RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
November 18, 2015
2:00 p.m.

REPORTED BY:

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(Meeting commenced at 1:59 p.m.)

CHAIRMAN McCUSKER: Okay. We're going to call the meeting to order. It is 1:59 by the official clock. And we've heard from Cody; he's on his way in. And Chris Sheafe is on his way in.

Let's start with the pledge.

(Pledge of Allegiance recited.)

SECRETARY IRVIN: Is this where we get to sing to Edmund Happy Birthday? Michele, you're going to lead that?

MS. BETTINI: No. I don't sing in public.

Happy Birthday, Edmund.

CHAIRMAN McCUSKER: You'll notice our transcriptionist is not here. He will be here after Exec. Michele is recording the starting of the meeting.

So, Michele, go ahead and call the roll.

MS. BETTINI: Jeff Hill?

MR. HILL: Here.

MS. BETTINI: Jannie Cox?

MS. COX: Here.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: Here.

MS. BETTINI: Mark Irvin?

SECRETARY IRVIN: Here.

MS. BETTINI: Edmund Marquez?

MR. MARQUEZ: Here.
CHAIRMAN McCUSKER: Okay. And you have the transcript from the October 27th meeting. Any changes or additions? If not, entertain a motion to approve.

MS. COX: So moved.

MR. HILL: Second.

CHAIRMAN McCUSKER: All in favor say aye.

(Ayes.)

We have an executive session on the agenda. We need a motion to recess to executive session.

SECRETARY IRVIN: So moved.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: So all in favor say aye.

(Ayes.)

Okay. We'll be back here in about 60 minutes.

(The Board recessed to Executive Session at 2:03 p.m.)

(Meeting reconvened at 2:45 p.m.)

CHAIRMAN McCUSKER: Okay. We'll entertain a motion to reconvene.

SECRETARY IRVIN: So moved.

MR. RITCHIE: Second.

CHAIRMAN McCUSKER: So all in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Okay. And we're back with the transcriptionist.
Thank you very much.

Let me just tick through the agenda. We're going to table a couple of things.

The Mercado Annex discussion, to remind everyone, we are working with Gadsden on the West Side. We previously approved $2.2 million to activate some retail on the western terminus of the streetcar. That required a three-party agreement with the City of Tucson. We've yet to achieve that. So we're going to table that and have instructed counsel to continue to work on the tri-party agreement.

We are -- so that -- that tables item No. 9.

And I think everything else we're going to tick off here pretty quickly. So let's get at it here.

Dan, do you want to go with your financial report?

MR. MEYERS: Sure.

Dan Meyers, chief financial officer.

Okay. So a couple things happened last month as we -- we moved that $1.7 million from sitting in the Wells Fargo trust accounts, excess money sitting there, over into Alliance Bank. We've got $9.6 million in Alliance operating account. We've got $5 million in the Alliance Bank ICS account. We've got 400,000 in the Bank of Tucson.

Now that the money is sitting there and we got our -- received our TIF allocation for November, we're going be coming up with a proposal to get some of that money out
of Alliance and allocated more appropriately through Alliance and Bank of Tucson that we talked about the last meeting.

We just got our allocation from the State of Arizona today or at least we're going to be. It's 816,000. As you know, our budget is $825,000 a month so we're right on there.

Nothing really significant happened from the way of paying down any of our commitments. We've got a total of $15 million in the bank. Remaining commitments are 6.4 million. So we've got an 8.6 surplus as we stand here today.

CHAIRMAN McCUSKER: Did you do anything to pull the excess funds out of Wells?

MR. MEYERS: Yes. I said earlier, 1.7 came out sitting in Alliance.

CHAIRMAN McCUSKER: That's part of what went into Alliance?

MR. MEYERS: Yes.

CHAIRMAN McCUSKER: Do you want to reexplain kind of how that got over there and what the genesis of that was.

MR. MEYERS: Yes.

As we collect money throughout the year, a certain part has to be set aside to pay for debt service and interest on the bonds. And there's a calculation that we
do. And we've got to keep as much money in a specific account at Wells Fargo to make sure we're able to cover our debt service.

If for some reason our TIF revenues would drop substantially, then we would have to repay that. I think we have still got a 2- or $300,000 cushion, as we sit here today.

CHAIRMAN McCUSKER: And it has nothing to do with the $8 million reserve. That's totally separate?

MR. MEYERS: Correct.

CHAIRMAN McCUSKER: And we can't touch that.

MR. MEYERS: We cannot touch the 8.

Questions?

CHAIRMAN McCUSKER: Any questions for Dan?

MR. MEYERS: Just a couple of notes here. I'm still in the process of matching up the State of Arizona's list of people that are filing as Rio Nuevo vendors/merchants to a list that we've got compiled of the merchants that we think we should be filing. I'm getting very close to finalizing that. And then we'll be matching it up closely.

And I think we're going to follow up with some kind of a letter or notice out to our TIF merchants and just remind them that, you know, it's to their benefit if they file these TPT-1 forms, which is a sales tax sent to the
State of Arizona. And that's what generates our monthly TIF revenue, comes back to us. So really encourage them to look twice and make sure they're doing it and doing it correctly. And feel free to contact Michele or I if we -- if they need help, because this is -- this is the money that we're legally entitled to. And it's money that we really should be chasing down and collecting.

