

RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona  
May 20, 2013  
2:00 p.m.

REPORTED BY:

John Fahrenwald

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1 (Meeting commenced at 2:04 p.m.)

2 CHAIRMAN McCUSKER: Okay. We're going to call  
3 this meeting to order. It's officially 2:05. We do have a  
4 quorum. Mrs. Cox has informed us she'll not be here today.  
5 She's the only one absent -- one, two, three, four, five,  
6 six.

7 We'll start with the pledge. Let me introduce,  
8 first, Chris Schmaltz, from our firm in Phoenix. He  
9 volunteered to lead us in the Pledge of Allegiance.

10 (The Pledge of Allegiance was recited.)

11 CHAIRMAN McCUSKER: Okay, Michele, call the role,  
12 please.

13 MS. BETTINI: Jeffrey Hill?

14 MR. HILL: Here.

15 MS. BETTINI: Mark Irvin?

16 SECRETARY IRVIN: Here.

17 MS. BETTINI: Fletcher McCusker?

18 CHAIRMAN McCUSKER: Here.

19 MS. BETTINI: Chris Sheafe?

20 TREASURER SHEAFE: Here.

21 MS. BETTINI: Cody Ritchie?

22 MR. RITCHIE: Here.

23 MS. BETTINI: Alberto Moore?

24 MR. MOORE: Present.

25 CHAIRMAN McCUSKER: And Jannie Cox is excused.



1 carried.)

2 CHAIRMAN McCUSKER: Okay. We'll be back in about  
3 60 minutes. And Mr. Paton, we are going to have you come in  
4 on your item, so don't go too far.

5 (The Board adjourned for Executive  
6 Session at 2:06 p.m.)

7 (The Board reconvened at 3:34 p.m.)

8 CHAIRMAN McCUSKER: Someone can move to reconvene.

9 TREASURER SHEAFE: So moved.

10 CHAIRMAN McCUSKER: Second, please.

11 MR. HILL: Second.

12 CHAIRMAN McCUSKER: All in favor, say aye.

13 (Ayes.)

14 CHAIRMAN McCUSKER: Mr. Irvin is on his way here.

15 (Mr. Irvin joined the proceedings.)

16 SECRETARY IRVIN: Yeah, yeah. When the horse has  
17 left the barn?

18 CHAIRMAN McCUSKER: We voted us back into the  
19 regular session, Mark.

20 SECRETARY IRVIN: Thank you, sir.

21 CHAIRMAN McCUSKER: You missed it. 3:35.

22 Thank you for your patience.

23 You're going to earn your civics merit badge,

24 Kevin.

25 We have a Scout visiting us for his civics badge

1 on his way to Eagle Scout. He had no idea what he was  
2 getting himself into.

3 There's a lot on our agenda. That's the good  
4 news; because we're working on a lot of very important  
5 things.

6 We're moving ahead with the remodel of the Tucson  
7 Convention Center Arena. We'll get an update on that from  
8 our project manager and architect. We have some contracts  
9 to actually approve for that project.

10 It's become crystal clear to us that since we  
11 separated ourselves from the City -- that since we are a  
12 jurisdiction without a home -- is that we do not have a  
13 procurement code. One of the things we're going to begin to  
14 talk about and work with counsel on is developing our own  
15 procurement code that would be specific to Rio Nuevo. We're  
16 going to start talking about that today as well.

17 We're actively engaged in the West Side. By that,  
18 we mean the lands west of the freeway. We're going to look  
19 at some opportunities to do some engineering work on that  
20 site.

21 We'll talking about the arena site, which is a  
22 piece of property we're all very interested in.

23 And I think -- if I sound like a broken record,  
24 it's probably okay -- but to remind everybody, under our  
25 2009 legislation, our primary and secondary

1 responsibilities, the first to the TCC and its arena. And  
2 secondly, to the Notice to Proceed of an area hotel.

3 So anything else that we're interested in cannot  
4 move forward until we accomplish those two goals.

5 So the work we're doing on the Arena Site, the  
6 work we're doing on the West Side, it's preliminary. But  
7 it's really not actionable in terms of serious development  
8 until we take care, first, of the TCC and, secondly, the  
9 hotel.

10 As we've stated publicly before, we view our  
11 mission as it relates to the hotel as a facilitator, not  
12 owner, operator, or builder of a hotel. But there are three  
13 or possibly four private sector developers in our area now  
14 that are interested in launching a hotel. And we're trying  
15 to figure out how we can best support that effort. And  
16 under our settlement terms with the City, that would enable  
17 us to issue a Notice to Proceed. So we're moving on that  
18 front as well. You'll hear us talk about that today.

19 We hope to approve our annual auditors in today's  
20 meeting. We'll get an update from our CFO. We'll talk a  
21 little bit to Lori about some marketing opportunities and  
22 try to get everybody out of here in time for dinner.

23 So without further ado, procurement code. Chris  
24 and Mark? I think you met because you led us in the Pledge  
25 of Allegiance. Christopher Schmaltz -- Chris works for our

1 firm, but we've come to know him as an expert in public  
2 procurement -- and certainly we can use the help.

3 So, Chris, welcome to Rio Nuevo. Chris lives in  
4 Phoenix.

5 MR. SCHMALTZ: Yes, I do, Mr. Chair.

6 CHAIRMAN McCUSKER: So he gets to travel.

7 MR. SCHMALTZ: I'm a U of A grad, so I thoroughly  
8 enjoy coming down to Tucson whenever I can. So it's my  
9 pleasure to be here with you all today.

10 Again, my name is Chris Schmaltz. I'm an attorney  
11 at Gust Rosenfeld, a partner with Mark Collins.

12 A little background on myself. What I do is  
13 public law. I represent cities, towns, school districts,  
14 special districts, airports.

15 I'm the attorney for the Phoenix-Mesa Gateway  
16 Airport Authority that owns and operates that airport. If  
17 you've ever had a chance to fly Allegiant or Spirit out of  
18 there, I represent and advise the Board with regard to that  
19 airport.

20 And I've been doing that work --  
21 public-law-related work -- for over 10 years now here in  
22 Arizona. Before that, I was in Washington, D.C., and our  
23 firm specialized in, again, working in the  
24 government-contracting-related work in the healthcare area.

25 What I do in my practice area is involved in

1 advising the public entities with regard to a variety of  
2 matters. Specifically, including procurement, construction  
3 procurement, finance, from -- and that involves  
4 everything -- I work on everything from putting together  
5 the -- helping to put together the financing deal related to  
6 the new expansion of the sewer plant or the runway or  
7 whatever it is, roadways, that kind of thing -- from  
8 beginning to expenditure of the funds and everything in  
9 between. That includes putting together the procurement  
10 documents, the contracts associated with those projects,  
11 et cetera. And I've been doing that -- for a variety of our  
12 public clients, as I said -- for the last 10 years.

13           And so it's my pleasure to be here with you all  
14 today to sort of assist the District as it moves forward in  
15 putting together a structure around which you contract and  
16 accomplish the things that you want to accomplish.

17           Part of the -- what you want to do as a buyee,  
18 part of what you want to do is governed by State statutes  
19 already. There are statutory provisions that relate to the  
20 building of and expenditure of funds, public money on public  
21 buildings. And so those statutes will govern sort of what  
22 you do and how we approach sort of the expenditure of your  
23 funds already.

24           But one of the things that you don't have is your  
25 own procurement code, a document that guides you with regard



1 to and gives direction to the staff and others who work on  
2 your behalf to accomplish those things that you want to  
3 accomplish in a way that is open, is competitive, and is a  
4 framework to -- for -- that consistently applies sort of the  
5 decision-making related to the contracts that you need to  
6 approve to accomplish your statutory mandate.

7 And so one of the things Item No. 6, in  
8 particular, is sort of looking for feedback and direction  
9 from you on how you want to approach that.

10 Item No. 7, which we'll get to and I'll also talk  
11 to you about, is related to that in sort of an interim way.

12 But as a public entity, you're going to want to  
13 have a procurement code in place that will govern sort of  
14 the process by which you identify and then contract with  
15 people and entities to provide you with services that you  
16 need and goods that you need.

17 And so there's a broad --

18 CHAIRMAN McCUSKER: Can you talk a little bit  
19 about that process, Chris? I mean, are we starting from  
20 scratch writing --

21 MR. SCHMALTZ: No.

22 CHAIRMAN McCUSKER: -- our own code? Or do we  
23 look at other municipalities, or is there another TIF, for  
24 example? Where do you start in that kind of process?

25 MR. SCHMALTZ: Yeah.

1           Mr. Chair, and Members of the Board, we do not  
2 need to reinvent the wheel here. And that's sort of what I  
3 want to emphasize, is that there are a variety of approaches  
4 that we can take. One of the sort of most expedient and  
5 maybe easiest -- because we're all familiar with and we  
6 partner with and we sort of know all the players -- is to  
7 take, for example, the City of Tucson's procurement code --  
8 and there maybe -- it's -- on the sort of spectrum of  
9 procurement codes, it's towards the more elaborate side of  
10 the procurement code. However, it's not that much work in  
11 order to go through that procurement code, carve out those  
12 provisions from that Tucson procurement code that don't  
13 necessarily apply, and go beyond sort of what you want do,  
14 and you don't really -- that aren't necessary for those --  
15 for your purposes in terms of the District's, and bring that  
16 forward to you, essentially adopting Tucson's procurement  
17 code at the District's. Again, to emphasize the point that  
18 the District is its own entity.

19           And so by doing that, it would be the District's  
20 procurement code, not us using Tucson, per se. There may be  
21 sort of staff overlap, and there may be a way to sort of  
22 have that interface. And the matrix you have before you in  
23 Item 7 sort of accomplishes that. It utilizes some of those  
24 resources. Because that's an extra piece that is a great  
25 resource for the District in terms of accomplishing those

1 things.

2           That's like one end of the spectrum in terms of  
3 putting together that procurement code by utilizing an  
4 existing code, carving out those elements that don't  
5 necessarily apply or we think may be too broad or whatever  
6 it is, and then presenting that to you for your review and  
7 ultimate adoption.

8           The other side of the spectrum is to go maybe  
9 simpler, and there's lots of examples that we can cull from  
10 that are a simpler approach. Again, it's not sort of me  
11 writing a brand new code for you. This is not -- we do not  
12 need to reinvent the wheel on this.

13           And so the input and discussion that we might have  
14 today is sort of, how do you want to approach it? What do  
15 you want to do in terms of -- there are some things that are  
16 already governed by State statute -- Title 34 is an example,  
17 the public buildings is a prime example -- where we can  
18 follow that now. And in fact, the contracts that are on  
19 your agenda essentially have followed that process, via  
20 cooperative purchasing, in a way, which I'll talk about.

21           But having a procurement code for your own  
22 purchases -- sort of who's designated, who has the  
23 authority -- offers clarity to the public and you all and  
24 the people who are working with you, that I have the  
25 authority to spend this money in this way.

1 CHAIRMAN McCUSKER: Questions for Chris?

2 TREASURER SHEAFE: Well, a couple of things.

3 Chris, I think I can say, speaking for myself, that we want  
4 to be transparent and we want to be fair and we want to be  
5 simple. And there are a number of things in the Tucson code  
6 that -- the City of Tucson code that are things that they  
7 have hoops they have to jump through that, at least, what  
8 little I know, we probably don't have to jump through.

9 MR. SCHMALTZ: Yeah.

10 TREASURER SHEAFE: So if I understand your  
11 description, is that this Board has the ability to authorize  
12 the preparation of a procurement code that is rather limited  
13 and it gets us to the point where we're both transparent and  
14 we maintain that level of fairness that's required under  
15 Title 34.

16 MR. SCHMALTZ: Mr. Chair, Treasurer Sheafe, that's  
17 absolutely correct.

18 TREASURER SHEAFE: All right.

19 CHAIRMAN McCUSKER: And we can, Chris, opt to  
20 apply it to anything: the purchase of services, the purchase  
21 of consultants, the purchases of contracting, construction  
22 purchases. We're running our own stuff.

23 TREASURER SHEAFE: So that was my next question.  
24 Could we also not have to apply it? You know, we think  
25 about -- we're going to talk a little bit about the auditor

1 where we have a very limited choice there. And we only get  
2 caught up in some complexity with that where we run up  
3 against those kinds of service requirements that we would  
4 like to --

5 CHAIRMAN McCUSKER: So long as we meet the State's  
6 minimum State standards. We have the opportunity to ride  
7 it -- one of the challenges we've had -- and I don't think  
8 this was ever anticipated -- when the legislature separated  
9 the District from the City, it basically left us without any  
10 policies, procedures, staff. So we're now -- we have the  
11 challenge and opportunity to develop our own policies.

12 And they can be -- like, we're very interested,  
13 Chris, in local preference, favoring our local contractors.  
14 There's some things the City does, as Chris indicated, that  
15 are very cumbersome and not necessarily transparent. So we  
16 literally have the opportunity, as I hear you explain it, to  
17 development something that fits us specifically for our  
18 purposes.

19 MR. SCHMALTZ: Absolutely.

20 And one of the things that I want to emphasize is  
21 that the procurement code -- to address the point with  
22 regard to the hiring of auditors -- that that can be defined  
23 as professional services within the code that you adopt.  
24 And it's not sort of -- it's not avoiding the procurement  
25 code or not having to jump through those hoops. It is --

1 this is what the procurement code says with regard to the  
2 hiring of professional services just like the auditors or  
3 otherwise.

4 The cooperative purchasing is another prime  
5 example of this in that it's not -- it is the process by  
6 which you identify and procure the entity with whom you are  
7 entering into a contract.

8 It is procurement. Absolutely. It is following  
9 the procurement process identified in State statute and via  
10 the agreements that we already have. And so our -- the  
11 procurement code that you adopt will address exactly those  
12 scenarios and allow for sort of a simplified approach, if  
13 that's what you want to do, with regard to professional  
14 services.

15 Things that aren't dictated to you already by  
16 State statute, we can make them as simple, but also, like  
17 you said, fair and open as we want to in terms of the  
18 procurement code that we adopt.

19 And again, this is not reinventing the wheel. We  
20 can utilize language that's been adopted and used by other  
21 Districts like yourselves, Tucson, or otherwise, in order to  
22 accomplish that.

