

RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

BOARD MEETING

June 12, 2017

Tucson, Arizona

Reported By: Michelle Kirkpatrick
RDR, CRR, CRC, FCRR
Registered Diplomate Reporter
Certified Realtime Reporter

KATHY FINK & ASSOCIATES, INC.

2819 East 22nd Street

Tucson, Arizona 85713

(520) 624-8644 Fax (520) 624-9336

APPEARANCES:

BOARD MEMBERS:

Fletcher McCusker, Chairman

Jeffrey Hill

Mark Irvin

Jannie Cox (via telephone)

Chris Sheafe

Edmund Marquez

ALSO PRESENT:

Mark Collins, Board Counsel

Dan Meyers, Rio Nuevo CFO

* * * *

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, 400 West Congress Street, Suite 222, in the City of Tucson, State of Arizona, before MICHELLE KIRKPATRICK, RDR, CRR, CRC, FCRR, Registered Diplomate Reporter, Certified Realtime Reporter, on the 12th day of June, 2017, commencing at the hour of 2:00 o'clock p.m.

1 CHAIRMAN MCCUSKER: 2:01, so we will call
2 this meeting to order.

3 And Mr. Collins, you'll have to call the
4 roll.

5 MR. COLLINS: Mr. Marquez?

6 MR. MARQUEZ: Here.

7 MR. COLLINS: Mr. Sheafe?

8 MR. SHEAFE: Here.

9 MR. COLLINS: Mr. Irvin?

10 MR. IRVIN: Here.

11 MR. COLLINS: Ms. Cox?

12 MS. COX: Here.

13 CHAIRMAN MCCUSKER: She's on the phone.

14 MR. COLLINS: And Chairman McCusker.

15 CHAIRMAN MCCUSKER: And apparently I don't
16 have an agenda.

17 MR. SHEAFE: I didn't bring mine in because
18 we were going to have an agenda here.

19 MR. COLLINS: You guys can share one.

20 CHAIRMAN MCCUSKER: Let's do the pledge.

21 (Pledge of allegiance recited.)

22 CHAIRMAN MCCUSKER: Good afternoon,
23 everyone. This is a single-item -- or really,
24 two-item agenda. If you will remember, we tabled the
25 Caterpillar items at our last regularly scheduled

1 meeting primarily because we had not finalized the
2 financing piece of the Caterpillar transaction.

3 I am going to reverse the agenda, if you
4 have a published one. We are going to talk about
5 the Caterpillar lease and financing terms first, and
6 then we're going to talk about the Caterpillar site
7 and -- Caterpillar site preparation second. We
8 don't need to go into exec, so we're going to go
9 straight into the public session.

10 Ms. Jannie Cox is on the phone, and
11 indeed, we do have a quorum.

12 To refresh everyone's memory, we have been
13 a large part of the reason that Caterpillar Surface
14 Mining & Technology is coming to Tucson. Rio Nuevo
15 has been instrumental in their recruitment by
16 offering a number of things that were important to
17 them. Probably the most important piece of our
18 package, of course, is the build to suit.

19 So -- Michelle, this is Mr. Jeffrey Hill.
20 He's arriving.

21 Sir, thank you. You haven't missed a
22 thing.

23 MR. HILL: Okay, good.

24 CHAIRMAN MCCUSKER: Part of our commitment
25 to Caterpillar was to build to suit their corporate

1 headquarters located on the Rio Nuevo side, just on
2 the west side of the river on Cushing.

3 Caterpillar loved the site. It's
4 immediately adjacent to the street car. They like
5 the connectivity to downtown, they like the origins
6 of that site as it relates to Tucson's history. So
7 we've been engaged in the process for months to
8 design, build, and then lease back to Caterpillar a
9 150,000-square-foot corporate headquarters with a
10 little over 500 parking spaces.

11 We ran a competitive process to select the
12 architect and the contractor. They're both engaged
13 and actively involved in, initially, the site
14 planning and preparation, and then ultimately, the
15 design and construction of the building.

16 I'd like to express my appreciation to
17 Caterpillar and their team, particularly Tom Bluth,
18 their CEO. They are remarkable partners, not only
19 in terms of the scale and size that they bring to
20 Tucson, but their overall morality and goodwill that
21 we've seen evidenced time and time again. They're
22 going to be great corporate citizens. We're proud
23 to be a part of that whole process.

24 And to Mr. Collins, who's worked
25 feverishly for a number of months, just a couple of

1 sailing trips, probably, to work on an extraordinary
2 set of documents with a Fortune 50 company. It's
3 highly unusual that our little lay board gets to
4 interact with companies of this scale and size.

5 So we tabled this last time primarily
6 because the financing terms were not finalized.
7 Indeed, they are now in final presentation form. We
8 still have to execute on them, but we'll move to
9 Item 5, Caterpillar lease and financing terms.

10 So this lease has always contemplated that
11 we would pass on our ability to issue debt at
12 favorable rates and that we would pass that on to
13 Caterpillar as a direct cost. We've always
14 indicated to them, we never intended to mark this
15 up. We don't need to make a profit on this
16 building. We're more than happy to break even and
17 share the opportunity with Caterpillar.

18 What was designed is now formalized in the
19 lease document as a 25-year lease, 25-year bond.
20 These are called lease revenue bonds, and we can
21 talk about the interest rate and some of the other
22 features of the bonds when we get into the -- the
23 details.

24 Some of the things that we've been trying
25 to achieve over time, which have all kind of come

1 into place in the last couple of weeks, this will be
2 a lease with the Surface Mining and Technology
3 Division, but the lease will be guaranteed by what
4 we call Big Caterpillar; that is, Caterpillar
5 corporate. So it substantially improves the
6 credit-worthiness of our bonds to have Caterpillar
7 as the guarantor, and we're moving forward
8 diligently to finalize those documents.

9 So Mr. Collins, you've done a lot of work
10 in the last few weeks, and even in the last few
11 days, over the weekend. If you would update us on
12 the status of the lease.

13 MR. COLLINS: Mr. Chairman, members of the
14 board. Chairman, thank you for your nice comments.

15 I got to tell you that when I stood before
16 you last time, 13 days ago, I suggested to you that
17 you not issue the Notice to Proceed until you had a
18 signed lease.

19 We're not at a signed lease yet, but we
20 are infinitely closer than we were 13 days ago, and
21 infinitely closer than we were a month before that.

22 I've had the opportunity over the past two
23 weeks to work rather intensely with the Caterpillar
24 legal team and financial team, and --

25 CHAIRMAN MCCUSKER: Jannie, are you hearing

1 this?

2 MS. COX: I sure am.

3 CHAIRMAN MCCUSKER: Okay.

4 Sorry.

5 MR. COLLINS: Sound off, Jannie, if you
6 can't hear me.

7 MS. COX: I will.

8 MR. COLLINS: Thank you.

9 And I have a comfort that we are going to
10 be having a lease signed by the end of this month;
11 that we're going to have a lease going up the
12 Caterpillar chain of command hopefully by your next
13 board meeting.

