

RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
November 18, 2015
2:00 p.m.

REPORTED BY:

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1 (Meeting commenced at 1:59 p.m.)

2 CHAIRMAN McCUSKER: Okay. We're going to call the
3 meeting to order. It is 1:59 by the official clock. And
4 we've heard from Cody; he's on his way in. And Chris Sheafe
5 is on his way in.

6 Let's start with the pledge.

7 (Pledge of Allegiance recited.)

8 SECRETARY IRVIN: Is this where we get to sing to
9 Edmund Happy Birthday? Michele, you're going to lead that?

10 MS. BETTINI: No. I don't sing in public.

11 Happy Birthday, Edmund.

12 CHAIRMAN McCUSKER: You'll notice our
13 transcriptionist is not here. He will be here after Exec.
14 Michele is recording the starting of the meeting.

15 So, Michele, go ahead and call the roll.

16 MS. BETTINI: Jeff Hill?

17 MR. HILL: Here.

18 MS. BETTINI: Jannie Cox?

19 MS. COX: Here.

20 MS. BETTINI: Fletcher McCusker?

21 CHAIRMAN McCUSKER: Here.

22 MS. BETTINI: Mark Irvin?

23 SECRETARY IRVIN: Here.

24 MS. BETTINI: Edmund Marquez?

25 MR. MARQUEZ: Here.

1 CHAIRMAN McCUSKER: Okay. And you have the
2 transcript from the October 27th meeting. Any changes or
3 additions? If not, entertain a motion to approve.

4 MS. COX: So moved.

5 MR. HILL: Second.

6 CHAIRMAN McCUSKER: All in favor say aye.

7 (Ayes.)

8 We have an executive session on the agenda. We
9 need a motion to recess to executive session.

10 SECRETARY IRVIN: So moved.

11 MR. MARQUEZ: Second.

12 CHAIRMAN McCUSKER: So all in favor say aye.

13 (Ayes.)

14 Okay. We'll be back here in about 60 minutes.

15 (The Board recessed to Executive Session
16 at 2:03 p.m.)

17 (Meeting reconvened at 2:45 p.m.)

18 CHAIRMAN McCUSKER: Okay. We'll entertain a
19 motion to reconvene.

20 SECRETARY IRVIN: So moved.

21 MR. RITCHIE: Second.

22 CHAIRMAN McCUSKER: So all in favor, say aye.

23 (Ayes.)

24 CHAIRMAN McCUSKER: Okay. And we're back with the
25 transcriptionist.

1 Thank you very much.

2 Let me just tick through the agenda. We're going
3 to table a couple of things.

4 The Mercado Annex discussion, to remind everyone,
5 we are working with Gadsden on the West Side. We previously
6 approved \$2.2 million to activate some retail on the western
7 terminus of the streetcar. That required a three-party
8 agreement with the City of Tucson. We've yet to achieve
9 that. So we're going to table that and have instructed
10 counsel to continue to work on the tri-party agreement.

11 We are -- so that -- that tables item No. 9.

12 And I think everything else we're going to tick
13 off here pretty quickly. So let's get at it here.

14 Dan, do you want to go with your financial report?

15 MR. MEYERS: Sure.

16 Dan Meyers, chief financial officer.

17 Okay. So a couple things happened last month as
18 we -- we moved that \$1.7 million from sitting in the Wells
19 Fargo trust accounts, excess money sitting there, over into
20 Alliance Bank. We've got \$9.6 million in Alliance operating
21 account. We've got \$5 million in the Alliance Bank ICS
22 account. We've got 400,000 in the Bank of Tucson.

23 Now that the money is sitting there and we got
24 our -- received our TIF allocation for November, we're going
25 be coming up with a proposal to get some of that money out

1 of Alliance and allocated more appropriately through
2 Alliance and Bank of Tucson that we talked about the last
3 meeting.

4 We just got our allocation from the State of
5 Arizona today or at least we're going to be. It's 816,000.
6 As you know, our budget is \$825,000 a month so we're right
7 on there.

8 Nothing really significant happened from the
9 way of paying down any of our commitments. We've got a
10 total of \$15 million in the bank. Remaining commitments are
11 6.4 million. So we've got an 8.6 surplus as we stand here
12 today.

13 CHAIRMAN McCUSKER: Did you do anything to pull
14 the excess funds out of Wells?

15 MR. MEYERS: Yes. I said earlier, 1.7 came out
16 sitting in Alliance.

17 CHAIRMAN McCUSKER: That's part of what went into
18 Alliance?

19 MR. MEYERS: Yes.

20 CHAIRMAN McCUSKER: Do you want to reexplain kind
21 of how that got over there and what the genesis of that was.

22 MR. MEYERS: Yes.

23 As we collect money throughout the year, a certain
24 part has to be set aside to pay for debt service and
25 interest on the bonds. And there's a calculation that we

1 do. And we've got to keep as much money in a specific
2 account at Wells Fargo to make sure we're able to cover our
3 debt service.

4 If for some reason our TIF revenues would drop
5 substantially, then we would have to repay that. I think we
6 have still got a 2- or \$300,000 cushion, as we sit here
7 today.

8 CHAIRMAN McCUSKER: And it has nothing to do with
9 the \$8 million reserve. That's totally separate?

10 MR. MEYERS: Correct.

11 CHAIRMAN McCUSKER: And we can't touch that.

12 MR. MEYERS: We cannot touch the 8.

13 Questions?

14 CHAIRMAN McCUSKER: Any questions for Dan?

15 MR. MEYERS: Just a couple of notes here. I'm
16 still in the process of matching up the State of Arizona's
17 list of people that are filing as Rio Nuevo
18 vendors/merchants to a list that we've got compiled of the
19 merchants that we think we should be filing. I'm getting
20 very close to finalizing that. And then we'll be matching
21 it up closely.

