

City of Glendale

5850 West Glendale Avenue
Glendale, AZ 85301



Meeting Minutes - Final

Friday, July 24, 2015

9:00 AM

Special Voting Meeting

Council Chambers

City Council

Mayor Jerry Weiers

Vice Mayor Ian Hugh

Councilmember Jamie Aldama

Councilmember Samuel Chavira

Councilmember Gary Sherwood

Councilmember Lauren Tolmachoff

Councilmember Bart Turner

CALL TO ORDER

Present: 7 - Mayor Jerry Weiers, Vice Mayor Ian Hugh, Councilmember Jamie Aldama, Councilmember Samuel Chavira, Councilmember Gary Sherwood, Councilmember Lauren Tolmachoff, and Councilmember Bart Turner

Also present were Richard Bowers, Acting City Manager; Jennifer Campbell, Assistant City Manager; Tom Duensing, Interim Assistant City Manager; Michael Bailey, City Attorney; Pamela Hanna, City Clerk; and Darcie McCracken, Deputy City Clerk.

PLEDGE OF ALLEGIANCE**CITIZEN COMMENTS**

There were no Citizen Comments.

MOTION TO GO INTO EXECUTIVE SESSION

The Council moved into Executive Session at 9:05 a.m.

The meeting reconvened at 9:37 a.m.

A motion was made by Councilmember Aldama, seconded by Councilmember Sherwood, that this agenda item be approved. The motion carried by the following vote:

Aye: 7 - Mayor Weiers, Vice Mayor Hugh, Councilmember Aldama, Councilmember Chavira, Councilmember Sherwood, Councilmember Tolmachoff, and Councilmember Turner

EXECUTIVE SESSION**NEW BUSINESS**

1. [15-518](#) DISCUSSION AND POSSIBLE ACTION TO RESCIND THE JUNE 10, 2015 DECISION THAT DIRECTED THE CITY MANAGER AND THE CITY ATTORNEY TO CANCEL THE PROFESSIONAL MANAGEMENT SERVICES AND ARENA LEASE AGREEMENT BETWEEN THE CITY OF GLENDALE AND ICEARIZONA MANAGER CO., LLC AND ICEARIZONA HOCKEY CO., LLC

Staff Contact: Richard A. Bowers, Acting City Manager

Mr. Bailey said there are four action items on the agenda regarding resolving the city's disputes with IceArizona. He said the City Council needs to first rescind the action taken on June 10th before they will move forward with the next three items.

A motion was made by Councilmember Sherwood, seconded by Vice Mayor

Hugh, that this agenda item be approved. The motion carried by the following vote:

Aye: 7 - Mayor Weiers, Vice Mayor Hugh, Councilmember Aldama, Councilmember Chavira, Councilmember Sherwood, Councilmember Tolmachoff, and Councilmember Turner

2. [15-519](#) RESOLVE AND SETTLE ALL INTERESTS IN THE OPERATING RESERVE ACCOUNT BETWEEN THE CITY OF GLENDALE, ICEARIZONA HOCKEY CO., LLC, ICEARIZONA MANAGER CO., LLC AND DAVID REAVES, CHAPTER 7 TRUSTEE OF ARENA MANAGEMENT GROUP, LLC
Staff Contact: Michael D. Bailey, City Attorney

Mr. Bailey said this item is regarding settlement of the outstanding bankruptcy issue that pertains to an operating reserve account as set forth in the settlement agreement. He said the city will receive \$350,000, \$10,000 to the trustee and \$640,000 to IceArizona.

A motion was made by Councilmember Aldama, seconded by Councilmember Chavira, that this agenda item be approved. The motion carried by the following vote:

Aye: 7 - Mayor Weiers, Vice Mayor Hugh, Councilmember Aldama, Councilmember Chavira, Councilmember Sherwood, Councilmember Tolmachoff, and Councilmember Turner

3. [15-520](#) SETTLEMENT OF ALL CLAIMS BETWEEN THE CITY OF GLENDALE, ICEARIZONA MANAGER CO., LLC AND ICEARIZONA HOCKEY CO., LLC
Staff Contact: Michael D. Bailey, City Attorney

Mr. Bailey said this item was a settlement agreement and mutual release between the parties. He said there were a couple of typographical errors in the document and he wanted to read those into the record with regard to identifying defendants. He said nothing substantive will be changing in the documents. He said in terms of the settlement agreement, the parties are settling all litigation that currently exists with regards to the city's action on June 10, 2015. We are providing mutual releases between the parties.

