APPEARANCES:

BOARD MEMBERS:

Fletcher McCusker, Chairman
Chris Sheafe
Mark Irvin
Jannie Cox
Cody Ritchie
Edmund Marquez
Jeff Hill

ALSO PRESENT:

Mark Collins, Board Counsel
Michele Bettini, Operations Administrator

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BE IT REMEMBERED that the meeting of the Board of Directors of the Rio Nuevo Multipurpose Facilities District was held at the Arizona State Building, 400 West Congress Street, Suite 222, in the City of Tucson, State of Arizona, before MICHAEL A. BOULEY, RDR, Certified Reporter No. 50235, on the 15th day of November, 2016, commencing at the hour of 2:00 o'clock p.m.
CHAIRMAN MCCUSKER: Here we go. We are going to call this meeting to order. Let's recite the pledge.

(Pledge of Allegiance recited.)

CHAIRMAN MCCUSKER: Michele, call the roll.

MS. BETTINI: Edmund Marquez?
MR. MARQUEZ: Here.

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

MS. BETTINI: Chris Sheafe?
MR. SHEAFE: Here.

MS. BETTINI: Fletcher McCusker?
CHAIRMAN MCCUSKER: Here.

MS. BETTINI: Mark Irvin?
MR. IRVIN: Here.

MS. BETTINI: Jeff Hill?
MR. HILL: Here.

MS. BETTINI: Cody Ritchie?
MR. RITCHIE: Here.

CHAIRMAN MCCUSKER: You have the transcripts from the October 25th meeting. They are verbatim, thanks to our court reporter friends.

Any questions, comments or changes?
MR. SHEAFE: Move to approve.

MS. COX: Second.

CHAIRMAN MCCUSKER: All in favor say aye?

(Board responds aye.)

CHAIRMAN MCCUSKER: Transcripts approved.

For the folks in the audience, we normally go straight into executive session. You can see from our agenda we have got probably a hour's worth of work. So, as soon as I get a motion to recess, we will adjourn.

MS. COX: So move.

MR. MARQUEZ: Second.

CHAIRMAN MCCUSKER: All in favor, say aye.

(Board responds aye.)

(Motion passed unanimously.)

CHAIRMAN MCCUSKER: We are recessed to executive session. We'll be back at 3:00 o'clock.

(Recess.)

CHAIRMAN MCCUSKER: Okay. A motion to reconvene, please.

(Motion moved, seconded, and passed unanimously.)

CHAIRMAN MCCUSKER: Welcome back. And, not too bad for a Rio Nuevo time. We are 14 minutes past our allotted schedule. I'm going to work here a minute and move some things around on the agenda.
But, as you can tell, we have a number of very important iconic possible projects on our agenda. Safe to say we're not resting on our laurels or past successes that we have enjoyed, and Rio Nuevo is fully engaged in a number of projects within our district and we're going to discuss many of those for the first time today in the open session.

So, Mr. Collins, item 7, any conflict of interest on the Broadway Sunshine Mile discussion? He is not here. Well, he is not going to help. I ask the Board, then. Any conflicts on the Broadway corridor Sunshine Mile? Item 8, Broadway corridor Randolph golf course? City park, I have Cody and Chris as conflicted. Correct?

Mr. Sheafe: Correct.

Chairman McCusker: Then I have Chris as conflicted.


So Cody, I think you're trying to get someplace important, so I'll move city park up and 15 up. And 10 up. And that will allow -- right. So let's see how we
do that.

So, we could take city park first. We want to move them down. Right?

MR. COLLINS: I think you want to move them down.

CHAIRMAN MCCUSKER: I want to move them later. Take that out. Okay.

Dan, let's go ahead with your financial report.

MR. MEYERS: I'm Dan Meyers, CFO of Rio Nuevo. The balances are, as of October 31st, from unrestricted cash we have approximately $15 million in various banks. In form of commitments, as of October 31st we've got about $68 million. That would be a deficit of about 54 million, which we anticipate taking care of the deficit with some financing as we move through our projects.

We have not yet received our TIF revenue for August, which would have been collected in November, yet. So I don't know what that number is. I haven't even got an approximate on that.

Regarding the Tucson Community Center, show that there is $958,000 left to spend on the project. We just today received our invoice from Concord, which shows approximately 400 -- excuse me, $580,000 due. So we're getting closer and closer to getting that project wrapped
up.

On another note, I'm going through the process of putting together a five-year plan. I've shared with a couple board members and still tweaking that. I anticipate by next meeting we will have a good solid five-year plan to look at the preliminary numbers based on a million dollars a year a month of TIF revenue, kind of be keeping somewhere between eight, nine million dollars on hand at all times to be just kind of a spare and take on additional projects.

And that does not assume any of our commitments will have been repaid within the next five years, which obviously that can change at any time.

So like I said, by this time next month I should have a pretty formal plan to present to the board.

CHAIRMAN MCCUSKER: Dan, if I just do some quick math, if we finance, which we intend to do, all of the Caterpillar construction, that's 50 million in income. We're also talking about a $7 million financing, so call that 57 million incoming. Plus your 15 in round numbers gives us $72 million against 68 million committed. Am I close?

MR. MEYERS: Yeah. You've got to kind in mind some of this stuff is stretched out. We continue getting that million dollars of monthly budget, so.
CHAIRMAN MCCUSKER: That's the piece I didn't -- so we enjoy the TIF income, which could be 12 million a year.

MR. MEYERS: Right. But remember, we got to pay off our bonds with a good chunk of that every months as well.

CHAIRMAN MCCUSKER: None of this considers like for remainder of '16 or '17 income over expenses?

MR. MEYERS: Correct.

CHAIRMAN MCCUSKER: Right. Just keep that in mind, you know, when you're looking at a list of 10 projects, you know, we have maybe five or six million bucks at our disposal.

MR. MEYERS: I agree.

CHAIRMAN MCCUSKER: Any questions for Dan?

MR. MEYERS: Okay. Thank you.

CHAIRMAN MCCUSKER: Thank you very much.

Okay. We'll take them in order.

Item number 7. In your packet, I believe there are some out there for public distribution, is the letter from me to Councilman Kozachik on behalf of the executive officers indicating Rio Nuevo's ongoing interest in the so-called Sunshine Mile. This is the section of Broadway from Euclid to Country Club.

For those of you that track this, we met with a
number of the Sunshine Mile merchants about a year ago. And we elected to stay out of the Broadway widening discussion and at that point said, look, when the dust is all settled, and whatever happens to the road alignment, indeed, that is in the TIF district, and we're quite concerned about what could happen to TIF merchants' sales tax, depending on what happens to the roadway.

So we now know the alignment. I think that's 99 percent fixed. There are 100 properties or more that are at risk. Some of them the roadway splits. Some of them they roadway just starves of parking and frontage. And, we have now -- we are now, assuming you ratify this letter, would be expressing our interest to Councilman Kozachik and the mayor and council that we have an interest in a real discussion on activating that section of Broadway as restored retail.

We've had some interesting conversations with some people who do this around the world, namely the Project for Public Spaces in New York, who have done similar projects in places like Palm Springs or Pasadena or Brooklyn, and we really believe as many of the constituents do that the Sunshine Mile could in fact someday be a destination shopping mall with restored buildings that represent Tucson's mid-century.

So, what we would ask of the Board today is that
you just authorize us to continue the dialogue. We don't have any real information for you or the public today on the economics of all this. But we do want to be on the record and go to the City Council to express our interest in being a problem-solver for Broadway, and we have assured everyone we will not tinker with the roadway.

