

RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
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2:04 p.m

REPORTED BY:

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1 CHAIRMAN McCUSKER: We're calling the meeting to
2 order. It is --

3 MR. COLLINS: 2:04.

4 CHAIRMAN McCUSKER: -- 2:04 Arizona state time.
5 Thank you very much.

6 Mark, you're on that end. Do you want to lead
7 the pledge?

8 (Pledge of Allegiance recited)

9 CHAIRMAN McCUSKER: Michele, call the roll,
10 please.

11 MS. BETTINI: Mark Irvin?

12 MR. IRVIN: Here.

13 MS. BETTINI: Jannie Cox?

14 MS. COX: Here.

15 MS. BETTINI: Jeff Hill?

16 MR. HILL: Here.

17 MS. BETTINI: Fletcher McCusker?

18 CHAIRMAN McCUSKER: Here.

19 MS. BETTINI: Alberto Moore?

20 MR. MOORE: Present.

21 MS. BETTINI: Chris Sheafe?

22 MR. SHEAFE: Here.

23 MS. BETTINI: And Cody Ritchie is out.

24 CHAIRMAN McCUSKER: He's excused. He's at the
25 Accenture Tournament with the other Conquistadors. They had

1 three inches of snow yesterday.

2 Okay. We have minutes. We have December 12th,
3 January 22nd and February 4th. The transcripts have all
4 been distributed to us, they're verbatim, so I'll take a
5 motion to approve.

6 MS. COX: So move.

7 MR. IRVIN: So move.

8 CHAIRMAN McCUSKER: Mark.

9 And a second?

10 MS. COX: Jannie.

11 CHAIRMAN McCUSKER: Jannie.

12 All in favor, say aye.

13 (Board votes unanimously and motion carries)

14 CHAIRMAN McCUSKER: All right. We have a lengthy
15 executive session scheduled. I'll take a motion to adjourn
16 to --

17 MR. IRVIN: So move.

18 MR. MOORE: So move.

19 MR. HILL: Recess.

20 CHAIRMAN McCUSKER: Mark, and Alberto seconds.

21 All in favor, say aye.

22 (Board votes unanimously and motion carries)

23 CHAIRMAN McCUSKER: We are in recess. See you at
24 3:30.

25 (Recess)

1 CHAIRMAN McCUSKER: Okay. We need a motion to
2 reconvene.

3 MS. COX: So move.

4 MR. MOORE: Second.

5 CHAIRMAN McCUSKER: All in favor, say aye.

6 (Board votes unanimously and motion carries)

7 CHAIRMAN McCUSKER: We are back in business.

8 MR. SHEAFE: Mr. Chairman, I have a motion.

9 CHAIRMAN McCUSKER: Well, hold your horses.

10 MR. SHEAFE: Oh, sorry.

11 CHAIRMAN McCUSKER: You have to follow the
12 agenda.

13 MR. SHEAFE: Yeah, I do.

14 CHAIRMAN McCUSKER: Unless you want to change
15 something on the agenda.

16 MR. SHEAFE: No, I don't. I apologize. I only
17 looked at the top page.

18 CHAIRMAN McCUSKER: Jim Lovelace is here. I want
19 to move quickly to get an update from Beach on the audit.

20 Just a couple of quick comments from me. You
21 know, post settlement, I think things are really
22 invigorating around here as we separate ourselves from the
23 city, take charge of our own funds, begin to think about
24 projects moving forward. Mr. Irvin and I toured the TCC
25 this week with the idea not to just mope and complain but

1 actually engage into rehabilitating that facility, so it's
2 nice to be on the doing something side of the equation. And
3 I think we've communicated to the City that we intend to
4 move quickly. We've communicated to the public to move
5 quickly on the renovation of the TCC arena.

6 Our focus there is on the arena proper, the 8,500
7 square foot arena. There's some other issues with the
8 entire facility, but we think it would be really nice for
9 this community to really upgrade and enhance that particular
10 facility. So that's kind of our first project.

11 We do have a new website, rionuevo.org, which is
12 very simple to find and follow. And literally everything we
13 own is now posted on that website, the bank accounts,
14 financial records, budgets. And we will establish a project
15 page for any time we engage in a go-forward project so the
16 public will be able to track the approval of the project,
17 they'll be able to see progress notes, they'll be able to
18 identify the budget, they'll be able to invoice by invoice
19 follow the money. We're very committed to full transparency
20 as we move forward.

21 Our first obligation is to the TCC, our secondary
22 obligation is to a hotel. And we intend to press as quickly
23 as we can in both of those endeavors, which will free us up
24 to engage in other projects that the board believes to be
25 worthwhile. So we're back in business, I think, suffice to

1 say.

2 So, Jim, you give us a quick update on how we're
3 doing with the 2012 audit.

4 MR. LOVELACE: Thank you, Mr. Chairman, members
5 of the board.

6 Since our last meeting, we had informed the
7 entire board that we were on track to issue a clean opinion,
8 talked a little bit about that. As of today, we're still on
9 track to issue a clean opinion. I can tell you that our
10 work papers are complete, the documentation is on file, but
11 I would like to just remind the board that, other than what
12 we call subsequent events and management representations,
13 our -- our paperwork is complete and, subject to obtaining
14 the last bit of documentation in that management rep letter,
15 we're prepared to bind and issue.

