

RESOLUTION NO, 1999-003

RELATING TO DISTRICT GOVERNANCE; ACKNOWLEDGING RECONSTITUTION OF THE DISTRICT; RATIFYING BOARD COMPOSITION; AUTHORIZING EXECUTION AND DELIVERY OF AN INTERGOVERNMENTAL AGREEMENT; AND AUTHORIZING EXECUTION AND DELIVERY OF ADMINISTRATIVE RULES OF THE DISTRICT,

WHEREAS, by resolutions duly adopted by the Mayors and Councils of the Cities of Tucson and South Tucson (together, the "Cities") and the Town of Sahuarita (the "Town"), the Rio Nuevo Multipurpose Facilities District was formed pursuant to A.R.S. §48-201 *et seq.*; and

WHEREAS, the District thereafter adopted administrative rules (the "Rules") and authorized and approved an intergovernmental agreement (the "IOA") with the Cities and the Town; and

WHEREAS, a special election was held in the District on November 2, 1999 to consider Proposition 400; and

WHEREAS, at such election, Proposition 400 was adopted and approved by a majority of the voters of the Cities, but rejected by a majority of the voters of the Town; and

WHEREAS, in accordance with the provisions of the resolutions adopted by the Cities and the Town, a multipurpose facilities district was organized, established and created within the corporate boundaries of the Cities, subject to the Cities' resolutions and the laws of the State, including the Rules and the fGA; and

WHEREAS, the Board now desires to acknowledge and reaffirm the existence of the District formed by the Cities and to ratify and confirm the Rules and the fGA, as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT AS FOLLOWS:

SECTION 1. The organization, establishment and creation of the Rio Nuevo Multipurpose Facilities District by the Cities of Tucson and South Tucson are hereby acknowledged and reaffirmed.

SECTION 2. The following Directors are hereby reaffirmed as Officers of the District to hold the offices set forth below until the next annual meeting of the District Board and until their successors have been duly appointed and qualified:

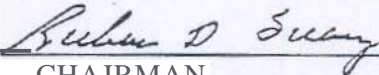
<u>Name</u>	<u>Office</u>
Ruben Suarez	Chairman of the Board
Corky Poster	Secretary
Kay L Gray	Treasurer

SECTION 3. Subject to the approval and ratification of the Mayors and Councils of the Cities, the form of Intergovernmental Agreement attached hereto as Exhibit "A" is hereby approved and adopted for and on behalf of the District and the Chairman of the Board is authorized, for and on behalf of the District, to execute and deliver the same on behalf of the District, following which the Directors and Officers of the District are authorized, empowered and directed to exercise all authority and take any and all actions and execute and deliver any and all agreements and instruments as may be required from time to time to comply therewith.

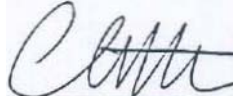
SECTION 4. The Administrative Rules of the District in the form attached hereto as Exhibit "B" are hereby approved and adopted effective immediately.

SECTION 5. Any prior Intergovernmental Agreement and Administrative Rules of the District relating to the same matters are, to the extent of any inconsistency with the Intergovernmental Agreement and Administrative Rules authorized and approved pursuant to the preceding sections, repealed and modified hereby.

. PASSED, ADOPTED AND APPROVED by the Board of Directors of the Rio Nuevo Multipurpose Facilities District this 12th day of November, 1999.


CHAIRMAN

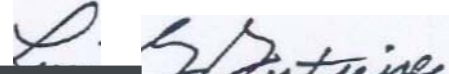
ATTEST:


SECRETARY

APPROVED AS TO FORM:

REVIEWED BY:


SPECIAL COUNSEL


EXECUTIVE DIRECTOR

WHEN RECORDED RETURN TO:

EXHIBIT A

Intergovernmental Agreement (Relating to **Rio** Nuevo Multipurpose Facilities District)

Rio Nuevo MFD IGA No. 1999-001
City of South Tucson IOA No. _____
City of Tucson IGA No. _____

This Intergovernmental Agreement, dated **as** of November ___, 1999, (this "Agreement"), by and among the City of Tucson, Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona ("Tucson"), the City of South Tucson, Arizona, a municipality duly organized and validly existing pursuant to the laws of the State of Arizona ("South Tucson" and, together with Tucson, the "Municipalities"), and the Rio Nuevo Multipurpose Facilities District, a tax-levying public improvement district **and** a political taxing subdivision of the State (the "District").

Witnesseth:

A. The District has been organized pursuant to A.R.S. § 48-4201 et seq. (the "MFD Laws") for the purpose of developing **a** multipurpose facility, as defined in A.R.S. §48-4201.4 (the "Project"), to be located generally in the areas identified and depicted as the multipurpose facility site on the map attached hereto as **Exhibit "A"** and by this reference incorporated herein (the "Site").

B. The Municipalities have **organized** the District pursuant to Resolution No. 18347, adopted by the Mayor and Council of Tucson on July 19, 1999 (the "Tucson Formation Resolution") and Resolution No. 9917, adopted by the Mayor and Council of the City of South Tucson on July 19, 1999 (the "**South** Tucson Resolution" and, together with the Tucson Formation Resolution, the "Formation Resolutions").

