

RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

BOARD MEETING

November 15, 2016

Tucson, Arizona

Reported By: Michael A. Bouley, RDR

Certified Reporter No. 50235

KATHY FINK & ASSOCIATES, INC.

2819 East 22nd Street

Tucson, Arizona 85713

(520) 624-8644 Fax (520) 624-9336

1 APPEARANCES:

2 BOARD MEMBERS:

3 Fletcher McCusker, Chairman

4 Chris Sheafe

5 Mark Irvin

6 Jannie Cox

7 Cody Ritchie

8 Edmund Marquez

9 Jeff Hill

10

11 ALSO PRESENT:

12 Mark Collins, Board Counsel

13 Michele Bettini, Operations Administrator

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18 BE IT REMEMBERED that the meeting of the Board
19 of Directors of the Rio Nuevo Multipurpose Facilities
20 District was held at the Arizona State Building, 400 West
21 Congress Street, Suite 222, in the City of Tucson, State
22 of Arizona, before MICHAEL A. BOULEY, RDR, Certified
23 Reporter No. 50235, on the 15th day of November, 2016,
24 commencing at the hour of 2:00 o'clock p.m.

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P R O C E E D I N G S

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?

1 MR. SHEAFE: Move to approve.

2 MS. COX: Second.

3 CHAIRMAN MCCUSKER: All in favor say aye?

4 (Board responds aye.)

5 CHAIRMAN MCCUSKER: Transcripts approved.

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

10 MS. COX: So move.

11 MR. MARQUEZ: Second.

12 CHAIRMAN MCCUSKER: All in favor, say aye.

13 (Board responds aye.)

14 (Motion passed unanimously.)

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

17 (Recess.)

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

20 (Motion moved, seconded, and passed
21 unanimously.)

22 CHAIRMAN MCCUSKER: Welcome back. And, not too
23 bad for a Rio Nuevo time. We are 14 minutes past our
24 allotted schedule. I'm going to work here a minute and
25 move some things around on the agenda.

1 But, as you can tell, we have a number of very
2 important iconic possible projects on our agenda. Safe
3 to say we're not resting on our laurels or past successes
4 that we have enjoyed, and Rio Nuevo is fully engaged in a
5 number of projects within our district and we're going to
6 discuss many of those for the first time today in the
7 open session.

8 So, Mr. Collins, item 7, any conflict of
9 interest on the Broadway Sunshine Mile discussion?

10 He is not here. Well, he is not going to help.

11 I ask the Board, then. Any conflicts on the
12 Broadway corridor Sunshine Mile?

13 Item 8, Broadway corridor Randolph golf course?
14 City park, I have Cody and Chris as conflicted.
15 Correct?

16 MR. SHEAFE: Correct.

17 CHAIRMAN MCCUSKER: Then I have Chris as
18 conflicted.

19 Caterpillar sewer line, no conflicts? Anybody
20 in the sewer line business? Anything else?

21 Item 15, Cody, you're conflicted with Schwabe
22 and Dabdoub? Okay.

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

1 do that.

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

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

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

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

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

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

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

1 up.

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

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

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

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

23 MR. MEYERS: Yeah. You've got to kind in mind
24 some of this stuff is stretched out. We continue getting
25 that million dollars of monthly budget, so.

1 CHAIRMAN MCCUSKER: That's the piece I didn't --
2 so we enjoy the TIF income, which could be 12 million a
3 year.

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

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

9 MR. MEYERS: Correct.

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

14 MR. MEYERS: I agree.

15 CHAIRMAN MCCUSKER: Any questions for Dan?

16 MR. MEYERS: Okay. Thank you.

17 CHAIRMAN MCCUSKER: Thank you very much.

18 Okay. We'll take them in order.

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

25 For those of you that track this, we met with a

1 number of the Sunshine Mile merchants about a year ago.
2 And we elected to stay out of the Broadway widening
3 discussion and at that point said, look, when the dust is
4 all settled, and whatever happens to the road alignment,
5 indeed, that is in the TIF district, and we're quite
6 concerned about what could happen to TIF merchants' sales
7 tax, depending on what happens to the roadway.

