RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
March 24, 2015
1:06 p.m.

REPORTED BY:
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CHAIRMAN McCUSKER: We're going to convene the meeting. It is 1:06 by the official clock.

Let's get the pledge.

Jannie, do you want to lead it?

MS. COX: Sure.

(Pledge of Allegiance)

CHAIRMAN McCUSKER: For the folks in the audience, we usually go straight to executive, which lasts usually an hour, and then we come back, which is why you don't see anybody else in the meeting, so if you've got something better to do, we'll be probably kicking off around 2:00.

Michele, do you want to call the roll?

MS. BETTINI: Jeff Hill.

MR. HILL: I'm here.

MS. BETTINI: Chris Sheafe.

MR. SHEAFE: Here.

MS. BETTINI: Fletcher McCusker.

CHAIRMAN McCUSKER: Here.

MS. BETTINI: Mark Irvin.

MR. IRVIN: Here.

MS. BETTINI: Jannie Cox.

MS. COX: Here.

CHAIRMAN McCUSKER: We have a quorum and we're waiting on Cody; right?
CHAIRMAN McCUSKER: You have the transcriptions from -- the transcripts from the February 24th meeting. Any comments, questions --

MR. SHEAFE: So moved.

CHAIRMAN McCUSKER: -- changes?

MS. COX: Second.

CHAIRMAN McCUSKER: Mr. Sheafe moved to approve. All in favor say aye.

(Motion made, seconded and carried unanimously)

CHAIRMAN McCUSKER: We have on the schedule executive session. I need a motion to recess.

MR. IRVIN: So moved.

MR. SHEAFE: Second.

CHAIRMAN McCUSKER: Mr. Irvin moved, Mr. Sheafe seconded.

All in favor say aye.

(Motion made, seconded and carried unanimously)

(Recess)

CHAIRMAN McCUSKER: Okay. We can entertain a motion to reconvene.

MR. IRVIN: So moved.

CHAIRMAN McCUSKER: Second, please?

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor say aye.
(Motion made, seconded and carried unanimously)

CHAIRMAN McCUSKER: Cody and Chris are right behind us, so everyone that was here is still here.

I wanted to kind of share some things that are going on around Rio Nuevo. And they're not necessarily agendized for action today, some old business, some new business as part of the Chairman's remarks.

I did get just today the preliminary results of the landfill gas monitoring engineering work that we're doing on the far west side. A lot of people have been following that.

Michele, when we get the final copy, we'll post that to the -- to the web.

But they did probably 25 different probes, drill sites, and it's not a good picture, huge methane productions per probe sometimes as high as 55 percent per whatever the measure. Anything above 15 I understand is problematic.

Moreover, the carbon dioxide production is really problematic. They've indicated basically nothing will grow above 15 percent CO2. We have a number of probes that are at 17 percent, 28 percent, 25 percent, 35 percent, 21, 23, 24, 22, 16, 16, 21, 24 percent CO2. So what that means, which is part of why we're doing the research, is very little, if anything, will grow on that property without substantial land fill eradication.
It also means that we probably can't disturb the cap without creating a toxic environment, so it really limits what we considered to probably something that would be surface related. We cannot, I'm told, even pave or asphalt over that because it continues to settle.

So, you know, we can look into a total eradication, which probably is well above anything we could afford, or you end up, you know, going with that as a surface dirt property with some light uses on it that don't put a lot of weight on the cap.

So we'll post that. They'll come to the next meeting and kind of update it, but I know a lot of people were eager to hear the results. And we'll get that passed around to everybody as soon as the report is final.

You're probably all aware and following the county bond advisory committee's recommendations. Those are done and have been submitted or will be submitted shortly to the board of supervisors.

The bond advisory committee's recommendations that will go to the supervisors and were approved at the meeting a week ago Friday total $653,000,264. That's in every jurisdiction in every part of the county. It's broken into kind of five major categories from libraries to museums to history, cultural and natural area, parks and rec, different town proposals, neighborhood reinvestment, health,
juvenile, law enforcement, flood control, job growth, education and workforce training.

One of the things that I'm pleased with since I've been on the board, we've been very eager to partner with other jurisdictions as our money tightens up and I think you will all be pleased to know that there are significant dollars in the county bond proposal that benefit downtown.

One of the projects we talked about is the old Pima County courthouse. That would include the January 8th memorial. That's been advanced at $25 million.

The Southern Arizona Regional Orientation Center, this has also been referred to as the visitor center, that would go on the west side, city-owned property immediately on the other side of the Gutierrez Bridge, the city's working toward deeding that five-acres over to the county. The county would build and subcontract out the operation of a new visitor center. That's in the bond package at $18 million.

Something that's near and dear to us and adjacent, of course, to our TCC complex, they are advancing to the board of supervisors $23,500,000 for what they call downtown community theaters and historic landscape. And that is specifically the symphony hall, the Leo Rich and the plaza associated with the buildings north of us at the TCC.
So part of the criticism of this package is that it does not have any road money. And I can tell you that the board of supervisors will be entertaining this probably throughout the month of April with a likely vote on the package toward the end of the month.

What happens now is the -- the bond advisory committee is done. It will be referred to the supers. The bond advisory committee chairman will send the packet and a letter, and then the supervisors can do whatever they want to with it. They can approve it and advance it to a bond election in November, they can tweak it, take it up, take it down, add projects, take away projects. They can increase it.

We do know that they're operating under a self-imposed secondary property tax limit, so, you know, that's the reason these numbers have kind of stayed around the 650 million dollar number we've heard for a year. I think there's a lot of challenges from the business community about the lack of road dollars.

So we'll continue to watch this. I'm not asking for the Rio Nuevo board to do anything officially, but, you know, there's 50, 70, $80 million of downtown investment if this bond continues to advance. One of the things you'll see later on in our agenda is that we've been asked formally now by the county to participate in the TCC and adjacent
area renovations.

