RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
October 27, 2015
1:00 p.m.

REPORTED BY:

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(Meeting commenced at 1:01 p.m.)

CHAIRMAN McCUSKER: We're going call our meeting to order. It's 1:01 by the official clock.

Mr. Marquez, you get to lead the pledge for nine more months.

(Pledge of Allegiance recited.)

CHAIRMAN McCUSKER: Michele, call the roll.

MS. BETTINI: Jeff Hill?

JEFF HILL: I am here.

MS. BETTINI: Edmund Marquez?

MR. MARQUEZ: Aye.

MS. BETTINI: Chris Sheafe?

TREASURER SHEAFE: Here.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: Here.

MS. BETTINI: Mark Irvin?

SECRETARY IRVIN: Here.

MS. BETTINI: Jannie Cox?

MS. COX: Here.

MS. BETTINI: And Cody is on his way.

CHAIRMAN McCUSKER: The transcripts you have.

There is one small thing, Mr. Collins. I believe you guaranteed the Gadsden loans.

MR. COLLINS: Yeah. Mr. Chairperson, members of the Board, as I was reviewing the transcript, there was a
slight error on page 22 line 11. It says that I guarantee the payments that you would -- might make to Gadsden. And I've confirmed with Adam Weinstein that it was he that said that. So I'd like you to approve the minutes subject to that change. I don't think my guarantee would help much.

MS. COX: So moved.

CHAIRMAN McCUSKER: Motion to approve as amended; all in favor say aye.

(Ayes.)

All opposed nay. It's the time set aside for the Executive Session.

We need a motion to recess.

SECRETARY IRVIN: So moved.

CHAIRMAN McCUSKER: All in favor say aye.

(Ayes.)

CHAIRMAN McCUSKER: Okay. We'll see you back here about 2:00 o'clock.

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

(Meeting reconvened at 2:09 p.m.)

CHAIRMAN McCUSKER: Entertain a motion to reconvene.

SECRETARY IRVIN: So moved.

CHAIRMAN McCUSKER: Need a second to that motion.

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

    (Ayes.)

CHAIRMAN McCUSKER: Thank you very much. Okay.

Let me kind of walk through the agenda. Some items are going to get tabled through things that we can't control.

If you're here for that, I can save you some anxiety.

And we will hear from our auditors today. Don Bourn is here to update us on the Thrifty Block.

We're going to table item 9, the Mercado Annex Agreement. To refresh your memory regarding that project, at the prior Rio Nuevo meeting we had agreed to participate with the lenders and the developers in a 15,000 square foot retail development on the West Side that was subject to the developer obtaining the GPLET from the City of Tucson, and they are still going through that process with them. So it's too early for us to vote on that.

We will look at the proposal from the greenfield (sic) experts regarding the West Side.

We are going to table item No. 11, the Mission Garden. If you were at the last meeting or read our transcripts, the County had taken the position that the Friends of Tucson's Birthplace, the managers of the garden, cannot erect any permanent structures inside the garden wall.

And, of course, our budget -- about half of our budget assumes some interior construction. So the Friends of
Tucson's Birthplace and the County are working through those issues. So we'll defer that until the November meeting as well.

We'll talk about the Greyhound. Hopefully we'll get some work done on behalf of the Fox today. I guess we will table item 15 too, right Mark? The wall -- we can get all that together -- that's the Mission Garden wall?

MR. COLLINS: Yes, Mr. Chairman, I think that makes sense to do all of that at once.

CHAIRMAN McCUSKER: Okay. And El Tour de Tucson tabled. We'll take up the Arena Lot drainage, the Arizona Bowl. And we'll get at it.

As you can tell from the agenda, we have a lot going on. There's a lot of activity and interest in our downtown. We have the first college bowl game announced in Tucson in 17 years. We just learned this week that the pregame bowl party for the Noble Home Loans Arizona Bowl will held downtown.

We're expecting somewhere in the 15,000 - 20,000 out-of-town fans for that game.

If you start watching the standings, the two leagues that will participate in that bowl are the Mountain West Conference and Conference USA. But you can begin to see the teams kind of in the middle, the 3 and 3 -- you know, 4 and 3, 3 and 4 teams -- those are the teams we're
likely to invited to that bowl game. That's December 29th.
We're going to talk about how we might help those guys later
on today.

We quietly closed on the sale of the Arena Lot in
Nor-Gen. With all the years worth of activity, it was kind
of unnoticed that, in fact, we did close. They now own that
8 and a half acres and are moving quickly to -- with their
development plans. We have engaged with Greyhound
leadership out of Dallas; we'll talk about the work we're
doing with them later today. So a lot going on.

Dan, you give us a quick update on where we are
financially, and then we'll talk to our auditors.

MR. MEYERS: Dan Meyers, CFO of Rio Nuevo.
Okay. As of September 30th, our Alliance Bank
operating account has approximately $2.5 million in it. The
Alliance Bank ICS account has approximately $5 million; and
the Bank of Tucson operating account has about 400,000,
coming to a total of $7.9 million in the bank as of
September 30th. Shortly after the end of the month we
received approximately $5.5 million from the closing of the
Arena Site sale. And as of the end of September --

CHAIRMAN McCUSKER: Where that's money, Dan?

MR. MEYERS: That money right now is in Alliance
Bank operating account. We're in the process of looking at
some options of where to put that; it also has to be in
compliance with ARS 35-302 so it's well secured, and how we have to treat the public money. So it's all where it belongs. We're in the process now of looking at some options to reallocate it based on upcoming obligations and interest rates and all that stuff. So that's right now on the to-do list.

As far as commitments go, nothing's dramatically changed. Mission Gardens is still approximately a million dollars; the Garage at AC Hotel is 4.3 million; Streetscapes 750,000; and approximately 335,000 remaining to be spent on the TCC for the budget.

As I said a little bit ago, I think, the money sitting in Wells Fargo -- as we get it from the State every month, it goes into an account where it accumulates, and then it's put aside to pay for future interest and principal.

And as of the end of September, there's an overage in that account of approximately $1.9 million that we have access to.

And I've dropped by about 70- or $80,000 in October because our TIF revenue was less than the amount we had to put aside for that particular month. So that money is available; and we may want to pull some of it out and put it in some of the other local banks here.

CHAIRMAN McCUSKER: Any reason we wouldn't want to move that money? It's just under our authority to -- in
there just wire it to our account of choice.

MR. MEYERS: Yeah. I mean, my thought, we'd like a little something in there as a reserve, but I don't know why we couldn't take $1.5 million or something like that and redirect it over to local banks. It's not like we're getting any significant interest sitting there in Wells.

CHAIRMAN McCUSKER: Make that a recommendation and we'll take action on it.

TREASURER SHEAFE: Since I'm treasurer, I'll make that recommendation. And I'll set it a $1.7 million.

CHAIRMAN McCUSKER: In a motion, please.

TREASURER SHEAFE: The motion is that we take $1.7 million out of the funds that are held on reserve to pay bond debt and move it -- which is in excess to the funds that we actually need to keep statutorily -- and we'll move it into the operating account that's directed by our financial advisor.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor say aye.

(Ayes.)

(The Board voted and motion carried.)

CHAIRMAN McCUSKER: Dan, thanks. Any questions or anything else for Dan?

Okay. Beach Fleischman representatives are here.

