

RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona  
February 11, 2014  
1:36 p.m

REPORTED BY:

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1           CHAIRMAN McCUSKER: Okay. We're going to call  
2 the meeting to order and it is 1:36. We have a quorum  
3 present. We understand that Jannie Cox and Cody are en  
4 route, so I'll start with the pledge.

5           Mr. Sheafe, do you want to lead the pledge?

6                   (Pledge of Allegiance recited)

7           CHAIRMAN McCUSKER: Okay. Michele, call the  
8 roll, please.

9           MS. BETTINNI: Chris Sheafe.

10          MR. SHEAFE: Here.

11          MS. BETTINNI: Fletcher McCusker.

12          MR. McCUSKER: Here.

13          MS. BETTINNI: Mark Irvin.

14          MR. IRVIN: Here.

15          MS. BETTINNI: Jeff Hill.

16          MR. HILL: Here.

17          MS. BETTINNI: Alberto Moore.

18          MR. MOORE: Here.

19          CHAIRMAN McCUSKER: All right. In your packet,  
20 you received the transcripts from the January 14 meeting.  
21 These are verbatim transcripts. I need a motion to approve.

22          MR. IRVIN: So move.

23          MR. SHEAFE: Second.

24          MR. McCUSKER: You did that at exactly the same  
25 time.

1 Motion by Mr. Irvin, seconded by Mr. Sheafe.

2 (Board votes unanimously and motion carries)

3 CHAIRMAN McCUSKER: We have an executive session  
4 on the agenda. We need a motion to recess for that.

5 MR. IRVIN: So move.

6 (Board votes unanimously and motion carries)

7 CHAIRMAN McCUSKER: We'll see you all back in  
8 about 60 minutes.

9 (Board in Executive Session)

10 CHAIRMAN McCUSKER: To recovene, we need a motion  
11 to reconvene.

12 MR. IRVIN: So move.

13 CHAIRMAN McCUSKER: That was Mr. Irvin.

14 Second, please.

15 MR. MOORE: Second.

16 CHAIRMAN McCUSKER: Mr. Moore.

17 (Board votes unanimously and motion carries)

18 CHAIRMAN McCUSKER: Okay. We're back in  
19 business. Cody is close by.

20 Good afternoon, everyone. We're going to try and  
21 get through a pretty extensive agenda pretty quickly.

22 As you know if you watch our website, we've also  
23 scheduled a special meeting on February 27th. In that  
24 meeting, we should have the final numbers for the TCC arena  
25 construction, so it's our intent at that meeting to listen

1 to and agree upon the final budget for the arena remodel.  
2 Elaine will give us an update on that today.

3 I knew I should have knocked on wood or something  
4 yesterday when I told a friend of mine that we had the arena  
5 deed because I indeed spoke too soon. Apparently we will  
6 get it tomorrow, so the items that we may want to discuss  
7 we've been advised not to discuss until we actually own the  
8 property, so that will probably bubble up now at the meeting  
9 as well on the 27th.

10 So let's rock and roll.

11 Dan, do you want to give us your financial  
12 update?

13 MR. MEYERS: Okay. As of January 31st, we've got  
14 the following amounts in banks: The Alliance Bank operating  
15 account, we've got approximately \$6.9 million, the Alliance  
16 Bank ICS account, we've got approximately \$5 million, the  
17 Bank of Tucson, we've got approximately \$250,000, and the  
18 funds in the joint account with the City of Tucson, we have  
19 \$4,154,000 for a total of 16,300,000.

20 Our commitments we've got out there are  
21 9.6 million. We've spent \$200,000 so far on the arena  
22 remodel, so our remaining commitments as they sit here today  
23 is about 9.6 million. The city has \$123,000 of invoices  
24 regarding the arena remodel which will be paid this month.

25 Any questions?



1 construction number that I've been presenting, I will be  
2 walking you through the actual breakdown of that number.  
3 And that will be a contract, so it will be in front of you  
4 for approval. And at the same time at the February 27th  
5 meeting, I will be presenting the two seat contracts.

6 So to remind everybody what happened in January,  
7 the first bid on the fixed seats, we had two bids that were  
8 late, so I reissued the solicitation.

9 The second time around, we received three bids  
10 that were responsive and on time, and so the apparent low I  
11 will be issuing a notice of intent to award this week.

12 I'm currently reviewing along with Chris Schmaltz  
13 the bids for the portable seats and reviewing the apparent  
14 low to see if that is a responsive bid, meaning going  
15 through the actual IFB and making sure that they have  
16 submitted everything that's required of them.

17 And so, again, at the special meeting at the end  
18 of the month, I will have those two contracts as well as the  
19 GMP to present to you.

20 I passed out in front of all of you as well as  
21 projected. The projection is just a visual for the  
22 audience, but it's much easier. And there are some up front  
23 for the audience that would like to go through it.

