

OFFICIAL STATEMENT

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: See "Ratings" herein

In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the 2012A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the 2012A Bonds is exempt from Arizona state income tax. Interest on the 2012A Bonds may be subject to certain federal taxes imposed on certain corporations, including the corporate alternative minimum tax on a portion of that interest. (For a more complete discussion of tax aspects, see "TAX MATTERS" herein.)

\$176,740,000

**ARIZONA SPORTS AND TOURISM AUTHORITY
SENIOR REVENUE REFUNDING BONDS
(MULTIPURPOSE STADIUM FACILITY PROJECT)
SERIES 2012A**

Dated: Date of Initial Delivery

Due: July 1, as shown on the inside cover page herein

The Senior Revenue Refunding Bonds (Multipurpose Stadium Facility Project) Series 2012A (the "2012A Bonds"), are being issued by the Tourism and Sports Authority, doing business as the Arizona Sports and Tourism Authority (the "Authority"), as a separate series of fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Interest on the 2012A Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2013.

The maturities, interest rates, and prices or yields of the 2012A Bonds are shown on the reverse side of this cover page.

The 2012A Bonds will be issued as registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2012A Bonds. Purchases of beneficial interests in such 2012A Bonds will be made in book-entry-only form. Purchasers will not receive certificates representing the ownership interest in the 2012A Bonds purchased by them. So long as the 2012A Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal of and interest and premium, if any, on the 2012A Bonds will be made directly by the Trustee (as defined below) to Cede & Co., as nominee of DTC. See "Appendix D – BOOK-ENTRY-ONLY SYSTEM" herein.

The 2012A Bonds will be issued pursuant to Title 5, Chapter 8, of the Arizona Revised Statutes, as supplemented and amended (the "Act"), under a Trust Indenture, dated as of February 1, 2003, between the Authority and The Bank of New York Mellon Trust Company, N.A. (successor in interest to Bank One Trust Company, N.A. and J.P. Morgan Trust Company, N.A.), as trustee (the "Trustee"), as supplemented, including a Senior Series 2012A Supplemental Indenture, dated as of June 1, 2012 (such Trust Indenture as so supplemented, the "Indenture"). The 2012A Bonds are being issued to (i) advance refund the 2003A Bonds Being Refunded (as defined herein), which were issued to finance and refinance a portion of the costs of acquiring, constructing and equipping a multipurpose stadium facility and related parking and infrastructure (the "Multipurpose Facility") within Maricopa County, Arizona (the "County"), (ii) current refund the 2008 Bonds Being Refunded (as defined herein), which were issued to refund all of the Authority's outstanding Senior Variable Rate Demand Revenue Bonds, Series 2005A, (iii) pay costs of issuing the 2012A Bonds, and (iv) pay any swap and letter of credit termination fees. See "PLAN OF REFUNDING" herein.

The 2012A Bonds are subject to redemption as described herein under "THE 2012A BONDS – Redemption Provisions."

The 2012A Bonds are special obligations of the Authority. The 2012A Bonds, together with \$2,145,000 outstanding principal amount of 2003A Bonds and \$89,440,000 outstanding principal amount of 2007A Bonds (each as defined herein) and any Additional Senior Bonds and Refunding Senior Bonds (each as defined herein) that may hereafter be issued in accordance with the Indenture, are payable from and secured solely by Pledged Revenues (as defined herein), consisting generally of a car rental surcharge and a lodging excise tax imposed within the County through February 2031, amounts distributed to the Authority based upon certain State of Arizona (the "State") income tax payments and other tax-derived and user revenues generated from or with respect to the Multipurpose Facility, all as described herein. The 2012A Bonds are not obligations, general, special, or otherwise, of the State, the County, the City of Glendale, Arizona ("Glendale") or any entity other than the Authority, do not constitute a legal debt of the State, the County, Glendale or any entity other than the Authority and are not enforceable against the Authority out of any monies other than such specified Pledged Revenues.

See "RISK FACTORS-Pending Litigation Challenging Imposition of Car Rental Surcharge and Hotel Tax" and "LITIGATION-Litigation Challenging Tourism Taxes" herein regarding (i) pending litigation challenging the imposition of taxes the revenues from which are pledged to payment of bonds issued pursuant to the Indenture, including the 2012A Bonds, and (ii) additional administrative class claims which were not included in the Preliminary Official Statement and about which the Authority learned the day after the 2012A Bonds were sold on May 9, 2012.

This cover page contains only a brief description of the 2012A Bonds and the security therefor. It is not a summary of material information with respect to the 2012A Bonds. Investors should read this entire Official Statement to obtain information necessary to make an informed investment decision.

The 2012A Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Squire Sanders (US) LLP, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Authority by its counsel, Fennemore Craig, P.C., and for the Underwriter by its counsel, Greenberg Traurig, LLP. It is expected that the 2012A Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York on or about June 5, 2012.

RBC CAPITAL MARKETS

May 10, 2012

\$176,740,000
ARIZONA SPORTS AND TOURISM AUTHORITY
SENIOR REVENUE REFUNDING BONDS
(MULTIPURPOSE STADIUM FACILITY PROJECT)
SERIES 2012A

MATURITY SCHEDULE

Year (July 1)	Principal Amount	Interest Rate	Yield	CUSIP^(a) 040583
2015	\$2,760,000	4.00%	1.08%	AV8
2016	3,155,000	4.00	1.33	AW6
2017	2,400,000	4.00	1.60	AX4
2018	765,000	4.00	1.91	AY2
2019	1,285,000	4.00	2.10	AZ9
2020	1,390,000	4.00	2.37	BA3
2021	1,695,000	5.00	2.60	BB1
2022	1,880,000	5.00	2.76	BC9
2023	2,105,000	5.00	3.05*	BD7
2024	2,245,000	5.00	3.18*	BE5
2025	16,040,000	5.00	3.30*	BF2
2026	16,920,000	5.00	3.40*	BG0
2027	17,900,000	5.00	3.50*	BH8
2028	19,000,000	5.00	3.60*	BJ4
2029	20,010,000	5.00	3.69*	BK1
2030	21,080,000	5.00	3.75*	BL9
2031	22,260,000	5.00	3.81*	BM7
2032	4,500,000	5.00	3.87*	BN5

\$19,350,000 5.00% Term Bonds due July 1, 2036 @ a yield of 4.00%* CUSIP (a): 040583BP0

*Yield assumes redemption on the July 1, 2022, optional redemption date.

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ARIZONA SPORTS AND TOURISM AUTHORITY

Board of Directors

Judy Bernas, *Chair and Member*

Jody Harwood, *Vice Chair and Member*

Bradley Wright, *Secretary and Member*

Bill Peltier, *Member*

Mike Galloway, *Member*

Verma Pastor, *Member*

David L. Eberhart, *Member*

Jeffery A. Meyer, *Member*

Sherry Henry, *Member*

Staff

Tom Sadler, *President and Chief Executive Officer*

Kevin Daniels, *Chief Financial Officer*

Professional Services

Counsel to the Authority Fennemore Craig, P.C.

Bond Counsel to the Authority.....Squire Sanders (US) LLP

Trustee and Paying Agent The Bank of New York Mellon Trust Company, N.A.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and, if given or made, such information or representation must not be relied upon as having been authorized by the Authority or RBC Capital Markets, LLC (the "Underwriter"). This Official Statement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities other than the original offering of the 2012A Bonds or an offer to sell or solicitation of offers to buy, nor shall there be any sale of the 2012A Bonds, by any person in any jurisdiction where such offer or solicitation or sale would be unlawful.

The information contained in this Official Statement has been obtained from the Authority and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a representation by, any of the foregoing. The presentation of such information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representation of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

All forecasts, projections, assumptions, opinions or estimates are "forward-looking statements," which must be read with an abundance of caution and which may not be realized or may not occur in the future. Such statements generally are identifiable by the terminology used, such as "plan," "expect," "estimate," "forecast," "budget" or "anticipate." The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performances or achievements to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. The Authority does not plan to issue any updates or revisions to those forward-looking statements if or when changes to its expectations or events, conditions or circumstances on which such statements are based occur. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the State or the County since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The 2012A Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency has passed upon the accuracy of this Official Statement.

The Authority has undertaken to provide continuing disclosure with respect to the 2012A Bonds as required by Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE UNDERTAKING" and Appendix C – "CONTINUING DISCLOSURE UNDERTAKING" herein.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2012A BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Trustee assumes no responsibility for this Official Statement and has not reviewed or undertaken to verify any information contained herein.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
THE AUTHORITY.....	3
General.....	3
Board of Directors.....	4
Professional Staff.....	4
Other Activities and Financial Commitments of the Authority.....	5
THE 2012A BONDS.....	7
General Description.....	7
Redemption Provisions.....	7
Defeasance.....	8
Registered Owner.....	8
SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS.....	9
General.....	9
Special Obligations.....	9
Description of Pledged Revenues.....	10
Application of Pledged Revenues.....	12
Additional Senior Bonds.....	16
Subordinate Bonds.....	17
FLOW OF PLEDGED REVENUES.....	18
THE MULTIPURPOSE FACILITY.....	19
General.....	19
Development of the Multipurpose Facility.....	19
Use and Operation of the Multipurpose Facility.....	20
Multipurpose Facility Not Security for the 2012A Bonds.....	20
Reliance Upon Future Actions and Completion of Agreements.....	21
PLAN OF REFUNDING.....	21
BONDS BEING REFUNDED.....	21
VERIFICATION OF MATHEMATICAL COMPUTATIONS.....	22
SOURCES AND USES OF FUNDS.....	22
SOURCES OF PLEDGED REVENUES.....	22
Authority for Pledged Revenues.....	22
Car Rental Surcharge Revenues.....	23
Hotel Tax Revenues.....	24
Multipurpose Facility Sales Tax Revenues.....	24
Facility Income Tax Revenues.....	24
Multipurpose Facility Revenues.....	25
Summary of Pledged Revenues.....	29
DEBT SERVICE REQUIREMENTS.....	30
RISK FACTORS.....	31
General.....	31
Limited Obligation.....	31
Pending Litigation Challenging Imposition of Car Rental Surcharge and Hotel Tax.....	31
Limitations on Remedies; No Recourse to Multipurpose Facility.....	32
Expiration of Car Rental Surcharge and Hotel Tax.....	32
Economic Downturns; Terrorist Attacks; Adverse Effects on Tourism Tax Revenues.....	32
Adequacy of Cash Flow to Fund All of Authority's Statutory Purposes.....	32
Changes in Law.....	33
Judicially Imposed Limitations on the Availability of Facility Income Tax Revenues.....	33
Continued Use and Viability of Team and Other Users of the Multipurpose Facility.....	33
Authority's Ability to Generate Revenues from Multipurpose Facility.....	34
Investment of Pledged Revenues.....	34

	<u>Page</u>
LITIGATION	35
Litigation Challenging Tourism Taxes	35
General	37
LEGAL INVESTMENT	37
UNDERWRITING	37
TAX MATTERS	37
Original Issue Premium	38
INDEPENDENT AUDITORS	39
CONTINUING DISCLOSURE UNDERTAKING.....	39
RATINGS.....	40
CERTAIN LEGAL MATTERS	40
MISCELLANEOUS.....	40

Appendix A – Proposed Form of Opinion of Bond Counsel

Appendix B – Summary of Certain Provisions of the Indenture

Appendix C – Proposed Form of Continuing Disclosure Undertaking

Appendix D – Book-Entry-Only System

Appendix E – Audited Financial Statements of the Authority for the Fiscal Years Ended June 30, 2011 and 2010

OFFICIAL STATEMENT

relating to

\$176,740,000

**Arizona Sports and Tourism Authority
Senior Revenue Refunding Bonds
(Multipurpose Stadium Facility Project)
Series 2012A**

INTRODUCTION

This Official Statement (including the cover page and Appendices attached hereto) provides certain information in connection with the issuance by the Tourism and Sports Authority, doing business as the Arizona Sports and Tourism Authority (the "Authority"), of its Senior Revenue Refunding Bonds (Multipurpose Stadium Facility Project) Series 2012A (the "2012A Bonds") in the aggregate principal amount of \$176,740,000. The 2012A Bonds are issued pursuant to Title 5, Chapter 8, Arizona Revised Statutes ("A.R.S."), as supplemented and amended (the "Act"), under a Trust Indenture, dated as of February 1, 2003 ("the Master Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A. (successor in interest to Bank One Trust Company, N.A. and J.P. Morgan Trust Company, N.A.), as trustee (the "Trustee"), as supplemented, including as supplemented by a Senior Series 2012A Supplemental Indenture, dated as of June 1, 2012 (the "2012A Supplemental Indenture" and, together with the Master Indenture, as previously supplemented and as supplemented or amended in the future, the "Indenture").

Under and pursuant to the Act, the Authority is authorized to issue (i) its senior lien bonds for the purpose of constructing, financing, furnishing, maintaining, improving, operating, marketing and promoting a multipurpose facility and improvements located in Maricopa County, Arizona (the "County") suitable to be used to accommodate professional football franchises, major college football bowl sponsors, other sporting events and entertainment, cultural, civic, meeting, trade show or convention events or activities ("Multipurpose Facility Purposes"); (ii) its subordinate lien bonds for the purpose of acquiring land or constructing, financing, furnishing, improving, marketing or promoting the use of existing or proposed professional baseball training facilities located in the County and other structures, utilities, roads, parking areas or buildings necessary for full use of the training facilities for sports and other purposes ("Cactus League Purposes"); and (iii) its refunding bonds to refund outstanding bonds.

Capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The 2012A Bonds are being issued to (i) advance refund the 2003A Bonds Being Refunded (as such terms are defined herein), which were issued to finance and refinance a portion of the costs of acquiring, constructing and equipping a multipurpose stadium facility and related parking and infrastructure (the "Multipurpose Facility") within the County, (ii) current refund the 2008 Bonds Being Refunded (as defined herein), which were issued to refund all of the Authority's outstanding Senior Variable Rate Demand Revenue Bonds, Series 2005A (the "2005A Bonds"), (iii) pay costs of issuing the 2012A Bonds, and (iv) pay any swap and letter of credit termination fees.

Completed in August, 2006, the Multipurpose Facility is the home field for games played by the Arizona Cardinals National Football League organization (the "Team") and the annual Fiesta Bowl post-season college football game sponsored by The Arizona Sports Foundation, doing business as the Fiesta Bowl (the "Fiesta Bowl"), pursuant to the agreements with the Team and the Fiesta Bowl, and is available for other sporting events, concerts, conventions and trade shows. See "THE MULTIPURPOSE FACILITY" herein.

The 2012A Bonds are special obligations of the Authority. The principal of and interest on (collectively, "debt service") the 2012A Bonds, the Authority's Tax Revenue Bonds (Multipurpose Stadium Facility Project) Series 2003A (the "2003A Bonds") outstanding in the principal amount of \$2,145,000 and the Authority's Senior Revenue Refunding Bonds, Series 2007A (the "2007A Bonds") outstanding in the principal amount of \$89,448,000,

and any additional bonds that may hereafter be issued on a parity therewith in accordance with the Indenture (collectively, "Senior Bonds"), are payable from and secured solely by the hereinafter-described Pledged Revenues, all as provided in the Indenture, and more fully described under "SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS." Pledged Revenues consist generally of a car rental surcharge and a lodging excise tax imposed within the County through February 2031, amounts distributed to the Authority based upon certain State of Arizona (the "State") income tax payments and other tax-derived and user revenues generated from or with respect to the Multipurpose Facility. For information relating to the Pledged Revenues, see "SOURCES OF PLEDGED REVENUES" herein.

See "RISK FACTORS-Pending Litigation Challenging Imposition of Car Rental Surcharge and Hotel Tax" and "LITIGATION-Litigation Challenging Tourism Taxes" herein regarding (i) pending litigation challenging the imposition of taxes the revenues from which are pledged to payment of bonds issued pursuant to the Indenture, including the 2012A Bonds, and (ii) additional administrative class claims which were not included in the Preliminary Official Statement and about which the Authority learned the day after the 2012A Bonds were sold on May 9, 2012.

The 2012A Bonds represent the fifth series of Senior Bonds issued under the Indenture. The Authority issued \$221,950,000 principal amount of the 2003A Bonds on February 12, 2003, pursuant to a Senior Series 2003A Supplemental Indenture, dated as of February 1, 2003, to the Master Indenture, for the purpose of financing the construction of the Multipurpose Facility. The Authority issued \$53,050,000 principal amount of the 2005A Bonds on September 29, 2005, pursuant to a Senior Series 2005A Supplemental Indenture, dated as of September 1, 2005, to the Master Indenture, for the purpose of financing the completion of the Multipurpose Facility. The Authority issued \$90,000,000 principal amount of the 2007A Bonds on January 9, 2007, pursuant to a Senior Series 2007A Supplemental Indenture, dated as of January 1, 2007, to the Master Indenture, for the purpose of refinancing a portion of the 2003A Bonds. The Authority issued \$53,050,000 principal amount of the 2008 Bonds on May 15, 2008, pursuant to a Senior Series 2008 Supplemental Indenture, dated as of May 1, 2008, to the Master Indenture, for the purpose of refinancing all of the 2005A Bonds. The 2003A Bonds and the 2007A Bonds outstanding are payable from and secured solely by Pledged Revenues, on a parity with the pledge of Pledged Revenues and other monies held under the Indenture for the payment of debt service on the 2012A Bonds and other Senior Bonds. In addition, on February 19, 2003, the Authority issued \$32,400,000 aggregate principal amount of its Subordinate Tax Revenue Bonds (Professional Baseball Training Facilities Project) Series 2003 (the "2003 Subordinate Bonds"), pursuant to a Subordinate Series 2003 Supplemental Indenture, dated as of February 1, 2003, to the Master Indenture, for Cactus League Purposes of which \$13,060,000 remains outstanding. The 2003 Subordinate Bonds are payable from and secured solely by Pledged Revenues, on a basis subordinate and junior to the pledge of Pledged Revenues and other monies held under the Indenture for the payment of debt service on the Senior Bonds, including the 2012A Bonds.

The Master Indenture permits the issuance of (i) additional Senior Bonds for Multipurpose Facility Purposes ("Additional Senior Bonds"), upon meeting certain conditions, and (ii) additional Senior Bonds for refunding purposes ("Refunding Senior Bonds"). The 2012A Bonds are being issued as Refunding Senior Bonds under the Master Indenture. The Authority has no current plans to issue any Additional Senior Bonds or Refunding Senior Bonds other than the 2012A Bonds. Debt service on Senior Bonds will be payable from and secured solely by Pledged Revenues, on a basis prior and senior to the pledge of Pledged Revenues and other monies held under the Indenture for the payment of debt service for any subordinate bonds or other obligations which may be issued under the Indenture, including the 2003 Subordinate Bonds (collectively, "Subordinate Bonds") for Cactus League Purposes. For additional information relating to Senior Bonds and the issuance of Additional Senior Bonds and Refunding Senior Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS—Additional Senior Bonds." For additional information relating to Subordinate Bonds which may be issued under the Indenture in addition to the 2003 Subordinate Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS—Subordinate Bonds."

The 2012A Bonds are not obligations, general, special, or otherwise, of the State, the County or any entity other than the Authority, do not constitute a legal debt of the State, the County, the City of Glendale, Arizona ("Glendale"), the host city in which the Multipurpose Facility is located, or any entity other than the Authority and

are not payable from any monies other than the Pledged Revenues as provided in the Indenture. See "RISK FACTORS" herein.

The State has, in the Act, pledged to and agreed with the holders of the bonds authorized by the Act (including the Senior Bonds and the Subordinate Bonds) that the State will not limit, alter or impair the rights vested in the Authority under the Act to receive the monies necessary to fulfill the terms of any agreements made with the holders of such bonds, or in any way impair the rights and remedies of the bondholders, until all bonds issued under the Act, together with interest on the bonds, interest on any unpaid installments of principal or interest and all costs and expenses in connection with any action or proceedings by or on behalf of the bondholders, are fully met and discharged, and has authorized the Board of Directors of the Authority, as agent for the State, to include this pledge and undertaking in its resolutions and indentures authorizing and securing its bonds.

Payments of debt service on the Senior Bonds and Subordinate Bonds are not subject to annual appropriation nor are such payments on the Senior Bonds and Subordinate Bonds subject to any constitutional or statutory limitation on expenditures.

The 2012A Bonds are subject to optional and mandatory sinking fund redemption prior to their respective maturity dates as described herein under "THE 2012A BONDS—Redemption Provisions—*Optional Redemption*" and"—*Mandatory Sinking Fund Redemption*."

Brief descriptions of the security for the 2012A Bonds, the use of proceeds of the 2012A Bonds and the Authority are included in this Official Statement together with summaries or descriptions of the Act and the Indenture. These descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Act and the Indenture are qualified in their entirety by reference to the definitive form thereof and all references to the 2012A Bonds are qualified by the form thereof contained in the Indenture and are further qualified in their entirety by reference to bankruptcy and other laws and principles of equity relating to or affecting the enforceability of creditors' rights. Copies of the Indenture may be obtained as set forth under "MISCELLANEOUS."

THE AUTHORITY

General

The Authority, formed pursuant to the Act in July 2000, is a political subdivision of the State empowered, among other things, to (i) construct, finance, furnish, maintain, improve, own, operate, market and promote the use of a multipurpose facility suitable to be used to accommodate sporting events and entertainment, cultural, civic, meeting, trade show or convention events or activities, including a stadium, on-site infrastructure, parking garages and lots and related commercial uses within the facility in the County, (ii) promote tourism in the County by transferring monies to the State Tourism Fund, (iii) acquire land or construct, finance, furnish, improve market or promote the use of existing or proposed professional baseball training facilities located in the County, and (iv) acquire land or construct, finance, furnish, maintain, improve, operate, market or promote the use of community youth and amateur sports facilities, recreational facilities and other community facilities or programs in the County.

Pursuant to the Act, the Authority is required, on or before June 30 of each year, to hold a public hearing and thereafter adopt a budget for the following fiscal year of the Authority which commences on July 1 and ends on June 30 (such period, a "Fiscal Year"). The Act further requires an annual audit of the Authority's funds, accounts and subaccounts by an independent certified public accountant and a performance audit by the Office of the Arizona Auditor General, beginning not later than 2004 and every fifth year thereafter. To date, the Authority has received annual audit reports for Fiscal Years 2001 through 2011, accompanied by customary auditor's opinion letters, containing no qualifications. The Arizona Auditor General issued a report of its first performance audit of the Authority in March 2004, a second performance audit of the Authority in March 2009 and a special audit of the Authority completed in December 2010. The special audit found no financially material issues and that all recommendations have been implemented and are being practiced. The Arizona Auditor General is scheduled to perform another performance audit in May 2012.

Board of Directors

The Authority is governed by a Board of Directors (the “Board”), which consists of nine members who must be County residents and are appointed to staggered five-year terms. Five Board members are appointed by the Governor of the State, no more than three of whom may be members of the same political party and at least four of whom must represent each of the tourism industry, the County's hotel and motel industry, youth sports organizations and major league baseball spring training organizations, respectively. In addition, two members are appointed by the Speaker of the State House of Representatives from different political parties and two are appointed by the President of the State Senate from different political parties.

Professional Staff

The Act provides that the Board shall employ an Executive Director who is responsible for managing, administering and supervising the Authority's activities. The Executive Director's responsibilities include (i) employing a Treasurer and administrative and clerical staff for the Authority, (ii) recommending the employment of, and directing the activities of, the Authority's consultants, and (iii) negotiating and performing the Authority's contracts, including contracts relating to the construction and use of the Multipurpose Facility.

In June 2008, Tom Sadler, President and Chief Executive Officer, became the Authority's second Executive Director. Presently, the Authority's senior staff also includes Kevin Daniels, Chief Financial Officer. The Authority will add other staff positions as needed, while also utilizing various consultants to assist it in the performance of its activities.

Tom Sadler joined the Authority as President and Chief Executive Officer in 2008. Prior to working for the Authority, Mr. Sadler lead Global Entertainment Inc.'s (Phoenix, AZ) Management and Marketing Divisions as President for nearly three years. Mr. Sadler's career also includes experience in intercollegiate athletics administration for 23 years, starting at Arizona State University (“ASU”), where he finished his tenure as Assistant Athletic Director for Stadium Management. After his 20 years at ASU, Mr. Sadler became the Associate Athletic Director for Administration at the University of Hawaii, where he worked for two and a half years.

Mr. Sadler holds a Bachelors Degree in Psychology from Aquinas College in Grand Rapids Michigan and a Masters in Public Administration from ASU.

Kevin Daniels, Chief Financial Officer of the Authority, has more than 25 years of professional finance and accounting experience. For more than 18 years, Mr. Daniels held progressively more responsible positions at Intel Corporation in Finance and Accounting. Those positions included: Controller for the Technology Development Division, manager of an organization within Corporate Purchasing and Senior Operational Group Manager within Corporate Information Technology.

Prior to working at Intel, Mr. Daniels worked at the Maricopa County Finance Department and with McAuto Systems Group, a wholly-owned subsidiary of McDonnell Douglas. Just prior to joining the AZSTA Staff as the Chief Financial Officer, Mr. Daniels was consulting with multiple small to medium capitalized companies with a focus on executing financial work-outs due to the economic down-turn.

Mr. Daniels earned his undergraduate degree in Accountancy from Arizona State University. He earned summa cum laude with honors during his tenure in the Executive MBA Program at the W.P. Carey School of Business at Arizona State University.

Mr. Daniel's responsibilities within the Authority are to serve as its designated fiscal agent, to ensure the accurate and full accounting for and reporting of financial results, to manage its human resources and information technology needs, to provide for an adequate system of internal operational and financial controls, to coordinate the required financial and performance audits and reviews with outside agencies/organizations, to manage the treasury function including the sale and use of bond proceeds, and to ensure complete compliance with all statutory requirements with respect to revenues and their distributions.

Other Activities and Financial Commitments of the Authority

In addition to the Authority's commitment to pay costs related to the acquisition and construction of the Multipurpose Facility, as described under "THE MULTIPURPOSE FACILITY" and to pay debt service on the Senior Bonds, including the 2012A Bonds, and Subordinate Bonds, as described under "SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS," the Authority has additional statutory responsibilities and financial commitments, some of which are summarized below. The Authority is to fulfill these financial commitments in the form of monthly distributions from specified sources as set forth in statute. Such distributions are made to each of the required funds or purposes, to the extent monthly receipts of Tourism Tax Revenues are available. In months when Tourism Tax Revenues are not sufficient to make the statutory distributions, certain funds and purposes (including the Operating Account of the Authority), in order of priority, may not receive full or any distributions for such month. The Authority is not required to make up any deficits, other than for debt service, from excess revenues in subsequent months.

Tourism Promotion. The Authority is required under the Act to distribute specified amounts each month to the State Tourism Fund for promoting tourism within the County ("Tourism Promotion"). Specifically, after completing monthly distributions of amounts in the Tourism Revenue Clearing Account to the Senior Bond Debt Service Subaccount as described under "SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS—Application of Pledged Revenues," the Trustee is required by the Indenture to make monthly transfers from such Account to the State Tourism Fund established pursuant to A.R.S. Section 41-2306. The amount to be transferred is equal to 1/12th of \$4,000,000 during the first 12-month period, which began in June 2001, increased in each subsequent 12-month period by an additional 5.00% over the preceding 12-months' distribution. During Fiscal Year 2003 only, as a result of action by the State Legislature, the monthly amount transferred to the State Tourism Fund was reduced to 1/12th of \$2,000,000, and the remaining amount scheduled to be so transferred in that year instead was transferred to the State's General Fund.

Cactus League Promotion. The Authority has been given the responsibilities in the Act to construct, finance, furnish, improve, market or promote professional baseball spring training facilities within the County ("Cactus League Promotion"). The Act contains a requirement that each Authority-funded project include a minimum contribution from the county or municipality where the project is located or any other private party equal to at least one-third of the project costs. After completing monthly distributions of amounts in the Tourism Revenue Clearing Account to the Senior Bond Debt Service Subaccount and to the State Tourism Fund, the Trustee is required by the Indenture to make monthly deposits from such Account into the Subordinate Bond Debt Service Subaccount (to the extent necessary to pay debt service on outstanding Subordinate Bonds) and, to the extent not so needed, into the Cactus League Promotion Account, which produce annual amounts of \$3,000,000 for the first 12-month period, which began in June 2001, gradually increased over an approximately 30-year period pursuant to a statutory schedule to annual amounts of \$11,000,000. Amounts in the Cactus League Promotion Account must be used for Cactus League Purposes as noted above.

Youth and Amateur Sports Promotion. The Authority has also been given the responsibilities under the Act to construct, finance, furnish, maintain, improve, operate, market, or promote the use of community youth and amateur sports facilities within the County ("Youth and Amateur Sports Promotion"). The Act contains a requirement that each Authority-funded project include a minimum contribution from the county, municipality or school district where the project is located, or from any other party, equal to at least one-third of the project costs. After completing monthly distributions of amounts in the Tourism Revenue Clearing Account to the Senior Bond Debt Service Subaccount, the State Tourism Fund, the Subordinate Bond Debt Service Subaccount and the Cactus League Promotion Account, the Trustee is required by the Indenture to make monthly transfers from such Account to the Youth and Amateur Sports Facilities Subaccount. The amount to be transferred is equal to 1/12th of \$1,000,000 during the first 12-month period, which began in June 2001, increased in each subsequent 12-month period by an additional \$100,000 over the preceding 12-months' distribution. In addition, after completing monthly distributions of amounts in the Tourism Revenue Clearing Account to the Operating General Subaccount of the Operating Account equal to 1/12th of the Authority's adopted budget for the current fiscal year, as described in the next succeeding paragraph, the Trustee is required in the Indenture to also make monthly transfers to the Youth and Amateur Sports Reserve Subaccount of an amount equal to the amount required by the Act to be distributed to the Youth and Amateur Sports Facilities Subaccount during the preceding fiscal year, less any amount then on deposit in the Youth and Amateur Sports Reserve Subaccount. Amounts in the Youth and Amateur Sports Facilities

Subaccount and the Youth and Amateur Sports Reserve Subaccount must be used for the prescribed youth and amateur sports purposes.

Operating Account. The Authority is required under the Act to maintain an Operating Account consisting of monies transmitted to such Account from the Tourism Revenue Clearing Account and the Facility Revenue Clearing Subaccount. After completing monthly distributions of amounts in the Tourism Revenue Clearing Account to the Senior Bond Debt Service Subaccount, the State Tourism Fund, the Subordinate Bond Debt Service Subaccount, the Cactus League Promotion Account, the Youth and Amateur Sports Facilities Subaccount, the Operating General Subaccount described in the preceding paragraph and the Youth and Amateur Sports Reserve Subaccount, the Trustee is required by the Indenture to deposit any monies remaining in such Account to the Operating General Subaccount of the Operating Account. After completing monthly distributions of amounts in the Facility Revenue Clearing Subaccount Held by the Trustee, to the Senior Bond Debt Service Subaccount and the Subordinate Bond Debt Service Subaccount for the payment of debt service on Senior Bonds and Subordinate Bonds, the Trustee is required by the Indenture to deposit any monies remaining in such Subaccount to the Operating General Subaccount of the Operating Account. In addition, all Facility Income Tax Revenues Not Pledged (as defined herein) are deposited into the Facility Revenue Clearing Account Held by the Authority and, on the second Tuesday of each month, all amounts in such Account are transferred to the Operating Current Expense Subaccount of the Operating Account.

Under the Act and the Indenture, the Authority may expend monies in the Operating Account for any of the following purposes (except that amounts in the Operating Current Expense Subaccount will not be used for payment of debt service on Senior Bonds or Subordinate Bonds, or transferred to the Debt Service Account):

1. Operating, marketing, promoting, furnishing and equipping the Multipurpose Facility; and
2. Paying all costs associated with the Authority's administrative duties.

The Act further requires that the Authority establish within the Operating Account: (i) 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 (ii) a reserve for repair and replacement costs associated with the Multipurpose Facility in an amount at least equal to \$25,000,000, adjusted for inflation after 2001.

The foregoing commitments are in addition to the Authority's obligations to pay costs related to the acquisition and construction of the Multipurpose Facility, as described under "THE MULTIPURPOSE FACILITY" and to pay debt service on the Senior Bonds, including the 2012A Bonds, and the Subordinate Bonds, as described under "SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS." The amounts and priorities of the Authority's commitments with respect to Tourism Promotion, Cactus League Promotion and Youth and Amateur Sports Promotion, are mandated by statute, are not subject to reallocation by the Authority and, together with amounts required for the payment of debt service on the Senior Bonds, including the 2012A Bonds, and the Subordinate Bonds, will reduce the amount of monies available to the Authority for its operations and for maintenance, marketing, insuring or improvement of the Multipurpose Facility. Moreover, the Authority is only able to estimate future revenues, including Pledged Revenues, and future expenses, including those associated with the Multipurpose Facility, and either lower-than-estimated revenues or higher-than-estimated expenses, or both, in the future could prevent the Authority from receiving sufficient funds to meet all of its statutory and contractual commitments, pay its administrative expenses and operate, market, maintain or improve the Multipurpose Facility in a manner necessary to produce significant Multipurpose Facility Revenues. See "RISK FACTORS — Adequacy of Cash Flow to Fund All of Authority's Statutory Purposes" herein.

THE 2012A BONDS

General Description

The 2012A Bonds will mature, subject to the redemption provisions described below, on July 1 of the years and in the amounts set forth on the inside cover page hereof. The 2012A Bonds will be dated as of, and bear interest from, the date of initial delivery.

As described in Appendix D – “BOOK-ENTRY-ONLY SYSTEM,” the Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2012A Bonds. Beneficial ownership interests in the 2012A Bonds, in amounts of \$5,000 of principal due on a specific maturity date or any integral multiple thereof will be available in Book-Entry-Only form. The 2012A Bonds will be registered in the name of Cede & Co., as registered Owner and nominee of DTC. So long as Cede & Co. is the registered Owner of the 2012A Bonds, as nominee for DTC, references herein to “Owners” or registered owners of the 2012A Bonds (other than under the caption “TAX MATTERS”) shall mean Cede & Co., as aforesaid, and shall not mean the owners of book-entry interests in the 2012A Bonds (“Beneficial Owners”). When notices are given under the Indenture, they shall be sent by the Authority or the Trustee to DTC only. When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes.

The 2012A Bonds will bear interest at the rates set forth on the inside front cover page hereof, payable on January 1 and July 1 of each year (each such date is referred to herein as an “Interest Payment Date”), commencing January 1, 2013. Except while the 2012A Bonds are under the Book-Entry-Only System as described in the preceding paragraph, interest on the 2012A Bonds will be payable by check or draft mailed on the Interest Payment Date by the Trustee to the Owners thereof as shown on its registration books, at the address appearing therein, at the close of business of the Trustee on June 15 and November 15 of each year (the “Regular Record Date”); provided, however, that interest and principal may be payable by wire transfer to securities depositories or to a bank account in the United States specified by an Owner of \$1,000,000 or more in principal amount of 2012A Bonds, at such Owner's expense and upon request delivered to the Trustee prior to a Regular Record Date.

Redemption Provisions

Optional Redemption. The 2012A Bonds maturing on or prior to July 1, 2022 are not subject to optional redemption prior to maturity. The 2012A Bonds maturing on and after July 1, 2023 are subject to optional redemption prior to maturity, at the option of the Authority, in whole or in part at any time on or after July 1, 2022, in increments of \$5,000 and from such maturities as the Authority may determine and by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, without premium, plus interest accrued and unpaid, if any, to the redemption date.

Mandatory Redemption. The 2012A Bonds maturing on July 1, 2036 (the “2012A Term Bonds”) are subject to mandatory sinking fund redemption in part by lot in increments of \$5,000 on July 1 in the years and in the principal amounts set forth below, at a redemption price equal to the principal amount thereof plus the accrued interest to the date of redemption, without premium, as follows:

2012A Term Bond Due July 1, 2036

<u>Year</u>	<u>Principal Amount</u>
2033	\$4,630,000
2034	4,765,000
2035	4,905,000
2036 (maturity)	5,050,000

Whenever 2012A Term Bonds are purchased, redeemed (other than by mandatory sinking fund redemption) or are delivered by the Authority to the Trustee for cancellation, the principal amount of the

2012A Term Bonds so retired will satisfy and be credited against the mandatory sinking fund requirements in any order specified by the Authority.

Notice of Redemption. The Trustee shall give notice by mail of the redemption of the 2012A Bonds, not less than 30 days or more than 60 days prior to the redemption date to the registered Owners (Cede & Co., so long as the Book-Entry-Only System is in effect) of any 2012A Bonds or portions thereof to be redeemed at their last address appearing on the bond register of the Trustee. Such notice shall specify the maturities of the 2012A Bonds to be redeemed, the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable and, if less than all of the 2012A Bonds of like maturity are to be redeemed, the particular 2012A Bonds or portions thereof to be redeemed. No defect affecting redemption of any 2012A Bond, whether in the notice of redemption or the delivery thereof (including any failure to mail or transmit such notice), shall affect the validity of the redemption proceedings for any other 2012A Bond. The Trustee is not required to have received monies sufficient to pay the redemption price as a condition of giving notice of redemption.

If on the redemption date, money for the redemption of the 2012A Bonds or portions thereof to be redeemed, together with accrued interest thereon to the redemption date, is held by the Trustee and is available to pay the redemption price of the 2012A Bonds or portions thereof to be redeemed on the redemption date, and if notice of redemption has been given as described in the preceding paragraph, then, from and after the redemption date, interest on the 2012A Bonds or portions thereof so called for redemption shall cease to accrue.

Conditional Redemption. A notice of optional redemption may state (1) that it is conditioned upon the deposit of monies with the Trustee sufficient to pay the redemption price no later than the redemption date, or (2) that the Authority retains the right to rescind the redemption notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"). The notice and redemption will be of no effect if such monies are not so deposited or if the notice is rescinded. Any Conditional Redemption may be rescinded by the Authority in whole or in part at any time prior to the fifth business day prior to the redemption date. The Trustee is to give prompt notice of such rescission to the affected Owners of 2012A Bonds. Any 2012A Bonds subject to Conditional Redemption where the redemption has been rescinded or monies are not provided shall remain Outstanding, and the rescission or failure to provide monies will not constitute an Event of Default under the Indenture. The Trustee is to give immediate notice to the affected Owners of 2012A Bonds that the redemption did not occur and that the 2012A Bonds called for redemption and not so paid remain Outstanding.

Defeasance

If the Authority pays or causes to be paid, or there is otherwise paid, to the Owners of all outstanding 2012A Bonds or 2012A Bonds of a particular maturity or a particular 2012A Bond within a maturity, the debt service due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such 2012A Bonds will cease to be entitled to any lien, benefit or security under the Indenture, and all covenants, agreements and obligations of the Authority to the Owners of such 2012A Bonds will thereupon cease, terminate and become void and be discharged and satisfied.

Subject to the provisions of the Indenture, any outstanding 2012A Bonds will be deemed to have been paid within the meaning and with the effect expressed in the foregoing paragraph if there has been deposited with the Trustee either money in an amount which will be sufficient, or certain Defeasance Obligations as prescribed in the Indenture, the principal of and the interest on which, when due, will provide money which, together with the money, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on such 2012A Bonds to maturity or prior redemption. For a description of the Defeasance Obligations in which such funds may be invested, see Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Providing for Payment of Bonds."

Registered Owner

As stated above, the 2012A Bonds will be issued in fully registered form and will be registered in the name of Cede & Co in the Book-Entry-Only System. The Authority and the Trustee may deem and treat the person in whose name any 2012A Bond is registered upon the books of the Trustee as the absolute owner thereof, whether such 2012A Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and

the premium, if any, and the interest on the 2012A Bond and for all other purposes; and all such payments will be valid and effectual to satisfy and discharge the liability upon such 2012A Bond to the extent of the sums so paid, and none of the Authority or the Trustee will be affected by any notice to the contrary.

SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS

General

Payments of debt service on the 2012A Bonds and all other Senior Bonds are payable from and secured solely by Pledged Revenues, which the Authority is authorized to collect and pledge under the Act and which have in the Indenture been pledged to the payment of the Authority's bonds and other obligations, including the 2012A Bonds, as more fully described below. The pledge of Pledged Revenues for the payment of debt service on the 2012A Bonds and other Senior Bonds constitutes a first lien on Pledged Revenues and other monies held under the Indenture to the payment of debt service on Senior Bonds. Pledged Revenues consist generally of a car rental surcharge and a lodging excise tax imposed within the County through February 2031, amounts distributed to the Authority based upon certain State income tax payments and other tax-derived and user revenues derived from or with respect to the Multipurpose Facility.

