

TOURISM AND SPORTS AUTHORITY

**Minutes of a Meeting of the Board of Directors
December 19, 2003 –2:00 p.m.
46th Meeting of the Board of Directors
Tourism and Sports Authority Boardroom
14500 N. Northsight Boulevard, Suite 312
Scottsdale, Arizona 85260**

Attendance

Members

Roc Arnett
John Benton
Michele Eckert
James J. Grogan
Thomas L. Hocking
C.A. Howlett
Herman Orcutt
William Peltier
Rod Williams

Staff

Ted Ferris, President and Chief Executive Officer
Kenny Harris, P.E., Vice President for Facilities
Charles Foley, Chief Financial Officer
Kim Monroe, Executive Assistant
Deb Wilson, 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 the Boardroom at the offices of the Authority, 14500 N. Northsight Boulevard, Suite 312, Scottsdale, Arizona 85260, on Thursday, December 19, 2003, at 2:00 p.m. A quorum being present, and the meeting having been duly noticed and called, Mr. Grogan, the Chairman, called the meeting to order.

2. Consideration of Minutes of October 30, 2003. The Chairman asked for a motion to approve and ratify the minutes of a meeting of the Board held October 30, 2003. Upon motion duly made by Ms. Eckert, seconded by Mr. Hocking and unanimously carried, it was resolved that the minutes of the October 30th meeting be approved.

3. Consideration of Executive Session. The Chairman advised the Board that there had been a request by the general counsel of the Authority for an executive session to provide legal advice pursuant to A.R.S. § 38-431.03(A)(3) and to discuss real property pursuant to

A.R.S. § 38-431.03(A)(7). Upon motion duly made by Mr. Peltier, seconded by Mr. Benton and unanimously carried, it was resolved that the Board would go into executive session. The Chairman advised all present at the meeting that the executive session would last approximately thirty minutes.

4. Multipurpose Facility Matters.

4.1. Construction Update. Mr. Harris began a presentation on the construction update and then turned the presentation over to Mr. Gerry Murphy, the Authority's construction consultant. Mr. Murphy reviewed the status of construction at the site generally, noting that there were already 240 workers on the site. He stated that the focus has been on quality control.

4.2. Consideration of Resolution Approving Final Guaranteed Maximum Price under the Agreement for Design/Build Services with Hunt Construction Group, Inc. The Chairman asked Mr. Ferris to present to the Board the resolution regarding the guaranteed maximum price ("GMP") under the Agreement for Design/Build Services (the "DBA") with Hunt Construction. Mr. Ferris informed the Board that the resolution before them resolves certain items under the GMP, but not all of the issues. Instead, Mr. Ferris stated that the resolution sets forth the expectations of the Authority on how certain issues will be resolved and the time and manner for resolution. Mr. Ferris indicated that the staff requested this guidance from the Board in order to accomplish the final GMP documents under the DBA. Ms. Strunk commented that the resolution follows the outline of the DBA in resolving the GMP and would update a number of prior Exhibits to the DBA and replace them with the Exhibits being presented to the Board in the resolution. Mr. Benton indicated that he thought the progress made on the GMP was good, but that there was additional work to accomplish, and he recommended to

the Board that Resolution No. 2003-47 be passed by the Board. Upon a second of that recommendation by Mr. Orcutt, the Board unanimously passed Resolution No. 2003-47.

4.3. Consideration of Professional Service Industries Consulting Agreement.

The Chairman asked Mr. Harris to review for the Board the recommended action regarding the Professional Service Industries Consulting Agreement. Mr. Harris indicated that this contract was for concrete inspection and had a maximum price not to exceed \$1.2 million. Mr. Harris recommended to the Board the approval of the Professional Service Industries Consulting Agreement. Mr. Arnett asked whether the \$1.2 million is already part of the approved budget for the multipurpose facility and Mr. Murphy responded in the affirmative. Upon a motion made by Mr. Williams and seconded by Ms. Eckert, the Board unanimously approved the Professional Service Industries Consulting Agreement.

