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March 23, 2004

Ms. Debra K. Davenport, CPA
Auditor General
State of Arizona
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

RE: Audit of the Tourism & Sports Authority

Dear Auditor General Davenport:

On behalf of the Board of Directors and staff of the Arizona Tourism and Sports Authority, thank you for the opportunity to respond to the 2004 Performance Audit of the TSA.

We want to acknowledge the challenges presented to both the audit team and the Authority by the fact that this audit commenced in February 2003, slightly more than two years since the Authority began its work following voter approval of Proposition 302 in November 2000. Whereas, the original TSA legislation called for a performance audit to be conducted 10 years later, amendatory legislation in 2002 (Ch. 288) moved that date up to 2004.

Consequently, the audit reflects the absence of certain policies and procedures that likely would have been in place had the audit taken place in 2010, as originally designed. The pressing business of launching an entirely new enterprise while dealing with site issues, constitutional lawsuits, contract negotiations, revenue shortfalls, bond financings, and myriad other issues was deemed a higher short-term priority. At the same time, we appreciate that the performance audit has provided some valuable recommendations that we are pleased to implement. Nonetheless, even though the Authority is in its infancy, we are pleased that the audit has reported on the substantial accomplishments of the Authority, and has found our activities to be in accordance with our statutory duties.

The Authority is also appreciative of the time taken by the audit team to understand the complexities of planning, designing, and constructing a dome football stadium with a retractable field. The conclusion that while the costs have risen from earlier estimates, the TSA is taking steps to protect the public, is one that we have worked very hard to achieve. The Board of Directors takes its fiduciary responsibilities very seriously.

Likewise, suggestions to improve the process by which the Board makes decisions regarding Cactus League and Youth and Amateur Sports projects are also welcomed. We were already hard at work involving community stakeholders and interested parties in a major overhaul of the youth and amateur sports facilities grant program when the audit commence a year ago, and are encouraged that the changes we have made are exactly in line with the recommendations contained in the performance audit.

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With one exception, we concur with the audit recommendations having to do with improved administrative practices, some of which have already been implemented, and others which will be implemented soon. The exception is in the area of legal services, where we will not be re-bidding our outside counsel services prior to completing the many contracts and agreements governing the development and use of the new multipurpose stadium facility in Glendale.

The most significant disagreement we have with the performance audit has to do with the audit finding that review is needed of general fund support of the TSA. This finding and related recommendations appear to be outside of the stated purpose of the performance audit, which according to A.R.S. 5-812.B. is to "issue a public report of the performance audit including findings and specific recommendations for statutory and administrative changes to improve the operation of the authority" (emphasis added). The recommendation that the legislature "explore options to limit additional general fund contributions" (the non-NFL income tax revenues that may be forwarded to the Authority in certain situations) has the potential to harm the Authority's ability to repay its debt or to sustain its operations, including our ability to maximize the number of events available to the community at the new stadium. As you correctly pointed out later in the audit, "although TSA has fully funded its priorities and established reserves to date, it may be difficult for TSA to continue doing so in future years if revenue growth does not match projections".

Again, thank you for the opportunity to respond. We look forward to reporting back to your office as these recommendations are implemented.

Sincerely,

Ted A. Ferris
President/CEO

cc: John Benton, Chairman, Tourism and Sports Authority
Tourism and Sports Authority Board of Directors

Enclosure

Summary Response

Finding 1:

Facility cost has increased, but various mechanisms should help limit TSA's liability for future cost overruns.

Recommendations:

The Authority agrees with this finding. There were no recommendations for this finding.

Finding 2:

Review needed of General Fund support for TSA

Recommendations:

The finding of the Auditor General is not agreed to and the recommendation will not be implemented. (Note: In this case, the Authority cannot implement this recommendation, because the Auditor is recommending that the Legislature consider amending the TSA statute to reduce certain revenues that are earmarked for the multipurpose stadium facility. We would oppose implementation of these recommendations for reasons given in our Agency response).

Finding 3:

Defined processes will help TSA objectively evaluate funding requests.

Recommendations:

The finding of the Auditor General is agreed to and the audit recommendations will be implemented.

Finding 4:

TSA needs to make several changes to its administrative practices.

