RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

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

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

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

(Pledge of Allegiance recited)

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

MS. BETTINNI: Chris Sheafe.

MR. SHEAFE: Here.

MS. BETTINNI: Fletcher McCusker.

MR. McCUSKER: Here.

MS. BETTINNI: Mark Irvin.

MR. IRVIN: Here.

MS. BETTINNI: Jeff Hill.

MR. HILL: Here.

MS. BETTINNI: Alberto Moore.

MR. MOORE: Here.

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

MR. IRVIN: So move.

MR. SHEAFE: Second.

MR. McCUSKER: You did that at exactly the same time.
Motion by Mr. Irvin, seconded by Mr. Sheafe.

(Board votes unanimously and motion carries)

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

MR. IRVIN: So move.

(Board votes unanimously and motion carries)

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

(Board in Executive Session)

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

MR. IRVIN: So move.

CHAIRMAN McCUSKER: That was Mr. Irvin.

Second, please.

MR. MOORE: Second.

CHAIRMAN McCUSKER: Mr. Moore.

(Board votes unanimously and motion carries)

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

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

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

Elaine will give us an update on that today.

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

So let's rock and roll.

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

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

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

Any questions?
CHAIRMAN McCUSKER: Can you remind us again of how much cash we have at Wells?

MR. MEYERS: We've got approximately $12 million at Wells at this time and we've got three months' worth of TIF money that's sitting out there we're getting paid in about three months.

CHAIRMAN McCUSKER: And is all 12 of that reserved?

MR. MEYERS: Yes, I believe so at this time.

CHAIRMAN McCUSKER: Any questions for Dan?

(No oral response)

CHAIRMAN McCUSKER: Thank you, sir.

MR. MEYERS: Thank you.

CHAIRMAN McCUSKER: Elaine, you have all kinds of goodies.

MS. WEAVER: Good afternoon. Elaine Weaver, project manager for the TCC -- Rio Nuevo TCC arena project. I want to give you a brief update from last month.

Since we met last, the construction documents and the set of drawings I just put in front of Chris Sheafe and Jannie Cox, those were completed at the end of January and are actually in for permit as we speak.

The general contractor is currently bidding the project. And by February 27th, I will be back in front of you to present the guaranteed maximum price, so the
construction number that I've been presenting, I will be
walking you through the actual breakdown of that number.
And that will be a contract, so it will be in front of you
for approval. And at the same time at the February 27th
meeting, I will be presenting the two seat contracts.

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

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

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

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

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

What you have in front of you is a draft of our
construction schedule. I'm not going to go through all 204
line items, but what I do want to show you is the rigor and
the complexity that is involved with this project and the
sense of detail -- attention to detail that myself and the
construction team and the design team have put into it.

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

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

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

And then you can see on page -- it's actually on
page 210 -- I'm sorry, line item 210, which is on page five.
We're showing substantial completion on December 23rd, 2014.
This does say draft and, once we have the guaranteed maximum price, then this construction schedule will be a part of that and weekly we will be meeting with the general contractor going through the schedule, going through requests for information, submittals, things like that. And the team that has been a part of the design team for the past year and two months, that team will stay consistent and -- and see the project through construction.

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

Prior to this allocation of funds and this approval, in the restrooms that we were renovating, we were doing the ceilings, the lights, the toilet partitions, all of the accessories, but we were not able to do -- replace all of the plumbing fixtures because the project could never support it from the beginning and we knew that. And so we now have the funds to -- to do that and that will be city
While you're standing there, let's talk about item number eight on the agenda, which is the IGA.

MS. WEAVER: Okay.

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

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

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

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

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

That's correct.

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

MR. COLLINS: That's correct. The city was kind
enough to do the work on the first draft and we suggested some revisions and I've been informed that the city has approved those revisions and that it's going to be on the city's mayor and council agenda for the 19th of this month.

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

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

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

And, you know, we didn't -- I didn't want to come
in front of you and say, well, now that we have this additional scope, we're going to take two extra months. That's not the case. It's integral to the project when we're there renovating all of the restrooms. They're going to be torn up and now we get to replace the plumbing fixtures, sinks, toilets and urinals.

Mr. Moor.

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

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

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

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

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

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

MS. WEAVER: So --

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

MS. WEAVER: I know.

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

MS. WEAVER: Okay.

MR. MOORE: -- I want to make -- that to me is
very important. That's what it should be.

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

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

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

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

MS. WEAVER: For the IBC?

MR. MOORE: IBC.

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

MR. MOORE: I'd appreciate that.
MS. WEAVER: Yeah. And I'll follow up with you and give you that.

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

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

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

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

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

Any other questions?