23 CHAIRMAN McCUSKER: You know, given that we're  
24 about to launch on a \$6 million project, some of the  
25 challenges we've had recently regarding the retention of our

1 lobbyists, the audit firm, whether or not we have to compete  
2 with this and that, you know, I asked Mark to help us  
3 identify the person in the State who can kind of lead us  
4 through this minefield. That's how we found Chris, who I  
5 believe is the best -- certainly one of the best in this  
6 particular facet of law.

7           The first item that we put on for your discussion  
8 and agreement is: Do we want to retain him?

9           TREASURER SHEAFE: Is there a budget that -- a  
10 general rough cost?

11           CHAIRMAN McCUSKER: That would be the next  
12 question I guess, is scope.

13           You know, is there some way, Chris, you can begin  
14 to scope this project and what it might cost us?

15           MR. SCHMALTZ: Yeah. I think if -- sort of based  
16 upon your comments, I think if we're going to -- correct me  
17 if I'm wrong -- but I think -- and we've already started  
18 this process. The City of Tucson staff has already started  
19 this process and made recommendations to Mark and I with  
20 regard to what might be appropriate to carve out of Tucson's  
21 code and simplify it in those areas so that we can simply  
22 bring it to you with those carve-outs to adopt. And that  
23 process can be relatively quick and at relatively low cost.

24           I don't think it's going to involve -- you know, I  
25 hesitate to sort of offer a number, but it's probably 10 to

1 15 hours of work of my time to go through, sort of, the  
2 recommendations from the City of Tucson's staff, and then  
3 work through preparing the documents that are sort of usable  
4 for you all to read and understand, sort of, here's the  
5 action we're taking with regard to Tucson's code. Probably  
6 10 to 15 hours of my time, plus any other additional time  
7 that may involve me coming down here, or any workshop that  
8 you want to do, or other hearing that you might want to do  
9 that would involve, once you have a draft, going through it  
10 and talking about various provisions. So I think that's  
11 what we're looking at.

12           TREASURER SHEAFE: Could I then put forth a motion  
13 that we move to engage Chris, and the Gust Rosenfeld firm  
14 for this specific reason, to develop our own code, as  
15 simplified as possible, and possibly even have a code in  
16 place by the time we meet a month hence; and since we're  
17 only taking a current code and knocking things out of it and  
18 maybe tweaking a few words and it's really taken care of,  
19 and ask that we authorize our own staff to respond if they  
20 are needed in their expertise as to how we would manage this  
21 assignment?

22           CHAIRMAN McCUSKER: You have the wordiest motions.

23           MR. SCHMALTZ: I understood every word of that.

24           CHAIRMAN McCUSKER: Let's, first of all, see if we  
25 get a second.



1 MR. RITCHIE: Second.

2 CHAIRMAN McCUSKER: Whoever that was. That's why  
3 we transcribe these now.

4 Do you want to put any scope to that, a cap or  
5 limit? Are you comfortable with it?

6 TREASURER SHEAFE: Well, I was talking about that,  
7 but I wanted to cut back on the number of words. I don't  
8 think so. I think if he says he's going to be 15 to 20  
9 hours, or 10 to 15 hours, that's within the scope.

10 CHAIRMAN McCUSKER: Now, in your motion, you kind  
11 of established a due date too.

12 TREASURER SHEAFE: Yes. I tried to establish a  
13 timeframe.

14 CHAIRMAN McCUSKER: Is that doable? You know,  
15 basically a month from now?

16 MR. SCHMALTZ: Yes. It is doable. Because the --

17 SECRETARY IRVIN: To present?

18 CHAIRMAN McCUSKER: Right.

19 MR. SCHMALTZ: Certainly having a draft in place  
20 for you all to review and for discussion by the June meeting  
21 is absolutely doable. The process has already begun with  
22 the City of Tucson's excellent staff input. And I just need  
23 to go through that and go through the City of Tucson's  
24 procurement code and those provisions that they sort of  
25 recommend to be carved out and then have a draft for you in

1 place for the June meeting.

2 CHAIRMAN McCUSKER: Any other questions, comments?

3 We have a motion, a second. All in favor, say

4 aye.

5 (Ayes.)

6 CHAIRMAN McCUSKER: Any opposed?

7 (The Board voted and the motion

8 carried.)

9 CHAIRMAN McCUSKER: All right. You're hired.

10 MR. SCHMALTZ: Excellent. It's my pleasure.

11 Thank you.

12 CHAIRMAN McCUSKER: Start billing us.

13 MR. SCHMALTZ: And I'm ready to provide a

14 deliverable already, Item No. 7. Part of this --

15 CHAIRMAN McCUSKER: We do have something in our

16 handouts.

17 MR. SCHMALTZ: Tab 1.

18 CHAIRMAN McCUSKER: Tab 1 in our book.

19 And is there something available, Michele, for the

20 public that wants to follow along?

21 MS. BETTINI: It's all on this table.

22 MR. SCHMALTZ: This is essentially the interim

23 step to provide us with a framework and direction to the

24 staff and for you all and for the public's understanding as

25 to how we're going to proceed with regard to the interim

1 with contracts and contract authority.

2 This matrix provides for a variety of  
3 authorizations and definitions of who has the authority to  
4 do what in what context, in an attempt to, again, provide a  
5 framework for operational sort of expenditure of funds,  
6 entering into contracts, things of that nature, to, A, allow  
7 the District to be nimble with regard to accomplishing its  
8 goal; and, B, ensuring that you all, as the Board and the  
9 authority and overseeing the board, are aware of and are  
10 constantly sort of -- you have the information that you need  
11 in order to understand sort of what is being done on the  
12 District's behalf.

13 There are a couple of recommended changes that I'm  
14 going to -- to the document that's in your packet, that  
15 after discussion with Elaine and other staff, we think that  
16 are appropriate.

17 The one change under the column that is entitled,  
18 "COT procurement officer," all the way down to the row that  
19 is "verify contingency needs, slash, use," there's an X  
20 there. We're going to recommend that that X come out.  
21 There really isn't need for the COT procurement officer to  
22 be evaluating the contingency need and use. That is  
23 absolutely something that our project manager can do and,  
24 internally, we can do as a District.

25 But the COT procurement officer, their role is

1 most appropriate in those areas that you see above, which is  
2 essentially review and advise. All of the checks that you  
3 see under that COT procurement officer are essentially,  
4 review and help prepare and comment on contract provisions,  
5 et cetera.

6 And that's their appropriate role. They have  
7 expertise that the District as a staff doesn't necessarily  
8 have. And so certainly, if they're willing to do that and  
9 offer that expertise and assistance, identifying that role  
10 on this matrix is helpful to the District to accomplish what  
11 it wants.

12 The other recommended change is just a  
13 clarification. Under the row that says "approve, slash,  
14 sign contract," where those two columns next to that have,  
15 for those contracts under \$25,000, the Board Chair and the  
16 Board Treasurer have the authority to sign.

17 TREASURER SHEAFE: Jointly, we have to both sign?

18 MR. SCHMALTZ: Correct. And we can clarify that.

19 But we want to put an X under the Rio Nuevo Board  
20 to clarify and make clear that for all other contracts that  
21 don't fall within that under \$25,000 carve-out, it has to  
22 come to you.

23 TREASURER SHEAFE: Now, does that mean that the  
24 entire Board has to sign?

25 MR. SCHMALTZ: No. It means that it needs to be

1 on an agenda and acted on by you. And then whatever --  
2 whoever is presumably the Chair is then authorized to sign  
3 that contract on behalf of the District once it's been  
4 approved by the Board.

5 So what this matrix will do, particularly with  
6 regard to that row, is for those contracts that are above  
7 \$25,000, they all have to come to the Board. They will be  
8 on a board agenda. You will have, then, the opportunity to  
9 review and act upon those contracts, granting the authority  
10 to the Chair to sign those contracts once the Board has  
11 approved, via a successful motion, that contract.

12 For those contracts that are under \$25,000, the  
13 Chair and the Treasurer, jointly, would have to -- have the  
14 authority under this matrix, but they would both have to  
15 approve it and sign it in order to bind the District and the  
16 expenditure of monies of the District.

17 Any questions with regard to any...?

18 CHAIRMAN McCUSKER: This is basically a delegation  
19 of authority from the Board to a number of different  
20 individuals.

21 Can you kind of describe how you view our role  
22 collectively as the Board before we delegate? I mean, we  
23 obviously approve the budget -- authorize the budget. So  
24 nothing can be done that's not part of the Board-approved  
25 budget. It starts there, I'm assuming?

1 MR. SCHMALTZ: That's correct.

2 CHAIRMAN McCUSKER: And then any revisions to that  
3 have to come to the full board?

4 MR. SCHMALTZ: Yeah. Well, let's take a scenario  
5 that involves a project where you, as a Board, determine  
6 that you're going to spend a million dollars on this  
7 individual project. And you authorize it, and whatever the  
8 project title is or whatever's involved, you determine and  
9 you approve and act upon. But you don't have any contracts  
10 in place yet. But you say, okay, we -- we're -- this  
11 project is going to be a million dollars and we authorize  
12 the expenditure of a million dollars related to this  
13 project.

14 Then sort of the initial contracts related to the  
15 serving or other sort of limited service contracts that  
16 might be under the \$25,000, your chair and treasurer would  
17 then be able to proceed entering into those specific  
18 contracts. Again, this is a contractual relationship that  
19 binds the District entering into that contractual  
20 relationship with the service providers that are selected  
21 via whatever process we ultimately approve, or via the  
22 cooperative purchasing process that the contracts that are  
23 on your agenda today allow us to accomplish.

24 So in that type of scenario, once the project  
25 budget is approved by you all -- and you have input with

1 regard to that -- then for those contracts that fall under  
2 the \$25,000, the authority would be there for the chair and  
3 treasurer to proceed. Any other contract which is related  
4 to that project that expends monies associated with that  
5 million dollar budget would have to come to you all as the  
6 Board for review and approval.

7 CHAIRMAN McCUSKER: Mr. Moore?

8 MR. MOORE: Mr. Chairman, how does that affect --  
9 we have, right now, the Executive Committee's --  
10 theoretically, it adds up to \$5,000 to approve without going  
11 to the Board. Now, are we going to increase it to 20,000  
12 more?

13 CHAIRMAN McCUSKER: This is only related to the  
14 TCC Arena. So this is specific to a specific project.

15 MR. MOORE: Okay.

16 CHAIRMAN McCUSKER: It would only be commitments  
17 that are made on behalf of the Arena remodel. It would not  
18 affect anything else that we're doing.

19 MR. SCHMALTZ: Right. Just to clarify that, this  
20 document is entitled through the TCC Arena renovation  
21 project. So really, it's more limited in scope than I even  
22 identified it and described it. And that it's specifically  
23 related to this project alone. And so -- and again, it's  
24 intended to be this interim step to allow for openness but  
25 also nimbleness with regard to proceeding with that project

1 that you all have considered and adopted sort of initial  
2 project budgets associated with it already. So if --

3 CHAIRMAN McCUSKER: In your other public entity  
4 experience, is that 25,000 relatively typical? Is it  
5 bigger? Less?

6 You know, we've never really authorized -- allowed  
7 any individuals for more than \$5,000.

8 MR. SCHMALTZ: Mr. Chair, Members of the Board,  
9 it's toward the lower end of what I've seen. We have  
10 some -- one community's -- it's really dependent upon sort  
11 of the flavor and viewpoint of the governing body with  
12 regard to how much authority they want to give. One of our  
13 city managers in a community that we represent has  
14 authorization up to a hundred thousand dollars by his  
15 counsel to sign and -- approve and sign up to a hundred  
16 thousand dollars. But this is in the typical range.  
17 Typically, the range is 20 to 50.

18 CHAIRMAN McCUSKER: And no single individual has  
19 any authority. It takes the chairman and the treasurer.

20 MR. SCHMALTZ: Correct. In that scenario, where  
21 you have a -- sort of a city counsel with a single manager,  
22 there's -- it's -- you know, it's natural to have  
23 authorization extended to that one individual who is the  
24 manager of the organization. Since we don't necessarily  
25 have that here, having two people is a great sort of check



1 and balance with regard to that authority.

2 CHAIRMAN McCUSKER: Mr. Hill?

3 MR. HILL: I appreciate the charts and everything,  
4 but what is the genesis of this chart? What is your base  
5 document or source?

6 MR. SCHMALTZ: There -- the source is the  
7 expertise from the City of Tucson's staff, my input, Mark's  
8 input with regard to having in place some process and  
9 procedures to provide guidance to staff about what -- how to  
10 handle -- if a decision needs to be made with regard to a  
11 contract or expenditure or otherwise.

12 Right now, we've got nothing. There's no  
13 direction from the Board with regard to how to proceed with  
14 things like that related to this specific project. And this  
15 was an effort to put together a matrix that provided some  
16 guidance and direction from you, and guidance to staff about  
17 how to proceed.

18 CHAIRMAN McCUSKER: And what's the timing on this  
19 in terms of -- it seems to me that it's tied to the  
20 procurement code, specifically, that until we know what it  
21 is that we're going to authorize, we don't necessarily know  
22 who is required to authorize that. Are they linked, or is  
23 this a standalone document?

24 MR. SCHMALTZ: This -- this -- I envision this to  
25 be sort of the -- this will deal with sort of how we move

1 forward in the interim on the renovation project. And then  
2 as we then move forward with our procurement code, the  
3 District's procurement code, this sort of authorization will  
4 then get incorporated into and be reflected in that code  
5 that you ultimately adopt. So whatever that -- form that  
6 takes, I'm going to proceed under the assumption that we're  
7 going to modify the City of Tucson's code and make it our  
8 own.

9           It will have -- part of that modification will  
10 include this type of authorization for all projects that may  
11 proceed by the District. And so it will be extended to go  
12 beyond simply sort of this individual project. That's the  
13 intent. And you may all decide that this is appropriate for  
14 this project; we want to move forward, et cetera. But you  
15 may all decide that for every project that comes before you,  
16 maybe you want to have less or more in terms of  
17 authorization.

