

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

Wednesday, May 26, 2010

**Tucson Convention Center, Greenlee Room
260 South Church Avenue
Tucson, Arizona**

A meeting of the Board of Directors of the Rio Nuevo Multipurpose Facilities District was held on Wednesday, May 26, 2010 in the Tucson Convention Center, Greenlee Room, 260 South Church Avenue, Tucson, Arizona commencing at 2:00 pm.

1. Roll Call

The meeting was called to order at 2:04 pm.

Appointee		Present	Absent/ Excused
Jodi A. Bain, Member	Senate	x	
Dan Cavanagh, Member	Governor	x	
Jeff DiGregorio (Acting Chair)	Tucson		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	

2. Election of Acting Chair

A motion to appoint Board Member Mark Irvin as Acting Chair was made by Board Member Dan Cavanagh, seconded by Board Member Victor Soltero, passed unanimously 10-0.

3. Review and possible action with regard to the Minutes of May 13, 2010 and May 19, 2010.

A motion to approve the minutes of the special meeting on May 13, 2010 as presented was made by Board Member Victor Soltero, seconded by Board Member Anne-Marie Russell, and passed 9-1, with Board Member Jodi Bain abstaining.

A motion to approve the minutes of the special meeting on May 5, 2010 as amended was made by Board Member Dan Cavanagh, seconded by Board Member Carlotta Flores, and passed 9-1, with Board Member Jodi Bain abstaining.

4. Interim Executive Director's report – Richard Miranda.

Deputy Finance Director Silvia Amparano indicated that the disbursement reports for the COPs and the Bonds were sent to the Chair, Jeff DiGregorio. The COPs disbursement is for expenditures paid during April, 2010. This report is prepared on a monthly basis and sent to Wells Fargo, the Trustee, for reimbursement to the District for the expenditures. Wells Fargo holds the COPs proceeds and disburses them on a reimbursable basis. The Bond disbursement report is provided to Wells Fargo as information on how the proceeds were spent since the District holds the proceeds. These reports need an authorized signature; Mr. Miranda is authorized to sign as Interim Executive Director.

Board Counsel Keri Silvyn indicated that the disbursement was talked about a few weeks ago, and this is on the agenda just to let the Board know what is being done.

Interim Executive Director Richard Miranda indicated that there will be a joint meeting between the Rio Nuevo Multipurpose Facilities District and the Mayor and Council to be held on June 15, 2010 beginning a 12:00 pm to 2:00 pm to discuss the Convention Center Hotel Project.

Interim Executive Director Richard Miranda then discussed the Modern Street Car. He indicated that the City has been in intense meetings with the Regional Transportation Authority in terms of getting advanced funding for the project so that the rail can be purchased for the project and signing contracts for the coaches for the street cars. He is happy to report that the last Thursday that the IGA was ratified and that we now have the \$48.5 million so we can actually start the project. Procurement Director Mark Neihart is in discussion with them. We expect to have everything wrapped up over the next week or so. With ratification of the IGA this project will become a reality.

Acting Chair Mark Irvin indicated that the Joint meeting of June 15, 2010 will replace the normally scheduled meeting of June 16, 2010

5. Presentation/Discussion and possible action with regard to the proposed Tucson Convention Headquarters Hotel – Chris Sheafe, Board Chair, Tucson Airport Authority.

Mr. Chris Sheafe, Board Chair of the Tucson Airport Authority (TAA) indicated that the TAA believes that in order to make the whole downtown Convention Center Hotel work, the introduction of the possibility of another 500 room hotel next to the Headquarters Hotel would be necessary, so that we end up with a 1,000 room block. TAA knew from the start that if we didn't have at least 1,000 new rooms in the downtown area, we really have very little chance of making this whole convention center combination work. The TAA is supporting the idea of a convention center hotel in the downtown area.

After some discussion by the board, went to Item 6.

6. Discussion and possible action with regard to “Extraordinary Assumptions” cited in the HVS Report for the Convention Headquarters Hotel – Alan Willenbrock.

Board Member Alan Willenbrock spoke regarding a letter to Hector Martinez, Development Ombudsmen for the City of Tucson from HVS Convention, Sports & Entertainment Facilities Consulting on the subject of “Extraordinary Assumptions”. After some discussion by the Board, went to Item 7.

7. Discussion and possible action with regard to the Convention Center/Hotel Preliminary Plan of Finance – David Jones.

Board Member David Jones indicated that he was asked to facilitate a discussion on the preliminary plan. He indicated that because of the complexity of the Financial Plan, he suggested that Board Members send their questions electronically to the Chair, Jeff DiGregorio, and allow the questions to be discussed in a future public meeting. Some of the questions may address terminology, impacts, assessments; assumptions, calculations and numbers (you can make numbers do anything you want them to do, the question is how bad do you want to do something); long-term indebtedness. The idea is to get as clear a picture as you can. Everyone should look at it and if there are any questions, have them discussed. Let us spend the amount of time to really discuss this item.

