RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
October 23, 2013
1:00 p.m.

REPORTED BY:
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(Meeting commenced at 1:07 p.m.)

CHAIRMAN McCUSKER: So Mr. Sheafe, we know, is late. I will call the meeting to order. I lost the clock.

MR. COLLINS: 1:08.

CHAIRMAN McCUSKER: So we're called to order down there, you all.

Dan, as the newbie, you have to lead the pledge of allegiance. Seriously.

(Pledge of Allegiance recited.)

CHAIRMAN McCUSKER: Michele, will you call the roll?

MS. BETTINI: Alberto Moore?

MR. MOORE: Here.

MS. BETTINI: Jannie Cox?

MS. COX: Here.

MS. BETTINI: Mark Irvin?

SECRETARY IRVIN: Present.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: Here.

MS. BETTINI: Cody Ritchie?

MR. RITCHIE: Here.

MS. BETTINI: Chris Sheafe is on his way.

CHAIRMAN McCUSKER: And Jeff Hill is excused.

The first item on the agenda is the minutes. They are transcribed and we've all seen them.
I entertain a motion to approve.

SECRETARY IRVIN: So moved.

MR. RITCHIE: Second.

CHAIRMAN McCUSKER: Motion and second to approve the transcription from September 5th. All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

Motion carried. They are approved and can be posted.

We're scheduled for Executive Session -- for the people in the audience -- we're scheduled for 60 minutes. It might not take that long. I wouldn't disappear too far, but we'd need a motion to recess to Executive Session.

MR. MOORE: So moved.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: See you in a few minutes.

(The Board adjourned to Executive Session at 1:10 p.m.)

(Meeting reconvened at 1:59 p.m.)

CHAIRMAN McCUSKER: Good afternoon, everyone. I would need a motion to reconvene.

SECRETARY IRVIN: So moved.
MS. COX: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

Thank you, everyone. A nice crowd today. If I
can, let me just take a couple of minutes to kind of set the
stage for today's agenda.

This is a very productive time for Rio Nuevo as
you can kind of tell by the items in front of us. We'll
hear from Elaine today and the TCC team about the selection
of a contractor to begin the work on our $7.8 million
remodel of the Arena.

I'm pleased to report -- I think everybody that
follows us knows this -- that we are officially out of the
lawsuit business having now either won or settled all of the
litigation we were involved with.

We did settle the Garfield Traub claim for a
quarter of a million dollars. That was a $2 million
lawsuit. They also dismissed the personal defamation claim
against two prior Board Members who were probably trying to
be held personally responsible for comments that they made
while sitting members of the Board. Another piece of good
news there is there's $440,000 left in this 2009 bond fund.
So we actually can tap into that for that settlement. So we
will not have to use TIF proceeds for the Garfield Traub
settlement.

The City Council did agree with the Bourn settlement, finally. It took some time. But you see Don here today. We're actually going to see his first impressions of what might happen on that block. He's been handcuffed with this litigation for some time because he didn't have clear title if Rio Nuevo was making a claim against that property. He's now in full-speed-ahead mode to develop.

We ended up there with what we might have gotten if we argued our way through a foreclosure case -- is if the developer's not successful, Rio Nuevo would get the property back. So I think that's a great deal for the taxpayers and for the District as well. So we're in the development business.

We're working on the Arena Lot. We're going to talk about that today. We've got engineering going on on the West Side. We'll talk about that today. I can confirm that the City and County have agreed to share in the Urban Land Institute study that's been commissioned for the West Side properties. I believe they're actually trying to schedule that in November, whether you or I will bring a team of people to Tucson and meet with a variety of stakeholders and make recommendations to all of us about the highest and best use for those properties.
It's the first time since I've been involved with Rio Nuevo that we've had a tri-jurisdictional agreement that involves the City, County, and Rio Nuevo. So you should be -- as I am I hope -- optimistic that these jurisdictions can actually come together with something that makes sense and is doable and affordable on the West Side.

So we have our auditors today. Last year we didn't finish the audit I don't think until February. So you know, things are looking up for the District.

With that, let me kind of get Dan up here first. There's a lot of things we're going to talk about today that involve money. So I thought it would be good to kind of start with where we are.

Dan, if you'd go ahead and take the podium.

For those that do not know Dan Meyers, Dan is the new CFO for the District -- replaced Bill Allen and literally has not missed a step in keeping us up to speed and properly accounted for.

So, Dan, I think we have your report; and Michele set some out for the public. Go ahead.

MR. MEYERS: Okay. Well, we've got all the balances reconciled as the September 30th. And we currently have 5,108,000 approximately in our Alliance Bank business account. And we've got another 5,003,000 in another account at Alliance bank. And, Bank of Tucson, we've got
approximately 168,000.

And then with our pool of funds with the City of Tucson, there's $4.26 million sitting in that account as of September 30th.

Questions?

CHAIRMAN McCUSKER: The $7.8 million that we committed to the TCC, the first 4.26 of that would come from the OA bond funds. So the first 4 million and change that we're going to spend comes out of that. And I guess the remaining three and a half million dollars comes out of our general funds, right?

MR. MEYERS: Correct.

CHAIRMAN McCUSKER: Okay. So we will deplete the bond money through the TCC project and spend -- call it another three and a half million -- of TIF funds, Rio Nuevo funds, on the Arena project?

MR. MEYERS: That's correct.

CHAIRMAN McCUSKER: Leave you a little under $7 million in the bank. Of that 7 million, we've committed 1.1 million to the Mission Gardens and $750,000 to streetscapes. So that's 2 million of that that would go toward those projects.

Any questions of Dan while he's standing up there?

Any questions about where the money is or isn't?

MS. COX: Just nice to know what it is and where
it is.

MR. MEYERS: Thank you.

CHAIRMAN McCUSKER: Thank you, Dan.

Beach is here, Jim Lovelace, to give us an update on the annual audit.

MR. LOVELACE: Very well. Mr. Chairman, Members of the Board, we appreciate the opportunity yet again to stand before you and tell you that we are prepared to issue a clean opinion. So might I add, congrats. That's two years in a row.

A couple of -- I'll just say loose ends; nothing to prevent us from moving forward and issuing. As of this morning, we had one open item. But in realtime, folks, even that has been resolved literally before this meeting. So we have no open items.

Legal counsel will be encouraged to know that if we can clear the representation letter and update our subsequent events, the attorney letters are even effective. So folks, in orderly fashion, we would appreciate the opportunity to resolve those very readily and buy in an issue at your pleasure.

So that's our report. Any questions?

MS. COX: Wow.

TREASURER SHEAFE: Has Dan been brought up to date on the audit?
MR. LOVELACE: Excellent question. We have even
done what we refer to as a post-closing trial balance and
reconciled the internal books with the draft statements of
record. Okay? And we have met with Dan and brought him up
to speed with our -- I'll say our working papers and our
documentation as well, so...

TREASURER SHEAFE: We've got to sign for the rep
letter?

MR. LOVELACE: Yes, sir. And you would be one
signature of record, both you and the Chairman.

TREASURER SHEAFE: Yeah.

MR. LOVELACE: And, Mr. Chairman, have we
forwarded you that rep letter for signature? If not, I can
get that.

CHAIRMAN McCUSKER: I've not seen my copy of it.

Have you seen a rep letter, Chris?

TREASURER SHEAFE: No. That's why I -- I wanted
to confer with Dan when we did.

MR. LOVELACE: Sure. Before this morning we
thought we had an open item. But I -- in realtime, we
resolved that just this morning. So that puts it in a
position to release the rep letter.

CHAIRMAN McCUSKER: Have we penciled in a special
meeting on November 5? We have a lot of issues that we
can't decide on today, so it's likely we could present the
MR. LOVELACE: Okay.

CHAIRMAN McCUSKER: So we'll work with you on the rep letters between now and then.

MR. LOVELACE: Very good.

If there's no other questions, thank you.

CHAIRMAN McCUSKER: Thank you.

MR. RITCHIE: Thanks, Jim.

CHAIRMAN McCUSKER: Jim, while you're there, anything you want to highlight about this audit? Last year's audit was challenging, to say the least. It was months late. There were a lot of adjustments. I'm assuming, from your nonchalance, that's not the case?

MR. LOVELACE: Want to make sure who's in the room with me here.

CHAIRMAN McCUSKER: Any highlights you can mention while you've got everybody's attention?

MR. LOVELACE: Sure. By definition, the fact that here it is and October hasn't even lapsed is a fairly good indication that this year went much smoother, even in light of a transition of a financial offer.

I will tell you that there were some closing entries. For folks who have inquiring minds, it had to do with the titling of the land and our taking legal ownership of those properties from the City of Tucson. And so
consequently the unaudited yearend books did not reflect that. Those have been recorded.

And again, there was not a prevailing challenge like there has been, I'll say, in most recent prior years. Again, there are disclosures regarding the fact that some of those items have been resolved in the current year. So again, I would encourage folks to take a good look at those footnotes.

But it would sure seem, from my perspective, that the challenging times are behind us just from an annual recurring audit engagement. That doesn't mean that there's not year-in and year-out issues that won't raise their -- won't raise concerns or questions or challenges. But it's more recurring engagement work. It would be hopeful that -- in each and every year, that we're not looking at, you know, headwinds and transactions that just are real difficult to audit and document.

And so we believe most of that, again, presumably is behind us. And we too congratulate the District and look forward to hearing it's a mission accomplished each and every subsequent year. But you know, the current Board, the prior Board, there's been a lot of work to get to this point, so...

CHAIRMAN McCUSKER: I think you told me that the Auditor General actually audited your audit work of us last
MR. LOVELACE: Typically that's not something that you talk about, but I'm happy to share that with folks. I can plead the Fifth, I suppose. And there are occasions where I'm professionally bound not to talk. Okay? But that's not your question.

In the world of CPA world who audits the auditors, and we go through a triannual audit. But because your financials roll up to the state coffer as well, they have a right contractually to review our working papers. And so that's a little different situation. And in the current year, they did review our work papers, and they give us a clean review. Okay?

I'll tell you, you know, even I wonder sometimes, it's like, okay, so I have the power of the pen as an auditor, but I too have to subject myself to desk review. And they brought in two people for two days. And I can tell you, in four hours or less, they were gone and indicated very quickly that they thought our files were in order, that the documentation was complete, it was conducted in accordance to auditing standards. They had one very, very simple question, which is a firm policy, had nothing to do with auditing standards. And so we were very pleased.

And again, I myself will say I'm glad that's behind me as well, you know, personally and professionally.
But I -- after 24 years, I've been through it. And it won't be the last time. And we're happy to open up our work papers when we're contractually obligated to and in the triannual peer review. It's subject to peer review. Okay? Otherwise, we wouldn't be in the business of auditing and opining on financial records. So that's good news for us as well -- and the District, I would say.

So again, you know, we're happy to take any questions.

CHAIRMAN McCUSKER: And so we'll get a draft here shortly?

MR. LOVELACE: Yes.

And again, I would encourage folks to take a look at them. The numbers, we believe, are in good shape. But just be comfortable with the footnotes as well. Okay?

CHAIRMAN McCUSKER: Thanks again.

Anything else for Jim?

TCC remodel. Elaine, you're up. You've been busy.

MS. WEAVER: We have. Thank you, Mr. Chairman. So it's good to see everybody. Hello. My goal today is to talk to you all about two things.

One is to give a recap of where we are in the overall process.

And then, two, the second will be to give you an
update on the budget and relate back to you the approved budget from a couple months ago and just show you where you are.

So what you have in front of you and what's on the screen in front of everyone is our design and construction process. And so past couple of meetings, there have been some questions from some of the Board Members, so I thought this diagram would help to depict the process of what we're doing here. And it's -- it is as easy as saying we're doing a $7.8 million renovation of the TCC, but there's a lot of little steps between today and March 2014.

So the green box here is from a couple of months ago where we did programming. We had a list of the needs at the existing TCC Arena where we interviewed the TCC staff. We went through lighting needs, signage, way finding, everything that we presented to you. And it was just a list of items that they need.

From there, we came back to you. All of the red circles on this diagram are Rio Nuevo Board approval. So prior to moving forward with the scope of work, I came in front of you to say this is what the scope of work will be. You approved that. And from there, we moved into issuing an RFQ to hire a general contractor. That's this box here.

If we take one step back, after you gave me the approval of the scope of work, we have three different paths
moving forward.

One is that we have the fixed seats, which is this line here. This is the general contractor path. And then down here is the portable seats. The top and bottom will be hard bid solicitations. The center is what will be the -- which is the RFQ process.

So the solicitation went out. It was on the street. And seven contractors submitted their proposals. And we conducted the interviews on Friday. And I'm able to share with you today the top three ranked firms.

From this point -- and that's where we are right now -- from there, we'll go into negotiation with the topped-ranked firm. And then prior to moving forward, I will come back to you for your approval for the preconstruction fees as well as the general contractor's overhead and profit that will be applied to the GMP.

So the topped-ranked construction general contractor was Concord General Contracting; the second firm was WE O'Neil; and the third firm was Mortenson. And so again, we do not have a contract with Concord yet. We are starting negotiations with them for their preconstruction fees.

This gray box with the dots around it, I'm trying to depict for you that that's where we currently are in the process. And my goal with this diagram is that every month
I will come back to you and this will be a living document.
And this gray box will move to show you where we are in the process.

If we go all the way --

CHAIRMAN McCUSKER: Can you talk about them? Are they local? What's their experience in scope in these kind of projects? How much can you share about the --

MS. WEAVER: Well, I can share that of -- we interviewed five. And of the five, they were the top-ranked firm of the selection committee. They are a local firm. They also have offices in Phoenix as well. And they do have experience in arena work. They worked on the Fox. They've worked on renovation projects. And they had a great strategy as to how we as a team are going to work in the TCC as a fully-operational facility.

So their proposal was to have shift work, two superintendents. We met the superintendents. We met the project manager. And I think that they have -- they've done their homework. They've -- they took advantage of a two-hour site walk of the Arena. They did some preinvestigation work of the existing facility and the amenities. They would like to get in there and open up some walls and make sure that there's no unforeseen conditions. And so I think that they are prepared. And I know that the design team is looking forward to working with them.
So at the end of this center line, the far end is the large blue box, which is construction.

We are still targeting that construction for the general contractor, as well as the seats, will begin after the gem show, so March 2014. And I think that the message that we as a team want to portray to the community and to Rio Nuevo and the City is that it's after the Gem Show, so there's no need to panic that the construction's going to affect the Gem Show. And we will have our ducks in a row to start construction immediately.

So after I go into -- after I have a fee for you, I'll come back to you, which I believe will be at the special Board meeting that Mr. McCusker mentioned. And then we will go into working hand-in-hand with the general contractor.

They'll get the design development drawings from Swaim, from their office. They'll quickly provide an estimate for us. Swaim's office will be completing the design and the construction documents.

The general contractor will then work on a GMP. And then again before we start construction, I will come back to you and show you what that number is because that's a contract that you will need to approve.

Any questions?

Yes?
MR. MOORE: Not so much on what your plans are; I was wondering if it's appropriate to know what the City is also doing because this is supposed to be a joint redevelopment of the TCC. And so I'd like to also get an update as, what are the objectives of the City, and how are they performing and meeting their obligations?

MS. WEAVER: In conjunction --

MR. MOORE: Is there a way to --

MS. WEAVER: In conjunction with the 7.8?

MR. MOORE: Yeah. Because I understand that we're working on both the elevators, escalators, and I don't know what other things. But it would be nice to know, you know, in tracking this, what the City is doing; what their contributions are towards this -- the bigger project.

MS. WEAVER: Okay.

MR. MOORE: I think it's good for the public to know that.

CHAIRMAN McCUSKER: The good news is Elaine's the project manager on that.

MR. MOORE: Well, that's fine. But I mean to also have it so we know where it's -- how it's moving.

MS. WEAVER: Okay. Mr. Moore, are you asking for a recap now, or are you asking for every month for me to give you an update on what else the City is doing on the arena, or both?
MR. MOORE: Both.

MS. WEAVER: Okay. All right. So currently with the Phase I and Phase II elevator and escalator project, the City is renovating six escalators at the TCC. There's two by the admin office; and then there's four at the south end of the Arena. And that's by -- off of the Galleria.

We have two of those six escalators operating, fully functional. We had those working for the SAHBA Home Show. The -- another pair of escalators will be done in about a week, week and a half. And then the remaining two will be done before the Gem Show in January.

In addition to the six escalators, we have -- we're renovating two elevators at the TCC. And that does include an elevator at the music hall. And we've also been installing a brand new stage lift for the music hall. And so I know that's not a part, legally, of the TCC. But that is included with the Phase I project. Okay?

So then every month, I will be mindful to give you updates on that.

