

TOURISM AND SPORTS AUTHORITY

Resolution providing for the authorization, issuance and sale of up to \$28,000,000 Subordinate Revenue Bonds for the City of Surprise Cactus League Project

IT IS RESOLVED by the Board of Directors (the “*Board*”) of the Tourism and Sports Authority (the “*Authority*”) as follows:

SECTION 1. Findings and Determinations by the Board. The Board finds and determines as follows:

(a) The Authority is a political subdivision of the State of Arizona existing pursuant to Title 5, Chapter 8, Arizona Revised Statutes, as the same may be modified or amended (the “*Act*”), as a corporate and political body of the State of Arizona.

(b) The Act authorizes the Authority to issue bonds to provide monies to acquire land or construct, finance, furnish, improve, market or promote the use of existing or proposed major league baseball spring training facilities that are located in the Authority and other structures, utilities, roads, parking areas or buildings necessary for full use of the training facility for sports and other purposes and to do all things necessary or convenient to accomplish those purposes; to pay bond obligations; and to pay bond related expenses (“*Cactus League Purposes*”). The Act provides that the pledge of revenues and monies securing bonds issued for Cactus League Purposes (“*Subordinate Bonds*”) is subordinate to the pledge securing bonds or other debt obligations (“*Senior Bonds*”) issued pursuant to the Act for “multipurpose facility purposes” within the meaning of the Act (“*Multipurpose Facility Purposes*”) and, except for monies already in the Cactus League Promotion Account, to the distribution of monies pursuant to Arizona Revised Statutes Section 5-835, subsection B, paragraph 2.

(c) The Board has determined to authorize the issuance and sale of up to \$28,000,000 principal amount of Subordinate Bonds pursuant to the Act for Cactus League Purposes (the “*Subordinate Series 2001 Bonds*”) to assist in financing major league baseball spring training facilities (the “*Project*”) to be located in, and owned and operated by, the City of Surprise, Arizona (the “*City*”), pursuant to the provisions of the Intergovernmental Agreement, dated to be effective May 21, 2001, between the Authority and the City, pertaining to the Kansas City Royals and the Texas Rangers Spring Training Facilities (the “*Intergovernmental Agreement*”).

(d) In connection with the authorization, issuance, and sale of the Subordinate Series 2001 Bonds, there have been prepared and submitted to the Board:

(1) A form of Trust Indenture (the “*Trust Indenture*”) providing for the issuance of Senior Bonds for Multipurpose Facility Purposes and for the issuance of Subordinate Bonds for Cactus League Purposes, and a form of Subordinate Series 2001 Supplemental Indenture (the “*Subordinate Series 2001 Supplemental Indenture*”)

pursuant to which the Subordinate Series 2001 Bonds are to be issued as Subordinate Bonds and which, together with the Trust Indenture, shall constitute a contract among the Authority, the trustee named in the Trust Indenture as executed and delivered (the “*Trustee*”), and the owners from time to time of the bonds issued pursuant to the Trust Indenture.

(2) A form of Preliminary Official Statement (the “*Preliminary Official Statement*”), to be distributed in connection with the offering and sale of the Subordinate Series 2001 Bonds, and which upon the incorporation of the final bond terms will constitute the form of final Official Statement (the “*Official Statement*”) to be used in connection with the sale of the Subordinate Series 2001 Bonds.

(3) A form of Bond Purchase Agreement for the Subordinate Series 2001 Bonds (the “*Bond Purchase Agreement*”), between the Authority and Dain Rauscher Incorporated, as underwriter (the “*Underwriter*”).

(4) A form of Continuing Disclosure Undertaking (the “*Continuing Disclosure Undertaking*”) of the Authority with respect to the Subordinate Series 2001 Bonds.

SECTION 2. Authorization to Approve, Sign and Deliver Documents and Take Actions. The Chairman of the Board and the President and Chief Executive Officer of the Authority (each an “*Authorized Officer*”) are each authorized and directed to sign and deliver in the name and on behalf of the Authority, and to cause the Authority to perform its respective obligations under, the Trust Indenture, the Subordinate Series 2001 Supplemental Indenture, the Bond Purchase Agreement, the Continuing Disclosure Undertaking and such other agreements, debt instruments and documents as are contemplated thereby and by this Resolution, with such changes therein and additions or deletions thereto as any Authorized Officer may approve or deem necessary, appropriate or advisable to carry out the purposes and intent of this Resolution, the signing and delivery thereof by such officer to be conclusive evidence of the approval of such changes and additions, and to perform all other acts that may be necessary in connection therewith. The Authorized Officers, and each of them acting alone, are authorized and directed, in the name and on behalf of the Authority, to take or cause to be taken any and all further actions and to sign and deliver, or cause to be signed and delivered, all such further agreements and such further documents, certificates and undertakings, and to incur all such fees and expenses, as in their judgment shall be necessary, appropriate or advisable to carry into effect the purposes and intent of this Resolution and the transactions contemplated by this Resolution, and the taking of such action or the signing and delivering of any such agreement, debt instrument or document by such officer shall conclusively evidence the due authorization thereof by this Board.

