



**MINUTES OF THE
GLENDALE CITY COUNCIL SPECIAL MEETING
Council Chambers
5850 West Glendale Avenue
July 2, 2013
7:00 p.m.**

The meeting was called to order by Mayor Jerry P. Weiers. Vice Mayor Yvonne J. Knaack and the following Councilmembers were present: Norma S. Alvarez, Samuel U. Chavira, Ian Hugh, Manuel D. Martinez and Gary D. Sherwood.

Also present were Richard Bowers, Acting City Manager; Horatio Skeete, Assistant City Manager; Nick DiPiazza, Acting City Attorney; and Pamela Hanna, City Clerk.

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

Mayor Weiers asked Mr. Bowers if he was administratively removing Items 4 and 5 from the agenda. Mr. Bowers replied that he did wish to remove Items 4 and 5 regarding billboards from the agenda.

ORDINANCES

1. SERVICE AGREEMENT WITH SW GENERAL, INC. FOR EMERGENCY MEDICAL TRANSPORTATION

PRESENTED BY: Mark Burdick, Fire Chief

This is a request for Council to waive reading beyond the title and adopt an ordinance authorizing the City Manager to enter into a service agreement with SW General, Inc., dba Southwest Ambulance (Southwest Ambulance), for the purpose of emergency medical transportation.

Chief Burdick said the re-negotiated contract will enhance the level of service provided and generate additional funding for the Fire Department to provide additional medical services. Chief Burdick discussed the items in the contract more specifically.

Councilmember Alvarez asked if the overtime reimbursement, which will be paid by Southwest Ambulance is going into the general fund or directly to the Fire Department. Chief Burdick said all funds go through the general fund when they are received, but would eventually go back to the Fire Department. Councilmember Alvarez asked several questions regarding overtime costs and ambulances the city owns.

ORDINANCE NO. 2854 NEW SERIES, WAS READ BY NUMBER AND TITLE ONLY, IT BEING, AN ORDINANCE OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE AN EMERGENCY MEDICAL TRANSPORTATION SERVICES AGREEMENT WITH SW GENERAL, INC., dba SOUTHWEST AMBULANCE, FOR EMERGENCY MEDICAL TRANSPORTATION SERVICES; THE LEASE OF SPACE AT FOUR FIRE DEPARTMENT STATIONS; THE LEASE OF THREE CITY-OWNED AMBULANCES; AND THE DEDICATION OF CITY-EMPLOYED PERSONNEL TO JOINTLY STAFF FOUR AMBULANCES.

Councilmember Sherwood asked to amend Ordinance No. 2854, as it was important for the public to fully understand what the city is doing. He also said Ordinances should be reasonably self-contained and suggested the following changes. The second clause in section 1 to read, "Lease of three city-owned ambulances to Southwest Ambulance for \$108,000 annually," and amend the third clause of section 1 to read, "And the dedication of city-employed personnel for joint EMT and paramedic staffing for four ambulances for which the city will be fully reimbursed by Southwest Ambulance."

Councilmember Alvarez asked if an Ordinance had to be posted for 72 hours if changes were made to it. Discussion was held with Mr. DiPiazza regarding the changes to the Ordinance. He said the changes were relatively minor and the Ordinance was properly posted.

Mayor Weiers asked if Southwest Ambulance was in agreement with the changes. Chief Burdick said he could not speak for Southwest Ambulance, but he did not see any issues.

It was moved by Councilmember Sherwood, and seconded by Vice Mayor Knaack, to approve Ordinance No. 2854 New Series with amendments. Motion carried on a roll call vote, with the following Councilmembers voting "aye": Alvarez, Chavira, Hugh, Knaack, Martinez, Sherwood, and Weiers. Members voting "nay": none.

2. PROFESSIONAL MANAGEMENT SERVICES AND ARENA LEASE AGREEMENT WITH ICEARIZONA MANAGER CO., LLC AND ICEARIZONA HOCKEY CO., LLC
PRESENTED BY: Richard Bowers, Acting City Manager

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

Mr. Bowers said the city has been working for the past four years on a deal to keep the Coyotes in Glendale. Mr. Bowers explained in detail his concern over the level of risk that RSE expected the city to take on and the city's reluctance to take on that risk. He discussed RSE's refusal to give the city an early termination clause in the contract, and he said he believed this was a bad business deal for the city.

Mr. Nick Wood, Snell & Wilmer, attorney for RSE, first said the name of the team would be changed to the Arizona Coyotes. He said attendance at the games has continued to increase, despite the recession. He said an urban core is being built here. He discussed potential effects of the loss of the team. He spoke about enhancing existing revenues to the city and creating new ones which included a ticket surcharge, rent for exclusive team areas, parking fees and naming rights. He talked about the reliability of the revenue projections RSE has made. He said they have tried to be conservative in their projections, but they are still an educated guess. He said each party to this contract must have manageable risk. No one will get everything they ask for. He said giving the city a five year opt out clause is not something they can accept. He said they will bring on Global Spectrum as a subcontractor to assist managing the arena and they bring with them entertainment clout. With Global Spectrum in the picture, RSE is proposing if they end up leaving at the end of five years, they have to make the city whole for the losses the city may incur. He said the city now has the equivalent of any of the four bidders for the RFP, as well as the Coyotes. He also reiterated that the NHL has agreed to let the city pay the \$25 million owed over the next five years. Mr. Wood introduced his client, Mr. Anthony Leblanc.