The future production and availability of Pledged Revenues for the payment of debt service on the Senior Bonds, including the 2012A Bonds, and Subordinate Bonds, and the distribution of Pledged Revenues to the Authority and the Trustee will be dependent upon, or will be affected by, numerous factors, including, without limitation: the Authority's ability to successfully market, operate and maintain the Multipurpose Facility and to generate sufficient revenues from the operation of the Multipurpose Facility; future economic growth nationally and within the County and the State, particularly growth in business and recreational travel; the continued presence and the economic success of the Team at the Multipurpose Facility; and continuous use of the Multipurpose Facility by the Team, the Fiesta Bowl and other users. Not all of such factors are presently foreseeable and a significant number of these factors will be beyond the control of the Authority or will be dependent upon the future performance by other parties of contractual undertakings or payments pursuant to existing agreements. For a discussion of certain of these factors, see "THE MULTIPURPOSE FACILITY," "SOURCES OF PLEDGED REVENUES" and "RISK FACTORS" herein. In addition, for information relating to judicially imposed limitations preventing the pledge of certain Facility Income Tax Revenues made available under the Act, see "SOURCES OF PLEDGED REVENUES — Facility Income Tax Revenues" and "RISK FACTORS" herein.

Under the Indenture, Pledged Revenues securing the payment of debt service on the Senior Bonds, including the 2012A Bonds, are deposited into the Senior Bond Debt Service Subaccount established under the Indenture. In the event that amounts in the Senior Bond Debt Service Subaccount are insufficient to pay debt service on the Senior Bonds, amounts in the Senior Bond Proceeds Subaccount and the Operating General Subaccount of the Operating Account (both, together with the Senior Bond Debt Service Subaccount, the "Senior Bond Pledged Accounts") will also be used to pay debt service on the Senior Bonds, as described below under "Application of Pledged Revenues."

Special Obligations

The 2012A Bonds are special obligations of the Authority and are payable solely from the sources specified in the Indenture.

The Senior Bonds, including the 2012A Bonds, are not obligations, general, special or otherwise, of the State, the County, Glendale or any entity other than the Authority, do not constitute a legal debt of the State, the County, Glendale or any entity other than the Authority and are not enforceable against the Authority out of any funds other than Pledged Revenues as provided in the Indenture.

Description of Pledged Revenues

Under the Indenture, the Pledged Revenues consist of the (i) the Tourism Tax Revenues imposed through February 2031, (ii) the Facility Tax Revenues, (iii) the Other Authority Revenues, each as hereinafter described, and (iv) investment earnings on all Pledged Accounts established under the Indenture. For a discussion of the sources of each component of the Pledged Revenues, see "SOURCES OF PLEDGED REVENUES" herein.

Tourism Tax Revenues. The Tourism Tax Revenues are comprised of the revenues from a car rental surcharge (the "Car Rental Surcharge") and a lodging (hotel/motel) tax (the "Hotel Tax"), each levied within the County as approved by the electors of the County voting at an election held on November 7, 2000. The levy of both the Car Rental Surcharge and the Hotel Tax commenced on March 1, 2001 and will be imposed for 360 months (30 years) thereafter through February 2031. Because of the payment and processing delays between the dates of monthly collection of the Car Rental Surcharge and the Hotel Tax revenues by the Arizona Department of Revenue and the dates of receipt of such revenues by the Authority, as described below, the Authority received its first Car Rental Surcharge and Hotel Tax revenues in May 2001 and expects to continue receiving such revenues through April 2031.

See "RISK FACTORS-Pending Litigation Challenging Imposition of Car Rental Surcharge and Hotel Tax" and "LITIGATION-Litigation Challenging Tourism Taxes" herein regarding (i) pending litigation challenging the imposition of taxes the revenues from which are pledged to payment of bonds issued pursuant to the Indenture, including the 2012A Bonds, and (ii) additional administrative class claims which were not included in the Preliminary Official Statement and about which the Authority learned the day after the 2012A Bonds were sold on May 9, 2012.

The Car Rental Surcharge is imposed upon the business of leasing or renting for less than one year motor vehicles for hire without a driver that are primarily intended to carry not more than 14 passengers in the County. In general, the Car Rental Surcharge is imposed at the rate of (i) 3.25% of the gross proceeds or gross income from the business or (ii) \$2.50 on each lease or rental, whichever is more. The Authority does not receive all of the revenues from the Car Rental Surcharge. The Act requires that each month the State Treasurer first pay from such revenues an amount equal to \$2.50 on each rental transaction to the Maricopa County Stadium District, a political subdivision (the "District"), and the remainder to the Authority. In the case of transactions with a person who leases or rents the motor vehicle as a "temporary replacement vehicle," the rate of the surcharge is limited to the \$2.50 on each lease or rental payable to the District. For this purpose, "temporary replacement vehicle" means a vehicle loaned by a motor vehicle repair facility or dealer or rented by a person temporarily to use while the vehicle that it is replacing is not in use because of breakdown, repair, service, damage or loss. The Car Rental Surcharge does not apply to the lease or rental of a motor vehicle to an automobile dealership, a repair facility, an insurance company or any other person that provides that vehicle at no charge to a person whose own motor vehicle is being repaired, adjusted or serviced.

The Authority and the District entered into an Intergovernmental Agreement on October 22, 2003, whereby the District assigned to the Authority the District's right to receive its portion of the Car Rental Surcharge Revenues, with those revenues restricted to being used for Cactus League expenditures that the District would have legal authority to make. The District's legal authority for expenditures are similar but not identical to the Cactus League Purposes. The assignment is subject to and junior and subordinate to the pledge of those revenues to secure the District's bonds. The revenues received by the Authority are therefore expected to be minimal until such time as the District's bonds are retired. The final maturity date for those bonds is currently June 1, 2019, although the Intergovernmental Agreement permits the District to issue additional bonds and refunding bonds under certain circumstances. When all District bonds are retired, the Authority will begin to receive the entire \$2.50 surcharge previously received by the District. The Intergovernmental Agreement requires the Authority to keep those monies separate and apart from other monies of the Authority and that those monies be used solely for Cactus League expenditures that the District would legally be authorized to make. Those monies will therefore not be available for debt service on Bonds, including the 2012A Bonds.

The Hotel Tax is imposed upon the business of providing lodging for less than 30 consecutive days in the County at a rate equal to 1.00% of the gross proceeds of sales or gross income derived from the business. The Hotel Tax is imposed in addition to a similar tax already imposed by the State and any such tax imposed by any city or town within the County.

Both the Car Rental Surcharge and the Hotel Tax are collected by the Arizona Department of Revenue with receipts held by the State Treasurer, pending monthly distributions in accordance with the Act. Amounts are collected by the Arizona Department of Revenue on the 20th day of each month for amounts owed in the preceding month. There is a grace period that extends through the working day prior to the last business day of the month or mailed transmittals postmarked no later than the 25th day of the month. Upon collection by the Arizona Department of Revenue, the tax revenues are deposited with the State Treasurer on a daily basis. The State Treasurer distributes the receipts to the Authority, following the close of business for the month of deposit. The State Treasurer commenced distributions of Car Rental Surcharge and Hotel Tax revenues to the Authority on May 22, 2001.

Facility Tax Revenues. The Facility Tax Revenues, which are part of the Pledged Revenues, are comprised of the revenues from (i) amounts equal to the State's base transaction privilege tax (currently 5.00%) collected with respect to any retail, amusement, restaurant and event-related activities at the Multipurpose Facility (the "Multipurpose Facility Sales Tax Revenues"), and (ii) amounts specified in the Act related to the State income taxes paid by professional football franchise organizations domiciled in the State (presently, only the Team) and by resident and nonresident employees of such organizations and their spouses, but only to the extent such State income tax payments are related to professional football activities (the "Football Related Team Income Taxes").

Prior to July 1, 2007, the Act provided for the distribution of State income taxes (the "Facility Income Tax Revenues") to the Authority comprised of the greater of (i) certain minimum amounts from State tax collections (the "Minimum Income Taxes") and (ii) the sum of (A) the Football Related Team Income Taxes and (B) amounts related to State income taxes paid by professional football franchise organizations domiciled in the State and by resident and nonresident employees of such organizations and their spouses which were not related to professional football activities (the "Non-Football Related Team Income Taxes" and, together with the Football Related Team Income Taxes, the "Team Income Taxes"). From July 2001 until July 1, 2007, the monthly distributions of Facility Income Tax Revenues to the Authority were the greater of (A) 1/12th of the amount reported by the Arizona Department of Revenue as the State income taxes paid by the Team and by resident and nonresident employees of the Team and their spouses (i.e., the Team Income Taxes) or (B) \$292,000 for the first 12-month period (July 1, 2001 to June 30, 2002), increasing in each subsequent 12-month period by an additional 8% over the prior 12-month distribution (i.e., the Minimum Income Taxes).

The State Legislature amended the Act, effective July 1, 2007, to remove the Minimum Income Taxes prong from the calculation of Facility Income Tax Revenues to be distributed to the Authority. Consequently, beginning July 1, 2007, the monthly distributions of Facility Income Tax Revenues to the Authority have been, and will continue to be, equal to the Team Income Taxes.

An opinion by the Arizona Court of Appeals held that, under the State Constitution, only that portion of the Facility Income Tax Revenues constituting Football Related Team Income Taxes (the "Facility Income Tax Revenues Pledged") may be pledged by the Authority to the payment of its bonds and other obligations, including the 2012A Bonds. The court opinion did not purport to alter the distribution to the Authority of that portion of the Facility Income Tax Revenues constituting Non-Football Related Team Income Taxes and (prior to the July 1, 2007 amendment of the Act) Minimum Income Taxes in excess of the Team Income Taxes (collectively, the "Facility Income Tax Revenues Not Pledged") and such amounts continue to be distributed to the Authority. Consequently, the Indenture requires that the Authority use its best efforts to identify the Facility Income Tax Revenues Not Pledged and provides for direct distribution of such revenues to the Authority for deposit into the Facility Revenue Clearing Subaccount Held by the Authority, which subaccount is not a part of the Senior Bond Trust Estate or the Subordinate Bond Trust Estate.

Prior to amendment of the Act and in accordance with the Court of Appeals opinion and the Indenture, the Authority identified the Minimum Income Taxes it received in excess of the Team Income Taxes as Facility Income Tax Revenues Not Pledged. However, neither the Arizona Department of Revenue nor the Team provide the Authority with any type of detailed information regarding the State income taxes of the Team or its employees or their spouses that would provide a basis upon which the Authority could determine how much of the Team Income Taxes are Football Related Team Income Taxes or Non-Football Related Team Income Taxes. Consequently, the Authority has no way to determine what portion of the Team Income Taxes it receives are Facility Income Tax Revenues Pledged or Facility Income Tax Revenues Not Pledged. The Authority believes that the amount of Non-Football Related Team Income Taxes is de minimis, however. Consequently, the Authority treats all of the Team

Income Taxes as part of the “Facility Income Taxes Pledged.” Nevertheless, to the extent that Non-Football Related Team Income Taxes are paid to the Trustee, whether through imprecise estimation, erroneous calculation or otherwise, the Indenture provides that such amounts do not constitute a part of the Senior Bond Trust Estate or the Subordinate Bond Trust Estate. See “Application of Pledged Revenues” below. In addition, because the Non-Football Related Team Income Taxes are not pledged by the Authority to the payment of its bonds and other obligations, those sources of funds are subject to being reduced or eliminated by future action of the State Legislature. See “SOURCES OF PLEDGED REVENUES — Facility Income Tax Revenues — *Judicial Limitations Imposed on the Pledge of Facility Income Tax Revenues.*”

The Act requires the Arizona Department of Revenue to report monthly to the State Treasurer on the amount of the Multipurpose Facility Sales Tax Revenues and the Facility Income Tax Revenues and requires the State Treasurer to make monthly distributions to the Authority.

Although the Act provides that the State Treasurer is to pay all of the Tourism Tax Revenues and the Facility Tax Revenues to the Authority, the Authority has given irrevocable instructions, accepted by the State Treasurer, to pay all such revenues (other than the Facility Income Tax Revenues Not Pledged) directly to the Trustee so long as any Senior Bonds or Subordinate Bonds are Outstanding.

Other Authority Revenues. Other Authority Revenues includes all payments received by the Authority from leasing, subleasing or renting property owned, leased or controlled by the Authority; revenues received by the Authority from admissions, concessions and other proceeds from events held at the Multipurpose Facility; gifts, grants and donations received for operating purposes from any public or private source; proceeds from the sale of any of the Authority's property; and other present or future financial participation for operating costs received by the Authority. Such revenues include amounts received by the Authority pursuant to the use agreements with the Team and the Fiesta Bowl, amounts received from Glendale pursuant to the hereinafter-described Memorandum of Agreement among Glendale, the Authority and the Team, as well as receipts from various convention, entertainment and meeting events at the Multipurpose Facility and from food service, beverage, retail and advertising activities. Under the terms of use agreements, amounts to be received by the Authority from the Team, the Fiesta Bowl and Glendale are limited as to source and/or amount. See "SOURCES OF PLEDGED REVENUES—Multipurpose Facilities Revenues" herein. Likewise, the Authority is only able to make estimates of amounts to be received by the Authority under such agreements and from other uses of the Multipurpose Facility. Such estimated figures are subject to change and the effect could be significant and materially adverse. See "RISK FACTORS" herein.

Application of Pledged Revenues

Establishment of Funds and Accounts. Pursuant to the Act and the Indenture, the Authority has caused the Trustee to establish the following accounts and subaccounts of the Authority's General Fund, which are held by the Trustee:

- (1) The Construction Account, comprised of the Senior Bond Proceeds Subaccount, containing monies to be used to construct the Multipurpose Facility;
- (2) The Tourism Revenue Clearing Account;
- (3) The Facility Revenue Clearing Subaccount Held by the Trustee, which is a subaccount of the Facility Revenue Clearing Account;
- (4) The Debt Service Account, comprised of (A) the Senior Bond Debt Service Subaccount, which will be divided into a 2003A Debt Service Subaccount, a 2007A Debt Service Subaccount and a 2012A Debt Service Subaccount, (B) the Subordinate Bond Debt Service Subaccount, and (C) the Subordinate Bond Reserve Subaccount; and
- (5) The Cactus League Promotion Account, comprised of (A) the Subordinate Bond Proceeds Subaccount and (B) the Cactus League General Subaccount.

In addition, Pledged Revenues may be deposited into the following funds and accounts that are not required to be held by the Trustee:

- (6) The Operating General Subaccount of the Operating Account, established under the Act,

- (7) The Youth and Amateur Sports Facilities Account, comprised of (A) the Youth and Amateur Sports Facilities Subaccount and (B) the Youth and Amateur Sports Facilities Reserve Subaccount, established under the Act; and
- (8) The Tourism Fund, established under prior law.

For a discussion of the uses of the foregoing accounts and subaccounts, see "Appendix B—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." In addition, the Indenture establishes the Facility Revenue Clearing Subaccount Held by the Authority, which constitutes a subaccount within the Facility Revenue Clearing Account, but which is not held by the Trustee and does not contain Pledged Revenues, and the Operating Current Expense Subaccount, which constitutes a subaccount within the Operating Account, which is not held by the Trustee and does not contain Pledged Revenues.

Deposit and Flow of Pledged Revenues. The Indenture requires that all Tourism Tax Revenues received will be transferred to the Trustee for deposit into the Tourism Revenue Clearing Account. The Indenture further requires that all Facility Income Tax Revenues Pledged, all Multipurpose Facility Sales Tax Revenues and all Other Authority Revenues received will be transferred to the Trustee for deposit into the Facility Revenue Clearing Subaccount Held by the Trustee. Amounts deposited into the Tourism Revenue Clearing Account and the Facility Revenue Clearing Subaccount Held by the Trustee are to be applied as described below and under "FLOW OF PLEDGED REVENUES" herein.

In addition, the Indenture requires that the Authority use its best efforts to estimate, based on information available to it, the amount of each distribution by the State Treasurer of Facility Income Tax Revenues that constitute Facility Income Tax Revenues Not Pledged and to cause such amounts to be distributed directly to the Authority for deposit into the Facility Revenue Clearing Subaccount Held by the Authority. Starting with Fiscal Year 2007-08, upon termination of the minimum distributions directed under prior statute, the Authority established the position that all Facility Income Tax Revenues received from the State constitute Facility Income Tax Revenues Pledged as described under "Description of Pledged Revenues — *Facility Tax Revenues*" above. On the second Tuesday of each month, all amounts in the Facility Revenue Clearing Subaccount Held by the Authority are transferred to the Operating Current Expense Subaccount of the Operating Account for the purposes for which monies in the Operating Account may lawfully be spent, other than payment of debt service on Senior Bonds or Subordinate Bonds, or transfer to the Debt Service Account.

On the second Tuesday of each month, the Indenture requires the Trustee to distribute all monies in the Tourism Revenue Clearing Account and the Facility Revenue Clearing Subaccount Held by the Trustee as follows and in the following order of priority, subject to adjustment as provided under "Certain Adjustments Permitted" and "Swap Agreements" below.

(1) From the Tourism Revenue Clearing Account to the Senior Bond Debt Service Subaccount an amount equal to the monthly amount specified in a schedule from the Authority to be so distributed that month pursuant to A.R.S. Section 5-835.B.1 (being an amount equal to 1/12th of the annual debt service on bonds and other obligations issued by the Authority for not more than \$165.5 million of capital costs associated with the Multipurpose Facility plus certain investment earnings amortized over a 30-year repayment term), plus all amounts necessary to make up deficiencies in such distributions from earlier months.

(2) From the Facility Revenue Clearing Subaccount Held by the Trustee to the Senior Bond Debt Service Subaccount an amount equal to the Monthly Debt Service Amount (as defined below) for Outstanding Senior Bonds, net of deposits being made that day to the Senior Bond Debt Service Subaccount from the Tourism Revenue Clearing Account pursuant to (1) above, plus any amounts necessary to make up deficiencies in deposits to the Senior Bond Debt Service Subaccount from earlier months.

(3) From the Tourism Revenue Clearing Account to the Senior Bond Debt Service Subaccount an amount equal to the Monthly Debt Service Amount for Outstanding Senior Bonds, net of deposits being made that day to the Senior Bond Debt Service Subaccount from the Tourism Revenue Clearing Account pursuant to (1) above and from the Facility Revenue Clearing Subaccount Held by the Trustee pursuant to (2) above, plus any amounts necessary to make up deficiencies in deposits to the Senior Bond Debt Service Subaccount from earlier months.

(4) After completing distributions pursuant to (1) through (3), from the Tourism Revenue Clearing Account to the Tourism Fund established pursuant to A.R.S. Section 41-2306, an amount equal to the monthly amount specified in a schedule from the Authority to be so distributed that month pursuant to A.R.S. Section 5-835.B.2 (which, except only for fiscal year 2002-03, constitutes 1/12th of \$4,000,000 during the first 12-month period, which began in June 2001, increased in each subsequent 12-month period by an additional 5.00% over the preceding 12 months' distribution).

(5) After completing distributions pursuant to (1) through (4), from the Tourism Revenue Clearing Account to the Subordinate Bond Debt Service Subaccount the lesser of (A) an amount equal to the Monthly Debt Service Amount for Outstanding Subordinate Bonds, plus any amounts necessary to make up deficiencies in deposits to the Subordinate Bond Debt Service Subaccount from earlier months and (B) the monthly amount specified in a schedule from the Authority to be so distributed that month pursuant to A.R.S. Section 5-835.B.3 (being for each month beginning with the first month in which the Authority distributes Tourism Tax Revenues, which was June 2001): (i) during the first 84 months, \$250,000 per month; (ii) during the 85th through 120th months, \$333,333 per month; (iii) during the 121st through 144th months, \$500,000 per month; (iv) during the 145th through 192nd months, \$583,333 per month; (v) during the 193rd through 240th months, \$666,667 per month; (vi) during the 241st through 288th months, \$750,000 per month; (vii) during the 289th through 312th months, \$833,333 per month; and (viii) during the 313th through 360th months, \$916,667 per month.

(6) After completing distributions pursuant to (1) through (5), from the Facility Revenue Clearing Subaccount Held by the Trustee to the Subordinate Bond Debt Service Subaccount an amount equal to the Monthly Debt Service Amount for Outstanding Subordinate Bonds, net of deposits being made that day to the Subordinate Bond Debt Service Subaccount from the Tourism Revenue Clearing Account pursuant to (5) above, plus any amounts necessary to make up deficiencies in deposits to the Subordinate Bond Debt Service Subaccount from earlier months and to restore amounts from the Subordinate Bond Reserve Subaccount which have been applied to pay Bond Service Charges on Subordinate Bonds.

(7) After completing distributions pursuant to (1) through (6), from the Tourism Revenue Clearing Account to the Subordinate Bond Debt Service Subaccount an amount equal to Monthly Debt Service Amount for Outstanding Subordinate Bonds, net of deposits being made that day to the Subordinate Bond Debt Service Subaccount from the Tourism Revenue Clearing Account Held by the Trustee pursuant to (5) above and from the Facility Revenue Clearing Subaccount Held by the Trustee pursuant to (6) above, plus any amounts necessary to make up deficiencies in deposits to the Subordinate Bond Debt Service Subaccount from earlier months and to restore amounts from the Subordinate Bond Reserve Subaccount which have been applied to pay Bond Service Charges on Subordinate Bonds.

(8) After completing distributions pursuant to (1) through (7), from the Tourism Revenue Clearing Account to the Cactus League Promotion Account an amount equal to the monthly amount to be so distributed that month pursuant to A.R.S. Section 5-835.B.3, less the amount transferred that day from the Tourism Revenue Clearing Account to the Subordinate Bond Debt Service Subaccount pursuant to (5) and (7) above.

(9) After completing distributions pursuant to (1) through (8), from the Tourism Revenue Clearing Account to the Authority for deposit into the Authority's Youth and Amateur Sports Facilities Subaccount an amount equal to the monthly amount to be so distributed that month pursuant to A.R.S. Section 5-835.B.4 (being 1/12th of \$1,000,000 over the first 12 months of distribution (which began in June 2001), increased in each subsequent 12-month period by an additional \$100,000 over the prior 12-months' distribution).

(10) After completing distributions pursuant to (1) through (9), from the Tourism Revenue Clearing Account to the Authority for deposit into the Authority's Operating General Subaccount of the Operating Account an amount equal to the monthly amount to be so distributed that month pursuant to A.R.S. Section 5-835.B.4 (being 1/12th of the Authority's adopted budget for the fiscal year).

(11) After completing distributions pursuant to (1) through (10) from the Tourism Revenue Clearing Account to the Authority for deposit into the Authority's Youth and Amateur Sports Facilities Reserve Account to fund the statutorily required reserve in that account in an amount equal to the monthly amount specified in a schedule accompanying a Certificate of an Authorized Officer of the Authority delivered to the Trustee as being the amount to be so deposited that month pursuant to A.R.S. Section 5-835.B.6 (being the amount required to be

distributed to the Authority's Youth and Amateur Sports Facilities Account during the preceding fiscal year pursuant to A.R.S. Section 5-835.B.4, less any amount then on deposit in the statutorily required reserve).

(12) After completing distributions pursuant to (1) through (11), to the Authority for deposit to the Authority's Operating General Subaccount of the Operating Account any monies remaining in both the Tourism Revenue Clearing Account and the Facility Revenue Clearing Subaccount Held by the Trustee.

"Monthly Debt Service Amount" means the aggregate of (a) during each period of 12 calendar months preceding a date on which Bonds mature or are subject to mandatory redemption, 1/12th of the principal and, if applicable, Accreted Amount to become payable on such date (provided that if principal of a Series of Bonds is payable more frequently than annually, the principal and, if applicable, Accreted Amount shall be accumulated based upon the number of months between the dates on which principal is payable, for example, semiannual payments of principal and, if applicable, Accreted Amount shall be accumulated over the six months preceding the principal payment date at the rate of 1/6th per month) plus (b) the interest which has accrued and will accrue on the Bonds during the current calendar month, and, for Variable Rate Bonds, (1) based on actual interest rates for Rate Periods for which the interest rate has been determined and (2) if one or more new Rate Periods for which the interest rate has not been determined will commence before the last day of the month, based on the maximum rate established for those Variable Rate Bonds for the days in the month for which the actual interest rate is not known. On the second Tuesday of the first subsequent month on which the actual interest rate has been determined for a Rate Period for Variable Rate Bonds for which the maximum rate established for those Variable Rate Bonds was originally used in determining the Monthly Debt Service Amount, the Monthly Debt Service Amount may be reduced by the amount by which interest on those Bonds at the maximum rate established for those Variable Rate Bonds exceeds interest on those Bonds at the actual interest rate for that Rate Period. Each Monthly Debt Service Amount for Senior Bonds and Subordinate Bonds may be reduced by the amount of interest earnings actually received and credited to the Senior Bond Debt Service Subaccount and the Subordinate Bond Debt Service Subaccount, respectively, during the previous calendar month.

Certain Adjustments Permitted. The Authority may, but is not obligated to, direct the Trustee in any month or months (a) to make up deficiencies in deposits from earlier months with respect to distributions pursuant to any of paragraphs (4), (8), (9) and (10) above before making further distributions and (b) to reduce the amount to be deposited to either or both of the Senior Bond Debt Service Subaccount and the Subordinate Bond Debt Service Subaccount pursuant to any of paragraphs (1), (2), (3), (5), (6) and (7) above by an amount equal to amounts voluntarily transferred by the Authority from the Operating General Subaccount of the Operating Account to the Trustee for deposit into the Senior Bond Debt Service Subaccount and the Subordinate Bond Debt Service Subaccount, respectively.

Swap Agreements. Under the Indenture, the Authority may enter into one or more Swap Agreements and provide for the Authority's regularly scheduled payment obligations to be secured by and payable from the Trust Estate. At or before the time the Authority enters into a Swap Agreement, the Authority shall deliver to the Trustee (1) a copy of the Swap Agreement, (2) evidence satisfactory to the Trustee that the long-term credit rating of the counterparty to the Swap Agreement (or the guarantor) is in one of the two highest Rating Categories of at least one Rating Agency and (3) a certificate of an authorized officer stating that the Swap Agreement is being entered into in order to manage interest rate risk with respect to the interest payable on all or a portion of one or more Series of Bonds, and identifying those Bonds to which the Swap Agreement relates.

The Authority's payment obligation pursuant to a Swap Agreement constitutes part of the Bond Service Charges for the Bonds to which the Swap Agreement relates for purposes of the Indenture. At or before the time the Authority enters into a Swap Agreement, the Authority shall direct the Trustee to create, and the Trustee shall create, a subaccount in the Debt Service Account into which amounts payable by the Authority pursuant to the Swap Agreement shall be deposited in the same manner and with the same priority as Bond Service Charges on the Bonds to which the Swap Agreement relates, and amounts in the subaccount shall be used to pay the Authority's payment obligations pursuant to the Swap Agreement.

Senior Bond Pledged Accounts. The Indenture provides that monies and investments in the Senior Bond Debt Service Subaccount shall be used to pay debt service on Senior Bonds as the same becomes due and that such debt service is also secured by monies and investments in the Senior Bond Proceeds Subaccount held by the Trustee

and in the Operating General Subaccount of the Operating Account which is not required to be held by the Trustee. If on the seventh Business Day before each Bond Payment Date for Senior Bonds the amount on deposit in the Senior Bond Debt Service Subaccount is not sufficient to pay debt service due on Senior Bonds on that Bond Payment Date, the Trustee is required to notify the Authority specifying the amount of the deficiency. The Authority covenants and agrees that upon receiving such notification the Authority will cause to be deposited in the Senior Debt Service Subaccount no later than the last business day before the Bond Payment Date amounts which in the aggregate are equal to the amount of the deficiency by (A) directing the Trustee to transfer amounts to the Senior Bond Debt Service Subaccount from the Senior Bond Proceeds Subaccount, (B) paying to the Trustee from the Operating General Subaccount of the Operating Account for deposit in the Senior Bond Debt Service Subaccount or (C) a combination of (A) and (B).

Subordinate Bond Pledged Accounts. The Indenture provides that monies and investments in the Subordinate Bond Debt Service Subaccount shall be used to pay debt service on Subordinate Bonds as the same becomes due and that such debt service is also secured by monies and investments in the Subordinate Bond Reserve Subaccount, the Cactus League Promotion Account and the Subordinate Bond Proceeds Subaccount held by the Trustee and amounts in the Operating General Subaccount of the Operating Account not needed to pay debt service on Senior Bonds. If on the seventh Business Day before each Bond Payment Date for Subordinate Bonds the amount on deposit in the Subordinate Bond Debt Service Subaccount is not sufficient to pay debt service due on Subordinate Bonds on that Bond Payment Date, the Trustee is required to transfer amounts from the Subordinate Bond Reserve Subaccount to remedy the deficiency. If the amount available in the Subordinate Bond Reserve Subaccount is insufficient for that purpose, the Trustee is required to notify the Authority specifying the amount of the deficiency. The Authority covenants and agrees that upon receiving such notification the Authority will cause to be deposited in the Subordinate Debt Service Subaccount no later than the last Business Day before the Bond Payment Date amounts which in the aggregate are equal to the amount of the deficiency by (A) directing the Trustee to transfer amounts to the Subordinate Bond Debt Service Subaccount from the Cactus League General Subaccount and/or the Subordinate Bond Proceeds Subaccount, (B) paying to the Trustee from the Operating General Subaccount of the Operating Account not needed to fund the Senior Bond Debt Service Subaccount, for deposit in the Subordinate Bond Debt Service Subaccount or (C) a combination of (A) and (B).

Additional Senior Bonds

The Indenture authorizes the issuance of up to \$250,000,000 principal amount of Senior Bonds and up to \$25,000,000 principal amount of Completion Senior Bonds for Multipurpose Facility Purposes without satisfaction of any debt service coverage or similar tests. Upon the issuance of the 2003A Bonds and the 2005A Bonds, this authorization was fully utilized.

In addition, the Authority is permitted under the Indenture to issue from time to time Additional Senior Bonds that are payable from and secured by Pledged Revenues on a parity with the then-outstanding Senior Bonds, including the 2012A Bonds, and senior and prior to all payments required for the benefit of Subordinate Bonds, upon satisfaction of the requirements of the Indenture before such issuance. These requirements include that (a) all payments and deposits with respect to all Senior Bonds and all Subordinate Bonds are current, and (b) for each Bond Year for which debt service is or will be due on Outstanding Senior Bonds and the Additional Senior Bonds proposed to be issued, the ratio of (i) the greatest aggregate amount of Tourism Tax Revenues, Multipurpose Facility Sales Tax Revenues and Other Authority Revenues received by the Authority in any 12 consecutive months of the most recent 18 months prior to the issuance of the proposed Additional Senior Bonds to (ii) the aggregate debt service in each Bond Year for Outstanding Senior Bonds and the Additional Senior Bonds then proposed to be issued is at least 1.30, and (c) for each Bond Year for which debt service is or will be due on Outstanding Subordinate Bonds, the Subordinate Bond Coverage Ratio, as described below, is at least 1.15, and (d) that Tourism Tax Revenues received by the Authority in the most recent completed Bond Year were at least equal to the aggregate amount of Bond Service Charges for Outstanding Senior Bonds and the Additional Senior Bonds then proposed to be issued for the Bond Year for which those aggregate Bond Service Charges are the highest, as shown in a Certificate of an Authorized Officer of the Authority filed with the Trustee. For a description of the calculation of the Senior Bond Coverage Ratio and the Subordinate Bond Coverage Ratio, see Appendix B – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Additional Conditions for Issuance of Senior Bonds.”

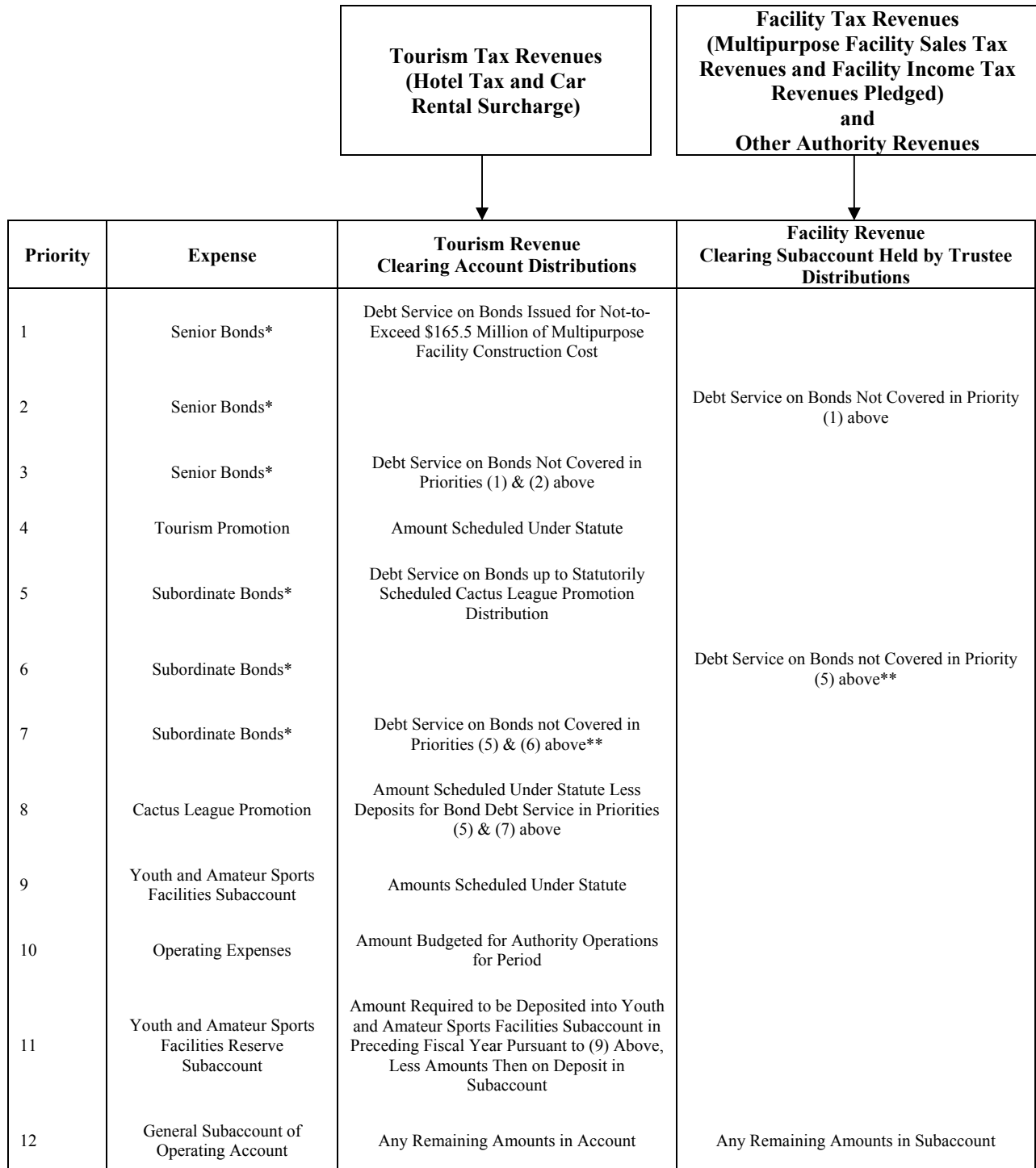
In addition and without regard to the foregoing Indenture requirements, the Authority may issue, from time to time, Refunding Senior Bonds for the purpose of refunding Outstanding Senior Bonds, if taking into account the issuance and application of the proceeds thereof the debt service in any Bond Year on all Senior Bonds Outstanding will not be increased by more than 10%.

Subordinate Bonds

In addition to the 2003 Subordinate Bonds, the Authority may also issue, from time to time, additional subordinate lien bonds or other obligations under the Indenture ("Additional Subordinate Bonds") in unlimited amounts for Cactus League Purposes, which are payable from and secured by the Pledged Revenues on a basis junior and subordinate to the pledge of Pledged Revenues and other monies held under the Indenture in favor of the Senior Bonds, including the 2012A Bonds, and the payments required by the Act into the State Tourism Fund, but on a parity with the then outstanding Subordinate Bonds, upon satisfaction of the requirements of the Indenture before such issuance. These requirements include that (a) all payments and deposits with respect to all Senior Bonds and all Subordinate Bonds are current and (b) for each Bond Year for which debt service is or will be due on Outstanding Subordinate Bonds and the Additional Subordinate Bonds proposed to be issued, the ratio (the "Subordinate Bond Coverage Ratio") of (i) the greatest aggregate amount of Tourism Tax Revenues, Facility Income Tax Revenues Pledged, Multipurpose Facility Sales Tax Revenues and Other Authority Revenues received by the Authority in any 12 consecutive months of the most recent 18 months prior to the issuance of the proposed Additional Subordinate Bonds to (ii) the sum of (A) the aggregate debt service in that Bond Year for Outstanding Senior Bonds and the Additional Senior Bonds, if any, then proposed to be issued, (B) the amount to be distributed to the Tourism Fund in that Bond Year pursuant to law and (C) the aggregate debt service in that Bond Year for Outstanding Subordinate Bonds and the Additional Subordinate Bonds, if any, then proposed to be issued, is at least 1.15.

In addition and without regard to the foregoing Indenture requirements, the Authority may issue, from time to time, additional Subordinate Bonds ("Refunding Subordinate Bonds") for the purpose of refunding Outstanding Subordinate Bonds, if taking into account the issuance and application of the proceeds thereof the debt service in any Bond Year on all Subordinate Bonds Outstanding will not be increased by more than 10%. In the event the Authority fails to satisfy the requirements of the preceding sentence, the Authority may nevertheless issue Refunding Subordinate Bonds provided that the requirements described in the preceding paragraph are satisfied with respect to all Subordinate Bonds Outstanding under the Indenture after issuance of the Refunding Subordinate Bonds which the Authority proposes to issue.

FLOW OF PLEDGED REVENUES



* Distribution includes prior period deficiencies (if any)

**Distribution includes replenishment of Subordinate Bond Reserve Subaccount

THE MULTIPURPOSE FACILITY

General

Construction of the Multipurpose Facility was completed in August 2006 on a site of approximately 33 acres owned by the Authority in Glendale in the western portion of the Metropolitan Phoenix area and in the County. The site is owned by the Authority, subject to reversion to the Team under certain circumstances following the expiration of the herein after defined Cardinals Use Agreement and in no event later than 60 years. The Multipurpose Facility consists of a retractable-roof, climate controlled stadium and associated facilities, with a permanent seating capacity of approximately 63,000, and temporary seating expansion to approximately 73,000, as needed for events. The facility has a retractable playing field that rolls into the Multipurpose Facility underneath a moveable wall at one end of the facility. When the playing field is outside the facility (which is expected to be more than 95% of the time), the facility's concrete floor (approximately 152,000 square feet) is available for trade shows, concerts, conventions, motocross, rodeo and other sporting events. The Multipurpose Facility design includes a utility grid embedded in the facility floor and field wall allowing quick conversions for a variety of uses. The facility includes 88 luxury suites (which seat approximately 1,800 patrons), three oversized event suites (each seating approximately 100 patrons) and premium club seating, with private lounge area access, for approximately 7,400.

Development of the Multipurpose Facility

The Multipurpose Facility was developed by the Authority in collaboration with Glendale and the Team pursuant to a series of agreements, including but not limited to (i) a Development and Disposition and Intergovernmental Agreement, dated as of September 3, 2002, between the Authority and Glendale, as supplemented and amended (the "Glendale IGA"), (ii) an Amended and Restated Parking License and Agreement with Covenants, Conditions and Restrictions, dated August 15, 2005, among the Authority, Glendale and the Team (the "Parking Agreement"), (iii) a Memorandum of Agreement, dated November 1, 2004, among the Authority, Glendale and the Team (the "Memorandum of Agreement"), which supplemented and amended the Glendale IGA, the Parking Agreement. The Authority provided \$299 million from proceeds of the 2003A Bonds and the 2005A Bonds and other Authority sources. All remaining project costs (approximately \$117 million) were paid by the Team. In addition, the Team advanced approximately \$18 million for land acquisition of approximately 165 acres serving as the site for the Multipurpose Facility.