MS. COX: Dan, can you help me? You say that it's to their benefit to do it? How could they benefit --

MR. MEYERS: Well --

MS. COX: -- other than what we do with it?

MR. MEYERS: -- through what we do, through our marketing, through our reinvesting in the District. I mean, we take the money we receive from the TIF and after we pay the principal and the interest on the bonds, then we are able to do whatever we want with that.

You know, we're doing projects. We're marketing for them. You know, I think that holds true for the downtown merchants, Sunshine Mile, and both the malls. I mean, I think, you know, we do a pretty good of promoting all these -- all our merchants.

MS. COX: Do they know that?

MR. MEYERS: Well, I think some of them know it. But I think we need to make it better known to them.

MS. COX: Yeah.
MR. MEYERS: That's what -- that's what this, you know, letter is.

MS. COX: Okay. Thank you.

MR. MEYERS: Okay.

TREASURER SHEAFE: Dan, quick question.

MR. MEYERS: Yes.

TREASURER SHEAFE: I noticed, in looking at the income stream, that we have one major taxpayer that had a rather astounding -- almost fivefold -- entries that recently happened. Now what that tells you is that there must have been a mischaracterization of the way that the taxes were paid earlier -- in the earlier reports.

Are you having any success or do we have the opportunity to go back and maybe relook at those numbers and get that entity and others that are doing the same thing to correct their numbers?

MR. MEYERS: Yes. We can go back four years and amend. So this one kind of popped up there all of the sudden. There was a significant increase. So I can't contact them directly. But I asked the City of Tucson and ultimately the State of Arizona to follow up with them. And I know they've done that. And there's made -- progress made yet, but I remind them every single month that, hey, let's see if we can't go back and recapture some of this lost revenue.
So you know, we're on top of it. I think we --

CHAIRMAN McCUSKER: Is it in -- within our intergovernmental agreement with ADOR that we're not allowed to contact any --

MR. MEYERS: Yeah, I think we -- I've spoken to --

CHAIRMAN McCUSKER: Mr. Collins, is that a legislative issue?

MR. COLLINS: Yeah.

CHAIRMAN McCUSKER: A statutory issue? Could it be something we renegotiate with ADOR?

MR. COLLINS: Mr. Chairman, Members of the Board, it's all of those things. It's things that could be dealt with.

As you may recall, we entered into this agreement at a time when ADOR was busy changing their entire software program because of a previously enacted statute. I understand that at some point they're going to have GPS capability in that new software which will help Michele and Dan identify the precise location.

But as to being able to contact, that gets into the confidentiality problem. And yes we can -- we can address it. But we were unable -- or they were unwilling to give us that -- that right when we did the ADOR agreement that we have now.

MR. MEYERS: Well, and part of the problem here is
that it -- to contact them, I think it actually could be
considered an audit. And they can only audit once every
four years. So they're -- they don't want somebody chasing
them down for a $3 revenue thing when they've -- when
they've got bigger fish to fry. And so it really
prevents --

CHAIRMAN McCUSKER: So we're not prohibited from
educating them as long as we don't discriminate the
nonpaying taxpayers.

MR. MEYERS: Right. So I think we're going to
send out a little letter, you know, happy holidays. Good
luck for the Christmas season. And by the way, don't forget
to file that TPT-1 form properly.

CHAIRMAN McCUSKER: And put the code in there.

MR. COLLINS: And as I said, Mr. Chairman, Members
of the Board, when that GPS component is part of the ADOR,
that will allow Dan and Michele to focus their efforts on --
their educational efforts.

CHAIRMAN McCUSKER: Have you got any questions?

Mr. Marquez?

MR. MARQUEZ: Dan, previously you mentioned --
just quickly -- that we, at the last Board meeting, had
decided to put more of our funds into these local banks,
Alliance Bank and Bank of Tucson, in support of our local
banks. Can you just drill down that a little bit for us?
When is that happening?

MR. MEYERS: I plan on having something together by next Wednesday to try to ladder these things properly because there's all different kinds of rates depending on what kind of instrument they're in. And it's incredible the way that they're different. I mean, you'd think they'd all be the same, but it's different.

And so I was going to put something together and see how that works out.

CHAIRMAN McCUSKER: All right.

These are the only two banks that the District is authorized as deposit accounts. And that dates back to long before many of us actually got on the Board. There was a presentation made by the banks. And the District board selected these two banks, Alliance Bank and the Bank of Tucson. So we can move money between the two; we can't go outside of those two banks.

MR. MEYERS: Right.

CHAIRMAN McCUSKER: But I think that what -- the point has made to Dan, you can do a better job distributing the money between the two banks that are authorized.

MR. MEYERS: Right.

CHAIRMAN McCUSKER: And we've asked him to do that.

SECRETARY IRVIN: And you say we can only spread
it between those two banks; that would be unless we sat down
and went through a similar process again?