22 And I think we're going to follow up with some
23 kind of a letter or notice out to our TIF merchants and just
24 remind them that, you know, it's to their benefit if they
25 file these TPT-1 forms, which is a sales tax sent to the

1 State of Arizona. And that's what generates our monthly TIF
2 revenue, comes back to us. So really encourage them to look
3 twice and make sure they're doing it and doing it correctly.
4 And feel free to contact Michele or I if we -- if they need
5 help, because this is -- this is the money that we're
6 legally entitled to. And it's money that we really should
7 be chasing down and collecting.

8 MS. COX: Dan, can you help me? You say that it's
9 to their benefit to do it? How could they benefit --

10 MR. MEYERS: Well --

11 MS. COX: -- other than what we do with it?

12 MR. MEYERS: -- through what we do, through our
13 marketing, through our reinvesting in the District. I mean,
14 we take the money we receive from the TIF and after we pay
15 the principal and the interest on the bonds, then we are
16 able to do whatever we want with that.

17 You know, we're doing projects. We're marketing
18 for them. You know, I think that holds true for the
19 downtown merchants, Sunshine Mile, and both the malls. I
20 mean, I think, you know, we do a pretty good of promoting
21 all these -- all our merchants.

22 MS. COX: Do they know that?

23 MR. MEYERS: Well, I think some of them know it.
24 But I think we need to make it better known to them.

25 MS. COX: Yeah.

1 MR. MEYERS: That's what -- that's what this, you
2 know, letter is.

3 MS. COX: Okay. Thank you.

4 MR. MEYERS: Okay.

5 TREASURER SHEAFE: Dan, quick question.

6 MR. MEYERS: Yes.

7 TREASURER SHEAFE: I noticed, in looking at the
8 income stream, that we have one major taxpayer that had a
9 rather astounding -- almost fivefold -- entries that
10 recently happened. Now what that tells you is that there
11 must have been a mischaracterization of the way that the
12 taxes were paid earlier -- in the earlier reports.

13 Are you having any success or do we have the
14 opportunity to go back and maybe relook at those numbers and
15 get that entity and others that are doing the same thing to
16 correct their numbers?

17 MR. MEYERS: Yes. We can go back four years and
18 amend. So this one kind of popped up there all of the
19 sudden. There was a significant increase. So I can't
20 contact them directly. But I asked the City of Tucson and
21 ultimately the State of Arizona to follow up with them. And
22 I know they've done that. And there's made -- progress made
23 yet, but I remind them every single month that, hey, let's
24 see if we can't go back and recapture some of this lost
25 revenue.

1 So you know, we're on top of it. I think we --

2 CHAIRMAN McCUSKER: Is it in -- within our
3 intergovernmental agreement with ADOR that we're not allowed
4 to contact any --

5 MR. MEYERS: Yeah, I think we -- I've spoken to --

6 CHAIRMAN McCUSKER: Mr. Collins, is that a
7 legislative issue?

8 MR. COLLINS: Yeah.

9 CHAIRMAN McCUSKER: A statutory issue? Could it
10 be something we renegotiate with ADOR?

11 MR. COLLINS: Mr. Chairman, Members of the Board,
12 it's all of those things. It's things that could be dealt
13 with.

14 As you may recall, we entered into this agreement
15 at a time when ADOR was busy changing their entire software
16 program because of a previously enacted statute. I
17 understand that at some point they're going to have GPS
18 capability in that new software which will help Michele and
19 Dan identify the precise location.

20 But as to being able to contact, that gets into
21 the confidentiality problem. And yes we can -- we can
22 address it. But we were unable -- or they were unwilling to
23 give us that -- that right when we did the ADOR agreement
24 that we have now.

25 MR. MEYERS: Well, and part of the problem here is

1 that it -- to contact them, I think it actually could be
2 considered an audit. And they can only audit once every
3 four years. So they're -- they don't want somebody chasing
4 them down for a \$3 revenue thing when they've -- when
5 they've got bigger fish to fry. And so it really
6 prevents --

7 CHAIRMAN McCUSKER: So we're not prohibited from
8 educating them as long as we don't discriminate the
9 nonpaying taxpayers.

10 MR. MEYERS: Right. So I think we're going to
11 send out a little letter, you know, happy holidays. Good
12 luck for the Christmas season. And by the way, don't forget
13 to file that TPT-1 form properly.

14 CHAIRMAN McCUSKER: And put the code in there.

15 MR. COLLINS: And as I said, Mr. Chairman, Members
16 of the Board, when that GPS component is part of the ADOR,
17 that will allow Dan and Michele to focus their efforts on --
18 their educational efforts.

19 CHAIRMAN McCUSKER: Have you got any questions?
20 Mr. Marquez?

21 MR. MARQUEZ: Dan, previously you mentioned --
22 just quickly -- that we, at the last Board meeting, had
23 decided to put more of our funds into these local banks,
24 Alliance Bank and Bank of Tucson, in support of our local
25 banks. Can you just drill down that a little bit for us?

1 When is that happening?

2 MR. MEYERS: I plan on having something together
3 by next Wednesday to try to ladder these things properly
4 because there's all different kinds of rates depending on
5 what kind of instrument they're in. And it's incredible the
6 way that they're different. I mean, you'd think they'd all
7 be the same, but it's different.

8 And so I was going to put something together and
9 see how that works out.

10 CHAIRMAN McCUSKER: All right.

11 These are the only two banks that the District is
12 authorized as deposit accounts. And that dates back to long
13 before many of us actually got on the Board. There was a
14 presentation made by the banks. And the District board
15 selected these two banks, Alliance Bank and the Bank of
16 Tucson. So we can move money between the two; we can't go
17 outside of those two banks.

