

RIO NUEVO MULTIPURPOSE FACILITIES BOARD MEETING

Tucson, Arizona
December 17, 2014
1:03 p.m.

REPORTED BY:

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1 CHAIRMAN McCUSKER: Okay. We'll call the meeting
2 to order. I have 1:05.

3 Is that the official time?

4 MS. BETTINI: I have 1:03.

5 CHAIRMAN McCUSKER: Let's do the pledge.

6 Jannie, do you want to lead?

7 (Pledge of Allegiance recited)

8 CHAIRMAN McCUSKER: Thank you very much.

9 Michele, call the roll.

10 MS. BETTINI: Jeff Hill.

11 MR. HILL: I'm here.

12 MS. BETTINI: Mark Irvin.

13 MR. IRVIN: Present.

14 MS. BETTINI: Fletcher McCusker.

15 CHAIRMAN McCUSKER: Here.

16 MS. BETTINI: Chris Sheafe.

17 MR. SHEAFE: Here.

18 MS. BETTINI: Jannie Cox.

19 MS. COX: Here.

20 MS. BETTINI: And we believe Cody's on his way.

21 CHAIRMAN McCUSKER: And we believe Cody's on his
22 way, so we'll just note that he's temporarily missing.

23 MR. COLLINS: You have a quorum.

24 CHAIRMAN McCUSKER: We have a quorum. Thank you.

25 We have the copy of the transcription for

1 November 19th. It was sent out in advance of the meeting.

2 Any comments, questions or changes?

3 (No oral response)

4 CHAIRMAN McCUSKER: We need a motion to approve.

5 MR. IRVIN: So moved.

6 MS. COX: Second.

7 CHAIRMAN McCUSKER: So Mr. Irvin made the motion,
8 Ms. Cox made the second.

9 All in favor say aye.

10 (Motion made, seconded and carried unanimously)

11 CHAIRMAN McCUSKER: Okay. And we have executive
12 session on the schedule. We need a motion to recess --

13 MS. COX: So moved.

14 CHAIRMAN McCUSKER: -- to executive session.

15 MR. IRVIN: Second.

16 CHAIRMAN McCUSKER: All in favor say aye.

17 (Motion made, seconded and carried unanimously)

18 (Recess)

19 CHAIRMAN McCUSKER: Okay. We need a motion to
20 reconvene.

21 MS. COX: So moved.

22 CHAIRMAN McCUSKER: Second, please.

23 MR. IRVIN: Second.

24 CHAIRMAN McCUSKER: All in favor say aye.

25 (Motion made, seconded and carried unanimously)

1 CHAIRMAN McCUSKER: Okay. So we're back into
2 regular session.

3 We did have a message from Cody that he had a
4 client emergency, so he may or may not be here. We do have
5 a quorum.

6 Dan is traveling, so, Michele, you're going to
7 give us the financial update.

8 MS. BETTINI: Yes.

9 Now?

10 CHAIRMAN McCUSKER: Let me just -- before you do
11 that, you'll see one, two, three, four, five items related
12 to the TCC on the agenda today, so it's clearly a huge
13 priority for today's meeting and for the district.

14 We're probably 95 percent of the way through the
15 construction. It's just extraordinary for people that have
16 not had a chance to tour it. I would encourage you to do
17 that. You all get to see it in concert mode, you know, in
18 January, but just the -- the work that's been done is really
19 just quite impressive. It's a great use of TIF money.
20 We're getting a lot of good feedback about it.

21 We also want to today discuss, okay, so now what.
22 What do we do going forward with this venue. We know
23 there's additional work that's needed in the ex hall. The
24 bathrooms and the non-arena space are an issue, the plazas.
25 There is a county bond initiative, I think everybody knows

1 that, to remodel the symphony hall, the Leo Rich and the
2 Eckbo Fountains Plaza, but is there more -- as a -- as the
3 owner of the arena and ex halls, is there more we want to
4 do. So we're going to talk about that today.

5 We're going to talk about continuing to support
6 the marketing for the TCC. I think it's important now that
7 it's finished that people go to it, and so we want to help
8 spread the word about the venue to really get the concert
9 circuit kind of back on the radar. So a lot of what you're
10 going to hear us talking about today is how the district can
11 further support what we've come to know as our primary
12 component.

13 We're working on the stuff that's in the
14 settlement agreement, the streetscape, the Mission Garden
15 project today as well. And hopefully we're going to have
16 some action we can take on the Fox Theater. So these are
17 projects we've been working on all year and hopefully as the
18 year ends, we'll be in a position to close out some of these
19 things.

20 So now, Michele, give us the financial report.

21 MS. BETTINI: Michele Bettini, operations manager
22 for Rio Nuevo.

23 In front of you, you guys have the updated
24 account balances that we have in all of our accounts.

25 In the Alliance Bank business account, we have

1 about 53. In our Alliance Bank ICS account, we have a
2 little over 5 million. In our Bank of Tucson account, we
3 have 288,000. Currently we have about 8.6 million in our
4 accounts.

5 That 70,000 is what's left in the City of Tucson
6 account that is holding our money. We plan on using that to
7 pay off retention for the TCC renovations.

8 On hand combined, we have about \$8.7 million.

9 Underneath that is our commitments to Mission
10 Gardens, Eckbo Fountains. We're about paid off with them.
11 The garage for the AC Hotel doesn't take effect until 2016.
12 And as you see, we've rated that so it's not in this fiscal
13 year, but it's forecasting that we are allocating that
14 money; streetscape, \$750,000.

15 And then if you look at that last line, we have
16 about 1.5 million left to finish on the TCC renovations.

17 One last thing I wanted to mention is that since
18 we've signed the IGA with the department of revenue, we have
19 received the last two months of filings of all the
20 merchants. Currently we are compiling a report to see who
21 is in compliance and who is not. Hopefully by four months
22 that we have gathered together, we'll be able to go out and
23 find people who are not in compliance and be able to get
24 them to fill out their TPT tax forms correctly.

25 MR. SHEAFE: And by compliance you mean that that

1 merchant would file the exact same numbers, maybe a little
2 different way, rather than it costing that merchant any more
3 money?

4 MS. BETTINI: It won't cost them, any merchant.
5 On their TPT tax form, they have to put the business code of
6 PAD in order for us, Rio Nuevo, to get a portion of sales
7 tax. If that merchant is not putting that PAD code on the
8 form, we do not get the money.

9 CHAIRMAN McCUSKER: Remember we've been paralyzed
10 to track this data until we finally got the agreement with
11 the department of revenue. We're now receiving taxpayer
12 data. We can go back and confirm if any particular merchant
13 properly coded or did not code their return.

14 MS. COX: Can we go back?

15 CHAIRMAN McCUSKER: We can ask the merchants to
16 amend their returns. They can amend the returns as far back
17 as three years.

18 MS. BETTINI: And they do not get penalized at
19 all.

20 MS. COX: Pardon me?

21 MS. BETTINI: They do not get penalized for
22 amending their returns.

23 CHAIRMAN McCUSKER: Anything else for Michele?

24 (No oral response)

25 MS. BETTINI: Thank you.

1 CHAIRMAN McCUSKER: Thank you very much.

2 Okay. The arena update.

3 Elaine, thank you very much. And you were very
4 close. What are you going to do with yourself after the
5 arena project?

6 MS. BECHERER: I'm still going to come and visit
7 you all.

8 Good afternoon. Elaine Becherer, Rio Nuevo TCC
9 arena project manager.

10 As Mr. McCusker, Chairman, stated, we are about
11 85, 90 percent done with construction. I was there this
12 morning and the entire south wall scoreboard as well as the
13 north scoreboard are up and they are currently testing them
14 and checking their functionality. We will be training the
15 SMG staff tomorrow and Friday on the scoreboards.

16 We are on schedule and within budget and will be
17 fully ready for the Beach Boys concert and the grand opening
18 on January 3rd, so -- we're still completing some
19 miscellaneous tasks in the breezeway, the concession stands,
20 signage, you know, punch list items, back check, but
21 everybody's working towards our common goal and I don't
22 foresee any hiccups or any issues.

23 I did bring some images that I wanted to just
24 quickly go through for -- for you as well as the public. I
25 passed out an owner's report that has all of these images,

1 and so I'm just going to sit at the laptop and go through
2 them just really quickly.