CHAIRMAN McCUSKER: Mark, enlighten us on that. I
mean, it was an RFP. The banks made a presentation. The
Board voted. You know, would we have to do the same thing
again if we wanted to expand our --

MR. COLLINS: You have to --

CHAIRMAN McCUSKER: -- choices or --

MR. COLLINS: Mr. Chairman, Members of the Board,
you'd have to either do an RFP, or an RFQ. And you'd have
to go through that process. Keep in mind, too, that there
are several statutes. This is public money that we're
talking about. And there are some rather stringent statutes
that apply. I'm not saying that other banks can't satisfy
that.

But, yes, you could -- as Mr. Irvin says, you
could do that if you elected to do that.

SECRETARY IRVIN: I'm not advocating that, just a
question.

MR. MEYERS: Any other questions?

Thank you.

CHAIRMAN McCUSKER: Thank you. Thank you very
much.

Okay. Item 7, the refund bond proposal. We have
representatives from counsel and bond counsel here to remind
everyone we have previously authorized counsel to move forward on what's called a refund bond.

This would take the $82 million, roughly, that was issued by the City-controlled Rio Nuevo some time ago, at the highest interest rate probably in the history of the market, and refinance that at today's rates, which are about 2.7, 2.75 percent interest.

The District would save about 5-and-a-half million dollars of debt service payments. And we have the opportunity to remove as much as $8 million of our debt service reserve. So it's a huge economic opportunity for us.

There is some concern about interest rates up-ticking. So we want to move quickly.

So, Mr. Collins, if you'll walk through kind of what you prepared for us to authorize these bonds.

MR. COLLINS: Yes.

Mr. Chairman, Members of the Board, you have in front of you a resolution entitled Resolution 2015 and a blank. It would be 2015-1 if you should -- should vote to adopt this resolution.

I'm joined by my partner Tim Stratton, who's here to answer any detailed questions about this that you might have.

But if you vote to adopt this resolution, that
will be the next step in moving forward to issuing these re-funding bonds in the hopes of securing the savings that the Chairman just outlined.

The resolution authorizes Tim and the folks at Piper Jaffray to go forward and prepare to issue the bonds, find buyers, and so forth. The resolution has a failsafe in it about you -- if you authorize this, adopted this resolution, it would give Tim and Piper Jaffray the authority to proceed with issuing these bonds provided that certain benchmarks are met, those benchmarks including a 3 percent present tax -- or present income savings.

I'll have you look at paragraph -- section -- on Page 4, I think, if my notes are correct. I should look at my own -- yep.

ATTENDEE: It's Section 3, Mark, on Page 3.

MR. COLLINS: Okay. See, there's the guy that wrote the darn thing.

Section 3 on Page 3, the re-funding shall result in a present value savings to the District of at least 3 percent.

So if you adopt this resolution today and it turns out that we don't find buyers that will result in that kind of a return, the bonds will not be re-funded.

So what -- what -- subject to all of your discretion, I would suggest to you that you consider making
a motion to pass this resolution that's before you and 
authorize the executive officers to execute the appropriate 
documents that may be necessary to effectuate this 
resolution provided that all of the conditions in the 
resolution are met.

MS. COX:  So moved.

MR. MARQUEZ:  Second.

THE COURT:  Any questions for Mark?  Any further 
discussion?

Okay.  We have -- let's do a roll call vote.

Michele, we have before us a motion to authorize 
the re-fund bond -- and that's Resolution No. 2015-1 -- and 
to authorize the executive officers to execute the required 
documents so long as the contingencies are met.

Michele, call the roll.

MS. BETTINI:  Cody Ritchie?

MR. RITCHIE:  Aye.

MS. BETTINI:  Edmund Marquez?

MR. MARQUEZ:  Aye.

MS. BETTINI:  Mark Irvin?

SECRETARY IRVIN:  Aye.

MS. BETTINI:  Chris Sheafe?

TREASURER SHEAFE:  Aye.

MS. BETTINI:  Jannie Cox?

MS. COX:  Aye.
MS. BETTINI: Jeff Hill?
MR. HILL: Aye.
MS. BETTINI: Fletcher McCusker?
CHAIRMAN McCUSKER: Aye.

By votes 7-0, we've passed Resolution No. 2015-1.
(The Board voted and the motion carried.)

TREASURER SHEAFE: Just for clarification, this will be posted on our website. It's a rather lengthy motion. And to try and restate it wouldn't have been practical. But anybody that's interested in the details, since it goes on for a number of pages, it will be on the website and available for public scrutiny, correct?

MR. COLLINS: Yes, sir.
CHAIRMAN McCUSKER: All of our agreements are posted.

Two other agreements we have to approve simultaneously: One is the retention of bond counsel; and the other is the retention of Piper Jaffray as the bond underwriter. We've seen those agreements as well.

You want to walk through those?
MR. COLLINS: Yes. There are two agreements you -- to proceed forward with the issuance, you need to engage Piper Jaffray, who you've engaged for other reasons already, to assist in finding buyers and in determining when
the appropriate time is to issue the bond.

