

RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

BOARD MEETING

Tucson, Arizona

June 20, 2017

1:00 p.m.

REPORTED BY:

John Fahrenwald, RPR

Certified Reporter No. 50901

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KATHY FINK & ASSOCIATES

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APPEARANCES:

BOARD MEMBERS:

- Fletcher McCusker, Chair
- Chris Sheafe, Treasurer
- Mark Irvin, Secretary
- Jannie Cox
- Edmund Marquez
- Jeffrey Hill

ALSO PRESENT:

- Mark Collins, Board Counsel
- Brandi Haga-Blackman, Operations Administrator

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BE IT REMEMBERED that the meeting of the Board of Directors of the Rio Nuevo Multipurpose Facilities District was held at the Arizona State Building, in the City of Tucson, State of Arizona, before JOHN FAHRENWALD, RPR, Certified Reporter No. 50901, on the 20th day of June, 2017, commencing at the hour of 1:00 p.m.

1 P R O C E E D I N G S

2 CHAIRMAN McCUSKER: We'll.

3 Call the meeting to order.

4 Good sunny afternoon, everyone. 123, my car said on  
5 the way in.

6 MR. COLLINS: Oh, 123 degrees?

7 MR. IRVIN: I looked yesterday and saw 117  
8 and thought, that's enough to me.

9 CHAIRMAN McCUSKER: They shut Sky Harbor  
10 down.

11 (Pledge was recited.)

12 CHAIRMAN McCUSKER: Did you want to say  
13 something, Mr. Collins?

14 MR. COLLINS: Do you want to call the roll?

15 CHAIRMAN McCUSKER: Do you want to run the  
16 meeting?

17 MR. COLLINS: No.

18 CHAIRMAN McCUSKER: No, the pledge is always  
19 first because we are honoring God and our country. Am I  
20 making this up? Pledge first, and then roll call.

21 Brandi, call the roll, please.

22 MS. HAGA-BLACKMAN: Did you want to call  
23 Jannie?

24 CHAIRMAN McCUSKER: She will be on the phone  
25 after exec, so for the moment she's busy.

1 MR. COLLINS: : We've got a quorum.  
2 MS. HAGA-BLACKMAN: Edmund Marquez?  
3 MR. MARQUEZ: Here.  
4 MS. HAGA-BLACKMAN: Fletcher McCusker?  
5 CHAIRMAN McCUSKER: Here.  
6 MS. HAGA-BLACKMAN: Mark Irvin?  
7 MR. IRVIN: Here.  
8 MS. HAGA-BLACKMAN: Jeff Hill?  
9 MR. HILL: Here.  
10 CHAIRMAN McCUSKER: And I believe Mr. Sheafe  
11 is in-bound.  
12 We do have a quorum, so we'll get started.  
13 You have the May 20th transcription; it's a  
14 verbatim transcription. Any comments, questions or changes?  
15 MR. MARQUEZ: I move to approve.  
16 MR. IRVIN: Second.  
17 CHAIRMAN McCUSKER: All in favor say, "aye."  
18 (Ayes.)  
19 CHAIRMAN McCUSKER: We set a time for our  
20 Executive Session. I would need a motion to recess.  
21 MR. MARQUEZ: So moved.  
22 THE WITNESS: Second.  
23 CHAIRMAN McCUSKER: We do have a few other  
24 items, but probably a short exec, wouldn't you say, Mark?  
25 Thirty minutes or less?

1 MR. COLLINS: Yes, sir.

2 CHAIRMAN McCUSKER: So we'll try to be back  
3 in 30 minutes.

4 (The Board recessed for Executive Session at  
5 1:02 p.m.)

6 CHAIRMAN McCUSKER: We need a motion to  
7 reconvene.

8 MR. IRVIN: So moved.

9 MR. MARQUEZ: Second.

10 CHAIRMAN McCUSKER: All in favor say "aye."

11 (Ayes.)

12 CHAIRMAN McCUSKER: Thanks for your patience.  
13 We were pretty close.

14 As I mentioned right before the Executive  
15 Session, this is the one day a year we set aside to go  
16 through our annual budget. It's actually a separate  
17 hearing, and I'll convene that here shortly. If anyone  
18 would like to make a comment specifically to our budget, our  
19 financial wherewithal or financial management, you can do  
20 that as part of the budget presentation. And we'll take  
21 calls to the audience before we take action on the budget.  
22 And you will also have an opportunity if you want to say  
23 something to the whole Board at the end of the meeting, call  
24 to the audience.

25 When talking about the budget, I think it's

1 just really impressive, certainly over the last few years,  
2 the discipline that this Board, particularly with Dan's  
3 help, has brought to the financial management of Rio Nuevo.  
4 Just a faded memory now, but this was an incredibly chaotic  
5 organization.

6                   Its money was impossible to trace and  
7 impossible to track. The audits were never completed, and  
8 when they were completed, they were qualified. We're in our  
9 fifth year now of managing the unqualified audits, great  
10 performance audit results. And not only have we had a  
11 balanced budget year in, but we've actually had a profitable  
12 budget year in year out.

13                   This budget's going to be a little  
14 interesting because of the Caterpillar pieces of that. I  
15 think everyone tracking us knows we will spend somewhere  
16 about \$5 million just prepping the Caterpillar site, and  
17 that's coming straight out of our operating expense.

18                   So Dan let's do the routine financial report  
19 item first and then I'll convene the budget hearing.

20                   MR. MEYERS: Dan Meyer, CFO of Rio Nuevo. As  
21 of May 31st, we had about \$11.6 million in funds available  
22 for investment.

23                   Now, we had commitments after making some pretty  
24 good-sized payments in May of the remaining 10.3 million.  
25 So right there we've got a surplus there of 1.2, and that's

1 really without even considering income coming up from the  
2 revenues following the next few years.

3                   One thing I need to add to that is we've got  
4 a payment coming in here any day for TIF revenue for March.  
5 It's going to be about 1,060,000. And that all goes -- a  
6 hundred percent of that goes into our funds for use, because  
7 all of our reserves have been set aside to make our bond  
8 payments in July.

9                   Other than that, we really didn't spend a ton  
10 of money on projects in May, other than the incentive to get  
11 Caterpillar here.

12                   So anybody have questions on this particular  
13 worksheet.

14                   MR. HILL: The first page doesn't have any  
15 headings. Are they the same as the third page?

16                   MR. MEYERS: Yeah, they are. I think I  
17 flipped the pages.

18                   MR. HILL: Mr. Chairman, so the budget shows  
19 us --

20                   CHAIRMAN McCUSKER: We're going to move into  
21 the budget next. Right now he's just going through the cash  
22 at hand and then --

23                   MR. HILL: Okay.

24                   CHAIRMAN McCUSKER: Any questions on our  
25 current financial status, Mr. Marquez?

1                   MR. MARQUEZ: On your notes, number 4, the  
2 \$96,000 in restriction funds for the hockey capital costs.

