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RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
November 19, 2013
2:00 p.m.

Reported by Diane Laur
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1 CHAIRMAN MCCUSKER: I'll now call the meeting to
2 order. It is 1:07 Mountain Standard Time. Cody, do you
3 want to lead us in the pledge.

4 (Pledge of Allegiance)

5 CHAIRMAN MCCUSKER: Michele, roll call please.

6 MS. BETTINI: Jannie Cox.

7 MS. COX: Here.

8 MS. BETTINI: Mark Irvin.

9 SECRETARY IRVIN: Here.

10 MS. BETTINI: Fletcher McCusker.

11 CHAIRMAN MCCUSKER: Here.

12 MS. BETTINI: Chris Sheafe.

13 TREASURER SHEAFE: Here.

14 MS. BETTINI: Jeff Hill.

15 MR. HILL: Here.

16 MS. BETTINI: Cody Ritchie.

17 MR. RITCHIE: Here.

18 CHAIRMAN MCCUSKER: Alberto is on his way. We do
19 have a quorum, so we'll go ahead and start the meeting.
20 We'll likely hold you up, Charlie, until Alberto arrives,
21 but we do have board minutes, board transcripts. We've all
22 received those; right, Michele?

23 MS. BETTINI: Yes.

24 CHAIRMAN MCCUSKER: If there are any comments,
25 questions? If not, I'll entertain a motion to accept those.

1 SECRETARY IRVIN: So moved.

2 TREASURER SHEAFE: So moved.

3 MS. COX: Second.

4 CHAIRMAN MCCUSKER: You tied. We'll give you the
5 motion, Mr. Irvin, and Jannie the second. All in favor, say
6 aye.

7 (Ayes)

8 CHAIRMAN MCCUSKER: Charlie, if you don't mind,
9 stand by for a minute. Mark, is there any issue if I do any
10 other business?

11 MR. COLLINS: No. You can change the order.
12 That's your prerogative.

13 CHAIRMAN MCCUSKER: Dan, I know you've got stuff
14 pressing. So if you want to do your CFO report, that would
15 be great.

16 MR. MEYERS: All right. As of October 31st, our
17 accounts are as follows, Alliance Bank operating account,
18 we've got \$5,009,000. Alliance Bank, ICS account, we've got
19 \$5,004,000. Bank of Tucson operating account, approximately
20 \$165,000. And City of Tucson 2008 bond money, that's
21 restricted. We've got \$4,265,000. For a total of
22 \$14,443,000.

23 As far as commitments goes, we have a commitment
24 to Mission Gardens for \$1.1 million. We have a commitment
25 to Seascape for \$750,000, and a commitment to the Tucson

1 Community Center remodel for \$7.8 million. Anybody have any
2 questions?

3 TREASURER SHEAFE: Mr. Chairman, how do we pay the
4 \$1.1 million dollars? Is there a figuring mechanism?

5 CHAIRMAN MCCUSKER: We postponed both of those
6 items until we issued the notice to proceed on the hotel.
7 Now we've taken the position, under the statute, that we're
8 prohibited from spending TIF money until we issue the notice
9 on the arena and the notice on the hotel.

10 So at this point, it's an earmarked amount, but we
11 don't have a process in place, Chris, to expend those funds.
12 Now, Mark, maybe you want to use this as an opportunity to
13 update us.

14 There is a provision under that statute that
15 provides anything we were previously contractually obligated
16 to, we could go ahead and expend, and I know you are
17 researching that.

18 MR. COLLINS: The contracts that the Mission
19 Gardens folks refer to are indeed still viable. They were
20 stayed, if you will, or suspended by the City of Tucson back
21 in 2009. So you, as a board, are in a position to pull the
22 trigger on that just about when you want to.

23 CHAIRMAN MCCUSKER: So it's your legal opinion
24 that we could sit down with them, even though we haven't
25 issued the notice to proceed on the hotel?

1 MR. COLLINS: That's true. You have a -- you can
2 commit the money now, but you are not obligated to commit
3 the money now.

4 (Board Member Alberto Moore is now present.)

5 CHAIRMAN MCCUSKER: That answers that question.
6 Alberto, the only thing you missed was the pledge, and Dan
7 kind of went through our financial statement.

8 MR. HILL: Mr. Chairman, Dan, I just want to
9 refresh my memory, the \$4.265 million restricted funds from
10 the bonds are dedicated to the \$7.8 million TCC?

11 MR. MEYERS: That's correct.

12 MR. HILL: So that's still on?

13 CHAIRMAN MCCUSKER: As we receive invoices,
14 Mr. Hill, they will initially all go to that fund.

15 MR. HILL: Good.

16 CHAIRMAN MCCUSKER: The City will write checks
17 until that funds is depleted.

18 MR. HILL: Excellent.

19 CHAIRMAN MCCUSKER: Any further questions for Dan?
20 Thank you very much. This is the time we set aside on the
21 agenda to allow Johnson Consulting to present and talk to us
22 about the performance audit. Now Charlie Johnson is in the
23 house.

24 MR. COLLINS: I think you should call the public
25 hearing.

1 CHAIRMAN MCCUSKER: I'll do that. Let me call a
2 public hearing to order. This is specifically required by
3 the statute to allow the auditor general's representative to
4 present their triannual performance and financial analysis.

5 It's a public hearing, so if there's anybody that
6 would like to comment specifically on this portion of the
7 agenda, please give Michele a call to the audience card, and
8 we'll hear that after we hear the presentation from
9 Mr. Johnson and any questions the Board might have.

10 Charlie, thank you very much for coming from
11 Chicago.

12 MR. JOHNSON: Thank you very much for the
13 opportunity to --

14 CHAIRMAN MCCUSKER: Would you introduce yourself
15 and supply a little bit about your background?

16 MR. JOHNSON: My name is Charles Johnson. I'm
17 president of Johnson Consulting. I have done a significant
18 amount of work in the Tucson market over the course of my
19 career. I've also vacationed here a couple of times.

20 We were selected with a local accounting firm to
21 perform this audit. And the role of the audit is really to
22 investigate and understand if Rio Nuevo is performing
23 according to its current role and responsibility, especially
24 from a fiduciary standpoint and also from a strategic
25 standpoint.

1 One aspect of the legislation really calls -- your
2 TCC, Tucson Convention Center, as it was defined, was kind
3 of the primary component. So we have spent a special amount
4 of time looking at the TCC and how it performs nationally
5 from a physical standpoint and an operational standpoint.

6 I live in Chicago. I happen to be in Tucson
7 serving on the Urban Land Institute panel. So it's highly
8 fortuitous, and I think that we can put two and two together
9 because I think we can fit like a glove actually.

10 So with that, I'd like to start with my prepared
11 remarks. So first of all, I want to congratulate you all
12 for the level of work that has been done by the organization
13 since the Board has been reconstituted.

14 It has been a tortuous road, I know, and so as
15 that has unfolded, I think today really presents an
16 opportunity for basically a clean slate.

