April 8, 2014

Tucson, Arizona

Reported by:  ANTHONY C. GARCIA, RDR, CR
Certified Reporter No. 50218

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BE IT REMEMBERED that pursuant to Notice, the Board Meeting of the Board of Directors of the Rio Nuevo Multipurpose Facilities District was held at the Arizona State Building, Room 222, 400 West Congress, in the City of Tucson, State of Arizona, before ANTHONY C. GARCIA, RDR, CR, Certified Reporter No. 50218, on the 8th day of April 2014, commencing at the hour of 2:00 o'clock p.m.
CHAIRMAN McCUSKER: Call the meeting to order at 2:06 p.m.
We'll make him lead the pledge. It will teach him.
We've appointed you to lead the pledge.
(Pledge of Allegiance recited.)
CHAIRMAN McCUSKER: Michele, call the roll.
MS. BETTINI: Cody Ritchie.
MR. RITCHIE: Here.
MS. BETTINI: Alberto Moore.
MR. MOORE: Here.
MS. BETTINI: Chris Sheafe.
MR. SHEAFE: Here.
MS. BETTINI: Mark Irvin.
MR. IRVIN: Here.
MS. BETTINI: Jannie Cox.
MS. COX: Here.
MS. BETTINI: Fletcher McCusker.
CHAIRMAN McCUSKER: Present.
MR. COLLINS: You have a quorum.
CHAIRMAN McCUSKER: We have a quorum.
We have the transcripts from the March 11 meeting. These are verbatim transcripts. You've all
read them.
We'll entertain a motion to approve.

MS. COX: So move.

MR. IRVIN: Second.

CHAIRMAN McCUSKER: All in favor say aye.

(Board votes unanimously and motion carries.)

CHAIRMAN McCUSKER: First item on the agenda is to go into Executive Session.

Do we have a motion?

MR. IRVIN: So move.

CHAIRMAN McCUSKER: Second, please.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor say aye.

(Board votes unanimously and motion carries.)

(In Executive Session at 2:08 p.m.; resumed at 3:20 p.m.)

CHAIRMAN McCUSKER: I need a motion to reconvene.

MR. IRVIN: So moved.

CHAIRMAN McCUSKER: Second, please.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor say aye.

(Board votes unanimously and motion carries.)

CHAIRMAN McCUSKER: Good afternoon, everyone.

Obviously, a very complete agenda.
Just for our guests, we are going to move item number 11 up to immediately after item six. So for those of you who have been waiting to present to us, we'll get that out of the way quickly so you don't have so sit around through the whole meeting. And we're going to ask that you keep your remarks maybe to five, 10 minutes tops, and allow us to ask some questions.

So to set the stage for today's meeting, there are a number of very serious issues before us today, which many of them may, in fact, be voted on. We have a number of projects that we have been trying to move that I think we're prepared to take some action on today.

If you just kind of walk down through the agenda, the arena site, to refresh everyone's memory, is the site where the Greyhound is temporarily located. That's the eight-and-a-half acres between Granada and Congress immediately along the freeway. The District does, indeed, have title to that property now, and we are interested in developing it rather than watching it sit empty with surface parking on it. When we do have it developed and planned, we have to give the Greyhound one-year notice to vacate that property.

Immediately adjacent to that, of course, is
the Nor-Gen property where we've heard a couple of presentations from their staff about their desire to develop an extraordinary structure, 120,000-square foot of exhibition space, and we're trying to do everything we can as a public entity to enable that development, though we're going to discuss specifically the parking requirements the City has imposed upon the developer in that today.

So item seven and eight.

Item nine should be a pretty quick update.

Item 10 is property that you will see a couple of people come on and off this desk as agenda items come up. We are very careful about conflicts of interest, because many of us have relationships or client relationships with parties that we occasionally opine on or vote on. Not only do we have to abstain, but we actually excuse ourself from the conversation.

So Chris Sheafe and I have a conflict with HSL properties and Roberto Lopez. That's an agenda item today. And Cody has a conflicts with Mr. Norville and Mr. Schwabing. So he'll step off the desk when we discuss those items today.

Item 11, which we will move up. You heard us talk about before we have about $16 million sitting in the bank over at Wells Fargo. When those bonds were
initially issued, the District was not a creditworthy entity in our own right. We have since had two unqualified audits. Our bond ratings are, indeed, up. We believe that with some help we may be in a position to release those funds and maybe replace them with a surety bond or some other vehicle. We've asked for some financial consultation in that regard, and we'll hear from a couple of firms today that are suggesting they might be able to help us.

Elaine is back from her honeymoon, item number 12. We'll get an update on the TCC project. Congratulations, by the way, from all of us. We'll discuss the name change issue and, lastly, hear from anybody in the audience.

So without further ado, Dan is absent, Chris, so if you will give us the financial report. And Michele, are there copies of the financials?

MR. COLLINS: Yes. They are up on the desk.

MR. SHEAFE: Short version of this is that we currently have, as Fletcher just mentioned, little over 16 million that's available and usable, but we have commitments out against that of about $9.4 million in round numbers. So we have roughly 6.8 million of funds that are uncommitted.
We do not have anything in the last several months, because it takes almost 90 days for us to know how much revenue was generated. And, hopefully, we're going to get that corrected with some legislative changes that allows us to see a little better what the revenue stream is going to be. But in round figures, revenue stream coming into the District is somewhere in the area of 500 to 600,000 a month.

So unless there are any questions, I think that concludes the financial report.

CHAIRMAN McCUSKER: I think in your dyslexia moment you might have flipped a couple of numbers, because I'm showing that we have $9.4 million.

MR. SHEAFE: Those -- I see. Your, saying, well, they come in as 9.6 and the remaining is 9.4.

CHAIRMAN McCUSKER: Correct.

MR. SHEAFE: All right.

That takes in some reserve. That's correct.

CHAIRMAN McCUSKER: Roughly nine-and-a-half million dollars of uncommitted funds available to the District.

MR. SHEAFE: Yeah.

CHAIRMAN McCUSKER: Any questions, Chris, any questions about the financials?

Okay. Let's move on item number 11 up.
And, Mark, I don't know if there's any particular introduction you want to make in this item, you can organize this.

MR. COLLINS: Mr. Chairman, members of the Board, when the Board expressed an interest in perhaps exploring this possibility, I sought the assistance of my partner, Tim Stratton, who focuses on bonds and is very familiar with that area. I asked Tim to look in to some of the people whose names that people had submitted and then to investigate on his own. Tim's here today to give you a bit of report on what he did as a preface to the presentations by the three potential providers that are here today.

Tim.

MR. STRATTON: Thanks, Mark.

CHAIRMAN McCUSKER: State your name for the record.

MR. STRATTON: Yes. My name is Tim Stratton, and I am a bond attorney practicing with the firm of Gust Rosenfeld. Mark Collins is one of our law partners, and he had asked for some assistance in going through the legal documents related to the District's outstanding bond issues.

As we all know, there is the matter of the reserve funds, which is tying up a lot of cash that
could be deployed, potentially, in an advantageous manner. And so, going through those legal documents and reviewing the provisions, it is possible for that surety bond to be replaced. I'm sorry. For the surety monies to be replaced with a surety bond. The documents do provide for that mechanism.

However, as I indicated to Mark, typically when we get into actually doing that sort of a substitution, it's very important that we have the guidance of a financial -- municipal financial advisor, because there are ramifications to that potential ramifications and things that have to be navigated in order to release those monies, because those are security, pledged as security for the bondholder and make a substitution.

So some of the things that we're concerned about that will need to be dealt with are the rating agencies and how are they are going to view this and how the narrative and the story will be told to them, as well as some requirements that the bond insurers may impose on that.

And so, as Mark and I were discussing the process in the most efficient way to go about it, we looked into several firms. There were some firms that had reached out and contacted us as well as firms that
we, as a firm, have done business with and that are extremely active in the Arizona public finance market. So before you today are three of those firms that are active in Arizona public finance. In no particular order, Mark Reader, with Stifel Nicolas, is here today, as well as Bill Davis, with Piper Jaffray, and also Larry Given, with Wedbush Securities. All three firms are top-notch Arizona public finance firms who routinely advise clients across the state, both large and small.

With that being said, I think, unless the Board has questions, we can just move into the presentations. I would ask, just as a matter of courtesy to the other applicants, perhaps if we can just have one -- you know, the presenter here, and perhaps the other two firms could excuse themselves as the presenter makes their presentation and answers questions from the Board.

I don't think we've selected an order. So whatever order we want to go in, alphabetical might work. But if there are any questions, Mr. Chairman, at this time, will you please let us know?

CHAIRMAN McCUSKER: Any questions of counsel?

Ready to proceed.

I think that's fair. We'll ask the other two
firms to step out during the other presentation. If you do it alphabetically, Bill, Piper Jaffray, would go first. That would be Piper Jaffray Stifel and Wedbush. Thank you.

One other -- while Bill's getting set, does anyone on the Board have any reason to disclose a conflict with any of these firms?

Okeydoke.

MR. IRVIN: What was the third one?

CHAIRMAN McCUSKER: Wedbush Securities.

MR. COLLINS: Mr. Chairman and members of the Board, the names of the various firms are on the agenda, which I believe you each have.

