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RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

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

Reported by Diane Laur
For KATHY FINK & ASSOCIATES
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1 (Meeting commenced at 1:07 p.m.)

2 CHAIRMAN McCUSKER: Call the meeting to order.

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

4 (The Pledge of Allegiance)

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

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

11 CHAIRMAN McCUSKER: Michelle, roll call, please.

12 MS. BETTINI: Jeffrey Hill?

13 MR. HILL: Here.

14 MS. BETTINI: Mark Irvin.

15 SECRETARY IRVIN: Here.

16 MS. BETTINI: Fletcher McCusker?

17 CHAIRMAN McCUSKER: Here.

18 MS. BETTINI: Chris Sheafe?

19 TREASURER SHEAFE: Here.

20 MS. BETTINI: Alberto Moore?

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

24 You have seen the transcript of the July 15th
25 meeting. Any comments, questions or concerns? If not, I

1 need a motion to approve.

2 SECRETARY IRVIN: So moved.

3 TREASURER SHEAFE: Second.

4 CHAIRMAN McCUSKER: All those in favor say, aye.

5 (Ayes.)

6 CHAIRMAN McCUSKER: Any opposed?

7 (The Board voted and the motion
8 carried.)

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

11 TREASURER SHEAFE: So moved.

12 SECRETARY IRVIN: Second.

13 CHAIRMAN McCUSKER: All those in favor say aye.

14 (Ayes.)

15 CHAIRMAN McCUSKER: All those opposed?

16 (The Board voted and the motion
17 carried.)

18 MS. BETTINI: Cody Richie has arrived

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

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

22 (Mr. Moore has joined the proceedings.)

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

25 SECRETARY IRVIN: So moved.

1 CHAIRMAN McCUSKER: Second please?

2 TREASURER SHEAFE: Second.

3 CHAIRMAN McCUSKER: All in favor say aye.

4 (Ayes.)

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

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

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

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

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

25 The arena lot, you'll remember, was deeded to us

1 as part of the city settlement. And then the far westside,
2 where we've contracted with WLB to actually look at the
3 opportunities to build on the properties immediately west of
4 the freeway.

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

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

11 MR. COLLINS: You're the only one.

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

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

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

23 This RFQ, the item before you today, is the
24 authorization for us to issue the RFQ, which is a
25 procurement of solicitation, that's the statement of

1 qualification from qualified Construction Managers at Risk
2 to provide both pre-construction and construction-related
3 services.

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

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

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

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

21 After that process, if we are able to then
22 successfully negotiate a contract for pre-construction
23 services only at a set price, we will bring that contract to
24 you at a subsequent agenda for your approval so that the CM
25 at Risk can provide those pre-construction services.

1 Those involved in the RFQ include the scope of
2 work for those pre-construction services, the highlights of
3 which are constructability review, phasing, value
4 engineering, things that a CM at Risk really has value to a
5 project like this by providing that input during the design
6 phase, during pre-construction, helping to get the most bang
7 for your buck in terms of the design, the efforts that will
8 occur during construction, and if they are successful in
9 providing that input and providing that value engineering,
10 it will save you, at the back-end, in terms of limiting the
11 number of change orders that are required, things like that.

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

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

25 I am happy to answer any questions that you have

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

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

8 MR. SCHMALTZ: Correct.

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

11 MR. SCHMALTZ: Correct.

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

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

21 In order to coordinate and manage all this paper,
22 we utilize the services of a retrographic and distribution
23 sort of entity to handle this kind of thing, and we can
24 utilize the contract as the City of Tucson to get exactly
25 these type of services.

1 So they will produce all the documentation.
2 Interested parties will go to that entity to pick up the
3 packet, but the solicitations, the receipt of the statements
4 of qualification, et cetera will all be here at our office.

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

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

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

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

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

22 MR. HILL: Maybe I missed a step. I thought that
23 we were having the city provide some construction managers
24 since they have a triple net lease. Why in the world are we
25 now going to jump in and run this project? What happened to

1 the city guy?

