

SUMMARY

- **Multipurpose Facility Update** – Board approves Design Build and Parking Agreements. Paves way for land to be acquired and mass excavation to begin.
- **Youth Sports Update** – Avondale breaks ground on Regional Complex. Completion set for December.
- **Board Members Reappointed** – Two Board members have been reappointed and will serve a full-5 year term.
- **Staff Development** – Authority’s Chief Financial Officer attends first year of two-year professional development program sponsored by IAAM.
- **Financial Overview** – Combined tourism revenues for the fiscal year exceeded budget by over \$1.0 million, 6.2%. Authority receives board approval for its fiscal year 2004 annual budget.

MPF UPDATE

The month of July traditionally includes fireworks, and our project will have its own share of excitement. The land exchange to transfer ownership from the Rovey and Pendergast families to the Arizona Cardinals will occur early this month, as well as the start of mass excavation for the facility. By August, a large sign will be erected along 91st Avenue at the location of the new “Stadium Access Drive.” The sign will proudly carry the logos of the TSA, Cardinals, and Hunt Construction, and the names of our volunteer Board members.

Schedule - The 37-month construction schedule is targeted to end in August of 2006, and significant milestones along the way are as follows: start of foundations (August 2003); start of the main concourse 13 feet above existing ground level (October 2003); start of on-site super truss assembly (August 2004); raising the two 700 foot trusses up to the roof (February 2005); complete roof deck (June 2005); and start of outboard natural grass field (November 2005). Once completed, the TSA/Cardinals Multipurpose Facility, designed and fashioned by architects Peter Eisenman and HOK Sport with the first retractable grass field in the United States, will be ready for play.

Cost Management - The taxpayers of Maricopa County should be reassured by the methods we are using to ensure that the project and the building features promised to the voters through the passage of Proposition 302 can be built within the budget. Our forward-thinking Board has supported staff’s plan to aggressively “lock-in or guarantee” the prices for all high risk subcontractor work components (mass excavation, structural steel, mechanical, electrical, plumbing, concrete, and building façade -70% of the total cost of work) before the project starts foundations.

This progressive approval of guaranteed maximum pricing by component will shift risks for cost overruns away from the TSA, and clarifies key system quality/quantity the owner will receive at the end of the job. This is a phenomenal cost management approach, especially when the building’s drawings and interior design will not be complete until September 2004.

DBE Participation – The multipurpose facility project is projected to have a higher level of participation from minority, women, and small business owners than any major sports facility completed in the Valley’s history. On May 29, the TSA, Cardinals, and Hunt Construction conducted their second Disadvantaged Business & Networking Fair, which was attended by many interested representatives from design and construction companies. Carlos Avelar, Executive Director of the Associated Minority Contractors of America - Phoenix, was introduced as the TSA’s primary contact for certification and project prospecting. We look forward to significant contributions from these companies in the design and construction of the multipurpose facility and the surrounding infrastructure of streets, roads, and utilities.

Citizen Involvement - A citizen’s committee, organized by Glendale Councilwoman Joyce Clark, has been meeting with project representatives to ensure that the neighboring residents receive current information and input into the programming of spaces outside the facility. In addition, an accessibility committee is being formed to review the building’s interior design, followed by a review of the parking spaces and exterior circulation. We look forward to the completion of a first class facility that is a good neighbor to residents and accessible to all patrons.

Community Facilities District - Hunt Construction will also be responsible to build the infrastructure outside the facility in time for the 2006 football season. Over the next three years, the once quiet farming parcel will be transformed into a busy development project including a freeway interchange at Bethany Home Road (south), an overpass at Maryland, new streets along 95th Avenue, Maryland Avenue, and portions of Bethany Home Road; countless utility corridors; abundant parking with special landscaping. The Glendale City Council will meet this month to initiate the legal process that will provide patrons easy access and first class parking for the many football, trade shows, conventions, and sporting events anticipated at this high design facility.

YOUTH SPORTS UPDATE

Ground was broken on the new major \$5.6 million regional youth sports complex at Avondale Friendship Park on Friday, June 27.

