RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
June 29, 2012
1:05 p.m.

REPORTED BY:

John Fahrenwald

KATHY FINK & ASSOCIATES
2819 East 22nd Street
Tucson, Arizona  85713
(520) 624-8644
CHAIRMAN MOORE: Why don't we go ahead and start. We have a couple of things to start with. I'm not sure if we can readjust the minutes, if that's okay with everybody. So we can open up the meeting. I guess it's approximately 1:05. Everybody in their place?

Thank you.

Jeff, you want to --

MR. HILL: Sure.

CHAIRMAN MOORE: -- help us with the pledge of allegiance, please?

MR. HILL: Please join me in the pledge of allegiance.

(Pledge of Allegiance given)

CHAIRMAN MOORE: Okay. Let's have roll call.

Susan, do you want to do roll call for us?

SUSAN: Sure.

Cody Ritchie?

MR. RITCHIE: Here.

SUSAN: Jannie Cox?

MS. COX: Here.

SUSAN: Fletcher McCusker?

MR. MCCUSKER: Here.

SUSAN: Alberto Moore?

CHAIRMAN MOORE: Present.

SUSAN: Jeff Hill?
MR. HILL:  Here.

SUSAN:  Mark Irvin?

MR. IRVIN:  Here.

SUSAN:  Chris Sheafe?

MR. SHEAFE:  Here.

CHAIRMAN MOORE:  All accounted for.  Great.

Announcements.

I'd like, at this moment, to welcome Cody Ritchie as one of our new board members. At the last meeting, everyone had the opportunity to meet Chris Sheafe and Fletcher McCusker. And we're really fortunate to have the three of them joining our board. And I think that they're going to provide a great asset in moving us forward in some very constructive ways. So I don't know if -- Cody, do you want to sort of introduce yourself and sort of give people some of your background?

MR. RITCHIE:  Okay. My name is Cody Ritchie. I'm the managing partner of Crest Insurance Group based here in Tucson. We have offices in Tempe also.

I'm pleased to be on this board. I volunteered for this board on my own. I wasn't recruited by a single person. I'm a concerned taxpayer. Like a lot of people in town, I was disappointed in the progress that was being made downtown, and it was absolutely a huge missed opportunity in my mind -- and in a lot of people that I know -- that's, you
know, $250 million has been spent down here.

My role in this is to let the auditors and the people that are doing the investigation to continue to do their investigation. Obviously, somebody -- or some people mismanaged funds, because there's nothing to show for it.

That being said, I'm not a forensic accountant. I'm an insurance broker; I'm a business person. And I think I'm a person that has good common sense. To me, a lot of the things that were going on down here made no common sense -- some of the projects that had been discussed in the past and the kinds of money that were spent. And also I felt like all the money was going -- sorry. We have some fine attorneys in this room. But all the money was going to attorneys and consultants and nothing was going to bricks and mortar.

So my role here is to find a solution to this, help these fine people on this board. I know a few of them. I had the opportunity in the past to serve on a couple of boards with them. And I think that we'll be positive and move in the right direction.

So I really have no agenda. But one of the things that I see is that in the private sector, if these types of mistakes had been made, somebody has to be, you know, held accountable. And I'd like to see our partners, the City, work a little better with this and see if we can't move this
thing forward.

CHAIRMAN MOORE: Thank you very much.

MR. RITCHIE: Thank you.

CHAIRMAN MOORE: Chris, would you like to say anything? I know you made some comments at the first meeting, but if you want to say anything more.

MR. SHEAFE: No. I haven't learned a thing.

CHAIRMAN MOORE: That's good. I'm glad we're doing a good job.

Fletcher?

MR. McCUSKER: Ditto.

CHAIRMAN MOORE: Okay. I've got two sets of minutes here. We didn't make enough copies for everybody. But it's the May 10th meeting and the 23rd of May. The only people that were really part of that is Jannie, Jeff, and Mark. And I understand Mark made some changes.

MR. IRVIN: I reviewed.

CHAIRMAN MOORE: They were okay?

MR. IRVIN: Yeah.

CHAIRMAN MOORE: Okay. Because I believe everybody else had agreed, but Mark had wanted to make some notes and make some amendments.

Jannie, I don't know if you've seen these amendments.

MS. COX: I have -- well, no, I have not seen the
amendments.

CHAIRMAN MOORE: My understanding --

MS. COX: Oh, you know, they came in the mail.

No, I did see that. I saw it. I thought you meant since then. Sorry.

CHAIRMAN MOORE: So if I could have a motion from somebody to approve the minutes of --

Do we do it one at a time or both?

MR. HILL: We could do it both.

CHAIRMAN MOORE: Okay.

MR. SHEAFE: Second.

CHAIRMAN MOORE: Give me a chance to say it.

-- May 10th and May 23rd, 2012 minutes be approved.

(The board voted and motion was passed)

CHAIRMAN MOORE: You got it?

Thank you.

Now I'd like to take the opportunity to adjourn this meeting and go into executive session. And we hope to be able to get out of that within the next hour.

MR. McCUSKER: It probably needs a motion.

MR. IRVIN: Yes. It should be a motion.

MR. McCUSKER: So moved.

MR. SHEAFE: Second.

(The board voted and motion was passed)
CHAIRMAN MOORE: Yes, sir?

MR. COLLINS: Mr. Moore, before you go into executive session, my understanding was you were going to approve the minutes for May 10, May 23. And did you also approve the minutes for June 12th as well?

CHAIRMAN MOORE: No, we did not. Because I don't know if anyone had the opportunity to -- it was a pretty long set of minutes.

MR. COLLINS: Fair enough.

CHAIRMAN MOORE: And it involved a lot of reading, so if they have, I'm perfectly happy to.

MS. COX: I've read them all.

CHAIRMAN MOORE: Okay.

MR. HILL: We're in executive session now.

CHAIRMAN MOORE: Okay. I'm sorry, we'll have to come back to it.

MR. COLLINS: That's fine.

CHAIRMAN MOORE: All right. We have a second. We have an all in favor?

(The board voted and motion was passed)

CHAIRMAN MOORE: We're going into executive session in our office downstairs. We expect to be back here by approximately 2 o'clock. So we wanted to sort or keep it short and also provide some time for you all to take a break.
and come back. So thank you.

Oh, yeah, the elevator's not working. There's only one that's working so . . .

(Executive session off the record)

(Board reconvenes at 2:17 p.m.)

CHAIRMAN MOORE: I need someone to --

MR. HILL: I move we adjourn from the executive session.

MR. RITCHIE: Second.

CHAIRMAN MOORE: All in favor?

(The board voted and motion was passed)

CHAIRMAN MOORE: Good. We're now reconvening at approximately 2:15 our board meeting.

And first thing on the agenda for that is the election of officers.

I'd like to take this opportunity because it's been a real pleasure working with Fletcher McCusker and I'd like to nominate him for Chairman. I think he's done an excellent job in catching up as fast as he had in two weeks. I'll tell you, it's amazing. I'm still trying to figure this thing out, and I've been here almost two and a half years. So God bless you.

MR. McCUSKER: Thank you.

MS. COX: Second.

CHAIRMAN MOORE: But I think it's going to be very
good for the board to have some fresh new faces, and we're lucky to have the two additional new members to the board. And I look forward to seeing that we can really start developing some real projects for the community and help stabilize the City in working with us and assure them that we're good folk to work with.

So I've made a nomination for Fletcher to be our chairman. And I don't know if anyone --

MS. COX: Second.

MR. HILL: Call for the question.

CHAIRMAN MOORE: Calling for the question. All in favor?

(The board voted and motion was passed)

MR. McCUSKER: I abstain.

CHAIRMAN MOORE: Here's the gavel, my friend.

You're on board now.

CHAIRMAN McCUSKER: Alberto, thank you for your kind words.

Part of me feels like I've been assigned to the Titanic. But the other part of me, I think, remains very optimistic about what we can accomplish together. And I'm very hopeful, given even what I've seen in the last couple of weeks.

We're going to try and move the agenda along. For
those of you interested in commenting, there will be two
opportunities for you to sign in. We are going to have a
specific public comment section as it relates to the budget.
We will be presenting and discussing -- hopefully to
approve -- the budget for the next fiscal year. We would
welcome your comments specifically on the budget, if you
want to sign up and just indicate on that card you want to
talk to us about the budget. And then we will have the
traditional call of the audience for anything that you would
like to discuss outside of the budget itself.

So again, here we go.

First thing that's up on the agenda is the status
of the audits.

Susan and David, will you give us an update on
both the Depot Plaza audit and the West Side audit?

MS. VOS: Good afternoon.

CHAIRMAN McCUSKER: And remind everybody who you
are and who you're with.

MS. VOS: I am Susan Vos from Regier Carr &
Monroe. We've been engaged by the District to perform --

CHAIRMAN McCUSKER: Talk into the mike.

MS. VOS: I'm Susan Vos from --

MR. MOORE: It's not loud enough. See the button
there?

MS. VOS: It's on.
CHAIRMAN McCUSKER: You just need to be closer to it like you're a rock star.

MS. VOS: Okay. I'm Susan Vos. I'm from Regier Carr & Monroe. We've been engaged by the District to perform forensic examinations for the Depot Plaza Projects, West Side of I-10 projects and also the TCC Hotel project.

As far as the Depot Plaza goes, an update on that, I don't have a lot to report except that we have not responded to the City of Tucson's response to that report that we issued in March, and we've been waiting for direction from the District to move forward with that.

Regarding the West Side forensic project, I have been in touch with Kelly Gottschalk with the City of Tucson. We had a phone conversation Monday and devised a plan. I sent her a listing of requested items; those were identified documents and information that was missing from the initial request that we got from the City of Tucson.

I sent that to her on the 27th. And we have a meeting scheduled on the 3rd of July to go over that request and further plan how we're going to receive those documents.

MR. HILL: Mr. Chairman, at this point do you want a motion on the Depot Plaza as suggested by Ms. Vos?

CHAIRMAN McCUSKER: You brought engagement letters for us?

MS. VOS: Yes, we did. We prepared --
CHAIRMAN McCUSKER: Have they been distributed to the board? Michelle, have we seen them?

MS. BETTINI: No.

CHAIRMAN McCUSKER: You're prepared to extend your engagement to complete this deal with the Depot Plaza on it, to deal with that on it?

MS. VOS: Yes. We have prepared a proposal engagement letter for the Depot Plaza Project.

CHAIRMAN McCUSKER: Do you have enough to get around?

MR. BARBER: I only brought, actually, just two copies of each proposal.

CHAIRMAN McCUSKER: What we might want to do is authorize the executive committee to complete the engagement with you on the Depot Plaza . . .

MR. HILL: Withdraw the motion and wait for the executive committee or . . .

CHAIRMAN McCUSKER: Somebody want to authorize us to do that?

MR. IRVIN: I'd think like to get a little summary of what that engagement level -- to get a better picture . . .

CHAIRMAN McCUSKER: Yeah. Go ahead and summarize that engagement for us.

MS. VOS: Okay. That would include responding to the City of Tucson's response to our report, going back to
the City for requested items for information that was
missing; and then updating our report that we issued in
March based on the information we obtain from the City.

CHAIRMAN McCUSKER: And the cost associated with
that?

MR. BARBER: We've estimated in the range of
between eleven and seventeen thousand dollars to --

CHAIRMAN McCUSKER: And how about timing?

MR. BARBER: Timing?

CHAIRMAN McCUSKER: Yeah.

MR. BARBER: We can get on that pretty fast. We
didn't put an estimated completion date in here. But we can
get started on it this month and probably get that turned
around fairly quickly, so within 30, 45 days.

MR. IRVIN: What does eleven to seventeen cover?

MR. BARBER: It covers -- what I put was that that
was the analysis and review of the final response to our
report, examination of additional documents provided by the
City of Tucson, preparation of a written report to update
our initial report, and then a meeting with the board and
going through that.

MR. IRVIN: Is this on both audits, one audit?

MR. BARBER: I did two separate letters, one for
the West Side and one for the Depot.

MR. IRVIN: Okay.
CHAIRMAN McCUSKER: This is the Depot Plaza we're discussing?

MR. BARBER: We're talking about the Depot, yeah.

Right.

MR. IRVIN: And what would be the situation as far as extending the engagement on the West Side? What does that look like?

MR. BARBER: Well, on that one we've got a -- because there's much more data that we still have to go through, we have got an estimated fee on that of between fifty-five and sixty-five thousand dollars to do that additional work. And that one will take a little more time because there's more time and work involved with that.

CHAIRMAN McCUSKER: Any further questions for Susan or David?

MS. VOS: I would like to add that the completion of the projects also depend on the response time for the City. Some of this information may be difficult for them to obtain and may take some time, so we're dependent on them as well as far as getting us the information.