Mr. Anthony Leblanc said this agreement is in the best interest of the city and its citizens. He spoke about the leaders in the Coyotes team. He talked about the benefit of having Global Spectrum on board with this deal. He spoke in detail about the recent changes in the deal and the revenue potential to the city. He said this is a great market for hockey and gave a couple of examples, and he and his team are committed to this metropolitan area. He said they are guaranteeing the city that its revenues will be no less than \$45 million over the first five years. If the revenues to the city are not \$45 million, IceArizona will pay the shortfall to the city to exercise its out clause. He listed the members of his investment team as follows: Avic Day of Houston, Texas, Dave Duckett of Calgary and Scottsdale, William Dutton of British Columbia and Scottsdale, George Fink of Calgary, George Gosby of Calgary, Robert Gwinn of Houston, Texas, Darrell Jones of New Haven, Connecticut, Anthony Leblanc of Ottawa, Canada, Scott Sacksburg of Calgary, and Craig Stewart of Calgary. He said he has a full appreciation of the weight of the decision before the Council tonight, and he knows the Council wants to do the right thing for the city. He said both he and the Council wanted to see a successful and vibrant Westgate. Mr. Leblanc introduced Gary Bettman, Commissioner of the National Hockey League.

Mr. Gary Bettman said the fans and business community have been very supportive through this process. He said the NHL is very aware of the impact of keeping the club in Glendale. He hoped the decision would be to keep the team in Arizona.

Mr. Gary Birnbaum, outside counsel, next spoke to the Council. He explained the progress made and went over some key points in the negotiations over the last six days.

Councilmember Martinez said they previously heard from Mr. Wood that there were nine items including the out clause that were off the table. Mr. Birnbaum said he was providing a history of where each party stood at this point in time. He said there were nine key items identified in a press release. He said actually there were closer to 29 items. He was just highlighting some of the most important items. He referenced 41 guaranteed hockey games and said if for some reason the Coyotes doesn't play 41 games, the city has insisted there be a payment to the city of

\$150,000 per game not played. He said as of today, these points have all been agreed to by both parties. Mr. Birnbaum said they have been very successful in following direction of the Council and protecting the city's interests in this deal. He said RSE has now found a way to meet all the needs of the city with one exception, the city's out clause.

Mr. Birnbaum also spoke about the economic aspects of the deal, including the disparity between the \$6 million budgeted by the city and the \$15 million required by RSE to manage the arena. To make up the difference, RSE offered the city a share in revenue streams which may be substantial. Mr. Birnbaum explained in detail several of the proposed revenue streams and how much money the city could expect from these revenue streams, including a \$3.00 surcharge per hockey ticket, a \$5.00 surcharge per ticket on non-hockey events, and a \$10.00 parking fee, minus \$20,000 per game, which the manager will retain. He also spoke about naming rights of Jobing.com arena and naming rights for the smaller facility inside the arena which may be built. He said the arena manager proposed revenue streams of about \$8 to \$11 million range. Mr. Birnbaum said the arena manager cannot confirm revenue streams of \$8 to \$11 million, and this is what has caused Mr. Bowers' concern with this agreement.

Mr. Birnbaum then spoke about the early termination or out clause in the contract. He said the city suggested it get the same out clause for 180 days after five years, only if they have lost \$50 million. Mr. Birnbaum said RSE will not agree to give the city an out clause, but RSE offered if they leave after five years, they will pay the city any losses incurred above \$6 million a year. Mr. Birnbaum said Mr. Bowers was concerned if the revenue projections don't meet expectations and RSE does not leave after five years. He said the accumulated losses will be borne by the city and will continue for the entire 15 years of the agreement. He said that is the one area where the parties have not been able to reach an agreement. He said the Council needs to decide how much risk the city is willing to take on.

Vice Mayor Knaack said the opt out clause is the NHL's call, rather than RSE's call. She said she personally asked Mr. Bettman about the opt out clause and Mr. Bettman said the opt out clause for the city is not an option. She wanted to make that clear. Mr. Birnbaum said it is the Council's decision if this is a risk they are willing to take on. He went on to discuss in more detail the negotiations between the parties about the opt out clause and the reasons for the refusal of that clause by RSE and the NHL.

Mayor Weiers asked Mr. Leblanc about the guarantee and if he had tried various lenders. Mr. Leblanc said he only had two investment banks willing to invest in this opportunity. He said this franchise has had a difficult past and there is not a long line of lenders for this deal. He said they tried to get a better deal, but this is the best deal and only option they have. There was further discussion about how this deal came about and the length of time it takes to reach a deal like this. Mr. Leblanc said there was no option to work with any other lenders at this stage of the game. Mayor Weiers asked if there was a possibility of putting this deal on hold for a couple of weeks to have a chance to finalize all the details. He didn't want to rush into a deal without an opportunity to try and make it better. Mr. Leblanc said he knew Mayor Weiers and the Council was trying to do the best they could with this situation. He said this was not a new deal and the timelines are what they are.

Councilmember Martinez commented they have been at this for a long, long time and to suggest at this last minute that they would ask for another two weeks, it is out of the question. He said they have been told that and they either do something tonight or they don't do it. He said they have been talking about this for literally months and the time and effort spent on this issue by staff and the time spent on this by the owners of the team. He said based on what he has heard previously and what he has heard tonight with respect to the out clause, RSE has offered to make concessions. He said they have heard that RSE doesn't have the experience to manage the team and get in the concerts and fill the venue. He said who better than Comcast and Global Spectrum to strengthen this deal to no end. He said the issues discussed this evening have put an entirely different picture on this.