C. The Formation Resolutions set forth certain express conditions and certain dates by which certain actions must be taken, which conditions have been met and which actions have been taken on or before the dates specified.

D. The District, Tucson and South Tucson now desire to enter into this Agreement to memorialize **certain** agreements among them regarding the District and its operation.

F. Pursuant to the MFD Laws and Article J, Chapter 7, Title 11 of the Arizona Revised Statutes, the District, Tucson and South Tucson may enter into this Agreement as an "intergovernmental agreement" with one another for joint or cooperative action for services and to jointly exercise any powers common to them.

ATTACHMENT TO RESOLUTION NO. 18444

Now, Therefore, in the joint and mutual exercise of their powers, and in consideration of the above premises and of the mutual covenants herein contained and for other valuable consideration and subject to the conditions set forth herein, the parties hereto agree as follows:

ARTICLE I

Reserved Rights and Limits on Exercise of District Power

1.1 Limitations. Notwithstanding the [annulment of District and the rights, powers and authority that may be granted to it or exist, the District agrees with Tucson and South Tucson that the District's rights, powers and authority shall be subject to the limitations set forth in this Agreement, and that such limitations are authorized by A.R.S. § 48-4202(E), § 11-951, et seq. and other applicable laws and statutes.

1.2 Powers Reserved to Municipalities. Each Municipality reserves the following powers, together with all other rights and powers provided in this Agreement or by law:

1.2.1 All of the District's decisions regarding the zoning, planning, intensity and density of development on or with respect to facilities or sites which are within such Municipality and subject to the jurisdiction of the District shall first be presented to and approved or consented to by vote of the Mayor and Council of the affected Municipality pursuant to all of that Municipality's land use processes.

1.2.2 Each Municipality shall have and there are hereby reserved to it all of its land use powers and all other police power prerogatives with respect to the Project and any other facilities or sites within and subject to the jurisdiction of the District that are located within the corporate boundaries of such Municipality.

1.2.3 The District shall not own, operate, undertake, or otherwise take any formal action with regard to any project, facilities or site within the boundaries of any Municipality, except with the consent of the Mayor and Council of such Municipality and pursuant to and within the bounds of a development agreement, redevelopment agreement or similar agreement to which such Municipality is a party.

1.3 Inclusion of other Municipalities. Municipalities other than Tucson and South Tucson may join the District pursuant to A.R.S. § 48-4202(B) only with the consent of the District and each of the Municipalities, and then only on such terms and conditions as the Board of Directors of the District (the "Board") shall specify by resolution, bylaw or administrative rule, which terms and conditions shall be subject to prior approval of the Municipalities.

1.4 Withdrawal of Municipalities from District. Municipalities may withdraw from the District as follows:

1.4.1 Any Municipality that is included in the District shall withdraw from the District, and its membership therein shall terminate automatically, if the Municipality has attempted to join the District as permitted and provided hereby but is later determined by a court of competent jurisdiction not to have properly joined the District.

*AS AMENDED BY MAYOR AND COUNCIL AT THE 11-22-99 MEETING TO READ, "...except with the consent of the Mayor and Council of such a Municipality and pursuant to and within..."

1.4.2 If any Municipality, **other** than Tucson, is **withdrawn** from **the** District pursuant to the preceding section, such Municipality shall no longer be a pan of the District, provided however that [he remaining Municipalities shall be deemed to have immediately re-formed the District without such Municipality's panicipation and the **re-formed** District shall be deemed to have accepted, assumed, agreed and succeeded to all of **the** existing administrative rules, agreements, directors (**except** directors representing the **withdrawn** Municipality), officers, Wldenakings and all other prior business of the District.

1.5 District Termination. The District shall amomatically terminate, without further act of the Dismct, the Board, any of the Municipalities, or **any other** person or emity, upon (i) the adoption of a resolution approving such termination by a vote of a majority of the Board members then in office (provided, however, that there is no indebtedness of the District **outstanding** or reasonably anticipated to exist at or following the termination date specified in such resolution), (ii) January I, 2050, or such later dare as may be approved from time to time by a vote of a majority of the **Board** members then in office or (iii) one hundred eighty-one (181) days following the date on which one or both of the Board positions which are to be held by members appointed by Tucson becomes vacant if Tucson fails to appoint one or more members (as applicable) to fill such vacant **Board** position(s) in accordance with the provisions of these Rules and the MFD Laws, provided that there is no indebtedness of the District outstanding or reasonably anticipated to exist at or following the otherwise applicable termination **date**.

1.6 Distribution of District Assets on Termination. Subject to the requirements of any **outstanding** District indebtedness or contractual obligations existing or reasonably anticipated to exist at or following the otherwise applicable tennination date, the MUnicipalities shall have the option, in their sole and absolute discretion, upon any termination of the District, to require the conveyance to the Municipalities of any or all District assets (or portions of any assets) in proportion to their respective revenue contributions to the District, which transfer shall be for nominal consideration and **otherwise** subject to such tenus and conditions as the Municipalities may reasonably require (and subject to the requirements of any such outstanding District indebtedness or contractual obligations).

