

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

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**Wednesday, June 2, 2010**

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**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, June 2, 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 2:10 pm.

	<b>Appointee</b>	<b>Present</b>	<b>Absent/ Excused</b>
Jodi A. Bain, Member	Senate	x	
Dan Cavanagh, Member	Governor	x (left at 3:14 pm)	
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. Review and possible action with regarding to the Minutes of May 26, 2010.**

Approval of the May 26, 2010 minutes has been delayed until the meeting of June 9, 2010.

**3. Interim Executive Directors Report – Richard Miranda**

**i. Presentation and discussion of 2011 budget.**

Interim Executive Director Richard Miranda indicated that at the Mayor and Council Agenda Meeting, the decision was made that the joint meeting between the Mayor and Council and the Rio Nuevo Multipurpose Facilities District Board would not take

place. Mr. Miranda indicated that in lieu of that it was approved that at the June 8<sup>th</sup> meeting the Mayor and Council would decide on critical dates for some important issues that need to be decided on, specifically the finance plan on the hotel and the IGA with the Rio Nuevo District. At a subsequent meeting possibly on June 15<sup>th</sup>, the Mayor and Council would make those decisions. After the June 8<sup>th</sup> meeting those dates will be presented to the Rio Nuevo Board for their decision on what they want to do in regards to the Mayor and Council decision. And then after the June 15<sup>th</sup> meeting, the decisions with regard to the Hotel and the IGA will be presented to the Rio Nuevo Board.

Board Member Scott Egan asked if the Mayor and Council was going to make a decision on the Hotel without meeting first with the Rio Nuevo Board. Mr. Miranda said yes.

Board Member Alan Willenbrock asked if there was a specific reason for the Mayor and Council not having the joint meeting. Mr. Miranda indicated the Mayor and Council did not specify a reason other than they felt there needed to be specific discussion within the Mayor and Council on both decisions. Mr. Willenbrock asked if Mr. Miranda had a recommendation on the best way to provide thoughts and information to the Mayor and Council. Mr. Miranda suggested that they could do it two ways; one, that those recommendations be communicated through the Rio Nuevo minutes of this meeting and be carried forward to Mayor and Council; two, the Rio Nuevo Board may want to provide written communication to the Mayor and Council through him or the Board's legal counsel. Normally the Mr. Miranda informs the Mayor and Council at their meetings of information and decisions that the Rio Nuevo Board wants to convey to them, but if the Rio Nuevo Board wishes a more formal process, he would recommend it be put in writing. Mr. Willenbrock asked if the Board Members could speak during the call to the audience at a Mayor and Council Meeting, Mr. Egan indicated that anyone of the Board members could speak at the call to the audience at anytime.

Board Member David Jones asked whether or not any comments or position have been taken in regards to the Mayor and Council's backstop for the financing of the Hotel. Mr. Miranda indicated there were comments on this issue. Mr. Jones asked if, in his opinion, that they were aware that this would be asked of them. Mr. Miranda said yes.

Board Counsel Keri Silvyn indicated that the initial reason for the joint meeting was to have the information be presented to both the Rio Nuevo Board and the Mayor and Council at the same time, but the information from the HVS, CS&L and the Financial Plan was given to the Rio Nuevo Board at an all day study session, and the Mayor and Council also received the information. She indicated that there is no longer the necessity for a joint meeting since decisions need to be made separately by the Mayor and Council and the Rio Nuevo Board regarding the financial capital plan using the information that has already been given. So the purpose of the joint meeting has been

met. Ms. Silvyn indicated that if there is information that the Board wishes to convey to the Mayor and Council, there is a standing item on each Mayor and Council Study Session for Rio Nuevo updates or something could be presented to the Mayor and Council in writing at any Mayor and Council meeting.

Board Member David Jones indicated that the only problem he has is that if a member of Rio Nuevo Board speaks during the Mayor and Council's Call to the Audience, that the Board Member be sure that they indicate they are speaking on their own behalf and not for the entire Board, except if a formal position has been reached by the Rio Nuevo Board on a particular issue that should be conveyed to the Mayor and Council.

