

RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona  
June 24, 2014  
2:30 p.m.

REPORTED BY:

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1           So back to the meeting transcripts. April 8th,  
2 let's entertain them. You want to do both of them together?

3           MR. SHEAFE: Together.

4           MR. IRVIN: Second.

5           CHAIRMAN McCUSKER: All in favor, aye?

6                           (ayes.)

7           Any opposed, nay?

8           I would need a motion to recess to Executive  
9 Session.

10          MR. IRVIN: So moved.

11          CHAIRMAN McCUSKER: Second? Everybody's stuck  
12 here.

13          MR. HILL: Second.

14          CHAIRMAN McCUSKER: All in favor say aye. Back in  
15 a little while.

16                           (The Board recessed for Executive  
17 Session at 2:39 p.m.)

18                           (The Board reconvened at 3:33 p.m.)

19          CHAIRMAN McCUSKER: Okay. We can reconvene and a  
20 motion to reconvene.

21          MR. IRVIN: So moved.

22          MR. MOORE: Second.

23          CHAIRMAN McCUSKER: All in favor say aye.

24                           (Ayes.)

25          And I believe Jannie's checked in on line.

1 Jannie, can you hear us?

2 MS. COX: I sure can.

3 CHAIRMAN McCUSKER: And we hear you just fine. So  
4 you're probably in a cooler climate?

5 MS. COX: I am. I'm going to have to wear a  
6 sweater tonight.

7 CHAIRMAN McCUSKER: Oh. We'll come to you for the  
8 next meeting.

9 The audience will have two chances to participate  
10 today. This is the date we set aside annually for our  
11 annual budget hearing. We're going to do that first up.

12 If you have any comments you would like to make to  
13 us regarding Rio Nuevo finances or the budget, you can do  
14 that by signing in and let Michele know. Most of today's  
15 agenda is related to the budget and our financials. So I'll  
16 have some introductory remarks regarding the budget and then  
17 Dan's going to walk us through the next year's budgets. So  
18 I need a motion to open the public hearing for the budget.

19 MR. IRVIN: So moved.

20 MR. MOORE: Second.

21 CHAIRMAN McCUSKER: All in favor say aye.

22 (ayes.)

23 CHAIRMAN McCUSKER: Okay. Here we go. Dan, you  
24 ready? So are there copies out there for everybody; and do  
25 they know how to get them?

1 MR. MEYERS: I've got the copies here.

2 CHAIRMAN McCUSKER: This is the same format we've  
3 used for years. It's not necessarily the way we would  
4 design it, but we inherited it, so we continue to use it.  
5 Some kind of prefacing remarks, and then we'll have Dan walk  
6 us through the presentation.

7 The TIF remain in the black. You'll notice that  
8 in the year just ending -- the year that ends June 30,  
9 2014 -- you'll see receipts of \$11 million and expenses of  
10 \$12 million. Included in that is about a million-seven and  
11 change for retiring the 2005 bonds. So those were not  
12 operating dollars. And that's the last of the debt that is  
13 paid out before 2025.

14 So there's no other debt remaining that will  
15 require an interim principal payment until the TIF sunsets.  
16 And in terms of how we budgeted basically, the expenses are  
17 pretty well settled. So there's no real -- nothing  
18 extravagant or unusual from one year to the next.

19 We've kind of carried everything across, including  
20 staff salaries, at their present level, legal, at its  
21 present level, rent, accounting, auditing, et cetera. So  
22 you can actually see our admin budget will go down a little  
23 bit primarily based on consulting fees.

24 This budget assumes we continue to retain a legislative  
25 liaison; that's in the budget. It continues we assume we

1 pay a small amount for forensic accounting; we continue to  
2 seize the opportunity, when we can, to have RCM look at old  
3 books and records.

4 If you'll remember, the way the attorney general  
5 left that with us is they chose not to indict or identify  
6 any criminal behavior but said if you guys find anything you  
7 think we'd be interested in, let us know. So unless you  
8 instruct me otherwise, we'll continue to dabble in the  
9 forensic accounting business.

10 So Dan, go ahead and walk us through the pages you've  
11 given us.

12 MR. MEYERS: You've done a pretty good job of it  
13 already, Fletcher. Okay. So as Fletcher explained, there's  
14 a 11 million income v. \$12 million of outflows. Regarding  
15 2014 and 2015, we're estimating our TIF revenue to be  
16 \$825,000 a year. That's actually down from --

17 CHAIRMAN McCUSKER: A month, you mean.

18 MR. MEYERS: Excuse me. A month.

19 It's actually down from 925 -- is what the  
20 projections were for 2014. Other income is primarily money  
21 we've received from the City of Tucson for the lease of the  
22 Tucson Community Center. So we've got little over  
23 \$11 million coming in. As far as money going out, the  
24 administration expenses of 780 and the debt service, which  
25 is a fixed number of about 9.2 million. So we're

1 anticipating about a \$1.3 million surplus.

2 MS. COX: Excuse me. Dan?

3 MR. MEYERS: Yes?

4 MS. COX: Would it be possible for you to speak  
5 more loudly? I'm having difficulty hearing.

6 MR. MEYERS: Okay. I sure can.

7 CHAIRMAN McCUSKER: Does that volume come up any?  
8 Stand by, Jannie, we're going to have to try to figure out  
9 how to --

10 MS. COX: Okay.

11 (adjusting audio.)

12 MR. SHEAFE: Does that help you, Jannie?

13 MS. COX: Oh, very much. Yes. Thank you.

14 MR. MEYERS: Okay. I'll speak a little louder as  
15 well.

16 If you go to page -- the second page where  
17 Fletcher was referring to some of the administration  
18 expenses: decreased about by \$45,000 our fees to various  
19 organizations, one of which is a legislative representative.  
20 We'd also paid in 2014, \$40,000 a year, Urban Land  
21 Institute, so that's going away.

22 The majority of the other expenses are pretty  
23 similar across the board, with the exception of the  
24 accounting. The annual audit for the attorney general's not  
25 taking place this year, so we're saving about \$70,000.

1           We do have one item in there that's higher, and that's  
2 the contingency and that consists of some money we're  
3 putting aside for the grand reopening of the newly  
4 refurbished Tucson Community Center.

5           If we go back to page one, we have the expected  
6 expenditures for projects, which will be approximately \$8.7  
7 million; we've got money remaining in the City of Tucson  
8 fund, \$3.5 million; and we've got money sitting in our  
9 various bank accounts to make up the difference.

10           So I think the last point on page one, we got  
11 approximately \$30 million on hand. Much of that is over in  
12 Wells Fargo, which is used to pay bonds and other debt  
13 service. And I believe we're going to be spending about  
14 \$7 million within the next three or four weeks to pay the  
15 the 2008 revenue bonds and the 2009 props.

16           CHAIRMAN McCUSKER: And you've given us your kind  
17 of normal cash statement. It's not really tied into the  
18 budget, but it does show us where the cash is currently  
19 residing.

20           MR. MEYERS: Correct.

21           CHAIRMAN McCUSKER: Do you want to just go ahead  
22 and touch on that while you're up.

23           MR. MEYERS: Okay. As of May 31st, we've got  
24 \$6.6 million in our Alliance Bank operating account; we've  
25 got approximately \$5 million in another account in Alliance;



1 and then the Bank of Tucson, has got approximately \$300,000  
2 in it. And again, the City of Tucson, we've got  
3 approximately \$3.5 million in that account. And those funds  
4 will be used to pay for Tucson Community Center renovation.

5 Anybody have any questions?

6 CHAIRMAN McCUSKER: There's some assumptions in  
7 the budget which, if you approve budget, you're approving  
8 that ongoing legal representation. We would have to  
9 recontract with Mr. Paton if we so choose, but the money  
10 would be in there.

11 We should talk about the TIF receipts. Just that I  
12 think it's tied into a later agenda item regarding the  
13 Department of Revenue, but I think both Dan and I are  
14 surprised at the current level of TIF income, which is --  
15 we've seen it as high as a million dollars a month,  
16 sometimes a million-two a month. So eight and a quarter a  
17 month is certainly conservative.

18 You would expect with the activity we've seen in the  
19 TIF, the Wal-Mart, the Conn's, the Stein Mart, the Hobby  
20 Lobby, all the restaurant activity downtown, you would see  
21 an increase -- not a decrease in TIF revenue. And that  
22 speaks to our inability really to tell you what's going on  
23 with revenue trends.

24 So I think everyone knows that Fitch downgraded us as a  
25 result of the City of Tucson's credit issues, but also our

1 inability to forecast our own revenue; and that was tied to  
2 an IGA with the Department of Revenue.

