RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
January 22, 2013
2:00 p.m.

REPORTED BY:

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(Meeting commenced at 2:02 p.m.)

CHAIRMAN McCUSKER: So Jannie is running a little bit late. We will go ahead and call the meeting to order. And Cody, you get to do the Pledge of Allegiance.

(Pledge of Allegiance was recited.)

CHAIRMAN McCUSKER: Michele is out ill. She'll be on her feet in a couple of days, she says.

Mr. Collins, you're going to do roll call first.

MR. COLLINS: Alberto Moore?

SECRETARY MOORE: Present.

MR. COLLINS: Cody Ritchie?

MR. RITCHIE: Here.

MR. COLLINS: Jeff Hill?

MR. HILL: Here.

MR. COLLINS: Fletcher McCusker?

CHAIRMAN McCUSKER: Here.

MR. COLLINS: Chris Sheafe?

CHRIS SHEAFE: Here.

MR. COLLINS: Mark Irvin?

MR. IRVIN: Here.

CHAIRMAN McCUSKER: Jannie is on her way.

It is noted we have a quorum. We normally would approve the minutes. With Michele out -- unless you can confirm for me that you got the last two sets of minutes -- we may just defer that item. I can't tell you honestly,
neither can you, that both sets are --

MR. COLLINS: Mr. Chairman, I don't recall whether the December 12th and the December 18th -- I believe those are the two meetings -- have been circulated. I don't know.

CHAIRMAN McCUSKER: With that, unless there's no objection -- unless there is an objection, we'll defer that to the next meeting.

Okay. We've got a busy Executive Session, so if someone will move, we'll adjourn to exec session.

CHRIS SHEAFE: I move to go to Executive Session.

MR. IRVIN: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

(The Board voted and the motion carried.)

(Ms. Cox entered the proceedings at 2:03 p.m.)

MR. COLLINS: Make a note that Ms. Cox has arrived.

(The Board adjourned to Executive Session at 2:04 p.m.)

(Meeting reconvened at 3:30 p.m.)

CHAIRMAN McCUSKER: Okay. We're back in business. We'll entertain a motion to reconvene.

MR. HILL: So moved, Mr. Chairman.
MS. COX: Second.

CHAIRMAN McCUSKER: Mr. Hill and Ms. Cox. All in favor, say aye.

(Ayes.)

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Okay. We're back in business.

It looks like we can stay pretty close to the agenda. In the interest of time, we may shorten some pieces. Both Terri and Lori are here if we have questions on the marketing piece.

Just a quick update from me and we'll move into the agenda as quickly as we can.

Even though it's hard for us to show tangible evidence of this, we've all been working really hard on the Rio Nuevo-City of Tucson relationship. And I think you'll get the same thing from the Mayor -- and counsel, if you were to ask them -- I believe we have agreement on the business terms that would settle the disagreements between the two jurisdictions.

We still have some legal work that has to be done. We were hopeful to have that by today. That's not the case, so we probably will, indeed, need a special meeting to finalize the settlement.

In that regard, the next City Council meeting is
February 5th -- so if you would look at your calendars -- and we'll get Michele to confirm your availability for a possible special meeting on February the 5th.

Once we are settled, Bill's going to report on cash here in a few minutes. We do have some money, and I think we're eager to get back to work. And we've kind of prioritized our projects, from the TCC, to the Mission Gardens, to the Fifth and Congress, to the Granada Hotel projects. So if indeed by the first week of February we can have a settlement agreement, it's conceivable that in February, we can actually have some redevelopment projects that go live.

And Bill, when we do that, we've committed to the public that those will be trackable online. So you'll be able to go to the TCC Project link and see the money we've committed to the project and the money that we've spent, to date.

Transparency's been a huge problem of the past for Rio Nuevo, and we want to be totally transparent as we start spending money. And you know, I'm keeping all my fingers crossed here that we have an agreement by the first week of February.

Mark, you want to talk about the settlement, kind of where we are and what you need from us to keep moving?

MR. COLLINS: Well, Mr. Chairman, I think you've
summarized it rather well.

We are "this close" to getting it done. There are some legal issues that still remain. And what I would need from the Board is a resolution directing you and me to continue the process so that we can resolve the one last issue before this Board gets to deal with the entire agreement. Because if we reached -- if we're able to resolve that one last issue, then I think the Board would be in a position to go through the debate of it and decide whether or not it wanted to --

CHAIRMAN McCUSKER: So it could be as simple as us instructing you to continue to move toward a global settlement that we can look at and then approve or not?

