RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
June 24, 2013
2:00 p.m.

REPORTED BY:

John Fahrenwald

KATHY FINK & ASSOCIATES
2819 East 22nd Street
Tucson, Arizona  85713
(520) 624-8644
Meeting commenced at 2:05 p.m.

CHAIRMAN McCUSKER: Call the meeting to order.

I got two o'clock.

Mr. Irvin, will you lead the Pledge.

(The Pledge of Allegiance was recited.)

CHAIRMAN McCUSKER: Roll call.

Michele, will you call the roll.

MS. BETTINI: Jannie Cox?

MS. COX: Here.

MS. BETTINI: Chris Sheafe?

TREASURER SHEAFE: Here.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: Here.

MS. BETTINI: Mark Irvin?

SECRETARY IRVIN: Here.

MS. BETTINI: Jeff Hill?

MR. HILL: Here.

MS. BETTINI: Cody Ritchie is on his way and have not -- oh, Alberto.

Alberto Moore?

MR. MOORE: Here.

CHAIRMAN McCUSKER: You missed the Pledge, so you have to recite it by yourself.

MS. BETTINI: Alberto Moore showed up at 2:03.

CHAIRMAN McCUSKER: And Alberto.
So Cody's running a little bit late, so we'll go ahead and move on the minutes.

You've seen the transcripts from the May 20 meetings. They are transcribed verbatim. So I would entertain a motion.

TREASURER SHEAFE: Move to approve.

CHAIRMAN McCUSKER: Mr. Sheafe moved.

Need a second.

SECRETARY IRVIN: So moved.


SECRETARY IRVIN: I second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed?

Okay. The minutes are approved.

And we need a motion to go into Executive Session.

MS. COX: So moved.

SECRETARY IRVIN: Second.

CHAIRMAN McCUSKER: Jannie, they were -- you got in there.

Any -- all in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

All right. We'll be back at about three o'clock.
(The Board adjourned for Executive Session at 2:07 p.m.)
(Meeting reconvened at 3:36 p.m.)

CHAIRMAN McCUSKER: Mr. Moore is in the room.
If someone would move to reconvene.

TREASURER SHEAFE: So moved.

SECRETARY IRVIN: So moved.

CHAIRMAN McCUSKER: You did it at exactly the same time.

SECRETARY IRVIN: I'll take a second.

CHAIRMAN McCUSKER: All right. Chris motioned; second by Mr. Irvin.

All in favor, say aye.

(Ayes.)

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Thank you, everyone. Thank you for your patience with us. We do have a lot of ground to cover today.

We also have a budget hearing scheduled for five o'clock this afternoon which we will try and keep to that schedule. The statute requires that we do an annual budget and give the public an opportunity to comment specifically on that. And then we'll do that later this afternoon.

As you can tell from the agenda, this is landmark
meeting for the District Board. A number of us have been working on projects that appear to be close to bearing fruit.

For those of you that haven't noticed them, the chairs in the front of the room are there for a reason. The taped-up chair is the current seating at the Tucson Convention Center Arena. That's an actual chair lifted from the arena this morning. The two on the bench are chairs we're looking at replacing those with; and then the folding chairs are the folding chairs that we'll be talking about later today.

So I think, Elaine, the chairs here are safe to sit in if people want to actually want to try the new chairs?

MS. WEAVER: Yes. All the new chairs.

CHAIRMAN McCUSKER: You cannot sit in an old chair. Trust me, you don't want to sit in the old chair. But we're excited today to have an opportunity to discuss the TCC remodel. Elaine Weaver and Phil will present the project scope and budget. And we're eager to get on the renovations of the arena.

Because we are a separate jurisdiction from the City, we've been doing a lot of work on the procurement code, a Rio Nuevo specific procurement code. Attorneys will present that today with possible action on adopting our own
Some kind of normal business items. We hope today to resolve a lingering lawsuit on the Thrifty Block. At least from our perspective, we're looking at some development on the west side of the Arena Lot, opportunities to work with out-of-town real estate investment banks. There's just really a lot of positive energy going on in Rio Nuevo land and we're all very encouraged about that. So without further ado, we'll move to the agenda.

First up, the procurement code.

Chris, are you ready to go with that? And maybe just kind of redescribe your efforts since the last meeting.

MR. SCHMALTZ: Sure. Mr. Chair, Members of the Board, Chris Schmaltz with Gust Rosenfeld. Just a reminder. Last month at the meeting, I was given direction to proceed with the preparation of a procurement code specific for the District.

And what you have before you -- the resolution you have before you does exactly that. Rather than reinvent the wheel, what it does is utilizes the City of Tucson's procurement code as a starting point and then carves out from that procurement code many provisions and items that either aren't applicable to the District, or not necessary for the District.
So what it does is it takes the City of Tucson's procurement code, simplifies it to -- in those areas where the District will be operating: construction, procurement, design. It allows for the things that we described in the last meeting, sort of sets a threshold with regard to who has authority to contract.

As a baseline matter, all contracts come before you unless they're below a dollar threshold, that's $25,000. And then in that instance the approval authority is granted to the chair and the treasurer with regard to jointly approving those contracts that are below that threshold.

For professional services, another thing that I will highlight is that every professional service contract, regardless of its size, will come before you under this procurement code.

And I don't have any other specific things to highlight with regard to it. The resolution that's in front of you will adopt your -- the District's procurement code for these purposes.

If you have any questions with regard to any specific provision or any language that's in the resolution that you're not clear about, I'm more than willing to answer.

MR. MOORE: Quick question. On the $25,000 with the approval of the chairman and the treasurer, is that
before or after the Board has a chance to review that
particular contract; or do we just approve what they did; or
is it something that the Board has some input on prior to
that approval by the chair and the treasurer?

MR. SCHMALTZ:  Mr. Chair, Members of the board,
Member Moore, what it does is it provides for -- on a
generic basic level, it gives them the authority to proceed
on every contract under that certain size for simple
matters. Really it's designed for efficiency, and allow
for, if you need X amount of staples, or pens, or whatever,
that kind of thing, that they can just do that. It doesn't
have to come to the board.

But it allows for and provides for what's the next
item on the agenda, which is this approval matrix concept.
And in that approval matrix it exactly -- describes exactly
what you're talking about. What comes before you, the
Board, will be an approval of the overall plan; the budget
for the project; and then in that approval matrix that you
can adopt separately for each project, it provides for,
again, this scenario where for those contracts that are
under $25,000, it gives them those authorities, small
contracts, essentially. But then every other contract
that's above that would come to you as well.

So you would see sort of the overall project, have
approval over the overall expenditure, a maximum, say. And
then for those contracts that are within those thresholds, either the small contracts would be and could be approved by the chair and the treasurer jointly. And then all of those other contracts that exceed that amount would come to you, the Board.

MR. MOORE: Well, then we also have $5,000 issues. So that would be removed or amended to replace it with 25,000?

CHAIRMAN McCUSKER: We have a current policy in place, Chris, that the executive officers have $5,000 of authority. But even that comes to the Board for ratification.

Is there anything incongruent with that desire in your code that would still require -- I think what all of us want is that none of the officers -- whoever they are and wherever they're sitting -- can run amok for $25,000 without a sense that that's consistent with Board direction. So we built in this kind of ratification feature that puts the checks and balances into that.

Could it be that you -- that we require everything that's done by the executive officers to be ratified by the Board?

MR. SCHMALTZ: Well, this procurement code -- if that's a policy that had been adopted by you before for sort of contract-related expenditures --
CHAIRMAN McCUSKER: Any expenditure.

MR. SCHMALTZ: Any expenditure.

This procurement code would replace that.

CHAIRMAN McCUSKER: Unless we want to...

MR. SCHMALTZ: Unless you want to do otherwise.

CHAIRMAN McCUSKER: Got it.

MR. SCHMALTZ: And so if you -- in my view, I would stick to an adopted procurement code. And if you wanted to provide for other authority regarding -- again, this is all authorization to sign contracts and enter into contracts on behalf of the District. It's not sort of personal -- it's not a personal liability. It's always on behalf of the District. So if you wanted to authorize smaller expenditures for certain individuals up to a certain threshold, you absolutely could include that.

What that procurement code does is raise the threshold to $25,000. But it's a joint requirement of two -- of the two individuals in order to approve those contracts on behalf of the District.

CHAIRMAN McCUSKER: Mr. Hill?

MR. HILL: And if we're adopting the procurement code -- and this is going to apply to the TCC? Or is this a general code and the only thing we're applying it to right now is the TCC?

MR. SCHMALTZ: Mr. Chair, Member Hill, well, this
MR. HILL: Okay.

MR. SCHMALTZ: The next item on your agenda is this approval matrix for the TCC. And the procurement code actually includes the provision that says per -- on a per-project basis, you can adopt this approval matrix. And so that's exactly sort of the concept that we're -- how we're approaching it, is on a project-by-project basis you identify sort of who -- what the procurement sort of processes are.

And really there's nothing about the matrix that is in any way conflicting with the procurement code terms. It just gets into the detail about who's responsible, what staffer, and that kind of a thing, in terms of process. Because the procurement code is sort of an umbrella, general document. And then the matrix can get into the details about who has to see what, when -- you know, when these things have to come before you, that kind of thing.

MR. HILL: And could change depending on the project?

MR. SCHMALTZ: Absolutely.

CHAIRMAN McCUSKER: Having said that, Chris, could we have a professional services matrix? You know, I don't think anyone objects to a $25,000 scope on a multimillion
dollar project. But if we're looking at a $25,000 contract, you know, that's a total discretion.

So could we have a matrix, if you will, for professional services that would reduce our authority to -- more akin to the $5,000 number that we're used to?

MR. SCHMALTZ: Mr. Chair, Members of the Board, just as a reminder, all -- as it's written right now, all professional services contracts must be approved by the full Board. They will all come to you regardless of amount. They will all come to the Board for review and approval. The $25,000 threshold is for everything else other than professional services.

CHAIRMAN McCUSKER: I'm not sure we understood that.

Albert, is that what you...?

MR. MOORE: Yeah, I'm just going through the gymnastics.

CHAIRMAN McCUSKER: Okay. Let's try to separate how we purchase. Because we went through this, kind of, because there used to be no discretionary authority.

The current $5,000 is unbudgeted, unplanned, kind of discretionary items. The chairman and treasurer have authority to spend up to $5,000. And all those are subsequently ratified by the Board.

Anything you're doing really doesn't need to touch
that; that's discretionary authority as established by this Board. So those are not things we procure. There -- it's a printer, it's office supplies, it's advertising, it's whatever.

MR. SCHMALTZ: All of that would fit into the definition of procurement, however. So this document would replace that discretionary --

CHAIRMAN McCUSKER: So we --

MR. SCHMALTZ: Those funds are used for those types of purchases, those are all procurement.

CHAIRMAN McCUSKER: Right. So we could, though, merge our current policy in with this code --

MR. SCHMALTZ: You could.

CHAIRMAN McCUSKER: -- so that the discretionary items could not exceed $5,000?

MR. SCHMALTZ: You could amend the resolution that's before you to include a paragraph that allows for this $5,000 discretionary threshold. So that incorporates what you would currently do into what is written there.

CHAIRMAN McCUSKER: Yeah.

MR. HILL: Mr. Chairman?

CHAIRMAN McCUSKER: Mr. Hill.

MR. HILL: One more clarification. On this under-25,000 threshold and then over-25,000, I don't know if the over-25,000 can be an aggregate of these under-25,000.
Because one year we passed transportation funding for the cities and said that they had to bid everything over $10,000 instead of doing it in-house. So they never had a contract go over 9,000 bucks. And so I somewhat have heartburn over that type of activity that the City perpetrated on the taxpayers.

MR. SCHMALTZ: Yeah. In fact, Mr. Chair, and Member Hill, this resolution includes the specific prohibition --

MR. HILL: Oh, good.

MR. SCHMALTZ: -- of structuring contracts in such a way that it would be below the threshold.

MR. HILL: Thank you. I appreciate that.

MR. SCHMALTZ: You're welcome.

CHAIRMAN McCUSKER: I think the sense that I got is we would like to keep our $5,000 limits on discretionary spending. So if someone would want to include that as an amendment to the procurement code, we could probably proceed.

You also have the option to table this and take it up at the next meeting. Does that screw up anything in terms of the TCC project or would it prohibit us from moving forward on some aspects of that procurement if we haven't adopted a code?

MR. SCHMALTZ: Mr. Chair, you could do it either
way. Certainly, you could amend the resolution before -- I think we get the gist of what it is you're saying -- and you could amend and approve the resolution before you to include the $5,000 threshold of discretionary spending.

    Now, do you intend to replace the $25,000 or add a new threshold of $5,000?

    CHAIRMAN McCUSKER: I think we see them differently and -- correct me if I'm wrong -- there's budgeted and unbudgeted.

    MR. SCHMALTZ: Okay.

    CHAIRMAN McCUSKER: If it's in our budget, I think the scope's fine. If it's unbudgeted, we don't want the executive officers to go out and spend $20,000 on something that's totally discretionary that has not been previously approved by the Board.

    MR. SCHMALTZ: Just a clarification. There's probably a line item in your budget that's related to discretionary spending or something like that. Because everything that you spend should be in your budget.

    CHAIRMAN McCUSKER: But everything, historically, has been subject to full Board approval, at any level. And we established $5,000 as discretionary.

    MR. SCHMALTZ: If you -- we can amend the resolution or -- to answer the second part of your question -- Item 7 is the approval matrix, which you can
approve regardless of whether or not you approve the procurement code today. We can bring back to you sort of a description of this $5,000 threshold, revise the resolution, bring it back to you and approve it in -- at the July meeting.

But at the same time, you can review and approve Item 7, which is the approval matrix that is specific to the TCC project. And that provides sort of all these approval processes and analyses. And it's essentially entirely consistent with the procurement code that's before you today. So -- but it's not dependent on it. You can approve it separately and distinctly from it, if that's what you would like to do.

CHAIRMAN McCUSKER: What's your pleasure? Do you want to try and amend this on the fly, or do you want to --

MR. HILL: Mr. Chairman, I would move the procurement code as presented with the idea that we can amend that at the July 15th meeting for the $5,000 threshold. That seems to be a very minor piece of getting this overall procurement code up and running. I feel a lot better if it's up and running in conjunction with passage of the matrix itself. So I would move the procurement code.

CHAIRMAN McCUSKER: Subject to it being amended to July.

Someone second that motion?
MS. COX: Second.

CHAIRMAN McCUSKER: Anybody not understand Mr. Hill's motion?

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Ayes appear to have it. Ayes do have it. So ordered.

(The Board voted and the motion carried.)

MR. SCHMALTZ: Thank you.

The next item on your agenda is the approval matrix related to, specifically, the TCC project. It's this document in your packet. Again, it's entirely consistent with the terms of the procurement code that you just approved. It provides for responsibilities related to budget, revised budgeting, review of contracts, invoices, change orders, things like that.

If you have any questions with regard to it, I'm happy to answer them.

I'll highlight a couple of things.

The authority related to the chair and treasurer, this is a joint authority, so both individuals are responsible and have to sign. And again, it's on behalf of the District in terms of binding the District. Everything else, $25,000 and over, comes to you.
MR. HILL: Mr. Chairman, I move it.

MS. COX: Second.

CHAIRMAN McCUSKER: And this is specific to the TCC budget?

MR. SCHMALTZ: Correct, correct.

CHAIRMAN McCUSKER: All right. Mr. Hill has made a motion to approve the matrix. It's seconded by Jannie.

Any further discussion?

All those in favor, please say aye.

(Ayes.)

CHAIRMAN McCUSKER: Anyone opposed, nay.

The ayes have it. So ordered.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Chris, you're on a roll.

MR. SCHMALTZ: Item No. 8 -- I'll keep at it -- Item No 8 is just the professional services agreement between the District and the WLB Group related to their services on the West Side Parcel.

I'm happy to answer any questions that you might have.

CHAIRMAN McCUSKER: We approved this at the last meeting.

And you are recused from this, so if you'll step away. Have a seat in one of our new chairs.
(Mr. Moore took a seat in the audience.)

MR. SCHMALTZ: This actually is just a formal approval of the actual contract between the District and WLB.

CHAIRMAN McCUSKER: The amount has not changed since --

MR. SCHMALTZ: Tab 8. It's Tab 8.

CHAIRMAN McCUSKER: And the amount has not changed since we approved it?

MR. SCHMALTZ: That's correct.

SECRETARY IRVIN: I make a motion to approve.

MR. HILL: Second.

CHAIRMAN McCUSKER: Mr. Irvin made a motion, seconded by Mr. Hill.

Cody, did you have a question?

MR. RITCHIE: I'm just not voting.

