RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

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

REPORTED BY:

John Fahrenwald

KATHY FINK & ASSOCIATES

2819 East 22nd Street
Tucson, Arizona 85713
(520) 624-8644
(Meeting commenced at 12:58 p.m.)

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

Jannie, do you want to lead the pledge?

MS. COX: Sure.

(Pledge of Allegiance was recited.)

CHAIRMAN McCUSKER: Michele, call the roll, please.

MS. BETTINI: Jannie Cox?

MS. COX: Here.

MS. BETTINI: Mark Irvin?

SECRETARY IRVIN: Here.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: Here.

MS. BETTINI: Edmund Marquez.

MR. MARQUEZ: Here.

MS. BETTINI: And we've got --

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

MS. BETTINI: Correct.

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

So we can entertain Executive Session. The
minutes have been distributed; they are transcribed. Any
other comments? Questions?

SECRETARY IRVIN: Motion to approve.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

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

SECRETARY IRVIN: So moved.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

(The Board voted and the motion
carried.)

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

SECRETARY IRVIN: It was.

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

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

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

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

SECRETARY IRVIN: So moved.
CHAIRMAN McCUSKER: Second, please? How about second the motion to reconvene.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: And that was Edmund.

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Thank you.

Thank you, everyone, for hanging around.

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

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

I would encourage you, because he's a listener, if you've not had the chance to reach out to Mike Ortega, our new City Manager, what I'm really optimistic about is a new
breed of manager for this city. He's a numbers guy, has an
MBA in accounting from our own University of Arizona. But he
understands, more than any manager that I've known in the
past, that he is not a policy maker. His job is to the
execute policies.

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

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

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

That is also the property that's subject to the
City-County trade. If you're following the bond initiative,
the County has an $18 million request in the $815 million
bond package to build a visitors' center on that property right off the modern streetcar track, right there at Cushing and the river.

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

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

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

We will look at an estimate to eradicate that landfill. But I can tell you, from my own research, the going rate for landfill remediation is about a million dollars an acre. That's a 27-acre parcel. So the
likelihood, certainly, of Rio Nuevo ever being able to eradicate that property to make it available for commercial development is not good. That means you pretty much have to do something on the surface. We'll wait and see how the City evolves their plans. And we'll keep all of you posted on that progress.

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

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

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

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

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

You are mic'd.

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

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

MR. MEYERS: Yeah. Okay, so this --
CHAIRMAN McCUSKER: You're really mic'd, yeah.

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

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

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

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

So we're getting really close to our budget. We've caught up significantly in the last two months. We need approximately just a little over a million dollars to reach our budget of 9.9 billion -- million for the fiscal
And I think we're going to be there. We've seen some good, new additional merchants filing. And we've seen some corrections and amendments. And I think that's going to continue for a while.

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

Any questions?

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

MR. MEYERS: Okay.

All right. Any other comments or questions?

Thank you.

CHAIRMAN McCUSKER: Thank you, Dan.

Okay. Item No. 7 on our agenda. We briefly
discussed this at the last meeting. We have some of our
consultants here today to help us look at the 2008 revenue
bond.

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

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

MR. MEYERS: Sounds about right.

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

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

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

MR. COLLINS: Well, we can -- I think that you --
I'd be wasting your time in spending much time talking to
you. We ought to bring up René and my partner Tim Stratton
to address the questions that you might have. Tim knows
intimately more about this process than I do, as do the
folks at Piper Jaffray.

So, Gentlemen.

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

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

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

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

But, again, they're going to come out here. We're
attempting to schedule a site visit where they can come out
and see the District, explore Tucson a little bit, see
what's going on here, answer questions from -- have their
questions answered by staff, and really kind of look at the financials on that.

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

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

But I would say that I think, given what took place in China and in the financial markets yesterday, from our standpoint of doing refunding bonds, it's probably a good thing because I think the talk of the feds raising interest rates now has kind of gone away or at least been postponed. We want the rates to stay as low as possible now so that we can get this refunding in place to save the Board as much money as we can. If the interest rates start to trend up, the refunding might not make as much sense. But we're trying push this along as quickly as we can from a logical standpoint so we don't miss a window of opportunity with respect to the interest rates.
At this time, I'll turn it over to René unless you have any questions about the legal process for issuing the bonds. And certainly, as he discusses things, if you have questions, feel free to stop us and we'll provide you with whatever information you want.

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

MR. MORENO: We have extra copies.

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

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

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

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

On Page 5, these are the outstanding maturities of the
2008 bonds. Maturities 2016 through 2018 are what we call noncallable bonds. Maturities 2019 through 2025 are callable on August of 2018.

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

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

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

This scenario would assume that we fully fund the debt service reserve fund. So, as you may know -- as you know, you currently have $8 million in your debt service reserve now for your 2008 bonds. Okay. This scenario assumes that a portion of that $8 million is going to be used to fund the debt service reserve fund for the refunding
In this scenario, we project savings of approximately $5.3 million over the course of the next ten years. Present value savings of approximately $4.6 million, or, you know, over 9 percent in savings.

TREASURER SHEAFE: You're calculating what interest rate?

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

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

MR. MORENO: That's about a 2.87.

TREASURER SHEAFE: 2.87.

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

TREASURER SHEAFE: With fees.

MR. MORENO: Yes.

TREASURER SHEAFE: Okay.

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

MR. MORENO: So --

CHAIRMAN McCUSKER: -- or do -- we really don't
know until we see what the insurance and underwriters proposal looks like?

MR. MORENO: Mr. Chairman, I think you're correct.

We don't know at this point what, you know, HEM would like to propose. So this scenario, you know, is -- I don't want to call it worst case.

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

MR. MORENO: Right.

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

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

CHAIRMAN McCUSKER: But it could be --

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

CHAIRMAN McCUSKER: -- it could be half that.

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

CHAIRMAN McCUSKER: When would we know that?

Would that -- that's part of the conversation with assurance?
MR. MORENO: It is, yes.

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

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

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

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

MR. MORENO: Right.

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

MR. MORENO: That's correct.

TREASURER SHEAFE: Okay. Have we paid -- are we paying the principal down on any of the ten-year, which would now be, I guess --
CHAIRMAN McCUSKER: Yeah. We paid it down to 69 million. And so we paid 11 million.

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

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

CHAIRMAN McCUSKER: Out of the 80 million payoff?

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

CHAIRMAN McCUSKER: So --

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

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

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

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

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

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

I brought the transcript from the deals that we --
$80 million transaction here. And I think there was a question as to did we pay any principal off.

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

TREASURER SHEAFE: That's quite a bit. Okay.

So --

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

TREASURER SHEAFE: Right.

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

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

So what we're talking now, in terms of the interest rate savings, as you can see, is quite significant, backing down from that 5 percent interest range down to the 2, point . . .
MR. MORENO: It would be 2.8.

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

MR. MORENO: That's right.

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

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

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

Okay.

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

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

MR. MORENO: That's --

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

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

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

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

So René and Piper will evaluate those options. Because again, if the -- if the security changes, that could impact the interest rate. And want to give you the low interest rate too. So we're kind of balancing a couple of different factors.
CHAIRMAN McCUSKER: Would the rating agencies have something to say about that too, or . . .?

