

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

Thursday, July 15, 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, July 15, 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 2:20 pm.

	Appointee	Present	Absent/ Excused
Jodi A. Bain, Chair	Senate	x (left at 5:00 pm)	
Dan Cavanagh, Member	Governor	x (left at 5:00 pm)	
Jeff DiGregorio, Member	Tucson		x
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 (arrived at 2:28 pm)	
Alberto Moore, Secretary	Governor	x	
Anne-Marie Russell, Member	Tucson	x	
Victor Soltero, Member	South Tucson	x	
Alan F. Willenbrock, Treasurer	Governor	x	

2. Review and possible action with regard to the Minutes of June 17 and June 23, 2010.

Chair Jodi Bain indicated that due to the length of the minutes, the Board Members would like more time to review them. Their approval will be delayed until the next scheduled meeting on July 28, 2010.

Ms. Bain indicated that due to the length of the June 9, 2010 minutes, and the quality of the audio file, those minutes will come before the Board as summary minutes with verbatim language of actual motions.

Item No 9 was moved out of order.

9. Update on Auditor General's office and Crowe Horwath on the audit - David Jones and Dan Cavanagh

Kevin Smith, Partner with Crowe Horwath indicated that Crowe Horwath has been engaged by the Auditor General's Office to perform the performance audit for the Rio Nuevo Multipurpose Facilities District. The preliminary discussions have begun with the City of Tucson staff, as well as the Board counsel, and selected Board Members. Mr. Smith will be scheduling meeting with the individual Board Members to allow them to give input and ask questions regarding the ongoing audit. He said over the course of the next two weeks they will be refining their audit plan, developing the actual audit procedures to complete the requested steps required by the Auditor General's Office. Crowe Horwath has assured the Auditor General's Office that they will meet the required deadlines and the required statutes.

Mr. Smith indicated that they will be working closely with Board Counsel Keri Silvyn, providing weekly updates regarding project status and accomplishments. Ms. Silvyn will distribute this information to the Board on a weekly basis.

Board Counsel Keri Silvyn indicated that she is working with the Auditor General's Office attorney; she has been informed that until there is a final report, any of the interim fact finding discussions and reports are not public record. Board Counsel is taking direction from the Attorney General's Office that the distribution of the reports maintain confidentiality and are not made public until the report is final. The confidentiality includes the September preliminary report.

Board Member Alan Willenbrock indicated that Crowe Horwath was selected by the Auditor General's Office for specific tasks. The District's role is to cooperate with the audit, to provide information, and to pay for the audit.

Item No. 8 was moved out of order.

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

Vice Chair Mark Irvin indicated that the Board tasked David Lovitt from DM Lovitt Insurance Agency to get the Board some Public Liability and Officers Insurance, which has been taken care of. The Board needs to put an insurance binder on a piece of real estate the District owns. Mr. Lovitt has been advising the Board on some of the issues relative to insurance with the IGA. He has also been spending time on the lease-hold properties to be sure that the Board is appropriately covered as co-insureds.

Vice Chair Irvin indicated that Mr. Lovitt is currently working on researching general liability insurance for the Board. Mr. Lovitt distributed a Carrier Response Spreadsheet, a Proposal for Primary and Excess General Liability Insurance for the Rio Nuevo District, and a Proposal for Excess Liability Insurance on the vacant dwellings, which is

already insured through the Primary Insurance. Out of 37 firms that were contacted only one quote was received.

Vice Chair Mark Irvin indicated that the quote was based on an annual budget of \$57,653,950; which he believes may be inflated. Finance Director Kelly Gottschalk clarified this number indicating that the annual budget should be based on primary TIF revenues of approximately \$11,000,000. Board Counsel Bob Gugino indicated that the amount of the premium should go down if the amount of the annual budget to go down. Mr. Lovitt indicated the he would go back to the insurance underwriters and have them rebid with the adjusted budget numbers. He indicated that usually if a firm has declined to bid, they will not bid again for a year. He indicated that he would try to get them to rebid.

Vice Chair Mark Irvin suggested that this item be tabled until he, Kelly Gottschalk, and Board Counsel can be sure that Mr. Lovitt has all of the information he needs to reposition the Board to have quotes possibly rebid.

