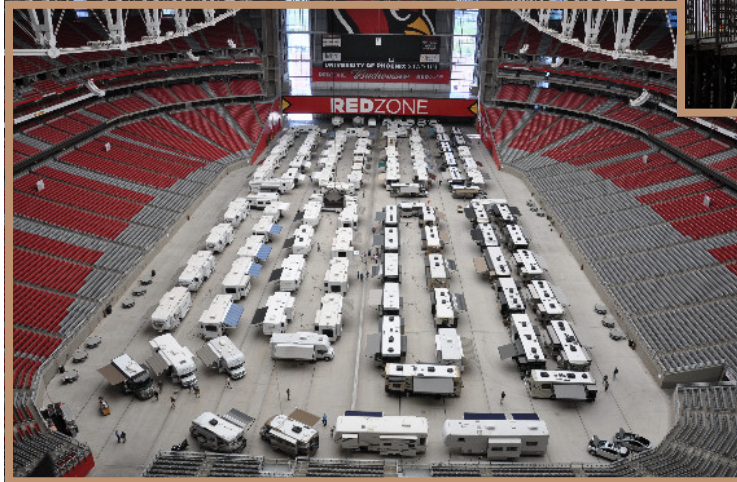


AZSTA Fiscal Year 2012 Annual Financial Budget



5/16/2011

Fiscal Year 2012 Budget



Fiscal Year 2012 Budget

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Overview

The budget as presented is for FY2012 covering the period July 1, 2011 through June 30, 2012. Our guideline for the completion of this budget package comes in the authority of Section 5-831 Arizona Revised Statutes (ARS). The financial information contained within this budget represents the Authority's sixth year of operations at the University of Phoenix Stadium and our eleventh operating year overall.

AZSTA Cash—Great News

Three years ago as the recession took hold of the economy, it was projected that AZSTA was going to run out of cash for its operations by mid 2010. Due in large part to the Board of Directors and the hard work put forth by AZSTA staff and Global Spectrum as well as the Arizona Cardinals organization to reduce expenses and seek out other opportunities, AZSTA currently retains a cash balance of \$8.4 million in it's

operations account and projects no cash shortage throughout the foreseeable horizon.

AZSTA Budget Overview

AZSTA revenues for FY11 were up \$2.6MM better than budget, including \$2.4MM of one time benefits. FY12 is expected to be down from FY11, but only due to these one time impacts.

AZSTA operational expenses (including stadium expenses) were better than budget in FY11 by \$0.2MM but are expected to rise \$0.5MM in FY12, but still remain below FY09 and prior levels.

AZSTA expects to end FY11 with \$8.4 million cash available for operations, \$1.9MM better than budget and only a (\$0.5MM) cash flow deficit for the year. A cash flow deficit of (\$2.8 MM) is expected in FY12 due to the continued lower than historical tourism tax receipts. Cash reserves for operations should remain above \$5.6 million at the end of FY12.

Economic Overview

The economic impact of the recession on AZSTA was slightly less in FY11 than FY09 and FY10. We began to see a slight upturn in Tourism tax collections, up \$354k over FY10 and the income from event scheduling at the stadium is budgeted to increase in FY12.

Tourism remains a concern for the budget and cash flow as tax collections remain just under 60% of the overall revenue (as opposed to being 70+% in past years). This decline impacts AZSTA Operations cash balances as well as statutory distributions to Arizona Office of Tourism, the Cactus League and Youth and Amateur Sports.

Prepared by: John Pokorney,
Chief Financial Officer

Reviewed by: Thomas Sadler,
President and CEO

Ratified by: Arizona Sports and Tourism Authority Board of Directors, May 18, 2011

FY11 and FY12—One Page Summary

FY11 AZSTA beat budget by \$2.6MM Revenue and \$1.9MM cash

Revenue Overview—\$2.6MM, or 7.5% better than budget due in large part to \$2.4MM in tax revenues collected during audits run by AZSTA, AZDOR and the City of Glendale for past years.

Tourism Revenues—\$0.3MM, or 1.7% better than budget.

Facility Revenues— (\$0.1MM), or (4.3%) below budget.

Other Revenues—\$2.5MM, or 277% better than budget.

Expense Overview— (\$0.7MM) over budget due in large part to the added interest expense (\$0.8MM) the Authority was subject to as our Letter of Credit provider, Allied Irish Bank, had its credit score lowered throughout the year, but offset by \$0.2MM in lower spending from operations.

Net Cash Operating Income—\$1.9MM better than budget.

Tourism Distribution—\$0.2MM better than budget.

Cactus League Promotional Account— (\$0.1MM) below budget.

Youth & Amateur Sports— (\$0.1M) below budget.

Ending Operating Cash Position—\$8.4MM, which is \$1.9MM better than budget.

FY12 AZSTA expects to increase operations and Tourism revenue

Revenue Overview—(\$1.1MM), or (2.9%) below FY11, due to increases in Tourism, NFL Income Tax and Facilities Revenues and decreases in one time past year tax collections.

Tourism Revenues—\$0.5MM, or 2.5% better than FY11.

Facility Revenues (incl. ROJO)— \$0.6MM, or 22% above FY11.

Other Revenues— (\$3.1MM) lower than FY11 due to one time benefits recorded in FY11

Expense Overview— Budgeted to be (\$1.1MM), or 3.0% above FY11 due in large part higher distributions to Tourism and Cactus League, including a higher payout on the Authority's subordinate bonds. Operations expenses are projected to be up, as explained later in the package.

Net Cash Operating Income—(\$2.2MM) lower than FY11.

Tourism Distribution—\$0.4MM above FY11.

Cactus League Promotional Account— \$1.4MM above FY11.

Youth & Amateur Sports— (\$0.1M) below FY11.

Ending Operating Cash Position—\$5.6MM, which is \$3.5MM better than forecasted in the FY11 budget.

Statement of Operations—Fiscal Year 2011 Projected Results

Item	FY2011 Projected	FY2011 Upd Budget	F / (U) \$ Change	% Change
SOURCES				
Hotel bed tax	\$ 11,958,288	\$ 11,424,658	\$ 533,630	4.7%
Car rental surcharge	9,125,654	9,305,342	(179,687)	(1.9%)
AZ Cardinal Sales Tax Recapture	3,970,707	4,061,913	(91,206)	(2.2%)
NFL Income Tax	5,810,440	5,810,440	-	0.0%
AZ Cardinals Rent	270,608	270,608	-	0.0%
Fiesta Bowl Surcharge/FUF/STR	1,128,720	1,164,000	(35,280)	(3.0%)
AZSTA/GS Net Direct Event Income	439,483	470,095	(30,612)	(6.5%)
AZSTA/GS Event Facility Use Fee (FUF)	203,537	260,721	(57,184)	(21.9%)
AZSTA/GS Event STR's	848,174	830,850	17,324	2.1%
AZSTA/GS Event Ancillary	423,489	438,334	(14,845)	(3.4%)
Sub-Total Stadium Event Revenue	1,914,683	2,000,000	(85,317)	(4.3%)
Rojo Revenue Guarantee	750,000	750,000	-	-
Tax Audits	2,404,067	-	2,404,067	-
Rojo Commission advance	181,219	109,666	71,553	-
Total Sources	\$ 37,514,387	\$ 34,896,627	\$ 2,617,760	7.5%
OPERATING EXPENSES				
Marketing and Promotion	\$ 6,500	\$ 5,100	\$ (1,400)	(27.5%)
Employee Related	301,371	297,118	(4,253)	(1.4%)
Office	12,227	5,400	(6,827)	(126.4%)
Professional, Legal & Outside Services	595,000	409,500	(185,500)	(45.3%)
Travel	6,700	8,000	1,300	16.3%
Meetings	800	-	(800)	-
Bank/Trust fees	8,000	6,300	(1,700)	(27.0%)
Communications	16,000	14,624	(1,376)	(9.4%)
Insurance	6,000	15,604	9,604	61.5%
Net Stadium Revenue Transfers	1,914,683	2,000,000	85,317	4.3%
Stadium Operations Net Income	7,937,045	8,251,464	314,419	3.8%
Other	50,000	50,000	-	0.0%
	\$ 10,854,326	\$ 11,063,110	\$ 208,784	1.9%
OTHER FUND DISTRIBUTIONS				
Senior Bond Debt Service	\$ 16,892,941	\$ 16,051,354	\$ (841,587)	(5.2%)
Tourism Fund	5,545,900	5,373,428	(172,472)	(3.2%)
Cactus League/Subordinate Bond Debt Service	3,797,450	3,884,354	86,904	2.2%
YAS - General	783,083	920,501	137,418	14.9%
YAS - Reserve	166,667	-	(166,667)	-
	27,186,041	26,229,637	(956,404)	(3.6%)
Operating Income	\$ (525,980)	\$ (2,396,120)	\$ 1,870,140	(78.0%)
NONOPERATING REVENUE/ (EXPENSE)				
Other Sources (BCS Ticket STR & FUF)	\$ 1,500,000	\$ -	\$ 1,500,000	-
Other (Uses) (BCS Rebate of Ticket STR & FUF)	(1,500,000)	-	(1,500,000)	-
Total Non Operating Revenue/(Expenses)	\$ -	\$ -	\$ -	-
Total Sources/(Uses) of Cash	\$ (525,980)	\$ (2,396,120)	\$ 1,870,140	(78.0%)