16 CHAIRMAN McCUSKER: Have you brought down the
17 lawyer reps? Are you good there or are you still doing some
18 work?

19 MR. LOVELACE: And I appreciate the question, Mr.
20 Chairman. We did update our attorney representation
21 letters. Again, I had mentioned at the last meeting that,
22 because of the extension specifically in relation to trying
23 to get the settlement agreement finalized, we have obtained
24 those updates. But, again, I would like to mention that in
25 anticipation of the last management rep letter, we're

1 somewhat as auditors on the clock, the point being is, is
2 that I would like to think that the last rep letter would be
3 obtained before I would have to go back to counsel on a
4 continuing basis to update those rep letters. In our world,
5 it's the effective date of the report, and so I'm required
6 to continually update matters that come to your attention
7 and ours that might be subject to disclosure.

8 CHAIRMAN McCUSKER: Our attorneys have had some
9 comments on the rep letters which I think they sent over to
10 Margo today.

11 MR. LOVELACE: Yes, sir.

12 CHAIRMAN McCUSKER: So hopefully we can turn that
13 quickly and -- so you don't have to constantly be bringing
14 the reps down. So just --

15 MR. LOVELACE: We've read through those and
16 we're -- we're comfortable with those changes. Out of
17 respect for the people that are having to sign those rep
18 letters, we recognize that they have a need to read through
19 them and be comfortable with each and every one, but that's
20 the only open item today.

21 CHAIRMAN McCUSKER: Any questions for Beach?

22 (No oral response).

23 CHAIRMAN McCUSKER: Thank you very much. Thanks
24 for all your hard work.

25 MR. LOVELACE: Thank you, sir.

1 CHAIRMAN McCUSKER: The TCC, the possible action
2 on here, I think, if you will indulge us, we have selected
3 board members to represent our projects. Mark and I were
4 designated as liaisons to the TCC for renovation purposes.
5 The City has offered to loan us one of their project
6 managers, which would save us a substantial amount of money
7 trying to hire a project manager. And I like that idea a
8 lot. We would need board approval to do that, but I think,
9 you know, it's a way that both entities can move forward
10 cooperatively on that project.

11 We would remain fully in charge. These are our
12 funds that are being expended. This board will set the
13 priorities and the budget, but I think it -- it behooves us
14 to have someone from the city who remains a tenant. They've
15 identified a young architect that they could assign to us
16 and I guess I would ask for board approval to do it.

17 MR. SHEAFE: I'll move.

18 MR. MOORE: Second.

19 CHAIRMAN McCUSKER: Chris made the motion,
20 Alberto seconded that we allow the City of Tucson to appoint
21 a project manager to the TCC renovation.

22 Any further discussion or questions?

23 (No oral response)

24 CHAIRMAN McCUSKER: All in favor, say aye.

25 (Board votes unanimously)

1 CHAIRMAN McCUSKER: Any opposed?

2 (No oral response and motion carries)

3 CHAIRMAN McCUSKER: Thank you.

4 Legislative representation, item number seven on
5 the agenda, you'll remember at the last meeting we
6 authorized up to \$20,000 for us to engage a legislative
7 representative. We were not successful at that level. We
8 do believe, however, that just a little above that we can
9 obtain that representation. It would probably need to be
10 authorized up to \$25,000, but I believe we can probably get
11 someone at that level.

12 MR. SHEAFE: Mr. Chairman, I would make that
13 motion.

14 MR. MOORE: I'll second it.

15 CHAIRMAN McCUSKER: Chris Sheafe made the motion.
16 That's 25,000, so the only change is Chris would be
17 authorized to spend up to \$25,000 for 2013 expenses for
18 legislative assistance, and Alberto seconded that.

19 Any discussion about that motion?

20 (No oral response)

21 CHAIRMAN McCUSKER: All in favor, say aye.

22 (Board votes unanimously)

23 CHAIRMAN McCUSKER: All opposed, nay.

24 (No oral response and motion carries)

25 CHAIRMAN McCUSKER: Great.

1 Bill, you ready to go?

2 MR. ALLEN: Good afternoon.

3 Is this on?

4 (Discussion off the record)

5 MR. ALLEN: I do have some cash updates. Can I
6 approach the --

7 CHAIRMAN McCUSKER: Please.

8 MR. ALLEN: -- board to --

9 CHAIRMAN McCUSKER: And are they available to the
10 public?

11 MR. ALLEN: They're right here.

12 CHAIRMAN McCUSKER: Michele, maybe if you'd just
13 hand them to one or two people --

14 THE WITNESS: I'll pass it down except I probably
15 should have one to look at myself.

16 All right. So the last month I presented in a
17 very abbreviated form summarizing our cash positions. I
18 mentioned at the time that sometime in the near future when
19 the financial statements are current, I would like to
20 present a broader statement of cash-flow-type documentation
21 for comparative budgets in more detail, which I think will
22 be more useful, hopefully, to the board for evaluating cash.

