 MR. SHEAFE: I think it's 350.

1 MR. ALLEN: 350.

2 CHAIRMAN McCUSKER: So all I need is a motion to
3 ratify.

4 MR. SHEAFE: Let's move approval on this.

5 CHAIRMAN McCUSKER: Second?

6 MS. COX: Second.

7 CHAIRMAN McCUSKER: All in favor, say aye.

8 (Ayes.)

9 (The Board voted and the motion
10 carried.)

11 CHAIRMAN McCUSKER: Okay.

12 Bill, thank you for that.

13 MR. ALLEN: All right. The third document it was
14 requested that we take a look to see is our activity for the
15 first half of fiscal 2013, in actual expenditures, cash
16 expenditures, which go through December 31st, 2012 versus
17 the budget that was set for the fiscal year, which would be
18 July 1st, 2012, through June 30, 2013.

19 So you see in the first column of information --
20 this is formatted, first of all, in the way that the annual
21 budget was submitted to the county. This is a very specific
22 format that they have. And I've paralleled my actuals
23 against the format and the content and structure of the
24 budget that was submitted.

25 So you will see that we had \$9.9 million TIF

1 revenue anticipated receipts for this fiscal year with
2 miscellaneous income and leases. And the main component
3 here is the lease from the City for the TCC of 1.7 million
4 for \$11.6 million receipts.

5 Down below you'll see that the budget was set for
6 831,000 in administrative expenditures, which included a
7 budget for myself, for Michele, for the office space, for
8 legal expenses, for forensic accounting, for general
9 accounting services -- those are the major components, by
10 the way -- adding up to the 831,000.

11 Debt services is the amount that we pay into the
12 various Wells Fargo fiscal aging accounts for the debt that
13 we -- is serviced from all those accounts, leading down to
14 \$11 million -- just over -- a little more than \$11 million,
15 with a projected surplus of 5,520,000 for the fiscal period
16 of 2013.

17 The comparative column to the right is through
18 June 30th, 2012. And these numbers are reflective of where
19 we stand now.

20 The large variance item is under miscellaneous in
21 anticipated receipts. We don't have the City of Tucson's
22 rent yet. That rent comes in on June of 2013. That will
23 comprise a large component of the remainder of that spread.

24 CHAIRMAN McCUSKER: That number, 1.3 million,
25 seems -- it's obviously lower than we budgeted. Some of

1 that rent is the Rialto lease. But do we know what the
2 difference between what you anticipate you're going to get
3 versus what we budgeted?

4 MR. ALLEN: You mean the 1.3, Footnote No. 1
5 below?

6 CHAIRMAN McCUSKER: Yeah.

7 MR. ALLEN: That actually is what you budgeted.

8 CHAIRMAN McCUSKER: Do you know what's in the
9 million seven, offhand?

10 MR. ALLEN: The reason that there's going to be a
11 deficit between the two by the end of the year is that we
12 had budgeted \$360,000 of interest income, of which we have
13 very little.

14 CHAIRMAN McCUSKER: We never invested the money.
15 Okay. Yeah.

16 MR. ALLEN: So that's the preponderance of the
17 reason why there will be a shortfall there. It appears to
18 me that in TIF revenues we're going to have probably a
19 sizable surplus. It's really hard to predict the TIF
20 revenues going forward, but I believe we're going to be
21 ahead in that category because we're already at 7.4 million
22 against 9.9.

23 MR. SHEAFE: Is that covering -- because I'm
24 getting confused, Bill, by the six months up above.

25 MR. ALLEN: That's just the first six months of

1 the year.

2 MR. SHEAFE: All right. So half the year, we
3 collected 7.4 in the --

4 MR. ALLEN: Right.

5 MR. SHEAFE: Okay. And you can kind of, in your
6 mind, double that, but that isn't obviously --

7 MR. ALLEN: That's really not a good way of doing
8 it, because we wound up receiving in July four months of
9 TIF -- four months of TIF related to the prior period. I
10 don't think we're going to have four months of TIF lagging
11 this time. So I don't -- you can't really double it.

12 Plus, in that 7.4 million, we had a large box
13 store event that occurred where they went back through time,
14 and we got a very sizable TIF amount in July of 2012.

15 CHAIRMAN McCUSKER: How much delay is there
16 between the State's collection of sales tax and when we --

17 MR. ALLEN: Usually about three months, two to
18 three months. It varies. Four months is unusual, but
19 that's what happened in the very beginning of this year.

