



**MINUTES OF THE
GLENDALE CITY COUNCIL SPECIAL MEETING
Council Chambers
5850 West Glendale Avenue
June 8, 2012
10:15 a.m.**

The meeting was called to order by Mayor Elaine M. Scruggs, with Vice Mayor Steven E. Frate and the following Councilmembers present: Joyce V. Clark, Yvonne J. Knaack, H. Philip Lieberman and Manuel D. Martinez.

Councilmember Norma S. Alvarez was absent.

Also present were Ed Beasley, City Manager; Horatio Skeete, Assistant City Manager; Craig Tindall, City Attorney; and Pamela Hanna, City Clerk.

Mayor Scruggs called for the Pledge of Allegiance and a moment of silence was observed.

ORDINANCES

1. ARENA LEASE AND MANAGEMENT AGREEMENT WITH ARIZONA HOCKEY ARENA PARTNERS, LLC AND ARIZONA HOCKEY PARTNERS, LLC (ORDINANCE)

Ed Beasley, City Manager, presented this item.

This is a request for City Council to vote upon an ordinance authorizing the City Manager to enter into an Arena Lease and Management Agreement with Arizona Hockey Arena Partners, LLC and Arizona Hockey Partners, LLC for the use of the city-owned Jobing.com Arena by the Phoenix Coyotes.

In 2001, the City of Glendale entered into an Arena Development Agreement, an Arena Management and Use Agreement (AMULA), and a Mixed-Use Development Agreement (MUDA) with Arena Management Group, LLC, Coyotes Hockey, LLC, Glendale 101 Development, LLC, and Coyote Center Development, LLC. The purpose of these actions was to create a high-quality major economic center in Glendale, consisting of offices, hotels, entertainment, retail and restaurants.

Unexpectedly, in May of 2009, the former team owner Coyotes Hockey, LLC and its affiliated entity, Arena Management Group, LLC (collectively referred to as the "Coyotes") filed for federal bankruptcy protection. The city's investment was meeting financial projections and attracting economic development to the area until the Coyotes were thrust into bankruptcy.

During the bankruptcy proceedings, the National Hockey League (NHL) purchased the assets of the Coyotes but did not assume the Arena Management, Use and Lease Agreement.

For the past three years, under the direction of Council, the city has been actively working with the NHL and potential buyers of the Coyotes to structure a deal that would keep the team in Glendale.

Council established criteria for negotiations with potential buyers of the Phoenix Coyotes including:

- Keep team in Glendale for the full length of lease
- Keep current arena revenues in tact
- Provide opportunity to share in revenue streams, when feasible

The NHL has established the value of the team at \$170 million. The current selling price of the team is a result of existing issues beyond the city's control.

According to a study conducted by ESI Corporation in 2008, the annual regional economic impact of the Coyotes and Jobing.com Arena is substantial:

- 750 jobs in Maricopa County and \$20 million in wages
- \$4.5 million generated in indirect business taxes for Glendale, Maricopa County and the state

The loss of the team as an anchor tenant would result in a loss of at least 43 major events per year at the arena. In addition, it is highly unlikely that the arena would be able to generate the same number and quality of replacement events. Analysis conducted by independent outside experts concludes that the financial position of the city with the team will be better than managing the arena without the team.

A summary of the main points from the draft arena agreement include:

- The NHL team stays in Glendale for 20 years, the same amount of time remaining on the original bonds for the arena.
- The city receives 15% of the naming rights revenue for the arena, estimated between \$4 million and \$10 million over the life of the agreement.
- The city does not issue any new debt.
- The city pays an average arena management fee of \$15 million per year.
- Analysis conducted by independent outside experts concludes that, in their opinion, the deal:
 - Meets the constitutional test against gifting by the city.

- The financial position for the city with the team in place will be better than managing the arena without the team.
- This conclusion was arrived at without the inclusion of any revenue from the Westgate development, which is expected to at least double over the life of the team's stay.

Mr. Greg Jamison of Arizona Hockey Partners, LLC has reached an agreement with the city and is seeking direction to move forward to finalize documents. Mr. Jamison will move forward with the NHL to finalize the sale. Mr. Jamison has demonstrated success as an investor and business owner and has a high level of familiarity with hockey.

On May 10, 2011, Council adopted a resolution extending the management agreement between the City of Glendale and the NHL, to satisfy the NHL's requirements in order for the NHL Phoenix Coyotes to remain in Glendale during the NHL 2011-12 hockey season.

On December 14, 2010, staff brought forward an Arena Lease and Management Agreement and a Use and Non-Relocation Agreement with Arizona Hockey Arena Holdings, LLC and Coyotes Newco, LLC. The potential buyer did not move forward with plans to purchase the team.

Staff brought forward an MOU to Council for potential buyers of the Phoenix Coyotes on April 13, 2010 and June 8, 2010. Neither potential buyer moved forward with viable plans to purchase the team. Thus, on May 11, 2010, Council authorized an agreement with the NHL to retain the team in Glendale for the 2010-11 season while city staff completed the necessary negotiations with potential new owners.

The recommendation is to read in full the ordinance authorizing and directing the execution and delivery of the leasehold interest within the Arena Lease and Management Agreement and, thereafter, adopt an ordinance with an emergency clause, authorizing and directing the execution and delivery of the ordinance with Arizona Hockey Arena Partners, LLC and Arizona Hockey Partners, LLC.

Ed Beasley, City Manager, provided a brief summary and asked for any questions from the Council on this matter.

Craig Tindall, City Attorney, recognized several attorneys attending today. He said they were here to answer any questions the Council may have.

Mayor Scruggs asked if there was a presentation or was the expectation that Council would just ask questions.

Mr. Beasley explained the Council had been provided with all the information needed in advance, therefore, they were here to answer any question they may have.

Mayor Scruggs commented that if the people that are here today if they didn't watch TV yesterday, they would not hear anything about this – what is being proposed – the deal or

anything like that. Information would only be shared if Council calls somebody up, is that correct?

Mr. Beasley explained Mr. Tindall was prepared to go over the document if that was Council's direction.

Councilmember Clark asked for Mr. Tindall to take some time to highlight the deal points of the documents.

Mr. Tindall stated there were two agreements before Council today, the Arena Lease Management Agreement and the non-Competition, non-Relocation Agreement. The NHL team stays in Glendale for 20 years, the same amount of time remaining on the original bonds for the arena. The city receives 15% of the naming rights revenue for the arena, estimated between \$4 million and \$10 million over the life of the agreement. The city does not issue any new debt.

Councilmember Clark stated the Council recently learned that financially, the city will be better off with the team staying in Glendale than if it were to leave. She would like staff to expand on that for everyone's benefit.

Gary Birnbaum, Managing Director of Mariscal, Weeks, McIntyre & Friedlander, P.A. explained his firm was asked to look into the issue of whether the draft agreements presented comply with the gift clause according in the Arizona Constitution. He said it was important to note, there was nothing black and white about the gift clause jurisprudence in the state of Arizona. However, they do know that under article 9, section 7, of the Arizona Constitution, the city is not to make subsidy payments to private parties. Unfortunately, the Constitution does not provide a very clear answer. He cited several cases which help to clarify what the term subsidy means. He explained there was a two part test to determine gift clause compliance. The first part is that there must be a public purpose underlying the agreements being considered. The second element is what is sometimes called the adequacy of consideration test. There is clearly consideration being given by both parties in this case under the draft agreements. The city is committed to make some substantial payments and turn over control of the arena. And the operator of the team is agreeing to make some payments back to the city to operate the arena and to not relocate the hockey team for approximately 20 years. He said then the question asked is does it balance. The gift clause says that the consideration, the benefits conferred by the city on the private parties have to be not grossly disproportionate to the benefits received by the city under the agreement. He added they usually look at that analysis without any consideration of sales tax generation or businesses and look at only the direct benefits. He cited another case the Supreme Court looked at very similar to Glendale's case. He explained the city was not only receiving cash benefits from this agreement but also benefiting from the operating losses that will be covered by the private party.

Mr. Birnbaum continued explaining the city hired Elliott D. Pollack and Company, a very well know economic analysis firm. Elliott Pollack and Company did a financial analysis which has been presented to the city. He stated the company took the financial benefits from the public sector to the private sector and quantified them. The study indicates that the total value of the benefits is about \$324 million over 20 years. However, by using that gross number it is a little

misleading because at time income streams are front loaded or back loaded. Therefore, it's a greater value to look at the present value of the income stream and use present values for all comparisons. He noted that Pollack and Company did both an aggregate and a present value. He noted that \$324 million had a present value of \$204 million. Under the agreement the city receives some rent, surcharges on tickets and naming rights. The company then estimated those income streams back to the city. They determined that the present value of those income streams were approximately \$45 million. Therefore in hard cash, there was \$204 million going out and \$45 million coming back. He stated the key was the third part of the analysis. Pollack and Company then looked at what would happen if the deal was not made. He said the company did not project who the operator would be but relied on a reasonable estimate of the cost to the city for operating the arena without this transaction and without a hockey team. The company did this by estimating what the management fee would be and added repair cost and everything else the city would still have to pay. Then they subtracted revenues that were anticipated even without the hockey team. There are approximately 30 event nights, the Pollock study predicts approximately 50 event nights. The company then quantified all of that and ended up with benefits to the city in the form of loss avoidance of approximately \$177 million. He explained the slide had slightly different figures up. In conclusion, the net benefit to the city predicted by the Pollack analysis is \$394 million compared to \$324 million expenditure by the city or perhaps as much as a \$70 million net benefit. He indicated that in this case, based on the Pollack analysis, the benefits received by the city actually exceed the benefits conferred by the city by \$17 million in present value and \$70 million in aggregate value over 20 years.

Councilmember Lieberman thanked him for his comments. However, he would like to point out some things that were not said. He noted the figures that Pollack and Company used came from the city. The figures came from TL Hocking, the firm that has been collecting \$8,000 from the city each month for the last 10 years. He explained this was very interesting and something like the cat calling the cat black since the city is where they got the figures from. This is the city trying to prove that there was a reasonable and proper assumption that there will be a profit to the city in 20 years. He believes the figures should have come from the 29 other centers in the county where the companies are doing the management to see what their cost figures are compared to TL Hocking numbers. He said this same TL Hocking has another city that was very unhappy with them because some of the figures they provided were not good. He noted the same TL Hocking was the ones that told the city that they would at least see \$100,000 positive income from the stadium. He prefers they make this deal without raising three kinds of taxes. However, he does not believe and will not accept the Glendale City figures that estimate the city making \$17 million profit on this deal.

Mr. Birnbaum explained that no one was suggesting \$17 million of profit in the financial statement sense. He explained he understands the Pollack study is showing that if they take the loss avoidance and add it to the cash flow, then the deal makes sense. However, if the city does not do the deal, then they incur \$177 million in potential losses. He added his job was not to defend the Pollack study nor was he qualified to do the economic analysis. He explained the Pollock Company report did rely on information provided by TL Hocking. However, the gift clause analyses were the Pollack Company's figures. He added that for some of those figures Pollack had to find a base to start. He explained the Pollack process and added it was unfair to say they were only looking at the Hocking analysis and opinion. Councilmember Lieberman

said he agreed with some of the things said, however TL Hocking has been on the city payroll so long he considers them a city employee.

Mayor Scruggs asked when Mr. Birnbaum goes to court to defend the constitutionality of this agreement that's going to be approved today and he says that this does not violate the gift clause – she was asking for verification that she understood correctly – that the court will accept projections of anticipated operating losses based on just coming up with averages or numbers or things in other places. She continued her question asking if the court would accept projections that are not based on anything that is known will happen or will not happen.

Mr. Birnbaum stated he will candidly tell them after 36 years of law practice, that he cannot tell them what any court is going to do on any given day or any given case. However, the manner in which the gift clause analysis was done, he believes, the courts will accept projections and averages provided from past years as was done in one of his earlier cases involving the Bank One Ballpark transaction. He explained that was exactly what he would expect will happen in a case like this when the court is doing that balance between benefits received and benefits conferred.

Mayor Scruggs commented that it was interesting that what used to be Bank One Ballpark is now Chase field and that is one of the facilities that are cited. She continued, commenting on an article in the Arizona Republic on June 6th that was eye opening and it did cite operating costs received at a number of different facilities. And this has really gotten our community pretty worked up. She admitted to being curious as to why Chase Field would be used as an example because it says “the Diamondbacks who play at Chase Field in downtown Phoenix do not receive a subsidy to manage the tax funded stadium. The team pays between \$4 million to \$4.3 million annually to Maricopa County stadium district to play in the stadium.” The amount varies depending on attendance – which would make sense. She asked what Mr. Birnbaum was defending.

Mr. Birnbaum explained the argument was the same type of argument that would be made here. His recollection on that case was that the Maricopa County District had issued bonds. The argument was made by a series of land owners who did not want their property condemned for the stadium. The argument was that based on the projections for the stadium and the terms of the deal, the likely return on that investment by the county was something below 1% or possibly as high as 1.2% and grossly insufficient rate of return on the county's investment and therefore it constituted a gift. Therefore, he believes the nature of the proceedings and the type of arguments made was something like what is happening here.