18 MR. MEYERS: Right.

19 CHAIRMAN McCUSKER: But I think that what -- the
20 point has made to Dan, you can do a better job distributing
21 the money between the two banks that are authorized.

22 MR. MEYERS: Right.

23 CHAIRMAN McCUSKER: And we've asked him to do
24 that.

25 SECRETARY IRVIN: And you say we can only spread

1 it between those two banks; that would be unless we sat down
2 and went through a similar process again?

3 CHAIRMAN McCUSKER: Mark, enlighten us on that. I
4 mean, it was an RFP. The banks made a presentation. The
5 Board voted. You know, would we have to do the same thing
6 again if we wanted to expand our --

7 MR. COLLINS: You have to --

8 CHAIRMAN McCUSKER: -- choices or --

9 MR. COLLINS: Mr. Chairman, Members of the Board,
10 you'd have to either do an RFP, or an RFQ. And you'd have
11 to go through that process. Keep in mind, too, that there
12 are several statutes. This is public money that we're
13 talking about. And there are some rather stringent statutes
14 that apply. I'm not saying that other banks can't satisfy
15 that.

16 But, yes, you could -- as Mr. Irvin says, you
17 could do that if you elected to do that.

18 SECRETARY IRVIN: I'm not advocating that, just a
19 question.

20 MR. MEYERS: Any other questions?

21 Thank you.

22 CHAIRMAN McCUSKER: Thank you. Thank you very
23 much.

24 Okay. Item 7, the refund bond proposal. We have
25 representatives from counsel and bond counsel here to remind

1 everyone we have previously authorized counsel to move
2 forward on what's called a refund bond.

3 This would take the \$82 million, roughly, that was
4 issued by the City-controlled Rio Nuevo some time ago, at
5 the highest interest rate probably in the history of the
6 market, and refinance that at today's rates, which are about
7 2.7, 2.75 percent interest.

8 The District would save about 5-and-a-half million
9 dollars of debt service payments. And we have the
10 opportunity to remove as much as \$8 million of our debt
11 service reserve. So it's a huge economic opportunity for
12 us.

13 There is some concern about interest rates
14 up-ticking. So we want to move quickly.

15 So, Mr. Collins, if you'll walk through kind of
16 what you prepared for us to authorize these bonds.

17 MR. COLLINS: Yes.

18 Mr. Chairman, Members of the Board, you have in
19 front of you a resolution entitled Resolution 2015 and a
20 blank. It would be 2015-1 if you should -- should vote to
21 adopt this resolution.

22 I'm joined by my partner Tim Stratton, who's here
23 to answer any detailed questions about this that you might
24 have.

25 But if you vote to adopt this resolution, that

1 will be the next step in moving forward to issuing these
2 re-funding bonds in the hopes of securing the savings that
3 the Chairman just outlined.

4 The resolution authorizes Tim and the folks at
5 Piper Jaffray to go forward and prepare to issue the bonds,
6 find buyers, and so forth. The resolution has a failsafe in
7 it about you -- if you authorize this, adopted this
8 resolution, it would give Tim and Piper Jaffray the
9 authority to proceed with issuing these bonds provided that
10 certain benchmarks are met, those benchmarks including a
11 3 percent present tax -- or present income savings.

12 I'll have you look at paragraph -- section -- on
13 Page 4, I think, if my notes are correct. I should look at
14 my own -- yep.

15 ATTENDEE: It's Section 3, Mark, on Page 3.

16 MR. COLLINS: Okay. See, there's the guy that
17 wrote the darn thing.

18 Section 3 on Page 3, the re-funding shall result
19 in a present value savings to the District of at least
20 3 percent.

21 So if you adopt this resolution today and it turns
22 out that we don't find buyers that will result in that kind
23 of a return, the bonds will not be re-funded.

24 So what -- what -- subject to all of your
25 discretion, I would suggest to you that you consider making

1 a motion to pass this resolution that's before you and
2 authorize the executive officers to execute the appropriate
3 documents that may be necessary to effectuate this
4 resolution provided that all of the conditions in the
5 resolution are met.

6 MS. COX: So moved.

7 MR. MARQUEZ: Second.

8 THE COURT: Any questions for Mark? Any further
9 discussion?

10 Okay. We have -- let's do a roll call vote.

11 Michele, we have before us a motion to authorize
12 the re-fund bond -- and that's Resolution No. 2015-1 -- and
13 to authorize the executive officers to execute the required
14 documents so long as the contingencies are met.

15 Michele, call the roll.

16 MS. BETTINI: Cody Ritchie?

17 MR. RITCHIE: Aye.

18 MS. BETTINI: Edmund Marquez?

19 MR. MARQUEZ: Aye.

20 MS. BETTINI: Mark Irvin?

21 SECRETARY IRVIN: Aye.

22 MS. BETTINI: Chris Sheafe?

23 TREASURER SHEAFE: Aye.

24 MS. BETTINI: Jannie Cox?

25 MS. COX: Aye.

1 MS. BETTINI: Jeff Hill?

2 MR. HILL: Aye.

3 MS. BETTINI: Fletcher McCusker?

4 CHAIRMAN McCUSKER: Aye.

5 By votes 7-0, we've passed Resolution No. 2015-1.

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

8 TREASURER SHEAFE: Just for clarification, this
9 will be posted on our website. It's a rather lengthy
10 motion. And to try and restate it wouldn't have been
11 practical. But anybody that's interested in the details,
12 since it goes on for a number of pages, it will be on the
13 website and available for public scrutiny, correct?

14 MR. COLLINS: Yes, sir.

15 CHAIRMAN McCUSKER: All of our agreements are
16 posted.

17 Two other agreements we have to approve
18 simultaneously: One is the retention of bond counsel; and
19 the other is the retention of Piper Jaffray as the bond
20 underwriter. We've seen those agreements as well.

