

RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
August 25, 2015
1:00 p.m.

REPORTED BY:

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1 (Meeting commenced at 12:58 p.m.)

2

3 CHAIRMAN McCUSKER: We're going to go ahead and
4 start, do the pledge, do the roll call. We have a couple of
5 people that are inbound, but we have a quorum.

6 Jannie, do you want to lead the pledge?

7 MS. COX: Sure.

8 (Pledge of Allegiance was recited.)

9 CHAIRMAN McCUSKER: Michele, call the roll,
10 please.

11 MS. BETTINI: Jannie Cox?

12 MS. COX: Here.

13 MS. BETTINI: Mark Irvin?

14 SECRETARY IRVIN: Here.

15 MS. BETTINI: Fletcher McCusker?

16 CHAIRMAN McCUSKER: Here.

17 MS. BETTINI: Edmund Marquez.

18 MR. MARQUEZ: Here.

19 MS. BETTINI: And we've got --

20 CHAIRMAN McCUSKER: And then we heard Jeff's
21 inbound.

22 MS. BETTINI: Correct.

23 CHAIRMAN McCUSKER: Caught up in traffic. Cody
24 cannot be here today; and Chris Sheafe we think's inbound.

25 So we can entertain Executive Session. The

1 minutes have been distributed; they are transcribed. Any
2 other comments? Questions?

3 SECRETARY IRVIN: Motion to approve.

4 MS. COX: Second.

5 CHAIRMAN McCUSKER: All in favor, say aye.

6 (Ayes.)

7 CHAIRMAN McCUSKER: We're in now for Executive
8 Session. We just need a motion to recess.

9 SECRETARY IRVIN: So moved.

10 MS. COX: Second.

11 CHAIRMAN McCUSKER: All in favor, say aye.

12 (Ayes.)

13 (The Board voted and the motion
14 carried.)

15 CHAIRMAN McCUSKER: And was that Jannie on the
16 second for exec?

17 SECRETARY IRVIN: It was.

18 CHAIRMAN McCUSKER: Okay. We'll see you all in
19 about 35 minutes.

20 (The Board adjourned to Executive
21 Session at 1:00 p.m.)

22 (Meeting reconvened at 1:52 p.m.)

23 CHAIRMAN McCUSKER: Okay. Here we go. We need a
24 motion to reconvene.

25 SECRETARY IRVIN: So moved.

1 CHAIRMAN McCUSKER: Second, please? How about
2 second the motion to reconvene.

3 MR. MARQUEZ: Second.

4 CHAIRMAN McCUSKER: And that was Edmund.
5 All in favor, say aye.

6 (Ayes.)

7 CHAIRMAN McCUSKER: Thank you.

8 Thank you, everyone, for hanging around.

9 We have a full agenda. Mostly because of -- last
10 month we were not able to meet in this room because they
11 were going to blow up the Attorney General's office. So we
12 got notice of a bomb threat at about eleven o'clock and
13 learned quickly that it's not so easy just to move an open
14 public meeting. It has to be noticed. And so we postponed
15 that. Everything that was on the August agenda -- or on the
16 July agenda -- is back on the August agenda with some
17 additions.

18 A couple of things just to update people. From my
19 chair, Elaine cannot be here today. She got called to a
20 City Manager's meeting. And there's not a whole lot of
21 update on the Streetscape. They are still in the process of
22 bidding that. So we'll see her in the next meeting.

23 I would encourage you, because he's a listener, if
24 you've not had the chance to reach out to Mike Ortega, our
25 new City Manager, what I'm really optimistic about is a new

1 breed of manager for this city. He's a numbers guy, has an
2 MBA in accounting from our own University of Arizona. But he
3 understands, more than any manager that I've known in the
4 past, that he is not a policy maker. His job is to the
5 execute policies.

6 So he's also making listening rounds. So if you
7 ever wanted the opportunity to speak directly to the City
8 Manager, I assure you he would take an audience.

9 The West Side. I think everybody knows that we're
10 holding our interest in developing the southern section
11 there while the City evolves its conversation regarding the
12 midsection, which is City-owned land. They have told me
13 recently that they expect their engineering reports, on that
14 property, probably in September, and expect to be in front
15 of the Mayor and Council by November discussing the
16 recommendations that are being made by IRG.

17 IRG is the ground fill consultant out of Denver
18 that the City has retained to look at acreage west of the
19 Santa Cruz, south of Cushing, and north of Mission Lane.
20 That's all City-owned property, which includes the
21 affectionately known hole-in-the-ground property there right
22 on Cushing.

23 That is also the property that's subject to the
24 City-County trade. If you're following the bond initiative,
25 the County has an \$18 million request in the \$815 million

1 bond package to build a visitors' center on that property
2 right off the modern streetcar track, right there at Cushing
3 and the river.

4 The City has agreed, subject to the bonds passing,
5 to deed about 4 and a half acres over to the County for that
6 purpose. So historically, the Rio Nuevo position has been
7 we want to be compatible to all the development over there.
8 We see the opportunity to commercialize those properties.
9 We will work with the City and the private sector on an open
10 development plan for that property.

11 We have some engineering data on our website, if
12 you haven't had a chance to see it. The methane production
13 there is much worse than we ever imagined. There are a
14 number of sites that we've tested that produce five times
15 the legal allowable limit for methane. And we've been
16 advised, very strongly, therefore, not to disturb the cap.

17 You probably know that most of that property is
18 former landfill which has been just capped with dirt. And
19 if you begin penetrating that, that is, trying to plant a
20 tree or put in a building or a roadway, the risk is you
21 penetrate that cap.

22 We will look at an estimate to eradicate that
23 landfill. But I can tell you, from my own research, the
24 going rate for landfill remediation is about a million
25 dollars an acre. That's a 27-acre parcel. So the

1 likelihood, certainly, of Rio Nuevo ever being able to
2 eradicate that property to make it available for commercial
3 development is not good. That means you pretty much have to
4 do something on the surface. We'll wait and see how the
5 City evolves their plans. And we'll keep all of you posted
6 on that progress.

7 We're very optimistic about our relationship with
8 the Department of Revenue. Dan will have an update for us
9 there. But I think everyone knows, for years, we struggled
10 with not being able to follow our taxpayers and now are
11 intimate with that data and the results are really beginning
12 to pay off.

13 I'm going to stay with the schedule, I think,
14 Mark.

15 And so, Dan, if you'd just give us a quick update
16 on where we are financially and then we'll move to the bond
17 conversation.

18 MR. MEYERS: Dan Meyers, CFO. Is this working?

19 CHAIRMAN McCUSKER: Speaking of mics, you'll
20 notice, up here, we are not mic'd. That one is.

21 You are mic'd.

22 So anybody up here, we need to speak up for the
23 audience.

24 But I think you're mic'd. Go ahead and test it.

25 MR. MEYERS: Yeah. Okay, so this --

1 CHAIRMAN McCUSKER: You're really mic'd, yeah.

2 MR. MEYERS: -- is the balance as of July. We
3 currently have about 4, point -- \$2.8 million in Alliance
4 Bank, our operating account; better than \$5 million in the
5 ICS account at Alliance; and we have about \$400,000 in Bank
6 of Tucson, for a total of almost eight -- approximately
7 \$8.2 million.

8 We've still got about \$6.6 million of outstanding
9 commitments. The largest piece of that is not due until
10 2017. And that's the garage at the AC Hotel, which is
11 \$4.3 million, approximately.

12 Just an update on our collections from TIF
13 revenues. The April, that we've collected in July, was
14 1.16 million. And the May TIF revenue collected in August
15 was 1.47 million. For those two months, 2.6. In our
16 budget, we have \$825,000. So the last two months have been
17 terrific.

18 That's primarily due to some of the big block
19 stores that had some confusion on how to fill out the forms.
20 And we caught that. And, you know, the State of Arizona got
21 that corrected.

22 So we're getting really close to our budget.
23 We've caught up significantly in the last two months. We
24 need approximately just a little over a million dollars to
25 reach our budget of 9.9 billion -- million for the fiscal

1 year.

2 And I think we're going to be there. We've seen
3 some good, new additional merchants filing. And we've seen
4 some corrections and amendments. And I think that's going
5 to continue for a while.

6 I'm in the process of determining if there's any
7 excess funds sitting in our Wells Fargo accounts. I
8 requested a -- I kind of came up with a number. And I
9 requested them to confirm that. I'd like to wait until the
10 TIF revenues kind of stabilize. And then if we have any
11 excess, we can pull it out. I'd rather do that instead of
12 pulling it out and putting it back in. So hopefully I'll
13 know that within the next week or two.

14 Any questions?

15 SECRETARY IRVIN: Dan, just want to mention to you
16 just that, you know, we've just got 2017 in there for the
17 AC Marriott. My guess is that's probably a May date, if
18 that helps you at all. We'll be a little bit more clear on
19 that in the coming months. But I'll bet that's probably a
20 May 2017, would be my guess.

21 MR. MEYERS: Okay.

22 All right. Any other comments or questions?

23 Thank you.

24 CHAIRMAN McCUSKER: Thank you, Dan.

25 Okay. Item No. 7 on our agenda. We briefly

1 discussed this at the last meeting. We have some of our
2 consultants here today to help us look at the 2008 revenue
3 bond.

4 To refresh your memory, the City-controlled Rio
5 Nuevo Board, in 2008, issued an \$80 million bond at probably
6 the height of the market interest.

7 That debt service -- Dan, correct me -- it was
8 about 8.4, 8.5 million a year?

9 MR. MEYERS: Sounds about right.

10 CHAIRMAN McCUSKER: So we continue to pay for
11 the -- those bonds even though we don't enjoy the proceeds
12 obviously. And we will for the next ten years. Those bonds
13 are designed to sunset in 2025.

14 We've had just preliminary conversations with bond
15 counsel and our consultants from Piper Jaffray about the
16 opportunity to take advantage of current market interest
17 rates. And it looks like it may be a real opportunity for
18 us to save the taxpayers some significant money by looking
19 at what's called a refund bond or a refinancing bond.

20 So, Mark, did you want to start this, or should we
21 bring René right up from Piper.

22 MR. COLLINS: Well, we can -- I think that you --
23 I'd be wasting your time in spending much time talking to
24 you. We ought to bring up René and my partner Tim Stratton
25 to address the questions that you might have. Tim knows

1 intimately more about this process than I do, as do the
2 folks at Piper Jaffray.

3 So, Gentlemen.

4 MR. STRATTON: Mr. Chairman, Members of the Board,
5 I'm Tim Stratton, bond attorney, partner with Gust
6 Rosenfeld.

7 We have been working with the folks at Piper
8 Jaffray to explore the option of issuing the refunding bond,
9 which would have the effect of lowering the debt service on
10 your outstanding bonds.

11 It's an ongoing process. The next steps will be
12 to have a discussion with the bond insurer who has
13 underwritten the insurance policy on the original bonds to
14 make sure that, from an accredited security standpoint, that
15 they would be willing to undertake the insurance on the new
16 bonds which would be issued to refund the old bonds.

17 We're very optimistic on that point because the
18 effect of the refunding would be to lower the overall debt
19 service. And that, in turn, lowers their overall exposure
20 on the bonds. So, to us, it really kind of seems like a
21 no-brainer-type situation to them.

22 But, again, they're going to come out here. We're
23 attempting to schedule a site visit where they can come out
24 and see the District, explore Tucson a little bit, see
25 what's going on here, answer questions from -- have their

1 questions answered by staff, and really kind of look at the
2 financials on that.

3 From a legal standpoint, what we're going to be
4 coming back to the Board with once we get through that
5 process would be a resolution. And the resolution would
6 authorize the issuance of the bonds if certain financial
7 parameters are met. For example, certain interest rate
8 thresholds, savings amount. So all that could be taken care
9 of in advance because, as you know full well, interest rates
10 are very volatile now.

11 And René Moreno from Piper Jaffray is here to
12 discuss some of those financial implications of from the
13 refunding.

14 But I would say that I think, given what took
15 place in China and in the financial markets yesterday, from
16 our standpoint of doing refunding bonds, it's probably a
17 good thing because I think the talk of the feds raising
18 interest rates now has kind of gone away or at least been
19 postponed. We want the rates to stay as low as possible now
20 so that we can get this refunding in place to save the Board
21 as much money as we can. If the interest rates start to
22 trend up, the refunding might not make as much sense. But
23 we're trying push this along as quickly as we can from a
24 logical standpoint so we don't miss a window of opportunity
25 with respect to the interest rates.

1 At this time, I'll turn it over to René unless you
2 have any questions about the legal process for issuing the
3 bonds. And certainly, as he discusses things, if you have
4 questions, feel free to stop us and we'll provide you with
5 whatever information you want.

6 CHAIRMAN McCUSKER: Do we have this on a computer,
7 Michele? Do we have some extra copies?

8 MR. MORENO: We have extra copies.

9 CHAIRMAN McCUSKER: We're going to look at a
10 PowerPoint from Piper Jaffray. If you want to follow along,
11 there's some extra copies.

12 MR. MORENO: Good afternoon. My name is René
13 Moreno from Piper Jaffray. I am a member of your financial
14 advisory team. The other member, Bill Davis, couldn't make
15 it today.

16 So I'd like to discuss the current opportunity
17 with regard to refunding the 2008 bonds. As Tim mentioned,
18 you know, interest rates have been volatile, and especially
19 for the last couple of days. However, you know, we're still
20 in a very low interest rate environment.

21 The first four pages of my presentation, you know,
22 kind of show where current interest rates are as compared to
23 historical rates. Not much to say there except for the fact
24 that interest rates are still very low.

25 On Page 5, these are the outstanding maturities of the

1 2008 bonds. Maturities 2016 through 2018 are what we call
2 noncallable bonds. Maturities 2019 through 2025 are
3 callable on August of 2018.

4 So what we are proposing is to do an advanced
5 refunding of this 2008 bond issue of these callable
6 maturities. In essence, what that is, you know, you go out
7 with the refunding bond issue now, you're going to invest
8 those proceeds into United States securities. And that's
9 going to create an escrow. Which, in turn, in
10 August 2018 -- okay? -- those securities are going to call
11 the bonds, in other words, pay for those bonds.

12 In the meantime, those securities are also going
13 to be making the interest payments. Okay. In essence those
14 bonds go away and you're left with the current refunding
15 bond issue.

16 On Page 6, try to summarize, based on current
17 market interest rates, you know, what a likely scenario
18 would be. And I -- and I have to say that this is just one
19 of probably a few different scenarios that we could explore.

20 This scenario would assume that we fully fund the
21 debt service reserve fund. So, as you may know -- as you
22 know, you currently have \$8 million in your debt service
23 reserve now for your 2008 bonds. Okay. This scenario
24 assumes that a portion of that \$8 million is going to be
25 used to fund the debt service reserve fund for the refunding

1 bond issue.

2 In this scenario, we project savings of
3 approximately \$5.3 million over the course of, you know, the
4 next ten years. Present value savings of approximately
5 \$4.6 million, or, you know, over 9 percent in savings.

6 TREASURER SHEAFE: You're calculating what
7 interest rate?

8 MR. MORENO: That's a good question. So the
9 interest rate that we're calculating is based on what we --
10 what we project to be an applicable market rate for this
11 type of credit, so . . .

12 TREASURER SHEAFE: What is that? Like, 3.75 or
13 something?

14 MR. MORENO: That's about a 2.87.

15 TREASURER SHEAFE: 2.87.

16 MR. MORENO: 2.87. And that's all inclusive. So
17 that's the all in -- all-in TIC, which you know, is
18 inclusive of all fees.

19 TREASURER SHEAFE: With fees.

20 MR. MORENO: Yes.

21 TREASURER SHEAFE: Okay.

22 CHAIRMAN McCUSKER: René, the 8 million that's on
23 reserve at Wells Fargo, would we free up any of that --

24 MR. MORENO: So --

25 CHAIRMAN McCUSKER: -- or do -- we really don't

1 know until we see what the insurance and underwriters
2 proposal looks like?

3 MR. MORENO: Mr. Chairman, I think you're correct.
4 We don't know at this point what, you know, HEM would like
5 to propose. So this scenario, you know, is -- I don't want
6 to call it worst case.

7 CHAIRMAN McCUSKER: But since the bonds are now
8 escrowed --

9 MR. MORENO: Right.

10 CHAIRMAN McCUSKER: -- there'd be no need for that
11 \$8 million. But the new bond would require some reserve
12 requirements.

13 MR. MORENO: That's correct. That's correct.

14 CHAIRMAN McCUSKER: But it could be --

15 MR. MORENO: There is a chance it could be --

16 CHAIRMAN McCUSKER: -- it could be half that.

17 MR. MORENO: It could be half that. Or you could
18 be able to free up the \$8 million and buy a surety. You
19 know, a surety is, in essence, an insurance policy with the
20 insurer that, you know, in a case that there is a default
21 event, they would end up paying principal and interest on
22 that. So that would be --

23 CHAIRMAN McCUSKER: When would we know that?
24 Would that -- that's part of the conversation with
25 assurance?

1 MR. MORENO: It is, yes.

2 I think 7 is just a -- it's just like to show, you
3 know, the projected savings of this structure such that, you
4 know, from 2016 through 2025, if you look at the right-hand
5 side, it says "gross savings," you know, we're expecting
6 savings to be approximately 500 -- on average, about
7 \$530,000 per year.

8 TREASURER SHEAFE: Could I ask how you determine
9 the noncallable versus callable? What is that cut off and
10 how is that --

11 MR. MORENO: So that was determined -- that was
12 determined back in 2008. And usually -- usually how you
13 structure, you know, a bond, is you go out with a ten-year
14 call provision. Meaning that the first ten years of the
15 bond deal are noncallable. So you tend to get a better
16 interest rate, you know, by doing that.

17 TREASURER SHEAFE: That's how they did that. And
18 they laddered this.

19 MR. MORENO: Right.

20 TREASURER SHEAFE: So they just agreed in the bond
21 offering that they were secure for ten years.

22 MR. MORENO: That's correct.

23 TREASURER SHEAFE: Okay. Have we paid -- are we
24 paying the principal down on any of the ten-year, which
25 would now be, I guess --

1 CHAIRMAN McCUSKER: Yeah. We paid it down to
2 69 million. And so we paid 11 million.

3 TREASURER SHEAFE: No, no. The 69 is the total of
4 what's in the red circle, I think.

5 MR. MORENO: That's right. Out of the -- you
6 haven't paid any principal out of the --

7 CHAIRMAN McCUSKER: Out of the 80 million payoff?

8 TREASURER SHEAFE: So the 80 million's still
9 there.

10 CHAIRMAN McCUSKER: So --

11 TREASURER SHEAFE: We still have 12 million there
12 because we also have the ability, I guess, to prioritize if
13 we save some of that money.

14 We can't track -- well, is a noncallable unable to
15 pay principal prior to the call date?

16 MR. MORENO: I think the answer to that is,
17 although they're noncallable, you would be able to defease
18 them.

19 And, Tim, you might be able to help me here.

20 MR. STRATTON: Yeah. So the bonds would be
21 legally defeased because we put the money in escrow to pay
22 for that.

23 Actually, René, if you would excuse me a second,
24 I'll look at my binder.

25 I brought the transcript from the deals that we --

1 \$80 million transaction here. And I think there was a
2 question as to did we pay any principal off.

3 The answer to that question is, yeah, you have
4 paid principal on the \$80 million. The \$80 million was the
5 amount of the bond issue in 2008. You started paying
6 principal payments on that in 2011. And that was
7 2.49 million. You paid another 2.62 million in 2012. You
8 paid down another 3.58 million in 2013, 3.87 million in
9 2014. And in July of 2015, you paid another 4.02 million in
10 principal down.