CHAIRMAN McCUSKER: Okay.

MR. MOORE: Mr. Chair, I think it's appropriate for the board to designate the executive committee to review the documents and approve them and sign them, so if somebody wants to make a motion for us to do that?
MS. COX: So moved.

MR. SHEAFE: I move that we have the executive committee review this. And I would ask that we review it in the light of what the value of the information will be at the end of the day and have that done by the executive committee.

MR. MOORE: You want me to second to that, Jannie?

MS. COX: I need you to repeat that. I'm not real clear by what you meant by that.

MR. SHEAFE: All right. What I'm saying is that it's one thing to review the cost; it's another thing to review what -- assuming the audit is successful and the information is generated, what is the value of that information to the District.

And the executive committee should make its decision based upon both the cost, the level of service, and the value the District gets out of knowing what it is that the audit will tell us.

MS. COX: Yes, I agree.

CHAIRMAN McCUSKER: That's a second?

MS. COX: Yes.

MR. MOORE: All in favor?

MS. COX: Aye.

CHAIRMAN McCUSKER: All in favor?

(The board voted and motion was passed)
MR. MOORE: Sorry.

CHAIRMAN McCUSKER: That's all right. I forgot my role.

MS. COX: He was just being helpful.

MR. RITCHIE: This is to complete the audit?

CHAIRMAN McCUSKER: This is to authorize the executive committee to review and engage the current firm to complete the two audits: the Depot Plaza audit and the West Side audit.

MR. HILL: Mr. Chairman, in light of the report of the press, I wanted to clarify that these are accountants auditors. They are not attorneys. Arizona Daily Star slurred them and called them attorneys. In deference to my colleagues over there at the table -- but they are auditors and accountants, they are not attorneys. Attorneys do not -- I'm guessing -- do not want to do audits. So I want to -- hopefully the reporter from the Star has some semblance that we're not hiring more lawyers; these are accountant auditors.

Thank you, Mr. Chairman.

CHAIRMAN McCUSKER: All right. We have a motion seconded on the table to authorize the executive committee -- which for the record is myself, Alberto, and Jeff Hill -- to review and sign the new engagements.

All in favor, say aye.
(The board voted and motion was passed)

CHAIRMAN McCUSKER: Anything else, Susan, you have for us?

MS. VOS: I would just update you on the other projects that we have been engaged by the District.

CHAIRMAN McCUSKER: Sure.

MS. VOS: The TCC Hotel. R&A CPAs had been initially engaged to do that. I was previously employed by R&A and worked on it when I was with them. I since have moved to Regier Carr & Monroe and that project has been transferred to Regier Carr & Monroe.

All the documents have been moved, but we've not been instructed to go forward with that project and we're waiting for --

CHAIRMAN McCUSKER: Do you have an engagement on that one?

MS. VOS: We do. We have an engagement letter on that one.

But we've been waiting for the board's direction on that one, whether or not to proceed.

And then we also are engaged by the District to perform general accounting services. It's just to help out Michelle Bettini with her accounting. We're not in-house accountants by any means; we're not doing the day-to-day bookkeeping. But we're just offering general assistance, so
if there are any other accounting projects, anything that comes up that you need assistance with, we have been engaged to do that.

CHAIRMAN McCUSKER: Okay.

MS. VOS: And that's on an as-needed basis only.

CHAIRMAN McCUSKER: Thank you.

Any questions for Susan or David?

MR. HILL: Mr. Chairman.

So have you had -- the board -- have they authorized you to do that third audit at all, or you have not had any authorization at this point?

MS. VOS: Yes. We have been -- there's a signed engagement letter and everything's put in place for us to do that audit. But we've held off on that just -- you know, knowing the transition of the board and everything that's going on -- we don't want to put any time in it until you decide that you actually want us to work on that.

MR. HILL: Okay. So Mr. Chairman, it's perhaps another motion to give that to the executive committee since it's already been approved by the board in the past? Or would you prefer reauthorization by movement at this time?

CHAIRMAN McCUSKER: I think it has broader issues as it relates to the lawsuit and settlement or litigation of that. So it probably needs further conversation.

MR. HILL: I move that we authorize them to
continue that third audit on the whatever -- the hotel and everything else.

MR. MOORE: I'll second that.

CHAIRMAN McCUSKER: We have a motion and a second to authorize them to continue their work.

All in favor, say aye?

(The board voted and motion was passed)

MR. IRVIN: I'll have to abstain.

CHAIRMAN McCUSKER: Thank you. Okay.

MS. VOS: That's all I have.

CHAIRMAN McCUSKER: Thank you very much. Keep up the work.

MR. HILL: Mr. Chairman, while we were on audits, we were handed a sheet of paper here requiring performance audits. The last bullet says we must engage an independent CPA to annually audit the District fund and submit a certified copy of the audit within 120 days at the end of the fiscal year, which ends tomorrow.

Have we done that?

CHAIRMAN McCUSKER: BeachFleishman has done the last two. I don't know that we have an engagement with them to do the current year.

Counsel, do you mind? I think we would probably have to invite them in if our intention is to continue with them.
MR. COLLINS: Mr. Chair, members of the board, I am unaware that there -- I do not believe Beach has been engaged for yet another audit referred to by Mr. Hill, so I think that is exactly what needs to happen.

MR. SHEAFE: May I ask a question? Is it the practice of the District to request proposals for audits from qualified firms prior to releasing these kinds of contracts?

MR. IRVIN: We have done that in the past, that's how we've selected.

MR. COLLINS: I agree with Mr. Irvin. What's happened in the past is as there's been requests for proposals -- I don't know if that it's absolutely necessary, but that's certainly been what's happened in the past.

MR. HILL: Point of order: aren't we exempt from the purchasing requirements, the requirement of administration --

MR. COLLINS: Indeed you are.

MR. SHEAFE: Okay. Just from a good practices position, it would seem to me to make sense that we authorize Michelle to put a scope of services out -- I mean, most accounting firms know what an audit is -- and simply ask for the proposal and find out who is willing to do it at what value.

MR. HILL: Mr. Chairman, if that's the will or the
decision of the board, 120 days is moving quickly on that audit. So I would move that we issue RFPs as soon as possible in order not to miss this deadline and look like we're missing more deadlines, as the press likes to carry on, and so that we get that going.

CHAIRMAN McCUSKER: Everybody understand Jeff's motion? Anybody want to second that?

MS. COX: Second.

CHAIRMAN McCUSKER: Jannie seconded.

Anything further conversation? The motion is that we issue a request for proposals for the annual audit for the fiscal year that ends tomorrow, June 30, 2012.

MR. SHEAFE: Let's think that through, just in case, Jeff.

What happens if she's able, within two weeks to, say, get responses, which I think is more than likely. Now how does the decision get made to select the firm to go forward with the audit?

MR. IRVIN: You have to put them on the agenda for him to talk to them.

CHAIRMAN McCUSKER: I would like that I think to come back to the full board.

MR. SHEAFE: And that next board meeting is when?

CHAIRMAN McCUSKER: We haven't set one yet.

MR. SHEAFE: Well, let me add if I can to the
motion that we will extend the 120 days by the time
difference between the end of our fiscal year and when the
next board meeting is so we don't . . .

CHAIRMAN McCUSKER: That's statutory.

MR. IRVIN: We don't have any control over that.

MR. HILL: That's my sense of urgency,

Mr. Chairman.

CHAIRMAN McCUSKER: I do believe if we select an
auditor quickly and get them engaged, it shouldn't take four
to six weeks to complete it, so I think we can get it done
in the time frame.

MR. COLLINS: Mr. Chair, members of the board,
Susan was kind enough to mention to me that perhaps the
board engaged BeachFleishman for a three-year period. And I
frankly wasn't involved in that. I can look into it. If
we've engaged them for three years already, there's not
going to be a need for this process. But I just wanted to
point it out.

CHAIRMAN McCUSKER: That may make the motion moot,
but let's go ahead and have a plan in place in the event
that we haven't done that.

MR. COLLINS: I concur with that, Mr. Chairman.

CHAIRMAN McCUSKER: Michelle, you have the motion.

Can you summarize for it for us?

MS. BETTINI: Motion?
CHAIRMAN McCUSKER: No, you didn't. So who -- is that Jeff's motion?

MR. HILL: Yes. I move that the District, as soon as possible, put out requests for proposals to the usual suspects to perform our audit as mandated by the statute to the auditor general within 120 days of June 30th to be acted upon by the board at the -- to be decided July meeting.

MS. COX: Second.

CHAIRMAN McCUSKER: Anything further question, comment?

All in favor say aye?

(The board voted and motion was passed)

CHAIRMAN McCUSKER: All right. So we'll confirm if Beach has an engagement or not. And if not, then we'll advertise.

Report from counsel are three items that we had asked, Mark, that you research for us.

MR. COLLINS: Mr. Chairman, members of the board, and members of the public who's attending, there's really only one thing I want to comment about. I'll answer any questions that you might have about the budget issue. But there's one thing I want to comment on.

As you know, the budget was posted yesterday and then amended. I'm the one who --

CHAIRMAN McCUSKER: The agenda.
MR. COLLINS: Or excuse me. I'm sorry. The agenda was posted yesterday and then amended. I'm the guy that suggested and made the decision to amend it. The fact that you folks are having to stay here until 5:00, if you're upset with that, that's my doing.

I felt the original agenda, the language of the original agenda was compliant. After we posted it, there were some complaints that it didn't clearly indicate that the board was going to listen to the public. Because we had some time left, I went ahead and made the decision to do the amended agenda. Again, I apologize to you folks, but I want everybody to know that's on me. Buck stops here with that. Otherwise, I'm happy to answer any questions that you might have.

MR. SHEAFE: Well, I'll tell you what, Mark, there isn't anybody on this board that I think thinks around 5:00 is quitting time, so you haven't offended anybody.

MR. COLLINS: Thank you, Mr. Sheafe. Because it has been reported, I wanted to put it out there that if anybody wants to point fingers, it's at me.

CHAIRMAN McCUSKER: Can your clarify our obligations for public comment? My recollection of the open meetings laws, we're not obligated to seek public comment. We can do it voluntarily.

MR. COLLINS: Well, there's a statute which
requires you to hold a public hearing where the public can comment on the budget. I believe it's 48-4232, if I'm not mistaken. So I do think that public comment is appropriate for this; and I think it's required.

And as I mentioned, there was public comment on the original agenda. Chairman has the ability to move the -- it's a prerogative to move agenda items around, and we could have done just that. But again, I won't beat that dead horse. That's what happened.

Anything else?

CHAIRMAN McCUSKER: We had asked the question on the bonds last meeting.

MR. COLLINS: Oh, yes. There's an intervening issue, but I'm happy to talk to you about the bonds.

As members of the board are aware, and some folks here, at the last session, I was asked to investigate with an attorney who is familiar with public finance as to whether or not there was a deadline of June 30th, 2012, that this board had to comply with with respect to expending funds, and if there was, what, if anything, had to happen to comply with that.

What I did was I called my partner, Scott Ruby, and Scott did that analysis. He looked at -- and I'm pointing this out for everybody's benefit -- there were really two financing documents that he needed to look at for
that purpose. One of them was the 2008, $80 million revenue bonds that you've heard so much about, and the other one was the 2009 $12.56 million certificates of participation.

I'm putting my hands on these documents because these are the things that drive those buses. Mr. Sheafe has pointed out to me that some of them are even bigger than this. But I'm here to tell you there's a lot of lawyer stuff in there. The short answer is that there is no bond requirement for June the 30th of 2012.

The 2009 certificates of participation do, in fact, have a deadline of November of this year. And so to the extent that there are funds remaining from that particular financing, this board needs to be thinking about how to deal with them in accordance with this bond document.

When looking at the $80 million revenue bonds, the 2008 revenue bonds, there was a deadline for November of 2011 to -- to have expended all of the bond proceeds. What that means is that if there is any -- or are any additional proceeds, they need to be dealt with in accordance with this particular document.

It's my opinion that what needs to happen is to -- for this board to work with the City, to determine whether there are remaining funds and if so, what they are and how to deal with them in accordance with these bond documents. That's my report on bonds.
CHAIRMAN MOORE: Any questions for Mark?

Okay.

MR. RITCHIE: Mr. Chairman, I need to ask, you just mentioned about 5:00 quitting time. I apologize. As some people here know, I have a plane to catch. When I volunteered for the board, I did not know that the meeting was set for this date. So I apologize profusely. I will -- if I can have permission to exit, I'll catch up with everybody. And good luck.

Is that okay with you?

CHAIRMAN McCUSKER: Sneak away.

MR. RITCHIE: All right. Thank you.

MS. COX: Have a safe trip.

