CHAIRMAN McCUSKER: We're calling the meeting to order. It is --

MR. COLLINS: 2:04.

CHAIRMAN McCUSKER: -- 2:04 Arizona state time.

Thank you very much.

Mark, you're on that end. Do you want to lead the pledge?

(Pledge of Allegiance recited)

CHAIRMAN McCUSKER: Michele, call the roll, please.

MS. BETTINI: Mark Irvin?

MR. IRVIN: Here.

MS. BETTINI: Jannie Cox?

MS. COX: Here.

MS. BETTINI: Jeff Hill?

MR. HILL: Here.

MS. BETTINI: Fletcher McCusker?

CHAIRMAN McCUSKER: Here.

MS. BETTINI: Alberto Moore?

MR. MOORE: Present.

MS. BETTINI: Chris Sheafe?

MR. SHEAFE: Here.

MS. BETTINI: And Cody Ritchie is out.

CHAIRMAN McCUSKER: He's excused. He's at the Accenture Tournament with the other Conquistadors. They had
three inches of snow yesterday.
Okay. We have minutes. We have December 12th, January 22nd and February 4th. The transcripts have all been distributed to us, they're verbatim, so I'll take a motion to approve.

MS. COX: So move.
MR. IRVIN: So move.
CHAIRMAN McCUSKER: Mark.
And a second?
MS. COX: Jannie.
CHAIRMAN McCUSKER: Jannie.
All in favor, say aye.
(Board votes unanimously and motion carries)
CHAIRMAN McCUSKER: All right. We have a lengthy executive session scheduled. I'll take a motion to adjourn to --
MR. IRVIN: So move.
MR. MOORE: So move.
MR. HILL: Recess.
CHAIRMAN McCUSKER: Mark, and Alberto seconds.
All in favor, say aye.
(Board votes unanimously and motion carries)
CHAIRMAN McCUSKER: We are in recess. See you at 3:30.
(RECESS)
CHAIRMAN McCUSKER: Okay. We need a motion to reconvene.

MS. COX: So move.

MR. MOORE: Second.

CHAIRMAN McCUSKER: All in favor, say aye.

(Board votes unanimously and motion carries)

CHAIRMAN McCUSKER: We are back in business.

MR. SHEAFE: Mr. Chairman, I have a motion.

CHAIRMAN McCUSKER: Well, hold your horses.

MR. SHEAFE: Oh, sorry.

CHAIRMAN McCUSKER: You have to follow the agenda.

MR. SHEAFE: Yeah, I do.

CHAIRMAN McCUSKER: Unless you want to change something on the agenda.

MR. SHEAFE: No, I don't. I apologize. I only looked at the top page.

CHAIRMAN McCUSKER: Jim Lovelace is here. I want to move quickly to get an update from Beach on the audit.

Just a couple of quick comments from me. You know, post settlement, I think things are really invigorating around here as we separate ourselves from the city, take charge of our own funds, begin to think about projects moving forward. Mr. Irvin and I toured the TCC this week with the idea not to just mope and complain but
actually engage into rehabilitating that facility, so it's
nice to be on the doing something side of the equation. And
I think we've communicated to the City that we intend to
move quickly. We've communicated to the public to move
quickly on the renovation of the TCC arena.

Our focus there is on the arena proper, the 8,500
square foot arena. There's some other issues with the
entire facility, but we think it would be really nice for
this community to really upgrade and enhance that particular
facility. So that's kind of our first project.

We do have a new website, rionuevo.org, which is
very simple to find and follow. And literally everything we
own is now posted on that website, the bank accounts,
financial records, budgets. And we will establish a project
page for any time we engage in a go-forward project so the
public will be able to track the approval of the project,
they'll be able to see progress notes, they'll be able to
identify the budget, they'll be able to invoice by invoice
follow the money. We're very committed to full transparency
as we move forward.

Our first obligation is to the TCC, our secondary
obligation is to a hotel. And we intend to press as quickly
as we can in both of those endeavors, which will free us up
to engage in other projects that the board believes to be
worthwhile. So we're back in business, I think, suffice to
So, Jim, you give us a quick update on how we're doing with the 2012 audit.

MR. LOVELACE: Thank you, Mr. Chairman, members of the board.

Since our last meeting, we had informed the entire board that we were on track to issue a clean opinion, talked a little bit about that. As of today, we're still on track to issue a clean opinion. I can tell you that our work papers are complete, the documentation is on file, but I would like to just remind the board that, other than what we call subsequent events and management representations, our -- our paperwork is complete and, subject to obtaining the last bit of documentation in that management rep letter, we're prepared to bind and issue.