11 TREASURER SHEAFE: That's quite a bit. Okay.
12 So --

13 MR. STRATTON: So you've been making inroads on
14 the principal payments.

15 TREASURER SHEAFE: Right.

16 MR. STRATTON: But just at the higher interest
17 rates.

18 Now, the interest rates on those bonds from 2011
19 through 2015, which we just paid, ranged from 5 percent
20 interest all the way up to 5.5 percent interest in 2014.
21 The 2015 payment dropped back down to 5 percent interest.

22 So what we're talking now, in terms of the
23 interest rate savings, as you can see, is quite significant,
24 backing down from that 5 percent interest range down to the
25 2, point . . .

1 MR. MORENO: It would be 2.8.

2 CHAIRMAN McCUSKER: It only goes up in the odd
3 year. And then it goes to the 6.5 percent in 2020.

4 MR. MORENO: That's right.

5 TREASURER SHEAFE: So what happens to the bond at
6 the top of the list there, which is 216 (sic), is that then
7 paid off through these reductions? Or is there a separate
8 demand to pay that?

9 MR. MORENO: So the bonds from 2016 through 2018
10 will be paid in the normal course of business, you know,
11 under -- as you're doing that.

12 TREASURER SHEAFE: There's no balloon there; it's
13 just incorporated in the numbers that you're talking about.
14 Okay.

15 MR. MORENO: That's right. So the only bonds that
16 this refunding would touch are the 2018 bonds, there,
17 forward.

18 TREASURER SHEAFE: Sure. We already have the
19 money reserve which goes to Fletcher's question. And that
20 reserve will become less and less important as those
21 bonds --

22 MR. MORENO: That's --

23 TREASURER SHEAFE: -- we're going to be reducing
24 them as we go.

25 MR. MORENO: That's right. And one of the main --

1 as you recall, one of the main reasons for looking at doing
2 the refunding was to see if we could free up that -- that
3 high amount which was required to be in the reserve account.
4 And so that's why it's important going forward that we
5 continue to have these discussions with AGM, because being
6 able to show them this reduction in debt service, we're
7 going to try to make -- we will make as strong a case as
8 possible for them to back down a little bit from this
9 reserve requirement, which would, again, free up more cash
10 for the District to -- to take care of the -- of your
11 business.

12 TREASURER SHEAFE: What is the probability of
13 having the District be the security rather than the
14 metropolitan security attached to the bond offering?

15 MR. MORENO: Well, again, that's one thing that
16 we're going to be discussing with AGM. I know there's
17 the -- I believe, in the documents, the Tucson moral
18 obligation provisions in there. And we're going to work
19 with them to, you know, come up with the best solution that
20 we can, the one that makes the most financial sense.

21 So René and Piper will evaluate those options.
22 Because again, if the -- if the security changes, that could
23 impact the interest rate. And want to give you the low
24 interest rate too. So we're kind of balancing a couple of
25 different factors.

1 CHAIRMAN McCUSKER: Would the rating agencies have
2 something to say about that too, or . . . ?

3 MR. MORENO: They will definitely be able to chime
4 in on that. And their opinion on that would be, I think,
5 considered very heavily by the insurance companies because
6 they will work hand and glove.

7 So I would say these negotiations, going forward
8 toward with AGM, we're entering the critical phase of this
9 because, again, we're going to want to be able to show them
10 the best possible data that we can and demonstrate to them
11 that this refunding makes sense and show them how the
12 numbers work on this.

13 TREASURER SHEAFE: Did the -- René, did the BBB,
14 A2, or triple -- or AA -- if you guys gave yourself that
15 range -- is that anticipating any difference in the security
16 arrangements? Or why did you put all three?

17 MR. MORENO: Those are -- those are actually your
18 current ratings.

19 TREASURER SHEAFE: Okay. Those are current.

20 MR. MORENO: Those are just your currents, the
21 BBB. I think it's Fitch -- Fitch, Moody's, and S&P, in that
22 order.

23 TREASURER SHEAFE: Ah, okay. So there's three
24 different.

25 MR. MORENO: Three different rating agencies, yes.

1 MS. COX: I -- I just have one point to clarify.
2 Are you saying that we have the opportunity to save
3 somewhere around \$5 million in interest payments plus. And
4 then, in addition to that, possibly free up some capital
5 from not having to have that reserve? So there's -- the
6 potential is more like 7- or \$8 million; is that right?

7 CHAIRMAN McCUSKER: Or 10.

8 MS. COX: 10?

9 CHAIRMAN McCUSKER: Yeah.

10 MR. MORENO: So there is that potential, to the
11 extent that AGM will let you retrieve some of that
12 \$8 million without putting it back into the new deal. And
13 that's just going to help with the refunding deal.

14 So this scenario that shows you -- I'm showing you
15 is -- you know, assumes that you don't have any of that cash
16 leave. In other words, it stays within the deal.

17 CHAIRMAN McCUSKER: It stays in the reserve.

18 MR. MORENO: Right. It stays in the reserve.

19 To the extent that that can be lowered, then
20 you're going to see better savings.

21 CHAIRMAN McCUSKER: How do they look at that
22 versus a surety bond? Is that the same collateral way to
23 them, or would they rather see the cash?

24 MR. MORENO: It's difficult to really understand,
25 you know, what they're actually -- you know, how they're

1 going to evaluate this.

2 We -- we think that, by having at least a little
3 cash in the reserve, is going to increase the probability of
4 having a partial surety.

5 So a surety, you know, in -- in relation to the size of
6 the reserve fund, is minuscule. So a surety could be, you
7 know, less than a hundred thousand bucks as opposed to, you
8 know, \$7.7 million.

9 CHAIRMAN McCUSKER: To insure the entire principal
10 amount in the event of a default.

11 MR. MORENO: Yeah.

12 CHAIRMAN McCUSKER: Anything else for René?

13 Tim, Mark, what do you need from us today? We're
14 not really obligating ourselves to do anything. We just
15 authorize you to take the next step to invite the insurance
16 company down to begin the due diligence?

17 MR. STRATTON: That's right, Mr. Chairman. We
18 have no official action item before you today other than
19 just a general concurrence that -- that we continue to
20 explore this opportunity and that we make steps to bring AGM
21 on site to explain all of this.

22 CHAIRMAN McCUSKER: Should we do that in the form
23 of a motion, Mark?

24 MR. COLLINS: Mr. Chairman, Members of the Board,
25 I'm going to suggest that you do that so that Tim and René

1 have the authority to do what they've explained to you. So
2 perhaps a motion to continue your efforts and come back at
3 the next board meeting with an appropriate resolution could
4 be a good motion.

5 SECRETARY IRVIN: I'll make that motion.

6 Thank you, Mr. Collins.

7 CHAIRMAN McCUSKER: The motion is for us to
8 proceed. We're not obligating ourselves anything at this
9 time, but to be further explore this refinancing.

10 All in favor, say aye.

11 (Ayes.)

12 CHAIRMAN McCUSKER: Any opposed, nay.

13 (The Board voted and the motion
14 carried.)

15 CHAIRMAN McCUSKER: Okay. There you go, guys.
16 Thank you very much.

17 MR. STRATTON: Thank you.

18 MR. MORENO: Thank you.

19 CHAIRMAN McCUSKER: Just so we keep talking about
20 it -- this is very far away from an actionable item -- but
21 we've had one conversation at the board level and now a
22 subsequent conversation with the City. I think it's safe to
23 say it remains a very high interest on our part to raise the
24 money to finance the TCC renovation.

25 The instrument that's typically used for that is

1 called a certificate of participation or a COP. It's a
2 bond. It's subject to rental income. So clearly, here, the
3 City would be a party to this process.

4 It's too early for me to tell you if the City's in
5 total agreement with this, although they've indicated and
6 expressed an interest in continuing to work with us on the
7 idea that, indeed, they would pay additional rent in order
8 to raise 20- or \$25 million.

9 The key for the City, I believe, and that has
10 fallen to SMG, the current managers of the Arena, that if we
11 were to invest that kind of money in this venue, what are
12 the opportunities to increase revenue? Would it increase
13 bookings? Would it increase ballroom rental? Would it
14 increase the usage?

15 So they're working on that. So hopefully, within
16 the next month, we can bring this Board a proposal to look
17 at that would require a City agreement to help fund those
18 additional costs.

19 So I think for that, we just standby and I'll keep
20 you apprised. At some point, we'll have a presentation very
21 similar to the one we just had here. But this is really
22 totally dependent on the City's interest, ability, and
23 willingness to pay additional rent.

24 Item No. 9, Chris, thank you for coming down.

25 We do have a new board member. And we are also --

1 it's not going to hurt for the rest of us to once again here
2 your open meeting law refresher.

3 Have you met Edmund, yes?

4 MR. SCHMALTZ: I have not.

5 Mr. Chair, Members of the Board, new Board Member
6 Marquez, it's my pleasure to be with you here today to do
7 a -- this will be familiar to some of you and new to maybe
8 one of you. But it's always a good idea to have a
9 refresher.

10 As part of the presentation, please don't hesitate
11 to ask any questions. If something comes up on a slide or a
12 scenario or otherwise that you might have, don't hesitate to
13 ask while I'm present. My name is Chris Schmaltz, partner
14 with Mark Collins, the pleasure of being one of your
15 attorneys.

16 I always start with this from the statute. This
17 is the context in which we're operating. This is the
18 statement in the statute about public policy behind the open
19 meeting law and why we do it. It's the sunshine law, right?
20 You're doing the public's business, spending the public's
21 money. And this is all about doing that with the public
22 have an opportunity to see and hear what it is we're doing.

23 So we're talking about 38-431, that's the open
24 meeting law statute. This is -- the key language from the
25 statute is, it applies to any meeting of a quorum or members

1 of the public body. We're going to talk about each of those
2 as you might remember. A meeting, as defined in the statute
3 itself, is in person or by technology devices, and where you
4 propose or you take legal action.

5 And part of the definition of proposing or taking
6 legal action is simply discussing -- discussion about those
7 things. So it can involve any kind of a discussion that you
8 might have. And again, to reiterate the point, it's either
9 in person or via technological devices. And we'll talk
10 about that in greater detail.

11 A quorum involves a majority of the members,
12 right? But as we talked about last time, there are some
13 scenarios where you may be conflicted out or there may be
14 issues with you being able to vote on the item. And so a
15 quorum may be less than a majority of the full membership of
16 the board.

17 And so the red flags associated with, if there's a
18 controversial issue or if there's an item that comes before
19 you that some of you are conflicted out of participating in,
20 which we'll touch on in the conflicts section, that should
21 send red flags up for you in terms of having a discussion
22 with even just one more member of the board and the item
23 that might involve conflicts or otherwise. But they, those
24 persons who are conflicted, are prevented from
25 participating. So that reduces the potential for how you

1 pass an item. So that also reduces what the definition of
2 what a quorum might be for purposes of that item. And so be
3 very sensitive to incidents or issues that might come before
4 you where there might be some conflicts that reduce the
5 number of the board who can participate in that item.

6 A quorum can be created if you all show up at a
7 certain social event or otherwise. The best practice, with
8 regard to that, is always to let Michele know if you're
9 going to appear at a public event or you know that there
10 maybe three or four of you who also are showing up.

11 And so that gives Michele an opportunity to post
12 on the website, that there's no meeting, there's no agenda,
13 no action will be taken. But we provide that notice to the
14 public to comply with the open meeting law so that you can
15 go to these events. But we -- out of an abundance of
16 caution, we provide that notice to make sure that people
17 understand that there might be a majority of you at an
18 event. But there's no agenda, there's no action to be
19 taken.

20 On a quorum, also be sensitive to the idea -- this
21 idea of spokes of the wheel. There's a prohibition under
22 the law, the open meeting law, about utilizing somebody else
23 to create that quorum. If you use somebody as a hub, one of
24 you serves as a hub, or you even use Michele or somebody
25 else as a hub, via email or otherwise, phone call -- again,

1 technological devices -- connecting a majority of you in a
2 conversation via the hub, that has the potential to be a
3 violation of the meeting law. "A," you're -- if you're
4 doing that and you're consciously doing that, you're
5 violating open meeting law because you're trying to subvert
6 the open meeting law; and, B, it can happen inadvertently.

7 By communicating you had a conversation with one
8 Board member, you communicate that to Michele or Mark or me;
9 and we, then, communicate that to a couple other Board
10 members, that -- we have, then, become the hub in the wheel
11 creating a conversation involving a quorum. And so
12 that's -- that is the -- has the potential to be a violation
13 of the open meeting law. And we want to be very sensitive
14 to that. We're going to talk about sort of how -- why not
15 to do that and how not to do that. There's really sort of
16 best practices that will avoid all of that. But this is an
17 alternative way for that quorum to be formed via the wheel
18 concept.

19 So you are a public body, obviously, appointed.
20 You are the Board of the -- Board of Directors of the
21 District. And public body also means all of your formally
22 appointed subcommittees and any other committee that you may
23 form to -- like a ad hoc committee that you may form to
24 study a specific issue or to provide a report to the Board
25 about a specific issue, those committees also are subject to

1 the open meeting law as well.

2 So the requirements of the open meeting law, in
3 terms of public notice, are 24-hour notice. You have to
4 post the meeting date and time, location. You have to have
5 an agenda that is specific -- lists the specific items that
6 you're going to be discussing. It has to contain
7 information -- again, this is all about sunshine --
8 right? -- to the public, letting the public know with enough
9 specificity for them to understand that -- what it is you're
10 going to be talking about and taking action on.

11 You can have a call to the public which allows
12 individuals from the public to speak to you and express
13 criticism or bring up things that you might -- they might
14 want you to think about or talk about. However, you can't
15 engage in a discussion or formally sort of talk about or
16 engage in, in greater details, things that aren't on the
17 agenda itself. So in terms of a call to the public, you can
18 put that on the agenda.

19 But if someone brings up, well, we want you to buy
20 another piece of property at this location, you can't sort
21 of engage in that conversation that was brought up in the
22 call to public. What you can do is provide direction that
23 says, let's put that on the next meeting so that we can
24 actually talk about it. That preserves the open meeting law
25 by allowing people to bring up to you issues that they want

1 to bring up to you. But you can put it on the next meeting
2 to actually have a formal discussion about it.

3 CHAIRMAN McCUSKER: We've been advised that, in a
4 call to the audience, we're not even really to interact with
5 the speaker.

6 MR. SCHMALTZ: That's correct.

7 CHAIRMAN McCUSKER: You go to a legislative
8 hearing or some others, there's constant conversation
9 between the speaker, the committee member, Q and A. Is that
10 somehow different than our process?

11 THE WITNESS: Yes, yes. Because the call to the
12 public, the statute limits you, really, to responding to
13 criticism. If I come up here and say, Chairman McCusker, I
14 think you're an X, Y, and Z; and I think that the things
15 that you do are terrible, you can respond to that and try to
16 correct a fact or correct something like that.

17 The best practice is, is not respond at all. But
18 the statute does allow for you to respond to criticism. But
19 that's really the extent of it.

20 You can -- you can ask a clarifying question about
21 something that was brought up, but that's it. There's no
22 discussion. There really shouldn't be interaction with the
23 person at the call to the public.

24 And the open meeting law requires detailed minutes
25 that reflect sort of what you did and what you talked about

1 and the actions that you took.

2 So one of things I also like to highlight is, is
3 that the open meeting law provides the public with an
4 opportunity to attend and listen.

5 There is no right within the open meeting law to
6 address the public body. There may be other statutes that
7 provide for -- like, you have to have a public hearing
8 related to budgets. And that public hearing allows the
9 public an opportunity to speak to you. But technically the
10 open meeting law doesn't provide a direct right for people
11 to speak to you on any item that's on your agenda.

12 For public hearings that are specifically public
13 hearings, in the statute, the public does have a right to
14 speak. And on regular nonpublic, you, you the Chair, or
15 anyone who's acting as chair certainly has the prerogative
16 to take input from the public on any of those items.

17 This is a practice note: Robert's Rules of Order
18 are a guide only. They're really all about legislative
19 decorum and process. It's really about organizing and
20 making the record clear and helping to do that. So Robert's
21 Rules of Order really are used as a guide only.

22 They're not adopted as the rule. So we don't need
23 to have sort of parliamentarians trying to subvert the
24 process. It really -- it's helpful. But it's not going to
25 dictate sort of how the meetings are run.

1 So let's specifically talk about some things that
2 are the modern day open meeting law challenges, email,
3 e-sessions, text messaging, and social media.

4 So email, the law's very clear that you can have a
5 meeting via technological devices. Email, we all use it.
6 You cannot communicate with a quorum via email. If you --
7 if you reply all, you send an email to the entire Board,
8 you've just created a meeting because you are having the
9 discussion about something that either is potentially before
10 you or you want to talk about something that should be done
11 in the public session with a proper agenda.

12 An email, especially -- and this applies to an
13 email that is given to you by the District or your personal
14 email that you are sending to members of the Board doing
15 Board-related business.

16 Do not announce your position in any email to
17 members. Do not query anyone else on the Board via email as
18 to their thoughts on an issue that is either past or
19 upcoming. And do not ask any staff members to be the hub of
20 the wheel, asking staff to collect opinions of other
21 members.

22 The best practice here is to never send a group
23 email to the Board and never reply all to anything that is
24 district-related, ever. That will solve 99 percent of the
25 email trip ups that can happen in an open meeting law

1 context. Never send a group email. Never reply all. If
2 you follow those two key rules, you're going to be safe,
3 again, 99 percent of the time.

4 One caveat, and why I say 99 percent, is the chain
5 email. Right? You send a single email to a single member;
6 that member forwards it on to a third member; that member
7 forwards it on to a fourth member and says, take a look at
8 below.

9 So now a quorum of you are involved in that chain
10 email that has a discussion about the topic. So
11 potentially, that creates an open meeting law problem,
12 because obviously four of you are now involved in creating a
13 meeting over that topic via no -- the first person who sent
14 the email was doing the right thing sending it to one
15 person, say, and not to the group. But the first mistake
16 that was made, then, is sending the email saying, I think
17 this about this agenda item, and sending it to one person.

18 That's a -- that creates the 1 percent scenario --
19 right? -- of the email chain. So I would advise never try
20 to conduct business or have a conversation or discussion via
21 email at all on anything that was past or upcoming because
22 that has the potential -- it's inadvertent. You don't
23 intend to do that. But because there's the potential and
24 the technology to forward it on to multiple members of the
25 Board, it creates this problem.

1 TREASURER SHEAFE: Did you get any of this advice
2 from Hillary Clinton?

3 MR. SCHMALTZ: No, I did not.

4 And just as a reminder, your email communications
5 for District business, they're public records. So if you're
6 sending an email that's not attorney-client privileged to
7 Michele or us, it's a public record, potentially. So be
8 cognizant of that as well.

9 So texting and social media. New media is
10 fantastic, very terrific in terms of communication and
11 information dissemination, all of that. However, again, it
12 has the same problems that email has. That being it's so
13 easy to communicate to -- either inadvertently or
14 intentionally, communicate to a majority of the Board.

15 So if you're texting, again, the same rules that I
16 talk about in terms of email apply. Never send a group
17 text. Avoid sending any text that's business related,
18 District-business related to any other members of the board.
19 Never send a group text to that Board. Never reply all to a
20 group text of the Board. Never reply to a text from another
21 Board member. There maybe hidden individuals who are part
22 of a chain that you can't see on your phone, or you're
23 unsure about who exactly got it, never reply to that because
24 you don't want to be conducting the public's business via
25 the text messaging app on your phone.

1 The same can be said to your personal social
2 media. Whether you have Facebook, Twitter, Instagram,
3 LinkedIn, any sort of aggregate or any sort of social media
4 site where you can communicate in a broad way about things
5 that either are before the Board or might be before the
6 Board, don't -- don't do that on your social media sites --
7 your individual social media sites.