14 Internally, Caterpillar -- it takes five
15 to ten business days internally for Caterpillar to
16 get a signature. I spoke moments before coming over
17 here from Cat CFO -- with Cat CFO, Christophe
18 Dupont. Their team met up for quicker treatment.

19 The point I'm trying to make is that since
20 I spoke to you two weeks ago, I have a level of
21 comfort with Caterpillar and the Caterpillar team
22 that I haven't had before, so --

23 CHAIRMAN MCCUSKER: I think the bigger issue
24 is not so much we didn't have a lease, but we didn't
25 really even have a meeting of the minds. But I

1 think -- what I'm presuming you're saying is we do
2 have an agreement, we're now just in the process of
3 final documentation.

4 MR. COLLINS: Yes. What I -- Mr. Chairman,
5 what I thought I would do -- because the executive
6 officers have been aware of these things, but the
7 nonexecutive officers haven't been, so what I've
8 provided to you -- and I'm just going to try to give
9 you a high-level summary of the more salient points in
10 the lease. The lease is over a hundred pages long, so
11 I'd just like to hit the high points.

12 And you have in front of you one document
13 which is separate, and it is the index -- or excuse
14 me, table of contents for the current lease. You
15 have in front of you another booklet with tabs on
16 it, and what I'm going to do -- and I'm going to try
17 not to bore anybody to tears, but I'm going to walk
18 through the tabs.

19 The first one is net rent. That's 3.1.
20 And that is exactly what Mr. -- or Chairman McCusker
21 was talking about. In the last ten days, an
22 agreement or meeting of the minds, if you will, on
23 the financing for this project was reached.
24 Mr. Chairman deserves a great deal of accolades for
25 his efforts in that regard. What you see in front

1 of you, 3.1, ties in the proposal that the board has
2 received from Raymond James. What it does, what 3.1
3 does, is it obligates Caterpillar to pay the
4 principal and interest and costs of the \$43 million
5 building budget that we've talked a lot about and
6 the cost of this financing.

7 It also provides that there will be a
8 ten-year cap on the interest rate. The interest
9 rate will be capped at 3 percent for ten years.
10 Right now, the interest rate -- the current interest
11 rate is floating at LIBOR plus 5 basis points, I
12 believe. So it's below 3 percent.

13 Caterpillar will get the benefit of this
14 lower interest rate. If the interest rates go
15 higher, the cap that is being purchased in
16 connection with this will stop the interest on these
17 bonds from going north of 3 percent.

18 So this -- this paragraph -- I fortunately
19 had the assistance of Bill Davis and my bond
20 partner, Tim Stratton, and -- and I believe this is
21 acceptable to Caterpillar.

22 I will tell you that I got my last
23 turn-off with Caterpillar shortly before noon on
24 Saturday; I have spoken twice today with
25 Caterpillar; and just before I got over here, they

1 sent me the next term. But I do think that we're
2 good on the rent.

3 CHAIRMAN MCCUSKER: Do you want to pause on
4 each one of these tabs for questions, or do you want
5 to -- everybody understand how the rent works?
6 Straight pass-through?

7 Okay. Go ahead.

8 MR. COLLINS: Yeah. Let's talk about Tab 2,
9 that's the Raymond James proposal.

10 My profession gets criticized for legal
11 gobbledygook, perhaps appropriately. I've got to
12 give Raymond James and Bill Davis a hard time,
13 because there's a lot of that in this too.

14 But I'd like you to turn to the last --
15 three pages from the last. This particular document
16 is now an exhibit to the lease. If you get to the
17 page that says, "Project Summary," and you see
18 "Sources of Funds" and "Uses of Funds," and I want
19 to bring that into clearer focus, if I can. And the
20 financial people have told me the way you read this
21 is you start with the uses of funds and then you
22 back into the sources.

23 If you look about a third of the way down,
24 you'll see "Deposit to Project Construction Fund."
25 That's the \$43 million that we've talked about.

1 That's the building budget. That's the -- that's
2 the amount of money that Caterpillar will be
3 repaying to the District through the bonds.

4 The next number is 1,530,000. That is the
5 cost of the cap.

6 The next number down is the cost of
7 issuance, \$1,129,890. And to that, you add
8 capitalized interest rate.

9 What is that? Well, that is the interest
10 that will be accruing on these bonds from the time
11 of issuance until the lease payments start. So
12 that's being wrapped into this financing.

13 And then you've got --

14 CHAIRMAN MCCUSKER: Let's just pause there
15 for a minute.

16 So what this provides is that we can issue
17 the bonds immediately and enjoy the proceeds of
18 those bonds immediately.

19 MR. COLLINS: That's right.

20 CHAIRMAN MCCUSKER: The Caterpillar lease
21 does not start, obviously, until they occupy the
22 building. That's 18 months away. So there's a period
23 of time under which we will draw on these bonds and
24 add interest to -- what this proposal does is
25 capitalizes that interest -- it wraps in and wraps it

1 into the lease payments when the Caterpillar lease
2 begins.

3 MR. COLLINS: Correct. Correct.

4 And you'll see a \$2,500 amount. That's a
5 rounding amount. There's a couple of reasons for
6 that, but given the numbers we're talking about, I
7 won't spend much time on it unless you have any
8 questions.

9 But you see the total of those uses of
10 funds, \$46,537,062.50, that's where all the money --
11 that's the use of the funds.

12 Now, let's go back up to the source of the
13 funds. And then this is what they do, is they back
14 into it. So the par amount of these bonds is
15 \$44,855,000. Do you see that?

16 Then you see the District's contribution
17 for capitalized interest. That is your nickel, and
18 that's the same number that appears in the uses of
19 funds, 874,000 -- I've got to get stronger
20 glasses -- \$672,000. Those are the same numbers.
21 One of them is below, one of them is above.

22 Then the District's contribution for cost
23 of issuance. That is a number that you haven't seen
24 before, but it comes out of the line item for uses
25 of funds, the deposit to capitalized interest

1 fund -- or excuse me, cost of issuance, do you see
2 that, and uses of funds? That \$1,129,890 amount is
3 \$322,500 less than the District's contribution at
4 the sources of fund.

5 That's because Caterpillar agreed to pay
6 up to \$322,500 for the cost of issuance. That's the
7 difference. Okay?

8 That was part of the development
9 agreement. It is in paragraph 10.2(h) of the lease
10 itself. So the 1.3 -- Tab 1 and Tab 2 are what we
11 have evidencing the meeting of the minds, as the
12 Chairman talks about it, for the rent. And it
13 requires Caterpillar to pay all the debt service on
14 the bonds that you're seeing here.

15 Yes, Mr. Marquez?

16 MR. MARQUEZ: So the bottom line for me, as
17 I go through the numbers -- I see a lot of debts,
18 credits. Obviously, there's the cost of the rate cap.

19 But in Section 1, the part that says,
20 "Regardless of the proposal used, the net rent shall
21 be sufficient to pay debt service when due and
22 payable as set forth."