23 However, we're not at that juncture yet because
24 the statements aren't updated yet, so what I -- at a
25 minimum, what I thought would be useful to the board is to

1 see what the cash positions both at Rio Nuevo and the City
2 of Tucson related to the Rio Nuevo board, what those
3 positions should look like very soon.

4 I say very soon because we're in the process of
5 moving money around based upon items that were discussed and
6 agreed to in the settlement agreement. We have performed on
7 one aspect of that agreement. We've moved back to the City
8 \$5 million related to the 2008 bond money. That wire should
9 have happened today. So we no longer have restricted funds
10 in our cash accounts related to the 2008 bond money. It has
11 been moved down to the second box or the COT adjusted number
12 of \$4 million that's reflected.

13 The city has discussed with myself and Fletcher,
14 we actually had a meeting with them in the last couple of
15 weeks, moving back -- the TIF money back to Rio Nuevo.
16 They're in the process of getting that approved so that we
17 can have that money not only transferred to us in full, but
18 I'm prepared to work with Cha -- or Wells, excuse me, Wells
19 Fargo to try to get the TIF money permanently coming to and
20 from us as opposed to the City.

21 I'm not totally sure whether or not Wells Fargo
22 will be amenable to that process, but the city seems very
23 confident they will be, so --

24 CHAIRMAN McCUSKER: And the City was fine with
25 that. The City was fine --

1 THE WITNESS: Totally fine.

2 CHAIRMAN McCUSKER: Right.

3 THE WITNESS: In fact, they were pushing for it.
4 That's how fine they were for it, but -- which was great
5 because that takes them out of the equation entirely, so --

6 And then the other thing that this document
7 reflects, which has not occurred yet, is that the 2008 bond
8 money was to be used to pay a \$2.18 million debt obligation
9 to the City of Tucson which we agreed to in the settlement
10 agreement to pay out of that money. They have not yet
11 actually collected that from the cash that presently exists
12 there, but they will soon.

13 So I thought what would be useful is to show,
14 once these things all occur, which should be, I'm going to
15 guess, in about a week's time, where the cash would actually
16 land, what it would look like. And when we look at Rio
17 Nuevo itself, our Alliance account should be at or somewhere
18 near a 9 million-dollar mark. With the TIF money now fully
19 in our possession and none of it at the City of Tucson, we
20 maintain a small residual amount in the Bank of Tucson, so
21 the total combined amount for the two accounts for Rio Nuevo
22 would be at ordinary \$9 million.

23 The city would have the residual funds left after
24 paying the 2.18 million back to themselves and that bond
25 money would then have a residual amount of 4.35 million

1 that's left related for expenditures specific to the 2008
2 bond money. And that's -- that's where it should be very,
3 very soon.

4 CHAIRMAN McCUSKER: Now, to connect the dots for
5 all of us, remember we've committed \$6 million to the TCC.
6 4.346 of that can come from the '08 bonds. That in fact is
7 an appropriate use and was identified in the '08 bond use of
8 proceeds, so we would have to make up any difference above
9 4.3 to what we invest in the TCC from the other account, so
10 call it a million seven of that 9 million is committed to
11 the TCC renovation.

12 The other commitments we made in the settlement
13 agreement were approximately a million dollars to the
14 Mission Gardens and \$750,000 to Streetscape, so you've got
15 another million seven. So, you know, take \$3.4 million off
16 of that nine, you know, that leaves you five-and-a-half
17 million bucks roughly of available funds for Rio Nuevo
18 projects.

19 Now, the way the settlement works, which is
20 consistent with the '09 legislation, we cannot expend any of
21 that money until we issue a notice to proceed on both the
22 TCC, which we are doing, and on a hotel project. So that
23 would have to occur first, then we can access those other
24 funds.

25 MR. ALLEN: So is there any question about --

1 about these -- these accounts?

2 (No oral response).

3 THE WITNESS: All right. Moving forward, I
4 wanted to talk briefly again about the ICS insured cash
5 sweeps that we discussed a little bit in the last meeting.
6 Since then, there has been a little research done by our
7 legal counsel to my left here, Mark, and he has strongly
8 recommended that -- in order for us to proceed, that we're
9 going to have to get RFPs in order to bid out or solicit
10 proper instruments that which we can -- the board can then
11 review and then approve -- hopefully approve for investing
12 some of our idle cash so that we can start getting a return.

13 Now, what I haven't heard from that recent
14 exchange and recent communication which maybe somebody on
15 the board can address is how we intend to proceed now. Is
16 there going to be delegated people that are going to
17 research and start pursuing that. I assume that I would be
18 involved in that process, but I think right now it's just we
19 have -- we know what we need to do. Now we have to identify
20 how to do it.