3                   Is that our half of the facility fee that's  
4 put aside by TCC?

5                   MR. MEYERS: Right, we get half that. We can  
6 use -- for operations; it has to be set aside. We've not  
7 got it in a separate account yet, but we're in the process  
8 of doing so.

9                   MR. MARQUEZ: So the money set aside, do we  
10 decide how they're spent with TCC or is that SMG and the  
11 City?

12                   MR. MEYERS: I believe that comes from SMG  
13 and the City.

14                   CHAIRMAN McCUSKER: We just square up the  
15 money, right? Oh, it goes to maintenance, yeah.

16                   MR. MEYERS: Okay.

17                   CHAIRMAN McCUSKER: I did see a note from the  
18 City, I think, two weeks ago that hockey contributed over  
19 \$450,000 to the City's general fund in its first season.

20                   MR. MARQUEZ: Awesome.

21                   CHAIRMAN McCUSKER: And if you're following  
22 that -- it's not gossip because it was the front page of the  
23 Phoenix newspaper, the entire office management of the  
24 Coyotes has been terminated.

25                   Yeah, so welcome to big league sports, huh?



1 Those are all the people that we made the deal with.

2 Okay. Anybody have any questions for Dan?

3 So I will convene the budget hearing for the  
4 Rio Nuevo budget that ends June 30th, 2018.

5 Mr. Meyers, do we have anything out there for anybody  
6 that wants to follow along?

7 MR. HILL: Are we only on the budget hearing?

8 CHAIRMAN McCUSKER: Yes.

9 MR. HILL: Don't we have to take attendance?

10 CHAIRMAN McCUSKER: Probably so.

11 MR. HILL: We would need a recess.

12 CHAIRMAN McCUSKER: So I would need a motion  
13 to recess the regular meeting.

14 MR. IRVIN: So moved.

15 MR. MARQUEZ: Second.

16 CHAIRMAN McCUSKER: All in favor say "aye."

17 (Ayes.)

18 Then a motion to convene the budget hearing.

19 MR. IRVIN: So moved.

20 MR. HILL: Second.

21 CHAIRMAN McCUSKER: Brandi, I'm going to have  
22 you call the roll for the budget hearing.

23 And let's see if we connect Jannie too.

24 MS. HAGA-BLACKMAN: Edmund Marquez?

25 MR. MARQUEZ: Here.

1 MS. HAGA-BLACKMAN: Chris Sheafe?

2 MR. SHEAFE: Here.

3 MS. HAGA-BLACKMAN: Fletcher McCusker?

4 CHAIRMAN McCUSKER: Here.

5 MS. HAGA-BLACKMAN: Mark Irvin?

6 MR. IRVIN: Here.

7 MS. HAGA-BLACKMAN: Jeff Hill?

8 MR. HILL: Here.

9 MR. COLLINS: Do you have her number?

10 (Calling Ms. Cox on telephone.)

11 MS. COX: This is Jannie.

12 CHAIRMAN McCUSKER: We've convened the budget  
13 hearing.

14 MS. COX: Okay.

15 CHAIRMAN McCUSKER: We'll try to get through  
16 it pretty quickly. Dan has the floor. And acknowledge that  
17 you're here and present.

18 So Brandi, call her name.

19 MS. HAGA-BLACKMAN: Jannie Cox.

20 CHAIRMAN McCUSKER: Say "here by phone."

21 Jannie?

22 MS. COX: I'm here, yes.

23 CHAIRMAN McCUSKER: There you go.

24 MS. COX: But I will admit that we're going  
25 through an area where I could lose connection. My

1     apologies.

2                     CHAIRMAN McCUSKER: All right.

3                     MR. SHEAFE: You might want to pull over.

4                     MS. COX: Actually, I don't.

5                     CHAIRMAN McCUSKER: Mr. Hill, are we good to  
6     go?

7                     MR. MEYERS: I thought we'd kind of go  
8     through this fairly quickly and then you can come back with  
9     questions if you so desire.

10                    So the first case is -- that Mr. Hill pointed  
11     out -- it won't have the headings up there. The first  
12     column is through May, the second column is estimated June  
13     and the third column is year to date projected for 2017,  
14     this fiscal year.

15                    So we've left the projected TIF revenue flat.  
16     Hopefully that goes up. But I think in this conservative  
17     manner, we've decided we left it at \$10 million a month.

18                    And we've got a few different sources for  
19     interest income, the most of it being the trust accounts at  
20     Zion that holds the funds that go to pay the bonds. We've  
21     got the Road Runner surcharge, which I've left pretty much  
22     the same as last year. And then throughout this year, we've  
23     been paying out of our operating costs some Caterpillar  
24     items.

25                    And when the financing comes through, we're going to

1 get that reimbursed to us, the \$43 million. So hoping that  
2 will happen this year.

3 We've purchased the 236 Scott property for Peach  
4 Properties and Dabdoub, and I believe we're going to be  
5 getting that back because of the -- the new agreement we  
6 have with them.

7 We have a small parking income from U.S.  
8 Parking. The TCC arena, we get paid that from the City of  
9 Tucson. That money goes directly to pay the costs from the  
10 City of Tucson.

11 And then we get \$76,000 a year for the Greyhound lease.

12 So that pretty much summarizes the income.

13 Anybody have questions on income?

14 CHAIRMAN McCUSKER: Dan, I think we would be  
15 curious to know how sales tax is trending. You know, it  
16 just -- we've kind of stayed at a million dollars a month  
17 for as long as I can remember. That seems to be generally  
18 what we collect.

19 With all the activity that we're seeing, I  
20 would think that sales tax would be up. Is there any way  
21 for us to sit down with maybe ADOR and look over all trends  
22 and compare them year over year.

23 MR. MEYERS: We're able to track that now.  
24 We've got that database that's really given us a lot better  
25 information.

1                   This is a crazy thing, because companies will  
2 go months without paying, and all of a sudden, we'll get a  
3 bunch of money in 4, 5, 6, sometimes a year full of taxes.

4                   CHAIRMAN McCUSKER: So this is cash, so we  
5 don't accrue anything. This is the cash we receive from the  
6 State?

7                   MR. MEYERS: I accrue a million dollars a  
8 month and then adjust it as we get the actual number, which  
9 happens three months after. So the numbers bounce all over  
10 the place. And Brandi and I do a pretty good job of looking  
11 at these numbers and we follow up with the City of Tucson  
12 and have them investigate. It's just kind of the way the  
13 numbers level out at for the past year. Now, we bumped that  
14 up, I believe, from 825 to a million.

15                  CHAIRMAN McCUSKER: To follow that, this year  
16 they brought this up based upon -- they're saying in their  
17 own sales tax projections that -- I just have to believe  
18 that it would be up 10 percent or 20 percent. Maybe we can  
19 just look at a trend or something.

20                  MR. COLLINS: Mr. Chairman, we've lost  
21 Ms. Cox.

22                  CHAIRMAN McCUSKER: Okay.

23                  MR. COLLINS: She's just texted Brandi to see  
24 if you can try again.

25                  CHAIRMAN McCUSKER: Write that number down

1 and hand it to me. I'm going to give her a couple of shots  
2 at this.