23 So Caterpillar is going to pay for this --

24 MR. COLLINS: You're reading from 3.1?

25 MR. MARQUEZ: Yes.

1 MR. COLLINS: Yes.

2 MR. MARQUEZ: Great.

3 CHAIRMAN MCCUSKER: At the end of the day,
4 the interest rate, all this stuff doesn't matter to us
5 because it's passed straight through to Caterpillar.

6 MR. COLLINS: Right. And --

7 CHAIRMAN MCCUSKER: So as long as they're
8 making the payments, it sufficiently covers the rent.

9 MR. MARQUEZ: And we have a Fortune 100
10 company --

11 CHAIRMAN MCCUSKER: Well, that's one of the
12 reasons we wanted Big Cat to guarantee it. So now you
13 have the guarantee from Caterpillar as well as Big
14 Cat.

15 MR. MARQUEZ: So just knowing a lot of
16 what's gone on, outside of being an executive, I want
17 to say awesome job, because I know this was like
18 organizing a bowl of spaghetti. So great job. Wow.

19 MR. SHEAFE: One of the things that might
20 help is, if you look at the debt service schedule,
21 Number 44835, which appears here on the schedule that
22 Mark was just showing. Again, it's on the debt
23 service, so that's telling you how much Cat is going
24 to pay back on the leases. And so it isn't actually
25 just the 43-.

1 MR. COLLINS: No.

2 MR. SHEAFE: It's the 44,855.

3 MR. MARQUEZ: Yeah.

4 MR. SHEAFE: And so that's an important
5 accomplishment because --

6 CHAIRMAN MCCUSKER: Do we need to do
7 anything today vis-a-vis the bonds?

8 MR. COLLINS: No. The good --

9 CHAIRMAN MCCUSKER: It'll be in the next
10 meeting --

11 MR. COLLINS: Yes, sir. The resolution is
12 being drafted as we speak. I fully intend to have
13 that resolution prepared and ready for you folks to
14 consider at our meeting next Tuesday, a week from
15 tomorrow. It's --

16 CHAIRMAN MCCUSKER: Okay. We're tracking.

17 MR. COLLINS: Okay. All right. So in
18 your table of contents, I've highlighted all, or at
19 least attempted to highlight all of the major
20 articles.

21 Article 4, the next tab in your book,
22 Tab Number 3 -- oops. I lied. Something got
23 turned -- well, Tab 3 in your book -- Tab 3 in your
24 book is the budget.

25 CHAIRMAN MCCUSKER: We've seen it a half a

1 dozen times.

2 MR. COLLINS: Yeah.

3 CHAIRMAN MCCUSKER: The point is, it didn't
4 change.

5 MR. COLLINS: It -- no. The meaningful
6 numbers haven't changed. Still \$43 million. There's
7 been some breakout of the construction budget up
8 higher.

9 Caterpillar, since our last meeting,
10 thanks to the efforts of Mr. Swaim -- you may
11 recall -- and we'll get to it later today -- that
12 there is a component of GMP #1 and 1a that is coming
13 out of Caterpillar's construction budget. That
14 amount, \$1,645,930, is up in the construction
15 portion of this budget, and that is, as I say,
16 through the good efforts of Mr. Swaim.

17 And other than that, though, it's still
18 the same 43 million bucks. Okay.

19 CHAIRMAN MCCUSKER: Tab 4.

20 MR. COLLINS: Next one is 4.5. That's
21 Tab 4.

22 The language that you have in front of you
23 is very traditional GPLET language. It sets out the
24 statutes and so forth that provide the basis for an
25 abatement of excise taxes for eight years.

1 I've highlighted for you a sentence, or at
2 least most of a sentence, that Caterpillar has
3 required as a deal point. I told Caterpillar that I
4 believe it is a business judgment for my board. I
5 pushed back, but as you can see, what it says is,
6 "Subject to the foregoing, landlord shall take any
7 additional action as necessary for tenant to qualify
8 for the GPLET tax treatment. Landlord shall
9 reimburse and/or indemnify and hold tenant" --
10 that's Caterpillar -- "harmless if for any reason
11 tenant fails to receive the full benefits of the
12 eight-year period of abatement of the GPLET."

13 CHAIRMAN MCCUSKER: Let me just do a little
14 GPLET 101.

15 MR. COLLINS: Go for it.

16 CHAIRMAN MCCUSKER: When the government
17 leases a property to a private company, and as long as
18 it's government-owned, we don't pay property tax as a
19 benefit for a private company to lease from the
20 government. However, in lieu of that, they are
21 obligated to pay an excise tax, which is based on the
22 square footage of the building, as opposed the value
23 of the property. The only jurisdiction that can abate
24 that tax is the City.

25 So in the presentation to Caterpillar,

1 when they were being recruited, the abatement of
2 that excise tax was one of the offers that the state
3 made in cooperation with Rio Nuevo, the city, the
4 county, the ACA. However, we, Rio Nuevo, cannot
5 commit the City of Tucson to this excise tax
6 abatement. It has to go to the mayor and council.

7 In my opinion, there's no way in hell that
8 they would deny this. However, we can't assure them
9 because we're not the city council. So what they've
10 come back for is to say, well, if something goes
11 south, then we would expect Rio Nuevo -- us -- to
12 honor this excise tax amount.

13 So there's some risk to us; but as
14 Mr. Collins suggested, I can't imagine a scenario
15 where the City would not respect this request.

16 Now, what has to happen is, it gets
17 agendized. We're the property owner, so we would
18 have so to appear before mayor and council. We
19 would go in with our economic study, like with any
20 other GPLET request, and ask them to abate eight
21 years of excise tax.

22 And Mr. Collins, my recollection is it's
23 about 400 grand a year?

24 MR. COLLINS: That's a ballpark, yes.

25 It's a possibility -- and I don't want to

1 get too far in the weeds, but there's a possibility
2 that some of this parking could be exempt. But
3 that's a topic for another day or when you're --

4 CHAIRMAN MCCUSKER: What we have not seen
5 before in any of the drafts going back and forth that
6 this is the request that basically we --

7 MR. COLLINS: Correct.

8 CHAIRMAN MCCUSKER: -- guarantee either the
9 performance of the City --

10 MR. COLLINS: Correct.

11 CHAIRMAN MCCUSKER: -- which we really
12 can't, or that we would step in and cover the -- the
13 cost of that excise tax abatement.

14 MR. COLLINS: Yes, sir.

15 MR. MARQUEZ: And this essentially is not
16 costing the City any money because they're not
17 receiving excise tax now. Correct?

18 MR. COLLINS: Correct.

19 CHAIRMAN MCCUSKER: That's the point of the
20 economic study. What the law requires is they have to
21 prove that there's a benefit greater than the relief.
22 And they -- that's the third-party opinion. Everyone
23 who's gone before the City with a GPLET request has to
24 bring in this economic study.