Mayor Scruggs stated that Mr. Birnbaum mentioned that one of the things that will be looked at is what the city is going to be paying in an area management agreement similar to what is being paid in other places and so forth. And it's written that it will be higher than any other NHL team. And probably it will be the most favorable deal in the league.

Mr. Birnbaum noted the important thing to look at was at the total payments going out and then look at what loss was being avoided. The Pollack Company looked at fees being paid at other

arenas with or without hockey teams and put that information in the loss avoidance column. They estimated what the fees would be if there was no hockey team.

Mayor Scruggs asked if management fees would be used as operating costs. She continued that her understanding of management fees were what the city would be paying somebody to manage the arena and within that will be the operating costs but will also be excess revenues that that person can use as they choose.

Mr. Birnbaum noted that if he said that, it was incorrect. He explained that when he talks about arena management fees, he is talking about the arena management fees payable under the contract.

Mayor Scruggs stated that in 2001 the plan was - and that was what was implemented - was that the city build an arena and carry the debt service up to \$150 million. Plus the city built the infrastructure to service the arena. And the owners of the team at that time paid for the remainder of the costs to build the arena the way it suited them. Then the city was out of it, and just paid the debt service. So the team owners paid the operating costs and received all the operating revenue. She believes there would be a lot of revenue. She will be asking the Elliott Pollack person because what she was hearing was that Mr. Birnbaum just accepts what is given to him and he goes with that. She continued that it didn't appear that there was any consideration to whether those figures included everything.

Mayor Scruggs commented that the previous owner paid all the expenses, received all the revenue which seemed pretty fair. If they are going to pay off all the expenses they should get all the sponsorship money, they should get all the money from concessionaires who are leasing spaces, and they should get everything, ticket sales so forth and so on. And so there is proof, there is documentation out there in the hands of many, many people that show that if you take hockey out of the equation, the losses are somewhere between \$5 and \$6 million a year. Now we are trying to move to a situation where we will give the team owner a set amount of money - \$17 million the first year, \$20 million the next four years and then continue on a decreasing scale. Out of that fee, whether its \$17 million, \$20 million or \$15 million, whatever, the team owner will pay all the operating expenses which I think just about any study anybody has looked at it seemed like they come in somewhere in the 11 to 13 million dollar range. But they will also receive all the revenues and the city's money. She continued that she was at a loss as to how a situation like that can be defended by saying that the city would lose money because she had never seen where that revenue that comes from within the arena goes if a professional manager is paid. A professional manager just gets a flat fee.

Mr. Birnbaum indicated that Mayor Scruggs' assumption that someone will come in, take over the arena, manage it without a hockey team, without a name on it and bear all the expenses in exchange for getting the revenues was something that was not feasible.

Mayor Scruggs stated that it was not her assumption. She continued that her assumption was something like what is happening next door in the University of Phoenix Stadium where they put on over 100 events last year. That is the management team, whatever you want to call it. The facility manager gets a certain amount of money then somebody - in the city's case it would be the City of Glendale would pay all the operating expenses - the city would pay the electricity,

the help, all of those people that go out and book concerts and so forth, but the city would also get all the revenue that comes in because the manger is just there to mange. The manager manages for a fee and that is a fixed cost. Then over here, and she knows for a long time she was focused on just the operating expenses and never thought to add in all those revenues that come in too. So if you hire the ABC company as a manger because that's what they do, they manage facilities, they book them and so forth and so on, then the city, of course, would pay the operating expenses in the city-owned facility but the city would also receive the revenues. And she believes that's where the proven 5 to 6 million dollar loss comes from.

Mr. Birnbaum explained that was the last piece of the Pollack analysis. They said that without a team, the city will pay this management fee and this amount in repairs, capital improvements and that would be offset by revenues that can be generated and, in fact, they assumed 50 events not 30. He added Mayor Scruggs might have also been mistaken in another area where she had left out \$79 million. He indicated that in this transaction the revenue streams go to the arena operator except for the surcharges, rent, naming rights, which the Pollack Company says is \$79 million that comes back to the city over 20 years for a present value of about \$44 million.

–Mayor Scruggs commented that nobody knows the answer. She continued that she did not know what Mr. Jamison thinks he is going to – as the owner what he's going to put in there if it's going to be 20 events, 10 events or 300 events. It's all just assumptions on what somebody can do or can't do. The Council listened to a presentation from a company Wednesday that would come in and guarantee a certain number of events per year. She continued it was all based on assumptions.

Mr. Birnbaum noted her comments were consistent with Councilmember Lieberman's from yesterday. He indicated his explanation to Councilmember Lieberman was that he does not know if these projections are right. However, the key point in looking at the Pollack analysis is that if they are right, and they don't do this transaction, and don't find the magic operator who can do much better without a hockey team, the mistake will be \$177 million in present value. Since that is the loss that is incurred over the next 20 years if they are right and they are wrong if they elect not to proceed in this fashion.

Mayor Scruggs referred back to the first question that she asked. When he goes to court – she didn't know if it would be in front of a judge or a jury or who, but they accept the fact that Mr. Pollack's staff may turn out 20 years later to have been right with their analysis and so therefore it's all okay and it passes the gift clause test? And Mr. Birnbaum's answer is yes, right?

Mr. Birnbaum explained that economic projection cases are based on economic projections. He noted they were educated assumptions about the future. He added people who don't like them say they are only educated guesses. However, every time the future is predicted that was exactly what they're dealing with.

Mayor Scruggs clarified that she thinks what Mr. Birnbaum was saying that some judges accept that – and he couldn't promise Council that the judge is going to accept it but it's his experience they do.

Mr. Birnbaum replied yes.

Councilmember Martinez asked what was meant by grossly disproportionate. Mr. Birnbaum provided an example. If the total benefits to the city were \$5 million dollars less than the benefits the city was conferring on the private party, would that pass the gift clause test. He believes that it would since on a \$200 million transaction being \$5 million short is not grossly disproportionate. The good news in this case is that the Pollack study tells them they are positive by \$17 million so they do not have to worry too much about what gross disproportionate means because if they are positive they satisfy the gift clause analysis.

Councilmember Clark said she was to make clear the point that Mr. Birnbaum was not hired to advocate the city's position on this deal. She explained what he was hired to do was to be an objective, impartial arbiter on the issue of the gift clause law as it stands today and whether the city's proposed deal will meet those elements. Mr. Birnbaum stated she was exactly correct. Councilmember Clark stated this was very important to point out since some may have an issue simply because he was hired by the city.

Councilmember Martinez thanked Mr. Birnbaum for his presentation to the Council.

Councilmember Clark asked to hear from Ms. Felicia Kessler.

Mayor Scruggs commented that she was going to call Ms. Kessler next. Since the Mayor was not available yesterday and she was hearing all this for the first time. She asked the Council if they were provided a report from the Pollack Company the previous day.

Councilmember Clark noted the report was not on paper.

Mayor Scruggs asked Mr. Beasley about the report referenced by Mr. Birnbaum that the Elliott Pollack Company prepared for the city and that was being cited as people speak. She continued asking who had the report.

Mr. Beasley explained the report was finalized yesterday and some have started to receive copies.

Mayor Scruggs asked if Council would receive a copy.

Mr. Beasley replied yes.

Mayor Scruggs asked what would happen then.

Mr. Skeete stated that report was probably in their email box.

Mayor Scruggs stated that there would be a break soon due to the two or three hours of public comment still to be heard and asked Mr. Beasley to prepare copies of the report for Council. She continued that she would like the report available to be reviewed on the break.

Felicia Kessler, Economic Analyst with Elliott D. Pollack and Company, stated she was here to answer any questions the Council may have.

Mayor Scruggs welcomed Ms. Kessler and asked if she had a copy of this report or if she just have notes from it. Ms. Kessler replied yes she did have a copy.

Mayor Scruggs confirmed that Ms. Kessler would be reading from the finished report that was commissioned by the city of Glendale and prepared by the Pollack Company. Ms. Kessler replied yes.

Councilmember Lieberman asked to have a copy of the report and figures today if possible.

Mayor Scruggs advised that he would receive a copy when the Council went on break.

Councilmember Lieberman said he just wanted to make sure it was the same report and the same numbers that the Pollack Company used.

Councilmember Clark inquired as to the procedure they used when evaluating the TL Hocking figures. She asked if they still used numbers if they did not appear correct. She asked how they approached the issue when they receive numerical assumptions from another body. Ms. Kessler explained the numbers were reviewed by other members of the company and staff and they appeared to be reasonable since they were starting at a lower base for the arena management fees without a team versus with a team. Councilmember Clark remarked that in essence they vetted the numbers for the assumption of not having a team in the arena.

Mayor Scruggs asked to go back to something Ms. Kessler said. She questioned Ms. Kessler and her comment that the number seemed reasonable because they started at a lower base without the team. Did Pollack just receive numbers? There was no independent analysis? Pollack just received them from somebody and said these look reasonable?

Ms. Kessler stated the numbers they received for the range of the arena management fee that could be expected without a team and took an average of the high and the low figures without a team.

Mayor Scruggs asked if the origin of those numbers was identified.

Ms. Kessler that said the numbers provided were from the study.

Mayor Scruggs asked if it said where they come from. They had a range of fees but did you know what you were comparing it to?

Councilmember Clark asked to clarify a couple of things. The Pollack study looked at just the cost of managing the arena with and without a team. They did not look at what revenue will be produced in the surrounding Westgate area and no other factors. Ms. Kessler stated she was correct in that they excluded any extra benefits that would be received from sales tax in the arena, jobs created by the arena or sales tax or jobs in the surrounding district. Councilmember

Clark asked what they concluded the average for an arena management fee without a team was. Ms. Kessler replied that for the next FY it would be \$12 million and increasing at a normal CPI rate at an average of \$15 million over the 20 year period. Councilmember Clark commented the figure they used for the arena with a team would have been the deal point figures that are in the current lease management contract that is before them. Ms. Kessler stated she was correct.

Councilmember Lieberman asked if there was any attempt to show the potential profits of 40 nights a year of A and B style entertainers coming to the arena. Ms. Kessler explained their analysis was based on 50 event nights which was an increase of about 20 event nights over the current levels. Councilmember Lieberman asked what profit they would have made for the city with 50 nights a year of class A and B entertainers. Ms. Kessler stated their study showed this would have resulted in a net operating loss to the city. Councilmember Lieberman asked where they received those figures from. Ms. Kessler explained the majority of the figures came from the TL Hocking firm.

Mayor Scruggs asked those in the audience to please speak more quietly. Council was trying to hear everything that is being said by the speakers and instead were hearing the audience. Thank you.

Councilmember Lieberman remarked that the city had actually provided the numbers in an attempt to prove the point that we need the team here. Ms. Kessler restated they received numbers from the city that came from the TL Hocking firm that seemed reasonable. Councilmember Lieberman thanked her for patience. He believes Pollack and Company was a very good economic firm; however, he has trouble with the city using figures from the city to prove that the city has a benefit to buy the hockey team.

Mayor Scruggs commented that what she was coming away with from the report and please correct her, if this is wrong – that the Elliot Pollack and Company received information from the City of Glendale that was produced by another source. Pollack took that information, did not try to adjust in any way, looked at it and determined based on reviews of situations in other places that it was reasonable. And based on its reasonableness, then did some mathematical calculations and came up with the response that based on present value of the money going out and the money coming in – it's better that the team be there. She verified that the Pollack company did not go out and try to research or find new information.

Ms. Kessler stated they did research different arenas but did not deviate from the numbers that were given to them as far as the average that they utilized.

Mayor Scruggs commented that she might be heard saying it later also. This particular facility is much harder to determine in terms of its ability to produce revenue for the city than maybe some others. The Councilman keeps talking about A list celebrities appearing. That's really not the best use of the arena for the city of Glendale because they come and they go. It's wonderful; it gives us a lot of publicity and a lot of attention. But she wanted to compare it to what's going on outside of the arena next to the University of Phoenix Stadium and the Cirque du Soleil Kooza that's going to begin tonight in the tents. And she didn't know if Mr. Hocking will consider that one event or many events because of how many nights it's there. But for the city of Glendale –

an example is the city paid nothing for them to be there – the city probably pays some of the police officers overtime to manage traffic – that’s a possibility. But otherwise it costs the city nothing for that event to be there. But they are coming in and their cast and their crew are staying in Glendale hotels. Now it started out the projection communicated was 7,000 room nights then it went down to 5,000 then it went down 4,000, whatever. 4,000 room nights in Glendale hotels is huge. The city only has 14 or 15 hotels in the entire city so to take that kind of a block is enormous. And to put those people there on site for a month or whatever. And they are eating in restaurants and shopping and so forth. That’s the valuable use of a facility, in the Mayor’s estimation more so than a team playing a game one night that the attendance varies anywhere from 4,500 to 18,000 and you just really never know. She continues that she had some real difficulty with all event nights being treated the same when in reality their value is much different. And value to the city of Glendale is what matters to all these taxpayers because that’s the money, the revenue that comes in which, it’s understood from Mr. Birnbaum, needs to be excluded from going to court. But that’s the money that really goes back to paying that debt service so it doesn’t come out of the General Fund (GF). If it comes out of the GF it comes out of city services. So this whole idea of just being sent over a report that says there was an expected 20 nights of programming if there is no hockey team there based on over saturation of facilities for class A entertainers or whatever and so therefore all the assumptions that the Council should use to make decisions on what is best for the city is based on something that is not the most valuable use of the arena. But what Pollack was saying is they just accept what they get.

