



Arizona Sports & Tourism
Authority

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Monthly Report — October 2004 Issue 38

In this issue

- **Cardinals Stadium Update** — Site funding impasse solved; construction nearing 45% complete; Assistant GM hired.
- **Tourism Update** — State tourism returns to pre-attack levels.
- **Youth Sports Update** — Avondale Sports Complex open, busy.
- **Financial Overview**— October up 7.2% over last year.

CARDINALS STADIUM UPDATE

Board Approves Plan to Break Infrastructure Funding Impasse – The AZSTA Board of Directors this month approved a plan which provides funds for site infrastructure improvements for the new Cardinals Stadium, favorably resolving a long-standing impasse. The board took the action during its 53rd meeting on Oct. 7 by approving a memorandum of agreement and a resolution which formalized a plan approved by the Glendale City Council September 28. The agreement between the City of Glendale, AZSTA and the Arizona Cardinals paves the way to begin critical site work, support infrastructure, and the Pat Tillman Freedom Plaza. The site work was to have begun a year ago under the City's plan to create a Community Facilities District to issue bonds and provide infrastructure improvements to the 165-acre site outside of the stadium itself.

To keep the project on schedule, the Authority has agreed to issue a minimum of \$32 million in senior bonds to pay for utilities such as storm and sanitary sewers, parking, lighting and the pedestrian plaza. These bonds will be secured by all of the revenues that would have previously been due to the City in the form of parking revenues, City-pledged stadium taxes and ticket surcharges.

The agreement calls for the City to make improvements to surrounding streets and neighborhoods. Street improvements include extensions to Bethany Home Rd., 93rd, 95th and Maryland Avenues, a new freeway half-interchange at Bethany Home Rd. and a Maryland Ave. overpass over the Loop 101. These improvements are designed to improve traffic flow for both the stadium and the adjacent arena. These costs are to be financed through the City's Capital Improvement Program (CIP), in partnership with the Arizona Cardinals or by the Arizona Department of Transportation.

It also formalizes the sharing of revenues with the City after the Completion Bonds have been retired and the Authority and Cardinals have been reimbursed for the pedestrian plaza and other costs. The City will also be providing 5,000 to 6,000 overflow parking spaces within one mile of the stadium for Cardinals games and certain sold-out or mega-events. The agreement also reiterates the commitment by AZSTA to provide \$1 million for youth fields that will double as turf parking for stadium events. Provided the fields are located on land adjacent to the Stadium site.

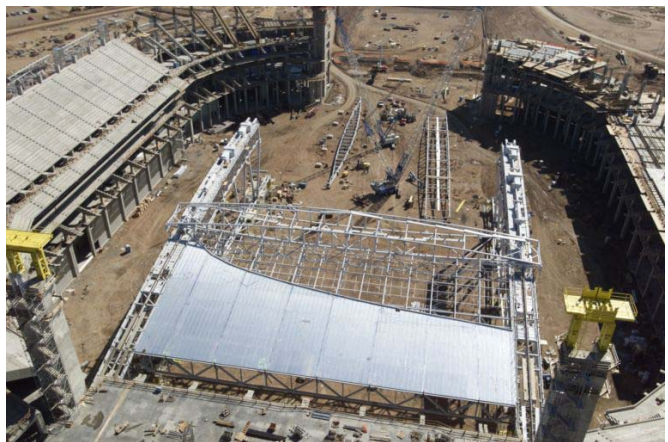
Stadium Construction 45 Percent Complete – Construction work at the Cardinals Stadium is nearing the 45 percent completion mark as the project heads towards the Thanksgiving holiday.



Northeast corner of Stadium showing progress on exterior metal skin and upper seating bowl.

More than 70,000 yards of concrete have been poured so far out of the 82,000 yards of structural concrete to be poured at the new stadium. The structural concrete work is expected to be completed by Christmas. There will be a total of 96,000 yards of concrete poured in the stadium portion of the project.

This month marks the completion of all concrete pours for the Main Concourse and the Club Level. The concrete slab has also been completed for the Suite Level on the western side of the stadium.



Aerial view of retractable roof assembly in progress

The northern-most halves of the two Brunel trusses have been assembled, allowing workers to continue structural concrete work at the southern end of the building. Assembly on the southern halves has begun with the East Brunel Truss scheduled for completion by Christmas and the West Brunel Truss to be completed in January. These 700-foot long trusses will support the roof. Each truss is 87 feet high at its tallest point and weighs about 1,800 tons. Brunel's truss de-

sign is credited with allowing long, uninterrupted expanses to be bridged. Also started are the first parts sets for the retractable roof as well as the exterior wall masonry at the stadium's north-west corner. Three of the six chillers have been set at the south-eastern portion of the stadium along with the cooling towers. The remaining three chillers will be set this month. By Thanksgiving three of the four Super Columns will have been completed.