21 You want to walk through those?

22 MR. COLLINS: Yes. There are two agreements
23 you -- to proceed forward with the issuance, you need to
24 engage Piper Jaffray, who you've engaged for other reasons
25 already, to assist in finding buyers and in determining when

1 the appropriate time is to issue the bond.

2 That agreement you've seen; we've discussed. It
3 is based upon successful issuance of the bonds; it's based
4 on the percentage of what the amount of the bonds are; the
5 bigger the amount of the bonds, the more that Piper Jaffray
6 gets paid, and conversely.

7 CHAIRMAN McCUSKER: For the record -- let's go
8 ahead and put in the record what those percentages are.

9 MR. COLLINS: The proposed fees are \$3 per
10 thousand dollars of proceeds delivered with a minimum of
11 \$50,000 per series issuance. And a re-funding
12 transaction -- which is what this one is -- is \$3.50 per
13 thousand proceeds delivered with a minimum of \$50,000 per
14 issuance.

15 So depending on how big a number you have, they're
16 getting \$3.50 per thousand dollars. Otherwise, their
17 payment is entirely based upon the issuance happening.
18 The --

19 CHAIRMAN McCUSKER: You've all seen the Piper
20 Jaffray agreement. I would entertain a motion to approve.

21 SECRETARY IRVIN: So moved.

22 MS. COX: Second.

23 CHAIRMAN McCUSKER: All in favor, say aye.

24 (Ayes.)

25 CHAIRMAN McCUSKER: Any opposed, nay.

1 carried.)

2 CHAIRMAN McCUSKER: So, Mark, while you're up
3 there, just for the public, what happens now? We've
4 approved the resolution to issue \$80 million of bonds. This
5 replaces the current \$80 million of bonds at a lower
6 interest rate.

7 We still have to have a credit rating assigned to
8 us.

9 MR. COLLINS: Correct.

10 CHAIRMAN McCUSKER: We still have to have a surety
11 guarantor underwrite these. And nothing can happen until
12 those things occur positively, right?

13 MR. COLLINS: Correct.

14 And -- and you also -- yeah. All of those things
15 have to happen.

16 With this resolution, the executive officers and
17 the appropriate parties have been authorized to execute the
18 documents that will do that. But until we come -- Assured
19 Guaranty comes back and tells us whether -- or what rate
20 they will charge for insuring these bonds, we're not going
21 to know what the return is going to be. So that's the next
22 step, is waiting for Assured Guaranty.

23 I understand that we should have that by the
24 December meeting. During the -- in the meantime, Piper
25 Jaffray and Gust Rosenfeld will be working forward in the

1 hopes that these could be issued, actually, in January of
2 next year.

3 CHAIRMAN McCUSKER: Yeah.

4 Any questions for Mark or Tim?

5 Thank you very much, gentlemen.

6 MR. COLLINS: Thanks, Tim.

7 CHAIRMAN McCUSKER: Item No. 8, meeting dates.
8 We've tried this before around this time of year. We've yet
9 to be successful. But Michele's given us potential dates
10 for all of 2016.

11 Michele, you've scheduled these around the City
12 Council, right, so we don't meet on the same day the Council
13 does? Have they moved their meetings? Because these are
14 all on Tuesdays.

15 MS. BETTINI: They have not moved their meetings.
16 They have a few on Wednesdays because of holidays. But
17 otherwise that -- all of ours are opposite of when M&C
18 meets -- opposite weeks. So they might meet the week
19 before --

20 CHAIRMAN McCUSKER: Opposite weeks.

21 MS. BETTINI: Or -- they meet twice a month. So
22 they're either the week before or the week after of what
23 I've proposed.

24 CHAIRMAN McCUSKER: Is there anything that catches
25 your eye? I mean, we can publish these as projected and

1 deal with it month-to-month. But this would allow both us
2 and the public to know what the proposed schedule is for the
3 entire year.

4 SECRETARY IRVIN: Mr. Chairman, the only conflict
5 that I have with that is on the -- Tuesday, February 16th.
6 I'm just not in town. So if that was the 17th, that would
7 work. Or we can just do it without me.

8 CHAIRMAN McCUSKER: Okay. So we might have to
9 move February.

10 Anybody else got a glaring conflict?

11 MS. COX: I don't have a conflict. I just have --
12 I just arranged another in board -- another board commitment
13 that's important to me. I've just arranged to have those
14 meetings the day before all of these meetings so that, in
15 the summer, I know I can be in town that week. So I'm just
16 hoping that the May, June, July, August, September meetings
17 don't change. I like them right where they are.

18 CHAIRMAN McCUSKER: And so let's publish these as
19 the proposed schedule. And God willing, we'll try and keep
20 them without further objection.

21 MS. COX: Great.

22 CHAIRMAN McCUSKER: Mercado Annex, we have tabled.
23 The TCC Today, Karla, come on up.

24 They're going to update us on the status of their
25 project which has become even more important, of course,

1 since the failure of the county bonds.

2 MS. VAN DRUNEN LITTOOY: Indeed.

3 CHAIRMAN McCUSKER: But imagine where we would be
4 if we didn't have you guys.

5 MS. VAN DRUNEN LITTOOY: Well, thank you. That's
6 very kind, Fletcher.

7 So, Mr. Chairman and Members of the Board, I've
8 been encouraged to limit my comments to three minutes. So
9 I'm going to speak rapid fire.

10 And, indeed, we were disappointed to learn that
11 all the bonds had failed. But we think there are
12 opportunities for incremental improvement at the TCC. And
13 we'd like to give you an update on our thinking on that as
14 well as Demonstration Area II.

15 I want to assure you that your investments in this
16 project have a long life ahead of them and that they will
17 continue to encourage people to be a part of this project.

