

RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona

April 24, 2013

9:00 a.m.

REPORTED BY:

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1 (Meeting commenced at 9:00 a.m.)

2 CHAIRMAN McCUSKER: Well, let's do this. We'll
3 call the meeting to order. It's 9 a.m. Jannie volunteered
4 to lead us in the pledge.

5 (The Pledge of Allegiance was recited.)

6 CHAIRMAN McCUSKER: Michele, call the roll.

7 MS. BETTINI: Jeff Hill.

8 MR. HILL: Present.

9 MS. BETTINI: Mark Irvin?

10 SECRETARY IRVIN: Present.

11 MS. BETTINI: Fletcher McCusker?

12 CHAIRMAN McCUSKER: Here.

13 MS. BETTINI: Chris Sheafe?

14 TREASURER SHEAFE: Here.

15 MS. BETTINI: Jannie Cox?

16 MS. COX: Here.

17 MS. BETTINI: Alberto Moore?

18 MR. MOORE: Present.

19 CHAIRMAN McCUSKER: You gotta call Cody.

20 MS. BETTINI: Cody Ritchie?

21 CHAIRMAN McCUSKER: He's currently absent. But we
22 understand he's on his way. So we do have a quorum.

23 The first thing on the agenda is the Executive
24 Session, so with a motion...

25 TREASURER SHEAFE: So moved.

1 CHAIRMAN McCUSKER: And a second.

2 SECRETARY IRVIN: Second.

3 CHAIRMAN McCUSKER: All in favor of recessing to
4 Executive Session, say aye.

5 (Ayes.)

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

8 CHAIRMAN McCUSKER: And we'll be back in
9 approximately 30 minutes.

10 Chris and I are recused from the first item, so
11 I'll stand by and capture Cody and send them your way.

12 (The Board adjourned for Executive
13 Session at 9:03 a.m.)

14 (Meeting reconvened at 9:40 a.m.)

15 CHAIRMAN McCUSKER: Someone can move we reconvene.

16 SECRETARY IRVIN: So moved.

17 CHAIRMAN McCUSKER: Second, please?

18 MS. COX: Second.

19 CHAIRMAN McCUSKER: All in favor, say aye.

20 (Ayes.)

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

23 CHAIRMAN McCUSKER: Cody Ritchie is here; he's
24 probably indisposed.

25 TREASURER SHEAFE: We're running a clock on that.

1 CHAIRMAN McCUSKER: We're not miked today, but
2 you're picking all this up okay? We might have to repeat
3 some --

4 COURT REPORTER: I'm okay.

5 CHAIRMAN McCUSKER: Mr. Irvin called this special
6 meeting today to deal specifically with the Rialto Block
7 item. Chris Sheafe and I are recused from that conversation
8 for different reasons.

9 Chris is a partner in another project with
10 Stiteler. Scott Stiteler and I were guarantors of the
11 Rialto indebtedness. So Counsel has advised us to recuse
12 ourselves, so we're going to move that item -- Mr. Irvin,
13 with your permission -- to the end of the agenda.

14 SECRETARY IRVIN: That is fine.

15 CHAIRMAN McCUSKER: So that Chris -- we can do the
16 rest of our business and then Chris can depart. If there's
17 anyone in the audience that would like to speak to us,
18 Michele has to sign-in cards on the table.

19 So let's talk about the Arena Site.

20 Mr. Collins?

21 MR. COLLINS: Mr. Chairman, members of the Board,
22 as you folks all know, there was a settlement agreement
23 entered into, effective February 7th of this year, between
24 the District and the City of Tucson. Among the issues
25 addressed in that settlement agreement were what we call the

1 Arena Site. You folks are all familiar with what parcel of
2 property that is. Actually, it's over here.

3 The settlement agreement, Section 6, deals with
4 the Arena Site. The Arena Site section required the City of
5 Tucson to disclose all of its known claims by a particular
6 date. The District then had 45 days after that to decide
7 whether to accept it or not. And if it accepted it, then
8 there's a period of time for closing.

9 At your meeting on the 15th of this month, the
10 motion that passed was we -- we moved to accept it, subject
11 to approval of an ALTA survey -- ALTA, American Land Title
12 Association survey -- which is a conditional acceptance. To
13 comply with the settlement agreement, there needs to be an
14 extension of this election period to allow that survey to
15 happen.

16 So I've talked with the City. And in fact, the
17 City's signed the extension agreement that I've prepared,
18 which, if this board authorizes the execution of that, you
19 will have the additional time necessary to secure the ALTA
20 survey. That's one thing you have to do -- you also -- you
21 need to consider.

22 The other thing you need to consider is then
23 authorizing the ALTA survey itself. As you folks all know,
24 the District has a cooperative agreement with the City.
25 There is an on-call survey contract that we can use -- we,

1 the District, can use to facilitate that ALTA survey.

2 So I would suggest that you consider and discuss
3 two things: One, the execution of the extension of the
4 deadline; and, two, the execution of an agreement to use
5 that property procurement.

6 MR. HILL: Mr. Chairman, I move the authorization
7 of the execution of the agreement as proposed by counsel.

8 TREASURER SHEAFE: I second it.

9 CHAIRMAN McCUSKER: The motion by Jeff is to -- is
10 it both pieces --

11 MR. HILL: No, no.

12 CHAIRMAN McCUSKER: -- or just the extension?

13 MR. HILL: Just the extension.

14 CHAIRMAN McCUSKER: Okay. So Jeff has moved that
15 we authorize you to complete and us to sign the extension,
16 seconded by Chris.

17 Any further discussion?

18 MS. COX: I would like to ask Mark to please
19 explain to us and to the public why it is worth you -- I
20 understand it's \$12,000 for the survey, and why is that
21 12,000 -- why does that need to be spent?

22 CHAIRMAN McCUSKER: That's the next item. Hang on
23 to that.

24 MS. COX: Oh.

25 MR. COLLINS: The way the motion -- I'm happy to

1 answer that, but Mr. Hill's motion is just to extend the
2 deadline.

3 MS. COX: Okay. But I would like to hear about
4 that as well.

5 MR. COLLINS: Okay.

6 MS. COX: Sorry.

7 CHAIRMAN McCUSKER: Any further comments,
8 questions?

9 All in favor, say aye.

10 (Ayes.)

11 CHAIRMAN McCUSKER: Any opposed?

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

14 CHAIRMAN McCUSKER: Okay. You have your
15 extension. I guess the secretary and I have to execute
16 that, right?

17 MR. COLLINS: You do.

18 CHAIRMAN McCUSKER: Okay. So talk to us about the
19 survey. And -- I know it will come up later -- why don't we
20 have to competitively procure this?

21 MR. COLLINS: There's two reasons that you don't
22 have to competitively procure it. Number one, if you do it
23 through the City, your 2011 IGA contract authorizes some
24 cooperative procurement. The City has its own procurement
25 system. Using that system, the City secured the services of

1 HDR engineering. They are what are called an on-call
2 surveyor for the City. Pursuant to that, in April of 2012,
3 HDR -- Frank Abell actually of HDR -- performed and recorded
4 what's called a record of survey. We've talked about that.
5 That record of survey is in the Recorder's Office.

6 And a record of survey is a nice instrument. It's
7 very helpful to landowners. It begins to indicate what's on
8 the ground and what restrictions there are on property. If
9 you talk about a hierarchy of surveys, a record of survey is
10 about here, and ALTA, or American Land Title Survey is up
11 here.

12 And what the ALTA does for you is it ties in with
13 your title policy. When you take title to the property,
14 you're going to -- now hear this -- you're going to get a
15 title policy. And the ALTA survey ties in with that. It
16 protects you in how you decide to develop the property.

17 So number one, why do we not have to competitively
18 procure? The agreement, IGA, is with the City. And because
19 the number is \$12,000, it is beneath the Title 34 threshold.
20 So you could go ahead and competitively procure it. You
21 have that choice. I will tell you, if you go through that
22 process, you're never going to make the ALTA survey by the
23 deadline we are now looking at.

24 So it occurs to me that it makes a huge amount of
25 sense to do that. But as Jeff would point out -- and

1 Ms. Cox -- it's about \$12,000 to take from the record of
2 survey to here.

3 MR. HILL: Mr. Chairman, I move for purpose of
4 discussion that we accept the presentation, that we approve
5 a ALTA survey for the arena property at the suggested cost
6 of 12,000.

7 MR. RITCHIE: I second.

8 TREASURER SHEAFE: Second.

9 CHAIRMAN McCUSKER: I think Cody beat you, Chris.

10 The motion has been seconded to authorize the ALTA
11 survey. Do we want to do not to exceed \$12,000?

12 MR. COLLINS: You could certainly do that.

13 CHAIRMAN McCUSKER: You have -- you have a
14 proposal?

15 MR. COLLINS: I have an estimate. I'm comfortable
16 with that \$12,000 estimate based on my conversations. And
17 based on -- the good news is they did the record of survey
18 just a short while ago. If you want to cap it at \$12,000,
19 you certainly can.

20 CHAIRMAN McCUSKER: That's not -- now that the
21 motion.

22 MR. HILL: I think that change -- I'd think that
23 change would do it cheaper. I'll vote for cheaper.

24 CHAIRMAN McCUSKER: So we'll show an amended
25 motion to cap the ALTA survey expenses at \$12,000.

1 MR. RITCHIE: Second.

2 CHAIRMAN McCUSKER: All in favor, say aye.

3 (Ayes.)

4 CHAIRMAN McCUSKER: Any opposed, nay.

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

7 Okay. So that's your two items as it relates to
8 the Arena Lot.

9 Next item on the agenda is a follow-up on the Fox
10 Theatre debt. This has arisen as a result of some public
11 comments made about what our intent, our motivation -- our
12 results of the Fox Theatre indebtedness. We've asked Beach
13 to be here today -- David, thank you -- to help us address
14 issues.

15 And I will say from my perspective that, you know,
16 I'm saddened that we have to deal with these kind of things
17 postaudit, but, you know, accusations have been made that
18 somehow I enabled the District to forgive the Fox
19 indebtedness, to walk away from it. As Frank Antenori
20 quoted, and from my perspective, I believe I'm maybe the
21 sole source of energy that's kept that Fox debt alive, even
22 when I worked for the Fox.

23 The -- I was on the Fox Board. The chairman of
24 the Fox board took ill. They asked me to take that seat.
25 We discovered that this indebtedness was still out there.

