

RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

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REPORTED BY:

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1 CHAIRMAN MOORE: Ladies and gentlemen, thank you
2 very much for joining us today at this Rio Nuevo
3 Multipurpose Facilities board meeting. We have a pretty
4 extensive agenda, but I think before we get into it, we
5 would like to have the pledge of allegiance, so if you'd all
6 stand and Jeff Hill will lead in it.

7 MR. HILL: If you'll join me in the pledge.

8 (Pledge of Allegiance given)

9 CHAIRMAN MOORE: Thank you.

10 Is that Jannie?

11 MS. BETTINI: Yes.

12 CHAIRMAN MOORE: Is she on board?

13 MS. BETTINI: She's on board.

14 CHAIRMAN MOORE: Can you hear us, Jannie?

15 MS. COX: I'm here, Jannie. I mean, I'm here,
16 Alberto. I'm sorry I can't be there in person, but I had
17 really important business and I was intending to be in town
18 on Monday for the meeting, so my apologies for not being
19 there.

20 CHAIRMAN MOORE: Well, we'll miss you in person.

21 But anyhow, I'd like to start off by calling the
22 roll call, so, Michelle or Sarah, would you please be kind
23 enough to do that?

24 MS. PERKINS: Jannie Cox?

25 CHAIRMAN MOORE: Present by phone.

1 MS. PERKINS: Fletcher McCusker?

2 MR. McCUSKER: Here.

3 MS. PERKINS: Jeff Hill?

4 MR. HILL: Here.

5 MS. PERKINS: Alberto Moore?

6 CHAIRMAN MOORE: Present.

7 MS. PERKINS: Chris Sheafe?

8 MR. SHEAFE: Here

9 MS. PERKINS: Mark Irvin?

10 MR. IRVIN: Here.

11 CHAIRMAN MOORE: Thank you very much.

12 Before getting into the agenda, I'd like to make
13 some comments which I believe are important and were
14 requested by the governor for me to make these statements.

15 This is an abbreviated version of the historic
16 recap that was promised to Governor Brewer.

17 I'll just find my glasses.

18 It is my belief that what has occurred with Rio
19 Nuevo is only a microcosm of what is happening across the
20 country.

21 In response to recent developments concerning the
22 Rio Nuevo District board, I think it is appropriate to make
23 some comments. As a result of these developments, only two
24 of the original reconstituted Rio Nuevo board members
25 remain.

1 As we will see, this is no accident. In fact, it
2 is the result of a relentless effort of powerful special
3 interests to keep the truth from the public.

4 ATTENDEE: Amen.

5 ATTENDEE: Amen.

6 CHAIRMAN MOORE: The reconstituted Rio Nuevo
7 Multipurpose Facilities District Board was the result of the
8 State of Arizona stepping in after 10 years of mismanagement
9 of the district by the City of Tucson. In March of 2010,
10 the governor and legislature tasked the new board to do the
11 following:

12 1. Perform a performance audit of the financial
13 records of Rio Nuevo -- Rio Nuevo District since its
14 inception in order to determine where almost a quarter of a
15 billion dollars that the city had identified as under the
16 umbrella of Rio Nuevo was spent;

17 2. To review and investigate the proposed
18 business ventures of the convention hotel and new convention
19 center project. One of the driving goals behind this effort
20 was to protect and save the gem show.

21 3. To baseline the district and determine, A,
22 what the district owed or was supposed to own. Excuse me,
23 own or supposed to own; B, cash position restricted and
24 unrestricted; C, what the deficit owed and how much money,
25 if any, was available to use after debt service is paid.

1 In the process of fulfilling its mandate to
2 follow the money, the reconstituted board had to untangle a
3 web of contradictions, missed documents, deceit and endless
4 accounting dead ends. All accounting, finance and other
5 matters of Rio Nuevo were done by the city folks.

6 A year before the new board was seated, it was
7 publicly known and acknowledged by the City of Tucson that
8 the City of Tucson's finances were a mess, were unclear and
9 concealed a number of transactions. Funds were obviously
10 misplaced.

11 Because of the poor bookkeeping and record
12 keeping by the city and the city's continued demand for
13 funds that were in effect not owned to it -- owed to it, the
14 reconstituted board requested three forensic examinations,
15 including the Depot Plaza Block Project, the West Side
16 Projects and the Garfield Traub/Turner/Sundt Hotel, Garage,
17 Convention Center Project.

18 It is important to remember that for over 10
19 years the city council had appointed the Rio Nuevo board.
20 The city's finance director, Kelly Gottschalk acted as the
21 director's -- the district's treasurer and the assistant
22 city manager, Richard Miranda, served as the district's
23 executive director.

24 The simple truth was that under the management of
25 the City of Tucson, there had been almost a quarter of a

1 billion dollars they claim spent by the Rio Nuevo District
2 and there is little to show for it.

3 Not only did the State of Arizona want to know
4 where the money had gone, the public deserved to know where
5 the quarter of a billion dollars went. In October 2010, we
6 received an audit of the finances and the public demanded
7 that we have a forensic examination of the audit executed.

8 The first of three forensic examinations was
9 delivered on March 13th, 2012. It concerned the Depot Plaza
10 Block Project and indicated that over \$2 million was spent
11 without the approval of the Rio Nuevo board. The report
12 concluded that over \$4.5 million of the project's costs were
13 questionable.

14 More importantly, two additional forensic studies
15 were due to -- to arrive shortly. One of them would
16 presumably explain how \$47 million was spent on the west
17 side in a hole in the ground on a lot in Tucson's first
18 ward. This forensic audit was to be released at the
19 June 18th, 2012, planned retreat that Jodi Bain, Rick
20 Grinnell, Jeff Hill and I were putting together with the
21 board. The taxpayers must demand that these two audits be
22 made public.

23 ATTENDEE: Amen.

24 ATTENDEE: Absolutely.

25 CHAIRMAN MOORE: The evidence that the

1 reconstituted board was uncovering was leading to the
2 conclusion that for over a dozen years the City of Tucson
3 used the taxpayer-funded Rio Nuevo District as its personal
4 piggy bank for everything from funding the pet projects of
5 current and former city council members to covering
6 embarrassing -- embarrassing budget shortfalls. To some it
7 seemed the City of Tucson was looting the taxpayers' assets.

8 It appears because of a concerted effort to avoid
9 accountability for what happened to the money that only two
10 of the original board members of the reconstituted Rio Nuevo
11 board remain.

12 First Casualty

13 Allan Willenbrock was the first casualty of the
14 reconstituted board. He was appointed by the governor and
15 had an extensive background in finance and bonding
16 experience as a broker for Morgan Stanley. Allan was
17 extremely valuable to the board because some members had
18 never been exposed to the size or intricacies of what faced
19 them.

20 Willenbrock analyzed the budget for the hotel
21 proposed as part of the new hotel/convention center. Not
22 only did he determine that the hotel was way over budget,
23 but at the cost of \$320,000 per room, it could never meet
24 the economic returns that would have been required for the
25 development. In addition to the excessive expense per room,

1 the number of rooms were out of proportion to what the
2 market would support.

3 The consequences was that -- the consequence was
4 that our attorney, Keri Silvyn from the firm Lewis and Roca,
5 and board member Mark Irwin, who I believe was and is a mole
6 for the city, went to Alan Willenbrock and suggested he
7 could have a serious conflict of interest because his
8 company might be the bond dealer in any future hotel
9 development. As a result, Willenbock -- Willenbrock stepped
10 down in the summer of 2010.

11 Allan Willenbrock was very important to the board
12 because he understood the numbers and understood what the
13 numbers meant. Silvyn and Irvin removed an important asset
14 from the board.

15 The irony is that board member Irvin had many
16 meetings with the City of Tucson about Rio Nuevo missions
17 and its players without authorization.

18 Indeed, Irvin's business relationship with the
19 construction giant joint venture for the hotel of
20 Turner/Sundt could well have prevented him from sitting on
21 the reconstituted board since Turner/Sundt was the selected
22 contractor team on this Rio Nuevo project and Sundt
23 Construction on many other Rio Nuevo projects. It also
24 appears Irvin constantly placed himself in a position to
25 negotiate for Rio Nuevo between the City of -- city and

1 Garfield/Traub and Turner/Sundt.

2 Final Casualties

3 Two members of the board who contributed greatly
4 to our efforts departed unexpectedly. Jonathan Paton left
5 to run for congress in Arizona Congressional District One
6 and Carlotta Flores removed herself from the board for
7 family and health reasons.

8 Two dedicated members of the reconstituted board
9 were former chairperson Jodi Bain and former board member
10 and past 2011 treasurer Rick Grinnell. Like all members of
11 the board, they were volunteers that served the public
12 selflessly. Working for countless hours without
13 compensation, they were committed to determine where the
14 quarter of a billion dollars of taxpayers' money had gone,
15 but there were also those that wanted to move ahead by
16 ignoring the past and going back to the good old boy club.

17 It is now clear that a decision had been made --
18 had been reached that Jodi Bain and Rick Grinnell must be
19 removed from the board by the special interests. Several
20 major events were coming together that spelled trouble for
21 those invested in preventing full disclosure about the City
22 of Tucson's mismanagement of Rio Nuevo. It was the perfect
23 storm.

24 These events were:

25 1. Response to motion to summary judgment filed

1 by Rio Nuevo District's within the last two weeks;

2 2. The West Side Project forensic audit exam due
3 to be released on June 18th, 2012. This is the second in a
4 series of three in progress;

5 3. Elections for new Rio Nuevo executive
6 officers to take place June of 2012. The new board now has
7 this scheduled to take place today.

8 The planned 2008 bond study session. This
9 session was to determine if there is any remaining money
10 from them. The city is afraid of the Rio Nuevo board
11 restating their 2011 financial audit as a result of new
12 information from the forensic audit. This is why the city
13 is rushing their new friendly board through Mark Irvin to
14 obligate and spend, spend, spend what is supposed to be --
15 or supposed remaining money;

16 5. Declining TIF money collections that covers
17 the Rio Nuevo District's debt service. Debt service is
18 covered by the TIF revenue. Debt service exceeds \$8 million
19 and will significantly increase in the next two years. The
20 payback schedule for the December 2008 bond issuance by the
21 city in the name of Rio Nuevo increases over time. The TIF
22 collection efforts were to be discussed at the June 18th,
23 2012, retreat as well. If Rio Nuevo is unable to cover its
24 debt service, the State of Arizona taxpayers get stuck with
25 the bill.

1 The result was the Arizona State president, Steve
2 Pierce, who inherited the appointments of both Jodi Bain and
3 Rick Grinnell to the district board in 2010, was summoned to
4 Tucson. Senator Pierce, who has ambitions to be Arizona's
5 next governor, proved that backroom politics, cover-ups and
6 business as usual trumps process and transparency.

7 It is -- it is reported that Senator Pierce met
8 with Tucson businessman Jim Click, Tucson Mayor Jonathan
9 Rothschild, Rio Nuevo board member Mark Irvin, General Ron
10 Shoopman, Michael Varney, president of the Tucson Chamber of
11 Commerce, and Fletcher McCusker. When the dust had settled,
12 Senator -- Senator Pierce had agreed to remove both Bain and
13 Grinnell from the Rio Nuevo board and replace them with
14 Fletcher McCusker, chairman and CEO of Providence Service
15 Corporation, and local developer Christopher Sheafe.

16 Perhaps Senator Pierce didn't know that Sheafe
17 had previously been the chairman of the Rio Nuevo board for
18 eight years, eight years when many of the difficulties and
19 spending irregularities -- excuse me, irregularities
20 occurred that the reconstituted board had been attempting to
21 untangle. And then again, maybe Senator Pierce didn't care.

22 The word on the street is that Senator Pierce
23 left the meeting with added -- funds added to his
24 gubernatorial war chest and another substantial amount more
25 promised to a pro Pierce PAC. There is also word on the

1 street that Speaker Tobin received valuable consideration
2 for his cooperation.

3 It is also enlightening that the Arizona Star
4 received the removal letters for board members Bain and
5 Grinnell before they did.

6 In a stunning display of don't bore me with the
7 facts, Senator Pierce stated that he had made repeated trips
8 to Tucson to speak to concerned citizens, but he never
9 contacted Bain, Grinnell or the board to hear their version
10 of what was occurring. Of course, the exception was board
11 member Mark Irvin, who again proved he is essentially a
12 puppet for the city council administration.

13 Not only was Senator Pierce not interested in
14 listening to the board, it appeared he only had passing
15 interest in his new appointees. In an interview, he was
16 asked who his new appointees to the board were and he was
17 hard pressed to recall Christopher Sheafe's name.

18 And that is where we are today. There are calls
19 to move forward. There are complaints of the expenditures
20 made by the reconstituted board for legal fees of a
21 million dollars over two-and-a-half years in an attempt to
22 find out where a quarter of a billion dollars went. In
23 fact, the city spent over \$300,000 in fiscal year 2010
24 before the reconstituted board was sat.

25 And let's be clear. The reconstituted board

1 never had a budget or a staff. It was compelled to go
2 outside for legal source -- resources because the city would
3 not investigate itself.

4 So let's look at what has gone wrong and where
5 some of the money went.

6 Blurring the Lines

7 The fundamental flaw that doomed Rio Nuevo from
8 the beginning was that the state gave the City of Tucson the
9 authority to operate the district. The problem was made
10 worse because the City of Tucson had a shaky accounting and
11 record keeping system to begin with.

12 Because the Rio Nuevo District was so closely
13 tied to the City of Tucson, the city often failed to treat
14 it as a separate, independent body that it was and is.
15 As -- as will be illustrated, many of the problems and
16 lawsuits today are a result of that blurring of the lines
17 that occurred between the two entities.

18 Projects and Follies

19 The Depot Plaza Block projects are an example of
20 overreach by the City and lack of recognition of the
21 district's independence. For example, the district was
22 charged \$61,938 and change for services related to the new
23 MLK apartments. The apartments were a federally funded
24 project through HUD and the district had not authorized any
25 funds for them, which raises the question, if the city

1 charged Rio Nuevo for these services, did they also charge
2 the federal government for the same.

3 Another payment in the original contractor
4 management at risk -- management at risk contract
5 erroneously charged the district over \$116,000 for
6 pre-construction fees again because of the erroneous
7 inclusion of the new MLK apartment fees.

8 In another example, the city contracted with Rio
9 Nuevo that the city could not allocate parking spaces and
10 fees derived from them in the garage without the consent of
11 Rio Nuevo.

12 However, in the summer of 2010 on the very same
13 day that the city was offering the Depot parking garage
14 without strings to Rio Nuevo, at the same time, another
15 event was occurring.

