

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

Thursday, September 2, 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 Thursday, September 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 2:15 pm.

	Appointee	Present	Absent/ Excused
Jodi A. Bain, Chair	Senate	x	
Dan Cavanagh, Member	Governor	x	
Jeff DiGregorio, Member	Tucson	x (left at 3:35 pm)	
Scott Egan, Member	House	x	
Carlotta Flores, Member	Governor	x	
Rick Grinnell, Member	Senate	x	
Mark Irvin, Vice Chair	House	x	
David N. Jones, Member	Governor	x (via phone, left 3:25 pm)	
Alberto Moore, Secretary	Governor	x	
Anne-Marie Russell, Member	Tucson	x (left at 3:25 pm)	
Victor Soltero, Member	South Tucson	x	

2. Presentation from Mr. Humberto Lopez regarding a complimentary project.

Mr. Ted Hinderaker from Hinderaker and Rauh, P.L.C., accompanied by Humberto Lopez, owner of the Arizona Hotel, and Leo Valdez presented a complimentary project to the current TCC Headquarters Hotel. His presentation covered the possibility of renovating the existing Arizona Hotel using a Public/Private partnership. The renovated hotel would provide rooms in addition to those proposed by TCC Headquarters Hotel.

3. Review and possible action with regard to the Minutes of July 28, 2010 and August 11, 2010

A motion to approve the minutes for July 28, 2010 was made by Board Member Jeff DiGregorio, seconded by Board Member Scott Egan. The motion passed 9-1 with Board Member Dan Cavanagh voting no, and Board Member Anne-Marie Russell abstaining.

Chair Jodi Bain indicated that the verbatim transcript of the GMP discussion would be added after further review.

A motion to approve the minutes for August 11, 2010 was made by Vice Chair Mark Irvin, seconded by Board Member Rick Grinnell. The motion passed 9-0 with Board Members Dan Cavanagh and Anne-Marie Russell abstaining.

4. Update regarding proposed hotel, garage, TCC project matters and negotiation team progress – John Sundt and Steve Moffett

John Sundt indicated that last week he and Mel Cohen with Mesch, Clark & Rothschild, P.C., traveled to Phoenix to meet with Turner/Sundt on construction costs, general requirements, the GMP, staffing, and other information. Additionally, yesterday, Mr. Sundt met with the City of Phoenix to discuss their downtown hotel development and their process. Chair Jodi Bain, Mark Irvin, and David Jones also attended. At the same time Mel Cohen had a second meeting with Turner/Sundt. Mel Cohen has scheduled another meeting in Tucson with Turner/Sundt for September 3, at 10:00 am.

Steve Moffett from Garfield Traub indicated that he was approached with an alternate financing mechanism by an Investment Broker. He indicated that he met with Chair Jodi Bain, Vice-Chair Mark Irvin, and Board Member Alberto Moore earlier in the week to discuss this information.

Steve Moffett then introduced Robert Swerdling, Managing Director of Swerdling and Associates who discussed with the Board general thoughts on the possible alternative financing mechanism. Mr. Moffett indicated that he and Mr. Swerdling met with City Manager Mike Letcher and City staff to discuss this alternative financing as well.

**Let the minutes show that Board Member Anne-Marie Russell left the meeting at 3:25 pm.
Let the minutes show that David Jones ended his presence via phone at 3:25 pm.
Let the minutes show that Board Member Jeff DiGregorio left the meeting at 3:35 pm.**

5. Status report on east entrance based closeout activities – Steve Moffett

John Sundt indicated that he and Board Member Alberto Moore were tasked with looking at the concrete flooring issue and the out of plumb column. Options for correcting these issues are being investigated. The concrete flooring is to be reviewed by Alberto Moore and John Sundt to determine how to remedy this punch list item.

Chair Jodi Bain indicated that John Sundt would be working on a letter to the City of Tucson regarding the Garfield Traub #10 pay application that is disputed due to the fact that the project may have exceeded the GMP and there may not be sufficient retention for disputed items.

6. Call to the Audience.

Robert Medler, Tucson Metropolitan Chamber of Commerce, addressed the Board.

Item 11 was moved out of order.

11. Discussion and possible direction and/or action related to a Financial Services provider and/or the election of Treasurer to the District. – Jodi Bain

Chair Jodi Bain indicated that it is the desire of the Board to have both accounting firms and investment advisors come and discuss what the District may need in terms of financial services. .

Item 10 was moved out of order.

