

RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
January 22, 2013
2:00 p.m.

REPORTED BY:

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1 (Meeting commenced at 2:02 p.m.)

2 CHAIRMAN McCUSKER: So Jannie is running a little
3 bit late. We will go ahead and call the meeting to order.

4 And Cody, you get to do the Pledge of Allegiance.

5 (Pledge of Allegiance was recited.)

6 CHAIRMAN McCUSKER: Michele is out ill. She'll be
7 on her feet in a couple of days, she says.

8 Mr. Collins, you're going to do roll call first.

9 MR. COLLINS: Alberto Moore?

10 SECRETARY MOORE: Present.

11 MR. COLLINS: Cody Ritchie?

12 MR. RITCHIE: Here.

13 MR. COLLINS: Jeff Hill?

14 MR. HILL: Here.

15 MR. COLLINS: Fletcher McCusker?

16 CHAIRMAN McCUSKER: Here.

17 MR. COLLINS: Chris Sheafe?

18 CHRIS SHEAFE: Here.

19 MR. COLLINS: Mark Irvin?

20 MR. IRVIN: Here.

21 CHAIRMAN McCUSKER: Jannie is on her way.

22 It is noted we have a quorum. We normally would
23 approve the minutes. With Michele out -- unless you can
24 confirm for me that you got the last two sets of minutes --
25 we may just defer that item. I can't tell you honestly,

1 neither can you, that both sets are --

2 MR. COLLINS: Mr. Chairman, I don't recall whether
3 the December 12th and the December 18th -- I believe those
4 are the two meetings -- have been circulated. I don't know.

5 CHAIRMAN McCUSKER: With that, unless there's no
6 objection -- unless there is an objection, we'll defer that
7 to the next meeting.

8 Okay. We've got a busy Executive Session, so if
9 someone will move, we'll adjourn to exec session.

10 CHRIS SHEAFE: I move to go to Executive Session.

11 MR. IRVIN: Second.

12 CHAIRMAN McCUSKER: All in favor, say aye.

13 (Ayes.)

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

16 (Ms. Cox entered the proceedings at 2:03
17 p.m.)

18 MR. COLLINS: Make a note that Ms. Cox has
19 arrived.

20 (The Board adjourned to Executive Session at 2:04 p.m.)

21

22 (Meeting reconvened at 3:30 p.m.)

23 CHAIRMAN McCUSKER: Okay. We're back in business.
24 We'll entertain a motion to reconvene.

25 MR. HILL: So moved, Mr. Chairman.

1 MS. COX: Second.

2 CHAIRMAN McCUSKER: Mr. Hill and Ms. Cox. All in
3 favor, say aye.

4 (Ayes.)

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

7 CHAIRMAN McCUSKER: Okay. We're back in business.
8 It looks like we can stay pretty close to the
9 agenda. In the interest of time, we may shorten some
10 pieces. Both Terri and Lori are here if we have questions
11 on the marketing piece.

12 Just a quick update from me and we'll move into
13 the agenda as quickly as we can.

14 Even though it's hard for us to show tangible
15 evidence of this, we've all been working really hard on the
16 Rio Nuevo-City of Tucson relationship. And I think you'll
17 get the same thing from the Mayor -- and counsel, if you
18 were to ask them -- I believe we have agreement on the
19 business terms that would settle the disagreements between
20 the two jurisdictions.

21 We still have some legal work that has to be done.
22 We were hopeful to have that by today. That's not the case,
23 so we probably will, indeed, need a special meeting to
24 finalize the settlement.

25 In that regard, the next City Council meeting is

1 February 5th -- so if you would look at your calendars --
2 and we'll get Michele to confirm your availability for a
3 possible special meeting on February the 5th.

4 Once we are settled, Bill's going to report on
5 cash here in a few minutes. We do have some money, and I
6 think we're eager to get back to work. And we've kind of
7 prioritized our projects, from the TCC, to the Mission
8 Gardens, to the Fifth and Congress, to the Granada Hotel
9 projects. So if indeed by the first week of February we can
10 have a settlement agreement, it's conceivable that in
11 February, we can actually have some redevelopment projects
12 that go live.

13 And Bill, when we do that, we've committed to the
14 public that those will be trackable online. So you'll be
15 able to go to the TCC Project link and see the money we've
16 committed to the project and the money that we've spent, to
17 date.

18 Transparency's been a huge problem of the past for
19 Rio Nuevo, and we want to be totally transparent as we start
20 spending money. And you know, I'm keeping all my fingers
21 crossed here that we have an agreement by the first week of
22 February.

23 Mark, you want to talk about the settlement, kind
24 of where we are and what you need from us to keep moving?

25 MR. COLLINS: Well, Mr. Chairman, I think you've

1 summarized it rather well.