CHAIRMAN McCUSKER: Have you brought down the lawyer reps? Are you good there or are you still doing some work?

MR. LOVELACE: And I appreciate the question, Mr. Chairman. We did update our attorney representation letters. Again, I had mentioned at the last meeting that, because of the extension specifically in relation to trying to get the settlement agreement finalized, we have obtained those updates. But, again, I would like to mention that in anticipation of the last management rep letter, we're
somewhat as auditors on the clock, the point being is, is that I would like to think that the last rep letter would be obtained before I would have to go back to counsel on a continuing basis to update those rep letters. In our world, it's the effective date of the report, and so I'm required to continually update matters that come to your attention and ours that might be subject to disclosure.

CHAIRMAN McCUSKER: Our attorneys have had some comments on the rep letters which I think they sent over to Margo today.

MR. LOVELACE: Yes, sir.

CHAIRMAN McCUSKER: So hopefully we can turn that quickly and -- so you don't have to constantly be bringing the reps down. So just --

MR. LOVELACE: We've read through those and we're -- we're comfortable with those changes. Out of respect for the people that are having to sign those rep letters, we recognize that they have a need to read through them and be comfortable with each and every one, but that's the only open item today.

CHAIRMAN McCUSKER: Any questions for Beach?

(No oral response).

CHAIRMAN McCUSKER: Thank you very much. Thanks for all your hard work.

MR. LOVELACE: Thank you, sir.
CHAIRMAN McCUSKER: The TCC, the possible action on here, I think, if you will indulge us, we have selected board members to represent our projects. Mark and I were designated as liaisons to the TCC for renovation purposes. The City has offered to loan us one of their project managers, which would save us a substantial amount of money trying to hire a project manager. And I like that idea a lot. We would need board approval to do that, but I think, you know, it's a way that both entities can move forward cooperatively on that project.

We would remain fully in charge. These are our funds that are being expended. This board will set the priorities and the budget, but I think it -- it behooves us to have someone from the city who remains a tenant. They've identified a young architect that they could assign to us and I guess I would ask for board approval to do it.

MR. SHEAFE: I'll move.

MR. MOORE: Second.

CHAIRMAN McCUSKER: Chris made the motion, Alberto seconded that we allow the City of Tucson to appoint a project manager to the TCC renovation.

Any further discussion or questions?

(No oral response)

CHAIRMAN McCUSKER: All in favor, say aye.

(Board votes unanimously)
CHAIRMAN McCUSKER: Any opposed?

(No oral response and motion carries)

CHAIRMAN McCUSKER: Thank you.

Legislative representation, item number seven on the agenda, you'll remember at the last meeting we authorized up to $20,000 for us to engage a legislative representative. We were not successful at that level. We do believe, however, that just a little above that we can obtain that representation. It would probably need to be authorized up to $25,000, but I believe we can probably get someone at that level.

MR. SHEAFE: Mr. Chairman, I would make that motion.

MR. MOORE: I'll second it.

CHAIRMAN McCUSKER: Chris Sheafe made the motion. That's 25,000, so the only change is Chris would be authorized to spend up to $25,000 for 2013 expenses for legislative assistance, and Alberto seconded that.

Any discussion about that motion?

(No oral response)

CHAIRMAN McCUSKER: All in favor, say aye.

(Board votes unanimously)

CHAIRMAN McCUSKER: All opposed, nay.

(No oral response and motion carries)

CHAIRMAN McCUSKER: Great.
Bill, you ready to go?

MR. ALLEN: Good afternoon.

Is this on?

(Discussion off the record)

MR. ALLEN: I do have some cash updates. Can I approach the --

CHAIRMAN McCUSKER: Please.

MR. ALLEN: -- board to --

CHAIRMAN McCUSKER: And are they available to the public?

MR. ALLEN: They're right here.

CHAIRMAN McCUSKER: Michele, maybe if you'd just hand them to one or two people --

THE WITNESS: I'll pass it down except I probably should have one to look at myself.

All right. So the last month I presented in a very abbreviated form summarizing our cash positions. I mentioned at the time that sometime in the near future when the financial statements are current, I would like to present a broader statement of cash-flow-type documentation for comparative budgets in more detail, which I think will be more useful, hopefully, to the board for evaluating cash.

