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## **CITY OF GLENDALE ARENA MANAGEMENT AGREEMENT UPDATE**

*The City of Glendale continues to negotiate an arena use agreement for the city-owned [Jobing.com](http://Jobing.com) Arena to keep the National Hockey League's (NHL) Phoenix Coyotes in Glendale. The draft arena use agreement is available online at [www.glendaleaz.com](http://www.glendaleaz.com).*

### **PROPOSED DRAFT POINTS & PROJECTIONS FROM ICEARIZONA ACQUISITION (A COMPANY OWNED BY RENAISSANCE ENTERTAINMENT & SPORTS GROUP) TO THE CITY OF GLENDALE:**

- The term of the agreement calls for the NHL Coyotes to remain as the anchor tenant at the city-owned Jobing.com Arena for the next 15 years
- Glendale pays \$15 million annually to the Renaissance Group to manage and operate the arena
- Renaissance's proposed yearly revenue projections to the city of Glendale:
  - Rent - \$500,000
  - Hockey ticket surcharge - \$1.5 million
  - Non-hockey ticket surcharge- \$1.7 million
  - Parking revenue - \$2.2 million
  - Arena naming rights- \$670,000
  - Naming rights for new, smaller stage/theatre - \$150,000
- These projections are in addition to the city's collection of sales tax for admissions, concessions, etc...
- Guarantee to the city: \$1.2 million if projected revenues fall short based on a \$1.50 surcharge on each ticket
- City receives limited rent-free use of arena for city sponsored events and community events
- A five-year out clause allows the Renaissance Group the ability to negotiate new terms or terminate the agreement.

(more)

**UNRESOLVED CONCERNS FROM THE CITY OF GLENDALE:**

*Since the NHL Coyotes unexpectedly went into bankruptcy in 2009, the city of Glendale has worked consistently to protect its investment in the Sports and Entertainment District and bring a resolution to this matter. The city has worked with the NHL and several prospective buyers to determine a solution in the best interest of the city. There are unresolved serious concerns with the current proposed agreement including:*

- Risk to the city:
  - The city bears all the risk if the revenue projected by Renaissance is not realized.
  - The deal requires a \$15 million management fee to Renaissance. The city has budgeted \$6 million to pay for part of the \$15 million arena management fee and Renaissance has projected shared revenue streams to help bridge the gap. Should those projections not be realized, and the city does not receive the projected revenues, then the city would need to make up that loss.
  - The proposed agreement is for 15 years and does not allow for the city to terminate the deal if revenue projections are not met as long as the Coyotes play in the arena.
  - The proposed contract can be terminated by Renaissance if their cumulative losses reach \$50 million, and, in any event, after five years.
  
- Revenue streams:
  - Approximately \$3 million, of the proposed revenue is not new to the city and includes revenue previously included in the city's budget for next year.
  
- Timeframe:
  - The timeframe for this current proposed agreement has been extremely tight making it very difficult for the city of Glendale to perform due diligence and negotiate a \$225 million deal. The first proposal deal points were submitted to the city in early June with an expectation for completion by July 2. The city appreciates the urgency pressing the Renaissance Group, but has a duty to be transparent and provide sufficient time to the public to provide input.
  - The proposed agreement needs to be completely vetted and approved by the city's legal team and management to determine any issues. The most recent contract proposal was received from the Renaissance Group for review by the city of Glendale at approximately 9 p.m. on Wednesday, June 26. The Renaissance Group expects the Glendale City Council to vote on the agreement on Tuesday, July 2.