In connection with the development of the Multipurpose Facility, Glendale was required in the Glendale IGA, as amended by the Memorandum of Agreement, to provide at its cost certain improvements prior to the opening of the Multipurpose Facility, including (a) extensions and improvements to neighboring roads, (b) freeway interchange improvements and overpasses, (c) a 600-space park and ride facility at a location acceptable to Glendale, the Authority and the Team, and (d) an additional 12,000 parking spaces within a one-mile radius of the Multipurpose Facility for event use, including free shuttle bus service to the off-site locations. Additional infrastructure has been provided by Glendale including (i) at least 14,000 surface parking spaces adjacent to the Multipurpose Facility, (ii) development of the pedestrian plaza adjacent to the Multipurpose Facility, and (iii) roadways, curbs, utility connections and public transportation accommodations on the land owned by the Team. In consideration of the Authority's issuance of the 2005A Bonds, Glendale agreed in the Memorandum of Agreement to pay to the Authority, so long as any 2005A Bonds or bonds issued to refund the 2005A Bonds, including the 2012A Bonds, remain outstanding, from its Unrestricted Excise Taxes (as hereinafter defined) an amount equal to certain sales, transaction privilege, license, excise or similar taxes imposed by Glendale that arise out of transactions associated with the Multipurpose Facility, which amounts the Authority pledged in the 2005A Senior Supplemental Indenture to the payment of debt service of the Bonds, including the 2012A Bonds, and agreed not to impose any charges or fees on events or activities at the Multipurpose Facility, including parking, ticket surcharges or facility user fees. See "SOURCES OF PLEDGED REVENUES – Multipurpose Facility Revenues – *Additional Revenues* – Glendale Payments" herein. The Authority and the Team, with the proceeds of the 2005A Bonds and advances from the Team, constructed the additional infrastructure.

In the Parking Agreement, the Team is responsible for operation, maintenance, repair and security of the parking facilities. The Team has assumed these activities in the Parking Agreement, in exchange for receipt of certain revenues, but limited to the amount of those revenues. If those revenues are insufficient, the Team and the

Authority must come to an agreement on how to fund these expenses. In the Glendale IGA, on event days the Authority is responsible for security and clean up of the parking facilities.

The Glendale IGA ends in August 2066, subject to earlier termination upon reversion of the site for the Multipurpose Facility to the Team, which can occur, at the Team's option, at any time after August 2036, if the Cardinals Use Agreement is no longer in effect and certain other conditions exist. The land conveyed to the Authority is subject to reversion to the Team at the same time.

Use and Operation of the Multipurpose Facility

Cardinals Use Agreement. Beginning with the 2006-07 season, the Multipurpose Facility is used as the home field for the Team under an existing 30-year use agreement with the Authority, as amended (the "Cardinals Use Agreement"), which calls for periodic payments to the Authority. See "SOURCES OF PLEDGED REVENUES – Multipurpose Facility Revenues – *Annual Payments from the Team*" herein. The Cardinals Use Agreement includes a provision that if during its term the Team, in violation of the Cardinals Use Agreement, plays a home game at another location elsewhere than the Multipurpose Facility or notifies the Authority or the public that the Team will play a home game at a location other than the Multipurpose Facility, the Authority may: (i) seek an injunction, specific performance or other court order to require the Team to play the home game in the Multipurpose Facility or (ii) terminate the Cardinals Use Agreement and recover from the Team, as liquidated damages, the amount required to repay the principal of, premium, if any, and interest on all then-outstanding Senior Bonds. See "SOURCES OF PLEDGED REVENUES – Multipurpose Facility Revenues – *Annual Payments from the Team*" herein.

Fiesta Bowl Use Agreement. Beginning in January 2007, the Multipurpose Facility also became the host venue for the Fiesta Bowl, an annual NCAA post-season football game, under an existing 30-year Fiesta Bowl Use Agreement dated February 12, 2012, as amended (the "Fiesta Bowl Use Agreement") between the Authority and the nonprofit corporation sponsor of the event (the "Fiesta Bowl"). The Fiesta Bowl and the Authority entered into an amendment to the Fiesta Bowl Use Agreement dated July 10, 2007, wherein the Authority agreed to provide the first \$300,000 in game day expenses to the Fiesta Bowl as its sole contribution to any and all game day expenses. See "SOURCES OF PLEDGED REVENUES – Multipurpose Facility Revenues – *Ticket Surcharge Revenue from Fiesta Bowl*" herein.

Other Uses. The Authority is marketing the Multipurpose Facility as a venue for various conventions, entertainment, sporting and meeting events that are consistent with its obligations under the various use agreements the Authority has entered into for the Multipurpose Facility.

Operation of the Multipurpose Facility. The Authority entered into a Management and Pre-Opening Services Agreement, dated May 10, 2004 (the "Facility Management Agreement"), with Global Spectrum, L.P. ("Global Spectrum"), for initial planning for, and management of, the Multipurpose Facility. The Facility Management Agreement has been extended until June 30, 2013. Under the Facility Management Agreement, Global Spectrum is responsible for the operation and management of the facility, in coordination with the Authority, adhering to the highest standards for the maintenance and promotion of first class venues. The Authority entered into a Concession Agreement with Rojo Hospitality Group LLC, an affiliate of the Team, dated as of February 9, 2010, to be the primary concessionaire for the Multipurpose Facility, for an initial term expiring July 31, 2012. The Concession Agreement is subject to successive one-year extensions at the option of the Authority. In connection with the Concession Agreement, the Authority entered into an Agreement dated February 9, 2010 (the "REM Agreement") with Rojo Event Management LLC ("REM"), an affiliate of the Team. The REM Agreement requires REM to work with the Authority to generate \$750,000 in additional annual revenue based on events that were developed or promoted by REM and to pay the Authority the difference in any year in which they fall short of that requirement.

Multipurpose Facility Not Security for the 2012A Bonds

Although certain of the Pledged Revenues are derived from the use of, or other activities related to, the Multipurpose Facility, the Multipurpose Facility does not constitute any part of the Senior Bond Trust Estate or the Subordinate Bond Trust Estate and neither the Trustee nor any Owner of 2012A Bonds shall have any claim upon,

or rights to proceed against, or foreclose upon, the Multipurpose Facility upon the occurrence of an Event of Default under the Indenture. Further, payment of debt service on the 2012A Bonds does not constitute an indebtedness of Glendale, the Team or any other party involved in the construction, operation or use of the Multipurpose Facility.

Reliance Upon Future Actions and Completion of Agreements

As discussed above, the operation of the Multipurpose Facility in accordance with the Authority's expectations will be dependent upon future actions to be taken by other parties. Failure or delay in the completion of any or all of these actions or agreements could prevent or adversely affect operation of the Multipurpose Facility and materially and adversely affect the production of Pledged Revenues. See "RISK FACTORS."

PLAN OF REFUNDING

The 2012A Bonds are being sold to provide funds to refund and redeem in advance of maturity the 2003A Bonds described below (the "2003A Bonds Being Refunded") and the 2008 Bonds described below (the "2008 Bonds Being Refunded" and, together with the 2003A Bonds Being Refunded, the "Bonds Being Refunded"), to pay costs of terminating a Swap Agreement and a letter of credit associated with the 2008 Bonds Being Refunded and to pay costs of issuance of the 2012A Bonds.

The proceeds received from the sale of the 2012A Bonds, net of costs of issuance, will be deposited into a special trust account (the "Depository Trust") held by the Trustee pursuant to the 2012A Supplemental Indenture and used to purchase United States government obligations (the "Government Obligations"), the maturing principal and interest income on which is calculated to be sufficient to pay the principal and interest represented by the Bonds Being Refunded to their respective redemption dates. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein. Upon such deposit, the Bonds Being Refunded will no longer be considered outstanding under the Indenture, and the Owners of the Bonds Being Refunded must look solely to amounts held in the Depository Trust for payment.

BONDS BEING REFUNDED

Dated Date	Series	Maturities Being Refunded (July 1)	Principal Amount Being Refunded	Interest Rate (%)	Redemption Date	Redemption Price (%)		
2/1/03	Series 2003A	2013	\$2,680,000	4.500	7/1/2013	100.00		
		2014	2,810,000	5.250	7/1/2013	100.00		
		2015	2,955,000	5.250	7/1/2013	100.00		
		2016	3,110,000	4.125	7/1/2013	100.00		
		2017	2,360,000	5.250	7/1/2013	100.00		
		2025	5,000,000	4.750	7/1/2013	100.00		
		2025	8,805,000	5.000	7/1/2013	100.00		
		2026	14,480,000	4.750	7/1/2013	100.00		
		2027	15,170,000	4.500	7/1/2013	100.00		
		2028	15,850,000	5.000	7/1/2013	100.00		
		2029	16,645,000	5.000	7/1/2013	100.00		
		2030	17,475,000	5.000	7/1/2013	100.00		
		2031	18,350,000	5.000	7/1/2013	100.00		
		5/15/08	Series 2008	2036	\$53,050,000	Variable	6/5/2012	100.00

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Concurrently with the initial delivery of the 2012A Bonds, Grant Thornton, a firm of independent certified public accountants, will deliver to the Authority its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of computations prepared by RBC Capital Markets, LLC (the "Underwriter"), relating to (a) the sufficiency of the anticipated receipts from the Government Obligations, together with the initial cash deposit into the Depository Trust, to pay, when due, the principal, premium, if any, and interest on the 2003A Bonds Being Refunded and (b) the "yield" on the Government Obligations and the "yield" on the 2012A Bonds.

The report of Grant Thornton will state that the scope of its engagement was limited to verifying the mathematical accuracy of the computations contained in schedules provided to it by the Underwriter and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

SOURCES AND USES OF FUNDS

The proceeds of the 2012A Bonds, together with other funds of the Authority, will be applied as follows.

Sources of Funds:

Par Amount of Bonds	\$176,040,000.00
Original Issue Premium	20,363,735.10
Contribution from Authority	<u>2,558,187.50</u>
Total:	<u>\$199,661,922.60</u>

Uses of Funds:

Provide for Bonds Being Refunded	\$187,730,840.97
Swap Agreement and Letter of Credit termination costs	10,128,513.89
Issuance Expenses ⁽¹⁾	<u>1,802,567.74</u>
Total:	<u>\$199,661,922.60</u>

⁽¹⁾ Includes underwriter's discount and other costs relating to issuance.

SOURCES OF PLEDGED REVENUES

Authority for Pledged Revenues

Tourism Tax Revenues. The Car Rental Surcharge and the Hotel Tax were each levied and imposed by the electors of the County voting at an election held on November 7, 2000, pursuant to authority granted in the Act. Levy of the Car Rental Surcharge and the Hotel Tax commenced on March 1, 2001, and each is to be levied for 360 months (30 years) thereafter through February 2031. Because of the payment and processing delays between the dates of monthly collection of the Car Rental Surcharge and the Hotel Tax revenues by the Arizona Department of Revenue and the dates of receipt of such revenues by the Authority, as described under SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS — Description of Pledged Revenues — *Tourism Tax Revenues*," the Authority received its first Car Rental Surcharge and Hotel Tax revenues in May 2001 and expects to continue receiving such revenues through April 2031. On the second Tuesday of each month, the Indenture requires the Trustee to distribute the Tourism Tax Revenues received since the prior month's distribution as described under "SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS — Deposit and Flow of Pledged Revenues."

See "RISK FACTORS-Pending Litigation Challenging Imposition of Car Rental Surcharge and Hotel Tax" and "LITIGATION-Litigation Challenging Tourism Taxes" herein regarding (i) pending litigation challenging the imposition of taxes the revenues from which are pledged to payment of bonds issued

pursuant to the Indenture, including the 2012A Bonds, and (ii) additional administrative class claims which were not included in the Preliminary Official Statement and about which the Authority learned the day after the 2012A Bonds were sold on May 9, 2012.

The Car Rental Surcharge Revenues and the Hotel Tax Revenues are collected by the Arizona Department of Revenue on the 20th day of each month for amounts owed for the preceding month. There is a grace period that extends through the working day prior to the last business day of the month or mailed transmittals postmarked no later than the 25th of the month. Upon collection by the Arizona Department of Revenue, the tax revenues are deposited with the State Treasurer on a daily basis. The State Treasurer distributes the receipts to the Authority, following the close of business for the month of deposit. Under current practices of the Arizona Department of Revenue and the State Treasurer's Office, the Authority generally receives its distribution approximately six weeks following the close of each monthly calculation period.

Under the Act, the Arizona Department of Revenue is responsible for administration of the Car Rental Surcharge and the Hotel Tax. The Authority must rely upon the Arizona Department of Revenue for the collection of the Car Rental Surcharge Revenues and the Hotel Tax Revenues and for monitoring compliance by parties owing Tourism Taxes and enforcement measures ensuring payment of such taxes. The Authority must rely upon the State Treasurer for distributing the Tourism Tax Revenues to the Authority.

Facility Tax Revenues. The Multipurpose Facility Sales Tax Revenues and the Facility Income Tax Revenues were each levied and imposed by the Act. The Authority began receiving revenues from the Multipurpose Facility Sales Tax Revenues in approximately August 2001 with respect to professional football contests held at Sun Devil Stadium, the prior location of Team home games. Pursuant to the Act, payments to the Authority of amounts related to the Facility Income Tax Revenues began in July 2001. As described below under "Facility Income Tax Revenues—*Judicial Limitations Imposed on the Pledge of Facility Income Tax Revenues*," judicially imposed limitations have been imposed on the pledge of certain Facility Income Tax Revenues as Pledged Revenues for payment of any Senior Bonds, including the 2012A Bonds, and any Subordinate Bonds.

Other Authority Revenues. The Act authorizes the Authority to construct, finance, operate, market and promote the Multipurpose Facility and to charge for the use of its facilities. Sources of revenue include amounts received pursuant to the Cardinals Use Agreement with the Team and the Fiesta Bowl Use Agreement, relating to the annual Fiesta Bowl college football game, as well as from various convention, entertainment and meeting events at the Multipurpose Facility and from food service, beverage, retail and advertising activities. See "Multipurpose Facilities Revenues" herein. As noted below, amounts to be received by the Authority from use of the Multipurpose Facility by the Team and the Fiesta Bowl are limited as to source and/or amount.

Agreement of State. The State has, in the Act, pledged to and agreed with the holders of the bonds authorized by the Act (including the Senior Bonds and the Subordinate Bonds) that the State will not limit, alter or impair the rights vested in the Authority under the Act to receive the monies necessary to fulfill the terms of any agreements made with the holders of such bonds, or in any way impair the rights and remedies of the bondholders, until all bonds issued under the Act, together with interest on the bonds, interest on any unpaid installments of principal or interest and all costs and expenses in connection with any action or proceedings by or on behalf of the bondholders, are fully met and discharged, and has authorized the Board of the Authority, as agent for the State, to include this pledge and undertaking in its resolutions and indentures authorizing and securing its bonds.

The foregoing agreement of the State may not prevent future legislation which reduces or eliminates sources of revenues which constitute Facility Income Tax Revenues Not Pledged, because such revenues do not constitute Pledged Revenues under the Indenture. See "SOURCES OF PLEDGED REVENUES—Facility Income Tax Revenues—*Judicial Limitations Imposed on the Pledge of Certain Facility Income Tax Revenues*" and "RISK FACTORS" herein.

Car Rental Surcharge Revenues

Collection of the Car Rental Surcharge commenced on March 1, 2001. The Authority receives distributions of the Car Rental Surcharge Revenues from the State Treasurer in the month following collection by

the Arizona Department of Revenue. See "SOURCES OF PLEDGED REVENUES—Authority for Pledged Revenues—*Tourism Tax Revenues*" herein.

Hotel Tax Revenues

Collection of the Hotel Tax commenced on March 1, 2001. The Authority receives distributions of the Hotel Tax Revenues from the State Treasurer in the month following collection by the Arizona Department of Revenue. (See "SOURCES OF PLEDGED REVENUES—Authority for Pledged Revenues—*Tourism Tax Revenues*" herein.) Therefore, the first distribution of the Hotel Tax to the Authority occurred in May 2001.

Multipurpose Facility Sales Tax Revenues

The Act provides that the State Treasurer is to transmit to the Authority each month an amount equal to the State's base transaction privilege (sales) tax collected related to sales, including all ticket and concession sales, in connection with (i) Team games held at ASU Sun Devil Stadium after July 1, 2001 and (ii) all events (i.e. both football and non-football-related events) held at the Multipurpose Facility.

Facility Income Tax Revenues

Facility Income Tax Revenues Distributed Pursuant to the Act. As described above under "SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS—Description of Pledged Revenues—*Facility Tax Revenues*," prior to July 1, 2007, the Act provided for the distribution of Facility Income Tax Revenues to the Authority comprised of the greater of (i) the Minimum Income Taxes, which was equal to \$292,000 per month for the first 12-month period (July 1, 2001 to June 30, 2002), increasing in each subsequent 12-month period by an additional 8% over the prior 12-month distribution and (ii) the Team Income Taxes. Beginning July 1, 2007, the effective date of the amendment to the Act that eliminated the distribution of Minimum Income Taxes to the Authority, the monthly distributions of Facility Income Tax Revenues to the Authority have been comprised solely of the Team Income Taxes. Notwithstanding the provisions of the Act governing the amount of distributions of Facility Income Tax Revenues to the Authority, an Arizona Court of Appeals decision has prohibited the Authority from pledging to the payment of its bonds and other obligations, including the 2012A Bonds, any portion of the Facility Income Tax Revenues that are not Football Related Team Income Taxes. See "*Judicial Limitations Imposed on the Pledge of Facility Income Tax Revenues*" below.

Judicial Limitations Imposed on the Pledge of Facility Income Tax Revenues. In September 2001, a lawsuit was filed in Maricopa County Superior Court challenging, on various State constitutional grounds, the formation of the Authority under the Act and the Authority's ability to issue bonds and other obligations and to spend or pledge public monies in furtherance of its activities. In November 2001, the trial court denied the plaintiff's claims and held that the Act did not violate any constitutional provisions.

Upon appeal of the case by the plaintiff, the Arizona Court of Appeals affirmed the trial court's decision and upheld the constitutionality of the Act and the Authority, but imposed limitations upon the Authority's ability to pledge Facility Income Tax Revenues to the payment of its bonds or other obligations, including the 2012A Bonds. The Court of Appeals' decision held that, in order to stay within previously articulated principles of the State's "special fund doctrine" for determining whether an obligation constitutes constitutionally prohibited State debt, Facility Income Tax Revenues received by the Authority, whether determined based upon actual State income taxes paid by the Team and its employees or their spouses (i.e., the Team Income Taxes) or based upon the Minimum Income Taxes, could not be pledged to the payment of its obligations to the extent that such revenues exceed the amount of State income taxes paid which are related to professional football activities (i.e., the Football Related Team Income Taxes). The court's opinion indicates that amounts which cannot be constitutionally pledged are income taxes derived from non-football activities and Minimum Income Taxes. The court's opinion made no attempt to alter the sources or amounts prescribed by the Act for transfer to the Authority. The Arizona Supreme Court denied a petition for review of the case on December 3, 2002, and affirmed the Court of Appeals' conclusions.

As a result of the Court of Appeals' decision, the Authority expects that only a portion of the Facility Income Tax Revenues which it receives under the Act, being an amount equal to the Facility Income Tax Revenues Pledged, will be available for inclusion in Pledged Revenues. Any amount of Facility Income Tax Revenues in

excess of Facility Income Tax Revenues Pledged (which constitute Facility Income Tax Revenues Not Pledged), whether determined based upon actual State income taxes owed under the Act or based upon the Minimum Income Taxes, may not be included in Pledged Revenues, and are not so included under the Indenture.

The Indenture requires that the Authority use its best efforts to estimate, based upon the information available to it, the amount of each distribution by the State Treasurer of Facility Tax Revenues that constitutes Facility Income Tax Revenues Pledged and Facility Income Tax Revenues Not Pledged. The Authority is required to cause the amount estimated to be Facility Income Tax Revenues Pledged to be transferred to the Trustee for deposit in the Facility Revenue Clearing Subaccount Held by the Trustee. The Authority is required to deposit the amount estimated to be the Facility Tax Revenues Not Pledged to the Facility Revenue Clearing Subaccount Held by the Authority. On the second Tuesday of each month, the Authority will transfer all amounts in the Facility Revenue Clearing Subaccount Held by the Authority to the Operating Current Expense Subaccount of the Operating Account, where it will be used only for operating costs of the Authority.

As described above under “SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS—Description of Pledged Revenues—*Facility Tax Revenues*,” the Authority cannot determine what portion of the Team Income Taxes constitutes Facility Income Tax Revenues Pledged and Facility Income Tax Revenues Not Pledged and, therefore, has been treating the entire amount as Facility Income Tax Revenues Pledged. Nevertheless, to the extent that Non-Football Related Team Income Taxes (i.e., Facility Income Tax Revenues Not Pledged) are paid to the Trustee, whether through imprecise estimation, erroneous calculation or otherwise, the Indenture provides that such amounts do not constitute a part of the Senior Bond Trust Estate or the Subordinate Bond Trust Estate. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS—Application of Pledged Revenues” herein. Additionally, because the Non-Football Related Team Income Taxes are not pledged by the Authority to the payment of its bonds and other obligations, those sources of funds are subject to being reduced or eliminated by future action of the State Legislature. See “RISK FACTORS” herein.

In March 2003, the Authority began estimating the amount of each distribution by the State Treasurer of Facility Income Tax Revenues that constitutes Facility Income Tax Revenues Pledged and Facility Income Tax Revenues Not Pledged. The table below reflects the Facility Income Tax Revenues received since Fiscal Year 2007, and the Facility Income Tax Revenues estimated to be received during the current and upcoming fiscal year and the amount and percent of each that constituted or will constitute Facility Income Tax Revenues Pledged.

The judicially imposed limitations on the availability of Facility Income Tax Revenues under the Act could adversely affect the amount of Pledged Revenues available to pay Senior Bonds, including the 2012A Bonds, and Subordinate Bonds and the effect could be significant and materially adverse. The percentage of Facility Income Tax Revenues Pledged to all Facility Income Tax Revenues in each future year will vary, perhaps widely.

In addition, there is no assurance of the current level or the continued existence in the Act of amounts related to State income taxes for activities not derived from professional football activities, which is subject to repeal or reduction at any time by future action of the Arizona Legislature. The consequences of such repeal or reduction may adversely affect the amounts available from such source to fund the Authority’s operations or other statutory responsibilities in the affected years.

The production of Facility Income Tax Revenues Pledged will depend upon the continued operation and financial viability of the Team and State income taxes generated and reported by such organization and its professional football-related payroll. No financial or other information has been included in this Official Statement regarding the Team, and the Authority is only able to estimate levels of Facility Income Tax Revenues Pledged for any subsequent period. Such estimated figures are subject to change and the effect could be significant and materially adverse. See "RISK FACTORS" herein.

Multipurpose Facility Revenues

Annual Payments from the Team. Under the Cardinals Use Agreement, the Team is required to play all of its home games at the Multipurpose Facility and to pay to the Authority an annual payment of \$250,000, which payment escalates at a rate of 2.0% per year for subsequent years. The Authority is required to deposit these

payments received into the Facility Revenue Clearing Subaccount Held by the Trustee, to be applied as provided in the Indenture.

The Cardinals Use Agreement has an initial term of 30 years, commencing with the first Team football game after completion of the Multipurpose Facility in August 2006, with the initial term scheduled to expire in late 2036. After the initial term, the Team has been given six additional five-year options to extend the agreement, on terms to be negotiated in the future.

Under the Cardinals Use Agreement, the Team controls all football uses of the Multipurpose Facility, other than a major college bowl game, currently the Fiesta Bowl, and college football exhibition games, conference championships, playoffs and certain games involving non-local teams. The Team also controls use of the Multipurpose Facility for time periods during and surrounding its home games and has priority scheduling rights for certain community relations, corporate sponsor and promotional events at the facility, at the Team's expense to the extent that expenses exceed normal maintenance costs. The Authority retains the rights to assign usage for events at other times.

The Team receives revenues derived from its home games, including tickets, suites, concessions, parking, advertising, sales of novelty items and media rights and also receives revenues derived from naming rights relating to the Multipurpose Facility.

Ticket Surcharge Revenue from Fiesta Bowl. Pursuant to the Fiesta Bowl Use Agreement, the Authority is to receive the proceeds of a per ticket surcharge (the "Fiesta Bowl Ticket Surcharge") to be collected for each bowl game held after completion of the Multipurpose Facility (the first game in the facility was held in January 2007). The surcharge was initially \$2.50 per ticket, escalating \$0.20 per year. The Fiesta Bowl is not required to impose the Fiesta Bowl Surcharge on complimentary tickets up to a maximum of 3,000 per game. In addition, the Authority is to be paid the expenses of operating the Multipurpose Facility on each game day. Amounts received by the Authority from the Fiesta Bowl Ticket Surcharge are to be deposited into the Facility Revenue Clearing Account and applied as provided in the Indenture. The Fiesta Bowl Use Agreement has a term of 30 years commencing January 2007. The Fiesta Bowl receives revenues derived from its home games, including tickets, suites, concessions, parking, advertising, sales of novelty items and media rights.

Revenues From NCAA Division I College National Championship and Playoff Games. Pursuant to A.R.S. § 5-815 of the Act, the Authority is required to enter into a facility use agreement to provide for the use of the Multipurpose Facility to host NCAA Division I college national championship and playoff games ("National Championship Games") whenever the facility is selected as the site to host the National Championship Game. In August 2005, the Authority entered into a facility use agreement with the Arizona College Football Championship Foundation (the "NCG Foundation"), which includes a maximum amount to be charged for use of the Multipurpose Facility by the NCG Foundation for the National Championship Games in 2007 and the rights to certain revenues from the use of the Multipurpose Facility, including revenues generated from the sale of concessions, tickets and broadcasts of the National Championship Games. The facility use agreement provides that the NCG Foundation will impose and collect a facility use fee for the benefit of the Authority in the amount of \$4.25 per ticket sold to the National Championship Games in 2007, increasing \$0.25 per year (the "NCG Use Fee") for any future National Championship Games. The NCG Foundation is not required to impose the NCG Use Fee on complimentary tickets up to a maximum of 3,000 tickets per game. If complimentary tickets exceed that amount, the NCG Foundation will pay to the Authority the amount of the NCG Use Fee on those tickets that exceeded the limitation on complimentary tickets. The facility use agreement provides that in any year that the NCG Foundation hosts a National Championship Game that is the NCAA Division I college championship game, then at the end of the same calendar year that the game is played at the Multipurpose Facility, but only after the Authority confirms that it has fully paid its bond debt service for that year, the Authority may return to the NCG Foundation all or part of any NCG Use Fees paid over to the Authority and any transaction privilege taxes on ticket sales for the National Championship Games recaptured by the Authority in that calendar year. The NCG Foundation hosted two National Championship Games at the Multipurpose Facility since 2007.

Revenues from Other Events and Uses. The Authority markets the Multipurpose Facility as a venue for various conventions, entertainment, sporting and meeting events that are consistent with its obligations under the use agreements, and to receive revenues from rental charges, admissions, concessions and other proceeds from such

events and from advertising, marketing and broadcasting charges. The Authority has entered into the Management Agreement with Global Spectrum.

Additional Revenues. The Authority has in place arrangements for certain additional payments and receipts (collectively, the "Additional Revenues") that will constitute part of the Other Authority Revenues and thus will be pledged to and available for the payment of debt service on the Senior Bonds, including the 2012A Bonds, as provided in the Indenture. The Additional Revenues comprise (i) payments to be made by Glendale to the Authority (the "Glendale Payments") pursuant to the Memorandum of Agreement, (ii) revenues from a facility use fee for all events at the Multipurpose Facility, other than Team home games and Fiesta Bowl games (the "Authority Facility Use Fee"), (iii) under the circumstances and in the limited amounts described under "Fiesta Bowl Use Fee or Parking Revenues" below, a use fee to be paid by the Fiesta Bowl to the Authority in exchange for the use of the parking by the patrons of the Fiesta Bowl, payable from a ticket surcharge on tickets sold by the Fiesta Bowl for Fiesta Bowl games pursuant to the Fiesta Bowl Use Agreement or, if the Fiesta Bowl elects not to impose the use fee after 2010, revenues derived by the Authority from the first parking spaces sold for Fiesta Bowl games up to a maximum amount that is equal to what the Authority would have received from the imposition of the use fee (the "Fiesta Bowl Parking Revenues"), and (iv) under the circumstances and in the limited amounts described under "Team Use Fee" below, a use fee to be paid by the Team to the Authority, payable from a facility use fee on tickets sold by the Team for Team home games pursuant to a Facility Use Fee Agreement, dated August 15, 2005 (the "Facility Use Fee Agreement") between the Authority and the Team. The Additional Revenues are treated as part of the Other Authority Revenues for purposes of the Indenture, and will be transferred to the Trustee as soon as practicable after receipt by the Authority for deposit into the Facility Revenue Clearing Subaccount Held by the Trustee.

Under the Indenture, the Authority may modify, reduce or eliminate any one or more of the sources of Additional Revenues if and to the extent that the aggregate of the Additional Revenues received by the Authority in the most recent full Fiscal Year, after giving effect to the proposed modification, reduction or elimination, would not have been less than the aggregate amount of Additional Revenues projected for that fiscal year at the time of issuance of the 2005A Bonds, as provided in the Indenture.

Glendale Payments. In the Memorandum of Agreement, Glendale irrevocably assigns, transfers and pledges to the Authority from its Unrestricted Excise Taxes, commencing with the issuance of the 2005A Bonds and for so long as the 2005A Bonds or bonds issued to refund the 2005A Bonds, including the 2012A Bonds, are outstanding, the Glendale Payments, being amounts equal to all sales, transaction privilege, license, excise, or similar taxes imposed by Glendale (which are presently at 1.2% generally, and 2.2% for the restaurant and bars classifications), that Glendale is entitled to receive, arising out of transactions or other business activities associated with events within the Multipurpose Facility site, including taxes on advertising, amusements, exhibits and similar activities, construction contracting and construction contractors related to work on the Multipurpose Facility site, job printing, publishing and periodical distribution, rental, leasing and licensing of real property, parking facilities (including certain adjacent and remote spaces when they are used in connection with events at the Multipurpose Facility), rental, leasing and licensing of tangible personal property, restaurants and bars (including concessions), retail sales, telecommunication services, transporting for hire and utilities, but excluding activities arising out of any future commercial development of certain parking sites related to the Multipurpose Facility. Glendale is required to provide annually to the Authority a statement of all such taxes imposed during the preceding fiscal year, accompanied by an independent auditor's report.

Glendale's obligation to make such payments to the Authority, as received but no less frequently than monthly, is an amount payable solely from, and secured by a pledge of, its Unrestricted Excise Taxes, which pledge (i) is junior and subordinate to the pledge of such Unrestricted Excise Taxes to the payment of Glendale's existing senior lien excise tax bonds and other obligations and senior lien excise tax obligations issued or incurred in the future (collectively, "City Senior Lien Obligations"), and (ii) on a parity with the pledge of such Unrestricted Excise Taxes to the payment of Glendale's existing subordinate lien excise tax bonds and other obligations and subordinate lien excise tax obligations issued or incurred in the future (collectively, "City Subordinate Lien Obligations"). "Unrestricted Excise Taxes" means all excise taxes received by Glendale, including sales, transaction or privilege taxes and other excise and franchise taxes, except those currently or in the future approved at a general election within Glendale and that are restricted to certain uses, such as the existing Glendale tax of 0.1% dedicated to public safety and 0.5% dedicated for transportation.

Glendale is permitted under the Memorandum of Agreement to issue or incur additional City Senior Lien Obligations and/or City Subordinate Lien Obligations upon compliance with the coverage or other requirements presently contained in the documents authorizing the outstanding City Senior Lien Obligations and City Subordinate Lien Obligations. Glendale covenants that it will not subsequently amend any provisions in such documents affecting the issuance or incurrence of additional City Senior Lien Obligations or City Subordinate Lien Obligations, without the prior written consent of the Authority.

The 2012A Bonds do not constitute a legal debt of Glendale. The Glendale Payments are restricted in amount as described above. A shortfall in debt service on the Bonds, including the 2012A Bonds, will not increase the obligation of Glendale to make payments above the amounts described above.

Authority Facility Use Fee. The Authority by resolution of the Board of Directors and by agreement has covenanted to impose and collect a facility use fee per ticket for events at the Multipurpose Facility for all events at the Multipurpose Facility, except as described below. These revenues will constitute the Authority Facility Use Fee. The Authority Facility Use Fee was initially \$4.25 per ticket sold for events with projected attendance of more than 18,000 per event day, and \$1.00 per ticket sold for events with projected attendance of up to 18,000 per event day or for general admission events (without regard to attendance) where there is no assigned seating. The Authority Facility Use Fee increases \$0.25 per year in the case of the surcharge for events with projected attendance of more than 18,000 per event day and will be increased by \$1.00 every seven years in the case of the surcharge for events with projected attendance of up to 18,000 per event day or for general admission events where there is no assigned seating. The Authority Facility Use Fee is currently \$5.50 and \$2.25. For events held for which no tickets are sold, no facility use fee is imposed. The Authority is the party who determines the projected attendance in connection with all events at the Multipurpose Facility and such projection is binding on all parties for purposes of imposing the Authority Facility Use Fee. The Authority Facility Use Fee is only imposed on tickets that are sold and is not based on tickets distributed, attendance, turnstile count or other measurement.

Fiesta Bowl Use Fee or Parking Revenues. Except as set forth below, the Fiesta Bowl Use Agreement requires the Fiesta Bowl to charge, collect and pay to the Authority a facility use fee of \$4.25 per ticket sold for Fiesta Bowl games, increasing \$0.25 per year, during the term of the Fiesta Bowl Use Agreement (the "Fiesta Bowl Use Fee"). The payment to the Authority of the Fiesta Bowl Use Fee entitles the Fiesta Bowl to use the parking available to the Authority for the Fiesta Bowl games without further charge or expense to the Fiesta Bowl. The Fiesta Bowl is not required to impose the Fiesta Bowl Use Fee on complimentary tickets up to a maximum of 3,000 tickets. If complimentary tickets exceed that amount, the Fiesta Bowl will pay to the Authority the amount of the Fiesta Bowl Use Fee on those tickets that exceeded the limitation on complimentary tickets.

Team Use Fee. The Facility Use Fee Agreement requires the Team to charge and collect a facility use fee of \$4.25 per ticket sold for Team home games, increasing \$0.25 per year, during the term of the Cardinals Use Agreement. The Team is not required to charge and collect the facility use fee on complimentary tickets up to a maximum number which is the lesser of the National Football League complimentary ticket policy or 2,000 tickets. If complimentary tickets exceed that amount, the Team will pay to the Trustee the amount of the facility use fee on the complimentary tickets that exceeded the limitation on complimentary tickets. The proceeds of the facility use fee, less a 12.5% operation and maintenance charge and a 5.0% capital repair charge to be retained by the Team will be collected by the Team and, within ten days after each Team home game, deposited into a trust account (the "Trust Account") pursuant to a Facility Use Fee Trust Agreement, dated as of August 15, 2005 (the "Trust Account Agreement"), among the Authority, the Team and The Bank of New York Trust Company, N.A., as trustee thereunder, provided, however, that the amount to be deposited therein during any 12-month period ending June 30 will not exceed 74.9% of 12 times the Monthly Debt Service Amount with respect to the 2005A Bonds or bonds issued to refund the 2005A Bonds, including the 2012A Bonds (but not other outstanding Senior Bonds) during such 12-month period. In the fiscal year 2010-11, the net facility use fee deposited in the Trust Account was \$2,595,473. *Monies in the Trust Account under the Trust Account Agreement will not be held by the Trustee and will not constitute an account held under the Indenture.*

Amounts held in the Trust Account under the Trust Account Agreement are only available for annual transfer to the Trustee for deposit into the Facility Clearing Subaccount Held by the Trustee to the extent that the amounts received from the other sources of Additional Revenues (being the Glendale Payments, the Authority Facility Use Fee and the Fiesta Bowl Use Fee or Parking Revenues) are not at least equal to 74.9% of the scheduled

debt service on the 2005A Bonds or bonds issued to refund the 2005A Bonds, including the 2012A Bonds (but not other Senior Bonds). *Only amounts transferred to the Trustee under the Indenture constitute the Team Use Fee. Facility use fees remaining in the Trust Account under the Trust Account Agreement that are not required to be transferred to the Trustee under the Indenture are retained by the Team and are not pledged or encumbered to pay debt service on the Bonds, including the 2012A Bonds.*

On or before each October 31, the Authority will provide the Team with a schedule showing the amount of the Glendale Payments and revenues from the Authority Facility Use Fee receipts during the immediately preceding Fiscal Year. The schedule will also show the Monthly Debt Service Amount with respect to the 2005A Bonds or bonds issued to refund the 2005A Bonds, including the 2012A Bonds, only for the Fiscal Year. To the extent that amounts received by the Authority from the foregoing sources was less than 74.9% of 12 times the Monthly Debt Service Amount with respect to the 2005A Bonds or bonds issued to refund the 2005A Bonds, including the 2012A Bonds, only for the Fiscal Year, the amount of the shortfall, if any, which will constitute the Team Use Fee for such period, will be transferred from the Trust Account to the Trustee under the Indenture for deposit into the Facility Clearing Subaccount Held by the Trustee no fewer than three business days prior to the second Tuesday of December. The amount transferred will in no event exceed 74.9% of 12 times the Monthly Debt Service Amount with respect to the 2005A Bonds or bonds issued to refund the 2005A Bonds, including the 2012A Bonds, for the Fiscal Year.

No fewer than three business days prior to the second Tuesday of December of each year, all amounts remaining in the Trust Account will be released to the Team.

Summary of Pledged Revenues

The following table sets forth Pledged Revenue collections as shown in audits of the Authority for Fiscal Years 2008 through 2011, and projected collections for Fiscal Year 2012, as provided by the Authority.

	Audited				Projected ⁽¹⁾
	2008	2009	2010	2011	2012
Hotel Tax Revenues	\$15,042,646	\$12,341,683	\$11,522,029	\$12,220,659	\$12,432,418
Car Rental Surcharge Revenues	8,994,991	8,795,959	9,274,623	9,153,216	9,702,072
Facility Income Tax Revenues ⁽²⁾	4,121,340	4,200,252	6,419,515	5,810,440	6,168,488
Multipurpose Facility Sales Tax Revenues	6,447,123	7,198,833	7,282,717	6,832,319	6,459,000
Other Revenue	1,012,705	905,851	2,404,069	1,876,064	1,706,020
Total	<u>\$35,618,805</u>	<u>\$33,442,578</u>	<u>\$36,902,953</u>	<u>\$35,892,698</u>	<u>\$36,467,998</u>

¹ Fiscal Year 2012 figures are based on actual revenues (unaudited) received through March 2012 (three quarters of the Fiscal Year) and Authority estimates for the remainder of Fiscal Year 2012. This information is “forward looking” and should be considered with an abundance of caution.

² Includes all revenues from the Team Income Tax received by the Authority. Due to disclosure restrictions from the State Treasurer, the Authority is unable to determine what portion, if any, is Non-Football Related Team Income Taxes and, therefore, categorizers 100% of these receipts as Pledged Revenue.

DEBT SERVICE REQUIREMENTS

Set forth below is the Fiscal Year 2011 Pledged Revenues, scheduled debt service requirements on the 2003A Bonds, the 2007A Bonds and the 2012A Bonds. Also reflected are the scheduled debt service requirements on the Authority's 2003 Subordinate Bonds.