8 That can run the risk of people replying in a
9 Facebook comment section, members of the Board are replying
10 and you're engaging in a conversation in a quorum. If you
11 do that, that's potentially a meeting under the open meeting
12 law.

13 And so best practice, again, is to not say
14 anything about anything that might be before the Board or
15 the District on any of your individual Facebook pages or
16 your Twitter feeds.

17 TREASURER SHEAFE: What if your post is of an
18 official meeting?

19 MR. SCHMALTZ: That's -- and that's fine. I mean,
20 notice of an official meeting is fine, yes.

21 But if there's a comment about, hey, I'm curious
22 about Item No. 4 on that agenda, you don't respond to that,
23 you don't comment on it, you don't -- best practice is, is
24 you can provide the notice of the meeting and say, go to
25 this website.

1 The best practice really is to provide a link to
2 our page, our website, that is the agenda, that kind of
3 thing. That's perfectly legitimate. I think Twitter page,
4 all of those kinds of things is totally appropriate.

5 However, if someone -- if you see that, again, the
6 best practice for you, the members of the Board, is don't
7 comment on it, don't reply; don't even say, yeah, we're
8 looking forward to it.

9 Anything like that creates the potential for a
10 quorum, chiming in on something that might be on that
11 agenda. So the notice of the meeting is fine. But, again,
12 I think the best practice would be only providing a link to
13 the website.

14 Go ahead.

15 So I cite some AG opinions that have dealt with
16 these issues. Unilateral email that proposes legal action
17 that is only from an individual board member that goes out
18 to members of the board, no one replies to it, even that,
19 the AG has examined that closely to indicate that that's an
20 open meeting law problem.

21 Communicating through the media, generally, okay.
22 However -- in traditional media, say, papers or otherwise,
23 if you want to express your opinion with regard to a item,
24 you're not necessarily creating an open meeting law issue,
25 unless, through that same traditional media, there are

1 multiple OpEds from -- right? -- that -- and that might, in
2 that one edition, say, or maybe even subsequent editions,
3 create the impression that you're talking to one another and
4 discussing the item through traditional media.

5 Certainly, through online media or otherwise,
6 that's a big problem. You're -- because it makes it so much
7 easier to trip up in terms of an open meeting law problem.

8 And if you're having a blog meeting, say it's a
9 message board where whatever -- you know, a Tucson community
10 message board and one of you is a participant in that. And
11 you chime in with something that is district related. And
12 then it's pointed out to you -- other members of the
13 Board -- that, hey, I want to chime in on this too, that can
14 create an open meeting law problem as well because you're
15 all communicating on that specific blog or message board
16 with regard to that item that might be legal action by the
17 District.

18 So be very sensitive to those types of District
19 items that are online, because it's so easy to implicate the
20 open meeting law.

21 MR. MARQUEZ: I just want to be clear. So if I
22 shot a selfie with me and Chris and we were at a Rio Nuevo
23 Board meeting and had a blast --

24 MR. SCHMALTZ: Yeah.

25 MR. MARQUEZ: -- and put it on Facebook, is that

1 an issue?

2 MR. SCHMALTZ: Not a problem.

3 TREASURER SHEAFE: If it would be if you included
4 Mark.

5 MR. MARQUEZ: If I had three -- if I had
6 multiples.

7 MR. SCHMALTZ: Well, all I'll say is, having
8 multiples and it's not at a Board meeting, and say it's
9 somewhere else, and we don't -- we don't have knowledge of
10 the fact and we haven't posted that a potential quorum might
11 be at a certain event or location that -- and we've had the
12 opportunity to post 24 hours in advance that there's no
13 agenda or otherwise, it creates a headline test issue
14 because there might be four of you in a selfie at this
15 charity event which we didn't know about and the public
16 didn't know about, that a quorum was gathering at that
17 location.

18 So that would be my only comment with regard to
19 that. Selfies or -- we're -- we love the -- you know, this
20 charity. We're here to support this charity. Members of
21 the Rio Nuevo Board are here.

22 Again, that goes back to my earlier comment, which
23 is, if you're going to be there and you think that multiple
24 members of the Board are going to be at a location, let
25 Michele know, we'll post it so that there's no issue.

1 MR. MARQUEZ: All right.

2 MR. SCHMALTZ: E-sessions, quickly, the statute
3 permits a set amount, seven, why you can have an e-session.
4 The typical ones that we do for you involve legal advice,
5 negotiation over real estate, negotiation related to
6 settlement agreements, employment-related issues.

7 Key -- key point on this slide is, these are
8 private not secret. We have to put it on the agenda. The
9 public is told, we're having the potential for an e-session
10 and this is the reason why -- and it's from the statute --
11 why we're having this e-session. The Executive Session is
12 limited to that rational under the statute. It can't go
13 beyond that. If it does go beyond that, it creates a
14 problem from the open meeting law perspective.

15 So go ahead.

16 Again, call the public meeting to order. And
17 then, as you did today, you've got a motion to go into
18 Executive Session. Your Excessive Session is limited to the
19 reasons that were posted on the agenda. You come out of the
20 Executive Session and you move to return to the public
21 session.

22 Just reminders with regard to Executive Sessions,
23 no voting; no straw poll; no, what do you all think? Even
24 questions like that can create a problem. So avoid any of
25 that.

1 You can -- for sessions that are posted for legal
2 advice, you can ask the attorney questions related to legal
3 advice. But there's really no extensive discussion about
4 the legal advice, about the item, that is on the public
5 agenda. That discussion should be out here.

6 You can ask questions and have discussion about
7 that advice itself. But the items that is posted that you
8 may act on, discussion about that should be out in the
9 public session. And that's a -- that's a key point to
10 remember. Have that question and answer with regard to
11 legal advice. But discussions related to actual item and
12 the action that you're going to take should all be up here.

13 Go ahead.

14 And here's the -- for open meeting law
15 violations -- going through all of this stuff, agenda
16 issues, meetings without posting, things like that -- civil
17 penalty of \$500 for each violation, if it's intentional.
18 You've intentionally tried to subvert the open meeting law,
19 potential for removal from office and all costs and
20 attorneys' fees paid to the plaintiff who brings the claim.
21 And all legal action taken by the body at the meeting held
22 in violation of the open meeting law are null and void.

23 Null and void. Now, there's a potential to ratify
24 at a subsequent meeting. But any action you take at a
25 meeting that was held in violation of the open meeting law

1 is null and void, not just the one item that you're trying
2 to discuss. So it's anything that you did.

3 Any question with regard to the open meeting law?

4 No? Okay.

5 Go ahead.

6 So we're going to move on to conflicts of
7 interest. This is the statute, 38-503. That's the exact
8 quote for that section.

9 Public officer -- we're going to talk about each
10 of these definitions. Public officer of a public agency, or
11 a relative, has a substantial interest in any contract sale,
12 purchase, or service, such public agency shall make known
13 that interest in the official records of such public agency
14 and refrain from voting upon or otherwise participating, in
15 any manner, as an officer or employee.

16 Go ahead.

17 This is the other section, 503 (B), Public
18 officer -- this is related to substantial interest in any
19 decision not -- "A" was contract for -- related to a service
20 or product. Substantial interest in any decision of a
21 public agency shall make known, et cetera.

22 Go ahead.

23 So let's talk about the definitions of each of
24 these. You are a public officer, appointed member of a
25 public agency, such as the District board. The public

1 agency is you. You're a public -- the District is a public
2 entity.

3 The definition in the statute of a relative is
4 broader than your immediate family. Spouse; child; child's
5 parent; parent; grandparent; brother or sister of the whole
6 or half blood and their spouses; and the parent, brother,
7 sister of the child or spouse. It's broader. Think about
8 that definition of relative. And sort of embrace it and
9 remember sort of what it is. It's a broad definition of
10 relative. Not just your immediate family and maybe your
11 parents.

12 Go ahead.

13 Substantial interest is defined in the statute as
14 any pecuniary -- that's related to money -- or
15 proprietary -- related to your ownership -- either directly
16 or indirectly other than a remote interest.

17 So that -- we're going to parse that out a little
18 bit. But anything related to money or your business really
19 creates a substantial interest and triggers the conflict of
20 interest.

21 You have to make that -- make known. Best
22 practices is, is ahead of a meeting, if you're aware of
23 something that you might have a conflict of interest on and
24 you want to recuse yourself under the conflict of interest
25 statute, is to send an email or a letter to Michele ahead of

1 the meeting, and during the meeting itself make known that
2 you have a conflict before the item comes up and then not
3 participate. We'll talk about what not participating means.

4 Participating means no discussion, no voting, no
5 nodding in agreement, nothing. What I recommend, always, is
6 to leave the room. Then you're not involved in the crossing
7 of the arms and you're disagreeing or you're nodding or
8 shaking of your head during the item. No participating
9 means no participating. So the best practice is usually to
10 just leave the room.

11 So the remote interest is defined as numerous
12 elements to it in the statute. I'm not going to go through
13 all of them. But the key point to --

14 And you can go to the next slide as well.

15 The key point to the -- what I hope you take away
16 from this discussion about a substantial interest versus a
17 remote interest, if it in any way implicates your money or
18 in any way implicates your business or a relative's money or
19 business, your red flags, your warnings lights should be
20 going off immediately.

21 Then we can decide on whether or not, as you parse
22 through the connections, whether or not in any way it falls
23 under any of these remote interests. That's the best
24 approach, is to have your radar up and be sensitive to
25 anything related to money or business, I'm going be very

1 careful of.

2 And then we can decide with helping you sort of
3 walk through, is this remote in any way. And we're here to
4 help you with that. And so -- but, again, the idea is, is
5 have your radar up for anything related to money or
6 business.

7 Go ahead.

8 CHAIRMAN McCUSKER: And it's business to business
9 too.

10 MR. SCHMALTZ: Correct.

11 CHAIRMAN McCUSKER: So if I own a business and
12 that business does business with someone else who might be
13 doing business with them.

14 MR. SCHMALTZ: That's correct.

15 And remember it's all about something that is
16 coming before you as a member of this body. Right? So if
17 the District is implicated in a decision that you're going
18 to make or you're part of a deal or somehow you're going to
19 be taking action on something that has some kind of money or
20 business-related sort of connection, you need to be
21 ultimate -- you know, sensitive to that and then contact
22 Mark immediately and say, hey, this is potentially an issue.
23 Let's talk through it.

24 And that's why we're here -- we're here talking
25 about it.

1 CHAIRMAN McCUSKER: Tell me about how those
2 conflicts affects the quorum. Let say we have four
3 conflicted people; there's only three of us that are not
4 conflicted.

5 MR. SCHMALTZ: Yeah.

6 CHAIRMAN McCUSKER: And can you never achieve a
7 quorum?

8 MR. SCHMALTZ: Well, that is --

9 CHAIRMAN McCUSKER: Or do the remaining three,
10 then, become the sitting body?

11 MR. SCHMALTZ: Then the quorum of the remaining
12 three is two people. And that, again, goes back to my point
13 at the beginning, which is, that, potentially, you pick up
14 the phone and talk to someone -- and you might not even know
15 that four of you are conflicted out.

16 Maybe it's something that you're just thinking
17 about or maybe someone has mention to you that this is a
18 possibility that's coming before the board. And you contact
19 another single member of the board, and it's three of you
20 who can only vote on that thing, that phone call has the
21 potential to create an open meeting law problem because
22 there's two of you of the three who can vote on it. So
23 that's potentially an issue. And that's why the best
24 practice is, is, for anything that's district related, the
25 best practice is to have all those discussions here.

1 CHAIRMAN McCUSKER: What you can do with law
2 firms, the moment you're entertaining a client, one of the
3 first things you do is run a conflict of interest
4 examination.

5 MR. SCHMALTZ: Correct, correct.

6 CHAIRMAN McCUSKER: There's no reason we can't do
7 that. I mean, if somebody approaches us or asks to be on
8 the agenda, it seems like we should immediately tell Mark
9 and Michele that we're talking to this or that party.
10 pressure Sheafe leaves board of arbitration so that the
11 other board members are aware that they are even potentially
12 conflicted they should advise us immediately.

13 (Mr. Sheafe left the proceedings.)

14 MR. SCHMALTZ: Yes. I think that that's a good
15 practice to be in, is if you get approached by someone that
16 has the potential to be an item that comes to be District
17 business, to communicate that with Michele and -- so that
18 other Board members can be aware of these conversations are
19 happening, potential District business might be occurring,
20 so that everyone, with their radar up, has a sense of sort
21 of where there might be a conflict to avoid the conflict
22 issues, "A"; and also be sensitive to the open meeting law
23 in general.

24 CHAIRMAN McCUSKER: And talking about the
25 penalties there, which we've spoken to this at length, some

1 of our procurement issues.

2 MR. SCHMALTZ: Yeah.

3 CHAIRMAN McCUSKER: So if you have a conflict and
4 the Board takes action, that's an unwindable (sounds like)
5 item, right?

6 MR. SCHMALTZ: Correct, correct.

7 Go ahead. I think it's the next slide. Keep
8 going. Yeah. Here we go.

9 Intentionally and knowingly -- it's a Class 6
10 felony to intentionally or knowingly violate the conflict
11 of -- to participate in something that you have a conflict
12 in and forfeiture of office.

13 Recklessly or negligently, Class 1 misdemeanor.
14 Again, you do not want to put yourself in a position of
15 having to parse whether you fit into Class 6 felony or a
16 Class 1 misdemeanor. That's the key message here. Right?
17 Is have your radar up about conflicts.

18 Conflict in -- contracts that are acted upon where
19 a member of the Board had a conflict but participated in the
20 action on that item, they are voidable.

21 Remember when I said open meeting law violations,
22 everything that you did is null and void? That's -- it's
23 void. It's -- but in the instance -- in the instance of
24 conflicts of interest, the contracts are voidable.

25 And in a civil action, the statute provides for

1 civil actions for persons affected by this. They can
2 recover costs and fees, as well, from you.

3 Any questions with regard to that fire hose of
4 information?

5 MS. COX: That was about as clear as -- I don't
6 know how you could have a question. That was excellent. It
7 was just very, very clear. And if there's any doubts at
8 all, just don't do it.

9 MR. SCHMALTZ: Right. And if you have a question,
10 that's why we're here. That's what we do.

11 CHAIRMAN McCUSKER: So if four of us show up at
12 the Governor's luncheon, we didn't know that other people
13 were going to be there and we didn't post it --

14 MR. SCHMALTZ: Yeah.

15 CHAIRMAN McCUSKER: -- should somebody leave?

16 MR. SCHMALTZ: No.

17 CHAIRMAN McCUSKER: No.

18 (Mr. Sheafe returned to the
19 proceedings.)

20 MR. SCHMALTZ: No. Just don't talk to the other
21 Board members. And don't discuss anything that is a
22 potential District matter. You don't want to be overheard.
23 You don't want to put yourself in that position of
24 unintentionally violating the open meeting law by having
25 that discussion.

1 The best -- again, this is the best practice. If
2 you're going to an event like that where there is the
3 potential for other members of the Board, just let Michele
4 know. We'll put a posting out that says that a quorum might
5 be at the Governor's luncheon; there's no agenda and no
6 action will be taken. And I think we're fine.

7 And then, of course, the notice -- the notice
8 provides notice to the public. But also your actions at the
9 luncheon are key. Don't -- don't gather together. Don't do
10 those things that would be a violation even though we've
11 posted the notice saying, hey, we need to talk about, you
12 know, this item.

13 No. Don't do that. That is definitely a
14 violation of the meeting law because you're subverting it.
15 You've posted notice and then actually gathered to talk
16 about it so that's an issue. So -- but, no. If you all
17 show up, for whatever reason, no, one of you doesn't have to
18 leave. Just don't have a meeting.

19 Any other questions?

20 It's my pleasure to -- welcome.

21 CHAIRMAN McCUSKER: Thank you very much.

22 MR. SCHMALTZ: You're very welcome. Thank you.

23 CHAIRMAN McCUSKER: Scared to death now, Edmund?
24 Chris, again, thank you very much for helping out through
25 all of this.

1 MR. SCHMALTZ: You're welcome.

2 CHAIRMAN McCUSKER: Item No. 10, Rialto asked for
3 a little time. They are here. Thank you very much.

4 Come on up.

5 MR. PARKER: I'm Hubert Parker, the Rialto Theatre
6 Foundation Board President. And I'm here to tie a bow
7 around the purchases of the Rialto Theatre. Somewhere in
8 the minutia of Tucson history, this will be there.

9 So if you indulge me for two minutes, I'd like to
10 say a few words, a few thank yous. I'd like to thank our
11 executive director, Curtis McCrary; and his staff from
12 Kristen Sharon (phonetic), Adam, Chris, Richard, Gretchen,
13 Mark, Bruce, James, and a lot of the people; our dedicated
14 Board; National Bank of -- our partner, National Bank of
15 Arizona who -- without everybody working together, this
16 wouldn't have been possible.

17 It's been a journey. And in the immortal words of
18 our brother Bill Walton's favorite band, what a long strange
19 trip it's been. We've been through some extraordinarily
20 difficult times. And I don't think it's any kind of
21 exaggeration to say what we've accomplished in the last five
22 years is something short of remarkable business turnaround.

23 And I -- and I would like to thank the current
24 Board for standing by us, working with us, giving us the
25 time and space to get things done.

1 So turn it around, we did. And we're a success,
2 we're proud of our success, because with success comes
3 opportunity. And we seized the opportunity, purchased the
4 theater, and bring it home to its rightful owner, the Rialto
5 Theatre Foundation.

6 So we'd like to finalize this transition and
7 present this check to the Rio Nuevo District, for
8 \$1,300,000, for the purchase of the Rialto Theatre.

9 And we hope you continue your amazing
10 revitalization of Downtown Tucson.

11 MS. COX: Don't go anywhere.

12 SECRETARY IRVIN: We know that there's a paper
13 thing on that date, though.

14 MR. PARKER: My suggestion was we cross it out put
15 the July date, cross it out and put the 7th.

16 SECRETARY IRVIN: I'm just razzing you.

17 MR. PARKER: Sense of humor test.

18 CHAIRMAN McCUSKER: Don't everybody post this to
19 your Instagram.

20 MS. COX: Or on Facebook.

21 CHAIRMAN McCUSKER: Congratulations to you guys.

22 MR. PARKER: Thank you, guys.

23 MS. COX: Congratulations and job well done.

24 MR. PARKER: We should take a picture or
25 something.

1 CHAIRMAN McCUSKER: And good luck to both of you.
2 It's well deserved.

3 MR. PARKER: Thank you.

4 CHAIRMAN McCUSKER: And we're proud to be part of
5 it.

6 MS. COX: Outstanding. Yeah.

7 MR. PARKER: All right. We got everybody. Thank
8 you very much. Appreciate it.

9 MR. MARQUEZ: Great job.

10 TREASURER SHEAFE: We know we'd get there.

11 CHAIRMAN McCUSKER: I don't know that anybody's
12 ever given us a check before. We spent a lot of money. But
13 I don't know if we've ever had any coming back.

14 No. 11, Mr. Collins, here we go. We're
15 desperately trying to close this transaction. There's a
16 little hitch. But give us the gory details.

17 MR. COLLINS: Mr. Chairman, Members of the Board,
18 by way of brief review, you'll all recall that last year we
19 issued an RFP for the accusation and development of the
20 Arena Site. The -- we've received two proposals. The
21 winning proposal was Nor-Gen. In 2004, Pat Lopez, attorney
22 for Nor-Gen, and I worked a lot to reach a final agreement,
23 which was signed -- authorized and signed by this Board on
24 January 27th of this year.