17 And with that kind of clean slate, it gives you an
18 opportunity to move forward with a mandate that I think that
19 was originally hoped for for Rio Nuevo.

20 So as we understand it, I've worked a lot with the
21 authorities and TIF districts, things of that nature,
22 throughout my career in my consulting practice. Now you all
23 collect an increment of sales tax with a very interesting
24 TIF boundary, and that TIF boundary really has a resource
25 base that is quite powerful if it is used on an ongoing

1 basis and as things stabilize and you all continue to
2 increase your credibility with the local jurisdictions in
3 the state.

4 So as this unfolds, we'll see what happens to the
5 Rio Nuevo, but it has the potential to be a very good entity
6 if it takes advantage of the taxes that are collected.

7 The primary component of expenditure shall be the
8 Tucson Convention Center and the area surrounding it and
9 other wise investments to help engender to the destination
10 around it.

11 There have been a lot of contemplated projects. I
12 think a lot of good has actually been done with the
13 resources you've had over the course of time, but not enough
14 has necessarily been done for the TCC.

15 I think there were a host of improvements that
16 were identified in the prior annual audit. We don't need to
17 go over those. I think that our view is that they have all
18 been substantially addressed.

19 So you're really moving forward with a -- what
20 we've identified as a couple of items, but I don't think
21 they're material to the operation or the functionality of
22 Rio Nuevo.

23 So the new Board, you all are now focused on the
24 mission, and you have a capability to execute what we'll
25 call a very strategic public-private partnership. So these

1 are areas that are important for us to identify and comment
2 upon in our report.

3 City match, I think the city match criteria is
4 met. The city can broadly include an array of projects that
5 help meet their match, and so they have done that.

6 They have used a broad definition, and they
7 haven't necessarily accounted for it, but I think it's
8 generally agreed upon that the amount of match has been met.

9 So we have asked for that to be specified in terms
10 of so we can have a document in the file that concludes they
11 have matched, and that's in process. That's a
12 recommendation we have made.

13 The monitoring of TIF funds, so the issue that we
14 see with the TIF funds is an inability to know for certain
15 which businesses in the TIF district have accurately
16 figured -- filled out their tax forms properly.

17 We think it's a material amount of money and
18 really does not impact the business whatsoever except for
19 filling out the form.

20 So I think Michele's work and the board's
21 direction to try to get this as one step, but what we think
22 it's critically important that you as an organization and
23 with the City of Tucson be empowered to cause those
24 businesses to show you that information, in a nonthreatening
25 way, to help them make this a better district environment

1 for them.

2 So it's how you market it, how you execute it, and
3 also having the ability to see if they are complying or not.
4 Complying is actually the wrong word. Have they attended to
5 the opportunity to fill the forms out properly.

6 Expenditure data base, one of the improvements is
7 the web presence. When we started, that was not necessarily
8 attended to properly. That has been addressed, and so the
9 public can access the website.

10 Also forming an annual budget, one of the issues
11 that we have and as you go forward as an organization, the
12 conundrum that you face is the asset base that you have and
13 will have over the course of time and the level of
14 commitment and resource base to get the job done, plus the
15 time that you have left for the organization. It expires in
16 2025.

17 You also have quite a bit of dollars that are
18 consumed by coverage. So where there's a variety of things
19 that can happen, but from a big picture standpoint, the
20 conundrum that you have is the life expectancy of Rio Nuevo
21 combined with the inability to deal with some of the major
22 capital issues that we think are the responsibility of Rio
23 Nuevo.

24 So the convention center itself, as I'll show you
25 in just a moment, is in poor shape as compared to

1 nationally. That's the number one criteria of your
2 performance.

3 So we hope and we think that the Rio Nuevo concept
4 is good, and it's a tool that can be used to help ameliorate
5 those, but it doesn't have an impact on it now.

6 I've already basically spoken upon these topics,
7 but we've audited and come to a conclusion of what the
8 correct number is for unexpected bond proceeds.

9 We've concluded that the expenditures have been in
10 the right category and that the overhead you all expend here
11 I think is the right way, keeping overhead as low as
12 possible and not undertaking giant plans and things of that
13 nature right now until you have a very clear picture of what
14 your future is going to be.

15 So I think the activities for the next year, for
16 you all, is really to understand and help frame what that
17 activity is and work with the legislature, work with the
18 City and the County, figure out a funding plan for the
19 capital assets you need to assess.

20 And the solvency, we spoke to -- we calculated
21 what monies that you all have, and we agree with the CFO's
22 information. And so the resource base that you have, to
23 deal with these issues, is not large in the scheme of things
24 that need to be addressed under the mandate of Rio Nuevo.

25 So additional money will come forward, as the bond

1 issue covenant frees up some of that cash, but still that's
2 not available to us now.

3 So the key findings we came in, when we looked at
4 -- so I'm shifting gears now. The audit part is discussed.
5 We think your administration is in order, and we don't think
6 you have any more basis for negative comments and criticism
7 because of the way you've organized your funding and your
8 finances. So clean bill of health there.

9 So finally we looked at the real asset that's in
10 your mandate, the primary purpose of the Rio Nuevo, and
11 that's TCC. We compared it to seven cities that we
12 believe -- sometimes there's a frame of reference for --
13 sometimes the community looks at itself as a smaller
14 community than it is, rather than looking at the unique
15 nature of Tucson and how it's grown.

16 So in the scheme of things, you're no longer like
17 El Paso necessarily or no longer like Albuquerque -- no
18 offense to these cities -- but I think the role you all have
19 has evolved somewhat, a tier somewhat higher. All right.

20 So we said we're going to look at those two
21 cities, but we're going to look at cities like Spokane,
22 Washington; Palm Springs, and a couple other cities that we
23 felt -- Ft. Worth -- that has used tourism as kind of a
24 frame of reference.

25 And here we look at the size of the facility, the

1 size of the deficit, the amount of meeting space, the amount
2 of ballroom space, et cetera, and to answer the question, as
3 an auditor in the legislation, where did you come in in
4 terms of comparative first class national standards? You
5 were pretty much last in all categories.

6 So that tells us that there has to be serious
7 thought and expertise added to getting this facility up and
8 operating. And I think to do that not only deals with TCC,
9 but hotel supply and the nature of involvement of the land
10 uses are on the arena site, on all -- the whole aspect you
11 all have actually analyzed and studied in the TIF district.

12 I think that's the reason I'm here for the Urban
13 Land Institute, and that's the reason Rio Nuevo has funded
14 part of the work, to the wisdom of that.

15 Now I think this year and over the next month or
16 so, I think we found the deficiency in the forecasting of
17 revenues for a long-term stability and an expenditure plan
18 for the revenues from both a current environment of
19 legislation and a future environment of legislation.

20 So I think the real work is to put the puzzle
21 together for the next wave of Rio Nuevo, and if we have any
22 comment in our audit, that was the hope, that that next time
23 we come about -- and hopefully very soon -- that that body
24 of thought process gets put to paper and that gives you a
25 frame of reference for your mission and mandate.