16 The city executed a settlement agreement with an
17 investor/developer, Scott Stiteler. The city granted his
18 group dozens of parking spaces at under market value for
19 years to settle a city breach to Scott's group under an
20 unrelated development agreement. The city used Rio Nuevo
21 assets illegally as a settlement tool without approval. And
22 we found out about it by accident.

23 Stiteler, who was instrumental in improving the
24 east end of Congress Street's historic character, ran to a
25 district board member. In casual conversation, he mentioned

1 his deal with the city regarding Depot parking spaces. It
2 soon became apparent the city had made the deal at the same
3 time with each of them.

4 The West Side Project

5 Although the forensic audit examination of select
6 west side projects totaling some \$39 million has not yet
7 been received, there are troubling questions that need to be
8 answered, namely the 39 to \$72 million of Rio Nuevo funds
9 that are simply unaccounted for and allegedly spent on the
10 west side.

11 The losers are the citizens of ward one. This
12 project has been lying dormant since 1965. The council
13 persons who have represented ward one have only given lip
14 service to their constituents' need for real development
15 resulting in economic opportunities.

16 The reconstituted Rio Nuevo Board has repeatedly
17 requested from the city records for the expenditures of
18 these millions of dollars and as of date -- as of today's
19 date has received no explanation.

20 There is an area in ward one that used to be a
21 dump and perhaps some of the funds were used to rehabilitate
22 it so it could be -- so it could have been used for a
23 project. The many projects in this area may be expensive,
24 but there is little to nothing built for at least
25 \$39 million spent. This is ridiculous.

1 Perhaps the City of Tucson record keeping was so
2 poor that they simply lost the money. However, only the
3 forensic audit examination the districts order -- ordered
4 can answer these questions. To my knowledge, this audit is
5 98 percent completed and should be out ASAP without
6 interruption or changes.

7 MR. McCUSKER: So moved.

8 CHAIRMAN MOORE: With the major changes --

9 MR. McCUSKER: Mr. Chairman.

10 CHAIRMAN MOORE: -- in the board --

11 MR. McCUSKER: I would make that a motion, that
12 as soon as it's available, it be released.

13 CHAIRMAN MOORE: Well, let's find out. Let me go
14 on. Thank you.

15 Who Owns What?

16 There has been an ongoing disagreement about what
17 assets are owned by the district and those owned by the City
18 of Tucson. Often the district has a financial stake in a
19 piece of property and, therefore, a partial claim to that
20 property or the right to reimburse -- be reimbursed if the
21 city sells that parcel. Other times the contracts clearly
22 state that the district is to open -- own the property and
23 the city refuses to honor this.

24 As -- an example is the eight-acre parcel of land
25 just east of I-10 that was to be used for the planned 12,000

1 plus seat Arena Project through 2007 -- 7-ish. 2007-ish.
2 Sorry. The project fell through after the Rio Nuevo
3 District had invested approximately a million and a half
4 dollars in the property for acquisition, planning, planning
5 and planning. Despite this, the city has moved ahead in an
6 attempt to sell the parcel without regard to the
7 consequences it may have on downtown development and refused
8 to give it back to Rio Nuevo.

9 One of the major thrusts of downtown development
10 was to construct a hotel and convention center exhibition
11 facility to keep the gem show in Tucson. The eight-acre
12 Arena parcel is a critical component of any future plan to
13 realize the development of a hotel and convention center.
14 It is clear that, if a hotel and convention center is built,
15 this parcel will be needed for parking for the gem show.

16 However, Schwabe of Peach Properties, the
17 city-designated buyer for the property, has suggested he
18 will use it at least in part to develop low cost income
19 housing.

20 There is no ambiguity to the district's ownership
21 of roughly half of what is the Tucson Convention Center nor
22 the lease agreement that City of Tucson has to -- has to
23 maintain the district-owned party -- parts of it. When Rio
24 Nuevo took ownership of their portion of the TCC, it also
25 took ownership of various adjacent land properties.

1 Despite clear legal title to one of these
2 parcels, the City of Tucson had Greg -- Greg Shelko transfer
3 it to the City without authorization of payment and built
4 the fire station number one on it, a 44-million-dollar
5 structure built on Rio Nuevo property without the approval
6 of the district.

7 This demonstrates how the City of Tucson ignored
8 the independence of the district when it met the city's or
9 developer's needs. Perhaps most of the blatant examples is
10 when the financial crisis overtook the city in 2008.

11 By October 2008, the City of Tucson was
12 projecting a budget deficit which was skyrocketing. As the
13 debt crisis grew, the city dipped into Rio Nuevo funds for a
14 reported \$6.8 million, but Tucson city manager at the time,
15 Mike Hein, declared another \$31 million was needed.

16 So how did the city solve its budget deficit?
17 Records show that the City of Tucson restated its financials
18 and reclassified approximately \$29 million of district
19 assets, land and properties, et cetera, and claimed that
20 they now belonged to the City of Tucson without approval by
21 the district.

22 And even now the monies don't add up. This --
23 this has been our dilemma.

24 Bonds and TIF Money

25 In November and December of 2008, and then -- the

1 then Tucson staff member Greg Shelko, who was project
2 manager of the old Rio Nuevo board, approached the old Rio
3 Nuevo board with some 300 plus pages of bond documents and
4 pushed that the bond papers -- excuse me, pushed that the
5 bond papers must be approved today. The meeting was less
6 than an hour on this issue.

7 The old -- excuse me again. The old Rio Nuevo
8 board responded by approving the issuance by the district of
9 \$80 million in bonds and naming specific projects totaling
10 about \$65 million. 6.8 million of the amount was for an
11 alleged loan the district received from the city from years
12 before.

13 The trustee for the account was Wells Fargo and
14 the funds were to be released to the city, which managed Rio
15 Nuevo, only for designated projects.

16 In the same manner, TIF money collected by the
17 district was to be received by and held by Wells Fargo and
18 any excess over debt service was to be released to the City
19 of Tucson.

20 However, it appears that the bond fund proceeds
21 released by Wells Fargo to the City of Tucson in January of
22 2009 in reality went into the City of Tucson's general fund
23 and not into a separate and segregated project account as
24 required. Although the city maintains no wrongdoing,
25 this -- this has at the very least the appearance of

1 commingling of funds.

2 Other Projects.

3 Clearly, these are not the only examples of mismanagement of
4 Rio Nuevo by the City of Tucson. There are other issues,
5 such the Fox, the Rialto Theater, the Presidio, the TCC east
6 entrance construction, which is not only shoddy but of
7 questionable value. The latter was 4 million plus dollars
8 expenditure built in an anticipation of the new hotel and
9 convention center that was to be doomed by it's bloated --
10 bloated and untenable cost

11 Legal Matters

12 In the aftermath of a 10-year-plus spending spree and
13 precious little to show for it, the City of Tucson and the
14 reconstituted Rio Nuevo board were left to pick up the
15 pieces.

16 There is one lawsuit where the district is the
17 defendant and Garfield/Traub is the plaintiff. Jonathan
18 Paton and Jodi Bain are being personally sued for defamation
19 as a part of this lawsuit for a million dollars each. It is
20 reported that this lawsuit is close to being completed --
21 completely dismissed.

22 ATTENDEE: Good.

23 CHAIRMAN MOORE: If this is a form of
24 intimidation or retribution for Bain or Paton, it is
25 inappropriate behavior. What the community should know is

1 that both Paton and Bain should have an ongoing right to
2 discuss any of these matters with attorneys for Rio Nuevo
3 without board approval because they are named in the suit
4 along with the district.

5 There are two other lawsuits where the City of --
6 where the city is the defendant and the district is the
7 plaintiff. One of these concerns a property titles issue
8 and the other momentary -- monetary questions.

9 Part of the mediation negotiations attempted to
10 set terms regarding who owned what and who had financial
11 interest in what.

12 There was a charge presented in the Sunday
13 Arizona Daily Star that the Rio Nuevo board wanted, in
14 essence, to take money from the city to compensate the
15 district for misdirected or misplaced funds.

16 Mayor Rothschild is quoted as saying, that's
17 basically like taking, over time, \$180 million out of city
18 coffers.

19 In fact, the legislature was approached with a
20 plan to extend development credits to new projects so that
21 taxpayers of the city and the district would not be made
22 whole. Excuse me. Could be made whole.

23 You know, long speech.

24 No new money would be required for this.

25 In real terms, this was a credit system being set

1 up and the credits would have provided a bookkeeping
2 strategy that helps to stimulate development in an area
3 without affecting the taxpayers adversely. Nonetheless, it
4 was -- it was negatively -- negatively received and
5 apparently with the excuse the city claims it needed to walk
6 away from the mediation process.

7 What really brought the negotiations to an end
8 was not the Rio Nuevo demanding imagined reparations of
9 taxpayers' money that had been misappropriated or misplaced
10 by the city but a single phrase.

11 Every negotiation where close -- where we were
12 close to succeeding, the city wanted language in the
13 settlement that held the city and its employees be held
14 blameless for any of its present or past actions.

15 Since the extent of possible malfeasance and
16 negligence by the city or some of its employees is still to
17 be determined, it was a condition that was not acceptable to
18 the board. Then the city walked away from the table.

19 As the board pushed for accountability and
20 clarification of who owns what, the city continued to drag
21 its feet. To be charitable, the city might not be guilty of
22 obstructionism. It may be their finance department is run
23 so inefficiently and incompetently that they simply don't
24 have any idea where the quarter of a billion dollars of Rio
25 Nuevo money went. In fact, as far as the accounting folks

1 can tell, there never was a quarter of a million dollars --
2 excuse me, a quarter of a billion dollars to spend.

3 In summary, in March of 2010, the reconstituted
4 Rio Nuevo board was optimistic that with the cooperation of
5 the City of Tucson, it could sort out the financial tangled
6 web that 10 plus years of poor management had created. The
7 board was soon to find its optimism misplaced.

8 If the financial quagmire the reconstituted board
9 confronted had simply been the result of poor management,
10 the solutions would have been straightforward. The city
11 could have admitted they -- they had made poor judgment of
12 accounting and managing Rio Nuevo, cooperated in finding the
13 missing funds and pledged to help the new board move ahead.

14 But this was not the case. Presumed incompetence
15 by the city was leading toward intimidation of others in
16 order to ensure the reconstituted board failed -- failed in
17 its mission.

18 Bain had tires slashed and threatening voice mail
19 messages. Wells Fargo told a board member they did not want
20 to interrupt their good relationship with the city, and then
21 the Rio Nuevo accounts were put under legal review for
22 months. They still refuse to answer some questions and we
23 never received the banker's box of documents we were told to
24 expect in January of 2012.

25 Further, powerful political forces were gathered

1 to ensure more compliant individuals services -- served as
2 board members. In truth, the demand that the board needs to
3 move forward and forget the past is a clarion call to those
4 who wish to cover up and repeat the past.

5 ATTENDEE: Amen.

6 CHAIRMAN MOORE: It is important to remember a
7 lesson of history. Ignoring and denying past transgressions
8 and wrongdoing only encourages and guarantees the commission
9 of new misdeeds.

10 ATTENDEE: Amen.

11 CHAIRMAN MOORE: Recommendations.

12 Today I stand in the wreckage of what was the
13 board selected to find a quarter of a billion dollars of
14 missing taxpayers' money.

15 Despite the spoken word, the agenda for the
16 current board shows the path that will be taken, and I'm
17 afraid it is a path where the truth will be the first
18 victim.

19 Nonetheless, I would make the following
20 recommendations to the governor, the legislature and anyone
21 who will listen, which presumably excludes Senator Pierce.

22 First I recommend that every contract that Rio
23 Nuevo District is a part of be read, studied and reviewed by
24 the University of Arizona College of Law. This would be a
25 tremendous learning tool for students demonstrating how the

1 real -- real world operates while bringing transparency to
2 the process and teaching them how not to advocate for a
3 client.

4 Second, identify the character and type of person
5 that should be on the board. These should be professional
6 people that are familiar with the law of contracts,
7 construction, real estate. They should be persons of good
8 character.

9 Third, I do not believe it is possible to depend
10 on a board of volunteers to oversee such a large program.

11 Fourth, it is important to ensure that persons
12 involved with the board do not have genuine conflicts of
13 interest, especially where they can make money off of them.

14 It is also my belief it is necessary to review
15 all TIF programs statewide because I don't think this
16 board's experience is unique.

17 Finally, for the sake of transparency, I would
18 request that members of the reconstituted board that served
19 for -- from 2010 to present have the opportunity to speak
20 with the governor, speaker of the house and the president of
21 the senate in order to make both a written and oral report
22 to them regarding the duties and functions of the Rio Nuevo.
23 In addition, they should present the findings and obstacles
24 the reconstituted board uncovered.

25

Closing Remarks

1 As one grows older, it becomes easier to speak
2 your mind. Because of the collective talent that made up
3 the reconstituted Rio Nuevo board, we were able to realize
4 some of the major pitfalls with this entire concept,
5 including the misrepresentations that were made either by
6 the city or some of the contractors or parties that had
7 personal interest in draining funds from the project.

8 This was a cesspool started by the city and the
9 puppeteer and the magician was Michael Rankin, the city
10 attorney. He created and approved all contracts for the
11 city between Rio Nuevo and the city and others. And the
12 sewage was a lot of department heads and previous board --
13 boards of Rio Nuevo.

14 Unfortunately, the new board coming together and
15 the new mayor are now tainted with the sewage -- this sewage
16 and Speaker Tobin of the House and President Pierce of the
17 Senate have allowed themselves to be sucked into this sewer.
18 And the Arizona Daily Star is the toilet paper for all of
19 them.

20 ATTENDEE: Amen.

21 CHAIRMAN MOORE: In 2010, I stood here confident
22 that the reconstituted Rio Nuevo board would fulfill its
23 mandate. I was optimistic that people as Senator Pierce and
24 Representative Tobin would back us. I expected cooperation
25 and good faith from the City of Tucson. In the end, I was

1 disappointed with many.

2 But to be a member of the reconstituted board,
3 excuse me, that worked so hard for a better outcome, it was
4 a privilege to serve with you. Those of us who have fallen
5 and been vilified for standing firm against the rolling
6 tides should be commended.

7 ATTENDEE: Amen.

8 CHAIRMAN MOORE: I must also extend -- I
9 apologize. I also must extend my appreciation to Governor
10 Brewer for her steadfast support.

11 Thank you. I -- I now turn this podium over to
12 Jeff Hill, treasurer, for his comments.

13 MR. HILL: Thank you, Mr. Chairman. Thank you,
14 Mr. Chairman.

15 All I know is what I read in the paper. Since
16 it's the Arizona Daily Star, that can be pretty grim. But I
17 want to make just, I think, one point today that is, I
18 think, easy understood that shows the situation Rio Nuevo
19 is, particularly for those that think that it's an unending
20 fund of money to spend on building facades and lord knows
21 what else.

