

ARIZONA SPORTS AND TOURISM AUTHORITY

**Minutes of a Meeting of the Board of Directors
June 29, 2004 – 8:00 a.m.
52nd 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 (by telephone)
Michele Eckert
Jim Grogan (by telephone)
Thomas L. Hocking
C.A. Howlett
Herman L. Orcutt
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 Tuesday, June 29, 2004 at 8:00 a.m. A quorum being present, and the meeting having been duly noticed and called, Mr. Benton, the Chairman, called the meeting to order.

2. Consideration of Minutes from May 10, 2004. The Chairman asked for a motion to approve and ratify the minutes of a meeting of the Board held May 10, 2004. Ms. Eckert called for a correction to the minutes. Upon motion duly made by Mr. Arnett and seconded by Mr. Williams and unanimously carried, it was resolved that the minutes of the May 10, 2004 meeting be approved as corrected.

3. Multipurpose Facility Matters.

3.1. Consideration of Resolution No. 2004-53 Ratifying and Approving Consulting Agreements with CONAM Inspection & Engineering Services, Inc., American Engineering Testing, Inc., ATL, Inc. and OWP&P Engineers.

Upon the request of the Chairman, Mr. Harris reviewed for the Board the various contracts for ratification. Mr. Harris explained that CONAM Inspection was a certified structural steel testing laboratory in Massachusetts. He stated that they had provided third party inspection of the structural welds and steel fabrication of the roof's cable drum system at Morrison-Berkshire. Mr. Harris stated that the American Engineering Testing contract involved another certified structural steel testing laboratory that would provide inspection of the structural welds and steel fabrication for SMI Hydraulics, a subcontractor of Uni-Systems, who will complete the wheel box carrier systems and assembly of the roof mechanization system. Mr. Harris informed the Board that ATL is a certified, minority-owned structural steel testing laboratory that is performing all structural steel inspections for welding, painting and fireproofing, with an office inside of Schuff Steel's shop. Finally, Mr. Harris stated that OWP&P were retained to assist the staff in assessing the district cooling costs savings and electrical load reductions.

The Chairman asked whether any of the members had questions regarding the foregoing contracts. Mr. Hocking asked what the conclusions were regarding the district cooling review. Mr. Harris responded that the consultants had advised that the district cooling option was not viable at this point because of the lack of other users for the system. Mr. Gerry Murphy, a consultant to the Authority, commented that OWP&P had concluded that the district cooling idea was not a good idea and would not be economically viable. He continued that an independent

review done by the City of Glendale had reached a similar conclusion. Mr. Hocking asked whether there were any opportunities lost by not installing district cooling at this stage of construction. Mr. Murphy responded to Mr. Hocking that there would be no opportunities lost and that district cooling could be added at a later date if it became economically viable.

The Chairman asked for a motion to approve the resolution ratifying and approving the consulting service agreements with each of CONAM Inspection & Engineering Services, Inc., American Engineering Testing, Inc., ATL, Inc. and OWP&P Engineers. Upon motion duly made by Mr. Arnett and seconded by Mr. Williams and unanimously carried, it was resolved that Resolution No. 2004-53 was approved.

3.2. Consideration of Resolution No. 2004-54 Implementing Mandatory Health Insurance for Multipurpose Stadium Facility Contractors pursuant to A.R.S. § 5-813. The Chairman called upon Mr. Ferris to introduce the background of the proposed Interpretation for implementing A.R.S. § 5-813. Mr. Ferris stated that the provisions of A.R.S. § 5-813 were passed by the Arizona Legislature in order ensure that full time employees working on the stadium project were covered by health insurance. As is sometimes typical, Mr. Ferris stated, the statutory provisions do not provide clear guidance on their implementation. He said that Hunt Construction had requested that the Authority provide some guidance and assistance in implementing the provisions of A.R.S. § 5-813. Mr. Ferris asked Ms. Strunk to present some of the legal aspects of the Interpretation.