Ms. Kessler explained that as far as the attendance assumptions go, they were not solely based on A and B list entertainers or 20 extra nights. The assumptions they were given broke it into major event nights, minor league sports nights, as well as many different category event nights.

Mayor Scruggs asked about the 20 new events; would they be individual events. She continued asking for clarification on if that 20 individual times that the arena is occupied – given that one event might be three days of occupancy or is it 20 individual events of varying uses of the arena?

Ms. Kessler noted it was 20 additional event days.

Mayor Scruggs asked if that included what Council learned from the event promoters that were interested in working with Mr. Jamison and promoting events. They said that when the arena turns in figures they count the set up day and the take down day as a day of usage. Is that what happened in the Hocking report?

Ms. Kessler stated she does not believe so since the figures include ticket sales.

Mayor Scruggs stated it could be anything from 20 different events using at 20 different times to five events each of them using the facility four times so then that equals 20. So it really isn’t known.

Councilmember Martinez noted that losing 43 nights would be hard to replace. He said someone who has experience in this area mentioned that this was a very competitive market and it would

be very hard to compete with the larger markets for events. He explained how the A and B market worked with Glendale being a B market.

Vice Mayor Frate asked Ms. Kessler to clarify the amount of nights discussed. Ms. Kessler explained that without a team present, there would be the potential for an extra 20 events to replace the 43 events that would have been lost had the hockey team stayed. Vice Mayor Frate noted that then 23 dates would be lost out of the 43. Vice Mayor Frate noted that much has been said about Mr. Hocking and his figures that the city provided. He explained since the city was the one that requested the contacts, therefore they would need to provide the Pollack Company with some information. He asked if the Pollack Company has worked with the Hocking firm before and had any problems with their work. Ms. Kessler said she personally had not, however, their company had done several studies where they have relied on Hocking data and felt they provide reasonable numbers they could put their name on. Vice Mayor Frate remarked that the Pollack Company felt very comfortable working with TL Hocking and his projections. Ms. Kessler replied they did do additional research.

Mayor Scruggs commented that she wished she had her numbers here, but couldn't find the piece of paper. But she did have figures from the University of Phoenix Stadium which she thinks is much harder of a facility to book or to program because it's just kind of overwhelming. But she believes their events were somewhere between 120 and 130 last year. And with the football team, there is the Fiesta Bowl and maybe playoffs but non-football event dates were somewhere between 120 and 130, she believed. Mayor Scruggs asked if Pollack factored in the success because she's hearing everybody say it's impossible to fill this up. Did Pollack figure that success rate from that facility in coming up with your averaging?

Ms. Kessler explained the numbers they utilized were mostly looking at events specific to the arena.

Mayor Scruggs commented that it wasn't known why they had all those empty nights; it's unknown how many possibilities they turned away. It was not known if perhaps it's more profitable for a team owner to not have programming in the event because that raises expenses you have to bring people in and so forth and so on. None of that got figured in as to why there were so many empty nights or whether it could be done better. For example Global Spectrum works on a flat fee plus an incentive if they go over a certain number. There is no consideration because that is not your job to figure out if somebody else could do it better. So the city just chose the assumption they wanted to choose. That either the maximum number of nights that would be there 50 nights or the city chose no it could be better – which is what the city has to do – is just make a decision. And like Mr. Birnbaum said, at the end of the 20 years, you figure out whether you chose the best estimate or projection. Just like we had the forecast of how well Camelback Ranch would do. She believes that the Pollack Company did a report on that too.

Councilmember Knaack commented the Pollack study was really done as a test of the gift clause, not the future economic success of the arena or any of the other arenas. Ms. Kessler stated she was correct.

Councilmember Martinez commented on the laughter from the audience when Mayor Scruggs mentioned TL Hocking and Camelback Ranch. He would like everyone to remember they have just gone through the worst recession since the great depression and would like everyone to keep that in mind.

Mayor Scruggs commented that Councilmember Lieberman had made a comment to her earlier and she didn't know how to proceed with this. He is very concerned that the city is not going to get – I'm sorry Ms. Kessler – we might call you up after we get the actual report to look at ourselves. Thank you. We have the commissioner here that may want to speak and certainly everybody will want to hear from him. We have the prospective buyer here, we have lots of folks, but we also have this many members of the public who wish to speak. And Councilmember Lieberman has pointed out that perhaps the public may not be able to stay for what will probably be another two to three hours. She continued that she wanted to proceed in the fairest way possible. And maybe if she just asks those of the public who have put in speaker cards raise your hands if you can stay and listen to this unfold and wait to speak. She commented that some of the potential speakers have either left or are being totally shy because she had a lot of speaker cards. She continued that she had 29 speaker cards. Now some of the speakers are doubles she understands; some of the speakers want to speak on both items. So there are 15 and there are 25 that want to speak so that would leave 10. So based on that and we really appreciate it, but you know this is a huge, huge item so she was glad that the speakers can stay to hear it all the way through and to hear perhaps new information. So Council will just continue on. And at some point we will take a quick break and get the documentation maybe run down to the machines and get a snack or something and just plan on going through to about 2:00 p.m. or 3:00 p.m. She asked if that sounded good to everybody. She explained that she was trying to plan so that the most people are satisfied with the results. Mayor Scruggs called Commissioner Bettman forward to speak.

Gary Bettman, NHL Commissioner, thanked Mayor Scruggs and the members of the Council. He stated they had been at this together for a long time. From the NHL perspective, this is an important day because of the process they had embarked upon and hope to bring to a successful conclusion. He said it was his hope that the team will stay in Glendale for the future. He indicated the most members of the Council for the most part have been very supportive. The manager and city staff have been incredibly supportive throughout this process. He understands this is Mr. Beasley's last day and will say he has been invaluable and incredible throughout an extraordinarily difficult, emotional and tense process. He said that obviously from the comments here there were very strong opinions on both sides of this equation. However, they believe the Coyotes should be here with this deal in place and with new ownership. He believes it was in the best interest of the league to try and keep the franchise where it is in Glendale. They think the future of the arena, Westgate, and the city will be enhanced if the team stays here and they have a stable tenant in addition to whatever events they might choose or be able to attract to the arena. He stated they worked hard to keep the team in Glendale, they want the team here but ultimately it's their decision and that is something they respect. Additionally, there has been a lot of discussion and questions about whether or not they can be helpful moving forward with respect to the arrangement they had with the city for this season. He noted that if they were moving forward together, they will be in a better position to discuss at least deferring some portion of what they are owed for the year. He thanked them for their continued support and for all of the

effort the city has made on behalf of Westgate, the arena and NHL Hockey and hope to have a successful conclusion today.

Councilmember Martinez thanked Mr. Bettman for being here today and for his comments. He agrees that it was very important for the city keep the Coyotes in Glendale. He believes it was important for the future of the city. He thanked him for his support.

Vice Mayor Frate also thanked Mr. Bettman for being here. He said it signifies a lot when the Commissioner of the NHL makes an appearance when they were not required to be here. He noted that Mr. Jamison was also in attendance which shows they care about Glendale and the importance of the deal.

Mayor Scruggs thanked him also. She commented that they go back to what, 2001. A long, long, long time and Mr. Bettman has been very supportive throughout all those years and stepped up when we really got thrust into a very surprising situation. She continued that she had been supportive up until the last year and she wanted to say a few things. She agrees 100% that the Coyotes should be here. She observed that she still hadn't met Coach Tippett, which she thinks he would be right up there as miracle worker or something. He has done just a marvelous job. And the team members are absolutely wonderful; they are helpful in the community and brought so much pleasure and everything. She continued that for her and she had tried to convey this to Mr. Bettman in their telephone conversations – this is not a decision about the Coyotes. This is a decision based on the financial situation of the city of Glendale. And Council has heard a couple of people say “who knew what the economy would do; who knew what would happen” we did not expect this”. And there were decisions made a lot the way as the economy started to go down four, five years ago? And Council made decisions, all together, that they wanted to keep the employees working, and wanted to keep everything intact. Council didn't want to change anything and everything was going to get better and it didn't.

Mayor Scruggs stated that here Council was –she would be making her decision based solely on the fact that Glendale is a city of a ¼ million people sitting with a GF balance of less than \$2 million. And can she vote to take on a 20 year obligation? And it's just very, very, important that she state that. She continued that she knew that the city was partly in this position because of decisions that the Council made regarding what to do in terms of asking the NHL to “please will you keep the team here for two extra years”. She asked if she would ever say that it was a wrong decision to build that arena and to bring the Coyotes Hockey team to Glendale. No, it was a wonderful decision and she wished everything could go on the way that it was. And what was the first year that they played again, 2003, 2004? And it was just wonderful but she had to make a decision- it's not expressing a value or a devaluation of the team but she was looking at the city's finances and saying “can we afford to take on this new debt?” And then she would have to choose whether to take the assumptions of the Pollack Company or what she thinks can happen. She continued that Mr. Bettman had been out here a lot of times, and had been available as much as he could – he had really done a tremendous amount to put action behind his words that he believes the Coyotes should be here and she wanted to say that publicly. Thank you, thank you very, very, very much and she thinks the Coyotes should be here too. She doesn't believe that the city can make that happen.

Mr. Bettman thanked Mayor Scruggs for her kind comments but noted this was not about him. He stated what the Council did originally to approve the arena and the Westgate development was truly visionary. He said the question is now whether Glendale was better off with or without the team and that was the judgment the Council has to make. He remarked his view was if the city had an arena they have to maintain, keep open and service it, therefore, they are better off having an active tenant.

Mayor Scruggs commented that Mr. Bettman said exactly what she said. The city has to make the decision based on the conditions right now and the vision is – it was visionary and 20 years out it appears visionary and as she said they did everything on a present value because the costs are frontloaded. The lack of city finances is right now, they are not 10 years from now. So she has to look at – does she truly believe – she took an Oath of Office – does she truly believe this city besides taxing its other businesses and putting them at an unfair advantage or shoppers at an unfair advantage can the city really afford to make these payments? Last year, she believed it was a good thing to enter into a \$25 million second year extension because actually there was going to be a new team owner, the city would never have to pay it and so forth. And now that's contributed significantly. Mr. Bettman asked what's changed. There is a heck of a lot that's changed in the last year. A heck of a lot that's changed. And Mr. Bettman needs to get into our numbers and doesn't want to because he's got great numbers of his own to work with.

Mr. Bettman believes this should not be about just the city's budget but about the future that Glendale has for their children, grandchildren and the people that will move here.

Mayor Scruggs agreed and stated that she had commented on this previously and she believes that vision in 2001 has already paid extensive dividends. In 2001 the city had absolutely no idea that there would be something called University of Phoenix Stadium just across the parking lot. But there is, and there are over a million people a year that come just to events there. Now the city has this Tanger Outlet Mall coming in and they were attracted because of Westgate. So now there are another 5 to 6 million people. Mayor Scruggs commented that her vision, and not speaking for anybody else, but her vision was to create an economic center at a particular location because it's right along the freeway. And many years ago in the 1980's before anyone was here decisions were made to put houses along the freeway where it goes to Glendale in the north. The city needed commercial activity and it has brought commercial activity; Cabelas' across the street wanted to be there. So yes the vision is playing out. So now it gets down to how to use a building the city owns. She continued that she believes it can continue to be used productively even without a team there, without the city having to pay somebody to call that home. That is where the decision is. But yes the vision is still there and she believes the vision played out very, very well over the years. It's very sad that somebody else's vision didn't pan out and they chose to put their problems on the city of Glendale. That was the part of the vision that didn't work so well. She continued that the commissioner was correct, it was a vision; the vision has done well in 11 years. That is why when anyone asks her, and the media asks all the time, didn't you make a bad decision when you build that arena? No. It was a great vision; the city just has to deal with the situation financially that is occurring right now versus telling folks it will be great 10 years from now. She thanked the commissioner. She believed that the two of them were saying the same thing. And she and her colleagues were all saying the same thing.

Everyone is here because they want what is best for the city of Glendale. Everyone sees how to get there by taking different paths.

Councilmember Clark welcomed Mr. Bettman back to Glendale and thanked him for being here today. She stated that in 2002, they didn't envision a multipurpose arena; they were welcoming a hockey arena. She noted that it belies the notion that they were building a multipurpose arena. They specifically had a vision for a hockey arena as an anchor for Westgate as did Mr. Moyes. She said that was the bottom line in all this. She thanked Mr. Bettman for hanging in there with Glendale for the past several years and for giving them the opportunity to wade through a lot of bad deals to finally get to a good deal for Glendale. She thanked everyone from the NHL as well as Mr. Jamison for taking the time to come and express their support of the deal and of their original vision.