25 Since that time, I've had the pleasure and

1 privilege of working with Pat to try and close the deal.
2 But we don't have it closed yet. A lot of progress has
3 made. But it hasn't closed. And by my calculation, the
4 closing date was to have been July 27th. Notwithstanding
5 that, I will tell you that Pat and Allan Norville have
6 continued to work hard to try and complete this process.

7 The -- by my reading of the agreement, the -- by
8 the 27th, the agreement is effectively terminated. However,
9 it is my judgment and recommendation -- and I have acted on
10 that with Mr. Lopez -- to try and do what needs to be done
11 to allow this thing to close. Pat has been very helpful
12 with me and has Allan.

13 When we get right down to it, folks, it's all
14 about the bus station. We all know that there's a bus
15 station and ground lease on that in favor of Greyhound.
16 What Allan and Pat are attempting to do is resolve that. I
17 can tell you -- and Pat can fill you in even more -- that
18 Allan is actually offered to the City to go into his pocket
19 and to buy an alternative location. That's a separate deal
20 from our deal. But that is what Allan and Pat are
21 attempting to do.

22 You've heard a lot about an estoppel certificate.
23 That's been the effort by Pat, the City, Mike Rankin, and I
24 to solve this problem. That's where we are with that. It
25 hasn't been agreed to or executed. The discussions are

1 ongoing.

2 I have taught talked to Pat -- and I'm sure he'll
3 confirm this -- that I've told him that we need to have a
4 hard closing date on this. And I believe he can address
5 that.

6 My -- that's my summary.

7 CHAIRMAN McCUSKER: Let's hear from the buyer.

8 Pat, can you kind of fill us in?

9 MR. LOPEZ: Mr. Chairman, Members of the Board
10 thank you for your time. So --

11 CHAIRMAN McCUSKER: Put your name on the record,
12 please.

13 MR. LOPEZ: Pat Lopez, I'm with Rusing Lopez &
14 Lizardi, representing Nor-Generations LLC.

15 As you are probably aware, for quite a while,
16 we have been trying to resolve the issue with regard to
17 Greyhound station. The Rio Nuevo Board has a settlement
18 agreement in place with the City of Tucson that allowed the
19 City of Tucson to continue to have the Greyhound station on
20 the Arena Site, even though the Arena Site was deeded from
21 the City to the Board, and then provided for a mechanism for
22 terminating the Greyhound lease.

23 We have been working with the City to try and
24 clarify that so that there is no disagreement with regard to
25 that termination, because, as I think all of you can

1 appreciate, the property cannot be developed with the
2 Greyhound station sitting in the middle of it.

3 So Nor-Gen has -- and Nor-Gen's agreement
4 with this Board is that it has an absolute hard-dollar
5 commitment in terms of physical development on the site that
6 must be done, within a very short period of time, or there
7 is a multimillion dollar penalty that they must pay.

8 They are committed to meeting that schedule
9 and developing.

10 The only thing that we have asked of the City
11 is that they commit to a understanding with regard to the
12 termination of the Greyhound lease. We've been working
13 through that. I think you've all seen the draft of the
14 estoppel certificate that Mark referred to. I think we're
15 kind of down to the nits and gnats on that one.

16 What we tried to do -- he was -- he was
17 talking about the effort with regard to Greyhound. What we
18 tried to do is go to Greyhound and relocate them. Two
19 things happened in the middle of that.

20 No. 1, unbeknownst to anyone -- and the City
21 says unbeknownst to them, and I believe them -- when they
22 opened the bids, with regard to the Ronstadt Center, two of
23 the bidder included their bid a proposal to relocate the
24 Greyhound bus station site to the Ronstadt Center. Again --
25 so of course, we said, you know, where are we on that?

1 What's going on? That's going to take years for that to
2 happen.

3 We went to Greyhound again. And Greyhound
4 said, no, we are in the process of letting an RFP out of our
5 own for relocation. And they had identified their two
6 preferred sites, both on Kino, is my understanding, and one
7 of which is owned by the City of Tucson.

8 Nor-Gen, in order to make sure that there
9 were participants in that process, has agreed to bid -- and
10 has agreed to bid including the City of Tucson's site -- on
11 whatever terms the City of Tucson dictates in terms of its
12 site. In other words, we're not trying to dictate to the
13 City of Tucson what price. I know the City has certain
14 requirements with regard to the sale of it's property so
15 we'll cooperate.

16 I think that part of it -- and I don't know
17 if Mark had a chance to see -- I had the benefit of being
18 able to scan my mails while I was here. I just opened an
19 email from Mike Rankin, the City Attorney. And he said he
20 believes that that provision is consistent with the
21 discussion that we have had with the City of Tucson real
22 estate department. So that looks -- that looks very good.

23 The last sticking point in all of this is
24 Nor-Gen is asking that the City, when we close, provide
25 notice to Greyhound that the lease will terminate one year

1 from closing, which the City can do. What the City has
2 indicated that their preference is, is to have the
3 termination date be the later of one year from closing or
4 when the City approves a development plan for the site.

5 The City's concern is that they have certain
6 relocation -- or potentially -- I shouldn't -- I shouldn't
7 take a position for the City. The City is concerned that
8 Greyhound may assert that the City has certain relocation
9 obligations to Greyhound. And, therefore, the City doesn't
10 want to have to deal with -- with that issue any sooner than
11 it needs to. So they would like to push that date out as
12 far as possible.

13 Nor-Gen's concern -- and I hope you share
14 that concern -- is that if we tie the relocation of
15 Greyhound to the date the City approves a plan, then there
16 is an incentive there for the City not to approve a plan if
17 they haven't got the Greyhound problem addressed.

18 Whereas, if we have a hard date, there is no
19 incentive on the City's part to delay plan approval. And
20 again, as I mentioned earlier, we have been extremely
21 cooperative with the City. And I ask you to -- you know, I
22 mean, you can confirm all of that in terms of working them
23 to try and come up with a plan to relocate Greyhound.

24 So what we propose is that we all agree on an
25 estoppel certificate that incorporates what I've just said

1 to you, which you've seen a draft of. And it says that the
2 City will provide notice to terminate the Greyhound lease
3 one year after the closing.

4 We want to close this transaction. We want
5 to close this transaction in September. And there is a real
6 reason why, from the buyer's perspective that we want to
7 close. We all know that markets change and interest rates
8 change. You just heard from your bond counsel.

9 We don't -- we have done a lot of work to get
10 our development plans in place. We don't want to be in a
11 situation where we're ready to go but we can't develop
12 because Greyhound is there and then the market changes and
13 we lose the financing and can't do the deal. We are
14 confident that we can do this deal. So all we need to do is
15 simply sign that estoppel agreement and go forward.

16 So we're asking for two thing from the Board.
17 We're asking that you approve the estoppel agreement that
18 you've seen, and we're asking for your support when we go to
19 the City and ask that the City approve that estoppel
20 agreement. And we would like to set a closing date in
21 September. And that's where we stand.

22 CHAIRMAN McCUSKER: The current estoppel doesn't
23 seem to provide any failure options.

24 And I think our concern -- Chris has been dealing
25 with this for 12 years -- you know, every year the City

1 discusses what they're going to do with the Greyhound. So
2 the risk to us is we get caught up in the buyer-City
3 negotiations forever that -- you know, on what to do with
4 the Greyhound.

5 You imply -- and I guess we need to see what
6 Rankin has said -- that they're willing to agree to
7 accelerate their notice. But subject to what? Do you have
8 to have --

9 MR. LOPEZ: Well, so right now, Mike Rankin's
10 position is that he doesn't want to. So I'm telling you
11 that we are -- you know, we have to convince the City that
12 they need to do that.

13 And in terms of the buyer-City negotiations,
14 that's resolved. If you look at the estoppel certificate,
15 the estoppel certificate says, if Greyhound doesn't vacate,
16 it's the buyer's -- buyer's right and responsibility to
17 bring enforceable entering detainer action. The buyer is
18 going to be the owner of the property. Our position is,
19 when you look at the documents, Greyhound doesn't have a
20 legal right to continue on that site. And we will evict
21 them. And --

22 CHAIRMAN McCUSKER: The City will -- it's got to
23 Mayor and Council, right?

24 MR. LOPEZ: No.

25 CHAIRMAN McCUSKER: No?

1 MR. LOPEZ: Not -- not if they sign the estoppel
2 certificate. And we don't think that they have to when they
3 sell it. Now, what --

4 TREASURER SHEAFE: To your question, does Mayor
5 and Council sign --

6 CHAIRMAN McCUSKER: Well, I just -- I just -- I
7 think we're all concerned that we get stuck in this
8 conversation about the Greyhound.

9 TREASURER SHEAFE: Right.

10 CHAIRMAN McCUSKER: It's a never-ending cycle.
11 The property doesn't get closed. It doesn't get developed.
12 And, you know, all this was known to the buyer -- both the
13 buyers when we released the RFP.

14 So I think, you know, we're kind of on the
15 opinion, that Nor-Gen should close with us. And you guys
16 want to fight with the City about the location of the
17 Greyhound, God bless you guys. But it seems like we're
18 being brought into this now, you know, to -- I don't know if
19 it's leverage or -- or what. But the -- you know, and it
20 just could become a vicious cycle which we never get out of.

21 MR. LOPEZ: I -- Mr. Chairman, I kind of disagree
22 because we're not asking you guys to do anything. You're --
23 you have no responsibility with regard to relocation of
24 Greyhound. You have no responsibility with regard to
25 eviction of Greyhound.

1 You know, we're prepared to close. The only thing
2 that we're asking that you do is, basically, something that
3 I think we had in the agreement from the beginning, which
4 is --

5 CHAIRMAN McCUSKER: Cooperating.

6 MR. LOPEZ: -- you cooperate and support our
7 position with the City --

8 CHAIRMAN McCUSKER: What happened if the City
9 doesn't agree to this in September? Are you going to close
10 over it?

11 MR. LOPEZ: If the City doesn't agree to it in
12 September, the City is really saying to us and anyone else
13 who buys that property that Greyhound is going to be there
14 indefinitely and -- no.

15 I -- I mean, that's a -- that's a decision for my
16 client to make. If you're asking what my recommendation
17 would be if you were my client, I would say, why would you
18 buy a piece of property where a third party gets to decide
19 who occupies it; collects the rent from that third party;
20 and tells me, you can't develop it and you're facing a
21 multi-million dollar penalty if you don't develop it.

22 And I'm not sure who you're going to ever find
23 who's going to say, I want to buy that property under those
24 terms.

25 CHAIRMAN McCUSKER: Mr. Irvin?

1 SECRETARY IRVIN: So, you know, if I'm not
2 mistaken, you know, we've pushed the escrow back up, you
3 know, closing back, the due diligence back a couple of
4 times. And obviously, once was because of the unfortunate
5 situation with Alfy passing and what have you. It was
6 completely a no-brainer. I know we've done it a couple of
7 times sense.

8 And I share our Chairman's concerns just about
9 that. And we've drug into something that we really don't
10 have any, you know, influence. And sure, will we use our
11 influence with the City and try to do everything we can to
12 ensure that, you know, they don't stand in the way of the
13 development? Yeah.

14 But my concern is that perception is reality. And
15 there's nothing here today that I've heard that is new
16 information. The lease, the situation, the RFP, all clearly
17 delineated all these issues.

18 I understand the dilemma that you're in. And I
19 personally don't have an issue if we extended it 30 days if
20 the earnest money, which is \$150,000, becomes nonrefundable.
21 We're not currently in escrow because those dates have --
22 and I'm just concerned about that.

23 So I don't mind making a motion that I would agree
24 to accept the 30-day continuance on the closing provided
25 that the \$150,000 of earnest money is nonrefundable.

1 MR. MARQUEZ: I'll second that motion.

2 TREASURER SHEAFE: Would you like to maybe amend
3 that to September 30th? That would allow two council
4 meetings.

5 SECRETARY IRVIN: I know that the council is going
6 to meet on the 9th. And I checked with Counsel Collins on
7 this the other day, and I know they initially had it set up
8 for the 22nd and that date's been moved to the 24th.

9 So to me, 30 days from today allows us to come
10 back in time for our meeting and know that that limits the
11 time, so, you know, making it a 30-day risk.

12 TREASURER SHEAFE: So then it captures both
13 councils.

14 MR. MARQUEZ: I second that.

15 CHAIRMAN McCUSKER: We have a motion and a second
16 to provide the buyer an extension, earnest money goes hard,
17 is what I understand what you are saying.

18 SECRETARY IRVIN: Correct.

19 CHAIRMAN McCUSKER: Any further conversation of
20 how you want to respond?

21 MR. LOPEZ: If I could.

22 I mean, I think -- you know, I can't speak for my
23 client. But I think a motion like that puts this deal in
24 jeopardy. And, you know, what we -- what we need is we need
25 the City to agree to this.

1 And, you know, to gamble \$150,000 on what the
2 City's going to do and what this Board is going to do
3 after -- this is a client that's spent probably more than
4 that already on -- remember, got a new ALTA survey, got a
5 Phase I environmental site assessment, had to get a Phase II
6 environmental site assessment, has prepared preliminary
7 development plans, has paid for a franchise agreement with a
8 hotel flag. All of the that -- you know, all of that money
9 has been put up.

10 And so the suggestion is that my client isn't
11 serious for making an investment. You know, he's made a
12 substantial investment in this property.

13 And the only issue left here is to say, City, sign
14 the estoppel certificate and agree that we'll give notice to
15 Greyhound to vacate.

16 If you read your settlement agreement -- I think
17 it was said that we knew about all of this when we went into
18 it. Yes, we did. And your settlement agreement provides
19 that the City will give notice to Greyhound and terminate
20 its lease. And that's all we're asking for. So we're --
21 we're asking for what -- the deal that we thought we got.
22 And you've got a buyer who's invested a tremendous amount of
23 money. And it just kind of feels -- feels like putting
24 their feet to the fire at the -- at the last minute when
25 we're -- we're right here to get this done. I -- I'm --

1 TREASURER SHEAFE: Is your problem more the
2 increased deposit nonrefundable fixture than the 30 days?
3 Are you pretty confident on the 30 days.

4 MR. LOPEZ: Yes. My -- my problem is the
5 nonrefundable.

6 TREASURER SHEAFE: Can I offer a --

7 CHAIRMAN McCUSKER: We got to vote on the motion.
8 Isn't that the --

9 The point that Pat made -- and I do think I share
10 the concern about -- our settlement agreement provides that
11 the notice is given once and if a development plan is
12 approved. So if the City really wanted to jerk the
13 developer around -- Chris, you've been there -- you know,
14 they -- they could fool around with the plan and just buy
15 themselves some time. None of us can control that.

16 I think that's -- you know, we're all suspicious
17 that the City would be motivated to do that. So I
18 understand the desire on the buyer to try and clarify that.

19 But it all -- it seems like we're all paper tigers
20 here. You know, we're trying to put pressure on the City to
21 agree to something that they don't seem to be inclined to
22 agree with and jeopardizes the closing of the whole thing.

23 And I tend to agree with Pat. I think the earnest
24 money to go hard is probably too harsh. The simplest thing
25 to do is just give them some time and see if we can all

1 figure it out.

2 TREASURER SHEAFE: Could I -- could I make a
3 subsequent motion?

4 CHAIRMAN McCUSKER: Well, it's -- they can
5 withdraw their motion and second. Or we can vote on it.
6 You know, one way or the other. But I would vote against
7 that because I think it's too harsh.

8 I think where you're headed is, let's just give
9 them to the end of September and agree to work with this
10 developer on trying to resolve this issue with the City.

11 TREASURER SHEAFE: Well, let me just comment that
12 I'm a little concerned, after thinking about it, that if we
13 give that \$150,000 leverage point, we're basically giving
14 the City a -- kind of a heavy leverage point against
15 Norville. And I don't know that that is a good thing, to
16 put them in a position where they know there's this
17 deadline.

18 Because the reality is, if this deal falls apart,
19 it will be because the City won't take action. And I think
20 the downfall of that is quite a piece of leverage I would be
21 considered in that considering the history of the Council
22 and the other wonderful decisions they've made. I wouldn't
23 like to have that being advertised around that they now
24 fouled up a very major new component for the community.

25 So I'm quite comfortable putting forward the 30

1 days, Mark. If you would accept that, I think the 30 days
2 makes great sense.

3 SECRETARY IRVIN: And I think I would listen,
4 Chris, to what you have in mind. But as far as just turning
5 it loose with no earnest money at part and nonrefundable, I
6 haven't heard a single thing today that is any change than
7 what we knew going into this deal.

8 So we've already extended it a couple of times.
9 We've done that for various reasons, all legitimate, no
10 concern about that. And now we're here again asking to
11 extend a contract which has essentially been terminated.

12 Again, I don't have a problem doing that. I'm
13 hoping this deal happens. But to just do that without
14 something back, I think is irresponsible on our part.

15 MR. LOPEZ: Can I explain -- can I explain what is
16 different here, Mark? Which is, before -- right? -- we were
17 in serious negotiations with the City. I think your counsel
18 can confirm that because he was at a number of those
19 meetings.

20 We had a meeting with the City to talk about how
21 to solve their problem. And the buyer was willing to pay
22 the money to build a new station for them on 22nd Street,
23 property that the City owned. And the City indicated that
24 that would -- that would work. They thought that -- that
25 that would work and we were ready to go.

1 I don't know how long, but it was only a matter of
2 days later, RFPs get opened with regard to the Ronstadt
3 site -- something none us knew about and none of us
4 controlled -- that proposes Greyhound's going to go there.
5 We try and track that down and figure that out with the
6 cooperation of the City.

7 A few days after that, we find out that Greyhound
8 has announced it's going to be some -- it wants --

9 CHAIRMAN McCUSKER: Take matters in their own
10 hands.

11 MR. LOPEZ: To take it into their own hands and
12 have -- issue an RFP. And then we find out that -- and we
13 propose, to them, the 22nd site. That say no. And they
14 identify two -- two other sites on Kino.

15 We jump in and say, okay. We go to the City and
16 say, City, you want one of those sites; we're willing to buy
17 them on whatever reasonable terms and we're prepared to do
18 that.

19 And we go out and do preliminary planning and have
20 preliminary estimates on getting Greyhound a new site there.
21 Okay?

22 So that RFP hasn't come to fruition yet. But if
23 you look at the Greyhound -- the revised estoppel
24 certificate, you have that information in there.

25 So to stay that nothing has happened, a lot has

1 happened. A lot has happened that's out of Nor-Gen's
2 control. And a lot has happened that Nor-Gen has done in
3 terms of spending both time and real dollars to solve those
4 problems. That's one.

5 And the second thing I would say is, if this deal
6 doesn't close because the City isn't willing to commit to
7 relocating Greyhound -- you guys know, you're in the
8 business -- tell me anyone who's going to buy that site now
9 knowing that the last buyer spent all the money to do the
10 due diligence, to do the environmental, to do the
11 preliminary planning, to pay for a flag, to try and work to
12 relocate Greyhound, and then at the last minute was told,
13 hey, you're up against the wall. Give us a check for a
14 \$150,000 and you're --

15 SECRETARY IRVIN: Doesn't the agreement currently
16 provide that, within a certain period of time after you've
17 closed, you have period of time to submit a development plan
18 at which time then triggers them responding to that?

19 That's been part of the deal since day one. So I
20 can appreciate the fact that everybody's being proactive and
21 that, you know, the two guys that proposed on the Ronstadt
22 Center addressed that. Nobody was expecting that. I
23 thought that was pretty fast, that -- you know, those
24 presentations.

25 But again, I don't think it changes the perception

1 that the public will look at with us by just continuing to
2 add time to it. I mean, I'm in the business. My clients,
3 if they were going to do a deal like this and that's what it
4 looked like, we would go nonrefundable on some earnest
5 money.