2 MR. SCHMALTZ: The city guy is Elaine. She
3 remains the project manager, but because it's our
4 jurisdiction, we have to manage the procurement. So we have
5 to issue the solicitation. We have to select contractors.

6 It will remain managed by Elaine and Phil, as our
7 architects. And once that new contractor is selected, then
8 we write the check.

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

16 MR. SCHMALTZ: Just to clarify, the notion of a
17 Construction Manager at Risk is the at risk part. It's a
18 general contractor that we hire to provide both design-based
19 services and construction-based services.

20 They are doing the work, not just managing the
21 work. They will hire subcontractors and they have staff of
22 their own to do the work.

23 The at risk part is when we arrive at a guaranteed
24 maximum price of whatever it costs, above that number, that
25 contractor is at risk for those funds. But we have to enter

1 into a contract with a contractor to do these type services,
2 not just manage it but actually provide the work force,
3 provide the expertise to actually do the work, install the
4 seats, making the renovations, et cetera.

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

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

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

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

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

23 And really the pre-construction services, we need
24 the general contractor on board to become a part of our
25 team. We don't want to finish the drawings and design and

1 then go and hire a general contractor because then it's too
2 late. They have an expertise that Michele and I and Phil
3 and I, that we don't bring to the table.

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

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

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

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

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

23 MS. WEAVER: That's right.

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

1 approval?

2 MS. WEAVER: That's correct.

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

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

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

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

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

23 Now I will tell you that the City has invested a
24 substantial more than that in the infrastructure of TCC in
25 the new escalators, elevators, and other things. And we're

1 focusing on the aesthetics and cosmetic features of that
2 agreement. But indeed the city is very engaged in the
3 renovations. But the genesis of this goes all the way back
4 to the settlement.

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

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

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

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

25 MR. HILL: I certainly hope so. And is this our

1 budgeted cost?

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

5 MR. HILL: Including to hire this individual?

6 CHAIRMAN McCUSKER: Correct.

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

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

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

15 TREASURER SHEAFE: So moved.

16 SECRETARY IRVIN: Second.

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

19 MS. BETTINI: Cody Richie?

20 MR. RITCHIE: Aye.

21 MS. BETTINI: Alberto Moore?

22 MR. MOORE: Aye.

23 MS. BETTINI: Chris Sheafe?

24 TREASURER SHEAFE: Aye.

25 MS. BETTINI: Fletcher McCusker?

1 CHAIRMAN McCUSKER: Aye,

2 MS. BETTINI: Mark Irvin?

3 SECRETARY IRVIN: Absolutely.

4 MS. BETTINI: Jeff Hill?

5 MR. HILL: Painfully, yes.

6 CHAIRMAN McCUSKER: You could have abstained?

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

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

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

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

24 So that's what this contract does. The initial
25 contract before you puts a not to exceed number at \$10,000

1 and allows for additional tasks to be issued for future
2 solicitations, printing costs and other services that we may
3 need.

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

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

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

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

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

25 MR. SCHMALTZ: We would have to do all that

1 in-house. They would come here. We would print it all.
2 We'd coordinate all the distribution.

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

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

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

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

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

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

25 So a contractor or these people responding to the

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

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

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

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

10 MR. RITCHIE: Second.

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

15 (Ayes.)

16 CHAIRMAN McCUSKER: Opposed, nay? Okay.

17 (Motion was carried.)

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

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

25 We can take advantage of those rates for this

1 exact scope of work to provide electrical engineering
2 services associated with TCC project.

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

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

10 MS. WEAVER: What I want to first add is the
11 description on the agenda is that the GLHN contract that
12 you're looking at and the fees that I'm about to give you,
13 they are directly for the Tucson Convention Arena project.
14 It's not for some other project.

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

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

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

25 MS. WEAVER: Construction documents and

1 construction administration, I think that there was a total
2 of \$230,000 in the budget. And so the fees for GLHN have
3 come in at \$100,000, so we're well within the budget.