21 CHAIRMAN McCUSKER: I believe that's as simple as
22 that we would request proposals from qualified institutions
23 that could consistent with the law, Mark, manage our --

24 MR. COLLINS: Yes, I believe that's right. The
25 RFP needs to be crafted in such a way that the people that

1 respond to it recognize that they have to comply with the
2 applicable regulations, which are not tab A, slot B, but --
3 but they're out there, so --

4 CHAIRMAN McCUSKER: They would have to be an
5 eligible --

6 MR. COLLINS: They have to be an eligible
7 depository, and there are specific requirements for that,
8 and then they -- and then there are restrictions because --
9 let's say Chase, Wells Fargo and Alliance Bank, for example.
10 There are limitations on how much public money can be
11 invested with any one of those institutions because the
12 money you're going to be investing is public money, it's
13 highly regulated, so the RFP would have to take all of that
14 into account.

15 CHAIRMAN McCUSKER: And I believe part of the
16 conversation was we wanted to try and maintain that to the
17 extend we could in FDIC insured accounts, so that could be
18 incorporated in the RFP.

19 MR. COLLINS: Yeah. And I believe that's
20 actually required. I don't have all the statutes in front
21 of me, but I think that's --

22 CHAIRMAN McCUSKER: So we could authorize you to
23 develop and release a request for proposals from qualified
24 institutions to manage our investments?

25 MR. COLLINS: I would suggest that, if you do

1 that, that -- that -- that I have the authority to work with
2 Bill on that.

3 CHAIRMAN McCUSKER: So we can authorize both of
4 you to proceed?

5 MR. COLLINS: Sure.

6 CHAIRMAN McCUSKER: It could be that simple?

7 MR. COLLINS: Sure.

8 MR. HILL: Do you need a motion?

9 CHAIRMAN McCUSKER: Please.

10 MR. HILL: So move.

11 MS. COX: Second.

12 CHAIRMAN McCUSKER: All right. The motion by
13 Jeff Hill is that we authorize the CFO and Counsel to
14 proceed with an RFP to request authorized institutions to
15 respond to our interest in managing our investment.

16 All in favor, say aye.

17 (Board votes unanimously)

18 CHAIRMAN McCUSKER: Any opposed, say nay.

19 (No oral response and motion carries)

20 CHAIRMAN McCUSKER: All right, Bill, there you
21 go.

22 MR. ALLEN: Okay. Great.

23 CHAIRMAN McCUSKER: What else have you got?

24 MR. ALLEN: The -- just a very brief reference on
25 the financial statements, the ever coming, ever promised

1 financial statements. I somewhat feel like Michaelangelo in
2 the Sistine Chapel where I'm painting the ceiling and the
3 pope is asking him, you know, when is it going to be done
4 and he keeps looking down and saying when it's done. We
5 have had some delays in various ways, largely to do with the
6 audit for 2012 being finalized, and those delays continue to
7 cause and create problems moving forward.

8 I have been spending some time digging through
9 and regrouping a lot of the state information which had to
10 be done for the whole last year, but now it has to be
11 completely redone for what's happened in the current year.
12 It is more time consuming than you might imagine. There's a
13 lot of things that aren't well described. You have to trace
14 things down in very awkward ways. We're making a lot of
15 progress. And that's exciting for me because nobody wants
16 to be more caught up than me, so -- because I want to show
17 this stuff to you and say have a big ta-da moment. So I'm
18 actually hopeful, very hopeful, that by the next meeting --
19 I know I've said this before, but by the very next board
20 meeting, I hope to have December's statements.

21 I can't promise anything more current than that
22 because I don't know what walls I'm going to run into in
23 regards to it, but that's a half a year and that's a heck of
24 a lot further than we've ever been before. And my goal is,
25 before we're actually doing the 2014 fiscal budget, which I

1 would like to include both a income -- income statement type
2 budget as well as a cash flow budget, that we actually are
3 current. We're actually current when we're doing that stuff
4 so we're actually looking at current numbers and not just
5 doing things for an income statement without also looking at
6 cash flow numbers. So that's where we stand on that. I'm
7 drilling through it, we're making some progress, but I have
8 nothing to present on it today.

9 And finally the last thing I want to comment on
10 was the capital budget. I'm hard pressed to come up with
11 anything we really need in fixed assets in the near term.
12 When you do a cash flow forecast and a cash flow budget, you
13 look at operating, financing and investing activities in
14 that budget. And in that investment activity, you're going
15 to look at all activities related to long-term assets,
16 things that you might need in the short and long term for
17 the operation of the district, so I'm going to propose
18 that -- you know, right now, we don't have anything. We
19 just don't have anything that we need to get in that
20 category, but that when I develop that cash flow budget, we
21 take a look then as to what we'll need in the next 12 months
22 and develop a 12-month-type forecast and then measure
23 ourselves against it as we go forward in the next budgeting
24 process, which is right around the corner because June is
25 not all that far away. So that's -- that's where I stand on

1 that.