Other than the elevator and escalator project, I know that in working with Ron Lewis, we presented to the Board the list of the City renovations and improvements over the past year, which was I think in total around 17 million. And so the elevator and escalator project, Mr. Moore, that -- those were listed on that list of the
17 million. Does that help in answering --

MR. MOORE: Yeah. That's pretty good.

MS. WEAVER: Any other questions?

Okay. So the second document on the screen, it's a little hard to read. But it's just a visual to let you know where we are.

First, I gave you this document, which is the scope of work that was approved on June 24th. And I presented to you an actual budget going all the way through predesign, including a $500,000 project contingency. So we had the $105,000 for predesign. Construction documents, we had estimated at 230. The construction budget was 6.7 million. Construction administration was a 140.

Project soft costs -- and I'm just -- I'm going on this document here in the main headers -- the project soft costs, which include the preconstruction fees for the general contractor, $100,000. And then, again, a project contingency of $500,000. So this was a summary for presentation to you, the Board.

This next document is my internal project tracking sheet that -- any invoices that come in, any -- this is how I keep track of the overall project budget. And this was a commitment that we made to the Board, as well as to Mark and Fletcher and Bill at the time, and now Dan -- that we would be updating this document, which I update all the time, but
then showing it to everyone so that you just become familiar
with it.

So what's key on this document is that -- I just
wanted to emphasize that this document from June 24th --
these weren't pretend numbers or made up numbers. These are
the real numbers that get transferred to my budget tracking
form. And you can see under -- on the far left, you have
predesign, and then our subtotal of $105,000. That is
exactly what we have billed. That's what we've spent for
predesign, and we're not going to spend anymore.

If you go to the next line item, which is
construction documents, you can see the 230,000. And to the
right of that, you can see that the current project estimate
is at 168. So my estimate in June was that construction
documents would cost 230,000. And they have actually come
in less than that.

So I'm showing you that the original budget, those
numbers will stay the same. And the current project
estimate is what fluctuates and changes. So you'll always
have a number to reflect back to and see. And the original
project budget numbers will always match this document that
you approved.

If you take a look at construction, originally we
were targeting the 5.2. And the Board approved higher than
that. So you see the 6.7 million.
And then the next item is construction administration. I had originally budgeted a 140,000. And currently the project budget is 57,000. So that's significantly less.

And if you go all the way down to the line item under project contingency, we previously had $500,000 in the project contingency. We now have $645,000 in the project contingency. That will be money that we will review with the project team, the design team, and we will -- there were other items on that needs list that we were not able to do for the TCC. And so as we go further down the process, as other -- as monies become available, we'll look at that list and say, okay, now we can do in this, or now we can do that.

Chris?

TREASURER SHEAFE: So Elaine, it sounds like what you did was -- is you created savings in other areas. You just poured it down into the contingency?

MS. WEAVER: I have, to date, yes. That's where I put it because --

TREASURER SHEAFE: Which is all right.

MS. WEAVER: -- that's where it should go.

TREASURER SHEAFE: Yeah.

MS. WEAVER: Because it's your contingency. And as the scope increases, I will come back to you and say, okay, we now have $645,000 left in our project contingency;
this is my recommendation; I need your approval to spend
that money.

Any questions?

(Cell phone ringing.)

TREASURER SHEAFE: Apparently, there's one that's
being called in.

CHAIRMAN McCUSKER: I believe this is posted to
the website, Elaine?

MS. WEAVER: Yes, it is.

CHAIRMAN McCUSKER: And we can now post this and
so the public can continue to track.

MS. WEAVER: Any time that I come to you to
present this document, I'll give it electronically to
Michele. And it will get posted to the website, yes.

CHAIRMAN McCUSKER: Great.

MS. WEAVER: Thank you.

MS. COX: Great.

MR. MOORE: Mr. Chairman?

CHAIRMAN McCUSKER: Mr. Moore.

MR. MOORE: I have a question.

One of the questions I've had and has been
bothering me for a while is that Rio Nuevo generously
contributed another million dollars to the renovation of the
community center. But I didn't see any interest from the
Board of a trade-out of other land, something like that,
that we should be getting back from the City to make up for that difference. And I would like to have us think about that.

Because even though the million dollars is -- according to Elaine and so forth, is going to be well-spent, I would also like to see, based on our settlement agreement, that we try to negotiate with the City for more land that we believe is ours anyhow. And I don't know how we want to proceed, but I'd like to bring that up for some discussion at some time.

So I don't know what anybody's thinking is, but I think we should try to figure out how we get our million dollars back.

CHAIRMAN McCUSKER: I do think we've created some good will.

MR. MOORE: It's an expensive payment.

CHAIRMAN McCUSKER: I think it is an opportunity for us to look at things maybe, Alberto, that could benefit us and remind the City that we were very gracious in looking at the Arena. So I would agree with you, that this is paid forward. And at some point we should have a conversation with the City about how we derive some additional benefit from that. I think we should keep talking about how we do that.

MR. MOORE: Okay. Fair enough.
MS. WEAVER: Thank you.

CHAIRMAN McCUSKER: Anything else for Elaine?

SECRETARY IRVIN: Just a thank you.

MS. WEAVER: Thank you.

MS. COX: Good job.

SECRETARY IRVIN: She's been excellent to work with, getting us all organized, like herding cats once a week. Thank you.

MS. WEAVER: Well, it's been fun working with you as well.

TREASURER SHEAFE: Do you mind if we just make one other comment?

As a Board Member and somebody who does volunteer time on this I want to acknowledge both Fletcher and Mark in particular.

Because I think, Elaine, you haven't said anything, but haven't they spent an awful lot of hours working with you and being at meetings on Monday and --

MS. WEAVER: They have, yes.

TREASURER SHEAFE: -- and really putting in a lot of effort? And this thing has not been an easy process. And it's been an extraordinary effort on the part of these two gentlemen. I think that ought to be acknowledged.

MS. WEAVER: You're exactly right. And it should be acknowledged. And it's not over yet because we're going
TREASURER SHEAFE: That's why I'm making a point of it. I don't want them to shift the responsibility.

MS. WEAVER: Right. No. They're in it.

SECRETARY IRVIN: She got us booked all for the next two months. We're booked.

CHAIRMAN McCUSKER: Every Monday.

MS. WEAVER: I've really got you booked for the next year.

SECRETARY IRVIN: Mondays and Tuesdays.

MS. WEAVER: You just don't know that.

CHAIRMAN McCUSKER: Monday at four o'clock.

MS. WEAVER: No. I do. I -- we are going to be spending the next year together. And we have just mobilized from meeting every other week to now every week because we have a lot to do between now and January. And then even more to do between January and before construction starts.

So yes. I genuinely mean it when I say that it is -- I enjoy working with the Board and with the two of you. And yeah, we have a lot to do, but, it's a process. And we will -- we'll make it through.

SECRETARY IRVIN: I do have one question.

MS. WEAVER: Yes?

SECRETARY IRVIN: Are we going to have cup holders?
CHAIRMAN McCUSKER: In the seats. In the seats.

Absolutely.

MS. WEAVER: I have to go back to my notes. Where did we land on it?

SECRETARY IRVIN: Just kidding.

MR. RITCHIE: I think there were.

SECRETARY IRVIN: We will. We actually will.

CHAIRMAN McCUSKER: Yeah. I think, you know, there's more behind that Chris than just Mark and I entertaining ourselves at Elaine's expense.

I think where this District went awry is the lack of participation, the lack of accountability on behalf of prior Board Members. And when Elaine asked us the other day how much of the detail that we want to see, we said we want to be intimately involved.

That was a quote. We want to know everything that she knows so that we're representing the community; and we want everything she does publicly exposed, so if anybody wants to criticize us, they can do it in realtime. They don't have to wait ten years to find out that we've spent this money on this project. And I think that's inherent in all of our commitment. And all of you are going to get to volunteer on something. Trust me.

You know, we carry the responsibility of living down the legacy of the original Rio Nuevo Board. Our
involvement is crucial to maintain the public trust. I think that's --

MS. WEAVER: And the success of the project. I need your involvement. I need to stay involved. It's just a -- we have to have a team approach.

We're getting ready to start some design reviews of the construction documents. And we will be meeting with Fletcher and Mark and the TCC, and we'll be going through the construction documents and the design so that everybody knows what's going on. It's not -- it should not be a surprise as to what the Arena looks like when we're done.

Thanks.

MR. MOORE: Mr. Chairman, then if I may add something.

How are we going to present that to the public as far as the news release or the pictures and things like that? I think we should make sure that the public's aware of these various movements; and, you know, what things are going to look like and so forth.

MS. WEAVER: Yeah. I think that's a great idea and a great point. And I think that we shouldn't ever forget about the marketing component --

MR. MOORE: Right.

MS. WEAVER: -- of this project. And that as progress -- as construction starts, we should either put it
in your newsletter, have photographs on your website, do a special brochure. When construction is happening around the TCC in different areas, I can work with the general contractor to have maybe peekaboo windows in so that they can see. We have the renderings from Swaim Associates that we could put those on a construction board and put those around the TCC.

So yes. It's a critical aspect I think, again, to the success of this project, to let people know we're working on it; this is where we're headed.

MR. MOORE: Thank you.

CHAIRMAN McCUSKER: Elaine, thank you very much. Item No. 8, we've set a high bar for you, Don. Come talk to us about the Thrifty Block. Are we going to call it the Thrifty Block? Are we stuck with that?

MR. BOURN: I don't know what we're going to call it.

SECRETARY IRVIN: When we change our name, you should change yours.

MR. BOURN: First of all, I want to thank the Board and the Chairman for resolving our almost three-year lawsuit. I will say though that I never felt that this lawsuit was adversarial.

Mark and I have met a handful of times, and it's always very friendly. And I think we were all kind of
caught in a tough situation. And so I appreciate though the fact that, through current leadership, there is a real goal of trying to settle this thing and have all this move forward. And that's all we want to do.

I think Fletcher was a little surprised when I called him and said, hey, I want to come in and talk about this. He said, you want to -- December? I said, no, I want to go in now.

I mean, I want -- I want to get on with this project. And we all want to get on with it, but we want it to be a quality project. And I'm a big believer that there's a pendulum. We've all had a lot of negative publicity about this. We start showing some good things, and we're going to have a lot of positive publicity.

So I wasn't sure, under our agreement, what our reporting requirements should be or will be. So I just wanted to give you something. We can work on it and try to come up with a template that we can move forward with.

Surprisingly, after -- I asked our accounting people to look at what has been expended or committed on this project since the lawsuit started in January of 2011. I hate to even say it, but it's been $800,000.

So I want to dispel the comments about the charade we've all been playing on this project. I don't think there's many people that would have put the kind of money in
this project that we've put into it. So we're committed to
downtown. We're committed to Tucson. And I just want to
going on with things.

We spent five and a half million dollars on this
project to date. So that's water under the bridge. That
is -- we don't need to talk about that anymore. But we're
going to spend a lot more money on this project, and we're
going to make it a great project.

So I have Rob Paulus here today to talk about our
current plans. We've done all this over the past three or
four weeks. When we thought the lawsuit was going to be
settled, I started talking to Rob two or three months ago.
But as Fletcher said, didn't want to spend a whole bunch of
money on a project that could get stuck in a lawsuit going
forward depending on what the City agreed to.

So what we've done to date is we've done
conceptual plans, which we're going to talk about; we've
taken the existing buildings; we've walked through them with
demolition experts and structural engineers. When I say
demolition, we're not going to tear down the Indian Trading
Post. And even though the Annex is not technically part of
the Rio Nuevo project, it really is part of that block and
the project. And I think I'm going to treat it, for this
Board, as part of the project so you know what's going on
overall.
But part of our thought is that to move this project forward, we have two buildings that are there now. If we get to work on those buildings, clean them up, get all the garbage out of the buildings, make them attractive and appealing, I think that we'll be able to market those buildings and push those forward very quickly.

So we've engaged Rob. We're interviewing marketing teams. And we're talking about possibly some synergies that we can create between with the two properties.

And for your benefit, I did talk to Fletcher about this before we did it because I didn't want to commit to anything on the property without this Board being aware of it, but Art and Rob came to us and asked us if they could use the property for staging. And they had a large project. And we thought it's clearly the right thing to do. We're all in this together. We need to work together.

And people in my office were saying, well, how much are you going to charge them?

And I said, you know, we know from experience that their pro forma is tight. They told us is was tight. We didn't charge them anything. Even though we were spending this money over the last three years, our attitude was, we need to help them be successful. Now their position is they want to help us be successful.
So the next steps are to get -- to take what we have here, to do more detailed conceptual plans, start working on internal floor plans for buildings, get some detailed estimates for these buildings, and then actually just move forward with the internal demolition and sprucing up of the two existing buildings so that they're in a position to be marketed.

Once we do that, at that point -- I didn't put it here, but at that point, I imagine we'll be coming in for official approval of more concrete plans. And once we have that, we'll be getting more detailed construction estimates, getting working drawings done, getting entitlements, and being ready to start construction.

My goal is to start construction next year. My goal is to get started as soon as possible. I think the way we've designed the project it makes it much more achievable. It's somewhat scaled down from what we've planned in the past. But I think it's a less-is-more program where we're going to have some open space and patio areas, on-site parking. And I think there's some possibilities -- I don't want to -- I don't want to overcommit here -- but we're looking at surface parking between the Annex building and the new Post building, which we may be able to kind of make more like a little bit of a park feel to it, and maybe we could move cars out of that space at different times and
hold concerts there, do public things as a -- as a kind of a community opportunity.

With that, I want to turn it over to Rob Paulus, who is going to walk you through the plans for the project.

CHAIRMAN McCUSKER: Will you indulge us with an introduction and a little bit about your background? Most of us know who you are, but I'm not sure everybody does.

MR. PAULUS: Sure.

Mr. Chairman, Members of the Board, it's a pleasure to be here. I'm Rob Paulus. I have a company, Rob Paulus Architects. Grew up in Tucson and had my firm on my own now since 1995. We've done quite a few urban infill projects. I'm also a developer. It's really fun working with Don on different projects. This one in particular has such great opportunity with the fact that it's -- it encompasses both historic -- which we've done quite a few historic renovations, including the Ice House Lofts which we live in, my family -- and it also encompasses new. So it's a -- really a great blend of those two traditions.

Just quickly, this is a picture of our office, which we took an old auto repair shop and converted it to a LEED Silver office space. But the idea that, anything we do, we want to create enlightening and sustainable environments that improve the human experience, so I'll just run through a few things.
Our approach to design, which is in particular these urban projects, is how do you encompass this incredible natural environment that we live in -- especially this time of year, you can really appreciate it -- but also bring back the density and vitality and energy of what Downtown Tucson used to be. This is a picture from the '30s which I'm very fond of showing, almost on a daily basis, of what we can achieve with the right energy.

The idea of old and new, this project has a lot of that in spades from the Trading Post building to the Annex, and even in context -- which is why we brought this model in -- it's just this incredible variety of different time periods and different motivations that created that urban space.

Authenticity, I think we've got a lot of that, whether it's in the older structures that we're going to repurpose and renovate, as well as in the new structure. This is a view of the Ice House Lofts. That's my living unit right there. The idea that we can use historic architecture as a point of departure for anything new we do, we've been doing some work recently with the University of Arizona and in particular the Eller College of Management. And so we've looked as those old spaces and what's good and what's bad about them to create even new architecture.

Some of the projects we've done which relate to
what we're looking at doing here -- this is now 12, 13 years ago -- we redid this First Hittinger Block building at 116 and 120 East Congress Street. Which was really just such a gift because all we had to do is take the plaster off and all that brickwork was there and put in new glazing. So there's an incredible opportunity, in some cases, to bring back the old while repurposing the new. I think that seems to be a mantra that we have.

We also worked on the 1969 Martin Luther King Apartments right down the street. It's now fully leased, the retail, which we added 9,000 square feet. And it was pretty much the first market-rate residential to go in downtown, 96 units. And it's doing extremely well, with a waiting list. The idea is that we think that this block, with all of the energy that's happening on the east end, obviously that can move to west and be part of this project.

A little forgotten project, you don't really get inside of it much, but we took on old warehouse and converted it to living units. And the reason I show this is just the -- before we had the sheetrock up and there was really no marketing to this project, but the seven units were already leased. So there's an incredible opportunity to capture -- and we've been looking at a lot of demographics too. We think it's all the way from students to empty-nesters that want to scale down.
Really proud, we just found out last week, we got LEED Gold, which is a rating from the U.S. Green Building Council, on a project we did down in Rio Rico. We got LEED Gold at basically $150 a square foot for this office building for GSA.

So to the site, which is a lot more interesting, everyone knows the site on the board. But it just -- it's kind of sandwiched between these two older buildings, the Trading Post and the Annex. And obviously, one of my favorite buildings downtown is the Chase Bank, which is ten stories. But it's an incredible site, a lot of opportunity.

