

OFFICIAL MEETING HELD AT THE GOLDWATER INSTITUTE
(Transcript of Proceedings)

Phoenix, Arizona

April 21, 2011

3:00 p.m.

PREPARED FOR:

ATTORNEY AT LAW
(COPY)

Reported by:
HALEY WESTRA, RPR
Arizona CCR No. 50762

1 OFFICIAL MEETING HELD AT THE GOLDWATER
2 INSTITUTE, taken on April 21, 2011, commencing at
3 3:13 p.m., at the offices of the GOLDWATER INSTITUTE,
4 500 East Coronado Road, Phoenix, Arizona, before HALEY
5 WESTRA, a Certified Reporter in the State of Arizona.

6
7 APPEARANCES:

8 Mayor Scruggs

9 Darcy Olsen

10 Craig Tindall

11 Matthew Hulsizer

12 John Just

13 Ray Coppoletta

14 Starlee Rhoades

15 Clint Bolick

16 Nick Dranias

17 Carrie Ann Sitren

18 Julie Frisoni

19 Diane Cohen

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A T T A C H M E N T S

EXHIBITS	DESCRIPTION
No. 1	Concerns/Solutions
No. 2	E-mail from Jordan Rose dated 3/5/2011
No. 3	Various e-mails regarding "Records" dated 5/10/2010 and 5/11/2010
No. 4	City of Glendale, Arizona "Agreement C-4418-4"

1 MS. OLSEN: Are we all here?

2 MS. RHOADES: We are.

3 MS. COHEN: We are.

4 MS. OLSEN: Okay. Well, we are.

5 MS. COHEN: Even more of us than we
6 thought would be here.

7 MS. OLSEN: It was really easy for us.
8 We really appreciate you guys making the drive over.

9 And, Matt, I don't know if you and your
10 dad -- or father-in-law?

11 MR. HULSIZER: Father-in-law.

12 MS. OLSEN: -- if you flew in just for
13 this meeting or for the game last night, but --

14 MR. COPPOLETTA: You were here for that
15 game, obviously.

16 MR. HULSIZER: There was a game last
17 night?

18 MS. OLSEN: Yeah, there was a game last
19 night. But we're really glad to have you here, and we
20 appreciate the opportunity to share our concerns with
21 you and also some ideas, and we went with the lucky
22 number seven of both. So we have seven concerns, a
23 list that we want to go through --

24 MAYOR SCRUGGS: Okay.

25 MS. OLSEN: -- with you, and then we've

1 got seven solutions that we think would help move us
2 toward a solution or a resolution. And just because
3 we've had, you know, different interactions between all
4 of us, we thought it would be fun to sort of start
5 fresh and call this the Cupcake Summit, and we'll offer
6 you the first cupcake, and we have some plates and
7 napkins and just pass it around to get us started.

8 MAYOR SCRUGGS: Now I need my coffee.

9 (Laughter.)

10 MAYOR SCRUGGS: But you said it gets hot
11 in here.

12 MS. OLSEN: It does get hot in here.
13 It heats up pretty fast, so ...

14 MAYOR SCRUGGS: Well, I will be a good
15 sport and have a cupcake.

16 MS. RHOADES: Those are delicious Tammie
17 Coe cupcakes.

18 MAYOR SCRUGGS: Yeah, they'll probably
19 act all polite and whatever and not take one.

20 So what are these flavors?

21 MS. RHOADES: So you have -- the ones
22 with the kind of pastel-colored frosting are
23 ooey-gooey; my personal favorite from Tammie Coe -- the
24 red velvet cupcakes, and I think the other ones
25 are coconut, so --

1 MAYOR SCRUGGS: What does "ooey-gooey"
2 mean?

3 MS. RHOADES: "Ooey-gooey" is chocolate
4 and more chocolate and peanut butter.

5 MAYOR SCRUGGS: Okay. What's the red
6 sprinkles?

7 MS. RHOADES: That's red velvet.

8 MAYOR SCRUGGS: And what's the white
9 coconut?

10 MS. RHOADES: Coconut and, like, vanilla
11 cake.

12 MAYOR SCRUGGS: There you go. If I'm the
13 only one who takes a cupcake, I'm going to be very --

14 MS. RHOADES: We will not let that
15 happen. Don't you worry.

16 MR. BOLICK: I will do the honors.

17 MS. OLSEN: Clint always has his sweets.
18 We can count on him.

19 MR. TINDALL: I wasn't going to take one,
20 but I'm not passing up red velvet, for sure.

21 MS. OLSEN: You can do this.

22 MR. COPPOLETTA: I actually can't. I
23 gave it up for Lent.

24 MS. RHOADES: You can do one of these.

25 MS. OLSEN: Oh, nice, nice.

1 MS. RHOADES: You gave up mini cupcakes
2 for Lent?

3 MR. COPPOLETTA: I gave up all sweets.

4 MS. OLSEN: You could take some of those
5 out.

6 MR. TINDALL: Oh.

7 MAYOR SCRUGGS: Oh, wow, Friday,
8 Saturday, Sunday --

9 MS. OLSEN: A few more days.

10 MAYOR SCRUGGS: -- oh, it's not going to
11 last.

12 MS. OLSEN: Okay, great.

13 MAYOR SCRUGGS: Okay. Sorry. I should
14 have brought bigger paper here.

15 MS. OLSEN: Well, we do -- we have
16 everything written down, too, so if there's anything
17 that you want to take and think about or something --

18 MAYOR SCRUGGS: Okay.

19 MS. OLSEN: -- you can certainly do that.

20 And, you know, everybody in this room has
21 different levels of knowledge about the concerns that
22 we've had and what we've expressed, and, of course,
23 there have been press reports that have been accurate
24 and others less so; and so I think this is a great
25 opportunity for us to really be able to be clear for

1 our parts about what our concerns are and also to make
2 sure that we're clear about where you're coming from
3 with your position.

4 We have three independent concerns
5 concerning the Gift Clause. And the first is that
6 we're concerned that the \$100 million payment to
7 Matthew involves a purchase of parking rights that the
8 City may already own in whole or in part, and the value
9 of which appears to be worth less than the 100 million.

10 The second is that we're concerned that
11 the City is borrowing this money.

12 And the third is a concern that the
13 \$97 million management fee over five years is extremely
14 excessive and amounts to a subsidy.

15 And all of our questions, our seven
16 questions, relate to these specific concerns.

17 Let me pause for a moment.

18 So our first question is really about
19 where the negotiations stand between the City and Matt,
20 so it's great that you're all here today.

21 Yesterday, Craig Tindall told our
22 attorneys that negotiations with Matt are ongoing and
23 no contract has been finalized, but in an e-mail --

24 MR. TINDALL: That's not what I said.
25 That was said before -- well, while we're on it, before

1 you go too far -- it sounds like you have a long
2 list -- that's not what I said.

3 I said that -- what we were talking about
4 in the context was public records and what would be
5 disclosed and what was protected by best interest, not
6 to get too technical; but I said that the possibility
7 is that we may need to negotiate in the future, and so
8 that because of that, we still have best interest to
9 protect a certain amount of documents from public
10 disclosure.

11 MS. OLSEN: I'm not sure that answers the
12 question that I've got, so let me go ahead and
13 continue.

14 MR. TINDALL: Well, I wanted to address
15 what you said there.

16 MS. OLSEN: Okay. Okay. Well, that was
17 our understanding, that there hadn't been a finalized
18 contract, but I know also that --

19 MR. TINDALL: But that's correct.

20 MS. OLSEN: That is correct?

21 MR. TINDALL: Yes.

22 MS. OLSEN: Okay. Okay. Well, that was
23 my point.

24 And that, Mayor, that you sent an e-mail
25 on April 18th, quote, "A set of agreements were

1 approved by the Glendale City Council in December 2010
2 and those constitute legal contracts with Mr. Matthew
3 Hulsizer. No one has any right nor authority to
4 negotiate a new deal for the City while an approved one
5 is in place."

6 So our question is: Does the City have a
7 final approved contract with Mr. Hulsizer or not?

8 MAYOR SCRUGGS: I think that this may be
9 a matter of semantics. I just heard you say,
10 "finalized agreement." To me "finalized" means
11 everybody has signed off on it.

12 Is that the correct definition of
13 "finalized"?

14 As far as a City council action, we took
15 an action on December 14th, and as I said outside, a
16 new action would require a new -- I mean, a change
17 would require a new action by the Glendale City
18 Council.

19 So I'm not sure what you're meaning when
20 you say "finalize."

21 MR. TINDALL: Well, I mean finalized from
22 the standpoint of the legal, that everybody signed off
23 on it --

24 MAYOR SCRUGGS: That's what I thought.

25 MR. TINDALL: -- and we have an

1 enforceable agreement, and we don't. But anything that
2 would change substantively in the deal would require --
3 that isn't consistent with the resolutions that were
4 passed, we'd have to go back to council.

5 MAYOR SCRUGGS: We're saying that --

6 MR. TINDALL: But that's for every
7 agreement there is, so -- and I don't know why there
8 would be a concept that we would do a deal that
9 wouldn't be passed by council. We never have and we
10 never would.

11 MR. BOLICK: I guess, really, the concern
12 is or the question is: Are additional negotiations
13 still possible going forward?

14 MR. TINDALL: We don't have a signed
15 executed agreement. I think there's always a
16 possibility of that. I think that, and I was clear
17 yesterday, that these are complex agreements. We'll
18 probably be negotiating for 30 years on various things.
19 I don't think that's unusual. I don't think it's
20 unusual at all in a complex transaction.

21 So, you know, this concept somehow that
22 negotiations are going to stop and we'll never talk
23 about any part of the deal again is somewhat bizarre to
24 me, but -- so we'll discuss it until we're completely
25 done one way or the other, and I think that's probably

1 going to be a very, very long time from now, so -- but
2 as far as the deal and the transaction I think that
3 everybody is concerned about, until we have a final
4 deal, I think it's -- there can be discussions.
5 I don't think there's anything wrong with that.

6 MR. BOLICK: Thanks for clarifying that.

7 MS. OLSEN: Good. Do you want to --

8 MR. BOLICK: My next one is -- starts
9 generally and gets more specific.

10 Mayor Scruggs, you held a press
11 conference a while back --

12 MR. TINDALL: Do we keep answering
13 questions? I thought the idea was --

14 MS. OLSEN: Yeah, well, we've put our
15 concerns in a list of questions. I mean, that's the
16 best -- we -- there are things that we need answers to.

17 MAYOR SCRUGGS: Are you going to provide
18 us any of your ideas?

19 MS. OLSEN: Yeah, yeah. We've got the
20 seven of -- seven questions and seven ideas.

21 MAYOR SCRUGGS: Why don't we just go
22 through the whole thing, the seven/seven thing, because
23 I think we're getting bogged down here, and it may,
24 then, distort what we have as your seven solutions.

25 So can we hear the seven questions and

1 the seven ideas and then have a discussion on all of
2 that?

3 MS. OLSEN: Well, we really want to --
4 I think it's important that we get a chance -- I mean,
5 if you really want to hear our concerns and address
6 them, I think if you -- you need to hear the question
7 and then just go ahead and --

8 MAYOR SCRUGGS: We will.

9 MS. OLSEN: -- answer it.

10 MAYOR SCRUGGS: We'll hear the question,
11 and then we'll hear --

12 MS. OLSEN: You want to hear all the
13 questions?

14 MAYOR SCRUGGS: Yes, go ahead.

15 MS. OLSEN: And then go back to each one
16 individually?

17 MAYOR SCRUGGS: I'm trying to write as
18 fast as you talk, so ...

19 MS. OLSEN: All right. It's going to
20 take a lot longer that way, but we're glad to do it.

21 MAYOR SCRUGGS: I don't think it will.

22 MS. OLSEN: Okay.

23 MAYOR SCRUGGS: It's only 14 things.

24 MS. OLSEN: All right. Clint, go -- ask
25 number 2.

1 MAYOR SCRUGGS: Okay. So the first three
2 things are all one question, the Gift Clause; is that
3 it?

4 MR. BOLICK: Oh, that was -- sorry.

5 MS. OLSEN: Sorry.

6 The first question was about where the
7 negotiations stand, and it has been answered.

8 MAYOR SCRUGGS: Okay. So that was your
9 question?

10 MS. OLSEN: Yeah. I'm just saying that
11 what I talked about with our three concerns, that's the
12 umbrella for these seven questions that we are trying
13 to get clarification on so that we can understand.