24 What you have in front of you is a draft of our  
25 construction schedule. I'm not going to go through all 204

1 line items, but what I do want to show you is the rigor and  
2 the complexity that is involved with this project and the  
3 sense of detail -- attention to detail that myself and the  
4 construction team and the design team have put into it.

5           And we're not taking this lightly. We have gone  
6 through the entire TCC event schedule from March 10th  
7 through December -- the end of December 2014. All of the  
8 red vertical lines on the construction schedule, those are  
9 our events that we have to work around, and so the work will  
10 be phased and staged.

11           We're starting with the concourse level, the east  
12 restrooms and concession stands. Those are the ones that  
13 are used the most by the TCC. And we know that, so we need  
14 to get those done, get it out of their way, and then move on  
15 to the next.

16           We are on schedule to start construction  
17 March 10th. And the period of construction from March until  
18 middle to end of May, that's one of our most critical times,  
19 in addition, the August to October time. That's where a ton  
20 of work is going to get done and it's -- we have the most  
21 opportunity to -- to get in there and not have the events --  
22 not having to work around the events.

23           And then you can see on page -- it's actually on  
24 page 210 -- I'm sorry, line item 210, which is on page five.  
25 We're showing substantial completion on December 23rd, 2014.

1 This does say draft and, once we have the guaranteed maximum  
2 price, then this construction schedule will be a part of  
3 that and weekly we will be meeting with the general  
4 contractor going through the schedule, going through  
5 requests for information, submittals, things like that. And  
6 the team that has been a part of the design team for the  
7 past year and two months, that team will stay consistent  
8 and -- and see the project through construction.

9           And then the last item that I wanted to mention  
10 is that last week at mayor and council, the city approved  
11 \$544,000 of city funds to invest in the TCC. Approximately  
12 half of that is for infrastructure, but I did want to  
13 highlight that just over \$200,000 will be to replace all of  
14 the plumbing fixtures in all of the restrooms that we are  
15 renovating. And so that really goes hand in hand with the  
16 goals of the Rio Nuevo renovation and the fan experience, so  
17 it will be those visual -- those visual renovations that  
18 everyone in the community will see.

19           Prior to this allocation of funds and this  
20 approval, in the restrooms that we were renovating, we were  
21 doing the ceilings, the lights, the toilet partitions, all  
22 of the accessories, but we were not able to do -- replace  
23 all of the plumbing fixtures because the project could never  
24 support it from the beginning and we knew that. And so we  
25 now have the funds to -- to do that and that will be city

1 funds.

2 CHAIRMAN McCUSKER: While you're standing there,  
3 let's talk about item number eight on the agenda, which is  
4 the IGA.

5 MS. WEAVER: Okay.

6 CHAIRMAN McCUSKER: These items were  
7 identified -- also identified as outside of our scope. The  
8 city now has agreed to fund them. The easiest way to do  
9 that is to use our contractor and their team while they're  
10 in the arena.

11 MS. WEAVER: That's right, the easiest and the  
12 most efficient.

13 CHAIRMAN McCUSKER: So the way to allow the city  
14 to do that under our contract is with the intergovernmental  
15 agreement that we now have a draft of.

16 MS. WEAVER: That's correct. We coordinated with  
17 Chris and with Mark and you have the final IGA with you and  
18 I think that --

19 Is there anything else that you need to add or I  
20 need to add?

21 That's correct.

22 CHAIRMAN McCUSKER: I think we understand its  
23 intent. And you've worked with city council on this draft,  
24 right?

25 MR. COLLINS: That's correct. The city was kind

1 enough to do the work on the first draft and we suggested  
2 some revisions and I've been informed that the city has  
3 approved those revisions and that it's going to be on the  
4 city's mayor and council agenda for the 19th of this month.

5 CHAIRMAN McCUSKER: It should be noted that this  
6 is, I think, a huge step in the cooperative relationship  
7 between us and the city. I mean, they deferred maintenance  
8 on that arena for years. They could have again and it could  
9 have substantially derailed our project. And to their  
10 credit, they've stepped up. They're going to fund it.

11 I actually believe the simplest route to do it is  
12 to use our contractor. And they've generated this document,  
13 so I think it will help you -- it may be a question -- it  
14 should help you stick to this schedule, right? There's  
15 nothing about the work that the city's got to fund that  
16 would hinder your timing?

17 MS. WEAVER: No, because we've all been working,  
18 I think, so cohesively as a team, Rio Nuevo and the city and  
19 the general contractor. The schedule that you have in front  
20 of you already includes those -- the additional scope of  
21 work, so it includes the infrastructure work that Concord  
22 will be doing as well as the plumbing fixtures, so we are on  
23 schedule to accomplish the original scope in addition to the  
24 \$544,000 by December 23rd.