The park, located on McDowell Road just east of the Agua Fria River, will have nine soccer fields, two baseball fields, two basketball courts and two tennis courts. It will also have open turf play areas, a dog-park, walking trails, ramadas, and restrooms.

The Tourism & Sports Authority provided \$3.4 million to the project with the City of Avondale contributing \$2.2 million. TSA Board members **Herman Orcutt, Roc Arnett and Rod Williams** were on hand for the groundbreaking ceremonies which were attended by dignitaries from around the West Valley.



The roughly triangular-shaped park fronts against the north side of I-10 which will give the area a “Washington Mall” feel as traffic drives by according to **Dan Davis**, Avondale’s director of community and recreation services. The soccer fields line the I-10 side of the park. Six of the nine fields will be lit.

The multiple fields will give Valley teams and organizers the ability to host regional tournaments, which attract out-of-area visitors for the local economy and provide much needed funds for sports organizations.

Construction on the park is expected to be completed by the end of the year.

BOARD MEMBERS REAPPOINTED

F. Rockne “Roc” Arnett and Herman Orcutt have been reappointed to the Arizona Tourism and Sports Authority’s Board of Directors for five additional years.

Arnett was reappointed to the board by Jake Flake, Speaker of the Arizona House of Representatives, and Orcutt was reappointed by Arizona State Senate President Ken Bennett.

Both are original board members and they will continue to serve through July 2008.

Arnett is president of the East Valley Partnership. He was formerly with Marsh USA Inc., where he had 38 years experience brokering risk and insurance services to clients. He is a member of the Maricopa Association of Governments Regional and Transportation Committee, chairman of the Citizens Transportation Oversight Committee and former chairman and member of the Arizona Department of Transportation Board.

Orcutt is a principal in the Orcutt/Winslow Partnership, a local architecture firm which has been in business more than 30 years with numerous clients including the city of Surprise, the city of Peoria, the Sun Health Corporation, Banner Health Systems, John C. Lincoln and many school districts Valley wide. He is a board member and past chair of Western Maricopa Coalition (WESTMARC), past chair and member of the Peoria Economic Development Group (PEDG), and a member of the Arizona Business Leadership Association.

TSA President/CEO Ted Ferris said the reappointments are welcome news for the organization.

“Both of these gentlemen have been exceptionally hard working and valuable board members during the early, critical stages of so many important TSA projects,” he said. “These reappointments allow us to retain knowledgeable and experienced leadership as we move forward through the completion of projects currently underway.”

Ferris said the nine-person Board of Directors is composed of volunteer citizens who were appointed by the Governor, the Speaker of the House or the President of the Senate.

STAFF DEVELOPMENT

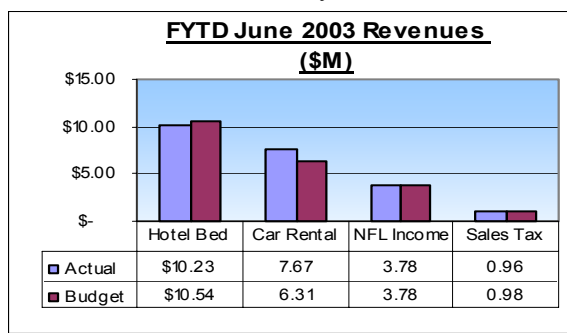
One of the premier associations for professionals involved with stadium and facility management is the International Association of Assembly Managers (the “IAAM”). Over the past seventeen years, the IAAM has, as part of its overall goal to train and educate people working in this field, sponsored the Public Assembly Facility Management School (the “PAFMS”) at Oglebay in Wheeling, West Virginia. The school is a two-year program.

Each year the students attend classes (twenty in 2003), participate in round table discussions and network with other attendees from across the United States, Canada and other countries. The classes are taught by industry professionals recognized as some of the best in the business.

