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APPEARANCES:

BOARD MEMBERS:

Fletcher McCusker, Chairman
Janine Cox
Mark Irvin
Chris Sheafe
Alberto Moore

Michele Bettini, Staff
Mark Collins, Legal Counsel
CHAIRMAN McCUSKER: Call the meeting to order.

I have 2:03.

Mr. Irvin, I understand today's actually your fourth anniversary, so we're going to reward you by allowing you to lead us in the pledge.

MR. IRVIN: I knew that was coming.

(Pledge of Allegiance recited.)

CHAIRMAN McCUSKER: Michele, call the roll.

MS. BETTINI: Janine Cox.

MS. COX: Here.

MS. BETTINI: Mark Irvin.

MR. IRVIN: Here.

MS. BETTINI: Fletcher McCusker.

CHAIRMAN McCUSKER: Here.

MS. BETTINI: Chris Sheafe.

MR. SHEAFE: Here.

MS. BETTINI: Alberto Moore.

MR. MOORE: Here.

MS. BETTINI: And Jeff Hill and Cody Ritchie are excused.

CHAIRMAN McCUSKER: You've seen a copy of the transcripts. I read through them. I didn't see
anything out of the ordinary.

We need a motion to approve.

MR. IRVIN: So moved.

MS. COX: Second.

CHAIRMAN McCUSKER: All say aye.

(Board votes unanimously and motion carries.)

CHAIRMAN McCUSKER: Executive session agenda, I need a motion.

MR. IRVIN: So moved.

CHAIRMAN McCUSKER: Need a second.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor say aye.

(Board votes unanimously and motion carries.)

(Recess.)

CHAIRMAN McCUSKER: We need a motion to reconvene.

MR. SHEAFE: Move.

CHAIRMAN McCUSKER: Need a second.

MR. MOORE: Second.

CHAIRMAN McCUSKER: All in favor say aye.

(Board votes unanimously and motion carries.)

CHAIRMAN McCUSKER: We're back in business.

Thank you, everyone. We have a full agenda, and we're going to try and navigate our way through all this.
But we're excited about the opportunities that we get to talk about today. You know, finally feels like we're in the development mode as opposed to a defensive mode. So we are going to hear from a couple of possible projects.

We do, indeed, have the deed for the arena lot. Will give us a chance to talk about what our intentions are there and its directions and how that property can benefit adjacent property.

We do not have the deed for the west side parcel, item number nine. We have identified the boundaries. There's some other exciting things over there, like a well and some archeology that we're working through with the City.

We will go through the name entries and select the finalists by each ward.

Mr. Bourn is here to update us on the progress of the Thrifty block.

So we got a lot going on, but we're all having fun and it's an exciting time.

So, Dan, make sure we don't run out of money.

Go ahead.

MR. MEYERS: Okay. No significant changes from the prior month.

We've got about $12 million in bank accounts
consisting of 6.8 million in Alliance operating account. We got a little over five million dollars in the Alliance ICS account, and approximately $272,000 in Bank of Tucson. We also have in the City of Tucson pool of funds 4.168 million.

So total amount of cash available as of February 28 is just a tad under $16.3 million.

We still got $9.6 million in commitments on out there, which a little over 300 has been already funded for the arena remodel. And so our standing commitments is 9.3 million.

Any questions?

CHAIRMAN McCUSKER: The arena construction started Monday, so we'll start seeing money flow, Dan as those get invoiced.

MR. MEYERS: Yeah. The first 4.2. million will run to the City until that account is expired, then the balance will come directly to us. But the approval process is the same regardless who's writing the checks.

So it goes to the project manager, it comes to Rio Nuevo, then the City will be authorized to pay that down.

So they already started on the concessions and restrooms down the street. And that project is on
CHAIRMAN McCUSKER: Any questions for Dan?

Okay. Thank you very much.

All right. On the screen you see two pieces of property that we're going to discuss separately.

The little hook to the left is Granada. That's the TCC complex with the white roof. The first vacant parcel immediately west of Granada is owned by Nor-Gen. That's the Federal Court house in the front corner, and that's the arena lot to the west of that. That's the Greyhound temporarily modular location between the two greenbelts there. Those are both active arroyos that run through that arena property.

When we were negotiating to settle with the City of Tucson we placed a great deal of emphasis on that property in our settlement agreement. We believe that is a premier parcel and, ultimately, the gateway to Tucson.

Our agreement with Greyhound is that when we have a development plan for that site we're obligated to give the City one year's notice, at which time they are obligated to relocate the Greyhound terminal.

We worked extensively to get the deed, so we haven't been able to say a lot publicly about what our hopes are for those properties. I think we've publicly...
said over the last year that we're very eager to work with the adjacent property so that Norville can maximize his development on our east.

Part of the challenges there are watershed. I was surprised to learn -- maybe I wasn't surprised, but I did learn that all the water that comes from those publicly-owned lands flows on to Norville's property and, ultimately, on to our property, which can restrict some of the development if we can't clear ourself of the watershed.

So we've been negotiating with City, County, private developers, property owners, Waste Water about the idea of running a culvert along Granada. That would empty the water ultimately to the river, freeing up both parcels for their maximum development. And we're going to discuss that proposal specifically today.

We have -- on the arena lot we have asked for an updated appraisal on that property, so we want to be certain we know what its value is. We have an appraisal that's a about a year old. We've asked that to be updated. We do not have that for today's meeting, but should have it out by next meeting.

