

**Minutes of Special Meeting
Of Board of Directors of
Rio Nuevo Multipurpose Facilities District**

**Monday, May 4, 2009
Tucson Convention Center – Greenlee Meeting Room
260 South Church Avenue
Tucson, Arizona**

1. Roll Call

Chair Russell called the meeting to order at 3:03 p.m.

Present: Anne-Marie Russell, Chair
Jeff DiGregorio, Board Member
Dan Eckstrom, Board Member
Bill Hicks, Ballard Sparhr Andrews & Ingersoll, LLP, District Counsel

Absent: Roman Soltero, Board Member

2. Call to the Audience

In response to the Call to the Audience, several members of the Friends of Tucson's Birthplace spoke and presented the Board with a petition, dated March 23, 2009, requesting increased accountability and transparency in the use of the TIF moneys in connection with the reconstruction of Tucson's birthplace:

Raul Ramirez spoke in support of finishing Mission Gardens, Mission San Agustin and the Convento projects and asked the Board to hold a public hearing and engage in an open dialog with the citizens of Tucson to discuss the matter.

Velia Morelos, a long time Panorama Estates resident, has been following Rio Nuevo since its inception and displayed a brochure of the Rio Nuevo Master Plan that showed pictures of the historical and cultural projects that would be completed in Rio Nuevo. She now feels a sense of betrayal because the Legislature is dictating that what Tucson needs is a hotel and new convention center.

Gilbert Fimbres, a Barrio Sin Nombre resident, is disappointed with the unfinished projects and doesn't want a repeat of the downtown urban renewal project. He's not against the hotel and convention center, but feels the original cultural projects would provide jobs and opportunities and should be completed. He asked the Board to consider input from the public and hold public forums.

Gene Einfrank, a resident of Mercado District of Menlo Park, was sold on the idea of a mixed-use pedestrian-friendly environment and purchased a home in the subdivision, thinking he was investing in the vision. But that vision is in jeopardy because the Westside projects have been stopped.

Roger Pfeifer, another resident of Mercado District of Menlo Park, said Phoenix may be the heart of Arizona, but Tucson is the soul. He doesn't agree with the projects being reprioritized and feels that the Westside historical and cultural projects are in danger.

Susan Soto echoed what others had said about the Westside projects and asked the Board to hold a public hearing on Items B (Agreement with Dev-Con International LLC) and C (Agreement with 360 Architecture/Design-Build LLC) on the consent agenda.

Chuck Bressing, owner of the Royal Elizabeth Bed & Breakfast, said he appreciates the importance of the cultural and historical projects, but feels the hotel and arena will produce a large cash infusion into the District, which could then be used to underwrite the cultural projects.

Roger Karber, managing member of Centro Nuevo Partners, LLC, a finalist in the competition to build the new hotel asked the Board to reconsider purchasing Hotel Arizona. He said there would be a substantial cost advantage to doing this as opposed to promoting the over-scaled downtown hotel project being presented today. He also stated that Mr. Eckstrom should not be voting on the hotel due to a conflict of interest. He delivered to the Board a letter outlining his group's concerns.

Dante Archangeli, a Mercado District of Menlo Park builder, indicated that the City and Rio Nuevo were not holding up their end of the bargain if they didn't complete the projects on the Westside and said that cultural and historic attractions in Tucson experience more visitors than the Sidewinders, Diamondbacks or Colorado Rockies games.

Frank Antenori, Arizona State Representative from Tucson, said Rio Nuevo was currently dead in the Legislature and that any District Board action which strays from the hotel and convention center renovation projects would undermine the on-going efforts to restore the funding.

3. Consent Agenda: Items A through C

A. Approval of Minutes of April 10, 2009

At the request of Board Member Eckstrom, Item A on the Consent Agenda was considered separately from Items B and C. Board Member DiGregorio then moved to approve the minutes of the April 10, 2009 Board meeting. Board Member Eckstrom

seconded the motion and the minutes of the April 10, 2009 meeting were unanimously approved (11-0).

B. Agreement with Dev-Con International LLC for Consulting Services relating to Downtown Projects

C. Agreement with 360 Architecture/Design-Build, LLC for Architectural Services relating to Proposed Arena

Chair Russell stated that the remaining consent items had previously been presented and discussed by the Board at prior meetings and would be considered as a single item.

In response to comments during the Call to the Audience, Board Member Eckstrom said while he doesn't believe he has an actual conflict of interest, it would probably be preferable not to cloud the Board's actions by voting on Items B and C, so he announced he would recuse himself from discussion and voting with respect to Items B and C.

Thereupon, Board Member DiGregorio moved to approve consent items B (Agreement with Dev-Con International LLC for consulting services relating to downtown projects) and C (Agreement with 360 Architecture/Design-Build, LLC for architectural services relating to proposed arena). Chair Russel seconded the motion, which was approved 10-0, with Board Member Eckstrom not voting except for purposes of confirming a quorum.

4. Presentation by Garfield Traub Development Arizona LLC Regarding Predevelopment Contract Final Report relating to Planned Convention Center Hotel Project.

Tony Traub and Steve Moffett from Garfield Traub Development, Ken Martin from DLR Group, Gus Sestrap from Turner Construction Company and Hoyt Harper from Starwood Hotels and Resorts presented the final report prepared under the predevelopment contract.

The proposed hotel will have 525 hotel rooms and suites, include 52,095 sq. feet of meeting space in the hotel and 60,000 sq. feet of new exhibit and meeting space in the convention center expansion. Preliminary budget figures are \$167 million for the hotel, \$38 million for the convention center expansion and \$33 million for the parking garage. A 5-year financial pro forma showing projected average daily rates, occupancies, and gross and net revenues was presented. A project schedule showed a construction start date of April 2009 with a "Grand Opening" in June 2012.

The site location, site analysis and design concept were shown, as was an overview of the project. Also discussed was construction cost, budget management, estimating

protocol, market price support, construction cost index and what to expect going forward.

Hotel operations were discussed. Starwood is a diversified global enterprise with a world class portfolio and expertise in lifestyle branding. In executing a strategy for their hotels, they collaborate with the owner. They believe in the power of public relations and have a global sales teams with experience and expertise to fill hotels. Starwood fills rooms with their loyalty program and works with meeting planners to book events at member properties.

Their presentation ended with three financing scenarios, which included capital plans and projected debt service coverage ratios and cash flows for net revenue and net income.

The board recessed at 4:47 p.m. and reconvened at 4:53.

5. Consideration (and Possible Approval) of Master Development Agreement with Garfield Traub Development Arizona LLC for Development Services relating to TCC Expansion, Proposed Hotel and Parking Garage

Board Member DiGregorio moved to table consideration of the Master Development Agreement with Garfield Traub Development Arizona LLC until it can be considered in conjunction with the District's Fiscal Year 2009-2010 budget. Chair Russel seconded the motion, which carried by a 10-0 vote, with Board Member Eckstrom not voting except for purposes of confirming a quorum.

6. Executive Session to Receive Legal Advice Concerning District Contracts and Agreements

Due to time constraints, this item was continued.

7. Future Agenda Items

- Budget
- Consideration (and Possible Approval) of Master Development Agreement with Garfield Traub Development Arizona LLC for Development Services relating to TCC Expansion, Proposed Hotel and Parking Garage

8. Adjournment

The meeting adjourned at 4:59 p.m.