18           MR. HILL: I guess it's really not any anchor for  
19 how this document is created. The genesis is the customary  
20 use of the City of Tucson. Anything from the City of Tucson  
21 does not give me a sense of warmth. So I'm somewhat  
22 concerned that each one of these items is linked by some  
23 Board position or in the minutes taken by Rio Nuevo, so that  
24 we're not handing over some type of blanket authority that  
25 doesn't exist in conjunction or cahoots, if you would, with

1 the City of Tucson's manager or whoever else.

2 MR. SCHMALTZ: Right.

3 MR. HILL: That role was traveled by the previous  
4 Board, and \$260 million disappeared. So I'm not suggesting  
5 that a small project of this nature would lead to that, but  
6 you know, Rome wasn't built in a day. I don't want to see  
7 us creating a precedence that allows them to steal the  
8 taxpayers blind again.

9 So my further question is, is this stuff rooted in  
10 approval given by Rio Nuevo; or by the adoption of the  
11 procurement code next month, will we then have that root  
12 that's necessary?

13 MR. SCHMALTZ: Mr. Chair, Board Member Hill, what  
14 this document does and what it's rooted in is your -- my and  
15 your staff's -- and with input from the experts in the City  
16 of Tucson's procurement staff, as to what the Board  
17 determines to be the appropriate approach for the District.

18 Nowhere in this document is there conveyed any  
19 approval authority to any official in Tucson. We're not  
20 seating authority to Tucson. We're not granting authority  
21 to any one individual Tucson person, with the exception of  
22 the project manager who works for you on these projects.

23 But beyond that, this matrix is -- is your  
24 determination as to how you, the District, as an independent  
25 entity want to proceed with and provide guidance to staff

1 about proceeding with projects, this specific project in --  
2 in detail, related to this matrix.

3 But then ultimately when we adopt our procurement  
4 code, it will be our procurement code. It will not be  
5 Tucson's procurement code. It will be our procurement code  
6 that will guide what the District does with the District's  
7 funds.

8 CHAIRMAN McCUSKER: In that regard, Mr. Hill,  
9 Chris, there are a couple of approval Xs for City staff.  
10 One for the project manager under "review file contract,"  
11 same thing under the procurement officer. That does seem to  
12 give them some approval authority. You took the one X out  
13 of the procurement officer under "approve contingency."

14 So why isn't it that we wouldn't remove those --  
15 if all the approval rests with us, the City of Tucson is  
16 purely advisory?

17 MR. SCHMALTZ: I would say that for every X that  
18 is under the project manager column, it is advisory:  
19 recommend, solicit, review. I read "contract revisions" as:  
20 prepare contract revisions, review final contract. "Verify  
21 invoice" is: We have an existing contract now, and an  
22 invoice has been submitted and will be reviewed for  
23 processing a payment. "Verify contingency meeting use" --  
24 again, that's a project manager's role.

25 CHAIRMAN McCUSKER: To review?

1 MR. SCHMALTZ: That's right.

2 And then "verify change orders." This is, a  
3 change order has been presented, they evaluate -- the  
4 project manager evaluates the scope, determines whether and  
5 what's appropriate with regard to the amount of money, or  
6 maybe the extension of time that's identified in that change  
7 order, and then a recommendation is made with regard to the  
8 approval of that change order to you all, the Board.

9 CHAIRMAN McCUSKER: To take Mr. Hill's line of  
10 questioning a step further, is there any way that anyone  
11 from the City of Tucson can commit Rio Nuevo funds without  
12 our authorization?

13 MR. SCHMALTZ: Not as I read this table.

14 CHAIRMAN McCUSKER: And the only -- the officers'  
15 commitment is under \$25,000.

16 MR. SCHMALTZ: Yeah.

17 CHAIRMAN McCUSKER: Anything above that has to  
18 come to the full Board?

19 MR. SCHMALTZ: That's correct.

20 MR. HILL: Mr. Chairman, Chris, I would hope when  
21 we do adopt the procurement code that it will be in concert  
22 with this chart, and vice versa.

23 MR. SCHMALTZ: Yeah.

24 MR. HILL: All right. Thank you, Mr. Chairman.

25 Thank you, Chris.

1           CHAIRMAN McCUSKER: Any other questions?

2           I think we're a little lost as to if this is an  
3 action item for today or not. Do we have to adopt this for  
4 any pressing reasons with the work we're doing with the  
5 City? Maybe ought to wait until we talk to Elaine.

6           I think, you know, given where Mr. Hill is with  
7 this, it does seem to tie into the overall conversation  
8 regarding the procurement code, which we're also using  
9 specifically for the TCC.

10          MR. SCHMALTZ: Yeah. And we can sort of discuss  
11 that, sort of. I'll keep my, sort of, comments with regard  
12 to the contracts that are listed under Item 8 of the agenda.

13          CHAIRMAN McCUSKER: Right.

14          MR. SCHMALTZ: It's related.

15          CHAIRMAN McCUSKER: Those are agenda items. We  
16 can always bring something to the Board.

17          MR. SCHMALTZ: That's right. And you have  
18 cooperative purchasing authority via the IGA with the City  
19 of Tucson. And then, first contract, this cooperative  
20 purchasing agreement with the City of Tucson, to utilize  
21 their procurement, they're procured contracts. If they --  
22 if the scope of work related to those procured contracts is  
23 related to and covers the type of work that you as an entity  
24 want to do, and they have the cooperative purchasing  
25 language, et cetera, we can utilize that process to have

1 selected that entity and then enter into a contract with us,  
2 the District, as opposed to using a City of Tucson contract.  
3 Again, the emphasis is that it's our contract, not the City  
4 of Tucson's.

5 So to answer your question with regard to the  
6 immediacy of this, I think staff would appreciate some  
7 direction with regard to sort of how this gives guidance in  
8 terms of the table. But in terms of Elaine -- Elaine may  
9 have some input also with regard to whether or not she  
10 really would like to see this approved today.

11 I think it's an appropriate document to proceed.  
12 There maybe -- and like I said, I'll bring a draft to you in  
13 June that will incorporate sort of what the --

14 TREASURER SHEAFE: Yeah. This may change slightly  
15 as you work that through, so why would we take any action  
16 today?

17 CHAIRMAN McCUSKER: What's the Board's sense --  
18 what's the Board's sense on this? Do you want to table  
19 this?

20 SECRETARY IRVIN: I'd rather wait.

21 CHAIRMAN McCUSKER: Elaine, can you help us a  
22 little bit in terms -- is there any timing, urgency, or  
23 issues that we're creating for you if we just kind of take  
24 this under advisement?

25 MS. WEAVER: The only issue that I would see is

1 that we will be receiving invoices shortly from Rick  
2 Engineering, Phil Swaim, and RLB, and so --

3 CHAIRMAN McCUSKER: And we're looking at those  
4 contracts separately from the matrix. So if we --

5 MS. WEAVER: Right. But the matrix formalizes the  
6 procedures of what you as Board do once you receive  
7 invoices.

8 CHAIRMAN McCUSKER: I don't see any need to rush  
9 into that through --

10 MS. WEAVER: Does that make sense? Because it  
11 really then, like you said, formalizes --

12 CHAIRMAN McCUSKER: So unless there's a motion to  
13 take any action, this will, Chris, get incorporated with  
14 your June delivery.

15 MR. SCHMALTZ: Okay.

16 MS. WEAVER: So then, how do we move forward with  
17 invoices?

18 CHAIRMAN McCUSKER: You have to come to us until  
19 we have some procedure in place.

20 MS. WEAVER: Okay.

21 CHAIRMAN McCUSKER: Let's talk about the  
22 contracts, because that's specifically what she's  
23 referencing. We may be able to give you some different  
24 direction under these three contracts.

25 MR. SCHMALTZ: And I think -- I think that's



1 exactly how we may do that.

2 CHAIRMAN McCUSKER: We have previously approved  
3 the funds associated with the architect, the cost estimator,  
4 and the engineer. You're now asking us to authorize those  
5 agreements, which, Chris, you've prepared.

6 MR. SCHMALTZ: Yeah.

7 CHAIRMAN McCUSKER: That would bind us to those  
8 positions that we previously authorized their funding. So  
9 there's no surprises here. We're just doing the paperwork.

10 MR. SCHMALTZ: And, Mr. Chair, what I could offer  
11 is that to provide some direction to Elaine, I think as part  
12 of the direction and approval of these contracts that are in  
13 front of you, particularly the three contracts where Elaine  
14 anticipates receiving invoices, is that as part of the  
15 direction today, you can approve those cooperative  
16 purchasing contracts and authorize Elaine to process and  
17 make payment with regard to invoices associated with those  
18 contracts.

19 CHAIRMAN McCUSKER: Yes.

20 MR. SCHMALTZ: And certainly, that will sort of  
21 solve that immediate problem.

22 MS. WEAVER: Okay. That makes sense.

23 MR. SCHMALTZ: In my mind.

24 MS. WEAVER: Thanks.

25 MR. SCHMALTZ: So along the lines to -- sort of to

1 distill the four contracts you have in front of you.

2 One is the agreement that is the City of Tucson's  
3 form that formalizes the cooperative purchasing  
4 relationship with --

5 MR. HILL: Under Tab 2.

6 MR. SCHMALTZ: It's Tab 2?

7 MR. HILL: Tab 2.

8 MR. SCHMALTZ: -- with the City of Tucson to  
9 utilize -- essentially entering into a cooperative  
10 purchasing unit with the City of Tucson so that when they  
11 procure and enter into a contract with a contractor or a  
12 service provider, we then have the ability to -- if that  
13 scope of work works for our purposes -- utilize that  
14 procured entity and enter into our own contract with them  
15 like these other three that were made.

16 The Swaim, the engineering contract, and the RLB  
17 contract, are all examples of this cooperative purchasing  
18 effort. You have in your IGA with the City of Tucson  
19 already the authority to enter into this cooperative  
20 purchasing arrangement. And it's a great way to -- in terms  
21 of efficiency -- to comply with the procurement code and the  
22 procurement requirements under State statute by having the  
23 City of Tucson go through the whole process: advertise,  
24 evaluate, ultimately, enter into a contract.

25 And what these cooperative purchasing contracts

1 that are in your packet do is formally enter into the  
2 contractual relationship between the District and the  
3 service provider. Whereas before it's -- it's a Tucson  
4 contract; the parties to that contract are Tucson and Swaim,  
5 for example. But what these cooperative purchasing  
6 contracts do, is you'll see, it's a 3-page overlay that  
7 incorporates the City of Tucson's contract, but it's our  
8 contract now.

9 We then have a contractual relationship with the  
10 service provider under our terms incorporating the City of  
11 Tucson's contractual terms with all the protections that the  
12 City of Tucson has, and additional protections that I added  
13 related to the cooperative purchasing contract.

14 But then it formalizes the contractual  
15 relationship that you, the District, has with those service  
16 providers related to this project. That's what those three  
17 contracts accomplish.

18 CHAIRMAN McCUSKER: Got it.

19 Anybody else don't "got it"?

20 MR. HILL: Mr. Chairman, point of information. I  
21 presume this money is counted toward our 6 million?

22 CHAIRMAN McCUSKER: Yes.

23 MR. HILL: Thank you.

24 CHAIRMAN McCUSKER: All hard and soft costs go  
25 toward the 6 million.

1 MR. HILL: Thank you.

2 CHAIRMAN McCUSKER: Do we need a motion for each  
3 one? Can we deal with it --

4 TREASURER SHEAFE: Can we just do it in one?

5 MR. SCHMALTZ: I would do the City of Tucson  
6 contract, the cooperative purchasing contract, separately.

7 TREASURER SHEAFE: Let's move to approve the  
8 cooperative purchase contract as presented.

9 CHAIRMAN McCUSKER: Period.

10 TREASURER SHEAFE: Period.

11 CHAIRMAN McCUSKER: There you go.

12 MR. RITCHIE: Second.

13 CHAIRMAN McCUSKER: I have a motion. I have a  
14 second. Any other conversation?

15 All in favor, say aye.

16 (Ayes.)

17 CHAIRMAN McCUSKER: Any opposed?

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

20 CHAIRMAN McCUSKER: Okay. Can we bundle the  
21 three, or do you want us --

22 MR. SCHMALTZ: Yes.

23 CHAIRMAN McCUSKER: -- to do those separately?

24 MR. SCHMALTZ: And I would recommend that as part  
25 of whatever motion to proceed and approve those three, that

1 you then -- you also include the direction and authority for  
2 Elaine to process and make payments for invoices associated  
3 with this contract.

4 TREASURER SHEAFE: So the motion is that we have  
5 previously approved the amounts, and in consideration of  
6 that, we now have three agreements with the architect -- for  
7 some reason --

8 CHAIRMAN McCUSKER: Engineer and cost estimator.

9 TREASURER SHEAFE: And cost estimator. I move for  
10 approval of those three amounts and authorize Elaine to --  
11 the project manager, to approve and request payment as those  
12 bills are made in accordance with the previous approval,  
13 correct?

14 SECRETARY IRVIN: Authorize signing?

15 CHAIRMAN McCUSKER: It all comes to Bill and goes  
16 through our regular process, so...

17 TREASURER SHEAFE: And then follows our normal  
18 procedures.

19 MR. RITCHIE: Second.

20 CHAIRMAN McCUSKER: You following that?

21 MR. COLLINS: I am.

22 And Mr. Chair and the Members of the Board and  
23 Chris, it's satisfactory. I'd like -- if you're going to do  
24 it in a group like that, I'd like to confirm that the motion  
25 is for approval of Agenda Items 8A, B, C --

1 CHAIRMAN McCUSKER: "A" we approved separately.

2 MR. COLLINS: Already did A.

3 CHAIRMAN McCUSKER: So this would be B, C, and D.

4 TREASURER SHEAFE: My motion includes Agenda  
5 Items A, B, C, and D.

6 MR. COLLINS: Okay.

7 MR. RITCHIE: Second.

8 TREASURER SHEAFE: And the amounts included in  
9 those agenda items.

10 MR. COLLINS: Okay. Good.

11 CHAIRMAN McCUSKER: Any further conversation,  
12 questions?

13 All in favor, say aye.

14 (Ayes.)