1 We reported it to the Rio Nuevo Board. I think I told you
2 then that the counsel's advice on the Fox's side was to file
3 bankruptcy. I thought that would be disastrous for the
4 community, the Theatre, the District. It could have been
5 the end of the TIF.

6 So we set about a course to renegotiate that debt,
7 which indeed we did. I was on a different side of the table
8 then, but we actually came to a re-termed agreement. The
9 Board that was around will remember that. That was vetoed
10 by the National Trust for Historic Preservation.

11 So I have a number of questions today. Some of
12 them for you; some of them for counsel. But let's deal with
13 the accounting of this first.

14 So, Dave, we have this \$5.8 million loan with the
15 Fox. It's been accruing interest. They've indicated to us
16 they can't pay it. So at some point, we're obligated to
17 address that indebtedness.

18 And I believe what we did, based on your
19 recommendation this year, is to reserve that debt. Not
20 write it off, not forgive it, but treat its payment as,
21 somehow, maybe less than likely. Can you elaborate for us
22 the accounting treatment that was applied to the Fox Theatre
23 debt?

24 MR. IACONIS: Sure. In the fiscal year, ended
25 June 30, 2012, a required payment was to be made by the Fox

1 Theatre on the debt and that payment was not made.

2 So as part of normal accounting process, whenever
3 we have a nonperforming loan, we have to discuss what's the
4 likelihood of collection of that -- of that loan. And if a
5 payment is not made, then it's apparent there's some
6 impairment of that asset and some possible doubt as far as
7 the collectability. So from an accounting standards'
8 standpoint, you have to evaluate that.

9 And obviously when you have a nonperforming loan,
10 you know, the extremes could be you end up collecting
11 100 percent of it or you end up collecting nothing. We
12 discussed various features -- various situations with the
13 debt with the Fox. And management determined that they
14 would allow for 50 percent of the principal and all of the
15 accrued interest. So that allowance is a reserve. It does
16 not affect the legal rights of Rio Nuevo related to the
17 debt. It simply is how you account for the collectability.

18 And in accounting, there's always a conservative
19 position assumed that if collectability is in doubt, it's a
20 contingency, and you need to consider whether a reserve
21 needs to be placed against that debt. And so that's the
22 position that management took. And we concur, it's an
23 estimate of collectability, in essence. But again, it does
24 not -- would never affect the legal rights that Rio Nuevo
25 has to collect on that debt.

1 CHAIRMAN McCUSKER: And it's not been forgiven.

2 MR. IACONIS: It has not been forgiven.

3 CHAIRMAN McCUSKER: What is the technical term?

4 Reserved?

5 MR. IACONIS: Reserved or allowed for. There's an
6 allowance of, basically, a doubtful account. There's a
7 portion of it that Rio Nuevo feels they probably will not
8 collect, over time.

9 TREASURER SHEAFE: So basically on the balance
10 sheet, you have a compensating liability against an asset to
11 fairly -- it effectively neutralizes the asset.

12 MR. IACONIS: Correct.

13 TREASURER SHEAFE: As it appears biannually.

14 MR. IACONIS: Correct.

15 TREASURER SHEAFE: But it doesn't relieve the
16 obligation on the part of the party that owes the money. It
17 just simply declares to the world that as the party that
18 would receive that money, maybe we won't receive it?

19 MR. IACONIS: Correct.

20 TREASURER SHEAFE: That's all we've accomplished.

21 MR. IACONIS: Right.

22 MR. HILL: I don't believe we want to use the word
23 "liability." That implies we owe something to somebody.
24 It's a reduction of assets.

25 CHAIRMAN McCUSKER: Yeah. A reduction of assets.

1 MR. HILL: I'd be careful.

2 CHAIRMAN McCUSKER: Any other questions for Dave
3 or Beach on the Fox debt?

4 David, thank you very much.

5 Okay. So we're a bank. We loan somebody
6 \$5.8 million. They can't pay. Normally, what you would do,
7 Mark, is foreclose on that indebtedness. We would take
8 whatever legal action we can to enforce the debt to try and
9 recover the debt to secure our assets and foreclose on the
10 property.

11 Why aren't we doing it?

12 MR. COLLINS: May I?

13 CHAIRMAN McCUSKER: Please. And it may take a
14 deeper explanation than the question. But you know, I think
15 that's been some of the criticism, is why are we just
16 letting the Fox get away with owing us \$5.8 million.

17 MR. COLLINS: Many of you have seen this
18 presentation by me before.

19 Can you see that, Alberto? I'm trying to make it
20 so everybody can see it but you guys are -- I represent you.

21 This is a diagram of the various entities that
22 involved with the Fox debt that Mr. Chairman was talking
23 about.

24 Let me orient you to this. The District is down
25 here at the bottom. And the entity that owes the District

1 the money is up here at the top. It's called the Fox Tucson
2 Theatre Foundation. Frequently I refer to it as the
3 Foundation. And it's -- there's a whole lot of things in
4 between. And I'll try to quickly summarize it to the extent
5 you can.

6 All of this was created by an amended IGA that was
7 recorded in 2005. It was one of the most complicated
8 documents I've ever encountered, and I've been doing this
9 quite a while. In short, this diagram -- which the folks at
10 Beach actually put together and I've plagiarized it for a
11 long time -- I think, does a pretty good job of orienting
12 the various parties.

13 The District owns the dirt, if you will, where the
14 Fox Theatre is located. It -- back in 2005, it leased that
15 dirt to the Fox Tucson Theatre Rehab, LLC, on a 50-year
16 lease. I didn't go back and look at the lease this morning.
17 As I recall, it's a dollar a year, but regardless of what
18 minimal amount it was, the entire lease payment was paid to
19 the District in 2005.

20 Also in 2005 -- well, let me back up -- this
21 particular entity, Rehab here, 90 percent of it is owned by
22 the Arizona Fox Theatre, LLC. And 10 percent is owned by
23 the Fox Tucson Theatre Group, LLC. Those are the owners.

24 This entity, or Rehab as I frequently refer to it,
25 then leases for 32 years, I believe, the sublease -- I call

1 it a sublease. There's a ground lease, there's a lease, and
2 then there's a sublease lease. But this particular lease is
3 for 32 years to the Fox Tucson Theatre Group, LLC.
4 That's -- as you see on the diagram that Beach put together
5 for us -- is the master tenant.

6 This is a big dog in this outline because
7 100 percent of this entity is owned by the fund that
8 Mr. Chairman talked about, the National Trust Fund. This
9 entire structure was put together so that tax-free money
10 could be secured. Roughly \$2.6 million was secured as a
11 result of this structure. And this Fund is the source of
12 that \$2.6 million.

13 This entity, as I say, is owned 100 percent by the
14 Fund. This entity subleases it to Fox Presents, which is
15 the outfit that actually runs the Fox and operates the shows
16 and so forth. It is owned 100 percent by the Tucson Theatre
17 Foundation. And Tucson Theatre Foundation also owns
18 100 percent of this entity here. It is an incredibly
19 complicated arrangement for simple guys like me, but it was
20 done to secure that \$2.6 million.

21 In 2005, the then existing Board agreed to this.
22 And one of the things they agreed to when they did it, was
23 to say that we will not sue -- if there's a breach on this
24 payment -- we will not sue.

25 I'll be more specific if you bear with me to get

1 to my note on it because this is old news for me.

2 The obligation to repay is set forth in
3 Paragraph 4A of the IGA. That particular paragraph says
4 that -- that is where it says the Fox owes the District.
5 It's the only spot.

6 The -- the District has precluded itself from
7 suing until the latter of two different things: Five years
8 after the ground lease began and since the ground lease
9 began in 2005 -- that period has passed. The other one is,
10 however -- is seven years after the last funding of the new
11 market capital tax credit.

12 That's this. Expires. Okay? That tax credit
13 occurred on September 21st of 2007. But by the forbearance
14 portion of this agreement, we -- "we" the District cannot
15 seek to recover this money here until September 20th of
16 2014. Okay?

17 So by an agreement, you can't pursue them. If you
18 do, this whole system is at risk, and based on inquiries
19 that we did -- or I did two or three years ago -- we're
20 looking at a multimillion dollar lawsuit by that Fund.

21 So the contract itself, your predecessors agreed
22 to it. You can't -- you can't go suing these folks until
23 September 20th of 2014.

24 There's one other agreement you ought to be aware
25 of --

1 CHAIRMAN McCUSKER: Now, Mark, we did term this
2 out. We had an agreement with the Fox Foundation and the
3 Rio Nuevo Board. But under the master tenant provision, I
4 believe the Trust has veto over any redefinition of the
5 indebtedness.

6 MR. COLLINS: Yeah --

7 CHAIRMAN McCUSKER: And exercised that veto.

8 MR. COLLINS: The Board's lawyer, me, said that if
9 we're gonna try to deal with this situation now, I want
10 everybody, all of the Fox entities, to be signing on.
11 Because this thing is so complicated, I'm advising you
12 guys -- and this was my advice then and it remains my advice
13 now -- that if you're going to cut a deal where there's
14 going be some payment coming to the District to try and deal
15 with some of this money that you haven't been paid,
16 everybody, all of these entities have got to sign.

17 And these folks said, No dice.

18 These folks, the Fund, said, We're not signing
19 anything. We did this deal in 2005; you get to live with
20 it.

21 Now, for some of you -- I mean, Alberto, you know
22 this, and Jeff and Mark -- there's another agreement out
23 there that was also signed at or about the same time. And
24 that agreement is the option agreement.

25 There is an option agreement which allows this

1 Fund -- so I get my notes right -- to request the Theatre,
2 Tucson Fox Theatre Group, to buy it out. That's the
3 put-call option.

4 If these folks ask for a certain amount of
5 money -- which is roughly a quarter of a million dollars,
6 give or take -- if these folks can pay it to them, then this
7 Fund goes out of the -- out of the transaction and these
8 restrictions go away. If this outfit can't pay it, there's
9 a put. And -- and they can force -- they can be forced out
10 of it. But that doesn't happen, you guys, until 2014.
11 September 20th of 2014 that begins to happen.

12 So my point that I'm trying to make -- maybe I
13 did; maybe I didn't -- is that you are at great risk going
14 after the Foundation if you go after them now. You got to
15 wait until roughly September 20th of 2014.

