

RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
June 24, 2013
2:00 p.m.

REPORTED BY:

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1 (Meeting commenced at 2:05 p.m.)

2 CHAIRMAN McCUSKER: Call the meeting to order.

3 I got two o'clock.

4 Mr. Irvin, will you lead the Pledge.

5 (The Pledge of Allegiance was recited.)

6 CHAIRMAN McCUSKER: Roll call.

7 Michele, will you call the roll.

8 MS. BETTINI: Jannie Cox?

9 MS. COX: Here.

10 MS. BETTINI: Chris Sheafe?

11 TREASURER SHEAFE: Here.

12 MS. BETTINI: Fletcher McCusker?

13 CHAIRMAN McCUSKER: Here.

14 MS. BETTINI: Mark Irvin?

15 SECRETARY IRVIN: Here.

16 MS. BETTINI: Jeff Hill?

17 MR. HILL: Here.

18 MS. BETTINI: Cody Ritchie is on his way and have
19 not -- oh, Alberto.

20 Alberto Moore?

21 MR. MOORE: Here.

22 CHAIRMAN McCUSKER: You missed the Pledge, so you
23 have to recite it by yourself.

24 MS. BETTINI: Alberto Moore showed up at 2:03.

25 CHAIRMAN McCUSKER: And Alberto.

1 So Cody's running a little bit late, so we'll go
2 ahead and move on the minutes.

3 You've seen the transcripts from the May 20
4 meetings. They are transcribed verbatim. So I would
5 entertain a motion.

6 TREASURER SHEAFE: Move to approve.

7 CHAIRMAN McCUSKER: Mr. Sheafe moved.

8 Need a second.

9 SECRETARY IRVIN: So moved.

10 CHAIRMAN McCUSKER: So second. He moved. You
11 second.

12 SECRETARY IRVIN: I second.

13 CHAIRMAN McCUSKER: All in favor, say aye.

14 (Ayes.)

15 CHAIRMAN McCUSKER: Any opposed?

16 Okay. The minutes are approved.

17 And we need a motion to go into Executive Session.

18 MS. COX: So moved.

19 SECRETARY IRVIN: Second.

20 CHAIRMAN McCUSKER: Jannie, they were -- you got
21 in there.

22 Any -- all in favor, say aye.

23 (Ayes.)

24 CHAIRMAN McCUSKER: Any opposed, nay.

25 All right. We'll be back at about three o'clock.

1 (The Board adjourned for Executive
2 Session at 2:07 p.m.)

3 (Meeting reconvened at 3:36 p.m.)

4 CHAIRMAN McCUSKER: Mr. Moore is in the room.
5 If someone would move to reconvene.

6 TREASURER SHEAFE: So moved.

7 SECRETARY IRVIN: So moved.

8 CHAIRMAN McCUSKER: You did it at exactly the same
9 time.

10 SECRETARY IRVIN: I'll take a second.

11 CHAIRMAN McCUSKER: All right. Chris motioned;
12 second by Mr. Irvin.

13 All in favor, say aye.

14 (Ayes.)

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

17 CHAIRMAN McCUSKER: Thank you, everyone. Thank
18 you for your patience with us. We do have a lot of ground
19 to cover today.

20 We also have a budget hearing scheduled for five
21 o'clock this afternoon which we will try and keep to that
22 schedule. The statute requires that we do an annual budget
23 and give the public an opportunity to comment specifically
24 on that. And then we'll do that later this afternoon.

25 As you can tell from the agenda, this is landmark

1 meeting for the District Board. A number of us have been
2 working on projects that appear to be close to bearing
3 fruit.

4 For those of you that haven't noticed them, the
5 chairs in the front of the room are there for a reason. The
6 taped-up chair is the current seating at the Tucson
7 Convention Center Arena. That's an actual chair lifted from
8 the arena this morning. The two on the bench are chairs
9 we're looking at replacing those with; and then the folding
10 chairs are the folding chairs that we'll be talking about
11 later today.

12 So I think, Elaine, the chairs here are safe to
13 sit in if people want to actually want to try the new
14 chairs?

15 MS. WEAVER: Yes. All the new chairs.

16 CHAIRMAN McCUSKER: You cannot sit in an old
17 chair. Trust me, you don't want to sit in the old chair.
18 But we're excited today to have an opportunity to discuss
19 the TCC remodel. Elaine Weaver and Phil will present the
20 project scope and budget. And we're eager to get on the
21 renovations of the arena.

22 Because we are a separate jurisdiction from the
23 City, we've been doing a lot of work on the procurement
24 code, a Rio Nuevo specific procurement code. Attorneys will
25 present that today with possible action on adopting our own

1 approval code.

2 Some kind of normal business items. We hope today
3 to resolve a lingering lawsuit on the Thrifty Block.

4 At least from our perspective, we're looking at
5 some development on the west side of the Arena Lot,
6 opportunities to work with out-of-town real estate
7 investment banks. There's just really a lot of positive
8 energy going on in Rio Nuevo land and we're all very
9 encouraged about that. So without further ado, we'll move
10 to the agenda.

11 First up, the procurement code.

12 Chris, are you ready to go with that? And maybe
13 just kind of redescribe your efforts since the last meeting.

14 MR. SCHMALTZ: Sure. Mr. Chair, Members of the
15 Board, Chris Schmaltz with Gust Rosenfeld.

16 Just a reminder. Last month at the meeting, I was
17 given direction to proceed with the preparation of a
18 procurement code specific for the District.

19 And what you have before you -- the resolution you
20 have before you does exactly that. Rather than reinvent the
21 wheel, what it does is utilizes the City of Tucson's
22 procurement code as a starting point and then carves out
23 from that procurement code many provisions and items that
24 either aren't applicable to the District, or not necessary
25 for the District.

1 So what it does is it takes the City of Tucson's
2 procurement code, simplifies it to -- in those areas where
3 the District will be operating: construction, procurement,
4 design. It allows for the things that we described in the
5 last meeting, sort of sets a threshold with regard to who
6 has authority to contract.

7 As a baseline matter, all contracts come before
8 you unless they're below a dollar threshold, that's \$25,000.
9 And then in that instance the approval authority is granted
10 to the chair and the treasurer with regard to jointly
11 approving those contracts that are below that threshold.

12 For professional services, another thing that I
13 will highlight is that every professional service contract,
14 regardless of its size, will come before you under this
15 procurement code.

16 And I don't have any other specific things to
17 highlight with regard to it. The resolution that's in front
18 of you will adopt your -- the District's procurement code
19 for these purposes.

20 If you have any questions with regard to any
21 specific provision or any language that's in the resolution
22 that you're not clear about, I'm more than willing to
23 answer.

24 MR. MOORE: Quick question. On the \$25,000 with
25 the approval of the chairman and the treasurer, is that

1 before or after the Board has a chance to review that
2 particular contract; or do we just approve what they did; or
3 is it something that the Board has some input on prior to
4 that approval by the chair and the treasurer?

5 MR. SCHMALTZ: Mr. Chair, Members of the board,
6 Member Moore, what it does is it provides for -- on a
7 generic basic level, it gives them the authority to proceed
8 on every contract under that certain size for simple
9 matters. Really it's designed for efficiency, and allow
10 for, if you need X amount of staples, or pens, or whatever,
11 that kind of thing, that they can just do that. It doesn't
12 have to come to the board.

13 But it allows for and provides for what's the next
14 item on the agenda, which is this approval matrix concept.
15 And in that approval matrix it exactly -- describes exactly
16 what you're talking about. What comes before you, the
17 Board, will be an approval of the overall plan; the budget
18 for the project; and then in that approval matrix that you
19 can adopt separately for each project, it provides for,
20 again, this scenario where for those contracts that are
21 under \$25,000, it gives them those authorities, small
22 contracts, essentially. But then every other contract
23 that's above that would come to you as well.

24 So you would see sort of the overall project, have
25 approval over the overall expenditure, a maximum, say. And

1 then for those contracts that are within those thresholds,
2 either the small contracts would be and could be approved by
3 the chair and the treasurer jointly. And then all of those
4 other contracts that exceed that amount would come to you,
5 the Board.

6 MR. MOORE: Well, then we also have \$5,000 issues.
7 So that would be removed or amended to replace it with
8 25,000?

9 CHAIRMAN McCUSKER: We have a current policy in
10 place, Chris, that the executive officers have \$5,000 of
11 authority. But even that comes to the Board for
12 ratification.

13 Is there anything incongruent with that desire in
14 your code that would still require -- I think what all of us
15 want is that none of the officers -- whoever they are and
16 wherever they're sitting -- can run amok for \$25,000 without
17 a sense that that's consistent with Board direction. So we
18 built in this kind of ratification feature that puts the
19 checks and balances into that.

20 Could it be that you -- that we require everything
21 that's done by the executive officers to be ratified by the
22 Board?

23 MR. SCHMALTZ: Well, this procurement code -- if
24 that's a policy that had been adopted by you before for sort
25 of contract-related expenditures --

1 CHAIRMAN McCUSKER: Any expenditure.

2 MR. SCHMALTZ: Any expenditure.

3 This procurement code would replace that.

4 CHAIRMAN McCUSKER: Unless we want to...

5 MR. SCHMALTZ: Unless you want to do otherwise.

6 CHAIRMAN McCUSKER: Got it.

7 MR. SCHMALTZ: And so if you -- in my view, I
8 would stick to an adopted procurement code. And if you
9 wanted to provide for other authority regarding -- again,
10 this is all authorization to sign contracts and enter into
11 contracts on behalf of the District. It's not sort of
12 personal -- it's not a personal liability. It's always on
13 behalf of the District. So if you wanted to authorize
14 smaller expenditures for certain individuals up to a certain
15 threshold, you absolutely could include that.

16 What that procurement code does is raise the
17 threshold to \$25,000. But it's a joint requirement of
18 two -- of the two individuals in order to approve those
19 contracts on behalf of the District.

20 CHAIRMAN McCUSKER: Mr. Hill?

21 MR. HILL: And if we're adopting the procurement
22 code -- and this is going to apply to the TCC? Or is this a
23 general code and the only thing we're applying it to right
24 now is the TCC?

25 MR. SCHMALTZ: Mr. Chair, Member Hill, well, this

1 will apply to every procurement you do. The procurement
2 code itself will apply to every procurement you do.

3 MR. HILL: Okay.

4 MR. SCHMALTZ: The next item on your agenda is
5 this approval matrix for the TCC. And the procurement code
6 actually includes the provision that says per -- on a
7 per-project basis, you can adopt this approval matrix.

8 And so that's exactly sort of the concept that
9 we're -- how we're approaching it, is on a
10 project-by-project basis you identify sort of who -- what
11 the procurement sort of processes are.

12 And really there's nothing about the matrix that
13 is in any way conflicting with the procurement code terms.
14 It just gets into the detail about who's responsible, what
15 staffer, and that kind of a thing, in terms of process.
16 Because the procurement code is sort of an umbrella, general
17 document. And then the matrix can get into the details
18 about who has to see what, when -- you know, when these
19 things have to come before you, that kind of thing.

20 MR. HILL: And could change depending on the
21 project?

22 MR. SCHMALTZ: Absolutely.

23 CHAIRMAN McCUSKER: Having said that, Chris, could
24 we have a professional services matrix? You know, I don't
25 think anyone objects to a \$25,000 scope on a multimillion

1 dollar project. But if we're looking at a \$25,000 contract,
2 you know, that's a total discretion.

3 So could we have a matrix, if you will, for
4 professional services that would reduce our authority to --
5 more akin to the \$5,000 number that we're used to?

6 MR. SCHMALTZ: Mr. Chair, Members of the Board,
7 just as a reminder, all -- as it's written right now, all
8 professional services contracts must be approved by the full
9 Board. They will all come to you regardless of amount.
10 They will all come to the Board for review and approval.
11 The \$25,000 threshold is for everything else other than
12 professional services.

13 CHAIRMAN McCUSKER: I'm not sure we understood
14 that.

15 Albert, is that what you...?

16 MR. MOORE: Yeah, I'm just going through the
17 gymnastics.

18 CHAIRMAN McCUSKER: Okay. Let's try to separate
19 how we purchase. Because we went through this, kind of,
20 because there used to be no discretionary authority.

21 The current \$5,000 is unbudgeted, unplanned, kind
22 of discretionary items. The chairman and treasurer have
23 authority to spend up to \$5,000. And all those are
24 subsequently ratified by the Board.

25 Anything you're doing really doesn't need to touch

1 that; that's discretionary authority as established by this
2 Board. So those are not things we procure. There -- it's a
3 printer, it's office supplies, it's advertising, it's
4 whatever.

5 MR. SCHMALTZ: All of that would fit into the
6 definition of procurement, however. So this document would
7 replace that discretionary --

8 CHAIRMAN McCUSKER: So we --

9 MR. SCHMALTZ: Those funds are used for those
10 types of purchases, those are all procurement.

11 CHAIRMAN McCUSKER: Right. So we could, though,
12 merge our current policy in with this code --

13 MR. SCHMALTZ: You could.

14 CHAIRMAN McCUSKER: -- so that the discretionary
15 items could not exceed \$5,000?

16 MR. SCHMALTZ: You could amend the resolution
17 that's before you to include a paragraph that allows for
18 this \$5,000 discretionary threshold. So that incorporates
19 what you would currently do into what is written there.

20 CHAIRMAN McCUSKER: Yeah.

21 MR. HILL: Mr. Chairman?

22 CHAIRMAN McCUSKER: Mr. Hill.

23 MR. HILL: One more clarification. On this
24 under-25,000 threshold and then over-25,000, I don't know if
25 the over-25,000 can be an aggregate of these under-25,000.

1 Because one year we passed transportation funding
2 for the cities and said that they had to bid everything over
3 \$10,000 instead of doing it in-house. So they never had a
4 contract go over 9,000 bucks. And so I somewhat have
5 heartburn over that type of activity that the City
6 perpetrated on the taxpayers.

7 MR. SCHMALTZ: Yeah. In fact, Mr. Chair, and
8 Member Hill, this resolution includes the specific
9 prohibition --

10 MR. HILL: Oh, good.

11 MR. SCHMALTZ: -- of structuring contracts in such
12 a way that it would be below the threshold.

13 MR. HILL: Thank you. I appreciate that.

14 MR. SCHMALTZ: You're welcome.

15 CHAIRMAN McCUSKER: I think the sense that I got
16 is we would like to keep our \$5,000 limits on discretionary
17 spending. So if someone would want to include that as an
18 amendment to the procurement code, we could probably
19 proceed.

20 You also have the option to table this and take it
21 up at the next meeting. Does that screw up anything in
22 terms of the TCC project or would it prohibit us from moving
23 forward on some aspects of that procurement if we haven't
24 adopted a code?

25 MR. SCHMALTZ: Mr. Chair, you could do it either

1 way. Certainly, you could amend the resolution before -- I
2 think we get the gist of what it is you're saying -- and you
3 could amend and approve the resolution before you to include
4 the \$5,000 threshold of discretionary spending.

5 Now, do you intend to replace the \$25,000 or add a
6 new threshold of \$5,000?

7 CHAIRMAN McCUSKER: I think we see them
8 differently and -- correct me if I'm wrong -- there's
9 budgeted and unbudgeted.

10 MR. SCHMALTZ: Okay.

11 CHAIRMAN McCUSKER: If it's in our budget, I think
12 the scope's fine. If it's unbudgeted, we don't want the
13 executive officers to go out and spend \$20,000 on something
14 that's totally discretionary that has not been previously
15 approved by the Board.

16 MR. SCHMALTZ: Just a clarification. There's
17 probably a line item in your budget that's related to
18 discretionary spending or something like that. Because
19 everything that you spend should be in your budget.

20 CHAIRMAN McCUSKER: But everything, historically,
21 has been subject to full Board approval, at any level. And
22 we established \$5,000 as discretionary.

23 MR. SCHMALTZ: If you -- we can amend the
24 resolution or -- to answer the second part of your
25 question -- Item 7 is the approval matrix, which you can

1 approve regardless of whether or not you approve the
2 procurement code today. We can bring back to you sort of a
3 description of this \$5,000 threshold, revise the resolution,
4 bring it back to you and approve it in -- at the July
5 meeting.

6 But at the same time, you can review and approve
7 Item 7, which is the approval matrix that is specific to the
8 TCC project. And that provides sort of all these approval
9 processes and analyses. And it's essentially entirely
10 consistent with the procurement code that's before you
11 today. So -- but it's not dependent on it. You can approve
12 it separately and distinctly from it, if that's what you
13 would like to do.

14 CHAIRMAN McCUSKER: What's your pleasure? Do you
15 want to try and amend this on the fly, or do you want to --

16 MR. HILL: Mr. Chairman, I would move the
17 procurement code as presented with the idea that we can
18 amend that at the July 15th meeting for the \$5,000
19 threshold. That seems to be a very minor piece of getting
20 this overall procurement code up and running. I feel a lot
21 better if it's up and running in conjunction with passage of
22 the matrix itself. So I would move the procurement code.

23 CHAIRMAN McCUSKER: Subject to it being amended to
24 July.

25 Someone second that motion?

1 MS. COX: Second.

2 CHAIRMAN McCUSKER: Anybody not understand
3 Mr. Hill's motion?

4 All in favor, say aye.

5 (Ayes.)

6 CHAIRMAN McCUSKER: Ayes appear to have it. Ayes
7 do have it. So ordered.

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

10 MR. SCHMALTZ: Thank you.

11 The next item on your agenda is the approval
12 matrix related to, specifically, the TCC project. It's this
13 document in your packet. Again, it's entirely consistent
14 with the terms of the procurement code that you just
15 approved. It provides for responsibilities related to
16 budget, revised budgeting, review of contracts, invoices,
17 change orders, things like that.

18 If you have any questions with regard to it, I'm
19 happy to answer them.

20 I'll highlight a couple of things.

21 The authority related to the chair and treasurer,
22 this is a joint authority, so both individuals are
23 responsible and have to sign. And again, it's on behalf of
24 the District in terms of binding the District. Everything
25 else, \$25,000 and over, comes to you.

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

2 MS. COX: Second.

3 CHAIRMAN McCUSKER: And this is specific to the
4 TCC budget?

5 MR. SCHMALTZ: Correct, correct.

6 CHAIRMAN McCUSKER: All right. Mr. Hill has made
7 a motion to approve the matrix. It's seconded by Jannie.
8 Any further discussion?

9 All those in favor, please say aye.

10 (Ayes.)

11 CHAIRMAN McCUSKER: Anyone opposed, nay.

12 The ayes have it. So ordered.

13 (The Board voted and the motion
14 carried.)

15 CHAIRMAN McCUSKER: Chris, you're on a roll.

16 MR. SCHMALTZ: Item No. 8 -- I'll keep at it --
17 Item No 8 is just the professional services agreement
18 between the District and the WLB Group related to their
19 services on the West Side Parcel.

20 I'm happy to answer any questions that you might
21 have.

22 CHAIRMAN McCUSKER: We approved this at the last
23 meeting.

24 And you are recused from this, so if you'll step
25 away. Have a seat in one of our new chairs.

1 (Mr. Moore took a seat in the audience.)

