

TOURISM AND SPORTS AUTHORITY

Minutes of a Meeting of the Board of Directors January 23, 2001 – 7:30 a.m.

Attendance

Members

Roc Arnett
John Benton
James Grogan
C.A. Howlett
Denise Meridith
Katharine Monahan
Herman Orcutt
Bill Peltier (telephonically)
Rod Williams

Staff

Ted Ferris, President and Chief Executive Officer
Kim Monroe, Executive Assistant

1. Introduction. A public meeting of the Board of Directors (the “Board”) of the Tourism and Sports Authority (the “Authority”) was held in conference room E1 at the offices of Fennemore Craig, P.C., 3003 North Central Avenue, Suite 2600, Phoenix, AZ 85012, on Tuesday, January 23, 2001, at 7:30 a.m. A quorum being present, and the meeting having been duly noticed and called, Mr. Grogan, the Chairman, called the meeting to order.
2. Approval of Prior Minutes. The Chairman asked for a motion to approve and ratify the minutes of the meeting of the Board held Saturday, January 6, 2001. Mr. Williams so moved. Upon motion duly made, seconded and unanimously carried, it was resolved that the minutes from the previous meeting be approved.
3. Status of Interim Financing. Mr. Ferris, President and Chief Executive Officer of the Authority, reported that the Authority closed its interim financing transaction with Wells Fargo Bank and Bank One (collectively, the "Banks"). The Banks will, subject to the terms and conditions fully negotiated and documented, provide up to \$15 million in a revolving credit facility for both operating and design and pre-construction expenses. Mr. Ferris further reported that the interim credit facility would be replaced by more permanent bond financing; accordingly, the Authority's cost of borrowing should be lower once bonds are issued.
4. Informational Report – Tourism Promotion. Mr. Ferris reported that he addressed the monthly meeting of the Valley Hotel and Resorts Association (the “Association”). Mr. Ferris

assured the Association that the Authority is dedicated to the promotion of tourism in Maricopa County and committed to ensuring that the Authority's tourism promotion funds are wisely invested.

5. Informational Report – Cactus League Development. Mr. Ferris reported that planning, design and pre-construction activities are continuing in the City of Surprise (the "City") with respect to the development of the new Cactus League facility. Mr. Ferris stated that he would be meeting with representatives from the City during the second week of February to ensure that the Authority is adequately apprised of the project. Additionally, Mr. Ferris reminded the Board that the Authority, in order to accommodate a February 2002, completion date, must secure bond financing for the project by April 2001.

6. Informational Report – Youth and Amateur Sports Facility Development/Tourism. Mr. Ferris reported that the Authority continues to receive inquiries regarding funding for youth and amateur sports facility development projects. Further, Mr. Ferris stated that the Authority's funding plan includes \$1 million for such projects in the first year the Authority receives funding. The Chairman stated that, while the current media attention has been focused on the development of the multipurpose stadium and Cactus League facilities, the Authority remains committed to funding youth and amateur sports facilities and making contributions to the Arizona Office of Tourism for tourism promotion in Maricopa County.

7. Stadium Development – Presentation by Hunt Construction Group, Inc. The Chairman asked Mr. Robert C. Hunt, Chairman of Hunt Construction Group, Inc. ("Hunt"), to update the Board regarding Hunt's progress on the design and pre-construction work for the multipurpose stadium facility. Mr. Hunt stated that the lower seating bowl of the facility is completely designed and that design work for the upper seating bowl is nearing completion. Additionally, Mr. Hunt reported that the design team is focusing its efforts on incorporating the removable seats, the operable wall and roof sections, and the removable field into the overall facility design. Further, Mr. Hunt stated that Hunt's consultants are examining the challenges posed by placing natural grass in a removable field.

8. Review of Site Proposals – Introduction. Mr. Grogan reminded the Board that the meeting is an opportunity to gather and assimilate all relevant information regarding each site proposal. Mr. Grogan then described the process by which the meeting would be conducted and the order of presentations. Mr. Grogan called upon the Authority's consultants for their comments on each site based on the information received and developed by the Authority.