15 CHAIRMAN McCUSKER: Any opposed, nay.

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

18 CHAIRMAN McCUSKER: Okay. Chris, I think we're  
19 done with you. Anything else you need from us?

20 MR. SCHMALTZ: No. Thank you very much.

21 CHAIRMAN McCUSKER: We're very happy to have you  
22 on board.

23 MR. SCHMALTZ: See you next month.

24 CHAIRMAN McCUSKER: Thank you very much.

25 Elaine, No. 9, TCC update.

1 MS. WEAVER: Good afternoon, thank you.

2 So first, I wanted to start with a follow-up to  
3 Mr. Moore's questions, the two questions from last month.

4 First, I wanted to confirm that Rio Nuevo does own  
5 the TCC Arena, the TCC Galleria, and that also includes  
6 Parking Lot A.

7 So the music hall, Leo Rich Theater, Parking Lot B  
8 and C, the City owns that.

9 MR. MOORE: Which is B and C?

10 MS. WEAVER: B and C, I believe, is on the west  
11 side. It's the parking lot on the backside of the music  
12 hall.

13 MR. MOORE: Facing Granada?

14 MS. WEAVER: Correct, yes.

15 Parking Lot A faces the TBD headquarters. Okay?

16 And the Galleria is the 1980ish renovation  
17 addition that's the long corridor, the grand ballroom. All  
18 of that's a part of the TCC.

19 MR. MOORE: Okay. But now --

20 CHAIRMAN McCUSKER: The north exhibition hall,  
21 does that include --

22 MS. WEAVER: That is a part of the TCC.

23 CHAIRMAN McCUSKER: Okay.

24 MR. MOORE: Where that breezeway is, that  
25 structure just to the north of the breezeway --

1 MS. WEAVER: That's a part of the TCC, yes, sir.  
2 Okay?

3 The second question that Mr. Moore had for me last  
4 month was to give the Board a total of the City of Tucson  
5 TCC renovations -- recent renovations over the past couple  
6 of years. And that total is \$17,627,667.05.

7 MR. HILL: Mr. Chairman?

8 CHAIRMAN McCUSKER: You can have a list, I hope,  
9 because we can't fathom \$17 million.

10 MR. HILL: Mr. Chairman, to that point, obviously,  
11 I think the key breakout would be hard money and soft money.

12 I know some years ago, there's some artful  
13 accounting by governmental entities -- at that time Pima  
14 County -- and they put in the flood district one of the  
15 supervisors and all of the staff under the soft amount and  
16 didn't bother to list it. That was ferreted out at some  
17 point after that to their rather large embarrassment.

18 So I think we would hope that we wouldn't have the  
19 City pools finance its soft money, its supervisors and what  
20 have you, from the Chairman, is certainly my point also.

21 Thank you, Mr. Chairman.

22 MS. WEAVER: So I do have a list.

23 CHAIRMAN McCUSKER: You probably have one copy.

24 MS. WEAVER: I have one copy. It contains a list  
25 of 13 projects over the past couple of years, and it ranges



1 from the lower risers and seats in the arena, all the way to  
2 the current elevator and escalator projects. In addition,  
3 things like central plant, parking lot revisions.

4 So are you asking that you'd like the hard and the  
5 soft costs separated?

6 CHAIRMAN McCUSKER: I guess we need to know what  
7 the -- if the City would make that public and available to  
8 us, it would help.

9 MS. WEAVER: Okay.

10 CHAIRMAN McCUSKER: You probably can't do that  
11 standing on the podium there.

12 MS. WEAVER: I cannot do that right now.

13 CHAIRMAN McCUSKER: Right. But you know, I  
14 don't --

15 MS. WEAVER: I can follow up on it.

16 CHAIRMAN McCUSKER: -- know that that answer's  
17 Mr. Moore's questions, but might create more questions.

18 MS. WEAVER: And that's fair. That's okay. If a  
19 question generates more questions, I'm okay with that.

20 CHAIRMAN McCUSKER: So am I putting word in your  
21 mouth?

22 MR. MOORE: Right.

23 MS. WEAVER: No. That's understandable. So just  
24 to clarify so I have clear expectations of what you're  
25 asking for, is that you'd like for me to take that

1 \$17 million and separate hard and soft costs?

2 CHAIRMAN McCUSKER: What is the timing of that  
3 list? Is it within the last year, two years?

4 MS. WEAVER: It's in the last couple of years.

5 CHAIRMAN McCUSKER: I think that was Alberto's  
6 question. Can you identify -- because we're more concerned  
7 about the match, the current money being spent on the TCC.  
8 So I would ask you to look at the dates.

9 MS. WEAVER: Okay. I'll look at the dates.

10 CHAIRMAN McCUSKER: And then somehow separate  
11 those items.

12 And Alberto, she's got to go back to her  
13 superiors.

14 MR. MOORE: I understand that. Fair enough.  
15 Thank you.

16 MS. WEAVER: Sure. And what I'll do is next month  
17 I'll be here and I'll make sure and address that and follow  
18 up.

19 MR. MOORE: With copies for all of us.

20 MS. WEAVER: Yes, I will. I will.

21 So next on my list is that I wanted to give you an  
22 overall project update, what we've been doing since last  
23 month.

24 In general, the design team, we have been working  
25 on a lot of different things. We are continuing to meet

1 weekly with Mr. McCusker, Mr. Irvin, as well as with  
2 Mr. Allen. And we have -- we started to look at different  
3 seat options for the arena.

4           So we're looking at fabrics; we're looking at  
5 options to fully replace the seats -- whether we renovate  
6 the seats, is it a new back, is it a new seat -- and we're  
7 trying to weigh the options. We're also taking those  
8 different options to our cost estimator so we can see what  
9 is the most economical design.

10           We're looking at different fabrics. We're also  
11 looking at the overall design standard of the TCC. When a  
12 future renovation take place, what materials should they be  
13 using so that 10 years from now it's not a hodgepodge of --  
14 a renovation here, a renovation there -- so that there's  
15 some consistency.

16           And we've also been looking at concepts for the  
17 breezeway, for the back wall. We're talking about  
18 scoreboards. And so we're in the predesign phase to refine  
19 the scope of work.

20           So that next month when I come to you, I will be  
21 presenting the overall scope of work, the needs and repair  
22 list that I presented to you two months ago. And I have  
23 copies of this; it's the same thing. So next month I'll be  
24 coming to you with this document, and I'll have costs  
25 associated with each line item. And so we can see what --

1 where we are.

2 Yes?

3 MR. MOORE: And will you be making recommendations  
4 to the priority of which items are more important?

5 MS. WEAVER: Yes, sir. Yes.

6 MR. MOORE: Because I'm very concerned about the  
7 restrooms. That's something that the public has complained  
8 about.

9 MS. WEAVER: And we are as well. And we are,  
10 Mr. Moore, hashing through those ideas and different  
11 concepts for the restrooms at our weekly meetings.

12 CHAIRMAN McCUSKER: The primary focus has been on  
13 things that will improve the fan experience. So everything  
14 from signage and way-finding to seating and bathrooms, the  
15 concession areas, activating areas that are dead zones,  
16 sound, lights, anything that might enhance.

17 So we've avoided kind of infrastructure issues or  
18 plumbing or things that people might not be able to see and  
19 recognize that they've improved; so that's the focus we've  
20 given that.

21 I will tell you it's going to be more than  
22 \$6 million. So we are going to have to prioritize those  
23 things. And hopefully we'll be able to do that, Alberto, in  
24 our June meeting.

25 MS. WEAVER: The idea will be that I will have

1 numbers for each item, Mr. Moore, but then I will be making  
2 recommendations as to what our recommendation would be to  
3 how to spend that 6 million.

4 MR. MOORE: One of the other questions I have --  
5 and this is from previous review of the property -- was the  
6 maintenance side of any of these modifications, that we  
7 minimize that maintenance cost of the various areas,  
8 especially in the restrooms and some of these tiled areas.

9 MS. WEAVER: It's a good point, maintenance, and  
10 vandalism.

11 MR. MOORE: Right.

12 MS. WEAVER: Even with the seats, we're thinking  
13 about, you know, if it's a vinyl -- should it be a vinyl  
14 versus fabric. And if it gets punctured, a fabric is more  
15 self-healing versus vinyl if it gets cut -- so we're  
16 considering all of those.

17 We also -- over the past month, Mr. McCusker, Phil  
18 Swaim, and I -- we went to the TCC Commission, and we gave  
19 them an overall update, a project history, and just where we  
20 are to date, what our overall goals and expectations are.

21 And this month we'll be meeting with Visit Tucson  
22 as well, to give them an update of what we're doing.

23 And then I already mentioned that next month I'll  
24 be back to give you a scope and cost estimate.

25 CHAIRMAN McCUSKER: You should mention -- because

1 I think it's been extraordinary -- you guys have met with  
2 anybody that touches the Arena. You've talked to riggers  
3 and end users. I mean, you've really done an extensive  
4 amount of work getting other people's ideas and opinions on  
5 things that might improve the venue.

6 MS. WEAVER: We have. We had two full weeks of  
7 programming meetings. And so I think it's fair and accurate  
8 to say that, to date, that actually has never taken place.  
9 No one has ever sat down with the lighting crew, the crew  
10 that sets up ice at the TCC, what works for them, what  
11 doesn't, the riggers, security, concessions.

12 So the TCC was involved with all of those  
13 meetings, as well as Phil Swaim and his staff and myself.

14 So any other questions?

15 MR. MOORE: Thank you.

16 MS. WEAVER: Thank you.

17 CHAIRMAN McCUSKER: Related to the TCC, Item  
18 No. 10, Mark, just a quick update for the Board and members  
19 of the audience.

20 The City did replace the bleacher seats -- those  
21 are the expandable seats that surround the floor -- using  
22 their own funds. This was part of the negotiated  
23 settlement. They've asked now that they have an  
24 opportunity, I guess, to refinance those.

25 Mark, so if you could kind of go through what we

1 are talking about doing there.

2 MR. COLLINS: As you said, Mr. Chairman, the City  
3 utilized in excess of a million dollars of its general funds  
4 to replace the bleacher seats. The City is now in the  
5 process of selling and leasing that back, thereby financing  
6 it, so reimbursing itself for that.

7 The City has asked the District to acknowledge  
8 that those bleachers are equipment as opposed to fixtures or  
9 part of the building itself. I have reviewed the  
10 contract -- or the lease and the sublease. And frankly, to  
11 my surprise, the language in those two agreements would  
12 certainly indicate that the bleachers would be, in fact,  
13 equipment rather than fixtures.

14 So from a straight contractual standpoint, I don't  
15 see a downside to the District for acknowledging that. All  
16 the City is asking for is that we acknowledge that if in  
17 fact -- if the City wants to take those bleachers out,  
18 they're the City's bleachers because they paid for them.

19 TREASURER SHEAFE: Mr. Chair, could I make a  
20 motion --

21 MR. MOORE: They are replacing them. They have to  
22 because they had the bleachers there before.

23 MR. COLLINS: True. And in fact, they're  
24 obligated to maintain that under the sublease itself.

25 TREASURER SHEAFE: May I make a motion that Rio

1 Nuevo acknowledges the bleachers as equipment for the  
2 purposes of facilitating the City's desire to expand their  
3 financing on the improvements made.

4 MR. COLLINS: Mr. Sheafe, just to kind of  
5 complicate things, I have been provided a form. There a  
6 couple of minor changes that I would like to make -- and I  
7 don't think there will be any problems with the City.

8 TREASURER SHEAFE: And any changes that Counsel  
9 needs to make are authorized.

10 CHAIRMAN McCUSKER: Somebody second that.

11 SECRETARY IRVIN: I'll second it.

12 CHAIRMAN McCUSKER: Just to be clear, all we're  
13 doing is what's already in the lease, is affirming that the  
14 property, what we would otherwise call fixture property --

15 MR. COLLINS: Fixtures, right.

16 CHAIRMAN McCUSKER: -- is, in fact, identified in  
17 this lease as movable property?

18 MR. COLLINS: Yes.

19 CHAIRMAN McCUSKER: Therefore, it's not a part of  
20 the property that we own.

21 MR. COLLINS: I will tell you that the language of  
22 the lease and sublease include the following, quote,  
23 fixtures and replacements are exempted from ownership by the  
24 trustee.

25 And recall, if you will, that the trustee or the



1 bank owns the TCC. And it leases the TCC -- whatever that  
2 is, right? -- to the District. And the District, in turn,  
3 subleases it to the City.

4 And when you look at the language in the lease and  
5 the sublease, the lease itself defines the leased property  
6 as the legal description. And the sublease says that the  
7 title to the leased property is held by the trustee except  
8 for those the fixtures, repairs, replacements, or  
9 modifications that are added to the subleased property by  
10 the sublessee.

11 So, Mr. Chairman, it's hard for me to answer that  
12 other than to say, it is my assessment, after reading both  
13 of those documents, that what you're being asked to do is  
14 acknowledge what is already contemplated both by the lease  
15 and the sublease.

16 CHAIRMAN McCUSKER: Mr. Hill?

17 MR. HILL: Mr. Chairman, Mark, the concepts in  
18 accounting when you're setting up depreciable assets, the  
19 old code, there was a Section 38 which pretty much covers  
20 leasehold property. Leasehold property is considered  
21 fixtures. The reason it is, before some recent changes, the  
22 depreciation rate could be affected by the term of lease.  
23 In other words, it could be shorter.

24 The other factor there is, is the fixtures cannot  
25 be removed by the tenant. Are we -- by granting it to be

1 equipment, we can allow the City to up and take the  
2 bleachers at any point in time if they get mad at us?

3 MR. COLLINS: Well, I think Mr. Moore addressed  
4 that just a moment ago. I think that the lease requires  
5 that they maintain the equipment that was there when it was  
6 leased to them or replace it with new equipment.

7 CHAIRMAN McCUSKER: I don't know that it would be  
8 bold of us to put that in writing.

9 MR. COLLINS: I don't have a problem with that.

10 CHAIRMAN McCUSKER: This is a refinancing  
11 mechanism on the City's part.

12 MR. COLLINS: Right.

13 CHAIRMAN McCUSKER: I think we want to prevent  
14 them from doing anything cute with the bleachers.

15 MR. COLLINS: And I --

16 CHAIRMAN McCUSKER: So if we can identify that for  
17 the purposes of financing, we're comfortable with the lease,  
18 but we're not, certainly, allowing them any portability by  
19 giving our consent.