It's not our interest to look at the roadway design or its width or its intersection or the bus pull-throughs or anything like that. We are really interested in the properties. Part of what the City would have to do is create an overlay zone, which would relieve the parking requirements that exist, deal with any zoning that might be required in such an overlay zone to allow us to even engage.

So at this point I'm interested in your feedback regarding my proposal to Councilman Kozachik.

Mr. Irvin?

MR. IRVIN: So, first of all, I'm -- as you know, I'm ecstatic that we are not getting in the way with any of the discussions relative to the widening and that timing. Because I think that's really not our bailiwick. I like the idea.

You know, the concern that I have is I know a lot of these properties that people call historic are really are old, not historic. But some of these
buildings have some pretty cool characteristics to them. They're not all clean buildings. A lot of these buildings have environmental and asbestos and other issues. So I like the go slow approach of looking at each of these buildings independently and determining if there is something that fits in what we are trying to do.

So, but other than that, I think it's a interesting discussion to continue. So I would say, my perspective, let's go.

MS. COX: I move that the executive officers and our council continue conversations with the City about the potential of this project and bring it back to the Board.

MR. MARQUEZ: I'll second that.

CHAIRMAN MCCUSKER: Any further discussion?

Instructions? Comments?

All in favor, say aye?

(Board responds aye.)

CHAIRMAN MCCUSKER: Opposed nay?

(Motion passed unanimously.)

CHAIRMAN MCCUSKER: That unanimously carries.

I expect we'll be invited to a study session shortly, and we'll try and work through how these steps advance with the City of Tucson.

While we're on Broadway, one of the most fun
conversations I've had in a long time, and Judy McDermot and Jose Rincon are here from the Conquistadors to talk to us today, and I think this is probably the public revealing of this item, if you guys can come on up.

The Conquistadors are actively pursuing the relocation of the PGA Senior Tour to the Randolph Golf Course. Its Broadway frontage is in our district. Most of the course, however, is not in our district. But part of the conversation we've had with the Conquistadors and the PGA would be to construct a new clubhouse on Broadway, and that would use TIF funds to support that.

And if we can all succeed in this endeavor, the economic impact for the City and for Rio Nuevo is quite significant. About a $15 million annual economic impact, about $4 million of ticket sales and concession sales that creates sales tax for the Rio Nuevo.

So with that preface, Jose and Judy, we're happy to have the conversation.

MR. RINCON: Thank you, Mr. Chairman, members of the Board. My name is Jose Rincon. I'm Vice President with the Tucson Conquistadors. And I can tell you that this is a very exciting topic among the group. As you know, there is a 50-plus year history of bringing professional golf to our community. And, quite frankly, as good as the Omni Golf Course has been to us, as
well-liked as it is, we just feel strongly that this is a community event that belongs in the heart of the city. And, you know, it's something that the membership at-large shares in that excitement. We've engaged in some of the details, conversations of the details, that that would take to make that happen. As you know, it's a preliminary conversation, but one that we really want to see come to fruition.

So, you know, along those lines, the Tour's excited about it, about the possibility. It's been not since the '80s that there was professional golf at Randolph. And so, you know, it's something that we'd hope that we can continue to work with you and find a way to get us from Point A to Point B.

CHAIRMAN MCCUSKER: What would the timing be in terms of work that we'd have to do and when would you expect the first event?

MR. RINCON: Well, the soonest we could be at Randolph would be 2018. We are committed to play at the Omni next year. But as things stand right now, we do not have a signed contract with Omni for 2018. So, that's -- that would be the soonest that we could be there.

MR. MARQUEZ: Mr. Chairman?

CHAIRMAN MCCUSKER: Mr. Marquez?

MR. MARQUEZ: I find this very exciting. I
think it's great to bring such an amazing economic
development boost to the City of Tucson. And obviously
Omni is in the County, and this brings it into the City.
This is right along our corridor. It plays into
downtown. The fact that this comes into the City and
obviously is a big boost in their sales tax, is that
going to be part of the conversation? Will they come to
play in regards to this conversation to bring this to the
City?

MR. RINCON: Yes. We'll, I'm sorry. Can you
clarify the question with regards to the City?

MR. MARQUEZ: So you're moving this from the
County to the City?

MR. RINCON: Correct.

MR. MARQUEZ: There's a big increase in their
sales tax?

MR. RINCON: Correct.

MR. MARQUEZ: Are you going to be having
conversations with the City to possibly be part of this
investment in the clubhouse?

MR. RINCON: Yes. Yes, we do plan to have those
conversations. They're ongoing now. We've met with the
mayor. We've met with a couple of council members. We
have couple of meetings with city staff scheduled in the
month of December.
So it really is a collaborative effort between the City, you know, with you all, the Conquistadors, so, yes.

CHAIRMAN MCCUSKER: The City owns the course. I think that there are a number of things that they need to help us to facilitate this. I think investing capital, Edmund, is probably not one of those. The other kind of things we've done with the City that accelerate these developments, they're still not in a position to really be a financing part. So this is another great example of a true private-public partnership that would have to involve the City, the District, the Conquistadors, the PGA, private lenders, probably, private sector investors, sponsors.

You know, none of that is known today. It's an idea that will take a lot of work and a lot of collaboration, as Jose said, to pull this off.

What we're looking for today is the indication of interest from the Board, and authority for the executive officers to continue the dialogue. And hopefully we can nurture this along to have an understanding of the economics, and bring an actual plan back to the Board that would include the enhancements that you need to be PGA-ready.

MR. IRVIN: That sounds like a pretty clear
motion to me, even though I know you can't make it.

I'd move that the executive officers be

authorized to continue this discussion.

MR. MARQUEZ:  Second that.

MR. IRVIN:  And obviously bringing it back to

the Board at some point in time for further discussion,

ratification.  Forgot that piece.  Mr. Collins is glaring

at me a little bit.

CHAIRMAN MCCUSKER:  Edmund, are you okay with

that?

MR. MARQUEZ:  Yes.

CHAIRMAN MCCUSKER:  Everybody understand the

motion?  Questions?  Comments?

All in favor, say aye?

(Board responds aye.)

CHAIRMAN MCCUSKER:  Opposed nay?

(Motion carries unanimously.)

CHAIRMAN MCCUSKER:  All right.  Here we go.

MR. RINCON:  Thank you.

CHAIRMAN MCCUSKER:  City park, I'm going to hold

off on.  Gas, I'm going to hold off on.

Mr. Collins, let's talk about sewer lines.  I

think everybody knows that we're moving very rapidly on

the construction of the Caterpillar headquarters building

on the west side of the freeway, right on Cushing and
Avenida Del Convento. You've probably seen some beginning archeology work over there. We also have to do the environmental and other kinds of studies.

One of the things that's come up in the slow reveal of us dealing with this parcel is the existing sewer line runs right smack in the middle of that property.

So at this point, the only thing we're talking about doing is working with the County to engage an engineer to help us understand the challenges that provides for us, and then alternatives for its relocation.

Mr. Collins?

MR. COLLINS: Mr. Chairman, members of the Board, you've summarized it beautifully. Just to put it in context, as you know, we've contracted to purchase the property from the City. Escrow -- that's in escrow as we work towards a build to suit lease arrangement with Caterpillar. Unfortunately, the timing of that is accelerated. And so what has to happen now to allow the Board to continue to try to meet Caterpillar's deadlines is we've got to do -- you've got to do work on the property.

