

Arizona Sports & Tourism Authority

MINUTES FOR THE PUBLIC MEETING OF THE ARIZONA SPORTS AND TOURISM AUTHORITY FINANCE COMMITTEE MEETING

Wednesday, April 15, 2015

11:00 a.m.

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

Approved June 17, 2015

Attendance

Committee Members

Mike Galloway – Committee Chair

Tom Rawles

Jody Harwood

Absent Dave Eberhart

Other Board Members

Jeff Meyer – Board Chair

Sherry Henry

Verma Pastor

Staff

Tom Sadler, CEO

Kevin Daniels, CFO

Robin Lea-Amos, Office Manager

Authority General Counsel

Sarah Strunk, Fennemore Craig

Guests

John Drum – The Arizona Cardinals Football Club

Peter Sullivan – Global Spectrum

Melissa Wasson – Global Spectrum

1. Call to Order - A public meeting of the Arizona Sports & Tourism Authority's (the "Authority") Finance Committee (the "Committee") was held at the offices of Arizona Sports & Tourism Authority on Wednesday, April 15, 2015 at 11:00 a.m. A quorum being present and the meeting having been duly noticed, Committee Chair Galloway called the meeting to order at 11:07 a.m.
2. **ACTION ITEM:** Consideration of Minutes from December 11, 2014 Committee Meeting Committee Chair Galloway called for a motion to approve the minutes of the meeting of the Committee held December 11, 2014 **attached hereto as Exhibit A**. Upon motion duly made by Member Rawles and seconded by Member Harwood the minutes were unanimously passed.
3. **INFORMATION:** Review of AZSTA FY 2015 Second Quarter Financials CFO Daniels presented and reviewed with the Committee the second quarter financials **attached hereto as Exhibit B**. Mr. Daniels shared that the TRCA is better than budget by \$1.6 Million in the first quarter due to a \$1.2 Million adjustment made by the AZ DOR on the Rental Car Surcharge. Member Harwood asked how that adjustment could have been made. Mr. Daniels explained that details are difficult to receive due to tax record confidentiality. Mr. Daniels shared that the second quarter will end with revenues better than budget by \$2.4 Million. Mr. Daniels explained that due to the positive variance, distributions were up for the 2nd quarter. Member Rawles asked where the additional money goes once it has been received. Mr. Daniels explained that it is held in the Operating account until there is a need.

4. **INFORMATION: Projected FY2015 Third Quarter and FY2015 End of Year Financials CFO Daniels** presented and reviewed with the Committee the projected third quarter financials and end of year financials **attached hereto as Exhibit C, D**. Mr. Daniels explained that the good financial news is due to the increase in Hotel and Car Rental Surcharge revenue was due in large part to the Super Bowl and increased attendance at Cactus League Spring Training Games.

Member Rawles questioned why travel expenses were higher in the third quarter vs. the second quarter. Mr. Sadler answered that it is simply timing, in that most of the events he attends are in that quarter. Mr. Daniels reminded the committee that the projections would be updated with actual numbers to be presented during the budget review. Chair Galloway asked the committee if there were any other questions about the financial presentations. Upon no further questions, Chair Galloway thanked Mr. Daniels for his effort to present this information to the committee.