20 MR. COLLINS: And if I may, assuming that this is  
21 accurate, I believe that Mr. Sheafe's motion with the  
22 addition that it's subject to my tweaking it, I can tweak it  
23 to be consistent with Mr. Hill's comment.

24 Is that satisfactory, or do you want another  
25 motion?

1           TREASURER SHEAFE:  Nope.  I'd stand on the motion.

2           CHAIRMAN McCUSKER:  And then authorize the  
3 executive officers then to sign it?

4           MR. COLLINS:  It would be -- I would suggest, if  
5 you authorize the standard, the Chairman and the Secretary.

6           CHAIRMAN McCUSKER:  Given those conditions that  
7 would amend your motion, Chris, to --

8           TREASURER SHEAFE:  That's fine.  I accept.

9           SECRETARY IRVIN:  I accept.

10          CHAIRMAN McCUSKER:  All right.  We have an amended  
11 motion and a second.

12          All in favor, say aye.

13                                 (Ayes.)

14          CHAIRMAN McCUSKER:  Any opposed, nay.

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

17          CHAIRMAN McCUSKER:  All right.  Keep your eye on  
18 our bleachers.

19          Westside Parcel.  WLB.  I think I saw...

20          We had asked WLB to give us a proposal to discuss  
21 the opportunities on the West Side.  There is a map attached  
22 to your agenda.  There's some on the table.  When you hear  
23 us talk about the West Side, it's this map.

24          Just for reference purposes, what we are trying to  
25 get our arms around as we think about this property is how

1 much of it is developable; what are the challenges in  
2 developing it in terms of the previous landfill; what are  
3 the watershed issues, et cetera, et cetera.

4 WLB has extensive experience with this property  
5 and has offered to kind of help us get up to speed regarding  
6 anything that we may need to assess as we look at the  
7 development of the West Side.

8 So thank you very much.

9 MR. MOORE: Mr. Chairman?

10 CHAIRMAN McCUSKER: And, Alberto, you're  
11 conflicted here, so...

12 MR. MOORE: Yeah. Do I -- can I stay in, or do  
13 you want me...?

14 CHAIRMAN McCUSKER: You should probably sit in the  
15 audience.

16 MR. COLLINS: Yeah. If you could sit in the  
17 audience. Thank you. I had forgotten about that.

18 (Mr. Moore joined the audience.)

19 MR. COLLINS: Members of the Board, behind -- in  
20 the booklet that you have, the proposal that the folks at  
21 WLB provided previously is Tab 7 in the booklet that you  
22 have in front of you.

23 And for the audience, there's a copy of it out on  
24 the desk.

25 MR. BYRNE: Thank you. I'm --

1 MS. BETTINI: Fletcher, what's this gentleman's  
2 name? I'm sorry.

3 CHAIRMAN McCUSKER: Introduce yourself.

4 MR. BYRNE: Michael Byrne.

5 MS. BETTINI: Michael Burns?

6 MR. BYRNE: B-Y-R-N-E.

7 CHAIRMAN McCUSKER: B-Y-R-N-E.

8 MS. BETTINI: Thank you.

9 CHAIRMAN McCUSKER: Okay. Go ahead.

10 MR. BYRNE: Thank you. I'm Michael Byrne, and I'm  
11 a partner with the WLB Group. We've been involved with the  
12 West Side for about 2,000 years, I think. We started the  
13 firm -- the firm in 1980.

14 And one of our first contracts was with DDC. And  
15 basically doing a variety of planning jobs, civil  
16 engineering projects, landscape architectural projects on  
17 the West Side. We did the planning for the area north of --  
18 excuse me -- south and north of St. Mary's. We did the  
19 garden at Yosemite. We did River Park from Congress to  
20 St. Mary's and have been active in the areas since that  
21 point in time.

22 And one of our last group of projects included  
23 Tucson Origins, historic park master planning. And we  
24 worked with Jerry Dixon and the gasoline company on Mercado  
25 at Menlo Park, and have also done the roundabout at

1 Clearwater and Calle Convento as well.

2           So we've been very, very active in the area and  
3 believe that we can offer a real -- a real skill and a  
4 tremendous background as far as knowledge of the site.

5           Our basic proposal is broken out into two parts.  
6 One is to bring the survey that was done in 2006 by the City  
7 of Tucson to bring it current, because there's been a  
8 tremendous amount of work done since that point in time.

9           Then the second part really -- that we think  
10 really draws on our capability, and, again, our knowledge of  
11 the area and experience, is the -- is to take the  
12 information that's been developed over the last 30, 40 years  
13 on the West Side, bring it to us, look at it, and really use  
14 that information and a due diligence effort for the entire  
15 West Side of the Santa Cruz.

16           And then as a part of that effort, we wanted to  
17 develop a -- kind of a concept lighting plan, almost a  
18 block plotting effort with the Board. And then really do a  
19 much more thorough due diligence on each parcel, as far as  
20 the various impacts -- again, Fletcher, as you mentioned,  
21 things like landfill, drainage, water, sewer and so on -- on  
22 each parcel and give you a really good -- a very good  
23 knowledge or a good template as far as the length of time  
24 it's going to take to bring the entire area on board in  
25 terms of the development and so on.

1           Right now, the basic problem is that the landfill  
2 is one factor. It's really spotty. The City did certain  
3 areas and they didn't do other areas that were planned to be  
4 done, other sites or other portions of the landfills that  
5 were done -- done in part.

6           And so our charge, again, is to really do that  
7 research and give you a very good sense of what parcels are  
8 going to be able to be developed in that time period.

9           CHAIRMAN McCUSKER: And the cost of your proposal,  
10 Mike, again is...? I think it's in the packet.

11           TREASURER SHEAFE: 38-5.

12           MR. BYRNE: 38-5, approximately.

13           TREASURER SHEAFE: And they have two --  
14 comprehensive survey assistance -- which I assume is  
15 applying to the ALTA?

16           MR. BYRNE: Right. It's the ALTA. The  
17 boundary --

18           TREASURER SHEAFE: But I don't know what you mean  
19 by "assistance" there. We either have a balanced survey or  
20 we don't. And that was 18,420?

21           MR. BYRNE: Yes, it is.

22           TREASURER SHEAFE: And one of the questions I have  
23 for you is --

24           CHAIRMAN McCUSKER: We actually do have an  
25 ALTA 2006.

1 MR. BYRNE: Right.

2 CHAIRMAN McCUSKER: So I think it's more updating  
3 it than doing the whole thing.

4 TREASURER SHEAFE: All right. Because in the  
5 ALTA -- and that was my question. It was, I thought, well,  
6 it's an update. That's quite a different assignment.

7 And you're saying that you want copies of all  
8 applicable easements and other restrictions provided to you,  
9 which, to me, the ALTA is making sure that those things are  
10 all part of the survey.

11 MR. BYRNE: Yeah, they are. Sure, sure, sure.

12 TREASURER SHEAFE: And not provided by anyone  
13 else.

14 MR. BYRNE: Well, we don't do the actually title  
15 work. We'll work with title company.

16 TREASURER SHEAFE: And you're responsible for  
17 obtaining it.

18 MR. BYRNE: Yeah. That will be fine. That will  
19 be fine.

20 TREASURER SHEAFE: Because that's part of your  
21 services, that you will pick them up and make sure that  
22 you've included them.

23 MR. BYRNE: Sure. If they're included, sure.

24 TREASURER SHEAFE: So nobody else has  
25 responsibility but you.



1           MR. BYRNE: Well, we're not taking over the role  
2 of the title company.

3           TREASURER SHEAFE: No. But you're responsible to  
4 see to it that the title company provides that and then you  
5 verify that they're correct.

6           SECRETARY IRVIN: Probably legal would verify that  
7 they're correct.

8           MR. COLLINS: And, Michael, if I can interrupt?

9           MR. BYRNE: Sure, sure. Go ahead.

10          MR. COLLINS: What normally happens, Mr. Sheafe,  
11 is that we would order a title policy, Schedule B. The  
12 Schedule B would be what Michael would work with.

13          MR. BYRNE: Right.

14          MR. COLLINS: And he would then -- or his firm  
15 would then plot those Schedule B items and probably in the  
16 process, eliminate some of the Schedule B items. Because  
17 frequently the title officer sitting in his office, he can't  
18 tell what flies and what doesn't.

19          TREASURER SHEAFE: What I'm trying to avoid here  
20 is the position that, well, that was supposed to be -- they  
21 forgot it, and it wasn't our responsibility to make sure it  
22 was in there.

23          MR. COLLINS: Right.

24          TREASURER SHEAFE: When you buy an ALTA, the  
25 person buying it is receiving assurance that there was

1 enough evidence on the table, that the ALTA included  
2 everything that was supposed to be known.

3 MR. COLLINS: When you do an ALTA survey with the  
4 title policy, you really get the insurance -- the title  
5 insurance company and the engineering company on the hook.

6 And what you need to -- what you want to have, is  
7 that they're together, so you have them on the hook for both  
8 of them.

9 TREASURER SHEAFE: Right. Right.

10 MR. BYRNE: Yeah. But we're not a title company.

11 TREASURER SHEAFE: No. That's fine. No, no. I  
12 understand.

13 MR. BYRNE: And we're not going to -- we're not  
14 going to guarantee that the work of the title company is  
15 correct.

16 TREASURER SHEAFE: Right.

17 MR. BYRNE: I mean, they're going to give us a  
18 title report; we're going to, you know, put it on the --  
19 double check it. It's going to be --

20 MR. COLLINS: And they'll be in the process of  
21 seeing if there's something on the ground that doesn't  
22 appear in the title report. In other words, physical  
23 inspection is what you get with an ALTA survey.

24 SECRETARY IRVIN: There's a question.

25 MR. COLLINS: Sure.

1           SECRETARY IRVIN: I'm assuming under this  
2 situation that we get a title policy and go through  
3 Schedule Bs and confirm, but we would also get a title  
4 endorsement.

5           MR. COLLINS: Oh, yes. Yes, yes.

6           SECRETARY IRVIN: That's probably where you're  
7 going with that.

8           TREASURER SHEAFE: That's where I'm going.  
9 Because I'll tell you, as Jeff just pointed out, you know,  
10 the worst thing you can have is two companies that you've  
11 hired, and they're both pointing at other guy saying it  
12 wasn't my problem.

13          MR. BYRNE: Sure. You bet.

14          TREASURER SHEAFE: One guy has to be in charge and  
15 say, it was my responsibility to make sure that everything  
16 was there. And if I'm buying an ALTA policy from the  
17 engineer, it's the engineer's responsibility to do that. If  
18 there's a problem, the engineer goes back to the title  
19 company and says, you've got a problem. But it's the  
20 engineer that does that, not me. I'm not stuck in the  
21 middle trying to figure out who did it.

22          MR. BYRNE: Well, okay. But you're buying a title  
23 policy -- you're buying a title policy through us --

24          TREASURER SHEAFE: Right.

25          MR. BYRNE: -- from a title company.

1           TREASURER SHEAFE: And you're making sure that  
2 everything on the title policy is reflected.

3           MR. BYRNE: Right, correct.

4           TREASURER SHEAFE: And that's fair enough.

5           MR. BYRNE: Right, that's fair. Yeah, that's  
6 fair.

7           SECRETARY IRVIN: Just a point of question. Have  
8 we determined a title company yet, or is that still --

9           MR. COLLINS: We haven't. Although, we utilized  
10 Fidelity for the Arena Site because Fidelity had done the  
11 title work before, in trying to minimize expenses here, I  
12 haven't looked into that.

13           As you may notice in your agenda, Michael's here  
14 explaining his proposal to you. But we're not in a position  
15 today to adopt his proposal. The agenda -- or the action  
16 item on your agenda is if you think that WLB is the outfit  
17 to perhaps utilize.

18           I believe WLB has an on-call contract with the  
19 City of Tucson; do you not?

20           MR. BYRNE: Well, we did.

21           MR. COLLINS: Oh, okay. Well --

22           CHAIRMAN McCUSKER: Let's talk about that for a  
23 moment. Can we still source this? Does this have to be  
24 competitively procured?

25           MR. COLLINS: That's a problem -- well, this is --

1 it's -- how much money is in the proposal?

2 TREASURER SHEAFE: Well, there's two, and we  
3 didn't get to the second one. The one we're talking about  
4 right now is 18,420.

5 CHAIRMAN McCUSKER: What's the combined total?

6 TREASURER SHEAFE: The combined would be 36,420.

7 MR. COLLINS: I will tell you that while Chris  
8 Sheafe -- or Chris Schmaltz is the expert in that area, my  
9 belief is it's well below the threshold requirement of  
10 Title 34.

11 So to answer your question, Mr. Chair, if my  
12 assessment is correct -- I think it's \$250,000, quite  
13 frankly, is the threshold -- but if my assessment is correct  
14 and you're below the threshold amount of Title 34, you could  
15 effectively sole source this. It's a different concept, but  
16 you could enter into an agreement with WLB without  
17 competitive procurement.

18 CHAIRMAN McCUSKER: I think that's the question  
19 that's on the table is, you know, they have an identified  
20 history with this property. They have more experience than  
21 anybody. Do we want to go through the motions of a  
22 competitive procurement? Are you comfortable contracting  
23 with them? Chris would ultimately prepare the contract.

24 MR. COLLINS: Right.

25 CHAIRMAN McCUSKER: I think what we're looking for

1 today is direction in terms of how to proceed.

2 MR. COLLINS: Sure. The way the agenda is set up  
3 is if you folks are comfortable with WLB because of their  
4 history, you would -- someone would make a motion, second,  
5 assuming it was passed -- would direct Chris -- Schmaltz,  
6 actually -- to take what WLB has put together here and put  
7 it into a contract form that protects the District and is  
8 acceptable to WLB and bring it back to you for the June  
9 meeting.

10 CHAIRMAN McCUSKER: Or we can bid it out.

11 MR. COLLINS: Or you can bid it out.

12 TREASURER SHEAFE: Let me ask you question,  
13 because -- and this, Mr. Chairman, goes -- I don't have a  
14 problem on the -- I think we need to update the ALTA and  
15 make sure that we're secure there. I do wonder -- and I'm  
16 asking him out of respect --

17 MR. BYRNE: Sure.

18 TREASURER SHEAFE: -- and I will recognize WLB has  
19 the history on this, and it's a lot cheaper to run with  
20 people that know than try and start this thing all over  
21 again.