They're our annual auditors. I believe, Jim, you're in the
last year of your three-year engagement with us.

MR. LOVELACE: Mr. Chairman, members of the board, you should have received a copy of the draft audit report this morning. We're happy to stand here before you and tell you that this is, I believe, our third year in a row we've issued a clean opinion. We are prepared, subject to the management representation letter which both the chair and treasurer I believe signed.

We are required to go through some required communications. You'll see that document in writing subsequent to the board accepting the drafts. But I am happy to stand here and tell you a couple very nice matters. We had no difficulties in performing the audit; and we had no disagreements in performing the audit.

For folks who've been around the District for a while, that's somewhat facetious, but again, I share that with you with all due respect.

Mr. Collins, you as well know what I'm referring to.

MR. COLLINS: Yeah, sorry. I -- yes, I do.

MR. LOVELACE: Again, you should have a copy of the draft financials. Now, folks, I'm not going to stand before you and go through them add nauseam. I'm going to summarize some of the salient points. And I'll refer you to select pages.
And if you would start with page one, at the very bottom of that page. When I mentioned to you that we are prepared to issue a clean opinion, that's that last paragraph. Now, folks, this entire document belongs to you. The only page that I'm responsible for is the auditors report. And again, at the bottom of the page, in our opinion and all material respects, et cetera, et cetera.

That's where the rubber meets the road.

If you'll turn to page 3. Now, folks, government accounting is little different than your average financials. You have two measurement models: the full accrual and the modified accrual. I'll spare you the explanation of the modified accrual. Perhaps some day we could go through a study session. I would be happy to bring you up to speed on that. I think most of you are comfortable with the full accrual financials. Page 3 is the balance sheet; or in your case, a statement of net position. You'll see that you've got $85.6 million in total assets. $79.8 in total liabilities for a net position of 5.7. And again, that's on the full accrual measurement model.

Turn to page 4. While it's called a statement of activities, you might be more familiar with the vernacular profit and loss statement of revenue expenses, things of that nature. Nonetheless, this is the statement of activities of the governmental model. You had approximately
$11 million in revenues. And total program expenses of 7.5.

And then the bottom line, 3.6 million.

So on a full accrual reporting method, you had a pretty good year. Now, if you compare that to the modified accrual, folks, there are some differences, but it's all in accordance with the government that will GASB 34 reporting model. This snapshot -- I'm only going over at a high level, which is the full accrual method. Okay?

You might note on that page -- we did sell the Rialto Theatre. And there was a book loss -- understand that's a book loss: Net of the sales price compared to the net book value of it, net of depreciation, et cetera. So while you did incur a book loss; nonetheless, that's on the full accrual method. We sold it for a million-three, and that's reflected in these findings as well.

If you turn to page 9 -- now, again, I'm not going to stand before you and read through each one of those pages; but footnote one is a description of the organization and the summary of the accounting policies. Again, I would encourage you to read those.

There were no new accounting policies that were applicable to the District. There was a new accounting standard for governmental appliance called GASB 68; it's the full pension accounting model. You folks don't have the pensions per se that, in this case, would be subject to
accounting reporting.

If you did, these financials would be much longer than what you have in front of you. But nonetheless, the District did not adopt any new accounting policies for the current year.

If you would flip over to page 14. And again, this is for the benefit of folks who have been on the District for a while -- and perhaps you, as well, sir, being new.

Footnote 3. When we sold the Depot Garage, that footnote discloses that contractual relationship and how it's accounted in reporting. Very unique transaction, but nonetheless, that footnote gives you that detail.

If you'll turn to page 15. Mr. McCusker, and Dan, you heard talk about the sale of the Arena Site. This is what we refer to as a subsequent event footnote. Obviously, a balance sheet data had not been executed and consummated; nonetheless, there is that disclosure about that subsequent event, which apparently did close September 30th, around there.

Page 16 on the capital assets. Folks, this is just a roll forward of your beginning assets, your additions, your deletions, and the ending historical cost method.

You'll see under the increases, the $7.5 million by and large was the activity of the convention center. And then under the decrease, with minor exception, again, that's the
adjustment when you sold the Rialto. So that's your cost 
basis and your accumulated depreciation out of the million 
three to get to that book loss I refered to earlier. 
Mr. Hill, I'm sure you could follow that as well as the best 
of us.

On page 17 is footnote 7. Here's the changes in the 
liabilities. Obviously the debt service for your series 
2008, and your COPS, the debt service to the principal, and 
then the amortization of the discounts.

I would encourage you to peruse through footnote 11. 
It's all your IGAs, your commitments and contingencies. 
There was only one that I thought I might bring to your 
attention. Again, this is a footnote that's brand new in 
this draft that you have in front of you. You've hear Dan 
refer to it and Mr. McCusker about the Fox Theatre 
Foundation. Obviously, in prior year (sic), we reserved for 
the 5.8, 50 cents on the dollar. So now the allowance goes 
away. You still have the 2.9 on the books. But you'll also 
note that the District contributed the dollars to execute 
that put at the foundation. And so all that details is 
disclosed right here. That is our presentation.

Again, we're present in the off chance you have 
questions or comments of us. I can tell you that this year 
was rather interesting. As I alluded to initially, it is, I 
believe, our third year of a clean opinion. When we
proposed on this work from inception, we proposed on a fixed fee basis. Folks, the books were in really good shape and the accounting records were in really good shape, so kudos to the Board and to Dan. We did not charge you that fixed fee amount. So you'll be encouraged to note that you saved money on your audit engagement.

Thank you, sir. I was hoping somebody might recognize the significance of that. But nonetheless, kudos to the Board and to the accounting department and Michele, of course, as well. That in a nutshell is our report. I'll turn it back to you, sir.

CHAIRMAN McCUSKER: Any questions for Jim?

TREASURER SHEAFE: Compliments --

MS. COX: Really good news. I'm boasting about that in the community.

CHAIRMAN McCUSKER: Thank you. We need a motion to approve the draft audit.

SECRETARY IRVIN: So moved.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor say aye.

(Ayes.)

Any opposed?

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Jim, again, thank you very
much.

MR. LOVELACE: Thank you, sir.

CHAIRMAN McCUSKER: -- the audit goes up on the
website. We post it immediately. Dan, it doesn't go
without notice the hard work you're doing. And you make all
of our jobs easier. Thank you very much.

MR. MEYERS: Give Michele a lot of that credit.

CHAIRMAN McCUSKER: Well, I don't know about that.

MR. RITCHIE: How about the board member that
found Dan?

CHAIRMAN McCUSKER: Okay --

MR. RITCHIE: I haven't contributed as much, but
that's my one small contribution.

CHAIRMAN McCUSKER: Item 8. Thrifty Block,
Mr. Bourn.

And state your name and company for the
transcriptionist.

MR. BOURN: Don Bourn, Bourn Companies. Thank
you, Mr. Chairman.

Thanks for inviting me.

It's been a while since I've been here and lots
happened since I've seen you. I hope that you've been
getting the quarterly reports and have a pretty good idea
what we've been up to.

I'm here for a couple of reasons. One, to give
you an update as to what we've been doing with the project.

And the second is to request approval for some -- for
the new concept that we've developed, which is similar, but
somewhat different from what you've seen before.

The -- what I've given you is here is a marketing
brochure that we put together to begin marketing the
property.