However, we're not at that juncture yet because the statements aren't updated yet, so what I -- at a minimum, what I thought would be useful to the board is to
see what the cash positions both at Rio Nuevo and the City of Tucson related to the Rio Nuevo board, what those positions should look like very soon.

I say very soon because we're in the process of moving money around based upon items that were discussed and agreed to in the settlement agreement. We have performed on one aspect of that agreement. We've moved back to the City $5 million related to the 2008 bond money. That wire should have happened today. So we no longer have restricted funds in our cash accounts related to the 2008 bond money. It has been moved down to the second box or the COT adjusted number of $4 million that's reflected.

The city has discussed with myself and Fletcher, we actually had a meeting with them in the last couple of weeks, moving back -- the TIF money back to Rio Nuevo. They're in the process of getting that approved so that we can have that money not only transferred to us in full, but I'm prepared to work with Cha -- or Wells, excuse me, Wells Fargo to try to get the TIF money permanently coming to and from us as opposed to the City.

I'm not totally sure whether or not Wells Fargo will be amenable to that process, but the city seems very confident they will be, so --

CHAIRMAN McCUSKER: And the City was fine with that. The City was fine --
THE WITNESS: Totally fine.

CHAIRMAN McCUSKER: Right.

THE WITNESS: In fact, they were pushing for it.

That's how fine they were for it, but -- which was great because that takes them out of the equation entirely, so --

And then the other thing that this document reflects, which has not occurred yet, is that the 2008 bond money was to be used to pay a $2.18 million debt obligation to the City of Tucson which we agreed to in the settlement agreement to pay out of that money. They have not yet actually collected that from the cash that presently exists there, but they will soon.

So I thought what would be useful is to show, once these things all occur, which should be, I'm going to guess, in about a week's time, where the cash would actually land, what it would look like. And when we look at Rio Nuevo itself, our Alliance account should be at or somewhere near a 9 million-dollar mark. With the TIF money now fully in our possession and none of it at the City of Tucson, we maintain a small residual amount in the Bank of Tucson, so the total combined amount for the two accounts for Rio Nuevo would be at ordinary $9 million.

The city would have the residual funds left after paying the 2.18 million back to themselves and that bond money would then have a residual amount of 4.35 million
that's left related for expenditures specific to the 2008 bond money. And that's -- that's where it should be very, very soon.

CHAIRMAN McCUSKER: Now, to connect the dots for all of us, remember we've committed $6 million to the TCC. 4.346 of that can come from the '08 bonds. That in fact is an appropriate use and was identified in the '08 bond use of proceeds, so we would have to make up any difference above 4.3 to what we invest in the TCC from the other account, so call it a million seven of that 9 million is committed to the TCC renovation.

The other commitments we made in the settlement agreement were approximately a million dollars to the Mission Gardens and $750,000 to Streetscape, so you've got another million seven. So, you know, take $3.4 million off of that nine, you know, that leaves you five-and-a-half million bucks roughly of available funds for Rio Nuevo projects.

Now, the way the settlement works, which is consistent with the '09 legislation, we cannot expend any of that money until we issue a notice to proceed on both the TCC, which we are doing, and on a hotel project. So that would have to occur first, then we can access those other funds.

MR. ALLEN: So is there any question about --
about these -- these accounts?

(No oral response).

THE WITNESS: All right. Moving forward, I wanted to talk briefly again about the ICS insured cash sweeps that we discussed a little bit in the last meeting. Since then, there has been a little research done by our legal counsel to my left here, Mark, and he has strongly recommended that -- in order for us to proceed, that we're going to have to get RFPs in order to bid out or solicit proper instruments that which we can -- the board can then review and then approve -- hopefully approve for investing some of our idle cash so that we can start getting a return.

Now, what I haven't heard from that recent exchange and recent communication which maybe somebody on the board can address is how we intend to proceed now. Is there going to be delegated people that are going to research and start pursuing that. I assume that I would be involved in that process, but I think right now it's just we have -- we know what we need to do. Now we have to identify how to do it.

CHAIRMAN McCUSKER: I believe that's as simple as that we would request proposals from qualified institutions that could consistent with the law, Mark, manage our --

MR. COLLINS: Yes, I believe that's right. The RFP needs to be crafted in such a way that the people that
respond to it recognize that they have to comply with the applicable regulations, which are not tab A, slot B, but -- but they're out there, so --

CHAIRMAN McCUSKER: They would have to be an eligible --

MR. COLLINS: They have to be an eligible depository, and there are specific requirements for that, and then they -- and then there are restrictions because -- let's say Chase, Wells Fargo and Alliance Bank, for example. There are limitations on how much public money can be invested with any one of those institutions because the money you're going to be investing is public money, it's highly regulated, so the RFP would have to take all of that into account.