SECTION 3. Authorization and Purpose of the Subordinate Series 2001 Bonds. It is hereby declared to be necessary to, and the Authority shall, issue, sell and deliver, as authorized and provided in this Resolution, Subordinate Bonds of the Authority in the maximum principal amount of \$28,000,000, to provide monies to make a grant to the City pursuant to the Intergovernmental Agreement for the purpose of paying costs of the Project, to provide for the payment of bond obligations and to pay bond related expenses. The actual principal amount is to

be the amount set forth in the Subordinate Series 2001 Supplemental Indenture and the Bond Purchase Agreement as signed and delivered on behalf of the Authority, determined on the basis of the amount required for the purposes for which the Subordinate Series 2001 Bonds are issued and the amount of any original issue discount.

The Subordinate Series 2001 Bonds shall be designated "Subordinate Tax Revenue Bonds (Professional Baseball Spring Training Facilities Project) Series 2001" or as otherwise provided in the Subordinate Series 2001 Supplemental Indenture and the Bond Purchase Agreement for the Subordinate Series 2001 Bonds as signed and delivered on behalf of the Authority. If those documents otherwise designate all or any portion of the Subordinate Series 2001 Bonds, then each and every use of the term "Subordinate Series 2001 Bonds" in this Resolution shall be read as applying to the bonds as so designated. The Subordinate Series 2001 Bonds may be issued in one or more separate series, each bearing a distinctive designation, provided that the bonds of all series satisfy the requirements of this Resolution. Separate series of Subordinate Series 2001 Bonds may be issued at the same or different times, in which case separate Supplemental Indentures, Bond Purchase Agreements and Continuing Disclosure Undertakings may be signed and delivered for each series, provided that all such documents for all series satisfy the requirements of this Resolution.

SECTION 4. Terms and Provisions Applicable to the Subordinate Series 2001 Bonds. The Subordinate Series 2001 Bonds shall be issued as Subordinate Bonds pursuant to the provisions of the Trust Indenture and shall be secured by and payable from the Subordinate Bond Trust Estate established pursuant to the provisions of the Trust Indenture. The revenue sources of the Authority comprising the Subordinate Bond Trust Estate are pledged and dedicated to secure the Subordinate Series 2001 Bonds and all other Subordinate Bonds issued pursuant to the Trust Indenture.

The Subordinate Series 2001 Bonds shall bear interest at fixed interest rates such that the yield on the Subordinate Series 2001 Bonds or any issue thereof for purposes of the federal income tax law arbitrage rules does not exceed six and one-half percent (6.5%) per annum. Interest shall be payable on January 1 and July 1 of each year or such other dates as may be determined by the Authorized Officers and specified in the Subordinate Series 2001 Supplemental Indenture and the Bond Purchase Agreement, commencing not earlier than January 1, 2002. The Subordinate Series 2001 Bonds shall be issued in fully registered form in denominations not smaller than \$5,000.

The Subordinate Series 2001 Bonds shall be dated as of September 1, 2001, or such later date, and shall mature as to principal on such interest payment dates occurring not later than March 1, 2031, in such amounts, as may be determined by the Authorized Officers and specified in the Subordinate Series 2001 Supplemental Indenture and the Bond Purchase Agreement.

The Subordinate Series 2001 Bonds shall be signed by an Authorized Officer, which may be by facsimile signature, and shall be manually authenticated by an authorized signatory of the Trustee.

Payments on the Subordinate Series 2001 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of

public and private debts. The Subordinate Series 2001 Bonds shall be payable as to interest by the Trustee by check or draft mailed not later than the interest payment date to the registered owners as shown on the registration books as of the applicable record date, and as to principal upon presentation and surrender at the designated corporate trust office of the Trustee; provided, however, that at the written request of any registered owner of \$1,000,000 or more in principal amount of Subordinate Series 2001 Bonds, delivered to the Trustee prior to a regular record date, interest and principal may be payable by wire transfer at the registered owner's expense to a bank account in the continental United States.

