RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
April 22, 2015
2:00 p.m.

REPORTED BY:
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(Meeting commenced at 2:08 p.m.)

CHAIRMAN McCUSKER: I'm going to call the meeting to order. I have 2:08 p.m.

Mark, you want to lead the pledge?

{Pledge of allegiance was recited.}

CHAIRMAN McCUSKER: Michele, please call the roll.

MS. BETTINI: Jannie Cox?

MS. COX: Here.

MS. BETTINI: Mark Irvin?

SECRETARY IRVIN: Absolutely.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: Here.

MS. BETTINI: Chris Sheafe?

TREASURER SHEAFE: Here.

MS. BETTINI: Cody is on his way and Jeff --

CHAIRMAN McCUSKER: Mr. Hill, we understand, is excused, right? He's traveling.

MS. BETTINI: In Europe.

CHAIRMAN McCUSKER: And Chris is -- or Cody's on his way.

So you have the transcripts from the March 24th meeting. They've been distributed to all of us; they are verbatim. Any issue questions, comments, or concerns?

SECRETARY IRVIN: Motion to approve.

MS. COX: Second.
CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Minutes are approved.

We have an Executive Session scheduled. I would need a motion to recess.

SECRETARY IRVIN: So moved.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: We expect this to be a short Executive Session, 30 minutes tops.

Don't hold me to it.

(The Board adjourned to Executive Session at 2:09 p.m.)

(Meeting reconvened at 2:39 p.m.)

CHAIRMAN McCUSKER: We need a motion to reconvene, Mark made a motion to reconvene.

SECRETARY IRVIN: So moved.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

MR. MOORE: Okay we're back on the agenda.
Maybe we can shut that since they're stripping the
car parking lot one square foot at a time.

MS. COX: I got it.

CHAIRMAN McCUSKER: I'm going to take just a few
minutes.

I have some updates for the Board and the general
public. We should move through this agenda pretty quickly.
We're at a place where we can wrap up a lot of stuff that's
been percolating around the last several meetings.

You all saw yesterday Mr. Sheafe's been intimately
involved at the board of supervisors four to one vote to
advance the County bond package to the November election.

You should note -- and I think I'll ask someone to come talk
to us -- there's roughly a hundred million dollars of stuff
in there that's related directly to the Rio Nuevo District.

So we'll have a great interest in that bond, and I'm certain
that we will be asked somehow, some way, to participate in
that process.

It includes the orientation center, the so-called
regional orientation center on the original Rio Nuevo plot
on the far West Side. I think that's an $18 million
proposal now on the County bond package. The City has
agreed to deed that land over to County. The -- and the
Western National Parks Association will operate and manage
that venue.
So a lot of us hope that it will be kind of the seed tenant, if you will, for the West Side Projects. That's -- the old Tucson origins park idea just kind of falls apart. We're now looking to create viable users on that side of town.

MS. COX: Mr. Chairman, you said the western parks?

CHAIRMAN McCUSKER: National western parks association. They curate, Jannie, 44 of the national parks visitor centers. They currently manage 44 visitor centers around the country. And they are based, interestingly, in Tucson, Arizona.

So they are very interested in urban presence. The de Anza trail, which I learned is one of the four national trail systems, goes right past this property. So I think you'll see a lot of interest from the feds, from the Forest Service, from others about the development on the West Side.

What it does for us, I think, is increases the value and interest in our property to the south.

I have a preliminary draft. I'll circulate it when we get the final report. But you all know we've been doing some engineering work on those parcels. It is not a pretty picture, I'm telling you. We drilled 24 holes on the property near the base of A-Mountain. And virtually every
one of them is methane toxic, still producing active gas
well above the environmentally set limits.

So basically, what we're going to be told here in
short order is you cannot penetrate that cap. So our
options are to do something on the surface of that property
or to eradicate that landfill in its entirety.