3 We do have an agenda item later to approve that  
4 item. So hopefully in a few months, we'll be able to really  
5 hone in on what's going on with the TIF revenue. But what  
6 we didn't want to do was budget a million dollars a month  
7 and then continue to receive 800; so we've budgeted at its  
8 most conservative collection level.

9 MR. MOORE: Mr. Chairman?

10 CHAIRMAN McCUSKER: Sir.

11 MR. MOORE: Just a brief thing: What's the status  
12 of the Fox Theatre? Wasn't this year the year that we could  
13 have the option to put to -- to pick up that debt?

14 CHAIRMAN McCUSKER: It actually starts -- correct  
15 me if I'm wrong, Mark -- I think it starts in the spring of  
16 2015, the window opens for the put call feature at the Fox?

17 MR. COLLINS: Mr. Chairman and Member Moore, I  
18 think that's right. I think that the -- I haven't looked at  
19 that again in quite some time, but my recollection is that  
20 there is an event -- as far as I can remember -- in  
21 September of this year, but just like you've said,  
22 Mr. Chairman, I think the put call begins 6 months after  
23 that date.

24 CHAIRMAN McCUSKER: But as it relates to the  
25 budget, if we chose to help them exercise that --

1 MR. MOORE: Right. That's my question.

2 CHAIRMAN McCUSKER: -- it would cost them money.

3 MR. MOORE: \$200,000?

4 CHAIRMAN McCUSKER: I think it was \$270,000,  
5 \$250,000?

6 MR. COLLINS: Yeah. That was the estimate about  
7 two years ago, as I recall was the ballpark estimate was if  
8 we were going to buy out the trust, the Fox entities would  
9 need some assistance from this Board.

10 CHAIRMAN McCUSKER: What that does for us is it  
11 allows us to then negotiate a lease directly with the Fox  
12 Theatre. So if we can take out the trust. So --

13 MR. COLLINS: Yes.

14 CHAIRMAN McCUSKER: -- it might be a good idea Dan  
15 to pencil in an amount, since it would be in this fiscal  
16 year, of 270 grand to exercise the Fox Theatre call option.

17 MR. COLLINS: Right.

18 MR. MOORE: And do we have to put some kind of a  
19 notice out in September that we're planning -- I don't know  
20 what...?

21 CHAIRMAN McCUSKER: We'll get the agreement out  
22 and make sure that we -- because it's a window that opens  
23 only for a brief amount of time.

24 MR. COLLINS: It's 6 months, as I recall. But  
25 absolutely, I will take a look at that and dust off my notes,

1 yes.

2 MR. MOORE: Okay. Yeah. So if we could have it  
3 for the July meeting that would be helpful.

4 MR. COLLINS: Yes, sir.

5 MR. MOORE: Thank you.

6 CHAIRMAN McCUSKER: It's your pleasure to deal  
7 with staff salaries; that would require a separate action by  
8 the Board. We don't make any assumptions about raises when  
9 we build the budget. And then we would need the Board to  
10 approve the budget as amended because we've already given  
11 you one amendment, Dan, to the budget.

12 MR. SHEAFE: Chairman, I propose we adjust  
13 salaries according to the State adjustment that was just  
14 completed.

15 MR. MOORE: I'll second that.

16 MR. IRVIN: Which I believe is what, 5 percent?

17 CHAIRMAN McCUSKER: Correct. So we have a motion  
18 to raise staff salaries by 5 percent consistent with State  
19 raises. All in favor say aye.

20 (ayes.)

21 Any opposed, nay.

22 Okay. Then we can take some action on the budget  
23 -- unless anybody else has a question or further comment?

24 MR. SHEAFE: Is there any discussion warranted on  
25 the precedent of establishing a budget that is a million

1 dollars below the expenditure level?

2 CHAIRMAN McCUSKER: It's actually the other way  
3 around. So if you look at the first page, we're showing  
4 revenue at 11-3 and expenses at 10 million, so the net cash  
5 from operations --

6 MR. SHEAFE: Oh, you're looking back here.

7 CHAIRMAN McCUSKER: Yeah. The first column is  
8 last year and then the second column is the projected  
9 budget.

10 MR. SHEAFE: So on average, we're okay.

11 CHAIRMAN McCUSKER: We should be doing a lot  
12 better, but we're still a million-three in the black at  
13 these lower collection levels. And we would have -- except  
14 for retiring the debt service -- we would have made a  
15 million-seven or so in the current year.

16 MR. HILL: Move the budget, Mr. Chairman.

17 CHAIRMAN McCUSKER: Second?

18 SECRETARY IRVIN: Second.

19 CHAIRMAN McCUSKER: Any further discussion?

20 Mark, do I take the call to the audience before we  
21 approve it? Probably so, huh?

22 MR. COLLINS: Yeah. I think you need to make a  
23 call to the audience.

24 And if I may, I believe, Mr. Hill, you were the  
25 one that made the motion. I assume it's the motion to

1 approve the budget as amended with the 200 and some-odd  
2 thousand?

3 MR. HILL: I approve the adoption of the budget  
4 with the amendments --

5 MR. COLLINS: The two amendments, right. Okay.  
6 Thank you.

7 MR. HILL: The two amendments, correct.

8 CHAIRMAN McCUSKER: So no requests from the  
9 audience. Okay. we have a motion to approve, second. All  
10 in favor say aye?

11 (ayes.)

12 Any opposed, nay.

13 Jannie, thank you.

14 So adjourn the public hearing on the budget and go  
15 back to our regular agenda. I need a motion in and out of  
16 that?

17 MR. COLLINS: You're all right.

18 CHAIRMAN McCUSKER: All right.

19 The TCC arena update. Elaine is absent. But Phil  
20 Swaim is filling in. I can tell you, on a personal level, I  
21 toured the arena Monday and if you get a chance, right now,  
22 it's the Jehovah's Witnesses in there for about 6 weeks, so  
23 they're probably not going to have any reason for you just  
24 to wander over there. But when you get a chance, the  
25 bathrooms are spectacular.

1 MR. IRVIN: So are the concessions.

2 CHAIRMAN McCUSKER: And the concessions coming.  
3 Just the changes in the restrooms, they're just really clean  
4 and neat and efficient, and steel, and well lit. It's just  
5 really going to make a huge difference. So we're probably  
6 half way through, Phil, is that a safe guess in terms of  
7 where you are in the overall project?

8 MR. SWAIM: We're not quite halfway through.

9 MR. MOORE: So state your name for the record.  
10 And give us your --

11 MR. SWAIM: Phil Swaim, Swaim Associates  
12 Architects. Good to be here for Elaine Becker. I don't  
13 have her floppy hat. But she's off at a ULI conference in  
14 Chicago today, so -- learning more to be able to help us  
15 further. So --

16 MR. IRVIN: Elaine Becker, formally Weaver?

17 MR. SWAIM: Exactly.

18 MR. IRVIN: Some may not know.

19 MR. SWAIM: Exactly.

20 CHAIRMAN McCUSKER: You've got some photos of the  
21 bathrooms.

22 MR. SWAIM: Absolutely.

23 CHAIRMAN McCUSKER: Are they going to come up on  
24 the . . .

25 MR. SWAIM: They should be able to come on the

1 screen.

2           So we are making tremendous progress.

3 Unfortunately, we're not 50 percent of the way through, but  
4 we've made it through to our first two month -- April/May  
5 where we got the first two restrooms -- actually four  
6 restrooms and one concession building or stand -- just about  
7 complete.

8           We have some photos here of some of the befores. I'm  
9 going to roll through some of those things.

10           Nothing too spectacular. You can go through those  
11 fairly quickly, Michele. Unfortunately, we've seen those in  
12 the past. So the new ones, here's one of the shots of some  
13 of the new restrooms coming up. We are still completing  
14 some of the upgrades there as we're still bringing in some  
15 of the new light fixtures to be installed.

16           We've got the new flooring, which I think is a  
17 wonderful addition, really creates kind of nice, exciting  
18 contemporary character to that. And even with the current  
19 condition, we're just getting rave reviews from the users  
20 about the amazing change they're seeing already in the  
21 arena. So if they like what they see already, I think we're  
22 going to be very proud of where we're going to end up being  
23 here.

24           Our summer schedule months of June and July is fairly  
25 limited. Here's the new hand dryers. Everybody loves the



1 new Dyson hand dryers and things, a lot of stainless steel  
2 and mirrors in here as well.