2 CHAIRMAN McCUSKER: That came up as a result of a
3 request for a printer.

4 MR. ALLEN: Right.

5 CHAIRMAN McCUSKER: So we authorized the printer.
6 And I think it was Chris's motion that said, if there are
7 any other capital items, we ought to get them on the table
8 now. So you're saying you're fine basically with everything
9 that's --

10 MR. ALLEN: Short term. Yeah, short term.

11 CHAIRMAN McCUSKER: I mean, and if there is any
12 needs that your office has, you'll include them in the 2014
13 budget?

14 MR. ALLEN: Right.

15 CHAIRMAN McCUSKER: Anybody -- okay. We're good.

16 MR. ALLEN: All right. Thank you very much.

17 CHAIRMAN McCUSKER: Mark, number nine, legal
18 report.

19 Let me just say that item B, election of
20 officers, we had tabled. Just a quick point of reference
21 there for people that track our sanity. The executive
22 officers or chairman, myself, Treasurer Jeff Hill, Secretary
23 Alberto Moore, we are all on different terms, staggered
24 terms, two-year terms, and Alberto's term has expired, so we
25 would have the opportunity to nominate -- renominate him or

1 someone else for secretary. We have decided not to do that
2 without the full board being seated, so we're going to wait
3 for Cody to do that and have that conversation at a
4 subsequent meeting.

5 The rest of that I think you can kind of tick off
6 for us, Mark.

7 MR. COLLINS: Certainly.

8 CHAIRMAN McCUSKER: Pending litigation, we have
9 two lawsuits still outstanding now that we've settled with
10 the City, the Garfield Traub matter and the Kromko lawsuit.

11 MR. COLLINS: Actually currently there -- there
12 are four lawsuits, three of which are addressed in the
13 settlement agreement with the City. The two lawsuits by the
14 district against the City, the stipulation and order are
15 being drafted and I understand that they'll be filed either
16 this week or next, so those two lawsuits will be dismissed
17 consistent with the settlement agreement.

18 The Kromko or Thrifty Block lawsuit, the City has
19 withdrawn its motion for summary judgment and, as we've
20 discussed, the district is in the process of attempting to
21 work out an arrangement or an amended development agreement
22 with Mr. Bourn's entities from the Thrifty Block property.

23 On Garfield Traub, it is currently in the
24 discovery and motion phase. That -- that particular
25 lawsuit's being handled by the Rusing Lopez & Lizardi firm

1 and they're in the process of -- of attempting to prepare
2 some motions that they seem -- or deem to be appropriate.

3 CHAIRMAN McCUSKER: I think all we need for you
4 to do at this point is to proceed with that case.

5 MR. COLLINS: Yeah. I think -- I think as we've
6 discussed, there were various instructions or directions
7 that you gave to me with respect to all of those matters in
8 executive session and I think that what needs to happen,
9 should you so desire, is to make a motion to direct me to
10 proceed with respect to all of these lawsuits as I was
11 instructed in executive session.

12 MR. IRVIN: So moved.

13 MS. COX: Second.

14 CHAIRMAN McCUSKER: The motion is to allow
15 Counsel to proceed with the litigation matters. All in
16 favor, say aye.

17 (Board votes unanimously)

18 CHAIRMAN McCUSKER: Any opposed, nay.

19 (No oral response and motion carries)

20 CHAIRMAN McCUSKER: All right. Just a quick
21 update on Kromko, which includes the Bourn settlement. I
22 guess the --

23 MR. COLLINS: Okay.

24 CHAIRMAN McCUSKER: -- public's interested.

25 MR. COLLINS: Well, yes. We -- we've -- what has

1 happened is there's been back and forth between my office
2 and Mr. Bourn's counsel. We're about on our fourth draft.
3 The last draft came in yesterday. The intent is to review
4 that and then have a face-to-face meeting in the hopes of
5 resolving those differences rather quickly to enter into a
6 revised development agreement. Upon the execution of that
7 development agreement, then the Kromko suit would ultimately
8 be dismissed.

9 CHAIRMAN McCUSKER: The other item under legal,
10 it has some time urgency to it, is the arena lot due
11 diligence.

12 MR. COLLINS: Right.

13 CHAIRMAN McCUSKER: We've settled. As part of
14 that settlement, we've expressed our willingness to take
15 title to the so-called arena lot. The City has a period of
16 time to identify the boundaries, the title, any
17 contingencies with that title, and then we have a period of
18 time under which to evaluate that, so where is that whole
19 process?

20 MR. COLLINS: Well, the -- the settlement
21 agreement with the City was fully executed on the 7th of
22 February. And by the terms of that, then there are 30 days
23 the City has to give the district reps and warranties about
24 known claims and so forth against that property and the
25 district then has 45 days to make a decision as to whether

1 or not it wants to accept title subject to those -- to
2 those -- I call them warts. That's where we are on that.

3 I've suggested that -- that I be authorized to do
4 some independent investigation on what appears of record
5 with respect to that property and I would need a motion to
6 do that.

