RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
September 5, 2013
1:00 p.m.

Reported by Diane Laur
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(Meeting commenced at 1:07 p.m.)

CHAIRMAN McCUSKER: Call the meeting to order.

It's 1:07 p.m. Mr. Sheafe.

(The Pledge of Allegiance)

CHAIRMAN McCUSKER: L'shanah tovah, everyone. If you know what that means, you're probably not here. Today is Rosh Hashanah, the Jewish New Year.

TREASURER SHEAFE: It's also -- I just learned -- the anniversary of the invasion at the Olympics in Munich. That happened 41 years ago.

CHAIRMAN McCUSKER: Michelle, roll call, please.

MS. BETTINI: Jeffrey Hill?

MR. HILL: Here.

MS. BETTINI: Mark Irvin.

SECRETARY IRVIN: Here.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: Here.

MS. BETTINI: Chris Sheafe?

TREASURER SHEAFE: Here.

MS. BETTINI: Alberto Moore?

CHAIRMAN McCUSKER: He's on his way, we've heard. Cody is on his way and Jannie is excused. So we do have a quorum. We'll conduct business.

You have seen the transcript of the July 15th meeting. Any comments, questions or concerns? If not, I
need a motion to approve.

SECRETARY IRVIN: So moved.

TREASURER SHEAFE: Second.

CHAIRMAN McCUSKER: All those in favor say, aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed?

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: And we're going to adjourn to executive session. I would need a motion.

TREASURER SHEAFE: So moved.

SECRETARY IRVIN: Second.

CHAIRMAN McCUSKER: All those in favor say aye.

(Ayes.)

CHAIRMAN McCUSKER: All those opposed?

(The Board voted and the motion carried.)

MS. BETTINI: Cody Richie has arrived

(The Board adjourned for Executive Session at 1:15 p.m.)

(The Board reconvened at 2:20 p.m.)

(Mr. Moore has joined the proceedings.)

CHAIRMAN McCUSKER: We have a quorum seated. If somebody can move to reconvene.

SECRETARY IRVIN: So moved.
CHAIRMAN McCUSKER: Second please?

TREASURER SHEAFE: Second.

CHAIRMAN McCUSKER: All in favor say aye.

(Ayes.)

CHAIRMAN McCUSKER: Okay. We are back in session. We're going to try and move this along. Mr. Moore is ill, under the weather, as they say, so I'll try and move some things around that require a vote, as opposed to just update items. So I'll keep my remarks relatively brief so we can get after the agenda.

If you've been tracking us, you will know that we have kind of four live projects. The TCC remodel, which you'll hear about today, is moving along quite nicely.

We actually hope that we'll get to the point where we have contractors and actual work in progress there quickly.

We are working with the Marriott brand and Scott Stiteler to help launch the first hotel downtown, the AC Hotel. Mr. Irvin will give you the update on that.

The area site, Stantec here's to update us on the engineering work we're doing on that site, both in terms of the property immediately west of the TCC but also the arena lot. We believe there's a lot of commercial and developmental -- developable potential on those parcels.

The arena lot, you'll remember, was deeded to us
as part of the city settlement. And then the far westside, where we've contracted with WLB to actually look at the opportunities to build on the properties immediately west of the freeway.

So it's nice to be out of the courtroom and in the development business, and I'll update you on that as we go through today's agenda items.

Mr. Collins, on the Rialto Theater easement issue, am I the only one that is recused in that or is there anybody else?

MR. COLLINS: You're the only one.

CHAIRMAN McCUSKER: So the TCC remodel, Chris, we have some things you want us to accomplish today. Please go ahead.

MR. SCHMALTZ: Yes, I do. Mr. Chair, members of the board, it's my pleasure to be with you here today on an important day in the process of the TCC project.

The item before you, item number six on the agenda, is the TCC renovation RFQ. The RFQ is solicitation seeking responses so that we can bring to you a contract for both pre-construction and construction-related services covering the TCC renovation project.

This RFQ, the item before you today, is the authorization for us to issue the RFQ, which is a procurement of solicitation, that's the statement of
qualification from qualified Construction Managers at Risk to provide both pre-construction and construction-related services.

It is a solicitation that is qualifications-based only. It's not based on price. The process that this follows is we issue the RFQ. There is a deadline for submittal of statements of qualification.

The qualifications that are submitted result in a ranking. They are evaluated for the terms of the RFQ in front of you. There is a ranking of the entities that submit, based upon those evaluations, as well as based upon evaluations following an interview.

There will be a short list created of the submittals, based upon the initial rankings, of from three to five entities, and those three to five entities will interview.

And then a final list of three will be created, and then we will open negotiations on the pre-construction services, preconstruction-based contract with the highest ranking entity.

After that process, if we are able to then successfully negotiate a contract for pre-construction services only at a set price, we will bring that contract to you at a subsequent agenda for your approval so that the CM at Risk can provide those pre-construction services.
Those involved in the RFQ include the scope of work for those pre-construction services, the highlights of which are constructability review, phasing, value engineering, things that a CM at Risk really has value to a project like this by providing that input during the design phase, during pre-construction, helping to get the most bang for your buck in terms of the design, the efforts that will occur during construction, and if they are successful in providing that input and providing that value engineering, it will save you, at the back-end, in terms of limiting the number of change orders that are required, things like that.

The main deliverable that is a part of that pre-construction phase service under the contract, that would be the result of this solicitation, is the guaranteed maximum price for both of them. They would come back to us with a guaranteed maximum price for the construction phase services.

We would negotiate with them over that guaranteed maximum price proposal, and if we arrive at a GMP that everybody is comfortable with, that will be brought to you when construction is ready to begin, for your approval, as essentially an amendment to the already existing agreement with that Construction Manager at Risk. Then construction can begin after that.

I am happy to answer any questions that you have
about this action. It's the start of the process, the real process of this project, in terms of soliciting a CM at Risk. And Elaine is here as well to provide some detail, if you would like that, and is open to any questions you may have.

CHAIRMAN McCUSKER: I think we might discuss time frames. We would expect to publish on September 10th?

MR. SCHMALTZ: Correct.

CHAIRMAN McCUSKER: And submissions are due October 1st by 2:00 p.m.?

MR. SCHMALTZ: Correct.

CHAIRMAN McCUSKER: In October, the selection committee, which, remember, does not include any of us, the selection committee, would do, as you described, winnowing down the finalists and ultimately coming to us at a subsequent meeting with the names?

MR. SCHMALTZ: That's correct. It will be published twice. The notice will be on the Rio Nuevo website. And item seven, on our agenda, is a key step in this process in terms of coordinating the solicitation.

In order to coordinate and manage all this paper, we utilize the services of a retrographic and distribution sort of entity to handle this kind of thing, and we can utilize the contract as the City of Tucson to get exactly these type of services.
So they will produce all the documentation. Interested parties will go to that entity to pick up the packet, but the solicitations, the receipt of the statements of qualification, et cetera will all be here at our office.

MR. MOORE: When it comes to the new seats that we're proposing to put into TCC, how -- will that be handled under the new general contractor or will that be under a separate contractor, the chairs and seats installing?