14 MAYOR SCRUGGS: Okay. May I have
15 clarification on number 1 (sic), the \$100 million
16 payment for parking rights. You believe we already own
17 the parking rights, and there was a second part to your
18 statement that I didn't get.

19 MS. OLSEN: Do you want a copy?

20 MAYOR SCRUGGS: Sure.

21 MS. OLSEN: We can give you that.

22 MAYOR SCRUGGS: We can follow along.

23 MR. BOLICK: And we're going to get more
24 specific on that.

25 MS. OLSEN: Yeah, yeah.

1 What I said was: We are concerned that
2 the \$100 million payment to Hulsizer involves a
3 purchase of parking rights that the City may already
4 own in whole or in part, and the value of which appears
5 to be worth less than 100 million. Do you need any
6 more on that?

7 MAYOR SCRUGGS: No.

8 MS. OLSEN: Okay. So we'll read you the
9 list, and then we'll just go back through each one.

10 MAYOR SCRUGGS: Okay.

11 MS. OLSEN: Okay?

12 MR. BOLICK: The second question relates
13 to public records, and, of course, we've been in
14 litigation on this for quite some time. And, Mayor, a
15 while ago you held a news conference in which you said
16 that all of the documents had been produced to us.

17 Since that time, we've gotten thousands
18 of pages of additional documents, many of which go back
19 quite some time, so it's not entirely new documents.
20 And we've also discovered independently, documents that
21 are critical to the deal or appear to be critical to
22 the deal that should have been produced by the City and
23 were not.

24 Our big question there is: When can the
25 public expect to have all of the documents related to

1 this sale?

2 The two more specific questions are, in
3 particular: Why has the City not already produced to us
4 the same raw data concerning attendance, parking and
5 revenues from the Coyotes that the City's own
6 consultants used three months ago?

7 And, finally: Is the City willing to give
8 us immediately all records of negotiations between the
9 City and Matt Hulsizer?

10 MAYOR SCRUGGS: Okay. That's question
11 number 2?

12 MR. BOLICK: Yes.

13 MAYOR SCRUGGS: Okay.

14 MR. DRANIAS: It's my turn, as part of
15 the chorus.

16 MAYOR SCRUGGS: Okay.

17 MR. DRANIAS: As you know, we have
18 concerns about the current ownership of parking rights
19 that the City is planning to purchase and use to repay
20 the bonds. On January 25, 2011, the City signed a
21 contract with the developer of Westgate in which it
22 acquired the right to charge for 5500 Arena parking
23 spaces. This contract should have been provided to us
24 under the existing court order in the public records
25 case in my judgment, was not. And my question is: Why

1 is the City giving Mr. Hulsizer \$100 million to
2 purchase Arena parking rights it already owns?

3 MAYOR SCRUGGS: Are you number 4?

4 MS. SITREN: No, I am not. We're
5 circling back to 3.

6 MS. OLSEN: We can all take some turns
7 here.

8 MAYOR SCRUGGS: You've not worked your
9 way up to where you get to ask a question, huh?

10 MS. SITREN: I actually worked my way up
11 to where I don't have to ask the questions.

12 (Laughter.)

13 MS. OLSEN: Exactly, exactly.

14 We're also concerned about the management
15 fee arrangement that you have, that that agreement --
16 the original management contract paid the Coyotes'
17 manager only \$500,000 a year, and the manager remained
18 responsible for all the capital maintenance costs.
19 Paying a buyer 97 million over five years to manage the
20 Arena, in addition to having the City pick up capital
21 maintenance costs, seems a bit discordant, especially
22 considering the City's own consultant, CBRE, reported
23 that the annual management fee for the New Orleans
24 Superdome would be 5 million over the same time frame.
25 The fee appears to be between 20 and 40 times the going

1 market rate.

2 Did the City competitively bid the
3 management?

4 MR. DRANIAS: My turn again, when you're
5 ready.

6 MAYOR SCRUGGS: Okay.

7 MR. DRANIAS: Going --

8 MAYOR SCRUGGS: Would you say your last
9 name for me --

10 MR. DRANIAS: Sure.

11 MAYOR SCRUGGS: -- because I'm not sure
12 I ever pronounce it correctly.

13 MR. DRANIAS: You know, it's like
14 "toe-may-toe" and "toe-ma-toe." If you say
15 "Drain-ee-yus," I'm happy; if you say "Drawn-ee-yus"
16 I'm even happier.

17 MAYOR SCRUGGS: Well, I won't get the
18 "ah" but it is the "ee-yus." That's the part I
19 wasn't --

20 MR. DRANIAS: Yes.

21 MAYOR SCRUGGS: -- "Drain-ee-yus" or
22 "dra-nay" --

23 MR. DRANIAS: "Drain-ee-yus" or
24 "Drawn-ee-yus."

25 MAYOR SCRUGGS: "Drawn-yus."

1 MR. DRANIAS: And if you really want to
2 be ethnic, then you gotta kind of say "Dra-nas."

3 (Laughter.)

4 MR. BOLICK: Are you getting all of this
5 down? Hopefully you have Greek phonetics on your
6 keyboard.

7 MAYOR SCRUGGS: Okay. Thank you.

8 MR. DRANIAS: Oh, you're welcome.

9 MAYOR SCRUGGS: Number 5.

10 MR. DRANIAS: Yes. And this is in
11 relation to our concerns about the raw data being
12 supplied to the consultants. We're concerned about the
13 reliability of the findings of the consultants the City
14 is relying on. And the reason why we have some of
15 these concerns is we've had reports given to us that
16 Walker Parking Consultants settled for \$1.5 million,
17 thereabouts, some federal litigation that accused them
18 of inflating revenue projections related to parking
19 analyses that they prepared in conjunction with a
20 municipal bond transaction for the purchase of parking
21 rights.

22 So the bottom line is: How can we and the
23 taxpayers trust the data the City is relying on in its
24 consulting reports?

25 MR. BOLICK: And there's a follow-up.

1 MR. DRANIAS: Oh. Oh, well, yeah, and
2 this is pretty significant.

3 We've also received the report, and this
4 appears to be reliable, that the Seattle transaction
5 involving these municipal bonds in which Walker was
6 involved as a consultant were found by the IRS in a
7 preliminary final determination to have actually
8 violated the rules required to maintain their
9 tax-exempt status.

10 MAYOR SCRUGGS: And so based on the
11 Walker study?

12 MR. DRANIAS: Yes.

13 MAYOR SCRUGGS: So, therefore, Walker
14 studies are ...

15 MR. DRANIAS: It just raises questions in
16 our mind. And it goes back to why we haven't seen the
17 raw data underlying those consulting reports.

18 MR. HULSIZER: Is tax-exempt part of the
19 Gift Clause? Tax-exempt for income tax?

20 MR. COPPOLETTA: No.

21 MR. HULSIZER: No?

22 MR. BOLICK: No. This is an unrelated --

23 MR. HULSIZER: He just offended the
24 people we used to --

25 MAYOR SCRUGGS: Are we in church?

1 MR. HULSIZER: Are making up data?
2 By the way, where is this from? Is this from Seattle?

3 MR. DRANIAS: That's right. There's a
4 Seattle transaction involving municipal bonds for
5 parking.

6 MAYOR SCRUGGS: You know, and I said
7 we're not going to answer questions, but it says right
8 in the CBRE analysis that they did not accept the
9 Walker findings, and --

10 MR. HULSIZER: That wasn't the one we
11 used, right?

12 MAYOR SCRUGGS: Pardon?

13 MR. HULSIZER: That wasn't the one we
14 used.

15 MAYOR SCRUGGS: They took those and they
16 took some other study and they said, "Well, this is
17 what we think is real," so that's not even the basis of
18 anything. But I digressed, and I said we wanted to
19 finish all of them.

20 MR. DRANIAS: And I fully appreciate the
21 fact that there are multiple consultant reports, but
22 I hope you can understand why we need to see the
23 underlying raw data.

24 MAYOR SCRUGGS: Actually, whether there's
25 multiple or not, the one that took the bonds to market

1 is the CBRE market valuation -- isn't that correct?
2 I mean, that's the one -- I'm getting out of my area.

3 (Laughter.)

4 MAYOR SCRUGGS: I'm sorry.

5 MR. BOLICK: The other concern is that
6 these are tax-exempt bonds and what appears to us to be
7 similar transactions, Seattle, the IRS appears to have
8 found that they were not tax-exempt because of the
9 nature of the transaction.

10 MR. COPPOLETTA: Because of the parking
11 study, or is it unrelated to the parking study?

12 MR. DRANIAS: The parking study issue was
13 part of the overall transaction, but the IRS
14 determination dealt with the private business activity
15 restrictions that are placed on maintaining tax-exempt
16 status.

17 And so there are other permutations of
18 this report that may or may not impact how Glendale is
19 structuring its bonding, which we're not yet asking any
20 questions about because we just don't know enough about
21 either the Glendale transaction or the Seattle
22 transaction to pursue that; but we do have intense
23 interest in the underlying raw data relied on by your
24 consultants.

25 MS. OLSEN: Okay. The press has widely

1 reported that the City of Glendale plans to sue the
2 Goldwater Institute for exercising its First Amendment
3 rights. And on March 5, 2011, one of your outside
4 attorneys sent us an e-mail stating, "Tonight the City
5 decided that they could do nothing but to bring a
6 lawsuit against GI and board members for several
7 hundred million dollars."

8 Did your outside attorney correctly
9 represent what occurred?

10 MAYOR SCRUGGS: Who would that be?

11 MS. OLSEN: Jordan Rose. And we have a
12 copy of it with us if you'd like to see it.

13 MAYOR SCRUGGS: And what did she say?

14 MS. OLSEN: "Tonight the City decided
15 that they could do nothing but to bring a lawsuit
16 against Goldwater Institute, comma, board members for
17 several hundred million dollars."

18 MAYOR SCRUGGS: This is a question for
19 Jordan.

20 MR. DRANIAS: We have the document right
21 here.

22 MAYOR SCRUGGS: That's a question for
23 Jordan.

24 MS. OLSEN: Well, it -- okay. Well, did
25 she correctly represent what occurred? I mean ...

1 MAYOR SCRUGGS: We'll move on. We're
2 going to do all seven.

3 MS. OLSEN: Okay.

4 MR. BOLICK: And last, but not least, we
5 understand that the Tohono O'odham Nation is interested
6 in helping privately fund the purchase of the Coyotes.

7 Will you consider negotiating with them
8 to protect taxpayers and keep the Coyotes in town?

9 What has the City done to seek out
10 private investment to replace public funding for the
11 sale of the Coyotes and the management of the Arena?

12 And that's our set of concerns.

13 MS. OLSEN: Lucky seven, there they are.

14 MAYOR SCRUGGS: Now we have the seven
15 solutions.

16 MS. OLSEN: And you've got those -- yeah.
17 You know what, why don't you just take one and pass it.

18 MR. BOLICK: Do you want to present
19 these, Nick?

20 MR. DRANIAS: If I had a copy, sure.

21 MR. BOLICK: Oh, you do now.

22 MR. TINDALL: Thank you.

23 MS. OLSEN: I don't know that they need
24 to be -- I mean, we can state them into the record, but
25 everybody -- as long as Julie --

1 MS. FRISONI: Yeah, I just need one more
2 copy, please.

3 MS. OLSEN: -- if we pass one more copy
4 down for her, we'll be good.

5 MS. FRISONI: Thank you.

6 MR. DRANIAS: If you want me to read into
7 the record or not --

8 MR. BOLICK: Please.

9 MR. DRANIAS: Okay.

10 These are steps that could help the City
11 move towards a resolution.

12 One, use private money to finance the
13 Coyotes' transaction; such as having the buyer purchase
14 the team with his own money, adding additional
15 investors willing to share the risk, or partnering with
16 the Tohono O'odham Nation. Incentivize the transaction
17 with regulatory flexibility, rather than taxpayer
18 money.

19 Number 2, competitively bid the
20 management of the Arena or reduce the management fee to
21 a plausible market value.