22 But on the due diligence side, it seemed to me a  
23 awful lot of things in there are things that developers are  
24 going to have to go through again. None of that is  
25 transferable, and I'm wondering why we need some of that

1 information at this stage. If we know what's there and we  
2 have generally an understanding -- I mean, certainly we know  
3 where the landfills are; we know what the hydrology  
4 standards are; we know basically where all the utilities  
5 are.

6 Why spend a lot of money forming all that  
7 information and then have somebody else come in and go,  
8 well, I need to do it over again?

9 CHAIRMAN McCUSKER: Let me maybe take that a step  
10 further.

11 CHAIRMAN McCUSKER: We've had great conversations  
12 with the other property owners in this section. It includes  
13 Gadsden to the north, the City of Tucson, the County, and  
14 us.

15 I believe it's conceivable that all four of us  
16 could come together, Chris, on a PAD. We submit one planned  
17 area of development. We go through zoning one time. We go  
18 through the neighborhood hearings. We could actually  
19 identify the kind of projects we want, place them, identify  
20 the green belts, and literally, do one PAD.

21 This -- the City's moving in that direction. The  
22 Gadsden property owners have indicated that they'd be  
23 willing to participate in that. So what I think the  
24 advantage to having the kind of data that WLB would give us,  
25 it would be easy then to go to the next step and put a PAD.

1           TREASURER SHEAFE:   Okay.  So this really does  
2 facility the PAD concept --

3           CHAIRMAN McCUSKER:  Absolutely.

4           TREASURER SHEAFE:  -- which absolutely makes all  
5 the sense in the world.

6           CHAIRMAN McCUSKER:  Yeah.  We could ultimately  
7 control the planned area of development with our partners,  
8 but submit all -- right now, we're subject to reacting to,  
9 as you suggested, developer after developer.  Someone's  
10 going to come forward and say, I want to put this project on  
11 this parcel.

12           I believe that we can be better organized with the  
13 data that they identify on what's buildable, what's not  
14 buildable, and then submit one PAD that would involve the  
15 neighborhoods, the developers, the City, the County,  
16 Gadsden, and Rio Nuevo.

17           TREASURER SHEAFE:  That makes a lot of sense.

18           CHAIRMAN McCUSKER:  Any other questions for Mike?

19           We're just basically giving you some direction as  
20 it relates to competitive procurement.  Let's deal with  
21 that.  Do you feel any -- is there any issue with us  
22 sole-sourcing this contract to WLB?

23           MR. HILL:  I move it, Mr. Chairman.

24           CHAIRMAN McCUSKER:  Is there a second to that?

25           TREASURER SHEAFE:  Second.



1           CHAIRMAN McCUSKER: All in favor, say aye.

2                           (Ayes.)

3                           (The Board voted and the motion  
4                           carried.)

5           CHAIRMAN McCUSKER: Okay. So we're going to  
6 direct you to prepare a contract along the lines of Mike's  
7 proposal.

8           MR. COLLINS: Right.

9           MR. BYRNE: Thank you.

10          CHAIRMAN McCUSKER: Mike, thank you very much.

11          MR. BYRNE: Sure. Thanks a lot.

12          CHAIRMAN McCUSKER: Mr. Collins, stay up there.  
13 The Arena Site.

14          MR. COLLINS: Yes.

15                           (Mr. Moore returned to the Board table.)

16          MR. COLLINS: To refresh the public and the  
17 Board's recollection, by the terms of the settlement  
18 agreement with the City of Tucson, the District has the  
19 option of taking title to property generally referred to as  
20 the Arena Site.

21           I have been in the process of doing due diligence  
22 on it. When I was before you on the 24th of April, you gave  
23 me authority to enter into the necessary contracts to get  
24 HDR Engineering, who has an on-call contract with the City  
25 of Tucson, started to complete the ALTA survey. As I

1 presented to you on April 24th, I thought that would be a  
2 quick turnaround. It was anything but that.

3 However, we are perilously close now to having an  
4 ALTA with the appropriate title report coming from Fidelity.  
5 But it is not yet ready. And it has been my recommendation  
6 to this Board that you get that ALTA before you decide  
7 whether or not you want to take title.

8 So I have gotten authority from the City of  
9 Tucson, they've agreed to allow you until the next meeting  
10 to make that determination. All I need for that extension  
11 agreement to be signed by you folks is motion, second, and  
12 passing. And that would give us the additional 30 days that  
13 I think you need.

14 TREASURER SHEAFE: Mr. Chairman, I move that we  
15 extend our previous approval another 30 days.

16 CHAIRMAN McCUSKER: Does that get you to the next  
17 meeting that you need to extend?

18 MR. COLLINS: It actually gets you past the next  
19 meeting.

20 CHAIRMAN McCUSKER: Okay. There's a motion to  
21 extend for 30 days. I would need a second.

22 SECRETARY IRVIN: Second.

23 CHAIRMAN McCUSKER: Any further conversation?

24 All in favor, say aye.

25 (Ayes.)

1           CHAIRMAN McCUSKER:   Any opposed, nay.

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

4           CHAIRMAN McCUSKER:   Okay.  You have your  
5   extension.  We'll see that in June?

6           MR. COLLINS:   Right.

7           CHAIRMAN McCUSKER:   Well, let's talk about the  
8   next three items that there may not be anything to talk  
9   about.

10                            Any updates, Mark, that you need to make on  
11   Item 13, or will you do --

12           MR. COLLINS:   Well, I --

13           CHAIRMAN McCUSKER:   These are all kind of linked,  
14   so do we need to discuss 13, 14, and 15?

15           THE WITNESS:   Well --

16           CHAIRMAN McCUSKER:   Because you have conflicted  
17   members, so...

18           MR. COLLINS:   Yes.  I think that Item 13, 14,  
19   and 15 are -- make it very difficult.  On 13, both you,  
20   Mr. Chairman, and Mr. Sheafe, are conflicted out of 13.

21                            However -- so I would ask that -- if we go forward  
22   with item 13, that you at least step out in the audience,  
23   hand the gavel to Mr. Irvin, who can discuss and update to  
24   the rest of the Board members, Item 13.

25           CHAIRMAN McCUSKER:   Do you have such an update?

1 SECRETARY IRVIN: You know, it's --

2 CHAIRMAN McCUSKER: Don't start down the path;  
3 either yes or no.

4 SECRETARY IRVIN: No. It's probably one we won't  
5 pass until next meeting.

6 CHAIRMAN McCUSKER: Consider that tabled.

7 MR. COLLINS: Okay. So they're tabling 13.

8 I can tell you on 14 that, at the last meeting,  
9 Mr. Irvin was given marching orders to negotiate a  
10 resolution of the sewer easement. You'll recall that there  
11 was a gas easement and a sewer easement. And Secretary  
12 Irvin was given direction to try and negotiate a deal with  
13 the Rialto Block Project.

14 I will tell you that within a very short period of  
15 time he had negotiated that deal, the deal points. But I  
16 did not receive a draft from -- from the servient -- or the  
17 dominant estate owner until Friday. I've looked at it; it  
18 needs to be worked on.

19 CHAIRMAN McCUSKER: So you're tabling that?

20 MR. COLLINS: I am.

21 CHAIRMAN McCUSKER: I've saved you a trip.

22 15.

23 MR. COLLINS: The problem with 15 is that most of  
24 you are disqualified on one level or another.

25 If you will look -- what this entails, gentlemen,

1 is there is a request by the Rialto Block Project and by the  
2 owner of the new student housing to the east of the Rialto  
3 Theatre for some temporary revocable easements.

4 The simple answer is -- the simple description is  
5 on Congress the Rialto Block Project wants to be able to put  
6 tables out at night for eating and so forth and so on. It's  
7 a temporary revocable easement. It can be drawn back in; I  
8 believe that's what one component of it is.

9 The other component is Capstone wants to be able  
10 to regulate the use of Herbert Avenue when the students are  
11 moving in and moving out. There is a -- I received it today  
12 or yesterday -- a draft of an agreement for that.

13 The problem we have --

14 CHAIRMAN McCUSKER: All right. You have, at a  
15 minimum, three conflicted members.

16 MR. COLLINS: I do. I do.

17 CHAIRMAN McCUSKER: So you lose your quorum.

18 MR. COLLINS: I lose my quorum today.

19 CHAIRMAN McCUSKER: And so we've got to table  
20 that.

21 MR. COLLINS: Okay. Do you want me to be quiet  
22 then?

23 CHAIRMAN McCUSKER: I will say that there's a lot  
24 of outdoor restaurant activity going on downtown. This is  
25 what this is in relationship to. Almost every restaurant

1 now is looking for patio-type space. I'm not surprised that  
2 they would. And all -- aren't we just being asked --

3 MR. COLLINS: Right. True.

4 CHAIRMAN McCUSKER: -- to okay this?

5 MR. COLLINS: Right.

6 CHAIRMAN McCUSKER: So we're not giving away  
7 anything. We're not selling anything. We're not creating  
8 any easements.

9 MR. COLLINS: Right, right.

10 CHAIRMAN McCUSKER: But you still have conflicted  
11 members.

12 MR. COLLINS: And the reason you're being asked is  
13 you own the Rialto Theatre. And your tenant -- your  
14 long-term tenant, the Rialto Foundation, has chimed in.

15 CHAIRMAN McCUSKER: Right. So you're going to  
16 need some nonconflicted members to put that back on the  
17 agenda. Or address -- the legal question is: If you have  
18 too many conflicted members and you can't put a quorum  
19 together, what the hell do we do then?

20 SECRETARY IRVIN: If I might just touch on that --  
21 because the one that probably does need some discussion I  
22 don't think we have all the conflicts on. And that would  
23 relate to Stiteler's project to do the TRE immediately up  
24 front and kind of wrap it around the other side.

25 So I know that you're conflicted --

1           CHAIRMAN McCUSKER:  -- conflicted and you're  
2 conflicted.

3           SECRETARY IRVIN:  I'm not conflicted on that  
4 piece.  I conflicted on the piece with --

5           MR. COLLINS:  Right.  Yeah.  You've got --

6           CHAIRMAN McCUSKER:  Which I understand.

7           MR. COLLINS:  You have four left.

8           CHAIRMAN McCUSKER:  Which I --

9           SECRETARY IRVIN:  They're all kind of blended.

10          CHAIRMAN McCUSKER:  You can't blend them because  
11 you've got conflicts.

12          MR. COLLINS:  Agenda Item 15 --

13          CHAIRMAN McCUSKER:  -- is specific to the request  
14 for the District to allow TRES that abut our property,  
15 right?

16          MR. COLLINS:  Well it -- sidewalk and Herbert  
17 Avenue, it says in the agenda.

18          CHAIRMAN McCUSKER:  And we can entertain that.  
19 Chris and I are conflicted.

20          MR. COLLINS:  Yeah.  You and Chris would have to  
21 get -- would have to remove yourselves.

22          CHAIRMAN McCUSKER:  Item 15, we're -- please note  
23 that Chairman McCusker and Treasurer Sheafe are recused from  
24 Item 15.

25          That's the only thing we can discuss.

1           SECRETARY IRVIN: Right. Those are the only  
2 things we'll talk about.

3                           (Chairman McCusker and Treasurer Sheafe  
4                           joined the audience.)

5           SECRETARY IRVIN: So --

6           MR. COLLINS: Excuse me, Secretary Irvin.

7                           Just for clarification purposes, what Secretary  
8 Irvin is talking about is the sidewalk portion of the TRE?

9           SECRETARY IRVIN: Right. So if I'm not mistaken,  
10 Counsel, isn't there a drawing that was -- I know I have  
11 it -- but did everybody get a copy of the drawing --

12           MR. COLLINS: Yeah.

13           SECRETARY IRVIN: -- that relates to that? It  
14 should be in your package.

15           MR. COLLINS: If you will look at Tab 11 in the  
16 booklet in front of you, the last two pages, I hope -- yep.  
17 Actually, the very last page of Tab 11 is a drawing of the  
18 area that would be affected by the temporary revocable  
19 easement for sidewalk dining. That's what is being  
20 discussed.

21           SECRETARY IRVIN: So in that easement, we're not  
22 giving away any rights. As I understand it, what we've been  
23 asked by -- this is something that the developer, Scott  
24 Stiteler has already gone -- as I understand, Counsel -- he  
25 has actually paid for pushing the sidewalks out, paid for



1 those as part of the street improvement work.

2 MR. COLLINS: That's my understanding, as well.

3 SECRETARY IRVIN: So -- and I know he's been in  
4 discussions with the City. And you know, we jumped through  
5 hoops to get his easement on the gas and the area in the  
6 back done. So this is a revocable easement, temporary, can  
7 be revoked at any time, we're not giving up any rights.

8 And its purpose is to allow them, for the couple  
9 restaurants that have opened and the couple that are planned  
10 to open, that they would be allowed to use the sidewalk area  
11 -- a portion of the sidewalk area adjacent to the building  
12 -- to place tables on. And that could be revoked by the  
13 City at any time, right?

14 MR. COLLINS: Right.

15 SECRETARY IRVIN: And we're not giving up  
16 anything. We're not giving anything up. We're not really  
17 even -- all we're saying is we don't object to it.

18 MR. COLLINS: And the City -- Mr. Secretary, the  
19 City, quite frankly, is the one that has circled all of the  
20 property owners in. It's been the City of Tucson that has  
21 said, look, we're willing to give you this right, but we  
22 want to make sure that everybody in the neighbor is okay.

23 That's how we got circled into the group.

24 SECRETARY IRVIN: That's it?

25 MR. COLLINS: Right.

1           SECRETARY IRVIN: So you know, it's just a matter  
2 of us making the decision. Are we for it or against it? Do  
3 we have a problem with allowing them to do that? So I'd say  
4 if we don't, I'd ask somebody to make a motion.

5           MR. RITCHIE: I make a motion that we grant this  
6 TRE.

7           MR. COLLINS: And that -- grant that you authorize  
8 the secretary and the chairman to execute the documents  
9 necessary to grant the temporary revocable easement that's  
10 being proposed.