3           In June and July, we are actually limited because  
4 the Jehovah's Witnesses are using Thursday through Sunday,  
5 so we're working I think 18-hour days Monday through  
6 Wednesday, and they're still making progress now on all the  
7 remaining concession stands and another four restrooms.  
8 There's the concession stand before it gets the perforated  
9 metal up above and the acrylic and the kind of -- we'll get  
10 flat-screen signage and that's used to --

11           CHAIRMAN McCUSKER: That's the before picture  
12 there, right?

13           MR. SWAIM: That's right.

14           CHAIRMAN McCUSKER: And so scroll back down to  
15 what it looks like -- go back to there.

16           MR. SWAIM: See if it will cooperate.

17           MR. SHEAFE: So that upper area is all electronic  
18 screen?

19           MR. SWAIM: We've got three large flat screens to  
20 go around there that you could use menu, advertising, any  
21 other type of -- when we get the technology for instant  
22 replay and that sort of thing, you can show videos, you can  
23 do anything on these screens. And actually that's going to  
24 be part of the technology throughout the arena. We've got  
25 another dozen flat screens on the back of the spot booths

1 around the concourse, and above and below and other  
2 concession areas. It's going to be a wonderful addition in  
3 terms of how to promote and generate revenue.

4 Here's the old ceiling with the white up above it.  
5 It's kind of a mixed mismatch of things. And the next shot  
6 shows now everything is basically painted black like a  
7 contemporary arena, really helps with the ability of  
8 lighting and the eliminates distractions during the shows.

9 Obviously, the floor is in pretty rough condition --  
10 this old shot here. As they were painting it black, but the  
11 next shot I think starts to show, it's starting to come  
12 together. We've completed the repairs for all the expansion  
13 joint for all the ice rink, and soon we'll be building that  
14 south wall and replacing all the seats, which will be  
15 happening during our key period of August/September, which  
16 is where we have really two months with almost no  
17 distractions. And so that's really what we're gearing to  
18 complete a significant portion of the work at this point.

19 And we're in the process of repairing all the  
20 acoustical ceilings, so you'll see that being upgraded --  
21 already making a big difference -- replacing all the light  
22 fixtures as they're finally coming in. So they're really  
23 gaining steam, even this summer with the limited hours.

24 One of the other key things that has occurred this week  
25 are large video boards have gone out to bid. We'll be

1 receiving those bids on July 8th in time to be able to bring  
2 those back to this Board for your approval in your July  
3 board meeting. And those will actually be installed in  
4 December. Other than that, I think it's moving along very  
5 well. We're excited to -- been coordinating well with the  
6 TCC without disrupting any of the events. It's been very  
7 impressive how well the contractor is cleaning up after each  
8 one of these three-day periods and really not seeing any  
9 problems whatsoever. So it's moving well. Good team.

10 CHAIRMAN McCUSKER: And budget-wise we're  
11 tracking?

12 MR. SWAIM: We are tracking within budget. We  
13 still have a healthy contingency left. So I think we still  
14 have a lot of choice in how to be able to manage that at the  
15 end of the project. We're in great shape.

16 CHAIRMAN McCUSKER: Any questions for Phil? Doing  
17 a great job. Thank you very much. Thanks Phil.

18 Jannie, you want to introduce the Eckbo Fountain?  
19 It's the next item on the agenda and Karla, you guys come on  
20 up.

21 MS. COX: Sure. And Karla and Helen, if I could  
22 ask you to speak as loudly and clearly as you can, I'm still  
23 having a bit of difficulty hearing and I want to make sure  
24 that I don't miss anything.

25 As a form of introduction, I'd just like you to

1 know that I met Karla Van Drunen Ittooy and Helen Erickson  
2 about a month ago at the Urban Land Institute -- meeting.  
3 They were presenting on the fountain, as they will today.  
4 Karla has 20 years of experience in not-for-profit  
5 management. In fact, I recall that we were both speakers at  
6 a number of conferences on philanthropy before I retired.  
7 Although I didn't meet her at the time, I remember how  
8 highly regarded she was.

9           And Helen is a heritage conservation specialist  
10 with a master's in landscape architecture.

11           And when Karla started asking questions after attending  
12 several concerts at Leo Rich and The Music Hall, she was  
13 asking a lot of questions about the disarray of the area and  
14 the clearly neglected landscape. And by asking these  
15 questions, she was eventually introduced to Helen Erickson,  
16 who is a heritage conservation specialist with a master's in  
17 landscape architecture. She also was the coauthor of the  
18 conservation plan for the Eckbo landscape that was  
19 commissioned I think by the Tucson Historic Preservation  
20 Foundation.

21           So these two women came together and have formed a  
22 very strong team to look at how we can combine  
23 publics/private funds to renovate this area and considerably  
24 enhance the fan experience at the convention center, the Leo  
25 Rich and the Music Hall.

1           So with that, I will turn it over to Karla and  
2 Helen to tell us about your plan.

3           MS. VAN DRUNEN ITTOOY: Thank you, Jannie. Is  
4 that about the right volume voicewise for you?

5           MS. COX: It's not great. But I will listen very  
6 carefully.

7           MS. VAN DRUNEN ITTOOY: Okay. Jannie, thank you  
8 for a nice introduction. And I think you can tell from that  
9 introduction that Helen and I have complementary skills. We  
10 share a conviction that the TCC's improvement can provide  
11 both an economic and a social benefit, and we bring a  
12 different skill set to that project. And I think that's  
13 part of what's helped our partnership be so strong. And as  
14 Jannie said, we've created a volunteer community  
15 organization in order to promote those concepts.

16           During our 10-minute presentation, we're going to focus  
17 in on an immediate objective. But I want to just take a  
18 moment with this picture because it really does illustrate  
19 the broader vision that we have. Here you see the fountain  
20 plaza filled with people enjoying a community event,  
21 building memories in what we think could be Tucson's town  
22 square.

23           We will detail our immediate objective, the quick wins  
24 by Labor Day. We will also summarize our success and we're  
25 going to invite you to be a part of our effort.

1           As I have heard in Tucson, in the 60s, and the 70s,  
2 there was lots of enthusiasm. And I know that great effort  
3 and money was spent on the Tucson Convention Center.  
4 However, in the years since, it's not been well-maintained.

5           Rio Nuevo's renovation of the arena is a great step  
6 forward and we would also like to see the Music Hall the Leo  
7 Rich and the Echbo landscape restored.

8           We think that's important because we think that  
9 the fan and patron experience will be much improved by that.  
10 Our vision dovetails with the Urban Land Institute  
11 recommendation as well as recommendations previously made by  
12 the City of Tucson and the Downtown Tucson Partnership.  
13 What's unique in our situation is that we believe  
14 philanthropic funds can leverage additional support.

15           In my 20 years in philanthropy, what I have seen  
16 is that philanthropy can stimulate change and leverage  
17 additional funding. And I think that's key to what we could  
18 do together here.

19           For some, the response to a deteriorating TCC is to  
20 take it down and rebuild. But we have not found that would  
21 be possible. We haven't found anyone who felt that there  
22 were the revenue sources to be able to do that; and thus,  
23 restoration is key. With the improved space at the Music  
24 Hall and the Leo Rich, producers would more frequently book  
25 those venues. And when booking more venues, there would be

1 an immediate economic impact as more employees would be  
2 hired, they would have additional discretionary resources,  
3 and they would spend those. The producers themselves would  
4 need to purchase services: that might be advertising,  
5 perhaps costumes; and there will be a long-term impact on  
6 Tucson, which we feel will more than repay the investments  
7 that will be made.

8 CHAIRMAN McCUSKER: And Helen, if you would  
9 reintroduce yourself for our record.

10 MS. ERICKSON: Yes. I'm Helen Erickson. And with  
11 Karla, we're a volunteer organization working to improve the  
12 TCC.

13 Despite its fine architecture and its incredible  
14 landscape, the TCC is now a forgotten place for many  
15 Tucsonans, and a place for visitors to avoid. I feel that  
16 that needs to be changed.

17 In the mid 20th century, civic leaders such Robert  
18 Moses and John D. Rockefeller III in New York City supported  
19 the creation of Lincoln Center by commissioning architect  
20 Frank Gehry and landscape architect Dan Kiley to design a  
21 group of performance venues --

22 MS. COX: Excuse me. Helen, may I ask you to  
23 speak up a little bit louder for me, please.

24 MS. ERICKSON: Okay. If I hold it like this, does  
25 it work?

1 MS. COX: That's better. Thank you.

2 MS. ERICKSON: Okay. I'll try this method.

3 Anyway, Dan Kiley was asked to design a group of performance  
4 venues with indoor/outdoor facades, geometrically patterned  
5 pavement, and dramatic plazas with water and light.

6 Our performance campus was designed by two of  
7 Tucson's most talented modernist architects, Bernie Freiman  
8 and Ned Nelson. After a nationwide search, they  
9 commissioned Garrett Eckbo to join their team. One of the  
10 most celebrated and innovative landscape architects of the  
11 20th century, Eckbo was theorist as well as practitioner.  
12 His seminal book, Landscape for Living, published in 1950,  
13 remains the basic text for the discipline.