We'll get a number for that, but I got a bad
feeling that's an unaffordable idea. So it kind of brings
us back to square one in terms of how can that property
contribute to the overall West Side if you can't eradicate
the landfill and you can't pave over and you can't asphalt
over it. It has to remain underground and unpunctured. You
know, so --

MS. COX: Nothing will grow.

CHAIRMAN McCUSKER: That's the other thing. We
were talking -- we talked about reforesting. And nothing
will grow as long as it's producing the kind of methane that
it's currently producing.

We have completed -- and I know they're in the
process of starting to work -- the agreement with the
Mission Garden. So it took a lot longer they any of us
expected. But they are, indeed, moving forward. The stroke
of genius that we had to assign the old contracts are
probably what allowed us to expedite that project.

Otherwise, we'd still be in a formal procurement process.
But, Bill, I think maybe you can give us an updated call to the audience. Make sure you sign up to do that. I know you've got a couple of events that we will be interested in participating in.

Hopefully we should resolve Phase I of the TCC today.

We also have an action item to continue to maintain Swaim Associates. Mark and I and Elaine and others from the City, SMG, have had several meetings regarding the potential scope of the Phase II project from simple things like remodeled bathrooms and improved meeting rooms to projects as grandiose as the new junior ballroom, an expanded meeting room or even a high-tech conference center, something that would differentiate our convention center from others.

We should have that scoped, hopefully, by May -- our May meeting. And we'll begin to understand the cost and opportunities associated with major renovation of the TCC Ex Hall.

Also in the bond package is the renovation of the Symphony Hall, the renovation of Leo Rich. And I think that's a $24 million item in that bond package.

So that whole plaza can begin to take on, you know, the Lincoln Center kind of qualities as our go-to place downtown. Clearly we've contributed to that.
We did hear that our little arena remodel did win the State’s public works project award. And we won the local one, we won the state of Arizona, and on our way to the national competition. So hats off to all of us. And with that, Dan, how we doing with the money?

MR. MEYERS: I'm Dan Meyers, the chief financial officer for Rio Nuevo.

Okay. As of March 31st, our primary operating account at Alliance Bank had $1.9 million in it. The ISC account at Alliance had approximately $5 million in it. And our Bank of Tucson account, which we use primarily to collect rents and to make payroll-related expenses, 414,000.

The pool fund of the City of Tucson, at the end of March, had about $76,000 in it. That has now been depleted. They cut us a check for a little over $78,000 -- actually that was -- they cut it to Concord to pay some of the retention owed. And then we paid the balance of the retention in April. So that accounted is now zero.

CHAIRMAN McCUSKER: Do you remember what that started at?

MR. MEYERS: I have no idea.

CHAIRMAN McCUSKER: Michele, do you remember?

MS. BETTINI: 4.2, 4.4, something like that.

CHAIRMAN McCUSKER: Four million and change, that's about right.
Just so that you remember, this was lost money. This was unused bond funds that had to be not applied to a new use of proceeds project. You know, we have gone back to the bond issues. So that four and a half million bucks was the lion's share of what we spent on the TCC.

MR. MEYERS: Let's see. Everybody's current on their rents. Rialto actually still owes for April but, you know -- stipulated --

Our TIF revenue for January, which we received in early April, was only 404,000 I believe, you know, down significantly. I just got the detail from the Department of Revenue for who paid what for that particular month. I've got to put that in my spreadsheet. And next week Michele and I are going to start contacting merchants who have not currently been paying regularly.

And there's a couple on there that look like they may not be paying what they should. Some of those may be a challenge. One of the -- one of the entities is a big-box store. So it could be a matter of getting through to the right people to figure out who's preparing those reports and how they're doing that.

CHAIRMAN McCUSKER: And we cannot go public with that information.

MR. MEYERS: Correct.

CHAIRMAN McCUSKER: It's part of our IGA, right?
MR. MEYERS: Correct.

CHAIRMAN McCUSKER: We maintain the confidentiality of the taxpayer.

MR. MEYERS: Exactly.