Recommendations:

This finding contains 11 recommendations. For 10 of the 11 recommendations, the finding of the Auditor General is agreed to and the audit recommendations will be implemented. For one of the recommendations having to do with procurement of outside legal services, the finding of the Auditor General is agreed to and a different method of dealing with the finding will be implemented.

Tourism and Sports Authority Response to Findings and Recommendations

Tourism and Sports Authority is Making Solid Progress Toward Attainment of Statutory Goals While Keeping the Public Informed

We believe that the Performance Audit shows that the TSA is working hard to implement all of our statutory duties as spelled out in our enabling statute and as affirmed by the voters of Maricopa County in November 2000. While the TSA statute establishes a “waterfall” of funding the priorities for specific activities, it is left to the Board of Directors and staff of the Authority to develop specific policies and procedures for creating the new multipurpose stadium facility, for making grant awards for the Cactus League and youth and amateur sports, and for a variety of other matters. We are pleased that the extensive performance audit of the Authority’s operations has determined that all of our activities are in support of our statutory responsibilities.

The performance audit reveals the following with respect to our major funding responsibilities:

Multipurpose Facility (“Cardinals Stadium”)—The stadium is 8 months into a 36-month construction timetable and is slated to be completed by August 1, 2006. The Design-Build Agreement with Hunt Construction is in place and a “guaranteed maximum price” has been set. The total project cost is \$370.6 million and the Glendale support infrastructure outside of the stadium is separately budgeted at \$61 million. The Cardinals acquired 165 acres of land for nearly \$18 million and deeded 25 acres to the TSA for the stadium and pedestrian plaza.

The stadium design has won critical acclaim internationally and has been featured in numerous architectural, construction and trade journals. A major coup was achieved in late 2003 when we were selected to host the 2008 Super Bowl.

The stadium continues to feature a retractable roof, a retractable natural turf field (the first of its kind outside of Europe or Asia), and a full utility grid embedded in the stadium floor that makes our stadium a very flexible and easily transformed building for a wide variety of events. The field tray will be in the outboard position except for days when football or soccer is being played in the stadium. Effectively, this means that our stadium will operate as the world’s biggest arena, a far more useful building than a typical open-air football stadium with a fixed field.

Tourism Promotion—The TSA has forwarded \$9.675 million to the Arizona Office of Tourism for tourism promotion in Maricopa County (pursuant to budget-related legislation another \$2.2 million was forwarded to the general fund in FY2003). This year, these monies are being used in part to fund a Cactus League supplement that ran in the major newspapers in 9 metropolitan areas whose teams hold their spring training in the Valley of the Sun. This cooperative advertising supplement between AOT, our

Convention and Visitor Bureaus and Valley hoteliers has contributed to what is shaping up to be a record attendance year for the Cactus League.

Cactus League—Also contributing to record attendance are the stadium construction and renovation projects funded through the TSA. In late 2002, we completed construction of a \$48 million spring training complex in Surprise that is the new home of the Texas Rangers and the Kansas City Royals. They are now playing their second season. This year, we completed \$6.6 million of renovations at Phoenix Municipal Stadium that led to a 10-year lease extension with the Oakland Athletics. One-third of the funding for these projects came from the host city, which owns and operates the facilities pursuant to operating agreements with the Major League Baseball teams.

In 2004, we anticipate completing agreements with the cities of Scottsdale and Tempe for major upgrades of the practice facilities for the San Francisco Giants and Anaheim Angels. The Angels are considering a move to Goodyear, and the TSA has indicated we will help finance a new stadium there, but only if a replacement team is contractually obligated for a long-term lease at Tempe Diablo Stadium.

Youth Sports—The TSA helped finance a \$750,000 youth sports complex at the Phoenix South Mountain YMCA. Included are lighted football and baseball fields and other amenities. We are also funding two-thirds of a \$5.5 million regional sports complex in Avondale, which includes 9 lighted soccer/football fields, two baseball fields, parking and concessions, and other amenities. This project broke ground in 2003 and will be completed later this year. It has the potential to help attract regional or national tournaments. In February 2004, the Authority concluded a 7-month public procurement process with the awarding of \$1.3 million for 13 new youth and amateur sports projects throughout “the Valley of the Sun”.