So one thing we looked at was to obviously keep those two existing buildings. And Don's had a lot of time to think this through. We've even done a couple of variations on schemes over the years. But the idea that with on-grade parking you can scale the project down. You don't have to spend all this money on a parking structure. So that was kind of the first push to how to work this thing.

Some great benefits on that, instead of going wall-to-wall between the two older buildings, is now we don't have to deal with the old fabric of the basement, say, of the Trading Post, which is literally just stacked stone. So we're saving -- leaving what's historic intact while saving money on the construction cost of the new.
This kind of shows the kind of three parts of the concept. On the right side is the Trading Post, of course, at Congress and Scott. And then the idea that this new building basically has four sides. We can't get up to the property line against the -- where the bankruptcy court is. That's pulled back 10 foot, 1 inch per code. But basically it enables us to get views and corner windows on all four sides, as well as create these really fantastic in-between spaces, which I'll get into more detail later.

So if I go from the right, Trading Post, there's then a shared courtyard between the Trading Post and any new retail. The actual new building itself will be obviously commercial on the lower floor with residences above. And then what Don was mentioning before, the idea that this on-grade parking area, which really becomes an urban oasis. I'll show you images of what we plan do with that.

And then finally the Annex building, which honestly is kind of a dog of a building, but we've got some fun schemes on how to improve on that.

You agree, obviously.

So this first rendering shows -- and once again, this is just a couple week's worth of work; we haven't spent a lot of time kind of peeling back layers on the building, but the opportunity to basically take the Trading Post back to its structural core, which will open up all of the kind
of shut storefront along Congress and Scott; the idea that
top floor can become state of the art, really
incredible office space; it's not a very big building, so
the potential to have either one user on the bottom floor or
have multi-tenant units available.

It then shows the space between the building and
our new structure, which, once again, with its four sides,
we can look at corner windows and have some really fabulous
views, both foreground, middle ground, as well as off to the
mountains and to the Santa Ritas and all the different
mountain scapes.

The floor plans of the Trading Post -- this is
very interesting -- once it's stripped back -- there's so
much stuff on the inside -- it's a very clear and logical
structure. So we have the opportunity to even engage the
basement space, the idea that we can create an open area
where you can walk down in and has natural light that can
pour into that area, but really use and express as much of
that existing building as possible.

Level 1, the idea that we have a shared kind of
bathroom area in the back, with an elevator, so there's easy
access both for deliveries, for storage, as well as ADA
access for the office space which we've learned is a great
marketing tool. You spend more money, but your building's
worth that much more. It's fully accessible.
And then the idea that Level 2 can be a fabulous office space, whether it's one user or multi-tenants. And this, in particular, kind of personifies the approach. Because on the left-hand side of this view, there's a trading -- is the Trading Post building, which we would open up with some steel and create this great indoor/outdoor flow, which then flows into the new building. As you can see, we want to create enough light, so we've got a 16-foot span. But then on that lower floor, it pushes to 24 feet, so we really get a fabulous courtyard.

The idea that it's a modern building next to old, which is something you see a lot of in Europe. It's really the approach that we want to take with this, where we signify that we're in 2013 and this building's a hundred years old right next to us, but they can coexist together.

A really fun thing, in terms of what Don mentioned, is the idea of performance space. So you've got this -- especially in the afternoon, this great shaded outdoor space. The idea that that back wall -- which this kind of even shows on the model -- that we can use local artists to create just a wonderful tapestry of color and shape and form and interest along that back wall.

The great thing, which I'll get into later, but with all four sides open, is you have complete transparency, even from Congress Street, to look all the way through the
building to that back area. So there's some great
architectural moves that we're really excited about. This
shows, even in the model kind of a -- these aren't all that
clear, but the idea that that lower floor is really set up
for some fabulous commercial space, even the idea that it's
high enough so that we can get a mezzanine space on the
upper floor that might even come out into these in-between
areas. So we're very excited about that.

The third rendering we want to show is this idea
of this urban oasis. So in between the Annex building and
the new building is kind of right behind -- and then you see
the bankruptcy court and even a little bit of 44 Broadway
there.

And sometimes these things just happen by chance.
So we laid this out in a site plan. Then we finally built
this model. And you realize that we're now leaving all the
views from One East Broadway are fully -- at least to the
north -- are all there, really fit in really nicely in terms
of creating a building that doesn't -- that is a real good
neighbor.

But with the oasis space, since it is on-grade
parking, we can't just do a parking lot like it's a Wal-Mart
or Walgreens. So we're looking at the idea of a permeable
paving and really integrate the landscape. So there's cars
there, but at times you can pull the car away and it's a
completely interesting space that deals with rainwater in a productive way and provides something other than just hot hard scape.

Another advantage of kind of this lower-scale scheme is the idea that there's people space literally on all sides of the new building. So there's a couple of images. The one in the upper left is from Manhasset, a little, cool shopping center there, which is -- it's all Gucci and Prada. But they've done a really great job of having a landscape edge next to a really high -- I think it's Cipriani -- but it's fine dining. But literally there's cars adjacent to it, which is kind of what we would have.

And the other image is Paris where those in-between spaces are pretty fantastic. And if anything, historically, it's significant. Even with what we have here in Tucson, the historic barrio where there's a zaguan and it opens up to a courtyard. So we really feel that that space could be spectacular. And as Don mentioned, maybe it has even a public use along with it too.

So just quickly, some of the floor plates and options we have. One idea is that there's four floors of larger residences -- like a two bedroom, two bath -- with a total of 24 residences. But with what we've created for this inner core, we have a lot of flexibility on how we look
at -- how this develops. It could be smaller units where the building might have up to even 44 residential units or more.

And then it shows, with that tight, compact core in the middle, we have this now transparent building. Just a fun little note, when you look at how we accomplish that, is we have to do a lot of precedent studies and look at, in particular, this Marina City project in 1964 -- it's in Chicago, right on the river -- where they used a double helix stair. So basically it's one stairwell that provides two ways of exiting. So we've got this extremely efficient central core that allows us to open up on three sides of each of the retail spaces down below.

The final rendering is this Annex building. And it really is a tough one. It was a beautiful -- I think it was McLellen's back at the turn of the last century, that then was coated over with concrete for whatever reason. We haven't done the right research yet. But it essentially is a concrete building with just a couple doors at the bottom. So as Don mentioned, we've walked through these buildings numerous times with engineers and demo crews and figured out we could cut out that middle third without really adding a lot of structural costs. So the idea is that gets cut out. And then even the idea of coring into the existing concrete and create circular would really create a statement along the
street that might attract a single user. It's approximately 20,000 square feet. But if done right, it really can be a spectacular space.

There's the floor plates, so once again we also have the basement and Level 1, 2 and 3. We're opening up a lot of glass that faces to the east which will even have balcony space. And the idea of a central core, so if it does become multi-tenant in each floor, that's easy to accommodate as well. But really, opening the space up, exposing structure, creating a very dynamic workspace with lots of natural light.

One of the big things we looked at, we didn't want to -- you know, with these projects you really have to look at kind of one or two, if not three major moves. And we realize that with this structural system we can create this light shaft that basically goes down through all three floors and then into the basement, and then have the same thing happen -- let's see -- so this is a major light shaft, and then we can also get one in the back. So in particular, if it's a single user, it's very easy to make this work, but even with a multi-tenant situation.

I brought this up -- this is a really fun project. We're currently working on a company based out of Tucson that has national reach, Mister Car Wash. And they're moving from La Paloma Corporate Center down to be back to
the urban core. So it's very exciting that wants to be in
an older building that's near the streetcar line, that wants
to be in 24,000 square feet. It's one of the -- I think --
you know, the fact that there's a company in town with
national reach that's expanding and they actually want to be
part of the renaissance that's happening downtown. We feel
that there's great potential need for this type of user in
the downtown location.

   It's interesting, with these guys, they basically
want to attract and retain talent, in some cases younger
talent, so they're computer savvy, very technologically
advanced, especially compared to me. I'm pushing 50. So I
have to try to keep up with young guys like John back here
who put all these renderings together.

   And then finally, just all the four renderings, we
feel that -- I think there's kind of a sweet spot that we're
hitting with the two older buildings and the new piece, how
they kind of communicate to each other, as well as, if you
see the model, just how it fits within that urban kind of
area of the downtown Tucson.

   So I'll open it up for any questions, if there are
any.

   MS. COX: Interesting.

   MR. RITCHIE: I don't have any questions, but
that's pretty cool. Good job. Now I know why you guys have
the lots lights on in the Speedway till midnight at the architectural school.

MR. PAULUS: Oh, yeah.

MR. RITCHIE: While we were out goofing around.

TREASURER SHEAFE: How many units did you come out with?

MR. BOURN: Rob alluded to it. So the thought is this is a full mixed-use project. So the goal would be to take this Annex building which, as he said, we always looked at and said, what do we do with this thing? And we're really jazzed about it now, I think, with the front and with the skylights and atrium.

And then on the east side, now that we're not building right up to that wall, we could punch a bunch of windows in there. We can put -- we're putting balconies in there. You have brick walls, wood floors. I mean, you can have kind of the best of all worlds. So now, all of the sudden, that building goes to being a great building for a single user.

So we talked about, how do we attract corporate users to downtown Tucson? I often say, you know, you have to plan for it. You have to kind of create the catchers mitt to catch those people when they want to come. Like Mister Car Wash is a good example. So we think we can attract a 20,000-square-foot company to move downtown and
have one of the coolest spaces in Tucson.

The corner building is 10,000 feet, including the basement. My hope is to do a 3200-square-foot office use on the top floor, leave it wide open. And it's 14- to 16-foot ceilings, big wood trusses, brick walls, wood floors. And it'd just give somebody the greatest little office space they could ever have right in the middle of everything. And then have 6,000 square feet of restaurant space between the ground floor and the basement, give them lots of patio space, and just make it a real gem of a building.

And then -- and then you go to the new building. And it's about an 8,000-foot footprint. It would be five floors. But we're trying to squeeze in a mezzanine and do something really interesting with lots of, you know, high ceilings and then mezzanine space, lots of patio/balcony space to really attract some great -- some additional great restaurant, retail-type uses. And then four floors of residential.

My preference, One North Fifth, Herbert, Robin, and Art have all done fairly small units. And because of our parking situation -- you know, we can all talk about parking isn't necessary, but all the lenders want parking. And so you have to do something that's financeable. And so when we looked at this, we said, look, if we do four floors, if we could do 20 to 24 units and be 1200 to 1400 square
1 feet, you know, it's going to be fairly expensive because of
2 construction to -- but -- and then have parking on site --
3 we're talking to Rob and Art about using some of their
4 overflow parking as well.
5
6 Our thought is, if we can appeal to a little
7 different segment of the market. We can appeal to the
8 midlevel, upper-level executives, especially if somebody
9 wants to be downtown. We can also appeal to the
10 empty-nester. And so we're not necessarily trying to appeal
11 to the college student or the person straight out of college
12 that wants 500 or 700 square feet.
13
14 CHAIRMAN McCUSKER: Would you lease those, Don?
15 MR. BOURN: The plan right now is to lease it. you
16 know, I've had a lot of people say, gee, you should really
17 go back and build condos.
18
19 The problem is, is that the wrap insurance is
20 extremely expensive. So right away you can add -- on the --
21 the original Post project, I think it was a million-two, a
22 million-four, just for insurance because of the -- all the
23 lawsuits that occur in these types of projects. And then
24 you have to get your profit up front. So now you're
25 pushing -- it's very expensive to build these types of
26 projects.
27
28 So my thought is to do this on a rental basis
29 and -- and -- but build a unit that's condo quality. And
we're still trying to kind of work through that. But we
have some ideas that we think could work pretty well.
And so again, I think our -- the big idea here was
that we all want to see something happen. We've looked
at -- I probably have run 40 proformas. We probably have 40
different plans of projects all trying to figure out how to
maximize this. And what's interesting is, when you pull it
back a little bit and create some better space, parking and
so forth, it just feels like it works a lot better.
TREASURER SHEAFE: And you can file a horizontal
regime and make it rental, so you haven't cut yourself off
any.
MR. BOURN: Yeah. And so --
TREASURER SHEAFE: How many spaces do you need,
though? If you have 3200 square feet of commercial, you're
going to have to have parking available for those people.
CHAIRMAN McCUSKER: Actually downtown's exempt
from that.
MR. BOURN: Right now we're -- Chris, right now
we're not -- we're not planning any parking for the retail
at all.
CHAIRMAN McCUSKER: All the downtown zone has no
parking requirement.
TREASURER SHEAFE: So I was just wondering, can
you -- can you use an adjacent property to contract so that
people know --

MR. BOURN: As an example, I mean, here's -- you know here's -- you know, you talked about things just kind of going -- you know, going around you, help the City and maybe -- you know, I didn't want to be a reason for Art and Rob to have a challenge with their project. So we just said, any way we can help you, we'll help you. So now they're doing the same with us. They said, look, we may have 20 extra spaces; maybe you guys can use this. Maybe we can punch a hole in the back of our garage and access this parking. And they said, gee, we really have this back land that we can't use; maybe you guys can use it.

So you know, I think the whole idea here is there's a spirit of working together. And so maybe we can figure out how to create some commercial parking spaces through that process. But I think right now we're trying to kind of evaluate this and underwrite it assuming we don't have that because, you know, we're just trying to make -- we're trying to make this as easy to execute as possible.

MR. RITCHIE: How much money do you think you put into the Annex building?

MR. BOURN: How much will we, or --

MR. RITCHIE: Yeah. Will you, do you think?

MR. BOURN: You know, I think when we're done, we'll probably put -- to get it to where we're talking
about, we'll probably put another million dollars into it.
And I think we're going have a phenomenon building, though.

And so I think -- I think the total project now
with remolding the two buildings and building the new
building, it's probably a $15-million project. You know,
before, just to build the Post project, it was a $25-million
project. But then we were -- we were trying to do whatever
we could to find parking. So we were going into the
basement to the adjacent buildings to -- and stabilizing
those walls for parking in there. We were doing a lot of
things that were very expensive.

And I can tell you that doing urban development is
just very, very expensive. So you have to figure out how to
kind of balance between doing a high quality project and
figuring out how to stretch your dollar as much as possible.

Any other questions or thoughts, feedback?

SECRETARY IRVIN: I just want your projected date.

It's nice to have --

MR. BOURN: I mean, you know, again, even my
office is saying, you sure you want do that? My attitude
is, I want to put everybody -- I want to put our own feet to
the fire. I want to figure out how to make this happen.
And I think it's going to be a great project. I think --
I'm tired of being the whipping boy in the newspapers. I
don't care what the newspapers say. I mean, my wife always
says, well, you should respond to that. I said, I don't really care.

But the fact of the matter is that we all need positive, productive things happening here. And the more that we can work together and get these things going, the better off we're going to be.

MS. COX: Absolutely.

TREASURER SHEAFE: The only thing you haven't mentioned that I think you have a great opportunity with -- I'm guessing, but you've got some really interesting roof space on both buildings.

MR. BOURN: And we have talked about it. And I always bring that up. And my project manager would always tell me it's too expensive. But I would love to do something like that. I think it would just be phenomenal if we could create some rooftop decks.

MR. PAULUS: We don't want to give all of tricks away because we're definitely thinking about that, yeah.

CHAIRMAN McCUSKER: Well, we wrote into your agreement that you cannot build a convenience store. That was the only thing we were concerned that you would do. So you have exceeded our expectations.

MR. RITCHIE: As a connoisseur of convenience stores, I would ask --

CHAIRMAN McCUSKER: There's still room for one in
one of these side spaces.

MR. BOURN: You know what? You guys -- you know, there will probably be some little 3,000-, 4,000-foot market that all of these residents are going to want. And we're going to have to come back in here and beg you to let us do it.

CHAIRMAN McCUSKER: It's written out of the agreement.

MR. BOURN: Right.

Like I said before, I appreciate this Board's focus on making things happen and moving forward. And I think as a community we have a phenomenal opportunity. Some people think we've squandered it. I think we've -- you know, we've stubbed our toe up front a few times, but we have an opportunity to do some really neat things.

So thank you.

CHAIRMAN McCUSKER: Don, thank you very much.

MR. RITCHIE: Thanks, Don.

CHAIRMAN McCUSKER: Okay. Chris and I have to step out for this TCC hotel conversation. But before I do, let me ask Mr. Irvin and the nonconflicted members, this is a discussion item only so I know you're not taking any action. But there's been some confusion about exactly what the District's intentions are with this project.

And I don't agendize it; I don't participate in
the email trail. But we've had some inquiries. I know it's confusing. Let me go back to the July meeting and just kind of go back through your motions.

JANNIE: Mr. Chairman, I would move that we, the Rio Nuevo District Board, allocate $4.3 million towards the building of this parking structure including the long-term lease of parking spaces at market rate.