10. Update and discussion regarding insurance broker services and general liability policy- Mark Irvin

Vice-Chair Mark Irvin indicated that the Board now has D&O Liability insurance and coverage on all of the properties owned by the District in place. The Board asked DM Lovitt to look into a general liability policy for the Board. He posed the question on whether the Board should purchase a minimal general liability policy or should the Board wait until the decision on the hotel is made or not. Board General Counsel Keri Silvyn indicated that David Lovitt needs to help the Board make this decision based on risk management and the possible indemnification language in the IGA with the City of Tucson. Vice-Chair Mark Irvin indicated this agenda item should be put in abeyance pending the finalization of the governance IGA, and when the IGA is complete come back and revisit this issue.

Item 8 was moved out of order.

8. Report from City Staff

i. Report and potential action/direction related to invoices/projects

Silvia Amparano, Deputy Finance Director, indicated that the City of Tucson has completed submission of all requested documentation to the auditors, Crowe Horwath. Ms. Amparano also indicated that on a weekly basis, a payment log with a listing of all outstanding invoices will be sent to the Board Chair, Vice-Chair, and both the Board General and Real Estate Counsel Bob Gugino . Payments will be made when approval is received from the Chair or Vice-Chair.

Item 9 was moved out of order.

9. Discussion and potential action related to properties and projects (not the proposed hotel project) within the District.

Silvia Amparano, Deputy Finance Director indicated that a spreadsheet will be provided to Chair Jodi Bain with a breakdown of projects within the Depot Plaza Public Improvements and the Downtown Infrastructure Improvements Projects, and the sub-projects underneath them.

Item 8 ii was continued.

8. Report from City Staff

ii. Possible update from Jessie Sanders on status of projects and properties (not the proposed hotel project) within the District.

Jessie Sanders discussed the Westside landfill and environmental studies. He provided a map to the Board with the non-remediated and those already remediated areas indicated. Board Member Rick Grinnell asked if any of the sites are generating methane, Mr. Sanders indicated they were not.

7. Report from Legal Counsel – Keri Silvyn, Jeanine Mortimer, John Sundt.

i. Report and possible action on Rialto TRE and lease contractual issues.

Real Estate Board Counsel, Jeannine Mortimer indicated that the form of the TRE has been approved by Lou Ginsberg with the City of Tucson with changes made by Chair Jodi Bain were approved. The document will be signed by the District and should be to the City of Tucson tomorrow. Chair Jodi Bain indicated that the negotiations with the Rialto would be discussed further in Executive Session.

ii. Report on GMP Negotiations.

John Sundt indicated that he discussed this in agenda item 4. More negotiation information will be given in Executive Session.

iii. Report and Discussion on Administrative Rules for the District.

Board General Counsel, Keri Silvyn indicated that the draft Administrative Rules had been mailed to the Board members. The goal is to have them approved by the Board before the end of September, 2010.

iv. Report and discussion on Reliance Commercial Construction Inc., et al vs. City of Tucson et al (including Rio Nuevo)

Real Estate Board Counsel, Jeannine Mortimer indicated that this discussion is regarding the Presidio residential project located behind the City of Tucson Water Department. Rio Nuevo is a co-defendant with the City of Tucson. Ms. Mortimer is gathering the facts and will come back to the Board during a future executive session with a recommendation.

Item 12 was moved out of order.

12. Discussion and possible action on the Executive Director Job Description - Alberto Moore

Item delayed until the next scheduled meeting.

13. Discussion and possible direction on policy related to distribution/use of Finding Tucson Film - Jeff DeGregorio

Board General Counsel, Keri Silvyn indicated that there are two Public Information Requests that have been submitted by Fox 11 and KGUN 9. Ms. Silvyn indicated that a draft Public Information Request form is being developed. As soon as the form is

completed, it will be used for public information requests. Ms. Silvyn mentioned that the Copyright does not allow the showing of the film in its entirety without the Board's permission.

15. Future Meeting Dates and Agenda Items

This item was not discussed.

At 4:47 pm, a motion to go into Executive Session was made by Board Member Dan Cavanagh, seconded by Vice Chair Mark Irvin. The motion passed 8-0.

7. Report from Legal Counsel – Keri Silvyn, Bob Gugino, John Sundt.

v. Executive Session

- 1. Negotiation with City of Tucson on IGA.**
- 2. Report on GMP Negotiations.**
- 3. Reliance Commercial Construction Inc., et al vs. City of Tucson et al (including Rio Nuevo)**

14. Executive Session

- i. Negotiation with City of Tucson on IGA.**
- ii. Audit**

At 6:11 pm, a motion to come out of Executive Session was made by Board Member Victor Soltero, seconded by Board Member Alberto Moore. The motion passed 8-0, with Board Member David Jones no longer present via phone.

16. Adjournment.

The Rio Nuevo Board formally adjourned the meeting at 6:11 pm.