12-Month Ending June 30	Historical Pledged Revenues ⁽¹⁾	2003A Bonds ⁽²⁾	2007A Bonds	2012A Bonds		Total Senior Bonds	Projected Senior Bond Coverage ⁽⁴⁾	Tourism Fund Distribution ⁽⁵⁾	2003 Subordinate Bonds	Total Annual Debt Service Requirements	Subordinate Bond Coverage ⁽⁴⁾
				Principal	Interest (3)						
2011	\$35,892,698										
2012	36,467,998	\$2,191,922	\$4,537,063			\$6,728,985		\$6,542,727	\$4,684,750	\$11,413,735	
2013			4,539,063		\$9,349,188	13,888,251	2.63	6,869,863	4,727,000	18,615,251	1.43
2014			4,540,463		8,719,450	13,259,913		7,213,356	4,778,000	18,037,913	
2015			4,536,263	\$2,760,000	8,719,450	16,015,713		7,574,024	4,796,750	20,812,463	
2016			4,536,663	3,155,000	8,609,050	16,300,713		7,952,725	4,814,250	21,114,963	
2017			11,156,463	2,400,000	8,482,850	22,039,313				22,039,313	
2018			13,638,325	765,000	8,386,850	22,790,175				22,790,175	
2019			13,803,575	1,285,000	8,356,250	23,444,825				23,444,825	
2020			13,796,075	1,390,000	8,304,850	23,490,925				23,490,925	
2021			13,797,825	1,695,000	8,249,250	23,742,075				23,742,075	
2022			13,802,075	1,880,000	8,164,500	23,846,575				23,846,575	
2023			13,797,800	2,105,000	8,070,500	23,973,300				23,973,300	
2024			13,799,225	2,245,000	7,965,250	24,009,475				24,009,475	
2025				16,040,000	7,853,000	23,893,000				23,893,000	
2026				16,920,000	7,051,000	23,971,000				23,971,000	
2027				17,900,000	6,205,000	24,105,000				24,105,000	
2028				19,000,000	5,310,000	24,310,000				24,310,000	
2029				20,010,000	4,360,000	24,370,000				24,370,000	
2030				21,080,000	3,359,500	24,439,500				24,439,500	
2031				22,260,000	2,305,500	24,565,500				24,565,500	
2032				4,500,000	1,192,500	5,692,500				5,692,500	
2033				4,630,000	967,500	5,597,500				5,597,500	
2034				4,765,000	736,000	5,501,000				5,501,000	
2035				4,905,000	497,750	5,402,750				5,402,750	
2036				5,050,000	252,500	5,302,500				5,302,500	

- (1) Fiscal Year 2011 Audited Pledged Revenues and projected Fiscal Year 2012 Pledged Revenues.
- (2) Net of Bonds Being Refunded.
- (3) The first interest payment date is January 1, 2013.
- (4) Current coverage for Fiscal Year 2013 is based on projected Fiscal Year 2012 Pledged Revenues. Projected debt service coverage on maximum annual debt service for the Senior Bonds is 1.48x and for the combined Senior Bonds, funding to the State Tourism Fund and Subordinate Bonds is 1.25x based on projected Fiscal Year 2012 Pledged Revenues. See "SOURCES OF PLEDGED REVENUES – Summary of Pledged Revenues" herein.
- (5) Reflects statutorily required funding to State Tourism Fund through the term of the 2003 Subordinate Bonds.

Pursuant to the Indenture, the Authority may issue Additional Senior Bonds, Completion Senior Bonds, Refunding Senior Bonds, Additional Subordinate Bonds and Refunding Subordinate Bonds subject to meeting certain ratios of historical Pledged Revenues to Debt Service or the other conditions contained in the Indenture. For additional information concerning these conditions, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS - Additional Senior Bonds" and "- Subordinate Bonds."

RISK FACTORS

General

The purchase of the 2012A Bonds involves certain investment risks that are discussed throughout this Official Statement. Accordingly, each prospective 2012A Bond purchaser should make a careful review and an independent evaluation of all the information presented herein. Certain of these investment risks are described below. The list of risks described below is not intended to be definitive or exhaustive and the order in which the following factors are presented is not intended to reflect relative importance of risks.

Limited Obligation

The 2012A Bonds are special obligations of the Authority and are payable solely from the sources specified in the Indenture. The 2012A Bonds are not obligations, general, special or otherwise, of the State, the County or any municipality, including, without limitation, Glendale, do not constitute a legal debt of the State, the County or any entity other than the Authority and are not enforceable against the Authority out of any funds other than the Pledged Revenues as provided in the Indenture.

Pending Litigation Challenging Imposition of Car Rental Surcharge and Hotel Tax

A lawsuit was filed in 2005 in Maricopa County Superior Court that challenges the legality of the Car Rental Surcharge and the Hotel Tax on the grounds that both taxes violate the commerce clause of the United States Constitution. The lawsuit also challenged the legality of the Car Rental Surcharge as violating the Arizona State Constitution. The lawsuit sought to have the claim certified as a class action on behalf of all those similarly situated who paid either the Car Rental Surcharge or the Hotel Tax and to have collection of the Car Rental Surcharge and the Hotel Tax prevented and to have the court order that amounts previously collected be refunded. The lawsuit was dismissed in February 2006 for lack of subject matter jurisdiction because the proposed class representative lacked standing to challenge the validity of the taxes. The dismissal was appealed to the Arizona Court of Appeals where it was affirmed in 2007.

In August 2009, a car rental company located in the County that paid the Car Rental Surcharge filed an administrative class claim with the Arizona Department of Revenue seeking a refund for all car rental companies that paid the Car Rental Surcharge. The claim for refund was denied on October 10, 2010. On November 16, 2010, an appeal and class action complaint was filed in Maricopa County Superior Court against the Arizona Department of Revenue claiming that the Car Rental Surcharge violates the commerce clause of the United States Constitution and the Arizona State Constitution. The Authority moved to intervene in the lawsuit and was granted the right to intervene as a party in February 2011. In June 2011, the parties argued cross motions for summary judgment of the constitutional claims on the Car Rental Surcharge. To date, the court has certified the class action, but the motions for summary judgment remain pending and have not been ruled on by the court.

On May 10, 2012, the law firm representing the plaintiffs in the pending litigation concerning the Car Rental Surcharge notified counsel to the Authority, Fennemore Craig P.C., that the plaintiffs filed another administrative class claim with the Arizona Department of Revenue seeking a refund of all taxes related to the Car Rental Surcharge that were not included in their pending litigation and that several hotels located in the County that paid the Hotel Tax had filed an administrative class claim with the Arizona Department of Revenue seeking a refund for all taxes related to the Hotel Tax. The legal issues presented by the plaintiffs in these administrative class claims are identical to the legal issues presented in the prior and the pending litigation. The administrative class claimants will be required to exhaust their administrative remedies with the Arizona Department of Revenue prior to filing any appeals in the Maricopa County Superior Court.

The Authority learned about the additional administrative class claims described in the paragraph above the day after the 2012A Bonds were sold on May 9, 2012. As a result of the filing of the additional administrative class claims, the Authority's counsel has expanded its opinion (referenced in the paragraph below) to include the Hotel Tax.

Fennemore Craig P.C., counsel to the Authority, has delivered its opinion letter to the Underwriter to the effect that the Car Rental Surcharge and the Hotel Tax should be upheld. Further information concerning the litigation and the administrative class claims and the Fennemore Craig P.C. opinion letter including the limitations and qualifications expressed in the letter, appear under the heading "LITIGATION" herein. If either the Car Rental Surcharge or the Hotel Tax or both were struck down or refunds of past tax collections were ordered by the courts, the Authority's revenues and financial position would be materially and adversely affected. See "Car Rental Surcharge Revenues," "Hotel Tax Revenues" and "Summary of Pledged Revenues" under "SOURCES OF PLEDGED REVENUES," and "DEBT SERVICE REQUIREMENTS" herein for information concerning the proportion of the Authority's revenues that the Car Rental Surcharge and the Hotel Tax have represented historically and are projected by the Authority to represent in the future.

Limitations on Remedies; No Recourse to Multipurpose Facility

Upon the occurrence and continuance of any event of default under the Indenture, the Trustee may, and upon direction from not less than a majority in aggregate principal amount of Senior Bonds and Subordinate Bonds Outstanding, shall file suit or otherwise enforce its rights under the Indenture, but the Trustee has no right to accelerate the scheduled payment of principal of the Bonds, including the 2012A Bonds.

Although certain Pledged Revenues are derived from the use of, or other activities related to, the Multipurpose Facility, the Multipurpose Facility does not constitute any part of the Senior Bond Trust Estate or the Subordinate Bond Trust Estate and neither the Trustee nor any Owner of Bonds, including 2012A Bonds, shall have any claim upon, or rights to proceed against, or foreclose upon, the Multipurpose Facility upon the occurrence of an Event of Default under the Indenture.

Expiration of Car Rental Surcharge and Hotel Tax

Both the Car Rental Surcharge and the Hotel Tax will expire and will no longer be imposed after February 2031, and the Authority does not expect to continue receiving revenues from the Car Rental Surcharge or the Hotel Tax after April 2031. Both dates are more than five years earlier than the final maturity of the 2012A Bonds. There is currently no authority or provision in the Act for extension of either revenue source by the Authority. Accordingly, payments of principal of and interest on 2012A Bonds occurring after the expiration of the Car Rental Surcharge and the Hotel Tax will not be payable from or secured by revenues to be derived from either source after the expiration date of the taxes, and will be dependent, at least in part, on other sources of revenue to the Authority.

Economic Downturns; Terrorist Attacks; Adverse Effects on Tourism Tax Revenues

A number of factors, many of which may be beyond the control of the Authority, the County or the State, could have an adverse impact on the level of the Car Rental Surcharge Revenues and the Hotel Tax Revenues received by the Authority, including adverse changes in the national economy and levels of corporate travel and tourism, terrorist attacks, the outbreak of war or other hostilities, competition for tourism revenues from areas outside the State or from other counties within the State, energy and water availability and cost, governmental rules and policies and weather, environmental and other disasters. Corporate travel and tourism are highly dependent upon gasoline and other fuel prices, airline fares, and the national economy.

Adequacy of Cash Flow to Fund All of Authority's Statutory Purposes

As discussed under "THE AUTHORITY – Other Activities and Financial Commitments of the Authority" herein, in addition to constructing, financing, operating and promoting the Multipurpose Facility, the Act also imposes upon the Authority the obligation to transfer monies to various other purposes, including: (i) promoting tourism in the County by transferring monies to the State Tourism Fund, (ii) acquiring, constructing, financing and promoting the use of professional baseball training facilities located in the County, and (iii) constructing, financing,

furnishing and promoting the use of community youth and amateur sports facilities, recreational facilities and other community facilities or programs in the County.

The foregoing commitments are in addition to the Authority's obligations to pay costs related to the acquisition and construction of the Multipurpose Facility, as described under "THE MULTIPURPOSE FACILITY" and to pay debt service on the Senior Bonds, including the 2012A Bonds, and the Subordinate Bonds, as described under "SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS." The amounts and priorities of the Authority's commitments with respect to Tourism Promotion, Cactus League Promotion, and Youth and Amateur Sports Promotion and its establishment of a reserve for repair and replacement costs associated with the Multipurpose Facility are mandated by statute, are not subject to reallocation by the Authority and, together with amounts required for the payment of debt service on the Senior Bonds, including the 2012A Bonds, and Subordinate Bonds, will reduce the amount of monies available to the Authority for its operations and for maintenance, marketing, insuring or improvement of the Multipurpose Facility. Moreover, the Authority is only able to estimate future revenues, including Pledged Revenues, and future expenses, including those associated with the Multipurpose Facility, and either lower-than-estimated revenues or higher-than-estimated expenses, or both, in the future could prevent the Authority from having sufficient funds to meet all of its statutory and contractual commitments, pay its administrative expenses and operate, market, maintain or improve the Multipurpose Facility in a manner necessary to produce significant Multipurpose Facility Revenues.

Changes in Law

Description of and references to provisions of Arizona and federal law are descriptions and references to provisions of law currently in effect. Those provisions are subject to being amended, repealed or supplemented. However, the State has, in the Act, pledged to and agreed with the holders of the bonds authorized by the Act (including the Senior Bonds and the Subordinate Bonds) that the State will not limit, alter or impair the rights vested in the Authority under the Act to receive the monies necessary to fulfill the terms of any agreements made with the holders of the bonds, or in any way impair the rights and remedies of the bondholders, until all bonds issued under the Act, together with interest on the bonds, interest on any unpaid installments of principal or interest and all costs and expenses in connection with any action or proceedings by or on behalf of the bondholders, are fully met and discharged, and has authorized the Board of Directors of the Authority, as agent for the State, to include this pledge and undertaking in its resolutions and indentures authorizing and securing its bonds.

Judicially Imposed Limitations on the Availability of Facility Income Tax Revenues

As described under "SOURCES OF PLEDGED REVENUES—Facility Income Tax Revenues—*Judicial Limitations Imposed on the Pledge of Facility Income Tax Revenues*," there have been limitations imposed by an Arizona Court of Appeals decision, prohibiting the pledge of the Facility Income Tax Revenues, to the payment of the Authority's bonds, including the 2012A Bonds, to the extent that such revenues or amounts exceed State income taxes received which are related to professional football. The Indenture provides that the Facility Income Tax Revenues Not Pledged are deposited into the Operating Current Expenses Subaccount of the Operating Account and do not constitute Pledged Revenues. The amount of Facility Income Tax Revenues Pledged as a percentage of all Facility Income Tax Revenues may vary each year, perhaps widely. In addition, there is no assurance of the continued existence in the Act of the Authority's right to receive the Facility Income Tax Revenues Not Pledged as any such provisions may be subject to repeal or reduction at any time by the Arizona Legislature. See "SOURCES OF PLEDGED REVENUES – Facility Income Tax Revenues – *Judicial Limitations Imposed on the Pledge of Facility Income Tax Revenues*." The Authority is only able to estimate levels of Facility Income Tax Revenues Pledged for any subsequent period. Beginning in Fiscal Year 2008, upon termination of the minimum distributions directed under prior statute, the Authority established the position that all of the Facility Income Tax Revenues received from the State constitute the Facility Income Taxes Pledged. Such estimated figures are subject to change and the effect could be significant and materially adverse.

Continued Use and Viability of Team and Other Users of the Multipurpose Facility

The production of the Facility Income Tax Revenues Pledged, revenues to be received by the Authority under the Cardinals Use Agreement, the Glendale Payments and other sources of Pledged Revenues will be dependent, either directly or indirectly, upon the continued operation and financial viability of the Team, including

State income taxes generated and reported by such organization and its professional football-related payroll, and the Team's continued use of the Multipurpose Facility during the term of the Cardinals Use Agreement. No financial or other information has been provided to the Authority or included in this Official Statement regarding the Team and the Authority is only able to estimate levels of Facility Income Tax Revenues Pledged for any subsequent period. Such estimated figures are subject to change and the effect could be significant and materially adverse.

The Authority's ability to generate Pledged Revenues from the Team's use of the Multipurpose Facility could be limited or adversely affected by events related to national events or to professional football generally, as well as events related to the Team or the Authority specifically, including work stoppages, lock-outs, strikes, war, national emergencies or civil unrest.

In addition, the production of the Multipurpose Facility Sales Tax Revenues and the Other Authority Revenues will be affected by Glendale's performance of its payment obligations under the Memorandum of Agreement and the continued operation and financial viability of the Fiesta Bowl and its ability to continue hosting its event, and the ability of other users of the Multipurpose Facility to pay for use of the Multipurpose Facility. No financial or other information has been included in this Official Statement regarding Glendale or the Fiesta Bowl or any other user or prospective user of the Multipurpose Facility.

Authority's Ability to Generate Revenues from Multipurpose Facility

The production of the Multipurpose Facility Revenues, which are a portion of the revenues pledged to the payment of debt service on the Bonds, is dependent upon the Authority's ability to operate the Multipurpose Facility for events other than Team home games and the annual Fiesta Bowl game in a manner which will produce net revenues. Although the Authority believes that it has retained an experienced professional manager for the operation and marketing of the Multipurpose Facility, there is no assurance that net revenues from such facility will be produced in the amounts sufficient to pay debt service on the Bonds, including the 2012A Bonds. The Multipurpose Facility will also have to be successful in competing with other existing and future venues in the County, including a new multipurpose arena facility that is located in close proximity to the Multipurpose Facility and used by the Phoenix Coyotes National Hockey League franchise organization, to attract events which will be necessary to produce revenues.

The Authority's ability to generate revenues at the Multipurpose Facility could also be adversely affected by damage, destruction or condemnation of part or all of the facility which limits or precludes the use of the Multipurpose Facility for an extended period of time. Although the Authority is required to maintain property damage and liability insurance, it is possible that repair or reconstruction are not practicable or will extend over a period of time, during which no revenues would be generated. Under certain circumstances the Cardinals Use Agreement permits the Team to play its home games at an alternate venue while the Multipurpose Facility remains in a diminished-use condition, which would adversely affect the production of Multipurpose Facility Revenues.

Investment of Pledged Revenues

The Indenture provides that monies held by the Trustee under the Indenture shall be invested in accordance with instructions from the Authority in investments permitted by the Indenture.

The Indenture does not prescribe investments for monies held by the Authority comprising Facility Income Tax Revenues Not Pledged and amounts in the Current Expense Subaccount or the Operating General Subaccount of the Operating Account, which do not constitute Pledged Revenues. Such amounts may be invested by the Authority in legally permissible investments from time to time. If and to the extent that the Authority incurs losses on such investments, such losses might, with respect to amounts in the Operating General Subaccount, reduce the amount of funds available for debt service on all Bonds, including the 2012A Bonds, and, with respect to Facility Income Tax Revenues Not Pledged or amounts in the Current Expense Subaccount, reduce the amount of funds available to the Authority to pay its operating costs or costs other than payment of debt service on the Bonds.

In addition, Tourism Tax Revenues collected by the State Department of Revenue are turned over to the State Treasurer and held until distributed to the Trustee. While held by the State Treasurer, such amounts may be invested in legally permissible investments from time to time, including the following:

1. Obligations issued or guaranteed by the United States or any of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities;
2. Collateralized repurchase agreements purchased from securities dealers that make markets in those securities listed in paragraph 1;
3. Bonds or other evidences of indebtedness of the State or any of the counties or incorporated cities, towns or duly organized school districts;
4. Commercial paper whose issuer is rated in one of the two highest rating categories for short-term obligations by any two nationally recognized statistical rating organizations;
5. Bills of exchange or time drafts known as bankers acceptances which are drawn on and accepted by a commercial bank;
6. Negotiable certificates of deposit issued by a nationally or state chartered bank or savings and loan association;
7. Bonds, debentures, notes or other evidences of indebtedness which are issued by entities organized and doing business in the United States and which carry as a minimum one of the "Baa" ratings of Moody's Investors Service or one of the "BBB" ratings of Standard and Poor's Rating Service, or their successors;
8. Securities of or any other interests in any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, if both of the following are met:
 - (a) The investment company or investment trust takes delivery of the collateral for any repurchase agreement either directly or through an authorized custodian; and
 - (b) The investment policy of the investment company or investment trust includes seeking to maintain a constant share price;
9. Certificates of deferred property taxes as provided by Arizona statutes;
10. Treasurer's warrant notes or registered warrants of a county if the yield is equal to or greater than the yields on eligible investment instruments of comparable maturities;
11. Shares in the State Treasurer's Local Government Investment Pool, provided that the investment policies of the pool seek to maintain a constant share price; or
12. State Transportation Board funding obligations, under certain specified conditions.

The Authority does not participate in any investment decisions made by the State Treasurer, does not monitor the investment of monies by the State Treasurer and does not verify that monies held by the State Treasurer are invested in conformance with applicable law. If and to the extent that the State Treasurer incurs losses on such investments, such losses might reduce the amount of Tourism Tax Revenues distributed to the Authority.

LITIGATION

Litigation Challenging Tourism Taxes

A lawsuit was filed in June 2005 in Maricopa County Superior Court by nonresidents of Arizona challenging the legality of the Car Rental Surcharge and the Hotel Tax on the grounds that both taxes violate what the complaint refers to as the "dormant commerce clause" of the United States Constitution (the "2005 Litigation"). The plaintiffs asserted that both taxes have the effect, and were intended to have the effect, of discriminating against nonresidents of Arizona and in favor of Arizona residents and thus unlawfully burden interstate commerce. The complaint also claimed that the Car Rental Surcharge violates the Arizona State Constitution by imposing a tax, fee or excise relating to the operation or use of vehicles on the public highways or streets with the proceeds being expended for other than highway and street purposes. The lawsuit sought to have the claim certified as a class action on behalf of all those similarly situated who paid either the Car Rental Surcharge or the Hotel Tax. The complaint asked that the defendants be enjoined from enforcing or collecting the Car Rental Surcharge and the Hotel Tax and that the court order that amounts previously collected must be refunded. The named defendants include the Arizona Department of Revenue and hotel and car rental businesses. The Authority, by stipulation with the plaintiffs,

intervened in the lawsuit as the real party in interest. The lawsuit was dismissed in February 2006 for lack of subject matter jurisdiction because the proposed class representative lacked standing to challenge the validity of the taxes. The dismissal was appealed to the Arizona Court of Appeals where it was affirmed in 2007.

In August 2009, a car rental company located in the County that paid the Car Rental Surcharge filed an administrative class claim with the Arizona Department of Revenue seeking a refund for all car rental companies that paid the Car Rental Surcharge. The claim for refund was denied on October 10, 2010. On November 16, 2010, an appeal of the administrative denial and a class action complaint was filed in Maricopa County Superior Court against the Arizona Department of Revenue challenging the legality of the Car Rental Surcharge on the grounds that it violates what the complaint refers to as the "dormant commerce clause" of the United States Constitution (the "2010 Litigation"). The plaintiffs asserted that the Car Rental Surcharge has the effect, and was intended to have the effect, of discriminating against nonresidents of Arizona and in favor of Arizona residents and thus unlawfully burden interstate commerce. The complaint also claimed that the Car Rental Surcharge violates the Arizona State Constitution by imposing a tax, fee or excise relating to the operation or use of vehicles on the public highways or streets with the proceeds being expended for other than highway and street purposes. The complaint asked that the defendants be enjoined from enforcing or collecting the Car Rental Surcharge and that the court order that amounts previously collected must be refunded. The named defendant was the Arizona Department of Revenue, but the Authority requested leave to intervene in the lawsuit as the real party in interest, which was granted by the court in February 2011. In June 2011, the parties argued cross motions for summary judgment, which remain pending and have not been ruled on by the court. The lawsuit was certified as a class action by the court in December 2011 and includes all car rental companies in Maricopa County that paid the Car Rental Surcharge during certain specified time periods. The Authority has and intends to continue to defend the lawsuit vigorously.

On May 10, 2012, the law firm representing the plaintiffs in the 2010 Litigation notified the counsel to the Authority, Fennemore Craig P.C., that the plaintiffs in the 2010 Litigation filed another administrative class claim with the Arizona Department of Revenue seeking a refund of all taxes related to the Car Rental Surcharge that were not included in the 2010 Litigation and that several hotels located in the County that paid the Hotel Tax had filed an administrative class claim with the Arizona Department of Revenue seeking a refund of all taxes related to the Hotel Tax. The legal issues presented by the plaintiffs in the 2005 Litigation and the 2010 Litigation are identical to the legal issues presented in the administrative class claims: that the Car Rental Surcharge and the Hotel Tax have the effect, and were intended to have the effect, of discriminating against nonresidents of Arizona and in favor of Arizona residents and thus unlawfully burden interstate commerce. The administrative class claims related to the Car Rental Surcharge also allege that these taxes violate the Arizona State Constitution by imposing a tax, fee or excise relating to the operation or use of vehicles on the public highways or streets with the proceeds being expended for other than highway and street purposes. If and when these administrative class claims become actual lawsuits, the Authority intends to intervene in each action so that it can defend the lawsuits vigorously.

The Authority learned about the additional administrative class claims described in the paragraph above the day after the 2012A Bonds were sold on May 9, 2012. As a result of the filing of the additional administrative class claims, the Authority's counsel has expanded its opinion (referenced in the paragraph below) to include the Hotel Tax.

The law firm Fennemore Craig P.C. represents the Authority with respect to the 2010 Litigation and the administrative class claims and has delivered its opinion letter to the Underwriter to the effect that if the matter were presented to a court of last resort of competent jurisdiction in a proceeding properly briefed and with the court reasonably and properly applying current principles of known and existing law to the facts, the court would hold that neither the Car Rental Surcharge nor the Hotel Tax violate the commerce clause of the United States Constitution or the Arizona State Constitution. The firm's opinion letter to this effect is based on various assumptions, limitations and qualifications, including that there is no reported appellate court decision directly on point and that the matter is not entirely free from doubt and accordingly there can be no assurance that a particular court would not hold otherwise. The firm's opinion letter is not a guaranty as to what a court would actually hold, but represents the firm's professional judgment as to what the decision of a court of last resort would be if the issues were properly raised, presented and argued to it and the court followed what the firm believes to be the applicable legal principles. It is not possible to predict with certainty the outcome of any litigation, including the litigation described above.

If either the Car Rental Surcharge or the Hotel Tax or both were struck down or refunds of past tax collections were ordered by the courts, the Authority's revenues and financial position would be materially and adversely affected. See "Car Rental Surcharge Revenues" and "Hotel Tax Revenues" under "SOURCES OF PLEDGED REVENUES," and "DEBT SERVICE REQUIREMENTS" herein for information concerning the proportion of the Authority's revenues that the Car Rental Surcharge and the Hotel Tax have represented historically and are projected by the Authority to represent in the future.

General

There is no litigation or administrative action pending in any court or, to the best knowledge of the Authority, threatened, which would restrain or enjoin the issuance, sale or delivery of the 2012A Bonds or in any way contest or affect the validity of the 2012A Bonds, or which concerns the proceedings of the Authority taken in connection with the issuance and sale of the 2012A Bonds or the collection, pledge or application of Pledged Revenues, or the pledge and application of any funds provided for their payment, or the acquisition and construction of the Multipurpose Facility, or which contests the powers of the Authority, with respect to the foregoing.

LEGAL INVESTMENT

To the extent governed by Arizona law, the Act provides that the 2012A Bonds are securities in which all public officers and bodies of the State and all municipalities and political subdivisions of the State, all insurance companies and associations and other persons carrying on an insurance business, all financial institutions, investment companies and other persons carrying on a banking business, all fiduciaries and all other persons authorized to invest in government obligations, may properly and legally invest money. The 2012A Bonds are also securities which may be deposited with and may be received by all public officers and bodies of the State and all municipalities and political subdivisions of the State for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the 2012A Bonds from the Authority at a price of \$195,690,142.18 pursuant to a Bond Purchase Agreement between the Authority and the Underwriter. Based upon the initial offering yield of the 2012A Bonds as shown on the front cover hereof, the Underwriter will receive compensation of \$1,413,592.92. The Underwriter may offer and sell the 2012A Bonds to dealers (including dealers depositing the 2012A Bonds into investment trusts) and others at prices lower than the public offering price reflected on the front cover hereof and may also change the initial public offering price set forth on the front cover page hereof. The Underwriter will be obligated to purchase all of the 2012A Bonds if any are purchased.

The Underwriter may also receive a fee for conducting a competitive bidding process regarding the investment of certain proceeds of the 2012A Bonds.

TAX MATTERS

In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law: (i) interest on the 2012A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) interest on the 2012A Bonds is exempt from Arizona state income tax. Bond Counsel expresses no opinion as to any other tax consequences regarding the 2012A Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Authority contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the 2012A Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the Authority's certifications and representations or the continuing compliance with the Authority's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the 2012A Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the IRS or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Authority may cause loss of such status and result in the interest on the 2012A Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the 2012A Bonds. The Authority has covenanted to take the actions required of it for the interest on the 2012A Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the 2012A Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2012A Bonds or the market value of the 2012A Bonds.

A portion of the interest on the 2012A Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the 2012A Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the 2012A Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the 2012A Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a 2012A Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the 2012A Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the 2012A Bonds will not have an adverse effect on the tax status of interest on the 2012A Bonds or the market value or marketability of the 2012A Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the 2012A Bonds from gross income for federal or state income tax purposes for all or certain taxpayers. For example, both the American Jobs Act of 2011 proposed by President Obama on September 12, 2011, and introduced into the Senate on September 13, 2011, and the federal budget for fiscal year 2013 as proposed by President Obama on February 13, 2012, contain provisions that could, among other things, result in additional federal income tax for tax years beginning after 2012 on taxpayers that own tax-exempt obligations, including the 2012A Bonds, if they have incomes above certain thresholds.

Prospective purchasers of the 2012A Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the 2012A Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the 2012A Bonds ends with the issuance of the 2012A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, or the owners of the 2012A Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the 2012A Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the 2012A Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the 2012A Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the 2012A Bonds.

Original Issue Premium

Certain of the 2012A Bonds ("Premium Bonds") as indicated on the inside cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the inside cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of bond premium properly amortizable in any period with respect to the Premium Bonds and as to other federal tax consequences and the treatment of bond premium for purposes of state and local taxes on, or based on, income.

INDEPENDENT AUDITORS

The audited financial statements of the Authority as of June 30, 2011 and 2010 and for the Fiscal Years then ended, which are included in Appendix E of this Official Statement, have been audited by Eide Bailly LLP, as stated in the opinion which appears in Appendix E.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "Commission"), the Authority will execute a written Continuing Disclosure Undertaking (the "Disclosure Undertaking"), substantially in the form set forth as Appendix C, wherein the Authority will agree, for the benefit of the beneficial owners of the 2012A Bonds, to provide, or cause to be provided, certain annual financial information and operating data that is generally consistent with the information contained in the table under the heading "SOURCES OF PLEDGED REVENUES—Summary of Pledged Revenues" herein, and notice of the occurrence of certain events or failures to take certain required actions with respect to the 2012A Bonds.

The Authority may from time to time choose to provide notice of the occurrence of other events, in addition to those required in the Disclosure Undertaking, but the Authority does not undertake to commit to provide any notice of the occurrence of any event except those events listed in the Disclosure Undertaking, if material.

The obligations of the Authority described in the Disclosure Undertaking will remain in effect until the 2012A Bonds are no longer outstanding (within the meaning of the Indenture) or the Rule no longer applies to the 2012A Bonds. The Disclosure Undertaking may be amended or waived upon receipt by the Authority of an opinion

The Authority previously entered into continuing disclosure undertakings (the "Prior Disclosure Undertakings") with respect to certain previously issued Senior Bonds and the 2003 Subordinate Bonds, which require the filing on or before February 1 of each year of audited financial statements and annual updates with respect to the receipt of Pledged Revenues by the Authority (together, the "Annual Information"). Due to oversight, the Authority did not file all of the Annual Information when due during the last five years. To address this issue, the Authority has now filed, through EMMA, all of the required Annual Information for the last five years. The Authority has recently reviewed its filing requirements pursuant to the Prior Disclosure Undertakings and is implementing procedures to address future compliance with the Prior Disclosure Undertakings and the new undertaking entered into by it with respect to the 2012A Bonds.

RATINGS

Moody's and Fitch have assigned the 2012A Bonds their respective long-term ratings of "A1" and "A," respectively. No application was made to any other rating service for the purpose of obtaining additional ratings on the 2012A Bonds. The Authority has furnished Moody's and Fitch with certain information and materials, which have not been included in this Official Statement.

Such ratings reflect only the view of Moody's and Fitch. An explanation of the significance of such ratings may be obtained from Moody's at 250 Greenwich Street at 7 World Trade Center, New York, New York 10007, and from Fitch at One State Street Plaza, New York, New York 10004. The ratings are not a recommendation to buy, sell or hold the 2012A Bonds and there is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's or Fitch, if in their judgment, circumstances so warrant. Any withdrawal or downgrading may adversely affect the market price of the 2012A Bonds.

The Authority expects to furnish Moody's and Fitch with information and materials that they may request. The Authority, however, assumes no obligation to furnish requested information materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the 2012A Bonds.

CERTAIN LEGAL MATTERS

Legal matters incident to the issuance of the 2012A Bonds and with regard to the exclusion of interest from gross income for Federal income tax purposes (see "TAX MATTERS") are subject to the legal opinion of Squire Sanders (US) LLP, Bond Counsel, whose legal services have been retained by the Authority. The signed legal opinion, dated and premised on law in effect as of the date of original delivery of the 2012A Bonds, will be delivered to the Authority at the time of original delivery. The text of that opinion will be printed on the 2012A Bonds. Squire Sanders (US) LLP is also serving as Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its counsel, Fennemore Craig P.C., and for the Underwriter by its counsel, Greenberg Traurig, LLP.

MISCELLANEOUS

Copies of the Indenture, discussed herein may be obtained from the Underwriter, RBC Capital Markets, LLC, at 2398 East Camelback Road, Suite 700, Phoenix, Arizona, 85016 (telephone: 602-381-5368).

All statements in this Official Statement involving matters of opinion, estimates, forecasts, projections, or the like, whether or not expressly stated to be such, are intended as such and not as representations of fact or certainty and no representation is made that any of those statements have been or will be realized. The agreements of the Authority are fully set forth in the Indenture in accordance with the Act and neither this Official Statement nor any statements that may have been or that may be made orally or in writing is to be construed as a contract or agreement between the Authority and the purchasers or Owners of any of the 2012A Bonds.

This Official Statement is submitted in connection with the original sale of the 2012A Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. This Official Statement has been duly authorized and approved by the Authority and duly executed and delivered on their behalf by the officials signing below.

TOURISM AND SPORTS AUTHORITY, doing business as
the ARIZONA SPORTS AND TOURISM AUTHORITY

/s/ Judy Bernas

Chair, Board of Directors

/s/ Tom Sadler

President and Chief Executive Officer

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APPENDIX A

PROPOSED FORM OF OPINION OF BOND COUNSEL

June 5, 2012

To: Arizona Sports and Tourism Authority
Glendale, Arizona

We have served as bond counsel to our client the Arizona Sports and Tourism Authority (the "Authority") of its \$176,740,000 Senior Revenue Refunding Bonds (Multipurpose Stadium Facility Project) Series 2012A (the "Bonds"), dated the date of this letter.

The Bonds are issued pursuant to the provisions of Title 5, Chapter 8, Arizona Revised Statutes, as amended (the "Act"), resolutions adopted by the Board of Directors of the Authority on April 19, 2012 (the "Resolution"), and a Trust Indenture, dated as of February 1, 2003, as supplemented, including as supplemented by a Senior Series 2012A Supplemental Indenture, dated as of June 1, 2012, between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (collectively, the "Indenture"). Capitalized terms not otherwise defined in this letter are used as defined in the Indenture.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, a copy of the signed and authenticated Bond of the first maturity, the Resolution, the Indenture and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Bonds and the Indenture are valid and binding obligations of the Authority, enforceable in accordance with their respective terms.
2. The Bonds constitute special obligations of the Authority, and the principal of and interest and any premium on (collectively, "debt service") the Bonds, together with debt service on any other obligations issued and outstanding on a parity with the Bonds as provided in the Indenture, are payable from and secured solely by the Senior Trust Estate as provided in the Indenture. The payment of debt service on the Bonds is not secured by an obligation or pledge of any money raised by taxation other than the Senior Trust Estate, and the Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the Authority, the State of Arizona or any of its political subdivisions.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the interest on the Bonds earned by certain corporations may be subject to a corporate alternative minimum tax. The interest on the Bonds is exempt from Arizona state income tax. We express no opinion as to any other tax consequences regarding the Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Authority.

In rendering those opinions with respect to treatment of the interest on the Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the Authority. Failure to comply with certain of those covenants subsequent to issuance of the Bonds may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the Bonds has concluded on this date.

Respectfully submitted,

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary does not purport to be a full statement of the terms of the Indenture and, accordingly, is qualified by reference thereto and is subject to the full text thereof.

Capitalized terms not defined in this summary or in the Official Statement have the meanings given them in the Indenture.

Definitions

“Accreted Amount” means, as of any date, the amount or portion of the amount payable on Bonds at maturity that is accrued to or payable on the particular date in accordance with the applicable Bond Documents and that is in excess of the Aggregate Outstanding Principal Amount described in clauses (a), (b) and (c) of the definition of that term. Accreted Amount does not include interest payable on the outstanding principal amount of a Bond, except for interest on a Bond that is payable only at that Bond's principal maturity.

“Act” means Title 5, Chapter 8, Arizona Revised Statutes.

“Aggregate Outstanding Principal Amount” means, with respect to Bonds Outstanding as of any date: (a) with respect to any Outstanding Bonds on which no interest is payable, the aggregate discounted offering price at which the Bonds are initially sold to the public, disregarding any purchase price discount to the original purchaser from the Authority; (b) with respect to any Outstanding Bonds on which no interest is payable prior to principal maturity, their aggregate face amount; (c) with respect to any Outstanding Bonds involving other compound Accreted Amounts or accreted values, the Aggregate Outstanding Principal Amount of those Bonds as defined in and calculated in accordance with the Bond Documents authorizing them or, if no such definition or provision for that calculation is so provided, then in accordance with generally accepted accounting principles; and (d) with respect to any other Outstanding Bonds, their aggregate face amount.

“Authority” means the Tourism and Sports Authority, doing business as the Arizona Sports and Tourism Authority, a corporate and political body of the State of Arizona created and existing pursuant to the Act.

“Board” means the Board of Directors of the Authority.

“Bond” or *“Bonds”* means bonds of the Authority issued pursuant to the Act, the Indenture and a Series Supplemental Indenture.

“Bond Counsel Opinion” means an opinion letter of Squire Sanders (US) LLP, or another firm of attorneys of national reputation experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Authority.

“Bond Documents” means the Indenture and the applicable Series Supplemental Indenture, and other resolutions, Credit Support Instruments, agreements, and certificates, and amendments of and supplements to or any combination of them, authorizing or providing for the terms and conditions and agreements applicable to, or providing for the security for, liquidity or sale of, or the terms contained in, the applicable Bonds.

“Bond Payment Date” means any date on which Bond Service Charges are due and payable on any Bonds.

“Bond Service Charges” means the principal (as payable at stated maturity, on mandatory sinking fund redemption or other mandatory redemption, by acceleration or otherwise), Accreted Amount, interest and any redemption premium required to be paid by the Authority on the Bonds and other amounts payable by the Authority and described in this paragraph. In determining Bond Service Charges for any period, mandatory sinking fund

redemption requirements for that period shall be taken into account, and principal maturities or interest or Accreted Amount payments for which mandatory sinking fund redemption requirements are imposed and complied with in a prior period, to that extent, shall be excluded. In the case of payment of Bond Service Charges by a person other than the Authority pursuant to a Credit Support Instrument, “Bond Service Charges” means the reimbursement by the Authority to the provider of that Credit Support Instrument of the amount so paid. “Bond Service Charges” for Bonds supported by a Credit Support Instrument include any periodic fees payable by the Authority to the Credit Support Provider. In the case of Bond Service Charges paid from a debt service reserve or similar fund, “Bond Service Charges” include replenishment to such fund of the Bond Service Charges so paid. In the case of any Swap Agreement, “Bond Service Charges” means the Authority's periodic payment obligations pursuant to the Swap Agreement, excluding any early termination payment.

“*Bond Year*” means the period beginning on July 1 of each calendar year and ending on June 30 of the following year.

“*Car Rental Surcharge Revenues*” mean the car rental surcharge revenues to be distributed to the Authority in accordance with A.R.S. Section 5-839.

“*Code*” means the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder.

“*Consultant*” means a firm appointed by the Authority which is qualified to pass upon questions relating to expected Facility Tax Revenues, Tourism Tax Revenues and Other Authority Revenues with a favorable reputation for skill and experience in such matters.

“*Credit Support Instrument*” means an insurance policy, letter of credit, or other credit enhancement, support or liquidity device provided pursuant to an agreement to which the Authority is a party and which is used to enhance the security or liquidity of any Bonds or Series or two or more Series or part of a Series of Bonds.

“*Credit Support Provider*” means the provider of a Credit Support Instrument relating to all or any portion of a Series of Bonds so long as those Bonds are Outstanding, and so long as that Credit Support Instrument is in effect.

“*Defeasance Obligations*” means, except to the extent provided otherwise as to Bonds in the applicable Bond Documents for those Bonds:

- (a) Cash;
- (b) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series (“SLGs”));
- (c) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGERS and similar securities;
- (d) Resolution Funding Corp. (REFCORP). Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable;
- (e) Pre-refunded municipal bonds rated “Aaa” by Moody's and “AAA” by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition; and
- (f) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:
 - U.S. Export-Import Bank (Eximbank) Direct obligations or fully guaranteed certificates of beneficial ownership

Farmers Home Administration (FmHA) Certificates of beneficial ownership.
Federal Financing Bank.
General Services Administration Participation certificates.
U.S. Maritime Administration. Guaranteed Title XI financing.
U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures – U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds
U.S. government guaranteed public housing notes and bonds.

