(Meeting commenced at 2:04 p.m.)

CHAIRMAN McCUSKER: Okay. We're going to call this meeting to order. It's officially 2:05. We do have a quorum. Mrs. Cox has informed us she'll not be here today. She's the only one absent -- one, two, three, four, five, six.

We'll start with the pledge. Let me introduce, first, Chris Schmaltz, from our firm in Phoenix. He volunteered to lead us in the Pledge of Allegiance.

(The Pledge of Allegiance was recited.)

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

MS. BETTINI: Jeffrey Hill?

MR. HILL: Here.

MS. BETTINI: Mark Irvin?

SECRETARY IRVIN: Here.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: Here.

MS. BETTINI: Chris Sheafe?

TREASURER SHEAFE: Here.

MS. BETTINI: Cody Ritchie?

MR. RITCHIE: Here.

MS. BETTINI: Alberto Moore?

MR. MOORE: Present.

CHAIRMAN McCUSKER: And Jannie Cox is excused.
There are two sets of minutes: the 15th, and then the special meeting of the 24th. Both of them have been posted to the website and distributed to all of us. They are transcribed verbatim.

TREASURER SHEAFE: I move for approval.

CHAIRMAN McCUSKER: Both sets?

TREASURER SHEAFE: Both sets.

MR. IRVIN: Second.

CHAIRMAN McCUSKER: All right. We have a motion and a second to approve both sets of minutes.

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed?

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: All right. We have an Executive Session on the schedule. We would need a motion to recess.

MR. IRVIN: So moved.

MR. SHEAFÉ: Second.

CHAIRMAN McCUSKER: All in favor of Executive Session, please say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any nays?

(The Board voted and the motion
CHAIRMAN McCUSKER: Okay. We'll be back in about 60 minutes. And Mr. Paton, we are going to have you come in on your item, so don't go too far.

(The Board adjourned for Executive Session at 2:06 p.m.)

(The Board reconvened at 3:34 p.m.)

CHAIRMAN McCUSKER: Someone can move to reconvene.

TREASURER SHEAFE: So moved.

CHAIRMAN McCUSKER: Second, please.

MR. HILL: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Mr. Irvin is on his way here.

(Mr. Irvin joined the proceedings.)

SECRETARY IRVIN: Yeah, yeah. When the horse has left the barn?

CHAIRMAN McCUSKER: We voted us back into the regular session, Mark.

SECRETARY IRVIN: Thank you, sir.

CHAIRMAN McCUSKER: You missed it. 3:35.

Thank you for your patience.

You're going to earn your civics merit badge, Kevin.

We have a Scout visiting us for his civics badge
on his way to Eagle Scout. He had no idea what he was getting himself into.

There's a lot on our agenda. That's the good news; because we're working on a lot of very important things.

We're moving ahead with the remodel of the Tucson Convention Center Arena. We'll get an update on that from our project manager and architect. We have some contracts to actually approve for that project.

It's become crystal clear to us that since we separated ourselves from the City -- that since we are a jurisdiction without a home -- is that we do not have a procurement code. One of the things we're going to begin to talk about and work with counsel on is developing our own procurement code that would be specific to Rio Nuevo. We're going to start talking about that today as well.

We're actively engaged in the West Side. By that, we mean the lands west of the freeway. We're going to look at some opportunities to do some engineering work on that site.

We'll talking about the arena site, which is a piece of property we're all very interested in.

And I think -- if I sound like a broken record, it's probably okay -- but to remind everybody, under our 2009 legislation, our primary and secondary
responsibilities, the first to the TCC and its arena. And
secondly, to the Notice to Proceed of an area hotel.

So anything else that we're interested in cannot
move forward until we accomplish those two goals.

So the work we're doing on the Arena Site, the
work we're doing on the West Side, it's preliminary. But
it's really not actionable in terms of serious development
until we take care, first, of the TCC and, secondly, the
hotel.

As we've stated publicly before, we view our
mission as it relates to the hotel as a facilitator, not
owner, operator, or builder of a hotel. But there are three
or possibly four private sector developers in our area now
that are interested in launching a hotel. And we're trying
to figure out how we can best support that effort. And
under our settlement terms with the City, that would enable
us to issue a Notice to Proceed. So we're moving on that
front as well. You'll hear us talk about that today.

We hope to approve our annual auditors in today's
meeting. We'll get an update from our CFO. We'll talk a
little bit to Lori about some marketing opportunities and
try to get everybody out of here in time for dinner.

So without further ado, procurement code. Chris
and Mark? I think you met because you led us in the Pledge
of Allegiance. Christopher Schmaltz -- Chris works for our
firm, but we've come to know him as an expert in public procurement -- and certainly we can use the help.


MR. SCHMALTZ: Yes, I do, Mr. Chair.

CHAIRMAN McCUSKER: So he gets to travel.

MR. SCHMALTZ: I'm a U of A grad, so I thoroughly enjoy coming down to Tucson whenever I can. So it's my pleasure to be here with you all today.

Again, my name is Chris Schmaltz. I'm an attorney at Gust Rosenfeld, a partner with Mark Collins.

A little background on myself. What I do is public law. I represent cities, towns, school districts, special districts, airports.

I'm the attorney for the Phoenix-Mesa Gateway Airport Authority that owns and operates that airport. If you've ever had a chance to fly Allegiant or Spirit out of there, I represent and advise the Board with regard to that airport.

And I've been doing that work -- public-law-related work -- for over 10 years now here in Arizona. Before that, I was in Washington, D.C., and our firm specialized in, again, working in the government-contracting-related work in the healthcare area.

What I do in my practice area is involved in
advising the public entities with regard to a variety of matters. Specifically, including procurement, construction procurement, finance, from -- and that involves everything -- I work on everything from putting together the -- helping to put together the financing deal related to the new expansion of the sewer plant or the runway or whatever it is, roadways, that kind of thing -- from beginning to expenditure of the funds and everything in between. That includes putting together the procurement documents, the contracts associated with those projects, et cetera. And I've been doing that -- for a variety of our public clients, as I said -- for the last 10 years.

And so it's my pleasure to be here with you all today to sort of assist the District as it moves forward in putting together a structure around which you contract and accomplish the things that you want to accomplish.

Part of the -- what you want to do as a buyee, part of what you want to do is governed by State statutes already. There are statutory provisions that relate to the building of and expenditure of funds, public money on public buildings. And so those statutes will govern sort of what you do and how we approach sort of the expenditure of your funds already.

But one of the things that you don't have is your own procurement code, a document that guides you with regard
to and gives direction to the staff and others who work on
your behalf to accomplish those things that you want to
accomplish in a way that is open, is competitive, and is a
framework to -- for -- that consistently applies sort of the
decision-making related to the contracts that you need to
approve to accomplish your statutory mandate.

And so one of the things Item No. 6, in
particular, is sort of looking for feedback and direction
from you on how you want to approach that.

Item No. 7, which we'll get to and I'll also talk
to you about, is related to that in sort of an interim way.

But as a public entity, you're going to want to
have a procurement code in place that will govern sort of
the process by which you identify and then contract with
people and entities to provide you with services that you
need and goods that you need.

And so there's a broad --

CHAIRMAN McCUSKER: Can you talk a little bit
about that process, Chris? I mean, are we starting from
scratch writing --

MR. SCHMALTZ: No.

CHAIRMAN McCUSKER: -- our own code? Or do we
look at other municipalities, or is there another TIF, for
example? Where do you start in that kind of process?

MR. SCHMALTZ: Yeah.
Mr. Chair, and Members of the Board, we do not need to reinvent the wheel here. And that's sort of what I want to emphasize, is that there are a variety of approaches that we can take. One of the sort of most expedient and maybe easiest -- because we're all familiar with and we partner with and we sort of know all the players -- is to take, for example, the City of Tucson's procurement code -- and there maybe -- it's -- on the sort of spectrum of procurement codes, it's towards the more elaborate side of the procurement code. However, it's not that much work in order to go through that procurement code, carve out those provisions from that Tucson procurement code that don't necessarily apply, and go beyond sort of what you want do, and you don't really -- that aren't necessary for those -- for your purposes in terms of the District's, and bring that forward to you, essentially adopting Tucson's procurement code at the District's. Again, to emphasize the point that the District is its own entity.

And so by doing that, it would be the District's procurement code, not us using Tucson, per se. There may be sort of staff overlap, and there may be a way to sort of have that interface. And the matrix you have before you in Item 7 sort of accomplishes that. It utilizes some of those resources. Because that's an extra piece that is a great resource for the District in terms of accomplishing those
things.

That's like one end of the spectrum in terms of putting together that procurement code by utilizing an existing code, carving out those elements that don't necessarily apply or we think may be too broad or whatever it is, and then presenting that to you for your review and ultimate adoption.

The other side of the spectrum is to go maybe simpler, and there's lots of examples that we can cull from that are a simpler approach. Again, it's not sort of me writing a brand new code for you. This is not -- we do not need to reinvent the wheel on this.

And so the input and discussion that we might have today is sort of, how do you want to approach it? What do you want to do in terms of -- there are some things that are already governed by State statute -- Title 34 is an example, the public buildings is a prime example -- where we can follow that now. And in fact, the contracts that are on your agenda essentially have followed that process, via cooperative purchasing, in a way, which I'll talk about.

But having a procurement code for your own purchases -- sort of who's designated, who has the authority -- offers clarity to the public and you all and the people who are working with you, that I have the authority to spend this money in this way.
CHAIRMAN McCUSKER: Questions for Chris?

TREASURER SHEAFE: Well, a couple of things.

Chris, I think I can say, speaking for myself, that we want to be transparent and we want to be fair and we want to be simple. And there are a number of things in the Tucson code that -- the City of Tucson code that are things that they have hoops they have to jump through that, at least, what little I know, we probably don't have to jump through.

MR. SCHMALTZ: Yeah.

TREASURER SHEAFE: So if I understand your description, is that this Board has the ability to authorize the preparation of a procurement code that is rather limited and it gets us to the point where we're both transparent and we maintain that level of fairness that's required under Title 34.

MR. SCHMALTZ: Mr. Chair, Treasurer Sheafe, that's absolutely correct.

TREASURER SHEAFE: All right.

CHAIRMAN McCUSKER: And we can, Chris, opt to apply it to anything: the purchase of services, the purchase of consultants, the purchases of contracting, construction purchases. We're running our own stuff.

TREASURER SHEAFE: So that was my next question. Could we also not have to apply it? You know, we think about -- we're going to talk a little bit about the auditor
where we have a very limited choice there. And we only get caught up in some complexity with that where we run up against those kinds of service requirements that we would like to --

CHAIRMAN McCUSKER: So long as we meet the State's minimum State standards. We have the opportunity to ride it -- one of the challenges we've had -- and I don't think this was ever anticipated -- when the legislature separated the District from the City, it basically left us without any policies, procedures, staff. So we're now -- we have the challenge and opportunity to develop our own policies.

And they can be -- like, we're very interested, Chris, in local preference, favoring our local contractors. There's some things the City does, as Chris indicated, that are very cumbersome and not necessarily transparent. So we literally have the opportunity, as I hear you explain it, to development something that fits us specifically for our purposes.

MR. SCHMALTZ: Absolutely.

And one of the things that I want to emphasize is that the procurement code -- to address the point with regard to the hiring of auditors -- that that can be defined as professional services within the code that you adopt. And it's not sort of -- it's not avoiding the procurement code or not having to jump through those hoops. It is --
this is what the procurement code says with regard to the hiring of professional services just like the auditors or otherwise.

The cooperative purchasing is another prime example of this in that it's not -- it is the process by which you identify and procure the entity with whom you are entering into a contract.

It is procurement. Absolutely. It is following the procurement process identified in State statute and via the agreements that we already have. And so our -- the procurement code that you adopt will address exactly those scenarios and allow for sort of a simplified approach, if that's what you want to do, with regard to professional services.