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

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

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

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

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

19 CHAIRMAN McCUSKER: The bid is \$100,039. The
20 contract that we borrowed from the city is designed to be a
21 \$100,000 cap, but that can be waived at the board's
22 discretion.

23 MR. SCHMALTZ: Yes.

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

25 MR. HILL: So our motion is to grant this \$150,000

1 cap?

2 CHAIRMAN McCUSKER: Elaine, do you think you'll
3 need room with this to exceed this bid or can we just
4 approve the bid as submitted?

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

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

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

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

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

21 MR. MOORE: Second.

22 CHAIRMAN McCUSKER: So we have a second.

23 TREASURER SHEAFE: I'm just a little confused as
24 to what engineering bids are in your contract. What I saw
25 confused me. What exactly are we designing?

1 When we started this, I was assuming it was pretty
2 much engineering work, and we would need from A to Z to make
3 the improvements on the entire convention center, outside
4 the essential work, and what I'm sensing here is that this
5 might be more of a limited scope. Can you explain that?

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

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

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

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

24 TREASURER SHEAFE: And would that be included in
25 this \$100,000?

1 MS. WEAVER: That's correct. I've put together a
2 scope of services for them that matched Phil's in the sense
3 that I needed to take the pre-design documents and complete
4 them to get a permit, help us with bidding, do construction
5 administration, everything. That's what this \$100,000 is.

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

13 MS. WEAVER: Correct.

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

18 MS. WEAVER: That's right.

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

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

23 They have helped to identify event lighting, the
24 general house lighting. Everything that we put electrically
25 in the scope, they have identified that with Phil and with

1 me.

2 They are not new team members. They're not new
3 engineers coming in and looking at it and saying you forgot
4 this, you forgot that. They've been on the team since day
5 one.

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

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

13 TREASURER SHEAFE: Did you make a motion yet?

14 CHAIRMAN McCUSKER: I think we have a motion and
15 second.

16 MR. MOORE: Second.

17 CHAIRMAN McCUSKER: Any further discussion? All
18 in favor, say aye.

19 (Ayes.)

20 CHAIRMAN McCUSKER: All opposed, nay?

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

23 CHAIRMAN McCUSKER: So you have that approved. So
24 what we've done here is we've authorized a release of the
25 request for qualifications by which you will select and come

1 back to us to hire a contractor. You've approved the
2 printers and engineers. So we're building something.

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

4 TREASURER SHEAFE: How is it put together?

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

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

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

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

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

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

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

24 That's been ongoing through proceedings back and
25 forth. We did have a day-long mediation, with them and

1 their counsel, and have a recommendation to present.

2 Mr. Collins, go ahead.

3 MR. COLLINS: That's a fair summary for the
4 public's purposes. The plaintiffs sued. The number they
5 sued the District for bounced around anywhere from one three
6 to one seven that you're talking about to something north of
7 \$700,000.

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

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

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

21 And as a result of that and the cost of trying the
22 case, it was tentatively agreed that this Board would pay
23 \$250,000 to settle the contract claims. And as part of
24 that, without payment of any money, the contractor would
25 dismiss the defamation claim.

1 That agreement was tentative that you guys have to
2 approve it. If you do approve it, I've already drafted the
3 agreements. The agreements have been provided.

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

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

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

11 CHAIRMAN McCUSKER: Did you mention a number?

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

14 CHAIRMAN McCUSKER: I didn't hear it.

15 MR. MOORE: Yes, you did.

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

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

20 MR. RITCHIE: I second it.

21 TREASURER SHEAFE: I'll give that a second.

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

25 (Ayes.)

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

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

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

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

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

22 I know we don't like to talk about planning or
23 spending money on planning, but I think this is a necessary
24 step to kind of move everybody in a consensus direction
25 about what can be done on this parcel.

1 If we don't do something collectively, all of us
2 are going to react to developers who want to make proposals
3 to develop that property.