CHAIRMAN McCUSKER: And I believe part of the conversation was we wanted to try and maintain that to the extend we could in FDIC insured accounts, so that could be incorporated in the RFP.

MR. COLLINS: Yeah. And I believe that's actually required. I don't have all the statutes in front of me, but I think that's --

CHAIRMAN McCUSKER: So we could authorize you to develop and release a request for proposals from qualified institutions to manage our investments?

MR. COLLINS: I would suggest that, if you do
that, that -- that -- that I have the authority to work with Bill on that.

CHAIRMAN McCUSKER: So we can authorize both of you to proceed?

MR. COLLINS: Sure.

CHAIRMAN McCUSKER: It could be that simple?

MR. COLLINS: Sure.

MR. HILL: Do you need a motion?

CHAIRMAN McCUSKER: Please.

MR. HILL: So move.

MS. COX: Second.

CHAIRMAN McCUSKER: All right. The motion by Jeff Hill is that we authorize the CFO and Counsel to proceed with an RFP to request authorized institutions to respond to our interest in managing our investment.

All in favor, say aye.

(Board votes unanimously)

CHAIRMAN McCUSKER: Any opposed, say nay.

(No oral response and motion carries)

CHAIRMAN McCUSKER: All right, Bill, there you go.

MR. ALLEN: Okay. Great.

CHAIRMAN McCUSKER: What else have you got?

MR. ALLEN: The -- just a very brief reference on the financial statements, the ever coming, ever promised
financial statements. I somewhat feel like Michaelangelo in
the Sistine Chapel where I'm painting the ceiling and the
pope is asking him, you know, when is it going to be done
and he keeps looking down and saying when it's done. We
have had some delays in various ways, largely to do with the
audit for 2012 being finalized, and those delays continue to
cause and create problems moving forward.

I have been spending some time digging through
and regrouping a lot of the state information which had to
be done for the whole last year, but now it has to be
completely redone for what's happened in the current year.
It is more time consuming than you might imagine. There's a
lot of things that aren't well described. You have to trace
things down in very awkward ways. We're making a lot of
progress. And that's exciting for me because nobody wants
to be more caught up than me, so -- because I want to show
this stuff to you and say have a big ta-da moment. So I'm
actually hopeful, very hopeful, that by the next meeting --
I know I've said this before, but by the very next board
meeting, I hope to have December's statements.

I can't promise anything more current than that
because I don't know what walls I'm going to run into in
regards to it, but that's a half a year and that's a heck of
a lot further than we've ever been before. And my goal is,
before we're actually doing the 2014 fiscal budget, which I
would like to include both a income -- income statement type budget as well as a cash flow budget, that we actually are current. We're actually current when we're doing that stuff so we're actually looking at current numbers and not just doing things for an income statement without also looking at cash flow numbers. So that's where we stand on that. I'm drilling through it, we're making some progress, but I have nothing to present on it today.

And finally the last thing I want to comment on was the capital budget. I'm hard pressed to come up with anything we really need in fixed assets in the near term. When you do a cash flow forecast and a cash flow budget, you look at operating, financing and investing activities in that budget. And in that investment activity, you're going to look at all activities related to long-term assets, things that you might need in the short and long term for the operation of the district, so I'm going to propose that -- you know, right now, we don't have anything. We just don't have anything that we need to get in that category, but that when I develop that cash flow budget, we take a look then as to what we'll need in the next 12 months and develop a 12-month-type forecast and then measure ourselves against it as we go forward in the next budgeting process, which is right around the corner because June is not all that far away. So that's -- that's where I stand on
CHAIRMAN McCUSKER: That came up as a result of a request for a printer.

MR. ALLEN: Right.

CHAIRMAN McCUSKER: So we authorized the printer. And I think it was Chris's motion that said, if there are any other capital items, we ought to get them on the table now. So you're saying you're fine basically with everything that's --

MR. ALLEN: Short term. Yeah, short term.

CHAIRMAN McCUSKER: I mean, and if there is any needs that your office has, you'll include them in the 2014 budget?

MR. ALLEN: Right.

CHAIRMAN McCUSKER: Anybody -- okay. We're good.