It's the first draft, so it's going to improve over
time. But I thought that this would probably be the best
indicator of what we really want to do with the property.
Before I get to that, I thought it might be good to show
some of the work that's been done on the site. And then
I'll jump back into the brochure.

The first slide up here is the Indian Trading Post;
everybody's probably familiar with it.

We've spent about a hundred thousand dollars on this
building primarily doing interior demolition; there's some
environmental remediation that had to be done as well as
just years and years and years of tenant improvements that
have been built on top of each other. And we felt until we
got to the bone of the building, people weren't going to be
able to see what we really had.

These photos aren't very good. But the left is before
demolition and the right is after demolition. So what we
were able to do is take all the sheet rock off the walls and
take all the drop ceilings out and really get down to the raw bones of the building. And the building is going to be a spectacular building. It has 18-foot ceilings. It has the old brick walls, wood trusses.

And what you'll see a little later is that these windows on the exterior of the building actually were modified. They used to have beautiful big windows and they got rid of those and these small little windows. So we hope to restore it back to that original look.

Another interior photo: You can see the old ceiling. And these photos aren't the greatest, but I want to give you some idea of what we've been doing here.

Another shot of the ground floor.

Next one.

I think when you do a tour walking the building, the upstairs is really going to be blowing you away. If you've been up there before, it used to be a series of -- like a mouse maze of little tiny doctor's offices and 8-foot ceilings and just a real mess.

When we ripped all that out of there, again, on the top floor, we have 18-foot ceilings with big bow trusses, there's 28 windows circling the top floor. It's just going to be a beautiful space once we get it done.

And then the basement. We peeled everything down, cleaned it out. And actually had some restaurants
interested in doing some fun things in the basement as well.

This photo is the -- what we refer to as the annex building. It's technically not a part of the Rio Nuevo project, but in our mind it always has been; it's this block. We just recently redeveloped this building, moved our offices down here. We've have 20 employees that are now officing in this building and we've signed a lease with another tenant that has about 20 employees now as well.

The left is before and the right is after. We're still in the process of decorating the building lobby but this is the lobby of the building. Made in a pretty dramatic decorative staircase with skylights above connecting all four floors.

This is a space looking down towards Congress Street. There's a concrete wall, solid wall. And they've punched numerous major openings into the building.

This is a part of our office space.

Again, more of our office space.

This is a company called SmartThings I referred to earlier. I think it's a great little story because it's the kind of tenant that we're hoping to attract for Tucson centered for downtown. It was a little company that happened to sell their business to Samsung. And when Samsung bought the business they had 15 employees. Now, a
year later, they have 200 employees. They had offices in Palo Alto, Minneapolis and Georgetown. They closed their Georgetown and office moved it to Tucson. This would be a mission critical high level support center for the product that they're selling that's now in Best Buy, and Home Depot. And it's the smart technology home security/home control. And so this is Samsung's entry into that business. So they hope to eventually have 50 employees within the next year. They've gone from 13 I think to close to 20 and hope to have 30 employees by the end of the year.

You see the space; it's open, kind of fun, techie-type of space, which is what we think the market -- some of the market's looking for. Mr. Irvin may disagree.

SECRETARY IRVIN: No, I totally agree.

CHAIRMAN McCUSKER: He's being drug along.

MR. BOURN: This is, again, some of our office space. You can see the difference.

That's what we've been up to. We spent about $2 million in the building. I think the total investment now is approaching $4 million in that particular building. We've spent about $150,000 on the design work of the lot.

We spent a hundred thousand dollars on the Indian Trading Post. So while some time has gone by, we feel that we have been making some progress. Not as quickly as we like, but I guess all good things take a little bit of time.
This rendering, by the way, is an example if you compare. If you think about the Indian Trading Post -- the first slide that we looked at -- you can see that there's an opportunity to put lots of glass at the street level and really make that a jewel of a building.

So the first thing I tell you is that the big change that we've probably made to this -- talked about this last week -- we completely got rid of all the parking. Every way we looked at it and whenever we tried to slice it and dice it, the economics just weren't working trying to get that project to work with on-site parking. On top of that, I'm a big believer that Congress Street is really our one opportunity to have this critical mass of activity, certainly entertainment. And to have a big dead parking lot along Congress Street I thought was the wrong thing. We were prepared to do it if we thought we needed to.

So the change has been we're going to have 10- to 12,000 square feet of outdoor area connecting all these buildings. So we changed the name. I think people are tired of hearing about the Post. We're going to change the name to City Park. And this is going to be a project where people work, dine, live, and play.

And I'll skip through a lot of these. This is our marketing brochure that we put together and trying to highlight the significance of the location.
And so this next slide shows what the total project will be able to -- including our annex building, we'll have 39,000 square feet of what we're referring to as creative office lofts; about 20,000 square feet of indoor and outdoor -- I'm sorry. 20,000 square feet of what we're referring to called food hall, restaurant, and retail space; 13,000 square feet of outdoor space, which we're planning on doing a roof deck of about 3,000 feet and 10,000 square feet of outdoor space surrounding the buildings. And then 39 residential -- what we refer to as urban lofts, the true sense of a loft where their studios are open space, very industrial, much like the office space I just showed you.

This gives you a visualization of what the end product will look like from the north.

All the dots highlight what I just discussed.

You see the break between the buildings which is very similar to what we had before when we talk about just -- instead of the parking being between the buildings, this is going to be a parklike setting that would be outdoor patio seating hope, to have a stage an music, and have entertainment and really try to have a connection between all these buildings.

You can go through that -- this is just maps of downtown.

We talked for a second about parking. We're not --
we've -- you may question our decision to -- excuse me -- to eliminate parking. But we have a number of parking spaces and lots right around the site. And we're really going for a project that is an urban-oriented type of project. Obviously, you have the Pennington Garage right down the street. We have parking right across the street; and La Placita Garage, there's -- lots of parking which is available -- valet parking for people that want to come and use the restaurants.

So the concept -- you can go to the next slide, probably better.

So the concept is that there's a lot of restaurants downtown. And we want to do something different that is complementary, but we're not sure that -- that Tucson's ready to support having traditional retail. So our goal is to try to make this project somewhat of an anchor destination unto itself.

So we've broken our market down between the daytime market and the nighttime market. Daytime market, we're going to have 10 different foods and retail stations, with pop up retail, which will be gourmet, kind of high end food hall. You've seen these in lots of other cities. They give people up and up and coming chefs an opportunity to do something, give people who haven't established locations who want a presence without making a big capital investment in
downtown. So it gives us an opportunity to have a good mix of tenants and have that mix probably evolve over time.

So lunchtime, we really focus on the walk up traffic, people, employees working within a 10-minute radius. Nighttime, however, go to the next one -- we're focused on -- this needs to be a destination where we can track people from a 15-minute drive time. What's kind of interesting for all of us to think about when we think about downtown is, according to our demographics, which can calculate drive times from various locations around the city, there's 275,000 people that can reach this location within a 15-minute drive.

And so our goal with this is to make this a destination that serves as a focal point or a draw for people that can drive downtown.

This is a plan. It's hard to read, but it shows the Indian Trading Post to the left and the Annex Building to the right, and the center space, a 10,000 foot indoor space. And then you see all the outdoor space programmed around it with a central connection between all three buildings and all the open space.

This is a rendering of the interior of that space.

This is an office space for our building that we're in.

