APPEARANCES:

BOARD OF DIRECTORS:

Fletcher McCusker, Chairman
Mark Irvin
Jannie Cox
Alberto Moore
Chris Sheafe
Cody Ritchie

STAFF:

Michelle Bettini
Mark Collins, Board Attorney
CHAIRMAN McCUSKER: Call the meeting to order.

We have a quorum.

Mr. Hill is not going to make the meeting.

Mr. Irvin and Mr. Sheafe are running a little bit late. For those in the audience, apologies if you haven't seen our agenda. As soon as we dispense with the minutes we're going into executive session, so we'll be out of the room for probably an hour, then we'll come straight back.

So if you brought a video game, something -- Cody, you're pointing to the flag. Will you start the pledge?

(Pledge of allegiance.)

CHAIRMAN McCUSKER: Michelle, go ahead and do the roll call.

We'll just acknowledge when the other two boards members get here.

MS. BETTINI: Jannie Cox.

MS. COX: Here.

MS. BETTINI: Fletcher McCusker.

CHAIRMAN McCUSKER: Here.

MS. BETTINI: Alberto Moore.
MR. MOORE: Here.

MS. BETTINI: Cody Ritchie.

MR. RITCHIE: Here.

CHAIRMAN McCUSKER: We do have a copy of the transcript out of the February 21 meeting.

For those that are new to us, we transcribe the entire meeting rather than take minutes, so there can be no issues about whether we were appropriately condensing the conversation or not.

So you've all seen those.

I would need a motion to approve.

MS. COX: So moved.

MR. MOORE: Second.

CHAIRMAN McCUSKER: All favor say aye.

(The Board voted unanimously in favor.)

CHAIRMAN McCUSKER: Mr. Sheafe entered the building at 2:16.

MR. SEAIFE: Good to see you.

CHAIRMAN McCUSKER: We were delayed because we didn't have a quorum, Chris.

MR. SEAIFE: Sorry. Okay. I would have been here earlier. I was busy getting all my money out of Cyprus.

CHAIRMAN McCUSKER: We plan to go to executive session. That takes a motion and second as
well.

MS. COX: So moved.

MR. MOORE: Second.

CHAIRMAN McCUSKER: All in favor of recessing into executive session say aye.

(The Board voted unanimously in favor.)

CHAIRMAN McCUSKER: Opposed?

None.

We'll be back in about an hour.

(In executive session.)

CHAIRMAN McCUSKER: We need a motion to reconvene.

MR. SEAFE: So moved.

CHAIRMAN McCUSKER: All in favor say aye.

(The Board voted unanimously in favor.)

CHAIRMAN McCUSKER: Thank you for your patience and indulging our Executive Committee.

A brief word about why we do that.

We still have a couple of litigation matters that remain troublesome to us, and we do treat those confidentially and in private session. Hopefully, at some point Rio Nuevo will be litigation free and we can do everything we want to do in open meeting.

Today is an important meeting on a number of benchmark fronts for us. Mark will give us an update
on some of those legal issues. But since the settlement we are actually making progress on actual projects.

We are actively moving forward on the renovation of the TCC arena. We have Elaine Weaver, our project manager, and Phil Swaim, our architect, here to discuss that with us and the public.

We have our first hotel project presentation which is, if you are familiar with our legislation, our secondary mission. Rio Nuevo is obligated first to TCC and the arena; and, secondly, to a downtown hotel project. It's been part of the challenge over the years in both of those fronts. Today we actually are going to list projects that might resolve the infamous notice to proceed issues on both of those counts.

For the record, Chris Sheafe and I have a conflict of interest with Scott Stiteler and his development. So I think maybe for the first time we will actually recuse ourselves during that conversation and leave the dais.

The nature of Chris's conflict is that he and Scott are partners in another venture, which would preclude him from participating in that conversation. I think most people know that Scott Stiteler and I at some point in our not too distant past rescued the
Rialto Theater and were both guarantors of a note to Alliance Bank. Even though that's long expired, because of the nature of our relationship, attorneys advised me that I'm probably better off recusing myself as well. So during that piece of the presentation I'll pass the gavel over to Mr. Moore.

So I think, without further ado, we're ready to launch.

So Elaine and Phil, talk to us about the TCC.

MS. WEAVER: Good afternoon.

Can you hear me okay? Is that too loud?

So, first of all, thanks for having us. I'm Elaine Weaver. I'm actually -- I work for the City of Tucson with the architectural and engineering division within general services.

What we've done to date is that we've met with Mr. McCusker, as well as, Mr. Irvin, and we've done a site walk through of the TCC. We have also met with the TCC management and staff, as well as we've met with Councilman Steve Kozachik, and we all have done a number of walk-throughs around the arena to indicate the needs and repairs of the facility.

From that meeting what we did, I generated a needs and repair list, which I want to pass out. I have enough copies for the audience. So the list that
you are looking at, it's front and back, and it is in order of priority based on the consensus that we got from all of the parties; the Rio Nuevo Board, the TCC, and Councilman Kozachik.

And they are in order of priority, but we understand that we have $6 million to spend, and so our intent is to put together a comprehensive project budget so we can actually have hard numbers with those line items and we can see what we can actually afford and what we can do for $6 million. That is a wish list in front of you, and we know those items need to be addressed, but we don't know what we can actually do.

The front of the list is noted that there's current construction going on at the TCC. There's two projects, a phase one and phase two, of a elevator and escalator project. So we need to work around existing construction as well as the TCC event schedule. We wouldn't want any future renovations and additions -- not additions, but renovations to affect the current TCC event schedule.

We're also in the process of getting a fee proposal from Phil Swaim. And we're working with Phil on our on-call architectural contract that we have with the City. And so he's putting together a fee for us for predesign where we'll be developing a design
standard. We'll be looking at some options and we'll be putting together an actual project budget for those line items that you have in front of you.

MR. SWAIM: Thank you, Elaine.

This is exciting to finally see this moving forward with the TCC arena. I think we learned an awful lot about the arena this last summer as we replaced the retractable seating in terms of the true needs there.

So this list that we have in front of you is certainly very important. We also understand that we need to move forward very efficiently, but we want to do it with knowledge behind what we're doing. We understand how important this is in terms of confirming the responsibility that we have, as the City and Rio Nuevo as well.

So what we're doing -- some of these things like the design standards, great idea. So we're setting up a series of -- sort of a design standards, so as we know that these things need to be phased over some time or projects that are done four years from now by another architect or so, we've got standards set up and there's consistency throughout.

We also want to make sure, as we're moving forward, we're paying our engineers to only design the
things that are necessary for them to design, and if
that are not within this budget we don't want to be
doing that. So that's kind of this first phase. We
want to confirm what the range of those options are and
the costs so, again, we can move forward responsibly.

But it's exciting. Lot of details. I think
we also know that a lot of these are really geared
towards having the maximum impact on the fan
experience. So sound, restroom seating, that sort of
thing, just visual impact, I think are important to be
able to do at this first step. So we're excited.

There's a number of these things, once we get
past the first step, that we as architects probably
don't need to be involved in details. We can pull
ourselves back so, again, we are using fees
efficiently.

So we're excited. Probably don't need to go
into too much detail. Obviously, any questions or
detail you may have at this point, be happy to answer.

MR. RITCHIE: Will the people see the
$6 million? Will it be a noticeable difference from
what you see today?

MR. SWAIM: Absolutely. We've got a variety
of ways to be able to have -- even if it's just
freshening and repainting some of these places.
MS. WEAVER: New chairs.

MR. SWAIM: New chairs.

We're talking about replacing seating within -- and different levels of the most efficient way of replacing that seating. New chairs down at the ground level for those events. Absolutely.

We're considering the possibility of things like scoreboards, sound system. I mean, calling it an antiquated sound system right now is an insult some to antiques. I think we're going to have real significant impact right away with that sort of thing as well.

MS. WEAVER: If I could just add to that.

The $6 million, a project goal that we've established with Mr. McCusker and with Mr. Irvin, is that the fan experience, that they should have a -- it should be a noticeable difference. When you go into the TCC arena you should see where the money has gone. And that's a project goal and that's what we will do.

So we are not going to -- although the infrastructure may need some work, we can't spend the $6 million on the infrastructure, because the fans won't see that.

Our intent is that we would -- I would be coming monthly to these meetings to give you all an update, answer any of your questions and -- yeah.
CHAIRMAN McCUSKER: While you're both up there, will you give us a little bit of your background? Some of us have seen it, but not everybody has.

MS. WEAVER: Sure. So I'm fairly new with the City, about seven months in.

I have my professional degree in architecture. Prior to coming to the City I've been on the public sector, so I worked most recently, for almost six years, with WSM Architects.

I was the project architect for five years on the crime lab, the Tucson Police Department Crime Lab. I saw that project all the way through the actual study, to interviews, to putting the study together, through the competition. I was one of the designers.

And I also worked on Fire Central for the Tucson Fire Department.

MR. SWAIM: She's also incredibly detailed oriented, very organized, which is a real pleasure. So when you tell Elaine you're going to have something done by a certain time, you better do so. So it's a pleasure to work with her.

I've been an architect since 1982, have a huge range of experience, even here downtown most
recently the Unisource headquarters. I have worked on a lot of athletic and sporting elements, whether it's just recently replacing the seating at the TCC or working on the concept design of the new arena downtown, and a lot of other sort of sporting venues around the community as well.

So experience with a lot of complex renovation projects, from hospitals to schools to other venues. So we know the complications of how to work through and make sure this happens correctly, so -- as well as lot of experience with the City. I guess when you get as old as I am you start to feel like you got a lot of background.

MS. COX: Please.

CHAIRMAN McCUSKER: While everybody's paying attention, we have confirmed that the district is a district of State government. We follow the State's procurement rules, which means that when we begin to construct or do any sort of renovation, we will competitively solicit those proposals. Elaine will help us with that as our project manager. We're going to use as much of the City format as we can, since we don't have procurement standards of our own.

We can tailor that to some extent.

Mark, if that's not the right word, correct
We are obligated to follow the State's guidelines, which are generally pretty high level.