25 And, you know, we didn't -- I didn't want to come

1 in front of you and say, well, now that we have this  
2 additional scope, we're going to take two extra months.  
3 That's not the case. It's integral to the project when  
4 we're there renovating all of the restrooms. They're going  
5 to be torn up and now we get to replace the plumbing  
6 fixtures, sinks, toilets and urinals.

7 Mr. Moor.

8 MR. MOORE: Are we meeting all the codes as far  
9 as the restroom facilities are concerned for the TCC?

10 MS. WEAVER: Yes, we are. We've done --

11 MR. MOORE: How many more facilities will you  
12 have, the toilets and urinals, et cetera? What do you have?

13 MS. WEAVER: We're not increasing our plumbing  
14 fixture count. We are --

15 So are you referring to the IBC code or the ADA?

16 MR. MOORE: Which one has more? Which --

17 MS. WEAVER: So --

18 MR. MOORE: I mean, that's the biggest problem  
19 I've heard --

20 MS. WEAVER: I know.

21 MR. MOORE: -- in many years. The facilities  
22 there are not adequate to accommodate the audience  
23 participation, so --

24 MS. WEAVER: Okay.

25 MR. MOORE: -- I want to make -- that to me is

1 very important. That's what it should be.

2 MS. WEAVER: And it's -- there's good design, and  
3 then there's what's required by code. We are not expanding  
4 the restrooms. I think that that's very important to  
5 clarify.

6 Would we like to expand the restrooms, yes, but  
7 the project budget cannot support that and we would spend  
8 \$7.8 million on expanding restrooms, and then we wouldn't  
9 get to do all of the rest of the items, so what we're doing  
10 is we're replacing like for like.

11 The building is grandfathered in regarding the  
12 fixture count. The women's -- all of the women's restrooms,  
13 we're not increasing the count unfortunately. The ADA  
14 allows you to replace like for like if you can show a  
15 hardship to the count, which we currently fall under, and so  
16 we -- if we went by the current IBC, we don't have enough  
17 women's restrooms.

18 MR. MOORE: What is the requirement? What is the  
19 requirement in the ADC (sic) for the women's --

20 MS. WEAVER: For the IBC?

21 MR. MOORE: IBC.

22 MS. WEAVER: You know, I don't have that  
23 calculation memorized off the top of my head. I can -- I  
24 can get it.

25 MR. MOORE: I'd appreciate that.

1 MS. WEAVER: Yeah. And I'll follow up with you  
2 and give you that.

3 So what we took at look at and looked at is that,  
4 because we can show the ADA that we have a hardship for the  
5 women's restrooms, we do not have to update the women's  
6 restrooms for accessibility.

7 For the men's restrooms, we are not able to show  
8 that hardship, and so we will be bringing all of the men's  
9 restrooms to full ADA compliance. So in the --

10 MR. MOORE: I'm sure that's very happy for the  
11 women.

12 MS. WEAVER: I know. It's -- again, there's a  
13 difference between good design and what's really -- what the  
14 code allows.

15 So in the men's restrooms, we'll be losing a  
16 fixture to make way for the larger five-foot accessible  
17 stall, so you'll lose a toilet, move the toilet partitions  
18 over, and then you'll have an accessible stall. We'll have  
19 automatic door operators at the doors to meet the clearance  
20 requirements for the push and pull side because we currently  
21 don't have that. All of the accessories will be compliant  
22 and accessible.

23 Any other questions?

24 MR. MOORE: Let me ask one question on that. Is  
25 there any way to look for any grants or anything like that

1 that would be relevant to improving the community center,  
2 especially in the area of the restrooms, that we could look  
3 for outside funds that --

4 MS. WEAVER: We have looked at some and we are  
5 following through with a rebate with Tucson Water for the  
6 low-flow urinals. The current toilet fixtures that we have  
7 do not fall within the parameters, do not -- we can't use  
8 them to get a rebate for the new toilets, but the urinals  
9 will classify. And so we have looked for rebates, we've  
10 looked for grants and currently I'm not aware of any others  
11 that we could use.

12 MR. MOORE: Who is doing the looking? Is  
13 somebody at city hall doing the looking or is that a  
14 responsibility of Rio Nuevo or --

15 MS. WEAVER: I don't know who -- I don't know who  
16 at city hall would be doing that. I would have to follow up  
17 and ask.