ARTICLE 2

Indemnification and Insurance

2.1 Indemnification. To the fullest extent allowed by law, District shall defend, indemnify and hold harmless the Municipalities, any Director, Officer, or Executive Director of the District, and all of the Municipalities' **existing** and former officers and employees (including without limitation contract employees) who **serve**, or assist District or its officers agent's or appointees against any and all expenses incurred by such person or entity, including but not limited to legal fees, judgments, penalties and amounts paid in settlement or compromise, relating to, arising from, or out of, or resulting from any claim or legal action brought or threatened against any of them for or on account of **any** actions, acts, errors, mistakes or omissions, active or passive, alleged to have been incurred or committed while acting within the

scope of the actions described in the Multipurpose Facilities **District** Laws in the case of the **Municipalities** and within the scope of their position in the case of **officers and** employee, whether or not any action is or has been filed against them and whether or not any settlement or compromise is approved by a court. Indemnification shall be mandatory and shall be automatically extended. Defense shall be by counsel of District's choosing.

2.2 **Indemnification.** In addition to, and not in lieu of , the foregoing, and in consideration of **the** willingness of South Tucson to participate in the Project, Tucson agrees that it will, to the **maximum** extent permitted by law, and to **the** extent not otherwise provided by the District, indemnify, defend and hold harmless South Tucson, **and** its present and future public officials, officers and employees (including **without** limitation **contract** employees) who serve or assist the District, or its officers, agents or appointees, against any **and** all liabilities, costs and expenses incurred by any of them, including but not **limited** to judgments, penalties and amounts paid in settlement or compromise, **together** with necessary and **reasonable** attorneys fees and expenses, resulting or arising from, or out of, any claim or legal action brought or threatened against any of them for or on account of any action or failure to **act**, active or passive, alleged to have been taken or not taken by the District or any such entities, officials, officers or employees while **acting** within **the** scope of **this** Agreement or the MFD Laws.

2.3 **Insurance.** The District shall procure, pay the premiums for, and maintain **in** full force **and** effect, insurance policies providing the following coverages in the following amounts:

- 2.3.1 Directors and Officers **liability** insurance **with** minimum liability limits of 55,000,000 annual aggregate covering the activities of the directors, officers **and** duly authorized employees and **functions** performed by or on behalf of the District.
- 2.3.2. Commercial General Liability insurance on an occurrence basis policy form covering liability for premises, operations, independent contractors, contractual liability, product completed operations, personal injury and advertising injury with minimum limits of 55,000,000 each occurrence and \$5,000,000 annual aggregate.
- 2.3.3 Vehicle Liability insurance covering owned **auto**, if any, and non owned and hired vehicles with minimum liability limits of \$5,000,000 each accident.
- 2.3.4 Statutory Workers Compensation coverage, if applicable, and Employers Liability of at least \$1,000,000 each accident, \$1,000,000 disease each employee and \$1,000,000 Disease policy limit.
- 2.3.5 Property insurance covering any buildings and personal property for their full replacement value while under construction or completed including without limitation soft costs, delays, and loss of income.
- 2.3.6 Other or additional insurance coverage as required **in** City's city manager's reasonable discretion.

2.4 Policy Form. The Commercial General Liability insurance and Vehicle Liability insurance shall name **the Municipalities**, and their duly authorized representatives, as additional insureds. The property insurance policy shall name the Municipalities as additional insureds and loss payees. All of **the** insurance policies described in Section 2.1 hereof shall contain a waiver of rights of recovery against the Municipalities **and a separation** of insureds provision. All policies shall be underwritten by an insurance company having an A.M. Best **rating** of a least A+7 and shall provide at least **ninety** (90) days **advance notice of** cancellation or material change of policy provision to the Municipalities. The District shall deliver to the Municipalities from time to time copies of current **insurance** policies or a certificate of insurance evidencing satisfaction of the requirements hereof.

ARTICLE 3

District Elections

3.1 Conduct of Election. The District hereby ratifies and adopts the **employment, retention and authorization** of Tucson to conduct the Election to be held **within the District** on November 2, 1999 pursuant to ARS. § **48-4237(C)** and the Fonnarion Resolutions and all related activities. The District shall reimburse Tucson for its costs and expenses in connection with the Election at such time(s) as Tucson may request. **[f more than one issue is included on the ballot for the Election, then the costs and expenses allocable to the District shall be reasonably determined by Tucson.**

ARTICLE 4

Miscellaneous

4.1 Amendments. This Agreement may be amended only by a mutual agreement in writing executed by each of the parties hereto.

