RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
September 22, 2015
1:00 p.m.

REPORTED BY:
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2819 East 22nd Street
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(Meeting commenced at 1:02 p.m.)

CHAIRMAN McCUSKER: Okay. So we have a quorum. It's 1:02 by the official Rio Nuevo phone. So I'm going to call the meeting to order. Let's do the pledge.

(Pledge of Allegiance recited.)

CHAIRMAN McCUSKER: Michele, you call the roll.

MS. BETTINI: Edmund Marquez?

MR. MARQUEZ: Here.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: Here.

MS. BETTINI: Chris Sheafe?

TREASURER SHEAFE: Here.

MS. BETTINI: Jeff Hill?

MR. HILL: Here.

MS. BETTINI: Cody is on his way, and Mark Irvin is on his way.

CHAIRMAN McCUSKER: And Jannie is going to dial in after Exec.

MS. BETTINI: Correct.

CHAIRMAN McCUSKER: Okay. So we have a quorum. And you have the transcribed minutes.

(Cody Ritchie enters the proceedings.)

CHAIRMAN McCUSKER: You missed the pledge, so you have to recite it silently.

Minutes. You have the transcribed minutes; they
have been sent to us. Any comments? Concerns? Questions?

If not, we need a motion to approve.

TREASURER SHEAFE: Move for approval.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: We have an Executive Session scheduled. We need a motion to recess.

TREASURER SHEAFE: So moved.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Okay. We'll see you back here in 47 minutes.

(The Board adjourned to Executive Session at 1:03 p.m.)

(Meeting reconvened at 1:55 p.m.)

CHAIRMAN McCUSKER: Okay. We are all back. And we need a motion to reconvene.

SECRETARY IRVIN: So moved.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)
CHAIRMAN McCUSKER: Okay. Here we go off on the agenda. Please note that Jannie Cox is on the phone.

Welcome, Jannie.

MS. COX: Thank you. Nice to see you all.

CHAIRMAN McCUSKER: Well, you haven't seen any of us.

MS. COX: But I have a great imagination.

CHAIRMAN McCUSKER: There you go.

Just a couple of quick things from me. We have a very full agenda. We're going to try and move through it pretty quickly. A couple of things that you follow with us on that will probably be on future agendas.

We continue to talk to the City about a certificate of participation for the TCC. We've believe, ultimately, that's the best vehicle to finance improvements to the exhibition hall and a ballroom, maybe a junior ballroom. So we will see that develop, probably, as part of the City's next budget. And I'm optimistic that we will come to an agreement that both -- all of us can live with that continues to invest in the TCC.

The Westside. I think the City, in a matter of weeks, will present their consultant's findings regarding the brown field challenges, the City owned property west of the freeway, west of the Santa Cruz.

And staff will make some recommendations to the
Mayor and Council about how best to proceed with that
development, which, as you all know, includes some land swap
to the County for the regional orientation center, assuming
the bond package passes this November.

So it's -- it will be November before you know it.
And I think written ballots start October 8th. So people
will be voting on that package here pretty soon.

We've always said we would hold off on our plans
for the southern section of that property until we
understood better what's going on around us; namely, the
City's property to the north. So standby on all that.

And, Dan, you want to give us your financial
update?

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

Okay. As of the end of August, we've got about
$7.6 million of operating cash in the bank consisting of
about 2.2 million in Alliance in our operating account,
about 5 million in Alliance -- or ICS account, and about
420,000 in Bank of Tucson operations.

As far as commitments go, we've got about
$6.5 million commitment remaining. The big ones are Mission
Gardens for a little over a million; the garage at the AC
Marriott hotel, which is not going to be expense until 2017,
for 4.25 million; Streetscapes, 750,000; and the remaining
on Tucson Community Center, approximately 370,000.

The good news is that Elaine was able to assist in
getting a rebate from TEP last month of $52,000. So that's
been credited back to that account.

Regarding our TIF situation, we're adding new
merchants monthly. I think we're finding some new
merchants. And the City of Tucson has been helpful as well.
The big-box stores that were behind in paying have all been
caught up. And those are now coming in at the rate that we
would expect them to.

Some of the new merchants we've gotten in the last
couple of months -- I think some of those people have not
been filing properly before that. So I've given the City of
Tucson a list of those merchants. And I think we need to go
back and get some amended returns done. And I think there's
a -- you know, a pretty good chance of us getting a nice
windfall of money from that once everybody catches up and
amends their returns. But I'm not allowed to contact those
merchants directly. We work through the City of Tucson to
assist with that.

Good news is the last quarter of our fiscal year
we collected $3.6 million in TIF revenue. Our budget is
825. So that's, you know, 1.1, $1.2 million over our
budget. The reason for that is because some of those
big-box stores weren't filing properly. And so we
eventually caught up.

For the year, we've ended up with about $9.7 million. Our budget was 9.9. I'm somewhat optimistic that we can meet that $825,000 budget from this point on. I think the new merchants that are onboard now, I think that's going to make a significant difference.

We've also had money accumulating in our Wells Fargo account. And I think we have somewhere close to $2 million sitting there that if we need it, we can pull that out. That's there to cover interest and principal on the bonds. But we accumulated some excess in this last quarter because of the -- the big receipts. That's gone up. So I think we've got some working capital there if we need it.

CHAIRMAN McCUSKER: Any reason we wouldn't just move that over to our account? I think we'd all rather have it in our account.

MR. MEYERS: We can. I mean, last time we did that we ended up having to send it back. But we can certainly -- I'd rather wait another month or two and see how the TIF stuff settles. But certainly we can put it -- it's earning a little bit of interest over there at least. But we certainly could move it.

MR. MARQUEZ: Having three accounts, how do -- how do we choose which account we send it to?
MR. MEYERS: Well, our primary account for
operations is the Alliance Bank account. We use the Bank of
Tucson for payroll-related stuff and we collect the rents
into that account.

MR. MARQUEZ: Okay.

CHAIRMAN McCUSKER: And the big one is an
investment account, right? That's --

MR. MEYERS: Yeah. It just sits -- it just sits
there.

MR. MARQUEZ: Oh, the ICS?

MR. MEYERS: Yes.

Any more questions?

Thank you.

CHAIRMAN McCUSKER: Thank you, Dan.

2008 revenue bond refinancing. Mark, we had
authorized, at the last meeting, to move ahead with that
refi. I think you have an update for us.

MR. COLLINS: The underwriter is scheduled to come
and visit the site prior to making its determination on
whether and to what extent to underwrite the bonds.

As I recall, the site visit is the first of -- the
first week of next month. So until that happens, there's
really nothing for this board to do.

CHAIRMAN McCUSKER: Anybody need an update for
what we're trying to accomplish there? Everybody remember
the refi?

Okay. Item 8, the Arena Site. Let me kind of see if I can paraphrase the progress to date.

You'll remember at the last meeting we gave the -- Nor-Gen until the end of September to resolve their preclosing issues. The chief amongst those was the status of the Greyhound and its temporary location on the Arena Site.

There's been an effort on our part to engage directly with the City to help resolve this. Just in the last few days, we've extended to the City an invitation from the Rio Nuevo Board that we would entertain assuming the Greyhound lease if that were to expedite this development.

And Mark and the City attorney have worked extensively to see if, in fact, that's possible, and how we might do that, and what the risks associated with all that are. I do believe it is a way to resolve the challenges and allow the developer to go forward. And I think we're in a better position than the City to resolve any differences there might be with Greyhound; and maybe, in fact, help them relocate.

So, Mark, tell us the current status of the development, its closing, and what's going on with Greyhound.

MR. COLLINS: Mr. Chairman, Members of the Board,
there have been a lot of developments. I've been working
not only with the City attorney, but Mr. Lopez, the attorney
for Nor-Gen, rather closely over the past couple of weeks.