3 MR. SHEAFE: It's important that you look at  
4 the numbers here and recognize there's a difference between  
5 revenue and income.

6 MR. MEYERS: Right. This is pretty much a  
7 cash basis.

8 MR. SHEAFE: Cash in. Some of it is  
9 obligated.

10 (Redialing to connect with Ms. Cox.)

11 CHAIRMAN McCUSKER: I'm going to leave her a  
12 message.

13 We'll try again, but we can't keep doing this.

14 Go ahead, Dan.

15 MR. HILL: We mentioned JLVC. I sat on that  
16 6 or 8 years. They do a pretty good job of monthly forecast  
17 of what the chairman was talking about relating to an  
18 increase or decrease based on whatever economic factors they  
19 involve from all these sources.

20 I guess what I wouldn't want -- and I don't know if you  
21 would like. Would they be able to break that down by  
22 county? In other words, would their total -- say, they  
23 figure on 7.6 percent growth of sales tax for the state.  
24 Would they have a county by county component which would be  
25 made available to you so that you can then use their vast

1 resources, which we don't have, to perhaps come up with a  
2 number that reflects this higher incidents of sales tax to  
3 the growth of hopefully our economy and the Rio Nuevo area.

4 MR. MEYERS: It's certainly something I can  
5 look into. I mean, one of the complicated things here in  
6 this whole process is the fact that all of sudden, some  
7 people may just forget to put the 3 letter code in there.

8 So, we see that a lot, and then we have to chase these  
9 people down and ask them to amend their returns so we get  
10 the money back. So I think your idea is a good one.

11 CHAIRMAN McCUSKER: To your point, Mr. Hill,  
12 for this current budget, we're in the line item -- that  
13 governor's line item at 13 million, and that was the JLVC  
14 recommendation. So we actually do have a Rio Nuevo line  
15 item and they estimate however they estimate. And this year  
16 it's 13 million.

17 So they have us in the State budget about a  
18 million dollars more than we're budgeting. And I think it's  
19 fine that we continue to budget conservatively. But I think  
20 we'd be interested in knowing how they got to that number.  
21 So we'll talk to our appointors and maybe get you hooked up  
22 with the JLVC staff and see how they calculate and forecast  
23 this.

24 Any questions on revenue, Mr. Marquez?

25 MR. MARQUEZ: Yes. So I show a budgeted

1 refund of 236 South Scott purchase, and I don't see it year  
2 to date. Can you remind me?

3 MR. MEYERS: Well, this is income. We didn't  
4 have any income.

5 MR. MARQUEZ: So this is just simply budgeted  
6 for next year? Nothing last year?

7 MR. MEYERS: Yeah, we paid it last -- in this  
8 current fiscal year --

9 CHAIRMAN McCUSKER: This is the original  
10 Dabdoub deal that we actually closed on, and then they  
11 wanted us to replace that with the tax abatement. So we're  
12 going to get that 800 grand back.

13 MR. MARQUEZ: Okay.

14 MR. MEYERS: Let's flip a couple of pages and  
15 go to the expenses. So the first page or so are pretty much  
16 the recurring operating cost for the office and professional  
17 fees and consultants and all that good stuff. You know, the  
18 first thing, we got a PR budget of \$290,000 which is very,  
19 very close to last year.

20 We've got the TCC rebates on there that is kind of a  
21 wild guess, but thinking somewhere in the \$60,000 range, and  
22 then the Arizona Bowl.

23 (reconnection with Ms. Cox by telephone.)

24 MS. COX: This is Jannie.

25 CHAIRMAN McCUSKER: You're live. And we just



1 started talking about the marketing budget. So Dan, let me  
2 interrupt you. We may lose you again, Jannie. Dan just  
3 mentioned that the marketing budget is the same as last  
4 year's marketing budget.

5 Jannie, did you want to make a few comments s  
6 about the marketing PR?

7 MS. COX: Yeah. You will note that we did  
8 not expend all of the dollars last year. But the major  
9 reason for that is that we have a three-year pledge to the  
10 mayor's bike share program. That was delayed and is now  
11 rescheduled. And the first invoice will come out probably  
12 in September. So that's why we show that we didn't expend  
13 the marketing dollars and why we still need to budget for  
14 the full 209 this year.

15 CHAIRMAN McCUSKER: Thank you. Go ahead,  
16 Dan.

17 We've went through expense side, Jannie. We  
18 went through revenue. And the only question we had was to  
19 get through the State. They show us at a little higher  
20 revenue than we're budgeting. So we'd just like the benefit  
21 of their thinking. But we're not going to change our  
22 revenue forecast. And the marketing budget was the first  
23 item in the expense column.

24 Go ahead, Dan.

25 MR. MEYERS: So we talked about the Arizona

1 Bowl \$400,000.

2 Just kind of going down the rest of the page,  
3 everything is very similar for what we think we saw in 2017.  
4 The budget is going to be very close to that.

5 The one thing that obviously we're hoping for  
6 a huge decrease is in the legal fees. Obviously, the  
7 Caterpillar, the financing, there are lots of things that  
8 occupied our lawyers' time. We're hoping that drops from  
9 about a million dollars showing --

10 MS. COX: Excuse me. Dan, can you speak more  
11 directly into the microphone, please?

12 MR. MEYERS: Sure can, Jannie. So we're  
13 hoping that the legal fees decrease. And I'm not putting  
14 Mr. Collins' feet to the fire, but he said he'd do his best  
15 to try to keep that down.

16 Any questions on that first page of expenses?

17 MR. HILL: Dan, when you mentioned the legal  
18 fees, what was budgeted for 2017? Because I'm assuming that  
19 1,041,003 bucks is projected actual expense, right?

20 MR. MEYERS: Correct.

21 MR. HILL: So what was budgeted for legal  
22 expenses?

23 MR. MEYERS: I'm thinking it was around  
24 400,000.

25 MR. HILL: So it's 600,000 and change over

1 that?

2 CHAIRMAN McCUSKER: I think that's almost  
3 probably all related to Caterpillar?

4 MR. HILL: Caterpillar, because we didn't  
5 know about Caterpillar for that budget here, right?

6 CHAIRMAN McCUSKER: I think it was 600 -- my  
7 recollection is it was 600 last year. And we're probably  
8 all over budget, Jeff, because of Caterpillar.

9 MR. COLLINS: To the extent that I can,  
10 may -- I'll speak to that. Caterpillar has been arduous,  
11 but we're making progress.

12 CHAIRMAN McCUSKER: Mr. Sheafe, you still  
13 personally review all the legal bills?

14 MR. SHEAFE: Yeah. And I understand every  
15 ounce of those.

16 MR. HILL: Mr. Chairman, I'm not, I guess,  
17 bickering or speculating over the amount, I'm just trying to  
18 get an understanding of, you know, where you got your  
19 number. And I think I may.

20 (Cell phone interruption).