Councilmember Alvarez asked where the city would get the \$15 million to pay for this deal. She said they have laid off employees, gone on furloughs and cut services, and police and fire need additional personnel. Mr. Bowers said the money from the projected revenues could pay a significant portion of the \$15 million. However, he said this is an uncertain projection. He said if the revenue streams did not balance out the amount owed, the Council needed to make a decision on how to pay. He said RSE has committed about \$1.2 million to a gap closing fund as well. The rest of the \$15 million becomes a matter of the revenue streams. He said Council has to determine what their risk tolerance is and if they believe the revenue streams can produce the money that will be owed. Councilmember Alvarez asked from 2003 to the present, how much profit the city made from the arena and the Coyotes. Mr. Bowers said he did not know what that number was. She asked if a profit had been made from 2003 to now. Ms. Schurhammer said it depends on what you look at with the revenue and expenses. She said in general, the debt service has exceeded the revenue that has been generated.

Councilmember Alvarez commented she does want the Coyotes here, but does not want it on the backs of the taxpayers. She said property taxes have been raised, some library and recreation programs are gone, some community centers and pools are closed. She said it was a sad day when the city put sports and leisure facilities ahead of their constituents.

Councilmember Martinez said that the Coyotes have been the whipping boy forever. He said it keeps being said that all the problems of the city are the fault of the Coyotes. He said we had to reduce library hours, we had to cut some other things, and everything is the fault of the Coyotes. He said the budget for FY08-09 was \$925 million. Next year, the budget is \$576 million, a decrease of \$349 million. He said if the Coyotes weren't even here, something would have to give because the revenues were not what they were during the good times. He said we seem to forget and have short memories about what has been called the great recession. He said he was older than a lot of people in this room, maybe the oldest, but with all that said we get back to what we need to do. He said he was saying some things now he was going to save for later, but he just wanted to point out with respect to the revenues coming in now, compared to what was termed the great recession which was really, really bad. He said when he was young; he was not old enough to realize there was a depression. Later he said he got to read about it in the history books. He said let's not leave the Coyotes as a whipping boy. He said the decision will be made here by the Council this evening based on what each one of them thinks is best for the city. He said in his view, the best for the city will be to keep the Coyotes. He said this was especially based on what he has heard tonight. The two new things that were added to the

contract make this a much stronger agreement. He said the figures are conservative, very conservative. He said there are all kinds of things, repeating some things he said last Friday, there are businesses waiting in the wings, waiting for the decision tonight. He said last Friday after the meeting, a gentleman stopped him on his way out and said he put some money down on a condo at Westgate and Wednesday he would know if they would close or not. He said it was not a perfect deal by any means, but certainly it is the best offer they have had.

Vice Mayor Knaack said it is time to move forward. The deal has been a long time in the making and it will be a successful partnership.

Councilmember Alvarez said she is not blaming the Coyotes. She said it was the Council's fault and they have made big, bad financial mistakes.

Councilmember Sherwood made a motion to have the Ordinance and Resolution read.

It was moved by Councilmember Sherwood, and seconded by Councilmember Martinez, to read Ordinance No. 2855 New Series and Resolution No. 4703 New Series. Motion carried with the following Councilmembers voting "aye": Alvarez, Chavira, Knaack, Martinez, Sherwood, and Weiers. Members voting "nay": Hugh.

Councilmember Hugh asked if budget reductions would have to be done this year because only \$6 million has been budgeted for this item. Ms. Schurhammer said the decision on whether to bring revenues in alignment with expenditures was up to the Council. She said the projection is that the fund balance, if the Coyotes stay, would be about \$8 million. Councilmember Hugh asked how it would affect the budget if revenue streams fall short by \$5 million. Ms. Schurhammer discussed scenarios of drawing down the fund balance and making cuts in expenditures. Further discussion was held regarding revenue streams and fund balances over the next several years. Councilmember Hugh said the agreement only guaranteed funds if the Coyotes left. Mr. Bowers said that was correct. Councilmember Hugh asked if any funds would be repaid by RSE in years past the 5 year out clause. Mr. Wood said the agreement states that funds would only be paid through the 5th year if RSE decides to opt out at that time.

Councilmember Sherwood said the numbers presented by staff were very conservative and did not include the surcharge and the other items discussed at today's meeting. He said the city wasn't going to lose any more than the \$6 million that is budgeted in the next five years.

Julie Done, a Litchfield Park resident, said the choices she makes to spend her money are affected by the vote tonight. She said she is an avid hockey fan and spends over \$2,000 at Westgate each hockey season. During the off season, she rarely comes to Westgate. She believes there are many others who live in other cities and only come to Glendale to spend their money during the hockey season. She will continue to spend thousands of dollars at Westgate if the Coyotes stay.

Randy Exelby, a Scottsdale resident, played professional hockey in the early 1990's. He owns three hockey stores in the area and has seen a tremendous growth in interest since hockey came to Glendale. He talked about players who played youth hockey in the valley who were drafted

into the NHL and athletes drafted to play hockey at several big name schools. He also spoke about the youth sports events hosted by Jobing.com arena. His own employees tell their customers about the great experience they will have at Westgate. He asked the Council to look at the big picture of what the Coyotes bring to the community.

