

**RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT BOARD
MEETING MINUTES
WEDNESDAY, OCTOBER 12, 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 6:03 p.m. A quorum was 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

District Counsel: Bill Hicks, Snell & Wilmer

Treasurer for the Board: Scott Douthitt

City Representatives:

Emily Notingham, Community Services Director

Ann Vargas, Downtown Housing Planner

2. Call to the Audience

Michael Toney addressed the Board and expressed his continuing concerns on the University of Arizona Science Center.

3. Approval of the September 14, 2005 Meeting Minutes

Ms. Hardy moved to approve the September 14, 2005 meeting minutes 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. Shelko highlighted the following projects:

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.

- 4th Avenue Underpass – Only one bid was received on the project. It came in higher than what was budgeted for the project. TDOT staff is going to scale back the project and re-bid it early next year. The relocation of Greyhound will continue as scheduled.
- Depot Plaza – Community Services continues negotiating a development agreement with their private partners. The agreement could be ready for Mayor & Council in late November.
- Fox Theatre – The plywood in front of the theatre and scaffolding inside is coming down next week.
- Plaza San Agustin – The Masons have initiated negotiations to lease 3,800 square feet of space. They want to keep the historic portion of their property and plan to hold more meetings at their downtown location.
- Origins Heritage Park – New project signs are being installed at the El Presidio de Tucson and Mission Gardens project sites.
- New Arena – There will be two public meetings on October 26 (with the immediate neighborhoods) and October 27 (with the general public). Ms. Hardy asked how the negotiations with Mr. Norville were coming along? Mr. Shelko responded that the City Manager continues to work on the acquisition of Mr. Norville's property.
- Nimbus Brewery – The City Manager and Mayor may be scheduling this item for consideration by the Mayor & Council at a future meeting.
- Armory Park del Sol – John Wesley Miller has 23 units under construction and 9 building sites left.

Financial Updates

Mr. Douthitt briefed the Board on the total Tax Increment Financing (TIF) revenues received to date. As of June 2005, the District has received a total of \$14,858,510.22, which averages \$619,104.59/month, which is more than twice the amount estimated when the voters passed Proposition 400 in 1999.

5. Approval of the Presidio Terrace Development Agreement

Mr. Shelko presented the proposed development agreement to the Board.

In response to a Request for Proposals to purchase and develop City-owned real estate located in the vicinity of Granada and Redondo, Reliance Construction was selected to construct 60 residential condominiums and ground floor commercial space. The last two items that needed to be resolved on the development agreement were the parking component and the closing date.

Staff negotiated the terms and conditions of the development agreement including a provision for the replacement of exiting public parking on the site. The District will own the parking component and will fund construction of the garage. The District intends to negotiate an agreement with ParkWise to manage the facility after it is placed in service.

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Net revenues after operating expenses and other reasonable fees will be returned to the District for debt service purposes and are subject to a use agreement with the Tucson Museum of Art.

Closing will take place after the PAD Amendment has been approved, 30 units have been reserved, a detailed project budget has been established, a construction schedule has been submitted and a long term parking management plan has been agreed to.

Because developer seeks to increase the height of the building, a couple of members from the El Presidio Neighborhood Association (Evelyn Anderson and Annette Campbell) were present to express their concern with the proposed increase in height and asked the developer to reconsider. The developer will continue to meet with the neighborhood and go through the process to amend the PAD.

Please refer to the development agreement for more specific/detailed information on this project.

Ms. Hardy made a motion to approve Resolution No. 2005-11 executing a development agreement between the District, the City of Tucson, and Presidio Terrace, LLC relative to the construction of a mixed use development project in the El Presidio Neighborhood of Downtown Tucson. Ms. Lopez seconded the motion. The motion passed unanimously (7-0).

6. Home Rule Presentation

Mr. Shelko and Mr. Douthitt provided the Board with information on Proposition 400 the proposed alternative expenditure limitation "Home Rule" option.

Currently the city operates under the state-imposed formula established in 1980. The City last modified its base limit in 1987. The limit applies to locally raised revenue and grows annually by an inflation factor and population growth. For FY 2006, the City's budget is under the state-imposed limits by less than \$300,000. Beginning in FY 2007, the City will collect enough revenue from existing fees and taxes to cover the costs of services, but the state's expenditure limitation formula will prevent the use of those revenues. Projected revenues and service costs will exceed the state's limit by \$9 million. Recognizing the state-imposed expenditure limitation impacts on the City's ability to provide services, the Mayor and Council approved placing the Proposition on the November 8th general election ballot for consideration by city voters.

Fifty-five Arizona cities and towns have authorized home rule including Chandler, Marana, Mesa, Oro Valley, Phoenix, Prescott, Sahuarita, Sedona and South Tucson.

If the home rule isn't approved, the City of Tucson will continue to operate under the existing state-imposed expenditure limit and will not be able to expend all the revenues it

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collects in FY 2007. Home rule does not give the City authority to impose new property or sales taxes.

If home rule is passed, 90% of the increase in unrestricted revenues will be spent on police, fire, parks and recreational facilities and street improvements.

Home Rule sunsets after four years. Voters can assess the City's performance and vote to continue or end the Home Rule at that time.

7. Discussion of Future Agenda Items

November

- The Post Development Agreement
- Acceleration of Mission Gardens

December

- Congress Street Master Plan

Announcements

- Lucy Amparano's Retirement Luncheon – October 28, 2005
- Rio Nuevo launched a new website – October 7, 2005
- Depot Plaza – design review meeting – October 21, 2005 and historic commission review meeting – October 27, 2005
- Downtown In Progress
- Downtown Banners
- Channel 12 Downtown Is Happening Spots
- Downtown Saturdays - Autumn on the Rails October 15, 2005 at The Historic Depot

8. Adjournment

Ms. Hardy made a motion to adjourn the meeting at 6:45 p.m. Ms. Lopez seconded the motion. The motion passed unanimously (7-0).

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