21 I just want to make -- I think made the  
22 request last year. If we had the budget for the 2017 year  
23 as a column, some of this would be more evident to us,  
24 particularly on the legal fees, where we see that 600,000  
25 and then where you budgeted this year for the 600,000. And

1 that's how JLBC does it. So I think as a creature of habit  
2 --

3 MR. SHEAFE: Well, most budgets you have are  
4 comparative, and we may end up with that. But I think Jeff  
5 you're making a very good point.

6 But one thing we might just add here -- and  
7 this is for general thinking, and that is that we take on  
8 some of these projects. And frankly the legal bill process  
9 is one that's a pretty good value for us when you look at it  
10 at the end of the day. But we're not always aware of how  
11 much we're going to be spending on the legal side in order  
12 to put the deal together, and that really never gets into  
13 the cue.

14 And I think as we mature and go forward in  
15 some of the projects that come to us, we may want to look at  
16 that and make sure that we're paying attention to whatever  
17 the legal obligation is that we're taking on. Because, you  
18 know, as we use our legal resource -- and that actually is  
19 quite expensive than some of the smaller deals -- we run up  
20 some pretty good bills.

21 MR. HILL: Mr. Chairman, I'm not having a  
22 quibble with that. I understand that. But what I was  
23 trying to figure out was the thought process as we budgeted  
24 600,000 in the 2017 budget, and then as we get the expense  
25 of Caterpillar, can we then assume that it was roughly a

1 \$400,000 boost that gets us to the projected actual expense  
2 of the 1,000,041, thus you're putting in 600,000 for the  
3 2018 budget is perhaps a reflection of what you would  
4 thought the 2017 without Caterpillar. And I think that  
5 maybe makes the public -- anybody looking at that, they can  
6 make that assessment to where that comes from, rather than  
7 perhaps pulling it out of the air.

8 CHAIRMAN McCUSKER: Brandi, you can pull up  
9 our budget. It's online. Will you pull up last year's?

10 MS. HAGA-BLACKMAN: There is not an internet  
11 service.

12 CHAIRMAN McCUSKER: No internet?

13 MS. HAGA-BLACKMAN: No.

14 CHAIRMAN McCUSKER: Consider it a  
15 recommendation that the first column is prior year budget,  
16 prior year actual, then forecast.

17 Mr. Irvin.

18 MR. IRVIN: Just chiming on with what Jeff  
19 said, I think in our last board meeting or the meeting  
20 before that, we talked about some of these new structures,  
21 trying to find a way to say that the people that were  
22 benefiting from those that we expect you to start paying  
23 those fees. So I know we're still working through that  
24 piece, and obviously it will be on a case-by-case basis.  
25 But probably something for us to be mindful of as a board to

1 look at those to ensure that we have those parties that are  
2 benefiting pay those costs.

3 MR. MEYERS: If we wanted to, we could sit  
4 down and break those bills out by matter and we can really  
5 see what we spent on each particular matter.

6 CHAIRMAN McCUSKER: Mr. Marquez.

7 MR. MARQUEZ: I have two questions. First is  
8 actually probably one of the smallest expenses on there, but  
9 I'm just curious. I see \$845 for business meals. As far as  
10 I know, we don't expense those. Is that when we have  
11 legislators visiting or touring downtown, or what's that  
12 from?

13 MR. MEYERS: Yeah, I think I may have taken a  
14 couple of people out for some small lunches, and I think  
15 Randy, too, and Michele maybe a couple as well. I believe  
16 that is for visits of legislators, but I'm not certain on  
17 that. I can check on that for you.

18 MR. MARQUEZ: I see a -- just from Allstate.  
19 I'm looking at \$40,000 for D and O insurance. That seems  
20 really, really expensive unless we're carrying a hundred  
21 million in liability or something.

22 CHAIRMAN McCUSKER: It's 20, I believe. We  
23 always shop it.

24 MR. MARQUEZ: We're carrying 20 million in  
25 liability?

1                   CHAIRMAN McCUSKER: I think so.

2                   MR. MEYERS: Brandi, do you remember what  
3 that was? We shopped this thing around.

4                   MR. MARQUEZ: If we could shop again. I  
5 mean, the average that I see out there is a one million to  
6 \$2 million aggregate, and they are paying 500 bucks a year.  
7 I'm just kind of blown away by the \$40,000 figure. We can  
8 shop it. Obviously, not with my agency, but I'm happy to  
9 help with the shopping of that policy.

10                  MR. IRVIN: I also wonder if, Dan -- I know  
11 when we first placed that policy was really in our infancy  
12 when we didn't have a lot of track record and history. And  
13 I just wonder now in the passage of time if we shouldn't  
14 revisit that situation and see -- you know, given where we  
15 are now versus then if that's a number that could come down,  
16 I don't know.

17                  MR. MEYERS: Well, I had a lengthy  
18 conversation with our agent on this, as you well know, and I  
19 tried to get that number as low as we can. But I'd be happy  
20 to shop it around.

21                  CHAIRMAN McCUSKER: So the last year's legal  
22 budget was \$415,000. And last year's insurance was 48,000,  
23 and as it was in '15. So we've kept that level of  
24 insurance, Edmund, for the last three years.

25                  MR. MARQUEZ: I'm happy to help with the

1 shopping of that.

2 CHAIRMAN McCUSKER: I'll keep this open for  
3 comparative.

4 Mr. Hill.

5 MR. HILL: Dan, I just read your footnote.  
6 And it said 400,000 for Caterpillar, so, if I've read that  
7 far at that point. But I was trying to relate the actual  
8 numbers. And again, I guess, trying to make my point for  
9 the recommendation if we had that budgeted next to it and  
10 then a footnote to the 400, we had a better understanding  
11 where you got the 600,000. And I think that's very  
12 reasonable. And I hope that's what we get. But I think it  
13 makes some sense so that the public has the ability to do  
14 the same thing, because there's somebody out there who's  
15 turning these pages and looking for something hidden where  
16 they would want to --

17 MR. MEYERS: Well, it's a big enough number  
18 that I could have broken it down into the top 5 items or  
19 something.

20 MR. HILL: That's just my fear that the less  
21 we display, the more somebody makes up stuff. And we had  
22 the headlines like I was relaying last to you that we don't  
23 need and we don't want to give anybody an opportunity to  
24 think we're trying to hide it with smoke and mirrors, et  
25 cetera.



1                   CHAIRMAN McCUSKER:   Okay.

2                   MR. HILL:   Thank you, Dan.  I appreciate it.

3                   MR. MEYERS:   The audit will be getting  
4 started towards the end of July.  I think we got that  
5 budgeted for 26 again.

6                   No performance audit this year, so there's nothing  
7 there.  And we've got that ongoing forensic audit and they  
8 kind of work on it when they get around to it and we get  
9 bills every now and then.

10                   The rest of the items there, the project for  
11 public spaces, that's what is remaining of a \$75,000  
12 contractor that was approved.