A final note, I guess it seems to be an issue that just won't go away. We did in the last meeting approve a small investment in the January 8th Memorial. Counsel has continued to advise us that in their belief we are exempt from the gift clause. It's an issue I will tell you that does not go away gently into the night. The only way to permanently resolve that is to have someone from the legislature request an AG opinion.

I've initiated that myself, the chairman's prerogative, and I asked legislative leadership if they would so formally request that of the attorney general. So, you know, we can finally put the issue to rest one way or the other whether or not the attorney general agrees with counsel that Rio Nuevo's exempt from the gift clause.

And with that, we'll try and get through -- sorry we're a little late, but if you'll notice on the executive session, there's a lot of legal stuff going on with us right now, agreements as it relates to many projects that go between us, the city and private enterprise. We hope that we can kick off a lot of those today and close on some of the things that have been up in the air over the last several months.

And Pat and Bill, we're going to move you guys up so that you don't have to hang around all day long, so let's
get the financial report in.

MR. MEYERS: Hi. I'm Dan Meyers, the CFO of Rio Nuevo.

So our cash balances at the end of February are as follows: Our Alliance Bank account which most of our operations come from is 2.167 million. The Alliance Bank ICS account, the money just sits there and accumulates some interest, a little over 5 million, and Bank of Tucson, 413,000.

We also have our pooled funds with City of Tucson, approximately 75,000. I've asked that these funds be released to pay for some retention we've been -- for Concord. These are -- these funds are only available for specific uses and we can kind of clean that account out and be done with it and the city's looking into it. I should hear something by the end of the week.

So total cash on hand is 7.6 million approximately. We got $520,000 in TIF revenues in December -- for December. We received those a couple weeks ago. That's a little disappointing. We try to have 825,000 a month as our goal, but November was really good. And I noticed when I reviewed the information from the state that there were some fairly significant late filing people that will receive those funds in January, so it's probably not as dismal as it appears.
Outstanding commitments, Mission Gardens still have a budget of 1.1 million; the garage at the AC Marriott Hotel, 4.29 million remaining. That's still scheduled for 2016; streetscapes, 750,000, and remaining cash to be outlaid for the TCC arena remodeling is about $720,000; total commitments, 6.8 million. So that leaves us about 800,000, but then keep in mind a big chunk of that commitment is not going to happen until 2016.

CHAIRMAN McCUSKER: Mark, what's the latest on the AC Hotel and the ground breaking?

MR. IRVIN: Still scheduled to start their work in May. They've got some archeological things that they have to do first and probably break ground shortly thereafter.

CHAIRMAN McCUSKER: Eighteen-month, two-year kind of thing?

MR. IRVIN: Yeah, about 18 months.

CHAIRMAN McCUSKER: Any questions for Dan?

MR. IRVIN: Just one.

Dan, I noticed that the Rialto still owes us for March. Is that current as of today?

MR. MEYERS: We've not received the March payment yet. They're always a little lagging behind, but they're all -- they -- they come up with it.
MR. IRVIN: Thanks.

MR. MEYERS: Anything else?

MR. RITCHIE: Fletcher asked me earlier about the
golf tournament. Can you tell us how your team did in the
Pro-Am?

MR. MEYERS: Well, without any of my help, our
team won, so -- I had good partners, which is the most
important thing.

Thank you.

CHAIRMAN McCUSKER: Okay. We'll move Nor-Gen up.

Elaine, if you'll bear with us for a minute,

we'll move item number 11 up.

Mr. Collins.

MR. COLLINS: Yes. Mr. Chairman, members of the
ward, as you are all well aware, Nor-Generations, LLC, was
the successful proposer and we have -- you have entered into
an agreement for the sale of the arena parcel.

That sale is part of or as a result of the
settlement agreement, which is how you took title. The
buyer, Nor-Gen, is doing its due diligence and going through
that process. And in -- in -- in so doing, their counsel
has prepared an estoppel certificate and agreement which
Nor-Gen wants the district and the city to be involved in.

What it deals with is an attempt to clarify
and -- and put some structure on a portion of the settlement
agreement.

As you will recall, when you -- when you, the
district, took title to the property, it was subject to the
following: Rio Nuevo shall not disturb the Greyhound
tenancy under the existing lease other than upon the
occurrence of both, A, final approval by the city of the
development plan for the arena site and, B, not less than
one year's prior written notice by Rio Nuevo to the city and
to Greyhound.

The estoppel certificate and agreement was
drafted by counsel for -- for Nor-Gen, Pat Lopez, who is
here. It has been provided to the city. I've discussed it
with you in executive session. And that's where we are with
the arena site.

You -- you can today elect to do nothing with
respect to this, you can choose to instruct me to work --
continue to work with Pat Lopez and Mike Rankin in
accordance with the instructions that you provided me in
executives session.

CHAIRMAN McCUSKER: The estoppel's a tri-party
agreement, right?

MR. COLLINS: As drafted, yes, Mr. Chairman.

MS. COX: Mr. Chairman, I move that we ask
Mr. Collins to continue the negotiations with Mr. Lopez and
Mr. Rankin and that the executive committee --
MR. SHEAFE: Executive officers.

MR. IRVIN: Executive officers.

MS. COX: Executive officers, excuse me, approve the final agreement.

MR. SHEAFE: Are authorized to approve.

MS. COX: Are authorized to approve the final agreement.

MR. IRVIN: Second.

CHAIRMAN McCUSKER: Everyone understand the motion?

Mr. Lopez, does it give your agreement justice do you think?

MR. LOPEZ: I think Mr. Collins did an excellent job and I have nothing to add but would be happy to answer any questions.

CHAIRMAN McCUSKER: Any questions for Pat?

MR. HILL: Mr. Chairman, in hearing the discussions and perhaps some trepidation on our part given it's a tri-party agreement, is there any concern with your side that by delaying this today that we're putting the project in your position behind the proverbial eight ball or have the city play politics or would you rather see us move the adoption of this today?