1 You realized part of that. The knowledge of what
2 the City is doing with the convention center is another part
3 of that, and then your thoughts on how to execute on those
4 types of things.

5 I think of what they're going to be is what you
6 all present to the State for justification of your going
7 forward. But the TCC is not a competitive asset, and that's
8 the conclusion that we have.

9 All right. So we actually said -- and this has no
10 real science to it except for my familiarity with the
11 deficiencies at the convention center as well as at other
12 facilities around the nation.

13 We said probably at least a \$100 million
14 requirement to deal with it, and if you spend every penny
15 you have in your war chest, you're going to be about forty
16 to fifty million dollars short. We may be a little bit
17 wrong on that.

18 That doesn't give you a lot of resources to deal
19 with a lot of other things that are under the purview of Rio
20 Nuevo. So we have an issue with the City and the County and
21 Rio Nuevo of not having a funding plan to figure out how to
22 address the capital issues for TCC. That's a very important
23 consideration.

24 I'm almost done here. All right. So I've really
25 basically given this last slide already. I think that the

1 Rio Nuevo -- and I think you've done so much positive with
2 respect to fixing the relationship between the City and Rio
3 Nuevo, and I think that, having been here so many times,
4 that was something that was needed. You've really done
5 well.

6 I think talking about the long-term strategic
7 capital plan and I think that collecting the dollars that
8 are due to you is probably one of the biggest requirements
9 you have.

10 So, Fletcher, that's all my prepared remarks, and
11 I'm ready to answer any questions you may have.

12 CHAIRMAN MCCUSKER: Charlie, we talked about it a
13 little bit earlier, we have almost \$40 million in the bank
14 that is reserved for our debt service, but as you indicated,
15 we're more than adequately covering our debt service.

16 In your experience, have you seen any financing
17 mechanisms or alternative structures for bond debt relief or
18 anything that would create an opportunity for us to access
19 some of those funds before 2025?

20 MR. JOHNSON: I've seen several strategies, and in
21 the first case, you now have a basis for credibility. I
22 don't think that existed before.

23 So I think -- I don't know -- your banking. Your
24 bonds are sold. What level of interpretation there was with
25 respect to conservatism, do we really need to sandbag if

1 there is no risk, or if they were really on the edge of
2 risk.

3 My suspicion is they were very conservative. So I
4 think a negotiation you should make, if they won't move,
5 there's couple other things you can do.

6 You can actually take a line of credit against
7 those kinds of funds with an insurance policy that kind of
8 guarantees a payback for a line of credit.

9 I've also seen guarantees from the City or County
10 for those types of funds. In the advent that there is a
11 call on them, they would make those whole.

12 Those are really -- the negotiation of a line of
13 credit or support from other jurisdictions providing
14 guarantees so you could float bonds against those.

15 CHAIRMAN MCCUSKER: It still wouldn't deal with
16 your \$50 million gap, but it would accelerate some of that
17 money?

18 MR. JOHNSON: It would give you more of a resource
19 base right now, that's correct.

20 CHAIRMAN MCCUSKER: Any questions for Charlie?

21 TREASURER SHEAFE: Since you're on the ULI, and as
22 a member of the ULI, what is your goal in what you're trying
23 to assimilate out of this case relative to the ULI process
24 here?

25 MR. JOHNSON: I think that's a very good question.

1 I think we're trying -- I think we're trying to help the
2 City, the County and Rio Nuevo put priorities on -- so many
3 different ideas and opportunities come to the various
4 groups, that it causes confusion.

5 And I think there's an actual inability to make
6 decisions because Camp A has an agreement with Camp B, and
7 then Camp B has an assignment over here and doesn't
8 necessarily have an understanding of Camp C.

9 We are going to be an impartial, knowledgeable
10 group of people that provides some form of rationality to
11 the different things.

12 Additionally I think we have an understanding of
13 urban planning, and we're really trying to understand what
14 Tucson, as a community, wants.

15 So we're going to bring that expertise in and
16 listen to what people have as ideas and priorities, and then
17 bring that expertise of better urban planning and economics
18 and real estate, and then come to a consensus so you can
19 move forward.

20 TREASURER SHEAFE: One of the things I would hope
21 results -- this a little different way of saying what you
22 just said -- we have a limited resource. That is, in a way,
23 an advantage, and it would be helpful to this body, speaking
24 for myself at least that is, if we could define what is the
25 greatest bang for the buck revenue input we can make to

1 generate the greatest revenue returns that eventually may
2 bring forth some of the other goals that we simply can't
3 afford to invest in now.

4 So a little priority list of say look, if you want
5 to do this work -- because we know we can't go out and do a
6 \$100 million refurbishing to our convention center. Even if
7 we were to say, well, we'll put \$50 million in, it would be
8 awhile before we could figure out how to do that. In the
9 meantime the whole thing is sort of installed.

10 Maybe we can take that money and put it someplace
11 else to help drive that kind of activity that will make a
12 big --

13 MR. JOHNSON: To make the pot grow?

14 TREASURER SHEAFE: Yes, make the pot grow. I
15 think this body was tasked with the ability to help make
16 that choice, rather than just let the people kind of feel
17 good about it, because we've tried that and frankly ended up
18 dissipating an awful lot of value with not a lot of gain for
19 it.

20 MR. JOHNSON: Thank you. I'll take that under
21 advisement. I will certainly put that into the discussion
22 group, and we'll take that as direction.

23 CHAIRMAN MCCUSKER: It speaks to the context of
24 your recommendations is that we have to look at the
25 remaining 12 years of our existence and forecast the highest

1 and best use of those proceeds.

2 And there are two paths, one is we limp along, or
3 two, we try and improve our resources and budget and
4 forecast, whatever. Either case we are required, under
5 statute, to forecast.

6 MR. JOHNSON: That's correct.

7 SECRETARY IRVIN: This is the kind of thing where
8 you were going to go with your comment. One of the things I
9 think I was reading into what you're saying was it would be
10 nice to know which thing we could do that would generate the
11 greatest amount of TIF revenue back to this group.

12 TREASURER SHEAFE: Yeah, your greatest bang for
13 the buck.

14 SECRETARY IRVIN: Right. But I guess I don't like
15 the piece of that to address what impacts what the TIF
16 revenue will be.

17 MR. JOHNSON: I think we have to balance that with
18 the cultural and civic-mindedness of the community, but I
19 understand economics drives everything.

20 CHAIRMAN MCCUSKER: Any further questions?

21 MR. HILL: Thank you, Mr. Chairman. Charlie, one
22 of the comments I saw, which has been a troubling problem
23 with us dealing with these people coding their sales tax TPT
24 form correctly, and you mentioned that in ARS 22-2003, that
25 there may be a solution to that.

