

**RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT BOARD
MEETING MINUTES
WEDNESDAY, DECEMBER 8, 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 6:05 p.m. After a roll call, a quorum was determined to be present.

Board members present:

Ruben Suarez, Arlene Lopez and Margaret Hardy.

Board member absent: Olivia Hernandez

Rio Nuevo staff members present: Rio Nuevo Director Greg Shelko, Rio Nuevo Development Director Randy Emerson, Transportation Superintendent Lucy Amparano, Project Manager Karen Leone and Staff Assistant Virginia Monyak.

Attorney for the Board: Bill Hicks of Snell & Wilmer

Guest Presenters:

Emily Nottingham, City of Tucson Director of Community Services

Jennifer Gillaspie, City of Tucson Procurement Department

2. Call to the Audience

No one requested to speak.

7. Rialto Theatre Status Report

The Rialto Theatre item taken out of order. Ms. Leone reminded the Board that they had approved the Rialto Theatre project June 9, 2004. The proposal requested \$1.89 million (\$1.2 million to purchase the Theatre property, subject to an appraisal of at least that amount; \$340,000 to purchase the on-going concessions business; \$100,000 to implement life, safety and ADA improvements; up to \$250,000 in fundraising match that the Foundation can raise in the first 6 months of operation on a 1:1 match; and the Foundation agreed to pay \$3690/month to operate the concessions business.

Board received a copy of the Rialto Project's program report that addresses the Rio Nuevo Citizens Advisory Committee's condition that the team return with a renovation master plan and a list of diversified board members. Doug Biggers of Congress Street Investors was present to answer questions. The Board had no questions.

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 tapes of the meeting are available for review at the Rio Nuevo Office, located at 52 W. Congress.

3. Approval of November 10, 2004 Rio Nuevo Multipurpose Facilities District Meeting Minutes

Ms. Hardy moved to approve the November 10, 2004 minutes as presented. Ms. Lopez seconded the motion. The motion passed unanimously.

4. Monthly Projects Update

Mr. Emerson was present to answer questions. Major changes from last month's report were identified.

Civic/Cultural Plaza - discussed as a separate item later in the meeting.

Origins – RNCAC and RN Board approved the project in May of 2004. On November 23rd the M&C Downtown & Rio Nuevo Subcommittee decided to approve a modified Phase I funding request which included \$2.8 million for the Presidio element of the Park and \$7 million for the infrastructure on the west side of the Santa Cruz River. Funding for Mission Gardens will be requested once operational issues are resolved. The subcommittee's proposal is going to the full M&C on Monday.

Fox Theatre - Mr. Shelko mentioned that Rio Nuevo continues to work with the Fox Theatre to look at financial alternatives to complete the theatre as quickly as possible. They hope to have a plan in place by February of next year to fund the completion, as opposed to continuing fundraising and financing things as they go. Completing the Fox Theatre is important to downtown and will help Congress Street.

Presidio Terrace - Ms. Hardy asked how the Tucson Museum of Art (TMA) parking situation at Lot 7 (Presidio Terrace) was coming along. Mr. Shelko responded that Rio Nuevo have met with Community Services and the developer, and will be meeting with the TMA to go over options.

6. Affordable Housing Presentation

Ms. Nottingham advised that she presented this affordable housing report to the Rio Nuevo CAC.

Last January the Mayor and Council approved a downtown strategy for affordable housing. The goal was to support the 14 surrounding neighborhoods through affordable housing, offering money to renovate houses, providing tax protection to low income households and creating new home ownership opportunities.

Over the past, year Community Services provided affordable infill housing on a small scale at scattered sites. \$2 million was offered through a 0% rehabilitation loan

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program, of which \$1 million came from Wells Fargo and another \$1 million came through the Community Services Department in form of CDBG funds and Rio Nuevo rehabilitation grants. Chicanos por La Causa was instrumental in administering this program.

Ms. Hardy asked what the distribution among the neighborhoods was. Ms. Nottingham responded that it was well distributed; however, she will follow-up with actual figures in the form of a map to the Board.

The tax protection program was setup to assist long-term residents whose property taxes go up due to new development. If their taxes increase greater than the City average, they will be provided with assistance for the amount over the average. Proceeds for this program come from the sale of the property for Mercado at Menlo and will be available through the life of the district provided those sale proceeds don't pan out.

Ms. Nottingham listed some of their infill projects. El Presidio held a block party to welcome the new residents at Court and Meyer. Eight units were built at Osborne Place with one market rate home. Currently, they are working with Dunbar Springs to move the Salvation Army Hospitality House and providing a buffer zone to residents. Another project is at Barrio Anita just west of Davis School and East of Oury Park.

Downtown payment assistance was also provided through a federally funded project called the American Dream Down Payment Initiative. People qualifying could get up to \$3,5000 City and Countywide, \$7,500 in the Empowerment Zone or \$20,0000 in the downtown. \$300,000 was available for this project.