16 CHAIRMAN McCUSKER: Now, even if we try to
17 foreclose on the debt, the lease is not
18 cross-collateralized.

19 MR. COLLINS: True. True.

20 CHAIRMAN McCUSKER: So even if we sued the Fox
21 Foundation and collected a dollar, there's nothing --

22 MR. COLLINS: Right. There's still --

23 CHAIRMAN McCUSKER: -- we will not get our theater
24 back.

25 MR. COLLINS: True. True. This -- again, this is

1 quite a structure. There's a 50-year lease running from, I
2 think, September of '05. And I think it was a dollar a
3 year. I think 50 bucks was paid to the District in 2005.
4 So -- and that -- so there's no breach of the lease. The
5 only breach has been this.

6 Yes, sir?

7 MR. MOORE: Question. Let's say that the Fox
8 Tucson Theatre Group doesn't have the \$250,000 to cover the
9 put. Is it possible for the Rio Nuevo District to come
10 up --

11 MR. COLLINS: Yes, sir.

12 (Mr. Ritchie reentered the proceedings.)

13 MR. MOORE: And then would they own that
14 settlement of the put?

15 MR. COLLINS: If the -- yeah. Let's assume for
16 the moment that the put comes up and let's just call it
17 \$250,000.

18 MR. MOORE: Right.

19 MR. COLLINS: And the Fox Theatre Group didn't
20 have it, the District could participate in that. And there
21 would be an agreement that you would do which would then
22 allow the District to have control over that. When this
23 guy -- when we buy this person out, then the District can do
24 a lot of things with this.

25 MR. MOORE: What can it do? For example, if the

1 District loans the money to the Fox -- or can they jump
2 ahead and just pay it directly?

3 MR. COLLINS: Oh, I don't think there's --

4 MR. MOORE: Can -- can the Fox assign it to the
5 Rio Nuevo Board?

6 MR. COLLINS: Yeah.

7 MR. MOORE: And if they did, can they then hold
8 claim to the rest of that section?

9 MR. COLLINS: I believe, Mr. Moore, that --
10 Alberto, that -- that all of that can be done in a contract.

11 Let me -- if you bear with me just a minute, let
12 me see if I can lay my hands on the option agreement. I
13 want to make sure that there's no restriction for
14 assignment. I don't remember there being one, but, yes, you
15 could.

16 MR. MOORE: They could assign it to us.

17 MR. COLLINS: Yes, yeah. Right.

18 MR. MOORE: And then, how would that then affect
19 the Fox Tucson Theatre Rehab group or the Fox Presents, LLC,
20 group? If we ended up --

21 MR. COLLINS: Well, if you ended up owning this --

22 MR. MOORE: Right.

23 The Fox Tucson Theater Group?

24 MR. COLLINS: Yes. Yes.

25 MR. MOORE: We own that.

1 MR. COLLINS: If you end up -- let's say, you
2 take -- you buy this position, let's say, then everybody's
3 rights are subject to the leases that are already in place.

4 MR. MOORE: Right.

5 MR. COLLINS: But this restriction would go away.

6 MR. MOORE: Okay.

7 MR. COLLINS: And I -- again, Mr. Moore, I haven't
8 worked my way through the concept of that, other than on a
9 30,000-foot level. But that's another agreement that I
10 would want everybody signing off on. So that you might be
11 considering -- you, as a Board, may consider to restructure
12 this entire thing. Because once that 600-pound gorilla is
13 gone, you could do a lot of stuff.

14 MS. COX: Then we could do anything.

15 MR. MOORE: Okay. So that means -- so that means
16 that either --

17 CHAIRMAN McCUSKER: With the Fox's agreement.

18 MR. COLLINS: Yeah. Right.

19 MR. MOORE: But the Fox -- I guess, what happens
20 if we own -- now we own the put and we paid for it. And we
21 have the Fox Tucson Theater Foundation up above. They
22 haven't paid anything. So now, are they going to be out of
23 the picture because we've picked up that --

24 MR. COLLINS: No. You'd be in a -- at that point
25 in time, Mr. Moore, you could sue over that money.

1 MR. MOORE: Over that money because everyone's
2 delinquent. Is that --

3 MR. COLLINS: Right, right, right.

4 MR. RITCHIE: But we would be -- but we would be
5 paying NTCI out.

6 MR. COLLINS: Right.

7 MR. RITCHIE: And then we'd -- then they would owe
8 us more money --

9 MR. MOORE: Why?

10 MR. RITCHIE: -- on top of that 5.5?

11 MR. COLLINS: Well, if you buy the position, yeah.
12 I mean, that would be the negotiated deal.

13 MR. RITCHIE: It could be good money going after
14 bad money.

15 MR. COLLINS: Yes, yes.

16 CHAIRMAN McCUSKER: I think, you know, Mark, if I
17 remember your definition at the time, it's like somebody
18 built a \$30,000 pool and a \$12 million house, and they gave
19 the pool builder the first mortgage.

20 MR. COLLINS: Your memory is better than mine.
21 That sounds right.

22 CHAIRMAN McCUSKER: It's almost a nonrecourse loan
23 for us. There's really no way to force them into
24 bankruptcy. Even if we did it, we might not -- they could
25 discharge the debt and we might --

1 MR. MOORE: Who could discharge the debt?

2 CHAIRMAN McCUSKER: The Fox Theatre.

3 MR. MOORE: The Foundation?

4 CHAIRMAN McCUSKER: The Foundation, in bankruptcy.

5 And there's no recourse we would have to recapture the
6 Theatre. In my mind, that's the worst case scenario.

7 MS. COX: But we went through all this.

8 CHAIRMAN McCUSKER: We get no money --

9 MR. COLLINS: We have --

10 CHAIRMAN McCUSKER: -- we get no Theatre back, and
11 you live with all those leases.

12 MR. COLLINS: And --

13 MR. MOORE: I don't understand why that would be
14 the case. That's one alternative, maybe. That doesn't mean
15 that's the way it is.

16 CHAIRMAN McCUSKER: That's if the Fox were to
17 file. And so this is why -- I've always contended and I
18 think this is ultimately the Board -- my recommendation for
19 the entire Board's position is that we avoid pushing the Fox
20 Theatre into bankruptcy. If they choose to file on their
21 own accord, there's nothing we can do about it. But the
22 reason we're not enforcing this debt is, it would push them
23 into bankruptcy. The Foundation can discharge the
24 indebtedness and they still control the Theatre, vis-a-vis
25 these leases.

1 MR. COLLINS: Well, and --

2 CHAIRMAN McCUSKER: So in terms of the taxpayers,
3 they get nothing of the loan back. And the 50-year lease,
4 Mark, is a dollar. Not a dollar a year. A dollar, period.
5 And it's already been prepaid. It might be a dollar a year.

6 MS. COX: It's \$10.

7 CHAIRMAN McCUSKER: But it's whatever it is.

8 MS. COX: It's \$10.

9 CHAIRMAN McCUSKER: It's totally controlled by
10 their entity.

11 MR. COLLINS: Yeah.

12 CHAIRMAN McCUSKER: So even if Fox Theatre Group
13 is owned by us, we only own 10 percent of Fox Theatre Rehab,
14 who has a 50-year lease. So there's no easy way out of this
15 situation. All I've tried to do, and I think all we've
16 tried to do with this audit, is kick this can down the road.
17 Get to September 2014 and hopefully sit down with the Fox,
18 who is demonstrating, you know, every month they're more
19 viable, and renegotiate the whole package. A new lease,
20 some term out of the debt. You know, maybe we take the put.
21 Maybe we help them exercise the call, whatever. But this is
22 going to take a -- at least a two- or three-party
23 renegotiation.

24 MR. RITCHIE: Fletcher, and the thing is, the
25 momentum, as downtown grows, the whole idea, I think, is

1 to -- to -- they'll be more viable, more people wanting to
2 go there -- to let them kind of grow themselves out of the
3 situation.

4 This deal that was made back in 2005 seems like
5 a -- not a good deal. Again, it's an understatement of the
6 year. But our charge is to -- like you said, there is no
7 good alternative, so why force them into bankruptcy?

8 CHAIRMAN McCUSKER: Jannie?

9 MS. COX: Well, my question is: Has -- it seems
10 like déjà vu all over again. Didn't we already go through
11 this in detail --

12 MR. COLLINS: You did.

13 MS. COX: -- and made a decision?

14 MR. COLLINS: Yes, you did.

15 MS. COX: Then, why are we doing it again?

16 MR. COLLINS: I think --

17 MR. HILL: Point of order, Mr. Chairman. This
18 isn't on the agenda.

19 MR. COLLINS: I think the reason --

20 CHAIRMAN McCUSKER: We have a point of order.
21 Let's talk about it.

22 The only reason this is on the agenda is, a
23 present sitting Board member and a former member of the
24 State senate has accused me of creating an environment where
25 the Fox Theatre debt has been forgiven. So all I'm trying

1 to do is clarify the situation so that it's crystal clear --
2 not only to the Board, but to the public -- that I represent
3 the District's interests in this situation, which are
4 stifled.

5 You can begin to see, we don't have a lot of
6 options here. I believe it serves the taxpayers to keep our
7 options alive, to go with the decision that was made under
8 the Bain Board, which was basically a nondecision,
9 standstill; account for it properly, which Beach has helped
10 us do; and then resolve to ourselves and the community that
11 we will revisit this issue in the fall of 2014.

12 Nothing's been forgiven, and nothing's been
13 forgotten. And it's only important because this has now
14 gone public, and you've got a whole hornet's nest of
15 activity that believe we just let the Fox Theatre slide.

16 MR. HILL: Mr. Chairman, point of order that we've
17 had that decision. They've proved we're -- the loan is
18 still in effect. We've gone off on a tangent, and I think
19 we -- I would think we should move on, as it's been covered.

20 CHAIRMAN McCUSKER: Is there any action the Board
21 would like to take on the Fox Theatre or any action that you
22 need us to take?

23 MR. COLLINS: No. And in fact, the agenda doesn't
24 contemplate action. This is more in the nature of a study
25 session on this particular issue.

1 CHAIRMAN McCUSKER: Any further questions
2 regarding the Fox Theatre?

3 MR. COLLINS: And I would, frankly, urge the Board
4 not to take action today.

5 CHAIRMAN McCUSKER: One other question that's come
6 up, is there anybody on this Board that has a conflict of
7 interest with the Fox Theatre?