22 The debt service alone on the bonds issue, which
23 we are going to discuss at our June 18th meeting, is
24 \$12.3 million a year. That's just the debt service. That
25 does not count any expenditures to run the district. The

1 TIF funds, which, outside of bond proceeds, is the only
2 money this board receives.

3 Tax increment financing in fiscal year 2009 was
4 \$8.9 million. Fiscal year 2010, it was 12.9 million.
5 Annualized for this fiscal year ending on June 30th, it's
6 \$9.8 million. As you can see the history of the TIF money,
7 the only year it's ever reached just the debt retirement, we
8 did not reach the operating budget, was the last fiscal
9 year. Therefore, every year, unless the TIF money
10 increases, we are dipping out of some pot of money the city
11 has. They have not turned over all of the funds that they
12 have to the -- to the board and they are ensuring that these
13 bonds are paid. Clearly we don't have the money at Rio
14 Nuevo to pay the bonds let alone go out and start
15 contracting for other items.

16 I hear -- read in the paper there's \$3 million
17 available to -- to make repairs on the TCC. The city
18 written lease says that that's the obligation of the city,
19 not Rio Nuevo. So not only is it not our obligation, we
20 flat don't have the funds given the revenue stream to do any
21 such thing.

22 So I would caution the new board that hopefully
23 they wait enough time that as the accountants and the
24 auditors are able to extract the actual cash balances, the
25 actual balances in the bond accounts that aren't already

1 sequestered, if you would, the paying the bonds, that they
2 not move quickly to do some type of a project to give the
3 appearance to the Arizona Daily Star that they're an active
4 board and working with the city. That would be an injustice
5 to the taxpayers of this state and I hope that they do not
6 enter into any such debacle.

7 Mr. Chairman, if it's not out of order, I think
8 with this audience here I would like to hear the three
9 minutes presentation by any of the people at this point who
10 would give us, I think, a different viewpoint, perhaps, than
11 what is force fed to the unfortunate citizens here in Tucson
12 with the monopoly by the Arizona Red Star.

13 MR. IRVIN: It seems like as a point of
14 clarification, item number two was supposed to also allow
15 for an introduction of new board members. So I don't have
16 any heartburn, Jeff, with -- with, you know, the audience
17 coming up and speaking, I've always thought it was nice to
18 have them come up and get whatever's on their chest off, but
19 as a point of clarification, we do have in the announcements
20 from the secretary a welcome to the two new board members
21 and it's traditional we've always allowed those new board
22 members a minute or two to talk about why they joined this
23 board, et cetera.

24 CHAIRMAN MOORE: Well, thank you, Mark. I was
25 going to get to that.

1 I would like to -- at this point before we step
2 into the comments from the audience, I'd like to welcome our
3 two new board members, Fletcher McCusker and Chris Sheafe,
4 for joining our board. I would like to allow them at least
5 a minute or two to sort of introduce themselves and how they
6 feel they can offer support to our project and our
7 responsibilities.

8 Fletcher, would you like to start?

9 MR. McCUSKER: Mr. Chairman, members of the
10 board, thank you very much.

11 Alberto, now that that's transcribed, I would
12 hope that we put that on our website. It's probably the
13 most complete history that I've heard as an observer about
14 Rio Nuevo. And 99 percent of it I agree with you on. I
15 watched the city ruin this over the period of '99 to 2010.
16 I've had great admiration for you and Jodi and Rick and
17 others who have tried to understand where that money has
18 gone. For my perspective, after you listen to this, you
19 kind of wonder, what -- what have we gotten ourselves into.

20 The only thing I would correct you, sir, is I was
21 not involved in any meetings with any of the people you
22 mentioned regarding any interest I might have on a coup or
23 serving on this board. I don't know how that process went.
24 I do know I was asked if I would accept an appointment and I
25 did. My reasons for that I think as many people know, I am

1 very vested in downtown. My grandfather moved to Tucson in
2 1930 and laid sidewalks for the WPA. Most of those
3 sidewalks are downtown or around the University of Arizona
4 where I graduated in 1974.

5 A piece of that sidewalk is the reception desk in
6 my office today at Broadway and Scott, so it's a full circle
7 adventure for me and I encourage all of you to visit the
8 work that we've done with our company headquarters.

9 My mother graduated from Tucson High in 1944. I
10 went to Marana, Amphi, graduated high school in California,
11 came back to Arizona and graduated from the University of
12 Arizona in 1974.

13 Last year to my surprise, I was selected as the U
14 of A's alumni of the year, so a lot of this is the circle of
15 life for me.

16 I agree with the comments that have been made
17 about the lost opportunities with Rio Nuevo. I do think we
18 can now identify where that money went, \$230 million. What
19 we can't tell you is under whose authority did it go there.
20 And that's part of the forensic agenda.

21 And I'm sorry I interrupted you, Alberto, but
22 from my perspective, and I know there are rumors to the
23 contrary which appear to me to be partisan, I am committed
24 to continue the forensic agenda. The audits have to be
25 released. The city has to be held accountable. If there

1 are criminal acts, it is not our responsibility, we are not
2 an enforcement organization, but I would hope that the
3 attorney general and the FBI act with swiftness in that
4 regard.

5 One of those audits is in fact public. The Depot
6 audit is on the Rio Nuevo website. It's available to you
7 and I would encourage you to look at it. It does indicate
8 that -- that there was \$2.2 million of funds that were
9 expended on that project that were never authorized by this
10 board or its predecessor board. That is very troubling to
11 me. And that basically means that somebody used money
12 unauthorized and I believe that is an opportunity for us to
13 challenge the city about paying that back.

14 However, that audit has been rebutted, I
15 understand, and I do not know what the status of that audit
16 is. So it's one thing to issue audits, it's another thing
17 to enforce audits. And I believe we have to have a
18 responsibility not to just disclose and issue the audit but
19 ultimately hold the people accountable for that.

20 My company enjoys over 1,000 government
21 contracts. In the government, when you are audited and
22 there's money that was not authorized, that's recouped or
23 paid back. And I've yet to understand how this board can
24 hold anyone accountable to us that has misappropriated or
25 coopted our funds.

1 As it relates to the west side audit, I met with
2 those auditors yesterday on my own accord just to get a
3 status of that audit. I don't want to see it. I don't want
4 to see it before anybody else sees it. I believe it should
5 go from them to the website so that it has no chance of
6 being filtered or fiddled with by anybody other than the
7 auditors.

8 They did indicate, as Alberto suggested, it's
9 very close. They also indicated to me what is a very
10 troubling situation, that they've been able to obtain only
11 about a third of the data that they have asked for for the
12 City of Tucson, so I don't know how you can issue an audit
13 when two-thirds of the data that you've asked for has not
14 been available to you.

15 And I am personally committed to remedying that
16 situation. And I think there are two paths that this board
17 can select. One is to release an audit that obviously the
18 city will object to as incomplete and we're going to go
19 around and around and around on the adequacy of the audit or
20 we accelerate the audit process, we demand publicly that the
21 city turn over the records that we need to complete the
22 audit and we release a completed audit that there are no
23 question about its completeness.

24 I'm fine with that. We can deal with all this in
25 the public or we can take a few weeks to resolve this.

1 That's not a good sound. That is an air raid
2 siren. I haven't heard one of those in a really long time.

3 I run a public company. You know, I'm very
4 accessible, very transparent by law. We run a company
5 that's subject to Sarbanes-Oxley regulations. There's
6 nothing in this country that's more transparent and requires
7 more disclosure than being a CEO of a public company.

8 I am committed to bring that discipline to this
9 organization. I believe everything we do should be public,
10 everything we do should be transparent and hopefully we can
11 get past some of the personalities that have troubled this
12 organization in the past.

13 And I object to the word city friendly. I am not
14 a friend of the city's, I am a friend of downtown's. I
15 moved my business downtown. I started Second Saturdays,
16 which now is probably the largest single event contributing
17 to the downtown economic success. I accepted the
18 chairmanship of the Fox Theater when I was asked when it was
19 near bankruptcy and today is a cornerstone of downtown
20 redevelopment.

21 The easiest thing for the Fox to do would have
22 been to file for bankruptcy, but I felt that would be
23 disastrous for Rio Nuevo and I worked personally with that
24 board, a reconstituted Fox board, to make sure that Rio
25 Nuevo came out whole with every dollar that was contributed

1 to the Fox and the terms of the loan.

2 I believe that was a serious blunder on the part
3 of the predecessor board to ever loan that struggling
4 theater \$5.6 million at, mind you, six-and-a-half percent
5 interest. I have no earthly concept as a businessman how
6 anybody ever expected that we would be paid back for that.

7 I've resigned from the Fox board and do have a
8 disclosable conflict there, not to the degree that Alberto
9 would like to see conflicts. Personally I don't benefit
10 from being the chairman of a not for profit organization,
11 but that organization is the debtor and Rio Nuevo is its
12 lender. I believe from my perspective the appearance of
13 conflict is even more important than an actual statutory
14 conflict.

15 And as a result of that, I've also removed myself
16 from the chamber board. I've resigned from the downtown
17 partnership for the Trio so that all of my energy and focus
18 is committed to the Rio Nuevo organization.

19 I didn't plan this, I didn't ask for this, I
20 didn't seek this, but I'm committed to seeing it through.
21 And I would encourage those original members, particularly
22 Alberto and Jeff, to stay involved with us as we work
23 through this. For my mind, this should be a very simple
24 agenda because I do not believe it's appropriate for a
25 six-member board making decisions for a nine-member

1 appointed board with three members absent, so I believe
2 anything we do today should be deferred or interim until
3 those other appointments are made. The speaker has an
4 appointment he's going to make. The governor has two
5 appointments she's going to make. None of us in the
6 minority should take advantage of the situation and try and
7 seize control of the district. That is clearly not my
8 intent.

9 The -- this agenda came about from a single
10 member who asked to be heard. The meeting was approved
11 because the majority of us agreed to have the meeting, but
12 in that situation, you don't get to tinker with the agenda.
13 The agenda is put forth, it's published, we will work our
14 way through that.

15 For myself, and I would defer to the board, I
16 think it's parable that you have three minutes and 15
17 minutes total to speak your mind. And I would suggest that
18 we set aside those rules today because that stack is going
19 to take longer than that. And personally I would rather see
20 that at the end of the meeting. And I will pledge to you I
21 will stay here until you drop to make the comments you want
22 to make on the public record.

23 I think you're in for a surprise if somehow
24 you've attributed to me that I'm a Jim Click good old boy
25 who is going to be friendly to the city and we're going to

1 dismiss lawyers and dismiss audits and go back to the habit
2 that this city ran amuck with Rio Nuevo.

3 There is opportunity here. The Walmart, if it
4 ever comes, will be in the TIF. The Hobby Lobby is in the
5 TIF. All of that revenue eventually will make its way to
6 us. We will have some limited opportunity to exercise our
7 best judgment to invest that.

8 The lease from the city is part of our current
9 income. I think it's around \$6 million. So in addition to
10 the bond money, we also have lease income. And I think we
11 have to be prudent about what we do with anything. I'm not
12 of the mind today in spite of what you've heard in the paper
13 or any other paper pretending to be a paper that we intend
14 to approve anything, buy anything, sell anything, fire
15 anybody or hire anybody, that is not my nature, not until
16 the entire board is constituted and we have some idea of how
17 we can contribute to downtown.

18 I came back from the now very public trip from
19 San Diego a few days ago and they have a version of our Rio
20 Nuevo. They have invested \$1.7 million -- billion
21 dollars -- \$1.7 billion into downtown San Diego. Every
22 dollar of that was spent in a partnership with the county
23 and a private developer. As a result of that, \$15 billion
24 has been invested in total in San Diego. I believe Rio
25 Nuevo has an opportunity to leverage whatever minimum funds

1 we have to increase private sector investment in downtown.
2 That's ultimately the way we're going to be able to pay for
3 anything.

4 I understand the law intimately in terms of the
5 primary component, the secondary component. I know that we
6 cannot use the money today for facades; however, that's
7 probably some of the best money that's ever been spent in
8 Tucson, was to change the aesthetics of a building to make
9 it more inviting.

10 We're going to build a 200-million-dollar street
11 car to nowhere and step off of that onto the crummiest
12 sidewalks in America. It's shameful. It is absolutely
13 shameful that this city cannot paint a curb or landscape a
14 block.

15 As part of the Rio Nuevo board, I think we have
16 an opportunity to make noise about how the city is going to
17 proceed. I think all of you will be very surprised, and I
18 know I can speak for Chris and myself, that we are not
19 anybody's lackey and only have the best interests of
20 downtown at heart and --

21 Thank you.

22 Mr. Chairman, thank you.

23 CHAIRMAN MOORE: Thank you very much, Fletcher.
24 We look forward to your service. I enjoy looking forward to
25 working with you.

1 Chris?

2 MR. SHEAFE: Well, let me -- at first I wasn't so
3 happy I found the room because I did get sort of tangled up
4 trying to get here. It's complicated.

5 Let me start off by saying that I think -- and
6 I'm going to try and take a little different tact rather
7 than recover -- or cover some of the things that Fletcher
8 said because I thought he made very poignant remarks. But
9 I'd like to thank the people who have been working on the
10 board in the past for their hard effort. I think anybody
11 that steps into a position like this and volunteers their
12 time and their effort and goes at it as hard as they did,
13 whether they did everything perfectly or not doesn't matter.
14 It's a tremendous commitment and a tremendous gift to the
15 community and they ought to be acknowledged for it just on
16 that basis alone. So I'd like to do that.

17 I'd also like to say that, if you see what took
18 place at the Fox and the response --

19 And now I will back up by saying I was there for
20 eight years as not the head of the board, I was the chairman
21 of the citizens advisory committee for Rio Nuevo. And I'll
22 have a comment on that. We had no authority, no power, no
23 ability to get anything done other than to just mention
24 things and ask a few questions. And we actually did do some
25 good work in stopping a number of things where money would

1 have been used more inappropriately than the money that was
2 inappropriately used.

3 But what I -- what I want to say is that one of
4 the real problems we had was the Fox and figuring it out and
5 trying to maneuver to get at least some support to the Fox.
6 And I had real concerns about ending up with many millions
7 of dollars invested in an empty building.