MR. COLLINS: As I was instructed in Executive Session, yes.

CHAIRMAN McCUSKER: All right.

MR. SHEAFE: Could I can ask a question?

CHAIRMAN McCUSKER: Please.

MR. SHEAFE: If the council meets at, I believe, one or two o'clock, you probably would want to hold a special meeting prior to that. Would it make sense to -- if we get something done, meet Monday afternoon rather than trying to cram it into Tuesday morning?

CHAIRMAN McCUSKER: I suppose we could. I mean, we should probably look at those available dates.
MR. SHEAFE: Monday would be --

MR. COLLINS: Chris -- and Mr. Sheafe, excuse me -- that makes some sense to me, depending on everybody's calendar. I think that you guys are going to want to have some time to digest it and so forth, so...

MR. IRVIN: Could we just check to see where everybody is? I'm available.

CHAIRMAN McCUSKER: I'm available on the 4th, 5th.

MR. IRVIN: Any time on the 4th?

MR. HILL: The Mayor's secretary, or whatever she is, said that the Council meeting is 5:30 the 5th.

MR. COLLINS: Oh, is that so?

MR. HILL: That's what she told me.

MR. COLLINS: Okay.

CHAIRMAN McCUSKER: So they would -- they probably have a study session in the afternoon. And then the council probably is 5:30.

So it's conceivable that you could do it all on the same day. But let's check availability on February 4th and February 5th. If you have that now, go ahead and let us know that. If not, Michele will get back to you.

MS. COX: I'm available either day.

MR. IRVIN: I'm available either day, except for on Tuesday, I couldn't do it before three o'clock.

CHAIRMAN McCUSKER: That's Tuesday the 5th?
MR. IRVIN: Tuesday.

CHAIRMAN McCUSKER: All right.

MR. COLLINS: So Monday would be better for you, then?

MR. IRVIN: Monday would be better for me.

CHAIRMAN McCUSKER: Cody, you around?

MR. RITCHIE: I'm fine both those days.

CHAIRMAN McCUSKER: Alberto, you fine?

SECRETARY MOORE: I'm fine.

CHAIRMAN McCUSKER: It sounds like we're good either day, except for Mark.

MR. COLLINS: But it's better for Mark if we did Monday.

MR. SHEAFE: I prefer Monday also.

MR. COLLINS: That's going to be a tight one because Tuesday is their meeting at 5:30.

MR. IRVIN: Got it.

CHAIRMAN McCUSKER: Well, all right. Stand by. We'll get back to you on that, and it's likely we'll have a special meeting.

MS. COX: Let's do it at one o'clock.

CHAIRMAN McCUSKER: We need a motion for counsel to proceed as instructed.

MR. IRVIN: So moved.

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

(Ayes.)

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Any opposed?

There you go, Mr. Collins.

MR. COLLINS: Thank you, Mr. Chairman.

CHAIRMAN McCUSKER: Terri, I note that you're here. You've handed out some stuff. We're trying to breeze through the agenda.

I think you all know we hired Victory just a month ago. They've been doing a great job working primarily with your executive officers. We do have a new website coming up live here shortly. We did pass out -- I think it's in your packet -- our first ever legislative briefing book that actually was hand-delivered to every City member on the first day of session. And we're -- you know, busy.

So unless you have some questions for them, we can have them make a full presentation at the next regular meeting.

MR. IRVIN: That'd be good.

MR. SHEAFE: Okay.

CHAIRMAN McCUSKER: Okay. Thank you. Great job so far.

Bill, CFO report.
MR. ALLEN: Good afternoon. I sent to the Board members a copy of what's in the back of the room here, which is a summary of our cash, both the COT and Rio Nuevo. Does anybody need to have a copy to look at while I'm talking?

MS. COX: I do, please.

MR. IRVIN: I'd like one.

MR. ALLEN: Anybody else?

SECRETARY MOORE: Bill, do you have another one.

MR. ALLEN: Absolutely.

SECRETARY MOORE: Thank you.

MR. ALLEN: You're welcome.