MR. LOPEZ: Well, I certainly would rather see you move the adoption of it today, but I can understand that
we have to engage with the city to make sure that they're comfortable with the agreement. And that might require some changes in the language. And since it is a tri-party agreement, I'm sure that you would want to have the opportunity to review and approve any of those changes and have Mr. Collins have an opportunity to have input, so I understand that.

We're running up against a deadline for presenting any objections that we have to the title commitment although we have already provided those objections, so we're ahead of schedule on that. They've been provided to you in writing. This addresses one of those objections. And I think the agreement does give us a little flexibility if we need more time to resolve that beyond the deadline. And we can talk about that.

I don't think we're going to have a problem resolving this, but we want to be ahead of schedule. We want to -- we're here with you now because we didn't want to file an objection on the last day that we could file an objection and then present you an agreement, you know, a week later and then come in and ask you to work with us. We want to make sure that we're -- we're moving ahead and getting this done. And I think we're doing that.

MR. SHEAFE: Well, Mr. Chairman, I will support this motion made by Jannie for the very reason that, if, as
you're saying, that you guys work this thing out, then we
have the executive officers ready to approve it right away
and we don't have to wait for another public meeting, so
we're doing our part to try and extend this as rapidly as
possible.

    MR. LOPEZ: I greatly appreciate that.
    And might I add just as I think about it, if you
could authorize the executive officers to extend the title
review period, if necessary, not because I expect any
problems.

    MR. IRVIN: It's not agendized. I don't think we
can address it.

    MR. LOPEZ: You're right, but keep that in --
    MR. IRVIN: Good try.
    MR. LOPEZ: Keep that in mind down the road
because we're going to be basically at the city's mercy and
on their schedule.

    CHAIRMAN McCUSKER: Okay. So the motion is to
allow Mr. Collins and Mr. Lopez to continue to work with
Mr. Rankin to finalize the estoppel agreement.

    Any other questions?

    (No oral response).

    CHAIRMAN McCUSKER: All in favor say aye.
    (Board votes five-zero to pass the motion.)

    CHAIRMAN McCUSKER: Any opposed, nay.
MR. RITCHIE: I have to recuse myself.

CHAIRMAN McCUSKER: That's right. You are in fact recused, so make that note, please. So five-zero, one recusal.

Thank you, gentlemen.

MR. LOPEZ: Thank you.

CHAIRMAN McCUSKER: Elaine, we'll move back to item number seven. This is the finalization of phase one and any remaining contingencies or unfinished work. And we're closing in on the end of this project.

Elaine.

MS. BECHERER: Good afternoon. Elaine Becherer, project manager for the Rio Nuevo TCC arena renovation. What I passed out earlier is to follow up on the direction that you gave me at the January meeting, and so it's a one-page summary of the remaining contingency funds. And just to walk through it briefly --

CHAIRMAN McCUSKER: And there's some on the table, right --

MS. BECHERER: Yes.

CHAIRMAN McCUSKER: -- if anybody wants to follow along?

MS. BECHERER: So through the owner's contingency, through a refund through the general contractor's contingency, overall within the $7.8 million
project, we have $97,000 contingency left, and so what I've
done is I've prioritized all of the outstanding
miscellaneous items.

   The first list is titled "Immediate Needs." And
it's some additional signs that are needed, a couple of door
sweeps and overhead stops for the new doors in the breezeway
going down through -- a control joint is needed at the epoxy
in the breezeway, some corner guards in one of the
vestibules at the restroom. Some patch cables are needed
for the new power equipment and sound equipment.

   And then going through to -- the last four are --
the last three, pardon me, the concrete walls on the
concourse level are -- there's a lot of wear and tear on
them due to just high traffic area, and so we're proposing
to add a wainscot along those walls that would further
protect the paint, and so it would just be a better solution
for maintenance.

   And then the two existing roll-up doors, they
need some repair. And that will help to seal in the
building envelope and secure not only the new equipment but
just energy savings, things like that.

   So all of those items total 85,000, so we have
the funds to pay for all of those.

   Item B are three high priority needs. We've
talked over the duration of the project regarding turning
the south end of the concourse level into a VIP area. Some
table tops and bar tops would be needed.

The project did not provide all new drinking
fountains in the arena, but if we could do that, it would
add to the fan experience. And just in terms of some of
them are the original drinking fountains, they're old and
dated.

MR. SHEAFE: Is that a spelling error where it
says foundations?

MS. BECHERER: It is a spelling error. Thank
you.

MR. SHEAFE: So --

MS. BECHERER: Yes.

MR. SHEAFE: I don't mean to point it out.

MS. BECHERER: Drinking foundations. Pardon me.

That's --

MR. SHEAFE: That's okay. I just --

MS. BECHERER: Yeah.

MR. SHEAFE: -- wanted to make sure that it
wasn't building a base for a fountain.

MS. BECHERER: Yeah. It should be new drinking
fountains.

MR. IRVIN: You're on a roll today, Chris.

MS. BECHERER: Thank you, Mr. Sheafe.

And then the third item is additional trash
recycle stations. The project did purchase some of those, but more are needed just to add to the consistency of the new design.

Those three items equal 63,000. So if we take the remaining balance when you subtract 85,000 from 97,000, there's 12,000 left. So if your desire is to address the high priority needs, the project would need an additional $51,000 to also include the high priority needs.

And then item C is what I presented in January regarding the solution for the handrails and the stair nosing. So over the past month what we've done is we've looked at the paint as well as the abrasive tape and it has been determined in coordination with the design team and SMG that really the preferred method is to go with the tape, and so we currently have some mock-ups on the colors and the -- the grit of the nosing. In addition to the stairs -- the handrails, that would be $150,000.

So the three action items, at a minimum, one would be to move -- the $97,000 that's already in the project budget, move it into a change order to authorize Concord to expend those funds. Again, it's not in addition to. It's just a formality.

And then item two and three would be a true change order. So one would be a change order for the 51,000 if you desire to address not only the immediate needs but
the priority needs, and then item three would be the change
order for the handrails. So in total it would be a change
order for $201,000.

