



**MINUTES FOR 171st PUBLIC MEETING
OF THE ARIZONA SPORTS AND TOURISM AUTHORITY'S
BOARD OF DIRECTORS**

Thursday, June 25, 2020 | 11 a.m.
[Zoom Video Conference](#) or Call In (646) 558-8656
Meeting ID 876 5834 1766 | Password 264291

1. **CALL TO ORDER**

The meeting having been duly noticed, Chair Yonko called the 171st Arizona Sports and Tourism Authority Board of Directors meeting to order at 11:03 a.m.

2. **ROLL CALL**

Board Members Attending

Doug Yonko – Chair
Teddy Eynon – Vice Chair (via phone)
Kim Sabow - Secretary
Maria Baier
David Eberhart (via phone)
Debbie Johnson
Jeff Meyer
Jeff Overton
Scarlett Spring

Auditor General

Diana Boatwright
Jessika Hallquist

AZSTA Staff Present

Tom Sadler – President & CEO
BJ Morley – Chief Financial Officer
Heather Harris – Manager, Admin & Grants
Sarah Strunk – Authority General Counsel

Guests Attending

Bob Newman – ASM Global
Leonard Bonacci – ASM Global
Andy Gorchov – ASM Global
Melissa Wasson – ASM Global
Nancy McKenna – ASM Global
Lisa Manning – Arizona Cardinals
Tony Pereira – Arizona Cardinals
Reggie Davis – Craft Culinary Concepts
Doreen Dower – Craft Culinary Concepts
Bridget Binsbacher – Cactus League Association
Andy Bagnato – Bagnato Pflipsen
Kristen Pflipsen – Bagnato Pflipsen
Jaime Molera – Molera Alvarez
Jen Fifield – Arizona Republic

3. **ACTION ITEM:** Consideration of Minutes from May 13, 2020 Board of Directors Meeting

Motion by Member Overton and seconded by Member Meyer to approve the draft minutes of the May 13, 2020 Board of Directors meeting. The motion to approve passed.

4. **INFORMATION ITEM:** Legislative Update from Molera Alvarez (Presented after Agenda Item #5)

Mr. Molera of Molera Alvarez advised the board that the legislature is not likely to reconvene to deal with the budget shortfall as revenue is better than anticipated. This is due to the federal money received for COVID-19 and the State rainy-day fund. Mr. Molera noted for the board that the tourism industry has been working hard to come back strong. Hopefully, in quarter one of calendar year 2021, Arizona will be in a good position to get back to normal. Following his presentation, Mr. Molera left the meeting.

5. **INFORMATION ITEM: Cactus League Association Update** (Presented before Agenda Item #4)

Cactus League Association (CLA) Executive Director, Bridget Binsbacher, shared information about the remaining MLB season and the annual business meeting in which a new CLA Board of Directors slate of officers was decided. Ms. Binsbacher updated the board on the current CLA budget and financials. She stated that revenues are currently better than budget and business expenses are slightly under budget since operating, event, and payroll costs were down due to the shutdown. Overall, she commented that the CLA is in a good position and still doing better than last year, even with the COVID-19 situation. Chair Yonko commented on Ms. Binsbacher's tremendous leadership and how important the Cactus League to the economy. Member Overton inquired about the impact study and the CLA anticipates to receive the results of the 2020 Impact Survey in July.

6. **ACTION ITEM: Review and Consideration for the AZSTA/ASM Global FY2021 Budget**

Finance Chair Overton stated the staff has gone through several iterations due to the fluidity of current events and the budget being presented today is very conservative. President and CEO Tom Sadler reminded the board that in the proposal where the budget anticipates football games with social distancing and smaller crowds, AZSTA has not received information from the Arizona Cardinals, NFL, Fiesta Bowl, or Feld Motorsports. Mr. Sadler then turned over the budget review to Chief Financial Officer BJ Morley.

Ms. Morley overviewed the executive summary and stated that different scenarios had been previously reviewed with the board. She indicated, however, as events evolved, the budget being presented today better represents where we currently are and uses a very conservative approach. Consistent with all the scenarios, Ms. Morley indicated that tourism revenues have been budgeted down by 75% in July and August, down 50% from September through November, and down 25% from December through June 2021. Ms. Morley stated that the seating capacity of 17.5% is to allow for proper social distancing, but reiterated that no information from the Arizona Cardinals, NFL, Fiesta Bowl, etc. has been given at this point in time. It was also noted by Ms. Morley that capital has been placed on hold at this time.

Ms. Morley continued with the FY2020 forecast and reviewed the revenues and uses. She stated that revenues will be better than budget and the negative variance in the waterfall distributions indicates the distributions were better than anticipated. In

reviewing operating expenses, Ms. Morley noted that there is a positive variance against the budget of approximately of 2.5%.

ASM Global Assistant General Manager Melissa Wasson presented the FY2020 forecast for stadium events. She told the Board that the forecast is better than budget and benchmarks will be achieved. Ms. Wasson pointed out the loss of events is due to the canceled graduations. Member Johnson helped get guidelines from the Governor's office to reschedule the graduations, but all were canceled again due to the current COVID-19 situation.