2 We are "this close" to getting it done. There are
3 some legal issues that still remain. And what I would need
4 from the Board is a resolution directing you and me to
5 continue the process so that we can resolve the one last
6 issue before this Board gets to deal with the entire
7 agreement. Because if we reached -- if we're able to
8 resolve that one last issue, then I think the Board would be
9 in a position to go through the debate of it and decide
10 whether or not it wanted to --

11 CHAIRMAN McCUSKER: So it could be as simple as us
12 instructing you to continue to move toward a global
13 settlement that we can look at and then approve or not?

14 MR. COLLINS: As I was instructed in Executive
15 Session, yes.

16 CHAIRMAN McCUSKER: All right.

17 MR. SHEAFE: Could I can ask a question?

18 CHAIRMAN McCUSKER: Please.

19 MR. SHEAFE: If the council meets at, I believe,
20 one or two o'clock, you probably would want to hold a
21 special meeting prior to that. Would it make sense to -- if
22 we get something done, meet Monday afternoon rather than
23 trying to cram it into Tuesday morning?

24 CHAIRMAN McCUSKER: I suppose we could. I mean,
25 we should probably look at those available dates.

1 MR. SHEAFE: Monday would be --

2 MR. COLLINS: Chris -- and Mr. Sheafe, excuse
3 me -- that makes some sense to me, depending on everybody's
4 calendar. I think that you guys are going to want to have
5 some time to digest it and so forth, so...

6 MR. IRVIN: Could we just check to see where
7 everybody is? I'm available.

8 CHAIRMAN McCUSKER: I'm available on the 4th, 5th.

9 MR. IRVIN: Any time on the 4th?

10 MR. HILL: The Mayor's secretary, or whatever she
11 is, said that the Council meeting is 5:30 the 5th.

12 MR. COLLINS: Oh, is that so?

13 MR. HILL: That's what she told me.

14 MR. COLLINS: Okay.

15 CHAIRMAN McCUSKER: So they would -- they probably
16 have a study session in the afternoon. And then the council
17 probably is 5:30.

18 So it's conceivable that you could do it all on
19 the same day. But let's check availability on February 4th
20 and February 5th. If you have that now, go ahead and let us
21 know that. If not, Michele will get back to you.

22 MS. COX: I'm available either day.

23 MR. IRVIN: I'm available either day, except for
24 on Tuesday, I couldn't do it before three o'clock.

25 CHAIRMAN McCUSKER: That's Tuesday the 5th?

1 MR. IRVIN: Tuesday.

2 CHAIRMAN McCUSKER: All right.

3 MR. COLLINS: So Monday would be better for you,
4 then?

5 MR. IRVIN: Monday would be better for me.

6 CHAIRMAN McCUSKER: Cody, you around?

7 MR. RITCHIE: I'm fine both those days.

8 CHAIRMAN McCUSKER: Alberto, you fine?

9 SECRETARY MOORE: I'm fine.

10 CHAIRMAN McCUSKER: It sounds like we're good
11 either day, except for Mark.

12 MR. COLLINS: But it's better for Mark if we did
13 Monday.

14 MR. SHEAFE: I prefer Monday also.

15 MR. COLLINS: That's going to be a tight one
16 because Tuesday is their meeting at 5:30.

17 MR. IRVIN: Got it.

18 CHAIRMAN McCUSKER: Well, all right. Stand by.
19 We'll get back to you on that, and it's likely we'll have a
20 special meeting.

21 MS. COX: Let's do it at one o'clock.

22 CHAIRMAN McCUSKER: We need a motion for counsel
23 to proceed as instructed.

24 MR. IRVIN: So moved.

25 MR. RITCHIE: Second.

1 CHAIRMAN McCUSKER: All in favor, say aye.

2 (Ayes.)

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

5 CHAIRMAN McCUSKER: Any opposed?

6 There you go, Mr. Collins.

7 MR. COLLINS: Thank you, Mr. Chairman.

8 CHAIRMAN McCUSKER: Terri, I note that you're
9 here. You've handed out some stuff. We're trying to breeze
10 through the agenda.

11 I think you all know we hired Victory just a month
12 ago. They've been doing a great job working primarily with
13 your executive officers. We do have a new website coming up
14 live here shortly. We did pass out -- I think it's in your
15 packet -- our first ever legislative briefing book that
16 actually was hand-delivered to every City member on the
17 first day of session. And we're -- you know, busy.

18 So unless you have some questions for them, we can
19 have them make a full presentation at the next regular
20 meeting.

21 MR. IRVIN: That'd be good.

22 MR. SHEAFE: Okay.

23 CHAIRMAN McCUSKER: Okay. Thank you. Great job
24 so far.

25 Bill, CFO report.

1 MR. ALLEN: Good afternoon. I sent to the Board
2 members a copy of what's in the back of the room here, which
3 is a summary of our cash, both the COT and Rio Nuevo. Does
4 anybody need to have a copy to look at while I'm talking?