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

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

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

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

TREASURER SHEAFE: Okay. Those are current.

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

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

MR. MORENO: Three different rating agencies, yes.
MS. COX: I -- I just have one point to clarify.

Are you saying that we have the opportunity to save somewhere around $5 million in interest payments plus. And then, in addition to that, possibly free up some capital from not having to have that reserve? So there's -- the potential is more like 7- or $8 million; is that right?

CHAIRMAN McCUSKER: Or 10.

MS. COX: 10?

CHAIRMAN McCUSKER: Yeah.

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

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

CHAIRMAN McCUSKER: It stays in the reserve.

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

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

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

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

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

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

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

MR. MORENO: Yeah.

CHAIRMAN McCUSKER: Anything else for René?

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

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

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

MR. COLLINS: Mr. Chairman, Members of the Board, I'm going to suggest that you do that so that Tim and René
have the authority to do what they've explained to you. So perhaps a motion to continue your efforts and come back at the next board meeting with an appropriate resolution could be a good motion.

SECRETARY IRVIN: I'll make that motion.

Thank you, Mr. Collins.

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

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Okay. There you go, guys.

Thank you very much.

MR. STRATTON: Thank you.

MR. MORENO: Thank you.

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

The instrument that's typically used for that is
called a certificate of participation or a COP. It's a bond. It's subject to rental income. So clearly, here, the City would be a party to this process.

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

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

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

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

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

We do have a new board member. And we are also --
it's not going to hurt for the rest of us to once again here
your open meeting law refresher.

Have you met Edmund, yes?

MR. SCHMALTZ: I have not.

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

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

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

So we're talking about 38-431, that's the open
meeting law statute. This is -- the key language from the
statute is, it applies to any meeting of a quorum or members
of the public body. We're going to talk about each of those
as you might remember. A meeting, as defined in the statute
itself, is in person or by technology devices, and where you
propose or you take legal action.

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

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

And so the red flags associated with, if there's a
controversial issue or if there's an item that comes before
you that some of you are conflicted out of participating in,
which we'll touch on in the conflicts section, that should
send red flags up for you in terms of having a discussion
with even just one more member of the board and the item
that might involve conflicts or otherwise. But they, those
persons who are conflicted, are prevented from
participating. So that reduces the potential for how you
pass an item. So that also reduces what the definition of what a quorum might be for purposes of that item. And so be very sensitive to incidents or issues that might come before you where there might be some conflicts that reduce the number of the board who can participate in that item.

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

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

On a quorum, also be sensitive to the idea -- this idea of spokes of the wheel. There's a prohibition under the law, the open meeting law, about utilizing somebody else to create that quorum. If you use somebody as a hub, one of you serves as a hub, or you even use Michele or somebody else as a hub, via email or otherwise, phone call -- again,
technological devices -- connecting a majority of you in a conversation via the hub, that has the potential to be a violation of the meeting law. "A," you're -- if you're doing that and you're consciously doing that, you're violating open meeting law because you're trying to subvert the open meeting law; and, B, it can happen inadvertently.

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

So you are a public body, obviously, appointed. You are the Board of the -- Board of Directors of the District. And public body also means all of your formally appointed subcommittees and any other committee that you may form to -- like a ad hoc committee that you may form to study a specific issue or to provide a report to the Board about a specific issue, those committees also are subject to
the open meeting law as well.

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

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

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

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

    MR. SCHMALTZ: That's correct.

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

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

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

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

    And the open meeting law requires detailed minutes
that reflect sort of what you did and what you talked about
and the actions that you took.

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

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

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

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

They're not adopted as the rule. So we don't need to have sort of parliamentarians trying to subvert the process. It really -- it's helpful. But it's not going to dictate sort of how the meetings are run.
So let's specifically talk about some things that are the modern day open meeting law challenges, email, e-sessions, text messaging, and social media.

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

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

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

The best practice here is to never send a group email to the Board and never reply all to anything that is district-related, ever. That will solve 99 percent of the email trip ups that can happen in an open meeting law
context. Never send a group email. Never reply all. If you follow those two key rules, you're going to be safe, again, 99 percent of the time.

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

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

That's a -- that creates the 1 percent scenario -- right? -- of the email chain. So I would advise never try to conduct business or have a conversation or discussion via email at all on anything that was past or upcoming because that has the potential -- it's inadvertent. You don't intend to do that. But because there's the potential and the technology to forward it on to multiple members of the Board, it creates this problem.
TREASURER SHEAFE: Did you get any of this advice from Hillary Clinton?

MR. SCHMALTZ: No, I did not.

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

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

So if you're texting, again, the same rules that I talk about in terms of email apply. Never send a group text. Avoid sending any text that's business related, District-business related to any other members of the board. Never send a group text to that Board. Never reply all to a group text of the Board. Never reply to a text from another Board member. There maybe hidden individuals who are part of a chain that you can't see on your phone, or you're unsure about who exactly got it, never reply to that because you don't want to be conducting the public's business via the text messaging app on your phone.
The same can be said to your personal social media. Whether you have Facebook, Twitter, Instagram, LinkedIn, any sort of aggregate or any sort of social media site where you can communicate in a broad way about things that either are before the Board or might be before the Board, don't -- don't do that on your social media sites -- your individual social media sites.

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

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

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

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

But if there's a comment about, hey, I'm curious about Item No. 4 on that agenda, you don't respond to that, you don't comment on it, you don't -- best practice is, is you can provide the notice of the meeting and say, go to this website.
The best practice really is to provide a link to our page, our website, that is the agenda, that kind of thing. That's perfectly legitimate. I think Twitter page, all of those kinds of things is totally appropriate.

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

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

Go ahead.

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

Communicating through the media, generally, okay. However -- in traditional media, say, papers or otherwise, if you want to express your opinion with regard to a item, you're not necessarily creating an open meeting law issue, unless, through that same traditional media, there are
multiple OpEds from -- right? -- that -- and that might, in
that one edition, say, or maybe even subsequent editions,
create the impression that you're talking to one another and
discussing the item through traditional media.

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

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

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

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

MR. SCHMALTZ: Yeah.

MR. MARQUEZ: -- and put it on Facebook, is that
MR. SCHMALTZ: Not a problem.

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

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

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

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

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

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

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

So go ahead.

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

Just reminders with regard to Executive Sessions, no voting; no straw poll; no, what do you all think? Even questions like that can create a problem. So avoid any of that.
You can -- for sessions that are posted for legal advice, you can ask the attorney questions related to legal advice. But there's really no extensive discussion about the legal advice, about the item, that is on the public agenda. That discussion should be out here.

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

Go ahead.

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

Null and void. Now, there's a potential to ratify at a subsequent meeting. But any action you take at a meeting that was held in violation of the open meeting law
is null and void, not just the one item that you're trying to discuss. So it's anything that you did.

Any question with regard to the open meeting law?

No? Okay.

Go ahead.

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

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

Go ahead.

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

Go ahead.

So let's talk about the definitions of each of these. You are a public officer, appointed member of a public agency, such as the District board. The public
agency is you. You're a public -- the District is a public entity.

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

Go ahead.