4.2 Notices. Any notices and other communications provided for or inferred herein shall be validly given, made or served, in **writing** and delivered personally or sent by registered or certified mail, postage prepaid, to:

Tucson: City of Tucson
 P.O. Box 27210
 Tucson, AZ 85726-7210
 Attn: City Manager

With a copy to: **City** of Tucson
 P.O. Box 27210
 Tucson, AZ 85726-7210
 Ann: City Anomey

South Tucson: City of South Tucson
1601 South 6th Avenue
South Tucson, AZ 85713
Attn: eIIY Mmanager

With a copy to: City of South Tucson
1601 South 6th Avenue
South Tucson, AZ 85713
Ann: City Attorney

District: Rio Nuevo Multipurpose Facilities District
P.O. Box 27210
Tucson, AZ 85726-7210
Attn: Chainnan

With a copy to: Snell & Wilmer L.L.P.
One South Church Avenue, Suite 1500
Tucson, AZ 85701-1630

or to such other addresses as any party may designate in writing. Notice given by mail, as set out above, shall be deemed delivered three (3) days after the same is postmarked.

4.3 Severability. If any one or more sections, clauses, sentences and parts of this Agreement shall be adjudged unconstitutional or invalid by a court of competent jurisdiction, such judgment shall not affect, impair or invalidate the remaining provisions hereof, but shall be confined to the specific sections, clauses, sentences and parts so determined.

4.4 Beneficial and Binding Effect. The provisions of this Agreement shall inure to the benefit of and shall be binding upon the respective designees, trustees, heirs, personal representatives, successors and assigns of the parties.

4.5 Execution of Additional Documents. Each party agrees to execute such further or additional documents as may be reasonably necessary or appropriate in good faith to fully implement and carry out the intent and purpose of this Agreement.

4.6 Governing Law. This Agreement shall be governed by and construed according to Arizona law.

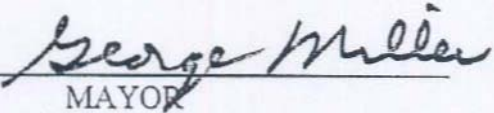
4.7 Headings. The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of any term or provision of this Agreement.

4.8 Conflict of Interest Notice is hereby given that this Agreement is subject to cancellation in accordance with the provisions of A.R.S. § 38-511, as amended.

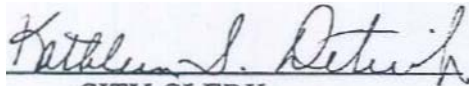
4.9 No Third-Party Beneficiary. No term or provision of this Agreement is intended to be, or shall be, for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right of cause of action hereunder.

{n Witness Whereof, the Municipalities and the District have entered into this Agreement as of the day and year first wrinen above.

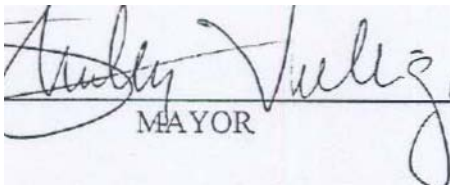
CITY OF TUCSON. ARIZONA, an Arizona municipal corporation

By 
MAYOR

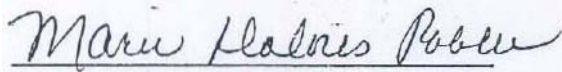
Attest:


CITY CLERK

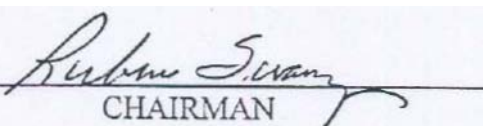
CITY OF SOUTH TUCSON. ARIZONA, an Arizona municipal corporation

By 
MAYOR

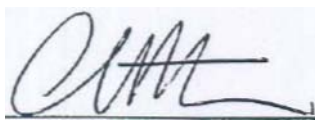
Arrest:


CITY CLERK

RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT. a district organized pursuant to the provisions of A.R.S. §48-4202

By 
CHAIRMAN

Attest:


SECRETARY

APPROVED AS TO FORM:

SPECIAL COUNSEL

EXHIBIT B

ADMINISTRATIVE RULES OF RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

ARTICLE 1

Name, Operation and Office

1.1 District Operation. These Administrative Rules (hereinafter collectively referred to as the "RULes") are adopted pursuant to the provisions of A.R.S. §48-4203 AA and 5 and shall govern the administration **and** operation of the Rio Nuevo Multipurpose Facilities District, a **tax-levying** public improvement district and a political **taxing** subdivision of the State (the "District"), which has been organized pursuant to A.R.S. § 48-4201 *et seq.* (the "**MFD Laws**") and (a) Resolution No. 18347 adopted by the **Mayor** and Council of the City of Tucson, Arizona, on July 19, 1999 and (b) Resolution No. 9917 adopted by the Mayor and Council of the City of South Tucson, **Arizona**, on July 19, 1999.

1.2 Offices. The principal office of the District shall be at 255 N. Alameda, Tucson, Arizona, 85701 (P.O. Box 27210, Tucson, Arizona 85726-7210).

ARTICLE 2

Organization and Termination

2.1 Organizing Municipalities. The municipalities that have **organized** the District are the Cities of **South Tucson** and **Tucson** (individually, a "Municipality" and collectively, the "**Municipalities**").