MR. COLLINS: Mr. Chair, there is one more comment from counsel and that's regarding the audits. I frankly think that the audits have been -- the status of the audits have been explained. If you've got any questions about them, please let me know.

CHAIRMAN McCUSKER: It was on the agenda, but I think we're good.

MR. COLLINS: Yeah. Okay.

Thank you Mr. Chair, members of the board.

CHAIRMAN McCUSKER: Kelly Gottschalk is here. I know we wanted her to respond to some of the issues and questions we have.
I think, Alberto, you asked for a few minutes to kind of preface the status of this and the necessity for corporation.

MR. MOORE: Yes. Thank you very much. I have a few comments to present to the board regarding the second forensic audit report, but everyone can relax. We'll only take a few minutes. However, like my remarks from the previous board meeting, it will be forward to the governor.

The District has received the second forensic audit report and it continues to uncover a disturbing pattern of fiscal negligence, possible corruption, or a combination of both by the City of Tucson, as was demonstrated by the first forensic audit report.

Twelve Rio Nuevo Web site projects are included in this second of three forensic studies requested by the District. Though the report is 111 pages long, the results can be seen on a single sheet of paper entitled Exhibit E. Over 85 percent of the $38.5 million spent to date on these West Side Projects are questionable or unsupported by documentation.

In the last week, Tucson City Councilman Steve Kozachik stepped up to the plate and demanded that the city finance director, Kelly Gottschalk, provide an accounting for the expenditures of $33.8 million noted as questionable or unsupported by documentation in the second forensic
The finance director indicated it would take six weeks or longer to formulate a reply. Note she didn't say it would take six weeks to deliver the complete records. The reconstituted board waited for well over two years for finance director Gottschalk, city attorney Michael Rankin, and assistant city manager Richard Mirand, to explain and account for where a quarter of a billion dollars went under the City's stewardship of Rio Nuevo.

We needed to point out it is not Rio Nuevo's job to pay to exonerate the City of Tucson when they had every opportunity to provide the information requested over many months. The city finance director blame game will not work. In fact, the reconstituted board as chaired by Jodi Bain did formally request the information and materials for these forensic reports multiple times from the City. The initial letters by the office of forensic auditors was ignored.

A follow-up letter by district attorneys was sent which was responded to with thousands of pages of documents. Thereafter, emails were exchanged without much success at obtaining more information. The reconstituted board did not prevent correspond or communication with the City. The City failed to respond to them. Once again, misinformation by the Arizona Daily Star.
A final effort was made to confirm that the forensic auditors had received and -- any and all documentation from the City regarding the 12 projects in the second forensic report. In late April 2012, the District's attorney sent a follow-up request letter to the city finance director. Again, the City did not respond.

Now, it appears that the City is going to make information available. From where? And why now?

As we wait for the third forensic report on Garfield/Traub, Turner/Sundt and Hotel Garage projects to be completed, we are left with questions. These are questions that the taxpayers deserve to have answers: questions on why the City was not forthcoming with the documentation on the various forensic examinations; and answers that the board needs to know as we attempt to move ahead in a productive manner.

One, why did -- why didn't City finance director Kelly Gottschalk give the full financial accounting and project records to the reinstituted board when we first requested them? Was she stalling? What else is out there that we don't know what it's being used for?

Two, why didn't Kelly Gottschalk and city attorney Michael Rankin realize that the accounting and record keeping for Rio Nuevo funds distributed by the City was apparently almost nonexistent? Why didn't they exercise
basic due diligence? One might wonder: Do all the financial accounting and project records of the City of Tucson need to be audited by the State of Arizona?

Three, why does it appear that the 2008 Rio Nuevo revenue bonds proceeds have all been spent, and yet the City claims to have remaining funds of over $5 million?

Four, why do the sums that the City states it received as total TIF monies since 2003 not always match by month what the Arizona Department of Revenue records show was sent?

Perhaps the City is now willing to cooperate with the board by complying with our requests for information; unless, of course, the City is hiding more than financial negligence and incompetence, which is presumably why Arizona assistant attorney general Michael Jette and the FBI are looking into this situation. Though some feel that Jette's friendship with Michael Rankin might cloud his judgment.

There is a final, very serious issue we must address. It concerns the board itself.

I spoke yesterday with Nancy Eatros at Wells Fargo to get the names of the persons authorized to discuss financial issues of Rio Nuevo with the bank. She gave me three names that had been authorized: Mark Irvin as vice chairman, Alberto Moore as secretary, and Jodi Bain as chair.
It is true according to a document provided by Wells Fargo as of September 21st, 2010, that Mark Irvin had authorization. However, I have a document from September 28th, 2011, that clearly states that the authorization had changed. As of that date, Mark Irvin's authorization was removed and treasurer Jeff Hill was added as an authorized board member to interact with Wells Fargo. Mark Irvin no longer had any authority to discuss Rio Nuevo issues with Wells Fargo.

Not only was Wells Fargo aware of that change in authorization, but Mark Irvin was also aware he had -- no longer had any authority to discuss or conduct any transactions with Wells Fargo.

Yet on approximately June 26 or 27th of this year, Mark Irvin apparently represented himself to Wells Fargo as a signatory and that -- and that had the authority to tell Wells Fargo to provide records to Michelle Bettini. His exact words are: Please consider this as my authorization for Wells Fargo to provide Michelle Bettini with copies of monthly statements of the Rio Nuevo accounts for which you are a trustee.

Mark Irvin had no authority to do anything. As a real estate broker he should have known -- and should have at least known he was expected to offer full disclosure of this situation.
Therefore, I want our counsel, Sean Brearcliffe, to investigate this matter because I believe this is a serious violation of Rio Nuevo processes. We need to know how this violation occurred and what motivated Mark Irvin to represent himself as a signatory authorized to request information from Wells Fargo, or to direct them to do anything. Also, are there any other instances where Mr. Irvin has misrepresented his authority? We need to know if this misrepresentation to Wells Fargo requires the removal of Mark Irvin from the board.

Thank you very much.

CHAIRMAN McCUSKER: We're going to table the Wells Fargo issue.

Kelly, that's obviously none of your concern. But please, if you can comment on the status of this and how you're dealing with this and what your plan is for the future.

MS. GOTTSCHALK: Mr. Chairman, members of the board, I'm not going to address everything that Mr. Moore said in his statement, and my lack of not addressing that certainly doesn't mean I agree with most of those statements in there. So I just want to clarify that.

I did want to just want to point out that on September 9th of 2011, we received a letter from the board's attorneys regarding these audits, asking for a lot of
information. One week later -- or nine days later, on September 18th, we provided that information.

And in that was an email which is actually included as part of the report that says in here: We gave you everything out of the finance project manager files. They were not reviewed for completeness. My assumption that the information in those files, publicly available information, other information that has been provided to your firm, accountants, auditors, attorneys, and the district board members over the time, probably can, you know, address most of your issues.

If you are missing -- if you have specific questions or are missing any specific information, we can -- contact us and we'll provide that information to you.

That's a letter that's included in the report here. We never received any specific information from that point forward. We did receive a blanket letter saying: Give us everything you have in the entire City that ever related to any of these projects.

We considered doing that. But frankly, we didn't feel like that would be in your best interest because your auditors would then have to take that huge data dump of ten years of general ledger information and compare it with the 3,000 documents you already had, and that would have been a waste of your time. So that's all of what I wanted to say
To where you we right now, I would agree completely with everything that Susan said. We're working together to accomplish this. There is a lot of information here.

You know, the other point here that might have missed your -- I guess if you don't think about it, you've had this information since September 18th. And now, in a week's time or two week's time, we're supposed to drop everything and respond with a lot of information very quickly.

We're going over multiple different accounting systems. This will require pulling up documentations, cross referencing reports, loading microfilm and microfiche to find information from 2002 forward. It's very time-consuming. I'm not sure there's a lot of value in it, but we'll do it because you've asked for it. And there's probably other reasons that we need do it anyway for litigation. So we'll proceed with that. We're going to work closely with Susan and hopefully they can provide some staff resources to get that done as well.

CHAIRMAN McCUSKER: What's your sense about the timing?

MS. GOTTSCHALK: The timing really just depends on if they have any resources they can provide to us. The
reason I had originally said six weeks -- just to clarify
that piece -- is when I was asked that question in the
council aide's meeting -- actually a general review
committee meeting by one of the council aides -- the
six-week time frame was related to the council meetings. We
have one in July and we have one in August. And my thought
process is, I can get it to them for the August meeting. So
that was the six weeks; that's where that came from.

I would say we could probably get it done with --
at least with the documentation pulled -- within the next
four weeks or so. It's a lot of work. I mean, we'll put
staff on it. It is our year end. I have real live projects
going on right now, not old projects that are just history
lessons.

So it's a priority for our mayor and council.
It's a priority for you. So we're going to put staff to it,
as many staff as we can. We have one microfilm reader; we
have one microfiche reader, so we can work with what we have
there.

We'll get it as quickly as we can and then we'll
send it over to Susan. And then the work will begin with
Susan.

CHAIRMAN McCUSKER: Is the equipment an issue?
Because -- you know, we'd be happy to buy you a microfiche
reader. I don't know that that's going to -- is there
something we can do to accelerate this? Is it a personnel
issue? Is it equipment? Is it copying time? You know,
what can we do to assure that we're all moving quickly?

MS. GOTTSCHALK: That's the point of our
conversation on the 3rd that Susan and I have set up for
that day. We're taking a look at the information to see how
old is it, which accounting system is it in, what type of
transaction is it, because those are all going to determine
how we pull the data. And from there we'll decide how best
to do this. Can we -- you know, have an assembly line of
people working on it? So right now, I don't know what will
make it quickest.

To me, it's a staff issue. I mean, it's frankly a
staff issue. I lose accountants every day at the City of
Tucson. So staffing and how we can best accomplish it is
it.

CHAIRMAN McCUSKER: Thank you. And we're going to
hold you to that. I know that we've talked about this with
mayor and council, and I think everybody wants to move
swiftly.

We have you on the agenda too to talk about this
TIF compliance, merchant compliance. It's been a real
struggle for me in just a couple of weeks to try and
identify and track TIF revenue. I now understand that --
you know, our currency is the quarterly report that
merchants fill out and send to the State. I know it has to be self-identified and coded.

So can you educate us, particularly the new board members, Kelly, about what's going on in the City in terms of merchant compliance, TIF tracking, maximizing the TIF revenue?

MS. GOTTSCALK: Sure. Just a way of background for the new members on the board and for those of you who haven't probably heard this for a while, what happens here, the flow of funds with your tax increment finance revenue, is that all of the businesses on a monthly basis -- usually some them are quarterly but most of them are monthly -- they fill out their tax return which goes to the State.

In the process of doing that, they have to write a code in. Some of these come preprinted with the code, but a lot of businesses have to handwrite a code, PAD. That means it's Rio Nuevo TIF revenue.

When they send their tax return up to the State, it gets entered. And it has that PAD code. The State then takes, on a monthly basis, all those tax returns that are remitted. And they run a report with all the money that comes in under the PAD code.

From there, they take a report, generate this report -- and it's by type of tax and that kind of thing -- and they send that down to the City. It's a PDF file.
We take the PDF file, we convert it to an Excel file. It's, you know, hundreds of pages -- well, not hundreds of pages. It's, you know, half-inch thick usually. So we take all that information, put it in an Excel file, sort it, add columns, do all kind of things. Because then on a vendor-by-vendor basis, we have to go in and put what the monthly base amount is, because it changes on a monthly basis for every license holder, in another column.

We then do some other manipulations, such as there are certain businesses for some reason in the City that insist on putting that PAD code on there no matter how many times we told them you are not in the District. So we have to take out the businesses are remitting that shouldn't be and add some businesses in there that should be.

And we basically balance that report, communicate back with the State and say, we agree, this is the amount of TIF revenue for the month.

The State then does some other manipulation to it. I'm not entirely sure what that is, but it takes them a little bit of time. And then they send a wire with the monthly TIF amount to Wells Fargo Bank. Wells Fargo Bank then follows the instructions in those documents right there about how to basically capture the TIF revenue on a monthly basis.

And what they do is -- and it gets confusing --
but they take one-tenth of your annual principal payment each month out of the TIF and one-twelfth of your annual debts -- or interest payment out of the TIF. And what's left over, they send to the City on behalf of Rio Nuevo. It should just go to Rio Nuevo once we get it set up. But the City gets the remaining TIF. We call it excess TIF.

Some months, however, the TIF isn't sufficient to cover what those documents need to have in there for that month. So then they'll say, you need to wire us X amount of dollars for this month, so we'll send a wire the other way. And that's when have a TIF deficiency. But over time it balances itself out. And since the beginning of time, there's always been more TIF than there needed to be for debt service. So that's sort of the monthly process that we go through.