Let's see. We've got five commitments on our list totaling $14 million, approximately, 7.2 of which has been paid. So that leaves a balance of $6.8 million in possible outgoing commitments. We got 7.4 million in the bank right now, so that's approximately 600,000 sitting around waiting to be used in some good fashion.

The City of Tucson owes us $200,000 for money we've advanced for a GNP II project, and we should be getting that any day now.

MR. RITCHIE: Dan?

MR. MEYERS: Yes.

MR. RITCHIE: Question for you. That -- the big-box -- I know you can't reveal it -- but can you see how much they paid, like, in a similar timeframe from the year before?

MR. MEYERS: No. We don't have that information.

MR. RITCHIE: Oh, we don't have that.

MR. MEYERS: We just -- we got -- I think we've got, maybe, five months of information.

MR. RITCHIE: How about, have they gone the five months without paying it?
MR. MEYERS: They paid it. It just seemed like it's low to me.

MR. RITCHIE: Okay.

MR. MEYERS: We've certainly got some work to do in this area, Michele and I. And we're going to put a letter together and just get that out to these people. And it might be, you know, a little restaurant. In some cases, it may be minimal money. Or it could be some significant dollars as well. We really don't know right now. But, you know, we're going to be getting on that, like I said, next week, I think.

Let's see. As far as upcoming things going on in our office. I'll start preparing the budget for the next fiscal year. Fletcher, Michele, and I, we're -- it's the time to get out ratings redone by Fitch, so we're compiling information that presented here. We got a meeting, I think, second week of March -- of May, excuse me. And then my little project of chasing down TIF revenue.

Anybody have any questions?

CHAIRMAN McCUSKER: We will present the meeting -- the budget in the June meeting.

MR. MEYERS: Okay. Thank you.

CHAIRMAN McCUSKER: Elaine?

MS. BECHERER: Good afternoon. Elaine Becherer Rio Nuevo TCC Arena project manager.
So today, on the agenda, the two items are to some housekeeping regarding previous items that I presented to the Board.

Item No. 7 is regarding the change order for the handrails and extra trash cans. And I've passed out a copy to the Board. And so let me just -- so the $150,000 is for the handrails that would go on the upper level seats, the 200 level seats, around the entire arena.

Previously, I had presented three different options to address the stair nosing. And that was some aluminum nosing, either painting on an adhesive, or an abrasive stripe or tape. And the aluminum nosing was just too expensive. And so it was my recommendation to proceed with the tape or the paint.

And after working with SMG, we have determined that the tape is their preferred solution. And we have a couple of mockups in place. And so the 150 would include handrails and stair nosing for all of the 200 level seats.

And then the difference -- the $16,000 -- is for extra trash cans throughout the arena.

Again, I think that it is important to note that this would be the first change order that would increase the bottom line of the project.

So up until now, the project has not exceeded the original project budget.
And I believe that, last month, it was on the
agenda, but there was a -- the wording wasn't in the agenda
to take action on this change order.

CHAIRMAN McCUSKER: Can you go through the impact
to the whole budget for us? Because this shows the contract
amount of 7,084,000. But that's the contract specifically
to the Concord front. So what would the overall cost be
now, the total the project.

MS. BECHERER: It's still right at $9 million
dollars. And that includes the million that the City has
contributed for the plumbing fixtures, as well as the
kitchen.

CHAIRMAN McCUSKER: Okay. So our cost is right at
8 million. And we had budgeted 7.8 million.

MS. BECHERER: Correct.

CHAIRMAN McCUSKER: Mark's nodding.

MS. BECHERER: I did not bring the entire overall
tracking sheet that we reviewed last month. But I will be
sure to do that next month. But, Mr. Chair, you are correct
that the 7 million, the new contract sum, indicated that is
only for Concord. So this 166,000 proposed is not in their
contract currently.