2 MR. SCHMALTZ: This actually is just a formal
3 approval of the actual contract between the District and
4 WLB.

5 CHAIRMAN McCUSKER: The amount has not changed
6 since --

7 MR. SCHMALTZ: Tab 8. It's Tab 8.

8 CHAIRMAN McCUSKER: And the amount has not changed
9 since we approved it?

10 MR. SCHMALTZ: That's correct.

11 SECRETARY IRVIN: I make a motion to approve.

12 MR. HILL: Second.

13 CHAIRMAN McCUSKER: Mr. Irvin made a motion,
14 seconded by Mr. Hill.

15 Cody, did you have a question?

16 MR. RITCHIE: I'm just not voting.

17 MR. COLLINS: Yeah. On my advice, I've recommend
18 that he not vote on this. I recommend that he recuse
19 himself.

20 SECRETARY IRVIN: He can sit in one of those TCC
21 seats.

22 MR. RITCHIE: I don't have to do that, he said.

23 CHAIRMAN McCUSKER: Why does he have to do it, and
24 he doesn't have to?

25 MR. COLLINS: You can go, Cody. You can't

1 participate in any way.

2 (Mr. Ritchie took a seat in the audience.)

3 CHAIRMAN McCUSKER: So two members are recused.

4 We have a motion and a second.

5 All in favor, say aye.

6 (Ayes.)

7 CHAIRMAN McCUSKER: Any opposed, nay.

8 The ayes have it. So ordered.

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

11 CHAIRMAN McCUSKER: You can rejoin the seats.

12 (Board members Ritchie and Moore
13 returned to their seats.)

14 MR. SCHMALTZ: Finally, Mr. Chairman, Members of
15 the Board, Item No. 9 before you is the agreement related to
16 the performance of and the reimbursement and payment for the
17 Auditor General's agreement related to the audit of the
18 District.

19 MR. HILL: I'll move it.

20 CHAIRMAN McCUSKER: So moved.

21 SECRETARY IRVIN: Second.

22 CHAIRMAN McCUSKER: Second.

23 Any further discussion?

24 All in favor, say aye.

25 (Ayes.)

1 CHAIRMAN McCUSKER: Any opposed, nay.

2 And the ayes have that as well. So ordered.

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

5 MR. SCHMALTZ: Thank you, very much.

6 CHAIRMAN McCUSKER: Mr. Schmaltz, thank you very
7 much.

8 We're going to take an item out of order because
9 Mr. Paton has to leave. We'll take Item No. 16, legislative
10 representation possible action.

11 Jonathan, thank you very much.

12 MR. PATON: Thank you.

13 CHAIRMAN McCUSKER: To remind everyone, Jonathan
14 has been under contract with us for this current session,
15 which surprised all of us by ending just a week ago -- or
16 two weeks ago. So it turned out to be a much longer process
17 than any of us imagined.

18 But we're interested in how that went from your
19 perspective. And I think we're very interested, I think,
20 into an ongoing relationship regarding legislative
21 representation.

22 And then we'll probably have some questions for
23 you, Jonathan, so take it away.

24 MR. PATON: Well, Mr. Chairman, you said there was
25 a lot of positive energy going into this meeting.

1 Unfortunately, I'm going to talk about legislative issues,
2 so I don't know if that's consistent with that or not. But
3 everyone is safe. The Arizona legislature is no longer in
4 session. So we're -- they went through the sine die process
5 not too long ago.

6 It was a long session. And it was a very
7 contentious session. Fortunately, Rio Nuevo was not the
8 No. 1 item on their agenda, which is a good thing.
9 Ultimately, that's good because you're able to continue
10 doing to do your work without really any interference from
11 the Arizona State legislature.

12 And -- but I do think that it's important that
13 they get acquainted with the work that you're doing, the
14 projects that are underway. I have been asked a lot of
15 questions about the TCC and other issues from the
16 legislature.

17 They were wondering how things are going. I think
18 they're hopeful that things are going well. But I think a
19 lot of them would like to see what we're doing in-person.
20 And I think that there is a great opportunity to do that
21 over the interim between now and the beginning of next
22 session.

23 MR. RITCHIE: May I make a recommendation?

24 MR. PATON: Sure.

25 MR. RITCHIE: Take one of those chairs up to

1 Phoenix with you. They're very comfortable.

2 MR. HILL: Mr. Chairman, he hasn't seen the caucus
3 chairs.

4 MR. RITCHIE: Very good chairs.

5 CHAIRMAN McCUSKER: You probably never will see
6 the caucus chairs.

7 MR. HILL: Probably not.

8 MR. RITCHIE: Sorry, Jonathan.

9 MR. PATON: But like I said, I think that direct
10 engagement is a very important thing. I think they need to
11 see all of you at some point, especially those who appointed
12 you for different positions to find out how things are
13 going. And if some of you have been proactive about doing
14 that, I would encourage you to continue doing that. I think
15 that makes a difference to them.

16 And they -- they don't know everything that's
17 happening simply because, fortunately, Rio Nuevo has not
18 been a news item in a negative way recently. And that
19 actually is good in Phoenix.

20 The other reason that I was asked to come up and
21 speak to you is potential work for the next session. And
22 not simply doing the monitoring, like I did this last
23 session, but actively going out and representing you for
24 potential legislation. And I was asked some ideas that I
25 might have along those lines.

1 I went through -- there were two bills that went
2 through the legislature in 2012. One was HB 2647, and the
3 other one was Senate Bill 1337. They had a number of
4 provisions. And I think, at another time, I could probably
5 go through each and every one of those.

6 But I looked at about two or three items that were
7 in those bills that I think are relevant to the Board today
8 and are fairly -- I think, wouldn't be easy, but they could
9 be passed into law in the next session and would be of great
10 benefit to this Board. And I just want to run through a
11 couple of those for you right now. And some of these you
12 would talk about more in Executive Session because I think
13 legislative strategy is probably more appropriate for
14 Executive Session, but here are just some things I want to
15 throw out to you.

16 First and foremost, it's been mentioned by this
17 Board numerous times that the Arizona Department of Revenue
18 is unable to communicate to you as it relates to the
19 transaction privilege tax. You don't know the taxes that
20 have been collected, where the money's gone, except in the
21 negative.

22 If they want to tell you that you owe them money,
23 they are certainly more than happy to tell you that, but not
24 in the reverse. They can't communicate with you about any
25 outstanding dollars that are owed to you. Changing that and

1 getting them to be able to communicate with you I think
2 would open up a lot of potential revenue for this Board.

3 Secondly, to allow you, the Rio Nuevo Board, to
4 enter into contracts beyond the term that you're currently
5 slated for.

6 And the reason why this is important is it
7 certainly came up during the debate about the Fox Theatre
8 and other things that you're not able -- or at least there's
9 some ambiguity associated with this, about when the -- how
10 far out you can contract for those items and having some
11 continuity of this Board for the future. I think that's
12 very important to give yourselves that ability.

13 And finally, allowing the Board to have some
14 latitude in the different projects that are put before you.

15 When myself and Frank Antenori -- when we
16 originally took Rio Nuevo out from the City and gave
17 stewardship over to the State -- one of the things that we
18 did is we narrowed the scope pretty dramatically about what
19 Rio Nuevo could do. I think that was done mainly because of
20 the feeling that the City was running amok with a lot of
21 those dollars.

22 And now that the State actually controls this, you
23 all serve the pleasure of the Senate President, Speaker of
24 the House, and the Governor of the State. That is another
25 level of accountability that did not exist before.

1 Broadening yourself and giving some more flexibility might
2 not be a bad idea as well.

3 Those are just some ideas that gleaned from those
4 two bills, and a few things that I've gathered on my own.
5 The Department of Revenue I think is one of the simplest
6 things, but also has the potential of having a real dollar
7 impact for Rio Nuevo.

8 So I just want to throw those things out. I've
9 talked with some of you personally about some of these
10 items. And I want to eventually talk to everyone on the
11 Board to find out if there's anything that you particularly
12 care about that isn't addressed. But those are some things
13 I think are important for right now.

14 CHAIRMAN McCUSKER: From my recollection of the
15 proposal last session, it's two levels of activity, two
16 levels of pricing.

17 What you did in the last session is primarily
18 monitoring, which is kind of what we've paid you and what
19 we've budgeted. But you obviously can't do that kind of
20 work without some additional commitment from us.

21 Is that safe to say?

22 MR. PATON: Yes.

23 CHAIRMAN McCUSKER: So I guess -- you know, I
24 think that's the dilemma for the Board is, you know, do you
25 want to proceed to monitor, a kind of monitoring level where

1 we have some; or do you want no legislative representation
2 at all; or do you want a monitoring function; or do we
3 actually want to try and proactively impact our legislative
4 status?

5 TREASURER SHEAFE: Mr. Chairman, I would like to
6 comment. I think we all understand the limitation of not
7 being able to get accurate feedback from the Department of
8 Revenue. And it would strike me as just sensible to invest
9 the dollars necessary to get that legislation through.

10 And Jonathan, what I hear you saying is that
11 that's a fairly routine type of legislative project, that we
12 might assume a very high level of success probability with,
13 as opposed to trying to extend the boundaries of the
14 District in terms of time or something, we may get into a
15 lot more politics.

16 MR. PATON: Mr. Chairman, Chris -- or Member
17 Sheafe -- I'm sorry. I know all of you really well. I'll
18 call you the members.

19 I would say that the three items that I mentioned
20 I selected them on a number of -- on a basically a -- on the
21 basis of A, would it benefit the District ultimately and the
22 taxpayers; and, B, how doable is it within the context of
23 the legislature?

24 And my feeling was that all three of those items
25 were doable. Now, as a soldier, I can tell you that you can

1 have a great plan. And once that plan meets with reality,
2 things obviously change on the ground and things could
3 change.

4 But by starting out proactively now, I think that
5 you have the opportunity -- well, through me -- to talk with
6 the Department of Revenue, talk with the Governor's office,
7 talk with individual law makers, talk with our delegation
8 proactively, long before the session ever starts, and really
9 have that locked in. And fairly quickly, you'll have a good
10 idea of how doable some of these things are.

11 My guess is, is that all three of these things --
12 knowing the legislature the way I do -- and Mr. Hill has --
13 certainly has been in the legislature as well -- I think
14 these are doable items.

15 I don't think that -- none of the things that I
16 mentioned, I think, are beyond the realms of possibility.
17 They're not especially controversial. But, you know,
18 there's maybe somebody out there that might make them
19 controversial.

20 But giving -- that first item of giving the power
21 to the Department of Revenue to communicate with a
22 jurisdiction, such as this District, is not an unreasonable
23 thing. I don't think it's beyond the pale. And as far as a
24 return on your investment, the potential is huge depending
25 on how much money has not been collected.

1 CHAIRMAN McCUSKER: Well, I can speak personally
2 to -- you know, if you have a live bill and you're there
3 testifying on its behalf and working with legislative
4 members, you're going to have to educate them about Rio
5 Nuevo.

6 And it's a real opportunity for us to use
7 legislation as to what are you doing, how things evolved,
8 what's going on. So it will require all of us to spend some
9 time with our members because there's still, I think, a gap
10 of understanding in terms of what we do and how we spend
11 money and what our priorities are. You don't want to go
12 into a hearing and have those kinds of questions asked of
13 you.

14 So I think it's commitment not only on Mr. Paton's
15 part, but on all of us to engage in proactive legislative
16 interaction. And that's a different strategy than what we
17 did last year.

18 Cody?

19 MR. RITCHIE: Are we -- are we taking any action
20 today or are we just gonna --

21 CHAIRMAN McCUSKER: We have possible action.
22 Mr. Paton's contract turns out with the session.

23 We -- I don't want to put him on the spot on the
24 fly, but you could authorize us to reengage with him; you
25 could authorize us, maybe with a cap, to enter into

1 negotiations with him, or do nothing. Right now we have no
2 current relationship.

3 MR. RITCHIE: I want to throw out an idea because
4 it became a little bit -- you know, people had differences
5 of opinions the last time.

6 I think you did a good job. I thank you for what
7 you did for us.

8 Is there any kind of structure in a lobbyist's pay
9 where you have a set amount, where you say, okay, 15,000 or
10 10,000, to introduce the bill and another \$15,000 if the
11 bill becomes law, so kind of a pay-for-performance, if you
12 will?

13 MR. PATON: That's -- I'm glad you asked that
14 question because that's illegal; I'm not allowed to do that.

15 The reason why that is illegal --

16 MR. RITCHIE: Seems like it would make sense,
17 though.

18 MR. PATON: It would.

19 But I think they were -- I think the framers of
20 the Arizona Constitution and the statutes worried that
21 lobbyists would be a little bit too incentivized to getting
22 their bills passed and they would be --

23 MR. HILL: AzScam.

24 MR. PATON: Yeah, well, the AzScam thing. But
25 they might be willing to do some illegal things in order to

1 get bills passed if they were contingent.

2 It's one of the few things that you don't have --
3 it's not like a trial where there's no -- there's no
4 recovery, there's no fee. It's not like that in the
5 legislature.

6 MR. RITCHIE: Well, let me rephrase it.

7 What about a -- what I liked the last time is we
8 kind of paid you for the market. We kind of like started
9 this dating, if you will, and already just got married
10 before we married analogy. So congratulations. But maybe
11 we could table it and try to figure something out that's a
12 win-win for you and for us and the taxpayers. I don't know
13 if I'm prepared today to come up with something.

14 CHAIRMAN McCUSKER: Mr. Irvin?

15 SECRETARY IRVIN: Well, first, I just want to just
16 thank what you did this past year. I think a lot of people
17 don't understand the monitoring. But to me, not having
18 anything impact us negatively is money well spent.

19 And I think the people that draft and draw these
20 bills are the people that helped with the change when we
21 shifted from City control to State control. I think it's
22 important to have you continue to be engaged.

23 I personally would like to see you continue to be
24 engaged. And I'd like to see this group give the executive
25 officers an opportunity to sit down with you and kind of

1 talk about advancing some bills, what that looks like, and
2 then bring that additional piece of work back and say,
3 here's what we think that would cost.

4 So I'd like to see you continue, personally.

5 CHAIRMAN McCUSKER: Jannie?

6 MS. COX: That's almost exactly what I was going
7 to say. I appreciate what you did for us this year. And I
8 think what you're talking about, in the future, makes good
9 sense.

10 I'm not prepared to make that decision today,
11 but I would like to make a decision to retain Mr. Paton at
12 the same fee we paid last year for the same monitoring. And
13 then if we decide to go forward with a bill, then we will
14 negotiate what that might cost.

15 CHAIRMAN McCUSKER: All right. Want to make that
16 a motion?

17 SECRETARY IRVIN: Motion?

18 MS. COX: I would say that is my motion.

19 SECRETARY IRVIN: I'll second that.

20 MR. RITCHIE: Second that.

21 TREASURER SHEAFE: Would you take a suggested
22 amendment?

23 MS. COX: Sure. Try me.

24 TREASURER SHEAFE: I would like to tack on that we
25 do the retention, as you stated it, and we ask Mr. Paton to

1 tie together a legislative agenda along the lines he stated,
2 along with an economic result for the bits and pieces of it,
3 and actually send that back; so that if we decide to go
4 ahead, we get on with it as early as possible and we can
5 make that choice at the at the July meeting.

6 MS. COX: I see our --

7 MR. COLLINS: No, no. I'm waiting to see what
8 happens, yeah.

9 MS. COX: Oh, that you're okay with that.

10 MR. COLLINS: Yeah.

11 TREASURER SHEAFE: I haven't gotten to you yet?

12 MR. COLLINS: No.

13 CHAIRMAN McCUSKER: So if you're going to amend,
14 you need to amend. Right now you're just chatting.

15 TREASURER SHEAFE: I have moved what I chatted.

16 CHAIRMAN McCUSKER: Your Honor, I plead insanity.
17 Yeah, if you would, kind sir, make some kind of motion.

18 TREASURER SHEAFE: I move that we amend Janey's
19 motion --

20 MS. COX: Jannie.

21 TREASURER SHEAFE: Jannie's motion.

22 MS. COX: Thank you.

23 TREASURER SHEAFE: That we retain Mr. Paton at the
24 previous monitoring rate and continue the monitoring and
25 simultaneously ask him to send back a legislative agenda,

1 together with an economic cost for each piece of it that we
2 can consider at the July meeting, with the intent that if
3 we're going to move forward on a legislative process, we get
4 on with it as early as possible.

5 CHAIRMAN McCUSKER: First of all, do you accept
6 the amendment?

7 MS. COX: I do.

8 CHAIRMAN McCUSKER: Who seconded?

9 SECRETARY IRVIN: I accept it.

10 CHAIRMAN McCUSKER: Is that doable?

11 MR. MOORE: Can I ask a question before we move
12 on?

13 CHAIRMAN McCUSKER: Go ahead, Alberto. I'm sorry.

14 MR. MOORE: I guess my concern is that with
15 Jonathan and so forth, if we could have a proposal at our
16 next board meeting in Executive Session as to the fees and
17 exactly what we're expecting to do.

18 And I think that follows somewhat in line with
19 what Chris had to say. But I think it's important that Jon
20 comes back with a proposal to us. And we can then make sure
21 that we're all on the same wavelength as to what we want to
22 accomplish.

23 And the session is out. There's no session going
24 on right this minute. And so I don't know that we have to
25 make that settlement agreement right now. I'm not

1 necessarily opposed to it. But I just think we ought to
2 know what we're expecting. And I think by July we should be
3 able to have a presentation.

4 MR. RITCHIE: Mr. Chairman, I think what the
5 amendment is saying, if I can just pare it down, is that we
6 retain Jonathan for \$25,000 for a year for him to do exactly
7 what he's doing now. And if he is to bring legislation,
8 that we would pay him more based on what his cost would be.

9 And I think that's -- you know, he has a job and
10 he has other clients and other things to do. So we need to
11 make a commitment to him just as he makes a commitment to
12 us. So I think that's why -- his contract is up, and I
13 think that's why we're voting on it now.

14 And we will give ourselves some hedge, that if he
15 doesn't bring legislation, he's still there as a safety
16 guard for us.

17 CHAIRMAN McCUSKER: We have a motion, an amendment
18 and a second.

19 MR. HILL: Mr. Chairman, my hesitancy is raised by
20 Alberto's question. We may be putting Jonathan in an
21 untenable position where he is mentally trying to determine
22 what -- is there seven of us here? -- seven of us here today
23 define "monitor" as. I think each one of us would give it a
24 different explanation or understanding of the word monitor.

25 I would feel much more comfortable, on behalf of

1 Jonathan, I would think, that perhaps he would be more
2 comfortable with something in writing and concrete at the
3 July meeting that we could read and understand what he
4 thinks is monitoring, because he's the guy that's got to
5 perform.

6 I, as a registered lobbyist, I would never bite on
7 this contract. Now, Mr. Paton may be a lot braver than me;
8 I'm a lot older than him. But I'd never do it. And so I
9 just think we ought to maybe have something to --

10 CHAIRMAN McCUSKER: I think the conversation is
11 running to, rather than rush into something today is -- to
12 commit to you, is that you would send us a proposal that we
13 could react to between now and the next meeting and come
14 back.

15 Jannie, that would require you to withdraw your
16 motion.

17 MR. PATON: Mr. Chairman, if I could please say
18 something.

19 CHAIRMAN McCUSKER: Please.

20 MR. PATON: I did not look at the agenda today.
21 But I thought that I might be able to talk about some of
22 this in Executive Session. I basically have a proposal that
23 I pretty much put together. I can do that for the July
24 meeting without any problem. And a lot of that work has
25 already been done.

1 Like the items that I think that -- should go into
2 a bill, I think I can -- my only problem is, is I know your
3 July meeting falls in the middle of July. There might be a
4 difficulty with my schedule on that specific day.

5 But at the very least, I can talk to you each
6 individually, let you know kind of what I'm thinking, avail
7 myself for any questions that might come up, and then you
8 can be informed and make a decision, I guess, in Executive
9 Session, or in open session next meeting if I'm not able to
10 make it. Does that make sense?