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

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

25 So, what we would ask of the Board today is that

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

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

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

17 Mr. Irvin?

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

23 You know, the concern that I have is I know a
24 lot of these properties that people call historic are
25 really are old, not historic. But some of these

1 buildings have some pretty cool characteristics to them.

2 They're not all clean buildings. A lot of these
3 building have environmental and asbestos and other
4 issues. So I like the go slow approach of looking at
5 each of these buildings independently and determining if
6 there is something that fits in what we are trying to do.

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

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

14 MR. MARQUEZ: I'll second that.

15 CHAIRMAN MCCUSKER: Any further discussion?
16 Instructions? Comments?

17 All in favor, say aye?

18 (Board responds aye.)

19 CHAIRMAN MCCUSKER: Opposed nay?

20 (Motion passed unanimously.)

21 CHAIRMAN MCCUSKER: That unanimously carries.

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

25 While we're on Broadway, one of the most fun

1 conversations I've had in a long time, and Judy McDermot
2 and Jose Rincon are here from the Conquistadors to talk
3 to us today, and I think this is probably the public
4 revealing of this item, if you guys can come on up.

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

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

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

19 MR. RINCON: Thank you, Mr. Chairman, members of
20 the Board. My name is Jose Rincon. I'm Vice President
21 with the Tucson Conquistadors. And I can tell you that
22 this is a very exciting topic among the group. As you
23 know, there is a 50-plus year history of bringing
24 professional golf to our community. And, quite frankly,
25 as good as the Omni Golf Course has been to us, as

1 well-liked as it is, we just feel strongly that this is a
2 community event that belongs in the heart of the city.

3 And, you know, it's something that the
4 membership at-large shares in that excitement. We've
5 engaged in some of the details, conversations of the
6 details, that that would take to make that happen. As
7 you know, it's a preliminary conversation, but one that
8 we really want to see come to fruition.

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

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

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

23 MR. MARQUEZ: Mr. Chairman?

24 CHAIRMAN MCCUSKER: Mr. Marquez?

25 MR. MARQUEZ: I find this very exciting. I

1 think it's great to bring such an amazing economic
2 development boost to the City of Tucson. And obviously
3 Omni is in the County, and this brings it into the City.
4 This is right along our corridor. It plays into
5 downtown. The fact that this comes into the City and
6 obviously is a big boost in their sales tax, is that
7 going to be part of the conversation? Will they come to
8 play in regards to this conversation to bring this to the
9 City?

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

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

14 MR. RINCON: Correct.

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

17 MR. RINCON: Correct.

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

21 MR. RINCON: Yes. Yes, we do plan to have those
22 conversations. They're ongoing now. We've met with the
23 mayor. We've met with a couple of council members. We
24 have couple of meetings with city staff scheduled in the
25 month of December.

1 So it really is a collaborative effort between
2 the City, you know, with you all, the Conquistadors, so,
3 yes.

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

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

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

25 MR. IRVIN: That sounds like a pretty clear

1 motion to me, even though I know you can't make it.

2 I'd move that the executive officers be
3 authorized to continue this discussion.

4 MR. MARQUEZ: Second that.

5 MR. IRVIN: And obviously bringing it back to
6 the Board at some point in time for further discussion,
7 ratification. Forgot that piece. Mr. Collins is glaring
8 at me a little bit.

9 CHAIRMAN MCCUSKER: Edmund, are you okay with
10 that?

11 MR. MARQUEZ: Yes.

12 CHAIRMAN MCCUSKER: Everybody understand the
13 motion? Questions? Comments?

14 All in favor, say aye?

15 (Board responds aye.)

16 CHAIRMAN MCCUSKER: Opposed nay?

17 (Motion carries unanimously.)

18 CHAIRMAN MCCUSKER: All right. Here we go.

19 MR. RINCON: Thank you.

20 CHAIRMAN MCCUSKER: City park, I'm going to hold
21 off on. Gas, I'm going to hold off on.

22 Mr. Collins, let's talk about sewer lines. I
23 think everybody knows that we're moving very rapidly on
24 the construction of the Caterpillar headquarters building
25 on the west side of the freeway, right on Cushing and

1 Avenida Del Convento. You've probably seen some
2 beginning archeology work over there. We also have to do
3 the environmental and other kinds of studies.

