

**RIO SALADO CROSSING MULTI-PURPOSE FACILITIES DISTRICT  
BOARD OF DIRECTORS' MEETING**

The Board of Directors of the Rio Salado Crossing Multi-purpose Facilities District met in a Board Meeting in the City of Mesa Lower Level Council Chambers, 57 East 1st Street, Mesa, Arizona, on January 11, 1999 at 5:03 p.m.

**BOARD PRESENT**

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

**BOARD ABSENT**

None

**MESA COUNCIL  
PRESENT**

Jim Davidson  
John Giles  
Keno Hawker  
Bill Jaffa  
Pat Pomeroy

**STAFF PRESENT**

Wayne Balmer  
Linda Crocker  
Mike Hutchinson  
Ellen Pence  
Andrea Rasizer  
Larry Woolf  
Others

**OTHERS PRESENT**

Dana Belknap  
Julie Pace  
Mike Rushman  
Robbie Sherwood  
Bill Sims  
Marilynn Wennerstrom  
Fred Williams  
Others

1. Further consideration of the proposed Use Agreement.

Chairman Whalen commented that a number of revisions have been made to the proposed term sheet (copy attached) and thanked the members of the Board for their cooperation and attendance at the meeting.

Chairman Whalen highlighted the list of term sheet changes and said that a number of outstanding issues have been addressed.

In response to a question from Boardmember Johnston, Legal Advisor Bill Sims advised that the proposed term sheet contains a variety of conditions that will provide the members of the Board, the various Councils and City of Mesa staff an opportunity to conduct further investigations and inquiries prior to determining whether to proceed with the proposal.

Mr. Sims commented that at the last Board meeting, the Board authorized ballot language and stated that although the agenda does not contain an item calling for the approval of revised ballot language, he is providing the Boardmembers with copies of amended language for their information (copy attached). Mr. Sims explained that the revision clarifies rather than changes the original ballot language and does not require Board action.

In response to a question from Boardmember Heckman relative to liability, Mr. Sims advised that the Board was created in accordance with legislation and said that although two cities must vote in support of the project for it to proceed, Mesa will assume the majority of responsibility. Mr. Sims stated that the City of Mesa is preparing to enter into Intergovernmental Agreements (IGA's) with the Towns of Gilbert and Queen Creek and stated that it is Mesa's intention to indemnify each of those member towns against all future claims. Mr. Sims' emphasized that the Towns of Gilbert and Queen Creek will be protected from risk and noted that the Boardmembers' personal interests are already protected.

It was moved by Boardmember Gilbert, seconded by Boardmember Lykins, that the Boardmembers recommend acceptance of the final term sheet proposal to their respective Councils and request that the Councils give same their due consideration and proceed with the adoption of a resolution and a vote to place this issue on the ballot.

Discussion ensued among the members of the Board relative to the fact that opportunities will exist in which to conduct additional analysis and study relative to the feasibility and long-term impacts of the project, the importance of allowing the voters to decide upon this issue, and the importance of providing accurate and complete information regarding the proposal to ensure that the voters have sufficient information on which to cast their votes.

Carried unanimously.

2. General information and scheduling of future meetings.

Chairman Whalen advised that the next meeting of the Board has been scheduled for Thursday, January 14, 1999 at 5:00 p.m. in the lower Council Chambers.

3. Adjournment.

Without objection, the meeting adjourned at 5:40 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Board of Directors' Meeting held on the 11th day of January 1999. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this \_\_\_\_\_ day of January 1999

\_\_\_\_\_  
JIM LYKINS, BOARD SECRETARY

EXHIBIT A

**District Question Regarding the Use of State Sales Tax Revenue:**

Shall the District be authorized to use state sales tax revenues generated by the Rio Salado Crossing Project as permitted by law, from time to time, for such project? Such usage may include, among other things, the pledging of such revenues to secure the District's bonds or other financial obligations issued or incurred for the construction of multipurpose facilities within the project.