18 So key amongst our accomplishments of recent date
19 are that, for Demonstration Area II, we were able to raise
20 \$11,000 more than we expected. So we were able to add two
21 additional projects to our scope. And I will tell you more
22 about those in a moment.

23 I would also like to recognize Helen Erickson, my
24 partner, for her work in securing our listing on the
25 national register. This underscores that this project is

1 not only valuable for Tucson but for the nation as a whole.

2 So with your support, we have now been able to
3 improve four different areas in the plaza. Each of those
4 are marked here with a star on the map.

5 Demonstration Area II has fulfilled all of the
6 goals that we set. We now have four young trees in the
7 raised planting beds, 30 blooming shrubs, a bench,
8 informational signage. All of the trees in the adjacent
9 area have been trimmed to look nicer. And the trip hazards
10 were removed from that site.

11 So with the additional moneys that we raised, we
12 were able to begin refurbishment of one of two original
13 kiosks. We took all the degraded materials off of those
14 kiosks. We added informational signage in a style that
15 complements Eckbo's design. Soon, now, there will be an
16 eight-sided aluminum header that will be replaced that was
17 also part of his original design.

18 We have one of the original light fixtures. We're
19 seeking three others to match it so that we can restore this
20 kiosk very much to its original style.

21 And then, in the olive balcony -- this is the area
22 just outside of the meetings rooms beyond the arcade looking
23 to the north over the plaza. Eckbo designed this for a view
24 scape from the arcade and from the meetings rooms. But the
25 foliage was so overgrown in that raised bed that no one

1 could, any longer, see that vision. So we've replanted that
2 bed now according to Eckbo's specifications. We trimmed all
3 of those olive trees to enhance the view.

4 What we'd like to do in the fairly near future is
5 to replace a soft surface underneath those trees. It was
6 originally turf. It's now crushed gravel. And we'd like to
7 give more inviting seating to that area.

8 We have some aspirational goals. Those would be
9 things that we know we need great partnership with. And
10 they're going to take a long time. Key amongst that is that
11 there would be a higher level of maintenance on the plaza by
12 the City. Helen and I have met with City Manager Ortega and
13 expressed that desire, and the importance of that, to him.

14 We've also proposed to him that they consider
15 returning, to the TCC, the per-ticket maintenance fee which
16 is no longer able to be used for maintenance at the TCC.

17 We're in the process of working with TPAC to
18 relocate all of the nonconforming art. And we will continue
19 to feed ideas --

20 CHAIRMAN McCUSKER: The geckos? They're going?
21 They're gone?

22 MS. COX: She calls them nonconforming art.

23 CHAIRMAN McCUSKER: I'd like to have one of them
24 in my yard.

25 MS. VAN DRUNEN LITTOOY: We'll continue to feed

1 ideas to SMG, the management company, so that they can think
2 more broadly and creatively about how to activate that
3 plaza.

4 And immediate goals, before Gem Show, we recognize
5 the surge of tourists and City folk that come down to that
6 area. So we'll have the header and hopefully the lighting
7 restored in the kiosk.

8 The benches in Demonstration Area I, the seats are
9 failing. The wood is not surviving. So we have
10 recommissioned new wood seats for those benches. We'll
11 complete the olive balcony restoration, so that soft ground
12 cover, and a place for people to sit. And we'd like to have
13 the national register plaque mounted by then as well.

14 And then, longer term goals would be to identify
15 project components that we could accomplish that would not
16 diminish in economy of scale were there a time that we could
17 refurbish the entire plaza.

18 We're in the midst of a water study. So we look
19 forward to coming forward with a proposal with how to feed
20 the fountains in an ecologically sound way.

21 We're going to continue to work with the City and
22 the County and the bond advisory committees to seek
23 opportunities to fund this project. And we'll expand our
24 consortium of stakeholders.

25 So we thank you very much for your support. It's

1 been instrumental. And I'm happy to answer any questions
2 you might have.

3 CHAIRMAN McCUSKER: Helen, will you go, maybe,
4 back to the map and then tell us exactly what's now
5 registered and what that means to the owners? This is City
6 owned. But --

7 MS. ERICKSON: It's City owned.

8 CHAIRMAN McCUSKER: -- what does that mean
9 exactly, that it's registered? What can and can't be done?
10 Is this now untouchable in terms of its historic status? Go
11 ahead and take the mic.

12 MS. ERICKSON: Okay.

13 MS. COX: I don't think the mic is on.

14 CHAIRMAN McCUSKER: I think I heard something.

15 And reintroduce yourself for the record.

16 MS. ERICKSON: I'm Helen Erickson with TCC Today.

17 No. In a word, we could take the whole thing out
18 if we wanted to. But the advantage to being on the national
19 register is that we have a point of departure for
20 discussion.

21 And the treatment, according to the conservation
22 plan, that was created by the Drachman Institute is
23 rehabilitation. And that essentially means that we can take
24 the design and the format and relate this to contemporary
25 means. And that, for example, would affect the water

1 situation which is why we're trying to find alternative ways
2 of suppling water to the fountains. And likewise, ADA
3 accessibility would have to be considered in any long-range
4 plan.

5 So it's a mediation situation. It's not -- we're
6 not returning this to its . . .

7 CHAIRMAN McCUSKER: Does it open doors for us to
8 look at grants or --

9 MS. VAN DRUNEN LITTOOY: Yes.

10 CHAIRMAN McCUSKER: -- foundation support --

11 MS. ERICKSON: Definitely --

12 CHAIRMAN McCUSKER: -- now that it's registered?

13 MS. ERICKSON: Yes. This is a very powerful tool.
14 Once it's on the national register, it is considered more
15 significant than something we just say is important.