3 This is the new concession stand -- concession
4 stand, pardon me, in the breezeway. This is the old
5 original ticket office. The refreshments sign does
6 illuminate. It's just not there yet. At the top is the
7 vinyl graphic that spans the entire north edge of the
8 breezeway.

9 This is the new TCC guest services entrance, so
10 what a small design feature, it just makes such a huge
11 difference to the entrance. Previously there was just one
12 glass door and one piece of glass, basically a window, and
13 we've removed all of it so it's now a full glass entrance
14 and you can actually see where you're supposed to go.

15 This is a shot of the breezeway and the new
16 panels.

17 These are the new entrance doors into the arena.
18 The new soffit above will say arena as well and it will be
19 illuminated; the new hanging light fixtures from the
20 ceiling.

21 This is the back of the concession stand in the
22 breezeway.

23 There's another view of it.

24 This is inside the concession stand on the
25 concourse level.

1 This is the escalator lobby looking into the
2 breezeway with the new doors; some of the accent colors that
3 are now in the escalator lobby, so we've tied everything
4 together.

5 And then there's a couple photographs of the
6 kitchen. And I did want to mention that, as we had
7 previously discussed, we have now the additional GMP 2
8 working with Concord and with Swaim on the 335,000-dollar
9 renovation of the kitchen as scheduled. We started that
10 construction actually about a week early, and so we're doing
11 three concession stands in the south ex hall and then the
12 full renovation of the kitchen. So that has started as
13 well. The kitchen will be complete prior to the gem show.

14 Any questions before I move into financials and
15 contingency regarding just the progress or the update?

16 CHAIRMAN McCUSKER: What's -- what's left other
17 than the scoreboards in -- in the arena?

18 MS. BECHERER: Miscellaneous signage and way
19 finding. There are some tie-ins that we need to do with the
20 sound and lighting equipment and tying that into the fire
21 alarm system. With the new sound equipment, we were able to
22 tie it in and make it all code compliant, and then really
23 just back checking and punching spaces. You know, there's
24 little things here and there, something wasn't painted or it
25 was painted the wrong color. We've got it on a list and

1 then Concord will go back and fix it. But other than that,
2 the majority of construction is complete.

3 CHAIRMAN McCUSKER: We are planning a ribbon
4 cutting before the Beach Boys concert. We'll invite the
5 contractor obviously, city officials, city elected
6 officials. Any of us that can attend would be welcome. SMG
7 is going to host a little reception for us, and then we'll
8 do a little ribbon cutting right before the breezeway opens
9 to the public, so if you can attend that, that would be
10 great.

11 MS. COX: That would be when?

12 CHAIRMAN McCUSKER: The night of the Beach Boys
13 concert, January 3rd. We're still working on the schedule,
14 but somewhere around 6:30 or something, we'll do a little
15 VIP reception. The mayor is going to say a few words, will
16 thank everybody for their efforts and do a little ribbon
17 cutting event right before the concert.

18 MS. BECHERER: Okay. So for the financials and
19 the contingency update, I passed for you our monthly project
20 tracking sheet. And as every month, it shows the current
21 expenditures to date as well as the overall project budget.

22 And the number that I want to highlight is, if
23 you go to the second column titled "Current Project Budget"
24 and under owner's contingencies, two lines up above the
25 highlighted 7.8 million, there's \$15,886.12. That is the

1 remaining owner's contingency. In addition to that, a
2 previous change order that was related to the escalator
3 lobby signage and renovations, the project received a
4 deductive change order, meaning that Rio Nuevo received
5 \$39,000 back.

6 In addition to that deductive change order, the
7 15,000 that's currently in the owner's contingency and two
8 general GC contingencies, some allowances and owner's
9 contingencies, there's truly approximately \$90,000 left in
10 the owner's contingency. And so what I wanted to present as
11 a part of my update is a recommendation regarding how to
12 spend that additional \$90,000.

13 So when we take a look at the additional
14 environmental assessment abatement that was needed,
15 additional permitting, all of that has been accounted for
16 and the project still has \$90,000 left and the Rio Nuevo
17 board gets to decide how to spend it.

18 I think at this stage in the construction and in
19 the schedule, things like additional trash and recycle
20 stations are needed, additional benches, some additional
21 casual seating, maybe some lounge seats on the mezzanine
22 level, some additional seating for the breezeway.

23 On the concourse level, there is -- at the south
24 end, there's a potential VIP area that could truly be
25 developed with some bar tops and some seating.

1 And so with whatever direction you give me, I
2 would put together a list of items as to how to spend that
3 \$90,000, make sure that the project has a little cushion.
4 And that's how we would proceed to use that remaining
5 \$90,000.

6 CHAIRMAN McCUSKER: Do you see spending all 90 of
7 that on furniture and equipment then? So you don't really
8 have anything else construction-wise or --

9 MS. BECHERER: I do. I think that when you --
10 when we really take a look back at the pre-design and the
11 needs list, the project -- in working with the end user and
12 with Rio Nuevo, the project has been very successful in
13 really addressing all of the key items that we needed to do
14 from the ice, the pit, the painting, restrooms. And with,
15 you know, \$30,000 left, let's say, the next big thing we
16 wouldn't be able to do, and so I think -- as a final touch
17 and to really fully detail out the arena, I think -- between
18 potential lounge seating, bar tops, trash receptacles,
19 signage, things like that, I think it could be used of the
20 90,000.

21 If it -- you know, I can put the list together
22 and get an estimate from Concord and, if it's only 60,000,
23 then there will still be 30,000 remaining.

24 MR. SHEAFE: It seems like it would make sense to
25 prepare a list of priorities because you're closer to it

1 than any of us. And we're not going to get much done anyway
2 until the opening, and then you go through a couple events
3 and you might discover something you completely missed that
4 is an urgent issue that we need to make this the top
5 priority.

6 CHAIRMAN McCUSKER: I guess the first question
7 that we need to give her some direction on is -- we're going
8 to close the project with 90,000 extra dollars, which is
9 probably a Rio Nuevo first. If we had a snare drum, we
10 could do a drum roll. But do we want -- do we want to
11 direct her to spend all of it so we would end up exactly
12 where we budgeted a year ago?

13 MS. BECHERER: And we have the time to do that
14 because, remember, Concord is on contract through -- you
15 know, the kitchen will be done at the end of January, but by
16 the time we do O & N manuals and project closeout, they'll
17 be on site, you know, into February, so I have time to work
18 with -- put together a list and get a price and, you know,
19 come back to you and say this is what I recommend.

20 CHAIRMAN McCUSKER: One of the things we didn't
21 budget for because this was a construction project is any of
22 the kind of furnishing that she's talking about, so any
23 bench seating or love seats in the ladies' restrooms, for
24 example, the bar tops that she's talking about, those would
25 all be welcome additions to -- consistent with enhancing the

1 fan experience. And we would actually own those because
2 anything that's not affixed to the building belongs to Rio
3 Nuevo, so --

4 MS. BECHERER: And we have --

5 MR. IRVIN: You know, I -- I might just suggest,
6 you know, maybe just in the way of a motion, you know, the
7 fan experience I think is something that we've been really
8 on key with everything we're doing and, you know, there's a
9 whole area behind the scoreboard that we talked about, if we
10 took that and put some, you know, props up to kind of create
11 a special extra revenue opportunity for the TCC.

12 And then also the breezeway, the first thing that
13 most people will see when they come in, we really didn't
14 allocate much in the way of benches and seating out there
15 and I think it's going to be pretty obvious that that's
16 going to be heavily used.

17 I'd like to see that money be tried to focus on
18 addressing those areas because I think those are all, you
19 know, great revenue-generating areas for us as a district.

20 CHAIRMAN McCUSKER: You said you were going to
21 make a motion, so --

22 MR. IRVIN: That's my motion, that we spend the
23 money exploring furniture options both in the -- the back
24 side of the arena -- excuse me, behind the scoreboard area
25 and then also in the breezeway and, if we -- if we have some

1 left over, do the bathrooms, the benches and what have you.
2 I just think we ought to focus on our furniture needs right
3 now. I think we've taken care of the construction stuff.
4 Now we need a place for people to sit. That's my motion.

5 MS. COX: Second.

6 MR. IRVIN: Spend it on furniture.

7 CHAIRMAN McCUSKER: Mark, is this -- if we're
8 going to buy furniture, does this have to be procured,
9 competitively bid to authorize the money to go buy
10 furniture?