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

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

You have to make that -- make known. Best practices is, is ahead of a meeting, if you're aware of something that you might have a conflict of interest on and you want to recuse yourself under the conflict of interest statute, is to send an email or a letter to Michele ahead of
the meeting, and during the meeting itself make known that you have a conflict before the item comes up and then not participate. We'll talk about what not participating means.

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

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

And you can go to the next slide as well.

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

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

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

Go ahead.

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

MR. SCHMALTZ: Correct.

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

MR. SCHMALTZ: That's correct.

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

And that's why we're here -- we're here talking about it.
CHAIRMAN McCUSKER: Tell me about how those conflicts affect the quorum. Let say we have four conflicted people; there's only three of us that are not conflicted.

MR. SCHMALTZ: Yeah.

CHAIRMAN McCUSKER: And can you never achieve a quorum?

MR. SCHMALTZ: Well, that is --

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

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

Maybe it's something that you're just thinking about or maybe someone has mention to you that this is a possibility that's coming before the board. And you contact another single member of the board, and it's three of you who can only vote on that thing, that phone call has the potential to create an open meeting law problem because there's two of you of the three who can vote on it. So that's potentially an issue. And that's why the best practice is, is, for anything that's district related, the best practice is to have all those discussions here.
CHAIRMAN McCUSKER: What you can do with law firms, the moment you're entertaining a client, one of the first things you do is run a conflict of interest examination.

MR. SCHMALTZ: Correct, correct.

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

(Mr. Sheafe left the proceedings.)

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

CHAIRMAN McCUSKER: And talking about the penalties there, which we've spoken to this at length, some
of our procurement issues.

MR. SCHMALTZ: Yeah.

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

MR. SCHMALTZ: Correct, correct.

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

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

Recklessly or negligently, Class 1 misdemeanor.

Again, you do not want to put yourself in a position of
having to parse whether you fit into Class 6 felony or a
Class 1 misdemeanor. That's the key message here. Right?

Is have your radar up about conflicts.

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

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

And in a civil action, the statute provides for
civil actions for persons affected by this. They can
recover costs and fees, as well, from you.

Any questions with regard to that fire hose of
information?

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

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

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

MR. SCHMALTZ: Yeah.

CHAIRMAN McCUSKER: -- should somebody leave?

MR. SCHMALTZ: No.

CHAIRMAN McCUSKER: No.

(Mr. Sheafe returned to the
proceedings.)

MR. SCHMALTZ: No. Just don't talk to the other
Board members. And don't discuss anything that is a
potential District matter. You don't want to be overheard.
You don't want to put yourself in that position of
unintentionally violating the open meeting law by having
that discussion.
The best -- again, this is the best practice. If you're going to an event like that where there is the potential for other members of the Board, just let Michele know. We'll put a posting out that says that a quorum might be at the Governor's luncheon; there's no agenda and no action will be taken. And I think we're fine.

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

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

Any other questions?

It's my pleasure to -- welcome.

CHAIRMAN McCUSKER: Thank you very much.

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

CHAIRMAN McCUSKER: Scared to death now, Edmund?

Chris, again, thank you very much for helping out through all of this.
MR. SCHMALTZ: You're welcome.

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

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

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

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

And I -- and I would like to think the current Board for standing by us, working with us, giving us the time and space to get things done.
So turn it around, we did. And we're a success, we're proud of our success, because with success comes opportunity. And we seized the opportunity, purchased the theater, and bring it home to its rightful owner, the Rialto Theatre Foundation.

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

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

MS. COX: Don't go anywhere.

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

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

SECRETARY IRVIN: I'm just razzing you.

MR. PARKER: Sense of humor test.

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

MS. COX: Or on Facebook.

CHAIRMAN McCUSKER: Congratulations to you guys.

MR. PARKER: Thank you, guys.

MS. COX: Congratulations and job well done.

MR. PARKER: We should take a picture or something.
CHAIRMAN McCUSKER: And good luck to both of you.

It's well deserved.

MR. PARKER: Thank you.

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

MS. COX: Outstanding. Yeah.

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

MR. MARQUEZ: Great job.

TREASURER SHEAFE: We know we'd get there.

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

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

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

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

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

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

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

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

My -- that's my summary.

CHAIRMAN McCUSKER: Let's hear from the buyer.

Pat, can you kind of fill us in?

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

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

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

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

We have been working with the City to try and clarify that so that there is no disagreement with regard to that termination, because, as I think all of you can
appreciate, the property cannot be developed with the
Greyhound station sitting in the middle of it.

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

They are committed to meeting that schedule
and developing.

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

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

No. 1, unbeknownst to anyone -- and the City
says unbeknownst to them, and I believe them -- when they
opened the bids, with regard to the Ronstadt Center, two of
the bidder included their bid a proposal to relocate the
Greyhound bus station site to the Ronstadt Center. Again --
so of course, we said, you know, where are we on that?
What's going on? That's going to take years for that to happen.

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

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

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

The last sticking point in all of this is Nor-Gen is asking that the City, when we close, provide notice to Greyhound that the lease will terminate one year
from closing, which the City can do. What the City has indicated that their preference is, is to have the
termination date be the later of one year from closing or when the City approves a development plan for the site.

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

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

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

So what we propose is that we all agree on an estoppel certificate that incorporates what I've just said
to you, which you've seen a draft of. And it says that the City will provide notice to terminate the Greyhound lease one year after the closing.

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

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

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

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

And I think our concern -- Chris has been dealing with this for 12 years -- you know, every year the City
discusses what they're going to do with the Greyhound. So the risk to us is we get caught up in the buyer-City negotiations forever that -- you know, on what to do with the Greyhound.

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

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

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

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

MR. LOPEZ: No.

CHAIRMAN McCUSKER: No?
MR. LOPEZ: Not -- not if they sign the estoppel certificate. And we don't think that they have to when they sell it. Now, what --

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

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

TREASURER SHEAFE: Right.

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

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

MR. LOPEZ: I -- Mr. Chairman, I kind of disagree because we're not asking you guys to do anything. You're -- you have no responsibility with regard to relocation of Greyhound. You have no responsibility with regard to eviction of Greyhound.
You know, we're prepared to close. The only thing that we're asking that you do is, basically, something that I think we had in the agreement from the beginning, which is --

CHAIRMAN McCUSKER: Cooperating.

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

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

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

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

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

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

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

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

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

So I don't mind making a motion that I would agree to accept the 30-day continuance on the closing provided that the $150,000 of earnest money is nonrefundable.
MR. MARQUEZ: I'll second that motion.

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

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

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

TREASURER SHEAFE: So then it captures both councils.

MR. MARQUEZ: I second that.

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

SECRETARY IRVIN: Correct.

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

MR. LOPEZ: If I could.

I mean, I think -- you know, I can't speak for my client. But I think a motion like that puts this deal in jeopardy. And, you know, what we -- what we need is we need the City to agree to this.
And, you know, to gamble $150,000 on what the City's going to do and what this Board is going to do after -- this is a client that's spent probably more than that already on -- remember, got a new ALTA survey, got a Phase I environmental site assessment, had to get a Phase II environmental site assessment, has prepared preliminary development plans, has paid for a franchise agreement with a hotel flag. All of the that -- you know, all of that money has been put up.