1 And I was wondering if our counsel -- Mark, I hate
2 to put you on the spot -- not -- but if you had a chance to
3 read that or look at that in the near future, because if
4 your document states, since we don't know the name, Michele,
5 goes in and talks to somebody and the guy doesn't want to
6 talk to a bureaucrat, so if the answer is yes, they're going
7 to say yes, and they'll say I don't have any idea if we're
8 doing it right.

9 Unless we pull that guy's record up and be able to
10 see what his TPT says, we're going to be missing money from
11 now until 2025.

12 CHAIRMAN MCCUSKER One of the things that's
13 occurred, as a result of the audit being published, is the
14 current director ADOR, Vincent Perez, has plans to address
15 that.

16 So we're actually trying to schedule that for the
17 next meeting. And his hope is that we can do something
18 administratively, that there's some room to negotiate under
19 the current statute to allow -- we don't need to see the tax
20 returns.

21 We don't need to know who's paying or not paying.
22 We want to know if it's properly coded. And I think the
23 work that you did, Charlie, has reached the highest level of
24 our government, and the current director of ADOR has reached
25 out to us.

1 MR. JOHNSON: I think the AG has already ruled
2 that that exists already in the law. So you're right, I
3 think administratively, that's it.

4 MR. HILL: At one time the AG was persnickety
5 about anybody looking at those records. And 42 section --
6 I'm probably to blame for most of it.

7 So that may have been something that we dealt with
8 way back then when the AG first raised that, but it sounds
9 like perhaps it's gotten a better environment and maybe the
10 statute has been added so that we can get in now.

11 I'd say Vince is a reasonable guy. We've worked
12 with him for years. He was a legislative liaison for a
13 bunch of years. So I think he understands the problem and
14 certainly oftentimes legislative intent on that may be an
15 interpretation.

16 I was going to look at that before I came down. I
17 forgot. But I will look at 2003 and see if it raises any
18 particular hackles with my recollection, but I think that
19 was a very positive part and we're glad to be looking at
20 that.

21 MR. JOHNSON: We think that's a big number.

22 MR. HILL: I agree with you, I think it is too,
23 and potentially by 2025, it gets to be bigger and bigger,
24 and that's very important for us to make our requirements.

25 And then the other observation I have, getting

1 back to the financial records, it appears we weren't putting
2 out the right budget information or we were lacking in
3 something in the budget.

4 I don't know how that happened, but that's a
5 disappointment, but I'm hoping that that must be --
6 somewhere that's easily found because everybody else is
7 apparently doing it.

8 MR. JOHNSON: I think you have to remedy that.

9 MR. HILL: All right. Good. I'm glad to hear
10 that.

11 MR. JOHNSON: This is a snapshot in time. I think
12 CFO has now, with the direction, that has been remedied.
13 That's the only issue that we have as you're going forward
14 in the long-term. That's what we want improved.

15 CHAIRMAN MCCUSKER: And the budget did not
16 include what I would call balance sheet. You're required to
17 post your assets along with the budget. Because there was
18 so much confusion about our assets, it didn't get posted
19 last year. So that was a compliance issue. The current
20 budget is, in fact, in compliance.

21 MR. HILL: All right. I'm glad to hear that.
22 And, Charlie, I think that's certainly well-weighed, and
23 obviously I'm disappointed that TCC was dead last but not
24 surprised.

25 So we do have a job ahead of us, and I think once

1 we get to, as your report states, we get to declare that
2 hotel, which I think is fundamental to our legal
3 requirements, that we can move smartly again with your
4 recommendation that we should take care of the capital items
5 and not get too wrapped with the City because we know
6 they're never going to produce a part of this thing. So I
7 think that was a good observation also.

8 MR. JOHNSON: I didn't say that.

9 MR. HILL: Well, that's what I gleaned from the
10 dry comments.

11 TREASURER SHEAFE: Well, I think I certainly agree
12 that trying to do the budget and do our balance sheet is
13 immeasurably helpful to have some recollection of what we
14 owe.

15 CHAIRMAN MCCUSKER: Any other questions for
16 Charlie? Charlie, again thank you very much and thanks for
17 the work you're doing with ULI.

18 MR. JOHNSON: Thank you.

19 CHAIRMAN MCCUSKER: We do have a call to the
20 audience scheduled. Michele, did we get any calls? Okay.
21 So the next item on the agenda is the executive session.

22 MR. COLLINS: Mr. Chairman, may I interrupt you?

23 CHAIRMAN MCCUSKER: Please.

24 MR. COLLINS: You, as a board, if you look at your
25 agenda, have the option of adopting a public response or

1 agreeing with or taking issue with any or all of the
2 performance audit that Mr. Johnson just talked about. You
3 can choose not to do that, but you have that right. That's
4 on the agenda.

5 TREASURER SHEAFE: Mr. Chairman, if it's helpful,
6 I'd be happy to make a motion that we accept the performance
7 audit as written by Johnson Consulting and advanced to us by
8 Charlie Johnson.

9 MR. HILL: Mr. Chairman, point of order. Isn't
10 what he's asking is what is in here in the back that we
11 respond?

12 CHAIRMAN MCCUSKER: There are further options to
13 that. We were asked to provide an initial response, which,
14 the way the AG explained it to me, we can do a formal
15 response literally line item by line item.

16 Maybe part of that response would be addressing
17 the issue about forecasting our resources. So we do have
18 the opportunity, Jeff, to write a broader response, to do
19 nothing, to accept the audit as presented, or any of those.

20 MR. HILL: Mr. Chairman, I think Chris's motion,
21 single motion is certainly appropriate. I support that, but
22 I would also think that the two-page plus, a little bit over
23 that, that was written by I presume by you and the technical
24 staff is a very adequate response to the audit. It would
25 put us on record --

1 CHAIRMAN MCCUSKER: As having a response?

2 MR. HILL: Yes. And I think that's important
3 because some of the people get this and they go on and on.
4 So I think that this is a very positive response.

5 CHAIRMAN MCCUSKER: Make that our official, common
6 response?

7 MR. HILL: Yes. I think that would be great, and
8 we wouldn't have to fuss with it anymore. And we're on
9 record, and it's a very positive thing.

10 CHAIRMAN MCCUSKER: Do I have a motion to accept
11 it?

12 TREASURER SHEAFE: I'll move to accept that.

13 MR. HILL: Okay. I'll second the whole thing
14 then.

15 CHAIRMAN MCCUSKER: So the motion is to accept the
16 auditor general's report and our response as written.
17 Seconded by Mr. Hill. Any questions or comments? All in
18 favor say aye.

19 (Ayes)

20 CHAIRMAN MCCUSKER: Any opposed? Very good.
21 Thank you, Charlie, for all your hard work. Am I doing
22 okay, Counsel? At this time on the agenda, the executive
23 session. I need a motion to recess.