Ms. Strunk commented that providing the Interpretation to Hunt is the normal function of the administrative powers of the Board. She continued to explain that the Interpretation defines a subcontractor as including a first tier subcontractors and makes it applicable to all major subcontractors, meaning contracts worth at least \$1,000,000. In addition, the Interpretation gives

Hunt and its subcontractors guidance on what type of health insurance coverage would be acceptable.

Mr. Harris then informed the Board that there had been some confusion about the implementation of the A.R.S. § 5-813 and that the Interpretation was intended to provide some clarity. Mr. Hocking asked Mr. Harris if an analysis had been done on whether the current subcontractors would be in compliance with the guidelines set forth in the Interpretation. Mr. Robert Aylesworth of Hunt Construction, responded that most of the subcontractors working on the project are currently in compliance with the recommended Interpretation. Mr. Hocking inquired about what the Authority would do about ensuring compliance with the Interpretation. Mr. Harris responded that it would be Hunt Construction's task to ensure compliance. Ms. Strunk responded that, if there was an issue as to whether a party had complied with the Interpretation, then each case would be reviewed individually with Hunt Construction. She continued that if the matter could not be resolved with Hunt Construction, there were alternative dispute resolution mechanisms built into the Design/Build contract that could be utilized to resolve the dispute. Mr. Howlett commented that he did not believe the Authority should be in the business of monitoring compliance and that this should be the job of Hunt Construction. Ms. Strunk responded that she agreed with this assessment and that in the event there were any items of dispute with Hunt Construction on compliance with the provisions of their contract requiring compliance with A.R.S. § 5-813, they would be resolved through the alternative dispute provisions of that contract.

The Chairman asked for a motion to approve the resolution approving the approving the Interpretation of A.R.S. § 5-813. Upon motion duly made by Mr. Orcutt and seconded by Mr. Grogan and unanimously carried, it was resolved that Resolution No. 2004-54 was approved.

4. Business Matters. The Chairman then asked Mr. Ferris to present to the Board various business matters for the Authority.

4.1. Presentation of 6-Month Progress Report on Achieving 2004 Objectives.

Mr. Ferris reviewed the status of the Authority in achieving the 2004 objectives approved by the Board in October of 2003. He stated that the Authority was generally making good progress on all of the objectives. Mr. Hocking commented that the Authority should not speculate about the movement of various MLB teams in the Cactus League. Mr. Williams asked about the payment of settlement sums from the City of Tempe. Mr. Ferris reported that no such sums have been paid or will be paid until there is a resolution on Tempe Diablo Park.

Mr. Ferris noted that the Authority was working with private business on the installation of lighting at various youth and amateur sports and recreation facilities in order to get the installation at cost so that the funds of the Authority would go even farther. He continued that this strategy would be utilized more in the future.

Mr. Ferris reported that the current situation with the City of Glendale's financing of improvements is very complicated. Mr. Hocking stated, for the record, that he has not participated on behalf of the Authority in any of the discussions regarding the City of Glendale given his previously disclosed conflict of interest with his consulting relationship with the City of Glendale on the same matter. Mr. Benton thanked Mr. Hocking for his reminder and continued disclosure. Mr. Hocking then left the meeting. Mr. Orcutt asked Mr. Harris when Hunt Construction would no longer hold the guaranteed maximum price budget for the work to be financed by the City of Glendale. Mr. Harris stated that the date was July 12, 2004. The Chairman indicated that we needed to inform the City of Glendale that the Authority was not in a position to continue to wait on them to comply with their obligations under the development

agreement with the Authority. Mr. Williams agreed with the Chairman. Mr. Arnett asked whether we knew what the potential budget impact would be if the City of Glendale continued to delay the financing. Mr. Harris responded that provisions had been made to scale back some of the work if necessary. Mr. Ferris then stated that there would be a meeting this afternoon between representatives of the Arizona Cardinals and the Authority to review the options to resolve this matter. The Chairman asked that Mr. Ferris impress upon everyone the seriousness of this matter and to report back to the Board members as soon as possible. At this point Mr. Hocking returned to the meeting.