8 MR. COLLINS: I've reviewed all of the
9 disclosures. The only person that could have a conflict is
10 you, Mr. Chair. Under Title 38 however, your position with
11 the Fox was as a nonsalaried officer of a nonprofit
12 corporation. And that is No. 1 in the list of remote
13 interests. Most of you know that Title 38 is quite a
14 hornet's nest of issues.

15 If you have a remote interest, you can stop the
16 analysis. Anything but a remote interest is a substantial
17 interest, and then the analysis has to continue. But No. 1
18 on remote interest is that of a nonsalaried officer of a
19 nonprofit corporation.

20 That's what you were, Mr. Chairman. And so the
21 answer to your question is no. I don't know of any
22 conflicts.

23 CHAIRMAN McCUSKER: So I wouldn't be required to
24 recuse myself, but it might be in the best interest of all
25 of us that I would at some point when we actually negotiate

1 the Fox debt. And I'm certainly prepared to do that, even
2 though, as you indicated, I would not have to.

3 MR. COLLINS: That's true.

4 CHAIRMAN McCUSKER: All right. The other item
5 that's become ugly and confusing, and any responsibility I
6 bear in this, I apologize. And we've now drug in our friend
7 and colleague Jonathan Paton into questions about how he was
8 employed and contracted, whether or not that was proper.
9 Terms like "backdated" have been used. Frank Antenori
10 called this a "dope deal," which I take great personal
11 offense at.

12 So I would like to revisit the minutes, the
13 transcripts, Mark, what authority, what we did do, what we
14 didn't do. I'd like to poll each Board member so we have
15 some sort of consistent understanding. It is my personal
16 belief that in that meeting, based on Cody's advice, we
17 agreed on an amount. In the Executive Committee meetings we
18 had all agreed that Jonathan Paton was the logical choice
19 for us because he's an ex-member of the senate; he's an
20 ex-member of the Rio Nuevo Board. And that we would offer
21 him a lobbyist agreement.

22 MR. COLLINS: Mr. Chair --

23 CHAIRMAN McCUSKER: So will you kind of go back
24 through what happened, what were the procedural flaws. You
25 know, is there anything now that should be addressed by this

1 board?

2 MR. COLLINS: Well, let me back up and caution
3 everybody about Executive Session discussions. What went on
4 in Executive Session, as you all know, is confidential. And
5 I urge you to keep it that way.

6 Let me -- let me tell you. I went back when this
7 circled up and looked at the minutes for the January 22,
8 2012 meeting. And beginning on Page 31, commencing Line 11,
9 the following exchange takes place:

10 "MR RITCHIE: I make a motion that we spend
11 \$20,000 for this legislative session, cap it at 20,000, and
12 reconvene after this to see if it's worth hiring somebody
13 full time after the session."

14 Mr. Chairman, you responded and said, "And we
15 would authorize the executive officers to recruit and retain
16 that individual."

17 Mr. Ritchie then effectively accepts that
18 amendment. And ultimately, there's a second by Ms. Cox.

19 Then there's a long discussion where Mr. Hill was
20 kind enough to share his knowledge about costs and so forth
21 for legislative services.

22 Then, beginning on Page 32, commencing at Line 18,
23 Mr. Chairman, you reviewed the motion. You say, "We have a
24 motion on the table to authorize up to \$20,000 to seek out,
25 retain, and recruit lobbyists for the period not to exceed

1 five months."

2 You got a second. There was a vote called, and
3 according to the minutes, it passed unanimously. That's
4 what happened at the January 22nd meeting.

5 At the February 21st meeting, Mr. Chairman,
6 beginning on Page 9, you reviewed and you said that you
7 would probably need to be authorized to go up to \$25,000.
8 Mr. Sheafe made that motion. Mr. Moore seconded it.

9 After some discussion, Mr. McCusker, you called
10 for a vote and it was a unanimous vote.

11 I -- it could have been done more clearly. No
12 question about that. And perhaps I'm at fault for not
13 clearing that up at the time. I don't know. But as I read
14 these minutes, the executive officers were authorized to
15 recruit and retain a legislative representative for up to
16 \$25,000 for the remainder of the session. That's how I read
17 it.

18 MR. MOORE: Well --

19 MR. COLLINS: I don't know that I get to call on
20 you, Alberto Moore.

21 MR. MOORE: Mr. Chairman?

22 CHAIRMAN McCUSKER: Go ahead, Alberto. Thank you.

23 MR. MOORE: I remember most of what you said. The
24 question was that I remember I asked specifically, that,
25 one, I understood that Jonathan Paton was going to come to

1 the Board and make a presentation to us as to what he was
2 going to do and to provide us a contract explaining what he
3 was going to do. I never saw that. It was never made an
4 addendum to the minutes. He never appeared.

5 As a matter of fact, what really concerned me is
6 that on our last meeting on April 15th -- and for some
7 reason I had -- I went to both Bill Allen, and I asked Bill
8 directly, have we heard from Jonathan Paton. Have we paid
9 him anything?

10 And he indicated, no, he hadn't heard anything. I
11 asked the same question of you. And you said, no, I haven't
12 seen any kind of a document from Jonathan, and I don't know
13 if we've paid him for not.

14 And I said, okay, fine. Great. We'll probably
15 bury this. And I said that to myself. We weren't in
16 session. We were just -- I was making conversation.

17 Then I find out, on the 19th of April, that
18 Fletcher and Bill Allen -- and this is all hearsay now --
19 had breakfast with Jonathan Paton, gave him a check for
20 \$15,000, and signed an agreement that was dated
21 January 22nd.

22 Now, I never saw that agreement. It seems to me
23 that the proper order of things would have been that, since
24 there was such a delay, that that issue should have been
25 restated and revisited by the Board. It was not.

1 And I'm very disappointed in the way this whole
2 thing was handled because the purpose of Jonathan Paton to
3 be hired was specifically for the purpose of developing
4 legislation. And I believe, if I'm not mistaken, we had a
5 meeting at Fletcher's house sometime in early January, which
6 you attended -- Jeff Hill was there; I was there; Lori
7 Hunnicutt and Terri Proud was there -- and we discussed
8 legislation and how important it was going to be to bring
9 forward previous year's legislation and adapt it to the
10 needs of Rio Nuevo.

11 Because one of our difficulties, and we all
12 agreed, that the difficulty here for Rio Nuevo as a Board,
13 we had no teeth. And we needed to have some teeth in order
14 to move through the system. And we wanted the legislature
15 to give us some more opportunities and support in our
16 actions.

17 CHAIRMAN McCUSKER: Let me fill in --

18 MR. MOORE: Mr. Chair, excuse me. I'm still
19 talking.

20 CHAIRMAN McCUSKER: Okay.

21 MR. MOORE: So just let me finish.

22 So that -- that was one occurrence. And we talked
23 about maybe two different people who might have fulfilled
24 that opportunity. Jeff indicated that to pay a lobbyist at
25 that time would have run 50- to \$75,000. I said that's

1 crazy. We don't need it.

2 Because all we -- we already had specific
3 legislation prepared. It needed some amendments and some,
4 you know, tweaking. But nevertheless, we thought we could
5 move it forward. We had a short window because the
6 legislature at the time was reviewing and writing up
7 legislation. And the Senate was going to be turning their
8 legislation over to the House, and vice versa. So we had
9 like two weeks, so we couldn't go out for open bid to get a
10 lobbyist.

11 And it was for the purpose of getting things done
12 and meeting those criterias for the benefit of the Board, we
13 decided to look at Jonathan Paton. He accepted the
14 opportunity to work for us. Fletcher talked to him. I
15 don't know what all the conversations were. But to my
16 understanding, he had a purpose. Came back to the Board.
17 We discussed it -- to the Executive Committee, excuse me --
18 and we never saw any kind of a document. It was always
19 pending. It was coming. But we never saw anything from
20 Jonathan. We never saw his presence to tell us what the
21 hell he was going to do.

22 CHAIRMAN McCUSKER: Mr. Moore, if I could, let
23 me --

24 MR. MOORE: Well, now, I'm not finished, Fletcher.
25 Please let me finish and then you can talk.

1 CHAIRMAN McCUSKER: Let me -- if I can fill in
2 some of those timing gaps, I think it helps with the story.

3 MR. MOORE: Well, we can do that a little later.
4 You can correct me when I'm wrong. But I'm gonna -- I'm
5 gonna -- I'm gonna finish what I'm saying.

6 I am very disturbed that -- the point is: The new
7 Executive Committee -- and I don't know what Chris Sheafe
8 knew of the history of all that and how it came, but I
9 understand he was one of the signers of the check and so was
10 Fletcher. And it was well past due. And my understanding
11 was that --

12 MR. RITCHIE: You seconded the motion to hire the
13 guy.

14 MR. MOORE: That's fine. I did.

15 MR. RITCHIE: So why --

16 MR. MOORE: But I --

17 MR. RITCHIE: -- later?

18 MR. MOORE: But I made it very clear that I wanted
19 to see a presentation.

20 CHAIRMAN McCUSKER: But --

21 MR. MOORE: Excuse me. That's what I said. I
22 know what I said.

23 MR. RITCHIE: I am the one who said it. I am the
24 one who said it. I am the one that -- I am the one -- I am
25 the --

1 MR. MOORE: Okay. Fine. I don't care. But I'll
2 tell you one thing, I don't understand another thing. You
3 tell me, for the \$15,000, he's been working from January,
4 February, and March, I haven't seen a darn thing from him as
5 a report.

6 MR. RITCHIE: If you don't -- I'd like to say
7 something.

8 (Inaudible crosstalk.)

9 MR. RITCHIE: I know. But I'm upset because --

10 CHAIRMAN McCUSKER: Standby.

11 Gentlemen, Alberto has the floor.

12 MR. COLLINS: Yeah.

13 MR. MOORE: And I'm upset by this because I don't
14 think that's a way to do business. We're a public entity.
15 We're out there trying to do things for the community. We
16 want to do the best we can. We thought it was a good idea
17 to hire somebody to do specific work. That work was not
18 done because I haven't seen any kind of report that
19 indicates his work. And to me, that's what we should be
20 looking at when we're paying somebody \$15,000.

21 And I don't know whose benefit he's working for.
22 Is it Fletcher's, just to make sure he's -- he's up to
23 speed, he's got a fly on the wall in the Senate to
24 understand who he's with and who's against him? This is not
25 the point. This is not an individual process. This is the

1 benefit for the community and for the Rio Nuevo Board.

