



**AGENDA FOR PUBLIC MEETING
OF THE ARIZONA SPORTS AND TOURISM AUTHORITY'S
FINANCE COMMITTEE MEETING**

Tuesday, October 29, 2019 | 10:00 a.m.
Arizona Sports & Tourism Authority | 1 Cardinals Drive | Glendale, AZ 85305

Committee/Board Members Present

Doug Yonko – Board Chair
Jeff Overton – Finance Chair
Teddy Eynon (via phone)
Jeff Meyer
Kim Sabow
Scarlett Spring

Staff Present

Tom Sadler – President & CEO
BJ Morley – Director of Finance
Heather Harris – Manager, Administration & Grants
Sarah Strunk – Authority General Counsel (via phone)

Guests Attending

Andy Gorchoy – ASM Global
Melissa Wasson – ASM Global
Nancy McKenna – ASM Global
John Schneider – RBC Capital
Andy Spillum – Eide Bailly

1. **CALL TO ORDER**

A quorum being present and the meeting having been duly noticed, Finance Chair Jeff Overton called the Finance Committee meeting to order at 10:01 a.m.

2. **INFORMATION ITEM Consideration of Minutes from June 24, 2019 Committee Meeting**

Motion by Member Spring and seconded by Member Sabow. The June 24, 2019 draft minutes were unanimously approved.

3. **INFORMATION ITEM Bond Refinance Briefing by RBC Capital Markets**

Managing Director John Schneider of RBC Capital presented the bond refunding proposal to the committee members. Authority General Counsel, Sarah Strunk and AZSTA staff have received in depth information regarding the proposed refunding of bonds with lower interest rates. Due to the new tax laws, AZSTA is not eligible for a tax-exempt refinance until 2022. However, the proposal allows for AZSTA to enter into a financial agreement now that effectively locks in the current record low interest rates.

Member Scarlett Spring inquired if the statutes allows for AZSTA to enter into this type of agreement. Ms. Strunk stated that AZSTA is allowed by statute and has entered into similar agreements in the past. AZSTA President & CEO, Tom Sadler stated that interest rates are historically low and asked why RBC Global would want to enter into such an agreement. Mr.

Schneider stated that there is a huge market trying to do many different things with the current interest rates. Member Spring asked if buying now guarantees AZSTA will be mandated in three years to take action. Mr. Schneider stated that AZSTA could decide not to refinance in three years.

Mr. Schneider reviewed the risks of not locking in now. There has been discussion of not allowing stadiums to be tax exempt. Member Spring wanted to be sure we unearth all the potential risks before deciding. Board Chair Doug Yonko asked if this is a new offering; does this happen a lot? Mr. Schneider stated that this does happen often and, similar to 2012, there are many tax-exempt organizations engaging this product around the country.

4. **ACTION ITEM Review and Consideration of AZSTA/ASM Global FY2020 Q1 Financials**

Committee Chair Overton introduced the quarterly financials and asked Director of Finance BJ Morley to present. Total sources are doing better than budget by 18.27% and we anticipate to continue through next quarter. FUF is showing lower, but not all revenues have been received. Uses are showing unfavorable, but flowing out is indication of fulfilling our purpose. Operations expenses finished favorable and increase is due to Cactus League Association funding.

General Manager Andy Gorchov with ASM Global reviewed the capital adjustments and stated all projects are on budget or better. Mr. Sadler requested funding for new computer monitors for staff. Also, staff will be engaging the committee about the chiller rebuild in March or April. Member Spring asked how the exterior restoration turned out. Mr. Gorchov stated that professionals the improvement would be an 8.5 out of 10.

Motion by Member Sabow and seconded by Member Eynon, the AZSTA/ASM Global FY2020 Q1 Financials were unanimously recommended for approval.

5. **INFORMATION ITEM Review of Operating Cash Forecast**

Staff provided the committee with information regarding how best to utilize operational cash. Mr. Sadler stated this is the first of many discussions on best practices for the operational cash. Staff is seeking board direction. The board was provided with a projection chart for 2019-2031, which outlined the beginning balance, in-flows and out-flows, and how forecasting rolls forward. Staff is seeking direction on the best way to use operational cash.

Board member discussion revolved around developing a strategic plan to consider short and long-term goals as well as being proactive in preparing for an economic shift.

6. **INFORMATION ITEM Discussion Regarding Investment Income**

Ms. Morley reviewed TRCA/FRCA investment income for the 1st Quarter and there is some interest income. Committee Chair Overton stated that we need to engage with Ms. Strunk for investment options.

7. **INFORMATION ITEM AZSTA/ASM Global Audit Update from Eide Bailly**

Mr. Spillum with Eide Bailly reviewed the audit financial statement for the committee. Mr. Spillum stated that Eide Bailly anticipates issuing a clean opinion. Ms. Morley received many compliments from the committee.

8. **INFORMATION ITEM Announcement of future meetings and events**

Ms. Harris stated that announcements will be made at the Board of Directors meeting following the Finance Committee meeting.

9. **ADJOURNMENT**

There being no further business to discuss, Finance Chair Overton adjourned the meeting at 11 a.m.