Mayor Scruggs stated that she would continue to disagree with her colleagues and for the media if you want to sort it out – go back to 2001. The city management and the city's public relations department made a big deal of the fact that this was going to be a multipurpose arena because you know what; it wasn't very popular for cities to build sports facilities. We just heard Mr. Birnbaum talk about how he had to defend what's now Chase Field. It was very unpopular to build sports facilities. The city was building a multipurpose arena and it can be found in the original press releases from the city of Glendale that say exactly that and the city touted the fact and all these other wonderful things were going to be going on and it was a place for the community and so forth. This isn't your issue but it's very important to our citizens because many of them have a lot of doubts. So there are newspaper articles, after newspaper article, and there are the original city press releases that say the city built a multipurpose arena. We know there will be 41 dates used by a hockey team but that was not the purpose to bring over a sports team. So the city will continue to have disagreements on that but she believes the facts lay in the archives.

Councilmember Lieberman thanked Mr. Bettman for attending today and said it was a pleasure having him in their company. He said he agreed with Mayor Scruggs that the arena was built to be a multipurpose arena that included the hockey team.

Greg Jamison, potential owner of the Coyotes, stated he was happy to be here today to speak on behalf of the deal. He said he believes in the deal as well as in the city of Glendale. He has been impressed with the city of Glendale this last year as he has researched the deal and all that has gone on. He was impressed with the city's commitment to protect their investment that had been done in the past. The Coyotes and the Glendale situation have had an interesting history with it having its ups and downs. However, at the moment, they were talking about the future and he believes that the city of Glendale will continue to enhance the quality of life for the citizens of Glendale. He thanked them for their commitment to sports in the area and believes it has been a very positive thing for the city. Additionally, he believes in the NHL which in turn believes and has had a commitment to the city of Glendale. He restated he believes in the NHL and the NHL teams which are made up of 31 wonderful franchises all in different markets. He explained that in his professional sports career he has had the opportunity to interact and deal with four cities. In that, he has learned that when the sports team builds a tremendous partnership with the city, they become successful. He stated they need to work together for the success of the team.

Additionally, they believe in giving back to the community when possible; other teams do not and all they do was take. He explained that was how they work and what they have done with the cities they work with. The final step for everyone was to continue to build a good organization, and to begin to build an arena and a team, to continue to build on the foundation previously started. He believes that by working together this can come together in a very positive way for all involved. He thanked them for their time and looks forward to the future.

Councilmember Clark stated she will save most of her remarks for later, however would like to thank Mr. Jamison for attending and supporting the deal. She thanked him for his passion and commitment.

Vice Mayor Frate stated Mr. Jamison was the first owner that has shown passion for the community and believes he will be involved and give back to the community.

Councilmember Martinez thanked Mr. Jamison for attending today. He indicated that it was clear from the start that he was the right person for the job when doing his research. He said he certainly has the passion, experience and the drive to make this deal work for the future of the city.

Councilmember Knaack stated the first time she met Mr. Jamison; she had a good feeling about him and still does. She noted if this was a perfect world, they would not have had to experience bankruptcy with the team or try and find an owner for the last three years. She thanked him for his diligence in wanting to do this and for his commitment to this deal. She believes him to be sincere and believes he has the passion to see this through.

Mayor Scruggs expressed her thanks. She remarked that she hadn't spent as much time with Mr. Jamison as the others had but she thinks she was on record in various newspaper articles from last year, saying this sounded like the best opportunity the city ever, ever had. And his background is what leads her to believe that and his success in the past. And as she said to Commissioner Bettman, she wants to say exactly the same thing to him. She continued that her position really has nothing – it's not Mr. Jamison but has to do with the financial situation of the city of Glendale. The fact is that she really cannot support putting a 32% sales tax increase through so that the Council can keep hockey here. She remarked that Mr. Jamison had really conducted himself in an admirable way and she hopes you get all your investors together so that you can move forward with what her colleagues were going to vote for. Mayor Scruggs commented that she had some questions. She asked about a gentleman by the name of Chris Collins, who with Mr. Jamison, owns an organization called Jamison Entertainment Group. She continued asking what does Jamison Entertainment Group do.

Mr. Jamison explained that the Jamison Entertainment Group just came together in 2011. He noted the company hasn't really done anything yet since his focus has been on the Coyote deal. However, the purpose was for them to have a company set up that was prepared to handle other sports entertainment projects.

Mayor Scruggs thanked him for the information. She then asked if he had in his previous ventures ever been involved in arranging non-hockey programming regarding this type of facility. Mr. Jamison replied yes.

Mayor Scruggs asked Mr. Jamison to explain more about his experiences with that?

Mr. Jamison explained that as owner of a team and its arena, they are responsible for all operations related to the arena as he has done with his other ventures in other arena. He stated he had a staff of people that worked very hard to fill the arena. However, it goes without saying, it was not an easy business.

Mayor Scruggs commented that there had been a lot of discussion here today up to this point about assumptions as to what the arena – now Jobing.com Arena could be used for. She asked what Mr. Jamison saw it being used for and what can his group bring to the city of Glendale in terms of number of dates.

Mr. Jamison explained it may be presumptuous in some ways as to how many dates you can or can't bring. He mentioned the recession that has had a big impact on events being held in all arenas and their availability. He noted their efforts will be to work together and look at the different content that is available and what is going on in other arenas and what is coming to Arizona in order to get acts to come to the arena.

Mayor Scruggs commented on the folks that have been working on trying to program Jobing.com Arena and their intense commitment, they scour the bushes and so forth. She hadn't had a conversation in the last six months but previous to that what they had told her and she believes the other Councilmembers was, don't count on those entertainers because number one, they go out too much, people see them too much, they are not that interested in seeing them again. Most people can't fill – even our 18,000, 19,000 seat arena is very, very hard to get someone that can fill it - that the future is really in other types of programming. Maybe youth sports, an amateur thing like that skate boarding competition comes to Jobing.com. She commented that she would use that as an example of something that's going to grow and bring a lot of people in. And things other than these acts the Council keeps hearing about. She asked if Mr. Jamison also sees that as where you would be looking for viable programming of Jobing.com. Mr. Jamison replied that absolutely they would since they would be looking in every bucket available.

Mayor Scruggs commented that she wanted to ask him, and to get away from the acts thing, if he sees this type of use of the arena as something viable. She was thinking that as the team owner and the arena manager, Mr. Jamison would not want anything there that doesn't make money for the arena but she may be wrong. And this is where she thought they have differing interests. Okay, out here in Arizona nobody has a big enough auditorium for their graduations and it's too hot to have them outside so it's a tradition that high schools look for large facilities to have their graduations. A lot of them go to the University of Phoenix Stadium but they are always looking for something. So out here on graduation night, there might be three high schools and they are running their classes through saying "you have 2:00 o'clock, you have 5:00 o'clock, and you have 8:00 o'clock" whatever. Now she doesn't know if that brings a lot of money for the arena

but for the city of Glendale, you have graduating classes and then the students no longer have limits on how many tickets. So all the family members and some coming from out of town – this is big for the city of Glendale because then they go out eat in Westgate or in one of the surroundings restaurants. The out of town people stay in the hotels and so forth. But she didn't know if that was good for the arena manager? She asked Mr. Jamison how he sees those types of events in the future.

Mr. Jamison stated all successful arenas have city events that belong in the community. He was aware of high school graduations using these facilities; however, he would like to also add that middle school graduations were also a big part of this equation where he came from. He explained that if the dates work and they can balance off the dates, they were very open to doing those community school events. He added there was nothing unusual about these requests.

Mayor Scruggs commented that she read that Mr. Jamison was also purchasing a Junior Hockey Team at this time and asked him to tell the Council about that and if there is a relationship between the two or how he would manage the two.

Mr. Jamison explained this was a third tier junior hockey league they had looked at but have not made the final decision as of yet. This program is where the kids pay to be on the team.

Mayor Scruggs asked if Mr. Jamison and a group of investors pay to purchase the team. Mr. Jamison replied they pay to have the franchise.

Mayor Scruggs continued that the Arizona Republic article that she referred to said that neither city officials nor Jamison has provided break downs on how the \$10 to \$20 million arena management fee will be spent. She asked Mr. Jamison to tell the Council.

Mr. Jamison stated they will work in conjunction with the city as to how the management fee will be used to run the arena. He said it was all part of managing and being the manager of the arena.

Mayor Scruggs asked if he would say that the entire arena management fee will go toward managing the arena or will there be expected amount that will go to pay the team's expenses.

Mr. Jamison stated the arena manager has the utilization of those funds for managing the arena. In this case, the investors and the Phoenix Coyotes will manage the arena and take all the ups and downs that go with that.

Mayor Scruggs asked if Mr. Jamison was at liberty to comment on who his investors were.

Mr. Jamison replied no.

Mayor Scruggs thanked Mr. Jamison for answering her questions and wished him good luck.

Mr. Jamison stated he wanted to publicly thank Mr. Beasley, Mr. Skeete, Mr. Lynch and all the others that he dealt with over this year. They have all been very helpful and have a great

commitment to the city. He appreciated all their help and they have been a great team to work with. He has also enjoyed his interactions with the Council which have been very positive interactions as well.

Mayor Scruggs stated that she did have one other question. She thinks Commissioner Bettman referred to this – that Mr. Jamison – the deal of purchasing the team has not happened yet but he was working toward it and knowing that he has this arena management lease agreement will help facilitate the closing of the deal. She asked if Mr. Jamison had any idea as to when this will occur, when he will actually buy the team.

Mr. Jamison explained he had to work in conjunction with the Commissioner of the NHL.

Mayor Scruggs stated we have no answer.

Mr. Jamison explained the process the deal had to go through and that could happen in the next three or couple of weeks.

Mayor Scruggs asked if Mr. Jamison had any idea if the deal happens to be extended for whatever reason, for two or three weeks and if it becomes two to three months, what would happen then, would the city just float along.

Mayor Scruggs commented that the commissioner looked like he was dying to get up here and say something.

Mr. Bettman stated they hope to complete the deal in the next few weeks. However, the inability to complete the transaction for whatever reason will put them in an uncertain position. They have spent all of their efforts on working to preserve the future of the Coyotes in Glendale and have not pursued any other alternatives. They believed that by doing that it would have undermined their efforts. He hoped this all gets done quickly.

Mayor Scruggs commented that she guessed that she was asking more of a financial question and that was – there are still bills to be paid, there is still the staff that is working out there and the electricity and so forth and so on. So who is paying that money?

Mr. Bettman stated it would be the owner of the club which is the NHL.

Mayor Scruggs stated that the agreement extension ran out. There wasn't an automatic renewal so she was asking very specifically.

Mr. Bettman replied he was painfully aware of those facts and was part of the reason they want to get this deal completed as soon as possible.

Mayor Scruggs thanked him for being gracious enough to come back and answer more questions. She appreciated it.

Mr. Bettman replied he was more than happy to answer any questions.

Recess at 12:55.

Reconvene at 1:30 p.m.

Karen Mahon, a Barrel resident, thanked the Council for the wonderful work they have done. She thanked them for covering the \$35 million spending gap with layoffs, taxes, tax hikes and service cuts. She also wanted to tell them how much the citizens of Glendale and all future Mayors and Councilmember appreciate knowing that if the Coyotes go to the Stanley Cup Finals every year for 20 years, and they get 30 sold out events at the arena every year for 20 years, Glendale will lose only \$9 million dollars a year on top of the \$12.6 million owed in arena debt. She said it was very comforting to know that, poor Mr. Jamison will be so well taken care of that he will get to keep all the money left over after expenses to help pay for the hockey team. What a wonderful gift. She would like to also let them know, the taxpayers of Glendale are so pleased to be able to help with the \$24 million in capital improvements to the arena when the city cannot even afford its own capital improvements. The citizens are being asked to chip in an extra .61 cent increase on their property tax and asked to pay the highest city sales tax in the valley and the county. She said that after listening to what Mr. Bettman had to say, it was obvious they are being asked to sign a contract with someone that does not own the team and they can't buy this team without this money.

Jerry Weiers, a Yucca resident, stated he believes this deal is being rushed and they are not giving anyone the adequate time to review and comment on it. He said they had less than a week to review the largest special interest subsidy proposal in the history of this state. He believes this was the wrong thing to do and gave the citizens no voice and makes them think their government does not care what they think. He said they were saddling the city with debt payments for the next 20 years long after they have left public office. He noted most were fans of the Coyotes but questioned at what cost they want to keep them here. He said the city had not looked at enough alternatives and was simply rushing the deal with no input from the citizens who pay the taxes. He strongly urges the Council to delay this vote so they can study it in its entirety and to allow the city to be part of the decision. He noted that if they get this wrong, it cannot be undone and would cripple the city's finances for the next two decades.

Ken Jones, an Ocotillo resident, submitted a card to speak, but was not present when called.

Janice Reed, a Sahuaro resident, submitted a card to speak, but was not present when called.