16 CHAIRMAN McCUSKER: Thanks.

17 Mr. Irvin?

18 SECRETARY IRVIN: So, Helen, I know that, in some
19 of the UofA studies that were done, they talked about
20 addressing some of the City's concerns relative to just the
21 pools and that. And I know some bright person in the
22 architecture thing said, why don't we just make it a little
23 bit more shallow.

24 MS. ERICKSON: Right.

25 SECRETARY IRVIN: Is that feasible? Is that

1 something for consideration?

2 MS. ERICKSON: I would say it's very much up for
3 consideration right now. I think what we need to do first
4 is get the water study because that will sort of point out
5 the direction we should go. Then the next question is the
6 safety issues, in terms of having the people unaware that
7 there's a body of water there.

8 All of these things can be done through design
9 considerations. And it makes more sense to do it on a --
10 you know, sort of a case-by-case basis. And that's actually
11 what rehabilitation treatment is all about.

12 SECRETARY IRVIN: Thank you. I really appreciate
13 both of your efforts. You've been just outstanding in
14 keeping us engaged and also making this thing where it needs
15 to be.

16 MS. ERICKSON: We appreciate that.

17 SECRETARY IRVIN: Sorry about the bonds.

18 MS. ERICKSON: Yes. So are we.

19 MS. COX: And I just want to echo what Mark is
20 saying. The two of you have just been incredible.

21 I remember that it was in the bond package for a
22 while. And then it looked like it was going to come out of
23 the bond package. And you stuck with it. It's back in the
24 bond package. And then we're sure the bonds are going to
25 pass. And the bonds fail.

1 And they're still as committed as they were from
2 day one when all these great things were a possibility. And
3 I just think we owe you a huge thank you for everything
4 you've done to keep this alive and really thriving and
5 moving forward. Because the area, everything that they've
6 done, is permanent and is a permanent benefit going forward
7 even if it is a small part of the whole project.

8 So thank you so much.

9 MS. VAN DRUNEN LITTOOY: It continues to raise
10 people's awareness.

11 I wonder if we should just take a minute so
12 talk -- to say what that water study is in case that's not
13 clear for anyone.

14 So what we're doing is we're studying the
15 condensate that can be collected from all of the air
16 handling systems on the TCC campus and the rainwater that
17 can be collected from all the flat roofs. And we have a
18 company in Illinois that will provide an assessment for us
19 of how much water that would give us, as well as how much is
20 needed for the fountains. And then we'll take these kinds
21 of steps that Helen has talked about.

22 CHAIRMAN McCUSKER: Okay.

23 Mr. Marquez?

24 MR. MARQUEZ: Just echoing the other board members
25 as well. I'm a big fan. I just want to say, as a member of

1 this community, thank you so much for the efforts. This
2 is -- this is right along the mission of Rio Nuevo. This is
3 beautifying Downtown. This is making Downtown a more
4 attractive place to be.

5 I'm just -- as a big fan, I'm just curious --
6 because I don't know -- so you obviously were -- you were on
7 the -- you were on the ticket for the bonds. The bonds
8 didn't pass. But as a fan, I'm just curious what your
9 vision was and just, in a nutshell, what were you going to
10 do with the bond money?

11 MS. VAN DRUNEN LITTOOY: So this -- we worked very
12 closely with the City. So the question was really, what did
13 the City intend to do with the bond money? So there's a
14 project sheet that identifies: The priority was The Music
15 Hall restoration; the lobby and the veranda of the Leo Rich;
16 and the landscape, not including Veinte de Agosto Park but
17 the landscape that is contiguous. And that was what had
18 been assessed at a cost of 36.9 million. And so we would
19 have been raising 13-some million to complement the bond
20 dollars.

21 CHAIRMAN McCUSKER: Wow. The plaza renovation, in
22 and of itself, is a multimillion dollar project. And, you
23 know, we're chipping away at it at \$25,000 at a time.

24 You know, so -- but what they've demonstrated is
25 that it doesn't need to be all our money. There are

1 partners. There are committed corporations and citizens
2 that will continue to overmatch.

3 I think you raised substantially more than we
4 asked you to.

5 MS. VAN DRUNEN LITTOOY: We did.

6 CHAIRMAN McCUSKER: And I think that bodes well
7 for how we might participate in the future. We all are
8 going to have to reassess any of these projects now that
9 were bond related. And how do you -- none of us had a
10 Plan B. You know, how do you move any of this forward now
11 without those funds?

12 MS. COX: Karla, how about if you just take 30
13 seconds to tell us about the sponsor for another project?

14 MS. VAN DRUNEN LITTOOY: Oh, okay.

15 Well, I was sharing this with Jannie the other
16 day. We're just brainstorming here. So we'd love anybody's
17 ideas on what to do.

18 But recently, Movado, the jeweler and watch
19 designer, has become the sponsor of Lincoln Center. And
20 when I saw that announced in the New York Times, it made me
21 think that we needed a sponsor to help carry us along too.

22 And so we're going to start thinking about some
23 ideas of an organization, an entity, that has a strong
24 market in Tucson, who might underwrite us for a period of
25 time and we could work on the refurbishment of the plaza.

1 CHAIRMAN McCUSKER: We'll fill it up with
2 Aquafina.

3 MS. VAN DRUNEN LITTOOY: Yeah.

4 MS. COX: Thank you, Karla. I just wanted that in
5 the record. Thank you very much.

6 MS. VAN DRUNEN LITTOOY: And to complement what
7 you were saying, Fletcher, now that we have the national
8 register, for example, with this water study, we can apply
9 for some grants from the National Park Service. So those
10 are on our docket. Thank you.

11 CHAIRMAN McCUSKER: Thank you very much.

12 MS. ERICKSON: One more thing I'd like to add,
13 actually, is that we're updating the historic conservation
14 plan at this point as a result of the two courses at the
15 University of Arizona that focused on this last year and the
16 Pima Community College course. So we should have that
17 available soon as well.