MR. COLLINS: Obligated to follow Title 34, not obligated to follow the State Procurement Code.

CHAIRMAN McCUSKER: Thank you.

So things like local preference, we have some opportunities as the Board to make some decisions about how we move forward.

But it will be a solicited process. We will score the bids, we will announce the project once we have a budget, and we will select contractors accordingly.

So all that's going to be managed by Elaine, you know, hopefully to what we hope is it a process that's quick enough that people do notice. Part of what our conversation with the Mayor and Manager was, we do want people to know we're actually working even, so even though we have to kind of work around the activity schedule, we would like for the public to see this investment actually paying off.

So we're going to -- you know, they are actually trying to reel me in, because I was ready to paint some -- but, you know, we're going to try and coordinate that with the City, with the district, and
then go through the competitive procurement process.

Any questions for Elaine?

Thanks. We're really glad to have you on the team.

MS. WEAVER: Thank you.

I just wanted to add one last thing, that our approach we're taking with this project is that the Rio Nuevo Board is our client, and I take that very seriously. You are my client in this case. And it's a Rio Nuevo project, and it's funded by the Rio Nuevo Board.

I think that, you know, Mr. McCusker and Mr. Irvin, we've gotten off on the right foot. We're working today as a team. We started weekly design meeting. My intent and goal is to have open communication from day one throughout the project to make this a successful project for you as well as the City.

CHAIRMAN McCUSKER: We didn't mention -- and, you know, if you are not ready, we hope that by our April meeting -- right, Phil -- we can present some numbers with these priorities.

MR. SWAIM: Yes. We will continue to add numbers to that. We will be prepared to be able to come back with a lot more detail in mid April.
Absolutely.

MS. WEAVER: Phil and I will be here next month.

CHAIRMAN McCUSKER: Thank you.

Next item on the agenda, Chris, you and I are recused from. Good timing, Scott.

Might mention, while Scott's in the room, that counsel has advised Cody and I, we both have a conflict of interest.

MS. COX: Chris.

I'm sorry. Cody Sheafe. Chris Sheafe.

So I'm going to turn the gavel over to Alberto. You guys are on the agenda just in time, and I'm going to sit in the audience.

MR. MOORE: Thank you very much, Fletcher, Chris. I hope you take notes.

CHAIRMAN McCUSKER: Yeah, we'll report back what we learn.

MR. MOORE: Please.

Mark, do you want to give us a briefing on this presentation and --

MR. COLLINS: Well, I can comment on what Mr. McCusker said before Mr. Stiteler came in the room.

It was my recommendation and conclusion that both Mr. Sheafe and Mr. McCusker had a conflict under
the conflict of interest statutes.

Mr. Sheafe and Mr. Stiteler have an ongoing business relationship, and Mr. McCusker and Mr. Stiteler were co-guarantors of a particular loan. That co-guarantee ended in December, but there is some tail on that conflict. And it was my conclusion that that tail is longer than three months or four months, so it was my recommendation that they were recuse themselves under the statutes.

Once recused, they cannot participate in any way. You still have a quorum to function, but these gentleman cannot participate in any vote that may come to the floor after Mr. Stiteler does his presentation. Okay?

MR. MOORE: Very good.

Any questions for Mark?

Thank you, Mark.

Mr. Stiteler, would you like to make a presentation to us?

MR. STITELER: Yes, please.

Miguel Fuentevilla is going to sit up here for the PowerPoint.

MR. MOORE: Okay.

MR. STITELER: Good afternoon, members of the Board.
Let me start with, I am pleased that we're going being conservative and careful about conflict, so I applaud that.

We've been busy, all of us, the Board, downtown, our company. I have a lot to report with you and a lot to share. I'm very excited to share many things today that I have not shared with many. I understand I have 20 minutes, so let me start with an update on our holdings around the hotel site.

As you know, my company owns several parts of blocks downtown. Three of those holdings are around the historic Hotel Congress, and next to the Rialto Theater, a Rio Nuevo asset. I get a lot of inspiration from both the hotel and from the Rialto Theater.

Let me briefly give you an update on each of the blocks, then we'll move on to the hotel and our need for mezzanine or gap support to build this new project, this new hotel.

Bear with me a second. I know Miguel's trying to get a slide up.

MR. MOORE: Is that the Santa Cruz?

MS. COX: That's after we put in the water works.

MR. STITELER: I can see it here, so I know we're close. We're going to get pictures of Miguel and
Sonya's children pretty soon.

I'm going to go ahead and start. Hopefully, the slide will join the presentation.

The first slide you're going to see, which we can see a corner of -- believe it or not, was four years ago. That's the corner of Fifth and Congress. I had more hair then. Some of it was not gray. I recently saw a picture, one of the tiles on the Fourth Avenue underpass, and it had a picture that was taken about five years ago of me, and it looked so young and stress free.

But, honestly, I do very much enjoy what I'm involved with in this community. I actually love it.

At this corner, Miguel and his wife, Sonya, FORS Architecture, met me, and we sat right by the black tile, and they told me that this could be one of the greatest corners in the State of Arizona. And I believed it then and still do. Today the anchor of this block is The Hub Restaurant. Lot of things I want to say about The Hub, but we don't have time.

But I will tell you one of my favorite parts of The Hub is how many times I am there and I see three generations in the same place having a meal, sharing ice cream, laughing, being a family and coming downtown. I will never get tired of seeing that,
because it's such an important part of rebuilding a downtown.

The next slide is going to be a site plan of the blocks around Hotel Congress, and I'm going to walk up to the screen. I'll walk you through seven businesses, seven businesses that will open in the next 10 months.

All right. Of course, Hotel Congress, the hotel site we'll be talking about, and then three holdings are the One North Fifth block, The Hub or 200 Congress block, and then the Rialto block.

We'll start with the 200 Congress block. At the top of this slide here, what was formerly Sharks, which was a bar, in August, mid August, Travis and Nicole, from 47 Scott and Scott & Co, will open Saint House. They've proven themselves downtown. They are a terrific business couple. This is a step up for them.

It's about 3000 square feet. Food inspired from the Caribbean, jerked spices, whole fish platters, et cetera, et cetera. So excited to have them at Saint House.

Then, of course, The Hub is located mid block. Playground is on the corner, which is what replaced the picture -- the before picture I shared with you.
And in the middle where it's cross-hatched, we are likely to make an announcement in mid April -- I can't share it today -- one of the most coveted restaurant operators in the country that has been pursued. It's probably not an exaggeration to say he's had 200 to 300 offers to open something in the country, if not the world. And he came to Tucson, and has come here before, but he sat in that space about six months ago and he looked at me he said, Scott, you know, after 23 years of saying no, this feels right. There's something about Tucson and this corner and this community, the scale, the size of the buildings, et cetera. This is me. This is where I want to be.

So it's a wonderful validation for what we're creating in downtown Tucson. And I hope to announce that in April, or have that person announce it. It's really his opportunity to announce.

Okay. We're going to walk across the street to the One North Fifth building. Top of the block is Yoga Oasis. They were the second people to sign a lease in our holdings. Darren is -- I'm embarrassed to say that's my phone. Good thing we're not in a movie. Thanks, Rudy.

Okay. Yoga Oasis is Darren Rhodes, and he has a special place in the yoga community. And I love
to see all of the people with their yoga mats walking
to and from Yoga Oasis.

Paula and Daniel, Daniel Martin Diaz, an
artist, just renewed their lease last week. I found
out that they were hired again for the Plaza Centro
building at the street level to connect what Paula --
excuse me -- what Daniel did on Plaza Centro garage and
bring that down to the street.

Then Xoom Juice. In this cross-hatched space
we've probably had 20 or 25 offers, and I just have not
been comfortable saying yes to any of them.

There is an exhibit that will announce -- it
will last about three weeks, and it will announce in
the next week. It will open mid April. Bill Mackey
will lead it. And it is titled, Intersections and
Crossings. And there are a lot of things that will
happen there, but one of them is he is, in his opinion,
going to take the 25 best or most famous intersections
in the world and then compare Fifth and Congress. You
know, what can we learn from these great intersections
around the world? Are there parts of this intersection
that are maybe similar or not similar?

What I told Bill, I don't want my
fingerprints on it. Go in with a blank canvas and tell
the story of some of the great things that are
happening in this area.

Then, of course, Sparkroot Coffee Shop, RA Shapiro, beautiful build-out. And that's anchoring that corner.

One North Fifth, the apartments, a lot of people think that is a big financial success. It is not. I think we all know, Rio Nuevo as well, how expensive it is to restore old buildings. Certainly learning that with the Rialto building, which we're about to talk about.

As our real estate community or economy improves in this state, especially with housing, it's just more and more expensive to hire subs and for them to buy supplies, et cetera. So costs are -- I'm not going to say they are skyrocketing, but they are definitely rising.

One North Fifth, something interesting about the building, I'm often asked or told, nice job on the student housing project. And it's not. I think we have 14 out of the 96 units are students, and the balance of the building is a very diverse group of different types of people, different ages. Another important aspect of rebuilding the downtown.

All right. We're going to walk across the street now, then we'll move on to the hotel.
Technically, we can't walk across the street because it's always under construction and fenced off. So we have to walk around the fencing, not trip on anything, and get to the Rialto building.

Wow. The Rialto building is something that I have focused on for years to get it right and respect the historic and architectural, you know, story, integrity of such a fantastic building. And I think we're close, we might even be there, but all of you and others will be the judge when these businesses open.

So I've talked about two new businesses, Saint House and something we'll announce in a bit. There are five openings in the Rialto building.

I'm going to take a sip of water. This is my Marco Rubio moment, although he's a better speaker than me.

All right. Rialto building, we'll start with Proper on the corner, a very important corner here. Paul and Laura Moir, Laura from Tucson, Paul from Tucson a short while, and Flagstaff. They own a restaurant that is one of the highest-reviewed or critically-acclaimed restaurants in our state. It's been open for 10 years in Flagstaff, called Bricks. And they will open Proper in May.

There's a picture of Proper if you want to
show a color -- yeah.