And the floor plans for the two levels of office space in the new building, with one level of office space in the
Indian Trading Post. And then the top three floors of the building will be the residential urban lofts. And those would be very small, 5- to 650 square feet, open space lofts, really focused on the millennial and the young at heart.

We designed this in a way though that they can be combined. So we can combine two to make it 11- to 1200 square feet if people like that. Very flexible. And we think there's a ready market for that. And we don't think that those residents necessarily have the requirement to have onsite parking as compared to the 1000 to 2000 square foot spaces we're designed before for maybe more of a baby boomer professional market.

These are the elevations -- technical elevations.

So what we wanted to do today was to ask you to approve this new direction.

I believe that under our agreement, you have the right to review and provide approval.

Rather than just sending this to you and asking you to do that, I thought it would be nice to present it and answer any questions you may have.

TREASURER SHEAFE: Don, where are you in the scheme of the steps you have to go through to actually to start to disturb dirt and get something moving? I guess I'm asking primarily the financing question.
MR. BOURN: Well, I'd say there's number of steps. We've been working with contractor to verify cost. We feel like we're in the range where this makes sense, which has been the challenge with this project.

We talked to some lenders, had initial conversations, and a lot of that -- of their ability to finance this is contingent on our ability to receive the incentives, the GPLET, and the various things that are critical for these kinds of projects downtown.

The -- a project like this -- the residential part of this is not expected to be pre-leased. A lot of times lenders are going to look for a certain amount of commercial space to be pre-leased as you know. So I think the steps that we see -- we've had some preliminary discussions with lenders, we have to continue that. I didn't feel -- I felt like the first thing I got to do is talk to you and make sure that the Board is comfortable with this direction.

Then, assuming that you are, we would then start discussions with the City about obtaining the GPLET and so forth.

I can also say that if we're not successful with the GPLET, then we're going to have to redo this and come up with something more conservative that can work.

CHAIRMAN McCUSKER: You just got the GPLET in The Annex. So the City is supporting a portion of the project.
MR. BOURN: Yeah. I have no reason to believe that they won't, but I wanted to make sure that I was clear that that's one of the major steps that we're going to do. And we'll start that very quickly. Along with that, we'll start working drawings on the shell building. And that's the first thing we do is we get the civil engineer and he'll start working on the develop plan. We have a contract on the desk ready to be signed. We also are prepared to start architectural CDs. And that process will go between now and February.

And so between now and then, it's typical of how we do projects -- we're fronting all of the seed money to make this work with the confidence that it will work. And you don't have -- you can't have substantial conversations with lenders until you get further along in your drawings and have your costs nailed down and have some knowledge to note. In this case, incentives, and then a certain amount of limited -- in this case, limited pre-lease. So --

CHAIRMAN McCUSKER: What are you hearing loan to value from your lenders?

MR. BOURN: This is a unique product type for Tucson. The loan to values kind of jump all over the board. And my guess is 50 to 60 percent, something like this. If there's a -- if it was a different kind of project, we might be 70 percent, 75, even 80 percent. But for this --
CHAIRMAN McCUSKER: How about the mortgage-ability -- or are you going to rent these lofts or --

MR. BOURN: They will be rentals.

So obviously we wouldn't be spending this money if we didn't think it was financeable. Like I said, we have good relations with a number of lenders financing a number of other projects, but they are a little more conventional with a lot of those lenders as well.

CHAIRMAN McCUSKER: Let us talk to our lawyer here for a minute. It's an extraordinary project, Don. Hats off to what you've done. And The Annex is spectacular. And I think it's part and parcel what attracted Samsung to Tucson, which is a company that would have gone to Austin or Palo Alto or San Diego, except for your space.

MR. BOURN: I appreciate that. And let me just say a few other things. Michael Keefe's (phonetic) back here. Michael introduced us to Samsung because he live right next to this project. And he said -- he probably walked it more than I did when it was under construction. He was pretty excited about it. And so he introduced me to Tyler, and you're right. And I think Tyler's looking for this kind of space because their big challenge is they have to hire technical smart people that can communicate with their email, communicate over the phone.
And so it really opened our eyes to some of what we're designing here. So we're designing two levels of office space. One of the reasons we started off thinking about that is because they have options to lease the whole rest of our building. And we'd move out into this building. Or conversely, we've also said, look, if it's easier for you to plan your growth into new space and -- that will work; you just tell us what you want to do and we'll take care of you. Since then though we've had two other tech companies that have toured the buildings. In fact, on the restaurant space on The Annex, which is about 3600 square feet, because we're going to be under construction, it's going to be kind of crazy around there. Restaurants are going to want to have patio space, which is how it's designed. We're thinking about maybe incubating an office user in that space for a year, year and a half, who won't -- you know, will need windows but they won't need patio space. So if we can continue to attract these tech-type companies and put them into these buildings, hopefully then people working there are going to want to live there, and the whole thing becoming synergistic. It's kind of the chicken or the egg: If you have the space to get the people, or you have the people to get the space. I guess our belief is now that we've seen this happen firsthand, we're going to make a stretch to try to do that.
CHAIRMAN McCUSKER: Mark, my recollection of this is that our parameters were pretty broad.

MR. COLLINS: They were.

CHAIRMAN McCUSKER: We didn't tell him what he could do. We said some things that we didn't want him to do, but the rest of it was around size and scale and timing. I would render to guess that he's upsized the project. He probably blew away our minimum square footage requirements.

MR. COLLINS: Mr. Chairman, members of the Board, the agreement that was -- as you all are aware, settled the lawsuit and was part of the global settlement agreement with the City and we entered with Mr. Bourn's companies -- all it says is not fewer than 20,000 square feet of improvement will be utilized for unrestricted residential hotel and/or commercial purposes, but then we listed it couldn't be a Circle K or something like that.

So based on what Mr. Bourn has set forth -- and I'm looking at this -- he has in fact blown the 20,000 away. I suspect that where you're going is, what if anything do we need to do, Mark, to accommodate this? And I'm going to suggest to you that --

CHAIRMAN McCUSKER: He's finishing my sentences; it's scary.

MR. COLLINS: I've stood before you for a long time, Mr. Chairman. I'm going to suggest to you that Mr.
Bourn's lawyer and I put together a very simple acknowledgment and concurrence if this Board likes what Mr. Bourn has put forward, that this is the direction that you can go in, and consistent with the existing agreement. We lawyers like to see some of that documented.

CHAIRMAN McCUSKER: I think that'd help with the City. If you go to them and Rio Nuevo's approved it and -- I think it helps with your lenders.

SECRETARY IRVIN: Mr. Chairman, I'd like to make a motion that we so authorize.

MS. COX: Second.

CHAIRMAN McCUSKER: Any other questions for Mark or for Don? All in favor say aye.

(Ayes.)

Opposed? Great.

(The Board voted and the motion carried, all ayes and one abstention.)

MR. RITCHIE: I'm going to abstain.

CHAIRMAN McCUSKER: That's right. Mr. Ritchie has too many clients. Don Bourn is one of them.

We've tabled item 9.

Item 10, let me set this up for you to review the proposal. The proposer's out of Denver, they're not actually here today. But we've talked to them extensively. I think it's safe to say that we've had nothing but
 surprises on the Rio Nuevo owned land at the base of A-Mountain.

A, it's a landfill. B, it's methane producing landfill. It's actually producing methane at five times the environmental limits.