“*Facility Income Tax Revenues*” means the tax revenues to be distributed to the Authority pursuant to A.R.S. Section 42-1116(C).

“*Facility Income Tax Revenues Not Pledged*” means the amount of Facility Income Tax Revenues that exceeds the portion of the amount reported by the Arizona Department of Revenue pursuant to A.R.S. 43-209.C and representing taxes on income not related to professional football.

“*Facility Income Tax Revenues Pledged*” means the amount of Facility Income Tax Revenues that does not exceed the portion of the amount reported by the Arizona Department of Revenue pursuant to A.R.S. 43-209.C and representing taxes on income related to professional football.

“*Facility Revenue Clearing Account*” means the Account so designated by the Act, and includes within it the Facility Revenue Clearing Subaccount Held by the Trustee and the Facility Revenue Clearing Subaccount Held by the Authority.

“*Facility Revenue Clearing Subaccount Held by the Authority*” means the Account so designated as a Subaccount within the Facility Revenue Clearing Account as described in the Indenture.

“*Facility Revenue Clearing Subaccount Held by the Trustee*” means the Account so designated as a Subaccount within the Facility Revenue Clearing Account as described in the Indenture.

“*Facility Tax Revenues*” means the Multipurpose Facility Sales Tax Revenues and the Facility Income Tax Revenues.

“*Funded Interest*” means amounts irrevocably deposited in escrow to pay interest on Bonds and interest earned on amounts irrevocably deposited in escrow to the extent such interest earned is required to be applied to pay interest on Bonds, including funds held in connection with an advance refunding or cross-over refunding of Bonds.

“*Hotel Tax Revenues*” means revenues from the sales tax on hotels to be distributed to the Authority in accordance with A.R.S. Section 5-840.

“*Maximum Rate*” for Variable Rate Bonds means the highest interest rate per annum payable on such Bonds, and the Authority must specify the Maximum Rate in the Bond Documents for Variable Rate Bonds.

“*Monthly Debt Service Amount*” means Bond Service Charges as accrued on a monthly basis. The portion of the Monthly Debt Service Amount relating to principal of the Bonds means, during each period of twelve (12) calendar months preceding a date on which Bonds mature or are subject to mandatory redemption, one-twelfth (1/12th) of the principal and, if applicable, Accreted Amount to become payable on such date (provided that if principal of a Series of Bonds is payable more frequently than annually, the principal and, if applicable, Accreted Amount is to be accumulated based upon the number of months between the dates on which principal is payable, for example, semiannual payments of principal and, if applicable, Accreted Amount is to be accumulated over the six (6) months preceding the principal payment date at the rate of one-sixth (1/6th) per month). The portion of the Monthly Debt Service Amount relating to interest on the Bonds means the interest which has accrued and will accrue on the Bonds during the current calendar month, and, for Variable Rate Bonds, (1) based on actual interest

rates for Rate Periods for which the interest rate has been determined and (2) if one or more new Rate Periods for which the interest rate has not been determined will commence before the last day of the month, based on the Maximum Rate for the days in the month for which the actual interest rate is not known. On the second Tuesday of the first subsequent month on which the actual interest rate has been determined for a Rate Period for Variable Rate Bonds for which the Maximum Rate was originally used in determining the Monthly Debt Service Amount, the Monthly Debt Service Amount may be reduced by the amount by which interest on those Bonds at the Maximum Rate exceeds interest on those Bonds at the actual interest rate for that Rate Period. Each Monthly Debt Service Amount for Senior Bonds and Subordinate Bonds may be reduced by the amount of interest earnings actually received and credited to the Senior Bond Debt Service Subaccount and the Subordinate Bond Debt Service Subaccount, respectively, during the previous calendar month.

“*Multipurpose Facility*” has the meaning given that term by the Act, currently: any facility that is suitable to be used to accommodate professional football franchises, major college football bowl sponsors, other sporting events and entertainment, cultural, civic, meeting, trade show or convention events or activities and may include a stadium, on-site infrastructure, parking garages and lots and related commercial uses within the facility.

“*Multipurpose Facility Sales Tax Revenues*” means the state sales tax revenues to be distributed to the Authority pursuant to A.R.S. Section 42-5032.01.A.

“*Other Authority Revenues*” means payments received by the Authority from leasing, subleasing or renting property owned, leased or controlled by the Authority; revenues received by the Authority from admissions, concessions and other proceeds from events held at a Multipurpose Facility owned or leased by the Authority; gifts, grants and donations received for operating purposes from any public or private source; proceeds from the sale of any of the Authority's property; and financial participation for operating costs received from the county or municipality in which a Multipurpose Facility owned or leased by the Authority is located.

“*Outstanding*” or “*outstanding*” means, when used with respect to Bonds, as of any date, all Bonds authenticated and delivered under the Indenture except:

- (a) any Bond canceled or delivered to the Trustee for cancellation on or before such date;
- (b) any Bond (or any portion of any Bond) (1) for the payment or redemption of which there is held in trust under the Indenture and set aside for such payment or redemption, monies and/or Defeasance Obligations maturing or redeemable at the option of the holder thereof not later than such maturity or redemption date, which, together with income to be earned on such Defeasance Obligations prior to such maturity or redemption date, will be sufficient to pay the principal or Redemption Price thereof, as the case may be, together with interest thereon to the date of maturity or redemption, and (2) in the case of any Bond (or any portion of any Bonds) to be redeemed prior to maturity, notice of the redemption of has been given or provided for in a manner satisfactory to the Trustee;
- (c) any Bond in lieu of or exchange for which another Bond has been authenticated and delivered pursuant to the Indenture; and
- (d) any Bond deemed to have been paid pursuant to its terms or as provided in the Indenture or its applicable Bond Documents.

“*Owner*,” “*Bondholder*” or “*Holder*” or “*Holders of Bonds*” or similar term when used with respect to a Bond or Bonds, means any person who is the registered owner of any Bond.

“*Rate Period*” for Variable Rate Bonds means a period during which a particular rate of interest determined for those Variable Rate Bonds is to remain in effect until a subsequently determined rate of interest becomes effective, with the final Rate Period ending on (and including) the day immediately preceding the maturity date of such Bonds.

“*Rating*” means a rating maintained on any of the Bonds by a Rating Agency at the request of the Authority.

“*Rating Agency*” means any rating agency which is maintaining a Rating on any Bonds at the request of the Authority, and, if any such rating agency no longer maintains a Rating on any Bonds solely because it no longer performs the functions of a securities rating agency, “Rating Agency” is deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Trustee.

“*Rating Category*” means one of the major Rating Categories of the Rating Agency, based upon the Rating Categories in effect at the time of issuance or incurrence of the Bonds in question, or their equivalents, without regard to numerical or other modifiers within the major Rating Categories.

“*Senior Bond Revenue Amount*” means, for any period, the aggregate amount available to be distributed to the Senior Bond Debt Service Subaccount from the Tourism Revenue Clearing Account as described in paragraphs (1) and (3) under “Tourism Revenue Clearing Account and Facility Revenue Clearing Subaccount Held by the Trustee” and from the Facility Revenue Clearing Subaccount Held by the Trustee as described in paragraph (2) “Tourism Revenue Clearing Account and Facility Revenue Clearing Subaccount Held by the Trustee.”

“*Senior Bond Trust Estate*” means the monies and investments in the Senior Bond Debt Service Subaccount, the Senior Bond Proceeds Subaccount and the Operating General Subaccount and the interest of the Authority in the Senior Bond Revenue Amount, subject to application of such monies and investments as provided or as permitted by the Indenture. The Senior Bond Trust Estate will not include or be deemed to include any interest of any type or nature whatsoever in the Facility Income Tax Revenues Not Pledged, notwithstanding that, through imprecise estimation, erroneous calculation or otherwise, Facility Income Tax Revenues Not Pledged may be, or may be determined to have been, from time to time deposited and held in or disbursed from any Account or Fund held pursuant to the Indenture.

“*Series of Bonds,*” “*Series*” or “*Bonds of a Series*” means a series of Bonds issued under the Indenture and designated as a “Series” and authorized by a separate Series Supplemental Indenture.

“*Subordinate Bond Reserve Guarantor*” means the issuer of a Subordinate Bond Reserve Guaranty.

“*Subordinate Bond Reserve Guaranty*” means a letter of credit, surety bond or similar arrangement representing the irrevocable obligation of the Subordinate Bond Reserve Guarantor to pay to the Trustee upon request made by the Trustee up to an amount stated therein for application as described under “Bond Debt Service Account – Subordinate Bond Reserve Subaccount.

“*Subordinate Bond Reserve Guaranty Coverage*” means the amount available at any particular time to be paid to the Trustee under the terms of the Subordinate Bond Reserve Guaranties.

“*Subordinate Bond Reserve Requirement*” means the lowest of (1) ten percent (10%) of the original principal amount of all Series of Subordinate Bonds any of which remain Outstanding, (2) the largest amount of Bond Service Charges scheduled to become due and payable on all Outstanding Subordinate Bonds in the then current or any succeeding Bond Year and (3) one hundred twenty five percent (125%) of the average amount of Bond Service Charges scheduled to become due and payable on all Outstanding Subordinate Bonds for the then current and any succeeding Bond Year. For purposes of determining the Subordinate Bond Reserve Requirement, the amount of Bond Service Charges scheduled to become due and payable on Subordinate Bonds which are Variable Rate Bonds for periods for which the actual interest rate has not yet been determined shall be based on an interest rate equal to the 30-year Revenue Bond Index as published in The Bond Buyer no more than two (2) weeks prior to the date of determination of the Subordinate Bond Reserve Requirement.

“*Subordinate Bond Reserve Value*” means the sum of (a) the amount of monies credited to the Subordinate Bond Reserve Subaccount, and (b) the fair market value of investments credited to the Subordinate Bond Reserve Subaccount, plus accrued interest, and (c) the amount available to be drawn under any Subordinate Bond Reserve Guaranties credited to the Subordinate Bond Reserve Subaccount.

“*Subordinate Bond Revenue Amount*” means, for any period, the aggregate amount available to be distributed to the Subordinate Bond Debt Service Subaccount from the Tourism Revenue Clearing Account as

described in paragraphs (5) and (7) under “Tourism Revenue Clearing Account and Facility Revenue Clearing Subaccount Held by the Trustee” and from the Facility Revenue Clearing Subaccount Held by the Trustee as described in paragraph (6) under “Tourism Revenue Clearing Account and Facility Revenue Clearing Subaccount Held by the Trustee.”

“*Subordinate Bond Trust Estate*” means the monies and investments in the Subordinate Bond Debt Service Subaccount, the Subordinate Bond Reserve Subaccount, the Subordinate Bond Proceeds Subaccount and the Cactus League Promotion Account, and, to the extent not needed to fund the Senior Bond Debt Service Subaccount, the Operating General Subaccount, and the Authority's interest in the Subordinate Bond Revenue Amount, subject to application of such monies and investments as provided or as permitted by the Indenture. The Subordinate Bond Trust Estate will not include or be deemed to include any interest of any type or nature whatsoever in the Facility Income Tax Revenues Not Pledged, notwithstanding that, through imprecise estimation, erroneous calculation or otherwise, Facility Income Tax Revenues Not Pledged may be, or may be determined to have been, from time to time deposited and held in or disbursed from any Account or Fund held pursuant to the Indenture.

“*Swap Agreement*” means a Swap Agreement within the meaning of the Indenture entered into by the Authority in accordance with the provisions thereof that is to be secured by and payable from the Trust Estate in the same manner and with the same priority as Bond Service Charges.

“*Tourism Tax Revenues*” means the Car Rental Surcharge Revenues and the Hotel Tax Revenues.

“*Trust Estate*” means the property and interests granted to the Trustee for the benefit of the Owners of Senior Bonds and Subordinate Bonds, respectively, by the Granting Clauses in the Indenture. The Trust Estate will not include or be deemed to include any interest of any type or nature whatsoever in the Facility Income Tax Revenues Not Pledged, notwithstanding that, through imprecise estimation, erroneous calculation or otherwise, Facility Income Tax Revenues Not Pledged may be, or may be determined to have been, from time to time deposited and held in or disbursed from any Account or Fund held pursuant to the Indenture.

“*Variable Rate Bonds*” means any series of Bonds the rate of interest on which is not established at the time of issuance as one or more numerical rates applicable throughout the term thereof or for specified periods during the term thereof, so that at the time of issuance or at the time of any calculation with respect thereto the numerical rate of interest which will be in effect during all remaining portions of the term thereof cannot be determined.

“*Variable Rate Debt Interest Rate*” means, with respect to any Variable Rate Bonds, a fixed interest rate equal to the highest interest rate borne at any time during the twenty four (24) months prior to the date of determination by any Outstanding Variable Rate Bonds of the same class as the Variable Rate Bonds proposed to be issued (i.e., Senior Bonds or Subordinate Bonds) or, if there are not any such Variable Rate Bonds Outstanding on the date of determination, the highest interest rate borne at any time during the preceding twenty four (24) months by debt obligations that meet each of the following requirements: (a) the interest on which is treated for federal income tax purposes in the same manner as interest on the Variable Rate Bonds, (b) are assigned ratings by a Rating Agency comparable to the ratings assigned or to be assigned to the Variable Rate Bonds, (c) the interest rate on which is determined in a comparable manner or by reference to an index comparable to the index that is to be utilized in determining the interest rate on the Variable Rate Bonds; provided that such rate shall not be lower than the 30-year Revenue Bond Index as published in The Bond Buyer no more than two (2) weeks prior to the date of sale of the Variable Rate Bonds proposed to be issued.

Granting Clause

The Authority, in order to secure the payment of the Bond Service Charges on the Bonds issued and to be issued under the Indenture and the performance and observance of the covenants in the Indenture and the Bonds, has granted, bargained, sold, assigned, transferred, conveyed, warranted, pledged and set over, to the Trustee and to its successor or successors in the trust and to its assigns forever: (1) for the benefit of Owners of Senior Bonds, the Senior Bond Trust Estate; (2) for the benefit of Owners of Subordinate Bonds, the Subordinate Bond Trust Estate; and (3) any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, assigned or transferred, or in which a security interest is granted, by the Authority to the Trustee, subject to the application of that property in accordance with the provisions of the Indenture.

Authorization of Bonds

The Authority may issue Bonds in separate Series from time to time as authorized by a Series Supplemental Indenture. The Bonds are payable and secured as provided in the Indenture and are entitled to the benefits of the Indenture. The aggregate principal amount of the Bonds or the Bonds of a Series that may be issued is not limited, except as provided by the Indenture and by law and as may be provided by any applicable Bond Documents.

All Senior Bonds are payable from and secured by the Senior Bond Trust Estate equally and ratably with all other Senior Bonds.

All Subordinate Bonds are payable from and secured by the Subordinate Bond Trust Estate equally and ratably with all other Subordinate Bonds.

Additional classes of Bonds may be created which are payable from and secured by the Trust Estate on a basis junior and subordinate to that of all Senior Bonds and all Subordinate Bonds as provided in one or more Supplemental Indentures.

Bonds with the same claim on the Trust Estate are coequal as to priority of such claim as to payment at any particular time as to amounts which have become due and payable, notwithstanding that they are issued and delivered on different dates and that they have different terms and are payable on different dates.

General Conditions for Issuance of Bonds

Bonds may not be issued unless the Trustee has received the following: (1) a Series Supplemental Indenture authorizing the issuance of the Bonds of such Series; (2) a Bond Counsel Opinion to the effect that the issuance of the Bonds will be in compliance with the Indenture and all conditions precedent to issuance of the Bonds have been satisfied; and (3) a Bond Counsel Opinion to the effect that the issuance of the Bonds and application of their proceeds as contemplated by the Series Supplemental Indenture will not cause the interest on any Tax-Exempt Bonds to be includable in gross income for federal income tax purposes.

Additional Conditions for Issuance of Senior Bonds

(1) The Authority may issue one or more series of Senior Bonds if and to the extent that upon the issuance of such Series the aggregate principal amount of all Series of Senior Bonds that have been issued and the Series of Senior Bonds proposed to be issued does not exceed \$250,000,000.

(2) In addition to Senior Bonds issued as described in paragraph (1) above, the Authority may issue Senior Bonds for the purpose of financing the completion of the Multipurpose Facility in a principal amount required to provide a completed and equipped facility of substantially the same type and scope contemplated at the time of issuance of the Senior Bonds issued as described in paragraph (1) above and to pay the costs and expenses of issuing such Bonds, but not exceeding ten percent (10%) of the aggregate principal amount of all Series of Senior Bonds issued as described in paragraph (1).

(3) In addition to Senior Bonds issued as described in paragraphs (1) and (2) above, the Authority may issue Senior Bonds if (a) all payments and deposits with respect to all Bonds then Outstanding are current; (b) for each Bond Year for which Bond Service Charges are or will be due on Outstanding Senior Bonds or the Senior Bonds proposed to be issued, the Senior Bond Coverage Ratio (as defined below) is at least 1.30; (c) for each Bond Year for which Bond Service Charges are or will be due on Outstanding Subordinate Bonds, the Subordinate Bond Coverage Ratio (as defined below) is at least 1.15, all as shown in a Certificate of an Authorized Officer of the Authority with accompanying schedules filed with the Trustee; and (d) Tourism Tax Revenues received by the Authority in the most recent completed Bond Year were at least equal to the aggregate amount of Bond Service Charges for Outstanding Senior Bonds and the Senior Bonds then proposed to be issued for the Bond Year for which those aggregate Bond Service Charges are the highest, all as shown in a Certificate of an Authorized Officer of the Authority filed with the Trustee.

For purposes of paragraph (3) above and paragraph (2) under “Additional Conditions for Issuance of Subordinate Bonds,” the following terms have the following meanings:

“*Senior Bond Coverage Ratio*” means for any Bond Year, the ratio of (1) the greatest aggregate amount of Tourism Tax Revenues, Multipurpose Facility Sales Tax Revenues and Other Authority Revenues received by the Authority in any twelve (12) of the most recent eighteen (18) months prior to the issuance of the proposed Bonds to (2) the aggregate Bond Service Charges in that Bond Year for Outstanding Senior Bonds and any Senior Bonds proposed to be issued.

“*Subordinate Bond Coverage Ratio*” means for any Bond Year, the ratio of (1) the greatest aggregate amount of Tourism Tax Revenues, Facility Income Tax Revenues Pledged, Multipurpose Facility Sales Tax Revenues and Other Authority Revenues received by the Authority in any twelve (12) of the most recent eighteen (18) months prior to the issuance of the proposed Bonds to (2) the sum of (A) the aggregate Bond Service Charges in that Bond Year for Outstanding Senior Bonds and any Senior Bonds proposed to be issued, (B) the amount to be distributed to the Tourism Fund in that Bond Year as described under “Tourism Revenue Clearing Account and Facility Revenue Clearing Subaccount Held by the Trustee” and (C) the aggregate Bond Service Charges in that Bond Year for Outstanding Subordinate Bonds and any Subordinate Bonds proposed to be issued.

For purposes of calculating the Senior Bond Coverage Ratio and the Subordinate Bond Coverage Ratio, if subsequent to the beginning of the twelve (12) month period used in computing the Senior Bond Coverage Ratio and the Subordinate Bond Coverage Ratio the rates of any of the Facility Tax Revenues and/or Tourism Tax Revenues have been increased, there may be added to the Facility Tax Revenues and/or Tourism Tax Revenues for that period the additional amounts which would have been received during that period had the increase been in effect throughout the period.

For purposes of calculating the Senior Bond Coverage Ratio and the Subordinate Bond Coverage Ratio, Bond Service Charges are to be computed taking the following into account: (a) interest is excluded from the calculation to the extent Funded Interest is available to pay such interest; (b) principal payments are excluded from the calculation to the extent such principal is not Outstanding; (c) Bond Service Charge requirements on Variable Rate Bonds shall be deemed to be the amount equal to the Bond Service Charge payments that would be required for an issue of Bonds in the same principal amount bearing interest at a rate equal to the Variable Rate Debt Interest Rate; (d) debt service on Bonds supported by a Credit Support Instrument will not be based upon the terms of any reimbursement obligation to a Credit Support Provider; and (e) Bonds as to which the Authority has entered into a Swap Agreement as described under “Swap Agreements” are deemed to bear interest for the period of time that such Swap Agreement is in effect at a net rate which takes into account the interest payments made by the Authority on such Bonds and the payments made or received by the Authority on such Swap Agreement.

For purposes of calculating the Senior Bond Coverage Ratio and the Subordinate Bond Coverage Ratio in connection with the issuance of additional Bonds, and notwithstanding the above definitions of Senior Bond Coverage Ratio and Subordinate Bond Coverage Ratio, Tourism Tax Revenues shall be included in the amount determined as provided in clause (1) of the definition of Senior Bond Coverage Ratio and in clause (1) of the definition of Subordinate Bond Coverage Ratio only with respect to determining those ratios for those Bond Years during which, and only to the extent that, then-current State law provides for the distribution of those Tourism Tax Revenues to the Authority.

(4) In addition to Senior Bonds issued as described in paragraphs (1), (2) and (3) above, the Authority may issue Senior Bonds to refund Senior Bonds if taking into account the issuance and the application of the proceeds thereof the Bond Service Charges in any Bond Year on all Senior Bonds Outstanding will not be increased by more than ten percent (10%).

Additional Conditions for Issuance of Subordinate Bonds

(1) The Authority may issue additional Subordinate Bonds after the issuance of the first Series of Subordinate Bonds if all payments and deposits with respect to all Bonds then Outstanding are current; and for each Bond Year for which Bond Service Charges are or will be due on Outstanding Subordinate Bonds or the

Subordinate Bonds proposed to be issued, the Subordinate Bond Coverage Ratio is at least 1.15, all as shown in a Certificate of an Authorized Officer of the Authority with accompanying schedules filed with the Trustee.

(2) In addition to Subordinate Bonds issued as described in paragraph (1) above, the Authority may issue Subordinate Bonds to refund Subordinate Bonds if taking into account the issuance and the application of the proceeds thereof the Bond Service Charges in any Bond Year on all Subordinate Bonds Outstanding will not be increased by more than ten percent (10%).

Additional Conditions for Issuance of Variable Rate Bonds

The Authority may issue and the Trustee may authenticate Variable Rate Bonds if all of the following are satisfied:

(a) A Maximum Rate is specified in the Bond Documents for the Variable Rate Bonds, including a Maximum Rate for interest payable to a Credit Support Provider.

(b) A Credit Support Provider providing liquidity for the Variable Rate Bonds must be rated in the highest short term Rating Category of each Rating Agency.

(c) Any accelerated principal payments due to a Credit Support Provider providing liquidity and any interest due in excess of the normal Variable Rate Bond interest rate must be subordinate to the payment of Bond Service Charges on all Bonds of the same class (i.e., Senior Bonds or Subordinate Bonds), unless the tests described under “Additional Conditions for Issuance of Senior Bonds” or “Additional Conditions for Issuance of Subordinate Bonds”, as applicable, have been satisfied based on the Maximum Rate for interest payable to the Credit Support Provider and the accelerated principal repayment schedule to the Credit Support Provider.

(d) The Trustee, any Paying Agent and any tender agent must be commercial banks with trust powers. Any remarketing agent must have trust powers if it is responsible for holding monies or receiving Bonds unless the Bond Documents provide that if the remarketing agent is removed, resigns or is unable to perform its duties, the Trustee must assume the responsibilities of the remarketing agent until a substitute acceptable to each Credit Support Provider for Outstanding Bonds of the same class (i.e., Senior Bonds or Subordinate Bonds) is appointed and acting.

Establishment of Funds and Accounts

The Trustee is to create the following Accounts, all of which are considered to be accounts within the General Fund of the Authority to be held in trust for application only in accordance with the provisions of the Indenture and the terms of any applicable Supplemental Indenture:

The Senior Bond Proceeds Subaccount which is considered to be a subaccount within the Construction Account of the Authority.

The Tourism Revenue Clearing Account.

The Facility Revenue Clearing Subaccount Held by the Trustee.

The Debt Service Account and within the Debt Service Account the Senior Bond Debt Service Subaccount, the Subordinate Bond Debt Service Subaccount and the Subordinate Bond Reserve Subaccount.

The Cactus League Promotion Account and within the Cactus League Promotion Account the Cactus League General Subaccount and the Subordinate Bond Proceeds Subaccount.

The Authority is to create (1) the Operating Account, which will not be held in trust by the Trustee, but which is to be considered to be an account within the General Fund of the Authority, and within the Operating Account an Operating Current Expense Subaccount and an Operating General Subaccount, (2) the Construction Account, which, except for the Senior Bond Proceeds Subaccount, will not be held in trust by the Trustee, but is to

be considered an account within the General Fund of the Authority, both of which accounts will be held in trust by the Authority for application only in a manner not inconsistent with the provisions of the Indenture and the terms of any applicable Supplemental Indenture and (3) the Facility Revenue Clearing Subaccount Held by the Authority, which will not be held in trust by the Trustee and which will be considered to be a subaccount within the Facility Revenue Clearing Account within the General Fund of the Authority.

The Authority may also establish by Supplemental Indenture or otherwise one or more separate Accounts relating to a particular Series of Bonds or for other purposes. All such Accounts are to be held by the Trustee or by the Authority in trust for application only in accordance with the provisions of the Indenture and the terms of any applicable Supplemental Indenture.

Tourism Revenue Clearing Account and Facility Revenue Clearing Subaccount Held by the Trustee

The Authority covenants that for so long as the Authority owes debt service on bonds or other obligations payable from revenues or monies deposited in the Tourism Revenue Clearing Account to transfer to the Trustee for deposit into the Tourism Revenue Clearing Account all amounts from Tourism Tax Revenues received from the State Treasurer pursuant to A.R.S. Sections 5-839 and 5-840 as soon as is practicable. The Authority covenants that for so long as the Authority owes debt service on bonds or other obligations payable from revenues or monies deposited in the Facility Revenue Clearing Subaccount Held by the Trustee to transfer all Facility Income Tax Revenues Pledged and all Multipurpose Facility Sales Tax Revenues received from the State Treasurer and all Other Authority Revenues to the Trustee as soon as is practicable after receipt by the Authority for deposit into the Facility Revenue Clearing Subaccount Held by the Trustee. The Authority will use its best efforts to estimate, based on information available to it, the amount of each distribution by the State Treasurer of Facility Income Tax Revenues that constitutes Facility Income Tax Revenues Pledged and Facility Income Tax Revenues Not Pledged. The Authority will cause the amount estimated to be Facility Income Tax Revenues Pledged to be transferred to the Trustee for deposit in the Facility Revenue Clearing Subaccount Held by the Trustee. The Authority will deposit the amount estimated to be Facility Income Tax Revenues Not Pledged to the Facility Revenue Clearing Subaccount Held by the Authority and on the second Tuesday of each month shall transfer all amounts in the Facility Revenue Clearing Subaccount Held by the Authority to the Operating Current Expense Subaccount of the Operating Account. The Authority will spend amounts in the Operating Current Expense Subaccount for the purposes for which monies in the Operating Account may lawfully be spent before spending amounts in the Operating General Subaccount for those purposes, provided, however, in no event will amounts in the Operating Current Expense Subaccount be used for the payment of Bond Service Charges or for transfer to the Debt Service Account.

On the second Tuesday of each month, the Trustee is to distribute all monies in the Tourism Revenue Clearing Account and the Facility Revenue Clearing Subaccount Held by the Trustee as follows and in the following order of priority:

(1) From the Tourism Revenue Clearing Account to the Senior Bond Debt Service Subaccount an amount equal to the monthly amount specified in a schedule accompanying a Certificate of an Authorized Officer of the Authority delivered to the Trustee as being the amount to be so distributed that month pursuant to A.R.S. Section 5-835.B.1, plus all amounts necessary to make up deficiencies in such distributions from earlier months.

(2) From the Facility Revenue Clearing Subaccount Held by the Trustee to the Senior Bond Debt Service Subaccount an amount equal to the Monthly Debt Service Amount for Outstanding Senior Bonds, net of deposits being made that day to the Senior Bond Debt Service Subaccount from the Tourism Revenue Clearing Account pursuant to (1) above, plus any amounts necessary to make up deficiencies in deposits to the Senior Bond Debt Service Subaccount from earlier months.

(3) From the Tourism Revenue Clearing Account to the Senior Bond Debt Service Subaccount an amount equal to the Monthly Debt Service Amount for Outstanding Senior Bonds, net of deposits being made that day to the Senior Bond Debt Service Subaccount from the Tourism Revenue Clearing Account pursuant to (1) above and from the Facility Revenue Clearing Subaccount Held by the Trustee pursuant to (2) above, plus any amounts necessary to make up deficiencies in deposits to the Senior Bond Debt Service Subaccount from earlier months.

(4) After completing distributions pursuant to (1) through (3), from the Tourism Revenue Clearing Account to the Tourism Fund established pursuant to A.R.S. Section 41-2306, an amount equal to the monthly amount specified in a schedule accompanying a Certificate of an Authorized Officer of the Authority delivered to the Trustee as being the amount to be so distributed that month pursuant to A.R.S. Section 5-835.B.2.

(5) After completing distributions pursuant to (1) through (4), from the Tourism Revenue Clearing Account to the Subordinate Bond Debt Service Subaccount the lesser of (A) an amount equal to the Monthly Debt Service Amount for Outstanding Subordinate Bonds issued for Cactus League Purposes, plus any amounts necessary to make up deficiencies in deposits to the Subordinate Bond Debt Service Subaccount from earlier months and (B) the monthly amount specified in a schedule accompanying a Certificate of an Authorized Officer of the Authority delivered to the Trustee as being the amount to be so distributed that month pursuant to A.R.S. Section 5-835.B.3.

(6) After distributions pursuant to (1) through (5), from the Facility Revenue Clearing Subaccount Held by the Trustee to the Subordinate Bond Debt Service Subaccount an amount equal to the Monthly Debt Service Amount for Outstanding Subordinate Bonds, net of deposits being made that day to the Subordinate Bond Debt Service Subaccount from the Tourism Revenue Clearing Account pursuant to (5) above, plus any amounts necessary to make up deficiencies in deposits to the Subordinate Bond Debt Service Subaccount from earlier months and to restore amounts from the Subordinate Bond Reserve Subaccount which have been applied to pay Bond Service Charges on Subordinate Bonds.

(7) After distributions pursuant to (1) through (6), from the Tourism Revenue Clearing Account to the Subordinate Bond Debt Service Subaccount an amount equal to the Monthly Debt Service Amount for Outstanding Subordinate Bonds, net of deposits being made that day to the Subordinate Bond Debt Service Subaccount from the Tourism Revenue Clearing Account pursuant to (5) above and from the Facility Revenue Clearing Subaccount Held by the Trustee pursuant to (6) above, plus any amounts necessary to make up deficiencies in deposits to the Subordinate Bond Debt Service Subaccount from earlier months and to restore amounts from the Subordinate Bond Reserve Subaccount which have been applied to pay Bond Service Charges on Subordinate Bonds.

(8) After completing distributions pursuant to (1) through (7), from the Tourism Revenue Clearing Account to the Cactus League General Subaccount an amount equal to the monthly amount specified in a schedule accompanying a Certificate of an Authorized Officer of the Authority delivered to the Trustee as being the amount to be so distributed that month pursuant to A.R.S. Section 5-835.B.3, less the amount transferred that day from the Tourism Revenue Clearing Account to the Subordinate Bond Debt Service Subaccount pursuant to (5) and (7) above.

(9) After completing distributions pursuant to (1) through (8), from the Tourism Revenue Clearing Account to the Authority for deposit into the Authority's Youth and Amateur Sports Facilities Account an amount equal to the monthly amount specified in a schedule accompanying a Certificate from an Authorized Officer of the Authority delivered to the Trustee as being the amount to be so distributed that month pursuant to A.R.S. Section 5-835.B.4.

(10) After distributions pursuant to (1) through (9), from the Tourism Revenue Clearing Account to the Authority for deposit into the Authority's Operating General Subaccount of the Operating Account an amount equal to the monthly amount specified in a schedule accompanying a Certificate of an Authorized Officer of the Authority delivered to the Trustee as being the amount to be so distributed that month pursuant to A.R.S. Section 5-835.B.4.

(11) After distributions pursuant to (1) through (10), from the Tourism Revenue Clearing Account to the Authority for deposit into the Authority's Youth and Amateur Sports Facilities Account to fund the statutorily required reserve in that account an amount equal to the monthly amount specified in a schedule accompanying a Certificate of an Authorized Officer of the Authority delivered to the Trustee as being the amount to be so distributed that month pursuant to A.R.S. Section 5-835.B.5.

(12) After distributions pursuant to (1) through (11), to the Authority for deposit into the Authority's Operating General Subaccount of the Operating Account any monies remaining in both the Tourism Revenue Clearing Account and the Facility Revenue Clearing Subaccount Held by the Trustee.

The Authority may specify in a Certificate of an Authorized Officer of the Authority accompanying one or more schedules delivered to the Trustee that the schedule is to be followed and used by the Trustee in making distributions and transfers until that schedule is superseded by a new schedule accompanying a new Certificate of an Authorized Officer of the Authority. The Authority may, but is not obligated to, direct the Trustee in any month or months (a) to make up deficiencies in deposits from earlier months with respect to distributions pursuant to any of paragraphs (4), (8), (9) and (10) before making further distributions in such month; provided that all distributions must be made in the order of priority specified above; and provided further that deficiencies in deposits to the Tourism Fund from earlier months pursuant to paragraph (4) are not to be made up in any month if and to the extent that making up such deficiencies would result in a deficiency in deposits to the Subordinate Bond Debt Service Subaccount in that month; and (b) to reduce the amount to be deposited to either or both of the Senior Bond Debt Service Subaccount and the Subordinate Bond Debt Service Subaccount pursuant to any of paragraphs (1), (2), (3), (5), (6) and (7) by an amount equal to amounts voluntarily transferred by the Authority from the Operating General Subaccount of the Operating Account to the Trustee for deposit into the Senior Bond Debt Service Subaccount and the Subordinate Bond Debt Service Subaccount, respectively.

Bond Debt Service Account

Senior Bond Debt Service Subaccount. The Trustee is to deposit in the Senior Bond Debt Service Subaccount any amounts received as accrued interest upon the issuance of Senior Bonds, and all amounts to be deposited therein from (A) the Tourism Revenue Clearing Account as described in paragraphs (1) and (3) under “Tourism Revenue Clearing Account and Facility Revenue Clearing Subaccount Held by the Trustee,” (B) the Facility Revenue Clearing Subaccount Held by the Trustee as described in paragraphs (2) under “Tourism Revenue Clearing Account and Facility Revenue Clearing Subaccount Held by the Trustee” and (C) the Senior Bond Proceeds Subaccount and/or the Operating General Subaccount of the Operating Account as described in the following paragraph. Monies in the Senior Bond Debt Service Subaccount are to be used to pay Bond Service Charges on Senior Bonds as the same becomes due.

If on the seventh Business Day before each Bond Payment Date for Senior Bonds the amount on deposit in the Senior Bond Debt Service Subaccount is not sufficient to pay Bond Service Charges due on Senior Bonds on that Bond Payment Date, the Trustee is to notify the Authority and the Authority agrees that upon receiving such notification the Authority will cause to be deposited in the Senior Debt Service Subaccount no later than the last Business Day before the Bond Payment Date amounts which in the aggregate are equal to the amount of the deficiency by (A) directing the Trustee to transfer amounts to the Senior Bond Debt Service Subaccount from the Senior Bond Proceeds Subaccount, (B) paying to the Trustee from the Operating General Subaccount of the Operating Account for deposit in the Senior Bond Debt Service Subaccount or (C) a combination of (A) and (B). The Authority may also transfer amounts from the Operating General Subaccount of the Operating Account to the Trustee for deposit into the Senior Bond Debt Service Subaccount at any time.

Subordinate Bond Debt Service Subaccount. The Trustee is to deposit in the Subordinate Bond Debt Service Subaccount any amounts received as accrued interest upon the issuance of Subordinate Bonds, and all amounts to be deposited therein from (A) the Tourism Revenue Clearing Account as described in paragraphs (5) and (7) under “Tourism Revenue Clearing Account and Facility Revenue Clearing Subaccount Held by the Trustee,” (B) the Facility Revenue Clearing Subaccount Held by the Trustee as described in paragraph (6) under “Tourism Revenue Clearing Account and Facility Revenue Clearing Subaccount Held by the Trustee,” (C) the Subordinate Bond Reserve Subaccount as described below under “*Subordinate Bond Reserve Subaccount*” and (D) the Cactus League General Subaccount, the Subordinate Bond Proceeds Subaccount or the Operating General Subaccount of the Operating Account pursuant as described in the following paragraph. Monies in the Subordinate Bond Debt Service Subaccount are to be used to pay Bond Service Charges on Subordinate Bonds as the same becomes due.

If on the seventh Business Day before each Bond Payment Date for Subordinate Bonds the amount on deposit in the Subordinate Bond Debt Service Subaccount is not sufficient to pay Bond Service Charges due on Subordinate Bonds on that Bond Payment Date the Trustee shall transfer amounts in the Subordinate Bond Reserve Subaccount to the Subordinate Bond Debt Service Subaccount to remedy such deficiency. If the amounts available in the Subordinate Bond Reserve Subaccount are insufficient for that purpose, the Trustee is to so notify the Authority specifying the amount of the deficiency and the Authority agrees that upon receiving such notification the Authority will cause to be deposited in the Subordinate Bond Debt Service Subaccount no later than the last

Business Day before the Bond Payment Date amounts which in the aggregate are equal to the amount of the deficiency by (A) directing the Trustee to transfer amounts to the Subordinate Bond Debt Service Subaccount from the Cactus League General Subaccount and/or the Subordinate Bond Proceeds Subaccount, (B) paying to the Trustee from amounts in the Operating General Subaccount of the Operating Account not needed to fund the Senior Bond Debt Service Subaccount, for deposit in the Subordinate Bond Debt Service Subaccount or (C) a combination of (A) and (B). The Authority may also transfer amounts from the Operating General Subaccount of the Operating Account to the Trustee for deposit into the Subordinate Bond Debt Service Subaccount at any time.

Subordinate Bond Reserve Subaccount. The Authority must transfer monies from either or both of the Operating General Subaccount of the Operating Account and the Cactus League General Subaccount to the Subordinate Bond Reserve Subaccount, or to provide to the Trustee one or more Subordinate Bond Reserve Guaranties to be credited to the Subordinate Bond Reserve Subaccount, so as to cause the Subordinate Bond Reserve Value to be at least equal to the Subordinate Bond Reserve Requirement (determined with respect to the first Series of Subordinate Bonds only) by the date which is five (5) years after the date of issuance of the first Series of Subordinate Bonds. Upon the issuance of additional Subordinate Bonds, the Authority likewise must cause the Subordinate Bond Reserve Value to be increased to be at least equal to the Subordinate Bond Reserve Requirement by the date that is five (5) years after the date of issuance of the additional Subordinate Bonds.

The Trustee is to transfer amounts credited to the Subordinate Bond Reserve Subaccount to the Subordinate Bond Debt Service Subaccount to the extent amounts in the Subordinate Bond Debt Service Subaccount are insufficient. Amounts in the Subordinate Bond Reserve Subaccount shall be used in the following order: first, cash; second, proceeds of liquidating investments; and third, draws on any Subordinate Bond Reserve Guaranties. Any amounts so applied are to be restored by transfers to the Subordinate Bond Reserve Subaccount as described in paragraphs (6) and (7) under "Tourism Revenue Clearing Account and Facility Revenue Clearing Account." If and to the extent the amounts so applied were drawn on a Subordinate Bond Reserve Guaranty, the amounts restored may be applied to reimburse the Subordinate Bond Reserve Guarantor.

