

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

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**Wednesday, September 30, 2009**

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**Tucson Convention Center**  
**Tucson, Arizona**

A Meeting of the Board of Directors of the Rio Nuevo Multipurpose Facilities District was held on Wednesday, September 30, 2009 in the Maricopa Meeting Room of the Tucson Convention Center, 260 South Church Avenue, Tucson, Arizona commencing at 9:00 a.m.

**1. Call to Order / Roll Call**

Meeting was called to order at 9:00 a.m.

	<b>Appointee</b>	<b>Present</b>	<b>Absent/Excused</b>
Anne-Marie Russel, Chair	Tucson	x	
Jeff DiGregorio, Acting Secretary	Tucson	x	
Victor Soltero, Member	South Tucson	x	
Dan Eckstrom, Member	South Tucson		x

**3. Consent Agenda**

(a) Approval of Minutes of September 15, 2009

*Motion to approve minutes of September 15, 2009 was made by Board Member Jeff DiGregorio, seconded by Board Member Victor Soltero, and passed unanimously 11-0.*

**2. Call to the Audience**

Chair Russell made a call to the audience. There was no response.

**4. Hotel and Convention Center due diligence**

- (a) Consider (and, if appropriate, Approve) solicitation for proposal to prepare a targeted report analyzing and estimating the economic contribution of the convention center expansion and new hotel
- (b) Consider (and, if appropriate, Approve) preparation of an update by HVS of its hotel market and feasibility analyses to reflect current market conditions

Steve Moffett from the hotel team discussed the two reports:

He started with discussing the HVS hotel market and feasibility analyses. In order to sell bonds, the bond underwriters need an updated market study for the hotel and convention center expansion. The purpose of the study is to assess the market demand, to estimate the average daily rate for the use of the hotel for a period of 10 years; to estimate the occupancy that will be generated by this hotel; and to take into consideration current convention center business and the expanded convention center, the number of rooms and the amount of meeting space they are programming into the hotel. These are all the things that the Hotel Team is putting into place right now in designing the hotel.

The study will take the rate and occupancy projected for the 10 years and generates a complete 10 year proforma and cash flow projections for this hotel starting from the day it opens through the 10 years.

HVS is an internationally recognized firm. All of the bond underwriters in the country are very comfortable with their work. They have one of the largest data bases in the world for hotels and convention centers.

At the end of the process of gathering the information from the likely users of the convention center and hotel, they will develop a very comprehensive report that will assess the market demand and competition. The report will discuss their assumptions for the revenues, expenses, and rates of occupancy.

This report must be from an independent, third party firm that is recognized for providing these studies. It compares their proforma with Starwood's proforma, and if there are any differences they will reconcile both to come to an agreement.

There has already been negotiation with HVS. The first thing they will provide is a PowerPoint summary, then they will provide an expanded report for the bond underwriters to use.

If approved today, the timeline will be approximately 4-5 weeks, with a preliminary report in about 3 weeks. HVS already has their data base for Tucson and Arizona, and this information is based on current market data that is gathered just before bonding.

Steve Moffett, then discussed the Economic Impact Analysis.

This is the most important thing that a City, County, State, or District can look at for a publicly owned hotel. This report estimates the total economic impact to the City of Tucson, to Pima County, and for the entire region. It covers all aspects of possible income, ie, the employment it generates, taxes at all levels, (payroll taxes, income taxes, sales taxes). It also takes into account all spending that takes place when a convention comes to the hotel.

This study starts with the HVS report.

Board Member, Jeff DiGregorio said that it is very important that this information get to the public.

Board Member, Anne-Marie Russell asked what the approximate cost will be for the reports. Hector Martinez, said the HVS report will cost between \$25,000 to \$30,000, and the Economic Impact Study will be approximately \$35,000.

Board Member, Victor Soltero asked what the timeframe for the Economic Impact Study. Steve Moffett indicated it would be between 4-6 weeks.

Motion to approve Agenda Items 4 (a) and (b) by Victor Soltero, second by Jeff DiGregorio, passed 11-0.

## **5. Future Agenda Items**

- *Setting a cap for hours on Mr. Shelko's contract and to finalize and execute his contract.*
- *Silvia Amparano to give a financial report for the Rio Nuevo District at the next regularly scheduled meeting.*

## **6. Adjournment**

Meeting adjourned at 9:18 am.