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

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

If you read your settlement agreement -- I think it was said that we knew about all of this when we went into it. Yes, we did. And your settlement agreement provides that the City will give notice to Greyhound and terminate its lease. And that's all we're asking for. So we're -- we're asking for what -- the deal that we thought we got. And you've got a buyer who's invested a tremendous amount of money. And it just kind of feels -- feels like putting their feet to the fire at the -- at the last minute when we're -- we're right here to get this done. I -- I'm --
TREASURER SHEAFE: Is your problem more the increased deposit nonrefundable fixture than the 30 days? Are you pretty confident on the 30 days.

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

TREASURER SHEAFE: Can I offer a --

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

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

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

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

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

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

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

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

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

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

So I'm quite comfortable putting forward the 30
days, Mark. If you would accept that, I think the 30 days makes great sense.

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

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

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

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

We had a meeting with the City to talk about how to solve their problem. And the buyer was willing to pay the money to build a new station for them on 22nd Street, property that the City owned. And the City indicated that that would -- that would work. They thought that -- that that would work and we were ready to go.
I don't know how long, but it was only a matter of days later, RFPs get opened with regard to the Ronstadt site -- something none of us knew about and none of us controlled -- that proposes Greyhound's going to go there. We try and track that down and figure that out with the cooperation of the City.

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

CHAIRMAN McCUSKER: Take matters in their own hands.

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

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

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

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

So to stay that nothing has happened, a lot has
happened. A lot has happened that's out of Nor-Gen's control. And a lot has happened that Nor-Gen has done in terms of spending both time and real dollars to solve those problems. That's one.

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

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

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

But again, I don't think it changes the perception
that the public will look at with us by just continuing to add time to it. I mean, I'm in the business. My clients, if they were going to do a deal like this and that's what it looked like, we would go nonrefundable on some earnest money.

MR. COLLINS: Mr. Chairman?

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

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

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

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

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

I personally --
CHAIRMAN McCUSKER: Regardless of all these extraneous conversations about sites and RFPs and the Greyhound and Ronstadt --

MR. COLLINS: Yeah.

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

MR. LOPEZ: Correct.

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

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

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

SECRETARY IRVIN: Right.

MR. COLLINS: Yeah.

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

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

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

MR. COLLINS: Yes, yes. As I understand from my
conversations -- and Pat can chime in -- I understand from my conversations with the City Attorney that he is ready, willing, and able to put the estoppel certificate on the agenda for the September 9th meeting and/or the 24th meeting assuming he has approved it. I think that's a fair statement.

MR. LOPEZ: That's fair.

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

CHAIRMAN McCUSKER: Someone had a question.

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

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

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

CHAIRMAN McCUSKER: Mark, can he do that?

MR. COLLINS: You just heard -- you just heard from somebody who knows a lot more about it than I do.
Maybe Jeff can. We could handle it a couple of ways.

Robert's Rules of Order don't apply. You could vote on Mark's motion, see what happens.

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

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

CHAIRMAN McCUSKER: Right.

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

CHAIRMAN McCUSKER: Right. Right.

MR. COLLINS: Yeah. That's --

CHAIRMAN McCUSKER: He could second --

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

CHAIRMAN McCUSKER: -- checking and raises,

but . . .

MR. HILL: Yeah.

CHAIRMAN McCUSKER: All right.

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

CHAIRMAN McCUSKER: Any other questions, comments?

Michele, call the roll.

MS. BETTINI: Jeff Hill?

MR. HILL: No.

MS. BETTINI: Jannie Cox?
MS. COX: No.

MS. BETTINI: Mark Irvin?

SECRETARY IRVIN: Yes.

MS. BETTINI: Chris Sheafe?

TREASURER SHEAFE: No.

MS. BETTINI: Edmund Marquez?

MR. MARQUEZ: No.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: No.

(The Board voted and the motion failed.)

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

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

CHAIRMAN McCUSKER: 30 days or the end of September?

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

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

TREASURER SHEAFE: I meant to say that. I will
authorize the execution of the completed deal by the executive officers included in my motion.

MR. COLLINS: Okay. That needs a second.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: Everybody got it?

SECRETARY IRVIN: Yep.

MS. COX: Yep.

CHAIRMAN McCUSKER: Michele, call the roll.

MS. BETTINI: Jeff Hill?

MR. HILL: Aye.

MS. BETTINI: Jannie Cox?

MS. COX: Aye.

MS. BETTINI: Mark Irvin?

SECRETARY IRVIN: Aye.

MS. BETTINI: Chris Sheafe?

TREASURER SHEAFE: Aye.

MS. BETTINI: Edmund Marquez?

MR. MARQUEZ: Aye.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: Aye.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Okay. By the vote of 6 to 0, we've given you an extension. And we'll do everything we can to help you expedite that.
MR. LOPEZ: I want to thank you all very much. I mean, we've been working really hard to get this deal done. We've got to get this closed for Tucson. I mean, not just for my client but for Tucson.

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

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

CHAIRMAN McCUSKER: Thanks.

Item No. 12, TCC project, Karla.

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

MS. VAN DRUNEN LITTOOY: Thank you very much.

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

So in consideration of the schedule today, I'm going to be as succinct as I can. And I look forward to your questions if I gloss over something on which you'd like more details.
So we have made some very significant accomplishments that I want to call your attention to. Because of our advocacy, as well as that of our partners such as the TSO, we've secured a place on the bond. We're in the tourism section, No. 427.

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

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

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

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

The other very important part is that the City will -- it has a methodology now for not only accepting the gifts but any liability that would be associated with that. And that will be just tremendous as we move forward.
So I want to show you a picture here of what it looked like when I was inspired to take action and when we started our project. Barren, ill-fitting tractor seats, missing trees, a vacant planter bed. And then just a few months later, a picture take by the Arizona Star. Two Chinese Pistache trees, benches that will soon be under the shade of those trees, and a planted bed.

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

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

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

With these demonstration areas, we're testing methods as well as materials. So I mentioned the silva cells. The other item that we have tested, for example, is
we have paid for the casting mold for the Eckbo planters at the 2-foot size. That will be retained and will be reused as the entire property is redeveloped.

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

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

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

So our immediate next steps are these:

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

We've already accomplished the second item.

When -- we have appealed to both the City and the County for earlier funding of this project and have secured funding in year one, if the bond were to pass, for program planning and predevelopment.
And then we have a two-year hiatus so that we can do fundraising. And then construction would start for the following two to three years.

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

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

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

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

I want to take you back to the early 1970s. Imagine arriving at an event for the TCC, turning off of Granada, coming into a semicircular driveway, leaving your car with the valet, and walking up the grand nautilus-shaped stairway at the top of which you see Eckbo's vision. You hear the sound scape of the water. You see the shade trees
that are beginning to grow and all of the greenery in the containers, as well as the raised bed.

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

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

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

These are characteristics of Eckbo's design style. See how he's juxtaposing the rectilinear design with the curve of the nautilus staircase. I will also you, in a future slide, another common element in our design, which Eckbo gave us, which is a grid of trees spanning these raised beds and extending into the hardscape. But today, and for as long as I can remember, these beds are empty. Once restored they will improve not only the patron's experience at the plaza level but also from the
windows at the second and third floor of the Music Hall because it's this area that the patron looks over and down to when they're at a concert or a performance there.