On the first Business Day of each Bond Year, the Trustee is to determine the Subordinate Bond Reserve Value and report it to the Authority. If upon the valuation on a date more than five (5) years after the date of issuance of the first Series of Subordinate Bonds the Subordinate Bond Reserve Value is less than the amount required for a reason other than application of amounts in the Subordinate Bond Reserve Subaccount, the Authority is to transfer monies from the Operating General Subaccount of the Operating Account to the Subordinate Bond Reserve Subaccount, or to provide to the Trustee one or more Subordinate Bond Reserve Guaranties to be credited to the Subordinate Bond Reserve Subaccount, so as to cause the Subordinate Bond Reserve Value to be at least equal to the Subordinate Bond Reserve Requirement within six (6) months of being notified of the deficiency. If upon any such valuation the Subordinate Bond Reserve Value exceeds the Subordinate Bond Reserve Requirement, the amount of the excess may at the written direction of an Authorized Officer of the Authority be transferred to any account of the Authority, whether held by the Trustee or not. Additional determinations of the Subordinate Bond Reserve Value for purposes of the preceding sentence may be carried out at such times and with such frequency as the Authority shall request and the Trustee shall agree to.

If at any time the Authority shall deliver to the Trustee a Subordinate Bond Reserve Guaranty that complies with the terms of the Indenture, then the Trustee shall accept the Subordinate Bond Reserve Guaranty and promptly surrender any previously held Subordinate Bond Reserve Guaranty, if applicable, to the issuer thereof for cancellation. If there is at the time a Rating in effect on any Outstanding Subordinate Bond that is not based on a Credit Support Instrument, the Trustee must receive evidence that the acceptance of the Subordinate Bond Reserve Guaranty will not result in the reduction or withdrawal of any Rating on any Outstanding Subordinate Bond. If there is at the time a Credit Support Instrument in effect with respect to any Outstanding Subordinate Bond, the Trustee must receive evidence that the acceptance of the Subordinate Bond Reserve Guaranty is acceptable to the Credit Support Provider.

In each month during the twelve (12) month period preceding the final maturity or mandatory redemption date of all Outstanding Subordinate Bonds, monies in the Subordinate Bond Reserve Subaccount may be transferred to the Subordinate Bond Debt Service Subaccount if and to the extent that after giving effect to the transfer the Subordinate Bond Reserve Value will be at least equal to the Subordinate Bond Reserve Requirement less the amounts so transferred during such twelve (12) month period pursuant to this paragraph.

Cactus League Promotion Account

Cactus League General Subaccount. The Trustee is to deposit in the Cactus League General Subaccount all amounts under “Cactus League Promotion Account.” Amounts in the Cactus League General Subaccount are to be (A) paid out as directed by the Authority to pay costs for Cactus League Purposes, upon receipt by the Trustee of a Requisition of an Authorized Officer of the Authority, (B) transferred to the Subordinate Bond Debt Service Account or (C) transferred to the Subordinate Bond Reserve Subaccount, as described under “Debt Service Account – Subordinate Bond Debt Service Subaccount.”

Subordinate Bond Proceeds Subaccount. The Authority is to deposit in the Subordinate Bond Proceeds Subaccount the net proceeds of Subordinate Bonds to be used for Cactus League Purposes. Amounts in the Subordinate Bond Proceeds Subaccount are to be (A) paid out as directed by the Authority to pay costs for Cactus League Purposes, upon receipt by the Trustee of a Requisition of an Authorized Officer of the Authority or (B) transferred to the Subordinate Bond Debt Service Account as described under “Debt Service Account – Subordinate Bond Debt Service Subaccount.”

Investment of Monies Held by the Trustee

Monies in all Accounts held by the Trustee are to be invested to the fullest extent possible in accordance with directions given to the Trustee by an Authorized Officer of the Authority provided that the maturity date or the date on which such investments may be redeemed at the option of the holder thereof must coincide as nearly as practicable with (but in no event later than) the date or dates on which monies in the Accounts for which the investments were made will be required. Investments in the Subordinate Bond Reserve Subaccount may not have maturities extending beyond five (5) years except as approved by each Credit Support Provider for Subordinate Bonds. Monies held in the funds and accounts securing the 2012A Bonds may be invested in any of the following to the extent the same are at the time lawful for investment of the Authority’s funds:

(1) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

- a. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
- b. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
- c. Federal Financing Bank
- d. Federal Housing Administration Debentures (FHA)
- e. General Services Administration
Participation certificates
- f. Government National Mortgage Association (GNMA or “Ginnie Mae”)
GNMA – guaranteed mortgage-backed bonds
GNMA – guaranteed pass-through obligations
(not acceptable for certain cash-flow sensitive issues)
- g. U.S. Maritime Administration
Guaranteed Title XI financing

- h. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds

(3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

- a. Federal Home Loan Bank System
Senior debt obligations
- b. Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)
Participation Certificates
Senior debt obligations
- c. Federal National Mortgage Association (FNMA or “Fannie Mae”)
Mortgage-backed securities and senior debt obligations
- d. Student Loan Marketing Association (SLMA or “Sallie Mae”)
Senior debt obligations
- e. Resolution Funding Corp. (REFCORP) obligations
- f. Farm Credit System
Consolidated systemwide bonds and notes

(4) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of “AAAm-G,” “AAA-m” or “AA-m” and if rated by Moody’s rated “Aaa,” “Aa1” or “Aa2.”

(5) Certificates of deposit secured at all times by collateral described in (1) and/or (2) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party, and the bondholders must have a perfected first security interest in the collateral.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Corporation (“FDIC”), including the Bank Insurance Fund and the Savings Association Insurance Fund.

(7) Investment agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements acceptable to the Credit Support Provider.

(8) Commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1” or better by S&P.

(9) Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest long-term rating categories assigned by such agencies.

(10) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s and “A-1” or “A” or better by S&P.

(11) Repurchase agreements for 30 days or less must follow the following criteria. Repurchase Agreements which exceed 30 days must be acceptable to the Credit Support Provider.

Repurchase agreements must provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

A. Repurchase agreements must be between the municipal entity and a dealer bank or securities firm as follows:

- i. Primary dealers on the Federal Reserve reporting dealer list which are rated “A” or better by S&P and Moody’s, or
- ii. Banks rated “A” or above by S&P and Moody’s.

B. The written repurchase agreement must include the following:

- i. Securities which are acceptable for transfer are:
 - (a) Direct U.S. governments, or
 - (b) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)
- ii. The term of repurchase agreements may be up to 30 days
- iii. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
- iv. Valuation of Collateral: The securities must be valued weekly, marked-to-market at current market price plus accrued interest and the value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repurchase agreement plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

C. Legal opinion which must be delivered to the municipal entity: repurchase agreement meets guidelines under state law for legal investment of public funds.

(12) Any state administered pool investment fund in which the Authority is statutorily permitted or required to invest will be deemed a permitted investment.

Amounts credited to an Account may be invested, together with amounts credited to one or more other Accounts, in the same investment, provided that (1) each such investment complies in all respects with the requirements of the Indenture for each Account for which the joint investment is made and (2) the Trustee maintains separate records for each Account. The Trustee may make any investment permitted by this Section through its own bond department, commercial banking department, or commercial paper department. Absent any express direction from the Authority directing the sale or presentation for redemption of particular investments, the Trustee is to sell at the best price obtainable, or present for redemption, any investment purchased by it as an investment whenever it is necessary in order to provide monies to meet any payment or transfer from the Account for which such investment

was made. With respect to all investments, the Authority must make such determinations of amounts required to be rebated pursuant to Section 148 of the Code to the United States of America at such times as may be required by Section 148(f) of the Code. To the extent necessary to pay any rebate or penalty under Section 148(f) of the Code or similar provision, the Authority may, notwithstanding any other provision of the Indenture, apply any funds in the Accounts for that purpose.

The Trustee is not be liable or responsible for the making of any investment authorized or required by the provisions of the Indenture or for any loss resulting from any such investment so made, except for its own intentional misconduct, negligence or willful neglect.

Swap Agreements

The Authority may enter into one or more Swap Agreements and provide for the Authority's payment obligations to be secured by and payable from the Trust Estate. At or before the time the Authority enters into a Swap Agreement, the Authority is to deliver to the Trustee (1) a copy of the Swap Agreement, (2) evidence satisfactory to the Trustee that the long-term credit rating of the counterparty to the Swap Agreement (or the guarantor) is in one of the two highest Rating Categories of any Rating Agency and (3) a Certificate of an Authorized Officer stating that the Swap Agreement is being entered into in order to manage interest rate risk with respect to the interest payable on all or a portion of one or more Series of Bonds, and identifying those Bonds to which the Swap Agreement relates. The Authority's payment obligation pursuant to a Swap Agreement constitutes part of the Bond Service Charges for the Bonds to which the Swap Agreement relates for purposes of the Indenture. At or before the time the Authority enters into a Swap Agreement, the Trustee is to create a subaccount in the Debt Service Account into which amounts payable by the Authority pursuant to the Swap Agreement are to be deposited in the same manner and with the same priority as Bond Service Charges on the Bonds to which the Swap Agreement relates, and amounts in the subaccount are to be used to pay the Authority's payment obligations pursuant to the Swap Agreement. At or before the time the Authority enters into a Swap Agreement, the Trustee is to create a subaccount in the Debt Service Account into which amounts received by the Authority pursuant to the Swap Agreement are to be deposited. Amounts in the subaccount are to be used to pay interest, Accreted Amounts or both on the Bonds to which the Swap Agreement relates, and are to be taken into account as a reduction in the amount otherwise to be deposited to the Debt Service Account for such interest, Accreted Amounts or both on such Bonds.

Certain Covenants

Pursuant to the Indenture, the Authority covenants and agrees, so long as any Bonds are Outstanding that:

(1) It will faithfully perform at all times any and all covenants and provisions in the Indenture and each Series Supplemental Indenture and will promptly pay, but only from the sources specified in the Indenture, the Bond Service Charges on every Bond.

(2) It will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds, or the time of payment of any Bond Service Charges.

(3) The Authority and the Trustee will each, as appropriate, keep proper books of record and account with complete and correct entries of its transactions relating to all Accounts established by the Indenture or any Series Supplemental Indenture, which demonstrate the Authority's compliance with the Act and the Indenture and are at all reasonable times subject to the inspection by the Owners of at least a majority in Aggregate Outstanding Principal Amount of Bonds or their duly authorized representatives.

(4) The State of Arizona has, in the Act, pledged to and agreed with the holders of the bonds authorized by the Act (including the Senior Bonds and the Subordinate Bonds) that the State will not limit, alter or impair the rights vested in the Authority under the Act to receive the monies necessary to fulfill the terms of any agreements made with the holders of the bonds, or in any way impair the rights and remedies of the bondholders, until all bonds issued under the Act, together with interest on the bonds, interest on any unpaid installments of principal or interest and all costs and expenses in connection with any action or proceedings by or on behalf of the bondholders, are fully met and discharged, and has authorized the Board of Directors of the Authority, as agent for the State, to include this pledge and undertaking in its resolutions and indentures authorizing and securing its bonds.

(5) The Authority covenants that it will not, except as otherwise permitted by the Indenture, create or suffer to be created or to remain any debt, mortgage, lien, encumbrance, charge, pledge, security interest or conditional sale or other title retention agreement upon, in or with respect to the interest of the Authority or of the Trustee in the Trust Estate, or any part of them that would constitute a lien prior to or upon a parity with the lien of the Indenture upon the Trust Estate. The Authority covenants that it will satisfy or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after they accrue, all lawful claims and demands (excepting such as may arise from or in connection with the acquisition and construction of improvements and that are payable from proceeds of Bonds) for labor, materials, supplies or other items that, if not satisfied, might by law become a lien upon the Trust Estate. However, the Authority is not required to satisfy or discharge any lien, encumbrance, charge, claim or demand so long as its validity is being contested in good faith and by appropriate legal proceedings.

(6) The Authority, to the extent within its control, covenants that it will not knowingly take any action, or fail to take any action, if any such action or failure to take such action would adversely affect the exclusion from gross income of the interest on any Tax-Exempt Bonds under Section 103(a) of the Code or cause the interest on any Tax-Exempt Bonds to become an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code, and in the event of such action or omission, it will, promptly upon having such brought to its attention, take such reasonable actions based upon a Bond Counsel Opinion as may rescind or otherwise negate such action or omission. The Authority, to the extent within its control, will not knowingly directly or indirectly use or permit the use of any proceeds of any Tax-Exempt Bonds or any other funds of the Authority or take or omit to take any action, that would cause any Tax-Exempt Bonds to be or become “arbitrage bonds” within the meaning of Section 148(a) of the Code or to fail to meet any other applicable requirement of Sections 103, 141, 148, 149 and 150 of the Code or cause the interest on any Tax-Exempt Bonds to become an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code. To that end, the Authority will comply with all applicable requirements of Sections 103, 141, 148, 149 and 150 of the Code to the extent applicable to the Tax-Exempt Bonds.

Events of Default

Each of the following events constitutes, an “Event of Default” under the Indenture:

- (1) The Authority fails to pay any Bond Service Charges on any Bond when due; or
- (2) The Authority commences a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property; or an involuntary case or other proceeding is commenced against the Authority seeking liquidation, reorganization, or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property; and in any such case the action or proceeding is not dismissed within sixty (60) days; or
- (3) If the Authority materially defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions on its part to be performed as provided in the Indenture and such default continues for thirty (30) days after written notice specifying such default and requiring the same to be remedied has been given to the Authority by the Trustee; the Trustee may give such notice in its discretion and must give such notice at the written request of the Owners of not less than a majority in Aggregate Outstanding Principal Amount of Bonds; provided, however, that if any such default can be cured by the Authority but cannot be cured within the thirty (30) day curative period described above, it will not be an Event of Default if corrective action is instituted by the Authority within such thirty (30) day period and diligently pursued until the default is corrected.

The provisions described in the preceding paragraph are subject to the following limitations. If by reason of acts of God; fires; epidemics; landslides; floods; strike, lockout or like disturbance; acts of public enemies; act or order of governmental authority; insurrection; riot; civil disturbance; explosion; breakage or accident to machinery or equipment; failure of utilities; or any cause or event not reasonably within the control of the Authority, the Authority is unable to carry out its agreements as a result of which an Event of Default under paragraph (3) above

would have occurred but for the provisions of this paragraph, then no Event of Default will have occurred so long as the Authority uses its best efforts to remedy with all reasonable dispatch the cause or causes preventing the Authority from carrying out its agreements, but the Authority is not required to settle strikes, lockouts or other like disturbances by acceding to the demands of the opposing party or parties when such action is, in the reasonable judgment of the Authority, unfavorable to it.

Right to Direct Proceedings

The Owners of a majority in Aggregate Outstanding Principal Amount of Bonds have the right, but only during the continuance of an Event of Default, by a writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings; provided that such direction is not otherwise than in accordance with the provisions of law and of the Indenture.

Remedies and Enforcement of Remedies

Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon written request of the Owners of not less than a majority in Aggregate Outstanding Principal Amount of the Bonds, together with indemnification of the Trustee to its satisfaction, must, proceed to protect and enforce its rights and the rights of the Owners by such suits, actions or proceedings as the Trustee, being advised by counsel, deems expedient, including but not limited to: (1) civil action to recover money or damages due and owing; (2) civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Owners of Bonds; and (3) with or without litigation or arbitration enforcement of any other right of the Authority and the Owners, provided that no recovery in favor of the Owners may be had from any source other than the Trust Estate pledged pursuant to the Indenture.

Application of Monies After Default

During the continuance of an Event of Default all monies received by the Trustee pursuant to any right given or action taken under the default and remedies provisions of the Indenture, after payment of the costs and expenses of the proceedings resulting in the collection of such monies and of the fees, expenses and advances incurred or made by the Trustee, are to be deposited with the Trustee, and, along with all other assets in the Trust Estate, be deposited in the Debt Service Account and applied as follows:

(a) Unless the principal amount of all Outstanding Bonds has become due and payable, amounts comprising the Senior Bond Trust Estate will be applied to the payment of amounts due on Senior Bonds, and amounts comprising the Subordinate Bond Trust Estate will be applied to the payment of amounts due on Subordinate Bonds, and within each such class of Bonds:

First: To the payment to the persons entitled thereto of all installments of interest (including interest on amounts unpaid when due on the Bonds) then due on the Bonds in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Accreted Amount or redemption price of any Bonds which have become due (other than Bonds previously called for redemption for the payment of which monies are held pursuant to the provisions of the Indenture), whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available are not sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal installments or Accreted Amount or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal amount of all Outstanding Bonds has become due and payable, to the payment of the principal and Accreted Amount and interest then due and unpaid upon the Senior Bonds from the Senior Bond Trust Estate, to payment of amounts due on Subordinate Bonds from the Subordinate Bond Trust Estate, and within

each such class of Bonds, without preference or priority, ratably, according to the amounts due respectively for principal and Accreted Amount and interest, to the persons entitled thereto without any discrimination or preference.

Individual Owner Action Restricted

No Owner of any Bond has the right to institute any suit, action or proceeding to enforce the Indenture unless: (1) the Owners of at least a majority in Aggregate Outstanding Principal Amount of Bonds have made written request to the Trustee to proceed; and (2) such Owners have offered the Trustee indemnity; and (3) the Trustee has failed or refused to proceed for a period of sixty (60) days after receipt by it of such request and offer of indemnity; and (4) during such sixty (60) day period no inconsistent direction has been delivered to the Trustee by the Owners of a greater majority in Aggregate Outstanding Principal Amount of Bonds then Outstanding.

No one or more Owners of Bonds has any right to affect, disturb or prejudice the security of the Indenture or to enforce any right except in the manner provided in the Indenture and for the equal benefit of the Owners of all Senior Bonds Outstanding or Subordinate Bonds Outstanding, as the case may be.

Except as provided in the Indenture regarding priority of payment, the provisions of the Indenture are not to affect or impair the right of the Owner of any Bond (1) to receive payment of the principal of or interest or Accreted Amount on such Bond, as the case may be, on or after the due date thereof or (2) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Owner of any Bond may institute or prosecute suit or enter judgment if and to the extent that , the suit or judgment would, under applicable law, result in the surrender, impairment, waiver or loss of the lien of the Indenture on the monies, funds and properties pledged for the equal and ratable benefit of all Owners of Senior Bonds or Subordinate Bonds Outstanding, as the case may be.

Waiver of Event of Default

Unless instructed otherwise by the Owners of a majority in Aggregate Outstanding Principal Amount of Bonds, the Trustee may waive any Event of Default which in its opinion has been remedied before the entry of final judgment in any suit, action or proceeding or before the completion of the enforcement of any other remedy. The Trustee, upon the written request of the Owners of at least a majority of the Aggregate Outstanding Principal Amount of Bonds, must waive any Event of Default; provided failure by the Authority to pay any Bond Service Charges when due may not be waived without the written consent of the Owners of all the Bonds as to which such Event of Default occurred. The Trustee is not responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with the Indenture.

Notice of Event of Default

Within thirty (30) days after (a) the occurrence of an Event of Default described in paragraph (1) or (2) under "Events of Default" of which the Trustee is deemed to have notice, or (b) receipt by the Trustee of actual knowledge or notice of an Event of Default described in paragraph (3) under "Events of Default, the Trustee must, unless such Event of Default has been cured, give written notice by first class mail to each Owner of a Bond then Outstanding, provided that, except in the case of a default in the payment of Bond Service Charges on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Owners.

Removal and Resignation of Trustee

The Trustee may resign at any time. The Trustee may also be removed at any time either by one or more writings signed by the Owners of not less than a majority in Aggregate Outstanding Principal Amount of Bonds, or, if no Event of Default or event which, with the giving of notice or the passage of time, or both, would become an Event of Default has occurred and is continuing and if no direction to the contrary is received from the Owners of a majority in Aggregate Outstanding Principal Amount of Bonds Outstanding, by an instrument in writing signed by an Authorized Officer of the Authority. Written notice of such resignation or removal is to be given by the Trustee to the Authority and to each Owner and Credit Support Provider and such resignation or removal will take effect only upon the appointment and qualification of a successor Trustee. In the event a successor Trustee has not been appointed and qualified within sixty (60) days of the date notice of resignation or removal is given, the Trustee or

the Authority may apply to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed.

In the event of the resignation or removal of the Trustee or in the event the Trustee is dissolved or otherwise becomes incapable to act as the Trustee, the Authority is entitled to appoint a successor Trustee. If the Owners of a majority of the Aggregate Outstanding Principal Amount of Bonds object to the successor Trustee so appointed by the Authority and if such Owners designate another person qualified to act as the Trustee, the Authority must then appoint as the Trustee the person so designated by such Owners.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Trustee must be a trust company or bank having the powers of a trust company as to trusts, qualified to fulfill the obligations of the Trustee under the Indenture and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least \$100,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Supplemental Indentures Not Requiring Consent of or on Behalf of Owners of Bonds

The Authority and the Trustee may, without the consent of or notice to any of the Owners but with notice to all Credit Support Providers enter into one or more Supplemental Indentures for one or more of the following purposes:

- (1) To cure any ambiguity or formal defect or omission or to correct or supplement any provision which may be inconsistent with any other provision;
- (2) To grant or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them;
- (3) To secure additional revenues or provide additional security or reserves for payment of the Bonds;
- (4) To comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation;
- (5) To provide for the appointment of a successor trustee pursuant to the terms of the Indenture;
- (6) To preserve the exclusion of the interest on any Tax-Exempt Bonds from gross income for purposes of federal or State income taxes and to preserve the power of the Authority to continue to issue bonds or other obligations the interest on which is likewise exempt from federal and State income taxes;
- (7) To provide for the refunding or advance refunding of any Bonds, including the right to establish and administer an escrow fund and to take related action;
- (8) To provide for the issuance of additional Bonds in accordance with the provisions of the Indenture or of other obligations subordinated to Bonds;
- (9) To make provisions and amendments applicable only to Bonds issued and sold on the basis of the effectiveness of those provisions and amendments with respect to those Bonds, or applicable only to Bonds issued and subject to tender by their terms the owner of which are given reasonable notice of the proposed provisions or amendments and the opportunity to tender their Bonds for purchase at the tender price prior to the effective date of the provisions or amendments;
- (10) To conform to the requirements of any Securities Depository for any Series of Bonds, to provide for a Securities Depository for any Series of Bonds or to remove any Securities Depository for any Series of Bonds, so long as such action is not inconsistent with the provisions of the Indenture or the Series Supplemental Indenture pertaining to such Bonds;

(11) To make changes or modifications necessary to provide a Credit Support Instrument for any Bonds, including without limitation the creation of, or modification of, rights commonly afforded to issuers of bond insurance policies, letters of credit and similar credit facilities such as the rights of the provider to receive notices and information, to control the exercise of remedies and to consent to amendments to the Indenture; and

(12) To make such other modifications or amendments which are determined by the Trustee not to be of material prejudice to the rights of the Owners of the Bonds.

Supplemental Indentures Requiring Consent of or on Behalf of Owners of Bonds

The Owners of not less than a majority in Aggregate Outstanding Principal Amount of the Bonds have the right to consent to and approve the execution by the Authority and the Trustee of Supplemental Indentures deemed necessary and desirable by the Authority and the Trustee for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in the Indenture; provided, however, that a Supplemental Indenture may not: (1) extend the stated maturity of or time for paying interest or Accreted Amounts on any Bond or reduce the principal amount of or the redemption premium or rate of interest or Accreted Amounts payable on any Bond without the consent of the Owner of such Bond; (2) prefer or give a priority to any Senior Bond over any other Senior Bond or any Subordinate Bond over any other Subordinate Bond without the consent of the Owner of each such Bond then Outstanding not receiving such preference or priority; (3) reduce the Aggregate Outstanding Principal Amount of Bonds the consent of the Owners of which is required to authorize such Supplemental Indenture without the consent of the Owners of all Bonds then Outstanding; or (4) reduce the redemption price of any Bond upon optional redemption or reduce any period of time prior to commencement of any optional redemption period without the consent of the Owner of such Bond.

When the Trustee determines that the requisite consents have been obtained for a Supplemental Indenture requiring consent of the Owners, the Trustee is to date and file a certificate to that effect in its records and notify the Authority. Such determination by the Trustee is conclusive. Upon the filing of such certificate, the Supplemental Indenture becomes effective without liability or responsibility to any Owner of any Bond, whether or not such Owner has consented.

Consent of Owners may be evidenced by Bonds being sold on the basis of the effectiveness of the proposed Supplemental Indenture or in any other manner acceptable to the Trustee. If the Supplemental Indenture will not take effect so long as any particular Bonds remain Outstanding, the consent of the Owners of such Bonds is not required and such Bonds are not deemed to be Outstanding for the purpose of determining the required consents. It is not necessary for the consent of the Owners to approve the particular form of any proposed Supplemental Indenture, but it is sufficient if consent is given to its substance. Any such consent is binding upon the Owner of the Bond giving such consent and upon any subsequent Owner of such Bond and of any Bond issued in exchange (whether or not the subsequent Owner has notice), unless such consent is revoked in writing by the Owner of such Bond giving such consent or by a subsequent Owner thereof by filing with the Trustee such revocation, prior to the execution by the Trustee of such Supplemental Indenture. If the Owners of the required amount or number of the Bonds Outstanding have consented to the execution of such Supplemental Indenture, no Owner of any Bond has any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

Discharge of Indenture

If payment of all Bond Service Charges on all of the Bonds is made, or is provided for as described under this heading, and if all other sums, if any, payable by the Authority pursuant to the Indenture are paid, then the liens, estates and security interests granted by the Indenture cease. Upon satisfaction of all conditions precedent to the satisfaction and discharge of the lien of the Indenture, the Trustee is to execute and deliver proper instruments acknowledging such satisfaction and discharging the lien of the Indenture and the Trustee is to transfer all property held by it, other than monies or obligations held by the Trustee for payment of amounts due or to become due on the Bonds, to or as directed by the Authority. The Authority may at any time surrender to the Trustee for cancellation any Bonds previously authenticated and delivered which the Authority may have acquired in any manner whatsoever and such Bonds upon such surrender and cancellation are deemed to be paid and retired.

Providing for Payment of Bonds

Any Bond or portion thereof in Authorized Denominations may be deemed paid and defeased as described under this heading.

Any Bond or portion thereof is deemed paid and defeased: (1) if there is deposited with the Trustee monies or Defeasance Obligations or both which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate or report of an accountant in form and substance acceptable to the Trustee, to pay the Bond Service Charges on such Bond or portion thereof as the same matures, comes due or becomes payable upon prior redemption; and (2) if such defeased Bond or portion thereof is to be redeemed, notice of such redemption has been given in accordance with provisions of the Indenture or the Authority has submitted to the Trustee instructions expressed to be irrevocable as to the date upon which such Bond or portion thereof is to be redeemed and as to the giving of notice of such redemption.

If any such defeased Bond or portion thereof will not mature or be redeemed within sixty (60) days of the deposit referred to in clause (1) of the preceding paragraph, the Trustee is to give notice of such deposit by first-class mail to each registered Owner of such Bond.

Bonds the payment of which have been provided for as described under this heading are no longer be deemed Outstanding under or secured by the Indenture. The Owners are thereafter entitled to payment only from the monies or Defeasance Obligations deposited with the Trustee to provide for the payment of such Bonds.

If, in connection with a redemption of all or any part of the Bonds, or in connection with providing for payment of all or any part of the Bonds, monies and/or Defeasance Obligations are deposited with the Trustee sufficient to pay Bond Service Charges on all or a portion of the Bonds to any date after the first date on which the Bonds may be redeemed, the Authority may expressly reserve and retain the right to subsequently change the date on which any Bonds for which such an escrow has been established are to be redeemed. The Authority may further reserve and retain the right to restructure the monies and/or Defeasance Obligations in the escrow and to apply any of the proceeds available following such restructuring for any lawful corporate purpose. If the Authority desires to reserve and retain any such rights, the Authority is to so advise the Trustee at the time of the deposit and the Trustee is to include a statement of such reserved and retained rights in the notice given to Owners.

Credit Support Provider Treated as Owner of Bonds

A Series Supplemental Indenture may provide that the Credit Support Provider for all or any portion of a Series of Bonds may be treated as the Owner of such Bonds for purposes of demands, requests, consents, waivers or other actions by Owners of Bonds for purposes of the Indenture.

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APPENDIX C

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$176,740,000

**ARIZONA SPORTS AND TOURISM AUTHORITY
SENIOR REVENUE REFUNDING BONDS
(MULTIPURPOSE STADIUM FACILITY PROJECT)
SERIES 2012A**

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "*Disclosure Undertaking*") is executed and delivered by the Tourism and Sports Authority, doing business as the Arizona Sports and Tourism Authority (the "*Authority*"), in connection with the issuance by the Authority of its \$176,740,000 aggregate principal amount of bonds designated the Arizona Sports and Tourism Authority Senior Revenue Refunding Bonds (Multipurpose Stadium Facility Project) Series 2012A (the "*Series 2012 Bonds*"). The Series 2012 Bonds are being issued pursuant to Title 5, Chapter 8, of the Arizona Revised Statutes, as supplemented and amended, and under a Trust Indenture, dated as of February 1, 2003, between the Authority and The Bank of New York Mellon Trust Company, N.A. (successor in interest to Bank One Trust Company, N.A. and J.P. Morgan Trust Company, N.A.), as trustee (the "*Trustee*"), as supplemented, including a Senior Series 2012A Supplemental Indenture, dated as of June 1, 2012 (such Trust Indenture as so supplemented, the "*Indenture*"). Certain terms are defined in Section 10.

The Authority undertakes and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Authority for the benefit of the Bondholders and in order to assist each Participating Underwriter in complying with the Rule.

SECTION 2. Annual Information and Audited Financial Statements. The Authority agrees to provide or cause to be provided to the MSRB, through EMMA, in a format prescribed by the MSRB:

- (a) Annual Information for the preceding Fiscal Year not later than the Filing Date for each Fiscal Year; and
- (b) Audited Financial Statements for the preceding Fiscal Year not later than the later of the Filing Date for each Fiscal Year or promptly after becoming available to the Authority.

Any or all of the items listed above may be included by specific reference to other documents; provided that if the document included by reference is not a final official statement, it must have been provided previously to the MSRB or the SEC, and if the document included by reference is a final official statement, it must be available from the MSRB.

SECTION 3. Notice of Listed Events and Failure to Provide Annual Information.

(a) The Authority agrees to provide or cause to be provided to the MSRB, through EMMA, not later than ten business days after the occurrence of the Listed Event, notice of the occurrence of the Listed Event with respect to the Series 2012 Bonds, except that for the events 2, 7, 8 (Bond calls only), 10, 13 and 14, the Authority will provide such notice if it determines that such event would be material under applicable securities laws; and

(b) The Authority agrees to provide or cause to be provided to the MSRB, through EMMA, in a timely manner, notice of its failure to provide or cause to be provided the Annual Information on or before the applicable Filing Date

Notwithstanding the foregoing, notice of Listed Events consisting of bond calls or defeasances need not be given under this subsection any earlier than the notice of the underlying event is given to the registered owners of affected Series 2012 Bonds pursuant to the Indenture, and notice of the occurrence of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event, is not required if the terms of the redemption under which the redemption is to occur are set forth in detail in the Official Statement and the only open issue is which Series 2012 Bonds will be redeemed in the case of a partial redemption.

SECTION 4. Termination of Reporting Obligation. The obligations of the Authority under this Disclosure Undertaking shall terminate at such time as no Series 2012 Bonds remain Outstanding (within the meaning of the Indenture) or all of the Series 2012 Bonds have been legally defeased, redeemed or paid in full.

SECTION 5. Dissemination Agent. The Authority may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any dissemination agent, with or without appointing a successor dissemination agent.

SECTION 6. Amendment; Waiver. The Authority reserves the right to amend this Disclosure Undertaking, and noncompliance with any provision of this Disclosure Undertaking may be waived, as may be necessary or appropriate to (a) achieve its compliance with any applicable federal securities law or rule, (b) cure any ambiguity, inconsistency or formal defect or omission and (c) address any change in circumstances arising from a change in legal requirements, change in law or change in the identity, nature or status of the Authority or type of business conducted by the Authority. Any such amendment or waiver shall not be effective unless the Disclosure Undertaking (as amended or taking into account such waiver) would have materially complied with the requirements of the Rule at the time of the primary offering of the Series 2012 Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the Authority shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the Authority that the amendment or waiver would not materially impair the interests of the beneficial owners of the Series 2012 Bonds or (ii) the written consent to the amendment or waiver of the Bondholders of at least a majority of the principal amount of the Series 2012 Bonds then outstanding. An Annual Filing containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided. If the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, (A) the Authority shall provide notice of such change in the same manner as for a Specified Event under Section 3 and (B) the Annual Filing for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements or information as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 7. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Information or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Authority chooses to include any information in any Annual Information or notice of occurrence of any Listed Event or any other event, in addition to that which is specifically required by this Disclosure Undertaking, the Authority shall have no obligation under this Disclosure Undertaking to update the information or include it in any future Annual Information or notice of occurrence of a Listed Event.

SECTION 8. Failure to Perform. Any Bondholder may enforce the Authority's obligation to provide or cause to be provided information or notice under this Disclosure Undertaking by commencing an action in a court of competent jurisdiction to seek specific performance by court order to compel the Authority to provide or cause to be provided such information or notice; provided that any Bondholder must first, as a condition precedent to commencing the action, provide at least 30 day's prior written notice to the Authority of its failure to perform, giving reasonable detail of such failure, following which notice the Authority shall have 30 days to perform. Failure by the Authority to perform under this Disclosure Undertaking shall not be deemed an event of default with respect to the Series 2012 Bonds or under the Indenture or any other document and the sole remedy under this Disclosure Undertaking in the event of any failure of the Authority to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 9. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Authority and the Bondholders from time to time, and shall create no rights in any other person or entity.

SECTION 10. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

“Annual Information” means:

(a) quantitative financial information of the Authority of the type set forth in the table under the caption “SOURCES OF PLEDGED REVENUES—Summary of Pledged Revenues” in the Official Statement; and

(b) unaudited annual Financial Statements of the Authority unless Audited Financial Statements are provided at the same time.

In addition to the information described in (a) and (b), (i) if any part of the Annual Information described in (a) can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Authority will include a statement to that effect as part of the Annual Information for the year in which the change or discontinuation occurs, and (ii) the Annual Information for the year in which any amendment or waiver of a provision of this Disclosure Undertaking occurs shall describe and explain the amendment or waiver, the reason for it and its impact on the type of information being provided, and if the amendment relates to the accounting principles to be followed in preparing financial statements, the Annual Information for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

“Audited Financial Statements” means audited annual Financial Statements of the Authority.

“Bondholder” means a beneficial owner of a Series 2012 Bond, with beneficial ownership determined on a basis consistent with the provisions of Rule 13d-3 adopted by the SEC under the Securities Exchange Act of 1934, or, if those provisions do not adequately address the situation in question (in the opinion of counsel of national reputation experienced in bond or federal securities law selected by the Authority) with beneficial ownership determined on the basis of ownership for federal income tax purposes. Any assertion of beneficial ownership must be established by evidence in writing with full documentary support filed with the Authority.

“EMMA” means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“Filing Date” means the first day of the eight month following the end of each Fiscal Year (or the next succeeding business day if that day is not a business day), beginning February 1, 2013.

“Financial Statements” means annual financial statements of the Authority prepared in conformity with generally accepted accounting principles applicable to governmental units as promulgated from time to time by the Government Accounting Standards Board.

“Fiscal Year” means each fiscal year of the Authority commencing with the fiscal year beginning July 1, 2011, and ending June 30, 2012.

“Listed Events” means any of the following events:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Authority;

Note: for the purposes of the event identified in paragraph 12, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

13. The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Official Statement*” means the final Official Statement, dated May 10, 2012 with respect to the initial offering of the Series 2012 Bonds.

“*Participating Underwriter*” means each broker, dealer, or municipal securities dealer acting as an underwriter in the primary offering of the Series 2012 Bonds, including, without limitation, RBC Capital Markets, LLC.

“*Rule*” means Rule 15c2-12(b)(5), a adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, including by the Amendments described in Section 14 below.

“*SEC*” means the Securities and Exchange Commission.

“*State*” means the State of Arizona.

SECTION 12. Governing Law; Forum. This Disclosure Undertaking shall be governed by the law of the State. Any action to enforce this Disclosure Undertaking against the Authority may be brought only in a State court.

SECTION 13. Budget Requirement. Under the law of the State, no expenditures may be made by the Authority in any Fiscal Year for a purpose not included in the budget, and no expenditure may be made or obligation or liability incurred or created by the Authority in any Fiscal Year in excess of the amount specified for each purpose in the budget, for that Fiscal Year, except as otherwise provided by law, and the Authority's undertaking in this Disclosure Undertaking is subject to this limitation of State law on expenditures by the Authority for costs of performing its obligations under this Disclosure Undertaking.

Date: June 5, 2012

TOURISM AND SPORTS AUTHORITY doing business as
the ARIZONA SPORTS AND TOURISM AUTHORITY

By _____

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APPENDIX D

BOOK-ENTRY-ONLY SYSTEM

THE INFORMATION PROVIDED UNDER THIS SUBHEADING “BOOK-ENTRY-ONLY SYSTEM” HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE AUTHORITY, BOND COUNSEL, OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

DTC will act as securities depository for the 2012A Bonds. The 2012A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2012A Bond certificate will be issued for the 2012A Bonds, in the aggregate principal amount of the 2012A Bonds, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2012A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2012A Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2012A Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2012A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2012A Bonds, except in the event that use of the book-entry system for the 2012A Bonds is discontinued.

To facilitate subsequent transfers, all 2012A Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2012A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2012A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2012A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by

arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2012A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2012A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2012A Bond documents. For example, Beneficial Owners of 2012A Bonds may wish to ascertain that the nominee holding the 2012A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2012A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2012A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2012A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the 2012A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2012A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2012A Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2012A Bond certificates will be printed and delivered to DTC.

THE AUTHORITY AND THE TRUSTEE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2012A BONDS UNDER THE BOND RESOLUTION; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2012A BONDS; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE 2012A BONDS; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF 2012A BONDS; OR (6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered owner of the 2012A Bonds, as nominee for DTC, references herein to "Owner" or registered owners of the 2012A Bonds (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such 2012A Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Authority or the Trustee to DTC only.

APPENDIX E
AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY
FOR THE FISCAL YEARS ENDED
JUNE 30, 2010 AND 2011

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Basic Financial Statements
June 30, 2011 and 2010

AZSTA
ARIZONA SPORTS & TOURISM AUTHORITY

Arizona Sports and Tourism Authority

Table of Contents

June 30, 2011 and 2010

Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	2
Statements of Net Assets	13
Statements of Revenues, Expenses, and Changes in Net Assets	14
Statements of Cash Flows	15
Notes to Financial Statements.....	17



Independent Auditor's Report

The Board of Directors
Arizona Sports and Tourism Authority
Glendale, Arizona

We have audited the accompanying financial statements of the Arizona Sports and Tourism Authority (the Authority), as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority at June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Phoenix, Arizona
October 28, 2011

ARIZONA SPORTS AND TOURISM AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2011 AND 2010

The following is management's discussion and analysis of the financial performance of Arizona Sports and Tourism Authority (the Authority). It provides an overview of the Authority's financial activities and financial condition for the year and should be read in conjunction with the Authority's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

Using the Financial Statements

As a business-type activity, the Authority's annual financial reporting includes the basic financial statements and accompanying notes for enterprise funds. The Authority reports on a fiscal year basis.

