



CITY OF GLENDALE

# Council Communication

## Business-Voting Agenda

05/10/2011

TO: Honorable Mayor and City Council

FROM: Ed Beasley, City Manager

PRESENTED BY: Arthur Lynch, President & CEO, SRJ Government Consultants

SUBJECT: **AUTHORIZATION TO EXTEND THE NHL/ARENA  
MANAGEMENT AGREEMENT**

### *Purpose*

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This is a request for City Council to adopt a resolution granting the City Manager authority to extend the management agreement between the city and the NHL, and secure the financial mechanisms that are reasonably necessary to satisfy the NHL's requirements in order for the NHL Phoenix Coyotes to remain in Glendale during the NHL 2011-12 season.

This agreement allows the team to remain in place for the NHL 2011-12 season; allowing the NHL and the city additional time to complete the required agreement with a qualified ownership group that will be committed to retaining the team in Glendale.

### *Council Strategic Goals or Key Objectives Addressed*

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This request supports Council's goal of one community with quality economic development in the city's entertainment district.

### *Background*

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Unexpectedly, in May 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 all financial projections and attracting economic development to the area until the Coyotes were thrust into bankruptcy. For the past two years, under the direction of Council, the city has been actively working with potential buyers of the Coyotes to structure a deal that would keep the team in Glendale.

On May 20, 2010, the city executed an agreement with the NHL/Coyotes Newco that allowed Coyotes Newco to manage and operate the Jobing.com arena for the 2010-11 season. Under that agreement, the fee to be paid by the city to Coyotes Newco for operating and maintaining the arena was "actual cash losses" not to exceed \$25 million.

The purpose for the agreement was to keep the team in Glendale for another year to allow an opportunity to secure an owner and to allow the NHL to operate the team and arena on our behalf. The NHL kept the Coyotes here for the full season. The NHL has agreed to extend the agreement to keep the team in Glendale for the 2011-12 season.

### *Previous Council /Staff Actions*

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On May 11, 2010, Council adopted a resolution granting authority to sign the necessary agreements and secure the financial mechanisms necessary to satisfy the NHL's requirements to keep the team in Glendale for the 2010-11 season. The NHL managed the arena operations and kept the Coyotes here.

### *Budget Impacts & Costs*

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The Coyotes and Westgate Area provide revenue to the city, creating jobs, supporting existing businesses and encouraging new development. The city is obligated to manage, operate and maintain the arena. Extending the agreement allows the city to maintain the lease as required and keep the team in Glendale, which is a critical component to support business and economic development in the Westgate Area. In addition, keeping the team in Glendale will assure the arena has 41 calendared events as an anchor tenant, generating revenue that will assist the city with the ongoing required management costs. The cost is covered by arena operations.

### *Recommendation*

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Waive reading beyond the title and adopt a resolution granting the City Manager authority to sign the agreement extending the management agreement between the city and the NHL, and secure the financial mechanisms that are reasonably necessary to satisfy the NHL's requirements in order for the NHL Phoenix Coyotes to remain in Glendale during the NHL 2011-12 season.



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Ed Beasley  
City Manager



# Attachment Memorandum

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DATE: 05/10/2011  
TO: Ed Beasley, City Manager  
FROM: Arthur Lynch, President & CEO, SRJ Government Consultants  
SUBJECT: AUTHORIZATION TO EXTEND THE NHL/ARENA MANAGEMENT AGREEMENT

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1. Resolution

RESOLUTION NO.4480 NEW SERIES

A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, GRANTING THE CITY MANAGER AUTHORITY TO SIGN THE AGREEMENTS AND SECURE THE FINANCIAL MECHANISMS THAT ARE REASONABLY NECESSARY TO SATISFY THE NHL'S REQUIREMENTS IN ORDER FOR THE NHL PHOENIX COYOTES TO REMAIN IN GLENDALE DURING THE NHL 2011-12 SEASON.

WHEREAS, it is in the best interest of the City of Glendale that the NHL Phoenix Coyotes (hereinafter "Team") continue to play in Jobing.com Arena during the remaining term of the original Arena Management Use and Lease Agreement;

WHEREAS, it is in the best interest of the City of Glendale that an affiliated entity of the Team continue to operate and manage the Jobing.com Arena during the NHL 2011-12 season while the City of Glendale continues to work to finalize agreements with an ownership group that will be committed to retaining the Team in Glendale;

WHEREAS, the NHL has expressed its intention to keep the Team in Glendale, but has established deadlines and imposed requirements that require certain immediate financial commitments and assurances by the City of Glendale; and

WHEREAS, the public benefit of the Team remaining in Glendale justifies the financial commitments and assurances.

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

SECTION 1. That the City Manager is hereby granted authority to sign the agreements and secure the financial mechanisms that are reasonably necessary to satisfy the NHL's immediate requirements and assure that the City of Glendale has the opportunity to secure the Team's agreement to remain in Glendale for the NHL 2011-12 season ("NHL Documents").

SECTION 2. The NHL Documents shall reflect that the fee payment to the NHL shall not exceed \$25 million, specifically define the items for which the fee is being paid, and define the terms of the fee payment and the method by which the fee will be paid.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Glendale, Maricopa County, Arizona, this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

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ATTEST:

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City Clerk (SEAL)

APPROVED AS TO FORM:

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City Attorney

REVIEWED BY:

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City Manager

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