He indicated that as the Board tries to get through the facts, trying to make decisions, there will be a lot of pressures from outside influences. His only advice is to not walk out on a plank at this point with your opinions. We do not have to say yea or nay. We can voice our opinions. Just give yourselves a fair opportunity to know all of the facts, analyze everything that has been presented to us. Give yourself a fair break, on the day that we have to take a vote on this subject, be certain that you are not standing out at the end of a plank because of what you have already told people and are now forced to make an uncomfortable decision. But in the integrity of this process, let us keep our minds open, let us raise the questions that are legitimate, let us be fact finders, and let us see what we can do.

Board Member Alan Willenbrock indicated that he strongly recommends that the Board engage an independent financial advisor through the RFQ process. Board Member David Jones indicated that he thought it was worthy of consideration. He suggested that Board Counsel look at what firms are out there, how much information they would need to receive from this report to be able to come back to us, what would the costs be, time elements to get back some clear vision, with a certain amount of accuracy, in what has been presented. He believes it would be worth the effort.

Board Counsel Keri Silvyn indicated that Shawn Dralle from RBC Capital Markets was in the audience and asked her to speak to the board. Shawn Dralle indicated that her firm has acted as financial advisor to the District for the two most recent financings for the 2008 Bonds and 2009 COPs. She is familiar with the financing plan from Piper Jaffray. She indicated that she could answer any questions, except that I’m not sure this is the proper forum at this point, with out you knowing who I am and me knowing at my specific roll is to talk about any of this. Obviously Mr. Willenbrock has opinions about the financial plan as it has been put together and I’m sure a lot of you do to. There is lots of history, definitions, policy and procedural issues. She indicated that she is available

for one on one conversation. Currently she does not have any role with the district or the City at the moment. She gave a history of her firm.

Board Member David Jones asked that she be available at a future meeting to discuss any questions that the Board has. Ms. Dralle indicated that she would.

8. Discussion and possible action with regard to Bond Counsel services for the District – Jodi Bain and Alan Willenbrock.

Board Member Jodi Bain indicated that there has been some discussion with the Board regarding the Bond Counsel contract and to maintain correct use of terminology, the Hotel operating agreement, and all of the various components that have to be within certain parameters to be tax exempt for potential bonding and bond financings. The District needs to obtain proper bond counsel that understands the nuances that go with this type of bond issuance if the project goes forward.

Board Member Alan Willenbrock indicated that typically a team is formed with an independent financial advisor and bond counsel, which charges a fee for service. They would work with Piper Jaffray, who would potentially be the lead underwriter. All consultants are generally compensated when bonds are sold.

Deputy Finance Director Silvia Amparano indicated that the State has a pool of Financial Advisors, who also charge a fee for services or contingent upon bond transaction.

Board Counsel Keri Silvyn indicated that she sent a letter explaining the Bond Counsel that Lewis and Roca has on staff in the event the Board wants Lewis and Roca's bond lawyers and hotel experts to be on that team. Lewis and Roca is comfortable taking one or two positions: You can hire Lewis and Roca as Bond Counsel, or if you want to hire a separate bond counsel, the roll we would take is as your general counsel. Lewis and Roca Bond lawyers would review all documents drafted by Bond Counsel to make sure that they meet our needs as a District. We are comfortable with either position. She indicated that she wants the Board to be comfortable with hiring an outside firm, but wanted them to know that they do have excellent and experienced bond counsel in-house.

Board Member David Jones indicated that he appreciated counsel position, but would like to look at all options, narrow it down and make a decision.

Board Member Jodi Bain indicated that she would like to support having an Arizona firm represent the Board.

Acting Chair Mark Irvin suggested that a list of firms who have this experience be gathered by Board Counsel and have them give a report to the Board.

**Let the record show that Board Member Anne-Marie Russell left the meeting at 3:50 pm.
Let the record show that Board Member David Jones left the meeting at 3:55 pm.**

- 9. Report on status and possible action related to various District projects, including but not limited to, Barrio San Augustin Improvements, Barrio Viejo Improvements, Cushing Street Bridge Improvements, Depot Plaza Public Improvements, Gadsen Development and Mission Gardens, Arizona Avenue electrical under-grounding - Jessie Sanders and Bob Gugino.**

Jessie Sanders gave a PowerPoint presentation to the Board regarding the Infrastructure Projects.

It was decided by the Board that due to the complexity of the information presented, that the item be tabled until a future agenda in late June 2010.