We've been advised we can't penetrate the cap. We've been advised we can't pave over the cap, or concrete over the cap. So what do you do? These guys are ground fill experts. They go around the world and consult with property owners like us, where there is hazardous material, assess the true nature of where it is, how deep it is, what its limitations are, and they will actually make recommendations to us about the highest and best uses, and to the extent they have a commercial audit.

So there may be pieces of that that are developable, and there may be pieces of it that are pylon-able, and there may be pieces of it that we can do something like parking.

So it's a proposal you have. I think they are out there, Michele, if somebody wants to follow along -- the IRG, advisors proposal. And it's basically a commitment to do background, the walk-throughs, look at alternatives, do a highest and best use analysis, a financial analysis of, if we do these things, what does that mean to the District, both in terms of cost and potential revenue? And their fee
Right now, we just react. Somebody has an idea, they say, can't do that, can't build that, can't dig a hole, can't make it a pond, can't plant trees on it. Won't grow. So I think we're going to have to do something and/or sell it.

You know, if we're not going to develop it, maybe somebody else wants to develop it; but even then, you can't do it without some background.

TREASURER SHEAFE: Just to comment, Mr. Chairman, there's been a tremendous amount of study on the property and probably 90 percent of what they would uncover is already there in somebody's file. That would be the negative comment.

The positive comment, frankly, is that it's a big piece of property, it's an anchor to everything that's going to happen in downtown. It will transform downtown if we can put it to a useful use. And if 44,000 can put us closer to that goal, it would be a bargain in my view to organize the information that's already there and move forward.

SECRETARY IRVIN: All those documents are scattered amongst a hundred boxes. And they are all reports done for different entities. And I think it's a great use of money and I'd like to make a motion that we move forward and execute the survey.
TREASURER SHEAFE: So moved -- or second.

CHAIRMAN McCUSKER: I have a motion and a second to accept the $44,100 proposal from IRG. Any further comments, questions?

MR. COLLINS: Yes, Mr. Chairman. If you move to do that, we'll need to reduce it into one of the statutory compliant agreements that the District has.

It's what we've done with Stantec; it's what we've done with WLB.

CHAIRMAN McCUSKER: A professional agreement does not require competitive procurement?

MR. COLLINS: Does not. It's a professional service.

CHAIRMAN McCUSKER: You view this as a professional service?

MR. COLLINS: I do.

CHAIRMAN McCUSKER: So we have the authority to engage them?

MR. COLLINS: In my opinion, absolutely.

CHAIRMAN McCUSKER: All right. We have a motion and a second. All in favor say aye.

(Ayes.)

Any opposed? Okay.

(The Board voted and the motion carries.)
That passes unanimously. Item No. 11, we tabled.

Item No. 12 -- stay up there, Mr. Collins.

When we agreed to accept the lease in the leasehold improvements for the Greyhound, there's an existing management relationship with Chapman Management Group. Anybody conflicted with Chapman?

They manage the property, collect the rent, kind of stuff property managers do. So this in essence would just continue that relationship by the same people, same economics. It's probably the easiest thing for all parties.

MR. COLLINS: Yes, Mr. Chairman, members of the Board.

Chapman Management has been managing the Greyhound property for the City. As part of the sale of the arena site, the District took the assignment of that lease from the City. So now the District has the obligation to manage that parcel.

Chapman has offered to continue to do the management on the same or similar terms that they did with the City. The agreement is one that can be terminated on 30 days notice. It would certainly be the easiest to continue -- at least --

CHAIRMAN McCUSKER: What are the economics of that?

MR. COLLINS: Mr. Chairman, members of the Board, I believe what the monthly rent from Greyhound currently is
7,600, almost $7,700 a month. The Chapman's base monthly fee is $800.

TREASURER SHEAFE: And it's terminate-able within any 30 day period; is that right?

MR. COLLINS: Yeah. Either side can terminate. it's a one-year agreement. With the diligence that this Board is exhibiting on moving Greyhound, a little bit of luck this thing is going to be in place for only a year. But yes, it is terminable by its explicit terms.

TREASURER SHEAFE: I move that we accept and extend the Chapman agreement.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor say aye.

(Ayes.)

Opposed, no.

(The Board voted and the motion carried.)

MR. COLLINS: I assume that motion is subject to having it put together in one of our agreements.

TREASURER SHEAFE: One of those professional agreements.

MR. COLLINS: Yeah, one of those professional service agreements that you've gotten so used to.

CHAIRMAN McCUSKER: Yes.

Item 13. Our latest venture is quite an adventure and
I'm personally pleased to be involved. I found the leadership of Greyhound in Dallas very forthright and easy to deal with. Blunt. I've learned a lot about Greyhound in the few weeks we've been responsible for their relocation.

I was surprised to learn that the Greyhound is down to 10 buses a day. The average bus loading carries 11 passengers. The majority of those passengers are students.

It's far different probably than what any of us perceived about the Greyhound. They can operate in as little as 1500 square feet. So relocating them is going to be far easier than we imagined when we agreed to help relocate them.

We are looking at vacant land sites. We've actually looked at probably a dozen that adjoin the freeway. We're looking at maybe repurposing a building; they're amenable to both.

We are going to move very quickly. We've committed to them. And Nor-Gen has agreed that if we can do this in less than a year, that would be great. I believe we can do it in 6 months; and that's really kind of our objective.

They need some parameters from us. So they can begin to talk to their leadership and Board, and to clarify our intentions. This has all kind of been a handshake arrangement so far. We've looked at other terminal constructions in Seattle, Washington, D.C. We believe we
can do all of this for something in the $1.5 million range.

We would lease it back to the Greyhound, so not only do we solve the Greyhound's problem, we solve the Arena Lot development problem, we get a nice little return on our investment with a huge tenant like Greyhound.

So what I've suggested is a range that we authorize a million-4 to a million-7, which would go toward the construction relocation acquisition of a site to relocate the Greyhound terminal.

And we would instruct counsel to prepare documents.

SECRETARY IRVIN: If you want a motion on that I'll make one. I think it's a great use of District's funds. The other thing that's kind of interesting is as we kind of peel this thing back, what kind of surprised me the most was just the number of buses and the ridership on those. And I guess, secondarily, that there was never more than a couple of busses on the site at any one time. So it's not a big heavy use kind of thing like a lot of people thought it was.

I make a motion that we move forward, Mr. Chairman.

MR. MARQUEZ: I second that.

CHAIRMAN McCUSKER: Motion and second are consistent with what Don was telling us about the new generation of interest downtown. One of the things I've
learned from the Greyhound -- if you go to Seattle, or Portland, or San Diego, or Austin, it's the millennial population that's now riding the bus. And they ride the bus, and get off the bus, get on the streetcar, they "uber." It's a very different ridership and it's very consistent with how we view our development downtown.

So we'd really like to keep them some place within our district. But, again, I think we'll do it quickly; we'll do it within this budget.

This is a big number, Michele, so let's do a roll call.

MS. BETTINI: Jeff Hill?
MR. HILL: Aye.
MS. BETTINI: Edmund Marquez?
MR. MARQUEZ: Aye.
MS. BETTINI: Chris Sheafe?
TREASURER SHEAFE: Aye.
MS. BETTINI: Mark Irvin?
SECRETARY IRVIN: Aye.
MS. BETTINI: Jannie Cox?
MS. COX: Aye.
MS. BETTINI: Cody Ritchie?
MR. RITCHIE: Aye.
MS. BETTINI: Fletcher McCusker?
CHAIRMAN McCUSKER: Aye.
(The Board voted 7-0. Motion carried.)