The goal of new housing in the central business district was to build mixed income, increase density; of 2,000 planned new units, 10% is targeted for affordable housing. Examples of these projects are Depot Plaza (which is applying for federal funds), Mercado District which has agreed to build 24 affordable units and staff is currently negotiating with Presidio Terrace and The Post to see if they can work out a deal with them.

Mr. Suarez asked what was happening to the Martin Luther King residents. Ms. Nottingham responded that the 96 apartments would be demolished and replaced with 68 units at Depot Plaza and 28 units on Silverbell north of Grant Road. Residents will have a choice between moving to the new site, temporarily moving to another location, or getting a Section 8 voucher which they can use anywhere. Staff is meeting with them on a regular basis. The new building will bring more amenities to the residents, increased security, an internal courtyard and larger units.

5. Civic Plaza Design – Hargreaves Contract

Mr. Emerson advised that negotiations were just finished yesterday. It was added to today's agenda, instead of waiting another month.

Ms. Gillaspie advised that they had issued solicitation in June for design of the Civic and Cultural Plaza. They received 12 submittals and the selection committee chose Hargreaves as the preferred consultant. They will conduct a site analysis, program a long range development plan; design a 1500 space parking structure beneath the Civic Plaza; design the Civic Plaza; and conceptually designing the Cultural Plaza. The consultant will also take the lead in coordinating with the developers of the adjacent UA Science Center and proposed Arena.

Mr. Suarez asked what was the average (or normal) design cost as a percent of the project budget -- meaning for projects in general. Mr. Emerson responded that in the case of the Hargreaves contract it is higher than 9-11% because they are being asked to lead the coordination effort with the UA Science Center and proposed Arena developers.

Ms. Hardy asked what the budget was for the Plaza. Mr. Emerson responded that the Civic Plaza was budgeted at \$35 million and the Cultural Plaza was budgeted at \$5 million for a total of \$40 million; however, this contract is only for a conceptual design of the cultural plaza.

Ms. Hardy expressed her concern about the \$35 million price and asked if it was realistic and whether it was something that Rio Nuevo could afford. Mr. Emerson responded that it is a rough estimate and in January they will return to the Board with a proposal for a CM at Risk Manager who will be able to answer those types of questions.

Her second question was how the design would be evaluated. She was disappointed in the way Origins was handled and doesn't want to see the project when they are two thirds of the way finished. She wants a lot of give and take.

Mr. Suarez asked if public hearings would be held. Mr. Emerson responded that there would be public input through out the planning stage with about 3-4 public meetings the first few months.

Ms. Hardy moved to approve the contract with Hargreaves. Ms. Lopez seconded the motion. The motion was approved unanimously.

8. Arena Update

Mr. Singer introduced the Arena Team to the Board and provided an update on the Arena. The team continues to work on a proposal and hopes to have something ready to present by March of next year.

Introduced were: Bill Rhoda of Convention Sports and Leisure, Tony Traub and Ken Portnoy of Garfield Traub Development, Joe Desco and Curt Ench of Durrant Architects, Rich Oriolo of Stafford Sports, and Tom Harrison of Barton Malow.

Convention Sports and Leisure is focused on development feasibility and will complete its report early next year. Garfield Traub Development builds public buildings like convention centers, arenas, theaters and schools. They specialize in redevelopment.

Ms. Hardy asked if we needed to go back to the voters to fund this. Mr. Singer advised that currently the arena has a negative affect on the general fund, but that the new Arena would not. The only time we would be going back to the voters would be if there were a need for money to remodel the convention center.

9. Rio Nuevo FY 04 Year End and FY 05 1st Quarter Financial Reports

Mr. Shelko said he hopes to have the second quarter financial report to the Board by January. He has asked Scott Douthitt to brief the board at that time. TIF money is projected to be \$124 million, but it could be more.

Ms. Hardy asked if they would be seeing operating costs and projected costs. Mr. Shelko said yes, and they are also looking at a borrowing schedule. Ms. Hardy said she would feel better approving \$35 million project knowing that they have the money.

10. Approval of a Student Intern Position in the Rio Nuevo Office

Mr. Shelko asked for the Board's approval to hire a student intern in the Rio Nuevo Office. The position would be given a stipend of \$500/month for 20 hours of work a week. The intern would conduct research on privately owned property, develop profiles of downtown neighborhoods, perform an inventory of entertainment venues, figure out how to fill commercial gaps and conduct some public outreach at events. The student is a fourth year UA student majoring in Geography and Regional Development.

Ms. Lopez moved to approve the intern position. Ms. Hardy seconded the motion. The motion passed unanimously.

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11. Announcements & Future Agenda Items

Mr. Shelko announced the following events

- Ward 6 is having an Open House at the new office on December 17th from 3-7pm
- Parade of Lights is taking place this Saturday at 6pm
- 4th Avenue Street Fair is this Friday, Saturday and Sunday
- City Manager's Farewell Event is Wednesday, December 15, 2004

12. Adjournment

A motion to adjourn the meeting at 7:05 p.m. was made, seconded, and passed unanimously.