25 I also have to believe that that economic

1 study --

2 MR. COLLINS: Hit it out of the park.

3 CHAIRMAN MCCUSKER: -- would be totally a
4 hit out of the park.

5 The economic impact -- we know Caterpillar
6 is over 2 billion dollars, so they have to relieve a
7 couple million bucks of tax. I can't imagine
8 there's a technical problem. But I don't want to
9 speak for the mayor and council; it's not been
10 agendized, and it would have to go before them.

11 MR. COLLINS: As Mr. Hill is certainly
12 aware, and I will expect everybody else, a
13 governmental entity cannot contract around its
14 statutory obligations. The City cannot say, yeah, we
15 will do it. The City can't do that. We've got to go
16 through the process. And I've spoken with Mr. Rankin
17 this morning, and we're already talking about how to
18 agendize it and advance that ball.

19 The biggest concern that Caterpillar's
20 counsel expressed to me on Thursday was that they
21 live in a state that hasn't adopted a budget for
22 four or five years, and they're always afraid that
23 something's going to happen in the legislature, you
24 know, saying -- when the legislature is session --
25 sorry, Mr. Hill -- nobody's property or bank account

1 is safe, and that's their concern.

2 So this is a risk.

3 MR. HILL: I'll say.

4 CHAIRMAN MCCUSKER: Mr. Collins, it's also a
5 chicken-and-egg thing because we can't request a GPLET
6 excise tax without a lease and a tenant. The City's
7 not going to entertain that until the lease is in fact
8 signed, so we would have to have some way to cover
9 this in the unlikely event the City would decline.

10 MR. COLLINS: Mr. Chairman, that's correct.
11 This is -- there are lots of moving parts. Lots of
12 moving parts. But --

13 CHAIRMAN MCCUSKER: I would say Cat had a
14 pretty smart lawyer on this one.

15 MR. COLLINS: Cat? Yeah, they did.

16 MR. IRVIN: Mark, one more question for you.
17 The language in here talks about what we have to do.
18 Shouldn't there be some language that requires
19 Caterpillar to fully work with us relative to the
20 studies that we're going to need to do?

21 MR. COLLINS: It's a general cooperation
22 provision in the lease, Mark. I didn't --

23 MR. IRVIN: I didn't notice it in the lease.

24 MR. COLLINS: No, no, that's fine. I will
25 confirm that. As you know, the covenant of good faith

1 and fair dealing is incorporated into every agreement
2 in Arizona. I don't have an instant recall where it
3 is, but there's a cooperative provision in this -- in
4 this deal.

5 MR. IRVIN: Thank you.

6 MR. COLLINS: And I will tell you,
7 Secretary Irvin, that we're not going to have a
8 problem with Caterpillar on that.

9 MR. IRVIN: Okay.

10 CHAIRMAN MCCUSKER: Everybody got it?
11 Move on.

12 MR. COLLINS: Okay. The next is insurance.
13 I don't have anything in the booklet for you.

14 Next article is surrender. I'm happy to
15 talk to you about any of those things.

16 But the next one that I call out, if you
17 flip, and on the third page, I think it is, on the
18 table of contents, is 10.2, which is procurement,
19 and it's in -- or construction, and it's in the
20 section called "Improvement Costs Not Within the
21 Project Budget Amount."

22 What you have in front of you is the
23 current version of 10.2. Everything in this
24 particular section we have talked about in executive
25 session. It's just something that I thought you

1 ought to know and see, and perhaps the public ought
2 to know and see, that you folks are doing heroic
3 work to get Caterpillar here.

4 These are not inconsequential numbers.
5 The landlord's cost of acquiring the property, we
6 know what that is: \$7 million, or thereabouts. The
7 landfill, B. We're going to talk about that later.
8 We talked about it at the last meeting. It's
9 roughly \$4.8 million.

10 I haven't quantified the rest of these,
11 but I did want to point out to you that this is part
12 of this build-to-suit lease, that you folks are
13 obligated for this stuff. That's not in the
14 \$48 million.

15 CHAIRMAN MCCUSKER: And Phil may have to
16 help us there. There's a couple things on there that
17 are a little troubling, and I think you may have
18 misspoke.

19 These are not within the Caterpillar
20 budget, but they're not necessarily our
21 responsibilities.

22 MR. COLLINS: No, that's -- oh, I know
23 exactly what --

24 CHAIRMAN MCCUSKER: E.g., Item D, traffic
25 improvements, traffic signals, signage, road.

1 MR. COLLINS: You're right. Yes.

2 And what -- I bring to your attention the
3 beginning of paragraph 10.2. It says, "At no
4 expense to tenant, prior to the issuance of the
5 certificate of occupancy, landlord shall pay for or
6 arrange for a third party," open paren, "e.g., the
7 City or County, to pay for any or all of the costs
8 set forth below," and that those things shall not be
9 in the project budget.

10 And D is the extension of Avenida del
11 Convento, and I can tell you that the City is
12 working on refining the numbers for that.

13 CHAIRMAN MCCUSKER: So this lease is
14 effective somewhere around March of '19. So sometime
15 between now and March of 2019, these conditions would
16 have to all be met.

17 MR. COLLINS: Correct. Correct. And if
18 they aren't --

19 CHAIRMAN MCCUSKER: They don't have to sign
20 lease.

21 MR. COLLINS: -- they don't have to sign the
22 lease. They'll have a beautiful building -- they'll
23 have a beautiful building that they are dying to get
24 into, but they don't have to sign the lease.

25 CHAIRMAN MCCUSKER: Everything else, I

1 think, is under our control.

2 MR. COLLINS: It is.

3 CHAIRMAN MCCUSKER: Everybody follow that?

4 Go ahead.

5 MR. COLLINS: Okay. All right. Flipping
6 pages to your -- I think we get all the way down to
7 the final page.

8 If you have questions as you thumb through
9 that, about any of those other sections -- I'd even
10 talk to you about the environmental section if
11 you're interested, but we'd all be asleep before I
12 got too far into that.

13 Final page, miscellaneous, to show you
14 that this is an evolving creature, this lease.
15 You'll notice that there's "Error, bookmark not
16 defined," "Error, bookmark not defined. It's
17 because we came across redundancy, and we have to
18 run a system to clean that up. We only need one
19 memorandum of lease.

20 But the real reason I got you to this page
21 is Tab 6. Tab 6 is the "Conditions precedent for
22 tenants obligations hereunder," and Mr. Chairman,
23 this is essentially a restatement of paragraph 10.2
24 that we just went through. There are some slight
25 variations, but these are the conditions that need

1 to be satisfied for Caterpillar to take delivery of
2 the property.

3 If we have a permanent certificate of
4 occupancy by March 1 of '19, I'm confident that all
5 of these will be satisfied and that Caterpillar will
6 in fact take occupancy. But it does require, A,
7 that the Rio Nuevo and City shall have successfully
8 completed all the actions necessary for the excise
9 taxes to be fully and completely abated for the
10 first eight years of the lease term. Back to that
11 point.

12 And then B is the -- is the real deadline
13 for the certificate of occupancy on March 1 of 2019:
14 And quite frankly, that particular requirement is
15 one of the reasons we're here today and not waiting
16 until your meeting next week, because the folks at
17 Sundt need to have a go-ahead, a Notice to Proceed,
18 if you will, from you folks no later than tomorrow
19 to be able to nail that number, nail that date.