14 In 1975, he was awarded the ASLA medal for  
15 lifetime achievement. And in 1978, the design for the TCC  
16 was honored by the ASLA for the site-specific award.

17 Eckbo was known for his ability to draw ideas from  
18 paintings, sculpture, and architecture, and a practical  
19 design that favored pedestrian over automobile circulation,  
20 and achieved a hierarchy of open spaces for various age  
21 groups and evolving uses. He believed that landscapes are  
22 for people.

23 This was the view from the northeast corner of the  
24 arena shortly after installation.

25 And this is the view from the fountain plaza looking



1 back towards the arena. Even today, in its deteriorated  
2 condition, this landscape has the power to enchant.

3 Two years ago, a master plan for Eckbo's landscape was  
4 prepared under the aegis of Tucson Historic Preservation  
5 Foundation. This determined a blueprint for reclaiming this  
6 vital part of downtown. A national register nomination was  
7 accepted by the State of Arizona in December 2013, and the  
8 landscape now is on its way to being recognized at the  
9 national level of significance.

10 Two more.

11 We have two modernist landscapes here that have been  
12 restored to create interactions both for in-town people and  
13 for visitors. The first one here is the Lovejoy Fountain  
14 plaza, in Portland, Oregon; and then there's the second one,  
15 which is the Daniel Kiley, Fort Worth.

16 Really to bring this landscape back to mint  
17 condition, Tucson is known for environmental awareness. And  
18 we are planning to use cutting edge water technology,  
19 recycling gray water, collecting condensate from the AC  
20 units and detaining storm water, to create a ecologically  
21 sensitive as well as aesthetically gracious plaza.

22 We are now looking into grants to fund the  
23 planning of this innovative technology to ensure that it  
24 will be shovel-ready by the time we are able to fund  
25 construction.

1           MS. VAN DRUNEN ITTOOY: So we'd like to tell you  
2 about our accomplishments. In four short months we've gone  
3 from, vision, and hope, to actual reality and  
4 implementation. We've raised \$10,000 worth of gifts  
5 already -- we actually were out soliciting gifts this  
6 morning -- and we have created great partnerships. We have  
7 presented to organizations such as PAG, TCC Commission, and  
8 we have spoken both at the City and bond hearings.

9           MS. ERICKSON: Maybe this will work better. Okay.  
10 To maintain the growing momentum of the TCC rehabilitation  
11 undertaking, we have chosen a central demonstration site for  
12 a quick win by Labor Day, 2014.

13           In addition to offering lasting value as a green space  
14 within the plaza, the demonstration area will allow us to  
15 test the technologies that will subsequently be used to  
16 renovate the entire area. University of Arizona materials  
17 lab faculty are helping us to create the original Eckbo  
18 bench design with essential modifications to avoid damage by  
19 skateboarders.

20           The original Eckbo planting design will be modified to  
21 accommodate climate change and the growing need for water  
22 conservation. The two missing trees will be replaced using  
23 silva cell technology, which I'll tell you more about in  
24 just a minute.

25           Informational signage will explain the intent of the

1 demonstration area, as well as its relationship to the  
2 planned rehabilitation of the entire plaza. Movable chairs,  
3 which have been so successful in Bryant Park in New York  
4 City, will be set outside during activities, but security at  
5 night to prevent loss.

6         Directly west -- wait a minute -- we've lost our silva  
7 cell here.

8         So the silva cell drawing is up on the left side of the  
9 screen here; it gives you more of an idea of how it works.

10         The tree essentially is planted with plenty of room  
11 underneath the plaza so that it can grow without raising the  
12 pavement. The silva cell also works as a water detention  
13 device in the plaza.

14         If you look at the picture on the right, what you  
15 see is a comparison. Steve Martino, 15 years ago -- Steve  
16 Martino is one of Arizona's sort of leading landscape  
17 architects at this point. In Phoenix, he planted trees on  
18 both sides of this street. On the left he planting them  
19 directly into the ground, and on the right he planted them  
20 into a construct which is like our intended silva cell,  
21 giving the tree space to grow, and I think you can see the  
22 contrast between the two.

23         MS. VAN DRUNEN ITTOOY: So immediately to the east  
24 of the demonstration site would be the steps to the Leo Rich  
25 Theatre. Here we will be able to replace two sets of badly

1 deteriorated doors that is a byproduct of the renovation of  
2 the arena as they will be taken away from the breezeway. At  
3 the base of the steps here, planters will be repositioned  
4 with greenery and flowers, which will be a welcomed sight.  
5 And while the Church Street entrance behind the Leo Rich was  
6 never intended to be point of egress, it has become just  
7 that. And so there will be additional wayfinding signage  
8 that will be added there. Similarly on the fountain plaza,  
9 there will be replica benches and there will be planters  
10 that have been commissioned from Larry Kornegay of Phoenix.  
11 The symphony, the Tucson Symphony Orchestra, has made a  
12 \$5,000 gift towards those planters.

13 Existing planters will be repositioned to their  
14 original artistic positions. And here you see a sample of  
15 the movable chairs that could be used on the plaza.

16 So our immediate next steps.

17 We have not so many days, 81, between now and Labor  
18 Day. So in the next 21 days our hope is to raise the  
19 balance of the 45,000 we need to implement this plan.

20 We will continue to build our collaborations with  
21 the University of Arizona in those situations that are both  
22 donated labor expertise and a potential for materials.

23 Funding is key. So you have received a copy of the  
24 budget. And it was broken down into each of these 3  
25 sectors. There are sufficient funds for contingencies in

1 each. And so we have high confidence that for \$55,000, we  
2 can create a space which will demonstrate to the public what  
3 might be possible in the Eckbo landscape with renovation.

4 We think that this will do a couple of things.  
5 One, it will pave the way for a yes vote on the bond issue;  
6 we think it will actually probably help with our inclusion  
7 in the bond because it will demonstrate that there is  
8 significant planning going into the place. And we hope that  
9 there will be some immediate gains of enjoyment by the  
10 patrons and the fans.

11 So what we would ask you to do today is to  
12 consider a \$25,000 gift that would help us in this effort.  
13 We would give to Rio Nuevo the kind of recognition that we  
14 will give to other substantive donors and we look forward to  
15 answering questions about our plans and talking with you  
16 further about it today. Thank you.

17 CHAIRMAN McCUSKER: Karla, thank you very much.  
18 Questions from the Board.

19 MR. SHEAFE: Of the 55,000, how much of it is  
20 actually going to go into the ground in visible improvements  
21 as opposed to into planning and . . .

22 MS. VAN DRUNEN ITTOOY: That's an excellent  
23 question, Mr. Sheafe. So both of our time is volunteer, so  
24 our expertise is being volunteered to the project. And in  
25 terms of -- so I'm going to take your question in two ways.

1 Things that will actually be sunk into the ground will be  
2 the silva cells, the trees and all the plant material. The  
3 planters will be affixed to the plaza. So that they would  
4 not be able to be moved. So I would say, it is probably  
5 between 35- and \$45,000 worth of the investment will in some  
6 way either be stationary or below grade.

7 MR. SHEAFE: All right. So that's a visual change  
8 for those people coming to that plaza?

9 MS. VAN DRUNEN ITTOOY: Yes.

10 MR. SHEAFE: Just to help you out or to ask a  
11 question: This is part of a much bigger plan for the whole  
12 fountain plaza?

13 MS. VAN DRUNEN ITTOOY: Yes.

14 MR. SHEAFE: How much do you anticipate will be  
15 spent to completely reinvigorate that space from one side to  
16 the other, including the bond proposal and the other  
17 elements?

18 MS. VAN DRUNEN ITTOOY: Yes. We're working  
19 closely with Elaine Becker to determine exactly what that  
20 would be. And of course as you read in the bond proposal,  
21 8.5 million is the number that's been earmarked. But  
22 honestly, we still share the question of, what percentage of  
23 the total need will that be?

24 MR. SHEAFE: Okay.

25 CHAIRMAN McCUSKER: We invest state tax dollars.

1 Our mission is to create return on those tax dollars. Do  
2 you have any plans to promote, have other activities, things  
3 that would draw people to this area that might otherwise  
4 spend money at our arena, our restaurants?

5 MS. VAN DRUNEN ITTOOY: That's an excellent  
6 question. There is research that's been done both  
7 nationwide on the return on investment of an arts community;  
8 and then there's very specific information that was studied  
9 for the Fox Theatre about two years ago.

10 And so from that we can tell you that beyond the  
11 ticket price, a patron to an arts event spends between 23  
12 and \$36 per person after the ticket. So that would be one  
13 part of the answer.