13                   CHAIRMAN McCUSKER:   That's for the Sunshine  
14 Mile?

15                   MR. MEYERS:   Right.

16                   And then there's the staffing numbers.

17                   And the next big number is the bid tax, which pretty  
18 much stays the same.

19                   So that's the list of all the operating  
20 expenses we incurred in the budget for 2018.

21                   Any more questions on those?

22                   MR. SHEAFE:   The one question I have -- and I  
23 think you covered a little bit in the note.  The biggest  
24 item that we're going to face is the cost that may come from  
25 the settlement with Caterpillar.  And I don't see that in

1 here.

2 CHAIRMAN McCUSKER: He's about to come to it.  
3 He's just gone through operating expenses, and now he's to  
4 go down and start seeing project expenses. We've done  
5 nothing except budget our side of the Caterpillar expenses.

6 TREASURER SHEAFE: Right.

7 MR. MEYERS: So the next list are things we  
8 do not own -- on the last page -- but we've got some  
9 commitments on. We expect to either take place in the next  
10 fiscal year, a little bit of money left over from Mission  
11 Gardens. The Nor-Gen watershed, 855,000. Just paid 700 for  
12 the Streetscapes. That's moving out, that is all going to  
13 happen this next fiscal year, and then the million dollars  
14 we've committed for Cathedral Square.

15 CHAIRMAN McCUSKER: Let's change that  
16 category to Ochoa Street Improvements.

17 MR. MEYERS: Okay. Then there's the two  
18 ground leases should we decide to exercise those options.

19 Next page we've got some bills and a date for the  
20 completion of the TCC from Concord.

21 I didn't see that who those were, but it's somewhere  
22 between 15 and a hundred thousand dollars.

23 CHAIRMAN McCUSKER: There's your big number,  
24 Chris. That's your 4.9 for Caterpillar?

25 MR. SHEAFE: That's what we know now,

1 correct?

2 CHAIRMAN McCUSKER: Yes. This should be all  
3 our commitment. Everything else is in the financing.

4 MR. MARQUEZ: The TCC you're mentioning,  
5 that's Concord. So we had 107,000 left, and they just sent  
6 us a bill.

7 MR. MEYERS: It's coming in a little bit  
8 under budget, I believe. And I don't recall what the heck  
9 that bill was. We got a final bill.

10 MR. MARQUEZ: So that's the final. Let's  
11 just call it -- it's 107,000. What's the normal play after  
12 that? Does the 7,000 flow back into our general fund, or  
13 what happens?

14 MR. MEYERS: Yes.

15 MR. MARQUEZ: Okay. So you go from earmarked  
16 dollars to general fund dollars?

17 MR. MEYERS: Correct.

18 CHAIRMAN McCUSKER: Unless we spend it -- it  
19 would have to go to that project. So it's contingency money  
20 for that specific project. So we could go back in and say  
21 do we want to paint something or place something or fix  
22 something. It's contingency dollars. If we don't do that,  
23 it's going to come back into the general fund.

24 MR. MEYERS: I went through these numbers  
25 carefully with Elaine and Concord a few months ago, and we

1 all agreed on it. So if there's anything left over, I guess  
2 we decide what we want to do with it.

3 CHAIRMAN McCUSKER: We might do that, and  
4 then once they're done, see if there's anything we would  
5 want to redo and pledge that money to it.

6 Mr. Hill.

7 MR. HILL: Dan, we talked about the  
8 Caterpillar financing, we don't know what it is. But,  
9 Caterpillar findings with a question mark, I wasn't keen on  
10 that way you're presenting it. You do have a footnote on  
11 that. So wouldn't it be more appropriate to put, you know,  
12 see notes below, like you did with the other ones?

13 MR. MEYERS: Sure, I can do that.

14 MR. HILL: That's the kind of stuff the nut  
15 jobs jump on. They don't have an idea what the Caterpillar  
16 financing is and they can go on and on. As much as we can  
17 avoid that type of folderol coming down on this, I'd  
18 appreciate it.

19 CHAIRMAN McCUSKER: Wait. The way to do  
20 that, Dan, would be to number those footnotes and actually  
21 do it like you presented it in an audit.

22 MR. HILL: Okay.

23 CHAIRMAN McCUSKER: So you got footnote 1,  
24 footnote 2 . . .

25 MR. HILL: That would be great, Mr. Chairman,

1 I think so for clarity.

2 MR. MEYERS: Okay. And now we've got the  
3 debt service below that.

4 The COPS Greyhound and the 2016 refunding bonds,  
5 interest and principal.

6 So I'm showing total expenses, project cost debt  
7 service at 18.5 million.

8 Go back to the revenue page.

9 I guess the sources of cash --

10 CHAIRMAN McCUSKER: Yeah, \$3 million deficit  
11 roughly. But the 4-9 of that, Mr. Sheafe, is Caterpillar.

12 So without the \$5 million that we're spending  
13 on Caterpillar, we wouldn't have -- you know, not only a  
14 balance but a profit. And that \$3 million -- you go back to  
15 the prebudget presentation -- is coming out of our  
16 12 million and a half --

17 MR. MEYERS: And I think one item on the  
18 notes that, you know, could be significant is what the  
19 out-of-pocket costs for the financing. I mean, sometimes  
20 all the closing costs get included, sometimes they don't.  
21 So based upon the final resolution of the financing for  
22 Caterpillar, that's going to be a number that may have to go  
23 in there.

24 CHAIRMAN McCUSKER: The current proposals  
25 contemplate the deal cost, and to a large extent

1 capitalization interest being funded as part of our -- so  
2 Dan's right, we really won't know until we have a final deal  
3 how those costs are presented. We will all have to come  
4 back to the board. So there's really no way today to budget  
5 for this. This is due to the State next week.

6 MR. MEYERS: Next week. And I've got to put  
7 these numbers and put into the State's format. What I'd  
8 like to do is take this and modify it as we spoke about  
9 today then, put it into the State's format, which you guys  
10 look at it one more time and then get --

11 CHAIRMAN McCUSKER: Other than formatting  
12 recommendations in the prior year budget first, numbered  
13 footnotes that further explain line items that move, I  
14 didn't hear any specific budgetary requests or conversation.

15 MR. HILL: Mr. Chairman, I guess one issue.  
16 Also, the total revenues 15.7 million and the expenses are  
17 18.5. It's about 2.8 deference. Do you have to explain  
18 that? Or we could send in a budget that is outspending our  
19 revenue and that's okay with the State?

20 MR. MEYERS: No. I think I've got to show  
21 why that deficit.

22 CHAIRMAN McCUSKER: That might be your last  
23 footnote, is that deficit is covered from cash on hand and  
24 is due almost entirely to the Caterpillar project.

25 MR. MEYERS: Right. We've been accumulating

1 this money, I mean.

2 CHAIRMAN McCUSKER: All they're got to do is  
3 put it up on the website. We never hear anything from the  
4 State. The JLVC will look at it at the beginning of the  
5 session. But I think Jeff's right, it's prudent for us to  
6 explain as much -- it's a very unusual budget, and we  
7 normally don't budget a \$3 million deficit, and we wouldn't  
8 except for Caterpillar. So I think that's a nice footnote.

