

**Rio Nuevo Multipurpose Facilities District Board  
Meeting Minutes  
Wednesday, August 27, 2008  
Tucson Convention Center, Apache Room, 260 S. Church Avenue  
Tucson, Arizona**

**1. Roll Call**

Meeting was called to order at 4:05 p.m.

**Board members present:** Jeff DiGregorio, Anne-Marie Russell, Roman Soltero

**Board member absent:** Dan Eckstrom

**District counsel present:** Bill Hicks, Ballard Sparhr Andrews & Ingersoll, LLP

**City of Tucson liaison present:** Greg Shelko, Downtown Development Director

**2. Call to the Audience**

A call to the audience was made. There was no response.

**3. Discussion of tax increment district debt capacity and bonding framework for capital projects.**

Mr. Shelko introduced the analysis to estimate income the district would receive over time and how this capital program would fund all projects that have been talked about, including the City's commitments to its institutional partners.

Jaret Barr, Assistant to the City Manager outlined the three financing scenarios that were considered. On August 6<sup>th</sup> Mayor & Council approved a bond program which used:

5% growth in existing TIF revenues + estimated future construction sales taxes + new (future) incremental TIF revenues.

The plan was developed by RBC Capital markets, and also relied upon earlier analyses prepared by C.H. Johnson Consulting, Chicago and ConsultEcon, Boston.

Mr. Shelko anticipates staff returning to the Board within the next 30-45 days for the first authorization to borrow for:

- Construction of the Depot Plaza parking garage;
- Refinancing Fox Theatre debt;
- Construction of the Cushing Street bridge and roadway over the Santa Cruz River;
- Westside Infrastructure;
- Partial construction of the Tucson Origins Heritage Park; and
- Part of the design costs for the Arizona History Museum and Tucson Children's Museum

No action taken.

**4. Status of new arena development team procurement processes, and status of new convention headquarters hotel predevelopment services agreement**

Mr. Shelko presented.

Arena. An RFQ for arena operators was issued. Four responses were received. An evaluation and technical advisory team reviewed responses and two teams were short-listed and interviewed. Negotiations are underway and a will be provided to the Board and Mayor and Council in the near future. An RFQ has also been drafted for a design/build team to work with the operator and staff to finalize the programming (i.e. how many seats, how many suites, the composition of the building, architectural design work and some costs estimates). It was made clear to all of the operators and design/build teams that the budget was \$130 million. Staff will report back to the Board and Mayor & Council in the near future concerning the design/build selection process.

Sheraton Hotel. The board approved the predevelopment contract last month and the developer is in the process of procuring an architect/builder. Submissions are due September 9<sup>th</sup> in response to the RFQ. Starwood Hotels, the parent company for the Sheraton Hotel, is assessing the market place and evaluating the variety of studies that have been done. They will recommend a room count and work with the City on the types of amenities and spaces that need to be incorporated in the building program to improve the business condition of the convention center. The process will include public participation. Following the 6-month predevelopment contract period, a recommendation will be provided to the Board and Mayor and Council on operating agreements for the hotel, cost, and financing models.

No action taken.

**5. Review elements and status of West Side development: Museums Complex, Tucson origins Heritage Park, Mercado District and Gadsden company Master Plan**

Mr. Shelko provided an overview of the west side noting that it's not an in-fill project; but reclamation of 60-70 acres of environmentally contaminated land that is rich in archaeology.

Mercado District of Menlo Park. In total, the project includes 200 housing units and 80,000 sq. of commercial space with an underground parking garage with a total investment of \$100 million. The project developer provided infrastructure, master planned the site, and won an award from the Congress of New Urbanism. Twenty-four homes are either in construction or complete and occupied. If not for the market, they probably would have had more success. Mercado San Agustin is a multi-tenant 15,000 sq. ft commercial building under construction and scheduled to open by the end of the year.

The Gadsden Company/14 Acres. Last month the City approved a development agreement with The Gadsden Company for the 14+ acres just east of Mercado District (the District is not a part of the agreement). The project includes 400 housing units and 120,000-sq. ft. of office and retail space and will be coordinated with the streetcar. Planning and pre-development has begun.