Item No. 14 was moved out of order.

14. Call to the Audience:

The following members of the public addressed the Board:

Raj Foley, distributed a handout entitled, "Fountain Plaza, Hotel & Convention Center".
Steve Miser (sp), Warren, Jackpot, Miser and Safford, design modification for Hotel

3. Report from the Chair – Jodi Bain

SEE ATTACHED TRANSCRIPT.

4. Interim Executive Directors Report – Richard Miranda

Finance Director Kelly Gottschalk gave the report in Mr. Miranda's absence. Ms. Gottschalk indicated that at the first negotiating team meeting, the intent was to discuss the proposed timeline that Chair Bain had passed out, but the team did not get to discuss it. Ms. Gottschalk indicated that a copy will be provided to the Board Members with some suggested changes to the timeline from the City's side.

Ms. Gottschalk indicated that there are 12 outstanding invoices, 4 have been approved for payment, checks will be mailed out next Friday. There are 8 outstanding invoices that still need approval. Vice Chair Mark Irvin requested to have the invoices discussed during the next Executive Session on July 28, 2010, and also schedule the Project Information Presentation by Jessie Sanders.

5. Discussion and possible action with regard to a schedule for decision-making on the hotel and meetings with negotiation team on hotel. - Jodi Bain and Mark Irvin

Vice Chair Mark Irvin indicated that it is necessary for the City and the District to find common ground when it comes to hiring an attorney that both feel comfortable with. Because of the cost and scope of the project, it is important that we have an extra set of eyes that will help lead us through the details of the design-build contract and the GMP review process. He believes the money spent for a special attorney will be money well spent.

Chair Jodi read an email from John Sundt confirming that Sundt Construction has no problems with the law firm of Rusing and Lopez representing the District in negotiating the design -build contract and/or assisting with the GMP review process.

Board Counsel Keri Silvyn was asked to clarify that a specialty construction lawyer would be required to supplement the current legal team to provide in-depth review of the GMP and negotiation of the design-build contract. Mr. Sundt and his firm, Rusing and Lopez, would affiliate with Gugino and Mortimer to provide that expertise should the Board so choose.

Board Member Carlotta Flores indicated that she was comfortable with the process of having the negotiating team, which was selected by the Board, interview the firms and make the selection of John Sundt to assist with the review process. She believes it is now time to go forward with the review process.

A motion was made by Vice Chair Mark Irvin, seconded by Board Member Dan Cavanagh for the Board to authorize Gugino and Mortimer to associate with the firm Rusing and Lopez, with Attorney John Sundt acting as lead, to assist legal counsel for the District with construction project matters, which include but are not limited to, (i) negotiate and drafting of the Design Build contract and associated matters; and (ii) oversee, select, hire, manage and negotiate a GMP review team and the actual review of the GMP at his discretion, with direction by the negotiation team, either (a) jointly with the City of Tucson's legal representative for construction matters as to the proposed Hotel/Garage/TCC project or (b) separately on behalf of the District only.

After some discussion, the motion passed on a roll call vote 7-3, with Board Members Alberto Moore, Alan Willenbrock, and David Jones voting no.

6. Status report and possible direction regarding convention center/hotel based activities –David Jones and Greg Shelko.

Greg Shelko indicated that he did not have anything to add on the status of the Hotel Project.

Mr. Shelko indicated that at the last meeting, he advised the Board that there were several items to be completed before the Certificate of Occupancy for the East entrance of the TCC could be issued. All of the outstanding issues of last week have been signed off.

Yesterday the Design Build team went to Development Services and picked up the Certificate of Occupancy. With the issue of the Certificate of Occupancy and a few maintenance issues having been taken care, he will be talking to Tommy Obermaier to organize an event for the celebration of the opening of the East Entrance.

Mr. Shelko indicated that part of the Hotel project is the expansion of the Convention Center, including about a 30,000 square-foot expansion on the west side of the exhibit area and about 25,000 square feet of meeting room additions that will be connected physically and functionally with the Hotel.

After some discussion Item 7 was addressed.