So that gives you a feel for another Miguel and Sonya project, FORS Architecture, of the amount of expense that I'm willing to participate in and I'm requiring our users, our businesses to come in to try and elevate the spaces and provide the proper esthetic to keep people coming down here and staying down here.

We'll go back to the -- okay. So that's Proper on the corner. Next to Proper the Blue. Very exciting. A butcher, and an old school butcher.

So we've talked a lot about restaurants. Once those are proven and you create a critical mass and a culinary destination, which I think we're well on our way to doing, not to just people in Tucson, these are the kind of culinary destinations, if they are done properly, that get in the New York Times and, you know, people travel to communities to hang out and try out the restaurants, et cetera. They also need a hotel to stay, but we'll get there in a little bit.

So a butcher. Another reason around the holidays to come downtown, and not just come down for a meal, if it is the caliber that I hope it is, it's a reason to drive from Phoenix to get that cut of meat or chicken that is only from a farm in Arizona, and sometimes that farm only sells chicken to restaurants
in Las Vegas or Los Angeles, and now we're on the map.
And the reason we have those Arizona
connections is because of all these restaurant
operators that I'm talking about, like Paul, like the
person I'm sorry wish I could tell the name today.
They have decade or multi-decade long relationships
with cattle ranchers in Arizona, and they'll only work
with people in Arizona for these projects.

So it's just an opportunity to work with
those resources and bring, you know, wonderful products
to that space. So you can tell I'm really excited
about the future.

Next to it is Diablo Burger. Derrick
Widmark, from Flagstaff. Again, I think you may have
read they spent a lot of time looking in Phoenix and
had lots of opportunities to go to downtown Phoenix or
Scottsdale to A quality projects, and ended up in
Tucson. Another validation for Tucson and is part of
Tucson.

And Diablo Burger is 606 square feet in
Flagstaff. It might be one of the highest gross -- or
it is one of the highest grossing restaurants per
square foot.

And then this corner next to the Rialto
Theater is Good Oak Bar. Derrick Widmark, from Diablo
Burger, different business, but it's all wine and beer from Arizona. No alcohol or no spirits.

I recently learned that that was the Tucson Sunshine Club, which I didn't know a lot about. But, apparently, there were a lot of families in this area where the mothers were Sunshine women or Sunshine girls, I think is what they were called, and they have a full page ad, and that would be advertised around the country to bring people to Arizona for 300-some days of sunshine.

And there's a great old logo, the Tucson -- if I'm saying it correctly -- the Tucson Sunshine Club, I think is what it was called, that Derrick is going to incorporate into the space. I think we all like seeing that history and authenticity come into the buildings.

Okay. We're going to talk about the fifth business now, which is Connect, which is a coworking project. I mentioned it a bit at the last presentation.

Coworking, quite frankly, is one of the most exciting asset classes in the country. A couple months ago when I presented to the Board, I mentioned that San Francisco there were maybe 30 coworking projects. I was wrong. There are over 100. You now have companies like Google and Yahoo and the Hyatt, et cetera, et
cetera, that are now very quickly entering space. Zappos is a very good example of trying to create work spaces where all types of entrepreneurial-type people can spend time, sometimes 24/7, because not everyone works 8:00 to 5:00 any longer, and they have all the services they need, high-speed videoconferencing, et cetera, to conduct their business and grow their company.

So I am certain with Connect -- which is more than us just dipping our toes in the water. It is a 14,000 square foot build-out with all of the technology that needs to go into it to support these young and old businesses -- it's not all young people -- so that they can grow a company. And, again, I am certain that we'll look back five years from now, 10 years from now and learn that companies started at Connect and grew and were too big for the space and, hopefully, stayed in Tucson and leased bigger buildings and bigger offices. So that's Connect.

And we are so far behind in Tucson with coworking, if you look at the competitive set, the Boulders of the world, or Portlands, Austin is mentioned a lot, you know, they have half a dozen or dozens of quality coworking opportunities, and Tucson is just beginning to catch up. We'll catch up quickly.
This will likely help.

Okay. We can walk across the street again and go to the hotel site. And I'll go back to the dais and go from there.

Okay. So all of the projects that we've discussed or I've shared today are creating more and more reasons to come downtown and to stay downtown. But to stay overnight we need a hotel. So we are well on our way to building a new hotel for downtown Tucson on the Depot Plaza site.

And I'll start with my partners. I can't do all of this alone. So I'm blessed to have the Dabdoub family, and Rudy Dabdoub is here today, who is my partner in the back in the blue plaid shirt. Miguel and Sonya and Phil Swaim are our design team. A financial partner, very lucky, is my father-in-law, who's the former chair and CEO of a rather large company, and I think is the longest Board member on one of the largest banks in the country. So he's someone that gives us a lot of advice on finance and what we need to look for so that this is a successful project.

The hotel. It will be 135 rooms. It is a select service, which is a business-friendly hotel, as opposed to a full-service hotel. Select service is, in the hospitality field, is without question the space
that's growing the fastest. We're all going to learn, as we start to look at hotel opportunities in downtown Tucson, that hotels are difficult. They are difficult to finance. The numbers are, from a financial standpoint, are modest. Modest meaning the returns are modest.

Some of the things that have changed in that space are the rate game, which I know I do all the time, but I didn't used to do that. So oftentimes, when I go to a community, I'd go to hotels.com or Last Minute or Hotels Tonight, and where I used to spend $179 for a hotel type, maybe a Marriott Courtyard that I liked, if I can find a competing brand for $119, then I often stay there. That's a very real part of hotels. So they've had to change and come up with products that are not as expensive and still provide a certain amount of service to their clients.

We are not ready to announce which brand it is. I will say we were courted by three of the major hotel groups. Marriott, to start with, and Intercontinental. And learned a lot from those meetings and still continue to meet with those companies.

Perhaps, if we're able to prove ourselves with this first hotel, there will be an opportunity to
build another property, and it could happen where it says "future" in the upper left corner. That's a good hotel site. Or it could be apartments or stay parking. Who knows? But, certainly, we have to prove ourselves with the first property and prove it to the community, the banking community, the Rio Nuevo, the City, et cetera.

All right. A significant and necessary part of our ability to build this hotel is support from the Rio Nuevo for gap financing. The hotel is a $22 million project, started out at 18.8. The last time I was here it was 18.8. We've gone out to bid, and because of what I've mentioned earlier it's risen to $22 million. We're comfortable that we'll have a conventional loan of about $15 million, equity of about four-and-a-half million dollars. So our gap is two-and-a-half million dollars.

So we need -- hopefully, from the Rio Nuevo, and, hopefully, it's a good fit -- support in the form of a loan which would be secured by the property, and then a portion of the tax that's created by the hotel, and by the hotel only, not the other businesses that I've shared with you, would be used to pay back all or part of the loan. Again, a portion of that site specific sales tax created by the hotel would be used
to pay back part of or all of the loan.

We also need the Rio Nuevo to follow through on prior resolutions or obligations, I'm not sure how to describe it any more with all of the history of Rio Nuevo that predates all of you, on paying for the streetscape and plazascape to finish out Depot Plaza. And the mechanism for that would be, as we come in with the design and do the work, the Rio Nuevo would have a chance to approve that and say that complies with what the intent was, and then reimburse us for up to a certain number based on the approvals that were done in the past. Those are the two things that we need.

We're in a good position with the City. They support this hotel. They want to see it go forward. So I believe our position with the City is going to allow this to move forward, if we can get through the two asks that I just mentioned.

And, lastly, then I can answer questions. I received a draft of an economic impact report this morning. I have not been able to read it. I only have a few notes here that were sent to me. And it's a third-party study. We, thankfully, we weren't a part of it. We shared months ago for the GPLET with the City of Tucson, another very important part of allowing this property to go forward, or they require a
third-party economic study.

So that just came in, at least the draft did.

And my understanding is it is quite impressive for the direct benefit to the area and the indirect benefit. It is a factor of one-and-a-half, maybe two more than what we expected.

And I keep using the word "validation," but there's no question activity breeds activity. And we now have what is becoming a wonderful corner, wonderful opportunity to develop the corner and the three blocks, you know, as a mixed-use project that have a variety of businesses, from hotel to cowork to butcher to restaurants, et cetera, to live music.

And when you do those types of things well, and well for me is -- sorry if I'm going on too long -- is I've stayed away from -- with these restaurants from large chain businesses, which has not been an easy thing to do, and made a decision early on to support the Travis and Nicole and RE and Kade and et cetera, et cetera. I think people are gravitating toward that type of unique experience. But if you do it well, it creates a lot of tax, it creates a lot of jobs. It's already done that with the projects that we finished, and should continue to do so, and, hopefully, multiply to the benefit of downtown.
So with that, I'm able to answer any
questions that you might have.

MR. RITCHIE: I have a question, Scott.

I think, first of all, you know, want to
commend you on a fantastic job you have done downtown.
You've been a true pioneer, and as a citizen of the
community I really appreciate it.

Question I have is, all these other
restaurants you've been kind of going the independent
route, like you just alluded to. With the hotel it
would really help us if you could -- I mean, future
down the road for my own edifice to vote on it, if we
knew the name -- because you're not planning on going
independent on the hotel, are you?

MR. STITELER: We are not going independent
on the hotel. That's a good question.

And we are in the fortunate position where we
have more than one major hotel group with a major brand
at the top of that asset, select service asset class,
that want our company to commit to them. And that's a
good position to be on our part.

So it's something that I'm not sure I can --
I can't share it today. I haven't talked to my
partners. But perhaps I could do that in a day or two
after I talk with them.
I can assure you it is a brand and a company that would surprise me if there was anyone in the room that had not heard of it.

MR. RITCHIE: So that was the question.

My comment is that just from this flyover look at this, because this is the first time I've seen it, we've always mentioned that we wanted to invest 10 percent private dollars for 90 percent -- I mean the other way around, 10 percent public dollars for 90 percent private dollars. This seems right in kind of our mission statement.

So from a number standpoint I like it. Just a few more little questions to be answered, but --

MR. STITELER: Sure. Thanks for saying that, because that was part of the rationale on our numbers that I think -- I'm not going to call it partnership, it's not, but in a public/private relationship, for the private sector to shoulder more risk, and in this case our equity is almost two times what we're asking for from the Rio Nuevo and it's junior to the Rio Nuevo, is important. And we were mindful of that.