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

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

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

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

16 MR. HILL: Okay.

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

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

23 We've finish our survey work for the northside and
24 the westside. The eastside, we've contacted various County
25 departments and various State departments about some kind of

1 a legal description of that separation between the River
2 Park and the site itself. So far we haven't been able to
3 track down anything in terms of a legal description to caulk
4 it out.

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

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

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

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

25 The other comments that we have for

1 recommendation, kind of depending on the status of the
2 intergovernmental agreement, that we're really looking at a
3 pretty wide swath of land along the eastside of the property
4 that is considered part of the Linear Park.

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

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

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

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

21 TREASURER SHEAFE: On what basis is that
22 determined?

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

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

1 boundary.

2 MR. BYRNE: You would think so.

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

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

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

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

22 Since Mr. Byrne and his team got out there and
23 started doing their work, they identified what they thought
24 was the southernmost boundary. I provided them with this
25 kind of stuff.

1 And just last week, the City of Tucson sent one of
2 its representatives out there to see if they agreed with
3 where Mike and his team put the stakes, and they think it
4 should be a little bit farther north, not much, but like
5 15 yards or some such thing.

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

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

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

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

22 MR. COLLINS: Western edge.

23 CHAIRMAN McCUSKER: Mike, have you seen that?

24 MR. BYRNE: No, I haven't.

25 MR. COLLINS: And even if it is in writing, it

1 doesn't necessarily mean it shows it on the ground. All you
2 real estate guys know there's a difference there.

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

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

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

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

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

25 CHAIRMAN McCUSKER: What we've got to do is

1 identify the legal to take title.

2 TREASURER SHEAFE: No. I understand the planning.

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

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

9 MR. BYRNE: Yes.

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

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

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

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

25 CHAIRMAN McCUSKER: So the last master plan that

1 was developed here and approved includes the science museum
2 and projects which will never be built.

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

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

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

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

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

21 I see some value with us coordinating with all the
22 jurisdictions and coming to some public consensus, say
23 here's the plan for the Westside. It takes off where the
24 last plan left off, and reconstitutes some of those
25 abandoned parcels now with a new level of interest.

1 TREASURER SHEAFE: It makes sense to identify what
2 we want to preserve and build that into a plan. We want a
3 plan to be built around the Carrillo House, integrating the
4 Mission Gardens and also creating the economic driver that
5 will allow this thing to be supportable over the long-term.

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

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

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

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

24 TREASURER SHEAFE: Well, let me try to -- I think
25 you're doing the same thing I'm saying. The line here on

1 the eastside of our parcel is not very critical to figuring
2 out what we're going to do with this master plan, and
3 therefore to spend a lot of time trying to wrestle over
4 exactly where that line is right now -- and to me, time is
5 money -- why not set this aside and say if we run into a
6 problem, we will then come back and wrestle over where that
7 line goes and pay for it at that time. And in meantime just
8 keep all the experts quiet. We've got a general drawing
9 here.

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

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

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

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

25 TREASURER SHEAFE: Okay. So we can get a legal

1 description, but we can do that in the future.

2 MR. COLLINS: When you put things like that off,
3 you create a lot of room for people like me and you don't
4 want to do that.

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

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

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

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

25 TREASURER SHEAFE: My goal here is to get progress

1 made, and I understand that's what we're focusing on.
2 Obviously we need to get a deed and we need to define if
3 there's a parameter around which we're going to have the
4 deed prepared. I guess the answer is the fence line.
5 That's where we start?

6 MR. BYRNE: Basically, yeah.

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

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

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

17 CHAIRMAN McCUSKER: I need to do this --

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

22 For instance, on our part the landfill is a huge
23 problem. It really is. The kinds of uses that are
24 possible, I think, are really limited. Like Fletcher
25 mentioned the parking. Those are the type of uses that I

1 think are most suitable for our parcel, in the middle of the
2 parcel.