11 CHAIRMAN McCUSKER: We'll get a motion on the
12 table.

13 Jannie, you want to vote it up or down? You want
14 to withdraw it?

15 MS. COX: I will withdraw it.

16 CHAIRMAN McCUSKER: Hearing no objection, what
17 we'd like you to do then is submit that proposal to us. And
18 we'll have you come back at the July meeting.

19 MR. PATON: Okay. Sounds great.

20 CHAIRMAN McCUSKER: Thank you very much. Great
21 job this session. Thank you.

22 Okay. Let's get busy on the TCC. I think
23 that's -- let me get back to -- well, the Thrifty Block
24 is -- let's kind of hang with the --

25 MR. MOORE: Is that Item 10?

1 CHAIRMAN McCUSKER: Yeah. Let me -- let's go for
2 that probably.

3 Thrifty Block -- can you do that quickly?

4 MR. COLLINS: I'll -- Chairman, yes.

5 CHAIRMAN McCUSKER: So we're on Item 10 on the
6 agenda. We dispensed with Item 16.

7 MR. COLLINS: And just for the record, I've asked
8 Mr. Ritchie to excuse himself because of a conflict.

9 (Mr. Ritchie took a seat in the
10 audience.)

11 MR. COLLINS: Just to quickly review -- I know
12 we're under some time pressure -- the property we're talking
13 about is the Thrifty Block. It's the subject of the Kromko
14 lawsuit. That lawsuit resulted in a trial court ruling that
15 the District was not -- or is not subject to the gift
16 clause. That lawsuit remains.

17 The purpose of the Thrifty Block agreement is to
18 solve the remaining issues on that property and to put some
19 guidelines down for the development of that property.

20 The agreement that's in your booklet behind Tab 1
21 is the result of negotiation and work by the attorneys for
22 the City of Tucson on behalf of the City of Tucson, the
23 attorneys for Mr. Bourn on his behalf, and your attorneys on
24 your behalf, to try and craft an agreement that would allow
25 Mr. Bourn some time to proceed and to develop that property

1 and some guidelines, and a way for the property to come back
2 to the District if it doesn't get developed.

3 That -- the agreement does that. For the public's
4 benefit, the Thrifty Block property has 24,000 square feet
5 of which 21,000 is developable. The agreement requires
6 Mr. Bourn to develop 20,000 square feet. The agreement
7 requires Mr. Bourn to submit concept plans to the District;
8 you folks have the right to direct and approve and discuss
9 those concept plans. And ultimately, the approval is in
10 your hands.

11 Mr. Bourn, the developer, has -- must provide
12 quarterly reports so you know what's being done. The
13 developer can come and answer your questions about the
14 property.

15 Perhaps the most important thing is that this
16 agreement requires the developer to -- within 24 months of
17 this agreement being signed and recorded, to have building
18 plans. If he doesn't, he can get an additional 12 months if
19 he's made all of his reports.

20 If he still doesn't have building plans and money,
21 he can get an additional 12 months, but only after you guys
22 have reviewed it. And you have discretion on whether or not
23 he gets the additional 12 months.

24 Obviously, his development is going to be
25 dependent upon financing, and that's a big part of what he's

1 trying to do.

2 The Indian Trading Post is a portion of the
3 Thrifty Block. It has carved out in this agreement -- it
4 can be sold by the developer, but only if \$180,000 is set
5 towards that property before it's sold or at the time of its
6 sale. And keep in mind that that property is subject to a
7 very onerous restrictive covenant because of its historical
8 nature.

9 That's about it.

10 CHAIRMAN McCUSKER: The other parties in this --
11 the City, Bourn, they're in agreement with the proposal that
12 we have?

13 MR. COLLINS: Yes, yes. And there's a couple of
14 conditions. If you choose to -- if you elect to vote to
15 approve this, it's -- the approval's got to be subject to a
16 couple of conditions.

17 Number 1, the City hasn't approved it yet. It's
18 going have to go in front of the Mayor and council.

19 Number 2, Mr. Bourn's lenders have to approve it.

20 Now, all of that's been being discussed as we go,
21 but those are predicates.

22 So if you were to vote today to approve it, you
23 would authorize your executive officers -- two or more of
24 them -- to sign it. But only upon approval by the City and
25 by the lenders of Mr. Bourn. Once that happens, it could be

1 executed, recorded, and our 24 months start.

2 TREASURER SHEAFE: Would it be your opinion that
3 if we at least approve it at this level, it would help
4 Mr. Bourn in his communication with his lenders even though
5 he still has to get to the City?

6 MR. COLLINS: Mr. Sheafe, I'm a little less formal
7 than my partner. Yes, that's my assessment, absolutely.
8 And I anticipate the City approving it too.

9 MR. MOORE: What would happen if they didn't
10 approve it, either one? Then what would happen?

11 MR. COLLINS: Okay. Good question. We still have
12 a lawsuit. We have a lawsuit; Mr. Kromko is out. But we've
13 still got a lawsuit between the District and the Bourn
14 entities and the City. We've got a three-way lawsuit
15 sitting there. So that would happen. We would go back.

16 This agreement, once it's signed -- part of the
17 exhibits are in your packet -- is going to be a dismissal of
18 the lawsuit. And there will be a release of all of it.

19 MR. MOORE: But my question also is, if we approve
20 it and go forward to encourage it, and let's say the City or
21 the lender doesn't want to go forward, why would we still be
22 in a lawsuit? Why wouldn't --

23 MR. COLLINS: It takes all three of us to agree.
24 Okay? It take two to dance; it takes three to settle this
25 thing. So does that --

1 CHAIRMAN McCUSKER: Go ahead.

2 TREASURER SHEAFE: Mr. Chairman, I'd like to move
3 that we approve it subject to the restrictions that our
4 counsel has indicated, that we'll need other approvals, but
5 at least we'll get it done at this level.

6 The post for that property has been a major empty,
7 ugly thumb in the middle of the City. And I think it's
8 absolutely critical that we get things moving there, and
9 let's hope this thing goes forward.

10 So I'm moving for approval and that's my motion.

11 MS. COX: Second.

12 CHAIRMAN McCUSKER: The motion is to approve the
13 settlement agreement. It would require all three parties'
14 approval before it's in effect, right?

15 MR. COLLINS: You'd authorize -- excuse me.

16 CHAIRMAN McCUSKER: And so you would have to come
17 back to us if we don't obtain that.

18 MR. COLLINS: Yes. If --

19 CHAIRMAN McCUSKER: But inherent in this motion
20 is, if we get all those approvals, we can execute it?

21 MR. COLLINS: You could execute it. And it would
22 be executed by all three parties and recorded. Upon
23 recording, the 24 months starts.

24 CHAIRMAN McCUSKER: Any further questions?

25 Any questions of Mr. Collins?

1 All in favor, say aye.

2 (Ayes.)

3 CHAIRMAN McCUSKER: Any opposed, nay.

4 The ayes have it unanimously, and is so ordered.

5 (The Board voted and the motion was
6 carried.)

7 MR. COLLINS: Come on back, Cody.

8 (Mr. Ritchie returned to the Board
9 table.)

10 CHAIRMAN McCUSKER: Okay. Let's get to the TCC.

11 So, Elaine and Phil, if you guys are ready, let's
12 rock and roll.

13 MR. MOORE: What number is that?

14 CHAIRMAN McCUSKER: No. 14. 7 we did.

15 Just a quick refresher, as part of the settlement,
16 the District agreed to immediately move to invest a minimum
17 of \$6 million in the TCC.

18 Upon our review of that, we felt the best use of
19 our funds would be in the Arena.

20 Elaine was assigned to us as a project manager.

21 And I will tell you, she's extraordinary. We picked Phil up
22 as an open-contract architect. And all of us have agreed on
23 a wish list of things that we thought we could accomplish
24 that would revitalize our old Arena.

25 Our focus has been on what we call the fan

1 experience, the aesthetics, the color, the lighting, the
2 seating, the signage, the entryway. Anything that you might
3 see visually.

4 The City, at the same time, has invested
5 significantly more money than this in the infrastructure
6 pieces, air-conditioning systems, chillers, elevators, and
7 escalators.

8 So between the two of us, we're investing well
9 above \$20 million into this aging Arena. What you'll see
10 here is a presentation of that, both in terms of the scope
11 to our original budget, some of the challenges we had
12 estimating this project, and then some actual renderings of
13 what we might accomplish.

14 So, Elaine, with that, take it away.

15 MS. WEAVER: Thank you, Mr. Chair. Thank you,
16 Members of the Board.

17 Phil Swaim and I will be presenting the overall
18 project scope and budget presentation.

19 If we can go to the outline.

20 First, we're going to show you some photos of the
21 existing Arena just to remind you all what we currently do
22 have there. We're going to take a look at the 3D scans and
23 images that you gave the approval for a couple of months
24 ago. And then we're going to go to into our recommended
25 scope. We're going to look at some concept renderings,

1 signage and way-finding for the entire TCC campus. We're
2 going to talk to you a little bit more about the seat
3 mockups.

4 And then I will specifically be presenting the
5 construction cost estimate to you as well as an overall
6 project cost summary sheet that wraps it all up for you.
7 And at that time, I'll reference the needs and repair list
8 that I had presented to you in March.

9 Phil and I will talk to you about the construction
10 delivery method that we're recommending for the project.
11 And then we'll recap with some before and after images.

12 MR. SWAIM: Thank you, Elaine.

13 We've really been busy over the last couple of
14 months doing an amazing amount of homework to understand
15 what we had to work with, to understand what your -- what to
16 recommend as priorities.

17 And someone I would like to acknowledge is Amanda
18 Spear, who's done amazing amount of work. And I really
19 appreciate all of her efforts as well.

20 So one of the things that we've learned -- here
21 obviously, is an image you're probably all familiar with,
22 the entrance of the Convention Center and Arena. It does
23 surprisingly not actually say "Arena." And that's something
24 we've heard from the entire community, that they can't find
25 where this Arena is that we're supposed to upgrade. Also,

1 there's a ticket office, but unfortunately all the trees and
2 things block the views of this new entry space.

3 The next slide.

4 The -- we do have an upgraded ticket office here
5 that's a bit efficient. But again, the signage is minimal
6 and the view there is limited for what we've got. There are
7 some new materials. There's some perforated metal screening
8 and things like that that we'd like to be able to start
9 picking up on as maybe some standards of the more
10 contemporary systems here.

11 The challenge is that the next lovely view that
12 the community sees as you're going toward the Arena is what
13 we all finally called the breezeway. You feel like you've
14 gone down the back alley and you just sort of question
15 whether or not you're in the service yard or not as you go
16 down the darkened concrete walls and things.

17 There was a temporary signage kiosk you can see on
18 the left-hand side that was put together for the gem show
19 this spring. But unfortunately it is temporary. And so
20 that is an element of signage that we are looking at as
21 well.

22 So as you go further into the -- into this
23 breezeway, that's the -- that's where our administration is
24 for the TCC. It's the entrances in -- surprising, you
25 certainly can't tell it from here -- on how to be able to

1 get into the meeting rooms and to the lower levels.

2 You have the old wooden doors, which are kind of a
3 nice little character, but you can't see through and what's
4 beyond there. So unfortunately, if you have a disability
5 and need to be able to get to escalators or elevators and
6 things, you can't tell what's where and how to get there.

7 You can see the old storefront system that --
8 where the -- the entrance just there on the left-hand side
9 into the administration. There's posters and things up, but
10 again, you can't see what's beyond. And it's not an
11 inviting space at all.

12 Even the -- the glass spandril system that's
13 within that is dark. The lighting is old and dirty and
14 surface mounted. It's just pretty -- it's a pretty rough
15 place to be able to be the introduction into our -- into our
16 Arena. This is actually the old ticket office that, at this
17 point, is really more of a parking bay than utilized for
18 anything else, unfortunately.

19 Even worse, this is our sad entry into the Arena
20 itself. These old, beat up, dented, hollow metal doors that
21 are painted a couple of different colors, kind of a nice
22 shade of salmon or pink or something there, bolted on
23 hardware. There's quite the collection of signage. And
24 there's probably about 30 different years and versions of
25 different signs and rules and types and letter types that,

1 again, just is not a pleasant experience. And again, it's
2 not welcoming. You can't see what's beyond there.

3 So what that does though is it sets you up for
4 this wonderful experience of going inside the Arena. So you
5 get the lovely, dingy ceilings with the old curved -- the
6 ceiling tiles are so old, they're actually warped in there
7 because of the humidity from the -- from the Arena from the
8 ice. The grid is stained and old. The lighting is dim, but
9 at least -- it's not very energy efficient.

10 Again, we got the collection of signs. And it's,
11 again, just a -- the color scheme is sort of a mixture of
12 baby blue and some other blues. But it's a -- it's not --
13 it's certainly not a contemporary style of arena by any
14 means.

15 There are concessions with some old signage
16 attached to it. The colors are outdated. The lighting's
17 poor. It's very dim in this area. Again, unfortunately you
18 can see the -- again, the lovely ceiling that you've got
19 going on there. But this is what they're trying to do to be
20 able to entice people to come and spend their money.

21 As you continue around the concourses, the
22 ceilings actually get worse with the stained ceiling tiles.
23 The lighting -- I guess if the lighting is really poor, then
24 you wouldn't see the ceilings as well. So maybe that's
25 another strategy that we could try.

1 The years of old exposed conduit and things like
2 that that have not been painted so they are kind of the
3 highlights so far of the design scheme that we've got there
4 in the Arena.

5 The signage is an amazing old collection. This is
6 some of the original old signs. They're bent and chipped.
7 And the orange is kind of a different part of the color
8 scheme that goes with the baby blue and the green and the
9 yellow ceiling tiles, I think. But probably not what we
10 would all propose at this point.

11 Then you get to go into the Arena itself. And
12 the -- one of the things that's unique about our Arena is
13 it's not a traditional sort of basketball arena where it's
14 surrounded on all four sides by seats. So what we have is
15 this wonderful exposed south wall. So you get to see the
16 large roll-up door, the steam pipes, the utility pipes that
17 go across there, exposed concrete.

18 The acoustics are poor. There was some -- it's
19 called Tectum -- that was added on there years ago. It's
20 actually a -- it looks like an Aspen pad for your old evap
21 cooler. It's beyond its live-span, but at least it's dingy
22 and gray -- or dingy and yellow as well.

23 We were fortunate to replace the retractable
24 seating, which right -- in this photo is actually retracted.
25 It's duct tape and bailing wire was beyond its life span.

1 So those are in great shape. So now what we need to be able
2 to do is to replace the seats as we'll talk about here in a
3 minute as well.

4 The lighting is old and energy efficient. It's
5 difficult to get up to the top there and continue to replace
6 lights. There's problems with the ceilings that -- the old
7 tiles that are up there in that catwalk area that are out of
8 place and create a sort of a challenge, I think, even for
9 the riggers up there.

10 And functionally, the expansion joint down at
11 ground level or the dasher boards for the ice, it's chipped;
12 it's broken. The manpower that it takes to be able to put
13 the dasher boards up and down to be able to have the ice
14 cats in there is incredible. They're spending times
15 redrilling and putting in new inserts. And it's really a
16 waste of time and money for their efforts and what they're
17 having to go through.

18 So from here, it -- unfortunately, as the fans
19 actually get down to the ground level, this is back
20 behind -- again, once you come down the stairs, you once
21 again feel like you're in the service area. You get all the
22 nice dented ductwork, the chain-hung exposed fluorescent
23 lights, all the nice cable trays, and conduit along the
24 left-hand side there. And the plywood back behind the
25 bleachers are sort of tacked up there, but at least it's a

1 nice baby blue color.

2 It gets worse as you go back on the east and west
3 sides of the Arena trying to find a place to be able to go
4 to the concessions and the restrooms. On the left-hand
5 side, once again, you can see the warped plywood tacked on
6 there.

7 The chain-hung lights actually expose, right now,
8 all the conduit, the things that are up in that narrow
9 space, which is backwards from what we're trying to do. So
10 there -- we found that the concessions folks have a
11 difficult time even, right now, enticing somebody to come
12 down here and purchase anything.

13 So that's why they put the sign down there, to at
14 least try and entice you with an ice cold Bud. And I don't
15 know if that's for Bud Foster or for a Bud Light. But both
16 are positive things, so I think that that's what they're
17 trying to get you to go down this dungeon way here to be
18 able to -- unfortunately, if you have to go to the restroom.

19 And then, if you do have to go to the restrooms,
20 this is where you end up. It's an old collection of worn
21 out paper towel systems with plastic paper towel dispensers
22 open on the surface of that; soap dispensers that are in the
23 wall that don't work anymore, so you have the new soap
24 dispensers -- plastic -- mounted through the mirrors. The
25 lights are bolted-on, surface-mounted old fluorescent

1 fixtures. The toilet partitions are worn and scratched and
2 painted multiple times. It's a -- it's a rough scenario.

3 So from there, what we've been doing, while we've
4 been doing our homework, you authorized getting a 3D scan
5 done. Rick Engineering brought in their surveying equipment
6 and actually developed a three-dimensional computer model.
7 They actually started out in the front entry because we
8 needed to be able to really identify it and deal with the
9 front entry as well. So it actually has created a point
10 cloud, three-dimensional model that looks, in some ways,
11 almost like a -- not quite as clear as a photo, but it
12 certainly has the detail of the leaves on the trees and the
13 metal in the signage and that sort of thing, and the color.
14 So as you then come into the -- through the front entry,
15 we've got a great amount of information of as-built
16 conditions to be able to work with.

17 So as you go -- continue forward through with the
18 model, you can see, it actually creates almost like what you
19 would -- looks like -- like an x-ray scan. This took
20 multiple -- almost hundreds of points for them to move in
21 their equipment throughout the TCC for over a week to be
22 able to capture all the different levels and pieces. They
23 piece them together and create sections that we can then
24 utilize to be able to slice and do floor plans, elevations,
25 details, models.

1 But even more importantly, we can utilize those to
2 develop design renderings, use them to design ourselves, as
3 well as presenting proposed solutions for you.

4 It's allowing us to do, I think, what it's
5 really meant -- utilize what's called a Revit model. You
6 know, architects don't utilize two-dimensional CAD models
7 anymore. It's all done in three-dimensional models. So we
8 basically build a building and build the solutions within
9 the model. So this is an incredible place that you guys can
10 use for facilities management as well as we can use this for
11 a design and construction document tool.

12 So the renderings, what we're proposing, to start
13 out on the very front, first of all, we would like to be
14 able to take that entry signage and upgrade the proof-rated
15 metal system behind it. And actually, instead of saying
16 "Convention Center," actually identify that this is the
17 entrance into the Arena.

18 One of things that we found is you can't tell --
19 you can't see the word "Convention Center" from the road
20 already. So as part of our signage system we'll touch on
21 here, we're proposing some entry monuments actually from the
22 street to allow pedestrians and cars to actually tell that
23 this is the TCC.

24 So this would -- one of things that you could also
25 do is, as you can -- you can tell that the entrance into the

1 breezeway there, we're looking at proposing an open
2 structure on both ends. It would -- so we can actually
3 create a new lobby space.

4 It's an outdoor space; so we don't have to heat
5 and cool it, so we can work and keep the breezes going
6 through. But to really create a new and wonderful
7 experience from the very beginning as you -- as you enter
8 into a new entry into the whole facility.

9 So the next image shows as you come into that
10 breezeway, we're looking at replacing the old hollow metal
11 doors and the solid doors so you can actually see what's
12 beyond you in either direction.