MR. MOORE: Let me ask one question on that. Is there any way to look for any grants or anything like that
that would be relevant to improving the community center, especially in the area of the restrooms, that we could look for outside funds that --

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

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

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

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

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

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

CHAIRMAN McCUSKER: Okay. We need to take some action on the IGA. If somebody would move to approve that.
MR. IRVIN: So moved.

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

CHAIRMAN McCUSKER: I think he beat you.

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

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

Any further conversation about the IGA?

(Board votes unanimously and motion carries)

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

MS. WEAVER: Great. Thank you.

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

(No oral response)

CHAIRMAN McCUSKER: You're doing a great job.

MS. WEAVER: Thank you.

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

(No oral response)

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

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

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

CHAIRMAN McCUSKER: Thank you very much.

Items nine and 10, the arena site, again we thought we had a deed. We don't have a deed. Anything
related to this site that we need to take action on? I
think we still have some engineering that we're --

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

CHAIRMAN McCUSKER: Make that a motion.

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

MR. MOORE: I'll second it.

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

Up to 5,000 or --

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

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

(Board votes unanimously and motion carries)

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

Chris.

And I guess we'll wait for you, Mr. Collins, to
tell us we indeed have the deed.
MR. COLLINS: Yeah. I anticipate that the deed will -- the escrow will close tomorrow. There's very little left to do, closing the recording, so I would ask Mr. Sheafe that we wait until the recording happens for the contract to occur, but at that point in time, the district will own the arena site.

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

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

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

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

You all have in your -- in your binders an overlay showing where the eastern boundary would be, so we are about ready assuming -- once -- once we get to the final
version of the -- of the legal description, we're about
ready to move -- take the next step on that property.

MR. SHEAFE: Is there any action required?

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

MR. COLLINS: Right.

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

MR. COLLINS: Post and cable.

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

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

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

So the board needs to decide what it wants to do
with the eastern boundary and -- and whether or not there
are any other requirements that the board wants to have to complete this transfer.

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

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

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

CHAIRMAN McCUSKER: All right. Mr. Sheafe.

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

MS. COX: Second.

CHAIRMAN McCUSKER: It's seconded by Jannie Cox.

Everybody understand the motion? Everybody got
it?

(No oral response)

(Board votes unanimously and motion carries)

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

MR. COLLINS: I'll do my best.

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

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

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

14, while you're up there --

MR. IRVIN: 11?

CHAIRMAN McCUSKER: I think 11 we dealt with.

Yeah, I think we're all the way up to 14, the financial
analyst issue.

MR. COLLINS: Correct.

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

MR. COLLINS: The board has two options. That
service is a professional service and under the procurement
code you can direct select a professional service provider
or you could issue an RFP. My recommendation would be that
you appoint one or more of your members to work with bond
counsel to interview and then vet and perhaps bring back
some providers to present to you folks. I think the direct
selection makes the most sense, at least to me.

CHAIRMAN McCUSKER: What is your pleasure?
MR. SHEAFE: Move for direct selection.
MR. MOORE: Second.
CHAIRMAN McCUSKER: Can it be that simple?
MR. COLLINS: Yes, it could be that simple.
CHAIRMAN McCUSKER: Should it include that you
want them to come back and present?
MR. COLLINS: Yeah. I think that -- my -- my
thought --
CHAIRMAN McCUSKER: This is a -- I mean, this is
a record short motion.
MR. COLLINS: Yeah, I know that and that's why I
hesitate to talk here. I would suggest that the executive
officers be authorized to vet and then perhaps ask certain
providers to come and present to the entire board because I
think the entire board needs to make the decision.
CHAIRMAN McCUSKER: All right. Mr. Sheafe, you
don't get to be that bridge, but go ahead.
MR. SHEAFE: As adjusted by Mark's description.
MR. MOORE: Second.
CHAIRMAN McCUSKER: No, let's do this right. You
make a motion.

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

    MR. IRVIN: That was still pretty short.

    MS. COX: Very short.

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

    (Board votes unanimously and motion carries)

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

    MR. COLLINS: Correct.

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

    MR. COLLINS: I don't believe so.

    CHAIRMAN McCUSKER: Any timing issues?

    MR. COLLINS: We can --

    CHAIRMAN McCUSKER: Do it in March?

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

    CHAIRMAN McCUSKER: Item 16 in your packet, the board members have a draft, ethical policy or ethics
guidelines for all Rio Nuevo board members, that's been
worked by counsel and a number of us have participated in
that. If you're prepared to take action, we can, or you
could take it home, review it and we could take it up at a
subsequent meeting. There's no urgency to this. I think
we're behaving quite ethically, but this does put into
concrete some of the things that we have done by practice.

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

MR. RITCHIE: I second.