MR. COLLINS: Yeah. On my advice, I've recommend that he not vote on this. I recommend that he recuse himself.

SECRETARY IRVIN: He can sit in one of those TCC seats.

MR. RITCHIE: I don't have to do that, he said.

CHAIRMAN McCUSKER: Why does he have to do it, and he doesn't have to?

MR. COLLINS: You can go, Cody. You can't
participate in any way.

(Mr. Ritchie took a seat in the audience.)

CHAIRMAN McCUSKER: So two members are recused.

We have a motion and a second.

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

The ayes have it. So ordered.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: You can rejoin the seats.

(Board members Ritchie and Moore returned to their seats.)

MR. SCHMALTZ: Finally, Mr. Chairman, Members of the Board, Item No. 9 before you is the agreement related to the performance of and the reimbursement and payment for the Auditor General's agreement related to the audit of the District.

MR. HILL: I'll move it.

CHAIRMAN McCUSKER: So moved.

SECRETARY IRVIN: Second.

CHAIRMAN McCUSKER: Second.

Any further discussion?

All in favor, say aye.

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

And the ayes have that as well. So ordered.

(The Board voted and the motion carried.)

MR. SCHMALTZ: Thank you, very much.

CHAIRMAN McCUSKER: Mr. Schmaltz, thank you very much.

We're going to take an item out of order because Mr. Paton has to leave. We'll take Item No. 16, legislative representation possible action.

Jonathan, thank you very much.

MR. PATON: Thank you.

CHAIRMAN McCUSKER: To remind everyone, Jonathan has been under contract with us for this current session, which surprised all of us by ending just a week ago -- or two weeks ago. So it turned out to be a much longer process than any of us imagined.

But we're interested in how that went from your perspective. And I think we're very interested, I think, into an ongoing relationship regarding legislative representation.

And then we'll probably have some questions for you, Jonathan, so take it away.

MR. PATON: Well, Mr. Chairman, you said there was a lot of positive energy going into this meeting.
Unfortunately, I'm going to talk about legislative issues, so I don't know if that's consistent with that or not. But everyone is safe. The Arizona legislature is no longer in session. So we're -- they went through the sine die process not too long ago.

It was a long session. And it was a very contentious session. Fortunately, Rio Nuevo was not the No. 1 item on their agenda, which is a good thing. Ultimately, that's good because you're able to continue doing to do your work without really any interference from the Arizona State legislature.

And -- but I do think that it's important that they get acquainted with the work that you're doing, the projects that are underway. I have been asked a lot of questions about the TCC and other issues from the legislature.

They were wondering how things are going. I think they're hopeful that things are going well. But I think a lot of them would like to see what we're doing in-person. And I think that there is a great opportunity to do that over the interim between now and the beginning of next session.

MR. RITCHIE: May I make a recommendation?

MR. PATON: Sure.

MR. RITCHIE: Take one of those chairs up to
Phoenix with you. They're very comfortable.

MR. HILL: Mr. Chairman, he hasn't seen the caucus chairs.

MR. RITCHIE: Very good chairs.

CHAIRMAN McCUSKER: You probably never will see the caucus chairs.

MR. HILL: Probably not.

MR. RITCHIE: Sorry, Jonathan.

MR. PATON: But like I said, I think that direct engagement is a very important thing. I think they need to see all of you at some point, especially those who appointed you for different positions to find out how things are going. And if some of you have been proactive about doing that, I would encourage you to continue doing that. I think that makes a difference to them.

And they -- they don't know everything that's happening simply because, fortunately, Rio Nuevo has not been a news item in a negative way recently. And that actually is good in Phoenix.

The other reason that I was asked to come up and speak to you is potential work for the next session. And not simply doing the monitoring, like I did this last session, but actively going out and representing you for potential legislation. And I was asked some ideas that I might have along those lines.
I went through -- there were two bills that went through the legislature in 2012. One was HB 2647, and the other one was Senate Bill 1337. They had a number of provisions. And I think, at another time, I could probably go through each and every one of those.

But I looked at about two or three items that were in those bills that I think are relevant to the Board today and are fairly -- I think, wouldn't be easy, but they could be passed into law in the next session and would be of great benefit to this Board. And I just want to run through a couple of those for you right now. And some of these you would talk about more in Executive Session because I think legislative strategy is probably more appropriate for Executive Session, but here are just some things I want to throw out to you.

First and foremost, it's been mentioned by this Board numerous times that the Arizona Department of Revenue is unable to communicate to you as it relates to the transaction privilege tax. You don't know the taxes that have been collected, where the money's gone, except in the negative.

If they want to tell you that you owe them money, they are certainly more than happy to tell you that, but not in the reverse. They can't communicate with you about any outstanding dollars that are owed to you. Changing that and
getting them to be able to communicate with you I think would open up a lot of potential revenue for this Board.

    Secondly, to allow you, the Rio Nuevo Board, to enter into contracts beyond the term that you're currently slated for.

    And the reason why this is important is it certainly came up during the debate about the Fox Theatre and other things that you're not able -- or at least there's some ambiguity associated with this, about when the -- how far out you can contract for those items and having some continuity of this Board for the future. I think that's very important to give yourselves that ability.

    And finally, allowing the Board to have some latitude in the different projects that are put before you.

    When myself and Frank Antenori -- when we originally took Rio Nuevo out from the City and gave stewardship over to the State -- one of the things that we did is we narrowed the scope pretty dramatically about what Rio Nuevo could do. I think that was done mainly because of the feeling that the City was running amok with a lot of those dollars.

    And now that the State actually controls this, you all serve the pleasure of the Senate President, Speaker of the House, and the Governor of the State. That is another level of accountability that did not exist before.
Broadening yourself and giving some more flexibility might
not be a bad idea as well.

Those are just some ideas that gleaned from those
two bills, and a few things that I've gathered on my own.
The Department of Revenue I think is one of the simplest
things, but also has the potential of having a real dollar
impact for Rio Nuevo.

So I just want to throw those things out. I've
talked with some of you personally about some of these
items. And I want to eventually talk to everyone on the
Board to find out if there's anything that you particularly
care about that isn't addressed. But those are some things
I think are important for right now.

CHAIRMAN McCUSKER: From my recollection of the
proposal last session, it's two levels of activity, two
levels of pricing.

What you did in the last session is primarily
monitoring, which is kind of what we've paid you and what
we've budgeted. But you obviously can't do that kind of
work without some additional commitment from us.

Is that safe to say?

MR. PATON: Yes.

CHAIRMAN McCUSKER: So I guess -- you know, I
think that's the dilemma for the Board is, you know, do you
want to proceed to monitor, a kind of monitoring level where
we have some; or do you want no legislative representation at all; or do you want a monitoring function; or do we actually want to try and proactively impact our legislative status?

TREASURER SHEAFE: Mr. Chairman, I would like to comment. I think we all understand the limitation of not being able to get accurate feedback from the Department of Revenue. And it would strike me as just sensible to invest the dollars necessary to get that legislation through.

And Jonathan, what I hear you saying is that that's a fairly routine type of legislative project, that we might assume a very high level of success probability with, as opposed to trying to extend the boundaries of the District in terms of time or something, we may get into a lot more politics.

MR. PATON: Mr. Chairman, Chris -- or Member Sheafe -- I'm sorry. I know all of you really well. I'll call you the members.

I would say that the three items that I mentioned I selected them on a number of -- on a basically a -- on the basis of A, would it benefit the District ultimately and the taxpayers; and, B, how doable is it within the context of the legislature?

And my feeling was that all three of those items were doable. Now, as a soldier, I can tell you that you can
have a great plan. And once that plan meets with reality, things obviously change on the ground and things could change.

But by starting out proactively now, I think that you have the opportunity -- well, through me -- to talk with the Department of Revenue, talk with the Governor's office, talk with individual law makers, talk with our delegation proactively, long before the session ever starts, and really have that locked in. And fairly quickly, you'll have a good idea of how doable some of these things are.

My guess is, is that all three of these things -- knowing the legislature the way I do -- and Mr. Hill has -- certainly has been in the legislature as well -- I think these are doable items.

I don't think that -- none of the things that I mentioned, I think, are beyond the realms of possibility. They're not especially controversial. But, you know, there's maybe somebody out there that might make them controversial.

But giving -- that first item of giving the power to the Department of Revenue to communicate with a jurisdiction, such as this District, is not an unreasonable thing. I don't think it's beyond the pale. And as far as a return on your investment, the potential is huge depending on how much money has not been collected.
CHAIRMAN McCUSKER: Well, I can speak personally to -- you know, if you have a live bill and you're there testifying on its behalf and working with legislative members, you're going to have to educate them about Rio Nuevo.

And it's a real opportunity for us to use legislation as to what are you doing, how things evolved, what's going on. So it will require all of us to spend some time with our members because there's still, I think, a gap of understanding in terms of what we do and how we spend money and what our priorities are. You don't want to go into a hearing and have those kinds of questions asked of you.

So I think it's commitment not only on Mr. Paton's part, but on all of us to engage in proactive legislative interaction. And that's a different strategy than what we did last year.

Cody?

MR. RITCHIE: Are we -- are we taking any action today or are we just gonna --

CHAIRMAN McCUSKER: We have possible action.

Mr. Paton's contract turns out with the session.

We -- I don't want to put him on the spot on the fly, but you could authorize us to reengage with him; you could authorize us, maybe with a cap, to enter into
negotiations with him, or do nothing. Right now we have no current relationship.

MR. RITCHIE: I want to throw out an idea because it became a little bit -- you know, people had differences of opinions the last time.

I think you did a good job. I thank you for what you did for us.

Is there any kind of structure in a lobbyist's pay where you have a set amount, where you say, okay, 15,000 or 10,000, to introduce the bill and another $15,000 if the bill becomes law, so kind of a pay-for-performance, if you will?

MR. PATON: That's -- I'm glad you asked that question because that's illegal; I'm not allowed to do that. The reason why that is illegal --

MR. RITCHIE: Seems like it would make sense, though.

MR. PATON: It would.

But I think they were -- I think the framers of the Arizona Constitution and the statutes worried that lobbyists would be a little bit too incentivized to getting their bills passed and they would be --

MR. HILL: AzScam.

MR. PATON: Yeah, well, the AzScam thing. But they might be willing to do some illegal things in order to
get bills passed if they were contingent.

   It's one of the few things that you don't have --

   it's not like a trial where there's no -- there's no

recovery, there's no fee. It's not like that in the

legislature.

MR. RITCHIE: Well, let me rephrase it.

What about a -- what I liked the last time is we

kind of paid you for the market. We kind of like started

this dating, if you will, and already just got married

before we married analogy. So congratulations. But maybe

we could table it and try to figure something out that's a

win-win for you and for us and the taxpayers. I don't know

if I'm prepared today to come up with something.

CHAIRMAN McCUSKER: Mr. Irvin?

SECRETARY IRVIN: Well, first, I just want to just

thank what you did this past year. I think a lot of people

don't understand the monitoring. But to me, not having

anything impact us negatively is money well spent.

And I think the people that draft and draw these

bills are the people that helped with the change when we

shifted from City control to State control. I think it's

important to have you continue to be engaged.

I personally would like to see you continue to be

engaged. And I'd like to see this group give the executive

officers an opportunity to sit down with you and kind of
talk about advancing some bills, what that looks like, and then bring that additional piece of work back and say, here's what we think that would cost.

So I'd like to see you continue, personally.

CHAIRMAN McCUSKER: Jannie?

MS. COX: That's almost exactly what I was going to say. I appreciate what you did for us this year. And I think what you're talking about, in the future, makes good sense.

I'm not prepared to make that decisioned today, but I would like to make a decision to retain Mr. Paton at the same fee we paid last year for the same monitoring. And then if we decide to go forward with a bill, then we will negotiate what that might cost.

CHAIRMAN McCUSKER: All right. Want to make that a motion?

SECRETARY IRVIN: Motion?

MS. COX: I would say that is my motion.

SECRETARY IRVIN: I'll second that.

MR. RITCHIE: Second that.

TREASURER SHEAFE: Would you take a suggested amendment?

MS. COX: Sure. Try me.

TREASURER SHEAFE: I would like to tack on that we do the retention, as you stated it, and we ask Mr. Paton to
tie together a legislative agenda along the lines he stated,
along with an economic result for the bits and pieces of it,
and actually send that back; so that if we decide to go
ahead, we get on with it as early as possible and we can
make that choice at the at the July meeting.

MS. COX: I see our --

MR. COLLINS: No, no. I'm waiting to see what
happens, yeah.

MS. COX: Oh, that you're okay with that.

MR. COLLINS: Yeah.

TREASURER SHEAFE: I haven't gotten to you yet?

MR. COLLINS: No.

CHAIRMAN McCUSKER: So if you're going to amend,
you need to amend. Right now you're just chatting.

TREASURER SHEAFE: I have moved what I chatted.

CHAIRMAN McCUSKER: Your Honor, I plead insanity.

Yeah, if you would, kind sir, make some kind of motion.

TREASURER SHEAFE: I move that we amend Janey's
motion --

MS. COX: Jannie.

TREASURER SHEAFE: Jannie's motion.

MS. COX: Thank you.

TREASURER SHEAFE: That we retain Mr. Paton at the
previous monitoring rate and continue the monitoring and
simultaneously ask him to send back a legislative agenda,
together with an economic cost for each piece of it that we can consider at the July meeting, with the intent that if we're going to move forward on a legislative process, we get on with it as early as possible.

CHAIRMAN McCUSKER: First of all, do you accept the amendment?

MS. COX: I do.

CHAIRMAN McCUSKER: Who seconded?

SECRETARY IRVIN: I accept it.

CHAIRMAN McCUSKER: Is that doable?

MR. MOORE: Can I ask a question before we move on?

CHAIRMAN McCUSKER: Go ahead, Alberto. I'm sorry.

MR. MOORE: I guess my concern is that with Jonathan and so forth, if we could have a proposal at our next board meeting in Executive Session as to the fees and exactly what we're expecting to do.

And I think that follows somewhat in line with what Chris had to say. But I think it's important that Jon comes back with a proposal to us. And we can then make sure that we're all on the same wavelength as to what we want to accomplish.

And the session is out. There's no session going on right this minute. And so I don't know that we have to make that settlement agreement right now. I'm not
necessarily opposed to it. But I just think we ought to
know what we're expecting. And I think by July we should be
able to have a presentation.

        MR. RITCHIE: Mr. Chairman, I think what the
amendment is saying, if I can just pare it down, is that we
retain Jonathan for $25,000 for a year for him to do exactly
what he's doing now. And if he is to bring legislation,
that we would pay him more based on what his cost would be.

        And I think that's -- you know, he has a job and
he has other clients and other things to do. So we need to
make a commitment to him just as he makes a commitment to
us. So I think that's why -- his contract is up, and I
think that's why we're voting on it now.

        And we will give ourselves some hedge, that if he
doesn't bring legislation, he's still there as a safety
guard for us.

        CHAIRMAN McCUSKER: We have a motion, an amendment
and a second.

        MR. HILL: Mr. Chairman, my hesitancy is raised by
Alberto's question. We may be putting Jonathan in an
intenable position where he is mentally trying to determine
what -- is there seven of us here? -- seven of us here today
define "monitor" as. I think each one of us would give it a
different explanation or understanding of the word monitor.

        I would feel much more comfortable, on behalf of
Jonathan, I would think, that perhaps he would be more comfortable with something in writing and concrete at the July meeting that we could read and understand what he thinks is monitoring, because he's the guy that's got to perform.

I, as a registered lobbyist, I would never bite on this contract. Now, Mr. Paton may be a lot braver than me; I'm a lot older than him. But I'd never do it. And so I just think we ought to maybe have something to --

CHAIRMAN McCUSKER: I think the conversation is running to, rather than rush into something today is -- to commit to you, is that you would send us a proposal that we could react to between now and the next meeting and come back.

Jannie, that would require you to withdraw your motion.

MR. PATON: Mr. Chairman, if I could please say something.

CHAIRMAN McCUSKER: Please.

MR. PATON: I did not look at the agenda today. But I thought that I might be able to talk about some of this in Executive Session. I basically have a proposal that I pretty much put together. I can do that for the July meeting without any problem. And a lot of that work has already been done.
Like the items that I think that -- should go into a bill, I think I can -- my only problem is, is I know your July meeting falls in the middle of July. There might be a difficulty with my schedule on that specific day. But at the very least, I can talk to you each individually, let you know kind of what I'm thinking, avail myself for any questions that might come up, and then you can be informed and make a decision, I guess, in Executive Session, or in open session next meeting if I'm not able to make it. Does that make sense?

CHAIRMAN McCUSKER: We'll get a motion on the table.