I have staff members that work on Rio Nuevo. I only have six auditors in the City -- the entire City, six auditors -- which isn't a lot of audit staff. But we do have -- we do dedicate a lot of effort to making sure the TIF revenue for Rio Nuevo is as high as possible. And we do that because we would much rather have that money down here, down in Tucson, than up in Phoenix. So the City backs the bonds, so I want to make dang sure that all of that TIF revenue is getting in here.

So we go through on a monthly basis and say, what
looks like it's missing here; what businesses were here last year that may have fallen off? And try to identify businesses that might be -- maybe they changed their accountant and they're no longer putting the PAD code on there because they didn't know what it meant, or it's a new business or a business relocated, or whatever.

So we'll find those. We work with the business to get it corrected, have them file amended returns, and then get the money from the State. Or we do sales tax audits, and if they happen to have a location in the District or it's clearly just a District business, then we do that.

So it's a ongoing process that we're always looking for businesses.

CHAIRMAN McCUSKER: How many merchants, roughly, are there in the TIF?

MS. GOTTSCHALK: There's more than a thousand. I don't know how many, but I know there's more than a thousand because I've tried to do analytics on the amount, the TIF revenue, to try to get some better way to project the TIF revenue. If you've seen the charts -- and actually I have a few copies here -- it's a tough number to project.

And part of it is, for example, this month the State has only one person that works on this. They've lost people.

CHAIRMAN McCUSKER: Do you want to give those to
us?

MS. GOTTSCHALK: Yeah.

So the State has lost people --

CHAIRMAN McCUSKER: Are there some for the public too, Sarah?

UNIDENTIFIED SPEAKER: I have one they could use.

MS. GOTTSCHALK: So what happens is, if this one person happens to be on vacation like she was this month, your TIF revenue can be delayed. And we go through this process when we're doing corrections that the State has to agree to this and send us -- and say, yes, we do agree that this is a correction or an audit and we'll give you the money.

So this month alone, there was a business that our people went back and they basically amended all of their tax returns from 2005 forward, and that will result in an extra $2.2 million for the District just this month, just for this one business. So we do things like that. I mean, that was a big find. That was probably the biggest find that we've had this month.

CHAIRMAN McCUSKER: Can you say what store that is, or is all that confidential?

MS. GOTTSCHALK: That's all confidential.

CHAIRMAN McCUSKER: It's all confidential. It could be a business, one business?
MS. GOTTSCHALK: It's one retail business, yes. And it's -- and it doesn't -- and it would be -- you would have no idea what business this is if you saw it. You would think that they didn't have that volume of business. So it's that kind of work where we tried to get them to be in compliance-compliance-compliance; and they refused to basically cooperate for whatever reason. It's not an out-of-pocket, but some people don't cooperate.

So my staff went in and they did amended tax returns for this business from, you know, the beginning of time to get that revenue in. So your revenue -- which we were hoping to get before the end of June for this month -- is $2.7 million. Your highest TIF -- that is your highest TIF revenue for any month so far, since the beginning of time. So that will help your numbers greatly.

But it's tough as you can see. I don't know how you project on this. This is pretty tough. I know there's been some concern that the TIF revenue has been down. The TIF revenue -- is down. Last year the audits and corrections in total resulted in $5.7 million worth of revenue that came to you because of my staff doing their work. That was an usual year. Prior to that -- well, prior to that they weren't -- it was before my time and they weren't tracking it.

When I first looked at this and I tried to
project, I'm like, I know need to know what these swings are for. and I realized what the audits and corrections were. So I started to try to scrub those out. So from November of 2009 -- yeah, November 2009 forward, they started scrubbing out the audits and corrections so we have that.

And it was about a million and a half dollars that year; 5.7 last year; and so far this year, with the 2.2 million, it's about 3 and a half million. So we haven't backed off. We're still doing the things that we need to do and sometimes you get lucky and find something, and sometimes you plonk along, you know, and do whatever.

CHAIRMAN McCUSKER: The State has no enforcement or education of this, this is all at the City level?

MS. GOTTSCALK: It is. And to the State's -- the State doesn't really want us. They're not motivated to find these for us because if we don't find them, they keep the money. Luckily the one person that we're working with at the State -- it's unfortunate it's just one -- but she's great and she fights for us. So she's wonderful.

CHAIRMAN McCUSKER: This is the form you were talking about. One of the things Alberto and I talked about this -- is that can we simply just preprint "PAD" and distribute these to all the merchants so that it's done for them in advance.

MS. GOTTSCALK: It doesn't work that way,
unfortunately. But sometimes -- actually some of the forms
come preprinted with PAD and some of them don't.

But what happens, if you have a business -- let's
say you have a business down here in the TIF district and
you also -- now, I just opened another sandwich shop up in
Marana -- when they get their state tax return, it's going
to have a PAD code on it, or they write it in, and it's
going to have Marana. So they get a new tax return on a
monthly basis, so unfortunately we can't do that. It's an
education thing.

The City is actually embarking on this great new
technology tool. It's going to help the City's tax
collection. Right now we have haven't talked about it yet
out in public because we're just starting the process. That
will help you immensely as we move forward too.

MR. SHEAFE: Is there a large delay in this new
wonderful tool?

MS. GOTTSCHALK: Well, I just signed the contract
two days ago, so yes. We have to implement the software and
that kind of thing. I'm thinking we'll start seeing --
we'll start using it in three to four months. And then the
delay will be getting the collections out of the businesses.
But I think we're doing a great job at this point.

MS. COX: Is there anything you see that we could
be doing to assist you in this merchant education?
I mean, is that something you need from us, you want from us, or do you feel like you have a handle on it, and it's all going be resolved?

MS. GOTTSCHALK: Well, actually I think that -- I appreciate that question. There are some things we can do once we move into this.

I don't know what information I can get out of my tax system. But if, for example, I could get business names and addresses, maybe the board could do a mailing to those businesses and just say, you know, we're glad you're in the District. It would be helpful if you make sure you always do this.

Or when you find out there's businesses coming in, shoot somebody an email and say, hey, check this business out, make sure they're licensed, that kind of thing.

The other thing, you get TIF revenue off of construction projects, and you've got some big construction projects in the TIF District this year, so your TIF revenue next year should look great.

CHAIRMAN McCUSKER: Are you working with the merchant associations, or are we educating them kind of in mass that this is a self-reporting obligation of the downtown merchants, the Park Place merchants? Have we done anything to kind of coordinate with them and put some of them on the ground?
It seems like a lot of it is education. And if could improve their knowledge of it, it will improve the return, which is easier, probably, than enforcement, than auditing backwards.

MS. GOTTSCHALK: It definitely is.

No, we haven't been doing that as far as I know. My staff drives around and -- and I'm surprised they don't get in accidents, because every time they're going up and down Broadway, they're noticing new businesses. And then they get back to the office and . . .

CHAIRMAN McCUSKER: We did talk to the state treasurer about this particular issue and if there's a merchant compliance problem. And they have indicated to us they're willing to go back as much as three years if we can identify for them that they probably have a merchant compliance problem. So they've asked us to submit a sampling of merchants and then they will do a test of those merchants. And if indeed they show compliance issues, they are prepared to go back two or three years to try and identify.

So that would require us to literally identify every merchant in the TIF and supply that information to the Department of Revenue. But they did offer us to also go back.

MS. GOTTSCHALK: We do go back -- this one that I
found recently, since it isn't an audit, per se -- the City
can only go back three years on an audit.

But the State will allow us -- and I honestly
think it's a lot to do with this lady that's working with
us -- is they will allow us to go back and -- I don't know
how far we can go back -- but the one we just found, we went
back to 2005, and they said, okay. So we said, thank you.

MR. SHEAFE: Kelly, if you just -- I'm trying to
understand. I know that in employment numbers, there's a
similar -- Marshall has talked to me about the difficulty of
companies that operate in Phoenix and Tucson and Flagstaff.
And when they have reductions in employment, they're not
sure because they don't report them that way, they report
them -- you know, just -- and you sort of referenced the
same thing -- that these things can be combined.

However, for every business that's located with
multiple outlets in the state where they're operating with
different jurisdictions -- Glendale, Phoenix, Tucson,
Scottsdale, whoever -- there is a responsibility, and I
believe, in the reporting process, to automatically identify
which district you're in.

So those numbers are not combined; is that
correct?

MS. GOTTSCHALK: That is correct.

MR. SHEAFE: They're always broken out by
district -- excuse me -- by jurisdiction.

In the setting up of the District, was there not then a delineation that went further to where if you have a business that's located inside the District and another outlet just outside the District, you're still in the City of Tucson, you're not breaking those two numbers out.

Did I understand that correctly?

MS. GOTTSCHALK: They should be breaking them out. And that's part of the problem is sometimes they don't. And then we'll go in and say, okay, you have three locations and this one's in the District and these two aren't.

And we will prepare amended returns for them and then have the business sign them. Because what's their motivation to go back and redo it? They're not going to do that.

MR. SHEAFE: Well, just as an editorial comment, their motivation is those dollars are reinvested here in our community to a higher proportion. And those benefits, since they're already in the District and would be applicable to an increasing activity level right around their business, therefore, they should be getting more business.

MS. GOTTSCHALK: Well, I completely agree with that, but a lot of small businesses are just trying to get the work done on a day-to-day basis and, you know, don't have time do redo this. So we do it for them and then just
all they have to do is sign it and we're good to go. We try
to be helpful.

MR. SHEAFE: Well, let me compliment on you on
that. If you are doing it for them, I think that's really
appreciated.

But think Jannie's question is an awfully good one
too. Sometimes looking at this and trying to figure out if
we need to reach out a little bit, there might be some value
in really doing that. We certainly know the businesses that
are in the District, although it's hard for me to keep up
with the businesses in certain commercial centers. And
those are rather small units compared to what you're dealing
with and the size of the District so I understand what
you're saying.

CHAIRMAN McCUSKER: We've also talked to Chris
about using interns or -- it would be a great project for
Eller, you know, if somebody really wants to understand
municipal revenue, you know, if we could put some people on
the street to educate the merchants in following along with
your accounting and auditing. You know, out of a thousand
merchants, it would be interesting for me to guess how many
don't comply. But I expect it's probably a huge number.

MR. SHEAFE: Well, as an example, you know -- not
to keep jumping in -- but I can tell you, each of the
brokerages houses in town know every property that's here,
and they have interns working for them inventorying this stuff because they want to know when every lease is going to expire. And they walk around and talk to each business and they say, when's your lease going to expire?

And they do a -- they try and get a copy of the lease or something. And they try and put all that information in so they can go back to those businesses at a critical moment and say, let us help you relocate or let us help you renegotiate.

So that information is out there. And maybe we're not reaching all together to the right parties.

MS. GOTTSCHALK: And I know that the dollar amount of tax collected from individual businesses is confidential; but I believe I could give you a list of the businesses. And at least -- I mean, with your knowledge of the District, you can start there and say, hey, I'm missing this or that.

CHAIRMAN McCUSKER: Could we get a list that indicates whether or not they've complied with the self-identification, or no? That's probably -- the only thing we can get is a name and an address of current merchants?

MS. GOTTSCHALK: Yes.

CHAIRMAN McCUSKER: Do you have that?

MS. GOTTSCHALK: I can give it to you from even the last report that I have. So the report that I have --
when I looked at it actually earlier today -- I don't know, it's probably a 20-page report -- once we go through and do our stuff on the spreadsheet part of it -- and 3 of the pages are people that have -- were in the District before. So they actually have paid taxes this current month, and they have a base -- 3 pages. The rest of the pages are a list, a list, a list, of people that weren't in the District before, and they're new and have made a payment. And the other is a list of people who have a base and aren't paying. Some of those are out of business. Some just happened to miss that month. So we go through those and look at that also. But I could certainly give you that and say, this is what we think. And it changes -- I mean, the tenants at the mall change on a weekly basis. And we monitor that. And we monitor as much as we can. And sometimes just because they're licensed with the City, we think we're getting it. And then you say, hey, wait a minute; I'm not getting this one from this business right here.

CHAIRMAN McCUSKER: I do agree with Chris. I think if we could -- that the motto here is to be good to your community, make sure that we're complying, this is money that's coming back to revitalize downtown, engage the downtown partnership, engage the merchants, hire some
interns. Maybe there is something, Jannie, that we can do to -- at the front end of this so then we're not arguing at the back end.

MR. SHEAFE: So I guess what we're saying, Kelly, is we appreciate your comments and particularly appreciate the difficulty. So no one's downplaying that.

But if you would give it just a little thought, since you're probably going to be working with our auditors anyway about where we might be missing a bet, particularly -- and just sitting here, I'm thinking if we could get those lists and ask some of the brokerage houses in town to double check those lists for us, because I can guarantee you the retail brokers absolutely know where every business is out there, including the ones that own their own buildings and there aren't very many of those.