That agreement you've seen; we've discussed. It is based upon successful issuance of the bonds; it's based on the percentage of what the amount of the bonds are; the bigger the amount of the bonds, the more that Piper Jaffray gets paid, and conversely.

CHAIRMAN McCUSKER: For the record -- let's go ahead and put in the record what those percentages are.

MR. COLLINS: The proposed fees are $3 per thousand dollars of proceeds delivered with a minimum of $50,000 per series issuance. And a re-funding transaction -- which is what this one is -- is $3.50 per thousand proceeds delivered with a minimum of $50,000 per issuance.

So depending on how big a number you have, they're getting $3.50 per thousand dollars. Otherwise, their payment is entirely based upon the issuance happening.

The --

CHAIRMAN McCUSKER: You've all seen the Piper Jaffray agreement. I would entertain a motion to approve.

SECRETARY IRVIN: So moved.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.
That passes unanimously.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: And then finally, the bond counsel agreement with Gust Rosenfeld.

MR. COLLINS: Yes. Like the Piper Jaffray agreement, that is keyed into whether or not the bond's issued. If the bond's issued, the firm would charge you folks $2.75 for the -- for each thousand dollars of the proceeds. So the bigger the bond issue, the more you end up paying.

If the bonds do not issue, this agreement provides for the District to pay Gust Rosenfeld on an hourly basis. I will tell you that the basis of that hourly rate would be mine, the one I've been charging you since 2012. So if we get to that point, we will --

CHAIRMAN McCUSKER: All right. You've all seen that agreement. I would entertain a motion to approve.

SECRETARY IRVIN: So moved.

MS. COX: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

That's passed unanimously.

(The Board voted and the motion
carried.)

CHAIRMAN McCUSKER: So, Mark, while you're up there, just for the public, what happens now? We've approved the resolution to issue $80 million of bonds. This replaces the current $80 million of bonds at a lower interest rate.

We still have to have a credit rating assigned to us.

MR. COLLINS: Correct.

CHAIRMAN McCUSKER: We still have to have a surety guarantor underwrite these. And nothing can happen until those things occur positively, right?

MR. COLLINS: Correct.

And -- and you also -- yeah. All of those things have to happen.

With this resolution, the executive officers and the appropriate parties have been authorized to execute the documents that will do that. But until we come -- Assured Guaranty comes back and tells us whether -- or what rate they will charge for insuring these bonds, we're not going to know what the return is going to be. So that's the next step, is waiting for Assured Guaranty.

I understand that we should have that by the December meeting. During the -- in the meantime, Piper Jaffray and Gust Rosenfeld will be working forward in the
hopes that these could be issued, actually, in January of next year.

CHAIRMAN McCUSKER: Yeah.

Any questions for Mark or Tim?

Thank you very much, gentlemen.

MR. COLLINS: Thanks, Tim.

CHAIRMAN McCUSKER: Item No. 8, meeting dates.

We've tried this before around this time of year. We've yet to be successful. But Michele's given us potential dates for all of 2016.

Michele, you've scheduled these around the City Council, right, so we don't meet on the same day the Council does? Have they moved their meetings? Because these are all on Tuesdays.

MS. BETTINI: They have not moved their meetings. They have a few on Wednesdays because of holidays. But otherwise that -- all of ours are opposite of when M&C meets -- opposite weeks. So they might meet the week before --

CHAIRMAN McCUSKER: Opposite weeks.

MS. BETTINI: Or -- they meet twice a month. So they're either the week before or the week after of what I've proposed.

CHAIRMAN McCUSKER: Is there anything that catches your eye? I mean, we can publish these as projected and
deal with it month-to-month. But this would allow both us
and the public to know what the proposed schedule is for the
entire year.

SECRETARY IRVIN: Mr. Chairman, the only conflict
that I have with that is on the -- Tuesday, February 16th.
I'm just not in town. So if that was the 17th, that would
work. Or we can just do it without me.

CHAIRMAN McCUSKER: Okay. So we might have to
move February.

Anybody else got a glaring conflict?

MS. COX: I don't have a conflict. I just have --
I just arranged another in board -- another board commitment
that's important to me. I've just arranged to have those
meetings the day before all of these meetings so that, in
the summer, I know I can be in town that week. So I'm just
hoping that the May, June, July, August, September meetings
don't change. I like them right where they are.

CHAIRMAN McCUSKER: And so let's publish these as
the proposed schedule. And God willing, we'll try and keep
them without further objection.

MS. COX: Great.

CHAIRMAN McCUSKER: Mercado Annex, we have tabled.
The TCC Today, Karla, come on up.

They're going to update us on the status of their
project which has become even more important, of course,
since the failure of the county bonds.

MS. VAN DRUNEN LITTOOY: Indeed.

CHAIRMAN McCUSKER: But imagine where we would be if we didn't have you guys.

MS. VAN DRUNEN LITTOOY: Well, thank you. That's very kind, Fletcher.

So, Mr. Chairman and Members of the Board, I've been encouraged to limit my comments to three minutes. So I'm going to speak rapid fire.