11 MR. COLLINS: Yes. When you're going to spend
12 money -- public money on services or goods, you need to
13 comply with the procurement code. The city does, too. And
14 what -- I think the easiest thing to do is, if you're going
15 to do that, you need to just amend the contract for the
16 scope of work and so forth if Concord's going to do it.
17 That's what I'm understanding you to say.

18 CHAIRMAN McCUSKER: Some of it would need to be
19 installed.

20 MR. COLLINS: Right.

21 CHAIRMAN McCUSKER: Permanent benches.

22 MR. COLLINS: Right.

23 CHAIRMAN McCUSKER: Unaffixed furniture we don't
24 need a contractor to place, so it sounds like maybe we
25 should -- if the motion passes, we should just ask Elaine to

1 get us a desired list of how you would spend the money and
2 we could look and see what portion of it we would have to
3 solicit a bid for, particularly around the furniture
4 problem.

5 MR. COLLINS: I would concur with that, Mr.
6 Chairman. And -- and to the extent that there needs to be
7 contractual changes, we can have that for you by next -- by
8 the next meeting.

9 MR. IRVIN: If my motion needs to be modified to
10 address all that, so be it.

11 MR. SHEAFE: Could I just ask Elaine, if you
12 don't mind, Mark, is there anything about that motion that
13 constricts you in a way that you didn't anticipate?

14 MS. BECHERER: So just to clarify for the board
15 members as well as counsel, the remaining \$90,000 is already
16 in the project budget. Some is already actually in
17 Concord's contract. The project to date has spent \$25,000
18 on trash receptacles and some benches, but we just -- I
19 mean, it's a big facility, so we weren't able to get that
20 many, so I'm not -- I'm not understanding why we have to --

21 CHAIRMAN McCUSKER: Some of the stuff we're
22 talking about is new and may -- may have to be solicited.
23 And I think we can't really decide until we see a list of
24 what you want, so --

25 MR. COLLINS: Yeah, I would need to see the list.

1 I mean, Elaine may be correct. We may not have to solicit.
2 We may not have to do that and you may not have to amend the
3 contract. I'm just suggesting to you that -- that once you
4 see the furniture that you're talking about, what it is --

5 CHAIRMAN McCUSKER: Run down to Sam Levitz and
6 buy a bunch of furniture.

7 MS. BECHERER: How it would work is that the
8 remaining funds that are not in Concord's contract, it would
9 be a change order to their contract.

10 MR. COLLINS: Right. Right.

11 MS. BECHERER: And then we would proceed as we've
12 done with all other accessories and site furnishings -- site
13 furnishings for the arena. I would look at cut sheets, we'd
14 get a price, and then they would -- they would purchase them
15 and install them for us.

16 MR. SHEAFE: You'll come up with a list of
17 priorities for you to see?

18 MS. BECHERER: Yes, and pricing.

19 MR. SHEAFE: Yeah, and pricing. And then that
20 may go beyond 90,000, but at least we now know what the
21 priorities are.

22 MS. BECHERER: Yes.

23 CHAIRMAN McCUSKER: All right. So Mr. Irvin's
24 motion and second is that we spend the remaining
25 approximately \$90,000 in contingency funds on furniture and

1 equipment from a list that Elaine will furnish us.

2 All in favor say aye.

3 (Motion made, seconded and carried unanimously).

4 CHAIRMAN McCUSKER: Okay. There you go.

5 Congratulations, too, by the way. It's an
6 extraordinary project on time, on budget, you know, and we
7 actually have a little money to buy some furniture with,
8 so --

9 Go ahead.

10 MR. IRVIN: Elaine, I just want to thank you
11 personally. I think you've done just a jam-up job for us,
12 like Fletcher said, on time and on budget. I think when
13 people go in and see like the reuse of the tracks and some
14 of the stuff in the bathroom, I think they're going to be
15 just really blown away by what they see. I'm really proud
16 of what we've accomplished. I know you've got other things
17 you want to do and we, you know, have other things we want
18 to do with the arena. I just hope we can figure out a way
19 for us to continue working with you in some fashion as we go
20 forward. I think you've just been super. Thank you.
21 Keeping -- and also keeping us out of trouble.

22 MS. BECHERER: Well, thank you, Mr. Irvin, and
23 all of you. I truly have valued and appreciate this
24 opportunity. And I think that this project is definitely --
25 yeah, it's a career highlight for me. I've really, really

1 enjoyed working with you all. And I think this meeting
2 is -- I've been coming every month for maybe like a year and
3 a half. So, yeah, thank you for the opportunity.

4 MR. IRVIN: You may get voted on the board.

5 CHAIRMAN McCUSKER: There are some gubernatorial
6 openings, too.

7 MS. BECHERER: So thank you. Thanks very much.
8 And I hope to see you all at the grand opening. Happy
9 holidays.

10 CHAIRMAN McCUSKER: Thank you very much.

11 Okay. While we're talking about the TCC, in
12 light of Michele's financial report, even with the AC Hotel
13 commitments, you know, we have about a million dollars of
14 disposable district funds. We do have potential other
15 sources of income beyond TIF receipts. We are in
16 negotiations with the Rialto Theater to acquire that. Of
17 course, we're in a negotiation to sell the arena lot. We
18 could raise as much as 7 or \$8 million of additional funds.

19 The current management of the arena, the gem show
20 representatives and others have come to us as owners of the
21 arena, one applauding us for the work that we've done but
22 urging us to continue the project. There -- you know, we've
23 done the bathrooms and the arena. We've not done the
24 bathrooms in the exhibition halls, so when you come into
25 the -- the venue, the bathrooms on that floor, in that

1 mezzanine level, are still the old, crummy bathrooms. For
2 the gem show users and the people that use the gem show, the
3 auto dealers, SABA, et cetera, those are still the old
4 bathrooms.

5 There's a lot of issues, as we know, with the
6 meeting rooms, the dated nature of the meeting rooms. I
7 just think we should discuss our primary responsibility,
8 which is do we want to use any of our new-found funds to
9 continue into what I would call phase two of -- of the arena
10 or the TCC remodel.

11 I don't have a number in mind. We probably could
12 continue to have Phil, who is under contract with us, work
13 on some estimates of what these things would cost and maybe
14 come back to the board, but I think it would be a good use
15 of our money if we wanted to invest a half a million bucks
16 or a million bucks into continuing improvements in the
17 Tucson Convention Center.

18 SMG is doing a great job. They really have
19 reached out to a lot of convention and concert users.
20 They've booked 200 venues around the country now and
21 Tucson's very much back on the radar, but there's still some
22 issues with the space, the lack of a junior ballroom, the
23 lack of, you know, meeting rooms. And some of that we might
24 be able to address to really help bring this venue back to
25 state of the art.

1 So I just wanted to introduce the notion for
2 discussion to see if you had any interest in a phase two of
3 the TCC project.

4 MR. IRVIN: You know, having walked it, Fletcher,
5 with you many, many times and sat down with the folks at the
6 gem show, you know, I think you nailed it. We do have
7 expectations that, you know, we'd hopefully find a way to
8 continue it. Having hosted events myself in the large ex
9 hall, I can speak very well to, you know, how poorly those
10 restrooms are perceived by people. I'd -- I'd -- I'd love
11 to see us take a look at doing those ex hall restrooms.
12 They need some work over there if memory serves me right.

13 And then I also bought some of your ideas about
14 ways to create some other breakout rooms, small, you know,
15 meeting rooms as we've talked about. It's something that
16 would be worth while to explore again. So I'd -- I'd love
17 to see us look at that.

18 I don't -- you know, I don't really have a number
19 in my mind. I know that the stuff that happens on bathrooms
20 is -- Chris, you know this probably better than anything.
21 With -- with millwork and plumbing and all that kind of
22 stuff, any time you renovate a bathroom, especially in an
23 older facility, there's always something that pops up, so I
24 think, you know -- but it's also part of the area where
25 there's the greatest amount of need, so I'd like to see us

1 look at the restrooms. I'd like to see us take a look at
2 trying to create some more of the meeting rooms like you
3 discussed.