13 The actual ticket-taking and security will happen
14 on either end before you even come into this space. Because
15 another thing that we found out is when you were taking
16 tickets in through those hollow metal doors, once you got
17 in, there were signs that said you couldn't -- once you left
18 to come back out, you couldn't get back in, which was very
19 unfortunate, because right now the only
20 handicapped-accessible restrooms are down on the ice arena
21 level, the floor level.

22 And so people with disabilities would have to
23 leave the Arena, come outside, find ways through the wooden
24 doors, through the elevators, and back down through. So
25 they were leaving the Arena and the secure area. So this

1 ties all that together.

2 This then allows as well to create a very
3 vibrant -- it's even a space for where we can have events.
4 It becomes a more pleasant space dealing with color; signage
5 identifying the meeting rooms, administration, and probably
6 the Arena.

7 And we're introducing new lighting system here to
8 actually tie in with some of the new lighting within the TCC
9 as well, so you get some uniformity there as well, as well
10 as dealing with some acoustical panels and new color along
11 the side walls to brighten up the space, provide promotion
12 for posters and other types of things.

13 The next image here is actually taking the old
14 ticket office and creating a concessions or refreshments
15 area where you can sell food and beverages and -- or even
16 have a bar up here at this level before you even go into the
17 Arena. So again, you can have events. You can support the
18 meeting room spaces. I think this could be just an amazing
19 initial new entry and lobby space as you go into the Arena.

20 The Arena itself, this is that south wall. Sorry
21 you can't see the steam lines anymore. But what we've done
22 is promoted that same perforated metal system that starts
23 out at the ticket office and the main entry. And we'll put
24 acoustical back behind that so it helps the acoustics,
25 screens all that exposed conduit, and creates some layers

1 for conduit above and below. A new scoreboard system with a
2 video within that to tie all that together.

3 We're also obviously bringing in some color as a
4 nice backdrop for basic events any time you're there in the
5 Arena. A new lighting system, paint everything black up
6 above the catwalk system.

7 We're also proposing a curtain that can string
8 around that back -- that concourse on the south end. That
9 will allow at times for the patrons to utilize restrooms
10 that are back in those corners that are actually in
11 relatively decent shape, comparatively, but are accessible
12 and to utilize those during events as well. And we'll also
13 replace the seats.

14 The concessions area: We need to upgrade those
15 with new lighting and signage; video boards promoting what's
16 for sale; the low maintenance panels, more light panels
17 down -- below-the-counter lighting just to really enhance
18 the overall scheme and enticing how -- to get people to come
19 and spend their money. You can see that we even have -- the
20 ceiling systems. What we're doing is actually replacing all
21 the ceiling tiles and repainting all the ceiling grid within
22 the Arena.

23 So this is down in the -- believe it or not --
24 down in the -- what we call the old -- the bowels or so in
25 the tunnels and replacing -- adding color and lighting

1 within the concessions area using similar materials to hide
2 the ductwork and conduit up above, the same monitors there
3 to be able to see what's going on, painting what's up
4 above -- the ductwork and that sort of thing -- a consistent
5 color and putting a new lighting system that shines down so
6 we're not lighting that wonderful ductwork up there.

7 We're also replacing the old baby blue plywood
8 with a Marlite system -- you can see -- barely see it on the
9 left-hand side -- that we would also propose to include
10 video monitors so you can actually --you can watch the event
11 while you're down there spending your money so you don't
12 have to be concerned about missing what's going on. It's
13 another way to be able to encourage spending money at the
14 concession stand.

15 And here are the bathrooms. Not just replacing
16 toilet partitions and painting, but putting in new light
17 fixtures, both ceiling and wall-mounted light fixtures.

18 Where the old paper towel dispensers are, we're
19 proposing to actually infill those with -- well, with
20 lights. But what we've also done, Elaine was able to
21 salvage the old escalator treads that are being replaced as
22 we speak and we're -- they're actually a wonderful aluminum
23 system -- and so we're actually going to infill those
24 recesses with the recycled escalator tread systems with
25 lighting.

1 The mirrors will be mounted out from the surface
2 of the wall to be able to conceal conduit back behind them,
3 really create a whole different level of system. We're
4 concerned though if we put video monitors down here, people
5 may not want to leave. But we'll put these newer chair down
6 there. It will actually be a very pleasant place for people
7 to be.

8 This is as you first go down the stairs back
9 behind the north end of the bleachers. Again, replace the
10 old plywood. We're putting -- taking some portions of the
11 ceilings below the cable trays and ductwork and concealing
12 them with some new lighting and repairing a couple of the
13 old ducts. Again, creating a much more pleasant place to
14 be. You could have concessions and things down in this
15 area, again, other vendors, enough places.

16 Monitors for advertising. That's something we
17 really want to be able to look and see how we can get
18 sponsors or advertising to be able to come in and increase
19 revenue. So it's not just a fan experience. But if we can
20 encourage promoters to want to be here as well as
21 advertisers, I think we're heading in a way to be able to
22 make this very cost effective.

23 We've shown some plans here just in case -- the
24 red dots are all the different places where the renderings
25 are taken if we need to be able to clarify where some of

1 those are done, the different levels. Obviously these are
2 plans that were created from the new scan that was done.

3 Next.

4 The bowels underneath. So one of the other
5 important things that we worked on is developing a new
6 signage system.

7 I think we've been finding constantly that people
8 don't -- they can't find their way around the TCC. If they
9 do, it's such a collection of old signage and things, it's a
10 huge distraction from what the place looks like. And that
11 there's no continuity, they were able to add a sign.

12 So we've actually developed a complete system.
13 The -- these actual construction documents are probably not
14 the most exciting. But what it does show is, from the top,
15 we've developed seven different portions or sign types from
16 the top one, being the monument signs from around the
17 perimeter.

18 What we're proposing is two monument signs with
19 video screens to show what events are going on. So at --
20 both along Church and along Granada along the streetcar
21 line, you'll actually be able to see TCC and current events
22 as well as these other TCC signs.

23 The one monument sign that we currently have on
24 Church is back behind the parked cars, so you can't see it
25 even though the lights were replaced before the gem show.

1 It's kind of a nonfactor. So we're proposing new campus
2 monument signs.

3 We have a Sign Type B for the building signs
4 actually identifying the Arena, the Convention Center, the
5 Galleria, the -- even potentially the Leo Rich Theater and
6 Music Hall, so you can cover the entire campus.

7 Down through the building, the signage would then,
8 as you go into the Arena, administration, as we saw, and the
9 new lobby breezeway, room ID signs for restrooms, offices,
10 meeting rooms, directional signage.

11 It's a consistent sign system with an acrylic sign
12 and an aluminum band system along the sides so that even to
13 fit the different size and configurations, all have a
14 consistency with them.

15 Sign F is Information.

16 And rules, one of the things we want to do is
17 actually collect all the rules in one location so that you
18 can have a nice consistent list as opposed to 37 different
19 signs about what you can do with dogs or gum or drinks or
20 not.

21 And then finally just the sectional signage so
22 you'll be able to find your seats, to be able to tie that
23 together consistently.

24 So we have all sorts of drawings as we've been
25 using to be able to estimate pricing as we've been moving

1 forward and develop these systems.

2 Probably a lot more -- I could spend probably 20,
3 30 minutes on this, but probably not a real good idea.

4 So just a couple quick before and afters, just
5 from the very entrance. Actually identifying that this is
6 actually -- there's an arena in here, I think -- we think is
7 a very good idea. Otherwise, we'd defy anybody coming in
8 from out of town to find out -- to figure out where the
9 arena actually is and where we're spending these fund to
10 have them come.

11 And even just the concessions, the before and
12 after, we think is critical in actually bringing ourselves
13 into the 21st century with what we can do with an arena.

14 So the seats, they are a comfortable seat. And
15 we've been spending a lot of time with the different seat
16 vendors and testing different heights and material types.

17 Elaine, do you want to cover some of the details
18 there?

19 MS. WEAVER: So maybe I'll talk about the old and
20 then if you'll talk about the new?

21 MR. SWAIM: Okay.

22 MS. WEAVER: So we, first, have the fixed seats.
23 And this is what is currently in the Arena, all of the goal
24 seats, the end standard, and these are the center standard.

25 It is functional. We just don't want you to sit

1 on it because it doesn't have its chain of chairs. And I
2 wouldn't want anybody to get injured.

3 But the padding no longer exists. So you're just
4 feeling metal. There is foam in the seat, but it's just
5 old. There's cuts in it. This is marine-grade vinyl. It's
6 a woven vinyl. And this is a cast iron seat.

7 These are the existing floor seats that they use.
8 Similar material. Heavy, old chair. They put them on racks
9 when they have to stack them up after an event. But this is
10 what we have currently. It goes along with the baby blue
11 scheme. And Phil will highlight what we're thinking with
12 the new seats.

13 MR. SWAIM: So we're looking at the fixed seats to
14 be able to replace these seats there, much more comfortable.
15 2,000 of the new seats, 1800 of a standard with an upgraded
16 additional 200 for a premium seat upgrade in the front rows.

17 The bid seats, we are looking for if they have the
18 right padded system, we're looking for the height of the --
19 the shorter back to be able to fit with our front-to-back
20 system.

21 A lot of the discussion we've been having is about
22 cup holders and how to be able to provide the right
23 experience there. I think Fletcher had one of the -- one of
24 the neater ideas -- we called it "Fletch" for a while -- but
25 I think the -- from what the seating manufacturers tell me,

1 they have a -- they can do a front-mounted, it's just down
2 low so it doesn't interfere with the seat. You won't kick
3 it with your feet. But you can provide that fan amenity.

4 It's an amazing difference in terms of just the
5 quality. You can see it here.

6 MS. WEAVER: It's a slimmer profile. It's --
7 we're not saying that this is the fabric that we're going to
8 get, nor are we saying that this is the manufacturer. We
9 would competitively bid the seats, both the fixed and the
10 floor seats. They would go directly to -- we would bid them
11 to a vendor. So we wouldn't go through a general
12 contractor.

13 But this is the direction that we're thinking.

14 Yes?

15 MR. MOORE: Quick question. What about the
16 maintenance of the seats and so forth after events and so
17 forth? What can you do as far as cleaning and repairing?

18 MR. COLLINS: Mr. Moore, that's why we're having
19 lengthy discussions with the project team, whether we should
20 go with fabric versus vinyl, whether it's a spring chair or
21 a gravity chair.

22 There are pros and cons to going with fabric or
23 vinyl. A woven vinyl like this, if it were to get cut, it's
24 more self-healing. A vinyl like this, if you were to cut
25 it, you know, it's going to be a little bit more obvious.

1 But you can repair the fabric -- or the vinyl. Fabric is
2 more susceptible to spills and dust, things like that. So
3 we're looking at all of those options.

4 MR. MOORE: Would there be a person here in town,
5 in part of your investigation, that could provide
6 maintenance? So if you had to replace the seat, you
7 wouldn't have to send it out of town, but you could repair
8 it here and find a match?

9 MR. ALLEN: That's probably a consideration. I
10 mean, some basic -- some simple repairs would probably be
11 done here in town. One of things that we talked about doing
12 is actually getting some extra seat backs and seat cushions
13 so they could easily be replaced and potentially we could --
14 if it was something that was more extensive, the vendor
15 would be able to send it out; we would not be without that
16 seat for the time being. But the maintenance is very
17 important.

18 MR. RITCHIE: Are you guys -- are we talking --
19 are you going to increase the seating or just keep it at the
20 exact same capacity right now? Is that the plan?

21 MR. ALLEN: Match the existing capacity.

22 MR. RITCHIE: Which is what? 8,000?

23 MR. SWAIM: It's --

24 MS. WEAVER: It's under 9,000.

25 MR. SWAIM: Correct. There are two --

1 MS. WEAVER: It's just -- just averages under
2 9,000.

3 MR. RITCHIE: Okay.

4 MS. WEAVER: Yeah. And that's with the telescopic
5 seating, the bowl seating, and the floor seating. That's
6 all three combined. And it is a goal of ours to not
7 decrease the capacity, so that's been established. And we
8 will not be doing that.

9 CHAIRMAN McCUSKER: We need to move you along.

10 MR. ALLEN: Okay.

11 MS. WEAVER: Okay. So here we are.

12 So what I'm passing out is the construction and
13 the project summary of the project costs for the \$6 million.

14 CHAIRMAN McCUSKER: And you got some for the
15 public?

16 MS. WEAVER: Yes, we do. We have plenty.

17 Okay. So I know it's tempting to look at the
18 coversheet. But I'm going to ask if you'll just bear with
19 me just momentarily, and if you'll flip to the first
20 11-by-18 sheet.

21 And just to remind everybody that this document is
22 a new evolution of our needs and repair list. So I think
23 you all remember this from the March meeting.

24 So what we did is, we took all the items on the
25 needs and repair list. And we've listed them on this

1 11-by-17 construction cost estimate.

2 All of the items in green -- the seats, the
3 portable seats, the fixed seats, the new entry, the
4 breezeway -- everything in green is what we are -- is within
5 our budget of \$6 million.

6 You go into page 2, the entire arena will be
7 painted for \$6 million. You'll jump down to No. 7,
8 ceilings, we're looking at different options. So although
9 we said on our needs and repair list it was a genetic
10 description, ceilings, we took the time over the past couple
11 of months to look at different options for all of these
12 different items.

13 As you continue down, Item 8 addresses lighting,
14 general house lighting.

15 Item 9 is restrooms. All of the restrooms will be
16 cosmetically renovated for the \$6 million.

17 Guardrails, we go through curtains, event
18 lighting, sound systems, scoreboards, electrical upgrades,
19 into the concessions stands, the south wall that Phil talked
20 about, as well as the lower level corridors, the overall
21 signage. And then, that's the last page.

22 So the items in blue are a project budget of
23 \$7 million. And it's -- the difference in scope between the
24 budget scope and the Rio Nuevo Board Member's recommended
25 scope on your summary sheet -- on this 8 and a half by 11

1 document -- the differences in scope are that we would be
2 able to complete the new entry and breezeway.

3 We would be able to do the ice expansion joint.

4 We would be able to do -- pardon me -- the Arena curtains, a
5 sound system, a north and south scoreboard; we would be able
6 to do additional electrical upgrades, some power upgrade at
7 the concessions, and have a furniture allowance for some of
8 the interior spaces.

9 CHAIRMAN McCUSKER: We should clarify, those
10 recommendations are from Mr. Irvin and myself, two members
11 of the Board that have participated on the project team. So
12 this is the scope that we're asking.

13 MS. WEAVER: Yes.

14 So to get from the blue project budget to the
15 purple project budget -- that is the project team, as a
16 whole, that's the recommended scope that Phil and I are here
17 to represent -- or recommend to you.

18 And the jump between the blue to the purple is
19 that we would be able to do some general bowl lighting,
20 which is significant to the overall fan experience, as well
21 as performers.

22 We would be able to do some specific Arena event
23 lighting, which the green and the blue scope do not include.
24 We'd also be able to do some additional electrical upgrades,
25 and then we'd be able to do the completion of the campus and

1 building signage.

2 So we did want to present to you a scope of work
3 that was in -- that was on budget, \$6 million. And we
4 wanted to try to clearly show you what we could get for
5 \$6 million. But we're here to say to you that it's your
6 decision, it's your call, but we're not able to do
7 everything that we truly believe that we should be able to
8 do.

9 And so for 7.8 million, we would be able to do all
10 of the purple.

11 MR. RITCHIE: Elaine?

12 MS. WEAVER: Yes.

13 MR. RITCHIE: Mr. Chairman, we took a tour of the
14 facility six, eight months ago. What is happening with the
15 lockers? Because my understanding is that the performers
16 that come to Tucson really have a negative feeling about us
17 because of the facilities that they're providing.

18 Is that something the City's doing or what?

19 (Ms. Cox left the proceedings.)

20 MS. WEAVER: I'm not aware that the City is doing
21 anything with the lockers. And as a part of our project
22 team, what we -- a goal that we set for this \$6 million was
23 to focus the money on fan experience.

24 And although we know that the locker rooms need to
25 be addressed and major renovations need to take place, we

1 knew that if we invested money in locker rooms, the fans
2 wouldn't see that.

3 MR. RITCHIE: I understand.

4 MS. WEAVER: And so we had so say, well, we know
5 that needs to be done, but we couldn't.

6 MR. RITCHIE: I just want to make the public aware
7 because, you know, that was the first time I've been down
8 there, and it was pretty appalling.

9 MS. WEAVER: I know.

10 MR. RITCHIE: They're horrible.

11 CHAIRMAN McCUSKER: We did hear from staff, too,
12 Cody, that you could rent trailers or mobile homes to try
13 and accommodate that.

14 So Elaine is right. We really tried to focus on
15 the things that you're going to see, touch, and feel, so
16 that this Arena gets off of the blacklist from basically
17 every promoter in the -- you know, that will not use it.

18 So there's still a lot of infrastructure issues
19 associated with this Arena that this will not deal with, the
20 green room, the locker rooms, you know, some of the other
21 kind of things are going to still be undone.

22 MR. RITCHIE: Are you asking today that we move to
23 go above and beyond our original authorization?

24 CHAIRMAN McCUSKER: Here's kind of how we --

25 MR. RITCHIE: Because if you are, I'm willing to

1 make a motion.

2 CHAIRMAN McCUSKER: Here's -- let me tell you kind
3 of my thinking. I'll let Mark -- we sat in on the process.
4 You know, we identified things that we thought were
5 important. If you go to the bottom of kind of the first --
6 that -- our wish list, that we all kind of collectively
7 wished for, was nine and a half million dollars. I think we
8 could not see this District committee to almost \$10 million,
9 even though we all agreed that's what we would like to do.

10 Just in terms of resources available to us, we
11 have a little over \$13 million available today.

12 We're going to pick up another million dollars
13 this month in the retirement of the Fox debt. The final Fox
14 payment will be made in July. There's a million dollar
15 reserve, so we have 14 million and change. That's all the
16 money the District currently has access to. So, you know,
17 we've got a lot of other things that we're talking about
18 doing to the West Side, the Arena Lot, hotels. So we
19 couldn't get comfortable with spending two-thirds of that on
20 the Arena.

21 So what we tried to come away with was something
22 that creates a wow factor. People walk in and go, oh, my
23 god, these guys finally figured it out.

24 And we looked at ways that we could do that using
25 the additional million dollars and kind of come up with some

1 compromise, Cody, that would get most of the work done --
2 you saw the before and after -- and still, you know, improve
3 the Arena.

4 At the same time, the City is committing to
5 substantial investments in infrastructure that you can't
6 see. We're going to have Ron talk about that here in a
7 minute. So that's kind of the way Mark and I approached it.

8 Mr. Moore?

9 MR. MOORE: A couple of questions, Mr. Chair.

10 Is there any way that you could take the green,
11 especially -- since that's part of our initial investment --
12 and identify what part of that would be primary investments
13 by the private sector for advertising, the name identities
14 like they've done at the University and other places, so
15 that maybe we could back out some of those numbers and trade
16 them for the others if we knew that we could pick up 2- or
17 \$3 million in outside participation?

18 CHAIRMAN McCUSKER: We've got some bad news there.
19 We've been advised by bond counsel and the City that because
20 there's bond debt involved in this Arena, that a private
21 sector enterprise cannot brand it. So we can't --

22 MR. MOORE: Well, I'm not talking at the whole
23 thing, just part of it.

24 CHAIRMAN McCUSKER: We're trying to find out, you
25 know, the scoreboard, the seats, that -- you know, could you

1 contribute? And so far, the answer that we're getting is
2 that the private sector cannot.