2 And that's what's bothered me so far since this
3 new administration's taken place, that I'm saying more and
4 more things moving down the road where it's only affecting
5 one individual and his presence in the community, and not
6 for the benefit of the community. And I'm very sorry, but
7 that's the way I feel. And I'm really upset.

8 And I think that if Jonathan has any courage
9 whatsoever, he should return his \$15,000 because he didn't
10 earn it.

11 Now I'm done. You can say whatever you want.

12 MR. RITCHIE: Mr. Chairman, can I add --

13 CHAIRMAN McCUSKER: Cody, let me just kind of fill
14 in the timing gaps, and then I think each of us need to
15 weigh in.

16 Now, I think this is where the breakdown is in
17 either procedure or communication. Immediately after that
18 7-0 vote, and in combination with the conversations in
19 Executive Committee, I called Jonathan Paton and told him
20 that we had elected to retain him as our lobbyist subject to
21 the \$25,000 limit. Can he live with that? Yes, sir, I can.
22 Then, Jonathan, consider yourself hired.

23 That's what I believe the Board directed to me
24 was, between the combination of the Executive Committee and
25 the vote.

1 And I said, go to work. When you're in town,
2 we'll catch up with you on the agreement. Invoice me.
3 We'll get this taken care of.

4 What Jonathan has been doing -- and the reason we
5 haven't seen him -- is spending every moment for us
6 basically -- and Jeff can tell you how this works in
7 session -- in Phoenix on our behalf. He's sat in every
8 committee meeting that might affect Rio Nuevo. He's been to
9 Appropriations, to Ways and Means. He's met with individual
10 members. He's doing the job we asked of him.

11 He arranged for -- and this is what baffles me in
12 terms of the confusion that Alberto and I have. He arranged
13 to -- Alberto and I -- to meet with the president of the
14 senate, Andy Biggs. We talked to President Biggs about Rio
15 Nuevo's legislative interests. And he flatly discouraged us
16 from introducing any bill in this session, so did Speaker
17 Tovar -- that we've got a lot of stuff going on; we're
18 dealing with Medicaid; we're dealing with the transaction
19 privilege tax. We really would just like to keep Rio Nuevo
20 off the radar.

21 And that made it pretty clear to me that we
22 weren't going to be introducing any bills when you get that
23 kind of message from the president of the Senate. Jonathan
24 arranged for that meeting. It was pretty clear to me that
25 he's the guy that we have representing us at the

1 legislature.

2 What Jonathan has been doing precisely is what
3 Alberto thinks that he should be doing, which is observing.
4 The way he described it to me is, I'm a smoke signal. I'm a
5 smoke alarm. You know, I'm watching everything that goes on
6 up here, and if I'm alerted to something, I'm going to tell
7 you.

8 And not on my behalf. It's on the District's
9 behalf.

10 The first time that we could meet with him was the
11 Friday morning, the 19th. That's a standing breakfast that
12 Bill and I have every Friday morning at eight o'clock just
13 to go through routine items. What he's doing, what checks
14 need to be processed. I invited Chris to that. Mark Irvin
15 was out of town. I should have and didn't think about
16 inviting Alberto to that meeting because of his interest in
17 legislation.

18 We signed up and exchanged the agreement. He had
19 sent us an invoice. His agreement, as he understands it, is
20 five months at \$5,000 a month, vis-a-vis the \$25,000 that we
21 authorized. He sent us an invoice for February, March, and
22 April. I authorized that. Treasurer authorized that. He's
23 been in every one of the Executive Committee sessions when
24 we've talked about this. I saw nothing improper with any of
25 it.

1 And you know, now both of us have been drug
2 through the mud with all sorts of accusations about, you
3 know, shady deals and backdoor deals and, you know,
4 exchanging money at breakfasts. And you know -- you know,
5 I'm very interested in how the rest of the Board perceives
6 this, because I believe I was asking in what we all agreed
7 to, which was retaining Paton.

8 Now, you know, when we get around to writing a
9 bill, I can tell you -- and I think Mr. Hill will attest to
10 this -- you're not going to get that kind of representation
11 for \$25,000.

12 So, Cody, I think you had something.

13 MR. RITCHIE: Okay. My recollection was --

14 CHAIRMAN McCUSKER: Let's go down the --

15 MR. RITCHIE: My recollection was that I remember
16 Mr. Hill saying between 50- and \$75,000. And I thought, at
17 that time, that if we did our job, that the legislature
18 would leave us alone. I think the reason why Jonathan was
19 hired was to be a steward for the citizens of Pima County
20 and Tucson to make sure that the legislators from outside of
21 Tucson, who already thought badly of the Rio Nuevo because
22 of all the past things that have gone on with this Board,
23 would maybe do some harm to it and try to shut us down.

24 And the fact of the matter is that, from what I'm
25 hearing from the person that appointed me, the Speaker --

1 and I don't know who else -- that we've been doing a good
2 job. And to me, that means Jonathan's been doing a good
3 job.

4 I don't agree that -- you know, and I still don't
5 know if we need a lobbyist full-time. But this was on a
6 trial basis. So far, so good.

7 To me, the allegation about worried that this
8 Board is taking a stand, I take great offense at that
9 because I'm a citizen volunteer. I don't get one benefit --
10 professionally, financially -- from being on this Board. I
11 want to make sure that Tucson is a viable place that my kids
12 can grow up in and have a vibrant downtown. And I was tired
13 of all the shenanigans that went on in the past.

14 And I'm a big boy. And if I think Fletcher is
15 doing something wrong, I'll talk to Fletcher about it.

16 Are there things, maybe, Fletcher, you could maybe
17 open up and share a little bit more? Perhaps, maybe a
18 little bit.

19 But I take, you know, great offense that this
20 Board is not acting in the best interest of our community
21 because I was the one that said I wanted to keep it capped
22 at \$25,000. I was the one.

23 So that's just my comment on this deal.

24 CHAIRMAN McCUSKER: Jeff? Mr. Hill?

25 MR. HILL: I might repeat Cody's remarks because

1 I'm in accordance with what he just said. But you know,
2 point of information -- I guess, this is probably, you know,
3 the eye of beholder -- the problem was this late payment.

4 Traditionally, a lobbyist gets paid upfront. I'm
5 surprised that Jonathan didn't get a check for five grand in
6 January for February, if not the whole 25,000. And if that
7 had been done, I don't think we'd be sitting here worrying
8 about, you know, the 15,000 or a breakfast payment. That
9 was -- it's -- the problem was how it was effected.

10 If it had been effected as most lobbyists are
11 paid -- and Jonathan was probably trying to be kind to us in
12 not making us jump through hoops and caused his own demise,
13 if you would, through this -- but he was hired in January;
14 he should have been paid in February.

15 The appearance now that there's something going
16 on, I don't think is accurate. And I understood, for what
17 he's getting paid, he strictly was monitoring the
18 legislations. Again -- trying not to repeat Cody -- the job
19 was to if somebody put in a bill to do away with Rio
20 Nuevo -- it's certainly in the interest of this Board for
21 the taxpayers of Tucson, since we're getting other sales
22 tax, normally to the State -- that there be a full
23 explanation to the legislators who would be introducing such
24 legislation who may not have understood the uniqueness of
25 this. And to me, that was certainly worth 25,000.

1 Thank you, Mr. Chairman.

2 CHAIRMAN McCUSKER: Mr. Irvin?

3 SECRETARY IRVIN: First of all, I'm sorry that
4 you're going through those types of attacks because they're
5 completely unwarranted and unfounded.

6 I clearly remember, as Cody said, that we had a
7 discussion about 20; 20 wouldn't work; we authorized 25. We
8 authorized the Executive Committee to go and negotiate the
9 agreement with Jonathan, which occurred.

10 I'd always -- had never expected that we'd be
11 introducing any legislation right now, felt that we needed
12 somebody there just to monitor what was going on, as
13 Mr. Hill's so clearly stated.

14 I don't think you did anything wrong, Mr. Chair.
15 In fact, I think it's really a shame that somebody would use
16 a public forum to go and voice those concerns, rather than
17 having a discussion with you. I don't know what the
18 alternatives -- or excuse me -- what the outcome of that
19 would be, other -- what he was trying to achieve with that.

20 Having been subject to those types of attacks
21 myself from Mr. Moore, I have my own thoughts and feelings
22 about that. But I can tell you, in my opinion, you didn't
23 do anything wrong nor should you feel like you did.

24 CHAIRMAN McCUSKER: Is it your sense from the
25 process that we were hiring Jonathan Paton, that we were not

1 going to go out and solicit proposals or get bids, but that
2 between the Executive Committee, the Board vote, that the
3 decision that was made was to retain Paton?

4 SECRETARY IRVIN: That's correct.

5 CHAIRMAN McCUSKER: Mr. Sheafe?

6 CHRIS SHEAFE: Well, you know, my vote at the time
7 was not to have legislation proceed. I recognized that we
8 needed an influence in the State legislature because we were
9 being threatened with maybe a possible termination of the
10 District. And one person, in particular, was promoting that
11 both publicly and in the legislature itself. And that
12 person didn't get reelected.

13 But the threat was still there. So I thought that
14 it was an absolute bargain to be able to get somebody with
15 Jonathan's background, whom I know, and he was willing to
16 step in and do a job that -- having hired lobbyists, it
17 seemed to me that we were getting a very good economic
18 bargain. And so I voted for it and had obviously clarity in
19 my mind that this Board gave a unanimous vote to make that
20 hire.

21 And I remember, Fletcher, you mentioning that you
22 were going to call Jonathan, so that made sense.

23 CHAIRMAN McCUSKER: Now, you signed both the
24 invoice and the check.

25 TREASURER SHEAFE: And I signed the check.

1 CHAIRMAN McCUSKER: Did you see anything improper
2 with the way it was?

3 TREASURER SHEAFE: No. Because at that point, I'm
4 now the new treasurer and I've been handed things that I
5 know that there's a paper backup and a decision tree backup
6 on it. So it made sense to sign the check. I happened to
7 be in California when you guys actually gave it to Jonathan,
8 so I wasn't able to attend the meeting. But had I been
9 here, I would.

10 And I want to say that one of the little things
11 about life is that it's tough to get ahead of problems when
12 you don't necessarily think you're going to have them. I
13 often thought that buying life insurance is one of those
14 things where you're trying to convince somebody that they
15 might have a heart attack. Well, until they have it,
16 sometimes it's a little hard to make that a real threat.

