

**SUMMARY**

**John Long Lawsuit Update** – TSA Opposes Long’s Petition for Review by the State Supreme Court.

**Surprise Cactus League Complex** – Stadium Nears Completion.

**Glendale Community Advisory Committee meets with TSA** – Initial Community Advisory Committee Meeting is Held.

**Youth and Amateur Sports Update** – Advisory Committee Sets Objectives and Goals.

**Financial Overview** – Delayed Economic Recovery Expected.

**JOHN LONG LAWSUIT UPDATE**

On October 3<sup>rd</sup>, the Appeals Court Panel led by Judge Ann Timmer rejected John Long’s request for the panel to reconsider their August 27<sup>th</sup> decision in favor of the TSA. Two weeks later, on October 17<sup>th</sup>, plaintiff John Long petitioned the Arizona Supreme Court to further review the Appeals Court decision that upheld the Trial Court’s ruling in favor of the TSA on all constitutional questions. On November 1<sup>st</sup>, the Authority responded, asking the Court to decline to take jurisdiction of the case, stating that “the constitutionality of the TSA legislation has been confirmed by a careful decision of the Superior Court and a unanimous panel of the Court of Appeals. This court should deny review because the lower courts have applied Arizona law correctly and the pendency of this lawsuit is preventing the State from receiving the much-needed economic benefits intended by the TSA legislation.” The Authority further stated “It is time for this litigation to end.”

As we have stated often, Mr. Long has had “his day in court;” in fact, because of Mr. Long, we have spent 14 months in court and have spent over \$700,000 successfully defending the TSA’s voter-approved legislation from Long’s many challenges. Two leading law enforcement officials and 4 judges have all determined that the TSA statute is constitutional. Apparently, Mr. Long will not rest until he has exhausted every opportunity to get the answer he wants.

The position of John Long Properties has certainly changed from February 12, 2001, when on the eve of final site selection Jacob Long wrote Authority CEO Ted Ferris, on behalf of the company, and said, “On behalf of the West Valley Site Hosts, let me express our appreciation for the time which you and the volunteer board members of the TSA and its counsel have devoted to this process. It is reassuring that all of you have been so conscientious about fulfilling your statutory responsibilities. **Regardless of the outcome**, as taxpayers, we appreciate your tireless efforts” [emphasis added].

The true basis of the Long lawsuit is summarized as follows in the Appellee’s Response to Long’s Petition for Review: “Mr. Long initially favored

the TSA and proposed that the new stadium be built on his West Valley property. He publicly supported the ballot measure to approve the TSA’s tax-based funding, declaring in prominent Valley newspaper ads that the TSA was a “great deal for the West Valley and our entire state.” Only after the TSA declined to build the stadium on his land did Mr. Long file this special action to have the TSA statute declared unconstitutional.” This position was made crystal clear when Jim Miller, spokesman for John Long Properties, told the *Arizona Republic* last April that “the Cardinals would have a stadium under construction had the sports authority picked Long’s West Valley location.”

In fact, the Long lawsuit is the only obstacle to construction of the new Multipurpose Stadium Facility beginning before year’s end at a Glendale site just north of Long’s property. If the Court agrees to Long’s request that the case be reviewed yet again, the odds are that we will lose another season for professional football in the new stadium as well as another Fiesta Bowl. It may jeopardize our ability to secure either the 2007 or 2008 Super Bowl, which are scheduled to be awarded at League meetings next March.

At risk are some 3,500 high paying construction jobs and over \$400 million of direct economic benefit for Maricopa County. Further at risk is the state’s depressed tourism industry. The Valley of the Sun’s resorts and hotels are counting on the benefits of Proposition 302 to help re-invigorate tourism in Maricopa County.

**SURPRISE CACTUS LEAGUE UPDATE**

The first fruits of Proposition 302 will be harvested next month when the City of Surprise holds a “Grand Opening” of their new two-team Spring Training facility on Saturday, December 7<sup>th</sup>. Workers will be putting the finishing touches to the project during the month of November. The Kansas City Royals and Texas Rangers have already begun moving into their respective practice facilities and have begun to use some of the practice fields for their instructional leagues.