24 SECRETARY IRVIN: So moved.

25 CHAIRMAN MCCUSKER: Second?

1 TREASURER SHEAFE: Second.

2 CHAIRMAN MCCUSKER: All in favor say aye.

3 (Ayes)

4 CHAIRMAN MCCUSKER: We're in recess.

5 (Recess, executive session.)

6 CHAIRMAN MCCUSKER: I need a motion to reconvene.

7 TREASURER SHEAFE: So moved.

8 SECRETARY IRVIN: Second.

9 CHAIRMAN MCCUSKER: All in favor say aye.

10 (Ayes)

11 CHAIRMAN MCCUSKER: Okay. We are back in
12 business. And the first item on the agenda, other than my
13 remarks, which I will defer, is the TCC. So, Elaine, if
14 you're ready, and you have given us a famous handout.

15 MS. WEAVER: Good afternoon. My name is Elaine
16 Weaver, the project manager for the TCC Rio Nuevo Arena
17 Project.

18 What I put in front of you is an updated version
19 of our design and construction process diagram, and what is
20 changed on this is that I have added the dates under all the
21 items that are complete.

22 And so we can track when the specific items
23 occurred. So if you look back at the green box, we started
24 identifying the scope and budget all the way back in
25 February, and then I presented the need-to-repair list and

1 the budget to you on July 24th. In addition to the dates,
2 I've also added our dotted box.

3 SECRETARY IRVIN: June 24th.

4 MS. WEAVER: June 24th, thank you. I've also
5 added our dotted box to the floor solicitation and fixed
6 seats solicitation. So those will be two hard bids
7 solicitations. Those will be published prior to
8 Thanksgiving. So we're finalizing the design, the
9 specifications and the front-ends that will go out as a part
10 of this solicitation.

11 It's a quick update that I have today, but before
12 I continue, do you have any questions about this diagram and
13 where we are in the process?

14 CHAIRMAN MCCUSKER: Michele, are we posting this
15 to the website?

16 MS. BETTINI: No.

17 CHAIRMAN MCCUSKER: Is there any reason we can't?

18 MS. BETTINI: No.

19 CHAIRMAN MCCUSKER: Do you have a PDF?

20 MS. WEAVER: I'll send Michele a PDF tomorrow.

21 The four items I'd like to specifically update you on, one,
22 is we're in the process of reviewing the design development
23 set of drawings that I briefly showed you at the last
24 meeting.

25 We have been conducting detailed hour-long

1 multiple-day review meetings with Rio Nuevo, with the TCC
2 director, the end-user as well as with the city FM.

3 So we're sitting down and we're going page by page
4 throughout the drawings, and we're making sure that all of
5 the items that everyone identified during the programming,
6 the design now reflects those items.

7 The second item that I wanted to update you on is
8 that last week I attended a TCC commission and I gave them
9 an update, a monthly update, and all of the information was
10 received rather well, and they're very excited.

11 I did remind the commission that our message, as a
12 team, is that construction will begin after the Gem Show.
13 And I think that's something important that we need to share
14 with the community and with venders because, when people
15 start to hear we're doing construction at TCC, we want to
16 remind everybody that we're starting after the Gem Show.

17 In addition, last week I updated the mayor and
18 council on the project. And so two meetings ago, when I
19 reviewed this document with you, as well as the estimate and
20 the project tracking sheet, I took those same three
21 documents and I presented those to mayor and council.

22 And I think that the project, as a whole, mayor
23 and council again, they had great things to say about it and
24 they are excited to see the accountability, the project
25 tracking, the transparency and just the attention to detail.

1 So they appreciate the updates as well.

2 They did have some comments, and one question that
3 they asked was regarding the local preference for
4 subcontractors.

5 And I have stressed to mayor and council that this
6 is a Rio Nuevo project and it evolves under Rio Nuevo code.
7 And the specific small business requirement that's in the
8 City of Tucson procurement code, they're not the same as the
9 Rio Nuevo procurement code.

10 So I think I said something to the extent of will
11 Concord, who's our general contractor, will they be mindful
12 and make every effort to contract with local contractors?
13 Yes, they will. They're a conscious Tucson contractor. But
14 does Concord have the flexibility and the leeway to contract
15 with somebody in Phoenix, Mesa? They do.

16 And I think Rio Nuevo would want that if there is
17 a contractor who is the right fit for our project, then
18 that's the contractor. And if they're the best price, then
19 we should contract with them.

20 So I know we are often asked about local
21 preference, but I think it's something to be mindful that
22 the Rio Nuevo procurement code is not like the city
23 procurement code. So you have more flexibility.

24 And the fourth item, I just wanted to mention, and
25 unfortunately she had to leave. She just left. Deputy

1 Chief Sharon Allen is the new interim director at the TCC.

2 So Marty Carey, who you have met before, and he
3 was part of the needs to repair and the initial estimates,
4 he's still in the picture and he's still working at the TCC.
5 He is now the finance administrator.

6 And Deputy Chief Sharon Allen was going to get up
7 and introduce herself, but I still wanted to let the board
8 know that there is a new interim director at the TCC. She
9 has started to attend our weekly design meetings, and I've
10 had a couple of meetings with her already to get her caught
11 up to speed on the project and the entire process that we've
12 gone through. And that is my update. Any questions?

13 CHAIRMAN MCCUSKER: Do you know -- you may not
14 know -- the status of the City's RFQ for the privatization
15 of the arena? Anything you've heard regarding timing?

16 MS. WEAVER: The timing, I've not heard any
17 specific, but I have heard that they plan to keep the golf
18 RFQ as an example. I think they're waiting to see how the
19 golf RFQ pans out, and then they'll go from there, but I
20 haven't heard anything specific regarding the time line.

21 SECRETARY IRVIN: The same applies to the
22 concessions?

23 MS. WEAVER: The concessions are separate, and I
24 just read in Steve Kozachik's newsletter that just came out
25 last week that they are working on -- they are working on

1 the concessions contract.

2 Aramark is currently there, and they were renewed
3 for one year, last year. I think it's coming up in early
4 spring, so if there is a time to do anything, it's now, but
5 I don't know exactly. We could ask the project design
6 people.

7 SECRETARY IRVIN: This was in the newsletter? Did
8 it basically say they were looking at it?

9 MS. WEAVER: It said they were looking at it. And
10 now is the time to bring in some new foods and new ideas,
11 new life in addition to the new life that we're creating.

12 SECRETARY IRVIN: Pretty much what he talked about
13 with us?

14 MS. WEAVER: Yes. Any other questions?

15 MR. MOORE: We talked a couple weeks ago, and I
16 suggested -- I don't know -- for the benefit of the board,
17 but I was suggesting that on some of the demolition work,
18 especially regarding the seats and so forth, we might want
19 to consider using prison labor.

20 And they have a very good program. They are very
21 reasonable, and they also have a program where they make all
22 the furniture for all the state agencies and education
23 communities.

24 So they could theoretically -- I haven't talked to
25 them, but I know what they've done -- they could take those

1 seats maybe from TCC and rehabilitate them and then put them
2 into the school districts.