MR. SCHMALTZ: That will be a separate solicitation. I think Elaine has the details on that.

MS. WEAVER: Mr. Moore, the deed will go out in two separate bid packages. So the general contractor, the scope of work does not include the seats. The general contractor will help us with the coordination of the installation but that's extent of it.

MR. SCHMALTZ: When she says general contractor, that will be the Construction Manager at Risk that will handle all that.

It will be a bid and an invitation for the bid process rather than an RFQ, but the scope of work includes the coordination of the seats.

MR. HILL: Maybe I missed a step. I thought that we were having the city provide some construction managers since they have a triple net lease. Why in the world are we now going to jump in and run this project? What happened to
The city guy is Elaine. She remains the project manager, but because it's our jurisdiction, we have to manage the procurement. So we have to issue the solicitation. We have to select contractors. It will remain managed by Elaine and Phil, as our architects. And once that new contractor is selected, then we write the check.

MR. HILL: I'm somewhat at a loss. I thought we had hired Michelle for instruction and bookkeeping. So it doesn't make much sense to me that now we're going to go out and hire somebody at a huge expense of money, which I don't remember what was contemplated originally, 7.8, to manage that city project. It seems to be created out of thin air. Today is the first time I've heard about it.

MR. SCHMALTZ: Just to clarify, the notion of a Construction Manager at Risk is the at risk part. It's a general contractor that we hire to provide both design-based services and construction-based services. They are doing the work, not just managing the work. They will hire subcontractors and they have staff of their own to do the work.

The at risk part is when we arrive at a guaranteed maximum price of whatever it costs, above that number, that contractor is at risk for those funds. But we have to enter
into a contract with a contractor to do these type services, not just manage it but actually provide the work force, provide the expertise to actually do the work, install the seats, making the renovations, et cetera.

MR. MOORE: He or she would also be a bonded contractor; right? So they'd have to bond the whole project?

MR. SCHWALTZ: Absolutely. This is not just project management.

MR. MOORE: It would be somebody who would have to justify the amounts?

MR. SCHMALTZ: Elaine does the project management for the district in coordinating all this, but the entity that actually does the work will result from this RFQ process.

MS. WEAVER: So from, I think, two or three months back, when I started to present to the Board the scope of work and how we would start to package it, I do believe I've been consistent with the Board and stated, one, we'll always procure this separately, and those would be in bid packages, but the remaining scope of work would be procured through a CM at Risk process.

And really the pre-construction services, we need the general contractor on board to become a part of our team. We don't want to finish the drawings and design and
then go and hire a general contractor because then it's too late. They have an expertise that Michele and I and Phil and I, that we don't bring to the table.

They will help us do the phasing, the constructability, different schedules that if TCC would have two shifts, three shifts, work on the weekends, and we can't figure that out. We need them for the pre-construction services.

So the transition from pre-construction to actual construction will be seamless. We'll go right into construction and we won't see the difference. It will be the same team.

MR. HILL: Okay. If I buy that, then the next question is why does Rio Nuevo pay the guy, if it's a city-leased facility?

CHAIRMAN McCUSKER: We approved a budget item to renovate it. It doesn't impact the lease or the city as far as the tenant.

These are renovation items that the Board has approved, and I think the line and the scope of work is exactly what we had previously approved as $7.8 million scope; correct?

MS. WEAVER: That's right.

CHAIRMAN McCUSKER: There have been no changes to the scope. In fact, you couldn't do that without our
approval?

MS. WEAVER: That's correct.

MR. HILL: Mr. Chairman, is this going to be under repairs or is this considered capital improvement, the splitting of hair difference that is going on?

CHAIRMAN McCUSKER: I would say these would be considered major repairs.

MR. HILL: Well, doesn't the lease say the City of Tucson is supposed to pay for repairs, and it's been neglected for the past 15 years, and that's another reason why it's a pile of crap over there.

CHAIRMAN McCUSKER: You're forgetting the settlement agreement. This was part and parcel to the settlement agreement, where we agreed, as part of that settlement, that we would spend $6 million in the original settlement agreement.

The board subsequently increased that to $7.8 million. So this is a result, Mr. Hill, of the settlement with the City and our commitment to renovate. And then remember the City has to reaffirm, as part of that settlement, that they will honor the triple net nature of their lease.

Now I will tell you that the City has invested a substantial more than that in the infrastructure of TCC in the new escalators, elevators, and other things. And we're
focusing on the aesthetics and cosmetic features of that agreement. But indeed the city is very engaged in the renovations. But the genesis of this goes all the way back to the settlement.

MR. HILL: All right, Mr. Chairman. I guess my ideas of just how the improvement that's capital, otherwise would fall presumably under the agreement with the city, I think capital in nature, I guess we're stuck.

CHAIRMAN McCUSKER: I speak for myself, and I'd like the other members to speak, we're doing this once. I think all of us agree that this facility has been neglected not for 15 years but probably for 30 years. The City, under this triple net lease, was obliged to maintain it, and they did not.

This allows us to bring it to some level of state of the art. We will spend some of our money to do that. They will spend some of their money to do that, and they'd reaffirm their triple net obligation.

The other thing that I think is significant, as a result of this, that was not lost on me, the City, as little as a month ago, agreed to privatize the management of TCC. So you're going to have a new facility. You've going to have new management. Hopefully this time the City can't screw it up.

MR. HILL: I certainly hope so. And is this our
budgeted cost?

CHAIRMAN McCUSKER: $7.8 million, and it's all we've approved. We cannot exceed that without them coming back to the Board.

MR. HILL: Including to hire this individual?

CHAIRMAN McCUSKER: Correct.

MR. HILL: Then that puts a different light on it. Thank you for the education. I know nothing about real estate, but I can sure count it.

CHAIRMAN McCUSKER: Any other questions of Chris? All you need us to do is to authorize the release for this request?

MR. SCHMALTZ: Yes. Mr. Chairman, what we request is an authorization to issue the RFQ.

TREASURER SHEAFE: So moved.

SECRETARY IRVIN: Second.

CHAIRMAN McCUSKER: Any further conversation, questions? Michele, roll call please.

MS. BETTINI: Cody Richie?

MR. RITCHIE: Aye.

MS. BETTINI: Alberto Moore?

MR. MOORE: Aye.

MS. BETTINI: Chris Sheafe?

TREASURER SHEAFE: Aye.

MS. BETTINI: Fletcher McCusker?
CHAIRMAN McCUSKER: Aye,

MS. BETTINI: Mark Irvin?

SECRETARY IRVIN: Absolutely.

MS. BETTINI: Jeff Hill?

MR. HILL: Painfully, yes.

CHAIRMAN McCUSKER: You could have abstained?

MR. HILL: I'm going to offer that dissent.

CHAIRMAN McCUSKER: By a vote of 7/0, we've released the RFQ. Thank you for all your help. While you're standing there, item 7, you spoke to just briefly, we're going to need somebody to obviously help print, manage the reams of documents associated with that. So we have a proposed contract with ARC?