MR. IRVIN: Question for you. We're still trying to figure out some of the stuff ourselves, as probably appreciate. We just got our settlement with the City done, and we're off with the TCC and other
things.

But we've talked in the past about maybe having an ability to pledge TIF revenues. I know you've talked quite a bit about TIF revenues.

Question for you is the difference, in your mind, between us pledging some TIF revenues for a period of time versus a loan. What's the difference in that, in your mind, and why did you come to us with one versus the other?

MR. STITELER: Okay. Let's talk about the projection of TIF revenue.

As I understand it, we're somewhere on the hotel alone, only direct, none of the indirect benefit from the hotel or surrounding projects, somewhere in the neighborhood of five to $6 million of new tax that currently does not exist. The loan amount, two-and-a-half million dollars, satisfies the gap. And the ask whereby part of -- I think in our ask it is -- half of the new tax created on the hotel would go toward the interest, and the principal reduction of the loan generates a return to us that allows us to go forward on the property. And I alluded to it earlier. I can go into more detail.

Hotels are tough for a lot of reasons. The returns are modest. If we were not in a position where
we had three blocks and are trying to create something
that will last for decades, with a long-term vision of
building a quality project, not flipping it, holding on
to it, operating it, managing it, et cetera, the right
way, then I'm not sure that we would move forward on a
hotel. We would perhaps look at a different type of
project on the site.

But I know that I would like to see hotel for
a lot of reasons. I think the community wants to see a
hotel. So we need some help on the loan and on some of
the tax, allowing the financial return to reach a
hurdle that makes the bank happy and ourselves happy.
It is a high single-digit return for the first few
years, and that's what it is.

MR. IRVIN: Talk to me a bit about the
streetscape. We, as you appreciate, inherited lot of
the streetscape and all those things.

In your mind, what is that number? When you
are said and done, what kind of streetscape number do
you look to the district and say, hey, we want you to
help with that?

MR. STITELER: Good question.

So I think the answer is, what will it take
improve the hard and softscape around the hotel and
finish some of the work that was done in front of One
North Fifth on Congress, which, unfortunately, the City
did in a hurry, and it doesn't compare favorably to the
work that they've done across the street and across the
block.

It was done in a hurry because the Fourth
Avenue underpass was opening and there was -- I don't
know if it was a ribbon cutting ceremony, et cetera,
and they just very quickly poured concrete sidewalks.
And that was unfortunate, because that was a time when
the economy was completely different. We were
struggling to get One North Fifth finished and opened
and leased, et cetera. But that's what happened.

So I would like to come back and have that
enhanced within reason. So I'll get to the number in a
moment.

The answer is, what it takes to do it with
the right design without going overboard, making
sensible decisions on what that means, recognizing that
the front of Fifth Avenue is the front of a hotel, and
we want the right statement without going overboard for
that property. And we don't have that right now.

Oftentimes, you look down Fifth Avenue toward
the train depot and it's -- there's a gap. And I've
learned on a smaller scale, as you walk down a street
with all these businesses, when you have someone that
visits an area -- let's pretend we're walking down Congress from Sparkroot to Yoga Oasis. Someone will walk by Sparkroot and be pleased with what they see in the windows, then you have on empty space. Oftentimes, it starts to take away from that impression and starts to build this case that downtown really isn't happening yet.

So you want to have a continuum of activity, interest, et cetera, to keep people downtown and staying downtown. That will be very important from Congress to Toole.

It already is happening and happens on the Hotel Congress side. It needs to happen at a pretty high level on the hotel side.

My understanding -- Arizona Avenue is important, Herbert Avenue is important. What was done on Scott is was well done, et cetera. So those connections are quite important.

And I'm blessed to live in San Francisco and see a lot of those alleys that have been activated the right way. So when you are walking down the street, what's down there, you end up walking down, you buy a purse, have a drink or what have you. It's a good place to learn.

My understanding is the resolution that was
passed by the prior Board was about a million four hundred fifty thousand dollars. I think it started at 900 plus. There was another resolution that raised it to a million four plus. About $525,000 was spent. Most of it was spent in front of the new MLK building where I had no -- I really had no influence on any of the decisions, to be honest with you. And that would leave about $900,000 to finish what is an important, again, mixed-use development.

What did not happen in the beginning is a lot of the focus went on the new MLK building, but when you can look at that block it includes One North Fifth, hopefully a hotel, a new MLK, and Kevin Madden's building, Madden Publishing. All four of those should have been master-planned together and connected with where does the trash go, how do we want to landscape it, is it lit properly at night so people feel safe.

And that didn't happen. The focus went on the new MLK building. And, thankfully, there is now -- or hopefully, there is now money set aside so that we can finish the rest of that Depot Plaza properly.

Long answer. I thank you for your time.

MR. IRVIN: Question maybe for counsel.

I know in our settlement we set aside X number of dollars in the settlement for streetscape.
MR. MOORE: 750,000.

MR. IRVIN: $750,000.

My understanding is that's not specifically designated to any one project, it's just streetscape. Is that correct?

MR. COLLINS: True.

MR. IRVIN: Thank you.

MR. MOORE: Do you have any questions?

MS. COX: I don't have any other questions now, but I did think that the hotel partner was already chosen. So that is something I think it's important for us to know.

MR. STITELER: I'm more than comfortable, if the Board is willing, to move forward on the support that we're asking for to make that a condition, that the Board is comfortable with the company and the brand that we choose.

MR. IRVIN: Scott, you know, you can appreciate we're all trying to get up to speed on this thing, and I commend you, because I've seen what you've done and I like what you've done, I'm impressed with what you have done.

MR. STITELER: Thank you.

MR. IRVIN: From our perspective, you know, when do you need to know something from us?
MR. STITELER: I believe in transparency in asking the questions you're asking today, and more. 30 days is -- we've probably gone farther than we should. And that's defined as Rudy, myself, my father-in-law, have worked with the design team to get to a place where not only we're able to get bids, which, like I mentioned, took the numbers -- and I'm not surprised -- from just shy of 19 million to 22 million. That's going to happen with all of our peer group as they bid hotels in this environment. But we are far enough on the plans where we could submit for a permit within 30 days if we wanted to.

So we're going to place things on hold for a while until we get comfortable that we can satisfy that gap, and as soon as we're comfortable that that's there, then it's full speed ahead.

MR. IRVIN: Is 2015 a realistic time frame based upon the next 30, 45 days? Will you try to --

MR. STITELER: 2015 to finish the hotel?

MR. IRVIN: Uh-huh.

MR. STITELER: Definitely, yes.

What I'd really like is to be well underway with construction for the next Gem and Mineral Show. I think that a lot of us believe that is important.

They are already coming to town and seeing a
real change in this community. But, certainly, a hotel
would help if that was halfway up on their next visit
and then finished in time for the visit in 2015.

MR. RITCHIE: Out of curiosity, are you
planning on using a local general?

MR. STITELER: We are. Lloyd Construction.

MR. RITCHIE: Okay.

MR. STITELER: The team is 100 percent local.

So what that means is we have meetings every
Tuesday. Rudy and his company, Rudy Dabdoub, the
design team, there are 15 to 20 people in a room for
two to four hours every Tuesday for many, many months.
We're hundreds of thousands of dollars into this
process.

MR. MOORE: Mark, you -- I have -- Scott, I
really admire what you've done for downtown, motivating
the private sector and looking at investing down here.
You've done a great job. I personally appreciate what
you've done and risks that you have taken.

MR. STITELER: Thank you.

MR. RITCHIE: I have some questions that some
of it generates from the history of me being on the
Board.

One of the questions, I don't know where the
City is in supporting what you're doing. I mean, not
just lip service, physically committing itself to expediting as much as of the work as possible.

I remember at some point the depot garage area, they had a transformer problem that came out on the Fifth Avenue and Toole, I think was an easement issue, and that prevented some future development of that site. And I don't know --

MR. STITELER: You have a good memory.

MR. RITCHIE: Am I right?

MR. STITELER: That was an interesting couple months in this journey.

Yes. The City installed a transformer -- bless you -- in a spot that perhaps they didn't go through all of the necessary steps and consultation to put it in that spot. We worked together, we got past it and it's no longer an issue, from where I stand.

I mean, early in the process I accepted that we're -- urban revitalization is a tight setting of people. We're all in the sandbox together. We got to try to play nice or it's hard to move forward. But I'm being -- that was a tough week because -- that's history.

MR. RITCHIE: I can appreciate you have to play nice with the City. That's never been my interest. Okay. I have an interest in trying to make
sure that people like yourself have a real opportunity
to get these facilitation issues under control with the
City and their full cooperation.

So, you know, that's why I bring up the
transformer, because I think that was a very important
problem, and that you resolve it and so forth. Is
there going to be an expense involved in modifying that
situation or can it stand as its --

MR. STITELER: Yes, there would be an
expense. It should be a minor expense. We can go into
detail.

The transformers, without consulting with us,
were installed next to one of our exits at the One
North Fifth building. So you walk out of a main exit,
then you're looking at above ground green boxes, you
know, in your face.

So when we install the streetscaping and the
plazascape for the balance of this project, that is an
area where we should put shrubs around it. There's not
a lot you can do for transformers. The utility needs
access to them. I think we're talking about hundreds
of dollars to a few thousand dollars to try to lessen
what is not something that's nice to look at.

MR. RITCHIE: All right. What about the
traffic flow?
I mean, I don't know how much it encumbers Toole or Fifth Avenue as far as ingress and egress, or is it --

MR. STITELER: It's not a big hurdle any longer.

MR. FUENTEVILLA: And we have meetings with TDOT.

MR. IRVIN: I know there used to be overhang issues when they built the building, and somebody didn't realize it was infringing on what you were going to do.

What's the status of that?

MR. STITELER: On that subject, rather than fight, we worked with a whole bunch of different parties, rolled up our sleeves and said, how do we get past this.

What that means is we have to slide the building into the historic setback. I think it's about 18 feet. So the footprint now is smaller than what we bargained for or wanted, i.e., we have a narrower building. And it's also pushed toward the green, the new MLK building, so the plaza that was originally there is now narrower.