So I've provided for you the existing cash balances for both Rio Nuevo and the City of Tucson -- they just sent those to me here a few days ago -- that show that collectively, as of the 18th of January, we have roughly $15.7 million of collected -- of combined funds, rather, with 6.5 million related to the bond fund.

Five million of the bond fund is currently being held at Rio Nuevo. It's restricted funds. The City has other 1.5 million. And I believe at some juncture we're going to be moving all the -- all the bond funds back towards the City.

And at some juncture, conversely, the TIF-related money, we'd like to get a larger portion of that released over to Rio Nuevo.
So, you know, a very brief summary of our total outstanding funds, obviously the 6.5 million really isn't available for anything other than bond-related activities. But that still leaves almost $9 million for the collective commitments of Rio Nuevo, as the Board describes them.

SECRETARY MOORE: Now, Bill, this is above and beyond anything at Wells?

MR. ALLEN: That's true.

SECRETARY MOORE: So any cash that's held for debt service or anything else --

MR. ALLEN: That's correct.

CHAIRMAN McCUSKER: -- is not included in that?

MR. ALLEN: That's correct. And as I bring the books forward, I hope to provide a more exhaustive and more detailed summary of all the cash balances. I recently received the first six months worth of transactions from the City of Tucson for the new fiscal period, fiscal period 2013. And the next 30 days, I'm going to work very hard to try to bring things forward for the financial statements through the first half of the fiscal year.

MR. SHEAFE: In summary, I keep thinking we've moved all the money over, but we haven't. Roughly, what is the City still holding as far as Rio Nuevo?

CHAIRMAN McCUSKER: It's the bottom.

MR. ALLEN: The bottom box reflects what the
City's holding, that 7.1 million.

MR. SHEAFE: So that's what this is?

CHAIRMAN McCUSKER: Yeah.

MR. SHEAFE: Okay. So they have 5.6. Is there --

will that get resolved in the settlement as to how --

CHAIRMAN McCUSKER: It's the plan, yeah. There

has been no willingness on their part to transfer money in

the absence of a settlement agreement.

MR. SHEAFE: Oh.

CHAIRMAN McCUSKER: So what I'm hopeful occurs is,

once we're settled, that excess TIF funds are transferred

routinely; we either do it once a month or once a quarter or

something like that.

MR. ALLEN: Right.

CHAIRMAN McCUSKER: And the City's amenable to it,

having some structure with Bill, that as they receive excess

TIF funds, it's not earmarked for any sort of debt service.

It can be remitted over to our control and our bank

accounts.

MR. ALLEN: I suspect that the City will probably

require or maintain some minimal balance there because they

also will have shortfall months and they won't have to --

probably won't want to come back to the Rio Nuevo and try to

move the funds back and forth.

CHAIRMAN McCUSKER: It might be good, maybe at the
next meeting, for you to refresh our memory of what's at Wells.

MR. ALLEN: Okay.

CHAIRMAN McCUSKER: Just review what's reserved and for what purpose.

MR. ALLEN: Absolutely.

CHAIRMAN McCUSKER: Those accounts are totally restricted, right? We have no access to any of that money.

MR. ALLEN: Right. Right.

MR. SHEAFE: And that's bond servicing money.

CHAIRMAN McCUSKER: That's all bond servicing money. But there's some interest accounts over there, Chris. As we earn interest, it goes into another Wells account. And we're still trying to figure out how to get that money somehow remitted over to us.

MR. SHEAFE: It's kind of an interesting thing, how, you know, the world works, that you've got a bank up there, Alliance, that's putting money in these accounts all over the country in order to keep everything FDIC insured. And then, according to the description, there's a trade out. You know, they put money in Calahosa [phonetic] bank somewhere, a quarter of a million, and then Calahosa bank gives them a quarter of a million from one of their investors. And it kind of all fits.

But I just -- for my own education, what is that
whole list of banks that we have at the bottom here that
have, like, you know, somewhere between a dollar and eight
dollars in them?

MR. ALLEN: So you've segued into my next subject, which is talking about the possibility of earning interest on our funds. Alliance has a program -- an insured cash sweep is what it's called -- that evidently the State of Arizona is presently using. My understanding is that we need to do some further due diligence to try to make sure that anything that the District would do, would be totally acceptable inside that program. So I don't think we're at the juncture here, where we're absolutely certain that we can do that sort of thing.

