

**RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT BOARD
MEETING MINUTES
OCTOBER 13, 2004, 6:00 P.M.
RIO NUEVO COMMUNITY MEETING ROOM, 52 WEST CONGRESS,
TUCSON, ARIZONA.**

1. Roll Call

The meeting was called to order at 6:00 p.m.

Board members present:

Ruben Suarez, Arlene Lopez and Margaret Hardy.

Board member absent: Olivia Hernandez

City of Tucson staff members present: Rio Nuevo Director Greg Shelko, Rio Nuevo Development Director Randy Emerson, Tucson Convention Center (TCC) Director Rich Singer, Historic Preservation Officer Marty McCune, Project Manager Karen Leone and Staff Assistant Virginia Monyak.

Attorney for the Board: Bill Hicks of Snell & Wilmer

Guest: Peggy Noonan, Reliance Construction/Noonan Barrett Contracting, LLC

6. Arena Presentation

Mr. Singer provided the members an overview of the TCC's current facilities, including the Music Hall, Leo Rich Theater, Arena, Exhibit Hall and Ballroom.

In January of this year, Mayor & Council gave approval to staff to issue an RFP for an Arena Development Team and an RFQ for a market study to determine the potential of a new arena. In July the selection team chose Zocalo as the Arena Development Team and Convention Sports & Leisure to conduct the market study.

Convention Sports & Leisure (CSL) has done over 250 studies. Studies aren't written by CSL to tell you what you want to hear. Communities get the hard truth and hard facts. Many of the projects they work on never get built. Their experience in Arizona includes Tucson Electric Park, a proposed NFL Stadium in Phoenix, Bank One Ball Park, America West Arena and a proposed cultural center in Carefree. The two most frequently asked questions are how much will it cost and how big will it be?

They are going to:

- review historical data about our current arena;
- analyze local market, population and income
- analyze industry trends
- evaluate competitive facilities
- evaluate performance of comparable facilities that have been built the last five years

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- conduct local surveys about sponsorship, hospitality suites and what can we expect for naming rights
- assess local market demand
- determine the numbers of seats, number of suites and other amenities
- develop financial forecasts, e.g., what will it cost, how much will it generate

Tucson's arena RFP attracted 4 excellent proposals. If an agreement with Zocalo is not reached, Tucson still has three others it can work with. Zocalo is working with Garfield Traub as the developer. They have over \$1 billion in public-private projects. A couple of their projects are a convention center, hotel and retail in San Juan Puerto Rico and the House of the Blues Theater in San Jose California. Stafford Sports has been brought on board for their sports programming expertise. One example of their work is the SBC Center in San Antonio Texas. The lead designer is HNTB Architecture, with local support by Durrant Group. Their Arizona projects include Bank One Ball Park and the Tucson International Airport expansion. The builder, Barton Mallow, is the third largest builder of sports facilities in the nation and they have teamed up locally with Sundt Construction. SMG is the team member charged with production and management of the facility. Their buildings across the country last year hosted 10,000 events and grossed over a \$1 billion. Lastly local Bourn Partners is advising the team on retail development.

Team Zocalo's vision statement calls for

- An exciting destination that is woven into the fabric of the Civic Plaza, the Convention Center and the UA Science Center
- An Arena that reflects the local environment and culture that is unique to Tucson
- A true multi-purpose events center that attracts Tucsonans to a year-round calendar of sports, concerts, and cultural events
- A financially successful Facility that minimizes the City's financial participation

The next steps are that CS&L will complete their market study by late November, after which Team Zocalo can start working on a building program and preliminary development proposal for the City. A financing and development agreement would then be presented to the Mayor and Council for consideration.

Chair Suarez asked what type of parking would be provided in this area of downtown? Messrs. Singer and Mr. Emerson responded that there would be 1,500-2,000 spaces under the Civic Plaza and 2,000 at the City/State Parking Garage. Currently, the arena only has 1,400 parking spaces available.

