



Arizona Sports and Tourism Authority

Update on Refunding Opportunities

April 2012



RBC Capital Markets®

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Market Update

SECTION 1



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Municipal and Treasury News and Yields

Market News Weekly Update – April 9, 2012

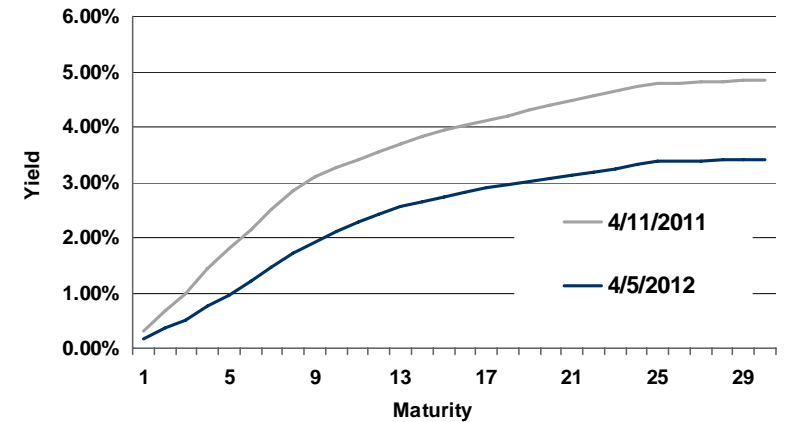
- The release of the Federal Reserve minutes seemed to be the catalyst for a sharp decline in equities around the world on Wednesday. Many interpreted the minutes as lessening the chance for a QEIII, which seemed to depress the “risk on” trade. Spain was also in the news last week having difficulties selling their own bonds. With the issues in Greece off the front pages, at least for now, Spain could become the next focus. One big difference between Greece and Spain is that Spain's economy is much bigger. U.S. markets were closed on Friday for the holiday and had no chance to react to the weak jobs report, and that could be a negative for equity markets on Monday morning. What was bad for stocks was good for Treasury bonds, which did trade in an abbreviated session on Friday and closed at just above a 2.05% yield for the 10-yr bond (down from above 2.20% on the previous Friday). Yields on the 10-yr Treasury increased by about 45bps from Feb. 27th (1.93%) to March 19th (2.38%). Since that time yields have declined by more than 30bps as of Friday's close.
- The municipal bond market was also closed on Friday and finished Thursday's session with yields up a few bps from where they began the week. Trading was slow, as often happens in a holiday-shortened week, with most activity occurring by about midday on Wednesday. A point from the first quarter's data that we did not make in last week's report was the relative outperformance of “high yield” munis in the quarter. This has happened in the past at various times, and is perhaps not surprising as investors search for some incremental yield given the overall very low yield levels available on high grade muni bonds. It has also occurred in the taxable market where high yield corporate bonds have also performed well. Fund flows continued to be positive last week according to data from Lipper, although the pace of flows declined to \$291mm, down from \$430mm in the previous week. Funds have seen inflows in 29 of the last 31 weeks.

Ratio of MMD to Treasury

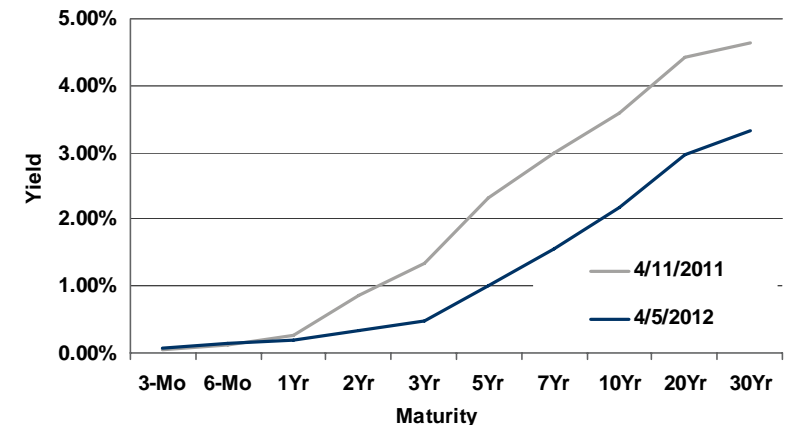
- Yields of U.S. Treasuries maturing in 2 to 20 years have decreased by 51 to 145 bps since early April, 2011
 - Tax-exempt yields in 2 to 10 years as a percent of taxable yields have increased