MS. GOTTSCHALK: Well, this project that I'm working on will help a lot in that. And it goes to sort of what you were talking about, is using data that's out there in other places to compare with what we're seeing and finding businesses that way.

CHAIRMAN McCUSKER: Kelly, thank you. We are looking for some new psychology between us and the City so that the next memo that Alberto writes is not so sour.

MS. GOTTSCHALK: Can I just give you a brief update of where I think your TIF numbers are?
CHAIRMAN McCUSKER: Sure.

MS. GOTTSCHALK: And you may have this in your budget. But as of today, on a cash basis -- and this goes to one of the comments that Mr. Moore stated -- that what we show as TIF doesn't always match what the auditors have, and it's -- the difference is between cash and accrual basis in accounting.

But on a cash basis for your TIF revenue -- which includes ten months basically -- it's just over $9 million dollars. What we expect and hope to receive before the end of today actually was another $2.7 million. Of that 2.7, the 2.2 was that correction that we found.

So just without your last month of the year, on a cash basis, you have $11.7 million; on an accrual basis, the TIF revenue is very delayed.

CHAIRMAN McCUSKER: We've seen it about three month's delayed.

MS. GOTTSCHALK: It's three months because you have the retail sale, they have a month to remit it, it goes to the State, it goes through that whole thing. So it's about three month's delay. On an accrual basis right now, you're at 6.6 million collected, you'll have another 2.7, puts you at 9.3 million. And then you'll have three months more revenue to add to that.

So the fears that you're not going to have enough
TIF revenue for your debt service, you shouldn't worry about that; you're fine. And next year, because of a lot of these construction projects and other businesses, big businesses that are being built right now in the District, you'll be fine for your debt service.

CHAIRMAN McCUSKER: Any questions for Kelly?

Thank you. See you next time.

All right. The next item on the agenda is really mine. And I think -- Michelle, I have a handout. I don't know if those got around the table.

We're going to adjourn here in a minute and convene at 5:00 for the budget hearing. We can talk, if we want to maybe try and do call the audience generally before that, since we're ahead of schedule.

But there's been a lot of noise about the intent of the District, the change of the members, where we might go, where we might not go. And I think, just on behalf of all of us. And clearly my marching orders from the president of the Senate, are to try and create some balance in our agenda. I think we've demonstrated that in just a few weeks that the new members have been here.

We need to, and will continue, this forensic work. It's very important for us to be able to identify the issues with the City, with the accounting, with the authorization of these prior projects. And none of us -- I think I speak
for all of us on the board currently -- have any desire to slow that down or stall that out to any degree.

But the president made it very clear to me, and I think to Chris, and I think the speaker has to Cody, that they want to see some economic development. The point of the TIF, the point of its history is to invest. That's a very carefully chosen word. I think historically, this TIF has spent rather than invest.

If you look at successful TIFs around the country, for every dollar of TIF money that's invested in a community, $5, $6 or $7 are returned on that from private sector and other partners.

This TIF, for whatever reason, historically believed that they could do it all themselves. So the $230 million that we argue often about, from my perspective, is really a billion dollars of lost opportunities. And if you could imagine our downtown today with a billion dollars invested in it, we would have a world-class downtown capable of competing with anyone in the West.

So when I look at TIF and investments, I appreciate the fact that what we do going forward should leverage. And I think, first of all, we don't have the resources that the TIF did. I don't think any of us are interested in going into debt to increase TIF revenues. So we have a little amount of money.
And when you see us go through the budget this afternoon, you'll see that we think we do have some resources that -- somewhere between 10 and $13 million. And again, if the TIF is growing, that's additional money. But you know, that's not going to build an arena. That's not going to build a hotel. But it could create some excitement and energy about projects that we partner with, partner with the City, partner with the County, partner with developers, partner with tribal government, or partner with all of those.

So yeah, we're going to talk about investment. You're going to hear that pretty much on every agenda going forward. Now are we in a position to invest? Absolutely not. I cannot assure you today that we're going to be any better at investing TIF money than the prior board was.

We don't have the policies and procedures in place to do due diligence on a project. We don't have the personnel or talent to identify contractually of what would have to happen, the benchmarks that would be required of a private sector developer. We don't have any way to track the money. If we're going to separate ourselves from the City, we have no choice but to try to develop some of those resources ourself.

I think we believe we should be independent of the City. So that means if we're going to invest, we have to
have some procedures in place to -- policies in place that
do that and do that transparently and do that accountably.

I've done a lot of traveling to look at other TIFs
and how they do that transparently. And every single
contract, every single dollar, every single bank account, is
public. And I think that's part of how we deal with this
going forward is even though we don't have $200 million --
we have might have a tenth of that, or 5 percent of that --
I think we can create some opportunities still downtown.

That's why I'm on the board. I think that's why
Chris and Cody have joined the board. And we would like to
move forward with that kind of discipline.

The things that I've handed to our board, which
are not action items for today but kind of some of the
things that I've read and want to share, speak to mission of
the TIF.

And a lot of this is not news to any of us. But
it might be a refresher to us and to the public in terms of
how we view our opportunities going forward.

The first document is the recommendations from the
Crowe Horwath audit that was issued in the end of 2010.
There were a number of things in there that describe how
y they view a TIF's mission, from investing available funds,
to establishing a plan, to how you account for money. So I
think it's important for all of us at the board to revisit
that audit and commit ourselves to adhering to those
principles.

The other thing that we don't have to reinvent
what's in the packet -- and I'm interested not only in board
comments but public comments -- is a best practices guide.
We're not the only TIF in the world. A lot of TIFs have
struggled as you read through this with the same kind of
things that this TIF has historically struggled with.

And there are three things that they come away
with in terms of best practices: Number one, due diligence;
two, transparency; three, accountability. There's only
three items that I think if we can identify and hold
ourselves to, and I would ask the board to read these.

And then maybe in a future meeting, we might
actually consider adopting these kind of standards in terms
of how the TIF is disciplined on a go-forward basis. I
think if something like this had been in place 12 years ago,
13 years ago, you would have a very different conversation
today.

The other, just because I read a lot, is a really
neat little article on the ten secrets of downtown success.
This is done by a firm that consults with organizations like
ours on how to collectively revitalize the downtown,
particularly in economically challenging times.

And if -- you know, they call them secrets; we've
got plenty of secrets around here, so that's a bad choice of words. But you know, if you read this, just going forward, it's: form partnerships, know your vision, be market driven, be strategic, dare to be different, focus, return to old-fashioned values, be self-sufficient.

Now, we are entangled with the City. The bond documents probably prevent us from untangling much of that relationship. But there are ways we can be self-sufficient and still hold them accountable to how they manage our money.

Be pro-business, pro-quality.

So I think there's a lot of things that we can do as a board that kind of -- if we intend to -- and I believe you will hear from us -- begin to talk about how we go forward and identify projects.

From my perspective, I will tell you, we are not project-ready. I don't know of anything that's shovel-ready, to use the term today, that we could go out tomorrow and spend money on that's going to increase sales revenue into the TIF. Part of what I'm interested in -- in looking at are projects that leverage, that create additional sales tax revenue.

Most of the projects that are in the TIF, they don't create or leverage sales tax. So the way for a TIF to be successful is to invest in businesses that are organic,
that grow themselves, that continue to produce spin-off business and increase, ultimately, sales tax revenue.

The president of the Senate's made it very clear to me that we have a very limited amount of time to demonstrate our capabilities in this area. The end of the day, we are indeed an economic development organization. And even with limited resources, I think we can demonstrate that we can make an impact on downtown.

So I'm very interested in your feedback on that, interested in any public comment. Or if you want to email us regarding this, I think we'd be very interested in how you view this balanced agenda, which is account-for, examine, hold accountable, but at the same time, try and find a way to move the organization forward.

And with that, let me just touch on the Wells Fargo issue, Albert, since you've kind of made that a public concern.

In trying to identify resources and develop a budget, I picked up from the budget that was initially drafted by Jodi and others. And a big piece of what we're going to present at 5:00 is cash.

And in order to identify cash, in my experience, the easiest way to do that is just to go to the bank. So you know, as simple as me asking of Michelle, do you have the Wells' statements? No, I don't. How do we get them?
Call the bank.

That's how I get bank statements. We did that.

They suggested that it had to be a signer. They said there
are three signers: Jodi, Alberto, Mark. She asked Mark to
inquire of the bank.

So I think these are kind of internal issues I
know that we struggle with, in terms of who has authority,
who can make requests on behalf of the board. From my
perspective, there wasn't anything sinister about that.

You will see at 5:00 when we present the budget,
that we have unbelievable detail today on where our money
is, how we can create additional transparency I think, and
some of the work we want to do in doing that.

So at the risk of creating an issue with you, most
of that I think is my fault because I just simply asked
Michelle if she could call the bank and find out where our
bank statements were. And you'll get to see some of that at
5:00 when we come back to the budget.

So we can take a break. We're scheduled for the
budget hearing at 5:00. We can take -- call the audience of
general matters since a lot of people have been sitting
around.

What's your pleasure?

MR. SHEAFE: Call the audience.

MR. MOORE: Call the audience and see if there's
any cards out there.

CHAIRMAN McCUSKER: Okay.

Michelle, these are for general call of the audience issues.

And if you want to wait until you do that at the budget, we're happy to do that as well. Okay.

So the other cards are for budget questions?

MR. MOORE: No, there's nothing else.

CHAIRMAN McCUSKER: There's nothing else?

Keith? Please come up.

ATTENDEE: Hello. My name is Keith VanHeyningen.

I'm a Tucson resident. I've only been here since the beginning of '99. I used to be a crew chief for various Landsman companies here in town. And personally, I don't hold as much against you guys as I do the City. Kelly will tell you. I'm a regular fixture there because I can't stand government waste.

This project, the trolley, the new City/County Courthouse, is for one group of people and one group of people only: that's people who work downtown. That's a crime. You're stealing from the rest of us to pretty up downtown for state, local, and federal workers.

Now, you guys are going to go through it. We're all going to suffer. The City is going to try and raise our taxes again on our properties to fix the roads they've
neglected over the years. We need more than the elections.

We need something more than just Democrat control over this City.

I mean, myself, I'm semiretired now. I can move to Maui whenever I want. The only reason I stay here is because of my wife and her family.

So really, I hope Rio Nuevo does get killed off in the spring by the State because it's been a huge boondoggle, waste of money. The only good thing about it is it does show the level of corruption in this City by people who think they run the City.

The nepotism of certain families within the City and County government is ludicrous. And just to give you a hint, the ten years I lived my life before I came to Tucson was in Chicago, and they were never this bad. Hard to believe, but it's true.

Have a good day.

CHAIRMAN McCUSKER: Okay. Thank you for your comments.

So if someone will move, we'll stand adjourned temporarily till 5:00.

MR. SHEAFE: You don't need a motion.

CHAIRMAN McCUSKER: I can just do that?

All right. We're adjourned until 5:00.

MR. SHEAFE: Recess.
CHAIRMAN McCUSKER: Recess. I'm sorry. Recess till 5 o'clock.

Thank you.

(Recess taken at 3:33 p.m.)

(Board reconvenes at 5:03 p.m.)

CHAIRMAN McCUSKER: Good afternoon, everyone. We're going to call the Rio Nuevo District budget hearing in order. We do have a quorum, I believe, but if you'll call the roll, Michelle, or Sarah.

MS. BETTINI: Jannie Cox?
MS. COX: Here.

MS. BETTINI: Fletcher McCusker?
CHAIRMAN McCUSKER: Here.

MS. BETTINI: Alberto Moore?
MR. MOORE: Present.

MS. BETTINI: Mark Irvin?
MR. IRVIN: Here.

MS. BETTINI: Chris Sheafe?
MR. SHEAF: Here.

MS. BETTINI: Jeff Bell?
MR. MOORE: He's not here.

CHAIRMAN McCUSKER: And Cody Ritchie is excused.

MS. BETTINI: Okay.

CHAIRMAN McCUSKER: And just a quick reminder. This is a public hearing. We're encouraging public comment.
If you want to speak to us before we approve the budget, please fill out a card and hand it to Michelle. We welcome and encourage your feedback as part of this process.

You have a couple of things before you.

The packet that's in the audience is the same one that we're looking at here as the board. And it's the kind of historical presentation that the District has made in terms of budgeting for the year starting July 1st.

On a high level, let me address a couple of things, and then we're going to open it up for board conversation and input.

Given the disruption of members a couple weeks ago, Michelle and I kind of picked up the budget ball and started with the draft that Jodi had begun to prepare. You'll see that in the notes referenced as the original budget.