Diane Douglas, a Sahuaro resident, stated she was a Peoria governing board member and, like them, an elected official. The reason for disclosing this is to make them aware of her knowledge, experience and training in official matters. She questioned the use of open meeting laws and Executive Session regarding this issue. Since January, the Council has scheduled 18 Executive Sessions to discuss the arena and the hockey team including two meetings since the public release of the draft information on Monday. She believes Executive Session should be used as the exception not the rule of how elected officials chose to conduct the people's business. She said after approximately two hours of public meetings yesterday they are rushing to a vote today. She questioned Mr. Birnbaum's opinion regarding the gift clause and his comparison to the

Tucson Medical Facility case. She cited the problems with comparing that case to the arena management fee agreement. She noted the arena will be run in the NHL's best interest not the community. She questioned how the Council can bind future Councils and taxpayers into a 20 year agreement when other government entities cannot legally do so. She questions how they can contemplate this give-away when they have to raise their taxes and still can't truly balance the city's budget. Finally, she questioned putting the needs of a special interest group ahead of the citizens by conducting this vote in a special meeting that was convened at 10:30 a.m. on a Friday morning instead of a regularly scheduled meeting.

Mack Greer, a Barrel resident, submitted a card to speak, but was not present when called.

Bill Denski, a Sahuaro resident, submitted a card to speak, but was not present when called.

Walt Opaska, a Cholla resident, stated this agreement was just a bad deal for Glendale. He said that according to a recent analysis conducted by the Arizona Republic, Glendale will lose at least \$21 million a year for the next 20 years on this agreement assuming a best case scenario. He said the city should reject this current proposal since under this agreement the new owners will receive a huge management fee and most of the naming rights. Glendale on the other hand will receive the mortgage and the arena management bills. Any agreements the city makes regarding Jobing.com arena should be a fair division of revenue and cost between the owner and the city. He remarked that under this proposal the city agrees to pay the potential owners up to \$20 million a year in arena management fees. The new owner can take the twenty million dollars outsource the arena management at a fraction of the cost and stick the rest of it in their pockets. He explained the city should have received competitive bids for the arena to see what the real cost is since all the numbers talked about today were assumptions. He encouraged the Council to reject this deal and renegotiate a new deal that will benefit the city and not just a special interest.

Arthur Thruston, a Cactus resident, stated that at the last city Council meeting he spoke with passion about this terrible deal. He cited the many articles about the lousy deal that no one but a fool would agree to. He said this was published in the Wall Street Journal and the Arizona Republic. However, after his battle against this agreement, he concedes to the four members of the Council who will pass this agreement. Therefore, he was now on their side and will do anything he can to help but would still like some answers. He questioned the Pollack numbers since they were received by the city and complied by TL Hocking. He believes those numbers were wrong and encouraged them to take the time to get the right numbers. He acknowledges that Mr. Jamison was a good looking professional business man; however, he cannot come forth with any financial statements or with the names of his investors. He remarked that just because Mr. Beasley was retiring today, the deal does not have to be done today.

Jamie Aldama, a Yucca resident, submitted a card to speak, but was not present when called.

Tony Maccarone, a Cactus resident, submitted a card to speak, but was not present when called.

Linda Hamilton, a Cactus resident, thanked Mr. Beasley for his service and wished him luck in his retirement. She noted she was very concerned with this controversy and was here to see if a peaceful resolution can be made in this matter. She strongly believes that both sides in this

controversy can get their needs met. The citizens of Glendale are upset at the city's mounting debt, city layoffs and services being cut. She said businesses are fleeing Glendale because of the high tax rates being proposed this at a time when people did not have jobs and were losing their homes. She questioned the city approving a deal that will burden the city for decades. She asked if this was what they envisioned for their grandchildren. She believes that was not their intent as elected representatives. She said this agreement was not a beneficial deal for the tax-payers or for the citizens of Glendale. She questioned the vote today since there was so much controversy and not waiting until all sides can be given a truly fair hearing on all the issues that have been brought up. She stated this was a sweetheart deal for someone but not the taxpayers. She noted the honorable and decent thing to do was to put this out to bid to see what benefits the city most. She does not want to see a recall and spend more money on legal fees but use that money for city amenities and services Glendale residents.

Leon Kenman, a Sahuarro resident, questioned if Executive Sessions were legal and even if they are, why would the Council have secret meetings. He disagrees with the city's proposed tax hike and believes it is improper. He believes there has not been enough preparation openly for the citizens to take part in. The people of Glendale were pretty much against and had voted 4 to 1 against this in an online vote. He noted that the Phoenix Coyotes should be paid for by Phoenix and does not know why the city has gotten involved in this matter. He asked Vice Mayor Frate as his representative to vote no on this deal.

Carrie Ann Sitren, Goldwater Institute, stated that at this meeting they are being asked to vote, however, they were all still in the dark. She remarked on the many contracts the Goldwater Institute and citizens still did not have in order to review. She explained that many Councilmembers still did not have the Pollack report to review and are questioning where they come from and what they are based on. She stated the Goldwater Institute was in court today trying to stop the vote today, however, the judge decided the Council can go ahead and vote today. However, the judge also said the city of Glendale is in contempt of court, should be sanctioned and has violated court orders and was in violation of public records and open meeting laws. The judge said that if the Council passes this agreement today, they will strike it down. She noted that if the Council passes this agreement today, the Institute will bring this before the judge again because it was time for the people to know what was in this contract and what they are voting on. She referred to a letter sent by Darcy Olsen asking a few questions about this deal and hopes they receive an answer. She asked the Council to delay the vote today and provide everyone with the time to assess the situation fully.

Rosilyn Miller, an Ocotillo resident, stated she was a Coyote ticket season holder. She stated she was able to watch most of the morning proceedings on television and was able to follow the hearings closely. She said it was important for her to come down and express her appreciation to Mr. Birnbaum and his explanation this morning and believes it was very well done. She believes the hockey team was a positive thing for Glendale as far as she was concerned. She explained the hockey team and the whole Westgate area is attracting new people to Glendale. She commented on the bad economy and believes the cycle will soon turn in everyone's favor. She asked the Council to not start being foolish and short sighted when they were so close to a deal that was a benefit to Glendale that they all had worked so hard to accomplish. She believes in Mr. Jamison and thinks he was a qualified candidate for the ownership and the management of

the arena. She stated the residents of Glendale were proud of all the Council has accomplished including Westgate, and Arrowhead areas. She commented on the many people who have come from all over the valley and county just to see the Coyotes play. She congratulated the Council for their consideration on keeping the team in Glendale.

Ken Jones, an Ocotillo resident, returned and was allowed to speak. He stated there were conflicting accounts on whether this lease was legal, however, only one firm was being paid by the city. He said four Councilmembers want to spend and spend and spend however do not understand that the city has no more money to spend or any more city service to cut. He explained the city does not have the \$310 million they are promising for the deal. He believes Mr. Jamison was foolish to believe he will get all this from Glendale. He believes that raising their sales tax will never happen since the referendum will stop that in its tracks either this year or next year. He implored the four Councilmembers considering this, to not vote for anything that hurts the people this much or for anything this stupid.

Darold Larson, a Cave Creek resident, stated he was a season ticket holder for the Coyotes for the last 10 years. He believes this was a good deal since there were no bonds involved in this deal and believes that Mr. Jamison will be successful as he has been in other markets. He asked the Council to continue to support this deal because if they don't, it will be a big mistake.

Francine Romesburg, a Barrel resident, stated she was against keeping the Coyotes in Glendale as many others were also. She questioned the urgency of the vote today and asked if it was because Mr. Beasley was leaving today. She disagreed with all the meetings that had occurred behind closed doors. She expressed her concern with the city willingness to spend money when they were broke. She asked when the citizens of Glendale will take precedence over having a hockey team. She stated it did not make any sense for the city to be raising taxes when the citizens were having trouble putting food on the table simply to keep the team in Glendale.

Rick Meyers, a Yucca resident, stated he moved to Glendale 25 years ago when there was nothing but cotton fields. He was here today as a long time resident to congratulate the Council because they have succeeded in bringing life to a community that was almost non-existent. He mentioned the many success stories such as Westgate and the University of Phoenix Stadium. He said that someone earlier had requested sunshine but believes there was sunshine and it was shining brightly today. He explained this came from some members of this Council who had decided to look forward and make hard decisions even when they seem to be unpopular. He noted that honorable people doing honorable things brings honor to a community. He said he had a seven year old grandson that wants to be a future Phoenix Coyotes player. He believes it was time to continue and look to the future and lay aside the negativity of certain groups in their community. He thanked Mr. Bettman, Mr. Jamison and Councilmember Clark for representing those that rarely speak at Council meetings. He truly believes that good things were ahead for the city and encouraged them to vote yes on this proposal.

Mary Ann Wilson, a Cactus resident, stated her disapproval of this deal since what she has heard so far was that this deal was a gamble. She believes this will have a very negative impact on business and Glendale families for years to come. She stated this deal will future hurt the

schools that have already had to cut subsidies. She hopes the Council thinks twice about moving forward with this deal that can hurt future generations.

Mayor Scruggs stated that the rest of the speakers were for item number two, so that concludes this portion.

Vice Mayor Frate inquired why they were listed as two items since it was an ordinance and a resolution.

Councilmember Clark believed they had to vote on each one separately. Vice Mayor Frate questioned discussing a resolution. Councilmember Clark noted that was how they were listed in their books.

Mayor Scruggs commented that the attorney should be asked what he thinks.

Vice Mayor Frate asked if they were talking about the same item or something different.

Mr. Craig Tindall, City Attorney, noted there was not a separate presentation on these two items. However, the Council is required to have two votes.

Mayor Scruggs asked what his legal advice regarding these residents here who thought they were going to come up and speak on number two?

Mr. Tindall stated they should be heard for item two.

Mayor Scruggs commented that since this is a very sensitive subject and those people who have very, very strong feelings and because there are some concerns about whether there has been openness and transparency – why don't we go ahead and once all the Council finish talking, there will be the reading of the ordinance and the vote and then the reading of the resolution and then she will open it up for public comment again? Does that sound alright? Mr. Tindall replied yes.

Councilmember Lieberman commented on TL Hocking's figures and his findings that it would never lose money. However, it has cost the city another \$82 million since those findings. He stated it did not make any difference if Mr. Hocking was wrong or if it was the economy because regardless of anything it did not work.

Councilmember Lieberman made a motion to table this for two weeks on the grounds that Mr. Jamison said he might not have a deal for two to three weeks and Mr. Bettman said he was in a difficult uncertain position in regard to the sale of the team. He said considering those considerations, he would like to table this for two weeks.

Mayor Scruggs asked if it was appropriate to make such a motion at this time. Mr. Tindall replied yes.

Mayor Scruggs seconded the motion. She asked if anybody wished to comment on the motion. She continued that there was a motion then to table this item for two weeks. She continued that before she takes the vote, she would like to ask a couple of questions of the attorney, would that be permissible? Mr. Tindall replied yes.

Mayor Scruggs commented that a number of people have commented that information was not made available readily enough. The document upon which the Council was supposed to make a decision was just provided. She has been able to review part of it, but not all of it, and so that was not available to the public. But as she understood it when she got to her seat tonight she had this note that the attorney's office delivered new documents. That would be the resolution and the ordinance and section three was added to – don't know if it was one or both. So wrapping this up, taking Ms. Sitren's comments that this is going to be overturned - that if we vote today this will be overturned by the judge that heard the case today. And she would like to give Mr. Tindall an opportunity to address that – number one. Number two the problem that took the city to court in the first place was not making documents available in enough time – that's the statement by people who are concerned about this. So now Council heard that the public still doesn't have two schedules, an ordinance and a resolution that have been changed and a report that is supposed to be the basis of the decisions that just now is given to Council at her request during the lunch hour. No exhibit C, no exhibit G – the City is in contempt of court and if passed today, the judge will strike it down. And if the city were in contempt of court and didn't have the documents in the first place and now has new ones – how does this all fit together to where we are in compliance with the court orders?

Mr. Tindall stated the courts required them to disclose documents in a manner the court has interpreted. He believes the city has complied with the situation regarding the open meeting law. The city has provided the documents the Council was to consider. He stated the documents have been out there as soon as they were in a form that was appropriate to go to Council. He explained other documents will continue to be reviewed and made available promptly. However, some documents were subject to privilege and they have to be analyzed to make sure that the documents that need to be disclosed are disclosed. With respect to the comments made about the hearing this morning, they are incorrect. He explained that at the hearing this morning, the judge asked the Goldwater Institute to present their case first and they presented a lot of facts some of which were found to be quite inaccurate. The city next presented its case and Mr. Birnbaum explained the law to the judge and asked the judge if he should present the facts. The judge stated that was not necessary and decided it simply on the law. The judge made comments with respect to facts only presented by one side that had not been addressed by the city. He noted the judge only decided facts in respect to this hearing of whether an injunction would take place and any comments beyond that had nothing to do with her decision. He added he did not recall the judge ever saying that she would overturn any decision made by this Council today. He reiterated they were in compliance with both the court order and the public records law. They will continue to work through those issues and make documents available at the earliest possible moment.

Mayor Scruggs said lets go back a bit, she referred to comments by Mr. Tindall where he said that the documents were all made available to the Council on Monday – as soon as they were ready but the court order was to make them available to the public. She asked if her

understanding was correct that not having this schedule G and this schedule C – not having those is immaterial. It does not make any difference that the public does not have these. The city is still in conformance with the court order without those being made publicly available to the public within the time allowed. Is that your position?