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

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

13 Mr. Collins?

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

24 The sewer line currently runs directly
25 underneath. It's a 33-inch sewer line, runs directly

1 underneath north-south of this property. What the IGA
2 between the District and the County will do is the
3 district promises to indemnify the County for it's
4 approximately \$40,000 for the services of Westland
5 Resources, an engineering company that's on the list
6 of -- the County's list of qualified providers. And that
7 would allow Westland to do the preliminary work to
8 determine what kinds of materials have to be used, where
9 the line needs to go, how the transition is going to be.
10 And then that, those plans would then be handed off to
11 the construction manager at risk, as you folks are going
12 to be hiring to build the property.

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

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

22 MS. COX: So moved.

23 MR. MARQUEZ: Second.

24 CHAIRMAN MCCUSKER: Just for the record, we
25 probably could have bundled the whole bunch of Cat stuff,

1 you know, surveys, archeology, engineering, you know,
2 site prep, blah, blah, blah.

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

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

11 Is that correct, Mr. Collins?

12 MR. COLLINS: It is, Mr. Chairman.

13 CHAIRMAN MCCUSKER: All in favor, say aye?

14 (Board responds aye.)

15 CHAIRMAN MCCUSKER: Any opposed, nay?

16 (Motion carries unanimously.)

17 CHAIRMAN MCCUSKER: Okay. Go forth and
18 engineer.

19 MR. SHEAFE: One thing to keep in mind, I know
20 the motion has already passed, you can't tamper with
21 those sewer lines at any time during the year. There are
22 only certain months, so we need to be aware of that.
23 That's number one, when you actually divert the sewer and
24 change it.

25 Number two, the scope of services in this will

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

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

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

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

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

22 CHAIRMAN MCCUSKER: Okay. Here we go.

23 Meeting dates? Let's hang on to that, for that.
24 Maybe we can to that later, want to take advantage of the
25 meeting.

1 Marketing is a possible action item. Let me
2 help set the context for this and blame it all on Michele
3 Bettini. You read our agenda. You saw the executive
4 session item Michele has given us her notice after seven
5 years?

6 MS. BETTINI: Five.

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

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

19 MS. COX: Second.

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

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

1 charging?

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

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

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

8 CHAIRMAN MCCUSKER: For the calendar year '17.

9 MR. SHEAFE: Calendar year.

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

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

14 Okay. All in favor say aye?

15 (Board responds aye.)

16 CHAIRMAN MCCUSKER: Opposed, nay?

17 (Motion carries unanimously.)

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

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

23 There are a lot of reasons we took an office in
24 the State building back when. I would like us to
25 consider a permanent location that actually contributes

1 to our TIF revitalization, whether that's downtown or on
2 Broadway or someplace else, where we actually could
3 establish our headquarters in a building that makes a
4 difference.

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

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

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

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

17 Mr. Ritchie?

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

1 relations nightmare.

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

8 CHAIRMAN MCCUSKER: Modesty required. Noted.

9 Again, we're not planning on any action today.
10 I think we could put realtors on notice that we're
11 looking around.

12 Dabdoub, I'm going to hold.

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

14 And Gadsden, we're holding.

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

17 Cody, you doing all right timewise?

18 MR. RITCHIE:

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

21 MR. COLLINS: Mr. Chairman, members of the
22 Board, the request for proposals on the Greyhound project
23 are out. My partner, Tim Stratton, and Bill Davis with
24 Piper Jeffray are fielding questions, so that's out in
25 the mill.

1 The component for the AC Marriot Hotel is not
2 gone out principally because we haven't spent -- we, the
3 Board, hasn't spent any money yet. And Tim tells me that
4 we have to wait until we're a little closer to being
5 closing that deal.

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

12 MR. IRWIN: June-July.

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

19 CHAIRMAN MCCUSKER: Any questions for Mark?

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

22 MR. COLLINS: It will. It will. You've
23 authorized both of them. You've already authorized both
24 of them. The delay on AC Marriot may require it to come
25 back to you. I'd have to look at the resolution again.

1 But you've authorized the Greyhound. As long as the
2 return for you folks falls within the parameters that you
3 authorized some time ago, the trigger can be pulled and
4 executive officers can issue.