FY2011 Projection Overview Highlights

- Tourism Tax Receipts of \$21.1 million are expected to exceed AZSTA's FY11 budget of \$20.7 MM. Hotel Bed Taxes were the main driver up by 4.7% over FY10.
- Facilities event revenue is expected to be slightly under budget by (\$85k), or (4.3%).
- Total Sources of Funds is expected to exceed budget by \$2.6MM including past year tax receipts collected during audits of \$2.4MM.
- Operating expenses were below budget by \$0.2MM. Our stadium management company, Global Spectrum, continues to find cost reduction solutions to exceed budgeted expectations.
- AZSTA's Legal and professional services expenses were higher than budget (\$0.2MM), due to the ongoing legal issues surrounding the Auditor General Special Audit, as well as other un-forecasted legal issues.
- Senior debt service was significantly over-budget due to the credit downgrade of Allied Irish Bank who held our Letter of Credit on the variable rate debt. We were able to arrange a new letter of credit with BBVA Compass Bank in April, which will lower the interest cost substantially in the upcoming year.
- AZ Office of Tourism received a higher distributions than budgeted due to the increase in Tourism tax collections.
- Beg FY11 Cash = \$8.9 million
- End FY11 Cash = \$8.4 million

Executive Summary - Fiscal Year 2012 Budget vs. FY2011 Projected Actuals

	FY2012 Budget	FY2011 Projected Actuals	\$ Change	% Change
SOURCES				
Tourism Revenue Clearing Account				
Hotel Bed Tax	\$ 12,257,246	\$ 11,958,288	\$ 298,957	2.5%
Car Rental Surcharge	9,353,796	9,125,654	228,141	2.5%
Total Tourism RCA	\$ 21,611,041	\$ 21,083,943	\$ 527,099	2.5%
Facilities Revenue Clearing Account				
AZ Cardinal Sales Tax Recapture	\$ 4,088,163	\$ 3,970,707	\$ 117,456	3.0%
NFL Income Tax	6,168,488	5,810,440	358,048	6.2%
AZ Cardinals Facility Use Fee (FUF) FY11	354,351		354,351	100.0%
AZ Cardinals Rent	276,020	270,608	5,412	2.0%
Fiesta Bowl Ticket Surcharge/FUF/STR	1,157,481	1,128,720	28,761	2.5%
Sub-Total Football related	12,044,503	11,180,475	864,028	7.7%
AZSTA/GS Net Direct Event Income	625,574	439,483	186,091	42.3%
AZSTA/GS Event Facility Use Fee (FUF)	290,697	203,537	87,160	42.8%
AZSTA/GS Event STR's	870,278	848,174	22,105	2.6%
ROJO Revenue Guarantee (\$750k)	750,000	750,000	0	0.0%
AZSTA/GS Event Ancillary	715,029	423,489	291,539	68.8%
Sub-Total Stadium Event Revenue (incl Rojo)	3,251,578	2,664,683	586,895	22.0%
Total Facility RCA	\$ 15,296,081	\$ 13,845,158	\$ 1,450,923	10.5%
Tax Audits		2,404,067	(2,404,067)	
ROJO Commission Advance	(485,684)	181,219	(666,903)	(368.0)%
Total Sources	\$ 36,421,438	\$ 37,514,387	\$ (1,092,949)	(2.9)%
USES				
Debt Service Account: Senior Bonds	\$ 15,868,319	\$ 16,892,941	\$ (1,024,622)	(6.1)%
Tourism Fund	5,965,325	5,545,900	419,425	7.6%
Debt Service Account: Subordinate Bonds	4,684,750	3,614,413	1,070,338	29.6%
Cactus League General Account	521,183	183,038	338,146	184.7%
Youth and Amateur Sports	666,667	783,083	(116,416)	(14.9)%
Youth and Amateur Sports Reserve	175,000	166,667	8,333	5.0%
Total Distribution Uses	27,881,244	27,186,041	695,203	2.6%
Operating Account				
Authority Operations	879,949	952,598	(72,649)	(7.6)%
Net Stadium Revenue Transfers	2,501,578	1,914,683	586,895	30.7%
Stadium Operations Net Income	7,815,385	7,937,045	(121,660)	(1.5)%
Stadium Capital & Extraordinary Items	100,000	50,000	50,000	100.0%
Total Operating Uses	11,296,912	10,854,326	442,586	4.1%
Total Uses	\$ 39,178,156	\$ 38,040,367	\$ 1,137,789	3.0%
Operating Surplus/(Deficit)	(2,756,718)	(525,980)	(2,230,738)	424.1%
Net Sources/(Uses)	\$ (2,756,718)	\$ (525,980)	\$ (2,230,738)	424.1%

FY2012 Budget Overview Highlights

- Tourism STR is forecasted to increase by 2.5% in comparison to FY11. This remains down 11% from the peak of FY07, when it was \$24.2 million.
- Total Facility Revenues are forecasted to increase by 10.5% in FY12. The change is driven by increases in NFL Income Tax, \$0.4MM, increases in AZSTA Event revenues \$0.6MM, a one time allocation of AZ Cardinals Facility Use Fees to AZSTA based on the Facility Use Fee Trust Agreement with the Cardinals \$0.4MM.
- Non-operating Sources in FY12 are down (\$3.1MM) from FY11 which included the \$2.4 million past year tax audits and the \$181k advance on commissions versus for FY12 which includes a repayment of the commission advance.
- Total Sources are down (\$1.1MM), or (2.9%).
- All waterfall uses have been forecasted based on the methodology described on pages 20-21 and reflect projected uses versus the “statutory \$ limitations” Statutory levels are Tourism \$6.5 , Cactus League \$6.0 (incl. Sub Debt Service) and YAS \$2.0 million.
- Waterfall Distributions increase 2.6% year over year, driven mainly by an increase in Cactus League distributions, including Subordinate Debt Service.
- Authority Operating expenses including Stadium Operations are up \$0.5MM, or 4.2% in FY12. Increases are explained in detail later in the package.
- Total Uses increase by \$1.2MM, or 3.0%.
- Beg FY12 Cash = \$8.4 million
- End FY12 Cash = \$5.6 million