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

Any further conversation?

(No oral response)

(Board votes unanimously and motion carries)

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

Nancy, how is our name contest going?

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

CHAIRMAN McCUSKER: Oh, my God.

MS. MONTOYA: -- remember that.

CHAIRMAN McCUSKER: Thank you.

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

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

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

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

So any questions or any more direction from the
CHAIRMAN McCUSKER: The 27th meeting may be pretty busy. You know, if you get the other council members, we might put it on there or we may get stuck waiting until March.

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

CHAIRMAN McCUSKER: Not bound to --

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

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

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

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

CHAIRMAN McCUSKER: Nancy, thank you. It was fun to watch.
Okay. Our friends from the Rialto are here to
give us a brief update.

MS. BAYLESS: Good afternoon.

CHAIRMAN McCUSKER: Please introduce yourself and
your colleagues.

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

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

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

CHAIRMAN McCUSKER: You bet.

THE WITNESS: To say we've come a long way baby
is probably an understatement. We are getting ready to have
our second annual gala this Saturday. You're all invited to
come. It's a Motown theme. But in conjunction with getting
ready for that, we decided that we wanted to start honoring
organizations and groups that we partner with on a regular
basis to help -- that help to possibly keep the theater
renovated and keep us going with our mission, which is continuing to maintain the theater and continually improve it, so we've come up with a proclamation and I will read it real quickly. It's not that long.

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

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

Curtis McCrady, our executive director, is going to give you guys a brief update on where we are right now
and where we intend on going.

MR. McCRARY: Thank you, President Crawford.

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

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

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

But I want to talk about -- a little bit about how -- how much better we've performed in the last 18 months
Fiscal year June 30th, we had a gross income of 2.1 million and an operating profit of 5,700 and a net loss of 19,000 after interest expense. And that was despite having a strong spring in 2012. But if you contrast that with fiscal year 2013, we had a gross of nearly 2.9 million and a net profit of 177,000, which is almost double our previous best number for -- for any given fiscal year.

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

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

We had our first fund raising gala in February of 2013 with an incredible effort by our board and no outside help other than from the community in the form of sponsorships and donations and auction items and we raised over $25,000 to support the furtherance of the theater's mission.
We struck a deal with a new ticketing provider that has given us unencumbered capital to create an expanded concessions operation with a lease in the Cadence Building across Herbert Alley from our doors and it is our intent to use any net revenues from this operation to perpetually make improvements to the theater.

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

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

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

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

And just last Thursday, I would like to share this with you in case you weren't watching the Arizona-Oregon basketball game, but we got significant attention from ESPN and Bill Walton during the game broadcast. On the game of January 23rd, Walton mentioned the show that we had coming on January 25th on the air, and so we changed our marquee to read Bill Walton's seal of approval. That got ESPN and Bill Walton's attention, and so they called us last Tuesday to ask if they could come down and shoot some footage for a profile that they were going to do on the broadcast that night. We said of course and they came and shot it, and so there was a really nice minute-long segment where they showed some scenes from inside the theater and Bill Walton said, and I quota, among other things, among other very high praise, unbelievable place down there, so many of our favorites have played. They've
revitalized it. It's just incredibly uplifting and a spiritual temple and mecca. This telecast was seen by nearly 2 million people.

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

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

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

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

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

CHAIRMAN McCUSKER: Do you remember, Mark?

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

MR. MOORE: It's a ways out.
MR. CRAWFORD: 40 some years left.

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

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

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

CHAIRMAN McCUSKER: Congratulations.

MR. CRAWFORD: Thank you very much.

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

Michael, you as well.

And just let us know what's going on and how we can help. I think our relationship's great and a lot of it's been directly to you two guys. Thank you.
MR. McCRARY: And on that note, we really appreciate having Lisa on our board, sincerely. She's been great.

CHAIRMAN McCUSKER: It should be noted that the Rialto and the Fox also partner on a number of events. We also own the Fox, so they indeed are finding ways to work together to promote both venues.

MR. McCRARY: Including a nearly sold out B.B. King show a week from today.

CHAIRMAN McCUSKER: Thank you very much. Congratulations. See you Saturday.

Michele, any audience cards?

(No oral response)

CHAIRMAN McCUSKER: No calls from the audience. I'll entertain a motion to adjourn.

MR. SHEAFE: So move.

CHAIRMAN McCUSKER: That was Mr. Sheafe. Did I hear a second?

MS. COX: Second.

(Board votes unanimously and motion carries) (3:22 p.m.)
STATE OF ARIZONA  
)  
) ss.  
COUNTY OF PIMA  
)  

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

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

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

Thomas A. Woppert, RPR  
AZ CCR No. 50476