8 And when Fletcher took over and stepped in, it
9 was almost like taking a dark room and turning the lights
10 on. It was that dramatic. He put together a strong board.
11 He put together a plan. He put accountability on the table.
12 He made events and venues and a program available so that
13 acts around the country began to hear about it and found
14 out -- and found out they could come here and be compensated
15 well and, the next thing you know, we started getting really
16 good acts here. We've got Willie Nelson coming in a few
17 days. This all happened because of what Fletcher's
18 leadership did.

19 The reason I'm mentioning this is I'm not trying
20 to patronize him, I'm trying to say we have a tremendous
21 opportunity here because we really do have a recognition
22 that there have been problems in the past and, if we're
23 willing to be transparent and willing to focus on the
24 problems at hand and use the resources that we have, we have
25 an opportunity to take this from where it is, and as bad as

1 it is, there's a lot of good that was also done, and we can
2 step forward and actually get quite a bit done.

3 Now, I'll just tell you as the chairman of the
4 citizens advisory committee, that was a committee of 21
5 people. We started off with an enormously diverse group
6 pretty much at each other's throats, and it took very -- not
7 very long to figure out a way to get all of our priorities
8 down so that we would all work on the same problem. And the
9 committee did that and it did it rather well.

10 At the time, city council lady Nina Trasoff
11 started a subcommittee for Rio Nuevo of the -- the mayor and
12 council. And anybody who needed to get something done
13 figured out real quickly they could come and talk to us, we
14 got no -- nowhere, but if they went to Nina's subcommittee,
15 then things might start happening with funding and all kinds
16 of other things. So I told Nina, you know, I think this is
17 terrific and we really aren't needed.

18 And then I got one of the great blessings of
19 government. It took me two years to get the committee
20 stopped when we had nothing to do. And that was just a
21 fascinating process for me.

22 So I'm just here to say that I have a couple
23 things that I come in here with. And Fletcher was kind
24 enough to include me in his remark on this. I don't have
25 any interests downtown. I've never anticipating making one

1 dollar downtown. I've spent an enormous amount of time
2 trying to understand how to create a downtown in the process
3 because I'm a developer, because I'm a member of the Urban
4 Land Institute, because I've been to cities all over the
5 country and actually around the world looking at how they
6 did it. I think it's almost amazing how Tucson has gotten
7 this far and gotten this little done given how much we had
8 going for us. And I think it's all in leadership and it's
9 all in transparency. Those are the two things.

10 So I sit here as committed as Fletcher is to
11 absolutely making everything transparent. We're going to
12 let the audit get on the table. We're going to let it be
13 out there. We're going to let whoever deals with the
14 legality of that deal with the legality of that and
15 hopefully this board will be able to get back to the task of
16 taking the resources of Rio Nuevo and using them to the
17 absolute best we can use them.

18 And I just wanted to say that, if anybody were to
19 put me in a position where I wasn't able to carry that
20 mission out, I would withdraw immediately. If I can't be
21 transparent, then we're going to -- at least I won't have
22 time to do this because I intend to get something done and I
23 don't plan to be here for the eight years that I was at the
24 other committee. I think we can wrap this up in a fairly
25 short order to where we've got it organized and running like

1 they did in San Diego. San Diego is a classic example,
2 Philadelphia, Baltimore.

3 Look at what happened to downtown Manhattan. You
4 guys all remember years ago when Manhattan had garbage piled
5 up all over the city. And one change -- and I sat in a room
6 with Mayor Giuliani, who explained how he did it and how
7 they did it. And they turned that thing around and all of a
8 sudden not just 15 billion, about 40 billion was planted
9 into the Manhattan complex. And today Manhattan is an
10 enormously successful, you know, renovation project for our
11 country and it's a wonderful place to go visit if you
12 haven't been there any time soon.

13 So that's really the essence of my remarks. I
14 would just say that I'm very optimistic. I really do
15 support bringing in three more members. I think we need to
16 do that. I don't think we should be taking actions today.

17 And also I want to compliment Alberto. I -- I
18 was a little -- and I've never met Alberto before, but it
19 takes some guts and a lot of typing to -- to put together
20 that kind of a comment. And the only thing I would say is
21 that we will never get anywhere finding scapegoats. If
22 people were illegally doing what they did, that will come
23 out. They will end up having to pay a price for that.

24 If it was just pure incompetence, then we're just
25 going to have to get around the process and make sure we

1 don't have that level of incompetence in the future. And
2 that is kind of the reality of the world, so we're just
3 going to have to do that.

4 So as a board member, the other thing I'm going
5 to do is work hard to keep the board working on the future,
6 on where we're going, and hopefully let the problems and the
7 personalities and the issues just kind of settle down,
8 because what really fascinates me, when I talk with people
9 who are on opposite sides, very often they want the same
10 result and you just say to yourself, well, if we all want
11 the same result, we ought to be able to find a way to get
12 there. And the shortest route is usually the best way in
13 the end for getting the greatest amount of results.

14 So that's where I'm at. I thank you very much
15 for listening to me and I thank my fellow board members for
16 allowing me to go on here.

17 And, Jeff, just as a final comment, I remember
18 Senator Jeff Hill. He was nobody that went along with
19 anybody. He -- he was very helpful on lots of issues for
20 this community. And when I knew that he was on this board,
21 I knew darn well there wasn't anybody that was going to pat
22 him on the back and say just look the other way. So you
23 have a bunch of independent people up here.

24 And, Mark, I -- I'm sorry you had the comments in
25 there about Mark because my -- my experience with Mark

1 Irvin, and I haven't been here with the board, but he's one
2 of the true reliable people in the real estate development
3 industry and he really does deserve a lot of credit for what
4 he's done and I hope we'll all work together going forward.
5 That's --

6 MR. IRVIN: I -- I appreciate that, Chris. You
7 know, just as a point of clarification, I want to make sure
8 that everybody knows that I've never visited with Senator
9 Pierce -- President Pierce, never talked to him. I didn't
10 use any influence to ask him to do anything. I've only
11 talked with Speaker Tobin one time and that was just here
12 recently.

13 I live in the county although my office is in
14 this city, actually in the district. Yes, I have said I'm
15 tired of the term reconstituted. I think we ought to be
16 referred to as a constipated board.

17 And, you know, I -- I don't have any issue or
18 desire to sweep anything under the rug. There seems to be
19 some desire or statement that that's something that's high
20 on my list to do. You know, we are charged with
21 accountability. Some of these discussions are -- are -- are
22 very difficult discussions. I think we just have a real key
23 difference on what happens with that information when it's
24 released.

25 I agree with whoever said it earlier that I don't

1 think it's our job to go and enforce that. I think that's
2 information that we provide to the attorney general or the
3 FBI and let them go chase it. I think we should take our
4 rear-view mirror and break it, throw it away and figure out
5 a way to all get on the same page. And I'm -- I'm committed
6 to do that.

7 But I think some of the things that have been
8 said like I forced Dan -- or, excuse me, that I forced Allan
9 Willenbrock to step away, I had nothing to do with Allan
10 Willenbrock stepping away at all. To the best of my
11 knowledge, Counsel Silvyn wasn't involved in that at all.
12 And I think if somebody would ask Allan Willenbrock how that
13 came to pass, he would shed some light on that, but I can
14 tell you that did not come from me. That came from Art
15 Shear (ph) and Jodi Bain. And that's all I have to say.

16 CHAIRMAN MOORE: Okay. Let's go on with the
17 agenda. We started -- we've already done all our speeches
18 and I really appreciate what Fletcher and Chris said. And I
19 welcome them on the board and I think they'll be great
20 assets to the board and what we have to accomplish in the
21 future.

22 I guess the next thing on the agenda -- it's
23 going to be difficult. I think the -- the new board members
24 are going to need some time to review the minutes or --
25 before we discuss them since they weren't a part of it at

1 the time yet.

2 MR. IRVIN: So, you know, one thing I might bring
3 up on the minutes -- and I -- I struggled with this a little
4 bit, Secretary Moore. I -- the last meeting I asked that we
5 hold those in abeyance because, after I had reviewed them,
6 there were a number of things in there that were
7 attributable to me and I didn't recall saying any of those
8 things.

9 In fact, what I recall in my discussion, and this
10 was related to the TIF issue, my discussion was very simple,
11 and that is I -- you know, I don't recall saying those
12 things. What I had said was, before we start accusing the
13 city of doing something or not doing something, we should
14 sit down with the city and have a discussion with them and
15 ask them to come in and educate us.

16 And as a -- as a benchmark, there was a concern
17 that TIF revenues were falling and maybe it was the city's
18 fault for that occurring, maybe they weren't doing what they
19 said they were going to do. And there was a huge discussion
20 about it and I remember it very clearly.

21 So I had a chance to secure a copy of the tape,
22 which I've listened to time and time again, and it candidly
23 doesn't say what is -- what -- what is reflected in our
24 minutes. So I have a copy of those recordings for both the
25 meeting of the 10th and also our meeting of the 23rd, which

1 I'm only about halfway through the 23rd meeting, and I would
2 offer those tapes to our two new board members, if they
3 would like to listen to those, or anybody else that would
4 like to.

5 But I would ask that we take those board meetings
6 of the 10th and the 23rd -- and this is difficult for me to
7 say because I've been the one -- one of the people that have
8 said we need to make sure we get our minutes approved and on
9 our website in a timely manner. I don't think it's
10 appropriate for us to post those minutes because I'm
11 candidly not comfortable with them yet. I don't think they
12 really reflect what went on at that meeting.

13 So I would like to move that we put those in
14 abeyance and perhaps, Mr. Secretary, we could have a group
15 of people take a listen to those tapes and modify those
16 minutes accordingly.

17 MR. HILL: Mr. Chairman?

18 CHAIRMAN MOORE: Yes.

19 MR. HILL: Substitute motion. I'm not sure I
20 follow what all the brouhaha is over minutes, but I'd make a
21 substitute motion that we accept the minutes of the 10th and
22 the 23rd with the proviso that Mark would be able to add
23 clarification that he feels appropriate and place those on
24 the website. I so move.

25 CHAIRMAN MOORE: A second?

1 MR. SHEAFE: Do you accept that?

2 MR. IRVIN: No.

3 MR. SHEAFE: Okay.

4 MR. McCUSKER: And Chris and I can't help you
5 here because we weren't at the meeting.

6 Is Jannie still on the phone?

7 MS. BETTINI: Jannie?

8 CHAIRMAN MOORE: I think she disappeared early
9 on. Her battery probably ran dead. Mine almost did.

10 MR. HILL: Point of order.

11 Mark, this came up before about voting on minutes
12 when you're not here. A board member can vote on anything.
13 And that was opined by the last counsel and has always been
14 my understanding. So even though they were not there, they
15 can certainly make a motion, a second motion.

16 MR. COLLINS: Mr. Hill, that's my opinion. I
17 mean, I haven't looked at that particular subject. It
18 strikes me that -- that Mark -- Mr. Irvin has made a motion.
19 There's been no question of discussion. I know you did a
20 substitute motion, but Mr. Irvin declined that. It seems to
21 me Mr. Irvin's motion is up for discussion and/or seconding.
22 And I agree with your assessment that anybody who has been
23 appointed can vote what to do.

24 Mr. McCusker has previously indicated a desire to
25 put things off, but I believe he can vote on that subject.

1 MR. HILL: Thank you.

2 MR. SHEAFE: Could I offer a substitute motion
3 then?

4 CHAIRMAN MOORE: Sure.

5 MR. SHEAFE: And I'm not even sure if this is a
6 good one, but the substitute motion would be could we
7 have -- give Mark an opportunity to make the clarifications
8 or ask to have the minutes changed to bring them into
9 compliance with the tapes and then approve the minutes at
10 the next meeting.

11 MR. McCUSKER: Second.

12 MR. IRVIN: I'd accept that substitute motion.

13 CHAIRMAN MOORE: Well, I guess we'll call for the
14 vote if we don't have any further discussion on it.

15 (The board voted and the motion was passed)

16 CHAIRMAN MOORE: So there, the ayes have it.

17 MR. SHEAFE: Three to two.

18 CHAIRMAN MOORE: So that's the first big decision
19 we've made.

20 All right. So --

21 ATTENDEE: Mr. Chairman?

22 CHAIRMAN MOORE: Yes.

23 ATTENDEE: With all due respect, sir, I thought
24 there was a suggestion that maybe we take call to the
25 audience.

1 CHAIRMAN MOORE: I will. I will get to that.
2 I -- I want to get rid of some of this little stuff first
3 because of Mr. Fletcher's suggestion that we have a lot of
4 information here and I think in fairness to them and to you
5 all that you hear it, and then you can make your comments.
6 So just give us a few more minutes here. We're -- we're not
7 going to go through this whole agenda today.

8 ATTENDEE: Okay. Thank you, sir.

9 CHAIRMAN MOORE: All right. So that minute --
10 those minutes amended and so forth with Mark Irvin will be
11 subjected to the next meeting and we can identify those
12 changes.

13 (Discussion off the record)

14 MR. SHEAFE: Why don't we have the phone here.
15 And I'll tell you what, Jannie, every few minutes, go beep.

16 MS. COX: I can go beep?

17 MR. SHEAFE: Yeah, you should go beep.

18 CHAIRMAN MOORE: That way we know you're there.

19 MS. COX: I'm still here, but the conversation
20 goes in and out and a lot of it I could not hear.

21 MR. SHEAFE: Well, we just moved the phone closer
22 to the speaker, so you'll have a better chance to hear.

23 MS. COX: Well, that is much better. I can tell
24 that already.

25 MR. SHEAFE: All right.

1 MR. IRVIN: So as a point of clarification, I'd
2 ask that I be provided a -- a Word document with the current
3 minutes for both the 10th and the 23rd and I'll provide a
4 red line back for review.

5 MR. SHEAFE: And that motion passed.

6 CHAIRMAN MOORE: And that motion passes.

7 Okay. I think we're going to -- if it's all
8 right with the board, that we table both the administrative
9 rules, board officers unless you want to go ahead and have
10 your election.

11 MR. IRVIN: I'd -- I'd like to make a -- a
12 comment on administrative rules. I'm -- I'm fine putting
13 those in abeyance. I -- I had hoped that we were going to
14 have a fully seated board with -- with nine of us here.
15 We -- we don't currently, so I think the discussion relative
16 to responsibilities and duties and what have you for -- for
17 officers is probably something that we should put off until
18 such time as we have a fully or a fairly constituted board.

19 CHAIRMAN MOORE: I thought that's what I said.

20 ATTENDEE: Is there a second?

21 MR. IRVIN: No, you actually -- you actually
22 asked for -- for five and six and I --

23 CHAIRMAN MOORE: No, I -- okay. I did.

24 No, I said five and six, which is administrative
25 rules and responsibilities, and so -- and the board

1 officers. Now, I don't know if you want to -- do you want
2 to hold on the election of new board officers?