CHAIRMAN McCUSKER: 201,277.03.

MS. BECHERER: Yes. And that -- I would like to
note that that is the first official change order that would
increase the project budget from 7.8. So over the entire
duration, we started construction a year ago March 10th, I
will forever remember that date because I was married on the
15th of March, and we have not exceeded the project budget
throughout the entire project.

CHAIRMAN McCUSKER: Mr. Irvin.

MR. IRVIN: First off, you did get married
without our permission. We wanted to make sure you
remembered that as well.

MS. BECHERER: I will always remember that.

MR. SHEAFE: That's just kind of a little inside
joke.

So, first of all, you've done a great job with
this project. I -- I have not been one that's been overly
excited about these handrails because I just kind of figure
we didn't need them because we've never had them. But after
watching the Beach Boys concert and then after having a
friend of mine attend a hockey game, as you recall, and
couldn't make it down those stairs, I think it's a very good
expense for us to do. So I would actually like to make a
motion that we move on all three of those items.

MS. COX: Second.

CHAIRMAN McCUSKER: The motion would be --

MR. IRVIN: Oh-oh. Look at our attorney. He's
making faces at us.

CHAIRMAN McCUSKER: I think we need to deal with
the contingency funds first, so let's table that motion,
Mark, with your permission.

MR. IRVIN: That's fine.

CHAIRMAN McCUSKER: And we need to authorize the
85,693.92.

MR. SHEAFE: I think -- don't you need to
authorize moving the 97,995 to expenditures?

CHAIRMAN McCUSKER: Is that correct, Elaine? We
authorize the whole contingency funds to --

Well, if you don't do anything with the
contingency funds, it would -- 12,000 would stay in the
bank.

MR. IRVIN: Correct, so you would have 12,000
left.

MS. BECHERER: I think it would -- in terms of --
you know, right now there's five stainless steel corner
guards. If you authorize the use of the full $97,000, then,
if we need 10, we have that additional funding. We don't
have to come back.

If it's your pleasure to use all of the funding that's currently in the budget, then it would make sense to authorize use of the full 97,000 for the contingency, not just the 85.

MR. COLLINS: Yes. Mr. Chairman, members of the board, what we've got agendized for today is what to do with the contingency fund, which is the 97 that Elaine has been talking to you about. I would like to see, if it's your pleasure, to have a motion to do whatever it is you decide to do with that contingency fund.

If there is a desire to go forward, as Mr. Irvin's motion contemplates, with the rest of -- two and three on the action items, then what we could do is you could direct the preparation of the appropriate documents to do two and three and we can bring them back to you for final approval. That would fit within the agenda.

MR. IRVIN: You should just make that motion. I could just say me, too.

CHAIRMAN McCUSKER: Okay. So let's deal with A first, the contingency funds.

MR. SHEAFE: Let's move that the contingency fund be authorized for expense in the full amount of 97,995.89.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor say aye.
(Motion made, seconded and carried unanimously)

CHAIRMAN McCUSKER: Okay. So are you saying that we have not agendized any additional expenditure for phase one of the TCC?

MR. COLLINS: Correct. However, this is in connection -- at a previous meeting, Elaine -- there was discussion about --

CHAIRMAN McCUSKER: Any remaining phase one funds -- any remaining phase one funds, so these would be new funds.

MR. COLLINS: These would be new funds.

CHAIRMAN McCUSKER: Identified during the improvement phase including the installation of hand or guard rails?

MR. COLLINS: Right.

CHAIRMAN McCUSKER: But the catch there is utilize any remaining phase one funds.

MR. COLLINS: Right. And so these are extra funds. If -- you know, I'm comfortable if Mr. Irvin's motion is now brought back forward, but we need to -- I need to be able to prepare the documents and bring them back to you for final approval.

MR. IRVIN: So you would like to see a motion to move forward to instruct you to prepare documents and bring it back to us for approval?
MR. COLLINS: Yes, on items two and three on what you have in front of you.

CHAIRMAN McCUSKER: A couple of other questions since this is now beyond the scope of our original agreement.

Any procurement issues with this or would it have to be bid or -- you know, does it fit within the Concord -- the current Concord contract?

MR. COLLINS: The numbers are such that I’m not familiar with what makes up the 51,277.03 or specifically who would be doing the work, but if it's Concord -- okay. If it's Concord, you can direct select. And those numbers are underneath the Title 34. So I believe you can go ahead and we can prepare the documents necessary if you desired to do that.

CHAIRMAN McCUSKER: And how about the handrails, too, 150? Is that underneath a competitive bid?

MR. COLLINS: Yes, it is. It's a direct selection. 250 roughly speaking is your -- is your Title 34.

CHAIRMAN McCUSKER: What exactly action can we take today since --

MR. COLLINS: You can instruct the preparation of the documents necessary to accomplish what Mr. Irvin asked and I can bring it back to you at the next meeting for
approval.

CHAIRMAN McCUSKER: There's no motion or really vote?

MR. COLLINS: Well, Mr. Irvin's motion, I think, does it.

MR. IRVIN: Right.

MR. COLLINS: Mr. Irvin's motion --

CHAIRMAN McCUSKER: We all still reserve the right to vote against it?

MR. COLLINS: Yes, absolutely. Absolutely.

That's -- because we didn't agendize additional things in phase one. And that's why the first motion works, I believe.

The second motion, as Elaine has mentioned earlier, she was instructed to find out what it cost for the guardrails. I don't know what everybody was thinking at the time, but I certainly had the concept that maybe guardrails could be done for the contingency.

Well, it's clear that's not going to happen, but the way the agenda is written, you can instruct staff and counsel to put together the documents necessary to bring it back to you which we'll have agendized in the next meeting and you can vote yea or nay.

MR. IRVIN: So moved.

CHAIRMAN McCUSKER: Does that create a problem
for Concord if it's a month or six weeks away?

MS. BECHERER: No, it doesn't create a problem.