Jannie, you want to vote it up or down? You want to withdraw it?

MS. COX: I will withdraw it.

CHAIRMAN McCUSKER: Hearing no objection, what we'd like you to do then is submit that proposal to us. And we'll have you come back at the July meeting.

MR. PATON: Okay. Sounds great.

CHAIRMAN McCUSKER: Thank you very much. Great job this session. Thank you.

Okay. Let's get busy on the TCC. I think that's -- let me get back to -- well, the Thrifty Block is -- let's kind of hang with the --

MR. MOORE: Is that Item 10?
CHAIRMAN McCUSKER: Yeah. Let me -- let's go for that probably.

Thrifty Block -- can you do that quickly?

MR. COLLINS: I'll -- Chairman, yes.

CHAIRMAN McCUSKER: So we're on Item 10 on the agenda. We dispensed with Item 16.

MR. COLLINS: And just for the record, I've asked Mr. Ritchie to excuse himself because of a conflict.

(Mr. Ritchie took a seat in the audience.)

MR. COLLINS: Just to quickly review -- I know we're under some time pressure -- the property we're talking about is the Thrifty Block. It's the subject of the Kromko lawsuit. That lawsuit resulted in a trial court ruling that the District was not -- or is not subject to the gift clause. That lawsuit remains.

The purpose of the Thrifty Block agreement is to solve the remaining issues on that property and to put some guidelines down for the development of that property.

The agreement that's in your booklet behind Tab 1 is the result of negotiation and work by the attorneys for the City of Tucson on behalf of the City of Tucson, the attorneys for Mr. Bourn on his behalf, and your attorneys on your behalf, to try and craft an agreement that would allow Mr. Bourn some time to proceed and to develop that property.
and some guidelines, and a way for the property to come back to the District if it doesn't get developed.

That -- the agreement does that. For the public's benefit, the Thrifty Block property has 24,000 square feet of which 21,000 is developable. The agreement requires Mr. Bourn to develop 20,000 square feet. The agreement requires Mr. Bourn to submit concept plans to the District; you folks have the right to direct and approve and discuss those concept plans. And ultimately, the approval is in your hands.

Mr. Bourn, the developer, has -- must provide quarterly reports so you know what's being done. The developer can come and answer your questions about the property.

Perhaps the most important thing is that this agreement requires the developer to -- within 24 months of this agreement being signed and recorded, to have building plans. If he doesn't, he can get an additional 12 months if he's made all of his reports.

If he still doesn't have building plans and money, he can get an additional 12 months, but only after you guys have reviewed it. And you have discretion on whether or not he gets the additional 12 months.

Obviously, his development is going to be dependent upon financing, and that's a big part of what he's
The Indian Trading Post is a portion of the Thrifty Block. It has carved out in this agreement -- it can be sold by the developer, but only if $180,000 is set towards that property before it's sold or at the time of its sale. And keep in mind that that property is subject to a very onerous restrictive covenant because of its historical nature.

That's about it.

CHAIRMAN McCUSKER: The other parties in this -- the City, Bourn, they're in agreement with the proposal that we have?

MR. COLLINS: Yes, yes. And there's a couple of conditions. If you choose to -- if you elect to vote to approve this, it's -- the approval's got to be subject to a couple of conditions.

Number 1, the City hasn't approved it yet. It's going have to go in front of the Mayor and council.

Number 2, Mr. Bourn's lenders have to approve it.

Now, all of that's been being discussed as we go, but those are predicates.

So if you were to vote today to approve it, you would authorize your executive officers -- two or more of them -- to sign it. But only upon approval by the City and by the lenders of Mr. Bourn. Once that happens, it could be
executed, recorded, and our 24 months start.

TREASURER SHEAFE: Would it be your opinion that if we at least approve it at this level, it would help Mr. Bourn in his communication with his lenders even though he still has to get to the City?

MR. COLLINS: Mr. Sheafe, I'm a little less formal than my partner. Yes, that's my assessment, absolutely. And I anticipate the City approving it too.

MR. MOORE: What would happen if they didn't approve it, either one? Then what would happen?

MR. COLLINS: Okay. Good question. We still have a lawsuit. We have a lawsuit; Mr. Kromko is out. But we've still got a lawsuit between the District and the Bourn entities and the City. We've got a three-way lawsuit sitting there. So that would happen. We would go back. This agreement, once it's signed -- part of the exhibits are in your packet -- is going to be a dismissal of the lawsuit. And there will be a release of all of it.

MR. MOORE: But my question also is, if we approve it and go forward to encourage it, and let's say the City or the lender doesn't want to go forward, why would we still be in a lawsuit? Why wouldn't --

MR. COLLINS: It takes all three of us to agree. Okay? It takes two to dance; it takes three to settle this thing. So does that --
CHAIRMAN McCUSKER: Go ahead.

TREASURER SHEAFE: Mr. Chairman, I'd like to move that we approve it subject to the restrictions that our counsel has indicated, that we'll need other approvals, but at least we'll get it done at this level.

The post for that property has been a major empty, ugly thumb in the middle of the City. And I think it's absolutely critical that we get things moving there, and let's hope this thing goes forward.

So I'm moving for approval and that's my motion.

MS. COX: Second.

CHAIRMAN McCUSKER: The motion is to approve the settlement agreement. It would require all three parties' approval before it's in effect, right?

MR. COLLINS: You'd authorize -- excuse me.

CHAIRMAN McCUSKER: And so you would have to come back to us if we don't obtain that.

MR. COLLINS: Yes. If --

CHAIRMAN McCUSKER: But inherent in this motion is, if we get all those approvals, we can execute it?

MR. COLLINS: You could execute it. And it would be executed by all three parties and recorded. Upon recording, the 24 months starts.

CHAIRMAN McCUSKER: Any further questions?

Any questions of Mr. Collins?
All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

The ayes have it unanimously, and is so ordered.

(The Board voted and the motion was carried.)

MR. COLLINS: Come on back, Cody.

(Mr. Ritchie returned to the Board table.)

CHAIRMAN McCUSKER: Okay. Let's get to the TCC.

So, Elaine and Phil, if you guys are ready, let's rock and roll.

MR. MOORE: What number is that?

CHAIRMAN McCUSKER: No. 14. 7 we did.

Just a quick refresher, as part of the settlement, the District agreed to immediately move to invest a minimum of $6 million in the TCC.

Upon our review of that, we felt the best use of our funds would be in the Arena.

Elaine was assigned to us as a project manager.

And I will tell you, she's extraordinary. We picked Phil up as an open-contract architect. And all of us have agreed on a wish list of things that we thought we could accomplish that would revitalize our old Arena.

Our focus has been on what we call the fan
experience, the aesthetics, the color, the lighting, the seating, the signage, the entryway. Anything that you might see visually.

The City, at the same time, has invested significantly more money than this in the infrastructure pieces, air-conditioning systems, chillers, elevators, and escalators.

So between the two of us, we're investing well above $20 million into this aging Arena. What you'll see here is a presentation of that, both in terms of the scope to our original budget, some of the challenges we had estimating this project, and then some actual renderings of what we might accomplish.

So, Elaine, with that, take it away.

MS. WEAVER: Thank you, Mr. Chair. Thank you, Members of the Board.

Phil Swaim and I will be presenting the overall project scope and budget presentation.

If we can go to the outline.

First, we're going to show you some photos of the existing Arena just to remind you all what we currently do have there. We're going to take a look at the 3D scans and images that you gave the approval for a couple of months ago. And then we're going to go to into our recommended scope. We're going to look at some concept renderings,
signage and way-finding for the entire TCC campus. We're going to talk to you a little bit more about the seat mockups.

And then I will specifically be presenting the construction cost estimate to you as well as an overall project cost summary sheet that wraps it all up for you. And at that time, I'll reference the needs and repair list that I had presented to you in March.

Phil and I will talk to you about the construction delivery method that we're recommending for the project. And then we'll recap with some before and after images.

MR. SWAIM: Thank you, Elaine.

We've really been busy over the last couple of months doing an amazing amount of homework to understand what we had to work with, to understand what your -- what to recommend as priorities.

And someone I would like to acknowledge is Amanda Spear, who's done amazing amount of work. And I really appreciate all of her efforts as well.

So one of the things that we've learned -- here obviously, is an image you're probably all familiar with, the entrance of the Convention Center and Arena. It does surprisingly not actually say "Arena." And that's something we've heard from the entire community, that they can't find where this Arena is that we're supposed to upgrade. Also,
there's a ticket office, but unfortunately all the trees and things block the views of this new entry space.

The next slide.

The -- we do have an upgraded ticket office here that's a bit efficient. But again, the signage is minimal and the view there is limited for what we've got. There are some new materials. There's some perforated metal screening and things like that that we'd like to be able to start picking up on as maybe some standards of the more contemporary systems here.

The challenge is that the next lovely view that the community sees as you're going toward the Arena is what we all finally called the breezeway. You feel like you've gone down the back alley and you just sort of question whether or not you're in the service yard or not as you go down the darkened concrete walls and things.

There was a temporary signage kiosk you can see on the left-hand side that was put together for the gem show this spring. But unfortunately it is temporary. And so that is an element of signage that we are looking at as well.

So as you go further into the -- into this breezeway, that's the -- that's where our administration is for the TCC. It's the entrances in -- surprising, you certainly can't tell it from here -- on how to be able to
get into the meeting rooms and to the lower levels.

You have the old wooden doors, which are kind of a nice little character, but you can't see through and what's beyond there. So unfortunately, if you have a disability and need to be able to get to escalators or elevators and things, you can't tell what's where and how to get there.

You can see the old storefront system that -- where the -- the entrance just there on the left-hand side into the administration. There's posters and things up, but again, you can't see what's beyond. And it's not an inviting space at all.

Even the -- the glass spandril system that's within that is dark. The lighting is old and dirty and surface mounted. It's just pretty -- it's a pretty rough place to be able to be the introduction into our -- into our Arena. This is actually the old ticket office that, at this point, is really more of a parking bay than utilized for anything else, unfortunately.

Even worse, this is our sad entry into the Arena itself. These old, beat up, dented, hollow metal doors that are painted a couple of different colors, kind of a nice shade of salmon or pink or something there, bolted on hardware. There's quite the collection of signage. And there's probably about 30 different years and versions of different signs and rules and types and letter types that,
again, just is not a pleasant experience. And again, it's not welcoming. You can't see what's beyond there.

So what that does though is it sets you up for this wonderful experience of going inside the Arena. So you get the lovely, dingy ceilings with the old curved -- the ceiling tiles are so old, they're actually warped in there because of the humidity from the -- from the Arena from the ice. The grid is stained and old. The lighting is dim, but at least -- it's not very energy efficient.

Again, we got the collection of signs. And it's, again, just a -- the color scheme is sort of a mixture of baby blue and some other blues. But it's a -- it's not -- it's certainly not a contemporary style of arena by any means.

There are concessions with some old signage attached to it. The colors are outdated. The lighting's poor. It's very dim in this area. Again, unfortunately you can see the -- again, the lovely ceiling that you've got going on there. But this is what they're trying to do to be able to entice people to come and spend their money.

As you continue around the concourses, the ceilings actually get worse with the stained ceiling tiles. The lighting -- I guess if the lighting is really poor, then you wouldn't see the ceilings as well. So maybe that's another strategy that we could try.
The years of old exposed conduit and things like that that have not been painted so they are kind of the highlights so far of the design scheme that we've got there in the Arena.

The signage is an amazing old collection. This is some of the original old signs. They're bent and chipped. And the orange is kind of a different part of the color scheme that goes with the baby blue and the green and the yellow ceiling tiles, I think. But probably not what we would all propose at this point.

Then you get to go into the Arena itself. And the -- one of the things that's unique about our Arena is it's not a traditional sort of basketball arena where it's surrounded on all four sides by seats. So what we have is this wonderful exposed south wall. So you get to see the large roll-up door, the steam pipes, the utility pipes that go across there, exposed concrete.

The acoustics are poor. There was some -- it's called Techtum -- that was added on there years ago. It's actually a -- it looks like an Aspen pad for your old evap cooler. It's beyond its live-span, but at least it's dingy and gray -- or dingy and yellow as well.

We were fortunate to replace the retractable seating, which right -- in this photo is actually retracted. It's duct tape and bailing wire was beyond its life span.
So those are in great shape. So now what we need to be able to do is to replace the seats as we'll talk about here in a minute as well.

The lighting is old and energy efficient. It's difficult to get up to the top there and continue to replace lights. There's problems with the ceilings that -- the old tiles that are up there in that catwalk area that are out of place and create a sort of a challenge, I think, even for the riggers up there.

And functionally, the expansion joint down at ground level or the dasher boards for the ice, it's chipped; it's broken. The manpower that it takes to be able to put the dasher boards up and down to be able to have the ice cats in there is incredible. They're spending times redrilling and putting in new inserts. And it's really a waste of time and money for their efforts and what they're having to go through.

So from here, it -- unfortunately, as the fans actually get down to the ground level, this is back behind -- again, once you come down the stairs, you once again feel like you're in the service area. You get all the nice dented ductwork, the chain-hung exposed fluorescent lights, all the nice cable trays, and conduit along the left-hand side there. And the plywood back behind the bleachers are sort of tacked up there, but at least it's a
nice baby blue color.

It gets worse as you go back on the east and west sides of the Arena trying to find a place to be able to go to the concessions and the restrooms. On the left-hand side, once again, you can see the warped plywood tacked on there.

The chain-hung lights actually expose, right now, all the conduit, the things that are up in that narrow space, which is backwards from what we're trying to do. So there -- we found that the concessions folks have a difficult time even, right now, enticing somebody to come down here and purchase anything.

So that's why they put the sign down there, to at least try and entice you with an ice cold Bud. And I don't know if that's for Bud Foster or for a Bud Light. But both are positive things, so I think that that's what they're trying to get you to go down this dungeon way here to be able to -- unfortunately, if you have to go to the restroom.

And then, if you do have to go to the restrooms, this is where you end up. It's an old collection of worn out paper towel systems with plastic paper towel dispensers open on the surface of that; soap dispensers that are in the wall that don't work anymore, so you have the new soap dispensers -- plastic -- mounted through the mirrors. The lights are bolted-on, surface-mounted old fluorescent
fixtures. The toilet petitions are worn and scratched and
paint multiple times. It's a -- it's a rough scenario.

So from there, what we've been doing, while we've
been doing our homework, you authorized getting a 3D scan
done. Rick Engineering brought in their surveying equipment
and actually developed a three-dimensional computer model.
They actually started out in the front entry because we
needed to be able to really identify it and deal with the
front entry as well. So it actually has created a point
cloud, three-dimensional model that looks, in some ways,
almost like a -- not quite as clear as a photo, but it
certainly has the detail of the leaves on the trees and the
metal in the signage and that sort of thing, and the color.
So as you then come into the -- through the front entry,
we've got a great amount of information of as-built
conditions to be able to work with.

So as you go -- continue forward through with the
model, you can see, it actually creates almost like what you
would -- looks like -- like an x-ray scan. This took
multiple -- almost hundreds of points for them to move in
their equipment throughout the TCC for over a week to be
able to capture all the different levels and pieces. They
piece them together and create sections that we can then
utilize to be able to slice and do floor plans, elevations,
details, models.
But even more importantly, we can utilize those to develop design renderings, use them to design ourselves, as well as presenting proposed solutions for you.

It's allowing us to do, I think, what it's really meant -- utilize what's called a Revit model. You know, architects don't utilize two-dimensional CAD models anymore. It's all done in three-dimensional models. So we basically build a building and build the solutions within the model. So this is an incredible place that you guys can use for facilities management as well as we can use this for a design and construction document tool.

So the renderings, what we're proposing, to start out on the very front, first of all, we would like to be able to take that entry signage and upgrade the proof-rated metal system behind it. And actually, instead of saying "Convention Center," actually identify that this is the entrance into the Arena.

One of things that we found is you can't tell -- you can't see the word "Convention Center" from the road already. So as part of our signage system we'll touch on here, we're proposing some entry monuments actually from the street to allow pedestrians and cars to actually tell that this is the TCC.

So this would -- one of things that you could also do is, as you can -- you can tell that the entrance into the
breezeway there, we're looking at proposing an open structure on both ends. It would -- so we can actually create a new lobby space.

It's an outdoor space; so we don't have to heat and cool it, so we can work and keep the breezes going through. But to really create a new and wonderful experience from the very beginning as you -- as you enter into a new entry into the whole facility.

So the next image shows as you come into that breezeway, we're looking at replacing the old hollow metal doors and the solid doors so you can actually see what's beyond you in either direction.