5. **INFORMATION: Review of FY2016 Budget Preparation Timeline** Mr. Daniels presented and reviewed with the Committee the FY2016 Budget Preparation Timeline **attached hereto as Exhibit E**. Mr. Daniels shared with the committee that while the handout was for the months of April – June, that the budget prep had actually begun in March. Chair Galloway suggested that the Budget be posted onto the AZSTA website as soon as the budget is approved rather than waiting until the required June 30th. Chair Galloway also recommended posting to the EMMA website at the same time. Mr. Sadler agreed and staff will act accordingly.
6. **INFORMATION: Discussion of and Possible Recommendation to adopt Revised AZSTA Procurement Policy** President Sadler reviewed with the Committee the working draft of the AZSTA Procurement Policy **attached hereto as Exhibit F**. Mr. Sadler reminded the committee that at the last board meeting the board asked staff to revise the procurement policy and bring it back to the Finance Committee for review. Mr. Sadler reviewed the draft with the committee and asked if this draft is an acceptable revision. Member Rawles requested an expanded policy including advance notice of capital acquisitions and any potential RFPs to give time to come back to the board for approval, including advance notice on all contracts over \$25,000. Member Rawles requested the change in policy to allow the board to supervise the spending priorities and contracts of the Authority. Member Rawles also recommended the policy include time frames which would allow contracts to remain in place. Mr. Sadler reminded the committee that contracts under \$25,000 would still be brought to the board for ratification. Chair Galloway directed the staff to make the suggested changes and asked Member Rawles to assist staff in the revisions, which will be brought back to the committee on June 17th.
7. **INFORMATION: Overview of Timeline for RFP for Management Services Agreement** Committee Chair Galloway recommended combining agenda items 7 & 8.
8. **INFORMATION: Overview of Timeline for RFP for Concessions Agreement** President Sadler presented to the Committee the Overview of Timeline for RFP for Stadium Management Service Agreement and Concessions Agreement **attached hereto as Exhibit G**.
9. **INFORMATION: Review Potential Consulting Needs for FY2016**
 - a. **RFP Facilitation** Mr. Sadler requested the Finance Committee allow staff to seek consultants in these two areas which would be included in the FY2016 Budget.

Member Harwood asked for explanation of the role of a consultant for the RFP process. Mr. Sadler indicated the consultant would be a part of the evaluation team. Ms. Strunk reminded the committee that a consultant had been used in the past when the RFP for concessions was sent out in 2009. Chair Galloway asked if there were questions regarding the use of consultants. Upon no further discussion Chair Galloway indicated the Finance Committee would be in support of the staff seeking a consultant for the RFP process.

- b. Media Relations Mr. Sadler presented a brief overview of the potential public and media relations needs as it relates to the upcoming mega events and the RFP process for concessions and stadium management contracts. Mr. Sadler listed for the committee the specific tasks that the firm of Molera Alvarez provides which is a government relations firm versus a firm that provides media and public relations. Mr. Sadler asked the committee to consider retaining a consultant on a monthly basis for this purpose. Mr. Sadler suggested the firm should be a local agency that may have a sports background, which could send out regular reports to the State Legislature, work with Global, and assist with updating the AZSTA website as well as crisis management. Chair Galloway reminded the committee that he had directed Mr. Sadler to retain a PR firm during the term of the Pro-Bowl and Super Bowl to assist with media requests during that period. Member Rawles requested the consultant agreement engaged in January be presented to the board for ratification at the next meeting.
10. **ACTION ITEM:** Executive Session: Consideration of a motion to go into Executive Session pursuant to(1) A.R.S. § 38-431.03.A2 regarding a report from the Auditor General; and (2) A.R.S. § 38-431.03.A3 and A4 regarding legal advice with attorneys of the Authority regarding certain litigation and dispute matters involving the Authority; including Saban v. Arizona Department of Revenue; Chair Galloway tabled this item as these topics will be discussed in the Executive Session at the Board meeting immediately following
 11. **INFORMATION:** Announcement of future meeting dates Chair Galloway indicated his desire was to hold the Finance Committee Meeting just prior to the next Board meeting once a date has been set. Chair Rawles expressed concern that the Finance Committee and Board Meeting agendas are duplicative. Chair Galloway recommended revising the agendas to prevent duplication. Chair Galloway requested that New Business or Staff Report be added as an agenda item to all future Board meetings.
 12. **Adjournment** - There being no further business of the committee, Chair Galloway called for a motion to adjourn the meeting. Upon motion duly made Member Rawles and seconded by Member Harwood, the meeting was adjourned