18 MR. MOORE: I'd like to know that as well,  
19 please.

20 MS. WEAVER: All right. So grants and plumbing  
21 fixture count.

22 I know that myself as well as Bill Swain on the  
23 design team, they have been looking at rebates specifically.

24 CHAIRMAN McCUSKER: Okay. We need to take some  
25 action on the IGA. If somebody would move to approve that.

1 MR. IRVIN: So moved.

2 MR. SHEAFE: I'll move to approve the document.

3 CHAIRMAN McCUSKER: I think he beat you.

4 MR. SHEAFE: Oh, okay. That's fine.

5 CHAIRMAN McCUSKER: So a motion by Mr. Irvin, a  
6 second by Mr. Sheafe.

7 Any further conversation about the IGA?

8 (Board votes unanimously and motion carries)

9 CHAIRMAN McCUSKER: Okay. We've passed that, so  
10 you guys can take that back to the city council.

11 MS. WEAVER: Great. Thank you.

12 CHAIRMAN McCUSKER: Anything else for Elaine  
13 before we lose her?

14 (No oral response)

15 CHAIRMAN McCUSKER: You're doing a great job.

16 MS. WEAVER: Thank you.

17 This copy of drawings and specifications, it's  
18 Rio Nuevo's copy and I --

19 MR. IRVIN: She's also got the spec sheet there  
20 as well.

21 MS. WEAVER: Right. I believe it's in your  
22 office.

23 CHAIRMAN McCUSKER: Thank you very much.

24 Items nine and 10, the arena site, again we  
25 thought we had a deed. We don't have a deed. Anything

1 related to this site that we need to take action on? I  
2 think we still have some engineering that we're --

3 MR. SHEAFE: Yes. Mr. Chairman, I would like to  
4 request authorization to engage Stantec to do a clearance  
5 study on the south end of the arena site. It's work that we  
6 know we need to do and I'd like to get that started on.  
7 It's about a 5,000 dollar total expense.

8 CHAIRMAN McCUSKER: Make that a motion.

9 MR. SHEAFE: And I would ask that be a motion  
10 that I be authorized to ask Stantec to present us with a  
11 specific contract for approval for the clearance site work  
12 in preparation of cleaning up the south end of the arena  
13 parcel.

14 MR. MOORE: I'll second it.

15 CHAIRMAN McCUSKER: We have a motion and second  
16 to authorize Stantec --

17 Up to 5,000 or --

18 MR. SHEAFE: Well, you can put a limit on it  
19 because I know their number is --

20 CHAIRMAN McCUSKER: Let's say up to \$5,000.

21 (Board votes unanimously and motion carries)

22 CHAIRMAN McCUSKER: Okay. You're good to go,  
23 Chris.

24 And I guess we'll wait for you, Mr. Collins, to  
25 tell us we indeed have the deed.

1           MR. COLLINS: Yeah. I anticipate that the deed  
2 will -- the escrow will close tomorrow. There's very little  
3 left to do, closing the recording, so I would ask Mr. Sheafe  
4 that we wait until the recording happens for the contract to  
5 occur, but at that point in time, the district will own the  
6 arena site.

7           CHAIRMAN McCUSKER: Okay. So we'll put this back  
8 on the agenda for the 27th.

9           While you're up there, Mark, item 12, west side  
10 parcel, give us an update on the status of the title to  
11 those parcels.

12           MR. COLLINS: As you folks may remember, there  
13 were about three or four issues that had to be decided. The  
14 settlement agreement described the west side parcel without  
15 a survey.

16           The biggest problem with that was the eastern  
17 boundary. And yours truly and Mike Rankin attempted to  
18 describe the eastern boundary and it turns out that it's not  
19 as precise as we would both like it. So after the -- we  
20 walked the site in January, we addressed several of the  
21 issues that the city had and I think that we've -- we've  
22 resolved that.

23           You all have in your -- in your binders an  
24 overlay showing where the eastern boundary would be, so we  
25 are about ready assuming -- once -- once we get to the final

1 version of the -- of the legal description, we're about  
2 ready to move -- take the next step on that property.

3 MR. SHEAFE: Is there any action required?

4 CHAIRMAN McCUSKER: I think we need to give him  
5 some direction on the eastern boundary.

6 MR. COLLINS: Right.

7 CHAIRMAN McCUSKER: The city has proposed the  
8 existing post --

9 MR. COLLINS: Post and cable.

10 CHAIRMAN McCUSKER: -- and cable system, which  
11 pretty much is the 100 feet from the bank line.

12 MR. COLLINS: Right. As you'll see on the  
13 overlay in front of you there, the 100 feet -- when we  
14 walked the site, the discussion was 100-foot offset from the  
15 bank reinforcement or rip-rap. When that was overlaid onto  
16 the aerial photograph, you see that it tracks very closely  
17 the post and cable.

18 The city and county are in the process of  
19 creating an IGA where the county will maintain the  
20 pathway -- the bicycle path and the walkway and so forth.  
21 And what they describe as the post and cable, that's going  
22 to be the western boundary of that, the county's  
23 responsibility.

24 So the board needs to decide what it wants to do  
25 with the eastern boundary and -- and whether or not there

1 are any other requirements that the board wants to have to  
2 complete this transfer.