The sewer line currently runs directly underneath. It's a 33-inch sewer line, runs directly
underneath north-south of this property. What the IGA between the District and the County will do is the district promises to indemnify the County for it's approximately $40,000 for the services of Westland Resources, an engineering company that's on the list of -- the County's list of qualified providers. And that would allow Westland to do the preliminary work to determine what kinds of materials have to be used, where the line needs to go, how the transition is going to be. And then that, those plans would then be handed off to the construction manager at risk, as you folks are going to be hiring to build the property.

In other words, you're keeping the deadlines -- keeping moving. We're moving forward even though you don't own the property quite yet. But we're talking about a $40,000 investment in a project that is likely to cost 50 million bucks.

So that's what you're being asked to do, is to authorize the execution of an intergovernmental agreement between the District and the County to reimburse the County for $39,944.

MS. COX: So moved.

MR. MARQUEZ: Second.

CHAIRMAN MCCUSKER: Just for the record, we probably could have bundled the whole bunch of Cat stuff,
you know, surveys, archeology, engineering, you know,
site prep, blah, blah, blah.

Mark and I decided, however, not to do that. So we are actually presenting each and every expenditure in the spirit of full transparency. Anything we spend on that site will come before the full Board. So, until we authorize the $50 million building, you're going to see a lot of these little things pop up meeting to meeting.

So I think we had a motion and a second to approve.

Is that correct, Mr. Collins?

MR. COLLINS: It is, Mr. Chairman.

CHAIRMAN MCCUSKER: All in favor, say aye?

(Board responds aye.)

CHAIRMAN MCCUSKER: Any opposed, nay?

(Motion carries unanimously.)

CHAIRMAN MCCUSKER: Okay. Go forth and engineer.

MR. SHEAFE: One thing to keep in mind, I know the motion has already passed, you can't tamper with those sewer lines at any time during the year. There are only certain months, so we need to be aware of that.

That's number one, when you actually divert the sewer and change it.

Number two, the scope of services in this will
change dramatically based upon our development plan. So, the 40,000 to me kind of an upside limit. But we need to see what the development plan impact is going to be, and then look at that scope of services. Because that may not be anywhere near that number based on where that sewer line is going to get moved to.

CHAIRMAN MCCUSKER: Seriously, you can't tinker with sewer lines except proscribed times?

MR. SHEAFE: There are times during the year you can't open it up. You remember we ran into that on the arena parcel.

CHAIRMAN MCCUSKER: I think he volunteered to help us negotiate.

MR. COLLINS: Yeah. One of the components of Westland Resources -- one of Westland Resources components of that $40,000 that you're talking about is the transition, to design how to deal with the transition. There is discussion of having to have the sewer above ground while they are drying it out and moving it. All of the things, Mr. Sheafe, that you're talking about. This starts that process.

CHAIRMAN MCCUSKER: Okay. Here we go. Meeting dates? Let's hang on to that, for that. Maybe we can to that later, want to take advantage of the meeting.
Marketing is a possible action item. Let me help set the context for this and blame it all on Michele Bettini. You read our agenda. You saw the executive session item Michele has given us her notice after seven years?

MS. BETTINI: Five.

CHAIRMAN MCCUSKER: Time flies. She's got a great opportunity which she's accepted. She'll be at the December meeting. We will be working on how we replace three people with one person as we go forward. A lot of what Michele does is in the marketing area. We have a proposal from Kaneen to help us with that. I think it's in your packet. I don't know if there are any out there. It's a small item, $10,000 expenditure. But they -- we would engage Kaneen Communications to represent us in marketing and PR, and the proposal is in your packet.

MR. SHEAFE: Mr. Chairman, I move that we accept the Kaneen proposal.

MS. COX: Second.

CHAIRMAN MCCUSKER: Any further conversation? Can you move we don't authorize her to resign?

MR. HILL: I would just like to ask on the Kaneen proposal, and see if there is a maximum limit on that budget? I saw there is $10,000 in there. What is the expectations of the Board how much that they may be
charging?

CHAIRMAN MCCUSKER: That's it. The 10,000 is the cap the way I understand what we have discussed and the way this is written.

MR. IRVIN: I think it's from the time period is what his question is.

MR. HILL: I mean, is it one year, $10,000?

CHAIRMAN MCCUSKER: For the calendar year '17.

MR. SHEAFE: Calendar year.

MR. HILL: With no expectations that they'll come back?

CHAIRMAN MCCUSKER: We have to bring it back to the Board. We have no expectation to go above.

Okay. All in favor say aye?

(Board responds aye.)

CHAIRMAN MCCUSKER: Opposed, nay?

(Motion carries unanimously.)

CHAIRMAN MCCUSKER: Thank you very much. That item carries.

Just a quick note, we don't need to take action today, but I want to make sure you're discussing it. Our lease in this space expires in September of 2017.

There are a lot of reasons we took an office in the State building back when. I would like us to consider a permanent location that actually contributes
to our TIF revitalization, whether that's downtown or on Broadway or someplace else, where we actually could establish our headquarters in a building that makes a difference.

And, if you're -- you don't think that's crazy, then we'll try and find some options to present to you between now and time the lease is up.

MR. SHEAFE: You know, I've never asked this question, but do we pay for the use of this room?

CHAIRMAN MCCUSKER: We pay about $14,000 a year rent total for the office space and the use of this room. I believe as a state agency we'd still be allowed to use the hearing room. We are checking on that.

But that's, you know, 14,000 bucks a year, Chris, that we could redirect into some other building or some other project.

Mr. Ritchie?

MR. RITCHIE: I just wanted to speak to that historical context. Back I guess 20, 30 years ago, so many different State agencies, adjuncts, what have you, had left the capital complex because it's so dreary and the homeless lying in the streets and all that. That we had thousands and thousands of board feet empty. And the legislature then required all of them to move back into state buildings, and it was a pretty ugly public
relations nightmare.

So I guess I would just say, cautionary, that we do something not like the hospital up there who had the entrance to Biltmore with the mega million dollar buildings nonprofit. Has a tendency to stir up anguish with the taxpayer. Want to just pass that on. Thank you.

CHAIRMAN MCCUSKER: Modesty required. Noted. Again, we're not planning on any action today. I think we could put realtors on notice that we're looking around.

Dabdoub, I'm going to hold.

City Park, I'm going to hold, or I'm holding.

And Gadsden, we're holding.

You want to do the updates while you guys are here?

Cody, you doing all right timewise?

MR. RITCHIE:

CHAIRMAN MCCUSKER: Let's hit 16, Mr. Collins, the project financing update.

MR. COLLINS: Mr. Chairman, members of the Board, the request for proposals on the Greyhound project are out. My partner, Tim Stratton, and Bill Davis with Piper Jeffray are fielding questions, so that's out in the mill.
The component for the AC Marriot Hotel is not gone out principally because we haven't spent -- we, the Board, hasn't spent any money yet. And Tim tells me that we have to wait until we're a little closer to being closing that deal.

As you will recall -- I know Mr. Irwin remembers this, he was instrumental in it -- as you will recall, you pay for the parking garage when the certificate of occupancy is issued. It will essentially be a closing at that moment. As soon as that gets closer, which I believe is July --

MR. IRWIN: June-July.

MR. COLLINS: As we get closer to that, Piper Jeffray and my partner can bundle it up and get lenders to commit hopefully to finance that. The hope, of course, would be that they would be in place so that the funding would occur simultaneously with this Board buying the garage. So that's where we are on that one.

CHAIRMAN MCCUSKER: Any questions for Mark?

Okay. We are proceeding with those. Sounds like it will be two separate financing transactions.

