

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

Wednesday, April 8, 2010

**Tucson Convention Center
Tucson, Arizona**

A special meeting of the Board of Directors of the Rio Nuevo Multipurpose Facilities District was held on Thursday, April 8, 2010 in the Graham Meeting Room of the Tucson Convention Center, 260 South Church Avenue, Tucson, Arizona commencing at 2:00 pm.

1. Call to Order / Roll Call

The meeting was called to order at 2:02 pm.

Appointee		Present	Absent/Excused
Jeff DiGregorio (Acting Chair)	Tucson	x	
Jodi A. Bain, Member	Senate		x
Dan Cavanagh, Member	Governor		x
Scott Egan, Member	House	x	
Carlotta Flores, Member	Governor	x	
Mark Irvin, Member	House	x	
David N. Jones, Member	Governor	x	
Alberto Moore, Member	Governor	x	
Anne-Marie Russell, Member	Tucson		x
Victor Soltero, Member	South Tucson	x	
Alan F. Willenbrock, Member	Governor	x	

The Chair announced that he had received, and with regret, accepted, the resignations of Craig Finrock and Dan Eckstrom.

2. Consider (and, if appropriate, Approve) Minutes of March 31, 2010 Meeting

A motion to approve the minutes of the special meeting on March 31, 2010 was made by Board Member Victor Soltero, seconded by Board Member Carlotta Flores, and passed unanimously, 8-0.

3. Interim Executive Director's Report – Richard Miranda

Interim Executive Director Richard Miranda indicated that, by Mayor and Council direction on April 6th, 2010, the City proposes to renegotiate or terminate the IGA with the District effective June 30, 2010, and, in any event, proposes to charge the District for any administrative services provided to the District subsequent to that date.

Interim Executive Director Richard Miranda then addressed the Rio Nuevo District Board's insurance coverage options, indicating that City Procurement staff had contacted The Mahoney Group regarding the possibility of securing "interim coverage" but that Mr. Newton of the Mahoney Group had responded that there is no such thing as "interim coverage". Mr. Miranda concluded that the City could assist the Board in obtaining the desired insurance coverages in the following ways:

- **Amendment of an Existing City Contract:**
The City has a contract with The Mahoney Group (061049) to provide for Miscellaneous Insurance Coverage. Procurement and the City Attorney have discussed and agree that the City could pursue an amendment to this contract to enable The Mahoney Group to procure Public Officials/D&O Liability coverage for the District Board.
- **Obtain Quotes from 3 Brokers:**
Assuming the annual premium is less than \$50,000, the City could solicit quotes from three brokers to assist the Board in obtaining coverage. The selected broker(s) would then work with the Board to solicit quotes from carriers and recommend a policy.
- **Issue an RFP:**
Assuming the annual premium is more than \$50,000, the City could issue a formal Request for Proposals for brokers to select one or more to assist in the selection of a policy.

The following is needed to proceed:

- Written direction from the Board on which option to pursue.
- Purchase Requisition with approved funding for the purchase.
- Depending on the option selected, additional information and participation in the evaluation may be required.

Interim Executive Director Richard Miranda indicated there would be a 30-45 day window to complete the procurement process, and that the contract would not need to have Mayor and Council approval.

NOTE: Item No. 7 was addressed out of order.

7. Consider (and, if appropriate, Direct Action with respect to) Insurance Coverages – Mark Irvin

Board Member Mark Irvin indicated that an RFQ process might be more efficient and therefore preferable to an RFP process. The Board would ask the City of Tucson put out an RFQ. Once a Broker is selected, the Broker would provide a list of insurers and policy provisions for review and approval by the Board.

Interim Executive Director Richard Miranda indicated that he will request an expedited RFQ process to obtain the desired coverages at the earliest practicable time. Using an emergency procurement process, it may be possible to shorten the time to less than 30 days.

A Motion by Board Member David Jones was made to direct the City Procurement Department to issue a Request for Qualifications on an emergency basis, and to ask the City to analyze the results and report back to the Board with a recommendation at the earliest possible time. The motion was seconded by Mark Irvin, and approved by a vote of 8-0.

4. **Status Report Regarding Convention Center/Hotel Project – Greg Shelko**

Mr. Shelko indicated the following:

- The Convention Center entrance is on schedule even with the nine day weather delay. Substantial completion should occur by May 2010.
- The overall design phase of the proposed new hotel, convention center expansion, and parking garage is on schedule for completion in May for construction documents.
- As reported in the briefing book that was presented at the March 24 Board meeting, development of the capital plan is underway.
- The Convention, Sports and Leisure economic impact report draft should be completed next week.
- Revised term sheets with Starwood for the hotel operating agreement should be completed over the next few weeks
- Bidding for the hotel project is underway. Bidding will inform the GMP development process.
- Mr. Shelko will bring the capital plan, the economic impact report and the preliminary hotel operation term sheet, which should be done within the month, back to the Board when they are ready
- Mr. Shelko will then follow up with the GMP proposal and any revised capital plan.