Alan, I know you guys wanted to present your proposed project for your properties, so if you are
ready, we're ready.

Maybe if we could turn that so the audience could see it too.

MR. GREINER: Fletcher, Board, my name's John Greiner, civil and structural engineers here in Tucson. And we've been working with Alan on some concepts here for his property.

It starts with a permanent site for the gem show building. We've got the exhibition hall, then a nice lobby space off Granada, dropoff area and a lobby space.

The key part is to try to pull all the pieces together here, the parking, the exhibition and access to TCC. The concept is to have a raised, above-grade plaza that will give you pedestrian access from the parking to the exhibition hall, over the top of Granada to a large space here that's created, and on into the TCC.

So we're creating somewhere 30 to 45,000 square feet of new real estate down here that can be used for outdoor functions, things like that. It will be designed to bring light trucks across to cater different events, have shade, fountains, make it very user friendly, pedestrian friendly.

The parking is key to the exhibition hall and
also for the TCC, because currently the gem show is not there, that lot is used for surface parking. It's quite convenient.

So I think this solves a lot of things we presented to the Urban Land Institute and it meets a lot of their criteria, you know, trying to drive traffic to downtown all times of day, create pedestrian-friendly things.

We have stops, streetcar stops, we have escalators and elevators to get you up and down off that plaza. So you could actually walk on foot from here all the way into downtown and not have to cross a lot of streets. There's some of the pedestrian bridges in the downtown area here. This could be phased.

This plan here, Fletcher, is a little bit different than we presented a couple weeks ago. We pushed the garage as far south as we can, create some nice opportunities, potential opportunities along Granada for maybe some ground-level retail or other uses, you know, can do some nice things with the architecture there to make it friendly for the neighborhood. There's other future phases that can be added on.

So that's kind of the concept in a nutshell.

CHAIRMAN McCUSKER: John, do you know how
much parking you have to have adjacent?

MR. GREINER: We're inside the Downtown Infill Incentive District, and the parking zoning requirements are waived. So, technically, by code you wouldn't need any parking.

But that makes no sense. All you're going to do is aggravate everybody if you don't adequately park this facility. You've got to provide parking, otherwise, it's not functional.

If you parked one to a hundred, which would be a assembly area requirement, it's 120,000 square feet, you need 1200 parking spots. So, you know, that's a judgment call that we have to negotiate and decide what makes sense.

You've got some surface parking here, you've got use of surface parking here temporarily, but you have to build a structure to really make this thing work. And it could be multi use to drive traffic and getting people into downtown, not just during working hours. You want them there all the time.

The other thing we have here on the end of the pad of the site is a location there for potential future building. And Alan has been negotiating that use right now. And that could be a real special property right there.
CHAIRMAN McCUSKER: Do you know offhand how many parking spaces are on the east side of that TCC lot there?

MR. GREINER: No, I do not.

Do you know, Phil?

CHAIRMAN McCUSKER: The west lot TCC, do you have any idea how many spaces?

PHIL: I do not. I think it's in the range of 400 or so. I'm not sure.

CHAIRMAN McCUSKER: Any questions of John?

MR. MOORE: What's that other piece that L-shaped.

MR. GREINER: This here?

MR. MOORE: Yeah.

CHAIRMAN McCUSKER: It's a concept for a second future garage, and you could even put a hotel on the top. It just shows there's some opportunities here for different things.

And this is all to kind of go along with the goals people that different people have come up with, get some hotels downtown, get some population down there. So you could tie those garages together.

We would design this where the ground floor level garage would be flat, so you can actually use that space down below from time to time.
Talked about what are some other uses for this facility. It would be great for sports. We could get volleyball tournaments here if we had enough space to get courts in, put a couple indoor soccer fields in here. It's a big space that could be used throughout the year.

MR. IRVIN: John, in your mind, when there's not something going on Alan's properties, who is the logical use of that parking garage?

I have no question that's going to be full when things are going on. My concern is where it's located on that site, I don't know who is going to park there. It's a normal downtown use. That's not using that facility time specific.

MR. GREINER: Who would be using this dirt lot now is people using the TCC and the Music Hall when there's no place to park. That would be --

CHAIRMAN McCUSKER: North of that, there's a hotel, restaurants, shopping.

MR. GREINER: In our last meeting the conversation came up, well, why don't we put the garage over here. Well, then it becomes a question of what is the highest and best use of the particular pieces of property.

Well, this is along the freeway, it's further
away. You know, maybe this is the best spot for the parking garage. And this over here may be another use down on the road.

But this is a really choice piece of property here. Let's not lose the opportunity and build a garage right there now because it seems to be convenient.

So that would be my thought process on that.

CHAIRMAN McCUSKER: Talk about the timing of your project.

MR. GREINER: Maybe Alan can speak to this more, but we can get going on this right away. We've got to have parking to make it realistic. You know, for surface parking temporarily this really is a key part to it.

MR. NORVILLE: We're prepared to proceed immediately, but we have a --

MR. MOORE: Can you introduce yourself for the record?

MR. NORVILLE: Alan Norville of 411 West Congress.

Before we proceed with the building we have to move the drainage ditch. We met with Planned Development, and we have to move the ditch.

The plans are done. I think we're probably
four weeks away from getting final approval. And if we could complete the drainage, then we can build. That's what's holding us up. Because the drainage runs right through the property, and without relocating it we can't build our building.

So really the ball is in your court right now. If we could get approval immediately, we can commence construction immediately.