- Statements of net assets summarize the Authority's current and long-term obligations (liabilities) and the assets available to meet those obligations. The difference between total assets and total liabilities represents the Authority's net assets.
- The Authority's total net assets as of June 30, 2011 decreased a total of \$18,195,944 over the prior fiscal year. Current Assets increased \$613,430 or 1.67 percent. Capital Assets decreased by \$16,741,586, or 3.95 percent, from the annual depreciation expense of \$15,127,604, the recording of an impairment expense to the stadium due to storm damage sustained in 2010 in the amount of \$2,973,989, and from recording of repairs related to the damage in the amount of \$1,360,007.
- Total liabilities as of June 30, 2011 increased a total of \$1,719,515 over 2010. Current liabilities experienced an increase of \$2,887,935, or 18.35 percent. This is primarily a payable due to the Fiesta Bowl Foundation for \$1,493,711. This represents dollars received by the Authority for hosting the BCS National Championship Game at the Stadium in January 2011. The decrease to the non-current liabilities was offset by increases in current payables to the Authority's outstanding Cactus League project commitments. The projects for the cities of Glendale and Goodyear were completed during 2009. In accordance to our existing agreements, the Authority accrues interest each year on the outstanding principal amounts, thereby increasing the current liabilities for these commitments.
- Statements of revenues, expenses and changes in net assets summarize the Authority's operating and non-operating expenses for the year and the revenues that were available to cover those expenses, as well as changes in net assets.
- Overall, from 2010 to 2011 the decrease in net assets of \$18,195,944 was attributable to normal operating and non-operating conditions with the Authority. Incrementally, there was an increase in expenses from impairment to the stadium of \$2,973,989 for storm damage in 2010. Operating Revenues were lower in 2011 by \$15,795,572 as compared to 2010. The operating revenues reduction is attributable to not having mega-type events generating revenues at the University of Phoenix Stadium during 2011; as there was in 2010. Note that 2010 was the highest ever revenue production from events. Also of note is the fact that Operating Expenses were lowered during 2011 by \$12,817,624; again associated with not having mega-type events to generate higher operating expenses. Year-to-year, the net operating loss increased by \$2,977,948 or 13.23 percent over 2010; driven by the reduction of operating revenues.
- Statements of cash flows summarize the Authority's uses of cash during the year and the sources of cash available to finance those uses. Statements of cash flows, as cash based statements, include reconciliations to the statements of revenues, expenses and changes in net assets, which are prepared on an accrual basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- For the fiscal year ended June 30, 2011, the Authority realized an overall net increase in cash and cash equivalents at the end of the year of \$1,579,705. This change is attributed to the Authority's operating activities and its focus on cost-cutting of the stadium's operations while revenues are declining. The non-capital financing activities experienced a net increase of \$499,364, or 3.65 percent, versus 2010. This was attributable to the decline in the Authority's primary revenues, the Tourism revenues, in addition to higher payments due to the Cactus League in 2011 vs. 2010.

THE AUTHORITY'S FINANCIAL ACTIVITIES

The Authority accounts for its financial activities in conformity with accounting principles generally accepted in the United States as applicable to a government "enterprise fund." This accounting treatment applies because the Authority's activities are primarily business-like in nature. Under enterprise fund accounting, the Authority is a single accounting entity for financial reporting purposes. However, within this single accounting entity the Authority has identified a number of financial activities that it tracks separately as is required by Arizona Revised Statute or existing bond indenture documents. These financial activities are referred to as "accounts." These accounts are as follows: Tourism Revenue Clearing Account, Facility Revenue Clearing Account, Senior and Subordinate Bond Debt Service Accounts, Tourism Promotion Account, Cactus League Account, Youth and Amateur Sports Account, and Operating General Account. The use of the term "account" for these separate activities does not have any particular accounting significance. The Authority is not required to and does not publish separate financial statements for any of the individual accounts.

- Tourism Revenue Clearing Account collects the tourism tax revenues for the hotel bed tax and the car rental surcharge and then disburses those funds, in order of priority, to the debt service account, the Tourism account, the Cactus League account, Youth and Amateur Sports account, Authority general account to over the stadium operating budget (including the University of Phoenix Stadium) and the reserve accounts for Youth and Amateur Sports, Operations, and Capital Repair and Replacement.
- Facility Revenue Clearing Account collects the revenues related to the NFL franchise income tax revenues and those revenues directly related to the operation of the Stadium: state and local sales tax recapture, rent from the Arizona Cardinals (the Cardinals), facility use fees, food and beverage commissions, ticket surcharges for the Fiesta Bowl and all other event revenues held at the Stadium. These funds are then disbursed for debt service requirements on senior and subordinate bonds. Any remaining funds go to the operations account.
- Senior and Subordinate Bond Debt Service Accounts represent that portion of the Authority's pledged revenues used for the repayment of principal and interest related to the Authority's senior and subordinate bond issues.
- Tourism Promotion Account represents the activities related to providing funding for tourism promotion within Maricopa County.
- Cactus League Account represents the activities of financing new construction and renovations for spring training baseball facilities within Maricopa County.
- Youth and Amateur Sports Account represent those activities related to the promotion and financing of amateur sports projects and programs within Maricopa County.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Operating General Account represents the Authority's primary aggregating and disbursement account for its operations, which includes the operating expenses of the University of Phoenix Stadium.

Please refer to the notes to the financial statements for additional information on these accounts.

COMPARATIVE ANALYSIS – FINANCIAL STATEMENTS

Overview of the Financial Statements and Financial Analysis

There are three financial statements presented for the reader: Statements of Net Assets; Statements of Revenues, Expenses and Changes in Net Assets; and, Statements of Cash Flows.

Statements of Net Assets

The Authority's Statements of Net Assets presents the following condensed assets, liabilities, and net assets as of June 30, 2011, 2010 and 2009. The Statements of Net Assets are to provide the reader with a financial picture of the Authority's assets (current and noncurrent), liabilities (current and noncurrent), and net assets (assets minus liabilities).

The purpose of the Statements of Net Assets is to show the user what is available for future needs of the Authority. The user, from the information presented, is able to determine the assets available for the continuing operations of the Authority. The user is able to determine what cash and cash equivalents are available and amounts owed to and by the Authority.

	June 30		
	2011	2010	As Restated 2009
Assets			
Current assets	\$ 38,305,883	\$ 37,692,453	\$ 35,534,573
Capital assets non-depreciable	2,773,165	2,773,165	2,773,165
Capital assets depreciable, net	407,201,141	423,942,727	439,470,342
Other noncurrent assets	7,505,166	7,853,439	8,363,215
Total assets	<u>\$ 455,785,355</u>	<u>\$ 472,261,784</u>	<u>\$ 486,141,295</u>
Liabilities			
Current liabilities	18,627,364	15,739,429	17,410,391
Noncurrent liabilities	453,773,734	454,942,154	450,506,534
Total liabilities	<u>472,401,098</u>	<u>470,681,583</u>	<u>467,916,925</u>
Net Assets			
Invested in capital assets, net of related debt	133,678,223	145,895,828	158,969,640
Unrestricted	(150,293,966)	(144,315,627)	(140,745,270)
Total net assets	<u>(16,615,743)</u>	<u>1,580,201</u>	<u>18,224,370</u>
Total liabilities and net assets	<u>\$ 455,785,355</u>	<u>\$ 472,261,784</u>	<u>\$ 486,141,295</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total Assets decreased by \$16,476,429 or 3.50 percent between fiscal years ended June 30, 2011 and 2010. This change is primarily related to a net decrease of \$16,741,141 in the value of Capital Assets, Depreciable; which includes the annual depreciation expense of \$15,127,604. Additionally, there was, net of repairs made, a \$1,613,982 impairment reduction to the Stadium for damages sustained by the Stadium in a storm in August 2010.

Total Liabilities for the same period increased by \$1,719,515 or 0.365 percent. Current liabilities experienced an increase of \$2,887,935, or 18.35 percent increase between 2010 and 2011. This is primarily from a payable due to the Fiesta Bowl Foundation of \$1,493,711 for dollars received by the Authority for hosting the BCS National Championship Game at the Stadium in January 2011. The non-current liability section reduced by \$1,168,420 or 0.257 percent year-to-year. The decrease to the non-current liabilities was offset by increases in payables to three of the Authority's four outstanding Cactus league project commitments. The projects for the cities of Glendale and Goodyear were completed during 2009 and in accordance to our existing agreements the Authority began to accrue interest on the outstanding principal amounts thereby increasing our noncurrent liabilities for them.

Overall, the Authority's total net assets as of June 30, 2011 decreased a total of \$18,195,944 over the prior fiscal year.

Between fiscal years ended June 30, 2009 and 2010, total assets decreased by \$13,879,511, or 2.90 percent. This change is primarily related to a decrease of \$15,527,615 in the value of all non-current assets; including the annual depreciation expense of \$15,527,615 and a \$509,766 reduction in deferred bond issue costs. Current assets experienced a net increase of \$2,157,878, or 6.07 percent, between 2009 and 2010 related to the increase in receivables for tourism and sales tax recapture.

Total liabilities for the fiscal years ending June 30, 2009 and 2010, increased by \$2,764,658, or 0.6 percent. Current liabilities had a net decrease of \$1,670,962 while total non-current liabilities increased by \$4,435,620. Current liabilities decreased due to the reversal of the recording of an event liability in relation to the pre-sale of U2 concert tickets as well as a reclassification of \$3,770,000 of non-current bond principle payables to current payables. Non-current liabilities include a negative fair-value on the interest swap agreement of \$6,848,774, increased from 2009 by \$2,975,268. The non-current liability section increased due to the addition of a liability for ROJO Event Management for the \$1,000,000 tied to the concessions agreement signed in 2010.

Overall, the Authority's total net assets as of June 30, 2011 decreased a total of \$16,644,169 or 91.3 percent over the prior fiscal year-ending balance.

Statements of Revenues, Expenses and Changes in Net Assets

The change to Net Assets as seen on the Statement of Net Assets is based on the activity that is presented on the Statement of Revenues, Expenses and Changes in Net Assets. The presentation of the Statement reflects the revenues and expenses for the Authority during the years ended June 30, 2011, 2010 and 2009. The reader will see the revenues and expenses broken down into operating and non-operating categories.

MANAGEMENT'S DISCUSSION AND ANALYSIS

	Year Ended June 30		
	2011	2010	As Restated 2009
Operating revenues	\$ 7,442,158	\$ 23,237,730	\$ 10,334,245
Operating expenses	(32,924,597)	(45,742,221)	(37,442,327)
Operating loss	(25,482,439)	(22,504,491)	(27,108,082)
Nonoperating revenues	7,286,495	5,860,322	6,304,906
Decrease in net assets	(18,195,944)	(16,644,169)	(20,803,176)
Net assets, beginning of year as previously reported	1,580,201	18,224,370	39,027,546
Net assets, end of year as restated	\$ (16,615,743)	\$ 1,580,201	\$ 18,224,370

Overall, from 2010 to 2011 the decrease in net assets of \$18,195,944 was attributable to normal operating and non-operating conditions with the Authority. Incrementally, there was an increase in expenses from impairment to the stadium of \$2,973,989 for storm damage in 2010. Operating Revenues were lower in 2011 by \$15,795,572 as compared to 2010. The operating revenues reduction is attributable to not having mega-type events generating revenues at the University of Phoenix Stadium during 2011; as there was in 2010. Note that 2010 was the highest ever revenue production from events. Also of note is the fact that Operating Expenses were lowered during 2011 by \$12,817,624; again associated with not having mega-type events to generate higher operating expenses. Year-to-year, the net operating loss increased by \$2,977,948 or 13.233 percent over 2010; driven by the reduction of operating revenues combined with the storm damage expenses.

For fiscal year 2011, the Authority recorded \$7,286,495 in net non-operating revenues; an increase of \$1,426,173 or 24.336 percent over 2010.

The events accounting for this net year-to-year results are as follows:

- The Authority's tourism-based tax revenues consist of two components: the hotel bed tax and the rental car tax surcharge. Hotel bed taxes increased from 2010 to 2011 by \$ 698,630 or 6.047 percent. Rental car tax surcharge decreased \$121,307 or 1.308 percent. On a total tourism-based revenue basis, tourism revenues increased year-to-year, when comparing 2010 and 2011. The increase is \$577,223 or 2.775 percent. This may be an indicator that the tourism industry within Maricopa County is starting to recover; albeit slowly, from the economic recession. The tourism industry in Arizona continues is the state's leading industry sector. We believe that we have seen a bottoming-out of the Tourism-based tax collections and anticipate 2012 will be flat to slightly up when compared to 2011. We continue to forecast that it may take another four to five years before we are back to 2007 level of tax collections in tourism revenues. This is well below the original 30-year tourism revenue forecast for the Authority.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The Authority experienced a decrease in the NFL income taxes of \$609,075 or 9.487 percent, from the prior year. This decrease is attributed to a one-time correction of prior year taxes received in the prior year, 2010. These 2010 monies were not distributed to the Authority during prior years. Since the start of fiscal year 2008 the Authority's has not had the benefit of this revenue source's guaranteed minimum; as that was repealed by the state legislative and executive branches. The elimination of this guarantee leaves only the actual income taxes for the Authority. Note: this source has been under-performing since the Authority's second year of operations when compared to the original Proposition 302 projections. This revenue source is related to the state income tax liability of the Cardinals' organization: their personnel – both administrative and players.
- The Authority's sales tax recapture revenues were lower by \$450,398 or 6.2 percent less than the prior fiscal year. The primary reason for this decrease is related to mega-event which generated additional sales tax recapture revenues in 2010. Additionally, the Authority requested that the City of Glendale perform in internal review of their historical sales tax recapture distributions. This resulted in a one-time increase to the Authority of \$446,480. The Authority receives both state and local sales tax recapture from all related taxable transactions held at the University of Phoenix Stadium.
- The Authority recorded \$43,566 in expenses related to its 2010 Biennial and Quick grant processes completed in 2011. The Authority recorded \$ 1,585,212 expenses related to Youth and Amateur sports projects in the prior year, 2010. The Authority has chosen to use a biennial cycle in order to accumulate more funds in the Youth and Amateur sports fund, thusly allowing for a bigger, positive impact in the community every 2 years.
- Interest income decreased by \$15,374. This was due to the daily "sweep" functionality of the various Money Market accounts.
- The distribution to the Arizona Office of Tourism increased by \$362,931 or 6.9 percent, over fiscal year 2010. This is the second year the Authority was unable to make the statutory distribution due to the Arizona Office of Tourism due to the continued less-than- originally forecast Tourism tax collections. This sub-statutory distribution is expected to continue throughout the near term as shown in the Authority's annual budgeting process.
- Interest expense increased by \$3,076,342, or 16.32 percent. During 2011 the Authority experienced a significant decrease in the weighted average interest rates paid on its variable rate bonds. However, this decrease was partially offset by the additional interest expense accruing for the Cactus League projects in Goodyear and Glendale.

Overall, from 2009 to 2010 the decrease in net assets of \$ 16,664,169 is attributable to relatively normal operating and non-operating conditions with the Authority for the fiscal year. Operating revenues were higher in 2010 by \$12,903,486 as compared to 2009. Likewise, operating expenses were also higher in 2010 by \$8,229,895. This can be tracked to the impact of more mega-type events generating revenues at the University of Phoenix Stadium and the Authority's focus on reducing operational expenses. The net operating loss was improved by \$4,603,591, or 17.0 percent over 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For fiscal year 2010, the Authority recorded \$5,860,322 in net non-operating revenues; a decrease of \$444,584 or 7.1 percent over 2009. The vents accounting for this net year-to-year negative result are as follows:

- The Authority recorded \$1,585,212 in expenses related to its 2010 Biennial and Quick grant processes completed in 2010. The Authority recorded \$0 expenses related to Youth and Amateur sports projects in the prior year, 2009.
- The Authority's tourism-based tax revenues, the hotel bed tax and the rental car tax surcharge, decreased for the third year, as the economy as a whole continues to languish in the current recession. The tourism industry in Arizona continues to be adversely impacted as the state's leading industry sector. On a combined basis, our Tourism Revenues were down \$340,990, or 1.2 percent; when compared to 2009. We believe that we have seen a bottoming-out of the Tourism-based tax collections and anticipate future years to be flat to slightly up when compared to 2010. We continue to forecast that it may take another four to five years before we are back to 2007 levels of tax collections in tourism. This is well below the original 30-year tourism revenue forecast for the Authority.
- The Authority experienced an increase in the NFL income taxes of \$2,219,263, or 52.8 percent, in 2010 vs. 2009. This increase is attributed to a one-time correction of prior year taxes which were not distributed to the Authority during those years. Since the start of fiscal year 2008 the Authority's has not had the benefit of this revenue source's guaranteed minimum; as that was repealed by the state legislative and executive branches. The elimination of this guarantee left only the actual income taxes for the Authority. Note: this source has been under-performing since the Authority's second year of operations when compared to the original Proposition 302 projections. This revenue source is related to the state income tax liability of the Cardinals' organization: their personnel – both administrative and players.
- The Authority's sales tax recapture revenues were higher by \$83,884, or 1.2 percent, more than the prior fiscal year. The primary reason for this increase is related to the number of mega-events held at the stadium which generated additional sales tax recapture revenues for the Authority. The Authority receives both state and local sales tax recapture from all related taxable transactions held at the University of Phoenix Stadium. Sales tax recapture revenues were less year-to-year, and included a refund back to the City of Glendale in the amount of \$608,000 for funds that had been previously distributed to the Authority in error across prior years.
- Interest income decreased by \$260,755, or 89.7 percent. This was due to the significant decrease in average investment interest rates.
- The distribution to the Arizona Office of Tourism decreased \$416,003 or 7.3 percent, over fiscal year 2009. This is the first year the Authority was unable to make the statutory distribution due to the Arizona Office of Tourism due to the decrease in Tourism tax collections. This sub-statutory distribution is expected to continue throughout the near-term.
- Interest expense increased by \$2,481,380, or 15.2 percent. During 2010 the Authority experienced a significant decrease (64.1 percent) in the weighted average interest rates paid on its variable rate bonds. However, this decrease was partially offset by the additional interest expense accruing for the Cactus League projects in Goodyear and Glendale. The Authority received \$1,604,000 from the termination of the CMS SWAP which offset some of the increase in interest expense.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statements of Cash Flow

The last statements presented are the Statements of Cash Flows. The statement presents detailed information about the activities involving cash and cash equivalents, and the statement is broken down into five parts. The first part of the statement relates to the operating cash flow and shows the net cash used to operate the Arizona Sports and Tourism Authority; the second relates to the cash flow resulting from noncapital financing activities; the third relates to cash flow from capital and related financial activities; the fourth relates to the cash flow from capital and related investing activities; and the fifth reconciles the net cash used to the operating loss on the Statement of Revenues, Expenses, and Changes in Net Assets.

	June 30		
	2011	2010	2009
Cash (used in) Provided by			
Operating activities	\$ (7,273,075)	\$ (9,394,127)	\$ (9,382,934)
Noncapital financing activities	14,189,792	13,690,428	11,994,281
Capital and related financing activities	(5,351,608)	(3,770,000)	(1,012,187)
Investing activities	14,596	29,968	290,725
Net increase in cash and cash equivalents	1,579,705	556,269	1,889,885
Cash and cash equivalents, beginning of year	31,258,099	30,701,830	28,811,945
Cash and cash equivalents, end of year	<u>\$ 32,837,804</u>	<u>\$ 31,258,099</u>	<u>\$ 30,701,830</u>

For the fiscal year ended June 30, 2011, the Authority realized an overall net increase in cash and cash equivalents at the end of the year of \$1,579,705. This change is attributed to the Authority's operating activities and its focus on cost-cutting of the stadium's operations while revenues are declining.

The non-capital financing activities experienced a net increase of \$499,364, or 3.648 percent, versus 2010. This was attributable to the decline in the Authority's primary revenues, the Tourism revenues, in addition to higher payments to the Cactus League in 2011 vs. 2010.

The Authority's investing activities are comprised of overnight investments through fund balance sweeps. Decreased revenues have meant lower, investable balances and this combined with the significant decrease to investment interest rates during 2011 has resulted in an decrease of \$15,372 or 51.295 percent, over 2010.

For the fiscal year ended June 30, 2010, the Authority realized an overall net decrease in cash and cash equivalents at the end of the year of \$556,269, or 1.8 percent. This change is attributed to the Authority's operating activities and its focus on cost cutting to the stadium's operations while revenues are currently declining.

The noncapital financing activities experienced a net increase of \$1,696,147, or 14.1 percent, versus 2009. This was attributable to the decline in the Authority's primary revenues, the tourism revenues, in addition to higher payments to the Cactus league and youth and amateur sports.

The Authority's investing activities are comprised of overnight investments through fund balance sweeps. Decreased revenues have meant lower, investable balances and this combined with the significant decrease to investment interest rates during 2010 has resulted in an increase of \$739,243 or 254.3 percent, over 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Debt Administration (Note 5)

The Authority had no additions to capital assets during fiscal year 2011.

The Authority had minimal additions to capital assets during fiscal year 2010.

In 2009, the Authority made minimal additions to the capital assets. The Authority, through the City of Glendale, was awarded a \$191,787 Homeland Security grant for security improvements at the University of Phoenix Stadium. Improvements to the security camera system and the addition of bollards at the top of the south end access ramp to the Stadium were made under the grant. The work was completed prior to the end of the fiscal year with the final cash reimbursement being received from the City of Glendale in July 2009.

The cost for the entire stadium project plus the additional improvements was approximately \$464.7 million, including land and on-site improvements, of which the Authority provided an estimated \$303.5 million.

Debt Obligations

The Authority debt obligations remain relatively unchanged from previous years. The Authority has \$276 million in outstanding senior debt issuance for University of Phoenix Stadium, including \$223 million in fixed rate and \$53 million in variable rate debt. Fixed rate debt service for 2011 included \$1.5 million in principal reduction and \$10.7 million in interest expense. Variable rate debt service for 2011 included \$2.2 million in principal reduction and \$1.2 million in interest expense.

The Authority holds a SWAP in place to manage interest rate expense on the variable rate debt. During 2011, payments and receipts on this resulted in a net payment of \$0.16 million. Due to the bond market dynamics, including the steep yield curve, the Fair Market Value of the Authority's SWAP has increase from 2010. The increase in Fair Market Value of the SWAP (is disclosed in liability on the financial statements. As of the end of 2011, this value of that liability is \$6.002 million.

In 2010, the Authority maintained a Letter of Credit with Allied Irish Bank for credit support of the variable rate debt obligation. Normally this would have resulted in the Authority seeing its interest rate near the SIFMA Index. However, due to the worldwide financial crisis, and specifically the Euro Debt crisis, Allied Irish Bank's credit rating became questionable. The result in the rate that the Authority had been paying became substantially higher than the market index (on June 30, 2010, the market index was 0.31 percent, while the Authority's rate was 2.50 percent). Therefore, in May 2011, the Authority replaced the Allied Irish Bank letter of credit with a direct pay letter of credit from BBVA Compass Bank to lower the rate that the Authority is paying closer to the market index.

The change to BBVA Compass provided the assurances needed by the prospective bondholders to once again purchase the Authority's bonds at market rates. Following the change, the weekly rate went from 4.1 percent to 1.0 percent. As of June 30, 2011, the weekly market rate was 0.75 percent.

The Authority remains in compliance with all of its debt covenants throughout the fiscal year and anticipates no problems for covenants in the upcoming fiscal year.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Economic Factors and Next Fiscal Year Budget

There is forecasted improvement from 2011 and into 2012, although it is not expected to be permanent in nature. For 2011 we continue to experience a flattening-out in our primary revenues – Tourism Revenues. There are projected decreases in several of our facility related revenues tied to having fewer mega-events in 2012. We continue to forecast a series of operating deficits both in the near-term and the long-term. Economic conditions, both nationally and locally, have continued to contribute to a downturn in the Authority’s primary source of revenues – Tourism Revenues. The Authority anticipates that its current operating cash reserves will continue to be adequate to fund operation throughout the ensuing two years.

Tourism Revenue Distribution

In 2000, the Arizona Legislators passed Arizona Revised Statutes Title 5 – Chapter 8. This legislation provides the authority to the Arizona Sports & Tourism Authority to distribute funds collected through hotel bed tax and car rental surcharges to pay for the priorities outlined in the statute. Those priorities are:

- 1) Senior bonds held by the Authority for the purpose of funding the multi-purpose stadium (University of Phoenix Stadium)
- 2) Tourism promotion for Maricopa County
- 3) Cactus League Stadium renovations and new facilities
- 4) Youth and Amateur Sports (YAS) Grants
- 5) Operations at the University of Phoenix Stadium
- 6) Reserves for YAS, Operations, Capital and Repair

The legislation also provided limits on the distribution to Tourism, Cactus League and YAS on a monthly basis. The Authority follows a “waterfall” approach to distributing to each priority during each month of a fiscal year as defined within the statute. During 2011, the Authority’s receipts of Tourism taxes did not meet the necessary amount to distribute down the entire waterfall during every month for Tourism, Cactus League and YAS. This resulted in each of those priorities receiving only a portion of the total projected for the fiscal year.

Comparatively, in 2007, the Authority collected \$24.2 million in Tourism taxes. This was up 48 percent from 2002, the first full year of collections under Prop 302. Since 2007, Tourism receipts to the Authority have fallen in 2008, 2009, somewhat stabilized in 2010, and begun a slight recovery in 2011. In 2011, the Authority collected \$21.1million, down 13.13 percent from the 2007 level. The Authority distributed the following in each of these years:

<u>\$ Million</u>	<u>2007</u>	<u>2011</u>
Senior Bonds	7.6	9.7
Tourism	5.1	5.6
Cactus League	3.0	4.8
Youth & Amateur Sports	1.5	1.1

While Tourism taxes began to recover in 2011, the Authority projects that it will not receive enough Tourism receipts during every month to make the entire “waterfall” distribution in 2012, 2013, 2014 and into 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Requests for Information

This financial report is designed to provide a general overview of the Arizona Sports and Tourism Authority's finances for all interested parties. Requests for additional information may be made by contacting us at Arizona Sports and Tourism Authority, 1 Cardinals Drive, Glendale, Arizona 85305 Attn: Finance Department. Additional information on the Authority's finances may be found on our website, www.az-sta.com, under the Archives section.

Arizona Sports and Tourism Authority
Statements of Net Assets
June 30, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents - restricted	\$ 29,595,792	\$ 28,016,475
Cash and cash equivalents - restricted for subordinate bond reserve	3,242,012	3,241,624
Accounts receivable	214,777	714,475
Accounts receivable due from insurance recoveries	1,613,982	-
Hotel bed tax and car rental surcharge receivables	3,130,204	2,856,985
Sales tax recapture receivables	437,358	2,790,587
Other assets	71,758	72,307
Total current assets	38,305,883	37,692,453
Noncurrent Assets		
Capital assets non-depreciable	2,773,165	2,773,165
Capital assets depreciable, net	407,201,141	423,942,727
Deferred bond issue costs, net	7,505,166	7,853,439
Total noncurrent assets	417,479,472	434,569,331
Total assets	\$ 455,785,355	\$ 472,261,784
Liabilities		
Current Liabilities		
Accounts payable	\$ 2,055,189	\$ 416,643
Accrued expenses	2,077,241	1,383,106
Payable to City of Avondale	700,673	682,787
Payable to Arizona Cardinals	538,738	-
YAS grant award payable	748,153	1,290,406
Bond principal payable	5,550,000	5,170,000
Bond interest payable	6,014,536	6,098,458
Deferred revenue	942,834	698,029
Total current liabilities	18,627,364	15,739,429
Noncurrent Liabilities		
Deferred revenue	500,000	1,000,000
Interest rate swap agreement at fair value	6,002,528	6,848,775
Payable to City of Avondale	69,601	542,201
Payable to Arizona Cardinals	7,425,578	7,585,063
Cactus League Payable	143,326,913	136,722,798
Bonds principal payable	296,449,114	302,243,317
Total noncurrent liabilities	453,773,734	454,942,154
Total liabilities	472,401,098	470,681,583
Net Assets (Deficit)		
Invested in capital assets, net of related debt	133,678,223	145,895,828
Unrestricted	(150,293,966)	(144,315,627)
Total net assets (deficit)	(16,615,743)	1,580,201
Total liabilities and net assets	\$ 455,785,355	\$ 472,261,784

Arizona Sports and Tourism Authority
Statements of Revenues, Expenses, and Changes in Net Assets
Years Ended June 30, 2011 and 2010

	2011	2010
Operating Revenues		
Stadium operating revenues	\$ 7,442,158	\$ 23,237,730
Total operating revenues	7,442,158	23,237,730
Operating Expenses		
Stadium management operations	14,201,121	28,208,117
Fiesta Bowl Foundation contribution	1,510,808	-
Legal	533,767	255,048
Payroll	276,886	431,883
Professional fees	302,285	259,306
Marketing and promotion	6,683	3,311
Bank management and service fees	17,441	20,752
Insurance	58,653	80,025
Travel	26,818	10,155
Meetings	884	1,228
Office	22,555	10,626
Communications	16,501	15,692
Depreciation	15,127,604	15,527,615
Amortization of deferred bond issue costs	529,881	509,776
Remarketing and liquidity fees	292,710	408,687
Total operating expenses	32,924,597	45,742,221
Operating Loss	(25,482,439)	(22,504,491)
Nonoperating Revenues (Expenses)		
Arizona tourism distribution	(5,622,235)	(5,259,304)
Youth and amateur sports grant awards	(43,657)	(1,585,212)
Hotel bed tax	12,220,659	11,522,029
Rental car tax	9,153,216	9,274,623
NFL income tax	5,810,440	6,419,515
Sales tax recapture	6,832,319	7,282,717
Interest income	14,596	29,970
Interest expense	(21,925,090)	(18,848,748)
Proceeds from insurance claims	2,973,989	-
Impairment of long-lived asset	(2,973,989)	-
Change in fair value of interest swap agreement	846,247	(2,975,268)
Total nonoperating revenues	7,286,495	5,860,322
Decrease in Net Assets	(18,195,944)	(16,644,169)
Net Assets, Beginning of Year	1,580,201	18,224,370
Net Assets, End of Year	\$ (16,615,743)	\$ 1,580,201

Arizona Sports and Tourism Authority
Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Cash received from events (Stadium Operations)	\$ 7,186,661	\$ 22,700,890
Cash received from concessionaire	500,000	1,500,000
Cash paid for events (Stadium Operations)	(13,404,553)	(31,852,768)
Cash paid to employees	(276,886)	(431,883)
Cash paid for other operating expenses	(1,278,297)	(1,310,366)
	(7,273,075)	(9,394,127)
Net Cash used in Operating Activities		
Cash Flows from Noncapital Financing Activities		
Payments for Arizona Office of Tourism	(5,596,379)	(5,234,680)
Payments for Youth and Amateur Sports	(585,911)	(1,238,079)
Payments to Cactus League	-	(185,769)
Payment to the City of Avondale	(454,714)	-
Receipts from hotel bed tax	12,189,156	11,691,356
Receipts from rental car tax	8,911,500	9,035,885
Receipts from NFL Income tax	5,810,439	6,419,515
Receipts from sales tax recapture	9,185,548	5,808,100
Cash paid for interest	(15,269,847)	(12,605,900)
	14,189,792	13,690,428
Net Cash Provided by Noncapital Financing Activities		
Cash Flows from Capital and Related Financing Activities		
Payments for senior and subordinate bond principal	(5,170,000)	(3,770,000)
Insurance proceeds for impaired capital assets	1,360,007	-
Capital Additions	(1,360,007)	-
Cash paid for letter of credit	(181,608)	-
	(5,351,608)	(3,770,000)
Net Cash used in Capital and Related Financing Activities		
Cash Flows from Investing Activities		
Interest received	14,596	29,968
	14,596	29,968
Net Cash Provided by Investing Activities		
Net Increase in Cash and Cash Equivalents	1,579,705	556,269
Cash and Cash Equivalents, Beginning of Year	31,258,099	30,701,830
Cash and Cash Equivalents, End of Year	\$ 32,837,804	\$ 31,258,099

Arizona Sports and Tourism Authority
Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
Reconciliation of Operating Loss to Net Cash used in Operating Activities		
Operating loss	\$ (25,482,439)	\$ (22,504,491)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	15,127,604	15,527,615
Amortization of deferred bond issue costs	529,881	509,776
(Increase) decrease in		
Accounts receivable, net	499,698	(17,373)
Other assets	551	(40,208)
Increase (decrease) in		
Accounts payable	1,638,226	(202,971)
Accrued expenses	668,599	(3,647,007)
Deferred revenue	(255,195)	980,532
	\$ (7,273,075)	\$ (9,394,127)
Supplemental Disclosures of Noncash Capital and Financing Activities		
Accrual of interest on noncurrent liabilities		
Cactus League	\$ 6,604,115	\$ 6,270,267
The Arizona Cardinals	379,253	361,196
	\$ 6,983,368	\$ 6,631,463

Note 1 - Organization and Reporting Entity

The Arizona Sports and Tourism Authority (the “Authority”), was formed on August 9, 2000, as a political subdivision of the State of Arizona empowered, among other things:

- to construct, finance, furnish, maintain, improve, own, operate, market, and promote the use of the University of Phoenix Stadium suitable to be used to accommodate sporting events and entertainment, cultural, civic, meeting, trade show or convention events or activities, including a stadium, on-site infrastructure, parking garages and lots and related commercial uses within the facility in Maricopa County,
- to acquire land or construct, finance, furnish, improve, market or promote the use of existing or proposed major league baseball spring training facilities located in Maricopa County,
- to acquire land or construct, finance, furnish, maintain, improve, operate, market or promote the use of community youth and amateur sports facilities, recreational facilities and other community facilities or programs in Maricopa County.

The Authority opened the University of Phoenix Stadium in August 2006 under its stadium management operating agreement with Global Spectrum, L.P. (“Global”).

Global acts as the fiscal agent of the Authority and receives all of its working capital requirements from the Authority on the basis of an annual budget and operating plan approved by the Authority’s board of directors. The annual financial results for Global are reported separately as a division of the Authority and are rolled into and consolidated with the Authority’s annual financial results. The Authority’s management agreement with Global included a thirty-six month term from opening date through August 2009. Under the original agreement with Global there were two one-year extension options available for consideration. On July 1, 2009, however, the Authority and Global entered into a modified, operating agreement extension with the first portion encompassing a nine-month period ending on March 31, 2010 followed by a second renewal term of thirty-nine months which would end on June 30, 2013. The second renewal term was executed in 2010.

Rojo Hospitality Group, LLC operates as an independent service provider to the Authority and is solely responsible for all its financial activities at the Stadium. The Authority’s agreement with Rojo Hospitality Group, LLC was for an initial term of two years that commenced in August 2010.

The Authority has two, long-term Stadium tenants. The Arizona Cardinals of the National Football League and the Arizona Sports Foundation doing business as the Fiesta Bowl (“Fiesta Bowl”). The Arizona Cardinals and the Fiesta Bowl began their respective thirty year use agreements at the time the Stadium opened in August 2006.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accounting policies of the Authority conform to accounting principles generally accepted in the United States as applicable to an enterprise fund of a governmental unit. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows. The Authority has elected, in accordance with Government Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989. Proprietary funds distinguish operating revenues and expenses from non-operating items.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues and expenses of the Authority are those generally related to the on-going operations at the University of Phoenix Stadium. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Authority's books and records include separate accounts: a general account, construction account, tourism revenue clearing account, non-pledged facility revenue clearing account, tourism account, youth and amateur sports account, debt service account, subordinate bond proceeds account, Cactus League account, and pledged facility revenue clearing account. These "accounts" have been combined in the accompanying financial statements. All material inter-account transactions have been eliminated.

Use of Estimates

The preparation of financial statements that conform to accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Equivalents

The Authority considers all highly liquid investments with an original maturity of three months or less at the time of acquisition to be cash equivalents.

Accounts Receivable and Other Receivables

Accounts receivable represents amounts due to the Authority from stadium operations, requiring payment upon receipt of the invoice. Unpaid accounts receivable may bear, at the Authority's discretion, interest at a rate of 1.5% per month (18% per annum) or the maximum as permitted by law, whichever is less. Accounts receivable also includes uncollected Fiesta Bowl game day expenses.

The carrying amount of accounts receivable may be reduced by a valuation allowance that reflects management's best estimate of uncollectible amounts. Management reviews all accounts receivable balances monthly and based on an assessment of creditworthiness estimates the portion, if any, of the balances that will not be collected. No valuation allowance for uncollectible amounts was recorded as of June 30, 2011 and 2010 as management estimates all receivables to be collectible.

Hotel bed tax, car rental surcharge, and sales tax recapture receivables are due from the Arizona State Treasurer's office and are paid approximately two months in arrears.

Use of Restricted Assets

The Authority's assets are restricted based on existing statutory language. As such, the Authority employs these resources first when expenses of the Authority are incurred. All cash and cash equivalents are restricted as to use by the State of Arizona. Restrictions on use are as follows:

- The Tourism Revenue Clearing Account is fully allocated on a monthly basis for those requirements as outlined in the Flow of Funds.
- The Debt Service Accounts, including the subordinate reserve, are used for meeting bondholder obligations.
- The Tourism Account is used for tourism promotion purposes.

- The Cactus League account is restricted to the promotion of spring training baseball.
- The Youth and Amateur Sports account is for the awarding of matching grants for those express purposes.
- The operating general account is used for the Authority's approved annual operating budget expenses as well as for fulfilling the Authority's statutory youth and amateur sports, operating and capital reserve requirements.

Capital Assets

Capital assets are stated at cost. Assets are depreciated on the straight-line method over the estimated useful lives of the assets ranging from three to forty years. Amortization of capital assets acquired through a capital lease is included in depreciation expense. Capital assets are defined by the Authority as an asset reported on the balance sheet with an initial cost of \$5,000 or greater and an estimated useful life in excess of one year.

The Authority utilizes the following useful lives for determining depreciation:

Asset Type	Useful Life (in months)
Constructed buildings	480
Stadium equipment	180
Stadium furnishings and fixtures	60
Computer hardware	60
Office equipment	60
Spare parts inventory	36
Capital leases	*

(*) Determined by governing agreement

The Authority reviews its property and equipment whenever events indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recorded when the sum of the future cash flows is materially less than the carrying amount of the asset. An impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. During August of 2010, a storm damaged the roof of the stadium. The impairment of the building was measured using the restoration method and amounted to \$2,973,989 for the year ended June 30, 2011. No impairment loss is recorded for the year ended at June 30, 2010.

Costs of Borrowing

The Authority amortizes deferred bond issue costs using the effective interest method for the 2003 and 2007 bonds and the straight-line method for the 2008 bonds over the term of the bonds.

Derivative Policy

The Authority implemented GASB Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments*. The standard requires the Authority to evaluate contractual arrangements that meet the standard's definition of a derivative instrument for effectiveness and to report such instruments as either hedges or investments, depending upon hedge effectiveness. Refer to footnote 14 on Interest Rate Swap.

Tax Status

The Authority is a municipal corporation and is exempt from federal and state income tax as well as property tax.

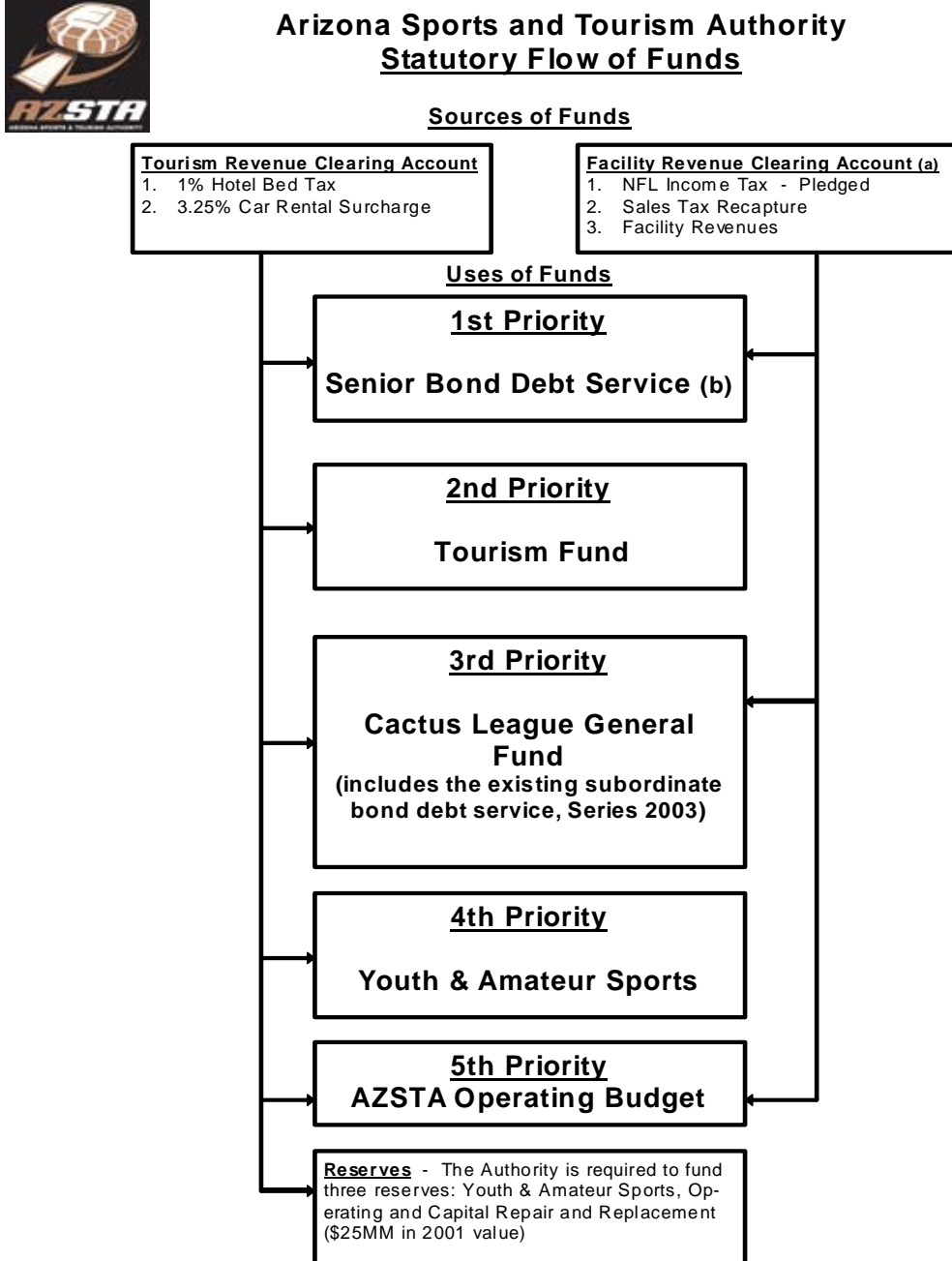
Revenue Recognition

The Authority recognizes revenue from car rental surcharges, hotel bed tax, income taxes related to a professional football franchise, sales tax recapture, event earnings and facility user rentals on the accrual basis as earned.