Acting Chair Jeff DiGregorio indicated that he agreed with Mr. Jones that no Member of the Board should go before the Mayor and Council and cast a vote on a particular issue until a formal vote by the Rio Nuevo Board has been made. Each member should make it clear they are speaking individually and not on behalf of the Board.

Board Member David Jones made a motion, seconded by Board Member Alberto Moore, that by consensus of the Board and Board action to indicate to the Board Members that any public expressions regarding Rio Nuevo needs to be supported by an action of the Board of Directors.

Board Member Scott Egan made a substitute motion, seconded by Board Member Alberto Moore, that by consensus of the Board they agree that any individual speaking regarding the Rio Nuevo Board, should distinguish the fact they are speaking for themselves and not the Board. Motion passed 8-0.

Board Member David Jones indicated that this motion was not meant to stifle anything a member of the Board has to say, but he thinks it is better if we do not send a message that we have already formulated an opinion.

Chair DiGregorio indicated that it is common practice that you do not appear to represent the will of the Board on an issue, when a formal vote has not been made to communicate that message.

Interim Executive Director Richard Miranda indicated that part 2 of the presentation would be done by Finance Director Kelly Gottschalk.

Ms. Gottschalk indicated that she would be speaking on the 2011 Budget. We are waiting on Board direction on how you want our help, if at all, in preparing the budget. When we met with the Board during the first and second meetings, when the Rio Nuevo Finance Presentation was given, staff made an effort to prepare our best estimate at that time of where we thought your budget ending in Fiscal Year 2010 and possibly 2011 might be. Since then some things have changed: We now know the cost of the Audit, your legal team has changed, and Mr. Willenbrock has done some

additional work. We are happy to sit down with who ever you would like, whether it be someone from a subcommittee, or an individual, and we have been in communication with Mr. Gugino on budget related matters. Your budget is due by the end of the month.

Board Counsel Keri Silvyn indicated that she and Mr. Gugino have been in contact with the City and have asked for two budgets to be prepared for them to take a look at; one using the \$1.7 million payment to the City, and another assuming that the payment is not made. She indicated that Finance Manager, Stacie Bird, has been working on that.

Board Counsel Bob Gugino asked Stacie Bird if there were any questions she had or input on what she could or could not prepare. Ms. Bird indicated that she prepared a Cash Flow that shows the Board the ending cash balance, one with the payment and one without the payment.

Board Counsel Bob Gugino indicated that he wanted to be sure that the Board has all of the information they need prior to adoption of the Budget by June 30<sup>th</sup>. We wanted to give the Board the time to review the information as soon as possible. We are asking Stacie to show you the financial status of the Board, both with the \$1.7 million paid and one without the \$1.7 million paid. We are also looking for a statement of anticipated revenues, TIF revenues, rent revenues from the TCC, and what the expenses are, and debt service payments are. If there is anything else that you need from Stacie that you feel is necessary to be able to look at and make a decision on the budget, this is the opportunity to ask the City for that information.

Board Member Scott Egan asked some specifics regarding the Principal and Interest of the Debt Service. He asked where the \$4.525 million comes from.

Kelly Gottschalk indicated that those are from prior TIF collections, this is your estimated cash balance. As we indicated in our presentation that we did early on, these TIF revenues were projected on a very conservative basis with the hopes that whoever your Treasurer would be, would be willing to take a look at those and put them at a level that you felt are most comfortable with, but we put them at a level that we thought is basically be worst case, just to show you where you might be. She also indicated that the \$1 million amount that you see coming in, in 2013 and the \$8 million in 2025, that is not a balloon payment, those are Debt Service reserve funds that were set aside when the bonds were issued. That money is currently with the trustee.

Mr. Egan asked again regarding the balloon payment of \$14.6 million due in 2025, where does the funds come from. Ms. Gottschalk indicated that it is not a balloon payment, of that \$14.6, the \$8 million is already sitting with the trustee in a Reserve, so your debt service only has an \$8.6 million balance, so basically you would take the \$8 million off of the final payment, it does not increase. That is typically the way that

a bond transaction work; you finance and set aside one year of debt service and your last debt payment is paid with that debt service reserve fund.

Board Member Alberto Moore asked what the interest rate was and if the interest went into the Rio Nuevo account. Mr. Gottschalk indicated that she would let the Board know the interest rate, and she said that the interest did go into the Rio Nuevo account. Board Member David Jones asked if Ms. Gottschalk could bring that information back to the board at the next meeting.