MMD as % of Treasury		
Maturity	4/11/2011	4/5/2012
1-Year	123.1%	100.0%
2-Year	80.0%	105.9%
3-Year	74.1%	106.1%
5-Year	77.5%	95.0%
10-Year	91.1%	97.2%

Municipal GO “AAA” MMD Yield Curve Changes



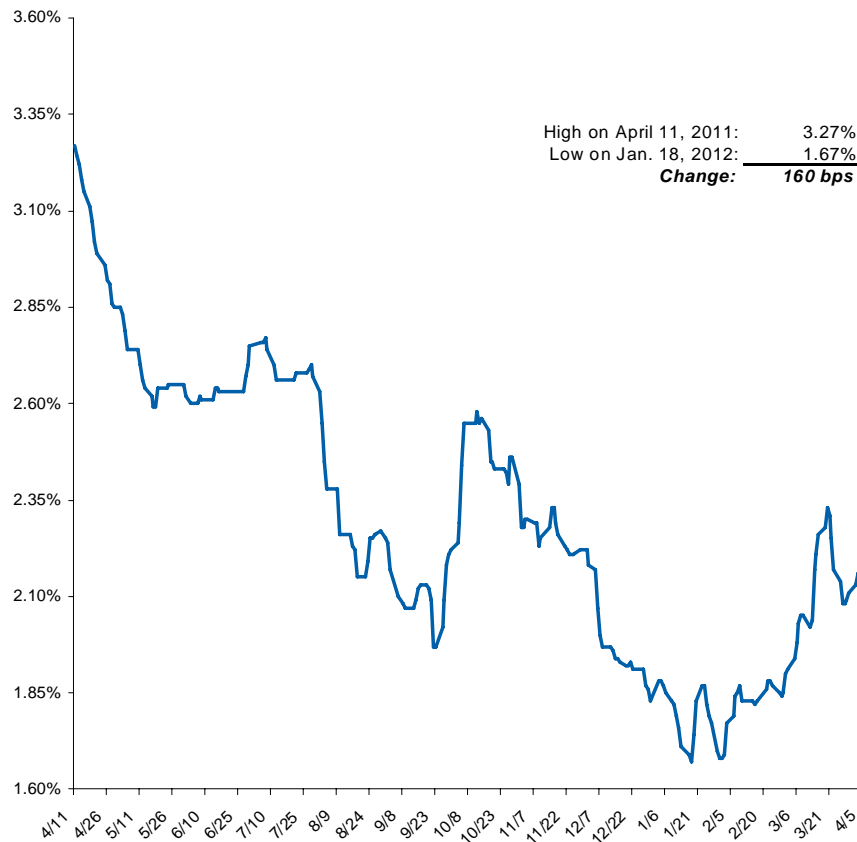