2.2 Additional Cities. Withdrawal. Municipalities may join or withdraw from the District upon such terms **and** conditions as the Board of Directors of the District (the "Board") **may** approve by resolution.

2.3 District Termination. The District shall automatically terminate, **without** further act of the District, the Board, any of the Municipalities, or any other person or entity, upon (i) the adoption of a resolution approving such termination by a vote of a majority of the Board members then in office (provided, however, that there is no indebtedness of the District outstanding or reasonably anticipated to **exist** at or following the termination date specified in such resolution), (ii) January 1, 2050, or such later date as may be approved from time to time by a vote of a majority of the Board members then in office or (iii) one hundred eighty-one (181) days following the date on which one or both of the Board positions which **are to** be held by members appointed by the **City** of Tucson becomes vacant if the City of Tucson fails to appoint one or more members (as applicable) to fill such vacant Board position(s) in accordance with the

provisions of these Rules and the MFD Laws, provided that there is no indebtedness of the District **outstanding** or **reasonably** anticipated **to exist at** or following the otherwise applicable termination date.

Except **to the extent** inconsistent with **the** requirements of any indebtedness of **the** District **outstanding** or reasonably anticipated to exist at or following the otherwise applicable termination date, **the Municipalities** shall have the option, in **their** sole and absolute discretion, upon any termination of the District, **to** require the conveyance to **the** Municipalities of any or all of **the** assets (or portions of any assets) of the District in proportion to their respective revenue contributions to the District, which transfer shall be for nominal consideration and otherwise Subject to such terms and conditions as the Municipalities may reasonably require.

ARTICLE 3

District Powers

3.1 Except as otherwise provided in these Rules and/or in any intergovernmental agreement entered into by the District, and/or by applicable law, and subject to the Reserved Rights (as hereinafter defined), the District shall have all of the powers of a district organized pursuant to A.R.S. § 48-4202(B), including but not limited to those powers expressly set forth in the MFD Laws, **as** amended from **time** to time.

ARTICLE 4

Board of Directors

4.1 Board Powers. The powers of the District shall be **and** are hereby vested in, and shall be exercised by or under the direction of, the Board of Directors.

4.2 Number. The Board of Directors shall consist of four members, of which two members shall be appointed by the governing body of each Municipality. Each member of the Board is **hereinafter** referred to as a "Director,"

4.3 Qualification. Each Director must meet all of the following qualifications:

4.3.1 A Director shall be a resident of the appointing Municipality but shall not be **an** officer or employee of **any Municipality** and shall otherwise satisfy all applicable requirements of the MFD Laws and/or other applicable law; and

4.3.2 **A** Director shall not have been convicted of a felony, of a misdemeanor involving fraud or dishonesty, or of a violation of any law relating to the proper conduct of public business (including, **but** not limited to, laws relating to bribery, conflicts of interest, **discrimination**, financial disclosure, misuse of public resources for personal gain, public access to records, and open **meeting** laws).

4.4 Term. The **initial** term of office for one of the two Directors appointed by each Municipality shall be two (2) years. **and** the initial term of office for the other Director appointed by **each** Municipality shall be three (3) **years, as** determined by the appointing Municipality. After the initial **term**, the term of office for each Director shall be **three** (3) **years.** Unless a Director's place on the Board is then vacant, a Director shall continue to serve following the **expiration** of his or her term until a successor has been appointed **and** qualifies.

4.5 Resignation. Any Director **may** resign at **any** time by giving written notice of such resignation to the Board.

4.6 Removal. A Director shall be removed from office prior to the **expiration** of his or her term only on the following terms and conditions:

- 4.6.1 Upon the **death** or **mental** or physical **incapacity** of the **Director**; or
- 4.6.1 Upon the conviction of the Director of a **violation** of any applicable provision of Article 8, Chapter 3, Title 38 of the Arizona Revised **Statutes** (relating to conflicts of interest), or
- 4.6.3 If a Director is absent from **three** (3) consecutive meetings of the Board, or if a Director is absent from five (5) meetings of the Board **within** a **six** (6) month period;
- 4.6.4 If a Director ceases to satisfy the qualifications set forth in Section 4.3 hereof.
- 4.6.5 If, in the reasonable opinion of a majority of the governing body of the Municipality which appointed any Director, other good **cause** exists for **the** removal of such Director.

A Director removed pursuant to this Section 4.6 hereof shall automatically cease to be a Director **and** his or her place on the Board shall be deemed vacant upon **the** occurrence (or non-occurrence, as the **case** may be) of the condition or circumstance specified.

4.7 Vacancies. Any vacancy in the Board shall be filled only by appointment by the governing body of the Municipality **that** appointed the Member whose resignation or removal created the vacancy. Notwithstanding the foregoing or anything in these Rules to the **contrary**, if one of the Board positions that is to be filled by a Member appointed by the governing body of the City of Tucson is vacant, at any time or from time to time, then no binding or official action of the Board or the District shall be **taken** until the earlier of (a) one hundred **eighty** (180) days after the date on which such Board position first **became vacant**, or (b) the date on which the governing body of the City of Tucson **has** filled such vacant position.