So by a vote of 7-0, we're going to communicate to Greyhound that we're prepared to budget a million-4 to a million-7 to help them relocate.

MR. COLLINS: Mr. Chairman, members of the Board, I assume that you will continue your negotiations with the executive officers of Greyhound. I've gotten a lot of communication with their counsel that's on this too. As soon as you guys let a little closer on that, we can begin the document.

CHAIRMAN McCUSKER: And this is an item that requires notification to our appointments?

MR. COLLINS: It absolutely does, Mr. Chairman. And it also requires concurrence from the City of Tucson. I'm going to suggest that what I do -- subject to your motion -- one of the first things I will do is a prepare a notice to your appointors because of the numbers we're talking about.

We have to get concurrence from the City for any expenditure for over $50,000. I can work with the executive officers to obtain that. I don't need anymore direction on that.

CHAIRMAN McCUSKER: Item 14, Fox Foundation bylaws, and hopefully Board appointments. We've tabled this a couple of meetings mostly to vet people that we would like
to place on the Fox Board.

To refresh your memory regarding the settlement and
return of the Fox indebtedness and lease, we have the right
to appoint up to five people to the Fox Board. I think
we're prepared to submit some of those names today. And
also consistent with that agreement the Fox Foundation
cannot change their bylaws without notifying us, which they
have appropriately done. Counsel has indicated he has no
issue with their change. We don't really need to do
anything unless we take exception to that.

MR. COLLINS: That's correct.

CHAIRMAN McCUSKER: So as long as we don't take
exception to them, they will --

MR. COLLINS: Go forward.

CHAIRMAN McCUSKER: And then the issue then is to
nominate Board members. And you have, Mark, some
candidates?

MR. COLLINS: Yes, Mr. Chairman, members of the
Board, with the assistance of your staff, and each of you,
Bruce Dusenberry has been nominated and has expressed an
interest in serving, as has David Volk. Both of them have
seen the application, and so forth, and have expressed a
real interest in serving on the Fox Foundation Board as
appointees of this Board.

CHAIRMAN McCUSKER: Should we move them
individually?

MR. COLLINS: I would suggest that it would be cleaning to do it that way: Bruce Dusenberry and David Volk, whichever order you want to do.

SECRETARY IRVIN: Is everybody familiar with who those two folks are?

CHAIRMAN McCUSKER: Somebody move one or the other.

SECRETARY IRVIN: So should we approve Bruce Dusenberry?

MR. RITCHIE: Second.

CHAIRMAN McCUSKER: So we're not approving anything. We're nominating them.

MR. COLLINS: Yes.

CHAIRMAN McCUSKER: So if you will properly state your motion.

SECRETARY IRVIN: Nominating --

MR. RITCHIE: Second.

CHAIRMAN McCUSKER: All in favor say aye?

(Ayes.)

(The Board voted and motion carried.)

CHAIRMAN McCUSKER: And now same thing for Mr. Volk.

SECRETARY IRVIN: I'd like to nominate Mr. Volk as well.
MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: All in favor say aye.

(Ayes.)

(The Board voted and motion carried.)

THE WITNESS: Thank you. We've still got three positions there. If you are so inclined, submit a name to Mr. Collins.

MR. COLLINS: Mr. Chairman, I will advise the Fox Foundation board of your actions.

CHAIRMAN McCUSKER: And I guess I'll communicate to the two nominees.

MR. COLLINS: Okay.

CHAIRMAN McCUSKER: Item 15 -- we tabled item 16. This is tied into item 18, or --

TREASURER SHEAFE: It's actually a separate item, Mr. Chairman. But very briefly, we had made commitments to finish some engineering work some time ago. There is a little bit of work that's been required by the City to finish up the water line engineering agreement. This is to approve the expense for that work. It's $3,450. I've gone over it with Stantec; and it really is consistent with all the previous approvals that we've already passed on this Board.

MS. COX: So moved.

MR. MARQUEZ: Second.
CHAIRMAN McCUSKER: All in favor say aye.

(Ayes.)

Any opposed, nay.

(The Board voted and the motion carried.)

MR. COLLINS: You will all be happy to know that that's been reduced to a fully executable agreement.

CHAIRMAN McCUSKER: 17 we tabled. 18 --
Okay. Mark, you're going to have to help us through this. Let me see if I can properly set up the issue. I believe it was March or April of 2013, in concert with Nor-Gen at the time, long before we ever contemplated selling the Arena Lot, we learned that the Tucson Convention Center and surrounding area dumped all kinds of water onto these western lots. Creates a huge problem for the development of both lots.

We had agreed at the time, the Board voted to participate in rerouting the drainage along Granada, ultimately to the river. What it does is allow the maximum development of both of those sites, the Arena Lot and the Nor-Gen lot.

City's been back and forth now on what they would require and would not require. But I think it's been made clear to us now that those lots cannot be maximally developed unless we figure out the watershed issues first.
So, we've re-resurrected the original approval. This is the amount and agreement that we had as the Board agreed to in 2013, the developers asking us to consider reapproving this currently.

And, Chris, you were intimately involved in negotiating that; is there something you want to say?

TREASURER SHEAFE: Mr. Chairman, if we want to have any discussion or anybody else wants to --

CHAIRMAN McCUSKER: And I think we should hear some background, and then we need to hear from counsel and --

TREASURER SHEAFE: Well, the main thing -- the central point here is that we made this decision originally because it was money that we were going to have to spend. And we were simply combining it in a more efficient manner through the process that we've worked out with Nor-Gen.

And this was all previous to the sale of the arena parcel. The sticking point is that we moved forward assuming that everybody was kind of on the same wavelength. I think looking at it in hindsight it might appear like we're doing benefit to somebody else, which really isn't the case. The important thing is that the money that the District -- if it's approved here we've put into this project would facilitate quite a bit of development. But it would also only be put in after the infrastructure is owned
in the public arena. And so we would be paying into the
process of creating a public asset to eliminate a problem
that we would eventually have to deal with on our own had we
not had the cooperation of the development process that's
currently taking place. I have a motion --

CHAIRMAN McCUSKER: To clarify that, we would be
contributing to the City's ownership and development of this
culvert system, right? It's not --

MR. COLLINS: Mr. Chairman, members of the Board,
as you all know you are not authorized to invest money in
privately held property. It has to be in publicly-owned
property.

So if you're going to move forward with this, it has to
be structured in an agreement which contemplates that before
you reimburse the developer, whether it's a Nor-Generations
or Nor-Development, whatever it is -- that the City's got
to -- Nor-Generations or the owner's got to dedicate the
space along with all of the improvements. And the City or
the municipality -- City in this case -- has to accept that.
Because once they accept that, then they will maintain that.
You will then be putting the money -- your money into
government-owned property.

You couldn't just give the money to somebody right now
because that would violate that requirement. So it is an
agreement that will require some fine tuning, if you will.
And let me bring back to this topic:

If this number -- if it's the 62 percent, the 855 -- and I'm going give you some history to help some of this discussion -- but this is also going to require a notice to appointors because of the numbers we're talking about.