MR. ALLEN: All right. Thank you very much.

CHAIRMAN McCUSKER: Mark, number nine, legal report.

Let me just say that item B, election of officers, we had tabled. Just a quick point of reference there for people that track our sanity. The executive officers or chairman, myself, Treasurer Jeff Hill, Secretary Alberto Moore, we are all on different terms, staggered terms, two-year terms, and Alberto's term has expired, so we would have the opportunity to nominate -- renominate him or
someone else for secretary. We have decided not to do that
without the full board being seated, so we're going to wait
for Cody to do that and have that conversation at a
subsequent meeting.

The rest of that I think you can kind of tick off
for us, Mark.

MR. COLLINS: Certainly.

CHAIRMAN McCUSKER: Pending litigation, we have
two lawsuits still outstanding now that we've settled with
the City, the Garfield Traub matter and the Kromko lawsuit.

MR. COLLINS: Actually currently there -- there
are four lawsuits, three of which are addressed in the
settlement agreement with the City. The two lawsuits by the
district against the City, the stipulation and order are
being drafted and I understand that they'll be filed either
this week or next, so those two lawsuits will be dismissed
consistent with the settlement agreement.

The Kromko or Thrifty Block lawsuit, the City has
withdrawn its motion for summary judgment and, as we've
discussed, the district is in the process of attempting to
work out an arrangement or an amended development agreement
with Mr. Bourn's entities from the Thrifty Block property.

On Garfield Traub, it is currently in the
discovery and motion phase. That -- that particular
lawsuit's being handled by the Rusing Lopez & Lizardi firm
and they're in the process of -- of attempting to prepare some motions that they seem -- or deem to be appropriate.

CHAIRMAN McCUSKER: I think all we need for you to do at this point is to proceed with that case.

MR. COLLINS: Yeah. I think -- I think as we've discussed, there were various instructions or directions that you gave to me with respect to all of those matters in executive session and I think that what needs to happen, should you so desire, is to make a motion to direct me to proceed with respect to all of these lawsuits as I was instructed in executive session.

MR. IRVIN: So moved.

MS. COX: Second.

CHAIRMAN McCUSKER: The motion is to allow Counsel to proceed with the litigation matters. All in favor, say aye.

(Board votes unanimously)

CHAIRMAN McCUSKER: Any opposed, nay.

(No oral response and motion carries)

CHAIRMAN McCUSKER: All right. Just a quick update on Kromko, which includes the Bourn settlement. I guess the --

MR. COLLINS: Okay.

CHAIRMAN McCUSKER: -- public's interested.

MR. COLLINS: Well, yes. We -- we've -- what has
happened is there's been back and forth between my office
and Mr. Bourn's counsel. We're about on our fourth draft.
The last draft came in yesterday. The intent is to review
that and then have a face-to-face meeting in the hopes of
resolving those differences rather quickly to enter into a
revised development agreement. Upon the execution of that
development agreement, then the Kromko suit would ultimately
be dismissed.

CHAIRMAN McCUSKER: The other item under legal,
it has some time urgency to it, is the arena lot due
diligence.

MR. COLLINS: Right.

CHAIRMAN McCUSKER: We've settled. As part of
that settlement, we've expressed our willingness to take
title to the so-called arena lot. The City has a period of
time to identify the boundaries, the title, any
contingencies with that title, and then we have a period of
time under which to evaluate that, so where is that whole
process?

MR. COLLINS: Well, the -- the settlement
agreement with the City was fully executed on the 7th of
February. And by the terms of that, then there are 30 days
the City has to give the district reps and warranties about
known claims and so forth against that property and the
district then has 45 days to make a decision as to whether
or not it wants to accept title subject to those -- to
those -- I call them warts. That's where we are on that.
I've suggested that -- that I be authorized to do
some independent investigation on what appears of record
with respect to that property and I would need a motion to
do that.

CHAIRMAN McCUSKER: Everybody following that?
MR. MOORE: So move.
CHAIRMAN McCUSKER: Alberto so moves. We need a
second.
MR. HILL: Second.
MR. SHEAFE: Second.
CHAIRMAN McCUSKER: Jeff Hill beat you, Chris.
MR. SHEAFE: There you go, Jeff.
CHAIRMAN McCUSKER: He's -- he's an experienced
seconder.
MR. HILL: Yes.
CHAIRMAN McCUSKER: The motion is to allow Mark
to do some further work on -- independent of the city on the
title issues or discrepancies that might be consistent with
that arena lot. All in favor, say aye.
(Board votes unanimously)
CHAIRMAN McCUSKER: Any opposed?
(No oral response and motion carries)
CHAIRMAN McCUSKER: Okay. While you're standing
up there, I intend -- the conversation at the board level last meeting was to try and provide the executive officers some spending authority for items up to, I think, $5,000. I think we thought that maybe you would have to amend the administrative rules, but I believe you've now concluded that's probably not necessary if we just authorize the executive officers.

