

SUMMARY

Site Selection Update – Glendale Selected as MPF Site.

Construction Update – Stadium Costs Capped at \$355M. Cardinals to pay for increased costs.

Financial Overview – TSA Board approves FY2001 Audit.

SITE SELECTION UPDATE

Glendale will be the new home of the Arizona Cardinals, the Fiesta Bowl, future Super Bowls, and NCAA Final-Four Championships, as well as other events to be held in the Multipurpose Facility.

The TSA Board of Directors voted 7-1 on August 29th naming Glendale as the site for the stadium. Located at the Loop 101 and Bethany Home Road, the 180-acre property is adjacent to and directly south of the Coyotes Arena project currently under construction.

The Glendale site was recommended by the TSA because it offered a superior proposal, a stronger financial plan, and fewer contingencies than the Mesa site located at the Loop 202 and Dobson Road.

The synergy with the neighboring Coyotes Arena and planned “WestGate” development will create a sports and entertainment mega-plex that will be a magnet for economic growth and tourism to the county. The current planned development surrounding the Coyotes Arena will include up to six million square feet of space for shops, restaurants, hotels, cinema, office, residential and major retail establishments.

On September 3rd, the TSA delivered the signed and fully executed agreements for the Multipurpose Facility to both the Governor and the Attorney General’s office, satisfying the legislative requirement to meet a September 12th deadline.

By delivering the agreements 10 days early, the TSA avoided incurring election expenses that could have amounted to as much as \$600,000.



Former Attorney General Grant Woods was the master of ceremonies at the City of Glendale pep rally to welcome the Cardinals and the Fiesta Bowl, The rally, which was held at held at Glendale’s Civic Center on Fri., Aug. 30, featured the Glendale H.S. Cardinals band and cheerleaders with speakers such as John Junker from the Fiesta Bowl and Bill Bidwill, Mike Bidwill and Coach Dave McGinnis from the Arizona Cardinals.

CONSTRUCTION UPDATE

The Authority and the Arizona Cardinals have executed an agreement which is a huge victory for the citizens of Maricopa County.

On September 3rd the Authority Board of Directors voted 8-0 to approve a memorandum of understanding which puts a “hard cap” on the cost of the Multipurpose Facility at \$355.5 million and requires the Arizona Cardinals to contribute the \$24.3 million difference from the original estimate of \$331 million. The agreement also makes the Cardinals responsible for any project cost overruns that are not the responsibility of the stadium builder.

The agreement, negotiated by TSA Board members John Benton and Herman Orcutt, stipulates that the public contribution to the project remains at \$246 million. The Cardinals will increase their contribution from \$85 million to \$109.3 million.

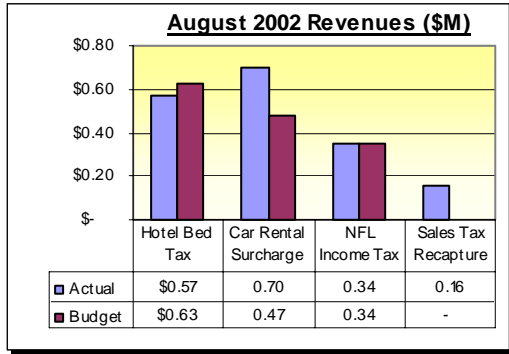
With their purchase of the land for the Glendale site, the Cardinals total commitment to the project approaches \$133 million – far above the average of \$54 million contribution by NFL teams for other stadium projects around the country.



Mayor Elaine Scruggs (center) led the Glendale City Council meeting in which the development agreements with the TSA were approved unanimously.

FINANCIAL OVERVIEW

Sources – The following chart provides our actual v. budgeted August 2002 performance which reflects June’s sales activity:



On a combined basis, the tourism revenues for August exceeded our expectations by 15%, or \$164,980, due to the continued positive results from the car rental surcharge. The hotel bed tax was \$57,190 (9.1%) lower than budget. This result was offset by a positive \$222,171 (46.8%) actual vs. budget performance in the car rental surcharge.

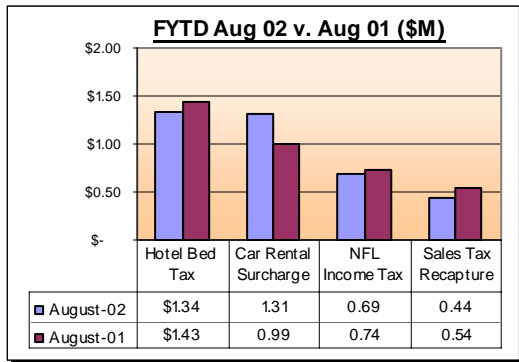
In last month’s issue we reported that there is growing evidence that personal economic reasons and not terrorism are keeping people from traveling as much. A recent Arizona Republic tourism article (August 15, 2002) reported that in the first half of this calendar year, the Valley’s hoteliers have been hit hard with occupancy rates down 5.2 percent and per-room revenues down 11.2 percent.

The NFL income tax is known in advance of each fiscal year so there will not be a variance between estimated and actual results..

In August we received an additional \$157,843 in state sales tax recapture revenues related to pre-season Arizona Cardinal ticket sales bringing our fiscal year-to-date total to \$435,316 -- \$64,684 less than our forecast. We expect additional revenues from pre-season sales as we move into the regular NFL season. The Cardinals played two home games in the month of August. The sales tax recapture revenues from those games will be received by the Authority in October.

The next chart provides a fiscal year-to-date comparison for the months of August 2002 v. August 2001:

Total revenues from all sources compare very



favorably from year-to-year. The total through August 2002 is \$3.8 million v. \$3.7 million for 2001 revenues. However, the only category in 2002 that exceeded its prior year counterpart was the car rental surcharge which

had a positive net performance of \$319,452. The other categories of hotel bed tax, NFL income tax and state sales tax recapture were a combined \$238,266 less than for the same period one year ago.

Tourism – For FY2003 the Authority has been instructed by the state legislature to split the monthly statutory distribution of \$350,000. Over the course of this fiscal year, the Authority will pay a total of \$2.0 million to the Arizona Office of Tourism and \$2.2 million to the state’s general fund. The Authority made these payments in August.

Cactus League – The scheduled monthly distribution of \$250,000 was made to the Cactus League Promotion Account with further distribution to the City of Surprise per Amendment One to the original Intergovernmental Agreement. The Authority continues to accrue \$600,000 monthly for the City of Surprise per the second amendment to the original IGA. This accrual will terminate at the end of October 2002 or sooner if the John F. Long lawsuit is successfully resolved in the Authority’s favor.

Youth and Amateur Sports – The August 2002 amount distributed to the Youth and Amateur Sports account was \$91,667. The Authority also distributed \$83,333 to the Youth and Amateur Sports reserve.

Bond Repayment – The Authority has one final bond payment to Wells Fargo Bank/Bank One of \$5.0 million due on December 31, 2002. If the Authority is able to issue the bonds for the multipurpose facility prior to the end of the calendar year 2002, this bond repayment will be made at the time the net proceeds are received from the bond sale.

Audit - The Authority and its outside audit firm of Ernst & Young, LLP completed the FY2001 audit and presented it to the Authority’s Board of Directors at its public meeting on Thursday, August 29, 2002. The board unanimously voted its approval of the audit. The audit for the FY2002 was begun the week of Labor Day and is expected to be completed and before the board for its approval by the end of October 2002.