**USE AND PRELIMINARY DEVELOPMENT AGREEMENT  
FOR THE ARIZONA EXPOSITION AND CONVENTION CENTER  
BY AND AMONG THE CITY OF MESA, THE RIO SALADO CROSSING  
MULTI-PURPOSE FACILITIES DISTRICT AND THE ARIZONA CARDINALS**

Development of the Facility

1. The parties intend to develop a 1,000,000 square foot convention center with approximately 508,000 square feet of exhibition floor area and a multi-purpose stadium ("Stadium") with 67,400 seats as well related improvements ( the "Facility") as more particularly described in Attachment A.
2. The parties estimate that the Facility and related improvements, including public amenities, will cost approximately \$507 million to construct and make ready for operation. The Cardinals will contribute \$75 million to cover such costs and the City and District will provide the remaining amount, but not to exceed \$385 million from sales tax-supported bonds plus the recapture of certain taxes and surcharges during the construction period, all as more particularly described in the Financing Plan Overview dated January 11, 1999.
  - a. The Cardinals have already incurred certain costs in connection with the design of the Facility and if the ballot measure is adopted will cover additional design costs up to a total of \$10 million prior to the implementation of the new Mesa sales tax.
  - b. The Cardinals will post an irrevocable letter of credit, in a form reasonably approved by the District, for their remaining commitment as a condition of the implementation of the new Mesa sales tax. The Cardinals will provide the final \$65 million two years after the start of construction.
  - c. The City/District contribution may be reduced by amounts they pay prior to the closing of the bond issue for costs in connection with the design of the Facility.
3. The District and the Cardinals will enter into an agreement for construction of the Facility, providing that neither the Cardinals nor the District will be responsible for cost overruns. notwithstanding the foregoing, in the event the District or the Cardinals requests changes to the Facility which are not covered by a guaranteed maximum price under such agreement or causes a default under the agreement, then the District or the Cardinals, as applicable, will be responsible for all costs related to such changes or default.

Cardinals Use of the Facility

1. The term of the use agreement between the Cardinals and the City/District will be 25 years, commencing with the first NFL season after completion of the Facility. There will be ten 5-year extensions at the Cardinals' option.
2. The Cardinals will be entitled to use the Stadium for all pre-season, regular season

and post-season NFL games in which the Cardinals are a participant ("Home Games") and such other space in the Facility as is reasonable in connection with the operation of a NFL team including, without limitation, a team shop, locker rooms (used in connection with Home Games) and training space (used in connection with Home Games). Further, the Cardinals will be entitled to use the Stadium for promotional and sponsor related events and activities and will be responsible for costs incurred in connection therewith.

3. The Cardinals will pay annual rent of \$1,750,000 per year, subject to an appropriate annual cost of living adjustment.
4. The Cardinals will be responsible for marketing naming rights for the Facility except as noted below, but the District will have the right to reasonably approve such name. The Cardinals will receive all naming rights proceeds and will pay the District \$250,000 (subject to an appropriate annual cost of living adjustment) from such naming rights proceeds annually. The District shall have the right to name the convention portion of the Facility, but such name must either be civic, governmental or geographic in nature and cannot be commercial in nature.
5. The Cardinals will receive 100% of ticket receipts from all Home Games.
6. The Cardinals, pursuant to a master suite license agreement to be negotiated with the City/District, will be responsible for marketing luxury suites and club seats and will receive all revenues generated thereby (other than ticket proceeds from district events.)
7. The Cardinals will be responsible for selecting the concessionaire for the Facility (the "Concessionaire") and entering into a concession agreement, subject to the approval of the District which will not be unreasonably withheld. The concession agreement will provide the Cardinals with pouring rights and the right to select branded providers and branded products for the Facility, together with related revenues therefrom. The Cardinals will receive all net concession revenues from Home Games. For all events in the facility other than Home Games, the concessionaire must provide concessions on terms no less favorable than the terms provided the Cardinals (taking into consideration the relative amount and type of concessions sold at such events and Home Games).
8. The Cardinals will be responsible for marketing interior and exterior signage and other Facility advertising and sponsorship rights and will receive all revenue therefrom; provided, however, that the Cardinals will pay to the District any revenues that it receives that are attributable to the placement of signs or advertising within the non-stadium portion of the Facility. The District shall have the right to approve such signage to ensure that it is not offensive.
9. The Cardinals will receive 100% of Home Game net parking revenues.