5 CHAIRMAN MCCUSKER: Thank you very much.

6 TCC Today, Eckbo. I saw Carla and Helen.
7 Please reintroduce yourself for the court reporter.

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

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

19 So, together we have improved the patron
20 experience at the TCC. We have completed four
21 demonstration sites on time and on budget and we have
22 established a number of working relationships. Notable
23 among those would be the University of Arizona, Pima
24 Community College, Downtown Tucson Partnership,
25 yourselves, the City.

1 And I thought it would be important just to take
2 a moment to reflect upon the principles that we were
3 using as we made these changes, these rehabs to the
4 landscape. We honor Eckbo's vision and his masterful
5 modernist design. It is also possible to improve upon
6 that because of technology that we have available that he
7 did not.

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

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

21 Okay. So demonstration area one. About two
22 years ago, here is what we had in the upper left corner.
23 A barren pocket park, metal seats, an empty bed. And you
24 can see now what we have, a recent picture, in the bottom
25 corner. So the metal seats were neither beautiful nor

1 practical. They heated up in the Arizona sun. You
2 couldn't sit in them because of that. And they were too
3 far apart to have a friendly conversation.

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

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

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

25 We replicated a number of the smaller size Eckbo

1 planters. One of those is pictured here. And through a
2 partnership with Rio Nuevo and Downtown Tucson
3 Partnership, the partnership is maintaining those by both
4 watering them and replenishing the plantings.

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

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

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

1 trees when we replanted.

2 Here is is another example of how
3 non-contributing, as Helen would say, items, things that
4 don't belong in the landscape, visually degrade the
5 concepts that Garrett Eckbo gave us. So the fountain had
6 been ringed with metal stools and planters also
7 surrounded that fountain. Some of those were broken
8 down.

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

23 We have also restored one of the kiosks. You
24 can see this ultimately sad picture from a year ago, a
25 dangling sconce and what was originally a wooden

1 octagonal header that had degraded in the hot Arizona
2 sun. We have now replicated that in brushed aluminum.
3 Original sconces were restored and replaced and
4 complementary signage now wraps that column. The signage
5 currently tells the story of the National Register
6 listing, Eckbo modernist design, and a little bit about
7 our work as well.

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

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

25 So, 45 years ago, it is the anniversary of the

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

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

14 Go back a slide for us.

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

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

25 Okay, now go a couple forward.

1 Why would a band shell even make sense? Well,
2 Garret Eckbo designed a berm that was covered with grass
3 that surrounds this fountain.

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

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

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

25 And just in this little slice of those 28, you

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

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

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

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

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

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

25 MS. CARLA: Yeah, casually.

1 CHAIRMAN MCCUSKER: Any idea how many people
2 could sit in that if we restored the berm?

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

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

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

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

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

22 MS. CARLA: Right. And we started some casual
23 conversations with them about using the outdoor plaza
24 more and we've talked about some kind of structure that
25 they could use for a wedding site as well.

1 CHAIRMAN MCCUSKER: What is the status of the
2 National Historical Registration?

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

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

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

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

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

21 MS. HELEN: They would have to go to the
22 Commission and convince the Commission that this was
23 actually a good idea, and that benefitted the design.
24 But again, the City and the design. Because, obviously,
25 Garrett Eckbo designed for his time period. We are

1 trying to make that link to today, by using contemporary
2 technology or, you know, alterations that make sense in
3 today's use.

4 CHAIRMAN MCCUSKER: Talk to us about water.
5 This initially was a wadable urban stream. I got to
6 believe at some point risk management freaked out, and
7 said oh, we can't have that. We have to fence it. You
8 know, I understand there is also problems with keeping
9 the water clean and clear and chlorinated. You know, can
10 water be restored to these fountains?

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

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

21 Our next step is to do an engineering study and
22 we are putting together the request for qualifications
23 for that. And then they would study from where does the
24 water come, how do we purify it sufficiently so it can be
25 used in that fountain. But conceptually, it is possible,

1 so -- and so we are moving forward on that.

