

SUMMARY

Super Bowl XXXVII Update - San Diego Hosts a Super Bowl for the Last Time?

IAAM Conference – Stadium Managers meet in Phoenix.

Financial Overview – Tourism Financials Tick Up.

SUPER BOWL XXXVII UPDATE

Unless they build a new football stadium, San Diego may have hosted a Super Bowl for the last time with last month’s hosting of Super Bowl XXXVII at Qualcomm Stadium. While San Diego offers great weather and tourist attractions, the stadium suffers from a similar lack of amenities and technical capabilities as does Sun Devil Stadium when it comes to hosting a Super Bowl. Furthermore, the San Diego Chargers have exercised a clause in their lease agreement and informed the City that they intend to relocate the Team if agreement on construction of a new stadium is not reached prior to the end of the next season. Super Bowls are not played in a City without an NFL team.

Should San Diego fall out of contention and until Los Angeles gets an NFL team, Arizona will be the only option for future Super Bowls in the West. San Francisco, Seattle and Denver cannot compete because they are open-air stadiums. The closest competing venue would be Houston’s Reliant Stadium that will host Super Bowl XXXVIII in 2004.

The new Multipurpose Stadium Facility in Glendale will be the third NFL stadium that is designed with future Super Bowls in mind. The other two are in Florida: Joe Robbie (Pro Player) Stadium in Miami, and Raymond James Stadium in Tampa.

The NFL owners will be meeting in Phoenix the third week in March and have agreed to hear a special presentation from the Cardinals and a local Super Bowl Committee created to bid for the 2008 or 2009 game. We are confident that with our new stadium and our unparalleled weather, the Phoenix Open, and other attractions, Arizona will become a regular on the Super Bowl rotation.

Upcoming games are scheduled as follows:

- 2004—Houston Reliant Stadium
- 2005—Jacksonville Alltel Stadium
- 2006—Detroit Ford Field
- 2007—To be determined in Oct. 2003
- 2008—To be determined in Oct. 2003
- 2009—To be determined in Oct. 2003

INTERNATIONAL ASSOCIATION OF ASSEMBLY MANAGER’S (IAAM)

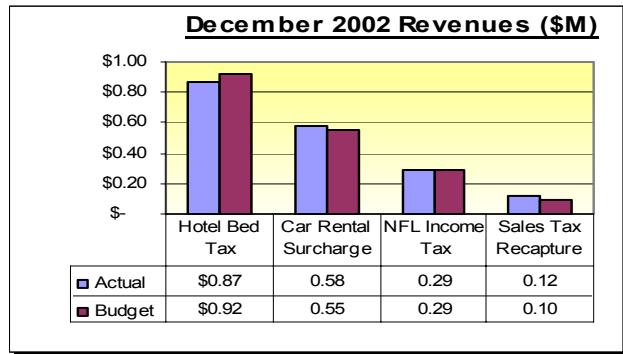
The International Association of Assembly Manager’s (IAAM) 1st Annual International Stadium Management Conference was held in downtown Phoenix over January 9-11, 2003. Kenny Harris, Vice President for Facilities, attended the meetings, which featured speakers Jerry Colangelo and Lamar Hunt, owner of the Kansas City Chiefs, Columbus Crew (Major League Soccer), and Kansas City Wizards. General sessions, breakouts, and panel discussions included such topics as creating revenue, turf systems and maintenance, post 9/11 security, smart stadiums’ new technology, World Cup experience, and facility law/ADA issues, among many others.

Providing premium services and stellar customer service were two particularly noteworthy topics. Representatives of the Sports Management Research Institute reported that patrons are spending as much money at the facility on parking, concessions, and merchandise, as they are on tickets. Ideas were shared on how to develop creative and unique fan opportunities by taking advantage of every asset a stadium has to offer. Houston’s Reliant Stadium is set up to entertain patrons four hours prior to the game with well-designed activity zones for all ticket-holders. A strong, customer service oriented staff is vital to the positive overall fan experience.

A number of attendees expressed interest in the new TSA/Cardinals Multipurpose Facility as a possible venue for future meetings, motor sports, and trade show events.