*Overall view of Stadium. Club seating being installed*

The \$48 million project is an integral part of an entirely new town center for the City of Surprise. The TSA is funding \$32 million, or roughly two-thirds of the cost of the new facility. A new aquatics center funded by the City became operational last summer. Other improvements include a new library and city hall.

Next month's issue will provide an in-depth review of this latest star in Arizona's Spring Training "constellation." We are now home to 12 of Major League Baseball's 30 professional teams.

### **GLENDALE COMMUNITY ADVISORY COMMITTEE MEETS WITH TSA**

Glendale Councilwoman Joyce Clark (who represents the district in which the new MPF will be constructed) hosted an initial meeting on October 30<sup>th</sup> between the Authority, the Cardinals, the City and the Glendale Community Advisory Committee. The committee consists of several residents who live in the neighborhoods to the east of the new Coyotes Arena and Multipurpose Stadium Facility site. The purpose of this and future meetings is to fulfill the agreement between the TSA and the City to establish an ongoing mechanism for area residents to air their concerns and have input on site decisions impacting their neighborhood. Included in preliminary discussions were issues related to site development and construction, as well as operation of the facility, parking and traffic control on game day or for major events at the facility.

The group will meet periodically in accordance with the schedule for design and construction. The Authority and Cardinals shared with the group the impact of the Long lawsuit on the pace of design and construction. It was explained that if the State Supreme Court grants Long's request to take his case under further review, stadium construction could be delayed well into 2003. On the other hand, if the court decides quickly to not take the case under further review, groundbreaking could take place before year's end.

### **YOUTH & AMATEUR SPORTS UPDATE**

The Youth and Amateur Sports Advisory Committee (YASAC) met at TSA offices Tuesday evening, October 29. The YASAC represents an advisory committee of stakeholders appointed by the President/CEO of the Tourism and Sports Authority (TSA). While its creation was not a requirement of law, the TSA has established the YASAC in the hope that it will serve as a conduit for communication between youth and amateur sports groups and the Board of Directors of the TSA. Although there are currently 14 members, it is anticipated that membership will top out at about 20, in order to have broad representation. Initial members have drawn lots for 1, 2, or 3-year terms, so that only a third of the membership will turn over in any given year.

As stated on the TSA's website, the YASAC will initially focus on 4 broad goals:

1. Assist the TSA in the identification of youth and amateur sports facilities throughout Maricopa County.
2. Assist the TSA in establishing and prioritizing facility needs.

3. Provide network to communicate and disseminate information regarding the TSA's sports grant program.
4. Provide critical input on sports facility projects and programming.

*In order to link concrete objectives to these broad goals, the Authority and YASAC have established the following three critical tasks as action steps to be accomplished over the next few months. The YASAC will organize itself into three working subcommittees to address these key objectives:*

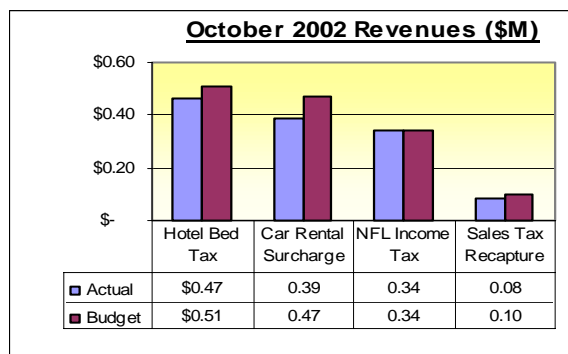
*Facilities Survey*—To provide a critical benchmark for future funding decisions, the TSA is conducting a youth and amateur sports facilities survey within Maricopa County. Once completed, the results will be made available to the public (possibly Internet-based) and should be regularly updated. The YASAC will assist with the completion of the survey, ensuring that it is comprehensive and accurate, and assuring that it is properly maintained and continuously updated.

*Networking and Communications*—To help ensure that all stakeholders have an opportunity to participate and are fully aware of the role of the TSA with respect to youth and amateur sports funding, the TSA is investigating methods of enhancing communication and encouraging involvement. In the planning stages are a Youth and Amateur Sports Summit and the development of a Web-based directory of Youth Sports Organizations (YSO's) and Amateur Sports Associations (ASA's) operating within Maricopa County.

