

**ARIZONA SPORTS AND TOURISM AUTHORITY**

**Minutes of a Meeting of the Board of Directors  
October 7, 2004 – 9:30 a.m.  
53<sup>rd</sup> Meeting of the Board of Directors  
Arizona Sports and Tourism Authority Boardroom  
14500 N. Northsight Boulevard, Suite 312  
Scottsdale, Arizona 85260**

**Attendance**

**Members**

F. Rockne Arnett  
John D. Benton  
Michele Eckert  
Jonathan M. Garrett  
Larry Landry  
Verma M. Pastor  
Herman L. Orcutt (by telephone)  
William H. Peltier  
Rod C. Williams

**Staff**

Ted Ferris, President and Chief Executive Officer  
Charles Foley, Chief Financial Officer  
Kim Monroe, Executive Assistant  
Kenny Harris, Vice President for Facilities  
Deb Wilson, Executive Assistant (by telephone)  
Brad Parker, Chief Information Officer  
Kerry White, Youth Sports & Cactus League Grant  
Coordinator

1. Introduction. A public meeting of the Board of Directors (the "Board") of the Tourism and Sports Authority, doing business as the Arizona Sports and Tourism Authority (the "Authority") was held in the Boardroom at the offices of the Authority, 14500 N. Northsight Boulevard, Suite 312, Scottsdale, Arizona 85260, on Monday, October 7, 2004 at 9:30 a.m. Although Ms. Pastor and Mr. Arnett had not yet arrived at the meeting, a quorum was present and the meeting had been duly noticed and called. Therefore, Mr. Benton, the Chairman, called the meeting to order. The Chairman welcomed the new members of the Board, Ms. Pastor and Messrs. Landry and Garrett.

2. Consideration of Minutes from June 29, 2004. The Chairman asked for a motion to approve and ratify the minutes of a meeting of the Board held June 29, 2004. Upon motion duly made by Mr. Williams and seconded by Mr. Orcutt, it was resolved that the minutes of the

June 29, 2004 meeting be approved as corrected, with only Messrs. Garrett and Landry abstaining from the vote because they had not been present at the June 29, 2004 meeting, and Mr. Arnett and Ms. Pastor not being present yet. At this point, Ms. Pastor joined the meeting.

3. Financial Matters: Consideration of FY 2004 Audit. The Chairman suggested that the Board take an item out of order on the agenda and consider the fiscal year 2004 audit (the "2004 Audit") so that the auditors did not have to wait through the rest of the agenda. Upon hearing no objections, the Chairman asked for Mr. Foley to proceed.

Mr. Foley reminded the Board that Eide Bailey had replaced Ernst & Young. He stated that Eide Bailey was selected out of proposals from 17 different audit firms and was engaged as the auditor for 3 years. Mr. Foley introduced Mr. Andy Spellum, the audit partner.

Mr. Foley indicated that the Finance, Budget and Audit Committee of the Board had reviewed the 2004 Audit. Mr. Williams commented that the staff did a great job on the 2004 Audit and had answered a number of questions in the Finance Committee. Mr. Landry added his commendation and thanked the staff for answering many of his questions on Friday, June 26, 2004.

Mr. Landry then asked Mr. Spellum whether it was true that there were no material findings. Mr. Spellum confirmed that the 2004 Audit did not contain any material findings. Mr. Spellum continued and stated that the Authority and Eide Bailey had spent a lot of time reviewing issues of internal controls, which they found to be adequate. Mr. Landry asked whether there were any other issues or findings to be disclosed to the Board. Mr. Spellum responded that there were none.

Upon motion duly made by Mr. Landry and seconded by Ms. Eckert and unanimously carried by all members present, it was resolved that 2004 Audit be approved.

4. Multipurpose Facility Matters.

4.1. Consideration of Resolution No. 2004-55 Approving Memorandum of Agreement (the "MOA") by and between the Arizona Sports and Tourism Authority, the City of Glendale and B&B Holdings, Inc. and Consideration of Resolution No. 2004-56 Approving the Issuance and Sale of up to \$45,000,000 in Additional Senior Revenue Bonds. Upon the request of the Chairman, Mr. Ferris reviewed for the Board the principal terms and conditions of the plan for the on-site infrastructure and the MOA, all as set forth in the presentation attached hereto as Exhibit A. During this presentation, Mr. Arnett joined the meeting. Mr. Ferris indicated that the MOA provided that the City would transfer all of their City sales tax generated at the site in connection with any events at the facility, relinquish the ticket surcharge, facility user fee and parking revenue in order to pay for the on-site improvements, parking and pedestrian plaza obligations (collectively, "On-site Improvements").

Ms. Eckert asked whether there was sufficient coverage to issue additional bonds and still meet all of the Authority's other funding obligations. Mr. Ferris responded that the projections showed that there was sufficient coverage with the revenues to be provided by the City of Glendale that the other funding objectives should not be impacted.

The Chairman asked Ms. Strunk to describe the principal legal terms and conditions of the MOA. Ms. Strunk indicated that the Board had been provided with an outline she prepared setting forth the current provisions of agreements between the parties and the changes to those agreements set forth in the MOA. In addition, Ms. Strunk described the obligations of the City, the obligations of the Authority and the various issues associated with parking that were contained in the MOA. Ms. Strunk explained that the issuance of additional bonds would be used by the Authority to lower the Cardinals contribution to the stadium facility to closer to their

statutory minimum of \$85 million and to finance the stadium related infrastructure and pedestrian plaza. She indicated that the Authority owns all of the land where these improvements are to be made. In exchange, the Cardinals would pay for and construct the other On-site Improvements, such as the parking facilities and other items. Finally, she concluded by stating that the MOA is conditional upon the Authority being able to issue at least \$32 million in bonds and that if that was not possible, then the MOA would terminate and the City of Glendale and the Cardinals would be responsible for the finance of the On-site Improvements.