20 So this -- Chris, this will not double. But it
21 will be in double digits.

22 MR. SHEAFE: If I understood you correctly, is
23 it -- is the 1.7 million in the budget similar to what the
24 City will end up paying, so that that miscellaneous lease
25 interest income line goes from 33,000 up to about a million

1 seven?

2 MR. ALLEN: No. It would be about 300,000-plus
3 short. Because in the budget, we envisioned \$360,000 of
4 interest income on our idle cash, of which we will not have
5 virtually any.

6 MR. SHEAFE: So it will be about a million four.

7 MR. ALLEN: That's correct.

8 MR. SHEAFE: Okay.

9 MR. ALLEN: Now, the administrative expenses line,
10 I do expect that that will be a bust by the end of the year,
11 almost completely gone because of the legal expenses being
12 much higher than what was budgeted. We're already past our
13 annual budget through six months, which was 300,000. This
14 reflects 307,000 through December alone. Now, on the debt
15 servicing, I think there will -- we'll be pretty close to
16 the mark. Although, we will be higher than the ten
17 eighty-two.

18 The long and short of it is that I do believe that
19 by the end of fiscal year, we will beat our net cash
20 position of 500,000. By how much, I'm not positive because
21 we have some shortfalls and we have some excesses. But I do
22 believe we will be above our budget for a net plus cash
23 position.

24 CHAIRMAN McCUSKER: Post that to the website.

25 This one we don't need, but this, two, let's post it.

1 And we'll start seeing this -- now that we're
2 caught up, we'll see this every month?

3 MR. ALLEN: Well, it's -- we're going to wind up
4 updating this now through March soon. We actually don't
5 have the TIF yet for March. But we will have it soon.

6 CHAIRMAN McCUSKER: So we're going to always be a
7 quarter behind just because of the lateness of getting the
8 statements for --

9 MR. ALLEN: Right. This particular report,
10 because of the lag, it will be about every four months or
11 so, or a quarterly update. But we can go to monthly at some
12 point.

13 The other two things I had on our report, to
14 mention, is that we're still waiting from Michael Rankin of
15 the City in response to our request to waive the State --
16 the City's sales tax. So I don't have any update for you on
17 that report yet.

18 And we do have an ICS, an insured sweep -- cash
19 sweep account that was set up. It was determined, since the
20 last meeting, we -- and correct me, Fletcher, if I'm saying
21 anything --

22 CHAIRMAN McCUSKER: No. We want to invest the
23 cash.

24 MR. ALLEN: We want to reinvest the cash, and we
25 did not -- we were not required to have an RFP. So we were

1 able to put that \$5 million recently into very, very liquid
2 and very low yielding instruments, presently. I would like
3 to see us maybe diversify that portfolio so we get a better
4 return. But presently, they're making 0.17 interest on \$5
5 million, which is \$8500 a year, which is a really, really
6 poor return. But it's insured and it's invested. It's a
7 starting point.

8 CHAIRMAN McCUSKER: Any questions for Bill?

9 Thank you very much.

10 MR. ALLEN: Thank you.

11 CHAIRMAN McCUSKER: Mark?

12 MR. COLLINS: Do you want to start with --

13 CHAIRMAN McCUSKER: In case we lose Jannie, let's
14 start with the Thrifty Block.

15 MR. COLLINS: Well, as you all know, Thrifty Block
16 was the subject of the Kromko lawsuit. Mr. Kromko is no
17 longer part of that suit, but his name remains. We have
18 been attempting to reach a development agreement with
19 Mr. Bourn to resolve the remainder of the Kromko lawsuit.
20 We have reached a tentative agreement with -- between the
21 District and Mr. Bourn. It is still being reviewed by the
22 City. Before any agreement can be finalized, both this
23 Board needs to discuss it, Mr. Bourn's lenders need to
24 approve it, and the City needs to approve it.

25 All of that said, the agreement where we have now

1 is advanced to a spot where I think we're real close to
2 being able to resolve this and get a development going
3 forward.

4 We've identified the project in the agreement,
5 limited it to -- we can't have convenience stores and so
6 forth, but the project must consist of 20,000 square feet of
7 improvements. That 20,000 square feet is limited because
8 there's only 21,000 square feet of buildable space on the
9 property.