And the second draft there, which Michelle's called "second," is basically the draft that Michelle and I had done in an effort to present budget proposals to the full District board. And we'll touch on kind of what's in there.

The other packet -- which if you don't have, please get one -- this is the backup material for the budget presentation itself. So let me just kind of walk you through it, and then we'll ask other members for question or
comment.

The first item there, of course, is the current fiscal year receipts. You'll see in your packet, supporting documents from the Department of Treasury. It looks like this. It says, "Treasury, Office of the Arizona State Treasurer." This is the actual website that is available if you follow that and click to and follow these same kind of instructions. You can pull up the TIF revenue by month. And we've just included, for reference, the last three years, I believe, should be in the packet.

Is that right, Michelle, the last three are in there?

MS. BETTINI: Yes, the last three.

CHAIRMAN McCUSKER: If you look at the most recent year, the year just ending, you'll see that we've collected through May about $9 million of TIF revenue. We can confirm as Kelly indicated earlier that that hits the District's accounts about two or three months after it is in fact identified by the Department of Revenue.

The assumption that I made regarding next year revenue was basically that it would be the same. Since we didn't have June revenue, we looked at the last couple year's of June and they've been about $800,000; so we assumed that this June would be about $800,000 to give you about $9.8 million of TIF revenue.
As we heard from Kelly earlier today, the June TIF income will actually be more like $2.7 million, which will give you year ending revenue -- TIF revenue of almost 12 million -- $11.8 million, because of the unbelievable June TIF income, which as we now know is related primarily to the audit of a single customer.

So what we did, assuming the revenue going forward, was that the TIF would be about the same. We didn't have any real basis to increase it nor decrease it, so we pretty much suggested that for budgeting purposes we leave it the same.

Now, obviously, a point of conversation today is, given the TIF revenue's closer to 12 million, would you want to do anything regarding the assumptions of next year's revenue?

The next item there is expenditures. These are basically administrative expenses. You will see the breakout on the following section, both in terms of budgeted versus actual. These are the costs that the board approves in order to operate the Rio Nuevo District.

The miscellaneous -- I don't like the term "miscellaneous," but that appears to be the way the budget has historically been developed -- that is primarily representative of lease income. The major piece of that, of course, is the TCC lease. You also have the Rialto lease
and some other parking lot leases in there. Michelle and I have assumed, for budgeting purposes, that we can earn some interest on much of the money that is currently not invested. And we've used a 1.1 percent rate regarding that.

We have done some research on permitted investments. I know there's been some questions in the past as to whether or not TIF money or bond money can be invested. And counsel has forwarded us a myriad of opportunities that would allow us to earn at least that kind of yield, maybe more. But they include things like mortgage bonds, certificates of deposits, short-term bank obligations, insured bank accounts, commercial paper, money market funds, municipal obligations, State obligations, special revenue bonds, etc.

So there clearly is an opportunity to invest District funds, and to maybe encourage the City to better invest the money they hold on our behalf. So that's clearly something we want to discuss. And I think that's an assumption on our part regarding the opportunity to create yield on our current cash.

The administrative expense, that forecast follows the second forecast. I'll walk you through that in a minute.

The assets and liabilities are as audited by
BeachFleischman.

And the cash on hand, I'll discuss with you as we go through the notes. The good news there is we do have 32 million and change currently in the District accounts. I will tell you that two-thirds of that is reserved primarily for debt and bond reserve kind of things.

So if you look at the second page as it relates to the admin budget -- and you'll see the changes that we've suggested from the original budget to the forecast today -- I am asking for substantial increase in the auditing and banking services area. You heard Susan and David earlier today talk about the extensive work that will be required to finish primarily the Depot and West Side audits. We pretty much moved across everything else from the original budget.

Legal, we hope, is coming down. You see the actual legal expenses for the current year are at $572,000. We're forecasting that at $300,000. We have about four, possibly five lawsuits and claims in action. And obviously that needs to be lawyered, so we anticipate some continued high level of legal expenses.

The original budget had a staff position in it that we've eliminated for discussion purposes. We've also suggested that the District could benefit from a chief financial officer, and you'll see that position in our forecast, the last line, $150,000.
The detail under the Note 7 there is the debt service. There are huge swings currently for the TIF as it relates to debt service. And in your backup packet, you'll see a bond debt schedule that I was very pleased to see and pass on to you. Looks like this.

And you know, you have the City of Tucson prepared -- it's also an exhibit in our audit -- the use of proceeds of the historical TIF money. There are four debt instruments that the District has entered into over the last 10 years. The good news is the Tucson Convention Center certificates of participation -- the first column there, the series 2002 COPS -- we made, about a week ago, the final $3.7 million payment on that initial bond. So those have been retired. And we're no longer obligated to that debt.

Now, both of the items on the left side here, the certificates of participation, for those of you to understand how that works, that is backed up by a lease obligation. So unfortunately we don't gain anything from the retirement of that debt because the City's lease also drops down to cover the new debt service which is basically $1,281,000. So the lease was structured and amended in '09, I believe, to track the debt, basically.

On the right side of the column, those are revenue bonds. The 2005 series is the Fox debt, $5.8 million. The payments on that are 814 -- or 812 a month -- I'm sorry. A
year. And that also gets paid off this year. You'll notice the final payment's 1,812,000. And if you look at your cash schedule on the back, you'll see that there's a $1 million reserve for that. So our debt service obligations remain the same because the final payment will come out of that reserve account.

And then the $80 million bonds remain with us until 2025. And they do jump up in the current year from 7.2 million to 8.1 million. If you look at the debt service note, we should have captured all of those changes for you: COPS, revenue bonds, and the Fox revenue bonds.

The only other debt that we can find, if you look at Exhibit D on the back up, you will notice in 2004, there's an item called "Loan from the City of Tucson" for $14,577,000. And then below that, in the payments, you'll see that the City has repaid a substantial portion of that, $12.8 million, leaving some balance due on that debt. There's no payments on that debt. I think it's subject to the conversations and negotiations and mediation with the City.

But those are your five items of debt that the District remains responsible for.

And then cash. This was probably the most challenging thing for us to get our arms around. There are 12 Wells Fargo accounts. The City advanced the District
$10 million the end of last year. That has been banked with Alliance and the Bank of Tucson. Those two accounts are totally under District control.

The other accounts there that you see starting with the acquisition account, these are all accounts at Wells Fargo subject to bond -- or COPS agreements where Wells Fargo is acting as the trustee for these funds. So for the most part, this is untouchable money.

It is conceivable that the interest that's earned, and however they invest their instruments, might be transferable or due to the District. But I can't tell you today for sure how that works.

We can tell you, based on tracking TIF revenue, the exact amount, to the penny, comes from the Department of Revenue and goes into the account called "Tax revenue bonds," and you'll see that has a zero balance. So money hits that account and then is transferred from that account to the service excise tax account immediately below that. And then that money is collected and then used to pay the debt service twice a year.

The other accounts that are primarily reserve accounts, you have a year's worth of lien reserve and you have the last payment currently reserved for the Fox Theatre.

The Alliance Bank, the Bank of Tucson accounts,
neither of those are interest-bearing checking accounts.
And we assume that we can -- given what counsel has told us, we assume that those are investable as well.

Was that too fast? Is everybody tracking?

MR. SHEAFE: Fletcher, is the 10 million advanced by the City to be paid back?

CHAIRMAN McCUSKER: My understanding of that -- and Alberto, Jeff can correct me -- that was an advance against excess TIF revenues that we had identified, subject to a final reconciliation.

Chris, if you go to the -- there's two pages in the backup documents that are the income statements from the BeachFleischman audits. And if you look at the June 30, 2010, it's a little weird how they record it governmentally in terms of what you and I are used to looking at, they start out with expenses, $9.6 million of expenses. They deduct or adjust for revenue, that's the TCC lease. And they show net program expense. And then they show the income. But what you can gather from that is in 2010 the District had $3.6 million of, quote, profit, excess revenue.

MR. SHEAFE: Mr. Chairman, excuse me.

Michelle, can you bring a copy of the financial statements you just dropped off with -- for Jeff? He doesn't have it.

CHAIRMAN McCUSKER: Yeah. Jeff's missing that
MR. COLLINS: And Mr. Chairman, you probably ought to make a record that Mr. Hill has now joined us.

CHAIRMAN McCUSKER: We did that probably too quietly. But okay, at 5:00 -- call it 5:15 -- Jeff joined the board.

MR. HILL: Mr. Chairman, I don't believe we knew that was TIF money, the 10 million.

CHAIRMAN McCUSKER: I don't think we know what any of it is.

MR. HILL: Okay. We didn't at that time either.

CHAIRMAN McCUSKER: Right.

MR. HILL: It was just kind of --

CHAIRMAN McCUSKER: And then if you look at June 11, similarly, you have expenses, lease revenue -- lease payment revenue in 2011, the TIF was profitable by $9.3 million. If you just do the quick math on those two things, in '10 and '11, the TIF made $13 million. That money would be sitting in some account under the City of Tucson's control.

In addition to that, we know that there are some bond proceeds over there. So I think in an effort to try and reconcile and separate cash from the City -- and Kelly's here, she can address this if I'm mistaken -- the City advanced $10 million subject to a final reconciliation. And
Jeff's right, they didn't really identify whether it was TIF money or bond money, subject to a final reconciliation.

Based upon what Kelly has reported to us, the one account that we have to rely on the City is the last account there under cash, the construction account, there's $5.8 million at the City of Tucson identified as Rio Nuevo District funds. That, again, is subject to final reconciliation.

And that kind of just squares with me, Chris, in terms of, you know, profits made, money distributed, money in the bank, you know something in the neighborhood of $13 million.

MR. SHEAFE: Well, if you take the roughly 13 million that you've referenced as excess cash over the last two years, is that money held in the accounts here shown in yellow, or is that money somewhere else?

CHAIRMAN McCUSKER: 10 million of that is now -- well, it was originally 10 -- but the Alliance and the Bank of Tucson are accounts totally under the District's control.

MR. SHEAFE: Right. So that money is actually there. But if you say the City added 10 million and then there was another 10 million --

CHAIRMAN McCUSKER: That's the same -- that's the same 10 million.

MR. SHEAFE: Am I counting this twice?
CHAIRMAN McCUSKER: Yes, it's the same 10 million. The money that's in Alliance and the Bank of Tucson is the balance left of the $10 million remittance.

MR. SHEAFE: So the reason that there was a $13 million cash flow gain was -- part of it was because there was a $10 million infusion from the City?

CHAIRMAN McCUSKER: No. I think the cash stayed over in the City's accounts, but the earnings, I would hope, are appropriately reflected in the BeachFleischman audits.

So I think that's the beginning of the City's attempt to forward to our control our own cash.

MR. SHEAFE: Okay. Let me make sure I understand, then. I'm sorry to hang you up on this point, but I'm still a little confused.

The City transfers 10 million to us, it was transferred into our accounts, and we end up with money in Alliance Bank and the Bank of Tucson; is that right?

MR. HILL: Yes.

MR. SHEAFE: All right.

CHAIRMAN McCUSKER: Those accounts did not exist until the end of the year.

MR. SHEAFE: All right.

CHAIRMAN McCUSKER: And they were opened in order to receive this advance.

MR. SHEAFE: All right. And the change in net
assets that happened in June of 2010, and again, 2011, which totals $13 million of gain in cash, that is also --

CHAIRMAN McCUSKER: Now, that could include properties. That's straight from the balance sheet, so that could include property and other assets.

MR. SHEAFE: Okay. So it's not necessarily excess cash. That was what threw me.

CHAIRMAN McCUSKER: That's my understanding.

MR. SHEAFE: All right. Do we know for sure? Because I'm trying to figure out if -- you know, the essence of my question -- and maybe it isn't a question that can be answered right now. I'm trying to figure out if the money that we're referring to here is being all contained within the accounts controlled by the District or elsewhere with the exception of the 5.783 million that's in the City of Tucson's accounts.

Do we have all the other revenue here, or is some of that revenue partly somewhere else?

CHAIRMAN McCUSKER: All of our income, I believe -- and Kelly can confirm this -- goes into Wells accounts, including the lease, which ultimately pays the COPS. So there's no income to the District other than what the City would distribute to us.

MR. SHEAFE: All right.

MR. COLLINS: Chair, There are a few lease
payments -- some of those that we've recently been receiving
on the parking lots and so forth, but that's rather a small
amount. But I want to mention that to you.

CHAIRMAN McCUSKER: Do you want to take public
comment? Do you have any questions? Do you want to --
Kelly's here if you have any questions specifically for her
on the City accounts.