4 And I don't really have a number in mind, but I
5 think if we gave them direction just in -- just those two
6 areas. And I -- I know there's probably some other ones.
7 I'm just not sure if in your mind those are our highest
8 priority. They seem to be to me, but --

9 CHAIRMAN McCUSKER: I think the restrooms are
10 about 35,000 apiece. You know, I think there are four in
11 the ex hall. There's two upstairs. You know, you could
12 easily commit to several hundred thousand dollars on that.

13 I think what I would suggest is we sit down with
14 current management, who really are professional in how they
15 use an arena, how it flows, what improvements they would
16 like to see, sit down with Phil, you know. And I think he'd
17 do it without us having to engage him and just maybe pencil
18 together some ideas and a budget and, if we're so inclined,
19 then look at it maybe again in January, but --

20 MS. COX: I think it makes perfect sense to
21 continue if the needs are that great, if there are that many
22 bathrooms that are old and unattractive like the others
23 were. I think it's -- I think it's -- whatever the public
24 is seeing, if we can do something about it without -- with
25 the funds that we have, I think that's what we ought to do.

1 MR. IRVIN: I would also like to see -- you know,
2 I know we're still trying to figure out what Elaine's role
3 is going to be in the future, but given kind of what she saw
4 just getting to this point, it would be nice to have her --
5 someone included in that. (Inaudible). She's sure done an
6 awfully good job.

7 CHAIRMAN McCUSKER: Do we -- do we need a motion,
8 Mark, to explore a phase two? Can we just, you know, ask,
9 you know, people that we work with to kind of put together
10 some ideas?

11 MR. COLLINS: You have -- you have this
12 particular topic on the agenda as an action item. I would
13 recommend that you make a motion to direct staff and
14 whomever to explore that and bring back some suggestions,
15 more concrete ideas, at the next meeting. That would be my
16 recommendation.

17 MR. SHEAFE: I would make that motion with the
18 addition that we have SMG participate and give us their view
19 of the upgrades that are most critical because what we're
20 really trying to do is create an economic base of this unit.
21 And it is the purpose of the original TIF, so we're
22 certainly on strong grounds if we continue to make this a
23 priority using the very few dollars we have that are not
24 already allocated.

25 CHAIRMAN McCUSKER: He made the motion and we

1 need a second.

2 MR. IRVIN: I'll second.

3 CHAIRMAN McCUSKER: And to paraphrase that, we
4 would like to meet with staff and our architect to develop a
5 phase two proposal for continuing arena -- or TCC
6 renovations, not necessarily the arena, and present that in
7 our January --

8 MR. SHEAFE: Yeah. I'd just then ask them
9 concerning the marketing --

10 CHAIRMAN McCUSKER: Yeah, I think they would
11 definitely be a part of that.

12 All right. Any further discussion?

13 (No oral response)

14 CHAIRMAN McCUSKER: All in favor say aye.

15 (Motion made, seconded and carried unanimously)

16 CHAIRMAN McCUSKER: Okay. So we'll put that on
17 the January agenda. Thank you very much.

18 So, Mr. Collins, do you want to update us on
19 where we are with the arena site and the negotiations with
20 Nor-Gen?

21 MR. COLLINS: Mr. Chairman, members of the board,
22 just to put that process in context, you may recall that at
23 your August 26th meeting, you voted to proceed with
24 negotiations with Nor-Gen. On September 3rd, the executive
25 officers and counsel met with Mr. Norville and his lawyer

1 and, at the conclusion of that, the decision was that
2 Nor-Gen was going to provide the first draft of the
3 agreement. That first draft came to us on November 18th and
4 the executive officers and I have marked that up and sent it
5 back to Nor-Gen for their review.

6 Certainly it is the instructions that you folks
7 have given to me to get this done quickly. I have spoken
8 with the attorney for Nor-Gen. We've both exchanged
9 communications that indicate both sides are anxious to
10 proceed, so hopefully we can have some concrete agreement
11 for you to vote upon in the January meeting.

12 CHAIRMAN McCUSKER: Mr. Irvin.

13 MR. IRVIN: So I'm obviously up to date, but I
14 think one thing I'd -- I'd like for you to be able to really
15 stress to Nor-Gen's counsel is that, you know, we do have
16 expectations at the next meeting that we are going to be
17 able to come in front of the board with an agreement that
18 we're all comfortable with and move forward. I think these
19 negotiations have taken longer than I expected them to take.
20 You know, we could use the holiday thing or whatever we want
21 to to kind of address that, but I think we as a board, the
22 executive officers have been very responsive to everything
23 that we've received and tried to be very timely with that.
24 We expedited the process to ensure that would occur and I
25 just would hate for us to be sitting here three meetings

1 from now and not be, you know, where we need to be. So if
2 you would just make that one stressed, it would be
3 appreciated.

4 MR. COLLINS: I will do that.

5 CHAIRMAN McCUSKER: Okay. Item number 11 while
6 you're up there, the west side deed, do we need our snare
7 drum for this?

8 MR. COLLINS: Yeah, you need your snare drum.

9 At the last meeting, my instructions were to get
10 the deed done. The issue standing in the way was the
11 setback on the eastern boundary. There is no way that the
12 city can be effectively precluded from enforcing its zoning
13 codes, but we've worked our way around that which I believe
14 will ultimately allow the district to develop up to the
15 eastern boundary of the property. And because of that, I
16 have delivered a final form of deed to the city and, with
17 luck, we can get that deal closed before the end of the
18 year.

19 CHAIRMAN McCUSKER: And item 12, the streetscape,
20 that was also contingent upon us receiving that deed, so --

21 MR. COLLINS: That's correct. Mr. Chairman, my
22 office drafted a streetscape agreement which has been
23 provided to the city and to Downtown Tucson Partnership.
24 The city -- hours or moments, actually, before I got headed
25 over here, I got the red line back from the city, so we're

1 making progress on that. It's a tri-party agreement.
2 Obviously I think everybody's interested in moving forward
3 with it. I haven't had a chance to look at what I received
4 at about 11:30 today.

5 CHAIRMAN McCUSKER: While you're up there, let me
6 move the agenda around just a little bit.

7 Mission Garden, that's also a tri-party
8 agreement. What's the status on that?

9 MR. COLLINS: The -- the Mission Gardens
10 contract, as you will recall, the board authorized the
11 expenditure of \$300,000, 300,000, towards the 1.1 commitment
12 in the settlement agreement with the city. And the motion
13 was for infrastructure, and so a contract was prepared and
14 delivered to Friends about Thanksgiving. Earlier this week,
15 Friends came back with their markup and my partner, Chris
16 Schmaltz, whom you all know, is working on that right now.
17 I know that the city has that contract as well. I haven't
18 received anything back from -- from them yet.

19 CHAIRMAN McCUSKER: And then finally here in the
20 busy beaver column, the Fox Theater update.

21 MR. COLLINS: Yes. As you will recall, I think
22 it was at the last meeting, Fox informed the board that it
23 was under the impression that it would cost about 330 to
24 \$360,000 to exercise the put so that the trust could be
25 taken out of the arrangement and the entire Fox structure

1 could be simplified. We learned Tuesday of last week that
2 that number is \$313,000, so it's less than what you
3 authorized. It's less than what you authorized --

4 CHAIRMAN McCUSKER: 313 even or --

5 MR. COLLINS: I -- it's close.

6 CHAIRMAN McCUSKER: Do you know?

7 UNIDENTIFIED SPEAKER: No.

8 MR. COLLINS: Yeah, Craig. I've got it in that
9 draft. Let me see -- let me see if I've got the draft.

10 UNIDENTIFIED SPEAKER: 313,185.

11 MR. COLLINS: Yes. I agree.

12 CHAIRMAN McCUSKER: \$313,185?

13 MR. COLLINS: Significantly less than what you
14 folks authorized to proceed on at your last meeting. The
15 caveat to that, however, is that that -- we have to do that
16 before the end of the year, so my marching orders were to
17 put together something that would allow that to happen and
18 so we could simplify the structure that you folks have seen
19 so many pictures of. I've done that. I've sent it to Fox's
20 counsel. We've got some work yet to do, but I think that as
21 soon -- as soon as I hear from Mr. Hecker, which I just got
22 to him earlier this week, I think we can get it done by the
23 end of the year, save this board significant money and
24 accomplish what I think everybody wants to do before the end
25 of the year.