To the extent that it may be of some assistance to the board members, and perhaps the public, the original motion that Mr. Chairman and you and Mr. Sheafe have been talking about was made during the March 11 '13 meeting. And it was a specific motion. It specifically said, among other things, that the Board would participate up to 62 percent of the total contract costs for common construction elements and in no case participate more than $855,000.

Payment will be made to Nor-Gen upon the completion of the construction, and acceptance by the City of Tucson of the completed drainage facility into public ownership and maintenance. And fourth, that the construction contract must be executed on or before June 1 of 2014.

So the structure of what I believe you're talking about is the same structure. But that particular commitment was subject to a condition that I don't think you're talking about putting in here.

After that, we issued -- we -- you issued the RFP in 2014. And at the -- March of 2014. And at the August 26th of '14 meeting the Board selected Nor-Gen as the successful
bidder, and then the agreement with Nor-Gen was executed on January 27th of 2015.

And as you now all know through the efforts of Pat Lopez, and Alan Norville's office, we did close that sale at the end of September.

So this is an issue that I think you guys have a policy decision to make as to what you want to do about it.

CHAIRMAN McCUSKER: Go ahead, sir, launch your motion. We'll see if you get a second.

TREASURER SHEAFE: All right. And I will give this to you in writing so if you miss anything it will be at least part of the public record having put forth in its original form.

My motion is to direct counsel to draft --

CHAIRMAN McCUSKER: -- we've got a whispered thing going on here. I think Cody's got to recuse himself.

TREASURER SHEAFE: I'm sorry. Did we lose Cody?

MR. COLLINS: Yeah, we did.

TREASURER SHEAFE: All right. My motion is to direct counsel to draft with the assistance of the Board's executive officers the necessary statutory compliant "Agreements" authorizing the Board to provide financial assistance to Nor-Development, LLC ("Nor-D") and Nor-Generations, LLC ("Nor-Gen") in their development of the Arena Site and the adjacent "Exhibition Hall" property
consistent with the following material terms:

1) The District will reimburse Nor-Gen and/or Nor-D for a portion of the total contract costs for the common construction elements of Box Culvert and Sewer Realignment from the northeast corner of Nor-Gen's "Exhibition Hall" parcel to the southeast corner of Nor-D's Arena site parcel -- that we call the "Project."

2) The amount of the District's "Reimbursement" shall not exceed (a) 62 percent of the total common construction elements of the Project, or (b) $855,000, whichever is the lesser amount.

3) The District's reimbursement obligation is expressly contingent upon:

   A) The Board's approval and execution of the final Agreements;

   B) The District's approval of the Project's final construction contract, including the scope of services;

   C) And Nor-Gen and Nor-D's dedication of the Project's real property and the attendant improvements to the City of Tucson ("City") and the City's final acceptance of such dedication so that the City will maintain the results of the project.

CHAIRMAN McCUSKER: That will die without a second.

MS. COX: Second.
CHAIRMAN McCUSKER: All right.

Now discussion.

Michele, call the roll.

MS. BETTINI: Jeff Hill?

MR. HILL: Aye.

MS. BETTINI: Edmund Marquez?

MR. MARQUEZ: Aye.

MS. BETTINI: Chris Sheafe?

TREASURER SHEAFE: Aye.

MS. BETTINI: Mark Irvin?

SECRETARY IRVIN: Aye.

MS. BETTINI: Jannie Cox?

MS. COX: Aye.

MS. BETTINI: Fletcher McCusker.

CHAIRMAN McCUSKER: Aye.

(The Board voted and the motion carried by a vote of 6-0 and one recusal.)

One recused. So by a vote of 6-0 we've approved that motion. There are some strings, right, counsel?

MR. COLLINS: Yeah.

CHAIRMAN McCUSKER: We got to tell our appointors you got to draft some docs. You got to get the City to concur.

MR. COLLINS: You put me in the fighting cage with Pat Lopez again. So I'll be bringing back documents to you.
CHAIRMAN McCUSKER: Okay. Item no. 19. We mentioned it at the beginning of our meeting. It's a very exciting opportunity for Tucson. It's now become an opportunity for downtown Tucson and the Rio Nuevo District, but the NCAA is coming to the University of Arizona stadium on December 29th.

Either team -- both teams get an allocation of 5,000 tickets at a minimum. We expect 15,000 out-of-state visitors in town for that weekend, and Monday and Tuesday night. They have asked to help organize a downtown block party similar to second Saturday to allow those fans to really enjoy and appreciate the newly revitalized downtown. We would like to help secure that.

And, Mark, do you want to talk about what your interest is in that event?

SECRETARY IRVIN: Yeah. So this is something that I've actually been working on for about a year and a half or so. And as Fletcher knows, it got great traction earlier this year and then it kind of went sideways because the NCAA elected not to approve our sponsor. So we kind of regrouped in our thinking, did it really rather quickly. So we've been trying to get about a year's-plus worth of work done in a very short period of time.

A couple things that were kind of exciting to me is that bowl has identified a number of options for office
space; they're either all downtown or they're somewhere along the Broadway corridor so will be in the District. Pretty tickled about that.

We're looking for ways that we could do something to help Tucson celebrate a return of a bowl in 17 years. And, of course, given that the Chairman and myself were involved in this, we wanted to see something that would come downtown, that we could connect with the rail, with the modern streetcar, and all the other positive things that are happening downtown. Hopefully when some of these hotels get built, it will be an opportunity for these teams to actually have an option to be downtown in different facilities.

So one of the things that we've talked is wouldn't it be nice to throw a great big block party and have the District provide some seed capital for that.

So what I'd like to see the District approve and subject to the City and the County joining suit with us, I'd like to see us make a commitment of $20,000 to the party.

And I'd like to see the City and the County do a similar match with that. Our discussions with both the City and the County have talked about a number of different ways that they could help us in addition to cash. We've talked about -- we've got a big line item for police security and what have you. So we're in a separate side bar with them on that discussion. But on this one, I'd like to see them
match a $20,000 donation that would go a long way to kicking
off a big block party downtown.

MS. COX: Do we know how likely the City and the
County are likely to participate?

SECRETARY IRVIN: We've had some discussions and
obviously it's something that they're looking at.

You know, it's a 22- to a $25 million economic windfall
to our community. And right now, neither the City nor the
County have any skin in that game at all. So we feel pretty
confident --

MR. RITCHIE: I'd like to make a motion if I
could. I'd like to make a motion that Rio Nuevo earmarks
$20,000 for a downtown party for the Arizona bowl game
irrespective -- hopefully that the City or County will
participate but without strings attached.

CHAIRMAN McCUSKER: Second?

MR. HILL: I don't believe you can say "hopefully"
in a motion.

MR. RITCHIE: Okay. I'll just make a motion that
Rio Nuevo will earmark $20,000 for a downtown street party
for the Arizona bowl game.

CHAIRMAN McCUSKER: He's making a motion. We
don't have another motion. He's now made a motion to
reinvest 20 grand without any strings attached. You've
seconded that motion (Mr. Sheafe). Okay. Now we can
discuss that motion. Mr. Marquez.

MR. MARQUEZ: As the new board member, I've seen how far Rio Nuevo's come and basically Rio Nuevo 3.0 and we're still trying to outpace our past and the past stories. We're in dire need of PR at times. Because people don't know all the great things that we're doing at Rio Nuevo. Can we have a sponsorship for our $20,000 where Rio Nuevo's name is connected to the party or helping host a fantastic party downtown where Rio Nuevo can be seen by all?