CHAIRMAN McCUSKER: And you've got some of these that we can make available if the media or public asks, Michele, if anybody wants to see them.

Go ahead.

MR. DAVIS: Bill Davis, managing director, Piper Jaffray in our Phoenix office.

Born and raised in Tucson. My family still lives down here. I've been in the public finance business in Arizona for over 30 years, with Piper Jaffray now for about 16 years.

We, as Tim mentioned, we do kind of a full breadth of investment banking services, focusing
exclusively on providing financial advisory services to municipal entities, special districts throughout the state.

The information that I've passed out to you is a brief summary of who the firm is. I don't want to read the entire booklet, but just to give you a --

Yes, sir?

MR. SHEAFE: Go ahead. I didn't mean to interrupt you. I will have a question, not right now.

MR. DAVIS: Piper Jaffray is a top 10 underwriting firm in the country, headquartered in Minneapolis. We have three basic business lines: Public finance, corporate finance and asset management. Again, we're in the public finance side.

We, as I mentioned, provide a lot of financial advisory underwriting services to municipal entities throughout the state. We have been the City of Tucson's financial visors since 1998. I was intimately involved in the District's first two financings as financial advisor to the City of Tucson. We also were senior managing underwriter on the District's last two financing transactions, including the subordinate lien transaction that you are looking to replace the cash fund and debt service reserve policy on. So we're very, very familiar with not only
Tucson, but the Rio Nuevo District, for better or worse, but I don't think that that presents a conflict.

Again, I think you have some good institutional knowledge standing right here talking about these issues, so I could a help down the road.

I don't see a real problem at all with regards to approaching Assured Guaranty and asking them to provide a surety for the policy, frequently cash.

As Tim mentioned, you need to talk to rating agencies just to make sure it doesn't create any problems.

Standard & Poor's just upgraded Assured Guaranty to AA. So that's a real positive, I think, with respect to any impacts on your outstanding ratings.

There is a fee for that surety policy, and I think you can expect to pay between -- somewhere between three-and-a-half, four percent of the $8 million as a one-time premium. So you're talking anywhere from 280 to $320,000 would be a ballpark cost for that surety policy. Again, that frees up the balance. So you'd end up with 7.6, 7.7 million of the available cash if you can accomplish it.

Again, I have a number of questions too in terms of what you're looking for. This specific kind of transactional replace the cash fund reserve with the surety policy, you know, that's really not a lot of
work. Typically, what we like to do is provide advisory services over a longer period of time. Be happy to do this one transaction for you. But, again, I'm not sure if this is the appropriate place to really ask that your --

CHAIRMAN McCUSKER: Can you talk about the timing of just the surety bond issues, three months, six months, year? How long would it take for us to --

MR. DAVIS: My sense is it would be 30 to 45 days. It shouldn't take that long. On occasion you can run into some complications, but I don't foresee that happening.

You know, the insurance company, Assured Guaranty, has some underwriting criteria. Typically, for these surety replacements they require a minimum rating of A. You're well above that. So that shouldn't be problem there.

They are guaranteeing payment of principal and interest. So this is a way for them to make more money on a risk that they already have, so it's good business for them. And we have historically not encountered too many problems when we attempted to do exactly what you're doing right now, or want to do.

CHAIRMAN McCUSKER: I think it's astute to talk about long-term issues. This was the most
pressing item, obviously, but there are a number of things we talked about. For example, are we bondable in our own right?

The cities have to guarantee our debt, historically, but a lot of that was credit rating related. We may at some point be interested in issuing our own debt or refinancing current debt. So I think we would have a number of potential projects as the tiff continues to evolve.

Any questions for Bill? Are you ready to --

MR. SHEAFE: Just curious. Now your component of this, what would we invest to get you guys through the process, the cost for the services to get through this process?

MR. DAVIS: To give you a specific amount, I think I would need to truly understand better. If this was a more long-term kind of a project or if it's just exclusively to start the project to work through the debt service reserve surety replacement, I would probably suggest working on an hourly basis with a minimum of $1500. My sense is that it would be potentially less than $2500 total. It's just not going to be that expensive of a --

MR. SHEAFE: I want to ask one other question.
CHAIRMAN McCUSKER: It's not a transactional-related fee, not a commission or --

MR. DAVIS: It would be just a fee, hourly fee based on how much time we invested. You know, I would be comfortable putting a maximum and minimum on it, just run with it.

MR. SHEAFE: Bill, help me understand, how would we avail ourselves beneficially of your services ongoing?

MR. DAVIS: Our typical contracts, you know, involves sale of bonds, and we usually get paid when bonds are sold and closed.

MR. SHEAFE: Right.

MR. DAVIS: In light of -- you know, there's a possibility that you might sell bonds, specifically refunding bonds in the future as you approach the call dates on your existing bonds.

Depending upon your needs, we could work on either an hourly basis or some sort of retainer fee basis would be my suggestion.

MR. SHEAFE: Anybody else got a question?

CHAIRMAN McCUSKER: We're on a roll. Keep going.

MR. DAVIS: Appreciate that.

CHAIRMAN McCUSKER: Anything else for Piper
Jaffray?

Thank you.

MR. DAVIS: Thank you very much.

CHAIRMAN McCUSKER: Mark or Tim, do you want to grab Stifel.

Introduce yourself and the firm, and speak up so our transcriptionist can follow.

MR. READER: Would you like a copy, Mr. Chairman?

CHAIRMAN McCUSKER: Please.

MR. READER: Thank you. Got enough copies.

MS. COX: Thank you.

MR. READER: Mr. Chairman, members of the Board, good evening. Just want to -- my name's Mark Reader. I'm with Stifel Nicolas. I want introduce my colleague here, Erika Miller. We have a power point presentation in front of you.

I guess I would like to ask how, much time would you like me to take?

CHAIRMAN McCUSKER: No more than 10 minutes.

MR. READER: Okay. That's a lot of stuff here that we hope is helpful. Maybe perhaps after we leave --

Just real quick, I wanted to introduce myself and my colleague, Erika. We have another team member
who, unfortunately, could not make it this evening, it
would and a valuable member to the team in the event
we're privileged to work with the District. Her name
is Randie Stein, on the right-hand side.

My background, I've been around about 26
years doing municipal bond financings in Arizona, do a
lot of work down here in Pima County, including most of
the cities, towns, and privileged to be financial
advisor of the Regional Transportation Authority, which
we know you're familiar with.

Randie is an important team member. One of
the things we would like to assist you on is trying to
get a really good understanding and handle of your TPT
or your excise tax revenues and of the volatility of
those, which I'm assure you're aware of. I don't have
a lot of time to go into her background, but one of the
things we would like to propose to do for you is to get
our arms around that revenue stream and educate
ourselves and perhaps add some value to that revenue
stream going forward.

If I can go for the third slide, Erika.

The third slide, Mr. Chairman, members of the
Board, is the communities we represent in Pima County.
And without boring you with all this, we represent just
about every municipal jurisdiction in Pima County, with
the exception of Pima County, Pima County Community
College District.

So if you look on there you'll see that we are a big player, highly regarded, highly respected amongst all of those jurisdictions. Just wanted to share that with you relative to our experience.

Page seven and eight is our Arizona experience really over the last 10 years. You can see from these bar charts that we're incredibly active, and we think that adds a lot of value as we start to interact with your Board relative helping you with your challenges and your objectives.

Page nine are the various financial advisor services we would see ourselves doing for you. And that is getting our arms around your debt structure, helping you meet your goals and your objectives, which I think are many, and assist you with all your bond transactions, work with you with rating agencies, the TPT revenue analysis, as we discussed, budget assistance. And one of the things we're really good at, too, is legislative assistance, to the extent that becomes relevant to you.

Page 10 is just some more information on the TPT revenues of the District.

Page 11 is your debt profile. And we know
you got your 80 million subordinate lien revenue bonds,
and on top of that you got your certificates of participation.

Maybe if I can draw your attention to page 11, down at the bottom, you've got about 71.3 million in subordinate lien revenue bonds outstanding. They are relatively short, only about 7.2 years, in what's called an average life.

Your average cost of capital on your current bonds is 6.3 percent, fairly high. We do see a refinancing coming for you down the road. We have a quick analysis for you to the extent we have time.

Then we show the certificate of participation transaction on the right-hand side.

Page 12 is your ratings in the middle of the page. You're an A rated by Fitch and A1 by Moody's. We have given you some history there, which we won't get into right now. Your certificates of participation are an A+, A1.

Page 13. This is your debt structure relative to the subordinate lien revenue bond that you issued, about 8 million dollars a year. You recognize that number.

If you look out in 2026 this is going to be one of our challenges, is that you've got about
15 million coming due in 2026. That is to be netted against $8 million sitting in the account to get you back to level debt around a little less than $8 million.

So if we're successful in releasing the reserve fund, we have to take talk about how we're going to address that issue. Okay. I know you're aware of that.

The page 14 is a graphical depiction of what I just described to you. On top are the subordinate lien revenue bonds, about 8 million. You can see how we went up, then when we netted out your reserve fund we're back to a good number. So just wanted to highlight that for the Board.

