

**Minutes for Meeting
Of the Board of Directors of the
Rio Nuevo Multipurpose Facilities District
9:00 am
Tuesday, December 20, 2011**

Gust Rosenfeld, One South Church, Ste. 1900, Tucson, Arizona 85701

A meeting of the Board of Directors of the Rio Nuevo Multipurpose Facilities District was held on Tuesday, December 20, 2011, at Gust Rosenfeld, One South Church, Ste. 1900, Tucson, Arizona, commencing at 9:15 a.m.

1. Roll Call.

The meeting was called to order at 9:15 a.m.

	Appointee	Present	Absent/Excused
Jodi A. Bain, Chair	Senate	X	
Tim Bathen	Governor	X	
Jannie Cox	Governor	X	
Carlotta Flores	Governor		Excused
Rick Grinnell	Senate	X	
Jeff Hill	Governor	X	
Mark Irvin, Vice Chair	House	X	
Alberto Moore, Secretary	Governor	X	
Jonathan Paton	House	X	
Larry Lewis, Executive Director		X	
Counsel:			
Mark Collins, Special Counsel		X	
Sean Brearcliff, Special Counsel		X	

2. Discussion and possible approval of December 2, 2011 minutes.

Rick Grinnell requests the minutes be revised to reflect the discussion he had after the executive session regarding the Rialto Theater and, more specifically, his voicing of public concerns with the entire package and failure to submit required and requires financial information, etc. Chairman Bain stated the minutes to be revised to add those concepts to include this if acceptable to the board by motion

► Motion by Jonathan Paton to accept the December 2, 2011 meeting minutes subject to Rick Grinnell's modifications; seconded by Jannie Cox. Passed unanimously, 8-0.

3. Announcements from the Chair.

Chairman Bain explains that Rusing & Lopez requested Larry Lewis picked up and personally review and organize the files of Greg Shelko Rusing Lopez & Lizardi has on the Garfield Traub, Turner/Sundt proposed hotel construction project.

4. Executive Director Report.

Larry Lewis reminded the board members that he has not received community liaison outreach updates. Please send updates to him via email. Jannie Cox spearheaded this effort and is happy to discuss the issues and assist putting folks in contact with the proper party. There has not been much feedback; Larry Lewis challenges board members to email him their updates by Jan. 5th.

The City of Tucson is putting together a new master plan, "Plan Tucson," and is holding a number of meetings. Larry has been attending some of these meetings. The new plan will be put to a vote on November 5, 2013 to replace the plan that has been in place since 2001. A schedule of meetings and an overview of the plan can be found on the City's website.

Larry mentioned that the board may want to come together at each members individual cost to get a table at the State of the State on January 10, 2012. Please contact him if you are interested or are already going and would like to put a table together. Rick Grinnell and Jannie Cox explained they will be attending the State of the State address on January 10, 2012.

8. District Treasurer and accounting update with invoice discussion with possible direction/action [taken out of order].

Treasurer Hill explained problems with invoicing by the current accounting firm, R and A CPA's. He explained that Phil Dalrymple has placed extra, up-front charges in the billing for which Don Radakovich said he would discount or eliminate. The Board has now received a bill significantly in excess of the contract price. Treasurer Hill stated the Board is being overcharged, and there is the question of whether the accounting firm is worth the amount of money they are being paid for the amount of services the District is using. The Board discusses the possibility of using Susan Vos who has moved to another account firm and is engaged by the District as well to do the financial analysis and spreadsheet work with periodic reconciliations of the books the District would keep internally by the Executive Director, Treasurer or otherwise. Chairman Bain explained the Board has a contract to pay \$22,000 for work contracted and completed and there was a lot of work. The board asked the question how much, if any, should be authorized to pay in excess of this sum for excess fees on a fixed price contract. Rick Grinnell stated we should only pay the contracted amount of \$22,000.

► Motion made to pay R and A the contracted \$22,000 and to invite R and A to the January meeting in order to address the board on the excess fees charged and to respond to questions by Mark Irvin; Second by Jannie Cox.

- Treasurer Hill moved to amend the motion to suspend the contract until determination in January; seconded by Rick Grinnell.

- Treasurer Hill moved to call for a vote on the amendment. Motion to amend the motion fails; 4-4.

Sean Brearcliffe took roll call for the vote as requested on the *original motion* to pay R and A the contracted \$22,000 and to invite R and A to the next meeting in order to respond to criticisms. Passed unanimously, 8-0.