6 MR. COLLINS: Mr. Chairman?

7 CHAIRMAN McCUSKER: Mr. Collins, explain the --
8 what does the estoppel do for both parties -- or all three
9 parties?

10 MR. COLLINS: It's -- I'll try to summarize and
11 I'll ask Pat to correct me or augment.

12 The estoppel certificate takes the terms of the
13 Nor-Gen agreement that we -- the agreement we have with
14 Nor-Gen, and -- and the settlement agreement, and attempts
15 to, number one, accelerate the one-year notice to when
16 there's close of escrow.

17 Current agreement says, we close escrow today.
18 Nor-Gen has 180 days, as I recall, to submit its first
19 development plan. Ten days after that, this Board then
20 gives the notice to vacate. And that starts the one-year
21 term.

22 The estoppel certificate alters that a little bit
23 and says, we want that one-year going notice going at close
24 of escrow.

25 I personally --

1 CHAIRMAN McCUSKER: Regardless of all these
2 extraneous conversations about sites and RFPs and the
3 Greyhound and Ronstadt --

4 MR. COLLINS: Yeah.

5 CHAIRMAN McCUSKER: -- it doesn't have anything to
6 do with any of that. It just amends the settlement
7 agreement, basically.

8 MR. LOPEZ: Correct.

9 MR. COLLINS: Yeah. I think that's right. You
10 know, we lawyers have to write a few more words than that.
11 But that's pretty right.

12 SECRETARY IRVIN: So, Mark, was that contemplated
13 or addressed in any, shape, form, or fashion in the RFP?

14 CHAIRMAN McCUSKER: No. It's been -- it's risen
15 since then.

16 SECRETARY IRVIN: Right.

17 MR. COLLINS: Yeah.

18 CHAIRMAN McCUSKER: But again, does the Mayor and
19 Council have to agree to this estoppel?

20 MR. COLLINS: Mr. Chairman, Members of the Board,
21 Mayor and Council, I don't think, have to agree to anything
22 that they don't agree to.

23 CHAIRMAN McCUSKER: But they would have to vote on
24 it, up or down.

25 MR. COLLINS: Yes, yes. As I understand from my

1 conversations -- and Pat can chime in -- I understand from
2 my conversations with the City Attorney that he is ready,
3 willing, and able to put the estoppel certificate on the
4 agenda for the September 9th meeting and/or the 24th meeting
5 assuming he has approved it. I think that's a fair
6 statement.

7 MR. LOPEZ: That's fair.

8 MR. COLLINS: And so that's really where that is.

9 CHAIRMAN McCUSKER: Someone had a question.

10 MR. MARQUEZ: Mr. Chairman, Mr. Lopez, I
11 understand where Mark's coming from. That's why I seconded
12 it. It's the fact that in the -- in -- it's commonplace in
13 the real estate world, as we know, as you get to multiple
14 extensions, earnest money goes hard.

15 But after hearing, you know, the efforts that
16 Nor-Gen's put in place, I'm with -- I'm in agreement with
17 the 30 days without -- we don't want to upset the deal at
18 all.

19 I like the fact that you also can -- and you're
20 willing to go forward with a -- with a removal of Greyhound
21 via your contract. So I'll go ahead and rescind my second
22 right now so we can reshape this.

23 CHAIRMAN McCUSKER: Mark, can he do that?

24 MR. COLLINS: You just heard -- you just heard
25 from somebody who knows a lot more about it than I do.

1 Maybe Jeff can. We could handle it a couple of ways.
2 Robert's Rules of Order don't apply. You could vote on
3 Mark's motion, see what happens.

4 CHAIRMAN McCUSKER: He can withdraw his second --
5 can he withdraw his second, Jeff, or is that -- once you've
6 seconded a motion --

7 MR. HILL: You went on to discussion. So the
8 motion was before us.

9 CHAIRMAN McCUSKER: Right.

10 MR. HILL: So I don't see how we could rescind it.

11 CHAIRMAN McCUSKER: Right. Right.

12 MR. COLLINS: Yeah. That's --

13 CHAIRMAN McCUSKER: He could second --

14 MR. COLLINS: That would be the cleanest way to do
15 it. That would be the --

16 CHAIRMAN McCUSKER: -- checking and raises,
17 but . . .

18 MR. HILL: Yeah.

19 CHAIRMAN McCUSKER: All right.

20 MR. HILL: Hold 'em or fold 'em, I suppose.

21 CHAIRMAN McCUSKER: Any other questions, comments?

22 Michele, call the roll.

23 MS. BETTINI: Jeff Hill?

24 MR. HILL: No.

25 MS. BETTINI: Jannie Cox?

1 MS. COX: No.

2 MS. BETTINI: Mark Irvin?

3 SECRETARY IRVIN: Yes.

4 MS. BETTINI: Chris Sheafe?

5 TREASURER SHEAFE: No.

6 MS. BETTINI: Edmund Marquez?

7 MR. MARQUEZ: No.

8 MS. BETTINI: Fletcher McCusker?

9 CHAIRMAN McCUSKER: No.

10 (The Board voted and the motion failed.)

11 CHAIRMAN McCUSKER: Okay. So 5 to 1, no. So we
12 would need an alternative motion.

13 TREASURER SHEAFE: Mr. Chairman, I'd like to
14 propose that we instruct counsel to do what he can to close
15 the deal within the next 30 days and take whatever action is
16 necessary. And in the event that the deal is not closed
17 within 30 days, we recognize that it has been.

18 CHAIRMAN McCUSKER: 30 days or the end of
19 September?

20 TREASURER SHEAFE: I will amend to the end of
21 September.

22 MR. COLLINS: Mr. Sheafe, I would ask you to
23 consider amending that motion to authorize the execution of
24 whatever is agreed to.

25 TREASURER SHEAFE: I meant to say that. I will

1 authorize the execution of the completed deal by the
2 executive officers included in my motion.

3 MR. COLLINS: Okay. That needs a second.

4 MR. MARQUEZ: Second.

5 CHAIRMAN McCUSKER: Everybody got it?

6 SECRETARY IRVIN: Yep.

7 MS. COX: Yep.

8 CHAIRMAN McCUSKER: Michele, call the roll.

9 MS. BETTINI: Jeff Hill?

10 MR. HILL: Aye.

11 MS. BETTINI: Jannie Cox?

12 MS. COX: Aye.

13 MS. BETTINI: Mark Irvin?

14 SECRETARY IRVIN: Aye.

15 MS. BETTINI: Chris Sheafe?

16 TREASURER SHEAFE: Aye.

17 MS. BETTINI: Edmund Marquez?

18 MR. MARQUEZ: Aye.

19 MS. BETTINI: Fletcher McCusker?

20 CHAIRMAN McCUSKER: Aye.

21 (The Board voted and the motion
22 carried.)

23 CHAIRMAN McCUSKER: Okay. By the vote of 6 to 0,
24 we've given you an extension. And we'll do everything we
25 can to help you expedite that.

1 MR. LOPEZ: I want to thank you all very much. I
2 mean, we've been working really hard to get this deal done.
3 We've got to get this closed for Tucson. I mean, not just
4 for my client but for Tucson.

5 And I -- you know, I recognize everyone, including
6 you, Mark.

7 I mean, you have -- you guys have all worked
8 really hard to get this done, and we appreciate it. And I
9 want to assure you, we're going to get this thing closed.
10 Thank you.

11 CHAIRMAN McCUSKER: Thanks.

12 Item No. 12, TCC project, Karla.

13 To remind everyone on the Board and the public, a
14 few months ago, we participated in this private proposal to
15 enhance the TCC Plaza and Eckbo landscape. They not only
16 completed that job and did a stellar job in a very small
17 piece of the Eckbo Fountains. They're ready to move to
18 Phase II and have asked for our support.

19 MS. VAN DRUNEN LITTOOY: Thank you very much.

20 Karla Van Drunen Littooy with TCC Today and my
21 cofounder Helen Erickson is at the computer.

22 So in consideration of the schedule today, I'm
23 going to be as succinct as I can. And I look forward to
24 your questions if I gloss over something on which you'd like
25 more details.

1 So we have made some very significant
2 accomplishments that I want to call your attention to.
3 Because of our advocacy, as well as that of our partners
4 such as the TSO, we've secured a place on the bond. We're
5 in the tourism section, No. 427.

6 In addition, because of the way that we
7 substantiated the importance of this project and its
8 economic value to the City, we secured the No. 2 place out
9 of 25 projects that the City recommended.

10 Last October we cut the ribbon on Demonstration
11 Area 1, as Mr. McCusker said. And we raised \$56,000 in the
12 matter of a couple of months. On time and on budget, that
13 project was.

14 Two very significant points are at the bottom of
15 that slide. And these are going to be critical as we move
16 forward after the bond.

17 One is that we have now gotten approval from both
18 the City and the County that, for substantial philanthropic
19 gifts, parts of the TCC property could be named. So we
20 could have a very substantial donor, for example, name the
21 Music Hall.

22 The other very important part is that the City
23 will -- it has a methodology now for not only accepting the
24 gifts but any liability that would be associated with that.
25 And that will be just tremendous as we move forward.

1 So I want to show you a picture here of what it
2 looked like when I was inspired to take action and when we
3 started our project. Barren, ill-fitting tractor seats,
4 missing trees, a vacant planter bed. And then just a few
5 months later, a picture take by the Arizona Star. Two
6 Chinese Pistache trees, benches that will soon be under the
7 shade of those trees, and a planted bed.

8 Those trees are growing quite substantially.
9 They're about a foot taller now than they were and about
10 2 feet wider. And, in part, that has to do with the silva
11 cells, which are below grade, which are, both, giving a
12 place for those roots to grow as well as conserving some
13 water for those threes.

14 So I just want to review the elements here that
15 are critical to making this project a success.

16 The -- for example, the Eckbo landscape is now on
17 the register of historic places in Arizona. It's pending on
18 the National Register. With that level of recognition,
19 protocols need to be established and followed when changes
20 are made, such as the decision to choose other trees species
21 that Eckbo selected. And so there's now a very well-working
22 protocol with the Tucson-Pima Historical Commission.

23 With these demonstration areas, we're testing
24 methods as well as materials. So I mentioned the silva
25 cells. The other item that we have tested, for example, is

1 we have paid for the casting mold for the Eckbo planters at
2 the 2-foot size. That will be retained and will be reused
3 as the entire property is redeveloped.

4 One of the things we tested that didn't go so well
5 was the nanciton wood, a highly recommended, tolerant wood
6 to our climate. It was used on both of the bench seats, but
7 it's not performing well. And in Dimension Area 2, now,
8 we'll incorporate a retest of that.

9 We've also established ourselves as responsible
10 stewards of the charitable gifts, and we are -- and the
11 materials that we're using.

12 So I'd like to just recognize that your help last
13 year, at about this time, a \$25,000 challenge grant helped
14 us to leverage a set of gifts that netted a total of \$56,000
15 in actual cash donations. We had a number of material
16 donations. And you can see the long list there of people
17 who donated materials as well as services.

18 So our immediate next steps are these:

19 Helen and I are working with a group of people
20 advocating the yes vote for the Pima County bond.

21 We've already accomplished the second item.
22 When -- we have appealed to both the City and the County for
23 earlier funding of this project and have secured funding in
24 year one, if the bond were to pass, for program planning and
25 predevelopment.

1 And then we have a two-year hiatus so that we can
2 do fundraising. And then construction would start for the
3 following two to three years.

4 That's a very important step because, as you might
5 know, the City paid for an independent estimate of the
6 project scope. And it was identified to be 36.9 million.
7 We're in the bond for 23.5. So there's a margin of 13.4
8 that we'll need to identify a number of sources to fill that
9 gap.

10 So now we're here today to tell you about our next
11 dimension area that we aim to complete September 30th. In
12 addition, we continue to expand our stakeholders draft, a
13 strategic plan for fundraising. And any day now we're going
14 to hear from the U.S. government about our position on the
15 national register.

16 So our goals for Demonstration Area 2, include all
17 of the things that we talked about for No. 1 that I've
18 mentioned today.

19 And let's go to the next slide, Helen.

20 I want to take you back to the early 1970s.
21 Imagine arriving at an event for the TCC, turning off of
22 Granada, coming into a semicircular driveway, leaving your
23 car with the valet, and walking up the grand nautilus-shaped
24 stairway at the top of which you see Eckbo's vision. You
25 hear the sound scape of the water. You see the shade trees

1 that are beginning to grow and all of the greenery in the
2 containers, as well as the raised bed.

3 Well, it doesn't look like that right now. We
4 infrequently uses that staircase. And if we do, we see a
5 very barren landscape.

6 Demonstration Area 2, that we will be doing this
7 summer, is just to the right of this picture. It will
8 balance Demonstration Area 1 across the plaza, which is just
9 in front of the Leo Rich Theatre. I want you to remember
10 the kiosk in the center of the picture and those three
11 items. We're going to come back to that later on in our
12 presentation.

13 Now we're changing our orientation by 180 degrees
14 looking at it from the other side. These three red blocks
15 are the three raised beds that are the central focus of
16 Demonstration Area 2.

17 These are characteristics of Eckbo's design style.
18 See how he's juxtaposing the rectilinear design with the
19 curve of the nautilus staircase. I will also you, in a
20 future slide, another common element in our design, which
21 Eckbo gave us, which is a grid of trees spanning these
22 raised beds and extending into the hardscape. But today,
23 and for as long as I can remember, these beds are empty.

24 Once restored they will improve not only the
25 patron's experience at the plaza level but also from the

1 windows at the second and third floor of the Music Hall
2 because it's this area that the patron looks over and down
3 to when they're at a concert or a performance there.

4 We can make this sector beautiful and inviting
5 rather than barren and ignored.

6 So now let's look at the rendered site plan for,
7 specifically, this area.

8 A fundamental element of our work is to do only
9 that which can be lasting. So not to make an improvement
10 that, when the bond funding is approved, would have to be
11 undone. And, therefore, while the grid of trees that is in
12 this area is larger than the four pictured, these four can
13 live without the expensive silva cells. And one of them is
14 in turf, and the other three are in very large scale
15 planting beds. So we will be replanting these four.

16 And you'll note the bench in front of the trees,
17 the six planters, and we'll be doing some maintenance on the
18 few existing trees that are still there within that grid.

19 So we have, up in the upper right corner, Eckbo's
20 original design for this area. And you can see the six
21 circles there. Two of those we will not plant until the
22 area is fully restored.

23 I want to tell you, with great joy, about the
24 choice to use four Joan Lionetti Live Oaks in this
25 demonstration area and then throughout the plaza. These are

1 a replacement for the African sumac which has not tolerated,
2 over the last 45 years, our climate.

3 We're delighted with the synergy of being able to
4 use a cultivar that was created by Chris Shipley of Civano
5 Nurseries -- a family-owned, local business -- and a tree
6 named in honor of Joan Lionetti who founded Trees for
7 Tucson. Four of these will be planted here.

8 In addition, there will be 30 blooming shrubs,
9 Eckbo's original choice, 20 primrose jasmine and 10 xylosma.

10 So now coming back to this informational kiosk, in
11 Eckbo's original design, there were four of these kiosk
12 clusters. It was a kiosk, a water, and way-finding disk.
13 Only one exists. Most people haven't seen it because it's
14 right between La Placita and the hotel. Not so many people
15 come down that walkway.

16 But on the far side of the Music Hall, towards the
17 meeting rooms, towards the arena, a battered kiosk still
18 exists. And our plan includes refurbishing it; wrapping it
19 with signage, pictures, and text that talk about who was
20 Eckbo; why is this plaza here; what does it mean to restore
21 it; what does the national register mean; to educate and
22 inspire many others, both visitors and those who live in
23 Tucson alike.

24 Okay. So this slide just recaps all of the
25 components that we've talked about.

1 A new component this year is, we're going to do a
2 ribbon cutting that combines efforts with two other parties.
3 One is SMG, the management company. They're going to help
4 us create an outdoor picnic event. They're going to provide
5 seating and food for sale. And the Tucson symphony is
6 working with us as well.

7 On October 17, when we'll cut the ribbon, we --
8 they have their first concert of their pops season. So they
9 have a houseful of patrons that are already coming to that
10 site. And we can create an exciting, lively atmosphere, the
11 likes of which that's not been seen at the TCC for a long,
12 long time.

13 This is a \$23,000 investment. In rough
14 calculations, it's \$9,000 for the landscaping, labor, and
15 materials; \$9,000 for the replacement benches -- that seems
16 high, but let me tell you a couple reasons why; one, we're
17 paying for the mold that will then be used to cast all of
18 the cement legs for all the benches in the reconstruction;
19 we'll have one new wooden seat; we're going to try ipe this
20 time; and then we're going to have a craftsman refinish the
21 nanciton and see if, by some treatments, we can't make that
22 work; and those two, then, will go back into Demonstration
23 Area 1 -- and approximately \$5,000 for our informational
24 signage, which will be both Spanish and English which will
25 be at the site as well as on that kiosk.

1 We've been working hard since we weren't able to
2 meet with you last month. And so far, we've raised \$8,000.
3 We have \$13,000 solicited from five different parties. They
4 are considering those gifts. And we have one solicitation
5 meeting scheduled for next week and five contacts that we're
6 beginning to make for people we think would also have an
7 interest in this effort.

8 We want to have that funds raised in the very near
9 such because if we can have this completed by the end of
10 September when Modernism Week, that is held there October 2
11 through 8 -- the historical preservation foundation is doing
12 that event -- there will be thousands and thousands of
13 people on that plaza because it is the mainstay for their
14 week of Modernism Week.

15 So we are coming to you in consideration of what
16 we've accomplished so far and the ways in which our missions
17 are coordinated because our work will have a lasting impact
18 on the public; because it's going to improve both the patron
19 experience and the citizen experience, the person who's
20 strolling through the plaza or walking their dog; because
21 it's an example of why voting yes for the bond will help us
22 to improve this community in ways that are so vital and
23 needed; and because we've been active volunteer advocates
24 and fundraisers, even though we weren't able to meet last
25 month, we would very much like for you to consider continue

1 being our partner in this effort and considering a \$15,000
2 gift. We know that this will encourage others who are
3 thinking about their gifts to make it along with yours.

4 Thank you.

5 TREASURER SHEAFE: Can I ask you a question,
6 Karla?

7 MS. VAN DRUNEN LITTOOY: Absolutely.

8 TREASURER SHEAFE: Number one, I want -- you and
9 Helen, it's been amazing when you look at what you guys have
10 accomplished with hardly any money. Having been around this
11 process, I have to just really acknowledge and see that
12 Helen and her husband had been contributors. And in
13 addition, probably, he didn't put a lot of time in this
14 right, Helen?

15 MS. ERICKSON: No.

16 MS. VAN DRUNEN LITTOOY: We don't put much time in
17 it at all.

18 TREASURER SHEAFE: I wonder on the 15,000, if it
19 would be helpful to you if we were -- if the Board were to
20 agree that we put it up in the form of -- as a matching. In
21 other words, if somebody else gives, we will match that up
22 to a total of 15,000 so they can get double benefit out of
23 their bid.

24 MS. VAN DRUNEN LITTOOY: I think that's always a
25 great incentive. And we did that last year. And if the

1 parameters can be similar to that, I think that would be
2 very encouraging.

3 TREASURER SHEAFE: Well, I'm going let anybody
4 else who has a comment --

5 MS. COX: I just want to say again that what the
6 two of you have done in the last year and a half has been
7 absolutely incredible. The hours and the talent that you
8 put into this, I -- and there were so many obstacles for you
9 to overcome to accomplish what you've done so far then that
10 just really amazed and pleased and impressed with everything
11 I've seen.

12 MS. VAN DRUNEN LITTOOY: Thank you.

13 MS. COX: And you are at quite -- at this point,
14 at a fundraising disadvantage because although the --
15 although the improvements are tangible and significant, they
16 aren't at the magnitude where people are going to be
17 recognized for doing major gifts like you have managed to
18 get the City to agree to in the future, which is huge.