14 The other part of the question is activating the  
15 space. And in conversations with many people, this has come  
16 up -- we believe that at some point when there are  
17 sufficient number of spaces that could accommodate large  
18 groups, it will be a necessary conversation with the City or  
19 perhaps the new TCC management about -- actually a staff  
20 person to do that. Because the kinds of ideas that we have  
21 generated either would take a substantial volunteer group to  
22 manage those, or would take a staff person. At this point,  
23 it's something we're very much aware of but would be out of  
24 the purview of what we've defined as our mission at the  
25 moment.

1 MS. ERICKSON: One of things about this area is  
2 it's a great place of having temporally very short events.  
3 So that again, working with the City of Tucson, we would  
4 like to, for example, bring a student art exhibit into the  
5 space, or as you see here with the Noche en Blanco, you have  
6 people who came at very short notice to take advantage of  
7 the space. You can have fashion shows, you can have dessert  
8 trucks come in before a concert that would bring people into  
9 the space.

10 I think part of it is familiarity. I think a lot  
11 of people are still scared of the space; they see it as a  
12 dangerous place to go. And by putting the planters in, by  
13 having the chairs in the space, it becomes more understood  
14 this is a safe place to go and a place where you can enjoy  
15 yourself.

16 CHAIRMAN McCUSKER: Mr. Collins?

17 MR. COLLINS: Yes, Mr. Chairman.

18 CHAIRMAN McCUSKER: Can we even do this with the  
19 Notice to Proceed issue? I mean, how do -- if we were so  
20 inclined to contribute anything toward a project like that  
21 -- what are the legal issues?

22 MR. COLLINS: Mr. Chairman, members of the Board,  
23 If you determined that this expenditure was necessary or  
24 beneficial to the use of the TCC, it would qualify in my  
25 opinion as a secondary component of the District. The



1 primary component of course is the TCC.

2 If you made that determination, you could expend money  
3 on it. But not until, in my opinion, until after July 24th,  
4 because the Notice to Proceed is still a requirement, SB1351  
5 does not become law until July 24th.

6 So if you were so inclined -- to answer your  
7 question -- one, you have the authority, you just cannot  
8 exercise it or expend the money until after July 24th. Does  
9 that answer your question?

10 CHAIRMAN McCUSKER: Yes.

11 Mr. Moore.

12 MR. MOORE: Karla, Helen, I enjoyed meeting with  
13 you -- I guess it was a week ago or so -- and made a very  
14 good presentation and I appreciate the time you took.

15 My concern has always been is that Rio Nuevo is a  
16 kind of a matching funds basis with the City of Tucson. And  
17 so my first question to you: Have you gone to the City of  
18 Tucson for the \$25,000 that you're looking for?

19 MS. VAN DRUNEN ITTOOY: Actually we have developed  
20 a number of partnerships and we make determinations about  
21 who's the best person to approach in different cases. So we  
22 have made a contact. That contact is a better person than  
23 either Helen or I to approach the City and a conversation  
24 about that is either pending on ongoing. So, yes, we are  
25 the process of seeing if there would be some funds

1 that could match the other funds that have been given  
2 specifically from the City of Tucson.

3 MR. MOORE: And what about the County? Have they  
4 made a committment to --

5 MS. VAN DRUNEN ITTOOY: They are considering that;  
6 we have had that conversation as well.

7 MR. MOORE: Have they given you an indication of  
8 the amount of money that they might be willing to put up?

9 MS. VAN DRUNEN ITTOOY: No. But it was a very  
10 positive reception. And so I have seen this in many other  
11 fundraising efforts that I've been a part of. You come to a  
12 point where everyone wants to leverage their support with  
13 someone else's and so you try to take each of those  
14 conversations in incremental steps towards the center.

15 So the questions you are asking are excellent.  
16 And we are working towards coming to a point where a group  
17 of people could all leverage their funds together.

18 MR. MOORE: My feeling is that I think your  
19 project is worthwhile project and so forth. I'm just  
20 concerned that we work in a way that we're having matching  
21 funds -- especially from the other two governmental  
22 bodies -- that have an interest for downtown and keep our  
23 focus down here. And I think some of the merchants and  
24 developers that are working downtown should also be  
25 participants of this funding. It's not a lot of money and

1 if everyone came up with five grand or something like that,  
2 I would think you could get this thing funded.

3 I think from my experience from sitting on this  
4 Board there are a lot of concerned people about the  
5 community and everybody complains about a variety of  
6 different things, but very few people really step up to the  
7 plate. And I would just hate to see that Rio Nuevo is  
8 always the one that is going to have to come up and pick up  
9 the tab.

10 So my concern is that you look at getting  
11 commitment from the City and the County and that with that  
12 commitment, maybe we should then participate.

13 MR. RITCHIE: Can I make a comment?

14 MR. MOORE: Yeah.

15 MR. RITCHIE: I believe in a way that we already  
16 have in sweat equity matching funds from these ladies and  
17 the group that are putting their time and effort in planning  
18 this. Because I think if they bill us for their hours with  
19 their masters degrees and landscaping, that I think we might  
20 well to get to those numbers that we are already at.

21 So me personally, I think this is a fantastic  
22 project, and thank you very much.

23 MS. VAN DRUNEN ITTOOY: Thank you.

24 CHAIRMAN McCUSKER: One thing you might consider,  
25 Alberto, would be whatever contribution we make, make it

1 subject to it being matched -- they do that to us all the  
2 time -- and put the monkey back on the City and the County's  
3 back.

4 MR. MOORE: That's fine too. Sure.

5 CHAIRMAN McCUSKER: And that might actually help  
6 you if you could go to them and say, look, we have this --

7 MS. VAN DRUNEN ITTOOY: Yes.

8 CHAIRMAN McCUSKER: -- grant, but it's subject to  
9 your ability to match it. So --

10 MR. MOORE: That works for me.

11 MS. COX: Mr. Chairman, may I --

12 CHAIRMAN McCUSKER: We got a couple questions  
13 here, Jannie.

14 MR. IRVIN: I think Chris was next.

15 CHAIRMAN McCUSKER: Mr. Sheafe.

16 MR. SHEAFE: Actually, Fletcher made the point.  
17 But I was saying, you know, your budget's 45,000 and you're  
18 asking us for 25. And the other 20,000, I guess, would be  
19 coming from others, that you're now putting that together.  
20 So my question to you was, would it be helpful to you to be  
21 able to say we got this 25 if you step in and do your part?

22 MS. VAN DRUNEN ITTOOY: It would be  
23 extraordinarily helpful. And I think that -- to speak to  
24 Mr. Moore's question as well, if Rio Nuevo could see it's  
25 way clear to making a \$25,000 commitment, while

1 percentage-wise it would be larger perhaps than other gifts,  
2 it would demonstrate leadership. And I think that's what we  
3 really need to get this off the ground in the next 81 days.  
4 Because there will be many other opportunities the next five  
5 to 10 years to have others participate in this. But then  
6 you would have been there first, and that leadership would  
7 be very important.

8 MR. IRVIN: So Karla and Helen, a couple of  
9 questions for you. So obviously this where we kind of show  
10 the public what could occur with Eckbo fountains, which what  
11 we know have been in a really incredibly deteriorating  
12 state. We've seen a lot there with the signage and the  
13 benches and things that really were never part of the Eckbo  
14 fountain, so I always get nervous when I hear people talking  
15 about signage and benches and all that kind of stuff. And  
16 I'm just making the assumption, please correct me -- if I'm  
17 correct, that you've had some discussions with Jonathan  
18 Mabry and other people in the City. And that when these  
19 things are restored, they're going to be restored in the  
20 vision that I think Eckbo had when he initially did it; is  
21 that correct?

22 MS. ERICKSON: Actually, I should probably answer  
23 that.

24 We have made an arrangement now that we are in the  
25 Arizona state historic register that anything that is done

1 in this space has to be approved by the Tucson Historic  
2 Preservation Commission plan's review subcommittee.

3 So the result of this is, any work that is done  
4 here, anything that is taken out, anything's that's put in,  
5 has to be reviewed. So a lot of things that have happened  
6 in the past have happened because there was no supervision  
7 of the space, nobody was looking out for the entire site.

8 So now we have a body people who will be looking at  
9 what happens. And I think you can assume that this is now  
10 going to be an intelligent way to deal with the historic  
11 landscape.

12 MR. IRVIN: I appreciate your efforts. And I tell  
13 you from my perspective it goes very well with kind of  
14 our -- my vision and I think a lot of people's vision -- on  
15 public-private partnerships. We, as a Board, as you know,  
16 made a much larger investment in the TCC arena than our  
17 assemblment required us to, and because of that, what we've  
18 seen is the City throwing money in on top of our money;  
19 we've see the County take the Eckbo fountains and Leo Rich  
20 and the Music Hall and put them all up on, you know, second  
21 choice as far as the things it's wanted to see funded. So I  
22 think it's a great use of our money, and I commend you on  
23 what you're doing.