But the small dollar amounts that you're reflecting there are the reinvestments of interest into the various relative programs. And the reason why I forwarded to the Board that example was to show how they basically break whatever amount of money you have, whether it be 8 million or 20 million or 50 million, into small incremental pieces that are all under $250,000 each.

The access to the funds are highly liquid. If, on a given day, we would need to request a million dollars back from something that was invested, we could -- we would have credit for it in that same day. The transaction may not occur until the following morning, but we would receive
credit from Alliance that day for anything we'd need to do.

I believe there's up to six transactions a month where we could move money in and out of those funds. And even though the interest rates are now pretty poor, when you apply it to large sums of cash, it can, collectively throughout a year, give a yield that's certainly better than not receiving anything.

So they appear to be safe; they appear to be going in the direction of where we need to be, with getting some return on our money. And I just wanted to get --

CHAIRMAN McCUSKER: You do remember that our performance audit has a recommendation that our money earn a yield. And it's been challenging to identify what's allowable and appropriate with government funds. There are different issues with bond money versus the TIF money. So I think this proposal contemplates investing the TIF proceeds.

MR. ALLEN: Right. I would anticipate we probably can't do anything with the bond money. But as you can look, there's presently $9 million of non-related bond money collectively held at the two sources, which is a sizable chunk of change even at 0.17 percent annual yield. Sizable is a relative term, but, you know, 15,000, $20,000 is 15--,

$20,000.

CHAIRMAN McCUSKER: I indicated that, I guess, that the City of Glendale uses this program, the City of
Phoenix.

MR. ALLEN: Right.

CHAIRMAN McCUSKER: There are a number of state governmental agencies, because it is FDIC insured, spread around, as you said -- a multiple number of FDIC banks.

MR. ALLEN: This one, uniquely, has the blessing of the State itself; the State is, I'm told, actively using it. Although we --

CHAIRMAN McCUSKER: Probably what we ought to do is authorize you and the treasurer to look at this. And then -- and if you like the program and it's deemed legal and appropriate, to go ahead and invest these funds.

MR. ALLEN: Okay. So noted.

Any other questions? I mean, I'm just trying to get it out on the table.

CHAIRMAN McCUSKER: We probably need a motion to that effect?

MR. SHEAFE: Yes, you would.

MS. COX: So moved.

MR. SHEAFE: Second.

CHAIRMAN McCUSKER: Jannie and Chris. So the motion is to authorize the CFO and the treasurer to further research and invest, if appropriate, the excess TIF funds.

All in favor, say aye.

(Ayes.)
CHAIRMAN McCUSKER: Any opposed?

Thank you.

MR. IRVIN: I didn't vote. I was going to ask a question. Is counsel going to chime in and look at those?

MR. COLLINS: Yeah, yeah.

MR. IRVIN: I'm not really cool with just a carte blanche.

MR. COLLINS: Yes. My recommendation would be -- and I would work with these gentlemen, of course. As many of you know, there are statutory restrictions on investing public funds. And even if these are just TIF funds, they are public funds. And, I haven't looked at this recently, but I did several months ago. And as I mentioned to Bill, I think earlier today, is, as I recall, there might even be an RFP component of this. So I will, in fact, work with them because we don't want to run aground with that.

MR. HILL: Mr. Chairman?

CHAIRMAN McCUSKER: Yes.

MR. HILL: Mr. Chairman and Mark -- both Marks, I guess, to that point -- when we met with Alliance Bank when we initially got the money from the City of Tucson, we wanted to get interest-bearing accounts. And the two ladies we met with immediately said we could not because it violated the bond statutes and what-have-you. And we quickly said, okay. There is that further protection, if
you would.

MR. COLLINS: There is. We are restricted because it's public money; it's not anybody's money. So you can't just go out and get a yield. And there's some -- as I recall the statutes, there's a component if -- if Bank A has all of the government's money, Bank A can't do our stuff; that they need to spread the wealth around. So that's some of the components that they're talking about.

MR. SHEAFE: Let's clear it up here. If you issue public debt, in the form of bonds, you cannot arbitrage gain on that money, correct?

MR. COLLINS: True.

MR. SHEAFE: But the money that comes from the TIF --

MR. COLLINS: That's still public money.

MR. SHEAFE: -- that's an entirely different --

CHAIRMAN McCUSKER: We can earn interest on --

MR. SHEAFE: It's in a different category.