MR. COLLINS: It will. It will. You've authorized both of them. You've already authorized both of them. The delay on AC Marriot may require it to come back to you. I'd have to look at the resolution again.
But you've authorized the Greyhound. As long as the return for you folks falls within the parameters that you authorized some time ago, the trigger can be pulled and executive officers can issue.

CHAIRMAN MCCUSKER: Thank you very much.

TCC Today, Eckbo. I saw Carla and Helen.

Please reintroduce yourself for the court reporter.

MS. CARLA: Thank you. Mr. Chairman, members of the Board, I'm Carla with TCC Today, a voluntary community organization. And I want to acknowledge and underscore the contribution that Rio Nuevo has made to this project.

So in total you have gone -- you have contributed $40,000, which has stimulated another $61,000 in cash gifts. Virtually all of those have already been put into the property. And you've also stimulated a half a million dollars of contribution of expertise and materials.

So, together we have improved the patron experience at the TCC. We have completed four demonstration sites on time and on budget and we have established a number of working relationships. Notable among those would be the University of Arizona, Pima Community College, Downtown Tucson Partnership, yourselves, the City.
And I thought it would be important just to take a moment to reflect upon the principles that we were using as we made these changes, these rehabs to the landscape. We honor Eckbo's vision and his masterful modernist design. It is also possible to improve upon that because of technology that we have available that he did not.

And as we go through the improvements we've made, I'll point out some of those things. We want patrons to linger here and enjoy this community space. We want visitors to Tucson to come and learn about modernist design in Eckbo's largest existing landscape in the United States. And we want this once again to be a place where people come to take graduation and wedding photos as they did years and years ago.

Over the years, items have been added to this landscape which don't complement it, and we've been working through channels, and incrementally those things will be moved to other locations. And again, we'll talk about that.

Okay. So demonstration area one. About two years ago, here is what we had in the upper left corner. A barren pocket park, metal seats, an empty bed. And you can see now what we have, a recent picture, in the bottom corner. So the metal seats were neither beautiful nor
practical. They heated up in the Arizona sun. You couldn't sit in them because of that. And they were too far apart to have a friendly conversation.

So we put back in the originally designed wooden benches that you see here. We're testing the wood. What is there now is the second test of wood. It's hard to find a wood that's going to work in the Tucson climate but we're dedicated to doing that. We replanted two trees in their original position. The African Sumac didn't do well so a replacement plant was selected. These are Chinese Pistache. They are doing very, very well.

Part of what has helped them to thrive is that subsurface, we have put in Silva Cells which we described to you earlier and that provide a place for the roots to grow and a modicum of rainwater retention so that they grow tall and strong.

We have also replanted the bed. It's planned with Tombstone Rose, which looks virtually the same, was an Eckbo spec, but as a native Arizona plant it is optimal that that was what was replanted. And underneath that, in that bed, we took out the water guzzling burbler irrigation and we put in drip irrigation to be conscious about water.

We replicated a number of the smaller size Eckbo
planters. One of those is pictured here. And through a partnership with Rio Nuevo and Downtown Tucson Partnership, the partnership is maintaining those by both watering them and replenishing the plantings.

And then a year ago, demonstration area one. In the upper left you can see a barren bed. And down in the right-hand corner you can see that the undergrowth was replanted. Again, irritation was replaced with drip. Four trees were planted in original locations. But again, we made a new choice of what kind of tree. These are Joan Lionetti Live Oaks, a cultivar created by the Shipleys of Civano Nursery in honor of Joan Lionetti, founder of Trees for Tucson. Because these were planted directly in the soil, they did not need Silva Cells. They are thriving as well.

And we also replaced a replica bench that is testing another kind of wood, and we will continue to monitor that. Planters were relocated here from other locations, so they are now in their original locations, and again have greenery and colored flowers in them.

This is looking from the serpentine stairway back up to the music hall. You'll see how barren it looked over a year ago, those three stair-stepped beds. Now the greenery is growing over the edges, adding a softening. You can see in this picture three of the four
trees when we replanted.

   Here is is another example of how

non-contributing, as Helen would say, items, things that
don't belong in the landscape, visually degrade the
concepts that Garrett Eckbo gave us. So the fountain had
been ringed with metal stools and planters also
surrounded that fountain. Some of those were broken
down.

   With the help of Downtown Tucson Partnership and
the City, all of those benches have been removed and the
planters that were still in good condition have been
moved to proper locations, and the broken ones have been
ridden out of stock. So here we have a view from just
recently. And you can see what a lovely open vista Eckbo
had given us. Now, a careful observer will see there is
a few things yet to be done. There we need to replace
the original lampposts in front of the Music Hall and one
of the items of artwork that had be placed there years
ago which is slated to be moved forward somewhere else is
on the left-hand side of the picture. It's an archway
that has some stained glass in it. Eventually that will
move on as well.

   We have also restored one of the kiosks. You
can see this ultimately sad picture from a year ago, a
dangling sconce and what was originally a wooden
octagonal header that had degraded in the hot Arizona sun. We have now replicated that in brushed aluminum. Original sconces were restored and replaced and complementary signage now wraps that column. The signage currently tells the story of the National Register listing, Eckbo modernist design, and a little bit about our work as well.

And so what I'd like to talk to you about is just share some ideas of how the concepts that we have been using and the tests that we've done on-site could also be used to renew, to upgrade an asset that Rio Nuevo already owns. You own a component of the Garret Eckbo landscape, one of the five components called the upper plaza. And I'd like to show you a few slides that tell you about the condition of that landscape and offer some suggestions on how our principles could help to restore that.

So, this upper plaza designated by the brown star on our map, the blue star are Rio Nuevo assets, things you've recently invested in or that you held for a long time now. You can see that the hockey patrons entrance is the same site as this upper plaza, and then you're familiar with all these other sites that are quite adjacent to that.

So, 45 years ago, it is the anniversary of the
Eckbo plaza. 45 years ago, this is what the upper plaza looked like: A fountain for children to play in. You can see a parent and child, sitting on the wall, watching, communities being built. Friendships in the neighborhood are being built by having a gathering place to be.

And, now I'd like to show you what it looks like today. We have a large metal sculpture. Gravel has been filled in where water was once was and desert plantings in the center. And it is virtually not a place that people frequently stop. Helen and I are on in the plaza quite frequently, and it's quite rare that I see someone out there.

Go back a slide for us.

So now going back to this, if we can use these principles to bring us much closer back to this vista, but we have even got some ideas for improvement. We can put here a splash pad which would -- has a water conservation feature. It's not always bubbling. It could very well be possible we could use rainwater collection or condensate to feed that fountain as well.

And why not create a platform, a band shell that could be moveable to cover that fountain for certain events that might come up.

Okay, now go a couple forward.
Why would a band shell even make sense? Well,

Garret Eckbo designed a berm that was covered with grass

that surrounds this fountain.

Now, right now there is a pathway that's been
cut through it to Church. That's not original. So one
idea would be to fill that in, replace the turf, and then
you've got this grassy area that people can sit, watch
children play, participate in a concert, watch a
performance. And it's a very simple way to revitalize
that area.

Using the Silva Cells, we could also insure that
buckling of pavement like we have here in the upper
plaza, didn't happen again. Because the Silva Cells give
those roots a place to grow and they are not going to
press up that cement any longer, that concrete any
longer.

Up in the upper plaza, if you were to walk from
Church Street, buy a ticket, you should be walking
through a grove of 28 trees. And I'm sure you've heard
numerous times about the benefits of trees in an urban
area, everything from lowering asthma rates to creating a
sense of well-being and community and creating shade
that's cooling, which is so important to us. But we're
missing so many of those trees.

