

SUMMARY

Surprise Cactus League Complex – Stadium

Approximately 75% complete.

NCAA Final Four Bid – Bids to host Championships in 2008-2010 due November 15th.

Impact of Long Lawsuit – Only obstacle to construction of MPF starting in December; also hurting other projects.

MPF Construction Update – Site Planning & Engineering underway for Glendale Site

Youth and Amateur Sports Update – Patterson Sports Ventures Retained to Assist with Youth and Amateur Sports Facilities Planning

Financial Overview – Fieldwork for the FY2002 audit completed in mid-September.

CACTUS LEAGUE COMPLEX 75% COMPLETE

This section will summarize the month’s events related to the Surprise Spring Training Complex, the new winter home of the Texas Rangers and Kansas City Royals . The contractor continues to make good progress on the building construction aspects of the project.

This month the contractor completed the Rangers clubhouse and was finishing the minor league fields. The Rangers moved into the clubhouse and began Instructional League activities in mid-September. They are using the Major League practice fields for their workouts.

Work at the Royals clubhouse continues and is now becoming the focus as they work to complete the facility. The contractor is trying to have substantial completion of the Royals Clubhouse by October 14th.

The Royals Major League practice fields (3) are completed and their minor league fields were completed during the course of the month. Workers are currently completing the infill areas between fields as well as dugouts and other miscellaneous items.



Crew placing sod at Royals minor league field.

At the stadium, work has continued at a good pace on the main concourse building and the centerfield complex of buildings. During the month, the primary

focus of the work has been at the upper level of the stadium on the press box and suites. At the stadium bowl, seat and handrail installation is near completion. The pole mounted stadium lighting has been completed. Construction of the stadium playing field has started and sod installation is anticipated the first week of October.



Overall view of stadium. Upper deck construction underway in press area and suites

The following chart reflects the most recent schedule dates for the project.

Component	Construction Start	Estimated Completion Date
Infrastructure, Roads, Main Parking Lots	6/01	8/02 Completed
Maintenance Building	11/01	6/02 Completed
Rangers Practice fields	10/01	9/02 Completed
Rangers Clubhouse	11/01	9/02 Completed
Royals Clubhouse	11/01	10/02
Royals Practice Fields	10/01	10/02
Stadium	10/01	11/02

Overall the project is approximately 75% complete.

NCAA “FINAL-FOUR” BIDS DUE NOVEMBER 15

“March Madness” is the name given to the annual 64-team, single elimination tournament that determines the National Champion of College Basketball. It takes six consecutive victories against the nation’s elite teams to become the winner. The 64 teams are divided into four regions with 16 teams each. The first two rounds are played at eight locations. The 3rd and 4th rounds determine the regional champions and are played at four locations (1 in each region). After the 4th round, there are four teams left—hence, the “Final-Four”.

The NCAA Final-Four Championship (the “Final-Four”) is a weeklong celebration of college basketball that culminates in semi-final games played on Saturday, and the national championship game played on Monday night before a huge national and international television audience. In April 2003, the games will take place on April 5th and 7th at the New Orleans Super Dome.

As explained in our June issue, there are only several communities in the U.S. that have the type of sporting venue that is required to host the Final-Four. Among many other critical requirements, a successful facility must seat at least 30,000 people (preferably 40,000), must have a closed roof, and it must have separate locker rooms for the four teams.

As a result, there are fewer than 10 cities with football stadiums that meet these and other criteria. They include Indianapolis (the RCA Dome, home to the NFL Colts), Atlanta (the Georgia Dome, home to the NFL Falcons), New Orleans (the Superdome, home to the NFL Saints), San Antonio (the Alamo Dome, home to the NBA Spurs, and still seeking an NFL franchise) and St. Louis (America’s Center, home to the NFL Rams). New ‘kids on the block’ in 2002, capable of bidding in the next round of site selection are: Houston (Reliant Stadium, new home of the Houston Texans, the NFL’s newest franchise) and Detroit (Ford Field, new home of the Detroit Lions). These are all large 60,000 plus capacity, NFL-grade facilities with either fixed roofs or retractable roofs.

Into this mix will come the new TSA/Cardinals Multipurpose Facility, with a retractable field and roof, that will easily transform itself into an excellent basketball facility for the Final-Four. Arizona will have the only facility in the West capable of hosting this great event. The farthest west the tournament can go now is San Antonio.

Bid packages for the next round of site selection will become available on October 15, 2002, and must be completed and returned by November 15, 2002. Up for grabs are the years 2008, 2009, and 2010. Final site selection will take place in July 2003.

The TSA will be working with Gene Smith, Athletic Director for Arizona State University, who will serve as Chairman of the Local Organizing Committee (LOC) for the Arizona bid according to NCAA rules. An LOC will be formed to complete Arizona’s response to the bid package and to prepare more comprehensive, formal proposals for presentation to the site selection committee at a later date.