Not insurmountable. These things happen.

A positive out of that is we now have more
room, more real estate.

Let me show you. Historic setback lines up
with --

MR. IRVIN: The transformers.
MR. STITELER: -- the green.
The transformers are back here.
MR. IRVIN: I'm kidding.
MR. FUENTEVILLA: Would it be helpful if I
gave you the plan that shows the exact State historic
setback right there on --
MR. STITELER: Right. The State historic
setback.

So you have columns that are built in the
ground out in the street. There was a time that
predates me where the building was going to be built on
all of those columns. Everything now slides on the
column line. I guess that would be westerly. And we
have a plaza that's narrower and not ideal, but we pick
up a sidewalk or plaza that is probably necessary for a
hotel, where you can -- that you've got cars that can
drive in. I'll show you in a moment. Don't change the
slide yet, please. Cars can drive in the hotel, check
in. And that's important so that's not happening at on
the street.

There's an opportunity for art. I think -- I
believe the City still has some funds available from the new MLK building to do public art. There may be a requirement, as I understand it, I haven't seen the document, for public art that respects Martin Luther King and some of those ideals.

And that's what we talk about creating interesting opportunities for people to walk up and down alleys. That's a good spot for some type of public art.

Did I answer your question?

MR. IRVIN: Uh-huh.

MR. RITCHIE: Scott, going back to that map that you have, where is the transformer? I thought it was over on Scott and Toole. Can you point out to me where the transformer --

MR. STITELER: Transformers are between the new MLK building and One North Fifth, which is up here.

MR. RITCHIE: Oh, way over there?

MR. STITELER: Right.

MR. RITCHIE: Okay. I had the impression it was closer to the side. All right. That helps me.

Another question I have is, what is the arrangements you have with the City for the depot garage? Because we have an agreement with the City and -- in making payments, and since they basically
bought it, I would like to know what the terms and conditions and if you are meeting all the parking requirements offered by the depot garage.

MR. STITELER: Sure. Important question.

I'm going to give you less than a minute of history and then answer your questions.

When I initially looked at assembling and investing downtown, this was 2006, and then began investing in '06, '07 and '08, and my efforts and amount of money that we were investing accelerated, began in earnest in 2008. At that point that 2006, 2008 building, the old Martin Luther King building was slated to be demolished. It had a chain link fence around it. It was an eye sore, a massive eye sore, which is why it was slated for demolition.

And that was the time where I was making a decision, do I invest in downtown. And any developer would come in and the first question would be, will there be parking. And if you remember, the parking for old MLK was the surface lot behind it, so parking wasn't an issue. And that was a time -- I think the answer would have been no different for me or anyone else, that, you know, parking, we're going to build a garage and parking will be part of that, please come invest in our community. We really want to see
downtown happen, et cetera.

You fast forward to 2008 and '9, now I'm more and more in the newspaper, the economy is in a recession, headed to an a severe recession, and my company continued to invest and follow through on these development agreements and finished the building, build the spec retail, which became Sparkroot, et cetera, and count on parking as an amenity for the tenants or the residents at One North Fifth. So that's that.

Our agreement is we have 100 spots. It's a 99-year lease. We pay $25 a month for five years, then it goes to $35 a month, then it goes to market, not to exceed 100.

It is my understanding that the garage is underperforming, and that the check that we write each month is one of the bigger sources of income. And it's going to take a while in this community. Where I live, spending 25 minutes to find a parking spot is no big deal. That's part of going to all the wonderful neighborhoods in some of these communities.

And still in Tucson, as people get more and more comfortable downtown, come down more often, it's going to take them a while to get comfortable. Hey, driving to a garage, two stories, parking, only takes five minutes, and that's okay. That will take years,
not months, for that change to happen.

MR. RITCHIE: Speaking of parking and transportation, does the Ronstadt Center behind you negatively or positively impact your projections or your performance?

MR. STITELER: Not sure. My focus has been -- this changed. About three years ago I did everything I could to stay out of the newspaper, positive or other articles where they were asking questions, and I focused on the three blocks and doing the best I could to deliver good businesses, good people, high integrity. And I made a decision that, if that was done well, it would build upon itself and create this culture and community of people, and that would be how we were judged. And that's working out quite well. And I stopped paying attention to everything that was happening around me, including the Ronstadt Center.

MR. MOORE: One last question.

My personal feeling is that I think we need to sit down amongst ourselves and talk more about the offer that you're making and what other positions we should be concerned about because of our relationship with the City and making sure we don't have any compromises there or misstep.
So I don't know what the Board feels as far as how to proceed, but same kind of motion that --

MR. IRVIN: I think it's probably just one we need to study a little bit. I think it's a very worthwhile project for our consideration. I think it's one that fits really well in that area.

A lot of us, unfortunately, haven't spent three years studying like you have, so we need to get up to speed. I've read through this, but I am probably going to need to have another visit with you about a number of different issues. So I'm not ready today to make a decision on that, personally.

So what I would say is I just need a little more time to study it. And I ask you, what kind of pressures are you under where we need to fish or cut bait?

MR. STITELER: I didn't expect in any way a vote today. I think, you know, this is a multi-step process. I am -- I hope that we can put the microscope over everything and answer all your questions so that we can bring this to a vote and a decision in the very near future, and, ideally, in the next 30 days or so, so we can move forward from the project and the hotel.

Certainly, more questions, more research, understanding the numbers is appropriate.
MR. MOORE: One last question.

MS. COX: I want to say something, too, when you are finished.

MR. MOORE: I know that originally -- at least I heard that you were initially negotiating with the City, and the City had committed itself to participate with you, and then for some reason or another they had to fold their tent and walk away from it. That's one of the reasons you came back to Rio Nuevo.

Could you enlighten me a little more on all those circumstances that created this situation?

MR. STITELER: Sure. In the ideal scenario we all share in the, I guess, risk and reward of this project.

So the City -- we're moving forward and on a good path with the GPLET, which is a program that has proven itself in Phoenix and behind many successful projects that have been built and are generating tax and jobs. So we will work with the City on the GPLET.

The one -- I'm sorry. I forgot the name of the one program. The 108 program, we spent six months with the City exploring that as a opportunity. And it's a complicated program, it's a new program, a HUD program that the City is learning as they go. I think
we helped them quite a bit with that process, and I was concerned that we would be here a year from now still in meetings and still talking about, you know, just three more months, and et cetera, et cetera. And at some point you have to go a different direction.

So I'm very pleased that they support the hotel, that they settled with the Rio Nuevo, and that the GPLET program is available. But that 108 program today still needs to evolve and it needs more clarity, so that developers or private companies that come in and want to participate have a clear understanding of what it's all about. And they are not there today.


MS. COX: I just want to thank you for your presentation and say what is obvious, is that between you and Fletcher McCusker you've done more than everyone else combined to bring our downtown to where it is today. Something that we're all starting to be proud of it.

And we don't want to be a part of delaying your progress, but we also want to go forward with full transparency, and we don't have enough of the hard facts right now and haven't had enough time to discuss those to make a good decision based on the facts. So we don't want to slow you down. We just want to do it
right.

MR. STITELER: I understand. And thanks for what you said. That means a lot.

MR. RITCHIE: Make a motion that we table this and try to get back with you within 30 days.

MR. MOORE: Or sooner.

MR. IRVIN: Second.

MR. STITELER: Thanks for your time.

MR. COLLINS: May I make a comment?

Obviously, you can do what you choose to do.

You are a quorum. You can do whatever you like.

Given what we heard from Mr. Stiteler, you might want to consider designating one or two of you folks to be the liaisons to start to force a bit forward and meet with Mr. Stiteler and his people, to gather that information so that you guys can have it faster and being able to deal with it faster. It's just a thought.

MR. RITCHIE: I agree with you. And I would ask if maybe Mark and Alberto will take that role on. That's your specialty in business.

MR. MOORE: Be happy to.

MR. IRVIN: I will.

MR. COLLINS: I would suggest to you that you make such a motion, and if it passes, then whoever it
is, you two gentlemen can work with Mr. Stiteler and
his people directly and gather the information that you
folks need. That would be my thought.

MR. RITCHIE: I make the motion that Albert
and Mark work with Mr. Stiteler and gather the
information and bring it back to the full Board.

MS. COX: Second.

MR. MOORE: All in favor.

(The Board voted unanimously in favor.)

MR. IRVIN: Thanks for the coaching.

MR. COLLINS: 30 days is a short fuse.

MR. MOORE: Okay. Gentlemen, you can return
back to your seats.

And here is the gavel.

CHAIRMAN McCUSKER: Thank you, everyone.

Thanks for hanging in there, Scott. Good luck.

MR. STITELER: Thank you.

CHAIRMAN McCUSKER: Next item on the agenda,
you heard them talk about it when they were addressing
Scott, and our interest in providing jobs for our local tradesmen, Jim Kuliesh is here to make a brief presentation from the Alliance of Construction Trades.

Jim, thank you very much.

MR. KULIESH: First, I want to say I'm hard of hearing and I speak loud, and I apologize for that.
If you think I get upset or sound upset, it's not the case. So I thank you for inviting me to talk to you today.

My name's Jim Kuliesh. I'm president of the Alliance for Construction Trades. We're a nonprofit construction trade association based in Tucson. We have over 250 members. No general contractors, no architects. We are subcontracted specially contracted material suppliers and equipment suppliers. We have been in Tucson for going on 28 years. And we represent both union and open shop subcontractors.

I like, the gentleman, Scott, thank you for making the agreement with the City. Great positive step for the whole community.

Your chairman spoke before ACT three, four months ago, and he expressed his vision and I think he expressed your vision for what he sees for Tucson. And we had about 160 members there at the meeting, and he spoke, really, for us too, because we agree. We see the vision. I don't know if I'll see it in my lifetime, but Tucson downtown will sparkle. Tucson downtown will come alive and it is going to be a hub of activity for everything. So we're very happy to have you come to our meeting.