20 There are provisions in the lease that
21 contemplate enforced delays, but those are all
22 normal provisions.

23 CHAIRMAN MCCUSKER: Let's talk about the
24 March -- let me put my developer hat on for a minute.

25 Stuff happens. We're going to get ancient

1 Hohokam village.

2 MR. COLLINS: Shush.

3 CHAIRMAN MCCUSKER: Something delays the
4 project. It's -- none of us have foreseen or can
5 control. Worst weather ever in the history of monsoon
6 season.

7 MR. IRVIN: So just normal force majeure
8 stuff?

9 CHAIRMAN MCCUSKER: Yes.

10 MR. COLLINS: Yeah.

11 CHAIRMAN MCCUSKER: So what happens if we
12 can't deliver this building on March 1st, 2019?

13 MR. COLLINS: There is an entire paragraph
14 in the lease that talks about precisely those things.
15 Secretary Irvin called it force majeure, and let's see
16 if I can put my fingers on it.

17 You'd think I'd know -- there -- there it
18 is. Article 26. You guys -- I did not print all of
19 this for you guys.

20 Enforced delays. It runs for two solid
21 pages. Enforced delays, extension of time for
22 performance. "Whether stated or not, all periods of
23 time in the lease are subject to this section.
24 Neither the landlord nor the tenant, as the case may
25 be, shall be considered to have caused an event of

1 default with respect to the obligations under this
2 lease or to have failed to meet any required date of
3 performance in the event of an enforced delay."

4 And we then go on for causes beyond
5 reasonable control without negligence of any party,
6 and so on and so forth.

7 MR. IRVIN: So I would assume under that
8 scenario that our project manager, Mr. Swaim, could be
9 in talking with us about how we're doing on schedule,
10 how we're doing on budget, any issues relative to
11 force majeure, just like we have in the past. Is that
12 a good assumption, Phil?

13 MR. SWAIM: Yes.

14 CHAIRMAN MCCUSKER: Michelle, that's
15 Phil Swaim, S-w-a-i-m. He'll be up shortly.

16 MS. COX: I have a question regarding that.

17 CHAIRMAN MCCUSKER: Go ahead, Jannie.

18 MS. COX: Phil, you may report nearly every
19 month during the renovation of the convention center.
20 Do you envision that -- that kind of reporting, or are
21 you thinking you'll talk to us quarterly, or what do
22 you anticipate in terms of updating the board?

23 MR. SWAIM: This is Phil Swaim, Swaim
24 Associates Architects.

25 Jannie, we will be absolutely attending

1 weekly meetings, construction meetings, so we'll
2 keep close tabs on the schedule and progress. We
3 certainly can update the board monthly without a
4 problem whatsoever.

5 MS. COX: Yeah. And I'm not sure monthly is
6 absolutely necessary for an 18-month project, but it
7 would be good to really be up to date as much as
8 possible for any potential delays in this project.

9 MR. IRVIN: I think if we're getting a
10 report like we did before with the TCC, given the size
11 of that budget and given the size of this budget,
12 speaking for myself, I would like to see it monthly.

13 MR. MARQUEZ: I would as well.

14 MR. IRVIN: Not that I won't see you between
15 now and then.

16 CHAIRMAN MCCUSKER: Okay.

17 MR. SWAIM: Great.

18 MR. COLLINS: Okay.

19 CHAIRMAN MCCUSKER: 7.

20 MR. COLLINS: Let's see. And we're back at
21 30, conditions precedent.

22 Then your next tab is for the next --

23 CHAIRMAN MCCUSKER: That's for the next
24 item. Yeah.

25 MR. COLLINS: But I do -- I have highlighted

1 Caterpillar guarantee and landlord's lender.

2 I didn't print out those portions of the
3 lease. I ran a little short of time, frankly.

4 Caterpillar guarantee; conceptually,
5 everyone is on board. The most important person for
6 signing off on the Caterpillar guarantee is the
7 lender. And as long as the lender's happy with the
8 language of the Caterpillar guarantee, because it is
9 they who are going to be loaning the money, that is
10 going to be fine with me. But that is why we have
11 in the lease -- and I believe there's been no
12 pushback, 32.1, where Caterpillar's agreeing to work
13 with us and the lender to make sure that the Big Cat
14 guarantee satisfies the lender.

15 CHAIRMAN MCCUSKER: Talk about where you are
16 in the process as opposed to where we were two weeks
17 ago.

18 What I'm assuming is, there's no real
19 disagreements between the two parties; we have,
20 generally, a meeting of the minds. There's no
21 really outstanding issue. It's really a matter of
22 getting all of this into this hundred-page document,
23 and whether the lawyers are going to have a word
24 that they want to change and it's got to go all to
25 Peoria. Is that a two-week thing? How long does

1 that take?

2 MR. COLLINS: Mr. Chairman, I will be
3 disappointed if I'm not standing in front of you a
4 week from tomorrow and telling you that it's working
5 its way already up the chain in Caterpillar to be
6 signed.

7 There are some issues. Mr. Chairman, as
8 you know, you and I don't always see eye to eye on
9 what a lawyer needs to be doing. But that's a very
10 fair description of where we are.

11 I haven't had a chance to look at what
12 they sent back to me. Laura has looked at it.
13 Laura's smarter than I am, so -- she seemed to have
14 a couple of concerns. She voiced them to me.
15 Neither of them seemed too bad to me.

16 I'm hoping to turn it back around to
17 Caterpillar no later than tomorrow. Christophe --
18 or Mr. Dupont is going to meet with the Big Cat
19 mucky-mucks by Thursday of this week.

20 CHAIRMAN MCCUSKER: They've really been
21 quite remarkable. Weekend meetings, weekend calls --

22 MR. COLLINS: Oh. They --

23 CHAIRMAN MCCUSKER: I think it's important
24 to note that Caterpillar's never done anything like
25 this. They normally build their own buildings, let

1 alone have the government build them a building. So I
2 think the process under which we got things rolling
3 was challenging on both parts. But once everyone
4 understood the urgency of what we're doing as it
5 relates to the schedule, we've had nothing but
6 cooperation.

7 MR. COLLINS: Yeah, as I attempted to
8 explain at the beginning, for the last three weeks, my
9 comfort level with who I'm dealing with at
10 Caterpillar -- if people are rational and reasonable,
11 you can work through virtually all of your issues, and
12 we've done all of that in a very short period of time.

13 CHAIRMAN MCCUSKER: So if we launch today
14 and something goes crazy, you know, what have we
15 obligated ourselves to?

16 MR. COLLINS: Well, you're bleeding over a
17 little bit into the next agenda item, but I will
18 answer your question --

19 CHAIRMAN MCCUSKER: What do you need us to
20 do today on the lease? Approve it in its substantial
21 form subject to no material changes?