Tucson Origins Heritage Park. The project includes reconstruction of the convento, mission, a chapel and some historic houses adjacent to a 2-1/2 acre riverpark. It will be connected by a park/festival area to the Mission Gardens portion of the project will interpret four periods of agriculture on four acres with ramadas and historic buildings surrounded by an adobe wall.

Cultural Plaza. The plaza can accommodate several thousand people for special events including those of the museum partners surrounding it. It is separated into three areas: the eastside is heavily landscaped and will serve as a park; there's a hardscape area with a shade structure that will hold all the utilities; and there's a 5,000-sq. ft. parcel for a restaurant and streetcar stop.

University of Arizona Science Center/Arizona State Museum. Bob Smith, Director of Facilities, Design & Construction for the University of Arizona presented their plans for a 125,000 sq. ft. combined facility on a 5-acre parcel located east of the cultural plaza which saves resources and offers an opportunity to interpret how cultural and science are connected. The highly interactive environment will include a planetarium, observatory, IMAX Theatre, a teacher resource center, a gem and mineral museum, a science store and cafe. Exhibits will be rotated to keep things fresh. ConsultEcon estimates 340,000 visitors to the science center and 121,000 visitors to the Arizona State Museum with a \$63.5 million direct and indirect economic impact annually and a one-time \$316 million impact from construction. The University will contribute \$8.5 million annual to operate the facility. Site work can start near the first of the year on landfill remediation and bringing the site out of the 100-year floodplain. Construction will start in the summer with a scheduled opening in February 2012. The University and City are continuing their work on bridge financing.

Beth Grindell, Director of the Arizona State Museum added that museums are a large part of the economy, more people go to museums than sporting events, and they expect half of their visitors to be from out-of-town.

Arizona Historical Society (AHS). Bill Ponder, Chief Administrative Officer presented plans to move the oldest cultural institution in the State authorized by the Territorial Legislature in 1864 from 2<sup>nd</sup> Street and Park Avenue to a new \$60 million 140,000 sq. ft. facility in Rio Nuevo west of the cultural plaza. Their facility holds rare resources, books, documents, photographs valued over \$500 million. The project includes a partnership with Pima County for a neighborhood library focusing on computer technology/e-library services. Classrooms, public rooms, and 30,000 sq. ft.

of exhibition space will be shared. The facility will also include an Auditorium and café. One project they are working on is called "Many Voices" which will showcase the different populations that have influenced the history in Arizona. It will include an unique exhibit on Lalo Guerrero the preeminent Hispanic singer/song writer that developed his craft over 8 decades in the United States and will cover the Latino/Chicano culture. Currently, they are engaging their design team and hope to have them under contract in two weeks. Design will take 12-14 months and are they are scheduled to complete construction in mid-2011. ConsultEcon's study estimated a \$145 million in direct and indirect construction impact, tax earnings of \$47 million, and employment of 1,300 jobs.

Tucson Children's Museum. Michael Luria, Board of Director's President spoke about their plans to move from the 17,000 sq. ft. Carnegie Library to a new \$20 million 40,000 sq. ft. facility on the west side. TCM has been operating for 22 years with virtually no amenities, no food service, parking issues and no other attractions geared towards children within walking distance. Last fiscal year they had over 88,000 visitors. Business projections suggest attendance will grow to almost 150,000. TCM has essentially outgrown its current location.

Chair Russell asked if the museums were collaborating with each other? The response was yes. Mr. Smith gave the Mars Explorer project as a current example of how everyone could work on one issue but be doing different things in each facility that relate to each other.

Chair Russell asked staff for report on investments being made in downtown.

No action taken.

## **6. Discussion of Future Agenda Items**

- Update on the Arena
- Update on the Sheraton Hotel
- Memorandum of Understanding with the Tucson Children's Museum
- Arizona History Society
- Amendment to Agreement with the University of Arizona for a Financing Plan
- Bonding Action

## **7. Adjournment**

Meeting adjourned at 5:04 p.m.