As determined by the Authorized Officers and specified in the Subordinate Series 2001 Supplemental Indenture and the Bond Purchase Agreement, the Subordinate Series 2001 Bonds shall either not be subject to optional redemption prior to maturity, or be subject to optional redemption prior to maturity at the option of the Authority, at any time on or after the earliest optional redemption date specified in the Subordinate Series 2001 Supplemental Indenture and the Bond Purchase Agreement, in whole or in part in any order of maturities or combination of maturities at the redemption price or prices (expressed as a percentage of the principal amount redeemed) specified in the Subordinate Series 2001 Supplemental Indenture and the Bond Purchase Agreement, but not exceeding 103%, plus accrued interest to the date fixed for redemption. The Authorized Officers may determine whether any of the Subordinate Series 2001 Bonds shall be term bonds subject to mandatory sinking fund redemption, and the dollar amount and the years in which such term bonds shall be subject to mandatory sinking fund redemption at a price of 100% of the principal amount redeemed plus interest accrued to the redemption date, as specified in the Subordinate Series 2001 Supplemental Indenture and the Bond Purchase Agreement.

The Subordinate Series 2001 Bonds shall have such other provisions as set forth in the forms of the Trust Indenture, the Subordinate Series 2001 Supplemental Indenture and the Bond Purchase Agreement, with such additions, deletions and modifications consistent with this Resolution as shall be approved by the officer or officers of the Authority signing and delivering the Trust Indenture, the applicable Subordinate Series 2001 Supplemental Indenture and the applicable Bond Purchase Agreement, their signing and delivery thereof to constitute conclusive evidence of their approval and of this Board's approval of such additions, deletions or modifications.

SECTION 5. Authorization of Sale of Subordinate Series 2001 Bonds. The negotiated sale of the Subordinate Series 2001 Bonds to the Underwriter is hereby authorized and approved in accordance with the provisions of the form of Bond Purchase Agreement, with such additions, deletions and modifications consistent with this Resolution as shall be approved by the officer or officers of the Authority signing and delivering the applicable Bond Purchase Agreement, their signing and delivery thereof to constitute conclusive evidence of their approval and of this Board's approval of such additions, deletions or modifications. If separate series of the Subordinate Series 2001 Bonds are sold at different times, a separate Bond Purchase Agreement may be signed and delivered for each series. The purchase price may not be less than 97% of the aggregate stated principal amount of the Subordinate Series 2001 Bonds of any series less any original issue discount, plus any interest accrued on current interest Subordinate Series 2001 Bonds from the date of the Subordinate Series 2001 Bonds to their delivery date. The original issue

discount, if any, shall not exceed in the aggregate 10% with respect to the Subordinate Series 2001 Bonds of any series.

SECTION 6. Official Statement. The Authorized Officers are authorized and directed to prepare or authorize to be prepared, and to complete, a preliminary official statement and final official statement relating to the original issuance of each series of Subordinate Series 2001 Bonds in substantially the form of the Preliminary Official Statement, with such additions, deletions and modifications consistent with this Resolution as shall be approved by the officer or officers of the Authority, their signing and delivery of the final Official Statement to constitute conclusive evidence of their approval and of this Board's approval of such additions, deletions or modifications. If and to the extent applicable, an Authorized Officer shall certify or otherwise represent that the preliminary official statement, in original or revised form, is a "deemed final" official statement (except for permitted omissions) of the Authority as of a particular date and that a completed version is a "final" official statement for purposes of Rule 15c2-12 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the "*Disclosure Rule*"). The distribution and use of that preliminary official statement and final official statement by the Authority and the Underwriter is hereby authorized and approved.

The Authorized Officers and any other appropriate officers of the Authority are further authorized to use and distribute, or authorize the use and distribution of, the preliminary and final official statement and supplements thereto in connection with the original issuance of each series of the Subordinate Series 2001 Bonds as may in their judgment be necessary or appropriate, and to sign and deliver, on behalf of the Authority and in their official capacities, such certificates in connection with the accuracy of the preliminary and final official statements and any amendment thereto as may in their judgment be necessary or appropriate.

SECTION 7. Continuing Disclosure. If and to the extent required by the Disclosure Rule, the Authority, for the benefit of the beneficial owners of the Subordinate Series 2001 Bonds, shall make one or more continuing disclosure undertakings to assist the underwriters (within the meaning of the Disclosure Rule) in complying with their obligations under the Disclosure Rule in the forms of the Continuing Disclosure Undertaking, with such additions, deletions and modifications consistent with this Resolution as shall be approved by the officer or officers of the Authority signing and delivering the Continuing Disclosure Undertaking, their signing and delivery thereof to constitute conclusive evidence of their approval and of this Board's approval of such additions, deletions or modifications. The President and Chief Executive Officer shall have the responsibility for the compliance by the Authority with the continuing disclosure undertakings, and shall establish procedures in order to ensure that compliance. The Authority's obligation to perform its obligations under the continuing disclosure undertakings shall, as provided in them, be subject to the annual budgeting by the Board of moneys to meet costs required to be incurred to perform it.