4.4. Consideration of FP&C Consultants, Inc. Consulting Agreement. Mr.

Harris indicated that FP&C is a consultant from Kansas City that is working to resolve construction code issues. Mr. Harris recommended to the Board the approval of the FP&C Consultants, Inc. Consulting Agreement. Upon a motion made by Mr. Benton and seconded by Mr. Orcutt, the Board unanimously approved the FP&C Consultants, Inc. Consulting Agreement.

4.5. Consideration of Amendment to Construction Advising LLC Consulting

Agreement. Mr. Harris stated that Construction Advising LLC is Gerry Murphy's entity. Mr. Harris stated that the Amendment to the Consulting Agreement expands Mr. Murphy's services from Phase 1 to the end of the construction project. Mr. Orcutt stated that Mr. Murphy brings a level of expertise and knowledge to the project that is critical. Mr. Benton agreed and stated that Mr. Murphy also brought a level of professionalism that reflected well on the Authority. Mr. Arnett inquired whether the fee was a continuation or whether there was any adjustment. Mr.

Benton responded that the fee had been adjusted. Mr. Harris recommended to the Board the approval of the Amendment to the Construction Advising LLC Consulting Agreement. Upon a motion made by Mr. Benton and seconded by Mr. Orcutt, the Board unanimously approved the Amendment to the Construction Advising LLC Consulting Agreement.

4.6. Consideration of Amendment to Associated Minority Contractors of America Consulting Agreement. Mr. Harris stated that Associated Minority Contractors of America Consulting Agreement was being amended to extend the term of the contract to the end of the construction project, but that the fee has not been changed. Mr. Harris stated that the Authority had a stated goal of 10%, or \$24 million in construction costs, for minority contractors and that Associated Minority Contractors of America were responsible for assisting the Authority in meeting that goal. Mr. Benton indicated that he understood the process was working well. Mr. Harris recommended to the Board the approval of the Amendment to the Associated Minority Contractors of America Consulting Agreement. Upon a motion made by Ms. Eckert and seconded by Mr. Benton, the Board unanimously approved the Amendment to the Associated Minority Contractors of America Consulting Agreement.

5. Youth & Amateur Sports Matters. The Chairman asked Mr. Ferris to report on the status of the Youth & Amateur Sports matters. Mr. Ferris reported that Ms. Julie Chiu was working to narrow down the 92 grant applications so that the Youth and Amateur Sports Committee would be able to recommend the applications to the Board. Mr. Peltier reported that Ms. Chiu was going to make site visits in January and that the Youth and Amateur Sports Committee hoped to be able to present a final list to the Board by the end of January.

6. TSA Business Issues. The Chairman stated that at the October 30 meeting, the Board had decided to implement a number of governance changes for the Board. Mr. Grogan then asked Ms. Strunk to review for the Board the proposed changes.

6.1. Consideration of By-Law Revisions. Ms. Strunk reviewed for the Board the Bylaw revisions, including some of the deletions from the prior Bylaws. Ms. Strunk indicated that to the extent certain items were already covered by the Authority's governing act, they were deleted, such as the appointment and replacement of members of the Board. Ms. Strunk indicated that the Authority's governing act indicates that the Treasurer be an employee of the Authority, and that Mr. Foley would hold that title. Mr. Arnett indicated that he was more comfortable with the oversight by the Finance Committee and Ms. Strunk responded that this oversight is not only appropriate but it was advisable. She further stated that the Bylaws do not change the oversight of the Finance Committee or the requirement that monthly reports on the financial condition of the Authority be provided to members of the Finance Committee or the Board. Upon a motion made by Mr. Orcutt and seconded by Mr. Williams, the Board unanimously approved the Amended and Restated Bylaws of the Authority.