24 MS. VAN DRUNEN ITTOOY: Thank you.

25 MS. ERICKSON: Thank you.

1           CHAIRMAN McCUSKER:  What's the Board's pleasure?  
2  You're burning daylight.

3           MS. COX:  Mr. Chairman --

4           CHAIRMAN McCUSKER:  Hang on, I recognized Alberto.  
5  Stand by.

6           MS. COX:  Okay.

7           MR. MOORE:  I'd like to make a motion based on  
8  what you said, Fletcher, of the matching fund, the City and  
9  County will come up with \$10,000 each then Rio Nuevo would  
10 make a commitment of \$10,000.

11          CHAIRMAN McCUSKER:  I'm not hearing any seconds.

12          MR. HILL:  I'll second it for the purposes of  
13 discussion.

14          CHAIRMAN McCUSKER:  Okay.  Jannie, did you hear  
15 the motion?

16          MS. COX:  I did.

17          CHAIRMAN McCUSKER:  All right.  So the motion is  
18 to offer \$10,000 subject to that number being matched by the  
19 City and the County.  Any discussion?

20          MR. IRVIN:  To me I'd love to see them match --  
21 both of them match.  I don't know if I would personally  
22 place that kind of restriction on there.  I would just  
23 rather it be a matching opportunity for whomever.

24                 I think it would be neat if the private sector got  
25 involved and others got involved.  But I don't really care

1 if it's City or County. It think it'd be great if they did  
2 so, I'm just not sure I'd put that one restriction on there.

3 MR. SHEAFE: Could I add an amendment. And we'll  
4 see if we can get this --

5 CHAIRMAN McCUSKER: He's the motioner, so --

6 MR. MOORE: I mean, I have no problem with Mark's  
7 comment. If you can get another 20,000 from other parties,  
8 other than -- that's fine, we can commit 10,000.

9 MR. IRVIN: I guess also --

10 MS. COX: Mr. Chairman, I realize we have a motion  
11 on the floor but if the offer of that motion would --  
12 perhaps we can vote on that motion. And then I would like  
13 to propose a different motion.

14 CHAIRMAN McCUSKER: You might offer to amend his  
15 motion. Chris was beginning to go down that path. So we  
16 can proceed any way you want. We can amend. Mr. Moore  
17 seems amenable to an amendment. So it's his motion, so he  
18 would have to agree to amend it. Or we can vote on it and  
19 you can offer a replacement motion.

20 MS. COX: Then I would like to offer an amendment  
21 that we authorize and direct a matching contribution of  
22 \$25,000. And the match is intended to include cash,  
23 pledges, and gifts in kind from any party or public entity.

24 CHAIRMAN McCUSKER: Does everybody understand  
25 that?



1 MR. IRVIN: Yep.

2 MR. RITCHIE: Yeah. Do we have to second that  
3 amendment?

4 CHAIRMAN McCUSKER: No. Alberto would have to  
5 agree to the amendment.

6 MR. MOORE: I don't agree to that because of the  
7 amount of money, Jannie. I think if the budget is \$45,000  
8 and they've already collected 10, let's see what happens  
9 with the finished product. To me, that's what we should be  
10 looking for and that's the model to go forward with this.

11 MS. COX: My understanding that the record is  
12 \$55,000 and they have raised 10 of that so far, so there's  
13 35 left, that is true.

14 CHAIRMAN McCUSKER: I can save you some Robert's  
15 Rules of Order anxiety because he's not accepted your  
16 amendment. So if somebody else wants to offer another  
17 amendment, if not, we're going to vote on the motion.

18 MR. SHEAFE: Let's call the question.

19 CHAIRMAN McCUSKER: The question's been called  
20 for. Michele, call the roll. Everybody understand the  
21 motion? Anybody need the --

22 MR. MOORE: Why don't you repeat it.

23 CHAIRMAN McCUSKER: Okay. The motion is to  
24 approve \$10,000, subject to that being matched by the County  
25 and the City.

1 MR. MOORE: No. But also what Mark had included.

2 CHAIRMAN McCUSKER: So you did accept an  
3 amendment?

4 MR. RITCHIE: What was Mark's amendment?

5 MR. IRVIN: I said that it would be matched by  
6 whoever.

7 MR. RITCHIE: Yeah. But we're only committing  
8 \$10,000.

9 CHAIRMAN McCUSKER: \$10,000. Matched by anyone.  
10 All right. Michele, call the roll.

11 MS. BETTINI: Cody Ritchie?

12 MR. RITCHIE: No.

13 MS. BETTINI: Alberto Moore?

14 MR. MOORE: Yes.

15 MS. BETTINI: Chris Sheafe?

16 MR. SHEAFE: No.

17 MS. BETTINI: Fletcher McCusker?

18 CHAIRMAN McCUSKER: Make me last.

19 MS. BETTINI: Mark Irvin?

20 MR. IRVIN: No.

21 MS. BETTINI: Jeff Hill?

22 MR. HILL: No.

23 MS. BETTINI: Fletcher McCusker?

24 CHAIRMAN McCUSKER: No. Okay. No votes of 6 to  
25 one. That motion is defeated.

1 Jannie, you want to try another motion?

2 MS. COX: I would, please.

3 I move that the Board authorize and direct a  
4 matching contribution of \$25,000 for use as part of the  
5 Quick Wins by Labor Day project to improve and renovate the  
6 Eckbo landscaping and surrounding area adjacent to the  
7 District TCC property provided that the funds for such  
8 contribution are neither paid nor expended prior to July 25,  
9 2014. The match is intended to include cash, pledges, and  
10 gifts in kind.

11 MR. RITCHIE: I second it.

12 CHAIRMAN McCUSKER: Okay. We have that motion and  
13 Cody seconded that. Any further discussion?

14 Michele, call the roll.

15 MS. BETTINI: Cody Ritchie?

16 MR. RITCHIE: Yes.

17 MS. BETTINI: Alberto Moore?

18 MR. MOORE: No.

19 MS. BETTINI: Chris Sheafe?

20 MR. SHEAFE: Yes.

21 MS. BETTINI: Mark Irvin?

22 SECRETARY IRVIN: Yes.

23 MS. BETTINI: Jeff Hill?

24 MR. HILL: No.

25 MS. BETTINI: Fletcher McCusker?

1 CHAIRMAN McCUSKER: Yes.

2 So that's -- oh, Jannie?

3 MS. COX: Yes.

4 CHAIRMAN McCUSKER: So that's 5 yeses; 2 noes.

5 The motion passes.

6 So we'll be in touch. Ladies, thank you very much  
7 for your efforts, and it's nice to see private citizens  
8 engaged to the extent you are.

9 MS. VAN DRUNEN ITTOOY: Thank you. My I ask a  
10 clarifying question. Would it be the Board's intention that  
11 that matching gift could be fulfilled in increments, or only  
12 when the total \$25,000 had been raised?

13 CHAIRMAN McCUSKER: We'd have to go back and visit  
14 the motion. We'll ferret that out and talk to you after the  
15 meeting.

16 MS. VAN DRUNEN ITTOOY: Thank you.

17 CHAIRMAN McCUSKER: The Arena Site.

18 Mr. Sheafe, it's your agenda item, go ahead and  
19 update us on what you need.

20 MR. SHEAFE: For the public's benefit, there is a  
21 60-inch sewer main from south to north, along the east  
22 alignment of the arena parcel.

23 (Mr. Hill leaves the proceedings.)

24 In order to trans -- have drainage moved from east  
25 west, from property east of the arena parcel, there needs to

1 be a crossing of that sewer line. The sewer line is less  
2 than 30-inches below the surface; and therefore, in order to  
3 cross that sewer line, given its condition, requires  
4 extensive bridging in order for a structure to be built  
5 that's quite extensive.

6 Pima County Wastewater is looking at and planning the  
7 concept of lining the sewer line with a glass liner, which  
8 allows that sewer line to be reinforced and essentially  
9 brought into almost new condition.

10 With that liner in place, that would allow the  
11 structure to be (microphone interference) across the top of  
12 it that eliminates a great deal of the engineering expense.

13 (Mr. Ritchie left the proceedings.)

14 We have been talking to the Pima County Wastewater  
15 for some time trying to find a way of participating that  
16 will eliminate the burden on whoever develops the Arena  
17 parcel to engineer that crossing at a much more cost  
18 effective way.