The actual ticket-taking and security will happen on either end before you even come into this space. Because another thing that we found out is when you were taking tickets in through those hollow metal doors, once you got in, there were signs that said you couldn't -- once you left to come back out, you couldn't get back in, which was very unfortunate, because right now the only handicapped-accessible restrooms are down on the ice arena level, the floor level.

And so people with disabilities would have to leave the Arena, come outside, find ways through the wooden doors, through the elevators, and back down through. So they were leaving the Arena and the secure area. So this
ties all that together.

This then allows as well to create a very vibrant -- it's even a space for where we can have events. It becomes a more pleasant space dealing with color; signage identifying the meeting rooms, administration, and probably the Arena.

And we're introducing new lighting system here to actually tie in with some of the new lighting within the TCC as well, so you get some uniformity there as well, as well as dealing with some acoustical panels and new color along the side walls to brighten up the space, provide promotion for posters and other types of things.

The next image here is actually taking the old ticket office and creating a concessions or refreshments area where you can sell food and beverages and -- or even have a bar up here at this level before you even go into the Arena. So again, you can have events. You can support the meeting room spaces. I think this could be just an amazing initial new entry and lobby space as you go into the Arena.

The Arena itself, this is that south wall. Sorry you can't see the steam lines anymore. But what we've done is promoted that same perforated metal system that starts out at the ticket office and the main entry. And we'll put acoustical back behind that so it helps the acoustics, screens all that exposed conduit, and creates some layers
for conduit above and below. A new scoreboard system with a video within that to tie all that together.

We're also obviously bringing in some color as a nice backdrop for basic events any time you're there in the Arena. A new lighting system, paint everything black up above the catwalk system.

We're also proposing a curtain that can string around that back -- that concourse on the south end. That will allow at times for the patrons to utilize restrooms that are back in those corners that are actually in relatively decent shape, comparatively, but are accessible and to utilize those during events as well. And we'll also replace the seats.

The concessions area: We need to upgrade those with new lighting and signage; video boards promoting what's for sale; the low maintenance panels, more light panels down -- below-the-counter lighting just to really enhance the overall scheme and enticing how -- to get people to come and spend their money. You can see that we even have -- the ceiling systems. What we're doing is actually replacing all the ceiling tiles and repainting all the ceiling grid within the Arena.

So this is down in the -- believe it or not -- down in the -- what we call the old -- the bowels or so in the tunnels and replacing -- adding color and lighting
within the concessions area using similar materials to hide
the ductwork and conduit up above, the same monitors there
to be able to see what's going on, painting what's up
above -- the ductwork and that sort of thing -- a consistent
color and putting a new lighting system that shines down so
we're not lighting that wonderful ductwork up there.

We're also replacing the old baby blue plywood
with a Marlite system -- you can see -- barely see it on the
left-hand side -- that we would also propose to include
video monitors so you can actually -- you can watch the event
while you're down there spending your money so you don't
have to be concerned about missing what's going on. It's
another way to be able to encourage spending money at the
concession stand.

And here are the bathrooms. Not just replacing
toilet partitions and painting, but putting in new light
fixtures, both ceiling and wall-mounted light fixtures.

Where the old paper towel dispensers are, we're
proposing to actually infill those with -- well, with
lights. But what we've also done, Elaine was able to
salvage the old escalator treads that are being replaced as
we speak and we're -- they're actually a wonderful aluminum
system -- and so we're actually going to infill those
recesses with the recycled escalator tread systems with
lighting.
The mirrors will be mounted out from the surface of the wall to be able to conceal conduit back behind them, really create a whole different level of system. We're concerned though if we put video monitors down here, people may not want to leave. But we'll put these newer chair down there. It will actually be a very pleasant place for people to be.

This is as you first go down the stairs back behind the north end of the bleachers. Again, replace the old plywood. We're putting -- taking some portions of the ceilings below the cable trays and ductwork and concealing them with some new lighting and repairing a couple of the old ducts. Again, creating a much more pleasant place to be. You could have concessions and things down in this area, again, other vendors, enough places.

Monitors for advertising. That's something we really want to be able to look and see how we can get sponsors or advertising to be able to come in and increase revenue. So it's not just a fan experience. But if we can encourage promoters to want to be here as well as advertisers, I think we're heading in a way to be able to make this very cost effective.

We've shown some plans here just in case -- the red dots are all the different places where the renderings are taken if we need to be able to clarify where some of
those are done, the different levels. Obviously these are
plans that were created from the new scan that was done.

Next.

The bowels underneath. So one of the other
important things that we worked on is developing a new
signage system.

I think we've been finding constantly that people
don't -- they can't find their way around the TCC. If they
do, it's such a collection of old signage and things, it's a
huge distraction from what the place looks like. And that
there's no continuity, they were able to add a sign.

So we've actually developed a complete system.
The -- these actual construction documents are probably not
the most exciting. But what it does show is, from the top,
we've developed seven different portions or sign types from
the top one, being the monument signs from around the
perimeter.

What we're proposing is two monument signs with
video screens to show what events are going on. So at --
both along Church and along Granada along the streetcar
line, you'll actually be able to see TCC and current events
as well as these other TCC signs.

The one monument sign that we currently have on
Church is back behind the parked cars, so you can't see it
even though the lights were replaced before the gem show.
It's kind of a nonfactor. So we're proposing new campus monument signs.

We have a Sign Type B for the building signs actually identifying the Arena, the Convention Center, the Galleria, the -- even potentially the Leo Rich Theater and Music Hall, so you can cover the entire campus.

Down through the building, the signage would then, as you go into the Arena, administration, as we saw, and the new lobby breezeway, room ID signs for restrooms, offices, meeting rooms, directional signage.

It's a consistent sign system with an acrylic sign and an aluminum band system along the sides so that even to fit the different size and configurations, all have a consistency with them.

Sign F is Information.

And rules, one of the things we want to do is actually collect all the rules in one location so that you can have a nice consistent list as opposed to 37 different signs about what you can do with dogs or gum or drinks or not.

And then finally just the sectional signage so you'll be able to find your seats, to be able to tie that together consistently.

So we have all sorts of drawings as we've been using to be able to estimate pricing as we've been moving
forward and develop these systems.

Probably a lot more -- I could spend probably 20, 30 minutes on this, but probably not a real good idea.

So just a couple quick before and afters, just from the very entrance. Actually identifying that this is actually -- there's an arena in here, I think -- we think is a very good idea. Otherwise, we'd defy anybody coming in from out of town to find out -- to figure out where the arena actually is and where we're spending these fund to have them come.

And even just the concessions, the before and after, we think is critical in actually bringing ourselves into the 21st century with what we can do with an arena.

So the seats, they are a comfortable seat. And we've been spending a lot of time with the different seat vendors and testing different heights and material types.

Elaine, do you want to cover some of the details there?

MS. WEAVER: So maybe I'll talk about the old and then if you'll talk about the new?

MR. SWAIM: Okay.

MS. WEAVER: So we, first, have the fixed seats. And this is what is currently in the Arena, all of the goal seats, the end standard, and these are the center standard.

It is functional. We just don't want you to sit
on it because it doesn't have its chain of chairs. And I wouldn't want anybody to get injured.

But the padding no longer exists. So you're just feeling metal. There is foam in the seat, but it's just old. There's cuts in it. This is marine-grade vinyl. It's a woven vinyl. And this is a cast iron seat.

These are the existing floor seats that they use. Similar material. Heavy, old chair. They put them on racks when they have to stack them up after an event. But this is what we have currently. It goes along with the baby blue scheme. And Phil will highlight what we're thinking with the new seats.

MR. SWAIM: So we're looking at the fixed seats to be able to replace these seats there, much more comfortable. 2,000 of the new seats, 1800 of a standard with an upgraded additional 200 for a premium seat upgrade in the front rows.

The bid seats, we are looking for if they have the right padded system, we're looking for the height of the -- the shorter back to be able to fit with our front-to-back system.

A lot of the discussion we've been having is about cup holders and how to be able to provide the right experience there. I think Fletcher had one of the -- one of the neater ideas -- we called it "Fletch" for a while -- but I think the -- from what the seating manufacturers tell me,
they have a -- they can do a front-mounted, it's just down
down so it doesn't interfere with the seat. You won't kick
it with your feet. But you can provide that fan amenity.

It's an amazing difference in terms of just the
quality. You can see it here.

MS. WEAVER: It's a slimmer profile. It's --
we're not saying that this is the fabric that we're going to
get, nor are we saying that this is the manufacturer. We
would competitively bid the seats, both the fixed and the
floor seats. They would go directly to -- we would bid them
to a vendor. So we wouldn't go through a general
contractor.

But this is the direction that we're thinking.

Yes?

MR. MOORE: Quick question. What about the
maintenance of the seats and so forth after events and so
forth? What can you do as far as cleaning and repairing?

MR. COLLINS: Mr. Moore, that's why we're having
lengthy discussions with the project team, whether we should
go with fabric versus vinyl, whether it's a spring chair or
a gravity chair.

There are pros and cons to going with fabric or
vinyl. A woven vinyl like this, if it were to get cut, it's
more self-healing. A vinyl like this, if you were to cut
it, you know, it's going to be a little bit more obvious.
But you can repair the fabric -- or the vinyl. Fabric is more susceptible to spills and dust, things like that. So we're looking at all of those options.

MR. MOORE: Would there be a person here in town, in part of your investigation, that could provide maintenance? So if you had to replace the seat, you wouldn't have to send it out of town, but you could repair it here and find a match?

MR. ALLEN: That's probably a consideration. I mean, some basic -- some simple repairs would probably be done here in town. One of things that we talked about doing is actually getting some extra seat backs and seat cushions so they could easily be replaced and potentially we could -- if it was something that was more extensive, the vendor would be able to send it out; we would not be without that seat for the time being. But the maintenance is very important.

MR. RITCHIE: Are you guys -- are we talking -- are you going to increase the seating or just keep it at the exact same capacity right now? Is that the plan?

MR. ALLEN: Match the existing capacity.

MR. RITCHIE: Which is what? 8,000?

MR. SWAIM: It's --

MS. WEAVER: It's under 9,000.

MR. SWAIM: Correct. There are two --
MS. WEAVER: It's just -- just averages under $9,000.

MR. RITCHIE: Okay.

MS. WEAVER: Yeah. And that's with the telescopic seating, the bowl seating, and the floor seating. That's all three combined. And it is a goal of ours to not decrease the capacity, so that's been established. And we will not be doing that.

CHAIRMAN McCUSKER: We need to move you along.

MR. ALLEN: Okay.

MS. WEAVER: Okay. So here we are. So what I'm passing out is the construction and the project summary of the project costs for the $6 million.

CHAIRMAN McCUSKER: And you got some for the public?

MS. WEAVER: Yes, we do. We have plenty. Okay. So I know it's tempting to look at the coversheet. But I'm going to ask if you'll just bear with me just momentarily, and if you'll flip to the first 11-by-18 sheet.

And just to remind everybody that this document is a new evolution of our needs and repair list. So I think you all remember this from the March meeting.

So what we did is, we took all the items on the needs and repair list. And we've listed them on this
11-by-17 construction cost estimate.

All of the items in green -- the seats, the portable seats, the fixed seats, the new entry, the breezeway -- everything in green is what we are -- is within our budget of $6 million.

You go into page 2, the entire arena will be painted for $6 million. You'll jump down to No. 7, ceilings, we're looking at different options. So although we said on our needs and repair list it was a genetic description, ceilings, we took the time over the past couple of months to look at different options for all of these different items.

As you continue down, Item 8 addresses lighting, general house lighting.

Item 9 is restrooms. All of the restrooms will be cosmetically renovated for the $6 million.

Guardrails, we go through curtains, event lighting, sound systems, scoreboards, electrical upgrades, into the concessions stands, the south wall that Phil talked about, as well as the lower level corridors, the overall signage. And then, that's the last page.

So the items in blue are a project budget of $7 million. And it's -- the difference in scope between the budget scope and the Rio Nuevo Board Member's recommended scope on your summary sheet -- on this 8 and a half by 11
document -- the differences in scope are that we would be able to complete the new entry and breezeway.

We would be able to do the ice expansion joint. We would be able to do -- pardon me -- the Arena curtains, a sound system, a north and south scoreboard; we would be able to do additional electrical upgrades, some power upgrade at the concessions, and have a furniture allowance for some of the interior spaces.

CHAIRMAN McCUSKER: We should clarify, those recommendations are from Mr. Irvin and myself, two members of the Board that have participated on the project team. So this is the scope that we're asking.

MS. WEAVER: Yes.

So to get from the blue project budget to the purple project budget -- that is the project team, as a whole, that's the recommended scope that Phil and I are here to represent -- or recommend to you.

And the jump between the blue to the purple is that we would be able to do some general bowl lighting, which is significant to the overall fan experience, as well as performers.

We would be able to do some specific Arena event lighting, which the green and the blue scope do not include. We'd also be able to do some additional electrical upgrades, and then we'd be able to do the completion of the campus and
building signage.

So we did want to present to you a scope of work that was in -- that was on budget, $6 million. And we wanted to try to clearly show you what we could get for $6 million. But we're here to say to you that it's your decision, it's your call, but we're not able to do everything that we truly believe that we should be able to do.

And so for 7.8 million, we would be able to do all of the purple.

MR. RITCHIE: Elaine?

MS. WEAVER: Yes.

MR. RITCHIE: Mr. Chairman, we took a tour of the facility six, eight months ago. What is happening with the lockers? Because my understanding is that the performers that come to Tucson really have a negative feeling about us because of the facilities that they're providing.

Is that something the City's doing or what?

(Ms. Cox left the proceedings.)

MS. WEAVER: I'm not aware that the City is doing anything with the lockers. And as a part of our project team, what we -- a goal that we set for this $6 million was to focus the money on fan experience.

And although we know that the locker rooms need to be addressed and major renovations need to take place, we
knew that if we invested money in locker rooms, the fans wouldn't see that.

MR. RITCHIE: I understand.

MS. WEAVER: And so we had so say, well, we know that needs to be done, but we couldn't.

MR. RITCHIE: I just want to make the public aware because, you know, that was the first time I've been down there, and it was pretty appalling.

MS. WEAVER: I know.

MR. RITCHIE: They're horrible.

CHAIRMAN McCUSKER: We did hear from staff, too, Cody, that you could rent trailers or mobile homes to try and accommodate that.

So Elaine is right. We really tried to focus on the things that you're going to see, touch, and feel, so that this Arena gets off of the blacklist from basically every promoter in the -- you know, that will not use it.

So there's still a lot of infrastructure issues associated with this Arena that this will not deal with, the green room, the locker rooms, you know, some of the other kind of things are going to still be undone.

MR. RITCHIE: Are you asking today that we move to go above and beyond our original authorization?

CHAIRMAN McCUSKER: Here's kind of how we --

MR. RITCHIE: Because if you are, I'm willing to
make a motion.

CHAIRMAN McCUSKER: Here's -- let me tell you kind of my thinking. I'll let Mark -- we sat in on the process. You know, we identified things that we thought were important. If you go to the bottom of kind of the first -- that -- our wish list, that we all kind of collectively wished for, was nine and a half million dollars. I think we could not see this District committee to almost $10 million, even though we all agreed that's what we would like to do.

Just in terms of resources available to us, we have a little over $13 million available today.

We're going to pick up another million dollars this month in the retirement of the Fox debt. The final Fox payment will be made in July. There's a million dollar reserve, so we have 14 million and change. That's all the money the District currently has access to. So, you know, we've got a lot of other things that we're talking about doing to the West Side, the Arena Lot, hotels. So we couldn't get comfortable with spending two-thirds of that on the Arena.

So what we tried to come away with was something that creates a wow factor. People walk in and go, oh, my god, these guys finally figured it out.

And we looked at ways that we could do that using the additional million dollars and kind of come up with some
compromise, Cody, that would get most of the work done -- you saw the before and after -- and still, you know, improve the Arena.

At the same time, the City is committing to substantial investments in infrastructure that you can't see. We're going to have Ron talk about that here in a minute. So that's kind of the way Mark and I approached it.

Mr. Moore?

MR. MOORE: A couple of questions, Mr. Chair.

Is there any way that you could take the green, especially -- since that's part of our initial investment -- and identify what part of that would be primary investments by the private sector for advertising, the name identities like they've done at the University and other places, so that maybe we could back out some of those numbers and trade them for the others if we knew that we could pick up 2- or $3 million in outside participation?

CHAIRMAN McCUSKER: We've got some bad news there. We've been advised by bond counsel and the City that because there's bond debt involved in this Arena, that a private sector enterprise cannot brand it. So we can't --

MR. MOORE: Well, I'm not talking at the whole thing, just part of it.

CHAIRMAN McCUSKER: We're trying to find out, you know, the scoreboard, the seats, that -- you know, could you
contribute? And so far, the answer that we're getting is that the private sector cannot.