7. Discussion with regard to bond counsel services for the District – Jodi Bain and David Jones.

Chair Jodi Bain indicated that seven firms were invited to present their interest in representing the Board as bond counsel. Of the seven firms, four responded. They were Ballard Spahr, Greenberg Traurig, Lewis and Roca, and Gust Rosenfeld. Lewis and Roca was selected on the presentation that Bryant Barber gave and his expertise in litigation of bond indenture language. Greenberg Traurig, had a significant conflict with who they currently and in the past have worked with, including Garfield Traub and their relationship with the City. The Board thought that Lewis and Roca was well qualified for the position. Chair Bain indicated that Greenberg Traurig was not selected due to a conflict of interest issue.

Item No. 6 was readdressed.

6. Status report and possible direction regarding convention center/hotel based activities –David Jones and Greg Shelko.

Board Member Alan Willenbrock discussed a letter that City Manager Mike Letcher sent to Mr. Hazinski from HVS, on questions Mr. Haywood Sanders from the University of Texas at San Antonio raised on several issues regarding the Market Study for the Tucson Convention Center Headquarters Hotel at a Mayor and Council meeting. Mr. Letcher asked HVS to review the information that was delivered by Professor Sanders and from a subsequent newspaper article that was written, and comment on any errors that may exist. Vice Chair Mark Irvin indicated that many of the Board Members also have questions they would like answers to, and suggested that a letter be sent from the Board asking for those to be addressed as well.

Item No. 10 was moved out of order.

10. Discussion and possible action on the Executive Director Job Description - Alberto Moore and Jodi Bain

Chair Jodi Bain apologized that she did not complete and send the email with the draft job description to Board Member Alberto Moore until late yesterday evening. Mr. Moore

indicated that he had not received the email in time and requested that this item be tabled until the next scheduled meeting.

Item 5 was readdressed.

- 5. Discussion and possible action with regard to a schedule for decision-making on the hotel and meetings with negotiation team on hotel. - Jodi Bain and Mark Irvin**
Chair Jodi Bain indicated that on July 28, 2010 a representative from both Garfield Traub and Turner/Sundt will be taking the Board through the GMP. They are requesting three to four hours for this discussion. Therefore the Regular meeting will begin at 12:00 pm on July 28, 2010, with the GMP discussion beginning at approximately 2:00 pm.

Item 15 was moved out of order.

15. Future Meeting Dates and Agenda Items.

Chair Jodi Bain indicated that the next two meetings will be scheduled in the Greenlee Room.

July 28, 2010, 12:00 pm

August 11, 2010

Let the minutes show that Board Member Dan Cavanagh left the meeting at 5:00 pm.

Let the minutes show that Chair Jodi Bain left the meeting at 5:00 pm.

11. Report/update on status of Tucson Origins Film and showing of same - Jodi Bain and Keri Silvyn

Board Counsel Keri Silvyn indicated that initially the Board asked that the film be shown, when it is complete, as part of the Tucson Birthday celebration on August 14, 2010, but there was an issue with the organizers of that event in being able to show the film that evening. There is an additional celebration related to the Birthday that is being held on August 21, 2010. The Fox Theatre has agreed to show the film sometime between 4:00 pm and 6:00 pm, with a reception from 3:30 pm to 4:00 pm. The Fox is willing to send out an email blast, have it put on their website, and have the film advertized on their Marquee free of charge. Any other advertising would need to be paid for by the District. In order to have the high definition equipment that is required to show this film at the caliber that the producers are saying it needs to be shown in, there is a \$1,200 to \$1,500 expenditure that the Fox will not pay, it would need to be an expenditure of the District. This is an expenditure that would need to be paid even if the film were to be shown on August 14, 2010.

Board Counsel Keri Silvyn indicated that the film is not yet complete, but should be complete sometime the August. The Board will be advised in Executive Session on the status of the Copyright issue, which still has not been completely resolved. One of the issues that need to be discussed is if the Fox Theatre is the venue in which the Board wants to show the film once it is done and the copyright issues are taken care of.

A motion was made by Vice Chair Mark Irvin, seconded by Board Member Alberto Moore to put this item on a future agenda, passed 7-0, with Board Member Victor Soltero not present for vote.