CODY: The motion is to allocate or pursue the allocation?

Mr. Collins says, Yeah, I'd ask --

JANNIE: That was my intent: to pursue the allocation just as you described.

MR. COLLINS: To pursue -- just as the point of clarification -- to pursue -- explore, begin to prepare the documents to accomplish what Scott has presented to you.

JANNIE: Yes. And bring those back to the Board for us to consider. That is my motion.

CODY: Second.

Any further discussion?

And it was all ayes except for Mr. Moore who voted no.

So I think as you discuss this, in the context of the word "allocate," I think some people are confused that we've committed four and a half million dollars to a project that we know very little about.
So my understanding of your motion is, and as we look to the budget, you all are exploring this opportunity and something has to come back to the nonconflicted members before you go any further. So I just want, for the record -- because if it -- you know, I know that, you know, I'm having trouble explaining it to people, and I know that other people have inquired of Michele and others as it gets agendized. So with that interference I'll hand you the gavel.

(Mr. McCusker and Mr. Sheafe left the proceedings.)

SECRETARY IRVIN: Thank you.

So I'm going to probably ask Mark Collins to chime in here if I got off track a little bit. So we, at our July 15th meeting, I think Fletcher pretty well delineated exactly what we agreed we were going to do. I want to just bring you up to speed with where we are.

As you can appreciate, this is not a simple and easy transaction. And the paper actually reported incorrectly. It's actually an investment that the District will make, if we get to that point, in a hotel downtown, the AC by Marriott, which Scott Stiteler and his group are doing. It will be a nine-story hotel. One level below grade will be parking. The ground floor will be check-in and about 9,000 feet of retail opportunities. The next
three floors will be parking. And then the next four floors
will be the hotel.

Here's kind of where we are right now. And again, we're not asking for any action. This is simply updates so everybody knows where we are. Mark Collins has probably met, and I have, with Scott Stiteler and his group, I'm not sure how many times, but quite a few conceptually going through a number of different issues. We realize that we need to come back to this Board with all of that information once we get it to that point.

So what's happening right now is we are drafting the condominium declarations, or as Mr. Sheathe would like to refer to those, horizontal property regime. They're the same. Once those documents are done, we also still have to draft a purchase agreement for the property; we also have to construct a lease agreement for the lease back of the parking spaces. That is all on track.

Scott Stiteler and his group spent -- just here recently, spent quite a bit of time over in Spain with the folks with AC, looking at the various hotels and getting -- making sure they're on the same page with a number of different issues. They also went back to their corporate and got a mockup of what those look like. And corporate's very interested. So we are currently going through all those condo declarations, the purchase agreement, the lease
agreement.

I had thought we might be in a position to bring those back to the Board in November. I do not think that's going to be possible. There have been some things that have popped up, one of which has been the property that sits at 131 East Broadway, which is the corner of Broadway and Arizona Avenue. That was originally going to be a -- lease kind of construction where they were going to wrap and build across that. It looks like that now is going to be a fee simple purchase, and that building will be razed. I think the plan to start that construction on April 1st is probably going to be pushed back to probably more like July 1st.

So kind of what I think will happen is that we should be in the position -- probably in December, worst case January -- to come back to this board with all those documents. I'm sure we'll need to go into Executive Session so that Mr. Collins can explain all those documents to us and get everybody on the same page with understanding and be comfortable with them. But we are still a far way away from being there.

I kind of almost liken it to the diagram you just showed -- you were just shown on the Arena site where it kind of shows where we are in that process. And we've got about four steps to make and we're getting ready to go to Step 2. So we still have a couple of things to do. This is
really more for information than anything.

Mark, what did I forget?

MR. COLLINS: Mr. Secretary, Members of the Board, I don't know that you forgot anything of any material sort. I will tell you, however, Mr. Secretary, it's eight floors not nine, one underground and then seven above.

SECRETARY IRVIN: Right.

MR. COLLINS: And based on the conversations that we've had with the developer, the District will buy the four floors that constitute the parking garage. The District will buy it when the certificate of occupancy and closing occurs. In other words, you will not be funding it -- assuming you approve this -- until after the construction is completed.

The documents are also going to allow you folks, the Board, to designate one or more professionals to keep an eye on the construction of what it is that you'll ultimately buy and report back to you.

Clearly, the developer has a vested interest in building a good building. But the concepts that we've been talking about with the developer authorize the District to have inspections and so forth and have the professionals -- certainly not me -- report back of any of the progress that's being made.

The condominium documents have not been prepared,
as you say. We are, however, proceeding with drafting the purchase agreement, hopefully in a modular fashion, so we can plug on the appropriate references to the condominium documents.

Mr. Secretary, I concur with you on your time line. It's difficult to prepare these documents and then bring -- I don't want to bring them all to you guys at the very last minute. It's going to take a little digestion. But I concur with what your -- your general time line.

Other than that, that's my only comments.

SECRETARY IRVIN: Before you do that, Alberto, the other thing I just want to mention really quick is, we also were in discussions with the developer about, you know, their opportunity to maybe buy this from us at some point in time.

MR. COLLINS: Right, right.

SECRETARY IRVIN: And that will come back up to us for discussion. And I'd love to see us, candidly, have a fuse on that where they would have to do that at some point in time so that we can take and reposition that money and do this again somewhere else.

MR. COLLINS: Right.

SECRETARY IRVIN: So that's always in the back of my mind. That will come back to the Board, obviously, for input, discussion, or whatever. But we are having that
discussion with the developer. Because I'd love nothing better than, in a couple years, for him to say, hey, I'd love to buy you guys out of that, so we can just take that pot of money and go do this again somewhere else.

MR. COLLINS: Right. That is a component that has been discussed.

Mr. Moore?

MR. MOORE: Just a quick question. How many spaces are we looking at? 130 or...?

MR. COLLINS: Parking spaces?

MR. MOORE: Yeah.

SECRETARY IRVIN: I think it's going to be just slightly -- they're still working on the plans. So I think we're going to end up somewhere, 200, 210 spaces. It's kind of my guess where we're going to be on the parking. But we haven't seen the final drawing yet.

MR. COLLINS: Right.

SECRETARY IRVIN: So that's just a guess. I think, as far as the rooms are concerned, it's probably going to be around 140, somewhere in there. Again, we're still waiting for those final, you know, drawings. And they're working on those now.

MR. MOORE: And the other question is: On the lease back for the parking garage, is there any thought that we could then leverage that lease towards funding any other
projects so we could be borrowing money off of that?

SECRETARY IRVIN: Haven't really gotten to that point with that yet, Alberto.

MR. MOORE: Okay.

SECRETARY IRVIN: But I think that's a great idea to --

MR. MOORE: Let them figure out how many ways we can leverage our investment to maximize those opportunities.

MR. COLLINS: It strikes me, however, that's leveraging the cash flow --

MR. MOORE: Right.

MR. COLLINS: -- and wouldn't necessarily be part of the purchase agreement or the lease back. But yeah, that's certainly a possibility.

MR. MOORE: Yeah. But it has to be written in such a way that somebody wants to loan you because they know that it's going to get paid.

MR. COLLINS: That will be part of it, yep.

SECRETARY IRVIN: We still have a lot of work to do.

MR. COLLINS: Yeah. This is -- yeah. This is not a simple project.

SECRETARY IRVIN: Any other questions?

Cody?

MS. COX: No.
MR. RITCHIE: I do have a question. Is Scott still -- you know, one of the conditions of my vote is that he would be willing to personally guarantee that loan. Is he still fully aware of that?

MR. COLLINS: He's still fully aware of it. It's a component that's being discussed. It's one of ones that will be part of these documents. We can address it when the time comes.

MR. RITCHIE: Absolutely.

MR. MOORE: And then one other --

MR. COLLINS: And we -- I'm sorry, Mr. Moore.

MR. MOORE: Go ahead.

MR. COLLINS: Mr. Ritchie, we've reasserted that in at least two of the most recent meetings.

Go ahead, Alberto.

MR. MOORE: And the only other question, you know, I don't know enough about it, but it seems to me that there are a couple of ways you can go on -- if we're going to own the garage, the hotel is going to be leasing that space to potential users of the room. And they're going to sell that space to one of the tenants. So I want to know if we're looking at having an ownership in that rental agreement from the occupancy of the hotel for that space.

SECRETARY IRVIN: The way we have that deal structured is that we'll -- they'll pay us a flat
space-per-month. And the discussions that we're in with them is, what happens if they continue -- you know, what happens in subsequent years? We're not managing the parking; they're managing it all. We own it; and we lease hundred percent of them back to them.

MR. COLLINS: And they'll be -- as we progress, Mr. Moore, we're going to have proformas from them we're going to be talking about; the Board's gonna be considering numbers and figuring out what makes the best return on this investment. And especially if the component that Mr. Irvin talks about, where there's a buyback, if you take the 4.3, you buy it and maybe a year or two years or whatever the parking is bought back from you folks, then there's your money again. You've had some cash flow. And there's your money that you can utilize on another project.

SECRETARY IRVIN: Jannie?

MS. COX: Forgive me if you mentioned this, but I don't think I heard it. Let's assume that in January you come back with all of this information that we need to have to make a decision about whether we invest those monies and buy the parking garage. And let's say we decide do it. And what happens after that? What is the time frame?

SECRETARY IRVIN: So -- yeah. That's a great question. Thank you.

So let's assume that they are going to break
ground on July 1st. We want to have -- and that would be part of the discussion that we would have, we're going want to have somebody on our team looking over plans and kind of serving as a mini construction manager -- for lack of a better way to say it -- to ensure that what is supposed to be built is actually built.

As far as the time line for construction, you know, that's probably a 12- to 14-month construction, could be a little bit longer.

Our -- excuse me -- check would not be a check that we would write until the project is completed. The City of Tucson has issued a certificate of occupancy. And at that time, there would be a trigger where we would purchase it at an actual close of escrow, write our check. And at the same time, the lease agreement on the parking would kick in as well. So those two would be mutually exclusive.

MR. MOORE: One last -- how many rooms are we looking at?

SECRETARY IRVIN: We think it's going to be 140.

MR. MOORE: 140.

SECRETARY IRVIN: Again, we're still waiting for that.

MR. MOORE: Sure.

SECRETARY IRVIN: Any other questions?
Fletcher, let me give you back your gavel.

(Mr. McCusker and Mr. Sheafe reentered proceedings.)

CHAIRMAN McCUSKER: I didn't realize I was sitting next to the architect.

SECRETARY IRVIN: Should have asked him to answer the questions.

CHAIRMAN McCUSKER: He was whispering in my ear.

139 rooms.

SECRETARY IRVIN: Roughly 140.

Thank you.

CHAIRMAN McCUSKER: Okay. The West Side. And Mike? Someone here from WLB?

MR. LONGAKER: Sorry. Mike couldn't make it so you're stuck with me.

CHAIRMAN McCUSKER: Introduce yourself and fire away.

Just to update everybody, we've had WLB to engaged for several months to help us with the engineering update on the properties that are being deeded to us from the City. This has become part and parcel to the bigger Urban Land Institute investment. As we collectively look at these West Side parcels, I think we're talking about 80, 85 acres of vacant land that's extremely valuable to the City now that it's adjacent to the light rail.
So what have you found so far?
And I cut off your introduction.

MR. LONGAKER: No problem.

All right. Good afternoon. Rob Longaker. I'm with the WLB group. Mike Byrne -- I apologize -- could not make it this afternoon. We've been working on several things regarding this parcel. The exhibit I brought here just shows basically an aerial photograph. We recently flew to the site in August and created this high quality aerial photograph. We also produced a one-foot topographic map of the entire site as well.

So we have a draft ALTA survey that we've prepared. I have copies of that with me as well. Basically, have identified all the on-site culture on the property.

In conjunction with that, we've also prepared a legal description that identifies the property as well. I hear Mr. Collins chuckling next to me because what we thought would be something of a relatively easy task has become rather complicated.

And the specific issue is the finding of the eastern boundary of this parcel. It lies adjacent to the Santa Cruz River Park. One might think that would be fairly simple, but it's become somewhat complicated.

So we've gotten stalled a little bit as far as
finalizing that legal description in the ALTA. I spoke with
Mark this morning, in fact. I believe he sent off more
correspondence to Mr. Rankin this morning about how are we
going to settle the eastern boundary.

The basic issue is, is that the boundary that we
drew was based on the set of as-built plans for the bank
protection along the river. And the boundary you see there
basically lies just outside of a 50-foot area that includes
the 8-foot wide, 10-foot wide asphalt multiuse path and then
the landscaping and irrigation that was installed in
association with it.

Well, the City came back to us and said that, no,
they wanted additional ground because there's actually a
natural pedestrian path and then a post and cable fence that
lies just west of that. So we've been following back and
forth and trying to determine, well, where should this
eastern boundary be?

It's of pretty large significance because if we
acquiesce to the City's request to move it to the west
further, then basically the parcel will shrink by about
three and a half acres, so about 10 percent of the entire
site.

CHAIRMAN McCUSKER: What's the Santa Cruz River
Linear Park, and who owns that?

MR. LONGAKER: It's basically managed by Pima
County. And it's on the same land.

CHAIRMAN McCUSKER: But is that -- you're talking about the same strip of land?

MR. LONGAKER: Yeah.

CHAIRMAN McCUSKER: So it's city-owned, but it's identified as the Santa Cruz River Linear Park and it's managed by the County.

MR. LONGAKER: Right.

CHAIRMAN McCUSKER: Are those approximately the same boundaries you just described?

MR. LONGAKER: Well, yes and no. It depends on -- I guess the crux of the issue is we're trying to figure out how the western edge of that Linear Park is actually defined.

CHAIRMAN McCUSKER: So the County doesn't own that; the City does?

MR. LONGAKER: Yeah, right. Right.

So we're in the midst of that.

CHAIRMAN McCUSKER: And, Mr. Collins, what does the settlement agreement say.

MR. COLLINS: Well, you're talking to one of the reasons that it's difficult at this point.

The West Side Parcel is described in the settlement agreement in Section 7B. The language in the settlement agreement was crafted by yours truly and Mike
Rankin. We knew we didn't have an -- excuse me. We knew we didn't have a survey and didn't want to let that stop the settlement agreement. So we were sitting in my office and we said, well, this is easy. This is easy. What do we do here?

Well, what we said in the agreement -- and I've walked away from it even though I've highlighted it -- is that the eastern boundary would be the western edge of the Santa Cruz River Park.

I will tell you that in my mind, at that moment, that was a well-defined -- that was a well-defined spot. Little did I know that the location of the Linear Park was not well-defined.

So what Rob has mentioned to you, the real distinction here is the legal description that he drew at my suggestion is one that leaves with the City the paved portion on this side, the paved portion of the -- what I call -- the River Park, as well as all of their landscaping and irrigation. Right?

What the City wants, when you go out there, as most of the places on the River Park, there's, as Rob mentioned, a cable and post situation. Well, that seems to meander along here. That is from a plan that Rob hadn't been made available to him until very recently. And it is this strip in here that we're now discussing and trying to
decide upon the eastern boundary.

Yo. Excuse me.

MR. MOORE: Yeah. I've got a question.

MR. COLLINS: Mr. Moore?

MR. MOORE: What I understood our initial negotiations in the settlement of that agreement is that property actually extended down to what you're calling the -- not the Santa Cruz -- the -- that area down at the bottle -- the --

MR. COLLINS: Here.

MR. MOORE: Yeah.

It goes further down, though. It goes down, all the way down to 22nd Street.

MR. COLLINS: No. The --

MR. MOORE: It did originally when we talked about it.

MR. COLLINS: Okay.

MR. MOORE: Okay? And again, it's my feeling the City continues to manipulate these properties that we initially negotiated in good faith that we were going extend further down. And now we've got caught into another predicament.

And I'm just concerned that, you know, we make up for that additional property, with my understanding is about 8 or 9 acres that are further south of that particular point
where the bottleneck is.

MR. COLLINS: Mm-hmm.

MR. MOORE: And that we should be looking at some other piece of property, another 8 or 9 acres to the north to make sure that we have a satisfactory piece of property for development.

SECRETARY IRVIN: Can we define that?

CHAIRMAN McCUSKER: What is south of that, Rob? Is that -- isn't that also Santa Cruz?

MR. COLLINS: It is.

CHAIRMAN McCUSKER: Because there's trails and benches.

MR. LONGAKER: There are. Right.

MR. COLLINS: Yeah.

CHAIRMAN McCUSKER: Is that also City-owned?

MR. LONGAKER: Yes. It's City-owned.

And part of it's the park. But there's also vacant property down there, too.

CHAIRMAN McCUSKER: Right.

SECRETARY IRVIN: Mark, what does the language say about that piece?