3 MR. MOORE: Why not? Because it adds to the asset
4 value of the property and it --

5 CHAIRMAN McCUSKER: In a simple -- in a simple
6 explanation, it allows the municipal bond investment to
7 enure to a private enterprise. So it's complicated. But it
8 was -- we were hopeful too. Like the score board would be a
9 perfect thing to have somebody to put their name on.

10 MR. MOORE: I don't mean to argue.

11 MS. WEAVER: And we did -- as a project team,
12 Mr. Moore, we did explore those options and we pushed and
13 pushed and pushed. So unfortunately, it wouldn't probably
14 add up to a couple million. It potentially could be the
15 scoreboards. You know, it's not a --

16 MR. MOORE: When I saw what you were doing there,
17 I saw a lot of opportunities for people to invest in --

18 MS. WEAVER: The seats --

19 MR. MOORE: Well --

20 MR. RITCHIE: Mr. Moore, as --

21 MR. MOORE: Some of the -- a couple of questions.

22 Do we have a business plan that's designed so that
23 if we're putting 6 million or maybe another 4 million -- I
24 can tell it's being considered -- to recover this
25 investment? In other words --

1 MS. WEAVER: Is that a question for your Board?

2 MR. MOORE: I don't know what the Arena
3 promotional tickets currently are selling for, but if we're
4 going to make a 10 million or 6 million investment, we
5 should have a new plan of how we're going to recover that
6 money back in to keep sustaining the facility. Otherwise,
7 we're just dumping \$6 million into something that's going
8 have to be recovered in another five years from now and, you
9 know, be a big wrestling match.

10 MS. WEAVER: I'm not able to respond to the actual
11 business plan component. But I will add that the interim
12 directum (phonetic), Marty Carey, he is a part of the
13 project team. And so he attends our weekly meetings, and
14 he's our inside person to let us know, you know, what on
15 these renovations will really help generate additional
16 revenue and fan experience. So we are confident that these
17 renovations will help generate additional revenue for the
18 TCC.

19 MR. MOORE: Well, my recommendation is that maybe
20 the next presentation we ought to have him there to tell us
21 how we could get additional revenue from these improvements.

22 MS. WEAVER: I believe he's here. But I don't
23 know --

24 MR. MOORE: I don't know if he's prepared.

25 MS. WEAVER: Right. I don't think he's prepared.

1 TREASURER SHEAFE: One of the issues that I
2 thought we were dealing with is the fact that the facility
3 has now gotten into a low enough level of maintenance that
4 it actually is almost blacklisted. And the whole concept of
5 this and other things that we're working on, getting a
6 hotel, is to put it back on that sort of medium-sized
7 arena/convention center list so that it becomes a viable
8 competitor. You know, and it's probably going to be hard to
9 go and solve all those problems at once.

10 MR. MOORE: If you take it off the blacklist,
11 you've already generated new income.

12 TREASURER SHEAFE: Well, you're making the point.
13 And I think what you're asking very clearly is: Well, is
14 this going to that, and are we using the dollars the most
15 effective way? And that's probably a legitimate question.
16 But I know that's what I'm sitting here thinking about.

17 CHAIRMAN McCUSKER: And we tried to separate the
18 two. Remember, we committed to do \$6 million. And so --
19 and we approached it, if we did anything else, would it
20 enhance the revenue; would it come back to us; would it
21 create TIF revenue? The concessions in the breezeway was
22 one of those. It's revenue producing.

23 And you know, I think, Marty, if you're
24 comfortable, I mean, we'd love to hear some of how this
25 plays out in terms of how you see rentability.

1 But you know, it was clear that we approached it,
2 Alberto, with the idea that it has to improve revenue use.
3 That's the whole point.

4 MR. RITCHIE: Mr. Chairman?

5 CHAIRMAN McCUSKER: And I think, you know, part of
6 what we might discuss is some conditions, if we were to do
7 this, that we hear something back from the City on how this
8 would help do that.

9 MR. RITCHIE: I'm sorry. I know Phil aside from
10 Rio Nuevo, and I had a private conversation with him a month
11 ago, and he called me a skeptic because I didn't think
12 \$6 million would do anything.

13 Elaine and Phil, your team, I am amazed at what
14 you guys have been able to come up with cost effectively.

15 You know, I got on this board because I was tired
16 of all the wasted money that was -- that seemed to be
17 disappearing from this project. And I think that this here,
18 you know, if it was up to me right now, I would just make
19 the motion right now to go straight to the 7.9 million.

20 Because I think for what you guys have put into
21 this, that is going create the wow factor, that common sense
22 says that with the revenue generated up there -- I go down
23 there a lot. I'm a sports guy. But also as a business
24 owner, when you were showing the basement there, the small
25 signage -- now, I couldn't afford to be the main sign guy.

1 But, Alberto, you just -- you mentioned signage.

2 I'm thinking, if they get some good events down
3 there, I want to promote my business down there. Not now.
4 And so -- I don't know what the cost is, depending on what
5 it would be. I think it would generate a few hundred
6 thousand dollars a year, maybe a million dollars a year. I
7 don't know.

8 I think that, you know, time is of the essence.
9 The whole goal of Rio Nuevo is to get people downtown and to
10 support businesses.

11 CHAIRMAN McCUSKER: Let's touch on a couple
12 things.

13 Ron, I know you wanted to kind of brief us on what
14 else the City is doing. I think this would be a good time
15 to do that.

16 Marty, if you're prepared to --

17 MR. LEWIS: Sure.

18 MS. WEAVER: And then should we -- Phil and I come
19 back --

20 CHAIRMAN McCUSKER: Yeah. Stand by.

21 MS. WEAVER: -- risk process.

22 CHAIRMAN McCUSKER: Yeah. Stand by.

23 I think everyone knows Ron Lewis, head of general
24 services administration for the City. Mr. Moore had asked,
25 and we've been trying to pin the City down on what they're

1 doing. So I think he came prepared today to talk about the
2 investments the City is making that are above and beyond
3 what Rio Nuevo is doing.

4 MS. WEAVER: Mr. Moore, this is in direct -- to
5 follow up with your question from the past two months. So
6 Mr. Ron Lewis with the City of Tucson general services will
7 be addressing yours and Mr. Hill's follow-up questions to me
8 from last month. Okay?

9 MR. MOORE: Thank you very much.

10 MR. LEWIS: If I could ask you to pass these down,
11 one page only.

12 CHAIRMAN McCUSKER: And we've got some out there
13 for viewers?

14 MR. LEWIS: Yes.

15 CHAIRMAN McCUSKER: Thank you very much.

16 And, Ron, if you care to comment on Mr. Moore's
17 question in terms of how the City views these improvements,
18 opportunities for additional revenue, rentability, we can
19 defer all that to Mark.

20 MR. LEWIS: Mr. Chairman, thank you. Members of
21 the Board.

22 As director of the general services department,
23 I'm responsible for maintenance and repair of City
24 facilities, as well as design and construction. So we're
25 involved in virtually all the repairs and improvements that

1 go on in the TCC and the Arena, have been for many years.
2 Been short money and haven't been able to do a lot of what
3 we wanted to do as well.

4 What you have in front of you is a list that we
5 look back -- really just the past year -- of what was
6 actually completed. Some of these were multiyear projects,
7 but they were completed within the past, really, year and a
8 half.

9 I won't read down through every one of them, but
10 there's some significant ones. The bleacher seating, the
11 retractable seating, a million dollars. We spent a hundred
12 thousand dollars on the west entrance repairing the pavers
13 and making for a better entrance for the last gem show. We
14 replaced the south exhibition hall roof. And then on top of
15 that, we put solar on top of that. So that was another
16 \$3 million.

17 The central energy plant that services mainly the
18 convention center, but also the Tucson Police Department and
19 the Tucson Fire Department, we went in and basically
20 replaced all of the equipment -- all of the cooling towers,
21 all the chillers, all the boilers -- in that facility to
22 sustain those utilities for the long haul.

23 We also put over -- almost a million and a half
24 dollars into the energy control system, thermostats and
25 various control mechanisms, to make the energy consumption

1 more efficient and ran into some problems with the fire
2 alarm and had to do some replacement there as well.

3 And then, finally, elevators and escalators
4 that Elaine is involved in, I'm sure there was a couple
5 phases because the money came in a couple of phases. So
6 it's more the -- how the money came to us.

7 So this represents what we were able to
8 capture fairly readily. The totals is about \$17 million.
9 That's the number that Elaine talked to you about -- last
10 month about. This is the list that's behind that. I made
11 sure to have our financial people look at this and make sure
12 they agreed that the financial system is represented here.
13 And you can see even the account numbers, so this is where
14 it came from.

15 The account numbers that have little Xs in
16 them, that's because there was multiple account numbers
17 specific to different buildings. So some of these were
18 doing work in multiple buildings or multiple funding
19 sources. So it's not a mystery. It's just -- put the Xs
20 instead of all the multiple numbers -- to confuse it.

21 I also noted on here that this represents
22 what was captured in the City's accounting system as the
23 normal City accounting.

24 And I know that Mr. Hill has had some
25 concerns about the City adding some numbers of labor and

1 putting labor in there, and those kinds of things. I will
2 say that when there's large projects, the City's standard
3 method of operation is, any project management becomes part
4 of the project costs.

5 So if Elaine Weaver is working on elevators
6 and escalators, all of her costs are embedded in that
7 project cost for that. And that's just the way the City
8 does business. We don't make any attempt to separate that
9 out: that would have been a line-by-line analysis in the
10 accounting system. But I can assure you there's no
11 ancillary labor that's in there. That's just not the way we
12 do business.

13 MR. HILL: No City Council salaries?

14 MR. LEWIS: No City Council salaries.

15 MR. HILL: Just checking.

16 SECRETARY IRVIN: That wouldn't add much,
17 actually.

18 MR. LEWIS: There's not even City finance
19 department salaries in there.

20 MR. HILL: All right. Good to hear.

21 CHAIRMAN McCUSKER: Any questions for Ron?
22 Marty?

23 MR. MOORE: Are these already in place? Is it in
24 completion or...?

25 MR. LEWIS: The elevators and escalators are on

1 the verges of completion. There's a number of these that
2 are actually finishing up this month and will be concluded
3 before the end of the month.

4 MR. MOORE: For the next meeting, can we have --
5 I'd like to have an update on how each one of these phases
6 has been completed.

7 MR. LEWIS: I guess I...

8 MR. MOORE: Well, I mean, is -- the escalators,
9 for example, is that all done?

10 ATTENDEE: The escalators are -- that won't be
11 done until fall.

12 MR. MOORE: Okay. And that's what I'm just
13 saying. When they're -- I'd just like to know for my own --

14 MR. LEWIS: Okay. Just a general update, we can
15 do that.

16 MR. MOORE: Just to know that they've been
17 completed; that would be helpful.

18 MR. LEWIS: Okay. We'll do that.

19 MR. MOORE: Because I think that's also very
20 important for the public to know. It's not just a matter
21 for us, but it's a public-relations issue as well. The City
22 has made these. This is what it is, and this has been
23 completed, that's been completed. And you know, it makes us
24 all look like we're doing something.

25 MR. LEWIS: Well, these are mostly nonvisible

1 because they're infrastructure. We were really pushed to,
2 because of the aging condition of the systems.

3 MS. WEAVER: These are definitely not wow-factor
4 renovations, but they are important.

5 CHAIRMAN McCUSKER: Alberto is wowed.

6 MR. MOORE: That's right.

7 MR. LEWIS: Thank you.

8 CHAIRMAN McCUSKER: Martin Carey is the interim
9 director. You've been there 11 years.

10 MR. CAREY: Yes.

11 CHAIRMAN McCUSKER: We found that he pretty much
12 knows where the bodies are buried. And has been a --

13 MR. MOORE: I hope not too many.

14 CHAIRMAN McCUSKER: -- good resource for us in
15 terms of how things rig, and how you get in and out of the
16 building. And we've really looked at this -- to your point,
17 Alberto -- as what can we do that's going to make it easier
18 for him to rent that facility.

19 So, Marty, just generally address --

20 MR. CAREY: Sure, yeah. Just a couple of things.
21 I wasn't really planning on addressing the Board today.

22 But the good news is, just to share with
23 everybody, yesterday we finished up our circus, second
24 largest circus we've ever had at the Convention Center.
25 Great sales despite the condition of the building.

1 The way I look at this -- and I've always been a
2 big proponent of the arena facilities we have here. I'm a
3 real believer in it. I see things happening downtown. I
4 see the streetcar. I hear people, everyday, talking about
5 things that are happening. I also hear what they're saying
6 about the facilities.

7 To give an example, we were -- the circus was
8 there for five days. I have a radio that I keep on my desk
9 along with the other operations with people. We hear what's
10 going on in the building -- the toilets overflowing,
11 whatever the issues might be -- we hear that.

12 So I look at what you're proposing here as two
13 things. Not only is it a maintenance issue, but of course,
14 it's an enhancement issue. I mean, take a look at your
15 house, if you don't paint your house, it's going to fall
16 apart. If you don't make the repairs on your house, it's
17 going to fall apart. So that's one part of this investment
18 that you're making.

19 In addition to that, of course, with the wow
20 factor and some of the changes that we're talking about, who
21 doesn't benefit by improved restrooms, improved concessions,
22 improved seating, you name it.

23 You know, we can't tear that building down. But I
24 can tell you, if we have the best concessions, we serve the
25 hottest hot dogs, the best popcorn, things of that nature,

1 we approach it from the standpoint of what it is we have to
2 work with. And all of what we're talking about here is
3 going to make it -- the fan experience -- much more
4 enjoyable.

5 It's also going to -- you talk about your business
6 plan. Do I have a specific plan in place? Absolutely not.
7 However, I can assure you that these improvements will do
8 nothing but enhance the chances for business.

9 CHAIRMAN McCUSKER: Tell me something about some
10 of the additional requests, the sound, lighting, what you've
11 heard from concert promoters.

12 MR. CAREY: Sure, sure.

13 CHAIRMAN McCUSKER: And in general, does that make
14 you more desirable, more rentable, you know, can you
15 compete?

16 MR. CAREY: You're absolutely right, Fletcher.
17 We're talking about, for instance, a sound system. You've
18 seen some of the -- some of the photos and images of the
19 current sound system.

20 The way I approach it is that when you walk into
21 the Arena, you do have to have some kind of a wow factor.
22 When you walk into that Arena right now, what you see is an
23 ancient sound stack that just jumps right out at you.

24 I mean, these are the kind of first images that we
25 have right now. A lack of a scoreboard. Where is that

1 scoreboard? It's tucked way in the corner. Lighting? It
2 doesn't exist. I've heard many, many times, that people are
3 actually frightened at the breezeway, women especially.
4 They're like, I'm not walking down that. There's actually a
5 fear factor.

6 People talk about the fact that you don't even
7 know what that building is from the street. And that makes
8 sense because there's nothing that really identifies what's
9 going on in the building.

10 Not to mention, again, the whole idea of we will
11 have an option and an opportunity to attract a different
12 kind of promoter, promoters that have we haven't seen in a
13 long time. The whole idea here is to change the perception
14 of the building.

15 You talk about being blacklisted. We don't want
16 to be blacklisted. We want people to understand that
17 changes are being made in Tucson with the streetcar, with
18 the Arena, so come on down and see what's going on. I mean,
19 that's kind of the approach that we've taken all along with
20 this whole project.

21 So a wow factor, and let's not forget that there's
22 basic maintenance that has to occur here.

23 Yes, sir?

24 TREASURER SHEAFE: In removing the Convention
25 Center marquee, are you planning to put something on the

1 other side about Convention Center? Because I think part of
2 the confusion is that they identify the Convention Center as
3 the entrance to the Arena but there is -- the Convention
4 Center is a big component.

5 MR. CAREY: Unless you have other questions for
6 me, I think I will turn it back over to Elaine, because I'm
7 not sure. I think I came in later in the presentation. I
8 think you're probably going to touch on a few of those
9 things.

10 CHAIRMAN McCUSKER: Anything else for Marty?

11 MR. MOORE: I have one.

12 CHAIRMAN McCUSKER: Yes, sir. Go ahead.

13 MR. MOORE: I apologize. I forgot who the former
14 director of the --

15 CHAIRMAN McCUSKER: Tom.

16 MR. CAREY: Yes, sure.

17 MR. MOORE: One of the things, in talking to him
18 over the years -- I think, Mark, you were with me in one of
19 these meetings -- that he was concerned that the City never
20 prepared or provided for a reserve fund or a replacement
21 fund from the revenues generated to help revitalize and
22 maintain a level of presence.

23 And so I'm wondering if -- with all these changes
24 and everything, are we looking at creating some kind of --
25 establishing a replacement fund or -- and so forth?

1 MR. CAREY: I'm not sure how familiar you are with
2 the finances of the Convention Center, but currently right
3 now we're subsidized by the City.

4 MR. MOORE: Right.

5 MR. CAREY: So my overall goal and the goal of the
6 facility is not to, overnight, eliminate that. I'm going --
7 I'm using round numbers on this, but let's say it's
8 2.2 million on the subsidy. The goal is to get to 2.1, 2.0,
9 and head in that direction. It's very difficult to maintain
10 a -- or generate a facilities maintenance balance or
11 account, if you will, when we're dealing with the subsidy.
12 So that's how we approach that. We're trying to chip away
13 at that.

14 MR. MOORE: You know, well, Tom sort of indicated
15 to me you were getting two-million-three for the upkeep;
16 and that's one of the reasons why it's fallen aside and
17 we're having to do what we're doing now.

18 MR. CAREY: Yeah. I mean, the subsidy really
19 pertains to the operation of the building.

20 MR. MOORE: And the City is still doing that?

21 MR. CAREY: Correct. And again, it's heading in
22 the right direction. And again, what we want to do is we
23 want to get it to 2.0, 1.9, 1.8, and so on. And we believe
24 that this will certainly help us move in that direction.

25 CHAIRMAN McCUSKER: One of the things we did

1 achieve in the settlement is we insisted that City affirm
2 the triple net nature of this lease. Because I think
3 you're -- I mean, if you look at this -- and this was done
4 ten years ago -- so it would be shameful for us to invest
5 this money and not have any upkeep other -- following this
6 investment.

7 MR. MOORE: And that's fine.

8 CHAIRMAN McCUSKER: We'll see.

9 Marty, thank you very much. Sorry to put you on
10 the spot.

11 MR. CAREY: No, no, no. That's fine.

12 MS. WEAVER: Okay. So just to quickly wrap up for
13 Phil and I.

14 As part of our recommendation --

15 CHAIRMAN McCUSKER: Can you standby on that? Is
16 it -- I don't know that it's related to dollars.

17 MS. WEAVER: Yeah. No problem.

18 CHAIRMAN McCUSKER: We'd kind of like to talk
19 about scope, money, what we're thinking regarding the
20 budget. And then we'll talk about how we actually get the
21 project done.

22 MS. WEAVER: Okay.

23 CHAIRMAN McCUSKER: Mark, do you have --

24 SECRETARY IRVIN: Yeah. I just want to mention
25 this because some people don't realize this. You know, when

1 you folks asked for Fletcher and me kind of be the Board
2 representatives working with this -- I have no idea how many
3 meetings we've had. I mean, just tons, dozens of meetings.

4 MS. WEAVER: We've had weekly meetings since
5 February.

6 SECRETARY IRVIN: Yeah. And it's not just been a
7 couple of us meeting. You know, Amanda's been there and
8 Phil's been there and Elaine's been there and Marty's been
9 there and Ron's been there and Bill's been there and I've
10 been there. Fletcher's been there and Steve Kay (phonetic)
11 has participated. So we've had a lot -- a lot that's
12 involved in there.