17 And we had a real threat from the legislature, a
18 real threat. And we really do need a presence up there, a
19 monitoring presence. And I understand that that's been
20 done. So I can understand the frustration of not seeing.
21 But it's like the -- I paid for all this insurance, and I
22 haven't had a heart attack. Well, it's a good thing to have
23 the insurance. You know?

24 And you ought to say that the best guy that wins
25 is the one that doesn't need to actually draw on it. And

1 that's the same thing true. The value in Jonathan is the
2 fact that we aren't having any attacks from the legislature.

3 Now, let me just say one other thing because I
4 don't think it's ever easy to be the person out on the point
5 throwing the dart when you honestly have a concern. So I
6 admire that characteristic. But there are ways to bring
7 that up and to communicate with the Board or with
8 individuals on the Board that don't necessarily have to drag
9 Rio Nuevo back into the public arena of being castigated as
10 some kind of a dysfunctional operation.

11 This is an enormous opportunity for this
12 community. And we are making every effort -- and I think
13 all seven are making every effort to be unified and move
14 forward progressively and get things done. And it just
15 isn't helpful to use public media as a way to sort of vent
16 our frustration. So I hope that motivation stops because
17 it's not useful. And even though you can admire the
18 questioning, you don't have to admire the action. And I
19 don't.

20 CHAIRMAN McCUSKER: Ms. Cox?

21 MS. COX: I have been so pleased to see what I
22 considered a totally dysfunctional Board become an almost
23 totally functional board. And it has been -- I've been on
24 the Board for almost two and a half years. And the first,
25 almost, year and a half, I would never have left this Board.

1 I would not have resigned this board. But I was really
2 sorry that I ever made the decision to come on it because I
3 didn't have hope that we were really going to be able to
4 make a difference in our downtown, to accomplish our
5 mission. And now I know we will, and I feel so positive
6 about it.

7 And I agree with you that it is hard to see that
8 we still have someone who would put us out there in front of
9 the media and stir up things that are nonissues. And again,
10 this is deja vu all over again. We've talked about all of
11 these issues. Why are we gonna hire Jonathan? What should
12 we pay him? We tried to pay him too little, found out that
13 wouldn't work.

14 We -- I remember the discussion about possible
15 legislation. And then I remember the discussion about how
16 that doesn't make sense this year for the reasons Fletcher
17 just stated. But we need someone monitoring the
18 legislature, sitting in the committee meetings, knowing --
19 so that if anything turned up, we would find out about it
20 immediately. Nothing turned up. And that's a great thing.
21 We ought to be happy about that.

22 And we paid -- we're paying him what we were
23 obligated to pay him. And I don't understand why we're
24 revisiting this now.

25 CHAIRMAN McCUSKER: Well, it's become a public

1 issue that's, you know, called our ethics and, I think,
2 procedures into question. So let me just take a moment to
3 defend my friend Alberto.

4 You know, I've been in positions where, if you
5 believe you have entrenched management, nonsympathetic
6 executive officers that maybe wouldn't have entertained his
7 concern, the quickest way to shine a bright light on that is
8 to go to the press. So I take no personal offenses to that
9 as a strategy. However, I think it's incredibly
10 disenfranchising in terms of getting real things
11 accomplished.

12 My sense about this was that -- and I think I've
13 heard it from everybody but Alberto -- is that we had agreed
14 to hire Jonathan. I hired Jonathan. He went to work.
15 He -- you know, he hasn't met with any of us. I've not met
16 with Jonathan other than the meeting with President Biggs
17 and at breakfast. So it's not like he's updating me every
18 day that I don't pass on to you. He's been busy. And he
19 said, when I get a free moment, I'd be happy to sit down and
20 talk to you.

21 Now, the situation we have is, as Cody directed
22 toward, we have a trial contract, I believe, with Mr. Paton.
23 And he's served three months of a five-month contract. We
24 can terminate him. We could redo it. We can leave it
25 alone. We can ask that he come before the Board and report.

1 You know, I think there's any manner of ways in which you
2 can proceed with this.

3 I will tell you from my perspective -- and it's
4 very hard; I think it was challenging for Jodi Bain to be in
5 this chair -- it's easy for it to become all about me. You
6 know, with my presence downtown and the energy and money
7 I've put into downtown, it's easy to say, oh, this is all
8 about Fletcher and, you know, Paton's been hired to protect
9 him and his image.

10 And that's -- there's nothing further from the
11 truth. And I agree with Jannie. You know, why would you
12 serve on the Board, you know, just for the ego strokes that
13 you get from being a chairman of anything? I am optimistic
14 that we will work through these kind of things.

15 I do think there's some procedural things here,
16 Mark, that we need to learn from. And I don't know how you
17 mix up the Executive Committee with the open committee.

18 But, you know, there's probably -- you know, that
19 proposal from Paton was in the file, but it wasn't attached
20 to the minutes. That would have made it crystal clear as to
21 what we were doing.

22 Maybe that motion should have said, we're not
23 going to hire a lobbyist; we're going to make an offer to
24 Mr. Paton not to exceed -- that kind of the thing.

25 So I think, you know, if you will kind of help us,

1 you know, around those kind of procedural issues, you know,
2 I think there may be better clarity in terms of these kind
3 of decisions. But I do think we have a crossroads decision
4 to make -- or maybe since there's no action contemplated, we
5 can't take any.

6 MR. COLLINS: You --

7 CHAIRMAN McCUSKER: But if somebody would like
8 action -- and I think that's the other point about this
9 conversation -- if anybody wants anything on an agenda, all
10 you gotta do is ask me or Mr. Collins.

11 If you're not getting that kind of responsiveness,
12 if we are buffering you from getting something on the
13 agenda, then I think you've got an issue. But you know,
14 I've never not put anything, comfortable or uncomfortable,
15 on the agenda to protect myself.

16 CHRIS SHEAFE: Before you speak, Mr. Chairman, as
17 you know, I've run out of time and I've kind of overstepped.
18 But I obviously wanted to stick at least this long. So I
19 wonder if I could be excused.

20 And in the process, I like to say that I failed to
21 say in my remarks -- but I'm going to say it boldly -- I've
22 never served on any committee anywhere where the chairman,
23 on a voluntary basis, has put as much heart, time, and soul
24 into a -- into a project as Fletcher. And I did not know
25 Fletcher when I came on, but I can tell you, I have been

1 overwhelmed with appreciation for what he's done, because
2 he's made the rest of us be able to serve in a knowledgeable
3 way without having to spend an inordinate amount of time,
4 because he's put in an inordinate amount of time.

5 So I don't think Mr. Moore or anybody else is
6 castigating who you are or what you are, but I want to go on
7 record as saying that I am absolutely confident about your
8 leadership, totally appreciative of it. And I think some
9 day --

10 CHAIRMAN McCUSKER: The biggest problems I have
11 with this, is this quorum issue. And I've never been in a
12 situation with a group of seven people where any four of us
13 get together and creates an open meeting. So we're
14 constantly challenged with how to deal with two or three of
15 us. And with an Executive Committee of three, anybody else
16 that attends that, you're quorumed up.

17 One of the things you might want to think about is
18 a legislative committee that's outside of the Executive
19 Committee that would not have to be led by executive
20 officers that could help us form the legislative agenda,
21 work with the lobbyist. And anything I can delegate at this
22 point, I'd be happy to delegate.

23 CHRIS SHEAFE: I'll bet.

24 CHAIRMAN McCUSKER: So you know, if there's some
25 productive lessons that can come out of this, maybe food for

1 thought between now and the next meeting, let's discuss
2 those and try and move forward collectively.

3 I am concerned that this kind of controversy does
4 rattle the legislature. And the risk is they terminate the
5 TIF. And I do think Paton is the right guy right now to be
6 on that side of the issue for us.

7 So unless anybody has anything further to say --

8 MR. RITCHIE: You know, I mean, I strongly defend
9 it, but I do agree that we have to review this in a couple
10 months and see if we do this next year. I agree with
11 Alberto there.

12 (Mr. Sheafe left the proceedings.)

13 MR. RITCHIE: And you know, that's just -- you
14 know, I'll leave it at that. But we made a deal and we
15 honor our deal. So that's it.

16 CHAIRMAN McCUSKER: Mr. Moore, any final comments?

17 MR. MOORE: No. I -- my only thing is I think we
18 ought to have Jonathan come in here and tell us what the
19 hell he's doing because I haven't seen anything.

20 CHAIRMAN McCUSKER: All right.

21 So the last item on the agenda is the Rialto Block
22 easement. As previously mentioned, Mr. Sheafe and I are
23 recused from that, so I'm going to pass the gavel to
24 Mr. Irvin and take a seat in the audience.

25 SECRETARY IRVIN: We've been briefed in Executive

1 Session on the legalities of the easements and the
2 situation.

3 For the sake of the audience and for the record to
4 be clear, Counsel, would you take a moment and just give us
5 an overview, not just of the requested easement but also
6 touch very briefly on the trespass easement as well.

7 MR. COLLINS: Mr. Chair, members of the Board,
8 what I've got here is a not-very-well-centered blowup of
9 a -- of a survey.

10 To orient you guys, this is north here. This is
11 the alley of Herbert. This is the Rialto Theatre property.
12 It's boundary is roughly this. I'm outlining in red, which
13 is probably the wrong color to use, but that's roughly what
14 the District owns. It acquired title in 2004.

15 The Rialto Block Project, which is -- owns this
16 piece here -- and actually, I really shouldn't be using red,
17 I apologize -- owns this property over here, roughly.

18 So if that orients everybody, this is the building
19 that the District owns. This down here is a parking lot,
20 been a parking for as long as I can determine. And what
21 happened was, that several weeks ago, Southwest Gas came to
22 Michele and said, we need an easement.

23 And she ultimately -- it got to me and we began
24 investigating it. And rather than telling you how to make
25 the clock, let me tell you what time it is.

1 Currently, there is a recorded document granting a
2 phone easement over, roughly, 10 feet of the northern
3 10 feet of your parking lot. That was recorded in -- bear
4 with me -- 2004. Yeah.

5 And what has happened is that, in the development
6 of the LLC property, there's two restaurants that are
7 prepared to open. Their grand openings are May 3 and May 4.
8 And one of the things that has to happen before that occurs
9 is they need to get gas. And the gas company wanted an
10 easement from you folks to run a gas line right where this
11 phone easement is.