MR. COLLINS: True.

CHAIRMAN McCUSKER: -- a certain limit.

MR. COLLINS: Yeah. But you -- but it's not unrestricted.

CHAIRMAN McCUSKER: -- certain instruments and certain --

MR. SHEAFE: The 5 million here is one category
and the...

Chairman McCusker: 9.2 million.

Mr. Sheafe: If I add the --

Mr. Collins: Agreed.

Mr. Sheafe: If we get the money from the City, is a whole different category.

Mr. Collins: Yeah. But it's still public funds.

Chairman McCusker: So I guess the --

Mr. Irvin: It's just not subject to the arbitrage ruling.

Mr. Collins: It's not -- yeah, precisely. It's not subject to the limitations in the bond documents.

Mr. Sheafe: All right.

Chairman McCusker: So to address Mr. Irvin's point, if we just, Mark, assure that you're working with Jeff and Bill, that whatever we agree on is legal.

Mr. Sheafe: Well, I want to make sure that we follow the regulations absolutely and just make note that Alliance Bank loans this money out at somewhere between 6 1/2 and 7 1/4 percent. So if they're paying zero for it, I guess that just helps all that much more.

Chairman McCusker: Robert Sarver thanks you.

Mr. Hill: I just have one question, Bill. On this last month's statement from Wells Fargo -- I get a stack like that every month -- this is the first -- well,
it's been a while, but this month they grabbed 15,000 from
somewhere and saying that whatever TIF money that they get
to pay the -- retire the debt on whatever bond -- I think
it's 2009 -- that there was a shortfall of 15,000. And
that -- when you say the City wants to retain some money,
I'd sure like to have a handle on how that happens and that
we'd be able to account for that on our books so that we can
see how that happens --

MR. ALLEN: Oh, absolutely.

MR. HILL: -- and if that shortfall is legitimate.

I'm sorry. I just don't trust them. One month they could
say it's one million, and we're out one million bucks just
because they say so. So that doesn't give me a sense of
warmth. So I hope that we rachet that down, when we have
the settlement, we get the money back, that we have some
protection, that the City just doesn't say, you were short
this month, a million bucks, and pay us, or they keep it.

MR. ALLEN: I absolutely agree.

MR. HILL: Okay. Thank you. I just wanted to be
sure we were on the same page.

MR. ALLEN: We're on the same page.

MR. HILL: Thank you, sir.

MR. IRVIN: So if I could ask a question, Jeff?

MR. HILL: Yeah.

MR. IRVIN: So the TIF proceeds were short 15,000
to meet the current bond obligation, and so they had to dip
in the little set-aside account they had to clear that up.
Is that what I'm hearing? Is that basically it in a
nutshell?

MR. HILL: Yeah. That's it.

MR. IRVIN: Okay. Thank you.

CHAIRMAN McCUSKER: The City has an irrevocable
management agreement to manage the bond accounts. It was
sold as part of the bond package, so it's irrevocable. All
we can do is look over their shoulder, is Jeff's point.
They have responsibility for it. They've always had
responsibility for it. They've not necessarily communicated
to us what they do with those accounts. Remember, it took
me moving the Earth to even get statements to the treasurer.

MR. HILL: Yep.

CHAIRMAN McCUSKER: So I think that will all
resolve. And part of what Bill can do on a regular basis is
to brief us on those accounts and what went in and out of
those.

What you see here is what the City would call
excess TIF revenue. So it would have been --

MR. SHEAFE: It's the other monies that were --

CHAIRMAN McCUSKER: It all goes to Wells. And you
can follow it to the penny. The treasurer collects the
State tax. He remits it to Wells. Wells spreads it around
to various accounts.

MR. HILL:  At least three.

CHAIRMAN McCUSKER:  Yeah, at least three. And then squirrels away the difference in one of their operating accounts.

And that's the money that's been moved over to --

MR. IRVIN:  Unsquirreled.

CHAIRMAN McCUSKER:  -- and we want to be able to collect it routinely.

MR. HILL:  Right.

CHAIRMAN McCUSKER:  Go ahead. Sorry.

MR. ALLEN:  All right. Moving on to Item 3 that I have on my list, I wanted to briefly talk about the IRS audit of the 2002 CoP. We've compiled a significant amount of information working with Gust Rosenfeld. And Mark, I think maybe he's lost a few hair follicles more than maybe I've lost -- I don't know it's a contest -- trying to get this stuff done timely and quickly.