Page 15. We went back and looked at your TPT, your transaction privilege tax or your excise taxes that are so important to your District, and, obviously, is a extreme amount of volatility. We want to get our arms around that and try to add some value with respect to that.

Page 16. The interest by the District in swapping, if you will, replacing $8 million in cash, replacing that with a surety, replacing that with an insurance policy, which we've had a lot of experience with this. Okay.
We have two insurance companies open for business. We have two insurance companies, what's known as Assured Guaranty and Build America Mutual, that are interested in this type of a transaction, subject to the credit approval process. We've got to go through the story with them, got to educate them why we want to do this, why it makes that sense.

So in the middle of the page there you can see that they are interested in credits in the A and AA range. They are not really interested in the triple B category or probably even the low category, for obvious reasons. We do think they would be interested in talking to us, and to the extent that we were successful in securing that, obviously, the District would pay a premium and replace for that insurance policy and then you replace for the release of the cash.

Apologize for going quick.

CHAIRMAN McCUSKER: Doing good so far. We're tracking.

MR. READER: On the bottom of 16, Mr. Chairman, members of the Board, Mr. Stratton talked about this. We also have to go back into your previous documents to make sure the previous documents allow the District to potentially release cash and replace it
with a reserve fund, because it impacts the 2008 bond orders. Fair?

So there is a provision in there, as Mr. Stratton said, but it does require the rating agency that currently has an outstanding rating on your bonds to approve it. So we got to go through that drill with the rating agency to make sure that they will not get in the way of a potential transaction. We have some educating and communications with them, as well as we do the insurance companies.

So that was real quick. And that provides you with a quick summary of that very important criteria.

On page 17 and 18 we looked at your cost of refinancing. We see a refinancing coming down the road. Our challenge is your bonds aren't callable for three years. 2018. Okay. And so, not like a mortgage, we have to put them into an escrow, makes it expensive. So we see down the road, depending upon where interest rates go and as we approach that call date, the possibility of doing a refinancing and doing various things relative to a refinancing.

My colleague, Erika, here put together a brief analysis, which I'm not going to be able to get in to because of time.
Then, really, the last page is page 19, is we know you're looking at three firms for this assignment.

We would be very privileged to work with your District and your community. So we just put an a slide in here.

Why Stifel Nicolas?

We're very passionate about what we do, very passionate about Tucson.

We have the largest public finance staff in Arizona. We're based in Phoenix. We have about 13 full-time public finance professionals who do nothing but municipal bond advising and underwriting.

I've been around 26 years. A lot of my colleagues up in Phoenix have been around equally as long.

Number four, just over the last 10 years we've done about 700 financings, by about 19 billion, just to give you kind of the breadth and the depth of our engagements.

We're specialists in excise tax secured, economic development and TPT or excise tax analysis, which we think is relevant for your situation.

We're very collaborative, very, very service oriented. And, you know, our services don't just stop when we do a transaction. Our services are ongoing as needed by staff and by the Board.
So that with, I know I went fast, I apologize for that, but I know time is --

CHAIRMAN McCUSKER: Talk about how you get compensated.

MR. READER: Mr. Chairman, members of the Board, how we get compensated is -- this one's a little unique, in the sense that if you do not -- if the Board does not do a refinancing to secure the surety bond -- because you may not have to do a refinancing. Are you with me? You may not have to take out all the 2008 bonds and start over.

So in that case, it would be a lot less time in terms of making that transaction happen, if we were to do a surety, advise you with respect to replacing your cash with a surety. So, you know, I don't really know what our fee would be at the moment. I don't think it would be all that expensive.

CHAIRMAN McCUSKER: Would it be hourly or a percentage of the --

MR. READER: Again, because I haven't done one of these recently, I would probably say maybe do a not-to-exceed amount, say $20,000, on or around, maybe $25,000.

We could do an hourly, we could most definitely do an hourly if that was preferred by the
Board, and we could follow up with additional detail on that.

CHAIRMAN McCUSKER: Bigger picture, I know you get a commission on bonds you underwrite. Is there a retainer involved? What's your typical client relationship?

MR. READER: Right. For example, this is a financial advisory engagement, I think as you're aware, so we would not be the underwriter. In other words, we would not be selling the bonds for the authority, for the District.

For example, Regional Transportation Authority, we're their financial advisor. We're getting ready to do 150 million in the next 30 days. We are getting a fee based on a competitive RFP for a $150 million transaction. I want to say our transaction -- our fee for that is 75,000 to 90,000, give or take.

So it depends on kind of the size of the transaction, how much time we put into it, what the ultimate ratings are, but on or around something like that. We could follow up with you with regard to further clarification.

CHAIRMAN McCUSKER: Some of the ongoing issues, like TPT analysis and consultation, I'm
assuming that would be hourly.

MR. READER: You know, on that, again, I think that's where we do have a competitive advantage. I do wish my colleague, Randie Stein, was here due to her background in this.

We probably wouldn't charge the District for that. I think that would be an analysis where we would want to dig in, because we need to understand the revenue stream backwards and forwards. We need to understand, so that we can communicate effectively to the ratings agencies and the insurance companies, why do we have volatility going on. We think we have some ideas on that.

So I think the first order of business for us, which would be part of --

CHAIRMAN McCUSKER: The short answer to that is prior period adjustments made by the state. So they wake up and find out that some big-box store forgot to pay them, they do an audit and they collect $4 million. That's the best we can explain.

MR. READER: So to answer your question, to the extent we would do some in-depth TPT analysis, that's part of our fee. We don't generally charge outside of doing a bond transaction for ongoing services.
Now if it gets incredibly time consuming for whatever reason, then we have to take a step back, maybe have a little conversation.

CHAIRMAN McCUSKER: Any questions for Mark?

MR. READER: Thank you.

CHAIRMAN McCUSKER: Nice job.

MR. READER: We look forward to hearing from you.

MR. GIVEN: Good afternoon.

My name is Larry Given, with Wedbush Securities. This is Janelle Gold, an associate. I'm a managing director of public finance.

Quickly, the background of the firm. Our firm was started in the 1970s as Young, Smith and Peacock in providing financial advisor, municipal underwriting services all across the state. We later formed a successor firm called Peacock, Hislop, Staley and Given in 1989, and subsequently sold that firm to Wedbush Securities about six years ago. I say that so that you know the background of our experience in Arizona public finance.

I also, in the past, spent 15 years as a financial advisor in Tucson, number one, and eight years to the City of Tucson. So if that's a conflict, you guys -- I know there's been in the past some
consternation, but we have do have a history going back with the City of Tucson.

Our office right now is devoted totally to public finance work and we specialize in being financial advisors. We still do bond underwriting. We have our southwest trading desk in our offices in Phoenix. We have a retail office up in Scottsdale. But primarily the same people that work with -- some of them started with me at Young, Smith and Peacock 35 years ago, the same guys I'm working with now. So really hasn't been a let-up or any kind of a miss on serving Arizona during the last 35 years.

To the point of your initial services, we took a look at the legal documents for the 2008 financing. And at that time and subsequent periods, of course, especially the 2009 COP deal, the situation was that the District was not generating sufficient pledged excise tax revenue to reach that obligation. I know the deal was backstopped by agreement with City of Tucson.

And the one thing that I would warn you about, we're willing to take on the job and negotiate primarily with Assured Guaranty Insurance Company that provided -- or AGM, that provided insurance in the 2008 deal, but there's a reason there was a cash reserve in
there, just to be frank. The reason is because of the
moral obligation of the City of Tucson that the funding
would be there every year. If there was ever a hiccup,
the way, they think, the insurance companies, is we
want to have a cash reserve.

So although it seems to me like the documents
allow for the replacement, there's a third fund, cash
reserve with a surety. The good thing about having AGM
still having survived the financial crash, the last
they insured as a triple A rated entity was yours back
in 2008, then they got downgraded. They recently got
upgraded.

Again, there are really two insurance
providers out that's AA or better, and that's BAM,
B-A-M, and AGM. I would be inclined to go with AGM
immediately. We those know those people very well and
talked to them about what their requirements would be.

But I guess my warning is, this is no slam
dunk, in my opinion. Because they may still want to --
may still want a cash reserve policy, unless Tim's
spoken to them. You guys know more than I do.

I think it's to going to be an uphill battle
to come up with $8 million. I know you don't want to
hear this. But when a bond insurance company or surety
provider like this comes to you with an issue, they
primarily are insuring the ongoing obligations.

A lot of times, if the numbers work, the numbers are right, they will say, we'll put a surety or some other payment mechanism under reserves so you don't have to, because we're in it anyway. We're insuring this deal. If anything goes wrong, a reserve fund would be nice, but we're still going to have to cover all the debt service. So we'll make an extra fee instead of getting a surety bond.

That's really what it's all about.

For us to have a second insurer like BAM come in just to replace the surety is a long shot, because they didn't get the fees that were involved initially in insuring this financing.

So I would say first up would be AGM and see what we can do in negotiating with them, and if that doesn't work, go to BAM.

But your next -- this is the part you don't want to hear. The next thing I would tell you, is right now those bonds from 2008 have six-and-a-half percent coupons. Right now you can sell those for about four-and-a-quarter. And you're saying, wow, we can save a lot of money. The problem is negative arbitrage.