The status -- the situation now is, is that --
that the closing has to happen by September 30th. The
suggestion from the District Board that it take the -- an
assignment of the Greyhound lease has been incorporated into
the estoppel certificate that we talked about in Executive
Session. There are, you know, a lot of issues involved with
that.

But it is my understanding that based upon my
communications with the attorneys for both the City and
Nor-Gen, that if all parties agree to that particular
document, we can go forward and close the sale of the Arena
Site to Nor-Gen by the end of this month.

There are a few steps that need to be taken. You
would need to authorize the execution of that -- authorize
minor changes that might be need to be made, that sort of
thing. But it will, in fact, assuming the City agrees and
assuming Nor-Gen agrees, it will in fact allow the sale to
close by the end of this month.

CHAIRMAN McCUSKER: I do believe it's been
agendized, the -- or is to --

MR. COLLINS: Oh, yeah.

CHAIRMAN McCUSKER: -- be agendized for this
week's Mayor and Council meeting.

MR. COLLINS: Mr. Chairman, I have not seen it on the agenda yet. I -- I haven't checked since we came out of Executive Session. I have seen a memorandum from the City attorney to the Mayor and Council.

My guess -- and it's a guess -- is that if this Board goes forward and approves the estoppel certificate substantially as it is now written, my guess is that the City will then place it on the agenda.

As you folks are aware, the City likes to be the last party to sign every agreement.

So that's my guess, Mr. Chairman. Nobody's told me that, but . . .

CHAIRMAN McCUSKER: Thank you.

Mr. Sheafe?

TREASURER SHEAFE: Can you -- can you think of any reason why, if we were to approve this, then it would not then proceed as long as the City also approves it this week on their agenda?

MR. COLLINS: It would have to be approved, not only -- approved and signed not only by Mayor and Council, but by Nor-Gen.

But, no. There's three parties to the agreement. It's this Board; it's Mayor and Council; and it's Nor-Generations. And all three have to agree. And all
three have to execute. And then that would go into escrow.

CHAIRMAN McCUSKER: And the tenant is not really involved.

MR. COLLINS: Well the tenant is --

CHAIRMAN McCUSKER: Not anything they have to approve.

MR. COLLINS: No.

CHAIRMAN McCUSKER: It's an assignable lease.

MR. COLLINS: No, no.

CHAIRMAN McCUSKER: We would assume the position of the landlord for all rights, duties, and obligations.

MR. COLLINS: Correct, correct.

TREASURER SHEAFE: And there is an obligation, on the part of the City, to pay the cost of moving Greyhound. And that obligation would remain, irrespective, because that's not covered in the estoppel, right? That's covered in the original documentation.

MR. COLLINS: Well, actually the -- the agreement provides for the City to pay what I call relocation costs --

TREASURER SHEAFE: Yeah.

MR. COLLINS: -- which are statutorily required costs.

The point of issue is whether the City has an obligation -- or whether the District would have an obligation to build a new terminal for Greyhound.
CHAIRMAN McCUSKER: Right.

MR. COLLINS: But as far as the relocation, the statutory obligations, the City has always said that they would pay that. And the agreement provides that.

CHAIRMAN McCUSKER: I've spoken to Greyhound leadership, told them, if there was a way that we could engage and help resolve this for all parties -- including, you know, the development that's about to occur on that site -- but assisting them in relocating, we would be amenable to even doing that. So I think it's a win-win all the way around.

I think it gets this development done; it funds the closing of this sale; it provides for this hundred million dollar development that Nor-Gen has planned; and it puts us in the driver's seat, Chris, as it relates to now negotiating with Greyhound.

And, you know, I just can't imagine, unless you tell us there's some crazy legal reason not to, that we -- we wouldn't agree to move all this forward.

MR. COLLINS: I'm not aware of any crazy legal reason not to.

It's not a simple Tab-A/Slot-B situation. I think Mr. Lopez would agree with me on that. But I don't see a legal reason not to go forward.

CHAIRMAN McCUSKER: So the estoppel that we saw in
Exec is really the definitive document.

    MR. COLLINS: It is in --

    CHAIRMAN McCUSKER: That's what we would need to authorize today?

    MR. COLLINS: Yes. Yeah. You -- my -- if the Board was so inclined, I think you ought to consider authorizing the Chair and Secretary to execute the estoppel certificate substantially in the form that we reviewed in E Session, provided that, one, Nor-Gen executes it; two, Mayor and Council not only agree to execute it, but execute it; and, three, that it's not delivered into escrow until all three parties have executed it.

    MR. HILL: Mr. Chairman, I move that.

    SECRETARY IRVIN: I'll second that.

    I would like to ask a question though before we vote, though -- of Pat -- if you might, Pat.

    So, Pat, you know, I know you guys have worked diligently on this agreement. And our counsel has briefed us very well. And we understand, I think, the agreement well. I just have a couple questions.

    MR. LOPEZ: Okay.

    SECRETARY IRVIN: Are you guys -- assuming that we assign this agreement, you guys are prepared to sign this agreement, let and Mayor and Council do what it needs to do, so that we can get this thing closed on September 30th?
MR. LOPEZ: We are prepared to sign it and close on September 30th.

And I will tell you Alan is in the hospital as we speak having his knee replaced. Before he went in, he told me that if he needs to be interrupted at the hospital to do this, he'll get off his medications and he'll sign it, sc.

SECRETARY IRVIN: I don't think we need that. I just want to make sure, if we vote to go forward, that we can -- assuming that there's not a hiccup with City and Council, which I would surely hope there's not, that you guys are prepared to move forward on the 30th or before.

MR. LOPEZ: We are prepared to move forward and close on the 30th.

SECRETARY IRVIN: Thank you.

CHAIRMAN McCUSKER: The motion is that we authorize the Chair and the Secretary to sign the estoppel certificate, provided that Nor-Gen also sign and execute, and that the Mayor and Council affirmatively vote and execute, and it would all, then, go into escrow.

Any further conversations?

Let's do a roll call vote, Michele.

MS. BETTINI: Edmund Marquez?

MR. MARQUEZ: Aye.

MS. BETTINI: Mark Irvin?
SECRETARY IRVIN: Aye.

MS. BETTINI: Chris Sheafe?

TREASURER SHEAFE: Aye.

MS. BETTINI: Jeff Hill?

MR. HILL: Aye.

MS. BETTINI: Cody Ritchie?

MR. RITCHIE: Abstain.

MS. BETTINI: Jannie Cox?

MS. COX: Yes.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: Aye.

So by a vote of six ayes, one abstention, it passes unanimously.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: So, Mr. Collins, go forth and conquer and praise Greyhound.

TREASURER SHEAFE: Make sure they don't work on his signature hand.

MR. LOPEZ: Just his knee.

TREASURER SHEAFE: Just his knee.

CHAIRMAN McCUSKER: Pat, thanks for hanging with us. I mean, you've been a huge piece of getting us here, and we all acknowledge that.

MR. LOPEZ: If you'd just give me a second, I'd
just like to say thank you to the Board. And I want you to know Mr. Collins has worked very hard. We've been working really hard, you know, since the last meeting to get this done. It's been a cooperative effort.

And I know, Mr. Chairman, you were instrumental in -- in doing that too. So thank you all very much.

CHAIRMAN McCUSKER: We've gotten everything crossed up here.

Okay. Mission Garden. Also from last meeting, we had a --

MS. BETTINI: You skipped one.

CHAIRMAN McCUSKER: I skipped a -- I didn't mean to skip it -- the Mercado annex. We had a brief presentation last meeting from the Gadsden.

You are recused.

MR. HILL: Thanks, Chris.

(Mr. Sheafe left the proceedings.)