Executive Summary - Five Year Forecast

	FY2012 Budget	FY2013F	FY2014F	FY2015F	FY2016F	FY2017F
SOURCES						
Tourism Revenue Clearing Account						
Hotel Bed Tax	\$ 12,257,246	\$ 12,870,108	\$ 13,513,613	\$ 14,189,294	\$ 14,898,759	\$ 15,643,697
Car Rental Surcharge	9,353,796	9,821,486	10,312,560	10,828,188	11,369,597	11,938,077
Total Tourism RCA	\$ 21,611,041	\$ 22,691,593	\$ 23,826,173	\$ 25,017,482	\$ 26,268,356	\$ 27,581,774
Facilities Revenue Clearing Account						
AZ Cardinal Sales Tax Recapture	\$ 4,088,163	\$ 4,292,571	\$ 4,507,199	\$ 4,732,559	\$ 4,969,187	\$ 5,217,647
NFL Income Tax	6,168,488	6,476,912	6,800,758	7,140,796	7,497,836	7,872,728
AZ Cardinals Facility Use Fee (FUF) FY11	354,351					
AZ Cardinals Rent	276,020	281,541	287,171	292,915	298,773	304,749
Fiesta Bowl Ticket Surcharge/FUF/STR	1,157,481	1,192,205	1,227,971	1,264,810	1,302,755	1,341,837
Sub-Total Football related	12,044,503	12,243,229	12,823,100	13,431,080	14,068,551	14,736,960
AZSTA/GS Net Direct Event Income	625,574	750,689	788,224	827,635	869,017	912,467
AZSTA/GS Event Facility Use Fee (FUF)	290,697	348,836	366,278	384,592	403,822	424,013
AZSTA/GS Event STR's	870,278	1,044,334	1,096,551	1,151,378	1,208,947	1,269,394
ROJO Revenue Guarantee	750,000	750,000	787,500	787,500	826,875	826,875
AZSTA/GS Event Ancillary	715,029	893,786	893,786	938,475	985,399	1,034,669
Sub-Total Stadium Event Revenue (incl Rojo)	3,251,578	3,787,646	3,932,339	4,089,580	4,294,059	4,467,419
Total Facility RCA	\$ 15,296,081	\$ 16,030,874	\$ 16,755,439	\$ 17,520,661	\$ 18,362,610	\$ 19,204,379
Loan Repayment from CLPA			-	-	1,026,204	
ROJO Commission Advance	(485,684)	(195,535)				
Total Sources	\$ 36,421,438	\$ 38,526,933	\$ 40,581,612	\$ 42,538,143	\$ 45,657,170	\$ 46,786,152
Year over Year Increase		5.8%	5.3%	4.8%	7.3%	2.5%
USES						
Debt Service Account: Senior Bonds	\$ 15,868,319	\$ 16,311,476	\$ 16,322,276	\$ 16,315,551	\$ 16,315,813	\$ 22,057,326
Tourism Fund	5,965,325	6,362,274	6,840,330	7,345,881	7,818,202	7,228,742
Debt Service Account: Subordinate Bonds	4,684,750	4,727,000	4,778,000	4,796,750	1,569,250	-
Cactus League General Account	521,183	652,646	1,181,536	1,234,917	3,290,024	3,744,584
Youth and Amateur Sports	666,667	764,656	764,727	939,314	1,175,043	841,667
Youth and Amateur Sports Reserve	175,000	183,333	191,667	200,000	208,333	216,667
Total Uses before Operations and Other	\$ 27,881,244	\$ 29,001,384	\$ 30,078,536	\$ 30,832,412	\$ 30,376,666	\$ 34,088,985
Operating Account						
Authority Operations	879,949	888,749	897,636	906,613	915,679	924,836
Net Stadium Revenue Transfers	2,501,578	3,787,646	3,932,339	4,089,580	4,294,059	4,467,419
Stadium Operations Net Income	7,815,385	6,632,487	6,591,995	6,539,997	6,441,814	6,375,813
Stadium Capital & Extraordinary Items	100,000	-	-	-	-	-
Total Uses	39,178,156	40,310,266	41,500,506	42,368,602	42,028,218	45,857,052
Operating Surplus/(Deficit)	(2,756,718)	(1,783,333)	(918,894)	169,540	3,628,953	929,100
Cash on Hand - End of Year	5,617,302	3,833,969	2,915,074	3,084,615	6,713,567	7,642,667

AZSTA Five Year Forecast

- Tourism sales tax recapture is expected to continue to increase back to FY2007 levels by FY14 to FY15 (FY12 +2.5% FY13-FY16 +5.0%)
- Facility revenue is expected to rise as we continue the path to book more events each year on a local, regional and national level.
- Total Sources of funds increase between 2.5% and 7.3% annually
- Debt service remains on schedule.
- Cash balances for operations are forecasted to be remain positive throughout the FY2017 horizon. The Authority staff remains committed to driving additional revenues and expense reductions if any negative revenue impacts are foreseen.
- Risk associated with the NFL lockout in calendar year 2011 could effect cash flows associated with Sales tax in FY12 and NFL Income Tax in FY14. AZSTA and Global Spectrum are actively engaged in the development of a comprehensive plan to weather the financial storm caused by the cancellation or shorting of the NFL season should it occur.

Facility Revenues Clearing Account (FRCA)

The Facility Revenue Clearing Account's ("FRCA") primary purpose is to collect all stadium-related revenues for use in funding debt service for the Authority's senior and subordinate bonds. Any undistributed funds are transferred to the operating account on a monthly basis. The following schedule outlines the expected funding sources and uses for the Facility Revenue Clearing Account in FY12.

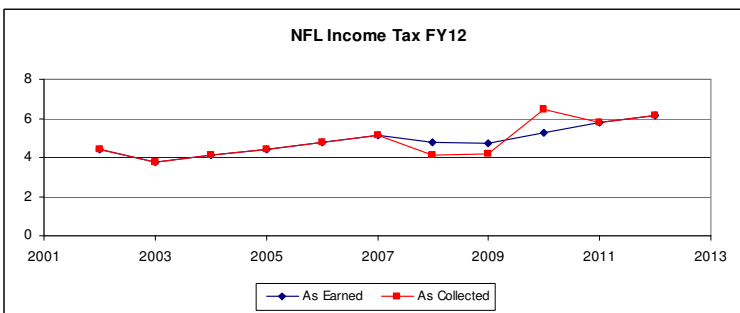
SOURCES

NFL Franchise Income Tax - \$6.2 million

This revenue source is comprised of the Arizona corporate income tax liability from the Arizona Cardinals organization and the personal income tax li-

Facility Revenue Clearing Account FY12	Total \$ Amount	As % of Sources
SOURCES		
Beginning Cash Balance	\$ 720,215	4.7%
NFL Income Tax - Pledged	6,168,488	40.6%
AZ Cardinal Sales Tax Recapture	4,088,163	26.9%
AZ Cardinals Rent	276,020	1.8%
FB Surcharge/FUF/STR	1,157,481	7.6%
AZSTA/GS Net Building Revenue	660,820	4.4%
AZSTA/GS Event FUF (net)	290,697	1.9%
AZSTA/GS Event STR's	1,270,278	8.4%
AZSTA/GS Event Ancillary	715,029	4.7%
ROJO Funds	314,754	2.1%
ROJO Commission Advance	(485,684)	(3.2%)
Interest Income	1,493	0.0%
Cash Transfer from Operating Act		0.0%
TOTAL SOURCES	\$ 15,177,754	100.0%
USES		
Senior Bond Debt Service	\$ 6,405,534	42.2%
Subordinate Bond Debt Service	1,881,222	12.4%
Interest Expense		0.0%
Operating Account	5,706,191	37.6%
TOTAL USES	\$ 13,992,948	92.2%
Ending Balance	\$ 1,184,806	7.8%

ability from all Cardinals' employees and their spouses to the State of Arizona.



The \$6.2 million to be received in FY2012 is the largest amount

earned since our start in 2002, although the Authority received a higher amount in FY10 due to the catch up of funds not appropriately distributed from the State in FY08 and FY09.

Prior to the change in legislation eliminating the annual increase in NFL Income Tax col-

lections, AZSTA was guaranteed a minimum collection. The change in legislation eliminated this annual minimum increase and has resulted in a decrease in funds collected by the Authority since its inception by (\$9.2 million), including a (\$1.4 million) deficit in FY12.

Cardinals Sales Tax Recapture - \$4.1 MM

This revenue source is comprised of Arizona and Glendale sales tax on tickets, concessions, novelties, and some stadium advertising.

Arizona Cardinals Rent - \$276k

Per our use agreement with the Team they pay the Authority an annual rent starting at \$250k in the first year and increasing by 2% annually thereafter. We are in the sixth year of this agreement.

Fiesta Bowl Ticket Surcharge, FUF and STR — \$1.16 MM

\$0.24M is from ticket surcharge revenues at \$3.50/ticket, \$0.37M for the Facility Use Fee of \$5.50/ticket and the balance, \$0.60 million, is derived from sales tax recapture associated with all of the above plus food and beverage, novelties, etc. The ticket surcharge and the facility use fee increase by \$0.20 and \$0.25 per year respectively.

Facility Revenues (continued)

AZSTA/Global Spectrum Facility Use Fee - \$0.29 MM

Based on the number of events and attendees a Facility Use Fee (“FUF”) is charged on each ticket. The amount being forecasted is based on the events and attendance projections put forth by Global Spectrum in their annual operating budget.

AZSTA/Global Spectrum Ancillary (incl. F&B, Novelty and Parking)- \$0.72 MM

The Authority’s agreement with the stadium concessionaire, Rojo, includes commissions to be paid to the Authority based on specific goals and parameters. The amount in this year’s budget follows the trend of other event-related revenues.

ROJO Additional Funds \$0.75 MM

According to the new concessions contract signed

with ROJO in 2010, ROJO will bring new events to the Stadium which benefit AZSTA with additional net revenues. There is a \$750k guarantee.

USES—PLEDGED ACCOUNT

Senior Bond Debt Service - \$6.4 MM

The primary purpose of this account is to assist the Tourism Revenue Clearing Account (“TRCA”) in meeting the debt service obligations of the Authority in their order of priority. The TRCA is limited to funding the Arizona Cardinals Stadium debt service on a maximum of \$165.5 million of bond principal provided that the balance of the bond debt service can be funded from the FRCA.

Subordinate Bond Debt Service - \$1.88MM

The secondary purpose of this account is to assist the Tourism Revenue Clearing Account

(“TRCA”) in meeting the debt service obligations of the subordinate bond issue. \$1.9 million, of the scheduled \$4.7 million in subordinate bond debt service will be met by the FRCA funding sources.

Operating Account - \$5.7 MM

If Facility Revenue funds are remaining after meeting the required senior and subordinate bond debt service payments, they are transferred to the operating account in order to meet current and/or future operating requirements.

