

TOURISM AND SPORTS AUTHORITY

FIRST 9 MONTHS—MILESTONES

JULY 19, 2000—TSA Board holds inaugural meeting; Jim Grogan elected Chairman.

JULY 2000—TSA Board selects law firms of Fennemore Craig as General Counsel, and Squire, Sanders & Dempsey as Bond Counsel. Board also selects Dain Rauscher as Financial Advisor.

AUGUST 2000—TSA Board prepares publicity pamphlet required by SB 1220 for distribution to electorate prior to November election.

SEPTEMBER 2000—TSA Board enters into letter of intent with Hunt Construction for the design-build of the multipurpose stadium facility at a cost of \$331 million.

SEPTEMBER 2000—TSA distributes Requests for Proposals (RFP's) for both Cactus League Spring Training Facilities and for Youth and Amateur Sports Facilities.

OCTOBER 2000—TSA Board enters into binding MOU's with the Arizona Cardinals and the Fiesta Bowl to play at the new TSA multipurpose facility for at least 30 years.

NOVEMBER 2000—The voters of Maricopa County, by a 52%-48% margin, pass Proposition 302.

NOVEMBER 2000—TSA Board gives preliminary approval to City of Surprise two-team Cactus League project at a cost to the TSA not to exceed \$26.

DECEMBER 2000—The TSA Board's Executive Search Committee reviews over 140 resumes for position of President/CEO.

DECEMBER 2000—The TSA Board establishes January 5, 2001, as final deadline for submission of site proposals for new multipurpose stadium facility.

JANUARY 2001—The TSA Board hires Ted A. Ferris, former Deputy Chief of Staff for Governor Jane Hull as President/CEO of the TSA.

JANUARY 2001—The TSA Board receives five site proposals from West Valley, Phoenix, Tempe, Tempe-Mesa, and Ft. McDowell Yavapai Nation.

JANUARY 2001—The TSA completes a credit agreement with Wells Fargo and Bank One that provides up to \$15 million of "bridge financing" for both the TSA's operating and construction expenses.

FEBRUARY 2001—The TSA narrows the sites to two: West Valley and Tempe Papago Park Center; two weeks later, the TSA chooses Tempe Papago Park as the site for the new TSA multipurpose stadium facility.

MARCH 2001—The TSA President names Kenny Harris, P.E., former City Engineer for the City of Phoenix, as Vice-President for Facilities. The President also names Charles Foley of Resources Connection as Interim Chief Financial Officer.

**TOURISM AND SPORTS AUTHORITY
SUMMARY OF ACTIVITY
JULY 2000 – MARCH 2001**

July 2000

- The Tourism and Sports Authority (“TSA”) Board of Directors (the “Board”) were appointed. Five members (Grogan, Howlett, Meridith, Monahan and Peltier) were appointed by Governor Hull. Two members (Arnett and Benton) were appointed by Speaker Groskost. Two members (Orcutt and Williams) were appointed by Senate President Burns.
- As required by SB 1220, the Board members drew lots to determine staggered Board terms. Arnett, Monahan and Orcutt were appointed to three-year terms. Grogan, Howlett and Meridith were appointed to four-year terms. Benton, Peltier and Williams were appointed to five-year terms.
- The Board members elected Mr. Grogan as Chairman of the Authority.
- As required by SB 1220, the Board resolved to call for an election on November 7, 2001 in Maricopa County (the “County”) to impose a 3.25% car rental surcharge (the “Car Rental Surcharge”) and a 1% hotel tax (the “Hotel Tax”) to finance the activities of the Authority. Additionally, the Board entered into an intergovernmental agreement with the County Elections Department to conduct the election on behalf of the Authority. (*Exhibit 1*)
- As provided for in SB 1220, the Authority received user application fees in the aggregate amount of \$225,000 from the Arizona Cardinals and Fiesta Bowl organizations.
- The Board retained the law firms of Fennemore Craig, P.C. and Squire, Sanders & Dempsey, L.L.P. to serve as General Counsel and Bond Counsel, respectively. Additionally, the Board retained Dain Rauscher Inc. (“Dain Rauscher”) to serve as financial advisor to the Authority.