5. **Consider (and, if appropriate, Direct Action with respect to) Convention Center/Hotel Project Post Bid Work Plan**

Acting Chair Jeff DiGregorio asked if Board Member David Jones would be willing to be represent the District, together with Mr. Shelko, as the owner's agent, at the Bid Opening occurring on April 14, 2010 at 2:00 pm at Sundt's Office at 101 E. Irvington, Tucson, AZ. Subsequent meetings to develop the final prices and the GMP will be held at Sundt's Office in Tempe, AZ on March 19, 22, 26, 28, 30, and May 4.

Board Member Victor Soltero made a motion to have David Jones be the representative of the District Board in these meetings. The motion was seconded by Carlotta Flores, and approved by a vote of 8-0.

6. **Consider (and, if appropriate, Direct Action with respect to) Intergovernmental Agreements between the District and the City of Tucson**

Acting Chair Jeff DiGregorio asked to establish a task force to work on renegotiation of the IGAs between the District and the City of Tucson. Board Members Mark Irvin and Jodi Bain were nominated, and Carlotta Flores and Alberto Moore asked to serve on the task force.

Mr. DiGregorio gave the following schedule:

- First Draft presented and reviewed by the Board at the May 13th meeting

- Final Draft approved by the Board and the City of Tucson by May 31st meeting
- IGA to be approved by Mayor and Council on June 18th
- Final IGA to be approved by District Board no later than June 16th meeting.

A Motion to establish a task force composed of the Board members named above was made by Mark Irvin, seconded by Alberto Moore, and approved by a vote of 8-0.

NOTE: Item No. 9 was addressed out of order.

9. Informational Presentation with Respect to Possible Support Services from State of Arizona Treasurer's Office – Alan Willenbrock

Board Member Alan Willenbrock reported that he had spoken with the State Treasurer's Office and that, since it appears that all of the TIF revenues are paid directly to the Wells Fargo Bank, as the bond trustee, for application to debt service and other obligations, there may be little that the State Treasurer's Office can do for the Board. He is asking the Board for permission to have a discussion/information gathering with Wells Fargo Bank to understand the process better.

Board Member David Jones made a motion to authorize Board Member Alan Willenbrock to serve as liaison to the Wells Fargo Bank, as the bond trustee, for the purposes of education and to establish a dialogue with the trustee. The motion was seconded by Scott Egan and approved by a vote of 8-0.

8. Consider (and, if appropriate, Direct Action with respect to) City of Tucson Loan to the District – Alan Willenbrock

Board Member Alan Willenbrock expressed some concern regarding the District's financial condition. He observed that the \$30 million Accounting Restatement led him to have some concern regarding the accounting for the District. Finally he observed that the audit will begin soon and is scheduled to be completed in a few months.

Board Member Alan Willenbrock made a motion that the Treasurer make no further payments to the City of Tucson from the District until further directed by the board. The motion was seconded by Board Member Mark Irvin.

Staff stated the Rio Nuevo Adopted Budget included the loan repayment. Since, the City's budget contemplated receiving the \$1.7 million repayment, the City would have to cut the City's 2010 budget by \$1.7 million if the payment is not received.

After discussion by the Board, a motion was made by Board Member Mark Irvin to table the previous motion pending further discussion. That motion was seconded by Alberto Moore and passed by a vote of 8-0.

10. Informational Presentation with Respect to Conflicts of Interest – William Hicks

Mr. Hicks gave a presentation regarding Conflicts of Interest applicable to public officials. He discussed "what is a conflict", and if a Board Member feels they have a conflict of interest, what they should do about it. He also discussed the goal of open meeting laws and conflict of interest laws to insure that government operates fairly and

objectively on the merits of any matter and not as a result of improper influence or pecuniary self-interest. Mr. Hicks distributed a Director's Questionnaire proposed by Board Member Egan and also discussed a conflict of interest pledge provided by Board Member Irvin for the Board's consideration.

A motion by Alan Willenbrock was made to have the Board Members complete and return the proposed Director's Questionnaire at the next Board meeting. The Chair agreed to insure that the Questionnaire was provided to the absent members. The motion was seconded by David Jones and passed by a vote of 8-0.

Board Member David Jones gave an informational presentation regarding the Subcommittee meeting with the Arizona Auditor General's Office on April 5. There were 4 proposals submitted in relation to the audit required by State Law for the last nine years of financial activity and the procedures of Rio Nuevo. Mr. Jones was impressed with the packages received. Mr. Jones requited himself because of the appearance of a Conflict of Interest, as he was from the same City, State as one of the companies that submitted a bid. However, he did review the proposals and without making any comments regarding any of the proposals, the Auditor General chose this company. Mr. Jones indicated that the Auditor General would like to address the Board on April 20 or 21 regarding the selection of the independent auditor and also to be sure that the Board has the funds to pay for the audit. The audit is expected to be completed the end of August, 2010.

11. **Executive Session**

No executive session was held.

12. **Future Meeting Dates and Agenda Items**

- Old Business - Tabled motion regarding suspension of repayment of the City of Tucson advances
- Executive Session to discuss the bids received by the State Auditor General for the performance audit
- Possible media press release to discuss the State Auditor General's selection
- Future meeting dates: April 12, 22, 28, May 5, 13, and 26
- May 5 meeting to discuss the GMP for Hotel

13. **Adjournment**

The meeting was adjourned at 3:40 pm.