Mr. Tindall stated the documents were made available to the public and were posted online and they also issued a press release in accordance with the order. The exhibits she was referring to have not been prepared, however, they do not change the deal, transaction or the financial aspects of the transaction. He said this agreement was coming before Council in a substantial final draft which means they will not make substantial changes or change this transaction. However, there will be adjustments to clean up the agreement document before it gets signed.

Mayor Scruggs asked if that is in conformance to have certain exhibits that are determined to be immaterial to the deal, not available for public review. And your legal opinion to us as your clients is that that is in conformance with the court order.

Mr. Tindall noted that if they want legal advice, they can convene to Executive Session and he can give legal advice. However, with respect to this deal, it is conforming to the court's order. He noted that if the documents do not exist obviously they cannot disclose them. He explained it was not unusual for documents to come in later right before they are signed.

Mayor Scruggs asked if Mr. Tindall could tell Council and tell everybody what was changed in the ordinance and the resolution in case people read the original ones off the website that you referred to. What is different now?

Mr. Tindall stated the addition that was made yesterday was to Section 3 which discusses the public benefit and public purpose that these agreements have and that paragraph is essentially the same.

Mayor Scruggs stated that she would ask one more time, Are the comments made by Ms. Sitren that the city of Glendale is in contempt of court, should be sanctioned, not in compliance and if we pass the vote today she will strike it down are inaccurate. Those comments were not made. Is that what you are saying?

Mr. Tindall stated that was not what he said. He explained the judge did say those things without hearing the basis that would be necessary to make those comments that would merit consideration since the city did not have a chance to address that and present their point of facts.

Mayor Scruggs asked why the judge would not hear the city's side. Mr. Tindall was there, why would she not hear the city of Glendale side?

Mr. Tindall explained that the Goldwater Institute made their argument and presented facts. Mr. Birnbaum read the law to the court that said the court did not have jurisdiction on this matter. The court did not ask for anymore discussion of the facts because it was clear on the law that the court could not do what she was being asked to do. Therefore they never went back and

revisited the facts since it was not necessary at that point in time, but yet the judge still made those comments.

Mayor Scruggs stated that this goes forward with an emergency clause which – the definition of emergency here is very different from that of our city charter. She said she would call for a vote on the motion to delay this for two weeks. And based on the questionable – well she still had a lot of questions. The judge said she was going to overturn it that sounds pretty serious. She would support the motion to delay consideration. So all those in favor please vote, aye, the motion failed. Ms. Hanna would you please read the ordinance by number and title. No, please read it in its' entirety.

Ordinance No. 2804 New Series was read in full “AN ORDINANCE OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF THE LEASEHOLD INTEREST WITHIN THE ARENA LEASE AND MANAGEMENT AGREEMENT WITH ARIZONA HOCKEY ARENA PARTNERS, LLC AND ARIZONA HOCKEY PARTNERS, LLC; AND DECLARING AN EMERGENCY.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF GLENDALE as follows:

SECTION 1. That it is deemed in the best interest of the City of Glendale and the citizens thereof to grant a leasehold interest within the Arena Lease and Management Agreement with Arizona Hockey Arena Partners, LLC and Arizona Hockey Partners, LLC. The agreement, in substantial final form, is now on file in the office of the City Clerk of the City of Glendale to the Exclusive Team Space, which is defined in § 1.1 of the Arena Lease and Management Agreement as “the portions of the Arena Facility designed and constructed for the exclusive use by the Team Owner, including the team locker room (the space in the Arena Facility designed and constructed for the exclusive use by the Team Owner as a home team locker room, including dressing, locker, shower, lounge, training, exercise and video coaching areas), the Team Owner’s office, the Team’s storage areas, and the Team Retail Stores.”

SECTION 2. That the City Manager and the City Clerk are hereby authorized and directed to execute and deliver said agreement and any ancillary documents or agreements and to do all such acts required to implement the purpose and intent of the leasehold interest therein on behalf of the City of Glendale, and to approve the substantial final form of the leasehold interest consistent with the forms now on file and the understanding of the parties, such approval to be evidenced by execution of such documents by the City Manager and the City Clerk.

SECTION 3. That the City and its residents will benefit from the management, use, and lease of the Arena under Arena Lease and Management Agreement, including the leasehold interest, by assuring a substantial, regular, and continuing utilization of the Arena, providing additional employment opportunities within the City, increasing the City’s tax base, and stimulating additional development on properties in the vicinity of the Arena Facility; and, therefore, this Council finds that the Arena Lease and Management Agreement provides a substantial public benefit.

SECTION 4. That, upon execution of the agreement, the City Clerk is hereby directed to forward a memorandum of agreement for recording to the Maricopa County Recorder's Office.

SECTION 5. Neither the members of the City Council of the City of Glendale nor any officer, employee or agent of the City shall be subject to any personal liability or accountability by reason of the execution of the agreement.

SECTION 6. Notice of A.R.S. § 38-511 is hereby given.

SECTION 7. Emergency Clause.

Whereas, the approval of the agreement will benefit the City of Glendale and its residents by protecting current public and private investment, encouraging incremental investment, and continuing to enhance the positive image of Glendale to residents and tourists.

Now, therefore, it is hereby determined by the Council of the City of Glendale that the immediate operation of the provisions of this Ordinance is necessary for the preservation of the public peace, health, and safety of the City of Glendale, an emergency is hereby declared to exist, and this Ordinance shall be in full force and effect from and after its passage, adoption, and approval by the Mayor and Council of the City of Glendale.”

Mayor Scruggs asked for any Council comments.

Councilmember Clark stated that a Glendale Republic piece dated June 6, 2012 stated that the onus is on council members who support this arena agreement to convince us why this particular deal is best for Glendale. She said that was exactly what she proposes to do now. She stated she was not going to review the tangible deal points of this agreement or the numbers related to keeping the Coyotes or letting them go. She said they speak for themselves and they do make the case to keep the Coyotes in Glendale. She would rather look at the intangibles, the things that could not go into the Pollack report. Therefore, she would like them to look at when a city loses an NHL team. According to Jim Sargent, Executive Assistant to the Hartford Connecticut City Council President, Hartford is a community of 124,775 people which is half the size of Glendale and the third largest city in the state of Connecticut. In 1997, the Hartford Whalers, their NHL team left. Mr. Sargent said it was devastating to downtown Hartford. They acquired a minor league hockey team as a replacement. However, it did not draw nearly the same number of fans. There was a civic center mall attached to and dependent upon their arena which shut down completely within a few years. The businesses could not survive without the major league hockey team and the influx of traffic it brought to the area on a guaranteed and regular basis. She said the ever popular McDonald's closed its doors and complexes dried up as the restaurants and hotels in the area died. The surrounding property values declined and the sales tax and property tax generated by that area declined substantially. They learned the hard way that their current replacement arena activity was no substitute for a professional sports team. In fact, Hartford once again is planning to update the arena and acquire an NHL team for their city. She noted there was a lesson to be learned there.

Councilmember Clark stated that according to a study conducted by ESI Corporation in 2008 and figures the Mayor and Council found reasonable to use as part of a December 2010 Council

discussion of the previously failed Hulsizer lease agreement, the annual regional economic impact of the Coyotes and Jobing.com arena is substantial with 750 jobs in Maricopa County and approximately \$20 million in wages. There have been \$4.5 billion in indirect business taxes for Glendale, Maricopa County and the state. She explained that the loss of the Coyotes as an anchor tenant would result in the loss of 40 major event nights per year at the arena. The Pollack study as was discussed yesterday and today, states that it is highly unlikely that the arena would be able to generate the same number and quality of replacement events. There are those who say let the Coyotes go and they will hire their own management company and I bet they can fill that arena with 100 events a year. According to an audit of the University of Phoenix Stadium, the reported number of events hosted and the non-foot event attendance has declined each year since it opened in FY 2007. The audit predicted additional declines in FY 2011 and beyond. Their goal was down to 100 events a year and they have hired a second management company to help them reach that goal. She noted that a few weeks ago Mayor Scruggs and Councilmember Lieberman met with a start-up event management group which has been in existence for two or three months. She stated that group requested \$7.5 million to promote just 25 events in the arena. Therefore, the Jamison deal for the proposed \$17 million for 40 guaranteed nights of hockey plus additional events is not so unrealistic.

Councilmember Clark commented on the Hulsizer deal which she voted against and Mayor Scruggs voted for. She stated the Mayor championed that deal stated that the hockey league game attendance was 609,907 in 2009. She would like to share a few comments the Mayor said at that 2010 meeting. The Mayor explained that those fans spend money all around the Westgate area. The Mayor specifically asked if the figure of \$8 million to \$13 million dollars was the estimated amount generated by the 40 games the Coyotes played. Mr. Art Lynch, their Finance Director at the time, replied yes. The Mayor went on to say she was disappointed but not surprised that actual facts presented repeatedly have been ignored and misinformation continues to spread. Councilmember Clark said the Mayor went on to explain the reasonable thing to do is to allow for success. However, 18 months later those sentiments remain true and the most reasonable thing to do now is to allow for success.

Councilmember Clark explained that in an early time in history Arrowhead was a failed dream. She explained the history of Arrowhead and how the Mayor at that time had a vision and followed through even though the first attempt failed. She said the city poured millions of dollars and much effort into that project making it a success and making the vision come true. She stated Glendale was on the verge of recovery and predicts that four to five years from now Glendale will be booming again. She said Glendale will bounce back by keeping the vision for the Westgate area alive with the Coyotes as an anchor tenant. Glendale will continue to grow and to thrive by attracting more new Westgate arena developments. She commented on the new businesses coming to the area because they see the future with Westgate. She believes they have an opportunity to build a relationship between the city and the Jamison Group that will benefit them both and looks forward to that opportunity. She believes the Jamison Group is a good fit for their arena. Mr. Jamison has proven experience in this field and has demonstrated what he can do in San Jose and believes he can and will bring success to Glendale. She explained part of the agreement was that in 5 years the Jamison Group has the option of buying the arena and with that the city will be released from paying any more bond debt for the arena or an annual management fee. She does not know if that will happen but that option was available. She will

be voting for this Coyotes deal since it was part of Glendale's vision for the west area of town and good for Glendale.

Councilmember Martinez stated Councilmember Clark did an excellent job of stating his position and he wholeheartedly agreed with her comments. He commented on the Pollack analysis that concludes the city will be better off with the Coyotes staying even without the revenues from the Westgate development. He remarked on the economic cycles that have occurred recently bringing the city to this point. He explained that a lot of the things they were facing now was not because of the management fee but because the economy has been bad. However, he believes things will come around and get better. He believes Tanger was going to be a catalyst for what is to come on the west side. He remarked that in the short term the city had to cut back to get through, however, in the long term there will be much gain to bring them back to where they should be and can be. He has heard of at least three businesses that will leave the area should the Coyotes leave. He thanked everyone involved in this matter especially all who came to speak today. He also thanked the Cholla residents for their support during these proceedings. He noted that in his estimation, less than 1% have contacted him in calls and emails on this matter. In conclusion, this was an easy decision to support this because for the long term and future of the city of Glendale, this was something they really should do and must do. He will be supporting this agreement.

Councilmember Knaack asked to address the statement that they were not taking enough time on this matter. She explained the Council and city have been involved in this for the past four years now with the same issue. She noted they all had time to review it and ask questions and does not agree with the statement that they were not taking the time on this agreement. She commented on Mr. Lynch's comments regarding the history of Proposition 2 which passed with 85% approval for the development in the west. Therefore, she still believes in the vision and will not abandon it and believes the economy will go up and down forever. Currently, they were in a down time but it will definitely get better. She said to abandon that vision now will hurt Glendale for decades to come. She commented on the revenue opportunities that were not talked about which estimated the surcharge on tickets was about \$60 million over the lifetime of the lease, \$13 million in rent over the term of the lease, 15% naming rights from anywhere from \$4 to \$10 million, and city sales tax was estimated to be an additional \$30 million over the term of the lease. She believes if the Coyotes leave that whole area will be hurt and business devastated. She noted that even with the many issues still being worked on, she still feels good about this deal and will support it.

Vice Mayor Frate commented on the many negative things being written about Glendale going bankrupt which many of the things written never happened. However, these are the type of things that scare people and make them start doubting the city. He commented on an incorrect story that appeared in the newspaper regarding Glendale being stuck with \$20 million in bonds because of bad decisions. He asked if it was permissible for Mr. Lynch to come up and explain the comment about the city being bankrupt.

Mayor Scruggs stated that she didn't think that at this point during the explanation of vote, it would be appropriate to bring anyone up. She asked the city attorney if during the explanation of

vote, is it appropriate to bring up a consultant to speak or make a presentation. Mr. Tindall replied no.

Vice Mayor Frate stated he may possibly ask him for item two. However, if any were watching yesterday's workshop, Mr. Lynch explained this issue and remarked that was not the case. He commented on all the negativity and citizens trying to stir up the community, they have not seen that from the majority of the citizens. He remarked on all the incorrect information being floated out there by the opposition to the deal. He stated people were upset the city was raising taxes so it was convenient to blame the Coyotes deal. He said the Jamison deal was good for Glendale and he will support it. He will vote for this deal because of the information provided and not from any emotional reason...