Board Member Alan Willenbrock asked if a third budget could be presented with the proposed Hotel Project, if approved. Ms. Gottschalk indicated that she would need to build capacity into that budget, which would only include the financing transactions at that point, there would be no expenditures, just pricing for the bonds. Board Member Jodi Bain asked if the Board could be provided a spreadsheet with that information, so they could see what it would look like. Ms. Gottschalk indicated she would provide it to the Board.

Board Member David Jones request that a small committee be formed to work with the City to gather information to bring back to the board. Mr. Jones asked if Ms. Gottschalk would be presenting a line item budget, which may reveal any trends. Ms. Gottschalk indicated that she will develop a trend analysis, which will show that the majority of the funds have been spent on projects.

Board Legal Counsel Gugino asked the Board to get any other items they would like to see to him, and he would provide that information to Stacie Bird.

Mr. Egan indicated that he would like to see where the \$4.5 million came from. Ms. Gottschalk indicated that the \$4.5 million is fund balance accumulation from the TIF revenues over the past years, and other payments that have not been expended to date. So it will not be going negative, it is money that is sitting in a fund balance. Mr. Jones asked if those funds have been encumbered. Ms. Gottschalk indicated that they were not. Board Member Jodi Bain asked if they were from the 2008 bond funds. Ms. Gottschalk indicated they were not bond proceeds, they are TIF revenues. They were also from the lease payment from the TCC lease and some minor leases, and a small amount of interest. Board Member Jodi Bain asked what the funds have been spent for in the past. Ms. Gottschalk indicated that the expenditure were for things that Bonds where not used for, like operating expenses, you have actually spent less than you have accumulated. Bond proceeds are separate.

Board Member Alan Willenbrock ask about the lease payments from the Rialto Theatre, the outstanding loan from the Fox Theatre, and what is the likelihood that those revenues will be collected. Ms. Gottschalk indicated that those items would be looked into and she would get back to the Board.

Board Member Mark Irvin asked how the Depot Garage would be handled in the budget discussion. Board Counsel Gugino indicated that this issue is being discussed with the City Attorney Mike Rankin on projections of the income and expenses from the Depot Garage. We have asked that an agreement be worked out between the District and the City as to the ownership and the income generated. The District has approximately \$14 million in that project. So we are looking at what will happen to the income that flows from that project. Board Counsel believes this is something that needs to be agreed upon prior to when the IGA is finalized.

Board Counsel Gugino indicated that in the near future, Stacie Bird will have some preliminary numbers, projected budgets to distribute to the Board, as an agenda item on next week's meeting.

Ms. Gottschalk indicated that there are 13 ongoing capital projects that Rio Nuevo is spending their money on right now with Bond proceeds that you will want to consider during the budget process. Board Member Mark Irvin asked that a presentation on each of those projects be presented to the Board.

Bond Counsel Gugino indicated that there are balances that have not yet been committed in a number of those projects, so the Board may want to consider whether they want committed during Fiscal Year 2011.

Board Member Alberto Moore indicated that he would like to suggest that Board Members David Jones and Alan Willenbrock to be selected to gather information and bring it back to the Board. They both agreed they would be willing to do this. No action was required.

Board Counsel Keri Silvyn cautioned Mr. Jones and Mr. Willenbrock that it is important that they are only gathering information to bring back to the Board, not having a meeting to discuss the information. If they meet they would be violating the Open Meeting Law. They indicated that they would only be sharing information through email to be sure that duplicate information is not being gathered.

**Item 10 i was taken out of order.**

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

**i. Discussion and possible action on Rialto Theatre lease agreement – Bob Gugino**

Board Counsel Bob Gugino indicated that two or three weeks ago, he provided the preliminary IGA and Operating Agreement for the Rialto Theatre. Part of that agreement provides certain rent abatements that can be granted to the Foundation which would reduce or eliminate the obligation to pay monetary rent. There has not been any action since October 2008. There were some requests submitted by the Foundation for rent abatements. Some improvements have been made to the adjoining building that is referred to as the "Greenroom", and there were questions

whether those improvements were allowed under the lease. As a result, not much action has occurred. What Mr. Gugino is proposing is that Section 70 of the lease provides that the Foundation can apply for these rent abatements and the City Manager or his designee has the authority to approve the requests. He suggests that the Board ask that the City Manager to have this Board be the designee to tackle that issue.