Things that aren't dictated to you already by State statute, we can make them as simple, but also, like you said, fair and open as we want to in terms of the procurement code that we adopt.

And again, this is not reinventing the wheel. We can utilize language that's been adopted and used by other Districts like yourselves, Tucson, or otherwise, in order to accomplish that.

CHAIRMAN McCUSKER: You know, given that we're about to launch on a $6 million project, some of the challenges we've had recently regarding the retention of our
lobbyists, the audit firm, whether or not we have to compete with this and that, you know, I asked Mark to help us identify the person in the State who can kind of lead us through this minefield. That's how we found Chris, who I believe is the best -- certainly one of the best in this particular facet of law.

The first item that we put on for your discussion and agreement is: Do we want to retain him?

TREASURER SHEAFE: Is there a budget that -- a general rough cost?

CHAIRMAN McCUSKER: That would be the next question I guess, is scope.

You know, is there some way, Chris, you can begin to scope this project and what it might cost us?

MR. SCHMALTZ: Yeah. I think if -- sort of based upon your comments, I think if we're going to -- correct me if I'm wrong -- but I think -- and we've already started this process. The City of Tucson staff has already started this process and made recommendations to Mark and I with regard to what might be appropriate to carve out of Tucson's code and simplify it in those areas so that we can simply bring it to you with those carve-outs to adopt. And that process can be relatively quick and at relatively low cost.

I don't think it's going to involve -- you know, I hesitate to sort of offer a number, but it's probably 10 to
15 hours of work of my time to go through, sort of, the recommendations from the City of Tucson's staff, and then work through preparing the documents that are sort of usable for you all to read and understand, sort of, here's the action we're taking with regard to Tucson's code. Probably 10 to 15 hours of my time, plus any other additional time that may involve me coming down here, or any workshop that you want to do, or other hearing that you might want to do that would involve, once you have a draft, going through it and talking about various provisions. So I think that's what we're looking at.

TREASURER SHEAFE: Could I then put forth a motion that we move to engage Chris, and the Gust Rosenfeld firm for this specific reason, to develop our own code, as simplified as possible, and possibly even have a code in place by the time we meet a month hence; and since we're only taking a current code and knocking things out of it and maybe tweaking a few words and it's really taken care of, and ask that we authorize our own staff to respond if they are needed in their expertise as to how we would manage this assignment?

CHAIRMAN McCUSKER: You have the wordiest motions.

MR. SCHMALTZ: I understood every word of that.

CHAIRMAN McCUSKER: Let's, first of all, see if we get a second.
MR. RITCHIE: Second.

CHAIRMAN McCUSKER: Whoever that was. That's why we transcribe these now.

Do you want to put any scope to that, a cap or limit? Are you comfortable with it?

TREASURER SHEAFE: Well, I was talking about that, but I wanted to cut back on the number of words. I don't think so. I think if he says he's going to be 15 to 20 hours, or 10 to 15 hours, that's within the scope.

CHAIRMAN McCUSKER: Now, in your motion, you kind of established a due date too.

TREASURER SHEAFE: Yes. I tried to establish a timeframe.

CHAIRMAN McCUSKER: Is that doable? You know, basically a month from now?

MR. SCHMALTZ: Yes. It is doable. Because the --

SECRETARY IRVIN: To present?

CHAIRMAN McCUSKER: Right.

MR. SCHMALTZ: Certainly having a draft in place for you all to review and for discussion by the June meeting is absolutely doable. The process has already begun with the City of Tucson's excellent staff input. And I just need to go through that and go through the City of Tucson's procurement code and those provisions that they sort of recommend to be carved out and then have a draft for you in
place for the June meeting.

CHAIRMAN McCUSKER: Any other questions, comments?

We have a motion, a second. All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed?

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: All right. You're hired.

MR. SCHMALTZ: Excellent. It's my pleasure.

Thank you.

CHAIRMAN McCUSKER: Start billing us.

MR. SCHMALTZ: And I'm ready to provide a deliverable already, Item No. 7. Part of this --

CHAIRMAN McCUSKER: We do have something in our handouts.

MR. SCHMALTZ: Tab 1.

CHAIRMAN McCUSKER: Tab 1 in our book.

And is there something available, Michele, for the public that wants to follow along?

MS. BETTINI: It's all on this table.

MR. SCHMALTZ: This is essentially the interim step to provide us with a framework and direction to the staff and for you all and for the public's understanding as to how we're going to proceed with regard to the interim
with contracts and contract authority.

This matrix provides for a variety of authorizations and definitions of who has the authority to do what in what context, in an attempt to, again, provide a framework for operational sort of expenditure of funds, entering into contracts, things of that nature, to, A, allow the District to be nimble with regard to accomplishing its goal; and, B, ensuring that you all, as the Board and the authority and overseeing the board, are aware of and are constantly sort of -- you have the information that you need in order to understand sort of what is being done on the District's behalf.

There are a couple of recommended changes that I'm going to -- to the document that's in your packet, that after discussion with Elaine and other staff, we think that are appropriate.

The one change under the column that is entitled, "COT procurement officer," all the way down to the row that is "verify contingency needs, slash, use," there's an X there. We're going to recommend that that X come out. There really isn't need for the COT procurement officer to be evaluating the contingency need and use. That is absolutely something that our project manager can do and, internally, we can do as a District.

But the COT procurement officer, their role is
most appropriate in those areas that you see above, which is essentially review and advise. All of the checks that you see under that COT procurement officer are essentially, review and help prepare and comment on contract provisions, et cetera.

And that's their appropriate role. They have expertise that the District as a staff doesn't necessarily have. And so certainly, if they're willing to do that and offer that expertise and assistance, identifying that role on this matrix is helpful to the District to accomplish what it wants.

The other recommended change is just a clarification. Under the row that says "approve, slash, sign contract," where those two columns next to that have, for those contracts under $25,000, the Board Chair and the Board Treasurer have the authority to sign.

TREASURER SHEAFE: Jointly, we have to both sign?
MR. SCHMALTZ: Correct. And we can clarify that. But we want to put an X under the Rio Nuevo Board to clarify and make clear that for all other contracts that don't fall within that under $25,000 carve-out, it has to come to you.

TREASURER SHEAFE: Now, does that mean that the entire Board has to sign?
MR. SCHMALTZ: No. It means that it needs to be
on an agenda and acted on by you. And then whatever --
whoever is presumably the Chair is then authorized to sign
that contract on behalf of the District once it's been
approved by the Board.

So what this matrix will do, particularly with
regard to that row, is for those contracts that are above
$25,000, they all have to come to the Board. They will be
on a board agenda. You will have, then, the opportunity to
review and act upon those contracts, granting the authority
to the Chair to sign those contracts once the Board has
approved, via a successful motion, that contract.

For those contracts that are under $25,000, the
Chair and the Treasurer, jointly, would have to -- have the
authority under this matrix, but they would both have to
approve it and sign it in order to bind the District and the
expenditure of monies of the District.

Any questions with regard to any...?

CHAIRMAN McCUSKER: This is basically a delegation
of authority from the Board to a number of different
individuals.

Can you kind of describe how you view our role
collectively as the Board before we delegate? I mean, we
obviously approve the budget -- authorize the budget. So
nothing can be done that's not part of the Board-approved
budget. It starts there, I'm assuming?
MR. SCHMALTZ: That's correct.

CHAIRMAN McCUSKER: And then any revisions to that have to come to the full board?

MR. SCHMALTZ: Yeah. Well, let's take a scenario that involves a project where you, as a Board, determine that you're going to spend a million dollars on this individual project. And you authorize it, and whatever the project title is or whatever's involved, you determine and you approve and act upon. But you don't have any contracts in place yet. But you say, okay, we -- we're -- this project is going to be a million dollars and we authorize the expenditure of a million dollars related to this project.

Then sort of the initial contracts related to the serving or other sort of limited service contracts that might be under the $25,000, your chair and treasurer would then be able to proceed entering into those specific contracts. Again, this is a contractual relationship that binds the District entering into that contractual relationship with the service providers that are selected via whatever process we ultimately approve, or via the cooperative purchasing process that the contracts that are on your agenda today allow us to accomplish.

So in that type of scenario, once the project budget is approved by you all -- and you have input with
regard to that -- then for those contracts that fall under
the $25,000, the authority would be there for the chair and
treasurer to proceed. Any other contract which is related
to that project that expends monies associated with that
million dollar budget would have to come to you all as the
Board for review and approval.

CHAIRMAN McCUSKER: Mr. Moore?

MR. MOORE: Mr. Chairman, how does that affect --
we have, right now, the Executive Committee's --
theoretically, it adds up to $5,000 to approve without going
to the Board. Now, are we going to increase it to 20,000
more?

CHAIRMAN McCUSKER: This is only related to the
TCC Arena. So this is specific to a specific project.

MR. MOORE: Okay.

CHAIRMAN McCUSKER: It would only be commitments
that are made on behalf of the Arena remodel. It would not
affect anything else that we're doing.

MR. SCHMALTZ: Right. Just to clarify that, this
document is entitled through the TCC Arena renovation
project. So really, it's more limited in scope than I even
identified it and described it. And that it's specifically
related to this project alone. And so -- and again, it's
intended to be this interim step to allow for openness but
also nimbleness with regard to proceeding with that project
that you all have considered and adopted sort of initial
project budgets associated with it already. So if --

CHAIRMAN McCUSKER: In your other public entity
experience, is that 25,000 relatively typical? Is it
bigger? Less?

You know, we've never really authorized -- allowed
any individuals for more than $5,000.

MR. SCHMALTZ: Mr. Chair, Members of the Board,
it's toward the lower end of what I've seen. We have
some -- one community's -- it's really dependent upon sort
of the flavor and viewpoint of the governing body with
regard to how much authority they want to give. One of our
city managers in a community that we represent has
authorization up to a hundred thousand dollars by his
counsel to sign and -- approve and sign up to a hundred
thousand dollars. But this is in the typical range.
Typically, the range is 20 to 50.

CHAIRMAN McCUSKER: And no single individual has
any authority. It takes the chairman and the treasurer.

MR. SCHMALTZ: Correct. In that scenario, where
you have a -- sort of a city counsel with a single manager,
there's -- it's -- you know, it's natural to have
authorization extended to that one individual who is the
manager of the organization. Since we don't necessarily
have that here, having two people is a great sort of check
and balance with regard to that authority.

CHAIRMAN McCUSKER: Mr. Hill?

MR. HILL: I appreciate the charts and everything, but what is the genesis of this chart? What is your base document or source?

MR. SCHMALTZ: There -- the source is the expertise from the City of Tucson's staff, my input, Mark's input with regard to having in place some process and procedures to provide guidance to staff about what -- how to handle -- if a decision needs to be made with regard to a contract or expenditure or otherwise.

Right now, we've got nothing. There's no direction from the Board with regard to how to proceed with things like that related to this specific project. And this was an effort to put together a matrix that provided some guidance and direction from you, and guidance to staff about how to proceed.

CHAIRMAN McCUSKER: And what's the timing on this in terms of -- it seems to me that it's tied to the procurement code, specifically, that until we know what it is that we're going to authorize, we don't necessarily know who is required to authorize that. Are they linked, or is this a standalone document?

MR. SCHMALTZ: This -- this -- I envision this to be sort of the -- this will deal with sort of how we move
forward in the interim on the renovation project. And then
as we then move forward with our procurement code, the
District's procurement code, this sort of authorization will
then get incorporated into and be reflected in that code
that you ultimately adopt. So whatever that -- form that
takes, I'm going to proceed under the assumption that we're
going to modify the City of Tucson's code and make it our
own.

It will have -- part of that modification will
include this type of authorization for all projects that may
proceed by the District. And so it will be extended to go
beyond simply sort of this individual project. That's the
intent. And you may all decide that this is appropriate for
this project; we want to move forward, et cetera. But you
may all decide that for every project that comes before you,
maybe you want to have less or more in terms of
authorization.

