

DiPiazza, Nicholas

From: RICHARD BOWERS [REDACTED]
Sent: Tuesday, June 25, 2013 10:14 AM
To: DiPiazza, Nicholas
Subject: Renaissance

Nick.

Will you please send this along to the City Council or hand out in the exec session.

Mayor and City Council,

I want to share these thoughts by e-mail in case my connection fails... we have had a steady problem of dropped calls for the past couple days. You asked that I bring back to you the financials related to the Renaissance proposal. Staff has worked hard to boil the data down to a digestible level for your discussion today.

Contrary to what might appear in the papers I don't see this as a "done deal". Far from it. Discussions continued over the weekend and we have come only slightly closer to comfortable than before. Gary B has helped to illustrate to the Renaissance group's attorney the concerns we have., I suspect this has given them a degree of discomfort.

Of the three requests you identified and I posed on Friday, the only one accepted was the increase to 20% on the naming rights. Deferring the first payment was rejected by the NHL. Accumulating the \$1.50 per ticket fund was rejected by Renaissance. I believe everyone has been working in good faith and each with the best interest of their constituency in mind. The problem is the distance between the two.

The timeline line for the hockey question has been VERY short and essentially reactive. While we have sought and received revenue increase projections to narrow the gap between 15m and 6.5m, we have not been able to secure any substantial level of certainty. I posted the proposal data for your consideration exactly as they had projected. The numbers were subsequently discussed with several cautionary comments including the high degree of uncertainty regarding achievability and the need for the Council to be very sensitive to the risk tolerance of the Glendale financial picture. The major factor was the absence of certainty. Council comfort with the risk was mixed with consensus to continue discussion with Renaissance.

Granted, I am very conservative in City budget matters. Glendale cannot afford a failure. The potential of failure exists as a dark shadow in the absence of the investors standing by their own numbers with confidence enough to simply take them for themselves and do the deal for 6.5. Try as I might (because we all do want Hockey and its associated benefits) I cannot shake the concern for the level of risk expected to be borne by the City. While there are many ways to describe the Renaissance's reluctance I keep coming back to that same discomfort of Glendale having all the risk in this deal. My concerns could mean nothing or they could represent an existential question that must be considered. Will this work for the benefit of the City of Glendale and what makes us firmly believe that it will? When I presented the numbers from the proposal, I shared a number of times my discomfort with the unknowns and the uncertainty associated with those unknowns. The \$1.50 inched toward that issue but falls quite short. I fully respect the Council's role and respect the feeling of confidence. My responsibility is to give you an objective analysis that will include commentary from the City finance department and Horatio, and from our consulting attorney Gary Burnbaum who has been a great asset in trying to work through the myriad of questions and concerns in a terribly limited time.

Whatever you finally decide we will make happen. Knowing what that means financially is the issue for today.

dick bowers