Board Counsel Gugino indicated that three representatives were in attendance, Doug Biggers, Executive Director of the Rialto Theatre, Michael Crawford, President of the Rialto Foundation, and Mike McGrath, the Rialto Foundation Attorney, who wish to be in the meeting with the City Manager's designee to discuss this issue.

Deputy Finance Director Silvia Amparano indicated that she delivered to Mr. Gugino regarding the Rialto Theatre Capital Expenditures that need to be reviewed. She mentioned that there has been a disagreement on whether the City has been accounting for it correctly, and has asked the City Attorney's Office to review the IGA to be sure Finance is interpreting it correctly in relation to the commencement date of the lease. The City needs clarification to see if prior accounting was correct. She asked if the Board wishes the Finance Department to look at those capital expenditures and give recommendations on whether they should be allowed as legitimate capital expenditures.

Board Counsel Gugino indicated that there is an issue when the Foundation was entitled to receive abatement and the rent commencement date vs. lease commencement date. There is correspondence that needs to be resolved in that there is approximately \$30,000 due in rent for the Rialto. If the abatement are entitled to occur at an earlier time, then the \$30,000 amount due would not be there.

Board Member Mr. Jones indicated that since the City is already working on this issue, it would be appropriate that someone from the Board liaison with the City and have them report back to the Board. Mr. Gugino indicated that there has been no correspondence on this matter since October 2008, until yesterday when Mr. Biggers brought up the issue due to an item being on today's agenda.

Board Member Mark Irvin asked when the last rental payment was made. Mr. Gugino indicated it was probably 2005, due to a disagreement on an issue on when abatements accrued, when they could start receiving abatements. The Foundation believed that it was entitled to abatements for rent for improvements that had been conducted after it paid the 5th months rent. They started payment rent in May of 2005 and 5 months thereafter. The City felt that the Foundation was not entitled to that rent abatement until they had paid rent for 12 months, so there is an issue on when rent started, which was 7 months after the lease actually commenced. While the City booked it one way, the foundation has a different interpretation. Board Member Jodi Bain asked what the terms of the lease were. Mr. Gugino indicated the lease is for 45 years.

Mr. Doug Biggers indicated that the timing issue came up in 2006, when Karen Thoreson was the liaison from the City, and Karen Leone, who was the liaison from Rio Nuevo. They both are no longer with the City. The Foundation thought it had been solved four years ago. He indicated that the abatement goes on for the first 10 years. The abatement could go on for the term of the lease, and is based on capital expenditures. Mr. Biggers indicated that the rent is \$3,690 per month and 3% of our annual gross revenues, therefore for this Fiscal Year the rent would be around \$104,000. The Foundation said that it makes more sense given the tremendous needs of the building, that the acceleration of those improvements probably makes more sense to use the revenues for that, rather than writing a check for the rent.

Board Member Mr. Jones asked if the Foundation is capable of submitting documentation that supports the investment in the building; therefore we would look at those dollars and if the language is parallel to what Counsel has said then you believe that your abatement is assumed. Mr. Biggers indicated that this is correct.

Mr. Biggers indicated that there could be some refinement on how the Foundation communicates with the new Board and Counsel. Perhaps at the beginning of each fiscal year, looking at issues the Foundation has identified, discuss those formally or informally with the Board, to possibly get pre-approval.

Mr. Biggers gave two examples of expenditures that were made last fiscal year; \$100,000 expenditure for state-of-the-art theatrical lighting improvements, and also a new sound system, both of which were capitalized. Since Karen Leone left the Rialto Board, there has been no communication with the City or the District. Mr. Jones asked if Karen Leone, who was a City employee and a member of the Rialto Board, was involved in the negotiation of the lease agreement. Mr. Biggers indicated that she was not, as the lease was negotiation in the spring of 2004, and the City and the District entered into the IGA around September 2004, and the Foundation opened the Theatre in April of 2005, after initial improvements.

