

**TOURISM AND SPORTS AUTHORITY**

**Minutes of a Meeting of the Board of Directors**

**March 18, 2004 – 9:30 a.m.**

**49<sup>th</sup> Meeting of the Board of Directors**

**Tourism and Sports Authority Boardroom**

**14500 N. Northsight Boulevard, Suite 312**

**Scottsdale, Arizona 85260**

**Attendance**

**Members**

F. Rockne Arnett  
John D. Benton  
Michele Eckert  
James J. Grogan  
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  
Deborah 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, March 18, 2004 at 9:30 a.m. A quorum being present, and the meeting having been duly noticed and called, the meeting was called to order. Prior to the beginning of the agenda items, Mr. Hocking requested the Chairman to address the Board and the public. Mr. Hocking then confirmed that he had previously disclosed to the general counsel of the Authority and to the Board that he represents the City of Glendale and the City of Surprise in connection with financial matters that are related to business with the Authority. Mr. Hocking stated that, since his appointment to the Board, nothing had come before the Board that would present a conflict of interest from Mr. Hocking, but that in the future he was noting for the record that he did not want

to receive any nonpublic information regarding matters related to the City of Glendale or the City of Surprise and that he would recuse himself from voting on any such matters.

2. Consideration of Minutes from December 19, 2003, January 13, 2004 and February 23, 2004. The Chairman asked for a motion to approve and ratify the minutes of a meeting of the Board held December 19, 2003, January 13, 2004 and February 23, 2004. Upon motion duly made by Mr. Orcutt and seconded by Ms. Eckert and unanimously carried, it was resolved that the minutes of the December 19, 2003, January 13, 2004 and February 23, 2004 meetings be approved.

3. Multipurpose Facility Matters – Stadium Management. The Chairman then proceeded to the presentations regarding the proposals for the management services contract. Mr. Ferris discussed generally the importance for the Authority of retaining a management services company to manage the facility. He stated that the order of presentation was done by a blind draw and that Global Spectrum would go first, followed by SMG and then AEG. Mr. Peltier then welcomed Mr. Peter Luukko, President, Comcast-Spectacor Ventures for the presentation.

a. Global Spectrum. Mr. Luukko then introduced the other members of Global Spectrum team present, including Mr. Mitch Sauers, President, Global Spectrum, Mr. John Page, Senior Vice President, General Manager of Wachovia Complex, Mr. Todd Glickman, Vice President, Sales and Client Services, Mr. Tim Murphy, General Manager, Citizen's Bank Ballpark, Mr. Michael Ahearn, Vice President, Operations and Mr. Michael Reinsdorf, Managing Director, International Facilities Group, Inc. At this point, Mr. Luukko played a video for the Board with a message from the Chief Executive Officer of Comcast Spectacor, Mr. Phil Snider.

Mr. Luukko outlined the benefits of the Comcast relationship, which is the ultimate parent corporation of Global Spectrum. He stated that Comcast gives Global Spectrum 21,000,000 viewers in 22 of 25 premium markets. He stated that that Comcast has a number of cable television channels they own, including the Golf Channel, E! Entertainment, 64, Outdoor Life, and TV1. Mr. Luukko stated that even though they do not have a cable presence in the Phoenix market, that he would anticipate they would work closely with Cox Communications. Mr. Luukko stated that Comcast is a media giant and as a content owner, Global Spectrum can be creative in developing events. He said that they had developed an event around Outdoor Life channel and that this is the type of event that could travel.

Mr. Luukko then reviewed the Comcast organizational chart and explained the resources available to Mr. Sauers. He discussed the open booking policy that Global Spectrum has at its facilities. He stated that they work with, among others, AEG Live, Clear Channel, Creative Artists Agency, Howard Rose, William Morris, Little Big Man, Another Planet, and Evolution Talent. Mr. Sauers then read a letter of support from Clear Channel stating that they are going to showcase events at the facility.

At this point Mr. Reinsdorf then discussed the services to be provided by International Facilities Group on the pre-opening services.

Mr. Sauers then discussed the football stadium experience of the Global Spectrum team. He stated that many members of the team were part of SMG prior to their formation of Global Spectrum. He stated that as Global Spectrum, they had opened 10 new facilities. He then stated that as managers they do two things: they book events and they sell tickets.

Mr. Luukko then asked, "Why Global Spectrum?" He said that Global Spectrum should be selected because they are team and facility owners, they have the resources of

Comcast, they have experience with football stadiums, they have marketing and booking strength, they have a system of compensation based on performance and they have an excellent team. Mr. Luukko stated that they forecasted that the facility would hold 98 Events with 1.3 million spectators. Finally, he stated that Global Spectrum is willing to invest \$500,000 in the facility to develop the entombed space into productive usable space.