CHAIRMAN McCUSKER: I've met with them a couple of times. Since then, a couple of Board members have discussed a proposal whereby we could enable their retail development.

Adam, Jerry, do you guys want to give us the update -- Kira -- on the project?

MR. WEINSTEIN: Thank you, Mr. Chairman.

In reference to the update on the project, as the chairman just described, we did meet with him.
MR. HILL: Excuse me.

He needs to put himself on the record.

CHAIRMAN McCUSKER: Yeah. Let's put you on the record.

MR. WEINSTEIN: I'm sorry.

CHAIRMAN McCUSKER: Name, address.


Do you need my address as well?

CHAIRMAN McCUSKER: No.

MR. WEINSTEIN: Okay.

In follow up to our last meeting with the board of directors and some subsequent conversation with the chairman that was assigned to work with our team on development of the possible financing strategy for the Mercado San Agustín annex, or the MSA annex, we've made considerable progress with that discussion as well as with our proposed lender in the structure, which is Clearinghouse CDFI, which is a community development lending institution that we are already engaged in other business with. They are the permanent financier of the existing Mercado San Agustin public market.

We had worked through a structure that proposed a joint financing with participation from the District in an amount -- in -- in $2.2 million; and an equal amount to be
provided by the lender -- the senior lender, Clearinghouse CDFI; as well as an equity investment from the sponsor, which is the Gadsden Company and mission district partners in the amount of $1 million in order to facilitate a 13,300-square-foot build out of the annex property with a battery of tenants, between 13 to 15 tenants, representing food and beverage, pure retail, and a small entertain complex.

So at this point in time, the Chairman had directed counsel to work with us on a proposed term sheet, which I believe the Board has had the opportunity to see. It was a relatively unique structure.

MS. COX: Excuse me. Could I interrupt for just a moment. I don't know whether you're coming close and then far away from the microphone, but you keep coming and going to me.

MR. WEINSTEIN: Sorry. I'll try to stay closer to the microphone. Is that better?

MS. COX: Thank you very much.

MR. WEINSTEIN: The structure that was proposed was to service the Rio Nuevo debt as well as the senior debt of the entire $4.4 million and pay that back over a term loan along with credit for interest payments that would be -- or credit for payments being made by way of the sales tax revenue that we generated on an annual basis.
And check, Mr. Chairman --

CHAIRMAN McCUSKER: Let me just talk about that.
It's a unique proposal. I think it's maybe the first time
the District Board's considered anything like this. But it
accomplishes a number of things on a number of fronts.

We would participate in half of the investment
required to enable the retail. Your estimates indicate that
you expect to generate somewhere in the neighborhood of
450,000 a year of new sales tax that brings retail to a --
currently a vacant corner. It improves the tax generation
not only for us but the State general fund.

You would have to do the GPLET. I think we talked
about that. So whatever we would do would be conditioned on
your GPLET acceptance. We would try and time our
participation to the GPLET, so roughly an eight-year note.
And we would credit that note with 50 percent of the sales
tax that's generated from your project.

I think -- I'm assuming you're okay with those
terms. You know, we could have some conversation at the
Board. And then we could instruct counsel to move forward
on the documentation.

I know a couple of questions came up as I've
explained this to Board members. Do you know the interest
rate that Clearinghouse is going to charge you?

MR. WEINSTEIN: They have not quoted that yet.
They are working on that this week.

CHAIRMAN McCUSKER: Seems like the best thing to do would be to dovetail on that. Wouldn't you think, or . . .

SECRETARY IRVIN: At least to know what it looked like. Right.

CHAIRMAN McCUSKER: So that's -- that's a gap in our proposal.

MR. WEINSTEIN: Sure.

CHAIRMAN McCUSKER: Any other questions for --

SECRETARY IRVIN: Yeah. The second one that I had was relative to positioning of the loan. So, you know, I'd like to see the District in the first position of the loan even if it means that we had to take a larger share of that loan. How do you feel about that?

MR. WEINSTEIN: We're certainly open to that structure. I have had very limited conversation, prior to the meeting, with the lender. And they said that they were more than willing to entertain that approach and were open to further discussion about how that might look.

SECRETARY IRVIN: So, Mr. Chairman, are you -- you know, we've asked you to take the lead on this. And so are you envisioning that -- maybe based on some of these concerns and what have you, that you guys would go back, work on something a little bit more definitive, and then
come back?

CHAIRMAN McCUSKER: I would really like to tick off the agreement and then authorize counsel to move forward. I think we're kind of past negotiating that.

I think Cody had some questions he wanted to ask.

MR. RITCHIE: I -- one question I have is, in the -- in the structure, they said a promissory note.

MR. WEINSTEIN: Yes.

MR. RITCHIE: But would the principles be willing to possibly do a personal guarantee?

MR. COLLINS: Yes, we would.

MR. RITCHIE: Okay. Thank you.

CHAIRMAN McCUSKER: All right. So while you're there, so we would offer to participate in the loan to the tune of $2.2 million at a yet-to-be-determined interest rate -- let's call it market rate -- subject to you getting the GPLET.

The payback of that note would be over eight years. It would balloon, be due and payable in eight years. I expect we could do quarterly or something on interest -- are you following this? -- and we would credit you 50 percent of the new tax generated from your project against that note.

We've made it clear that we have to be really good about identifying your merchants' tax. We don't want to
rely on the State to do that for us. So we would probably
have something in the agreement that, you know, made us
privy to their--

MR. WEINSTEIN: Right.

CHAIRMAN McCUSKER: -- tax status so that we could
stay current with you. First position preferred and
personally guaranteed.

Did I miss anything?

MR. HILL: Do you need a motion?

CHAIRMAN McCUSKER: Go ahead. Yeah. I think--
yeah, if--

MR. HILL: I authorize -- I move that we authorize
they have to put that package together that the Chairman
just articulated, with Gadsden, and hopefully bring it back
for resolution and adoption for our next meeting.

SECRETARY IRVIN: Yeah. And I'll second that.

And I'd also like to add, I think it would be
great is, if we had a situation kind of like we do with the
AC Marriott that allows them to prepay that if they would
like to. Because as much as I'm excited about starting
something on The Westside, if there was a chance when you
can get it stabilized, and the ability to take us out of
that -- and I'd love to see you take us out of that so we
can reposition that money and do something else.

Because I think this is a very innovative,
interesting thing for us to consider. And, as you know, I've already seen a structure similar to this in what they've done in downtown Christchurch over in New Zealand. So I think it's a great way to kind of start something and then build that -- I call it kind of an incubator thing -- to provide an opportunity for further growth. So I like -- I like the concept.

CHAIRMAN McCUSKER: Okay. Everybody understand the proposed terms?

Michele, call the roll.

MS. BETTINI: Edmund Marquez?

MR. MARQUEZ: Aye.

MS. BETTINI: Mark Irvin?

SECRETARY IRVIN: Aye.

MS. BETTINI: Jeff Hill?

MR. HILL: Aye.

MS. BETTINI: Cody Ritchie?

MR. RITCHIE: Aye.

MS. BETTINI: Jannie Cox?

MS. COX: Aye.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: Aye.

MS. BETTINI: Chris Sheafe is abstaining.

CHAIRMAN McCUSKER: So by a vote of six ayes and one abstaining, we're going to move forward with you guys on
a really cool project.

(The Board voted and the motion carried.)

MR. WEINSTEIN: Yeah. Thank you very much, Mr. Chairman and the Board.

CHAIRMAN McCUSKER: Thank you.

MR. DIXON: Thank you.

(Mr. Sheafe returned to the proceedings.)

CHAIRMAN McCUSKER: Okay. Now Mission Garden, you guys can come on up.

Let me update the Board and public on kind of what's going on over there.

I think you have an update and some slides for us as well.