13 I think one thing I just wanted to mention as well
14 is -- really two things. This is the first, really,
15 project that -- not really -- this is the first project that
16 we've done since the settlement. And I think we really want
17 to make sure that we get it right. And I really appreciate,
18 I think, just the spirit of cooperation that's occurred.

19 The other thing I think is important is that this
20 is not just something that we're going shut down and go in
21 and do all this work. This is going to be done in phases
22 because we have to be on top of the fact that, you know,
23 this is an operating enterprise. And they have shows that
24 they are doing and whatever.

25 So we still have the scheduling piece that we have

1 to work out. And I think just to tag into what Fletcher has
2 said, you know, we went into this really cognizant of that
3 \$6 million budget and how far could it take us and what do
4 we need to do. And we really stuck with that and tried to
5 work through that. And I can't tell you how many meetings
6 just to get to the 6.

7 And then after we looked at that, we kind of said
8 to ourselves, what didn't we get in that budget that we
9 really need. And that's kind of that middle number that you
10 see. But it really doesn't get us where we would like to
11 be, in my opinion.

12 So I've had a couple of people say, you know, what
13 would you like to see happen? And candidly, I'd like to see
14 us all the way in that far right-hand column. Because I
15 really think, you know, if we're going to wow somebody, we
16 need to be at that number.

17 And it's still below the huge wish list of things
18 we want to do. But I think everything's that identified in
19 here will increase that fan experience. I think people will
20 walk in there and say, wow. And that's really what we were
21 after.

22 Back to you, Mr. Chair.

23 MR. RITCHIE: Can I make a move, Mr. Chairman?

24 CHAIRMAN McCUSKER: Yeah. Go ahead if you want to
25 make a motion.

1 MR. RITCHIE: I make motion and move that we adopt
2 the project-team recommended scope in the purple column.

3 TREASURER SHEAFE: Can I ask just one very
4 unimportant question -- not to interrupt your motion because
5 it ties to that.

6 Do you mind?

7 CHAIRMAN McCUSKER: Go ahead.

8 TREASURER SHEAFE: When you did -- and I know
9 these are just colors on drawings and whatnot -- but when
10 you were talking about colors, what were you drawing your
11 color decisions on? What basis?

12 MS. WEAVER: It's really just a concept right now,
13 Chris. And so those colors are not supposed to be
14 representative of the final colors. It's a -- it's in
15 concept. And so --

16 TREASURER SHEAFE: Right. Right. That's enough
17 said because --

18 MS. WEAVER: Thank you.

19 TREASURER SHEAFE: -- there's quite a body of
20 information on that, what works and what doesn't and why.

21 MS. WEAVER: They're just concepts.

22 TREASURER SHEAFE: Okay.

23 CHAIRMAN McCUSKER: Cody's made a motion to adopt
24 the team-recommended scope.

25 SECRETARY IRVIN: I'll second.

1 CHAIRMAN McCUSKER: We have a second to the
2 motion.

3 Anybody want to discuss this further?

4 MR. HILL: Mr. Chairman?

5 CHAIRMAN McCUSKER: Mr. Hill?

6 MR. HILL: Since we've adopted the TCC matrix,
7 Mr. Collins, I presume this is in effect along with the
8 procurement code that will affect the 7.84 million.

9 MR. COLLINS: It would be. Yes, yes. The matrix
10 would -- if you authorize the 7.8 in accordance with Cody's
11 motion, it would be in accordance with this matrix and the
12 procurement code.

13 MR. HILL: And so we would have a very large
14 amount of input into what exactly is being funded. And we
15 would also -- my usual worry point of them, you know,
16 infilling another fire station or something -- we would be
17 able to prevent that. This matrix gives us all kinds of
18 authority over the expenditure.

19 MR. COLLINS: Yeah. Mr. Hill, that matrix, as I
20 say, is going to overlay -- if you pass Cody's motion, that
21 7.8 will be administered in accordance with that matrix.

22 MR. HILL: All right. Thank you, Mr. Chairman.
23 That's very nice to know.

24 CHAIRMAN McCUSKER: Mr. Moore?

25 MR. MOORE: Two questions. How long do you think

1 the \$6 million is going to take to spend in what you're
2 proposing?

3 MS. WEAVER: So back to Mr. Irvin's comments about
4 working around an existing, operating facility, we've
5 started to take a look at the TCC event schedule. And they
6 are booked through the rest of this year and into next year.
7 And so they are windows of opportunity.

8 We know that we will get started, hopefully,
9 first, with the seats. We'll go directly to be bid. And
10 then we'll move into everything else. And so it's going
11 into -- we're not 100 percent sure, Mr. Moore.

12 Construction will be going into next year, and we
13 just don't know yet. Because we don't know exactly what our
14 scope is.

15 MR. MOORE: My concern here is that we, as the Rio
16 Nuevo Board, committed to \$6 million. And I think that's
17 what we should stay with until we see the results and
18 meeting these timetables. Because then we know if it's
19 worth coming in with another million seven to support the
20 project.

21 I'm in support of the project, but I think it's
22 really important and I think it's a precedent that we need
23 to keep, just because someone draws pretty pictures and says
24 nice things and what's needed, all of the sudden we should
25 change our passion to increase the budget.

1 I think we ought to figure out how to live with
2 that budget, work towards that, let it get completed. And
3 then if we need to add another million seven because we
4 think everyone's doing a great job, then I think it's
5 appropriate to do it.

6 But until then, I'd be very concerned about making
7 that commitment.

8 MR. RITCHIE: Mr. Moore, I just -- from my -- the
9 concourse isn't something that was part of that original 6.

10 MR. MOORE: That can change the --

11 MR. RITCHIE: I understand. I am a big, big, big
12 proponent of not wasting money. Huge. I'm very
13 conservative. I'm very tight with my money. But I think --
14 I think this is to get us where we need to be. I mean, I
15 didn't think for \$20 million we'd be able to make the
16 facility look nice, to be honest with you.

17 But I hear what you're saying. But we have a
18 motion. And I'd just maybe like to get moving on this
19 thing.

20 MR. HILL: For the discussion -- correct me if I'm
21 wrong -- I'm looking at some of our financial documents.
22 And they're -- it's -- one of them is missing the 4.3 -- the
23 comps or whatever it is. But we would be able to use that
24 4.3 toward this 7.84; isn't that correct?

25 CHAIRMAN McCUSKER: That's correct. All of that

1 4.3 million would be the first money spent, Mr. Hill, toward
2 the project.

3 MR. HILL: So then --

4 CHAIRMAN McCUSKER: That's included in the
5 \$14 million that I referenced generally. The first 4.3 of
6 the bonds proceeds. And then the remainder of that would
7 have to come from the excess TIF funds, which right now is
8 around \$9 million.

9 MR. MOORE: But that was already anticipated when
10 we made the settlement, correct?

11 CHAIRMAN McCUSKER: 4.3 --

12 MR. MOORE: -- into the 6 million.

13 MR. HILL: Let me --

14 CHAIRMAN McCUSKER: Mr. Hill. Mr. Hill, please.

15 MR. HILL: The point I was making is the 7.84
16 isn't all new money. You subtract the 4.3, which was found
17 money, that is not in our revenue stream. So I'm looking at
18 it as an -- you know, 1.7 going to 1.7 plus 1.8,
19 \$3.5 million, not the 7.84, since we already have that.

20 And so I would share Cody's opinion that for bang
21 for the buck, as long as we're protected by -- Mr. Collins
22 indicates our people are in charge of how that expenditure
23 racks up, it seems to me it's not unwarranted to kick start
24 this thing with the 7.8.

25 CHAIRMAN McCUSKER: Mr. Sheafe. Then we're going

1 to call the question.

2 TREASURER SHEAFE: Is there any inherent
3 inefficiently that's created if you follow, you know,
4 Mr. Moore's recommendation, if you say, well, we're going to
5 go down and get all the 6 million things going, and then we
6 can add this and add that?

7 What does it cost us to parcel out what we're
8 investing?

9 MS. WEAVER: There are some inefficiencies in
10 doing it that way. If you were to be able to do the purple
11 column now, the electrical engineers that would be doing
12 either the green or blue, if we knew we could do all of the
13 lighting, they would design that now, they'd do the
14 construction documents now, and it would be a part of the
15 CM-at-risk package.

16 And so we would -- you would get a better deal on
17 not only your professional services, but also your
18 construction costs. And it would be less efficient to
19 section out components and do them later.

20 MR. HILL: Question on the motion.

21 CHAIRMAN McCUSKER: We have a call for the
22 question. I have a motion to approve the project-team
23 recommended scope.

24 Michele, will you call the role.

25 MS. BETTINI: Cody Ritchie?

1 MR. MOORE: -- is this for?

2 SECRETARY IRVIN: 7.8.

3 CHAIRMAN McCUSKER: 7.8 million. \$7,840,000 would
4 be the recommended budget.

5 And you have to -- this also has to go to bid.
6 You know, bids still have to be solicited. There's a
7 contingency. But what we would be doing is approving the
8 scope of the project at the level if you vote for
9 Mr. Ritchie's motion.

10 MS. BETTINI: Cody Ritchie?

11 MR. RITCHIE: Yes.

12 MS. BETTINI: Jeff Hill?

13 MR. HILL: Aye.

14 MS. BETTINI: Mark Irvin.

15 SECRETARY IRVIN: Aye.

16 MS. BETTINI: Fletcher McCusker?

17 CHAIRMAN McCUSKER: Aye.

18 MS. BETTINI: Chris Sheafe?

19 TREASURER SHEAFE: Aye.

20 MR. MOORE: No.

21 CHAIRMAN McCUSKER: By -- one, two, three, four --
22 five ayes and one no, we've approved the project scope.

23 (The Board voted and the motion
24 carried.)

25 CHAIRMAN McCUSKER: So if you'll go to, now, the

1 how we go from here, we have a couple decisions we need to
2 help you with in terms of the next steps.

3 MS. WEAVER: As a second part of our
4 recommendation, we would like to present to you the
5 construction delivery method of the CM-at risk. And so as
6 we mentioned before, that the seats, both the fixed and the
7 bowl seats, would go straight to a vendor. We would write
8 specifications. We'd put that out to bid. And we'd bid
9 them competitively.

10 The remaining scope of work that we've presented
11 to you today, we are proposing that we put that in a package
12 for a construction manager at risk. The process would be
13 that we would put out -- you would put out an RFQ. And we
14 would hire -- you would hire a construction manager based on
15 their qualifications.

16 Some of the benefits that we would have for
17 doing -- using this delivery method is that they would -- we
18 would control the costs and budget, so we would get a
19 guaranteed maximum price from the general contractor.

20 Phil?

21 MR. SWAIM: It's an open-book process. We can
22 track all their biddings -- their bids. And they're really
23 a teammate. I think that that's very critical.

24 We also get all the competition. So that they --
25 except for their general conditions, which we negotiate with

1 them, or their overhead profit number, all the materials and
2 subcontractor costs are bid. So we get all the competitive
3 advantage at that location as well.

4 And we bring them on board right up front to
5 really manage the costs and so that there's no question that
6 they are coordinating their bids with the Arena schedule and
7 not somebody that we're bringing in after the fact of --
8 avoid the changeover process.

9 MS. WEAVER: The elevator and escalator projects
10 that I'm doing at the TCC, Phase 1 and Phase 2, both of
11 those were hard-bid projects. And as the project manager
12 for those projects, I am seeing the downside to doing
13 hard-bid projects in an existing facility, working around
14 their event schedule, in an old facility, unforeseen
15 conditions, and having to go up and down based on their
16 schedule, based on everything.

17 And so the benefits to going this route, there are
18 just many.

19 The selection committee would be comprised of
20 three appropriately qualified members. Per Title 34, two of
21 the members would be a technical registrant and a senior
22 member of a licensed general contractor. The third member
23 would be somebody that is familiar -- highly familiar with
24 the project.

25 And so I did double check with the City of Tucson

1 procurement, and it's their recommendation and my
2 recommendation that we actually don't make the people's
3 names public because then they're just inundated with
4 everyone calling them. But I at least wanted to share with
5 you generally who those members would be.

6 So there would be a registrant, a senior level
7 from a licensed general contractor, and then a third person.

8 And, yeah, I think that's it. The selection
9 process --

10 CHAIRMAN McCUSKER: So you're recommending that we
11 move ahead with the construction manager at risk for
12 everything but the seats.

13 MS. WEAVER: That's correct.

14 CHAIRMAN McCUSKER: And so we could have that in
15 the form of a motion?

16 MS. WEAVER: Yeah. Possibly the sound system too.
17 We're trying to keep it simple.

18 MR. SWAIM: Sound system, scoreboards could be
19 done separately.

20 CHAIRMAN McCUSKER: We're about to vote, Chris.

21 TREASURER SHEAFE: Oh, yeah.

22 CHAIRMAN McCUSKER: The team's recommendation is
23 that we move forward with a CM-at-risk contract for
24 everything except for the seats and possibly the sound.

25 Somebody make that in the form of a motion.

1 SECRETARY IRVIN: So moved.

2 TREASURER SHEAFE: Second.

3 CHAIRMAN McCUSKER: Any further discussion on the
4 process?

5 All in favor, say aye.

6 (Ayes.)

7 CHAIRMAN McCUSKER: Any apposed, nay.

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

10 CHAIRMAN McCUSKER: Okay. And then the selection
11 committee, you've recommended a committee of three --

12 (Mr. Sheafe left the proceedings.)

13 CHAIRMAN McCUSKER: -- who are, at this point,
14 nameless. I guess we would have to authorize Mark and the
15 executive officers to appoint three individuals that would
16 be --

17 (Mr. Sheafe reentered the proceedings.)

18 MR. COLLINS: I haven't seen this before or looked
19 at it in context with the procurement code that you've
20 tentatively adopted.

21 (Mr. Sheafe left the proceedings.)

22 MR. COLLINS: I'd have to look at that. It's hard
23 for me to give you an answer on that.

24 My suggestion would be that if it's addressed in
25 the procurement code, that you identify the qualified

1 members pursuant to the procurement code.

2 MS. WEAVER: Wouldn't -- would we be able to
3 further discuss this at next month's meeting? Because
4 between now and then, we actually have to start writing an
5 RFQ to actually hire a --

6 CHAIRMAN McCUSKER: Let's just then establish the
7 selection committee of three members, which would meet Title
8 34, and we'll address naming them in the next meeting.

9 MR. COLLINS: That's fine with me.

10 CHAIRMAN McCUSKER: We don't need a motion to do
11 that, do we?

12 MR. COLLINS: No, you don't.

13 CHAIRMAN McCUSKER: Anything else from you guys?

14 MS. WEAVER: No. We just had, at the end of our
15 presentation --

16 If you'll go to the next one.

17 -- just so you can see quickly the before and
18 after. It was just to really bring home the presentation
19 and the point.

20 (Mr. Sheafe reentered the proceedings.)

21 MS. WEAVER: Any other questions?

22 Thank you.

23 CHAIRMAN McCUSKER: Thank you. Great job.

24 Everyone doing all right?

25 Okay. We're going to press on.

1 Mr. Collins, we get into the time set aside for
2 the budget hearing. Press on.

3 MR. COLLINS: There's no specific time set for the
4 budget hearing. You've got two things that you absolutely
5 have to do today, and that's deal with the Arena Site and
6 the budget.

7 CHAIRMAN McCUSKER: Got it. Okay. So let me go
8 back to our agenda. We left off at 7, so Item 8.

9 MR. COLLINS: Well, you approved Item --

10 CHAIRMAN McCUSKER: 8, 9 --

11 MR. COLLINS: -- 8, 9, 10 --

12 SECRETARY IRVIN: 11.

13 CHAIRMAN McCUSKER: No. 11 is the Arena Site.

14 Warren, are you still with us? Thank you very
15 much.

16 MR. THOMPSON: I'm here.

17 CHAIRMAN McCUSKER: As a refresher, we asked
18 Stantec to look at some of the issues regarding the
19 engineering on the Westside Parcels. Not the far Westside
20 part, but immediately west of Granada.

21 He's been engaged, for some time, doing that and
22 he is going to update us today on what he's found so far.

23 And we have some of these for the members of the
24 audience.

25 MR. THOMPSON: Good afternoon or good evening.

1 CHAIRMAN McCUSKER: Thank you.

2 MR. THOMPSON: Mr. Chairman, Members of the Board,
3 my name is Warren Thompson. I'm at Stantec Consulting.

4 I've had some drawings passed out to you. And
5 it's in regard to the parcel that's called the Arena Parcel,
6 which is on Page 1 and is kind of highlighted in yellow.

7 And you can see, on that particular parcel, that
8 through the middle of the piece there's a drainage area
9 that's kind of got some drainage trees on it. There's
10 another drainage area that is on the southern end, of which
11 is kind of an L-shaped and has trees on it.

12 (Mr. Hill and Mr. Collins left the
13 proceedings.)

14 MR. THOMPSON: If you move to Page 2, this
15 drainage system has been kind of reviewed over the last
16 number of years, starting back in 2002. 2004, there was
17 some studies done to kind of come to a conclusion in regard
18 to what kind of a system could be built across the
19 interstate, which was actually developed in 2006, 2007, when
20 the interstate was changed.

21 And there was a twin-cell, 10-by-6 box that was
22 built across the interstate shown on Page 2 that kind of
23 starts at the intersection of Granada at Frontage Road and
24 goes across the area.

25 As a part of that, also, a number of those

1 existing pipes were connected to that particular facility.
2 But it still has drainage across the middle and still has
3 drainage across at the south end because that box culvert
4 that ends at the Frontage Road is bricked off underground.

5 So what happens is -- if you go to the next page,
6 which is Page No. 3, you'll see that with it being bricked
7 off and nothing connected to it, what happens is, with any
8 of the large storms, it will back up and develop kind of
9 cross flooding on that -- on that whole piece. So the
10 intent was to develop a system to allow for that to be
11 eliminated.

12 So on the same page, 3, you'll see that we have
13 looked at and are developing plans to extend the 10-by-6
14 twin-box culvert to Cushing. There's a juncture structure
15 there. There's another 8-by-5 box that goes up and ties to
16 the TCC drainage culvert coming across Granada. And then
17 there's a separate 3-by-5 that's adjacent to the 8-by-5,
18 that goes up and picks up the drainage out of the courthouse
19 area, which is at an elevation not able to be drained across
20 anything, but has to be separate because of the hydraulic
21 grade line for that particular facility that goes up.

22 (Mr. Hill and Mr. Collins returned to
23 the proceedings.)

24 MR. THOMPSON: So those plans are probably
25 about -- I would say about 80 percent completed right now.

1 We're working on the junction structures for the tie-ins at
2 both locations.

3 And if you go to the next page, at the driveway --
4 once we got into this, there's some utilities that need to
5 be looked at. And on Page 4, you'll see that at the
6 driveway portion for the bus terminal, there's not only a
7 sewer that goes through that particular drive that services
8 the area, back behind there's also a bunch of utilities.

9 And if you move towards the Sheet 6 -- or 5 --
10 you'll see that particular sewer going down the actual bus
11 drive line. We met with waste water last week --
12 Member Sheafe and myself did -- to talk about the relocation
13 of that.

14 What we are proposing is a relocation which would
15 go out towards the ADOT right-of-way, but not into it. And
16 there was a number of gymnastics that waste water folks
17 would like us to go through to get there.

18 So that's kind of a synopsis on the -- on where
19 we're at right now. In the work packet, we put together an
20 opinion for this particular project. And hopefully, you've
21 had an opportunity to look at it.

