



RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT BOARD

NOVEMBER 8, 2006 MINUTES

The meeting was called to order by Chair Suarez at 6:35 p.m. A quorum was present.

1. Roll Call

Board members present:

Ruben Suarez, Arlene Lopez, Margaret Hardy.

Board member absent: Olivia Hernandez

Rio Nuevo staff members present:

Bill O'Malley, Rio Nuevo Construction Manager

Virginia Monyak, Rio Nuevo Staff Assistant

District Counsel: Absent

Guest Presenters: Emily Notingham, Community Services Director

Ron Schwabe, Peach Properties

2. Call to the Audience

Michael Toney said he gave Arlene Lopez a copy of his civil complaint against the University of Arizona Science Center. He doesn't think the Science Center is going to be able to come up with a defense, so he's going to try to get this solved outside of the Courts because the Courts like that. He said he spoke to Robert Shelton at Sunday's event at the Tucson Origins site and told him he had filed a lawsuit. He showed him a picture of the latest computer business and as a physicist he knows the situation. They have new optics there and this is the optics capital. He said he looked forward to seeing it. Jose Ibarra's office will be forwarding it to him. He said he thinks that Rich Singer is not interested in pushing the arena. He needs people to ask him to bring it forward. He thinks that's the thing that's been missing the whole time from this Rio Nuevo situation. His plan is to possibly begin construction by next summer and do the initial engineering and architectural design for the foundation to getting that started. He thinks it's a very good idea.

3. Approval of the July 12, 2006 Meeting Minutes

Ms. Hardy moved to approve the July 12, 2006 meeting minutes as presented. Ms. Lopez seconded the motion. The motion passed unanimously (11-0).

4. Approval of a Development Agreement with Depot Plaza Investors, LLC and the City of Tucson for the Purchase and Development of the City-Owned Parcel at Congress & 5th Avenue

Mr. O'Malley began by saying the Board has before them a resolution approving the agreement along with some associated funding for the project, and introduced Emily Nottingham.

Ms. Nottingham announced that Ron Schwabe of Peach Properties, the local partner with Williams & Dames Development (WDD), the new development partners was also present. She said the last time she was before the Board she made a presentation about the project and the Board approved \$950,000 for a plaza and there have been some changes since that time. She's proceeded to give them a brief overview of what the project looks like today.

The Board received a copy of the memorandum that was sent to the Rio Nuevo Citizens Advisory Committee (RNCAC) outlining the business points and related expenditures the Board is being asked to approve. Under the plan, the current Martin Luther King (MLK) building will be retained and remodeled by WDD for market rate apartments, including 11 affordable apartments. And they will bump-out the front of that building on Congress to do commercial development. A conceptual drawing of the project was shown. Mr. Schwabe added that it would be about 8,000-sq. ft. of commercial space. This part of the project will start very soon because the building is vacant. Once the development agreement is signed they can start. They have already started working on the planning.

To the north, all of the property up to the MacArthur building has been assembled. The City owns the MacArthur building as well. An underground 300-space parking garage will be built with Rio Nuevo and ParkWise funds. Sixty-five of the market rate parking spaces will be made available for the market rate and public housing residents. Then the rest will be open for the public and some spaces will be made available for Hotel Congress. Two new buildings will be built on top of the parking garage.

The City of Tucson will build a six-story public housing tower for 68 low-income elderly and people with disabilities on the west side. They are replacing the 96 units that used to be in MLK of which twenty-two units are currently being built at Silverbell and Goret as part of a larger 31-acre market rate development with Pathway Development. The public housing portion will be townhouses.

There will be an open plaza space west of the public housing building and in-between all of the buildings. Originally it was a single plaza. Now it is more pedestrian enhanced open space.

WDD will build the second building with market-rate apartments or condos with 11 affordable rentals on the east side. Part of this plan is to re-introduce Arizona Avenue, which is part of the Ronstadt Transit Center right now. It will be rededicated for pedestrian and vehicle access (primarily for service). The idea is to have more of an urban pedestrian experience in the area.

The City's responsibility is to build a parking garage, open space, Arizona Avenue and some off-site public utility work. WDD will be responsible for the two structures. MLK is being

sold to WDD for the equivalent of \$24/sq. ft. of land space and air rights for that same dollar amount.

Rio Nuevo is being asked to fund the following:

- \$1.5 million for the public plaza rather than the \$950,000 million approved three years ago. This is based on real costs and it could come in less than that.
- \$688,000 for the re-introduction of Arizona Alley.
- \$343,000 for improvements along Congress Street and along 5th Avenue consistent with the Congress Streetscape Master Plan when implemented
- \$58,000 for utility extensions in the right-of-way to serve new development
- 50% of the parking garage is approximately \$4.9 million. It's the difference between what ParkWise can afford to carry at this time. Rio Nuevo will have an equity interest in the garage and will eventually get some proceeds, but not in the near future.

Mr. Schwabe talked about their commitments. Their first phase is the MLK re-use. It includes a façade and floor plan changes and \$8,600 sq. feet of commercial space. The commercial space will wrap around from Congress Street on to Arizona Avenue. They also own the 200 block across the street and will be fixing the facades on those buildings as well. Their goal is to activate the strip along that area. The second phase is a new five to six story building. He said with all the activity already happening at the Rialto and Hotel Congress, this should be a really vibrant corner.

Chair Suarez asked if this project was going to squeeze the Ronstadt Transit Center? Ms. Nottingham responded, yes, a little bit. Mr. Schwabe added to open Arizona Avenue. Ms. Nottingham added that they met with the Transportation Department and they feel that it is feasible.