19 So having that as a background, I propose that we  
20 authorize the expenditure of \$60,000, which is a very small  
21 component of the overall cost of that lining, to be paid by  
22 Rio Nuevo, which has the benefit of providing assurance to  
23 the buyer of the arena parcel or any portion of it that they  
24 have assurance on what the requirements will be if they need  
25 to build across the sewer line, and then that money be paid

1 only after and subject to Pima County moving ahead with its  
2 project within one year.

3 CHAIRMAN McCUSKER: So make that a motion and  
4 we're probably good.

5 MR. COLLINS: I think he did.

6 CHAIRMAN McCUSKER: He made a proposal.

7 MR. SHEAFE: Oh, I'm sorry. I used the word  
8 proposal. I meant -- strike that out and put motion.

9 CHAIRMAN McCUSKER: So he's made that a motion.  
10 Anybody want to second that?

11 MR. IRVIN: I'll second for discussion.

12 CHAIRMAN McCUSKER: Okay. Everybody understand  
13 what we're talking about is a \$60,000 commitment would not  
14 be expended before we resolve the Notice to Proceed issues;  
15 nor would it be expended if the County renigs, right,  
16 Mark? -- on any of its efforts, and it dramatically improves  
17 the developability of that lot. So any questions of Chris?  
18 He's done a great deal of work getting this through the  
19 County and the wastewater.

20 Mr. Irvin.

21 MR. IRVIN: So Chris, I you know -- first off,  
22 thank you, I know worked very diligently on this. Thanks  
23 for bringing it to a head. I can assume this is going be  
24 the end of the discussion on the drainage issue for the  
25 Arena Lot?

1           MR. SHEAFE: Yes. It provides I think significant  
2 value to anybody trying to buy the Arena Lot in terms of  
3 understanding what their expenses of development are; and it  
4 provides insurance with the Pima County that they're going  
5 to get some participation that motivates them to go forward.  
6 I specifically included one year because you can't just do  
7 this work any time of the year; there are certain pressures  
8 that are on that line so they have to fit it in. And it has  
9 to be after the period they're in right now, which will  
10 probably fall into this fall. I should also say that the  
11 work they're going to be doing is well in excess of a  
12 million dollars. So our 60,000 --

13           MR. IRVIN: Is this about a fourth of what we had  
14 thought this was going to cost us when we first started  
15 examining this?

16           MR. SHEAFE: A little less than a quarter.

17           MR. IRVIN: Yes. Just maybe one question for Mark  
18 Collins, counsel, if you don't mind.

19           So we got the RFP out on the Arena Site and  
20 obviously this was not something that was addressed. How do  
21 we address that? Do we need to address that? Do we wait  
22 until we get the bids in? How does that work?

23           MR. COLLINS: The RFP is not affected by this  
24 provided that the change that Mr. Sheafe is talking about  
25 does not put a thumb on the scale for any proposer.

1           My understanding from the discussions that I've had  
2 with Mr. Sheafe, that this is a infrastructure improvement  
3 that will not have any better or worse impact for any  
4 proposer. So in my judgment, this is RFP neutral. It does,  
5 however, if it goes forward -- it does however allow the  
6 District to have one more infrastructure development to be  
7 talking about providing to the number one proposer when you  
8 have that number one proposer.

9           MR. IRVIN: Thank you.

10           CHAIRMAN McCUSKER: Okay. We have a motion and a  
11 second, any further comment questions? All in favor say  
12 aye?

13           (ayes.)

14           Any opposed, nay.

15           MS. COX: Aye.

16           CHAIRMAN McCUSKER: Thank you, Jannie. We got  
17 you. So ordered.

18           Okay. So West Side Parcel.

19           Mark, we're going to get an update from you on the  
20 deed. Let me just kind of share with everyone in the  
21 audience that is particularly interested in this parcel.  
22 You will recall it was February a year ago that we were  
23 awarded this property as part of the settlement that the  
24 City -- that we were then and today very interested in its  
25 development.



1           We have advanced what we think is an opportunity  
2 to develop something very culturally significant on the West  
3 Side, that is a lienzo, or so called charro ring.

4 Unfortunately as we sit here today, we still do not have a  
5 deed. And we've raised some issues pertaining to the City  
6 and City attorney to expedite that. But I think we're  
7 prepared to take some steps as a Board to begin the process  
8 of public conversation to develop that parcel along the  
9 lines that we've always envisioned it; and especially  
10 Alberto, who's been a champion of this property since day  
11 one.

12           So tell us, Mark, just exactly what are the issues with  
13 the deed, and what do we need to do to resolve the deed so  
14 we can move forward on this on the project?

15           MR. COLLINS: As far as the deed is concerned,  
16 Mr. Chairman, and members of the Board, we are in the same  
17 spot we were in March. As you know, WLB has been engaged to  
18 prepare an ALTA survey, you need a survey before you can  
19 have a deed. WLB needs information from the City of Tucson,  
20 and we have yet to get that information.

21           As soon as that information is received, we can have a  
22 legal description, a deed can be tendered, and hopefully  
23 signed promptly, and title conveyed to this Board.

24           CHAIRMAN McCUSKER: I think we tabled a item from  
25 the last meeting too as it relates to WLB's ongoing

1 engineering engagement. So that could be part of this  
2 conversation, probably would require a separate motion.

3 But I would recommend for the Board to consider us  
4 retaining an architect to begin to design and work through  
5 the site planning of that property. I also think that we've  
6 got to plan on some additional engineering expense as it  
7 relates to -- we have WLB under contract to authorize them  
8 to continue to provide them some consultative services to  
9 us; those would need to be separately considered. Mr. Moore  
10 is conflicted with the WLB group.

11 So I still have a quorum.

12 I don't know, Alberto, what you'd want to say, but  
13 I'd like to get after it and I think, deed or not, everybody  
14 knows our intentions, and it sounds like it's just some  
15 technicality that's holding you up from actually retaining  
16 the deed.

17 MR. COLLINS: It's cooperation that I need, yes.

18 MR. SHEAFE: Is there any doubt in your mind about  
19 our agreement with the City to receive that West Side  
20 Parcel?

21 MR. COLLINS: None.

22 MR. SHEAFE: Okay.

23 MR. MOORE: I would like to go forward with what  
24 Fletcher's recommending and look at not only the engineering  
25 team, look for an architect, but also some kind of overall

1 manager. And I think we talked about an RFP or something  
2 like that that might be useful to search out a manager of  
3 sorts, or a company that can handle this the operation.

4 MR. COLLINS: Member Moore, there are a number of  
5 ways to go about it, but I believe what their concept has  
6 been is to put out an RFP for the ultimate operator of the  
7 development, and the thought process is that you do that  
8 early on so that operator can have input with the design  
9 professional, the architect that Chairman McCusker was  
10 talking about, so you tee those up and you try to stage  
11 those at about the same time.

12 Let me touch on Chairman McCusker's comment. An  
13 architect under these circumstances certainly can be direct  
14 selected. You could also do it under the cooperative  
15 purchasing agreement with the COT; but you certainly -- you  
16 folks, as professional service, and if you elected to engage  
17 a particular architect, you could certainly do that.

18 CHAIRMAN McCUSKER: As the RFP isn't specifically  
19 agendized, would I have to put that on a subsequent agenda  
20 to authorize us to procure a partner and operator? I did  
21 agendize the architect, we haven't agendized the  
22 engineering, but how much am I stretching the agenda if we  
23 talk about an RFP?

24 MR. COLLINS: You would be stretching the agenda,  
25 Chairman McCusker. I will tell you that we started with the

1 RFP based upon what we thought was going to be on the agenda  
2 last time. I think the RFP could be ready for you on the  
3 15th.

4 CHAIRMAN McCUSKER: All right. So let's do this,  
5 if the Board's so inclined, I think Alberto and I would like  
6 to move forward on that property. We had been the  
7 designated representatives for the Board for that. So if  
8 you would authorize us to recruit and retain an architect,  
9 that would be allowable, right, Mr. Collins, under our  
10 procurement?

11 MR. COLLINS: Yes, Mr. Chairman.

12 CHAIRMAN McCUSKER: So that should probably come  
13 from someone other than Alberto and I.

14 I don't think anybody else -- is anybody else  
15 conflicted on that property?

16 MR. COLLINS: Not that I'm aware of.

17 MR. IRVIN: I guess I'd like to make a motion.  
18 I'm fine with going forward with that. But I'd like to add  
19 Chris to that list of three as it relates to trying to  
20 solicit the architect. I think you're uniquely qualified  
21 for that.