Tourism Revenues Clearing Account (TRCA)

The Tourism Revenue Clearing Account (“TRCA”) exists, by statute, to collect the tourism revenues (the hotel bed tax and the car rental surcharge) and distribute those funding sources in accordance to what is commonly referred to as the “waterfall”. TRCA Sources and Uses table (see this section) presents the Uses in the order of their waterfall priority (see pages 20 and 21 for ‘Statutory Flow of Funds’).

The following schedule outlines the expected funding sources and uses for the TRCA during fiscal year 2012.

SOURCES

Hotel Bed Tax - \$12.3 MM (see page 25 for historical charts)

1% of every dollar spent on lodging in Maricopa County is collected as the Authority’s Hotel Bed Tax. A modest increase of 2.5% is anticipated for FY12. The Authority remains optimistic, yet cautious about tourism for FY12.

Car Rental Surcharge - \$9.4 MM

3.25% of every dollar spent (a minimum of \$2.50) on car rentals in Maricopa County is collected as a surcharge to support the promotion of tourism in Maricopa County. Of the total surcharge collected, the first \$2.50 is distributed by the State Treasurer to the Maricopa County Stadium District (“MCSD”) so they can maintain their debt service payments on MCSD bonds previously issued. The balance of the MCSD surcharge is distributed to the Authority for Cactus League purposes.

The Authority’s car rental revenue forecast for the coming fiscal year, as with the hotel bed tax, is 2.5% increase over FY2011.

Combined Tourism Revenues - \$21.6 million

FY2012’s forecasted total tourism revenues, \$21.6 million.

USES— OVERVIEW

Senior Bond

Debt Service - \$9.5million

The first funding priority for the TRCA is the senior bond debt service. A total of \$15.9 million is forecasted to be paid in FY2012 with \$9. million, coming out of the TRCA. The balance, \$6.4 million, will come from the Facility Revenue Clearing Account (“FRCA”). The reason for this split funding is the statutory requirement that no more than the equivalent of \$165.5 million of our senior bond debt service be paid from tourism revenues.

The breakdown of the to-

tal \$15.9M in debt service is \$12.9M for our fixed rate bonds and an estimated \$3.0M for our variable rate debt.

Tourism Promotion - \$6.0 MM

This fund exists to aid in the promotion of tourism in Maricopa County by providing funding

Tourism Revenue Clearing Account FY12	Total \$ Amount	As % of Sources
SOURCES		
Beginning Cash Balance	\$ 2,321,247	9.7%
Hotel Bed Tax	12,257,246	51.2%
Car Rental Surcharge	9,353,796	39.1%
Interest Income	2,249	0%
TOTAL SOURCES	\$ 23,934,538	100.0%
USES		
Senior Bond Debt Service	\$ 9,462,785	39.5%
Tourism Promotion	5,965,325	24.9%
Cactus League:	3,324,712	13.9%
Subordinate Bond Debt Service	2,803,528	11.7%
Cactus League General Acct	521,184	2.2%
Youth and Amateur Sports Operating Account	666,667	2.8%
Reserves:	175,000	0.7%
Youth and Amateur Sports	175,000	0.7%
Operating	-	0.0%
Stadium Capital Repair/Rplcmnt	-	0.0%
TOTAL USES	\$ 21,553,010	90.0%
Ending Balance	\$ 2,381,527	10.0%

Tourism Revenues (continued)

assistance to the Arizona Office of Tourism (“AOT”). AOT then distributes the majority of these funds to the various cities’ Convention and Visitors Bureaus (for example) based on a formula whose foundation is built on hotel sales tax generation.

This funding mechanism started at \$4.0 million in its first twelve months and is increased by 5% each twelve month period thereafter for a total of 360 months. The statutory amount for FY2012 is \$6.54 million represents this annual increase. The amount to be funded this year, forecasted at \$6.0 million represents the actual amount forecasted to accrue based on the tax collections. This is explained further on page 21-22.

Cactus League – \$3.3 MM

This fund is scheduled to receive a total of \$5.1 million. This amount is used to promote spring training baseball in Maricopa through the construction

of new and/or the renovation of existing stadiums along with the promotion and marketing of the Cactus League and its associated activities. This annual amount is used for three related purposes: subordinate bond debt service, renovation costs for approved projects and to fund the subordinate bond reserve account (this account was fully funded in February 2008).

Due to the seasonality of the tourism revenues, the Tourism Revenue account will provide \$3.2 million of the total \$5.1 million Cactus league requirement.

Of the total \$5.1M disbursement — the scheduled subordinate bond debt service for fiscal year 2012 is \$4.6 million of which \$2.7 million is being funded from the TRCA and the balance, \$1.9 million, from the FRCA.

Youth and Amateur Sports - \$0.67 MM

On a statutory basis, the amount of funding for youth and amateur sports is scheduled to be \$2.0 million for FY2012. However, due to the significantly reduced STR over the past couple years as compared to historical and continuing into FY12, only about 30% of this amount is forecasted to be funded into the YAS general account.

The funding for this account increases, per A. R. S., by \$0.1 million every twelve months. These funds are to be used to promote youth and amateur sports within Maricopa County through the building and/or renovating of fields and facilities as well as the promotion and marketing of youth and amateur sports and its associated activities.

Operating Account - \$2.0 MM

The Authority’s operating account exists to operate, market, promote, furnish and equip a multipurpose facility, to pay the

administrative costs associated with operating the Authority and to pay debt service and/or the early redemption of bonds.

Reserves Youth & Amateur Sports Reserves - \$0.2 MM

This reserve comes in advance of funding the other two required reserves for operations and capital repair and replacement.

The total reserve requirement for FY2012 is slightly over \$2.0 million. The Authority will start the new fiscal year with a balance of \$0.8 million in the reserve account. The reserve has been drawn down over the past year due to the insufficient funds coming in from Tourism Revenues.

While the reserve is drawn down, it is placed into the YAS operating account, leaving the same amount of funds as if they were still in reserve. This is the process as defined in the

Tourism Revenues (continued)

Statue.

Plans for YAS FY12 Biennial Grant are included to show the overall balances for FY12 in YAS operating account and YAS Reserve account.

Operating Reserve

All undistributed monies from the Tourism Revenue Clearing Account go to the general operating account and are considered to be part of the Authority's operating reserve balance.

Capital Repair & Replacement Reserve - \$0 million

The following page provides several summary charts of the information associated with Youth and Amateur Sports

HB2177 created a requirement for the Authority to fund a separate reserve account for youth and amateur sports equal to the prior twelve months' funding. This requirement is not able to be met at this time due to the lower Tourism Revenues.

FY12 Debt Service Account	Total \$ Amount	As % of Sources
<u>SOURCES</u>		
Beginning Cash Balance	1,430,049	6.5%
<u>Senior Bonds</u>	15,868,319	72.1%
TRCA	9,462,785	43.0%
FRCA Pledged	6,405,534	29.1%
<u>Subordinate Bonds</u>	4,684,750	21.3%
TRCA	2,803,528	12.7%
FRCA Pledged	1,881,222	8.6%
Interest Income	13,556	0.1%
TOTAL SOURCES	\$ 21,996,674	100.0%
<u>USES</u>		
Senior Bond Debt Service	\$ 15,868,319	72.1%
Subordinate Bond Debt Service	4,684,750	21.3%
TOTAL USES	\$ 20,553,069	93.4%
NET SOURCES/(USES)	\$ 1,443,605	6.6%

FY12 Tourism Fund	Total \$ Amount	As % of Sources
<u>SOURCES</u>		
Beg. Cash Balance	\$ -	0.0%
TRCA	5,965,325	100.0%
TOTAL SOURCES	\$ 5,965,325	100.0%
<u>USES</u>		
AZ Office of Tourism	\$ 5,965,325	100.0%
TOTAL USES	\$ 5,965,325	100.0%
NET SOURCES/(USES)	\$ -	0.0%

Tourism Revenues (YAS Explanations continued)

Youth and Amateur Sports FY12	Total \$ Amount	As % of Sources
<u>SOURCES</u>		
Beginning Cash Balance	\$ 1,517,000	50.2%
TRCA	666,667	22.1%
Transfers from Reserve	833,333	27.6%
Interest Income (General)	2,537	0.1%
TOTAL SOURCES	\$ 3,019,537	100.0%
<u>USES</u>		
Avondale Sports Complex	\$ 502,083	16.6%
FY2012 Grant Awards	1,600,000	53.0%
Quick Grants Program	95,417	3.2%
YAS Reserve Account	-	0.0%
Professional fees	-	0.0%
TOTAL USES	\$ 2,197,500	72.8%
NET SOURCES/(USES)	\$ 822,037	27.2%