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

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

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

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

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

I want to tell you, with great joy, about the choice to use four Joan Lionetti Live Oaks in this demonstration area and then throughout the plaza. These are
a replacement for the African sumac which has not tolerated,
over the last 45 years, our climate.

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

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

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

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

Okay. So this slide just recaps all of the components that we've talked about.
A new component this year is, we're going to do a ribbon cutting that combines efforts with two other parties. One is SMG, the management company. They're going to help us create an outdoor picnic event. They're going to provide seating and food for sale. And the Tucson symphony is working with us as well.

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

This is a $23,000 investment. In rough calculations, it's $9,000 for the landscaping, labor, and materials; $9,000 for the replacement benches -- that seems high, but let me tell you a couple reasons why; one, we're paying for the mold that will then be used to cast all of the cement legs for all the benches in the reconstruction; we'll have one new wooden seat; we're going to try ipe this time; and then we're going to have a craftsman refinish the nanciton and see if, by some treatments, we can't make that work; and those two, then, will go back into Demonstration Area 1 -- and approximately $5,000 for our informational signage, which will be both Spanish and English which will be at the site as well as on that kiosk.
We've been working hard since we weren't able to meet with you last month. And so far, we've raised $8,000.

We have $13,000 solicited from five different parties. They are considering those gifts. And we have one solicitation meeting scheduled for next week and five contacts that we're beginning to make for people we think would also have an interest in this effort.

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

So we are coming to you in consideration of what we've accomplished so far and the ways in which our missions are coordinated because our work will have a lasting impact on the public; because it's going to improve both the patron experience and the citizen experience, the person who's strolling through the plaza or walking their dog; because it's an example of why voting yes for the bond will help us to improve this community in ways that are so vital and needed; and because we've been active volunteer advocates and fundraisers, even though we weren't able to meet last month, we would very much like for you to consider continue
being our partner in this effort and considering a $15,000 gift. We know that this will encourage others who are thinking about their gifts to make it along with yours.

Thank you.

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

MS. VAN DRUNEN LITTOOY: Absolutely.

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

MS. ERICKSON: No.

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

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

MS. VAN DRUNEN LITTOOY: I think that's always a great incentive. And we did that last year. And if the
parameters can be similar to that, I think that would be very encouraging.

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

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

MS. VAN DRUNEN LITTOOY: Thank you.

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

So when it comes time, once the bonds pass, which we are all very hopeful that they will, you will have a great opportunity to have named parts, you know, of this area, which I just think is -- I think it will be successful. And I think -- I feel like we ought to be a part of getting you to that point so that you can make that happen in the larger sense.
And I would like to make the motion that Rio Nuevo provide a $15,000, one-to-one matching grant for the Demonstration Phase 2 for Eckbo Foundation renovation. And I also would like to say that those matches can be product, gifts and pledges, and goods and services.

MS. VAN DRUNEN LITTOOY: Great. Thank you.

SECRETARY IRVIN: I'll second that with two words:

Great job.

MS. VAN DRUNEN LITTOOY: Thank you.

MS. COX: Great job.

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

CHAIRMAN McCUSKER: Edmundo?

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

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

MS. COX: No.

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

MS. COX: No. The next --

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

MS. COX: Right.

MR. MARQUEZ: -- correct?

MS. VAN DRUNEN LITTOOY: We have indeed.

MR. MARQUEZ: Yes, we have.
Would that match that immediately and then continue from there?

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

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

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

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

MR. MARQUEZ: Yeah, great.

MS. COX: Call the question.

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

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

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

MS. COX: I could not agree more. And, in fact, if I had had -- if I had thought that everyone would feel as I do -- and it really sounds like you do and I'm pleased
about that -- I had intended to make a motion that we make a
$15,000 outright grant.

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

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

MS. COX: We have a motion.

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

TREASURER SHEAFE: I think we understand.

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

(Ayes.)

CHAIRMAN McCUSKER: Opposed, nay.

(Nay.)

CHAIRMAN McCUSKER: All right. We have one nay.

It appears the ayes have it -- do have it. So
there you go.

(The Board voted and the motion
carried.)

MS. VAN DRUNEN LITTOOY: Thank you very much. We
appreciate your support. And we'll look forward to seeing
you on the 17th.

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

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

MS. VAN DRUNEN LITTOOY: Thank you very much.

CHAIRMAN McCUSKER: Everybody doing all right?

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

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

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

Right, Chris?

TREASURER SHEAFE: Yes.

If you don't mind, Mr. Chairman, I'd like to read something for the record just so we clear this up. And I'll just take a minute and make this very quick.
In the interest of full disclosure, I would like to make the following statement for the public record. I have known Mr. Jerry Dixon of the Gadsden Company for over 30 years.

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

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

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

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

Roughly five years ago, the Gadsden Company needed assistance with certain banking relationships resulting in my company being hired to provide that assistance.
At that time, my company was paid a consulting fee due to the success of the outcome. Since that engagement, I have had no financial relationship with the Gadsden Company or Jerry Dixon, nor do I anticipate such a relationship in the future.

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

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

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

TREASURER SHEAFE: Well, I --

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

So I've been exactly in that seat, very similar
situations. And I think the high road for any of us is to abstain.

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

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

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

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

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

MR. COLLINS: You can have my chair.

(Mr. Sheafe joined the audience.)

CHAIRMAN McCUSKER: Mr. Irvin?

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

Dan, is the 1.3 and some change from the Rialto included in the moneys that are shown on the financial data
that you just discussed?

MR. MEYERS: Yes, they are.

SECRETARY IRVIN: Thank you.

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

Okay. Jerry.

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

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

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

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

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

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

We own all that land. We have met all the
requirements with the City of Tucson. We were obligated to
post bond throughout the -- get, you know, the
infrastructure and donate the -- back to the City. All of
that has been done.

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

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

These are just floor plans of the Monier Building.

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

We would have been awarded those credits this last
June except the codeveloper we selected to go with us had been by circumstances -- technical circumstances awarded two projects ahead of this one. And they could only award two projects. The State of Arizona had written a letter to the City asking for the City to continue supporting this project for resubmittal this next March, which we're preparing to do.

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

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

We have little grocery store on the center block. This is the project that we are proposing. It's a -- it's a high end, Class A project right next to the senior housing project, which is in the background, the
Sentinel Plaza. It's six stories tall. This will also be six stories tall. It's in planning. It's not scheduled for construction until later.

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

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

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

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

The site is down on the bottom, right here, of Cushing and Convento. That's the site for the expansion called the MSA annex.
I think you're all familiar with the -- the freeway and the streetcar and the bike path and all the amenities close by.

We're -- you know, we're building a LEED neighborhood for leadership and energy efficient designs. So the whole neighborhood will be built to LEED standards.

This image shows you the connectivity between the Mercado and MSA annex plans.

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

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

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

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

So something we were -- we did in the Mercado San
Agustin is we worked really hard to identify Tucson's unique culture. And we found tenants that reflected that, as any proper public market you see anywhere in the world, reflect the community that they live in -- that they live in. That's our vision for the annex as well.

