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AZSTA to Fund Two New Cactus League Stadiums

The AZSTA Board of Directors voted on Dec. 21 to approve a resolution which provides major funding for two new Cactus League stadiums.



The two new stadiums are in response to applications by the City of Goodyear and the City of Glendale. Goodyear is building a spring training facility for the Cleveland Indians and Glendale is building a facility for the Chicago White Sox and the Los Angeles Dodgers.

AZSTA staff presented a comprehensive Cactus League financing plan for Maricopa County over the next 25 years to AZSTA's Cactus League Committee on Dec. 14. The plan provides funding for the two new facilities as well as planned renovations to the other seven existing spring training facilities in the county.

The Goodyear facility will be built on the southeast corner of Estrella Parkway and Yuma Road. The Glendale facility will be built just west of 99th Avenue on Camelback Road. Both facilities are planned to be fully operational in 2009. The funding plan for the Glendale project stipulates that the Chicago White Sox fulfill all contractual obligations to Pima County prior to relocating.

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Stadium Prepares for Fiesta Bowl, BCS National Championship

Stadium workers began work Dec. 18 to prepare the University of Phoenix Stadium for the Fiesta Bowl and the BCS National Championship games next month. Global Spectrum's operation staff installed the extravaganza seating designed to increase the stadium's capacity to more than 73,000 seats.

The extravaganza seating was installed in the south end zone, on the south bridge and in the north end zone upper terrace. It was already installed once in November during a test run and was set up over the course of seven days in preparation for the two nationally-televised events.

Final touches were also made on the new interior spaces which have been under construction for the last four months including a 10,000 square-foot media area, three party suites which are capable of holding 120 people each and a meeting area with break out rooms totaling another 13,000 square feet.

Ground crews installed new sod on the famous roll-in field.

The operation started Dec. 18 to strip out the worn playing areas and replace with new turf. This is consistent with the resurfacing done to Sun Devil Stadium each year for the Fiesta Bowl. The new surface was available for the Fiesta Bowl Band Championships held Dec. 29 and the Fiesta Bowl on Jan. 1.

A complete, new overlay of turf covered the field after the Fiesta Bowl for the BCS National Championship played Jan. 8.

Hosting two major bowl games within one week presented a historic challenge – this is the first time the new BCS "Dual Bowl Model" is being used. The University of Phoenix Stadium is the very first venue of the major four bowls – Fiesta, Rose, Orange and Sugar – to host their major bowl game followed by the BCS National Championship game.

The economic impact on the local community for hosting the two games is estimated to be more than \$300 million.



High School State Championships Score at Stadium



Arizona Republic photo

The Arizona High School Football Championships were held in December for the first time at the University of Phoenix Stadium.

Four games held Dec. 2 and Dec. 9 determined the state champions for both Division 5AI and 5AII schools. The games were televised throughout the

Valley by Cox Communications.

In the 5AI contest, Hamilton defeated Mountain View and, in the 5AII game, Centennial High was victorious over Sunnyside.

December Events Utilize Stadium Flexibility

The flexibility of the stadium's design gives Global Spectrum the ability to book and manage several events simultaneously.

This month was a good example as the stadium hosted a variety of events which were held in spaces inside and outside.

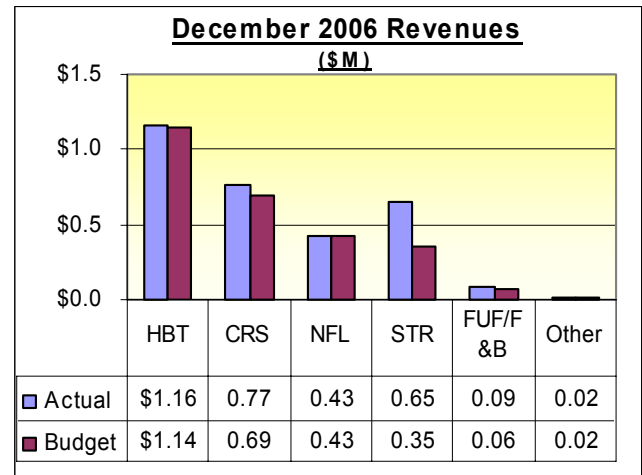
Events for the month included:

- Love RV Sale;
- The Arizona High School Football Championships;
- Arizona Contracts Association;
- Banner Thunderbird Holiday Party;
- BCS Team Site Visit;
- Arizona Cardinals vs. Seattle Seahawks;
- Shaw Industries Flooring Trade Show;
- Federal Express Event;
- Cardinals/SRP Lunch;
- Laidlaw Christmas Party;
- Springhill Suites Holiday Party;
- Sage Software Party;
- NCAA Briefing;
- Arizona Cardinals vs. Denver Broncos;
- Fiesta Bowl National Band Championships;

Financial Overview

Sources – The chart below provides our monthly revenue results for December 2006 which represents transaction activity from October 2006.