5 MS. COX: I do, please.

6 MR. IRVIN: I'd like one.

7 MR. ALLEN: Anybody else?

8 SECRETARY MOORE: Bill, do you have another one.

9 MR. ALLEN: Absolutely.

10 SECRETARY MOORE: Thank you.

11 MR. ALLEN: You're welcome.

12 So I've provided for you the existing cash
13 balances for both Rio Nuevo and the City of Tucson -- they
14 just sent those to me here a few days ago -- that show that
15 collectively, as of the 18th of January, we have roughly
16 \$15.7 million of collected -- of combined funds, rather,
17 with 6.5 million related to the bond fund.

18 Five million of the bond fund is currently being
19 held at Rio Nuevo. It's restricted funds. The City has
20 other 1.5 million. And I believe at some juncture we're
21 going to be moving all the -- all the bond funds back
22 towards the City.

23 And at some juncture, conversely, the TIF-related
24 money, we'd like to get a larger portion of that released
25 over to Rio Nuevo.

1 So, you know, a very brief summary of our total
2 outstanding funds, obviously the 6.5 million really isn't
3 available for anything other than bond-related activities.
4 But that still leaves almost \$9 million for the collective
5 commitments of Rio Nuevo, as the Board describes them.

6 SECRETARY MOORE: Now, Bill, this is above and
7 beyond anything at Wells?

8 MR. ALLEN: That's true.

9 SECRETARY MOORE: So any cash that's held for debt
10 service or anything else --

11 MR. ALLEN: That's correct.

12 CHAIRMAN McCUSKER: -- is not included in that?

13 MR. ALLEN: That's correct. And as I bring the
14 books forward, I hope to provide a more exhaustive and more
15 detailed summary of all the cash balances. I recently
16 received the first six months worth of transactions from the
17 City of Tucson for the new fiscal period, fiscal period
18 2013. And the next 30 days, I'm going to work very hard to
19 try to bring things forward for the financial statements
20 through the first half of the fiscal year.

21 MR. SHEAFE: In summary, I keep thinking we've
22 moved all the money over, but we haven't. Roughly, what is
23 the City still holding as far as Rio Nuevo?

24 CHAIRMAN McCUSKER: It's the bottom.

25 MR. ALLEN: The bottom box reflects what the

1 City's holding, that 7.1 million.

2 MR. SHEAFE: So that's what this is?

3 CHAIRMAN McCUSKER: Yeah.

4 MR. SHEAFE: Okay. So they have 5.6. Is there --
5 will that get resolved in the settlement as to how --

6 CHAIRMAN McCUSKER: It's the plan, yeah. There
7 has been no willingness on their part to transfer money in
8 the absence of a settlement agreement.

9 MR. SHEAFE: Oh.

10 CHAIRMAN McCUSKER: So what I'm hopeful occurs is,
11 once we're settled, that excess TIF funds are transferred
12 routinely; we either do it once a month or once a quarter or
13 something like that.

14 MR. ALLEN: Right.

15 CHAIRMAN McCUSKER: And the City's amenable to it,
16 having some structure with Bill, that as they receive excess
17 TIF funds, it's not earmarked for any sort of debt service.
18 It can be remitted over to our control and our bank
19 accounts.

20 MR. ALLEN: I suspect that the City will probably
21 require or maintain some minimal balance there because they
22 also will have shortfall months and they won't have to --
23 probably won't want to come back to the Rio Nuevo and try to
24 move the funds back and forth.

25 CHAIRMAN McCUSKER: It might be good, maybe at the

1 next meeting, for you to refresh our memory of what's at
2 Wells.

3 MR. ALLEN: Okay.

4 CHAIRMAN McCUSKER: Just review what's reserved
5 and for what purpose.

6 MR. ALLEN: Absolutely.

7 CHAIRMAN McCUSKER: Those accounts are totally
8 restricted, right? We have no access to any of that money.

9 MR. ALLEN: Right. Right.

10 MR. SHEAFE: And that's bond servicing money.

11 CHAIRMAN McCUSKER: That's all bond servicing
12 money. But there's some interest accounts over there,
13 Chris. As we earn interest, it goes into another Wells
14 account. And we're still trying to figure out how to get
15 that money somehow remitted over to us.

16 MR. SHEAFE: It's kind of an interesting thing,
17 how, you know, the world works, that you've got a bank up
18 there, Alliance, that's putting money in these accounts all
19 over the country in order to keep everything FDIC insured.
20 And then, according to the description, there's a trade out.

21 You know, they put money in Calahosa [phonetic]
22 bank somewhere, a quarter of a million, and then Calahosa
23 bank gives them a quarter of a million from one of their
24 investors. And it kind of all fits.

25 But I just -- for my own education, what is that

1 whole list of banks that we have at the bottom here that
2 have, like, you know, somewhere between a dollar and eight
3 dollars in them?

4 MR. ALLEN: So you've segued into my next subject,
5 which is talking about the possibility of earning interest
6 on our funds. Alliance has a program -- an insured cash
7 sweep is what it's called -- that evidently the State of
8 Arizona is presently using. My understanding is that we
9 need to do some further due diligence to try to make sure
10 that anything that the District would do, would be totally
11 acceptable inside that program. So I don't think we're at
12 the juncture here, where we're absolutely certain that we
13 can do that sort of thing.