MR. HILL: I guess it's really not any anchor for
how this document is created. The genesis is the customary
use of the City of Tucson. Anything from the City of Tucson
does not give me a sense of warmth. So I'm somewhat
concerned that each one of these items is linked by some
Board position or in the minutes taken by Rio Nuevo, so that
we're not handing over some type of blanket authority that
doesn't exist in conjunction or cahoots, if you would, with
the City of Tucson's manager or whoever else.

MR. SCHM ALTZ: Right.

MR. HILL: That role was traveled by the previous Board, and $260 million disappeared. So I'm not suggesting that a small project of this nature would lead to that, but you know, Rome wasn't built in a day. I don't want to see us creating a precedence that allows them to steal the taxpayers blind again.

So my further question is, is this stuff rooted in approval given by Rio Nuevo; or by the adoption of the procurement code next month, will we then have that root that's necessary?

MR. SCHMALTZ: Mr. Chair, Board Member Hill, what this document does and what it's rooted in is your -- my and your staff's -- and with input from the experts in the City of Tucson's procurement staff, as to what the Board determines to be the appropriate approach for the District.

Nowhere in this document is there conveyed any approval authority to any official in Tucson. We're not seating authority to Tucson. We're not granting authority to any one individual Tucson person, with the exception of the project manager who works for you on these projects.

But beyond that, this matrix is -- is your determination as to how you, the District, as an independent entity want to proceed with and provide guidance to staff
about proceeding with projects, this specific project in -- in detail, related to this matrix.

But then ultimately when we adopt our procurement code, it will be our procurement code. It will not be Tucson's procurement code. It will be our procurement code that will guide what the District does with the District's funds.

CHAIRMAN McCUSKER: In that regard, Mr. Hill, Chris, there are a couple of approval Xs for City staff. One for the project manager under "review file contract," same thing under the procurement officer. That does seem to give them some approval authority. You took the one X out of the procurement officer under "approve contingency."

So why isn't it that we wouldn't remove those -- if all the approval rests with us, the City of Tucson is purely advisory?

MR. SCHMALTZ: I would say that for every X that is under the project manager column, it is advisory: recommend, solicit, review. I read "contract revisions" as: prepare contract revisions, review final contract. "Verify invoice" is: We have an existing contract now, and an invoice has been submitted and will be reviewed for processing a payment. "Verify contingency meeting use" -- again, that's a project manager's role.

CHAIRMAN McCUSKER: To review?
MR. SCHMALTZ: That's right.

And then "verify change orders." This is, a change order has been presented, they evaluate -- the project manager evaluates the scope, determines whether and what's appropriate with regard to the amount of money, or maybe the extension of time that's identified in that change order, and then a recommendation is made with regard to the approval of that change order to you all, the Board.

CHAIRMAN McCUSKER: To take Mr. Hill's line of questioning a step further, is there any way that anyone from the City of Tucson can commit Rio Nuevo funds without our authorization?

MR. SCHMALTZ: Not as I read this table.

CHAIRMAN McCUSKER: And the only -- the officers' commitment is under $25,000.

MR. SCHMALTZ: Yeah.

CHAIRMAN McCUSKER: Anything above that has to come to the full Board?

MR. SCHMALTZ: That's correct.

MR. HILL: Mr. Chairman, Chris, I would hope when we do adopt the procurement code that it will be in concert with this chart, and vice versa.

MR. SCHMALTZ: Yeah.

MR. HILL: All right. Thank you, Mr. Chairman.

Thank you, Chris.
CHAIRMAN McCUSKER: Any other questions?

I think we're a little lost as to if this is an action item for today or not. Do we have to adopt this for any pressing reasons with the work we're doing with the City? Maybe ought to wait until we talk to Elaine.

I think, you know, given where Mr. Hill is with this, it does seem to tie into the overall conversation regarding the procurement code, which we're also using specifically for the TCC.

MR. SCHMALTZ: Yeah. And we can sort of discuss that, sort of. I'll keep my, sort of, comments with regard to the contracts that are listed under Item 8 of the agenda.

CHAIRMAN McCUSKER: Right.

MR. SCHMALTZ: It's related.

CHAIRMAN McCUSKER: Those are agenda items. We can always bring something to the Board.

MR. SCHMALTZ: That's right. And you have cooperative purchasing authority via the IGA with the City of Tucson. And then, first contract, this cooperative purchasing agreement with the City of Tucson, to utilize their procurement, they're procured contracts. If they -- if the scope of work related to those procured contracts is related to and covers the type of work that you as an entity want to do, and they have the cooperative purchasing language, et cetera, we can utilize that process to have
selected that entity and then enter into a contract with us, the District, as opposed to using a City of Tucson contract. Again, the emphasis is that it's our contract, not the City of Tucson's.

So to answer your question with regard to the immediacy of this, I think staff would appreciate some direction with regard to sort of how this gives guidance in terms of the table. But in terms of Elaine -- Elaine may have some input also with regard to whether or not she really would like to see this approved today.

I think it's an appropriate document to proceed. There maybe -- and like I said, I'll bring a draft to you in June that will incorporate sort of what the --

TREASURER SHEAFE: Yeah. This may change slightly as you work that through, so why would we take any action today?

CHAIRMAN McCUSKER: What's the Board's sense -- what's the Board's sense on this? Do you want to table this?

SECRETARY IRVIN: I'd rather wait.

CHAIRMAN McCUSKER: Elaine, can you help us a little bit in terms -- is there any timing, urgency, or issues that we're creating for you if we just kind of take this under advisement?

MS. WEAVER: The only issue that I would see is
that we will be receiving invoices shortly from Rick
Engineering, Phil Swaim, and RLB, and so --

CHAIRMAN McCUSKER: And we're looking at those
contracts separately from the matrix. So if we --

MS. WEAVER: Right. But the matrix formalizes the
procedures of what you as Board do once you receive
invoices.

CHAIRMAN McCUSKER: I don't see any need to rush
into that through --

MS. WEAVER: Does that make sense? Because it
really then, like you said, formalizes --

CHAIRMAN McCUSKER: So unless there's a motion to
take any action, this will, Chris, get incorporated with
your June delivery.

MR. SCHMALTZ: Okay.

MS. WEAVER: So then, how do we move forward with
invoices?

CHAIRMAN McCUSKER: You have to come to us until
we have some procedure in place.

MS. WEAVER: Okay.

CHAIRMAN McCUSKER: Let's talk about the
contracts, because that's specifically what she's
referencing. We may be able to give you some different
direction under these three contracts.

MR. SCHMALTZ: And I think -- I think that's
exactly how we may do that.

    CHAIRMAN McCUSKER: We have previously approved the funds associated with the architect, the cost estimator, and the engineer. You're now asking us to authorize those agreements, which, Chris, you've prepared.

    MR. SCHMALTZ: Yeah.

    CHAIRMAN McCUSKER: That would bind us to those positions that we previously authorized their funding. So there's no surprises here. We're just doing the paperwork.

    MR. SCHMALTZ: And, Mr. Chair, what I could offer is that to provide some direction to Elaine, I think as part of the direction and approval of these contracts that are in front of you, particularly the three contracts where Elaine anticipates receiving invoices, is that as part of the direction today, you can approve those cooperative purchasing contracts and authorize Elaine to process and make payment with regard to invoices associated with those contracts.

    CHAIRMAN McCUSKER: Yes.

    MR. SCHMALTZ: And certainly, that will sort of solve that immediate problem.

    MS. WEAVER: Okay. That makes sense.

    MR. SCHMALTZ: In my mind.

    MS. WEAVER: Thanks.

    MR. SCHMALTZ: So along the lines to -- sort of to
distill the four contracts you have in front of you.

One is the agreement that is the City of Tucson's form that formalizes the cooperative purchasing relationship with --

MR. HILL: Under Tab 2.

MR. SCHMALTZ: It's Tab 2?

MR. HILL: Tab 2.

MR. SCHMALTZ: -- with the City of Tucson to utilize -- essentially entering into a cooperative purchasing unit with the City of Tucson so that when they procure and enter into a contract with a contractor or a service provider, we then have the ability to -- if that scope of work works for our purposes -- utilize that procured entity and enter into our own contract with them like these other three that were made.

The Swaim, the engineering contract, and the RLB contract, are all examples of this cooperative purchasing effort. You have in your IGA with the City of Tucson already the authority to enter into this cooperative purchasing arrangement. And it's a great way to -- in terms of efficiency -- to comply with the procurement code and the procurement requirements under State statute by having the City of Tucson go through the whole process: advertise, evaluate, ultimately, enter into a contract.

And what these cooperative purchasing contracts
that are in your packet do is formally enter into the contractual relationship between the District and the service provider. Whereas before it's -- it's a Tucson contract; the parties to that contract are Tucson and Swaim, for example. But what these cooperative purchasing contracts do, is you'll see, it's a 3-page overlay that incorporates the City of Tucson's contract, but it's our contract now.

We then have a contractual relationship with the service provider under our terms incorporating the City of Tucson's contractual terms with all the protections that the City of Tucson has, and additional protections that I added related to the cooperative purchasing contract.

But then it formalizes the contractual relationship that you, the District, has with those service providers related to this project. That's what those three contracts accomplish.

CHAIRMAN McCUSKER: Got it.

Anybody else don't "got it"?

MR. HILL: Mr. Chairman, point of information. I presume this money is counted toward our 6 million?

CHAIRMAN McCUSKER: Yes.

MR. HILL: Thank you.

CHAIRMAN McCUSKER: All hard and soft costs go toward the 6 million.
MR. HILL: Thank you.

CHAIRMAN McCUSKER: Do we need a motion for each one? Can we deal with it --

TREASURER SHEAFE: Can we just do it in one?

MR. SCHMALTZ: I would do the City of Tucson contract, the cooperative purchasing contract, separately.

TREASURER SHEAFE: Let's move to approve the cooperative purchase contract as presented.

CHAIRMAN McCUSKER: Period.

TREASURER SHEAFE: Period.

CHAIRMAN McCUSKER: There you go.

MR. RITCHIE: Second.

CHAIRMAN McCUSKER: I have a motion. I have a second. Any other conversation?

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed?

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Okay. Can we bundle the three, or do you want us --

MR. SCHMALTZ: Yes.

CHAIRMAN McCUSKER: -- to do those separately?

MR. SCHMALTZ: And I would recommend that as part of whatever motion to proceed and approve those three, that
you then -- you also include the direction and authority for
Elaine to process and make payments for invoices associated
with this contract.

TREASURER SHEAFE: So the motion is that we have
previously approved the amounts, and in consideration of
that, we now have three agreements with the architect -- for
some reason --

CHAIRMAN McCUSKER: Engineer and cost estimator.

TREASURER SHEAFE: And cost estimator. I move for
approval of those three amounts and authorize Elaine to --
the project manager, to approve and request payment as those
bills are made in accordance with the previous approval,
correct?

SECRETARY IRVIN: Authorize signing?

CHAIRMAN McCUSKER: It all comes to Bill and goes
through our regular process, so...

TREASURER SHEAFE: And then follows our normal
procedures.

MR. RITCHIE: Second.

CHAIRMAN McCUSKER: You following that?

MR. COLLINS: I am.

And Mr. Chair and the Members of the Board and
Chris, it's satisfactory. I'd like -- if you're going to do
it in a group like that, I'd like to confirm that the motion
is for approval of Agenda Items 8A, B, C --
1  CHAIRMAN McCUSKER: "A" we approved separately.
2  MR. COLLINS: Already did A.
3  CHAIRMAN McCUSKER: So this would be B, C, and D.
4  TREASURER SHEAFE: My motion includes Agenda
5  Items A, B, C, and D.
6  MR. COLLINS: Okay.
7  MR. RITCHIE: Second.
8  TREASURER SHEAFE: And the amounts included in
9  those agenda items.
10  MR. COLLINS: Okay. Good.
11  CHAIRMAN McCUSKER: Any further conversation,
12  questions?
13  All in favor, say aye.
14  (Ayes.)
15  CHAIRMAN McCUSKER: Any opposed, nay.
16  (The Board voted and the motion
17  carried.)
18  CHAIRMAN McCUSKER: Okay. Chris, I think we're
19  done with you. Anything else you need from us?
20  MR. SCHMALTZ: No. Thank you very much.
21  CHAIRMAN McCUSKER: We're very happy to have you
22  on board.
23  MR. SCHMALTZ: See you next month.
24  CHAIRMAN McCUSKER: Thank you very much.
25  Elaine, No. 9, TCC update.
MS. WEAVER: Good afternoon, thank you.