3 And it might be something for us to consider from
4 a PR standpoint and to help these prisons. They've been
5 doing work like this for many years, and they have serviced
6 State buildings and many County buildings.

7 It might be a resource to look at and save some
8 money and redirect some of those funds maybe to another part
9 of the project. I know you haven't had a lot of time to
10 sort it out, but I think that's something worth considering.

11 SECRETARY IRVIN: We did talk about it at the last
12 meeting, Alberto, and what I had suggested is that rather
13 than bombard Elaine with that stuff, that's something we
14 should run through our chair for discussion.

15 We had a slight discussion with the general
16 contractor, and I think one of their concerns was they want
17 the same people to remove the seats that are going to
18 install the seats because they've just done special testing
19 to ensure that the bolts and that kind of stuff can
20 withstand the new seats in the same format that we wanted
21 them to go in. So they may look at it, but it wasn't really
22 high on their list of stuff.

23 CHAIRMAN MCCUSKER: Is there a core value to our
24 seats? Is there a trade-in value?

25 MS. WEAVER: There is a core value, and we're not

1 going to see a specific line item on the solicitation.
2 They're not going to say this is your credit for the seats,
3 but it will reflect in the bid.

4 All of the venders that we spoke to that we know
5 are going to bid on the solicitation, they all want these
6 seats because they will renovate them. They'll fix them up,
7 and then they install them in other arenas in other
8 facilities. To them, it's an asset. They want to remove
9 them and keep them.

10 CHAIRMAN MCCUSKER: Have our specs been completed
11 yet?

12 MS. WEAVER: No.

13 CHAIRMAN MCCUSKER: Could we ask them to identify
14 the core value?

15 MS. WEAVER: We could. We would have to, I think,
16 take a look at do we really want them to have a line item or
17 do we just want it reflected in their overall number. There
18 are pros and cons to both.

19 CHAIRMAN MCCUSKER: Because if they're giving us a
20 buck a seat, it makes Mr. Moore's suggestion a lot more
21 viable. We can turn them over to the state.

22 MS. WEAVER: We can definitely have them -- we can
23 indicate in our specification that their bid is to reflect a
24 line item as a credit for the seats, and then prepare --
25 well, we have to decide.

1 We have to either move forward with the
2 solicitation where the vendor will remove them and they'll
3 keep them, or we'll have to remove it prior to completing
4 the solicitation. So we'll have to decide here pretty
5 quickly.

6 CHAIRMAN MCCUSKER: There might be ways to go.
7 There may be a way to have the contractor remove and replace
8 them, but surplus seats can go to Florence or someplace
9 else.

10 MS. WEAVER: Right. So we wouldn't be using
11 prison labor to remove them, but the prison would get them
12 as an asset.

13 CHAIRMAN MCCUSKER: Or some other charitable
14 organization.

15 MS. WEAVER: The project then would not get the
16 credit. We'd get some credit. Well, we wouldn't get credit
17 at all. We would keep the salvaged items. We definitely
18 could.

19 CHAIRMAN MCCUSKER: Just look at it.

20 MS. WEAVER: Okay, we will. And I will, Mr.
21 Moore, follow-up with you and I will follow-up with the
22 board and get back to you.

23 CHAIRMAN MCCUSKER: Anything else on the TCC?
24 Mr. Hill?

25 MR. HILL: I've got to get my two cents in, that

1 one of the deciding factors in that conversation is the
2 lowest cost to the taxpayers. I'm not too fussy where those
3 seats go, but I am fussy about the lowest cost to the
4 taxpayers.

5 I'd like to remind the board that the talk about
6 local -- giving a local company preference, or what have
7 you, that's code usually for higher costs.

8 Cities used to do that until the legislature said
9 you can't do that anymore. So most people presume that's
10 code for costing taxpayers more money. So I will urge the
11 board to keep the language we have and not get into all that
12 stuff about giving preference.

13 CHAIRMAN MCCUSKER: I do believe -- Mr. Collins
14 can correct me -- but we were actually advised not to put a
15 local preference in when we adopted our language.

16 MR. COLLINS: That's correct.

17 MR. HILL: Good. Thank you.

18 CHAIRMAN MCCUSKER: Anything else on TCC? Elaine,
19 you're doing a great job. We'll go ahead and post this for
20 the public so they can follow the project.

21 The next several items are related to the arena
22 site. Let me give you a quick update on where we are with
23 that. We're going to table most of these as action items.

24 We do have the deed. It is in escrow. It will
25 close when we have a satisfactory resolution on the parking

1 issue. So that's the only pending item.

2 Mr. Garbin is here from ParkWise. We do not have
3 a proposal, although he did commit to get us one. So I
4 would suggest we table possible action on the parking
5 arrangement.

6 Likewise we're hoping to receive a proposal from
7 Peach as to their claim. We put that ball in their court.
8 As of 10 minutes ago, we do not have a proposal from them as
9 it relates to the Nor-Gen property to the east of that. I
10 think we continue to have an interest in joint development
11 with that project and ours.

12 And the committee assigned to that is Mr. Moore,
13 Mr. Sheafe, and myself, and we will continue to talk to
14 those principals about a way to bring those two projects
15 together.

16 So I think we can be safe in tabling all three of
17 those items until the next meeting. The westside parcel,
18 Mark, do you have an update for us?

19 MR. COLLINS: Mr. Chair, members of the board,
20 very briefly, I anticipate hearing from City Attorney Mike
21 Rankin later today or the next day about setting a time to
22 meet in his office with respect to all the remaining items.

23 After which we will do a site walk and hopefully
24 then be able to resolve the issues of the eastern boundary,
25 the archeological sites, the environmental monitoring wells,

1 and the gas pipe.

2 CHAIRMAN MCCUSKER: Item number 15, we previously
3 discussed participating in the Urban Land Institute's
4 assignment. They are, in fact, in town. This has gone
5 along a lot faster than any of us anticipated, but the
6 original conversation is that we would participate up to a
7 third of a \$150,000 proposal. We now have an invoice from
8 City for \$40,000 for our participation in the ULI study.

9 TREASURER SHEAFE: Mr. Chairman, I'd like to
10 propose that we approve the payment of that invoice in the
11 amount of \$40,000.

12 MR. RITCHIE: Second.

13 CHAIRMAN MCCUSKER: Motion and second. Any other
14 conversation, comments about the ULI? I think Charlie was
15 very helpful in helping us to understand their mission.
16 We're very optimistic something will come out of this
17 investment, but I guess it's safe to say time will tell.
18 All in favor say aye.

19 (Ayes)

20 CHAIRMAN MCCUSKER: Opposed, nay? Item 16, the
21 NonProfit News Source, Nancy has submitted to us the rules
22 for the contest and is developing the website and is
23 prepared to move along on the proposed rules for our name
24 change contest.

25 Let me just remind those in the audience, we have

1 not agreed to change our name. We've agreed to pursue a
2 contest where a name change or a proposed name might be more
3 attractive than the one that we have.