14 But the small dollar amounts that you're
15 reflecting there are the reinvestments of interest into the
16 various relative programs. And the reason why I forwarded
17 to the Board that example was to show how they basically
18 break whatever amount of money you have, whether it be
19 8 million or 20 million or 50 million, into small
20 incremental pieces that are all under \$250,000 each.

21 The access to the funds are highly liquid. If, on
22 a given day, we would need to request a million dollars back
23 from something that was invested, we could -- we would have
24 credit for it in that same day. The transaction may not
25 occur until the following morning, but we would receive

1 credit from Alliance that day for anything we'd need to do.
2 I believe there's up to six transactions a month where we
3 could move money in and out of those funds. And even though
4 the interest rates are now pretty poor, when you apply it to
5 large sums of cash, it can, collectively throughout a year,
6 give a yield that's certainly better than not receiving
7 anything.

8 So they appear to be safe; they appear to be going
9 in the direction of where we need to be, with getting some
10 return on our money. And I just wanted to get --

11 CHAIRMAN McCUSKER: You do remember that our
12 performance audit has a recommendation that our money earn a
13 yield. And it's been challenging to identify what's
14 allowable and appropriate with government funds. There are
15 different issues with bond money versus the TIF money. So I
16 think this proposal contemplates investing the TIF proceeds.

17 MR. ALLEN: Right. I would anticipate we probably
18 can't do anything with the bond money. But as you can look,
19 there's presently \$9 million of non-related bond money
20 collectively held at the two sources, which is a sizable
21 chunk of change even at 0.17 percent annual yield. Sizable
22 is a relative term, but, you know, 15,000, \$20,000 is 15-,
23 \$20,000.

24 CHAIRMAN McCUSKER: I indicated that, I guess,
25 that the City of Glendale uses this program, the City of

1 Phoenix.

2 MR. ALLEN: Right.

3 CHAIRMAN McCUSKER: There are a number of state
4 governmental agencies, because it is FDIC insured, spread
5 around, as you said -- a multiple number of FDIC banks.

6 MR. ALLEN: This one, uniquely, has the blessing
7 of the State itself; the State is, I'm told, actively using
8 it. Although we --

9 CHAIRMAN McCUSKER: Probably what we ought to do
10 is authorize you and the treasurer to look at this. And
11 then -- and if you like the program and it's deemed legal
12 and appropriate, to go ahead and invest these funds.

13 MR. ALLEN: Okay. So noted.

14 Any other questions? I mean, I'm just trying to
15 get it out on the table.

16 CHAIRMAN McCUSKER: We probably need a motion to
17 that effect?

18 MR. SHEAFE: Yes, you would.

19 MS. COX: So moved.

20 MR. SHEAFE: Second.

21 CHAIRMAN McCUSKER: Jannie and Chris. So the
22 motion is to authorize the CFO and the treasurer to further
23 research and invest, if appropriate, the excess TIF funds.

24 All in favor, say aye.

25 (Ayes.)

1 CHAIRMAN McCUSKER: Any opposed?

2 Thank you.

3 MR. IRVIN: I didn't vote. I was going to ask a
4 question. Is counsel going to chime in and look at those?

5 MR. COLLINS: Yeah, yeah.

6 MR. IRVIN: I'm not really cool with just a carte
7 blanche.

8 MR. COLLINS: Yes. My recommendation would be --
9 and I would work with these gentlemen, of course. As many
10 of you know, there are statutory restrictions on investing
11 public funds. And even if these are just TIF funds, they
12 are public funds. And, I haven't looked at this recently,
13 but I did several months ago. And as I mentioned to Bill, I
14 think earlier today, is, as I recall, there might even be an
15 RFP component of this. So I will, in fact, work with them
16 because we don't want to run aground with that.

17 MR. HILL: Mr. Chairman?

18 CHAIRMAN McCUSKER: Yes.

19 MR. HILL: Mr. Chairman and Mark -- both Marks, I
20 guess, to that point -- when we met with Alliance Bank when
21 we initially got the money from the City of Tucson, we
22 wanted to get interest-bearing accounts. And the two ladies
23 we met with immediately said we could not because it
24 violated the bond statutes and what-have-you. And we
25 quickly said, okay. There is that further protection, if

1 you would.

2 MR. COLLINS: There is. We are restricted because
3 it's public money; it's not anybody's money. So you can't
4 just go out and get a yield. And there's some -- as I
5 recall the statutes, there's a component if -- if Bank A has
6 all of the government's money, Bank A can't do our stuff;
7 that they need to spread the wealth around. So that's some
8 of the components that they're talking about.

9 MR. SHEAFE: Let's clear it up here. If you issue
10 public debt, in the form of bonds, you cannot arbitrage gain
11 on that money, correct?