And just in this little slice of those 28, you
can see those yellow stars indicate four of the missing
trees. And the trees that exist, this is also looking
from Church, obviously, are in quite poor shape. They
need to be trimmed. And when an assessment was done, it
was decided that they should actually be completely
replaced if they were not to be trimmed.

So what we would like to do is work with our
partners and come back to you with a specific proposal
and budget of how we could work together to rehabilitate,
to restore, to rejuvenate, to bring life again to this
upper plaza. We can use the concepts that we have tested
in our other four sites that are working quite well.

We think this would continue to improve the
patron experience and certainly complement the housing
that's going in within a couple blocks and the
restaurants which are part of the funding that are going
to be just a block or two away from this as well.

So we'll look forward to coming back to you with
more specific plans, but we wanted to introduce it to you
conceptually today.

CHAIRMAN MCCUSKER: I think we have about 10
more projects we'd like to give you guys.

Have you talked to S & G about the outdoor
Amphitheater idea?

MS. CARLA: Yeah, casually.
CHAIRMAN MCCUSKER: Any idea how many people could sit in that if we restored the berm?

MS. CARLA: No, but we could estimate that.

CHAIRMAN MCCUSKER: I'm just thinking that might be rentable space.

MS. CARLA: It would. And we have started conversation with them about different ways to spur rental.

CHAIRMAN MCCUSKER: Because now you're into a whole new area of conversation. Instead of just investing in the restoration of trees, we are investing in something that could create revenue and sales tax.

So it would be interest as you put this together, to look at that amphitheater as an outdoor concert, Shakespear in the Park, whatever, kind of space. And maybe S & G could help run some economic models of what I think that would be very interesting space for a lot of things, and it could be attached into the package of venue items that are available at the TCC. That might create the economics for which we could then restore the rest of the upper plaza.

MS. CARLA: Right. And we started some casual conversations with them about using the outdoor plaza more and we've talked about some kind of structure that they could use for a wedding site as well.
CHAIRMAN MCCUSKER: What is the status of the National Historical Registration?

MS. CARLA: I'm going to let my colleague Helen talk about that. This is her accomplishment.

MS. HELEN: Currently we are listed on the National Register at the national level of significance. Now are you talking about in terms of rehabilitation what we can do?

CHAIRMAN MCCUSKER: I'm just wondering if that registration prohibits anyone now or in the future for dismantling the historical design. Is it protected, Helen?

MS. HELEN: It's more protected through the City, through the Rio Nuevo settlement, in terms of the fact that if something is proposed, then it needs to go to the Tucson, Pima County Historical Commission plans review subcommittee for validation of that.

CHAIRMAN MCCUSKER: So like the geckos and the metal chairs and these wacky things, if someone wanted to do that again --

MS. HELEN: They would have to go to the Commission and convince the Commission that this was actually a good idea, and that benefitted the design. But again, the City and the design. Because, obviously, Garrett Eckbo designed for his time period. We are
trying to make that link to today, by using contemporary
technology or, you know, alterations that make sense in
today's use.

CHAIRMAN MCCUSKER: Talk to us about water.

This initially was a wadable urban stream. I got to
believe at some point risk management freaked out, and
said oh, we can't have that. We have to fence it. You
know, I understand there is also problems with keeping
the water clean and clear and chlorinated. You know, can
water be restored to these fountains?

MS. HELEN: I think I should let Carla talk to
you about that, because she has been pursuing the plans
to use condensate for water source for this. So she
knows more about that than I do.

MS. CARLA: We recently had a pro bono water
study completed. The Partnership, Helen introduced us to
these people, but then I worked with them on it. They
concluded that well over 90 percent of the water for the
central fountain could be provided from condensate and
rainwater.

Our next step is to do an engineering study and
we are putting together the request for qualifications
for that. And then they would study from where does the
water come, how do we purify it sufficiently so it can be
used in that fountain. But conceptually, it is possible,
1 so -- and so we are moving forward on that.
2
3 CHAIRMAN MCCUSKER: Is someone from City risk
4 management or facilities or anybody involved?
5
6 MS. CARLA: Well, I would -- here is how I would
7 answer that. Through a partnership with the City, over
8 the course of the summer all of the metal stools were
9 taken away from the central fountain. And that was done
10 with great consciousness.
11
12 CHAIRMAN MCCUSKER: Can you comment on water?
13 She is waving her hand back there.
14
15 MS. CARLA: She heard the words risk
16 management.
17
18 CHAIRMAN MCCUSKER: Your name?
19
20 MS. DECKER: Elaine Decker with the City
21 Manager's office.
22
23 To comment specifically about water, the
24 manager's office has been working with Helen and Carla,
25 on, you know, this idea of reusing the condensate for the
26 fountain. So yes, it's possible. It's doable and it's a
27 great idea.
28
29 CHAIRMAN MCCUSKER: Mr. Marquez?
30
31 MR. MARQUEZ: I want to say a thank you. I'm
32 such a huge fan of your work. I understand the two of
33 you are volunteers. And this is just awesome what you're
34 doing for our community. I want to say thank you. I
also wanted to challenge you a little bit.

MS. CARLA: Okay.

MR. MARQUEZ: I just heard that you were working with Downtown Tucson Partnership, obviously you've aligned with Rio Nuevo. You have organizations like Tucson Clean and Beautiful. You also have a wealth of knowledge in regards to non-profits and Tony Penn at the United Way. There is over 3900 non-profits in Southern Arizona. And I'm betting there is some non-profits that would love to assist you.

So I would love to see if you were able to partner and align more with the non-profits in town that maybe able to help you, and then challenge you to also come back to Rio Nuevo with a plan. Because I personally feel for all the investments that we have in our community, I think you all would be another great investment for us, more so than what we've already done.

MS. CARLA: So let me speak to the other not for profits. Certainly the University and colleges that we have worked with are not for profit, so we have those links already. We do have a connection with the Trees for Tucson. I narrowed down this presentation because I wanted to be respectful of your time. But there is a whole nother urban shade element that we could talk
about. So Joan Lionetti during her time as leader of that organization had pledged trees to us. And I meet with Tom Ellis in a couple weeks to talk very specifically about a planting plan and how that can intermesh with their desire to plant trees and the mayor's agenda to plant trees.

So we have -- we are doing, that but we will take any other suggestions or challenges with specific people we should be reaching out to.

THE CHAIRMAN: Edmund does know from which he speaks. He is current chairman of United Way Capital.

MS. CARLA: That is an excellent lead. Thank you. We will follow up on that.

MR. MARQUEZ: Free to call me.

CHAIRMAN MCCUSKER: His people will call your people.

MS. CARLA: I never pass a lead up.

CHAIRMAN MCCUSKER: Thank you very much.

MS. CARLA: Thank you.

CHAIRMAN MCCUSKER: Bill O'Malley, good timing, going to update us. We'll come back to Greyhound Bus, have Bill walk in on Mission Garden.

MR. O'MALLEY: I'm Bill O'Malley, with Friends of Tucson's Birthplace, here to give you a brief update on our construction project at Mission Garden. The short
story is we are on schedule and under budget. What you have before you is a construction cost summary, which compares the budgeted cost, what we've spent to date. And you can see we've spent about 37 percent of the Rio Nuevo committed $1,100,000 to date. And we are about halfway through the construction period.

CHAIRMAN MCCUSKER: You had a little adventure the other day with some trash. Can you describe exactly what you found and --

MR. O'MALLEY: We have lots of adventures on that site over there.

