

TOURISM AND SPORTS AUTHORITY

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Issue 2001-1

PRESIDENT'S REPORT

April 2, 2001

I. SUMMARY

- TSA moves into new office
- Kenny Harris' former Administrative Assistant, Deb Wilson to rejoin Kenny at the TSA
- Meet Chuck Foley, Resource Connections, the TSA's interim CFO
- Final decision made on stadium orientation, elevation, and canal routing at Tempe site
- Federal Aviation Administration review and recommendations to be quickly sought
- TSA/Cardinals present revised "program" for the new multipurpose stadium to Hunt Construction
- Work continues on design-build agreement with Hunt, development agreement with Tempe, final use agreements with Cardinals and the Fiesta Bowl
- TSA reviews proposals for Youth & Amateur Sports Facilities for preliminary action at April TSA Board meeting
- Surprise announces agreements with Royals and Rangers and timetable for construction of new Spring-training facility
- Preparation continues for issuance of Cactus League bonds (to provide TSA grant to City of Surprise) and Multipurpose Stadium Facility bonds
- TWA Dome/America's Center (St. Louis) and new Bronco's Stadium (Denver) visited
- Sec. 17 Reviewed by the Joint Legislative Budget Committee set for Friday, April 6th

III.

IV.

V.

NEW OFFICE

The TSA has relocated from Fennemore Craig to Signature Suites in North Scottsdale. Signature Suites provided the TSA with a very short-term lease arrangement that allows us to continue looking for appropriate space to meet our needs over the next 3 years. Our location at Bell Road and the new Loop 101 means we can be at the stadium site in less than 20 minutes or at Hunt's headquarters in 15 minutes. Our new address is: 8585 E. Hartford Drive, Suite 600, Scottsdale, AZ 85255.

VI. NEW EMPLOYEES

Kenny Harris, P.E., Vice-President for Facilities, is completing his second week with the TSA and rapidly getting up to speed on the stadium project as well as pending projects for the Cactus League and Youth Sports.

Kenny's former Assistant with the City of Phoenix has agreed to rejoin Kenny at the TSA. Deb Wilson has considerable experience working as Kenny's assistant on a variety of projects and her working knowledge of construction issues should prove to be a valuable asset for the TSA. Deb will begin work on April 9th and will be introduced at the Board meeting scheduled for April 10th.

Chuck Foley, an associate with the firm Resource Connections, has been providing interim accounting services for the TSA until such time that a CFO is named. Chuck is doing a great job in setting up the necessary accounts and internal control structure to thoroughly and accurately account for all of TSA's activities.

Chuck will also work with the TSA's auditor to ensure a successful annual audit. With the anticipated change in the TSA's fiscal

year to June 30, the first audit will begin this summer.

I am continuing to interview for the position of Vice-President of Operations and Chief of Marketing.

A more complete organization structure and preliminary TSA budget will be presented in May.

STADIUM SITING

After several meetings and very important agreements between several interested stakeholders, it appears that we now have the final position, orientation, and elevation of the stadium at the Tempe Papago Park Center site. The Salt River Project and Bureau of Reclamation have agreed that the canal can be rerouted along the southern edge of the property, parallel to the Union-Pacific Railroad. This action, in combination with a rotation of the stadium to the southeast, means that the stadium floor can be lowered to an elevation of 1,134 feet and avoid the canal when the field is in its customary "outboard" position. By lowering the field an additional 14 feet (vs. 1,148 feet shown previously), we can better align the main concourse of the stadium (roughly 1,173 feet) to the elevation at the intersection of Washington and Priest (1,170 feet). This will allow for easier pedestrian ingress and egress to the facility and, hence, more efficient loading and unloading of the stadium. Also, the lowering of the stadium floor means that the field in the outboard position will be nestled in a bowl. This will allow us to create some seating around the field for outdoor events, creating additional multipurpose opportunities for the TSA.

FEDERAL AVIATION ADMINISTRATION (FAA) REVIEW

As soon as we have final coordinates for the stadium and anticipated building dimensions (later this week), we are close to submitting this information to the FAA for their review. Working with Hunt, we are close to finalizing the roof design, which impacts the overall height of the building. As soon as this variable is set, we will work with the City of Tempe to submit all the required information to the FAA. We will be asking the FAA to expedite their review, if possible, from the normal 90-days.

Once we have the FAA's comments, I intend to meet with the Phoenix Aviation Department to share the FAA's findings and to listen to any further concerns that Phoenix officials may have. I have

rebuffed earlier overtures that the TSA Board meet with the Phoenix Aviation Board as they requested, because the issue is not "ripe", and secondly, a more appropriate course, in my opinion, is the one I have just described.

I am attaching an Arizona Republic editorial that agrees with this position.

PRELIMINARY "PROGRAM" COMPLETED BY TSA/CARDINALS

"The Program" is simply a narrative description of all that the new multipurpose stadium is to contain from the general seating to the premium spaces, from the trusses and the retractable roof to the removable field and the movable wall, from the scoreboards, audio and security systems to all the interior spaces for stadium operations and the team. The program is intended to capture in words what the architects will have to put on paper and what the Hunt Construction Group will have to include in the Guaranteed Maximum Price (GMP) of \$334 million.

With the assistance of our design and construction consultants (Hines and IFG for the TSA, and Norm Getz & Associates for the Cardinals), we spent the better part of 3 days in intensive discussions over design and programmatic issues in crafting our version of the program. Our next step is a day-and-a-half set aside this week for the TSA/Cardinals and our consultants to meet with Hunt and HOK (the architects) in an attempt to blend our respective positions. As we revise the program, Hunt will revise their budget estimates, so that we can ultimately reach agreement on a design-build agreement that incorporates: 1) the program, 2) the budget, and 3) the schedule.