And, indeed, we were disappointed to learn that all the bonds had failed. But we think there are opportunities for incremental improvement at the TCC. And we'd like to give you an update on our thinking on that as well as Demonstration Area II.

I want to assure you that your investments in this project have a long life ahead of them and that they will continue to encourage people to be a part of this project.

So key amongst our accomplishments of recent date are that, for Demonstration Area II, we were able to raise $11,000 more than we expected. So we were able to add two additional projects to our scope. And I will tell you more about those in a moment.

I would also like to recognize Helen Erickson, my partner, for her work in securing our listing on the national register. This underscores that this project is
not only valuable for Tucson but for the nation as a whole.

So with your support, we have now been able to improve four different areas in the plaza. Each of those are marked here with a star on the map.

Demonstration Area II has fulfilled all of the goals that we set. We now have four young trees in the raised planting beds, 30 blooming shrubs, a bench, informational signage. All of the trees in the adjacent area have been trimmed to look nicer. And the trip hazards were removed from that site.

So with the additional moneys that we raised, we were able to begin refurbishment of one of two original kiosks. We took all the degraded materials off of those kiosks. We added informational signage in a style that complements Eckbo's design. Soon, now, there will be an eight-sided aluminum header that will be replaced that was also part of his original design.

We have one of the original light fixtures. We're seeking three others to match it so that we can restore this kiosk very much to its original style.

And then, in the olive balcony -- this is the area just outside of the meetings rooms beyond the arcade looking to the north over the plaza. Eckbo designed this for a view scape from the arcade and from the meetings rooms. But the foliage was so overgrown in that raised bed that no one
could, any longer, see that vision. So we've replanted that
bed now according to Eckbo's specifications. We trimmed all
of those olive trees to enhance the view.

What we'd like to do in the fairly near future is
to replace a soft surface underneath those trees. It was
originally turf. It's now crushed gravel. And we'd like to
give more inviting seating to that area.

We have some aspirational goals. Those would be
things that we know we need great partnership with. And
they're going to take a long time. Key amongst that is that
there would be a higher level of maintenance on the plaza by
the City. Helen and I have met with City Manager Ortega and
expressed that desire, and the importance of that, to him.

We've also proposed to him that they consider
returning, to the TCC, the per-ticket maintenance fee which
is no longer able to be used for maintenance at the TCC.

We're in the process of working with TPAC to
relocate all of the nonconforming art. And we will continue
to feed ideas --

CHAIRMAN McCUSKER: The geckos? They're going?

They're gone?

MS. COX: She calls them nonconforming art.

CHAIRMAN McCUSKER: I'd like to have one of them
in my yard.

MS. VAN DRUNEN LITTOOY: We'll continue to feed
ideas to SMG, the management company, so that they can think
more broadly and creatively about how to activate that
plaza.

And immediate goals, before Gem Show, we recognize
the surge of tourists and City folk that come down to that
area. So we'll have the header and hopefully the lighting
restored in the kiosk.

The benches in Demonstration Area I, the seats are
failing. The wood is not surviving. So we have
recommissioned new wood seats for those benches. We'll
complete the olive balcony restoration, so that soft ground
cover, and a place for people to sit. And we'd like to have
the national register plaque mounted by then as well.

And then, longer term goals would be to identify
project components that we could accomplish that would not
diminish in economy of scale were there a time that we could
refurbish the entire plaza.

We're in the midst of a water study. So we look
forward to coming forward with a proposal with how to feed
the fountains in an ecologically sound way.

We're going to continue to work with the City and
the County and the bond advisory committees to seek
opportunities to fund this project. And we'll expand our
consortium of stakeholders.

So we thank you very much for your support. It's
been instrumental. And I'm happy to answer any questions
you might have.

CHAIRMAN McCUSKER: Helen, will you go, maybe,
back to the map and then tell us exactly what's now
registered and what that means to the owners? This is City
owned. But --

MS. ERICKSON: It's City owned.

CHAIRMAN McCUSKER: -- what does that mean
exactly, that it's registered? What can and can't be done?
Is this now untouchable in terms of its historic status? Go
ahead and take the mic.

MS. ERICKSON: Okay.

MS. COX: I don't think the mic is on.

CHAIRMAN McCUSKER: I think I heard something.

And reintroduce yourself for the record.

MS. ERICKSON: I'm Helen Erickson with TCC Today.

No. In a word, we could take the whole thing out
if we wanted to. But the advantage to being on the national
register is that we have a point of departure for
discussion.

And the treatment, according to the conservation
plan, that was created by the Drachman Institute is
rehabilitation. And that essentially means that we can take
the design and the format and relate this to contemporary
means. And that, for example, would affect the water
situation which is why we're trying to find alternative ways
of suppling water to the fountains. And likewise, ADA
accessibility would have to be considered in any long-range
plan.

So it's a mediation situation. It's not -- we're
not returning this to its . . .

CHAIRMAN McCUSKER: Does it open doors for us to
look at grants or --

MS. VAN DRUNEN LITTOOY: Yes.