3 MR. IRVIN: No, actually I don't.

4 CHAIRMAN MOORE: All right.

5 MR. McCUSKER: Let's deal with five. I move to
6 table five.

7 CHAIRMAN MOORE: Table five.

8 MR. HILL: Second.

9 CHAIRMAN MOORE: All in favor?

10 (The board voted and the motion was passed)

11 CHAIRMAN MOORE: Okay. Board officers, item six,
12 any comments somebody wanted to --

13 MR. IRVIN: Yeah, I'll -- I'll -- I don't mind --
14 I don't mind taking the lead.

15 You know, I think the last two plus years have
16 been very, very difficult years. We've been through a bunch
17 of ups and downs and over and arounds. I think one of the
18 things that really excited me when I heard that Fletcher was
19 coming on board and Chris is I felt that, you know, we were
20 going to have some strong development expertise, and then
21 also in Fletcher we were going to have somebody who runs a
22 public corp. and understands transparency and doing things
23 aboveboard and what have you. And I think there are things
24 that we talk about that candidly sometimes we give a little
25 lip service to.

1 I'd like to make a motion that on an interim
2 basis until we are a fully seated board, at which time we
3 could come back and revisit it, that we -- I'd like to
4 nominate Fletcher, if he'll accept it, to be our interim
5 chair again with the caveat that, when the board is -- is
6 seated with, you know, at least eight of us, depending on
7 how long it takes to do nine, but we get, you know, at least
8 a couple more, that we revisit that issue. So that's my
9 motion.

10 MS. COX: I'd like to second that motion.

11 MR. HILL: Point of order, Mr. Chairman.

12 What is an interim chairman, Mr. Collins? Will
13 we have no such position? Is he in fact the chairman?

14 MR. COLLINS: Mr. Hill, I think -- I think what
15 Mr. Irvin is suggesting is -- is that Mr. McCusker be
16 appointed chairman at least until the entire board is
17 seated. My interpretation of the administrative rules is
18 that the seated people here today can do that. When there
19 are additional members appointed, those members can revisit
20 that issue, but I think that Mr. McCusker, should he --
21 should this pass, Mr. McCusker would be the chairman of the
22 board and, if the issue wanted to be revisited in the
23 future, this board could do that.

24 MR. HILL: So, Mr. Chairman, so I interpret it
25 correctly, politicking with the chairman. There is no such

1 thing as an interim chairman. I want to make that very
2 clear.

3 Mr. Chairman, I -- I would also like to suggest
4 that -- I thought we weren't going to do this. I'm not in
5 favor of changing proverbial horses in midstream. It's my
6 understanding, and apparently there's opposition, that you
7 have to have only four members of this board to act on these
8 types of items on this agenda. It's my understanding it's
9 five. And very easily I'm particularly interested in making
10 sure that doesn't happen and, if two members left, we would
11 have no meeting, we'd have no input from the public and I
12 think that's most unfortunate.

13 And I want to emphasize certainly to our legal
14 counsel the further understanding, if in fact they say four
15 is a majority, they're in violation of the open meeting law
16 because four of them conspired to call for this meeting and
17 I would certainly bring that up with the attorney general.

18 So I think we should tread very carefully as we
19 rush this thing forward to whatever their goals are that we
20 don't need to do that today. So as you can probably guess,
21 I'm speaking in opposition to the suggestion that we elect a
22 chairman today.

23 CHAIRMAN MOORE: Hold your applause, please. We
24 have -- we have a long way to go yet.

25 So --

1 MR. McCUSKER: Mark, can you speak to the
2 legality of the motion and the rules?

3 MR. COLLINS: Members of the board, I believe
4 paragraph 4.15 of the administrative rules addresses the
5 need for a quorum and how -- how a quorum is established.
6 And it says, at all meetings of the board consistent with
7 the requirements of ARS 38-431, which doesn't really apply,
8 the presence of a majority of the board members then
9 appointed to the board and eligible to vote shall be
10 necessary and sufficient to constitute a quorum.

11 As I understand it now, there are six board
12 members. Those -- those are the members that have been
13 appointed and are eligible to vote, so there are six of you.
14 A majority of six -- I flunked algebra II twice, but I think
15 a majority of six is four. And as long as there's -- as
16 long as there's four people present, I believe that is a
17 quorum and I think the vote could be taken to -- along these
18 lines.

19 MR. HILL: Mr. Chairmen, point of order. Then
20 under the open meeting law, a majority of a board cannot
21 meet and vote and make decisions privately not while sitting
22 here. Four such members signed a paper in -- in -- in
23 cahoots to call for this meeting, therefore, they would be
24 in violation of the open meeting law.

25 MR. COLLINS: Mr. Hill, I'm -- I am not an open

1 meeting law expert. Whether that happened or not, I don't
2 know. It strikes me that for the purposes of today -- I've
3 told you what my opinion is and -- and I guess that opinion
4 is -- is that, if the vote goes the way it goes, I think
5 that that would be appropriate.

6 MR. HILL: Mr. Chairman, I certainly agree that
7 Counsel -- obviously he's read those correctly; however, I
8 feel as the sponsor of the open meeting law in 1981 that I'm
9 going to guess they've got a problem. So I just want to be
10 sure they are aware of what they're doing today if they
11 decide to act after the four of them have colluded to get to
12 this point and they are in fact a majority due to the fact
13 there's only six appointed.

14 Thank you.

15 MR. SHEAFE: Do we have time to make a comment
16 here, Mr. Chairman?

17 CHAIRMAN MOORE: Of course. Go ahead.

18 MR. SHEAFE: Yeah. Jeff, I think you're making a
19 good point, but I want to dissuade you of any view that we
20 got together and colluded to do this. That isn't what took
21 place, at least as far as I'm concerned. The four of us
22 have not met. I have met Fletcher on one occasion. Mark
23 was there. We were not colluding to do a meeting. My
24 purpose was to make sure that everybody understood I'd be
25 gone on the 18th and unable to participate. And I suggested

1 we ought to set a time -- a different time and I thought
2 earlier would be better than later, and then a few days
3 later, I was asked really for a telephone pole, would you
4 support a meeting and would you sign that you're asking for
5 this meeting.

6 And that's all that happened with me. There
7 really was never an attempt to exclude anybody. And I hope
8 that we can get through this process without creating hard
9 feelings because I don't think that's the way we ought to
10 start out.

11 MR. McCUSKER: Is -- is Jannie on the phone?

12 MR. SHEAFE: Yeah, Jannie, are you there?

13 MR. McCUSKER: Jannie, I would suggest that --

14 (Discussion off the record)

15 MS. COX: I've been here most of the time, so I
16 have not met with anyone. I've sent one e-mail to Chris
17 Sheafe welcoming him to the board. I have had a
18 couple (inaudible) with Mark Irvin and I -- that's the
19 extent of my involvement in any kind of potential collusion.

20 CHAIRMAN MOORE: Thank you, Jannie.

21 MR. McCUSKER: Mr. Chairman, Mark, I don't think
22 you move forward under a cloud, you know, particularly if
23 there are legal questions regarding the appropriateness of
24 it, so I would suggest that you withdraw your motion and
25 give us time to research the issue, allow another member or

1 two to be seated. It's not going to matter a whole lot
2 whether we do it today or some other time.

3 From -- excuse me. From my perspective, I told
4 President Pierce when he asked me to serve that I would
5 serve in any capacity, so if I am asked to chair, I'm
6 willing to do that, but, again, I believe it should be under
7 a nine member, fully constituted board. And it just
8 deals -- it takes away all these issues about collusion and
9 hoo-hoos and good old boys and all that kind of stuff. So I
10 would respectfully ask that you withdraw your motion. Let's
11 aggendize this properly, give Mark a chance to research it.

12 One of the things that I've always been
13 challenged by as an observer of Rio Nuevo meetings is you
14 seem to struggle with a lot of parliamentary rules and it
15 may be advisable to us to have some parliamentary counsel,
16 you know, in regard to -- we had a point of order at the
17 last meeting, we have a point of order at this meeting. You
18 know, it seems to me that we ought to be really careful,
19 particularly given the suspicious nature that many people
20 have regarding this whole process.

21 So respectfully I would, I guess, decline to
22 serve and ask that you withdraw your motion temporarily.

23 MR. IRVIN: I -- well, obviously not -- you know,
24 I've already mentioned that I'm, you know, personally not
25 seeking to be chair. I've made that clear, that that's not

1 something I want to do. I'm the exact same way. I'll do
2 whatever this board would like me to do. I think we're at a
3 crossroads right now, Fletcher, where, you know, we have
4 divergent camps in -- in -- in our group. That's one of the
5 reasons that I haven't asked to step up.

6 As I made with my motion that you would be -- I
7 asked you to be chair and I also ask that to be revisited
8 when the board is fully seated. I think I'm not really
9 interested in -- in removing that right now.

10 CHAIRMAN MOORE: Let me make a suggestion. Why
11 don't we -- why don't we table this.

12 MR. IRVIN: There's -- there's been a motion and
13 a second.

14 CHAIRMAN MOORE: Okay. That's up to you.
15 Who was the second?

16 MR. IRVIN: Jannie was.

17 MR. SHEAFE: Let me just ask a question, though.
18 Can you -- if -- if Fletcher says he won't serve, you know,
19 what do we do? Then it won't do any good to elect him
20 because he's just said I decline to serve.

21 CHAIRMAN MOORE: So why doesn't Jannie retract
22 her second and Mark can do what he wants, and then we can
23 just move on.

24 MR. IRVIN: I'd -- I'd -- I'd call for the vote
25 candidly. If Fletcher -- if Fletcher, when he's nominated

1 and made chair, decides he doesn't want to serve, that's
2 Fletcher's decision.

3 MR. SHEAFE: She keeps disappearing.

4 CHAIRMAN MOORE: I -- you know, as I said, I --
5 let's -- why don't we get -- table this temporarily until --
6 I think in fairness to the audience that's here, I'd like to
7 hear some of their comments and we can come back to this
8 before the end of the day.

9 MR. McCUSKER: Well, let me just help with the --

10 CHAIRMAN MOORE: Okay.

11 MR. McCUSKER: If the motion's passed, I vote no,
12 so it's not going to pass.

13 CHAIRMAN MOORE: Okay.

14 MR. McCUSKER: So let's table the whole thing
15 until the board is properly seated. You can -- you can
16 take -- somebody -- you can withdraw the motion, withdraw
17 the second or call for the question. We need the second --

18 CHAIRMAN MOORE: Okay.

19 MR. McCUSKER: -- on the phone.

20 CHAIRMAN MOORE: Well, there's a second by
21 Jannie. Let's call for the vote.

22 All in favor say aye.

23 MR. McCUSKER: You need -- you need -- you need
24 Jannie on.

25 MR. IRVIN: You need Jannie on.

1 CHAIRMAN MOORE: Oh, that's right.

2 MR. SHEAFE: If she answers the phone aye, it
3 will solve the problem.

4 CHAIRMAN MOORE: Go ahead.

5 MR. McCUSKER: Jannie, are you there?

6 MS. COX: I am here.

7 CHAIRMAN MOORE: Okay. I'm calling for the vote,
8 Jannie.

9 MR. McCUSKER: Did you hear the whole legal
10 discussion whether -- all right. Let me just -- as the
11 nominee, I suggest to you that some legal and procedural
12 orders have been raised. I'm not willing to take the
13 position under those conditions, so you can withdraw your
14 second as one option or we can --

15 MS. COX: I would like to withdraw my second
16 based on your decision that you will not accept the role of
17 chair.

18 MR. McCUSKER: And, therefore, no vote is needed.

19 CHAIRMAN MOORE: So there's no second, so the
20 motion dies. Thank you very much.

21 So that's board officers.

22 Do you want to discuss item seven, meeting,
23 discussion and potential action related to further board
24 meetings? I think that we have a retreat planned for the
25 18th. I don't know if somebody wants to continue that

1 thought or table it.

2 MR. McCUSKER: Mr. Chairman, I -- I think the
3 retreat is -- is not going to be advisable given that we've
4 got so many new members, three more coming. It's hard to
5 talk strategically. I think they need to be brought up to
6 speed. I do think there's a need for us to meet fairly
7 regularly in the short term, resolve some of these issues,
8 get board members up to speed. Maybe there's a way to, you
9 know, cancel the retreat but schedule kind of a standing
10 time for regular meetings over the next, you know, couple of
11 months, meet our obligations to bring the new members on,
12 and then, if we kind of get to someplace where we think we
13 need strategic conversation, we can schedule it. That would
14 be my recommendation.

15 MR. HILL: That's a good recommendation,
16 Mr. Chairman.

17 MS. COX: I would like to meet on a regular basis
18 where we can plan (inaudible).

19 CHAIRMAN MOORE: Speak up, Jannie, please.

20 MS. COX: I'm very committed to being at all of
21 the meetings and I will plan my travel schedule around those
22 meetings, but I really need to know when they are going to
23 be so that I can make it there (inaudible).

24 CHAIRMAN MOORE: Very good. I mean, do we -- are
25 we talking about weekly meetings or a monthly meeting? I

1 mean --

2 MR. SHEAFE: May I make a suggestion?

3 CHAIRMAN MOORE: Sure.

4 MR. SHEAFE: Why don't we plan to meet twice.
5 We're in June now.

6 CHAIRMAN MOORE: Uh-huh.

7 MR. SHEAFE: And, you know, it's amazing we're
8 almost halfway through June, so we should have a July
9 meeting and an August meeting. Hopefully before we get to
10 the August meeting, we'll have at least two of the three
11 members. And what I would ask is that we not try and set
12 those two dates but we let staff set those dates at a time
13 when all of us are available. And that's a horrible job,
14 but --

15 MR. HILL: They're used to it.

16 MR. SHEAFE: -- you know, we can get it done, and
17 then I will plan my schedule around these meetings because I
18 plan to be here.

19 MR. HILL: Sounds pretty simple.

20 CHAIRMAN MOORE: Any comments from anybody else?
21 Jannie, a July meeting and an August meeting, is
22 that satisfactory?

23 MS. COX: We're not going to meet then on the
24 28th of June as scheduled?

25 (Discussion off the record)

1 CHAIRMAN MOORE: We're not going to meet on the
2 28th of June as scheduled.

3 MR. IRVIN: I think we keep that meeting.

4 MS. COX: So when would that meeting be
5 (Inaudible).

6 CHAIRMAN MOORE: I don't -- I don't see that
7 there's a problem in meeting on the 28th if nobody else
8 does. But, I mean --

9 MR. SHEAFE: I guarantee you I won't be here.

10 CHAIRMAN MOORE: Oh, okay. Then that's --
11 because one of our new members won't be in town, so that --
12 that creates a problem.