Looking Ahead: November – Start of southern truss halves—As work continues to finish the south and west sides of the concrete structure -- making a complete bowl -- workers will start assembling the southern halves of the two Brunel trusses on the south end of the stadium floor. Building them in this manner is safer and more efficient when at ground level than when suspended overhead.

December – Completion of structural concrete—The entire concrete frame is expected to be completed around Christmas. At this point, the bowl structure will be finished. Inside the oval-shaped bowl, workers will be close to finishing the assembly of the Brunel trusses for the roof with completion expected in January. The trusses will be assembled in such a way that the ends of each will fit snugly in concrete channels in the building's Super Columns. The channel will help guide the trusses into place when they are hoisted to the top of the stadium later in February.

Eric Jones Named Assistant General Manager – Global Spectrum, under contract with AZSTA to help manage and market the new Cardinals Stadium, has named Eric Jones, a 24-year veteran of public assembly facility management and former general manager of the Phoenix Civic Plaza and Symphony Hall as Assistant General Manager.

Global Spectrum is a subsidiary of the Philadelphia-based sports and entertainment firm Comcast-Spectacor. It is handling pre-opening day-to-day management of the stadium. The company is currently working to book events for the stadium, including consumer and trade shows, soccer, motor sports, festivals and other sports, entertainment and popular events.

Jones, has opened several new facilities including Reliant Stadium in Houston, home of the NFL Texans, and has successfully booked and produced hundreds of exhibitions, conventions and trade shows. He joined Global Spectrum after serving as General Manager of the Expo Group in Las Vegas since March of 2004.

Jones is very familiar with the Phoenix-area having spent five years (1992-97) as General Manager of the Phoenix Civic Plaza and Symphony Hall.

In his new role in Glendale, Jones will work closely with Cardinals Stadium General Manager Peter Sullivan on the day-to-day operations of the facility, including pre-opening and booking and scheduling events once the facility is opened. Additionally, Jones will be responsible for assisting in the hiring the staff, training and implementing new procedures at the facility and working closely with AZSTA, the International Facilities Group

(IFG) -- a partner in the pre-opening phase -- and Global Spectrum's corporate offices in Philadelphia.

"Eric brings our company a tremendous amount of experience in operating and opening new facilities," said Global Spectrum Chairman Peter Luukko. "With Eric's booking and producing experience, he and Peter Sullivan will help us secure additional non-football events for AZSTA, making Cardinals Stadium truly a spectacular multi-purpose facility."

"Eric has worked at Super Bowls, Major League Baseball All-Star Games, Presidential victory parties and hundreds of festivals," said Global Spectrum President Michel Sauers. "We are confident that he will contribute to Global Spectrum's charge of making Cardinals Stadium the crown jewel of the National Football League."

TOURISM UPDATE

State Tourism Returning to Pre-Attack Levels –

The Arizona Office of Tourism is reporting that the state's Tourism industry's performance for the first half of the year has returned to levels not seen since 1998. Consumer spending was up 8.7% compared to 2003. Hotel occupancy rates rose by 5.8% and overall state tourism tax revenue swelled by 9.1%. The report indicates the industry is emerging from doldrums triggered by the 9/11 terrorism attacks and a recession.

AOT reports tourists contributed \$241 million in taxes from lodging, restaurant/bar, retail and amusement spending in the first six months of 2004, which is 9.1 percent ahead of the first half of 2003.

Statewide, the lodging occupancy for the first half of this year was 67 percent, a level not reached since first-half 1998, also 67 percent.

However, discounting is credited for the increased occupancy rate. The average daily room rate is still below the levels of 6 years ago. Average daily rate was \$91.87 through the first half of 2004, below the \$92.18 rate reported during the same time period 1998. Tourism taxes were reported as \$435.6 million last year.

YOUTH AND AMATEUR SPORTS

Avondale Friendship Park Open and Busy –

The newly opened \$5 million Youth Sports Complex at Avondale Friendship Park located along McDowell Road, east of the Agua Fria River, has seen a full schedule of events for the month. City personnel report that the complex is being used by an average of 1,000 people per day.



Eric Jones



The nine soccer fields at the complex have received heavy use since opening.