U.S. Treasury Yield Curve Changes



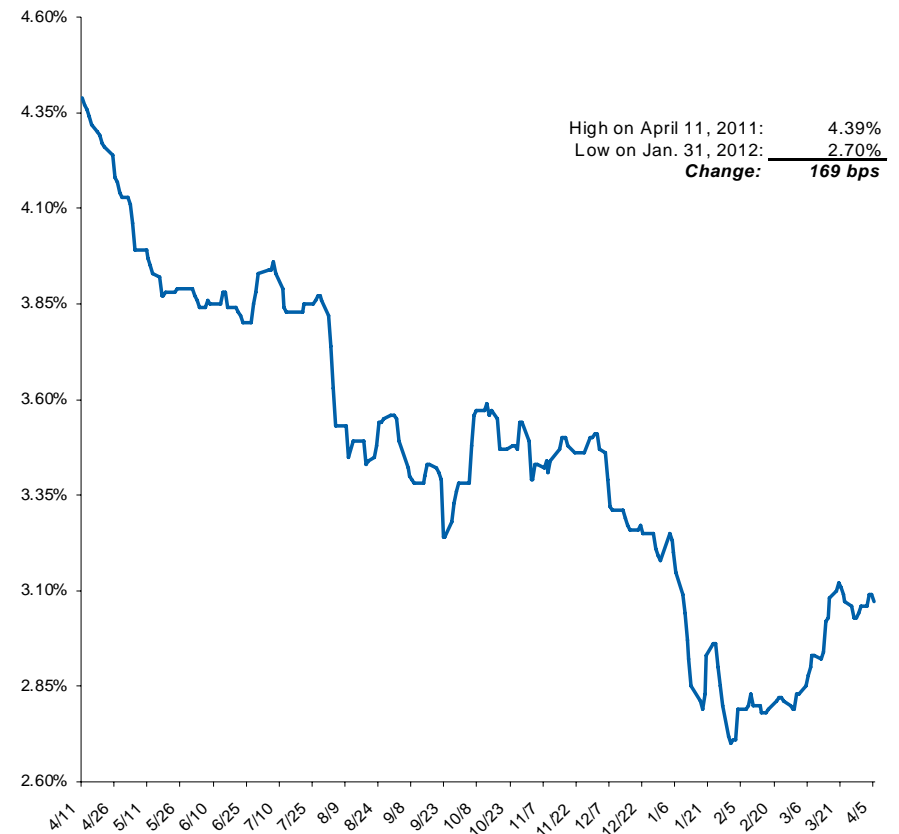
Recent MMD History

Rates remain near their respective lows

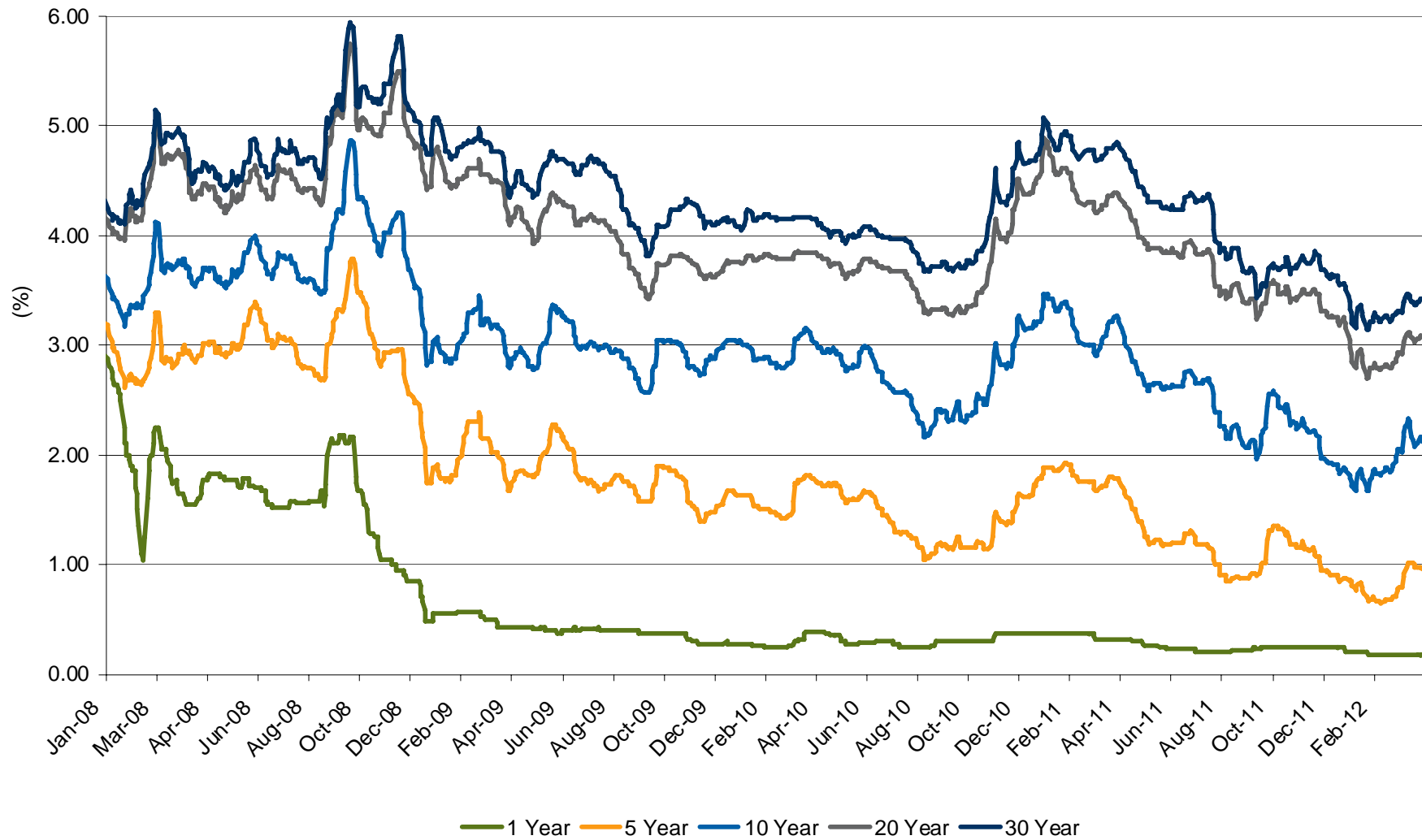
10 Year "AAA" MMD Movement: April 11, 2011 - April 5, 2012