12. Report from Legal Counsel – Keri Silvyn and Bob Gugino.

a. Report on Depot Garage

Board Counsel Keri Silvyn indicated that she received an email response to the letter that the Board sent to the City regarding the District's position on the settlement the City entered into as it relates to parking spaces in the Depot Garage. The City has acknowledged receipt of the letter by City Attorney Mike Rankin, who indicated he expected this issue will be part of the settlement of IGA issues between the Board and the City of Tucson. Ms. Silvyn indicated that Stitler and Martin's legal counsel had also acknowledged receiving the letter, but there was no indication that either party has put a hold on the settlement. By sending the letter, the Board has put all parties on notice that the Board does not believe the parking space part of the settlement is enforceable.

Board Counsel Bob Gugino indicated the settlement agreement was to be signed and entered into within 60 days. The Board has not received a response whether the City is continuing to negotiate with Stitler and Martin or whether it is on hold. There is approximately 30 days remaining from the 60 days.

b. Report on Rialto TRE

Board Counsel Bob Gugino indicated that on Tuesday, July 13, 2010, that he, Chair Jodi Bain, and Vice Chair Mark Irvin met at the Rialto with several other people, including Lou Ginsberg with the City of Tucson Real Estate Division; Doug Biggers and Curtis McCrary from the Rialto; Jim Campbell owner of the former Greyhound site; and two architects working with the Rialto on the Temporary Revocable Easement (TRE) that was discussed at the meeting from two weeks ago. We were given a thorough presentation and walked through the alley. The Mayor and Council subsequently pulled the item from their agenda related to the Rialto TRE on July 7, 2010 waiting for input from this Board. We are in a position to discuss this with you at an Executive Session

13. Executive Session

At 5:08 pm, a motion to go into Executive Session was made by Board Member Allan Willenbrock, seconded by Board Member Albert Moore, approved 8-0.

i. Negotiations with City of Tucson on IGA.

ii. Depot Garage issues on settlement between City and 3rd party.

iii. Public records request and copyright agreement negotiations for the film and other collateral materials from Night & Day Studios for Tucson Origins Park.

iv. Rialto Lease rent abatement requests and TRE.

At 6:20 a motion to come out of Executive Session was made by Vice Chair Mark Irvin, seconded by Board Member David Jones, approved 6-0.

16. Adjournment.

The Rio Nuevo Board formally adjourned the meeting after the executive session at 6:21 p.m.

NOTE: It is the intent of these meeting minutes to get the general meaning of the discussion, summarize what happened, and record official actions. The minutes are not intended to be a verbatim transcription of all that was said. Audio files of the meetings are available for review at City Hall, Finance Department, 255 West Alameda, 5th Floor West.

**Transcription of Report from the Chair
Delivered at the Meeting of the Board of Directors of the
Rio Nuevo Multipurpose Facilities District**

Thursday, July 15, 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 Wednesday, July 15, 2010 in the Tucson Convention Center, Greenlee Room, 260 South Church Avenue, Tucson, Arizona.

The following is a transcription of Item Number 3: Report from the Chair – Jodi Bain.

Chair Jodi Bain

What my intention and what we are doing here is taking a look back in the last four months. We first met here March 16, 2010 as the reconstituted Board that was four of the Incumbents and nine new Members. Before I start, because I am going to read this into the record, I may not be quite as interactive and I am going to be reading so that it makes sense for the note taking purposes. Also, I want to thank you all for coming here today and for those of you who are with the press and would like a copy of this, if you let me know, I will put together a brief in pdf and email it to you. So, if you let me know, I can do that for you. I wanted to thank the City Government Staff as well as Mayor and Council and their Staff, the City Managers and the City Attorneys.

Board Member Dan Cavanagh

Excuse me Madam Chairman, but if you could go a little closer to the mike, I'm sure this is important and it is a little hard to hear you now.