MR. MOORE: Why not? Because it adds to the asset value of the property and it --

CHAIRMAN McCUSKER: In a simple -- in a simple explanation, it allows the municipal bond investment to enure to a private enterprise. So it's complicated. But it was -- we were hopeful too. Like the score board would be a perfect thing to have somebody to put their name on.

MR. MOORE: I don't mean to argue.

MS. WEAVER: And we did -- as a project team, Mr. Moore, we did explore those options and we pushed and pushed and pushed. So unfortunately, it wouldn't probably add up to a couple million. It potentially could be the scoreboards. You know, it's not a --

MR. MOORE: When I saw what you were doing there, I saw a lot of opportunities for people to invest in --

MS. WEAVER: The seats --

MR. MOORE: Well --

MR. RITCHIE: Mr. Moore, as --

MR. MOORE: Some of the -- a couple of questions.

Do we have a business plan that's designed so that if we're putting 6 million or maybe another 4 million -- I can tell it's being considered -- to recover this investment? In other words --
MS. WEAVER: Is that a question for your Board?

MR. MOORE: I don't know what the Arena promotional tickets currently are selling for, but if we're going to make a 10 million or 6 million investment, we should have a new plan of how we're going to recover that money back in to keep sustaining the facility. Otherwise, we're just dumping $6 million into something that's going have to be recovered in another five years from now and, you know, be a big wrestling match.

MS. WEAVER: I'm not able to respond to the actual business plan component. But I will add that the interim directum (phonetic), Marty Carey, he is a part of the project team. And so he attends our weekly meetings, and he's our inside person to let us know, you know, what on these renovations will really help generate additional revenue and fan experience. So we are confident that these renovations will help generate additional revenue for the TCC.

MR. MOORE: Well, my recommendation is that maybe the next presentation we ought to have him there to tell us how we could get additional revenue from these improvements.

MS. WEAVER: I believe he's here. But I don't know --

MR. MOORE: I don't know if he's prepared.

MS. WEAVER: Right. I don't think he's prepared.
TREASURER SHEAFE: One of the issues that I thought we were dealing with is the fact that the facility has now gotten into a low enough level of maintenance that it actually is almost blacklisted. And the whole concept of this and other things that we're working on, getting a hotel, is to put it back on that sort of medium-sized arena/convention center list so that it becomes a viable competitor. You know, and it's probably going to be hard to go and solve all those problems at once.

MR. MOORE: If you take it off the blacklist, you've already generated new income.

TREASURER SHEAFE: Well, you're making the point. And I think what you're asking very clearly is: Well, is this going to that, and are we using the dollars the most effective way? And that's probably a legitimate question. But I know that's what I'm sitting here thinking about.

CHAIRMAN McCUSKER: And we tried to separate the two. Remember, we committed to do $6 million. And so -- and we approached it, if we did anything else, would it enhance the revenue; would it come back to us; would it create TIF revenue? The concessions in the breezeway was one of those. It's revenue producing.

And you know, I think, Marty, if you're comfortable, I mean, we'd love to hear some of how this plays out in terms of how you see rentability.
But you know, it was clear that we approached it, Alberto, with the idea that it has to improve revenue use.

That's the whole point.

MR. RITCHIE: Mr. Chairman?

CHAIRMAN McCUSKER: And I think, you know, part of what we might discuss is some conditions, if we were to do this, that we hear something back from the City on how this would help do that.

MR. RITCHIE: I'm sorry. I know Phil aside from Rio Nuevo, and I had a private conversation with him a month ago, and he called me a skeptic because I didn't think $6 million would do anything.

Elaine and Phil, your team, I am amazed at what you guys have been able to come up with cost effectively.

You know, I got on this board because I was tired of all the wasted money that was -- that seemed to be disappearing from this project. And I think that this here, you know, if it was up to me right now, I would just make the motion right now to go straight to the 7.9 million.

Because I think for what you guys have put into this, that is going create the wow factor, that common sense says that with the revenue generated up there -- I go down there a lot. I'm a sports guy. But also as a business owner, when you were showing the basement there, the small signage -- now, I couldn't afford to be the main sign guy.
But, Alberto, you just -- you mentioned signage.

I'm thinking, if they get some good events down there, I want to promote my business down there. Not now.

And so -- I don't know what the cost is, depending on what it would be. I think it would generate a few hundred thousand dollars a year, maybe a million dollars a year. I don't know.

I think that, you know, time is of the essence.

The whole goal of Rio Nuevo is to get people downtown and to support businesses.

CHAIRMAN McCUSKER: Let's touch on a couple things.

Ron, I know you wanted to kind of brief us on what else the City is doing. I think this would be a good time to do that.

Marty, if you're prepared to --

MR. LEWIS: Sure.

MS. WEAVER: And then should we -- Phil and I come back --

CHAIRMAN McCUSKER: Yeah. Stand by.

MS. WEAVER: -- risk process.

CHAIRMAN McCUSKER: Yeah. Stand by.

I think everyone knows Ron Lewis, head of general services administration for the City. Mr. Moore had asked, and we've been trying to pin the City down on what they're
doing. So I think he came prepared today to talk about the
investments the City is making that are above and beyond
what Rio Nuevo is doing.

**MS. WEAVER:** Mr. Moore, this is in direct -- to
follow up with your question from the past two months. So
Mr. Ron Lewis with the City of Tucson general services will
be addressing yours and Mr. Hill's follow-up questions to me
from last month. Okay?

**MR. MOORE:** Thank you very much.

**MR. LEWIS:** If I could ask you to pass these down,
one page only.

**CHAIRMAN McCUSKER:** And we've got some out there
for viewers?

**MR. LEWIS:** Yes.

**CHAIRMAN McCUSKER:** Thank you very much.

And, Ron, if you care to comment on Mr. Moore's
question in terms of how the City views these improvements,
opportunities for additional revenue, rentability, we can
defer all that to Mark.

**MR. LEWIS:** Mr. Chairman, thank you. Members of
the Board.

As director of the general services department,
I'm responsible for maintenance and repair of City
facilities, as well as design and construction. So we're
involved in virtually all the repairs and improvements that
go on in the TCC and the Arena, have been for many years.

Been short money and haven't been able to do a lot of what
we wanted to do as well.

What you have in front of you is a list that we
look back -- really just the past year -- of what was
actually completed. Some of these were multiyear projects,
but they were completed within the past, really, year and a
half.

I won't read down through every one of them, but
there's some significant ones. The bleacher seating, the
retractable seating, a million dollars. We spent a hundred
thousand dollars on the west entrance repairing the pavers
and making for a better entrance for the last gem show. We
replaced the south exhibition hall roof. And then on top of
that, we put solar on top of that. So that was another
$3 million.

The central energy plant that services mainly the
convention center, but also the Tucson Police Department and
the Tucson Fire Department, we went in and basically
replaced all of the equipment -- all of the cooling towers,
all the chillers, all the boilers -- in that facility to
sustain those utilities for the long haul.

We also put over -- almost a million and a half
dollars into the energy control system, thermostats and
various control mechanisms, to make the energy consumption
more efficient and ran into some problems with the fire alarm and had to do some replacement there as well.

And then, finally, elevators and escalators that Elaine is involved in, I'm sure there was a couple phases because the money came in a couple of phases. So it's more the -- how the money came to us.

So this represents what we were able to capture fairly readily. The totals is about $17 million. That's the number that Elaine talked to you about -- last month about. This is the list that's behind that. I made sure to have our financial people look at this and make sure they agreed that the financial system is represented here. And you can see even the account numbers, so this is where it came from.

The account numbers that have little Xs in them, that's because there was multiple account numbers specific to different buildings. So some of these were doing work in multiple buildings or multiple funding sources. So it's not a mystery. It's just -- put the Xs instead of all the multiple numbers -- to confuse it.

I also noted on here that this represents what was captured in the City's accounting system as the normal City accounting.

And I know that Mr. Hill has had some concerns about the City adding some numbers of labor and
putting labor in there, and those kinds of things. I will say that when there's large projects, the City's standard method of operation is, any project management becomes part of the project costs.

So if Elaine Weaver is working on elevators and escalators, all of her costs are embedded in that project cost for that. And that's just the way the City does business. We don't make any attempt to separate that out: that would have been a line-by-line analysis in the accounting system. But I can assure you there's no ancillary labor that's in there. That's just not the way we do business.

MR. HILL: No City Council salaries?

MR. LEWIS: No City Council salaries.

MR. HILL: Just checking.

SECRETARY IRVIN: That wouldn't add much, actually.

MR. LEWIS: There's not even City finance department salaries in there.

MR. HILL: All right. Good to hear.

CHAIRMAN McCUSKER: Any questions for Ron? Marty?

MR. MOORE: Are these already in place? Is it in completion or...?

MR. LEWIS: The elevators and escalators are on
the verges of completion. There's a number of these that are actually finishing up this month and will be concluded before the end of the month.

MR. MOORE: For the next meeting, can we have -- I'd like to have an update on how each one of these phases has been completed.

MR. LEWIS: I guess I...

MR. MOORE: Well, I mean, is -- the escalators, for example, is that all done?

ATTENDEE: The escalators are -- that won't be done until fall.

MR. MOORE: Okay. And that's what I'm just saying. When they're -- I'd just like to know for my own --

MR. LEWIS: Okay. Just a general update, we can do that.

MR. MOORE: Just to know that they've been completed; that would be helpful.

MR. LEWIS: Okay. We'll do that.

MR. MOORE: Because I think that's also very important for the public to know. It's not just a matter for us, but it's a public-relations issue as well. The City has made these. This is what it is, and this has been completed, that's been completed. And you know, it makes us all look like we're doing something.

MR. LEWIS: Well, these are mostly nonvisible
because they're infrastructure. We were really pushed to,
because of the aging condition of the systems.

MS. WEAVER: These are definitely not wow-factor
renovations, but they are important.

CHAIRMAN McCUSKER: Alberto is wowed.

MR. MOORE: That's right.

MR. LEWIS: Thank you.

CHAIRMAN McCUSKER: Martin Carey is the interim
director. You've been there 11 years.

MR. CAREY: Yes.

CHAIRMAN McCUSKER: We found that he pretty much
knows where the bodies are buried. And has been a --

MR. MOORE: I hope not too many.

CHAIRMAN McCUSKER: -- good resource for us in
terms of how things rig, and how you get in and out of the
building. And we've really looked at this -- to your point,
Alberto -- as what can we do that's going to make it easier
for him to rent that facility.

So, Marty, just generally address --

MR. CAREY: Sure, yeah. Just a couple of things.

I wasn't really planning on addressing the Board today.

But the good news is, just to share with
everybody, yesterday we finished up our circus, second
largest circus we've ever had at the Convention Center.

Great sales despite the condition of the building.
The way I look at this -- and I've always been a big proponent of the arena facilities we have here. I'm a real believer in it. I see things happening downtown. I see the streetcar. I hear people, everyday, talking about things that are happening. I also hear what they're saying about the facilities.

To give an example, we were -- the circus was there for five days. I have a radio that I keep on my desk along with the other operations with people. We hear what's going on in the building -- the toilets overflowing, whatever the issues might be -- we hear that.

So I look at what you're proposing here as two things. Not only is it a maintenance issue, but of course, it's an enhancement issue. I mean, take a look at your house, if you don't paint your house, it's going to fall apart. If you don't make the repairs on your house, it's going to fall apart. So that's one part of this investment that you're making.

In addition to that, of course, with the wow factor and some of the changes that we're talking about, who doesn't benefit by improved restrooms, improved concessions, improved seating, you name it.

You know, we can't tear that building down. But I can tell you, if we have the best concessions, we serve the hottest hot dogs, the best popcorn, things of that nature,
we approach it from the standpoint of what it is we have to work with. And all of what we're talking about here is going to make it -- the fan experience -- much more enjoyable.

It's also going to -- you talk about your business plan. Do I have a specific plan in place? Absolutely not. However, I can assure you that these improvements will do nothing but enhance the chances for business.

CHAIRMAN McCUSKER: Tell me something about some of the additional requests, the sound, lighting, what you've heard from concert promoters.

MR. CAREY: Sure, sure.

CHAIRMAN McCUSKER: And in general, does that make you more desirable, more rentable, you know, can you compete?

MR. CAREY: You're absolutely right, Fletcher. We're talking about, for instance, a sound system. You've seen some of the -- some of the photos and images of the current sound system.

The way I approach it is that when you walk into the Arena, you do have to have some kind of a wow factor. When you walk into that Arena right now, what you see is an ancient sound stack that just jumps right out at you. I mean, these are the kind of first images that we have right now. A lack of a scoreboard. Where is that
scoreboard? It's tucked way in the corner. Lighting? It
doesn't exist. I've heard many, many times, that people are
actually frightened at the breezeway, women especially.
They're like, I'm not walking down that. There's actually a
fear factor.

People talk about the fact that you don't even
know what that building is from the street. And that makes
sense because there's nothing that really identifies what's
going on in the building.

Not to mention, again, the whole idea of we will
have an option and an opportunity to attract a different
kind of promoter, promoters that have we haven't seen in a
long time. The whole idea here is to change the perception
of the building.

You talk about being blacklisted. We don't want
to be blacklisted. We want people to understand that
changes are being made in Tucson with the streetcar, with
the Arena, so come on down and see what's going on. I mean,
that's kind of the approach that we've taken all along with
this whole project.

So a wow factor, and let's not forget that there's
basic maintenance that has to occur here.

Yes, sir?

TREASURER SHEAFE: In removing the Convention
Center marquee, are you planning to put something on the
other side about Convention Center? Because I think part of
the confusion is that they identify the Convention Center as
the entrance to the Arena but there is -- the Convention
Center is a big component.

MR. CAREY: Unless you have other questions for
me, I think I will turn it back over to Elaine, because I'm
not sure. I think I came in later in the presentation. I
think you're probably going to touch on a few of those
things.

CHAIRMAN McCUSKER: Anything else for Marty?

MR. MOORE: I have one.

CHAIRMAN McCUSKER: Yes, sir. Go ahead.

MR. MOORE: I apologize. I forgot who the former
director of the --

CHAIRMAN McCUSKER: Tom.

MR. CAREY: Yes, sure.

MR. MOORE: One of the things, in talking to him
over the years -- I think, Mark, you were with me in one of
these meetings -- that he was concerned that the City never
prepared or provided for a reserve fund or a replacement
fund from the revenues generated to help revitalize and
maintain a level of presence.

And so I'm wondering if -- with all these changes
and everything, are we looking at creating some kind of --
establishing a replacement fund or -- and so forth?
MR. CAREY: I'm not sure how familiar you are with the finances of the Convention Center, but currently right now we're subsidized by the City.

MR. MOORE: Right.

MR. CAREY: So my overall goal and the goal of the facility is not to, overnight, eliminate that. I'm going -- I'm using round numbers on this, but let's say it's 2.2 million on the subsidy. The goal is to get to 2.1, 2.0, and head in that direction. It's very difficult to maintain a -- or generate a facilities maintenance balance or account, if you will, when we're dealing with the subsidy. So that's how we approach that. We're trying to chip away at that.

MR. MOORE: You know, well, Tom sort of indicated to me you were getting two-million-three for the upkeep; and that's one of the reasons why it's fallen aside and we're having to do what we're doing now.

MR. CAREY: Yeah. I mean, the subsidy really pertains to the operation of the building.

MR. MOORE: And the City is still doing that?

MR. CAREY: Correct. And again, it's heading in the right direction. And again, what we want to do is we want to get it to 2.0, 1.9, 1.8, and so on. And we believe that this will certainly help us move in that direction.

CHAIRMAN McCUSKER: One of the things we did
achieve in the settlement is we insisted that City affirm
the triple net nature of this lease. Because I think
you're -- I mean, if you look at this -- and this was done
ten years ago -- so it would be shameful for us to invest
this money and not have any upkeep other -- following this
investment.

MR. MOORE: And that's fine.

CHAIRMAN McCUSKER: We'll see.

Marty, thank you very much. Sorry to put you on
the spot.

MR. CAREY: No, no, no. That's fine.

MS. WEAVER: Okay. So just to quickly wrap up for
Phil and I.

As part of our recommendation --

CHAIRMAN McCUSKER: Can you standby on that? Is
it -- I don't know that it's related to dollars.


CHAIRMAN McCUSKER: We'd kind of like to talk
about scope, money, what we're thinking regarding the
budget. And then we'll talk about how we actually get the
project done.

MS. WEAVER: Okay.

CHAIRMAN McCUSKER: Mark, do you have --

SECRETARY IRVIN: Yeah. I just want to mention
this because some people don't realize this. You know, when
you folks asked for Fletcher and me kind of be the Board representatives working with this -- I have no idea how many meetings we've had. I mean, just tons, dozens of meetings.