12 MR. COLLINS: True.

13 MR. SHEAFE: But the money that comes from the
14 TIF --

15 MR. COLLINS: That's still public money.

16 MR. SHEAFE: -- that's an entirely different --

17 CHAIRMAN McCUSKER: We can earn interest on --

18 MR. SHEAFE: It's in a different category.

19 MR. COLLINS: True.

20 CHAIRMAN McCUSKER: -- a certain limit.

21 MR. COLLINS: Yeah. But you -- but it's not
22 unrestricted.

23 CHAIRMAN McCUSKER: -- certain instruments and
24 certain --

25 MR. SHEAFE: The 5 million here is one category

1 and the...

2 CHAIRMAN McCUSKER: 9.2 million.

3 MR. SHEAFE: If I add the --

4 MR. COLLINS: Agreed.

5 MR. SHEAFE: If we get the money from the City, is
6 a whole different category.

7 MR. COLLINS: Yeah. But it's still public funds.

8 CHAIRMAN McCUSKER: So I guess the --

9 MR. IRVIN: It's just not subject to the arbitrage
10 ruling.

11 MR. COLLINS: It's not -- yeah, precisely. It's
12 not subject to the limitations in the bond documents.

13 MR. SHEAFE: All right.

14 CHAIRMAN McCUSKER: So to address Mr. Irvin's
15 point, if we just, Mark, assure that you're working with
16 Jeff and Bill, that whatever we agree on is legal.

17 MR. SHEAFE: Well, I want to make sure that we
18 follow the regulations absolutely and just make note that
19 Alliance Bank loans this money out at somewhere between
20 6 1/2 and 7 1/4 percent. So if they're paying zero for it,
21 I guess that just helps all that much more.

22 CHAIRMAN McCUSKER: Robert Sarver thanks you.

23 MR. HILL: I just have one question, Bill. On
24 this last month's statement from Wells Fargo -- I get a
25 stack like that every month -- this is the first -- well,

1 it's been a while, but this month they grabbed 15,000 from
2 somewhere and saying that whatever TIF money that they get
3 to pay the -- retire the debt on whatever bond -- I think
4 it's 2009 -- that there was a shortfall of 15,000. And
5 that -- when you say the City wants to retain some money,
6 I'd sure like to have a handle on how that happens and that
7 we'd be able to account for that on our books so that we can
8 see how that happens --

9 MR. ALLEN: Oh, absolutely.

10 MR. HILL: -- and if that shortfall is legitimate.
11 I'm sorry. I just don't trust them. One month they could
12 say it's one million, and we're out one million bucks just
13 because they say so. So that doesn't give me a sense of
14 warmth. So I hope that we ratchet that down, when we have
15 the settlement, we get the money back, that we have some
16 protection, that the City just doesn't say, you were short
17 this month, a million bucks, and pay us, or they keep it.

18 MR. ALLEN: I absolutely agree.

19 MR. HILL: Okay. Thank you. I just wanted to be
20 sure we were on the same page.

21 MR. ALLEN: We're on the same page.

22 MR. HILL: Thank you, sir.

23 MR. IRVIN: So if I could ask a question, Jeff?

24 MR. HILL: Yeah.

25 MR. IRVIN: So the TIF proceeds were short 15,000

1 to meet the current bond obligation, and so they had to dip
2 in the little set-aside account they had to clear that up.
3 Is that what I'm hearing? Is that basically it in a
4 nutshell?

5 MR. HILL: Yeah. That's it.

6 MR. IRVIN: Okay. Thank you.

7 CHAIRMAN McCUSKER: The City has an irrevocable
8 management agreement to manage the bond accounts. It was
9 sold as part of the bond package, so it's irrevocable. All
10 we can do is look over their shoulder, is Jeff's point.
11 They have responsibility for it. They've always had
12 responsibility for it. They've not necessarily communicated
13 to us what they do with those accounts. Remember, it took
14 me moving the Earth to even get statements to the treasurer.

15 MR. HILL: Yep.

16 CHAIRMAN McCUSKER: So I think that will all
17 resolve. And part of what Bill can do on a regular basis is
18 to brief us on those accounts and what went in and out of
19 those.

20 What you see here is what the City would call
21 excess TIF revenue. So it would have been --

22 MR. SHEAFE: It's the other monies that were --

23 CHAIRMAN McCUSKER: It all goes to Wells. And you
24 can follow it to the penny. The treasurer collects the
25 State tax. He remits it to Wells. Wells spreads it around

1 to various accounts.

2 MR. HILL: At least three.

3 CHAIRMAN McCUSKER: Yeah, at least three. And
4 then squirrels away the difference in one of their operating
5 accounts.

6 And that's the money that's been moved over to --

7 MR. IRVIN: Unsquirreled.

8 CHAIRMAN McCUSKER: -- and we want to be able to
9 collect it routinely.

10 MR. HILL: Right.

11 CHAIRMAN McCUSKER: Go ahead. Sorry.

12 MR. ALLEN: All right. Moving on to Item 3 that I
13 have on my list, I wanted to briefly talk about the IRS
14 audit of the 2002 CoP. We've compiled a significant amount
15 of information working with Gust Rosenfeld. And Mark, I
16 think maybe he's lost a few hair follicles more than maybe
17 I've lost -- I don't know it's a contest -- trying to get
18 this stuff done timely and quickly.