Chair Jodi Bain

No, I appreciate it because I am hearing myself talk and I don't know if I'm projecting. Is that better? Okay, I am getting a reverberation here. Okay, and you know I wanted to thank all the various parties and entities that have worked with us for the last four months with the reconstituted Board for the transition period that we've gone through as well as for the timing and their patience of getting us up to speed with study sessions as well as information and, you know, powering through some of the information we need. Some things we didn't quite finish getting through. For example, Jessie Sander's PowerPoint presentation is something we are going to revisit. There are also some comments to the proposed Hotel Garage TCC Project that we are going to be moving through in the next couple of weeks. One of them will probably be a study session with regard to the questions that were put together and sent out to Piper Jaffray and Jim Sult, who is also in the audience. This Report is meant to discuss the many challenges, which some view as hurdles, and successes the reconstituted Rio Nuevo Multipurpose Facilities District Board has addressed, responded to, and is engaged to effectively tackle. We sit here as

volunteers. This is not meant to rehash past issues, or to fully explore the District's perspectives on all of the matters we have at hand or to address them. This includes the proposed Hotel Garage and TCC Project. Where our frame of mind is - do we choose to see the challenges as stepping stones or as obstacles? If we choose to see the many issues pending before the Board as obstacles, then the challenges we face will be viewed as problems. Problems that need to be overcome along with the negative connotation associated with the concept of a problem. A great deal of wasted energy can be spent focusing on a negative perspective. This is done. This is how it is done. It's not possible. I can't sell a concept. I shouldn't have to do this. All these types of phrases need to be turned around, and have been to a great extent. However, we have to adjust and realize that if I can make it happen, it has not been done like that, but I see your point, let me take a look at that and get back to you. That is the change that we have seen as we have dealt with the City Government Staff that sits here today. The key is positively incentivizing the District and the City of Tucson Government to work together to make Rio Nuevo function as it possibly could and emerge as a significant financing mechanism as well as Downtown development mechanism through various parties involved. As Chair, however, I choose to see hurdles as challenges like stepping stones and opportunities and I would hope and believe that my fellow Board Members sitting here today look at these issues the same way no matter how heated our debates may become. The stepping stones we have encountered during the past four months we have used to step on so we may accomplish more, step up to the plate, develop further and ultimately actualize development in Downtown Tucson that will have state reaching strengths and weaknesses as well as moving forward to ensure that the TIF District is maintained and doesn't leave our presence.

As to the Board itself, I am proud to serve the community along side each and every Board Member. Each appointee is essentially, again, a volunteer and is highly skilled and dedicated to advancing Tucson. There are times, as stated in the paper on Monday, as something that I said, that I look across the Rio Nuevo Board table at meetings and think that if we had to go out as the City of Tucson Government or Tucson in general and hire the talent and dedicated force of power sitting here before you today, it would, we would be hard pressed to come up with a better group. We cannot afford to squander the time and talent of these individuals or this remarkable opportunity for the City of Tucson. So, who does the Board represent? We are a State Fiduciary as to the nine new Board Members. The Board, as reconstituted, has nine Members appointed by the State entity, the Governor and the House and the Senate. We have a fiduciary duty not just to Tucson based tax payers, but to the State tax payers. This TIF District is designed and developed to put forth and generate further TIF revenues while responsibly stimulating Downtown Tucson growth. The three incumbent Board Members shall phase out as their terms expires. We thank them for their continued service to Tucson and the District for the knowledge that they have brought to us and for the patience they have had as we have been able to come up to speed.

So what is our goal? Is it short term, is it long term? Generally speaking, you have heard many of us discuss the progress to complete the District stabilization and a baseline in order to bounce off on future projects and perspectives. I shall discuss the progress to date in five areas: where we were; what we have accomplished; where we are today; where we are going; and what we persevere to accomplish. In three years from now, where might we be? Much has occurred since our first meeting on March 16th, the Board has now invested the initial few months in

absorbing information and studying weeks and weeks and weeks of due diligence materials. We discussed the major themes of the importance to be: establish transparency; create financial and fiscal responsibility; construct an independent development mechanism for Downtown and the District; and formulate and legally identify a clear asset base for Rio Nuevo and its financials.

I see in this Rio Nuevo Board a focused and knowledgeable group filled with specific expertise to provide solid financial real estate, develop, pardon me, development, construction and strategic business direction. Each of the Board Members, new and incumbent have reviewed documents, attended meetings and spent countless hours to stabilize the District to this point. The Board has met weekly through the last week to the best of my recollection. Each meeting is hours long and can often be exhausting. However, we continue to persevere in light of the good, the bad, and the belief in the positive possibilities that Rio Nuevo can accomplish for the Downtown area and the City of Tucson.