I do just want to note for the record that -- so the $150,000 for the handrails, that includes one month of general conditions because it will extend Concord's site presence. The goal with completing all of the contingency items, item A and B, those need to take place at the same time so that the project -- so that you are not paying for two months of general conditions.

So all of this work, items A, B and C, will be done over one month and we will coordinate that with SMG and make sure that all of our ducks are in a row. We also don't want to cancel any, you know existing, event. We have to work around their -- their schedule, so -- I just wanted to note that.

MR. IRVIN: Did you second that, Jannie?

MS. COX: I did.

CHAIRMAN McCUSKER: So Mr. Irvin's motion, Mark, is to just ask you to bring back to us the paperwork that would allow us to consider this at a later date.

MR. COLLINS: Correct. We did not agendize this additional expenditure in phase one.

CHAIRMAN McCUSKER: Mr. Hill.

MR. HILL: Mr. Chairman, discussion.

She mentioned the five stainless corner guards
could become 10. And since we've approved the 97,000, theoretically they could eat up the 12,000.

My observation on the high priority needs, two of the three are not fixed or permanent improvements and I think should be the tenant's responsibility. It seems to me that the 12,000 additional money -- I would not be opposed to incorporating the new drinking fountains, that that could be included in group A since that is a capital improvement, which is our mandate, and let them wrestle with that rather than having the open-ended 12,000 or consume the -- somewhere in the middle without -- I guess without us knowing. That way at least we would know that the entire 97,000 would have the capital needs to complete the project. It would not require us to vote additional monies for additional projects, particularly those that are not of a capital nature.

CHAIRMAN McCUSKER: Elaine, will the drinking fountains come in under 12 grand? Do you understand what Mr. Hill's saying?

MS. BECHERER: I do, yes, Mr. Chairman.

So the drinking fountains are $17,550, so we could probably -- it's a difference of $5,000. You know, we can try to -- we might be one short or something like that, but --

MR. HILL: Well, Mr. Chairman, with that
information, I'd make a substitute motion that we include
the drinking fountains in list A --

    MS. BECHERER: Okay.

    MR. HILL: -- to the previous motion that we
approve the 97,000.

    CHAIRMAN McCUSKER: And go as far as they can?

    MR. HILL: Yes, Mr. Chairman.

    CHAIRMAN McCUSKER: That would need a second.

    MR. SHEAFE: Second.

    CHAIRMAN McCUSKER: Any further discussion?

        (No oral response).

    CHAIRMAN McCUSKER: So the motion would authorize
85,693 to go to list A and it would move the drinking
fountains from list B to list A. And that would expend our
contingency -- deplete our contingency entirely.

    MS. BECHERER: And then can you clarify what the
motion -- or what I will be preparing for next month
regarding the remaining items --

    CHAIRMAN McCUSKER: We're going to get to that in
a minute. Let's get the money moved, though.

    MS. BECHERER: Okay.

    CHAIRMAN McCUSKER: All in favor say aye.

        (Motion made, seconded and carried unanimously)

    CHAIRMAN McCUSKER: Okay. So -- and this is the
tricky piece with this not being properly agendized. I
don't want to look like we're slam dunking anything here.

Maybe we just table the whole darn thing and -- since it's
got to come back next month anyhow and we properly agendize
the conversation.

MR. COLLINS: Well, you can -- you can certainly
do that. I mean, this is -- the agenda was for the
contingency fund.

CHAIRMAN McCUSKER: Right. We're following you.

MR. COLLINS: All right.

CHAIRMAN McCUSKER: You know, our project
manager -- and I think we all agree that we need to do
something regarding the handrails and some of the other
issues. Mr. Hill has raised a very appropriate point. Some
of this is moveable equipment, not fixed, which may not be
our highest and best use of funds, so I would suggest we
just table the whole thing.

MR. HILL: Second.

I'll make a motion, Mr. Chairman, to table --

CHAIRMAN McCUSKER: I need a second.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor of tabling this
until next month say aye.

(Motion made, seconded and carried unanimously)

CHAIRMAN McCUSKER: All right. We'll just make
sure we get it properly done.
MS. BECHERER: Thank you very much.

CHAIRMAN McCUSKER: Thank you, Elaine. You did a great job. We get to see you again then.

MS. BECHERER: Yes.

And, you know, I meant to start with this, but even better to close.

So earlier in the month, the project received for Southern Arizona the American Public Works project of the year for projects larger than 5 million, which is a huge win.

And then just earlier -- late last week, we were informed that not only did we win for Southern Arizona, but the project won for the state of Arizona as the project of the year for the American Public Works Association.

And now it will be put into -- now it will be put into the pool at the national level, so --

MR. HILL: Mr. Chairman, as a point of observation, can we have that information placed on our web site? We have so many nay sayers that --

CHAIRMAN McCUSKER: Michele, didn't we put the letter on the website?

MS. BETTINI: Yes.

MR. HILL: And any other publicity we have, I think that's a positive spin on the district that has certainly over the years has not had a lot of positive
publicity, so let's grab the opportunity.

MS. BECHERER: Yes. Mr. Hill, we're coordinating with Michele to put it -- even the new news that it won at the state level, so thank you.

CHAIRMAN McCUSKER: All right, Elaine. We get to see you in April.

MS. BECHERER: Okay.

CHAIRMAN McCUSKER: Phase two.

Phil, to refresh your memory, we have been discussing a phase two primarily focused in the exhibition hall space.

We've given Phil a small contract to help us identify the scope which he's been working diligently on. He has a proposal in front of you that would really begin to identify the nature of the scope and include actual cost estimates.

So, Mr. Swaim, do you want to walk through your current status?

MR. SWAIM: Thank you, Mr. McCusker.

Phil Swaim with Swaim Associates Architects, 7350 East Speedway.