CHAIRMAN McCUSKER: -- foundation support --

MS. ERICKSON: Definitely --

CHAIRMAN McCUSKER: -- now that it's registered?

MS. ERICKSON: Yes. This is a very powerful tool.

Once it's on the national register, it is considered more
significant than something we just say is important.

CHAIRMAN McCUSKER: Thanks.

Mr. Irvin?

SECRETARY IRVIN: So, Helen, I know that, in some
of the UofA studies that were done, they talked about
addressing some of the City's concerns relative to just the
pools and that. And I know some bright person in the
architecture thing said, why don't we just make it a little
bit more shallow.

MS. ERICKSON: Right.

SECRETARY IRVIN: Is that feasible? Is that
something for consideration?

MS. ERICKSON: I would say it's very much up for consideration right now. I think what we need to do first is get the water study because that will sort of point out the direction we should go. Then the next question is the safety issues, in terms of having the people unaware that there's a body of water there.

All of these things can be done through design considerations. And it makes more sense to do it on a -- you know, sort of a case-by-case basis. And that's actually what rehabilitation treatment is all about.

SECRETARY IRVIN: Thank you. I really appreciate both of your efforts. You've been just outstanding in keeping us engaged and also making this thing where it needs to be.

MS. ERICKSON: We appreciate that.

SECRETARY IRVIN: Sorry about the bonds.

MS. ERICKSON: Yes. So are we.

MS. COX: And I just want to echo what Mark is saying. The two of you have just been incredible.

I remember that it was in the bond package for a while. And then it looked like it was going to come out of the bond package. And you stuck with it. It's back in the bond package. And then we're sure the bonds are going to pass. And the bonds fail.
And they're still as committed as they were from day one when all these great things were a possibility. And I just think we owe you a huge thank you for everything you've done to keep this alive and really thriving and moving forward. Because the area, everything that they've done, is permanent and is a permanent benefit going forward even if it is a small part of the whole project.

So thank you so much.

MS. VAN DRUNEN LITTOOY: It continues to raise people's awareness.

I wonder if we should just take a minute so talk -- to say what that water study is in case that's not clear for anyone.

So what we're doing is we're studying the condensate that can be collected from all of the air handling systems on the TCC campus and the rainwater that can be collected from all the flat roofs. And we have a company in Illinois that will provide an assessment for us of how much water that would give us, as well as how much is needed for the fountains. And then we'll take these kinds of steps that Helen has talked about.

CHAIRMAN McCUSKER: Okay.

Mr. Marquez?

MR. MARQUEZ: Just echoing the other board members as well. I'm a big fan. I just want to say, as a member of
this community, thank you so much for the efforts. This is -- this is right along the mission of Rio Nuevo. This is beautifying Downtown. This is making Downtown a more attractive place to be.

I'm just -- as a big fan, I'm just curious -- because I don't know -- so you obviously were -- you were on the -- you were on the ticket for the bonds. The bonds didn't pass. But as a fan, I'm just curious what your vision was and just, in a nutshell, what were you going to do with the bond money?

MS. VAN DRUNEN LITTOOY: So this -- we worked very closely with the City. So the question was really, what did the City intend to do with the bond money? So there's a project sheet that identifies: The priority was The Music Hall restoration; the lobby and the veranda of the Leo Rich; and the landscape, not including Veinte de Agosto Park but the landscape that is contiguous. And that was what had been assessed at a cost of 36.9 million. And so we would have been raising 13-some million to complement the bond dollars.

CHAIRMAN McCUSKER: Wow. The plaza renovation, in and of itself, is a multimillion dollar project. And, you know, we're chipping away at it at $25,000 at a time.

You know, so -- but what they've demonstrated is that it doesn't need to be all our money. There are
partners. There are committed corporations and citizens that will continue to overmatch.

I think you raised substantially more than we asked you to.

MS. VAN DRUNEN LITTOOY: We did.

CHAIRMAN McCUSKER: And I think that bodes well for how we might participate in the future. We all are going to have to reassess any of these projects now that were bond related. And how do you -- none of us had a Plan B. You know, how do you move any of this forward now without those funds?

MS. COX: Karla, how about if you just take 30 seconds to tell us about the sponsor for another project?

MS. VAN DRUNEN LITTOOY: Oh, okay.

Well, I was sharing this with Jannie the other day. We're just brainstorming here. So we'd love anybody's ideas on what to do.

But recently, Movado, the jeweler and watch designer, has become the sponsor of Lincoln Center. And when I saw that announced in the New York Times, it made me think that we needed a sponsor to help carry us along too.

And so we're going to start thinking about some ideas of an organization, an entity, that has a strong market in Tucson, who might underwrite us for a period of time and we could work on the refurbishment of the plaza.
CHAIRMAN McCUSKER: We'll fill it up with Aquafina.

MS. VAN DRUNEN LITTOOY: Yeah.

MS. COX: Thank you, Karla. I just wanted that in the record. Thank you very much.

MS. VAN DRUNEN LITTOOY: And to complement what you were saying, Fletcher, now that we have the national register, for example, with this water study, we can apply for some grants from the National Park Service. So those are on our docket. Thank you.