Counsel Mr. Gugino indicated that the underlying problem is what improvements the Rialto Foundation are entitled to use as abatements. The issue was that there were a stack of invoices given to the City for improvements to the Theatre and also the Greenroom, and the City needs to determine how the improvements to the Greenroom were to be treated.

Mr. Mike Crawford indicated that when the issue of the expenditures for the Greenroom building came up, the Foundation was told by Jaret Barr, a representative from the City Manager's Office, that it was okay that they were going to count towards the abatement. Mr. Jones asked if this was in writing, Mr. Crawford indicated it was not, and indicated that if those expenditures were not appropriate the Foundation is willing to what they need to do. Mr. Crawford indicated that the issue was put on hold because there was no Rio Nuevo Board meeting at the time, because



the four member board was waiting on a decision by the Legislature. So basically, the Foundation was waiting to hear back from the Board with their decision on whether they counted or not. Mr. Crawford invited the Board to come down to the Theatre to see for themselves the amount of work that has been done since the Foundation took over.

Board Member Mark Irvin stated that he understood that the Foundation paid rent for five months in 2005, and since then they have been using the abatement provisions by doing capital expenditures to the building, the District has not received any rent payments since 2005, and the Foundation is allowed to do that for a period of 10 years. He asked Mr. Crawford if this is correct. Mr. Irvin asked that after 2015, what has not been spent goes to the wayside. Mr. Crawford indicated that this was also correct. Mr. Irvin asked if the Foundation believes they have enough carry-forward, so that there will not be any rent paid until 2015. Mr. Crawford indicated that the Foundation's goal is to invest the money as quickly as they can make it.

A motion that the Board ask the City Manager name this Board as the designee to determine the issue of abatement for the purpose of our contract was made by Board Member Dan Cavanagh, seconded by Board Member Scott Egan.

Mr. Jones asked Silvia Amparano if the packet she received had everything she needed to create a spreadsheet. Ms. Amparano indicated that she just received earlier today and has not had an opportunity to review it, but she wanted to get clarification on whether the City is accounting for the first 12 months correctly. In communication with Mr. Biggers, he has indicated there are some very large capital expenditures, so she need to be sure there will be enough abatement credit to carry-forward for this fiscal year. She has not had opportunity to see what the timing is for some of the expenditures, there may be more to account for in this fiscal year.

Board Member Jodi Bain ask that the Board be able to review the spreadsheet after it is prepared to see what the credit might be carry forwarded. Ms. Amparano indicated that some of the invoice that were submitted earlier need to be reviewed to see which expenditures count towards carry forward for the following year.

Board Member Jodi Bain asked if the Board will be involved in the decision as to what counts or not for abatement. Board Counsel Gugino suggested that a recommendation to have that discussion is made.

Mr. Cavanagh restated the motion. That the Board ask the City Manager to designate this Board as the designee to determine the issue of abatement for the purpose on the contract on the Rialto Theatre, seconded by Board Member Scott Egan. Motion passed 8-0.

**Let the minutes show that Dan Cavanagh left the meeting at 3:14 pm.**

**4. Presentation/Discussion and possible action with regard to the proposed Tucson Convention Headquarters Hotel – representative(s) from the Tucson Convention Center Commission and Mr. Bob McMahon.**

Acting Chair Jeff DiGregorio indicated that several of the Board members had asked to hear from the Tucson Convention Center Commission (TCCC). Mr. DiGregorio indicated that some of the Board members did not know that there was a TCCC commission, therefore, asked Michael Crawford, Chair of the Tucson Convention Center Commission to address the Board regarding the functions of the TCCC. Mr. Crawford indicated that he was speaking for himself and not for the commission. After some discussion he indicated that he believed the Board needs to approved the building of a downtown hotel

Board Member Alan Willenbrock introduced Bob McMahon, *Chairman and CEO*, formed Metro Restaurants, Inc. He indicated that he was against building a hotel in the downtown area, and wasn't interested in opening a restaurant in the downtown area.

After some discussion the Board went to Item 8.