In March 2010 the Board changed. The newly constituted Board began mingling with the four incumbents. One of the four incumbents left immediately after we began meeting due to family pressures and was unable to attend the newly constituted Board meetings. We appreciate Dan Eckstrom's time and efforts and we understand his reasoning for having to leave. In late March there was also a hiccup over the view of Board appointments and residency requirements. We lost Ed Biggers, Hughes Missile Systems former CEO, and Craig Finrock, a real estate broker. The other two appointments to fill these slots, Dan Cavanagh, of a few months ago, has beautifully come up to speed on what is an enormous amount of information and also Rick Grinnell in the last two weeks, we thank you.

We are settling in to work together and evaluate the District that we have inherited. That is for all of us here, because enabling legislation made modifications for what our goals and what our jobs are sitting here. So we appreciate your patience and thank the City Government Staff for understanding and working with us. This is a recurring theme that I've seen that I'm saying. Because there tends to be a perspective that there is a great amount of stress fracture between the City Government and this Board and its not a stress fracture, the very issues that we are learning how to agree to not agree on something. We had a lack of insurance, we, when the new Board also came on there was a certain amount of instability or confidence between the new Board Members and the incumbents. This has been worked through to a great extent, we have been very, very fortunate that we have come to understand that the incumbent Members want to work with us and were waiting for the enabling legislation to take effect.

With regard to our attorneys, our financial advisors, our bond counsel, and executive director, we thank Mr. Miranda for all of his hard work and understand the position that he was placed in. Let me also step back a moment and say that for weeks and weeks, each one of the City's Government Staff that attends the District's meetings and supports this administration has worked tirelessly to meet our requests and our concerns, for both the Board Members and our Council, thank you. This is not to say that the reports and information presented to us were always accepted as delivered. Often times we were here for many, many hours asking questions and asking for revision of the paperwork.

We then moved to an evaluation of assets and properties. That is what led us to engage Gugino and Mortimer to take a look at all the property assets as well as the monies that have been spent through the TIF into various projects where assets were not in fee title or legally owned as a real estate item. We have overcome, through special counsel, various monetary allocation questions done on projects and Bob and Jeanine have analyzed and ferreted out many, many matters for the Board regarding the TCC, the Rialto, the Fox, the Depot Garage, the Brickyard, the Duplex and others. Information sessions on topics, including select past projects of magnitude, select existing projects, various proposed projects and other obligations have been forthcoming. Ten years of information we have uncovered in four months. There is also an apparent cloudy relationship between the old Board and the City, and the City and the new Board; those things are being managed and taken care of through a governance IGA and settled some ruffled feathers on topics that may or may not be of issue to each individual tax payer, both in Tucson and through the State. We also had to look at the legislative intent of the enabling legislation and attempt to figure out the vision and the new mission that was envisioned for us at a state level that we have now acquired. Many of us took the time and effort to speak with various State Legislatures, Tempe with the Governor's office, others in the Governor's office, the Attorney General and the Department of Administration.

We also dealt with an insolvency issue that is possibly due to the City Government budgetary matters coming into conflict with a million-seven and a loan that is papered, to a certain extent, that began about ten years ago. We are looking into this; we did not have it in our budget this year. This is something that we are developing as we move the global resolution IGA. The fact that a half a million dollars was removed from the District's account beginning July of 2009, until March when this Board stopped that withdrawal, effectively put four point five million dollars of District funds out of District hands, arguably before it would have been due. The paperwork seems to state that the monies due under this obligation should have been paid out of first available funds. We are working to organize and understand what the responsibilities of the District are to this matter.

In April we did effectively come up and engaged Keri Silvyn, through Lewis and Roca and again Bob Gugino with Gugino and Mortimer as new counsel. We began the new Governance IGA Agreement. At the beginning inception it was going to be one Governance IGA with various projects discussed in it to have a resolution or cooperative agreement amongst the District and the City. We are moving forward with the Governance IGA and looking forward to positive responses with regard to the global resolution and cooperation agreement.