Just to preface that I think everybody knows that as far back as the settlement agreement with the City, we have committed $1.1 million to finish the Mission Garden project. It's always been on our radar. Took us a while to get the legal permission to do that. But once we did that and they submitted a budget to us, we agreed to the budget.

We assigned our contractual agreements with architects and contractors over to you.

Just recently we have heard from the County that they will not likely approve any construction inside the
walls, which about half of the budget, I recollect, was
dedicated to a permanent structure. Obviously, that's going
to present some real challenges to your current plan.

So we kind of wanted you just to update us on
where you are; what's going on with that whole issue; and
then, you know, where we might go from here. So, Bill,
introduce yourself and take over.

MR. O'MALLEY: All right. Thank you, Chairman,
and Board Members. Bill O'Malley with the Friends of
Tucson's Birthplace. Also like to introduce Roger Pfeuffer
and Katya Peterson, cochairs of the board are here. Raul
Ramirez, Diana Hadley and Bill DuPont -- other board members
for Friends -- are here today also.

As you know, Friends of Tucson's birthplace are --
and I'm sorry. There's a handout here which shows the
slides that we'll go through today.

And, sorry, Ms. Cox, you may not have this yet.

But there will be one when -- when you return.

See if you can follow along with this.

Due to the efforts of the Friends, Mission Garden
has become a highly visible success story on The Westside.
The Friends have demonstrated our ability to develop Mission
Garden and fulfill the requirements of our commitments to
Pima County, Rio Nuevo, and City of Tucson.

The -- going on to some of the educational
programs:

The friends have well-established educational programs with local schools and workshops to promote cultural heritage. You can see a list of them here. Marzo Elementary, particularly, as we have worked with them for two years now in propagating trees that they returned to the neighborhood -- a very successful program with the Manzo schools.

Moving on to some of the workshops that -- that we do. This is a large part of our educational mission. And the workshops we hold for volunteers, school groups, and the publics.

Volunteer training, particularly, we're obligated, by our agreement with the City and the County, to train a hundred volunteers. So far we've only got over 340 volunteers on our list.

Community outreach activities. We've developed outreach programs to share knowledge and produce with the community, particularly groups such as the Santa Cruz River Farmers' Market, Community Food Bank, Iskashitaa Refugee Network. As a garden, we produce plants and vegetables. And we have been able to share them with the community thorough those organizations.

Some of the events that we have these are yearly events. We've had two San Ysidro celebrations, four
birthday celebrations. And you can see the number of people
that have attended each of those.

Again, the volunteer recognitions, 340 volunteers
on our volunteer list. And there's more listed in the
handout.

Some of the partners we have. We have a strong
program of tree stewards where individuals can sponsor a
tree, which helps with the ongoing operations of Mission
Garden.

We've worked closely with the Tohono O'odham
Nation. They provided us funding through their grant
program. And they've also been on site helping us plant and
sharing some of their other unique cultural expertise.

The agreement for development operation and
Mission Garden: This is the long title. This is what we
call the three-party agreement. The original agreement that
was signed in 2011 between Pima County, the owners of the
land, City of Tucson, and Friends of Tucson's Birthplace.

We're committed to completing our obligations of
this agreement, including developing the garden in the first
five-year period.

There are options to renew the contract. But our
commitment is to complete the development in the five years,
which ends next December of 2016.

We're obligated to raise 250,000 by the
three-party agreement. We've actually raised over 600,000
to date, through donations and grants.

CHAIRMAN McCUSKER: Bill, are the options to renew
your options to renew? Or does it require a mutual
agreement --

MR. O'MALLEY: Yes.

CHAIRMAN McCUSKER: -- with the County, or is it
just the --

MR. O'MALLEY: We have --

CHAIRMAN McCUSKER: -- I mean, what are the terms
of the renewal?

MR. O'MALLEY: And I didn't -- Linda Mayro is here
also with Pima County.

We can, within a year of the renewal date, request
the second option period or -- I'm sorry. The first option
period. And it has to be no later than six months before
the renewal date.

CHAIRMAN McCUSKER: And that's automatic renewal
for some period of time, or it's just . . .

MR. O'MALLEY: It's another five-year period.

CHAIRMAN McCUSKER: Right.

MR. PFEUFFER: If all parties agree.

MR. O'MALLEY: If all parties agree.

CHAIRMAN McCUSKER: So the County does have to
agree?
MR. O'MALLEY: And the City.

CHAIRMAN McCUSKER: And the City.

MR. O'MALLEY: Yeah. Three parties.

MR. PFEUFFER: The three-party agreement.

CHAIRMAN McCUSKER: Thank you.

MR. O'MALLEY: So moving on. Just quickly -- this is the first phase of development of Mission Garden, planting 122 fruit trees. This was planted and completed in 2012. In accordance with the three-party agreement, we actually, through the three-party agreement, have five years to do Phase I. But that was completed in 2012.

The second phase is a native plant area, and some plantings outside the west wall. As you can see, that was completed in -- first planted in 2012, with the help of the Tohono O'odham grant and a Arizona State forestry grant.

The third phase. Native American timeline gardens -- that was first planted in 2014. And we have just replanted those areas for the third time. And, again, this was a part of the Tohono O'odham grant.

Now, Phase IV is the completion of Mission Garden. And as you can see, it's a significant amount of work, more than half of the garden. And this is -- the work is made possible with the funding from Rio Nuevo.

And going on to the next slide --

CHAIRMAN McCUSKER: Go back to that slide. Is it
the interpretive ramada and support buildings that are the
ones that are at risk?

MR. O'MALLEY: Those are the ones that the County
has objected to. And I'll touch on that in a minute.

CHAIRMAN McCUSKER: Okay.

MR. PFEUFFER: That's the corner right there.

MR. O'MALLEY: Okay. Next slide.

The agreement related to District contribution.

This is the funding agreement between Rio Nuevo and Friends
of Tucson's Birthplace in the amount of $1.1 million. Our
original submittal had been 1.3, which comes up when I talk
about the estimate a little bit but -- and this was dated
April 7, 2015.

Next, this is a image out of the Mission Garden
master plan. As a part of the three-party agreement that we
have with the City and the County, we are obligated to
complete the development of the garden based on the master
plan. And the master plan is defined as the original
construction documents for Mission Garden.

And so we have complied with the work to date.

This is all Mission orchard, timeline gardens, native plant
areas, future vineyard, the future crop fields. So those
are all part of our plan.

Notable is the interpretive ramada and support
building.
So, as a part of the original master plan, which is a part of our agreement with the City and the County, includes the interpretive center and support building.

The next page, now: Building included support functions necessary for Friends' operation of the garden. Based on our four years successful experience operating Mission Garden as a tourist destination and educational facility, additional features are necessary -- such as public toilets -- weren't originally planned inside the garden -- volunteer support facilities, seed and produce storages, office space, and a demonstration kitchen to be used for education and public events.

So again, this was the original plan that was in the master plan. Based on these additional functions, the building needs to be about twice as big as that one is.

And as I mentioned, Pima County stuff has recently raised objections to the building, even though it's included in the agreement. So we're working, trying to resolve --

CHAIRMAN McCUSKER: Can we go back -- go back to the master plan --

MR. O'MALLEY: Yep.

CHAIRMAN McCUSKER: You used the term "ramada"?

MR. O'MALLEY: Yeah.

CHAIRMAN McCUSKER: What does that say right there in the corner?
MR. O'MALLEY: That square is the ramada. And the L-shaped structure is the building.

CHAIRMAN McCUSKER: Building, four walls, foundation --

MR. O'MALLEY: Roof, temperature control.

CHAIRMAN McCUSKER: -- roof, electrical. All that stuff.

MR. O'MALLEY: Yeah, a building.