Operations and Reserves—The Authority has established reserves for the cactus league per our bond covenants, for youth sports as required by statute, and for agency operations per the policy of our Board of Directors. Our reserves for the cactus league must reach \$3.24 million, and our reserves for youth sports and Authority operations are intended to cover one year’s worth of funding. The operating expenses for the Authority have declined in each of the past two years as legal and consulting expenses have dropped dramatically with the completion of key agreements, the conclusion of litigation, and the completion of site selection and design of the facility.

Open Public Meetings and Public Communications—The Board of Directors of the TSA has held 49 public board meetings and several “open houses” in 44 months of existence. While the Authority’s Board of Directors is entitled to per diem payments and expenses for Board related business, the Board has chosen to not accept such payments at any time during its existence. The members have elected to do so in order to truly operate as an unpaid, volunteer citizen board.

Extensive and timely communications with the public have been a high priority for the TSA. The Authority has maintained a robust internet website since early 2001, which can be found at www.az-tsa.com. It has grown to include a comprehensive archive that

includes all public documents such as board member agendas, meeting minutes, and board adopted resolutions. Included as well are links to the Authority's Monthly Report to the Legislature and Governor, which provides a monthly progress report and analysis of Authority revenue collections for the month and year-to-date.

At the end of calendar year 2003, the TSA's Public Information Officer produced a web-based Annual Report (<http://www.az-tsa.com/archives/annual-report-2003.pdf>) as well as an 11-minute DVD that provided a video chronicle of the Authority's annual progress toward all of our goals and objectives. Each of these reports was produced entirely in-house.

Goals and Objectives – The Arizona Tourism & Sports Authority's purposes are very clearly spelled out in our enabling statute and the publicity pamphlet that led to voter approval of Proposition 302 in November 2000. Senate Bill 1220 (Ch.372, L2000) as amended by House Bill 2177 (Ch.288, L2002) establishes fairly precise objectives within a "waterfall" of funding priorities. Tourism taxes make up 60% of Authority revenues and must be spent in a precise order and in precise amounts for stadium senior bond debt service, tourism promotion, Cactus League, youth sports, Authority operations and required reserves. Facility-related revenues make up the other 40% of authority revenues and must be spent first on the balance of required debt service, and thereafter on authority operations and required reserves.

The performance audit states that "TSA has not developed program goals and performance measures, but it is not required to do so since it is not a state agency...measuring performance could help staff maintain its focus on important TSA functions and activities, enhance service quality, and aid in budget development and review." We agree that the planning and the establishment of goals and objectives is essential to organizational success. This is why our Board of Directors met in open session on October 30, 2003, to review our attainment of goals and objectives established for calendar year 2003, and to establish objectives for calendar year 2004, all of which were shared with the Auditor General. The Authority believes that a public planning process is an essential feature of achieving our statutorily-defined responsibilities.

During calendar year 2003, the Authority operated with 21 key objectives that placed the authority on a clear path toward the aforementioned legislative priorities. As of December 31, 2003, all 21 objectives had been completed and consequently, the TSA was making enormous strides toward achieving all of our statutory duties. As mentioned above, the Authority has established 37 objectives for 2004 and will measure ourselves against these objectives at year's end (our 2004 objectives are appended to this response).

Finding No. 1—Multipurpose facility cost at \$370.6 million, but various mechanisms should help limit TSA’s liability for future cost overruns

We are gratified that the chief conclusion regarding the most visible and important project of the TSA is that the Authority has taken steps to protect the public with respect to the construction of Cardinals Stadium. While the stadium’s cost has risen to \$370.6 million from the 5-year old estimate of \$331 million, it is now governed by a ‘guaranteed maximum price’ through our design-build agreement with Hunt Construction. Any unanticipated costs above \$370.6 million will either be the responsibility of Hunt or the Arizona Cardinals.

While the TSA’s funding responsibility has risen roughly \$20 million from that contemplated at the time of voter approval of Proposition 302, the Authority has negotiated an increase in the Cardinals capital contribution from the statutorily-required \$85 million to a current estimate of \$104 million. And, should the Authority’s estimated revenues from bond interest earnings or contracting sales tax recapture come short of estimates, the Cardinals would have to make up the difference. Furthermore, the Cardinals have also paid for the 165 acres of land (\$18 million) upon which the stadium and parking reside, and have deeded 25.3 acres over to the control of the Authority for the Stadium and pedestrian plaza for the nominal amount of \$10.

