

Mayor Rothschild's Remarks at Rio Nuevo Settlement Press Conference – February 7, 2013

Thank you for coming this morning. We are here today to announce a settlement between the City of Tucson and the Rio Nuevo District of all pending litigation and all remaining disputes. We have adopted a platform to guide the parties going forward, setting forth each side's responsibilities and obligations. What this means for Tucson is that Rio Nuevo can proceed with its mission of providing a catalyst for downtown development, under the terms set forth by the legislature in its enabling legislation and subsequent revisions, and by the voters who passed Prop. 400 in 1999.

Today has been a long time coming. But today, the Council and Board put past disputes behind us and move forward. I want to thank the City Council, City Staff and the Rio Nuevo Board for coming to this agreement. No side got everything it wanted. But in my experience as an attorney, I can say that's generally a good sign that reason has prevailed. I am pleased with the agreement and the clear delineation of responsibilities and obligations, past and present, it sets forth. With that, I'd like to invite Mr. Miranda to sign the agreement, then I will do so, and as the rest of the parties have already signed, that will make things official. Mr. Miranda...

I know you'll want to hear the details. This is a comprehensive settlement agreement, in 16 parts. I won't recite each of the 16 this morning, but my staff will be happy to provide you with copies of the agreement, which will also be available on the city's website later today.

You're going to hear a number of dollar amounts that the Rio Nuevo District will pay to the City of Tucson. I'd like to remind everyone that the District was created as a vehicle to collect and transfer money to the City for development projects, so this should not seem unusual.

1. The Rio Nuevo District will invest \$6 million for Tucson Convention Center maintenance, repairs and upgrades.
2. The Rio Nuevo District will assume the obligations of the Arena site if, after due diligence, they choose to do so.
3. The Rio Nuevo District will invest \$1.1 million in Mission Gardens.
4. The Rio Nuevo District will invest \$750,000 in downtown streetscapes. This is important because streetcar funds pay for work curb to curb, but do not pay for sidewalk or streetscape improvements.
5. The Rio Nuevo District will pay the City \$2.2 million in bond payments it owes.
6. The Rio Nuevo District will dismiss all lawsuits against the City.
7. Both parties agree to cooperate to facilitate the timely completion of independent financial and performance audits, required by state statute to be conducted every three years, with one coming due in 2013. These audits examine, among other things, whether the District is managing its resources in an economic, efficient manner and whether the objectives established by the Legislature are being met.

They also include a description of the City's match payments as required by statute.

8. The City of Tucson will assume the obligations of the Depot Garage, financed by the Rio Nuevo District, with payback occurring over 37 years.
9. The City of Tucson will transfer the property south of Cushing Street known as Heritage Park for completion of certain projects approved by the voters in Prop. 400.
10. The agreement confirms previous ownership of the following properties: Fire Central is owned by the City. The Presidio is owned by the City. The Court Avenue Duplex is owned by the Rio Nuevo District. The Church & Council Parking Lot is owned by the Rio Nuevo District.
11. The agreement sets forth a platform for development of a hotel and investment in the TCC.

By state law, the Rio Nuevo District cannot proceed with additional investment projects until it has submitted a Notice of Intent to Proceed with a hotel and a community center. With this agreement, the City accepts the District's investment of \$6 million in the TCC as meeting its notice requirement for a community center. The District still must meet its notice requirement for a hotel.

Also, any Rio Nuevo development project over \$50,000 must be approved by Mayor and Council.