20 Year "AAA" MMD Movement: April 11, 2011 - April 5, 2012



Historical MMD (Since January 2008)



Summary of Refunding Opportunities

SECTION 2



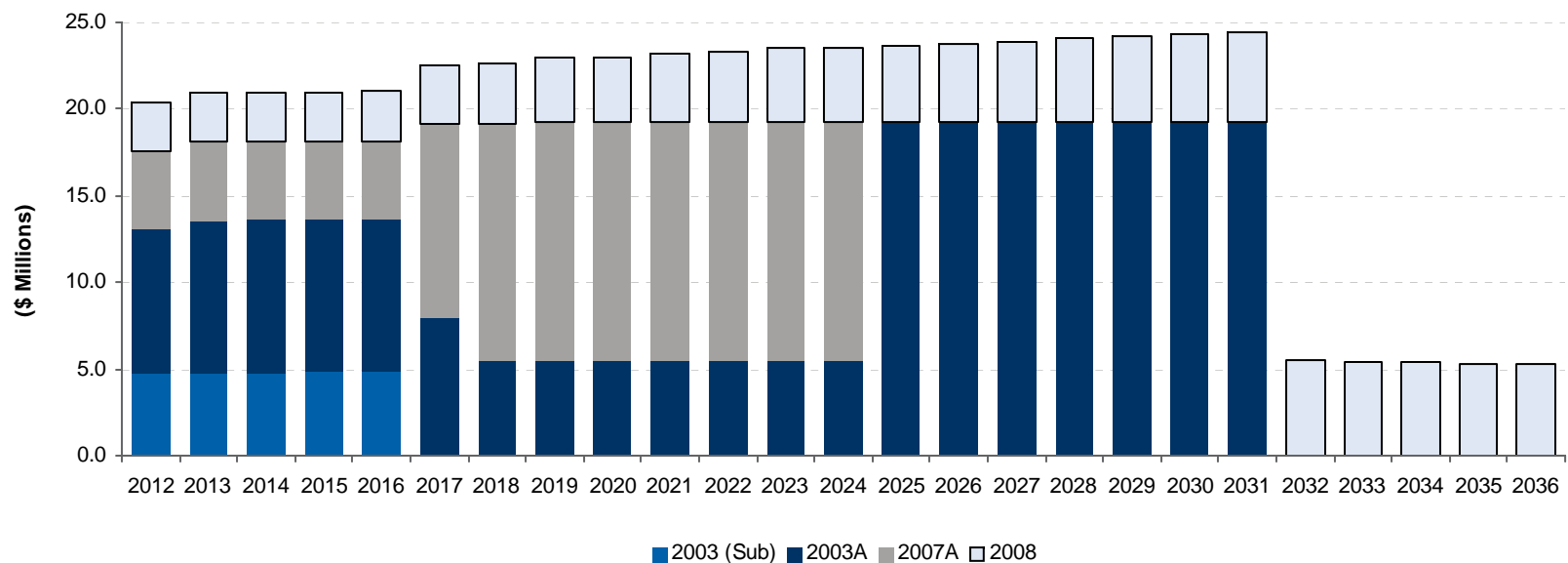
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Tax Revenue Bonds – Summary