*Grant Process and Evaluation of Funding Requests*—To assist the TSA staff in making funding recommendations to the TSA Board of Directors, the YASAC will review grant requests and make independent recommendations to the TSA Staff who, in turn, will make recommendations to the full Board in accordance with the TSA statute. The YASAC will also review the grant application process and the criteria for funding decisions, and make recommendations to the TSA for improvements in the process.

### **FINANCIAL OVERVIEW**

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



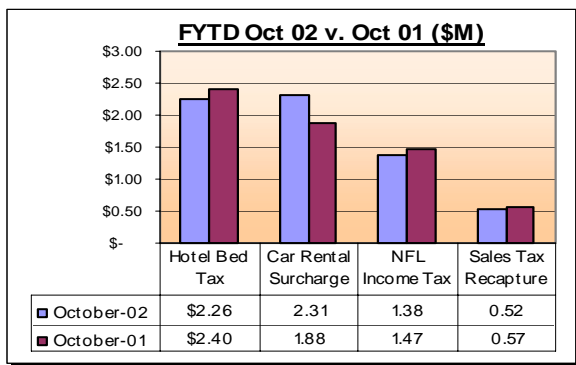
On a combined basis, the **tourism revenues** for October lagged our expectations by \$124,580 (13%). This was due to the continued lower hotel bed tax revenues of \$40,020 (8%) and a reversal of our previously positive car rental surcharge revenues which came in \$84,561 (18%) lower. Our fiscal year-to-date results for tourism revenues remain positive – \$204,348, 4.7%, above forecast. This is solely due to the positive results of the car rental surcharge revenues during the first three months of this fiscal year.

Most of the economic news during the past month has continued to point toward a delayed recovery and additional slowing. An article in the October 31, 2002 *Arizona Republic* from the *Wall Street Journal* reported that the bad news in the travel industry is creating a new round of hotel price cuts for the leisure traveler to help replace the revenues lost from corporate travelers. Whether or not this affects our local hoteliers as significantly is yet to be seen. The chief financial officer for Marriott characterized the current hotel slump as qualifying as a 50-year low for hotels. We remain hopeful that our current year forecast proves to be accurate through the final eight months of this fiscal year.

The Authority received notification from the Arizona Department of Revenue (the "DOR") this month that the amount of the **NFL income tax** for this fiscal year was incorrectly calculated. The original amount of \$4,138,999 contained duplicate information. The adjusted amount to be received for FY2003 will be the guaranteed statutory minimum of \$3,784,320. Over the next four months the Authority will receive a lower monthly amount to account for the overage received during July – October 2002. During the final four months of this fiscal year we will receive the monthly amount of \$315,360 (annualized it equals the statutory minimum).

As of the preparation of this report we have been informed by the DOR that we will receive \$84,037 in **state sales tax recapture** dollars – actual receipt is pending. This amount represents the Arizona Cardinals first two pre-season home games played in August as well as additional pre-season ticket sales activity. This brings our fiscal YTD amount to \$519,353 v. our forecast of \$595,894 – a net difference of \$76,541, 12.8%. Attendance figures drive this revenue source and it appears that the Cardinals have moved slightly ahead of last year's attendance figures at this point in the season.

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



Total revenues from all sources generally compare favorably from year-to-year. The total through October 2002 is \$6.5 million v. \$6.3 million for 2001 revenues. However, as with September's results, the only FY2002 revenue category that exceeded its prior year counterpart was the car rental surcharge which had a positive net performance of \$430,412 or a 22.9% increase. The other categories of hotel bed tax, NFL income tax and state sales tax recapture were a combined

\$288,111 (6.5%) 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 October.