August 2000

- Messrs. Benton and Williams were appointed to the positions of Secretary and Treasurer, respectively.
- The Board established a banking relationship with Wells Fargo Bank Arizona N.A.
- Hunt Construction Group, Inc. (“Hunt”) delivered a presentation to the Board regarding the uses, configuration, special features and construction costs for a new multipurpose stadium facility (the “Facility”) to be constructed in the County. Additionally, Hunt committed to constructing the Facility for a guaranteed maximum price of \$331 million provided the construction is done on a design-build basis and is completed according to the proposed schedule.

- The Board, working with professional advisors, prepared the publicity pamphlet required by SB 1220. The pamphlet describes the Authority, its legislative mandate and the proposed Car Rental Surcharge and Hotel Tax. The Board also prepared a statement of support for Proposition 302 signed by all Board members for inclusion in the pamphlet. *(Exhibit 2)*
- The Board formed the Community Forums Committee to explain to the public the role of the Authority in funding and promoting youth and amateur sports and recreational facilities and other aspects of the Authority's programs.
- The Board adopted a logo for the Authority.
- The Board adopted a formal conflict of interest policy. *(Exhibit 3)*
- The Board obtained directors and officers liability insurance.
- The Board held a press conference to announce the distribution of the Request for Proposals for the Multipurpose Stadium Facility site (the "Site RFP"). The Site RFP was then distributed to: (i) all municipalities in the County; (ii) all Native America tribal organizations in the County; and (iii) to other interested parties. *(Exhibit 4)*

September 2000

- The Community Forum Committee of the Board held its initial planning meeting.
- In an effort to finalize negotiations of the Memorandum of Understanding between the Authority and the Arizona Cardinals, the Authority retained the services of Banc One Capital Markets, Inc. ("Banc One Capital Markets") to act as a consultant to the Authority with respect to determining industry standards applicable to National Football League organizations and publicly owned/funded venues.
- The Board obtained general liability insurance coverage.
- The Authority held a pre-submission conference for prospective site hosts for the Facility regarding the design and technical aspects of the Facility.
- The Authority entered into a letter of intent with Hunt for the design/build construction of the Facility at a cost to the Authority of not to exceed \$331 million. *(Exhibit 5)*
- The Authority distributed Requests for Proposals for both Major League Spring Training Facilities and Youth and Amateur Sports and Recreational Facilities. *(Exhibits 6 & 7)*
- The Board adopted operating Bylaws. *(Exhibit 8)*

October 2000

- Authority Board members attended the Board and Commission Member Orientation and Ethics Training seminar sponsored by the Governor's Office.
- The Community Forums Committee held nine community forum meetings at various locations in the County. The purpose of the meetings was: (i) to provide information about the Authority and Proposition 302; and (ii) encourage public participation through voting in the November election and submission of proposals to the Authority. The public was invited to meetings in: Avondale, Glendale, Phoenix, Tempe, Mesa, Scottsdale and Chandler.
- The Authority received letters expressing interest in hosting the site for the Facility from the Fort McDowell Yavapai Nation, the West Valley Coalition, the Cities of Mesa and Tempe, collectively, and the City of Tempe, individually.
- The Authority hosted a tour of three of the four proposed sites for the Facility. Board members and other interested parties visited proposed sites in the West Valley, Mesa/Tempe and Fort McDowell Yavapai Nation. The tour allowed Board members and others to view the specific characteristics of the proposed sites.
- As required by SB 1220, the Authority entered into a binding Memorandum of Understanding with the Arizona Cardinals (the "Cardinals MOU") pursuant to which the Cardinals agreed to play their home football games at the Facility for a period of at least thirty (30) years. Banc One Capital Markets expressed a formal opinion that, after discovery, examination and analysis of relevant data, the terms and conditions of the Cardinals MOU are consistent with industry standards as required by SB 1220. (*Exhibit 9*)
- As required by SB 1220, the Authority entered into contingent site agreements with: (i) WESTMARC, on behalf of a partnership of public and private interests for the proposed West Valley site; (ii) the Cities of Mesa and Tempe as to the jointly submitted proposed East Valley site; (iii) the Fort McDowell Yavapai Nation as to its proposed site; and (iv) the City of Tempe as to its proposed Tempe site. (*Exhibits 10-13*)
- As required by SB 1220, the Authority entered into a binding Memorandum of Understanding with the Fiesta Bowl pursuant to which the Fiesta Bowl agreed to play their bowl games at the Facility for a period of at least thirty (30) years. (*Exhibit 14*)
- The City of Surprise proposed that the City partner with the Authority to develop a Cactus League spring training and youth/amateur sports and recreation facility in the City for use by the Texas Rangers and the Kansas City Royals Major League Baseball organizations (the "City of Surprise Cactus League Project"). (*Exhibit 15*)