A motion was made by Councilmember Tolmachoff, seconded by Councilmember Aldama, that this agenda item be approved. The motion carried by the following vote:

Aye: 7 - Mayor Weiers, Vice Mayor Hugh, Councilmember Aldama, Councilmember Chavira, Councilmember Sherwood, Councilmember Tolmachoff, and Councilmember Turner

4. [15-521](#) FIRST AMENDMENT TO THE PROFESSIONAL MANAGEMENT SERVICES AND ARENA LEASE AGREEMENT WITH ICEARIZONA MANAGER CO., LLC AND ICEARIZONA HOCKEY CO., LLC
Staff Contact: Richard A. Bowers, Acting City Manager

Mr. Bowers introduced this item and said he would like to make a couple of comments. He said it was appropriate to discuss the primary elements of this agreement and said this was a mutually beneficial agreement that creates opportunities for both the city and the Coyotes. He said the arena rent will continue to be \$500,000 annually. In the past, the city has attempted to get the management fee down to \$6.5 million through application of surcharges and fees, some of which would come back to the city. He said this has not been successful. He said in this agreement, the city will pay \$6.5 million for arena management and that is the only payment made to the Coyotes. As an addition to this agreement, the Coyotes will have the right to all the surcharges and fees and the flexibility to adjust those fees based on the nature of the event. He said the city has an option in the second year of this agreement to become the arena manager. This would be done after a complete review of the arena manager role. A 90 day notice would be given to the Coyotes that the city would move into that role. Within that role, the city would have access to significant additional revenues associated with the arena's operation. He said the termination date of the contract becomes June 30, 2017. He said this allows the city and Coyotes to discuss the possibilities for the future and gives both an opportunity to sever the relationship at that point. He said the city had 20 percent of the naming rights, but with the new contract, all contractual relationships are severed. He said this is an opportunity for the city and the Coyotes to form a strong alliance for a long-term relationship. It also affords the city the opportunity to become the arena manager, which may provide the city with potential opportunities. Mr. Bowers encouraged the Council to vote in favor of this item.

Mayor Weiers said he had no speaker's cards, so they would move forward. City Clerk Pamela Hanna read the Ordinance in its entirety.

ORDINANCE NO. 2949 NEW SERIES

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 FIRST AMENDMENT TO THE PROFESSIONAL MANAGEMENT SERVICES AND ARENA LEASE AGREEMENT, DATED JULY 8, 2013 (C-8532), WITH ICEARIZONA MANAGER CO., LLC, AND ICEARIZONA HOCKEY CO., LLC.; AND DECLARING AN EMERGENCY.

WHEREAS, on July 2, 2013, City Council adopted Ordinance No. 2855 New Series authorizing and directing the execution and delivery of the leasehold interest within the Professional Management Services and Arena Lease Agreement ("Agreement") with IceArizona Manager Co., LLC and IceArizona

Hockey Co., LLC for the use of the city-owned Gila River Arena (previously known as Jobing.com) by the Arizona Coyotes (previously known as Phoenix Coyotes); and

WHEREAS, the City of Glendale, IceArizona Manager Co., LLC and IceArizona Co., LLC previously entered into a Professional Management Services and Arena Lease Agreement (C-8532) effective July 8, 2013; and

WHEREAS, the City of Glendale, IceArizona Manager Co., LLC and IceArizona Co., LLC wish to modify and amend the Agreement.

NOW, THEREFORE, 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 First Amendment to the Professional Management Services and Arena Lease Agreement ("First Amendment") with IceArizona Manager Co., LLC, and IceArizona Hockey Co., LLC. The Agreement, is on file in the office of the City Clerk of the City of Glendale and relates to the Exclusive Team Space, which is defined in § 1.2 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. The City Manager and the City Clerk are hereby authorized and directed to execute and deliver the First Amendment 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.

SECTION 3. That the City and its residents will benefit from the management, use, and lease of the Arena under the First Amendment to the Professional Management Services and Arena Lease 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 First Amendment to the Professional Management Services and Arena Lease Agreement provides a substantial public benefit.

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

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. 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, and it is hereby exempt from the referendum provisions of the Constitution and laws of the State of Arizona.

SECTION 8. The City Clerk is hereby directed to publish this ordinance in the official newspaper of the city within fifteen (15) days of its approval.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Glendale, Maricopa County, Arizona, this 24th day of July, 2015.

Nick Wood, Snell & Wilmer, thanked management and staff for the time they have spent on this issue. He apologized to Vice Mayor Hugh for negative comments made about the Vice Mayor. He said those remarks were not endorsed or condoned by his client. He said they are thrilled about this agreement and it gives both parties an opportunity to sit down and negotiate to reach an agreement they can all be happy with in the future.

Mr. LeBlanc thanked the Council for the opportunity to speak and explain what has happened over the last few weeks. He said occasionally partners will get into a situation where both sides appear to be at a point of no return. He said he never felt the parties reached a point where they not go back and he is thrilled that is the case with this agreement. He said both parties felt strongly they were in the right. He said both sides realized they did not want to be in the situation of being dead right. Neither party would benefit from a long legal battle. He said any business requires a level of certainty and it became clear when they went into free agency recruitment. He explained they heard from free agent players who had no interest in coming to play for the Coyotes due to the uncertainty of the situation. He said this hit home when one current player would only sign a one year agreement to stay with the team. He said this is about saving the franchise.