22 MR. COLLINS: Yes. Right. And you could --

23 CHAIRMAN MCCUSKER: And authorize the
24 executive officers to sign it, or do you want --

25 MR. COLLINS: I think you ought to authorize

1 the executive officers to sign the draft, current
2 draft of the lease, provided that there are no
3 material changes.

4 I will have this agendized -- and I know
5 nobody likes to reagendize things, but I'll have
6 this on the agenda for next Tuesday in case there
7 are any material changes. I frankly don't
8 anticipate that. But that would be the motion, it
9 seems to me: Motion to authorize the executive
10 officers and counsel to finalize the GPLET lease,
11 provided there are no material changes in the form
12 that we've been talking about today.

13 MR. IRVIN: Can you also, Mark, talk briefly
14 about -- because, you know, last time that we were
15 here, one of our concerns was, you know, exposure.

16 MR. COLLINS: Right.

17 MR. IRVIN: And you know, we understand
18 exposure.

19 MR. COLLINS: Right.

20 MR. IRVIN: But if we go forward with this
21 thing, it's obviously subject to this thing being
22 signed on Cat's behalf within a certain period of
23 time, and I'm very pleased with the progress that's
24 been made in the last -- you know, since our last
25 meeting, so thank you for that. But what I'm

1 concerned is, what happens --

2 MR. COLLINS: Well --

3 MR. IRVIN: So my question is real simple:
4 What is our maximum exposure and -- in your mind, and
5 if we go ahead and issue and go forward and something
6 goofy happens and we say, stop it, what --

7 CHAIRMAN MCCUSKER: This is a lease that's a
8 year and a half away, so there's not a lot that's
9 going to happen with regards to landlord/tenant
10 relationships until, you know, we go on to some of
11 these other issues. So the actual signing of the
12 lease, I would think, doesn't expose us to --

13 MR. COLLINS: No, but the issuing of notices
14 to proceed do.

15 CHAIRMAN MCCUSKER: That's the next item.

16 MR. COLLINS: That's the next item, but I'll
17 just address this, and Phil can correct me if I'm
18 wrong. He's not shy about that.

19 Based on my conversations with Phil and --
20 and indirectly, with the folks at Sundt, if you were
21 to issue today a Notice to Proceed for the
22 administrative matters and for site mobilization, I
23 think you're looking at an exposure of approximately
24 \$100,000 by the end of the month.

25 CHAIRMAN MCCUSKER: So we're mixing up --

1 let me stop you. You're mixing up our apples and
2 oranges.

3 MR. COLLINS: Well, you --

4 CHAIRMAN MCCUSKER: Let's hone in on your
5 suggested motion on the lease itself, all right,
6 because we're going to come to all those.

7 Does anyone have any issue with
8 authorizing the executive officers to execute this
9 lease so long as it does not materially change from
10 what you've seen today? If not, I would need that
11 in the form of a motion.

12 MR. MARQUEZ: I say so moved. So moved.

13 MS. COX: Second.

14 CHAIRMAN MCCUSKER: So moved, Mr. Collins'
15 motion.

16 MR. IRVIN: Suggested framing, that -- I
17 guess Edmund grabbed and Jannie seconded it?

18 CHAIRMAN MCCUSKER: You're moving my
19 suggested motion.

20 MR. COLLINS: Yes. Mr. Marquez moved your
21 summary. You want me to do it?

22 CHAIRMAN MCCUSKER: Yeah, go ahead.

23 MR. COLLINS: I think the motion could be
24 that the board authorize the executive officers and
25 counsel to finalize and execute the lease in

1 substantial accordance with what we've discussed here
2 today, provided that there are no material changes.

3 MR. MARQUEZ: So moved.

4 MS. COX: Second.

5 CHAIRMAN MCCUSKER: Jannie seconds it.

6 Any further discussion on this item?

7 Dan, will you do a roll call vote for us
8 just so we get it recorded by name?

9 MR. MEYERS: Edmund Marquez?

10 MR. MARQUEZ: Aye.

11 MR. MEYERS: Chris Sheafe?

12 MR. SHEAFE: Aye.

13 MR. MEYERS: Mark Irvin?

14 MR. IRVIN: Aye.

15 MR. MEYERS: Jeff Hill?

16 MR. HILL: Aye.

17 MR. MEYERS: Jannie Cox?

18 MS. COX: Aye.

19 MR. MEYERS: Fletcher McCusker?

20 CHAIRMAN MCCUSKER: Aye.

21 So by a vote of 6-0, we've passed the
22 opportunity to execute the Caterpillar lease,
23 Mr. Collins, so long as there's no material change,
24 which is a remarkable thing in and of itself.

25 Congratulations to all of us.

1 Okay. So now we flip the agenda. We're
2 going to start executing on some of these conditions
3 precedent.

4 MR. COLLINS: Right.

5 CHAIRMAN MCCUSKER: What we heard two weeks
6 ago from Sundt -- and Mr. Swaim can fill in the
7 blanks -- is they have hard bids now on the landfill
8 remediation, 3 million and change. They have hard-bid
9 on the sewer relocation, a million 6 and change.
10 That's, as Mr. Collins referred to, our nickel. That
11 would be outside of the budget, funds committed by
12 Rio Nuevo in order to make this site ready for the
13 Caterpillar construction. And Phil, is that one GMP?

14 MR. COLLINS: Well --

15 CHAIRMAN MCCUSKER: He's coming up.

16 MR. COLLINS: Oh.

17 CHAIRMAN MCCUSKER: We'll let you sit down
18 for a minute.

19 MR. SWAIM: Chairman McCusker, members of
20 the board. Bill Swaim.

21 That is actually two separate GMPs.

22 CHAIRMAN MCCUSKER: Our last tab and --

23 MR. COLLINS: Yes, it is.

24 MR. SWAIM: That is correct. We have
25 GMP #1 and GMP #1a, and 1 includes the -- just to

1 make sure I've got them organized correctly. GMP #1
2 is the Rio Nuevo obligations of the sewer relocation
3 and the landfill remediation, which is 4.8 --
4 roughly 4.9 million, and GMP --

5 CHAIRMAN MCCUSKER: That's GMP #1.

6 MR. SWAIM: That's correct. Yes. And
7 GMP #1a is the initial mass grading of the project,
8 which is a million, 645- that's coming out of the
9 construction budget --

10 CHAIRMAN MCCUSKER: We saw that now in the
11 Caterpillar budget.

12 MR. SWAIM: That's correct. That's correct.

13 CHAIRMAN MCCUSKER: All right. So you would
14 need us to -- we've authorized these, we just never
15 issued the notice.

16 MR. SWAIM: Correct.

17 CHAIRMAN MCCUSKER: So in order for Sundt to
18 proceed today, we would issue the Notice to Proceed on
19 GMP #1 and GMP #1a.

20 MR. COLLINS: Yes. I'm going to suggest to
21 you that you make two motions.

22 CHAIRMAN MCCUSKER: 1 and 1a?

23 MR. COLLINS: Administrative and site
24 mobilization. Okay?

25 CHAIRMAN MCCUSKER: In both GMPs or in --

1 MR. COLLINS: You can do -- we can make four
2 motions if you like. Let me suggest now motion to
3 issue a Notice to Proceed for the administrative
4 aspects of GMP #1 and 1a. That would be a motion.