19 So when it comes time, once the bonds pass, which
20 we are all very hopeful that they will, you will have a
21 great opportunity to have named parts, you know, of this
22 area, which I just think is -- I think it will be
23 successful. And I think -- I feel like we ought to be a
24 part of getting you to that point so that you can make that
25 happen in the larger sense.

1 And I would like to make the motion that Rio Nuevo
2 provide a \$15,000, one-to-one matching grant for the
3 Demonstration Phase 2 for Eckbo Foundation renovation.

4 And I also would like to say that those matches
5 can be product, gifts and pledges, and goods and services.

6 MS. VAN DRUNEN LITTOOY: Great. Thank you.

7 SECRETARY IRVIN: I'll second that with two words:
8 Great job.

9 MS. VAN DRUNEN LITTOOY: Thank you.

10 MS. COX: Great job.

11 MS. VAN DRUNEN LITTOOY: It's a partnership.

12 CHAIRMAN McCUSKER: Edmundo?

13 MR. MARQUEZ: So ditto the kudos. Amazing. Thank
14 you for the work in the TCC.

15 So does this include the 8,000 that they've
16 already raised? We'd match that immediately?

17 MS. COX: No.

18 MR. MARQUEZ: They've already raise 8,000.

19 MS. COX: No. The next --

20 MR. MARQUEZ: On the second phase, they've already
21 raised 8,000 --

22 MS. COX: Right.

23 MR. MARQUEZ: -- correct?

24 MS. VAN DRUNEN LITTOOY: We have indeed.

25 MR. MARQUEZ: Yes, we have.

1 Would that match that immediately and then
2 continue from there?

3 TREASURER SHEAFE: Actually, I think the idea was
4 that it would give them \$30,000 because they're going to
5 step to the next level, in addition.

6 CHAIRMAN McCUSKER: What we did last time was they
7 could access their 25,000 immediately. It was required that
8 they match it. And they more than did that.

9 So I think you -- the point you made is you need
10 the funds pretty quickly in order to make the --

11 THE WITNESS: Certain materials and -- materials
12 to be ordered, contracts to be signed, yeah.

13 MR. MARQUEZ: Yeah, great.

14 MS. COX: Call the question.

15 SECRETARY IRVIN: One last question. Did you want
16 to -- given their past track record, did you want to modify
17 that? Will you request they match it, or do you want to
18 require they match it? The last time, they exceeded --

19 MS. COX: It was required last time. And
20 they . . .

21 TREASURER SHEAFE: I would certainly accept the
22 request. We haven't seen this kind of results.

23 MS. COX: I could not agree more. And, in fact,
24 if I had had -- if I had thought that everyone would feel as
25 I do -- and it really sounds like you do and I'm pleased

1 about that -- I had intended to make a motion that we make a
2 \$15,000 outright grant.

3 But my concern was that -- our track record is
4 that we have always done matching kinds of things. And
5 that's what we're about. We're going to put dollars in; we
6 want to make sure that they bring other dollars behind them,
7 so . . .

8 CHAIRMAN McCUSKER: So we have a motion and a
9 second --

10 MS. COX: We have a motion.

11 CHAIRMAN McCUSKER: -- which is -- do we need it
12 read back? Everybody got it?

13 TREASURER SHEAFE: I think we understand.

14 CHAIRMAN McCUSKER: All right. All in favor, say
15 aye.

16 (Ayes.)

17 CHAIRMAN McCUSKER: Opposed, nay.

18 (Nay.)

19 CHAIRMAN McCUSKER: All right. We have one nay.
20 It appears the ayes have it -- do have it. So
21 there you go.

22 (The Board voted and the motion
23 carried.)

24 MS. VAN DRUNEN LITTOOY: Thank you very much. We
25 appreciate your support. And we'll look forward to seeing

1 you on the 17th.

2 So, Michele, you can already put that on the
3 website. We're going to have a quorum attending the ribbon
4 cutting.

5 MS. ERICKSON: The 17th of October. We want to be
6 in compliance.

7 MS. VAN DRUNEN LITTOOY: Thank you very much.

8 CHAIRMAN McCUSKER: Everybody doing all right?

9 The next item on the agenda is from Gadsden.
10 Jerry and Adam are both here. They're very well-known to
11 all of us.

12 I guess we should immediately ask, Mark, since
13 this is a new party, a new proposal to us, is there anyone
14 on the Board that is conflicted? Has anybody advised you
15 that -- or now that we may or may not have a conflict of
16 interest with the Gadsden.

17 MR. COLLINS: No, Mr. Chairman, I think that's
18 correct. I visited with Board Member Sheafe. And based on
19 our discussions, although he has had dealings with the folks
20 of Gadsden in the past, that's no longer ongoing.

21 Right, Chris?

22 TREASURER SHEAFE: Yes.

23 If you don't mind, Mr. Chairman, I'd like to read
24 something for the record just so we clear this up. And I'll
25 just take a minute and make this very quick.

1 In the interest of full disclosure, I would like
2 to make the following statement for the public record. I
3 have known Mr. Jerry Dixon of the Gadsden Company for over
4 30 years.

5 In the 1980s, our company started an apartment
6 division where we were building new apartment communities in
7 both Phoenix and Tucson. That division was headed by Roger
8 Carter (phonetic), who reported directly to me.

9 All of our apartment communities were successfully
10 constructed under contract by Case Construction which was
11 then owned by Jerry Dixon -- I admired Mr. Dixon's business
12 acumen and have considered him a friend ever since.

13 When I was chairman of the Citizen's Advisory
14 Committee for Rio Nuevo, the City selected the Gadsden
15 Company to develop the West Side Parcels. History clearly
16 shows the wisdom of that decision 12 years ago.

17 It's highly probable that when the difficult real
18 estate market impacted the City of Tucson in '07, any of the
19 other applicants would have withdrawn and the District
20 would, today, have empty land in place of the vibrant
21 developments completed by Gadsden during the most difficult
22 of times.

23 Roughly five years ago, the Gadsden Company needed
24 assistance with certain banking relationships resulting in
25 my company being hired to provide that assistance.

1 At that time, my company was paid a consulting fee
2 due to the success of the outcome. Since that engagement, I
3 have had no financial relationship with the Gadsden Company
4 or Jerry Dixon, nor do I anticipate such a relationship in
5 the future.

6 In reviewing the described history with counsel, I
7 have been advised I do not have a conflict concerning
8 decisions related to the Gadsden Company by the District.
9 And I will execute my responsibilities as a Board member
10 completely independent of my personal friendship with
11 Mr. Dixon.

12 It is important that I acknowledge, for the
13 record, this past history in order to avoid any impression
14 of failure to fully disclose. Thank you.

15 CHAIRMAN McCUSKER: As your friend and colleague,
16 someone who has been in that precise position, I would
17 advise you to recuse yourself.

18 TREASURER SHEAFE: Well, I --

19 CHAIRMAN McCUSKER: I believe -- I believe that
20 you may not have a legal technical conflict, but it's Rio
21 Nuevo. And even the appearance of a conflict creates so
22 many ripples in this community. And if you were to advocate
23 and it became a split vote where you could be a swing vote,
24 it could present some real image issues for us.

25 So I've been exactly in that seat, very similar

1 situations. And I think the high road for any of us is to
2 abstain.

3 TREASURER SHEAFE: Well, I'd be happy to do that
4 because I have a lot of --

5 CHAIRMAN McCUSKER: I mean, he can -- he doesn't
6 necessarily need to go to full recusal. He doesn't need to
7 listen to me period. But, you know, explain -- if he were
8 just to abstain, he gets to Chris' point, though, then I --

9 MR. COLLINS: Right. I understand Chris' point
10 about leaving the room. As you folks -- you two in
11 particular -- know, I had often said all you have to do is
12 remove yourself from the dais.

13 And that -- that would be my suggestion, Chris.
14 I -- I stand by my view of your situation with Gadsden. But
15 I also recognize the headline test. And I appreciate the
16 Chairman's comment, as well.

17 TREASURER SHEAFE: Well, I will do that. I will
18 step down in the audience.

19 MR. COLLINS: You can have my chair.

20 (Mr. Sheafe joined the audience.)

21 CHAIRMAN McCUSKER: Mr. Irvin?

22 SECRETARY IRVIN: Before we start this, just a
23 quick question for our CFO.

24 Dan, is the 1.3 and some change from the Rialto
25 included in the moneys that are shown on the financial data

1 that you just discussed?

2 MR. MEYERS: Yes, they are.

3 SECRETARY IRVIN: Thank you.

4 CHAIRMAN McCUSKER: Anybody else? Now or
5 forever . . .

6 Okay. Jerry.

7 MR. DIXON: Mr. Chairman, and the Board, thank you
8 very much.

9 I'm just going to run through a very brief --

10 CHAIRMAN McCUSKER: All right. Give your name and
11 stuff.

12 MR. DIXON: I'm Jerry Dixon, chairman of the
13 Gadsden Company. And thank you very much for letting me
14 present an idea.

15 Just a little bit about the 12-year history real
16 quickly. The West Side, I think all of you know that the
17 land south of Mission Lane is under control of Rio Nuevo.
18 The land between Mission Lane and Cushing, the City of
19 Tucson, basically.

20 The land north of Cushing Street to Congress, the
21 blue land and the yellow, are two different parcels that I
22 was the general partner on. On the left-hand side, the blue
23 was with Rio Development. On the right-hand side, the
24 valley and down the center lane is with the Gadsden Company.

25 We own all that land. We have met all the

1 requirements with the City of Tucson. We were obligated to
2 post bond throughout the -- get, you know, the
3 infrastructure and donate the -- back to the City. All of
4 that has been done.

5 This is the project. This project is called the
6 row houses. We're doing it in joint ventures with one of
7 the builders in the development. And it's going to start
8 construction probably in the next 60 to 90 days. That's
9 another angle of the same property. The -- that's a hard
10 one to see. But there's a massive plan for what we're doing
11 on the West Side. It may be shown better on one of the
12 other slides.

13 This is the Monier Apartments. The Monier
14 Apartments is a 128-unit, Class A apartment. It will start
15 construction later this year. It has a total development
16 budget of \$23.75 million. We have all the commitments for
17 the financing. And we're just putting the plans together
18 and be submitting that later this year.

19 These are just floor plans of the Monier Building.

20 And, now, this is the -- this a controversial
21 thing -- not controversial with us, but it was in the paper
22 a little while ago. It's called the West End Station. It's
23 a low income housing, tax credit project that we applied to
24 the State of Arizona for tax credits.

25 We would have been awarded those credits this last

1 June except the codeveloper we selected to go with us had
2 been by circumstances -- technical circumstances awarded two
3 projects ahead of this one. And they could only award two
4 projects. The State of Arizona had written a letter to the
5 City asking for the City to continue supporting this project
6 for resubmittal this next March, which we're preparing to
7 do.

8 Mostly just floor plans. That's a beautiful
9 building. The nice thing about -- the interesting thing
10 about the West Side, when you look at a big project of
11 30-some-odd acres and you try to -- trying meet the needs --
12 the real needs of a city, you want to have affordability,
13 you want to have Class A apartments; the Monier is a
14 Class A; the West End Station is affordable.

15 But from the outside, they're both the same
16 plaster specifications, the same window specifications, the
17 same -- you look at the appearance of things, you will not
18 recognize which project is which. On the inside, you will,
19 of course. But the outside, it's very important to us that
20 we keep the design standards for the whole West Side that
21 we've already established.

22 We have little grocery store on the center block.

23 This is the project that we are proposing. It's
24 a -- it's a high end, Class A project right next to the
25 senior housing project, which is in the background, the

1 Sentinel Plaza. It's six stories tall. This will also be
2 six stories tall. It's in planning. It's not scheduled for
3 construction until later.

4 Now, this is the interesting one that we really
5 want to talk to you about. The -- we have an idea. We --
6 we have a project called the Mercado San Agustin. It's 100
7 percent leased. It had received an \$8-and-a-half million
8 new market tax credit investment, as in the City, to locate
9 little tenants of our own and lease it to little start-up
10 companies, which we've done.

11 My daughter manages the Mercado. And our
12 overwhelming need is to do an annex to Mercado. And we're
13 about to do that.

14 And, Kira, why don't you just fill them in on the
15 tenants that you have in that project.

16 MS. DIXON: So the little books you've been handed
17 kind of give you the -- this information. You can take some
18 more time with it outside of the meeting to review. But our
19 story is the story of the West Side, which you're very
20 familiar with; and the expansion of the Mercado San Agustin
21 creating a future market district, which is our vision for
22 over there.

23 The site is down on the bottom, right here, of
24 Cushing and Convento. That's the site for the expansion
25 called the MSA annex.

1 I think you're all familiar with the -- the
2 freeway and the streetcar and the bike path and all the
3 amenities close by.

4 We're -- you know, we're building a LEED
5 neighborhood for leadership and energy efficient designs.
6 So the whole neighborhood will be built to LEED standards.
7 This image shows you the connectivity between the Mercado
8 and MSA annex plans.

9 And so the link between those along with other
10 retail down the Avenida del Convento will create a market
11 district and a corridor for -- for retail shopping in
12 downtown.

13 Our vision is to grow the Mercado San Agustin
14 which is -- already exists with 15 small -- go to the next
15 slide -- 15 small businesses. And we have a shared-use
16 kitchen there that supports 33 other food businesses.

17 About 95 people are employed at the Mercado San
18 Agustin. And we have regular events and farmer's markets,
19 festivals, shopping markets, et cetera, throughout the year.

20 So again, going on to the annex -- go to the next
21 slide -- is 13,000 square feet of retail. We anticipate
22 five permanent businesses located in there; an estimated 72
23 employees; and, in addition, a 500-seat outdoor
24 entertainment venue.

25 So something we were -- we did in the Mercado San

1 Agustin is we worked really hard to identify Tucson's unique
2 culture. And we found tenants that reflected that, as any
3 proper public market you see anywhere in the world, reflect
4 the community that they live in -- that they live in.
5 That's our vision for the annex as well.

6 We have -- already actually have six tenants
7 confirmed for the Mercado. We have our anchor -- two anchor
8 food businesses and three anchor retail businesses
9 committed.

10 The sales tax generation, we're estimating -- last
11 year the Mercado San Agustin generated 325,000 in sales tax.
12 This year, we're projecting closer to 425. It's,
13 approximately, a 25 percent growth over the last year.
14 That's the -- indicates the popularity that the Mercado's
15 experiencing. So we're anticipating that the annex would be
16 on par for that for at least its first full year of
17 operation, which would be 2017.

18 The Monier Apartments will also have ground floor
19 retail. So we're anticipating -- between the Monier, the
20 Mercado San Agustin, and the annex -- there'll be a million
21 dollars in sales tax generation along the Avenida del
22 Convento.

23 We are looking at all the incentives for -- for
24 building out the area. We're looking at the GPLET with the
25 City of Tucson, potential for the annex, and the Monier

1 Apartments.

2 This is sort of a site plan with the entertainment
3 venue in the back. It shows . . .

4 MR. DIXON: Here is the real interesting thing
5 that we want to talk about. The project has -- we've
6 already -- we're already paying sales tax approaching
7 400,000, probably 4 and a quarter next year. This will
8 probably be the -- about the same next year. Rapidly, we'll
9 approach a million dollars.

10 What we're asking you to investigate is come and
11 take a look at this project and see if it meets your
12 investment requirements of how you can stimulate sales tax
13 growth within the TIF boundaries. And of course, we're
14 smack dab in the middle of the TIF boundaries.

15 And the real reason we think you might find this
16 interesting is because it's going to do the sales tax
17 payback that I think the original program was trying to get
18 accomplished. So that's what we'd like you to consider.

19 CHAIRMAN McCUSKER: What's the budget for the
20 project? Build out timing?

21 MR. DIXON: Well, we -- we are finishing the
22 plans. And we're probably going to -- these are -- some of
23 these are containers. A lot of them are prefabricated. And
24 they're all going to be attached to the real estate. So it
25 will become real estate. So they're being approved through

1 the State of Arizona in modular units and shipped to the
2 site. And we think we can build them within six months of
3 starting. We hope to start late this year or in January.
4 Our budget for the full site, including site acquisition is
5 about \$4.1 million.

6 CHAIRMAN McCUSKER: Is it GPLET eligible? Are you
7 going to the City for the --

8 MR. DIXON: It is a GPLET eligible site.

9 CHAIRMAN McCUSKER: And how much of that 4 million
10 would be GPLET?

11 MR. DIXON: The GPLET really is a real estate tax
12 waiver for 8 years in the future. So it doesn't really
13 affect the \$4 million up front. It does affect our ability
14 to raise investment capital to get it in because the
15 investor wants every piece of incentive they can get. So it
16 helps us raise capital. But doesn't add to our initial
17 capital stack up. So the --

18 CHAIRMAN McCUSKER: Mark?

19 SECRETARY IRVIN: So the 4.1 million, is there a
20 land component in there?

21 MR. DIXON: Yes, there is.

22 SECRETARY IRVIN: Okay. So if we separate that
23 out, how are you looking at the land component? What kind
24 of values have you placed on that? Does -- the actual
25 containers themselves.

1 MR. DIXON: The land is \$970,000. That's the
2 assigned value that we placed on. It's less than the
3 appraised value on the land.

4 We don't look at this as a -- as a -- as the
5 permanent highest use of this land. At some point in the
6 future we have other ideas. But this is something that it
7 has to happen, in our opinion, now. It has two streetcar
8 stations at the site, one on Cushing Street and one on Linda
9 street. We're overflowing with tenant requirements and
10 requests from the Mercado. We don't want to miss an
11 opportunity. And we think it helps stimulate the West Side.

12 We have three projects coming on the West Side,
13 the row houses, the big apartment complex, the annex, and
14 maybe next year, if we get the tax credits, the West End
15 Station. But this is something that we control. And we'd
16 like to move forward with it and see if there's some role
17 that you might be able to --

18 SECRETARY IRVIN: So I know we've had a chance to
19 talk about this. And you know, I didn't really understand
20 the project until we had a chance to kind of sit down -- I
21 had a chance to kind of sit down and look at it with you.

22 I think I had mentioned to you then that it
23 reminded me somewhat of what I've seen happen in
24 Christchurch, New Zealand and just how neat that development
25 was.

1 And as we all know, Christchurch was pretty much
2 destroyed after the Earthquake a number of years ago by
3 virtue of liquefaction. And so they -- to get their central
4 business district and other things back up, they kind of
5 went this same route until they could figure out where they
6 wanted to go. So I think it's a very interesting use for
7 that property.

8 In your mind, from a District perspective, what
9 would you like to see us do?

10 MR. DIXON: I would like you to sit down, maybe --
11 I don't know your procedure -- but maybe have some committee
12 to come and sit down with us and look at it. See what our
13 costs are. See if there's some role. Maybe we donate the
14 land to you and you own it for a while and we have the
15 rights to buy it back from you. Or something like that.
16 I'm not sure the mechanism that works best.

17 I'm very aware of public perception. I don't want
18 to have Chris Sheafe or anybody be labeled as doing
19 something beyond what he shouldn't do. We get raked over
20 the coals in the paper. And we're tired of that. We want
21 to be positive and proactive.

22 And this is something that we're doing now. We're
23 going to do this project. And there might be a role for Rio
24 Nuevo to step in and say, we can help you.

25 The reason you might want to help us is because

1 it's probably the first one that's going to generate a slug
2 of sales tax back. And if you really want to round the
3 table -- square the table, we ought to be generating some
4 sales tax that wouldn't be there unless we made investment
5 to help generate that.

6 SECRETARY IRVIN: As you can appreciate, we don't
7 really have committees. But we do have two people that
8 spend a lot of time on the West Side, and that's Fletcher
9 and Jannie.