It's going to be difficult to build this year. It would depend upon permits. But I have structural people working on our building and we're prepared to move ahead.

Mr. Irving, to answer your question in terms of who would park there, we currently have over 250 monthly parkers today that would move into that garage immediately. So there is a demand for parking, and they are parking where the building would be.

MR. IRVIN: Well, that's 250 of 1200, so that doesn't get me mentally where I was thinking we need to be, but just a question.

MR. GREINER: Six to 800 for the first phase.

CHAIRMAN McCUSKER: There's 200 in the Catalina lot. There's the lot north in front of the old depot.

Is that your lot?
MR. NORVILLE: There's 150 there.

CHAIRMAN McCUSKER: 150 there. There's 600 monthly parkers.

MR. IRVIN: With the streetcar coming in, how do you invention that would impact or not impact your parking situation, people being able to access remote lots? How does that fit into your thought process of having this basically right next door?

MR. NORVILLE: I don't think the streetcar will help the parking for our gem show. If we had the streetcar this year, 75 percent of our dealers and our customers are foreign people, international, and they would not be taking the streetcar.

To have a successful exhibition hall, to have a successful gem show, we have to have parking. This year -- well, for years we have been leasing the arena property, the whole property, with the exception of the Greyhound space. This year we opened the show at 10:00 o'clock on Tuesday. At 10:40 we were out of parking, full.

So it's kind of likes Christmas. When you build a shopping center and you go to the City, the City requires you to build so many paces. You can go to that parking lot 11 months out of the year and it's empty, but at Christmas it's full.
So you have to have a certain amount of parking. And the code requires one for 100, which would be 1200. Our proposal would be to do 600, then do an additional 600 adjacent to it, and that would meet our needs.

You've got to keep in mind that the City built the fire station. That took over 300 spaces away from the convention center. When we build our building you're going to lose another 600.

The convention center is extremely under parked. And we have met them for the last 40 years really.

When we build our building we're going to have more parking. And with the plaza going back and forth, it works out perfectly. And with our proposed use for our new building, it works out perfectly.

MR. IRVIN: So under your scenario, is this a garage that you are envisioning that the District builds, leases, or just one that you are thinking you would build? How, in your mind, would that work?

MR. NORVILLE: This is a concept. We have to have parking, and that hasn't been addressed.

CHAIRMAN McCUSKER: Let's deal with the culvert issue first, because you spent a lot of time with this. You've done a lot of work with all the
How do we maximize that, both of those lots?

MR. SHEAFE: Well, Mr. Chairman, the responsibility of the Nor-Gen property is to discharge water, both historical and newly created, off on to the arena parcel at a location of their choice. Then it's up to the arena parcel to accept that water and deal it in the most efficient way we need to deal with in order for us to be able to maximize our development plan on the arena parcel.

So Nor-Gen really, from a practical standpoint, has two options. The first one would be from the northeast corner --

John, if you could -- yeah, right there.

They can go directly west. And if you see directly west, you see a little green patch, which is an arroyo. And they can just dump the water there, and then it's our problem to figure out what we do with it at that point.

The second alternative is to take the water from that same location and come along Granada and come down to their southeast -- or southwest corner, which is our southeast corner, and there's a collection box there, and dump the water into that collection box.

The problem for Nor-Gen is, if they follow
the Granada alignment it's, more expensive and involves
more complexities than if they just go west.

The problem for us is, if Nor-Gen just goes
west, we then have to build facilities to pick up the
water and take it directly south to the same box. And
there's considerable expense.

MR. GREINER: Here, 90, 90, hydraulically.

MR. SHEAFE: And we'll to build a piece
around the bottom as well.

So I'm going to be making a motion.

CHAIRMAN McCUSKER: Plus you have three
90-degree turns.

MR. SHEAFE: And there's other efficiencies
that I think benefit both properties.

The motion that I'm going to make in a few
minutes will, in effect, allow us the possibility of
working an arrangement out with Nor-Gen, through a
joint development agreement, where we can take the
money that we're no longer going to have to spend and
apply that to the Nor-Gen expense. If they decide that
they want to develop that channel along the Granada
alignment, and it will be at that point their choice as
to which alignment they take, and then we'll simply
react to it after they make their choice.

Does that explain what you asked?
CHAIRMAN McCUSKER: What's the economics of all that?

MR. SHEAFE: The economics are that we'll save approximately 62 percent of what Nor-Gen will spend in taking the Granada alignment.

So if we agree to -- and my motion will be a little more specific in this, because there's other elements. But if we agree to pick up 62 percent of the cost of that Granada alignment, if that's Nor-Gen's choice, then that at least keeps us in a revenue-neutral position and helps them make a choice that may be more expensive for them, but in the end may be better for them both physically on the ground and also economically.

So that will be the motion that I will put forward.

CHAIRMAN McCUSKER: What does that do on the arena lot? Does that make it eminently more developable since we --

MR. SHEAFE: Yes.

CHAIRMAN McCUSKER: -- eliminated the arroyo?

MR. SHEAFE: Well, it solves the problems of carrying the water further south, bringing it down and then taking it down around the south end of the property to a discharge point, which allows -- there's
existing pipes which pick it up at a certain point and carry into the Santa Cruz.

MR. GREINER: So you eliminate this open channel and this open channel.

MR. SHEAFE: Correct. Then it allows us more flexibility if we're not running water right through the middle of our property, which would control our development plan.

CHAIRMAN McCUSKER: Right now you couldn't put that parking garage, because that's a collection pond right there.