SECRETARY IRVIN: And that's -- that's a -- the exhibit that is part of the triparty lease agreement?

MR. O'MALLEY: Yes. That's the master plan that we're obligated to develop under.

MR. PFEUFFER: Bill, just to add a little bit -- that -- based on that square footage, you see the diagonal line running -- running just above that, that's the -- that's the gas line.

MR. O'MALLEY: Just going to that. That's actually the next --

CHAIRMAN McCUSKER: You'll pass on the gas line runs through the -- go ahead.

MR. O'MALLEY: Next.

So, now, this is the concept plan. And the funding agreement between Rio Nuevo, City of Tucson, and Friends of Tucson's Birthplace included this -- this plan. And by that agreement, it was approved. So this is the
approved --

CHAIRMAN McCUSKER: Unfortunately, it was not approved by the County, who owns the project.

MR. O'MALLEY: Correct.

CHAIRMAN McCUSKER: Right.

MR. O'MALLEY: And a couple of things here, the building is relocated to the southeast corner. Reasons for that -- this is the gas line that Roger mentioned. There's also a requirement in the agreement that we stay 30 feet away from that, which didn't leave sufficient room for the building in that corner. So it's been relocated up here.

That also reduces the impact on the archeology due to the sewer line that is necessary for that building.

So the preservation and protection of the archaeology is paramount to us. We're engaging archeologists. We've been working with them the -- for the entire four years that we've been in the garden, and we'll be using them as we move forward with the project.

And per our funding agreement, additional detailed plans will be submitted as they are prepared for each of the areas.

Cost estimate now. As I mentioned earlier, our original request was 1.3. Funding agreement approved, 1.1 million.

When we got our first cost estimate six years ago,
two months ago, it was 1.3 million. So we've been revising
the project since then to stay within the 1.1 million budget
that has been allocated.

There's additional detail included in your
handout. To keep the project in budget, we're doing much of
the work with the Friends of Tucson's Birthplace as we have
been doing over the years building the ramada structures and
doing a lot of the construction work on site.

SECRETARY IRVIN: Can you go back to the budget
for just a second? One more forward.

CHAIRMAN McCUSKER: I don't believe that's the
exhibit -- is that the exhibit in our agreement?

MR. PFUEFFER: No.

MR. O'MALLEY: No.

CHAIRMAN McCUSKER: That's a revised based upon
the bids you've actually received?

MR. O'MALLEY: This is based on the current
design. And it's been updated costs. So this is based on
the new cost information.

CHAIRMAN McCUSKER: How much of that's then
related to the structures that have been challenged inside
the walls? Obviously the support building.

MR. O'MALLEY: Well, that's the one that's in
question, interpretive --

CHAIRMAN McCUSKER: Now, that site work: Is
that -- I'm assuming part of that is site work for the support building?

MR. O'MALLEY: That's grading, preparation of plantings, site utilities. I don't -- I don't believe that's in an area that's really in question. It's the support building.

CHAIRMAN McCUSKER: So some 400 grand or more may not be allowed.

MR. PFUEFFER: Actually, the site utilities would be impacted if we didn't have a building inside.

CHAIRMAN McCUSKER: Sure.

SECRETARY IRVIN: Can you walk me through the contractor's profit, overhead, and contingency, which would appear to be about 20 percent of the project?

MR. O'MALLEY: It --

SECRETARY IRVIN: Just overhead fees, profit, contingency.

MR. O'MALLEY: Yeah. It's about 14 percent.

If you look at the detail sheets that are included with the handout, that is their overhead, fees, profit, insurance, taxes. And I believe it's about 14 percent on the detail sheets.

CHAIRMAN McCUSKER: All right.

MR. O'MALLEY: Okay. Schedule, cost estimate, getting that resolved has put us back a little bit. Current
plans is that we will complete the design between now and March 1st.

Design, getting permitting, start the heavy construction March 1st, completing next August. And then, that will give us time to complete the plantings after the construction work is done to complete by December of next year, the end of the five-year period.

Go back a minute, Roger.

There is the orchard expansion. It's a separate area within the garden. That's actually primarily funded by an Arizona State forestry grant. That work will be going ahead. We start some preliminary work. And that will be going between now and December of this year. That's planting 47 trees, expanding the orchard.

Okay. If we go to the summary.

So summary. The Friends have completed almost half the Mission Garden to date without funding from Pima County, City of Tucson, and Rio Nuevo. Now, the funding from Rio Nuevo will help us to meet our contractual obligations to complete and operate Mission Garden.

We have received substantial support from City of Tucson, primarily in helping us achieve some grants. So they have been very helpful.

And the -- the functions included in the sort -- support building are necessary for us to operate Mission
Garden. And I want to make sure everybody understands that those spaces are necessary for operation. And it's our belief that they're included in the agreement and they're included in the master plan. So we've got some work to do with Pima County to get that resolved.

So with that, if there's any additional questions...

TREASURER SHEAFE: There's a couple of things.

First, you got a $45,000 line item in there for archaeology, and you have a problem with Pima County concerning archeology. What are you getting for the 45,000? And will that in any way resolve your issues with Pima County?

MR. O'MALLEY: Well, 5,000 of it is for an archaeology -- archeology treatment plan. And that's basically something that is done now working with the archaeologists. And they give us guidelines on -- on how to proceed with the project.

And then the other $40,000 is an estimate. That's an allowance. We know that we're going to need monitoring work during construction as we do excavations. As we dig in the utility lines, we'll need to have archaeologists on the site. So that's providing for their time.

TREASURER SHEAFE: So in other words, am I hearing you say that you will be able to go ahead and build because
you're working things out with the County staff? Or are you still in a position where County staff is not allowing you to build inside the wall?

MR. O'MALLEY: Well, the issue with the County is the building.

TREASURER SHEAFE: Yeah.

MR. O'MALLEY: And so we're working to resolve that. Again, our position, it's in the agreement, signed by the County, that includes the interpretive center. And it's in the agreement with Rio Nuevo, City of Tucson. And so we're at this point operating under the signed agreements.

TREASURER SHEAFE: So you're operating under the assumption that whatever objections there will be will go away and you can commit to the plan that you're on and you're kind of giving us an update so we know what the funding process is going to be from our side.

Is that a reasonable way to state it?

MR. O'MALLEY: Yeah. Well, we're giving you an update on where things stand at this moment. We -- the meetings with Pima County have occurred over the last month.

CHAIRMAN McCUSKER: You think it's safe to say we're not going to get in a fight with Pima County?

MR. O'MALLEY: Yeah.

CHAIRMAN McCUSKER: So if there's something within that that they don't allow, then we're all kind of back at
the drawing board.

SECRETARY IRVIN: Square one.

CHAIRMAN McCUSKER: Yeah. I don't know that we're there yet, is what I'm hearing from the -- well, out of the Friends.

TREASURER SHEAFE: Is there's a representative from Pima County that wants to --

CHAIRMAN McCUSKER: Yeah. I don't know that -- Linda's here. I don't know that I want to drag her into the -- I don't want her to be negotiating with us for the -- or them for the Country's position.

The County has taken a position that they will not -- will not likely approve any permanent construction inside the wall.

They believe that's appealable. They're working their way through that issue with the County. Maybe by the next meeting or by the November meeting, we'll have full resolution as to the -- the settlement agreement does provide that we can invest our funds inside or outside of the wall. And so if in fact the whole thing is revised from the concept plan, you know, we're going to have to sit down again and -- because pretty much half of your budget or thereabouts is going to be disallowed.

But we can, on our property, use some of those funds to construct the support building or educational
building or a new entrance or restrooms or, you know, all sorts of things. I don't think any of us are there yet.

MR. O'MALLEY: Well -- and again, the Friends are party to all of those agreements. So what is done needs to meet with our approval also.