We are confident that the “Final-Four” will become a fixture in the fabric of Valley tourism, becoming a regular on the NCAA rotation, much like the cities of New Orleans, Indianapolis, Atlanta and St. Louis. When coaches and athletic directors, fans and alumni, realize they can come out for a week in early April and play golf or hike or engage in other outdoor activities in sunny 80 degree weather, they will come back often.

And for the tourism industry, the timing could hardly be better. Spring training will have just ended and our resorts and hotels will be entering their “shoulder season” when room rates and occupancy levels begin to drop. A “Final Four” could make for a rousing finish to a great tourism year!

Already held or selected “Final-Four” sites through 2007 are:

- 2000—Indianapolis
- 2001—Minneapolis
- 2002—Atlanta
- 2003—New Orleans
- 2004—San Antonio
- 2005—St. Louis
- 2006—Indianapolis
- 2007—Atlanta

Likely competitors for 2008-2010 will be:

- Houston Reliant Stadium
- Minneapolis’ Twin Dome
- New Orleans’ Superdome
- San Antonio’s Alamo Dome
- Detroit’s Ford Field
- **TSA Multipurpose Facility (Glendale)**

LONG LAWSUIT HURTING LOCAL ECONOMY

A possible obstacle to the above scenario for the “Final-Four” is the John Long lawsuit. To maximize our chances for success in being selected next summer in Atlanta, we need to have our stadium under construction. Pretty pictures and promises may not be enough when you are competing with facilities that are already completed and operating.

The TSA and Glendale are prepared to break ground in December with a planned completion date of September 2005. However, in order to meet this fairly aggressive 32-month construction timetable, we need to be able to issue our construction bonds that will help us meet the TSA’s share of the cost of construction (\$246 million of an estimated \$355.3 million price tag, excluding the cost of land, infrastructure and parking). Once underway, this project will generate 3,500 mostly high-paying jobs.

The Long lawsuit (which was initiated September 10, 2001) has thus far prevented us from issuing bonds or otherwise borrowing money. Because Mr. Long is alleging we are an unconstitutional entity, and wishes to put us out of business, it has affected the willingness and ability of other parties to put their money into play for a variety of TSA projects. For example:

- The cost to the TSA for the City of Surprise Cactus League Facility has risen from \$26 million to \$32 million; the \$6 million increase is compensation for the City having to fund 100% of construction costs as they have waited over a year now to receive the TSA share (we are forwarding 100% of the Cactus League distribution of \$250,000 per month, or \$3 million annually, until such time that we can issue our Cactus League bonds).
- The City of Phoenix is seeking \$5.3 million, or 2/3rds funding for an \$8 million renovation project for Phoenix Municipal Stadium, Spring Training home to the Oakland Athletics; the A’s lease expires in 2004, and unless these renovations/upgrades are underway by April 2003, they will not be completed in time, and we run the risk of losing the Athletics to a better deal in Florida or Nevada.

- The City of Avondale is waiting to begin construction on an 11-field Regional Youth Sports Complex near I-10 and 99th Avenue valued at \$5.5 million; the TSA has given preliminary approval to funding for 2/3rds or \$3.4 million of project costs; however, the City of Avondale is not wanting to put their city funds at risk until the Long suit is resolved.
- The City of Glendale is prepared to issue Community Facilities District (CFD) bonds to finance the costs of infrastructure and parking at the Glendale site for the new TSA/Cardinals Multipurpose Stadium Facility, new home of the Arizona Cardinals and Tostitos Fiesta Bowl; the Arizona Cardinals have agreed to acquire some 180-acres at a cost of \$18.5 million and to deed 28 acres over to the TSA and nearly 150 acres to the CFD to be used for parking; not surprisingly, the Long lawsuit may affect the willingness of both private parties and the City to expend funds until we have a final outcome. If the start of construction is delayed beyond December we run the risk of losing another season of football while facing a year's worth of higher construction costs and the potential of rising interest rates.

Furthermore, the cost to the TSA of defending ourselves against the Long lawsuit over the past 14 months is now over \$700,000. These are monies that could have otherwise been used more beneficially for the people of Maricopa County.

MPF CONSTRUCTION UPDATE

Technical staff from the Cardinals and the TSA have been meeting with architects, engineers, and pre-construction consultants with a goal to study all site engineering issues and then forward an orientation recommendation for the TSA/Cardinals Multipurpose Facility (MPF). Their parameters included the following: 1) develop at least one orientation option that would locate the facility entirely on the 80-acre Rovey parcel which is western most land, closest to the freeway; 2) complete an analysis of a 95th Avenue alignment between the future Maryland and Bethany Home Roads that would allow Glendale staff to proceed with their design and construction plans to install the sanitary sewer for the Coyotes Arena across our facility site; 3) attempt to balance the number of patrons entering four gates around the building from 20,000 parking stalls (14,000 south of Maryland and 6,000 stalls north of Maryland); and 4) attempt to spread 400,000 yards of excavated material economically across the site, to possibly raise the grade and allow patrons to enter the building at the main concourse, while reducing the need for some exterior vertical transportation.