Ms. Morley continued by reviewing the FY2020 operating cash forecast, which will end better than budget. Ms. Morley then moved into the FY2021 proposed budget by reviewing the revenues and uses as well as operating expenses.

Ms. Wasson reviewed stadium operations and stated that the budget presented is a hybrid budget from the previous scenarios. She stated that the proposed budget is both conservative and realistic based on the current environment. Ms. Wasson indicated that operations expenses have been reduced due to the reduction in events. Ms. Wasson reviewed the benchmarks for the board and noted that benchmarks have been achieved over the last four years. Based on current budget for FY2021, Ms. Wasson stated that ASM Global would not make the benchmarks. She said that if the anticipated events not budgeted do occur, ASM should meet benchmarks in FY2021.

Ms. Morley reviewed operating cash and the anticipated waterfall distributions and notes some items will need to be funded with operating cash. Lastly, she reviewed the 5-year forecast for the board.

Mr. Sadler added that things are changing rapidly and staff will be back to the board if and when changes occur with the budget.

Motion by Member Johnson and seconded Member Spring to approve the AZSTA/ASM Global FY2021 Budget. The motion passed unanimously.

7. **INFORMATION ITEM: ASM Global Look-Back/Look-Forward**

Mr. Sadler introduced ASM Global President and CEO Bob Newman to review the past four years of managing the stadium and their vision for the future. Mr. Newman discussed the unique and amazing location of State Farm Stadium and how the merger of AEG and SMG to form ASM Global increases the network to bring events and benefits to State Farm Stadium.

ASM Global General Manager Andy Gorchov highlighted that the stadium has received record revenues and set many new records for ticket sales over the past four years, including for the Rolling Stones and Gold Cup. Mr. Gorchov also noted the incredible safety record and designation of the stadium, being #4 in 2019 for the NFL Safety Audit. He concluded that the quality of fan experience is the highest priority and ASM will continue to raise the bar to deliver an outstanding experience.

ASM Global Regional Vice President for Stadiums and Arenas Leonard Bonacci introduced the Venue Shield program which is a guide for re-openings post COVID-19.

8. **INFORMATION ITEM: Craft Culinary Concepts Look-Back/Look-Forward**

Mr. Sadler introduced Craft Culinary Concepts Vice President Reggie Davis who presented to the board how their organization has performed over the last four years. Mr. Davis stated that Craft Culinary Concepts is a unique organization able to make quick decisions and have a vast network. He stated that they routinely receive high ratings in customer experience surveys. Mr. Davis also indicated that there has been consistent reinvestment in the facilities at the stadium and they will continue to partner in capital improvements. Mr. Davis assured the board they have been responsive to COVID-19 and put best practices in place to be ready for events.

9. **ACTION ITEM: Provide Staff Direction Regarding the Management and Food Service Agreements**

Chair Yonko requested a motion from the board to give staff direction regarding the management and food services agreements.

A motion by Member Overton, seconded by Member Spring, to direct staff to negotiate a new 5-year management agreement with ASM Global. The motion passed unanimously.

A motion by Member Johnson, seconded by Secretary Sabow, to direct staff to negotiate a new 5-year food services agreement with Craft Culinary Concepts. The motion passed unanimously.

Mr. Sadler noted for the board that any agreements negotiated will be brought before the board for approval at a later date.

10. **INFORMATION ITEM: Review Election and Terms of Office per The Tourism and Sports Authority Bylaws – Section 4.2**

Chair Yonko reviewed the AZSTA Bylaws, Section 4.2, Election; Term of Office for the board.

11. **ACTION ITEM: Nomination and Election of Officers**

Chair Yonko stated that the nominations and self-nominations had been received for the board officers. Chair Yonko stated that the current slate officers have been nominated to continue on for FY2021, which are Doug Yonko as Chair, Teddy Eynon as Vice Chair, and Kim Sabow as Secretary. Chair Yonko asked if there were any other nominations, which there were none.

Motion by Member Johnson, seconded by Member Meyer, to approve the slate of officers presented. The motion passed unanimously.

12. **ACTION ITEM:** Consideration of Motion to enter into Executive Session Pursuant to A.R.S. § 38-431.03(A)(1) – Review the 2020 Evaluation and the Compensation of the Employee of the Authority

Motion by Member Spring, seconded by Secretary Sabow, to enter into executive session. The motion passed unanimously.

Motion by Member Johnson, seconded by Member Meyer, to reconvene the public meeting. The motion passed unanimously.

13. **INFORMATION ITEM:** Announcement of future meeting dates and events

Chair Yonko asked Manager Heather Harris to review future meetings and events for the board. Ms. Harris stated that there are no meetings currently scheduled, but will be reaching out in the near future to coordinate board member calendars.

14. **ADJOURNMENT**

There being no further business to discuss, Chair Yonko adjourned the meeting at 1:09 p.m.