Working with the Cardinals, we have established a Project Management Agreement governing the relationship between the Cardinals and the TSA over the course of construction. Given their increased capital contribution and their risk for cost overruns, the Team requested and received a leading role in overseeing construction of the stadium, with the Authority bearing primary responsibility for features of the stadium that are defined as “public interest criteria”. Examples include the retractable roof and field, the utility grid, and other features that make the stadium a truly multipurpose facility.

While it is true that remaining construction contingency amounts are roughly two percent of the project budget, they are roughly three percent of the “cost of work”, when certain fixed “soft costs” such as insurance, taxes, general conditions, and builder’s fee are removed from the equation. Given that the project is roughly three-quarters “hard bid” at this juncture, this size of the contingency appears reasonable.

The Cardinals are paying for several construction experts outside of the project budget that have experience overseeing major stadium projects. The TSA has added outside construction expertise as well, with the addition of the services of the recently retired CEO of McCarthy Construction, one of the Valley’s largest construction companies. His services are a strong complement to the Authority’s project representative. Both the TSA and the Cardinals have a strong presence at the site, with staff and consultants that are housed at the construction site on a daily basis.

Hunt Construction is the leading builder of sports facilities in the U.S. They have constructed over 70 stadiums and arenas including Bank One Ballpark and America West Arena. Hunt maintains corporate offices in Scottsdale and operations offices in Phoenix. Its Chairman and President both reside in the Valley of the Sun.

Finding No. 2—TSA is Receiving General Fund Monies

Because we feel this finding and recommendation is outside of the scope of this performance audit (which calls for recommendations that are to "improve" agency operations) and because it would, in fact, be harmful to our operations, we must oppose any change to the statute in this regard.

The Auditor General's premise that the general fund is losing monies due to this provision is fundamentally flawed. It is a "static economic analysis" that ignores the many different ways that the economic benefits of Proposition 302 result in increased revenues to the state general fund. For example, had Proposition 302 not passed, and if the stadium were not built, we would undoubtedly lose our NFL franchise, a \$150 million (annual) business that generates roughly \$7.5 million of total general fund revenue annually. We would also not be the chosen host for Super Bowl XLII in 2008, an event worth close to \$400 million to the states economy.

Similarly, the Audit ignores the estimated \$20 million that will accrue to the state general fund over the course of construction from the multipurpose stadium facility, in addition to many millions of dollars from Cactus League and youth sports projects. The Audit also overlooks the positive impacts of increased Tourism promotion for the state general fund. According to fiscal analyses performed at the time of legislative enactment, the state general fund stands to gain \$30-50 million per year on average over the next 30 years from all of these Prop 302 activities. The independent economic analysis that was included in the publicity pamphlet predicted an average annual economic impact of \$1.95 billion over the next 30 years from all of the sports, entertainment and tourism activities resulting from Proposition 302.

It was understood by the Legislature and disclosed in the Official Statement accompanying our Senior Bond (stadium) debt, that the TSA would accumulate operating reserves in the early years, while the stadium is constructed, and would draw upon those same reserves after the stadium opens and our operating costs are increased dramatically. Furthermore, we are obligated to establish several reserves: Capital repair and replacement at a level of \$25 million (2000 Net Present Value), Cactus League bond reserve at \$3.24 million, Youth & Amateur Sports at the prior year funding level (currently \$1.2 million), and an operating fund reserve equal to one year's spending (board policy).

The Performance Audit does not suggest how to measure what contributions are "not necessary to sustain TSA operations". In fact, each of the options that are suggested would potentially take operating revenues away when they are most needed, in the event of a future calamitous drop in tourism taxes along the lines of the more than 20% decline experienced after the events of "9-11". A change to the NFL Income Tax via legislation would undo the original intent of the legislation which was to provide a stable source of funding for the Authority – one that was not only meant to meet debt service, but also to help provide funding for the Authority's operations.