Chair Suarez asked if we would be competing with the Casinos? Mr. Singer responded that the indoor seating at one casino is 1,200 seats and 10,000 at AVA Amphitheater. Today the TCC has 8,500 seats. Very rarely does the TCC compete

with the Casinos.

Chair Suarez asked when a new hotel would be built? Mr. Singer responded that staff is not actively seeking hotel development proposals now. Although a convention hotel is part of the overall downtown redevelopment strategy, the City must first address the arena and plaza developments before there will be serious interest by the hoteliers and hotel developers.

Ms. Hardy asked if the goal is to operate and maintain the arena after it is built without complete reliance on the City's general fund? Mr. Singer responded yes, the goal is to do so. The arena will no doubt require a Rio Nuevo investment in addition to revenue from naming rights, suites and conventional sources of equity and debt.

Ms. Hardy asked about the project schedule. Ms. Singer responded that the market study would be completed by the end of November and it would take two months for Team Zocalo to prepare a development proposal that may be ready for Mayor and Council consideration in January or February 2005.

2. Call to the Audience

Michael Toney informed the Board of his concerns regarding the manner in which the University of Arizona hired an architect to design the Science Center. He advised the Board that he has had several meetings with City and University officials. Mr. Shelko reported that his questions are being addressed by the City Attorney and legal counsel for the U of A.

3. Approval of Minutes

Margaret Hardy made a motion to approve the minutes of the (September ? meeting) as presented. Arlene Lopez seconded the motion. The motion passed unanimously.

4. Downtown Housing Update

Mr. Shelko gave a brief summary of housing development activity in the Rio Nuevo District and greater downtown area. Staff estimates 1,000 units are planned or underway, representing about \$200 million in market activity. These projects have either been approved by the Mayor & Council, are in the permitting process, or are actually in construction. Staff has evaluated the status of public improvement and infrastructure projects and estimates there is about \$58-\$60 million in project activity today.

Ms. Hardy requested a quick update on the Depot Plaza project. Mr. Shelko said the Depot Plaza is delayed due to financing. The City's application for a federal Hope VI

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grant was not approved last year, and the City is going to apply again as soon as the Hope VI application process opens up again. Should the City be unsuccessful again, the Community Services Department has developed an alternative financing strategy.

5. Presidio Terrace

Mr. Shelko announced that the Mayor & Council approved Presidio Terrace in September. The offer to purchase was accepted and a development agreement is being negotiated with Peggy Noonan, dba/Reliance Construction. The piece of land is located behind the water department on Alameda. Four very good proposals, from four qualified teams were received in response to a competitive RFP.

Ms. Noonan explained that the overall intent of their design is to reflect the historic nature of the neighborhood. The materials and color palette are compatible with the historic neighborhood and the design is reflective of the Sonoran style of architecture found in the nearby Stevens House and the art museum. The plan calls for nine townhouses with patios. A café is planned for Main and Alameda. A main building will run along Paseo Redondo and be 4-1/2 stories to 6-1/2 stories. The site plan contains a public passageway with benches, tables and public art. The square footage of these units will run from 700 to 3,000. Loft apartments can have sliding walls or be more traditional. The townhouses will have rooftop patios. Amenities and services could include concierge service and valet parking. There will be two levels of underground parking. The City required replacement of 120 public parking in addition to those required to serve the project. A PAD amendment is underway to permit greater height and density than what is presently permitted. There has been neighborhood support in that regard.

Ms. Suarez asked how many units all together are being planned? Ms. Noonan responded that right now they are planning 72 units in the main building and nine townhouses.

6. Origins Presentation

Ms. McCune gave the members the updated business plan and memorandum that went to the Mayor & Council Subcommittee. In May, the Board approved the phase 1 funding request for Origins. The Mayor & Council were reluctant to do so with their uncertainty about financial feasibility of the project. Staff therefore went back to the consultant and asked they took at projected spin-off attendance figures to be associated with the Arizona State Museum (ASM), Arizona Historical Society (AHS), and the Science Center. The consultants were also asked to look at any savings that might be achieved by sharing space and staff. The updated business plan came back with a much better financial (operating) picture, but it still showed that a substantial amount of fund-raising was needed.