4.2. Consideration of Fiscal Year 2005 Budget. The Chairman asked Mr. Arnett, the Chair of the Authority's Finance Committee, to report on the Fiscal Year 2005 Budget. Mr. Arnett reported that the Finance Committee, consisting of himself and Messrs. Howlett, Williams, Arnett, Benton and Foley, met regarding the Budget. Mr. Arnett reviewed for the Board the provisions of the Executive Summary of the Budget and then invited Mr. Foley to review the Budget in further detail. Mr. Foley indicated that the projections of revenue were conservative estimates and that the Authority hoped that they would increase in future years.

Ms. Eckert asked whether the revenue would be an increase due to the increase in interest rates. Mr. Foley responded that it depended on where interest rates were going. Mr. Hocking asked whether the Authority had considered insuring the subordinate bonds to remove the reserve requirement. Mr. Foley said he would take note of this issue. Mr. Hocking commented that he did not understand how the Authority had coordinated the staff positions between the marketing and Cactus League. Mr. Ferris stated that he would be happy to discuss that issue with Mr. Hocking.

The Chairman thanked Messrs. Arnett, Williams, Howlett and Foley for their efforts on the Budget. Upon motion by Mr. Hocking, and seconded by Mr. Howlett, the Fiscal Year 2005 Budget was unanimously approved by the Board.

4.3. Consideration of Amendment to President/CEO Employment Contract.

The Chairman asked that Peltier present to the Board the consideration of the amendment to Mr. Ferris' employment contract. Mr. Peltier stated that he had talked to a number of members of the Board regarding the upcoming expiration of Mr. Ferris' employment contract in 2005. He indicated that a number of Board members expressed concern that Mr. Ferris' contract was set to expire at a time when the Authority was about to enter into some very difficult negotiations in the coming year with the City of Glendale, the Arizona Cardinals and the Fiesta Bowl. He indicated that it would be detrimental to the Authority for parties doing business with the Authority to view Mr. Ferris as a "lame duck" Executive Director and to be encouraged to wait until there was a new Executive Director appointed. Mr. Peltier also told the Board members that the employment contract should be extended long enough to ensure a continuity of leadership beyond the stadium's opening in August 2006, National Collegiate Football Championship in 2007, and Super Bowl XLII in 2008. Mr. Peltier indicated that all other terms of the employment agreement would remain the same. Finally, Mr. Peltier stated that Mr. Ferris has done much of the heavy lifting for the Authority and that he had done a wonderful job.

The Chairman stated that, in the position of Executive Director, the Board required an individual that the Board members had confidence in because this person leads the business of the Authority, implements Board policy and recommends actions to the Board for approval. Mr. Benton stated that he has worked with Mr. Ferris for a number of years now, through some very difficult times, and that he has always done an extraordinary job. He continued, and stated that

he had a great job leading the Authority and deserved the Board's continued support as well as a thank you for his efforts. He further indicated that Mr. Ferris' knowledge of the history and issues facing the Authority were critical in the continued success of the Authority. Mr. Grogan agreed, stating that Mr. Ferris had an extremely difficult task but had done a terrific job. Upon motion by Mr. Howlett, seconded by Mr. Orcutt, the Board unanimously approved the amendment to the Employment Contract for Mr. Ferris to extend the term of the contract until the end of 2008.