LEGAL WORK ON VARIOUS AGREEMENTS

Fennemore Craig, PC, continues to take the lead on the drafting of numerous agreements including the design-build agreement with Hunt Construction Group, the development agreement with the City of Tempe, final use agreements with the Arizona Cardinals and the Fiesta Bowl, and the Intergovernmental Agreement with the City of Surprise. All told, Jay Ruffner and his team have twenty-two agreements and/or contracts being finalized.

ACTION ON YOUTH & AMATEUR SPORTS FACILITIES

In preparation for our next meeting, the TSA has reviewed several proposals for youth and amateur sports facilities. I am hoping to bring a couple of projects to the TSA Board for preliminary approval in April, along with a decision-making structure to the TSA Board to help guide future awards.

Unfortunately, these monies are not as large as we all would like. They begin at \$1 million annually, and grow by \$100,000 per year. Thus, after 11 years, they reach \$2 million annually. Like the Cactus League monies, the proposing entity must provide a minimum 50% match, meaning they will provide at least one-third of the funding and the TSA will provide no more than two-thirds.

Nevertheless, with these monies, we can make a real difference for kids and families in many communities throughout Maricopa County.

VII. SURPRISE ANNOUNCEMENT

On Monday, March 26, the City of Surprise announced they had reached tentative agreements with the Kansas City Royals and the Texas Rangers to move their spring training operations from Florida to Arizona. The City also announced a timetable for construction of the new, two-team training complex that would have them open for play in June 2003.

The timetable for starting construction and selling TSA bonds to raise our \$26 million share remains very aggressive, if Surprise is to meet their deadlines. Roger Brendecke is working with Surprise officials to analyze all aspects of their proposal and will report to the TSA Board at our next meeting on April 10th. TSA personnel and attorneys from Fennemore Craig toured the City of Peoria’s two-team facility to gain a better understanding of this “blueprint” for the Surprise facilities. Roger will also be touring the Tucson Electric Park, the most recent spring training facility constructed in Arizona, and home to the Arizona Diamondbacks, The Chicago White Sox, and the Diamondbacks’ AAA affiliate, the Tucson Sidewinders.

PREPARATIONS FOR BOND ISSUANCE CONTINUE

Preparation continues for issuance of Cactus League bonds to be issued in early June (to provide the \$26 million TSA grant to the City of Surprise) and the first half of TSA’s Multipurpose Stadium Facility bonds to be issued in early July. The second half of the stadium bonds will be issued in early January of 2002. Splitting the stadium bond into two pieces will help in a couple of ways; one, it will extend by 6 months the period in which we can earn and retain arbitrage interest (associated with our ability to earn more interest than we pay on funds until they are spent so long as the bond proceeds are spent within two years); secondly, interest rates are trending down, so we may realize even lower rates.

VIII. STADIUM TOURS CONTINUE

On Wednesday, March 28, and Thursday, March 29, I visited the TWA Dome/America’s Center (St. Louis) and the new Bronco’s Stadium in Denver. While in Denver, I also attended a working session of their Owner-Joint Venture team that is overseeing this “design-build” project.

So far, I have visited Tampa Bay’s Raymond James Stadium, the Hoosier Dome and Conseco Fieldhouse in Indianapolis, the half-completed Houston Texans’ stadium (Reliant) as well as Enron Field in Houston, Staples Center in Los Angeles, the TWA-Dome and America’s Convention Center in St. Louis, and the new Denver Bronco’s Stadium (Invesco Field). Remaining visits I would like to make include the Georgia Dome (which I am told is one of the best multipurpose venues in the country) and the new baseball and football venues in Seattle.

These visits have been extremely valuable. I have taken my digital camera to capture design issues to discuss with our team back in Arizona. For example, in Indianapolis, they have created roughly 15,000 square feet of club space underneath the main bowl that is accessible for stadium floor on non-game days and provides additional premium seating services on game days. This space has

enormous multi-purpose potential. Therefore, we are programming

SECTION 17 REVIEW BY JLBC

For several weeks, I have sought a timely review by the Joint Legislative Budget Committee of Section 17 of SB 1220, Ch. 372, Laws 2000 (the act which created the Tourism and Sports Authority and authorized the placement of Proposition 302 on the November 2000 ballot). Section 17 requires the State School Facilities Board (SFB), in consultation with the Governor's budget office, and after review by the JLBC, to certify that sufficient monies are available to "fix the schools". Until this certification is made, the State Treasurer is instructed to not forward to the TSA the portion of the tourism taxes that are earmarked for stadium construction.

Fortunately, this review should be perfunctory. The SFB has estimated the total cost of bringing all schools up to standards to be \$1,077 million. The necessary funding will come from an \$800 million bond issue authorized pursuant to Proposition 301 (Education 2000) and monies already appropriated by the Legislature for that purpose.

Completing this review is essential to extending our short-term credit agreement with Wells Fargo Bank that provides operating monies and an interim capital budget. It is also essential to meet our critical time path for issuing Cactus League bonds to finance the two-team, Surprise facility.

This is the inaugural "President's Report" from Ted A. Ferris, Chief Executive Officer of the Tourism and Sports Authority. The President's Report will be a biweekly publication of the TSA, intended to keep TSA Board Members and other interested parties informed on key developments. Quarterly progress reports to the Governor and the public will be produced beginning in May and every 3 months thereafter. Once the TSA website is operating (May-June), these reports will be published there as well.