Mr. LeBlanc thanked the Council for agreeing to turn the page and they only benefit from beginning anew and beginning to rebuild. He said all parties wanted to be a good partner, but felt his organization was deficient in key areas. He said the sharing of information from his side has been lackluster at best, and he pledged to change that, effective immediately. He proposed having a standing quarterly meeting regarding the state of the Coyotes and Gila River Arena. He said the Coyotes are committed to the city and Arizona. He said

the door is wide open to discuss a longer agreement than the current two year deal. He said the Coyotes did not agree to a two year agreement so they could relocate in the future. If the team wanted to leave, they had the out to do so this summer. He said they fought for this agreement because they believe in this market. He said they will take the time to mend fences and build trust. He was committed that the Coyotes will do that. He said it took real leadership to agree to settle this matter. He thanked the Council for doing so and was appreciative of the work done by management and staff.

Mayor Weiers said he received a late speaker's card.

James Deibler, a Phoenix resident, said he supports the restructured agreement with the Coyotes. He said it will save the city money for the next two years and will provide the citizens of Glendale with more services. He spoke about fixing up the playground at 59th Avenue and Bethany Home Road. He said the team is a community asset for Glendale and the west valley. He said he would like to work with the Coyotes as he has experience with sports photography and customer service. He said the Coyotes treat their employees nicely. He thanked the city and Coyotes for making a good deal.

Mayor Weiers said he wanted everyone to understand this is an emergency ordinance that requires five votes and not just a simply majority.

Councilmember Sherwood said he appreciated the previous comments of Mr. Wood and Mr. LeBlanc. He said he thinks damage has been done to both sides, but was glad his colleagues agreed to avoid another lawsuit that would cost taxpayers millions. They were able to compromise and find a win-win resolution for the team and for the taxpayers. This is why he will vote yes today in support of the first amendment to the agreement. He asked staff to begin work researching arena management and to hire an expert firm to assist with this endeavor. He said the city has owned the arena since 2003 and still does not have an understanding of what it costs to run the arena. He said the city cannot afford to sit on this agreement and needs to get this worked out.

Councilmember Chavira qualified his yes by saying this is by no means a victory. Both parties have an opportunity to come together and work as a team. He said the work starts as soon as the meeting ends.

Mayor Weiers said this has been unpleasant for everyone. It is a conclusion that benefits the city, the Coyotes, and the fans. He said the Council has to uphold their oath to the citizens. The circumstances are great and he and Mr. LeBlanc have the same friendship they had before.

A motion was made by Councilmember Turner, seconded by Councilmember Aldama, that this agenda item be approved. The motion carried by the following vote:

Aye: 7 - Mayor Weiers, Vice Mayor Hugh, Councilmember Aldama, Councilmember Chavira, Councilmember Sherwood, Councilmember Tolmachoff, and Councilmember Turner

COUNCIL COMMENTS AND SUGGESTIONS

Councilmember Aldama said it has been a difficult month. He thanked the citizens for trusting the Council's decision on June 10th. He also thanked the Coyotes for coming to the table. He felt their actions were a representation of the taxpayer and constituents. He is interested in nothing less than a good professional relationship with the Coyotes. He said his first priority is to the citizens of Glendale and supporting the business owners. He said he hopes the Coyotes stick around for many more years as they have a lot of loyal fans. He thanked the Coyotes for coming to the table and working on a resolution.

Councilmember Chavira thanked staff for doing a tremendous job. He wanted the citizens and business owners that the Council was there to support them. He said they can reset the clock and do the right thing this time. He also thanked the Coyotes.

Councilmember Sherwood thanked staff and Coyotes staff for bringing this to a conclusion in a short period of time. He said now they have an opportunity with some of the savings to cure the city's public safety woes. He thanked everyone for bringing this to a conclusion today.

Councilmember Tolmachoff wanted to make sure the right people get credit for bringing this to Council today. She thanked Mr. Bowers, Mr. Bailey and city staff who worked tirelessly to move this process forward. She thanked the Coyotes for their efforts. She said the Council did the right thing for the taxpayers. She said the Coyotes and city staff made this successful and now they can get back to running the city.

Councilmember Turner said this is a good day for the city and for the Coyotes. He thanked city staff and Mr. Bowers for his leadership. He also thanked Mr. Duensing and Mr. Bailey. He thanked Vice Mayor Hugh for his leadership and his knowledge of the facts. He looked forward to working with the Coyotes to move toward a long term relationship. He said this is a win for everyone.

Vice Mayor Hugh congratulated Mr. Bowers for his leadership, and Mr. Bailey. He also thanked Mr. Wood as well. He said they are going to have a great relationship.

Mayor Weiers told Mr. LeBlanc said he hoped they can get Glendale, Arizona put on center ice. He is pleased with the results today and hoped the fans understood why they did this. He thanked everyone again.

ADJOURNMENT

The meeting was adjourned at 10:16 a.m.