

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

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**Wednesday, September 29, 2010**

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**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, September 29, 2010 in the Tucson Convention Center, Greenlee Room, 260 South Church Avenue, Tucson, Arizona commencing at 3:35 pm.

**1. Roll Call**

The meeting was called to order at 3:35 pm.

	<b>Appointee</b>	<b>Present</b>	<b>Absent/ Excused</b>
Jodi A. Bain, Chair	Senate	x	
Dan Cavanagh, Member	Governor	x	
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
Alberto Moore, Secretary	Governor		x
Anne-Marie Russell, Member	Tucson		x
Victor Soltero, Member	South Tucson	x	

**2. Review and possible action with regard to the Minutes of June 9, 2010 and September 2, 2010**

A motion was made by Board Member Victor Soltero, seconded by Vice-Chair Mark Irvin to approve the minutes for June 9, 2010. Motion passed 4-1, with Board Member Dan Cavanagh voting no, and Chair Jodi Bain and Rick Grinnell abstaining

A motion was made by Board Member Scott Egan, seconded by Board Member Victor Soltero to approve the minutes for September 2, 2010. Motion passed 7-0.

Vice-Chair Mark Irvin made a comment relative to some of the things that have appeared recently in the press and to set the record straight on a few things. On Monday, I thought the Rio Nuevo negotiating team had a very productive meeting with City staff. At that

meeting the goal was to understand the City's proposals from the previous week. I think we got our arms around those quite well. Yesterday, thanks to all of you great people in the press, we learned of a new point or punt to the Rio Nuevo Board with new conditions. Obviously given some of the changes in the position of the City we're not going to be in position to respond by the 9/30 date that they requested. Our legal team visited last night after City Council meeting with the City Attorney Rankin to try to understand exactly what the various motions were and how those passed. I also know that this morning that there was some continued discussion with those. Obviously we will be briefed on all of those things today in Executive Session. I think many of us feel that it would be inappropriate for this group to make any major decisions today; we have four of our Board members who are out of town and not able to be here today. However, I am confident when they return next week that we will give the latest proposal all of the consideration that it deserves. I think it is important to recognize that the decision on the Hotel is a major decision, not just for this Board but obviously the City as well, we understand that. It is not one that this Board take lightly, I think this is a Board that I am tickled to be a member of even though there are days I wonder why I got involved because it can be a little like another full time job, but I am very comfortable that this Board wants to be a part of the solution and has spent a tremendous amount of time and energy all without compensation. We appreciate the punt back to us, again we'll get briefed on that in executive session. I am sure and confident that in addition to the things the City has pointed out, there is a lot more things on our list that would be even more extensive when we respond to the City and hopefully that will be something we can do next week. But I just thought, Chairman Bain, that given all of the press and us trying to understand the latest proposal, you sit down that visit with City staff, and then the City Council throws something else at them, so I appreciate City staffs being responsive to that, we will try to do the same in our response back to you. I just felt it was important that we let everyone know that we are trying to analyze the latest proposal, but we just got it.

3. **Discussion and possible action regarding Financial Services related to selecting an accounting firm to facilitate the annual financial audit for the District – Jodi Bain**  
Chair Jodi Bain indicated that she had received a short synopsis and information on pricing from each of the three firms that gave presentations to the Board at the last meeting. They were G. Antonio Kenon, CPA, Director from Keegan, Linscott & Kenon, PC; Jimmy J. Lovelace, CPA, Shareholder from BFC BeachFleischman; and Susan M. Vos, CPA, CFE, Manager from R & A CPAs.

Chair Jodi Bain indicated that if a selection is made today, services will not start until around October 31, 2010. It was noted that the two firms that are not selected today will be eligible to perform administrative accounting services for the District when those services are discussed at a future meeting.

Board Member Scott Egan indicated that until the new IGA is in place, the old IGA indicates that the City of Tucson will make the services of its financial consultant and bond counsel available to the District on the same terms and conditions as they are

available to the City of Tucson. Technically the City of Tucson is to be performing the financial audit. Chair Bain indicated that had the scope of services for the Performance Audit been written to include the financial audit the District would not be required to hire a firm to perform the financial audit. The legislation indicated that a financial audit does not need to be performed in the same year as the performance audit, but the Bond indenture requires an annual audit needs to be performed anyway, and since the intent of the District is to separate from the City and to be more autonomous.

Chair Jodi Bain indicated that a financial audit needs to be performed within 180 days after the end of the fiscal year. Finance Director Kelly Gottschalk indicated that if the Board wanted to use the auditor that the City contracts with and go through the process that we have done for nine years as part of the City's process we are happy to do that and there will not be an extra charge to Rio Nuevo, we have not charged Rio Nuevo in the past for that. Where it gets expensive is when you bring in a firm to do an additional process and duplicate work. Ms. Gottschalk indicated that Mr. Egan made to the Bond Counsel and financial advisor and that relates to financial transactions and not the audit. The Board needs to decide what is in their interest and whether it is using ours or using your own. (Jodi whispered, "They can't charge us.")

Board Member Rick Grinnell asked why the District needs to have a separate financial audit performed when the city of Tucson is willing to do that for us. Vice-Chair Mark Irvin indicated that the District needs to establish their own baseline.

A motion was made by Board Member Dan Cavanagh, seconded by Vice-Chair Mark Irvin to accept the offer from BFC BeachFleischman. After some discussion, the motion passed 6-1 with Board Member Rick Grinnell voting no.

**5. Call to the Audience.**

No response.

**6. Future Meeting Dates and Agenda Items**

Not discussed.

**4. Report from Legal Counsel.**

**i. Report and possible action on Rialto TRE and lease contractual issues.**

No update.

**ii. Update on status of IGAs.**

No Update

At 4:04 pm, a motion to go into Executive Session was made by Board Member Dan Cavanagh, seconded by Board Member Rick Grinnell. The motion passed 7-0.

**iii. Executive Session**

- 1. Hotel Project COT/District Term Sheet Negotiations**
- 2. Rialto lease contractual issues and TRE.**
- 3. Audit**
- 4. GMP Negotiations.**
- 5. Depot Garage**
- 6. Negotiation with City of Tucson on IGA.**

At 6:24 pm, a motion to come out of Executive Session was made by Board Member Dan Cavanagh, seconded by Vice-Chair Mark Irvin. The motion passed 7-0.

**7. Adjournment.**

The Rio Nuevo Board formally adjourned the meeting at 6:25 pm.