CHAIRMAN McCUSKER: There's some language --

SECRETARY IRVIN: I know it's got some interesting language in it, where it comes together or something.

MR. COLLINS: Oh, yeah.
CHAIRMAN McCUSKER: At the narrowest point. It says --

MR. COLLINS: At the narrowest point. That's exactly -- precisely what it says.

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 is the smallest.

SECRETARY IRVIN: Right.

MR. COLLINS: That's what it says.

CHAIRMAN McCUSKER: The conversations during that period with the City and the County were that that southern section would remain undeveloped and parkish along this -- and then you have the Santa Cruz Linear River Park, which would be pedestrian, bicycle, equestrian, whatever, that whole stretch is. But I am troubled by they're pushing the thing further to the west, obviously.

MR. COLLINS: It's -- I'll speak for Rob because he does all the calculation. But I believe he said that if we're talking about 3.5 acres, thereabouts, or about 10 percent. It seems to me --

MR. MOORE: That's on the eastern side, you're talking side, not the bottom end.

MR. COLLINS: No. That's correct. You're talking about the bottom end. I understand that. I'm just addressing to the eastern boundary issue.
CHAIRMAN McCUSKER: Mr. Sheafe?

TREASURER SHEAFE: You know, we might just focus on something a little different here. Ownership means maintenance. All right? And we've already got the Linear use there, which is a popular component of the community.

The City could make this a lot easier if they would agree that we don't have any setback requirements from our -- the boundary line that's established. That way the Linear Park can stay where it is. Nobody has to worry about it. And we can use the property the way we want to be able use it without being held back further --

MR. COLLINS: Up to the lot line.

TREASURER SHEAFE: -- because we've already established that with the Linear Park.

If you do that, the three and a half acres becomes effectively usable because now we're not building another buffer next to a buffer. And all the City has to do is say, look, we need to preserve the Linear Park, but we also want whatever use eventually becomes usable to be able to come right up against that.

And then we've got the same use of the plan, and the County can go right ahead and maintain it.

MR. COLLINS: Mr. Sheafe, I think that's a great idea. It seems to me there are several other options, but I like that idea for building.
CHAIRMAN McCUSKER: Where have you all left this with the City? Are you going walk it or measure it? Or you know, how do we resolve this?

MR. COLLINS: I have asked Mr. Rankin to meet with me next week to see if he and I can't meet some sort of direction on this issue.

We need to get that done. We need to get that boundary decided upon. Especially since you folks are going to have a meeting, I understand, now on the 5th. I'm hopeful that maybe I can come back, we can agendize that component of this. I'll talk to Mike next week. He has had a meeting with all of his people. And the other issues that he's raised are very solvable.

CHAIRMAN McCUSKER: You know, to your point, Alberto, this entire West Side is better served as Rio Nuevo land.

MR. MOORE: Right.

CHAIRMAN McCUSKER: It's multijurisdictionally confused. The County owns some of it. The City owns some of it. The private sector owns some of it. I've continued to make the case to the City leadership that Rio Nuevo ought to own all of that property. And I think that may come out of something that the Urban Land Institute thing develops, is ultimately who controls the development on that far west side. I think there's going to be a lot of conversations
about what happens over there, who owns the property, and who can develop it.

MR. COLLINS: Right.

CHAIRMAN McCUSKER: Remember, we are exempt from the gift clause.

MR. COLLINS: Right.

CHAIRMAN McCUSKER: So if anybody should own it, it should be Rio Nuevo.

TREASURER SHEAFE: But just so that I might wear the Bond Committee Member hat.

We've worked very hard in Bond Committee to create the Linear Park system that goes literally all the way around the City now. I think at the end, we're going to have 280 miles of unimpeded track that people can get on and walk or bicycle or whatever. It's quite an asset for Tucson. It's putting us on the map as one of the most bicycle friendly communities in the entire nation. And we may end up with a number of other benefits from this.

So the reason I put it in this context is there maybe a lot more behind the motivation to maintain that linear area than just initially meets the eye. And I don't know that we really care, as long as we can do what we need to do right up against it.

CHAIRMAN McCUSKER: Was some of that -- is that -- I thought that was all on County land, but obviously it's
TREASURER SHEAFE: No, it's not.

CHAIRMAN McCUSKER: Some of it's City and some of it's State.

TREASURER SHEAFE: It doesn't really matter. It's the County that's -- through the Bond Program, we've actually built most of the Linear Park. And everybody here's enjoyed it.

And what the City has set for the builder to do, if I understand correctly, is simply recognize that the buffers are also already taken care of in the park system, which removes the buffer requirement.

CHAIRMAN McCUSKER: Hadn't thought about that.

TREASURER SHEAFE: What happens to you when you go to do something, is they say, well, here's the line. Now you need to buffer it.

And we have instances all over the community where we're buffering buffers which just creates no-man's-land that you actually end up with a negative because you have to maintain these things. So it's much better to bring your other activity right up to the established buffers. And that's where I was going with my comments.

CHAIRMAN McCUSKER: So you've got another round with them and you'll get back to us.

MR. COLLINS: Mr. Chairman, Members of the Board,
I -- the November 5th meeting is kind of a short fuse but -- because I've got some other things to be dealing with them about. But Mr. Sheafe's idea is a good one.

I will just share with you another idea. Rob and I haven't talked about it. But obviously, the perfect world is that we get the one that Rob drew at my suggestion. We can also do an easement. We can take title with an easement that the County and the City could use up and to the post and cable, and a component -- Mr. Sheafe, that you've said -- is in exchange for that, then we can build up to the -- up to that line. So there's a lot of options here.

But you guys ought to be aware that it's not going to happen.

MR. MOORE: Well, my only concern is that originally all the money that was designed for TIF and Rio Nuevo was really focused in this area, the whole west side of the freeway. And there's no place in this community that represents the Hispanic and Native American culture. This is where the beginning of our community started.

And it seems to me that we -- that is one of the most important parts of our relationship in the development of downtown Tucson, is not to get this confused with all the east side development, that this is historic.
It's got a -- if you go down past that little bottleneck there, I know that right as -- there's the -- what's called Tres Mesquites. This is an area that the Tohono O'odham, the O'odham tribe has considered to be very sacred. And they want to have some kind of spiritual relationships in that area that can be incorporated. They don't mind the tourism and they want all those activities. But part of our function is to try to work with these communities to really develop this area to something that's really representative of our community. We're very lucky because this area goes back 10,000 years, in historic documents, of people living in this community. That's amazing. Okay? There's no place in the country that has that historic value. And we should be very careful on who intrudes on the development and the representation of that property. That concerns me.

CHAIRMAN McCUSKER: There could be a very interesting conversation about easements and uses, which could extend beyond our property boundary.

MR. COLLINS: Yeah. The southern boundary.

CHAIRMAN McCUSKER: Right.

MR. COLLINS: Right, right.

CHAIRMAN McCUSKER: And in the agreement of all of these --

MR. COLLINS: Right.
CHAIRMAN McCUSKER: -- horse tradings --

MR. COLLINS: Right.

CHAIRMAN McCUSKER: -- in terms of the easement, the Linear Park, you know, the preservation of some of these native lands, is that a part of this conversation that we all agree on what that should look like.

So that, Alberto, you could restrict that area from any commercial development --

MR. COLLINS: Right, right, right.

CHAIRMAN McCUSKER: -- and preserve the Tres Mesquites area. It may be a park, County park, City park, Rio -- whatever. You know, so this maybe an opportunity, maybe, that the City, just drawing that line --

MR. COLLINS: Right.

CHAIRMAN McCUSKER: -- is negotiating that whole parcel. And it does tie into the ULI.

Now, what else do you know about the buildability of that lot? That's one of the things we've been concerned about. It is -- can you -- it is former landfill, right?

MR. LONGAKER: Yes.

CHAIRMAN McCUSKER: And what do we now know about what can be done in that parcel?

MR. LONGAKER: We've identified, based on some past reporting that's been done on the site, that the vast majority of it's landfill. But there's a segment along
Grande, probably about 200 feet in depth, and then there's a segment along Mission, probably just about to this point going across to the east -- so that and this swath right here -- that depths of the landfill are not as deep, probably 10 to 12 feet as opposed to, in the heart of the landfill, depths are 30 to 40 feet. So we feel confident that those are the areas that to are most viable for development that could be reclaimed.

CHAIRMAN McCUSKER: On the deeper areas, you know, can that be parking? Can that be equestrian? Can it still -- you know, I mean, if you can't build a building on it...

MR. LONGAKER: We can park on it, so we can certainly do that, yes. We can put open space recreational facilities on that. We can plant on it. Planting's a little challenging. Larger trees tend to struggle a little bit as they grow and get more mature and reach depths. Once they hit the depths of the trash, it causes problems. So we need to plant shallow plants, grass turf.

CHAIRMAN McCUSKER: In terms of people occupancy, you know, the weight, I mean, is there something there that could hold 1500 people, 2,000 people?

MR. LONGAKER: Yeah. I don't see --

CHAIRMAN McCUSKER: You know, the lienzo that we've all -- is that a -- is that a project that could be
built on this kind of compacted soil?

MR. LONGAKER: Yes, that's viable. And it's been capped. There's anywhere between 6 and 8 feet of topsoil that's on top of it. So, yes, we think that's a viable use.

CHAIRMAN McCUSKER: Some people suggested it go native, Sonoran. That's not really doable with the -- with some of the methane and gas issues. Could you replant that area as Sonora Desert?

MR. LONGAKER: I think -- well, with limitations. I mean there are certain species, for instance, you know, some of your larger trees -- your mesquite trees or Palo Verde or saguaro, those types of species -- anything that has a root system, I think, that grows to a greater depth is going to be a problem. It's going to look fine for a few years, but then once it's root system gets into the landfill area, then it's gonna die. So to an extent, yes.

CHAIRMAN McCUSKER: Now, the Hilton on the east side, if I recollect, it on a former landfill.

MR. LONGAKER: It is.

CHAIRMAN McCUSKER: It's on pylons?

MR. LONGAKER: It's on pylons. So I suppose it's also conceivable to build structures over the deeper areas of the trash by, you know, drilling pylons to -- through the trash to natural soil depths depending on the recommendations of the geotech, building structures on top
of it with some sort of methane gas release system beneath the building. That's how that hotel operates.

So conceivable, yes. For sure, you know, obviously higher development costs, but it's doable.

CHAIRMAN McCUSKER: And we connected you with the ULI, right?

MR. LONGAKER: Yes.

CHAIRMAN McCUSKER: So you'll be working with them.

MR. LONGAKER: Yeah. In fact, one of the other components of the project we're working on is a property investigation report. We have a draft. We're just waiting to finalize it based on the final confirmation of the eastern boundary.

But this report identifies several things, such as land uses in the vicinity, site zoning, surface hydrology, archaeology, more on the landfill, utilities, location of existing utilities and capacities, public transit, et cetera. All that information, we think, is invaluable to ULI. It basically provides a framework and a foundation so that they know, when they conceptualize highest and best use for the piece, they know what their limitations are as far as existing construction.

CHAIRMAN McCUSKER: And how about archaeology, history, is it the Carrillo House or --
MR. LONGAKER: Yeah, it is.

CHAIRMAN McCUSKER: -- the Convento? What do we know about that?

MR. LONGAKER: Those items, yes. We also sent a letter off to the Arizona State Museum. They did a records check for us. So obviously, in the immediate area around the site, there's a tremendous amount of archaeology.

You know, this site is interesting. It's a landfill. So obviously any archaeology that exists on the site is obviously buried. So in areas where we're proposing to develop, there doesn't seem to be any challenges to archaeology at this point -- or archaeology doesn't seem to present any challenges to development of the site. In the deeper portions of the site, I'm not really sure that anybody really knows exactly what's down there unless you excavated it.

CHAIRMAN McCUSKER: Have you heard anything new on the ULI's timing or when they're going to be in town.

MR. LONGAKER: You mentioned, I believe, the 17th earlier. And that's still the understanding as far as the dates. So we will be involved in those meetings. Mike and I will be involved in those meetings as well.

CHAIRMAN McCUSKER: Anything else for Rob?

MS. COX: Thank you.

MR. LONGAKER: Thank you. Appreciate it.
MR. MOORE: Thank you.

CHAIRMAN McCUSKER: The Arena Site, Mr. Collins.

We have a lot of land and a lot of possibilities.

No deeds.

MR. COLLINS: No deeds.

Mr. Chairman, Members of the Board, are you wanting me to give a status report?

CHAIRMAN McCUSKER: Yeah.

(Mr. Ritchie left the proceedings.)

CHAIRMAN McCUSKER: Let's talk about -- I think the last meeting, we asked you to continue forthwith to obtain the deed to this property. I understand we're dangerously close.

MR. COLLINS: Mr. Chairman, Members of the Board, we are dangerously close. I understand the form of the deed has been agreed upon.

The deed is, as I understand it, ready to be and is on the Mayor's desk. Once he signs it, it will be placed into escrow. I'd hoped that that would be done before we talked about this today.

But it hasn't been done; the escrow's been opened. There are a couple of the things that I believe need to be addressed before we actually transfer title. Let me kind of point them out to you. I think November 5th is something -- that date's going to end up becoming a busy time.
As you folks know, you commissioned and had a Phase I study of the property done. That Phase I study is the type of inquiry that you have to do to bring, with title, the defenses to environmental matters.

There is also a question of whether you need to take the next step to Phase II. That is an item that you can do or choose not do; it's really your call. That's just an easy issue in my opinion.

There's two other issues. One of them, as you know, the settlement agreement provided that the City would maintain the Greyhound Bus station on the site. It's pursuant to a lease. The City gets to keep their income from that particular agreement with the Greyhound. And the City has to pay to relocate the Greyhound whenever it needs to do that or wants do that.

It has to relocate the Greyhound when title is vested in this Board or this District and you have a final plan from the City of Tucson for development and you give the City a year's notice. For example, if you got title today, you got a plan tomorrow, we gave notice the very next day, a year after that, you could begin your development. That's what the settlement agreement says.

But the settlement agreement didn't put context to that. So what I've agreed to -- or proposed is a ground lease, where that memorializes all of that, sets forth in a
ground lease that essentially slides underneath the existing leases; it memorializes how those leases are terminated; confirms that the City has to renew that on a regular basis. I hope -- I'm confident that at the next meeting I'll bring that agreement to you for your review and hopefully approval.

We are not as far along dealing with the parking. I've learned recently that ParkWise actually leases out some of the parking spaces on the north portion of the Arena Site. It's my advice to you folks that we do something with that. We either take it and terminate that arrangement; or you take it and you folks shoulder the burden of renting the spaces; or that you enter into a license agreement whereby the City can continue to do that in exchange for a fee, and you can terminate it quickly.

Those are the things that I think remain for this Board to decide upon before you close the escrow.

CHAIRMAN McCUSKER: Mr. Sheafe?

TREASURER SHEAFE: As to the Phase I, by performing the Phase I, have we then -- and if you could just be a little more clear -- mitigated the exposure on the environmental issues in terms of having not properly taken the steps we need to as an owner.

MR. COLLINS: Yes. Mr. Sheafe, by doing the Phase I, you've done the appropriate investigation -- I
think that's the terminology in the federal statutes --
because as a prospective purchaser, you've done the
appropriate investigation.

(Mr. Ritchie reentered the proceeding.)

MR. COLLINS: What that does for you is it creates
for you defenses. When you take title, it's a series of --
it's bona fide purchaser, innocent landowner, defenses.

Those defenses, however, can be lost if you don't
do certain things after you take title. Those certain
things could involve providing information to the federal
government, remediation, all kinds of different items.

You can minimize what you have to do after taking
title, as you know, Mr. Sheafe, by doing a Phase II. That's
a choice that you're -- you ought to be making.

TREASURER SHEAFE: If we did the Phase II, we end
up really with the same condition in terms of our defenses.
It just may be a slightly smaller list or not.

MR. COLLINS: Correct.

TREASURER SHEAFE: We already have the defenses.

MR. COLLINS: That's a -- and it narrows how you
can lose those defenses.

TREASURER SHEAFE: Yes.

MR. COLLINS: This is a treacherous area, as you
know and all you developers know.

You can narrow the defenses. But right now,
you've done what you need to do before you take title.

CHAIRMAN McCUSKER: How long would the Phase II take?

MR. COLLINS: The estimate has been 90 days. The cost has been $58,000.

CHAIRMAN McCUSKER: So right now Mr. Collins is under our instructions to get that deed as is where it is. Does anybody want to change your mind?

TREASURER SHEAFE: I would strongly support we get the deed and try and get ourselves in a position of strength. We already have that motion passed. And I can't see a reason in the world to disturb it.

MR. MOORE: Second.

SECRETARY IRVIN: Concur.

CHAIRMAN McCUSKER: No action required.

MR. COLLINS: No action required for that.