MR. SCHMALTZ: That's correct. Under our cooperative purchasing authority, if they had an existing contract with the City of Tucson, we could take advantage of that contract utilizing the rates and charges that they charged the City of Tucson to provide them the exact same services.

Because we don't have the expertise and the printing capability, this is a service that is necessary for not only this RFQ but the invitation for other bid packages that Elaine mentioned for future solicitation.

So that's what this contract does. The initial contract before you puts a not to exceed number at $10,000
and allows for additional tasks to be issued for future solicitations, printing costs and other services that we may need.

CHAIRMAN McCUSKER: Can you just briefly explain exactly what it is they're going to do? They're going to print the entire packet of information and then distribute it to --

MR. SCHMALTZ: They will print and distribute this initial RFQ packet along with any design documents that are prepared by the architects as well as any other construction-related documents that would be part of the services that the CM will provide, that the CM, construction manager, will need as part of their construction services or otherwise.

The CM needs this documentation in order to evaluate and put together their qualifications. And the invitation for bid is the same kind of thing. They print the bid packets. And the entities, who want to submit on that bid packet, will go to this entity and pay for the material so they can prepare their submittal.

CHAIRMAN McCUSKER: Any questions regarding this printing not to exceed $10,000?

TREASURER SHEAFE: How has that been paid for in the past?

MR. SCHMALTZ: We would have to do all that
in-house. They would come here. We would print it all.

We'd coordinate all the distribution.

TREASURER SHEAFE: We being Rio Nuevo or we being the law firm or what?

MR. SCHMALTZ: Rio Nuevo. So it's printing all that we would have had to pay for anyway. So the design plans, things like that, all of that would have been distributed out of the Rio Nuevo office via staff.

TREASURER SHEAFE: Is this a reasonable number for the scope of this, $10,000? Maybe I'm wrong, but I'm always amazed, when you get into the government process, the amount of paper that gets generated for what we, in the private sector, do very quickly.

MR. SCHMALTZ: At this point, the $10,000 is just an allowance. I think that it would be -- this initial RFQ process should be a fraction of that cost.

This contract remains open, so that once we actually complete all of the construction documents and they're getting bids from subcontractors, those documents will have all been printed. So that printing, I don't anticipate that quantity to even be that amount.

The other thing that they do is they take on a responsibility for the liability of issuing any addendums that would happen during the bidding process.

So a contractor or these people responding to the
RFQ, this company is the one who has to keep track of who picked up the RFQ. So if some change does occur, then everybody gets it and it's not a problem.

CHAIRMAN McCUSKER: The other thing about it is that it directs everybody in the solicitation to go to their office to pick up the papers, so we don't keep track.

Any other questions? I think we have a motion and a second? Go ahead.

MR. MOORE: I thought it was. I'll move.

MR. RITCHIE: Second.

CHAIRMAN McCUSKER: It's certainly been moved and seconded a couple of times. So any other conversation about authorizing the cooperative purchasing agreement? All those in favor say aye.

(Ayes.)

CHAIRMAN McCUSKER: Opposed, nay? Okay.

(Motion was carried.)

CHAIRMAN McCUSKER: And then at the risk of putting Mr. Hill over the edge, you also want to approve an engineering contract?

MR. SCHMALTZ: Yes. Item number eight, on the agenda, is an engineering contract again utilizing cooperative purchasing. They have an existing contract with the City of Tucson.

We can take advantage of those rates for this
exact scope of work to provide electrical engineering
services associated with TCC project.

The contract itself would have a not to exceed
amount of $150,000, but as Elaine will tell you, I think
that number is substantially lower than that.

The contract itself says $150,000 is an estimate
for the not to exceed amount for the electrical engineering
services to be provided to the district as part of the
renovation.

MS. WEAVER: What I want to first add is the
description on the agenda is that the GLHN contract that
you're looking at and the fees that I'm about to give you,
they are directly for the Tucson Convention Arena project.

It's not for some other project.

Just to recap, to date what you have approved are
the pre-design construction documents, construction
administration fees for Swaim Associates Architects. That's
it.

So Phil's fees are falling within that previous
amount that you agreed to or that you approved. So GLHN are
the engineers for the construction documents. So it's a new
contract for the same project. So the contract says --

CHAIRMAN McCUSKER: What was in the budget? Was
this budgeted as a separate item? How are we doing it?

MS. WEAVER: Construction documents and
I think that there was a total of $230,000 in the budget. And so the fees for GLHN have come in at $100,000, so we're well within the budget.

MR. HILL: Mr. Chairman, I want to pause here. Page four of this document has the City of Tucson's logo on it.

It says that the engineering expense will not exceed $100,000, look at the last paragraph, article three, section one, $100,000. Why does this say $100,000 and this one says $150,000?

MR. SCHMALTZ: The Tucson contract says that the initial services can be $100,000 subject to revision based upon input and determination by the City.

And so we cooperatively purchased, utilizing their procurement, and then determined that the services that we need, via our contract with the engineer, can be set at an amount that is consistent with that contract.

MR. HILL: Didn't you just say it was $100,000?

CHAIRMAN McCUSKER: The bid is $100,039. The contract that we borrowed from the city is designed to be a $100,000 cap, but that can be waived at the board's discretion.

MR. SCHMALTZ: Yes.

MS. WEAVER: And it is $100,000, GLHN.

MR. HILL: So our motion is to grant this $150,000
CHAIRMAN McCUSKER: Elaine, do you think you'll need room with this to exceed this bid or can we just approve the bid as submitted?

MS. WEAVER: So similarly with Phil Swaim's fee, what we did was not to exceed $150,000, and so that's what gave us that $150,000. So ultimately it's your decision.

CHAIRMAN McCUSKER: Our concern generally is when we give you a do not exceed number, you go right to it. Is there any reason why we couldn't just approve $100,039?

MS. WEAVER: There's no reason why you can't approve $100,000 as the exact fee. There was a little bit of a lapse between contract and finalization, so to just get everything prepared, we put that in there. So then I got the final numbers and I worked the fees down as low as we could.

MR. HILL: We don't have a motion yet; do we? I move to accept the $100,039.

CHAIRMAN McCUSKER: Mr. Hill has moved the exact amount of the bid, $100,039. Is there a second?

MR. MOORE: Second.

CHAIRMAN McCUSKER: So we have a second.

TREASURER SHEAFE: I'm just a little confused as to what engineering bids are in your contract. What I saw confused me. What exactly are we designing?
When we started this, I was assuming it was pretty much engineering work, and we would need from A to Z to make the improvements on the entire convention center, outside the essential work, and what I'm sensing here is that this might be more of a limited scope. Can you explain that?

MS. WEAVER: So if I understand your question correctly, the hundred and fifty thousand that you approved a couple months ago for Phil, that was for just pre-design. It didn't take this project to the end of construction administration.

So these are the engineers that have been working at that pre-design and they've put together a pre-design package with Phil, but now we need a contract with them to complete the design and construction documents for the event lighting, house lighting, the general house lighting, the scoreboard design, the lighting in the restrooms, the entire scope of the project.

CHAIRMAN McCUSKER: They're not doing any other engineering?