1 CHAIRMAN McCUSKER: All right. So to do that,
2 the board would have to authorize the chairman and the
3 treasurer to execute those agreements, so can we kind of go
4 back through what it is exactly that we're -- we're doing?

5 For \$313,185, we're going to take the National
6 Trust for Historic Preservation out of the deal?

7 MR. COLLINS: Right.

8 CHAIRMAN McCUSKER: They would then agree to
9 terminate the lease that they have with the entity that
10 leases the theater from the district?

11 MR. COLLINS: Not quite.

12 CHAIRMAN McCUSKER: All right.

13 MR. COLLINS: What -- what -- yeah.

14 CHAIRMAN McCUSKER: Go ahead. Kind of unwind it
15 for us.

16 MR. COLLINS: I'll try. I -- I didn't do -- I
17 didn't bring my big blowup that -- I think Craig has
18 appropriately described it that there are many ways to -- to
19 dramatically display what this arrangement is, but the
20 simple answer is, what we're going to be doing -- currently
21 the district leases -- the ground lease from the district is
22 to Fox Tucson Theater Rehab, which is -- then subleases it
23 to Fox Tucson Theater Group, LLC. And that particular
24 entity is the one that the trust owns 100 percent of and it
25 is through that particular entity that -- that the Fox Group

1 is paying \$89,000 or thereabouts every year. And -- and
2 what this restructuring is going to do is going to allow the
3 Fox to no longer have to make that roughly 90,000-dollar
4 annual payment.

5 We're going to do that by assigning some leases.
6 We're going to assign the ground lease to Fox Tucson Theater
7 Foundation, which is the entity that owes this -- the board
8 money, and -- and -- and thus you're going to have a
9 straight line between the entity that owes you money and the
10 entity that is your tenant at the Fox Theater. It's a
11 little more complicated than that because of the structure,
12 but --

13 MR. SHEAFE: Basically what we're doing is we're
14 just paying off the debt to the national trust, and then
15 that collapses that whole wing of what goes on, so it just
16 goes from here to here rather than from here over to here
17 over to here and then back.

18 MR. COLLINS: I --

19 MR. SHEAFE: We're getting rid of this
20 complication. We're paying off the debt and now we are
21 direct.

22 MR. COLLINS: As a pilot, you're flying at 30,000
23 foot level, Treasurer Sheafe, but, yes, that's true.

24 CHAIRMAN McCUSKER: It's really not that. It's
25 really an option to buy them out.

1 MR. SHEAFE: Yeah.

2 CHAIRMAN McCUSKER: So --

3 MR. SHEAFE: (Inaudible).

4 CHAIRMAN McCUSKER: Right.

5 MR. SHEAFE: We know they're bought out.

6 CHAIRMAN McCUSKER: So they would collect this
7 dividend forever if we didn't exercise this window that the
8 original contract contemplated that we can take them out.

9 Well, actually the Fox can take them out.

10 MR. SHEAFE: Yeah. It's an exceptional deal.

11 CHAIRMAN McCUSKER: So they go away. We get 90
12 grand a year --

13 MR. SHEAFE: Yeah.

14 CHAIRMAN McCUSKER: -- for --

15 MR. COLLINS: Well --

16 CHAIRMAN McCUSKER: -- 27 years.

17 MR. COLLINS: You will end up amortizing it out,
18 but the motion was the proposal. And I believe what -- the
19 motion that was passed is that there will be a -- a grace
20 period of three years. In other words, if we get this done
21 by the end of this month -- if we get this done by the end
22 of the month, for the first three years, the Fox is not
23 going to have to pay that \$89,000 either to you or to the
24 trust. And the hope is that it will be able to get its
25 financial feet on the ground, and then it will be able to

1 start paying that 89,000 number to the district throughout
2 the term of the lease arrangement.

3 CHAIRMAN McCUSKER: And the other thing -- you
4 know, I think Chris is right. You're dealing with one
5 entity. And to the extent then that -- that, after the
6 holiday, they're not paying us this \$89,000, we can
7 foreclose on the lease.

8 MR. COLLINS: Yes. Yes. That's -- as you all
9 will recall from various meetings, that currently the way
10 the structure is set up, even though the Fox owes the
11 district a significant amount of money, you can't do
12 anything to try and force that. Not that you would, but
13 from a legal standpoint the way the structure is set up,
14 there was a -- a forbearance agreement that was part of the
15 structure. This will change that.

16 CHAIRMAN McCUSKER: What do you need from us so
17 you can close it by the end of the year?

18 MR. COLLINS: Yeah. I think the Chairman is
19 correct. I think it would be a wise idea to authorize
20 either the executive officers and the chairman and the
21 treasurer or secretary to execute the final documents
22 that -- that counsel for the Fox and I prepare and that you
23 find acceptable.

24 MR. IRVIN: I'll make a motion that that be
25 approved and that the executive officers shepherd on that

1 until it's done.

2 MR. COLLINS: I think that does it.

3 CHAIRMAN McCUSKER: I think what you have to say
4 is that -- substantially along the lines of what we've
5 agreed to. So, you know, we understand the deal.

6 MR. COLLINS: Right.

7 CHAIRMAN McCUSKER: And they would authorize us
8 to close the deal, but if the deal changes, then I think
9 it's got to come back.

10 MR. COLLINS: Absolutely. At the last meeting,
11 you authorized the preparation of the documents to be
12 brought back for you folks to approve. Since that
13 authorization, we've learned that -- that the -- that the
14 amount of money is significantly less, 313,000 and change as
15 opposed to 340 to 360, if we do it by the end of the year.
16 We've got, I think, a workable draft out there which is
17 absolutely consistent with that -- with the prior direction,
18 but you -- you did not include in the motion last time
19 authorization for the executive --

20 CHAIRMAN McCUSKER: Your motion is to authorize
21 the --

22 MR. IRVIN: Executive officers to get it done
23 along the lines that it was approved by the board.

24 MR. SHEAFE: What do you need from us --

25 MS. COX: Second.

1 MR. SHEAFE: -- to get that done? Because I know
2 that Fletcher's --

3 CHAIRMAN McCUSKER: You can track me down. It
4 just -- it requires --

5 How many signatures do you need on the document?

6 MR. COLLINS: Two.

7 CHAIRMAN McCUSKER: Mine and his?

8 MR. COLLINS: Two of the -- two of the -- two of
9 the three.

10 CHAIRMAN McCUSKER: Two of the three?

11 MR. COLLINS: Right.

12 CHAIRMAN McCUSKER: Now, Mr. Irvin has a motion
13 and Jannie seconded it that we authorize the executive
14 officers to complete the documents related to the Fox
15 re-term, I'm going to call it, so long as the deal's not
16 changed based on our current understanding.

17 All in favor say aye.

18 (Motion made, seconded and carried unanimously)

19 CHAIRMAN McCUSKER: All right. Mr. Simberg (ph)
20 you're closed.

21 UNIDENTIFIED SPEAKER: Getting closer and closer.

22 CHAIRMAN McCUSKER: I think that left a couple of
23 marketing things we wanted to talk about. I'll just go back
24 to --

25 Mr. Collins, that's everything we needed from

1 you, so you've got a lot of stuff kind of pending until
2 January.

3 MR. COLLINS: I do, Your Honor.

4 CHAIRMAN McCUSKER: The Fox, the Mission
5 Garden --

6 MR. COLLINS: I do, Your Honor.

7 CHAIRMAN McCUSKER: -- the streetscape.

8 Yeah, thanks for that.

9 Okay. So marketing and the grand opening. In
10 prior meetings, we had committed \$50,000 to underwrite and
11 help support the Beach Boys celebrating the grand reopening
12 of the arena. We've sold about just under 3,000 tickets,
13 generated about \$75,000 of ticket sales, so we're already
14 above what the cost of the contract to the band will be.
15 And if the ticket sales continue, we will at some point
16 start paying back the \$50,000 that Rio Nuevo contributed.

17 Now, having said that, that arena has about 7,000
18 seats capacity. We are running the merchant special that we
19 agreed to the last -- two meetings ago, I think. We've
20 actually reached out to every merchant personally to advise
21 them of their ticket discounts. That's just additional
22 funds that could go toward the ticket sales.

23 We've gotten great mileage out of our marketing
24 dollars. We've spent 4,000 bucks on TV, but KGUN has become
25 a sponsor, produced all the ads for free. They're running

1 four or five times what that would buy. You've seen it
2 on -- usually on the news, the early morning news.