CHAIRMAN McCUSKER: Thank you very much.

MS. ERICKSON: One more thing I'd like to add, actually, is that we're updating the historic conservation plan at this point as a result of the two courses at the University of Arizona that focused on this last year and the Pima Community College course. So we should have that available soon as well.

CHAIRMAN McCUSKER: Thank you.

Now, Item 11, the Catalina Lot Parking Agreement. This was part of the Nor-Gen sale. And we have a plan in place to keep from disenfranchising the parkers. So, Mr. Collins?

MR. COLLINS: Yes. Mr. Chairman, Members of the Board, that's precisely correct. As you all recall, you operated the Catalina Lot as a parking lot. The Catalina
Lot's on the Arena Site.

When the District sold the Arena Site to Nor-Gen -- or Nor-D, it's related company -- we had put together an agreement to -- thanks to Mr. Norville's company, we're going to continue to operate the Catalina Parking Lot until Nor-Gen is ready to proceed with its development.

I -- this agreement is just to deal with that. It was written in a way so that it can go on for a year or so. I'm told today that -- that this may only go on for a couple of months because Nor-Gen may be in a position to start moving forward.

All this does is, is it authorizes the District to continue to collect rent and administer the Catalina Parking Lot as it had in the past even though now Nor-D owns that property, not the District.

It is a very basic agreement. It just simply -- Michele will continue to collect the $35 a month. She will continue to provide security and that sort of thing. And monthly, that amount will be accounted to Nor-D for. And a net check will be sent to Nor-Gen -- or Nor-Development.

What you have before you is precisely that. I would ask that you consider authorizing the execution of that agreement or one that's substantially consistent with it. I have not heard back from Pat Lopez. He does have --
Pat Lopez who represents Nor-D. Pat and I have talked about this a lot. I think this is consistent with what he and I talked about. But I don't have authority from him. So I would ask that you consider making a motion to approve this agreement and authorize its execution provided that there are no material changes in the agreement before its execution.

CHAIRMAN McCUSKER: Any questions for Mark? Anyone want to make that motion?

MS. COX: So moved.

TREASURER SHEAFE: Second.

CHAIRMAN McCUSKER: The motion is that we authorize the collection agreement between Rio Nuevo and Nor-Development that's substantially similar to the one you have without any material changes.

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

Okay. That's passed.

(The Board voted and the motion carried.)

MR. RITCHIE: I'll abstain, probably.

CHAIRMAN McCUSKER: Yeah, it's related to Nor-Gen, so . . .

MR. COLLINS: It's related to Nor-D, but, yes.
Yeah.

CHAIRMAN McCUSKER: Okay. So, for the record,
Cody Ritchie --

MR. COLLINS: Did not participate.

CHAIRMAN McCUSKER: -- did not participate.

Okay. Item 12, Phoenix area marketing. We've had this item in our budget since we approved it earlier this summer. We are an untold story in Maricopa County. And when our story is told, it's generally typically negative based upon the history of Rio Nuevo.

We've been recruiting someone to engage to help us with that. You have a proposal that the Board has seen.

I don't know if there's some out there, Michele, from the public, from Marson Media in Phoenix.

Marson, it may be the best PR rep in the state. It's focused exclusively in Maricopa County, although he does some work done here. He's a former reporter for the Star, for the Mesa Tribune, and for the Capital Times.

He's offered to represent us in a very modest retainer of $2,000 a month for a trial term of six months. And both Jannie and I would recommend that you approve this agreement.

Any questions?

SECRETARY IRVIN: Having attended that meeting, I think it's a great use of our funds. And I would make a
motion to approve.

MS. COX: Second.

CHAIRMAN McCUSKER: Any further discussion?

All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: Any opposed, nay.

(The Board voted and the motion carried.)

CHAIRMAN McCUSKER: Okay. And that's -- we're on a roll, you guys. Unanimous, unanimous, unanimous.

Okay. This might -- might change that.

I've met a lot with SMG, our management partners now at the TCC. We've got some real opportunities, we think, to market the Arena and the convention hall. Our improvements have been widely recognized by the industry reps. You probably -- if you look at the calendar, the dates in the Arena are up substantially.

The one thing that I can tell you about these big shows, they shop rent. And they'll go to El Paso, and they'll go to Albuquerque, or they'll go to Reno or -- you know, and say, look, we've got this show. We want to bring it to your town. But, you know, the rent at the TCC for our five-day event's $20,000.

The City will not make rent concessions. SMG is not in a position to make rent concessions. They are
actually incentivized to increase the rent.

So here you are with this dilemma, you've got an auto show or a home show or any kind of show that produces tax revenue, which could be substantial, which we benefit from. But the powers that control the TCC won't discount their rent.

What I've suggested we entertain is a plan where we would subsidize the rent for a very large show. I set the benchmark, just for discussion, say, at a quarter of a million dollars of tax income. This is a big show. This is not, you know, an event, a single-day event. This would be a multiday event that produces several million dollars of revenue.

And I wasn't necessarily expecting a definitive vote today. If we want to do some more research on that, I can tell you it affects some current people that use it. Click Automotive Team, the Home Show, the Gem Show currently create this kind of tax base.