FINANCIAL OVERVIEW

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



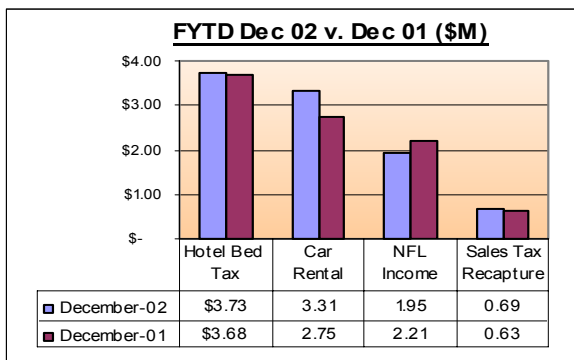
On a combined basis, the **tourism revenues** for December were down slightly for the period – a total of \$28,749 or 2.0% under budget. The **hotel bed tax** was below budget by \$54,442 or (5.9%) while the **car rental surcharge** revenues displayed another positive performance by exceeding our projections by a total of \$25,693, or 4.7%.

On a fiscal YTD basis, the tourism revenues continue to outperform our projections by \$223,332, or 3.3%. A recent tourism article in the Arizona Republic provided information that this all-important Arizona industry is experiencing a rebound which will hopefully eclipse the year 2002's performance. Revenue figures for the first six months of the current fiscal year note that the Authority's combined tourism revenues are up 9.6%, \$615,587, over the same period one year ago. A hopeful sign that tourism revenues are on their way to returning to pre-September 11th levels over the course of this and the next fiscal years.

The **NFL income tax** for the current month reflects the second of four months' worth of adjustments to account for the correction issued by the Arizona Department of Revenue (refer to the October 2002 Monthly Report). 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).

In December we received \$120,298 in **state sales tax recapture** revenues which represents the sales activity from the Arizona Cardinals' home game vs. the Dallas Cowboys in October with the season's highest single game attendance of over 59,000. For the first six months of this fiscal year we have received a total of \$694,942 in sales tax recapture revenues. This represents sales from the first five home games (there are a total of ten home games including pre-season (2) and regular season (8)). The total attendance for these five games represents approximately 47% of the total attendance for the entire season. If our per capita spending estimates for tickets and concessions continue to hold, we believe that there is a strong possibility that we will exceed our revenue projections of \$979,471 for the fiscal year. The final receipt for these revenues should be in February 2003.

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



We are pleased to continue to report that this year's performance from all revenue sources is better by \$146,182, or 8.6%, on a monthly basis and by \$418,221, or 4.5%, on a fiscal YTD basis. The results are even better when comparing just the tourism tax revenues. On a monthly basis this year's results are \$108,487, or 8.1%, better and \$615,587, or 9.6%, improved on a YTD basis.

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 November.

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 owes a total of \$32.0 million in bond proceeds to the City of Surprise less the amount that has been forwarded since December 2001 (\$4.75 million through December 2002). We anticipate selling Authority bonds in late January to meet our remaining funding obligation to Surprise.

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

Bond Repayment – The Authority made its final bond payment to Wells Fargo Bank/Bank One of \$5.0 million due on December 31, 2002. There is no outstanding balance left on these bonds.

Audit – The FY2002 audit received its final review and was approved unanimously at the December 12, 2002 board of director's meeting.

TSA Staff Speaking Engagements for the Month of January

1/15/03 Valley Hotel and Resort Association monthly meeting. (Ted Ferris)

Upcoming Events for February

2/7/03 Youth & Amateur Sports Summit, AZ Cardinals Training Facility

2/11/03 TSA Board Meeting, TSA Office

2/19/03 Cactus League Kickoff Luncheon & Auction, City of Surprise Spring Training Facility

2/27/03 City of Surprise Spring Training Facility Inaugural Game.

2/28/03 City of Surprise Spring Training Facility Opening Game

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
F. Rockne Arnett: rarnett@az-tsa.com
John Benton: jbenton@az-tsa.com
C.A. Howlett: chowlett@az-tsa.com
Valarie Miceli: vmiceli@az-tsa.com
Herman Orcutt: horcutt@az-tsa.com
William Peltier: wpeltier@az-tsa.com
Rod Williams: rwilliams@az-tsa.com

TSA Staff:

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