November 2000

- Proposition 302 passed by a majority vote of County residents. Passage of the Proposition authorized the imposition of the Car Rental Surcharge and the Hotel Tax.
- The Board created the following working groups to divide the workload among Board members and keep the Authority's projects on schedule: (i) Executive Director Search, (ii) Site Review, (iii) Construction, and (iv) Finance.
- Hunt hired Hellmuth, Obata & Kassabaum ("HOK") to serve as production architect for the Facility. HOK has extensive experience in the design of stadiums and arenas. Additionally, Hunt has worked with the professionals at HOK on a number of similar projects and enjoys a good working relationship with them. Also, Hunt retained other consultants to assist in the design and construction of the Facility: (i) M-E Engineers, Inc. for mechanical and electrical design; (ii) Cini-Little International, Inc. for food service and concessions; (iii) Buro Happold Consulting Engineers for structural roof consulting; (iv) Rowan, Williams, Davies & Irwin, Inc. for wind study; and (v) Wrightson, Johnson, Haddon & Williams for audio/video systems.
- The Executive Director Search Working Group developed a job description for the Authority's Executive Director/President and CEO position. Additionally, the Working Group published advertisements announcing the position in the Arizona Republic, the Tribune and the Arizona Business Journal. (*Exhibit 16*)
- The City of Tempe withdrew its original Tempe-only site proposal near McClintock Drive and Rio Salado and, instead, proposed a site at the southeast corner of Washington Street and Priest Drive, south of Papago Park.
- The Authority and Hunt began work on the definitive design/build construction agreement.

December 2000

- The Authority began working with Wells Fargo Bank to arrange an interim line of credit to provide for the Authority's financial needs until monies from the Car Rental Surcharge and Hotel Tax are distributed to the Authority.
- The Board granted conditional approval for the City of Surprise Cactus League Project. The Board resolved to contribute an amount to the City not to exceed \$26 million for the development of the facilities. The amount of the Authority's contribution to the City was determined after examining the projected revenues of the Authority and the anticipated funding needs of existing Cactus League facilities.