- The car rental surcharge is a 3.25 percent surcharge on applicable rental car contracts in Maricopa County (less \$2.50 which goes to the Maricopa County Stadium District (“MCS D”)).
- The hotel bed tax is a one percent tax on lodging transactions in Maricopa County.
- The income taxes are associated with the state income tax liability of the Arizona Cardinals organization, its employees and their spouses.
- Sales tax recapture revenues are generated by all taxable transactions at the Stadium which are remitted to the State of Arizona and the City of Glendale.
- Event revenues are deferred until completion of the event, at which time a financial settlement is made with the promoter. Revenues come from a variety of activities including building rents, concessions and catering, novelties, exhibitor services and other miscellaneous revenues.
- Facility user rentals are amounts paid by the Cardinals and the Fiesta Bowl for their use of the Stadium. The Cardinals annual rent started at \$250,000 per year and grows by two percent per year thereafter. The Fiesta Bowl pays a ticket surcharge which started at \$2.50 per ticket and increases by \$0.20 per ticket per year.

The Authority’s revenues are defined by Arizona Revised Statute as to the priority of their use.

The following Flow of Funds diagram outlines the priority in which the Authority's revenues are allocated.



Footnotes

(a) The Facility RCA is used for debt service requirements on senior and subordinate bonds. Any remaining funds go to the operations account.
 (b) All sources of revenue of the Authority (except for the non-pledged portion of the NFL Income Tax) are pledged to the Authority's senior and subordinate bond debt service above all other distribution priorities.

Description of Accounts

Tourism Revenue Clearing Account

The Tourism Revenue Clearing Account (“TRCA”) receives the tourism tax revenues from the hotel bed tax and the car rental surcharge. The taxes began in March 2001 and will be collected through February 2031. These revenues are then distributed on the second Tuesday of the following month in the following order of priority:

- The first priority is to the actual debt service on bonds issued to finance the construction of the University of Phoenix Stadium. The debt service amount to be distributed from the TRCA is limited to \$165.5 million of the total bond principal amount.
- The second funding priority is to the tourism account based on \$4.0 million in the first 12 months growing by five percent every 12-month period thereafter during the term of the tourism taxes.
- The third funding priority is to promote and market Cactus League baseball as well as to meet the Subordinate Bond debt service requirements. This account will receive \$250,000 per month during the first 84 months and increases per the statute’s requirements thereafter.
- The fourth funding priority is youth and amateur sports, which is to receive \$1.0 million in its first 12 months increasing by \$100,000 every 12-month period thereafter during the term of the tourism taxes.
- The next priority is the Authority’s annual operating budget which also includes the Stadium operating budget as managed by the stadium management company, Global Spectrum, L. P. The distribution is based on the total fiscal year’s operating budget divided into equal monthly installments.
- The final funding priority is for three reserve accounts: the youth and amateur sports reserve, the operating reserve and a capital repair and replacement reserve.

Facility Revenue Clearing Accounts – Pledged and Non-Pledged

On August 27, 2002, the Arizona Court of Appeals ruled in the Long lawsuit that the Authority cannot constitutionally pledge income taxes paid by Cardinals’ employees or their spouses on income unrelated to professional football. The Authority also is prohibited from pledging monies received under A.R.S. § 42-1116(C) in excess of the income taxes paid by the Cardinals and by Cardinals’ employees on income related to professional football. The Court’s ruling only affects the Authority’s ability to pledge these tax revenues for repayment of bonds, not its ability to receive the revenues provided by the Authority legislation. As a result of this ruling, the Authority will utilize its best efforts based on the limited information available from the Arizona Department of Revenue to determine annually what portion of the NFL Franchise income tax will be distributed to the pledged account and the non-pledged account. That amount which is distributed to the pledged account (which is held inside the trust) will be combined with the other Facility Revenue sources of funding for use in meeting the Authority’s debt service obligations. That portion which is considered unrelated to professional football and therefore not able to be pledged per the Court’s ruling is distributed to the Non-Pledged Facility Revenue Clearing Account held outside of the trust.

The Pledged Facility Revenue Clearing Account receives the following revenue sources: the professional football franchise income tax, the state and local sales tax recapture revenues, Fiesta Bowl ticket surcharge, Cardinals annual rent and all other events revenues from Stadium operations. These revenues are used for one primary purpose – to fund a portion of the debt service for the Authority’s outstanding senior and subordinate bond issues.

The Non-Pledged Facility Revenue Clearing Account receives that portion of the professional football franchise income tax which is determined as being non-football related. This account is designated strictly for meeting the Authority's operating expenses.

Comparative Data and Reclassifications

Certain balances from 2010 have been reclassified to conform to current year presentation of the financial statements. The reclassifications had no affect on the results of operations for 2010.

Note 3 - Cash and Cash Equivalents

At June 30, 2011 and 2010, the Authority had total cash and cash equivalents on deposit of \$32,837,804 and \$31,258,099, respectively, through its commercial bank and bond trustee accounts. The Authority maintains its commercial accounts with BBVA Compass Bank, N. A. and its trust accounts with The Bank of New York Mellon Trust Company, N. A.

The Authority, throughout the year, maintains cash at these financial institutions in excess of the \$250,000 per bank limit insured by the Federal Deposit Insurance Corporation (FDIC). The cash balances on deposit with these financial institutions exceed the balance insured by the FDIC by \$32,087,804 and \$30,758,099 at June 30, 2011 and 2010, respectively.

At June 30, 2011 and 2010, the Authority's commercial bank accounts at BBVA Compass Bank, N. A. accounted for a total of \$13,760,203 and \$13,369,378, respectively, of all cash and cash equivalents which are invested in overnight money markets.

The Authority had a total of \$19,077,601 and \$17,888,721, respectively for 2011 and 2010, in its trust accounts. Proceeds to purchase these marketable securities, which consist of overnight money markets, were derived from the Authority's senior bond issue, construction sales tax recapture, contributed capital, related debt service accounts for both the senior and subordinate bond issues, Cactus League, Tourism Revenue, Pledged Facility Revenue Clearing Account and the Construction Trust Account.

Note 4 - Restricted Assets

Restricted assets consisted of the following at June 30:

	2011	2010
Cash and cash equivalents	\$ 32,837,804	\$ 31,258,099
Accounts receivable	214,777	714,475
Hotel tax receivable and car rental surcharge receivables	3,130,204	2,856,985
Sales tax recapture receivable	437,358	2,790,587
	\$ 36,620,143	\$ 37,620,146

Note 5 - Capital Assets

Capital asset activity consisted of the following for the year ended:

	July 1, 2010	Additions	Impairment/ Disposals	June 30, 2011
Capital assets not being depreciated:				
Land	\$ 2,773,165	\$ -	\$ -	\$ 2,773,165
	<u>2,773,165</u>	<u>-</u>	<u>-</u>	<u>2,773,165</u>
Capital assets being depreciated:				
University of Phoenix Stadium	476,353,920	1,360,007	(2,973,989)	474,739,938
Stadium FF&E	9,643,713	-	-	9,643,713
Computer equipment	48,103	-	-	48,103
Furniture and fixtures	133,563	-	-	133,563
Office equipment	15,577	-	-	15,577
Capitalized software	10,168	-	-	10,168
Assets under capital lease	60,039	-	-	60,039
	<u>486,265,083</u>	<u>1,360,007</u>	<u>(2,973,989)</u>	<u>484,651,101</u>
Less accumulated depreciation:				
University of Phoenix Stadium	(56,234,621)	(14,348,760)	-	(70,583,381)
Stadium FF&E	(5,837,459)	(763,263)	-	(6,600,722)
Computer equipment	(48,103)	-	-	(48,103)
Furniture and fixtures	(118,745)	(13,356)	-	(132,101)
Office equipment	(13,222)	(2,225)	-	(15,447)
Capitalized software	(10,168)	-	-	(10,168)
Assets under capital lease	(60,038)	-	-	(60,038)
	<u>(62,322,356)</u>	<u>(15,127,604)</u>	<u>-</u>	<u>(77,449,960)</u>
	<u>\$ 426,715,892</u>	<u>\$ (13,767,597)</u>	<u>\$ (2,973,989)</u>	<u>\$ 409,974,306</u>

Capital asset activity consisted of the following for the year ended:

	July 1, 2009	Additions	Disposals	June 30, 2010
Capital assets not being depreciated:				
Land	\$ 2,773,165	\$ -	\$ -	\$ 2,773,165
	<u>2,773,165</u>	<u>-</u>	<u>-</u>	<u>2,773,165</u>
Capital assets being depreciated:				
University of Phoenix Stadium	476,353,920	-	-	476,353,920
Stadium FF&E	9,643,713	-	-	9,643,713
Computer equipment	48,103	-	-	48,103
Furniture and fixtures	133,563	-	-	133,563
Office equipment	15,577	-	-	15,577
Capitalized software	10,168	-	-	10,168
Assets under capital lease	60,039	-	-	60,039
	<u>486,265,083</u>	<u>-</u>	<u>-</u>	<u>486,265,083</u>
Less accumulated depreciation:				
University of Phoenix Stadium	(42,174,467)	(14,060,154)	-	(56,234,621)
Stadium FF&E	(4,387,976)	(1,449,483)	-	(5,837,459)
Computer equipment	(48,103)	-	-	(48,103)
Furniture and fixtures	(103,177)	(15,568)	-	(118,745)
Office equipment	(10,812)	(2,410)	-	(13,222)
Capitalized software	(10,168)	-	-	(10,168)
Assets under capital lease	(60,038)	-	-	(60,038)
	<u>(46,794,741)</u>	<u>(15,527,615)</u>	<u>-</u>	<u>(62,322,356)</u>
	<u>\$ 442,243,507</u>	<u>\$ (15,527,615)</u>	<u>\$ -</u>	<u>\$ 426,715,892</u>

Note 6 - Noncurrent Liabilities – City of Avondale

The Authority entered into an intergovernmental agreement with the City of Avondale, Arizona in September 2001 to help finance the construction of a youth sports field. The Authority’s board of directors committed \$3,430,000 million plus associated financing costs to the repayment of approximately 67% of the total project value. The commitment accrues interest, in accordance with the intergovernmental agreement; at 2.98% per year on the unpaid balance. The Authority pledged a total of 25% of its annual youth and amateur sports statutory funding to the repayment of this obligation which will mature in fiscal year 2012.

Balances due to the City of Avondale were as follows as of June 30:

	2011	2010
Payable to the City of Avondale	\$ 770,274	\$ 1,224,988
Less: Current portion	(700,673)	(542,201)
Long-term portion	\$ 69,601	\$ 682,787

Note 7 - Noncurrent Liabilities – Arizona Cardinals

Arizona Cardinals

The Authority recorded \$6,239,434 in fiscal year 2006 as a noncurrent liability to B&B Holdings, Inc. (dba The Arizona Cardinals) per the August 15, 2005 Facility Use Agreement. The nature of this liability is the repayment of a portion of the costs incurred by the Arizona Cardinals for on-site improvements and for the purchase of the 165 acres of land on which the stadium and its adjacent parking reside. Repayment of this liability is projected to begin in 2012 and is to be funded from waterfall of available funds under Arizona State Statute.

Balances due to The Arizona Cardinals were as follows as of June 30:

	2011	2010
Payable to The Arizona Cardinals, accruing interest at 5% annually. Payments of principal and accrued interest to begin June 30, 2012 through June 30, 2019	\$ 7,964,316	\$ 7,585,063
Less: Current portion	(538,738)	-
	\$ 7,425,578	\$ 7,585,063

Future minimum principle payments on this liability are as follows:

2012	\$ 538,738
2013	691,326
2014	1,052,931
2015	1,291,171
2016	1,436,851
2017-2019	2,953,299
	\$ 7,964,316

Note 8 - Noncurrent Liabilities – Cactus League Payable

The Authority, through its Cactus league promotion account, provides financing assistance to cities in Maricopa County which host Major League Baseball spring training teams. As of the end of fiscal year 2011 the Authority has provided financing or funding commitments for three new stadiums and the renovation of three existing stadiums.

The following is a listing of the cities, the teams, and the projects which are being funded under government mandate A.R.S. Section 5-808:

City	Team(s)	Agreement Year	Project Completed	Principal Amount	Interest Rate
Tempe, Arizona	Los Angeles Angels of Anaheim	2004	2006	\$ 12,000,000	4.3974%
Scottsdale, Arizona	San Francisco Giants	2005	2007	\$ 20,000,000	4.4540%
Goodyear, Arizona	Cleveland Indians	2007	2009	\$ 37,375,000	4.7726%
Glendale, Arizona	Chicago White Sox and Los Angeles Dodgers	2007	2009	\$ 60,000,000	5.0000%

The Authority recorded these payables as a noncurrent liability because it does not have the funding resources to pay for these projects on an upfront basis. Over the life of the tourism tax revenues (i.e. the hotel bed tax and the car rental surcharge) the funding for Cactus League is projected to be \$205,000,000 plus the amount that the Authority will receive through its agreement with the Maricopa County Stadium District. Through the Authority's IGA with each of the cities, each city is responsible for funding 100% of the project at the time of construction. The Authority accrues interest on the outstanding balance at the lesser of the actual rate each city secured through their project financing program or 5.0% per year. The Authority makes payments to the cities in accordance to the existing IGA's and as funding becomes available through the Cactus league promotion account in accordance with A.R.S. Section 5-808.

The following balances are due for Cactus League as of June 30:

	<u>2011</u>	<u>2010</u>
Payable to City of Tempe, accruing interest at 4.40%, payment determined from available excess car rental surcharge revenues with final payment due in 2017.	\$ 14,550,162	\$ 13,891,478
Payable to City of Scottsdale, accruing interest at 4.45%, payment determined from available excess car rental surcharge revenues with final payment due in 2017.	19,608,242	18,770,988
Payable to City of Goodyear, accruing interest at 4.77%, payments projected to begin in 2017 after repayment of City of Tempe and City of Scottsdale payables.	41,768,002	39,869,373
Payable to City of Glendale, accruing interest at 5%, payments projected to begin in 2017 after repayment of City of Tempe and City of Scottsdale payables.	<u>67,400,507</u>	<u>64,190,959</u>
	<u>\$ 143,326,913</u>	<u>\$ 136,722,798</u>

Tempe

The Authority committed a maximum of \$12 million to the City of Tempe in November 2004. The City of Tempe project was completed in February 2006. The Authority began to repay its commitment to Tempe in fiscal year 2005 from available Cactus League and Maricopa County Stadium District funds related to its excess car rental surcharge revenues. For the second consecutive fiscal year, the Authority continues to receive Tourism Revenues below the original 30-year tourism revenue forecasts. Additionally, no dollars have been contributed from the Maricopa County Stadium District excess car rental surcharge revenues; due to overall Tourism Revenues being down. As such, the Authority reduced the distributions made to the city. The distributions are lower-than-original distribution forecast and are expected to continue throughout the near term; until such time as Tourism Revenues return to their original 30-year tourism revenue forecasts.

Scottsdale

The Authority committed a maximum of \$20 million to Scottsdale in March 2005. The City of Scottsdale project was a two-phase project with the first phase being completed in February 2006 and the second phase completed in February 2007. The Authority began to repay its commitment to Scottsdale in fiscal year 2005 from available Cactus League and Maricopa County Stadium District funds related to its excess car rental surcharge revenues. For the second consecutive fiscal year, the Authority continues to receive Tourism Revenues below the original 30-year tourism revenue forecasts. Additionally, no dollars have been contributed from the Maricopa County Stadium District excess car rental surcharge revenues; due to overall Tourism Revenues being down. As such, the Authority reduced the distributions made to the city. The distributions are lower-than-original distribution forecast and are expected to continue throughout the near term; until such time as Tourism Revenues return to their original 30-year tourism revenue forecasts.

Goodyear

The Authority committed a maximum of \$37.375 million to Goodyear in January 2007 for up to 50% of the projected cost of constructing a one-team stadium and practice facility for the Cleveland Indians. The stadium and related practice facility were completed in the fall of 2008 and were in operation for the 2009 spring training baseball season. Based on Goodyear opening the stadium the Authority started to accrue interest in fiscal year 2009. Based on the existing IGA's with the cities of Tempe and Scottsdale, it is projected that the Authority will begin to make payments to Goodyear in fiscal year 2017.

On April 7, 2008 the Authority's board of directors approved Resolution No. 2008-75 which revised the existing funding plan related to present and future Cactus League projects. A primary provision of this resolution granted up to an additional maximum of twenty million dollars to the City of Goodyear for developing a practice facility for a second team. The funding source(s) that would pay for the additional commitment to the City of Goodyear, however, does not currently exist. This commitment will become a recorded liability if there is a renewal or extension of the Authority's current revenues or the creation of a new funding source for Cactus League purposes after fiscal year 2031. Based on this understanding and acknowledgement by the City of Goodyear, the Authority, under GASB 33 – Accounting and Financial Reporting for Non-exchange Transactions, will not record this additional liability to its financial statements until such time that these currently non-existent funding sources become reality.

Glendale

The Authority committed a maximum of \$60 million to Glendale in August 2007 for up to two-thirds of the projected cost of constructing a two-team stadium and practice facility for the Chicago White Sox and the Los Angeles Dodgers. The stadium and related practice facility were finished in the fall of 2008 and were in operation for the 2009 spring training baseball season. With the opening of the stadium the Authority started to accrue interest on the outstanding amount in fiscal year 2009.

Note 9 - Bonds Payable

Senior Bonds - Stadium Construction Related Bonds

Series 2003A Senior Bonds

In February 2003, the Authority issued \$221,950,000 in Tax Revenue Bonds, Series 2003A, interest from 3.00 percent to 5.375 percent, due through 2031 (“Senior Bonds”). The Senior Bonds are tax-exempt revenue bonds with a final maturity date in 2031. The proceeds were used, along with several other sources of funding, to finance the construction of the University of Phoenix Stadium. These bonds are insured by MBIA Insurance.

Series 2005 Senior Bonds

On September 29, 2005 the Authority issued additional senior lien debt of \$53,050,000 in tax exempt, variable rate revenue bonds. These bonds were issued in order to secure the necessary final funding for the stadium project, site improvements, extravaganza seating and related storage space build-out. These bonds are on par with the Authority’s 2003A senior bonds and share the same pledged revenues. The rate for these bonds is reset on a weekly basis.

Series 2007A Senior Bonds – Advanced Refunding

In January 2007, the Authority issued \$90,000,000 in Senior Revenue Refunding Bonds (Multipurpose Stadium Facility Project) Series 2007A as part of an advance refunding of \$87,420,000 in Tax Revenue Bonds, Series 2003A. The Series 2007A bonds mature between 2010 and 2024 and carry coupon rates from 4.00 percent to 5.00 percent. The Authority issued the Refunding Bonds in order to replace higher interest debt instruments with those with lower interest carrying costs. The Authority realized an estimated \$2.8 million in net present value savings through the advance refunding. The net proceeds from the sale of the 2007A Refunding bonds, \$92,270,533, were put into an escrow account with the Authority’s trustee, The Bank of New York, and invested in State and Local Government Series. The escrow account will be used to pay the debt service on the old debt during the period between the refunding date and the call date. The Authority considers the amount of the Series 2003A senior bond debt, \$87,420,000, to be defeased which was reflected in its financial statements as of June 30, 2007. The refunding bonds are insured by MBIA Insurance.

Series 2008 Senior Bonds – Revenue Refunding

The Series 2008 Variable Rate Demand Revenue Refunding Bonds replaced the entire Series 2005A bonds with exactly the same maturity schedule as the original Series 2005A bonds. The Authority issued this refunding in response to the sub-prime mortgage issue in January 2008 which directly impacted the credit rating of the bonds’ insurer, Ambac Assurance, which in turn, created a lack of demand in the marketplace for the Authority’s 2005A bonds. In order to remarket the Authority’s bonds on a weekly basis, the remarketing agent for the Authority, was required to offer higher rates of interest rate yield to prospective bondholders in order to sell the Authority’s bonds.

Under the refunding the Authority issued the new series 2008 variable rate revenue refunding bonds with the liquidity support of a direct pay letter of credit issued by Allied Irish Bank (AIB). This new liquidity structure provided the assurances needed by prospective bondholders to once again purchase the Authority's bonds at market rates. Following the refunding, the weekly rate went from 5.00 percent to 1.67 percent. In 2010, the authority saw interest rates drop to as low as 0.32, but in May was faced with the rates increasing dramatically, reaching a peak in June of 2.5%. This increase was caused by the deterioration of AIB's credit. In 2011, the Authority replaced the AIB direct pay letter of credit with Compass Bank.

As of June 30, 2011 the variable rate for the final week of the fiscal year was set at 2.5 percent for the Series 2008 senior variable rate demand revenue refunding bonds as compared to 1.00 percent for the same week the prior year. The basis upon which the rate is set is the Securities Industry and Financial Markets Association ("SIFMA") Municipal Swap Index. The index is a 7-day high-grade market index comprised of tax-exempt variable rate demand bonds from the Municipal Market Data's extensive database. The index typically includes 650 variable rate bond issues in any given week from a database of more than 15,000 active variable rate bond issues. The variable rate is reset on a weekly basis by the Authority's remarketing agent – RBC Capital Markets.

Series 2003 Subordinate Bonds – Cactus League Related Bonds

In February 2003, the Authority issued \$32.4 million in Subordinate Tax Revenue Bonds, Series 2003, interest from 2.25 percent to 5.00 percent, due through 2016 ("Subordinate Bonds"). The Subordinate Bonds are tax-exempt revenue bonds with a final maturity in 2016. The proceeds from these bonds were used to pay the balance of the \$32 million committed to the City of Surprise for the Authority's share of funding for the brand new Surprise spring training facility, which is home to the Texas Rangers and the Kansas City Royals. Funds for repayment of Cactus League Related Bonds are from Tourism and Facility revenues and is in the 3rd priority under the Statutory Flow of Funds

A subordinate bond reserve is required under the terms of the indenture governing the subordinate bonds. There were several options available to the Authority for fulfilling this requirement. The Authority opted for creating a 10 percent reserve of the original principal amount of all series of Subordinate Bonds any of which remain outstanding. This reserve amount of \$3.24 million was fully funded in February 2008 and continues to be maintained at the required amount.

At June 30, 2011 and 2010, the Authority had the following bonds outstanding:

	2011	2010
Tax Revenue Bonds, Series 2003A, interest from 3.00 percent to 5.00 percent, due through 3031 (Senior Bonds)	\$ 130,430,000	\$ 133,000,000
Subordinate Tax Revenue Bonds, Series 2003, interest from 2.25 percent to 5.00 percent, due through 2016 (Subordinate Bonds)	23,550,000	25,590,000
Senior Variable Rate Demand Revenue Refunding Bonds, Series 2008, variable rate interest, due through 2036 (Senior Bonds)	53,050,000	53,050,000
Senior Revenue Refunding Bonds (Multipurpose Stadium Facility Project) Series 2007A (Senior Bonds)	89,440,000	90,000,000
Total bonds payable	<u>296,470,000</u>	<u>301,640,000</u>
Less current portion of bonds payable	(5,550,000)	(5,170,000)
Total non-current portion of bonds payable	<u>290,920,000</u>	<u>296,470,000</u>
Plus unamortized premium	5,529,114	5,773,317
Total bonds payable plus unamortized premium	<u>\$ 296,449,114</u>	<u>\$ 302,243,317</u>

Debt service requirements subsequent to June 30, 2011 are as follows:

Year Ending June 30	Principal Maturities	Interest	Total
2012	\$ 5,550,000	\$ 13,367,750	\$ 18,917,750
2013	6,125,000	13,095,509	19,220,509
2014	6,900,000	12,786,612	19,686,612
2015	7,290,000	12,438,525	19,728,525
2016	7,670,000	12,060,918	19,730,918
2017 - 2021	51,955,000	53,899,803	105,854,803
2022 - 2026	71,805,000	40,412,640	112,217,640
2027 - 2031	93,930,000	23,606,375	117,536,375
2032 - 2036	40,245,000	7,518,750	47,763,750
2037	5,000,000	-	5,000,000
	<u>\$ 296,470,000</u>	<u>\$ 189,186,882</u>	<u>\$ 485,656,882</u>

Per the existing bond covenants the Authority is to maintain a minimum bond coverage ratio of 1.30 and 1.15 respectively for the 2003 series senior and subordinate bonds. Since the issuance of the first bonds in 2003, the Authority's revenues have exceeded these minimum coverage ratios in each and every succeeding fiscal year.

	2011	2010
2003A Senior Bonds	2.15	2.65
2003 Subordinate Bonds	1.37	1.61

Cost of Borrowing

The Authority's interest expense for 2011 and 2010 was \$21,925,090 and \$18,848,748, respectively. Of these totals, \$14,856,769 and \$12,161,056, respectively for 2011 and 2010, are directly related to the Authority's bond issues. The balances, \$7,068,321 and \$6,687,692, respectively, for 2011 and 2010, are related to interest expense for Authority projects related to youth and amateur sports, Cactus League and the Arizona Cardinals.

Bond Issuance Costs

The Authority has recognized and recorded on its Statement of Net Assets as deferred bond issue costs the amounts related to issuing its various senior and subordinate bonds and associated refundings. The Authority has deferred bond issue costs consisting of the following at June 30:

	2011	2010
Deferred bond issuance costs:	\$ 11,217,549	\$ 11,035,941
Less: Accumulated amortization	(3,712,383)	(3,182,502)
	<u>\$ 7,505,166</u>	<u>\$ 7,853,439</u>

Arizona Sports and Tourism Authority
Notes to Financial Statements
June 30, 2011 and 2010

Note 10 - Liabilities

Liability activity was as follows for the years ended:

	July 01, 2010	Additions	Reductions	June 30, 2011	Amounts Due within One Year
Payable to City of Avondale	\$ 1,196,889	\$ -	\$ (426,615)	\$ 770,274	\$ 700,673
YAS grant award payable	1,290,406	748,153	(1,290,406)	748,153	748,153
Deferred revenue	1,698,029	244,806	(500,000)	1,442,835	942,834
Fair value of interest rate swap	6,848,775	-	(846,247)	6,002,528	-
Cactus league payable	136,722,798	6,604,115	-	143,326,913	-
Bonds principle payable	307,413,317	-	(5,414,204)	301,999,113	5,550,000
Bonds interest payable	6,098,458	6,014,536	(6,098,458)	6,014,536	6,014,536
Payable to Arizona Cardinals	7,585,063	379,253	-	7,964,316	538,738
Total	\$ 468,853,735	\$ 13,990,863	\$ (14,575,930)	\$ 468,268,668	\$ 14,494,934

	July 01, 2009	Additions	Reductions	June 30, 2010	Amounts Due within One Year
Payable to City of Avondale	\$ 1,605,272	\$ -	\$ (408,383)	\$ 1,196,889	\$ 682,787
YAS grant award payable	534,890	1,290,406	(534,890)	1,290,406	1,290,406
Deferred revenue	717,497	1,698,029	(717,497)	1,698,029	698,029
Fair value of interest rate swap	3,873,507	2,975,268	-	6,848,775	-
Cactus league payable	130,638,300	6,084,498	-	136,722,798	-
Bonds principle payable	307,413,317	-	-	307,413,317	5,170,000
Bonds interest payable	6,114,780	6,098,458	(6,114,780)	6,098,458	6,098,458
Payable to Arizona Cardinals	7,223,867	361,196	-	7,585,063	-
Total	\$ 458,121,430	\$ 18,507,855	\$ (7,775,550)	\$ 468,853,735	\$ 13,939,680

Note 11 - Sources of Pledged Revenues

The following are the Revenue Sources Pledged related to the senior bonds, for the year ended June 30:

	2011	2010
Hotel bed tax	\$ 12,220,659	\$ 11,522,029
Rental car tax	9,153,216	9,274,623
NFL income tax	5,810,440	6,419,515
Sales tax recapture	6,832,319	7,282,717
Fiesta Bowl Ticket Surcharge	376,341	216,972
Cardinals annual rent payment	248,057	265,300
Interest income	14,596	29,970
Other stadium events	1,237,070	1,891,827
	\$ 35,892,698	\$ 36,902,953

Several of the pledged revenues presented above vary from the amounts presented in the Statement of Revenues, Expenses and Changes in Net Assets due to various statutory or contractual agreements which amend the amount the Authority may claim as a pledge to its senior bond debt repayment. This agreement provides the District's annual excess funds exclusively for the Authority's Cactus League purposes. These funds, in turn, are used by the Authority to defease the amount due and owing to the City of Scottsdale under our intergovernmental agreement for their Cactus League stadium and practice field renovation project.

Note 12 - Commitments and Contingencies

Arizona Cardinals

The Authority and the Arizona Cardinals are contractually bound by several agreements related to the University of Phoenix Stadium. The Use Agreement provides for the Cardinals use of the Stadium for a period of 30 years in order to play their NFL home game schedule. The Authority receives an annual rent payment from the Cardinals and also pays for their game-related expenses. The Authority, under the Facility Use Agreement, is obligated to reimburse the Cardinals for certain expenses related to the construction of the Stadium (see footnote 7). The parking agreement provides for the Cardinals control over the operation of the Stadium's parking lots and the Authority's reimbursement to the Cardinals for use of the lots for Authority events.

Arizona Office of Tourism

The Authority has a statutory obligation to provide to the Arizona Office of Tourism (AZOT) an annual amount for marketing and tourism promotion within Maricopa County. The initial annual amount was \$4.0 million beginning in June 2001. This annual amount is increased by five percent per year thereafter. Expense related to the distribution to AZOT was \$5,622,235 and \$5,259,304, respectively, for the fiscal years 2011 and 2010.

Fiesta Bowl

The Authority and the Fiesta Bowl are governed by a Use Agreement which provides for the Fiesta Bowl's use of the Stadium for their annual event for an initial period of 30 years. The Authority has further agreed to subsidize the Fiesta Bowl's annual event by providing for a fixed amount of the actual game day expenses. Under the agreement the Fiesta Bowl is required to collect and remit to the Authority several revenues including a ticket surcharge and a facility use fee.

Global Spectrum

Global Spectrum was selected by the Authority in 2004 to be its stadium management operator. This contractual arrangement started in 2004 – two years prior to the opening of the Stadium. Under the agreement the Authority is responsible for funding Global Spectrum's operating costs of the Stadium under a budget and annual plan approved by the Authority's board of directors. In 2010 the Authority and Global Spectrum entered into an extension of the original operating agreement which will run for thirty-nine months expiring in June 2013.

Concessions Agreement

On February 9, 2010, the Authority and the Arizona Cardinals entered into a Concession Services Agreement with Rojo Hospitality Group, LLC (Rojo) which commenced August 1, 2010 to manage and operate Concession Services at the Stadium. The term of this agreement shall be two years from the commencement date unless extended or terminated (the term). The agreement has an option to extend the term for an additional one year period after the term if Rojo gives the Authority, the Arizona Cardinals, and the Manager a written request to extend the term no later than 120 days prior to the expiration of the term and the Authority, in its sole and absolute discretion, does not provide Rojo notice of its intent to renew within 30 days thereafter. If any such extension is granted a similar option to extend shall exist with respect to the then current term.

Arizona Sports and Tourism Authority

Notes to Financial Statements

June 30, 2011 and 2010

Rojo will collect all gross revenues on behalf of and for the Authority and, out of such gross revenues, remit the agreed upon gross revenue percentage to the Authority for events (other than Arizona Cardinals home games and the Fiesta Bowl). Within 30 days after execution of this agreement Rojo provided, under the terms of the agreement, a loan of \$1,000,000 (non-interest bearing) and an advance on “Year One Remittances” of \$500,000. In the event the agreement is terminated by the Authority prior to July 31, 2011, the Authority shall be obligated immediately pay back the \$500,000 advance, less the amount of Year One Remittances retained by Rojo as of the date of such termination. On January 1, 2011, Rojo shall pay the Authority \$500,000 as an advance on “Year Two Remittances” with respect to the period commencing August 1, 2011. In the event the agreement is terminated by the Authority prior to July 31, 2012, the Authority shall be obligated immediately pay back the \$500,000 advance, less the amount of “Year Two Remittances” retained by Rojo as of the date of such termination. Similar terms exist if the term is extended.

Payments of \$250,000 on the loan of \$1,000,000 will be due to Rojo on an annual basis commencing August 1, 2011 through August 1, 2014. In addition, Rojo will transfer and remit to the Authority \$250,000 on each August 1 commencing August 1, 2011 unless the Concession Services Agreement is terminated or has expired. Due to the terms of this arrangement, the loan from Rojo has been classified as long-term deferred revenue.

A summary of the activity related to the concessions agreement and other stadium event related deferred revenues are as follows for the years ended:

	July 1, 2010	Additions	Revenue Recognition	June 30, 2011
Advance commissions (Rojo)	\$ 500,000	\$ 500,000	\$ (361,966)	\$ 638,034
Note payable (Rojo)	1,000,000	-	(250,000)	750,000
Stadium deferred revenue	198,029	54,800	(198,029)	54,800
	\$ 1,698,029	\$ 554,800	\$ (809,995)	\$ 1,442,834
	July 1, 2009	Additions	Revenue Recognition	June 30, 2010
Advance commissions (Rojo)	\$ -	\$ 500,000	\$ -	\$ 500,000
Note payable (Rojo)	-	1,000,000	-	1,000,000
Note payable (Centerplate)	590,277	-	(590,277)	-
Stadium deferred revenue	127,220	198,029	(127,220)	198,029
	\$ 717,497	\$ 1,698,029	\$ (717,497)	\$ 1,698,029

City of Goodyear

On April 7, 2008 the Authority’s board of directors approved Resolution No. 2008-75 which approved a revised funding plan related to present and future Cactus League projects. A primary provision of this resolution granted an additional maximum of twenty million dollars to the City of Goodyear for its Cactus League spring training baseball facility project for a second team’s practice facilities. However, the funding that would pay for this additional commitment does not currently exist. Under the resolution the funding would potentially come from the renewal or extension, post-2031, of the Authority’s current revenues or a new, yet-to-be identified funding source. Based on this understanding and acknowledgement by the City of Goodyear, the Authority, under GASB 33 – Accounting and Financial Reporting for Nonexchange Transactions, will not record this additional liability to its financial statements until the new funding revenues have been implemented and are available to the Authority.

Youth and Amateur Sports

The Authority has a statutory obligation to set aside and use funds designated for youth and amateur sports promotion and projects within Maricopa County as are available from the Tourism Revenue Clearing Account. The Authority has established a biennial grant process as well as a year-round quick grant process in order to award these monies to qualifying organizations and projects. Based on Arizona Revised Statute the annual amount to be allocated to youth and amateur sports was \$1.0 million increasing by \$100,000 annually thereafter. The Authority has \$3,605,227 in cash balances allocated to youth and amateur sports and is in compliance with the statute as of June 30, 2011.

Note 13 - Defined Benefit Plan

The Authority and its employees are members of the Arizona State Retirement System's Defined Benefit Plan ("Plan"), which is administered by the Arizona State Retirement System ("ASRS"). Under the Plan, both the employee and the employer contribute an equal percentage based on the employees' gross wages. Employee contributions are calculated on a pre-tax basis. The contribution percentage during 2010 was 9.45 percent as determined by the ASRS. Retirement benefits are determined by ASRS based on the member's credited service along with the member's final average salary. For the years ended June 30, 2011, 2010, and 2009 the Authority made contributions of \$29,395, \$42,776 and \$46,185, respectively to the Plan. The ASRS has increased the contribution percentage to 9.85 percent for fiscal year 2011.

Note 14 - Interest Rate Swap

The Authority, as of June 1, 2008, commenced with a supplemental swap arrangement with the Royal Bank of Canada. This Constant Maturity Swap (the "CMS") is based on the ten-year bond yield which, historically, is higher than shorter-term rates which is the basis for the Authority's original, fixed payer swap. The 72% of LIBOR payment under the fixed payer swap is basically cancelled under the CMS and replaced the Authority receiving a payment of 64.6% of the 10-year bond rate. On a historical basis, over a 20-year period, 64.6% of the ten-year bond rate outperforms the 72% of one-month LIBOR by an average of 0.79% annually. This positive margin would produce an estimated additional benefit to the Authority of \$400,000 annually in lowered interest costs over the ten-year term of the CMS under historical conditions.

The credit ratings of the counterparty, terms and fair value of the outstanding fixed payer swap as of June 30, 2011 are as follows:

	Royal Bank of Canada
Credit ratings ⁽¹⁾	Aaa/AA/AA-
Notional amount	\$53,050,000
Effective date	June 1, 2008
Fixed-rate paid	3.516%
Variable rate received	64.6% of the ten year bond rate ⁽²⁾
Termination date	July 1, 2020
Fair value	(\$6,002,528)

(1) Moody's Investors Service, Fitch Ratings and Standard & Poors respectively

(2) One-month LIBOR reset monthly

The notional amounts of the swap match the principal amount of the associated debt. The swap agreement contains scheduled reductions to outstanding notional amounts that follow scheduled reductions in the associated debt.

Fair Value

Interest rates have fallen significantly in the past year resulting in a fair value of (\$6,002,528) and (\$6,848,775) as of June 30, 2011 and 2010, respectively, for the fixed payer swap. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap agreement, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. The Authority considers its hedge swap agreement as ineffective, and as such has recorded the hedge at fair value as of June 30, 2011 and 2010 and recognizes the change in fair value in the statement of revenues, expenses, and changes in net assets.

Credit Risk

If the swap was terminated on June 30, 2011, the fair value of the swap would represent the Authority's credit exposure to the counterparty if the Authority were owed a payment and the counterparty could not make the termination payment. However, since the fair value of the fixed payer swap was (\$6,002,528), the Authority would have owed the Royal Bank of Canada that amount if the swap was terminated on that date, and therefore the Authority had no counterparty exposure as of June 30, 2011.

Basis Risk

The Authority is exposed to basis risk on the fixed payer swap when the relationship between 64.6 percent of the ten year bond rate and the actual rates on the associated variable rate bonds diverge where 64.6 percent of the ten year bond rate is less than the actual rates paid to the bondholders.

Termination Risk

The swap agreement provides for certain events that could cause the counterparty or the Authority to terminate the swap, including, but not necessarily limited to, (i) the failure to make payments when due, (ii) a material breach of representations or warranties, an event of illegality, (iii) the failure by the LIBOR counterparty to maintain ratings of at least BBB by Fitch IBCA or Baa2 by Moody's Investors Service, Inc. and (iv) the failure to comply with any other provisions of the agreements after a specific notice period. The Authority also has the right to terminate the swap agreement at any time. If, at the time of termination, a swap has a negative fair value, the Authority would owe the counterparty a termination payment equal to the fair value.