So you ask why our cities and counties and
towns are not doing advanced refunding, so four years from the call date on those 2008 bonds where you lose your insured investment money between the time you switched to the new bonds and replaced it with the old bonds. So, mathematically, right now things don't work out.

The thing I want to tell you is you probably have even a better shot of having a replacement for this reserve come in if you were doing a refunding along with it, because then the insurance company's really motivated. They are going get a big fee for providing the bond insurance on the major deal.

But that would be my comments on the deal.

This is what we're about. We don't have any nice graphic to tell you anything, except we're here. We represent about 10 cities as financial advisors in the State of Arizona, admittedly most of America, but I'm getting too how old to drive to Tucson every day like I used to. Just kidding.

But the we have a wealth of background. We have two investments bankers there, a corporate finance person, and we've all been around for a long time. We know how to handle these products. We would ask you to consider hiring us.

CHAIRMAN McCUSKER: Is refinancing available?
We have a no-call period, right?

MR. GIVEN: Right now the first call in — we're talking about the high interest rates — is 2018.
And what happens is, if you sold bonds today at four percent in 2014, we would save a lot of money.
Actually, we call these ins. So an advance refunding what you do is you invest the money from today until the first call in.

Well, you guys know what treasury bonds rates are like. It's like next to nothing for the next four years. So if you issue them in four, you're reinvesting at one percent at the most. It's probably .8 right now. You're losing three percent of savings a year until you get to that call date, so it makes the refunding really inefficient. So we wait until we get closer to the call. Probably '16 would be probably the earliest.

I would say if this market would go back to usual where treasury rates were higher than municipal rates, everything I said is wrong about doing an advanced refunding. I was thinking on the way down here, we haven't had that kind of situation for about 10 years, where the treasury -- where the Fed has kept treasury rates so low it's hard to do an advance refund deal. So I wouldn't recommend it.
Just doing the numbers in my head, it sounds like you might still have a marginal savings. But why would you do that, waste the benefit of doing it later, unless you really, really want to get that $8 million. Again, that's a business decision for you people to make.

CHAIRMAN McCUSKER: Have you seen a situation where we could reduce the reserve requirements, say, to half that, four million?

MR. GIVEN: Everything's up for grabs when we call AGM and tell those guys to start looking at this, see what they think.

My fear is -- and again, maybe things have changed, but might look back, and the history of this District is excise tax flow isn't covering your debt service. And, again, if you are depending on the moral obligation of the City, I know the City has to have the money over here before the fiscal year starts and all that stuff for the next subsequent year's payment, but it might give you pause is all I'm saying.

CHAIRMAN McCUSKER: Larry, talk about how you get compensated.

MR. GIVEN: A transaction like this, we're just replacing your reserve fund, I would probably work on an hourly basis for $300. Just have it -- you can
pay me out of operating costs or out of money you
remove from the reserve fund, if Tim allows it.

But I would tend to go by the hour for
something like this. We usually get paid per
transaction, but there's really not a transaction here.
We'd just charge you for whatever our efforts are, what
Janelle's efforts are.

CHAIRMAN McCUSKER: Any questions?

MR. IRVIN: Any indication how many hours
involved?

MR. GIVEN: I don't know. Maybe two days by
the time we found out. We just have to have a
conference call, send the documents. I don't know,
maybe I can gin up some extra time.

But it's not going take that much. Assemble
electronic documents, conference call, come back and
report. As much as I want to drive.

But that would probably be better for you
guys anyway, you know.

CHAIRMAN McCUSKER: Thank you very much.

So, Mr. Collins, what are our options here?
We can pick a firm, we can do some research. Seems to
me we want to do some reference checking maybe. What
do you suggest?

MR. COLLINS: Mr. Chairman, members of the
Board you have a lot of options. You can decide not to take any formal action today on the subject. You've been educated by three people that know what they are doing in the area. You can mull it, we can re-agendize it. That's number one.

Number two, you can decide that you are going to pick one of these fellows or firms to do just this small piece that you are talking about, which is try to find, see if you can get a surety bond in lieu of the cash reserves.

You can also go to the next step, which is engage them for a longer period of time, like some of the presentations you've seen.

The agenda would allow all of that. It's your pleasure. As a cautious person, I would suggest to you that you consider it, put it back on the agenda for the next time.

What I think we've heard is that range of thoughts as to how long it would take. But what we did here was a relatively short period once you do it. So you've got options.

CHAIRMAN McCUSKER: Another thing you might consider is maybe authorizing the executive officers to select one of these firms.

MR. COLLINS: This is a professional service.
You can direct select. You do not need to RFP. This was an effort to try and do that for you, and you certainly could authorize executive officers to do that.

CHAIRMAN McCUSKER: All right.

What's your pleasure?

MR. SHEAFE: I would like to put a motion forward that we authorize the executive officers to meet, come back with recommendation at the next meeting.

CHAIRMAN McCUSKER: Can he do that since he's an executive officer?

MR. COLLINS: You can.

MR. SHEAFE: That's right. I got myself conflicted here.

MS. COX: Second.

CHAIRMAN McCUSKER: We have a motion and a second to authorize the executive officer's to meet with and select one of these firms.

Any other comment?

All in favor say aye.

Any opposed? Nay.

(Board votes unanimously and motion carries.)

CHAIRMAN McCUSKER: Okay. That's what we got to do.
So Mark and Tim, if you will help us maybe with the next step in that process, we'll get back to you as soon as we can.

MR. COLLINS: Thank you.

CHAIRMAN McCUSKER: The arena site -- I'm going to change the order on seven and eight. We're going to deal with the joint development agreement on the Norville property first.

We've seen the proposal from the engineering firm working with Allen on that project.

MR. RITCHIE: I have to recuse myself.

CHAIRMAN McCUSKER: You do have to recuse yourself. Thank you, Cody.

To summarize the conversations that we've had around this, the developers have met with the City, and the City would like some assurances that there will be parking made available adjacent to the site so that the developer can maximize his footprint. Certainly, that's easy for us to do in the short term.

We have surface parking. We can make that available. I think the trickier piece for us is what we do in the long term. But I think we've said a number of times publicly we're committed to this project and want to provide some permanent solutions so that Allen and his team can go to the City and pull a
permit, which is really what we're all about.

With that, any conversation or recommendations from the Board?

MR. SHEAFE: Do we need to take some action?

CHAIRMAN McCUSKER: You can. They are here if you have any questions of the developer. They've made themselves available.

You can discuss it amongst yourselves.

Somebody can make a motion.

MR. SHEAFE: Let me make a motion, then we'll see if it holds water.

The important thing is that we provide the facility for Nor-Gen to be able to move forward with development on their property. The hard part is what you just said, Mr. Chairman, which is that the longer-term picture has to be worked out. It's moving as process. We're not sure of some of the aspects of that right now.

So my motion would be that we affirm the Ford's commitment to providing the parking for Nor-Gen, as is required by the City, in order to get its building permit approved in one manner or another; and then we engage counsel to meet and work out the details of that over the next short time frame so that Nor-Gen has the assurance that they, one way or another, will
be able to get the parking, and that they can go back
to the City and at least move forward on their project.

CHAIRMAN McCUSKER: We would need a second.

MR. MOORE: I'll second that.

CHAIRMAN McCUSKER: Seconded by Alberto.

Any discussion about the motion? That's
wordy.

Counsel, have we done anything illegal?

MR. COLLINS: I understand, I think,

Mr. Sheafe, what you're attempting to accomplish. My
concern is that this Board doesn't know what the City
is going to require, and this Board, in my opinion,
ought not to be obligating itself or hobbling its
development of the arena site.

If you were to make a motion to direct a
member and me to work with Nor-Gen to use our best
efforts to provide what is necessary to allow Nor-Gen
to move forward with its development. That seems to me
that that would work.

I'm concerned for the Board that you pass
something that commits you irrevocably to something on
your arena site. That's my concern.

Use your best efforts. That's just a
thought.

MR. SHEAFE: Well, help me here, because the
focus of my motion was to try to give Nor-Gen assurance
so they can go back and say, we are going to have the
parking that we need to qualify for our building
permit, and then they can move forward.

But we don't know what those details are, and
so we cannot wait until they have the details, because
now we have chicken and egg and nobody can make a
decision. We want them to be table to make a decision.

MR. COLLINS: That's fine. It's your
decision.

My concern is that there's a third party
here, and that's the City of Tucson.

MR. SHEAFE: That's right.

MR. COLLINS: And the City of Tucson isn't
controlled either by this Board or by Nor-Gen, and the
City of Tucson is the one that's going to say yea or
nay on whatever it is that Nor-Gen provides.

So it seems to me that you folks can direct
member and/or counsel to proceed and meet and try to
reach an agreement on that and bring it back to you
guys for final approval.

CHAIRMAN McCUSKER: We have some general
understanding of the City's scope, and it's well within
an area we're comfortable with. So what you're trying
to protect us from is that is the City does something
stupid and changes the rules in the middle of the game and we've obligated ourself to do whatever.

So can we just have, you know, a clause in our agreement that would say that, you know, if the City does something that we believe is undoable or unreasonable we've all got to sit down together again?