MS. WEAVER: GHLN is a full-service engineering firm. They also have plumbing and mechanical all in-house, so we won't have to come back and get engineering from another firm.

TREASURER SHEAFE: And would that be included in this $100,000?
MS. WEAVER: That's correct. I've put together a scope of services for them that matched Phil's in the sense that I needed to take the pre-design documents and complete them to get a permit, help us with bidding, do construction administration, everything. That's what this $100,000 is.

TREASURER SHEAFE: To put it in real simple form, basically what Phil did was go in, discuss it with staff, define the problem. Say all right, here's the problem, and we're going to put it down in graphic form to show what it is that, A, here's the problem we've got, and B, here's where we want to go. This is what it should look at the end.

MS. WEAVER: Correct.

TREASURER SHEAFE: Now you bring in the engineer and say, okay, how do you convert the plan for fixing this into workable engineering drawings that people can now bid on and get the work done?

MS. WEAVER: That's right.

TREASURER SHEAFE: That's what we're doing?

MS. WEAVER: To add to that, Mr. Sheafe, is that that team that identified all the problems, GLHN was a part of that team. They were on our pre-design team.

They have helped to identify event lighting, the general house lighting. Everything that we put electrically in the scope, they have identified that with Phil and with
They are not new team members. They're not new engineers coming in and looking at it and saying you forgot this, you forgot that. They've been on the team since day one.

TREASURER SHEAFE: That puts it in a little better perspective. When I saw this, it just said scoreboard, and I'm thinking we can't spend $100,000 to assign electrical services for a scoreboard.

MS. WEAVER: No, we're not. Those five bullets are an abbreviated scope of services that GLHN will be contracting with the Rio Nuevo Board.

TREASURER SHEAFE: Did you make a motion yet?
CHAIRMAN McCUSKER: I think we have a motion and second.
MR. MOORE: Second.
CHAIRMAN McCUSKER: Any further discussion? All in favor, say aye.

(Ayes.)
CHAIRMAN McCUSKER: All opposed, nay?
(The Board voted and the motion carried.)
CHAIRMAN McCUSKER: So you have that approved. So what we've done here is we've authorized a release of the request for qualifications by which you will select and come
back to us to hire a contractor. You've approved the
printers and engineers. So we're building something.

MS. WEAVER: Yes, we're building something.

TREASURER SHEAFE: How is it put together?

CHAIRMAN McCUSKER: The selection committee is
unknown to even us.

TREASURER SHEAFE: We don't know who they are?

CHAIRMAN McCUSKER: We do know it involves our
project manager and our architect, but under procurement
law, we're not allowed to know who the other party is nor do
we participate in any manner in the process.

So if anyone approaches you about this RFQ, you
know nothing. You can't influence it. You can't sway
anybody. You can't answer any questions.

TREASURER SHEAFE: Well, that part will be easy
because that's generally the case.

CHAIRMAN McCUSKER: Thank you. Let me try to keep
us towards items that I know we need to vote on. We'll
discuss the Garfield Traub lawsuit.

Mark, just a quick background for everybody in the
audience, sometime ago the contractors of the east entrance
filed a claim against Rio Nuevo District for a total
amount -- my recollection is about $1.7 million.

That's been ongoing through proceedings back and
forth. We did have a day-long mediation, with them and
their counsel, and have a recommendation to present.

Mr. Collins, go ahead.

MR. COLLINS: That's a fair summary for the public's purposes. The plaintiffs sued. The number they sued the District for bounced around anywhere from one three to one seven that you're talking about to something north of $700,000.

As a result of a lengthy mediation, there was a tentative agreement reached whereby the District would pay a certain amount of money to resolve the contract claim that was raised by the plaintiffs.

You may recall the complaint has really two components. Three of the counts are for breach of contract. We didn't pay them, that's the allegation. And one of the counts is for defamation against this Board and two prior members.

By the end of the mediation, it became apparent that the district certainly had exposure of somewhere in the neighborhood of five hundred and twenty or thirty thousand dollars if we lost at trial.

And as a result of that and the cost of trying the case, it was tentatively agreed that this Board would pay $250,000 to settle the contract claims. And as part of that, without payment of any money, the contractor would dismiss the defamation claim.
That agreement was tentative that you guys have to approve it. If you do approve it, I've already drafted the agreements. The agreements have been provided.

I would ask, if you do want to do that, that you vote to authorize a chairman and secretary or treasurer to execute the final documents, provided that they're substantially consistent with what I just outlined for you.

CHAIRMAN McCUSKER: Is the settlement amount public or was that confidential?

MR. COLLINS: It's public. It's a public number.

CHAIRMAN McCUSKER: Did you mention a number?

MR. COLLINS: Oh, I'm sorry. Two hundred fifty thousand dollars.

CHAIRMAN McCUSKER: I didn't hear it.

MR. MOORE: Yes, you did.

MR. COLLINS: Well, it was $250,000. The exposure for the district was well in excess of that.

MR. HILL: I'll make that motion, Mr. Chairman, as requested by counsel.

MR. RITCHIE: I second it.

TREASURER SHEAFE: I'll give that a second.

CHAIRMAN McCUSKER: Any further conversation about settling the Garfield Traub lawsuit for a quarter million dollars? All those in favor say aye.

(Ayes.)
CHAIRMAN McCUSKER: Any opposed, nay. Thank you very much. Item number ten, there's an item that we would need a vote on. Mike is here.

We may try to combine the two agenda items, but I think everyone is aware we're eagerly interested in the property we call the Westside, which is basically a parcel that's west of the Santa Cruz bordering Sentinel Peak. We've retained WLB to do some engineering for us to identify the buildability of any of those parcels.

In the meantime there has been a lot of multiple jurisdictional interest in that property from the tribe, the Tohono O'odham; from the City; from the County; from the University of Arizona, and from numerous private developers.

What has surfaced as a recommendation to help sort out all that, combined with our engineering study, is that the jurisdictions of interest collectively retain the Urban Land Institute to make recommendations about the feasibility of any of these plans on the Westside.

That last estimation was maybe a $150,000 project. It would be split three ways between the City, the County and the Rio Nuevo District.

I know we don't like to talk about planning or spending money on planning, but I think this is a necessary step to kind of move everybody in a consensus direction about what can be done on this parcel.
If we don't do something collectively, all of us are going to react to developers who want to make proposals to develop that property.

We've seen already a number of unsolicited interest in that particular parcel that is jointly owned by the three of us. The City owns some of it. The County owns some of it, and we own some of it.

Mike, do you want to -- Mike Byrne is here. Anything you want to say in terms of what you're doing on the Westside?

MR. HILL: It looks like we're being asked to approve this action and the cost will come later?

CHAIRMAN McCUSKER: That's correct. We will not know the exact cost, but it should be in the ballpark that I suggested.

MR. HILL: Okay.

MR. BYRNE: I'd like to explain the chart as far as our first day's work, which was basically surveying and also doing miscellaneous work on the property.

At the back of the pad, there's a map. The basic boundaries that we're considering is shown in blue on that map.