MR. COLLINS: That's true. You could -- you could in fact amend the administrative rules. Alternatively, upon appropriate motion that is passed, you could authorize the executive officers to expend up to X number of dollars, whatever you move, without prior board approval.

Now, keep in mind that the admin rules as they presently exist say that each check has to be signed by the treasurer and one of the other executive officers, but if you -- but there's not -- no limitation in -- in -- in the current admin rules or no authorization in the current administrative rules to allow for things like, as you did last time, authorize expenditure of whatever it was for the printer, so you could do that by motion.

CHAIRMAN McCUSKER: And I'm not necessarily sure it's actual check writing but authorization of expenditures.

MR. COLLINS: Expenditures, true, true. The check writing protocol is in the admin rules.
CHAIRMAN McCUSKER: Got you.

MR. COLLINS: It's just a matter of minor purchases, minor -- minor --

CHAIRMAN McCUSKER: So the motion would be that the board authorizes the treasurer plus one other officer to expend up to $5,000 without prior board approval.

MR. COLLINS: Perhaps the motion could be that -- that the treasurer consistent with the administrative rules is authorized to expend up to X number of dollars provided that there's another signature by one of the executive officers. That's all -- all you need to do.

MR. IRVIN: I've got -- I've got a question. So what happens -- not that we would expect this to happen, but, you know, let's just say Fletcher and Alberto have a strong feeling about something and Jeff decides he doesn't like it. Does that just nullify it?

MR. COLLINS: Well, Jeff has to sign.

MR. IRVIN: Right. But, I mean, he could be directed to sign as treasurer. I guess we -- I'd just like to see us modify that so any two of the three could do that.

MR. COLLINS: That -- now, that would require amending the admin rules.

MR. IRVIN: It would?

MR. COLLINS: If that's -- if that's -- yeah, that -- that -- because the rules as they presently sit,
Jeff has to be one of the signatories, or the treasurer and
Jeff is the treasurer.

MR. IRVIN: No, I'm not -- I'm not arguing the
signatory. I'm just saying, if you had two of the three
officers approve it, they could direct him to sign.

MS. COX: Right.

CHAIRMAN McCUSKER: I think you get in a slippery
slope where you allow people to overrule the treasurer, so
I'm fine with the treasurer plus one.

MR. IRVIN: You're fine with it, I'm fine with
it.

CHAIRMAN McCUSKER: Yeah. And if that doesn't
work, then we can bring it to the full board.

MS. COX: Then I would like to move that the
treasurer and one additional executive officer be authorized
to expend up to $5,000 and that expenditure then come to the
entire board at the following board meeting for
ratification.

MR. HILL: I'd second that.

CHAIRMAN McCUSKER: All right. Any further
conversation? Everybody understand the motion?

All in favor, say aye.

(Board votes unanimously)

CHAIRMAN McCUSKER: Any opposed, nay.

(No oral response and motion carries)
CHAIRMAN McCUSKER: All right. Thank you.

Anything else under the legal report that I might have skipped over, Mark, or --

MR. COLLINS: I -- I don't believe so, Your Hon -- or -- Your Honor.

CHAIRMAN McCUSKER: Your Honor, I like that.

MR. COLLINS: A lot of years of saying it that way, Mr. Chairman.

MR. HILL: Yeah.

CHAIRMAN McCUSKER: Item 11, I think in your packet and available for the public is page 53 of the 2010 auditor general audit completed by Crowe Horwath. This is a triannual audit. The auditor general has released a proposal soliciting auditors to audit the Rio Nuevo District for 2013, so before they arrive, I just wanted to kind of tick back through these recommendations to make certain that we are doing whatever we can to comply with them before we see the auditor general again.

And, Mark, I may need you on some of these things because they have legal ramifications, but just in the order -- you all have page 53 and the order they were presented.

The first recommendation was to recover the overpaid interest that the City appropriated from us. And I believe that was settled and identified specifically in the
settlement agreement.

MR. COLLINS: It -- it was, Mr. Chairman.