13 MR. SHEAFE: Now, if I can get that changed -- if
14 you want to say we'll meet subject and I will see if I can
15 change, and then I'll get to you by tomorrow.

16 CHAIRMAN MOORE: Oh, that's fine.

17 MR. SHEAFE: And then we could --

18 CHAIRMAN MOORE: Let's tentatively plan for
19 June 28th for a board meeting assuming that Chris is in
20 town. If not, we'll postpone it to July.

21 Is that satisfactory to the board?

22 MR. HILL: Okay by me.

23 MR. McCUSKER: Okey dokey.

24 MS. COX: And may I ask when that will be known?

25 CHAIRMAN MOORE: I -- I don't know. Hopefully

1 maybe tomorrow.

2 MR. SHEAFE: I -- I will know by tomorrow.

3 MS. COX: Okay. Good. Then I'll make my travel
4 plans when I hear whether you can be there.

5 CHAIRMAN MOORE: And we'll let you know because
6 Michelle will e-mail you and get you the information along
7 with the other members of the board.

8 MS. COX: Okay. That sounds good.

9 CHAIRMAN MOORE: Thank you.

10 Item number eight are the bonds. I think that --

11 MR. IRVIN: How about press releases?

12 MR. McCUSKER: Is there an issue with anything
13 that -- that we may lose the opportunity to in the short
14 term? I think that's how this got on the agenda. Have we
15 clarified that further, that -- that we do not have anything
16 that may revert to a debt repayment in June? Because that
17 would be a lost opportunity if we're not going to meet again
18 until the 28th. What is the status of that?

19 MR. SHEAFE: The specific question is, is there
20 money that has already been funded that would go away if it
21 was not used by June under the arbitrage laws.

22 MR. McCUSKER: That was -- I think that's the
23 reason it's on the agenda.

24 MR. IRVIN: Right.

25 CHAIRMAN MOORE: Mark, I think you have a comment

1 or -- or --

2 MR. COLLINS: Well --

3 CHAIRMAN MOORE: -- Jeff.

4 I think it's on your shoulders, Counsel.

5 MR. COLLINS: Members of the board, I -- I don't
6 pretend to be a bond counsel, but I have in light of this
7 agenda item taken a little bit of time to take a look at
8 this. I will tell you that what you really need, and you
9 need it, in my opinion, quickly, is an opinion from bond
10 counsel on this subject. It's going to be driven by the
11 bond indenture and perhaps the IRS regulations.

12 It's easy for me to say this because I'm talking
13 about somebody else who's doing the work, but I think it
14 would be relatively easy to determine what the bond
15 indenture says with respect to this. If in fact the bond
16 indenture says the money has to be spent, then there's an
17 issue. If in fact the bond indenture is ambiguous, the IRS
18 regulations are going to apply and there's some more
19 flexible room.

20 I would -- one of the things that I wanted to say
21 to this board regardless of whether it continues my
22 involvement is that I think you -- you ought to get bond
23 counsel looking at this yesterday and -- and make a
24 determination. The remaining problem is going to be is
25 there any money because you can't commit money that you

1 don't have.

2 But as I understand the question, there's this
3 perceived deadline of June, the end of this month, and I
4 will tell you that my initial investigation is -- is that --
5 that determination as to whether that's a real deadline or
6 not can be made rather quickly, I think.

7 CHAIRMAN MOORE: Let me ask a question, Mark. I
8 thought we had bond counsel at least on and off over the
9 period of our presence.

10 MR. COLLINS: Mr. Moore, at some point Lewis and
11 Rocca's firm was bond counsel.

12 CHAIRMAN MOORE: Up in Phoenix, correct?

13 MR. COLLINS: Right. Lewis and Rocca like my
14 firm is located both in Phoenix and in Tucson and -- and the
15 bond counsel at Lewis and Roca is in Phoenix.

16 CHAIRMAN MOORE: Your firm has bond counsel.

17 MR. COLLINS: Indeed. And -- yes. Yes, we do.
18 And I -- that's who I called on this morning when I saw this
19 item on the agenda and what I have just spouted to you was
20 shared with me this morning.

21 CHAIRMAN MOORE: Well, may I make a suggestion
22 then? The members can speak to it, but what about talking
23 to your counsel to get their opinion as to what we have.
24 And I -- I don't know how that affects our budget, our
25 relationship with you from --

1 MR. COLLINS: Mr. Chairman and members of the
2 board, as I have said to at least some of you, I serve and
3 have served at the pleasure of this board. If you want me
4 to continue to work for you, I'm happy to do it. If you
5 don't, that's -- I understand that and I'll help in
6 transition.

7 If the board asked me to inquire of our chief
8 bond counsel, a fellow by the name of Scott Ruby, I -- I can
9 certainly do that and we can get cracking on that right
10 away. I -- I frankly think that's one of the two hot items,
11 in my opinion, that you folks need to advance.

12 MR. McCUSKER: Mr. Chairman --

13 CHAIRMAN MOORE: Sure.

14 MR. McCUSKER: -- would it be more expeditious to
15 go with Lewis and Rocca so they already know the issue?
16 They were bond counsel.

17 MR. COLLINS: It could very well be,
18 Mr. McCusker. I -- I -- I -- I have been not privy to all
19 of those discussions. The bond counsel for Lewis and Roca
20 is a highly qualified individual and, if he's familiar with
21 all of that, that may very well be the best way to go. You
22 can explore that, I can explore that, whatever. I just
23 think for the best interests of this board you need to --
24 need to move the ball forward somehow.

25 MR. HILL: Mr. Chairman, I would move in light of

1 the urgency of this that the board direct Mr. Collins and
2 his firm to jump on this and give us a decision as soon as
3 possible. I make that in the form of a motion.

4 MR. SHEAFE: I'll second that.

5 CHAIRMAN MOORE: Second.

6 Call for the vote or discussion? Is that
7 appropriate?

8 MR. COLLINS: You bet.

9 CHAIRMAN MOORE: Okay. Discussion?

10 MR. IRVIN: I -- I -- I firmly believe that we
11 should have somebody look at it. In fact is Sylvia in the
12 audience?

13 There she is.

14 So maybe this might help. I -- I -- I -- Sylvia
15 Amparano with the city. I -- I struggled with the numbers.
16 I heard we were going to have something term at the end of
17 this month, then I started looking at it, and then they
18 said, no, it actually termed -- you, know, you had to spend
19 that money in November of last year. So I was trying to
20 understand it and, as I was trying to understand it, I had a
21 couple of visits with -- with Kelly to try to get a handle
22 on it and she's out of town and has sent Sylvia in her stay,
23 who could probably shed a little light on this, I would
24 think.

25 Sylvia, can you address us for a moment, just --

1 MS. AMPARANO: Certainly. I agree with the
2 gentleman. Bond counsel needs to address that and interpret
3 the -- the -- the legal documents. I'm not an attorney, but
4 I did look at the indenture. The indenture specifically
5 says that the bond proceeds should have been spent by
6 November 30th of 2011. Any remaining proceeds in that bond
7 should have -- should be transferred to the trustee and pay
8 for debt service.

9 MR. IRVIN: So was -- so was part of that money
10 that you're talking about part of the money that we received
11 from the city in the 10 million-dollar payment?

12 MS. AMPARANO: Correct.

13 MR. IRVIN: And can you break those two numbers
14 out or whatever the numbers are? Is that all 10 million for
15 the bonds or how is that?

16 MS. AMPARANO: It's my understanding that the
17 \$10 million transferred to the district in August of 2011
18 included 5 million from the bonds and 5 million from the
19 TIF.

20 MR. McCUSKER: Mr. Chairman, I call for the
21 question.

22 CHAIRMAN MOORE: I call for the question. We've
23 got a second on it. Do we want to vote? What do we want to
24 do?

25 MR. IRVIN: Absolutely.

1 MR. HILL: All in favor.

2 CHAIRMAN MOORE: All in favor?

3 (The board voted and the motion was passed)

4 CHAIRMAN MOORE: Okay. So your firm is going to
5 investigate --

6 MR. SHEAFE: All five voted yes.

7 MR. COLLINS: I -- I will do that, Mr. Chairman.
8 It's always been my view that it's most efficient when I
9 represent a group of individuals that the group at least
10 designate a spokesperson with whom I can communicate to save
11 money. Otherwise, I end up answering lots of questions. I
12 would suggest that this board decide which one of you is the
13 point person for me, and -- and then I can -- can get
14 cracking and work with that person.

15 MR. IRVIN: It seems the treasurer would
16 probably --

17 MR. McCUSKER: I would suggest the treasurer is
18 the most likely.

19 CHAIRMAN MOORE: That's what I would suggest.

20 MR. COLLINS: All right.

21 CHAIRMAN MOORE: That's acceptable to everybody?

22 MR. IRVIN: Absolutely.

23 CHAIRMAN MOORE: Okay.

24 MR. McCUSKER: Absolutely.

25 MR. COLLINS: All right.

1 MR. HILL: Thank you. I'll look forward to it,
2 Mark.

3 CHAIRMAN MOORE: Okay.

4 MR. HILL: Thank you.

5 MR. COLLINS: My pleasure.

6 CHAIRMAN MOORE: District legal counsel
7 representation.

8 MR. IRVIN: We never did number eight.

9 CHAIRMAN MOORE: I thought we just did. We did
10 five.

11 MR. IRVIN: We did bonds. We didn't do press
12 releases.

13 MR. SHEAFE: That's a different agenda. I don't
14 have that. That's not here.

15 MR. IRVIN: Well, it somehow got scratched from
16 what was approved, but that's okay.

17 MR. McCUSKER: What was -- what was posted?

18 Ms. Bettini, can you help us? We're looking at
19 two different agendas. One is --

20 CHAIRMAN MOORE: This is the last agenda sent
21 out --

22 MS. BETTINI: The last agenda that was posted and
23 sent out to the board involving --

24 MR. McCUSKER: This is the one that's posted?
25 This is the one we're working on?

1 CHAIRMAN MOORE: Okay.

2 MR. SHEAFE: The one we're working on?

3 MS. BETTINI: Yes.

4 MR. SHEAFE: The one you have?

5 MR. IRVIN: I -- I guess I'd like just to ask how
6 it's changed, because in the notice of agenda and call for
7 special meeting that I sent, I had a preset agenda and was
8 asked to allow for comments from the secretary and comments
9 from the treasurer, which I agreed to, but somehow the
10 little notice about press releases was -- was removed.

11 CHAIRMAN MOORE: Well, I'll take responsibility
12 for that.

13 MR. IRVIN: Okay.

14 CHAIRMAN MOORE: And the reason why I take
15 responsibility for it is because I'm the acting chair and
16 I'm the one to set the agenda. You made comments to it. We
17 followed certain guidelines that I thought were appropriate,
18 but I thought this one, because of the length of this
19 particular meeting, I didn't want to get it clouded with
20 other issues, so I was trying to narrow it down to things
21 that would be important, so --

22 MR. IRVIN: As a point of order, though, I
23 thought, when you call for a special meeting and you call
24 and you set forth a special agenda, that there are no
25 changes allowed to that unless they're agreed.

1 CHAIRMAN MOORE: Well, I don't know how that
2 works to be very honest with you.

3 MR. IRVIN: I would ask -- I -- I -- I would ask
4 counsel.

5 MR. COLLINS: Well, Mr. Irvin, I've never looked
6 at that subject. I -- I would have to concur with
7 Mr. McCusker's initial comment. Whether it -- whether it
8 got here in the proper way or not, I can't comment on it,
9 but I think we're limited to what was publicly posted.

10 CHAIRMAN MOORE: And this was the last posted.

11 I would -- if it's all right with everybody
12 because I know we have a very patient audience that's been
13 eager to make some comments --

14 MR. McCUSKER: I can dispose of nine, I think,
15 pretty quickly.

16 CHAIRMAN MOORE: Oh, okay.

17 MR. McCUSKER: I just think, particularly with
18 new members coming in, and maybe, Mark, you can help with
19 this, you went through and identified the suits and some
20 were defendants, some were a plaintiff. I think it would be
21 good for new members to have some sort of inventory of
22 litigation and representation. I know a number of people
23 are concerned about our legal fees and I think we're all
24 committed to try and identify ways to reduce those, so I
25 would just ask that maybe you could help us pull the other

1 inventory of litigation, who represents us, and then maybe
2 we could be briefed in executive session on those items.

3 MR. COLLINS: As the members of the board are
4 aware, I became aware of what's going on here today
5 yesterday and I started that process on my side and I
6 believe that the folks at Rusing & Lopez have done the same
7 thing. I would suggest to the board that I certainly can
8 have a summary available for the board members certainly
9 before the end of this week, if not, day after tomorrow.

10 MR. SHEAFE: Can I add a comment then?

11 CHAIRMAN MOORE: Sure.

12 MR. SHEAFE: I got a call from Pat Lopez and Pat
13 said that they had just done a full summary. I have not
14 seen it, but he asked me to send a copy of the authorization
15 letter appointing me to the board, which I asked my
16 secretary to send this afternoon. I understand I will get
17 an e-mail of that. So if anybody else doesn't have it, I
18 will be very happy to pass that through.

19 I think you ought to look at it and then
20 determine whether or not it covers the subjects it should.
21 If there's something missing, we ought to add it. We ought
22 to just get it done as efficiently as possible.

23 Does anybody have an objection to that?

24 CHAIRMAN MOORE: No, I'm fine with it.

25 MR. COLLINS: That's the Lopez -- Rusing, Lopez &

1 Lizardi.

2 Mr. Sheafe, I believe that that's been done or at
3 least is in the process of being done. In my opinion,
4 that's legal advice and needs to be restricted to the
5 members of the board who have been lawfully appointed and
6 seated, but from the lawyer standpoint, I believe that that
7 information can be available before the end of this week so
8 you folks can start to digest it. I know that there's some
9 things in there that -- that Alberto and --

10 MR. McCUSKER: I do think there are issues if --
11 if a memo comes to you and then you forward it in terms of
12 privilege, so I would just ask that it all go --

13 (Discussion off the record)

14 MR. COLLINS: I would recommend to the board that
15 all of that communication go from one lawyer or one conduit
16 to each of you who have been seated. I'd be happy to serve
17 as that since one of them is coming from me, so -- and that
18 way the privilege is maintained. I think that's highly
19 important for this board.

20 MR. HILL: Do you need a motion, Mark?

21 MR. SHEAFE: With -- with the fellow board
22 members' permission, I have a copy here of everybody's
23 e-mail address. I will get that to Lopez, his firm, and ask
24 him if -- anything he sends me he sends to everybody else.