11          MR. RITCHIE: Okay.

12          MR. COLLINS: Okay?

13          MR. RITCHIE: Okay.

14          MR. COLLINS: Thank you.

15          MS. BETTINI: You need to get someone else besides  
16 Fletcher.

17          SECRETARY IRVIN: Can we get a second on that?

18          MR. HILL: I'll second it.

19          MR. COLLINS: Oh. But you're -- yes. Thank you.

20          MR. HILL: Second, but I have a question. You  
21 said that this was a cause of Rialto. Are they opposed to  
22 it or something?

23          MR. COLLINS: No.

24          SECRETARY IRVIN: No.

25          MR. HILL: I'm second. Let's move on.

1 MR. COLLINS: Rialto Foundation had a --

2 MR. HILL: Let's move on. Give them their dime.

3 MR. COLLINS: Yeah.

4 SECRETARY IRVIN: Okay. We've got a motion and a  
5 second.

6 Any further discussion? All in favor, aye.

7 (Ayes.)

8 SECRETARY IRVIN: Anybody opposed?

9 (The Board voted and the motion  
10 carried.)

11 SECRETARY IRVIN: Okay. Come get your gavel back.

12 (Chairman McCusker and Treasurer Sheafe  
13 returned to the Board table.)

14 TREASURER SHEAFE: Hey, Cody, I liked your motion.

15 MR. RITCHIE: I was trying to memorize everything  
16 he was saying.

17 MR. HILL: Point of information, Mark. Mr. Chair  
18 was given the gavel --

19 (Inaudible crosstalk.)

20 MR. COLLINS: Okay.

21 CHAIRMAN McCUSKER: For the record, you function  
22 perfectly fine without me.

23 Okay, Bill, our CFO report. And there's some  
24 items on the table for press and public?

25 MR. ALLEN: Yes.

1 All right. What's being passed down to you is the  
2 summary cash report that I do every month for the Board  
3 meeting, as well as the discretionary cash transactions for  
4 the last 30 days, since the last board meeting, for items  
5 under \$5,000.

6 Looking at the -- looking at the top document, the  
7 cash report, this month was noteworthy in that we have  
8 finally, for the first time ever, received interest in our  
9 retained TIF funds that were invested in the ICS of \$372.43.  
10 You may see it there. The \$5 million accumulated one  
11 month's worth of interest.

12 The rest of the report is rather not so  
13 noteworthy. Cash has changed by about \$140,000 in total,  
14 combined total -- I'm now talking about the 12,751,405.86 --  
15 the yellow-orange number at the bottom of the page -- since  
16 last month, which is largely related to legal fees -- well,  
17 of course, processing payroll, but mostly the big ticket  
18 item usually is legal. So that's basically it in regards to  
19 the outstanding funds for Rio Nuevo that are not in the  
20 Wells account.

21 CHAIRMAN McCUSKER: The ratification item. You'll  
22 remember that you've given your executive officers up to  
23 \$5,000 of authority for nonbudgeted items subject to the  
24 Board's ratification. So Bill will present the entire list  
25 of those items. Most of them, which you can see, are

1 related to marketing activity. We did hard print, the  
2 newsletter, this time, to distribute mainly to our  
3 merchants. That's the lion's share of that, plus the cost  
4 of our Sunday afternoon radio show.

5 So we would ask that you ratify those items.

6 MR. ALLEN: That's correct. Those are the five  
7 items that are not specifically linked to normal business or  
8 contracts of the District.

9 TREASURER SHEAFE: So moved.

10 SECRETARY IRVIN: Second.

11 MR. HILL: Mr. Chairman?

12 CHAIRMAN McCUSKER: Go ahead.

13 MR. HILL: Where is the 3,000 bucks, from  
14 Southwest Gas, that we should have gotten for that easement?

15 SECRETARY IRVIN: We actually have two of those  
16 coming. One for the 3,000 for that one. And then I also  
17 negotiated the 3,000 for the -- for the one we had to clean  
18 up. So we'll getting a \$6,000 check, and we'll also be  
19 getting reimbursement of attorney's fees, reseal the parking  
20 lot, et cetera.

21 MR. HILL: But that's from the same source?

22 SECRETARY IRVIN: Correct, correct.

23 MR. HILL: Thank you.

24 MR. ALLEN: All right. Going -- moving forward, I  
25 have been asked to talk about the sales tax. We have

1 contacted -- as you're aware, from two public meetings ago,  
2 we discussed sales tax obligations unpaid by Rio Nuevo to  
3 the City and State of roughly \$97,000.

4 Since that time, we've contacted the City --  
5 Mr. Rankin's office directly -- asking for abatement of both  
6 the tax and the interest and the penalties. The City has  
7 responded by saying that the tax is due. They paid us the  
8 tax, and we now owe them back the tax. They are looking to  
9 abate the penalties and negotiate on the interest.

10 There's been no other actions on that at this  
11 time, but they're taking a firm line on the actual tax.

12 CHAIRMAN McCUSKER: You would need authority from  
13 us to pay the back taxes.

14 MR. ALLEN: That's correct.

15 CHAIRMAN McCUSKER: If that's all we give you the  
16 authority to do, then that's all the City's gonna get.

17 MR. ALLEN: That's correct. No penalties, no  
18 interest until after they've received their payments.

19 CHAIRMAN McCUSKER: And how much, again, is that,  
20 Bill?

21 MR. ALLEN: 97,221.

22 CHAIRMAN McCUSKER: And this is specific to tax on  
23 the TCC rent, right?

24 MR. ALLEN: It's largely related to tax on the TCC  
25 rent. But there's also rent related to other rental income

1 that's coming in from the Rialto, from the U.S. Parking. We  
2 also have the --

3 MS. BETTINI: Depot?

4 MR. ALLEN: What is the one I'm missing?

5 MS. BETTINI: Depot?

6 MR. ALLEN: The Depot. The Depot. We receive  
7 rent -- that rent is now becoming part of a note payment as  
8 of January 1st due to the settlement. Prior to that, they  
9 had rent that had taxes on that.

10 CHAIRMAN McCUSKER: So we need to pay our tax  
11 bill.

12 TREASURER SHEAFE: So we have to pay.

13 CHAIRMAN McCUSKER: Yeah.

14 TREASURER SHEAFE: So moved.

15 SECRETARY IRVIN: Second.

16 CHAIRMAN McCUSKER: I have a motion and a second  
17 to pay the outstanding tax only, not penalty and interest.

18 MR. HILL: Mr. Chairman?

19 CHAIRMAN McCUSKER: Mr. Hill?

20 MR. HILL: I understand we can't abate the taxes.  
21 But did we collect the tax and just forgot to remit it?

22 MR. ALLEN: We collected taxes, but they were not  
23 remitted for many, many months prior to --

24 MR. HILL: So we should be net on this.

25 CHAIRMAN McCUSKER: We've collected the money. We

1 just --

2 MR. ALLEN: Yes. We've always collected taxes.

3 MR. HILL: Okay.

4 SECRETARY IRVIN: Probably the only place where  
5 there's not rent collected would be on the -- maybe the  
6 Depot Garage. There's probably not rent tax paid on that?

7 MS. BETTINI: There is.

8 MR. ALLEN: There is after January 1st due to the  
9 settlement agreement, because that's a notes receivable  
10 that's being paid down. Prior to that --

11 CHAIRMAN McCUSKER: We discovered -- or Bill  
12 discovered that not only were we not paying, we actually  
13 weren't even filing the --

14 TREASURER SHEAFE: Isn't it true that they were  
15 collecting the money at the time, and they didn't bother to  
16 take the taxes out? It's not really something you did.  
17 This just goes back; isn't that correct?

18 MR. ALLEN: Well, they -- we've been -- we were  
19 receiving the taxes all along --

20 TREASURER SHEAFE: Yeah.

21 MR. ALLEN: -- but we were not filing --

22 TREASURER SHEAFE: -- that we owe you.

23 MR. ALLEN: Right.

24 CHAIRMAN McCUSKER: Okay. I have a motion and a  
25 second to pay the back taxes, no penalty and interest.



1 All in favor, say aye.

2 (Ayes.)

3 CHAIRMAN McCUSKER: Any opposed, nay?

4 (The Board voted and the motion  
5 carried.)

6 CHAIRMAN McCUSKER: Okay. Those are checks -- I  
7 guess they're now authorized by the Board. So you've got  
8 those.

9 MR. COLLINS: Frankly, I don't think you have to  
10 authorize payment of taxes that you're already obligated  
11 for.

12 CHAIRMAN McCUSKER: Right.

13 SECRETARY IRVIN: But I think what you've done --

14 CHAIRMAN McCUSKER: We were trying to negotiate  
15 with the City.

16 MR. COLLINS: Right. On the abatement that Bill  
17 was talking about. I think that's the way to play it.

18 CHAIRMAN McCUSKER: Keep going, Bill.

19 MR. ALLEN: All right. And the final item that I  
20 have is to inform the Board that in the next 30 days I'll be  
21 working pretty heavily on preparing the 2014 budget and all  
22 the detailed analysis surrounding that to provide the Board  
23 so they can analyze the upcoming year.

24 So that's dominantly one of the main areas I'm  
25 going to be focusing on for the next 30 days, along with all

1 the support and the actual budget as it's submitted to the  
2 Board.

3 CHAIRMAN McCUSKER: Questions for Bill?

4 Thank you very much.

5 Now, let me see, there's some -- Cody's bumping up  
6 against a couple of things here. Let's see if there's  
7 anything really that we want to do.

8 Let me take Lori since -- that one we're going to  
9 want Cody here.

10 And you have a new handout.

11 For those of you who has not met Lori Hunnicutt,  
12 she runs Victory Marketing, a firm we award our marketing  
13 business to competitively a few months ago. And just from  
14 my seat, she's been doing a really great job.

15 Lori, thank you very much for everything that you  
16 do.

17 Our website now works. It's quite simple. It  
18 flows. You can track it. You know, the newsletter's out  
19 and timely. We did elect to go with a hard copy this last  
20 time, which I really like. And we'll talk about that here  
21 in a minute. And of course, we've committed to the radio  
22 show.

23 You should know that, historically, the District  
24 spends between 50- and \$60,000 a year on PR and marketing.  
25 So this is part of our administrative budget. And Lori's

1 gonna make some recommendations to us.

2 Lori, go ahead.

3 MS. HUNNICUTT: Thank you, Chairman McCusker  
4 for -- thank you for inviting me today. It's been a  
5 pleasure working with all of you. I have to start by saying  
6 that your cooperation on the new public radio show has been  
7 wonderful. And that's part of what brings me here today.

8 I put together a presentation that gives you some  
9 historical background on what we had to start with; because  
10 I think it's very important for you and the public to  
11 understand that you guys hired Victory because you wanted  
12 accountability and transparency, and you tasked us with that  
13 job.

14 And as a result, we -- you hired us to create --  
15 you had -- previous Boards had hired a marketing company  
16 that created a facade of a database. And as a result, while  
17 you could access limited documents, you could not access all  
18 of your documents. On your last page in that presentation,  
19 you'll see a screen shot of your actual database now.

20 Any auditor can go in there and see exactly what  
21 documents you have made available to the public. So you can  
22 say, come on in and check out what we've done.

23 And you've done a pretty amazing thing. We built  
24 that database with \$2,000, which I've patted myself on the  
25 back because it's a really remarkable database. And that's

1 a very inexpensive cost for a database with that particular  
2 functionality. But I applaud you for having us do that.

3 I also -- on just a side note, I have to applaud  
4 you for hiring a procurement attorney. It's those kinds of  
5 things that make my job really easy because you instill the  
6 trust in the public that you are crossing your Ts and  
7 dotting your I's. And that's what the public needs to know.  
8 So no amount of commercials, no amount of press releases  
9 will put the public at ease more than knowing that you are  
10 very conscientious in your procedures and your practices.  
11 And that's really comforting, I think.

12 And just one of the reasons why I might suggest  
13 that we discontinue the radio show. I think Dave Sitton is  
14 the most amazing human being in the whole wide world. And  
15 he bailed us out when we had -- you know, we had a host  
16 ready to go. And she was fairly inexpensive. But she was  
17 clearly not quite ready. She had done Univision and  
18 Telemundo for a long, long time and had been out of the  
19 field for a long time. So it was taking her quite some time  
20 to regroup and get back up to speed. Dave came in and he  
21 covered for us and has done an amazing job.

22 I, at this point -- and I have to say that I'm  
23 basing this on the experience that Michele and I have had  
24 over the last three weeks, actually going out, walking the  
25 sidewalks, and talking to merchants in the District, from

1 Park Mall to Enoteca. We have talked to merchants, and we  
2 hope to continue to do it.

3           It's their lack of understanding what Rio Nuevo  
4 does and why it does what it does that I think is actually  
5 our biggest obstacle right now. I would like to see us  
6 invest our advertising dollars in that. Because I think  
7 that community outreach -- it's busting those myths that are  
8 the trick. And I think we've done a real good job of  
9 letting the public know that you guys want to be accountable  
10 and you want to be transparent in your actions. We've  
11 planted that seed. Now we need to build the grassroots  
12 base; and that comes from our merchants because they're the  
13 ones who are creating Rio Nuevo, and to reach out to them,  
14 find out what their concerns are, what their misconceptions  
15 are.

16           We've run across a number of merchants who didn't  
17 know -- still today, did not know that they had to fill out  
18 the PAD form. That's money that Tucson is not getting.

19           So I have two staff members that I think are  
20 incredibly dynamic, wonderful people that I would like to  
21 have start working with Michele on going out and talking  
22 with merchants.

23           She's amazing, by the way. You guys are very  
24 lucky to have her because she is your greatest advocate out  
25 there with merchants.

1 I'd also suggest we spend some of that money doing  
2 some community outreach events, whether it's on the West  
3 Side, on the center of downtown -- one suggestion -- and  
4 it's kind of kooky, but it was absolutely brilliant in its  
5 simplicity. We had two members from Performance Footwear --  
6 they're Rio Nuevo merchants -- come on the radio show this  
7 weekend, and they prepare people for marathons. And this  
8 would kind of tie into something that Jannie Cox is going  
9 on, where she does her downtown walks.