Craig Conley, a Scottsdale resident, said the model hasn't worked here in over 10 years, and asked what RSE can do to make it work. He wanted to know why RSE would take \$15 million from the city if they were so confident in the team being successful. He asked if RSE is so confident, why is all the risk being put on the city. He asked where the city is going to be in five years if RSE leaves and how much more debt will the city have to take on.

JoJo Fraser, a Tempe resident, said he is a hockey fan, but said this is about an investment in Glendale's future. He said it is an investment in the arena. He said there isn't a reason in the world why hockey couldn't work in a city of this size.

Paul Miller, a Barrel resident, said he lived here when there was no hockey. He said his son plays hockey and it has benefitted him. He said hockey can work, provided the right people are in place. He said RSE are the right people and can make hockey work. He asked the Council to have vision and take a risk. He said this decision impacts all Arizona residents.

Kelly Roberts, a Mesa resident, is the owner of Just Sports. He said they sell a lot of Coyotes and NHL merchandise. He said Westgate is a unique retailer. He said Westgate has a great energy and the cooperative nature of the businesses is a great thing.

Monique Reaux, a Phoenix resident, asked the Council to think about what the team has been through. She said no one has brought the team forward to make money as a hockey team, as a separate entity. A lot of people are signing on with this project to create a success. She said Mr. Leblanc and the fans are still here, many years after the bankruptcy. She is still spending her money at Westgate. She asked them to bring the team forward and let them be successful. She said to take the deal and move forward.

Kenneth Sturgis, a Yucca resident, said if RSE is so confident in their projects, why don't they pay the \$6 million and keep all the revenue streams for themselves. He spoke about Global Spectrum partnering with RSE. He asked why Global Spectrum didn't bid on the RFP. He said this deal requires more careful review. He also asked why the city is willing to give RSE \$15 million a year, when there were two qualified bidders for the RFP who would manage the arena for less than half that amount. He spoke about the proposal to use city hall as collateral to pay for arena management fees.

Michelle Galan, a Yucca resident, said she lives close enough to walk to the Coyotes games. She said she pays taxes and votes in Glendale. She said if the team leaves, her property value will go down and the Canadians will leave and not come back. She said she has seen how empty Westgate has been. People from out of town come to Westgate to spend money.

Rev. Jarrett Maupin, a Phoenix resident, said he understood the fans and how they felt about the team. He said the city should ask RSE to do the fiscally responsible thing. He said he was

outraged when the city let RSE tell them what to do. He said the investors are confusing and manipulating the fans. He said there can be a better deal.

Ken Jones, an Ocotillo resident, said we don't have the money to pay \$15 million to RSE. He said he has a solution to this Coyotes problem and that is to give them \$15 million a year with a guarantee the city gets anything over \$6 million. He read a statement and asked the Council to amend the agreement with RSE. The statement said, "I, Councilmember (your name), make a motion to amend this lease as follows. The Renaissance owners have said Glendale will receive a minimum of \$8 million annually if we pay them \$15 million. To protect our city and make sure we receive the total \$8 million, Glendale shall deduct any shortage below the \$8 million from \$15 million we are to pay them." He said with this language in the agreement, no one would have to take a risk.

Larry Feiner, a Sahuaro resident, asked that the Council get the right deal to save Westgate. He said pushing any harder is a sign they are not negotiating in good faith. He said requiring the city take no risk in this deal is not reasonable.

Arthur Thruston, a Cactus resident, said he loves Glendale. He spoke about the previous deals to buy the Coyotes and the failure of those agreements. He talked about the Councilmembers who wanted this deal.

Vinnie Calicardi, Vice President of Johnny Rockets, and a Goodyear resident, said one of his locations is at Westgate. He said Westgate is an events driven destination. He said without the Coyotes, his business and Westgate in general would suffer. He said they provide a lot of opportunities to their employees as well as donating to charities. He said none of that would be possible if the Coyotes leave. He said it is a greater risk without the Coyotes.

Andrew Williams, a Phoenix resident, said he loves the Coyotes and Cardinals and spends a lot of money in Glendale. He said if the Coyotes leave the city, both Police and Fire will lose employees. He said it will also hurt Westgate and the Cardinals, as well. He asked Council to vote to keep the Coyotes.

Jennifer Lacey, a Sahuaro resident, supports keeping the Coyotes. She believes in economic development and how it will continue development of the Westgate district. She said the city cannot afford to make it more difficult for businesses to keep their doors open. She said creating a smaller, theater type venue is a good idea, but it will also compete with venues of similar size. She said Council continues to ask for guarantees, but the entertainment industry fluctuates from year to year and is dependent upon the economy. She said Glendale cannot afford to lose the Coyotes. She said Coyotes fans come from all over the valley.

Darrin Lacey, a Sahuaro resident, said to insure a stable business environment in west Glendale, Westgate needs an anchor tenant. He said businesses are watching this vote to determine if they want to move to Glendale. He said the concerns about RSE and Global Spectrum have been addressed. He said Jobing.com arena will be a successful Glendale attraction. He said this agreement offers many guarantees that previous agreements did not. The revenue streams will help offset costs.

Bea Wyatt, a Cave Creek resident, representing Glendale First said she felt the Councilmembers had been diligent in their investigation of the previous agreements. She talked about Glendale having heart in the community. She said the Coyotes gave over \$500,000 to local children's charities. She showed some photos of team members and their charitable deeds.