With the success of the TCC arena renovation, it's sort of exposing some of the challenges or the shortcomings, maybe, of the -- of the rest of our facilities there at the TCC, so the -- so the goal is to be able to now
dive in and start looking at the exhibition hall, the meetings rooms, the ball rooms, the locker room and dressing room facilities among others and see what we can do to be able to bring those up to the same sort of standards and success.

We've already started some conversations to be able to come up with the initial list of the scope for this predesign phase by having conversations with a few of your own board members, with SMG, with Visit Tucson, operators of the gem show, U of A hockey, other members of the community, the El Tour De Tucson and others as well, all the other users and stakeholders to see what -- what really values and can make them more successful as well.

We're even starting to take a look at -- at other developments including Nor-Gen and others downtown to see how -- how the TCC can really support -- can support the best role here in the community.

We're -- we're getting -- we're getting our engineers involved, not just mechanical, electrical as -- as we did in the past but with communications, structural, civil engineers on a couple of these items to -- to really come up with the best analysis of the needs and priorities as well as we have a cost estimator on board to be able to develop estimates of these components.

So the goal is to be able to then -- in May to be
able to come back to you with options of packages that you
would then have the opportunity to be able to review and
determine how to be able to move forward.

The -- one of the -- I think you have a fee proposal in front of you. And actually the good news is we were able to revise that over the weekend. And, of course, I think when I submitted that to -- to Mark and Fletcher yesterday, it was too late to get in your packet, but it's actually been reduced by a little over $14,000, so, again, more money that we'd rather see going into bricks and mortar as we move forward so that the --

CHAIRMAN McCUSKER: Do you have a copy of the new proposal?

MR. SWAIM: I do have that --

CHAIRMAN McCUSKER: Do you have five -- six of them?

MR. SWAIM: I do not at this point.

CHAIRMAN McCUSKER: Okay. Will you just walk through each category then?

MR. SWAIM: So the -- out of those five categories of engineers, the Swain Associates proposal is the same at 38,000. Structural is the same at 21, the mechanical, electrical, communications has been reduced to 25,287, civil engineering has been reduced to 10,575, and the cost estimating has stayed the same for a total of
$83,270.

CHAIRMAN McCUSKER: We went through a similar process with phase one in the arena. We kind of developed a wish list. We gave it to the architects. They invited their engineers and cost estimators to kind of go through the list and scope for us what it would cost to do everything on the list. At that point then, we know we're not going to have the money to do everything on this list. We're going to have to prioritize for you what you actually then work on, draw, budget and ultimately solicit bids for.

MR. SWAIM: Absolutely.

CHAIRMAN McCUSKER: Am I missing anything?

How long does that take to do?

MR. SWAIM: Our goal is to be able to come back to you with this predesign phase with cost estimates for all these components in May, so then at that point, you can determine what scope you would like to be able to proceed with that point. And depending upon that scope, we -- we would then proceed forward to go ahead and complete construction documents and get that built.

CHAIRMAN McCUSKER: And, Mr. Collins, this is a professional services contract; right? So --

MR. COLLINS: Correct.

CHAIRMAN McCUSKER: Okay. What's your pleasure?

The new proposal is for $83,270 even.
MR. COLLINS: Mr. Chairman, members of the board, depending on what you elect to do and choose to do, what you could do is direct the preparation of the appropriate amendment to the existing contract that you have with Mr. Swaim's outfit. And we could do that and bring that back to you for final approval.

MR. IRVIN: I'd like to make a motion we do just that.

MS. COX: Second.

CHAIRMAN McCUSKER: Anybody need to discuss this? We're authorizing an amendment to Swaim Associate's current contract to include the 83,270 dollar increase. And you'll come back in May, hopefully, to present that to us.

All in favor say aye.

(Motion made, seconded and carried unanimously)

CHAIRMAN McCUSKER: Phil, thanks for all your hard work.

MR. SWAIM: Thank you.

CHAIRMAN McCUSKER: When talking about the TCC, I mentioned in my chairman's remarks, this is item number nine on the agenda, the city has scoped the renovations they believe are required to the symphony hall, to the plaza and to Leo Rich at some $30 million. The bond package has advanced roughly 23 million of that. It appears to everyone
involved in that complex that might be short of doing
the kind of job we all would like to see done, so it's been
specifically suggested that Rio Nuevo may want to choose to
participate in the renovation of the symphony hall, the
plaza and Leo Rich Theater.

These are not Rio Nuevo owned facilities unlike
the TCC, they're city owned, but clearly part and parcel to
the challenges we have with the whole complex, they're very
dated and in fact we are losing customers rapidly because of
the inadequacy, particularly of the symphony hall.

No amount has been requested of us, but I thought
I'd put it on the agenda for you to begin to think about if
that's something we would be willing to at least entertain.

MR. IRVIN: Mr. Chairman, my -- my concern with
it is, you know, not knowing yet where we are with a couple
of things. You know, we don't have the Rialto sale wrapped
up. We don't have Nor-Gen's sale wrapped up. We're still
in phase two exploration of the TCC.

As much as I think that, you know, the symphony
hall and Leo Rich needs some serious attention, it's kind of
hard for me to support them given that it's not things that
we own and given some of the other things that I think are,
in my opinion, probably a higher priority. That's just my
take on it.

CHAIRMAN McCUSKER: We're not asked to take any
official action. We haven't seen any kind of budget or
scope, but, you know, we can say no or we can say maybe, you
know, subject to some context of the rest of our projects.

MR. IRVIN: I just want to hear more about it.

I'm not saying definitely no, but I just don't know enough
about it yet to even look at it. Again, my biggest concern
is I don't know with these other two things where we are
with those. Right now I'm really focused on the TCC.

CHAIRMAN McCUSKER: I think that the point you've
raised, which would be a good exercise for us given the
current demands on our attention, would be to maybe identify
all of our projects, do a capital plan to make certain we
can fund the west side, the TCC, you know, whatever else
that we're doing. And it's clear that we couldn't do all of
those and do anything at the symphony hall and at the arena.

We'll try and get them to maybe better scope this
and we'll entertain it in the context of everything else
that we're looking at.