9 MR. HILL: Mr. Chairman, I think that comment  
10 is certainly appropriate. But I think Dan's problem with it  
11 is a problem, if you would. Budget's typically in a private  
12 company are interior; nobody sees them. But we are cursed  
13 with having to show them to the public. And that's why I'm  
14 being a pain, perhaps, to make sure that the public  
15 understands it, particularly those of the public that don't  
16 like us, I guess.

17 MR. IRVIN: Who wouldn't like us?

18 MR. HILL: No idea, but they're out there.

19 MR. MEYERS: Any other questions or comments?

20 CHAIRMAN McCUSKER: The moral of that story  
21 is transparency. The more transparent we are and the more  
22 explanation we provide, there's nothing anybody can  
23 criticize.

24 MR. MEYERS: Well, we've been showing these  
25 monthly reports.

1 CHAIRMAN McCUSKER: Of course every check  
2 goes up on the website so people can certainly follow.

3 So I guess, then, our action, Mr. Collins,  
4 would be to approve the budget with the format changes that  
5 we've recommended, but to approve the dollar amounts that  
6 Dan's presented.

7 MR. COLLINS: As a budget?

8 CHAIRMAN McCUSKER: As next year's budget.  
9 Do we need a motion to that effect.

10 MR. IRVIN: We have to do that before or  
11 after you call --

12 CHAIRMAN McCUSKER: Well, I called the  
13 audience first. Brandi, did we get any calls?

14 MS. HAGA-BLACKMAN: We did not.

15 CHAIRMAN McCUSKER: Okay. We can dispense  
16 with that.

17 So, Mr. Irvin, make your motion. Was that  
18 Mr. Marquez?

19 MR. SHEAFE: That was me.

20 CHAIRMAN McCUSKER: Chris.

21 MR. SHEAFE: So I move that we approve the  
22 budget, and I need a second.

23 MR. IRVIN: Second.

24 MR. HILL: Mr. Chairman, with the footnotes.

25 CHAIRMAN McCUSKER: With the format changes.



1 MR. HILL: With the format changes.

2 CHAIRMAN McCUSKER: He's restated his motion  
3 to approve the budget with the requested format changes.  
4 Mr. Irvin, you second it?

5 MR. IRVIN: I do.

6 CHAIRMAN McCUSKER: Brandi, will you call the  
7 roll?

8 MS. HAGA-BLACKMAN: Edmund Marquez?

9 MR. MARQUEZ: Aye.

10 MS. HAGA-BLACKMAN: Chris Sheafe?

11 MR. SHEAFE: Aye.

12 MS. HAGA-BLACKMAN: Mark Irvin?

13 MR. IRVIN: Aye.

14 MS. HAGA-BLACKMAN: Jeffrey Hill?

15 MR. HILL: Aye.

16 MS. HAGA-BLACKMAN: Jannie Cox?

17 CHAIRMAN McCUSKER: Jannie, are you still  
18 with us?

19 MS. COX: Aye.

20 CHAIRMAN McCUSKER: Thank you.

21 MS. HAGA-BLACKMAN: Fletcher McCusker?

22 CHAIRMAN McCUSKER: Aye.

23 (The Board voted and motion carries 6-1.)

24 So that carries unanimously. Thank you very much.

25 Jannie, do you want to hang on or do you want to --

1 MS. COX: Yes. We're in Flagstaff now, so I  
2 can hang on.

3 CHAIRMAN McCUSKER: Okay. We're going to the  
4 next agenda item, which is --

5 MR. IRVIN: Don't we have to adjourn.

6 CHAIRMAN McCUSKER: We have to make a motion  
7 to adjourn. Somebody make a motion to adjourn.

8 MR. IRVIN: So moved.

9 MR. MARQUEZ: Second.

10 CHAIRMAN McCUSKER: All in favor say "aye."

11 (Ayes.)

12 CHAIRMAN McCUSKER: Motion to reconvene.

13 MR. IRVIN: So moved.

14 MR. MARQUEZ: Second.

15 CHAIRMAN McCUSKER: All in favor say "aye."

16 (Ayes.)

17 CHAIRMAN McCUSKER: Thank god Jeff Hill is  
18 here.

19 MR. COLLINS: I was just going to say.

20 CHAIRMAN McCUSKER: All that time in  
21 legislature is not wasted.

22 MR. HILL: Apparently not. There are those  
23 who will say it was, but thank you, Mr. Chairman.

24 CHAIRMAN McCUSKER: Okay. Caterpillar.

25 This was obviously agendized to be a very simple and

1 straightforward conversation. As we learned with all things  
2 Caterpillar, that, in fact, is not going to be the case.

3 We have not executed the lease, although we have  
4 agreed, Mr. Collins, to all of the salient points, with the  
5 exception being the financing of the \$43 million.

6 You remember from the special meeting we had  
7 a proposal that everyone seemed to like, that Caterpillar  
8 had endorsed, that we had approved, and we were off to the  
9 races to begin to actually document those bonds.

10 In the interim, the issue of Big Caterpillar's  
11 guarantee has arisen and Caterpillar has reasserted  
12 something that I've known forever is that Caterpillar will  
13 not and cannot guarantee the bonds. Caterpillar's prepared  
14 to guarantee the lease, but not the bonds themselves.

15 So that has caused us to renegotiate with the  
16 financial institutions the terms of the lease revenue bonds.  
17 So we are not prepared today to execute a lease because the  
18 financing is still taking shape.

19 The challenge we have is now one of schedule and  
20 \$5 million.

21 If this goes on, we risk the March 19th occupancy date.

22 We cannot be assured how quickly -- I'm convinced that  
23 we will finance this and I think we will reach terms with  
24 Caterpillar, but it's obviously not as easy as any of us  
25 anticipated. So it could take a couple of weeks. It could

1 take a month. Who knows?

2                   It's my recommendation that we issue the  
3 Notice to Proceed. And here's why. In the worst-case  
4 scenario -- my mother used to make me imagine, okay, what's  
5 the worst that will happen? Well, we screwed this up so bad  
6 that we don't have Caterpillar and we spend \$5 million.

7                   What do we have? We have an 8-acre approved  
8 commercial lot that somebody's ready to build on. And I  
9 think it's worth the Rio Nuevo risk. We want to assure  
10 Caterpillar that we're still their partner and we'll figure  
11 the rest of this out.

12                   But in the event something absurd happens,  
13 it's not like we're throwing money around. We still have an  
14 approved lot. I believe there will be all kinds of interest  
15 in that lot if Caterpillar changes their mind. I cannot  
16 fathom that happening, but I guess that's our risk.

17                   So that's the layman's version, Mr. Collins.

18                   Do you want to say anything?

19                   MR. COLLINS: Well, Mr. Chairman, Members of  
20 the Board, as you've said, Mr. Chairman, this was addressed  
21 at the last special meeting, and this Board authorized the  
22 issuance of a Notice to Proceed, if you will, for the  
23 administrative portion and the on-site mobilization, but  
24 withheld its approval of issuing a final Notice to Proceed  
25 until we have a signed lease.