19 We are on track with getting all the information
20 together that they require. We've received an extension
21 from their original deadline of January 5th to February 5th
22 of 2013 and -- with the possible exception of materials we
23 may need to acquire from the City of Tucson for pieces of
24 what the IRS may want to look at, which Tim at Gust assures
25 me that if that's the case -- there will be no issue of

1 having that portion extended, that we're completely on track
2 with getting all the information that they would otherwise
3 require for our audit. They've already received a
4 significant amount of information. So everything, as far as
5 I know there, is all good.

6 CHAIRMAN McCUSKER: Are they coming here, or is
7 this entirely a desk audit? It's out of the San Francisco
8 office or the Phoenix office? Where did the audit
9 originate?

10 MR. ALLEN: I think it was out of California.

11 MR. COLLINS: It's out of San Francisco. It's a
12 desk audit currently. Mr. Chairman, the indications are --
13 from the folks in my office that do these things -- is that
14 this was a random selection. Now, that's what the
15 indications are. I don't know, but that's what the
16 indications are.

17 CHAIRMAN McCUSKER: So if they see something they
18 don't like, we might see them?

19 MR. COLLINS: Right, right.

20 CHAIRMAN McCUSKER: Any questions for Bill on
21 that? This is 2002, this is the series that acquired the
22 TCC.

23 MR. ALLEN: The TCC; that's correct.

24 As far as the financials are concerned, I just
25 acquired the first six months of activity from the City of

1 Tucson. I recently had a meeting for the transfer over from
2 RCM, who assisted us with their accounting, in catching up
3 the 2012 fiscal statements, to start transferring over, to
4 my complete control, the entries and financial statement
5 updating of the QuickBooks that are now formatted properly
6 and structured properly, consistent with the proper
7 governmental accounting structure that was missing in the
8 previous set of QuickBooks that we maintained. It's not
9 there yet.

10 We have to -- I have to do a lot of entries and
11 get things caught up. I'm on track to do that. And, you
12 know, I've been working through year-end tax returns. I've
13 got some 1099s coming up here I got to get out the door.
14 And I have to be able to work on sales tax to try to true up
15 the sales tax, catching that up.

16 But it remains my top -- top priority going toward
17 is getting everything timely so we can start to do more
18 normal presentation of financial information at the monthly
19 Board meetings than summarized cash presentations, which is
20 not -- sorely shy of what I would otherwise present to the
21 Board, finally.

22 Any questions on that?

23 MR. IRVIN: Thanks for your efforts.

24 MR. ALLEN: And the audit is virtually almost
25 over. That's the last item I have on here. There's some

1 pending adjustments that maybe could occur. So as soon as
2 we get all that ferreted out, I think that will wrap up very
3 quickly.

4 CHAIRMAN McCUSKER: Do you think that's possible
5 by February 5?

6 MR. ALLEN: I would think it would be possible,
7 yes.

8 CHAIRMAN McCUSKER: That may be something we put
9 on the agenda for that meeting.

10 Any questions for Bill?

11 While you're standing there, Bill, on Item 8,
12 we've talked about trying to give executive officers some
13 spending authority, kind of help make your life a little
14 easier to manage. Mark's going to draft something in that
15 regard. We also would like to see a capital budget request.

16 So we did an operating budget. We've not done a
17 capital budget, so if we can kind of put everything we need
18 to run the business in one request, we'll approve that. And
19 then we will have some interim authority at the executive
20 officer level. So we'll get that to them by the next
21 meeting.

22 MR. ALLEN: Yes, sir.

23 CHRIS SHEAFE: Mr. Chairman, as I understand,
24 there's a printer shortage or something in the office. Are
25 we far enough long where we can just authorize --

1 CHAIRMAN McCUSKER: The Board can certainly do
2 that, sure. I mean -- yeah -- we have no authority at our
3 level, but if the Board was so inclined, that's one of the
4 urgent issues.

5 MR. SHEAFE: Could I make a motion that we at
6 least create a thousand dollars to resolve any office thing
7 until we get these other elements taken care of?

8 MR. IRVIN: What's a printer going to cost us?

9 CHAIRMAN McCUSKER: A couple grand.

10 MR. ALLEN: I was recommending something that was
11 hardy enough to handle all the needs for what we need to do
12 for the Board.

13 MR. IRVIN: Something that prints in color
14 probably as well?

15 MR. ALLEN: Right. And then --

16 MR. IRVIN: So you're probably looking at 2500 to
17 three grand.

18 MR. ALLEN: I'm not sure if it would be that high.
19 I think we could -- you know, certainly the higher end stuff
20 would go there. But I think, a couple grand, you could
21 probably get a very competent piece of equipment.

22 MR. SHEAFE: All right. Well, I would like to
23 make a motion that the number is high enough to solve the
24 printing problem.