So first, I wanted to start with a follow-up to Mr. Moore's questions, the two questions from last month. First, I wanted to confirm that Rio Nuevo does own the TCC Arena, the TCC Galleria, and that also includes Parking Lot A.

So the music hall, Leo Rich Theater, Parking Lot B and C, the City owns that.

MR. MOORE: Which is B and C?

MS. WEAVER: B and C, I believe, is on the west side. It's the parking lot on the backside of the music hall.

MR. MOORE: Facing Granada?

MS. WEAVER: Correct, yes.

Parking Lot A faces the TBD headquarters. Okay?

And the Galleria is the 1980ish renovation addition that's the long corridor, the grand ballroom. All of that's a part of the TCC.

MR. MOORE: Okay. But now --

CHAIRMAN McCUSKER: The north exhibition hall, does that include --

MS. WEAVER: That is a part of the TCC.

CHAIRMAN McCUSKER: Okay.

MR. MOORE: Where that breezeway is, that structure just to the north of the breezeway --
MS. WEAVER: That's a part of the TCC, yes, sir.

Okay?

The second question that Mr. Moore had for me last month was to give the Board a total of the City of Tucson TCC renovations -- recent renovations over the past couple of years. And that total is $17,627,667.05.

MR. HILL: Mr. Chairman?

CHAIRMAN McCUSKER: You can have a list, I hope, because we can't fathom $17 million.

MR. HILL: Mr. Chairman, to that point, obviously, I think the key breakout would be hard money and soft money.

I know some years ago, there's some artful accounting by governmental entities -- at that time Pima County -- and they put in the flood district one of the supervisors and all of the staff under the soft amount and didn't bother to list it. That was ferreted out at some point after that to their rather large embarrassment.

So I think we would hope that we wouldn't have the City pools finance its soft money, its supervisors and what have you, from the Chairman, is certainly my point also.

Thank you, Mr. Chairman.

MS. WEAVER: So I do have a list.

CHAIRMAN McCUSKER: You probably have one copy.

MS. WEAVER: I have one copy. It contains a list of 13 projects over the past couple of years, and it ranges
from the lower risers and seats in the arena, all the way to the current elevator and escalator projects. In addition, things like central plant, parking lot revisions.

So are you asking that you'd like the hard and the soft costs separated?

CHAIRMAN McCUSKER: I guess we need to know what the -- if the City would make that public and available to us, it would help.

MS. WEAVER: Okay.

CHAIRMAN McCUSKER: You probably can't do that standing on the podium there.

MS. WEAVER: I cannot do that right now.

CHAIRMAN McCUSKER: Right. But you know, I don't --

MS. WEAVER: I can follow up on it.

CHAIRMAN McCUSKER: -- know that that answer's Mr. Moore's questions, but might create more questions.

MS. WEAVER: And that's fair. That's okay. If a question generates more questions, I'm okay with that.

CHAIRMAN McCUSKER: So am I putting word in your mouth?

MR. MOORE: Right.

MS. WEAVER: No. That's understandable. So just to clarify so I have clear expectations of what you're asking for, is that you'd like for me to take that
$17 million and separate hard and soft costs?

CHAIRMAN McCUSKER: What is the timing of that list? Is it within the last year, two years?

MS. WEAVER: It's in the last couple of years.

CHAIRMAN McCUSKER: I think that was Alberto's question. Can you identify -- because we're more concerned about the match, the current money being spent on the TCC. So I would ask you to look at the dates.

MS. WEAVER: Okay. I'll look at the dates.

CHAIRMAN McCUSKER: And then somehow separate those items.

And Alberto, she's got to go back to her superiors.

MR. MOORE: I understand that. Fair enough.

Thank you.

MS. WEAVER: Sure. And what I'll do is next month I'll be here and I'll make sure and address that and follow up.

MR. MOORE: With copies for all of us.

MS. WEAVER: Yes, I will. I will.

So next on my list is that I wanted to give you an overall project update, what we've been doing since last month.

In general, the design team, we have been working on a lot of different things. We are continuing to meet
weekly with Mr. McCusker, Mr. Irvin, as well as with
Mr. Allen. And we have -- we started to look at different
seat options for the arena.

So we're looking at fabrics; we're looking at
options to fully replace the seats -- whether we renovate
the seats, is a it new back, is it a new seat -- and we're
trying to weigh the options. We're also taking those
different options to our cost estimator so we can see what
is the most economical design.

We're looking at different fabrics. We're also
looking at the overall design standard of the TCC. When a
future renovation take place, what materials should they be
using so that 10 years from now it's not a hodgepodge of --
a renovation here, a renovation there -- so that there's
some consistency.

And we've also been looking at concepts for the
breezeway, for the back wall. We're talking about
scoreboards. And so we're in the predesign phase to refine
the scope of work.

So that next month when I come to you, I will be
presenting the overall scope of work, the needs and repair
list that I presented to you two months ago. And I have
copies of this; it's the same thing. So next month I'll be
coming to you with this document, and I'll have costs
associated with each line item. And so we can see what --
where we are.

Yes?

MR. MOORE: And will you be making recommendations to the priority of which items are more important?

MS. WEAVER: Yes, sir. Yes.

MR. MOORE: Because I'm very concerned about the restrooms. That's something that the public has complained about.

MS. WEAVER: And we are as well. And we are, Mr. Moore, hashing through those ideas and different concepts for the restrooms at our weekly meetings.

CHAIRMAN McCUSKER: The primary focus has been on things that will improve the fan experience. So everything from signage and way-finding to seating and bathrooms, the concession areas, activating areas that are dead zones, sound, lights, anything that might enhance.

So we've avoided kind of infrastructure issues or plumbing or things that people might not be able to see and recognize that they've improved; so that's the focus we've given that.

I will tell you it's going be more than $6 million. So we are going to have to prioritize those things. And hopefully we'll be able to do that, Alberto, in our June meeting.

MS. WEAVER: The idea will be that I will have
numbers for each item, Mr. Moore, but then I will be making recommendations as to what our recommendation would be to how to spend that 6 million.

MR. MOORE: One of the other questions I have -- and this is from previous review of the property -- was the maintenance side of any of these modifications, that we minimize that maintenance cost of the various areas, especially in the restrooms and some of these tiled areas.

MS. WEAVER: It's a good point, maintenance, and vandalism.

MR. MOORE: Right.

MS. WEAVER: Even with the seats, we're thinking about, you know, if it's a vinyl -- should it be a vinyl versus fabric. And if it gets punctured, a fabric is more self-healing versus vinyl if it gets cut -- so we're considering all of those.

We also -- over the past month, Mr. McCusker, Phil Swaim, and I -- we went to the TCC Commission, and we gave them an overall update, a project history, and just where we are to date, what our overall goals and expectations are.

And this month we'll be meeting with Visit Tucson as well, to give them an update of what we're doing.

And then I already mentioned that next month I'll be back to give you a scope and cost estimate.

CHAIRMAN McCUSKER: You should mention -- because
I think it's been extraordinary -- you guys have met with anybody that touches the Arena. You've talked to riggers and end users. I mean, you've really done an extensive amount of work getting other people's ideas and opinions on things that might improve the venue.

MS. WEAVER: We have. We had two full weeks of programming meetings. And so I think it's fair and accurate to say that, to date, that actually has never taken place. No one has ever sat down with the lighting crew, the crew that sets up ice at the TCC, what works for them, what doesn't, the riggers, security, concessions.

So the TCC was involved with all of those meetings, as well as Phil Swaim and his staff and myself.

So any other questions?

MR. MOORE: Thank you.

MS. WEAVER: Thank you.

CHAIRMAN McCUSKER: Related to the TCC, Item No. 10, Mark, just a quick update for the Board and members of the audience.

The City did replace the bleacher seats -- those are the expandable seats that surround the floor -- using their own funds. This was part of the negotiated settlement. They've asked now that they have an opportunity, I guess, to refinance those.

Mark, so if you could kind of go through what we
are talking about doing there.

MR. COLLINS: As you said, Mr. Chairman, the City utilized in excess of a million dollars of its general funds to replace the bleacher seats. The City is now in the process of selling and leasing that back, thereby financing it, so reimbursing itself for that.

The City has asked the District to acknowledge that those bleachers are equipment as opposed to fixtures or part of the building itself. I have reviewed the contract -- or the lease and the sublease. And frankly, to my surprise, the language in those two agreements would certainly indicate that the bleachers would be, in fact, equipment rather than fixtures.

So from a straight contractual standpoint, I don't see a downside to the District for acknowledging that. All the City is asking for is that we acknowledge that if in fact -- if the City wants to take those bleachers out, they're the City's bleachers because they paid for them.

TREASURER SHEAFE: Mr. Chair, could I make a motion --

MR. MOORE: They are replacing them. They have to because they had the bleachers there before.

MR. COLLINS: True. And in fact, they're obligated to maintain that under the sublease itself.

TREASURER SHEAFE: May I make a motion that Rio
Nuevo acknowledges the bleachers as equipment for the
purposes of facilitating the City's desire to expand their
financing on the improvements made.

MR. COLLINS: Mr. Sheafe, just to kind of
complicate things, I have been provided a form. There a
couple of minor changes that I would like to make -- and I
don't think there will be any problems with the City.

TREASURER SHEAFE: And any changes that Counsel
needs to make are authorized.

CHAIRMAN McCUSKER: Somebody second that.

SECRETARY IRVIN: I'll second it.

CHAIRMAN McCUSKER: Just to be clear, all we're
doing is what's already in the lease, is affirming that the
property, what we would otherwise call fixture property --

MR. COLLINS: Fixtures, right.

CHAIRMAN McCUSKER: -- is, in fact, identified in
this lease as movable property?

MR. COLLINS: Yes.

CHAIRMAN McCUSKER: Therefore, it's not a part of
the property that we own.

MR. COLLINS: I will tell you that the language of
the lease and sublease include the following, quote,
fixtures and replacements are exempted from ownership by the
trustee.

And recall, if you will, that the trustee or the
bank owns the TCC. And it leases the TCC -- whatever that is, right? -- to the District. And the District, in turn, subleases it to the City.

And when you look at the language in the lease and the sublease, the lease itself defines the leased property as the legal description. And the sublease says that the title to the leased property is held by the trustee except for those the fixtures, repairs, replacements, or modifications that are added to the subleased property by the sublessee.

So, Mr. Chairman, it's hard for me to answer that other than to say, it is my assessment, after reading both of those documents, that what you're being asked to do is acknowledge what is already contemplated both by the lease and the sublease.

CHAIRMAN McCUSKER: Mr. Hill?

MR. HILL: Mr. Chairman, Mark, the concepts in accounting when you're setting up depreciable assets, the old code, there was a Section 38 which pretty much covers leasehold property. Leasehold property is considered fixtures. The reason it is, before some recent changes, the depreciation rate could be affected by the term of lease. In other words, it could be shorter.

The other factor there is, is the fixtures cannot be removed by the tenant. Are we -- by granting it to be
equipment, we can allow the City to up and take the
bleachers at any point in time if they get mad at us?

MR. COLLINS: Well, I think Mr. Moore addressed
that just a moment ago. I think that the lease requires
that they maintain the equipment that was there when it was
leased to them or replace it with new equipment.

CHAIRMAN McCUSKER: I don't know that it would be
bold of us to put that in writing.

MR. COLLINS: I don't have a problem with that.

CHAIRMAN McCUSKER: This is a refinancing
mechanism on the City's part.