1           We don't have a signed lease yet. There's been an  
2 enormous amount of energy and effort since that time, and as  
3 late as this morning, we still were hung up on the nature of  
4 financing.

5                       As the chairman indicated, the -- there has  
6 to be an agreement between the District and Caterpillar on  
7 how this was financed because the cost of the financing is  
8 being passed through to Caterpillar.

9           On -- after the Board meeting -- after the Special  
10 Board meeting, Caterpillar agreed to the terms of the  
11 Raymond James proposal that provides for what are called  
12 variable rate demand bonds.

13           It's kind of a complicated structure, but it allows  
14 Caterpillar to enjoy the benefits of the low interest rate  
15 today and not have to worry about the rate going above  
16 3 percent, because the proposal included that 3 percent  
17 interest rate cap for the first 10 years.

18           Caterpillar had that proposal. And on the 14th of this  
19 month, they advised me that they were fine with all of the  
20 edits and the status of that lease and that they were then  
21 going to run it up through the customary internal review.

22                       During that review, they picked up a few nits  
23 and lice and cleaned up things, but there was one principal  
24 problem. They decided that they didn't like a portion of  
25 the Raymond James proposal. They wanted to remove some

1 language. They were afraid that the Raymond James proposal  
2 would expose them to double-payment.

3 CHAIRMAN McCUSKER: This is Big Caterpillar.

4 MR. COLLINS: This is both. But Big Cat,  
5 yes, you're right, it's driven by Big Caterpillar. To your  
6 point of the guarantee, it's more nuanced than the  
7 guarantee, but Big Cat didn't want to have to pay under the  
8 lease and then also maybe have to pay under the bonds. That  
9 was a potential interpretation of the Raymond James  
10 proposal.

11 CHAIRMAN McCUSKER: Mr. Collins, is this  
12 agendized for us to do anything --

13 MR. COLLINS: Yes.

14 CHAIRMAN McCUSKER: -- other than --

15 MR. COLLINS: Issue a Notice to Proceed or  
16 take action.

17 Mr. Chairman, I'm trying to bring you up to  
18 speed and everybody else up to speed. This has been the  
19 development in the last 30 minutes made.

20 CHAIRMAN McCUSKER: Okay. Go ahead.

21 MR. COLLINS: So Caterpillar wanted a change.  
22 They wanted to change some language in the Raymond James  
23 proposal. With the assistance of Bill Davis and Tim  
24 Stratton, we suggested modification so that there wouldn't  
25 be a double-payment and there could be no means for a

1 double-payment.

2 As of the commencement of this meeting, Caterpillar had  
3 rejected that, by an email that I received from Christophe  
4 Dupont, which is the CFO, I believe, for Caterpillar.

5 CHAIRMAN McCUSKER: At the division.

6 MR. COLLINS: At the division level, right.

7 He has indicated to me -- he had provided me  
8 with language that I find acceptable and that my partner Tim  
9 Stratton finds acceptable. We don't have a signed lease  
10 yet. But consistent with the way this thing has gone, it's  
11 last-minute stuff. So . . .

12 CHAIRMAN McCUSKER: So that brings the baby  
13 and the bathwater back in, right?

14 MR. COLLINS: Right.

15 CHAIRMAN McCUSKER: So that puts the variable  
16 rate bonds back in play.

17 MR. COLLINS: It does.

18 CHAIRMAN McCUSKER: Everybody loved those.  
19 The disagreement was over how Big Caterpillar exercised its  
20 liquidity guarantees.

21 MR. COLLINS: And I'll read their proposed  
22 language to you all.

23 CHAIRMAN McCUSKER: Wait. I think it's way  
24 too detailed. I think we just need to know that you  
25 basically have a meeting of minds, and we've instructed you

1 to do that, and we've authorized the executive officers to  
2 sign it so long that it doesn't materially change.

3 In your view, is this is a material change?

4 MR. COLLINS: No. This is a huge step  
5 forward.

6 I won't get into all the details how we got there, but  
7 this is a huge step forward. You still don't have a signed  
8 lease.

9 CHAIRMAN McCUSKER: We're a hundred miles  
10 closer than we were 20 minutes ago.

11 MR. COLLINS: Yes, sir, actually about 120.

12 So, this is agendized for you folks to address what I  
13 will call -- and Phil can correct me if I'm wrong -- the  
14 final Notice to Proceed on GMP1, and 1A.

15 CHAIRMAN McCUSKER: Congratulations, then. I  
16 mean, I'm relieved, because, you know, there's so many  
17 people involved and so many lawyers. And then you have  
18 Little Caterpillar and Big Caterpillar. And I talked to the  
19 governor today and told him, you know, you might be getting  
20 a phone call. I'm not sure we can deliver this project.

21 So to be where we are now, that's great news.

22 MR. COLLINS: Thank you. It was work of a  
23 lot of people.

24 CHAIRMAN McCUSKER: Mr. Marquez.

25 MR. MARQUEZ: So we're considering a Notice



1 to Proceed. Phil, based on what you just told us, it sounds  
2 like we're moving towards a signed lease. And in regards to  
3 what Fletcher said earlier, they don't want to guarantee the  
4 bond, but they want to guarantee the lease.

5 CHAIRMAN McCUSKER: We solved that.

6 MR. MARQUEZ: Yes. Okay. All right. I'm  
7 good.

8 MR. IRVIN: Mr. Collins, at our last meeting,  
9 unless I missed something, you know, we've authorized to go  
10 ahead on the administrative side of the Caterpillar deal.  
11 So now we're in discussion. Do we pull the trigger on going  
12 forward without a signed lease? And let me tell you, in my  
13 business, the answer to that question would be no.

14 MR. COLLINS: Yeah.

15 MR. IRVIN: I don't know what your advice is  
16 to this Board. But I can tell you I would find it highly  
17 unlikely for us to do anything more than the administrative  
18 stuff that we've already done until we have a signed lease  
19 agreement.

20 I agree with the Chairman that we'll find  
21 another use for this if Caterpillar doesn't step up. But I  
22 think it removes any leverage that we have and also it's not  
23 something that I would do in my normal real estate practice.

24 CHAIRMAN McCUSKER: I would have been far  
25 less dramatic had I been in realtime sharing the same data.

1           In your mind, how long will it take to finalize and  
2           execute the lease, then?

3                       MR. COLLINS: Not long at all. Based on Phil  
4           Swaim, who is your personal representative in this project  
5           and I've been obviously in close touch, and in light of the  
6           email that I just relayed to you folks, I don't see there  
7           being much of a delay in finalizing. I've been told  
8           Mr. Blythe and the other individual that needs to sign for  
9           Caterpillar are poised and ready.