I want to stay on the positive note, which is
to take a few minutes, maybe a minute, just to say, as you might know or not know, it's hard to believe that us subcontractors in construction fought as hard as we did against the new hotel by Garfield Traub and Turner Sundt. After 56 meetings with those people, and together with the City, we ended up not supporting that, which is really quite unbelievable. But then, again, on that small $4 million project at TCC entrance we had to -- over the years 22 subcontracting firms were not paid. We assisted in the lawsuit against Turner and Sundt, and they immediately paid the 22 subcontractors.

So we are very concerned. Like we hear talk constantly about transparency and everything like that, which is great.

You're going to start to spend money one way or the other way. You're either going to spend cash or you will spend it on property investment that you own. And that's wonderful. Developers, Scott, other developers in the years to come are going to come before you, talk about plans and different things. And we are totally in support of that.

It's going to be really -- what you're doing now for Rio Nuevo is a new chapter. It really is. And our community and everyone, I think, is really happy.
what we're seeing and hearing you're going to spend
millions of dollars. Of course, with that you want the
biggest bang for your buck, and the taxpayers of our
community want the biggest bang for their buck. So
it's going to happen. I'm here today, namely, to offer
ACT's assistance in any way we can possibly assist.

I know on TCC you're working with the City
and the young lady that's going to be managing the job,
but you're the owner, you're the client, and they'll
take directions from you when it comes time.

Michelle, you can save that. Sit down.

Just quickly. No one knows more about the
proper way of building a building in our community and
how they are built than the actual ones that do the
work on it, and that's subcontractor. Every time
architects or engineers or the general contractor runs
into problems, the first one you goes to is the
subcontractor. When they want a value engineering job,
the architect comes in says, looks like the number's
too high, they go to the subcontractors.

So, therefore, we hope that we offer our
assistance and participate with you, because building a
project is a difficult process. But with proper
planning and requirements, many mistakes such as delay
claims, change orders, extras, project comes in over
budget, surprises can be eliminated. In fact, it was interesting. Today's front page of the Star, and what is on the front page? Talks about the City, the County, and the courthouse talking about a million five, million six overestimate, problems on the job. All construction has problems on the jobs. They can be eliminated.

We have what we call owner awareness projects. This is a project we have done 15 years. ACT can go to owners, we can say we can build your building with quality construction, we can build your buildings on time, we can build your buildings delivered on time, within budget, and no lawsuits at the end of the job if you do these following requirements.

And the best example I can give you is the University of Arizona. I've been here 18 years in Tucson, and that first month of September I met a gentleman socially. And he said, what do you do? I said, I run the subcontractor trade association. He said, boy, do we need you. We can't get the subcontractors to bid our work.

That gentleman was Joel Valdez. I think you all know that name. At the time he was with the university.
The next day Bob Smith, who is now up in the administration, at that time he was head of design and construction, and he said Joel Valdez told me to call you. So I met with Bob, and we sat down and he said, we got to get subcontractors, good ones, to build our buildings. And I said, simple, these are the requirements that you should be doing through your general contractors. And it took three years to go through lawyers, the Board of Regents, but they did it.

And it's good to say that in the past 15 years we built over a billion dollars worth of work, structures, at the University of Arizona. And a lot of it, tremendous amount of it, was local subcontractors that got the work by having certain requirements in there to do the work.

In fact, just recently -- three years ago, not recently -- a company, a general contractor out of Phoenix came to us, my office, sat down and said, we're trying to get the stadium job, $80 million at the university. So I said, okay, these are some of the things that we would like to see as subcontractors in Tucson. And it's Mortensen Construction Company.

Mortensen ended up with that job, and it's going along smoothly, on time, within budget.

But in that they had what is called a
community construction participation plan. You can't, we can't, and no one can't -- trust me, I would like love to do it -- to say that we can stop subcontractors from Vegas, San Diego, Phoenix to come down here and take work away from our local subcontractors. It can't be done.

But under Mortensen and the community construction plan -- which, by the way, I'm working with the City, because the City's gone through now a three-step program on their tax incentive thing. They are asking developers and general contractors to put in there in writing, what do they plan to do as far as the local economy and what type of plan do you have for the construction industry.

Mortensen's plan says, hey, if a Vegas mechanical contractor comes in and does the job, low bid, they are going to give them the work, he's qualified, you got to be qualified to do the work, come ahead, here is the contract. But 75 percent of that mechanical contractor labor force must be hired in Tucson, our local people. And this was, I think, fantastic. This is one area that I would hope that in your discussions and now and in the future is one area that you would think about doing.

We work very closely with the City, have a
great relationship with the City Council. Monthly we meet with all the jurisdictions who are the developing service people, including the County. We have been holding that for over 12 years, monthly meeting with them. And that's where we solve problems.

Just as a side note. We are the only association in the United States that -- three years ago they had a problem, no one pulling permits. It has on nothing to do with yours, but no one pulling permits on gas replacement water heaters in their houses. Plumbers weren't doing it. So after -- and this was a struggle, but we finally came up with a way.

And we had all the jurisdictions, including the County, agree. And we're certifying plumbers through a test. We, ACT, pulls all the permits from the jurisdictions, they get a copy of the permit. We took the price down from $120 to $22.50.

When we talk about government and private industry working together, that's a prime example. There's no one in the nation doing something like that. In fact, last month the County came at the meeting and they said, we'd like to see you do it for replacement of air conditioning units.

We spent money developing all the software for it, ACT did. No one else spent the money for it.
So, basically, I'm just here today to say that we're here and we'd like to offer our assistance.

Owner awareness program has seven steps into it. And if you are interested, then I will follow up and give you what the seven steps basically are, how to go about getting the best for your bang, especially with the general contractors coming in and making sure the projects come in on time.

And the last thing I say, the only thing that ACT looks for is what we tried to do with Garfield Traub. Basically, if subcontractors in town that are qualified, going through a qualifying process on the project, if they are qualified, they get a fair opportunity to bid on the job. And with that comes transparency; that they know exactly where they stand on the bid when the time -- it eliminates bid shopping, which is a problem in our industry.

So I thank you for today. I made -- Michelle has a statement just for you, basically same thing I said, just for you to keep it and say, what the hell did that guy say.

Thank you very much.

MR. RITCHIE: Can I make a comment real quick, Mr. Chairman?

CHAIRMAN McCUSKER: Go ahead.
MR. RITCHIE: Make me feel old, Jim, because 18 years ago -- I'm 48, so I was 30 when I was on that Board. We hired Jim to come to Tucson, and my friend who headed up that committee said we had a firebrand from Tampa, Florida, that we're thinking about coming to Tucson, because the subcontractors in Tucson really need help. And his first thing he did was remove all of the service providers from the Board, which was probably a smart move on your part. But we've been friends for years.

Just like Scott with downtown, every sheet metal worker, every plumber, every air conditioning guy, every drywaller, every carpenter in Tucson owes a debt of gratitude to you personally for what you've done over the last 18 years. You've worked your tail off for these guys, and continue to do it. So thank you.

MR. KULIESH: One reason I came here was payment. Payment in our industry, getting timely payment was always a problem. And we go to Phoenix a lot with the prompt pay law and everything.

In fact, on the Fox Theater I got an invitation when it was opening, black tie affair. By the same token, the subcontractors that worked on Fox Theater were not paid their retainers. No, I did not
go to the grand opening of Fox Theater.

But we have passed a law, Governor signed it last year, when it comes to the final payment, retention on the job.

The City of Tucson -- just to leave you a note, that took a few years to pass. But in the City of Tucson we have a construction fairness ordinance. Now when a subcontractor or a general contractor is not getting paid by the owner, he doesn't have to hire an attorney. We fill out the form, submit it to the City of Tucson, and the City Attorney goes to work representing the subcontractor or the general contractor who has not been paid.

We're the only -- again, we're the only city in the United States that has a payment law like that where we don't have to go out and hire an attorney to fight our battle for us.

So I thank you very much.

CHAIRMAN McCUSKER: Thank you.

I would echo what Cody said. If you have any samples of another public jurisdiction that's provided local preference, we would be very eager to see those.

We're going through a process now with the City to try and adopt the law, and at the same time create some flexibility for ourselves that favor local tradesmen.
So the University's a public jurisdiction, the City, the County. Anything that you might have that has specific language that gives you any kind of preference, get that to Michelle.

MR. KULIESH: We work with -- good point.

Back last fall went to the City Council about local preference, because then the chamber just passed something on the point system for office supplies and different things, but not for construction.

And we brought all the general contractors, stakeholders together, general contractors together, worked three, four, five months, and really -- on one hand I praise them, on the other hand -- Mike Rankin, City Attorney, came through and said we could use something like this, but it's going to cost a quarter million dollars to a 100,000, $500,000 to do a study, which the few cities that have, in construction, preference laws have done. And, of course, the Mayor and Council not going to spend $500,000 to do a study.

So there's no way that you can really -- other than in your requirement, that you would like to see in writing. And I say from Scott, Scott says he's using Lloyd as the local general contractor. Lloyd's got a fine reputation. But let's bring it down to the next level. How are they going to go about using local
subcontractors? What is their plan?

CHAIRMAN McCUSKER: Work with our staff, and we'll get with counsel, do what we can do to make sure we can comply with the State standards, and at the same time do better by our local tradesmen.

MR. KULIESH: That would be wonderful.

CHAIRMAN McCUSKER: Thank you.

MR. KULIESH: Thank you.

MR. IRVIN: Thanks for coming.

MS. COX: Thank you.

MR. KULIESH: Nice to see you at the other side of the table and me not screaming.

CHAIRMAN McCUSKER: You're in the minority there.

MR. KULIESH: Thank you.

CHAIRMAN McCUSKER: Thanks a lot.

Bill, we're going to try move things along pretty quickly. Touch on your report. I know you have some bad news. So thanks.

MR. ALLEN: All right.

I handed out, when you went into executive council -- I assume you all got copy of it -- the updated cash report for --

CHAIRMAN McCUSKER: Is that around and we make copies for the public?
MR. ALLEN: The copies are right up here. If anybody would like to see them, get them from Michelle. In any event, the good news. Start with a little bit of good news.