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

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

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

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

24 CHAIRMAN McCUSKER: Is that a motion?

25 TREASURER SHEAFE: That would be a motion.

1 SECRETARY IRVIN: I'll second that.

2 CHAIRMAN McCUSKER: To Mr. Hill's point, we don't
 3 have a finite dollar amount. We can cap it now or we can
 4 come back to you once we know what the split looks like or
 5 do you want a do not exceed? We think overall, Chris, it's
 6 \$150,000, a survey split three ways?

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

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

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

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

16 (Ayes.)

17 CHAIRMAN McCUSKER: Any votes nay?

18 (The Board voted and the motion
 19 carried.)

20 CHAIRMAN McCUSKER: Let's discuss the CFO position
 21 because it does require action. I think you can tell from
 22 the agenda, Mr. Bill Allen, who's been our CFO for a year,
 23 is moving on to bigger and greater challenges, although I
 24 can't imagine any other more fun than what he has had in the
 25 last year. But that opens that position.

1 We have a number of options including to contract
2 with some of our current resources. The finalist behind
3 Bill last year is still interested and available in that
4 position. We have also talked about doing that on a
5 part-time basis. So anything we do in that regard needs to
6 be in open session, so we're opening that for conversation.

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

10 CHAIRMAN McCUSKER: Daniel Meyers?

11 TREASURER SHEAFE: Yes, who is highly qualified.
12 Get him right away, get that process going, and we re-visit
13 that in the future.

14 CHAIRMAN McCUSKER: Is that a motion?

15 TREASURER SHEAFE: That is a motion.

16 MR. MOORE: Second.

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

20 (Ayes.)

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

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

1 relationship with Mr. --

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

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

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

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

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

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

22 MR. RITCHIE: So moved.

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

25 MR. COLLINS: Since the last time, there were fees

1 that were added that were not there before and the precise
2 location and the hours of when things could be moved and so
3 on and so forth.

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

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

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

13 MR. SCHMALTZ: Yes, sir.

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

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

16 MR. HILL: Second.

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

19 (Ayes.)

20 SECRETARY IRVIN: Any opposed? Motion carries.

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

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

24 SECRETARY IRVIN: Yes. While they're -- we have
25 the same issues?

1 MR. SCHMALTZ: Same issues, right.

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

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

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

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

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

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

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

25 SECRETARY IRVIN: That's really just an update.

1 Unless there's any questions, I'll pass the gavel back to
2 Fletcher. Fletcher, you guys can come back in now.

3 (Chairman McCusky and Secretary Sheafe
4 rejoin the meeting.)

5 MR. MOORE: Are we done with voting?

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

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

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

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

22 MR. COLLINS: I will do that.

23 CHAIRMAN MCCUSKER: The Kromko lawsuit, item
24 number 11, we're going to table. We still have -- we need
25 to go, I guess, back to the City and back to the developer

1 to finalize that agreement.

2 MR. COLLINS: You can do that.

3 CHAIRMAN MCCUSKER: Are we close enough to
4 authorize settlement?

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

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

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

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

25 The benefit it would provide, if, in fact, you did

1 that, is if the City agreed to it on the 24th, it could be
2 executed on the 25th, and then the time period for the
3 developer to get it done begins to run.

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

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

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

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

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

23 MR. COLLINS: No, sir. I anticipate quite frankly
24 some of the City's suggestions resulting in some other
25 changes that, if anything, would benefit the District.

1 TREASURER SHEAFE: Then I would make the motion
2 that we move forward with our approval and ask the chairman
3 and identify one other person that you would use as
4 signatory.

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

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

11 TREASURER SHEAFE: That's precisely it.

12 SECRETARY IRVIN: I second it.

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

15 (Ayes.)

16 CHAIRMAN McCUSKER: Those opposed, nay?

17 MR. RITCHIE: I abstain.

18 CHAIRMAN McCUSKER: It still carried four to one.

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

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

23 TREASURER SHEAFE: Yes.

24 SECRETARY IRVIN: He's down there.

25 CHAIRMAN McCUSKER: I recuse.

1 (The Board voted and the motion
2 carried.)

