

Approved
by the Board of Directors of the
Rio Nuevo Multipurpose Facilities District
on November 20, 2011.

**Minutes for Meeting
Of the Board of Directors of the
Rio Nuevo Multipurpose Facilities District
2:00 pm Thursday, October 5, 2011
Tucson Convention Center-Meeting Room
260 South Church Avenue
Tucson, Arizona**

1. Roll Call.

The meeting was called to order at 2:08 p.m.

	Appointee	Present	Absent/Excused
Jodi A. Bain, Chair	Senate	X	
Tim Bathen	Governor	X	
Jannie Cox	Governor	X	
Carlotta Flores,	Governor	X	(left at 4:25 p.m.)
Rick Grinnell,	Senate	X	
Jeff Hill, Treasurer	Governor	X	
Mark Irvin, Vice Chair	House	X	(Mark Irvin left in middle of executive session and called in to finish it.)
Alberto Moore, Secretary	Governor	X	
Jonathan Paton	House	X	
Larry Lewis, Executive Director		X	
Counsel:			
Special Counsel Mark Collins		X	
Special Counsel John Sundt		X	
Special Counsel Sean Brearcliffe			X

2. Announcements from the Chair:

Chairman Bain stated the Board's limited access to Wells Fargo Trust Bank accounts and the resulting inability to obtain copies of bank statements, flow of funds and backup materials for the Rio Nuevo District accounts. The Board provided a Wells Fargo resolution conforming to the legislation in mid-August 2011 that would allow legislature appointed representatives to liaison with the Trustee. Chair Bain read a letter into the record written for the Board by Special Counsel Sean Brearcliffe to Wells Fargo demanding access, statements, and etc. This was followed by questions and comments from Jonathon Paton to Jeff Hill. Rick Grinnell requested that the Board move immediately to Agenda #7 which was then taken out of order.

7. (out of order) Financial Update:

Jonathan Paton continued to question the type of back up for the Rio Nuevo expenditures prior to the new reconstituted board and after. Treasurer Jeff Hill explained that the City information given consists only of intermittent bank statements or asset summaries (not including the sub-accounts or backup materials) and transaction reports created internal to the City. Original source documents are what is sought by the accountants and are not obtained from the City but rather, from the bank source which is Wells Fargo in this case.

3. Executive Director's Report:

Mr. Lewis' remarks included the update on the office space at 400 W. Congress effective October 1, 2011. He and Chair Bain discussed the requirement under that lease that the tenant must carry a specific blanket contractual liability rider on the insurance policy in the form as approved by the State. It was requested that the Board accept the insurance coverage offered by Neace Lukens Insurance as approved by the state and determined that it met all of the State requirements. It was noted that unfortunately DM Lovitt Agency was unable to obtain this part of the required insurance at the same cost, in the time frame required by the State for approval. Chair Bain thanked DM Lovitt for their efforts even though the state approved the other policy.

→ Motion by Jeff Hill to accept and approve of this insurance policy by Neace Lukens, seconded by Jannie Cox. Passed 9-0; unanimously.

Further, Mr. Lewis announced that the Board's website should be shortly linked with the City's Rio Nuevo website/webpages. It was also noted that all of the Board's past agendas and meeting minutes through August 2011 were available on the site. There was some discussion of getting a logo, seal and stationary together for the District and of a possible name change. A competition via community outreach to schools or colleges for a "seal" completion was mentioned by Chair Bain. Member Flores asked about business cards once the logo is finished so it professionalizes the Board.

4. Community Liaison Update:

Ms. Cox reported that all of the organizations with a liaison to date had received an introductory "e-mail" resulting in contact with Rio Nuevo Board members: Downtown Tucson, Fox Theater, Tucson Gem Show, Tucson Community Center, Rialto Theater, and Second City. Carlotta Flores recommended that such beneficial communication with these organizations needs to be publicized and recommended information and records be given to the Board's Executive Director with the expectation that a web page be created for same.

5. TCC Initiative Task Force. (passed over for later)

6. Rialto Theater Presentation: Scott Stiteler, Doug Biggers and Michael Crawford, Esq.

Jonathan Paton requested that the information presented by these gentlemen be taken into Executive Session meeting.

8. Report from Counsel:

After brief comments the board went into executive session.

→ Motion made to go into executive session at 3:30 by Janie Cox, seconded Mark Irvin and passed unanimously.

9. Executive Session:

Upon a public majority vote of members constituting a quorum, the Board of Directors may hold an executive session in accordance with A.R.S. 38-431.03 (A), (3) and (7) for legal advice concerning the following matters:

- i. The Fox Theater
- ii. Close-out of the proposed hotel project
- iii. Thrifty Block law suit and District documents/property matter
- iv. Legal representation and requirements for a district.

→ Motion made by Jannie Cox to come out of executive session at 4:20 p.m.; seconded by Alberto Moore. Motion passed unanimously.

(Mark Irvin left in the middle of the executive session and called in via mobile)

5. (out of order) TCC Initiative Task Force. (with Mark Irvin on via mobile telephonically) Janie Cox spoke to the need to set priorities in relation to the TCC Taskforce and suggested that the Board move forward without regard to the City input and bring a list of priorities back to the Board for action.

→ Motion made by Jannie Cox to continue with the TCC Taskforce without the City participation and to bring a list back to the Board for action as soon as possible. Tim Bathen seconded the motion. With Carlotta Flores no longer present, the Board passed the motion unanimously, 8-0.

6. (out of order) Rialto Theater Presentation.

The board returned to the discussion of the manner to move ahead regarding the Rialto. After some discussion:

→ Motion made by Jonathan Paton to direct the Board executive officers to negotiate with the assistance of Rusing & Lopez on a new lease terms with the Rialto to include the option to purchase being removed and other matters and for the Rialto to provide certain financial information as to budget, cash flow, and a proforma as directed in executive session be provided to the District by October 13, 2011. Amendment to motion offered by Janie Cox as to executive officers meeting with Rusing & Lopez. Amendment accepted by Paton. Motion passed unanimously 8-0.

→ Motion made by Jannie Cox to adjourn at 5:15 pm; Seconded by Jonathan Paton. Passed unanimously 8-0, at 5:15 p.m. (Mark Irvin was not available)