MR. SHEAFE: That's correct.

We have to deal with the property. Just like Nor-Gen has to deal with their water, well, we have to deal with our water, which includes the water they deliver to us, because they have a historical right to do that.

MR. GREINER: You're absolutely correct.

This was a concept to maximize the lot, assuming you solve those problems.

MR. SHEAFE: When you want me to put forth a motion, I will.

CHAIRMAN McCUSKER: Any questions of John Alan or Chris?

Mr. Sheafe.
MR. SHEAFE: I would like to make a motion first having already stated what I stated. And this motion would be subject to not having any conflicts with any other interest holder in the arena property that may or may not exist.

My motion is to authorize the District counsel to prepare a joint venture agreement working with three members of the Board and Nor-Gen in a joint development effort to participate in the expense of alternative B, which is the Granada alignment alternative, with Nor-Gen if Nor-Gen elects to construct drainage structure along the Granada alignment, subject to the preparation, approval and execution by the Board of a statutorily-compliant joint development agreement between the District and Nor-Gen, the terms of which shall include at least the following provisions.

And I will give you a written example of this in case you miss part of it.

But one, to ensure that the District's participation is limited to the construction of elements common to alternatives A, which would be the north/south alternative, or B, the Granada alternative. The Rio Nuevo District must approval the final construction contract, including the scope of
construction services, between Nor-Gen and its contractor.

Number two. The participation by the District shall not exceed 62 percent of the total contract cost for common construction elements, and in no case greater than 855,000 before contingencies. There is a rather large contingency number built into the estimated numbers, and I just took that out.

Third. That the payment will be made by the District to Nor-Gen upon the completion of construction and acceptance by the City of Tucson of the completed drainage facility into public ownership and maintenance.

And fourth. A construction contract must be executed on or before June 1st, 2014, and construction must be complete on or before December 1st, 2014. And this is incorporated in the concept of the exhibition hall being started before the construction of the.

CHAIRMAN McCUSKER: Before you editorialize, I think that's a motion.

So we would need someone to second that.

MS. COX: Second.

CHAIRMAN McCUSKER: Now we have a motion and
a second.

Alan, do you want to comment?

Does this accomplish what -- is it enough detail for you to respond to that or do you need more time?

MR. NORVILLE: Mr. Chairman, for the record, in our discussions we discussed the parking, and the parking is an intricate part --

CHAIRMAN McCUSKER: We'll get to that next.

MR. NORVILLE: We can't go ahead unless we're assured that we have parking before we commence construction.

CHAIRMAN McCUSKER: Right now we're dealing with a motion that deals with the water.

MR. NORVILLE: I have no problem with that, Mr. Chairman. Thank you.

CHAIRMAN McCUSKER: Any further conversation?

Michele, call roll.

MS. BETTINI: Janine Cox.

MS. COX: Aye.

MS. BETTINI: Mark Irvin.

MR. IRVIN: Aye.

MS. BETTINI: Chris Sheafe.

MR. SHEAFE: Aye.

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

MS. BETTINI: Fletcher McCusker.

CHAIRMAN McCUSKER: Aye.

Voted five ayes, no nays, two not voting.

We pass we'll call it the Sheafe motion.

Mr. Collins.

MR. COLLINS: It's my understanding from that motion that the Board is directing me to prepare an agreement to come back for your final approval.

Is that everyone's understanding of that motion?

CHAIRMAN McCUSKER: Yes.

MR. SHEAFE: Correct.

MS. COX: Yes.

CHAIRMAN McCUSKER: The three members of the Board would be the same three that have been negotiating this all along, which are in myself, Mr. Sheafe, Mr. Moore, without any objection from the other members.

MR. IRVIN: No.

CHAIRMAN McCUSKER: Okay. Parking. We have made a commitment to continue to lease the property to Nor-Gen during the gem show. I believe we're prepared to commit to accommodate your parking needs on a permanent basis.
We don't know exactly how that would occur yet, and I'm not sure there's action we can take today that delivers any of that, but I think the commitment from us is to continue to provide a means of which the arena lot supports the adjacent parking requirements.

MR. COLLINS: Mr. Chairman.

CHAIRMAN McCUSKER: Go ahead.

MR. COLLINS: Just for everybody's understanding, the arena site, which is what the District obtained legal title to on the 19th of last month, is subject to a claim by Peach Properties. Peach Properties made a proposal to the City of Tucson, and before -- while City of Tucson had the property, and that proposal was not finalized, but Peach Properties has filed a notice of claim.

And you, as a Board, have to, in my opinion, deal with that claim before you can move forward with any finalizing of parking provisions on that arena site. The Peach claim is something that needs to be addressed one way or another.

MR. SHEAFE: Is it a problem to, while we're getting that done, give assurance that there will be parking in one form or another on that property?

MR. COLLINS: Mr. Sheafe, no. As Mr. Norville is aware, while the City owned that
property there was a right-of-entry agreement entered
into annually, and that happened this last year. And
until the District does anything of a permanent nature
on the arena site, there's nothing preventing this
District from providing assurances to Mr. Norville that
it would make that property available to him on same or
similar terms and conditions the City of Tucson has
done for some time.

MR. IRVIN: You're saying that until we've
decided what we're doing, that until we've decided what
we're actually going to do with that property, you're
saying that would extend until that occurred?

MR. COLLINS: It is my recommendation -- you
folks certainly have a vote, but my recommendation is
that you don't make any final commitment on what you do
with the arena site until you've decided overall what
you're going to do.