7 CHAIRMAN McCUSKER: Everybody following that?

8 MR. MOORE: So move.

9 CHAIRMAN McCUSKER: Alberto so moves. We need a
10 second.

11 MR. HILL: Second.

12 MR. SHEAFE: Second.

13 CHAIRMAN McCUSKER: Jeff Hill beat you, Chris.

14 MR. SHEAFE: There you go, Jeff.

15 CHAIRMAN McCUSKER: He's -- he's an experienced
16 seconder.

17 MR. HILL: Yes.

18 CHAIRMAN McCUSKER: The motion is to allow Mark
19 to do some further work on -- independent of the city on the
20 title issues or discrepancies that might be consistent with
21 that arena lot. All in favor, say aye.

22 (Board votes unanimously)

23 CHAIRMAN McCUSKER: Any opposed?

24 (No oral response and motion carries)

25 CHAIRMAN McCUSKER: Okay. While you're standing

1 up there, I intend -- the conversation at the board level
2 last meeting was to try and provide the executive officers
3 some spending authority for items up to, I think, \$5,000. I
4 think we thought that maybe you would have to amend the
5 administrative rules, but I believe you've now concluded
6 that's probably not necessary if we just authorize the
7 executive officers.

8 MR. COLLINS: That's true. You could -- you
9 could in fact amend the administrative rules.
10 Alternatively, upon appropriate motion that is passed, you
11 could authorize the executive officers to expend up to X
12 number of dollars, whatever you move, without prior board
13 approval.

14 Now, keep in mind that the admin rules as they
15 presently exist say that each check has to be signed by the
16 treasurer and one of the other executive officers, but if
17 you -- but there's not -- no limitation in -- in -- in the
18 current admin rules or no authorization in the current
19 administrative rules to allow for things like, as you did
20 last time, authorize expenditure of whatever it was for the
21 printer, so you could do that by motion.

22 CHAIRMAN McCUSKER: And I'm not necessarily sure
23 it's actual check writing but authorization of expenditures.

24 MR. COLLINS: Expenditures, true, true. The
25 check writing protocol is in the admin rules.

1 CHAIRMAN McCUSKER: Got you.

2 MR. COLLINS: It's just a matter of minor
3 purchases, minor -- minor --

4 CHAIRMAN McCUSKER: So the motion would be that
5 the board authorizes the treasurer plus one other officer to
6 expend up to \$5,000 without prior board approval.

7 MR. COLLINS: Perhaps the motion could be that --
8 that the treasurer consistent with the administrative rules
9 is authorized to expend up to X number of dollars provided
10 that there's another signature by one of the executive
11 officers. That's all -- all you need to do.

12 MR. IRVIN: I've got -- I've got a question.

13 So what happens -- not that we would expect this
14 to happen, but, you know, let's just say Fletcher and
15 Alberto have a strong feeling about something and Jeff
16 decides he doesn't like it. Does that just nullify it?

17 MR. COLLINS: Well, Jeff has to sign.

18 MR. IRVIN: Right. But, I mean, he could be
19 directed to sign as treasurer. I guess we -- I'd just like
20 to see us modify that so any two of the three could do that.

21 MR. COLLINS: That -- now, that would require
22 amending the admin rules.

23 MR. IRVIN: It would?

24 MR. COLLINS: If that's -- if that's -- yeah,
25 that -- that -- because the rules as they presently sit,

1 Jeff has to be one of the signatories, or the treasurer and
2 Jeff is the treasurer.

3 MR. IRVIN: No, I'm not -- I'm not arguing the
4 signatory. I'm just saying, if you had two of the three
5 officers approve it, they could direct him to sign.

6 MS. COX: Right.

7 CHAIRMAN McCUSKER: I think you get in a slippery
8 slope where you allow people to overrule the treasurer, so
9 I'm fine with the treasurer plus one.

10 MR. IRVIN: You're fine with it, I'm fine with
11 it.

12 CHAIRMAN McCUSKER: Yeah. And if that doesn't
13 work, then we can bring it to the full board.

14 MS. COX: Then I would like to move that the
15 treasurer and one additional executive officer be authorized
16 to expend up to \$5,000 and that expenditure then come to the
17 entire board at the following board meeting for
18 ratification.

19 MR. HILL: I'd second that.

20 CHAIRMAN McCUSKER: All right. Any further
21 conversation? Everybody understand the motion?

22 All in favor, say aye.

23 (Board votes unanimously)

24 CHAIRMAN McCUSKER: Any opposed, nay.

25 (No oral response and motion carries)

1 CHAIRMAN McCUSKER: All right. Thank you.

2 Anything else under the legal report that I might
3 have skipped over, Mark, or --

4 MR. COLLINS: I -- I don't believe so, Your
5 Hon -- or -- Your Honor.

6 CHAIRMAN McCUSKER: Your Honor, I like that.

7 MR. COLLINS: A lot of years of saying it that
8 way, Mr. Chairman.

9 MR. HILL: Yeah.

10 CHAIRMAN McCUSKER: Item 11, I think in your
11 packet and available for the public is page 53 of the 2010
12 auditor general audit completed by Crowe Horwath. This is a
13 triannual audit. The auditor general has released a
14 proposal soliciting auditors to audit the Rio Nuevo District
15 for 2013, so before they arrive, I just wanted to kind of
16 tick back through these recommendations to make certain that
17 we are doing whatever we can to comply with them before we
18 see the auditor general again.