12 The legal description wasn't all that great
13 originally. Ultimately, we -- Greg Bauer of Arrow surveying
14 did the survey, provided with a legal description. I'm very
15 comfortable with the legal description that's being asked.
16 This phone easement has been there for some time. They're
17 asking for an easement on top of the that phone easement to
18 run this gas line.

19 When you folks acquired title to the property,
20 it -- it, the property, the parking lot, was subject to an
21 easement, generally in purple here, in favor of Tucson Gas
22 and Electric, now Tucson Power. That was an encumbrance and
23 remains an encumbrance on your property.

24 When you acquired title of the property, there is
25 a document which creates some sort of encumbrance, roughly

1 where this black line is. I just mention it because it
2 shows up on the -- on this drawing.

3 Last week, after I was comfortable with the legal
4 description, I walked over to the property to do a site
5 inspection. I could have maybe seen it from my building,
6 but I thought fresh air would be nice, so I walked over.
7 Met with some fellow there and -- with Michele's assistance,
8 and we determined at that point time that not only do they
9 want this easement across here for the gas line, but -- and
10 I'm sorry about my colors -- but that already had been
11 installed -- right about here -- a sewer line under your
12 parking lot. Been nicely covered over and everything; but
13 there is now, under your parking lot, a sewer line that
14 comes and services certainly this property of the LLC. I
15 think that was a surprise to several people, not the
16 contractor who was there. But that's there now.

17 So what the Board has been asked to do is to
18 approve or to grant this easement and to grant this easement
19 as well.

20 Does that give you what you need?

21 SECRETARY IRVIN: It does. I might request that
22 you include in the record the smaller drawing that -- with
23 your notes on it that you provided to me earlier that kind
24 of summarizes all that if you would. That would be great.
25 That's it.

1 MR. COLLINS: Okay.

2 ("Existing Theatre Building" is labeled
3 Exhibit A and admitted into the record.)

4 SECRETARY IRVIN: Yeah. That would be great. I
5 think it does a very good job in just showing what those
6 issues are and then it shows that one that's -- you know, I
7 just referred to it as a trespass easement.

8 So the issue in front of us is, you know, we can
9 piecemeal this, or we can try to clean everything up at
10 once. I'm kind of more inclined to figure out a way to kind
11 of clean it up all at once.

12 I know in Executive Session we had some
13 discussions about compensation and what's normal in the
14 industry, and what have you. You know, for an easement on
15 top of an easement, it's -- really doesn't have a lot of
16 value in my opinion.

17 The other one, I think -- you know, it was done
18 without our approval, the trespass agreement for the sewer
19 line, as I would refer to it. I'd love to see us clean it
20 up right now.

21 I don't know if anybody else has any further
22 comments on that. If not, I'd entertain a motion to do
23 something with this, if anybody's so inclined to make it.

24 MS. COX: Mr. Chairman, I move that we approve the
25 easement with Southwest Gas and that we clean up the

1 trespass easement at the same time and we ask to be
2 compensated for \$3,000 plus our expenses. And make sure
3 that that parking lot is paved and covered over
4 appropriately.

5 MR. HILL: Quick question.

6 SECRETARY IRVIN: Sure.

7 MR. HILL: 3,000 each, you mean?

8 MS. COX: No. I --

9 MR. HILL: For both the --

10 MS. COX: Well, the --

11 MR. HILL: -- Southwest Gas --

12 MS. COX: -- Southwest Gas easement really isn't
13 worth \$3,000. But the other one certainly is. I mean, it's
14 my understanding that the Southwest Gas easement is probably
15 not worth \$3,000 to us because there's already an easement
16 there, but the other one is. So just to get it done in a
17 timely way, what if they pay us --

18 We probably shouldn't be doing this, though,
19 without a second to the motion, right?

20 MR. COLLINS: Well, you -- I -- you -- I'd like to
21 see you clarify your motion.

22 MS. COX: Okay.

23 MR. COLLINS: And I don't know, Jeff, but I'd like
24 to see you make a motion that -- that the easement for the
25 Southwest Gas be approved and that somebody on the Board be

1 directed to negotiate, with the LLC, the appropriate terms
2 for the sewer easement and any other cleanup that we can
3 do -- can be done on this parking lot. And that we bring
4 that back to a public vote next -- at our next meeting. And
5 you guys can decide whether that agreement that's negotiated
6 works. That's my suggestion.

7 MS. COX: Okay. Then -- I apologize.

8 MR. COLLINS: No.

9 MS. COX: Okay. That -- I move that we approve
10 the easement --

11 MR. COLLINS: For the gas.

12 MS. COX: -- for the gas; and that we authorize
13 Mark Irvin to negotiate the other trespass easement; and
14 that we ask to be compensated with \$3,000 plus our expenses;
15 and have the parking lot repaved.

16 Is that...?

17 MR. COLLINS: Pretty clear.

18 MS. COX: Okay.

19 TREASURER SHEAFE: Is there a second?

20 MR. HILL: I'll second it for purposes of
21 discussion in a possible minute. I failed to make a
22 distinction -- and I apologize -- in the -- in the -- in the
23 meeting.

24 That first easement that Mark speaks about for the
25 telephone company probably was done to -- for our nonprofit

1 tenants, the Rialto Theatre. The difference on this one,
2 and hence my bringing it up in session, is the restaurants
3 and Stiteler are a for-profit entity. The Southwest Gas
4 easement only helps the for-profit entities.

5 Therefore, industry, in 40 years of preparing
6 taxes, whenever you have a for-profit entity doing
7 something, they pay the person, irrespective of who they
8 are, costs for that easement. So I would amend the motion
9 to include \$3,000 for the Southwest Gas easement in addition
10 to the 3,000 in the motion for the trespass.

11 MR. RITCHIE: I second.

12 MR. COLLINS: You accept that amendment?

13 MS. COX: I'm not --

14 SECRETARY IRVIN: The amendment as he's -- as he
15 is requesting is --

16 MS. COX: No. I understand what he's requesting.
17 But if that is already an easement, it's my understanding
18 that it doesn't have the value because it's already an
19 easement.

20 MR. COLLINS: Yeah. There's a document that
21 grants and there's a phone line that runs here. Okay?

22 MS. COX: Yeah.

23 MR. COLLINS: And, Mr. Hill, I don't know
24 whether -- what that services. All I know is what I see in
25 the recording office.

1 And let me mention something. You're absolutely
2 right, Mr. Hill. I agree with you. When you're in the
3 private sector, if someone comes to you and says, I want to
4 go across your property, you might say, yes, but I'd like to
5 get paid for it.

6 Because of the shortness of time that we had here,
7 let me tell you that I did a little investigating, and the
8 property that's over to our -- the east of us, which is
9 being improved as student housing, was sold in 2009, when it
10 was vacant, for \$22 a square foot. The nearby property --
11 if I'm orienting this right, I guess down here -- for the
12 UniSource Building, in 2009 -- a little different property
13 for roughly -- for roughly \$64 a square foot.

14 In my -- remember, you guys, I flunked Algebra II
15 twice, so bear with me. But if you cut that in the middle,
16 that's roughly \$43 a square foot.

17 What Southwest Gas, Ms. Cox, is asking for, is
18 roughly 700 square feet. 700 times 43 is \$30,100. But that
19 would be the fee title interest, that means all the rights.

20 Normally -- and again, I'm not an appraiser -- but
21 normally, an easement is roughly 10 percent of that. That's
22 the \$3,000 that we're talking about.

23 MS. COX: Right.

24 MR. COLLINS: And again, not being an appraiser,
25 but I do work with them with some regularity, an easement on

1 an easement, as Mr. Irvin mentioned, is frequently
2 10 percent of 10 percent, which would be \$300.

3 Now, you don't have to give it to anybody. You
4 don't have to give it to anybody at all. You can say, nuts.
5 What will happen then is that they'll have to do whatever
6 they do over here. And because it's a utility, they may
7 want to condemn it. And that's what you're looking at.

8 MS. COX: Right.

9 MR. COLLINS: Now, that same analysis would apply
10 to the trespass easement that is a sewer easement. I don't
11 know -- I haven't been able to analyze enough whether that's
12 an easement on an easement, but that would be roughly
13 \$3,000. And that's, again, you guys, that's the best I can
14 do.

15 MS. COX: And that's my understanding, which is
16 why I said \$3,000.

17 MR. COLLINS: Right. Right.

18 MS. COX: And I -- I don't want to refuse that
19 amendment if it makes sense.

20 MR. COLLINS: Right.

21 MS. COX: But I just want to make sure that if
22 it -- if it is not something that is likely to be agreed to,
23 that we don't delay this by asking 6,000 when it should be
24 3,000. That's -- if it ought to be 6, I'm all for it. I
25 just want to make sure that we aren't shooting ourselves in

1 the foot by doing that. That's all.

2 MR. COLLINS: Well, let me --

3 MR. MOORE: How is it shooting ourselves in the
4 foot?

5 MS. COX: Well, if we ask \$3,000, and they're not
6 willing -- if we ask 6 and they're only willing to pay 3 and
7 this doesn't get done --

8 MR. MOORE: You --

9 MR. COLLINS: Let me -- let me suggest --

10 MR. MOORE: Let me just ask this question.

11 MR. COLLINS: Sure.

12 MR. MOORE: But I mean, if you take that thinking,
13 then just like Jeff was saying, that easement is to the
14 benefit of private development over on --

15 MS. COX: I understand that.

16 MR. MOORE: Okay. And so the \$3,000 is not --
17 it's chicken feed if he's trying to open up two restaurants
18 in a matter of two weeks. So I mean, that -- it seems to me
19 that that's chicken feed for the -- for the right to do
20 that.

21 And so, I mean, from a business point of view, I
22 think it's worthwhile doing. And so I think it's
23 appropriate to charge \$3,000 for both -- both easements.

24 MR. HILL: Question on the amendment.

25 MR. MOORE: So that all. This question's on the

1 amendment.

2 MS. COX: I accept the amendment.

3 MR. HILL: We have to vote on it.

4 MR. COLLINS: Yeah. Well, and I -- yeah, I need
5 to -- and so the -- so this -- for -- so for clarity, let's
6 go back, since we've dealt with this a little bit.