CHAIRMAN McCUSKER: Yeah -- no. I mean, you guys are running it. We're just writing a check. So, you know, we have to assume that everybody that's involved is getting the proper authority, permits, zoning clearance, development services clearance. You know, at the end of the day, the way our agreement provides is once those things are approved and you have final numbers, you do the work; you send us an invoice. So, you know, we really don't want to get in the weeds.

Now, what could happen because we own the property outside. One, we have to resolve the property line issue. You know, that's -- that we'll probably deal with. Maybe not today. But at some point, if they cannot build inside the wall, in order to make that project viable, we're going to have to look at some sort of construction outside.

MR. O'MALLEY: Well, just -- just like to sum up and say this is a very successful project on The Westside. We're very visible. We're getting --

CHAIRMAN McCUSKER: Bill, go back to your -- your concept plan.
MR. O'MALLEY: And -- and we're committed to fulfill our contractual obligations.

CHAIRMAN McCUSKER: So what -- again, if the County prevails, how does this affect the concept that we've all seen?

MR. O'MALLEY: Well, again, the County's concern is with the -- a building within the garden wall, so . . .

CHAIRMAN McCUSKER: And any support for that, like sewer or plumbing and electrical, that wouldn't -- wouldn't get done either.

MR. O'MALLEY: Assuming there's no toilets, yeah.

CHAIRMAN McCUSKER: Right. And there's no toilets.

MR. PFUEFFER: Let me just add because I think it needs --

CHAIRMAN McCUSKER: Put yourself on the record.

MR. PFUEFFER: I'm sorry. I'm Roger Pfeuffer, cochair of Friends of Tucson's Birthplace. And I think -- I think Mr. Sheafe's question is an appropriate one.

But I want to -- I want to -- I want to -- the answer -- our answer is: This is -- this is not an attempt to steamroll our ideas through.

This is an attempt to -- this is where we're sitting right now. We're in the process of negotiating a decision made by the County. And this has only come up in
the last couple of weeks, so we haven't had time to really make progress on this.

But there obviously is going to be a final decision. Whatever that final decision is we want to be -- we want to be party to it. We don't want to be told what the decision is. Because we have been -- as Bill said -- successfully doing this for four years.

Part of the issue of the -- of the building in the garden is the real need for those support services to be immediately there at the garden.

CHAIRMAN McCUSKER: Sure.

MR. PFEUFFER: It's almost a health-and-safety issue. If you garden in Tucson in the summer, you need some place where you can get some -- you can get out of the heat. Ramadas are fine. But you could have a volunteer staff and you have -- you have school groups coming through where you -- you need some protection from that.

CHAIRMAN McCUSKER: All right. Just keep me posted. And then we'll bring you back when we move the next step.

MR. PFEUFFER: Okay.

CHAIRMAN McCUSKER: Are you part of the official presentation?

MS. PETERSON: I am. But I can't help myself. I have to --
MR. O'MALLEY: You have to say who you are.

MS. PETERSON: Katya Peterson, Cochair, Friends of Tucson's Birthplace.

But I have to make sure that you all know that we are having a wonderful celebration in the garden October 18th, from 4 to 7 p.m., Farm-to-Table heritage -- Harvest -- sorry -- Picnic. And you are all cordially invited. I hope you've already --

CHAIRMAN McCUSKER: Say the -- say the date again.

MS. PETERSON: -- received --

I will.

I hope you've already received your invitations. This is in conjunction with Native Seeds/SEARCH. And we have amazing sponsors. And so it's October 18th from 4 to 7 p.m.; that's a Sunday evening/afternoon.

Please come. Please get your tickets now. There will only be 200.

Shall I go on?

CHAIRMAN McCUSKER: Linda, do you want to say anything on the record?

MS. MAYRO: Please.

CHAIRMAN McCUSKER: Go ahead.

MS. MAYRO: Thank you, Mr. Chairman, Members of the District Board.

I'm Linda Mayro, Pima County Director of
Sustainability and Conservation. And I've overseen this sort of preservation bonds passed in 1997 and then in 2004. And I will be overseeing the historic preservation bonds, should they get passed, going forward.

In 1997, voters passed a bond to preserve -- to acquire and preserve Mission San Augustin del Tucson. The City of Tucson owned the mission complex site. And Pima County purchased the Mission Garden for inclusion. And it was then intended to be part of the Rio Nuevo redevelopment of historical features on The Westside.

In 2008, the City of Tucson adopted a general master plan for --

MS. COX: Excuse me --

CHAIRMAN McCUSKER: All right. Jannie can't hear you.

MS. MAYRO: I'm sorry.

MS. COX: Can you speak a little closer to the microphone?

MS. MAYRO: I will. I'll speak right into it.

In 2008, the City of Tucson adopted a master plan for the Mission Garden as well as for the Tucson Origins Heritage Park.

Pima County subsequently entered into an agreement in 2011 with the City and the Friends of Tucson's Birthplace to development the 2008 plan. And the -- when it was
obvious that the El Paso Natural Gas would not approve the
building in the southwest corner, it was assumed it was
deleted and it was not required to be constructed. I just
want to clarify: When that building was deleted, it was not
considered necessary to move it to another place within the
garden.

Since 2011, we have worked very, very well with
the Friends of Tucson's Birthplace. Our only disagreement
is their proposed moving the building -- the support
building to the southeast corner.

I feel when we purchased the building -- or excuse
me -- the Mission Garden, the purpose of the bond was to
preserve the site. And I feel that too much cultural and
archaeological damage will be done by running utilities in
building this building. And I don't think it's a good use
of the funds, frankly, to pay for the archaeology.

MS. COX: Excuse me. Could I ask you to please
stay closer to the mic?

MS. MAYRO: Yes. I'm sorry.

And so, therefore our -- and our only disagreement
is the placement of the building inside the gardens walls.
And I just want to be on the record for that. Thank you.

CHAIRMAN McCUSKER: Okay. any questions for Linda?

Edmund?

MR. MARQUEZ: Is there -- I'm Edmund Marquez. Is
there -- is there something different -- is it different, archeologically, outside the walls? Or is there something specific going on just in that corner that's special, architecturallywise?

MS. MAYRO: Well -- what I didn't go into -- there was some precision archaeology done to allow the 2008 plan for the garden to be constructed. And that meant that the absolute footprint of the proposed building in the southwest corner was excavated, as well as tree rows where the orchards, where the canal was going to go. So it was anticipated, in a very precise way, where impacts would occur.

It was decided, after more than 260 features were found and 34 burials, that we would not further impact, through any kind of development, the interior to the Mission Garden. So that said, that is why I'm taking the position I have because I think it's consistent with the 1997 bond.

CHAIRMAN McCUSKER: The walls represent the original boundary; is that right?

MS. MAYRO: Correct. Yeah.

CHAIRMAN McCUSKER: So the walls are sacred, to the extent they do represent the original --

MR. COLLINS: -- the foundation, yeah.

If I can clarify that: The foundations to the actual Spanish colonial period walls are preserved beneath
the surface of the ground. And the newly constructed walls are offset so as not to impact those. So the boundary of the garden -- the original garden and the walls you see is somewhat different.

CHAIRMAN McCUSKER: So -- so --

MS. MAYRO: Outside the walls, there are areas that have been previously disturbed that could be -- where a building could be built, there are areas where there are archaeological features that yet remain. It's a very, very sensitive area overall.

So to answer your question, there are both areas disturbed and areas not disturbed outside the wall.

MR. MARQUEZ: So how was it that El Paso Natural Gas was able to put a gas line through there?

MS. MAYRO: I think, in 1934, it didn't matter.

CHAIRMAN McCUSKER: Nor did it matter to anyone that it was a landfill.

MR. MARQUEZ: Yes, exactly. I was trying to put two and two together here. All right. Thank you.