We also obtained D&O insurance and began learning how to play nice together as a Board with all our opinions and skill sets as well as with the City Government, the Mayor and Council and everybody's staffs. We also had a session on Open Meeting Law on transparency which Counsel Silvyn struggles to maintain perspective when we asked questions that otherwise may not need as much clarity. We continue to self educate in regards to compliance, however, sometimes it's hard because compliance inhibits efficiency.

In May we took a big look at, through Bob Gugino, at the Rialto, the Fox, the identification of properties the audit, our RFQ/RFP as well as having a full hotel day spent coming up to speed on

what this hotel, convention center and garage will mean for the City of Tucson and the obligations it can or will create for both the City Government as well as for this District.

We looked at nonperforming or defaulted holdings. We looked at the funding of existing projects, many of which have been placed in limbo creating some issues between the District and the City Government. We approved an audit for \$322,000 dollars that is coordinated by the Auditor's General Office. The financial obligation is by statute and was approved. We obtained insurance, D&O and as you saw today, we continue to seek general liability insurance. There was some failure to obtain clear understanding of actual operating cash as a position and we are working towards analyzing and stabilizing this question.

In June we passed a budget. We used some forecasting speculation that the finance team was nice enough to work with us on. We selected our Executive Team. The Negotiating Team was selected in response to Mayor and Council's draft timeline. The Negotiating Team has since met twice and we had our first Town Hall regarding the budget and the hotel, although no one was interested in our budget on that night.

We began looking at the GMP and the design build contract for the parking garage TCC proposed hotel. We reached out to the Mayor and Council and also the other players Downtown to get everyone working together and hopefully on the same page. We need to remember that there is much to lose if cooperation and a working relationship for the betterment of Tucson is not solidified between the players that we are working with. The TIF District, very possibly could disappear. This Board has and is exerting great efforts to keep the District alive and nurture it so it is able to reach and fulfill its potential.

I remind the City Government of Tucson, the Mayor and Council, the Staff, this Board and everyone else in the City of Tucson of the potential impact the loss of \$100,000,000 plus to the City of Tucson if this District is dissolved but for coverage of existing debt. This is a serious issue.

In July we struggled with a settlement agreement coming to light regarding the Depot Garage development. Difficulty in obtaining expeditious responses to global resolutions as bandied back and forth between this District and the City Government. We have a commitment to make this work. This commitment is demonstrated by the selection of bond counsel that will be released to start work at such time as there is a capital plan and a GMP that appears to work in a fiscally responsible way for the City of Tucson taxpayers as well as the State.

So where are we? While I have addressed some areas of sheer frustration, failures of communication with the City Government within the District itself and with the District and the City Government, we have yet come together to form a Negotiating Team to try and make this hotel, convention center, TCC proposal move forward if it can. This is again an act of faith and an olive branch. Last week the joint Negotiation Team between the District and the City met twice. Once to brainstorm a common path towards deciphering if the proposed hotel, garage, TCC project is workable, and the second time to interview a set of strategically skilled specialists. Speaking for the District, the Negotiating Team seeks to establish and co-manage a

team to review and revise both the design build contracts and the proposed GMP as delivered to the City and the District at the end of 2010. Ms. Silvia Amparano was present at these meetings and I know Mr. Miranda was not at the last meeting, but I am going to look to her for some cooperation when we move forward and make some motions so that we can enable the Mayor and Council and City Attorney to move forward on the basis of what we are requesting and what we are going to set forth in front of this Board to approve.

The joint Negotiation Team is putting forth the following recommendations; that the City Government hire, with Mesch, Clark & Rothschild, Mel Cohen, and that Gugino and Mortimer engage, of Rusing and Lopez, Mr. John Sundt to work on behalf of the District through an association agreement. To preserve the integrity of the process, Mr. Sundt has been an attorney for twenty years. If you notice his last name appears as Turner-Sundt, it is the second name. Sundt Construction he was involved with for approximately ten years plus and left in 2004. He has no financial ties and Mr. Sundt will state and also offer an email that Sundt Construction has no objection to his representation of the District. Together, Cohen and Mr. Sundt shall oversee the review of the GMP with joint or separate reviewers, as selected by Cohen and Mr. Sundt and report back to the Negotiation Team both separately and jointly. Both the District and the City Government will have representation. If the joint review group is created, the District and the City Government have agreed that they may elect cost share the GMP consultants to review this process.