7 The motion is, as I understand it, Mrs. Cox, as
8 amended by Mr. Hill --

9 MR. HILL: We're on the amendment, Mark.

10 MR. COLLINS: Oh. I'm sorry. You're right.

11 So you said "okay" on the amendment?

12 MS. COX: I did.

13 MR. COLLINS: Okay. So we've got to have a vote
14 on that, right?

15 MS. COX: Yes, we do.

16 MR. COLLINS: Okay.

17 SECRETARY IRVIN: Call for a vote.

18 (Ayes.)

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

21 MR. COLLINS: All right. So the amendment passes.

22 MR. HILL: Right.

23 MR. COLLINS: The real parliamentarian is sitting
24 on the Board here. I'm just a litigation lawyer.

25 MS. COX: That would not be me.

1 MR. COLLINS: All right. So now then, now that
2 it's been amended --

3 Thank you, Mr. Hill.

4 SECRETARY IRVIN: I'd ask you to restate.

5 MR. COLLINS: Let me try to restate it. And
6 correct me until we've got it.

7 The motion is to approve the easement for the gas
8 line to run where the phone easement presently is, to direct
9 Mr. Irvin to negotiate with the LLC for the terms of -- to
10 resolve the problems with the sewer easement, and to
11 negotiate that resolution for an agreement to come back to
12 the Board next meeting, which agreement has to contain --
13 which agreement will require the payment of \$3,000, is I
14 think what you said, right?

15 MS. BETTINI: Per -- per easement.

16 MR. COLLINS: Per easement.

17 MS. COX: Per easement, yes.

18 MR. COLLINS: Per easement, so that would be 6 for
19 the two.

20 MS. COX: \$6,000.

21 MR. HILL: Correct.

22 MR. COLLINS: Okay.

23 MS. COX: Correct.

24 MR. COLLINS: All right. That's the motion.

25 Do we all agree on that?

1 MS. COX: Well, no.

2 MS. BETTINI: Plus parking.

3 MS. COX: The motion also to --

4 MS. BETTINI: Plus the parking.

5 MS. COX: -- refund our expenses and to repave the
6 parking lot.

7 MR. COLLINS: Good. Everybody understand it?

8 SECRETARY IRVIN: Yeah.

9 MR. COLLINS: I think so. So it's -- so it's,
10 No. 1, if it passes, we can tell the gas company they can
11 run this.

12 MS. COX: Yes.

13 MR. COLLINS: And you can direct Mr. Irvin and --
14 I'm gonna suggest -- Mr. Hill, somebody to sign the
15 easement, because we need to sign it -- record the easement.
16 And then you're gonna -- you're directing Mr. Irvin -- and
17 maybe Mr. Hill too, I don't know -- to do the rest of this
18 and bring it back to the Board.

19 MR. MOORE: Excuse me. Bring it back to the
20 Board. But it seems to me, because time is of the essence,
21 they need to move forward.

22 MR. COLLINS: Right.

23 MS. BETTINI: The easement --

24 MR. MOORE: So the Executive Committee should be
25 able to approve it.

1 MR. COLLINS: You're absolutely right, Mr. Moore.
2 This is the emergency, right here.

3 (Inaudible crosstalk.)

4 MS. COX: That piece is already done. That's part
5 of the motion, is we approve that one. And the rest of the
6 motion is to do the other one.

7 SECRETARY IRVIN: But you have the conflict issue
8 that I think --

9 MR. COLLINS: Right.

10 SECRETARY IRVIN: -- you should probably stay away
11 from.

12 MR. COLLINS: Yeah. That's -- Alberto, that's the
13 problem. Mr. McCusker can't sign it. Normally, it would
14 be --

15 SECRETARY IRVIN: Chris Sheafe can't sign it.

16 ATTENDEE: -- it would be -- it would be the
17 secretary.

18 MR. MOORE: Yeah. And Chris Sheafe, who's the
19 treasurer.

20 MR. COLLINS: And he's conflicted out too.

21 MR. MOORE: Excuse me. I'm sorry.

22 MR. COLLINS: No, that's --

23 MR. MOORE: You're right.

24 MR. COLLINS: I'm sorry. I jumped ahead of you.

25 MR. MOORE: That's fine.

1 So he and Jeff Hill, that's fine.

2 SECRETARY IRVIN: Yeah.

3 MS. COX: Okay.

4 MR. COLLINS: Okay. So...

5 SECRETARY IRVIN: You actually don't need two
6 signatures on that.

7 MR. COLLINS: You don't.

8 MR. MOORE: I don't think so.

9 MR. COLLINS: I don't think you do either.

10 MR. MOORE: Especially if the Board's approved it.

11 MR. COLLINS: Right. And I will tell you folks,
12 just so you know before you vote, I've been told that if I
13 make a phone call and say you guys voted on this in public,
14 if I do that today, the gas line can be starting to be run
15 tomorrow.

16 MS. COX: Call them.

17 MR. COLLINS: Okay.

18 SECRETARY IRVIN: Call for the vote.

19 MR. HILL: Well, I'm sorry. I'm not -- I guess I
20 don't understand repaving the lot. Is Southwest Gas party
21 to repaving the lot, or the trespassers?

22 MR. COLLINS: Trespassers.

23 SECRETARY IRVIN: It's the trespassers.

24 MR. HILL: Then, I'm good. Thank you.

25 MR. COLLINS: That's my understanding.

1 SECRETARY IRVIN: Yes.

2 MR. HILL: If that's you're understanding, I like
3 it.

4 Question on the motion.

5 SECRETARY IRVIN: Thank you. Anybody else?

6 Call for the vote.

7 (Ayes.)

8 SECRETARY IRVIN: Anybody opposed?

9 Passes.

10 (The Board voted and the motion was
11 carried.)

12 SECRETARY IRVIN: Okay. Last item we have is call
13 to the audience. Are there any cards for the audience?

14 I would entertain a motion to adjourn.

15 MR. MOORE: So moved.

16 SECRETARY IRVIN: I got to go.

17 (Meeting concluded at 11:05 a.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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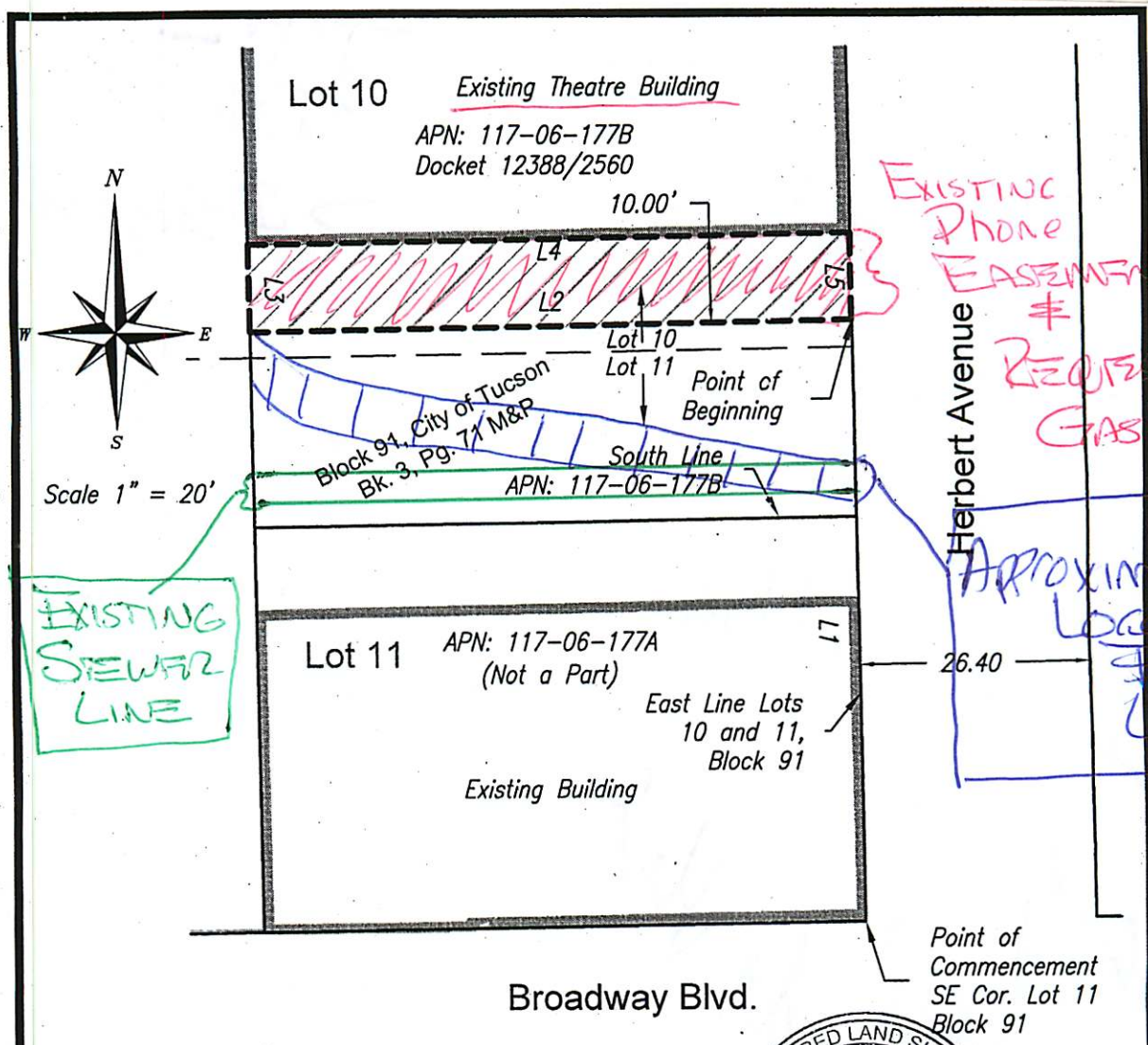
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LINE	BEARING	DISTANCE
L1	N 00°52'56" W	69.11'
L2	S 88°59'17" W	69.04'
L3	N 00°56'11" W	10.00'
L4	N 88°59'17" E	69.05'
L5	S 00°52'56" E	10.00'



Southwest Gas Corporation
 Southeast Quarter, Section 12,
 Township 14 South, Range 13 East,
 Gila & Salt River Meridian,
 Pima County, Arizona

Exhibit "B"
 Rio Nuevo Multipurpose
 Facilities District, a political
 subdivision of the State of
 Arizona

Transportation

T POT

TCC -
Title 34
> \$50,000

Motor

Char

Renew

Worse
end

RFP
to do the