I'm telling you folks that I'm going to prepare the rest of that documentation, for you folks to evaluate and either approve or disapprove, perhaps by the November meeting. I'd like to think that, at least on my agenda for you folks, the Arena Site is el numero uno.

SECRETARY IRVIN: Do you think that's something that you would have for us to be able to discuss at our special November 5th meeting?

MR. COLLINS: I certainly do, the ground lease.
And I hope to be able to give you more information on the parking. But I'm confident, I've almost got the I's dotted and the T's crossed on the ground lease. The ParkWise situation is rather knew to me.

The deed is done. The conveyance deed is done.

We just need --

SECRETARY IRVIN: Just not signed.

MR. COLLINS: Not signed.

I suspect, by the way, that it will be delivered into escrow by the City with a series of conditions. If those conditions obviously are reasonable, I don't see why we can't proceed forward with all of this.

CHAIRMAN McCUSKER: And the site does come over with the Peach Property claim.

MR. COLLINS: It does. It does. You -- yes, yes.

So the Peach, if they want to sue anybody, because they were the successful bidder or the responder to the City's RFP, they would sue you.

MR. MOORE: Maybe.

CHAIRMAN McCUSKER: Specifically.

MR. MOORE: Maybe.

CHAIRMAN McCUSKER: Oh, I thought you said "me."

I said, specifically.

MR. COLLINS: Yeah. I'm sorry. It's the generic, the Board, the District, yes.
SECRETARY IRVIN: You just got out of the lawsuit business. There's a chance we'll go back in?

MR. COLLINS: Yes, that's correct.

CHAIRMAN McCUSKER: It would be alphabetical by first name.

SECRETARY IRVIN: I'm glad Mark's after Fletcher. I'm really glad Alberto's first and so is Chris.

MR. COLLINS: Frankly, I suspect Peach Property --

SECRETARY IRVIN: And Cody. We'll be at the tail end of this thing before we come up.

MR. COLLINS: I think they'd sue both of us, but, yes.

CHAIRMAN McCUSKER: All right. Thank you for that.

Nancy, you ready? You've been very patient.

MS. MONTOYA: Oh, I'm learning a lot.

CHAIRMAN McCUSKER: I know you are.

MS. MONTOYA: A lot of good stuff.

CHAIRMAN McCUSKER: You can still change your mind.

Step up and introduce yourself.

Alberto and I have met a couple of times. I don't know if Nancy Montoya needs any introduction, but we'll have her do one anyway.

MS. MONTOYA: Well, my husband is Kirt Ijams, or
Mr. Montoya as many of you know.

CHAIRMAN McCUSKER: But as you know, we've talked about some PR challenges around the District, the possibility of perhaps changing our name. We're doing a lot of work on behalf of our merchants. They want to propose some new ideas in that regard.

So please, take it away.

MR. IJAMS: Great. I want to thank the Mission having us address them and take a look at this proposal.

We're a nonprofit news source. Nancy Montoya and I are a husband-and-wife team. Our background is simple. We are from Tucson. I'm a actual native of Tucson, St. Mary's Hospital and grew up here in town. I've lived in area areas but spent most of my time here. Nancy is from the Clifton-Morenci area, is the daughter of a copper miner. We're -- went to school here, alumni from the University. And we've been together and produced public relations and marketing programs for almost 24 years.

Nancy's went to the UofA and Duke. Nancy, I can tell you, is the world -- national champion twirler on the UofA band. She was the Z in Arizona when Jack Lee was the band director.

MS. MONTOYA: And wanted me to wear a blonde wig at the time. This was the '70s.

MR. IJAMS: So -- and we all have a lot of respect
for Tucson. We grew up here. I can remember going downtown when all the department stores were here. We used to get dressed up and put a coat and tie on and eat dinner at the Pioneer Hotel. And I remember this when it was a fine place to be in. And we have a personal interest and stake in Tucson that we'd like to contribute to.

So the -- let's see. Where are you here?

Nancy's had quite a few awards. She's won the Silver Baton Award from duPont-Columbia which is the ones that award the Pulitzer Prize. Dan Rather give Nancy an award for reporting in Central America. She was with John Quinones and ABC at the time. And so Nancy has a real history of long-time work, Emmy award winning work.

We have a crew, all local people, shooters, editor is the senior editor over at the PBS station here in town and works for us also. So we have a staff. We own our own gear, cameras, lights, television equipment, so we don't have to go out and rent things. We operate with a pretty reasonable overhead.

MS. MONTOYA: And that good-looking boy on the corner is our son. I'm not quite sure what he does, but he hangs around us an awful lot.

MR. IJAMS: Our proposal is, it's a two-phased proposal that's simultaneous. We're suggesting that a name change is an appropriate thing to do. With all of the
exciting changes in Rio Nuevo, the settlement of all these issues, the recent release of the legal information, and so on, it's time for a new beginning. And we have developed an idea that will be fairly simple, inexpensive, and will bring in community support from all over on this.

This would involve a contest among high school seniors. We have schools picked out in all of the districts of the City Council people. And in each one of these wards, a high school would be picked -- or pardon me -- a high school is picked, a student is -- entries are requested from that high school and forwarded to the ward office for the councilman from that area. And the finalist then would pick the award winner from them. So we would have six possible names that could be advanced.

We've spoken with the City Council people. We have the Metropolitan Education Commission, which is on Broadway, which is a City-County joint effort run by Dr. June Webb-Vignery. They've agreed to be the group that will supervise the students. They have ambassadors in the school already. And they will supervise all this and help put it together.

CHAIRMAN McCUSKER: You kind of skipped over the City Council part. How did that go?

MR. IJAMS: This has gone real well. We've gotten open interest in this. And they see this as a real good
plan. This is nonpolitical. This is a way to do it.

Also the students will get scholarship money for
the one that's -- each one that's picked for the entry name.
We're proposing an idea that funds go to them for small
scholarships for school.

MS. MONTOYA: One of the things that we thought
would be really important is that we make it truly a
community experience and by involving the young people, who
have a stake in this community as well. We're looking at
seniors who are look for money, too. So we've approached
the UofA and Pima College and they are willing to -- they
haven't said so in writing, but verbally -- to match any
scholarship monies that Rio Nuevo would provide.

So we would have six winners. And the City
Council person and a staff person and a youth person would
pick the winner from each one of those wards. Then those
six winners come to you folks, and you folks select the
final winner. That winner gets a thousand bucks. So it's
truly a way to involve the whole community.

Involving the MEC is terrific. They're right on
the Corridor. They're at Broadway and First. There's 34
citizen commissioners who report to the City and the County,
so they have a great relationship. Talk about relationship
building. The Commission already works with almost every
school district in the country. And the kids from the MEC,
they're called student ambassadors, they would actually kind
of administer the contest. They're already in all the
schools helping kids apply for scholarships. So this is
just one more thing they would have to do.

Budget, everybody always wants to ask us about
budgets. It's broken down really simple here. The students
would get $500 each, six individual wards, three grand. The
grand prize winner, a thousand dollars. MEC, to administer
this, would go to the student ambassadors for $500. And
then our fee is $65 an hour, not to exceed $1500. And
that's a total of $6,000.

So that's kind of it in a nutshell. There's a lot
of things to be discussed, such as what are the parameters
for the contest? We'd have to write up, and have the Board
be in agreement, that, you know, we don't want to have silly
name, things like that, but serious names; maybe some
historical background. We would give each one of the
schools a page of rules of what they would have to do. And
the students would submit a reason why they selected that
name.

So any questions or discussion?

MR. MOORE: A timetable of when the event would
start?

MS. MONTOYA: If we get Board approval, we can
have this in the schools within, I would say, ten days. And
we could have the names all completed by the first of the
year.

TREASURER SHEAFE: So that part of the
recommendation is the $6,000 budget.

MS. MONTOYA: Right.

TREASURER SHEAFE: And I might ask, Mark, are we
allowed to use Rio Nuevo money for contests?

MS. MONTOYA: Scholarships.

MR. COLLINS: I don't have an answer for that
right now.

CHAIRMAN McCUSKER: Always a troublemaker.

MR. COLLINS: But if the Board chooses to proceed
forward with either of the components of this proposal,
you're going need direct me and my office to prepare the
appropriate agreements to come back to you for approval, if
that's what you want to do. I will have an answer to you on
that one.

MR. RITCHIE: Can you back up to the prices of
what you were paying the kids on the scholarship, please?

MS. MONTOYA: Just a second here. You're thinking
I can do that real easy, huh?

CHAIRMAN McCUSKER: But if the UofA matches it,
the winner will win $1600 because he's a winner -- he or she
is a winner in the top six, then will win an additional
thousand --
MS. MONTOYA: Thousand dollars, so 1500.

CHAIRMAN McCUSKER: -- and then that will be
doubled. You're talking about a $3200 scholarship.

MS. MONTOYA: Yeah. We've gotten especially a lot
of interest from Pima College. The Hispanic alumni
association from the UofA, I've talked to them. Again, I
haven't gotten anything in writing but lots -- people love
to do matching scholarships.

MR. RITCHIE: A suggestion I might make if, Mark,
we cannot do this, is perhaps as a Board we talk amongst
ourselves and fundraise for this. You know, my worry is
just the perception in going through the name change is --
which I think is something we need to do -- but it should be
a community -- a volunteer thing. It would be nice for
these young people to get some money.

If we can't do this -- I mean, it's only money,
right? It's only money. And if we can't do it, you know,
maybe some of us on this Board would be able to raise it
amongst ourselves.

I know from past experience of going to some of
these other people, it's sounds great --

MS. MONTOYA: Yeah.

MR. RITCHIE: -- but it's hard to cut through the
bureaucracy to get that money. And we could be talking
about this a year from now.
MR. COLLINS: Mr. Ritchie, if I can go back to
Mr. Sheafe's question, it's going to be a stretch for you
guys to do it. Our -- 48-4204 is the one that restricts
what you guys can do -- you guys -- what the Board and the
District can do until we have a notice to proceed on a hotel
and a convention center.

One of them is contractual obligations incurred
before 2009; that wouldn't be this. Debt service for the
bonds; that wouldn't be this. Design construction for a
hotel; that wouldn't be this. But the one spot you might be
able to look at is fiduciary, reasonable legal and
administrative expenses of the District. That is something
where it might work.

MR. MOORE: I don't understand. This isn't --
we're paying for marketing costs. We have in the past.

What does that fall under?

MR. COLLINS: It's number 3.

MR. MOORE: It is?

MR. COLLINS: Fiduciary, reasonable legal, and
administrative.

MR. MOORE: Okay. And so why wouldn't this fall
under that?

MR. COLLINS: I'm not going to --

CHAIRMAN McCUSKER: That's the question, would a
direct scholarships to a student be considered a marketing
cost legitimately under our budget? That's the part that
had to be raised. You know, we might be able to pay the
pure marketing piece of this, but maybe not the scholarship
piece of this.

MR. COLLINS: Well, the Board is obligated to
market in the District. There's no question about that.
Changing the name, marketing to change the name is an
interesting component. I don't know about that. Like
everything else, we've got to take it one step at a time.

MR. MOORE: Who would be the objection? Who would
bring down the objection?

MR. COLLINS: Yeah. I think that's your best
answer right there. I mean, a third party, any third party
can bring an action.

MR. MOORE: Right.

MR. COLLINS: So that's the issue.

CHAIRMAN McCUSKER: It's not a matter -- it's just
a slippery slope.

MR. COLLINS: It is.

CHAIRMAN McCUSKER: I mean, it doesn't matter
whether it's a hundred dollars or a hundred thousand
dollars. If this is outside of our purview, we can't do it.

MR. COLLINS: Yes, right.

CHAIRMAN McCUSKER: We do marketing all the time
and spend money on marketing all the time. We have
marketing consultants. I don't think there's any issue there. I think it will boil down to: Can we use Rio Nuevo funds to fund a scholarship?

You know, we have other money that's not TIF money.

SECRETARY IRVIN: Right.

CHAIRMAN McCUSKER: What you just read there is restriction to TIF funds.

MR. COLLINS: Right. That's true.

CHAIRMAN McCUSKER: You know, we get money from the City now as part of the settlement agreement. What better way to spend that? You know, we have interest that collect off of our indebtedness.

And you know, we have parking revenue. We have rent. You know, we have other source of funds that may get around that particular -- I think that's specific to the use of TIF funds.

MR. COLLINS: Yes, it is. It is.

CHAIRMAN McCUSKER: So it sounds like we probably need just a little research from you on the allowability of this.

MR. COLLINS: Yes.

CHAIRMAN McCUSKER: But I do think that what you read, it's my understanding, that's how we spend TIF money.

MR. COLLINS: It is.
CHAIRMAN McCUSKER: You know, we have a variety of other income sources that are not restricted.

MR. COLLINS: Right. And you have to spend bond money on bond projects. And there's certain -- in other words you couldn't take --

CHAIRMAN McCUSKER: We have rental income.

MR. COLLINS: Right.

CHAIRMAN McCUSKER: And we have interest income. We get the City settlement money from the Depot Garage. You know, we have other sources of cash.

MR. COLLINS: So I'm attempting to respond to your question, Mr. Sheafe.

And hopefully, Mr. Ritchie, that gives you some thoughts, too.

CHAIRMAN McCUSKER: What do the other Board Members think just about the idea?

MS. COX: I think it's a great idea. In fact, I'm prepared to make a motion.

CHAIRMAN McCUSKER: Go ahead.

MS. COX: I move that, contingent on Counsel determining that we have the legal ability to spend these dollars, that Rio Nuevo allocate up to $6,000 for this contest to select a name and provide scholarships to students.

CHAIRMAN McCUSKER: There's that word "allocate"
again. I'm in charge now. So what we need you to do is
move to approve this plan and spend the money, subject to
your approval, because "allocate" means we set aside money.
We don't want to set aside money. We want to spend the
money. So if you would amend your motion to authorize us to
approve this plan subject to Counsel's --

MR. RITCHIE: Could I make a point before --

MS. COX: So amended.

CHAIRMAN McCUSKER: Okay. We don't have a second
yet, so...

SECRETARY IRVIN: I'll second that.

CHAIRMAN McCUSKER: We'll come back to make sure
we have the motion we want.

But, Cody, go ahead.

MR. RITCHIE: I think that this name change and
this marketing is symbolic. It's a symbolic gesture. It's
to show the public that we are -- we're starting fresh. And
I know it's just a small, small sliver of money. It's just
a small sliver of money. But I think that the perceptions
show that the public -- that I would rather table this for
another month and try to raise that.

And I -- if I could, I would take the lead in
raising that money amongst downtown merchants, businesses,
and things like that, so we don't have to raise one nickel
just to have that one person that's turned off by us having
to dip into the $6,000. No, it's not -- in the whole, grand
scheme of things, it's really nothing. But I just -- I
think it would be easy for us to raise that money.

And I already have thoughts in my mind. That's
kind of what I do. And I just would like to maybe table
this until the November 5th meeting and see if we can't
raise 6,000 bucks.

SECRETARY IRVIN: Doesn't it also cause more
problems for us out soliciting our merchants to --

MR. RITCHIE: I'm not even talking merchants
downtown. I'm talking businesses downtown, people that care
about the community, people like ourselves who are
volunteering for this Board that don't really benefit. But
they benefit, in the big picture, from a vibrant downtown,
but not so much downtown merchants.

SECRETARY IRVIN: So what would it look like if we
approve this and then you came in next meeting with $6,000
in your pocket?

MR. MOORE: I think that's the right way to do it.

SECRETARY IRVIN: If you think you could do it,
then let's.

MR. MOORE: Well, we could do both. Why not ask
the Board if we could raise money outside?

MR. RITCHIE: Yeah.

CHAIRMAN McCUSKER: I'm not sure, did we get a
second to the motion?

SECRETARY IRVIN: I did. I seconded it.

MR. COLLINS: Oh, you did.

CHAIRMAN McCUSKER: All right. So Jannie's motion is to proceed with the plan to authorize the expenditure of the budget subject to Counsel's approval. Cody's offered to engage in fundraising that money rather than us spending it. Mr. Moore suggested they're hand in hand, that you could approve the motion and still we could commit to raise the money.

TREASURER SHEAFE: Call for the question?

MR. MOORE: I second that.

MS. COX: Sounds good to me.

MR. MOORE: You -- Mark, you seconded it.

CHAIRMAN McCUSKER: We got one motion on the table. A call for the question. So all in favor of Jannie's motion to approve the plan subject to Counsel's approval, signify by saying aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed?

All right.

Now you volunteered. Do you want to do anything further as an action item, you know, move that we collectively raise that money as an alternative? Or do you just want to --
MR. RITCHIE: Is it something we need to do?

CHAIRMAN McCUSKER: No. I mean, we could.