Mr. Bowers commented about risk tolerance and the factors to take into consideration. He said the addition of Global Spectrum is a substantive one. He said the guarantee at five years if the club leaves is a positive; however, there is still risk of losing and not recovering money if the club stays. He said the Coyotes out clause is a positive in this matter. He asked Mr. Birnbaum to share any comments he had.

Mr. Birnbaum pointed out five items and discussed each of these. He talked about the resolution and when the deal must close. He suggested specific language to change the resolution and ordinance, "Execution of the agreement must take place by July 8th at the time stated and closing of the transaction must take place by August 5th." He also discussed additional minor changes to the agreement. Next he discussed the non-relocation agreement and some changes that need to be made regarding liquidated damages of \$9 million for each year remaining in the professional services management agreement. He also reminded the Council that the agreement includes language regarding the city's early termination right. Mr. Birnbaum talked about fees owed to the city if RSE utilizes the early termination clause in the agreement.

Councilmember Sherwood made a motion to approve the Ordinance with the changes discussed by Mr. Birnbaum. The amendments Councilmember Sherwood suggested were related by Mr. Birnbaum. Mr. Birnbaum said amendment number one was to correct the ordinance to provide that execution must occur by July 8, 2013 and closing by August 5, 2013. Councilmember Sherwood asked if July 8th was enough time with the changes. Mr. Birnbaum said the documents could be prepared and he said Mr. Wood and Mr. Leblanc would agree that July 8th would not be a problem. Mr. Birnbaum said the second amendment was to accept the technical modifications of sections 5.1, 6.1, 9.13 and 16.3.6 that appear in version 4 of the Professional Management Services Agreement. Mr. Birnbaum said the third item is to modify sections 6.1.b and Exhibit A of the Non-Relocation Agreement to provide for liquidated damages in the event of a relocation default of \$9 million for each year or partial year remaining during the term of the Professional Management Services Agreement, further clarifying that an early termination under section 3.3 of that agreement is not a relocation default, and specifying that any other default under the relocation agreement would provide to the city all rights and remedies available at law, in equity or under any of the agreements, but not the liquidated damage provision which relates only to a relocation default.

Councilmember Sherwood clarified they were speaking about the ordinance itself. He said he was looking at the ordinance and he did not see any of that in the ordinance. Mr. Birnbaum said that information was not in the ordinance. He said it is in the document that is adopted via the ordinance. Councilmember Sherwood said he was trying to get the wording changed on the ordinance. Mr. Birnbaum said the ordinance and resolution should be amended to include the modifications of the documents referred to in the ordinance and resolution. Mr. Birnbaum said the last item was to add a provision to the Professional Management Services Agreement to

modify section 3.3 to state in the event of an early termination by the arena manager, the arena manager will pay to the city the accumulated losses that the city has had during the first five years in excess in any year of \$6 million. He also said if the intention was to delete section 3.4, that also should be an amendment. Councilmember Sherwood said that was his intention. Councilmember Sherwood asked if limiting the lease use agreement was mentioned. Mr. Birnbaum said there was no disagreement about that however some technical modifications have been negotiated with RSE of the designation of what property is being leased, so the lease applies only to what is defined as the exclusive team spaces and language has been prepared to effectuate that as well. Councilmember Sherwood asked about the license versus lease issue regarding parking. Mr. Birnbaum said the license versus lease is part of the issue of what can be leased and what cannot be leased. He said that was also covered by language they have drafted

Councilmember Sherwood made a motion to amend the ordinance and resolution with language as stated by Mr. Birnbaum. The motion was seconded by Councilmember Martinez.

Councilmember Hugh said he wasn't sure what the motion was. Mr. Birnbaum said the Councilmember Sherwood's motion was to delete section 3.4, which is the city's early termination right. Councilmember Hugh commented the Council wanted to protect the city a few days ago with an out clause and now don't want to protect the city and they are removing the city's five year out clause. He also said the city will be on the hook for \$15 million for the next 15 years. He said the city would not be able to hire the police and fire personnel that are needed, nor would the city be able to increase staffing levels with this kind of debt. Mr. Bowers said there was no way to predict this and there was no guarantee. He said the assumptions the Council makes about the revenue streams will set the city's financial position. Councilmember Hugh said Council had talked about the leaseback of city hall on several occasions, which included a leaseback of the public safety building as well, and those buildings would have to be put up as collateral. Councilmember Hugh said the city doesn't have any reserve funds and is not sure why the city wants to take on more debt and the possibility of putting up city buildings as collateral. He said the only guarantee the city is getting is for 41 hockey games. He said there is nothing in the contract that requires RSE to do anything other than offer the 41 hockey games per year. Councilmember Hugh said all the city is getting are promises. He said it is a huge risk to the city.

Mr. Birnbaum said there is no provision guaranteeing non-hockey events. He said they did add a provision that acknowledges that the arena manager is obligated to use due diligence to book non-hockey events in the arena and notes their commitment to do so is an inducement that the city has relied up in entering into this agreement, specifically because those non-hockey events are general revenue streams that are available to the city. Councilmember Hugh said the agreement says that RSE is not required to provide any events other than the hockey events. Mr. Birnbaum said that is true. Councilmember Sherwood said there is no recourse for the city if RSE does not get any additional events for the arena. Councilmember Hugh said the city is stretched to the limits. He said there are no guarantees in this contract and the risks are huge. He said the city cannot afford this. He said the city has other obligations coming due and he doesn't see how the city can pay the \$15 million per year. He mentioned the parking garage that needs to be built, the Super Bowl coming up and asked if money is being set aside for these events.

