



OPEN LETTER TO ALL TAIPANS AND BASKETBALL SUPPORTERS

Since the Taipans went into administration the Board of Cairns Basketball has been working at saving the Taipans. Last week we came to the conclusion that a community ownership model was the best option for the long term survival of the Taipans.

Basketball Australia (BA), who will manage the new NBL, released last Friday expression of interest documents, and the critical elements for team participation are

- 1. Paid up capital of \$500,000.00 (Five hundred thousand dollars)*
- 2. A Performance guarantee of \$1m (one million dollars) ~the provision of this guarantee is being discussed with a third party.*
- 3. Expression of interest document lodged by 27Feb09*

Last Monday we surveyed a small number of people to see if they would join us in setting up a new not for profit community body to acquire the Taipans Licence and seek approval from BA for the Taipans to continue participation in the National League. As we received an almost 100% positive response to our survey we now intend to aggressively promote the community ownership model with an optimistic expectation that at least 120 supporters will agree to contribute \$5,000 to be foundation members of the NEW Taipans.

We now ask YOU to consider our proposal to become a foundation member of the New Taipans Community Organisation with the clear understanding that "Foundation membership" is conditional on the \$1,000,000 guarantee being provided by a third party.

The following details the substance of our initial survey email and the actions we have taken to date.

To save the Taipans under a Community Ownership Model we need to:

- 1. Establish an Incorporated Community body (this process has started and is relatively simple)*
- 2. Acquire the licence from the liquidator*
- 3. Meet the NBL's requirement of \$500,000.00 (Five Hundred Thousand Dollars) in working capital.*
- 4. Meet the NBL's requirement of \$1m bank guarantee*
- 5. Lodge to BA an Expression of Interest*

Denis Donaghy is continuing to meet with some of the key players to determine their willingness to work within the Taipans capacity to pay (as determined by how much revenue can be earned in this community...as opposed to generous benefactors meeting operating losses)

Our budget estimates which are based on players/coaches and staff taking a reasonable attitude to remuneration, show that the Taipans can trade profitably with the same level of support as currently exists. We believe that with a much more vigorous approach to community engagement, ticket sales can be improved, and with the probability of all NBL games being televised next season, improved sponsorship revenue could be expected.

This week we will continue to meet with existing sponsors to gauge their interest in continuing to support our only National League team.

SO FAR

Skytrans CEO, Simon Wild, has confirmed their continued support as Naming Rights (Major) Sponsor and he will be a foundation member along with Member for Leichhardt, Jim Turnour.

CRITICAL DATES

6 February –

By this date we need an absolute minimum of 100 foundation members to continue to work on responding to the expression of interest document.

If we don't have at least 100 commitments by 6th February, WE WILL NOT PROCEED.

If we have minimum 100 commitments by 6 February we will complete the expression of interest and lodge it by 27 February

We will ask you to pay your \$5000.00 into a solicitors or accountants trust fund on the basis that funds will only be released if we are accepted into the new NBL, and we have been able to secure a third party agreement to provide the \$1m guarantee.

The foundation members will elect a management committee in accordance with the rules of the Newly Incorporated Community Organisation.

HOW CAN YOU HELP

Assuming, following due diligence, a 1st year budget showing a small profit based on existing support but lower operating costs, would you please respond with your willingness to become a foundation member with a \$5000.00 donation

PLEASE DO NOT SEND ANY MONEY, we will notify you when and how to pay your membership contribution.

Send response to

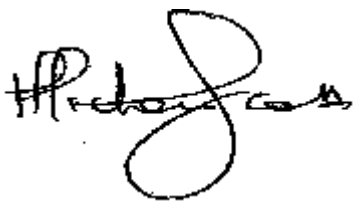
dd@destinationcairns.com.au or admin@cairnsbasketball.com

and please advise if you are willing to have your name publicised to help us garner support and also


Let us know how you want your name published...

e.g. Joseph Blake...XYZ Pty Ltd.....

We are happy to accept applications from Family or common interest groups who will be able to nominate a member to vote on behalf of the group.



MICHAEL SCOTT
GENERAL MANAGER
CAIRNS BASKETBALL



DENIS DONAGHY
PRESIDENT
CAIRNS BASKETBALL