

**RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT BOARD
LEGAL ACTION REPORT
WEDNESDAY, JULY 30, 2008
PARKWISE CONFERENCE ROOM, 110 E. PENNINGTON STREET, SUITE 150
TUCSON, ARIZONA**

1. Roll Call

The meeting was called to order at 4:08 p.m.

Board members present: Jeff DiGregorio, Anne-Marie Russell, Roman Soltero

Board member absent: Dan Eckstrom

City of Tucson Staff: Greg Shelko, Downtown Development Director
David Cormier, Interim Finance Director
Fran Lasala, Assistant to the City Manager

District Counsel: Bill Hicks, Ballard Sparhr Andrews & Ingersoll, LLP

Guest: Bob Smith, University of Arizona

2. Election of Chairperson, Secretary, Acting Treasurer and Manager

Ms. DiGregorio motioned to nominate **Anne-Marie Russell as Chairperson**. Roman Soltero seconded the motion. Motion passed unanimously (11 to 0).

Ms. Russell motioned to nominate **Roman Soltero as Secretary**. Jeff DiGregorio seconded. Motion passed unanimously (11 to 0).

Mr. Shelko advised that the City's Finance Director has served as Treasurer of the District and the City Manager has served as Executive Director. Jeff DiGregorio motioned to appoint David Cormier, Interim Finance Director as Acting Treasurer and Mike Hein, City manager as Executive Director. Ann-Marie Russel seconded. Motion passed unanimously (11 to 0).

3. Call to the Audience

Shannon Reilly was concerned that the City was taking over the Fox Theatre.

Mr. Shelko advised that the Rio Nuevo Multipurpose Facilities District owns the Fox Theatre and the Fox Theatre Foundation operates it. The confusion may have occurred because there was an item on the agenda about Refinancing the Fox Theatre as part of the City's 2008 Certificates Of Participation and staff was advised that the theatre needed to be owned by the City in order for this to occur. This matter, however, remains unresolved at this time. It's possible that the District may end up bonding instead.

4. District Organization

Mr. Hicks reviewed and discussed the history, purpose and statutory authority of District and fiduciary responsibilities of the board.

No action taken.

5. Long-Range funding Allocation Guide

Mr. Shelko advised that on May 22, 2007 Mayor and Council were presented the Public Infrastructure Study for Downtown and the University of Arizona Science Center and Museum and they approved the following funding allocation guide for the remaining Rio Nuevo dollars:

\$102 million	Arena, Convention Center Expansion, Hotel
\$130 million	University of Arizona Science Center and State Museum
\$100 million	Infrastructure upgrades and Streetscape Improvements
\$ 70 million	Parking Facilities
\$ 60 million	Other Museums
	\$45 million Arizona history Museum
	\$10 million Tucson children's Museum
	\$ 5 million West Side Neighborhood Library
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\$462 million	Sub Total
\$ 66 million	Outstanding Obligations (previously approved projects that had not been expended on that date)
<u>\$ 53 million</u>	Future Arts, Cultural and Other Projects
\$581 million	Total

Ms. Russell motioned to concur and approve the funding allocation as approved by Mayor & Council. Mr. DiGregorio seconded. Motion passed (12 to 0).

6. Financial Reports

Mr. Shelko reviewed the lifetime-to-date revenue and expenditure reports that were recently provided to the Mayor and Council and reported on by the news media. A project by project narrative and update was given on the \$77 million spent to date.

Mr. DiGregorio asked how often TIF revenues were evaluated because he was concerned that the recent slow-down in the economy would have an impact on them. Messrs. Shelko and Cormier responded that they are constantly being evaluated and updated to keep up with the economic climate.

Mr. Shelko advised that Mayor & Council would be presented several scenarios next week as part of their 2008 COPS package and Rio Nuevo Board members are welcome to attend the meeting.

Ms. Russell asked if there could be a problem with the bonding package? Mr. Hicks responded that the District has two projects that are currently bonded. The first is the Tucson Convention Center, which serves as a pass through because the City pays rent to the District. The seconded is the Fox Theatre. He also said the District doesn't have any debt limitations and that borrowing schedule would probably be the biggest decision the District Board would ever make.

7. Contracts and Expenditures

a) Consider and, if appropriate, authorize expenditures consistent with Mayor and Council direction on June 10th relating to the ring road, parking garage and other west side infrastructure.

Mr. Shelko advised that during a West Side project update Mayor and Council:

- Authorized \$41.4 million in funding to commence construction of the Tucson Origins Heritage Park, the ring road, cultural plaza, underground parking, Cushing Street extension and various utilities, infrastructure, etc. in a time and logically sequenced manner.
- Directed staff to develop a master schedule for West Side redevelopment within 30 days that includes the evaluation of critical project deadlines and escalating construction costs, that takes into account the sequencing of our institutional and private partners' schedule with our own and that is backed by a financing plan designed to meet construction schedules and to ensure the City is a reliable partner with timely deliver of our public infrastructure projects.
- Directed the City Manager to meet in earnest with our financial advisors and institutional partners especially the University of Arizona to develop a financing plan and comprehensive capital improvement plan within 30 days that honors Mayor and Council's commitment and direction on West Side Capital project including critical path/master schedule objectives.
- Directed the City Manager to dedicate staff to the production of an operations and marketing plan within 60 days that increases the likelihood of future success of our West Side public projects. This shall include a public discussion of the Tucson Origins orientation/welcoming facility and its proper relationship to the Tucson Origins Heritage Park, assumes free admission and takes into account the question of underlying ownership of the land.
- Deliver as frequently as necessary (at minimum monthly) updates of progress or lack thereof that will allow Mayor and Council to make public policy decisions.

