

From: Duensing, Tom

Sent: Friday, April 15, 2016 2:50 PM

To: Weiers, Jerry; Hugh, Ian; Aldama, Jamie; Chavira, Samuel; Malnar, Ray;

Tolmachoff, Lauren; Turner, Bart

Cc: Phelps, Kevin; Campbell, Jennifer; Bailey, Michael; Handlong, Amy; Wood,

Diane; Rios, Vicki

Subject: CIOSI - Arena Management FY03-04 through FY15-16 (est.)

Attachments: CIOSI - Arena Management Summary.pdf

Mayor & Council,

This is in response to a Council Item of Special Interest (CIOSI) from Councilmember Tolmachoff requesting the dollar amount of arena management offset by revenues from both hockey and non-hockey events. Attached are 1) Arena summary of fees, revenues and debt service payments from FY03-04 through FY15-16 and 2) a schedule of future debt service payments on the facility showing an outstanding principal amount of \$144 million. A few things:

- \* This does not include any impact from the Arena Management contract that is currently being negotiated with AEG facilities.
- \* This information does not include the debt service payments for infrastructure surrounding the Arena.
- \* Certain debt service payments are estimated due to the 2012 debt refinancing.
- \* This does not include the sales taxes generated from Westgate/Tanger.

If you have any questions, please feel free to contact me.

Respectfully,

Thomas F. Duensing, CPA

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**City of Glendale**  
**Summary of Arena Management Fee Payments,**  
**Related Revenue and Arena Debt Service Payments**  
**FY03-04 Through FY15-16**

**1. Analysis of Management Fee Payments and Revenue Received by the City**

|   | Arena Management Group (AMG) |                  |                  |                  |                  |                | AMG/Arena Newco  | Arena Newco         |                     |                  | IceArizona         |                    |                    | Total               |
|---|------------------------------|------------------|------------------|------------------|------------------|----------------|------------------|---------------------|---------------------|------------------|--------------------|--------------------|--------------------|---------------------|
|   | FY03-04                      | FY04-05          | FY05-06          | FY06-07          | FY07-08          | FY08-09        | FY09-10          | FY10-11             | FY11-12             | FY12-13          | FY13-14            | FY14-15            | FY15-16 (est.)     |                     |
| <b>Arena Management Fees</b>                      | -                            | -                | -                | -                | -                | -              | -                | (25,000,000)        | (20,000,000)        | -                | (13,551,370)       | (15,000,000)       | (6,500,000)        | (80,051,370)        |
| <b>Total Arena Management Fees</b>                | -                            | -                | -                | -                | -                | -              | -                | (25,000,000)        | (20,000,000)        | -                | (13,551,370)       | (15,000,000)       | (6,500,000)        | (80,051,370)        |
| <b>Revenue</b>                                    |                              |                  |                  |                  |                  |                |                  |                     |                     |                  |                    |                    |                    |                     |
| Base Fees   | 254,956                      | 513,749          | 512,496          | 512,496          | 512,496          | 512,496        | 512,496          | 512,496             | 512,496             | 512,207          | 48,682             | -                  | -                  | 4,917,065           |
| Team Guarantee                                    | -                            | 1,000,000        | 1,000,000        | 1,000,000        | 1,000,000        | -              | -                | -                   | -                   | -                | -                  | -                  | -                  | 4,000,000           |
| Arena Annual Rent                                 | -                            | -                | -                | -                | -                | -              | -                | -                   | -                   | -                | 451,712            | 500,000            | 500,000            | 1,451,712           |
| Ticket Surcharges                                 | -                            | -                | -                | -                | -                | -              | -                | -                   | -                   | -                | 2,745,162          | 3,057,956          | -                  | 5,803,117           |
| Parking   | 1,110,172                    | 646,906          | 2,039,505        | 1,995,566        | 1,930,460        | 27,413         | 3,583,728        | 1,669,662           | 1,980,752           | 1,252,146        | 941,508            | 1,081,934          | -                  | 18,259,752          |
| Naming Rights                                     | -                            | -                | -                | -                | -                | -              | -                | -                   | -                   | -                | 55,540             | 344,500            | 420,000            | 820,040             |
| Community Events                                  | -                            | -                | -                | -                | -                | -              | -                | -                   | -                   | -                | 15,098             | 40,426             | -                  | 55,524              |
| <b>Total Revenue</b>                              | <b>1,365,128</b>             | <b>2,160,655</b> | <b>3,552,001</b> | <b>3,508,062</b> | <b>3,442,956</b> | <b>539,909</b> | <b>4,096,224</b> | <b>2,182,158</b>    | <b>2,493,248</b>    | <b>1,764,353</b> | <b>4,257,701</b>   | <b>5,024,815</b>   | <b>920,000</b>     | <b>35,307,210</b>   |
| <b>Total Revenue Net of Arena Management Fees</b> | <b>1,365,128</b>             | <b>2,160,655</b> | <b>3,552,001</b> | <b>3,508,062</b> | <b>3,442,956</b> | <b>539,909</b> | <b>4,096,224</b> | <b>(22,817,842)</b> | <b>(17,506,752)</b> | <b>1,764,353</b> | <b>(9,293,669)</b> | <b>(9,975,185)</b> | <b>(5,580,000)</b> | <b>(44,744,160)</b> |