MR. COLLINS: Right.

CHAIRMAN McCUSKER: I think we want to prevent
them from doing anything cute with the bleachers.

MR. COLLINS: And I --

CHAIRMAN McCUSKER: So if we can identify that for
the purposes of financing, we're comfortable with the lease,
but we're not, certainly, allowing them any portability by
giving our consent.

MR. COLLINS: And if I may, assuming that this is
accurate, I believe that Mr. Sheafe's motion with the
addition that it's subject to my tweaking it, I can tweak it
to be consistent with Mr. Hill's comment.

Is that satisfactory, or do you want another
motion?
TREASURER SHEAFE: Nope. I'd stand on the motion.

CHAIRMAN McCUSKER: And then authorize the executive officers then to sign it?

MR. COLLINS: It would be -- I would suggest, if you authorize the standard, the Chairman and the Secretary.

CHAIRMAN McCUSKER: Given those conditions that would amend your motion, Chris, to --

TREASURER SHEAFE: That's fine. I accept.

SECRETARY IRVIN: I accept.

CHAIRMAN McCUSKER: All right. We have an amended motion and a second.

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: All right. Keep your eye on our bleachers.

Westside Parcel. WLB. I think I saw...

We had asked WLB to give us a proposal to discuss the opportunities on the West Side. There is a map attached to your agenda. There's some on the table. When you hear us talk about the West Side, it's this map.

Just for reference purposes, what we are trying to get our arms around as we think about this property is how
much of it is developable; what are the challenges in
developing it in terms of the previous landfill; what are
the watershed issues, et cetera, et cetera.

WLB has extensive experience with this property
and has offered to kind of help us get up to speed regarding
anything that we may need to assess as we look at the
development of the West Side.

So thank you very much.

MR. MOORE: Mr. Chairman?

CHAIRMAN McCUSKER: And, Alberto, you're
conflicted here, so...

MR. MOORE: Yeah. Do I -- can I stay in, or do
you want me...?

CHAIRMAN McCUSKER: You should probably sit in the
audience.

MR. COLLINS: Yeah. If you could sit in the
audience. Thank you. I had forgotten about that.

(Mr. Moore joined the audience.)

MR. COLLINS: Members of the Board, behind -- in
the booklet that you have, the proposal that the folks at
WLB provided previously is Tab 7 in the booklet that you
have in front of you.

And for the audience, there's a copy of it out on
the desk.

MR. BYRNE: Thank you. I'm --
MS. BETTINI: Fletcher, what's this gentleman's name? I'm sorry.

CHAIRMAN McCUSKER: Introduce yourself.

MR. BYRNE: Michael Byrne.

MS. BETTINI: Michael Burns?

MR. BYRNE: B-Y-R-N-E.

CHAIRMAN McCUSKER: B-Y-R-N-E.

MS. BETTINI: Thank you.

CHAIRMAN McCUSKER: Okay. Go ahead.

MR. BYRNE: Thank you. I'm Michael Byrne, and I'm a partner with the WLB Group. We've been involved with the West Side for about 2,000 years, I think. We started the firm -- the firm in 1980.

And one of our first contracts was with DDC. And basically doing a variety of planning jobs, civil engineering projects, landscape architectural projects on the West Side. We did the planning for the area north of -- excuse me -- south and north of St. Mary's. We did the garden at Yosemite. We did River Park from Congress to St. Mary's and have been active in the areas since that point in time.

And one of our last group of projects included Tucson Origins, historic park master planning. And we worked with Jerry Dixon and the gasoline company on Mercado at Menlo Park, and have also done the roundabout at
Clearwater and Calle Convento as well.

So we've been very, very active in the area and believe that we can offer a real -- a real skill and a tremendous background as far as knowledge of the site.

Our basic proposal is broken out into two parts. One is to bring the survey that was done in 2006 by the City of Tucson to bring it current, because there's been a tremendous amount of work done since that point in time.

Then the second part really -- that we think really draws on our capability, and, again, our knowledge of the area and experience, is the -- is to take the information that's been developed over the last 30, 40 years on the West Side, bring it to us, look at it, and really use that information and a due diligence effort for the entire West Side of the Santa Cruz.

And then as a part of that effort, we wanted to develop a -- kind of a concept lighting plan, almost a block plotting effort with the Board. And then really do a much more thorough due diligence on each parcel, as far as the various impacts -- again, Fletcher, as you mentioned, things like landfill, drainage, water, sewer and so on -- on each parcel and give you a really good -- a very good knowledge or a good template as far as the length of time it's going to take to bring the entire area on board in terms of the development and so on.
Right now, the basic problem is that the landfill is one factor. It's really spotty. The City did certain areas and they didn't do other areas that were planned to be done, other sites or other portions of the landfills that were done -- done in part.

And so our charge, again, is to really do that research and give you a very good sense of what parcels are going to be able to be developed in that time period.

CHAIRMAN McCUSKER: And the cost of your proposal, Mike, again is...? I think it's in the packet.

TREASURER SHEAFE: 38-5.

MR. BYRNE: 38-5, approximately.

TREASURER SHEAFE: And they have two -- comprehensive survey assistance -- which I assume is applying to the ALTA?

MR. BYRNE: Right. It's the ALTA. The boundary --

TREASURER SHEAFE: But I don't know what you mean by "assistance" there. We either have a balanced survey or we don't. And that was 18,420?

MR. BYRNE: Yes, it is.

TREASURER SHEAFE: And one of the questions I have for you is --

CHAIRMAN McCUSKER: We actually do have an ALTA 2006.
MR. BYRNE: Right.

CHAIRMAN McCUSKER: So I think it's more updating it than doing the whole thing.

TREASURER SHEAFE: All right. Because in the ALTA -- and that was my question. It was, I thought, well, it's an update. That's quite a different assignment.

And you're saying that you want copies of all applicable easements and other restrictions provided to you, which, to me, the ALTA is making sure that those things are all part of the survey.

MR. BYRNE: Yeah, they are. Sure, sure, sure.

TREASURER SHEAFE: And not provided by anyone else.

MR. BYRNE: Well, we don't do the actually title work. We'll work with title company.

TREASURER SHEAFE: And you're responsible for obtaining it.

MR. BYRNE: Yeah. That will be fine. That will be fine.

TREASURER SHEAFE: Because that's part of your services, that you will pick them up and make sure that you've included them.

MR. BYRNE: Sure. If they're included, sure.

TREASURER SHEAFE: So nobody else has responsibility but you.
MR. BYRNE: Well, we're not taking over the role of the title company.

TREASURER SHEAFE: No. But you're responsible to see to it that the title company provides that and then you verify that they're correct.

SECRETARY IRVIN: Probably legal would verify that they're correct.

MR. COLLINS: And, Michael, if I can interrupt?

MR. BYRNE: Sure, sure. Go ahead.

MR. COLLINS: What normally happens, Mr. Sheafe, is that we would order a title policy, Schedule B. The Schedule B would be what Michael would work with.

MR. BYRNE: Right.

MR. COLLINS: And he would then -- or his firm would then plot those Schedule B items and probably in the process, eliminate some of the Schedule B items. Because frequently the title officer sitting in his office, he can't tell what flies and what doesn't.

TREASURER SHEAFE: What I'm trying to avoid here is the position that, well, that was supposed to be -- they forgot it, and it wasn't our responsibility to make sure it was in there.

MR. COLLINS: Right.

TREASURER SHEAFE: When you buy an ALTA, the person buying it is receiving assurance that there was
enough evidence on the table, that the ALTA included
everything that was supposed to be known.

MR. COLLINS: When you do an ALTA survey with the
title policy, you really get the insurance -- the title
insurance company and the engineering company on the hook.

And what you need to -- what you want to have, is
that they're together, so you have them on the hook for both
of them.

TREASURER SHEAFE: Right. Right.

MR. BYRNE: Yeah. But we're not a title company.

TREASURER SHEAFE: No. That's fine. No, no. I
understand.

MR. BYRNE: And we're not going to -- we're not
going to guarantee that the work of the title company is
correct.

TREASURER SHEAFE: Right.

MR. BYRNE: I mean, they're going to give us a
title report; we're going to, you know, put it on the --
double check it. It's going to be --

MR. COLLINS: And they'll be in the process of
seeing if there's something on the ground that doesn't
appear in the title report. In other words, physical
inspection is what you get with an ALTA survey.

SECRETARY IRVIN: There's a question.

MR. COLLINS: Sure.
SECRETARY IRVIN: I'm assuming under this situation that we get a title policy and go through Schedule Bs and confirm, but we would also get a title endorsement.

MR. COLLINS: Oh, yes. Yes, yes.

SECRETARY IRVIN: That's probably where you're going with that.

TREASURER SHEAFE: That's where I'm going. Because I'll tell you, as Jeff just pointed out, you know, the worst thing you can have is two companies that you've hired, and they're both pointing at other guy saying it wasn't my problem.

MR. BYRNE: Sure. You bet.

TREASURER SHEAFE: One guy has to be in charge and say, it was my responsibility to make sure that everything was there. And if I'm buying an ALTA policy from the engineer, it's the engineer's responsibility to do that. If there's a problem, the engineer goes back to the title company and says, you've got a problem. But it's the engineer that does that, not me. I'm not stuck in the middle trying to figure out who did it.

MR. BYRNE: Well, okay. But you're buying a title policy -- you're buying a title policy through us --

TREASURER SHEAFE: Right.

MR. BYRNE: -- from a title company.
TREASURER SHEAFE: And you're making sure that everything on the title policy is reflected.

MR. BYRNE: Right, correct.

TREASURER SHEAFE: And that's fair enough.

MR. BYRNE: Right, that's fair. Yeah, that's fair.

SECRETARY IRVIN: Just a point of question. Have we determined a title company yet, or is that still --

MR. COLLINS: We haven't. Although, we utilized Fidelity for the Arena Site because Fidelity had done the title work before, in trying to minimize expenses here, I haven't looked into that.

As you may notice in your agenda, Michael's here explaining his proposal to you. But we're not in a position today to adopt his proposal. The agenda -- or the action item on your agenda is if you think that WLB is the outfit to perhaps utilize.

I believe WLB has an on-call contract with the City of Tucson; do you not?

MR. BYRNE: Well, we did.

MR. COLLINS: Oh, okay. Well --

CHAIRMAN McCUSKER: Let's talk about that for a moment. Can we still source this? Does this have to be competitively procured?

MR. COLLINS: That's a problem -- well, this is --
it's -- how much money is in the proposal?

TREASURER SHEAFE: Well, there's two, and we didn't get to the second one. The one we're talking about right now is 18,420.

CHAIRMAN McCUSKER: What's the combined total?

TREASURER SHEAFE: The combined would be 36,420.

MR. COLLINS: I will tell you that while Chris Sheafe -- or Chris Schmaltz is the expert in that area, my belief is it's well below the threshold requirement of Title 34.

So to answer your question, Mr. Chair, if my assessment is correct -- I think it's $250,000, quite frankly, is the threshold -- but if my assessment is correct and you're below the threshold amount of Title 34, you could effectively sole source this. It's a different concept, but you could enter into an agreement with WLB without competitive procurement.

CHAIRMAN McCUSKER: I think that's the question that's on the table is, you know, they have an identified history with this property. They have more experience than anybody. Do we want to go through the motions of a competitive procurement? Are you comfortable contracting with them? Chris would ultimately prepare the contract.

MR. COLLINS: Right.

CHAIRMAN McCUSKER: I think what we're looking for
today is direction in terms of how to proceed.

MR. COLLINS: Sure. The way the agenda is set up is if you folks are comfortable with WLB because of their history, you would -- someone would make a motion, second, assuming it was passed -- would direct Chris -- Schmaltz, actually -- to take what WLB has put together here and put it into a contract form that protects the District and is acceptable to WLB and bring it back to you for the June meeting.

CHAIRMAN McCUSKER: Or we can bid it out.

MR. COLLINS: Or you can bid it out.