Chair Suarez asked if the new building for the elderly and disabled would be like the old building? He said as soon as it got dark outside they would lock the doors. Ms. Nottingham responded that this project was to reactivate this part of downtown. With everything going on down there, there is much more life and vitality and it will bring people out to walk around and not be nervous about it. The apartments will be considerably larger than they are now and they will be fully handicapped accessible. There will be some nice amenities for them on the first floor. There's going to be a community, computer and exercise room funded by Pima County Bonds. It's going to be a first class facility.

Ms. Hardy said nothing was mentioned about the MacArthur Building. Ms. Nottingham responded that the MacArthur Building is not in play as it relates to this project. One of the nice things about the MacArthur Building is that we do think it contributes nicely to Arizona Avenue. There are doors and windows along that side that could be activated, but it's not a part of this project.

Ms. Hardy asked Mr. Schwabe what kind of retail he expects? Mr. Schwabe responded it's wide open, but he anticipates shops and restaurants. He said hopefully the retail we see now, is just the tip of what we will see five years from now. Ms. Hardy said that's great because

they had hoped that the Fox and Rialto would be the anchors and then things would be filled in-between. Mr. Schwabe agreed and said that Doug Biggers is currently negotiating with a restaurant for the Rialto Block and a market to do an urban deli.

Ms. Hardy announced that before the vote, she'd like to disclose that Williams & Dame Development had asked her to sit on the Pacific Coast Urban Communities, LLC (PCUC) Advisory Board, a "community development entity" (CDE) controlled by Williams & Dame Development, Inc. (WDD). PCUC is currently pursuing an allocation of New Markets Tax Credits (NMTC), to be invested in real estate developments located in federally qualified low-income communities (defined as census tracts with at least 20% poverty or census tracts where the median family income is at or below 80% of the area median family income, based on the 2000 Census. Tucson is being included as one of the potential cities so they needed representatives from Tucson to sit on the Board. It's an advisory board and there's no monetary gain. While it's not a conflict, she did want to disclose that.

Chair Suarez thanked Ms. Hardy for the disclosure and asked her to submit a copy of their letter to the Rio Nuevo Office for their files.

Ms. Hardy moved to approve Resolution No. 2006-12 approving the execution of a development agreement between the City of Tucson, the Rio Nuevo Multipurpose Facilities District and depot Plaza Investors, LLC, an Oregon Limited Liability Corporation. Ms. Lopez seconded the motion. The motion passed unanimously 11 to 0.

Ms. Hardy joked that they'll be starting on Monday, right? Ms. Nothingham said that archaeology has already started on the site and they have found some very interesting things. That area had a big Chinese influence. There was a restaurant, laundry and boarding house on that block. It was the first archeological excavation that's all commercial. They found a lot of stuff out about the people that were living and working there at the turn of the century.

5. Monthly Update on Projects

Mr. O'Malley discussed the few projects that have had significant changes recently.

New Greyhound Site – Transportation has started the design of the building located on Toole Avenue.

Downtown Links – Their Citizens Advisory Committee continues to meet. They are down to two alternatives now and hopefully they'll be making a selection on that shortly.

Modern Streetcar – This project is moving along.

Arizona Historical Society, Arizona State Museum and University of Arizona Science Center (UASC) – ConsultEcon is working on updating visitation numbers as result of the UASC deciding to relocate fully on the west side. These numbers will result in the feasibility studies having to be updated.

Mission San Agustin Complex – Preliminary cost estimates are being refined and ensuring that they agree with the scope of work. Staff will present the funding and operating plans next month.

El Presidio de Tucson – Construction is moving quickly. There will be another adobe making experience the same day as the El Tour de Tucson Downtown Fiesta.

Arena – Rich Singer is working on the feasibility studies for the new arena and renovation of the convention center.

Ms. Hardy asked about the Civic Plaza. Mr. O'Malley responded that there isn't any design work occurring on that project right now, because they are waiting for the arena and hotel issues to be resolved. Ms. Hardy asked if there were still some land issues involved? Mr. O'Malley said yes there is. However, by putting the Science Center on the west side, not as much land will be needed and the Granada alignment can remain as it is. He reiterated that the arena and hotel issues needed to be worked first.

Chair Suarez asked if the projects listed in the report under private projects meant that there was no Rio Nuevo money attached to any of the projects? Mr. O'Malley responded that the projects were projects that private developers were doing, but that didn't mean there wasn't any Rio Nuevo money involved – he gave Town West and Plaza Central as examples. He said these projects were more initiated by private developers. Chair Suarez said that One West Speedway was really far from the Rio Nuevo District boundary and said it shouldn't qualify for any Rio Nuevo money.

6. Chairperson's Summary of Current Events

Chair Suarez didn't have any current events to share.

Ms. Monyak mentioned to the Board Members that Rio Nuevo was a sponsor of the El Tour de Tucson Downtown Fiesta and that they were given a table for the El Tour Dedication Dinner. If any of the Board Members would like to sit at the table, they should notify her.

Ms. Lopez commented that at the Board's last meeting they asked Jim Glock to ask ADOT for a cost estimate to construct a temporary tunnel for two-way vehicular traffic during the construction of I-10. And if it is not possible, to provide the Freeway Coalition with a reason why it couldn't be done. She wanted to know the status of their request.

Rio Nuevo staff will follow-up with Mr. Glock.

7. Adjournment

Meeting was adjourned at 7:05 p.m.