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

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

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

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

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

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

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

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

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

MR. DIXON: Well, we -- we are finishing the plans. And we're probably going to -- these are -- some of these are containers. A lot of them are prefabricated. And they're all going to be attached to the real estate. So it will become real estate. So they're being approved through
the State of Arizona in modular units and shipped to the
site. And we think we can build them within six months of
starting. We hope to start late this year or in January.
Our budget for the full site, including site acquisition is
about $4.1 million.

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

MR. DIXON: It is a GPLET eligible site.
CHAIRMAN McCUSKER: And how much of that 4 million
would be GPLET?

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

CHAIRMAN McCUSKER: Mark?
SECRETARY IRVIN: So the 4.1 million, is there a
land component in there?

MR. DIXON: Yes, there is.
SECRETARY IRVIN: Okay. So if we separate that
out, how are you looking at the land component? What kind
of values have you placed on that? Does -- the actual
containers themselves.
MR. DIXON: The land is $970,000. That's the assigned value that we placed on. It's less than the appraised value on the land.

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

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

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

I think I had mentioned to you then that it reminded me somewhat of what I've seen happen in Christchurch, New Zealand and just how neat that development was.
And as we all know, Christchurch was pretty much
destroyed after the Earthquake a number of years ago by
virtue of liquefaction. And so they -- to get their central
business district and other things back up, they kind of
went this same route until they could figure out where they
wanted to go. So I think it's a very interesting use for
that property.

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

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

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

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

The reason you might want to help us is because
it's probably the first one that's going to generate a slug
of sales tax back. And if you really want to round the
table -- square the table, we ought to be generating some
sales tax that wouldn't be there unless we made investment
to help generate that.

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

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

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

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

You know, and that land's sitting over there and
languishing. You can activate that space, attract other
investors, I think, to the adjacent properties. Part of it, we own. So it's going to benefit our own property holding some in property value.

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

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

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

CHAIRMAN McCUSKER: Yeah. It would be interesting, we actually might build something on that site. I think -- I do think there's some -- some pioneering conversations regarding structure and how we get paid back and, you know, how the GPLET fits into all of this. We're about partnerships. So if the City's going to get involve and the private sector's involved, you know, this is something I think we should take a serious look at.

MR. DIXON: We asked the City about if -- if -- in theory, if Rio Nuevo ended up owning the property, you would be real estate tax exempt. You're a nonprofit. So you
wouldn't pay taxes. So you would -- the GPLET would never
apply under that scenario.

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

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

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

CHAIRMAN McCUSKER: Maybe we can't.

SECRETARY IRVIN: Yeah. So --

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

SECRETARY IRVIN: We have one conflicted.

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

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

I don't have a problem with discussing. I don't
want you to violate any of the things that Chris Schmaltz
walked you through. But you're -- once we establish a committee, we got open meeting laws.

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

MR. COLLINS: He can.

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

MS. COX: Second.

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

MR. COLLINS: True.

CHAIRMAN McCUSKER: It doesn't make a committee.

MR. COLLINS: Well, there are -- there are those that will argue with you on that subject. Okay? I mean, I have met with executive officers. And I have heard people argue to me that that's a committee. I take a different view.

But I'm -- with the size of this board, I'm very reluctant to have a lot of that stuff going on. Our own
admin rules talk about how committees have to do public notice, have to do 24 hours, all of that.

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

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

We have a motion and a second.

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

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

MS. COX: The chair to engage.

SECRETARY IRVIN: Right.

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

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

All in favor, say aye.
(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

(The Board voted and the motion carried.)

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

MR. DIXON: Thank you very, very much.

(Mr. Sheafe returned to the proceedings.)

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

(Mr. Hill left the proceedings.)

MS. COX: Are you going, Jeff?

MR. COLLINS: Thanks.

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

MR. COLLINS: Oh, okay.

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

MR. COLLINS: Okay.

CHAIRMAN McCUSKER: Administrative rule change?

MR. COLLINS: Yes.

This is on the agenda at my request.

This Board has -- since the settlement agreement was signed, you folks have moved forward on lots of
projects. And some of them require -- they -- that -- that checks be written in a quick fashion.

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

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

TREASURER SHEAFAE: So moved.

SECRETARY IRVIN: Second.

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

MR. COLLINS: Okay.

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

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

CHAIRMAN McCUSKER: So maybe it's the treasurer
and then one other?

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

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

MR. COLLINS: It currently is.

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

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

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

SECRETARY IRVIN: Either of us two.

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

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

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

MR. COLLINS: That's what you've got now. Yeah.

You don't need --

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

SECRETARY IRVIN: No.
CHAIRMAN McCUSKER: Are we sure it's the treasurer and any other officer?

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

TREASURER SHEAFE: Then we don't need action.

MR. COLLINS: Right.

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

MR. COLLINS: Right.

CHAIRMAN McCUSKER: Any combination of the three officers.

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

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

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

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

MR. COLLINS: Okay. All right.

CHAIRMAN McCUSKER: Everybody okay?

SECRETARY IRVIN: Sure.

CHAIRMAN McCUSKER: All right. Mr. Paton's
contract --

MR. PATON: Yes, sir.

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

It is -- Dan, you still here?

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

MR. MEYERS: I think so, yes.

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

MR. COLLINS: Yeah. I concur on that.

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

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

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

So I would very strongly support a motion to
extend his contract. And I assume it's on the same economic
structure.

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

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

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

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

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

So does that answer your question?

TREASURER SHEAFE: Well --

CHAIRMAN McCUSKER: 65,000 --

MR. COLLINS: 65, yeah.

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

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

TREASURER SHEAFE: Okay. But then, does it take
further action?
MR. COLLINS: It takes -- yeah.

SECRETARY IRVIN: We've got to approve it.

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

MS. COX: -- to approve it.

TREASURER SHEAFE: All right.

MR. COLLINS: Motion to --

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

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

TREASURER SHEAFE: All right.

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

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

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

TREASURER SHEAFE: So moved.

MS. COX: Second.

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

TREASURER SHEAFE: All right. I am stating the motion that we extend the agreement with Jonathan Paton for the consulting services representing us at the State
legislature, for another legislative term, and that we execute the extension with the appropriate parties here on the Board.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor say, aye.

(Ayes.)

CHAIRMAN McCUSKER: Opposed, nay.

(The Board voted and the motion carried.)

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

Anything you want to say about that, Mark?

MR. COLLINS: No.

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

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

CHAIRMAN McCUSKER: Is this related to the water, sewer?
TREASURER SHEAFE: Well, it is.

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

MR. COLLINS: Sure.

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

MR. COLLINS: That's fine.

CHAIRMAN McCUSKER: Consider it tabled.

Streetscape is tabled.

Fox Foundation Board appointments, as per our agreement with the Fox, we have the right to appoint up to five members to their Board. We had asked Rio Nuevo Board members to submit, to Mr. Collins, potential nominees. Which I understand you have some names?

MR. COLLINS: I do.

CHAIRMAN McCUSKER: How do you want to proceed?

Do you want to do it --

MR. COLLINS: Well, I can --

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

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

CHAIRMAN McCUSKER: All right.
MR. COLLINS: David Volk, of CBRE, Inc., has been nominated. Margaret Hardy has been nominated, who has some history in this area. Jannie Cox and Mark Irvin have been nominate. And Bruce Dusenberry has been nominated.