5. Report from Counsel with potential discussion/direction/action from the District:

iii. Wells Fargo Bank Matters [taken out of order]. Treasurer Hill, Chairman Bain, and Special Counsel Sean Brearcliffe met with Wells Fargo officials and their counsel to discuss documents that it obtained as Trustee for the trust accounts that it could have or should have disclosed to the Board. Special Counsel Sean Brearcliffe reports there were documents that could have been produced but were not. Wells Fargo is compiling those documents and the Board can expect them by January 6th, 2012. Special Counsel Sean Brearcliffe explained that Wells Fargo felt the documents received from the City were not ones that were necessary for them to do disclose, and therefore, should not have to be disclosed. Special Counsel Sean Brearcliffe also stated that the documents are the backup documents to the City's disbursement requests.

Special Counsel Mark Collins joined at 9:55 AM.

Jonathan Paton stated he received a call from a reporter from *Inside Tucson Business* regarding a public records request they made with regard to information received from Wells Fargo. Jonathan Paton confirmed Wells Fargo's initial contention was the Board cannot release that information as the financial information relating to the trust accounts belong to the bond holders. Special Counsel Sean Brearcliffe adds that Wells Fargo appears to have since given verbal approval to release the documents but there has been nothing in writing. Jonathan Paton expresses his concerns about promptly releasing the information anticipated to be received on January 6th, 2012, and wanted to know what grounds Wells Fargo would have to sue. Jonathan Paton and other board members would like to release *all* documents received to date as soon as possible whether additional documents are received on January 5th or not. Rick Grinnell requested that whatever we release should be easy to understand and be kept simple.

► Jonathan Paton moved that the Board with assistance from Special Counsel Brearcliffe do one of two things: 1) pursue a letter from Wells Fargo that clearly states that the Board cannot release the Wells Fargo documents or; 2) release the documents to the public; Jannie Cox seconded the motion. Motion passed, 7-0-1; Mark Irvin abstained.

i. Fox Theater. Special Counsel Mark Collins explained the principal issue now is whether or not the District should continue to require the Fox per the City negotiated agreement to pay the same interest rate on the loan that the District is paying. Special Counsel Mark Collins stated this is appropriate and that the interest does not become due and owing currently until 2021 and there are potential consequences of such forgiveness as previously discussed in executive session. Special Counsel Mark Collins sent a letter to Mr. McCusker setting forth that point and others.

v. Audit Matters (Financial and Forensic) [taken out of order]. Beach, Fleischman has been in touch with Ron Santa Cruz with the Arizona revenue department, and has let him know that the Board is waiting for the Wells Fargo documents so that they can try and finish out the cash/ asset position. No other update on the forensic audit at this time.

ii. Rialto Theater. A draft letter of terms for review went out to Curtis McCrary with a copy to Scott Stiteler per discussion at the Rialto Breakfast. Chair Bain explained that the media is asking for a copy of the draft letter, Rialto submitted financials and other information the Board received from the Rialto in these negotiations. The Rialto has requested this information remain between the parties due to the ongoing negotiations.

iv. TCC Lease, Claims and Mediation. Mediation is still ongoing and progress has been made. Mediation is currently scheduled for a second round on January 6.

9. Call to the audience. None.

► Motion to go into executive session at 10:51 by Secretary Moore; seconded by Jannie Cox. Motion passed, 7-0 (Rick Grinnell was out of room and did not vote).

6. Executive Session.

Jonathan Paton left during executive session and did not return.
Mark Irvin left during executive session and did not return.

► Motion to come out of Executive Session at 12:35 by Secretary Moore; seconded by Tim Bathen, passed 6-0.

7. District Administrative Rules to be discussed with possible direction/action for revision.

Changes and possible revisions discussed per redlined of changes sent to board members to review before the meeting.

► Motion to accept the changes to the Administrative Rules per all changes except Section 4.1.0 by Treasurer Hill; seconded Secretary Moore; passed 5-0; Jannie Cox abstained (Mark Irvin and Jonathan Paton were absent after Executive Session and did not partake).

10. Adjournment.

► Motion to adjourn by Secretary Moore; seconded by Jannie Cox; passed 5-0; (Mark Irvin and Jonathan Paton were absent after Executive Session). Meeting adjourned at 1:05 pm.