MR. RITCHIE: I would like to make the -- I don't have to make a -- I don't make a motion. I'd just make a statement that we're going to try to --

MR. COLLINS: Keep it a statement.

MR. RITCHIE: -- keep it -- yeah -- keep -- make a statement that I think that, you know, I'd like to engage some of you to see if we can't raise that money.

MR. COLLINS: Right.

CHAIRMAN McCUSKER: I'd be happy to help.

MS. MONTOYA: And I can arm you with all the materials you need, any kind of printouts you might need.

Well, going on to second part of this -- yes?

Ready?

CHAIRMAN McCUSKER: Yes. Go ahead.

MS. MONTOYA: Okay. Phase II, we've just talked about how Phase I, the name change, is just a sliver of what we have to do.

One of the things that I believe has been lacking with Rio Nuevo is that you have a natural output for all the negative stuff in terms of the newspapers and the television stations. But you don't really have an output for the positive things that are happening.

One of the things that we are proposing is to
create an auxiliary website for the Rio Nuevo basic website
that becomes a video magazine. And this video magazine is
to highlight, first of all, the name change, and then to
highlight the businesses along the corridor, and then also
to highlight and promote downtown.

Just keep going. I'll catch up to it.

We're thinking that we can do a wonderful job of
finding out if this works within 29 weeks. That's about the
standard amount of marketing time that you need to know if
something really works. A one-shot deal does not work.
Two-shot deal doesn't work. It needs to be something that's
on a regular basis, a steady drum beat.

We propose creating subgroups among the merchants
along the entire corridor. You can create a group of
merchants that are alike, such as restaurants.

Go ahead. Just keep going. I'll keep up with
you.

Or something that's completely different where
they don't -- they don't compete with one another. We've
done this in many instances.

I think one way to show you what it might look
like is we recently did Better Business Bureau here where we
put together three different groups, organizations.

And I'll let it play for a minute.

VIDEO: We're a simple body shop company. We feel
that community service is a active part of our -- it's part of our mission. It's part of our values. What I like the most about what we do is that we engage a lot of our employees in activities and charitable events. We have a foundation -- a formal foundation at 911 Collision Centers community foundation. And we raise funds --

MS. MONTOYA: What we're proposing to do is give each business around two minutes. They can use that two minutes to sell something or to sell an emotion or to sell who they are, to tell who they are, any way the business wants to use it.

VIDEO: We know that folks have concerns about who they trust their vehicle repairs with. So -- does a wonderful job of informing the community of who their business are. I'm blessed to have -- you know, anything that we've been given is a blessing. And we need to share that.

MS. MONTOYA: The next video is our wonderful RTA, which has faced a lot of -- the RTA has faced a lot of problems in the past, as you all know. We were commissioned to go in and tell the story of the RTA, how they started, how they progressed. And not only that, we had to pull in all of the cities and businesses in the area. Talk about a community relations nightmare. But this has been very successful in quieting a lot of people who were opposed to
the RTA.

VIDEO: And the City Council, well, jumped into action to restrict these speed demons to seven miles an hour. So began Pima County's love/hate relationship with the automobile.

MS. MONTOYA: Kind of gives you an idea of what we're thinking, what we're envisioning.

The other thing is profile pieces. There's a lot of interesting people in Tucson and along the corridor that are not promoting.

Next one.

Here's a recent -- sorry, folks. This is out of line. We also produce in Spanish. So just about everything we do in English, we can do in Spanish.

(Video in Spanish played.)

MS. MONTOYA: Okay. Go to the next one. One more.

So anyway, that's the basic idea, is that every week we would go out to the Corridor, and we would profile the businesses. And the story would be whatever the businesses want. Do they want to talk about their history? Do they want to talk about -- I don't know -- what they're marketing? It's really up to them. We would put groups together.

Keep going. Let me do it.
This is kind of hard doing it from over here. So I'm hoping you can hear me.

We would do one primary interview with an owner, a manager, or even a customer, whatever the businesses want. Again, they're the ones who'll select the person to be interviewed. Each segment runs about two minutes.

In the editing process, the interview is transcribed. We add music and graphics. The finished segment is then sent to the business, to the merchant, so that they can approve it. Every single week a new show is uploaded to the website. So it stays current. We'll do an extensive email marketing. It's done to build the viewership. And we can also maybe work together with current marketing plans, where you're already buying radio time, to drive more traffic to the website.

Advantages to business, business splits the cost with the Board. They also split the cost with other merchants. And they can stay on the website as long as they want. They pay that initial fee to get -- for us to go in and produce. But they can keep it on the website for as long as they want for $15 a month.

The merchant will get a DVD copy. They'll also get an electronic download. So they can use it on their own website.

And we've also talked about this, the idea of this
footage that we're showing, that we're videotaping, is very valuable. What do you do with all of this footage after it runs one time on the website?

One of the ideas in talking to Alberto and Fletcher was to put together a half-hour show, maybe times a year, where we focus on the good stuff that's happening. And we go in and we buy airtime at the local TV stations and split that cost among the merchants and Rio Nuevo.

Budgets. All right. So here's what we plan to do. We'll organize. We'll interface with the businesses. We'll do all the videotaping, create the scripts. We'll do everything.

Okay. Here's how the costs run down. Weekly cost is $3,000 a week. That includes producing a show, getting the website up and running, and maintaining the website.

Your investment, the Rio Nuevo investment, for 29 weeks is half that cost. The other half we get from the merchants. And the way we're going to divide it is that it can either be three merchants at $500 each -- they get a little bit more airtime -- or six merchants $250 each -- they get a little less airtime.

The idea is that, eventually, the website and the video magazine will pay for itself. At some point, Rio Nuevo steps out and the businesses take over.

This is kind of a nutshell idea of what we've
proposed. Any questions or comments? I know there's going
to be lots.

Jannie?

MS. COX: Nancy, what -- who's going to watch it?

MS. MONTOYA: Here's the marketing strategy. It's
called target marketing. All of the businesses, the
merchants, already have their own email lists of who they
send -- their own clients. And they've established these.
Almost everyone does.

MS. COX: Right.

MS. MONTOYA: So when you are on, you're going to
send your clients an email -- which we'll design the whole
thing -- and to tell them, this week we're on. It builds
over the weeks.

MS. COX: We're on what?

MS. MONTOYA: On the website.

MS. COX: Just that their two minutes is on the
website?

MS. MONTOYA: Just on the website. But it's more
of a show than it is a two-minute spot. What we would do is
we would make it interesting. That $1500 the Rio Nuevo puts
in, we'll do happening in Rio Nuevo. I sat here and heard
three or four really good story ideas just sitting here.

So it becomes more of a -- not just businesses
advertising, but it's kind of a program, magazine style,
what's happening with Rio Nuevo?

Does that make sense?

MS. COX: It does, but that's just a piece of organizing the show and putting it together. And it's a huge project.

MS. MONTOYA: Well, you know, the marketing and -- Pittsburgh has done this. Pittsburgh did this same idea with the -- all of the downtown area when they were trying to figure out, how do we advertise downtown?

You find that if I was to put this up on Channel 9, I'm going to get viewers from all over Tucson that rarely go to the area we're targeting. The better thing to do is to target a smaller group through emails and make -- these are people who have already gone there. They already know the businesses. So what we're trying to do is just shove them back to that area again. And by doing it on email -- we'll also send this out to all the TV stations -- make no mistake -- so if the TV stations want to pick up something, they can do that.

CHAIRMAN McCUSKER: Mark?

SECRETARY IRVIN: So a couple of things. First, why would we do this as a brand-new, standalone website when we're already trying to drive people to our website? Why would that not be important? That's Question 1.

MS. MONTOYA: Here's the whole idea. If -- I
think we go -- you can get online here and I can show you exactly how it's worked in the past.

Okay. Here is the Make Way For Books website.

Okay? We don't change their website at all. What you do is here, see right in here?

CHAIRMAN McCUSKER: Mm-hmm. It's a link.

MS. MONTOYA: It's a link. And that's what creating an auxiliary link is all about.

SECRETARY IRVIN: So it is a portal.

MS. MONTOYA: It's a portal, yeah. And what we do in here, as you can see here -- back to the Make Way For Books website -- so we go back and forth.

It's kind of seamless in that -- sorry -- hold on.

So what it does is that, you can -- we'll still use the Rio Nuevo website. It will be up there. But there will be a link, a portal link to an auxiliary website. It makes it a lot easier to change things.

I think, Michele, you know how difficult it is to go in and change things. I'm a web builder. So -- and I have --

SECRETARY IRVIN: I'm fine with the portal situation. I just didn't want to have a completely separate, standalone website.

And the second question I have -- and it's something we've talked about on and off for years -- but it
would be neat to be able -- whether it's by virtue of a fee
or whatever we do -- that people that have properties that
are in the District would have an -- have a portal where
they can list their properties. We've talked about it and
not really done anything with it.

I'm just kind of curious if that might be
something, if we're going to go this route for that --
CHAIRMAN McCUSKER: Someone's got to give us the
content for that.
SECRETARY IRVIN: Right.
CHAIRMAN McCUSKER: I mean, you or somebody's got
to constantly update that.
MS. MONTOYA: Right. I can update things in a
matter of minutes. It doesn't take me hours or days to
update things.

So your auxiliary website -- you know, you leave
your stationary website the way it is because there's a lot
of legal stuff that you need to have on this. This is the
fun side. This is the active side. It's living. It's
breathing. It's moving. It's pictures.
MS. COX: So if I am a business in the Rio Nuevo
District, I'm Jannie's Trinkets.

MS. MONTOYA: Right.
MS. COX: I want my two minutes on the show. And
I sent out an email to my 2,000 people in my email database,
do I send them to the Rio Nuevo site?

MS. MONTOYA: You do.

MS. COX: Okay.

MS. MONTOYA: You do. And then from there, you
tell them, click on the video magazine. So it goes to the
video magazine. But what you've done --

MS. COX: So we would be, in a sense, driving
people to our website in addition to this program.

MS. MONTOYA: Absolutely. And not only that, is
that Jannie's Trinkets is within a show, so people are
looking at what your companions in that show are also
offering. And remember, they're doing the same thing with
their people, so they're generating traffic to Jannie's
Trinkets.

CHAIRMAN McCUSKER: Nancy, we've struggled with
co-op with our merchants. One thing if you're talking to
Wal-Mart. It's very different if you're talking to a small
Jannie's Trinkets.

MS. MONTOYA: Yeah.

CHAIRMAN McCUSKER: And most of the opportunities
we've created for them that cost money, they pass on.

MS. MONTOYA: Right.

CHAIRMAN McCUSKER: What makes you think this
would be any different? Or would we be better off --
another way to say that -- just doing this gratis to the
merchant where Rio Nuevo sponsored featuring your merchant
because you're a TIF --

MS. MONTOYA: Right. Now, that might be a better
way to go, is to start off that way so that people can see
the benefit of it as they go along.

We're real good at community relations. That's
what we do. I'll tell you, one of the hardest things we've
ever had to do is get the other school districts in Pima
County work with TUSD. And we were able to do that on a
community relations federal grant. It was about an
$8 million grant. And we did all the community relations.
And we were able to bring people to the table to participate
to be part of it. So part of that is just mano a mano. We
just get out there and we talk to people.

TREASURER SHEAFE: I'm trying to -- you know,
you're talking -- let me just ask the question from the
standpoint of a person that simply doesn't have time to do
this kind of the thing. I mean, I just don't. And it's all
I can do to get through emails for the day. And I'm always
trying to figure out ways to reduce the amount of time I'm
working on a computer or going -- you know, even with an
iPad and whatnot, it's still, the information data is just
overwhelming. And so I want to be very careful what I say,
Nancy, so that you don't feel like I'm putting down what you
do.
MS. MONTOYA: No, no. I understand.

TREASURER SHEAFE: I think we're getting an awfully good bang for our dollar on these radio commercials, which are just these little informal, hey, you know, there's great things happening downtown. And Bobby Rich is talking. And we could do that on a couple of stations and reach so many people doing that during the heavy drive time of people driving that it makes me wonder if this idea, which is obviously a good one -- and you obviously are extremely good at what you do -- isn't just a little premature.

So let me ask it that way and say, well, tell me I'm wrong. Because my sense is, we're still trying to rebuild.

MS. MONTOYA: Right.

TREASURER SHEAFE: I talk to people every day. And I don't mean to go on, but I want to put the question in right context.

Most people that I talk to are unaware of what's happening downtown. And so what I'm finding is that when I explain to them, well, do you realize how many restaurants -- do you know -- have you been down on a Saturday night? I've actually had people, once they get introduced, to call me back and say, you know, Chris, we went down, and we decided to go to dinner downtown, and so on. Wow, what an experience.
So we get so many -- you know, by using those radio ads and just things that -- you don't have to go do it. You're driving and it suddenly comes up on the radio and it's over. You kind of -- gee, I ought to be paying attention to that --

MS. MONTOYA: Right.

TREASURER SHEAFE: -- you know, the fourth or fifth time you hear it. It seems to me like that's so much better use of our money than trying to assume that we're going to get a bunch of people to go to a website, which not all of us have time to do that.

MS. MONTOYA: You're absolutely right. But the whole idea is not just to generate traffic downtown. It's also to appease and to promote the businesses along Broadway. And from those radio spots, you could very easily just add a line or two to that that promotes, and if you want to know even more what's happening with Rio Nuevo, go to our website. And so you get the best of both worlds that way. It's easy to promote a one place where people are going to a place.

TREASURER SHEAFE: Well, let me follow that up then. Would it make sense to have a component of our website that just simply said, here are the exciting things that are happening downtown, that we arrange with somebody like you to do rather than spend all this money going out to
individual businesses trying to get them to do all this stuff.

You know, there's a thousand businesses.

MS. MONTOYA: Yeah.

TREASURER SHEAFÉ: Well, you're not going to -- you know, you're not going to get that many of them.

Nobody's going to sit and watch 1,000 two-minute videos. Or if they do, they don't have money to spend.

MS. MONTOYA: Because they're home watching TV.

Right.

TREASURER SHEAFÉ: Yeah.

You're not going to get somebody like Mark or anybody that's productive that has that kind of time.

MS. MONTOYA: And it all -- it's a slow process. It's and not something that happens overnight. But if you're looking for an area to go to and you want to know what's happening in that area or -- and it can be anything we want it to be. So it doesn't necessarily have to be events. It can be, where are you going to get the good deals this week?

You were going to say something, Kirt?

MR. IJAMS: Well, I think one thing to remember, too, is that visualization -- there's so many changes and so much is happening in Tucson, unless you go downtown, unless you look at the changes, unless you see that streetcar, you
see the new buildings, the restaurants like you're talking about, you don't really think it.

I mean, we all have a picture of what we remembered it when it's been torn down and tumbleweeds coming through. And television, video shows you what's there, what's new, what the life is, what the sounds are. The only thing we can't put in is smell. So you know, I mean, it's -- there's a lot of advantages to visually showing you. And that's the one thing we bring to these, is --

TREASURER SHEAFE: I can see us maybe even doing a drive time little 30-second deal that's just, have you been downtown lately, that appears on the news shows. And this is a really intriguing problem. Because I know that I talk to my grandkids, and they think email is nuts. They don't do that.

MS. MONTOYA: Oh, no, no.

TREASURER SHEAFE: And they won't talk on a cellphone. I can't get them to answer their phone.

MS. MONTOYA: No, no.

TREASURER SHEAFE: You got to text them.

MS. MONTOYA: Yeah, yeah.

TREASURER SHEAFE: You know, I mean, this whole revolution is going on in communications.

MR. IJAMS: Yeah.
TREASURER SHEAFE: That is intriguing because there's enormous potential with it. And there's also an ability to completely isolate yourself where you can't even talk to anybody because everybody went on and they're using a different form of technology.

MS. MONTOYA: Right. Well, we have a social marketing element to this that our website would be completely integrated with Twitter and Facebook and Tumblr and LinkedIn so that there's choices for everything. Everything will be sent out. When it's sent out -- when have a new show, that's all sent out on Twitter, on Facebook, we have a new show, and this is what's happening. Here are the neat things that's going on.

Let me ask the Board a question. Do you only want to promote downtown, or do you want to promote the entire Corridor? That's -- you know, that's one thing that you're going to have to answer for yourselves, is where is the promotion?

MR. RITCHIE: Can I make a -- just a couple of comments. So you said you listen to drive-time radio. I haven't listened to drive-time radio -- even though, my business, we advertise on drive-time radio, I haven't listened to drive-time radio in five years. I listen to Sirius radio. You know why? All of us have different modes.
The one thing is, our poor guy from the newspaper, but the Star's always getting torn apart. But they've done some great things lately where they've gotten a lot of really cool publicity on Facebook and stuff, like these pizza wars, these burger wars, all these things that have been going on with these merchants up and down.