So we would, in essence, help offset some of their rent. But we'd also use it with Visit Tucson and SMG to aggressively recruit new retail shows to that venue.

Mr. Irvin?

SECRETARY IRVIN: So do we have -- first off, I think it's a -- I think it's an idea definitely worth exploring. You know, I'd hate to see, as an example, a lot
of these people, you know, go other -- go other places.

Do we have a feel yet -- I mean, I know you talked about a quarter million dollar threshold. What are -- what's the TCC -- how much -- how much of a subsidy is that, in your mind, if we make use of it? What's your daily on that?

CHAIRMAN McCUSKER: A daily event in the Ex Hall, the rent might be 5- to $7,000. All multiday rent might be $20,000. So you're somewhere between, call it, 5- and 20- to subsidize one of these shows that would produce the --

SECRETARY IRVIN: A quarter million dollars.

CHAIRMAN McCUSKER: -- that would produce a quarter of a million dollars in tax, ten times a return on our investment. Now, we only get half of that back.

MS. COX: I don't know how we could not do that.

CHAIRMAN McCUSKER: All right. So keep in mind that half of that is going to the State. So it's a 5 X for us. But it's certainly increasing revenue that we might not otherwise have had.

Mr. Marquez?

MR. MARQUEZ: Do we have any idea of how many shows from outside of Tucson we're missing out on because we don't do this?

CHAIRMAN McCUSKER: I can get the -- we can have SMG come. I can tell you of several that we've lost, USA
volleyball, others, that had huge tax implications, multiday
events. But they were offered a better deal in a nearby
venue. So they're not here. And we see that a lot because
the instructions from the City and from SMG are, we can't
make rental concessions.

So we lose the tax revenue as the beneficiary of
the sales tax. You lose all the hotel days. You lose the
economic income to Downtown. We know that if someone's
Downtown, they spend, on average, $30.

So while this sounds penny wise, pound foolish,
it's a lot easier for me to deal with you guys, frankly,
than to try and educate the City that this would be a smart
move on their part to provide these kind of rent
concessions.

It's a real challenge with SMG because they're
incentivized to actually increase the rental income. So
they're at cross purposes when you have someone show up and
say, I'd love to book my venue here, but I'm not going to
pay 20 grand a room.

SECRETARY IRVIN: So in your -- in your view, is
that a half-off sale, a three -- what -- what is that, in
your mind?

CHAIRMAN McCUSKER: I don't know. I don't know.
I really don't have a procedural plan, you know, how you
would vet these; who would vet these? Do they make an
application to us? Do we review them on a case-by-case basis? I think we would want something procedurally to put in place.

You know, I just wanted to raise the idea and see if there was an interest on our part to moving something forward that would provide an opportunity for us to incentivize retail. I don't think this violates anything. It doesn't violate the gift clause. There's no reason we can't do it. It's a good use of our, what otherwise would be, I think, marketing dollars to try to attract someone to do business.

MR. COLLINS: Precisely.

SECRETARY IRVIN: Well, I don't know -- I don't know if it's need of a motion or whatever. But I guess what I'd like to request is that we do have SMG come in and spend some time talking about, you know, how many of those shows are there and what is that number and what is their recommendation.

Because I -- you know, I'd like to put those guys on the continued pathway to success. And if that does it, I mean, it's almost -- you know, so we're going to spend a dollar and we're going to make --

MS. COX: It's a no-brainer.

SECRETARY IRVIN: -- you know, whatever.

Yeah. Just -- yeah. I think it makes a lot of
sense. I'd just like to know some more details of it.

TREASURER SHEAFE: If we -- and I think it makes
a lot of sense too. But you always have to remember, you
know, when we're doing pricing, that if you do something for
somebody, does that foul up your negotiation with a whole
lot of others, so . . .

CHAIRMAN McCUSKER: And that's one of the reasons
I penciled in --

SECRETARY IRVIN: A quarter million bucks.

CHAIRMAN McCUSKER: Yeah. You've got to be a
big -- you've got to be a big show.

MS. COX: You can return this, if you believe
that.

MR. COLLINS: Members of the Board, I think, with
SMG or -- you know, giving you an update, you can begin to
decide what kind of a program you want.

And to Mr. Sheafe's comment, yeah, I think you've
got have to have tiered participation, if that's what your
going to do. I think it needs to be in a program that can
be administered with as little effort, by you folks, as you
can. SMG would be the one to do it.

It's -- I think it's a program that we can
memorialize along the lines of whatever you all decide to
do.

CHAIRMAN McCUSKER: Unless there's an objection,
we'll invite SMG to the next meeting. We'll try and be a little more formal in terms of process and present something in December, maybe.

Okay. Item 14, call to the audience. Michele? No? Entertain a motion to adjourn.

SECRETARY IRVIN: So moved. MS. COX: So moved.

CHAIRMAN McCUSKER: All in favor, say aye.

(Ayes.)

CHAIRMAN McCUSKER: See you December 16th.

(The meeting concluded at 3:31 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