MS. WEAVER: We've had weekly meetings since February.

SECRETARY IRVIN: Yeah. And it's not just been a couple of us meeting. You know, Amanda's been there and Phil's been there and Elaine's been there and Marty's been there and Ron's been there and Bill's been there and I've been there. Fletcher's been there and Steve Kay (phonetic) has participated. So we've had a lot -- a lot that's involved in there.

I think one thing I just wanted to mention as well is -- really two things. This is the first, really, project that -- not really -- this is the first project that we've done since the settlement. And I think we really want to make sure that we get it right. And I really appreciate, I think, just the spirit of cooperation that's occurred.

The other thing I think is important is that this is not just something that we're going shut down and go in and do all this work. This is going to be done in phases because we have to be on top of the fact that, you know, this is an operating enterprise. And they have shows that they are doing and whatever.

So we still have the scheduling piece that we have
to work out. And I think just to tag into what Fletcher has said, you know, we went into this really cognizant of that $6 million budget and how far could it take us and what do we need to do. And we really stuck with that and tried to work through that. And I can't tell you how many meetings just to get to the 6.

And then after we looked at that, we kind of said to ourselves, what didn't we get in that budget that we really need. And that's kind of that middle number that you see. But it really doesn't get us where we would like to be, in my opinion.

So I've had a couple of people say, you know, what would you like to see happen? And candidly, I'd like to see us all the way in that far right-hand column. Because I really think, you know, if we're going to wow somebody, we need to be at that number.

And it's still below the huge wish list of things we want to do. But I think everything's that identified in here will increase that fan experience. I think people will walk in there and say, wow. And that's really what we were after.

Back to you, Mr. Chair.

MR. RITCHIE: Can I make a move, Mr. Chairman?

CHAIRMAN McCUSKER: Yeah. Go ahead if you want to make a motion.
MR. RITCHIE: I make motion and move that we adopt the project-team recommended scope in the purple column.

TREASURER SHEAFE: Can I ask just one very unimportant question -- not to interrupt your motion because it ties to that.

Do you mind?

CHAIRMAN McCUSKER: Go ahead.

TREASURER SHEAFE: When you did -- and I know these are just colors on drawings and whatnot -- but when you were talking about colors, what were you drawing your color decisions on? What basis?

MS. WEAVER: It's really just a concept right now, Chris. And so those colors are not supposed to be representative of the final colors. It's a -- it's in concept. And so --

TREASURER SHEAFE: Right. Right. That's enough said because --

MS. WEAVER: Thank you.

TREASURER SHEAFE: -- there's quite a body of information on that, what works and what doesn't and why.

MS. WEAVER: They're just concepts.

TREASURER SHEAFE: Okay.

CHAIRMAN McCUSKER: Cody's made a motion to adopt the team-recommended scope.

SECRETARY IRVIN: I'll second.
CHAIRMAN McCUSKER: We have a second to the motion.

Anybody want to discuss this further?

MR. HILL: Mr. Chairman?

CHAIRMAN McCUSKER: Mr. Hill?

MR. HILL: Since we've adopted the TCC matrix, Mr. Collins, I presume this is in effect along with the procurement code that will affect the 7.84 million.

MR. COLLINS: It would be. Yes, yes. The matrix would -- if you authorize the 7.8 in accordance with Cody's motion, it would be in accordance with this matrix and the procurement code.

MR. HILL: And so we would have a very large amount of input into what exactly is being funded. And we would also -- my usual worry point of them, you know, infilling another fire station or something -- we would be able to prevent that. This matrix gives us all kinds of authority over the expenditure.

MR. COLLINS: Yeah. Mr. Hill, that matrix, as I say, is going to overlay -- if you pass Cody's motion, that 7.8 will be administered in accordance with that matrix.

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

That's very nice to know.

CHAIRMAN McCUSKER: Mr. Moore?

MR. MOORE: Two questions. How long do you think
the $6 million is going to take to spend in what you're proposing?

MS. WEAVER: So back to Mr. Irvin's comments about working around an existing, operating facility, we've started to take a look at the TCC event schedule. And they are booked through the rest of this year and into next year. And so they are windows of opportunity.

We know that we will get started, hopefully, first, with the seats. We'll go directly to be bid. And then we'll move into everything else. And so it's going into -- we're not 100 percent sure, Mr. Moore.

Construction will be going into next year, and we just don't know yet. Because we don't know exactly what our scope is.

MR. MOORE: My concern here is that we, as the Rio Nuevo Board, committed to $6 million. And I think that's what we should stay with until we see the results and meeting these timetables. Because then we know if it's worth coming in with another million seven to support the project.

I'm in support of the project, but I think it's really important and I think it's a precedent that we need to keep, just because someone draws pretty pictures and says nice things and what's needed, all of the sudden we should change our passion to increase the budget.
I think we ought to figure out how to live with that budget, work towards that, let it get completed. And then if we need to add another million seven because we think everyone's doing a great job, then I think it's appropriate to do it.

But until then, I'd be very concerned about making that commitment.

MR. RITCHIE: Mr. Moore, I just -- from my -- the concourse isn't something that was part of that original 6.

MR. MOORE: That can change the --

MR. RITCHIE: I understand. I am a big, big, big proponent of not wasting money. Huge. I'm very conservative. I'm very tight with my money. But I think -- I think this is to get us where we need to be. I mean, I didn't think for $20 million we'd be able to make the facility look nice, to be honest with you.

But I hear what you're saying. But we have a motion. And I'd just maybe like to get moving on this thing.

MR. HILL: For the discussion -- correct me if I'm wrong -- I'm looking at some of our financial documents. And they're -- it's -- one of them is missing the 4.3 -- the comps or whatever it is. But we would be able to use that 4.3 toward this 7.84; isn't that correct?

CHAIRMAN McCUSKER: That's correct. All of that
4.3 million would be the first money spent, Mr. Hill, toward the project.

MR. HILL: So then --

CHAIRMAN McCUSKER: That's included in the $14 million that I referenced generally. The first 4.3 of the bonds proceeds. And then the remainder of that would have to come from the excess TIF funds, which right now is around $9 million.

MR. MOORE: But that was already anticipated when we made the settlement, correct?

CHAIRMAN McCUSKER: 4.3 --

MR. MOORE: -- into the 6 million.

MR. HILL: Let me --

CHAIRMAN McCUSKER: Mr. Hill. Mr. Hill, please.

MR. HILL: The point I was making is the 7.84 isn't all new money. You subtract the 4.3, which was found money, that is not in our revenue stream. So I'm looking at it as an -- you know, 1.7 going to 1.7 plus 1.8, $3.5 million, not the 7.84, since we already have that.

And so I would share Cody's opinion that for bang for the buck, as long as we're protected by -- Mr. Collins indicates our people are in charge of how that expenditure racks up, it seems to me it's not unwarranted to kick start this thing with the 7.8.

CHAIRMAN McCUSKER: Mr. Sheafe. Then we're going
TREASURER SHEAFE: Is there any inherent inefficiency that's created if you follow, you know, Mr. Moore's recommendation, if you say, well, we're going to go down and get all the 6 million things going, and then we can add this and add that?

What does it cost us to parcel out what we're investing?

MS. WEAVER: There are some inefficiencies in doing it that way. If you were to be able to do the purple column now, the electrical engineers that would be doing either the green or blue, if we knew we could do all of the lighting, they would design that now, they'd do the construction documents now, and it would be a part of the CM-at-risk package.

And so we would -- you would get a better deal on not only your professional services, but also your construction costs. And it would be less efficient to section out components and do them later.

MR. HILL: Question on the motion.

CHAIRMAN McCUSKER: We have a call for the question. I have a motion to approve the project-team recommended scope.

Michele, will you call the role.

MS. BETTINI: Cody Ritchie?
MR. MOORE: -- is this for?

SECRETARY IRVIN: 7.8.

CHAIRMAN McCUSKER: 7.8 million. $7,840,000 would be the recommended budget.

And you have to -- this also has to go to bid.

You know, bids still have to be solicited. There's a contingency. But what we would be doing is approving the scope of the project at the level if you vote for Mr. Ritchie's motion.

MS. BETTINI: Cody Ritchie?

MR. RITCHIE: Yes.

MS. BETTINI: Jeff Hill?

MR. HILL: Aye.

MS. BETTINI: Mark Irvin.

SECRETARY IRVIN: Aye.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: Aye.

MS. BETTINI: Chris Sheafe?

TREASURER SHEAFE: Aye.

MR. MOORE: No.

CHAIRMAN McCUSKER: By -- one, two, three, four -- five ayes and one no, we've approved the project scope.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: So if you'll go to, now, the
how we go from here, we have a couple decisions we need to help you with in terms of the next steps.

MS. WEAVER: As a second part of our recommendation, we would like to present to you the construction delivery method of the CM-at risk. And so as we mentioned before, that the seats, both the fixed and the bowl seats, would go straight to a vendor. We would write specifications. We'd put that out to bid. And we'd bid them competitively.

The remaining scope of work that we've presented to you today, we are proposing that we put that in a package for a construction manager at risk. The process would be that we would put out -- you would put out an RFQ. And we would hire -- you would hire a construction manager based on their qualifications.

Some of the benefits that we would have for doing -- using this delivery method is that they would -- we would control the costs and budget, so we would get a guaranteed maximum price from the general contractor.

Phil?

MR. SWAIM: It's an open-book process. We can track all their biddings -- their bids. And they're really a teammate. I think that that's very critical.

We also get all the competition. So that they -- except for their general conditions, which we negotiate with
them, or their overhead profit number, all the materials and subcontractor costs are bid. So we get all the competitive advantage at that location as well.

And we bring them on board right up front to really manage the costs and so that there's no question that they are coordinating their bids with the Arena schedule and not somebody that we're bringing in after the fact of -- avoid the changeover process.

MS. WEAVER: The elevator and escalator projects that I'm doing at the TCC, Phase 1 and Phase 2, both of those were hard-bid projects. And as the project manager for those projects, I am seeing the downside to doing hard-bid projects in an existing facility, working around their event schedule, in an old facility, unforeseen conditions, and having to go up and down based on their schedule, based on everything.

And so the benefits to going this route, there are just many.

The selection committee would be comprised of three appropriately qualified members. Per Title 34, two of the members would be a technical registrant and a senior member of a licensed general contractor. The third member would be somebody that is familiar -- highly familiar with the project.

And so I did double check with the City of Tucson
procurement, and it's their recommendation and my recommendation that we actually don't make the people's names public because then they're just inundated with everyone calling them. But I at least wanted to share with you generally who those members would be.

So there would be a registrant, a senior level from a licensed general contractor, and then a third person. And, yeah, I think that's it. The selection process --

CHAIRMAN McCUSKER: So you're recommending that we move ahead with the construction manager at risk for everything but the seats.

MS. WEAVER: That's correct.

CHAIRMAN McCUSKER: And so we could have that in the form of a motion?

MS. WEAVER: Yeah. Possibly the sound system too. We're trying to keep it simple.

MR. SWAIM: Sound system, scoreboards could be done separately.

CHAIRMAN McCUSKER: We're about to vote, Chris.

TREASURER SHEAFE: Oh, yeah.

CHAIRMAN McCUSKER: The team's recommendation is that we move forward with a CM-at-risk contract for everything except for the seats and possibly the sound.

Somebody make that in the form of a motion.
SECRETARY IRVIN: So moved.

TREASURER SHEAFE: Second.

CHAIRMAN McCUSKER: Any further discussion on the process?

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any apposed, nay.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Okay. And then the selection committee, you've recommended a committee of three --

(Mr. Sheafe left the proceedings.)

CHAIRMAN McCUSKER: -- who are, at this point, nameless. I guess we would have to authorize Mark and the executive officers to appoint three individuals that would be --

(Mr. Sheafe reentered the proceedings.)

MR. COLLINS: I haven't seen this before or looked at it in context with the procurement code that you've tentatively adopted.

(Mr. Sheafe left the proceedings.)

MR. COLLINS: I'd have to look at that. It's hard for me to give you an answer on that.

My suggestion would be that if it's addressed in the procurement code, that you identify the qualified
members pursuant to the procurement code.

MS. WEAVER: Wouldn't -- would we be able to further discuss this at next month's meeting? Because between now and then, we actually have to start writing an RFQ to actually hire a --

CHAIRMAN McCUSKER: Let's just then establish the selection committee of three members, which would meet Title 34, and we'll address naming them in the next meeting.

MR. COLLINS: That's fine with me.

CHAIRMAN McCUSKER: We don't need a motion to do that, do we?

MR. COLLINS: No, you don't.

CHAIRMAN McCUSKER: Anything else from you guys?

MS. WEAVER: No. We just had, at the end of our presentation --

If you'll go to the next one.

-- just so you can see quickly the before and after. It was just to really bring home the presentation and the point.

(Mr. Sheafe reentered the proceedings.)

MS. WEAVER: Any other questions?

Thank you.

CHAIRMAN McCUSKER: Thank you. Great job.

Everyone doing all right?

Okay. We're going to press on.
Mr. Collins, we get into the time set aside for
the budget hearing. Press on.

MR. COLLINS: There's no specific time set for the
budget hearing. You've got two things that you absolutely
have to do today, and that's deal with the Arena Site and
the budget.

CHAIRMAN McCUSKER: Got it. Okay. So let me go
back to our agenda. We left off at 7, so Item 8.

MR. COLLINS: Well, you approved Item --

CHAIRMAN McCUSKER: 8, 9 --

MR. COLLINS: -- 8, 9, 10 --

SECRETARY IRVIN: 11.

CHAIRMAN McCUSKER: No. 11 is the Arena Site.
Warren, are you still with us? Thank you very
much.

MR. THOMPSON: I'm here.

CHAIRMAN McCUSKER: As a refresher, we asked
Stantec to look at some of the issues regarding the
engineering on the Westside Parcels. Not the far Westside
part, but immediately west of Granada.

He's been engaged, for some time, doing that and
he is going to update us today on what he's found so far.

And we have some of these for the members of the
audience.

MR. THOMPSON: Good afternoon or good evening.
CHAIRMAN McCUSKER: Thank you.

MR. THOMPSON: Mr. Chairman, Members of the Board, my name is Warren Thompson. I'm at Stantec Consulting. I've had some drawings passed out to you. And it's in regard to the parcel that's called the Arena Parcel, which is on Page 1 and is kind of highlighted in yellow.

And you can see, on that particular parcel, that through the middle of the piece there's a drainage area that's kind of got some drainage trees on it. There's another drainage area that is on the southern end, of which is kind of an L-shaped and has trees on it.

(Mr. Hill and Mr. Collins left the proceedings.)

MR. THOMPSON: If you move to Page 2, this drainage system has been kind of reviewed over the last number of years, starting back in 2002. 2004, there was some studies done to kind of come to a conclusion in regard to what kind of a system could be built across the interstate, which was actually developed in 2006, 2007, when the interstate was changed.

And there was a twin-cell, 10-by-6 box that was built across the interstate shown on Page 2 that kind of starts at the intersection of Granada at Frontage Road and goes across the area.

As a part of that, also, a number of those
existing pipes were connected to that particular facility. But it still has drainage across the middle and still has drainage across at the south end because that box culvert that ends at the Frontage Road is bricked off underground.

So what happens is -- if you go to the next page, which is Page No. 3, you'll see that with it being bricked off and nothing connected to it, what happens is, with any of the large storms, it will back up and develop kind of cross flooding on that -- on that whole piece. So the intent was to develop a system to allow for that to be eliminated.

So on the same page, 3, you'll see that we have looked at and are developing plans to extend the 10-by-6 twin-box culvert to Cushing. There's a juncture structure there. There's another 8-by-5 box that goes up and ties to the TCC drainage culvert coming across Granada. And then there's a separate 3-by-5 that's adjacent to the 8-by-5, that goes up and picks up the drainage out of the courthouse area, which is at an elevation not able to be drained across anything, but has to be separate because of the hydraulic grade line for that particular facility that goes up.

(Mr. Hill and Mr. Collins returned to the proceedings.)

MR. THOMPSON: So those plans are probably about -- I would say about 80 percent completed right now.
We're working on the junction structures for the tie-ins at both locations.

And if you go to the next page, at the driveway -- once we got into this, there's some utilities that need to be looked at. And on Page 4, you'll see that at the driveway portion for the bus terminal, there's not only a sewer that goes through that particular drive that services the area, back behind there's also a bunch of utilities.

And if you move towards the Sheet 6 -- or 5 -- you'll see that particular sewer going down the actual bus drive line. We met with waste water last week -- Member Sheafe and myself did -- to talk about the relocation of that.