**Item 8 was moved out of order.**

**8. Discussion and possible action with regard to Origins Film – Jeff DiGregorio.**

Acting Chair Jeff DiGregorio indicated that the final product of Origins Film should be coming out in July 2010, and it will be an amazing community asset. After the copyright ownership issues are worked out and we know where and when we can release it, we will have many opportunities to share this film with the community; During the week long celebration of Tucson's Birthday event in August, Crossroad Theater, Fox Theatre, Second Saturday's Downtown, Saturday Nights at the Desert Museum, etc.

Board Counsel Keri Silvyn gave an updated regarding the copyright issues; Burnswald Hopkins and Hillman and Carr said the copyright belongs to the District. The paperwork has been reworked to reflect the District's ownership, and should be ready in the next couple of weeks. She indicated that she has been contacted by Friends of Tucson's Birthplace 501-(c)(3), who wishes to help raise funds to finish original the Mission Gardens that the film was created for. Anyone from the Board, who wants to be part of those discussions, is to let Keri know.

**Item 10 ii was taken out of order.**

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

**ii. Discussion and possible action on properties titled to City with possible intended transfer to District – Bob Gugino**

Board Counsel Bob Gugino distributed a map of the Mission Gardens area conceptual plan. He indicated that there was a discussion last week regarding the Mission

Gardens project and the IGA between the City, County and the District, and the proposed IGA.

Mr Gugino referred to a map that he distributed to the Board entitled Westside. He spoke regarding the area HP6, and indicated that it was for the parking garage and is also known as the "hole in the ground", 351 South Brickyard Lane. Rio Nuevo District funds were used to purchase the property and to allow the business located on the property to be relocated to another location, and the plan was to deed the property to the District. He would like to have direction from the Board to go forward with discussion with the City to have the title of that property be transferred to the District. Action Chair Jeff DiGregorio asked if the Board gives their consensus to have Mr. Gugino to go forward with asking the City to transfer the titles for the Mission Gardens property; the Presidio property to be titled with an IGA between the City of Tucson and the District for the operations of that site; and the Depot Garage to be deeded to the District. The Board gave their consensus to go forward with the investigation of three projects.

**Item No. 7 was taken out of order.**

**7. Discussion and possible action with regard to Treasurer/Financial Advisor services for the District – Jeff DiGregorio**

Board Counsel Keri Silvyn indicated there have been questions regarding Treasurer/financial advisor and how this works with the Board. She mentioned the IGA regarding the Treasurer position is being amended to what the duties will be. She suggests that there be two separate positions, one as Treasurer and the other as financial advisor. The Treasurer role would be to understand the financials, and the financial advisor would be counsel for future bond sales. The two positions would act as a team. Ms. Silvyn suggested that the Board elect a Treasurer from the Board Members and that the Board also hire a local accounting firm to assist the Treasurer or be the Treasurer for the Board.

Ms. Silvyn indicated that the Treasurer position (if an accounting firm is hired) would be funded through the Operating Budget, but the financial advisor would be paid out of bond proceeds, if no bonds are sold, no fees are paid. The financial advisor could give advice on the 2008 bond and the future 2011 bonds. Deputy Finance Director, Silvia Amparano, indicated that there is a Trustee in place. The District does not receive the State TIF funds directly; they go to the Trustee Wells Fargo to be sure that there are funds to pay the debt service. The District may want to appoint someone to be the liaison between the District and the Trustee, so if there are not enough TIF revenues for the payment, the District would need to make a wire transfer to make up the difference, if more is received, then the District receives the funds. She indicated that bond counsel can also fill this role.

Ms. Silvyn indicated that she provided a list to the Board of financial advisor services and bond counsel that have gone through the procurement process through the State of

Arizona. There is also a list of accounting firms that have gone through the City procurement process that the District may be able to utilize. Ms. Amparano indicated that staff can provide a list of the financial advisors that were not chosen to provide City services to the City for their Financial Advisor services.

After discussion by the Board, a motion to nominate Board Member Alan Willenbrock to serve as Treasurer of the Rio Nuevo Multipurpose Facilities District for calendar year of 2010, subject to his firm's approval was made by Board Member David Jones, seconded by Mark Irvin.

After discussion by the Board, Mark Irvin modified the motion to also include starting the process of seeking an independent financial group, and start the procurement issue and also start discussion with the City to see what it would like to have them involved as well, motion passed 8-0.