I should point out to everybody that if any of these folks -- if you vote for all these folks and they decline, for whatever reason because of some of the requirements for the Fox Board, you will have an opportunity to substitute. You have the right to appoint up to five.

And if you were to vote to accept all of these right now, I would contact them all and they can make their decisions.

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

CHAIRMAN McCUSKER: You're not recognized.

SECRETARY IRVIN: I'm not.

CHAIRMAN McCUSKER: You're out of order.

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

MR. COLLINS: You could.

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

Wouldn't we want to, maybe, meet with them, talk
with them, look at their resume? I mean, I don't know --

SECRETARY IRVIN: That Irvin guy is probably --

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

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

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

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

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

MR. COLLINS: Right, right.

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

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

MR. COLLINS: Vet.

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

MR. COLLINS: And I can tell you, I think this is
a wise decision. It hadn't occurred to me. I just
received, earlier this week -- yeah -- earlier this week, a
copy of the application. And I think the biggest component
of it is that Board members -- Fox Board members have to
give or get four grand a year for the Fox Foundation.
And any appointee, by the terms of our First
Amendment to the modification of the ground lease and loan
agreement, all the Board members that we appoint have to run
by the same rules that the rest of the Fox Board do, so --

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

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

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

CHAIRMAN McCUSKER: Jannie, how about you?

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

And I wouldn't want to -- you know, I'd have a lot
of getting up to speed in order to make a contribution to
that Board. And I don't want to add to the idea that
there's not enough talent on that Board in terms of
operating a theater.

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

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

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

SECRETARY IRVIN: Like the arts.

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

SECRETARY IRVIN: Give or get.

MR. COLLINS: Give or get.

CHAIRMAN McCUSKER: This is an interesting
conversation. The Fox has a Board selection process, Board
nominating process, board vetting process. And they have a
requirement that, if you're a Board member you
participate -- you're obligated to participate in the fundraising. We never discussed this when we said we want five of those seats.

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

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

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

SECRETARY IRVIN: What the deal is.

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

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

CHAIRMAN McCUSKER: Have all these people agreed to serve?

MR. COLLINS: No.

CHAIRMAN McCUSKER: You've just got a list of
names.

MR. COLLINS: Yeah. I -- my -- in a perfect world, I would have tried to reach out to each one of them.

I've had -- I've had some communication with a couple.

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

SECRETARY IRVIN: Sorry.

CHAIRMAN McCUSKER: So let's vet the nominees.

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

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

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

MR. COLLINS: Yeah.

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

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

MR. COLLINS: Remember the -- the agreement allows up to five. You can elect to appoint one if you wanted to.

Up to five, any number, so . . .

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

Edmund?

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

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

SECRETARY IRVIN: Okay.

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

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

The AC Marriott. I'm recused.

MR. COLLINS: You are.

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

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

TREASURER SHEAFE: Yeah.

SECRETARY IRVIN: Chris is too.

(Mr. Sheafe joined the audience.)

SECRETARY IRVIN: It's really only informational.

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

SECRETARY IRVIN: I know. So, Counselor, if you could, especially since we have a fairly new board member here, maybe just give a quick snapshot. I think the rest of
us understand. But maybe give Edmund a snapshot of how we

got here.

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

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

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

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

And when the certificate of occupancy is issued,
then we have to pay the $4.3 million. And we get title to
the garage, which is then leased back to the developer
pursuant to the terms of the lease that have -- that has already been -- that's part of the deal. It's -- that's where we are. It's interesting road.

But does that answer your question?

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

MR. MARQUEZ: Right.

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

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

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

One of the nice things that we've discussed that we feel very good about is that the bank that is financing this has required that they bring in a company that oversees this project and looks at it and looks at the numbers and say it fit within a certain criteria. And as part of that, they required the developer to do a set-aside fund of about
2 and a half -- of 2 and a half million dollars.

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

MR. COLLINS: Yeah.

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

So there's really no action needed. I just knew that you, you know, weren't up to speed on that project. And we wanted just to let the Board know that everything is progressing as he'd hoped it would. Signed just some documents a little while ago. The construction loan, with any luck, will close this week and off we go on the construction of the AC Marriott.

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

And, Mark, am I missing anything?

MR. COLLINS: No. I just want to highlight,
within the last two and a half weeks, or thereabouts, we received the first set of the construction plans. And I didn't bring any set with me. They are rather large. And it was wonderful where we learned that the bank, who has a lot more skin in this game than we do, had required the developer, as Mr. Irvin suggested, a third-party evaluator.

We have -- we've received that report. We've received and seen and evaluated the ongoing agreement that's going to -- Tetra Tech's going to be involved in the disbursements and all that sort of thing.

We did not hire Tetra Tech. Scott Stiteler's team did. But based other that, my review of -- my office's review of what we've seen, Mr. Irvin's review with Stiteler's office and team, I'm very comfortable with where we are in this project. And, very personally, I'm excited about the fact that this is going forward.

MR. MARQUEZ: We maintain the $4.3 million asset, we own the $4.3 --

MR. COLLINS: Correct.

MR. MARQUEZ: They lease it back, and we get an income from it.

MR. COLLINS: Correct.

MR. MARQUEZ: Great job.

SECRETARY IRVIN: And hopefully at some point in
time -- kind of like what we've seen with Rialto -- they'll step up.

MR. COLLINS: Right.

SECRETARY IRVIN: They have an option to take us out on that deal. And my hope is, and probably yours, they decide that's in their best interest to do so. And then we'll take those monies and reposition them to something else.

MR. COLLINS: Right, right.

SECRETARY IRVIN: And that's one then where, you know, a $4.3 million investment generated a $40 million construction project, so . . .

MR. MARQUEZ: Right, great job.

MR. COLLINS: Where is Fletcher?

SECRETARY IRVIN: I'll turn it back over to Fletcher. If he's returning. He may just decide he's not coming back.

MR. COLLINS: Chris, you're welcome to go back up too.

TREASURER SHEAFE: Am I allowed?

MR. COLLINS: Yeah, yeah.

(Mr. Sheafe returned to the proceedings.)

SECRETARY IRVIN: Jannie, is the social media and employee and equipment, is that your discussion item?
MS. COX: Well, I guess I could do it.

MR. COLLINS: Yeah.

MS. COX: But it would probably be better if Mark talks about how it came about.

MR. COLLINS: Well, there has been a discussion -- ongoing discussion -- well, let me back up. As you all know, the budget that you approved for this fiscal year was for $160,000. And one of the thoughts that had come forward was perhaps engaging someone to be in charge of -- or rather, to operate a -- the social media component of the District. Right?

MS. COX: Mm-hmm.

(Mr. McCusker returned to the proceedings.)

MR. COLLINS: And there'd been discussion. And Sarah Evans, who is here today, has discussed the concepts with -- with Jannie and, actually, with my office putting together the protocol that would be used for -- for Ms. Evans to make sure that we didn't violate any of the open meeting law problems that you guys heard so much about today.

And yet, as Chris Schmaltz said, you know, social media is really an effective way to communicate with a lot of people. But we, as a public entity, have some other obligations that we have to be careful of.
So I've put this on the agenda so that you folks can discuss whether to move forward with -- with engaging Ms. Evans. She would be an at-will employee. She would get paid by the hour. Her numbers would come out of the $150,000 -- $160,000 that's on the -- the budget.