3 MR. SHEAFE: Mr. Chairman, could I make a motion?

4 CHAIRMAN McCUSKER: What's your conversation been  
5 with them around setbacks?

6 MR. COLLINS: I've had several conversations.  
7 They haven't resulted in a decision. Most of the  
8 conversations have centered on the eastern boundary, which,  
9 as I've just told you, isn't fully resolved, but we have  
10 resolved, I think, the southern boundary and the northern  
11 issues. So my answer to your question is we've had  
12 discussions. There's been no decision.

13 CHAIRMAN McCUSKER: All right. Mr. Sheafe.

14 MR. SHEAFE: The reason for setbacks in almost  
15 all use variations is to protect one activity from another  
16 where you have two dissimilar uses. None of that applies to  
17 this property because we're up against the park and the --  
18 the pathway and the waterway, so I would make the motion  
19 that we accept the alignment of the cable system as the  
20 eastern boundary provided the city acknowledges there are no  
21 further setback requirements on the district on its  
22 ownership for the use of its property.

23 MS. COX: Second.

24 CHAIRMAN McCUSKER: It's seconded by Jannie Cox.  
25 Everybody understand the motion? Everybody got

1 it?

2 (No oral response)

(Board votes unanimously and motion carries)

3 CHAIRMAN McCUSKER: Okay. So you should be able  
4 to motor that along now, too, right?

5 MR. COLLINS: I'll do my best.

6 CHAIRMAN McCUSKER: No other issues on that  
7 parcel as it relates to getting title?

8 MR. COLLINS: For the time being, that's correct,  
9 Mr. Chairman.

10 CHAIRMAN McCUSKER: Okay. The next item -- 12  
11 and 13 we took care of.

12 14, while you're up there --

13 MR. IRVIN: 11?

14 CHAIRMAN McCUSKER: I think 11 we dealt with.  
15 Yeah, I think we're all the way up to 14, the financial  
16 analyst issue.

17 MR. COLLINS: Correct.

18 CHAIRMAN McCUSKER: We would like to engage  
19 someone to help us look at the 2008 bonds, the reserve  
20 requirements related to those bonds with the possibility of  
21 monetizing those reserves. Where do we go from here?

22 MR. COLLINS: The board has two options. That  
23 service is a professional service and under the procurement  
24 code you can direct select a professional service provider  
25 or you could issue an RFP. My recommendation would be that

1 you appoint one or more of your members to work with bond  
2 counsel to interview and then vet and perhaps bring back  
3 some providers to present to you folks. I think the direct  
4 selection makes the most sense, at least to me.

5 CHAIRMAN McCUSKER: What is your pleasure?

6 MR. SHEAFE: Move for direct selection.

7 MR. MOORE: Second.

8 CHAIRMAN McCUSKER: Can it be that simple?

9 MR. COLLINS: Yes, it could be that simple.

10 CHAIRMAN McCUSKER: Should it include that you  
11 want them to come back and present?

12 MR. COLLINS: Yeah. I think that -- my -- my  
13 thought --

14 CHAIRMAN McCUSKER: This is a -- I mean, this is  
15 a record short motion.

16 MR. COLLINS: Yeah, I know that and that's why I  
17 hesitate to talk here. I would suggest that the executive  
18 officers be authorized to vet and then perhaps ask certain  
19 providers to come and present to the entire board because I  
20 think the entire board needs to make the decision.

21 CHAIRMAN McCUSKER: All right. Mr. Sheafe, you  
22 don't get to be that bridge, but go ahead.

23 MR. SHEAFE: As adjusted by Mark's description.

24 MR. MOORE: Second.

25 CHAIRMAN McCUSKER: No, let's do this right. You

1 make a motion.

2 MR. SHEAFE: The motion is to have the executive  
3 officers vet properly for a direct selection with a  
4 presentation back to the board for the final selection and  
5 approval for same.

6 MR. IRVIN: That was still pretty short.

7 MS. COX: Very short.

8 CHAIRMAN McCUSKER: All right. We have a motion  
9 and a second. I think we understand that.

10 (Board votes unanimously and motion carries)

11 CHAIRMAN McCUSKER: I understand item 15 we're  
12 deferring. You're not ready for that update?

13 MR. COLLINS: Correct.

14 CHAIRMAN McCUSKER: Does it need to go on the  
15 special meeting agenda?

16 MR. COLLINS: I don't believe so.

17 CHAIRMAN McCUSKER: Any timing issues?

18 MR. COLLINS: We can --

19 CHAIRMAN McCUSKER: Do it in March?

20 MR. COLLINS: Yeah, I think we can do it in  
21 March. The special meeting -- I think you guys want to --  
22 you folks want to keep as much on the TCC. You're going to  
23 have your hands full with the TCC.