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The staff recommendation for the Mayor and Council is to go ahead with the mission gardens and presidio portion of the plan, with Parks & Recreation managing phase 1 when it opens. That would take about two years. In the meantime, staff would continue to work collaboratively with the ASM and AHS, and coordinate Origins infrastructure improvements with the Rio Development project to its north. Staff intends to seek these approvals from Mayor & Council in November and issue an RFP for design immediately thereafter.

Ms. Hardy asked what the status of the parking lot is at the Presidio site at Church and Washington? Her concern was that there are a lot of people parking there that will have to make other arrangements. Ms. McCune responded that the City is actually in ownership of that lot, but it is still be used for parking. She thinks that a substitute lot was identified on the other side of Church, but she will have to check with Chris Leighton and John Updike and report back at the next meeting. Currently, staff is working on the parking issues at Lot 7. There is some archeology work being done there.

8. Downtown Strategic Plan Year-End Review for Fiscal Year 2004

This written report was provided to the Board for informational purposes only, and provides a summary of downtown accomplishments in FY04.

9. Monthly Projects Update

The Board was provided with a written report. Mr. Emerson asked them to note one correction. The Pennington Street Garage schedule calls for completion in May 2005, however, that should be July 2005. He also mentioned that LP&G Marketing moved into their 5,000 sq. ft. space at the Historic Depot.

10. Election of Officers

Mr. Shelko reminded the members that at the last meeting they had to temporarily elect Ms. Hardy as secretary in order to take action on a contractual item for immediate execution. The Board was presented with a resolution, adoption of which would stipulate for the record who are authorized signatories on behalf of the District, and designate the officers of the District. The District bylaws specify that the Treasurer and Executive Director shall be the City's fiscal officer and City Manager respectively. The resolution before the Board also reaffirmed Ruben Suarez as the Chair.

Ms. Lopez made a motion to approve the resolution.. Ms. Hardy seconded the motion. The motion passed unanimously.

11. Announcements & Future Agenda Items

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Ms. Shelko made the following announcements:

- Today City Manager James Keene announced his resignation effective January 2005. He's leaving to be the Executive Director of the California State Association of Counties in Sacramento.
- Last Monday, October 4th The Little Poca Cosa restaurant reopened at 151 N. Stone
- Last Monday, October 4th one lease at the Historic Depot were approved by M&C - 1,012 sq. ft. to Saguaro Artisans Gift Shop
- Last night, October 12th from 5:30 p.m. to 8:30 p.m. The 2nd Congress Street Open House/Workshop took place at Rio Nuevo. 80 people attended.
- Tomorrow, October 14th at 10:00 a.m. Mayor Robert Walkup and EPA staff will host a media conference to recognize the over \$1 million in Brownfields grant awards at the Rio Nuevo Congress Bioreactor Site located at 898 W. Mission
- Friday, October 15th at 11:00 a.m. The Historic Depot East Plaza is being Named Pastor Plaza in recognition of Representative Pastor's efforts to secure federal funding for the Depot renovation
- Next Wednesday, October 27th The University of Arizona will be setting up telescopes at the TCC for the public to view the eclipse.
- Next Thursday, October 21st at 12:00 noon The participants of the Cabalgata de Anza 2004 will be stopping at Congress and the Santa Cruz River. Mayor Walkup and Council Member Jose Ibarra will be on hand to welcome them.
- Next Thursday, October 21st from 6:30 p.m. to 8:30 p.m. The University of Arizona and Rio Nuevo Office are hosting an Architecture Town Hall on at the TCC.
- Next Friday, October 29th at 4:00 p.m. The "Thrifty Block" is being Named Kolbe Square in recognition of Congressman Jim Kolbe's assistance in transferring the property from the Federal Government to the City.

No future agenda items were discussed.

12. Adjournment

Ms. Lopez made a motion to adjourn the meeting at 7:20. Margaret Hardy seconded the motion. The motion passed unanimously.

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