19 And, Mark, I may need you on some of these things
20 because they have legal ramifications, but just in the
21 order -- you all have page 53 and the order they were
22 presented.

23 The first recommendation was to recover the
24 overpaid interest that the City appropriated from us. And I
25 believe that was settled and identified specifically in the

1 settlement agreement.

2 MR. COLLINS: It -- it was, Mr. Chairman.

3 CHAIRMAN McCUSKER: All right.

4 MR. HILL: I've got a 4:30 appointment. I
5 thought we were starting at 1:00 and --

6 CHAIRMAN McCUSKER: We've still got a quorum.
7 Please note Mr. Hill has got another pressing matter.

8 MR. SHEAFE: Is he in agreement with the 442?

9 CHAIRMAN McCUSKER: Yes. It's in the settlement
10 agreement signed by both parties.

11 MR. SHEAFE: All right.

12 CHAIRMAN McCUSKER: Assure that a new IGA between
13 the City conveys the appropriate powers and responsibilities
14 of the district, I would also think that the settlement to
15 some extent does that. Is there something else, Mark, we
16 need to do?

17 MR. COLLINS: Well --

18 CHAIRMAN McCUSKER: Because it specifically says
19 IGA.

20 MR. COLLINS: In all candor, I haven't looked at
21 this recently, but I will tell you that in March of 2011, a
22 new IGA was executed between the City and Rio Nuevo. And my
23 guess without having analyzed it in detail is that you can
24 check that one off because that 2011 March IGA that the
25 board entered into with the City I believe satisfied that

1 requirement.

2 CHAIRMAN McCUSKER: So, Bill, let's have that in
3 the office available because it's going to -- the auditors,
4 when they come, are going to go straight to the prior
5 recommendations.

6 I think this may be something we've got to work
7 on, item three, develop policies and procedures that outline
8 the district's management and oversight of future projects
9 including funding decisions, debt and statutory mandates.
10 You know, given that in the last two years we've had no
11 projects, I believe we probably wouldn't comply with that,
12 but I think it's incumbent upon us then to probably develop
13 those. So, Mark, maybe you and I can work on something we
14 can submit to the board along with the CFO.

15 More fully complete the capital improvement plan
16 developed by the City and include all projects. Okay. This
17 would be -- we discussed this briefly in exec. This would
18 be kind of our plan going forward on how we intend to spend
19 TIF money. And I think what we've suggested, Mark, is that
20 we look into the -- our ability to have a study session that
21 would allow us to do some strategic work to kind of develop
22 something along these lines, so that would require some
23 further action on our part.

24 Develop a short term strategy for the use of the
25 available funds, we just did that, I think, by authorizing

1 the RFP. I think you can check that one.

2 Establish a district staffing plan to assure
3 adequate support for the board, I think that will come as
4 part of one, two -- item four. We believe thanks to
5 Mr. Sheafe's leadership that you can't staff an organization
6 until you decide what it is you're going to do.

7 Did I oversimplify that, Chris?

8 MR. SHEAFE: Well, I think you cut right to the
9 chase.

10 CHAIRMAN McCUSKER: Establish a district fund
11 account with an approved bank or banks, we've done that,
12 right?

13 MR. COLLINS: Right.

14 CHAIRMAN McCUSKER: Ascertain the district's cash
15 flow needs and arrange for investing available funds, we
16 just did that with the RFP.

17 Create a district website, we have that,
18 rionuevo.org. Please tell all your friends.

19 District budgets submitted to the Pima County
20 Clerk, we're doing that, Michelle, right? We did that last
21 time.

22 Engage an independent CPA to audit. We've done
23 that.

24 So the only things that appear to require some
25 additional concentration would be policies and procedures as

1 they relate to future projects, complete a capital
2 improvement plan and establish a staffing plan.

3 MR. COLLINS: I --

4 CHAIRMAN McCUSKER: I think our hope there would
5 be try and tackle them in some sort of study session, and
6 then what would come out of that would be a board direct.

7 MR. COLLINS: Just a point -- comment, Mr.
8 Chairman. As I recall, the independent CPA to do the annual
9 audit, I believe Beach had a three-year contract and I
10 believe that that three-year contract expires this year, so
11 you may want to be considering what to do for the next
12 audit.

13 CHAIRMAN McCUSKER: We probably ought to move on
14 that by getting that RFP out, which would just require, I
15 think, board action to authorize us to solicit an auditor
16 for three years. That's what we did the last time.

17 MR. COLLINS: That's what happened in the past,
18 yeah. I don't know -- I'm not familiar --

19 CHAIRMAN McCUSKER: Would we want to do anything
20 differently? Normally three years in my experience is
21 pretty typical. And there is -- as a public company, we are
22 required to change auditors every six years, but, you know,
23 three seems to work pretty well for us.