24 CHAIRMAN McCUSKER: Item 16 in your packet, the  
25 board members have a draft, ethical policy or ethics

1 guidelines for all Rio Nuevo board members, that's been  
2 worked by counsel and a number of us have participated in  
3 that. If you're prepared to take action, we can, or you  
4 could take it home, review it and we could take it up at a  
5 subsequent meeting. There's no urgency to this. I think  
6 we're behaving quite ethically, but this does put into  
7 concrete some of the things that we have done by practice.

8 MS. COX: Mr. Chairman, I have read the submitted  
9 ethical policies and I'd like to move that we accept them as  
10 written in the book.

11 MR. RITCHIE: I second.

12 CHAIRMAN McCUSKER: That's a motion by Jannie,  
13 seconded by Cody to accept the ethics guidelines as  
14 presented.

15 Any further conversation?

16 (No oral response)

(Board votes unanimously and motion carries)

17 CHAIRMAN McCUSKER: Okay. We are indeed on a  
18 roll.

19 Nancy, how is our name contest going?

20 MS. MONTOYA: Mr. Chairman and members of the  
21 board, happy Valentine's Day. You guys better --

22 CHAIRMAN McCUSKER: Oh, my God.

23 MS. MONTOYA: -- remember that.

24 CHAIRMAN McCUSKER: Thank you.

25 MS. MONTOYA: I'm Nancy Montoya with Nonprofit

1 News Source. I believe you have all received -- all of the  
2 names were received for the possible name change of Rio  
3 Nuevo. Very quickly, the contest ran from December 10th  
4 through January 30th. We had 104 submissions. I've divided  
5 all the submissions among the six council members and sent  
6 that off February 3rd. And by today, five out of the six  
7 wards have responded and have given me their top three  
8 names.

9           And I have to say I've gotten some really  
10 positive feedback from council members. They said thank you  
11 for letting them at least have, you know, some kind of a say  
12 or at least some input.

13           The packet that is in front of you reflects the  
14 top three names that each one of the council members  
15 selected. The one on top, of course, is their number one  
16 name. And we should have Karin Uhlich's names in by  
17 tomorrow. She just needed a little bit more time. So if  
18 you have any questions, you know, I've got all the master  
19 sheets if you want to know who's who.

20           We decided to just put the name and the  
21 explanation without tainting it with what high schools they  
22 came from, were they male or female, were they Anglo, were  
23 they Hispanic. We wanted it just to reflect the name and  
24 the explanation.

25           So any questions or any more direction from the

1 board?

2 CHAIRMAN McCUSKER: The 27th meeting may be  
3 pretty busy. You know, if you get the other council  
4 members, we might put it on there or we may get stuck  
5 waiting until March.

6 MS. MONTOYA: Okay. And remember, you're not --

7 CHAIRMAN McCUSKER: Not bound to --

8 MS. MONTOYA: You're not bound to any of these  
9 names. You can put combinations together if you so choose.

10 CHAIRMAN McCUSKER: And remind us again of how  
11 the finalist placed vis-a-vis the scholarships.

12 MS. MONTOYA: From the three names within the  
13 city council wards, the board will pick the winner of those  
14 three names and that person will receive \$500. If that  
15 person elects to go to either the U of A or Pima College,  
16 each one of those colleges will match it, so they can earn a  
17 total of \$1,000 in a scholarship for being a semifinalist.

18 Now, the winner, if you select a winner from all  
19 these names, they will get the \$500 that they got from being  
20 in the ward selection plus they'll get another \$1,000 plus  
21 they can get that \$1,500 matched by either the U of A or  
22 Pima College, so the winner could earn up to \$3,000 in money  
23 to go to school.

24 CHAIRMAN McCUSKER: Nancy, thank you. It was fun  
25 to watch.

1           Okay. Our friends from the Rialto are here to  
2 give us a brief update.

3           MS. BAYLESS: Good afternoon.

4           CHAIRMAN McCUSKER: Please introduce yourself and  
5 your colleagues.

6           MS. BAYLESS: Good afternoon. My name's Lisa  
7 Bayless. I am the Rio Nuevo board representative on the  
8 Rialto board. Over the past two years, it's been my  
9 privilege to work with the Rialto Theater and see them grow  
10 and move towards sustainability and contribute to the  
11 development of downtown Tucson.

12           I'd like to introduce Michael Crawford, our board  
13 president, who is here to acknowledge the cooperation and  
14 partnership that has developed between the Rio Nuevo board  
15 and the Rialto Theater Foundation over the past few years.

16           MR. CRAWFORD: Thank you. I'm just going to talk  
17 if that's okay.

18           CHAIRMAN McCUSKER: You bet.

19           THE WITNESS: To say we've come a long way baby  
20 is probably an understatement. We are getting ready to have  
21 our second annual gala this Saturday. You're all invited to  
22 come. It's a Motown theme. But in conjunction with getting  
23 ready for that, we decided that we wanted to start honoring  
24 organizations and groups that we partner with on a regular  
25 basis to help -- that help to possibly keep the theater

1 renovated and keep us going with our mission, which is  
2 continuing to maintain the theater and continually improve  
3 it, so we've come up with a proclamation and I will read it  
4 real quickly. It's not that long.