We are on track with getting all the information together that they require. We've received an extension from their original deadline of January 5th to February 5th of 2013 and -- with the possible exception of materials we may need to acquire from the City of Tucson for pieces of what the IRS may want to look at, which Tim at Gust assures me that if that's the case -- there will be no issue of
having that portion extended, that we're completely on track
with getting all the information that they would otherwise
require for our audit. They've already received a
significant amount of information. So everything, as far as
I know there, is all good.

CHAIRMAN McCUSKER: Are they coming here, or is
this entirely a desk audit? It's out of the San Francisco
office or the Phoenix office? Where did the audit
originate?

MR. ALLEN: I think it was out of California.

MR. COLLINS: It's out of San Francisco. It's a
desk audit currently. Mr. Chairman, the indications are --
from the folks in my office that do these things -- is that
this was a random selection. Now, that's what the
indications are. I don't know, but that's what the
indications are.

CHAIRMAN McCUSKER: So if they see something they
don't like, we might see them?

MR. COLLINS: Right, right.

CHAIRMAN McCUSKER: Any questions for Bill on
that? This is 2002, this is the series that acquired the
TCC.

MR. ALLEN: The TCC; that's correct.

As far as the financials are concerned, I just
acquired the first six months of activity from the City of
Tucson. I recently had a meeting for the transfer over from RCM, who assisted us with their accounting, in catching up the 2012 fiscal statements, to start transferring over, to my complete control, the entries and financial statement updating of the QuickBooks that are now formatted properly and structured properly, consistent with the proper governmental accounting structure that was missing in the previous set of QuickBooks that we maintained. It's not there yet.

We have to -- I have to do a lot of entries and get things caught up. I'm on track to do that. And, you know, I've been working through year-end tax returns. I've got some 1099s coming up here I got to get out the door. And I have to be able to work on sales tax to try to true up the sales tax, catching that up.

But it remains my top -- top priority going toward is getting everything timely so we can start to do more normal presentation of financial information at the monthly Board meetings than summarized cash presentations, which is not -- sorely shy of what I would otherwise present to the Board, finally.

Any questions on that?

MR. IRVIN: Thanks for your efforts.

MR. ALLEN: And the audit is virtually almost over. That's the last item I have on here. There's some
pending adjustments that maybe could occur. So as soon as
we get all that ferreted out, I think that will wrap up very
quickly.

CHAIRMAN McCUSKER: Do you think that's possible
by February 5?

MR. ALLEN: I would think it would be possible,
yes.

CHAIRMAN McCUSKER: That may be something we put
on the agenda for that meeting.

Any questions for Bill?

While you're standing there, Bill, on Item 8,
we've talked about trying to give executive officers some
spending authority, kind of help make your life a little
easier to manage. Mark's going to draft something in that
regard. We also would like to see a capital budget request.

So we did an operating budget. We've not done a
capital budget, so if we can kind of put everything we need
to run the business in one request, we'll approve that. And
then we will have some interim authority at the executive
officer level. So we'll get that to them by the next
meeting.

MR. ALLEN: Yes, sir.

CHRIS SHEAFE: Mr. Chairman, as I understand,
there's a printer shortage or something in the office. Are
we far enough long where we can just authorize --
CHAIRMAN McCUSKER: The Board can certainly do that, sure. I mean -- yeah -- we have no authority at our level, but if the Board was so inclined, that's one of the urgent issues.

MR. SHEAFE: Could I make a motion that we at least create a thousand dollars to resolve any office thing until we get these other elements taken care of?

MR. IRVIN: What's a printer going to cost us?

CHAIRMAN McCUSKER: A couple grand.

MR. ALLEN: I was recommending something that was hardy enough to handle all the needs for what we need to do for the Board.

MR. IRVIN: Something that prints in color probably as well?

MR. ALLEN: Right. And then --

MR. IRVIN: So you're probably looking at 2500 to three grand.

MR. ALLEN: I'm not sure if it would be that high. I think we could -- you know, certainly the higher end stuff would go there. But I think, a couple grand, you could probably get a very competent piece of equipment.

MR. SHEAFE: All right. Well, I would like to make a motion that the number is high enough to solve the printing problem.

