

**RIO SALADO CROSSING MULTI-PURPOSE FACILITIES DISTRICT
BOARD OF DIRECTOR'S MEETING/PUBLIC HEARING**

The Board of Directors of the Rio Salado Crossing Multi-purpose Facilities District met in a Board Meeting/Public Hearing in the Multi-purpose Room of the Queen Creek Town Hall, 22350 South Ellsworth Road, on Tuesday, August 11, 1998 at 6:05 p.m.

BOARD PRESENT

Marty Whalen, Chairman
Pat Gilbert
Marjorie Heckman
David Johnston
Jim Lykins
Roseann Sweet

**MESA COUNCIL
PRESENT**

Keno Hawker

MESA STAFF PRESENT

Neal Beets
Linda Crocker
Mike Hutchinson
Barbara Jones
Andrea Rasizer
Larry Woolf
Others

OTHERS PRESENT

Dana Belknap
Doug Bennett
Steve Bets
Robert Brinton
Margie Frost
Larry Givens
George Pettit
Michael Rushman
Robbie Sherwood
Steve Short
Bill Sims
Fred Williams
Fred Willmeyer
Others

(Items on the agenda were discussed out of order but for purposes of clarity will remain as listed on the agenda.)

Chairman Whalen welcomed those present in the audience to the meeting. Chairman Whalen introduced newly-appointed Boardmember Roseann Sweet and expressed appreciation to Ms. Sweet for her willingness to serve as a Town of Queen Creek appointed member of the Board of Directors.

1. Approve minutes from the July 28, July 31 and August 4, 1998 meetings.

It was moved by Boardmember Johnston, seconded by Boardmember Heckman, that the minutes from the July 28, July 31, and August 4, 1998 meetings be approved.

Carried unanimously.

2. Consider a resolution of the Board of Directors of the Rio Salado Crossing Multi-purpose Facilities District, approving and authorizing the Chairman to execute an Intergovernmental Agreement with the City of Mesa relating to funding of District start-up costs, indemnification, and insurance. (Weighted vote.)

In response to a request from Chairman Whalen, Mesa City Attorney Neal Beets briefly highlighted the contents of the proposed Intergovernmental Agreement. Mr. Beets explained that the City of Mesa will fund start-up expenses for the project, including costs associated with

contracting with Maricopa County to conduct the upcoming elections, Boardmember liability insurance, legal counsel expenses, and a variety of related costs.

Mr. Beets also commented on the 'weighted voting' issue and noted that weighted voting will occur when the Board is considering contracts involving the City of Mesa, particularly in relation to financial issues and will also be implemented should the Board consider future amendments to the proposed bylaws.

In response to comments from Boardmember Gilbert, Mr. Beets stated that the proposed agreement does not preclude the future repayment of start-up expenses by the District to the City of Mesa.

It was moved by Boardmember Lykins, seconded by Boardmember Johnston, that the proposed resolution of the Board of Directors of the Rio Salado Crossing Multi-purpose Facilities District, approving and authorizing the Chairman to execute an Intergovernmental Agreement with the City of Mesa relating to the funding of District start-up costs, indemnification and insurance, be approved. (Weighted vote.)

Carried unanimously.

3. Hear reports from Chairman's committees.

a. Finance Committee

Boardmember Johnston introduced the other members of the Finance Committee to the members of the Board and the audience present at the meeting. Boardmember Johnston stated that the Committee has been diligently working on developing a financing strategy for the project.

Mr. Woolf stated that the Committee is reviewing the recapturing elements of the proposal and will continue to analyze all options for the purpose of ensuring the ultimate financial stability of the project.

(Chairman Whalen declared a recess at 7:30 p.m. and the meeting reconvened at 7:42 p.m.)

b. Contracts Committee

Boardmember Gilbert introduced the other members of the Contracts Committee to the members of the Board and the audience.

In response to a request from Boardmember Gilbert, Mr. Sims stated the opinion that the Boardmembers must focus on minimizing risk and generating acceptable levels of return. Mr. Sims added that the Committee will continue their efforts to negotiate an acceptable agreement.

Discussion ensued relative to the release of draft negotiation agreements and it was determined that the information contained in both draft agreements would be disclosed.

c. Marketing and Operations Committee

Boardmember Lykins introduced the other members of the Marketing and Operations Committee, Robert Brinton, Mike Hutchinson and Ray Pittman, to the members of the Board and the audience present at the meeting. Boardmember Lykins advised that an 'advance team' was

organized for the purpose of previewing three separate stadium projects in Indianapolis, San Antonio and St. Louis. Boardmember Lykins stated that the St. Louis Stadium and Convention Center was extremely impressive.