5           Whereas the historic Rialto Theater relies on the  
6 tremendous efforts of supporters to bring quality  
7 entertainment to the Tucson community, to remain an historic  
8 cornerstone of the downtown corridor, and whereas the Rialto  
9 Theater Foundation seeks to recognize individuals and  
10 organizations contributing to the preservation and  
11 enhancement of the historic Rialto Theater, and whereas the  
12 first annual Rialto Theater Partnership Award is hereby  
13 conferred upon the Rio Nuevo Board in recognition of its  
14 spirit of cooperation and partnership, and whereas the  
15 Rialto Theater Foundation extends its formal thanks to the  
16 Rio Nuevo Board for cultivating a strong partnership and  
17 spirit of collaboration.

18           Now, therefore, I Michael Crawford, President of  
19 the Board of Directors of the Rialto Theater Foundation, do  
20 hereby proclaim Saturday, February 15th, as the day to  
21 recognize and honor the Rio Nuevo Board with the first  
22 annual Rialto Theater Partnership Award. We appreciate all  
23 your efforts.

24           Curtis McCrary, our executive director, is going  
25 to give you guys a brief update on where we are right now

1 and where we intend on going.

2 MR. McCRARY: Thank you, President Crawford.

3 Good afternoon, everyone. I want to give you a  
4 brief progress report on where we've been and how far we've  
5 come in the last couple years in particular.

6 We started off in general when the theater was  
7 first begun as a nonprofit and somewhat undercapitalized.  
8 And that was a problem that made it difficult for us to  
9 manage issues like seasonality, the boycott and bad economy,  
10 but in the beginning of 2012 with the help of some generous  
11 civic-minded individuals, we were able to obtain a line of  
12 credit that was originally at Alliance Bank and has since  
13 transferred to National Bank of Arizona. The line of credit  
14 has had a tremendously positive impact on our ability to  
15 manage seasonal cash flows over the two years that we've had  
16 it.

17 In 2013, due in large part to our best fiscal  
18 year ever ended June 30th, 2013, we were able to remove the  
19 guarantor from the loan so that it's now unencumbered by a  
20 guarantor and it's just between us and National Bank of  
21 Arizona. The current balance of that line of credit is \$0;  
22 however, it's -- it's still very valuable to us at times of  
23 the year when cash flow is not as robust.

24 But I want to talk about -- a little bit about  
25 how -- how much better we've performed in the last 18 months

1 than prior times.

2           Fiscal year June 30th, we had a gross income of  
3 2.1 million and an operating profit of 5,700 and a net loss  
4 of 19,000 after interest expense. And that was despite  
5 having a strong spring in 2012. But if you contrast that  
6 with fiscal year 2013, we had a gross of nearly 2.9 million  
7 and a net profit of 177,000, which is almost double our  
8 previous best number for -- for any given fiscal year.

9           The first half of fiscal year 2014 was strong and  
10 showed a nearly 50,000 dollar net profit and the second half  
11 looks as strong as last year's, so we are expecting similar  
12 results as we had last year, obviously a vast difference  
13 from, in particular, the years 2008, 2009, '10 and '11 when  
14 a bad economy and a variety of factors led to our struggles.

15           In the summer of 2012, we expanded our board  
16 significantly and we added, of course, Lisa Bayless, who has  
17 been a great representative for your interests on our board  
18 and has just really contributed a lot to our overall  
19 operation.

20           We had our first fund raising gala in February of  
21 2013 with an incredible effort by our board and no outside  
22 help other than from the community in the form of  
23 sponsorships and donations and auction items and we raised  
24 over \$25,000 to support the furtherance of the theater's  
25 mission.

1           We struck a deal with a new ticketing provider  
2 that has given us unencumbered capital to create an expanded  
3 concessions operation with a lease in the Cadence Building  
4 across Herbert Alley from our doors and it is our intent to  
5 use any net revenues from this operation to perpetually make  
6 improvements to the theater.

7           In 2012, the year ended December 31st, 2012, we  
8 broke the top 50 club venues by ticket sales on the Pollstar  
9 year-end charts. That's an international chart. We would  
10 actually have been 43rd if it was only United States venues.  
11 And then in 2013, we were at number 58 internationally, but  
12 we had a bigger number of ticket sales sold overall. We had  
13 obviously great financial results. And the reason that we  
14 were further down on the list is that everyone else is doing  
15 better as well. The concert business is doing better in  
16 general, so it's a good sign.