25 MR. IRVIN: I think what they were talking about

1 is to run for client privilege everything through Mark
2 Collins so that -- and then he would -- he would distribute
3 it.

4 MR. SHEAFE: Do you want to do it that way, Mark?

5 MR. COLLINS: I'm -- I'm very happy to do it that
6 way. Mr. Lopez and I know each other.

7 MR. IRVIN: Do we need a motion for that or --

8 CHAIRMAN MOORE: Do we need a motion?

9 MR. COLLINS: I think for your benefit that would
10 be a good idea.

11 MR. HILL: So moved, Mr. Chairman.

12 CHAIRMAN MOORE: Second?

13 MR. SHEAFE: Second.

14 CHAIRMAN MOORE: All in favor?

15 (The board voted and the motion was passed)

16 CHAIRMAN MOORE: One -- one question I have on
17 that same -- as you go -- each one of you go through the --
18 this information, I think it's appropriate that you
19 individuals can talk to the lawyers regarding that issue so
20 that you have a better understanding in case there's some
21 kind of confusion or -- rather than calling a meeting or
22 executive meeting, if you want to be informed about the --
23 the particular issue, that you talk to the law firm that's
24 representing that and clarify it in your own mind.

25 Does that -- I mean, you don't have to, but if

1 you want to, you have a right. And I don't think we have to
2 get permission from everybody.

3 MR. McCUSKER: Mr. Chairman and Jeff, enlighten
4 me on open meeting math. If there are six of us seated and
5 four of us go to coffee, is that an open meeting?

6 MR. HILL: That's an open meeting violation.

7 MR. McCUSKER: So I think we just need to be
8 cognizant of the fact --

9 CHAIRMAN MOORE: That's what I'm saying, one of
10 you at a time or however you want to do it, but obviously
11 you have to make sure that we're not --

12 MR. McCUSKER: Got it.

13 CHAIRMAN MOORE: -- out of step, so --

14 MR. HILL: They're very good about throwing rocks
15 at us if we start going astray.

16 MS. COX: Well, I have a question about that.

17 CHAIRMAN MOORE: Okay. Jannie has a question.
18 Speak up. Speak up, Jannie, because we --

19 MS. COX: Pardon me?

20 CHAIRMAN MOORE: Speak up, please, because I've
21 got you to a microphone and I don't know how --

22 THE WITNESS: Okay. I'm just saying that, if
23 we're trying to (inaudible).

24 (Discussion off the record)

25 CHAIRMAN MOORE: You have to talk louder, Jannie.

1 (Discussion off the record)

2 ATTENDEE: Start over.

3 CHAIRMAN MOORE: Jannie, can you repeat yourself,
4 please?

5 MS. COX: Okay. I'm saying that, if we are -- in
6 light of the fact that we're trying to contain some of our
7 legal expenses, it doesn't sound prudent to me that we have
8 the potential for six people taking some of our attorney's
9 time to explain one document, so having each one of us speak
10 to counsel individually does not seem like a very good way
11 to do that.

12 MR. McCUSKER: We can do it twosies and theesies.
13 We can't just --

14 CHAIRMAN MOORE: Well, if the two -- I mean, I
15 don't know if the old members want to do it or the two new
16 members. I mean, I don't -- but what do you want to do?
17 You tell me what you'd like to do.

18 MR. SHEAFE: I -- I have every confidence that I
19 can read the document and understand it.

20 CHAIRMAN MOORE: Okay.

21 MR. McCUSKER: We do it often.

22 CHAIRMAN MOORE: Okay. Then that's moot. Let's
23 go on.

24 MR. COLLINS: Mr. -- Mr. Chairman, before you
25 leave the -- number nine, in my attempt to try and give

1 guidance to the new folks in particular, I tried to identify
2 what I thought were hot button items that you folks needed
3 to think about and the bond issue was one of them. The
4 Depot garage is another one. The city and the district some
5 time ago executed what amounts to a standstill agreement
6 over which time the city pays the district X number
7 of dollars, I think it's something a little less than \$5,000
8 a month, for the garage while both the city and the
9 district -- any statute of limitations are stayed. And
10 that -- that agreement was entered into in November of '10,
11 I believe, and it expires this Friday.

12 I don't know how the city feels about it. My
13 dealings have been with Mr. Rankin. The last time I talked
14 to Mr. Rankin about this, he was at least at that time
15 interested in extending that. I think in light of the
16 board's situation right now, I would urge that that be
17 extended, too.

18 MR. SHEAFE: May I make a motion then?

19 CHAIRMAN MOORE: Yes, please, Chris.

20 MR. SHEAFE: I would motion -- the motion would
21 be that we authorize counsel to communicate with Mr. Rankin
22 to extend the standstill agreement and to ask that as part
23 of that the city recognize that the standstill agreement is
24 a binding obligation upon them as stated and they accept it.
25 As long as they give that, I'm willing to go for the

1 standstill agreement.

2 MR. HILL: Second.

3 CHAIRMAN MOORE: All in favor?

4 (The board voted and the motion was passed)

5 MR. COLLINS: Fair enough. That's all I had for
6 you. Thank you.

7 CHAIRMAN MOORE: Thank you very much, Mark.

8 If there's nothing else, I'd like to have a call
9 to the audience.

10 MR. McCUSKER: Mr. Chairman?

11 CHAIRMAN MOORE: Yes, sir.

12 MR. McCUSKER: I think your rules provide three
13 minutes, 15 minutes total. Is there any interest in us
14 extending the sum total time?

15 ATTENDEE: You better believe it.

16 CHAIRMAN MOORE: Well, you know --

17 MR. SHEAFE: Can we put some limit on it?

18 CHAIRMAN MOORE: I think we need to put some
19 limit on it, otherwise -- there are a lot of people --

20 MR. McCUSKER: How many -- how many cards do you
21 have?

22 CHAIRMAN MOORE: I think we have nine cards.

23 MR. McCUSKER: And so --

24 CHAIRMAN MOORE: Ten cards. We have 10 cards.

25 MR. IRVIN: That's thirty minutes.

1 MR. McCUSKER: Thirty minutes. I'm fine with
2 that.

3 CHAIRMAN MOORE: So three minutes apiece?

4 MR. McCUSKER: Still -- but it allows everybody
5 to speak that been signed up.

6 MR. SHEAFE: Yeah. And -- and just to go to your
7 point, Fletcher, because I -- you know, having chaired these
8 things before, you always get somebody that wants to just
9 talk about their vacation and every other thing and you kind
10 of have to have an ability to stop that. But if you have
11 people that legitimately want to communicate with you, with
12 the board, you want to give them the opportunity to do it.
13 So let's say we go three minutes and, if somebody needs more
14 time, we can see that that's going to be productive, then
15 maybe we quickly say we're going to grant you another three.

16 Does that make sense?

17 MR. HILL: At the discretion of the chair?

18 MR. SHEAFE: Yeah, at the discretion of the
19 chair.

20 MR. HILL: I think that's fine.

21 CHAIRMAN MOORE: Here we go.

22 (Recess)

23 CHAIRMAN MOORE: I'd like to call the meeting
24 back to order. At this point in time, I'd like to call the
25 individuals who are interested in speaking to our board and

1 giving us some ideas and direction.

2 Jannie?

3 Are we going to call Jannie?

4 We have a microphone here and we're requesting
5 that each speaker speak for at least three minutes. And
6 we'd like to keep -- ask you to keep --

7 MR. SHEAFE: Speak for a maximum.

8 CHAIRMAN MOORE: A maximum, excuse me. Thank
9 you. Sorry about that. A maximum of three minutes. Please
10 give us your name and address. And at the same time, I'd
11 like you to stay on -- on topic because I know there are a
12 lot of you that are here that would like to say something,
13 so I think --

14 MS. BETTINI: Jannie needs to leave the meeting,
15 so she's excusing herself.

16 CHAIRMAN MOORE: We still have a quorum, so we're
17 okay.

18 Thank you, Jannie, very much for attending.

19 Okay. The first person to speak is a Ralph
20 Kayser.

21 Is that correct?

22 MR. KAYSER: Yes.

23 CHAIRMAN MOORE: Kayser.

24 MR. KAYSER: Can you hear me?

25 CHAIRMAN MOORE: Yeah. I think we need to turn

1 it on.

2 There you go. And you can move the mike up if
3 it's more --

4 MR. KAYSER: My name's Ralph Kayser. I live at
5 10700 North Law Reserve Drive in Oro Valley. I'm a primary
6 organizer of the Tucson Tea Party. And, you know, I want to
7 echo something Alberto said very early in this meeting, that
8 what we're seeing here is a microcosm of what is happening
9 across the country. Your electorate's engaged and, when we
10 hear that there's been a last minute meeting planned on
11 short notice to discuss the kind of matters that we saw on
12 this agenda on election day when we should be in the voting
13 booth and we've already adjusted our schedule at the voting
14 booth, that -- that totally takes away the credibility of
15 anybody up here who agreed to have this meeting and use the
16 term transparency, which if I tallied it correctly, all of
17 you used that word today in your speeches, transparency.

18 So, I mean, I'll ask the rhetorical question.
19 Whose cockamamy idea was it to have a meeting today on
20 election day to talk about counsel and moving on spending
21 money. That is -- if -- if -- if you had the intentions of
22 establishing credibility as a reconstituted board, I can
23 think of no worse way to establish or suggest that
24 credibility by scheduling a meeting today.

25 Chris, you said we're never going to get anywhere

1 finding scapegoats. I disagree. We're going to get a lot
2 of places by finding out who misspent this money.

3 Mark, I think you talked about breaking the rear
4 view mirror.

5 Ladies, do any of you have mirrors in here?

6 We're not breaking the rear-view mirror.

7 Somebody's accountable. I want to learn about the trips to
8 Rio De Janerio. I want to know who did what. And the
9 suggestion or the possibility that this board could have
10 manipulated or made a decision today that would have
11 affected the outcome of the audits is -- is horrifying to
12 those of us in the community that want accountability.

13 So I -- I'm -- I'm just really going to, you
14 know, go back to my original statement. This is a microcosm
15 of what's happening across the country and your electorate
16 and your voters are watching you. And we're going to watch
17 every move this board makes. To those of us that are
18 involved, we're going to watch it. We're going to talk to
19 our friends about it. We're going to share the -- the
20 decisions of this board moving forward. We're not going to
21 be the apathetic voter community that was our community back
22 eight, nine years ago. We're just not going to let it
23 happen again. Fool me once. Not going to happen again.

24 Thank you for your time.

25 CHAIRMAN MOORE: Thank you.

1 MR. McCUSKER: Tell me your name again.

2 MR. KAYSER: Ralph Kayser.

3 MR. McCUSKER: Ralph, thanks.

4 CHAIRMAN MOORE: The next person, Keith Van
5 Heyningen.

6 ATTENDEE: He couldn't stay longer. He left.

7 CHAIRMAN MOORE: Okay. So he's passed. Okay.
8 Josephine Cardenez.

9 MS. CARDENEZ: Buenos tardes.

10 CHAIRMAN MOORE: Buenos tardes.

11 MS. CARDENEZ: It's Josefina Cardenez.

12 CHAIRMAN MOORE: Pardon.

13 MS. CARDENEZ: And I live in Barrio Kroeger Lane,
14 just a walking distance from here. I'm a native Tucsonan,
15 fourth generation.

16 And I sure would not like to be in your shoes, so
17 I applaud and I take an appreciation what you are here
18 doing. Even though this is my city, I really love my city
19 and I really look sad to what it's going through. But at
20 the same time, you have pulled a veil and have brought a lot
21 to light.

22 In my involvement, I was involved with Rio Nuevo
23 from -- from the beginning with the Native American
24 community. And I would like to remind you as we were just
25 reminded that we have our -- our flags and that we need to

1 be together in unity as one community and our Pledge of
2 Allegiance.

3 We have been supported in our barrio by the
4 Tohono O'odham Nation and I would like to have that in
5 consideration that we stand in the first nation's land, the
6 Tohono O'odham.

7 In my hands I have documents that support. You
8 probably don't have time to read those documents, but these
9 are open to your -- to your files if you would like.

10 I also represent part of Protectship Shonse Rio
11 Nuestro (ph) and from our community we are asking that
12 with -- if you have those funds or do not have those funds
13 which is very difficult to know, but we would like that
14 those lands below A mountain, Sentinel Peak, the remaining
15 land of the birthplace of Tucson be remediated because that
16 is the original birthplace of Tucson, that you go back to
17 the original plan in 1999 that the voters voted that we
18 wanted to see those lands be historical, traditional,
19 cultural. And that's what our citizens are looking back to,
20 especially our elders, because there has so much been lost.

21 Senor Fletcher, downtown is not the harmonious
22 downtown that I knew as a child and my grandparents talked
23 about. It has changed so much. But I'm grateful that now
24 downtown has the community it did not have for many -- for
25 many years.

1 Also the Protectship Shonse (ph) is asking that
2 you -- you go back to the original -- that the land be
3 remediated and that you drop any suit against the city.

4 Or is that what you want? Your role is to
5 continue going back and forth or is it that we want progress
6 in -- in Tucson? Because that's what I'm looking for, is
7 progress for Tucson and our barrios.

8 Look what we went -- went through in urban
9 renewal. It seems that we can continue doing those mistakes
10 over and over. So many of us are looking downtown because
11 we are in downtown. What is going to happen to our barrios?

12 I have documents here. You mentioned in your --
13 Alberto, that it's a dump. It's not just a dump. It's the
14 original birthplace of Tucson.

15 In June 10th, 1999 --

16 And who's taking time? Stop me when you would
17 like.

18 But it said -- it was Honorable Mayor and Council
19 by deceased Vice Chairman of San Javier District, Mr. Daniel
20 Preston.

21 (Speaker reads document into the record)

22 CHAIRMAN MOORE: Excuse me.

23 MS. CARDENEZ: It was turned into a landfill.

24 CHAIRMAN MOORE: I think we need to go on. I
25 appreciate it, Josefina.

1 MS. CARDENEZ: Okay.

2 MR. McCUSKER: You're going to leave us with
3 that?

4 CHAIRMAN MOORE: Are you're going to leave that
5 with us?

6 MS. CARDENEZ: I have it in file and I will sure
7 send it to your web page.

8 CHAIRMAN MOORE: Appreciate that.

9 MS. CARDENEZ: Thank you.

10 CHAIRMAN MOORE: That's very nice. Thank you. I
11 apologize for cutting you short.

12 Ally Miller, is she here?

13 MS. MILLER: First of all, I'd like to say thank
14 you to Alberto, Jeff Hill, Jodi Bain, Rick Grinnell for your
15 amazing service and your comments here today because I think
16 it was needed to be aired.