Because I think until there's a final
approach that you folks have decided to on the arena
site, you certainly can make a commitment to, as I say,
make the property available to Mr. Norville or his --
Nor-Gen on the same or similar terms the City has done
for years. I don't see a problem with that.

CHAIRMAN McCUSKER: Go ahead.

MR. IRVIN: No. I was going to say there's
so much kind of intertwined in that, and between the
two it would seem to me to make sense that we would
authorize the same group who is working on Alan's
parcel to also work with Ron Schwab and his Peach
Properties on the adjacent parcel. Those really are
intertwined.

So I'd like to make a motion that we
authorize those three, along with counsel, to start
entering into those discussions and then come back to
the Board with what that might look like.

MR. SHEAFE: Second.

CHAIRMAN McCUSKER: If he's -- he can't
second that, can he, if he's been asked to negotiate?

Should he second that motion?

MR. COLLINS: He can do that, sure.

I mean, it's been the executive officers
generally that have been --

CHAIRMAN McCUSKER: This is not the executive
office. This is a --

MR. IRVIN: My motion to that specifically
tied -- I was taking myself out of that loop because I
haven't been intricately involved in the discussions
with Alan. It seemed to me those two are heavily tied.

MR. COLLINS: So you're suggesting that one
or a combination of --
CHAIRMAN McCUSKER: Same three people.

MR. IRVIN: Three people, same three people.

CHAIRMAN McCUSKER: Schwab, he's going to negotiate with Nor-Gen.

Can he second that motion?

MR. COLLINS: He can.

CHAIRMAN McCUSKER: All right.

So you have a motion and a second.

Let's discuss this. What are you hoping to accomplish? Just moving the ball.

MR. IRVIN: I would like to move the ball.

I think we need to try to understand what Peach Properties' situation is, then also try to see how we can blend those two to allow Alan to do what he wants to do and allow us to move forward with the arena parcel. And I've got confidence that those three folks know how to make that -- push that thing along and bring it back to us and we can look at it.

CHAIRMAN McCUSKER: For the record and for the public, touch on the highlights again of the Peach claim. What's the nature of the claim?

MR. COLLINS: The nature of the claim is that -- I don't have the dates in front of me for that. I apologize.

But while the City owned the arena site, the
City put out an RFP, request for proposals. It had three options. Those three options really get down to two. You can either propose to buy the entire parcel or lease the entire parcel on a long-term basis.

There were, as I recall, three folks that made proposals. May have been only two. But, ultimately, sometime before 2011, as I recall, the City authorized its staff to begin negotiating with Peach Properties to try and reach an agreement with respect to the development of the arena site.

After that, the District filed a recorded a memorandum of dispute between the City and the District, and it affected their arena site.

After that, the District filed a lawsuit and the lis pendens that affected the arena site and others. And things, as I understand it, between Peach and the City stopped.

Ultimately, those two lawsuits were dismissed in connection with the settlement agreement that was signed with the City back in February of last year.

So Peach's claim is, gee, we went through the process to bid on it and, as they say in their notice of claim, you didn't negotiate with us in good faith, and so we want the property or, as I recall, it's a $19 million damage claim.
MR. SHEAFE: Did any obligation that the City may or may not have transfer to the District once we took the arena parcel under our ownership?

MR. COLLINS: In my opinion it did. The agreement with the City and the settlement agreement says that if the District elected to take title, as the Board did, to the arena site, it takes it with all of it's -- not very artful term -- all of its warts, which include the claim made by Peach Properties. That claim, as I say, is based upon the whole process that went on between Peach and the City before the District took title.

CHAIRMAN McCUSKER: I have a motion and a second to allow myself, Mr. Moore and Mr. Sheafe to negotiate what I'm going to call a settlement with Peach Properties. If we can't do that, obviously, we have other options.

But I think the purpose of this motion, as I understand, is to try and come to a conclusion and agreement and --

MR. IRVIN: Bring it back for approval.

CHAIRMAN McCUSKER: That would be good for all parties.

MR. IRVIN: You bet.

CHAIRMAN McCUSKER: All right.
Michele, call the role.

MS. BETTINI:  Janine Cox.

MS. COX:  Aye.

MS. BETTINI:  Mark Irvin.

MR. IRVIN:  Aye.

MS. BETTINI:  Chris Sheafe.

MR. SHEAFE:  Aye.

MS. BETTINI:  Alberto Moore.

MR. MOORE:  Aye.

MS. BETTINI:  Fletcher McCusker.

CHAIRMAN McCUSKER:  Aye.

Voted five ayes, no nays, two not voting. We

pass that motion.

So Mark, we'll try and get that going as soon

as we can.

Anything else on the arena lot?

So we got half the way there.

The west side parcel, Mark, any update for us

on item number nine.

MR. COLLINS:  At this point, we're about

where we're were last time.

I have asked WLB Group to complete a draft of

the ALTA. With that draft of the ALTA we will have a

legal description. That legal description will have

the eastern boundary and so forth.
Based on the process that we had to go through to deal with the arena site, my plan is to prepare a deed and deliver it to the City for their consideration in the hopes to advance the ball on that now that the arena site's behind us.

CHAIRMAN McCUSKER: Any questions on the west side?

Okay. Nancy, we have received the nominations for the Rio Nuevo name change. These are high school seniors, per our rules, that submitted these. They've been passed on to us by each one of the ward counsel members. They selected Nancy write three each. A outright winner of each ward receives a scholarship.