10 So you know, I don't know if -- how everybody else
11 feels, but I would have no problem making the motion that
12 Jannie and Fletcher kind of sit down and try to explore
13 what's happening on the West Side with that project with you
14 and then come back to us with some ideas. I think it's a
15 neat project.

16 MR. COLLINS: I don't have any conflicts with
17 Gadsden. I'd love to be involved as well.

18 CHAIRMAN McCUSKER: And there's the -- the
19 return -- the ROI is huge. I mean, you're talking about a
20 \$3 million investment with a 15 percent sales tax return.
21 And we don't see deals like this come our way. So, yeah, we
22 want to be involved, find a way to encourage this
23 development. "A," it's quick.

24 You know, and that land's sitting over there and
25 languishing. You can activate that space, attract other

1 investors, I think, to the adjacent properties. Part of it,
2 we own. So it's going to benefit our own property holding
3 some in property value.

4 But moreover, if you can -- if you're 50 percent
5 wrong, you're still going to generate 7, 8 percent, you
6 know, returns on your investment just in straight tax
7 dollars. You know, so it's a remarkable opportunity.

8 And you do have a track record of getting things
9 done. So you know, this may be a real opportunity for us to
10 engage with somebody and get something over there quickly.
11 Because, frankly, I've been fooling around on the West Side
12 for three years. And all I know is it produces methane,
13 so . . .

14 MR. DIXON: You're talking about your land, right?

15 CHAIRMAN McCUSKER: Yeah. It would be
16 interesting, we actually might build something on that site.

17 I think -- I do think there's some -- some
18 pioneering conversations regarding structure and how we get
19 paid back and, you know, how the GPLET fits into all of
20 this. We're about partnerships. So if the City's going to
21 get involve and the private sector's involved, you know,
22 this is something I think we should take a serious look at.

23 MR. DIXON: We asked the City about if -- if -- in
24 theory, if Rio Nuevo ended up owning the property, you would
25 be real estate tax exempt. You're a nonprofit. So you

1 wouldn't pay taxes. So you would -- the GPLET would never
2 apply under that scenario.

3 CHAIRMAN McCUSKER: And if it goes the other way,
4 if the City were to own it, we can also investment in it
5 because it's owned by a public entity.

6 So there's enough of us around -- City, County,
7 Rio Nuevo and you -- that, you know, shame on us if we can't
8 figure out some way to develop that land. So yeah, I would
9 be happy to. And three of us can fool around over there.

10 SECRETARY IRVIN: Well, that's what -- that's what
11 I was -- that's what I was going to ask counsel.

12 CHAIRMAN McCUSKER: Maybe we can't.

13 SECRETARY IRVIN: Yeah. So --

14 CHAIRMAN McCUSKER: Cody, we're a seven-member
15 board.

16 SECRETARY IRVIN: We have one conflicted.

17 CHAIRMAN McCUSKER: That's six. So three of us
18 makes a quorum.

19 MR. COLLINS: Yeah. I -- it's -- because of the
20 size of the board, that's a problem. I would suggest to you
21 that you consider identifying one member to work with these
22 folks, and for that matter, me -- but principle to principle
23 at first -- and get some structure to do it.

24 I don't have a problem with discussing. I don't
25 want you to violate any of the things that Chris Schmaltz

1 walked you through. But you're -- once we establish a
2 committee, we got open meeting laws.

3 SECRETARY IRVIN: Right. So let me ask you a
4 question on that. So if I amended my motion -- since it has
5 not been seconded yet, I don't think -- and said that I
6 wanted to ask Fletcher -- who's been really heading up most
7 of the stuff that we're doing west -- to go and investigate
8 that. And then if he decides that he would like to grab
9 somebody else to help investigate, he could do that,
10 correct?

11 MR. COLLINS: He can.

12 SECRETARY IRVIN: Yeah. I'd like to modify my
13 motion accordingly.

14 MS. COX: Second.

15 CHAIRMAN McCUSKER: We routinely assign a couple
16 of people to nurture our projects.

17 MR. COLLINS: True.

18 CHAIRMAN McCUSKER: It doesn't make a committee.

19 MR. COLLINS: Well, there are -- there are those
20 that will argue with you on that subject. Okay?

21 I mean, I have met with executive officers. And I
22 have heard people argue to me that that's a committee. I
23 take a different view.

24 But I'm -- with the size of this board, I'm very
25 reluctant to have a lot of that stuff going on. Our own

1 admin rules talk about how committees have to do public
2 notice, have to do 24 hours, all of that.

3 CHAIRMAN McCUSKER: Well, I like the concept. I'm
4 happy to engage. We can move quickly, bring something back
5 to the Board.

6 I'll need your help, for sure. And I'd love to
7 have Jannie. You know, she's been a huge help over there.

8 We have a motion and a second.

9 MS. COX: And I would like -- I would really like
10 to help. But I also want to say that I won't be back in
11 Tucson for another month. So if this is something that
12 needs to happen in the next four weeks, and it sounds like
13 it probably does, then I would not -- and I would -- and I
14 don't like to say that because I want to be a part of
15 this -- but I don't think it can be me because I'm not
16 available until October 2nd.

17 CHAIRMAN McCUSKER: Well, your motion was just the
18 chair to engage.

19 MS. COX: The chair to engage.

20 SECRETARY IRVIN: Right.

21 MS. COX: And then maybe you can engage Edmund as
22 well.

23 CHAIRMAN McCUSKER: And that was seconded. So
24 let's vote on that.

25 All in favor, say aye.

1 (Ayes.)

2 CHAIRMAN McCUSKER: Any opposed, nay.

3 (The Board voted and the motion
4 carried.)

5 CHAIRMAN McCUSKER: Okay, I know how to find you.

6 MR. DIXON: Thank you very, very much.

7 (Mr. Sheafe returned to the
8 proceedings.)

9 CHAIRMAN McCUSKER: All right. It seems to me,
10 Mark, maybe we move the officer elections to the -- are we
11 going to lose Jeff?

12 (Mr. Hill left the proceedings.)

13 MS. COX: Are you going, Jeff?

14 MR. COLLINS: Thanks.

15 CHAIRMAN McCUSKER: We're going to table the
16 election of officers.

17 MR. COLLINS: Oh, okay.

18 CHAIRMAN McCUSKER: We want the full Board to be
19 here for that.

20 MR. COLLINS: Okay.

21 CHAIRMAN McCUSKER: Administrative rule change?

22 MR. COLLINS: Yes.

23 This is on the agenda at my request.

24 This Board has -- since the settlement agreement
25 was signed, you folks have moved forward on lots of

1 projects. And some of them require -- they -- that -- that
2 checks be written in a quick fashion.

3 That said, as you've heard a lot today about how
4 transparent we need to be and how it is the public money,
5 it's my opinion that it would be a good idea to -- to amend
6 the administrative rules to authorize any two of the three
7 executive officers to sign a check. All those checks get
8 posted. You all know that. Currently, it requires a
9 chairman and the treasurer.

10 Because of what we're dealing with these days --
11 and you guys are just going through a lot of different
12 things and I'm trying to keep up. And I think I would like
13 for you to consider making a motion to authorize me to bring
14 back an amendment for you guys to consider at the next
15 meeting to do that.

16 TREASURER SHEAFE: So moved.

17 SECRETARY IRVIN: Second.

18 CHAIRMAN McCUSKER: The only thing I don't like
19 about that is taking the treasurer out of the equation.

20 MR. COLLINS: Okay.

21 CHAIRMAN McCUSKER: There's been a lot of value,
22 transparency, fiduciary responsibility that the guy's name
23 is on every check. He's the treasurer of this District.

24 MR. COLLINS: I -- I'm --

25 CHAIRMAN McCUSKER: So maybe it's the treasurer

1 and then one other?

2 MR. COLLINS: That -- that would be fine.

3 MS. BETTINI: That's that way it currently is.

4 MR. COLLINS: It currently is.

5 CHAIRMAN McCUSKER: The treasurer and one other,
6 or is it the chairman and the treasurer?

7 MS. BETTINI: One other. The treasurer and
8 either --

9 MR. COLLINS: The treasurer and either of you
10 guys.

11 SECRETARY IRVIN: Either of us two.

12 Sometimes, you know, I know when we're
13 traveling -- I know we had some review and some issues when
14 you were traveling. So I think it makes a lot of sense,
15 personally.

16 CHAIRMAN McCUSKER: You got a motion and a second.
17 You know, I do like having the treasurer's name on those
18 checks.

19 TREASURER SHEAFE: I'll withdraw and resubmit that
20 it's the treasurer and one --

21 MR. COLLINS: That's what you've got now. Yeah.
22 You don't need --

23 CHAIRMAN McCUSKER: I thought it was the treasurer
24 and the chairman.

25 SECRETARY IRVIN: No.

1 CHAIRMAN McCUSKER: Are we sure it's the treasurer
2 and any other officer?

3 MR. COLLINS: Yeah, I'm almost certain.

4 TREASURER SHEAFE: Then we don't need action.

5 MR. COLLINS: Right.

6 CHAIRMAN McCUSKER: Unless you want to change it,
7 just for convenience sake, that it would be -- it could be
8 the chairman or the secretary or the secretary and the
9 treasurer.

10 MR. COLLINS: Right.

11 CHAIRMAN McCUSKER: Any combination of the three
12 officers.

13 MR. COLLINS: Yes, yes. That was the hope.

14 And all I'm asking for is direction to spend a few
15 minutes to do that. I'll bring it back to you. If you
16 like, you don't -- you do. And if you don't, we don't
17 change it.

18 CHAIRMAN McCUSKER: All right. We don't need to
19 take action. Let's let you draft it.

20 We've tabled the officer elections. So we'll deal
21 with both of those in September.

22 MR. COLLINS: Okay. All right.

23 CHAIRMAN McCUSKER: Everybody okay?

24 SECRETARY IRVIN: Sure.

25 CHAIRMAN McCUSKER: All right. Mr. Paton's

1 contract --

2 MR. PATON: Yes, sir.

3 CHAIRMAN McCUSKER: -- is annual. It's up for
4 renewal and review.

5 It is -- Dan, you still here?

6 It's a \$65,000-a-year contract.

7 MR. MEYERS: I think so, yes.

8 CHAIRMAN McCUSKER: And he's eager and offered to
9 represent us continually again this year in the legislature.
10 And I will tell you that Jonathan Paton has been a huge part
11 of our success.

12 MR. COLLINS: Yeah. I concur on that.

13 CHAIRMAN McCUSKER: His ability to navigate that
14 legislature and the administration, the respect he has as a
15 former member gives us a huge amount of credibility when
16 we're dealing with legislative issues.

17 TREASURER SHEAFE: Mr. Chairman, I think it's
18 evident that Jon Paton's contract has been one of the better
19 investments we've ever made in terms of how we're able now
20 to generate extra money.

21 We just heard, from our financial report, how
22 discovering several large boxes that were not recording
23 their taxes properly resulted in a substantial increase in
24 our -- in our updates.

25 So I would very strongly support a motion to

1 extend his contract. And I assume it's on the same economic
2 structure.

3 CHAIRMAN McCUSKER: We have not discussed it nor
4 negotiated it. I mean, I don't know if we would entertain
5 increasing it. He's not asked for an increase.

6 TREASURER SHEAFE: What is the proper motion here,
7 then? Who is going to sit down with him?

8 MR. COLLINS: If I may, Mr. Sheafe, I think the
9 proper motion would be -- let me back up.

10 Background. This number that's in the contract
11 that I've drafted in the anticipation that you would approve
12 it is the same number that's in your -- in your budget. You
13 approved the budget.

14 And I'm being a bit of a fussbudget to ask you
15 to -- to actually approve the contract.

16 So does that answer your question?

17 TREASURER SHEAFE: Well --

18 CHAIRMAN McCUSKER: 65,000 --

19 MR. COLLINS: 65, yeah.

20 TREASURER SHEAFE: Who is going to sit down and
21 negotiate the deal with Paton? Is that you?

22 MR. COLLINS: It's -- the tentative deal has been
23 negotiated, and it's 65, yes.

24 TREASURER SHEAFE: Okay. But then, does it take
25 further action?

1 MR. COLLINS: It takes -- yeah.

2 SECRETARY IRVIN: We've got to approve it.

3 MR. COLLINS: You've got to approve it.

4 MS. COX: -- to approve it.

5 TREASURER SHEAFE: All right.

6 MR. COLLINS: Motion to --

7 TREASURER SHEAFE: We don't have it in front of
8 us. It has to be brought back, or are you saying that it's
9 in front of us?

10 MR. COLLINS: It's the same of the last one.

11 TREASURER SHEAFE: All right.

12 MR. COLLINS: You have one existing. And it's
13 identical except it changes the legislative period.

14 TREASURER SHEAFE: All right. So we change the
15 legislative period as my motion and go forward with what we
16 already have established.

17 MR. COLLINS: Authorize the execution of this
18 amendment. And we're done.

19 TREASURER SHEAFE: So moved.

20 MS. COX: Second.

21 CHAIRMAN McCUSKER: Let's get a real motion on the
22 books here. So go ahead and state your motion.

23 TREASURER SHEAFE: All right. I am stating the
24 motion that we extend the agreement with Jonathan Paton for
25 the consulting services representing us at the State

1 legislature, for another legislative term, and that we
2 execute the extension with the appropriate parties here on
3 the Board.

4 MS. COX: Second.

5 CHAIRMAN McCUSKER: All in favor say, aye.

6 (Ayes.)

7 CHAIRMAN McCUSKER: Opposed, nay.

8 (The Board voted and the motion

9 carried.)

10 CHAIRMAN McCUSKER: Okay. Now, we're -- Stantec
11 needs a little money, 3400 bucks, to finish their work on
12 the West Side.

13 Anything you want to say about that, Mark?

14 MR. COLLINS: No.

15 Mr. Chairman, Members of the Board, this Board has
16 authorized several agreements with Stantec. For a lot of
17 reasons, many of them have been not actually executed. But
18 they've all been authorized except for the one that you have
19 on your agenda. They are asking for an extra \$3450 to
20 continue their efforts to deal with the Arena Site.

21 Now, if the sale goes through, the benefit of that
22 will go to Norville. If the sale doesn't go through, it
23 will be --

24 CHAIRMAN McCUSKER: Is this related to the water,
25 sewer?

1 TREASURER SHEAFE: Well, it is.

2 Actually, I'd like to just see this and ask that
3 we cover it on the next Board meeting.

4 MR. COLLINS: Sure.

5 TREASURER SHEAFE: I'll cover that. Because it
6 all ties together, and we just finally concluded the issue
7 with the sewer department. I've not actually seen this
8 change order.

9 MR. COLLINS: That's fine.

10 CHAIRMAN McCUSKER: Consider it tabled.

11 Streetscape is tabled.

12 Fox Foundation Board appointments, as per our
13 agreement with the Fox, we have the right to appoint up to
14 five members to their Board. We had asked Rio Nuevo Board
15 members to submit, to Mr. Collins, potential nominees.

16 Which I understand you have some names?

17 MR. COLLINS: I do.

18 CHAIRMAN McCUSKER: How do you want to proceed?
19 Do you want to do it --

20 MR. COLLINS: Well, I can --

21 CHAIRMAN McCUSKER: Do you kind of want to read
22 through who we've submitted to you?

23 MR. COLLINS: Yes, yes. And then we can discuss
24 how you want to do it.

25 CHAIRMAN McCUSKER: All right.

1 MR. COLLINS: David Volk, of CBRE, Inc., has been
2 nominated. Margaret Hardy has been nominated, who has some
3 history in this area. Jannie Cox and Mark Irvin have been
4 nominate. And Bruce Dusenberry has been nominated.

5 I should point out to everybody that if any of
6 these folks -- if you vote for all these folks and they
7 decline, for whatever reason because of some of the
8 requirements for the Fox Board, you will have an opportunity
9 to substitute. You have the right to appoint up to five.
10 And if you were to vote to accept all of these right now, I
11 would contact them all and they can make their decisions.

12 SECRETARY IRVIN: Mr. Chairman, I'd like to ask to
13 consider doing them separate. And I'd like to remove my
14 name from consideration.

15 CHAIRMAN McCUSKER: You're not recognized.

16 SECRETARY IRVIN: I'm not.

17 CHAIRMAN McCUSKER: You're out of order.

18 I don't know how other people feel about this, but
19 it strikes me that we should have some sort of vetting
20 process. I mean, you just gave me --

21 MR. COLLINS: You could.

22 CHAIRMAN McCUSKER: -- five names, three of them I
23 don't even know. And we're going to put them on a Board
24 where we have significant assets at risk.

25 Wouldn't we want to, maybe, meet with them, talk

1 with them, look at their resume? I mean, I don't know --

2 SECRETARY IRVIN: That Irvin guy is probably --

3 MR. COLLINS: Yeah, yeah. I would -- I would -- I
4 would urge a background check on Mr. Irvin.

5 No. I think -- I can arrange that. I can arrange
6 that.

7 CHAIRMAN McCUSKER: How do you -- how does
8 everybody else feel about the process?

9 SECRETARY IRVIN: I don't know Margaret at all. I
10 know David Volk and Bruce Dusenberry quite well. But I --
11 you know, I may be one of the few. So I could purely
12 understand that we'd like to have them come in and talk
13 about, you know, why they want to be on and what have you.

14 I know we've also had a kind of discussion about
15 what are their responsibilities as a Board member.

16 MR. COLLINS: Right, right.

17 SECRETARY IRVIN: Do they really understand, you
18 know, that they need to kind of do the right work.

19 CHAIRMAN McCUSKER: Can we maybe authorize the
20 executive officers to just, you know --

21 MR. COLLINS: Vet.

22 CHAIRMAN McCUSKER: -- vet and agree with the
23 nomination?

24 MR. COLLINS: And I can tell you, I think this is
25 a wise decision. It hadn't occurred to me. I just

1 received, earlier this week -- yeah -- earlier this week, a
2 copy of the application. And I think the biggest component
3 of it is that Board members -- Fox Board members have to
4 give or get four grand a year for the Fox Foundation.

5 And any appointee, by the terms of our First
6 Amendment to the modification of the ground lease and loan
7 agreement, all the Board members that we appoint have to run
8 by the same rules that the rest of the Fox Board do, so --

9 CHAIRMAN McCUSKER: I like the idea of a couple of
10 us being on that Board. But you're just not interested?

11 SECRETARY IRVIN: As you know, I feel very
12 strongly about the Fox. I just think with some of the
13 things that I've got currently on my plate, Mr. Chairman,
14 relative to some hotels and some other things, I think I'm
15 just feeling a little bit maxed, to be quite honest.

16 So I -- it's not that I wouldn't want to revisit
17 in the future. I just have two projects that I feel pretty
18 strongly about pursuing.

19 CHAIRMAN McCUSKER: Jannie, how about you?

20 MS. COX: Well, I am willing. But my concern, in
21 terms of myself, is that some of the criticism of the Fox
22 Board has been that the people on that Board don't know how
23 to run a theater. They don't know about the business of the
24 theater. And that's not something that I know either.

25 And I wouldn't want to -- you know, I'd have a lot

1 of getting up to speed in order to make a contribution to
2 that Board. And I don't want to add to the idea that
3 there's not enough talent on that Board in terms of
4 operating a theater.

5 CHAIRMAN McCUSKER: I believe our objective, in
6 negotiating this, was to give us some eyes and ears in the
7 governance process.

8 We didn't really talk about qualifications or
9 there's -- what kind of people. It's really more that Rio
10 Nuevo is a participant in their governance.

11 And for that reason, I think you'd be perfect for
12 the Board. I mean, we have a fiduciary responsibility just
13 to make sure that these guys are minding the store. And I
14 don't know that you have to be a theater expert to do that,
15 in my opinion.