22 Number 3, securitize the 30-year
23 projected revenue streams that the City from the Arena
24 lease, parking and management, or, if the amount that
25 can be obtained from securitization is minimal, obtain

1 100 percent collateralized guarantees of revenue
2 streams from the the Arena lease, parking and
3 management.

4 4, adjust Arena lease payments to real
5 market conditions.

6 5, lease the Arena to a minor league team
7 that does not require a subsidy.

8 6, reduce losses by finding a private
9 buyer for the Arena.

10 7, require the NHL to be a party to the
11 Coyotes' non-relocation agreement and perform due
12 diligence to ensure that the NHL franchise rules do not
13 render the agreement unreliable.

14 MAYOR SCRUGGS: Okay. I would like to
15 make a statement.

16 Most of what you have raised does not
17 come under the duties of a mayor under the
18 Council-Manager Form of Government. I assume you're
19 all aware of what the Council-Manager Form of
20 Government is, so the questions you are directing to me
21 are not questions that I will be answering. Under the
22 Council-Manager Form of Government, the council is the
23 policymaker; we set policy; we give direction to
24 management to implement the policy.

25 So the direction took place on December

1 the 14th, 2010. I don't go negotiating deals that
2 I then bring to myself for approval, and that is not
3 the way that the Council-Manager Form of Government
4 works, nor is it anything that I could be allowed to do
5 under our City charter nor any other city could be --
6 the mayor could be allowed to do that.

7 So in other words, I could be brought in
8 violation of the City charter for violating the
9 Council-Member (sic) Form of Government. But that's
10 not the statement.

11 The statement I would like to make is:
12 Almost two years ago -- we're probably two weeks shy of
13 two years ago -- when the City of Glendale got the
14 surprise of our history, probably, when we got a call
15 saying that Mr. Moyes had put the Coyotes' hockey team
16 into bankruptcy. At the time he instructed his
17 attorney, Mr. Earl Scudder, to do that, Mr. Bettman was
18 on his way to Mr. Moyes's office to work out a
19 potential sale of the team.

20 Mr. Moyes no longer wanted to own a
21 hockey team; everybody knew that. There had been work
22 being done with the NHL so that he could sell that
23 team. And my understanding is that Mr. Bettman had
24 arrived in town to work out the details of that sale,
25 and as he was getting off the plane, he received a call

1 from Mr. Moyes, "You don't need to come out here; I've
2 put the team into bankruptcy."

3 From that point forward, in May of 2009,
4 the City of Glendale has not been in control of the
5 situation. Time lines have been set by others:
6 bankruptcy court, the National Hockey League,
7 prospective buyers. And we have done the best that we
8 can to respond to the situation in the time lines that
9 have been given to us.

10 We know that the team needs to stay in
11 Arizona, in Glendale, Arizona, in our Arena. We know
12 that is the very best solution for our residents, our
13 taxpayers, and really for the entire region. The jobs
14 are important, the revenue that's brought in is
15 extremely important, the viability of all the
16 businesses in Westgate and the future for businesses to
17 come, once our economy recovers, will be thrown out the
18 window if the landlord is evicted.

19 So we have done the best that we can
20 under each time line that we've been given.

21 Along the way, we have had several
22 prospective buyers emerge, and they have all had
23 different types of arrangements, deals -- I hate the
24 word "deals," so I'll just tell you that up front until
25 I can come up with a better one -- but different types

1 of agreements that have been proposed, brought before
2 the City council, approved/not approved.

3 Of all of those buyers, singular and
4 repeat, the best buyer that has emerged is
5 Mr. Matthew Hulsizer. He is the best buyer, not only
6 of the crop that has come to purchase the team, but the
7 ones who have owned it in the past.

8 And I will tell you why I firmly believe
9 this. He is a proven businessman. He is an
10 accomplished leader. He is a person who stands on
11 values. He's not out here to get a land development
12 deal. He knows the sport inside and out and is one of
13 those people that has some great attachment and
14 affinity for something that the rest of us find hard to
15 follow on any given time. He truly believes in it.
16 His goal is to build the best franchise there can be.
17 He has studied everything that has happened in the past
18 and knows why the team was not successful under the
19 previous owners and knows how to fix it. He and his
20 entire family -- his father-in-law is here -- have
21 committed themselves to Arizona. I don't know that
22 they're going to move their permanent residence;
23 probably not, but they all are going to purchase homes.
24 He wants to be an active member of the Arizona business
25 community.

1 For those reasons, he is really the best
2 owner for that team, the best owner for a business, a
3 viable business.

4 I'd like to say here, hockey is business.
5 People like to call it a sport. Well, all the other
6 sports are businesses too and they all have owners and
7 they all bring value to the community; but this is a
8 business.

9 I think, especially in these economic
10 times, there would be a great uproar if a major
11 business that brought in the kinds of money that the
12 Coyotes does was going to leave, there'd be a major
13 uproar among the business community. We can't let that
14 happen.

15 Well, I don't know why this particular
16 business is okay to shove out the door; but the reason
17 why I'm telling you this story, quite honest -- or this
18 background, quite honestly, is that all of the ideas
19 you've presented to us assume there is unlimited time
20 to go and work through these various arrangements.
21 They also assume that they're feasible, which some of
22 them, quite frankly, are not feasible. I'll pick out
23 two.

24 The minor league hockey team comes up
25 again. Five times there's been a minor league hockey

1 team in this Valley. It left in 2009. Its average
2 attendance was 3,025 people. There are complaints
3 raised, which I don't understand, about the Coyotes,
4 which have an average attendance for this season --
5 with all the hardships and all the uncertainty about
6 whether there's going to be a team here or not --
7 average attendance of 12,208; that puts it at the
8 bottom of the pack, you might say, or some might say.
9 It fills our Arena, on the average, the average
10 capa- -- it fills our Arena 71.3 percent of the time --
11 or 71.3 percent of our Arena capacity is filled by the
12 average 12,208.

13 I would suggest you might put that up
14 against some of the other sports enterprises in this
15 Valley. I can think of one in particular that does not
16 fill their just-under-50,000-seat stadium even
17 50 percent of the time on the average.

18 So to go to a minor league team, then,
19 when a knock against the Coyotes has been, "Well, they
20 have such low attendance, so we're going to go down to
21 something that would bring in one-fourth of that
22 attendance and be viable for our citizens in helping to
23 keep the Arena open and pay all the expenses," we know
24 there are huge expenses; that's documentable. We know
25 that it costs a lot to keep that building open,

1 operating, functioning. So that really is not a viable
2 idea.

3 But let's say it was. Let's pretend it
4 was viable.

5 MS. OLSEN: Well, I think, Mayor Scruggs,
6 if I might, just to remind you, nobody said each of
7 these would solve everything. These are just steps,
8 you know, to consider that could help and be helpful in
9 the resolution.

10 MAYOR SCRUGGS: Okay. So then we get
11 back to time, okay, the time to actually secure this.
12 And you're assuming there's a team available that wants
13 to come in and that they don't want any sort of
14 investment in the team or incentives. All the while,
15 the City of Glendale is paying the costs ourselves to
16 manage that Arena without the revenues coming in.

17 Now, I would like to address one that's
18 particularly troublesome, and Craig probably will want
19 to assist me in addressing this.

20 Particularly troublesome is this idea of
21 partnering with the Tohono O'odham Nation, which you
22 have been successful in promoting through a very small
23 group of members of a group called the Glendale Tea
24 Party Patriots.

25 MS. OLSEN: We are not -- we have not

1 been promoting that idea. We have not been promoting
2 that. These are ideas that we're giving you as
3 possibilities.

4 MAYOR SCRUGGS: I would like to talk
5 about partnering with the Tohono O'odham Nation. They
6 have attached a condition to their partnering. That
7 condition is that the City of Glendale drops its
8 lawsuit. That could be considered blackmail, couldn't
9 it, by some?

10 MS. OLSEN: Its lawsuit against the
11 Goldwater Institute or what lawsuit?

12 MAYOR SCRUGGS: The condition for the
13 Tohono O'odham Nation to assist us as it has been put
14 to us -- to me personally by members of the business
15 community and others that are promoting this is the
16 Tohono O'odham Nation can solve our problem with the
17 Coyotes, can get the Goldwater Institute off our back;
18 all we have to do is drop our lawsuit --

19 MR. TINDALL: Against the Tohono O'odham
20 Nation.

21 MS. OLSEN: Thank you.

22 MAYOR SCRUGGS: -- against the Tohono
23 O'odham Nation. That's not a very -- well, does that
24 pass any kind of smell test or anything else? No.

25 But beyond that, let's say that we were

1 unethical enough that we would consider something like
2 this. Tom Horne stated Wednesday night at a PAChyderm
3 Coalition meeting that the Tohono O'odham Nation's
4 action to establish a casino is in direct violation of
5 the Arizona Gaming Compact; it is illegal that he is
6 committed to using his full resources, the resources of
7 the State to continue to fight this. Ask members who
8 were there. He said this publicly. It was reported to
9 me that he stated this. He fully supports the City of
10 Glendale; he stands with us.

11 So the Tohono O'odham Nation's proposal,
12 if you want to call it that, to engage us to violate
13 the law really wouldn't get them very far because they
14 have many other serious problems.

15 MR. BOLICK: Mayor, a quick question: Did
16 the federal district court agree with Glendale's
17 analysis of the legality of this?

18 MAYOR SCRUGGS: Would you answer that,
19 Craig, please?

20 MR. TINDALL: Well, I'd be happy to, but
21 I have no idea what the relevance is, but just out of
22 interest, I suppose, is, no, they didn't, but it is up
23 on appeal.

24 MAYOR SCRUGGS: No, but the Court did not
25 talk about casinos, though.

1 MR. TINDALL: Well, that's true; but your
2 question relates to casinos --

3 MAYOR SCRUGGS: Because they don't feel
4 they need to have any approval.

5 MR. TINDALL: Exactly. There was no
6 gaming -- there was no gaming application that -- I'm
7 trying to boil this down because it can get really
8 long-winded. When we went to court and the tribe had
9 removed their gaming application from their application
10 of the Department of Interior, gaming wasn't part of
11 the their application.

12 As a matter of fact, what they said was
13 that they didn't think they needed gaming approval
14 under IGRA, the Indian Gaming Regulatory Act, that they
15 could just come in and start gaming, which other tribes
16 have tried and tried and other tribes have been shot
17 down, just recently, as a matter of fact; that that is,
18 in fact, not the case. And they have since resubmitted
19 their application, but -- so, it wasn't an issue at all
20 in the federal district court.

21 So, you know, all of this issue in the
22 federal district court was a lands -- a determination
23 as to whether land could go into trust under the Gila
24 Bend Act, and that is up appeal now.

25 MS. OLSEN: Thanks, Craig.

1 MR. HULSIZER: I'm sorry to interrupt.
2 Is there a philosophical issue with a casino in
3 Glendale?

4 MR. TINDALL: No, there's an issue -- the
5 City has always said that it isn't opposed to Indian
6 gaming or gaming in general because we understand how
7 it's developed in Arizona and what it means for the
8 tribal members, but we are -- have grave concerns about
9 a reservation being created in the middle of Glendale
10 and all that that means. So that's the biggest
11 problem. And, of course, to do gaming, you have to
12 have a reservation because you can't do it otherwise,
13 so ...

14 MS. RHOADES: Would there be anything
15 else on the reservation or would it just be --

16 MR. TINDALL: It could be anything on the
17 reservation. That's the problem. There could be
18 completely -- and there's no control by the State or
19 the City whatsoever.

20 MS. OLSEN: Great. I appreciate --

21 MAYOR SCRUGGS: And I addressed that --

22 MS. OLSEN: Mayor.

23 MAYOR SCRUGGS: -- with Chairman Norris
24 in the very beginning. It's important to state for the
25 record that the resolution of the City council adopted

1 in April of 2009 is opposition to the creation of a
2 sovereign nation, an Indian reservation sovereign
3 nation within the municipal planning boundaries of the
4 City of Glendale.

5 And we tried to address, when we thought
6 that this was a mandatory taking, which it is not,
7 tried to address those issues early on, and
8 Chairman Norris was not interested in addressing the
9 very serious issues that arise if you have a sovereign
10 nation in the middle of your city.