CHAIRMAN McCUSKER: Anything else for Linda?

Thank you.

MS. MAYRO: Thank you.

CHAIRMAN McCUSKER: Okay. Item 11, Mark, the Fox has given us some proposed bylaw changes. Under the new agreement, we get to approve or reject those. Do you want
to go through that with the Board?

MR. COLLINS: Mr. Chairman, Members of the Board -- can you hear me, Jannie?

TREASURER SHEAFE: Hey, Jannie, could you move closer to the microphone?

MR. COLLINS: Jannie, can you me?

MS. COX: I can hear you.

MR. COLLINS: Thank you.

Mr. Chairman, Members of the Board, the First Amendment to the ground lease and loan modification agreement with respect to the Fox provided that the Foundation would submit, to this Board, revisions to its bylaws. And it has done that. In a perfect world, I would have gotten you a black line of all of that in advance of this meeting. But unfortunately, I was dealing with the Arena Site. So I'm going to have to just summarize them for you.

There are several changes that have been made. You don't have any of them in your documents there. That's my mistake. That's my failure. The changes though I think are benign. They are -- the changes are that they may elect directors at any meeting rather than only at the annual meeting; that certain major decisions by the Board must be approved by a 2/3 vote rather than a majority vote; that notice of meetings may be given on a week's notice rather
than ten days. They will not accept proxies in votes. The
requirements to take action without a Board meeting is
reduced from 100 percent to 75 percent of the Board. The
requirements for committees are less formal. The term
limits for officers, no more than two full consecutive
terms.

Description of officer's duties is a little more
general. They changed the requirement for annual audit to
financial review, eliminated the requirements for two
signatures on checks over 5,000 bucks, and provided for
loans -- interest-free loans from officers to -- to the --
to the Board.

You can elect not to do anything on this.

CHAIRMAN McCUSKER: My sense is we ought to read
these.

MR. COLLINS: Okay.

CHAIRMAN McCUSKER: I mean, since we've inserted
ourselves as the governance stewards, I think it would be --
we'd be remiss if we just kind of skipped over this. So
let's have you spread them around, and I'll table it
till . . .

MR. COLLINS: Okay.

CHAIRMAN McCUSKER: Is there any pressing reason
we need to do this?

MR. COLLINS: No. I think -- I'll get them to you
and we'll spread them around.

    CHAIRMAN McCUSKER: All right. Item's tabled.

    I didn't see anyone here from Borne. Are we going
to pass?

    MR. COLLINS: No. Pass on that one.

    CHAIRMAN McCUSKER: I'm going to table the
Westside Parcel.

    So we move the executive officers to the last,
assume everybody's all right. And quickly talk to us about
the administrative rule.

    MR. COLLINS: The administrative rule change, we
discussed last time. The question was whether or not it
could be any two signatures on checks, or whether it needed
to be secretary and one other. I provide -- I made an --

    MS. BETTINI: Treasurer.

    MR. COLLINS: What?

    MS. BETTINI: Treasurer and one other.

    MR. COLLINS: Excuse me. Treasurer and one other.

    Candidly, the admin rules only require the
treasurer to sign. The agreement we have at the bank, I
believe, is what requires two signatures. So I made a
slight tweak in the admin rules which merely says that
checks shall be signed by at least two of the executive
officers.

    CHAIRMAN McCUSKER: Any two.
MR. COLLINS: Any two.
And that's it. If you can --

CHAIRMAN McCUSKER: We would need a motion, unless somebody passionately disagrees.

TREASURER SHEAFE: So moved.
SECRETARY IRVIN: Second.
CHAIRMAN McCUSKER: What a minute -- he's -- he's but he -- he's a signer.

MR. COLLINS: Yeah.

MR. MARQUEZ: Second.

MR. COLLINS: We want a --
CHAIRMAN McCUSKER: Yeah. Somebody else probably ought to make the motion.

MR. MARQUEZ: I'll make the motion.

MR. RITCHIE: Okay. Second.

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

MR. HILL: -- to speak to the motion.

MS. COX: Aye.


So speak to the motion.

MR. HILL: Mr. Chairman --
CHAIRMAN McCUSKER: Go ahead.

MR. HILL: I'll oppose that.
CHAIRMAN McCUSKER: Okay.

MR. HILL: Obviously, the treasurer's role is to be in charge of that, particularly for nonprofits. Removing him from the oversight by the other two officers, I think, is fraught with peril. And I've been on a number of nonprofit boards -- and there are certainly ones in the media where people that were not aware of what their responsibilities -- or things that would come natural to somebody who has expertise as a treasurer, at least a background, has gotten them into trouble.

So I think the purpose of having a treasurer, obviously, is to keep track of the financial records, which would mandate that they be in -- just like our rules are -- that it should be contained in that manner.

If there's a problem -- they can't find the treasurer or what have you, that should be the fix -- not to change -- for expediency's sake -- to remove that safeguard that has been developed over a lot of years in governmental function.

SECRETARY IRVIN: Jeff, I agree with you conceptually. And I can tell you that I think -- you know, the executive officers are probably pretty up to speed with what's going on. And the only reason the change was requested is because we've had -- I know during the summer holidays and other periods of times, and sometimes when our
treasurer is not available -- we always struggle with getting things signed.

So I think it's always been the precedent -- and I hope it would always continue -- that the first person we go to is to our treasurer. And if they're not available, that's probably when that would kick in. So I don't really see a change in the way we're doing things.

I would agree. I would think that we would always want to ensure our treasurer was available to sign. But if they're not, then I think it should trigger that, so . . .

MR. HILL: Well, this motion doesn't include that.
CHAIRMAN McCUSKER: No. This is a very different motion. I mean, that would be kind of a backup --

MR. HILL: Yeah.
CHAIRMAN McCUSKER: -- plan in the event that the treasurer wasn't available. That's a whole different policy.

MR. COLLINS: If this motion were to fail, I could draft something that addresses precisely what you folks are talking about. I do think the avenue --

CHAIRMAN McCUSKER: The motioner could withdraw the motion.

MR. COLLINS: True. I do think the admin rules should specifically require two signatures though because currently they do not.
CHAIRMAN McCUSKER: You know, I tend to agree with Mr. Hill in this regard. I always thought the treasurer -- and the fact that we post items to our website gives us some degree of transparency and credibility.

So, Edmund, you -- we can vote on it, or you can withdraw the motion and we could ask Mark to do something that's more of a backup motion. Maybe it's more palatable to Mr. Hill.

MR. MARQUEZ: As transparency is ultimately important to this Board, I withdraw the motion and I request that Mark, then, draw --

CHAIRMAN McCUSKER: The second has to withdraw too, right, Jeff?

MR. MARQUEZ: No. We're good.

MR. RITCHIE: I withdraw.

CHAIRMAN McCUSKER: Okay. So we're back to square one. We got to send you something revised.

MR. COLLINS: Okay.

MR. MARQUEZ: Yeah. I withdraw the motion.

CHAIRMAN McCUSKER: Okay. And you might save yourself a lot of trouble by consulting with the esteemed Mr. Hill.

MR. COLLINS: With a little -- I will be happy to. If we get the Arena Site closed, I'll have a little more time.
CHAIRMAN McCUSKER: Okay. We are elected as officers for two-year terms. Those have recently passed. We are waiting for the governor to fill his seat with Mr. Marquez. So we do have an agenda item now to look at our executive officer positions.

We have three: Chairman; treasurer, which we just discussed; and secretary. We are all appointed to the Board. Each of us elect the executive officers.

We don't have a nominating committee or anything like that. So this is all done out here in front of God and everybody.

MR. RITCHIE: I don't want to run.

MR. HILL: Mr. Chairman, is there any particular order?