What we are proposing is a relocation which would go out towards the ADOT right-of-way, but not into it. And there was a number of gymnastics that waste water folks would like us to go through to get there.

So that's kind of a synopsis on the -- on where we're at right now. In the work packet, we put together an opinion for this particular project. And hopefully, you've had an opportunity to look at it.

I guess with that, I'll answer any questions with regard to that.

MR. COLLINS: Tab 10 in your booklet.

TREASURER SHEAFE: Oh. There's a whole tab in
CHAIRMAN McCUSKER: The ultimate objective was to divert any watershed issues off of both of these parcels.

MR. THOMPSON: Yeah. The ultimate objective was to rid that particular property in the blue area, to be able to take away all the drainage that came through here, and the drainage that came through here and allow all of it to flow into the box and over to the --

CHAIRMAN McCUSKER: Warren, would it eliminate this --

MR. THOMPSON: Yes.

CHAIRMAN McCUSKER: It would. So that could be --

MR. THOMPSON: Well, I say it will eliminate it, and it will. But you may still want to utilize these two areas for drainage from anything that you put on to the site. They're still all tied up to the box. They don't have to pass the -- in themselves. But this one would take all the drainage off.

CHAIRMAN McCUSKER: And I think what's in our packet is further work. But we probably ought to make the determination on the Arena Lot.

MS. BETTINI: No. 10.

MR. COLLINS: Tab 10 is the Stantec information, Mr. Chairman.

CHAIRMAN McCUSKER: Let's table this for the
moment.

Warren, stand by in case we need to ask you a question.

MR. THOMPSON: Okay.

CHAIRMAN McCUSKER: Item 11 on the agenda, Mark, relates to the Arena Site, which is --

MR. COLLINS: It's actually 12. It's actually 12, Mr. Chairman.

CHAIRMAN McCUSKER: 12, thank you.

MR. COLLINS: Because before you address the Stantec issue, the real question is whether or not you're gonna take title.

CHAIRMAN McCUSKER: So this parcel was part of what the City offered us in the settlement. We wanted to do some work on the site and it's developability before we responded to that.

And you've got some updated information in addition to what Warren has told us regarding this site, it's current status.

MR. COLLINS: Given the amount of time we have, I'm not going to -- I'm going to try and be as brief as I can.

Yes. The settlement agreement authorized the District -- or gave the District an option as to whether or not it wanted to take title to what's called, in the
agreement, as the Arena Site. That's an aerial photo of it.

We had a complete ALTA survey done of the property. All of the warts, if you will, are indicated in the ALTA survey. You folks have a complete list of that.

Remember, that our choice -- the District's choice is to either elect to take title as is; or let the City maintain title. If the City maintains title, the District may ultimately get $894,000 if and when the City sells the property. Otherwise, the District gets nothing.

Now, if the District takes title to the property, there are a lot of problems with it. The ALTA survey -- surveyor actually says there's so many things that are listed, they can't all be noted on the six pages. But because of the time we're looking at here, there's really three areas you guys are going to have to deal with.

One of them is that there are lots of recorded easements where there are -- where there are -- easements and there's no utilities in them, and the utilities are somewhere else. You're going to have to clean that up. You've got two subdivisions that were plotted years ago on the north south out end. You're going to have to clean that up. Just a whole raft of title and survey issues that you're going to have to clean up.

Number 2, the environmental questions. There were several environmental studies done in 2007, but those were
not done for the District, they were done for the City. If you'd like to take title, I'm going to recommend. And do recommend that you update those studies and address them appropriately because as soon as you take title, you become a potentially responsible person.

Number 3, you're going to need to rezone it. Just for the public's purposes, the current zoning of the property is -- upside down -- is -- it's four different, zones, C3, I1, R2, and C3. I guess three. So you're going to have a lot of work to do. You're going to have a lot of work if you take title.

Problems are opportunities in work clothes, it's been said. But you have to elect today -- we've gone through a lot of work to get here -- but if you elect, today, to take title, we can advise the City of that and within the next 120 days, title would be conveyed to us -- to you.

CHAIRMAN McCUSKER: There are developers on the panel that live and die with this stuff -- you know, Mr. Moore, Mr. Sheafe -- you know, is there anything in this that scared you off of this parcel?

TREASURER SHEAFE: Nothing, no.

MR. MOORE: No.

TREASURER SHEAFE: So having said that, I would like to make the proposal that we proceed with taking title
to the property -- we've got ALTA finished now; further,
that we not ask for the Phase I to be redone, but we simply
contact the provider of the Phase I and ask for an
endorsement to the District, which ought to be very easy to
do at this point; and that we move -- because our purpose is
to get things done -- we move forward. And we'll put in the
work necessary to clear up the problems that we've got.

I also specifically omit any reference in my
motion to working towards a rezoning at this time.

MR. MOORE: I'll second that.

CHAIRMAN McCUSKER: Okay. Excluding the rezoning
issue, I think the motion is that we accept title to the
property, we advise the City that we're prepared to accept
title to the property --

MR. COLLINS: You elect to take title. That's the
terminology in the agreement.

SECRETARY IRVIN: And in the body of that, that
you instruct counsel to get an endorsement on the current
Phase I report?

TREASURER SHEAFE: Yes. With the District named
as the endorsed party.

MR. COLLINS: Gentlemen -- since Ms. Cox has
left -- there are going to be several things we need to do
before the title transfers. But the selection issue, up or
down vote, needs to happen today.
CHAIRMAN McCUSKER: Okay. Anybody need further clarification on that?

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed?

All right. The ayes carry that.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Mr. Collins, if you'll notify the City that we've elected to take title of the Arena Lot.

MR. COLLINS: I will do that.

CHAIRMAN McCUSKER: Now, let's circle back to Stantec's proposal.

We did some advance work on the engineering.

We're now going to take title to the property. The additional work that Stantec's asked for is estimated at $48,300.

What's you're pleasure?

TREASURER SHEAFE: My pleasure would be to move for approval of that work. I've looked at it. I don't think there's anything unreasonable. It's a fairly complex process. And I don't have any problem with the numbers. And I think we need to keep Stantec moving to resolve their issues that Warren has outlined so that, again, we bring this property into a position where we can get some things
SECRETARY IRVIN: I'll second that motion.

MR. MOORE: May I suggest an amendment? Would that be appropriate, Mr Chair?

CHAIRMAN McCUSKER: Sure.

MR. MOORE: And that is that we have a timetable that we want to get this done as it relates to this agenda for the gem show and all of that, so that if there's construction required, we need to have that tied in. Or is that relevant?

You know what I'm talking about?

MR. THOMPSON: Yeah. We sat down with the contractor last week to do a couple of different things:

First of all, to look at constructibility; and secondly, to look at scheduling and pricing and where that might be at.

The decision -- or the suggestion that was made was that everything that is north of Cushing be done as precast because it's much faster to do that. We have some ability to do it in phases and not tie the junction structure, but --

CHAIRMAN McCUSKER: Is your question on the timing? How quick you can get the report back?

MR. MOORE: Yeah. And also get the construction going.
CHAIRMAN McCUSKER: Okay. So two issues.

MR. THOMPSON: Two issues.

Finishing the stuff to get it in, hopefully before mid-July. To get it in for approval, to get the approval and then move forward and getting the bids and so forth for construction.

Secondly, the piece from Cushing to the TCC tie up, probably a couple, three months for construction time. Almost similar to cast in place on -- south of Cushing or west of Cushing. Those two could be done simultaneously. But the piece on the Cushing North would be done as quickly as it can be done.

MR. MOORE: The reason I'm asking the question is we have the gem show coming on again in February. And we want to make sure because of the parking that's required for that, is available for that use. And not to hamper the gem show. So that's the reason I'm asking.

MR. THOMPSON: They think it will take about a 3-month period to get that in.

TREASURER SHEAFE: Warren, is there anything -- a very good point. If we did have the gem show and we were still jockeying a little bit with ADOT or somebody else trying to get final approvals, would there be anything stopping us from using a good portion of the property for parking?
MR. THOMPSON: No. And I guess that's what I was trying to portray, that we can build everything within that leg and not do the junction structures and let the flow come out.

MR. HILL: Call for the question, Mr. Chairman.

CHAIRMAN McCUSKER: Okay. We have a motion to approve a change order for $48,300 under the previous agreement with Stantec.

Any further discussion?

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed.

Okay. We've approved that.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Warren, thank you very much for all your hard work.

MR. COLLINS: Mr. Chairman, I'll prepare the appropriate document to go with the letter to keep it together.

CHAIRMAN McCUSKER: Should -- I guess since we're operating under the new procurement code, we know how to move forward.

MR. COLLINS: Yeah. That's right. The number is small enough that you can direct select, but we need to have
the proposal that we got from Stantec added to our normal --
what is now our normal contractual arrangement.

CHAIRMAN McCUSKER: Let me move to Item 15, since
it's related to this parcel. And it could be a very
significant opportunity for the community and Rio Nuevo.

Mr. Moore, Mr. Sheafe and I have had extensive
conversations with property owners adjacent to this parcel
and believe that we could structure a joint development
agreement/partnership agreement that would provide that Rio
Nuevo could invest in some of the infrastructure issues that
we've described, namely the watershed drainage and new
intersection on Granada and Cushing, with a tie-in to
Congress, and general site improvements.

And in exchange for that, Nor-Gen would -- who
owns the property immediately to our east -- would agree to
launch a hotel. And I don't need to remind you all that
that's the secondary mission of the Rio Nuevo District.

So we have a draft of terms that we can look at,
or we can instruct council to try and take this to the next
level. He's nodding his head in approval to that.

But just for the record, I think we're prepared to
engage this developer and any other developer on how they
might combine with Rio Nuevo for the betterment of all of us
in these related projects.

So I don't know if I need to take any action other
than to authorize you to reach out to them in terms of developing a mutual understanding.

MR. COLLINS: The agenda provides for direction to staff and counsel to take what's -- what is in your booklet at Tab 11, as you say, to the next level, to bring it back to this Board for final approval and review.

We're going to have to take into consideration procurement code. But, yes, you do need -- or can do that, if that's what you choose to do.

CHAIRMAN McCUSKER: So that can be done in a motion, or can I just direct you to do it?

MR. COLLINS: Yes. The way it's set up on the agenda, it would be a motion.

CHAIRMAN McCUSKER: Okay. So everybody understand the opportunity?

Let's entertain a motion to authorize Mr. Collins to move forward.

MR. MOORE: Mr. Chair, may I just add to what you said? What's important about this is, because of the exhibition hall that's also going be a part of that hotel plan, to help support and maintain the gem shows here in the community.

I think Fletcher had -- I just want to add to it.

CHAIRMAN McCUSKER: I can't make any motions. I'm just trying to facilitate the conversation.
So you're short a motion today. Go ahead.

MR. MOORE: I'd like to make a motion then that we suggest that Fletcher -- or Chairman and Mark Collins continue negotiations and prepare the documents and include the exhibition center, whatever it's like.

TREASURER SHEAFE: So this authorizes Mark to move forward and put together the basis for the agreement, which would be brought back here for approval.

I would second that, exactly what Albert said.

MR. HILL: Question.

CHAIRMAN McCUSKER: He called for the question.

We have a motion to authorize counsel to move forward in negotiating on this projects as a joint development.

All those in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: All right. Keeping track on all of this, I hope.

Okay. I can tick off No. 17, quickly. It's a very exciting opportunity for the District and, I think, reaffirms to all of us how the real estate development community is beginning to look at Tucson, and particularly
the opportunities within the Rio Nuevo district.

We've been approached by a very large real estate investment bank to develop a $100 million development fund for downtown. It's not a typo, a hundred million dollar development fund. Rio Nuevo would participate in that. But the lion's share of that money would come from the private sector. This is a true example of a public-private partnership.

I believe we should continue these conversations. At this point, I think all we need to do is to authorize -- similarly to what we did previously -- that counsel and the executive officers engage with this firm to discuss these possibilities.

TREASURER SHEAFE: So moved.

MR. MOORE: Second.

CHAIRMAN McCUSKER: Any further discussion?

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed?

Okay.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: The Westside parcel, Item 13. I think this is mostly informational. But I know we've had a number of questions from people about what's
going on with the Westside.

It's important that everybody remember all of these conversations we're having about development is happy talk until we meet our legislative mandate on the Arena and a hotel. But it appears that we're getting closer, literally every month, to both of those mandates.

If and when we can issue those Notices to Proceed, I think we've indicated our interest in the Arena Lot and adjacent parcels. We've also indicated our interest in the far west side and as what's commonly referred to as the original Rio Nuevo, the land across the bridge at the base of "A" Mountain.

We've had some very productive meetings with the Board and with the City. There is, in fact, an existing 2007 planned area development for this area which was approved and zoned. I expected that it probably had expired because it's been five years. We're led to believe that that plan is probably revivable and amendable.

We're waiting to hear back from the City in that regard. But we're also negotiating with the City of Tucson that we would jointly plan these far Westside Parcels and amend that current 2007 PAD.

So Mr. Moore's the lead liaison on that. And you know, we'll wait until we hear back from the City as to if that's, in fact, doable.
If we can get the hotel launch, I think we're prepared to sit down with the City and Gaston and other private developers to look at what could be done on those sites with the caveat that we want to preserve the historical assets that were originally identified, but probably commercialized some of the other pieces of that project.

So this is really in the form of an update. And we may have some more information on that at the next meeting.

We indeed have a lot of stuff going on.

Bill, maybe I'll have you combine your report with the budget, so standby.

Michele, you want to give us a quick situation on marketing? I think, everyone on the Board is aware that as part of the budget for the next cycle, we're talking about bringing marketing in-house. And we would put that under Michele's auspices. So we've asked her to do some work as part of the budget to present to us briefly what we might be able to accomplish more effectively in-house as opposed to using an outside agency.

Michele, go ahead.

MS. BETTINI: In-house, we are bringing -- the monthly newsletter is coming in-house now. So I'd be in charge of all that.
Instead of the radio show, I would like to move to do more print ads, newspaper ads, for instance, like the Caliente. The U of A has their football and basketball programs that come out in the paper; once a year, we'd like to do ads in those.

In my ads I would like to do more of an education. These circulate to -- 95,000 copies circulate. And most people don't know that District boundaries range from the base of "A" Mountain all the way to Park Place Mall. They just think we are downtown. So I want to educate those 95,000 people that get this paper to get them to come downtown, Park Place Mall, El Con Mall, Ricardo District.

I also want to do radio commercials on our drive in, possibly 99.5 and 94.9, in talking about Rio Nuevo and our District and to generate people that way.

With us moving marketing and PR in-house, our web hosting and IT would only be about $2,000 a year. I'll be in charge of updating and monitoring the website. And then the hosting is about $90 a year, and any problems that I run into or need help with, with the website.

So approximately 32,000 in newspaper advertising and about 26,000 in radio commercials is what we're looking for.

CHAIRMAN McCUSKER: And that's in the budget we're about to see?
CHAIRMAN McCUSKER: At, I think, those levels?

MS. BETTINI: Correct.

CHAIRMAN McCUSKER: Any questions for Michele?

SECRETARY IRVIN: Why print versus TV?

MS. BETTINI: Why print?

TV is quite expensive.

SECRETARY IRVIN: Yeah. But it reaches a hundred times more.

MS. BETTINI: We could go to TV. It's just production costs are quite expensive. We'd be very limited. We'd only be able to do about one commercial a quarter rather than three print per quarter.

I don't know what the range is of TV --

CHAIRMAN McCUSKER: Do you want to look maybe at the --

SECRETARY IRVIN: I'd just like to look at it. Because I just know the difference in what you reach with TV versus what you reach with print. It's not really on the same planet. I'd just like to see a little cost comparison between the two, myself.

But I love it. It's great to bring all this stuff in-house.

CHAIRMAN McCUSKER: Thanks.

Mark, your one thing remaining is the budget.
It's identified as the budget hearing. I have a call to the audience before and after. Can I combine them? Should I take...

MR. COLLINS: I would do -- I would call to the audience generally, if we have one.

CHAIRMAN McCUSKER: We do have one.

MR. COLLINS: And then I would announce the budget hearing. And then you call the audience on that.

CHAIRMAN McCUSKER: Got it. All right. So we'll do the general call to the audience. We do have one card:

Josefina Cardenas.

Josefina, thank you for waiting.

ATTENDEE: I'm getting old now.

As a native Tucsonan and a barrio resident -- and that's why I'm here, as a barrio resident -- I would like to appreciate all you have done up to this point. And it's been a long ways. Especially on February 7th of coming to this agreement.