3 K-HIT radio is our radio sponsor. They've been
4 great. They're doing an interview with Mike Love of the
5 Beach Boys this week. Both the Star and the Caliente have
6 helped.

7 So my question is, do we want to do anything else
8 to enhance ticket sales for this particular concert. We're
9 economically fine. We're probably about -- end up about
10 where we thought we would be, but we might have 2,000 empty
11 seats.

12 We could, for example, put an ad in McKale during
13 a basketball game. We could buy more TV time. We could buy
14 more radio time. We could work with the Star on maybe a
15 special Beach Boys section. You know, there are things that
16 we could do that would basically commit some of the ticket
17 sales dollars to additional marketing instead of returning
18 them back to the district. Or we can just take our chances.

19 And this is a town that typically shows up late.
20 You know, we have a lot of corporate requests out for people
21 to buy a block of tickets for the holidays and give them to
22 their employees. I think we'll probably get to 4,000 or
23 4,500 tickets in our own right.

24 So the question, because this will be the last
25 chance we'll have to talk about it before the concert, is do

1 we as a board want to do anything else to enhance the
2 participation -- ticket sales for this particular show.

3 MR. SHEAFE: Would there be any benefit in taking
4 a section from the back end of the arena where those empty
5 seats may end up and calling that a meet your arena section
6 and having a super discount on those tickets?

7 CHAIRMAN McCUSKER: You probably couldn't get
8 band approval to do that. They control ticket pricing and
9 they control any ticket discount, so it's highly -- I mean,
10 we could ask them, but it's highly unlikely they would
11 approve something like that. It creates issues with the
12 other ticket buyers who have paid a full ticket price.

13 We did -- we did get the band to approve the
14 merchant discount, so that --

15 MR. SHEAFE: I didn't know about that.

16 Could we make a donation to a specific entity?

17 CHAIRMAN McCUSKER: We could. We could also
18 buy -- we could -- we could -- we could buy tickets. We
19 could buy 500 tickets or 1,000 tickets or 100 tickets and
20 distribute those in any manner that we wanted to. It's just
21 really a question of do we want to do anything else
22 economically. You know, we're going to get some of our 50
23 grand back. The concert will be fine. SMG has a lot of
24 industry people coming. They're going to do at their cost
25 the reception. We're getting a lot of mileage out of our

1 partners. We could press and maybe, you know, sell it out
2 or get another 1,000 or 2,000 people into the venue, but
3 probably not without some additional marketing effort.

4 MR. SHEAFE: Well, the reason I asked the
5 question is SMG is -- you know, could they give us a
6 suggestion of here's what you ought to do right now and this
7 will add another 1,500 people sitting --

8 CHAIRMAN McCUSKER: Unless I can't get back to
9 you in order to do --

10 MR. SHEAFE: Can we authorize you to do that and
11 then make the choice that is in the best interests of
12 filling the house?

13 Really what we're trying to do is not only
14 introduce this to the community -- and the more people in
15 there and see it, the more bang for the buck we're going to
16 get.

17 And, secondly, it would be nice to have that
18 opening event be absolutely stuffed. And it would be a far
19 less expensive way to do it than to bring in such a big name
20 that you pay enormous amounts of money to fill the house.

21 CHAIRMAN McCUSKER: I agree.

22 MR. SHEAFE: So is there a motion --

23 MR. IRVIN: Let me ask Fletcher a question
24 because I think you're pretty good at this.

25 I mean, if we were going to say to you, you know,

1 Fletch, what are your suggestions and what do you think it
2 ought to cost, you know, do you -- what do you think we
3 ought to do?

4 CHAIRMAN McCUSKER: Michele, come up here a
5 minute.

6 We're working on this together.

7 I wasn't really prepared, but I think there are
8 some things that we could do that -- that we know pay off.
9 TV we know works.

10 MS. BETTINI: Print.

11 CHAIRMAN McCUSKER: Print works, not as well.
12 Radio definitely works. Now, you can increase those buys.
13 We could buy tickets and, you know, do fun things with
14 those. We could, you know, have a contest or a raffle or,
15 you know, some other kind of thing other than just giving
16 them away. You know, with the timing that we have, three
17 weeks, those are probably the things that make the most
18 immediate impact.

19 I do think the paper, the Star, would be
20 interested in maybe a special section. They don't do those
21 for free, but, you know, they might contribute toward
22 something that was just maybe a Beach Boys, you know,
23 section. They're taken about 50 photos. They're doing a
24 story on the Beach Boys probably around Christmas and they
25 wanted to come down and take photos of the arena. They

1 spent two hours. So you're going to have a very nice thing
2 in the paper regarding the band and the new arena, but there
3 are things we could do.

4 MR. SHEAFE: Let me make a -- let me make a
5 motion here then to try and give the flexibility. One of
6 the guys that I would call right away is Curtis over at the
7 Rialto and say, hey, Curtis we want to put another 2,000
8 people in here, he knows booking arrangements, what's the
9 best way to do that, because, you know, there's things that
10 I'm thinking of that I may be right, I may be wrong. So
11 we've got a 50,000-dollar fund out there, we haven't spent
12 all of it, and the question is do you have the flexibility
13 to go outside immediate advertising.

14 And my motion would be that we authorize the
15 chairman to independently look at what we might do in the
16 last few days here to spur attendance and implement that as
17 part of that effort and the allocation of those --

18 CHAIRMAN McCUSKER: You probably should put a
19 number on that so that Michele and I have some --

20 MR. SHEAFE: Well --

21 CHAIRMAN McCUSKER: -- some direction on limits.

22 MR. SHEAFE: -- would a number of 20,000 be --

23 MR. IRVIN: That would be too much.

24 MS. BETTINI: That's too much.

25 MR. IRVIN: Way too much.

1 MR. SHEAFE: Would 10,000 be?

2 CHAIRMAN McCUSKER: We could get a lot done for
3 10,000.

4 MR. SHEAFE: All right. 10,000 is the motion.
5 And, Elaine --

6 MS. COX: I'd like to see -- just for -- just for
7 appearance sake, I think it would be -- although I fully
8 trust your judgment and I know you would do what you think
9 is the right thing, I think there should be more than one
10 person --

11 MR. IRVIN: We can make an executive officer --

12 MS. COX: (Inaudible).

13 CHAIRMAN McCUSKER: It takes the treasurer and
14 the chairman to approve anything.

15 MS. COX: I'm saying the executive officers
16 should make the decision, not just the chairman.

17 CHAIRMAN McCUSKER: Okay. That's fine. That's
18 easy to --

19 MR. SHEAFE: Elaine was going to make a comment
20 here. She probably has the idea of the century.

21 MS. BECHERER: I don't. I actually just wanted
22 to share some information with the board before you make
23 your motion.

24 So the city is also trying to help as best as we
25 can to promote the event. Channel 12 just aired a story on

1 the arena and it's up on the internet and it's on the Rio
2 Nuevo website. News-Net goes out daily to not only media
3 sources, news, radio, television, it also goes out to all
4 city employees. There's a blurb in there about the -- the
5 project and the grand opening. And then I'm working with
6 Concord and we'll be providing on the day of the event just
7 basically a video summarizing the project.

8 And so that's a little after the fact, but I just
9 wanted you all to have that information to inform your --
10 your decision in your motion.

11 MR. IRVIN: I also agree that Tucson's an 11th
12 hour town and, you know, probably just by virtue of people
13 not going to be in town for the holidays, when they get
14 back, I think we'll see a handful of additional sales.

15 MR. HILL: Mr. Chairman, a point of order. The
16 agenda item says the board will direct staff and/or counsel
17 to take action.

18 CHAIRMAN McCUSKER: That's interesting.

19 MR. HILL: I think we're precluded from any board
20 members doing it. And we still have -- whatever they do the
21 executive committee would have to approve. And that way
22 you're -- you're clean as Caesar's wife that we don't see
23 board members -- or whatever that phrase is about Caesar's
24 wife -- that we don't have any look that we are doing
25 something as board members to reward somebody with

1 additional money like was raised earlier with the AGs
2 looking into the concert in the first place. So I would
3 hope that we --

4 CHAIRMAN McCUSKER: We do have a motion. It
5 didn't get seconded.

6 MS. COX: It didn't get seconded.

7 MR. SHEAFE: Well, wait a minute. Could I ask
8 that --

9 Jeff, could you refine my motion and maybe let me
10 step aside and have you put the motion forward?

11 CHAIRMAN McCUSKER: And while we're on the
12 subject, there has been some conversations about the
13 district's authority in the marketing area which, Mark, I
14 know you've researched, so let's make sure we're not doing
15 anything we're not supposed to be doing first of all, and
16 then we can -- the number 10,000 is kind of being tossed
17 around.