- 10. Report from Legal Counsel – Keri Silvyn and Bob Gugino.**

- i. Discussion and possible action regarding the process for District Board Elections.**

Board Counsel Keri Silvyn indicated that the Board needs to elect a Chair, Treasurer, and Secretary. She asked the Board to send nominations via email to her before the June 2, 2010 meeting for both the Chair and Secretary, but recommended that the Board hold on the Treasurer position until the Board decides on whether or not to hire an outside Bond Advisor, and have a more in depth decision on a later date.

- ii. Recommendation and possible action regarding next steps in District Executive Director search.**

Board Counsel Keri Silvyn suggested that this item be moved to the next agenda, due to the previous discussion of possibly hiring an outside contractor or an employee. She indicated that the Board would need to go through the RFQ process if the Board is planning to hire an outside firm as a contractor, but not if they are hiring an individual or a company as an employee.

- iii. Report and possible action on projects for which there are still funds from the 2008 bonds.**

Board Counsel Bob Gugino indicated that he would bring a list of the projects for the next meeting.

- iv. Report and possible action regarding status of ongoing and potential new contract awards related to projects funded and/or owned by the District, including but not limited to the Rialto Theatre and Depot Plaza.**

Board Counsel Bob Gugino indicated that the Duplex, owned by the City behind the Presidio project, probably does not have any insurance on it. He suggests that he get in touch with David Lovitt, and see if the Board can bind a policy on it.

Acting Chair Mark Irvin indicated that basically the property has no value, but is concerned is one of liability.

Item 10 iv. was taken out of order.

vi. Report and possible action on negotiations of City of Tucson IGA.

Board Counsel Keri Silvyn indicated that she and Bob Gugino have met with City staff and they have seen a very rough draft of the IGA that outlines the items to be in the IGA. She is expecting to get a revised IGA from the City Attorney in the next week or two, and when she gets it, she will bring that to the Board for their discussion. The Board will discuss specific items to be in the IGA in an Executive Session. We will also try to pull into the IGA the resolution of the Depot Garage, the Arena, and the \$1.7 million, since those items are outstanding.

She indicated that a final IGA needs to be in place by the end of June 2010, and both the City and Lewis and Roca are working on accomplishing that.

Board Member Carlotta Flores suggested that a public meeting or town hall be held to allow the public to express their views, whether positive or negative, to the Board. This way the Board can not be accused of not listening to the public. Then no matter what decision is made, the public had an opportunity to express their views.

Acting Chair Mark Irvin indicated that he would discuss having a town hall or Public meeting with Chair Jeff DiGregorio and have one scheduled in the evening sometime soon.

v. Report and possible action on the public records request for the Tucson Origins video from Journal Broadcast Group/KGUN 9.

Board Counsel Keri Silvyn indicated that KGUN 9 submitted a public records request for the Tucson Origins film. The film is still in rough draft format, and we got a fine draft, and one more draft is being done before it will be made public. The issue this is being worked on is it is not clear at this point who owns the Copyright on the film. There is document that indicates that Hillman and Carr owns the Copyright, but it references an unsigned agreement that indicates the District owns the Copyright. Hillman and Carr believes that the intention was to have the District own the Copyright. Lewis and Roca will work with Hillmann and Carr to resolve the copyright issues..

Item 12 was taken out of order.

12. Call to Audience

Mr. Mikki Niemi addressed the Board regarding the Rio Nuevo Budget. He asked that the Board wait until after the Audit to make their decision.

Mr. Dick Basye, Vice President of Pima Association of Taxpayers, addressed the Board regarding the Hotel costs vs. ‘amenities’, and does not support the Hotel project.

11. Executive Session

A motion to go into Executive Session was made by Board Member David Moore, seconded by Board Member Alberto Moore, approved 8-0.

- i. Public records request for the Tucson Origins video from Journal Broadcast Group/KGUN 9.**
- ii. Negotiations with City of Tucson on IGA.**

A motion to come out of Executive Session and to direct District Attorney and Board Chair to act as directed in Executive Session with respect to the public records request was made by Alberto Moore, seconded by Dan Cavanagh, approved unanimously

13. Future Meeting Dates and Agenda Items

A discussion occurred about scheduling a time to permit presentations about the hotel as part of a separate meeting/agenda. A further discussion was held on possibly holding a “Study Session” or “Town Hall Meeting” on the Hotel Project. No action was taken.

A motion to adjourn was made by Jodi Bain and seconded by Alberto Moore. The Board unanimously passed the motion.

Next scheduled meeting will be June 2, 2010, 2:00 pm.

14. Adjournment

Meeting was adjourned at 5:22 pm

NOTE: It is the intent of these meeting minutes to get the general meaning of the discussion, summarize what happened, and record official actions. The minutes are not intended to be a verbatim transcription of all that was said. Audio files of the meetings are available for review at City Hall, Finance Department, 255 West Alameda, 5th Floor West.