TREASURER SHEAFE: Let me ask you question, because -- and this, Mr. Chairman, goes -- I don't have a problem on the -- I think we need to update the ALTA and make sure that we're secure there. I do wonder -- and I'm asking him out of respect --

MR. BYRNE: Sure.

TREASURER SHEAFE: -- and I will recognize WLB has the history on this, and it's a lot cheaper to run with people that know than try and start this thing all over again.

But on the due diligence side, it seemed to me a awful lot of things in there are things that developers are going to have to go through again. None of that is transferable, and I'm wondering why we need some of that
information at this stage. If we know what's there and we have generally an understanding -- I mean, certainly we know where the landfills are; we know what the hydrology standards are; we know basically where all the utilities are.

Why spend a lot of money forming all that information and then have somebody else come in and go, well, I need to do it over again?

CHAIRMAN McCUSKER: Let me maybe take that a step further.

CHAIRMAN McCUSKER: We've had great conversations with the other property owners in this section. It includes Gadsden to the north, the City of Tucson, the County, and us.

I believe it's conceivable that all four of us could come together, Chris, on a PAD. We submit one planned area of development. We go through zoning one time. We go through the neighborhood hearings. We could actually identify the kind of projects we want, place them, identify the green belts, and literally, do one PAD.

This -- the City's moving in that direction. The Gadsden property owners have indicated that they'd be willing to participate in that. So what I think the advantage to having the kind of data that WLB would give us, it would be easy then to go to the next step and put a PAD.
TREASURER SHEAFE: Okay. So this really does facility the PAD concept --

CHAIRMAN McCUSKER: Absolutely.

TREASURER SHEAFE: -- which absolutely makes all the sense in the world.

CHAIRMAN McCUSKER: Yeah. We could ultimately control the planned area of development with our partners, but submit all -- right now, we're subject to reacting to, as you suggested, developer after developer. Someone's going to come forward and say, I want to put this project on this parcel.

I believe that we can be better organized with the data that they identify on what's buildable, what's not buildable, and then submit one PAD that would involve the neighborhoods, the developers, the City, the County, Gadsden, and Rio Nuevo.

TREASURER SHEAFE: That makes a lot of sense.

CHAIRMAN McCUSKER: Any other questions for Mike?

We're just basically giving you some direction as it relates to competitive procurement. Let's deal with that. Do you feel any -- is there any issue with us sole-sourcing this contract to WLB?

MR. HILL: I move it, Mr. Chairman.

CHAIRMAN McCUSKER: Is there a second to that?

TREASURER SHEAFE: Second.
CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Okay. So we're going to direct you to prepare a contract along the lines of Mike's proposal.

MR. COLLINS: Right.

MR. BYRNE: Thank you.

CHAIRMAN McCUSKER: Mike, thank you very much.

MR. BYRNE: Sure. Thanks a lot.

CHAIRMAN McCUSKER: Mr. Collins, stay up there.

The Arena Site.

MR. COLLINS: Yes.

(Mr. Moore returned to the Board table.)

MR. COLLINS: To refresh the public and the Board's recollection, by the terms of the settlement agreement with the City of Tucson, the District has the option of taking title to property generally referred to as the Arena Site.

I have been in the process of doing due diligence on it. When I was before you on the 24th of April, you gave me authority to enter into the necessary contracts to get HDR Engineering, who has an on-call contract with the City of Tucson, started to complete the ALTA survey. As I
presented to you on April 24th, I thought that would be a quick turnaround. It was anything but that.

However, we are perilously close now to having an ALTA with the appropriate title report coming from Fidelity. But it is not yet ready. And it has been my recommendation to this Board that you get that ALTA before you decide whether or not you want to take title.

So I have gotten authority from the City of Tucson, they've agreed to allow you until the next meeting to make that determination. All I need for that extension agreement to be signed by you folks is motion, second, and passing. And that would give us the additional 30 days that I think you need.

TREASURER SHEAFE: Mr. Chairman, I move that we extend our previous approval another 30 days.

CHAIRMAN McCUSKER: Does that get you to the next meeting that you need to extend?

MR. COLLINS: It actually gets you past the next meeting.

CHAIRMAN McCUSKER: Okay. There's a motion to extend for 30 days. I would need a second.

SECRETARY IRVIN: Second.

CHAIRMAN McCUSKER: Any further conversation?

All in favor, say aye.

(Ayes.)
CHAIRMAN McCUSKER: Any opposed, nay.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Okay. You have your extension. We'll see that in June?

MR. COLLINS: Right.

CHAIRMAN McCUSKER: Well, let's talk about the next three items that there may not be anything to talk about.

Any updates, Mark, that you need to make on Item 13, or will you do --

MR. COLLINS: Well, I --

CHAIRMAN McCUSKER: These are all kind of linked, so do we need to discuss 13, 14, and 15?

THE WITNESS: Well --

CHAIRMAN McCUSKER: Because you have conflicted members, so...

MR. COLLINS: Yes. I think that Item 13, 14, and 15 are -- make it very difficult. On 13, both you, Mr. Chairman, and Mr. Sheafe, are conflicted out of 13.

However -- so I would ask that -- if we go forward with item 13, that you at least step out in the audience, hand the gavel to Mr. Irvin, who can discuss and update to the rest of the Board members, Item 13.

CHAIRMAN McCUSKER: Do you have such an update?
SECRETARY IRVIN: You know, it's --

CHAIRMAN McCUSKER: Don't start down the path; either yes or no.

SECRETARY IRVIN: No. It's probably one we won't pass until next meeting.

CHAIRMAN McCUSKER: Consider that tabled.

MR. COLLINS: Okay. So they're tabling 13. I can tell you on 14 that, at the last meeting, Mr. Irvin was given marching orders to negotiate a resolution of the sewer easement. You'll recall that there was a gas easement and a sewer easement. And Secretary Irvin was given direction to try and negotiate a deal with the Rialto Block Project.

I will tell you that within a very short period of time he had negotiated that deal, the deal points. But I did not receive a draft from -- from the servient -- or the dominant estate owner until Friday. I've looked at it; it needs to be worked on.

CHAIRMAN McCUSKER: So you're tabling that?

MR. COLLINS: I am.

CHAIRMAN McCUSKER: I've saved you a trip.

15.

MR. COLLINS: The problem with 15 is that most of you are disqualified on one level or another.

If you will look -- what this entails, gentlemen,
is there is a request by the Rialto Block Project and by the
owner of the new student housing to the east of the Rialto
Theatre for some temporary revocable easements.
The simple answer is -- the simple description is
on Congress the Rialto Block Project wants to be able to put
tables out at night for eating and so forth and so on. It's
a temporary revocable easement. It can be drawn back in; I
believe that's what one component of it is.

The other component is Capstone wants to be able
to regulate the use of Herbert Avenue when the students are
moving in and moving out. There is a -- I received it today
or yesterday -- a draft of an agreement for that.
The problem we have --

CHAIRMAN McCUSKER: All right. You have, at a
minimum, three conflicted members.

MR. COLLINS: I do. I do.

CHAIRMAN McCUSKER: So you lose your quorum.

MR. COLLINS: I lose my quorum today.

CHAIRMAN McCUSKER: And so we've got to table
that.

MR. COLLINS: Okay. Do you want me to be quiet
then?

CHAIRMAN McCUSKER: I will say that there's a lot
of outdoor restaurant activity going on downtown. This is
what this is in relationship to. Almost every restaurant
now is looking for patio-type space. I'm not surprised that they would. And all -- aren't we just being asked --

MR. COLLINS: Right. True.

CHAIRMAN McCUSKER: -- to okay this?

MR. COLLINS: Right.

CHAIRMAN McCUSKER: So we're not giving away anything. We're not selling anything. We're not creating any easements.

MR. COLLINS: Right, right.

CHAIRMAN McCUSKER: But you still have conflicted members.

MR. COLLINS: And the reason you're being asked is you own the Rialto Theatre. And your tenant -- your long-term tenant, the Rialto Foundation, has chimed in.

CHAIRMAN McCUSKER: Right. So you're going to need some nonconflicted members to put that back on the agenda. Or address -- the legal question is: If you have too many conflicted members and you can't put a quorum together, what the hell do we do then?

SECRETARY IRVIN: If I might just touch on that -- because the one that probably does need some discussion I don't think we have all the conflicts on. And that would relate to Stiteler's project to do the TRE immediately up front and kind of wrap it around the other side.

So I know that you're conflicted --
CHAIRMAN McCUSKER: -- conflicted and you're conflicted.

SECRETARY IRVIN: I'm not conflicted on that piece. I conflicted on the piece with --

MR. COLLINS: Right. Yeah. You've got --

CHAIRMAN McCUSKER: Which I understand.

MR. COLLINS: You have four left.

CHAIRMAN McCUSKER: Which I --

SECRETARY IRVIN: They're all kind of blended.

CHAIRMAN McCUSKER: You can't blend them because you've got conflicts.

MR. COLLINS: Agenda Item 15 --

CHAIRMAN McCUSKER: -- is specific to the request for the District to allow TREs that abut our property, right?

MR. COLLINS: Well it -- sidewalk and Herbert Avenue, it says in the agenda.

CHAIRMAN McCUSKER: And we can entertain that. Chris and I are conflicted.

MR. COLLINS: Yeah. You and Chris would have to get -- would have to remove yourselves.

CHAIRMAN McCUSKER: Item 15, we're -- please note that Chairman McCusker and Treasurer Sheafe are recused from Item 15.

That's the only thing we can discuss.
SECRETARY IRVIN: Right. Those are the only things we'll talk about.

(Chairman McCusker and Treasurer Sheafe joined the audience.)

SECRETARY IRVIN: So --

MR. COLLINS: Excuse me, Secretary Irvin.

Just for clarification purposes, what Secretary Irvin is talking about is the sidewalk portion of the TRE?

SECRETARY IRVIN: Right. So if I'm not mistaken, Counsel, isn't there a drawing that was -- I know I have it -- but did everybody get a copy of the drawing --

MR. COLLINS: Yeah.

SECRETARY IRVIN: -- that relates to that? It should be in your package.

MR. COLLINS: If you will look at Tab 11 in the booklet in front of you, the last two pages, I hope -- yep. Actually, the very last page of Tab 11 is a drawing of the area that would be affected by the temporary revocable easement for sidewalk dining. That's what is being discussed.

SECRETARY IRVIN: So in that easement, we're not giving away any rights. As I understand it, what we've been asked by -- this is something that the developer, Scott Stiteler has already gone -- as I understand, Counsel -- he has actually paid for pushing the sidewalks out, paid for
1 those as part of the street improvement work.

2 MR. COLLINS: That's my understanding, as well.

3 SECRETARY IRVIN: So -- and I know he's been in discussions with the City. And you know, we jumped through hoops to get his easement on the gas and the area in the back done. So this is a revocable easement, temporary, can be revoked at any time, we're not giving up any rights.

4 And its purpose is to allow them, for the couple restaurants that have opened and the couple that are planned to open, that they would be allowed to use the sidewalk area -- a portion of the sidewalk area adjacent to the building -- to place tables on. And that could be revoked by the City at any time, right?

5 MR. COLLINS: Right.

6 SECRETARY IRVIN: And we're not giving up anything. We're not giving anything up. We're not really even -- all we're saying is we don't object to it.

7 MR. COLLINS: And the City -- Mr. Secretary, the City, quite frankly, is the one that has circled all of the property owners in. It's been the City of Tucson that has said, look, we're willing to give you this right, but we want to make sure that everybody in the neighbor is okay. That's how we got circled into the group.

8 SECRETARY IRVIN: That's it?

9 MR. COLLINS: Right.
SECRETARY IRVIN: So you know, it's just a matter of us making the decision. Are we for it or against it? Do we have a problem with allowing them to do that? So I'd say if we don't, I'd ask somebody to make a motion.

MR. RITCHIE: I make a motion that we grant this TRE.

