

Arizona Sports & Tourism Authority

**Minutes of a Meeting of the Arizona Sports & Tourism Authority
Finance, Budget and Audit Committee
March 21, 2006 2:00 p.m.
RBC Dain Rauscher Conference Room
2398 E Camelback Rd, Suite 700
Phoenix, Arizona 85016**

Attendance

Attendees

F. Rockne Arnett, Chairman
Rod C. Williams
Larry D. Landry
John Benton, Chairman of the Board of Directors
Ted A. Ferris, President/CEO
Charles M. Foley, Chief Financial Officer & Treasurer
Peter Sullivan, General Manager, Global Spectrum
Patrick Talty, Executive Director of Operations, Global Spectrum
Kurt Freund, RBC Dain Rauscher
John Snider, RBC Dain Rauscher

1. Call to Order. A public meeting of the of the Arizona Sports & Tourism Authority (the "Authority") Finance, Budget and Audit Committee (the "Committee") was held in RBC Dain Rauscher's Conference Room, 2398 E Camelback Rd, Suite 700, Phoenix, Arizona 85016 on Tuesday, March 21, 2006 at 2:00 p.m.. A quorum being present, and the meeting having been duly noticed and called, Chairman Arnett called the meeting to order (Mr. Landry joined the meeting shortly after it was called to order)..

2. Consideration of Minutes from February 17, 2006. Chairman Arnett asked to delay this agenda item until Mr. Landry was present. Upon Mr. Landry's attendance at the meeting, Mr. Arnett called for a motion to approve and ratify the minutes of a meeting of the Committee held February 17, 2006 (Exhibit A). Mr. Williams moved the approval of the

minutes. The motion was seconded by Mr. Landry and unanimously carried and it was resolved that the minutes of the February 17, 2006 meeting be approved.

3. Cardinals Stadium Matters.

- a. Extravaganza Seating Update. Chairman Arnett opened the discussion by calling on Mr. Ted Ferris,, Authority President and CEO.. Mr. Ferris proceeded to overview the extravaganza seating plan as detailed in Exhibit B. Mr. Ferris informed the committee that agreement had been reached and documented through an exchange of letters with the Fiesta Bowl organization on a reduction from 73,000 to 72,000 in the minimum seating capacity including extravaganza seats due to the type of seat selected for installation during mega-events including the annual Fiesta Bowl game (the same letter acknowledged that the conversion of unused ADA seating to regular seating for the “mega-events” could increase the actual seating capacity to more than 72,000). Mr. Ferris provided for an overview on where the seating would be located in the building during mega-events and that they would be stored in the new storage area under the seating bowl’s southeast corner when not in use. Upon Mr. Ferris’ presentation, the chairman called for a motion to approve the extravaganza seating plan and forward it with the committee’s recommendation to the Authority’s board of directors. Mr. Landry moved the approval and recommendation, the motion was seconded by Mr. Williams and, after a call for further discussion of which there was none, the motion carried unanimously.

- b. Stadium Furniture, Fixtures and Equipment Update. The chairman called upon Mr. Peter Sullivan, General Manager for Global Spectrum, to open the discussion on this item. Mr. Sullivan informed the committee that the process which led to the furniture, fixture and equipment list (the "List") provided to the committee (Exhibit C) for their review and consideration, had taken a significant effort over the prior one and one-half years involving both Global Spectrum and the Authority. He further informed the committee that the items contained in the List were being presented to the committee for their review and consideration for recommendation to the Authority's board of directors for approval and that none of the items had been put out to bid nor ordered at the present time. Mr. Ferris informed the committee that the Authority's source of funds to make these recommended purchases would be the Authority's existing operating reserves. Mr. Sullivan called upon Mr. Patrick Talty, Executive Director of Operations for Global Spectrum, to review the List with the committee. Upon conclusion of Mr. Talty's review, Mr. Landry moved that the committee approve the List for recommendation to the Authority's board of directors, that Global Spectrum utilize a competitive bid process in procuring the items on the List and that the Authority's staff oversee, as is indicated in the stadium management agreement with Global Spectrum, Global Spectrum's procurement of the items in the List. The motion was seconded by Mr. Williams and there being no further discussion on the motion a call for a vote was made by the chairman and carried unanimously.

- c. Synthetic Fixed Bond Update. Mr. Foley, Authority Chief Financial Officer and Treasurer, introduced this agenda item and called upon Mr. John Snider, Managing Director for RBC Dain Rauscher, to provide an update on the Authority's September 2005 bond issue and its related synthetic fixed swap arrangement. Mr. Snider presented the committee members with a graph (Exhibit D) which detailed the benchmark fixed bond rate at the time of the bond issue, the fixed swap rate and the net effective rate for the period of October 2005 through March 2006. Mr. Snider reviewed the basic terms of the synthetic fixed swap arrangement for the committee and informed the members that during the first six months since the bond issuance, the spread between the benchmarked fixed rate and the net effective rate was more favorable than had been forecasted resulting in approximately \$200,000 in interest savings to the Authority.
- d. Stadium Funding Update. Mr. Foley was called upon to present this information to the committee. Mr. Foley provided the members with several exhibits: Exhibit E – Stadium and Site Improvement Funding Sources and Uses; Exhibit F – NFL Income Tax Analysis by Fiscal Year; and , Exhibit G – Hotel Bed Tax and Car Rental Surcharge revenue performance graphs for the current fiscal year and for the period 2001 through February 2006. Mr. Foley noted the chronic shortfall of Cardinals income taxes as compared to the statutory floor for such tax distributions to the Authority. Mr. Foley further noted the contrary trend of car rental taxes coming up short of estimates as compared to hotel bed taxes exceeding the budget forecast and noted that the

Authority' has requested a meeting with the Arizona Department of Revenue to discuss both of these unexpected revenue shortfalls. Upon the conclusion of Mr. Foley's remarks, Mr. Landry moved that a letter be drafted and sent to B&B Holdings, Inc. (d/b/a/ the Arizona Cardinals) requesting that they provide the Authority with written verification of the balance of their funding for the stadium and on-site improvement project. The motion was seconded by Mr. Williams and there being no further discussion was carried unanimously. Mr. Benton, Chairman of the Authority's Board of Directors, provided the committee with an update as to the Arizona Cardinals' assertion that the Authority was partially responsible for projected \$1.2 million cost overrun on the on-site improvements associated with the stadium project. Mr. Benton further informed the committee that on advice of the Authority's general counsel, and pursuant to the amended and restated Project Management Agreement and other agreements between the Arizona Cardinals and the Authority, the Authority has no responsibility for cost overruns, which are the sole responsibility of the Arizona Cardinals.

4. Consideration of AZSTA Policies and Procedures. Mr. Ferris provided an overview of the policies and procedures being presented to the committee for their consideration including three policies that had previously been ratified by the board of directors. Mr. Ferris informed the committee that he had received several comments and suggestions from Mr. Landry. Mr. Arnett suggested that a red-lined version of the policies and procedures be drafted by Authority staff for consideration at a future committee meeting.

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

“Exhibit A”

June 22, 2005 Committee Minutes

“Exhibit B”

Resolution 2006-65

“Exhibit C”

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Policy and Procedure Manual

“Exhibit D”

Summary of Projected Cash Flow

“Exhibit E”

Sources and Uses – AZSTA Change Orders and F. F. & E.