CHAIRMAN MCCUSKER: Probably need to hear some of that as it relates to --

MR. O'MALLEY: I can touch on that as we go through here.

Just some of the progress. Last time we got together was in May. We approved -- you approved the final estimate. Since then, we've entered into the guaranteed maximum price with Lloyd Construction. Obviously they have started construction. Also, we've submitted three grant applications for additional work, one of which we've been awarded so far.

For to refresh your memory, this is a diagram, Mission Garden. Basically the portion that is under construction now on is right side of the diagram. There
are two buildings in the garden, and those buildings are under construction.

As you recall, there were two building areas that were permitted within the Garden. This is the education center on the southwest corner. Includes a office, library, volunteer break room, a porch for tour gatherings and so on.

Now another view. This is the kitchen/toilet building which is against the north wall. That will be a serving kitchen. A lot of what we do in our educational programs is teach people about how to prepare foods that are grown in the garden, and so we will be able to use this garden plus two public toilet rooms.

This is the east side. And there has been lots of discussion about the landfill on the east side. We did get approval from City of Tucson environmental services and Rio Nuevo and Pima County and the City of Tucson to do some limited development, which you can see here. These are rock walls that are built on the bank. And those rock walls help to control erosion of the landfill cap. And also provides a place where we can plant some native Agave that don't require irrigation. So it helps to beautify the entrance, but it also helps to protect the landfill cap in that area.

Now just off to the left there is the existing
storage building. And that's where we did encounter some	rash in excavation a week ago, two weeks ago. On
actually on Pima County property over on the west side of
the swale. We didn't expect to get it there. But we did
counter a portion of the landfill. So in discussions
with both Pima County and environmental services, the
agreement is that we'll remove that and dispose of it at
Los Reales. Fortunately, it only turned out to be a
couple feet thick, so it wasn't very extensive.

Okay, this is taking advantage of a school
program. These are Salpointe sophomores that for the
third year in a row now have had service projects at
Mission Garden. And we've had two days where we had 50
kids each day come learn about the garden, learn about
the heritage, crops and photos. Plus those kids did the
majority of the work in building those rock walls along
the bank. They volunteered, so it was not child labor.
I can see the wheels turning.

This is another example. This is Roger leading
a group from the International School. Over the months
of September and projecting through December, we are
going to have about a thousand visitors come through
Mission Garden combined with the events and school
groups. We are up to almost two school groups a week
that come through. And most of them are kids that want
to learn about the garden, want to learn about the photos, the history of Tucson, and they are eager to work. We always have things for them to do.

Various approvals, TEP, lots of archeological monitoring has been underway. We have also started working on a compost toilet. The education center building, which is in the southwest corner, because of its location, we can't get a sewer over there. But we are installing a compost toilet. And we're working both with Pima County and the State of Arizona, Departments of Environmental Quality, to get that approved and meet their requirements.

Our current agreement with was with city -- City of Tucson and Pima County. The first five years of that is up now on December 5th, so we're in negotiations with Pima County to enter into our first five-year option for that agreement. And the way it looks now, it will just be with Pima County, as the City of Tucson is no longer a property owner in that area.

And at bottom there, we've raised, in that five-year period, we've raised over $900,000 in grants, donations, in addition to the other funding.

Here you can see a real brief summary of that chart that you have before us, before you. We're 37 percent complete with the funding. And of our costs,
we've spent about 13 percent.

This is some of the work that we're doing with our volunteers. The ramada you see there is just being built by our volunteers. We are doing a lot of irrigation, a lot of the planting work and we will be providing FF and E equipment for the project.

These are additional work items, as we mentioned last time, that have been added to the project but we haven't yet been able to fund them entirely.

However, the water features, particularly the acequia, we have received a $24,000 grant from The Southwestern Foundation, two other grants under way that will help with -- hopefully help with a portion of that.

CHAIRMAN MCCUSKER: Have you talked to City water recently, since they announced their agua dulce?

MR. O'MALLEY: We haven't. Since it became public about the adding water back into the river and extension Mission Lane --

CHAIRMAN MCCUSKER: There is some conversation about supporting renovation of Mission and the acacia maybe some water, maybe some reclaimed water to the Garden, so circle back with Tim and the City water folks. Because they might be able to help complete some of that.

MR. O'MALLEY: We're eager to be a part,
particularly of the Mission Lane work, the reforestation, the rebuilding of the acequia line there.

In summary -- and one more? We've been successful. We're getting lots of public tours coming through now. Lots of school groups coming through. On budget, on schedule, the additional grants. The new Pima County Agreement is in the process. And I mentioned about 1000 people are -- have been through the Garden from September projected through December. So, that's my quick update.

CHAIRMAN MCCUSKER: You have an update on some of the parking easement conversation? I think you're working with that with the City that will put some kind of temporary easement along Mission for Garden parking?

MR. O'MALLEY: Right.

CHAIRMAN MCCUSKER: What's the status of all that? I think Elaine since left.

MR. O'MALLEY: Elaine was here. But she's working on a temporary easement for our parking that's along Mission Lane. A portion of that is on Rio Nuevo property. But on the bulk of it is in the City right of way. Then we also have an area north of Mission Lane where we can park about 150 cars, and we need that for our event parking. So, that's under way with the City.

THE CHAIRMAN: Congratulations. I know you just
one hassle after another after we launched, but you guys have just done an amazing job navigating.

CHAIRMAN MCCUSKER: Mr. Hill?

MR. HILL: You mentioned the Salpointe youth. Another source of free labor, of course, do an excellent job, is Boy Scouts Eagle Project. They do service hours. I think we have got 8,000 Scouts here in Southern Arizona, and I even worked on an Eagle Project just west of your facility up the mountain there where we cleaned out the foliage and did some other reconstruction work for those remains from whatever Spanish buildings were there. And the City and everybody was really pleased with that effort.

So Catalina Council puts out a notice every Thursday. You could attract some very numerous Eagle projects and/or service hours.

MR. O'MALLEY: Yeah, we'd love to get in contact with them. Can I get in touch with you and --

MR. HILL: Sure.

MR. O'MALLEY: -- get some contact information for Boy Scouts? There was a group that stopped, may have been the first year we were there, that stopped into the Garden briefly. But we're very much for them.

CHAIRMAN MCCUSKER: Anything else for Bill?

Again, all volunteer. Should not be lost on
anyone that a big piece of the reason that the City of Tucson is a city of gastronomy was their visit to the Garden. And if you ever wonder why all these little projects create value, the food tourism that that designation is creating for us is huge. And they were a big piece of that.

MR. SHEAFE: This is unrelated. It might be related. Bill, are you having anything to do with the composting coming from all the restaurants?

MR. O'MALLEY: That's Compost Cats. No, we aren't. We have them at our events where they come and they gather materials to compost. We haven't been able to afford their product yet.

MR. SHEAFE: I didn't know. As I understand it, all the restaurants downtown are now segregating and contributing their waste products really into a common composting effort, and the result of that is the compost then gets returned back to the farms where a lot of the foods are grown that are actually served in restaurants. It's kind of a circular thing.

It's sort of neat, eliminates a lot of landfill and also has a positive outcome as far as compost is a good thing to have.

MR. O'MALLEY: We are in contact with them. We have them at all of our events.
CHAIRMAN MCCUSKER: Bill, thank you very much. Doing all right? I need you for one item. Michael, I'm going to hold off on the Greyhound update. Let's move to the Gadsden, item number 10. Chris, you're recused but I need you to come back, so don't go too far.

Mr. Collins?

MR. COLLINS: Mr. Chairman, you want me to begin?