10 The current agreement requires Mr. Bourn to
11 provide quarterly reports to this Board. And he can be
12 required to come and report to this Board. There is a time
13 period. We've given Mr. Bourn -- by the terms of this
14 agreement, we've given his entities 24 months to pull a
15 permit or get construction financing. If he's unable to do
16 that, he can get another 12 months provided that he's been
17 satisfying the reporting requirements.

18 If after 36 months he still hasn't been able to
19 pull a permit or get construction financing, this Board has
20 the right to give him an additional 12 months or reject it.
21 And the determination is whether or not he's made reasonable
22 progress. That's what the agreement says currently.

23 As you know or may remember, the Thrifty Block
24 consisted of several storefronts, including the Indian
25 Trading Post. The Indian Trading Post is subject to a

1 historical covenant. Under the terms of this agreement, the
2 ITP building, as its referred to, can be sold only if --
3 only if there's been a commitment of an expenditure of
4 \$180,000 of improvement to that property. Otherwise, the
5 remainder of the Thrifty Block cannot be conveyed without
6 agreement of this Board.

7 Finally, if this agreement is signed, there will
8 be a complete dismissal of all claims in the Kromko lawsuit.
9 What that means for this Board is, as you may remember, in
10 the Kromko lawsuit there were cross-claims filed. And
11 Mr. Bourn claims a damage -- has a damage claim against the
12 Board of \$4 million. If agreement gets signed, that is no
13 longer a claim.

14 So that's the status of the Thrifty Block
15 agreement. I'm hopeful that the Board can give me
16 instructions to proceed further with this and hopefully
17 bring back an agreement for you to consider in public
18 session next month.

19 CHAIRMAN McCUSKER: What action do you need from
20 us?

21 MR. COLLINS: I would need instruction to proceed.
22 I need motion and second and passing instruction to proceed
23 with the finalization of the Thrifty Block development
24 agreement consistent with that I've just outlined.

25 CHAIRMAN McCUSKER: Anybody want to make that

1 motion?

2 MR. SHEAFE: So moved.

3 MS. COX: Second.

4 CHAIRMAN McCUSKER: All in favor, say aye.

5 (Ayes.)

6 (The Board voted and the motion was
7 carried.)

8 CHAIRMAN McCUSKER: Okay. You're on a roll.

9 MR. COLLINS: The Garfield/Traub. Sean
10 Brearcliffe is here to answer any questions that you might
11 have. But the short version of the Garfield/Traub is that
12 it remains in disclosure and discovery. And there's really
13 not much else to report on it at this point, unless you've
14 got any questions.

15 Okay. The Arena Lot.

16 CHAIRMAN McCUSKER: Sean, thank you very much.

17 MR. COLLINS: As you guys will recall, the
18 settlement agreement provided that the City would disclose
19 to us all known claims against the arena site. That
20 happened on the 8th of March. We have 45 days in which to
21 agree to -- or decide do we take the property, or do we
22 leave it with the City.

23 If we leave it with the City, the City gets to do
24 with it as it chooses. If it ever sells it, we get paid
25 roughly \$900,000. It could happen tomorrow; that could

1 happen never.

2 If we take the property, we have to take it
3 subject to the various claims that exist. We have a
4 preliminary title report which shows most all of the
5 recorded documents, presumedly all of them. In addition,
6 there have been environmental reports. The most recent
7 environmental reports indicate that -- whatever hazardous
8 waste or environmental issues are benign. What has needed
9 to be remediated has been remediated.

10 Those are reports that extend from 2008 to 2009.
11 So it doesn't appear to me that there's anything really to
12 be concerned about with the environmental aspect of this.
13 Most of that focused on the Pioneer Paint and Varnish site
14 that was on this property.

15 There's been an archaeological study. No
16 significant cultural resources have been found. That, of
17 course, allows for easier development. The property is
18 currently zoned -- kind of a mix of zoning -- I1, for
19 industrial use, C3 for commercial use, and there's some of
20 it that's R2 as well.

21 As you will recall from previous meetings, this
22 property is also subject to a plat that was recorded in 2003
23 and amended in 2005.