4 And I think we have authorized a contract, which
5 hopefully you have. No? You're sitting on it? Okay. So
6 we have it and can get it to you, and then, Nancy, if you
7 want to just quickly go through where you are with the
8 contest and the rules.

9 MS. MONTOYA: Nancy Montoya with NonProfit News
10 Source. Mr. Chair and members of the board, I think we're
11 in very good shape. You have two documents in front of you.
12 This one right here, you can toss; okay?

13 TREASURER SHEAFE: Who's eligible?

14 MS. SWETNAM: Yes. That one is directly off the
15 website. This one, I believe you have in front of you, is
16 the one that Mr. Collins has looked at and has made some
17 revisions.

18 CHAIRMAN MCCUSKER: It's in the book, Tab --

19 MR. COLLINS: Tab six, it's in your book.

20 MS. MONTOYA: I wrote the initial contest rules,
21 and then Mr. Collins went in and cleaned it all up and made
22 it nice and legal.

23 CHAIRMAN MCCUSKER: We're used to that.

24 MS. MONTOYA: If you've had a chance to go to the
25 website, which is newnameforrionuevo.com, I think we've

1 worked out all the issues with it. It runs smoothly. I
2 think Michele took a look at it as well. It's very clear,
3 very concise.

4 The school counselors have been in touch with all
5 thirteen schools. They're ready to go. We haven't told
6 them they could start yet because we, of course, don't have
7 any commission yet. So if there's any questions on the
8 rules, now would be a good time to speak up.

9 TREASURER SHEAFE: Nancy, what are you needing
10 from us?

11 MS. MONTOYA: I just need your approval. If we're
12 ready to launch, I just need to make sure we're all on the
13 same page in terms of the rules.

14 TREASURER SHEAFE: Mark, are there any differences
15 between these forms, other than you put it in a legal
16 context?

17 MR. COLLINS: I haven't seen what Ms. Montoya put
18 on your desk, but what you have in Tab six is what she
19 originally drafted.

20 I added some language to it and tweaked it a bit.
21 I'd like to look at it one last time before it's posted, but
22 substantively what you have in Tab six is fine with me.

23 TREASURER SHEAFE: One of the things I noticed --
24 maybe I missed it here -- but in her description, it was
25 pretty clear what the contest benefits were to the

1 participants, and it appears like a lot of that language
2 went away?

3 MS. MONTOYA: It's on the website. I think maybe
4 I should add that onto the rules page. But on the website
5 itself it says what everybody gets.

6 MR. COLLINS: Section five, on pages two and
7 three, is where it talks about each award winner getting
8 \$500 for college.

9 TREASURER SHEAFE: Okay. You've got it there.

10 MR. COLLINS: She did a good job of that.

11 MR. HILL: Mr. Chairman, I just have a question.
12 I notice that this is all public high schools. Why was this
13 only submitted to public high schools?

14 MS. MONTOYA: I think it would be a nightmare to
15 include the charter schools. We're looking at another 20 or
16 30 entrants. I'm not sure that we made that decision. I'm
17 happy to change that, if it's what the board would like to
18 do.

19 MR. HILL: Charter schools are public schools.

20 MS. MONTOYA: That's true.

21 MR. HILL: And of course there are --

22 CHAIRMAN MCCUSKER: Private schools.

23 MR. HILL: There are a few Catholic schools.

24 CHAIRMAN MCCUSKER: What if we didn't list any?
25 What if we said any high school student?

1 MS. MONTOYA: Well, the only reason we did list
2 them is because the city council members wanted to know
3 which ones were in their district, and so we had to go in
4 and do some research to figure out who went to where. We
5 can certainly change that and do a little bit more research
6 and figure out who the charter schools are.

7 CHAIRMAN MCCUSKER: I think Mr. Hill's point in
8 the initial conversations, I think we did see this as a
9 broader opportunity, that any -- and it said high school
10 seniors.

11 MS. MONTOYA: High school seniors.

12 CHAIRMAN MCCUSKER: I think we said any high
13 school senior in Pima County was eligible.

14 MS. MONTOYA: In Pima County.

15 CHAIRMAN MCCUSKER: And we can work privately with
16 council members on what schools are in their wards, but that
17 will open it up to anybody.

18 MS. MONTOYA: And well, that's a good thing too
19 because that gives us more choices. Very good point.

20 CHAIRMAN MCCUSKER: Part of this involves the
21 participation of our city council. Everybody is on board
22 with that?

23 MS. MONTOYA: I've talked to all of them.
24 Everybody now is on board. So they're good. Pima College
25 is on board and the University of Arizona is on board.

1 We might even have a few little surprises down the
2 road with additional people who may be willing to match that
3 \$500 or \$1,000. I can't say yet who it might be, but, you
4 know, I can't publicize it until we know for sure and it's
5 in writing.

6 MR. RITCHIE: I think we have all discussed this.
7 I think that the new reconstituted board of Rio Nuevo, that
8 we certainly deserve a different faith than our
9 predecessors.

10 I think we've worked very hard, but sometimes I
11 believe that running from our -- the past will do us more
12 harm than good.

13 I think NonProfit News Source is something that we
14 can use for other things that we're doing, but I'd like to
15 make a motion and reconsider it.

16 I make a motion to reconsider our actions whereby
17 we adopted the contract and contest to rename Rio Nuevo,
18 that we reconsider and terminate this contest. That's a
19 motion that I'd like to make.

20 CHAIRMAN MCCUSKER: He's an odd vote. He's
21 allowed to have a motion to reconsider. That requires a
22 second.

23 MR. HILL: Second.

24 CHAIRMAN MCCUSKER: We have a board approved
25 action that has been asked for reconsideration, and we have

1 a second. Let's do a roll call vote. Michele.

2 MS. BETTINI: Alberto Moore.

3 MR. MOORE: I'll pass for a minute.

4 MS. BETTINI: Jannie Cox.

5 MS. COX: Nay.

6 MS. BETTINI: Mark Irvin?

7 SECRETARY IRVIN: Nay.

8 CHAIRMAN MCCUSKER: The motion is to reconsider,
9 so a nay vote would leave it intact.

10 MS. BETTINI: Fletcher McCusker?

11 CHAIRMAN MCCUSKER: Nay.

12 MS. BETTINI: Chris Sheafe?

13 TREASURER SHEAFE: Nay.

14 MS. BETTINI: Jeff Hill?

15 MR. HILL: Aye.

16 MS. BETTINI: Cody Ritchie?

17 MR. RITCHIE: Aye.

18 MS. BETTINI: Alberto Moore?

19 MR. MOORE: Nay.

20 CHAIRMAN MCCUSKER: By a vote of five nays to two
21 ayes, the motion to reconsider is defeated. So back to the
22 rules at hand, any other comments?

23 Now, Cody, I do think -- you know, I think your
24 comments are well-said, and I think we heard it from Charlie
25 today.