18 CHAIRMAN McCUSKER: Thank you.

19 Now, Item 11, the Catalina Lot Parking Agreement.
20 This was part of the Nor-Gen sale. And we have a plan in
21 place to keep from disenfranchising the parkers.

22 So, Mr. Collins?

23 MR. COLLINS: Yes. Mr. Chairman, Members of the
24 Board, that's precisely correct. As you all recall, you
25 operated the Catalina Lot as a parking lot. The Catalina

1 Lot's on the Arena Site.

2 When the District sold the Arena Site to
3 Nor-Gen -- or Nor-D, it's related company -- we had put
4 together an agreement to -- thanks to Mr. Norville's
5 company, we're going to continue to operate the Catalina
6 Parking Lot until Nor-Gen is ready to proceed with its
7 development.

8 I -- this agreement is just to deal with that. It
9 was written in a way so that it can go on for a year or so.
10 I'm told today that -- that this may only go on for a couple
11 of months because Nor-Gen may be in a position to start
12 moving forward.

13 All this does is, is it authorizes the District to
14 continue to collect rent and administer the Catalina Parking
15 Lot as it had in the past even though now Nor-D owns that
16 property, not the District.

17 It is a very basic agreement. It just simply --
18 Michele will continue to collect the \$35 a month. She will
19 continue to provide security and that sort of thing. And
20 monthly, that amount will be accounted to Nor-D for. And a
21 net check will be sent to Nor-Gen -- or Nor-Development.

22 What you have before you is precisely that. I
23 would ask that you consider authorizing the execution of
24 that agreement or one that's substantially consistent with
25 it. I have not heard back from Pat Lopez. He does have --

1 Pat Lopez who represents Nor-D. Pat and I have talked about
2 this a lot. I think this is consistent with what he and I
3 talked about. But I don't have authority from him.

4 So I would ask that you consider making a motion
5 to approve this agreement and authorize its execution
6 provided that there are no material changes in the agreement
7 before its execution.

8 CHAIRMAN McCUSKER: Any questions for Mark?
9 Anyone want to make that motion?

10 MS. COX: So moved.

11 TREASURER SHEAFE: Second.

12 CHAIRMAN McCUSKER: The motion is that we
13 authorize the collection agreement between Rio Nuevo and
14 Nor-Development that's substantially similar to the one you
15 have without any material changes.

16 All in favor, say aye.

17 (Ayes.)

18 CHAIRMAN McCUSKER: Any opposed, nay.

19 Okay. That's passed.

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

22 MR. RITCHIE: I'll abstain, probably.

23 CHAIRMAN McCUSKER: Yeah, it's related to Nor-Gen,
24 so . . .

25 MR. COLLINS: It's related to Nor-D, but, yes.

1 Yeah.

2 CHAIRMAN McCUSKER: Okay. So, for the record,
3 Cody Ritchie --

4 MR. COLLINS: Did not participate.

5 CHAIRMAN McCUSKER: -- did not participate.

6 Okay. Item 12, Phoenix area marketing. We've had
7 this item in our budget since we approved it earlier this
8 summer. We are an untold story in Maricopa County. And
9 when our story is told, it's generally typically negative
10 based upon the history of Rio Nuevo.

11 We've been recruiting someone to engage to help us
12 with that. You have a proposal that the Board has seen.

13 I don't know if there's some out there, Michele,
14 from the public, from Marson Media in Phoenix.

15 Marson, it may be the best PR rep in the state.
16 It's focused exclusively in Maricopa County, although he
17 does some work done here. He's a former reporter for the
18 Star, for the Mesa Tribune, and for the Capital Times.

19 He's offered to represent us in a very modest
20 retainer of \$2,000 a month for a trial term of six months.
21 And both Jannie and I would recommend that you approve this
22 agreement.

23 Any questions?

24 SECRETARY IRVIN: Having attended that meeting, I
25 think it's a great use of our funds. And I would make a

1 motion to approve.

2 MS. COX: Second.

3 CHAIRMAN McCUSKER: Any further discussion?

4 All in favor, say aye.

5 (Ayes.)

6 CHAIRMAN McCUSKER: Any opposed, nay.

7 (The Board voted and the motion

8 carried.)

9 CHAIRMAN McCUSKER: Okay. And that's -- we're on
10 a roll, you guys. Unanimous, unanimous, unanimous.

11 Okay. This might -- might change that.

12 I've met a lot with SMG, our management partners
13 now at the TCC. We've got some real opportunities, we
14 think, to market the Arena and the convention hall. Our
15 improvements have been widely recognized by the industry
16 reps. You probably -- if you look at the calendar, the
17 dates in the Arena are up substantially.

18 The one thing that I can tell you about these big
19 shows, they shop rent. And they'll go to El Paso, and
20 they'll go to Albuquerque, or they'll go to Reno or -- you
21 know, and say, look, we've got this show. We want to bring
22 it to your town. But, you know, the rent at the TCC for our
23 five-day event's \$20,000.

24 The City will not make rent concessions. SMG is
25 not in a position to make rent concessions. They are

1 actually incentivized to increase the rent.

2 So here you are with this dilemma, you've got an
3 auto show or a home show or any kind of show that produces
4 tax revenue, which could be substantial, which we benefit
5 from. But the powers that control the TCC won't discount
6 their rent.

7 What I've suggested we entertain is a plan where
8 we would subsidize the rent for a very large show. I set
9 the benchmark, just for discussion, say, at a quarter of a
10 million dollars of tax income. This is a big show. This is
11 not, you know, an event, a single-day event. This would be
12 a multiday event that produces several million dollars of
13 revenue.

14 And I wasn't necessarily expecting a definitive
15 vote today. If we want to do some more research on that, I
16 can tell you it affects some current people that use it.
17 Click Automotive Team, the Home Show, the Gem Show currently
18 create this kind of tax base.