Councilmember Sherwood said Global Spectrum did not participate in the RFP process because they knew it could not be done without a hockey team. He said the buyback of city buildings was never discussed in workshop and said it came out from an e-session. He said the numbers presented by Ms. Schurhammer did not show any layoffs in any department and the numbers presented were very conservative. Councilmember Sherwood said the numbers of risks have been reduced over the last several days with the new changes to the agreement, which include the new agreement with Global Spectrum. He disagreed that the risks are much greater. He said the risks have been reduced significantly over the last several days. He said this is the best deal they have gotten over the last several years and he can't imagine Westgate without the hockey team. He said numerous businesses have come forward and stated without the hockey team, their doors would close. He said he would vote yes for this deal.

Councilmember Alvarez said she hasn't shared information discussed in the executive session. Mr. Birnbaum cautioned Councilmember Alvarez not to speak about anything discussed in executive session. Councilmember Alvarez accepted Mr. Birnbaum's advice, but said they have to be transparent, and she will do what she wants. She said the comments she was going to make were not from executive session. She discussed the city's termination clause and said they needed that assurance from RSE. She said they all agreed they needed to have the same termination clause that RSE had. She said the Council was very concerned about this and now it seems that Council is okay with not having the clause. She said she does not agree with giving \$15 million on the backs of the taxpayers.

Councilmember Martinez emphasized he did not know about the lease of city hall until the item showed up in the newspaper. He said it never came to workshop. He said it had been discussed one time, two or three years ago. The civic center, the adult center and city hall could be leased to get some revenue. It was also his understanding that in those discussions, city hall was taken off the table. He said he did not know how it happened that something as important as that did not come to workshop and they are reading about it in the newspaper or when they get their council book for the next meeting. He said tonight two items were pulled regarding digital signs that had not been brought to Council. He wanted to know who got that on the agenda. He said Mr. Bowers was gone and asked him if he could answer the question of who directed and authorized that agenda item to appear on tonight's agenda when Council had not discussed it. Mayor Weiers said he didn't think that was pertinent to this discussion. Councilmember Martinez said it was very pertinent because they were talking about actions being done in the Council chambers without the Council even knowing about it until they get it in their council books on Friday. He said the Council is supposedly the ruling body and to have things like that done. He said he wanted an answer. Mayor Weiers said he understood his point, but said there was a motion and a second on the floor and there was discussion on the motion. He said Councilmember Martinez was getting off target and asked him to stick to the motion. Councilmember Martinez said he would get to it in a minute. He said others have commented on this. He said he didn't raise that issue. He said Councilmember Hugh was the first one to raise this whole issue about the lease. He said people that are hearing this think Council wants to sell city hall. He said that is not the case and he does not like those comments thrown out that is why he is taking the time to explain it. He said if he doesn't get an answer tonight, he wanted an

answer as to how those two agenda items got on the agenda. He said someone had to make a decision.

Councilmember Martinez then said if they had voted on the Coyotes issue last Friday, he would have voted not to support the agreement. He also gave his reasons why. He said if the Coyotes leave, the debt service is still there on the arena and the city still bears the cost to operate the arena. He mentioned the 500,000 people that come to the games. Without the anchor tenant, there would be no more Tanger Outlet mall or Cabela's, also more businesses are scheduled to come to Westgate and all the traffic it generates and the sales tax. Without a team, there would be a big gap in the revenues, as well. This evening they heard there was a change in the out clause and he said that was a big change. He said of course things had changed. He also said the city would lose \$1.7 million in sales. Tanger added 900 permanent jobs and several hundred construction jobs, and continued development at Westgate would result in a couple thousand new jobs. Between Westgate and Zanjero, there are well over 100 acres of land to be developed, at least three more Tanger sized developments, which is a conservative number. Development of retail and hotels will allow over \$500 million per year in incremental taxes likely before the end of the decade, growing to over \$10 million a year in new taxes upon full build out. He said the Council established criteria for negotiations with potential buyers of the Phoenix Coyotes, including keeping the team in Glendale for the full length of the lease, keeping current revenues intact, providing an opportunity to share in revenue streams where feasible. He believes that the Coyotes will remain for the full length of the lease. Current revenues have not only been maintained, but there are additional revenue streams that have been added. He said they have all received emails from people on this issue, pro and con. He said they have six districts in the city and the Department of Justice requires that the population in a municipality like Glendale in the districts be as equal in population as possible. This means about 36,000 residents in each district. With all the publicity generated by this issue, the discussions that have been had and the meetings that have been had, up until about a week ago, Councilmember Martinez had two emails and both of them were in support. Since last Friday, he got a lot more. He had the count, but forgot it on his desk. He said the count was running about 4 or 5 to 1 in favor of keeping the team here.