MS. COX: Oh, yes.

SECRETARY IRVIN: The answer to that's absolutely. And I guess I kind of look at it, Edmund, it's almost the same situation what a bunch of us did on the party that was thrown out at Davis-Monthan Air Force Base, a big welcome home party. You know, we -- a small group provides some seed money and then the City and the County both match that as to a whole bunch of people in the private sector. So I think if anybody wants to get involved in that, absolutely. I would most definitely expect that the District for that contribution would get great recognition for that, and also so would the City and the County. And it's not just recognition of program and maybe this that and the other. But it's like what you said, it's kind of the same thing that we had been talking about. And that's we can't do this thing all by ourselves. So to me, I think
having the City and County involved in that -- that is a
discussion that I'm looking forward to continue to have.
And I already know that the County won't do anything unless
the City matches them.

CHAIRMAN McCUSKER: Under Cody's motion it doesn't
matter; we would contribute whether they match or not.

MR. MARQUEZ: In the spirit of procurement, is
there a way of adding teeth? Is there a way to say that the
downtown businesses get first shot at being the vendor for
the party? I would hate to see us pass this and we're
obviously representing the downtown area then people from
outside the District are coming in ahead of one of our
restaurants or one of our other --

SECRETARY IRVIN: So one of the things, Edmund,
that we've talked to the whole bowl community about is the
existing structure that's in place with the second
Saturdays. Promise I won't call them second Tuesdays
anymore, Mr. Chairman. I did that little goof up the other
day and was admonished. But anyway that's kind of what the
deal would be. They've already got all the equipment and
all that stuff. We'd basically be renting from them.

CHAIRMAN McCUSKER: And I think the point about
coming downtown is precisely that. Fill up our downtown
businesses, pack the restaurants, create opportunities for
local vendors. And then if that's going great and we need
some help, yeah, then maybe you look outside.

But we see it as a downtown event and to the extent Rio Nuevo can be identified as a sponsor that I think is pretty good will for us. This is a huge thing; this is a dead week in our community. We're not going to have 15-, 20,000 people in town. The hotels are all over this in terms of room rate and packages. Travel agents are very excited. This is a really big deal.

TREASURER SHEAFE: I would like to emphasize that. My connection with the Ventana hotel -- it's not well-known that very often the week between Christmas and New Years is virtually empty. I remember one time when La Paloma had one room rented.

CHAIRMAN McCUSKER: Guess who the hotel sponsor is? Ventana Canyon.

TREASURER SHEAFE: If you don't mind, I'd just like to say one other thing. You know, this whole thing kind of started on a conversation which even you guys may not be aware. But there's two people that played a very critical role very early when they were getting no attention, and the whole thing. And that was Joe Erceg, who's director of the Arizona Small Business Association. And by himself, he was out grinding away.

And the guy that stepped up and really helped him and encouraged him was our ex President Robert Shelton, who
was up in Phoenix, who took time to sit Joe down, talk with him, tell him who to go to talk to. And that has rolled forward to where it is today. And it's kind of exciting to see how somebody's energy and tireless effort actually begins to make a change.

CHAIRMAN McCUSKER: A lot of the local organizers were connected to the Fiesta Bowl. And they have been given the opportunity to recreate the opportunities we lost when we lost the . . .

So we have a motion and a second.

Mr. Hill?

MR. HILL: Just one question. Following up on Edmund's discussion, I certainly would have asked that beforehand. I guess I want to make sure that the public record in documentation -- I'm not keen and I've defended against us becoming a gift entity. I know we're exempt from the gift clause, but I'm just not keen on handing out gifts. I think that set a dangerous precedent.

So I would also like to see some mechanism as Edmund articulated that this is a form of advertising to benefit the District and its merchants specifically with someone having some oversights from our end to make sure it just doesn't go in to buy the case of beer. So that's what I'd like to --

CHAIRMAN McCUSKER: Cody, would you be willing to
broaden your motion that that would be contingent on us
being identified as a sponsor? Then we can move it into the
marketing arena and comes out of the marketing budget. And
the second, who seconded that?

TREASURER SHEAFE: I did.

CHAIRMAN McCUSKER: Chris? All right. Let's do a
roll call.

MS. BETTINI: Jeff Hill?

MR. HILL: Aye.

MS. BETTINI: Edmund Marquez?

MR. MARQUEZ: Aye.

MS. BETTINI: Chris Sheafe?

TREASURER SHEAFE: Aye.

MS. BETTINI: Mark Irvin?

SECRETARY IRVIN: Absolutely.

MS. BETTINI: Jannie Cox?

MS. COX: Aye.

MS. BETTINI: Cody Ritchie?

MR. RITCHIE: Aye.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: Aye.

(The Board voted and the motion
carried.)

MR. RITCHIE: Six "ayes" and one "absolutely."

CHAIRMAN McCUSKER: Okay. We've got some time for
Call to audience. Michele, you've got some yellow slips?

MS. BETTINI: Just one.

CHAIRMAN McCUSKER: Josefina Cardenas. Good afternoon.

Please introduce yourself for our transcriptionist.


First of all, I would like to appreciate as always for your commitment to our community and for investing -- I'd glad to hear that you would be investing in our Mother Earth, and seeing what will be happening to our original birthplace of Tucson below Sentinel Peak.

And in looking at these documents, I noticed from the IRG advisors that Barrio Kroeger Lane is not mentioned. And I'm sure that if you've gone up the mountain you can see that below, across from the land of Chuk Shon is Barrio Kroeger Lane. And if you look at your own documents of Rio Nuevo, the City of Tucson map, the land of Chuk Shon is within Barrio Kroeger Lane, not only Menlo Park.

I would say just because we are a barrio of low income, low education, it does not make a difference of us being mentioned. And I would appreciate if this document is sent because we have been in existence up to six generations in that land.
And I wouldn't want to hear Rio Nuevo without my respect, say that you would sell the birthplace of Tucson. Because it had already had been turned to you with this negotiation with the City. It was bad enough that they turned it into the landfill -- we are sitting -- turned it into a landfill. And then proposed to you nothing that you can do much letter than selling. This mission that you have is not only of dollar signs. It's also of a blessing, and spiritual.

You represent us, the community, and I want to see that the best of this site, of the original birthplace of Tucson-Chuk Shon, and it doesn't matter of the money amount, but the beautification and the preservation of this land, which is also includes us, that we're looking forward to you that you also think that we are part of a family here in Tucson. It's family, our children.

Not all of us have the money or the time to wine and dine and party. If you go down our barrio, which I invite you, it's -- I think it's already time for us to sit down and talk. We have very great many unmet needs in our barrio and our children are also due for investment, our families.

So I invite you to our barrio; I think it's time. And we would love to sit down and talk. Because I'm sure that you would be honored to also invest in us.

Muchas Gracias.
CHAIRMAN McCUSKER: Josefina, thank you very much. I entertain a motion to adjourn.

SECRETARY IRVIN: So moved.

CHAIRMAN McCUSKER: Second please.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: All in favor say aye.

(Ayes.)

See you all in November.

(Meeting adjourned at 3:30 p.m.)
CERTIFICATE

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

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John Fahrenwald