11 MS. OLSEN: Thank you. You know, I -- we
12 are already 45 minutes into the meeting, and we've only
13 gotten --

14 MAYOR SCRUGGS: But Mr. Templar said this
15 could go all night, if they wanted.

16 (Laughter.)

17 MS. OLSEN: Well, it could. It could, if
18 you want it to.

19 MAYOR SCRUGGS: I read it in -- I read it
20 in Rebekah Sander's article, that Mr. Templar said this
21 could go as long as we wanted.

22 MS. OLSEN: Well, it certainly can on our
23 parts, but we figure --

24 MR. HULSIZER: It can't on mine. I have
25 to go home.

1 MS. OLSEN: -- we figured you probably
2 wanted to keep it to an hour, hour and a half. And we,
3 so far, only have one of our concerns addressed here.
4 We've got six more that haven't been discussed at all,
5 and we'd really like to get to those.

6 MAYOR SCRUGGS: Would you ask
7 Mr. Hulsizer and Mr. Coppoletta if they would like to
8 address things, because some of these clearly go
9 directly to you; they're not our business.

10 MS. OLSEN: Well, these questions --
11 really, we weren't expecting Matthew and so --

12 MAYOR SCRUGGS: Neither were we.

13 MS. OLSEN: -- and we've had -- we've had
14 a lot of communication. These questions really are for
15 the City and about what the City plans to do with
16 taxpayer money, and so we want to make sure that we
17 have answers to these that -- you know, questions, that
18 taxpayers are asking and that they need resolved.

19 So if it's all right with you --

20 MR. TINDALL: I realize that's your
21 perspective, but --

22 MS. OLSEN: -- we'd like to go back to
23 some of these concerns and see if you can address some
24 of them.

25 MR. HULSIZER: Well, I think I can answer

1 all seven of in --

2 MAYOR SCRUGGS: Go ahead.

3 MR. HULSIZER: -- five minutes.

4 MS. OLSEN: Well, I think -- I'm sorry.

5 I think taxpayers actually need to hear this from the
6 City officials themselves. I mean, they're -- this
7 is their --

8 MR. HULSIZER: How about in regards to my
9 transaction? I can tell you how we thought of it,
10 because there may be --

11 MS. OLSEN: That's great, Matt, but --

12 MR. HULSIZER: -- some other buyer --

13 MS. OLSEN: -- if you would --

14 MR. TINDALL: Well, wait a minute.

15 MS. OLSEN: -- taxpayers want to hear
16 from the City.

17 MR. TINDALL: Instead of trying to
18 control the meeting --

19 MAYOR SCRUGGS: You know, Ms. Olsen --

20 MR. TINDALL -- why don't we let him talk;
21 how about that?

22 MAYOR SCRUGGS: -- really, we have three
23 parties in this; one is Mr. Hulsizer, one is the
24 National Hockey League, and one is the City of
25 Glendale. And some -- a lot of what you're asking is

1 Mr. Hulsizer's business, not City of Glendale.

2 MS. OLSEN: Actually, all of these are --
3 all of these are questions that the City of Glendale
4 needs to answer for taxpayers.

5 MR. TINDALL: I think I understand your
6 position; I think we all understand your position. We
7 understand your agenda completely.

8 MS. OLSEN: So you don't -- you don't
9 want to answer the questions?

10 MR. TINDALL: We understand your agenda
11 completely, but there are other people at the meeting
12 and we'd like to have the meeting conducted in a way
13 that --

14 MAYOR SCRUGGS: You have not allowed us
15 to --

16 MR. TINDALL: -- is conducted for
17 everybody else, so ...

18 MAYOR SCRUGGS: -- talk about the
19 taxpayers' concerns if the tenant is evicted. If you
20 could allow him to speak -- and I'm afraid you don't
21 want him to speak because this transcript will be made
22 available, and then he --

23 MS. OLSEN: Matthew and I have spoken
24 many times, so --

25 MR. TINDALL: Well, then let him talk.

1 MS. OLSEN: I'd love to have him talk,
2 I just -- our concern --

3 MAYOR SCRUGGS: And that has not made it
4 into the general public.

5 MS. OLSEN: -- our concern is to make
6 sure that the questions that taxpayers have for the
7 City be answered, and that's what we understood you
8 were offering today was to hear our concerns
9 and address them.

10 MR. TINDALL: Well, let me address that.

11 MS. OLSEN: So as long as we get there,
12 we're in great shape.

13 MR. TINDALL: Let me just address that,
14 okay, because I set aside two hours yesterday to
15 address a lot of the questions that were put on the
16 table here. And I made it very clear that I'm
17 available to answer questions at any point in time.
18 And I'm happy to have an ongoing dialogue about this.
19 And I made it very clear twice during our meeting -- or
20 during our telephone conference, rather -- that where
21 we were coming at was to listen to what ideas you had;
22 and you presented them, that's fine. But we're not
23 here to be interrogated in the least. And I understand
24 your position. I understand your agenda, I understand
25 why you're grandstanding over the whole thing, I got

1 it; but I'm telling you, we'll answer the questions
2 perfectly fine to all of our taxpayers.

3 MS. OLSEN: Craig, I think you could use
4 another cupcake.

5 MR. TINDALL: For all of our taxpayers,
6 we will gladly answer all of the questions that they --
7 that they come up with, our taxpayers come up with --

8 MS. OLSEN: Well, that's why we're here
9 today --

10 MR. TINDALL: -- and that's fine, and a
11 lot of these have been --

12 MS. OLSEN: -- is to try to get these
13 answers for taxpayers.

14 MR. TINDALL: No, a lot of these have
15 been answered. I talked with Nick for two hours.
16 Diane was in the meeting part of the time.

17 MS. OLSEN: It should be easy to answer
18 them.

19 MR. TINDALL: So I don't think that it's
20 appropriate.

21 MAYOR SCRUGGS: I would like to answer
22 for the record. Number 1, "Use private money to
23 finance the Coyotes' transaction" --

24 MS. OLSEN: Those are suggestions, not
25 questions.

1 MAYOR SCRUGGS: -- "such as having the
2 buyer purchase the team with his own money." That's a
3 question for him.

4 MS. OLSEN: No, the concerns -- we've
5 asked seven concerns, and we've only had one addressed
6 so far.

7 MR. COPPOLETTA: Well, the first and the
8 last, I think, were both -- the status of negotiations.

9 MS. OLSEN: And these -- I'm sorry, but
10 these aren't for the buyer, these are for the City
11 who's responsible for spending the money and setting up
12 the deal.

13 MAYOR SCRUGGS: You are making --

14 MR. HULSIZER: How about I --

15 MAYOR SCRUGGS: -- you are making a
16 political statement that does not match reality.

17 MS. OLSEN: Just say what you --

18 MAYOR SCRUGGS: Okay.

19 MR. HULSIZER: Because I don't need to be
20 here; then you guys can fight it out, whoever comes out
21 wins. Okay?

22 Status of negotiations. Nothing's signed
23 yet. I concur. That's why we're here. Help us.

24 Public records. I have no clue why you
25 guys are dropping off data and documents, and I told

1 you this -- yeah, I mean, I don't get that. So that
2 should have been done and you know that, and we don't
3 see eye to eye on this stuff.

4 I don't know why you're entitled and
5 taxpayers are entitled to transparent government; and
6 whether they got the wrong documents, we're sending too
7 many documents, that should have been done. Okay.
8 You'll get them.

9 We have all the documents we need, right?

10 MR. TINDALL: Oh, yeah.

11 MR. HULSIZER: Okay. So parking rights
12 are owned by the City. I can't answer this, Jay.
13 I mean, I don't -- we don't see that. I think it's
14 complicated, but I think, you know ...

15 MR. COPPOLETTA: Right, it is
16 complicated. But, basically, the Arena manager and
17 team get the parking rights two different ways. One of
18 them was through a parking -- I can't remember the
19 exact name, but a parking mixed-use development
20 agreement with an entity controlled by Steve Ellman,
21 and I think that's 2600-and-some spaces, and that's a
22 contract that -- the bankruptcy process is ongoing, but
23 that's a contract that can -- you know, the team would
24 assume. There was a consent requirement under that.
25 We have a signed consent from Steve Ellman to allow the

1 transfer of those parking rights to go from the entity
2 that we're attempting to buy, back to the City as part
3 of the transfer of rights. So that's one set of
4 rights.

5 The other set of rights goes back to the
6 original 2001 -- I'm going to get the nomenclature
7 wrong -- "Am-mul"?

8 MAYOR SCRUGGS: "Am-u-la."

9 MR. COPPOLETTA: "Am-u-la."

10 -- AMULA from 2001, which, again, it's
11 kind of hanging out there in bankruptcy, but we get the
12 rights to land, that maybe the City may own the dirt,
13 but they convey the rights to control, operate, and get
14 revenues from parking from, to the team, ten years ago.

15 MR. HULSIZER: Okay. So that's our view.
16 I don't know. We're just -- we're just a tenant.
17 We're just a tenant. We're not the landlord here.

18 The management fee, competitive bid.
19 I think this has been in the public eye for two years.
20 If there is a person out there who wants to do this and
21 enter into this arrangement that has not heard about
22 the availability, they should step forward.

23 We have said say from day one -- I know
24 you went on TV and said, "Look, we're looking for
25 another buyer." I am perfectly happy. I will not be

1 sad. I'm in the investment business.

2 If there's another buyer out there who
3 pays \$1 more than us, they should buy this team.

4 Absolutely. Because that is the free market, and I'm a
5 big believer in the free market. The free market has
6 set the price.

7 At least 20 people have looked at this
8 and said -- you know, they've offered them deals; this
9 is where we are. We got -- we offered them the best
10 deal, as far as we know. Again, I haven't seen all the
11 deals; I've seen a couple.

12 MR. BOLICK: Matt, does that go for the
13 management Arena deal as a separate --

14 MR. HULSIZER: I'm happy to walk you
15 through -- and one of the things, I could walk you
16 through the details of running the Arena. My
17 suggestion would be: What should the cost of an Arena
18 be? The cost of an Arena should be somewhere between
19 12 and 18 million. Okay?

20 Now, let's assume that we're wrong on our
21 assumptions. Today it runs a little over 20. That's
22 not well-run. It's been in bankruptcy. It needs to --
23 and it comes down. That's why the management fee comes
24 down.

25 If we're wrong and we run it really

1 efficiently, the City gets the profits. If we miss --
2 if we miss -- you know, if we missed on something, the
3 City gets the first 5 million. Everything above 15 in
4 the first -- right, that's why it's set up in a certain
5 way, the first 5 million goes to the City; it doesn't
6 go to us.

7 We're not trying to make money in running
8 the Arena. It's expensive. Power in the desert is not
9 cheap nor is water. Engineering, these are things that
10 really cost a lot of money.

11 My suggestion is, in your diligence, that
12 you guys know Ken Kendrick, okay, he's running a
13 facility that doesn't operate 365. You should ask him
14 what he thinks it costs. I talked to him. He thinks
15 it's going to cost him 12 million bucks. Us, it
16 costs -- should cost 15 because we're running 365. We
17 still have to book concerts way more than they do at
18 Chase Field, okay, so it's a little bit more expensive,
19 but that's what it runs. And if it makes money, it
20 goes back to the City. That was the entire philosophy
21 behind it. It certainly is not a gift, because if we
22 make money, it goes back.

23 MR. DRANIAS: Let me just ask you this:
24 How do you explain, then, that under the original AMULA
25 with the original team, they were being paid \$500,000 a

1 year as opposed to your deal --

2 MR. HULSIZER: That's why they're
3 bankrupt. That's why we're here. It doesn't work.

4 MR. TINDALL: That's a ten-year-old
5 agreement. It doesn't exist anymore. I don't
6 understand why it would have any relevance --

7 MS. OLSEN: Craig, I thought you didn't
8 want to answer the questions?

9 MR. TINDALL: But in supplementing his
10 response, I will tell you that in bankruptcy court,
11 there was a competitive auction. That was one of the
12 things that went through in the bankruptcy court. We
13 had an auction for this team. And if there was one
14 bidder at the end of the day --

15 MR. DRANIAS: Now, Craig, you know just
16 as well as I do that the auction was for the team and
17 not the management side of the deal, so let's be clear
18 about our terms.