MR. COLLINS: And that -- grant that you authorize the secretary and the chairman to execute the documents necessary to grant the temporary revocable easement that's being proposed.

MR. RITCHIE: Okay.

MR. COLLINS: Okay?

MR. RITCHIE: Okay.

MR. COLLINS: Thank you.

MS. BETTINI: You need to get someone else besides Fletcher.

SECRETARY IRVIN: Can we get a second on that?

MR. HILL: I'll second it.

MR. COLLINS: Oh. But you're -- yes. Thank you.

MR. HILL: Second, but I have a question. You said that this was a cause of Rialto. Are they opposed to it or something?

MR. COLLINS: No.

SECRETARY IRVIN: No.

MR. HILL: I'm second. Let's move on.
MR. COLLINS: Rialto Foundation had a --

MR. HILL: Let's move on. Give them their dime.

MR. COLLINS: Yeah.

SECRETARY IRVIN: Okay. We've got a motion and a second.

Any further discussion? All in favor, aye.

(Ayes.)

SECRETARY IRVIN: Anybody opposed?

(The Board voted and the motion carried.)

SECRETARY IRVIN: Okay. Come get your gavel back.

(Chairman McCusker and Treasurer Sheafe returned to the Board table.)

TREASURER SHEAFE: Hey, Cody, I liked your motion.

MR. RITCHIE: I was trying to memorize everything he was saying.

MR. HILL: Point of information, Mark. Mr. Chair was given the gavel --

(Inaudible crosstalk.)

MR. COLLINS: Okay.

CHAIRMAN McCUSKER: For the record, you function perfectly fine without me.

Okay, Bill, our CFO report. And there's some items on the table for press and public?

MR. ALLEN: Yes.
All right. What's being passed down to you is the summary cash report that I do every month for the Board meeting, as well as the discretionary cash transactions for the last 30 days, since the last board meeting, for items under $5,000.

Looking at the -- looking at the top document, the cash report, this month was noteworthy in that we have finally, for the first time ever, received interest in our retained TIF funds that were invested in the ICS of $372.43. You may see it there. The $5 million accumulated one month's worth of interest.

The rest of the report is rather not so noteworthy. Cash has changed by about $140,000 in total, combined total -- I'm now talking about the 12,751,405.86 -- the yellow-orange number at the bottom of the page -- since last month, which is largely related to legal fees -- well, of course, processing payroll, but mostly the big ticket item usually is legal. So that's basically it in regards to the outstanding funds for Rio Nuevo that are not in the Wells account.

CHAIRMAN McCUSKER: The ratification item. You'll remember that you've given your executive officers up to $5,000 of authority for nonbudgeted items subject to the Board's ratification. So Bill will present the entire list of those items. Most of them, which you can see, are
related to marketing activity. We did hard print, the newsletter, this time, to distribute mainly to our merchants. That's the lion's share of that, plus the cost of our Sunday afternoon radio show.

So we would ask that you ratify those items.

MR. ALLEN: That's correct. Those are the five items that are not specifically linked to normal business or contracts of the District.

TREASURER SHEAFE: So moved.

SECRETARY IRVIN: Second.

MR. HILL: Mr. Chairman?

CHAIRMAN McCUSKER: Go ahead.

MR. HILL: Where is the 3,000 bucks, from Southwest Gas, that we should have gotten for that easement?

SECRETARY IRVIN: We actually have two of those coming. One for the 3,000 for that one. And then I also negotiated the 3,000 for the -- for the one we had to clean up. So we'll getting a $6,000 check, and we'll also be getting reimbursement of attorney's fees, reseal the parking lot, et cetera.

MR. HILL: But that's from the same source?

SECRETARY IRVIN: Correct, correct.

MR. HILL: Thank you.

MR. ALLEN: All right. Going -- moving forward, I have been asked to talk about the sales tax. We have
contacted -- as you're aware, from two public meetings ago, we discussed sales tax obligations unpaid by Rio Nuevo to the City and State of roughly $97,000.

Since that time, we've contacted the City -- Mr. Rankin's office directly -- asking for abatement of both the tax and the interest and the penalties. The City has responded by saying that the tax is due. They paid us the tax, and we now owe them back the tax. They are looking to abate the penalties and negotiate on the interest.

There's been no other actions on that at this time, but they're taking a firm line on the actual tax.

CHAIRMAN McCUSKER: You would need authority from us to pay the back taxes.

MR. ALLEN: That's correct.

CHAIRMAN McCUSKER: If that's all we give you the authority to do, then that's all the City's gonna get.

MR. ALLEN: That's correct. No penalties, no interest until after they've received their payments.

CHAIRMAN McCUSKER: And how much, again, is that, Bill?

MR. ALLEN: 97,221.

CHAIRMAN McCUSKER: And this is specific to tax on the TCC rent, right?

MR. ALLEN: It's largely related to tax on the TCC rent. But there's also rent related to other rental income
that's coming in from the Rialto, from the U.S. Parking. We
also have the --

MS. BETTINI: Depot?

MR. ALLEN: What is the one I'm missing?

MS. BETTINI: Depot?

MR. ALLEN: The Depot. The Depot. We receive rent -- that rent is now becoming part of a note payment as of January 1st due to the settlement. Prior to that, they had rent that had taxes on that.

CHAIRMAN McCUSKER: So we need to pay our tax bill.

TREASURER SHEAFE: So we have to pay.

CHAIRMAN McCUSKER: Yeah.

TREASURER SHEAFE: So moved.

SECRETARY IRVIN: Second.

CHAIRMAN McCUSKER: I have a motion and a second to pay the outstanding tax only, not penalty and interest.

MR. HILL: Mr. Chairman?

CHAIRMAN McCUSKER: Mr. Hill?

MR. HILL: I understand we can't abate the taxes. But did we collect the tax and just forgot to remit it?

MR. ALLEN: We collected taxes, but they were not remitted for many, many months prior to --

MR. HILL: So we should be net on this.

CHAIRMAN McCUSKER: We've collected the money. We
MR. ALLEN: Yes. We've always collected taxes.

MR. HILL: Okay.

SECRETARY IRVIN: Probably the only place where there's not rent collected would be on the -- maybe the Depot Garage. There's probably not rent tax paid on that?

MS. BETTINI: There is.

MR. ALLEN: There is after January 1st due to the settlement agreement, because that's a notes receivable that's being paid down. Prior to that --

CHAIRMAN McCUSKER: We discovered -- or Bill discovered that not only were we not paying, we actually weren't even filing the --

TREASURER SHEAFE: Isn't it true that they were collecting the money at the time, and they didn't bother to take the taxes out? It's not really something you did. This just goes back; isn't that correct?

MR. ALLEN: Well, they -- we've been -- we were receiving the taxes all along --

TREASURER SHEAFE: Yeah.

MR. ALLEN: -- but we were not filing --

TREASURER SHEAFE: -- that we owe you.

MR. ALLEN: Right.

CHAIRMAN McCUSKER: Okay. I have a motion and a second to pay the back taxes, no penalty and interest.
All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay?

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Okay. Those are checks -- I guess they're now authorized by the Board. So you've got those.

MR. COLLINS: Frankly, I don't think you have to authorize payment of taxes that you're already obligated for.

CHAIRMAN McCUSKER: Right.

SECRETARY IRVIN: But I think what you've done --

CHAIRMAN McCUSKER: We were trying to negotiate with the City.

MR. COLLINS: Right. On the abatement that Bill was talking about. I think that's the way to play it.

CHAIRMAN McCUSKER: Keep going, Bill.

MR. ALLEN: All right. And the final item that I have is to inform the Board that in the next 30 days I'll be working pretty heavily on preparing the 2014 budget and all the detailed analysis surrounding that to provide the Board so they can analyze the upcoming year.

So that's dominantly one of the main areas I'm going to be focusing on for the next 30 days, along with all
the support and the actual budget as it's submitted to the
Board.

CHAIRMAN McCUSKER: Questions for Bill?
Thank you very much.
Now, let me see, there's some -- Cody's bumping up
against a couple of things here. Let's see if there's
anything really that we want to do.
Let me take Lori since -- that one we're going to
want Cody here.
And you have a new handout.
For those of you who has not met Lori Hunnicutt,
she runs Victory Marketing, a firm we award our marketing
business to competitively a few months ago. And just from
my seat, she's been doing a really great job.
Lori, thank you very much for everything that you
do.

Our website now works. It's quite simple. It
flows. You can track it. You know, the newsletter's out
and timely. We did elect to go with a hard copy this last
time, which I really like. And we'll talk about that here
in a minute. And of course, we've committed to the radio
show.

You should know that, historically, the District
spends between 50- and $60,000 a year on PR and marketing.
So this is part of our administrative budget. And Lori's
gonna make some recommendations to us.

Lori, go ahead.

MS. HUNNICUTT: Thank you, Chairman McCusker for -- thank you for inviting me today. It's been a pleasure working with all of you. I have to start by saying that your cooperation on the new public radio show has been wonderful. And that's part of what brings me here today.

I put together a presentation that gives you some historical background on what we had to start with; because I think it's very important for you and the public to understand that you guys hired Victory because you wanted accountability and transparency, and you tasked us with that job.

And as a result, we -- you hired us to create -- you had -- previous Boards had hired a marketing company that created a facade of a database. And as a result, while you could access limited documents, you could not access all of your documents. On your last page in that presentation, you'll see a screen shot of your actual database now.

Any auditor can go in there and see exactly what documents you have made available to the public. So you can say, come on in and check out what we've done.

And you've done a pretty amazing thing. We built that database with $2,000, which I've patted myself on the back because it's a really remarkable database. And that's
a very inexpensive cost for a database with that particular
functionality. But I applaud you for having us do that.

I also -- on just a side note, I have to applaud
you for hiring a procurement attorney. It's those kinds of
things that make my job really easy because you instill the
trust in the public that you are crossing your Ts and
dotting your I's. And that's what the public needs to know.
So no amount of commercials, no amount of press releases
will put the public at ease more than knowing that you are
very conscientious in your procedures and your practices.
And that's really comforting, I think.

And just one of the reasons why I might suggest
that we discontinue the radio show. I think Dave Sitton is
the most amazing human being in the whole wide world. And
he bailed us out when we had -- you know, we had a host
ready to go. And she was fairly inexpensive. But she was
clearly not quite ready. She had done Univision and
Telemundo for a long, long time and had been out of the
field for a long time. So it was taking her quite some time
to regroup and get back up to speed. Dave came in and he
covered for us and has done an amazing job.

I, at this point -- and I have to say that I'm
basing this on the experience that Michele and I have had
over the last three weeks, actually going out, walking the
sidewalks, and talking to merchants in the District, from
Park Mall to Enoteca. We have talked to merchants, and we hope to continue to do it.

It's their lack of understanding what Rio Nuevo does and why it does what it does that I think is actually our biggest obstacle right now. I would like to see us invest our advertising dollars in that. Because I think that community outreach -- it's busting those myths that are the trick. And I think we've done a real good job of letting the public know that you guys want to be accountable and you want to be transparent in your actions. We've planted that seed. Now we need to build the grassroots base; and that comes from our merchants because they're the ones who are creating Rio Nuevo, and to reach out to them, find out what their concerns are, what their misconceptions are.

We've run across a number of merchants who didn't know -- still today, did not know that they had to fill out the PAD form. That's money that Tucson is not getting.

So I have two staff members that I think are incredibly dynamic, wonderful people that I would like to have start working with Michele on going out and talking with merchants.

She's amazing, by the way. You guys are very lucky to have her because she is your greatest advocate out there with merchants.
I'd also suggest we spend some of that money doing some community outreach events, whether it's on the West Side, on the center of downtown -- one suggestion -- and it's kind of kooky, but it was absolutely brilliant in its simplicity. We had two members from Performance Footwear -- they're Rio Nuevo merchants -- come on the radio show this weekend, and they prepare people for marathons. And this would kind of tie into something that Jannie Cox is going on, where she does her downtown walks.