Youth and Amateur Sports Reserve Account FY12	Total \$ Amount	As % of Sources
<u>SOURCES</u>		
Beginning Cash Balance	\$ 846,114	82.3%
YAS General Account	181,037	17.6%
Interest Income (Reserve)	\$ 597	
TOTAL SOURCES	\$ 1,027,747	100.0%
<u>USES</u>		
YAS General Account	\$ 833,333	81.1%
TOTAL USES	\$ 833,333	81.1%
NET SOURCES/(USES)	\$ 194,414	18.9%

Operating Budget

FY12 Operating Account	Total \$ Amount	As % of Sources
SOURCES		
Beginning Cash Balance	\$ 8,374,020	50.0%
TRCA, Budgeted	2,133,521	12.7%
TRCA Excess/Operating Reserve Dist.	181,948	1.1%
FRCA Pledged Excess	6,060,542	36.2%
Interest Income	12,427	0.1%
TOTAL SOURCES	\$ 16,762,459	100.0%
USES		
Marketing and Promotion	\$ 8,600	0.1%
Employee Related	327,293	2.0%
Office	13,800	0.1%
Professional Services	489,732	2.9%
Travel	8,000	0.0%
Meeting	-	0.0%
Bank Fees/Interest Expense	2,400	0.0%
Communications	14,624	0.1%
Insurance	15,500	0.1%
Accounts Payable	-	0.0%
AZSTA Operating Uses	879,949	5.2%
Stadium Capital & Extraordinary Items	100,000	0.6%
Stadium Operations Uses	\$ 10,316,963	61.5%
TOTAL USES:	\$ 11,296,912	67.4%
NET SOURCES/(USES)	\$ 5,465,546	32.6%

Authority/Global Spectrum Operations - \$11.3 MM

The Operating Account exists to operate, market, promote, furnish and equip a multipurpose facility, to pay the

administrative costs associated with operating the Authority and to pay debt service and/or the early redemption of bonds.

The FY2012 operating budget reflects the stadium's sixth year of operation.

The \$11.3MM operating budget consists of the Authority's operating budget of \$0.9 MM and the Global Spectrum operating uses of \$10.3 MM.

SOURCES—OPERATING BUDGET

The Authority will continue to rely heavily on its existing operating reserves (\$8.4M at start of FY2012) in order to meet its budgeted operating obligations for FY2012. Of the total \$11.3 MM operating budget:

- \$2.3 million will be sourced from the TRCA
- \$6.1 million will be sourced from the FRCA
- The balance of \$2.9MM is to come from existing operating cash

USES

AZSTA OPS - \$0.9 MM

Marketing & Promotion \$8.6k

The Authority has decided that due to the current and projected financial challenges facing the

Authority that there would be severely limited funds allocated in this budget for use primarily related to the Authority's loft for stadium marketing and promotion purposes.

EMPLOYEE RELATED - \$327k

The following are the planned expenditures for this category:

Employee Compensation—\$233.3k and Insurance Benefits

\$48k accounts for the annual compensation and related employee insurance benefits of two FTE's (fulltime employees). This includes a set-aside of funds for the Board or the HR Committee to award additional compensation to staff for performance or merit increase.

Employer-paid taxes - \$14.2k

are the Authority's portion of employment taxes for federal and state that are required by law.

Retirement - \$25k is the employer portion of the Arizona State Retirement System defined

Operating Budget (continued)

benefits plan which the Authority joined in its first year — 2001. Under this program, the employee and the employer are required to contribute the same amount of the gross salary.

OFFICE EXPENSES - \$13.8k

The following are the planned expenditures for this category:

Supplies - \$9.6k are for those “behind the scenes” costs to operate the office – paper, pens, computer supplies, files, folders, printing costs, subscriptions, etc.

Office Equipment - \$3.0k covers the monthly rent and operating costs for our new networked multifunction printer/copier/scanner/fax. The Authority ended its previous lease at the termination date — we are saving an estimated \$4.0k per year under our new arrangement.

Postage/Delivery - \$1.2k

Professional and Outside Services - \$490k - this category includes our legal costs for our ongoing general representation and the expenses related to our annual audit fees. Of the total approximately 30% is for legal and 20% for lobbyist and the remainder for the annual financial audit and CFO services. The CFO services being provided by Tatum LLC will save the Authority approximately \$15k in FY12 compared to the a full time employee.

Travel - \$8.0k - All travel is expected to be done by the Pres/CEO for purposes of business development and expanding the Authority relationships with key industry personnel to drive business revenue opportunities in FY12 and FY13.

Cash Management Fees- \$2.4k

Monthly analysis charges for our commercial bank accounts

Communications - \$14.6k

This category covers the Authority’s local, long distance and cellular phones, networking and maintenance, Internet access, wireless email, telephone conferencing and web hosting.

Insurance - \$15.5k

This category covers the cost of insurance (non-stadium and non-employee related) for the following:

- General/comprehensive, liability and property
- Director and officer insurance
- Workmen’s Compensation

USES - STADIUM CAPITAL & EXTRAORDINARY ITEMS

— \$100,000 The Authority is setting aside \$50,000 to assist in marketing efforts to bring a major sporting event to the val-

ley. The Authority is planning for \$50,000 of furniture repairs and replacement within the stadium.

USES - STADIUM OPERATIONS -

\$10.3 million Global Spectrum is entering the sixth year (an extension year) of their operating agreement with the Authority. The schedule on pages 16-18 summarizes their proposed expenditures.

Global Spectrum Stadium Management Operations		Total \$ Amount
	<u>USES</u>	
	Employee Related	2,601,434
	Employee Development	129,300
	Office and Administrative	399,633
	Operations	3,943,970
	Management Fee	157,500
	Performance Incentive	157,500
	Misc. Expense	
	Total Indirect Expenses	7,418,638
	Arizona Cardinal Game Day Expenses	2,573,596
	Piesta Bowl Game Day Expense/(Income), net	324,729
	TOTAL USES	10,316,963

Operating Budget (AZSTA Expenses detail)

(FY11 Budget versus FY11 Fcst, and FY12 Budget versus FY11 Budget and FY11 Fcst)

AZSTA Year over Year Analysis

- FY2011 Projection is (\$173k) worse than budget due to increases in
 - Legal fees for stadium damage (\$70k)
 - Legal fees for lawsuit (\$45k)
 - Auditor General Special Audit (\$60k)
 - Bond Contracts (\$60k)
 - Other offset savings of \$70k
- FY2012 Budget is lower than FY11 Forecast by (\$7k).
- The main drivers of savings in FY2012 include Legal fees and Professional Service, while increases are driven by salary set-asides and fees associated with financial services.
- The Authority is budgeting \$50,000 as extraordinary expense associated with the attraction of a major sporting event to the valley. In FY11, this \$50,000 line item was used to purchase new furniture for the stadium. The Authority is again budgeting \$50,000 for this activity.

	FY11 Fcst	FY11 Budget	Fcst B/(W) Budget	Proposed FY12 Budget	FY12 Budget B / (W) FY11 Budget	FY 12 Budget B / (W) FY11 Fcst
Professional and Outside Services						
Legal	300,000	150,000	(150,000)	150,000	-	150,000
Financial and Audit	183,000	163,500	(19,500)	243,732	(80,232)	(60,732)
Public Information & PR	112,000	96,000	(16,000)	96,000	-	16,000
Construction (MPF)	-	-	-	-	-	-
Website maintenance	-	-	-	-	-	-
Total Consultants/Professional	595,000	409,500	(185,500)	489,732	(80,232)	105,268
Employees and Directors						
Salary/Wages	220,000	220,000	-	233,250	(13,250)	(13,250)
Automobile Allowance	6,000	6,000	-	6,000	-	-
Insurance Benefits	39,719	36,068	(3,651)	47,828	(11,760)	(8,109)
Employer Paid Taxes	13,500	13,411	(89)	14,181	(770)	(681)
Retirement	22,152	20,680	(1,472)	25,074	(4,394)	(2,922)
Seminars/Conferences	-	960	960	960	-	(960)
Total Employees: Payroll & Benefits	301,371	297,119	(4,252)	327,293	(30,174)	(25,922)
Office Expenses						
Communications	16,000	14,624	(1,376)	14,624	-	1,376
Insurance	6,000	15,604	9,604	15,500	104	(9,500)
Travel	6,700	8,000	1,300	8,000	-	(1,300)
Meeting	800	-	(800)	-	-	800
Supplies	7,200	1,200	(6,000)	9,600	(8,400)	(2,400)
Office Equipment	3,627	3,000	(627)	3,000	-	627
Postage/Delivery	1,400	1,200	(200)	1,200	-	200
Total Office Expenses	41,727	43,628	1,901	51,924	(8,296)	(10,197)
Bank and Cash Management Fees						
Cash Management Fees	8,000	6,300	(1,700)	2,400	3,900	5,600
Service charges and Annual Trust Fees	-	-	-	-	-	-
Rating Agency Fees	-	-	-	-	-	-
Total Bank and Cash Management Fees	8,000	6,300	(1,700)	2,400	3,900	5,600
Stadium Improvements	50,000	50,000	-	100,000	(50,000)	(50,000)
Marketing & Promotion						
Stadium Promotional Expenses	6,500	5,100	(1,400)	4,600	500	1,900
Total AZSTA Uses before Stadium Management Op	1,002,598	811,647	(190,951)	991,612	(179,965)	10,986