6.2. Election of Officers. Upon motion duly made by Mr. Orcutt and seconded by Mr. Arnett, Mr. Benton was elected Chairman of the Board for a term of two years commencing January 1, 2004. Upon motion duly made by Mr. Orcutt and seconded by Mr. Arnett, Mr. Williams was nominated for the office of Secretary. Mr. Williams then declined to serve as secretary of the Authority. Upon motion duly made by Mr. Hocking and seconded by Ms. Eckert, Mr. Orcutt was elected as Secretary of the Board for a term of two years commencing January 1, 2004.

6.3. Consideration of the Authority's Policies and Procedures. Mr. Ferris reported to the Board that the Authority had developed, along with the assistance of Mr. Lee Stein and Ms. Strunk of Fennemore Craig, a number of policies and procedures. Mr. Ferris stated that a number of these policies respond to certain items noted by the Auditor General during their recent review of the Authority. Mr. Ferris reviewed for the Board the policy on gifts, which he stated expands the current gift ban contained in the Authority's enabling act to cover not only lobbyists, but also any party doing business with or seeking to do business with the Authority. Ms. Strunk noted that the Authority sought advice from time to time to ensure compliance with the various statutory rules and that the proposed policies would make some of the rules clearer. Upon a motion made by Mr. Arnett and seconded by Mr. Williams, the Board unanimously approved the Authority's Policies and Procedures.

7. Cactus League Matters. The Chairman invited Mr. Ferris to update the Board on the matters pending in connection with Cactus League spring training facilities. Mr. Ferris stated that he had been working with the City of Scottsdale, the City of Tempe and the City of Goodyear regarding the renovation and potential expansion of the Cactus League. Mr. Grogan indicated that when the Plan B Task Force was formed, the Cactus League was under attack and that Las Vegas was stepping up their competitive measures. He stated that the Authority was formed in part to protect the enormous asset that is the Cactus League and commended to everyone to continue to strengthen the Cactus League by making every dollar count. Today, Mr. Grogan continued, the Cactus League has two new teams in the Kansas City Royals and the Texas Rangers. Mr. Hocking stated that it appears the focus is on the Goodyear funding commitment but that this is dependent upon a successful negotiation with the City of Scottsdale and the City of Tempe. He stated that in the early 1990's the Cactus League was near death

when the car rental tax was passed and the City of Peoria and the City of Mesa built their new facilities. Mr. Grogan acknowledged Mr. Arte Moreno, the owner of the Anaheim Angels, Mr. Bill Pope, the development partner in Goodyear, and Mayor Jim Cavanaugh of Goodyear were in attendance to address the Board.

Mr. Ferris reviewed for the Board the financial proposal for the relocation of the Anaheim Angels in the City of Goodyear set forth in Resolution 2003-48. Mr. Ferris indicated that the Authority would provide funds to the City of Goodyear only if the Authority can reach agreement with the City of Scottsdale and the City of Tempe on their renovations, and only if the City of Tempe finds a new tenant. Mr. Howlett asked whether the Authority could fund all three facilities and Mr. Hocking responded yes, but added it would be difficult. Mr. Ferris indicated that Mr. Moreno understood that no funds would be available to repay him until 2019.

Mr. Scott Ruby, legal counsel to the City of Goodyear, asked to address the Board. Mr. Ruby asked that the resolution be amended to remove the conditions of the agreement with the City of Scottsdale and the City of Tempe on their renovations because it left too much leverage to negotiate in their hands. Mr. Benton stated that he did not think that an amendment was warranted and the other members of the Board agreed.

Ms. Eckert addressed the Board about the large economic impact to the community from the Cactus League. She stated that much of March 2003 was as good as it was for the tourism industry because of the Cactus League. She urged the members to support the Cactus League.

Mr. Hocking stated that the Intergovernmental Agreements with all three cities would be brought back before the Board. Upon a motion made by Mr. Hocking and seconded by Ms. Eckert, the Board unanimously approved Resolution No. 2003-48.

8. Announcements. The Chairman announced that the next meeting of the Board would be held sometime in January, a time and location to be determined and properly noticed.

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