



Arizona Sports
& Tourism Authority
University of Phoenix
Stadium
1 Cardinals Drive
Glendale, AZ 85305

(623) 433-7500 Phone
(623) 433-7510 Fax

www.az-sta.com

Monthly Report — June 2007 Issue 70

In this issue

- **Youth and Amateur Sports**
 - **Biennial Grant Update**
 - **Quick Grant Program — FY2007**
- **Speaking Engagements**
- **June 2007 Monthly Financial Overview**

Officer and Treasurer, was invited to participate in a panel presentation sponsored by the Arizona Association of Economic Development on June 5, 2007 at the Phoenix Country Club. The topic was “Leveraging Your Community through Sports and Entertainment” and the panel also included representatives from the Phoenix Coyotes/Glendale Arena and Westgate Entertainment. The panel moderator was Karen Thoreson, Glendale’s Director of Economic Development.

Mr. Foley was also extended an invitation by the Government Financial Officers Association to speak at their annual, national conference in Anaheim, California. Mr. Foley spoke as part of the session on “Funding Regional Assets”.

Update on Quick Grants Awarded in June

AZSTA awarded \$3250 to two Valley elementary schools for uniforms and sports equipment. Washington Elementary School in Phoenix received \$750 to assist in the purchase of twenty new basketball uniforms for the boys’ basketball team consisting of students from first to sixth grade.

The schools Parent Teacher Association will be providing the required one-third matching funds for the new uniforms which the school will use for more than five years.

Connolly Middle School in Tempe was \$2500 to assist in the purchasing of 90 uniforms for the 7th and 8th grade boys and girls basketball teams and the 8th grade boys baseball team. Funding will also be used to purchase 10 new volleyballs for their two volleyball teams. Currently the teams do not have enough volleyballs for both teams to practice at the same time.

Youth and Amateur Sports

Biennial Grants

The Arizona Sports and Tourism Authority opened its current biennial grant program to applicants in April 2007. The deadline for filing grant applications with the Authority closed on Friday, June 1, 2007. The Authority received a total of 28 applications with project values totaling more than \$46.3 million. The applicants requested a total of \$8.6 million from the Authority. The Authority has approximately \$2.25 million to grant during this program cycle. The Authority is scheduled to make its final award selection during the fall of 2007.

Quick Grant Program — FY2007

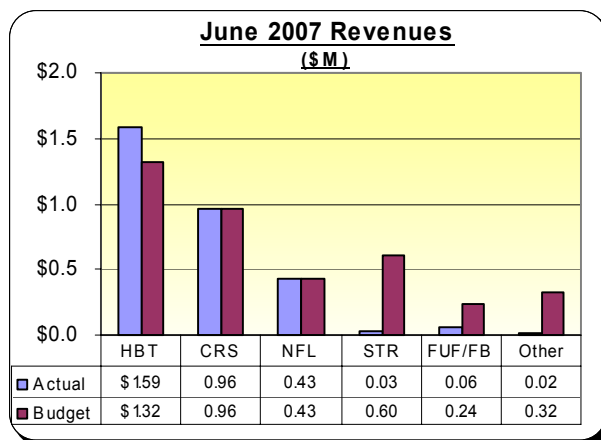
The Authority established its Quick Grant program in 2005 in order to be able to quickly meet funding requests not to exceed \$2,500 (Authority’s match limited to 2/3rd’s of the total project value). The Authority, since the program’s inception in April 2005, has awarded a total of \$97,889 to 46 award recipients. An estimated \$80,000 will be available for awards during fiscal year 2008.

Speaking Engagements

The Authority continued its community involvement at both the local and national levels during June 2007. Charles M. Foley, the Authority’s Chief Financial

FINANCIAL OVERVIEW — JUNE 2007

Sources – The following chart provides our monthly revenue results for June 2007 which represents transaction activity from April 2007:



The Authority's **total revenues** for the current month were under-budget with unexpected shortfalls in the sales tax recapture, facility use fee, and concessions categories as well as a timing issue related to the Other category for the Glendale marketing funds. The individual revenue components and their performance are detailed as follows:

The combined **tourism revenues** (hotel bed tax and car rental surcharge) posted \$1.59 million in revenues – \$268.5k, 11.8%, above forecast. The **hotel bed tax**, finished the fiscal year with another positive performance by outperforming its forecast by \$263.8k, 20.0% above budget. The **car rental surcharge** finished the year on a positive note by slightly beating its forecast this month. They were \$4.8k, 0.5%, above forecast. Overall, for the fiscal year, the hotel bed tax revenues were \$1.55 million, 11.4%, above budget and the car rental surcharge revenues were \$695k, 8.3%, ahead of budget.

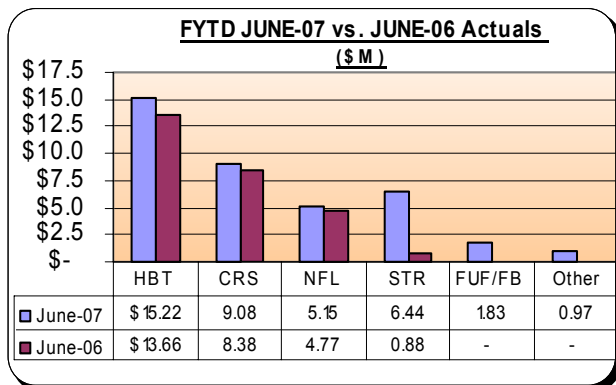
The **NFL income tax** is determined by the Arizona Department of Revenue prior to the start of each fiscal year. This was on-budget at \$429k for the month.

Sales tax recapture revenues for the month of June posted a disappointing performance as they were \$577.9k, 95.7%, below budget. This must be put into perspective as there are potentially some timing issues as we were \$300k above budget for the prior month for this revenue category.

The combined **facility use fees and concession revenues** were \$174.9k, 73.8%, below budget. The second month in a row of significantly lower actual revenues. These sources are directly tied to the number and types of events held at the stadium.

Other revenues were comprised of the Arizona Cardinals' rent of \$20.8k which was received and the accrued amount of \$300k from the City of Glendale for marketing purposes per our agreement with them.

Sources – Comparing Fiscal Years 2007 and 2006 – The next chart provides a fiscal year-to-date comparison between June 2007 and June 2006:



We finished the fiscal year on a positive note overall. Total FY2007 revenues were \$38.7 million vs. \$27.7 million for the prior year – an increase of \$11.0 million, 39.7%. Of this increase, \$8.4 million is attributable to new sources of revenue related to the first year of operations of the stadium which were not available in prior fiscal years. All 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 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. The Authority and its stadium management operator, Global Spectrum, had their Fy208 operating budgets approved by the AZSTA board on June 15, 2007. The total FY2008 operating budget is \$12.9 million -- \$1.2 million

for the Authority including a \$250k cap for Super Bowl expenses and \$11.7 million for Global Spectrum.

Approved by:

A handwritten signature in black ink, appearing to read "Ted A. Ferris". The signature is written in a cursive style with a large initial "T".

Ted A. Ferris
President/CEO