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

RESOLUTION NO. 2004-53
TOURISM AND SPORTS AUTHORITY
Resolution Ratifying and Approving Consulting Agreements with
CONAM Inspection & Engineering Services, Inc., American Engineering Testing,
Inc., ATL, Inc. and OWP&P Engineers

I. RECITALS

WHEREAS, pursuant to Arizona Revised Statutes Section 5-801 et seq. (the "Act"), the Tourism and Sports Authority, doing business as the Arizona Sports & Tourism Authority (the "Authority") is authorized to construct, finance, furnish, maintain, improve, operate, market and promote the use of a multipurpose stadium facility (the "Facility") and do all things necessary or convenient to accomplish those purposes; and

WHEREAS, pursuant to the Act, the Board of Director of the Authority (the "Board") is empowered to enter into agreements necessary to carry out the purposes of the Authority; and

WHEREAS, pursuant to the Act, the President and Chief Executive Officer of the Authority (the "CEO") is empowered to negotiate, make, execute, acknowledge and perform agreements necessary to accomplish the purposes of the Authority, which agreements are subject to the approval or ratification of the Board; and

WHEREAS, the Authority desires to ratify and approve the execution, delivery and performance of consulting agreements with CONAM Inspection & Engineering Services, Inc. ("CONAM"), American Engineering Testing, Inc. ("American Engineering"), ATL, Inc. ("ATL") and OWP&P Engineers, an Illinois corporation ("OWP&P").

II. APPROVAL AND RATIFICATION OF CONSULTING AGREEMENT WITH CONAM INSPECTION & ENGINEERING SERVICES, INC.

NOW, THEREFORE, BE IT RESOLVED, that the Board, on behalf of the Authority and pursuant to the Act, hereby approves and ratifies the execution, delivery and performance, in the name and on behalf of the Authority, of the Consulting Agreement by and among CONAM, the Authority and B&B Holdings, an Arizona corporation, d/b/a Arizona Cardinals (the "Cardinals"), effective as of January 7, 2004 (the "CONAM Consulting Agreement"), a copy of which is attached hereto as Exhibit "A", and to cause the Authority to perform its respective obligations under the CONAM Consulting Agreement; and

III. APPROVAL AND RATIFICATION OF CONSULTING AGREEMENT WITH AMERICAN ENGINEERING TESTING, INC.

NOW, THEREFORE, BE IT RESOLVED, that the Board, on behalf of the Authority and pursuant to the Act, hereby approves and ratifies the execution, delivery

and performance, in the name and on behalf of the Authority, of the Consulting Agreement by and among American Engineering, the Authority and the Cardinals, effective as of January 27, 2004 (the "American Engineering Consulting Agreement"), a copy of which is attached hereto as Exhibit "B", and to cause the Authority to perform its respective obligations under the American Engineering Consulting Agreement; and

IV. APPROVAL AND RATIFICATION OF CONSULTING AGREEMENT WITH ATL

NOW, THEREFORE, BE IT RESOLVED, that the Board, on behalf of the Authority and pursuant to the Act, hereby approves and ratifies the execution, delivery and performance, in the name and on behalf of the Authority, of the Consulting Agreement by and among ATL, the Authority and the Cardinals, effective as of August 11, 2003 (the "ATL Consulting Agreement"), a copy of which is attached hereto as Exhibit "C", and to cause the Authority to perform its respective obligations under the ATL Consulting Agreement; and

V. APPROVAL AND RATIFICATION OF CONSULTING AGREEMENT WITH OWP&P ENGINEERS

FURTHER RESOLVED, that the Board, on behalf of the Authority and pursuant to the Act, hereby approves and ratifies the execution, delivery and performance, in the name and on behalf of the Authority, of the Consulting Agreement by and among OWP&P and the Authority, effective as of March 2, 2004 (the "OWP&P Consulting Agreement"), a copy of which is attached hereto as Exhibit "D", and to cause the Authority to perform its respective obligations under the OWP&P Consulting Agreement; and

VI. MISCELLANEOUS MATTERS

FURTHER RESOLVED, that all actions previously taken on behalf of the Authority by any director or officer of the Authority in connection with any of the foregoing matters are hereby ratified and confirmed in all particulars as the acts of the Authority.

Dated: June 29, 2004.

