



Arizona Sports & Tourism Authority

14500 N. Northsight Blvd.
Suite 312
Scottsdale, AZ 85260

(480) 505-0533 Phone
(480) 505-0534 Fax

www.az-sta.com

Monthly Report — September 2004 Issue 37

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CARDINALS STADIUM UPDATE

Infrastructure Finance Agreement Closer -- The Glendale City Council met Tues., Sept. 28 and approved a Memorandum of Agreement ("MOA") between the City, the Arizona Cardinals and the Authority which will solve the impasse regarding infrastructure financing.

The City previously met in two open workshops to discuss differing approaches to meet the City's obligation to provide the infrastructure for the site outside of the stadium itself. The Council indicated at that time its preference for an option in which the Authority would issue bonds for the infrastructure, to be paid for by the City's taxes and other revenues collected on the site.



Aerial photo of Cardinals Stadium

The MOA outlines the shared responsibilities for funding, designing, and constructing all of the on-site and off-site improvements necessary to support the new Cardinals Stadium. Included are the plaza, all parking and lighting, pedestrian pathways, roads, bridges, below-grade infrastructure to include sanitary and storm sewers, water and electrical utilities. Under the financing plan, the Authority will issue a minimum of \$32 million of Completion Bonds to help build the parking, plaza and infrastructure, while the City will use CIP monies and ADOT monies

to finance off-site roads, traffic interchanges and traffic signals. The Cardinals and AZSTA will be responsible for the on-site work and any cost overruns, while the City will manage the off-site work including any cost overruns. In exchange, the City will assign its revenues to the Authority until the bonds are repaid (30 years). Thereafter, the Authority will still be entitled to 50% of the revenues otherwise accruing to the City. The AZSTA Board of Directors will meet to consider approval of the MOA in October.

TOURISM UPDATE

Tourism/Cactus League – The Cactus League association is looking to continue its partnership with the Phoenix Convention and Visitors Bureau and the Arizona Office of Tourism. Last year the partnership developed and distributed a newspaper insert which reached over 1.2 million people in all of the Cactus League markets. The insert generated more than 30,000 inquiries to the About Phoenix Web site at www.aboutgreaterphoenix.com. In addition, the program also directed visitors to other Cactus League cities' sites. The use of this advertising insert in the major daily newspaper in the home cities for the 9 Major League Baseball clubs that spring train in Arizona contributed to record attendance in 2004.

The success of the program has prompted a similar insert this winter as well as adding a piece in January's *America West Airlines Inflight Magazine*. Additional buys with Southwest Airlines Click and Save E-Mails in December will reach another 4 million people. The program helps promote Spring Training as being a desirable activity and the metro Phoenix area as a viable tourist destination

YOUTH AND AMATEUR SPORTS

Youth Sports Complex at Friendship Park Now Open – The recently completed Youth Sports Complex at Avondale Friendship Park is now open to the public. Located along McDowell Road, east of the Agua Fria River, 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. A dog park is another popular amenity offered at the park. AZTSA provided \$3.4 million in funding for this project, while the City of Avondale contributed approximately \$1.6 million to complete this \$5 million, regional youth and amateur sports complex.

This new facility benefits the entire region in meeting the growing demands of area schools



and youth and amateur sports enthusiasts and will play an important role in attracting regional and national tournaments and events to draw participants and visitors to the area. A dedication ceremony is planned for October.

Groups or organizations wishing to reserve a ramada or an athletic field, can obtain a permit from the Community/Recreation Services office located at the Avondale Civic Center, 11465 W. Civic Center Drive. Requests must be submitted at least one week prior to the requested date. Park users are reminded that alcohol is prohibited in city parks, and that park hours are from 5 a.m. to 11 p.m. For more information, please contact the Community/Recreation Services Department at (623) 478-3050.

Queen Creek Project to be Water Wise – The Desert Mountain Park project in Queen Creek has had the irrigation system installed for the four baseball/softball fields and both of the soccer fields.

Also, seeding has been completed. The irrigation system features an innovative method of using agricultural water.