CHAIRMAN McCUSKER: And then we're done with
Phase I, right? We're closed. The project's sealed. And
we'll finish up and back out.
MS. BECHERER: They -- they have started to order part and pieces and materials for the remaining contingency items that the Board approved last month. Those items were already in Concord's contract. So they're -- they would be doing those items in conjunction with the construction of these handrails and stair nosing. So all of that would be done at once so that we have shared general conditions and that the project doesn't get hit for two months.

CHAIRMAN McCUSKER: Jannie and I have personally experienced the handrail issue. So while we are not required to -- I understand the facility would be grandfathered in without the handrails.

MS. BECHERER: That is correct.

CHAIRMAN McCUSKER: I think it's treacherous without them. So I absolutely support --

MS. COX: I totally agree. It's treacherous without them.

CHAIRMAN McCUSKER: Yeah. So we would need a motion to approve the change order.

TREASURER SHEAFE: So moved.

MS. COX: Second.

CHAIRMAN McCUSKER: I have a motion and a second to approve a change order $166,029. All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.
(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Okay. Elaine, thank you very much. Do you have something else on --

MS. BECHERER: We do. Item No. 8. I think Mark and I might tag team this one.

CHAIRMAN McCUSKER: Okay. Go ahead.

MS. BECHERER: So Item No. 2 [sic] is an amendment to the IGA that we have with the City regarding GMP II. GMP II is with Concord. And it pertains specifically to the kitchen. So all of this was the added scope to the project, late in the project, but it came up due to Pima County Health Department and the City determining that they wanted to proceed with a $350,000 renovation of the kitchen. So this --

CHAIRMAN McCUSKER: We basically allowed them to tag along on our contract.

MS. BECHERER: Correct. And all of GMP II is what Dan referenced earlier, is the reimbursement. So it flows through Rio Nuevo, but the City is reimbursing Rio Nuevo for the kitchen and anything pertaining to GMP II.

So this amendment would revise that IGA to include a change order that the City would also pay or reimburse Rio Nuevo for $28,000, 231 -- $28,231. And what it consists of is three mop sinks and the reskinning of two walk-in
coolers.

So in addition to some of the complacent reporting and housekeeping that was not occurring, once we dove into the renovation of the kitchen, it was determined that some of the concession stands and walk-in coolers had not previously been inspected by the Health Department.

And so then, after we had started construction, they came in and required three additional mop sinks, as well as reskinning of the existing coolers.

There were no funds to purchase new coolers. And so the most cost-effective solution was to reskin them. And that's for the $28,000. And again, that would be funds -- those would be funds that the City is paying. We're just using the IGA that we have in place.

CHAIRMAN McCUSKER: Do we have to do a change order too, or is that --

MS. BECHERER: Yes, and I have that paperwork.

CHAIRMAN McCUSKER: Is that agendized?

MR. COLLINS: It is.

CHAIRMAN McCUSKER: Properly?

MR. COLLINS: It is.

CHAIRMAN McCUSKER: We need to do -- we need to do two things, right? We need to approve the amendment to the IGA, and we need to authorize the change order.

MR. COLLINS: Correct.
CHAIRMAN McCUSKER: So the first item would be the Amendment No. 2 to the IGA with the City regarding the Rio Nuevo renovation.

SECRETARY IRVIN: Move to approve.

TREASURER SHEAFE: As written.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: All right. And the second item would be to approve a change order. Which we have a copy of? We don't.

TREASURER SHEAFE: And the change order is funded by the City?

MS. BECHERER: It is funded by the City.

CHAIRMAN McCUSKER: We have to authorized it since it's coming through us.

All right. So if you want to make the motion.

TREASURER SHEAFE: Motion to approve the change order when it's presented, because we know the amount, which is 28,231. And that's authorized by the City as a payment for the history for accepting that change order.

MS. COX: Second.
CHAIRMAN McCUSKER: Mr. Collins, is that right?

MR. COLLINS: Yeah. The only thing I want Mr. Sheafe to make sure that this amending -- this change order is for GMP No. 2.