19 MR. HULSIZER: You're absolutely correct.

20 MR. DRANIAS: The concern I have,
21 Mr. Hulsizer.

22 MR. HULSIZER: But the --

23 MR. DRANIAS: The concern I have right
24 now is that all of your consulting reports, and
25 particularly CBRE, highlights the current going rate

1 for management contracts ranging from gigantic arenas
2 like New Orleans Superdome to tiny arenas and none of
3 them come within a fraction -- I mean, come within
4 anywhere near the amount of money that --

5 MR. TINDALL: Are they responsible for
6 the day-to-day costs? There are lots of flavors of
7 management fees. There are management fees that are
8 paid just to manage the Arena. There's management fees
9 that are paid and then the manager takes on the
10 responsibility to run the Arena and the costs. That
11 happens to be our case. So there's lots of different
12 ways to do the same thing.

13 So comparing apples to apples would be
14 pretty important here; I don't know if that's been
15 done.

16 MR. HULSIZER: Again, I offered you guys
17 this four months ago. When I sat in here with both of
18 you, I said, "I'll walk you through every single
19 number." If you think you can manage this Arena
20 better, I've got a job for you. I'm happy to do that.
21 This is a free market. If you think that -- but there
22 isn't somebody who's willing to do that because it's
23 just really expensive right now.

24 Part of the problem is -- and you'll see
25 this in sports accounting -- people move things left

1 and right. However New Orleans wants to do it, they
2 say, "Look, we've got people to manage the
3 engineers" -- but the engineering isn't really part of
4 it. And I don't know the Superdome's business, but
5 I do see the other arenas. And, yeah, ours is too
6 expensive. I'm not arguing with you. That's why the
7 fee is set up the way it is; it declines.

8 MR. DRANIAS: Well, I guess the bottom
9 line is: Has the City ever considered sending out an
10 RFP to manage the Arena?

11 MR. HULSIZER: That's part of the lease,
12 though. You could break it down and say, "Who would
13 like to take the advertising?"

14 MS. OLSEN: So there's no RFP,
15 essentially?

16 MR. HULSIZER: Well, there's a RFP for
17 the lease, for the team and Arena management -- for the
18 team and the Arena management.

19 MR. COPPOLETTA: I have a question now.
20 Does the Gift Clause require competitive process?

21 MR. TINDALL: No.

22 MS. OLSEN: No.

23 MR. DRANIAS: What the Gift Clause
24 requires is that you do not have grossly
25 disproportionate consideration; or you could flip it

1 around and say roughly proportionate and argue between
2 the two.

3 MR. TINDALL: I think it's grossly
4 disproportionate. That's what the supreme court says.
5 It doesn't say "roughly proportionate" anywhere.

6 MR. DRANIAS: Well, the bottom line is
7 it's arguable the exact extent to which it is
8 proportionate in the consideration, and part of the
9 argument there is to have to look at the reality of the
10 market value of the rights being granted and what's
11 being paid for them --

12 MR. TINDALL: And out of the entire
13 transaction --

14 MR. COPPOLETTA: -- and we completely
15 agree --

16 MR. TINDALL: -- and out of the entire
17 transaction -- you've gotta look at the entire
18 transaction, so that would be a good thing that you
19 should do, is look at the entire transaction that comes
20 out of the entire consideration and comes out of the
21 agreement.

22 MR. HULSIZER: Do you feel that there are
23 people who haven't heard about this?

24 MS. SITREN: Well, just to touch real
25 quick on your question, Jay, the courts have come out

1 and said in the context of the Gift Clause that an
2 important factor is considering whether there is
3 competitive bidding for something and it is relevant if
4 there is not.

5 MR. HULSIZER: Do you guys feel like
6 there is somebody else out there who has not emerged,
7 some yet person to emerge, who is going to say, "I'm
8 going to -- I'm going to do this, but I don't -- I'll
9 take 500 grand to run this Arena despite what the costs
10 are"?

11 MS. OLSEN: Matt, we can't know that, and
12 I don't think -- I don't think the City can either.

13 MR. HULSIZER: Well, what do you think?

14 MS. OLSEN: Let me finish. Let me just
15 finish the -- do you what me -- I'm trying to answer
16 the question.

17 We don't know that and we can't know that
18 if there's no competitive bidding. I mean, we just --
19 we have -- you know, there are --

20 MR. HULSIZER: There's competitive
21 bidding for the entire piece. There's competitive
22 bidding for the entire piece. If you want to take out
23 a specific clause, I -- if you want to tell me that the
24 hot dogs are overpriced in the Arena, and you know and
25 we should competitively bid that and that constitutes

1 the gift, I don't know. I can tell you that as a
2 matter of course, as an entire business, as a package,
3 this has been competitively bid. No one else has
4 emerged, as far as we know. The City may know of other
5 buyers, you may know of other buyers, but in the free
6 market system, as far as we know, we have the highest
7 bid.

8 MR. DRANIAS: Yeah, Mr. Hulsizer, let me
9 just clarify. From a Gift Clause perspective,
10 competitive bidding is just one way to potentially
11 avoid a violation. It may very well be that you have a
12 completely nonviable business and nobody will assume
13 that business without --

14 MR. HULSIZER: Totally different.

15 MR. DRANIAS: -- subsidies. And so our
16 argument here is, if we look at every component of this
17 deal, whether we look at it panoptically or we look at
18 individual components, all we see is a series of things
19 that do not make market-value sense, which look like an
20 effort to prop up a business that is not sustainable,
21 and that is why you may be one of the only people out
22 there stepping up to the plate.

23 MR. HULSIZER: Totally different.

24 Your argument is, in fact, it's not a
25 viable business. It's not that it wasn't competitively

1 bid; let me be clear, because it was competitively bid.
2 What your argument is, is that despite the competitive
3 bid, it doesn't matter; if you competitively bid for a
4 painting, you're saying it doesn't matter, it doesn't
5 make economic sense. Is that ...

6 MR. DRANIAS: Well, I'm saying that it
7 could -- we don't -- there has been no official
8 competitive bidding. What happens by word of mouth --

9 MR. HULSIZER: It's not bankruptcy
10 auction.

11 MR. DRANIAS: Well, but that was only on
12 the particular assets in a debtor's estate. That has
13 nothing to do with the overall competitive bidding on
14 this particular contract. All we can say is this: That
15 hasn't happened, you made your -- you know, you have
16 your opinions, you --

17 MR. TINDALL: I think it has happened.

18 MR. DRANIAS: Okay.

19 MR. TINDALL: We've had this thing out
20 two years. Everybody in the entire world knew that
21 there was an issue here and then come and buy a team.
22 We've talked to lots of people. Sometimes it's a
23 complete waste of time.

24 MR. DRANIAS: Yeah, I'm sure that --

25 MR. TINDALL: Quite a few of them, a

1 complete waste of time.

2 MR. HULSIZER: You're not wrong. Hold
3 on. Nick is not wrong, though.

4 You have a legitimate point. You're
5 concerned whether or not the business is viable,
6 correct?

7 MR. DRANIAS: Well, I think that that
8 seems to be a likelihood from, what, 16 years of this
9 business losing tens of millions of dollars.

10 MR. HULSIZER: And so what are you basing
11 that on? How do you -- because, you know what, you
12 never asked me. You never once. I've seen you guys
13 for four months. I came in here, I said, "I'll show
14 you any number." You don't know. You read it in the
15 press.

16 This business made money. This business
17 made money in 1999, much of it to Richard Burke. He
18 made money on this team. You just didn't bother to
19 ask. You never bothered to ask me.

20 MR. DRANIAS: Well, Mr. Hulsizer, we have
21 asked the City for all of its evidence of due
22 diligence, and we've been told that it's all
23 proprietary and they can't give it to us. So if you're
24 willing to make things like that available, I'm willing
25 to look at it.

1 MR. TINDALL: Well, wait a minute, wait a
2 minute. That's -- you jumped topics there when you
3 said something about due diligence, and you've asked
4 about due diligence. We had a long discussion about
5 due diligence, and I said to you that the City did its
6 due diligence on Mr. Hulsizer to assure that he was a
7 viable buyer, which we did on everybody else who came
8 in. All right? That was the due diligence we did.

9 I think Matt's talking about something
10 different. He's talking about your comment to whether
11 this team is viable or not, which has nothing to do
12 with due diligence and whether or not you ask the
13 number before you make the statement or ask the
14 question. And, apparently, that was never done.

15 So, you know, it has nothing to do with
16 due diligence, Nick, or what the City said about due
17 diligence.

18 MR. DRANIAS: Craig, the problem is, in a
19 court of law, if you have a business that has lost
20 money for over a decade, has just emerged out of
21 bankruptcy, and --

22 MR. TINDALL: That's an assumption.

23 MR. DRANIAS: -- you're replacing it with
24 a no-track-record entity, headed perhaps by the most
25 dynamic entrepreneur there is in the world, you're

1 still not going to be able to prove that that's going
2 to be a viable business. Nobody will accept someone's
3 opinion in a court of law that that's a viable
4 business.

5 MR. TINDALL: What lawsuit is that?

6 MS. OLSEN: Okay, okay, we're getting a
7 little bit bogged down here. So --

8 MR. HULSIZER: Why don't you ask me about
9 the business?

10 MS. OLSEN: -- Matt, let's -- let's keep
11 going on to your -- on whatever else you have. I don't
12 want to spend too long on just one thing. There's a
13 lot to talk about, so why don't you keep going.

14 MR. HULSIZER: Okay. It doesn't have to
15 be adversarial. Like, I'm willing to be totally
16 transparent with you. I'm upset that you guys have
17 said this, and I've been willing to do this the whole
18 time. You might be right. All right? You might say,
19 "Look" -- but even if it loses, I know what the losses
20 are, and I can fund those, and I may be willing to do
21 that.

22 MR. DRANIAS: Well, Mr. Hulsizer, if the
23 burden of this deal is placed squarely on your
24 shoulders and 100 percent on your shoulders and in a
25 way that's fully collateralized, that is a step towards

1 a resolution.

2 MR. HULSIZER: I understand that.

3 I understand your view on that.

4 Reliability of consultants. How can we
5 trust the data? And I don't think we used Walker's in
6 our study. I certainly wouldn't have used them.

7 Walkers came up with a value that was much higher.

8 I think 100 million for parking has never been what we
9 assumed.

10 MR. COPPOLETTA: Well, that's right. I
11 mean, the 100 million was never parking alone. I think
12 everybody here knows that. The 100 million was --
13 parking was a big part of, but the 100 million covered
14 everything; that is, the bundle of rights under our
15 transaction, the non-relocation agreement, the Arena
16 put-right, you know, everything, all those revenues,
17 all the revenue streams. The four corners of the
18 documents have a lot of different agreements that we,
19 as the buyers, are making to the benefit of the City.
20 I mean, it's not just -- like Matt was saying, it's
21 not -- it was not just 100 million for parking.

22 MR. HULSIZER: Did Walkers inflate the
23 revenues? I don't know. I have no idea. The fact
24 that you're concerned about it, I think it's a valid
25 concern because it reflects on judgment. The data

1 wasn't used, so I can ease your concerns there. The
2 Walker data was not used. But it does reflect on the
3 judgment, and I think that the City has to own up for
4 that. Maybe they don't have greater-thinking
5 consultants. I think they rebounded from that, but you
6 didn't pick the best consultants first. I think it's a
7 valid point.

8 MR. TINDALL: Okay. Well, just since
9 this is recorded, we'll dispute that, but go ahead.
10 Keep going, Matt.

11 MR. COPPOLETTA: You can't answer the
12 sixth one.

13 MR. HULSIZER: Suing the Goldwater
14 Institute. I don't know anything about it. But it's
15 the Indian tribe.

16 MS. OLSEN: Yeah, that's -- unless you
17 want to weigh in, we feel like that's addressed --

18 MR. HULSIZER: I'd love it if the Indian
19 tribe could come in, but we're going to disagree about
20 that too, so -- but, yeah, if the Indian tribe wants to
21 put a casino, we have no issue with that, officially.

22 MS. OLSEN: Great. Thank you, Matt.

23 Jay, did you have anything that you
24 wanted to add?

25 MR. COPPOLETTA: I don't. I mean, there

1 may be some when we get back here, but not for now.