Furthermore, as I stated before, the Board is now complete and we are ready to move forward into the process of determining which projects are going to be financially viable. In conclusion, we are at a cross roads. The District Board has repeatedly liaised and discussed with Mayor and Council and the City Government urging collaboration and cooperation. We have negotiated in good faith and continue to do so despite the previously mentioned challenges. Sometimes responses from the City Government have, thus far, been disappointing. However, we continue to urge open communication and move forward and that is what we have been doing through this Negotiating Team.

I have learned that the key to effective Downtown development is ultimately the sum of many actions and character players. While the Rio Nuevo Board can feasibly move forward toward Downtown development, each City Government Staff member, Mayor and Council Member and our Board Members, in concert and collaborating can expedite issues and substantially redevelop Downtown Tucson in a much more expedited case.

Where are we going and what do we persevere to accomplish? We must have a working partner that builds reputations and sell projects, not tears them down and we believe we have that. Did we build up or break down and possibly lose the TIF District due to failure of cooperation and genuine working together to complete an IGA? No. We are effectively almost complete with the Governance IGA. Some of the other issues that we are working forward on a settlement that with the global and resolution is moving forward and I believe after some telephone calls that I had in the last two days we can make this work, but we have to have effort from both teams.

The Board is destined to make choices and those choices do largely control the future of the District for the near and medium term. I am most fortunate and grateful that I have been a part of a District which is filled with so many motivated people. Three years from now we look forward to seeing transparency in place, financial and fiscal responsibility, independent, possibly extradited development mechanisms for Downtown, and the District to have various identifiable assets and revenue streams for Rio Nuevo to be a success. Ideally, a tight and positive relationship with the City Government is envisioned as well. The latter is what we are working towards and a perfect example is the Negotiating Team. Putting these overarching and constants in place, it is our hope and minds and I would urge the Board, as well as the City folks, to strive for a strong and respected Rio Nuevo Multipurpose Facilities District to emerge for Tucson and Arizona. We reappear commitment to the District and all taxpayers. I thank you for your time and attention. Respectfully submitted, Jodi Bain.

Do I have any questions from the Board? Mr. Jones?

Board Member David Jones

I want to go back to that, you mentioned that the Executive Committee was recommending to the City that they contract with Mr. Sundt and Mr. Cohen or that we contract with Mr. Sundt or Mr. Cohen. How does that work again?

Chair Jodi Bain

The Negotiating Team, meaning the City and the District, met together twice. And at our Friday's meeting there was discussion that there would be equal representation, or one construction attorney for each of the District and the City Government. They would work together to formulate, if possible, a GMP review team that would be cost effective and overseen by them. The reason that we are looking for attorneys to run this particular piece is that they are being brought in for two purposes. One is to negotiate and go through and draft and sign bill and contracts with specificity as well as to work through the GMP issues that we have seen in the last two or three weeks since we obtained the GMP document proposal. Mark do you have anything to add on that? Unfortunately, Mr. Miranda is not here today, although Silvia was, as a representative at the meeting on Friday. I don't know if you want to add anything to that.

Deputy Finance Director Silvia Amparano

I think Ms. Bain, you articulated it well on what happened last week with the Negotiating Team and Mr. Miranda and the interviews with the attorneys. I think the City welcomes the opportunity to work on this together. I think we can reach a common goal in doing that and we are awaiting the Board's decision to move forward.

Chair Jodi Bain

Thank you.

Vice Chair Mark Irvin

Madam Chair? I was just going to say one thing real quickly, you know, I think one thing that the District knows that we need to do, but right now we don't have the pockets to do it, is to hire an Executive Director. And so I think that a lot of things that would traditionally be handled by an Executive Director are being handled by people that are Members of this Board and you know, I just wanted to say that for those of you that have stepped up and done that, I think that's just about everybody on this Board, that I just wanted to say thank you for that and I would again echo, I think, what Jodi said, if you would try to go out and hire this type of team, you'd spend millions of dollars toward it, and the legislature, I think has assembled a really good team of

people that are working countless hours including serving as executives and executive directors and kind of all of that. So that's kind of all of what I wanted to get in.

Chair Jodi Bain

Any other comments?