MS. MONTOYA: Correct.

CHAIRMAN McCUSKER: And then the overall winner was designed to receive a scholarship that would be matched by Pima and the U of A.

MS. MONTOYA: Correct, Your Honor.

MS. BETTINI: Could you announce yourself.

MS. MONTOYA: Nancy Montoya, principal with Nonprofit News Source.

CHAIRMAN McCUSKER: So let's do it by ward. Nancy, we're doing all this in the open meeting. So if you will kind of go through the name, a
little bit behind the history of -- each student was
asked not only to submit a name, but also an essay on
how they came up with the name.

I don't know that we need to read the whole
ting. Maybe if you could kind of paraphrase for us.
And we're going to do this ward by ward.

MS. MONTOYA: Okay.

CHAIRMAN McCUSKER: So starting with Ward
One, council member Romero.

MS. MONTOYA: Okay. The three, the first one
is Nuestro Centro, which is our central area, our
community center.

Cerro Viejo, The Old Desert.

Villa Del Rillito, which is the Village of
the Little River.

And I think you folks have had a chance to
read through them. So if there's no questions, you can
let me know which one is selected.

Again, we did not put the names or the
schools of the students on this, but I have the master
here. So if anybody is curious as to where they come
from, happy to obliged.

MS. COX: Mr. Chairman, I would like to move
that for Ward One we select as the winning entry
Nuestro Centro.
MR. IRVIN: I'll second that.

CHAIRMAN McCUSKER: Any discussion about that entry?

All in favor say aye.

Any opposed?

(Board votes unanimously and motion carries.)

CHAIRMAN McCUSKER: All right. You have a winner for Ward One.

Do you want to announce who that is?


That was Nuestro Centro, which is submission number 14, Shantelle Lopez. And she is from Sunnyside High School.

CHAIRMAN McCUSKER: Okay. And you are going to reach out to them. Maybe we'll have something with all the kids.

Okay. Ward Two.

MS. MONTOYA: Ward Two, Councilman Cunningham's.

His number one submission was Sentinel Square.

The second one was Esperanza Project.

Esperanza is kind of the Hope Project in Spanish.

And the third submission was Corazon Del Oesta, the Heart of the West.
MS. COX: Mr. Chairman, I'd like to move that for Ward Two we select as the winner Sentinel Square.

MR. SHEAFE: Second.

CHAIRMAN McCUSKER: Okay. We have a motion and a second that Ward Two winner will be Sentinel Square.

All in favor say aye.

Any opposed?

(Board votes unanimously and motion carries.)

CHAIRMAN McCUSKER: We have a winner for Ward Two.

Who is that?

MS. MONTOYA: Comes from Amphitheater High School, Alan Villasenor.

CHAIRMAN McCUSKER: Okay. Ward Three.

MS. MONTOYA: Moving on to Ward Three.

Karen, council member, Uhlich.

Nueva Vista. Nuevo Barrio Old Pueblo. The final one is Nuevo Barrio Santa Cruz.

MS. COX: Mr. Chairman, I'd like to move we select as the winner of Ward Three Nueva Vista.

MR. IRVIN: Second.

CHAIRMAN McCUSKER: Nueva Vista has a motion and second for Nueva Vista.

All in favor say aye.
Any opposed, nay.

(Board votes unanimously and motion carries.)

CHAIRMAN McCUSKER: We have Ward Three winner.

Who is that?

MS. MONTOYA: All right. You guys are fast.

Nueva Vista comes from Paula Garcia at Sunnyside High School.

CHAIRMAN McCUSKER: Congratulations, Paula.

Ward Four.

MS. MONTOYA: All right.

Council member Scott submitted Neo Tucson, Casa Del Sol, and Sentinel Peak Midway.

MS. COX: Mr. Chairman, I'd like to move that for Ward Four we select Neo Tucson.

MR. IRVIN: Second that one.

CHAIRMAN McCUSKER: All right.

Is that Spanish or is that modern?

MS. MONTOYA: Neo, you know, I don't know.

Sorry. I don't know.

CHAIRMAN McCUSKER: Has a motion and second.

All in favor say aye.

Any opposed, nay.

(Board votes unanimously and motion carries.)

CHAIRMAN McCUSKER: All right. That's your
Ward Four winner.

Who is that?

MS. MONTOYA: It's from Marana High School, Brittany Brandriff.

CHAIRMAN McCUSKER: Spell it for the record.

MS. MONTOYA: Marana?

CHAIRMAN McCUSKER: Yes.

MS. MONTOYA: Oh, Brittany, you want that one.

B-R-I-T-T-A-N-Y. Brandriff is B-R-A-N-D-R-I-F-F.

CHAIRMAN McCUSKER: Council Fimbres' ward, Ward Five.

MS. MONTOYA: Mr. Fimbres is here some place. All right. Mr. Fimbres' number one pick was the Tierra De Esperanza.

The second one is Pueblo de Vida.

And the third one is Surge Nueva Vida. Surge Neuva Vida. Whoa. That's a mouthful.

MS. COX: Mr. Chairman, I'd like to move that for Ward Five we select as the winner Pueblo de Vida.

MR. IRVIN: I'll second it just because I'm on a roll.

MS. COX: Good.

CHAIRMAN McCUSKER: All right.
Have a motion to second for Ward Five winner, Pueblo de Vida, Village of Life.

All in favor say aye.

Any opposed?

(Board votes unanimously and motion carries.)

CHAIRMAN McCUSKER: That's your Ward Five winner.