CHAIRMAN MCCUSKER: Yes. See if you can -- it's complicated. A lot of moving pieces, a lot of jurisdictions. Bourne is moving ahead. But we got some stuff we got to do to accommodate all of this.

MR. COLLINS: Mr. Chairman, members of the Board, effective August 4th, 2016, you entered into a purchase lease option agreement with Gadsden, the Gadsden Group. It was you loaned $2.2 million, and part of this -- as part of this, it was conditioned your loan on Gadsden borrowing $3,075,000 from Clearinghouse, we went forward in two closings, yours, and now we are running up on the time period to close the Clearinghouse loan. That time period by the terms of our agreement expires the 28th of this month.

To Gadsden's credit, they have been able to
secure a loan of two parts from Clearinghouse. The loans amount to the same amount of money, $3,075,000. But one component is new market tax credit money. And that component allows Gadsden to save money and advance the project. It doesn't have any adverse impact to you folks, because you were aware that he was -- or they were going to borrow $3,075,000.

To comply with the needs of the new tax credit, we have to adjust aspects of the lease. One of the components is adjusting a lease term. New income tax credits are tax driven. So you've got to get tax lawyers approving these things. And the tax lawyers that have been hired by Clearinghouse are out of California. We're working with them but there's going to have to be a modification of your purchase lease option agreement. We're not sure exactly what's going to be involved, but the number that's going to be borrowed is exactly the same number that you approved back in August.

So what I'm looking for you today, from you today, I want to update you on where we are, tell you that I'm engaged or involved in a conference call on Thursday with the Clearinghouse lawyers and the lawyers for Gadsden to figure out how we are going to skin this cat so that the loan remains the same. There will be some modifications in the term. But what I would like
from you is a motion that authorizes the executive
officers and me to complete that process, and to the
extent necessary, modify the lease purchase option
agreement.

CHAIRMAN MCCUSKER: I think what we've done in
the past as long as there is no. --

MR. COLLINS: Material change. As I mentioned
to the Board, one of the things that the new market tax
credits requires is a lengthening of the lease. I don't
frankly see that as a material problem for you folks.

There are other components, not all of which do
I understand as I stand here in front of you. But I will
tell you that when I worked with the executive officers,
the four of us will make a decision -- actually three of
us, will make a decision on if it's material, bring it
back to you.

CHAIRMAN MCCUSKER: Will you restate your motion
you need to finish the legal work?

MR. COLLINS: I'll do my level best.

Mr. Chairman, members of the board, what I'm
asking for is a motion to authorize the executive
officers to complete the negotiations with Clearinghouse
Bank to allow for Gadsden to take advantage of the new
market tax credits and to modify the purchase lease
option agreement accordingly, provided that there are no
material changes in that agreement, that materially
affect the district.

MR. MARQUEZ: So moved.

MS. COX: Second.

CHAIRMAN MCCUSKER: Any questions? Conversation?

All in favor say aye?

(Board responds aye.)

CHAIRMAN MCCUSKER: Opposed nay?

(Motion carries unanimously.)

CHAIRMAN MCCUSKER: Carries.

MR. COLLINS: There is one more topic on that.

CHAIRMAN MCCUSKER: On Gadsden?

MR. COLLINS: Gadsden.

CHAIRMAN MCCUSKER: Go ahead.

MR. COLLINS: I couldn't wrap it into that motion. The August agreement gave Gadsden 75 days in which to close the Clearinghouse loan. That 75 days expires on 11/28. I have worked pretty hard with Gadsden's lawyer, Larry Hecker, and we both agree there is no way that's going to get done by the 28th of this month.

So, we continue to work on this, but I would like the Board to consider a motion to extend the deadline for Gadsden to close its construction loan for a
period of time.

MS. COX: So moved, for 60 days.

CHAIRMAN MCCUSKER: 60 days works.

MR. IRWIN: Second.

CHAIRMAN MCCUSKER: 60 days. Been seconded.

Any further question? Conversation?

All in favor say aye?

(Board responds aye.)

CHAIRMAN MCCUSKER: Opposed nay?

(Motion carries unanimously.)

CHAIRMAN MCCUSKER: That motion carries unanimously.

Mr. Collins thank you very much.

Cody, you're dismissed.

He was already out the door.

Chris, you can come back for item 15, Dabdoub and Peach

Mark, thank you for -- we have given you an unbelievable amount of work all summer, through your surgery, two surgeries, and it's really quite remarkable.

You are a little thunder machine.

So, what don't we need to do for the proposition, we approved Michele and Rhonda.

MR. COLLINS: Mr. Chairman, members of the Board, thank you.
Mr. Chairman, it's a privilege to work for you folks. It's also a challenge. It's a challenge I take seriously and it kind of keeps me busy. It's agendized as Dabdoub Investments and Peach Properties. Part of the reason it's agendized is I made a mistake last time. I agendized three projects. These gentlemen presented to you four projects. You approved four projects. But under the open meeting laws, and Mr. Hill can tell us, we can't approve something that's not agendized. And through some inadvertency we failed to have on the agenda one of items. It was 123 South Stone.

So, the presentation that Messers Schabe and Dabdoub gave you last session covered all four of them: The Arizona Hotel, the Old Brings Chapel, Chicago Store, and 123 South Stone. You approved all of them, but you could have only approved three.

So here today I'm asking you to authorize the executive officers to work with me to finalize not only the other three projects that you have approved, but 123 South Stone as well.

MS. COX: So moved.

MR. MARQUEZ: Second.

CHAIRMAN MCCUSKER: Any conversation? Do we have a OML violation? Do we have to tell anybody?

MR. COLLINS: Nope. We haven't done anything
yet, but on the 123.

CHAIRMAN MCCUSKER: All in favor say aye?

(Board responds aye.)

CHAIRMAN MCCUSKER: Any opposed, nay?

(Motion carries unanimously.)

CHAIRMAN MCCUSKER: Mr. Collins, thank you for your diligence on that item.

And then finally, City park, Mr. Sheafe, you're out of here. You can be dismissed for the rest of the day. You got a missed call to the audience. I still got a quorum. Right?

City park?

MR. COLLINS: Yes.

Mr. Chairman, members of the board, to refresh everybody's recollection, several years ago part of the settlement with the City involved a resolution of what was going on with the Thrifty block. The parties to that agreement are the City of Tucson, Don Bourne's entity, I will call it the developer, and the District. As you will recall, that agreement required the developer to have a building permit in hand by October 7th of this year. That deadline could be extended for a period of another year, provided the developer timely made a request.

The developer timely made that request. And at
the last board meeting, you folks considered that request. And what you did was, you said no, we're not going to give you until October 7th of 2017, but we will give you until January 31st, 2017, to pull that building permit.

That really wasn't contemplated three or four years ago when we put that development in together. But, we can do lots of things about when we work at it. And so since your meeting, I have worked with both the City and the attorneys for the developer. And our approach is we come up with a tolling agreement, stand still agreement. We called it tolling agreement but it's like that.

What it does is it makes everybody, all three parties to the development agreement, stand still, if you will, until January 31st of 2017. While we are standing still, a lot of things are going on. And the tolling agreement that we discussed in E-session deals with all of those things.

They include, number one, the building that the developer is building now has another floor. There is another floor of offices. That increases the economic impact for you folks. That requires an amended study. Got the amended study, cost you 400 bucks. It's even better than the one before. But we've got to do that.
We have got to complete the economic study. The city has to abate those taxes. We have to finalize the documents with the loan with Bank of Tucson. We have to finalize your documents, and then we've got to close all of this.

the intent right now is that we will have all the documentation put together before the end of this year, and close this project before January 31 of 2017. It will not get you the building permit by January 31 of 2017, but it will get you title to the property.