A change would also be viewed by bondholders as not only impacting the Authority's ability to re-pay debt service, but also as a negative influence on the Authority's ability to operate at a standard sufficient to operate the future stadium. This has a reciprocal effect of potentially diminishing our revenues from other events which further diminishes the Authority's financial standing. Furthermore, a change would also create an uncertainty and mistrust in the marketplace for future bond issues of the Authority, and any other agency or subdivision of the State of Arizona.

While it is true that the Appeals Court ruling in the Long litigation limits our ability to pledge the income taxes toward our Senior Bonds, and this fact is pointed out in our Official Statement, that should not be confused as an invitation to do something that is highly unusual; namely, to reduce or eliminate a funding source that is relied upon to make bond debt service payments, after the bonds have been sold. The Official Statement disclosure regarding the legislature's ability to change the NFL Income tax was included for one of the primary reasons that an Official Statement exists – to provide prospective bond purchasers with all of the risks and issues surrounding a sale – whether or not there is a likelihood of such a risk actually occurring. Its inclusion was not intended to be a catalyst for such a change, but to meet all securities disclosure requirements.

Finding No. 3—Defined Processes will help TSA Effectively Evaluate Grant Applicants

The Authority has spent the better part of 2003 working to elevate the public's understanding of our youth & amateur sports grant program and our Cactus League facilities grant program. In particular, we have placed a heavy emphasis on involvement of stakeholders in our youth & amateur sports grant award process through the establishment of a 20-member Youth & Amateur Sports Advisory Committee, the conducting of a Youth Sports Summit in February 2003, and the conducting of three youth sports town halls in April 2003. We have also worked with the Maricopa County Stadium District, various municipalities, and other stakeholders of Cactus League baseball to improve communication on Cactus League spring training matters and to initiate discussions regarding Cactus League baseball leases well in advance of the lease expiration dates.

We are pleased that the audit acknowledges the Authority's work that is well underway to improve the youth sports grant award process. As a result, in response to a Request for Proposals that was posted and advertised in July 2003, the TSA received 92 applications totaling \$35.2 million in September 2003. With the help of our 20-person Youth & Amateur Sports Advisory Committee of citizen stakeholders, we spent the next three months extensively reviewing each of the 92 applications. Last month, the TSA Board of Directors awarded \$1.3 million worth of grants to the 13 projects ranked most highly by our citizen advisory committee. Another \$600,000 worth of grant monies are under further review for possible grant awards by this summer.

Meanwhile, a \$6.6 million Cactus League improvement project was completed at Phoenix Municipal Stadium, while two others are under discussion and negotiation with Scottsdale (the Giants) and Tempe (the Angels).

Finding No. 4—Administrative Practices; TSA is not a State Agency; Procurement Policies Needed: Legal Services; Travel Policy; Financial Controls

TSA is not a State Agency—The TSA agrees that as a municipal corporation, many of the usual standards or guidelines applied to state agencies do not apply to the Authority. We understand that three other municipal corporations examined by the Auditor General have policies in place in these areas to one degree or another. However, we also understand that those three agencies are from 32 to 100 years old and question whether or not their policies were in place when they were just barely two years old. (The three were SRP, the Arizona Power Authority, and the Central Arizona Water Conservation District).

Nevertheless, we agree that we need to establish more formal procedures in each of the areas outlined in the audit and are already in the process of implementing these recommendations as follows:

Procurement Policy—Although the TSA is exempt from the procurement code, we have used a procurement process for many major contracts. For example, construction consulting, stadium concessionaire, stadium management and marketing, and youth and amateur sports grants are a few of the very important contracts resulting from an open, competitive bidding process. As we evolve into a more normal operating mode, without the crunch of tight timelines associated with the major stadium project in Glendale, we will adhere to a formal procurement policy that is currently under development for approval of the Board of Directors.

Agreement Ratification Timeframes and Monitoring Procedures—These recommendations are agreed to and are being implemented.

Use of Legal Services-- TSA disagrees with this conclusion and believes that our outside law firm has done an outstanding job representing the TSA in our negotiations with a wide variety of interests, both public and private. The Board of Directors is very satisfied with their work and do not see the need to issue a request for proposals for legal services until the multipurpose facility is completed, at the earliest. Continuity is critical until we complete the major agreements that will govern our relationships and our interests over the next three decades. Short of another lawsuit, we do not see ourselves retaining the services of any other law firm during the next three years.