But as we understand the current scale and scope, we're perfectly comfortable with what the City's asked.

MR. COLLINS: Mr. Chairman, conceptually speaking, it strikes me that an agreement could be reached which provides enforceable parking for Nor-Gen that doesn't hobble your future development plans for the arena site.

It would have to have three stages, in my mind. One would be for now, because there is no development going on.

The second one would be how to handle parking needs of Nor-Gen while the development of the arena site went forward, because there's shovels are there and digging is going on. That is a disruptive activity. There would have to be -- if you were to enter, for example, a lease agreement, you would have to address that component.

And then, of course, it's what does it look
like after you have developed your arena parcel. That is all doable, it strikes me.

And I think -- I haven't talked to the City, but I think that what the City is going to require is an enforceable park-and-ride before Nor-Gen can pull a building permit. And I think that what that would require is a lease, at least, of what we're just talking about.

MR. SHEAFE: All of which -- one of the problems in the development world is trying to find certainty in an environment that doesn't have certainty as part of it. And I found in my own experience that what you have to do is lock down what you can lock down and work around it and expand from that.

There is one thing we know. We know that we want Nor-Gen to build its display center, exhibition hall. We know that we're willing to take part of our land and use it to facilitate their parking.

We also know that they can't suspend the Gem and Mineral Show for two years while we're futzing around. Once we make this commitment, it's going to be a commitment. It might move around on the property, it might have to be satisfied in some other way, but one way or another they need assurance they are going to have the parking that they absolutely need.
My motion goes to that objective, with the understanding it's been a moving target and we need to work those details out, as we know.

For example, we really don't know how many parking spaces we're using right now. We don't know what it takes for the exhibition hall to actually be qualified, what kind of time frame, and that will have to be worked out.

And my motion goes to the centerpoint of saying, we know where we're trying to get to, we've agreed to that, and we'll figure it out, because that's a very high priority for us.

MR. COLLINS: I think, Mr. Sheafe, that the figuring it out, that's the devils in the details. And for good or for bad, I would be part of that.

You folks know generally, I guess, what the City's looking for. I haven't dealt with the folks at the City on this.

CHAIRMAN McCUSKER: The proposal is pretty specific. That is, we would like a short-term lease. We would like the District, as a public is entity, to commit some sort of public parking permanence.

Is that what you're contemplating in your --

MR. SHEAFE: I think, in addition to that, there's going to be other uses on the remaining area of
the arena parcel, and we're going to need to have
parking for that too.

MR. COLLINS: And that's what I'm suggesting, is that in my -- the concept that comes up for me, if
you were going to do this, would be a lease that would
have to float.

Now it would be -- right now Nor-Gen has had
to enter into right-of-entry agreements every year with
the City of Tucson. It's a short-term use of the arena
site. I understand that that's not enough.

CHAIRMAN McCUSKER: We can't lease a building
we haven't built yet. So you would have to lease the
surface parking that we currently own --

MR. COLLINS: Right.

CHAIRMAN McCUSKER: -- forever, as long as
it's there. And we could commit that we will -- you
used the term "best efforts" -- use our best efforts to
assure that there's -- that if there's a replacement
for the surface parking, that it would be meet the
City's requirements for his building.

MR. SHEAFE: Which we want, because -- and I
know, Mark, I'm singing to the choir here a little bit,
but what we have today is an extraordinarily valuable
event that happens in this town in a tent because
nobody wants to make a permanent commitment. I'm very
much for making a permanent commitment to get a permanent building, to get a permanent asset to lock down a very valuable event for this community.

CHAIRMAN McCUSKER: That should have been your motion.

MR. COLLINS: So moved.

CHAIRMAN McCUSKER: Can you go back and read Mr. Sheaf's motion?

(Record read by the Reporter as follows:
"So my motion would be that we affirm the Ford's commitment to providing the parking for Nor-Gen, as is required by the City, in order to get its building permit approved in one manner or another; and then we engage counsel to meet and work out the details of that over the next short time frame so that Nor-Gen has the assurance that they, one way or another, will be able to get the parking, and that they can go back to the City and at least move forward on their project.")

CHAIRMAN McCUSKER: I believe if you insert the word "present" in the sentence that says, as required by the City, as presently required by the City, you don't commit us to anything beyond what we currently understand.
MR. SHEAFE: I would insert that word.

MR. COLLINS: I'm still troubled by the future and using your best efforts. I mean, that's my biggest concern.

MR. IRVIN: I don't think there's been a second yet to the motion.

CHAIRMAN McCUSKER: There is a second.

MR. IRVIN: I guess I didn't hear that.

That's the reason I was asking, because I didn't hear the second. Thank you.

So, counsel, don't go anywhere.

Walk me through how we take -- and under our current situation where we have the arena lot, which is owned by the District, and then Nor-Gen has his lot that he wants to go build his facility on, how do we take and address his concerns without tying up the arena lot and impacting us going forward?

MR. COLLINS: You cannot do it. You cannot provide what you're talking about to Nor-Gen without having an impact on the arena site, because that's where the parking is going to be. And the arena site right now has nothing on it.

And that's what I'm saying. Surface parking -- if you did a land lease right now forever, it would make it almost impossible for you to develop
MR. IRVIN: So the only current encumbrance we have on that property now is a requirement that once we have a development plan that's been approved, that we have one year to remove the Greyhound, other than maybe environmental issues we may or may not know about, coupled with the notice of claim we have from Peach. We really don't have any other encumbrances on the property, correct?

MR. COLLINS: I think that's at fair statement. The title report would indicate a lot of other things, but principally that's true. Most of those title issues would be resolved by a plat.

CHAIRMAN McCUSKER: From the City's perspective, right now there are 450 surface parking spaces on that lot. If we were to make them available to Nor-Gen, they would more than accommodate the City's parking requirements. So in the short term he gets a building permit, he builds a building, he has access to our surface parking.

The challenge that you are all trying to concern yourself with is when we get ready to develop that property or we sell that property or we do something else with that property, how can we provide assurances, primarily to the City, but also to the
Nor-Gen, that there will be a replacement parking for
the current surface parking. That's the long-term
commitment that we're -- the City's going to ask us to
make. They are not going to let Allen build the
building and have the parking disappear down the road.
So, indeed, we're going to have to commit, at
a minimum, the current number of surface parking spaces
will be maintained on that site, irregardless of what
we do with it.

MR. IRVIN: I don't disagree with anything.
But my struggle is taking an encumbered piece of
property that's not currently encumbered, I still
struggle with -- I know how Allen will use the parking
when the gem show's going on. What happens the other
11 months? Who is going to pay for that parking? Who
is going to develop that parking? Who is going to use
that parking?

To me, that's very closely intertwined with
what we do on the arena site.

CHAIRMAN McCUSKER: I'm not sure you have. I
think what you done -- all we've done is -- whatever
happens on that lot, it will maintain some parking
availability adjacent to Nor-Gen. That's all we're
talking about.

MR. IRVIN: I would hope any developer that
we would visit with about that site, that would be one of the things we would discuss with them about. But to encumber that when we have just taken title to it, I struggle with it.

CHAIRMAN McCUSKER: All right.

We have a motion and a second.

Any further discussion?

Michele, call the roll.

MS. BETTINI: Alberto Moore.

MR. MOORE: For it.

MS. BETTINI: Chris Sheafe.

MR. SHEAFE: For it.

MS. BETTINI: Mark Irvin.

MR. IRVIN: No.

MS. BETTINI: Jannie Cox.

MS. COX: Yes.

MS. BETTINI: Fletcher McCusker.

CHAIRMAN McCUSKER: Aye.

(Board votes and motion carries.)

CHAIRMAN McCUSKER: By a vote of one, two, three, four ayes, one nay, Mark, we're instructing you to move forward with documenting relationship with Nor-Gen that provides parking so that he can get a building permit.

MR. COLLINS: Will do.
CHAIRMAN McCUSKER: Okay. Item number seven. Stay up there, Mark. While we're talking about the arena lot, it ties into, I think, Mr. Irvin's struggle with the whole process, is we now own this lot, we want it to be developed. Peach Properties have filed a proper claim and they have presented us with a settlement proposal. So we can accept the settlement or not, but we can't just leave it laying around. We're going to have to do something.

Our options would be to settle, which would include selling the property to Peach, but they've offered to allow the District's to control the development. We can do nothing. We could auction the property. We could offer other developers to propose on the property.

All of this is subject to some litigation risk, because there is a claim on the property.

So anything else you think we or the public needs to hear about this parcel?

MR. COLLINS: Well, Mr. Irvin pointed out, and you folks are all aware --

MR. SHEAFE: Might want to get Cody.

CHAIRMAN McCUSKER: He's recused.

MR. COLLINS: Brief history. City of Tucson put out an RFP on this property sometime ago, there were proposals, Peach Properties was the preferred proposer, then the District filed a lawsuit and that negotiation stopped. As a result of that, Peach Properties has filed a notice of claim filed, a notice of claim against the City while the City owned the property. That's a requirement by statute. Since that time, as you have talked about, Chairman, you've talked about it transferring to the District as a result of the settlement agreement with the City. And as a result of that, the District has agreed to defend and indemnify any claim Peach might have. So that there's that issue. The District has the authority to sell the property. Selling the property is not covered by its -- or at least is exempted from its procurement code. So you can do that. You can do an RFP, you can request for proposals. You're all familiar with how that works. You could decide what you wanted to do, get an idea of what you wanted to do with it, put out an RFP. Certainly, Peach Properties could respond to that. It would be up to Peach Properties as to what it
does, if anything, with respect to the notice of claim.

