

RESOLUTION NO. 2006-65
ARIZONA SPORTS AND TOURISM AUTHORITY
Resolution Approving the Arizona Sports and Tourism Authority
Policies on Operating and Capital Repair and Replacement Reserves

I. RECITALS

WHEREAS, pursuant to the Arizona Revised Statutes Section 5-836 (the "Act"), the Arizona Sports and Tourism Authority (the "Authority") is required to establish in the Operating Account the following reserves:

1. A reserve to meet future operating costs of the Authority including amounts that are sufficient to pay all costs associated with events held at the multipurpose facility; and
2. A reserve for repair and replacement costs associated with the multipurpose facility in an amount at least equal to twenty-five million dollars, adjusted for inflation each year after 2001.

WHEREAS, pursuant to the Act, the Authority has created organizational policies (the "Policies") (Exhibit A) establishing the guidelines under which the Authority will endeavor to meet these reserve requirements; and

WHEREAS, after due consideration of these Policies, the Board desires to approve the Policies as in the best interests of the Authority.

II. APPROVAL OF POLICIES

NOW, THEREFORE, BE IT RESOLVED, that the Board approves the terms and conditions of the Policies, in the form attached as Exhibit A hereto; and

FURTHER RESOLVED, that the Authorized Officers of the Authority are authorized and directed, in the name and on behalf of the Authority, to take all actions necessary, appropriate or advisable to effectuate the foregoing resolution, as in their judgment shall be necessary, appropriate or advisable to carry into effect the purposes and intent of this Resolution and the transactions contemplated by this Resolution; and

III. MISCELLANEOUS MATTERS

FURTHER RESOLVED, that all actions previously taken on behalf of the Authority by any director or officer of the Authority in connection with any of the foregoing matters are hereby ratified, confirmed and approved in all particulars as the acts of the Authority.

Dated: February 17, 2006

EXHIBIT A

Policies

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Policy No. 400.01 Policy Category: FINANCIAL Eff: January 1, 2005

Description: Operating Reserve

Overview

The Authority is required by statute to establish an operating reserve to meet future operating costs of the Authority including amounts sufficient to pay all costs associated with events held at the stadium.

Policy

The Authority's goal is to establish an operating reserve equal to the prior year's annual operating budget for all stadium and Authority operations. The amount of the reserve may be adjusted either up or down based on historical operating cost performance, future expenditure forecasts and/or the need to begin establishing the required capital and repair replacement reserve (see Policy No. 300.02). Any change to this operating reserve policy will be based on a recommendation by the Authority's staff in consultation with the Authority's Finance, Budget and Audit committee. Final approval of recommended changes will come from the Authority's board of directors.

It is anticipated that this policy will be fully implemented over a period of time based on cash flow projections for anticipated revenues and expenditures. The Authority currently estimates that a one-year reserve will be fully funded in approximately 2020.

====End of Policy====

Policy No. 400.02 Policy Category: FINANCIAL Eff: January 1, 2005

Description: Capital Repair and Replacement Reserve

Overview

The Authority is required by statute to establish a capital repair and replacement reserve for the stadium facility in an amount at least equal to \$25 million adjusted to year 2001 dollars.

Policy

The Authority's goal is to first establish an operating reserve equal to the prior year's annual operating budget for all stadium and Authority operations (see Policy No. 300.01). After the operating reserve has been fully funded the Authority will then begin to establish the capital repair and replacement reserve. Any change to this capital repair and replacement reserve policy will be based on a recommendation by the Authority's staff in consultation with the Authority's Finance, Budget and Audit committee. Final approval of recommended changes will come from the Authority's board of directors.

It is anticipated that this policy will be fully implemented over a period of time based on cash flow projections for anticipated revenues and expenditures. The Authority currently estimates that an inflation-adjusted \$25 million capital repair and replacement reserve will be fully funded in approximately 2028.

====End of Policy====