10                   So I'm going to suggest that you consider this --  
11           you're going to have three options: You can do nothing and  
12           run the risk of blowing the March 1, 2019 certificate of  
13           occupancy deadline; two, you can authorize the immediate  
14           issuance of the final Notice to Proceed, and thereby lose  
15           leverage and commit yourself to significant expenditure  
16           without a signed lease; or, three --

17                   MR. HILL: We get the March 1st date?

18                   MR. COLLINS: What's that?

19                   CHAIRMAN McCUSKER: You would assure the  
20           move-in date?

21                   MR. COLLINS: Yeah, they would. Yeah, the  
22           move-in date, Mr. Hill, has been sort of nonnegotiable.

23                   MR. HILL: Right.

24                   MR. COLLINS: In fact, it was -- that fact, I  
25           think, had brought this email to me today.

1 MR. HILL: So point two would facilitate?

2 MR. COLLINS: Right.

3 MR. HILL: Thank you.

4 MR. COLLINS: The third alternative is to  
5 authorize all of your executive officers, all three of them,  
6 to issue -- to direct Phil Swaim and Mark Collins to issue  
7 the final Notice to Proceed as soon as Caterpillar has  
8 signed that lease.

9 CHAIRMAN McCUSKER: Is there maybe a fourth  
10 option or we could do that as the full Board, where we  
11 authorize the issuance of the Notice to Proceed concurrent  
12 with the execution of the lease?

13 MR. COLLINS: You'd have to call a special  
14 meeting.

15 CHAIRMAN McCUSKER: We will still have to  
16 come back?

17 MR. COLLINS: Yes.

18 CHAIRMAN McCUSKER: So we could authorize the  
19 executive officers -- can the executive officers issue a  
20 Notice to Proceed that binds the whole Board?

21 MR. COLLINS: Oh, it absolutely binds the  
22 whole Board. That's what I'm suggesting.

23 I'm suggesting that we're up against a time limit, and

24 --

25 CHAIRMAN McCUSKER: I think that's helped

1 bring Caterpillar along, frankly. So, we should respond  
2 accordingly.

3 MR. COLLINS: As I say, you could do nothing  
4 and call another special meeting when I have a signed one  
5 for you. But that runs the risk of any additional delay.  
6 It's my recommendation to Mr. Irvin --

7 CHAIRMAN McCUSKER: Mr. Irvin had a question  
8 and Mr. Marquez.

9 MR. COLLINS: My recommendation is that you  
10 not issue a full Notice to Proceed until we have a signed  
11 lease. That remains my recommendation.

12 MR. IRVIN: Yeah. So didn't we at the last  
13 meeting authorize the executive officers to sign the lease  
14 agreement. So really what we're talking about now is at the  
15 public end of that a Notice to Proceed once the lease has  
16 been signed, correct?

17 MR. COLLINS: Yes.

18 CHAIRMAN McCUSKER: Or four, we just have all  
19 the options he just outlined. And we've overruled our  
20 lawyer before.

21 Mr. Marquez?

22 MR. MARQUEZ: I'll pass.

23 MR. COLLINS: So I think the Caterpillar  
24 project is very expensive and very important. And we've  
25 made a lot of progress.

1           And yet, I think that the way to proceed is to make a  
2 motion to specifically authorize the executive officers to  
3 issue a Notice to Proceed.

4           CHAIRMAN McCUSKER: Concurrent with?

5           MR. COLLINS: Concurrent with them being  
6 advised that Caterpillar has signed a lease.

7           MR. MARQUEZ: So moved.

8           MR. IRVIN: Second.

9           CHAIRMAN McCUSKER: Discussion, Mr. Hill?

10          MR. HILL: Would that get us the March date,  
11 then?

12          CHAIRMAN McCUSKER: We might have to ask  
13 Mr. Swaim to adjust his schedule?

14          MR. COLLINS: Yeah. It's going to depend on  
15 whether the lease gets signed this week, or not.

16          Phil can be more specific.

17          CHAIRMAN McCUSKER: State your name for the  
18 record.

19          THE WITNESS: Phil Swaim of Swaim Associates  
20 Architects.

21          CHAIRMAN McCUSKER: So my recollection was  
22 we're kind of at D day today in terms of keeping a schedule.

23                 Is there some wiggle room, Phil, in some of  
24 this stuff that needs to start right away?

25          MR. SWAIM: The basics is we lost a couple of

1 weeks leeway than we had by not being able to provide a  
2 Notice to Proceed at the last Special Board meeting.

3 Sundt does need to be able to start  
4 construction Monday, June 26th to still hit their current  
5 schedule to be complete now by basically the third of  
6 January, 2019, which then allows for the move-in on March  
7 1st.

8 Sundt is on notice. They know that we're  
9 close. If we can get this notice signed within the next day  
10 or so, I think we can still -- they are still willing to be  
11 flexible and be able to start construction on Monday.

12 CHAIRMAN McCUSKER: Mr. Collins, if we were  
13 to modify your advice -- I was going to say ignore, but that  
14 would be -- we just talked about your fees. If we issue the  
15 Notice to Proceed and some unimaginable scenario occurred,  
16 can we stop the construction?

17 MR. COLLINS: Mr. Chairman, Members of the  
18 Board, you can. You will incur expense.

19 The general contract -- or the contract with Sundt  
20 allows the District to terminate activities. You will be  
21 liable for the expenses that have been incurred as of the  
22 stop date, but -- but you can do that.

23 CHAIRMAN McCUSKER: I think we have a motion  
24 and a second.

25 Everyone understand the motion that's to authorize the

1 executive officers to issue the Notice to Proceed on GMAGMP1  
2 and 1A, concurrent with the execution of the Caterpillar  
3 lease.

4 MR. MARQUEZ: In that motion, was it  
5 anonymous (sic) among the executive officers?

6 CHAIRMAN McCUSKER: Unanimous.

7 MR. MARQUEZ: Unanimous. We've been  
8 anonymous enough in this group.

9 CHAIRMAN McCUSKER: Brandi, call the roll.

10 MS. HAGA-BLACKMAN: Edmund Marquez?

11 MR. MARQUEZ: Aye.

12 MS. HAGA-BLACKMAN: Chris Sheafe?

13 MR. SHEAFE: Aye.

14 MS. HAGA-BLACKMAN: Mark Irvin?

15 MR. IRVIN: Aye.

16 MS. HAGA-BLACKMAN: Doug Hill?

17 MR. HILL: Aye.

18 MS. HAGA-BLACKMAN: Jannie Cox?

19 CHAIRMAN McCUSKER: Jannie?

20 MS. COX: Aye.

21 CHAIRMAN McCUSKER: She said, "Aye." I vote  
22 "No."

23 (the Board voted and motion carries, 5-1.)

24 By your votes at 5 to 1, that motion carries.

25 Okay. Off we go.

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Item No. 10, we're going to table.

So this is the time we've set aside to call to the audience.

Brandi, do we have anybody signed up?

I entertain a motion to adjourn.

MR. IRVIN: So moved.

MR. MARQUEZ: Second.

CHAIRMAN McCUSKER: All in favor say "aye."

(Ayes.)

Thank you, Jannie.