25 Do you have any other problem?

1 MR. ALLEN: The printing problem is the most
2 pending thing that we have, essentially.

3 MR. SHEAFE: Okay. And then while we're getting
4 this other stuff, we at least allocate that money to get
5 that taken care of.

6 CHAIRMAN McCUSKER: Probably 2500 bucks.

7 MR. SHEAFE: Okay. Maximum, 2500.

8 CHAIRMAN McCUSKER: He's making that motion. We
9 need a second.

10 MR. IRVIN: I'll second it.

11 CHAIRMAN McCUSKER: Any further discussion?

12 All in favor, say aye.

13 (Ayes.)

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

16 CHAIRMAN McCUSKER: There you go.

17 MR. ALLEN: Thank you, Chris.

18 CHAIRMAN McCUSKER: Mark will be disappointed that
19 he's not printing stuff out for you anymore.

20 MR. COLLINS: My secretary will be heartbroken.

21 CHAIRMAN McCUSKER: Item No. 9: I think -- unless
22 you live in a hole -- you know that our legislature has
23 indeed convened. We've not seen any Rio Nuevo legislation.
24 But there could be. And we certainly want to stay in touch
25 with our elected members. So we would like to pursue the

1 recruitment of, and retention of, a lobbyist. We're
2 checking into whether or not that's something that has to be
3 competitively procured.

4 And if it is, we will do that post-haste. If not,
5 then I would like the Board to authorize the executive
6 officers to recruit and retain a lobbyist.

7 MS. COX: So moved.

8 MR. IRVIN: Is there a dollar number with that
9 that you're asking for approval?

10 CHAIRMAN McCUSKER: We haven't seen proposals, but
11 it shouldn't cost more than 50- or \$60,000 a year.

12 MR. IRVIN: Okay.

13 SECRETARY MOORE: How much?

14 CHAIRMAN McCUSKER: 50- to 60K. It's kind of the
15 going lobbyist rate.

16 MR. HILL: That is true.

17 MR. IRVIN: I have no problem.

18 MR. SHEAFE: All right. Well, I second the
19 motion.

20 And did you want to amend your motion to make sure
21 it incorporates that money?

22 MR. COLLINS: Not to exceed?

23 MS. COX: Yes.

24 CHAIRMAN McCUSKER: Cody, go ahead.

25 MR. RITCHIE: Can we just study it a little bit

1 further before we -- I didn't know it was going to be quite
2 that much for the -- it thought it was just while they were
3 in session.

4 CHAIRMAN McCUSKER: The issue with studying it is
5 they are in session. And so we could put a cap on it, as
6 somebody suggested, or you could authorize the executive
7 committee to negotiate that.

8 But, generally, that's -- and, Jeff, concur if I'm
9 off base -- but generally that 50 to 60 is kind of the going
10 rate for representation at the legislature.

11 SECRETARY MOORE: Question, Mr. Chairman.

12 CHAIRMAN McCUSKER: Mr. Moore.

13 SECRETARY MOORE: Is that based on the four months
14 of --

15 CHAIRMAN McCUSKER: That's an annual cost. That's
16 kind of the --

17 SECRETARY MOORE: Is there that much to do on a
18 monthly basis for 12 months out of the year? We would only
19 need them really for four or five months at the most at any
20 one time.

21 CHAIRMAN McCUSKER: I think if we were to cap it
22 at that, you might be able to negotiate that. But I think
23 they will tell you that, yes, it's a full-time job. In the
24 off season they work as much as they do in the season. If
25 you tried to pay them by hour, you would pay ridiculous

1 amounts of money during session. So they generally kind of
2 average it out over the year. That's been my experience
3 with --

4 SECRETARY MOORE: I'm just thinking that since
5 it's our first time out there that -- and we're looking at
6 this session, that maybe limit it to these four months, see
7 if there's really some need for them; and then we can look
8 on a permanent basis in the future.

9 CHAIRMAN McCUSKER: I think that makes sense.

10 SECRETARY MOORE: I think four months is -- that's
11 when they're in session. If we want to do something, we'll
12 do it now. And I don't know if we'll need them in the
13 future.

14 CHAIRMAN McCUSKER: See if we can move that into a
15 motion.

16 MR. RITCHIE: I motion that we limit it to \$20,000
17 for this session -- four-month session, and do what Alberto
18 said and reconvene after this session.

19 MR. SHEAFE: That's a substitute motion ^^which
20 would still --

21 CHAIRMAN McCUSKER: Are you following that,
22 Jannie?

23 MS. COX: Or I could -- we could -- that would be
24 fine with me. Or I can --

25 CHAIRMAN McCUSKER: You can amend your motion.

1 MS. COX: I can remove or amend my motion and take
2 that one instead.

3 CHAIRMAN McCUSKER: Do you want to do that?
4 And, Cody, you second it?

5 MR. RITCHIE: Yes.

6 MR. COLLINS: Do you want to withdraw your motion?

7 MS. COX: I will just withdraw my motion.

8 CHAIRMAN McCUSKER: She's withdrawing her motion.
9 So, Cody, you're free to make a new motion, which I think
10 you did, but rephrase it.

