

*Pursuant to A.R.S. §38-431.02, notice is hereby given that the Board of Directors of the Rio Nuevo Multipurpose Facilities District will hold the following meeting, which will be open to the public.*

**NOTICE AND AGENDA  
FOR REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE  
RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT**

**Thursday, July, 26, 2012  
2:00 p.m. MST Regular Meeting At  
400 W. Congress Street, Room 158  
Tucson, Arizona 85701**

---

**AGENDA**

1. **Pledge of Allegiance**
2. **Roll Call.** (2 min)
3. **Board Meeting Minutes** - Discussion and possible approval of June 12, 2012 & June 29, 2012 (10 minutes)
4. **Chairman's Update** (10 minutes)

Chairman McCusker will lead a discussion regarding the mission and priorities of the District. We will revisit the original Proposition 400 of 1999 and review the projects of 1999-2009, along with the 2009 legislation. Our community needs to be on the same page regarding how to utilize TIF funds. Proposition 400 may serve as a guide on how Rio Nuevo gets back on track and regains the community's trust. We will confirm the District resources and begin to think how to budget for economic development.

The Chairman's priorities have been stated publicly: The rehabilitation of the TCC and grounds, resolution of the forensic audits, a downtown hotel project, an approved development on the city owned property just east of I-10 and south of Congress and a refocused effort on the Westside projects.

5. **CFO Recruitment-** Update (10 minutes)

Background: The Rio Nuevo board has approved the hiring of a CFO given the complexities of the TIF finances and the desire to better manage and invest cash, along with separating Rio Nuevo from the City. The District has received a number of resumes and will have an update at the meeting

**6. Merchant Education Program (10 minutes)**

Background: There are over 1,100 merchants in the TIF and in order for Rio Nuevo to receive its portion of the transaction privilege tax the merchants must self identify that they are within the Rio Nuevo district. We have identified compliance issues with this many merchants and a voluntary program. One merchant audit in July found \$2.2M due to Rio Nuevo from the state because the tax form had not been properly coded by the merchant. The State has agreed to go back three years for similar issues. Rio Nuevo staff has also developed a merchant education program that will encourage compliance through personal contact with TIF merchants. Staff will update the Board.

**7. Forensic Audits (Susan Vos) (10 minutes)**

- i. Depot Plaza Update
- ii. Westside Update

Background: The District has commissioned two forensic audits of expenses made during the period when the District was city controlled, the Depot Plaza and Garage and the Westside audit. Both audits have identified significant concerns around unauthorized and/or undocumented expenses. The recently approved District budget nearly tripled the budget for the forensic work and the City of Tucson has indicated they will improve their accessibility and cooperation with the audits. There will be a status update at the meeting.

**8. Manning House**

Background: In a recent special meeting the Rio Nuevo board expressed an interest in staving off the foreclosure and personal property sale of the historic Manning House in an effort to see if there was a viable commercial use for the property that would produce additional sales tax. We believe the highest and best use of that property is as a boutique hotel. There are really only 3 sites around the convention center that could handle a hotel property: the Manning, the west side of Granada and the Arizona Hotel, now vacant. The Board authorized \$20,000 expenditure in order to offer the current owner an option to purchase the Manning House at a later date. Legal concerns were raised by the Chair and by counsel as to the District's authority to enter into such an agreement given that the 2009 legislation required a Notice to Proceed to be issued on a convention center hotel. Such notice was issued in October of 2010 but there are questions about whether or not the notice complied with the statute, given that the project was ultimately scuttled. The Chairman has requested a legal opinion from the State. The District has received a legal opinion from legal counsel that concludes the October 2010 Notice to Proceed complied with the statute. The District also stated that it had no interest in pursuing the Manning House without partners. A number of potential partners have come forward and the board will discuss how or if Rio Nuevo should continue to lead this effort or if it is better in private sector hands, with the District playing a supporting role. Financially the District is capable of a number of small projects with somewhere around \$15,000,000 available and with a profitable TIF in 2010, 2011 and 2012 more funds will become available. Additionally two of the debt instruments

entered into by the District in 2002 and 2007 are retired or retiring. Priorities described by the board are: The TCC, a TCC area hotel, Westside projects, many from the original Rio Nuevo plans.

9. **Presentation by Friends of Tucson's Birthplace** (15 minutes)  
i. Mission Gardens

Background: The original Proposition 400 in 1999 identified the base of A Mountain as a development site for a garden and other historic structures given the historical value of Tucson's origins. Those projects were abandoned by the City and District and the property was actually deeded to the county. A not for profit organization called Friends of Tucson's Birthplace was formed by community citizens and has made some progress entirely on their own in launching this project. The current board has indicated a desire to return to the letter and spirit of Prop 400 and focus on these Westside developments, assuming again that the Notice to Proceed issue is not a road block. The community members embracing this project will make a presentation.

10. **Executive Session-** (20 minutes) Upon a public majority vote of members constituting a quorum, the Board of Directors may hold an executive session in accordance with A.R.S. §38-431.03 (A), (3) and (7) for legal advice concerning the following matters. To comply with §38-431.03(B), all electronic devices, including cell and smart phones, Ipads, notebooks, tablets and laptops should be turned off and stored during Executive Session.
- i. Litigation Claims and Mediation
    - 1. Kromko Matters
    - 2. Garfield Turner/Sundt Matters
    - 3. City and Related Matters
  - ii. Manning House legal Issue

11. **Call to the Audience** – Presentations are limited to 3 minutes per speaker, for 15 minutes in sum. All those interested in speaking should submit a Speaker's Card that will be made available at the meeting.

12. **Adjournment**