Mr. Landry asked Mr. Ferris whether the funding with the Arizona Department of Transportation ("ADOT") had been confirmed. Mr. Landry indicated that the schedule for ADOT funding was something that could not be made up easily if it fell behind schedule. Mr. Landry suggested that the Authority get confirmation from ADOT that their schedule is consistent with the City of Glendale's schedule. Mr. Ferris responded that Mr. Betts had been working on this issue for the Cardinals and asked him to comment. Mr. Betts stated that the Cardinals had been working with the City of Glendale on this funding and had agreed to advance the interest costs to advance the project in the ADOT budget. He stated that he would monitor the schedule for ADOT funding.

Mr. Garrett asked Mr. Ferris who was funding the increase in management and oversight. Mr. Ferris responded that the management and oversight costs were built into the projections of "general requirements" in the budget attached to the MOA.

Mr. Landry noted that the MOA is primarily a different approach to financing the site infrastructure costs, whereby the City of Glendale is still responsible for its share of the costs by forwarding city excise taxes and relinquishing any claim to ticket surcharges or parking revenues

until the new Authority Completion Bonds are repaid. He added that in no way is the City of Glendale being relieved of its obligations under the Authority's statute.

The Chairman then asked Mr. John Snider of RBC Dain Rauscher ("Dain Rauscher"), the Authority's underwriter, to review the terms of the proposed bond offering and Resolution No. 2004-56 for the Board. Mr. Snider indicated that the projections show that the new revenues to the Authority as a result of the MOA are two times the expected debt service on the new bonds. He stated that Dain Rauscher would continue to look at different bond structures to minimize costs, but they anticipated that these bonds would be insured and rated.

Mr. Williams asked Mr. Snider whether the bonds would be tax exempt. Mr. Snider replied affirmatively. Mr. Arnett asked why the resolution authorized bonds to be issued in an amount "up to \$45 million." Mr. Snider indicated that he believed that the principal amount of the bonds would be approximately \$33 million, but that there was additional capacity to borrow to capitalize the interest prior to the opening of the new stadium. Mr. Ferris also indicated that the Authority could decide to finance portions of the furniture, fixtures and equipment that were not included in the current stadium budget. Mr. Arnett indicated that he would like to see any increase in the size of the bonds beyond \$33 million to come back before the Board.

Mr. Benton indicated that he and Messrs. Peltier, Orcutt and Ferris had met with representatives of the Fiesta Bowl the previous day. He stated that the Fiesta Bowl had raised a number of revenue or expense issues with respect to the Fiesta Bowl game that needed to be resolved prior to execution of the MOA and issuance of the bonds. He indicated that there was a meeting scheduled for next Monday with the representatives of the Fiesta Bowl. Mr. Benton indicated that certain of these issues will necessarily involve additional agreements to be made with the Cardinals.

Upon motion duly made by Mr. Arnett and seconded by Mr. Williams and unanimously carried by all members, it was resolved that Resolution No. 2004-55, approving the execution and delivery of the MOA only upon the successful resolution of the issues outstanding between the Authority, the Fiesta Bowl and the Cardinals.

Upon motion duly made by Mr. Landry and seconded by Mr. Williams and unanimously carried by all members, it was resolved that Resolution No. 2004-56, approving the issuance of up to \$45 million in completion bonds, be approved without further amendment.

4.2. Consideration of Resolution No. 2004-57 Ratifying Pentagram and Amendment to GEC Consulting Agreements. The Chairman indicated that there were several construction related consulting agreements that were pending for ratification by the Board. Ms. Strunk indicated that the Pentagram contract would be approved conditionally to confirm an understanding with the Cardinals as to the Scope of Work. Mr. Ferris then asked Mr. Harris to explain the substance and nature of each of the pending consulting agreements.

Mr. Harris explained that Pentagram Consulting Agreement was for the stadium signage and that most of the work had been completed. Mr. Harris indicated that the amendment to the GEC Consulting Agreement increased the amount of the contract to add additional consulting services.

Upon motion duly made by Mr. Orcutt and seconded by Ms. Eckert and unanimously carried, it was resolved that Resolution No. 2004-57 was approved, subject only to the confirmation of the scope of work on the Pentagram contract by counsel.

5. Other Business. Mr. Ferris stated that there would likely be another meeting of the Board prior to the issuance of the additional senior revenue bonds and that a communication will be sent to all members of the Board. Mr. Ferris informed the Board that Ms. While had

attended a dedication ceremony for one of the youth and amateur project, the Field of Dreams funding in part by the Rotary 100, and that she had complementary shirts for the Board members. Finally, Mr. Ferris reminded the members of the Board about the dedication of the Avondale youth sports complex on Saturday and indicated that he hoped they could be present.

6. Adjournment. There being no further business to come before the Board, upon motion duly made by Mr. Williams and seconded by Ms. Eckert and unanimously carried, the meeting adjourned.

**EXHIBIT A**

**Mr. Ferris' PowerPoint Presentation**

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