19 So we would, in essence, help offset some of their
20 rent. But we'd also use it with Visit Tucson and SMG to
21 aggressively recruit new retail shows to that venue.

22 Mr. Irvin?

23 SECRETARY IRVIN: So do we have -- first off, I
24 think it's a -- I think it's an idea definitely worth
25 exploring. You know, I'd hate to see, as an example, a lot

1 of these people, you know, go other -- go other places.

2 Do we have a feel yet -- I mean, I know you talked
3 about a quarter million dollar threshold. What are --
4 what's the TCC -- how much -- how much of a subsidy is that,
5 in your mind, if we make use of it? What's your daily on
6 that?

7 CHAIRMAN McCUSKER: A daily event in the Ex Hall,
8 the rent might be 5- to \$7,000. All multiday rent might be
9 \$20,000. So you're somewhere between, call it, 5- and 20-
10 to subsidize one of these shows that would produce the --

11 SECRETARY IRVIN: A quarter million dollars.

12 CHAIRMAN McCUSKER: -- that would produce a
13 quarter of a million dollars in tax, ten times a return on
14 our investment. Now, we only get half of that back.

15 MS. COX: I don't know how we could not do that.

16 CHAIRMAN McCUSKER: All right. So keep in mind
17 that half of that is going to the State. So it's a 5 X for
18 us. But it's certainly increasing revenue that we might not
19 otherwise have had.

20 Mr. Marquez?

21 MR. MARQUEZ: Do we have any idea of how many
22 shows from outside of Tucson we're missing out on because we
23 don't do this?

24 CHAIRMAN McCUSKER: I can get the -- we can have
25 SMG come. I can tell you of several that we've lost, USA

1 volleyball, others, that had huge tax implications, multiday
2 events. But they were offered a better deal in a nearby
3 venue. So they're not here. And we see that a lot because
4 the instructions from the City and from SMG are, we can't
5 make rental concessions.

6 So we lose the tax revenue as the beneficiary of
7 the sales tax. You lose all the hotel days. You lose the
8 economic income to Downtown. We know that if someone's
9 Downtown, they spend, on average, \$30.

10 So while this sounds penny wise, pound foolish,
11 it's a lot easier for me to deal with you guys, frankly,
12 than to try and educate the City that this would be a smart
13 move on their part to provide these kind of rent
14 concessions.

15 It's a real challenge with SMG because they're
16 incentivized to actually increase the rental income. So
17 they're at cross purposes when you have someone show up and
18 say, I'd love to book my venue here, but I'm not going to
19 pay 20 grand a room.

20 SECRETARY IRVIN: So in your -- in your view, is
21 that a half-off sale, a three -- what -- what is that, in
22 your mind?

23 CHAIRMAN McCUSKER: I don't know. I don't know.
24 I really don't have a procedural plan, you know, how you
25 would vet these; who would vet these? Do they make an

1 application to us? Do we review them on a case-by-case
2 basis? I think we would want something procedurally to put
3 in place.

4 You know, I just wanted to raise the idea and see
5 if there was an interest on our part to moving something
6 forward that would provide an opportunity for us to
7 incentivize retail. I don't think this violates anything.
8 It doesn't violate the gift clause. There's no reason we
9 can't do it. It's a good use of our, what otherwise would
10 be, I think, marketing dollars to try to attract someone to
11 do business.

12 MR. COLLINS: Precisely.

13 SECRETARY IRVIN: Well, I don't know -- I don't
14 know if it's need of a motion or whatever. But I guess what
15 I'd like to request is that we do have SMG come in and spend
16 some time talking about, you know, how many of those shows
17 are there and what is that number and what is their
18 recommendation.

19 Because I -- you know, I'd like to put those guys
20 on the continued pathway to success. And if that does it, I
21 mean, it's almost -- you know, so we're going to spend a
22 dollar and we're going to make --

23 MS. COX: It's a no-brainer.

24 SECRETARY IRVIN: -- you know, whatever.

25 Yeah. Just -- yeah. I think it makes a lot of

1 sense. I'd just like to know some more details of it.

2 TREASURER SHEAFE: If we -- and I think it makes
3 a lot of sense too. But you always have to remember, you
4 know, when we're doing pricing, that if you do something for
5 somebody, does that foul up your negotiation with a whole
6 lot of others, so . . .

7 CHAIRMAN McCUSKER: And that's one of the reasons
8 I penciled in --

9 SECRETARY IRVIN: A quarter million bucks.

10 CHAIRMAN McCUSKER: Yeah. You've got to be a
11 big -- you've got to be a big show.

12 MS. COX: You can return this, if you believe
13 that.

14 MR. COLLINS: Members of the Board, I think, with
15 SMG or -- you know, giving you an update, you can begin to
16 decide what kind of a program you want.

17 And to Mr. Sheafe's comment, yeah, I think you've
18 got have to have tiered participation, if that's what your
19 going to do. I think it needs to be in a program that can
20 be administered with as little effort, by you folks, as you
21 can. SMG would be the one to do it.

22 It's -- I think it's a program that we can
23 memorialize along the lines of whatever you all decide to
24 do.

25 CHAIRMAN McCUSKER: Unless there's an objection,

1 we'll invite SMG to the next meeting. We'll try and be a
2 little more formal in terms of process and present something
3 in December, maybe.

4 Okay. Item 14, call to the audience.

5 Michele? No?

6 Entertain a motion to adjourn.

7 SECRETARY IRVIN: So moved.

8 MS. COX: So moved.

9 CHAIRMAN McCUSKER: All in favor, say aye.

10 (Ayes.)

11 CHAIRMAN McCUSKER: See you December 16th.

12 (The meeting concluded at 3:31 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