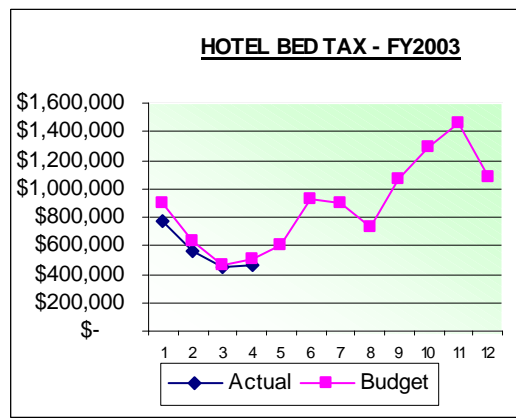
**Cactus League** – The scheduled monthly distribution of \$250,000 was made to the Cactus League Promotion Account with further distribution to the City of Surprise per Amendment One to the original Intergovernmental Agreement. Through October 2002 the Authority has provided Surprise with a total of \$4.3 million through this agreement. The Authority accrued the final \$600,000 this month in accordance to the second amendment to the original IGA. The Authority now owes a total of \$32.0 million to the City of Surprise, or \$27.7 million in addition to amounts already paid to Surprise.

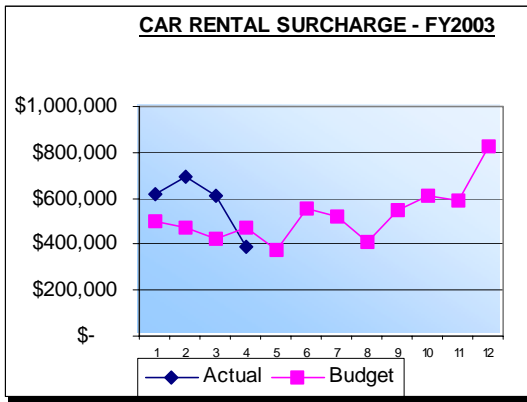
**Youth and Amateur Sports** – The October 2002 amount distributed to the Youth and Amateur Sports account was \$91,667.

**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. Due to Long's filed appeal with the Arizona Supreme Court, it is unlikely that the Authority will be able to issue bonds in the near-term.

**Audit** – The fieldwork for the FY2002 audit was completed in mid-September. The report will be issued to the Authority's Finance Committee in early November for a scheduled November 11<sup>th</sup> meeting at which the report will be reviewed. Once this review has been completed, it will be submitted to the Authority's board of directors for their review and approval.

### Additional Revenue Information





**TSA Staff Speaking Engagements  
For the Month of October**

10/5/02 Kenny Harris:  
22<sup>nd</sup> Annual Engineering Excellence Awards

10/08/02 Chuck Foley:  
ASU MBA Sports Finance Department

10/25/02 Ted Ferris:  
State Legal Resources Association Annual Meeting

**Tourism & Sports Authority**  
14500 N. Northsight Blvd., Suite 312  
Scottsdale, AZ 85260  
(480) 505-0533 Phone (480) 505-0534 Fax  
www.az-tsa.com

**TSA Board of Directors:**

James J. Grogan, Chairman: [jgrogan@az-tsa.com](mailto:jgrogan@az-tsa.com)  
F. Rockne Arnett: [rarnett@az-tsa.com](mailto:rarnett@az-tsa.com)  
John Benton: [jbenton@az-tsa.com](mailto:jbenton@az-tsa.com)  
C.A. Howlett: [chowlett@az-tsa.com](mailto:chowlett@az-tsa.com)  
Valarie Miceli: [vmiceli@az-tsa.com](mailto:vmiceli@az-tsa.com)  
Herman Orcutt: [horcutt@az-tsa.com](mailto:horcutt@az-tsa.com)  
William Peltier: [wpeltier@az-tsa.com](mailto:wpeltier@az-tsa.com)  
Rod Williams: [rwilliams@az-tsa.com](mailto:rwilliams@az-tsa.com)

**TSA Staff:**

Ted A. Ferris, President/CEO: [tferris@az-tsa.com](mailto:tferris@az-tsa.com)  
Kenny W. Harris, VP Facilities: [kharris@az-tsa.com](mailto:kharris@az-tsa.com)  
Charles M. Foley, CFO: [cfoley@az-tsa.com](mailto:cfoley@az-tsa.com)  
Brad Parker, PIO: [bparker@az-tsa.com](mailto:bparker@az-tsa.com)  
Kim Monroe, Executive Asst.: [kmonroe@az-tsa.com](mailto:kmonroe@az-tsa.com)  
Deb Wilson, Executive Asst.: [dwilson@az-tsa.com](mailto:dwilson@az-tsa.com)  
Debbie Taylor, Receptionist: [dtaylor@az-tsa.com](mailto:dtaylor@az-tsa.com)