CHAIRMAN McCUSKER: That's correct.

MR. COLLINS: It will obligate you folks to pay. And as soon as Mayor and Council approve it, then it will obligate the City to reimburse.

CHAIRMAN McCUSKER: We're not going to pay it until that happens.

MS. BECHERER: Right. And it is planned to go for the second meeting in May in front of Mayor and Council. But the City Attorney's office has seen the amendment. And it's been coordinated with your staff as well.

CHAIRMAN McCUSKER: Okay. So we have a motion and second to approve. Tell me the amount again.

TREASURER SHEAFE: 28,231.

MS. BECHERER: And 87 cents.

CHAIRMAN McCUSKER: And 87 cents.

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Okay.
MS. BECHERER: Great. Thank you very much.

CHAIRMAN McCUSKER: Elaine, on behalf of all of us, but especially Mark and I, we're going to miss hanging out with you every week.

MS. BECHERER: Well, you're not getting rid of me that fast, so -- yes, I will miss working with you as well. And it's been an honor and a privilege. I do thank the Board again for the opportunity. So thanks.

SECRETARY IRVIN: Thanks for keeping us on track, on time, and on budget.

CHAIRMAN McCUSKER: Phase II. Mark, do we have something to look at?

We talked about it in my opening remarks. But we have retained Phil Swaim and Swaim and Associates to do the predesign and scoping work for what we're calling Phase II of the TCC. They well present their scope and estimates in May. We now have an estimate of that work.

Is that what we're doing?

MR. COLLINS: Yes.

Mr. Chairman, Member of the Board, the last meeting, you authorized the preparation of an amendment to Mr. Swaim's contract. The contract was original $10,000 to do some preliminary work. And at the last Board meeting, your authorized the expenditure of $83,270 and directed me to prepare an amendment to bring back to you to approve.
That amendment is what Michele has just handed to you. It is entirely consistent with the motion that was made last time. It's a rather straightforward amendment. It just adds $83,000 to the Swaim contract.

TREASURER SHEAFE: That's an obligation that we take on to pay him, but he's taking on nearly half of it to pay others, correct?

CHAIRMAN McCUSKER: A lot of this is subbed out.

MR. COLLINS: Yeah. Oh, absolutely. Yes.

SECRETARY IRVIN: That's actually referred to right here, Chris, at the bottom.

MR. COLLINS: Yeah. It identifies that at the bottom of Page 1.

The contract will be between the Board and Swaim and Associates. And Swaim and Associates will have subs. That's where that's going.

CHAIRMAN McCUSKER: And again, the reason we don't need to compete for this, it's a professional service.

MR. COLLINS: It's professional --

CHAIRMAN McCUSKER: We have the authority to contract directly on this one.

MR. COLLINS: Correct. Your procurement code allows direct selection for professional services. "Architect" actually is one of the specific professional services mentioned in your procurement code.
TREASURER SHEAFE: Can we just move for approval then? This is an amendment to the professional services agreement between Rio Nuevo facilities district and Swaim and Associates. Move to approve --

MR. COLLINS: -- and execute.

TREASURER SHEAFE: -- the 83,000 change.

MR. COLLINS: And execute.

TREASURER SHEAFE: And execute.

MR. COLLINS: Yes.

MR. RITCHIE: Second.

CHAIRMAN McCUSKER: All in favor, say aye?

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Okay. Mr. Collins, you're going earn your money here in the next three items.

MR. COLLINS: Sadly, I've been earning my money for too long.

CHAIRMAN McCUSKER: So update us first on Item 10, the Arena site. How is Nor-Gen doing?

MR. COLLINS: Mr. Chairman, Members of the Board, as you are aware, earlier this year, the agreement was entered into between this -- the District and Nor-Generations.
That agreement allows Nor-Gen to do some due
diligence. It is in the process of doing that. We are
within that period. And by all appearances, we are moving
forward at a very considerable rate. All indications are
that this is going to close. The feasibility period for
Nor-Gen expires next month on the 27th.

