

Rio Nuevo Multipurpose Facilities District

FOR IMMEDIATE RELEASE

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For more information,
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The New Rio Nuevo District Board shuts down tainted contract with Garfield Traub. Garfield Traub is overpaid by some \$1,800,000. Subcontractors should have already been paid.

The RNMF Board voted unanimously on July 21, 2011 to cancel two contracts under Arizona Revised Statute Title 38, Section 38-511 ("A.R.S. 38-511") with Garfield Traub, the City of Tucson selected developer for the now defunct Downtown Hotel Project. The first one signed by the City on July 30, 2008 was the Pre-development Agreement ("PDA"). The second one signed by the City on May 12, 2009 and then by the Old Board on May 15, 2009 was a Master Development Agreement ("MDA").

The decision took place as a result of a report from Rusing and Lopez, the law firm secured to represent the District's and taxpaying citizen's interest in this matter. Millions of dollars were paid out under these contracts and serious questions have been raised regarding the documents "supporting" those payments.

As Rusing & Lopez researched the contracts between the Old Board, the City and Garfield Traub, it became apparent the New Board was justified in cancelling the contracts under A.R.S. 38-511. There are significant taxpayer funds potentially recoverable under this statute. A.R.S. 38-511 prohibits an individual from negotiating a contract on behalf of a government entity (an agency, political sub-division, etc.), and then representing another party to that same contract within specific periods of time. When this occurs, the contract may be cancelled to protect the government entity and the taxpayers.

Additionally, in a stunning moment this week, Rusing & Lopez representatives working with the forensic auditors, R & A CPA, uncovered that when the amounts paid to Garfield Traub to date are compared *with the only Project Budget* the New District *knows* the City of Tucson and the Old District *both* approved, it appears from all available documentation that Garfield Traub has been overpaid by some \$1,800,000.

Payments to Date	\$17,640,353.97
Original Project Budget Exhibit D	(\$15,761,578.00)
Overpayment	\$1,878,775.97

The Hotel Project forensic audit to date has avoided the additional overpayment of at least \$350,000 in taxpayers funds.

So, if Garfield Traub has been overpaid, why have the subcontractors *not* been paid by Garfield Traub and Turner Sundt?

Who is the Rio Nuevo Multipurpose Facilities District Board: The New District Board is a group of committed taxpaying citizens who demand accountability. It is a dedicated group of volunteers who spend countless hours weekly in an effort to maximize taxpayer resources to shape a vibrant downtown corridor for Tucson and bring closure and accountability to the citizens of Tucson and the State of Arizona.

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