24 You are at a deadline. The 45 days is next
25 Monday.

1 CHAIRMAN McCUSKER: Talking about the Greyhound
2 lease.

3 MR. COLLINS: Thank you. The Greyhound lease. As
4 you may remember, there is a lease on the property to
5 Greyhound for a temporary site. If we take -- if the
6 District takes title to the property, the District takes it
7 subject to that lease; however, with one year's notice, the
8 District can require the relocation. The City has the
9 obligation to relocate the Greyhound. But after we have a
10 plat and give the -- Greyhound one year's notice, they
11 can -- they will leave, and the City will take care of the
12 expense of moving them.

13 Did that answer your question?

14 CHAIRMAN McCUSKER: Yes.

15 MR. COLLINS: So the deadline is next week. I
16 have an agreement confirmed in writing that it could be
17 extended -- it, the deadline, could be extended until after
18 the next meeting. It's really up to you folks as to what
19 you want to do. Do you want to proceed forward with it?

20 If you decide to proceed forward with taking
21 title, recall, if you will, that the settlement agreement
22 says that closing will not -- does not have to occur for 120
23 days.

24 One more thing that didn't show up on the title
25 report -- because it wouldn't -- and that is the notice of

1 claim that Peach Properties has made against the City. That
2 notice of claim is a wild card, if you will, if you choose
3 to take title to the property.

4 CHAIRMAN McCUSKER: We would take title subject to
5 that claim and any other.

6 MR. COLLINS: I -- yes.

7 CHAIRMAN McCUSKER: Is that the only kind of
8 disruptive thing that's on that property, no mechanics liens
9 or back taxes, or...

10 MR. COLLINS: We -- there may be 2012, but there's
11 nothing -- there's no tax certificates out, no indication of
12 tax certificates being sold. Recall that this is property
13 that's owned by the City, so it doesn't get taxed a lot.
14 But no, there are none.

15 MR. SHEAFE: Mr. Chairman, could I offer a motion?

16 CHAIRMAN McCUSKER: Please.

17 MR. SHEAFE: I have had a chance go through the
18 title report in brief. And the absence of an environmental
19 problem and the absence with the Phase 1 clearance and
20 archaeological clearance is a strong motivation for me.
21 This is a key property for Rio Nuevo.

22 I would move that we conditionally approve
23 acceptance of the Arena property, subject to our approval of
24 an ALTA title policy that we need to have ordered right away
25 so that we can have this information and make a decision at

1 the next meeting to confirm our position. And then we will
2 close subsequently. And during that time, we will look at
3 whatever the ALTA policy shows us, in addition to finding
4 out if there's any unusual complication related to the
5 notice of claim by Peach Properties.

6 CHAIRMAN McCUSKER: That's a motion. We need a
7 second.

8 MR. MOORE: I'll second it.

9 CHAIRMAN McCUSKER: Any further conversation? The
10 motion is to accept the Arena Lot subject to an ALTA survey,
11 and we would close subsequently to that after reviewing that
12 at the next meeting.

13 MR. COLLINS: As I understand the motion,
14 Mr. Chairman and Mr. Sheafe, you're saying you'll take title
15 subject to your approval of whatever the ALTA survey shows?

16 CHAIRMAN McCUSKER: Does that mean we need to take
17 their extension or -- because we could still reject it.

18 MR. COLLINS: I will talk to the City of Tucson,
19 Mr. Rankin, and confirm that that's acceptable to him. He
20 has advised me that we could have additional time, till
21 after the next meeting. I'll just confirm with Mr. Rankin
22 that's that satisfactory. I don't see this as being a
23 problem, in other words.

24 MR. RITCHIE: Do I have to -- shall I recuse
25 myself from this vote? My firm does business with Peach

1 Properties. I don't know if there's anything...

2 MR. COLLINS: I'm sorry?

3 MR. RITCHIE: I'm sorry. We do business with
4 Peach Properties, so I don't know if this -- we don't know
5 what they're going to do.

6 MR. COLLINS: Okay.

7 MR. RITCHIE: I don't personally deal with them.

8 MR. COLLINS: We've still got a quorum.

9 CHAIRMAN McCUSKER: They're a client of the firm?

10 MR. RITCHIE: They're a client of our firm.

11 MR. COLLINS: Okay. So you stay out of it.

12 Sorry, Cody.

13 MR. RITCHIE: That's okay.

14 MR. COLLINS: I still got a quorum, so...

15 CHAIRMAN McCUSKER: Okay. We have a motion to
16 approve the acceptance of the Arena Lot subject to the ALTA
17 property.

