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GLENDALE & NHL COYOTES AGREEMENT FREQUENTLY ASKED QUESTIONS



The city of Glendale is releasing an FAQ sheet to present facts about its business agreement with Matthew Hulsizer, a potential buyer of the National Hockey League (NHL) Coyotes team. This FAQ has been designed to alleviate the misinformation created by the Goldwater Institute.

1. Does this deal violate the Arizona Constitution?

No. The Arizona Constitution case law says that public and private entities can work together on projects that benefit the community, so long as the transaction does not require that the public entities' financial obligation is "grossly disproportionate" to the benefit received. This legal standard was clarified in the 2007 Turken v. Gordon case, which involved the City North development in North Phoenix. Although the law is clear, the Goldwater Institute has consistently misstated the legal test, saying that the assistance must be "roughly proportionate." With respect to the city's transaction with the new owners of the Coyotes, four separate legal opinions concluded this agreement does not violate the Gift Clause of the Arizona Constitution. Former Arizona Attorney General Grant Woods also has publicly expressed that opinion. Nevertheless, the Goldwater Institute remains opposed to the transaction based on a clearly flawed analysis. The Institute and its small base of supporters are using baseless threats of litigation, with its associated delay and significant costs, as a means of preventing the implementation of the proper decisions of elected officials.

2. What are the consequences of the Goldwater Institute's continued threatened legal action?

The Institute's threats could cost the very taxpayers they claim to support millions of dollars. If this agreement doesn't move forward, the taxpayers of Glendale will face losses of hundreds of millions of dollars, and the entire region will suffer the loss of revenues, businesses and jobs. The Institute's goal of preventing any viable transaction that will keep the Coyotes in the Jobing.com Arena will cause irreparable harm to those they ostensibly claim to be protecting.

3. Is it true that if the Coyotes move out of state Glendale could just replace the 40 game nights with concerts and other activities, and the taxpayers, who are still paying for the Arena, will be no worse off?

No. This is a very irresponsible myth that ignores the reality of the business of running an arena facility. The economics of an arena are focused on corporate sponsorships – advertising, suites, etc. All of those factors are negatively altered without a professional sports franchise as a primary tenant. The Institute's naïve suggestion that bringing in the "Ice Capades" would allow the city to cover the debt service on the bonds that exist today – regardless of whether or not the Coyotes remain in Arizona – is ludicrous. Sponsors spend a lot of money to buy suites only at venues that have consistent events, concerts and professional sports. As the anchor tenant, the Coyotes fill about 1/3 of all events at the Arena, and the games have been a catalyst for all businesses in the area. In addition, because of the strength of the Coyotes as the anchor tenant, the city has been able to successfully pay its arena debt.



4. Has the Goldwater Institute provided the city with any input on the deal or suggested how the deal should be structured to avoid legal action?

The Goldwater Institute should never be allowed to use its extreme political philosophy to dictate how a public entity conducts business. The city is very capable of understanding and properly implementing the law. That said, the Goldwater Institute refuses to meet with the city of Glendale, the NHL Commissioner or even potential owner Mr. Hulsizer so that the Institute could be educated on this transaction and conduct a proper analysis. The last discussion the city had with the Goldwater Institute was on January 17, 2011, in which the city and Mr. Hulsizer discussed why the agreement did not violate the Gift Clause. The Institute said they were still completing legal analysis and did not have any specific comments regarding the structure of the deal but would provide an answer regarding possible litigation by the end of that week. The Institute indicated very clearly that they would not merely provide a “non-answer.” Yet, at the end of that week, on Friday at 4:45 p.m., the Institute issued a press release indicating more research and more time was needed.