Ms. Russell motioned to concur and approve the Mayor & Council action when the items return for their recommendation. Mr. Soltero seconded. Motion passed (12 to 0).

b) Consider and, if appropriate, authorize expenditures for first phase infrastructure and streetscape improvements.

Mr. Lasala presented the Downtown Infrastructure Improvement Project which would provide for the location, relocation and upgrading of public and private underground utilities along the downtown section of the proposed modern streetcar alignment and would include new streetscape additions on Congress, Broadway, 5th Avenue, Arizona Avenue and Scott Avenue.

Today's request for funding was for \$7 million for Phase I of the project which would allow for streetscape construction on Congress from 5th Avenue to Church; Arizona Avenue from Congress to 12th Street and Scott Avenue from Pennington to 14th Street. The \$7 million would be a part of the 2008 COPS Bond Program.

Mr. DeGregorio motioned to approve the \$7 million for Phase of the Downtown Infrastructure Improvement Project. Ms. Russell seconded. Motion passed (12 to 0).

c) Consider and, if appropriate, authorize the chairperson to execute an intergovernmental agreement with the University of Arizona for the science center and state museum projects.

Mr. Shelko advised that on August 6, 2007 Mayor and Council approved an Amended Intergovernmental Agreement with the University of Arizona, Rio Nuevo Multipurpose Facilities District and City of Tucson for the Development of a Science Center and State Museum.

Bob Smith from the University of Arizona shared their commitment to the project and advised how they were able to save money by combining the Science Center with the Arizona State Museum.

Ms. Russell motioned to approve signing the amended intergovernmental agreement. Mr. Soltero seconded. Motion passed (12 to 0).

Mr. Shelko concluded by saying the financing strategy would require separate financing agreements and they would be presented in the future as contemplated in the IGA.

d) Consider and, if appropriate, authorize the chairperson to execute a memorandum of understanding with the Arizona Historical Society for the history museum project.

Mr. Shelko advised that on March 4, 2008 the Mayor and Council had approved a Memorandum of Understanding with the Arizona Historical Society for the History Museum Project. The MOU would make \$2 million in Rio Nuevo funds available to the Arizona Historical Society to procure the professional services necessary for developing a building program, site plans, concept designs and preliminary cost estimates for its new facility on the west side of downtown.

Mr. DeGregorio motioned for the Board to sign the Memorandum of Understanding. Ms. Russell seconded. Motion passed (12 to 0).

- e) **Consider and, if appropriate, authorize the chairperson to execute a predevelopment agreement with Garfield Traub Development LLC for the Sheraton convention headquarters hotel project.**

Mr. Shelko advised that on June 10, 2008 Mayor and Council approved an agreement with Garfield Traub Development LLC, the City of Tucson and the Rio Nuevo Multipurpose Facilities District for Predevelopment Services Relative to the proposed Sheraton Tucson Convention Center Headquarters. A history of the hotel selection process was provided. The City was not able to work out a deal with the Hotel Arizona and the deal for Alan Norville's property is not ready for approval. This predevelopment agreement would require Garfield Traub to provide preliminary site options and project program, preliminary concept design, preliminary project pricing and final plans to the City of Tucson. It would also require the City to do another market analysis and tell them how many rooms to build.

Ms. Russell motioned for the Board to sign the agreement with Garfield Traub. Mr. Soltero seconded. Motion passed 12 to 0.

- f) **Consider and, if appropriate, authorize the chairperson to execute an agreement with DevCon Partners LLC relative to the arena project and convention center area-wide pre-development master planning.**

Item was pulled off the agenda by the City Attorney's Office.

- g) **Consider and, if appropriate, authorize the transfer and conveyance of the Fox Theatre to the City of Tucson, and related actions, in consideration of the City's assumption and defeasance of the outstanding bonded indebtedness relating to that property.**

Item was pulled off the agenda pending a decision on whether the City or District would be issuing the bonds.

- h) Consider and, if appropriate, authorize execution and delivery of an Intergovernmental Agreement with the City of Tucson agreeing to pay to the City amounts necessary to meet funding requirements for planning and/or construction of District projects to be financed by the City, including without limitation the Depot Plaza Parking Garage, the Cushing Street Bridge project, the Mission San Agustin and Gardens, Arizona State History Museum and the Fox Theatre (refinancing)**

Mr. Shelko shared a preliminary list of 2008 COPS projects, but only focused on the Rio Nuevo projects. He discussed each of the projects individually and noted that three projects (Depot Plaza, the Clark Street Bridge and Mission Gardens) had increased in cost.

Mr. DeGregorio motioned for the Board to either finance, or work with the City on the projects, and accept the costs increases to the three projects (Depot Plaza, the Clark Street bridge and Mission Gardens). Ms. Russell seconded. Motion passed 12 to 0.

8. General Project Updates

Mr. Shelko provided very brief updates on the arena, West Side projects, modern streetcar, Martin Luther King rehab, and Mercado San Agustin. He also announced that there were four recent home sales in the Mercado District of Menlo Park project.

9. Future Agenda Items

First item of business was to schedule a meeting schedule. Board members present said the last Wednesday of the month at 4:00 p.m. would work for them; however, with Board Member Dan Eckstrom being absent from the meeting, staff would call him to see if that works for him.

Mr. DiGregorio asked about the status of the Tucson Children's Museum? Mr. Shelko responded that their project is estimated at \$20 million with Rio Nuevo providing \$10 million and they are still trying to figure out where the other \$10 million will come from. They are not as far along as the other museums.

10. Adjournment

Meeting adjourned at 6:17 p.m.