Do you have any other problem?
MR. ALLEN: The printing problem is the most pending thing that we have, essentially.

MR. SHEAFE: Okay. And then while we're getting this other stuff, we at least allocate that money to get that taken care of.

CHAIRMAN McCUSKER: Probably 2500 bucks.

MR. SHEAFE: Okay. Maximum, 2500.

CHAIRMAN McCUSKER: He's making that motion. We need a second.

MR. IRVIN: I'll second it.

CHAIRMAN McCUSKER: Any further discussion?

All in favor, say aye.

(Ayes.)

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: There you go.

MR. ALLEN: Thank you, Chris.

CHAIRMAN McCUSKER: Mark will be disappointed that he's not printing stuff out for you anymore.

MR. COLLINS: My secretary will be heartbroken.

CHAIRMAN McCUSKER: Item No. 9: I think -- unless you live in a hole -- you know that our legislature has indeed convened. We've not seen any Rio Nuevo legislation. But there could be. And we certainly want to stay in touch with our elected members. So we would like to pursue the
recruitment of, and retention of, a lobbyist. We're checking into whether or not that's something that has to be competitively procured.

And if it is, we will do that post-haste. If not, then I would like the Board to authorize the executive officers to recruit and retain a lobbyist.

MS. COX: So moved.

MR. IRVIN: Is there a dollar number with that that you're asking for approval?

CHAIRMAN McCUSKER: We haven't seen proposals, but it shouldn't cost more than 50- or $60,000 a year.

MR. IRVIN: Okay.

SECRETARY MOORE: How much?

CHAIRMAN McCUSKER: 50- to 60K. It's kind of the going lobbyist rate.

MR. HILL: That is true.

MR. IRVIN: I have no problem.

MR. SHEAFE: All right. Well, I second the motion.

And did you want to amend your motion to make sure it incorporates that money?

MR. COLLINS: Not to exceed?

MS. COX: Yes.

CHAIRMAN McCUSKER: Cody, go ahead.

MR. RITCHIE: Can we just study it a little bit
further before we -- I didn't know it was going to be quite that much for the -- it thought it was just while they were in session.

CHAIRMAN McCUSKER: The issue with studying it is they are in session. And so we could put a cap on it, as somebody suggested, or you could authorize the executive committee to negotiate that.

But, generally, that's -- and, Jeff, concur if I'm off base -- but generally that 50 to 60 is kind of the going rate for representation at the legislature.

SECRETARY MOORE: Question, Mr. Chairman.

CHAIRMAN McCUSKER: Mr. Moore.

SECRETARY MOORE: Is that based on the four months of --

CHAIRMAN McCUSKER: That's an annual cost. That's kind of the --

SECRETARY MOORE: Is there that much to do on a monthly basis for 12 months out of the year? We would only need them really for four or five months at the most at any one time.

CHAIRMAN McCUSKER: I think if we were to cap it at that, you might be able to negotiate that. But I think they will tell you that, yes, it's a full-time job. In the off season they work as much as they do in the season. If you tried to pay them by hour, you would pay ridiculous
amounts of money during session. So they generally kind of average it out over the year. That's been my experience with --

SECRETARY MOORE: I'm just thinking that since it's our first time out there that -- and we're looking at this session, that maybe limit it to these four months, see if there's really some need for them; and then we can look on a permanent basis in the future.

CHAIRMAN McCUSKER: I think that makes sense.

SECRETARY MOORE: I think four months is -- that's when they're in session. If we want to do something, we'll do it now. And I don't know if we'll need them in the future.

CHAIRMAN McCUSKER: See if we can move that into a motion.

MR. RITCHIE: I motion that we limit it to $20,000 for this session -- four-month session, and do what Alberto said and reconvene after this session.

MR. SHEAFE: That's a substitute motion ^^which would still --

CHAIRMAN McCUSKER: Are you following that, Jannie?

MS. COX: Or I could -- we could -- that would be fine with me. Or I can --

CHAIRMAN McCUSKER: You can amend your motion.
MS. COX: I can remove or amend my motion and take that one instead.

CHAIRMAN McCUSKER: Do you want to do that? And, Cody, you second it?

MR. RITCHIE: Yes.

MR. COLLINS: Do you want to withdraw your motion?

MS. COX: I will just withdraw my motion.

