



Legislation Text

File #: 15-520, **Version:** 1

SETTLEMENT OF ALL CLAIMS BETWEEN THE CITY OF GLENDALE, ICEARIZONA MANAGER CO., LLC AND ICEARIZONA HOCKEY CO., LLC

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Purpose and Recommended Action

This is a request for City Council to authorize and direct the City Manager to enter into a settlement agreement with IceArizona Manager Co., LLC and IceArizona Hockey Co., LLC relating to any and all claims.

Background

In 2001, the City of Glendale entered into an Arena Development Agreement, an Arena Management and Use Agreement (AMULA), and a Mixed-Use Development Agreement (MUDA) with Arena Management Group, LLC, Coyotes Hockey, LLC, Glendale 101 Development, LLC, and Coyote Center Development, LLC. The purpose of these actions was to create a high-quality major economic center in Glendale, consisting of offices, hotels, entertainment, retail and restaurants.

In May of 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 financial projections and attracting economic development to the area until the Coyotes were thrust into bankruptcy. During the bankruptcy proceedings, the National Hockey League (NHL) purchased the assets of the Coyotes but did not assume the Arena Management, Use and Lease Agreement.

For four years, under the direction of the City Council, the City actively worked with the NHL and potential buyers of the Coyotes to structure a deal that would keep the team in Glendale.

In 2013, the City entered 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 Gila River Arena (previously known as Jobing.com) by the Arizona Coyotes (previously known as Phoenix Coyotes).

Previous Related Council Action

On July 24, 2015, City Council authorized and directed the City Manager to enter into a settlement agreement with IceArizona Hockey Co., LLC, IceArizona Manager Co., LLC, and David Reaves, Chapter 7 Trustee of Arena Management Group, LLC, to finally resolve and settle all interests in the Operating Reserve Account and agree to the disbursement of the proceeds.

On July 24, 2015, City Council, by vote, rescinded the June 10, 2015 direction to cancel the Professional Management Services and Arena Lease Agreement between the City of Glendale and IceArizona Manager Co.,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.

On June 10, 2015, City Council, by a 5-2 vote, 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., pursuant to Arizona Revised Statutes §38-511, and to pursue any and all other legal actions remedies necessary to effectuate cancellation or termination of the Agreement.

On July 2, 2013, City Council authorized the City Manager to enter into a Professional Management Services and Arena Lease Agreement with IceArizona Manager Co., LLC and IceArizona Hockey Co., LLC, dated July 8, 2013 (C-8532), providing lease, professional management, use of the Arena Facility, and to provide professional consulting services. City Council also 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 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).

On June 28, 2013, a Council special workshop was held to discuss the status of negotiations and review the draft proposed arena management agreement with RSE.

On March 26, 2013, Council voted to ratify the entering into of an agreement with Beacon Sports Capital Partners, LLC to provide representation for Glendale, assist the City in soliciting and reviewing offers, and negotiate a new Arena Management Agreement for the future lease and management of the city-owned Arena. A Request for Proposal was let on April 16, 2013 with a deadline of May 24, 2013 for Venue Management of Gila River Arena. At the direction of City Council, an extension was approved until May 31, 2013.

On February 5, 2013, the Acting City Manager presented a review of the options regarding the city-owned Arena and the impact of the unfulfilled sale of the Arizona Coyotes. The deadline for prospective Arizona Coyotes' owner, Greg Jamison of Arizona Hockey Arena Partners, LLC and the Arizona Hockey Partners, LLC, to purchase the Arizona Coyotes team was Thursday January 31, 2013 at midnight. Mr. Jamison was required under terms of the finalized Arena Lease and Management Agreement and Noncompetition and Non-relocation Agreement to purchase the team from the National Hockey League by the deadline date and time to secure the twenty (20) year deal with the City to use and manage the city-owned Arena. Mr. Jamison was not able to complete the purchases of the Arizona Coyotes and did not sign the agreement by the deadline on January 31, 2013.

On November 27, 2012, Council voted and approved an ordinance with an emergency clause authorizing and directing the City Manager to enter into an Arena Lease and Management Agreement with Arizona Hockey Arena Partners, LLC and Arizona Hockey Partners, LLC for the use of the city-owned Arena by the Arizona Coyotes.

On November 20, 2012, the Acting City Manager presented a comprehensive review of the finalized Arena Lease and Management Agreement and Noncompetition and Non-Relocation Agreement with Arizona Hockey Arena Partners, LLC, and Arizona Hockey Partners, LLC, for the use of the city-owned Arena by the Arizona Coyotes.

On October 2, 2012, City staff sought guidance from City Council on proposed modifications to the Arena Lease and Management Agreement with Arizona Hockey Arena Partners, LLC and Arizona Hockey Partners, LLC for the use of the city-owned Arena by the Arizona Coyotes. Council provided direction to proceed with negotiations with Arizona Hockey Arena Partners, LLC and Arizona Hockey Partners, LLC.

In August 2012, Council directed the Acting City Manager to renegotiate the payment terms of the approved agreement with a stated objective of reducing the payments made in the early years of the agreement to better meet the City's cash flow needs.

On June 8, 2012, Council adopted a resolution authorizing the entering into of the following agreements with Arizona Hockey Arena Partners, LLC and Arizona Hockey Partners, LLC for the use of the city-owned Arena by the Arizona Coyotes: (1) Arena Lease and Management Agreement and (2) Noncompetition and Non-Relocation Agreement.

On May 10, 2011, Council adopted a resolution extending the management agreement between the City of Glendale and the NHL, to stratify the NHL's requirements in order for the NHL Arizona Coyotes to remain in Glendale during the NHL 2011-12 hockey season. In May 2011, the City agreed to pay \$25 million for the NHL to operate the arena for FY 2011-12.

On December 14, 2010, staff brought forward an Arena Lease and Management Agreement and a Use and Non-Relocation Agreement with Arizona Hockey Arena Holding, LLC and Coyotes Newco, LLC. The potential buyer did not move forward with plans to purchase the team.

Staff brought forward an MOU to Council for potential buyers of the Arizona Coyotes on April 13, 2010 and June 8, 2010. Neither potential buyer moved forward with viable plans to purchase the team.

On May 11, 2010, Council authorized an agreement with the NHL to retain the team in Glendale for the 2010-11 season while City staff completed the necessary negotiations with potential new owners.