|   |             |             |             |             |             |             |             |             |             |             |             |             |             |               |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|
| <b>2. Arena Debt Service (Excluding Infrastructure)</b> | (8,975,743) | (8,133,560) | (8,233,560) | (8,546,180) | (9,145,515) | (9,699,186) | (9,787,727) | (9,634,115) | (9,727,229) | (9,742,801) | (8,399,151) | (8,493,791) | (7,111,137) | (115,629,695) |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|

**Note 1** The information above represents the impacts to the City's operating budgets. Actual operating losses relative to Arena operations are not presented and are absorbed as follows:

- a. From FY03-04 through FY09-10, arena operating losses were absorbed by the Arena Management Group.
- b. From FY10-11 through FY12-13, arena operating losses were absorbed by Arena Newco and were offset by Arena Management Fee payments from the City.
- c. From FY13-14 through FY14-15, arena operating losses were absorbed by IceArizona and were offset by Arena Management Fee payments from the City; however, the City bore the benefit/risk of revenue performance.

**Note 2** Revenues and fees are relative to the Arena management agreements and do not include the following:

- a. Sales taxes generated from the Arena
- b. Annual security fee
- c. Reimbursed police, fire, and transportation costs
- d. Bankruptcy settlement payments, parking garage settlement payments, or land sale payments

**Note 3** a. FY08-09 parking revenue payments were delayed due to the May 2009 bankruptcy filing and the revenues were subsequently paid in FY09-10.

- b. Arena Newco operated the facility from approximately November 2009 through July 3013.

**Note 4** FY13-14 revenue includes \$67,517 from the NHL agreement as follows:

- a. Base fees - \$48,682
- b. Parking - \$18,835

**Note 5** FY15-16 Arena Debt Service represents the impact of bond refunding

**Note 6** In FY16-17, a final \$5 million payment is due to the NHL and is not reflected above.

**City of Glendale  
Future Arena Debt Service**

| <b>Fiscal Year</b> | <b>Principal</b>   | <b>Interest</b>   | <b>Total</b>       |
|--------------------|--------------------|-------------------|--------------------|
| FY15-16            | -                  | 7,111,137         | 7,111,137          |
| FY16-17            | 663,375            | 7,213,935         | 7,877,310          |
| FY17-18            | 1,278,750          | 7,223,522         | 8,502,272          |
| FY18-19            | 3,899,725          | 7,204,203         | 11,103,928         |
| FY19-20            | 3,783,000          | 7,002,463         | 10,785,463         |
| FY20-21            | 6,234,395          | 6,801,259         | 13,035,654         |
| FY21-22            | 7,153,744          | 6,461,094         | 13,614,838         |
| FY22-23            | 7,668,400          | 6,072,135         | 13,740,535         |
| FY23-24            | 8,719,273          | 5,659,895         | 14,379,168         |
| FY24-25            | 9,229,834          | 5,190,431         | 14,420,265         |
| FY25-26            | 9,772,790          | 4,690,009         | 14,462,799         |
| FY26-27            | 10,428,286         | 4,151,633         | 14,579,919         |
| FY27-28            | 11,003,241         | 3,630,219         | 14,633,460         |
| FY28-29            | 11,627,196         | 3,080,057         | 14,707,253         |
| FY29-30            | 12,265,776         | 2,498,697         | 14,764,473         |
| FY30-31            | 12,937,521         | 1,885,408         | 14,822,929         |
| FY31-32            | 13,614,037         | 1,268,841         | 14,882,878         |
| FY32-33            | 14,234,502         | 687,635           | 14,922,137         |
|                    | <u>144,513,845</u> | <u>87,832,570</u> | <u>232,346,415</u> |