Agricultural water will be stored in underground tanks and will be pumped into the irrigation system when needed. The storage system holds 365,000 gallons. To further enhance the project's water-conservation efforts, the turf used is a hybrid, drought-tolerant grass. This project will be complete in March 2005.

Rotary 100 Field of Dreams Baseball Field Dedication – The Rotary 100's Field of Dreams project at the Arthur Hamilton School celebrated a major milestone with the Sept. 16th

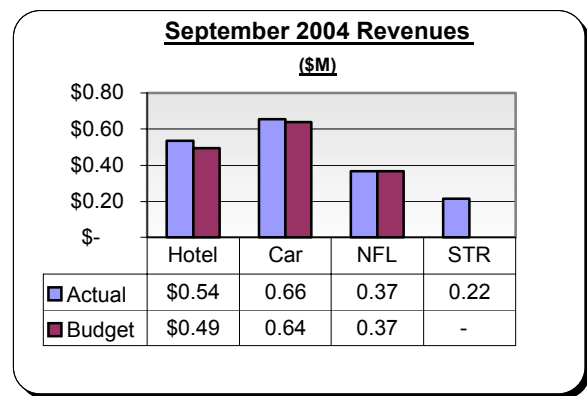


dedication of the new Danny Bautista ball-field. The Arizona Diamondbacks and local dignitaries were on hand to dedicate the baseball field which is part of the multi-field, multi-activity complex which also features the recently finished football/soccer field. Both the baseball and football/soccer fields are lighted for night play. A playground which is part of the project is due to be finished later this fall. A dedication is planned for early October.

MCYSPA Eyes Community Needs Study with ASU – The Maricopa Council on Youth Sports & Physical Activity is in negotiations with the ASU Department of Tourism and Recreation Management for a Community Assessment Needs Study which will focus on existing programs at area facilities and will be integrated into the Web-based GIS of Maricopa County Youth Sports Recreational Facilities. In addition, it is currently continuing its search for an Executive Director to run the newly formed group.

FINANCIAL UPDATE

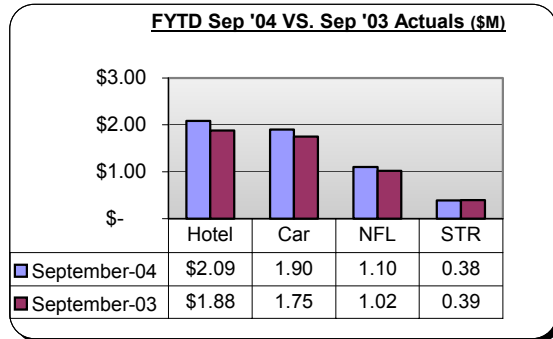
Sources – The following chart provides our revenue results for September 2004 which represents July 2004 sales activity:



The Authority's revenues for September 2004 outperformed the forecast by \$273k, or 18.2%. The following summarizes the revenue components and their performance for the period:

- The combined tourism revenues (hotel bed tax and car rental surcharge) posted \$1.191 million in revenues -- \$58k, or 5.1%, above forecast. Both components of the tourism revenues were above budget for the month. The hotel bed tax was \$42.2k, or 8.5%, higher and the car rental surcharge was \$16.1k, or 2.5%, higher than budget. Our YTD tourism revenues have managed to nearly catch up to our forecast for the first three months of this fiscal year. Through September, we have received \$3.989 million in total tourism revenues versus our forecast of \$3.995 million – a difference of \$6k, or 0.2%.
- 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 second installment of state sales tax recapture revenues from Arizona Cardinals' pre-season ticket sales. Through this month, we have received a total of \$381k. This is nearly on-target as we had forecasted a total of \$389k in pre-season ticket sales tax recapture revenues. Next month we should receive our first game-related sales tax recapture revenues from the first several pre-season home games held in August.

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



Submitted by: Ted A. Ferris, President/CEO

Through the first three months of fiscal year 2005 the Authority is \$437k, or 8.7%, ahead of last year's results. Of the four revenue categories, only the sales tax recapture is slightly lagging the prior year's performance.

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 remainder 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 expects to issue its annual financial audit report in early October. Eide Bailly LLP conducted the annual audit.