- The Board formally retained Dain Rauscher and Banc One Capital Markets to jointly underwrite the Authority bonds to be issued for the purpose of developing the Facility. Additionally, the Board retained Dain Rauscher to underwrite the Authority bonds to be issued to finance the Authority's portion of the City of Surprise Cactus League Project.
- The Board's Executive Director Search Working Group received and reviewed over 140 resumes from applicants for the Executive Director/President and CEO position. All resumes were forwarded to Board members for their review and consideration.
- The Board's Site Selection Working Group hosted a question and answer session for prospective Facility site hosts. Representatives from both the Authority and Hunt were available to provide further information and answer questions regarding the Facility development project and the site proposal process.
- The Board's Construction Working Group met with representatives from Hunt and the Arizona Cardinals to discuss the preliminary design, scope and construction program for the Facility. Additionally, the Working Group began discussions with individuals and firms to serve as the Authority's construction consultants.
- Board members met with representatives of the Arizona Republic Editorial Board to describe the activities of the Authority and provide information about the Board members.
- Dain Rauscher, the Authority's financial advisor, gave a presentation to the Board regarding the Authority's sources and expected uses of funds and anticipated bond offerings. (*Exhibit 17*)
- At the invitation of Hunt, Board members Grogan, Benton and Peltier, Jay Ruffner, the Authority's General Counsel, and representatives from Hunt traveled to Denver, Colorado, to visit with the Chairman and Executive Director of the Municipal Football Stadium District (the "MFSD") and toured the site and stadium under construction for the Denver Broncos. The MFSD, similar to the Authority, is developing its project on a design-build basis.
- The Authority received a letter expressing interest for a proposed downtown Phoenix site for the Facility from a coalition of the Downtown Phoenix Partnership, Phoenix Community Alliance and the Greater Phoenix Convention and Visitors' Bureau.
- The Authority established January 5, 2001, as the deadline for potential Facility site hosts to submit proposals for the Facility site.
- The Authority developed and distributed a Request for Proposals for Construction Consultants to advise the Authority during the design and construction of the Facility. (*Exhibit 18*)

January 2001

- The Board selected, and entered into an employment agreement with, Mr. Ted Ferris, former Deputy Chief of Staff to Governor Hull, as Executive Director/President and CEO of the Authority.
- The Authority received proposals for the Facility site from: (i) the Cities of Mesa and Tempe; (ii) the Downtown Phoenix Partnership; (iii) the Fort McDowell Yavapai Nation; (iv) the City of Tempe; and (v) WESTMARC. The potential site hosts also delivered presentations to the Board regarding their respective proposals. (*Exhibits 19-23*)
- The Authority requested additional information from each potential site host and responses were received and analyzed. (*Exhibit 24-28*)
- At the invitation of Hunt, representatives from the Authority, Hunt and the Arizona Cardinals traveled to Tampa Bay, Florida, to tour Raymond James Stadium and visit with stadium administrators.
- The Authority closed its interim financing transaction with Wells Fargo Bank and Bank One. The banks agreed to provided up to \$15 million in a revolving credit facility for both the Authority's operating and construction expenses. (*Exhibit 29*)
- Mr. Ferris addressed the Valley Hotel and Resorts Association and discussed the Authority's role in the promotion of tourism in the County.

February 2001

- The Authority's advisors, the Arizona Cardinals and the Fiesta Bowl presented to the Board their reviews of the Facility site proposals. Each site's attributes and drawbacks were analyzed and discussed. Additionally, Mr. Ferris gave a recommendation to the Board concerning the Facility site. After hearing from its advisors, the Arizona Cardinals and the Fiesta Bowl, the Board voted to designate the West Valley and Tempe site proposals as the finalists in the Authority's Facility site selection process and eliminate from further consideration the Fort McDowell Yavapai Nation, Mesa/Tempe and Downtown Phoenix site proposals.
- The Board requested that separate binding Site Memoranda of Understanding be prepared for both the City of Tempe and West Valley sites. The Authority's professional staff, consultants and advisers, with the assistance of Hunt, negotiated and documented the Memoranda of Understanding with the intention of presenting to the Board for its selection two fully negotiated site proposals. (*Exhibits 30&31*)
- The Board toured both the proposed Tempe and West Valley Facility sites and received presentations regarding each site from site representatives.

- At the Board meeting held February 13th, Mr. Ferris, pursuant to SB 1220, recommended that the Board select the City of Tempe's Facility site proposal. The Board then voted, after discussion and analysis, to select the City of Tempe's Facility site proposal and approved the Site Memorandum of Understanding between the Authority and the City of Tempe to signify the Board's approval and acceptance.
- Mr. Ferris met with representatives from the City of Surprise to discuss the financing plan and development schedule for the City of Surprise Cactus League Project.