Councilmember Martinez said one of the emails he received is very interesting. He called the gentleman to see if he could use some of his comments. These are not Councilmember Martinez's thoughts, but the citizen's thoughts. He said the gentleman signed his petitions when he was running for office, but he did not know he was from Canada. He gave him the authority to read his email. He read, "Go to any mall in America. The anchor tenants are the key. Without the anchor, you end up with Metro Center. Hockey will work in Arizona; we just need a good owner. Ellman was not a good team owner, Moyes was worse. I know because I worked for both of them. I also worked with the National Predators as a brand new franchise without players, without anything. Yet, with a good owner and a great plan implemented by a professional staff, we sold 13,000 season tickets in a market that did not know hockey. Imagine what a good owner with a great plan would do in this great market with our wonderful building. We will be the envy of the league. I wish I could show the Council what could be done. I grew up marketing hockey and baseball. It will work. This city invested in sports almost a decade ago. Think of it like a 401K. One does not bail out of a retirement package when the markets go sour. You ride it out because you know that the payoff is down the road. It is the same thing

here. Our payoff is 20 years down the road. We have to ride this out now to see that return on our investment. Please encourage your fellow Council voters to think beyond their political terms and envision the future of our city with their votes.” Councilmember Martinez said all of the conditions from last Friday, except the out clause, have been accepted. He said since Friday, he learned that the NHL policy does not allow an out clause on lease agreements, however with the other 8 provisions that were accepted, he will support moving forward. He said he believes all of this makes this the best deal that has come to the Council. It was announced today that Comcast will manage the arena. Councilmember Martinez said Mr. Theodore Hezberg, former president of the University of Maryland once said, “my basic principle is that you don’t make decisions because they are easy, you don’t make them because they are popular, you don’t make them because they are cheap, you make them because they are right.” Councilmember Martinez closed by saying when the Coyotes leave things will not get better, they will get worse. He will vote to approve the ordinance on the table.

Councilmember Chavira asked Mr. Bowers about the assumptions and projections made regarding the city finances in this deal. He asked about the growth and development in the city and if they were positive. He said he was talking about Zanjero and Westgate. Mr. Bowers said the positive projections of growth are with them on a daily basis. He said he tends to be more conservative in his observations about revenue so he does not create a sense of certainty where there is no certainty. Mr. Bowers said the projections of growth and development are possible, but he is cautious about the uncertain revenues for this deal. Councilmember Chavira also asked Mr. Leblanc if he had a very aggressive marketing plan. Mr. Leblanc said his background is in marketing and said they have focused on the business side of the Coyotes. He said the hockey side is moving along very well. His concern is the business side and they have put together a business plan and marketing plan. Councilmember Chavira also asked Mr. Leblanc if the city fails, do the Coyotes fail. Mr. Leblanc said that is correct. He said he does not get involved in a project with the expectation of failure. Councilmember Chavira said he feels the same spirit today as he does when firefighters run into a building. He felt Mr. Leblanc has the same intensity to help fix the city. Mr. Leblanc thanked Councilmember Chavira for his service as a firefighter and said it was an honor.

Vice Mayor Knaack provided an overview of where the city has been and where it was going on this issue. She said they cannot lose the vision of what Westgate was supposed to be. Westgate is an important part of the city’s financial recovery. With the 41 games a year on a national stage, no other tenant will bring the visitors and revenue that the Coyotes will. She said five years of uncertainty will come to a close tonight. She thanked Mr. Leblanc for bringing forth an agreement that is better than any other they have received. Mr. Leblanc and his organization are determined to make this venture is a success and Vice Mayor Knaack believes it will be. She thanked the NHL for their support of this agreement. The Council wants nothing more than to see the Coyotes and Westgate thrive.

Councilmember Hugh asked if Council was going to vote on the amendments first. Mr. DiPiazza said the vote is all one motion made, but a roll call vote must be taken on the ordinance and a separate roll call vote on the resolution. Councilmember Hugh asked if there was a vote on the amendments. Mr. DiPiazza said it was part of the motion that was made.

Mayor Weiers spoke first about the history of the Jamison deal and the deal pending before the Council now. He said he had conversations with the NHL and specifically talked about the five year out clause. It didn't make sense for either party to get stuck in a bad situation. He asked why wouldn't the city have the opportunity to negotiate a better deal when they are taking all the risk. Mayor Weiers said the discussion was they were going to move forward with guarantees. He said the city is being asked to take a chance in good faith and hope that everything works out. He also said he is uncomfortable that the city is being asked to take all the risk. He said it is a much better deal that it was before, but it can always be better. The best thing for Westgate would be to keep the Coyotes in the city. He said they are trying to make the best decision for the citizens. He said everyone on the Council is trying to do the right thing. His biggest concern is if things don't work out, the city does not have a way out of the deal. He talked about the high sales tax for the city and said the recent tax increase did not fix the problem. He said in another year or two, the Council would probably be looking at another sales tax hike. Regardless of whether or not the deal goes through, he said he would do everything in his power to help the city.

ORDINANCE NO. 2855 NEW SERIES, WAS READ BY NUMBER AND TITLE ONLY, IT BEING, 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 PROFESSIONAL MANAGEMENT SERVICES AND ARENA LEASE AGREEMENT WITH ICEARIZONA MANAGER CO., LLC, AND ICEARIZONA HOCKEY CO., LLC.

It was moved by Councilmember Sherwood, and seconded by Councilmember Martinez, to approve Ordinance No. 2855 New Series. Motion carried on a roll call vote, with the following Councilmembers voting "aye": Chavira, Knaack, Martinez, and Sherwood. Members voting "nay": Alvarez, Hugh and Weiers. The motion carried.