11 MR. RITCHIE: I make a motion that we spend
12 \$20,000 for this legislative session, cap it at 20,000, and
13 reconvene after this to see if it's worth hiring somebody
14 full time after the session.

15 CHAIRMAN McCUSKER: And we would authorize the
16 executive officers to recruit and retain that individual?

17 MR. RITCHIE: Yes.

18 MR. HILL: Mr. Chairman, discussion of the cost
19 for pushing --

20 MS. COX: We need a second, first.

21 MR. HILL: We need a second?

22 CHAIRMAN McCUSKER: Someone second that?

23 MS. COX: Second.

24 CHAIRMAN McCUSKER: All right. Jannie, thank you.
25 Go ahead. I'm sorry.

1 MR. HILL: Now discussion: The going rate is --
2 as the Chairman says, is 50- to 60,000. The lobbyists
3 generally have to eat in the fall when they're not meeting.
4 So the payout is like a monthly basis to get to the 50 or
5 60. If you cap it at 20, I don't think you'll get a
6 lobbyist because the going rate to get -- monitor and,
7 perhaps, run legislation is 50- to 60,000.

8 So, if you wanted to have them just for the
9 session, they're going to say, oh, that's 50- to 60,000.
10 Pay me a retainer, at the end of session -- you know,
11 25 grand, and at the end of session, another 25 grand. I
12 don't think you can hire one for 20 grand just for the
13 session. I could be wrong, but that's generally the way it
14 works.

15 CHAIRMAN McCUSKER: Especially at this date.

16 SECRETARY MOORE: Can we try it?

17 MR. HILL: Sure, I just wanted to point that out.

18 CHAIRMAN McCUSKER: All right. We have a motion
19 on the table to authorize up to \$20,000 to seek out, retain,
20 and recruit a lobbyist for a period not to exceed five
21 months.

22 MR. SHEAFE: And you have a second on that motion.

23 CHAIRMAN McCUSKER: And we have a second. Call
24 for the question.

25 All in favor, say aye.

1 (Ayes.)

2 CHAIRMAN McCUSKER: Any opposed?

3 Okay. Motion carried.

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

6 MS. COX: Now, if time is of the essence and we
7 cannot hire a lobbyist for \$20,000 for four months, then
8 when do we come back together to --

9 CHAIRMAN McCUSKER: Next time we meet is
10 February 5th. So I can bring something to you by then,
11 whether we were successful or not.

12 MS. COX: And that will still give us time to make
13 another decision?

14 CHAIRMAN McCUSKER: I believe so.

15 Okay. I didn't see any cards filled out. We do
16 have some audience members here that came in. So please, we
17 welcome your comments. If you'll give the card to
18 Mr. Collins, the handsome one with the tie.

19 Anybody else would like to address the Board,
20 speak now, or forever hold your peace.

21 Dick --

22 Can you please pronounce your last name for me.

23 ATTENDEE: Basye.

24 CHAIRMAN McCUSKER: -- Dick Bayse, with the Pima
25 Association of Taxpayers.

1 ATTENDEE: Yes. Maybe I should read what I wrote
2 down here.

3 The concern is -- the concern is this voters
4 pamphlet that was originally issued for voters to vote on
5 Rio Nuevo.

6 Frank Antenori -- I guess he's a former legislator
7 now -- at our group mentioned the fact that somehow, between
8 the legislature and this pamphlet, the thing morphed into
9 something entirely different. It went from a requirement
10 that there be an arena and a hotel as a part of this project
11 to being an aquarium, Convento, and historical and science
12 center.

13 When I talked to the -- an attorney with the State
14 Attorney General's office, he says if public money is used
15 to deceive the public, that's public malfeasance. I looked
16 it up in the code, and it looks like it's more like fraud.

17 So I would like you to find out who made this
18 pamphlet, which nowhere says there is an arena to be
19 purchased. It gives the financial amounts that would be
20 expended on the final page. Nowhere in there is a dollar to
21 buy an arena, the one that existed or to build one. And
22 nowhere is there one dollar to build a hotel. There is
23 8 million to build supporting facilities for it, like
24 sidewalks and parking, et cetera.

25 So with that in mind, that's what we, the voters,

1 voted for. We want to know why we were deceived and
2 basically defrauded. And I would like you and ask your
3 attorney to look into it, who in the City deceived us and
4 defrauded us. Thank you.

5 CHAIRMAN McCUSKER: Thank you.

6 Any other comments?

7 Hearing none, I'd take a motion to adjourn.

8 MR. IRVIN: So moved.

9 CHAIRMAN McCUSKER: All in favor, say aye.

10 (Ayes.)

11 (The Board voted and the motion
12 carried.)

13 CHAIRMAN McCUSKER: And we stand adjourned. Thank
14 you very much.

15 (Meeting concluded at 4:06 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