4.8 Compensation. As provided in A.R.S. §48-4202.C., Directors are not eligible for compensation for their services but may be reimbursed for their reasonable and necessary out-of-pocket expenses in attending to and traveling on District business at the request of the District.

4.9 Location of Meetings. Meetings of the Board shall be held in Tucson, Arizona, at such location as may be designated by the Executive Director and posted in accordance with the requirements of the open meetings law.

4.10 Regular Meetings. Regular meetings of the Board may be held at such time as shall be determined, from time to time, by a majority vote of the Directors, but at least two such meetings shall be held during each fiscal year of the District. If the Board desires to cancel any future meeting, it may do so by a majority vote at a public meeting. The Chairman or the Secretary may determine, between public meetings, that a future meeting should be cancelled for lack of a quorum or other reason.

4.11 Soocial Meetings. Special meetings of the Board may be called by the Chairman, or by the Directors holding a majority of the total votes entitled to be cast by the Board.

4.12 Studv Sessions and Executive Sessions. Study sessions and executive sessions may be held, subject to compliance with applicable open meeting laws, before or after any regular or special meeting, or at any other time on call of the Chairman. or by the Directors holding a majority of the total votes entitled to be cast by the Board.

4.13 Teleohonic Meetimrs. Subject to compliance with applicable open meeting laws, meetings of the Board, regular or special, may be held by means of conference telephone or similar communication equipment provided that (1) a physical quorum of Directors is present; and (2) all persons participating in the meeting can hear each other and be heard by the public in attendance. Panicipation in a meeting pursuant to this Section shall constitute presence in person at such meeting.

4.14 Notices. The Secretary shall, at the direction of the person calling such meeting, cause a written notice setting forth the time, place, and general purposes of any meeting of the Board to be delivered personally, to be sent by facsimile or electronic mail, or to be deposited in the mail, first class or airmail postage prepaid, addressed to each Director of record at his or her last known address, electronic mail address, or facsimile nwnber, as it appears on the District's records. Such written notice shall be sent at least twenty-four (24) hours before the time of the meeting if sent by personal delivery, facsimile, or electronic mail and at least fifty-six (56) hours before the time of the meeting if sent by mail. In addition, the Secretary shall post notice of any regular or special meeting (or of the cancellation of any regular or special meeting) of the Board as required by applicable open meeting laws.

4.15 Waiver of Notice by Directors. Any Director may waive notice of any regular or special meeting (and any adjournment thereof) at any time before, during which, or after the meeting is held. Attendance of a Director at any such meeting in person shall automatically evidence his waiver of notice of such meeting (and any adjournment thereof) unless he is anending the meeting for the sole and express purpose of objecting to the transaction of business because the meeting has not been properly called or noticed.

4.16 Chairman. At all meetings of the Board, the Chairman of the Board, or in his or her absence, the Executive Director, or in his or her absence, a chairman chosen by a majority vote of the Directors present, shall preside.

4.17 Quorum. At all meetings of the Board, the presence of a physical majority of the Directors plus the presence of Directors holding two-thirds (2/3) of the **total** votes which the Members of the Board **are** entitled to cast shall be necessary and sufficient to constitute a quorum for the **transaction** of business, except that less than a quorum may adjourn any meeting at which a quorum is **not**, or is no longer, present. Any matter before the Board shall be resolved by a majority of the weighted votes cast by Directors at **any** meeting at **which** a quorum is present and, upon such vote, shall be the act of the Board (and the District) except as may be otherwise specifically provided by statute or these Rules.

4.18 Delegation. The Board may by general resolution delegate to officers of the District such powers as it may deem **appropriate**; provided, however, that the voting rights set forth in Article 5 shall not be **delegated**.

ARTICLES

Voting

5.1 The District and its Board shall operate pursuant to a system of weighted voting whereby each **Municipality** shall be entitled to cast two votes per 100,000 of population (or portion thereof) **in** such Municipality as recorded in the most recent decennial census of the United States Census Bureau. No fractional votes shall exist. Each of the two Directors appointed by each Municipality shall hold and exercise a number of votes equal to one-half of the total votes which such Municipality is entitled to cast. **Wherever** these Rules refer to any "vote," "votes," "majority vote," or other decision of the Board or of the Directors, and in **all** other instances involving a vote or decision of the Board or the Directors, such voting and decisions shall in all events occur in accordance with the foregoing weighted voting provisions.

ARTICLE 6

Officers and Staff

6.1 Number. The officers of the District shall consist of a Chairman, a Secretary, and such other officers as the Board of Directors may determine from time to time are **necessary** to conduct the business of the District, each of whom shall be a member of the Board of Directors. The offices of Chairman and Secretary may not be held by the same person. In addition, the Board of Directors shall designate from time to time an officer of one of the Municipalities to act ex officio as Treasurer of the District and may appoint or employ an Executive Director.