We are continuing to negotiate and draft complex legal agreements that will govern the operation and maintenance of the \$370.6 million multipurpose stadium facility in Glendale over the next three decades, and now is not the time to be “changing horses in mid-stream” with respect to our expert outside legal advisors. The firm we are using has great experience in these areas and is very familiar with our legislative and organizational history.

The use of in-house attorney was considered and deemed less cost-effective than the use of outside counsel until the stadium is opened and an in-house attorney is hired to handle more routine claims and contracts. An in-house attorney would have been more expensive than outside counsel for the very limited work that would have been entrusted to the quality of attorney likely to come to work for TSA as in-house counsel (in-house would have only handled minor agreements and limited board matters such as agendas and minutes). The public would not be well served by the TSA's use of a relatively inexperienced attorney on anything other than the basics. The conundrum for the Authority is that once the complex, 30-year development, management, and use agreements are in place, in-house counsel will help prepare and update vendor and promoter contracts, and deal with injury claims from patrons and users of the facility. This is not the type of legal work that would lead a seasoned attorney to leave private practice. Therefore, the plan is to continue using our present legal firm until all major agreements are in place, and to hire an in-house attorney as the opening of the facility draws near.

Policies to Better Control Certain Expenditures--The Authority agrees that strong internal financial controls are a requirement in any size organization and has, from its inception, taken steps to ensure that these controls are in place. The Authority agrees that it will formalize its already established financial and accounting practices and policies. These controls and financial transactions have been reviewed and tested by the Authority's independent, outside audit firm, Ernst & Young, in accordance with A.R.S. 5-841, which requires an annual financial audit be performed. Ernst & Young has completed three annual audits of the Authority with no qualifying opinions.

The Authority has an established, well-documented audit trail with respect to its financial transactions that focuses on involving at least two employees in the completion of those transactions. This system has been created due to the Authority's small staff size of five full-time employees. Of the Authority's five person staff, three employees are typically involved in the handling, recording and payment of all vendor/contract transactions. In addition, the President/CEO reviews and approves the monthly bank statement reconciliations prepared by the Chief Financial Officer. The Authority agrees to create a matrix that details the Authority's financial transactions, the employees involved and their respective roles to further strengthen the already existing separation of duties.

TSA Should Ensure that Travel Policy is Followed--As a municipal corporation, the Authority is not governed by state travel regulations. However, the Authority has voluntarily developed travel reimbursement policies that are similar to state travel regulations. Contrary to the finding in the performance audit, all travel, in fact, was approved by either the Executive Director (President/CEO), or in the case of the Executive Director, by the TSA Board Chairman. The Authority has developed and is using forms for trip requests, trip expenses, and trip reports that will provide the necessary written record of such approvals and will address any expenses that deviate from written guidelines.

Further Guidance Needed for Providing Gifts—The Authority disagrees that it has provided “gifts”. The items in question were for business meals, flowers, and commemorative photos and plaques—all items that are not considered to be “gifts” under state law. In fact, while the TSA may be exempt from the constitutional gift giving ban, we have gone beyond the requirements of state statute by developing a restrictive board policy that covers both gift-giving and gift-receiving that all board members and employees are expected to follow.

TSA Should Strengthen its Internal Controls—We agree with these recommendations and are in the process of implementing the suggested changes. We should note that three consecutive annual financial audits from the firm of Ernst & Young have not raised any issues.

TSA Should have a Policy Governing the Use of Game Tickets and Suite Controlled by the Authority—The Authority already has a policy, which is referred to in both our Cardinals' and Fiesta Bowl Use Agreements. The suite and tickets that are controlled by the TSA were a negotiated concession from our two tenants (who otherwise had the rights to these seats) so that the Authority would have these seats to use in conjunction with the promotion and marketing of the multipurpose facility. We will be using them to help attract additional events and promoters to the facility as well as to recognize those companies that are already bringing business to the multipurpose facility. It is the Board's intent and fervent goal to bring numerous non-football events to the multipurpose facility, and the suite and game tickets will be used to help promote and secure those events. As the opening of the multipurpose facility nears, the Board will work with our stadium management and marketing partners to ensure the use of the suite and allotted tickets has a favorable business impact.