2 CHAIRMAN MCCUSKER: Is someone from City risk
3 management or facilities or anybody involved?

4 MS. CARLA: Well, I would -- here is how I would
5 answer that. Through a partnership with the City, over
6 the course of the summer all of the metal stools were
7 taken away from the central fountain. And that was done
8 with great consciousness.

9 CHAIRMAN MCCUSKER: Can you comment on water?
10 She is waving her hand back there.

11 MS. CARLA: She heard the words risk
12 management.

13 CHAIRMAN MCCUSKER: Your name?

14 MS. DECKER: Elaine Decker with the City
15 Manager's office.

16 To comment specifically about water, the
17 manager's office has been working with Helen and Carla,
18 on, you know, this idea of reusing the condensate for the
19 fountain. So yes, it's possible. It's doable and it's a
20 great idea.

21 CHAIRMAN MCCUSKER: Mr. Marquez?

22 MR. MARQUEZ: I want to say a thank you. I'm
23 such a huge fan of your work. I understand the two of
24 you are volunteers. And this is just awesome what you're
25 doing for our community. I want to say thank you. I

1 also wanted to challenge you a little bit.

2 MS. CARLA: Okay.

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

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

19 MS. CARLA: So let me speak to the other not for
20 profits. Certainly the University and colleges that we
21 have worked with are not for profit, so we have those
22 links already. We do have a connection with the Trees
23 for Tucson. I narrowed down this presentation because I
24 wanted to be respectful of your time. But there is a
25 whole nother urban shade element that we could talk

1 about. So Joan Lionetti during her time as leader of
2 that organization had pledged trees to us. And I meet
3 with Tom Ellis in a couple weeks to talk very
4 specifically about a planting plan and how that can
5 intermesh with their desire to plant trees and the
6 mayor's agenda to plant trees.

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

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

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

14 MR. MARQUEZ: Free to call me.

15 CHAIRMAN MCCUSKER: His people will call your
16 people.

17 MS. CARLA: I never pass a lead up.

18 CHAIRMAN MCCUSKER: Thank you very much.

19 MS. CARLA: Thank you.

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

23 MR. O'MALLEY: I'm Bill O'Malley, with Friends
24 of Tucson's Birthplace, here to give you a brief update
25 on our construction project at Mission Garden. The short

1 story is we are on schedule and under budget. What you
2 have before you is a construction cost summary, which
3 compares the budgeted cost, what we've spent to date.
4 And you can see we've spent about 37 percent of the Rio
5 Nuevo committed \$1,100,000 to date. And we are about
6 halfway through the construction period.

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

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

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

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

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

23 For to refresh your memory, this is a diagram,
24 Mission Garden. Basically the portion that is under
25 construction now on is right side of the diagram. There

1 are two buildings in the garden, and those buildings are
2 under construction.

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

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

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

25 Now just off to the left there is the existing

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

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

19 This is another example. This is Roger leading
20 a group from the International School. Over the months
21 of September and projecting through December, we are
22 going to have about a thousand visitors come through
23 Mission Garden combined with the events and school
24 groups. We are up to almost two school groups a week
25 that come through. And most of them are kids that want

1 to learn about the garden, want to learn about the
2 photos, the history of Tucson, and they are eager to
3 work. We always have things for them to do.

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

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

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

23 Here you can see a real brief summary of that
24 chart that you have before us, before you. We're 37
25 percent complete with the funding. And of our costs,

1 we've spent about 13 percent.

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

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

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

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

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

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

25 MR. O'MALLEY: We're eager to be a part,

1 particularly of the Mission Lane work, the reforestation,
2 the rebuilding of the acequia line there.

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

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

15 MR. O'MALLEY: Right.

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

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

25 THE CHAIRMAN: Congratulations. I know you just

1 one hassle after another after we launched, but you guys
2 have just done an amazing job navigating.

3 CHAIRMAN MCCUSKER: Mr. Hill?

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

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

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

19 MR. HILL: Sure.

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

24 CHAIRMAN MCCUSKER: Anything else for Bill?

25 Again, all volunteer. Should not be lost on

1 anyone that a big piece of the reason that the City of
2 Tucson is a city of gastronomy was their visit to the
3 Garden. And if you ever wonder why all these little
4 projects create value, the food tourism that that
5 designation is creating for us is huge. And they were a
6 big piece of that.