Since our last meeting, a couple of things have
happened. There is discussions ongoing between attorneys
for Nor-Generations, the City, and you folks trying to
refine some of the terms of the settlement agreement and how
that interfaces with the agreement for sale. And No. 2,
Nor-Gen has identified certain title objections. We have
agreed to attempt to resolve them. We are in the process of
doing that.

So it's all ahead, go at this point in time.

CHAIRMAN McCUSKER: Any questions for Mark on the
Arena lot status?

Okay. While you're up there, Item 11. We've been
going back and forth with the Fox since Christmas on a new
ground lease and loan modification agreement. This comes
about because of our specific action to take out the
National Trust for Historic Preservation. We now have the
opportunity to have a direct relationship between Rio Nuevo
and the Fox.

It has been somewhat contentious. For the record,
I stepped away from this the day after Tim Steller's editorial.

So, Mark, what's the current status of your negotiations with The Fox and their attorneys?

MR. COLLINS: Mr. Chairman, Members of the Board, we continue to go back and forth on the governing covenants provision of this agreement.

The -- we have -- we, the lawyers -- have reached agreement on many things. We're virtually down to two remaining items.

But by way of quick review, back in December, the Board authorized the changes that would be necessary to simplify the arrangement. This Board went forward and provided the money to buy out the Trust. The primary agreement has been agreed to, although you folks haven't yet ratified it.

The remaining part, as I said, is the remaining covenants. The covenants include several things that you folks are very familiar with as -- in your private life when you borrow money, the lender usually asks you to avoid doing certain things. So far, the agreement provides -- and I don't believe we have a disagreement on -- that The Fox will not form any other legal entities without approval of this Board. The Fox will not sell or transfer substantially all of its assets without the approval of this Board, at least
until it's $2.9 million debt to you has been paid. The Fox will not incur any debts in excess of $50,000 without your approval.

The Fox has agreed to allow this Board to appoint five members to its -- its Board to assist The Fox in its efforts. The Fox has agreed to allow the District to review its financial records because the Fox owes you $2.9 million.

So there are several things that are -- have been agreed to. There are a couple of things that have not yet been agreed to. I'll just highlight them.

One is the bylaws. This Board has asked that, at least while the money is owed to you folks, that there not be any amendments to the bylaws without your approval. The Fox has resisted that.

The other one is that we provided or requested the opportunity to get copies of various financial documents and information. The Fox has resisted that. But I believe we've reached an agreement. I don't have confirmation of that yet. But I believe we've reached an agreement that we would just review financial records rather than taking copies.

So we're down to two things, I think. And maybe only one, and it's the bylaws.

Does that answer your question, Mr. Chairman?

CHAIRMAN McCUSKER: Sir, yes, sir.
What's the Board's pleasure?

MS. COX: Well, Mr. Chairman, I move that we direct counsel to finalize this agreement with The Fox Theatre Foundation and authorize the executive officers to sign it.

MR. RITCHIE: Second.

CHAIRMAN McCUSKER: Leaving the open items open? Are we just...

MS. COX: No. We finished that one.

SECRETARY IRVIN: Along the lines of what's currently proposed by us?

MS. COX: Exactly.

MR. COLLINS: Mr. Chairman, if I -- if I understand correctly, you're directing me to finish it up with the terms as we've last proposed to The Fox.

MS. COX: Correct.

SECRETARY IRVIN: Just one thing real quickly, because I know it always becomes a discussion point. As I understand it in my discussions with The Fox, they have not amended their bylaws or anything since 2005. And I know they've had some concerns about us being heavy handed with that.

What I've said to them is, if you have some changes that you would like to make, please bring those to us now so that we can globally satisfy all those issues at
As I understand it, Counsel, they do not have anything currently on their plate that they are planning to change. So I think this is, candidly, kind of a moot issue from my perspective.