MS. COX: Mr. Chairman, are you saying we should
consider putting money into the renovation of symphony hall
and Leo Rich or that because we don't own them, do we want
them, the city, to --

CHAIRMAN McCUSKER: Well, we didn't get into the
details. The -- if the bond package advances as it's
currently suggested, they'll have $23 million.
MS. COX: Right.

CHAIRMAN McCUSKER: The initial scope of the initial bond request I think, Elaine, was $34 million, so they've whittled it down like they did with many of the projects, so the city's going to have to value engineer what they can do if in fact the bond money passes.

I think that most of the people I know that are involved in that project, both city, county and private people we know that are concerned about that from the symphony to the ballet, would like to see a state of the art facility.

MS. COX: Of course.

CHAIRMAN McCUSKER: It's been suggested that, you know, Rio Nuevo could play a hand, partner with, contribute with somehow that -- that facility.

I have to agree absolutely with Mr. Irvin that to discuss that in the context of what else we're doing means at this point we would have to shift funds, which I don't think any of us would agree to, or we would have to be able to identify, you know, where the capital is and where it's coming from.

This is several years out. You know, the bond package would be November, the funding would be sometime in '16. You know, they wouldn't even be into a project probably until '17 or '18. But I think the people that are
planning for the symphony are concerned that 20 million
bucks in this package is not going to go very far.

   MR. HILL: Mr. Chairman.

CHAIRMAN McCUSKER: Mr. Hill.

   MR. HILL: You mentioned a capital plan. I
thought that's an excellent idea. Do you need a motion to
direct something like that?

CHAIRMAN McCUSKER: I don't know that we do. I
mean, we certainly have the prerogative to budget ourselves
any time we want to, Mr. Collins, agendize that and do it in
a public meeting.

   MR. COLLINS: Yeah, you -- that's the way to do
it, but -- I believe you do have inherent authority to do
that, but I don't think we have it agendized for today to do
that motion.

   MR. HILL: Thank you, Mr. Chairman. I think
that's --

CHAIRMAN McCUSKER: We'll put that on a
subsequent agenda.

   MR. HILL: All right.

CHAIRMAN McCUSKER: Streetscape.

   Mr. Collins, tell me were done with the
streetscape.

   MR. COLLINS: Well, that's up to you folks.

Just to refresh everyone's recollection, mostly
for the audience, in the settlement agreement with the City
of Tucson, paragraph 12 deals with an obligation that the
district undertook to commit $750,000 to city approved
streetscape improvements. And at the last meeting, I was
directed to work with the city to create an agreement that
would fulfill the district's streetscape obligation under
the settlement agreement in an efficient manner that
complies with Title 34 and our procurement code, the
district's procurement code.

With -- working with Mike Rankin and Chris
Schmaltz of my office, that agreement is what we discussed
in executive session. It addresses the district's
obligation under the settlement agreement to comply with --
or to expend $750,000. It does it in a way that satisfies
Title 34 and the procurement code.

So the city -- I don't believe mayor and council
has approved it yet, but I'm not sure they have to approve
it. But based on my discussions with -- with Mr. Rankin, he
is fine with the agreement that we discussed in executive
session.

MR. HILL: Mr. Chairman, I move the adoption of
the street -- settlement agreement for streetscape.

MS. COX: Second.

CHAIRMAN McCUSKER: Any further discussion?

(No oral response).
CHAIRMAN McCUSKER: All in favor say aye.

(Motion made, seconded and carried unanimously)

CHAIRMAN McCUSKER: Praise Jesus.

All right. The Fox Theater ground lease and loan modification agreement, just a couple of pieces of background on this.

At Christmastime, the board unanimously agreed -- the district board unanimously agreed to exercise our call options with the National Historic Trust. They were taken out of this very complex transaction before the end of the year. We have been negotiating a modification of the lease and loan structure with the Fox Foundation since then.

The Fox Foundation owes the Rio Nuevo District about $2.9 million and they want, obviously, to remain the tenant of the theater. We’ve been discussing terms under which they can continue to do that. We introduced in January some restrictions that we would like to place on the governance of the Fox Theater.

For the record, I would like it to be known that I am not currently engaged in any of these conversations. It became too much about me and too much about my role at the Fox, so these ongoing conversations have been held by Mr. Sheafe, Mr. Irvin and Mr. Collins.

And, Mark, do you want to give us kind of a status as to where you are today?
MR. COLLINS: Yes. Mr. Chairman, members of the board, in the December 17th meeting, I explained to you the concept of the ground lease and loan modification agreement.

What I explained to you, at that time the structure was going to be a series of lease assignments. That was the simplest way in my judgment to -- to simplify the Fox arrangement and take out the trust. And that's what you folks instructed me to proceed on and you instructed the executive officers to execute.

After that meeting on the 17th of December, actually between Christmas and New Years, the Fox accountants indicated that they didn't like that idea because it might create a taxable event for the Fox, so we agreed upon a different approach. It's the same result. It's -- your debtor, the $2.9 million that the Chairman is talking about, is Fox Theater Foundation. And as you will all remember, the structure that we all inherited gave you no direct way to collect that debt, at least for a long time.

What we ended up doing before the end of the year was create a ground lease and loan modification agreement by which the foundation became a tenant of the property that the district owns. And -- and that was agreed to by the Fox folks and conceptually agreed to by the executive officers. It has not yet been fully executed. So that's one thing
that is before you.

And the other is the first amendment that --
that -- that we would have to do to include the governance
documents. After -- as, Mr. Chairman, I believe you started
to talk about, after the first of the year, there were some
things that occurred that the board wanted to modify that
agreement, so that -- it's called the first amendment. It
would include and enforce certain governance covenants on
the foundation which owes the district $2.9 million.

So as of 11:00 o'clock today, I got additional
changes from the Fox on the first amendment. We've
discussed that in executive session and that's where we are.

MR. HILL: Mr. Chairman, I move the adoption of
the -- the first amendment that counsel has spoken to.