We've finish our survey work for the northside and the westside. The eastside, we've contacted various County departments and various State departments about some kind of
a legal description of that separation between the River
Park and the site itself. So far we haven't been able to
track down anything in terms of a legal description to caulk
it out.

Mark Collins is the attorney working on an
agreement, I'm not sure between what bodies. I assume it's
between the City and the County and the Board.

Just a couple of comments -- oh, then the first
page talks about the status of the various aspects of this
project. The site survey, we should have a topo and photos
of the site next week.

We're again in the throes of doing the ALTA and
the legal description. We're in the throes of doing the
legal description of the boundaries and also the ALTA.
Again this is kind of holding this up is that side boundary.

A couple of comments, I guess, really on the south
end, it talks about having a south border or south property
line that is going to be the most narrow part of the
property. And the problem with that is that there's this
long, skinny piece that really has no real value, I don't
think, as far as development or as far as any kind of
possible use except for open space, and frankly our belief
is that the intent of this parcel really it kind of acts
like in usage, in profitability of that site, I would think.

The other comments that we have for
recommendation, kind of depending on the status of the intergovernmental agreement, that we're really looking at a pretty wide swath of land along the eastside of the property that is considered part of the Linear Park.

Our obligation is to basically to try to narrow that, get that down because we're looking at -- I would assume at a certain point in time -- a fairly intention to develop the property, and natural open space in the nature of 60 feet to 200 feet in width probably doesn't make a lot of sense.

CHAIRMAN McCUSKER: That's County owned, the Linear Park, Pima County?

MR. BYRNE: It's County-controlled. Based on the previous ALTA, this land is, in fact, part of the City. So as far as the ownership, our assumption is that it's City-owned.

There's some kind of agreement between the City and County as far as the use of that property for River Park. That's our assumption. But based on a previous ALTA that was done back in 2007, that shows that.

TREASURER SHEAFE: On what basis is that determined?

MR. BYRNE: Based on the placement of the fence.

TREASURER SHEAFE: That's what I read. That's it. Things like this, there should be no problems with the
boundary.

MR. BYRNE: You would think so.

CHAIRMAN McCUSKER: How does that tie in to the settlement agreement?

MR. COLLINS: If I may, the settlement agreement was written without obviously a survey, and the westside parcel is described as follows, the property generally depicted on Exhibit 3, which is quite similar to the drawing Mr. Byrne has in front of you there, bordered on the north by Mission Lane, on the west by Grande Avenue, on the east by the western edge of the Santa Cruz Linear Park and on the south at the point where the distance between the western edge of the Santa Cruz Linear Park and the eastern edge of Grande Avenue are the smallest.

That's drafted in a way so that it can be refined later by smart folks, surveyors who can do that sort of thing, but that's the description in the settlement.

I was interested in Mr. Byrne's comment about the southern boundary. That description, that legal description -- that description really was the best that the lawyers could do at that time without a survey.

Since Mr. Byrne and his team got out there and started doing their work, they identified what they thought was the southernmost boundary. I provided them with this kind of stuff.
And just last week, the City of Tucson sent one of its representatives out there to see if they agreed with where Mike and his team put the stakes, and they think it should be a little bit farther north, not much, but like 15 yards or some such thing.

There was a description of an IGA that was being negotiated. I think that's what Mike was talking about. I don't know anything about that IGA, but I'm personally interested to hear -- if I'm hearing Mike correctly -- he doesn't think that little narrow point does any good for you. But beyond your question, Mr. Chairman, but that's what the settlement is.

CHAIRMAN McCUSKER: How do we determine this eastern -- well, western boundary of the Santa Cruz Linear Park? Is that surveyed or surveyable?

MR. COLLINS: There is going to have to be agreement with the City that this is best description that can be done without a survey. I don't think there's any problem, and I haven't gotten any push-back.

CHAIRMAN McCUSKER: There should be something in writing that designates this park.

MR. COLLINS: Western edge.

CHAIRMAN McCUSKER: Mike, have you seen that?

MR. BYRNE: No, I haven't.

MR. COLLINS: And even if it is in writing, it
doesn't necessarily mean it shows it on the ground. All you real estate guys know there's a difference there.

I can look into that, but I think the City's only concern so far has been the southern boundary that I've described to you.

CHAIRMAN McCUSKER: I think to Mike's point, before we accept the legal and accept title, we ought to try to deduce the Linear Park to the extent that it's a Linear Park and let's see what's in writing.

MR. COLLINS: What we might be able to do -- and I can certainly work with Mike and Jack Buchanan -- you guys could mark what you see, like you did on the southern boundary, and then we can get COT to see if they would agree with it.

I think for any of us to sit here and decide what makes sense, it needs to be done on the property site. I can certainly work with Mike to make sure that we're on the same page for posting the stakes and we can get COT's take on this.

TREASURER SHEAFE: If I might make a suggestion, this is precisely the kind of issue that comes up with various professional people pulling their hair out trying to figure out exactly what these things are when we don't even know what the plan is.

CHAIRMAN McCUSKER: What we've got to do is
identify the legal to take title.

TREASURER SHEAFE: No. I understand the planning.

CHAIRMAN McCUSKER: That's a good segue into the action, that we want to cooperate in planning on that. Go ahead.

TREASURER SHEAFE: I've got some questions on that regard, and having been through this process, you previously did quite a bit of the master planning?

MR. BYRNE: Yes.

TREASURER SHEAFE: I wonder if you could weigh in a little bit about the concept of this.

MR. BYRNE: I think Fletcher's comment is correct, that this is a parcel that a number of people have wanted, this parcel and the area directly north, especially in a parcel, frankly talking about concepts and, you know, there are different ways of doing this.

One is to have just a kind of public forum to talk about ideas and thoughts, and the other is to have a firm like -- not a firm but a group, kind of do it in a group. I think the notion of a public forum really talking back and forth with ideas makes a lot of sense.

I think at a certain point though we're going to have to say let's go with this, let's go with that. I mean there are some politics involved.

CHAIRMAN McCUSKER: So the last master plan that
was developed here and approved includes the science museum and projects which will never be built.

So what you've got now are developer vultures hovering around this abandoned property going oh, we've got a good idea. Well, my idea is better than that.

I think there are a number of us that want to make certain that there's some historical aspect, like the Carrillo House, the Mission Gardens, that we can make those somehow survive.

And I don't see any way you get to that without redesigning the parcel, getting an agreement amongst every jurisdiction as to what it is we're going to allow and then solicit for someone to come in and build.

What Mike is trying to help us do is figure out a land use. It can't re-deserted because nothing will grow there, but can't it support some sort of infrastructure, parking? Is there a buildable site there?

And then you've got the hole in the ground out there and you've got these other parcels that other developers have expressed an interest in.

I see some value with us coordinating with all the jurisdictions and coming to some public consensus, say here's the plan for the Westside. It takes off where the last plan left off, and reconstitutes some of those abandoned parcels now with a new level of interest.
TREASURER SHEAFE: It makes sense to identify what we want to preserve and build that into a plan. We want a plan to be built around the Carrillo House, integrating the Mission Gardens and also creating the economic driver that will allow this thing to be supportable over the long-term.