City/District Use of the Facility

1. A manager will manage and operate the Facility pursuant to a management agreement containing the terms, provisions, conditions established by the Stadium Use Agreement. The Cardinals will have reasonable approval rights for staffing and other elements of staging Home Games.
2. The District will be responsible for all operating and maintenance expenses of the Facility. The parties have developed a projected operating budget as part of the Financial Plan Overview that provides for, among other items, District operations, local and national marketing and capital reserve payments. In keeping with the parties mutual desire to maintain and upgrade the facility to a first-class standard, the Cardinals will have the right to review and approve the Facility operating budget
3. The District will control the scheduling of the Facility; provided, however, that the Cardinals will have an absolute priority for Home Games. The Cardinals will, however, work with the City/District and the NFL to permit the scheduling of the convention portion of the Facility in accordance with the most flexible scheduling procedures at other facilities that the NFL has approved.
4. The District will receive all revenues generated by all uses of the Facility other than Home Games.
5. The City of Mesa, the Town of Gilbert, the Town of Queen Creek and the District will enter into an Intergovernmental Agreement that, among other things, allows the residents of the Town of Gilbert and the Town of Queen Creek to use facilities in the Rio Salado Crossing Project on terms no less favorable than the terms offered the residents of the City of Mesa.
6. The parties acknowledge that, as described in the Financing Plan, upon completion, the Rio Salado Crossing Project will generate substantial sales, bed and food and beverage tax revenues and surcharges. In addition, the non-Home Game uses of the Facility may generate operating surpluses in some years. The parties agree that these recaptured tax revenues and operating surpluses, if any, will be used as follows, and in the following priorities:
  - a. At the end of each quarter of a fiscal year, the City/District and Cardinals will be entitled to withdraw, in the following priorities, sums from available recapture revenues and operating surpluses generated to that date to offset the following:
    - i. First, in the case of the City /District, any operating deficits incurred in connection with the Facility and additional public amenities in the Rio Salado Crossing Project pursuant to an approved O & M budget

- which includes a line item for reserve for replacement; and
- ii. Next, in the case of the Cardinals, any increase in rent payments for its training facility that results from the playing of Home Games at the Stadium as will be more fully described in the Stadium Use Agreement plus an annual amount equal to 50% of the non-Home Game net parking revenues actually received by the City/District during the year for which the amount is paid; and
  - iii. If there are not sufficient recapture revenues and operating surpluses available to make such payments, then the City/District and Cardinals will carry forward any shortfall to the next quarter and will be paid when sufficient recapture revenues and operating surpluses are available during the term of the Stadium Use Agreement.
- b. If the balance of recapture revenues and operating surpluses reaches such a level that the City/District and Cardinals reasonably conclude that future offset payments can be made for the balance of the term of the use agreement, then the City/District and Cardinals may use identified excess recapture as follows:
- i. That portion of all excess recapture taxes, other than as described in clause (ii) below, may be used to repay principal on the bonds issued by the City to pay for the construction of the Facility; and
  - ii. That portion of the excess recapture that is attributable to new bed, food and beverage taxes or surcharges imposed as a result of this project (and any amounts described in (i) above, after the bonds have been fully paid) may be used, with the approval of the City/District and the Master Developer, on projects, programs or activities that would benefit Rio Salado Crossing and which are in addition to the projects, programs and activities contemplated by the current conceptual master land use plan for Rio Salado Crossing.

Development of the Remaining Components of Rio Salado Crossing

1. The parties have approved a conceptual master land use plan for Rio Salado Crossing that provides, subject to applicable laws, regulations and approvals, for hotel, retail, residential, recreational and office development that will complement the Facility and ensure that maximum use is made of the Facility.
2. The City, District and Cardinals recognize the importance of making certain that this related development occurs in order for the approved Financing Plan to be achieved. Accordingly, it is the parties intent that the Cardinals or a related

entity and a joint venture partner to be designated by the Cardinals (subject to applicable laws and reasonable City/District approval) will be the master developer for the Rio Salado Crossing Project ("Master Developer").

Conditions Precedent

1. This Agreement and subsequent more detailed versions of it will be binding on the parties, but no party will have any duty to perform any obligation under such agreements unless and until:
  - a. The City/District enters into a master development agreement with the Master Developer for the land (other than the site of the Facility) included within the project ("Rio Salado Crossing Project");
  - b. The Cardinals, the District and the City of Mesa have agreed upon land acquisition (including, without limitation, adequate due diligence) and upon the financing, design and construction of the Facility, including (without limitation) a guaranteed maximum price contract for the construction of the Facility;
  - c. The City/District and the Cardinals enter into a Stadium Use Agreement;
  - d. The City/District and the Cardinals receive adequate commitments from the Master Developer and component developers that sufficient related development will occur to generate enough recapture revenues so that the Financing Plan and this Agreement can be successfully implemented; and
  - e. Necessary amendments to certain provisions of the Arizona Revised Statutes become effective to facilitate the construction, operation and financing of the Facility and the Rio Salado Crossing Project; and,
  - f. The District and the Cardinals conclude that the plan for financing the construction and operation of the Facility and the Rio Salado Crossing Project is adequate.
2. The City, the District and the Cardinals agree to use reasonable efforts to satisfy these conditions precedent.
3. The provisions of this Agreement will be superceded by Master Development, Stadium Use and other definitive agreements among the parties.