Stadium Net Income (Stadium Revenue and Net Income FY2012 versus Historical by type of activity)

	<u>FY12 Budget</u>	<u>FY11P</u>	<u>FY11 Budget</u>	<u>FY10 Act</u>	<u>FY09Act</u>	<u>FY08 Act</u>
AZ-STA Events						
Building Gross Revenue	2,335,308	1,881,243	1,894,410	3,468,893	2,191,217	3,019,876
Ancillary Income	715,029	423,489	438,334	1,680,357	434,679	1,128,485
FUF	290,697	203,537	260,721	704,364	183,852	358,614
Sales Tax Recapture	835,032	848,174	830,850	1,230,104	493,721	1,108,976
Sub-Total Revenue	4,176,066	3,356,444	3,424,315	7,083,718	3,303,469	5,615,951
Building Expenses Related to Events	(1,674,488)	(1,441,760)	(1,424,316)	(2,687,930)	(1,509,466)	(2,903,454)
Net Income from Events	(1) 2,501,578	1,914,683	2,000,000	4,395,788	1,794,003	2,712,497
Fiesta Bowl						
FUF/Surcharge	546,550	570,003	519,350	550,800	629,000	501,256
STR	607,900	595,000	644,650	565,024	535,431	500,000
Sub-Total Revenue	1,154,450	1,165,003	1,164,000	1,115,824	1,164,431	1,001,256
Game Day Expense	(324,729)	(318,362)	(318,362)	(312,120)	(306,000)	(300,000)
Net Income - Fiesta Bowl	(2) 829,721	846,641	845,638	803,704	858,431	701,256
AZ Cardinals						
Sales Tax Recapture	4,088,163	3,970,707	4,061,913	3,939,646	4,281,734	3,213,275
Rent	276,020	270,608	270,608	265,302	260,100	255,000
Sub-Total Revenue	4,364,183	4,241,315	4,332,521	4,204,948	4,541,834	3,468,275
Game Day Expense	(2,573,596)	(2,460,130)	(2,441,629)	(2,314,286)	(2,420,243)	(2,112,249)
Playoff Game Day Expenses				(244,163)	(511,011)	
Net Building (Cost)/Income - Cardinals	(3) 1,790,587	1,781,185	1,890,892	1,646,499	1,610,580	1,356,026
Facility Manager Indirect Expenses	(4) (7,418,638)	(7,073,237)	(7,412,236)	(6,822,386)	(8,266,934)	(9,037,053)
ROJO Additional Revenue	(5) 750,000	750,000	750,000			
Total Net Building Operating (Cost)/Income	1 + 2 + 3 + 4+5 (1,546,751)	(1,780,727)	(1,925,706)	23,605	(4,003,920)	(4,267,274)
AZ_STA Operations Expense	(991,612)	(1,002,598)	(761,646)	(979,365)	(1,073,821)	(1,158,447)
Total Net AZ-STA Operations (Cost)/Income	(2,538,363)	(2,783,325)	(2,687,352)	(955,760)	(5,077,741)	(5,425,721)

Stadium Net Income - Year over Year Analysis

- Stadium Net Income losses continues to be significantly better than FY08/09 average
- FY2012 AZSTA events net income is forecast to be \$2.5 million, which is significantly above FY2011 \$1.9 million
- Fiesta Bowl Net Income remain relatively constant year to year.
- FY2012 Arizona Cardinals game day expenses are forecasted to increase by 5% due to the scheduling of certain homes games including a New Years Day game against the Seattle Seahawks
- Indirect Expenses are up slightly year over year due to increases in utilities and personnel expenses.
- FY2012 Net Building Costs of (\$1.5 million) continue to be driven in the right direction by higher revenues with lower or flat expenses. FY12 Net Building Costs are down again based on the increase in Global Spectrum revenues.
- Total Net AZSTA Operations costs are half of the FY08 level.

Global Spectrum Net Income

UNIVERSITY OF PHOENIX STADIUM FOR FISCAL YEAR ENDING JUNE 30, 2012 CONSOLIDATED INCOME STATEMENT - BUDGET PROPOSAL			
	PROPOSED BUDGET FY2012	FY2011 Forecast	FY2011 BUDGET
# OF EVENTS	96	97	100
# OF EVENT DAYS	121	125	128
ATTENDANCE - FOOTBALL EVENTS	630,000	688,404	720,000
ATTENDANCE - GLOBAL EVENTS	365,825	311,428	313,185
TOTAL ATTENDANCE	995,825	999,832	1,033,185
BUILDING INCOME			
RENTAL REVENUE/TOUR REVENUE	\$ 943,513	\$ 855,265	\$ 916,573
OTHER TICKET REVENUE	141,499	33,012	58,791
BUILDING EXPENSES BILLED	1,250,296	992,967	919,047
Less: BUILDING EXPENSES RELATED TO EVENTS	(1,674,488)	(1,441,760)	(1,424,316)
TOTAL BUILDING NET REVENUE	660,820	439,483	470,095
ANCILLARY INCOME RELATED TO GLOBAL EVENTS			
REFRESHMENT COMMISSIONS	384,096	230,490	287,601
CATERING/SUITE COMMISSIONS	101,588	88,291	50,856
EXHIBITOR INCOME	21,116	26,794	30,613
PARKING LOT REVENUE	189,676	52,333	66,223
NOVELTY INCOME	18,553	25,582	3,041
TOTAL ANCILLARY INCOME FOR GLOBAL EVENTS	715,029	423,489	438,334
GLOBAL EVENT INCOME (LOSS) ^^	1,375,849	862,972	908,429
FIESTA BOWL/BCS GAME DAY EXPENSES **	(324,729)	(318,362)	(318,362)
NCAA	-	-	-
CARDINALS GAME DAY EXPENSES	(2,573,596)	(2,460,130)	(2,519,946)
TOTAL EVENT OPERATING INCOME (LOSS)	(1,522,476)	(1,915,520)	(1,929,879)
INDIRECT EXPENSES			
EXECUTIVE/SALES	474,479	427,564	430,564
MARKETING	306,725	291,173	297,172
FINANCE	448,939	437,292	454,792
OPERATIONS	5,219,209	4,987,640	5,265,140
OVERHEAD	969,286	929,567	964,567
TOTAL INDIRECT EXPENSES:	7,418,638	7,073,237	7,412,236
NET BUILDING OPERATING INCOME	\$ (8,941,114)	\$ (8,988,756)	\$ (9,342,115)
Other revenue resources for the Authority ^^			
FACILITY USER FEE (GLOBAL EVENTS) ^^	\$ 290,697	\$ 203,537	\$ 260,721
ESTIMATED TAX RECAPTURE GLOBAL EVENTS	\$ 1,270,278	1,329,835	830,850
	\$ (7,380,139)	\$ (7,455,384)	\$ (8,250,544)
TOTAL GLOBAL REVENUES	2,501,578	1,914,683	2,000,000
Amount for Rojo Events	435,246	481,661	

Global Spectrum

- This depiction of the net income for Global Spectrum is based upon receipts that Global Spectrum collects as AZSTA's agent.
- A secondary look at the stadium is provided on the next page and includes all revenues sources associated with the stadium operations broken out into categories of types of events.
- Global Spectrum's net income increases from FY11 due to the number and type of events currently forecasted for FY12. Global Spectrum's marketing and events team and management continue to drive to seek out additional events to increase revenues.
- Indirect Expenses increase from FY11 due to increases in
 - Lighting Expense (\$60k)
 - Employee Salaries (\$60k)
 - Part-time and Housekeeping (\$40k)
 - Utilities (\$58k)
 - Insurance (\$26k)
 - Management Fee (\$15k)
 - Materials and Supplies (\$35k)
- Game Day Expenses increase due to
 - Fiesta Bowl contractual agreement
 - Cardinals—longer game time