CHAIRMAN McCUSKER: I don't know that you're
ready to do that; right? Didn't you suggest you've got some
work to do based upon today's interventions?

MR. COLLINS: Mr. -- yeah. Mr. Hill, I would
suggest -- and I'm being a bit pedantic here, but --

CHAIRMAN McCUSKER: That's really a pretty word.

MR. IRVIN: I was waiting for him to explain it
to us.

MR. COLLINS: But I think that what you ought to
consider doing first is approve what I did to the format of
the ground lease and loan modification agreement.
CHAIRMAN McCUSKER: All this is going to be a package that's going to have an agreement and an amendment?

MR. COLLINS: Correct.

CHAIRMAN McCUSKER: Why can't we just wait for you to get it done, and then you bring it back to us?

MR. COLLINS: You can absolutely do that. I can -- you instructed me to do certain changes in the executive session and I can proceed with that. I can do that.

MR. HILL: I'll withdraw the motion with the caveat that, you know, we don't want to extend this forever, that this is getting to be a timely issue with the internal revolt that was so unsuspected that took the board here, I think, totally surprised, so I'd just hope we can keep the feet to the fire of those folks that seem to be intent on throwing monkey wrenches in this operation. We need to have the ability to collect the taxpayer's 2.9 million, Mr. Chairman.

CHAIRMAN McCUSKER: Do we need to do anything short of authorizing you to continue to negotiate with --

MR. COLLINS: No, Mr. Chairman. You gave me appropriate instructions in executive session.

CHAIRMAN McCUSKER: All right. I'll put it on the April agenda.

MR. HILL: Thank you, Mr. Chairman.
CHAIRMAN McCUSKER: The Rialto Theater.

Mr. Collins.

MR. COLLINS: Mr. Chairman, members of the board, as you -- there was a direction to me to prepare -- at the last meeting in February, a direction to prepare a sales agreement pursuant to the proposal that the Rialto Foundation made to you folks. I did that. It's perhaps the simplest commercial sale agreement that I've ever been involved in putting together. Probably the hardest thing to do was to make it that simple.

It is in the hands of the Rialto Foundation. I think that the golf tournament that has had some notoriety today has taken the foundation's lawyer -- lawyer's time, I haven't heard back from him, so there's really nothing for you folks to do today on the Rialto Foundation.

CHAIRMAN McCUSKER: Do we have authorization to execute it once you're done or do you have to bring it back to us?

MR. COLLINS: You don't have authorization yet to execute. I would recommend that we agendize it for the next meeting because by then I'm sure that I will have heard back and you can do it all at one time.

CHAIRMAN McCUSKER: Okeydoke.

Any questions for Mark on the Rialto?

(No oral response).
CHAIRMAN McCUSKER: All right. The Presidio property. The presidio, if you don't know, is the original site of the Tucson Presidio. It's on Stone -- Cherry -- Where is it, Michele?

MR. IRVIN: Church.

CHAIRMAN McCUSKER: Church and --


MS. BETTINI: Council and Washington.

MR. IRVIN: The city's piece is on -- their piece is on Church and Washington. Our piece is on Washington and --

MR. RITCHIE: Church.

MR. IRVIN: No.

MS. BETTINI: Council.

CHAIRMAN McCUSKER: The original Rio Nuevo board invested, I think, four and a half million dollars in the resurrection of the Presidio.

MR. COLLINS: More than that.

CHAIRMAN McCUSKER: The east side is owned by the city. The west side is owned by us. Short of one delapidated building, we lease the part that we own back to the city who operates it as a park.

Did I miss anything?

MR. COLLINS: That's correct.

CHAIRMAN McCUSKER: All right. And we need to
extend the lease terms to the city.

MR. COLLINS: Correct.

MR. SHEAFE: Mr. Chairman, I move that we extend the lease for one year.

MR. HILL: Second.

CHAIRMAN McCUSKER: That makes it easy.

Any conversation?

(No oral response).

CHAIRMAN McCUSKER: All in favor say aye.

(Motion made, seconded and carried unanimously)

CHAIRMAN McCUSKER: Okay.

MR. COLLINS: Mr. Chairman, members of the board, not to -- to spend more time on a small piece of business, but the city has also -- in the process of entering into an operating and maintenance agreement with the Tucson Presidio Trust, the district is not a party to that agreement. I believe the agreement is finalized. I've reviewed it. It's not something that would create any heartburn for any of you folks.

CHAIRMAN McCUSKER: They're the tenant, so they could --

MR. COLLINS: Correct.

CHAIRMAN McCUSKER: -- sub it out to anybody.

MR. COLLINS: Correct.

CHAIRMAN McCUSKER: We don't even need to get
involved.

MR. COLLINS: Actually you would have -- if it
were a sublease, you would have to approve it.

CHAIRMAN McCUSKER: Right.

MR. COLLINS: But the way it's been crafted, it's
an operating agreement, not a sublease, so you wouldn't have
to approve that. But when it gets finalized, we'll bring
that back to you to take a look at, too.

CHAIRMAN McCUSKER: All right. Now is the time
reserved for call to the audience.

Michele, any cards?

MS. BETTINI: No.

CHAIRMAN McCUSKER: Entertain a motion to
adjourn?

(Motion made, carried and seconded)

CHAIRMAN McCUSKER: We are adjourned until April.

Thank you very much.

(3:18 p.m.)
BE IT KNOWN that the foregoing transcript was taken before me, THOMAS A. WOPPERT, RPR, a Certified Reporter in the State of Arizona; that the foregoing proceedings were taken down by me in shorthand and thereafter reduced to print under my direction; that the foregoing pages are a true and correct transcript of all proceedings had, all done to the best of my skill and ability.

I further certify that I am in no way related to any of the parties hereto nor am I in any way interested in the outcome hereof.

Dated at Tucson, Arizona, this 6th day of April 2015.

_________________________
Thomas A. Woppert, RPR
AZ CCR No. 50476