RESOLUTIONS

3. PROFESSIONAL MANAGEMENT SERVICES AND ARENA LEASE AGREEMENT AND NONCOMPETITION AND NON-RELOCATION AGREEMENT WITH ICEARIZONA MANAGER CO., LLC AND ICEARIZONA HOCKEY CO., LLC

This is a request for City Council to vote to adopt a resolution authorizing the entering into of a Professional Management Services and Arena Lease Agreement and a Noncompetition and Non-Relocation Agreement with IceArizona Manager Co., LLC and IceArizona Hockey Co., LLC for the use of the city-owned Jobing.com Arena by the Phoenix Coyotes.

RESOLUTION NO. 4703 NEW SERIES WAS READ BY NUMBER AND TITLE ONLY, 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) PROFESSIONAL MANAGEMENT SERVICES AND ARENA LEASE AGREEMENT WITH ICEARIZONA MANAGER CO., LLC AND ICEARIZONA HOCKEY CO., LLC;

AND (2) NON-RELOCATION AGREEMENT WITH ICEARIZONA MANAGER CO., LLC AND ICEARIZONA HOCKEY CO., LLC.

It was moved by Councilmember Sherwood, and seconded by Councilmember Martinez, to pass, adopt and approve Resolution No. 4703 New Series. The motion carried unanimously.

4. LAMAR OUTDOOR LICENSE AGREEMENT FOR 7691 NORTH 99TH AVENUE

This item was administratively pulled from the agenda.

5. LAMAR OUTDOOR LICENSE AGREEMENT FOR 9802 WEST BETHANY HOME ROAD

This item was administratively pulled from the agenda.

NEW BUSINESS

6. COUNCIL APPOINTMENT OF CITY MANAGER

This is a request for the City Council to appoint a city manager. The Mayor will accept a motion or motions, call for a second, and conduct a vote of the Council that shall, by virtue of assent of a majority, appoint a city manager and authorize Bob Murray & Associates along with the Human Resources Department to negotiate and execute a contract for employment.

Councilmember Alvarez said she was not part of the interview process for Ms. Fischer. She said when Councilmember Sherwood interviewed Ms. Fischer and he did not give equal opportunity to the other applicants, so she did not want to participate. She asked if she should abstain from the vote. Mayor Weiers said it was her call on what she wanted to do. Councilmember Alvarez said she would abstain.

Councilmember Martinez asked if Councilmember Alvarez abstained did it automatically counted as a yes vote. Mayor Weiers said it did not count as a yes vote. Councilmember Martinez said he didn't think a Councilmember could abstain from a vote unless there was a conflict. Mr. DiPiazza said a Councilmember has a prerogative to abstain. Mayor Weiers said in the State Legislature, in order to abstain, you must have a valid reason, but the city does not do that. Mayor Weiers said it did not count as a yes vote. Mr. DiPiazza said a Councilmember has the prerogative to abstain.

Mr. Arthur Thruston, a Cactus district resident, discussed comments made by Councilmember Chavira that Ms. Fischer and Mr. Leblanc would do everything they could to fix the city. He said the Councilmembers and the Mayor should do what is best for the city. He recommended the Council look to people from Arizona to fill future positions.

Vice Mayor Knaack said she got a message from an attorney who said that Councilmember Martinez was correct, when you abstain, it is a yes vote. She said Council needed to make sure about Councilmember Alvarez's vote. Discussion was held whether a vote had even been held on the motion. Mr. DiPiazza said Councilmember Alvarez has the prerogative to abstain and it would not be counted as a yes vote. Vice Mayor Knaack wanted to make sure the vote was done

properly. Vice Mayor Knaack said she received information that if Councilmember Alvarez abstained, it counted as a yes vote. Discussion was held about this with Mr. DiPiazza.

Mayor Weiers read a brief statement from Ms. Fischer.

It was moved by Vice Mayor Knaack, and seconded by Councilmember Sherwood, to appoint Brenda Fischer as city manager and authorize Bob Murray & Associates along with the Human Resources Department to negotiate and execute a contract for employment. The motion carried with Alvarez voting Nay.

CITIZEN COMMENTS

Mr. Ken Jones, an Ocotillo district resident, spoke about the city closing fire stations to pay for the Coyotes. He said he would pick up referendum forms tomorrow.

Mr. Arthur Thruston, a Cactus district resident, asked why the Coyotes fans don't want to hear anyone who has a differing opinion. He also said the city should not have spent money fighting the casino. He said the citizens of Glendale should count.

COUNCIL COMMENTS AND SUGGESTIONS

Councilmember Sherwood wished everyone a safe summer. He invited everyone out to the Westgate 4th of July celebration. He thanked all the Coyotes fans for showing up.

Councilmember Martinez thanked the staff for the good job they did regarding the Coyotes issue. He said the Councilmembers voted for what they thought was best for the city in the long run.

Councilmember Hugh congratulated the new City Manager, and thanked the attorneys and all others who were involved in the Coyotes deal. He welcomed everyone to the 4th of July celebration.

Councilmember Chavira thanked the staff for their hard work and for the fans that showed up.

Vice Mayor Knaack thanked everyone for coming out this evening and showing their support. She wished everyone a happy 4th of July.

Mayor Weiers asked Mr. Leblanc not to let this agreement fail. He asked the Council to get over the rifts caused by this issue and to move forward doing the best they can for the city. He thanked Mr. Teetsel for the 4th of July celebration.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:16 p.m.

Pamela Hanna
Pamela Hanna - City Clerk