This year’s school was attended by the Authority’s Chief Financial Officer, Charles Foley, from May 30 – June 6. “It was a great experience”, stated Foley, “and one that I’m looking forward to repeating next year.” “The students bring their personal experiences in managing a wide variety of public facilities into each and every class -- the information that is shared is invaluable.” “I’ve already made use of the contacts I made at Oglebay to help the Authority here at home.”

FINANCIAL OVERVIEW

Sources – The following chart provides our revenue results for all of fiscal year 2003:



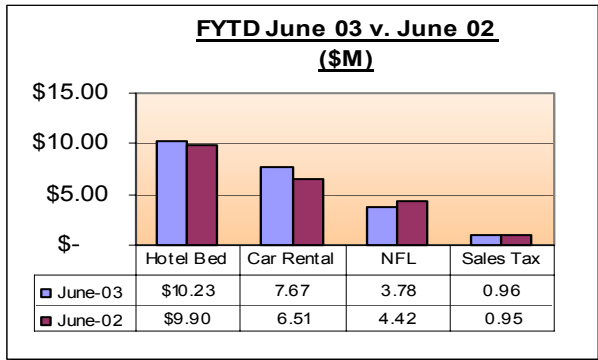
The Authority finished fiscal year 2003 with its **combined tourism revenues** (hotel bed tax and car rental surcharge) exceeding budget by a total of \$1,046,670, or 6.2%.

Individually, the **hotel bed tax** finished the year slightly down from expectations -- \$312,505, or 3.0% and **car rental surcharge** revenues finished the year \$1,359,175, or 21.5%, ahead of expectations.

The **NFL income tax** finished the year as expected at the guaranteed statutory minimum of \$3,784,320.

There were no additional **state sales tax recapture** revenues received. The final amount was received in February 2003 with expectations that the next amounts for non-construction related purposes, will be received in July-August 2003.

The next chart provides a comparison of FY 2003 totals to FY 2002.



The Authority finished on a high note by eclipsing last year's total revenues by \$869,942, or 4.0%. Individually, the **hotel bed tax** was up \$330,551, or 3.3%, **car rental surcharge** was up \$1,162,728, or 17.9% on 115,169 fewer contracts, the **NFL Income Tax** was down \$636,552, or 14.4%, as the actual income taxes collected and reported by the Arizona Department of Revenue were less than the guaranteed floor and the **sales tax recapture** revenues were slightly ahead of 2002 at \$13,216, or 1.4%. The Authority finished FY2003 with total revenues of \$22,640,728 compared to FY2002's total of \$21,770,786.

Senior Bond Debt Service – June 2003 represents the fourth month during which a distribution from available revenues was made to provide for debt service on the senior bonds. The Authority will be making an interest-only payment on July 1, 2003 in the amount of \$4.64 million. For the period from March through June 2003 the Authority has been accruing \$1.16 million from the Tourism and Facility Revenue Clearing Accounts. Of the \$1.16 million, approximately 75% will be disbursed from the tourism revenues. This is based on the statutory language that limits the debt service distribution to no more than that of \$165.5 million of the total bonds -- \$221.95 million. The balance will be disbursed from the facility revenues – pledged portion only.

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. For the coming fiscal year, 2004, the entire amount of this distribution will be directed to the Arizona Office of Tourism. The monthly amount grows by 5% to \$367,500 in fiscal year 2004.

Cactus League – The bond debt service distribution of \$158,841 was transferred from the tourism revenues to the subordinate bond debt service account. The balance, \$91,159, was transferred to the Cactus League general account per the terms of the trust indenture. These two amounts represent the total sum of the statutory distribution amount of \$250,000.

Youth and Amateur Sports – This month's revenues were sufficient to meet the current month's obligation of \$100,000. The Authority will fully fund the reserve account in July 2004 with a distribution of \$25,000.

Authority Operations – The Authority's operating budget was once again funded this month at a reduced level that reflects the President/CEO's plan for returning nearly 40% of the "non-legal" budget.

Fiscal Year 2004 Budget – The Authority's annual budget was reviewed, amended and adopted by the finance committee of the board on June 17th and was presented to the full board at its meeting on June 23rd. The budget was unanimously adopted by the board of directors.

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