SECTION 8. Appointment of Trustee. The Authorized Officers are authorized to appoint a bank or trust company to serve as Trustee and Paying Agent under the Trust Indenture and the Subordinate Series 2001 Supplemental Indenture with respect to the Subordinate Series 2001 Bonds. The Trustee is authorized and requested to sign and deliver the documents calling for signing and delivery by the Trustee.

SECTION 9. Tax Matters. Any Authorized Officer is authorized to (a) make or effect any election, selection, designation, choice, consent, approval or waiver on behalf of and in the name of the Authority with respect to the Subordinate Series 2001 Bonds as the Authority is permitted to make or give under the federal income tax laws, including, without limitation, any of the elections provided for in Section 148(f)(4)(C) of the Code or available under Section 148 of the Code, for the purpose of assuring, enhancing or protecting favorable tax treatment or status of the Subordinate Series 2001 Bonds or interest on them or assisting compliance with requirements for that purpose, reducing the burden or expense of such compliance, reducing the rebate amount or payments of penalties, or making payments of special amounts in lieu of making computations to determine, or paying, excess earnings as rebate, or obviating those amounts or payments, as determined by that officer, which action shall be in writing and signed by that officer; (b) take any and all other actions, make or obtain calculations, make payments, and make or give reports, covenants and certifications of and on behalf of the Authority, as may be appropriate to assure the exclusion of interest from gross income and the intended tax status of the Subordinate Series 2001 Bonds; and (c) give one or more appropriate certificates, for inclusion in the transcript of proceedings for the Subordinate Series 2001 Bonds, setting forth the reasonable expectations of the Authority regarding the amount and use of all the proceeds of the Subordinate Series 2001 Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the interest on and the tax status of the Subordinate Series 2001 Bonds.

SECTION 10. Authorization for Credit and Liquidity Support Instruments. The Authorized Officers, in connection with the original issuance of each series of the Subordinate Series 2001 Bonds, and regardless of whether all or any portion of the Subordinate Series 2001 Bonds bear interest at variable or fixed rates, are authorized to contract for one or more credit support instruments, and to pay the costs of them from proceeds of the Subordinate Series 2001 Bonds or other monies of the Authority, if they determine that the credit support instrument or instruments will result in a savings in financing costs to the Authority. If the Authorized Officers determine that one or more credit or liquidity support instruments will result in savings in the cost of this financing to the Authority, any Authorized Officer is authorized to complete, sign and deliver, on behalf of the Authority, appropriate agreements with credit and liquidity support instrument providers (either in separate agreements or in the Trust Indenture or a supplement to the Trust Indenture), concerning matters customary to be covered by such agreements, including, without limitation, any of the following: (a) the terms of the credit or liquidity support instrument and the amounts to be paid for it, (b) procedures for payments pursuant to the credit or liquidity support instrument and reimbursement of amounts advanced, including subrogation of the provider to the rights of owners of bonds receiving payment from monies furnished by the provider, (c) voting rights, (d) remedies, (e) notices and providing of information, and (f) permitted investments of monies with respect to all or any series of the Subordinate Series 2001 Bonds. If one or more credit or liquidity support instruments are obtained with respect to any of the Subordinate Series 2001 Bonds, the provider of a credit or liquidity support instrument may be deemed to be the owner of the Subordinate Series 2001 Bonds supported for purposes of demands, requests, consents, waivers or other actions by owners of the Subordinate Series 2001 Bonds so long as the provider has not failed to comply with its obligations.

SECTION 11. General Ratification and Approval. All actions of the officers, directors, and agents of the Authority which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Subordinate Series 2001 Bonds as contemplated by this Resolution and the documents referred to in this Resolution, whether previously or hereafter taken, shall be and are hereby ratified, confirmed and approved. The proper officers, directors and agents of the Authority are hereby authorized and directed to do all such acts and things and to sign, acknowledge and deliver all such documents on behalf of the Authority as may be deemed necessary or desirable to carry out the terms and intent of this Resolution and of any of the documents referred to in this Resolution. Any Authorized Officer is authorized to sign and deliver from time to time on behalf of the Authority such documents, including documents amendatory and supplementary to the documents referred to in this Resolution, as may, in accordance with the terms of the documents, be signed and delivered without consent of the owners of the Subordinate Series 2001 Bonds.

Dated: September 28, 2001