9. Review of Site Proposals – Presentation by Hunt Construction Group Inc.

Fort McDowell Yavapai Nation

Mr. Gilbert provided the report of Hunt. The Fort McDowell Yavapai Nation's proposal, as is the case with all site proposals, offers both strengths and challenges. Mr. Gilbert stated that the Nation offered a comprehensive proposal and an environmentally clean, readily accessible and relatively flat site. Mr. Gilbert noted, however, that the site may contain potential rocky soil depending on where the stadium is located and that the Nation must build a power substation to provide electrical power to the site both during and after construction. Mr. Gilbert also noted that the site posed a challenge in terms of traffic access and flow.

West Valley

Mr. Gilbert stated that the site is environmentally clean, that there are no existing structures that would need to be demolished or relocated and that construction would probably not require deep foundational footings. Mr. Gilbert did note that the soils report indicated the potential for expansive soils, which could be remedied by bring in excavated soils. Mr. Gilbert also stated that the West Valley proposal did not include provisions for a sanitary lift station. Mr. Gilbert noted that, in Hunt's view, a sanitary lift station would be required at the site. Mr. Gilbert confirmed that current design requires excavation below grade. In response to questions from the Chairman, Mr. John Miller of John F. Long Properties stated that a possible historic silo would have no impact on stadium development and that initial findings did not justify a level 3 archeological review. Mr. Robert C. Hunt stated that Hunt did not believe a level 3 review was necessary or justified at this time.

Mesa/Tempe

Mr. Gilbert stated that the main challenges regarding this site are the number of current property owners that would be displaced and the 90-inch water main owned by the City of Phoenix that would need to be relocated. Mr. Gilbert stated that the water main relocation is a significant infrastructure issue and could present the possibility for additional costs and delays. Mr. Gilbert also stated that no soils or environmental reports were received regarding the site. Additionally, Mr. Gilbert stated that the Mesa/Tempe site proposal did not address how excess cut materials are to be disposed.

Tempe

Mr. Gilbert reported that, from a construction standpoint, this site has significant elevation changes. Mr. Gilbert also noted that the proposed placement of the stadium may limit pedestrian access to the site. Mr. Gilbert reported that Tempe had suggested an alternative location for the facility on the site closer to the Center Parkway. Mr. Gilbert then stated that, with respect to stadium operating costs, an east/west orientation of the stadium is more favorable than a north/south orientation due to increased operating costs associated with solar exposure to the operable wall section. A southern orientation of the operable wall could cause air conditioning costs to be higher. Mr. Benton stated that the solar exposure and direct sunlight on the playing field while located outside the stadium facility are issues of concern. Mr. Gilbert continued by stating that soil borings tests done at the site indicated ground water at 21 to 23 feet below grade level. Hunt would like borings tests done to bedrock level. The groundwater issue is unique to the Tempe site.

Downtown Phoenix

Mr. Gilbert stated that the number of property owners that would be displaced is a challenge along with the possible need for environmental remediation of the site. Downtown Phoenix is conducting a Phase I environmental survey and that a Phase II would be completed by the end of February. Pedestrian access to the site might also be a challenge due to the location of the existing railroad to the south. The proposed shared district cooling system is a significant part of the business plan presented by Downtown Phoenix but that Hunt could not verify the \$19-plus million associated cost savings. In response to a question by Mr. Benton, Mr. Hunt reported that the ability to market the stadium's excess cooling capacity would depend on the cooling demand in the area of the stadium.

10. Review of Site Proposals – Presentation by Dain Rauscher Inc.

Fort McDowell Yavapai Nation

Mr. John Snider, Managing Director of Dain Rauscher Inc. stated that, in general, the Nation's proposal did not provide sufficient financial information to permit Dain Rauscher to perform a complete review. At the request of the Chairman, Mr. Snider stated that he would meet with representatives of the Nation to provide additional financial information to the Board at its next meeting. The proposal does not call for the Authority to make any lease payments for the site. The Nation has offered to share parking revenues with the Authority. Given the Nation's sovereign status, the Authority may encounter difficulty receiving its rebate of transaction privilege taxes by the State.