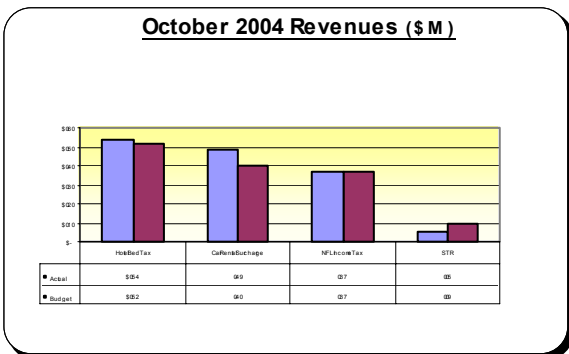
Recent events include:

- Oct. 2 & 3 – The Tom McConkley Soccer Tournament attracted close to 90 youth teams for this first time event;
- Oct. 9 & 10 – The Dysart Flag Football Tournament attracted almost 100 teams;
- Oct. 31 – Avondale Fall Harvest Health Fair featured exhibitors from around the Valley and attracted almost 1000 people.

The new 55-acre facility features nine multipurpose soccer/football fields, two Little League baseball fields, a softball field, basketball courts, ramadas, a children’s playground, walking trails, a Japanese Garden surrounded by a water feature, a concession stand and 500 parking spaces. All but two of the 9 soccer/football fields are lighted for night play. AZTSA provided \$3.4 million in funding for the project, while the City of Avondale contributed approximately \$1.6 million to complete the regional youth and amateur sports complex.

FINANCIAL UPDATE

Sources – The following chart provides our revenue results for October 2004 which represents August 2004 sales activity:

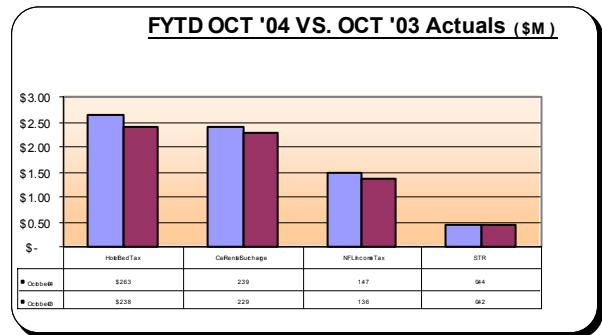


The Authority’s overall revenues for October 2004 outperformed our forecast by \$69k, or 5.0%. The following summarizes the revenue components and their individual performance for the period:

- The combined **tourism revenues** (hotel bed tax and car rental surcharge) posted \$1.026 million in revenues -- \$105k, 11.5%, above forecast.. Both components of the tourism revenues were above budget for the month. The hotel bed tax was \$24.3k, 4.7%, higher and the car rental surcharge was \$81.1k, 20.0%, higher than budget. Our YTD tourism revenues have now managed to catch and exceed our forecast through the first four months of this fiscal year. Through October we have recorded a total of \$5.018 million in tourism revenues versus our forecast of \$4.916 million – a positive variance of \$102k, 2.1%.
- The **NFL income tax**, which is determined by the Arizona Department of Revenue prior to the start of the fiscal year, was on-budget at \$367k.

- The Authority received its first game-related sales tax recapture revenues for the current NFL season. We forecasted \$90k in revenues and received \$54k – a \$36k, 40%, below forecast result. A portion of this performance can be attributed to our forecasted attendance of approximately 64,700 fans for the two home games in August. The actual reported attendance by the media was approximately 58,700 – 9% below our forecast. Through the first four months we are approximately \$44k, 9.1%, behind our forecast.

Sources — Comparing Fiscal Years 2005 and 2004 - The next chart provides a fiscal year-to-date comparison between October 2004 and October 2003:



Through October we are running \$465.5k, 7.2%, ahead of last year’s results. All four revenue categories are currently performing better this fiscal year than last fiscal year.

Senior Bond Debt Service – The Authority will be accruing a total of \$11.1 million for debt service payments during FY2005 (\$0.9 million per month). Of the monthly amount, 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 – This year, the Authority will be disbursing \$4.65 million in tourism funding to the Arizona Office of Tourism. This annual amount increases by 5% per year.

Cactus League – During fiscal year 2005, \$2.3 million of the total \$3.0 annual allocation will be used for bond debt service payments. The balance will be used in part to fund a bond reserve fund (\$3.2 million total, \$480,000 this fiscal year). The balance will be used to fund future spring training baseball renovation projects.

Youth and Amateur Sports – The Authority will be providing \$1.3 million to the youth and amateur sports general account this fiscal year. The youth and amateur sports reserve fund is fully funded at \$1.2 million.

Authority Operations – The Authority’s annual operating budget of \$2.8 million will be funded from tourism revenues and the non-pledged portion of the facility revenues.

Annual Financial Audit – The Authority issued its annual financial audit report with approval from the board of directors’ at its meeting held on October 7, 2004. Eide Bailly LLP conducted the annual audit.

Submitted by: *Paul A. Dennis*
 President/CEO