



**Minutes of 163rd Public Meeting
Of the Arizona Sports & Tourism Authority
Board of Directors**

Tuesday, February 5, 2019
12:30 p.m.

Arizona Sports & Tourism Authority | 1 Cardinals Drive | Glendale, AZ 85305

Board Members attending in Person

Scarlett Spring — Board Chair
Jeff Meyer
Doug Yonko
Debbie Johnson
Jeff Overton
Teddy Eynon

Staff attending in Person

Tom Sadler, President and CEO
Kevin Daniels, CFO
Robin Lea-Amos, Manager – Admin. & Grants
Sarah Strunk, General Counsel

Board Members Attending Telephonically

Maria Baier
David Eberhart
Jody Harwood

Guests Attending:

Andy Gorchov – SMG
Chris Camacho – Greater Phoenix and Economic Council
Colleen Floyd – Arizona Office of Tourism
Eric Kerr – Visit Phoenix
Tony Pereira – Arizona Cardinals

1. Call to Order: The 163rd public meeting of the Arizona Sports & Tourism Authority's (the "Authority") Board of Directors (the "Board") was held on Tuesday, February 5, 2019. A quorum being present and the meeting having been duly noticed, Chair Scarlett Spring called the meeting to order at 12:31 p.m.
2. ACTION ITEM: Consideration of Minutes from November 1, 2018 and January 29, 2019 Board Meetings: Chair Spring called for a motion to approve the minutes of the committee meeting held on November 1, 2018 and January 29, 2019. Upon motion by Member Overton and seconded by Member Eynon, the minutes were unanimously approved.
3. INFORMATION ITEM Legislative Update: None.

4. INFORMATION ITEM Status of Request from Cactus League Association (CLA) for Funding from AZSTA: CEO Tom Sadler and Member Yonko reviewed the current status of the funding request with the board. Funding was to be considered, if all members of the association were agreeable to AZSTA funding. However, unanimous agreement has been unsuccessful thus far. The CLA will be hosting another meeting to further discuss how the revenue would fund the effort. Member Yonko reiterated that this would be a pilot program. The meeting is designed to be “a meeting of the minds” in hopes of everyone fully understanding the request.

5. ACTION ITEM Review and Approval of AZSTA/SMG FY 2019 Q2 Financials: Finance Chair Overton reviewed the Q2 Financials with the board. TRCA was 11% above projections while FRCA attendance was below budget estimates. Quarters 3 and 4 are looking very optimistic with events that were not previously planned for in the budget. The waterfall distribution is about \$1.6 million above projections. SMG General Manager Andy Gorchov reviewed the financials driven by SMG events and addressed items falling below budget. Mr. Gorchov discussed how SMG expects to exceed financial benchmarks for the remainder of the fiscal year. Finance Chair Overton reviewed upcoming events that expected to have a positive impact on the budget as well as FY2019 budget updates.

Finance Chair Overton asked the committee if there were any questions or comments. Upon no further comments or questions and upon a motion duly made by Member Yonko and seconded by Member Johnson, the Q2 Financials were approved.

6. INFORMATION ITEM Arizona Economy Outlook: Chris Camacho with the Greater Phoenix Economic Council stated that 3-4% growth is expected in 2019 despite the uncertainty in the market. Compared to ten years ago, we are well positioned for growth and we are now competing with major metropolitan areas. Mr. Camacho reviewed how the recession affected the economy and what the current economic state is looking like in the construction and retail markets. Growth has been significant in the financial and corporate services. The market is very active with new companies looking at the Phoenix metro area. Consumer confidence is remaining steady. Plan to see significant job outcomes in the near future. Building infrastructure will be necessary as will a boost in educated workforce. Focus needs to be on private and public partnerships. The current tax model needs to be addressed to drive an advanced economy.

Chair Spring asked for more information on what is meant by being on a “1980s tax model”. Mr. Camacho stated that sales tax heavily relied upon, but we are one of the heaviest sales tax areas in the country. Bringing in the tech industry will help insulate against an economic downturn. Currently, we have the highest commercial property tax and low residential property tax. Digital goods taxes, reforming property taxes, and eliminating corporate income tax are areas that need to be examined. Overall, we are better positioned to sustain an economic downturn, but could be better.

7. INFORMATION ITEM Arizona Tourism Outlook: Colleen Floyd with Arizona Office of Tourism and Eric Kerr with Visit Phoenix reviewed economic growth and spending data for the board. New hotel construction is spread out through the metro area. Developers are seeking to build in the growth areas. The latest forecast projects slow and steady growth. Business travel is expected to accelerate and Phoenix continues to be a competitive destination location for travel.

8. ACTION ITEM Consideration of Motion to enter into Executive Session pursuant to A.R.S. Section 38-431.03(A)(3) and (4) to obtain legal advice from the Authority’s legal counsel with respect to

obligations under current service provider contracts: On a motion made by Member Eynon and seconded by Member Meyer, the Board unanimously voted to go into executive session. Upon completion of the executive session, the Board returned to the open meeting.

9. INFORMATION ITEM Announcement of future meeting dates: Robin Lea-Amos and Tom Sadler reviewed events and future meeting dates for the board.
10. Adjournment: There being no further business of the Board and upon motion duly made by Member Johnson and seconded by Member Overton, the meeting was adjourned at 1:58 p.m.