Since the last time we met, the City of Tucson has transferred over all excess TIF funds. We have, for the first time, have the entire excess TIF that's residing in our account, which is, as far as I'm concerned anyway, a milestone event. I know that from the Board's side it's probably even a bigger milestone event trying to get that handled. The accounts are now completely separated from each other.

The City has some business yet to do with the bond money, where they need to still pay themselves the 2.18 million that they are owed as part of the settlement agreement. And there's a minor error, $875 item that they still have not resolved. But we've done everything we need to do, so we're completely in the clear.

Now, once a month we'll be reconciling with the agency, Wells Fargo, in regards to all the debt holdings for either excess or surplus -- I'm sorry -- surplus or deficit TIF funds as the funds flow through Wells back to Rio Nuevo.

So, in any event, you have in Rio Nuevo now
8.7 million rounded in funds in our account, and when you adjust for the 2.18 million for the City, it's three point -- sorry -- $4.3 million in funds that they have related to the bond money.

So any questions on that?

Very little movement in the overall total, but we've got everything in the right place.

CHAIRMAN McCUSKER: I think you said it, but, again, effective when will the money come directly to us from the State and totally bypass the State?

MR. ALLEN: That's going to happen the very next time they reconcile, which I'm told by Wells is done at the end of each month. So the very first reconciliation. The paperwork's already been handled. So the very first reconciliation will be with me in probably another week or so when they have sit down to do that reconciliation.

CHAIRMAN McCUSKER: Great.

MR. ALLEN: Moving on to not such good news. My first assignment when I came here was to work on the financial statements and bring them forward. When I came here I found out that they were about a year-and-a-half in arrears in certain areas, and other areas a lot of the accounting had to be cleaned up and scrutinized and corrected. Through a
lot of months' activity we finally got the financial statements done for June 30th, 2012. And there's been a period of time past that, them getting done, that we've been resolving a lot of issues in getting that completed.

I represented to the Board that I am now working and I am working on bringing the financial statements forward. But I had to take a respite on that goal in the last 30 days for a very important issue that had not been addressed, I noticed it almost immediately upon coming here, which was the sales tax hadn't been paid since August 2011.

And in going back and trying to evaluate it, it was a bit of a hairy thing to go through, because we had to figure out what revenue was really there. Of course, we didn't have financial records in some cases that -- a lot from the City that we had to reconcile and figure out what we needed to sales pay sales tax on. Spent lot of time working on it. I've done all the returns, they are all ready to go. But the unfortunate news is that combined City and State, about $96,000 of unpaid taxes.

What I'd like to do is get those returns put to bed, the taxes paid, everything brought current.

There is a procedure now going to be in place to make
sure that they are always paid monthly, so that that is
never going to be an issue.

I can't speak to as to what broke down in the
process in 2011, but I do think it linked to the
transition between the City to Rio Nuevo for a variety
of activities, and somehow that process just got messed
up sometime back in 2011.

CHAIRMAN McCUSKER: Of that 96 grand, how
much of that is penalty and interest versus straight up
tax?

MR. ALLEN: That is solely the tax.

CHAIRMAN McCUSKER: That is just the tax?

MR. ALLEN: That is the tax alone. 77,000 of
it is City of Tucson and 19,000 of it is State of
Arizona.

CHAIRMAN McCUSKER: There's likely to be, on
that top of that, penalty and interest, right? Were
some of those returns not filed at all?

MR. ALLEN: Returns were not filed.

CHAIRMAN McCUSKER: So you have a not filed
possible penalty.

MR. ALLEN: There's a not filed penalty, and
then there are also penalties related to the first
three months after a return has not been filed.

It appears that the more serious issue, which
is the City, which is 80 percent of the taxes we're
talking about, does cut off their penalties after three
months.

CHAIRMAN McCUSKER: What is the magnitude, do
you know?

MR. ALLEN: I haven't calculated the penalty,
because I did contact, actually, through Michelle,
asked her to make a call, within weeks of my employment
to see what the penalty abatement policy was. And we
got some assurance that since we were going through
cleaning up things, trying to get everything figured
out, that there was a reasonable chance that all the
penalties would be abated. But I have not your pursued
that process since then.

In my history I have pursued it and been
pretty successful, as Chris might know, in dealing with
sales tax issues in eliminating penalty-related
problems.

But the jury's out on all of that. I'm
hopeful that all we're talking about is an interest
issue, which will greatly bring down the size of any
additional obligation that might be.

The key is to get the tax paid and everything
current. That starts the ball rolling on the rest.

MR. SEAIFE: I'm just curious. That tax
results from activity, moneys that were spent, correct?

MS. BETTINI: Right.

MR. ALLEN: That tax --

CHAIRMAN McCUSKER: Rent mostly, right?

MR. ALLEN: Right. That is taxable, that we should have paid sales taxes.

MR. SEAFE: We didn't have control of that accounting; the City did. So how is it that we can end up paying them a penalty for --

MR. ALLEN: For the preponderance of the period that we're talking about the Board was involved with the City at the beginning, and we wound up with the accounts at some point. We started receiving the checks at some point, but the process by then was completely pretty much abandoned.

CHAIRMAN McCUSKER: We separated from the City, I think, in 2010, for accounting purposes.

MR. IRVIN: Is that rental tax?

CHAIRMAN McCUSKER: Rental tax, right, Bill?

MR. ALLEN: It's a two percent and .5 percent. We collected it, we didn't pay it.

MR. SEAFE: It's kind of interesting. I'm sure, Bill, you will be on top of it and we'll get through this, but I never cease to be amazed how the confusion on this money was so completely -- it doesn't
seem like there was anything that was understood.

   MR. ALLEN: It's hard to comment on the past.
What I'm trying to do is make sure going forward we're completely on top of it.

   CHAIRMAN McCUSKER: So will you take responsibility for trying to negotiate our way out from under the penalties and interest?

   MR. ALLEN: Absolutely. Both State and the City.

   CHAIRMAN McCUSKER: I would think we would have some opportunities to leverage that with the City leadership. So let us know how that goes.

   MR. ALLEN: Hopefully, it won't even get that far. Hopefully, it's just a rudimentary thing. Once I get to talk to the right person and they have all the returns in hand and I explain, you know, we're basically putting it all on the table.

   CHAIRMAN McCUSKER: This is not a budgeted item. I expect we probably need to give Bill authority to pay these back taxes.

   MR. SEAFE: At the very least, we need to do that.

   So I would make that motion, that the full amount of the taxes that are due in their original form should be paid as rapidly as you can get them paid.
MR. ALLEN: And keep it mind they were paid to us.

CHAIRMAN McCUSKER: Chris made a motion to catch up with back taxes.

MR. IRVIN: I'll second.

CHAIRMAN McCUSKER: Any further conversation or questions?

MR. RITCHIE: I have a question.

Are you going to pay it tomorrow or are you going to call them tomorrow first and see if we can't negotiate out of it and then pay them?

Because it's really money going from the right hand to the -- from the right pocket to the left pocket, right? And it's just -- once again, you know, it's money that could be going into economic development rather than paying our partner that we've been going back and forth with so many years.

So my question is, are you going to pay it tomorrow or --

CHAIRMAN McCUSKER: Interesting point. I wonder if the taxes themselves might be waivable.

MR. RITICHIE: I would think they could be.

MR. ALLEN: I don't think that would be likely, because they were paid from the City to us.

MR. RITCHIE: Taxing yourself.
CHAIRMAN McCUSKER: We got a motion.

MR. SEAFE: My motion is the concept that you will see if you can settle them for the taxes.

CHAIRMAN McCUSKER: Amend your motion so that we can authorize him to pay only if we can't negotiate our way out.

MR. SEAFE: I would so amend.

MR. IRVIN: Second.

CHAIRMAN McCUSKER: All in favor say aye.

(The Board voted unanimously in favor.)

CHAIRMAN McCUSKER: You have your marching orders.

MR. ALLEN: Is that also with the State?

CHAIRMAN McCUSKER: Good luck with that. But yeah, we'll go all the way to the Governor if we have to. We weren't around. It's not our fault.

Thank you. Anything else?

MR. ALLEN: I just wanted to mention that I'm working on an RFP, initial stages, but I hope to have it to Mark before the investment of our title funds. The Board had requested that we go forward with that, and I would like to get it to Mark here in the short term so we can get that done.

Mark will comment on the IRS audit, the 2002 IRS audit, I believe, the status of that when he gets
up here. But I don't have anything else to report on that. And I'm working on the financial statements.

MR. SEAIFE: I do have one question or comment on the issue.

You don't need any further authorization on that, do you?

CHAIRMAN McCUSKER: It will be solicitations and we'll receive bids. So it will come back to us.

MR. ALLEN: Right.

CHAIRMAN McCUSKER: Bill, thank you.

Mark, your 20 minutes is now two minutes.

MR. COLLINS: I was going to say, I bet you want me to be short.

Pronto litigation, as you know, is the Thrifty block. Mr. Kromko is no longer part of it. We have been working with Mr. Born's representatives to create a revised development agreement. We've made significant progress in that, but we are not all the way there yet.

Any other questions on that?

Garfeild Traub litigation remains very similar to where we were last time. It is in the discovery motion stage. The Rusing Lopez firm is preparing some motions that I anticipate being filed, hopefully, very shortly.
Election of officers. We discussed, I think last time, each of the officers serves for two years. Alberto's time has expired. There needs to be an election, certainly, of the Secretary.

Perhaps you might want to consider -- after all of the changes that have occurred with the settlement with the City, you may want to consider looking at everybody's position.

Hotel proposal, unless you want me to go into it in detail now, I think --

CHAIRMAN McCUSKER: I guess we should address, can we legally do what Scott and other hotel developers have done?

MR. COLLINS: The issue with what Scott's talking about is the limitation that the 2009 amendments put upon you. A.R.S. 48-4204 says that until certain things happen you can only spend money on a very limited number of items. And that particular thing is the meddlesome notice to proceed. And it says, until notice to proceed is issued for a hotel in convention center located on the multipurpose facility site, you have a very limited amount number of things you can do.

The project that Scott's talking about is certainly in the multipurpose facility site. Whether
that qualifies as a hotel and convention center, that terminology is interesting. So there is a question about that.