Councilmember Lieberman stated they had heard many numbers today and not all have been accurate. He commented on the city's willingness to spend money as well as the city's dwindling GF. He explained if the city pays \$12 million a year debt service in 20 years that is \$240 million. He said Mr. Jamison wants to add \$300 million to that which comes to \$500 million dollar for the next 20 years on the arena. He commented on Councilmember Clark's remarks on the meeting he had with a prospective promoter for the arena and provided the figures which say it can produce revenue for the city. He remarked on the city's baseball fields in Phoenix and the original loan of \$199 million. He said the curious thing was that those five years of payments did not lower the principal one bit. They still own \$199 million and 100% of the \$60 million went to interest. He noted the budget was built on the sales tax increase and won't be balanced without it. He added he will vote for the Coyotes if the Council votes against the sales tax increase which is impossible since they were \$35 million short. He stated the sales tax increase was going to hurt business and the citizens of Glendale since he can drive across the road and purchase items in other neighboring cities. He noted the many businesses that were against this tax and were trying to get a referendum started. He read some letters he received thanking him and Councilmember Alvarez from citizens opposing the sales tax increase and opposing the Coyote deal. He explained when the Council will vote for the sale tax since they cannot pay their bills without it.

Councilmember Lieberman commented on the Rick Burton matter. He does not believe he owes us the \$20 million. He explained that Rick Burton agreed to finance Main Street. He said that Main Street was going to provide the sales taxes necessary to pay the \$13 million a year debt service on the baseball fields. Consequently, Rick Burton declared personal bankruptcy before the project even started. In closing, he cannot vote for this since he was worried about their financial future. He stated the city only had \$2 million in reserves which was not very much. However, Glendale has been very good to him. He said he has lived in Glendale for almost 50 years and has had very successful businesses in town. His attendance record for city meetings was 431. He thanked everyone for listening to his comments.

Mayor Scruggs commented that first of all she would like to begin by just stating, as she did earlier, that every one of us up here has the same goal in mind and that is to do what is best for the city, absolutely. Council sees getting there in different ways but they all have exactly the same goal. And she was not going to go any further than that but Councilmember Clark made some comments and she guessed old habits die hard after 20 years. So she first wanted to

address some of those comments. Councilmember Clark spoke about Councilmember Lieberman and the mayor meeting with a group, it's called the Phoenix Monarch Group and Mr. Art Jiminez happened to just walk in after the very abbreviated reflection was finished on that. She continued that it was characterized in such a way that made it sound like Councilmember Lieberman and Mayor Scruggs were going behind Council's back and meeting with somebody in trying to –

Councilmember Clark interjected she did not say that.

Mayor Scruggs stated that the way it was phrased and the impression she got was otherwise. Mr. Jiminez and his friends have just incorporated in April of this year and she asked them about that. They have all been in various aspects of entertainment programming over the years and they have come together in a new group. They are personal friends of Councilmember Alvarez who really wanted Council to meet with them and personally stated she wanted Mr. Beasley in the meeting. He chose not to come but Mayor Scruggs had invited Mr. Skeete who was there because she wanted to make sure that the councilmember present expressed correctly that they were not at liberty to enter into any negotiations or discussion or anything with Mr. Jiminez and the three partners that he brought with him. Also the \$7.5 million that he was seeking – evidently somebody gave Councilmember Clark some of the information maybe not all of it or you didn't read it all. But what he wanted to do was to partner with the Jamison Group in the arena management businesses. And in order to make sure that we stated things correctly Mayor Scruggs asked Mr. Beasley to come in, he was not available so we asked Mr. Tindall who came in and explained that at that point in time there was no way to amend the lease – she believes what they were asking for was an amendment to the lease that's being considered here so that they could be involved. But if the Mayor remembers correctly 91% of all revenue gained from any events that they booked would be given to the city of Glendale is what it came down to. And that's those very large numbers that the Councilmember was talking about. They have a totally different model where they would be requested and pool money from which to draw once the city agreed on an event. It's very complicated if you'd like to know about it, Mr. Jiminez is sitting back there and I'm sure he'd be happy to talk to you.

Mayor Scruggs continued that Councilmember Clark referenced the Hulziser deal and that the Mayor had supported it and sort of made it sound like she was the only one, that she cheerleadered it. No. Mayor Scruggs supported it as she did every other deal brought to us by our management team. The Council never went out and negotiated any of these other deals. Council never negotiated them so yes the Mayor did support it. She continued that she also supported everything brought forward by the management team because what they told Council and they said after months of negotiations, their representation was that this was a good deal for Glendale, a good deal for us to move forward, the best thing to keep the Coyotes in place. And, in fact, that in believing so much in what the Mayor was told by staff, that she subjected herself and she wanted to cite Mr. Tindall for being willing to go before the firing squad with her. She continued that they went and met in an extraordinarily unpleasant meeting with the Goldwater Institute and defended what they believed was a good agreement for the city. Shortly thereafter it seemed that this was not a good deal that was represented to us that in fact our bond rating was about to be lowered if the city went forward with it. And of course the city did go forward with

it but the bond rating had been lowered anyway just like it is – just like Moody’s said they would lower it again if the city continues in these sports deals.

Mayor Scruggs commented that she wanted to explain that yes she did support it – she supported every one of the deals that came forward or not. She recalled that there was one were management said no this is bad you don’t want to support them. 18 months later yes, 18 months later things are very, very different and she spoke with Commissioner Bettman and thanked him for all the years of working together and like Councilmember Clark, she just wished the Coyotes could keep playing here forever. She believes it is the best thing and it’s great for all of us and so forth. But the reason she won’t support it is strictly due to city finances at this point in time. She has a lot of other things she would like to say. She listened to everything Ms. Mahon said. Mayor Scruggs continued that she would like to respond to Representative Weiers and Mr. Opaska about the issue that they brought up about timing but she knows that time is running late. She wanted to comment on what is the most important thing for her.

Mayor Scruggs stated that she did try and go through this Pollack report in the 30 minutes they had but didn’t get too far. But she will say that this is just not anything she would base her vote on. Mr. Birnbaum said in the last analysis that he takes everything that is presented and different assumptions and Elliot Pollack’s team has one set of assumptions and others would have another set. And the assumptions are picked that are going to get to the best place 20 years into the future. And there are so many exclusions on these that she just really would not rely on these at all. There is a limited data base, people refused to answer questions, no industry wide benchmark of operating expenses. Every arena venue is different than another one in term of management accounting number of teams. Tenants and events comparison do not take into consideration a number of things. And then it goes to the very, very end and there is a disclaimer and assumptions and those are always very interesting. And it definitely says that estimates about historical future expense, occupancy, net cost, cash flow or projections are intended solely for analytical purposes and are not to be construed as predictions of the future outcome by TL Hocking. TL Hocking reserves the right to such adjustments in the analysis, opinions and conclusions and it goes on and on.

Mayor Scruggs stated that what she was going to use unless Mr. Skeete tells her that this is no longer valid. This was presented to Council at the last budget workshop, and asked if he recognized this page? She referred to the chart on the page. This chart is the revised 5 year forecast with 7/10th of a cent sales tax increase. This agreement with the Jamison Group or anybody else that might come along will not be possible unless the city raises the sales taxes in this city. Council heard about three businesses who said they are going to close up in Westgate if the Coyotes leave. What are they going to do when the Coyotes go on strike? That might very well happen in just a few months but how about the other businesses that are going to be hurt? She asked if anyone recognized that 32% increase in sales tax – it’s not just was the city willing to shop there as consumers and pay that but what does it do to those businesses that are so non-competitive. It would be one thing if the city were in an area where there is a cluster of smaller cities in the valley that have yet to develop. Buckeye they did a temporary sales tax increase raising it to 3%. You can’t survive falling off the cliff. Everyone knows that just by watching the state budget. Okay the state – everyone all went and voted and the majority voted in a 1 cent sales tax increase to pay for education for three years only, and that was put in the Constitution

so that the legislature or governor can't extend. So what is happening now, people have qualified for the ballot in November of 2012 and will ask voters to vote in a 1 cents sales tax. Because entities get used to that spending and the only reason that you go and you get that increase is because you can't meet your expenses. So if you have no new forms of revenue there comes the cliff and you fall off. There is no plan to take care of this cliff here in Glendale. So the city is going to hurt a lot of businesses and she believes you referred to – or maybe it was Councilmember Knaack the automobile dealers. And there is a proposal or there are negotiations going on with the city staff for an exclusion clause. The city staff has one proposal, the automobile dealers are not satisfied with it and they are looking for something different. Basically what will happen is that there will be an exclusion of the increase tax on purchases of above \$5,000 dollars. And that is good, that's fair the city wants the car dealers to keep selling because to the west is Peoria with 1.8% and to the east is Phoenix with 2%. Glendale is already higher with 2.2%. The city is going to raise it to 2.9% on them? They may be able to sue us for killing their business, she doesn't know.

Mayor Scruggs continued that there was a proposal being discussed and after this budget is approved with the 7/10th percent increase next week, then the city was going to be presented the proposal to lower the tax on those purchase of \$5,000 or more. What it will do is it will take roughly \$800,000 to a \$1 million of sales tax out of this budget that Council will be voting on next Tuesday night. Well this budget that Council would be voting on already would not begin to build the GF balance for years. Now the city is going to take away another million dollars. Well she thinks another million dollars would need to be taken away in expenses. The point is the city doesn't have to include \$17 million dollars in expenses. Mayor Scruggs continues that another thing that kind of troubles her about this budget is – the revenue growth is projected each year to be a little over 3%. Well the management fee to Jamison will go from \$17 million to \$20 million in one year. She calculated that to be about 3%. She continued that the city would be going from \$17 million to \$20 million but the revenues are not going to grow that much. Another thing that is interesting in here is even though this chart shows revenue going up which she thinks there is a big chance they won't, if the sales tax increase is put through – it doesn't show expenses going up. Expenses are just kind of flat except for the MOU expenses, otherwise expenses stay pretty flat. That's pretty much impossible to do. And also in the fifth year here, there is an incorrect figure; it says \$15 million dollars for the arena management fee. She believes its \$17 million for one year and \$20 million for four years. So the city is \$5 million dollars short over here in FY 2017 when it is still projected to only have \$11 million dollars in what is called the rainy day fund.

Mayor Scruggs commented that the financial guidelines in this city for all the years that she had been here up until last year was that there would be 10% in reserves. So, that means the city should be having somewhere between \$14 and \$17 million. The account currently stands at \$2.1 million, which is a little over 1%. When this chart was done which was for a meeting in April or May, the city had \$4 million but there was a lawsuit that was decided not in the city's favor and that was cut in half immediately. That's how quickly the GF contingency can go away. She continued that she had been trying to find out what happens when a city doesn't meet its debts. She would say bankruptcy because that is really offensive to you and to others but when a city can't meet its debts and she asked management and had not received an answer so she had been asking on her own and pretty much what she was told is if the community has the authority to

raise sales taxes on its own, it must. It must raise its taxes to cover its debts. How high is the city of Glendale going to go while waiting for as Mr. Jamison said, eventually it can come together? Can the city wait for eventually? Is the city going to have a sales tax rate of 3%, 3.2%, and 3.5%, if the city is ordered by the courts to raise the sales tax because, remember these debts are all backed with sales taxes. You raise your taxes higher, the business drops off because people say “I have my own friends down the way; you’re going to go ahead and raise that sales tax?” Well we’ll just get on the 101 and we will go to the Costco over there by 27th Avenue. So it’s just as fast to get there as it is to get to 79th Avenue. Mayor Scruggs continued that the objection she was going to have was the many things that concern her. She was worried, even though Mr. Tindall says, you know nothing to worry about, but she is kind of worried about this contempt of court and vetting the deal, whatever. But the main reason really is, the city just cannot afford this, even though the city wants it desperately. She remembers all through her married years and her daughter growing up, people remember themselves, and how they always wanted a lot of things, wanted them real, real bad. But they couldn’t always have them, could they? And so based on an analysis that says “well you know we really couldn’t find anything to compare it to and this is just kind of our best estimate but mostly it’s based on the fact that the city has to raise the sales tax 32% on all the businesses in order to keep this one business. She believed as Councilmember Lieberman brought up there will be a referendum on that tax. What happens then? And that is what she told Commissioner Bettman and Deputy Commissioner Daly, as much as she wants it, the NHL is looking for certainty, and she doesn’t think there is certainty here in Glendale. The budget will be passed with a sales tax which there is a very, very high likelihood there will be referendum on in November and then what happens? The city will have entered into a contract and doesn’t have the money to pay the bills. She commented that everyone had been very patient and Council appreciates everything you’ve done. Mayor Scruggs said that Councilmember Lieberman says it’s time to have a break so she will just call for a vote on the ordinance and then come back and do the resolution.

It was moved by Knaack, and seconded by Martinez, to approve Ordinance No. 2804 New Series. Motion carried on a roll call vote, with the following Councilmembers voting “aye”: Clark, Knaack, Martinez, and Frate. Members voting “nay”: Lieberman and Scruggs.