CHAIRMAN McCUSKER: All right.

MR. HILL: I've got a 4:30 appointment. I thought we were starting at 1:00 and --

CHAIRMAN McCUSKER: We've still got a quorum.

Please note Mr. Hill has got another pressing matter.

MR. SHEAFE: Is he in agreement with the 442?

CHAIRMAN McCUSKER: Yes. It's in the settlement agreement signed by both parties.

MR. SHEAFE: All right.

CHAIRMAN McCUSKER: Assure that a new IGA between the City conveys the appropriate powers and responsibilities of the district, I would also think that the settlement to some extent does that. Is there something else, Mark, we need to do?

MR. COLLINS: Well --

CHAIRMAN McCUSKER: Because it specifically says IGA.

MR. COLLINS: In all candor, I haven't looked at this recently, but I will tell you that in March of 2011, a new IGA was executed between the City and Rio Nuevo. And my guess without having analyzed it in detail is that you can check that one off because that 2011 March IGA that the board entered into with the City I believe satisfied that
CHAIRMAN McCUSKER: So, Bill, let's have that in the office available because it's going to -- the auditors, when they come, are going to go straight to the prior recommendations.

I think this may be something we've got to work on, item three, develop policies and procedures that outline the district's management and oversight of future projects including funding decisions, debt and statutory mandates. You know, given that in the last two years we've had no projects, I believe we probably wouldn't comply with that, but I think it's incumbent upon us then to probably develop those. So, Mark, maybe you and I can work on something we can submit to the board along with the CFO.

More fully complete the capital improvement plan developed by the City and include all projects. Okay. This would be -- we discussed this briefly in exec. This would be kind of our plan going forward on how we intend to spend TIF money. And I think what we've suggested, Mark, is that we look into the -- our ability to have a study session that would allow us to do some strategic work to kind of develop something along these lines, so that would require some further action on our part.

Develop a short term strategy for the use of the available funds, we just did that, I think, by authorizing
the RFP. I think you can check that one.

Establish a district staffing plan to assure adequate support for the board, I think that will come as part of one, two -- item four. We believe thanks to Mr. Sheafe's leadership that you can't staff an organization until you decide what it is you're going to do.

Did I oversimplify that, Chris?

MR. SHEAFE: Well, I think you cut right to the chase.

CHAIRMAN McCUSKER: Establish a district fund account with an approved bank or banks, we've done that, right?

MR. COLLINS: Right.

CHAIRMAN McCUSKER: Ascertain the district's cash flow needs and arrange for investing available funds, we just did that with the RFP.

Create a district website, we have that, rionuevo.org. Please tell all your friends.

District budgets submitted to the Pima County Clerk, we're doing that, Michelle, right? We did that last time.

Engage an independent CPA to audit. We've done that.

So the only things that appear to require some additional concentration would be policies and procedures as
they relate to future projects, complete a capital
improvement plan and establish a staffing plan.

                      MR. COLLINS: I --

                      CHAIRMAN McCUSKER: I think our hope there would
be try and tackle them in some sort of study session, and
then what would come out of that would be a board direct.

                      MR. COLLINS: Just a point -- comment, Mr.
Chairman. As I recall, the independent CPA to do the annual
audit, I believe Beach had a three-year contract and I
believe that that three-year contract expires this year, so
you may want to be considering what to do for the next
audit.

                      CHAIRMAN McCUSKER: We probably ought to move on
that by getting that RFP out, which would just require, I
think, board action to authorize us to solicit an auditor
for three years. That's what we did the last time.

                      MR. COLLINS: That's what happened in the past,
yeah. I don't know -- I'm not familiar --

                      CHAIRMAN McCUSKER: Would we want to do anything
differently? Normally three years in my experience is
pretty typical. And there is -- as a public company, we are
required to change auditors every six years, but, you know,
three seems to work pretty well for us.

                      If someone wants to make that motion, we can go
ahead and get that RFP going.
MS. COX: So move.

MR. IRVIN: Second.

CHAIRMAN McCUSKER: All right. The motion is to -- and, Michele, we can go back and look at the old one -- to release an RFP for an independent audit beginning for the fiscal year that ends June 30, 2013, for a contract period of three fiscal years.

All in favor, say eye.

(Board votes unanimously)

CHAIRMAN McCUSKER: Any opposed?

(No oral response and motion carries)

CHAIRMAN McCUSKER: All right. Mark, thanks for that. Keep that handy because I expect we'll see the auditor general sometime this summer.