West Valley

The West Valley proposal calls for the land for the stadium site to be donated by John F. Long to the City of Avondale who would then transfer the land at no cost to the Authority. Land for the related infrastructure would be leased to the City of Avondale by Mr. Long. The City of Avondale would issue bonds, to be privately placed with Mr. Long, to cover the costs of infrastructure and land. The risk of cost overruns would be completely born by Mr. Long.

Mesa/Tempe

The Mesa/Tempe proposal contained the most uncertainty and posed the greatest financial risk to the Authority. The proposal calls for the Authority to make lease payments to the Cities for the site. The exact amount of lease payments could not be determined until an accurate cost for land acquisition is determined. The proposal calls for the Authority to assume all risk of cost overruns.

Tempe

The Tempe proposal calls for the City of Tempe to lease the stadium site from the Salt River Project; the City would then lease the site to the Authority. The Authority would be responsible for some lease payments. The City of Tempe is willing to share other revenues generated at the facility and also would be responsible for all cost overruns. Mr. Grogan observed that the Authority is seeking an agreement for the site which would eliminate any financial impact to the Authority.

Downtown Phoenix

The amount of direct public funding by the City for the project is limited to \$3 million. The Downtown Phoenix proposal calls for the Authority to contribute an amount equal to any cost savings associated with the use of a shared downtown cooling system, as proposed by Northwind. The risk of cost overruns will be the responsibility of the Authority. The number of property owners who would be displaced and the associated cost of relocation is a cause for concern.

11. Review of Site Proposals – Presentation by General Counsel.

Fort McDowell Yavapai Nation

Mr. Jay Ruffner, General Counsel, stated that there are legal concerns relating to state transaction privilege taxes, the sovereign status of the Nation, and continued access to the site. Mr. Ruffner also reminded the Board that the Authority's authorizing legislation requires the Authority to hold legal title to the stadium facility.

West Valley

The West Valley proposal does not pose significant legal concerns. The Authority would need to follow the de-annexation and annexation process of the site involving the City of Phoenix and the City of Avondale. Mr. Ruffner also reported that the Authority would need assurances that John F. Long is able to perform the financial obligations called for in the proposal.

Mesa/Tempe

Mr. Ruffner stated that the site was the most expensive and involved the most risk to the Authority. Quantifying the cost and risk was not possible based on the information provided to the Authority. The site presented issues of assembling the land.

Tempe

Mr. Ruffner reported that the Authority would need to closely examine the proposed lease arrangements between the Authority and the City of Tempe. Site conditions were being addressed.

Downtown Phoenix

There are issues regarding the cost savings associated with the shared chilling system and with assembling the land on the Authority's schedule. Site conditions are an issue.

12. Review of Site Proposals – Summary. Mr. Ferris, President and CEO of the Authority, then summarized the Authority's review and analysis of the five site proposals. Mr. Ferris stated that, from the Authority's perspective, the site hosts were competing on the following bases: cost to the Authority, strength of the financing plan, deliverability of the site by July, 2001, ability to attract events other than football, ability to act as a catalyst for related economic development and public access. Mr. Ferris then summarized the strengths and challenges of each site as identified by the Authority and its consultants.

13. Review of Site Proposals – Presentations by Site Hosts. The site hosts were then given the opportunity to offer a short presentation regarding their proposals and the issues identified by the Board and the Authority's consultants. The site hosts provided further information to the Board and responded to questions from the Board and consultants.

14. Announcements. The Chairman announced that the next meeting of the Board would be held on Thursday, February 1, 2001, at 7:30 a.m. at the offices of Fennemore Craig, P.C., 3003 North Central Avenue, Suite 2600, Phoenix, Arizona 85012.

15. Adjournment. There being no further business to come before the meeting, upon motion duly made by Mr. Arnett, seconded and unanimously carried, the meeting adjourned.