A recess was taken at 4:00 p.m.

The meeting reconvened at 4:10 p.m.

RESOLUTIONS

2. ARENA LEASE AND MANAGEMENT AGREEMENT AND NONCOMPETITION AND NON-RELOCATION AGREEMENT WITH ARIZONA HOCKEY ARENA PARTNERS, LLC AND ARIZONA HOCKEY PARTNERS, LLC (RESOLUTION)

Ed Beasley, City Manager, presented this item.

This is a request for City Council to adopt a resolution authorizing the entering into of the following agreements with Arizona Hockey Arena Partners, LLC and Arizona Hockey Partners,

LLC for the use of the city-owned Jobing.com Arena by the Phoenix Coyotes: (1) Arena Lease and Management Agreement and (2) Noncompetition and Non-Relocation Agreement.

In 2001, the City of Glendale entered into an Arena Development Agreement, an Arena Management and Use Agreement (AMULA), and a Mixed-Use Development Agreement (MUDA) with Arena Management Group, LLC, Coyotes Hockey, LLC, Glendale 101 Development, LLC, and Coyote Center Development, LLC. The purpose of these actions was to create a high-quality major economic center in Glendale, consisting of offices, hotels, entertainment, retail and restaurants.

Unexpectedly, in May of 2009, the former team owner Coyotes Hockey, LLC and its affiliated entity, Arena Management Group, LLC (collectively referred to as the “Coyotes”) filed for federal bankruptcy protection. The city’s investment was meeting financial projections and attracting economic development to the area until the Coyotes were thrust into bankruptcy. During the bankruptcy proceedings, the National Hockey League (NHL) purchased the assets of the Coyotes but did not assume the Arena Management, Use and Lease Agreement.

For the past three years, under the direction of Council, the city has been actively working with the NHL and potential buyers of the Coyotes to structure a deal that would keep the team in Glendale.

Council established criteria for negotiations with potential buyers of the Phoenix Coyotes including:

- Keep team in Glendale for the full length of lease
- Keep current arena revenues in tact
- Provide opportunity to share in revenue streams, when feasible

The NHL has established the value of the team at \$170 million. The current selling price of the team is a result of existing issues beyond the city’s control.

According to a study conducted by ESI Corporation in 2008, the annual regional economic impact of the Coyotes and Jobing.com Arena is substantial:

- 750 jobs in Maricopa County and \$20 million in wages
- \$4.5 million generated in indirect business taxes for Glendale, Maricopa County and the state

The loss of the team as an anchor tenant would result in a loss of at least 43 major events per year at the arena. In addition, it is highly unlikely that the arena would be able to generate the same number and quality of replacement events. Analysis conducted by independent outside experts concludes that the financial position of the city with the team will be better than managing the arena without the team.

A summary of the main points from the draft arena agreement include:

- The NHL team stays in Glendale for 20 years, the same amount of time remaining on the original bonds for the arena.

- The city receives 15% of the naming rights revenue for the arena, estimated between \$4 million and \$10 million over the life of the agreement.
- The city does not issue any new debt.
- The city pays an average arena management fee of \$15 million per year.
- Analysis conducted by independent outside experts concludes that, in their opinion, the deal:
 - Meets the constitutional test against gifting by the city.
 - The financial position for the city with the team in place will be better than managing the arena without the team.
 - This conclusion was arrived at without the inclusion of any revenue from the Westgate development, which is expected to at least double over the life of the team's stay.

Mr. Greg Jamison of Arizona Hockey Partners, LLC has reached an agreement with the city and is seeking direction to move forward to finalize documents. Mr. Jamison will move forward with the NHL to finalize the sale. Mr. Jamison has demonstrated success as an investor and business owner and has a high level of familiarity with hockey.

On May 10, 2011, Council adopted a resolution extending the management agreement between the City of Glendale and the NHL, to satisfy the NHL's requirements in order for the NHL Phoenix Coyotes to remain in Glendale during the NHL 2011-12 hockey season.

On December 14, 2010, staff brought forward an Arena Lease and Management Agreement and a Use and Non-Relocation Agreement with Arizona Hockey Arena Holdings, LLC and Coyotes Newco, LLC. The potential buyer did not move forward with plans to purchase the team.

Staff brought forward an MOU to Council for potential buyers of the Phoenix Coyotes on April 13, 2010 and June 8, 2010. Neither potential buyer moved forward with viable plans to purchase the team. Thus, on May 11, 2010, Council authorized an agreement with the NHL to retain the team in Glendale for the 2010-11 season while city staff completed the necessary negotiations with potential new owners.

The recommendation is to read in full the resolution authorizing and directing the execution and delivery of the following two agreements: (1) Arena Lease and Management Agreement; and (2) Noncompetition and Non-Relocation Agreement for management and use of the city-owned Jobing.com Arena by the Phoenix Coyotes and, thereafter, adopt a resolution authorizing and directing the execution and delivery of the following two agreements with Arizona Hockey Arena Partners, LLC and Arizona Hockey Partners, LLC: (1) Arena Lease and Management Agreement and (2) Noncompetition and Non-relocation Agreement.

Mayor Scruggs called for public comment.

Ken Jones, an Ocotillo resident, commented on the many times he has been before the Council on these matters. He remarked that many Coyote fans were from out of town and were not paying their fair share. He questioned where the fans coming to Glendale spend their money.

Janice Reed, a Sahuaro resident, submitted a card to speak, but was not present when called.

Diane Douglas, a Sahuaro resident, stated that a majority of this Council have forgotten they represent the citizens and instead seem to believe that Council rules them. She expressed her concerns with the gift clause issue as well as the city not being transparent and forthcoming with the proposed sale agreement. She explained that even in the school district there were rules about gifts being given to teachers. She disagrees with the idea that this deal will be good for Glendale and the generations to come. She believes this deal will only leave the tax payers with a lot of debt. She stated the city was rushing this deal the citizens have not had a chance to have their voices heard. She said the citizens deserve better from their elected officials. She said her hope was for the Council to at least slow the deal. She thanked the Council for their time and service but was very disappointed in these developments.

Arthur Thruston, a Cactus resident, restated the Council won the fight with the deal and he was now on their side. He commented on Mr. Jamison's lack of information on his investors. He congratulated Vice Mayor Frate on being selected as Vice Mayor again. He remarked on Mr. Beasley's retirement and added he could not really say whether he was a really good city manager or not. However, he wants to wish him luck in his retirement. He congratulated the Coyotes staying in Glendale.

Brooke Kowacz, a Yucca resident, stated her support for the Coyotes and cited their recent winning streak. She thanked Vice Mayor Frate, and Councilmembers Martinez, Clark, and Knaack for their support of the Coyotes and for keeping to their vision of what Jobing.com arena can be for Glendale. She thanked Mr. Beasley for his years of service.

Warren Brannoch, a Sun City resident, stated that by listening to the proceeding today, he believes the Council and citizens still need more information. He suggested letting the citizens of Glendale decide whether the team stays or leaves in an election. He agreed with the remarks that they need more time and the deal was being rushed. He added he would like the city to release all information that was available.

Darrold Larson, a Cave Creek resident, submitted a card to speak, but was not present when called.

Francine Romesburg, a Barrel resident, submitted a card to speak, but was not present when called.

Councilmember Clark stated that everybody turned to the University of Phoenix as if it was the Holy Grail of management. She would like to share a few facts on that stadium. The Cardinals pay \$250,000 a year for rent and it goes up 2% every year and the Jamison deal starts at

\$600,000. She said operating revenues and expenses for the University of Phoenix stadium as of 2010 were revenues of \$23.2 million, less stadium expenses of \$28.2 million. Therefore, their operating loss before depreciation and authority operating expense is \$5 million.

Councilmember Clark noted this was Mr. Beasley's last day and she wanted to thank him personally for his years of service and commitment to the city of Glendale. He has been an excellent city manager. She said he was the man they needed for the past 10 years to help Glendale grow and become the city it is today. She personally wished him and his family the very best in the years to come.

Resolution No. 4578 New Series was read in full, it being A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF THE FOLLOWING TWO AGREEMENTS: (1) ARENA LEASE AND MANAGEMENT AGREEMENT WITH ARIZONA HOCKEY ARENA PARTNERS, LLC AND ARIZONA HOCKEY PARTNERS, LLC; AND (2) NONCOMPETITION AND NON-RELOCATION AGREEMENT WITH ARIZONA HOCKEY PARTNERS, LLC AND ARIZONA HOCKEY ARENA PARTNERS, LLC.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF GLENDALE as follows:

SECTION 1. That it is deemed in the best interest of the City of Glendale and the citizens thereof that the following two agreements be entered into: (1) Arena Lease and Management Agreement with Arizona Hockey Arena Partners, LLC and Arizona Hockey Partners, LLC; and (2) Noncompetition and Non-Relocation Agreement with Arizona Hockey Partners LLC and Arizona Hockey Arena Partners, LLC. The agreements, in substantial final form, are now on file in the office of the City Clerk of the City of Glendale.

SECTION 2. That the management, use, and lease of the Arena under the Arena Lease and Management Agreement will benefit the City and its residents by assuring a substantial, regular, and continuing utilization of the Arena, providing additional employment opportunities within the City, increasing the City's tax base, and stimulating additional development on properties in the vicinity of the Arena Facility; and, therefore, this Council finds that the Arena Lease and Management Agreement provides a substantial public benefit.

SECTION 3. That the City Manager and the City Clerk are hereby authorized and directed to execute and deliver said agreements and any ancillary documents or agreements and to do all such acts required to implement the purpose and intent of the agreements on behalf of the City of Glendale, and to approve the final form of the agreements, consistent with the forms now on file and the understanding of the parties, such approval to be evidenced by execution of such documents by the City Manager and the City Clerk.

SECTION 4. That, upon execution of the agreements, the City Clerk is hereby directed to forward a memorandum of agreement and the Noncompetition and Non-Relocation Agreement for recording to the Maricopa County Recorder's Office.

SECTION 5. Neither the members of the City Council of the City of Glendale nor any officer, employee or agent of the City shall be subject to any personal liability or accountability by reason of the execution of the agreements.

SECTION 6. Notice of A.R.S. § 38-511 is hereby given.

It was moved by Martinez, and seconded by Clark, to pass, adopt and approve Resolution No. 4578 New Series. The motion carried. Aye votes: Clark, Knaack, Martinez and Frate. Nay votes: Lieberman and Scruggs.

CITIZEN COMMENTS

None.

COUNCIL COMMENTS AND SUGGESTIONS

Councilmember Clark recognized Mr. Beasley's last day and thanked him for his service.

Councilmember Lieberman thanked Mr. Beasley for his service and has enjoyed the time he spent with him working for the city. He realizes there have been many changes in the city; however, he can leave with his chin and shoulders up and be proud of what he has accomplished in Glendale. He said he was simply a phone call away if he ever needed anything.

Vice Mayor Frate thanked everyone that attended these meetings as well as those that emailed and left phone messages. He commented on some people who mentioned people's characters and hopes they keep things civil. He thanked the presenters for their presentations today. He was happy to see the people running for elected office here today as well. He also thanked Mr. Beasley for his years of service to the city. He noted that in the 12 years he has worked with him, he has always been respectful and a gentleman. He reminded everyone to watch children around water.

Councilmember Martinez thanked Mr. Beasley for his service to the city. He noted the most exciting periods in Glendale's history were under his leadership. He expressed gratitude for all the accomplishments that have happened in the city during his tenure. However, now they were going through some difficult times and he has helped them weather the storm. He said it had been a pleasure working with him and wished him the best of luck.

Councilmember Knaack thanked everyone for staying the course through this long meeting. She thanked Mr. Birnbaum for his presentation and added it had been a pleasure listening to him explain the situation in such a professional way. She also thanked Mr. Beasley for his service. She thanked him for his professionalism as well as his availability.

Mayor Scruggs asked Mr. Tindall about a procedural question. Vice Mayor Frate has a potential motion regarding a missing Councilmember but it is not clear if it is posted to make that motion.

Mr. Tindall noted it might be best to make the excuse of absence for Councilmember Alvarez at the next meeting.

Mayor Scruggs stated okay, very good. She reminisced about Mr. Beasley when he first started, he had his daughter Britney and she thinks, Edward had he just been born? She remembers he was just a little baby at that time, and she understands now he is going off to college in a week or two now. And Britney is already in college and so his other two came along during that time. Isn't that amazing? It's just absolutely amazing. Mayor Scruggs commented that her own daughter was in middle school and it's hard to believe so many years have passed. She continued that he has a great family and he would be enjoying a wonderful retirement with them. She commented that everyone is looking forward to retirement at this time. She thanked him very much. Mayor Scruggs stated that she appreciated everybody's comments. And she said this before and most of the people are gone, but she sits up here and she is just continually amazed at how articulate everybody is, how well they present what they had to say, she knows it's not easy to stand at that podium and hats off to everyone. Thank you meeting is adjourned.

ADJOURNMENT

There being no further business, the meeting was adjourned at 4:53 p.m.

Pamela Hanna

Pamela Hanna - City Clerk