Senior Tax Revenue Bonds				Underlying Ratings: A1 (Moody's) / A (Fitch)		
Issue	Outstanding Par	Coupon Range	Tax Status	Final Maturity	Callable Par	Call Features
Series 2003A	\$127,835,000	4.125% - 5.375%	Tax Exempt	2031	\$111,775,000	7/1/2013 @ Par
Series 2007A	89,440,000	4.000% - 5.000%	Tax Exempt	2024	80,660,000	7/1/2017 @ Par
Series 2008	53,050,000	Variable Rate	Tax Exempt	2036	53,050,000	Anytime @ Par
Total	\$270,325,000				\$245,485,000	

Subordinate Tax Revenue Bonds				Underlying Ratings: A3 (Moody's) / BBB+ (Fitch)		
Issue	Outstanding Par	Coupon Range	Tax Status	Final Maturity	Callable Par	Call Features
Series 2003	\$20,595,000	5.000% - 5.000%	Tax Exempt	2016	\$13,060,000	7/1/2013 @ Par
Total	\$20,595,000				\$13,060,000	

Current Outstanding Aggregate Debt Service



Refunding Update

- Current market interest rates have risen, but remain low
- The table below shows the change in potential savings from our last update as of February 7, 2012 and the current potential savings as of April 5, 2012

Summary of Refundings - As of 2-7-2012 (a)

Refunding	Refunding Statistics							
	Par	Premium	TIC	Refunded Par	Net Future Savings	Net Present Value Savings	NPV Savings % of Refunded Par	Negative Arbitrage
Refunding of Series 2003A	\$117,945,000	\$15,149,908	3.89%	\$123,010,000	\$9,197,470	\$7,164,647	5.82%	\$4,635,389
Refunding of Series 2008	57,070,000	6,494,919	4.07%	53,050,000	-2,819,210	-1,587,945	-2.99%	75,044
Total	\$175,015,000	\$21,644,827	3.95%	\$176,060,000	\$6,378,260	\$5,576,702	3.17%	\$4,710,432

Summary of Refundings - As of 4-5-2012 (b)(c)

Refunding	Refunding Statistics							
	Par	Premium	TIC	Refunded Par	Net Future Savings	Net Present Value Savings	NPV Savings % of Refunded Par	Negative Arbitrage
Refunding of Series 2003A	\$121,315,000	\$11,737,263	4.17%	\$123,010,000	\$3,707,202	\$3,303,296	2.69%	\$4,796,757
Refunding of Series 2008	57,605,000	5,271,121	4.28%	53,050,000	1,683,243	1,506,016	2.84%	0
Total	\$178,920,000	\$17,008,384	4.21%	\$176,060,000	\$5,390,445	\$4,809,312	2.73%	\$4,796,757

Summary of Sizing and Refunding Changes from 2-7-2012 to 4-5-2012

Refunding	Change in Refunding Statistics							
	Par	Premium	TIC	Refunded Par	Net Future Savings	Net Present Value Savings	NPV Savings % of Refunded Par	Negative Arbitrage
Refunding of Series 2003A	\$3,370,000	-\$3,412,645	0.28%	0	-5,490,268	-3,861,351	-3.14%	161,369
Refunding of Series 2008	535,000	-1,223,798	0.22%	0	4,502,453	3,093,961	5.83%	-75,044
Total	\$3,905,000	-\$4,636,443	0.26%	\$0	-\$987,815	-\$767,389	-0.44%	\$86,325

(a). Includes an estimated swap termination fee of \$9.7mm.

(b). Includes an estimated swap termination fee of \$9.2mm.

(c). reflects a higher rate of interest on the Series 2008 Bonds (by 60 bps) due to the downgrade of BBVA, the parent company of Compass Bank.