16 SECRETARY IRVIN: Like the arts.

17 TREASURER SHEAFE: Are you saying that, for a
18 person to be on the Board, they have to make a contribution
19 of \$4,000 per year?

20 SECRETARY IRVIN: Give or get.

21 MR. COLLINS: Give or get.

22 CHAIRMAN McCUSKER: This is an interesting
23 conversation. The Fox has a Board selection process, Board
24 nominating process, board vetting process. And they have a
25 requirement that, if you're a Board member you

1 participate -- you're obligated to participate in the
2 fundraising. We never discussed this when we said we want
3 five of those seats.

4 Are our five appointees exempt from their own
5 rules? Well, that wouldn't probably be fair, would it?

6 MS. COX: No. Doesn't sound like it.

7 CHAIRMAN McCUSKER: So if we nominate somebody,
8 they kind of got to know --

9 SECRETARY IRVIN: What the deal is.

10 CHAIRMAN McCUSKER: -- what the deal is. Which
11 means, not only do they need to understand what we want,
12 they need to understand what the Fox Board expects of them
13 as a Board member.

14 MR. COLLINS: Well, I can tell you, Mr. Chairman,
15 earlier this week, I believe it was, that Mr. Sumberg was
16 kind enough to share with me the application which sets
17 forth a lot of that. So in the event that you went forward
18 with the idea of having the executive officers -- I can get
19 the names to you folks -- I can get the potential appointees
20 a copy of the -- of the application. And then we can move
21 forward and finalize --

22 CHAIRMAN McCUSKER: Have all these people agreed
23 to serve?

24 MR. COLLINS: No.

25 CHAIRMAN McCUSKER: You've just got a list of

1 names.

2 MR. COLLINS: Yeah. I -- my -- in a perfect
3 world, I would have tried to reach out to each one of them.
4 I've had -- I've had some communication with a couple.

5 But candidly, Mr. Irvin has kept me busy in the
6 last few weeks.

7 SECRETARY IRVIN: Sorry.

8 CHAIRMAN McCUSKER: So let's vet the nominees.

9 We'll make sure they understand their obligations
10 to the District and to the Fox. And, I guess we could --
11 the Board could authorize the executive officers to complete
12 the appointment. Or do you want to --

13 MR. COLLINS: I would rather bring it back. I
14 really would rather bring it back.

15 CHAIRMAN McCUSKER: We'll do that. We'll bring it
16 back to the full Board.

17 MR. COLLINS: Yeah.

18 CHAIRMAN McCUSKER: And Mr. Irvin's would create a
19 vacancy, if you're not willing.

20 But, Jannie, I think you'd be great.

21 MR. COLLINS: Remember the -- the agreement allows
22 up to five. You can elect to appoint one if you wanted to.
23 Up to five, any number, so . . .

24 SECRETARY IRVIN: I'm curious if anybody else on
25 the Board has an interest in getting involved in that.

1 Chris?

2 Edmund?

3 MS. COX: Yeah. I'm thinking about Edmund.

4 MR. MARQUEZ: I'm on a handful of Boards already.
5 I'm committed.

6 SECRETARY IRVIN: Okay.

7 MR. MARQUEZ: Thank you. I think Bruce Dusenberry
8 is a champion. He'd be great to have on there.

9 CHAIRMAN McCUSKER: Okay. So we're going to vet
10 these Board members. We'll put this on the agenda for
11 September.

12 The AC Marriott. I'm recused.

13 MR. COLLINS: You are.

14 (Chairman McCusker passed the gavel to
15 Mr. Irvin and left the proceedings.)

16 MR. COLLINS: And, Chris, aren't you too?

17 TREASURER SHEAFE: Yeah.

18 SECRETARY IRVIN: Chris is too.

19 (Mr. Sheafe joined the audience.)

20 SECRETARY IRVIN: It's really only informational.

21 MR. COLLINS: It's only informational. So just go
22 ahead. There's no -- this is not an action item.

23 SECRETARY IRVIN: I know. So, Counselor, if you
24 could, especially since we have a fairly new board member
25 here, maybe just give a quick snapshot. I think the rest of

1 us understand. But maybe give Edmund a snapshot of how we
2 got here.

3 MR. COLLINS: Mr. Irvin, remaining Members of the
4 Board, Edmund in particular, originally back in July 15th of
5 2013, this Board authorized Mr. Irvin to spearhead reaching
6 an agreement to -- to buy a -- the garage portion of the
7 AC Marriott hotel.

8 It has -- the AC Marriott hotel has evolved. It's
9 an eight-story building, principally. It has -- it has --
10 it's been a work in progress. Four of those stories are the
11 garage. The garage will be owned, ultimately, by the
12 District in exchange for 4.3 million bucks. Obviously
13 there's no garage there now.

14 The developer, Scott Stiteler and his team, has
15 started the construction process. And I will tell you that
16 today is a soft closing, if you will, of the construction
17 loan.

18 Mr. Irvin and Laura Blanco of my office and I have
19 been working to deal with that so that we're in a position
20 to allow that construction loan to close. Once that
21 construction loan closes, the building gets built. We don't
22 have to pay any money yet. The building gets built.

23 And when the certificate of occupancy is issued,
24 then we have to pay the \$4.3 million. And we get title to
25 the garage, which is then leased back to the developer

1 pursuant to the terms of the lease that have -- that has
2 already been -- that's part of the deal. It's -- that's
3 where we are. It's interesting road.

4 But does that answer your question?

5 SECRETARY IRVIN: So, Edmond, the other thing is,
6 is that none of that stuff is triggered on the closing until
7 the hotel is completed --

8 MR. MARQUEZ: Right.

9 SECRETARY IRVIN: -- and a certificate of
10 occupancy has been issued.

11 At that point, we'll go and have an official
12 closing. And also at that closing, the developer will lease
13 back from us, on a triple-net structure, all the parking
14 spaces there.

15 And so what we've been doing, since -- since then,
16 is trying to ensure that we're comfortable with everything
17 that's been going on, everything from reviewing the plans,
18 obviously reviewing the documents, getting certain
19 agreements in our names, et cetera.

20 One of the nice things that we've discussed that
21 we feel very good about is that the bank that is financing
22 this has required that they bring in a company that oversees
23 this project and looks at it and looks at the numbers and
24 say it fit within a certain criteria. And as part of that,
25 they required the developer to do a set-aside fund of about

1 2 and a half -- of 2 and a half million dollars.

2 And the firm that's doing that is a group called
3 Tetra Tech. And they are very well known nationally. So to
4 me, I thought that was just extra icing on the cake as far
5 as my comfort level.

6 MR. COLLINS: Yeah.

7 SECRETARY IRVIN: And Mark Collins and I had a
8 chance to visit with -- visit about it. And then Laura had
9 a chance to chime in. We're all very, very comfortable with
10 it.

11 So there's really no action needed. I just knew
12 that you, you know, weren't up to speed on that project.

13 And we wanted just to let the Board know that
14 everything is progressing as he'd hoped it would. Signed
15 just some documents a little while ago. The construction
16 loan, with any luck, will close this week and off we go on
17 the construction of the AC Marriott.

18 It's probably about an 18-month process. And all
19 the archaeological work has been done. I must tell you,
20 comically, the only thing that was found on the site was a
21 glass bottle about half this size that we think used to have
22 some sort of drug in it back in the day. So -- so that
23 was -- that was really it.

24 And, Mark, am I missing anything?

25 MR. COLLINS: No. I just want to highlight,

1 within the last two and a half weeks, or thereabouts, we
2 received the first set of the construction plans. And I
3 didn't bring any set with me. They are rather large.

4 And it was wonderful where we learned that the
5 bank, who has a lot more skin in this game than we do, had
6 required the developer, as Mr. Irvin suggested, a
7 third-party evaluator.

8 We have -- we've received that report. We've
9 received and seen and evaluated the ongoing agreement that's
10 going to -- Tetra Tech's going to be involved in the
11 disbursements and all that sort of thing.

12 We did not hire Tetra Tech. Scott Stiteler's team
13 did. But based other that, my review of -- my office's
14 review of what we've seen, Mr. Irvin's review with
15 Stiteler's office and team, I'm very comfortable with where
16 we are in this project. And, very personally, I'm excited
17 about the fact that this is going forward.

18 MR. MARQUEZ: We maintain the \$4.3 million asset,
19 we own the \$4.3 --

20 MR. COLLINS: Correct.

21 MR. MARQUEZ: They lease it back, and we get an
22 income from it.

23 MR. COLLINS: Correct.

24 MR. MARQUEZ: Great job.

25 SECRETARY IRVIN: And hopefully at some point in

1 time -- kind of like what we've seen with Rialto -- they'll
2 step up.

3 MR. COLLINS: Right.

4 SECRETARY IRVIN: They have an option to take us
5 out on that deal. And my hope is, and probably yours, they
6 decide that's in their best interest to do so. And then
7 we'll take those monies and reposition them to something
8 else.

9 MR. COLLINS: Right, right.

10 SECRETARY IRVIN: And that's one then where, you
11 know, a \$4.3 million investment generated a \$40 million
12 construction project, so . . .

13 MR. MARQUEZ: Right, great job.

14 MR. COLLINS: Where is Fletcher?

15 SECRETARY IRVIN: I'll turn it back over to
16 Fletcher. If he's returning. He may just decide he's not
17 coming back.

18 MR. COLLINS: Chris, you're welcome to go back up
19 too.

20 TREASURER SHEAFE: Am I allowed?

21 MR. COLLINS: Yeah, yeah.

22 (Mr. Sheafe returned to the
23 proceedings.)

24 SECRETARY IRVIN: Jannie, is the social media and
25 employee and equipment, is that your discussion item?

1 MS. COX: Well, I guess I could do it.

2 MR. COLLINS: Yeah.

3 MS. COX: But it would probably be better if Mark
4 talks about how it came about.

5 MR. COLLINS: Well, there has been a discussion --
6 ongoing discussion -- well, let me back up. As you all
7 know, the budget that you approved for this fiscal year was
8 for \$160,000. And one of the thoughts that had come forward
9 was perhaps engaging someone to be in charge of -- or
10 rather, to operate a -- the social media component of the
11 District. Right?

12 MS. COX: Mm-hmm.

13 (Mr. McCusker returned to the
14 proceedings.)

15 MR. COLLINS: And there'd been discussion. And
16 Sarah Evans, who is here today, has discussed the concepts
17 with -- with Jannie and, actually, with my office putting
18 together the protocol that would be used for -- for
19 Ms. Evans to make sure that we didn't violate any of the
20 open meeting law problems that you guys heard so much about
21 today.

22 And yet, as Chris Schmaltz said, you know, social
23 media is really an effective way to communicate with a lot
24 of people. But we, as a public entity, have some other
25 obligations that we have to be careful of.

1 So I've put this on the agenda so that you folks
2 can discuss whether to move forward with -- with engaging
3 Ms. Evans. She would be an at-will employee. She would get
4 paid by the hour. Her numbers would come out of the
5 \$150,000 -- \$160,000 that's on the -- the budget.

6 I believe she would --

7 CHAIRMAN McCUSKER: Did you mention we actually
8 looked at bringing her on as a consultant and the reason we
9 didn't do that was the insurance requirements --

10 MR. COLLINS: Yes, yeah.

11 CHAIRMAN McCUSKER: -- of her as a sole
12 proprietor?

13 MR. COLLINS: Yeah.

14 Right. That's why -- that's why my suggestion
15 was, the way we skin this cat, is to do an at-will employee,
16 that we'll have a protocol that she flows, and she'll get
17 paid as she does the work. She reports -- I believe the
18 plan is -- to Michele. And Michele knows my phone number,
19 so . . .

20 CHAIRMAN McCUSKER: She gets an hourly rate?

21 MR. COLLINS: Yes.

22 MS. COX: I move that we move forward with the
23 hiring, on a part-time basis, of our social media
24 coordinator.

25 SECRETARY IRVIN: I'll second that motion.

1 CHAIRMAN McCUSKER: All in favor, say aye.

2 (Ayes.)

3 (The Board voted and the motion
4 carried.)

5 CHAIRMAN McCUSKER: We're getting lethargic here.

6 MR. COLLINS: It's been a long meeting, sir.

7 CHAIRMAN McCUSKER: I enjoyed the little respite I
8 got.

9 MR. COLLINS: Yeah. Lucky you.

10 CHAIRMAN McCUSKER: I would encourage you all to
11 find a reason to be recused.

12 MS. COX: And I would also like to say that Sarah
13 is here.

14 CHAIRMAN McCUSKER: Right.

15 MS. COX: And she has been in every meeting --
16 every minute of this very long meeting.

17 MR. COLLINS: Yeah.

18 MS. COX: So I hope the Board will take a moment
19 to say hello to Sarah on the way out.

20 Thank you, Sarah, for enduring.

21 CHAIRMAN McCUSKER: Welcome to the family.

22 MS. COX: Yes, welcome to the family.

23 CHAIRMAN McCUSKER: Okay. Item No. 22 --

24 MR. COLLINS: Before we go on, I -- excuse me,
25 Mr. Chairman, Members of the board. She will need some

1 equipment as well.

2 MS. COX: Oh, yes.

3 MR. COLLINS: And, again, I'm not entirely sure
4 exactly what that's going to be. It's my understanding that
5 it will come out of the \$160,000. I will work with Sarah
6 and Michele to determine what that needs to be done and
7 whether it's a computer --

8 CHAIRMAN McCUSKER: A couple of thousand bucks.
9 It's a computer --

10 MS. COX: Yeah. And it's a computer.

11 CHAIRMAN McCUSKER: So maybe we should just
12 authorize that amount as opposed to --

13 MR. COLLINS: Fair enough.

14 TREASURER SHEAFE: Mark, do you want to recuse
15 yourself on the basis of age and maybe me?

16 MR. COLLINS: I would be honored to.

17 TREASURER SHEAFE: You know, I would --

18 CHAIRMAN McCUSKER: Michele, what do you think,
19 economically, it would take to get her --

20 TREASURER SHEAFE: Yeah. What are we going to
21 spend?

22 MS. BETTINI: I think the best bet is get her,
23 like, a tablet or something. Then she can take --

24 CHAIRMAN McCUSKER: Like a couple thousand -- it's
25 a couple of thousand bucks, isn't it?

1 MS. BETTINI: She can take the tablet out, take
2 pictures, post things.

3 CHAIRMAN McCUSKER: Let's just do that. Let's get
4 a motion to -- because we don't have the authority to
5 approve squat as your executive officers.

6 MR. COLLINS: No, you don't. You -- but you've
7 got -- you've got --

8 CHAIRMAN McCUSKER: So if we need -- if I wanted
9 to, you know, have her go buy a computer, I can't do that.

10 MR. COLLINS: Well, not without coming back,
11 and -- and . . .

12 CHAIRMAN McCUSKER: Right.

13 MR. COLLINS: So now --

14 CHAIRMAN McCUSKER: So let's just -- let's pick a
15 number and get it --

16 TREASURER SHEAFE: Let's pick 5,000, and that
17 way --

18 CHAIRMAN McCUSKER: Up to -- up to 5,000. Make
19 that a motion.

20 MS. COX: And that's more than enough.

21 TREASURER SHEAFE: In the form of a motion, we
22 authorize up to 5,000 to be expended until further
23 authorization.

24 CHAIRMAN McCUSKER: All right. So now you --

25 MS. COX: Second.

1 CHAIRMAN McCUSKER: All in favor, say aye.

2 (Ayes.)

3 (The Board voted and the motion
4 carried.)

5 CHAIRMAN McCUSKER: Thank you very much.

6 Thanks. Good catch, Mark.

7 Logo, you have a couple of samples that have
8 bubbled up from Jannie and I. We looked at several. These
9 are two that we liked. We want to modernize our logo along
10 with modernizing our image. We kind got it up in the
11 Governor's plan to rebrand the State. We did not, in fact,
12 change our name. But we would like to change our logo.

13 If you're crazy about one or the other, just let
14 us know.

15 TREASURER SHEAFE: Right away --

16 MS. COX: I am.

17 TREASURER SHEAFE: Oh, you guys are more -- I was
18 on the left.

19 MS. COX: Oh, good -- oh, well, you picked the
20 wrong one.

21 TREASURER SHEAFE: Sorry.

22 MS. COX: Let me tell you why I think the one on
23 the right is --

24 SECRETARY IRVIN: Which one?

25 MR. COLLINS: Which one on the right?

1 MR. MARQUEZ: There's two.

2 MS. COX: -- the two on the right. And they would
3 both be our logo. And we would use them in -- for different
4 uses.

5 If we needed something that was linear, we would
6 use the bottom one. And if we had another use for it, we
7 might use the top one. But they would both be our logo.

8 CHAIRMAN McCUSKER: The logo is this. And that is
9 just the words, the banner.

10 MS. COX: Yeah. But it would all go together.

11 CHAIRMAN McCUSKER: It could go above or below.

12 MS. COX: Yeah. It would all be considered a
13 logo.

14 MS. BETTINI: The silver is a good color too.

15 MS. COX: The colors come after we choose the
16 logo.

17 But the reason I like the ones on the right is
18 because of the movement in the logo, that it really looks
19 like it's forward moving and it looks like --

20 CHAIRMAN McCUSKER: Do you see movement?

21 SECRETARY IRVIN: No, I don't. I don't see any
22 movement.

23 MS. COX: And based on the fact that I see lots of
24 movement, I would like to move that we select the two logos
25 on the right as the new Rio Nuevo logo and that we instruct

1 our graphic artist to determine colors for us.

2 MR. MARQUEZ: Second.

3 CHAIRMAN McCUSKER: All in favor, say aye.

4 (Ayes.)

5 (The Board voted and the motion
6 carried.)

7 CHAIRMAN McCUSKER: All right. We're good. We're
8 at the call to the audience. Mr. O'Malley has patiently
9 suffered through the whole meeting.

10 MS. COX: He suffered through. He was here early
11 too.

12 CHAIRMAN McCUSKER: Bill, thank you for hanging
13 around.

14 ATTENDEE: I'll be brief. Bill O'Malley, Friends
15 of Tucson's Birthplace, regarding Mission Garden. Just
16 wanted to give you a brief update on our completion project.

17 We have completed the schematic design for the
18 project and are working on our cost estimate now. We're
19 also doing some preliminary archeology work over there that
20 needs to be done. And we have submitted a brief information
21 package to the City and the County. It was a part of our
22 three-party agreement for developing and operating it. I've
23 got a copy here for Rio Nuevo.

24 But we have come up with a bit of a problem.

25 We're at a standstill with the design. The County needs to

1 approve our design so we can go into the next phase and
2 continue work. And they've advised us that they can't
3 approve the plan until the easement for the -- the permanent
4 wall easement is resolved.

5 As you may recall at your last meeting, there was
6 discussion about a temporary revocable easement for areas
7 around the garden. And I think that document is being
8 prepared. But there's also the need for a permanent wall
9 easement because the wall is not on property owned by Rio
10 Nuevo. And so I understand that the County is going to be
11 contacting Rio Nuevo.

12 CHAIRMAN McCUSKER: We have a meeting set up.

13 ATTENDEE: And we just urge that you get that
14 resolved as quickly as possible. We're kind of caught in
15 the middle as you get that resolved. But if you could take
16 care of that as soon as possible, we'd appreciate it.

17 Thank you.

18 CHAIRMAN McCUSKER: Thank you.

19 Any other items of business? Need a motion to
20 adjourn.

21 SECRETARY IRVIN: So moved.

22 CHAIRMAN McCUSKER: All in favor, say aye.

23 (Ayes.)

24 CHAIRMAN McCUSKER: See you next month.

25 (The meeting concluded at 4:51 p.m.)

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C E R T I F I C A T E

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.

John Fahrenwald