18 MR. COLLINS: Let me comment on that.

19 In the first instance, the previous discussions
20 have been \$50,000 seed money for this contract -- for this
21 concert and I would suggest that any motion indicate that it
22 would be in addition to that, if it's 10,000 or 5,000 or
23 20,000, whatever it would be, in addition to that.

24 To your question, Mr. Chairman, as everybody here
25 is aware, the TCC is the primary component of the district.

1 It is the first thing that the district is supposed to be
2 responsible for. And the statutes that authorize the
3 creation of the district specifically authorize this board
4 to, quote, furnish, maintain, improve, operate, market and
5 promote the use of the multipurpose facilities and do all
6 things necessary or convenient to accomplish those purposes.
7 In my judgment, that's exactly what the Beach Boys concert
8 is.

9 There's an additional statute which indicates
10 that your duty to market your primary component is -- is an
11 obligation, not just authority but obligation. And that
12 statute says that you shall provide for the use, maintenance
13 and operation of the properties and interests controlled by
14 the district.

15 You've just completed a \$7.8 million renovation
16 of the TCC and it is my opinion that expending money
17 promoting that primary component is absolutely within your
18 authority.

19 CHAIRMAN McCUSKER: So what the agenda
20 suggests -- and I think Mr. Hill's suggestion is we
21 authorize staff, which is basically Michele, to spend up to
22 an additional \$10,000 marketing the concert. With our
23 procedures, you and I have to approve all those expenditures
24 anyhow, so it does sound like it has the safeguards in place
25 that Mr. Hill was suggesting.

1 Jeff, do you want to make that motion?

2 MR. HILL: Yes. I'll make a substitute motion to
3 Mr. Sheafe's motion that we authorize staff to look at
4 alternative advertising up to a maximum of 10,000 with
5 the -- obviously the approval of the executive committee
6 that we already have established and certainly with hope
7 that we end up with positive at the end of that 50,000. I
8 don't want to see us, Mr. Chairman, just blowing it because
9 we have it, but that would be my motion.

10 CHAIRMAN McCUSKER: Second?

11 MR. SHEAFE: Second.

12 CHAIRMAN McCUSKER: All right. So what we're
13 discussing is an additional \$10,000 above the 50,000 we've
14 already committed. It's conceivable that we could get all
15 that back based upon increased ticket sales, but, you know,
16 we're committing Rio Nuevo dollars in advance of knowing
17 what the ticket outcome will be finally.

18 So all in favor say aye.

19 (Motion made, seconded and carried unanimously)

20 CHAIRMAN McCUSKER: Okay. Thank you for that.

21 And, Michele, we -- we want to tease you with the
22 2015 marketing plan. And we're -- we're not going to ask
23 for an up or down vote or really a final budget today, but
24 last year we spent about \$60,000 marketing the district's
25 efforts, primarily marketing things that benefit our

1 merchants. It's discretionary to staff and myself
2 particularly. We do most of the work. We would like to
3 increase that to \$90,000. And we would like some portion of
4 that to continue to go to promoting the TCC. Whether it's
5 to promote hockey or promote the circus or some other show,
6 you know, we think it's in our continued best interests to
7 put, you know, people in those seats.

8 So given that, Michele has given us some ideas on
9 things that we might do as part of the 2015 plan.

10 Michele, so I'll turn it over -- over to you.

11 MS. BETTINI: As Fletcher said, we really want to
12 market our main primary component, which is the TCC. We
13 would like to work with SMG to market hockey like Fletcher
14 said, possibly Disney on Ice. We'd like to run possibly
15 weekly ads if there's an event at the TCC to bring people
16 into the TCC and bring people downtown.

17 I'd like to also include sponsorship with that.
18 We've had great success with the sponsorship with the Beach
19 Boys and we'd like to continue with those sponsorships to
20 sponsor any event that happens at the TCC. We possibly
21 could work with the Fox or Rialto since they're also the
22 same type of venues.

23 And for the Beach Boys, we utilized a street
24 team. We did something called Grass Roots where they did
25 social media. And actually we got fliers of the Beach Boys

1 and these people actually did like -- I'll use the words
2 boots on the ground, but they went from merchant to merchant
3 to merchant and handed out fliers and let them know of the
4 Beach Boys concert and the discounts we're offering them, so
5 we'd like to continue to do that with upcoming events at the
6 TCC.

7 We would like to also continue marketing our
8 merchants on doing more like a treasure hunt or a scavenger
9 hunt so the merchants are getting more involved than just
10 putting out in the paper come see the merchants here or
11 there. I'd like to utilize some merchants to donate prizes
12 to get people to come into their stores.

13 We would utilize our sponsors again to run ads in
14 the paper, TV, radio to market these treasure hunts, slash,
15 scavenger hunts with the merchants providing a prize to come
16 to the locations or to the malls or -- we have the one big
17 area on Broadway called the Sunshine Mile, they're all
18 locally owned and operated, to get people into those areas.
19 And, again, we would utilize the street teams with fliers to
20 promote that also.

21 So like Fletcher said, our budget last year was
22 60. We would like to move it up to 90. I don't have any
23 hard numbers or anything yet that I'm proposing, but I'd
24 like to get the approval to bump it up to 90 and then bring
25 you guys back hard numbers once I get --

1 CHAIRMAN McCUSKER: What did we do with the 60
2 last year? It was mostly print, wasn't it?

3 MS. BETTINI: It was all print. We've done
4 Desert Leaf, we've done Caliente, we did some radio ads,
5 but --

6 CHAIRMAN McCUSKER: We featured different
7 merchants in --

8 MS. BETTINI: Correct.

9 CHAIRMAN McCUSKER: -- each ad.

10 MS. BETTINI: Correct.

11 CHAIRMAN McCUSKER: And -- and what do you think
12 the results have been? Been impactful at all or --

13 MS. BETTINI: I don't think they have been. I
14 can't track it. I can't contact every merchant and say,
15 hey, I ran your ad this month, can you tell me if there's
16 been an incline. They don't have a way to track it.

17 MS. COX: These, some of them, sound like great
18 ideas. Are you going to make the decisions about what --
19 what we do to market the --

20 MS. BETTINI: I would come up with ideas and
21 bring them back to you guys for approval.

22 CHAIRMAN McCUSKER: The easiest way for her to
23 operate is we write a marketing plan and specific events and
24 timing and a budget. The board would approve that and then
25 allow Michele in working with the chairman and the treasurer

1 to, you know, spend the money. We could do this any way --
2 we could have a marketing committee. We could, you know, do
3 this differently.

4 You know, I do think there's an opportunity for
5 us to increase our marketing reach and it's -- there's a lot
6 of work associated with it. We don't use an ad agency.
7 We've tried that. They were abysmal. Michele has
8 demonstrated that she has the Rolodex and the capability to
9 reach into any media that we want to work with. The issue
10 would be really the plan, what would you do, how would you
11 do it, you know, when would you do it. And hopefully we can
12 get the merchants and, you know, the management of TCC and
13 others to participate with us.

14 MR. SHEAFE: Well, let me --

15 MS. COX: I think it would be important to reach
16 out to -- to people who have an investment here, too, and
17 get advice from people who do this all the time and have a
18 lot of marketing experience. I just think it's kind of
19 risky to spend money --

20 CHAIRMAN McCUSKER: Those people who want to do
21 that want to charge money to do that. They either want --
22 they get a commission for placing the ads or they would
23 charge us a retainer for participating in the planning with
24 us, so -- you know, we didn't contemplate going to an
25 agency. We contemplated keeping it in house.

1 MR. SHEAFE: Well, the question on the table is
2 really not what we do, but the question is do we want to
3 expand the outreach. And the theory behind it is that it
4 should actually generate more revenue than it costs us, so
5 in effect this is actually creating a bigger result. And
6 we've got a much bigger asset to work with now because we've
7 got the arena and we've got new things happening downtown.