MR. HILL: When I look at the statement of
activities, going to what Chris had said, it would have been
more simple for us to probably understand if we had a
statement of cash flow and we didn't have the depreciation
and amortization -- which governments really don't care
about -- and we would therefore have strictly those changes
from one year to the next would affect cash. And we still
may not know the source necessarily of cash or if it's
encumbered, but it would be a lot clearer than the statement
of activities. Do those reports have statement of cash
flow?

CHAIRMAN McCUSKER: The audits are online and
they're government audits, so they're little presented a
little differently. I'm not sure that there is a statement
of cash.

MR. HILL: Okay. Trying to make it simpler to
understand for myself and Chris. Okay.

CHAIRMAN McCUSKER: The other point I would like
to make -- the budget as I understand it is amendable. If we identify data post today, that could affect the budget and if we have good cause that we want to amend the budget, we can also do that at the District board level.

But we wanted to try and give you enough data to generally understand how the money flows and what administrative budget you might want to approve for the upcoming fiscal year.

MR. SHEAFE: Well, I think, you know, the administrative budget is something we probably ought to get approved so that there isn't any question if we're authorized to operate.

Another question I might have -- and, you know, it's a little unfair here, Fletcher, because you put in an enormous amount of volunteer time and organized what must have been a rather complex picture into a very clear picture as much as can be done. So let me just say that any question I ask comes wrapped in the admiration I feel for the work that you've done.

But I notice -- and you're the one that pointed it out in an earlier comment -- that the TCC was purchased by the District for a rather large amount of money in 2002. And now the District is renting it to the City for debt service. And as the debt service goes down, the yield on the District goes down, so that there's no real cash gain
there.

And I don't know if it's an appropriate thing, but I think it's worth mentioning. And the first is that, how is the District supposed to invest anything in its asset if it doesn't have the revenue source to do that; and secondly, is that lease something that's fixed in concrete, or can it rightfully be looked at to try and make it a little more equitable? Because it looks to me that the District put out a great deal of money and gets no return for it except a continuing liability.

CHAIRMAN McCUSKER: Mark, do you want to address that? The lease, Chris, was amended when the 2009 series was permitted. And it was kind of ripe as the screen door was hitting the old board in the butt, and they had an opportunity to, you know, issue some debt. And the lease was amended at that time to just pass on the straight debt service.

So you're absolutely right. There's no gain to the District for retiring this debt.

MR. COLLINS: Mr. Chairman --

CHAIRMAN McCUSKER: The amendment does not --

MR. COLLINS: Well, the lease is the lease. And I think -- and I defer to Mr. Irvin who has looked at this a lot; but I believe the lease extends through 2025. So I don't think that -- absent some renegotiation with the City,
the lease is the lease. And that's what the District has;
that's what the City has.

MR. SHEAFE: So both parties agree it could be changed.

MR. COLLINS: Oh, yes, sir.

CHAIRMAN McCUSKER: Do you have a question for me, Alberto?

MR. MOORE: Yeah. It's my understanding also when they had that amendment that they didn't give us any credit or any funds for the properties that initially went with TCC for excess parking, and that seemed to be removed from the amended lease, specifically talking about the fire station property that was part of our initial ownership within the TCC project.

So I don't know how that was compensated for. We never got any money for it, and they just took the land. So I'm concerned about that.

MR. COLLINS: Well, Mr. Moore, my only comment on that is that seems to be one of the many issues that the District and the City will need to address because the lease that exists is what we're now living with.

CHAIRMAN McCUSKER: Chris, that issue specifically is, right around that timeframe, the District quitclaim deed the property that the current fire station sits on to the City. And many of us that have looked at that transaction
can't find any consideration for that, or necessarily maybe even the appropriate approvals.

MR. SHEAFE: When you quitclaim something, is there somebody that signs that?

CHAIRMAN McCUSKER: Yes.

MR. COLLINS: Yes.

MR. SHEAFE: So I'm raising something that we probably ought to raise in another venue.

But let's go back, Mr. Chairman, to the process of making sure that we have a working capability going forward. The question on the table that you raised was whether or not we should approve the administrative budget. Because if we do that, then we can at least operate.

And I would like, if it's appropriate -- at least correct me if it's not -- to suggest that we approve the administrative budget -- which is the second budget listed there totaling 831,000 -- as the approved administrative budget for the coming year.

CHAIRMAN McCUSKER: And I think I would like to have public comment on that before we actually vote.

MR. SHEAFE: All right.

MR. IRVIN: Fletcher, if I could ask a question.

MS. COX: You'll need a second on that.

CHAIRMAN McCUSKER: So let's just hang on to that.

Mark, am I correct in that?
MR. COLLINS: I concur, Mr. Chairman.

MR. IRVIN: I just want to ask a question because I want to make sure I understand this.

From the last time that we looked at this, unless I'm missing something, there's a $4 million swing. The revenues are up almost 2.4 million, and our debt service is down 1.6. I just want to know -- I know you spent a lot of time on this, but I'd just ask that you touch on that briefly.

CHAIRMAN McCUSKER: The reduction in debt service, the revenue also reduces in an equal amount because the lease drops dramatically. So if the lease was not amended to reduce, yeah, the debt service would have come down, the revenue would have stayed up. But because the lease also adjusts the -- you'll notice the TCC lease in those notes, Mark, is now, 1.281 million?

MR. COLLINS: Right.

CHAIRMAN McCUSKER: Last year the TCC lease was almost $4 million. So that's the primary loss of revenue, and it corresponds primarily to the reduction in debt service.

MR. IRVIN: Thanks.

CHAIRMAN McCUSKER: And just -- in defense of Jodi's budget, I have to assume that this was a work in progress; that, you know, there are a lot of things -- as we
know from developing our budget -- that were moving around in that original forecast. And it took some time to really identify that these adjustments occur in the current fiscal year.

The $3.6 million COPS was paid -- and Kelly can confirm -- I believe in June.

Any questions for Miss Gottschalk while we have her here as it relates to the City's accounts or how they work or the reconciliation of the cash?

MS. GOTTSCHALK: Could I clarify the lease?

CHAIRMAN McCUSKER: Sure, come on up.

MS. GOTTSCHALK: Thank you. The issue with the TCC lease is, to be able to trigger the TIF collections, the District needed to have the Multipurpose Facilities District in its ownership, so the City owned the TCC.

The City gave the asset, the TCC, to the District at a nominal cost, I think a hundred dollars or something like that. The debt that was issued -- both series of COPS on that. So the whole -- whatever it was -- $32 million or whatever it was -- the City pays 100 percent of that debt service for it.

So the conversation about, well, the Rio Nuevo owns this and they're only paying us the COPS amount, well, that's how it was designed. And the reason we transferred it was to trigger the TIF so you would get the TIF revenue.
And it was always set up -- the first COPS issue with that lease and then the new COPS issue -- it was always that the lease payment on the COPS would exactly match the revenue on the lease. And it was really just to acknowledge the fact we gave you the asset. There was no investment of Rio Nuevo into that asset. So I just wanted to clarify that. It wasn't that there was something changed after the fact on the second lease. So I just wanted to make that clear.

Oh, and I'm sorry. The other point that I just want to -- since I'm here -- bring up -- and this is for Mr. Collins if you care to follow up on this. I know your motion was only on the administrative budget.

I would be concerned without reading the documents that you might be in default of your bonds if you don't appropriate for those before the end of the year. So that was just a comment.

CHAIRMAN McCUSKER: Kelly, on the -- I believe that this is the City documents, now, exhibit in our audit. The use of proceeds in fiscal year 2002, it says: the purchase of the TCC, $34,429,741.

So I'm assuming that we acquired that for that amount of money, and that money did, in fact, go to the City.

MS. GOTTSCHALK: You acquired that through the
issue of the certificates of participation, the 2002 COPS.

CHAIRMAN McCUSKER: Right.

MS. GOTTSCHALK: So the proceeds of that issuance is the $34 million that you paid for that. And now the City is paying the debt service on that.

CHAIRMAN McCUSKER: Right.

MS. GOTTSCHALK: So . . .

MR. SHEAFE: But we still own the property?

MS. GOTTSCHALK: You do because that was --

CHAIRMAN McCUSKER: We acquired -- we would have acquired that probably in exchange for bond proceeds.

MS. GOTTSCHALK: You've acquired it with basically the City's money. We did the transfer; we're paying the debt on it is how it works. There wasn't any Rio Nuevo money into that. And if you look further on the sheet -- I don't have it in front of you -- you can see the sources in, there's COPS proceeds that probably reflect that.

CHAIRMAN McCUSKER: Right. And it shows the COPS proceeds at 34.5. And then purchase of the TCC, 34.4.

MS. GOTTSCHALK: Right.

MR. SHEAFE: So if I give you an asset and then borrow against that asset and take the money, then in effect, you really don't have an investment if I pay that asset back.
That's essentially what you're saying, right?

MS. GOTTSCHALK: Right. Right.

MR. SHEAFE: Because the City's saying, well, we gave you that in the first place.

All right. If I did that, would it be appropriate for me to maintain that property, or would you maintain it since you don't have anything in it?

MS. GOTTSCHALK: Well, that's subject to the big, thick document there. And there's different interpretations of that. The City is supposed to maintain it. Where it gets into question is, who is supposed to improve it in capital improvements and that kind of thing. And I'm not sure that's even -- that's not really addressed in there.

MR. SHEAFE: Yeah. And I don't mean to get off in that.

MS. GOTTSCHALK: Right.

MR. SHEAFE: But I can see where the logic of this is. At least you explained that.

CHAIRMAN McCUSKER: The triggering point that Kelly mentioned is when the TIF was designed, it had to acquire the multipurpose facility. So it was owned by the City. The District had to acquire it, and they used those COPS as the funds to do it. That's what kind of started the whole thing.

MR. SHEAFE: Yeah. I know that -- you know, I'm
sort of reeling a little bit having looked at all this because I'm remembering my conversations back at that time when I was dealing with the advisory committee. And it was described rather differently in those days. And that's not your fault or anybody else's fault here, but I can tell you it was a much different story.

So I kind of almost had the feeling that the story maybe has been developed after the fact. And probably the story you have is the story that was rightfully given to you, but I'm not sure that's what the thinking was from the beginning because it just was different from what we were being told back in those days.

MS. GOTTSCHALK: Well, the story matches the legal documents.

MR. SHEAFE: And that's a great response. And I have no, you know, comment back. But it doesn't matter because the reality is there's so much money that we've got to generate here, and then we got to figure out how we're going to invest it.

MR. MOORE: Chris, can you explain what you had understood back then?

MR. SHEAFE: Oh, gosh, I don't know if it's useful, Alberto. But just quickly, the idea of the whole TIF district was that the public buildings in the TIF district were part of the District. And everything that the
District generated was to improve those buildings. And the community center was the original asset around which Prop 400 was built.

And if you go get the original brochures on that, it was very clear. I absolutely think that Kelly is correct that the legal documents probably describe it slightly different. But the way it was marketed was a certain impression that most people at that time -- and it's interesting because I'll just go ahead and editorialize a little bit -- there was actually anger against that because there was this sort of gentrifications feeling that, hey, if they come in and do all of these improvements, it's going to affect the neighboring areas. And too much was being loaded on the east side. That's really why the west side was emphasized in those early days.

And so, you know, whatever has transpired in the meantime and going through these numbers and trying to analyze them, I can understand exactly how that flow went now. It's just different than I would have described it had you said, describe what's going to happen in the next few years based on what you know in the 2002 or '001.

CHAIRMAN McCUSKER: Thank you.

Are you ready for calls from the audience?

Rick Grinnell? Come on up, Rick.

ATTENDEE: Good afternoon. My name is Rick
Grinnell. I reside at 2720 North Swan. First of all, I want to say this before we get into this whole budget issue. It was an honor and a privilege to serve on this committee. And speaking for myself, I did so with integrity and respect as commanded by the responsibility. I have no regrets on the decisions I made particularly when it comes to this budget. And I'd like to point out a couple of things to you that are probably important for you all to know.

Number one, this board had to file, for two consecutive years, a qualified financial statement, which, if this issue with the bonds is not clarified this year, and reasonably soon -- and this is something that Jodi and I have spent hours and hours and hours trying to clarify so we knew exactly how much we've got from the bonds, how much we money we were getting from the TIF, and what we could allocate to whatever resource.

And with bonds, you have to pay. When they do bonds down, there was assignment of projects. What we couldn't get our hands wrapped around is what those projects were and how much money had already been expended.

Kelly and I can debate this all day long, but the documents that I received as acting treasurer and working with Jeff and with Jodi and the accountants and the auditors, nothing matched up. And it made it very, very
hard to produce a document that was going to be acceptable
to be able to allocate taxpayer money.

And I think the process that you're going to
engage in is going to be even far more arduous than what we
were dealing with because we were actually closer to the end
than we thought. We really were being able to extrapolate a
lot of information.