22 MR. COLLINS: Second that amendment?

23 CHAIRMAN McCUSKER: Who made the -- what happened?

24 MR. IRVIN: We didn't make a motion.

25 CHAIRMAN McCUSKER: So you may need to --

1           MR. SHEAFE: I'll make the motion for Fletcher so  
2 that you can --

3           MR. IRVIN: Well, I already made a motion that it  
4 would be you, Fletcher, and Alberto.

5           MR. SHEAFE: Then I'll second your motion.

6           MR. COLLINS: So that's your motion, Mark?

7           MR. IRVIN: That's my motion.

8           CHAIRMAN McCUSKER: And you're going to second?  
9 You can't second that because he's appointing you to the  
10 committee. So --

11          MR. IRVIN: One guy left.

12          MR. RITCHIE: I second it.

13          CHAIRMAN McCUSKER: So the motion from Mr. Irvin  
14 is to allow Mr. Sheafe, Mr. Moore, and I, to recruit and  
15 retain an architect for the purposes of developing a West  
16 Side Parcel plan? Simply put? All right.

17                 All in favor say aye.

18                         (ayes.)

19                 Any opposed, nay.

20                 Thank you. All right. So we'll move ahead on  
21 that.

22                 Now as it relates to WLB we will continue to incur  
23 some engineering expenses. So I would need authority to  
24 continue to do that. Mr. Moore's conflicted.

25                 MR. SHEAFE: So moved.

1 MR. IRVIN: Second.

2 CHAIRMAN McCUSKER: All right. Do you want to put  
3 a number on that?

4 MR. COLLINS: I believe the proposal had -- a cap  
5 of 25,000 is the last number so --

6 CHAIRMAN McCUSKER: So if you will amend that,  
7 Chris, to put a \$25,000 cap?

8 MR. SHEAFE: I will. Accepted.

9 CHAIRMAN McCUSKER: Any further discussion? All  
10 in favor say aye?

11 (ayes.)

12 CHAIRMAN McCUSKER: Any opposed, nay.

13 Okay. And then the final item on the agenda. We  
14 talked about this as it relates to the ratings downgrade.

15 The State responded immediately and it provided us with  
16 an intergovernmental agreement that would allow the District  
17 and the District staff access to taxpayer records within the  
18 TIF.

19 By way of information and background, there are over  
20 1100 merchants that reside in the TIF. We cannot tell you  
21 today if one or all of them is paying and are properly  
22 coding their tax returns. It's been a huge issue for this  
23 District forever, certainly since I got involved two years  
24 ago this month.

25 And the State's position has been, we are not within

1 the authority circle that would allow us to be privy to  
2 taxpayer data. However, they have determined that they can  
3 resolve that by entering into this intergovernmental  
4 agreement that would allow us to look into taxpayer  
5 database, determine if people are indeed in the TIF, and if  
6 in fact they are paying their taxes but moreover, have they  
7 properly coded their tax return.

8 So this is a huge win for us. We have an  
9 agreement, Mark; what's that status of the actual IGA?

10 MR. COLLINS: Mr. Chairman, members of the Board,  
11 we received a draft from the ADOR on Wednesday; it's a nice  
12 beginning. The concern I have is that when it's finalized  
13 it be in such a fashion that the CFO, Mr. Meyers, and  
14 Michele, can access the information, and you folks can begin  
15 to chart forward.

16 So in my judgment what needs to happen sooner  
17 rather than later is a meeting with Dan and Michele and the  
18 people at ADOR. Once they tell me what it is precisely that  
19 they need, I can put it into the agreement and then it can  
20 be executed. The sooner it happens the better, in my  
21 judgment.

22 CHAIRMAN McCUSKER: Mr. Moore.

23 MR. MOORE: It was my understanding some time ago  
24 when we were looking at the TIF, that we were trying to  
25 recommend that there would be a different colored paper that

1 would identify the funds.

2 So people who are within the TIF district would  
3 not get a white sheet of paper -- whatever they have to fill  
4 in the blanks -- but maybe a different color blue, so it  
5 could always be consistent and they don't have to  
6 necessarily say they are in the TIF grid, they just know  
7 that that's a TIF tax, whatever it is.

8 MR. COLLINS: I'm not --

9 MR. MOORE: Does that make sense?

10 MR. COLLINS: It does make sense, although I  
11 wasn't privy to that. The way the draft came to us is,  
12 really, there's two principal components. One, they're  
13 going to provide us with certain information. My biggest  
14 question on that is whether that's the right stuff and how  
15 quickly it's provided.

16 And number two, that anybody at the District keep  
17 that information confidential. This is taxpayer  
18 information; it has to be confidential. I see no problem  
19 with that second component, it's the first component.

20 CHAIRMAN McCUSKER: Michele, a lot of those are  
21 electronically filed now, aren't they?

22 MS. BETTINI: (Nods head.)

23 CHAIRMAN McCUSKER: So they've gotten mostly to an  
24 electronic system.

25 MR. MOORE: Okay. But my concern was -- and this



1 was in the early days -- several of these companies that are  
2 paying these sales taxes are outside Tucson.

3 CHAIRMAN McCUSKER: Right.

4 MR. MOORE: And they might reside back east. So  
5 the corporate offices are the ones that really don't give a  
6 damn, and they're just going through the motions. So they  
7 just follow a path that's the least -- we need to figure out  
8 a path that that corporate level just automatically  
9 recognizes that this is the TIF --

10 MR. IRVIN: Is there any other group like us that  
11 has a separate color coding or anything like that?

12 MR. COLLINS: I haven't . . . I'm not familiar  
13 with that.

14 CHAIRMAN McCUSKER: But with the data we can hound  
15 them. If I knew, if Michele knew, if Dan knew, that  
16 Wal-Mart was not coding the --

17 MR. COLLINS: Right.

18 CHAIRMAN McCUSKER: -- return, we could chase them  
19 down, call on the right people, educate them about how to  
20 fill out the returns, sit with them, there's a lot of things  
21 we could do if we know.

22 So knowledge is our first opportunity, and this  
23 hopefully will allow us not only to identify a store, but  
24 pick stores at random that we could then work with the State  
25 to see if they were properly coded.

1           MR. MOORE: The problem that I saw -- at the  
2 corporate level, they're the ones making the decision. You  
3 can't talk to the Walgreens manager. And if that's not --  
4 it's above his pay grade, he's just gonna do what he has to  
5 do. And so we need to find some way of reaching out to the  
6 corporate level and the decision makers.

7           CHAIRMAN McCUSKER: We have the data. The State's  
8 going to know who fills out the returns. So we're going be  
9 able to identify whether they're in Burlington, Vermont or  
10 Bentonville, Arkansas.

11          MR. IRVIN: Right now it's a shot in the dark.  
12 Michele is calling people, not knowing if any of those  
13 people have filled out their stuff correctly. I mean, if we  
14 knew exactly who was and who wasn't, we'd solve all that  
15 stuff.

16          MR. SHEAFE: Sure. What we're going to solve is  
17 that we now will have an advocate in the process, advocating  
18 to make sure. Because they don't pay a different tax. It's  
19 the same tax, and it's the State figuring out they're going  
20 to allocate it --

21          CHAIRMAN McCUSKER: So can we authorize Mark to  
22 finalize the agreement and allow the executive officer to  
23 execute.

24          MR. SHEAFE: Absolutely.

25          MR. COLLINS: Can you do that? Yeah. Obviously

1 I'm going to need a motion.

2 CHAIRMAN McCUSKER: Someone move that and we're  
3 out of here.

4 MR. SHEAFE: So moved.

5 MR. IRVIN: Second.

6 CHAIRMAN McCUSKER: That's the executive officer,  
7 does that work?

8 MR. IRVIN: Oh, excuse me.

9 MR. COLLINS: This Board has not adopted Robert's  
10 Rules of Order.

11 CHAIRMAN McCUSKER: We're good. So Mr. Sheafe  
12 made the motion, Mr. Irvin seconded it, that we allow you to  
13 finish the document. We authorize the executive officers to  
14 execute. So we don't need to bring it back to the Board.

15 MR. COLLINS: Assuming that passes.

16 CHAIRMAN McCUSKER: All right. Cody, you  
17 following that?

18 MR. RITCHIE: Mm-hmm.

19 CHAIRMAN McCUSKER: All right. All in favor say  
20 aye.

21 (ayes.)

22 All opposed, nay.

23 Okay. Thank you very much. Any audience calls,  
24 Michele?

25 MS. BETTINI: (shakes head.)

1           CHAIRMAN McCUSKER: Thank you everyone, I need a  
2 motion to adjourn.

3           MR. IRVIN: So moved.

4           MS. COX: Second.

5           CHAIRMAN McCUSKER: All in favor say aye.

6                           (ayes.)

7           We are adjourned. See you on July 15th.

8                           (Meeting concluded at 4:51 p.m.)

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C E R T I F I C A T E

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

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John Fahrenwald