That student is?

MS. MONTOYA: From Sabino High School.


CHAIRMAN McCUSKER: Finally, Councilman Kozachik's ward.

MS. MONTOYA: All right. Hold on a second here.

Okay. We have three from there also.

Nuevo Tucson, Pueblo Nuevo and Corazon Del Pueblo.

MS. COX: Mr. Chairman, I move that we select as the winner of Ward Six, Nuevo Tucson.

MR. IRVIN: I'll second that.

CHAIRMAN McCUSKER: All right.

All in favor say aye, opposed no.

(Board votes unanimously and motion carries.)

CHAIRMAN McCUSKER: Those are the Ward
MS. MONTOYA: You want to know where they came from?

University High school. And that was Matthew Giampapa, G-I-A-M-P-A-P-A.

Also, Mr. Chair, City Council members have asked me to ask you if it would be okay for them to hold some kind of a ceremony at one of that their council meetings to announce the winners, and perhaps invite you folks to come on Board and do a formal presentation to the kids.

CHAIRMAN McCUSKER: Any three of us could go, right?

MR. COLLINS: Yeah. Need three people.

CHAIRMAN McCUSKER: Unless we have a public meeting and announce it, do all that stuff.

Yeah, we definitely want to figure out how to recognize these students.

So you will reach out to them right away --

MS. MONTOYA: I will.

CHAIRMAN McCUSKER: -- and let them know they won?

MS. MONTOYA: I'll let all 104 students, I'll let them all know who won.

CHAIRMAN McCUSKER: Maybe some sort of
release so that the public knows.

We're going to defer on the overall winner until I have a full Board. I want everybody to be involved in that --

MS. MONTOYA: Sounds good.

CHAIRMAN McCUSKER: -- final process.

Nancy, you did a great job. Thank you very much?

MS. MONTOYA: Thank you.

CHAIRMAN McCUSKER: Okay. Don, tell us what's going on with your block.

Name for the record.

MR. BOURN: Don Bourn, Bourn Companies, 3915 East Broadway.

This is just an interim update. I'll be submitting my next report at the end of the month, so --

CHAIRMAN McCUSKER: Hit the slide show slide.

MS. COX: You said in a month?

MR. BOURN: At the end of the month. I think we're doing it on a quarterly basis. So I think we came in on October when we kicked things off, reported again at the end of the year, and then every quarter thereafter.

CHAIRMAN McCUSKER: Will you run the slide
MR. BOURN: What I did here, I just wanted --
this is what we've already seen presented earlier, and
since then we've had -- these are some additional
concepts.

CHAIRMAN McCUSKER: Go to the top where it
says slide show. All the way to the top. Keep going
up, up, up. Very top.

Now you lost the file. Go back.

MR. COLLINS: Click slides.

CHAIRMAN McCUSKER: Come back to that. All
the way to the top where it says insert design,
transitions, animations, slide show. Click on that.

Click on from the beginning.

MS. BETTINI: Sorry. Okay.

CHAIRMAN McCUSKER: Now you're in the slide
show business.

MS. BETTINI: Thank you.

MR. IRVIN: Multi-talented.

MR. BOURN: So what I thought we'd do, we can
move through -- these are what you've already seen.
You can go through these initial ones.

So these are pretty drawings, and now we're
trying to get down to the bottom line of exactly the
details of what we can build.
Rob Paulus has done a number of studies in looking at some architectural details. And this sketch gives you idea of the direction that we're going. We're going to follow this in more technical drawings that we've had completed in order to get preliminary pricing from multiple contractors.

This is a site plan consistent with what we talked about before, but starts to have a lot of detail and starts to have a lot of notes so the contractor can understand what we're trying to do to give us preliminary cost estimates.

We've interviewed a number of contractors for the qualifications, and we've used this process to work through to understand what people's creative ideas could be and range of costs. And then from this point we expect to have a second round of pricing in today, and then from that point we've now narrowed the number of contracts down to three contractors. From this point we'll sit down, interview them, go through everything we've looked at, then we'll select one contractor we can work with going forward.

So this is a good example. If you go back to that last slide. We've gone into a lot of detail in terms of understanding what the unit mix will be and what the level of finish quality of the units and
really understanding what we're building here in order
to really have a good scope of the project. So what we
have in here, we have elevations, we have site plans,
floor plans and some sections of the building.

General thought to refresh everyone's memory,
is one floor of retail, small lobby and four floors of
residential units above, six units per floor. All of
them are two bedroom units. Anywhere from two units on
each floor would be a thousand to 1200 square feet,
then four units would be 1300 to 1600 square feet. The
four units on all the corners would also have what we
call a flex room, which can be an office, can be a den,
can be third bedroom, can be a craft room, storage
room.

Then the other thing you will see on here
that we've incorporated since we talked last time,
we've really tried to look at providing significant
outdoor area for people to have more than just a little
balcony, but actually have a significant indoor/outdoor
living component because of the configuration of the
property. So we've really tried to refine the scope
dramatically, and we've spent a lot of time kind of
working through the details of the project.

So the focus on each floor plan -- still have
some work to do with the floor plans, by the way. I
don't know what happened to our -- just can't get --

Quite frankly, the work we've been doing is all the behind the scenes, kind of the making of the sausage type thing where we're really working on conceptualizing this, figuring out exactly what the product is. Feel like we've made a lot of progress.

Like I said, we hope to select a contractor. The initial pricing came in as you would expect, over what the budget is. And we would hope -- we were kind of expecting that, because we've put our whole wish list here in terms of all the things we were hoping for in order to understand what everything would cost.