Item 12 in your packet is a really fun proposal developed to a large extent by our marketing firm, Victory. You'll remember a couple meetings ago we actually approved participating in a talk radio show that was specific to KVOI. We have since been approached by Journal Broadcasting, the home of 1041 FM, The Truth, to offer us a Sunday time slot actually at a price substantially lower than the KVOI proposal.

This would be hosted by Rosa Nenniger, who is a long-time radio and TV talent here in Tucson, and it would focus on all things Rio Nuevo. We would invite merchants to
come on there to talk about what's going on within the TIF.
We could have board members or other interested people. It
really would be our show to produce.

The cost is in there. It's less than what we had
previously authorized and we will own the rights to the
advertising revenue. I'm not sure anybody would want to
advertise with us, but you never know.

And the proposed name for the show would be The
New Pueblo as opened to The Old Pueblo. So I think this is
for many of you the first time you're seeing this, but the
idea would be to -- and I think we've talked about this --
to be in a position where we can begin to communicate and
control our own message to get positive information out
about Rio Nuevo to the public. This would be one vehicle.

If you go to our website, we have launched a new
newsletter. The first edition of that is available on the
web and that is being both mailed and e-mailed to all of the
merchants within the TIF. That newsletter will also
feature merchants -- new merchants, old merchants, merchant
specials, business-to-business communication and the
merchants have been very responsive to that. I don't think
in the history of Rio Nuevo have we ever really focused on
how we can assist TIF merchants, you know, and these are
opportunities for us to really engage them in how we're
spending their tax dollars.
MR. SHEAFE: That would really be attractive, to be able to feature various merchants.

CHAIRMAN McCUSKER: Yeah, because every show would have some merchant on there to discuss --

MR. SHEAFE: I mean, I think that's --

CHAIRMAN McCUSKER: -- what they're --

MR. SHEAFE: -- terrific. And that's an absolutely --

CHAIRMAN McCUSKER: And the whole TIF. Not just downtown, but from Parkplace Mall --

MR. SHEAFE: All the way down here.

CHAIRMAN McCUSKER: All the way to --

MR. MOORE: The developers downtown and so forth.

MR. IRVIN: Fletcher, did they give you any idea what they'd sell those spots --

CHAIRMAN McCUSKER: $40. The going rate for a 60-second commercial on that station is about 40 bucks.

MR. IRVIN: For -- for a 60?

CHAIRMAN McCUSKER: Yeah. We would --

MR. IRVIN: And -- and who would actually host it?

CHAIRMAN McCUSKER: Rosa. Rosa Nenniger --

MR. MOORE: Rosa Nenniger.

CHAIRMAN McCUSKER: -- is her name. She's a great lady, matriarch.
MR. IRVIN: I think -- I think it's a great use of --

CHAIRMAN McCUSKER: She's disarming, I think, because we don't want to like be John Justiced up. You know, we kind of want somebody that's a little --

MR. IRVIN: I think it's a great idea. I think it follows along with what our mission is about keeping the public informed and I'd make a motion that we approve it.

MR. MOORE: Second.

MR. SHEAFE: Is that weekly?

CHAIRMAN McCUSKER: Weekly Sunday. We would follow Dave Sitton.

MR. IRVIN: That's perfect.

CHAIRMAN McCUSKER: We have a motion and a second to approve the proposal.

MR. SHEAFE: Second.

CHAIRMAN McCUSKER: Any further conversation?

(No oral response)

CHAIRMAN McCUSKER: All in favor, say aye.

(Board votes unanimously)

CHAIRMAN McCUSKER: Any opposed?

(No oral response and motion carries)

CHAIRMAN McCUSKER: Thank you. I'll let Victory and Rosa know. I think they intend us to start in March.

MS. COX: March 3rd.
CHAIRMAN McCUSKER: The first Sunday in March.

We've tabled item 13, election of officers. We discussed item 14 as it relates to the auditor general.

This is the time now for call to the audience. Michele, did we get any sign ups?

All right. Hearing none, we'll entertain a motion to adjourn.

MR. IRVIN:  So move.

CHAIRMAN McCUSKER: All in favor, say aye.

(Board votes unanimously to adjourn)

(4:07 p.m.)
STATE OF ARIZONA  
COUNTY OF PIMA  

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

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

Dated at Tucson, Arizona, this 6th day of March 2013.

_________________________
Thomas A. Woppert, RPR  
AZ CCR No. 50476