10 And they were talking about creating a Rio Nuevo  
11 walk, where people actually walk through the District.  
12 Maybe we start at downtown, walk downtown, have lunch, see  
13 all the very -- and there are a lot of wonderful restaurants  
14 coming -- and bus everyone back. But they've had -- you  
15 know, they've seen the whole breadth of the District.

16 That's what people don't understand, is that it's  
17 the entire Broadway corridor. And every single one of those  
18 merchants is working to keep money here. We have to  
19 celebrate them and we have to inform them.

20 And I want to cut it short because you probably  
21 have questions, and I've gone on too long.

22 CHAIRMAN McCUSKER: The primary focus, I think,  
23 today is, we made a decision to fund the radio show. You're  
24 suggesting that we terminate it. Is there anything -- do we  
25 have a contract with anybody? Is there notice? When would

1 we do this, Lori? You know...

2 MS. HUNNICUTT: I have to look over the contract  
3 again. I looked over it initially. I will send it to you.  
4 I think that it's a -- as --

5 MS. BETTINI: I think it's month-to-month.

6 MS. HUNNICUTT: It's a month-to-month.

7 CHAIRMAN McCUSKER: So we might have 30 days of  
8 notice or something like that.

9 MS. HUNNICUTT: Right. And I just think it's  
10 gotten -- when you look at the hosting cost of -- Dave's  
11 worth every single penny we're paying for him because he can  
12 get these merchants to talk about things that no one else  
13 can. And it's kind of fun to watch him bring them out of  
14 their shell.

15 That being said, is it the best value? No. We  
16 can do a lot more by going out, hitting the streets, and  
17 talking to merchants, because they in turn talk to their  
18 customers and families and friends. That's the kind of  
19 grassroots understanding I think we need to develop.

20 So I would like to see it -- I think my  
21 recommendation would be to end it by the end of June.

22 And then we can make opportunities available for  
23 you all to appear on the Morning Blend or other free  
24 programming. You know, there are a lot of times when just  
25 -- I'm being very honest -- there are a lot of media

1 opportunities that you have that I would recommend not  
2 taking. They're not worth your time. But going out and,  
3 you know, attending community outreach events -- if we can  
4 get a couple of you without violating any quorums, and we  
5 create community outreach events, that would be a really  
6 great use of time and money.

7 CHAIRMAN McCUSKER: We've asked about maybe a  
8 monthly show. I know that's problematic for the media  
9 because they can't just -- they need to do something weekly;  
10 they have to fill a time slot. So it's probably not likely  
11 we could do anything less than what we're currently  
12 committed to.

13 MS. HUNNICUTT: If we could find another entity  
14 that would share the contract with us and break it up to  
15 every other week -- if the downtown partnership wanted to do  
16 something, we could try something like that. I don't  
17 know -- I -- just overall...

18 CHAIRMAN McCUSKER: But even then you don't seem  
19 too big on radio.

20 MS. HUNNICUTT: I'm not. And it's just because  
21 I've seen -- I've seen so far people's perceptions. And I  
22 think we've made a big dent.

23 If we're going to promote merchants, I'd like to  
24 see us promote them in print and in short ads, where Rio  
25 Nuevo brings to you the Hotel Congress. And we can produce



1 very short, very inexpensive ads for radio and television.  
2 But we have to be very careful with that, of course.

3 TREASURER SHEAFE: You don't need our permission  
4 to terminate the radio show, do you? I mean, that was your  
5 recommendation and we --

6 SECRETARY IRVIN: We authorized it.

7 CHAIRMAN McCUSKER: We authorized it. I think we  
8 have to unauthorize it.

9 TREASURER SHEAFE: Okay. Because I certainly have  
10 no problem doing it. I mean, I appreciate that fact that  
11 Lori --

12 MS. HUNNICUTT: Well, I think you guys have  
13 been --

14 CHAIRMAN McCUSKER: And then I think anything that  
15 we did differently, we would have to reauthorize. So  
16 probably the action item is to allow her to terminate the  
17 show with proper notice, and then come back to us with any  
18 replacement ideas.

19 SECRETARY IRVIN: So I guess what I want to ask  
20 is, you know, we -- you know, we haven't really been doing  
21 this show that long. We haven't really given it -- I don't  
22 know -- much of a chance to kind of get going. I get a  
23 little nervous about starting something and then just  
24 stopping it.

25 And I'm not knocking these other efforts that we

1 do. I think they're probably things we should go explore.  
2 I just think -- you know, we just started a show, and it's  
3 like start, stop, start, stop. I think we got to give it a  
4 little time to kind of work through.

5 And part of our reason in getting a radio show, if  
6 you guys recall, is that we could kind of control our own  
7 message. And now we're just letting that go to the way --  
8 to the wayside in a very short period of time.

9 How long have we been doing the radio show?

10 TREASURER SHEAFE: Let me just counter that a  
11 little bit more, because you're making a very good point.

12 However, one of the problems with the show is it's  
13 after drive time when no one's listening. And Lori just  
14 said something -- and by the way, I would back up every  
15 sentence. You know, Dave's a personal friend of mine and a  
16 terrific host and does a terrific job with it. So that was  
17 just a very good thing that we were able to get him to step  
18 in. I don't think he'd have a lot of heartburn. He's got  
19 plenty of things to do.

20 MS. HUNNICUTT: I would actually like to contract  
21 with him for some community outreach events because he's  
22 amazing.

23 TREASURER SHEAFE: So the one thing that struck me  
24 is that if we were to have a media presence, we ought to  
25 look into taking like a two-minute segment on a high

1 drive-time event and then keep running that so it's part of  
2 some other show that when people are actually driving to  
3 work, they're hearing about Rio Nuevo, spend probably less  
4 money doing it, and highlighting our businesses.

5 CHAIRMAN McCUSKER: Jon Justice.

6 TREASURER SHEAFE: And I believe -- so -- but I  
7 kind of -- I think, you know, Stage 1 was putting a better  
8 face on it. But, boy, have we gotten some great press  
9 recently on the whole downtown thing. In most people's  
10 minds, they don't say, oh, that's downtown/that's Rio Nuevo.  
11 It's all one big thing, what's happening downtown.

12 In this business of reaching out to our  
13 constituency, our actual businesses, and reaching to them  
14 and starting to figure out ways to do a better job of making  
15 them feel like they're part of a mission is really, I think,  
16 very thoughtful. And I would strongly support that.

17 MS. HUNNICUTT: I really think it's the best use  
18 of the taxpayers' dollars. They just -- comparatively, bang  
19 for your buck. When you look at your mission, by statute,  
20 you have to do this. So -- and we're doing it; we're  
21 following statute. What is the best thing that we can do  
22 staying within statute but that also serves the general  
23 public? And I think the radio show has really kind of  
24 excited merchants. And I think that's really valuable.

25 But I think you also have a very limited pool.

1 Just this Saturday when the two marathon representatives  
2 came in from Performance Footwear, they were terrified. And  
3 they really weren't quite sure what message they were  
4 supposed to share. No matter how much you prepare  
5 merchants, it's really not their thing. So it can come off  
6 as a bit comfortable -- although Dave is a pro and puts  
7 everyone at ease. But do I think that it's the -- I think  
8 you still suffer the...

9 MR. RITCHIE: Lori, I agree with you.

10 MS. HUNNICUTT: Okay.

11 MR. RITCHIE: I mean, I know you're making a  
12 point. And I think the radio show is a good idea. I was on  
13 it. And it's -- like you said, it's a -- it's at  
14 four o'clock on a Sunday. Not many people are listening to  
15 it.

16 CHAIRMAN McCUSKER: You have to make an effort to  
17 listen to it.

18 MR. RITCHIE: Yeah. So I just make a motion that  
19 we table the radio show. Can I?

20 CHAIRMAN McCUSKER: Well, the motion -- the motion  
21 would be to discontinue it.

22 MR. RITCHIE: To discontinue -- to discontinue the  
23 radio show.

24 CHAIRMAN McCUSKER: All right. Who will second?

25 TREASURER SHEAFE: In a word, second.

1           CHAIRMAN McCUSKER: Okay. Any further  
2 conversation?

3           We have a motion and a second that we discontinue  
4 the radio show, assuming in that, that you're going to come  
5 back to us with some other ideas and that we give proper  
6 notice.

7           MS. HUNNICUTT: Can I ask, would you like to --  
8 would you all be willing to engage in community outreach  
9 events?

10          CHAIRMAN McCUSKER: Another conversation. And  
11 you're out of order. There's a motion on the floor.

12          MS. HUNNICUTT: Oh, I'm sorry.

13          CHAIRMAN McCUSKER: That's my mentor down there.  
14 Okay. You have a motion before us.

15          All in favor, say aye.

16                                 (Ayes.)

17          CHAIRMAN McCUSKER: Any opposed, nay.

18          SECRETARY IRVIN: Nay.

19          CHAIRMAN McCUSKER: All right. So we have -- one  
20 two, three, four -- five ayes, one nay. The motion passes.

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

23          CHAIRMAN McCUSKER: Lori, thank you very much.

24          Actually, you're fixing to leave so you probably  
25 need to --

1 Anybody else pressed for time? It's 5:30.

2 Mark, give us a quick update on the legal issues  
3 on the agenda.

4 MR. COLLINS: Garfield Traub is still --

5 CHAIRMAN McCUSKER: Are you coming back or are  
6 you -- okay.

7 (Mr. Ritchie left the proceedings.)

8 CHAIRMAN McCUSKER: Cody departed at 5:27.

9 MR. COLLINS: The Garfield Traub lawsuit is still  
10 in discovery/disclosure stage. We're moving into a motion  
11 practice. There is an anticipated series of motions that  
12 will soon be filed.

13 The Kromko lawsuits, as you all know, were filed  
14 by John -- lawsuit was filed by John Kromko. Mr. Kromko is  
15 out. We are perilously close to having negotiated a  
16 development agreement for the 50 blocks, but that's not on  
17 the agenda for discussion today.

18 Mr. Chairman, I'm going to suggest to you that --  
19 depending on how much you want to -- how much of the rest of  
20 the items you want to talk about -- the auditor selection --

21 CHAIRMAN McCUSKER: We do need to do that. I  
22 think the rest of it we can probably table --

23 MR. COLLINS: I agree with that.

24 CHAIRMAN McCUSKER: -- except for call to the  
25 audience.

1 MR. COLLINS: Right.

2 CHAIRMAN McCUSKER: Michele, do we have any?

3 MS. BETTINI: One.

4 MR. COLLINS: And for the auditor, I would suggest  
5 that you hand the gavel --

6 CHAIRMAN McCUSKER: And I am recused. The lead  
7 bidder in that is someone that I work with so that conflicts  
8 me, correct?

9 MR. COLLINS: Yeah. Now, hand it to now Chairman  
10 Irvin.

11 SECRETARY IRVIN: Go ahead. You want to run it?  
12 Keep going.

13 MR. COLLINS: Okay. As the Board may know, we put  
14 out an RFP asking for an annual -- for our annual  
15 statutory-required audit. We issued an RFP. And as I  
16 understand it, we had some inquiries, some questions, but  
17 only one proposal. And that proposal was by BeachFleishman,  
18 the folks that have done the last three annual audits.

19 MR. HILL: Mr. Chairman, I move BeachFleishman for  
20 our auditors.

21 MR. MOORE: Second.

22 SECRETARY IRVIN: We have a motion on the floor  
23 and a second.

24 Any discussion?

25 All in favor, say aye.

1 (Ayes.)

2 SECRETARY IRVIN: Anybody opposed?

3 It passes unanimously.

4 (The Board voted and the motion  
5 carried.)

6 MR. COLLINS: You're the man.

7 SECRETARY IRVIN: You know, before we do the call  
8 to the audience, I actually have something here for  
9 Fletcher.

10 Fletcher, this is a little book that the Board  
11 thought you might enjoy. It's a community archive of photos  
12 and memories of downtown Tucson from 1937 to '63. And some  
13 Board members have written some mean and nasty things in  
14 here for you.

15 CHAIRMAN McCUSKER: It's kind of like my yearbook.

16 SECRETARY IRVIN: Yeah. We just wanted to say  
17 thank you for your leadership. And I will now pass you back  
18 your gavel.

19 CHAIRMAN McCUSKER: Thank you for that. It's very  
20 nice. Thank you very much.

21 Okay. We only have one call, Bill O'Malley, still  
22 here. Thanks for hanging in there with us.

23 ATTENDEE: Okay. Mr. Chairman and Board, I'll be  
24 brief. Bill O'Malley. I'm with the Friends of Tucson's  
25 Birthplace, who, as you know, has an agreement with the City



1 and County to develop and operate Mission Gardens. We're  
2 looking forward to Rio Nuevo being our neighbors in the near  
3 future now and looking forward to working with you.

4 We're continuing on with the planting of Mission  
5 Gardens. So far we've planted over 200 trees, 100 plants,  
6 many of which have been sponsored or donated to us. We have  
7 apricots and figs that have fruit already this year. And  
8 this past weekend, we had our first wheat harvest at Mission  
9 Garden. We hope to share some of that grain with the  
10 Presidio, so you can stop over there and get a tortilla made  
11 with wheat harvested over at Mission Garden.

12 Our next steps are to continue planting outside  
13 the west wall of the garden. We're -- have received a  
14 \$50,000 grant from the Department of Agriculture. And that  
15 will help us in that planting.

16 We've had several tours recently, various rotary  
17 clubs and Museum Association of Arizona. And I have an  
18 upcoming tour by the Chinese Cultural Center.

19 Still open Saturday mornings. Hope to see you out  
20 there. We've seen Fletcher out there. If you want to come  
21 out, grab a shovel and help us plant some trees. We'd like  
22 to see you out at Mission Gardens sometime.

23 Thank you.

24 CHAIRMAN McCUSKER: And I do want you to continue  
25 to report on who shows and who doesn't.

1 Entertain a motion to adjourn.

2 SECRETARY IRVIN: So moved.

3 MR. RITCHIE: So moved.

4 CHAIRMAN McCUSKER: All in favor, say aye.

5 (Ayes.)

6 CHAIRMAN McCUSKER: See you next month. Thank  
7 you, everybody.

8 (Meeting concluded at 5:32 p.m.)

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C E R T I F I C A T E

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

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John Fahrenwald