

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

Monday, April 12, 2010

**Tucson Convention Center
Tucson, Arizona**

A special meeting of the Board of Directors of the Rio Nuevo Multipurpose Facilities District was held on Monday, April 12, 2010 in the Turquoise Ballroom 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 2:15 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	

Chair Jeff DiGregorio made an announcement for the record.

Something this community suffers from is a plethora of misinformation, it's everywhere and it can be harmful. It comes from individuals, from within organizations and, often times, it comes from the media, as well.

One good example is found in today's issue of "Inside Tucson Business," in which it is called out that I am on the payroll of Garfield Traub, Master Developer, for the Convention Center Hotel. This upsets me for a number of reasons, one because it is absolutely untrue but, two, it is also a direct reflection on this board and all of my colleagues who are working very hard to promote transparency and integrity within Rio Nuevo. They are putting in countless hours of time and abundant energy to help this organization move forward.

If I could say just one thing about this, it would be the importance for all of us to remember to check our facts. We should always strive to always check our facts and details before any of us at this table, in this audience or in the community go out and state a claim, sling arrows at someone or make an accusation. You should know the facts of that which you are stating.

I think having healthy debate and discussion on an issue of which we may have a difference of opinion is a good thing. We should all be encouraged to do so. When it devolves into making accusations without the facts to back them up, it becomes toxic. It truly hurts all of us, it hurts our community and it impedes progress.

I appreciate your time.

2. **Call to Audience**

Acting Chair Jeff DiGregorio announced this was the time any member of the public was allowed to address the Rio Nuevo Multipurpose Facilities District Board on any issue except for items scheduled on this agenda. Speakers were limited to five-minute presentations.

Mr. Pete Simon, Worlds Masterminds/Presidents Club, spoke in regards to his vision of the Rio Nuevo Project.

3. **Consider (and, if appropriate, Approve) Minutes of April 8, 2010 Meeting**

A motion to approve the minutes of the special meeting on April 8, 2010 with changes was made by Board Member Alan Willenbrock, seconded by Board Member Carlotta Flores, and passed unanimously, 8-0. Board Member Victor Soltero arrived after the vote.

4. **Interim Executive Director's Report – Richard Miranda**

Interim Executive Director Richard Miranda indicated that there was no action taken on behalf of the Board.

Board Member Alan Willenbrock indicated that the financial statements suggest that Rio Nuevo will have paid approximately \$16 million for the construction and renovation of the Fox Theatre. Also, the District is carrying a loan to the Fox Theatre for \$7.5 million as a long-term asset. Does the District have any loan documents on that particular loan or a loan schedule or status of that loan?

Finance Director Kelly Gottschalk indicated that before she answered the questions, she wanted to be sure that the Board understood the Legislation that was passed that her position was no longer the Treasurer for the District or representing the District.

She suggested that a future agenda item be scheduled to address the Fox Theatre and also the Depot Garage so that detailed information could be presented to the Board.

Board Member Alan Willenbrock indicated that some have suggested to him that the quality of the \$7.5 million loan might be uncertain. He wanted to know when the last

payment was made on the loan and a determination of the quality of that loan and if an adjustment should be made regarding this asset.

Deputy Finance Director Silvia Amparano indicated that the Fox Theatre is owned by the Fox Foundation even though the District contributed to the renovation of the asset. The land is owned by the District but the building is owned by the Fox Foundation. The complicated issue resulted from the tax credit involved and that is why it is structured the way it is.

Board Member Alan Willenbrock asked about the Depot Garage. It appears to him that the Rio Nuevo MFD will pay close to \$16 million for the Depot Garage although he doesn't see it listed as an asset on the District's balance sheet.

Deputy Finance Director Silvia Amparano indicated there is a development agreement for that project. The agreement states that the City owns and operates the garage even though the District will build it. It is currently under construction and as soon as it is completed, it will be donated to the City.

Acting Chair Jeff DiGregorio will provide copies of the documents for the Fox Theatre and Depot Plaza to the Board. Board Member Carlotta Flores requested documents for the Rialto Theatre, as well.

5. **Status Report regarding Convention Center / Hotel Project – Greg Shelko**
This item was skipped as there was no new information to report since the last meeting of March 8, 2010.
6. **Consider (and, if appropriate, Approve) Procurement of Insurance Broker / Agent and/or Insurance Coverages**
Interim Executive Director Richard Miranda indicated that after last week's meeting, he spoke to the City's Procurement Department regarding the RFQ process, and they will give some suggestions.

Deputy Finance Director Silvia Amparano indicated that she did some research on what the Board can do and interestingly enough she found that the Tucson Supplemental Retirement System (TSRS) Board just recently procured D&O insurance, which they never had before. They used the broker that the City uses which is Mahoney Group, and amended the City's contract. This process is also available for the District to use to get D&O insurance. The Board can also do the RFQ process to request Broker services. It usually takes between 2-3 weeks to get the Broker in place and during that time, the type of insurance the Board needs can be determined. She has some examples of the scope of work for the Broker RFQ. She would like to have direction so that the Board can move forward.

Board Member Alberto Moore asked for a copy of the document that TSRS used for comparison.

Chair Jeff DiGregorio will send this information to the Board through email.

Board Member Mark Irvin indicated that his understand was that the Board wasn't going to choose a specific Broker for pricing on anything, instead that the Board would be going through the Request for Qualifications process, (no deference to the Mahoney Group, but this doesn't provide for the type of transparency that the Board needs).

Board Member Mark Irvin made a motion that the Board put out an RFQ and allow the Board to have input into the qualifications and then pick through the group and then have the Broker solicit firms for the Board. Seconded by Jodi Bain, passed unanimously 9-0.

7. **Informational Presentation with respect to District Legal Counsel**

At this point the Board went into Executive Session.

8. **Executive Session**

At 2:45 pm, a motion to hold an Executive Session was made by Board Member Jodi Bain, seconded by Board Member David Jones, approved unanimously.

At 6:50 pm, a motion to adjourn the Executive Session and reconvene the regular session was made by Board Member Dan Cavanagh, seconded by Board Member Alberto Moore, and approved 9-0.

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

Special Meeting on April 15, 2010 limited to consideration of legal counsel, with teleconference facilities to enable more board members to participate.

13. **Adjournment**

The meeting was adjourned at 7:00 pm.