CHAIRMAN McCUSKER: You will recollect that the legislative counsel already believes we did issue a notice to proceed.

MR. COLLINS: Agreed.

CHAIRMAN McCUSKER: And our issues have usually typically come with the City of Tucson, and we've addressed that at the settlement.

MR. COLLINS: Right. That's absolutely true. That's another lawyer's opinion. It's not a black robe's opinions.

But the settlement agreement most certainly says that if, for example, you entered into an agreement with Scott and the City, the City would -- by doing that the City would agree that's a notice to proceed. That would satisfy this requirement.

CHAIRMAN McCUSKER: Last but not least --

MR. COLLINS: Arena due diligence. We got the disclosures on March 8. Lots of stuff.

I've provided -- there's a schedule B, a series of preliminary schedule B that shows the warts, if you will, that are on the arena site. I'm moving forward to try to be able to summarize what really is
there for all of you folks.

I think you need to be thinking long and hard about getting the title policy, and if we don't have a recent ALTA survey, we need to do that too. But I'm going to find that out for you.

Any questions?

That's all I got.

CHAIRMAN McCUSKER: Stay up there regarding Item 11.

Given the lateness in the hour, I'm inclined to postpone the study session in the capital improvement plan. What we are obliged to do there is to put in writing our priorities and associate them with dollars available to us so that we can publish, and the City can concur, how we intend to spend the TIF money available to us over the next year.

So what I would ask you to do is think about that, we'll try and address that maybe at a subsequent meeting. Some of the things are known to us and are included in the settlement agreement, i.e., the TCC arena. We're obliged to spend $6 million or more on that. We're obligated to do the Mission Gardens, we're obligated to do the streetscape. If we can satisfy the notices to proceed, then we would be free to identify other uses for TIF funds.
That's really where this was going, is assuming we can accommodate the settlement agreement, assuming that we can help someone launch a hotel, I believe we, in short order, can meet the notice to proceed. And the question for all of us is what next. And be thinking about that. We'll come back to that at a subsequent meeting.

I'm going to table that. I put it on the agenda, I can take it off, right?

MR. COLLINS: You can.

CHAIRMAN McCUSKER: I did say election of officers, plural. And to follow up on Mark's comments, the only officership that has termed is Secretary. We are, in fact, obligated to nominate someone to that position.

I do concur with Mark that maybe things are a little bit different. All of us serve the appointor of our position. We either have been appointed by the Governor, the Speaker, or the President of the Senate. However, the officers are elected by all of us. The majority of the Board elects the Chairman, Secretary and Treasurer. Those are the only three positions, Mark, that we have in our bylaws.

MR. COLLINS: Correct.

CHAIRMAN McCUSKER: I do think it's
appropriate, post settlement, that you all ponder on
that as it relates to any and all of us. So I put on
the agenda the opportunity for you to consider electing
a new Treasurer, electing a new Secretary and electing
a new Chairman, if you so desire. And I would proceed
in that course.

It would take a nomination, it would take a
second, and it would take a majority vote for any of
those things to occur.

Please do not nominate yourself.

MR. SEAFAE: Open for nomination?

CHAIRMAN McCUSKER: Do not second your own
nomination.

And we'll start with the Treasurer's
position.

MS. COX: Mr. Chairman, I would like to
propose that Jeff Hill be replaced in the position of
Treasurer by Chris Sheafe. So I would like to nominate
Chris Sheafe to replace our current treasurer, Jeff
Hill.

MR. IRVIN: I'll second that.

CHAIRMAN McCUSKER: Okay.

MR. COLLINS: Before you discuss, maybe it's
important for me to point out to you that there is a
provision in the admin rules that allow for what you're
talking about, Ms. Cox, is about a replacement situation. It's Article 6.3. It does allow that.

And the only question that comes to my mind is, if you go forward and you do that, the question really comes to mind is, are you electing a Treasurer or electing Mr. Sheafe for another -- a new two-year term, or is he being elected for the remainder of Jeff's term?

And I tend to walk softly in those things. I would suggest to you that it would be for the remainder of the term, then you would maybe look at it again. Jeff's term terms right now on August 31st of this year. So I would like you to think about that.

My suggestion is that it would be only for the remainder of Jeff's term.

CHAIRMAN McCUSKER: It seemed implied in the use of the word "replace" --

MR. COLLINS: Right.

CHAIRMAN McCUSKER: -- rather than to -- that would be my assumption, is that any of us that are replaced.

MR. COLLINS: I think that's the wise choice, because as you point out, Mr. Chairman, the officers serve at the pleasure of the Board. I mean, you guys can take people off and put people on whenever you
choose.

CHAIRMAN McCUSKER: Mark, while we're on this adventure, is there anything in the statute or bylaws specific to the qualifications of the Treasurer?

MR. COLLINS: The Treasurer has to have financial management experience. There's, as you may remember, a rather long description of what the Treasurer's duties are. But the Treasurer is -- the only requirement is they have a financial management experience.

CHAIRMAN McCUSKER: In your belief, does Mr. Sheafe meet the standard?

MR. COLLINS: In my belief, Mr. Sheafe meets the standard.

CHAIRMAN McCUSKER: Okey dokey.

MR. COLLINS: I won't be funny on the public record.

CHAIRMAN McCUSKER: We have a motion and a second. So we're going to take a roll call vote, unless further discussion.

Albert, anything?

MR. MOORE: No. I think that's a great suggestion.

MS. BETTINI: Mark Irvin.

MR. IRVIN: Yes.
MS. BETTINI: Jannie Cox.

MS. COX: Yes.

MS. BETTINI: Alberto Moore.

MR. MOORE: Yes.

MS. BETTINI: Chris Sheafe.

MR. SEAFE: I can't vote for --

CHAIRMAN McCUSKER: Absolutely. What do you think?

MR. SEAFE: Yes.

MS. BETTINI: Cody Ritchie.

MR. RITCHIE: Yes.

CHAIRMAN McCUSKER: My vote's not needed, so I abstain.

Secretary's position, that is one, indeed, that has termed down.

MS. COX: I would like to nominate Mark Irvin for the position of Secretary.

MR. RITCHIE: I second it.

MR. COLLINS: On that particular case, since Mr. Moore's term has expired, it would be for a two-year term. They are elected biannually. You guys are elected biannually.

CHAIRMAN McCUSKER: And is there any peculiar requirements that the Secretary had?

MR. COLLINS: No. There are duties that are
set forth in the bylaws, but there isn't anything in particular as far as qualifications are concerned.

CHAIRMAN McCUSKER: All right.

We have a motion on the floor, nomination and second, to nominate Mr. Irvin to replace Mr. Moore as Secretary.

Roll call, please.

MS. BETTINI: Mark Irvin.

MR. IRVIN: Can I go last?

MS. BETTINI: Jannie Cox.

MS. COX: Yes.

MS. BETTINI: Alberto Moore.

MR. MOORE: Is it appropriate for me to vote for myself as Secretary?

MR. COLLINS: Well --

MR. MOORE: The motion's only for one person.

MR. COLLINS: Right.

CHAIRMAN McCUSKER: So you're voting yes and no for Mark.

MR. MOORE: Nobody nominated me.

CHAIRMAN McCUSKER: The nomination currently is for Mark. We have a second. We're doing roll call vote for him.

MR. MOORE: Does that mean for --

CHAIRMAN McCUSKER: You would vote no if you
did not want him to be Secretary.

MR. MOORE: My question is, is there any other -- can you put up another nomination?

CHAIRMAN McCUSKER: I believe we have a motion and second.

MR. COLLINS: I think, given the motion, it's out of order at this point in time to make another motion.

CHAIRMAN McCUSKER: If this motion fails --

MR. COLLINS: If it fails, then --

CHAIRMAN McCUSKER: -- take another motion.

Am I following proper procedure?

MR. COLLINS: Right.

MR. MOORE: So it's my turn to vote?

MS. BETTINI: Alberto Moore.

MR. MOORE: I would vote no.

MS. BETTINI: Chris Sheafe.

MR. SEAIFE: Yes.

MS. BETTINI: Cody Ritchie.

MR. RITCHIE: Yes.

MS. BETTINI: Fletcher McCusker.

CHAIRMAN McCUSKER: I vote yes.

So the motion, by five to one, carries.

MR. COLLINS: Now it's you.

CHAIRMAN McCUSKER: Let's make sure
everybody's okay with what just happened. So the motion was to nominate Mark to replace you.

MR. MOORE: Right.

CHAIRMAN McCUSKER: It was seconded. And there were majority affirmative votes. So he would the new Secretary over your objection.

MR. COLLINS: For two years from today.

MR. SEAIFE: Do we have a Chairman question?

CHAIRMAN McCUSKER: Yeah. That's the last and only --

MR. IRVIN: I would like to make a motion we not make a change and we reaffirm Fletcher for Chair.

MS. COX: Second.

MR. COLLINS: I think that's wonderful, guys. There's no specific reaffirmation. He serves now through the 28th of June next year. And unless you want to remove him, he serves through that time.

MS. COX: Well, we don't --

CHAIRMAN McCUSKER: There's a motion and a second. Are they withdrawing it?

MR. COLLINS: That's fine. You can do that.

I'm just suggesting to you that doesn't extend the term.

MR. SEAIFE: Let's call the question here.
Just say we affirm.

CHAIRMAN McCUSKER: All in favor say aye.

(The Board voted unanimously in favor.)

CHAIRMAN McCUSKER: I abstain. Oh, my God.

Okay. This is the time we've reserved for call of the audience.

Michelle, any questions?

I would entertain a motion to adjourn.

MS. COX: So moved.

CHAIRMAN McCUSKER: Second to that?

MR. IRVIN: Second.

CHAIRMAN McCUSKER: All in favor say aye.

(The Board voted unanimously in favor.)

(Record closed at 5:24 p.m.)
CERTIFICATE

STATE OF ARIZONA    )
COUNTY OF PIMA     ) ss.

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

WITNESS MY HAND this 19th day of March 2013.

____________________________________
ANTHONY C. GARCIA, RDR, CR
Certified Reporter No. 50218