CHAIRMAN McCUSKER: Mr. Collins, is there a protocol?

MR. COLLINS: There -- Mr. Hill, Mr. Chairman, there's no protocol in the administrative rules. It occurred to me that you could -- somebody could nominate a slate. You could nominate one at a time.

If you were going to do it one at a time, I think you'd start with chairman and move then through secretary and treasurer, but . . .

MS. COX: Mr. Chairman, I would like -- I would move that we retain the officers we now have for Rio Nuevo
for a second term.

    CHAIRMAN McCUSKER: So your motion would be to
nominate the slate.

    MS. COX: That's correct.

    CHAIRMAN McCUSKER: All right. That would have to
be seconded by someone other than an officer.

    MR. RITCHIE: Second.

    CHAIRMAN McCUSKER: Okay. We now have a motion on
the floor. Does anybody want to speak to that?

    MR. HILL: Yes.

    CHAIRMAN McCUSKER: Mr. Hill?

    MR. HILL: Mr. Chairman, in conjunction with the
earlier problem or issue with the treasurer not available to
sign whatever documents you need, particularly financial
documents, the Article 6 passed out, talking about the rules
of each officer: 6.53 is the treasurer.

    And I would like to make a substitute nomination
of the first two officers. And for the third officer, I
would like to nominate Dan Meyers.

    He's already our CFO. These do allow him to be
the treasurer. And that would forever solve any problems
with availability and ensure that the taxpayers and the
Board had the best available person dealing with financial
issues as the treasurer and forever remove that problem and
certainly establish the vacancy of his position of CFO.
CHAIRMAN McCUSKER: Now we really need a lawyer. So what do the District’s bylaws provide for in terms of executive officers?

MR. COLLINS: They have to be Board members. Yeah. They've got to be Board members.

CHAIRMAN McCUSKER: Does the --

MR. COLLINS: The officers --

CHAIRMAN McCUSKER: -- does the -- is the treasurer an identified officer?

MR. COLLINS: Yes, in fact. Oh, sure.

CHAIRMAN McCUSKER: So there are three identified --

MR. HILL: It's an "or" Mark. "Board member or..."

CHAIRMAN McCUSKER: What are you reading from, Jeff?

MR. COLLINS: Six-five --

MR. HILL: 6.53. Or would say not a Board member in construction...

MR. COLLINS: Let me see where you're reading, Jeff.

MR. HILL: The first line of 6.53, treasurer. The treasurer may be either a Board member or an outside firm or individual with whom the Board has contracted.

That's Dan Meyers.
MR. COLLINS: Well, I'm reading a different one. Let me see your copy. Because I --

MS. COX: But if that were the case, how would we -- what would we do when we need input on decisions and -- and decisions that the Board makes and asks the executive board member to --

CHAIRMAN McCUSKER: Hang on. Mark's confirming the document.

MR. COLLINS: This -- this -- Jannie, what's going on right now is my copy of the amending District rules doesn't have the language that Jeff is suggesting. He has a copy of 6.53 that reads differently than the one that I have. I can't explain that right now.

MR. HILL: Okay.

MR. COLLINS: I -- I don't know.

MR. HILL: Well, Mr. Chairman, if we --

MS. COX: Yes. No. I understand what's happening. And I can see that there may be the possibility that we could have Dan be our treasurer. But that doesn't answer the question, what do -- how does that put us when we need our executive Board member to finish the deal or whatever it might be. We would now have two executive Board members, not three, to carry off that task.

CHAIRMAN McCUSKER: Well, you can always -- I mean, you have the executive officers -- we're not a
committee, remember.

MS. COX: Right.

CHAIRMAN McCUSKER: We're not an executive committee. We're not assigned any committee functions.

MS. COX: -- committee.

CHAIRMAN McCUSKER: You could always appoint someone to liaison any particular issue.

It does seem like we have a legal concern about whether or not a non-Board member can, in fact, be the treasurer.

MR. COLLINS: Right.

CHAIRMAN McCUSKER: I think -- are you going to be able to answer that today or no?

MR. COLLINS: No. I don't know what that --

MR. HILL: Want to table until Mark has a chance to research?

MR. COLLINS: Yeah. I'm a little mystified.

MR. RITCHIE: Do we still have a vote on the table?

MR. COLLINS: Yeah.

MR. RITCHIE: I mean, why don't we go along with the vote?

SECRETARY IRVIN: Well, is there a second on the substitute motion?

CHAIRMAN McCUSKER: Hang on.
You have a motion and a second to elect the slate.

MR. HILL: And I substitute the nomination.

CHAIRMAN McCUSKER: And that would have to -- the person who made the motion would have to accept.

MR. HILL: I would have to second it.

CHAIRMAN McCUSKER: Right.

And so Jeff has made a secondary motion to identify Dan as the treasurer, if, indeed, it's allowed.

That would have to have a second, correct?

MR. HILL: Yes.

CHAIRMAN McCUSKER: Not hearing one, then we go back to the original motion.

MR. HILL: True.

CHAIRMAN McCUSKER: Okay. So the motion on the floor -- we'll do a roll call vote -- is to nominate the current slate -- elect the current slate for another two-year term.

Michele, call the roll.

MS. BETTINI: Edmund Marquez?

MR. MARQUEZ: Aye.

MS. BETTINI: Mark Irvin?

SECRETARY IRVIN: Shouldn't the executive officers probably be the last one's to vote, or does it make any difference?

MR. HILL: It doesn't make any difference.
SECRETARY IRVIN: Aye.

MS. BETTINI: Chris Sheafe?

TREASURER SHEAFE: Aye.

MS. BETTINI: Jeff Hill?

MR. HILL: Mr. Chairman, I just -- I just want to explain my vote. Obviously, if -- if there -- these rules that I were handed were not in play and it has to be a nominated Board member by the governor, and the speaker, and the president of the senate -- you know, it's moot; and this motion is certainly valid.

But I would just hope that the suggestion that Mark had -- Mark down here not Mark up at the dais -- has said about the treasurer -- that language not being what's been proposed but as an alternate in case we get in a jam -- so that the treasurer still has that primary responsibility. Just because I would feel much better that the treasurer, if we reelect Chris, is in that loop as much as possible.

CHAIRMAN McCUSKER: And I think there's a lot of merit to that conversation.

MR. HILL: And with that understood for, you know, the electorate and the press and the transparency, I will vote aye on the slate, Mr. Chairman.

MS. BETTINI: Cody Ritchie?

MR. RITCHIE: Aye.

MS. BETTINI: Jannie Cox?
MS. COX: Aye.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: Aye.

And it's seven, zip?

MR. COLLINS: Yes, Mr. Chairman.

CHAIRMAN McCUSKER: Okay. So we're all around for another two years.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: We do want to explore Mr. Hill's suggestion as it pertains to check writing and other treasury-type duties to see if it's possible that our CFO could, in fact, be that.

So I think we could name him as a signer on the check. But it --

MR. HILL: Assistant treasurer.

CHAIRMAN McCUSKER: Yeah, something. Maybe assistant -- we'll -- so we'll research that further. But the motion carried.

MR. COLLINS: And Mr. Marquez's -- there wasn't a motion, but he asked me to move forward to do it. And one of the first things I'm going to do is visit with Mr. Hill about this so I can bring something a little more specific and palatable to others on that.

CHAIRMAN McCUSKER: All right. It's the time
reserved for call to the audience.

    Michele, you got anything?

All right. I'm going to entertain a motion to adjourn.

SECRETARY IRVIN: So moved.

CHAIRMAN McCUSKER: All in favor --

MR. HILL: Aye.

CHAIRMAN McCUSKER: Somebody second -- somebody second it first.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: Ail in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Thank you very much. Good meeting.

    Thank you, Jannie.

(The meeting concluded at 3:12 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