Mr. Lykins commented on pre-marketing expenditures and estimated average annual marketing costs.

Assistant City Manager Mike Hutchinson briefly discussed proposed operational costs and noted difficulties associated with targeting actual amounts. Mr. Hutchinson stated the opinion that an intensive marketing and sales effort will be required to promote the proposed facility. Mr. Hutchinson commented on the fact that a variety of revenue sources will have to be identified to offset the operational deficiencies and added that issues such as a surcharge on hotel rooms must be explored.

In response to a question from Boardmember Gilbert, Mr. Hutchinson advised that competition among convention centers is strong and emphasized the importance of developing and implementing an intense marketing program.

d. Capital Facilities Committee

Boardmember Heckman introduced Mr. Ted Willmeyer, Contracts Manager for Huber, Hunt & Nichols, Phoenix, to the members of the Board. Mr. Willmeyer noted that the project's design phase will require approximately eight months to complete and estimated that construction of the stadium will require 36 months. Mr. Willmeyer added that construction of the convention center will require an additional four months' construction time. Mr. Willmeyer noted that the current proposal calls for the project to be completed on a design/build basis and reported that costs for the stadium are estimated at \$292 million. Mr. Willmeyer added that construction of the convention center will cost an additional \$158 million, for a total project cost of \$450 million.

Boardmember Heckman noted that contingency funds for the project have been increased by \$10 million and currently total \$30 million.

Discussion ensued relative to various data used to compile estimates for the project, similar projects that have been developed in Jacksonville and Tampa, Florida, design/build versus design/bid/build and the positive benefits of the design/build process, problems experienced by the Bank One Ballpark and the fact that the Ballpark was constructed on an extremely stringent time schedule, a similar project that is currently underway in Seattle, Washington, the fact that 60 to 65% of the project's cost is for materials and the remainder constitutes labor-related expenses, and possible scenarios that may impact the cost of the project such as major project additions and/or material upgrades.

In response to a question from Boardmember Gilbert relative to the design/build process, Legal Advisor Bill Sims discussed Arizona Revised Statutes Title 34 and stated the opinion that the design/build process is inconsistent with the intent of Title 34. Mr. Sims expressed the opinion that should the Board decide to proceed with the project, the issue of adopting legislation that would allow design/build construction to occur should also be pursued.

Chairman Whalen thanked Boardmember Heckman, Mr. Willmeyer and Mr. Sims for their input.

e. Public Affairs Committee

Public Information Officer and Public Affairs Committeemember Andrea Rasizer provided the Board with a brief overview of informational items concerning the Rio Salado Crossing Project which have been placed on the City's web page. Ms. Rasizer added that the site will be continually updated in an effort to provide citizens with the latest information on the proposal.

Chairman Whalen thanked Ms. Rasizer for her efforts.

4. Conduct a public hearing on the proposed Rio Salado Crossing Project.

Mr. Michael Rushman presented a brief overview of the Rio Salado Crossing project and noted that the project will encompass approximately 650 acres and constitutes a unique master-planned community which will be developed at an in-fill location. Mr. Rushman advised that a number of project amenities such as parks, open-space recreational areas and walking trails will be constructed at the same time.

Discussion ensued relative to the various components of the project, including an exposition and convention center, hotels, retail and residential developments, restaurants, golf courses, recreational/open space amenities, ingress and egress to the site, parking and the fact that at build-out the project will contain in excess of 20,000 parking spaces, water-related facets, the construction of a retractable football field, the development of a skateboard park, proposed urban fishing, the pedestrian-friendly nature of the proposal and anticipated traffic levels.

Mr. Rushman also commented on the various construction phases/timetables associated with the project.

Mesa City Councilmember Keno Hawker listed a number of questions to be addressed by the Board relative to this project. (Verbatim on file in City Clerk's Office)

Mr. Paul Switzer, a resident of Queen Creek, expressed concerns relative to increasing activity at Williams Gateway Airport and requested that the Board review this matter.

Chairman Whalen thanked Mr. Rushman for his presentation and the speakers for their input.

5. Adjournment.

It was moved by Boardmember Gilbert, seconded by Boardmember Lykins, that the meeting adjourn at 8:59 p.m.

Carried unanimously.

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I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Board of Directors Meeting/Public Hearing, held on the 11th day of August 1998. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this _____ day of August, 1998

JIM LYKINS, BOARD SECRETARY