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

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

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

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

24 MR. O'MALLEY: We are in contact with them. We
25 have them at all of our events.

1 CHAIRMAN MCCUSKER: Bill, thank you very much.

2 Doing all right? I need you for one item.

3 Michael, I'm going to hold off on the Greyhound
4 update.

5 Let's move to the Gadsden, item number 10.

6 Chris, you're recused but I need you to come
7 back, so don't go too far.

8 Mr. Collins?

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

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

15 MR. COLLINS: Mr. Chairman, members of the
16 Board, effective August 4th, 2016, you entered into a
17 purchase lease option agreement with Gadsden, the Gadsden
18 Group. It was you loaned \$2.2 million, and part of
19 this -- as part of this, it was conditioned your loan on
20 Gadsden borrowing \$3,075,000 from Clearinghouse, we went
21 forward in two closings, yours, and now we are running up
22 on the time period to close the Clearinghouse loan. That
23 time period by the terms of our agreement expires the
24 28th of this month.

25 To Gadsden's credit, they have been able to

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

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

19 So what I'm looking for you today, from you
20 today, I want to update you on where we are, tell you
21 that I'm engaged or involved in a conference call on
22 Thursday with the Clearinghouse lawyers and the lawyers
23 for Gadsden to figure out how we are going to skin this
24 cat so that the loan remains the same. There will be
25 some modifications in the term. But what I would like

1 from you is a motion that authorizes the executive
2 officers and me to complete that process, and to the
3 extent necessary, modify the lease purchase option
4 agreement.

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

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

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

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

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

20 Mr. Chairman, members of the board, what I'm
21 asking for is a motion to authorize the executive
22 officers to complete the negotiations with Clearinghouse
23 Bank to allow for Gadsden to take advantage of the new
24 market tax credits and to modify the purchase lease
25 option agreement accordingly, provided that there are no

1 material changes in that agreement, that materially
2 affect the district.

3 MR. MARQUEZ: So moved.

4 MS. COX: Second.

5 CHAIRMAN MCCUSKER: Any questions?
6 Conversation?

7 All in favor say aye?

8 (Board responds aye.)

9 CHAIRMAN MCCUSKER: Opposed nay?

10 (Motion carries unanimously.)

11 CHAIRMAN MCCUSKER: Carries.

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

13 CHAIRMAN MCCUSKER: On Gadsden?

14 MR. COLLINS: Gadsden.

15 CHAIRMAN MCCUSKER: Go ahead.

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

23 So, we continue to work on this, but I would
24 like the Board to consider a motion to extend the
25 deadline for Gadsden to close its construction loan for a

1 period of time.

2 MS. COX: So moved, for 60 days.

3 CHAIRMAN MCCUSKER: 60 days works.

4 MR. IRWIN: Second.

5 CHAIRMAN MCCUSKER: 60 days. Been seconded.

6 Any further question? Conversation?

7 All in favor say aye?

8 (Board responds aye.)

9 CHAIRMAN MCCUSKER: Opposed nay?

10 (Motion carries unanimously.)

11 CHAIRMAN MCCUSKER: That motion carries
12 unanimously.

13 Mr. Collins thank you very much.

14 Cody, you're dismissed.

15 He was already out the door.

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

18 Mark, thank you for -- we have given you an
19 unbelievable amount of work all summer, through your
20 surgery, two surgeries, and it's really quite remarkable.
21 You are a little thunder machine.

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

24 MR. COLLINS: Mr. Chairman, members of the
25 Board, thank you.

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

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

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

21 MS. COX: So moved.

22 MR. MARQUEZ: Second.

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

25 MR. COLLINS: Nope. We haven't done anything

1 yet, but on the 123.

2 CHAIRMAN MCCUSKER: All in favor say aye?

3 (Board responds aye.)

4 CHAIRMAN MCCUSKER: Any opposed, nay?

5 (Motion carries unanimously.)

6 CHAIRMAN MCCUSKER: Mr. Collins, thank you for

7 your diligence on that item.

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

12 City park?

13 MR. COLLINS: Yes.

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

25 The developer timely made that request. And at

1 the last board meeting, you folks considered that
2 request. And what you did was, you said no, we're not
3 going to give you until October 7th of 2017, but we will
4 give you until January 31st, 2017, to pull that building
5 permit.