5 MR. SHEAFE: All right. Well, let's make
6 that motion.

7 MR. IRVIN: I'll second that.

8 CHAIRMAN MCCUSKER: Okay. So this is where
9 you got into the breakup conversation. So we have a
10 motion and a second.

11 MR. IRVIN: Now we get to discuss what's the
12 cost.

13 CHAIRMAN MCCUSKER: And so exactly what is
14 included in those two items?

15 MR. COLLINS: There is -- I can't tell you
16 exactly. The guesstimate from smart guys like Phil
17 and the folks at Sundt is that the administrative part
18 is virtually no money. They've already got the money
19 in the preconstruction contract. They can take it
20 from that and reimburse themselves.

21 So you're really not spending any money
22 out of that motion.

23 CHAIRMAN MCCUSKER: Okay.

24 MR. COLLINS: When you do the site
25 mobilization, that's when you start putting up fences,

1 putting trailers on the site, and all of that. And
2 that goes over a period of time. And the best
3 estimate that I believe we've been able to get is, by
4 the end of next week, we're probably not -- we're not
5 north of 100 grand.

6 CHAIRMAN MCCUSKER: Do we have to come back
7 then and issue Notice to Proceeds on the GMPs, or can
8 we do all this today? This is kind of a
9 scorched-earth conversation we're having. There's a
10 big hurricane in Peoria, and it wipes out Caterpillar,
11 and there's nobody left to design the lease, and we've
12 committed to these construction projects, and there's
13 no longer a tenant. We want to cancel everything.

14 MR. COLLINS: You bet.

15 CHAIRMAN MCCUSKER: So we're exposed to a
16 few hundred thousand dollars.

17 MR. COLLINS: Correct.

18 CHAIRMAN MCCUSKER: These are -- these are
19 construction contracts that can be terminated?

20 MR. COLLINS: They are.

21 CHAIRMAN MCCUSKER: With how much notice?

22 MR. COLLINS: My recollection of the
23 preconstruction contract with Sundt is it's less than
24 30 days' notice.

25 CHAIRMAN MCCUSKER: Okay. So at any point,

1 if Caterpillar, for whatever reason, doesn't -- we
2 don't execute the lease, we can stop anything we put
3 in motion today, and we have some small amount of
4 exposure.

5 MR. COLLINS: Correct.

6 MR. HILL: Let's go to motions.

7 CHAIRMAN MCCUSKER: Yes, sir. Let's vote.
8 Anybody have another question?

9 Jannie, are you good?

10 MS. COX: No, I'm good.

11 CHAIRMAN MCCUSKER: All right. Danny?

12 MR. MEYERS: Edmund Marquez?

13 MR. MARQUEZ: Aye.

14 MR. MEYERS: Chris Sheafe?

15 MR. SHEAFE: Aye.

16 MR. MEYERS: Mark Irvin?

17 MR. IRVIN: Aye.

18 MR. MEYERS: Jeff Hill?

19 MR. HILL: Aye.

20 MR. MEYERS: Jannie Cox?

21 MS. COX: Aye.

22 MR. MEYERS: Fletcher McCusker:

23 CHAIRMAN MCCUSKER: Aye.

24 So by 6-0, that motion also carries.

25 I believe that we just did the

1 administrative portion. Now we need a motion to
2 authorize the GMPs themselves.

3 MR. COLLINS: The site mobilization.

4 CHAIRMAN MCCUSKER: You want to do that in
5 two, 1 and 1a, or you want to do -- Mr. Marquez?

6 MR. MARQUEZ: So for clarity, 1 and 1a is
7 approximately \$6.5 million. Site mobilization is
8 simply, again, a small portion of it?

9 MR. COLLINS: Correct.

10 MR. MARQUEZ: So what would be the estimated
11 dollar amount of the site mobilization?

12 MR. SWAIM: Mr. Chairman, Mr. Marquez, over
13 the next week, they will spend approximately \$50,000
14 to set the fence, put in temporary power, set the
15 trailer on site, and get their basic contracts going,
16 and they're planning on starting this Friday if we
17 give them that site mobilization GMP today.

18 MR. SHEAFE: I think it's important to put
19 this in the perspective that counsel recommended to us
20 that we not make these moves until we have a signed
21 lease. Now counsel is saying, and because there's
22 been so much progress made in the last week, that we
23 have enough evidence on the ground that we have every
24 good confidence that we will get the lease signed.

25 So what's the other driving influence?

1 That's what we need to meet the March of '19 -- the
2 final date, and we're right up against the days that
3 we've got to move forward. So it's to our benefit
4 and to Caterpillar's benefits and the City's benefit
5 if we move forward now and get things started for a
6 modest amount of risk. That's what we're trying to
7 accomplish.

8 CHAIRMAN MCCUSKER: So do you need one or
9 two motions?

10 MR. COLLINS: One.

11 CHAIRMAN MCCUSKER: So issue the notice of
12 proceeding on GMP 1 and 1a.

13 MR. COLLINS: For site mobilization.

14 CHAIRMAN MCCUSKER: We did that. That was
15 the last motion.

16 MR. SHEAFE: That was administrative. Now
17 we're doing mobilization.

18 CHAIRMAN MCCUSKER: Clarify your motion.

19 MR. COLLINS: Okay. You could do a motion
20 authorizing the issuance, immediate issuance, of site
21 mobilization Notice to Proceed on both GMP #1 and
22 GMP #1a.

23 MR. SHEAFE: So moved.

24 MR. MARQUEZ: Second.

25 CHAIRMAN MCCUSKER: All in favor, say aye.

1 (Board responds aye.)

2 CHAIRMAN MCCUSKER: All opposed, say nay.

3 (No response.)

4 CHAIRMAN MCCUSKER: Okay. That motion
5 carries.

6 Now, we haven't done anything on the GMPs.
7 Is that correct?

8 MR. COLLINS: You approved the GMPs at the
9 last meeting.

10 CHAIRMAN MCCUSKER: Okay. But didn't we
11 just issue a limited notice of proceeding?

12 MR. COLLINS: You did.

13 CHAIRMAN MCCUSKER: Do I have to issue a big
14 notice of proceeding?

15 MR. COLLINS: Let's talk about how we can do
16 that.

17 You could do yet a third motion and
18 authorize the executive officers to issue the
19 full-blown no-holds-barred -- do GMP and GMP #1a
20 when --

21 MR. IRVIN: When the lease is signed.

22 MR. COLLINS: -- yeah, when the lease is
23 signed. You could do that.

24 CHAIRMAN MCCUSKER: The executive officers
25 don't issue those. It's the board that issues those.

1 So we could issue Notice to Proceed subject to the
2 lease being signed. Yes?

3 MR. COLLINS: Yes. You could do that.

4 CHAIRMAN MCCUSKER: Mr. Marquez?

5 MR. MARQUEZ: What's the chance the lease is
6 signed by the next week's board meeting?

7 MR. COLLINS: I think the chances are good.
8 I don't have a crystal ball, Mr. Marquez, but I got to
9 tell you, I've got a -- the working relationship that
10 I'm experiencing with Caterpillar now -- I think the
11 chances are great.