22 I guess with that, I'll answer any questions with
23 regard to that.

24 MR. COLLINS: Tab 10 in your booklet.

25 TREASURER SHEAFE: Oh. There's a whole tab in

1 there.

2 CHAIRMAN McCUSKER: The ultimate objective was to
3 divert any watershed issues off of both of these parcels.

4 MR. THOMPSON: Yeah. The ultimate objective was
5 to rid that particular property in the blue area, to be able
6 to take away all the drainage that came through here, and
7 the drainage that came through here and allow all of it to
8 flow into the box and over to the --

9 CHAIRMAN McCUSKER: Warren, would it eliminate
10 this --

11 MR. THOMPSON: Yes.

12 CHAIRMAN McCUSKER: It would. So that could be --

13 MR. THOMPSON: Well, I say it will eliminate it,
14 and it will. But you may still want to utilize these two
15 areas for drainage from anything that you put on to the
16 site. They're still all tied up to the box. They don't
17 have to pass the -- in themselves. But this one would take
18 all the drainage off.

19 CHAIRMAN McCUSKER: And I think what's in our
20 packet is further work. But we probably ought to make the
21 determination on the Arena Lot.

22 MS. BETTINI: No. 10.

23 MR. COLLINS: Tab 10 is the Stantec information,
24 Mr. Chairman.

25 CHAIRMAN McCUSKER: Let's table this for the

1 moment.

2 Warren, stand by in case we need to ask you a
3 question.

4 MR. THOMPSON: Okay.

5 CHAIRMAN McCUSKER: Item 11 on the agenda, Mark,
6 relates to the Arena Site, which is --

7 MR. COLLINS: It's actually 12. It's actually 12,
8 Mr. Chairman.

9 CHAIRMAN McCUSKER: 12, thank you.

10 MR. COLLINS: Because before you address the
11 Stantec issue, the real question is whether or not you're
12 gonna take title.

13 CHAIRMAN McCUSKER: So this parcel was part of
14 what the City offered us in the settlement. We wanted to do
15 some work on the site and it's developability before we
16 responded to that.

17 And you've got some updated information in
18 addition to what Warren has told us regarding this site,
19 it's current status.

20 MR. COLLINS: Given the amount of time we have,
21 I'm not going to -- I'm going to try and be as brief as I
22 can.

23 Yes. The settlement agreement authorized the
24 District -- or gave the District an option as to whether or
25 not it wanted to take title to what's called, in the

1 agreement, as the Arena Site. That's an aerial photo of it.

2 We had a complete ALTA survey done of the
3 property. All of the warts, if you will, are indicated in
4 the ALTA survey. You folks have a complete list of that.

5 Remember, that our choice -- the District's choice
6 is to either elect to take title as is; or let the City
7 maintain title. If the City maintains title, the District
8 may ultimately get \$894,000 if and when the City sells the
9 property. Otherwise, the District gets nothing.

10 Now, if the District takes title to the property,
11 there are a lot of problems with it. The ALTA survey --
12 surveyor actually says there's so many things that are
13 listed, they can't all be noted on the six pages. But
14 because of the time we're looking at here, there's really
15 three areas you guys are going to have to deal with.

16 One of them is that there are lots of recorded
17 easements where there are -- where there are -- easements
18 and there's no utilities in them, and the utilities are
19 somewhere else. You're going to have to clean that up.
20 You've got two subdivisions that were plotted years ago on
21 the north south out end. You're going to have to clean that
22 up. Just a whole raft of title and survey issues that
23 you're going to have to clean up.

24 Number 2, the environmental questions. There were
25 several environmental studies done in 2007, but those were

1 not done for the District, they were done for the City. If
2 you'd like to take title, I'm going to recommend. And do
3 recommend that you update those studies and address them
4 appropriately because as soon as you take title, you become
5 a potentially responsible person.

6 Number 3, you're going to need to rezone it. Just
7 for the public's purposes, the current zoning of the
8 property is -- upside down -- is -- it's four different,
9 zones, C3, I1, R2, and C3. I guess three. So you're going
10 to have a lot of work to do. You're going to have a lot of
11 work if you take title.

12 Problems are opportunities in work clothes, it's
13 been said. But you have to elect today -- we've gone
14 through a lot of work to get here -- but if you elect,
15 today, to take title, we can advise the City of that and
16 within the next 120 days, title would be conveyed to us --
17 to you.

18 CHAIRMAN McCUSKER: There are developers on the
19 panel that live and die with this stuff -- you know,
20 Mr. Moore, Mr. Sheafe -- you know, is there anything in this
21 that scared you off of this parcel?

22 TREASURER SHEAFE: Nothing, no.

23 MR. MOORE: No.

24 TREASURER SHEAFE: So having said that, I would
25 like to make the proposal that we proceed with taking title

1 to the property -- we've got ALTA finished now; further,
2 that we not ask for the Phase I to be redone, but we simply
3 contact the provider of the Phase I and ask for an
4 endorsement to the District, which ought to be very easy to
5 do at this point; and that we move -- because our purpose is
6 to get things done -- we move forward. And we'll put in the
7 work necessary to clear up the problems that we've got.

8 I also specifically omit any reference in my
9 motion to working towards a rezoning at this time.

10 MR. MOORE: I'll second that.

11 CHAIRMAN McCUSKER: Okay. Excluding the rezoning
12 issue, I think the motion is that we accept title to the
13 property, we advise the City that we're prepared to accept
14 title to the property --

15 MR. COLLINS: You elect to take title. That's the
16 terminology in the agreement.

17 SECRETARY IRVIN: And in the body of that, that
18 you instruct counsel to get an endorsement on the current
19 Phase 1 report?

20 TREASURER SHEAFE: Yes. With the District named
21 as the endorsed party.

22 MR. COLLINS: Gentlemen -- since Ms. Cox has
23 left -- there are going to be several things we need to do
24 before the title transfers. But the selection issue, up or
25 down vote, needs to happen today.

1 CHAIRMAN McCUSKER: Okay. Anybody need further
2 clarification on that?

3 All in favor, say aye.

4 (Ayes.)

5 CHAIRMAN McCUSKER: Any opposed?

6 All right. The ayes carry that.

7 (The Board voted and the motion
8 carried.)

9 CHAIRMAN McCUSKER: Mr. Collins, if you'll notify
10 the City that we've elected to take title of the Arena Lot.

11 MR. COLLINS: I will do that.

12 CHAIRMAN McCUSKER: Now, let's circle back to
13 Stantec's proposal.

14 We did some advance work on the engineering.
15 We're now going to take title to the property. The
16 additional work that Stantec's asked for is estimated at
17 \$48,300.

18 What's your pleasure?

19 TREASURER SHEAFE: My pleasure would be to move
20 for approval of that work. I've looked at it. I don't
21 think there's anything unreasonable. It's a fairly complex
22 process. And I don't have any problem with the numbers.
23 And I think we need to keep Stantec moving to resolve their
24 issues that Warren has outlined so that, again, we bring
25 this property into a position where we can get some things

1 done.

2 SECRETARY IRVIN: I'll second that motion.

3 MR. MOORE: May I suggest an amendment? Would
4 that be appropriate, Mr Chair?

5 CHAIRMAN McCUSKER: Sure.

6 MR. MOORE: And that is that we have a timetable
7 that we want to get this done as it relates to this agenda
8 for the gem show and all of that, so that if there's
9 construction required, we need to have that tied in. Or is
10 that relevant?

11 You know what I'm talking about?

12 MR. THOMPSON: Yeah. We sat down with the
13 contractor last week to do a couple of different things:

14 First of all, to look at constructibility; and
15 secondly, to look at scheduling and pricing and where that
16 might be at.

17 The decision -- or the suggestion that was made
18 was that everything that is north of Cushing be done as
19 precast because it's much faster to do that. We have some
20 ability to do it in phases and not tie the junction
21 structure, but --

22 CHAIRMAN McCUSKER: Is your question on the
23 timing? How quick you can get the report back?

24 MR. MOORE: Yeah. And also get the construction
25 going.

1 CHAIRMAN McCUSKER: Okay. So two issues.

2 MR. THOMPSON: Two issues.

3 Finishing the stuff to get it in, hopefully before
4 mid-July. To get it in for approval, to get the approval
5 and then move forward and getting the bids and so forth for
6 construction.

7 Secondly, the piece from Cushing to the TCC tie
8 up, probably a couple, three months for construction time.
9 Almost similar to cast in place on -- south of Cushing or
10 west of Cushing. Those two could be done simultaneously.
11 But the piece on the Cushing North would be done as quickly
12 as it can be done.

13 MR. MOORE: The reason I'm asking the question is
14 we have the gem show coming on again in February. And we
15 want to make sure because of the parking that's required for
16 that, is available for that use. And not to hamper the gem
17 show. So that's the reason I'm asking.

18 MR. THOMPSON: They think it will take about a
19 3-month period to get that in.

20 TREASURER SHEAFE: Warren, is there anything -- a
21 very good point. If we did have the gem show and we were
22 still jockeying a little bit with ADOT or somebody else
23 trying to get final approvals, would there be anything
24 stopping us from using a good portion of the property for
25 parking?

1 MR. THOMPSON: No. And I guess that's what I was
2 trying to portray, that we can build everything within that
3 leg and not do the junction structures and let the flow come
4 out.

5 MR. HILL: Call for the question, Mr. Chairman.

6 CHAIRMAN McCUSKER: Okay. We have a motion to
7 approve a change order for \$48,300 under the previous
8 agreement with Stantec.

9 Any further discussion?

10 All in favor, say aye.

11 (Ayes.)

12 CHAIRMAN McCUSKER: Any opposed.

13 Okay. We've approved that.

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

16 CHAIRMAN McCUSKER: Warren, thank you very much
17 for all your hard work.

18 MR. COLLINS: Mr. Chairman, I'll prepare the
19 appropriate document to go with the letter to keep it
20 together.

21 CHAIRMAN McCUSKER: Should -- I guess since we're
22 operating under the new procurement code, we know how to
23 move forward.

24 MR. COLLINS: Yeah. That's right. The number is
25 small enough that you can direct select, but we need to have

1 the proposal that we got from Stantec added to our normal --
2 what is now our normal contractual arrangement.

3 CHAIRMAN McCUSKER: Let me move to Item 15, since
4 it's related to this parcel. And it could be a very
5 significant opportunity for the community and Rio Nuevo.

6 Mr. Moore, Mr. Sheafe and I have had extensive
7 conversations with property owners adjacent to this parcel
8 and believe that we could structure a joint development
9 agreement/partnership agreement that would provide that Rio
10 Nuevo could invest in some of the infrastructure issues that
11 we've described, namely the watershed drainage and new
12 intersection on Granada and Cushing, with a tie-in to
13 Congress, and general site improvements.

14 And in exchange for that, Nor-Gen would -- who
15 owns the property immediately to our east -- would agree to
16 launch a hotel. And I don't need to remind you all that
17 that's the secondary mission of the Rio Nuevo District.

18 So we have a draft of terms that we can look at,
19 or we can instruct council to try and take this to the next
20 level. He's nodding his head in approval to that.

21 But just for the record, I think we're prepared to
22 engage this developer and any other developer on how they
23 might combine with Rio Nuevo for the betterment of all of us
24 in these related projects.

25 So I don't know if I need to take any action other

1 than to authorize you to reach out to them in terms of
2 developing a mutual understanding.

3 MR. COLLINS: The agenda provides for direction to
4 staff and counsel to take what's -- what is in your booklet
5 at Tab 11, as you say, to the next level, to bring it back
6 to this Board for final approval and review.

7 We're going to have to take into consideration
8 procurement code. But, yes, you do need -- or can do that,
9 if that's what you choose to do.

10 CHAIRMAN McCUSKER: So that can be done in a
11 motion, or can I just direct you to do it?

12 MR. COLLINS: Yes. The way it's set up on the
13 agenda, it would be a motion.

14 CHAIRMAN McCUSKER: Okay. So everybody understand
15 the opportunity?

16 Let's entertain a motion to authorize Mr. Collins
17 to move forward.

18 MR. MOORE: Mr. Chair, may I just add to what you
19 said? What's important about this is, because of the
20 exhibition hall that's also going be a part of that hotel
21 plan, to help support and maintain the gem shows here in the
22 community.

23 I think Fletcher had -- I just want to add to it.

24 CHAIRMAN McCUSKER: I can't make any motions. I'm
25 just trying to facilitate the conversation.

1 So you're short a motion today. Go ahead.

2 MR. MOORE: I'd like to make a motion then that we
3 suggest that Fletcher -- or Chairman and Mark Collins
4 continue negotiations and prepare the documents and include
5 the exhibition center, whatever it's like.

6 TREASURER SHEAFE: So this authorizes Mark to move
7 forward and put together the basis for the agreement, which
8 would be brought back here for approval.

9 I would second that, exactly what Albert said.

10 MR. HILL: Question.

11 CHAIRMAN McCUSKER: He called for the question.

12 We have a motion to authorize counsel to move
13 forward in negotiating on this projects as a joint
14 development.

15 All those in favor, say aye.

16 (Ayes.)

17 CHAIRMAN McCUSKER: Any opposed, nay.

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

20 CHAIRMAN McCUSKER: All right. Keeping track on
21 all of this, I hope.

22 Okay. I can tick off No. 17, quickly. It's a
23 very exciting opportunity for the District and, I think,
24 reaffirms to all of us how the real estate development
25 community is beginning to look at Tucson, and particularly

1 the opportunities within the Rio Nuevo district.

2 We've been approached by a very large real estate
3 investment bank to develop a \$100 million development fund
4 for downtown. It's not a typo, a hundred million dollar
5 development fund. Rio Nuevo would participate in that. But
6 the lion's share of that money would come from the private
7 sector. This is a true example of a public-private
8 partnership.

9 I believe we should continue these conversations.
10 At this point, I think all we need to do is to authorize --
11 similarly to what we did previously -- that counsel and the
12 executive officers engage with this firm to discuss these
13 possibilities.

14 TREASURER SHEAFE: So moved.

15 MR. MOORE: Second.

16 CHAIRMAN McCUSKER: Any further discussion?

17 All in favor, say aye.

18 (Ayes.)

19 CHAIRMAN McCUSKER: Any opposed?

20 Okay.

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

23 CHAIRMAN McCUSKER: The Westside parcel, Item 13.

24 I think this is mostly informational. But I know
25 we've had a number of questions from people about what's

1 going on with the Westside.

2 It's important that everybody remember all of
3 these conversations we're having about development is happy
4 talk until we meet our legislative mandate on the Arena and
5 a hotel. But it appears that we're getting closer,
6 literally every month, to both of those mandates.

7 If and when we can issue those Notices to Proceed,
8 I think we've indicated our interest in the Arena Lot and
9 adjacent parcels. We've also indicated our interest in the
10 far west side and as what's commonly referred to as the
11 original Rio Nuevo, the land across the bridge at the base
12 of "A" Mountain.

13 We've had some very productive meetings with the
14 Board and with the City. There is, in fact, an existing
15 2007 planned area development for this area which was
16 approved and zoned. I expected that it probably had expired
17 because it's been five years. We're led to believe that
18 that plan is probably revivable and amendable.

19 We're waiting to hear back from the City in that
20 regard. But we're also negotiating with the City of Tucson
21 that we would jointly plan these far Westside Parcels and
22 amend that current 2007 PAD.

23 So Mr. Moore's the lead liaison on that. And you
24 know, we'll wait until we hear back from the City as to if
25 that's, in fact, doable.

1 If we can get the hotel launch, I think we're
2 prepared to sit down with the City and Gaston and other
3 private developers to look at what could be done on those
4 sites with the caveat that we want to preserve the
5 historical assets that were originally identified, but
6 probably commercialized some of the other pieces of that
7 project.

8 So this is really in the form of an update. And
9 we may have some more information on that at the next
10 meeting.

11 We indeed have a lot of stuff going on.

12 Bill, maybe I'll have you combine your report with
13 the budget, so standby.

14 Michele, you want to give us a quick situation on
15 marketing? I think, everyone on the Board is aware that as
16 part of the budget for the next cycle, we're talking about
17 bringing marketing in-house. And we would put that under
18 Michele's auspices. So we've asked her to do some work as
19 part of the budget to present to us briefly what we might be
20 able to accomplish more effectively in-house as opposed to
21 using an outside agency.

22 Michele, go ahead.

23 MS. BETTINI: In-house, we are bringing -- the
24 monthly newsletter is coming in-house now. So I'd be in
25 charge of all that.

1 Instead of the radio show, I would like to move to
2 do more print ads, newspaper ads, for instance, like the
3 Caliente. The U of A has their football and basketball
4 programs that come out in the paper; once a year, we'd like
5 to do ads in those.

6 In my ads I would like to do more of an education.
7 These circulate to -- 95,000 copies circulate. And most
8 people don't know that District boundaries range from the
9 base of "A" Mountain all the way to Park Place Mall. They
10 just think we are downtown. So I want to educate those
11 95,000 people that get this paper to get them to come
12 downtown, Park Place Mall, El Con Mall, Ricardo District.

13 I also want to do radio commercials on our drive
14 in, possibly 99.5 and 94.9, in talking about Rio Nuevo and
15 our District and to generate people that way.

16 With us moving marketing and PR in-house, our web
17 hosting and IT would only be about \$2,000 a year. I'll be
18 in charge of updating and monitoring the website. And then
19 the hosting is about \$90 a year, and any problems that I run
20 into or need help with, with the website.

21 So approximately 32,000 in newspaper advertising
22 and about 26,000 in radio commercials is what we're looking
23 for.

24 CHAIRMAN McCUSKER: And that's in the budget we're
25 about to see?

1 MS. BETTINI: Correct.

2 CHAIRMAN McCUSKER: At, I think, those levels?

3 MS. BETTINI: Correct.

4 CHAIRMAN McCUSKER: Any questions for Michele?

5 SECRETARY IRVIN: Why print versus TV?

6 MS. BETTINI: Why print?

7 TV is quite expensive.

8 SECRETARY IRVIN: Yeah. But it reaches a hundred
9 times more.

10 MS. BETTINI: We could go to TV. It's just
11 production costs are quite expensive. We'd be very limited.
12 We'd only be able to do about one commercial a quarter
13 rather than three print per quarter.

14 I don't know what the range is of TV --

15 CHAIRMAN McCUSKER: Do you want to look maybe at
16 the --

17 SECRETARY IRVIN: I'd just like to look at it.
18 Because I just know the difference in what you reach with TV
19 versus what you reach with print. It's not really on the
20 same planet. I'd just like to see a little cost comparison
21 between the two, myself.

22 But I love it. It's great to bring all this stuff
23 in-house.

24 CHAIRMAN McCUSKER: Thanks.

25 Mark, your one thing remaining is the budget.

1 It's identified as the budget hearing. I have a call to the
2 audience before and after. Can I combine them? Should I
3 take...

4 MR. COLLINS: I would do -- I would call to the
5 audience generally, if we have one.

6 CHAIRMAN McCUSKER: We do have one.

7 MR. COLLINS: And then I would announce the budget
8 hearing. And then you call the audience on that.

9 CHAIRMAN McCUSKER: Got it. All right. So we'll
10 do the general call to the audience. We do have one card:
11 Josefina Cardenas.

12 Josefina, thank you for waiting.

13 ATTENDEE: I'm getting old now.

14 As a native Tucsonan and a barrio resident -- and
15 that's why I'm here, as a barrio resident -- I would like to
16 appreciate all you have done up to this point. And it's
17 been a long ways. Especially on February 7th of coming to
18 this agreement.

19 But not being here, there's a lot -- there's also
20 communication outreach I can understand that you must know.
21 And I just want to bring up to the Board that it's very
22 significant of your mission, that you have been placed in,
23 in getting Tucson ahead in Rio Nuevo. And I am sure that
24 you have -- you have that in consideration.