The city inquired if the Institute needed any more documents or had more questions and the Institute expressly stated that nothing else was needed during their “internal review.” Throughout the next two months, the NHL, Glendale and Mr. Hulsizer, along with community and business leaders, U.S. Senator John McCain and former Arizona Attorney General Grant Woods, have actively encouraged the Institute to meet with the city’s attorneys and provide specific feedback on any legal issues. These attempts have been met with no return phone calls or emails and the only way any of the parties have received information from the Institute has been through often-issued, late-afternoon press releases. In most situations where parties are dealing in good faith to achieve a positive end result, the parties try to meet, discuss, clear up misconceptions and come to a resolution.

5. Does the Goldwater Institute want the Coyotes to leave Arizona?

According to an “Arizona Republic” article on March 17, 2011, the Goldwater Institute’s litigation director is a member of a Facebook group called “Support the Goldwater Institute Bring Home the Jets.” This is a website with the expressed goal of bringing the Coyotes back to Canada. This action reflects complete impartiality some members of the Institute may have in evaluating the agreement.

6. If the Coyotes leave Arizona, will the Goldwater Institute be to blame?

Absolutely. The Institute’s baseless threat of litigation is preventing this publicly beneficial transaction from being concluded. The Goldwater Institute inappropriately sent letters to bond-rating agencies and the city’s bank trustees misrepresenting the law and asserting that the Institute was “thinking” about a legal challenge against the city. Those tactics put the entire process at risk. The Institute’s actions created a threat to potential bond buyers thus creating higher interest rates and challenges in selling the bonds overall. The NHL Commissioner said publicly on March 9, 2011, that Goldwater’s tactics impacted the bond underwriters and he questioned “...whether this is really an organization that is concerned with the public interest despite a mission statement that calls for expanding free enterprise and support for the public interest.”

7. Did the city of Glendale allow citizens, and specifically the Goldwater Institute, to speak publicly about the most recent agreement to purchase the Coyotes?

Absolutely. Since the team was unexpectedly placed in bankruptcy, there have been several public meetings about possible business agreements between the city and potential owners. In regards to this most recent agreement with Mr. Hulsizer, hundreds of citizens attended public meetings providing input. Not once did the Goldwater Institute participate in one of Glendale’s public meetings. Furthermore, thousands of pages of public documents have been provided to the Goldwater Institute.



8. What is Glendale's agreement with the new buyer of the Coyotes, Matthew Hulsizer?

Over the last 2 ½ years, the NHL and the city of Glendale have been focused on selling the team to an operator who will make it a very successful franchise and will commit to keeping the team in Glendale for at least the next 30 years. In December 2010, the Glendale City Council approved an agreement with Matthew Hulsizer. Major agreement points:

- a. Mr. Hulsizer has the option to purchase the city-owned Jobing.com Arena during the term of the agreement and the city has an option to sell the Arena to the team entities at the end of the agreement—both options provide substantial benefit for taxpayers.
- b. The agreement contains a profit-sharing component that is unique in North American sports, in which the city will share in team and Arena revenue over the life of the deal.
- c. The city will purchase the right to receive all income generated by parking rights at the Arena, including all profits generated from naming rights, signage and parking fees.

9. Why is it a big deal for the city to purchase the parking rights?

The Hulsizer group will own the parking rights to the Arena, just as would any other entity that leases a facility. But now with this agreement, Glendale will be able to create new revenue for the city by assuming these rights. The city can charge for parking year-round at every event at the Arena generating millions of dollars over the term of the agreement. The parking studies completed by highly professional, independent consultants during the negotiating process determined the amount of money that could be generated by purchasing the parking rights and that the city is paying a fair amount for these rights.

10. How can I keep up-to-date on the city's progress with finalizing the purchase agreement and also show support?

In an effort to continue to be transparent throughout this process, the city of Glendale regularly updates the Coyotes situation on the front page of the city website at www.glendaleaz.com. Throughout this entire process, the city has posted hundreds of pages of documents related to the Coyotes agreements online so citizens could remain involved and informed. The documents are all available online through the city's archive system. Many residents have demonstrated support for Glendale's efforts to keep the Coyotes by contacting their local elected officials, the Coyotes fan clubs, the Coyotes team, the NHL and the media through letters, emails, phone calls and social media.