March 2001

- The TSA President named Mr. Kenny W. Harris to serve as Vice President for Facilities. Prior to being hired by the Authority, Mr. Harris was the City Engineer for the City of Phoenix.
- Mr. Ferris and several Board members toured stadium and arena facilities in Indianapolis, Houston and Los Angeles to discuss stadium design, construction, operations and marketing with facility managers.
- The Authority's design and construction consultants continued working with Hunt on the design, program development and pre-construction planning for the Facility.
- The Authority's bond underwriters, financial advisors and legal counsel began working on the financing documents for the bond offerings for both the City of Surprise Cactus League Spring Training Project and the Facility.
- Mr. Ferris and the Authority's financial advisors met with representatives from the Arizona Department of Revenue to discuss the implementation and collection of the Car Rental Surcharge and Hotel Tax.
- The Authority retained the services of Mr. Roger Brendecke to serve as the Authority's representative for the City of Surprise Cactus League Project. Mr. Brendecke has previously worked with the Maricopa County Stadium District and has extensive experience in the financing and development of Cactus League facilities. Additionally, Mr. Brendecke began his work for the Authority by reviewing the City of Surprise Cactus League Project cost model and comparing estimates with costs of comparable Major League Baseball spring training facilities. (*Exhibit 32*)
- The Authority leased and moved into office space in Scottsdale.
- The Authority engaged the services of Mr. Chuck Foley of Resources Connection, a temporary professional services firm, to serve as the Authority's interim financial professional until a permanent Chief Financial Officer is employed. Mr. Foley reviewed the Authority's financials, prepared accounting systems, reconciled accounts and began work on the Authority's budget for fiscal year 2001-02. (*Exhibit 33*)

EXHIBITS

The following list of exhibits will be made available upon request.

1. Intergovernmental Agreement with County Elections Department – 6 pages
2. Publicity Pamphlet – 45 pages
3. Conflict of Interest Policy – 5 pages
4. Multipurpose Stadium Facility Site Request for Proposal – 27 pages
5. Letter of Intent with Hunt Construction Group, Inc. – 2 pages
6. Request for Proposals for Major League Spring Training Facilities – 2 pages
7. Request for Proposals for Youth and Amateur Sports and Recreational Facilities – 5 pages
8. Bylaws – 7 pages
9. Memorandum of Understanding with the Arizona Cardinals – 5 pages
10. WESTMARC Site Agreement – 4 pages
11. Cities of Mesa and Tempe Site Agreement – 4 pages
12. Fort McDowell Yavapai Nation Site Agreement – 4 pages
13. City of Tempe Site Agreement – 4 pages
14. Memorandum of Understanding with the Fiesta Bowl – 10 pages
15. Recreation and Spring Training Project Presentation – 25 pages
16. Executive Director Job Description – 2 pages
17. Financing Plan Overview Presentation – 12 pages
18. Request for Proposals for Construction Consultant – 7 pages
19. Cities of Mesa and Tempe Site Proposal – 42 pages
20. Downtown Phoenix Partnership Site Proposal – 36 pages

EXHIBITS *(Page 2)*

21. Fort McDowell Yavapai Nation Site Proposal – 72 pages
22. City of Tempe Site Proposal – 145 pages
23. WESTMARC Site Proposal – 295 pages
24. Request for Additional Information from Fort McDowell Yavapai Nation Site – 5 pages
25. Request for Additional Information from Downtown Phoenix Partnership Site – 5 pages
26. Request for Additional Information from West Valley Site – 5 pages
27. Request for Additional Information from Mesa/Tempe Site – 3 pages
28. Request for Additional Information from Tempe Only Site – 5 pages
29. Credit and Pledge Agreement – 69 pages
30. City of Tempe Site Memoranda of Understanding – 126 pages
31. West Valley Site Memoranda of Understanding
32. Consulting Services Agreement – Mr. Roger Brendecke – 5 pages
33. Resources Connection Agreement – 9 pages