2 MS. OLSEN: Great.

3 MR. HULSIZER: You had couple of things
4 in here. Number 3, in one of your solutions, you
5 guys -- I liked some of your solutions. Obviously, the
6 first one we talked about.

7 Fairly bidding Arena, I think we've
8 talked about that.

9 Securitize a type of 30-year projected
10 revenue stream. This comes down to the crux of the
11 issue. 100 percent of the reason why I believe we are
12 here. The City has already securitized it. They did
13 that to build the building. Unfortunately, the person
14 who was supposed to pay them was not able to pay them.
15 They counted on Mr. Moyes and the team to succeed.
16 That didn't happen. They've already sold those
17 payments. This is like taking -- you know, this is
18 your second mortgage. Do second mortgages make sense?
19 Sometimes. It depends on what the value is.

20 And so if you look at the net cash
21 going out, which is what I continue to talk about, the
22 75 million bucks, which is the thing that I went on and
23 said, "I'm prepared to guarantee," I will guarantee,
24 for sure, it is a mathematical certainty, that we will
25 pay the City back more than what they will spend, okay,

1 in terms of 75 million bucks, because we already pay
2 the City, as part of the lease, millions of dollars,
3 \$5 million a year that goes away when this team leaves.
4 75 million bucks. It's -- that's a piece of cake,
5 because the money we pay the City is currently
6 servicing other debt the City took on. Wrongly or
7 rightly, it has nothing to do with my deal.

8 So with regards to my deal, the money we
9 are receiving from the City will be more than offset by
10 the money we pay the City. I cannot comment and I will
11 not comment on what the City has done in the past.
12 I think they can do that.

13 Adjust Arena lease payments to meet real
14 market conditions.

15 MS. OLSEN: Discussed.

16 MR. HULSIZER: That's discussed.

17 Lease the Arena to a minor league team.
18 The only thing I would tell you guys here, we have a
19 minor league team, San Antonio Rampage. Okay? It's
20 not just the tickets -- it's not just the 3,000
21 tickets, it's the price. This is all about price and
22 price points.

23 A minor league team is going to charge
24 somewhere around \$9 a ticket. They can't pay a lot of
25 rent. I know. We lose money on our -- I mean, a great

1 thing would be if one of you guys could take over our
2 minor league team. Our minor league loses money for
3 us, and a lot. It's just not a good business. It's
4 certainly not a good business in an expensive Arena to
5 operate.

6 Reduce losses by finding a private buyer
7 for the Arena. You know, I think I am going to be the
8 buyer of the Arena at same point. The question is
9 we're going to argue about price. It will be in
10 30 years, but the City's going to get some money for
11 it, when it's beyond its useful life.

12 The Silverdome, if you guys Google the
13 Silverdome, it just sold -- I don't know, have you guys
14 ever looked at that? -- the Silverdome cost
15 \$500 million in today dollars to build; they sold it
16 for \$500,000. That's what happens when arenas go to
17 the end of their useful life, maybe. It could also be
18 Madison Square Garden. I hope it is. We all hope it
19 is. I'll be really successful, and you guys will say,
20 "Ah, it was a gift. It's 30 years later, but who knew
21 that Glendale was going to overtake New York city in
22 terms of population?" That could be the case. Who
23 knows? I could tell you that in 30 years, it's a fair
24 market and the City will recoup some amount of money,
25 between 40 and 135 million for this Arena. That has

1 some value.

2 And so I will end up being the owner of
3 this Arena. This team is going to be here forever.

4 MR. DRANIAS: Can I ask you the numbers?
5 You said 40 and 140 (sic) million. How do you figure
6 that?

7 MR. HULSIZER: It's part of the lease.

8 MR. TINDALL: It's in the documents. Is
9 it the put option in the lease?

10 MR. HULSIZER: Yes.

11 MR. DRANIAS: The put option actually
12 says the lesser of what you mutually agree on is
13 40 million.

14 MR. HULSIZER: No.

15 MR. DRANIAS: Yeah, that's what it says.

16 MR. COPPOLETTA: Yeah, that's the Arena.
17 There's some -- it ups the land.

18 MR. TINDALL: Outstanding -- yeah, it
19 shows outstanding value indications in there.

20 MR. HULSIZER: Okay. I assumed it was
21 40. I don't know why they'd ever agree to less, but
22 maybe they'll be generous.

23 MR. DRANIAS: Like they have been, right?

24 MR. COPPOLETTA: 40 is the floor.

25 MAYOR SCRUGGS: 40 is the floor. 40's

1 the floor in 30 years.

2 MR. HULSIZER: I thought it was the
3 lesser of, you just said, the lesser of 40 of what we
4 mutually agree on.

5 MR. COPPOLETTA: Yeah, 40's the floor,
6 but there's other -- there's other ways to --

7 MR. HULSIZER: Well, in theory, we could
8 agree to less. We could agree to a million dollars; is
9 that correct? That's --

10 MR. TINDALL: It puts 40 for outstanding
11 obligation and for what we negotiate, so it could be
12 less.

13 MS. OLSEN: And Matt, down -- sorry.
14 Down here, Diane.

15 MS. COHEN: Hi, I'm Diane Cohen. I don't
16 think we formally met, but I wanted to thank you for
17 taking the time to come here and answer almost all of
18 Darcy's seven questions, even the ones that you
19 probably don't have the foundation or knowledge to
20 answer, so I really thank you.

21 Mayor, you've answered one, and I would
22 ask you now to answer the questions that Darcy had
23 directed to you.

24 MAYOR SCRUGGS: Are you through
25 presenting your information, Matt?

1 MR. HULSIZER: Yeah, the last one, by the
2 way, is the critical one, because I think you guys --

3 MR. COPPOLETTA: It ties into Nick's
4 concerns.

5 MR. HULSIZER: Yes.

6 MS. OLSEN: The re-lo?

7 MR. HULSIZER: Let's talk about my --
8 independent, nothing to do with my transactions, I'm
9 going to weigh in here on an opinion as it does not
10 affect my transactions.

11 In 2002, you guys signed a lease, and
12 it's not as part of the lease -- there was no
13 non-relocation.

14 MR. COPPOLETTA: It was built into the
15 lease.

16 MR. TINDALL: Yeah, we had agree on the
17 re-lo and non-re-lo.

18 MR. HULSIZER: Oh, sorry. So it got
19 thrown as the problem. It got thrown out. That's
20 what --

21 MR. TINDALL: Potentially get capped.
22 It's never been decided.

23 MR. HULSIZER: That, and we argued about
24 and talked about. I mean, we don't agree on this.
25 That was a fundamental mistake. And you cannot admit

1 that now or you can nod.

2 MR. TINDALL: We'll not admit that.
3 I didn't do that lease, so I don't have to worry about
4 it.

5 MR. HULSIZER: I mean, that's a big
6 mistake because the team --

7 MR. COPPOLETTA: Well, the point, really,
8 is that we structured the non-relocation agreement
9 with -- the City had a role in it too, but the
10 non-relocation agreement was structured with the
11 experience of the Coyotes' bankruptcy, as well as, even
12 more importantly, the Penguins' bankruptcy, and with
13 that knowledge, it was structured in such a way that it
14 survives bankruptcy. It's out of the lease, so it gets
15 rid of the concern about it being capped and thrown in
16 with the lease, and it's also set up in such a way
17 where it's specifically enforced and it can't be
18 converted into a money damage type of claim.

19 So it's one of those things that it has
20 all that experience behind it in the way that it was
21 set up.

22 MR. DRANIAS: Then why is the NHL not a
23 party to it, and why can't Craig get a copy of the
24 franchise rules to see if the contingency allowing the
25 override, based on NHL franchise rules, means something

1 significant?

2 MR. TINDALL: That's all questions for
3 the NHL, and probably every other sports league as to
4 why they won't enter into Arena leases. You know,
5 it's -- I've never seen a league do it, unless they end
6 up owning a team, which now we have two out there.

7 MR. DRANIAS: Well, that's a different
8 issue. The issue is, there has to be consent from the
9 NHL to make sure that your non-relocation agreement is
10 ironclad, in my view, because there's a specific
11 contingency in the document you drafted that allows
12 for, under certain hockey rules, the non-relocation
13 agreement to be overridden.

14 So why have you not obtained both those
15 rules to assess how unreliable this non-relocation
16 agreement is; or, in the alternative, strike that and
17 make them a party so that they will not in any way
18 interfere with the non-relocation agreement?

19 MR. COPPOLETTA: So it has been since
20 October -- or I think we negotiated the non-relocation
21 agreement in October, and I can look back and answer
22 this question and get back to you on it. But I'm
23 fairly certain that the reference to NHL rules in
24 there, what it is, is if the NHL comes in and tells us,
25 "You guys are going to play two games in the Czech

1 Republic," which is what they did, it would be a breach
2 of the non-relocation agreement for us to do it.

3 So if the NHL comes in and says, "You're
4 going to go and do that," we needed that flexibility.
5 So that's what we were addressing through the NHL
6 rules. It wasn't the NHL can come in and obliterate
7 the whole thing. It was, if the NHL comes in and says,
8 "We're playing a home game away in the Czech Republic,"
9 we can do that.

10 MR. DRANIAS: Well, Jay, I appreciate
11 that, and you seem like a standup man, and you've done
12 some great legal analysis in this. The problem is, as
13 public-interest organization looking at the taxpayer,
14 and as an attorney myself, I can't tell if this
15 non-relocation agreement has any reality to it, unless
16 I know the NHL rules that everything's contingent on.

17 MR. COPPOLETTA: Sure. No, I can
18 appreciate that, and I think that's something we can
19 follow up with.

20 MS. OLSEN: Thanks, Jay.

21 Does that sum it up for you, Matt?

22 MR. HULSIZER: I think so.

23 MS. OLSEN: Great.

24 MAYOR SCRUGGS: What kind of
25 non-relocation agreements are in the other sports

1 franchises' agreements where they have publicly built
2 facilities, which would be the University of Phoenix
3 Stadium and Chase Field and US Airways? Have they
4 addressed this matter, relocation issue?

5 MR. DRANIAS: From what I understand,
6 some have and some don't. Most of them don't, and
7 I think Jay has added value by at least getting the
8 issue to the table. But the problem is, in substance,
9 if the NHL has the ability to scotch the whole deal
10 based on its rules -- and I can't tell that just
11 looking at this -- it may mean nothing.

12 MAYOR SCRUGGS: So when the Mesa builds
13 the new stadium for the Cubs --

14 MR. TINDALL: There'll be a very, very
15 strong MLB provision in there that says the exact same
16 thing, very strong.

17 MAYOR SCRUGGS: Exact same thing as the
18 NHL --

19 MR. TINDALL: Of what we were just
20 talking about.

21 DRANIAS: And the concern is, in the end,
22 given the power that the NHL has over this whole team
23 and league, how do we know that this means anything.

24 MR. TINDALL: And it's all subject to the
25 MLB rules.

1 MAYOR SCRUGGS: And so I'm curious for
2 all of you, if from now on -- and I heard your
3 interview where you said some of these illegal deals
4 have been allowed to go on because we didn't exist, our
5 litigation department didn't exist. So as the Cubs'
6 stadium gets built, then, and this relocation issue
7 exists, will we be seeing you step out with that also
8 though?

9 MR. BOLICK: Well, we are scrutinizing as
10 many of these deals as we possibly can, including the
11 Cubs' deal. There is a very significant difference
12 between building an Arena, which you guys all did,
13 and sending a check to \$100 to a -- or excuse me --
14 \$100 million -- slightly off there -- to a private
15 businessman. If that is a direct subsidy --

16 MR. TINDALL: Just to be clear, that's
17 not what we're doing.

18 MR. BOLICK: -- to a team or to a private
19 business, that directly triggers the Gift Clause and
20 that sort of transaction. If it's a subsidy or if
21 public funds are being borrowed to facilitate that
22 transaction --

23 MR. HULSIZER: Let me, let me --

24 MR. BOLICK: -- that's illegal. It's
25 very different to build an Arena. We might not like it

1 as a policy matter, but in most instances, it probably
2 doesn't violate the Gift Clause of the Constitution
3 because you own it; for better or worse, in this
4 instance.