24 If someone wants to make that motion, we can go
25 ahead and get that RFP going.

1 MS. COX: So move.

2 MR. IRVIN: Second.

3 CHAIRMAN McCUSKER: All right. The motion is
4 to -- and, Michele, we can go back and look at the old
5 one -- to release an RFP for an independent audit beginning
6 for the fiscal year that ends June 30, 2013, for a contract
7 period of three fiscal years.

8 All in favor, say eye.

9 (Board votes unanimously)

10 CHAIRMAN McCUSKER: Any opposed?

11 (No oral response and motion carries)

12 CHAIRMAN McCUSKER: All right. Mark, thanks for
13 that. Keep that handy because I expect we'll see the
14 auditor general sometime this summer.

15 Item 12 in your packet is a really fun proposal
16 developed to a large extent by our marketing firm, Victory.
17 You'll remember a couple meetings ago we actually approved
18 participating in a talk radio show that was specific to
19 KVOI. We have since been approached by Journal
20 Broadcasting, the home of 1041 FM, The Truth, to offer us a
21 Sunday time slot actually at a price substantially lower
22 than the KVOI proposal.

23 This would be hosted by Rosa Nenniger, who is a
24 long-time radio and TV talent here in Tucson, and it would
25 focus on all things Rio Nuevo. We would invite merchants to

1 come on there to talk about what's going on within the TIF.
2 We could have board members or other interested people. It
3 really would be our show to produce.

4 The cost is in there. It's less than what we had
5 previously authorized and we will own the rights to the
6 advertising revenue. I'm not sure anybody would want to
7 advertise with us, but you never know.

8 And the proposed name for the show would be The
9 New Pueblo as opposed to The Old Pueblo. So I think this is
10 for many of you the first time you're seeing this, but the
11 idea would be to -- and I think we've talked about this --
12 to be in a position where we can begin to communicate and
13 control our own message to get positive information out
14 about Rio Nuevo to the public. This would be one vehicle.

15 If you go to our website, we have launched a new
16 newsletter. The first edition of that is available on the
17 web and that is being both mailed and e-mailed to all of the
18 merchants within the TIF. That newsletter will also
19 feature merchants -- new merchants, old merchants, merchant
20 specials, business-to-business communication and the
21 merchants have been very responsive to that. I don't think
22 in the history of Rio Nuevo have we ever really focused on
23 how we can assist TIF merchants, you know, and these are
24 opportunities for us to really engage them in how we're
25 spending their tax dollars.

1 MR. SHEAFE: That would really be attractive, to
2 be able to feature various merchants.

3 CHAIRMAN McCUSKER: Yeah, because every show
4 would have some merchant on there to discuss --

5 MR. SHEAFE: I mean, I think that's --

6 CHAIRMAN McCUSKER: -- what they're --

7 MR. SHEAFE: -- terrific. And that's an
8 absolutely --

9 CHAIRMAN McCUSKER: And the whole TIF. Not just
10 downtown, but from Parkplace Mall --

11 MR. SHEAFE: All the way down here.

12 CHAIRMAN McCUSKER: All the way to --

13 MR. MOORE: The developers downtown and so forth.

14 MR. IRVIN: Fletcher, did they give you any idea
15 what they'd sell those spots --

16 CHAIRMAN McCUSKER: \$40. The going rate for a
17 60-second commercial on that station is about 40 bucks.

18 MR. IRVIN: For -- for a 60?

19 CHAIRMAN McCUSKER: Yeah. We would --

20 MR. IRVIN: And -- and who would actually host
21 it?

22 CHAIRMAN McCUSKER: Rosa. Rosa Nenniger --

23 MR. MOORE: Rosa Nenniger.

24 CHAIRMAN McCUSKER: -- is her name. She's a
25 great lady, matriarch.

1 MR. IRVIN: I think -- I think it's a great use
2 of --

3 CHAIRMAN McCUSKER: She's disarming, I think,
4 because we don't want to like be John Justiced up. You
5 know, we kind of want somebody that's a little --

6 MR. IRVIN: I think it's a great idea. I think
7 it follows along with what our mission is about keeping the
8 public informed and I'd make a motion that we approve it.

9 MR. MOORE: Second.

10 MR. SHEAFE: Is that weekly?

11 CHAIRMAN McCUSKER: Weekly Sunday. We would
12 follow Dave Sitton.

13 MR. IRVIN: That's perfect.

14 CHAIRMAN McCUSKER: We have a motion and a second
15 to approve the proposal.

16 MR. SHEAFE: Second.

17 CHAIRMAN McCUSKER: Any further conversation?

18 (No oral response)

19 CHAIRMAN McCUSKER: All in favor, say aye.

20 (Board votes unanimously)

21 CHAIRMAN McCUSKER: Any opposed?

22 (No oral response and motion carries)

23 CHAIRMAN McCUSKER: Thank you. I'll let Victory
24 and Rosa know. I think they intend us to start in March.

25 MS. COX: March 3rd.