TSA Should help Ensure that Prop 302 Monies only Benefit Maricopa County--We agree and met with the Arizona Office of Tourism and their Prop 302 implementation team in November 2003 to discuss their past use of these funds and their plans for 2004. At our meeting we learned that 5% of these monies are retained by the Arizona Office of Tourism (the other 95% is apportioned amongst various local convention and visitor bureaus); however, the AOT insists that their 5% was spent by AOT in ways that benefited tourism in Maricopa County, not statewide, which is consistent with the statute.

ARIZONA TOURISM & SPORTS AUTHORITY
2004 OBJECTIVES

MULTIPURPOSE STADIUM FACILITY MATTERS

- Keep the MPF Project "On-Time" and "On-Budget"
- Preserve Public Interest Criteria
- Successful Integration of Support Infrastructure Work into Overall Project
- Conclude Negotiations and Execute Contract with Stadium Management and Marketing Firm(s)
- Begin to Build Marketing Campaign for Events in 2007 and Beyond
- Work with the Fiesta Bowl on Design, Cost and Build-out of any Additional Spaces and Features Requested and Paid for by the Bowl to Help Ensure our Selection as the Site for the 2007 BCS National Championship Game.
- Planning for Super Bowl XLII in 2008
- Aggressively seek to host NCAA Men's Basketball games and tournaments, including the Regional Finals and the "Final Four" championships
- Successful Utilization of Glendale Community Advisory Committee on Neighborhood Matters
- Access for the Disabled Advisory Committee
- Achieve Disadvantaged Business Enterprise Goals
- Create VIP Observation Program to Track Progress on Construction

TOURISM PROMOTION AND MARKETING

- Ensure the effective integration of the MPF Marketing Team with the City of Glendale, the Glendale Chamber of Commerce, Westmarc, the Arizona Office of Tourism and the established Valley Convention & Visitor's Bureaus (Greater Phoenix, Scottsdale, Tempe, and Mesa).
- Develop ways to market with a "tourism angle" those bookings and events at the MPF that will positively impact the tourism industry and generate room revenue.
- Coordinate with the AZ Office of Tourism's "Prop 302 Committee" their recommendations for tourism promotion to be funded from Authority's "pass-through" monies to the AZ Office of Tourism.

CACTUS LEAGUE MATTERS

- Complete Phoenix Municipal Stadium Renovations by Feb. 2004
- Conclude Negotiations, Execute Necessary IGA's, and Begin Improvements for Scottsdale Giants and Tempe Diablo Stadiums
- Implementation of TSA-MCSD Intergovernmental Agreement
- Continue Discussions with Interested Host Communities regarding Future Expansion of Cactus League
- Develop Ways to Market the Cactus League Experience in Maricopa County and Boost Related Tourism
- Coordinate with State Department of Commerce on Publication of the Cactus League Guide and making it available on the AZ-STA website.
- Develop "Cactus League Fan Fest" for Board consideration that ultimately could be held at the new stadium in Glendale during the Cactus League season in March.

ARIZONA TOURISM & SPORTS AUTHORITY
2004 OBJECTIVES

YOUTH AND AMATEUR SPORTS MATTERS

- Make Grant Awards to be Effective July 1, 2004, Totaling a Minimum of \$2M, to be matched by at Least \$1M
- Increased Leverage of TSA Grant Awards to Produce a Larger Total Project Amount
- Implement Robert Wood Johnson Foundation Initiative (assuming we get award)
- Conduct 2nd Youth Sports Summit
- Complete Geographic Information System
- Begin Assessment and Evaluation of Effectiveness of Youth Sports Grants
- Consider Biennial Budget Cycle for YAS Grant Awards

TSA OPERATIONS

- Continue Increased Focus on Cactus League and YAS Matters
- Add Marketing/Outreach Position
- Add Accounting Position to Assist with More Complex Fund Accounting and Increased Transactions
- Address Issues Related to 2004 Performance Audit
- Integrate with Activities of Selected Stadium Management and Marketing Firm(s)
- Take steps to protect the Authority's bond ratings and financial condition
- Develop possible framework for a AZ-STA Foundation that would raise monies for scholarships and/or charitable purposes