But not being here, there's a lot -- there's also communication outreach I can understand that you must know. And I just want to bring up to the Board that it's very significant of your mission, that you have been placed in, in getting Tucson ahead in Rio Nuevo. And I am sure that you have -- you have that in consideration.

But in the past, it's been said that there was
some -- communication among you -- and that I cannot appreciate. And I'm saying that maybe now that's in the past, because bringing me in this meeting, I can appreciate professional men communicating well and getting Rio Nuevo to a second phase. But as a mother in the background, I wouldn't want to come and address that you're not communicating. Okay?

So that's one point.

The second is, as being -- as a barrio resident, I need to acknowledge our elders that lost their homes because of the Convention Center.

During this conversation, I heard a lot -- the point of being dark and unpleasant, dark and unpleasant. It made me remember of urban renewal and the pain that our elders went through in that -- in that phase of having to lose their home, this place, for this community center to go up. So again, you're in a very sensitive situation of making this project work for the second time.

You talk about seating, but there's a lot about feelings and the spiritual significance of that area, which you have in your hands to direct and evolve. Okay? And especially if you start moving west and -- below Sentinel Peak and the Birthplace of Tucson.

Right now, and the significant date, it's el Dia de San Juan. Our barrio people came together and have the
celebration that's going on right now. And I invite you to it, because that gives us an idea of what we can continue on with in this area.

So you have a great mission in your hands. So I'm always going to be here to remind you of that.

Gracias.

CHAIRMAN McCUSKER: Thank you, ma'am.

No other audience calls?

Okay.

SECRETARY IRVIN: Oh, we have one.

MR. MOORE: I don't think he filled out a card.

ATTENDEE: I'm sorry. I didn't fill out a card.

CHAIRMAN McCUSKER: We'll forgive you.

ATTENDEE: Okay.

CHAIRMAN McCUSKER: Fill one out for the record.

THE WITNESS: I will.

My name is Diego Walter. And just a brief -- very brief commentary, Josefina's done great work on getting that statute, which I believe many of you seen, with the -- called Primera Vista, with the four people in there. And I believe some of you have seen it and have been very impressed with it.

I would make one suggestion. It's called Primera Vista. But the indigenous peoples, the Pima or the O'odham who were there -- I think on top of Primera Vista -- because
they did not speak Spanish, and we should have it at least in O'odham language. That would be my suggestion.

CHAIRMAN McCUSKER: Diego, thank you very much. Thanks for all the work you're doing.

ATTENDEE: Yeah.

CHAIRMAN McCUSKER: Okay. I think we've completed the regular agenda.

I will call to order the public hearing for the Rio Nuevo budget for the period that begins July 1st and ends June 30, 2014.

Bill, if you would step up to the mike. Do your regular kind of an update for us, just in terms of cash and anything that you would normally do, and let's move quickly into the budget.

MR. ALLEN: Here's the handouts for the regular presentation. If you would pass those out.

Good afternoon. What you see in front of you in this part of my presentation is what I was -- part of the regular meeting presentation.

The first document that has the summary of cash position, states the mid-month cash position of all of our accounts for Rio Nuevo, restricted and nonrestricted.

The total of the combined funds as of mid-month June is $12,400,000 revenue. Of that, 4.4 million, rounded, is at the City of Tucson and is the monies for the
renovation at the City of Tucson -- or rather, the TCC.

The remaining balance is the regular accounts that we've been reporting on. There has been some movement in them in the last month, about $380,000 movement, downward, 155,000 of which was a shortfall funding on the TIF that can go up or down depending upon what happened with the TIF that month. This last month, it went down 155,000 because the TIF was short for the Wells obligation.

There was also a $97,000 sales tax payment. There were legal bills paid of 41,000. We had our insurance obligation to 146,000. And some other general obligations that added up to the $482,000 reduction on the unrestricted funds.

The investment account that we have, which is yielding a very minimal amount of interest on the 5 million -- but nonetheless, a return -- made a little over $700 this last month.

CHAIRMAN McCUSKER: And some of those expenditures are the tax catch up too?

MR. ALLEN: That -- yes. It was the $97,000 in sales tax was part of that.

MR. RITCHIE: What's the $46,000 for insurance?

MR. ALLEN: That's the general annual policy with Lovitt, D.M. Lovitt.

MS. BETTINI: D and L policy.
MR. RITCHIE: That's how much it is?

MR. ALLEN: It's slightly higher than it was last year.

MR. RITCHIE: Okay.

CHAIRMAN McCUSKER: Keep going.

MR. ALLEN: All right. The second document that you have --

CHAIRMAN McCUSKER: And you did mention, we talked about it in the general session, that this does not include the million dollars reserve.

MR. ALLEN: No. It does not. There is a -- at the very early part of July when the final payment happens on the Fox debt, Wells has $1 million of our money that they will return to us to the unrestricted fund. That will bump up our -- and Mr. McCusker referenced that earlier in our discussions.

The second document talks about the discretionary cash transactions under 5,000 that requires review and hopefully ratification in this meeting.

There's a summary of the miscellaneous transactions that fell outside the scope of expenditures already approved by the Board. And that's listed in front of you.

CHAIRMAN McCUSKER: And those are to be ratified by the Board, if you're still inclined.
TREASURER SHEAFE:  I still move.

CHAIRMAN McCUSKER:  Someone needs to second that.

SECRETARY IRVIN:  I'll second.

CHAIRMAN McCUSKER:  All right. It's the motion and second to ratify the $4,498 that was discretionary in the last month.

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER:  Any opposed?

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER:  Okay. Let's move to the budget.

MR. ALLEN:  This agreement that was with the AG's Office, that got approved earlier, so I don't need to discuss this.

CHAIRMAN McCUSKER:  Yeah.

MR. ALLEN:  All right. Do I need to hand out the budget?

CHAIRMAN McCUSKER:  Yeah. We don't have it.

MS. BETTINI:  It's in --

MR. COLLINS:  You do. It's in -- Tab 12 of your binder.

CHAIRMAN McCUSKER:  Everybody's got them around, and it's Tab 12. Sorry.
MR. COLLINS: Oh, that one I don't have. This is the budget here. Here's what they've got.

MS. BETTINI: Yeah. It is. It's in there.

MR. ALLEN: All right. So you have all four pages of what I have. And those are also available.

All right. So this format is virtually identical to the format that was used last year for the budgeting process.

The first two columns of -- regular first two lines discuss the projected receipts and expenditures for the current fiscal year. The combined receipts are 13,737,000, at the very top line. And the expenditures are 12,403,000.

If you look at the fourth page back, the last page, I included it to break down a little bit of the expenditures that we're talking about as well as the revenue. So you can see the 13,737,000 for this year in more detailed fashion on that fourth page at the top where it says financial resources.

Broken down by the TIF funds, rental and lease funds, which include the City of Tucson rent of the TCC and other nominal funds that we've received -- or will receive for the balance of this year and then forecasted for next year.

The second part of that fourth page, as a
reference document, is very similar to the Footnote No. 6 that is already in your budget. It's just a little bit more detailed presentation listing the operating expenses.

So going back to the first page, we had receipts, as I noted, of 13.8 million; and expenditures projected of 12.4 million for fiscal year ending 2013, which is at the end of this month.

The following rest of the document or the body of the document in the center talks about the anticipated budget for 2014. Each of these line items have associated footnotes, so you can go look at them if you'd like.

But as a general review, your 11.2 million, that is forecasted TIF revenue, is based upon a 925,000 per month average projected for 12 months of TIF funds. We have received in fiscal 2013, for your edification, 13 months of TIF. The TIF funds are very hard to forecast on a cash basis because we're at the mercy of the State as to when we receive the funds. So in fiscal 2013, we actually received February of 2012 through March of 2013. So we had 13 months of TIF in 2013.

I'm hopeful this month will be no fewer than 12 months of TIF, hopefully an additional month of TIF, if the State can get a little faster in processing their TIF fund. June is almost done. By the end of June, we will have only been paid through March 2013 for TIF funds
received by the State. So you can see there's a delay of almost 90 days.

The miscellaneous receipts, reflected as dominated, and it's referenced in Footnote 5 of the City of Tucson revenue on the TCC.

There are some additional revenues related to the Rialto and for the parking, U.S. parking, which are our two small amounts of additional revenue that comes in. And we also were receiving, as a function of the settlement agreement, payments against our notes receivable as cash coming in.

As you may recall, we were receiving revenue on the Depot Garage in 2013. But 2014, we're now receiving payments against our note. The City paid -- has paid ten months against that accounts receivable presently, so they're paid well into next year.

All right. So are there any questions about revenue, or shall I just move forward into the estimated expense?

Okay. So the administrative expenses are highlighted in Footnote 6. They're summarized for you and referenced against the projected 2013 Footnote 6.

You may see that the dominating number that defines why we're higher in 2013 versus 2014 is under legal expenditures. The legal expenditures are now being
forecasted at just higher than $30,000 a month. Hopefully those expenses could be lower. We had very high legal expense this year, $667,000.

TREASURER SHEAFE: Compliments to Mark for him forcing those lower numbers in there.

MR. ALLEN: So the total budget for operating -- our entire budget is basically populated by two things, the operating expenses and debt in interest service payments related to bond and COPs.

TREASURER SHEAFE: Okay. I was going to ask you to comment on that, the 12 million in revenue and 18 million in expenses. The difference is?

MR. ALLEN: I'm sorry, Chris. Say that again?

The $18 million that you see down in your total includes an item I haven't gotten to yet, which is construction projects of 7.9 million.

So what we have presently forecast is 12.9 million in receipts. And we have 10.5 million that relates to debt service, which is principal and interest. As well as -- and the footnote breaks out a little bit of information on that. I didn't tell you this, but if you'd like, on the -- on the debt service in between interest and expense, it's not quite a 50/50 split.

CHAIRMAN McCUSKER: If you look at Footnote 8, that was assuming the $6 million budget for the TCC, so that
number will go up based upon earlier --

MR. ALLEN: That's correct.

CHAIRMAN McCUSKER: So you're going to have to amend that accordingly.

And that assumes that we would, some time in the year, spend the other two projects, Chris, that were associated with the settlement, the Mission Gardens and the streetscape.

TREASURER SHEAFE: But we'll be able to apply the bond money to the -- add that on to the 12 million.

CHAIRMAN McCUSKER: That's correct.

MR. ALLEN: Right. The -- on Footnote 4, which is up in anticipated receipts for Net proceeds of future financing, you'll see that the dollar amount is zero because we have no future debt anticipated. But if you look at the footnote, it talks, Chris, about the 4.4 million that is already available to us related to the 2008 bond series for the TCC.

(Mr. Moore left the proceedings.)

MR. ALLEN: The 7.9 million in other projects -- or project expenditures is, as Chairman McCusker just said, $6 million for the TCC, which now needs to go up to the 7.8 million.

100,000 for downtown infrastructure improvement project, which I think is already starting to be expended.
(Mr. Moore reentered the proceedings.)

MR. ALLEN: A million dollars for Mission Gardens. 750,000 for downtown streetscapes as part of the settlement agreement. And $10,000 for miscellaneous other expenses for fixed assets that we might need.

MR. HILL: Mr. Chairman?

CHAIRMAN McCUSKER: Mr. Hill?

MR. HILL: I'm troubled over the loss of the 7,860,000. For footnote -- Footnote 4 mentions the 4.3 million in the bond fund that's available to pay that down, but it's not in the proceeds. I think it distorts the presentation to make it look like we're $6 million over budget. And in fact, we're not. Because, as I understood it, that $6 million, 4.3 from the bonds is applied to that.

CHAIRMAN McCUSKER: Yeah. And the issue is, it's not revenue because we've already gotten it.

MR. ALLEN: That cash was received before this year.

CHAIRMAN McCUSKER: Yeah.

MR. ALLEN: It's in cash on hand.

CHAIRMAN McCUSKER: -- subtotal. Maybe there's still a better way to present it.

MR. HILL: But this doesn't purport to be
It purports to be receipts. And so that's a receipt, 4.3 million.

MR. ALLEN: Not receipt this year, though.

MR. HILL: In the ensuing budget here, 2014.

CHAIRMAN McCUSKER: It's received and in the bank.

MR. ALLEN: It's in the record of --

(inaudible crosstalk.)

MR. ALLEN: -- for fiscal 2014.

CHAIRMAN McCUSKER: I think what you need to do, Bill, is net that out.

MR. HILL: Yes.

TREASURER SHEAFE: Why don't you just go to total revenue sources?

MR. HILL: Netting it out would be much better.

MR. ALLEN: That's fine. I'll be very glad to make that adjustment.

CHAIRMAN McCUSKER: Okay. I'm tracking that. Go ahead.

MR. HILL: Because otherwise, somebody will say, they spent $6 million but what have they got, yada, yada, yada, yada. And we'll have to go through that kind of crap again. Excuse me.

MR. ALLEN: I'll make that correction.

The assets and liabilities that are reflected for June 30th are based upon the audited financials that we have
in place for the unqualified payment. So that's reflected consistent with what was reflected last year because those are audited numbers.

The net cash of operation is the 12.9 million minus the -- rather, the 12.5 million minus the 10.5 million that's referenced under subtotal administrative/debt service and $2 million in net operating funds.

CHAIRMAN McCUSKER: What that does, Mr. Hill, is it washes out the construction projects and the bond proceeds, so...

MR. HILL: Right.

CHAIRMAN McCUSKER: You know, I think we just need to work on the presentation.

MR. HILL: I did that math, and it's correct.

MR. ALLEN: The cash on hand is quite sizeable, but there will be quite a few debt payments made here on July 1st and July 15th.

CHAIRMAN McCUSKER: So the debt service is out of our control. Both -- there's only two instruments remaining. The Fox gets paid off, the 2002 comps were paid off. The 2008 bond series -- that's the $8 million bonds -- that terms out through 2025. Likewise, the $12.5 million COPs turns out through 2025. So we have those two debts for the rest of our natural life. And together they amount to about $9.5 million. So that's our debt service nut before
anything goes to any other services.

We of course control the admin budget, which is, as Bill said, basically two staff, legal, the accounting, which for this year includes the auditor general's report, is why that number is up a little bit; otherwise, it would be down. So not a lot of opportunities in there.

In Executive Session, Bill, as you do the next draft, we want to show, in staff payroll, the current level of staff salaries. We're still discussing what to do with staff comp.

And then let's deal with the presentation on the front page there to net out.

MR. ALLEN: I'm sorry. Tell me what you'd like to --

CHAIRMAN McCUSKER: We're going to budget current levels.

MR. ALLEN: 155, then?

CHAIRMAN McCUSKER: Well, that's not for the whole year.

MR. ALLEN: No, it's not.

CHAIRMAN McCUSKER: You got to take the whole year. But no salary increases until further notice.

MR. ALLEN: Okay.

CHAIRMAN McCUSKER: And then to Mr. Hill's point, adjust the bond proceeds from the other projects line item,
so that gets netted out.

MR. ALLEN: Yes, sir.

MR. HILL: Mr. Chairman?

CHAIRMAN McCUSKER: Mr. Hill?

MR. HILL: What is cash ICS Alliance? Apparently it's another account at Alliance? What is ICS?

MR. ALLEN: That's the invested fund that we have that's accruing interest.

MR. HILL: So the money available to Rio Nuevo are not the first one, the next three? And then the last one, of course, would be netted out against the 6 million. Or are they all -- or some of these other ones, are they not available to us?

MR. ALLEN: All the funds that are unrestricted are available, including the 5 million, in basically --

MR. HILL: So that's unrestricted and available?

MR. ALLEN: Just a phone call, they could be available immediately.

MR. HILL: Okay. All right. Thank you.

CHAIRMAN McCUSKER: Any other questions for Bill?

Comments about the budget?

It's pretty straightforward. We are obligated to send it to the County. I don't know why, but it has to go to the County before the end of the current fiscal year.

MR. HILL: They have to publish it.
CHAIRMAN McCUSKER: Yeah. So I guess we could move it, subject to those amendments.

MR. COLLINS: You need to take call to the audience for -- specifically for the budget.

CHAIRMAN McCUSKER: Did we get anybody fill out a card? Does anybody care to comment on our budget? You're certainly welcome to.

We've worn them out.

Okay. So we would need a motion to approve the budget subject to the amendments we just gave Bill.

SECRETARY IRVIN: So moved.

MR. MOORE: Second.

CHAIRMAN McCUSKER: Motion and second for the budget.

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

Ayes appear to have it -- do have it. So ordered.

(The Board voted and the motion carried.)

MR. ALLEN: Thank you.

CHAIRMAN McCUSKER: And I think that's it.

Somebody can move to adjourn.

SECRETARY IRVIN: So moved.

MR. MOORE: Second.
CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: We stand adjourned.

(Meeting concluded at 6:34 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