I had a couple of buddies who had pizza parlors, and they were like at war with each other. They had like 3,000, 4,000 likes.

MS. MONTOYA: Right.

MR. RITCHIE: It was -- and it's really kind of a new phenomenon that they -- and a bunch of those guys were on the Broadway Corridor there. So I think that -- you know, depending on the price and stuff like that, I think you kind of have to throw the kitchen sink at it getting people down there. And then social media is the 19-, 20-, 21-year-olds.

And I mean, I do listen -- I'll listen to sports radio and stuff like that.

MS. MONTOYA: You know, one of the things that Pittsburgh does is they did a kind of treasure hunt where they involved -- what is it called? It's not a treasure hunt. It's a scavenger hunt. And I'll tell you what, they got the local media involved in it. And it generated people -- maybe people didn't physically go there. But they
knew the scavenger hunt was going on and they knew -- and the businesses were giving things away. And you know, at every place you went, you got something. You had a book. You filled it out. There's all sorts of ways to generate that excitement. But you have to have a venue to do it. You have to have a place to put it. And that's why a video magazine and a website.

Let's say you came to me and you said, you know, we're really doing well with this block that we're creating. And it's going to be a LEEDs building. And it's fantastic but nobody knows about it.

We go out, do the story on that, include that in the show, but also send that video to all the TV stations, all the newspapers -- they're kind of called VNR's, video news releases -- so that we keep them all into the loop of the positive stuff that's happening. Right now, how do you find out about it? You have to come to a meeting, pretty much, or sit and wade through all the paperwork.

CHAIRMAN McCUSKER: There are other places other than our site that would run this. The Downtown Tucson Partnership would be happy to feature these. They're looking for content all the time. They get a hundred thousand users a month looking at the downtown calendar.

MS. MONTOYA: What about Channel 12?

CHAIRMAN McCUSKER: The print media, you know, you
can't pay to play. You can pay to link this. And so when
you're reading the Star, you're reading the online version
of the Star. There's going to be a click-on, passthrough
kind of thing. You know, so there are other opportunities
to do that. I think what we're struggling with is just
doing it exclusively on our own website, which we can't even
tell you how many people come to that.

But you know, I think we are very interested in
the campaign. And to answer one of your questions, the
radio we're doing is Corridor-wide. We feature three
different merchants a week, not unlike what you're talking
about.

MS. MONTOYA: Right.

CHAIRMAN McCUSKER: We pay for it entirely. We're
getting great feedback from the merchants. What we can't
tell you is if we've increased any traffic to their stores.
But we can tell you that they're very pleased with the fact
that somebody's helping them market their businesses. And
that's being done with Bobby Rich. He's a very popular
morning personality.

MS. MONTOYA: Sure.

CHAIRMAN McCUSKER: And it's just the kind of
thing you were talking about. So I do think there are ways
to look at combining some of these efforts to where we're
continuing to improve how we market our merchants.
It seems to me that this maybe is not fleshed out enough for us to --

MS. MONTOYA: Yeah. This is an initial idea.

SECRETARY IRVIN: The other thing that I'd like to see a study for, but I would also ask, if we're going to spend this kind of money, what would that look like if we had an agreement with the Star; if we had an agreement with Channel 4, Channel 9, what would that look like, you know, where we could go do that?

MS. MONTOYA: Right.

SECRETARY IRVIN: I just don't -- I don't have enough -- if I had to vote right now today, I wouldn't vote for it.

MS. MONTOYA: Yeah. And I --

SECRETARY IRVIN: I think I just need more information because I'm not able to make an apples to apples comparison. I spent this much money; what other avenues are out there. I do agree very much that video and that kind of visual media is a great media. It's not --

CHAIRMAN McCUSKER: Produced content, I mean, they're great videographers. Most of these channels now don't have a lot of the talent they have, which is why stuff is being freelanced. I do think this content could be placed sometimes for free as a PSA, you know, in other venues.
So let us work kind of another generation of this with you, Nancy.

MS. MONTOYA: Absolutely.

CHAIRMAN McCUSKER: I like the idea of some video presentation tied in with what we're doing with radio.

MS. MONTOYA: Well, you know Mr. Moore said -- you've made some comments before about the City not giving enough on certain things. They have Channel 12. And they're always looking for content, well-produced content. Talk about being able to have a regular piece up on Channel 12 with a link to your website. And that's something you could get free from them.

TREASURER SHEAFE: Well, I think you're making a lot of sense, frankly. And I personally am a person who is intrigued with trying to -- how ever much longer I'm going be around -- I'd like to have some understanding of how the world has changed. Because I tell you it has absolutely changed.

MS. MONTOYA: It's fast.

TREASURER SHEAFE: You can really see it. And I'm actually thinking about switching over to a -- you know, you mention this -- the newspaper. But I'm thinking about changing my subscription so I do it electronically just to force myself to figure out how to deal with it. Because, to me, I like to pick up a paper and open it.
MS. MONTOYA: This one right here.

TREASURER SHEAFE: Well, we're all -- you know, he's probably in the same general generation that I'm in. And you know, none of this stuff existed.

I remember, in my business career, when I first heard about a fax machine. And we bought one. And we all went in and went, oh, my God, look at this. You know, and it wasn't that longing ago when that started.

SECRETARY IRVIN: 25 years ago.

TREASURER SHEAFE: And you think about that transition, it's really been astounding. So I would really like to know.

But I will tell you one thing, just keep this in mind, we own a golf course. It's one of the businesses I own. And you know, nobody calls up and books golf anymore. They all go on GolfNow. And on the day of play, they sit there and compare prices and then book.

MS. MONTOYA: Right.

TREASURER SHEAFE: So it's an entirely -- you know, five years ago, 50 percent of our bookings were a week, two weeks in advance. The reason I say that is because the game, then, is to get an email blast with all your potential customers, right?

MS. MONTOYA: Right.

TREASURER SHEAFE: Well, we're discovering that
half the people, once they're constantly cleaning their email out and filtering it out, because they're trying to get all these blasts to stop. And I think, from a marketing standpoint, you cannot rely on people's email to be a way to contact them.

MS. MONTOYA: Twitter. We Twitter all the time.

TREASURER SHEAFE: Yeah.

MS. MONTOYA: Yeah. There's a lot of ways social media can be integrated into what we're doing. But you've got to send them some place. You have to have something that they go to. And that's where video comes in.

CHAIRMAN McCUSKER: Were very interested in working with you.

MS. MONTOYA: Okay.

CHAIRMAN McCUSKER: I think we want to try and maybe meet again and try and make --

MS. MONTOYA: What do you need from me?

SECRETARY IRVIN: We're not sure.

CHAIRMAN McCUSKER: Alberto and I will sit down.

MS. MONTOYA: I'll tweet you later.

CHAIRMAN McCUSKER: And let's keep up.

MS. MONTOYA: Okay. Sounds good. Thank you very much.

MS. COX: Thank you, Nancy.

CHAIRMAN McCUSKER: The first thing, we'll get
back to you quickly on the --

MS. MONTOYA: Sounds good. Thank you.

CHAIRMAN McCUSKER: It's a great segue. Michele, we're talking about radio.

Michele is on the agenda to update us on that campaign. Has everybody heard the Bobby Rich ad campaign?

MS. BETTINI: I was just going to give an update on where we are budgetwise for the marketing.

We were approved for $60,000. 58,000 of it was for marketing. 2,000 of it was for website maintenance. Currently, we are at $7,461 total for marketing as of October. So we are well above schedule on where we are for budget.

For a breakdown of what we are doing on the radio commercials, they are 60-second commercial ads, not 30. They go for a $185 apiece. 145 is for the spot. And then Bobby Rich charges us $40 because he is doing a live fee every time he does the commercial.

We are also doing ads in the Caliente. I've done two ads. We do it every third Thursday it comes out. It's a full-page color ad. And those cost us $2,750 every time. That's about where we stand. Below, on the sheet that you guys have, are just some remarks back from some of the merchants that we have done the commercials. And we're getting a good response. Like Fletcher says, I can't track
it. But from what the merchants -- they're very happy and
excited that we are reaching out and doing advertising for
them.

SECRETARY IRVIN: I heard a lot of good comments
from people in the community that like them.

MS. BETTINI: And while I'm doing this, it gives
me a chance to get my foot in the door too with making sure
they're filling out their TPT tax forms correctly too.

TREASURER SHEAFE: Have you thought about
expanding? You've got more than one talk show in the
morning. Have you though about expanding and going to a
couple of the other shows?

MS. BETTINI: I can look into pricings on other
shows.

CHAIRMAN McCUSKER: The advantage we have with
journals is we're not doing any copy; we're not doing any
production. We send Bobby a half a dozen bullet points, and
he literally ad libs the commercial live. And most of it is
very humorous, connected. You know, they don't even appear
to be a commercial. It's almost like, have you been to the
new burger place? And it was designed to be interactive
with the staff. And that would be hard to replicate.

If it was a produced commercial, taped, where you
could kind of send it around just by time, well, you
obviously can't use this talent on any other cluster. You
TREASURER SHEAFE: Is that right, though? Because there's several other people that do morning drive time. And -- you know, and they have -- that's what they do is --
CHAIRMAN McCUSKER: We'd have to produce, or you could engage with them to do something similar.
TREASURER SHEAFE: Find out if they could do something similar, that's all.
CHAIRMAN McCUSKER: Yeah. But you know, we would have some money to do that if we wanted to look at other radio kind of stuff.
MS. BETTINI: Or we can look at running the commercials more than once. Bobby only charges us the talent fee once. But they do record the commercials as you guys are getting when I send them. And we can put more spots on 94.9 and they just charge us the $145 fee for every time we --
CHAIRMAN McCUSKER: How do they feel about running it when it's not live?
MS. BETTINI: The merchants?
CHAIRMAN McCUSKER: The station. Bobby.
MS. BETTINI: Bobby doesn't have a problem with it at all.
TREASURER SHEAFE: I think it's a great buy.
MS. BETTINI: He thinks that the more we can run
the more publicity we can get for our merchants, that just
one time isn't getting the point across, that we need to
keep repeating so people hear it more than once.

CHAIRMAN McCUSKER: In response to the Chicago
Store's request, I think the merchant did commit to you that
if the merchant wants to buy additional spots, they'll honor
our rate.

MS. BETTINI: Correct.

TREASURER SHEAFE: I think that's really terrific.

And I do think there's kind of an informal automatic reach
on that. And you know, there's a few people in the morning
that have been somewhat critical in the past.

MS. BETTINI: Right.

TREASURER SHEAFE: Well, I happen to know, from
experience working on campaigns, if you want to get somebody
to quit criticizing you, buy a little of their time. And
they suddenly become a big advocate. You know, we have one
radio commentator that's famous for that.

MS. COX: Yeah.

TREASURER SHEAFE: And every politician buys a few
ads from him just to shut him up.

MS. BETTINI: And as you guys heard, every time
Bobby talks about the TIF district, he's talking about the
over 1100 merchants we have in the District.

CHAIRMAN McCUSKER: That's a nice segue.
MS. BETTINI: He's not just talking about --

SECRETARY IRVIN: I think Bobby does a great job.

Have we explored that similar concept with the folks at Clear Channel?

MS. BETTINI: No, we have not. I will.

CHAIRMAN McCUSKER: No. This was experimental.

It's only been two months.

MS. BETTINI: Correct.

SECRETARY IRVIN: I think it's working well. I think we ought to explore others.

MS. BETTINI: Alberto, you have some questions?

MR. MOORE: Yeah. You read off some numbers. Can you send me a copy of that?

MS. BETTINI: You have it in your pile. But I will email it to you.

MR. MOORE: Oh, I did?

MS. BETTINI: Yeah.

CHAIRMAN McCUSKER: Okay. We managed to work our way through the agenda. This is time set aside for a call to the audience.

Michele, you have some cards?

MS. BETTINI: I have two.

CHAIRMAN McCUSKER: Bill O'Malley, thank you for your patience.

ATTENDEE: Thank you.
Mr. Chairman, Board Members, Bill O'Malley with the Friends of Tucson's Birthplace working on Mission Garden. Just a couple of comments on the Westside Parcel. We have been working with the City regarding easements around Mission Garden. We need to access -- or access roads on both sides. We use it for drainage. And we're interested in water harvesting. So I sent an exhibit to the Board and to WLB. So hopefully you can take that into consideration as you look at the West Side property. And then the parcel along Mission Lane, keep in mind, that's where the Carrillo House is. And so when you're considering development along there, the Carrillo House is there. And it is rich with archaeology along that area also.

CHAIRMAN McCUSKER: That's the northern border of Mission, right, from the parcel we looked at?

ATTENDEE: Well, it's the northern portion of the West Side Parcel. It's just south of Mission Lane.

CHAIRMAN McCUSKER: Yeah.

ATTENDEE: And thanks again for you recommitment to helping us finish Mission Garden. We are ready to start our third year of our final agreement with the City and the County. And we're obligated to finish Mission Garden within that time. So we look forward to that.

And we had -- are interested -- as soon as your
ready, we can sit down and talk about how that funding works and your agreement requirements, conditions, and so on. We're anxious to do that in preparation for when you are able to do the funding.

Update on Garden itself, we are in our fall harvest. We're harvesting melons, sorghum, chili peppers. Corn will be coming soon. And this Sunday, we're having a membrillo fest. Sunday afternoon, we're going to show and demonstrate how to make membrillo with the quince. So you're all welcome to come. It starts at 1:30 and goes to about 5:30. So it would be a good time to come and visit the garden.

Thank you.

TREASURER SHEAFE: Bill, this is a quick one. But I was at the harvest dinner the other night. You know what I'm talking about?

ATTENDEE: Yeah.

TREASURER SHEAFE: And I noticed you guys weren't there. And I thought, gosh, I wonder why Mission Gardens isn't part of this? It's all about, you know, farming and gathering natural foods and whatnot. It's right up your alley. Aren't you working with those people?

ATTENDEE: Oh, yes, yes. Very much so.

I don't know why we weren't at that one. It seems we're doing something almost every evening and every day.
You know, we are working to get the word out about Mission Gardens as much as we can also.

We're now working with the Santa Cruz food market over at the Mercado. We're providing them with produce which eventually ends up at food banks. So the produce that we're -- coming out of the garden now is -- finds its way to the market.

TREASURER SHEAFE: Let me just say, a lot of people were there. It was a pretty good-sized event. It was at the Steinfeld Warehouse.

CHAIRMAN McCUSKER: You're violating the call to the audience rule.

TREASURER SHEAFE: Yeah.

SECRETARY IRVIN: Bill, thank you very much.

ATTENDEE: Thank you.

CHAIRMAN McCUSKER: Thank you.

ATTENDEE: I would like to congratulate you time after time, that it's taken 14 years of Rio Nuevo -- imagine, 14 years since 1999 -- and that you have been able to pick up a rag and made it into a table cloth. So imagine how significant that is.

About changing your name, it's great that community's getting involved, and that's what I was looking forward that that would start. But it doesn't come up with a name. It comes to individuals and the change that you
have made. For me, explaining it to my barrio, it was Rio Nuevo but they changed it to this. Rio Nuevo will be with you as long as you're involved, so just keep that in mind. As well as that you will always be seen as developers and revitalizing downtown.

And us in the barrios, we would always have to look to see what you're doing and what we're -- what you're up to. So it would still be the same. And I'm here to bring that information back, as well as the West Side that you mentioned. Have it in mind that it's the Chuk-Shon land and it's the birthplace of Tucson that nobody knew but to trash it up until Rancho Chuk-Shon became involved.

And I'm very glad that there's a transition right now. I don't know if you can see it clearly. You have been dealing with lawsuits and unpleasant situations as well as thinking about infrastructure, development, and buildings and chairs. But now it's coming with people. I can hear that, with people.

So I'm going to be here as long as creator permits me. And I'm going to continue bothering you because I need to bring you to the level that we're in poverty. You know, we don't have a computer in the barrio, so we won't be able to see what's -- what's the change. You know something? We don't have a telephone or a television. If you come and walk through my streets, you'll know.
And keep in mind that while we're still waiting for this deed, we're still your neighbor. Okay? We're your neighbor. And we also need to sit at the table with you and see how we can work together so Rio Nuevo will really show the significance that you made the change, each individual, by your name, not Rio Nuevo. Okay?

Gracias.

CHAIRMAN McCUSKER: Thank you.

ATTENDEE: Oh, and, Chris, it's not only bikes, it's also caballos, it's also horses that made it Tucson. All right? So just keep in mind, there's tall buildings, but there used to be adobe and the caballos in the streets.

Gracias.

CHAIRMAN McCUSKER: I entertain a motion to adjourn.

SECRETARY IRVIN: So moved.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: November 5th, we're thinking about noon o'clock, if that will work.

(Meeting concluded at 4:55 p.m.)

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CERTIFICATE

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

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John Fahrenwald