Very early in the days of the Rio Nuevo review, all the ideas were allocators in terms of using cash and no generators. Frankly if those plans would have ever evolved, they'd be an enormous drag economically on the community.

So there's a balance there. There's a historical component and the historical component is why we're doing this. But on the other hand, the historical component needs to have the economic base underneath to actually make it last long enough to enjoy it for the historical benefit.

CHAIRMAN McCUSKER: The risk is if we don't cooperate, we do something independent of what the city does, and the city does something independent of what the county wants, and you end up with some hodge podge of development over there that's totally incongruent.

So I think while the jurisdictions are communicating, I think we try and build on that. And everyone seems to agree that the ULI is neutral enough so they can come in and do precisely as you suggest.

TREASURER SHEAFE: Well, let me try to -- I think you're doing the same thing I'm saying. The line here on
the eastside of our parcel is not very critical to figuring out what we're going to do with this master plan, and therefore to spend a lot of time trying to wrestle over exactly where that line is right now -- and to me, time is money -- why not set this aside and say if we run into a problem, we will then come back and wrestle over where that line goes and pay for it at that time. And in meantime just keep all the experts quiet. We've got a general drawing here.

CHAIRMAN McCUSKER: Because we need a deed. Until we identify the property line, it's not transferable.

TREASURER SHEAFE: Any problem with making a deed where the east line is identified as the approximate location of the fence to be determined in later negotiations between the parties?

MR. COLLINS: Yes. That's an agreement to agree. That's not specific enough. You need to have that determination.

I think you raised a great point, which is that because we're going to be joint development with City, County and the District, I mean whether we should get it all the way to the east that we can possibly get doesn't make a lot of sense to me either, but you've got to have a legal description so that deed can be conveyed.

TREASURER SHEAFE: Okay. So we can get a legal
MR. COLLINS: When you put things like that off, you create a lot of room for people like me and you don't want to do that.

I personally like the idea of not being too terribly worried. Is it as far east as we can possibly get it? I don't think it's all that important. I do think you need a legal description for the deed.

SECRETARY IRVIN: I think we need to identify those lines and get a clean survey on this property so we can get a clean deed. I also think, by going through the master planning process, it takes us out of the reactionary situation we've been in since day one, and it also places us in a position where we have an opportunity to work more closely with the City.

We're getting back on the same page with the City. The County, we've always gotten along with them. So I like the fact that we can get all three of those entities together to go and do it. I think it makes a lot of sense.

MR. BYRNE: A couple things, one is that land we're talking about is probably three or four acres, and the total parcel is about thirty acres. So you're talking about a possible increase of 10 percent, which seems to me is a sizable number.

TREASURER SHEAFE: My goal here is to get progress
made, and I understand that's what we're focusing on.

Obviously we need to get a deed and we need to define if there's a parameter around which we're going to have the deed prepared. I guess the answer is the fence line.

That's where we start?

MR. BYRNE: Basically, yeah.

TREASURER SHEAFE: All right. Well, then let's approve that. You know, when this thing is built, there probably will be no visual separation between where one line ends and where the other is -- doesn't end.

They'll flow from the activities on this property over into the public walkway and other uses that you won't know when you've stepped off one and onto the other, because that's the nature of what we're doing here.

So, Mr. Chairman, I will support whatever gets this aspect of it done.

CHAIRMAN McCUSKER: I need to do this --

MR. BYRNE: The other point, I think, is that the parcels aren't the same. As part of our due diligence process, we'll want to identify the constraints, the possibilities that are offered.

For instance, on our part the landfill is a huge problem. It really is. The kinds of uses that are possible, I think, are really limited. Like Fletcher mentioned the parking. Those are the type of uses that I
think are most suitable for our parcel, in the middle of the parcel.

Our belief has always been that the west edge can be something much more dense. The actual landfill is swallow. It's got great access and it's a fine area for rebuild. In the interior, it really makes sense to have a use like end zone that has a really light weight use, parking and so on. I think it makes sense.

The area that I think really needs scrutiny frankly is the area north of Mission Lane and the Chapel area. I see our parcel as being such that possibilities, I think, are really limited. We're able to do certain things but not a wide range of things.

CHAIRMAN MCCUSKER: So given all that, the action item is do we want to partner with the City and the County in their land institute or the option would be we go it alone.

TREASURER SHEAFE: Let me just suggest that I'm a member of the Urban Land Institute. There is no finer land resource in the world. What they will do is turn around and engage some of that best people to do our plan at a more efficient cost. I strongly support getting this process under way. I don't see how we can't.

CHAIRMAN McCUSKER: Is that a motion?

TREASURER SHEAFE: That would be a motion.
SECRETARY IRVIN: I'll second that.

CHAIRMAN McCUSKER: To Mr. Hill's point, we don't have a finite dollar amount. We can cap it now or we can come back to you once we know what the split looks like or do you want a do not exceed? We think overall, Chris, it's $150,000, a survey split three ways?

MR. SCHMALTZ: Well, ULI will take a look at it and put it out there. They'll come back and say for this fee, we'll be willing to do this.

CHAIRMAN McCUSKER: Do you want us to cap our participation?

TREASURER SHEAFE: Not with this motion because what we're asking them is what they would be willing to do.

CHAIRMAN McCUSKER: Any further conversation? All in favor say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any votes nay?

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Let's discuss the CFO position because it does require action. I think you can tell from the agenda, Mr. Bill Allen, who's been our CFO for a year, is moving on to bigger and greater challenges, although I can't imagine any other more fun than what he has had in the last year. But that opens that position.
We have a number of options including to contract with some of our current resources. The finalist behind Bill last year is still interested and available in that position. We have also talked about doing that on a part-time basis. So anything we do in that regard needs to be in open session, so we're opening that for conversation.

TREASURER SHEAFE: Mr. Chairman, as treasurer, let me say I thought about this a little bit and I would propose a motion that we engage Mr. Meyers on an hourly basis.

CHAIRMAN McCUSKER: Daniel Meyers?

TREASURER SHEAFE: Yes, who is highly qualified.

Get him right away, get that process going, and we re-visit that in the future.

CHAIRMAN McCUSKER: Is that a motion?

TREASURER SHEAFE: That is a motion.

MR. MOORE: Second.

CHAIRMAN McCUSKER: Any conversation on that motion? The motion would be to retain Daniel J. Meyers on an hourly rate to replace Bill. All in favor say aye.

(Ayes.)

CHAIRMAN McCUSKER: Opposed, nay? I guess you guys need to talk about the Rialto Easement. Anything that has to have action?

MR. SCHMALTZ: Well, yes, and I was mistaken, both you and Mr. Sheafe are disqualified because of your
relationship with Mr. --

(Mr. McCusker and Mr. Sheafe leave the room.)

MR. SCHMALTZ: Very briefly, the board members about two meetings ago, you approved Mr. Irvin signing what's called a temporary revocable easement, which benefits your tenant, Rialto Foundation, also has an impact on the neighboring properties.

There have been a number of changes to it since then. It's my recommendation that -- I've looked at the agreement. It's favorable to the District.