The tolling agreement contemplates all of that being done by your January board meeting. You haven't set it yet, but I kind of figure out, I know where it's going to be.

If it goes according to goal and if everybody moves with alacrity, we will have all those documents together and at the January meeting of 2017, you folks can make the determination of whether the lawyers have put this together right. And if you make that determination, in accordance with the tolling agreement, your deal with the developer will no longer be part of the development agreement. It will be part of your loan documents. Where you alone will own fee title. You will lease the property to the developer. Bank of Tucson will have a deed of trust on that lease. We will have a deed
of trust on that lease, and a building will be going up on that.

So what I'm here asking you for to discuss is authorizing the two remaining executive officers to work with me to finalize and sign that tolling agreement to allow us to proceed forward in that way.

MR. HILL: So moved.

MR. MARQUEZ: Second.

THE CHAIRMAN: So if we're here in February and all this has caved in on itself, we are in exactly the same spot that we are today?

MR. COLLINS: By the terms of the tolling agreement, yes, Mr. Chairman.

CHAIRMAN MCCUSKER: Any questions of Mark?

MR. COLLINS: And I will have wilted to nothing if that's what happened.

CHAIRMAN MCCUSKER: All in favor of authorizing the tolling agreement, say aye?

(Board responds aye.)

CHAIRMAN MCCUSKER: Opposed nay?

(Motion carries unanimously.)

CHAIRMAN MCCUSKER: That motion passes.

MR. COLLINS: One more?

CHAIRMAN MCCUSKER: Go ahead.

MR. COLLINS: One more. As part of that, folks,
as you know, the money you spend is public money. And, certain amounts of public money would inculcate the procurement code. In this particular deal, given where we are down the track, we are going to have a development agreement with the developer as well. It doesn't change the deal points for you guys. But it is another agreement that I would ask you to authorize the executive officers and me to finalize and execute the development agreement.

I will tell you that it has no material impact on your part of this deal.

CHAIRMAN MCCUSKER: This is the same thing we did with Gadsden.

MR. COLLINS: Very similar. Yes, sir.

MR. MARQUEZ: So moved.

CHAIRMAN MCCUSKER: Thank you.

MR. COX: Second.

THE CHAIRMAN: All in favor of approving the development agreement --

MR. COLLINS: Economic, right.

CHAIRMAN MCCUSKER: -- say aye?

(Board responds aye.)

CHAIRMAN MCCUSKER: Nay?

(Motion carries unanimously.)

CHAIRMAN MCCUSKER: Okay. Good job, Mark.
Mr. Becker, you want to give us the Greyhound update? Sorry to bounce you around. Appreciate your patience.

MR. BECKER: No problem. My name is Michael Becker, I'm an architect with Swem Associates. I have been managing the design construction of the Greyhound Terminal District we have.

We're a little more than halfway through our construction schedule at this point, have about 60 days for them to complete the terminal. And right now we appear to be on budget and schedule as we planned.

Some of the completed items to date, sewer and water, and we have a lot of those services being coordinated. Foundations are done. Poor slabs in. The building framed. As of today the roofing will be finished, and this week the storefront windows are going in. So this week the building will essentially be dried in..

We also have the mechanical and electrical and plumbing rough-ins completed and it has been inspected. So as soon as we get dried-in this week, they'll start hanging and finishing drywall.

Some things basically looking ahead to the next four weeks, they'll start the finishing special systems, finishing drywall, casework will start going in, and
closer to January we'll do the final paving. We kind of want to hold off on that as long as we can just to keep construction traffic off the paving.

The next slide, so this -- you have a copy of this in your packet. This is the updated construction schedule from Cole. They updated this last week, and again still shows completion on January 16th of this year -- sorry, next year.

Just quickly, some progress photos. These were taken last last week, so you can see the framing is complete. Building wrap is on. And the interior, some of the rough-in. You can see interior framing is complete and see the roof deck on there. Since then, the actual final roofing has been put on, is finished today.

Quickly, the budget, we started again with 1.9 million. Due to some savings within the project, our original contingency was $90,000, that increased to $140,000 because of project savings. We've had two change orders to date. Totaling -- taking our remaining funds down to $112,000. So we actually still haven't dipped into our original contingency yet.

The second change order were coordination items with the bus canopy and the height of the buses, some changes we had to make to the building to accommodate that. So again, I don't anticipate that we will spend
the remaining funds.

There will be a change order three. Last week, Bill Slager, from Greyhound, who is our project manager assigned to us from Greyhound, came out and toured the facility. In walking through the facility with him, we noticed some minor issues that we need to address. They wanted a ATM in a location that we didn't know about. There is a water cooler and some minor electrical changes. Something that maybe a little larger there, they are now requesting some additional site furnishings, benches and trash cans. So we will be getting prices from the contractor to procure those. And, we'll obviously review that change order with the executive officers before we move forward with it.

CHAIRMAN MCCUSKER: Occupancy date again is?

MR. BECKER: Well, substantial completion will be January 16th, which would be when Greyhound would begin moving in.

CHAIRMAN MCCUSKER: That's the way the lease works, Mark.

MR. COLLINS: Right. Right. The lease, they would take possession upon substantial completion.

CHAIRMAN MCCUSKER: Awesome.

Any questions for Michael?

Are we putting this all up on the web? We have
like a project --

MS. BETTINI: Yes.

CHAIRMAN MCCUSKER: Thank you very much. Nice job.

Just real quickly, we are going to set dates for next year's meetings. Normally the middle of the month. If anybody has a conflict, I guess best thing to do probably email Michele. We are typically a little early in November, and a little early in December. If anybody has any summer work-arounds, let's go ahead and set the calendar for the middle of the month for 2017 meetings. Think I got everything.

Mr. Irvin, did I catch everything?

MR. IRVIN: You got it all.

CHAIRMAN MCCUSKER: Any call to the audience?

MR. COLLINS: Did you want to vote on your meeting dates?

CHAIRMAN MCCUSKER: No, I think we'll do it by email with Michele. Got some people out now.

MR. COLLINS: Okay.

CHAIRMAN MCCUSKER: I think whatever we'd do, we'd end up redoing.

CHAIRMAN MCCUSKER: Move to adjourn?

MR. HILL: So moved.

MS. COX: Second.
CHAIRMAN MCCUSKER: All in favor say aye?

(Board responds aye.)

(Motion carries unanimously.)

CHAIRMAN MCCUSKER: Thank you.
CERTIFIED REPORTER'S CERTIFICATE

STATE OF ARIZONA                )
COUNTY OF PIMA                  )  ss

BE IT KNOWN that I took the foregoing proceedings in shorthand; that I was then and there a Certified Reporter, CR No. 50235, in the State of Arizona; that said proceedings were reduced to writing by me.

I DO FURTHER CERTIFY the ethical obligations set forth in ACJA 7-206 (J)(1)(g)(1) and (2) are in compliance; that I am not a relative or attorney of any party, or financially or otherwise interested in the action.

WITNESS MY HAND this 1st day of December, 2016.

____________________________________
Michael A. Bouley, RDR
Certified Reporter
Arizona CR. No. 50235
REPORTING FIRM CERTIFICATE

THIS FIRM CERTIFIES the ethical obligations set forth in ACJA 7-206 (J)(1)(g)(1) through (6) are in compliance and have been met.

WITNESS MY HAND this 1st day of December, 2016.

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KATHY FINK & ASSOCIATES, INC.

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