8 So to put it in perspective, nobody ever knows in
9 any marketing campaign how effective they are in terms of --
10 what they do know is that of every dollar they spend,
11 50 percent is a complete waste. The problem is you don't
12 know which 50 percent, so a good marketing campaign will
13 include a tracking mechanism to give you an ability to
14 understand how you're getting return for the dollars
15 invested. If it didn't work, nobody would do it. It works,
16 and it works rather effectively, so what our problem is, is
17 that we need to set up any plan that we put in place with
18 some tracking mechanism that gives us an understanding of
19 whether we're getting return on it.

20 And now adding to that the great complexity of
21 the modern moment, and that happens to be social media
22 advertising because there isn't anybody out there that I
23 know of that actually understands how to utilize social
24 media effectively and yet that is really one of the main
25 driving factors.

1 So I would first move that we increase this
2 budget because I think it's more than 90,000 coming back to
3 us.

4 And I'll put that in perspective. It looks like
5 just looking at the initial numbers that we can't find
6 50 percent of the businesses that are located in the
7 district paying into the system, and so if we're able to
8 market and -- and discover that we can get a much higher
9 participation in the way they fill out their forms, that
10 alone is going to bring an awful lot of money into the
11 district.

12 Then, secondly --

13 CHAIRMAN McCUSKER: Let's -- let's deal with
14 that. Let's deal with the dollars first.

15 MR. SHEAFE: All right.

16 CHAIRMAN McCUSKER: You made a motion to --

17 (Discussion off the record)

18 MR. SHEAFE: Okay. The motion is -- let me start
19 it over. I move that we expand our marketing budget for the
20 district from 60,000 to 90,000; secondly, that we defer
21 exactly the allocated uses until staff has the ability to
22 come back to us with plans as to how that money is to be
23 used.

24 MR. IRVIN: I'll second that. And I would also
25 just add to that that I think it might be really helpful. I

1 haven't had a chance to talk to any of the merchants about
2 this at all, but I hear, you know, in the community how
3 tickled people are that we're actually showcasing merchants.
4 There's a lot of merchants out there with a lot of brain
5 power. I'm just wondering if we shouldn't invite them to
6 share with us some of their ideas on maybe what we ought to
7 be considering doing.

8 CHAIRMAN McCUSKER: Okay. So we have a motion
9 and --

10 MR. HILL: Discuss the motion, Mr. Chairman.

11 CHAIRMAN McCUSKER: Go ahead, Mr. Hill.

12 MR. HILL: I'm just trying to get clear in my
13 head from my experience on the joint legislative budget
14 committee when this type of thing comes up. If I'm
15 correct -- we are obviously on a fiscal year, July 1 to June
16 30.

17 MS. BETTINI: Correct.

18 MR. HILL: So when you talk about 2015, you're
19 talking about January 1st to June 30 in an already approved
20 budget?

21 MS. BETTINI: We haven't finished our fiscal year
22 yet.

23 MR. HILL: Correct.

24 MS. BETTINI: I'm going for next fiscal year to
25 try to increase our budget.

1 MR. HILL: The one starting July 1st --

2 MS. BETTINI: Correct.

3 MR. HILL: -- 2015?

4 MS. BETTINI: Correct.

5 CHAIRMAN McCUSKER: It would take us that long to
6 put this all together.

7 MR. HILL: Well, that -- that solves the problem.

8 MS. COX: I thought this was something in the
9 immediate.

10 MS. BETTINI: No.

11 MS. COX: Okay. I feel better. Thank you.

12 MR. HILL: I didn't see how we could do that
13 unless you have 30,000 somewhere in the budget that you
14 could shift into that. That's what JLBC would require.

15 MR. SHEAFE: The purpose of my motion was to give
16 her time to begin finding out --

17 MS. BETTINI: Correct.

18 MR. SHEAFE: -- just how --

19 MR. IRVIN: He was trying not to be as verbose as
20 normal so we could get a motion.

21 CHAIRMAN McCUSKER: So the motion is to increase
22 the budget effective the new fiscal year and the staff would
23 come back with a specific plan on how we're going to spend
24 the 90,000.

25 MR. HILL: Mr. Chairman, have we adopted a 20 --

1 we haven't adopted a budget.

2 CHAIRMAN McCUSKER: We don't have a budget.

3 MR. HILL: So this is really --

4 CHAIRMAN McCUSKER: Direction to staff.

5 MR. HILL: It can't -- I guess can't do any harm,
6 Mr. Chairman.

7 MR. COLLINS: You're going to have -- you're
8 going to have to adopt the budget in toto --

9 MR. HILL: Right.

10 MR. COLLINS: -- by next July as I recall.

11 MR. HILL: Right.

12 MR. COLLINS: But this would be a component of
13 that.

14 MR. HILL: I just wanted --

15 CHAIRMAN McCUSKER: Any further clarification or
16 conversation --

17 MR. HILL: No question on the motion.

18 CHAIRMAN McCUSKER: All in favor say aye.

19 (Motion made, seconded and carried unanimously)

20 CHAIRMAN McCUSKER: Okay. Thank you very much.

21 The motion passes.

22 You have in your packet prospective dates for the
23 2015 calendar schedule.

24 Michele, have we distributed these to everyone in
25 advance?

1 MS. BETTINI: Yes.

2 CHAIRMAN McCUSKER: Does anybody have any trouble
3 with any of the dates or do you want to respond via e-mail
4 back to Michele?

5 Okay. So we'll go ahead and let you work to
6 complete the dates, but we will finalize and post to the
7 website a 2015 meeting calendar.

8 Call to the audience.

9 This is the only card we have, Michele?

10 MS. BETTINI: Yes.

11 CHAIRMAN McCUSKER: Mr. O'Malley?

12 Bill, you still here? Bill O'Malley?

13 MR. O'MALLEY: Thank you.

14 Mr. Chairman, board members, Bill O'Malley with
15 Friends of Tucson's Birthplace.

16 We're looking forward to completing our agreement
17 with you so we can finish work at Mission Garden. In the
18 meantime, we're working over there. We are just finishing
19 the harvest of our summer crops and we have winter crops
20 that have been planted and starting to come up.

21 We are working with the farmers market on
22 Thursday afternoon and the food bank to share some of our
23 produce that is growing in the market.

24 We also had -- last week a group from the
25 Iskashitaa Refugee Network came over and harvested quite a

1 bit of our produce for -- for their food bank use.

2 We've started this year's program with the kids
3 from Manzo Elementary. You may recall we had them over last
4 year for several field trips and they took cuttings of our
5 trees and propagated trees and were quite successful. And
6 we've already had the first field trip this year, and so
7 we'll be following through with them again.

8 Last year we had a sponsored field trip to
9 Oaxaca. And this year we're discussing a couple of
10 additional educational shared speaker trips, one to -- this
11 is the missions and gardens in -- in and around Santa
12 Barbara and possibly another trip to Oaxaca this fall.

13 So Mr. Cox -- or Ms. Cox and Mr. McCusker have
14 been over to the garden recently. We always appreciate
15 having you visit over there, particularly on the volunteer
16 workdays when we're digging holes and trenches and moving
17 things around. But I look forward to -- to working with you
18 to complete Mission Garden.

19 And we're already talking about our grand opening
20 concert also possibly with Calexico, so we look forward to
21 that with you.

22 Thank you.

23 CHAIRMAN McCUSKER: Thank you very much.

24 No other audience members?

25 Entertain a motion to adjourn?

1 MR. IRVIN: So moved.

2 CHAIRMAN McCUSKER: All in favor say aye.

3 (Motion made, seconded and carried unanimously)

4 CHAIRMAN McCUSKER: The next meeting, if we keep
5 the schedule, would be Tuesday, January 27th.

6 (2:59 p.m.)

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1 I, Thomas A. Woppert, certify that I took the
2 shorthand notes in the foregoing matter; that the same was
3 transcribed under my direction; that the preceding pages of
4 typewritten matter are a true, accurate, and complete
5 transcript of all the matters adduced to the best of my
6 skill and ability.

7 Dated at Tucson, Arizona, this 4th day of January
8 2015.

9
10
11 _____
12 Thomas A. Woppert, RPR
13 AZ CCR No. 50476
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