1 I think most of the people I interact with talk
2 about the new Rio Nuevo, and we may never, in fact, escape
3 that, but I think there also is the sentiment that we
4 deserve an opportunity to kind of start over, and I think
5 that's the premise under which we should launch this
6 contest.

7 We're not obligated to change our name. I do
8 think, however, that it would be really in poor taste of us
9 to run this contest and not give these kids their
10 scholarship money.

11 So indeed, if we enter into this, we should follow
12 the rules, pick the winners and pick a winner. It doesn't
13 mean we actually have to legally change our name. That may
14 be another time that we debate it at the end of the contest.

15 MS. COX: Mr. Chairman, I'd like to say we did
16 talk about obviously that we may or may not change our name,
17 regardless of the contest, but we may decide to name it
18 something that didn't come from the contest.

19 MS. MONTOYA: That's covered.

20 MS. COX: And I would also urge all of us to think
21 about once we have come together, through the contest and
22 with each, on a potential name, that we get some
23 professional advice about that name before we go announcing
24 it.

25 I just think that a name can bring a lot of

1 connotation. It might be good to let it settle for a little
2 while instead of making a decision in one meeting about what
3 the name might be, assuming it will be changed.

4 MS. MONTOYA: And the name also has to lend itself
5 to a good logo, a good branding. So there are several
6 things. I would agree that's a good idea.

7 I did additional research on branding and how long
8 does it take for the old name to go away and the new name to
9 surface. It takes about five years, and that is if it's a
10 consistent effort.

11 So you can look that within five to ten years, no
12 one will remember Rio Nuevo. I don't know if that adds to
13 it or takes away from it, but that's what the facts say.

14 CHAIRMAN MCCUSKER: What is Verizon's old name?

15 MS. MONTOYA: Verizon, who knows? It changes
16 pretty rapidly.

17 MR. RITCHIE: This is a statement. My feeling is,
18 if we all do our job, and I think we all are doing our job
19 -- and I lost the vote so I'll be a good sport -- but I
20 believe that positive will come out of the work that's done
21 and not in the name that is assigned to a district.

22 CHAIRMAN MCCUSKER: And I believe Mr. Hill is
23 absolutely right, we will always be referred to as the
24 former Rio Nuevo, so it's --

25 MS. MONTOYA: One of the things that I also urge,

1 being a PR marketing specialist, that it's not enough to
2 change your name and it's not enough for you folks to know
3 what you're doing and it's not enough to put it up on the
4 website.

5 There needs to be a concentrated effort to pit
6 certain projects that are -- that you see as prominent, you
7 see as promising, and build a campaign around those projects
8 so that, you know, you may know what you're doing
9 internally, but as far as the image of the community, those
10 two things need to go hat in hand.

11 TREASURER SHEAFE: I'd just like to say that I
12 wasn't necessarily opposed to what was being proposed.

13 CHAIRMAN MCCUSKER: You just voted no.

14 TREASURER SHEAFE: I voted no because I think it's
15 a very positive process to have this whole thing taking
16 place, because there's an economic gain involved. That's
17 what Rio Nuevo is about.

18 MS. MONTOYA: I agree. And I like the idea of
19 opening it up to even more students.

20 CHAIRMAN MCCUSKER: So we're off to the races.

21 SECRETARY IRVIN: I snuck out a little bit early
22 before the vote on yours. Fletcher was out of town, and I
23 was handed the contract to sign.

24 And until I had a chance to ensure that we
25 actually voted on it and had a chance to talk to counsel and

1 other people, since I couldn't reach the vacationer here --
2 I have the contract in my office. I meant to bring it with
3 me. I will get it to Michele tomorrow morning.

4 MS. MONTOYA: Thank you.

5 MR. HILL: Does the contract limit it to these 13
6 schools?

7 CHAIRMAN MCCUSKER: No. The contract is for an
8 economic amount.

9 MR. COLLINS: But your agenda item today is to
10 approve the rules or modify the rules. So I would suggest
11 that you make a --

12 TREASURER SHEAFE: I move that we approve the
13 modified rules as they are contained in our book.

14 SECRETARY IRVIN: With the addition that any high
15 school student in Pima County -- any senior in high school.

16 MR. HILL: Right. Left out city limits.

17 MS. MONTOYA: Tucson city limits.

18 MR. COLLINS: Right. That's what paragraph one of
19 the official rules specifies.

20 CHAIRMAN MCCUSKER: We have another group motion.
21 Mr. Sheafe, why don't you properly state your intent.

22 TREASURER SHEAFE: My intent was to approve these
23 rules adjusted with the addition of all schools, and we had
24 said within Pima County, correct, high school seniors.

25 CHAIRMAN MCCUSKER: Alberto, is it still good for

1 you to second?

2 MR. MOORE: Second.

3 CHAIRMAN MCCUSKER: Okay. The motion is to
4 approve the rules as amended, opening it up to all high
5 schools in town. All in favor say aye.

6 (Ayes)

7 CHAIRMAN MCCUSKER: Those opposed nay.

8 MR. HILL: Mr. Chairman, just for the record, I
9 would point out, my children and I, when we go to the big
10 park in town, it's Randolph Park. We don't recognize Reid
11 Park. Some of us old-timers, five or ten years isn't going
12 to cut it.

13 CHAIRMAN MCCUSKER: The only remaining item, other
14 than the call to the audience, is number 17, the ethics
15 policy. We're again not going to take any action on that.

16 We have asked counsel to help us update the ethics
17 considerations, for the Rio Nuevo board members, as they
18 relate to our behavior on the board and in the community and
19 particularly around conflicts of interest.

20 He has given us a number of examples, which we
21 will be reading between now and the next meeting. We'll
22 table this item until the next Rio Nuevo meeting. And I
23 have seen some calls. Josefina Cardenas.

24 MS. CARDENAS: I'm Josefina Cardenas, 902 West
25 21st Street. I would just like to also say about the name,

1 that urban renewal has never lost its name. Keep that in
2 mind. It all depends on your actions and what we do with it
3 and how much development comes about. Being a native Tucson
4 and just watching, it's overwhelming and sometimes
5 discouraging, and imagine bringing it back to our elders and
6 families in the barrio. I also attended the same urban
7 land. And it's quite embarrassing to introduce what we have
8 been doing to someone not from this town.

9 I mean when are we here in Tucson going to learn
10 to communicate well and work together well. I'm praying
11 this process will work, and this will be an example to move
12 forward and that it won't be another process after another
13 process taking us how many years now.

14 So then I thank you. I know you're trying hard.
15 My prayers on my side are for each one of you. Gracias.

16 CHAIRMAN MCCUSKER: Thank you. I'll entertain a
17 motion to adjourn.

18 SECRETARY IRVIN: So moved.

19 CHAIRMAN MCCUSKER: Second.

20 MS. COX: Second.

21 CHAIRMAN MCCUSKER: All in favor say aye.

22 (Ayes)

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