Stadium Budget *(Stadium Indirect Expenses detail)*

STADIUM MANAGEMENT OPERATIONS - GLOBAL SPECTRUM	FY11 Fcst	FY11 Budget	FY11 Fcst B/(W) FY11 Budget	Proposed FY12 Budget	FY12 Budget B / (W) FY11 Budget	FY12 Budget B / (W) FY11 Fcst
EXPENSES						
Indirect Expenses						
Employee Related (Salaries, benefits, taxes, relocation)	2,463,739	2,512,488	48,749	2,601,434	(88,947)	(137,695)
Employee Development	135,503	147,753	12,250	129,300	18,453	6,203
Travel and Conferences	28,800	30,300	1,500	29,300	1,000	(500)
Office and Administrative	390,355	412,355	22,000	399,633	12,722	(9,278)
Marketing and Advertising		-	-	-	-	-
Operations	3,754,840	4,009,340	254,500	3,943,970	65,370	(189,130)
<u>Other</u>		-	0	-	0	
Contingency		-		-		
Management Fee	150,000	150,000	-	157,500	(7,500)	(7,500)
Incentive Pool	150,000	150,000		157,500	(7,500)	(7,500)
Misc. Expense	-	-		-		
Total Indirect Expenses	7,073,237	7,412,236	338,999	7,418,638	(6,402)	(345,401)
Arizona Cardinal Game Day Expenses	2,460,130	2,519,946	59,816	2,573,596	(53,650)	(113,466)
Fiesta Bowl Game Day Expense/(Income), net	318,362	318,362	-	324,729	(6,367)	(6,367)
BCS Game Day Expense/(Income)	-	-	-	-	-	-
TOTAL EXPENSES	9,851,729	10,250,544	398,815	10,316,963	(66,419)	(465,234)

Global Spectrum Operating Budget—Year over Year Comparison:

Drivers of increase in FY2012 budget over FY2011F

- 3% Salary increase to cover performance/cost of living increases \$59k. Part Time Labor increase of \$42k due to less budgeted events and less full time labor being budgeted to events in housekeeping and conversion departments
- Insurance increases of \$26k.
- Utilities budgeted at 3% increase or \$57k higher, Lighting costs up \$60k for replacement of Bowl lights,
- Management Fee (Incentive Fee) +\$15,000 per contract
- Cardinals Game Day expenses up 4.6% due to scheduling of key home games as well as contractual rates +\$113k

AZSTA — Projected Financial Information

Cash on Hand Statement		
	<u>Ending</u> as of June 30, 2011	<u>Ending</u> as of June 30, 2012
<u>Construction Account</u>		
Bond Proceeds/Sales Tax Recapture	\$ -	\$ -
Total Construction Account	\$ -	\$ -
Facilities Revenue Clearing Account	720,215	1,184,806
Tourism Revenue Clearing Account	2,321,247	2,381,527
Tourism Fund	-	-
<u>Cactus League Promotion Account</u>		
Bond Proceeds	-	-
General Account	-	-
Total Cactus League Promotion Account	\$ -	\$ -
<u>Youth and Amateur Sports</u>		
General	1,517,000	822,037
Reserve	846,114	194,414
Total Youth and Amateur Sports	\$ 2,363,114	\$ 1,016,451
<u>Debt Service Account</u>		
Senior bond	\$ 406,036	\$ 406,036
Subordinate bond	-	-
Subordinate bond reserve	3,241,537	3,248,838
Total Debt Service Account	\$ 3,647,573	\$ 3,654,874
Operating Account	8,374,020	5,617,302
Total Bank Accounts/Sub-accounts	\$ 17,426,169	\$ 13,854,961

Cash on Hand

- Clearing accounts have a beginning and ending balance because the distributions of funds happens the 2nd Tuesday of the next month.
- YAS reserve account reconciliation is discussed in detail on page 12. The understanding of this is also explained in the Auditor General's Audit Report.
- The Operating account remains in the positive balance throughout FY17.

Arizona Sports and Tourism Authority

Sources of Funds

Tourism Revenue Clearing Account

1. 1% Hotel Bed Tax
2. 3.25% Car Rental Surcharge

Facility Revenue Clearing Account (a)

1. NFL Income Tax
2. Sales Tax Recapture
3. Facility Event Revenues

Uses of Funds

1st Priority = Senior Bond Debt Service (b)

1. \$224.53M in principal plus interest (final maturity in 2031 and adjusted for 2007 Refunding)

2nd Priority = Tourism Fund

1. Total of \$265.8M over 30 years for Maricopa County tourism

3rd Priority = Cactus League General Fund

1. Total of \$205 million over 30 years
2. 1st priority - \$32.0M subordinate bond debt service (2016)
3. 2nd priority is the \$3.2M bond reserve fund (2008)
4. 3rd priority is funding renovation projects for cities of Scottsdale and Tempe on 50:50 basis from available funds
5. 4th priority is funding future stadium renovation projects along

4th Priority = Youth & Amateur Sports

1. Total of \$73.5 million over 30 years based on \$1.0 million in year

5th Priority = AZSTA Operating Budget (includes the operating budget for the stadium management operator)

Reserves - The Authority is required to fund three reserves: Youth & Amateur Sports, Operating (equal to one year's operating budget) and Capital Repair and Replacement (\$25M in 2001 value)

Footnotes

(a) The Facility RCA is used for debt service requirements on senior and subordinate bonds. Any remaining funds go to the operations account.

(b) All sources of revenue of the Authority (except for the non-pledged portion of the NFL Income Tax) are pledged to the Authority's senior and subordinate bond debt service above all other

AZSTA Waterfall Explanation

Tourism Revenue Clearing Account

1. 1% Hotel Bed Tax
2. 3.25% Car Rental Surcharge

Facility Revenue Clearing Account

1. NFL Income Tax
2. Sales Tax Recapture
3. Facility Event Revenues

Tourism receipts are forecasted to range from \$1.1 MM to \$3.3 MM on a monthly basis in FY12. Monthly distributions fall down the waterfall until funds are depleted.

- Sr. Debt coverage = \$ 789k
- Tourism Fund = \$ 542k
- Cactus League = \$ 500k
- Youth & Amateur Sports = \$ 167k
- Total prior to Operations = \$1,998k
- There are eight months forecasted when there will not be sufficient funds to distribute through the entire waterfall (down to YAS).

1st Priority = Senior Bond Debt Service (b)

1. \$224.53M in principal plus interest (final maturity in 2031 and adjusted for 2007 Re-funding)

2nd Priority = Tourism Fund

1. Total of \$265.8M over 30 years for Maricopa

3rd Priority = Cactus League General Fund

1. Total of \$205 million over 30 years
2. 1st priority - \$32.0M subordinate bond debt service (2016)
3. 2nd priority is the \$3.2M bond reserve fund (2008)
4. 3rd priority is funding renovation projects

4th Priority = Youth & Amateur Sports

1. Total of \$73.5 million over 30 years based

5th Priority = AZSTA Operating Budget

(includes the operating budget for the stadium)

Reserves - The Authority is required to fund three reserves: Youth & Amateur Sports, Operating (equal to one year's operating budget) and

Facility receipts are forecasted to range from \$0.8 million to \$3.4 million on a monthly basis in FY12. Monthly distributions fall down the waterfall until funds are depleted.

- Sr. Debt coverage = \$533k
- Cactus League (subordinate Debt only) = \$390k
- There are six months forecasted when Facility Revenue will support the subordinate bonds, totaling \$1.9 million.

AZSTA - Projected Financial Information

Profit and Loss Statement For the Period July 1, 2011 thru June 30, 2012		
SOURCES		
<u>Facilities Revenue Clearing Account</u>		
NFL Income Tax	6,168,488	
AZ Cardinal Sales Tax Recapture	4,088,163	
AZ Cardinals Rent	276,020	
AZ Cardinals FUFTA	354,351	
Fiesta Bowl Ticket Surcharge/FUF/STR	1,157,481	
AZSTA/GS Net Direct Event Income	625,574	
AZSTA/GS Event Facility Use Fee (FUF)	290,697	
AZSTA/GS Event STR's	870,278	
AZSTA/GS Event Ancillary	715,029	
Other Income	(485,684)	
Rojo	750,000	
Total Facilities Revenue Clearing Account		\$ 14,810,397
<u>Tourism Revenue Clearing Account</u>		
Hotel Bed Tax	\$ 12,340,885	
Car Rental Surcharge	9,416,848	
Interest Income		
Total Facilities Revenue Clearing Account		\$ 21,757,732
TOTAL REVENUES		\$ 36,568,129
USES		
Debt Service, Senior Bonds	\$ 15,868,319	
Tourism Promotion	5,965,325	
Debt Service, Subordinate Bonds	4,684,750	
Cactus League Promotion Account	521,183	
Youth and Amateur Sports	666,667	
AZSTA/Global Spectrum Operating Budget	11,296,912	
Youth and Amateur Sports Reserve	175,000	
Operating Reserve		
Capital Repair/Replacement Reserve		
TOTAL EXPENDITURES		\$ 39,178,156
NET OPERATING SOURCES/(USES)		\$ (2,610,027)

This table will not tie in all aspects to other tables in this presentation. Differences to other tables are due to cash versus accrual accounting.