At this point, Mr. Luukko and Mr. Sauers responded to a number of questions from members of the Board. The Chairman then thanked Global Spectrum for their presentations.

b. SMG. Mr. Wes Westley, President and CEO of SMG introduced representatives from SMG: Ms. Maureen Ginty, Senior Vice President Marketing and Human Resources, Mr. Glenn Mon, Senior Vice President Stadiums and Arenas, Mr. Mike Evans, Senior Vice President Sports and Entertainment, Mr. Bob Roux, Executive Vice President/Director of South Region for Clear Channel, Mr. Bob Wavra, Vice President Touring – Music for Clear Channel, and Mr. Shea Guinn, General Manager Reliant Park.

At this point, Mr. Westley played a video for the Board that showed the stadium experience of SMG. After the video, Mr. Westley stated that the Board had asked for SMG's vision for the facility. He stated that normally the owner tells SMG what their vision is and then they carry it out. He said that SMG's hallmarks are clout and experience. He stated that clout gets events into the facility and that experience makes them run smoothly. He stated that the singular purpose of SMG is to manage and operate public buildings. Mr. Westley said that SMG does not own buildings or teams. He informed the Board that SMG currently has 168 facilities under management and that they had a 100% renewal rate with the 5 NFL accounts. He reported that SMG had won many awards in their industry.

Mr. Westley then stated that booking events for the facility would be the main challenge. He then asked that Clear Channel, the largest promoter in world, make a presentation about what they do. Mr. Roux then stated that the motor sports division of Clear Channel continues to grow. Mr. Evans stated that they develop festivals for locations around the country. Mr. Evans then discussed the relationship SMG has with international soccer, the Latino Festival, Professional Bull Riders Association, NBC Alternative Games – a project with NBC that is modeled after the X Games (ESPN) and the Essence Festival.

Mr. Mon then discussed their experience with the large-scale events. He stated that they had managed 6 Superbowls and that these are not just another football game. He stated that they had a great relationship with the NCAA, hosting the 2001 Regionals, the 2003 Final Four game. He stated that they have opened 20 stadiums in the past 11 years. Mr. Mon stated that they forecasted that the facility could host 87 events during the first year with over 1,213,000 spectators.

Mr. Westley then summarized that SMG brings both experience and clout to the Authority. At this point, SMG responded to a number of questions from the Board.

c. AEG. Mr. Tim Leiweke, President and CEO, introduced representatives from AEG: Mr. Shawn Hunter, Chief Marketing Officer, Ms. Brenda Tinnen, Senior Vice President of Event and Guest Services, Mr. Kevin McDowell, Chief Administrative Officer, and Mr. Tim Romani, President/CEO Romani Group, Inc.

Mr. Hunter then stated that AEG was excited about the vision of the facility. He stated that it is a world-class facility. Mr. Leiweke explained that he has spent over 25 years with professional sports. Mr. Leiweke discussed the relationship with AEG Live. He stated that AEG Live takes on unique projects, such as the Las Vegas Coliseum for Celine Dion. He stated

that they have committed substantial resources to professional soccer. As evidence of their commitment, he stated that AEG had invested in the Home Depot Center.

Mr. Leiweke stated that AEG is bullish on the Phoenix market and that they like the project. He explained that AEG is only interested in getting involved with unique projects that have vision and that they are not interested in having numerous contracts for building management. He stated that managing the building is not the difficult task, but developing opportunities for the building will be the challenge. Mr. Leiweke stated that AEG has content and the ability to control the destiny of the facility. He stated that they do business with both Clear Channel and SMG. He stated that AEG Live is one of the largest customers of Clear Channel and that they book at SMG facilities.

Mr. Leiweke stated that AEG owns the NHL Los Angeles Kings and five MSL teams (Los Angeles Galaxy, San Jose Earthquakes, Chicago Fire, Metro Stars and DC United). He stated that AEG has hosted many large events, including the Democratic National Convention, the USA Skating Championships, the NHL All Stars, the Pac 10 Basketball tournament, the ESPN X Games, the NBA All Star Game, the Grammy's, the Latin Grammy's and the Academy Awards.

Mr. Leiweke stated that AEG had invested \$150 million in the Home Depot Center. He said that AEG made \$12 million from this facility last year. He stated that he thinks the music industry is changing and that we are looking at more festivals in the future.

Mr. Romani then reviewed his thoughts on the development and use of the entombed space in the building. He stated that he has preformed pre-opening services for other facilities. He stated that he has acted as an owner's representative and knows how to save money from the operations side.

Mr. Leiweke stated that AEG was the only company that can get to 100 events, in part because of the relationship with AEG Live in developing content. At this point, AEG responded to a number of questions from the Board.

4. 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.