I believe she would --

CHAIRMAN McCUSKER: Did you mention we actually looked at bringing her on as a consultant and the reason we didn't do that was the insurance requirements --

MR. COLLINS: Yes, yeah.

CHAIRMAN McCUSKER: -- of her as a sole proprietor?

MR. COLLINS: Yeah.

Right. That's why -- that's why my suggestion was, the way we skin this cat, is to do an at-will employee, that we'll have a protocol that she flows, and she'll get paid as she does the work. She reports -- I believe the plan is -- to Michele. And Michele knows my phone number, so . . .

CHAIRMAN McCUSKER: She gets an hourly rate?

MR. COLLINS: Yes.

MS. COX: I move that we move forward with the hiring, on a part-time basis, of our social media coordinator.

SECRETARY IRVIN: I'll second that motion.
CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: We're getting lethargic here.

MR. COLLINS: It's been a long meeting, sir.

CHAIRMAN McCUSKER: I enjoyed the little respite I got.

MR. COLLINS: Yeah. Lucky you.

CHAIRMAN McCUSKER: I would encourage you all to find a reason to be recused.

MS. COX: And I would also like to say that Sarah is here.

CHAIRMAN McCUSKER: Right.

MS. COX: And she has been in every meeting -- every minute of this very long meeting.

MR. COLLINS: Yeah.

MS. COX: So I hope the Board will take a moment to say hello to Sarah on the way out.

Thank you, Sarah, for enduring.

CHAIRMAN McCUSKER: Welcome to the family.

MS. COX: Yes, welcome to the family.

CHAIRMAN McCUSKER: Okay. Item No. 22 --

MR. COLLINS: Before we go on, I -- excuse me,

Mr. Chairman, Members of the board. She will need some
equipment as well.

MS. COX: Oh, yes.

MR. COLLINS: And, again, I'm not entirely sure exactly what that's going to be. It's my understanding that it will come out of the $160,000. I will work with Sarah and Michele to determine what that needs to be done and whether it's a computer --

CHAIRMAN McCUSKER: A couple of thousand bucks.

It's a computer --

MS. COX: Yeah. And it's a computer.

CHAIRMAN McCUSKER: So maybe we should just authorize that amount as opposed to --

MR. COLLINS: Fair enough.

TREASURER SHEAFE: Mark, do you want to recuse yourself on the basis of age and maybe me?

MR. COLLINS: I would be honored to.

TREASURER SHEAFE: You know, I would --

CHAIRMAN McCUSKER: Michele, what do you think, economically, it would take to get her --

TREASURER SHEAFE: Yeah. What are we going to spend?

MS. BETTINI: I think the best bet is get her, like, a tablet or something. Then she can take --

CHAIRMAN McCUSKER: Like a couple thousand -- it's a couple of thousand bucks, isn't it?
MS. BETTINI: She can take the tablet out, take pictures, post things.

CHAIRMAN McCUSKER: Let's just do that. Let's get a motion to -- because we don't have the authority to approve squat as your executive officers.

MR. COLLINS: No, you don't. You -- but you've got --

CHAIRMAN McCUSKER: So if we need -- if I wanted to, you know, have her go buy a computer, I can't do that.

MR. COLLINS: Well, not without coming back, and -- and . . .

CHAIRMAN McCUSKER: Right.

MR. COLLINS: So now --

CHAIRMAN McCUSKER: So let's just -- let's pick a number and get it --

TREASURER SHEAFE: Let's pick 5,000, and that way --

CHAIRMAN McCUSKER: Up to -- up to 5,000. Make that a motion.

MS. COX: And that's more than enough.

TREASURER SHEAFE: In the form of a motion, we authorize up to 5,000 to be expended until further authorization.

CHAIRMAN McCUSKER: All right. So now you --

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

(Ayes.)

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Thank you very much.
Thanks. Good catch, Mark.

Logo, you have a couple of samples that have bumbled up from Jannie and I. We looked at several. These are two that we liked. We want to modernize our logo along with modernizing our image. We kind got it up in the Governor's plan to rebrand the State. We did not, in fact, change our name. But we would like to change our logo. If you're crazy about one or the other, just let us know.

TREASURER SHEAFE: Right away --

MS. COX: I am.

TREASURER SHEAFE: Oh, you guys are more -- I was on the left.

MS. COX: Oh, good -- oh, well, you picked the wrong one.

TREASURER SHEAFE: Sorry.

MS. COX: Let me tell you why I think the one on the right is --

SECRETARY IRVIN: Which one?

MR. COLLINS: Which one on the right?
MR. MARQUEZ: There's two.

MS. COX: -- the two on the right. And they would both be our logo. And we would use them in -- for different uses.

If we needed something that was linear, we would use the bottom one. And if we had another use for it, we might use the top one. But they would both be our logo.

CHAIRMAN McCUSKER: The logo is this. And that is just the words, the banner.

MS. COX: Yeah. But it would all go together.

CHAIRMAN McCUSKER: It could go above or below.

MS. COX: Yeah. It would all be considered a logo.

MS. BETTINI: The silver is a good color too.

MS. COX: The colors come after we choose the logo.

But the reason I like the ones on the right is because of the movement in the logo, that it really looks like it's forward moving and it looks like --

CHAIRMAN McCUSKER: Do you see movement?

SECRETARY IRVIN: No, I don't. I don't see any movement.

MS. COX: And based on the fact that I see lots of movement, I would like to move that we select the two logos on the right as the new Rio Nuevo logo and that we instruct
our graphic artist to determine colors for us.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: All right. We're good. We're at the call to the audience. Mr. O'Malley has patiently suffered through the whole meeting.

MS. COX: He suffered through. He was here early too.

CHAIRMAN McCUSKER: Bill, thank you for hanging around.

ATTENDEE: I'll be brief. Bill O'Malley, Friends of Tucson's Birthplace, regarding Mission Garden. Just wanted to give you a brief update on our completion project. We have completed the schematic design for the project and are working on our cost estimate now. We're also doing some preliminary archeology work over there that needs to be done. And we have submitted a brief information package to the City and the County. It was a part of our three-party agreement for developing and operating it. I've got a copy here for Rio Nuevo.

But we have come up with a bit of a problem. We're at a standstill with the design. The County needs to
approve our design so we can go into the next phase and continue work. And they've advised us that they can't approve the plan until the easement for the -- the permanent wall easement is resolved.

As you may recall at your last meeting, there was discussion about a temporary revocable easement for areas around the garden. And I think that document is being prepared. But there's also the need for a permanent wall easement because the wall is not on property owned by Rio Nuevo. And so I understand that the County is going to be contacting Rio Nuevo.

CHAIRMAN McCUSKER: We have a meeting set up.

ATTENDEE: And we just urge that you get that resolved as quickly as possible. We're kind of caught in the middle as you get that resolved. But if you could take care of that as soon as possible, we'd appreciate it.

Thank you.

CHAIRMAN McCUSKER: Thank you.

Any other items of business? Need a motion to adjourn.

SECRETARY IRVIN: So moved.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: See you next month.

(The meeting concluded at 4:51 p.m.)
CERTIFICATE

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

_________________________

John Fahrenwald