Board Member Alan Willenbrock wanted to disclose that he has worked with several of the firms listed to be interviewed. He also believes it is important to have an independent financial advisor. He would like to have two or three interested firms contacted to see if they are interested in coming in to present their interest in working with the Board.

Acting Chair indicated he would try to schedule the Financial Advisor presentation to the June 9<sup>th</sup> meeting.

**5. Discussion and possible action with regard to the Convention Center/Hotel Preliminary Plan of Finance – Jeff DiGregorio.**

Acting Chair Jeff DiGregorio indicated that he would gather the questions from the Board regarding the Plan of Finance and forward them to Piper Jaffray, Inc. to be discussed at the next Board meeting.

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

Board Member Jodi Bain indicated that she contacted seven firms, and received information back from Lewis & Roca, Fimbres Chares???, awaiting information from other firms. She indicated that depending on the responses that she receives, the Board may wish to interview them, or just select a firm they believe meets the criteria.

**9. Election of Chair and Secretary of the District – Keri Silvyn.**

Acting Chair Jeff DiGregorio indicated that he is honored to have served as the Board's Acting Chair for the last 3 months, meeting weekly, and he appreciate the opportunity to serve. He indicated that he saw his role as a bridge between the previous board and the current board, and as the facilitator of knowledge.

Board Counsel Keri Silvyn indicated that Board Member Carlotta Flores, who was not able to attend, wanted to express her thanks to Mr. DiGregorio for getting everyone up to speed.

Ms. Silvyn indicated that nominations were accepted for Chair and Secretary, and also a Vice Chair to take over when the Chair is not available.

The three nominations for Chair are: Jodi Bain, Mark Irvin, and Alan Willenbrock. Mr. Willenbrock respectfully removed his name from the nomination list, since he has now been appointed as Treasurer. The nomination for Secretary is Alberto Moore. There were no other nominations received.

After ballots were collected, the Board elected the Chair as Jodi Bain, Vice Chair Mark Irvin, and the Secretary as Alberto Moore. Alan Willenbrock's appointment is contingent upon approval by his firm.

**Item No. 12 was moved out of order.**

**12. Call to the Audience**

*(Presentations are limited to 3 minutes per speaker and a maximum of 30 minutes per meeting).*

Ann Charles, aid to Councilperson Steve Kozachik addressed the Board indicated that at the Mayor and Council meeting it was decided by the Mayor and Council not to have the joint meeting with the Rio Nuevo Board, and that Mr. Kozachik was adamantly apposed to that decision. She distributed a memo from Mr. Kozachik indicating why he believes it is important to have a joint meeting.

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

Next scheduled meeting will be:

June 9<sup>th</sup> at 2:00 pm

June 17<sup>th</sup> at 2:00 pm

June 23, to be determined

June 30, to be determined.

Future Items:

DM Lovett payment

Reimbursement for David Jones mileage reimbursement

Auditor General, Crowe Horwath

Bond Counsel

IGA with City of Tucson

Rio Nuevo Budget

**11. Executive Session**

A motion to go into Executive Session was made by Chair Jodi Bain, seconded by Board Member Alberto Moore, approved 7-0.

**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 was made by Board Member Mark Irvin, seconded by Board Member Jeff DiGregorio, approved 6-0.

A motion was made to direct legal counsel to negotiate with the City of Tucson on the IGA as directed in Executive Session and also to explore placing liens on properties where the District invested Rio Nuevo funds was made by Board Member Mark Irvin, seconded Board Member Jeff DiGregorio, passed 6-0.

A motion to remove the April 8th tabled motion from the table that the Treasurer was to make no further payments to the City of Tucson from the District until further directed by the Board was made by Board Member Mark Irvin, seconded by Board Member Alberto Moore, passed 6-0.

A motion to amend that April 8th motion as follows: The City is to make no further payments of the \$1.7 million to the City of Tucson from the District fund subject to a negotiated settlement of this issue within the IGA or until further directed by the Rio Nuevo Board was made by Board Member Mark Irvin, seconded by Board Member Alberto Moore, passed 6-0.

**14. Adjournment.**

The Rio Nuevo Board formally adjourned the meeting after the executive session at 6:25 p.m.

*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, 5<sup>th</sup> Floor West.*