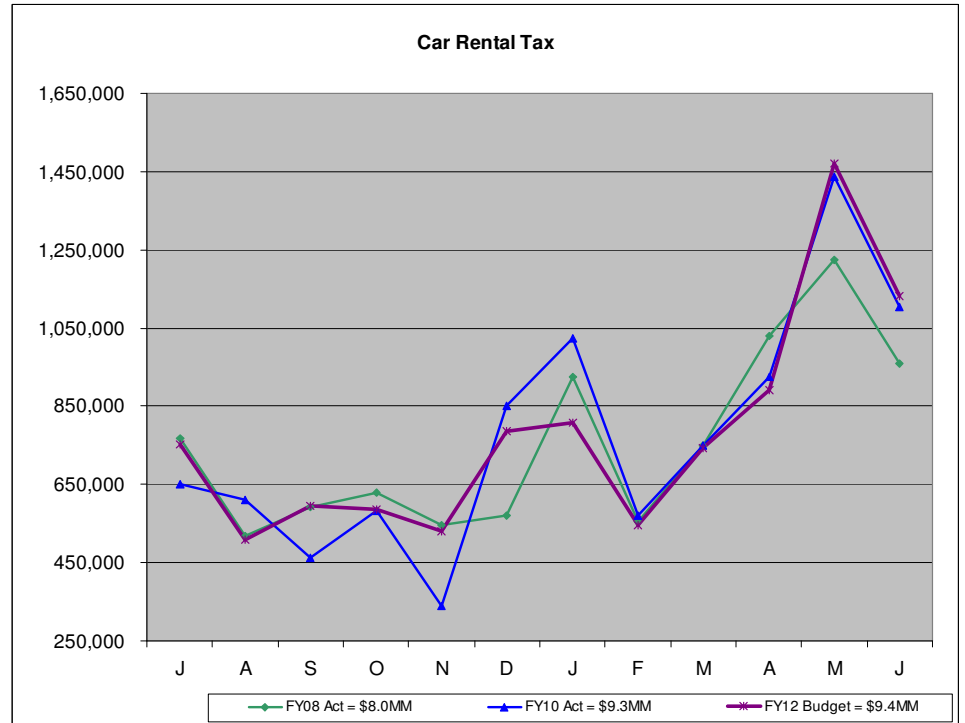
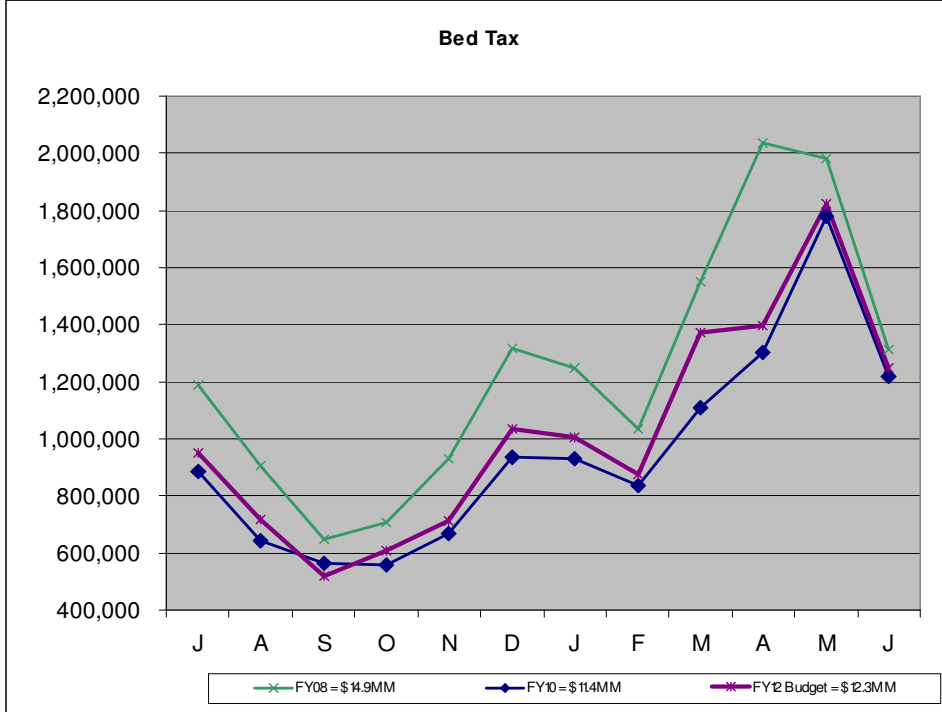
AZSTA — Projected Financial Information

Asset and Liability Statement		
June 30, 2011		
<u>ASSETS</u>		<u>Totals</u>
Current Assets		
Bank Accounts/Sub-accounts		
Facilities Revenue Clearing Account	720,215	
Tourism Revenue Clearing Account	2,321,247	
Tourism Fund	-	
Youth and Amateur Sports	2,363,114	
Debt Service Account		
Senior bond	406,036	
Subordinate bond	-	
Subordinate bond reserve	3,241,537	3,647,573
Operating Account		8,374,020
Total Bank Accounts		\$ 17,426,169
Other Current Assets		
Accounts Receivable		
Total Current Assets		\$ 17,426,169
Fixed Assets *		
AZ Cardinals Stadium	409,347,000	
Stadium FF&E	2,865,000	
Computer Equipment	-	
Furniture & Fixtures	-	
Office Equipment	-	
Capital Equipment	-	
Software	-	\$ 412,212,000
Total Fixed Assets		\$ 412,212,000
Other Assets		
Deposits/Prepaid Expenses	22,530	
Deferred Bond Issuance Costs	7,535,000	
Operating Reserve	-	7,557,530
Total Other Assets		\$ 7,557,530
TOTAL ASSETS		\$ 437,195,699
LIABILITIES		
Current Liabilities		
Accounts Payable		100,000
Other Current Liabilities		
YAS Grants		-
Deferred revenue		681,219
Capital Lease, current		-
Total Current & Other Liabilities		\$ 781,219
Non-current Liabilities		
Capital Lease, long-term portion	\$ -	
Youth and Amateur Sports	542,201	
Senior bonds	265,594,713	
Subordinate bonds	20,035,000	
Cactus League	136,722,797	
Arizona Cardinals, reimbursements	7,936,060	
Bond Premium Payable	5,583,709	
Other	-	\$ 436,414,480
Total Long-Term Liabilities		\$ 436,414,480
TOTAL LIABILITIES		\$ 437,195,699
NET ASSETS V. LIABILITIES		\$ (0)

AZSTA — Projected Financial Information

Financial Commitments Statement			
Fiscal Year 2012			
(projected)			
Category		\$ Amount	Total
Statutory Commitments			
	<u>Debt Service - Annual</u>		
	Senior Bonds	\$ 15,868,319	
	Subordinate Bonds	4,684,750	\$ 20,553,069
	Tourism Promotion		5,992,473
	Cactus League		630,788
	<u>Youth & Amateur Sports</u>		
	Distribution	\$ 675,000	
	Reserve	3,133	678,133
	Authority Operations (including Global Spectrum)		-
	Total Statutory Commitments		\$ 27,854,464
Other Commitments			
	<u>Cactus League Renovation Projects</u>		
	Scottsdale/SF Giants	\$ 260,686	
	Tempe/Anaheim Angels	260,686	521,371
	<u>Youth and Amateur Sports Projects</u>		
	Avondale Youth Soccer Complex	\$ 502,083	
	FY2012 Grant Awards	1,600,000	
	Quick Grants Program (5% of annual distribution)	95,417	
	YAS Reserve Account - Annual Increase (investment income)	-	2,197,500
	Total Other Commitments		\$ 2,718,871
	Total Financial Commitments		\$ 30,573,335

Supplemental Information—Sales Tax Recapture Graphs



Supplemental Information—A.R.S 5-831

A. Beginning in 2001, on or before June 30 of each year the board shall hold a public hearing to adopt a budget for the following fiscal year that includes:

1. Receipts during the past fiscal year.
 2. Expenditures during the past fiscal year.
 3. Estimates of amounts necessary for expenses during the following fiscal year including amounts proposed for:
 - (a) Costs of planning, constructing, financing, maintaining, operating and managing a multipurpose facility.
 - (b) Promotional and marketing expenses of the authority.
 - (c) Administrative costs of the authority.
 4. Anticipated revenue to the authority from each source in the following fiscal year.
 5. A complete asset and liability statement.
 6. A statement of profit or loss from operations.
 7. Cash on hand as of the date the budget is adopted and the anticipated balance at the end of the current fiscal year.
 8. An itemized statement of commitments, reserves and anticipated obligations for the following fiscal year.
- B. The board may amend the budget on a finding of good cause.