We have reached a verbal agreement with the foundation where the foundation will agree to absorb any additional costs, because there are some fees here.

The foundation has indicated, through its counsel and through Curtis, that they will agree to that. I provided them a draft.

So I'm asking you folks to consider voting to approve the revised temporary revocable easement and to authorize Mark to execute it as soon as the foundation signs the site agreement.

MR. RITCHIE: So moved.

MR. MOORE: What were the changes? I know there were some dollars amount.

MR. COLLINS: Since the last time, there were fees
that were added that were not there before and the precise location and the hours of when things could be moved and so on and so forth.

MR. MOORE: But weren't there some charges that related to the --

MR. SCHMALTZ: No. That has to do with the easement with Scott Stiteler. This is independent of that. This is completely independent of that. This is a neutral deal, monetarily neutral. It has to do with authorizing use of a public thoroughfare occasionally to benefit your tenant.

MR. MOORE: That's just on the eastside of the --

MR. SCHMALTZ: Yes, sir.

MR. MOORE: Okay. I'm sorry. So moved.

SECRETARY IRVIN: There's a motion? Any second?

MR. HILL: Second.

SECRETARY IRVIN: There's a second. All in favor, aye?

(Ayes.)

SECRETARY IRVIN: Any opposed? Motion carries.

(The Board voted and the motion carried.)

MR. SCHMALTZ: Do you want to do the --

SECRETARY IRVIN: Yes. While they're -- we have the same issues?
MR. SCHMALTZ: Same issues, right.

MR. MOORE: Are we going to vote on anything?

SECRETARY IRVIN: No. I don't know if Fletcher has anything else. So item number nine is just the AC Hotel update. I just want to kind of give just a quick update on where we are.

We've had a number of different meetings with Scott Stiteler, Mark Collins, myself, Laura working through agreements.

We need to come back to the Board next month to get approval on some things, but I just want everybody to know that it looks like things are progressing well.

We're in the middle of some interesting discussions about a number of different things that we'll bring back to the Board, but I'm not seeing anything yet that's giving me any heartburn.

I don't know, Counsel, if you have anything that you guys have seen. Right now we're going through documentation and dotting i's and crossing t's, and we still need to come back to the Board.

MR. COLLINS: Yes. We are still creating the documents, but it's going to be a purchase. We're going to own the four floors that are the parking garage. That's the concept of this condominium development.

SECRETARY IRVIN: That's really just an update.
Unless there's any questions, I'll pass the gavel back to Fletcher. Fletcher, you guys can come back in now.

(Chairman McCusky and Secretary Sheafe rejoin the meeting.)

MR. MOORE: Are we done with voting?

CHAIRMAN MCCUSKER: I think so. There's nothing there to do. I will mention that we have, a number of us, have discussed item 16, the possibility of changing the district's name.

We're not going to take any action today in that regard, but we have asked counsel to research what has to happen for the District to consider changing its name.

Rio Nuevo has a colorful past, not all that is positive. It's really hard to be drug around by the legacy of some of the actions of our predecessor, and we believe we deserve a new chance, and a name change might be part of that. So you may see in the future us called something else.

So, Mr. Collins, if you would just report back to us on whether that requires legislative actions or anybody else's approval between now and the next meeting?

MR. COLLINS: I will do that.

CHAIRMAN McCUSKER: The Kromko lawsuit, item number 11, we're going to table. We still have -- we need to go, I guess, back to the City and back to the developer
to finalize that agreement.

MR. COLLINS: You can do that.

CHAIRMAN MCCUSKER: Are we close enough to authorize settlement?

MR. COLLINS: It's up to the Board. The City's meeting, I believe, is the 10th, although they are not going to consider to backup. The City has provided to the developer the City's new changes.

I think they are, by and large, neutral for this Board, but the City will not approve or act upon anything until the 24th. It will not be back on their agenda until the 24th of this month.

Your next meeting is on the 23rd, the following month. You can wait and approve those changes at that meeting or at least address those changes at your meeting on the 23rd, or you could choose to -- you've already agreed to authorize the agreement as it is, except there are some changes.

There are likely be a few more. You could choose to authorize the chairman and secretary or treasurer to execute the agreement with the changes, provided that those changes are substantially similar to what is being asked for now and there are no substantial changes made to the agreement.

The benefit it would provide, if, in fact, you did
that, is if the City agreed to it on the 24th, it could be
executed on the 25th, and then the time period for the
developer to get it done begins to run.

TREASURER SHEAFE: The whole key point is that
this is a breath of fresh air for the developer and makes a
determination in the event things don't happen. That's the
essence of it. So why wouldn't we just agree and go
forward?

CHAIRMAN McCUSKER: The District had approved the
settlement. The developer had approved the settlement. The
mayor and city counsel objected to some pieces of it. They
have now given you language that --

MR. COLLINS: The city attorney has proposed
language just yesterday to the developer. We just saw it
yesterday too. You gentlemen can certainly put it off until
the 23rd. It doesn't matter.

TREASURER SHEAFE: What difference does it make?
I mean if it's not material to us, then why don't we just
approve it? The language that we would object to, you know,
that changes it from --

CHAIRMAN McCUSKER: Is there anything in the
City's language, Mark, that you are concerned with?

MR. COLLINS: No, sir. I anticipate quite frankly
some of the City's suggestions resulting in some other
changes that, if anything, would benefit the District.
TREASURER SHEAFE: Then I would make the motion that we move forward with our approval and ask the chairman and identify one other person that you would use as signatory.

CHAIRMAN McCUSKER: The signatories are the chairman and the secretary.

MR. COLLINS: So the motion would be that you would authorize the chair and the secretary to sign provided that it's substantially the same as the agreement that you've already approved?

TREASURER SHEAFE: That's precisely it.

SECRETARY IRVIN: I second it.

CHAIRMAN McCUSKER: Any further conversation? All in favor say aye.

(Ayes.)

CHAIRMAN McCUSKER: Those opposed, nay?

MR. RITCHIE: I abstain.

CHAIRMAN McCUSKER: It still carried four to one.

MR. RITCHIE: I didn't vote against it. I abstained.

CHAIRMAN McCUSKER: He recused himself. He should have gotten up and left.

TREASURER SHEAFE: Yes.

SECRETARY IRVIN: He's down there.

CHAIRMAN McCUSKER: I recuse.
(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: The employee manual, we have drafted and I think everyone has reviewed it, an HR manual, but now counsel has asked to take another look at it, so we're going to table that until the next meeting.

And I guess, Bill, we're ready for your financial report. And as your last official act on behalf of the Board, we want to thank you for the work you've done in the last year particularly getting through the audit. Good luck to you in your future endeavors.

MR. ALLEN: Thank you.

CHAIRMAN McCUSKER: Go ahead.

MR. ALLEN: All right. Well, this report is updated through the end of August. It represents the same report that I've been giving out each meeting.

The big development in this particular reporting period was that I had noticed, in doing some of my due diligence related to the year-end, that there was an anomaly in one of the Wells accounts, the debt-servicing account, where it seemed to me that they -- it looked like maybe for the last several years they may have been overfunding the restricted reserve account fund.