25 But in the past, it's been said that there was

1 some -- communication among you -- and that I cannot
2 appreciate. And I'm saying that maybe now that's in the
3 past, because bringing me in this meeting, I can appreciate
4 professional men communicating well and getting Rio Nuevo to
5 a second phase. But as a mother in the background, I
6 wouldn't want to come and address that you're not
7 communicating. Okay?

8 So that's one point.

9 The second is, as being -- as a barrio resident, I
10 need to acknowledge our elders that lost their homes because
11 of the Convention Center.

12 During this conversation, I heard a lot -- the
13 point of being dark and unpleasant, dark and unpleasant. It
14 made me remember of urban renewal and the pain that our
15 elders went through in that -- in that phase of having to
16 lose their home, this place, for this community center to go
17 up. So again, you're in a very sensitive situation of
18 making this project work for the second time.

19 You talk about seating, but there's a lot about
20 feelings and the spiritual significance of that area, which
21 you have in your hands to direct and evolve. Okay? And
22 especially if you start moving west and -- below Sentinel
23 Peak and the Birthplace of Tucson.

24 Right now, and the significant date, it's el Dia
25 de San Juan. Our barrio people came together and have the

1 celebration that's going on right now. And I invite you to
2 it, because that gives us an idea of what we can continue on
3 with in this area.

4 So you have a great mission in your hands. So I'm
5 always going to be here to remind you of that.

6 Gracias.

7 CHAIRMAN McCUSKER: Thank you, ma'am.

8 No other audience calls?

9 Okay.

10 SECRETARY IRVIN: Oh, we have one.

11 MR. MOORE: I don't think he filled out a card.

12 ATTENDEE: I'm sorry. I didn't fill out a card.

13 CHAIRMAN McCUSKER: We'll forgive you.

14 ATTENDEE: Okay.

15 CHAIRMAN McCUSKER: Fill one out for the record.

16 THE WITNESS: I will.

17 My name is Diego Walter. And just a brief -- very
18 brief commentary, Josefina's done great work on getting that
19 statute, which I believe many of you seen, with the --
20 called Primera Vista, with the four people in there. And I
21 believe some of you have seen it and have been very
22 impressed with it.

23 I would make one suggestion. It's called Primera
24 Vista. But the indigenous peoples, the Pima or the O'odham
25 who were there -- I think on top of Primera Vista -- because

1 they did not speak Spanish, and we should have it at least
2 in O'odham language. That would be my suggestion.

3 CHAIRMAN McCUSKER: Diego, thank you very much.
4 Thanks for all the work you're doing.

5 ATTENDEE: Yeah.

6 CHAIRMAN McCUSKER: Okay. I think we've completed
7 the regular agenda.

8 I will call to order the public hearing for the
9 Rio Nuevo budget for the period that begins July 1st and
10 ends June 30, 2014.

11 Bill, if you would step up to the mike. Do your
12 regular kind of an update for us, just in terms of cash and
13 anything that you would normally do, and let's move quickly
14 into the budget.

15 MR. ALLEN: Here's the handouts for the regular
16 presentation. If you would pass those out.

17 Good afternoon. What you see in front of you in
18 this part of my presentation is what I was -- part of the
19 regular meeting presentation.

20 The first document that has the summary of cash
21 position, states the mid-month cash position of all of our
22 accounts for Rio Nuevo, restricted and nonrestricted.

23 The total of the combined funds as of mid-month
24 June is \$12,400,000 revenue. Of that, 4.4 million, rounded,
25 is at the City of Tucson and is the monies for the

1 renovation at the City of Tucson -- or rather, the TCC.

2 The remaining balance is the regular accounts that
3 we've been reporting on. There has been some movement in
4 them in the last month, about \$380,000 movement, downward,
5 155,000 of which was a shortfall funding on the TIF that can
6 go up or down depending upon what happened with the TIF that
7 month. This last month, it went down 155,000 because the
8 TIF was short for the Wells obligation.

9 There was also a \$97,000 sales tax payment. There
10 were legal bills paid of 41,000. We had our insurance
11 obligation to 146,000. And some other general obligations
12 that added up to the \$482,000 reduction on the unrestricted
13 funds.

14 The investment account that we have, which is
15 yielding a very minimal amount of interest on the 5
16 million -- but nonetheless, a return -- made a little over
17 \$700 this last month.

18 CHAIRMAN McCUSKER: And some of those expenditures
19 are the tax catch up too?

20 MR. ALLEN: That -- yes. It was the \$97,000 in
21 sales tax was part of that.

22 MR. RITCHIE: What's the \$46,000 for insurance?

23 MR. ALLEN: That's the general annual policy with
24 Lovitt, D.M. Lovitt.

25 MS. BETTINI: D and L policy.

1 MR. RITCHIE: That's how much it is?

2 MR. ALLEN: It's slightly higher than it was last
3 year.

4 MR. RITCHIE: Okay.

5 CHAIRMAN McCUSKER: Keep going.

6 MR. ALLEN: All right. The second document that
7 you have --

8 CHAIRMAN McCUSKER: And you did mention, we talked
9 about it in the general session, that this does not include
10 the million dollars reserve.

11 MR. ALLEN: No. It does not. There is a -- at
12 the very early part of July when the final payment happens
13 on the Fox debt, Wells has \$1 million of our money that they
14 will return to us to the unrestricted fund. That will bump
15 up our -- and Mr. McCusker referenced that earlier in our
16 discussions.

17 The second document talks about the discretionary
18 cash transactions under 5,000 that requires review and
19 hopefully ratification in this meeting.

20 There's a summary of the miscellaneous
21 transactions that fell outside the scope of expenditures
22 already approved by the Board. And that's listed in front
23 of you.

24 CHAIRMAN McCUSKER: And those are to be ratified
25 by the Board, if you're still inclined.

1 TREASURER SHEAFE: I still move.

2 CHAIRMAN McCUSKER: Someone needs to second that.

3 SECRETARY IRVIN: I'll second.

4 CHAIRMAN McCUSKER: All right. It's the motion
5 and second to ratify the \$4,498 that was discretionary in
6 the last month.

7 All in favor, say aye.

8 (Ayes.)

9 CHAIRMAN McCUSKER: Any opposed?

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

12 CHAIRMAN McCUSKER: Okay. Let's move to the
13 budget.

14 MR. ALLEN: This agreement that was with the AG's
15 Office, that got approved earlier, so I don't need to
16 discuss this.

17 CHAIRMAN McCUSKER: Yeah.

18 MR. ALLEN: All right. Do I need to hand out the
19 budget?

20 CHAIRMAN McCUSKER: Yeah. We don't have it.

21 MS. BETTINI: It's in --

22 MR. COLLINS: You do. It's in -- Tab 12 of your
23 binder.

24 CHAIRMAN McCUSKER: Everybody's got them around,
25 and it's Tab 12. Sorry.

1 MR. COLLINS: Oh, that one I don't have. This is
2 the budget here. Here's what they've got.

3 MS. BETTINI: Yeah. It is. It's in there.

4 MR. ALLEN: All right. So you have all four pages
5 of what I have. And those are also available.

6 All right. So this format is virtually identical
7 to the format that was used last year for the budgeting
8 process.

9 The first two columns of -- regular first two
10 lines discuss the projected receipts and expenditures for
11 the current fiscal year. The combined receipts are
12 13,737,000, at the very top line. And the expenditures are
13 12,403,000.

14 If you look at the fourth page back, the last
15 page, I included it to break down a little bit of the
16 expenditures that we're talking about as well as the
17 revenue. So you can see the 13,737,000 for this year in
18 more detailed fashion on that fourth page at the top where
19 it says financial resources.

20 Broken down by the TIF funds, rental and lease
21 funds, which include the City of Tucson rent of the TCC and
22 other nominal funds that we've received -- or will receive
23 for the balance of this year and then forecasted for next
24 year.

25 The second part of that fourth page, as a

1 reference document, is very similar to the Footnote No. 6
2 that is already in your budget. It's just a little bit more
3 detailed presentation listing the operating expenses.

4 So going back to the first page, we had receipts,
5 as I noted, of 13.8 million; and expenditures projected of
6 12.4 million for fiscal year ending 2013, which is at the
7 end of this month.

8 The following rest of the document or the body of
9 the document in the center talks about the anticipated
10 budget for 2014. Each of these line items have associated
11 footnotes, so you can go look at them if you'd like.

12 But as a general review, your 11.2 million, that
13 is forecasted TIF revenue, is based upon a 925,000 per month
14 average projected for 12 months of TIF funds. We have
15 received in fiscal 2013, for your edification, 13 months of
16 TIF. The TIF funds are very hard to forecast on a cash
17 basis because we're at the mercy of the State as to when we
18 receive the funds. So in fiscal 2013, we actually received
19 February of 2012 through March of 2013. So we had 13 months
20 of TIF in 2013.

21 I'm hopeful this month will be no fewer than
22 12 months of TIF, hopefully an additional month of TIF, if
23 the State can get a little faster in processing their TIF
24 fund. June is almost done. By the end of June, we will
25 have only been paid through March 2013 for TIF funds

1 received by the State. So you can see there's a delay of
2 almost 90 days.

3 The miscellaneous receipts, reflected as
4 dominated, and it's referenced in Footnote 5 of the City of
5 Tucson revenue on the TCC.

6 There are some additional revenues related to the
7 Rialto and for the parking, U.S. parking, which are our two
8 small amounts of additional revenue that comes in. And we
9 also were receiving, as a function of the settlement
10 agreement, payments against our notes receivable as cash
11 coming in.

12 As you may recall, we were receiving revenue on
13 the Depot Garage in 2013. But 2014, we're now receiving
14 payments against our note. The City paid -- has paid ten
15 months against that accounts receivable presently, so
16 they're paid well into next year.

17 All right. So are there any questions about
18 revenue, or shall I just move forward into the estimated
19 expense?

20 Okay. So the administrative expenses are
21 highlighted in Footnote 6. They're summarized for you and
22 referenced against the projected 2013 Footnote 6.

23 You may see that the dominating number that
24 defines why we're higher in 2013 versus 2014 is under legal
25 expenditures. The legal expenditures are now being

1 forecasted at just higher than \$30,000 a month. Hopefully
2 those expenses could be lower. We had very high legal
3 expense this year, \$667,000.

4 TREASURER SHEAFE: Compliments to Mark for him
5 forcing those lower numbers in there.

6 MR. ALLEN: So the total budget for operating --
7 our entire budget is basically populated by two things, the
8 operating expenses and debt in interest service payments
9 related to bond and COPs.

10 TREASURER SHEAFE: Okay. I was going to ask you
11 to comment on that, the 12 million in revenue and 18 million
12 in expenses. The difference is?

13 MR. ALLEN: I'm sorry, Chris. Say that again?

14 The \$18 million that you see down in your total
15 includes an item I haven't gotten to yet, which is
16 construction projects of 7.9 million.

17 So what we have presently forecast is 12.9 million
18 in receipts. And we have 10.5 million that relates to debt
19 service, which is principal and interest. As well as -- and
20 the footnote breaks out a little bit of information on that.
21 I didn't tell you this, but if you'd like, on the -- on the
22 debt service in between interest and expense, it's not quite
23 a 50/50 split.

24 CHAIRMAN McCUSKER: If you look at Footnote 8,
25 that was assuming the \$6 million budget for the TCC, so that

1 number will go up based upon earlier --

2 MR. ALLEN: That's correct.

3 CHAIRMAN McCUSKER: So you're going to have to
4 amend that accordingly.

5 And that assumes that we would, some time in the
6 year, spend the other two projects, Chris, that were
7 associated with the settlement, the Mission Gardens and the
8 streetscape.

9 TREASURER SHEAFE: But we'll be able to apply the
10 bond money to the -- add that on to the 12 million.

11 CHAIRMAN McCUSKER: That's correct.

12 MR. ALLEN: Right. The -- on Footnote 4, which is
13 up in anticipated receipts for Net proceeds of future
14 financing, you'll see that the dollar amount is zero because
15 we have no future debt anticipated. But if you look at the
16 footnote, it talks, Chris, about the 4.4 million that is
17 already available to us related to the 2008 bond series for
18 the TCC.

19 (Mr. Moore left the proceedings.)

20 MR. ALLEN: The 7.9 million in other projects --
21 or project expenditures is, as Chairman McCusker just said,
22 \$6 million for the TCC, which now needs to go up to the
23 7.8 million.

24 100,000 for downtown infrastructure improvement
25 project, which I think is already starting to be expended.

1 (Mr. Moore reentered the proceedings.)

2 MR. ALLEN: A million dollars for Mission Gardens.
3 750,000 for downtown streetscapes as part of the
4 settlement agreement.

5 And \$10,000 for miscellaneous other expenses for
6 fixed assets that we might need.

7 MR. HILL: Mr. Chairman?

8 CHAIRMAN McCUSKER: Mr. Hill?

9 MR. HILL: I'm troubled over the loss of the
10 7,860,000. For footnote -- Footnote 4 mentions the
11 4.3 million in the bond fund that's available to pay that
12 down, but it's not in the proceeds.

13 I think it distorts the presentation to make it
14 look like we're \$6 million over budget. And in fact, we're
15 not. Because, as I understood it, that \$6 million, 4.3 from
16 the bonds is applied to that.

17 CHAIRMAN McCUSKER: Yeah. And the issue is, it's
18 not revenue because we've already gotten it.

19 MR. ALLEN: That cash was received before this
20 year.

21 CHAIRMAN McCUSKER: Yeah.

22 MR. ALLEN: It's in cash on hand.

23 CHAIRMAN McCUSKER: -- subtotal. Maybe there's
24 still a better way to present it.

25 MR. HILL: But this doesn't purport to be

1 revenues. It purports to be receipts. And so that's a
2 receipt, 4.3 million.

3 MR. ALLEN: Not receipt this year, though.

4 MR. HILL: In the ensuing budget here, 2014.

5 CHAIRMAN McCUSKER: It's received and in the bank.

6 MR. ALLEN: It's in the record of --

7 (Inaudible crosstalk.)

8 MR. ALLEN: -- for fiscal 2014.

9 CHAIRMAN McCUSKER: I think what you need to do,
10 Bill, is net that out.

11 MR. HILL: Yes.

12 TREASURER SHEAFE: Why don't you just go to total
13 revenue sources?

14 MR. HILL: Netting it out would be much better.

15 MR. ALLEN: That's fine. I'll be very glad to
16 make that adjustment.

17 CHAIRMAN McCUSKER: Okay. I'm tracking that. Go
18 ahead.

19 MR. HILL: Because otherwise, somebody will say,
20 they spent \$6 million but what have they got, yada, yada,
21 yada, yada. And we'll have to go through that kind of crap
22 again. Excuse me.

23 MR. ALLEN: I'll make that correction.

24 The assets and liabilities that are reflected for
25 June 30th are based upon the audited financials that we have

1 in place for the unqualified payment. So that's reflected
2 consistent with what was reflected last year because those
3 are audited numbers.

4 The net cash of operation is the 12.9 million
5 minus the -- rather, the 12.5 million minus the 10.5 million
6 that's referenced under subtotal administrative/debt service
7 and \$2 million in net operating funds.

8 CHAIRMAN McCUSKER: What that does, Mr. Hill, is
9 it washes out the construction projects and the bond
10 proceeds, so...

11 MR. HILL: Right.

12 CHAIRMAN McCUSKER: You know, I think we just need
13 to work on the presentation.

14 MR. HILL: I did that math, and it's correct.

15 MR. ALLEN: The cash on hand is quite sizeable,
16 but there will be quite a few debt payments made here on
17 July 1st and July 15th.

18 CHAIRMAN McCUSKER: So the debt service is out of
19 our control. Both -- there's only two instruments
20 remaining. The Fox gets paid off, the 2002 comps were paid
21 off. The 2008 bond series -- that's the \$8 million bonds --
22 that terms out through 2025. Likewise, the \$12.5 million
23 COPS turns out through 2025. So we have those two debts for
24 the rest of our natural life. And together they amount to
25 about \$9.5 million. So that's our debt service nut before

1 anything goes to any other services.

2 We of course control the admin budget, which is,
3 as Bill said, basically two staff, legal, the accounting,
4 which for this year includes the auditor general's report,
5 is why that number is up a little bit; otherwise, it would
6 be down. So not a lot of opportunities in there.

7 In Executive Session, Bill, as you do the next
8 draft, we want to show, in staff payroll, the current level
9 of staff salaries. We're still discussing what to do with
10 staff comp.

11 And then let's deal with the presentation on the
12 front page there to net out.

13 MR. ALLEN: I'm sorry. Tell me what you'd like
14 to --

15 CHAIRMAN McCUSKER: We're going to budget current
16 levels.

17 MR. ALLEN: 155, then?

18 CHAIRMAN McCUSKER: Well, that's not for the whole
19 year.

20 MR. ALLEN: No, it's not.

21 CHAIRMAN McCUSKER: You got to take the whole
22 year. But no salary increases until further notice.

23 MR. ALLEN: Okay.

24 CHAIRMAN McCUSKER: And then to Mr. Hill's point,
25 adjust the bond proceeds from the other projects line item,

1 so that gets netted out.

2 MR. ALLEN: Yes, sir.

3 MR. HILL: Mr. Chairman?

4 CHAIRMAN McCUSKER: Mr. Hill?

5 MR. HILL: What is cash ICS Alliance? Apparently
6 it's another account at Alliance? What is ICS?

7 MR. ALLEN: That's the invested fund that we have
8 that's accruing interest.

9 MR. HILL: So the money available to Rio Nuevo are
10 not the first one, the next three? And then the last one,
11 of course, would be netted out against the 6 million. Or
12 are they all -- or some of these other ones, are they not
13 available to us?

14 MR. ALLEN: All the funds that are unrestricted
15 are available, including the 5 million, in basically --

16 MR. HILL: So that's unrestricted and available?

17 MR. ALLEN: Just a phone call, they could be
18 available immediately.

19 MR. HILL: Okay. All right. Thank you.

20 CHAIRMAN McCUSKER: Any other questions for Bill?
21 Comments about the budget?

22 It's pretty straightforward. We are obligated to
23 send it to the County. I don't know why, but it has to go
24 to the County before the end of the current fiscal year.

25 MR. HILL: They have to publish it.

1 CHAIRMAN McCUSKER: Yeah. So I guess we could
2 move it, subject to those amendments.

3 MR. COLLINS: You need to take call to the
4 audience for -- specifically for the budget.

5 CHAIRMAN McCUSKER: Did we get anybody fill out a
6 card? Does anybody care to comment on our budget? You're
7 certainly welcome to.

8 We've worn them out.

9 Okay. So we would need a motion to approve the
10 budget subject to the amendments we just gave Bill.

11 SECRETARY IRVIN: So moved.

12 MR. MOORE: Second.

13 CHAIRMAN McCUSKER: Motion and second for the
14 budget.

15 All in favor, say aye.

16 (Ayes.)

17 CHAIRMAN McCUSKER: Any opposed, nay.

18 Ayes appear to have it -- do have it. So ordered.

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

21 MR. ALLEN: Thank you.

22 CHAIRMAN McCUSKER: And I think that's it.
23 Somebody can move to adjourn.

24 SECRETARY IRVIN: So moved.

25 MR. MOORE: Second.

1 CHAIRMAN McCUSKER: All in favor, say aye.

2 (Ayes.)

3 CHAIRMAN McCUSKER: We stand adjourned.

4 (Meeting concluded at 6:34 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.

John Fahrenwald