Now the process is to kind of rework and kind of figure out how to value engineering, how to make the project the economic points we want. Obviously, there are tradeoffs between putting more into the project and higher rents and just figuring out exactly where that is.

We feel like we're, you know, basically on schedule from what we talked about before. Probably hoping to have this phased down a little quicker, but done a lot of coordination. But if things continue to evolve the way we expect, we feel like we should be in a position where we can come back in and start asking for formal approval of plans sometime yet -- hopefully,
next two or three months.

CHAIRMAN McCUSKER: What's going on with the trading post?

MR. BOURN: So the Indian Trading Post and the annex, we look at all three, even though the annex isn't officially part of the Rio Nuevo Project. In our minds it is.

We've had -- we've done enough work in both buildings in order to have hard prices on both interior demolition and environmental remediation. So those we have hard prices on both. We can start that at any time. Our feedback we've had from contractors is that it would make economic sense to try to do that together when they are on board.

Also, I should say -- state that we've -- Art Wadlund and Rob Caylor, on One East Broadway, they've been using the site for staging for their project. So that is being completed now and will have the property returned to a normal state.

One of the things I want to throw out while we're on the topic, is that we are open again to utilizing the property in the interim for different types of events and uses or whatever, if there's benefit to that.

To wrap up on the Indian Trading Post and the
annex, our next steps are to do that interior
demolition, which is really peeling out a lot of the
junk, a lot of the floor coverings, maybe get down to
the brick walls, get to the wooden trusses, get to a
building that people can start to appreciate the true
character of it. Right now both of those buildings are
pretty ugly and messy inside, and have lots of little
walls and offices and so forth that doesn't really
allow someone to visualize what it can be.

MR. SHEAFE: Do you still have the joint
parking concept with Caylor? And also, do you still
have that open space that you were talking about
earlier?

MR. BOURN: Yes to the second question.
On the first question, Art and Rob have been
open -- I mean, we haven't finalized an agreement
because we don't know -- we have to wait until we
commit to something before we do that. But they've
continued to state that that's -- they are happy to do
that. So we're in position where we're planning on
doing that with them.

MR. SHEAFE: Do you have any understanding of
the value range you're going to be in? Is it a little
premature for that or are you targeting a specific, you
know, point that you are trying to design around?
MR. BOURN: Well, I guess we are orienting this towards mid-level, upper-level executives and empty nesters, people that are moving out of a detached home that don't need the space, but still looking for a certain lifestyle.

And so that's why we thought having larger outdoor living and having someone be able to live the lifestyle they are used to, where they are used to doing things outside, plenty of storage, some extra space to be able to facilitate what their ongoing needs are. So we're going to be on the upper end of pricing.

The other side of that is that there's been a lot of real small units that have been built, studios or one bedrooms, and because of the size of our project and the parking, it limits the flexibility of what we can do. So we've kind of tried to get everything to work together in order to build the right product that kind of works for the site.

In terms of the true rents, that's really the big question. Because any rent that we're looking at is going to be on the upper end or breaking records. Because in order to do a project, you have to believe that you can do that, otherwise, you have to no ability to do a project based on costs.

MR. IRVIN: So million dollar question.
When do you think you will break ground? Do you think you will be back to us looking for approval to move forward?

MR. BOURN: I think it's still consistent with what we said last time. Fourth quarter or first part of next year, somewhere in that range. By the time you do working drawings, permits, work out all the details of all the things we talked about -- all the work goes into the project up front. Once you get to the point where you can start construction, that all kind of goes as planned.

CHAIRMAN McCUSKER: Is the financing market improving?

MR. BOURN: I think it is, yes. For multi-family, the financing market is improving. And this doesn't fit into the normal type of project. Somebody's going to have to believe in urban housing. This isn't a 150, 250 unit suburban project that we're used to in this community.

So we're -- we've had preliminary discussions with vendors that are interested in looking at pursuing it, but we're not in a position yet to start asking for commitments until we know exactly what it costs, what the rents are going to be, and give them a market study and all the things that we need to do to give them
information to make a decision.

CHAIRMAN McCUSKER: Anything else for Don?

Don, thank you very much?

MR. BOURN: Okay.

CHAIRMAN McCUSKER: We're good, except for call to the audience.

Michele, did we get any?

MS. BETTINI: No.

You need to do schedule.

CHAIRMAN McCUSKER: Probably can't without the two missing Board members. I think we'll try and do it by e-mail.

MS. BETTINI: Okay.

MR. COLLINS: Are you formally tabling the name change issue until next time?

CHAIRMAN McCUSKER: Yes.

MS. COX: The finalists, yes.

CHAIRMAN McCUSKER: We're not going to take it any further than what we did today.

MR. COLLINS: Right. I just wanted to have that on the record, because you didn't talk about that.

CHAIRMAN McCUSKER: All right.

Entertain a motion to adjourn.

MS. COX: So moved.

CHAIRMAN McCUSKER: All in favor say aye.
(Board votes unanimously and motion carries.)

CHAIRMAN McCUSKER: See you next time.

(Adjourned at 4:20 p.m.)

* * * * *
CERTIFICATE

STATE OF ARIZONA )
     ) ss.
COUNTY OF PIMA )

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

I DO FURTHER CERTIFY that I am not a relative or attorney of any party, or financially or otherwise interested.

WITNESS MY HAND this 12th day of March 2014.

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