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

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

12 MR. ALLEN: Thank you.

13 CHAIRMAN McCUSKER: Go ahead.

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

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

24 So I did some research on it and have since made
25 some inquiries to Wells. They reviewed it and responded

1 back to me and in August they returned to us \$1.6 million
2 that they had overfunded in that particular account. So
3 that is now back in the unrestricted cash account. So it's
4 available now to the Board.

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

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

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

21 So one final thing I just found this out today.
22 About an hour before the meeting, I talked to Wells and they
23 have received finally the May and June TIF distribution for
24 the District and because of that, they have an excess of
25 \$1.2 million that they are going to have transferred into

1 the account, which would then increase the \$5.4 million
2 balance by another \$1.2 million tomorrow or Monday. I thank
3 you for the send-off, for putting money in the TIF.

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

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

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

11 MR. ALLEN: That's correct.

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

15 MR. ALLEN: 3.5.

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

18 MR. SCHMALTZ: Right.

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

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

24 CHAIRMAN McCUSKER: We would never have known
25 about it except for you bird-dogging the account.

1 MR. ALLEN: And thank you to the Board
2 collectively for your support in working with me. It's been
3 an incredible experience for me. You've done a phenomenal
4 job.

5 CHAIRMAN McCUSKER: Any questions?

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

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

15 MR. RITCHIE: Good luck to you, Bill.

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

18 MR. ALLEN: It's loveable whackies.

19 SECRETARY IRVIN: No editorials allowed.

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

25 MR. COLLINS: We're still waiting for the title.

1 Just to briefly update the public and the board, we have
2 delivered to the City a form of deed to convey title.

3 That deed is based upon an ALTA survey that you
4 folks had done and the title policy you have ordered. The
5 phase one is expected to be complete before the end of this
6 month, and I'm trying to get it completed before that but
7 we're on track to take title before the deadline of
8 October 22nd.

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

12 SECRETARY IRVIN: Right.

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

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

21 A couple weeks ago we took part in a breakfast
22 celebration for Tucson's birthday with a breakfast at
23 Macayo. There were over 150 people attended. We had 100
24 people who toured the garden. We have several new gardens
25 within the garden that are underway now.

1 We're stretching the resources that we have
2 available to us. We've seen a dip in our fundraising
3 activities. And in that light, we know that Rio Nuevo has
4 committed \$1.1 million to the completion of the garden.

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

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

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

20 So therefore we think that the board is able to
21 proceed with that. You mentioned earlier that you wanted to
22 see progress. We're ready to go. The documents are
23 complete. As I mentioned those contracts are open. We can
24 engage a contractor immediately to start work on the
25 project.

1 So the bottom line is we're anxious to meet with
2 you to find out what the terms and conditions are so we can
3 get that resolved so we can proceed with the Mission
4 Gardens.

5 CHAIRMAN McCUSKER: Thank you very much.
6 Mr. Collins, can I ask you to look into that for us? I
7 always thought that we were pretty clear that the actual
8 notice to proceed can't be issued right now, but Bill has
9 raised an interesting question regarding project in
10 progress. Would you research that for us?

11 MR. COLLINS: Happily.

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

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

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

21 And I wanted to let you know that we're neighbors
22 now. We always have that in mind. Our land and your land
23 is all linked, and we're all neighbors and should be
24 respected as such and that we also should come to the table
25 with you and vote for these changes.

1 So I just want to bring you gentlemen back to our
2 level because sometimes the low income, ignorant poor get
3 swept under the rug. I'm hoping you're not going to do that
4 and you're going to bring us to the table. Thanks.

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

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

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

13 TREASURER SHEAFE: So moved.

14 CHAIRMAN McCUSKER: All in favor say aye.

15 (Ayes.)

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

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C E R T I F I C A T E

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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