6.2 Election, Term, and Qualifications. The Chairman and the Secretary shall be elected annually, or whenever a **vacancy** occurs in either office, by the Board. Unless the Board of Directors designates a different person, the person holding the office of City Manager of the **City** of Tucson, or such other employee of City of Tucson as the City Manager of the City of Tucson may from time to time designate, shall act, **ex officio**, as **Treasurer** of the District.

6.3 Removal. Any officer may be removed from office by a majority vote of the total votes entitled to be cast by the full **Board** at a regular meeting or at a special meeting called for that purpose.

6.4 Vacancies. In case any office of the District becomes vacant for any reason, the vacancy may be filled by a majority vote of the Directors then in office, although less than a quorum. Any officer so elected shall hold office until the next meeting of the Board at which a successor is elected and qualifies. In case the office of Treasurer of the District becomes vacant for any reason, the vacancy shall be filled on an interim basis (pending appointment of a successor Treasurer) by the City Manager of the City of Tucson or, if such City Manager is then serving as the Executive Director or otherwise designates, another officer of the City of Tucson as appointed by the City Manager of the City of Tucson. In case the office of Executive Director of the District becomes vacant for any reason, the vacancy shall be filled on an interim basis (pending appointment of a successor Executive Director) by the City Manager of the City of Tucson or, if such City Manager is then serving as the Treasurer of the District or otherwise designates, another employee of the City of Tucson as appointed by the City Manager of the City of Tucson.

6.5 Chairman. The Chairman shall preside at all meetings of the Board. He or she shall have and exercise general responsibility for and supervision of the affairs of the Board and shall do and perform such other duties as may be assigned to him by the Board.

6.6 Secretary. The Secretary shall have charge of all public books, documents, and papers of the District and shall amend and keep the minutes of all of the meetings of the Board. The Secretary may attest the signature of the Chairman, in the name and on behalf of the District, any contracts or agreements authorized by the Board, and when so authorized or ordered by the Board (and if the Board elects to adopt and use a corporate seal), may affix any such seal of the District. The Secretary shall, in general, perform all the duties incident to the office of secretary, subject to the control of the Board, and shall do and perform such other duties as may be assigned by the Board.

6.7 Treasurer. The Treasurer shall have the custody of all funds, property, and securities of the District and shall establish and maintain at such bank or banks or other depository or depositories as the Board may direct or approve the fund required by A.R.S. §48-4231 (the "District Fund"), into which shall be deposited all moneys received by the District, and from which shall be disbursed all moneys payable by the District, subject to such direction and regulations as may be imposed by the Board and the requirements of applicable law, including the MFD Laws. When necessary or proper, the Treasurer may endorse on behalf of the District for collection, checks, notes, and other obligations, and shall deposit the same to the credit of the District Fund. The Treasurer shall sign all receipts and vouchers and, together with such other officer or officers, if any, as shall be designated by the Board, shall sign all checks of the District and all bills of exchange and bonds issued by the District, except in cases where the execution thereof shall be expressly designated by applicable law, by the Board or by these Rules to some other officer or agent of the District. The Treasurer shall make such payments as may be necessary or proper to be made on behalf of the District or as may be directed by the Board. The Treasurer shall keep the books of the District, shall maintain a full and accurate account of all moneys and obligations received and paid or incurred by or for the account of the District, and shall make such books and accounts available at all reasonable times to any Director or any officer of the District, on request of the Board, at the offices of the District. The Treasurer shall, in general, perform all the duties incident to the office of treasurer, subject to the control of the Board and the requirements of applicable law.

6.8 Executive Director. The Executive Director shall have primary responsibility for coordinating, scheduling and supervising, on a day-to-day basis, the normal activities, administration, and operations of the District in keeping with policies established by the Board, including coordinating District review and evaluation of the feasibility of any proposed multipurpose facility and related facilities and activities; acquisition by the District of any interest in real or personal property for District purposes or otherwise; and/or District oversight of any planning, design, development, financing, construction, operation, maintenance or other activities related to any proposed multipurpose facility to be located within the District.

6.9 Compensation. The Board and the officers of the District may receive, by resolution of the Board, their reasonable and necessary out-of-pocket expenses in attending to and traveling on District business at the request of the District. The Board shall have the power in its discretion to pay special compensation to the Executive Director and the Treasurer appropriate to the value of the services provided, from time to time, and/or to reimburse the City of Tucson for the reasonable cost and expense attributable to the time spent by any officers or employees of the City of Tucson who serve or assist the District at the request of the City of Tucson or who serve, or assist the appointed persons in fulfilling the responsibilities of, the Executive Director and/or the Treasurer of the District. Other than out-of-pocket expenses, this section shall not apply to officers or elected officials of any Municipality.