18 All in favor, say aye.

19 (Ayes.)

20 (The Board voted and the motion
21 carried.)

22 CHAIRMAN McCUSKER: And note that Cody was
23 recused.

24 Okay. One final item. I think you can kind of
25 take this home with you and read it.

1 (Ms. Cox excused herself from the
2 proceedings.)

3 CHAIRMAN McCUSKER: Anybody else that wants to
4 give us any input from the public, we'd be happy to have
5 that.

6 As part of the Crowe Horwath recommendations in
7 2010, it was requested that the Rio Nuevo District have a
8 capital plan, that is what are our intentions with our
9 capital. That's not existed for the last three years.

10 I'm going come back to you in a moment.

11 MR. COLLINS: Okay. Thanks.

12 CHAIRMAN McCUSKER: Now, this is my draft subject
13 to any comments that you would like to make now or later.

14 We have a limited amount of money. We've talked
15 publicly about our priorities as it relates to arena, the
16 hotel, the West Side. And when you get through that, we're
17 kind of out of money. So the capital plan is limited, to a
18 large extent, by the reality of the capital.

19 But please take that home. And I would like to
20 have this done by the next meeting so that when the Auditor
21 General shows back up, we're in compliance with that.

22 And then, the final item, which we can probably
23 not act on, Southwest Gas has requested an easement in the
24 Rialto Theatre. And you need some objective. You need a
25 couple more people here.

1 MR. COLLINS: Just by way of summary, we don't
2 want any discussions because Mr. Sheafe and you,
3 Mr. Chairman, are conflicted out.

4 Southwest Gas has requested an easement over the
5 open parcel -- open southern parcel of theater property.
6 The purpose of the easement is to provide gas to the rest of
7 the Rialto project. It is over an existing electrical
8 easement. It requires Southwest Gas to do it and return the
9 property to its current state.

10 The original request was a much broader easement.
11 I've narrowed it down. It is, in my judgment, very benign
12 and very helpful to the remainder of -- to the Rialto Block.
13 But because of the number of people here, we don't have --

14 CHAIRMAN McCUSKER: Will you send that around?

15 MR. COLLINS: I will.

16 CHAIRMAN McCUSKER: Will you send a memo and
17 exclude Chris and I?

18 MR. COLLINS: I will do that.

19 CHAIRMAN McCUSKER: All right.

20 And I think, unless the Board has something
21 pressing, we have one request from the audience.

22 Roger, thank you very much. Thanks for hanging in
23 there.

24 ATTENDEE: Thank you.

25 Fletcher and the Board --

1 CHAIRMAN McCUSKER: State your name.

2 ATTENDEE: Oh, sorry. Roger Pfeiffer. I'm
3 cochair of Friends of Tucson's Birthplace. I just want to
4 commend the Board on approving a survey for the West Side
5 properties. I think that's -- prior to any master planning
6 and what's going happen there, I think that's very
7 appropriate.

8 Survey of literature, I think, would also be
9 important. We've been reading landfill reports, etc., from
10 1995 on so -- 1991 on. So there's a lot of documents as
11 Mr. Sheafe has said.

12 The one thing I'd like to have you consider to add
13 to that study would be watershed management. I think the
14 water coming off of "A" Mountain presents both challenges
15 and opportunities, particularly for a garden.

16 So I'd like to make sure that -- that those
17 issues, not only as they affect the landfill, but as they
18 affect all those properties, probably including by Augustine
19 too. That's pretty important to those residents.

20 So thank you very much.

21 CHAIRMAN McCUSKER: Thank you.

22 Jerry, do you want to slip in a comment card? Are
23 you good?

24 All right. I'll entertain a motion to adjourn.

25 CHRIS SHEAFE: So moved.

1 MR. MOORE: Second.

2 CHAIRMAN McCUSKER: All in favor, say aye.

3 (Ayes.)

4 (The Board voted and the motion
5 carried.)

6 CHAIRMAN McCUSKER: Thank you very much, everyone.

7 See you in May.

8 (Meeting concluded at 3:51 p.m.)

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C E R T I F I C A T E

I, John Fahrenwald, certify
that I took the shorthand notes in the foregoing
matter; that the same was transcribed under my
direction; that the preceding pages of typewritten
matter are a true, accurate, and complete transcript
of all the matters adduced to the best of my skill
and ability.

John Fahrenwald

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