5 MR. HULSIZER: Clint, you guys said this
6 in the beginning, and I want to be clear about this.
7 You guys are not financing my purchase. Right now, you
8 guys, the City, is not financing my purchase. They
9 have nothing to do with my purchase. The City is
10 buying parking rights from us. I may buy a team
11 anyway. I could buy this team and move it to Kansas
12 City.

13 MS. OLSEN: Well, we have a question on
14 parking rights, if we can ever get back to the
15 questions that we have.

16 MR. BOLICK: Just to put this in
17 perspective, we understand what the technicality of the
18 deal is. As you probably know, we have been to the
19 Arizona Supreme Court on a parking garage issue.

20 MR. HULSIZER: I'm not talking to you as
21 a lawyer, and I know you're going to -- I don't know
22 the law. I'm telling you as a business person, I'm
23 buying the team; so now what do I do with the team?

24 MR. BOLICK: You will own the team, Matt.
25 (Laughter.)

1 MR. BOLICK: How is that being enabled?

2 MR. HULSIZER: They're buying the parking
3 from me as part of this transaction. If I bought a
4 team and I wanted to move it here, the economics could
5 be exactly the same. You're just picking and choosing.
6 There's several teams for sale. Right? So does this
7 one work? There's a lot of reasons why it does; if it
8 doesn't, we'll figure something else out. But I'm
9 telling you, as I told Darcy, we are buying the team,
10 the parking is -- the parking deal is part of the lease
11 transaction. It is not part of purchasing the team.

12 MR. BOLICK: And that is what we are
13 attempting to scrutinize.

14 MS. OLSEN: Right.

15 MR. HULSIZER: Well, why?

16 MS. OLSEN: Well, if we can -- let's --
17 we already know this is a point of disagreement here on
18 the parking rights. But can we move back to a couple
19 of the other concerns that we have now? We've been an
20 hour and 15 minutes and only had one question answered,
21 and we've got, you know -- we've got six more that we
22 really would like to have answers for taxpayers on.

23 The one that is very important is: When
24 can the public expect to have all the documents related
25 to this sale?

1 You said publically that everything had
2 been released, and in the months that have followed, we
3 continue to get documents that had not been released,
4 and, you know, what people want to know is, you know,
5 when they can expect to have all these documents.
6 What's the truth there?

7 MR. TINDALL: Well, let's go back to the
8 question --

9 MAYOR SCRUGGS: Okay. May I start out by
10 explaining that I am not document control central.
11 Okay? Public records requests come in to our City
12 clerk, usually -- I know there's some procedure.
13 Sometimes they come to you; sometimes they come to
14 Craig. Whoever is the collector of public record.

15 I know I make you -- I amuse you,
16 don't I? You have such a look on -- every time
17 I speak, you look at me like I'm -- you just hate me.

18 So anyway --

19 MR. DRANIAS: All I see is a smile.

20 MAYOR SCRUGGS: No, it's not.

21 MS. COHEN: That's for the court
22 reporter.

23 MAYOR SCRUGGS: So whoever is in charge
24 of collecting the public records then sends messages
25 out to anyone who might have something that fits that

1 particular request. So I receive requests all the
2 time. "Do you have anything that matches this
3 particular request?" And my staff searches all the
4 records. And if we do, they're collected then to
5 whoever -- whatever person is collecting them.

6 When I made the statement that offended
7 you so much, the statement was given to me by the City
8 attorney to state; so I'm going to ask him to answer
9 your question directly because I believe he has an
10 answer as to what was happening in the transition and
11 requests that were cleared afterwards. But I'm going
12 to leave that to him.

13 You're all looking at me. I know you
14 want me to answer the question. That's not the way it
15 works in municipal government.

16 MS. OLSEN: Well, in particular, then,
17 Craig, to you, I mean, why hasn't the City produced to
18 us the raw data concerning attendance, parking and
19 revenues from the Coyotes that you did produce for your
20 own consultants over three months ago?

21 MR. TINDALL: All right. So let's go
22 back to your original question because you stated it
23 and I want to correct it because it wasn't a correct
24 statement. All right?

25 We got an e-mail from Mr. Bolick who said

1 that he had all the documents he needed to do the
2 analysis. The statement that the Mayor made, in the
3 context it was taken in, it was all the records had --

4 MS. OLSEN: I'm sorry, that's just not
5 correct.

6 MR. TINDALL: You can shake your head.

7 MS. OLSEN: It's just not correct. We
8 have had outstanding public records requests with you
9 for a couple of years.

10 MR. TINDALL: We have the e-mail that
11 says that he has all he needs to do the analysis, and
12 we're talking about the analysis.

13 MR. BOLICK: Yes, but you know the public
14 records request goes far beyond that.

15 MR. TINDALL: I'm talking about two
16 things, because we were talking about what the Mayor's
17 statement was, and that was what the Mayor was talking
18 about in that statement, is that the analysis that
19 could have been done long ago, apparently, you felt
20 like at that point in time that you had all the
21 records. All right?

22 I'm not disputing that this is an ongoing
23 process. I've never disputed it and there was never
24 any suggestion that we were done giving out public
25 records. But there is a court process to public

1 records. All right? And I don't intend to sit here
2 with a litigation that you guys filed over public
3 records and have -- be interrogated by a room full of
4 people. If you want to have a discussion --

5 MS. OLSEN: When can the public expect to
6 have the documents? Is there an answer to that?

7 MR. TINDALL: I'm going to answer the
8 questions, and I'd appreciate if you didn't answer --
9 or interrupt. I'm going to answer the question, or I'm
10 going to make my statement, however you want to phrase
11 it -- and I'm glad you're amused as you are when the
12 Mayor talks; that's just very polite.

13 But at this point in time, we have
14 litigation ongoing. The lawyers have had long
15 discussions. We'll continue to have long discussions,
16 I'm sure. If we have a dispute, we have a judge that
17 we can go to, and he will dispute it.

18 So far, I think things have gone fairly
19 well, because the process -- we're now into, I think,
20 our 11th -- 10th, 11th, 12th, I don't remember, filing
21 with the court with public records when they come --
22 when they're being submitted according to the Judge's
23 order.

24 MS. OLSEN: What about specifically on
25 the raw data question?

1 MR. TINDALL: So the raw data we got --

2 MS. OLSEN: You've given it to the
3 consultants. When will the public get the information?

4 MR. TINDALL: All right. I just told
5 you, I've discussed this with the attorneys. I spent
6 two hours --

7 MS. OLSEN: You've given it to
8 consultants. When will the public have it?

9 MR. TINDALL: You asked me a question.
10 Do you want me to answer it --

11 MS. OLSEN: Yes, I do.

12 MR. TINDALL: -- or do you just want to
13 keep talking?

14 MS. OLSEN: I'd love for you to answer
15 the question.

16 MR. TINDALL: Okay. You keep
17 grandstanding.

18 The answer to your question is that I
19 discussed this with the attorneys yesterday. I'm going
20 to continue to discuss it with the --

21 MS. OLSEN: Okay --

22 MR. TINDALL: -- attorneys.

23 MS. OLSEN: -- then what is the answer?

24 MR. TINDALL: We'll continue to do this
25 in the courts, okay, but I'm not going to sit here and

1 allow you to grandstand for the benefit of the
2 transcript so you can release it and then parade
3 around, whatever it is you want to do.

4 MS. OLSEN: So you're not going to come
5 clean with the public documents, essentially?

6 MR. TINDALL: That's not what I said.

7 MS. OLSEN: If you've discussed it, why
8 won't you tell us when?

9 MR. TINDALL: You mischaracterized it.
10 You mischaracterized it.

11 MS. OLSEN: Why won't you tell us when
12 you can give us the information?

13 MR. TINDALL: We're in the midst of
14 litigation -- we're in the midst of litigation, we'll
15 have the appropriate communications along those lines.

16 It's your litigation, you filed it, we'll
17 do it appropriately, and that's the answer to the
18 question.

19 MS. OLSEN: Okay. So you won't release
20 the documents to the public today?

21 MR. TINDALL: That's not true. That's a
22 complete misstatement, a complete misstatement of what
23 I just said. The records are being released. There's
24 thousands of pages that have come out. I continue to
25 go through it.

1 I have sat in this room with these people
2 and explained the process that I have gone through for
3 months, years now, on doing public records.

4 So I dispute, and find it highly
5 offensive, and take personal offense to the fact that I
6 am not disclosing records, because we are working with
7 the staff. And I would say --

8 MS. Olsen: But, Craig, you've --

9 MR. TINDALL: Ms. Olsen --

10 MS. OLSEN: -- given the raw data to the
11 consultants months ago. You have it.

12 MR. TINDALL: You can stop talking.

13 MS. OLSEN: Why won't you release it?

14 MR. TINDALL: You can say all you want,
15 but you are costing the taxpayers thousands and
16 thousands of dollars of resources.

17 MR. DRANIAS: Craig, Craig, Craig --

18 MR. TINDALL: Nope, I'm not done. No,
19 I'm not done.

20 MS. COHEN: Can you not raise your voice.

21 MR. TINDALL: Thousands and thousands of
22 dollars --

23 MS. COHEN: Can you not raise your voice,
24 Mr. Tindall.

25 MR. TINDALL: Thousands -- I have to

1 because I keep getting interrupted. Okay?

2 MS. COHEN: Okay.

3 MR. TINDALL: And if I'm not interrupted,
4 I don't have to raise my voice; do I?

5 MR. HULSIZER: What do you guys want?
6 Want do you want? Just, what do you want?

7 MS. COHEN: An answer to the question,
8 first.

9 MR. TINDALL: I've already answered the
10 question as that we'll do this -- because we're in
11 litigation, we'll do it through the litigation process.

12 MR. HULSIZER: We have the data. What do
13 you want?

14 MS. SITREN: We can forward you all the
15 questions we've sent to the City, and to the extent
16 that you have the records and can give them to us
17 faster than --

18 MS. OLSEN: Attendance, parking,
19 revenues --

20 MS. SITREN: -- it will speed things up
21 for us.

22 MS. OLSEN: -- everything that the
23 consultants had has not been released.

24 MR. TINDALL: Those figures have been
25 given out to the Republic and everybody else. We're

1 gathering them again, the updated ones, until Nick --

2 MS. SITREN: Why didn't we get them?

3 MR. DRANIAS: Yeah, why can't you give us
4 them now?

5 MS. SITREN: We asked you for those
6 months ago. Why didn't we get them --

7 MR. TINDALL: I don't remember asking
8 for --

9 MS. SITREN: -- and the Arizona Republic
10 did?

11 MR. TINDALL: -- months ago. I don't
12 remember any request months ago. We're getting updated
13 figures. Here's the problem, guys, is now you want to
14 take this into a point where you're making it seem like
15 we're doing something wrong for the purposes of your
16 little transcript here. I got this.

17 I tried to cooperate, Nick. Did I not
18 spend two hours on the phone, yes or no, with you
19 yesterday?

20 MR. DRANIAS: Two and a half --

21 MR. TINDALL: Two and a half.

22 MR. DRANIAS: -- and I thought we reached
23 an understanding, but I'm hearing today we didn't.

24 MR. TINDALL: No. This morning, we were
25 working on all the things that we talked about

1 yesterday. All right? We'll continue to do that
2 dialogue. I'm not on going to do it here. I'm not
3 going to do public records here.

4 MR. HULSIZER: All right. Let's -- I'm
5 going to get going a little bit. Is there anything
6 else you guys got for me?

7 MR. BOLICK: Craig, I want to follow up
8 with that because you have stated on the record that --

9 MR. TINDALL: What record are you talking
10 about?

11 (Ms. Frisoni exits the room.)

12 MR. BOLICK: The transcript.

13 MR. TINDALL: Well, it sounds like it's a
14 deposition.

15 MR. BOLICK: Lawyerees. Sorry.

16 MR. TINDALL: It is lawyerees, and we're
17 not supposed to be doing this.

18 MR. HULSIZER: I'm going to interrupt you
19 guys. I'm going to interrupt for a second. I'm going
20 to go. Do you have questions?

21 MAYOR SCRUGGS: Matt, can we clear up one
22 thing? I know Darcy is in control of all questions and
23 every comment here, but I think before you go you
24 should hear this one thing, and she can answer if this
25 is correct. This was March the 16th, 2011.