So I did some research on it and have since made some inquiries to Wells. They reviewed it and responded
back to me and in August they returned to us $1.6 million that they had overfunded in that particular account. So that is now back in the unrestricted cash account. So it's available now to the Board.

And for that reason, the collective cash for this time period, the month and a half that has transpired since my last report, has now gone up about $1.6 million. We have also had, during that time, a surplus transferred to us about $230,000. So we have funds going out, and those two kind of offset each other, and we've wound up with a net increase in available cash.

There has been some activity related to TCC renovation, bills paid by the City of Tucson. So there's been a minor drop in funds that are held related to 2155, which is paying for the cost of at least the initial $4.4 million of the TCC renovation.

There's been minor increases in interest related to the $5 million that has been vested in the ICS fund and other interest income that's coming in monthly. There's no change in that.

So one final thing I just found this out today. About an hour before the meeting, I talked to Wells and they have received finally the May and June TIF distribution for the District and because of that, they have an excess of $1.2 million that they are going to have transferred into
the account, which would then increase the $5.4 million
balance by another $1.2 million tomorrow or Monday. I thank
you for the send-off, for putting money in the TIF.

CHAIRMAN McCUSKER: So that 1.2 will go into the
top bracket and it will go to 11.8 million?

MR. ALLEN: That's correct. It will go in the
first line of $5.4 million. It will go up by $1.2 million.
and the other numbers won't change.

CHAIRMAN McCUSKER: And then the COC funds, those
are earmarked for the TCC?

MR. ALLEN: That's correct.

CHAIRMAN McCUSKER: So we would go to that $4.3
million first, and then from Rio Nuevo money, we would have
to fund an additional 3.5?

MR. ALLEN: 3.5.

CHAIRMAN McCUSKER: To finish the projects. So
that would reduced the 11.8 to a little over $8 million?

MR. SCHMALTZ: Right.

CHAIRMAN McCUSKER: So we've committed four of
that and change to the AC project, so we're in pretty good
shape. We're not wealthy by any means but --

MR. ALLEN: It was nice to pick up the $1.6
million.

CHAIRMAN McCUSKER: We would never have known
about it except for you bird-dogging the account.
MR. ALLEN: And thank you to the Board collectively for your support in working with me. It's been an incredible experience for me. You've done a phenomenal job.

CHAIRMAN McCUSKER: Any questions?

SECRETARY IRVIN: I just want to reach out to you. You stepped in at a point when we were really in turmoil. I want to thank you for stepping in and cleaning this stuff up.

I know you've had lots of bosses and such a group of whackies up here, and you stuck through it. And I want to thank you for sticking with it and getting us where we need to go, so we can continue it. So I just want to; publicly reach out and say thank you.

MR. RITCHIE: Good luck to you, Bill.

CHAIRMAN McCUSKER: He was speaking of himself when he said whackie.

MR. ALLEN: It's loveable whackies.

SECRETARY IRVIN: No editorials allowed.

CHAIRMAN McCUSKER: As I tick back through this, as we jumped around, we got the TCC and the two contracts done. The Westside, we did, the Thrifty block. The area site, I think there's just a quick update there; right, Mark? We do not have title?

MR. COLLINS: We're still waiting for the title.
Just to briefly update the public and the board, we have delivered to the City a form of deed to convey title. That deed is based upon an ALTA survey that you folks had done and the title policy you have ordered. The phase one is expected to be complete before the end of this month, and I'm trying to get it completed before that but we're on track to take title before the deadline of October 22nd.

CHAIRMAN McCUSKER: Garfield Traub, we've settled. CFO, we hired. Employee manual, we tabled. You guys took care of the Rialto?

SECRETARY IRVIN: Right.

CHAIRMAN McCUSKER: So we have call to the audience. We have two requests. Bill O'Malley is first. Bill.

MR. O'MALLEY: Thank you Chairman, board members, Bill O'Malley here representing Friends of Tucson's Birthplace where we're developing the Mission Gardens. We've been quite busy over at the garden over the last few months, since we last updated you.

A couple weeks ago we took part in a breakfast celebration for Tucson's birthday with a breakfast at Macayo. There were over 150 people attended. We had 100 people who toured the garden. We have several new gardens within the garden that are underway now.
We're stretching the resources that we have available to us. We've seen a dip in our fundraising activities. And in that light, we know that Rio Nuevo has committed $1.1 million to the completion of the garden.

We're anxious to meet with you and discuss that, the terms and conditions of that, and what the requirements are. We have asked to get together to talk about it.

I understand that the Board's position is you give authorization for the convention center and the downtown hotel. We don't agreed with that position, because when the legislature reconstituted Rio Nuevo Board, our understanding was that the directions were for the Board to review the downtown hotel, proceed with the convention center but also complete any existing contracts.

And the contracts, both for the design, engineering and construction of the Mission Gardens were in place at that time and in fact they're still in place. Those were open contracts, a joint contract between the City and Rio Nuevo and the contractor in this case.

So therefore we think that the board is able to proceed with that. You mentioned earlier that you wanted to see progress. We're ready to go. The documents are complete. As I mentioned those contracts are open. We can engage a contractor immediately to start work on the project.
So the bottom line is we're anxious to meet with you to find out what the terms and conditions are so we can get that resolved so we can proceed with the Mission Gardens.

CHAIRMAN McCUSKER: Thank you very much.

Mr. Collins, can I ask you to look into that for us? I always thought that we were pretty clear that the actual notice to proceed can't be issued right now, but Bill has raised an interesting question regarding project in progress. Would you research that for us?

MR. COLLINS: Happily.

CHAIRMAN McCUSKER: And last but not least, Josefina Cardenas.

MS. CARDENAS: Buenas Tardes. I first would like to congratulate you. I appreciate all of your work on behalf of Tucson.

I wanted to ask you concerning your process. Sometimes it's difficult to know when you're going to meet. If you had a way to let us know when you're meeting and the time, if that would work.

And I wanted to let you know that we're neighbors now. We always have that in mind. Our land and your land is all linked, and we're all neighbors and should be respected as such and that we also should come to the table with you and vote for these changes.
So I just want to bring you gentlemen back to our level because sometimes the low income, ignorant poor get swept under the rug. I'm hoping you're not going to do that and you're going to bring us to the table. Thanks.

CHAIRMAN McCUSKER: Thank you. You're anything but ignorant.

MS. CARDENAS: In speaking also you have been saying the County, City and Rio Nuevo has come together. I would like to see Native Americans included in that. Thank you.

CHAIRMAN McCUSKER: Any other business? I'll entertain a motion to adjourn.

TREASURER SHEAFE: So moved.

CHAIRMAN McCUSKER: All in favor say aye.

(Ayes.)

(Meeting concluded at 3:55 p.m.)
CERTIFICATE

I, Diane Laur, certify that I took the shorthand notes in the foregoing matter; that the same was transcribed under my direction and also checked for accuracy against a backup tape; 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.

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

WITNESS MY HAND this 12th day of September, 2013

DIANE LAUR