12 CHAIRMAN MCCUSKER: It's Big Cat that's
13 going to be an issue. And we've seen situations
14 before where we needed the CFO of Caterpillar to sign.

15 MR. COLLINS: Correct.

16 CHAIRMAN MCCUSKER: And he's in London.

17 MR. COLLINS: Yes.

18 CHAIRMAN MCCUSKER: And he's going from
19 London to Chile, and after Chile, he's going to
20 Brazil, and then when he gets back here -- I mean,
21 those are the kind of things that we -- so, you know,
22 I'd just as soon issue the Notice to Proceed subject
23 to the lease being signed. Then we don't have to do
24 anything else, do we?

25 MR. COLLINS: You could do --

1 CHAIRMAN MCCUSKER: These two notices will
2 have been issued, so --

3 MR. COLLINS: They're going out today.

4 CHAIRMAN MCCUSKER: That's just on the
5 administrative and --

6 MR. COLLINS: Site mobilization.

7 CHAIRMAN MCCUSKER: But we can issue the --

8 MR. COLLINS: Authorize the issuance --

9 CHAIRMAN MCCUSKER: Authorize the issuance
10 of Notice to Proceed subject to the lease being
11 signed.

12 MR. COLLINS: Correct. Go ahead.

13 MR. SWAIM: Mr. Chairman, I'd like to be
14 able to add to that to respond to Mr. Sheafe's concern
15 about the Hillsboro schedule. Originally, we
16 anticipated getting Notice to Proceed two weeks ago.
17 What they've done is they've adjusted their
18 construction schedule by starting on the 26th of June,
19 and that will now have them completed.

20 CHAIRMAN MCCUSKER: Completing construction
21 by January -- basically, the first week in January of
22 '19, which still gets them to move into the building
23 by March 1st.

24 So today's Notice to Proceed for
25 administrative and site mobilization allows them to

1 get going to be able to -- and still stay on
2 schedule. If we don't give them the Notice to
3 Proceed by next Tuesday or so for the overall of
4 GMPs, that will not allow them to start construction
5 on the 26th, and then things will start to slip.

6 So I would just caution, do we need to
7 actually see the signature on the lease, or is it
8 something where we say, we've agreed to everything,
9 and now we're just waiting for the final signatures
10 to be able to have that comfort level to provide the
11 Notice to Proceed on these two GMPs?

12 MR. IRVIN: I think we need to have a
13 signature.

14 MR. MARQUEZ: I agree.

15 CHAIRMAN MCCUSKER: I tend to agree. That's
16 why I was trying to advance a motion that's automatic,
17 that we authorize the issuance of the Notice to
18 Proceed on GMP 1 and 1a today coincidental to the
19 signing of the lease.

20 MR. COLLINS: We can do that. I --
21 Mr. Chairman, Mr. Swaim makes a great point, and it's
22 a thing that happens on Caterpillar's side of the
23 deal --

24 CHAIRMAN MCCUSKER: We'll know by next
25 Tuesday.

1 MR. COLLINS: Yeah, you'll know by next
2 Tuesday.

3 CHAIRMAN MCCUSKER: So like you said, we'll
4 agendize, and hopefully we won't have anything to talk
5 about.

6 MR. COLLINS: Okay.

7 CHAIRMAN MCCUSKER: So somebody would need
8 to make that motion. Are we --

9 MR. SHEAFE: No, we need to get a motion
10 made.

11 MR. IRVIN: I like that motion.

12 MR. MARQUEZ: Can you state it for me,
13 please?

14 MR. COLLINS: Well, you could move that the
15 Notice to Proceed on the overall completion of GMP #1
16 and 1a shall be issued upon the execution of the lease
17 that we've been discussing today.

18 MR. MARQUEZ: So moved.

19 MR. HILL: Looks like we have a motion on
20 the table.

21 CHAIRMAN MCCUSKER: No, I don't think so.

22 MR. HILL: Mark made a motion, I thought.

23 MR. COLLINS: Did you?

24 MR. IRVIN: I was fine with your motion,
25 but -- it's been restated and Edmund's fine, so maybe

1 that's a second.

2 MR. MARQUEZ: I'm fine with seconding.

3 CHAIRMAN MCCUSKER: If you have a motion,
4 you should withdraw it.

5 MR. IRVIN: I'll withdraw it.

6 MR. MARQUEZ: Okay. So moved.

7 CHAIRMAN MCCUSKER: And now Mr. Collins --

8 MR. IRVIN: I'm happy to second yours.

9 MR. MARQUEZ: Thank you. This one makes
10 sense.

11 CHAIRMAN MCCUSKER: In motion purgatory, you
12 just --

13 MR. COLLINS: In motion purgatory, I just
14 moved up a notch. Thank God we didn't adopt Roberts
15 Rules of Order.

16 CHAIRMAN MCCUSKER: Dan, call the roll.

17 MR. MEYERS: Edmund Marquez?

18 MR. MARQUEZ: Aye.

19 MR. MEYERS: Chris Sheafe?

20 MR. SHEAFE: Aye.

21 MR. MEYERS: Mark Irvin?

22 MR. IRVIN: Aye.

23 MR. MEYERS: Jeff Hill?

24 MR. HILL: Aye.

25 MR. MEYERS: Jannie Cox?

1 MS. COX: Aye.

2 MR. MEYERS: Fletcher McCusker?

3 CHAIRMAN MCCUSKER: Aye.

4 By unanimous consent of 6-0, we're
5 authorizing GMPs #1 and #1a subject to the
6 Caterpillar Rio Nuevo lease being signed.

7 I would entertain a motion to adjourn.

8 MR. IRVIN: So moved.

9 MR. HILL: Second.

10 CHAIRMAN MCCUSKER: All in favor say aye.

11 (Board responds aye.)

12 CHAIRMAN MCCUSKER: See you in a week. Nice
13 job.

14 MS. COX: Thank you and good night.

15 CHAIRMAN MCCUSKER: Thank you and good
16 night.

17 (Proceedings concluded at 3:05 p.m.)

18

19 * * * *

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFIED REPORTER'S CERTIFICATE

BE IT KNOWN that I took the foregoing proceedings in shorthand; that I was then and there a Registered Diplomate Reporter ad Certified Realtime Reporter; that said proceedings were reduced to writing by me.

I DO FURTHER CERTIFY that these proceedings were taken at the time and place herein set forth and was thereafter reduced to typewritten form, and the foregoing constitutes a true and correct transcript; that I am not a relative or attorney of any party, or financially or otherwise interested in the action.

WITNESS MY HAND this 26th day of June, 2017.

Michelle Kirkpatrick, RDR, CRR, CRC, FCRR
Registered Diplomate Reporter
Certified Realtime Reporter