17 And I'd also like to talk about the
18 accountability and transparency. We do need accountability
19 for the past. We can't just move on and forget about this
20 because the citizens have no trust in this board. And it is
21 going to continue until we hold somebody accountable, so
22 these audits do need to go forward. I think it's extremely
23 important.

24 Another thing I'd like to say is thank you to
25 Fletcher for denying -- or for turning down the offer to

1 become the chair today. I think you did the right thing. I
2 think it's honorable and I appreciate it because, until the
3 full board is seated, it wasn't the appropriate thing to do,
4 Mr. Irvin.

5 The other thing I'd like to talk about is there
6 was a -- an agreement -- one of the things -- the findings
7 of the audit was the disbursement agency agreement that was
8 entered into in December 2008 states exactly what the young
9 lady talked about that was sitting here from the City of
10 Tucson, that November 30 of 2011 was the last date for
11 monies to be spent. So that's of great concern, that we --
12 the money is supposed to be sent for the debt service, is my
13 understanding based on the documents I read.

14 Another thing I'd like to say is thank you for
15 your resignation from the various boards that you have
16 resigned from to make sure that you are not having any
17 conflict of interest. I think that's extremely important,
18 again very honorable.

19 Mr. Irvin, I understand that you have contracts
20 and work with Sundt Corporation and have conflicts of
21 interest and I'd ask you to look deep on that and consider
22 whether or not you do have serious conflicts of interest.
23 I -- I think that is something that has been troublesome to
24 many people in the community. I know it's really bothered
25 me when I've read about these conflicts of interest and I

1 think the new members should really discuss that. And when
2 you get the full board together, discuss it and make a
3 decision on whether or not that's appropriate for you to
4 continue serving on the board when you in fact do work for
5 Sundt Corporation.

6 In closing, I'd just like to say that this has
7 been a long, hard road for the people who have been serving
8 on this board since it's been reconstituted. I know how
9 difficult it was because I spent time researching it and my
10 head was spinning. And when I get up and watched
11 Mr. Collins try to just detangle the Fox Theater alone, that
12 was an act that I don't think anyone could follow.

13 And so it -- it was really a lot of work. You've
14 come a long way. I know it's been a thankless job because
15 everyone criticizes you because -- I think one of the things
16 that might be important is to change the name of this board
17 from reconstituted Rio Nuevo. Just completely rebrand it is
18 my suggestion, because I think that -- that will have a
19 negative connotation going down in history.

20 I know my time is up. I really appreciate it. I
21 thank you all and have a good day. Thanks.

22 MR. SHEAFE: Thank you very much.

23 CHAIRMAN MOORE: Roxanna Ziegler, is that
24 correct?

25 MS. ZIEGLER: Yeah, that's close.

1 CHAIRMAN MOORE: Good.

2 MS. ZIEGLER: I'm going to say a couple things.

3 CHAIRMAN MOORE: Please give your name and
4 address, please.

5 MS. ZIEGLER: Oh, I'm sorry. Roxanne Ziegler,
6 7460 West Mountain Sky Drive, Tucson, Arizona, 85743.

7 For transparency, I am a council woman for the
8 Town of Marana. I certainly understand about the lawsuits
9 that you're going through. Unfortunately, we've been in one
10 for quite a long time and we hope to work it through and
11 beyond that for our citizens.

12 That's one thing I wanted to impart to you was
13 you've got to remember who you're representing as you sit up
14 here. And to me to lose \$230 million of people's money is
15 unconscionable. And I know you didn't do it, but you need,
16 as Ally said, to keep digging and find how that happened.
17 And I don't even suggest take that person and, you know, do
18 whatever, but we need to have accountability.

19 Fletcher McCusker, I've never met you before.

20 I -- as Ally said, I listened to things Ally said, you -- it
21 is -- my thought about you when I heard that you came on --
22 you were appointed to the board by Steve Pierce, I thought,
23 oh, no, no, not another bobbing head and -- and maybe a
24 vehicle for others that may have different agendas, but I --
25 I am pleasantly surprised on you resigning from those

1 boards, especially Trio. I have never been in favor of the
2 people of Trio, not just because it just came up. I in 2007
3 got four other council members to vote to not support Trio
4 any longer because they did nothing and we had given them
5 half a million dollars by that time and they had did nothing
6 for the Town of Marana.

7 So my verdict is still out on you, sir. I
8 heard -- I -- I like what I heard today. I hope it's just
9 not another blowing smoke up -- up the citizens' -- I'll
10 leave that one alone.

11 And what I do find, though, is, when I look at
12 some of you, except for Alberto -- I don't know you either,
13 sir. I was very taken by -- the speech that you read, the
14 first several pages, was that you or was that --

15 CHAIRMAN MOORE: Yes.

16 MS. ZIEGLER: That was -- oh, was that all of
17 you? That was phenomenal. That was -- that needs to go on
18 your website and hopefully the paper. That was phenomenal.
19 And it really did give, I think, an accurate account, I
20 think, of what happened.

21 But the thing of it is, you put your own spin on
22 it and I liked your spin. And maybe it wasn't palatable to
23 others, you know, but you, sir, and Jeff Hill, who I don't
24 know either, seem to be very genuine in wanting to find a
25 resolution to this. And I just hope that the other members,

1 Mr. Irvin, Mr. Sheafe and Fletcher, that you can -- as I sat
2 here today, I saw a lot of egos, so I hope that can be taken
3 and put to the side and -- and that you can work together
4 because it needs to -- it needs to be resolved. And so,
5 again, I do thank you for your candor.

6 I'm a little disappointed that you did not take
7 item 10 and bring it up to the top with all the people that
8 were here. I think that was something you should have might
9 done. You've got to remember the citizens are the ones that
10 you work for, so to speak, so don't ever forget that.

11 Thank you very much.

12 CHAIRMAN MOORE: Thank you very much. Appreciate
13 your thoughts.

14 MS. ZIEGLER: Thank you.

15 CHAIRMAN MOORE: Jennifer --

16 MS. RAWSON: Rawson.

17 CHAIRMAN MOORE: Rawson. Excuse me.

18 MS. RAWSON: Jennifer Rawson, 9581 East Ozark
19 Street, Tucson, Arizona.

20 \$230 million and we have almost nothing to show
21 for it. You folks are to be commended for trying to
22 negotiate and find exactly what happened. And you cannot
23 build without foundation. You must have the foundation
24 clear. We must know -- all of the citizens must know where
25 the money went, whether it was criminal or whether it was

1 just stupid, before you can move forward. I strongly
2 recommend that you in fact do go through every audit. We've
3 already paid for them. We've put more money into trying
4 to -- let's not then just try and sweep it under the rug.
5 If you must fight Tucson in order to get the answers that
6 you need, I heartily recommend that you fight Tucson. We
7 need answers.

8 Thank you.

9 CHAIRMAN MOORE: Larry Lewis?

10 MR. LEWIS: Thank you.

11 My name's Larry Lewis. I live at 5788 East Paseo
12 Cimmaron, Tucson, Arizona, 85750.

13 As you know, I was the former executive director
14 for the Rio Nuevo Multifacilities District from August of
15 2011 until January of 2012 and it was a great honor for me
16 to spend that six months under contract helping the board
17 get themselves organized for an office and a website and a
18 number of other projects.

19 And I also had attended meetings for about eight
20 months before that to kind of bring myself up to speed, so I
21 have a vested interest in this board. I've made some good
22 friends and have great respect for a number of the members
23 on this board and would feel disloyal if I didn't come
24 forward and speak on behalf of both Jodi Bain and Rick
25 Grinnell.

1 The replacement of Jodi Bain was a shameful
2 treatment of a dedicated volunteer public servant. Jodi
3 worked tirelessly for the two years that she was -- has been
4 on the board, spending probably 20 or 30 hours a week on
5 behalf of the Rio Nuevo board and the taxpayers of Arizona.
6 Who of you will replace her time and her expertise and her
7 dedication? Because without her on the board, you have
8 wasted all the -- all the -- all the history and all of the
9 issues that have gone forth for the last two years. She's a
10 great loss to you.

11 Her term for the chair was up and the board was
12 prepared to reselect new officers this month, so I don't
13 understand where the bum's rush was. And I know many of you
14 on this board didn't have anything to do with that, but the
15 fact is that there was no need for a political coup with a
16 follow-up and a hatchet job by Josh Brazinski (ph) in the
17 newspaper. You can pass it on. I'm sorry he's not here so
18 I could tell him myself.

19 You two gentlemen are highly regarded in this
20 community, your dedicated service, and you deserve better
21 than to be pulled into the board under these circumstances
22 in this quagmire, but I'm glad you're here because I think
23 you're going to be a great addition to the board, so welcome
24 and thank you for your service.

25 Jodi Bain and Rick Grinnell deserve our gratitude

1 as relentless watch dogs of the taxpayers of Arizona and I
2 thank them and I know you all will thank them as well.
3 Enough said.

4 I also had a note I wanted to bring up on the
5 Tucson Convention Center because, again, I did a lot of
6 research. I'm probably the only guy that's read all the
7 minutes of all of the board meetings all the way back to
8 1999 and recapped them on behalf of the board. And one of
9 the things I wanted to make sure is that, you know --
10 because I was concerned that you might be voting to spend
11 some money today and I'm glad you're not.

12 And regarding improvements on the TCC, while
13 admirable, please be cautious. You know, Jannie Cox was one
14 of the first ones to lead the way last fall wanting to get
15 \$3 million pledged. And at that time, it was defeated
16 because there was a number of reasons, the least of which
17 was the fact that you've got to read the lease and, if you
18 haven't read the lease, before you spend any money or commit
19 any funds to the TCC, make sure you know that this is a
20 triple net lease.

21 When the -- it was -- a 34-million-dollar, I
22 believe it was, or 32-million-dollar bond issue was floated
23 under the direction of the city so that the TCC was sold to
24 Rio Nuevo. They rewrote -- they wrote the lease so that
25 only the -- they were only covering the debt service and

1 they took responsibility for all repairs, maintenance and
2 improvements on that building.

3 So I would encourage you, if you do make a
4 decision and you find that you do have some money and you
5 want to spend it on the TCC, then I think you need to make
6 sure that you renegotiate the lease.

7 And you've got a great commercial real estate guy
8 here, maybe he'll save you some legal fees, in Mark Irvin,
9 because you really need to recoup that money that you spend
10 on the TCC from the City of Tucson. And like I -- I think
11 the lease is coming up at the end of the year, so if there's
12 any money or any allocation of funds or any attempts to try
13 to do improvements, make sure you renegotiate the lease and
14 recoup the money that is due Rio Nuevo, because, as you can
15 see, you're going to need every penny you've got for
16 projects in the future.

17 I thank you very much.

18 As far as the TIF collection, you guys were
19 mentioning that you might want to talk to the city. And I
20 know during conversations I had with Kelly Gottschalk they
21 used to do a stellar job and she had a team of people that
22 went out there because that's a special collection
23 procedure. You have to fill out a separate tax return to
24 make sure the money gets turned in. And a lot of times
25 people just don't do it automatically. In some cases,

1 business may not even know that they were doing it.

2 And let's face it. The city now doesn't have the
3 same vested interest before as they do now, so there is a
4 chance that -- to your point, part of the reason the TIF
5 revenues are going down is not just totally the economy but
6 the efforts are not there to actually make sure that that
7 TIF is properly reported and turned in.

8 That's all I have to say today. I wish you all
9 the very best in your future endeavors. And I know you're
10 all working well to better -- build a better downtown Tucson
11 and, if there's anything I can do to assist, don't hesitate
12 to call.

13 Thank you.

14 CHAIRMAN MOORE: Thank you very much.

15 James Jordan, please?

16 Did he depart, James Jordan?

17 Okay. Benny White?

18 MR. WHITE: Good afternoon gentlemen. My name's
19 Benny White. I live at 1715 East Kleindale Road in Tucson.

20 I wanted to speak to you this afternoon to beg,
21 plead, whatever is necessary to ask you do not do anything
22 to limit, subvert, obscure, hide, cover up these forensic
23 audits. We absolutely have to know where the money went,
24 what you own, how much money you owe to various and sundry
25 entities.

1 I was asked by the attorney general in late 2010
2 to take an informal look at what the status of Rio Nuevo
3 was. And during that two-month period, I found that there
4 were \$47 million of taxpayer money stolen from the citizens
5 of the state by the City of Tucson and moved to other
6 accounts, different projects from year to year. The
7 accounting was terrible. That \$47 million, there was no
8 indication of who the check was written to, what it was for,
9 or which project it was assigned to. And that may just be
10 the tip of that iceberg, so please do not do anything that
11 is going to cause damage to those audits.

12 Mr. McCusker, I don't know you, some of the
13 gentlemen I do know, but you have made many proposals to the
14 city council about various things that need to be done in
15 town and it seems to me that you're heavily invested in
16 downtown. I don't know how you can vote on various items
17 that will appear before this board without having a conflict
18 of interest. I'll be interested to watch that as it goes
19 along.

20 And it's a shame that Mr. Kazazich (ph) is not
21 here. He continually asked for -- let's just forget all of
22 this stuff that's happened and let's move on. Let's look
23 toward the future and not look back.

24 A crime has been committed. It is a significant
25 crime. Warren Buffett, Bill Gates, the federal government

1 may be able to write off \$230 million, sneeze and go on down
2 the road. Tucson cannot afford that, so, please, let's get
3 the truth. Let's get on with it. Let's get the
4 improvements we need to Tucson.

5 Thank you.

6 CHAIRMAN MOORE: Thank you.

7 Roberta O'Key?

8 ATTENDEE: She left.

9 CHAIRMAN MOORE: Did she leave?

10 ATTENDEE: Yeah.

11 CHAIRMAN MOORE: Well, that's the last one. And
12 I -- let me thank all of you for your comments. I think
13 they were very worthwhile and we will certainly take them
14 under advisement and we'll try to meet some of the goals
15 that you've set for us.

16 I know with the new constituted board that I
17 think we're on our way to do that. They're good people and
18 I think they're very interested in serving the community.
19 They have done that over the years and I see us being able
20 to complete that task, so thank you.

21 At this moment, I'd like to see if anyone would
22 like to adjourn. I don't want to stay for lunch.

23 MR. HILL: I think you had four motions.

24 MR. McCUSKER: Pick one of them.

25 CHAIRMAN MOORE: Okay. All in favor?

1 (The board voted and the motion was passed)

2 CHAIRMAN MOORE: All right. Thank you all very
3 much. I appreciate it.

4 (5:46 p.m.)

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