The request for proposals is one that allows you to
have more involvement in the development process.

Another way to do it would be an invitation
for bid. If you do an invitation for bid, qualifying
bids are going to -- as long as you're qualifying, it
ends up being the highest dollar number. You can do
that too.

So you have all of the options that you are
talking about, Mr. Chairman. You really have a lot of
choices on your plate.

But now that you own property, I think you're
in a position to begin to move forward on one of them.

CHAIRMAN McCUSKER: We would be remiss if we
didn't remind all of us that we cannot invest any money
into this property until we resolve the notice to
proceed.

MR. COLLINS: Absolutely. You cannot --
until the notice to proceed portion of 48-4204 is
either removed or satisfied, you cannot spend any money
on this particular parcel of property.

CHAIRMAN McCUSKER: What's your pleasure? Do
you have a settlement offer? Someone wants to move
that?

MR. SHEAFE: Can I make a motion?
CHAIRMAN McCUSKER: Make any motion you want any time you want.

MR. SHEAFE: I'd like to preface it with a comment that we have a customer. And in my business that's a good thing. We have an offer on the table that is there, and I think we ought to be respectful of that.

We also just made a motion, and passed it, that we would accommodate the parking needs for Nor-Gen. So anything we do here today needs to incorporate that motion into whatever statement we make.

So my motion would be as follows: That we authorize counsel to draft a request for proposal and we go forward with that, with the provisions that the request for proposal include the requirement that whatever development plan is put forth on the purchase price has to accommodate the parking needs of Nor-Gen; that, secondly, that we have the controls of review that we've had in the past, which was expressed in the earlier RFP; and, thirdly, that there be a minimum bid amount of 14.50 a square foot which is 5.3 million for the property.

CHAIRMAN McCUSKER: That would need a second.

MS. COX: Second.
CHAIRMAN McCUSKER: All right. You have a motion and a second.

Is there any piece of that you don't understand, have a question about, want to talk about?

Mr. Collins, are we all right?

MR. COLLINS: Procedurally, yes, you are.

I think what you would be directing is the preparation of the RFP to bring back to you for final approval or input modification, as I understand the motion.

CHAIRMAN McCUSKER: Michele, call roll.

MS. BETTINI: Albert Moore.

MR. MOORE: Aye.

MS. BETTINI: Chris Sheafe.

MR. SHEAFE: Yes.

MS. BETTINI: Mark Irvin.

MR. IRVIN: Yes.

MS. BETTINI: Jannie Cox.

MS. COX: Aye.

MS. BETTINI: Fletcher McCusker.

CHAIRMAN McCUSKER: I abstain.

(Board votes and motion carries.)

CHAIRMAN McCUSKER: By your votes of four ayes, one abstention, you've passed the motion.

Mark, will you proceed with the drafting of
an RFP for the so-called arena lot?

MR. COLLINS: Yes, sir.

CHAIRMAN McCUSKER: All right.

While you're up there, item number nine, west-side parcel, I think you just have an update on the --

MR. COLLINS: Excuse me, Mr. Chairman. I didn't mean to interrupt you.

CHAIRMAN McCUSKER: Go ahead.

MR. COLLINS: We are awaiting the draft Alta, because once the draft Alta comes in we would have a legal description that we can present to the City.

The eastern boundary has been agreed to and resolved. There is a water well issue, but I think that can be resolved as well.

I'm waiting to hear from WLB with their draft Alta, and with that I can present a deed to the City of Tucson. The City has some concerns about being able to monitor and access these monitoring wells.

I can go into great detail if you like, but I don't see any of those as a problem.

MR. SHEAFE: Can I make a point of order?

What I meant in my motion just passed, I wanted to make sure that we incorporated the responsibility in that RFP of the obligation we took on
from the City for accommodating Peach's claim, whatever
it might be.

So you'll build that into your RFP?

MR. COLLINS: I had intended to do that and
bring it back to you that way.

CHAIRMAN McCUSKER: We'll see the draft,
obviously before --

Any questions of Mark on the west-side
parcel? We're trying to get the deed in hand. We're
working through the ULI committee process to coordinate
with the County, the City and Rio Nuevo, the so-called
west-side projects. Hopefully, in the next few months
we'll have something we can bring back to this Board,
particularly on this section that we own south of
Mission Lane.

Item number 10, Chris Sheafe and I are
recused on that. It may make some sense to deal with
other items on the agenda and move that last. Okay.

So Tucson Convention Center update. Elaine,
thanks for hanging in there with us.

Mr. Moore stepped out momentarily. We still
have a quorum.

Michele, can you advance those slides so that
she can use the mic?

MS. WEAVER: I can speak really loud, but --
CHAIRMAN McCUSKER: We need you to get on the mic.

MS. WEAVER: Good afternoon.

Elaine Weaver, project manager for Rio Nuevo TCC arena. Happy to be back. Thank you again for the well wishes.

So a lot has happened in the past month. And I'm going to walk through the photos here briefly. It's a quick update.

Construction started on time and on schedule March 10th. And to date we've had no incidences. We're working very closely with the TCC. And all events are ongoing, and we have coordinated the events with the TCC from now until December. We know when we have an event, when we need to stop construction, clean up, barricade restrooms, get the arena ready for the next event, and then we know when we're back in business.

What's coming up are the graduations in May. And so we're having -- this initial phase is restrooms, concessions. There will be a little bit of a lag in May because of the various graduations, then we'll pick up full speed again after that.

So this first photograph is the concourse level concession stand. And it's a full gut of the
concession stand. We'll see that the back counter has been removed. It's getting all new corion countertops. The front countertop will be new. The soffit that you see at the top, that will now extend to the existing ceiling. New lighting, new digital signage and a new wainscot at the bottom. The concession stand will also address ADA renovations, and entry into the concession stands will be ADA compliant, basically.

Next. This is an overall of the arena. It's slightly hard to tell what's going on. It looks the same. But if you look at the south wall, the piping along the south wall has now been removed. There's a scissor lift on the far right, and there's a couple gentlemen that are still removing two lines of pipe.

Below that there used to be four, five, six layers of abandoned pipe. So all of that is being removed, which is great. And then new perforated panels that will help with the acoustics in the arena, that's going up in place of that.

So if you were to walk into the arena and if you were to go in and say, where's the construction, you would see the most activity on the concourse level, the east side, the restrooms and the concession stands. But what Concord is doing is, they are touching a lot of little things throughout the arena, so that as time
opens up for us we'll be able to go to the south wall and install this structure, put up the panels and paint it, things like that.

The next two slides are just really showing you that we're doing the prepping for the painting of the ceiling. The entire grid will be painted, and new tiles as well as the diffusers will be painted.

Next is about a week old. The photograph is the same, concession stand.

Next, this is looking south at the arena in the restrooms. Again, you will see steel studs going up to the ceiling. A new soft soffit, again, is going to go there to hide and conceal all the ugly duct work and infrastructure, things like that.

Next two photographs are those concourse east restrooms. So you can see that's a full gut, which is great. We are getting all new plumbing fixtures, which is really, really great. It will look like a new space.

On the wall to the right, that is the sinks, mirrors, accessories. And then the left wall is the urinals and the toilets, new partitions, things like that. New lighting as well.

Next. And then this is the men's, so similar condition.
This last photo you will see is the plastic drape going over the seats. And so we're doing further prep to paint the ceiling. All of the seats will be covered. The seats, the fixed seats do not come out until August, so we do need to take care of them and protect them between now and then, because we have events. So we don't want graduates and their families sitting on seats with paint.

I think that's it. That's my update. Really short and to the point. But of course, if you have any questions.

CHAIRMAN McCUSKER: Any slippage on the schedule, timing still looking okay?

MS. WEAVER: Timing is looking okay. There was a little bit of slippage in the fact that we had approval to start, and then we started a couple weeks after. And it's really the ordering of materials. And so we moved very quickly on toilet partitions, light fixtures, and we are a little behind on the light fixtures in the restrooms, but we'll get caught up.

And that's also part of why Concord has started to do little things here and there throughout the arena. But there is no -- there has been no extension of time and we're still on schedule.

MR. RITCHIE: Will all the new seats be in by
next, like, Christmas?

MS. WEAVER: All the new seats will be in by end of October, November.

MR. RITCHIE: And then -- I forgot. How many of the seats are you replacing?

MS. WEAVER: We're replacing one for one. So it's all of those bowl seats, which is around 4800, and then all of the floor seats, the portable seats. So we have some in the queue right now for the portable seats.

They will be embossed on the back of the portable seats to say TCC, so it will be very clear and legible that it's property of the TCC. And all of the coordination of the colors of the seats will be coordinated with the existing new telescopic seats with the navy and the gray.

CHAIRMAN McCUSKER: Will you put those pics up on our website so people can follow along?