MR. COLLINS: Mr. Irvin, I have heard no indications of an immediate desire to change the bylaws. And I will reiterate what you have said to their counsel.

SECRETARY IRVIN: So we have a motion and a second already?

CHAIRMAN McCUSKER: Let me -- let me see if I can clarify exactly what we're doing. The current draft of the agreement we have has all the items that you just mentioned that have been agreed upon by both parties. It also includes a requirement that they not amend their bylaws.

MR. COLLINS: Without approval.

CHAIRMAN McCUSKER: Without approval. And it also includes a requirement that we have the authority to review their financial records.

MR. COLLINS: Yes.

CHAIRMAN McCUSKER: So that would be the draft that we're authorizing you to take back to them. So they would either have to agree with us or not.

MR. COLLINS: That's how I understand the motion,
Mr. Chairman.

CHAIRMAN McCUSKER: I don't think got a second.

SECRETARY IRVIN: I'll second it.

CHAIRMAN McCUSKER: All right. So I have a motion --

MS. COX: Cody seconded it.

SECRETARY IRVIN: Cody had seconded it?

MR. COLLINS: Yeah.

CHAIRMAN McCUSKER: So Jannie made the motion.

Cody seconded it. All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

For the record, I abstain.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: The Rialto Theatre.

Mr. Collins, we had a couple of minor tweaks to the closing documents on the Rialto. We should be able to wrap that up today so our goods friend can acquire their theater.

MR. COLLINS: Correct.

Mr. Chairman, Members of the Board, I believe it was two meetings ago that this Board authorized the preparation of an agreement for the sale of the Rialto Theatre to the Rialto Foundation. Purchase price is
$1.3 million. It is essentially as-is, where it is. It's a quick close.

The good fortune is that the Rialto Foundation has an attorney that I've known for an awfully long time. And we worked our way through the agreement, and it's pretty simple and straightforward.

It will -- once authorized and executed, will allow the sale of the Rialto Theatre to the Rialto Foundation. It also transfers the rights that the District has in the temporary revocable easement for Herbert Avenue. It's perhaps the simplest purchase and sale agreement I've ever been involved in.

And the last motion was to prepare this and bring it back to you. We've discussed it in Executive Session. And it's on your plate to decide whether you want to make a motion to approve and execute the agreement or not. That's where you are.

MS. COX: So moved.

MR. RITCHIE: Second.

SECRETARY IRVIN: I definitely second that.

CHAIRMAN McCUSKER: You have to third it now.

You're too slow.

SECRETARY IRVIN: So for whatever it's worth, I just want to commend Rialto Foundation. You know, five years ago, we started a really interesting process, and
everything was broken, as you guys know. And so I think it's pretty amazing that we've come full circle with that. And you guys have positioned yourself so that you can move forward successfully. So I just commend you for all of your work and also for your ability to come to us and talk honestly and openly and allow us a chance to try to help the best we can. So we didn't -- as you know, we didn't want to kick that can down the road. We wanted to put you guys on the pathway to success. So congratulations.

CHAIRMAN McCUSKER: Okay. We have a motion and a second to approve the agreement as presented to us in the Executive Session.

MR. COLLINS: Correct. Mr. Chairman, before you take a vote, let me point out, principally for the audience, that this agreement is a tri-party agreement. It's with the Rialto Foundation, this District, and the City of Tucson. The reason for that is because the IGA, that is the genesis of all of this, has three parties to it: the Foundation's predecessor interest, the District, and the City. And one of the requests from the City, which Mr. McGrath and I both thought was a good idea, was to terminate that IGA. And that's one of the provisions that's in this agreement.

Another provision that the City requested and that is in this agreement, is the Foundation's agreement to
continue to operate that facility as a performing arts venue for ten years. And that's in here. I don't anticipate a problem from the City. But that's the last remaining piece once this Board approves it.

CHAIRMAN McCUSKER: All right. Everybody understand what you're voting on?

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Congratulations.

Okay. Call to the audience. Michele?