Once the stadium is precisely orientated on the overall 180-acre parcel, remaining stadium design can be accelerated. The City of Glendale will further engineer and design necessary infrastructure improvements. All parties are prepared to work diligently to be in a position to break ground in December with a targeted completion date of September 2005.

YOUTH & AMATEUR SPORTS UPDATE

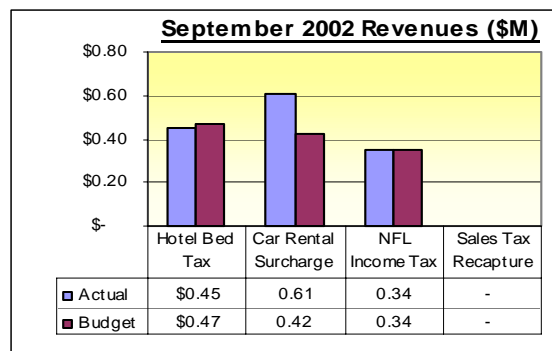
The resignation of Kelly Leid, V.P. of Operations for the TSA, who returned to his native Colorado, has left a void in overseeing the TSA's activities with respect to youth and amateur sports. In order to fill that void and build community participation and interest in this important work, the TSA has entered into a professional services agreement with Patterson Sports Ventures, Inc. that will run through the end of 2002. The principal party is Steve Patterson, who is well-known in the Valley of the Sun for his sports-related career as a collegiate basketball player, NBA player, former Head Coach for ASU Basketball, former Executive Director of the Grand Canyon State Games (Arizona's largest amateur athletics festival), and President of the Super Bowl XXX Host Committee (which was staged in Tempe in 1996). Patterson Sports Ventures, Inc. has among its clients the Arizona Interscholastic Association, the state high school sports governing body.

Steve's responsibilities over the next three months will be to:

- Assessment Survey – staff leadership for completion of the report and developing the media by which the report will be made available to the public and kept up-to-date in future years.
- Youth Sports Advisory Board – staff leadership for meetings and development of criteria for grant awards based on Survey.
- Youth and Amateur Sports Summit – staff leadership in planning, organizing and executing a Summit in late 2002 consistent with outline provided to the Authority in September 2002.
- Leverage Funding Sources – assistance with development of creative sources of matching funds.
- Public Relations – staff leadership for flow of public information to key constituency groups.

FINANCIAL OVERVIEW

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



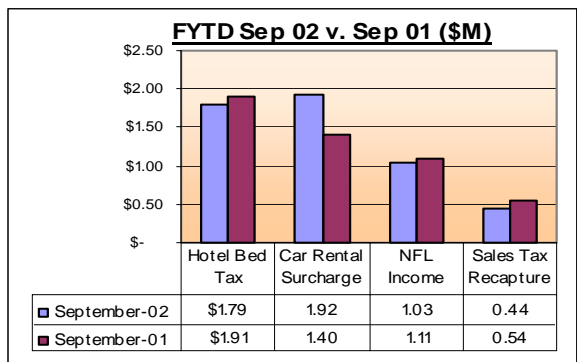
On a combined basis, the tourism revenues for September exceeded our expectations by 19%, or \$169,442, due to the continued positive results from the car rental surcharge. The hotel bed tax was a slight \$18,824 (4.0%) lower than budget. The hotel bed tax revenues have been getting steadily better since the beginning of FY2003. This result was offset by a positive \$188,266 (44.8%) actual vs. budget performance in the car rental surcharge.

Since last month's issue there has been growing sentiment among economic forecasters that the economic recovery may be slowing and possibly even stalling. A recent report noted that seven of the ten leading economic indicators were negative and that consumer confidence continues to erode. Local economists, too, are uncertain of the economic recovery timeframe for Arizona.

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

There were no additional state sales tax recapture revenues reported to the Authority in September. October will bring in revenues from the Arizona Cardinals first two pre-season home games played in August as well as additional pre-season ticket sales activity.

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



Total revenues from all sources compare very favorably from year-to-year. The total through September 2002 is \$5.2 million v. \$5.0 million for 2001 revenues. However, as with August'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 \$519,845. The other categories of hotel bed tax, NFL income tax and state sales tax recapture were a combined \$295,573 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 September.

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. It is likely that the John F. Long lawsuit will continue to the Arizona Supreme Court level. This means that the Authority will owe a total of \$32.0 million to the City of Surprise once we are able to issue bonds.

Youth and Amateur Sports – The August 2002 amount distributed to the Youth and Amateur Sports account was \$91,667. The Development and Disposition and Intergovernmental Agreement signed with the City of Glendale requires a \$1.0 million grant to be paid out in installments between the time the land is deeded and June 30, 2005.

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 fieldwork for the FY2002 audit was completed in mid-September. A draft of the audit report is being prepared prior to its review by the Authority's Finance Committee. Once the committee's input has been incorporated, a review and approval from the full board of directors will be requested prior to the end of October 2002.

TSA Speaking Engagements for the Month of September, 2002

9/10 – Phoenix Kiwanis Club – Ted Ferris
9/17 – Glendale Rotary Club – Ted Ferris

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