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

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

20 They include, number one, the building that the
21 developer is building now has another floor. There is
22 another floor of offices. That increases the economic
23 impact for you folks. That requires an amended study.
24 Got the amended study, cost you 400 bucks. It's even
25 better than the one before. But we've got to do that.

1 We have got to complete the economic study.

2 The city has to abate those taxes. We have to
3 finalize the documents with the loan with Bank of Tucson.
4 We have to finalize your documents, and then we've got to
5 close all of this.

6 the intent right now is that we will have all
7 the documentation put together before the end of this
8 year, and close this project before January 31 of 2017.
9 It will not get you the building permit by January 31 of
10 2017, but it will get you title to the property.

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

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

1 of trust on that lease, and a building will be going up
2 on that.

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

7 MR. HILL: So moved.

8 MR. MARQUEZ: Second.

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

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

14 CHAIRMAN MCCUSKER: Any questions of Mark?

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

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

19 (Board responds aye.)

20 CHAIRMAN MCCUSKER: Opposed nay?

21 (Motion carries unanimously.)

22 CHAIRMAN MCCUSKER: That motion passes.

23 MR. COLLINS: One more?

24 CHAIRMAN MCCUSKER: Go ahead.

25 MR. COLLINS: One more. As part of that, folks,

1 as you know, the money you spend is public money. And,
2 certain amounts of public money would inculcate the
3 procurement code. In this particular deal, given where
4 we are down the track, we are going to have a development
5 agreement with the developer as well. It doesn't change
6 the deal points for you guys. But it is another
7 agreement that I would ask you to authorize the executive
8 officers and me to finalize and execute the development
9 agreement.

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

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

14 MR. COLLINS: Very similar. Yes, sir.

15 MR. MARQUEZ: So moved.

16 CHAIRMAN MCCUSKER: Thank you.

17 MR. COX: Second.

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

20 MR. COLLINS: Economic, right.

21 CHAIRMAN MCCUSKER: -- say aye?

22 (Board responds aye.)

23 CHAIRMAN MCCUSKER: Nay?

24 (Motion carries unanimously.)

25 CHAIRMAN MCCUSKER: Okay. Good job, Mark.

1 Mr. Becker, you want to give us the Greyhound
2 update? Sorry to bounce you around. Appreciate your
3 patience.

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

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

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

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

23 Some things basically looking ahead to the next
24 four weeks, they'll start the finishing special systems,
25 finishing drywall, casework will start going in, and

1 closer to January we'll do the final paving. We kind of
2 want to hold off on that as long as we can just to keep
3 construction traffic off the paving.

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

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

15 Quickly, the budget, we started again with 1.9
16 million. Due to some savings within the project, our
17 original contingency was \$90,000, that increased to
18 \$140,000 because of project savings. We've had two
19 change orders to date. Totaling -- taking our remaining
20 funds down to \$112,000. So we actually still haven't
21 dipped into our original contingency yet.

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

1 the remaining funds.

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

15 CHAIRMAN MCCUSKER: Occupancy date again is?

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

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

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

23 CHAIRMAN MCCUSKER: Awesome.

24 Any questions for Michael?

25 Are we putting this all up on the web? We have

1 like a project --

2 MS. BETTINI: Yes.

3 CHAIRMAN MCCUSKER: Thank you very much. Nice
4 job.

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

12 Think I got everything.

13 Mr. Irvin, did I catch everything?

14 MR. IRVIN: You got it all.

15 CHAIRMAN MCCUSKER: Any call to the audience?

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

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

20 MR. COLLINS: Okay.

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

23 CHAIRMAN MCCUSKER: Move to adjourn?

24 MR. HILL: So moved.

25 MS. COX: Second.

1 CHAIRMAN MCCUSKER: All in favor say aye?

2 (Board responds aye.)

3 (Motion carries unanimously.)

4 CHAIRMAN MCCUSKER: Thank you.

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CERTIFIED REPORTER'S CERTIFICATE

STATE OF ARIZONA)
) ss
COUNTY OF PIMA)

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

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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.

KATHY FINK & ASSOCIATES, INC.
R1003