And they were talking about creating a Rio Nuevo walk, where people actually walk through the District. Maybe we start at downtown, walk downtown, have lunch, see all the very -- and there are a lot of wonderful restaurants coming -- and bus everyone back. But they've had -- you know, they've seen the whole breadth of the District.

That's what people don't understand, is that it's the entire Broadway corridor. And every single one of those merchants is working to keep money here. We have to celebrate them and we have to inform them.

And I want to cut it short because you probably have questions, and I've gone on too long.

CHAIRMAN McCUSKER: The primary focus, I think, today is, we made a decision to fund the radio show. You're suggesting that we terminate it. Is there anything -- do we have a contract with anybody? Is there notice? When would
we do this, Lori? You know...

MS. HUNNICUTT: I have to look over the contract again. I looked over it initially. I will send it to you. I think that it's a -- as --

MS. BETTINI: I think it's month-to-month.

MS. HUNNICUTT: It's a month-to-month.

CHAIRMAN McCUSKER: So we might have 30 days of notice or something like that.

MS. HUNNICUTT: Right. And I just think it's gotten -- when you look at the hosting cost of -- Dave's worth every single penny we're paying for him because he can get these merchants to talk about things that no one else can. And it's kind of fun to watch him bring them out of their shell.

That being said, is it the best value? No. We can do a lot more by going out, hitting the streets, and talking to merchants, because they in turn talk to their customers and families and friends. That's the kind of grassroots understanding I think we need to develop.

So I would like to see it -- I think my recommendation would be to end it by the end of June.

And then we can make opportunities available for you all to appear on the Morning Blend or other free programming. You know, there are a lot of times when just -- I'm being very honest -- there are a lot of media
opportunities that you have that I would recommend not
taking. They're not worth your time. But going out and,
you know, attending community outreach events -- if we can
get a couple of you without violating any quorums, and we
create community outreach events, that would be a really
great use of time and money.

CHAIRMAN McCUSKER: We've asked about maybe a
monthly show. I know that's problematic for the media
because they can't just -- they need to do something weekly;
they have to fill a time slot. So it's probably not likely
we could do anything less that what we're currently
committed to.

MS. HUNNICUTT: If we could find another entity
that would share the contract with us and break it up to
every other week -- if the downtown partnership wanted to do
something, we could try something like that. I don't
know -- I -- just overall...

CHAIRMAN McCUSKER: But even then you don't seem
too big on radio.

MS. HUNNICUTT: I'm not. And it's just because
I've seen -- I've seen so far people's perceptions. And I
think we've made a big dent.

If we're going to promote merchants, I'd like to
see us promote them in print and in short ads, where Rio
Nuevo brings to you the Hotel Congress. And we can produce
very short, very inexpensive ads for radio and television.

But we have to be very careful with that, of course.

TREASURER SHEAFE: You don't need our permission to terminate the radio show, do you? I mean, that was your recommendation and we --

SECRETARY IRVIN: We authorized it.

CHAIRMAN McCUSKER: We authorized it. I think we have to unauthorize it.

TREASURER SHEAFE: Okay. Because I certainly have no problem doing it. I mean, I appreciate that fact that Lori --

MS. HUNNICUTT: Well, I think you guys have been --

CHAIRMAN McCUSKER: And then I think anything that we did differently, we would have to reauthorize. So probably the action item is to allow her to terminate the show with proper notice, and then come back to us with any replacement ideas.

SECRETARY IRVIN: So I guess what I want to ask is, you know, we -- you know, we haven't really been doing this show that long. We haven't really given it -- I don't know -- much of a chance to kind of get going. I get a little nervous about starting something and then just stopping it.

And I'm not knocking these other efforts that we
I think they're probably things we should go explore. I just think -- you know, we just started a show, and it's like start, stop, start, stop. I think we got to give it a little time to kind of work through.

And part of our reason in getting a radio show, if you guys recall, is that we could kind of control out own message. And now we're just letting that go to the way -- to the wayside in a very short period of time.

How long have we been doing the radio show?

TREASURER SHEAFE: Let me just counter that a little bit more, because you're making a very good point.

However, one of the problems with the show is it's after drive time when no one's listening. And Lori just said something -- and by the way, I would back up every sentence. You know, Dave's a personal friend of mine and a terrific host and does a terrific job with it. So that was just a very good thing that we were able to get him to step in. I don't think he'd have a lot of heartburn. He's got plenty of things to do.

MS. HUNNICUTT: I would actually like to contract with him for some community outreach events because he's amazing.

TREASURER SHEAFE: So the one thing that struck me is that if we were to have a media presence, we ought to look into taking like a two-minute segment on a high
drive-time event and then keep running that so it's part of some other show that when people are actually driving to work, they're hearing about Rio Nuevo, spend probably less money doing it, and highlighting our businesses.

CHAIRMAN McCUSKER: Jon Justice.

TREASURER SHEAFE: And I believe -- so -- but I kind of -- I think, you know, Stage 1 was putting a better face on it. But, boy, have we gotten some great press recently on the whole downtown thing. In most people's minds, they don't say, oh, that's downtown/that's Rio Nuevo. It's all one big thing, what's happening downtown.

In this business of reaching out to our constituency, our actual businesses, and reaching to them and starting to figure out ways to do a better job of making them feel like they're part of a mission is really, I think, very thoughtful. And I would strongly support that.

MS. HUNNICUTT: I really think it's the best use of the taxpayers' dollars. They just -- comparatively, bang for your buck. When you look at your mission, by statute, you have to do this. So -- and we're doing it; we're following statute. What is the best thing that we can do staying within statute but that also serves the general public? And I think the radio show has really kind of excited merchants. And I think that's really valuable.

But I think you also have a very limited pool.
Just this Saturday when the two marathon representatives came in from Performance Footwear, they were terrified. And they really weren't quite sure what message they were supposed to share. No matter how much you prepare merchants, it's really not their thing. So it can come off as a bit comfortable -- although Dave is a pro and puts everyone at ease. But do I think that it's the -- I think you still suffer the...

MR. RITCHIE: Lori, I agree with you.

MS. HUNNICUTT: Okay.

MR. RITCHIE: I mean, I know you're making a point. And I think the radio show is a good idea. I was on it. And it's -- like you said, it's a -- it's at four o'clock on a Sunday. Not many people are listening to it.

CHAIRMAN McCUSKER: You have to make an effort to listen to it.

MR. RITCHIE: Yeah. So I just make a motion that we table the radio show. Can I?

CHAIRMAN McCUSKER: Well, the motion -- the motion would be to discontinue it.

MR. RITCHIE: To discontinue -- to discontinue the radio show.

CHAIRMAN McCUSKER: All right. Who will second?

TREASURER SHEAFE: In a word, second.
CHAIRMAN McCUSKER: Okay. Any further conversation?

We have a motion and a second that we discontinue the radio show, assuming in that, that you're going to come back to us with some other ideas and that we give proper notice.

MS. HUNNICUTT: Can I ask, would you like to -- would you all be willing to engage in community outreach events?

CHAIRMAN McCUSKER: Another conversation. And you're out of order. There's a motion on the floor.

MS. HUNNICUTT: Oh, I'm sorry.

CHAIRMAN McCUSKER: That's my mentor down there. Okay. You have a motion before us.

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

SECRETARY IRVIN: Nay.

CHAIRMAN McCUSKER: All right. So we have -- one two, three, four -- five ayes, one nay. The motion passes.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Lori, thank you very much. Actually, you're fixing to leave so you probably need to --
Anybody else pressed for time? It's 5:30.

Mark, give us a quick update on the legal issues on the agenda.

MR. COLLINS: Garfield Traub is still --

CHAIRMAN McCUSKER: Are you coming back or are you -- okay.

(Mr. Ritchie left the proceedings.)

CHAIRMAN McCUSKER: Cody departed at 5:27.

MR. COLLINS: The Garfield Traub lawsuit is still in discovery/disclosure stage. We're moving into a motion practice. There is an anticipated series of motions that will soon be filed.

The Kromko lawsuits, as you all know, were filed by John -- lawsuit was filed by John Kromko. Mr. Kromko is out. We are perilously close to having negotiated a development agreement for the 50 blocks, but that's not on the agenda for discussion today.

Mr. Chairman, I'm going to suggest to you that -- depending on how much you want to -- how much of the rest of the items you want to talk about -- the auditor selection --

CHAIRMAN McCUSKER: We do need to do that. I think the rest of it we can probably table --

MR. COLLINS: I agree with that.

CHAIRMAN McCUSKER: -- except for call to the audience.
MR. COLLINS: Right.

CHAIRMAN McCUSKER: Michele, do we have any?

MS. BETTINI: One.

MR. COLLINS: And for the auditor, I would suggest that you hand the gavel --

CHAIRMAN McCUSKER: And I am recused. The lead bidder in that is someone that I work with so that conflicts me, correct?

MR. COLLINS: Yeah. Now, hand it to now Chairman Irvin.

SECRETARY IRVIN: Go ahead. You want to run it?

Keep going.

MR. COLLINS: Okay. As the Board may know, we put out an RFP asking for an annual -- for our annual statutory-required audit. We issued an RFP. And as I understand it, we had some inquiries, some questions, but only one proposal. And that proposal was by BeachFleishman, the folks that have done the last three annual audits.

MR. HILL: Mr. Chairman, I move BeachFleishman for our auditors.

MR. MOORE: Second.

SECRETARY IRVIN: We have a motion on the floor and a second.

Any discussion?

All in favor, say aye.
(Ayes.)

SECRETARY IRVIN: Anybody opposed?

It passes unanimously.

(The Board voted and the motion carried.)

MR. COLLINS: You're the man.

SECRETARY IRVIN: You know, before we do the call to the audience, I actually have something here for Fletcher.

Fletcher, this is a little book that the Board thought you might enjoy. It's a community archive of photos and memories of downtown Tucson from 1937 to '63. And some Board members have written some mean and nasty things in here for you.

CHAIRMAN McCUSKER: It's kind of like my yearbook.

SECRETARY IRVIN: Yeah. We just wanted to say thank you for your leadership. And I will now pass you back your gavel.

CHAIRMAN McCUSKER: Thank you for that. It's very nice. Thank you very much.

Okay. We only have one call, Bill O'Malley, still here. Thanks for hanging in there with us.

ATTENDEE: Okay. Mr. Chairman and Board, I'll be brief. Bill O'Malley. I'm with the Friends of Tucson's Birthplace, who, as you know, has an agreement with the City
and County to develop and operate Mission Gardens. We're looking forward to Rio Nuevo being our neighbors in the near future now and looking forward to working with you.

We're continuing on with the planting of Mission Gardens. So far we've planted over 200 trees, 100 plants, many of which have been sponsored or donated to us. We have apricots and figs that have fruit already this year. And this past weekend, we had our first wheat harvest at Mission Garden. We hope to share some of that grain with the Presidio, so you can stop over there and get a tortilla made with wheat harvested over at Mission Garden.

Our next steps are to continue planting outside the west wall of the garden. We're -- have received a $50,000 grant from the Department of Agriculture. And that will help us in that planting.

We've had several tours recently, various rotary clubs and Museum Association of Arizona. And I have an upcoming tour by the Chinese Cultural Center.

Still open Saturday mornings. Hope to see you out there. We've seen Fletcher out there. If you want to come out, grab a shovel and help us plant some trees. We'd like to see you out at Mission Gardens sometime.

Thank you.

CHAIRMAN McCUSKER: And I do want you to continue to report on who shows and who doesn't.
Entertain a motion to adjourn.

SECRETARY IRVIN: So moved.

MR. RITCHIE: So moved.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: See you next month. Thank you, everybody.

(Meeting concluded at 5:32 p.m.)

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CERTIFICATE

I, John Fahrenwald, certify that I took the shorthand notes in the foregoing matter; that the same was transcribed under my direction; that the preceding pages of typewritten matter are a true, accurate, and complete transcript of all the matters adduced to the best of my skill and ability.

__________________________
John Fahrenwald