Minutes of the Rio Nuevo Multipurpose Facilities District Board

December 4, 2002 at the Rio Nuevo Community Meeting Room, 52 West Congress, Tucson, Arizona.

1. Roll Call

Chair Suarez called the meeting to order at 6:05 pm. Alice Eckstrom, Corky Poster and Ruben Suarez present. Olivia Hernandez was absent/excused. Ms. Hernandez later arrived at 6:10pm.

Staff present: John Jones, Project Director, John Updike, Project Manager, Frank Cassidy of the City Attorney's Office, Karen Thoreson, Assistant City Manager, William Hicks, Counsel to the District Board, Bill Davis, Financial Advisor to the District, Kay Gray, District Treasurer and City Finance Director, Fernando Castro, City Manager of South Tucson.

2. Approval of Minutes of August 14, 2002

Mr. Poster indicated a change to the official title of the department of which he is acting Dean, and with that change, moved, Ms. Eckstrom seconded, to approve the minutes. Motion approved unanimously, 11-0.

3. Fox Tucson Theatre Development Agreement

Mr. Jones outlined the agreement now before the Board for consideration. Ms. Hernandez arrived at 6:10pm. Herb Stratford, Executive Director of the Historic Fox Theatre Foundation, made a brief presentation to the Board in support of the agreement.

Mr. Poster asked about the transfer of the premises and the improvements, and the implications of that requirement. Mr. Cassidy indicated that whatever the District assists in funding, the District must own those improvements so funded. While ownership of improvements could theoretically be separate from the ownership of the land, in this particular case separation of ownership is not warranted. In the future, however, we could see a separation of ownership to land versus improvements.

Mr. Poster also asked about code compliance, and whether the language was consistent with the language in the Thrifty Block Request for Qualifications. Mr. Jones indicated that the difference is that the Thrifty Block document intends to clearly state available financial and other incentives, whereas the Fox Agreement is simply referencing the entire Tucson Code as it applies to the project.

Mr. Poster moved approval of the Agreement before the Board as submitted by staff, Ms. Eckstrom seconded the motion. Motion approved unanimously (12-0).

4. Funding Request from El Centro Cultural

Mr. Jones provided an overview of the request from El Centro Cultural, and the cultural traveling exhibit. Ms. Eckstrom asked if such a request has been previously granted by the District. Mr. Jones indicated that yes, a prior event (the Santa Cruz River Alliance Conference) was funded at a similar level.

Mr. Poster expressed concern regarding funding non-capital improvement items, and suggested that these types of requests not continue. Mr. Poster then moved to approve funding El Centro Cultural in the amount of $5,000 to assist in defraying costs related to the exhibition entitled "Homage to Father Kino" from January 11-31, 2003. Ms. Hernandez seconded the motion. Motion approved (11-1 (Ms. Eckstrom voting nay)).

5. Thrifty Block RFQ

Mr. Jones outlined the Request for Qualifications (RFQ) proposal, as presented to, and approved previously by, the Mayor and Council. Chair Suarez asked about the existing tenants, and Mr. Jones indicated that both tenants on the property have been notified, and that they both desire to remain on site in operation. Efforts will be made to direct these tenants to the prospective developers to facilitate their continued operation.

Mr. Poster asked about how the District can acquire the property for $36,000 and sell it for $100. The property was appraised by the City of Tucson for $0.00, and was appraised by the General Services Administration for a value greater than $36,000. It is those two appraisal reports that could justify both the acquisition cost and the disposition price, thus permitting those two numbers to be different.

Mr. Poster expressed a concern that a creditor/successor owner could waive the conditions against the property in the future. Mr. Hicks indicated that some financial assurances such as bonds could be posted to assure that conditions against the property are not affected as a result of any sort of default by the developer. Additional security against default will be required of the developers.

Mr. Poster asked if the mix of incomes sought in the development would be varied. The Community Services Department has indicated that HOME funds would be available for use by a developer if desired.

Mr. Poster moved approval of the disposition through an RFQ process, with the inclusion of a statement that mixed-income residential use also be a goal and objective. Ms. Eckstrom seconded the motion. Motion approved unanimously, 12-0.

6. University of Arizona Downtown Design Studio

Mr. Poster recused himself from this discussion, given his position as Acting Dean of the College of Architecture and Planning and Landscape Architecture. Mr. Jones outlined the proposal. Ms. Eckstrom asked whether any payment had yet been made. Mr. Jones indicated that no payment had been made yet. Ms. Eckstrom moved approval, seconded by Ms. Hernandez. Approved 7-0 (Mr. Poster recusing himself).

7. Next Meeting

January 15, 2003 was established as the next meeting date.

8. Future Agenda Items

Mr. Jones indicated that some proposed amendments to the District rules might be in order, including permitting the meeting location to be moved on occasion to the City of South Tucson.

Mr. Poster asked for a report at the next meeting about the payments from the State of Arizona. Ms. Gray indicated that the Arizona Department of Revenue is manually sorting the businesses located in the District today versus in 1999.

9. Call to the Audience

Mr. D'Hererra Tapia asked what properties are being sold by the District, and what businesses might be sought to occupy the properties. Mr. Jones indicated that an integrated development project, to include all of the properties from 26-72 East Congress would be desired. The developers would then act as a landlord and secure tenants through their process.

Mr. Dick Bayse asked if the buildings on the Thrifty Block are historic. One of the assets is historic within the block. Mr. Bayse questioned why some buildings are not used by public agencies to save money in rent, rather than be sold.

Mr. Ross Mumford expressed concerns regarding the Aquarium project, as environmentally unfriendly and tourism dependent.

10. Adjournment

Ms. Eckstrom moved for adjournment at 6:55 pm, seconded by Ms. Hernandez and unanimously approved, 12-0.

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