MS. WEAVER: Yes. Michele and I will coordinate on that.

Any other questions?

Okay. Great. Thank you.

CHAIRMAN McCUSKER: Thank you.

Okay. Our name change adventure.

We wanted to wait for everybody, but we still
don't have everybody, but I think we've obviously made some commitments to the students. We have identified the winners by ward.

You will remember that changing our name to begin with was a split vote, something I'm never entirely comfortable with. I think my sense is the tide since then has kind of changed to maybe not changing our name. But I think that would be well deserved, given the responsiveness we're getting from the community over things like this.

And, you know, our legislative action, I think everybody knows we've not had a single no vote on the Rio Nuevo bill in the Legislature, not in the committee, not on the floor. I think they view us as a true turnaround at the Legislature.

So having said all that --

MS. COX: Mr. Chairman, I would like to make a motion, but I'd like to preface my motion with a few comments.

I was one of the aye votes for changing the name. And that idea first came to me through our lobbyist, Jonathan Paton. And at the time it made a lot of sense. And that was last fall when we talked about that. It seemed like a good idea to get a fresh start with a new name.
But the landscape has changed dramatically since then. We have clean audits for two years. We have a bill that, as our Chairman said, has not a nay vote to it. I think that the Legislature sees Rio Nuevo as somewhat of a success story now.

I, for one, now take great pride in being a member of this Board, and it took a few years for that to happen. But I'm feeling really good about what we're doing and why we're doing it.

I feel like we have made a commitment to the students, and I understand from counsel that we are obligated to select the name we like the most. I don't know whether we'll all agree on that name or not. I was pleased to see the name I liked the most made the final six.

So I will preface my motion by saying that I have much less appetite for changing our name and feel like we need to be proud of the name Rio Nuevo and carry that forward. However, I think the students have done an outstanding job, and we need to reward them in the manner which we planned in the beginning.

So I would like to move that we select as the winning name for Rio Nuevo, Nuestro Centro, from Sunnyside High School, submitted by Shantelle Lopez.

MR. MOORE: Which number is that?
MS. COX: That is the last one on your first page.

MR. IRVIN: I'll second that.

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

Any discussion?

MR. MOORE: I would like to make a recommendation.

I think it was great that all these students participated in this program, but I couldn't find a name that satisfied me. I know the individuals worked very hard to come up with something, and I appreciate that.

But I think in order to be fair to all of the participants, that we take the thousand dollars that was going to be committed to the winning participant who selected that name, that I recommend we divide the thousand dollars amongst the six participants, and that way, knowing that we're not going to use any of their names, and so in fairness to those who participated, let us share those dollars with the six participants.

And before I finish, I would like to make sure, since Nancy Montoya was the one who coordinated this whole event and everything, to just see if this would be acceptable to the participants to share it,
you know, without going out on a limb. So whatever you could do to help me.

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

You threw me a curve there.

While we did not make that provision in the rules and the regulations, I believe that we are within our rights. The way we wrote the rules is that we wanted to give the Board as many options as possible. And while it does say -- I think under the rules -- I just pulled it up a second ago here.

CHAIRMAN McCUSKER: Here you go, Nancy.

MS. MONTOYA: You have it? Oh, all right.

CHAIRMAN McCUSKER: Need to get all of them.

MR. SHEAFE: I didn't get the rules.

MS. MONTOYA: I messed up.

CHAIRMAN McCUSKER: You break it, you buy it.

MS. MONTOYA: Put it on my tab.

All right. I think under selection of prizes and winners, G, item G says if the overall winner is a combination of one or more of the names submitted, the grand prize will be split among the contestants.

So we've already made a provision that you could split that the prize.

My only concern with going with a name and
giving a person, you know, the grand prize, is that
there is no intent to use that name. And so I
personally would feel more comfortable if we split the
grand prize among all of the finalists. And that's,
you know, just my advice.

MS. COX: I think that's commendable. I
would not object to that, except that I understood from
our counsel that we are obligated to select one overall
winner. And that was the purpose of my motion, was to
select one overall winner, because counsel has advised
us that we must do that, otherwise, I would be really
happy with that option.

CHAIRMAN McCUSKER: Mark.

MR. SHEAFE: There is one other issue here.

It's just for background information.

Everybody that is on this list already
received a check for $500.

MS. BETTINI: Not yet.

MR. SHEAFE: They didn't?

MS. BETTINI: Not yet.

MR. SHEAFE: You didn't hand them out? I
signed them.

CHAIRMAN McCUSKER: I didn't sign them. We
both got to sign them.

MR. SHEAFE: Oh. Got me confused.
MR. COLLINS: Section 4E of your contest rules says, the Board will select the overall winning name from among the award winners and the at-large-winner. That's what I was talking about. And there is -- at this point, procedurally, there's a motion and a second on the floor.

CHAIRMAN McCUSKER: Is this something different than you read, Nancy?

MS. MONTOYA: No. I think we're looking at the same thing. I saw that as well.

We did try to make a provision that if you were to choose a combination of the names as the final, that you could split the prize. So I'm just not sure if --

MR. MOORE: Like coming up with no name.

MS. MONTOYA: There is no name really. You like that name, but that's not really the name you're going to use.

MS. COX: I don't think that's been decided. That was just my personal opinion. I'm not speaking for the Board, but we did not change the name.

MS. MONTOYA: Okay. I think then if we do select that name as the final winner, then, of course, the grand prize goes to the student from Sunnyside.

MR. IRVIN: Can I ask a question on that?
MS. MONTOYA: Sure.

MR. IRVIN: So under your scenario that you just outlined, was it assumed that maybe you liked the name, this part is somebody's thing and this part is somebody's, so you grab a couple pieces and put them together, and that's why that clause was really written?

MS. MONTOYA: I think when we met with Fletcher and Mr. Moore we thought -- well, we tried to think of all the what-ifs. What if we liked a little bit of this, a little bit of that, so that if we had five names or six names, and had a piece of all of that, we could figure out a way to share the prize among them.

CHAIRMAN McCUSKER: What we didn't plan for was the event that we selected no name.

MS. MONTOYA: No name.

MR. MOORE: That would be the same case.

MR. RITCHIE: If I may add something. I was one of the no votes in the very beginning. I thought this had good intentions, but I felt like we needed to keep our name, just keep forward with our mission.

Again, although it's admirable these kids all entered into this contest, if we are not really picking
a winner, to me, it's a waste. Although it's a small amount of money, the intent -- it's taxpayer money that is going to pay for something that we're not going to use.

So I would like to make the motion.

CHAIRMAN McCUSKER: We have a motion.

MR. RITCHIE: I would like to make the comment that, you know, I'm against it, awarding money and/or changing the name.

MS. MONTOYA: If I might interject here, that is one of the options. The Board -- we wrote it into the rules that the Board can decide, we don't like any of these names, at which point that thousand-dollar grand prize is not awarded.

So that is certainly doable, I think.

CHAIRMAN McCUSKER: Seems like we've, Mark, we've kind of cornered ourself with a technicality of our own doing, that, you know, the combination of names would allow us to split amongst two or more.

You know, is it that far removed that you could split it amongst all six of the winners? I mean --

MR. COLLINS: The applicable provisions of the contest rules, I read one of them, you shall pick an overall winner. There's another provision that
s

elect not to use any of the names selected.

So to the extent that you are talking about putting yourself in a corner is -- it's interesting to me.

There's a motion on the floor.

CHAIRMAN McCUSKER: It wouldn't be legally appropriate to do -- let me kind of get back to Robert's Rules of Order.

We have a motion and a second.

MR. COLLINS: Right.

CHAIRMAN McCUSKER: Jannie, unless you want to withdraw that and someone initiate a substitute motion, there is a conversation about splitting it rather than identifying a single award winner.

So you made the motion. We can proceed with the vote.

MR. SHEAFE: Wait a minute.

CHAIRMAN McCUSKER: She has a motion, there's a second. We have to vote on it.

MR. SHEAFE: What are we being told we can't do?

CHAIRMAN McCUSKER: We have a motion which we're obliged to vote on, unless she withdraws or amends the motion or accepts the substitute motion.
Mr. Robert would be quite impressed. So we got to do one of those three things.

MR. IRVIN: As point of clarification, we're not voting to change the name yet. That's the next agenda item. We're only voting on what's our top choice.

MR. COLLINS: I think Ms. Cox's motion -- to me, Ms. Cox's motion made that clear. And I concur with the Chairman, unless Board Member Cox withdraws her motion, you've got to vote on it.

MS. COX: My motion stands.

CHAIRMAN McCUSKER: Okay. We have a motion and a second.

Michele, call roll.

Hang on. Make sure everybody's paying attention.

Jannie's motion is to award the scholarship to Shantelle Lopez from Sunnyside. That's all we're discussing at this point.

Michele, call the roll.

MS. BETTINI: Cody Ritchie.

MR. RITCHIE: No.

MS. BETTINI: Alberto Moore.