The Authority's total revenues for the current month continued their positive performance through the first half of the current fiscal year. The individual revenue components and their performance are detailed as follows:



□ The combined tourism revenues (hotel bed tax and car rental surcharge) posted \$1.93 million in revenues -- \$102.1k, 5.6%, over our forecast. The hotel bed tax, for the 18th month in a row, managed to better its forecast by a total of \$19.7k, 1.7%. The car rental surcharge continued to build momentum for the 8th month in a row by beating our projections by \$82.4k, 12.0%.

□ The NFL income tax is determined by the Arizona Department of Revenue prior to the start of each fiscal year. This was on-budget at \$429k for the month.

□ Sales tax recapture revenues for the month of December posted a positive performance with \$654.8k in total revenues which resulted in a \$302.2k, 85.7%, better-than-forecast mark. This was almost exactly the amount that we were short last month and leads me to believe that there was a timing issue with the actual receipt of the revenues by the Authority. For the six months just completed, we are \$570k, 15.5%, behind where we feel we should be on these revenues. We are planning a meeting with ADOR the second week of January to discuss this issue.

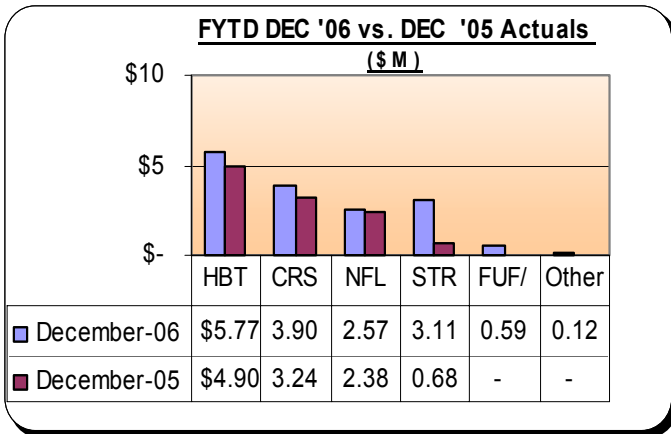
□ Facility use fees and concession revenues were \$88.13k which were \$24.3k, 38.0%, above our forecast for the month.

□ Other revenues include the Arizona Cardinals' rent of \$20.8k and future revenues from the Fiesta Bowl and Glendale for marketing purposes. Currently only the Cardinals' rent is being received and reported and is on-budget.

Sources – Comparing Fiscal Years 2007 and 2006 –

The next chart provides a fiscal year-to-date comparison between December 2006 and December 2005.

Through the first six months of this fiscal year our revenues continue to perform strong in comparison to the prior fiscal year. Total FYTD December 2006 revenues were \$16.1 million vs. \$11.2 million for the prior year – an increase of \$4.9 million, 43.3%. All



million and one-time capital expenditures for stadium furniture, fixtures and equipment, tenant improvements, extravaganza seating and the final contribution to the stadium construction project totaling \$9.1 million.

Approved by:

Ted A. Ferris
 President/CEO

revenue categories have contributed to this positive performance – a good sign indicating strength across the board.

Senior Bond Debt Service – The Authority will pay an estimated \$13.7 million in senior bond debt service during fiscal year 2007 -- \$11.7 million for the 2003A bonds and \$2.0 million for the 2005A bonds. Approximately 60% of the total amount will be sourced from our tourism revenues. The balance will come from the facility revenues – the pledged portion only. This split is based on statutory language that limits the debt service from tourism revenues to the equivalent of no more than \$165.5 million of the bond principal which is \$275.0 million.

Tourism – During fiscal year 2007 the Authority will provide \$5.1 million to the Arizona Office of Tourism for use in the promotion and marketing of Maricopa County. This amount is increased by five percent annually.

Cactus League – The Cactus League will receive another \$3.0 million in the current fiscal year. Of this amount \$2.46 million will be used for subordinate bond debt service payments, \$0.5 million for funding the required bond reserve account and the balance is earmarked for spring training baseball renovation projects in the cities of Tempe and Scottsdale.

Youth and Amateur Sports -- \$1.5 million will be distributed into this fund this fiscal year. This annual distribution grows by \$100,000 each year. The Authority will also fully fund the \$100k annual increment to the existing \$1.3 million youth and amateur sports reserve fund.

Authority Operations – The Authority's operating budget has grown significantly for fiscal year 2007 with the opening of the new stadium and the requirements of operating the building and all its scheduled events. The total approved operating budget is \$21.9 million which is comprised of the Authority's operations at \$1.1 million, Global Spectrum's operations at \$11.7