17           We've expanded our development operations  
18 internally to a significant degree. I brought on a staff  
19 member who is coordinating sponsorships, memberships,  
20 donations and grants. Thus far, we've received over \$5000  
21 in new grants. We've added several new sponsors that bring  
22 in more than \$3,000 per month to whom we offer an array of  
23 services including pre-show slide shows, social media  
24 inclusion, tickets and things of that nature.

25           We are poised to relaunch our membership program

1 at our second annual fund raising gala this Saturday,  
2 February 15th, which, as Michael said, you are all invited  
3 to. We'd love to have you there. We will again present the  
4 award -- the partnership award to Chairman McCusker and any  
5 other of you that can make it.

6 The new membership program will have improved  
7 tiers, including a golden ticket option which will entitle  
8 the holder and a guest to come to any Rialto show for an  
9 entire year.

10 And just last Thursday, I would like to share  
11 this with you in case you weren't watching the  
12 Arizona-Oregon basketball game, but we got significant  
13 attention from ESPN and Bill Walton during the game  
14 broadcast. On the game of January 23rd, Walton mentioned  
15 the show that we had coming on January 25th on the air, and  
16 so we changed our marquee to read Bill Walton's seal of  
17 approval. That got ESPN and Bill Waltons attention, and so  
18 they called us last Tuesday to ask if they could come down  
19 and shoot some footage for a profile that they were going to  
20 do on the broadcast that night. We said of course and they  
21 came and shot it, and so there was a really nice minute-long  
22 segment where they showed some scenes from inside the  
23 theater and Bill Walton said, and I quota, among other  
24 things, among other very high praise, unbelievable place  
25 down there, so many of our favorites have played. They've

1 revitalized it. It's just incredibly uplifting and a  
2 spiritual temple and mecca. This telecast was seen by  
3 nearly 2 million people.

4 We wish to thank you for your partnership and for  
5 bolstering the credibility of downtown redevelopment. With  
6 all your efforts, we are very excited for what 2014  
7 promises. With the street car coming on line, our new  
8 concessions operation and several other new downtown  
9 businesses, that will continue to make our area into  
10 Tucson's main destination for entertainment, dining and  
11 nightlife and we're thrilled to partner with you to be a big  
12 part of all that's happening. Thank you very much.

13 MR. CRAWFORD: I also wanted to introduce the  
14 secretary of our board, Hubert Parker, who is the --

15 MR. SHEAFE: Well, I was wondering when you  
16 picked Motown. I happen to know Hubert can move that fast.

17 CHAIRMAN McCUSKER: Michael or Mark, can you  
18 update us on the terms of the lease with Rialto? Does  
19 anybody know kind of just, you know, how long a lease it is,  
20 when do we have to worry about its renewal?

21 MR. COLLINS: It's a long one. I candidly don't  
22 have the answer.

23 CHAIRMAN McCUSKER: Do you remember, Mark?

24 MR. IRVIN: Not off the top of my head.

25 MR. MOORE: It's a ways out.

1 MR. CRAWFORD: 40 some years left.

2 MR. COLLINS: Right. I can advise the board. I  
3 just --

4 CHAIRMAN McCUSKER: And they're in compliance  
5 with all aspects of the lease?

6 MR. COLLINS: As far as I'm aware. Michael and I  
7 certainly know how to talk if we need to.

8 CHAIRMAN McCUSKER: Congratulations.

9 MR. CRAWFORD: Thank you very much.

10 MR. IRVIN: I just wanted to real quickly thank  
11 all of you because, you know, we started off, as you know,  
12 Curtis, many years ago and things were not really that great  
13 and we as a board decided that we'd really like in our, you  
14 know, agreement with you to have somebody sit on the board.  
15 I think what was important -- I can't speak for anybody  
16 else, but what was important to me was not to have a spy but  
17 to have somebody who could actually go out and fund raise  
18 and help you folks. I knew if she took care of your  
19 fiduciary interests, she'd end up taking care of ours, so  
20 I've appreciated very much your willingness to kind of be  
21 open and transparent.

22 Michael, you as well.

23 And just let us know what's going on and how we  
24 can help. I think our relationship's great and a lot of  
25 it's been directly to you two guys. Thank you.



1 STATE OF ARIZONA )  
 ) ss.  
2 COUNTY OF PIMA )

3 BE IT KNOWN that the foregoing transcript was  
4 taken before me, THOMAS A. WOPPERT, RPR, a Certified  
5 Reporter in the State of Arizona; that the foregoing  
6 proceedings were taken down by me in shorthand and  
7 thereafter reduced to print under my direction; that the  
8 foregoing pages are a true and correct transcript of all  
9 proceedings, all done to the best of my skill and ability.

10 I further certify that I am in no way related to  
11 any of the parties hereto nor am I in any way interested in  
12 the outcome hereof.

13 Dated at Tucson, Arizona, this 25th day of  
14 February 2014.

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Thomas A. Woppert, RPR  
AZ CCR No. 50476

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