RESOLUTION NO. 2004-54
TOURISM AND SPORTS AUTHORITY
Resolution Implementing Mandatory Health Insurance for
Multipurpose Stadium Facility Contractors pursuant to A.R.S. § 5-813

I. RECITALS

WHEREAS, pursuant to Arizona Revised Statutes § 5-801 et seq. (the “Act”), the Board of Directors (the “Board”) of the Tourism and Sports Authority, doing business as the Arizona Sports & Tourism Authority (the “Authority”) is authorized to adopt administrative rules as necessary to administer and operation the Authority and any property under its jurisdiction; and

WHEREAS, pursuant to the Act, the Authority is to construct a multipurpose stadium facility (the “Facility”); and

WHEREAS, pursuant to the Act, the Board approved the Agreement for Design/Build Services dated as of August 12, 2003 (the “Construction Contract”) between the Authority, B&B Holdings, Inc., d/b/a The Arizona Cardinals and Hunt Construction Group, Inc. (the “Contractor”) for the design, engineering and construction of the Facility; and

WHEREAS, pursuant to §5-813 of the Act, the Authority is required to provide that any contract with respect to the design, engineering and construction of the Facility require each prime contractor and major subcontractors to provide health insurance to the contractor’s employees and dependents of the contractor’s employees, except for those employees who work less than 120 in a calendar year; and

WHEREAS, Section 4.4 of the Construction Contract requires the Contractor for itself and all major subcontractors to comply with the provisions of §5-813 of the Act; and

WHEREAS, the Board has determined that it is in the best interests of the Authority to provide certain guidance to the Contractor for determining compliance with §5-813 of the Act.; and

WHEREAS, in consultation with counsel, the Board has developed the “Recommended Interpretation, A.R.S. §5-813”, attached hereto as Exhibit “A” (the “Interpretation”).

II. AUTHORIZATION OF MANDATORY HEALTH INSURANCE

NOW, THEREFORE, BE IT RESOLVED, that the Board, on behalf of the Authority and pursuant to the Act, hereby adopts and approves the Interpretation for use in determining the Contractor’s compliance with §5-813 of the Act;

FURTHER RESOLVED, that the President and Chief Executive Officer of the Authority is authorized and directed, in the name and on behalf of the Authority, to take all actions necessary, appropriate or advisable to effectuate the above resolutions; and

III. MISCELLANEOUS MATTERS

FURTHER RESOLVED, that all actions previously taken on behalf of the Authority by any director or officer of the Authority in connection with any of the foregoing matters are hereby ratified and confirmed in all particulars as the acts of the Authority.

Dated: June 29, 2004.

Exhibit "A"
RECOMMENDED INTERPRETATION
A.R.S. §5-813 (the "Statute")

1. "Major Subcontractor", as provided in the Statute, is a Subcontractor or Sub-Subcontractor whose contract amount is \$1,000,000 or more. A Prime Contractor and each Major Subcontractor are each referred to in this interpretation as an "Employer."

2. An Employer shall be deemed to have provided the required health insurance for its employees if the Employer:

- (a) has purchased and maintains a policy of group medical insurance for its Full Time Employees and the dependents of its Full Time Employees; and
- (b) contributes each month for each Full Time Employee an amount equal to at least the greater of: 67% of the monthly premium, or the "Minimum Premium Amounts", as established below, for a group medical policy the Employer makes available to its Full Time Employees that is substantially equivalent to a plan offered by the HealthCare Group ("HCG"). The policy shall offer dependent coverage; however, the Employer shall not be required to make any contribution for dependent coverage.

3. For purposes of Section 2(b), the "Minimum Premium Amounts" for 2004, 2005, and 2006 are the following: for 2004, \$167.50; for 2005, \$184.25; and for 2006, \$202.68.

4. "Full Time Employee" shall mean a person who works at least 30 hours per week and is expected to continue working for at least 120 days in a calendar year, and includes leased employees to the same extent as if the leased employee was directly employed and paid by the Employer. A grace period or a qualifying period prior to commencement of insurance coverage is acceptable so long as the employee coverage begins by the 90th day after the employee's employment.