

Arizona Sports & Tourism Authority

**Minutes of a Meeting of the Arizona Sports & Tourism Authority
Finance, Budget and Audit Committee**

January 13, 2009

**Arizona Sports and Tourism Authority, Board Room
University of Phoenix Stadium
1 Cardinals Drive
Glendale, AZ 85305**

Attendance

Members

Rod Williams, Chairman
Brad Wright
Bill Peltier
John Benton, Ex-Oficio

Staff

Tom Sadler, President/CEO
Charles Foley, CFO and Treasurer
Kim Monroe, Office Manager/Executive Asst.
Jennifer Copeland, Communications Coordinator

Other Members In Attendance

Jerry Walker

1. Call to Order. A public meeting of the Arizona Sports & Tourism Authority's (the "Authority") Finance, Budget and Audit Committee (the "Committee") was held in the Authority's board room, 1 Cardinals Drive, Glendale, Arizona 85305 on Tuesday, January 13, 2009 at 1:00 p.m.. A quorum being present and the meeting having been duly noticed and called Chairman Williams called the meeting to order.

2. Consideration of Minutes from November 25, 2008. Mr. Williams called for a motion to approve the minutes of a meeting of the Committee held November 25, 2008 (Exhibit A). Mr. Bill Peltier moved the approval of the minutes. Upon motion duly made by Mr. Peltier and seconded by Mr. Brad Wright the minutes were unanimously approved.

3. Review and Consideration of Resolution No. 2009-78 Related to Amending the Existing Constant Maturity Swap with an Upfront Lockout. Chairman Williams requested that Mr. Charles Foley, the Authority's Chief Financial Officer and Treasurer, review the Resolution with the Members. Mr. Foley reviewed Resolution No. 2009-78 (exhibit B) with the Members. He stated that the Authority's financial advisor RBC Capital had brought to the Authority's attention this suggested course of action. After Committee discussion Mr. Benton moved that

Resolution No. 2009-78 be forwarded to the full Board for their consideration. The motion having been duly made and seconded by Mr. Wright the motion was unanimously approved.

4. Review and Consideration of Possible Recommendations on the Authority's Current FY2009 Year-to-Date Financial Performance and Long-Term Projects. Chairman Williams requested that Mr. Tom Sadler, Authority President/CEO, review the Summary of AZSTA Cash Flows through FY2010 document (Exhibit C) with the Members. Following Mr. Sadler's review Mr. Benton stated that he believed the Authority's business plan is fundamentally flawed and needs to be reconsidered. He further explained that based on original revenue projections, which included the NFL income tax's guaranteed minimum, that our original business model worked. However, with the Authority experiencing two significant tourism downturns since 2001 and the removal of the NFL income tax floor by the state legislature the original revenue projections no longer support the original stadium operating model. Mr. Wright stated that the only changes to the budget that the Authority had any control over was the operating budget. Chairman Williams asked Mr. Foley, the Authority's Chief Financial Officer and Treasurer, to update the Committee on the reductions to the Authority's current FY budget including those for Global Spectrum's operations. Mr. Foley stated that they had requested \$1M in cuts from Global Spectrum and had received a commitment from them to cut \$850,000. Mr. Foley stated that those cuts included employee raises and bonuses which had been frozen however it did not include 401K matching. He stated that the Authority's staff had been working closely with Global's staff to find further reductions in the budget. Mr. Foley called upon Mr. Peter Sullivan, General Manager of University of Phoenix Stadium, to briefly review the reductions with the Board. Mr. Benton recognized Mr. John Page, Global Spectrum's Chief Operating Officer, as being in attendance and asked for his assurance that Global could find an additional \$150,000 in reductions to meet the \$1M in requested reductions for the current fiscal year. Mr. Page assured Mr. Benton that Global Spectrum would get to work and find the additional reductions needed. After Committee discussion Mr. Benton moved to direct

the Authority staff to work with Global Spectrum in reaching the \$1M in reductions from the current fiscal year budget and to work together with the Authority's partners to identify a new business model for moving forward. Upon motion duly made and seconded by Mr. Wright the motion passed unanimously.

5.. Announcement of Future Meeting Dates and Other Information Concerning the Committee. Chairman Williams stated that the next Finance Committee Meeting would be scheduled in late February or early March.

6. Adjournment. There being no further business to come before the committee Mr. Wright moved for adjournment. Upon motion duly made by Mr. Wright and seconded by Mr. Peltier the meeting was adjourned.

“Exhibit A”

November 25, 2008 Committee Minutes

“Exhibit B”

Resolution No. 2009-78 Related to Amending the Existing Constant Maturity Swap with an
Upfront Lockout

“Exhibit C”

Summary of AZSTA Cash Flows through FY2010