MR. MOORE: No.
1  MS. BETTINI: Chris Sheafe.
2  MR. SHEAFE: No.
3  MS. BETTINI: Mark Irvin.
4  MR. IRVIN: Yes.
5  STPHRAO: Jannie Cox.
6  MS. COX: Yes.
7  MS. BETTINI: Fletcher McCusker.
8  CHAIRMAN McCUSKER: Crap.
9  MR. SHEAFE: Go ahead.
10  CHAIRMAN McCUSKER: I vote no.
11  (Board votes and motion fails.)
12  CHAIRMAN McCUSKER: Mr. Moore.
13  MR. MOORE: I would like to make a motion that we award or split the thousand-dollar scholarship amongst the six participants equally.
14  CHAIRMAN McCUSKER: We should acknowledge the last motion failed to pass, so he's making a substitute motion to award it equally.
15  MR. SHEAFE: Second.
16  CHAIRMAN McCUSKER: Anybody want to discuss that any further?
17  Michele, call the roll.
18  MS. BETTINI: Cody.
19  MR. RITCHIE: No.
20  MS. BETTINI: Alberto Moore.
MR. MOORE: Yes.

MS. BETTINI: Chris Sheafe.

MR. SHEAFE: Yes.

MS. BETTINI: Mark Irvin.

MR. IRVIN: No.

MS. BETTINI: Jannie Cox.

MS. COX: Yes.

MS. BETTINI: Fletcher McCusker.

CHAIRMAN McCUSKER: Yes.

(Board votes and motion carries.)

CHAIRMAN McCUSKER: That's a four-to-two vote. We've approved splitting the money amongst six contestants.

Michele will notify them, send them all a nice little letter thanking them for their support.

That kind of makes item 14 moot. But to the extent that we've talked about it, I believe no action is probably the appropriate action, since we have a name and we're not planning to change our name.

MR. COLLINS: I would -- if that's the vote of the Board, no action would be the appropriate action.

CHAIRMAN McCUSKER: Okay. All right.

So back to this last item. Chris, you and I are recused from item number 10. We'll come back to
call for the outcome.

MR. IRVIN: So there's a little history, and I think just information for the audience, one of the things that is part of our primary component is things that around the convention center. So we've had a number of discussions today about a number of things, whether it's Allen Norville's project and other things.

One of the things that we've been in discussions with, and that the Board asked me to go and kind of explore, was what would it take to purchase La Placita, what would that look like, who would we partner on that. I think there's been a lot of discussions ongoing on the District level trying to figure out, you know, is that something that we have an interest in, how would we use it, who would we partner with. There's been discussions with everybody from the University to Pima County to City and to others.

And we're still trying to figure out things relative to value, exactly what we would ultimately do with that property. But I don't think there's any question that we look at it as a strategic piece that really has a benefit to the District and one that we need to explore. We still have a lot of work to do on it.

I had actually asked Jannie if she would get
involved with looking at La Placita, meeting with the various parties, talking about it, brainstorm about it. She also sits with Fletcher on the ULI group, so she's very informed on some of their thoughts and ideas relative to La Placita.

At some point in time we have to get our arms around it, and I'd like to see us kind of formalize that process a little bit.

So, Jannie, I know you have had some thoughts and ideas, maybe a motion that you thought about. Do you want to talk about that?

MS. COX: Yes, Mr. Chairman, I have a motion.

I move to direct staff counsel and one or more Board members, including Mark Irvin, to work with the La Placita property owners to draft the Board's -- for the Board's consideration the potential approval at a future meeting an agreement to purchase the La Placita property, including the rights to the adjacent parking garage, pursuant to the direction provided to counsel and staff, and provided that any proposed purchase price is supported by appropriate appraisals.

The agreement complies with all applicable statutes and includes all appropriate due diligence and inspection provisions prior to closing.

MR. IRVIN: We've got a motion. Do we have a
second?

Is it appropriate for me to make a second?

MR. COLLINS: You can second it.

MR. IRVIN: I would like to make a second.

Then I would also ask that Jannie consider in her motion, when she talked about one or more Board members, including myself, that she also add herself to that list, because she's been very involved in those meetings, and I would like to see her continue to do so.

MR. COLLINS: Amend the motion.

MS. COX: So amend.

MR. IRVIN: To be clear, Jannie, on your motion we're not asking anybody to approve anything. We're asking them to approve, in principal, that we would go and explore this property and then come back to the Board with the information that they would need to make an informed decision, including an appraisal and, honestly, a bunch more work on our part, to talk about what we would actually do with the property.

MS. COX: That is correct.

MR. IRVIN: We've got a motion and a second. Is there any further discussion?

MR. MOORE: My only concern is that I thought we're really looking at a study or review. I think
there's too much detail in what you're suggesting, that we might have to fulfill some of those commitments.

And I thought we were just looking at the overall project, looking at how does it really affect Rio Nuevo and its future, and how it relates to -- you know, I think that's what a committee should do.

But these other details that Jannie and yourself have added to this, I don't like those commitments. I'd rather have it much more general. You review it, talk to the owners or whatever, and see what they're proposing, and then come back and see if we want to continue with it.

MR. RITCHIE: It's my understanding, Mr. Chairman, that -- Jannie, correct me if I'm wrong, in your motion that you are just making the recommendation that we're contributing time, but no dollar amounts at this time. There's not one nickel of Rio Nuevo's dollar.

MS. COX: That is correct. There would be no money expended for anything.

This would be the time Mark and I put in to talking with the owners of La Placita, and there would be no decisions made. Only information gathered about the property and the wishes of the property owners. We would bring that back to the Board for consideration,
and there is obligation on our part whatsoever.

    MR. RITCHIE: Yeah, I can support the motion, as long as there's a caveat that we don't spend a nickel of Mark's time or -- other than the developer and owner of that parcel contributes their own resources into this.

    MR. IRVIN: Counsel, do you want to comment on that at all?

    MR. COLLINS: Well, I think, Mr. Secretary, and members of the Board, I think the motion contemplates some of my time being spent.

    MR. RITCHIE: Can you give an estimate maybe?

    MR. COLLINS: At this stage of the game, I can't. I mean, Mr. Irvin and Ms. Cox have looked at all the documents.

    My concept of this right now, as I understand it, is I would have a limited amount of time involved in it until something comes back to the Board. But I think what these folks are talking about is going beyond the sitting around the table and talking.

    MR. RITCHIE: Again, I would -- maybe we can come up with some sort of dollar amount of your time. I respect the work you do and everything, but I don't want to spend a ton of our resources if it's something
we're not going to do.

        MS. COX: I think we have to consider that
we're going to need some legal advice to decide step by
step whether or not it's something we can or can't
proceed with. And I think that is going to require at
least a limited amount of Mr. Collins' time.

        MR. IRVIN: Mark, correct me if I'm wrong, I
think we've been looking and exploring this on a very
informal basis. And, you know, I think if we weighed
our time versus yours, I'm thinking that we got you 100
to one. Am I exaggerating that?

        MR. COLLINS: Yeah. Mr. Irvin, I have
spent -- other than meeting and talking with you, I
have spent no time on this project.

        MR. RITCHIE: Did I hear you say, educated
guess, maybe 10 hours?

        MR. COLLINS: Yeah. Just trying to ballpark.
I know a little bit about the stacks of paper
that Mr. Irvin and Ms. Cox have gathered. I have a
general concept of what is going on.

        I think that before the next coming back to
the Board, I think that would be a fair estimate.

        MR. IRVIN: All right.

        MR. RITCHIE: Just want to be sure it's not
10,000 hours.
MR. COLLINS: Sure.

MR. RITCHIE: It happened before we all joined the Board here. Not with you, but --

MR. COLLINS: No. I'm telling you, I'll commit now, I won't spend more than 10 hours. If that's a condition, I'm happy to spend not more than 10 hours on this.

MR. IRVIN: So I call for the vote.

Michele, do you want to --

MS. BETTINI: Cody Ritchie.

MR. RITCHIE: Yes.

MS. BETTINI: Alberto Moore.

MR. MOORE: No.

MS. BETTINI: Jannie Cox.

MS. COX: Yes.

MS. BETTINI: Mark Irvin.

MR. IRVIN: Yes.

(Board votes and motion carries.)

MR. IRVIN: Motion carries three to one.

Fletcher, come back and get your gavel.

CHAIRMAN McCUSKER: The entire Board is seated.

I think the only thing left on the agenda is call to the audience.

Michele, do you have anything?
MS. BETTINI: No.

CHAIRMAN McCUSKER: All right.

Entertain a motion to adjourn.

MS. COX: So move.

MR. IRVIN: Second.

CHAIRMAN McCUSKER: All in favor say aye.

(Board votes unanimously and motion carries.)

CHAIRMAN McCUSKER: We stand adjourned.

* * * *
CERTIFICATE

STATE OF ARIZONA )
   ) ss.
COUNTY OF PIMA )

BE IT KNOWN that I took the foregoing deposition pursuant to Notice; that I was then and there a Certified Reporter, CR No. 50218, in the State of Arizona; that the witness was duly sworn by me to tell the truth; that said witness's testimony was reduced to writing by me.

I DO FURTHER CERTIFY that I am not a relative or attorney of either party, or financially or otherwise interested in the action.

( ) Pursuant to request, notification was provided that the deposition is available for review and signature.

( ) Deposition review and signature was not requested.

WITNESS MY HAND this 10th day of April 2014.

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