And there's a real question whether or not the
bonds have already been spent out. So that means the rest
of the money is TIF, or there still may be 6 million in
bonds and the rest of it's TIF.

So you got to be real careful. And if you send
that money back to the bonds and -- you run into a real
clarification that: Does Wells Fargo want you to give them
back those bond monies?

So these are things that you're going to have to
really clarify, verify, with bond counsel and with your
auditors and the exact detail of these dollars and cents.
Because I would highly recommend before you spend any money
on any future projects other than operating, you know
exactly how much you got because, I'm telling you, this was
a nightmare to go through.

There's also two outstanding potential liabilities
that was going to be injected into this budget. One is
$7 million for the University of Arizona. Now, the West
Side audit, there's a question about whether or not that was really a liability. Does U of A owe the District? Does it owe the City? Or do we, in fact, owe them?

I presented, in March of 2010, a file of about that thick of the original science project, along with the amended agreements in 2007 that basically says this.

The University of Arizona financed all the up to $15.3 million of all the plans and all the development agreements and everything else to get this project up before it was suspended. Half of that money was repaid between the District and the City, because in this particular agreement, the City and the District are partners. They are not seen as two separate entities. They are actually seen as one with the other partner being the University of Arizona, according to the documentation. Bob Gugino received that whole file incomplete.

The other part of that issue was, once the bonds were triggered to begin to build the science project the other $7.2 million -- whatever it was -- the difference was supposed to be reimbursed to University of Arizona. So as this final audit came out, I did not have a chance to get that part of the information into the audit because obviously everything else was going crazy.

There's another debt -- and Fletcher's aware of this -- and just for information if nothing else. There's a
$65,000 accounts receivable discussion that occurred with legal fees from the Fox Foundation to this District board. It was referred to counsel. To my knowledge, that issue has not be satisfied one way or the other. And I think it needs to be reflected, if nothing else, as a footnote or an accounts receivable and because that would definitely be a cash payment to the actual amount of cash you have on hand. The process that you're going through -- and are going to be going through in the next several months over this budget -- I wish you all luck.

Because you have another financial audit that's going to be due. And last year we had -- because of the confusion of documents, we were into February before we could actually produce something and it still had to be qualified.

If, in fact, BeachFleischman has to do a third, that basically disqualifies the whole thing. And this body, theoretically, would be out of business. So there's a lot of stuff that you really have to -- and set aside the politics for whatever you want to.

I served in this committee for 25 years, thousands of hours, and I don't ask for anything. All I want is that what was right. And to Jodi Bain's defense -- whether you agree or disagree with Jodi Bain on the issues -- this person invested thousands of hours in trying to extrapolate
and do what was right.

Whether we agree or disagree is irrelevant. But I have to tell you that no time did either one of us gain financially, personally, professionally. As a matter fact, it probably cost me money. It cost me an election for sure, I can guarantee it.

But my real point here is that you're going to have a lot more work in this budget as ahead of you. And Kelly and I will argument all day long about what they gave us or what they didn't give us and everything else, but I've got files and files and files that I turned over to everybody and anybody, including the auditors and Bob Gugino -- particularly with the science project, and I went and researched that myself.

The other part of the TCC on maintenance too, one thing the City has not talked about is that they swept the maintenance funds from the TCC to backfill some of their general funds. The shortfall was not due to the lack of investment by the board even prior to us being involved. Those monies were swept by the City to offset expenditures and losses in the TCC. I personally went and raised $5,000 for the 2010 Gem Show so they could have wi-fi. That's how desperate that maintenance fund was swept.

So you have to look at the whole process. And when we stand up over here, it's a lot better way to look at
things instead of trying to get into -- but as you get into
the minutiae of this budget, and there's plenty of it,
you've got a lot of work on your hands. I wish you all the
best. I really do.

And I really hope that this thing can be resolved
financially so that this board and this budget is presented
to the auditor general and to the secretary of the
department of the state treasurer and to Pima County, that
there's a real reflection of what reality is.

Because looking at this right now, I'm a little
concerned that you're going to have to come back here
probably within the next 30 to 60 days and amend this
budget. You still have plenty of operating capital, so
you're not going to go out of business. But you're going to
spend a lot of time and energy making sure that the numbers
are correct.

Because one thing for sure, the integrity of this
process is bigger than the amount of money you have. And
the taxpayers want to know that what you have and what
you're responsible for is going to be done right this time.

God bless you. Thank you.

CHAIRMAN McCUSKER: Rick, thank you very much.
And Ralph Kayser. Is that Kaiser or Kayser?
ATTENDEE: Kayser.
CHAIRMAN McCUSKER: Thank you.
ATTENDEE: Good afternoon, board members. My name is Ralph Kayser. I'm primary organizer of the Tucson Tea Party. And forgive me if I stand before you somewhat like a jilted spouse -- jilted husband whose spouse has cheated on him for ten years running and is once again being told a promise: I won't cheat on you again. I want to believe.

And these budget numbers, I hope and pray that they're generally solid numbers because I want to believe.

I would like to -- you know, one thing that jumps out at me looking at the budget, and I'll leave it to others who are much more knowledgeable than I am to tear apart the numbers -- but what jumps out at me as perhaps being the single most important line item on these four pages, is the line item that budgets for CFO.

And I'd like to read you a short list of names if you'll indulge me. Steven Lash, FPA Medical Management; Donna Richardson, Craig Consumer Electronics; Jay Gilbertson, McKesson Corporation; Malcolm McVay, HealthSouth; Steven Allan, Media Vision; Joseph Shew, Homestore; Peter Bromberg, Motorcar Parts and Accessories, and the list goes on and on. And I'll end with the name Andrew Fastow.

And all of these names are names of CFOs who were convicted of racketeering; embezzlement; accessory to fraud; bank, mail, wire, and securities fraud. And having stolen
untold millions of dollars from shareholders and owners of businesses. And I can't think of a -- you know, I tell you, there's part of me says, that's a wise idea to hire a CFO to assist you with a job that's very challenging. But I'm going to -- you know, I hope that you're transparent about that.

The last time I appeared in front of you, not all that long ago, it was with anger and frustration that you had planned a meeting on election day. Not a great start for a reconstituted board who might want to impress and rebuild some faith and trust in the community that you're being transparent and you're above board and you're going to make things right. Not a great start.

So let me step back and look at -- we want to look closely at the process by which you hire that single-most important position, a CFO. And I'm going to hope and pray that it's an intelligent, experienced individual whose record and character is, without question, impeccable. And it's the best possible CFO, the most experienced and knowledgeable that you can hire for that budgeted $150,000.

And I will hope and plead and implore you that it not be somebody who's a friend of a friend, a business associate, a crony, a political ally who fills that roll. I hope -- and we're anxious to see that transparent, aboveboard process that you're going to go through to
interview, screen, and get us the -- and get the Rio Nuevo board the best possible CFO -- I can't think of a more important and timely line item than that one line item to rebuild the faith and trust that this community might have in the Rio Nuevo board.

As the primary organizer of the Tucson Tea Party, our role, as we see it past this November election cycle, is going to be along the lines of Andrew Breitbart, citizen journalists. And we're working now with seven to nine diligent, intelligent individuals who can maybe be citizen watchdogs in this community along the lines of Loretta Hunnicutt and others like her. We're going to be watching this process. We're not going away. We're going to be back here. We're going to be back here again. And we're just going to ask that you be transparent, above board, and do the right thing.

So thank you very much.

CHAIRMAN McCUSKER: Ralph, thank you. Thank you for your passion.

A couple of comments. And Mark, I'm not sure of the latest on this, but I don't know that the Fox issue was ever finally resolved. I'm technically recused.

MR. COLLINS: I understand.

But I'm just reporting facts. It was not finally resolved. As I reported to this board prior to your being
seated on it -- if you were in the audience at the time --
we were perilously close to a resolution, and then we
learned that the National Trust Foundation was throwing a
monkey wrench into it at rather the last minute. And we
haven't resolved that issue yet.

CHAIRMAN McCUSKER: And there is a legal fee pick
up in there.

MR. COLLINS: There is, in fact, a legal fee pick
up in the agreement that has not yet been signed, but it is
certainly in there. And that was part of the agreed upon --
we had a significant letter of intent that dealt exactly
with that. And the remaining issue was having all of the
Fox entities sign off. And as Chair knows, we went back and
forth on that somewhat. And then the National Trust chimed
in and that is where the negotiations are.

CHAIRMAN McCUSKER: Thank you.

Okay. And Chris, back to you.

MR. SHEAFE: Back to me?

CHAIRMAN McCUSKER: Yeah. Anything that you heard
or any conversation you might --

MR. SHEAFE: Oh, okay. Back to my motion?

CHAIRMAN McCUSKER: Yeah.

MR. SHEAFE: All right. Do you want me to restate
it or do you . . . ?

CHAIRMAN McCUSKER: Unless you've changed your
MR. SHEAFE: I have not changed my mind.

CHAIRMAN McCUSKER: Fire away.

MR. SHEAFE: So I'm recommending that we approve the administrative budget.

CHAIRMAN McCUSKER: And I think, just in deference to the process, we can do these separately.

MR. SHEAFE: Yes.

CHAIRMAN McCUSKER: But we do have to approve the entire budget presentation.

MR. COLLINS: Yes. I concur with Kelly's assessment. You need to approve the entire budget at this point. Whether you do it in pieces --

CHAIRMAN McCUSKER: It is amendable.

MR. COLLINS: It is amendable upon good cause.

CHAIRMAN McCUSKER: All right.

MR. COLLINS: You can do it in pieces, Mr. Sheafe, but --

MR. SHEAFE: That's okay. I'll just move to approve the entire budget with specific approval for the administrative costs as outlined in this budget in order to allow, administratively, the District to operate and meet whatever demands it has on it in accordance with the budget line items as stated. And the total of the administrative portion of the budget is 831,000.
And by the way, the concept of a CFO may include breaking that up and using other services and whatnot to fulfill that roll, it may be all in one person. We will study that. And through an executive committee, openly and available to anybody to see how the process works, we're going to make the best choice to make the best progress for the District.

So that's my motion.

CHAIRMAN McCUSKER: That is the longest motion I've ever heard.

To paraphrase, I believe he moved to approve the budget with some flexibility as to how we manage the CFO line item.

MR. IRVIN: I'll second that.

CHAIRMAN McCUSKER: Hope it's properly paraphrased. Any further discussion?

All in favor say aye?

(The board voted and motion was passed)

CHAIRMAN McCUSKER: The ayes have it. The budget is approved.

Michelle, we need to present this to the County; they're expecting it. And go ahead and post it online with the backup documents.

And given that, I would entertain a motion to adjourn.
MR. SHEAFE: Are we going to have a discussion about meetings?

MS. COX: Can we talk about meetings first?

CHAIRMAN McCUSKER: Oh, yeah. Let's talk about the date. There is a date scheduled for July 26th -- Thursday, July 26th, if you're so inclined to want to keep that.

MR. SHEAFE: That date it is --

MS. COX: Yes. Yes.

CHAIRMAN McCUSKER: Two o'clock, July 26th.

MS. COX: Two o'clock or one o'clock?

CHAIRMAN McCUSKER: We don't need to start that early, do we?

MR. SHEAFE: No.

CHAIRMAN McCUSKER: Two o'clock.

MS. COX: Two o'clock.

What about -- could we talk about August too? Can we just keep the meeting that's on the books already for August?

CHAIRMAN McCUSKER: What date's that one, Jannie?

MS. COX: That would be the Thursday the 23rd, I believe.

MR. SHEAFE: Could I -- I have to check a schedule. I don't have it with me.

CHAIRMAN McCUSKER: I think August is going to be
tough for everyone. Maybe let's just do the July meeting.

MR. SHEAFE: Yeah.

CHAIRMAN McCUSKER: And then people will check schedules in terms of the people that are around in August.

MS. COX: I would just request, Mr. Chair --

CHAIRMAN McCUSKER: Let's do that quickly.

MS. COX: -- that we do that soon, please.

CHAIRMAN McCUSKER: Okay.

MS. COX: Thank you.

MR. SHEAFE: Is there any reason why we couldn't do that by telephone and then establish the date and then we can confirm it at the next meeting?

CHAIRMAN McCUSKER: We'll get Michelle to kind of check people's vacation schedules.

MR. COLLINS: The concern I have about that is quorum and open meeting laws. So Michelle can coordinate with individuals.

CHAIRMAN McCUSKER: All right. Somebody want to move to adjourn?

MS. COX: So moved.

MR. SHEAFE: So moved.

CHAIRMAN McCUSKER: All in favor, say aye.

(The board voted and motion was passed.)

CHAIRMAN McCUSKER: Thank you very much.

(Board adjourns at 6:02 p.m.)