I think Elaine's going to sneak back up on us.

Bill O'Malley.


Thanks for the funding agreement. That was signed by the City also here about two weeks ago. So we're looking forward to getting the agreement in the mail here shortly.

We have received the assignment agreements for the architect and contractor. And we've started working with the architects to make the revisions necessary so we can move forward with the construction.
We would like to -- and a lot of the work that we're doing now in the completion of the garden is, you know, we've planted about half the garden so far. The remaining half are some of the remaining timeline gardens which represent some of the other cultures that have existed on that site for over 4,000 years.

We'll be working on the planning work. And we'd like to, if we can get on your agenda for your next meeting, make a brief presentation on the planning for the completion of the garden.

We have been exchanging information with Mr. Collins about the areas around the garden and how we can get some temporary use of those areas for access and parking and support in getting in those discussions and, for instance, find out who the project manager for Rio Nuevo will be.

Once that person's named, we'd like to meet with them -- oh, okay -- meet with them and go through some of the procedures and the things that we can do to approve. So we'll arrange some of those discussions.

Other events at the garden. This Friday is Arbor Day. And we're going to celebrate Arbor Day and the start of the completion of the garden by planting a very large mesquite tree. That will happen somewhere between 9 and 11 on Friday morning. If you're available in the neighbor, it
would be a good time to stop by and see the garden and watch this tree being planted.

Other events this weekend, we're providing an information booth at the University's 10,000 years of Eating celebration.

That will be followed, next week, by 10,000 years of dieting.

And we're also working -- the School of Anthropology is having a hundred year anniversary, and they will be touring the garden this Saturday also.

May 16th is our San Ysidro Festival. We've got some fliers here for each of you. This is a celebration of the spring harvest. And we'll have music, food, Native American dancers, blessings of the different gardens. So it's a major event for us. Free of charge, although donations are accepted. So that would be a good time also, May 16th, to come out and see the gardens.

So thank you. And look forward to seeing you out at the gardens.

CHAIRMAN McCUSKER: Good luck, thanks.

Elaine -- so I promised Elaine I would update you in my update, but I didn't. So she gets to do it now, call to the audience.

MS. BECHERER: Thank you. So now I'm wearing the cap of the project administrator who will be managing the
downtown streetscape for the City and for Rio Nuevo.

And in order to -- what I believe that, you know, we, as working together, has established a working relationship, my goal would be to continue the level of transparency and communication with the Board.

And so if it's the pleasure of the Board, the City is asking to be a standing item to give you monthly updates on the downtown streetscape. So if that's possible, that would be greatly appreciated.

Two weeks ago, Mayor and Council approved the scope of work that you had approved, as well as the phasing. Since then, what has taken place is that I've been receiving -- requesting and receiving design proposals from our City on-call consultants. So similar to what we did with the Arena, we are using existing on-call contracts to solicit for design, as well as construction.

I'm preparing a project management budget and schedule for the project. So just to be clear, my time is not being billed to the project. And there will be two transportation staff members who will bill their time. But I will be establishing a weekly budget as to how much time they are -- they can bill the project. And that will -- that will not be exceeded. And so we'll keep that to a minimum. So the majority of that $750,000 will go to the streetscape where it's needed.
And then, the last update is that I have started to schedule meetings with all project stakeholders. And the City will be going to the Downtown Tucson Partnership monthly meetings to give them updates as well.

CHAIRMAN McCUSKER: No other calls to the audience. Somebody can move to adjourn.

SECRETARY IRVIN: So moved.

CHAIRMAN McCUSKER: Second, please?

TREASURER SHEAFE: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: We stand adjourned.

(The meeting concluded at 3:20 p.m.)
CERTIFICATE

I, John Fahrenwald, certify that I took the shorthand notes in the foregoing matter; that the same was transcribed under my direction; that the preceding pages of typewritten matter are a true, accurate, and complete transcript of all the matters adduced to the best of my skill and ability.

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John Fahrenwald