CHAIRMAN McCUSKER: She's withdrawing her motion.

So, Cody, you're free to make a new motion, which I think you did, but rephrase it.

MR. RITCHIE: I make a motion that we spend $20,000 for this legislative session, cap it at 20,000, and reconvene after this to see if it's worth hiring somebody full time after the session.

CHAIRMAN McCUSKER: And we would authorize the executive officers to recruit and retain that individual?

MR. RITCHIE: Yes.

MR. HILL: Mr. Chairman, discussion of the cost for pushing --

MS. COX: We need a second, first.

MR. HILL: We need a second?

CHAIRMAN McCUSKER: Someone second that?

MS. COX: Second.

CHAIRMAN McCUSKER: All right. Jannie, thank you.

Go ahead. I'm sorry.
MR. HILL: Now discussion: The going rate is --
as the Chairman says, is 50- to 60,000. The lobbyists
generally have to eat in the fall when they're not meeting.
So the payout is like a monthly basis to get to the 50 or
60. If you cap it at 20, I don't think you'll get a
lobbyist because the going rate to get -- monitor and,
perhaps, run legislation is 50- to 60,000.

So, if you wanted to have them just for the
session, they're going to say, oh, that's 50- to 60,000.
Pay me a retainer, at the end of session -- you know,
25 grand, and at the end of session, another 25 grand. I
don't think you can hire one for 20 grand just for the
session. I could be wrong, but that's generally the way it
works.

CHAIRMAN McCUSKER: Especially at this date.
SECRETARY MOORE: Can we try it?
MR. HILL: Sure, I just wanted to point that out.
CHAIRMAN McCUSKER: All right. We have a motion
on the table to authorize up to $20,000 to seek out, retain,
and recruit a lobbyist for a period not to exceed five
months.

MR. SHEAFE: And you have a second on that motion.
CHAIRMAN McCUSKER: And we have a second. Call
for the question.

All in favor, say aye.
(Ayes.)

CHAIRMAN McCUSKER: Any opposed?
Okay. Motion carried.
(The Board voted and the motion carried.)

MS. COX: Now, if time is of the essence and we cannot hire a lobbyist for $20,000 for four months, then when do we come back together to --

CHAIRMAN McCUSKER: Next time we meet is February 5th. So I can bring something to you by then, whether we were successful or not.

MS. COX: And that will still give us time to make another decision?

CHAIRMAN McCUSKER: I believe so.
Okay. I didn't see any cards filled out. We do have some audience members here that came in. So please, we welcome your comments. If you'll give the card to Mr. Collins, the handsome one with the tie.

Anybody else would like to address the Board, speak now, or forever hold your peace.

Dick --

Can you please pronounce your last name for me.

ATTENDEE: Basye.

CHAIRMAN McCUSKER: -- Dick Bayse, with the Pima Association of Taxpayers.
ATTENDEE: Yes. Maybe I should read what I wrote down here.

The concern is -- the concern is this voters pamphlet that was originally issued for voters to vote on Rio Nuevo.

Frank Antenori -- I guess he's a former legislator now -- at our group mentioned the fact that somehow, between the legislature and this pamphlet, the thing morphed into something entirely different. It went from a requirement that there be an arena and a hotel as a part of this project to being an aquarium, Convento, and historical and science center.

When I talked to the -- an attorney with the State Attorney General's office, he says if public money is used to deceive the public, that's public malfeasance. I looked it up in the code, and it looks like it's more like fraud.

So I would like you to find out who made this pamphlet, which nowhere says there is an arena to be purchased. It gives the financial amounts that would be expended on the final page. Nowhere in there is a dollar to buy an arena, the one that existed or to build one. And nowhere is there one dollar to build a hotel. There is 8 million to build supporting facilities for it, like sidewalks and parking, et cetera.

So with that in mind, that's what we, the voters,
voted for. We want to know why we were deceived and
basically defrauded. And I would like you and ask your
attorney to look into it, who in the City deceived us and
defrauded us. Thank you.

CHAIRMAN McCUSKER: Thank you.

Any other comments?

Hearing none, I'd take a motion to adjourn.

MR. IRVIN: So moved.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

(The Board voted and the motion
carried.)

CHAIRMAN McCUSKER: And we stand adjourned. Thank
you very much.

(Meeting concluded at 4:06 p.m.)
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