

**RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT BOARD
MEETING MINUTES
WEDNESDAY, SEPTEMBER 14, 2005 6:00 P.M.
RIO NUEVO COMMUNITY MEETING ROOM
52 WEST CONGRESS, 2ND FLOOR
TUCSON, ARIZONA**

1. Roll Call

The meeting was called to order at 6:11 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:

Greg Shelko, Rio Nuevo Director

Randy Emerson, Rio Nuevo Director of Development

Bill O'Malley, Construction Manager

Karen Leone, Special Projects Manager

Virginia Monyak, Staff Assistant

Attorney for the Board: Absent

Treasurer for the Board: Absent

Guests:

Peggy Noonan, Reliance Commercial Construction, dab Presidio Terrace LLC

2. Call to the Audience

There was no one in the audience who wished to address the Board.

3. Approval of July 13, 2005 Meeting Minutes

Ms. Hardy moved to approve the July 13, 2005 regular meeting as presented. Ms. Lopez seconded the motion. The motion passed unanimously (7-0).

4. Monthly Update on Projects and Financial Reports

Monthly Project Report

Mr. Emerson asked if the Board members had any questions on any of the projects?

Ms. Hardy asked about the status of the westside landfill remediation. Westside neighborhoods expect the Convento and Mission Gardens components to be built as soon as possible. If the Mission Gardens portion has been remediated, is it ready for

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.

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development? Mr. Emerson responded that most of the remediation has taken place south of the Citizen Auto Stage “bus barn”. Rio Nuevo staff is meeting with Marty McCune, the Historic Preservation Officer. Mr. Shelko will ask her how this portion of Origins could be accelerated. This item will be brought back to the Board as an agenda item in October for further discussion.

Financial Updates

Mr. Shelko went over the FY 05 year end schedule of revenues, expenditures and balance sheet. He noted that some of the increase in contractual services could be attributed to the payment to South Tucson, the Greenway study, a license agreement for a webcam on top of the Unisource building and an increase in Rio Nuevo’s marketing effort. Also, capital projects that were adjusted or accelerated included the Rialto Theatre, Congress Street Master Plan, westside infrastructure and Civic Plaza. Although these projects were always part of Rio Nuevo’s plan, they were accelerated and thereby hit the books sooner than anticipated.

Ms. Hardy asked how much the District had paid back to the City of Tucson on its loan? Mr. Shelko responded that the City had not requested payment on the loan and has delayed that discussion. It’s still possible that the City may use the loan as part of their match to Rio Nuevo.

5. Approval of Contract and Memorandum of Understanding (MOU) Between Chicanos Por La Causa, Inc. and the Rio Nuevo Multipurpose Facilities District Relating to a New Markets Tax Credit Application

An updated version of the draft Contract and MOU was given to the Board members. The agreement would be with the Chicanos Por La Causa office located in Phoenix. They were successful in obtaining tax credits worth \$15 million in FY 04 in partnership with the City of Tempe. They have investors who would receive a credit against federal income taxes for making qualified investments in certified entities. The Development agreement defines the scope of the project and the MOU outlines how the project would operate. There’s a very short turn-around period. The application is due September 21st. The Board is being asked to approve Resolution 2005-10, which authorizes and directs staff to finalize the terms and conditions of the draft agreement with the approval of the District’s legal counsel, to execute said agreements and to make expenditures as contemplated therein. Expenditures are estimated to be \$75,000 in consulting fees.

Ms. Hardy moved to approve Resolution 2005-10 which authorizes and directs staff to finalize the terms and condition of the draft agreement with the approval of the District’s legal counsel, to execute said agreements and to make expenditures as contemplated therein. Ms. Lopez seconded the motion. The motion passed unanimously (7-0).

*It is the intent of these meeting minutes to get the general meaning of the discussion and summarize what happened, not what was said. Audio tapes of this meeting are **not** available for review due to an equipment malfunction.*

6. Approval of the Presidio Terrace Development Agreement

Mr. Shelko had anticipated coming to the Board with a final agreement for their approval; however, two deal points remain unresolved. A term sheet was distributed to the Board. The District and developer have come to a consensus on the following items.

- The District would sell all of Lot 7 and part of Lot 8 for \$734,000 and any additional portion of Lot 8 and any right of way for \$15/s.f.
- Closing would take place with the issuance of building permits, no later than 12 months from the contract date.
- Earnest money would be deposited at commencement of each contingency period. The performance deposit of \$25,000 would be held until completion. There are three contingency periods each with its own set of milestones and a provision for an extension (provided the delays are outside of the developer's control).
- The title is "as is" and by special warranty deed. The City/District will provide preliminary title insurance.
- The scope of the project includes retail in accordance with the La Entrada PAD and as depicted in the developer's proposal, no less than 60 residential condominiums and the developer may seek a height variance to increase density, but there no assurances.
- The District will purchase 90 public parking spaces for the Tucson Museum of Art; however, construction of the parking garage must be consistent with the City's Procurement laws and the City will cooperate with a residential parking permit program.
- Only those incentives as permitted by ordinance are allowed and the City will contribute up to \$4000,000 of sale proceeds for offsite public improvements such as lighting or landscaping.

The two issues that remain unresolved are the time for closing and the method of payment on the public parking component. The developer wants to take control of the property immediately and use the land as collateral to obtain a loan for the project. It's in the City's and District's best interest not to do this until the permits have been issued. Once the property belongs to the developer, there is no way to guarantee that the project as proposed would be built and if the developer defaults on the loan, the property would revert to the bank and not the City. The developer has indicated that the City could buy it back from the bank, but at what cost and there are no guarantees that the City would get it back. As for the method of paying for the parking, the City Attorney's Office had advised that putting \$2 million in an escrow account for construction draw would be a violation of the city's Procurement Laws. Therefore, the City has agreed to pay any fees associated with the developer borrowing \$2 million.

Ms. Hardy made a motion to have staff re-do financial work and continue to work on the development agreement until all issues can be resolved. Ms. Lopez seconded the motion. The motion passed unanimously (7-0).

7. Discussion of Future Agenda Items

Mr. Shelko advised that a Downtown Construction Plan, Banners Program and aesthetic improvements to Congress Street were in the works. He hopes to return in October with more information

8. Adjournment

Ms. Hardy made a motion to adjourn the meeting at 7:10 p.m. Ms. Lopez seconded the motion. The motion passed unanimously (7-0).