ARTICLE 7

Indemnification and Liability Insurance

7.1 Indemnification. To the fullest extent allowed by applicable law, the District shall indemnify the Municipalities and any and all of the District's existing and former Board members, officers, employees and agents (provided that, in the case of agents, such indemnity shall extend to such agent only if and to the extent incorporated by reference in the written agreement pursuant to which such person or entity is acting or has acted in such capacity) against any and all expenses incurred by such person or entity, including but not limited to legal fees, judgments, penalties and amounts paid in settlement or compromise, which may arise or be incurred, rendered or levied in any legal action brought or threatened against any of them for or on account of any action or omission alleged to have been committed while acting within the scope of the actions described in the MFD Laws in the case of the Municipalities and within the scope of their respective positions in the case of existing or former Board members, officers, employees and, subject to the limitation set forth above, agents, whether or not any action is or has been filed against them and whether or not any settlement or compromise is approved by a court. Indemnification shall be mandatory and shall be automatically extended; provided, however, that the District shall have the right to refuse indemnification in any instance in which the person or entity to whom indemnification would otherwise have been available shall have unreasonably refused to permit the District, at its own expense and through counsel of its own choosing, to defend such person or entity.

7.2 Liability Insurance. The District shall procure, pay the premiums for, and maintain in full force and effect adequate directors', officers' and employees' liability insurance covering the activities of the Directors, officers and employees of the District.

ARTICLE 8

Conduct of Meetings

8.1 Order of Business. The order of business **at** meetings of the Board shall be conducted in accordance **with the** requirements of applicable open meetings laws.

8.2 Public Comment. Presentations. Time Limitations. Members of the public, whether **speaking** on behalf of **themselves** or as a representative of an **organization** or group, when addressing the **Board** on any manner **shall** be limited [0 a five (5) minute presentation. The Board may suspend or **modify this** rule for particular presentations or manners as **the** Board may **deem** appropriate.

ARTICLE 9

Contracts

The Board may authorize **any** officer **to** enter into **any** contract or execute and deliver any instrument in the name of and on behalf of the District, which authority **may** be general or confined to a specific **instance**; provided, however, that unless authorized by a Board resolution **approved** by a majority vote of **the total** number of **votes** entitled to be cast by the **full** Board, or as expressly delegated pursuant to an intergovernmental agreement approved by a majority vote of the total number of votes entitled to be cast by the full Board, no officer shall have **any** power or authority to bind the District, whether by any contract or **otherwise**.

ARTICLE 10

Fiscal Year

The fiscal year of the District shall commence on July 1 of each year and end on the succeeding June 30.

ARTICLE II

Reserved Rights

11.1 Limits on District Power. Notwithstanding **any** other provision of these Rules (including, but not limited **to**, the weighted voting provisions hereof), the power of the District, **the Board, and** any officers, employees and agents of the District shall be subject to the following limitations (collectively, the "Reserved Rights"):

11.1.1 **All** decisions regarding condemnation, zoning, planning, intensity and density of development on or with respect to facilities or sites which are within and subject to the jurisdiction of the District shall first be approved by the vote of **the** governing body of the Municipality **within** which **the** facility or site is located: and.

11.1.2 Each Municipality shall have and there **are** hereby **reserved to** it all of its land use powers and all other police power prerogatives **with** respect to any facilities or sites **within and** subject to the jurisdiction of the District within such Municipality.

11.2 Relinquishment of Reserved Right or Power. **Wherever** these Rules have reserved or **granted** to a Municipality **any right or power**, the governing body of that Municipality shall have the unilateral right, at its option **and in its** sole and absolute discretion, to relinquish **all or part** of any such **right or power** at **any** time or from time to time, in whole or in **part**. Any such relinquishment may be **temporary** or permanent, as determined **by the governing** body of the affected Municipality, in its sole and absolute discretion. **The relinquishment** of a right or power with respect to any particular circumstances shall not constitute a relinquishment of that right or power with respect to different circumstances or upon **the** reoccurrence of the **same** or similar circumstances.

ARTICLE 12

Official Records

12.1 Official Records. The official records of the District shall include these Rules, and the minutes of **the Board**, together with all other official actions or other official items filed with or issued by the Board.

12.2 Recording of Votes. Minutes shall **be** kept for all meetings of the Board and shall show the **vote** of each member on every question on which the Board is **required** to act, or shall indicate absence or failure to vote. The minutes **shall** also **record** the Board's deliberations and other official actions.

12.3 Public Record. To the **extent** required by applicable law, all of the official records of the Board shall be public records, filed with the Executive **Director** by **the** Secretary of the Board, and open to public inspection.

ARTICLE 13

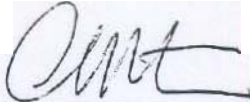
Amendments

Subject to the Reserved **Rights**, and subject to **the** prior consent of a majority of the governing bodies of **each** of the Municipalities, the Board shall have the power to adopt amendments to or **alter**, amend, or repeal these Rules by a majority vote of **the** total votes entitled to be **cast** by the full Board at **any** regular meeting or **at** any special meeting called for that purpose.

CERTIFICATE OF ADOPTION

The foregoing Administrative Rules were duly adopted by the Board of Directors of RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT pursuant to a resolution adopted by the Directors of the District on the ____ day of November, 1999.

RIO NUEVO MULTIPURPOSE FACILITIES
DISTRICT

By  _____
_____, Secretary

Hicksb\PHX\684696.3