1 (Mr. Just exits the room.)

2 MAYOR SCRUGGS: "The Goldwater Institute
3 announced on Tuesday that it will file a legal
4 challenge to the agreement between the City of Glendale
5 and prospective owner Matthew Hulsizer to subsidize the
6 purchase of the Phoenix Coyotes once that agreement is
7 closed," which is, I guess, why you want to know if
8 it's closed yet or not.

9 "In a statement released by the institute
10 on Tuesday, Goldwater announced that the challenge
11 comes after the Goldwater Institute examined more than
12 1,000 pages of documents provided by the City of
13 Glendale under Court order."

14 My question before Mr. Hulsizer leaves
15 is: In reading this, my interpretation is you have all
16 the documents that you need to determine that there
17 will be a lawsuit filed, and you have made your
18 final decision.

19 MS. OLSEN: We do not have all the
20 documents, and I think that's what we've been trying to
21 say here is that --

22 MAYOR SCRUGGS: But you said here --

23 MS. OLSEN: -- you've been withholding
24 many.

25 MAYOR SCRUGGS: But you said you needed

1 all that you --

2 MR. TINDALL: We haven't been withholding
3 anything.

4 MAYOR SCRUGGS: -- you had all that you
5 needed in order to file the lawsuit, so you have made
6 your firm decision.

7 MS. OLSEN: That's not what that says.

8 MAYOR SCRUGGS: Oh, yes it does.

9 MR. BOLICK: Mayor, let me clarify.

10 MS. OLSEN: Go ahead.

11 MR. BOLICK: Let me clarify this.

12 MAYOR SCRUGGS: No, it says Matt, he --
13 that "In a statement released by the institute on
14 Tuesday" -- so I need to find that statement, I
15 guess -- "Goldwater announced that the challenge comes
16 after the Goldwater Institute examined more than 1,000
17 pages of documents. You may want --

18 MS. OLSEN: Right, what that means is you
19 finally gave us --

20 MAYOR SCRUGGS: You have --

21 MS. OLSEN: It doesn't mean we had
22 everything. It doesn't state that. We never did.

23 MAYOR SCRUGGS: No, no, I'm not saying
24 that.

25 (Mr. Dranias, Mr. Coppoletta, and

1 Mr. Tindall exit the room.)

2 MAYOR SCRUGGS: What I'm asking you:
3 When I read this, you issued a statement that you are
4 going to sue as soon as the bonds are sold and I'm
5 asking you for clarification.

6 (Mr. Tindall enters the room.)

7 MR. BOLICK: Mayor, if the deal is not
8 changed, yes, we have concluded, based on the documents
9 that we have, that it is illegal, and we will sue.
10 That's exactly what we said.

11 We hope that the deal will be changed.

12 MS. SITREN: And to clarify, we
13 understand that there are still other documents out
14 there, so we don't know what those documents are, what
15 they could say, and, certainly, they could potentially
16 affect our analysis.

17 MR. HULSIZER: Let's take a short break
18 here so I can say goodbye.

19 MS. SITREN: Thanks, Matt.

20 MR. HULSIZER: All right.

21 (Recess was taken from 4:30 p.m. to
22 4:32 p.m.)

23 (Mr. Hulsizer, Mr. Coppoletta, and
24 Mr. Just exited the proceedings.)

25 (All other members are present.)

1 MR. BOLICK: Craig, I just wanted to ask
2 you a question that I really wanted to ask you for a
3 long time, but you just went through a discussion about
4 the spirit with which the City has produced documents
5 according to court rules and so forth. What about the
6 e-mail that you sent to my colleague Karen Bart
7 (phonetic) -- that was inadvertently sent to my
8 colleague Carrie Ann Sitren instructing your deputy,
9 saying, and I quote here, "There's no law that says
10 that we have to be clear," and then concluding with
11 your instruction, "I'd play with her or ignore her in
12 the context of public records document."

13 MR. TINDALL: What else? Go on.

14 MR. DRANIAS: You have no answer to that,
15 Craig?

16 MR. TINDALL: I have no answer to that.
17 It's ridiculous to bring it up. It's bizarre that it
18 would even occur, so ...

19 MR. BOLICK: It's not bizarre, because
20 it's --

21 MR. TINDALL: If you got a problem with
22 it, take it up with the court, Clint. Take it up with
23 the court. You got a judge. Take it up with the
24 judge.

25 MR. BOLICK: I plan to do that, Craig,

1 but for purposes of the public understanding what we
2 have had to deal with in trying to get documents --

3 MR. TINDALL: Take it up with the judge,
4 Clint. You got a judge. Take it up with the judge.

5 MS. RHOADES: I think we're --

6 MS. OLSEN: I think we should finish.

7 Would you like to answer these questions
8 now, and then we'll try --

9 MAYOR SCRUGGS: I will try to --

10 MS. OLSEN: Okay.

11 MAYOR SCRUGGS: -- the ones that I can.

12 MR. DRANIAS: Before we go on, Mayor,
13 would you like to see a copy of this e-mail that --

14 MAYOR SCRUGGS: No. I have seen it.

15 MR. DRANIAS: So you have seen it?

16 MAYOR SCRUGGS: (Nodding head.)

17 MR. DRANIAS: So you've seen the
18 disrespect that was shown by Craig to my colleague?

19 MR. TINDALL: I dispute that. I dispute
20 whatever you're saying on that.

21 MR. DRANIAS: You've seen that, correct?

22 MR. BOLICK: And you know that the City
23 is under a statutory obligation to provide public
24 records?

25 MR. TINDALL: Of course we do, and we

1 abide by it at all times.

2 MR. BOLICK: Do you stand by your city
3 attorney's conduct in this case?

4 MR. TINDALL: You don't have to answer
5 that, Mayor. It's not a deposition. This is
6 ridiculous. It's a ridiculous tone to even take.

7 MS. SITREN: Well, ignoring public
8 records and requests is ridiculous.

9 MR. TINDALL: I've never ignored -- I've
10 never, Carrie Ann, ignored a public records request,
11 never.

12 MS. SITREN: You instructed your
13 colleagues to do that?

14 MR. TINDALL: I've never -- that's not
15 what it says.

16 MS. SITREN: All right.

17 MR. DRANIAS: Wait a minute. Hold on.

18 So "I'd play with her or ignore her,"
19 what does that mean exactly, Craig?

20 MR. TINDALL: Keep going, if you want,
21 Nick.

22 MR. DRANIAS: What does that mean?

23 MR. TINDALL: Keep going, if you want.
24 And you got a judge. Take it up the the judge. If you
25 got a problem with public records, take it up with the

1 judge.

2 MS. OLSEN: Okay, okay, okay. It's okay.

3 MS. COHEN: Can I?

4 MS. OLSEN: Yeah.

5 MS. COHEN: I just want to say, you know,
6 we did have a conversation, Mr. Tindall, and during --
7 about the public records, the ongoing public records
8 requests and the issues we've had, and we asked you to
9 make representations, like are there more documents, or
10 have you produced everything that's responsive; and
11 what you told us is that "I am not going to -- I'm not
12 going to stand by anything. I am not going to" --

13 MR. TINDALL: That's not what I said.

14 MS. COHEN: -- "give a commitment to
15 you" -- excuse me.

16 MR. TINDALL: No. That's not what I
17 said.

18 MS. COHEN: Do not interrupt me. It is
19 not nice.

20 MR. TINDALL: You misquoted --

21 MS. COHEN: See, there you go.

22 MR. TINDALL: -- what I said.

23 MS. COHEN: Okay. Are you done? Can I
24 finish?

25 MR. TINDALL: You misquoted what I said.

1 MS. COHEN: You were not going to --

2 MR. TINDALL: So as long as you misquote
3 what I said --

4 MS. OLSEN: Come on.

5 MR. TINDALL: As long as you misquote
6 what I said, I will interrupt you.

7 MS. COHEN: Okay. You would -- will you
8 sign a document under oath saying that the City has
9 produced all documents responsive to our requests?

10 MR. TINDALL: The City is producing all
11 documents in accordance with the Arizona statute, in
12 accordance with the court order --

13 MS. COHEN: That's not responsive to my
14 question.

15 MR. TINDALL: -- in accordance with the
16 court order, and so I think your request is
17 illegitimate and inappropriate.

18 MS. COHEN: I'll take that as a no?

19 MR. TINDALL: Well, you'll take it as
20 what I meant it to be and what I said.

21 MS. COHEN: What -- when can we count on
22 your representations? If we had conversations about
23 this --

24 MR. TINDALL: Take it up with the court.

25 MS. COHEN: Can I ask my question? Can

1 I get the whole question out before you respond?

2 MR. TINDALL: Probably not.

3 MS. COHEN: We could like to know --
4 "probably not"?

5 Did you get that? Okay.

6 MS. RHOADES: All right. Let's just
7 stop.

8 MS. COHEN: Well, then I guess there's no
9 point in even attempting to ask.

10 MS. OLSEN: Yeah, this is -- okay. Do
11 you want to do -- we covered some of these, so is this
12 the one?

13 MR. BOLICK: In particular, in our
14 questions, we referenced a January 25th, 2011, document
15 where the City signed a contract with the developer of
16 Westgate regarding parking rights.

17 Really, there's two questions there.
18 Why did we have to find that on our own when it is so
19 clearly relevant to the issues that we're trying to
20 resolve; and, second of all, what's the deal?

21 MR. TINDALL: I dispute your "clearly
22 relevant" statement. We talked about it yesterday at
23 length. You've got a judge, Clint. Go take it up with
24 the judge.

25 MR. DRANIAS: Let me just read into the

1 record what we're talking about. We're talking about a
2 January 25th --

3 MR. TINDALL: Reading it into the record
4 sounds like an interrogation or a deposition. Is that
5 what we're doing?

6 MR. DRANIAS: This is for the benefit of
7 everyone to understand what we're talking about. We're
8 talking about January 25th, 2011, First Amendment to
9 the mixed-use development agreement between the City of
10 Glendale and the developers of Westgate, and what's
11 especially significant about this document is how at
12 page 10, paragraph 9, it specifically says, quote,
13 "The City shall be entitled to impose parking charges
14 for the use of all parking spaces for Arena events,"
15 and it goes on to say that it can retain all such
16 revenue.

17 Now, this is in January of 2011. The
18 City is acquiring all of the parking rights relating to
19 the Arena, and this document wasn't produced to us.
20 Why is that?

21 MR. TINDALL: Take it up with the judge.
22 We have litigation. We're in the midst of litigation.
23 Take it up with the judge.

24 MAYOR SCRUGGS: Are there any questions
25 you would like to ask me?

1 MS. COHEN: Okay. Can we do that? Can
2 we just follow up on just that one part of your answer
3 that, from the City of Glendale, is take it up with the
4 judge in terms of producing documents; but since we're
5 also here to exchange information on the impending
6 deal, we would like you to explain to us what that
7 means so that we can understand the parking rights
8 issue.

9 MR. TINDALL: We spent two and a half
10 hours doing that yesterday.

11 MS. COHEN: No, didn't get an
12 explanation.

13 MR. TINDALL: And I think you have all of
14 the documents. You have all the documents. Yes, you
15 did.

16 MS. COHEN: This isn't a document
17 question --

18 MR. TINDALL: You have all kinds of
19 documents.

20 MS. COHEN: -- this is an information
21 question.

22 This is not a document question,
23 Mr. Tindall. We're not asking you about the documents
24 that we'll have to go to the court to get from you,
25 apparently. We're asking you to explain --

1 MR. TINDALL: Incorrect.

2 MS. COHEN: Excuse me.

3 We're asking you to explain to us what
4 the contract means for the City of Glendale and the
5 taxpayers. That is what we're asking.

6 Can you sit here today and explain to us
7 what the January 2011 document means in terms of the
8 city's parking rights?

9 MR. TINDALL: As we sit here today, no,
10 I don't know what that document -- I don't know that
11 document enough to explain that to you. I didn't
12 negotiate --

13 MS. COHEN: Would I like to look at it?

14 MR. TINDALL: No, I wouldn't.

15 MS. COHEN: I mean, do you want some time
16 to look at it?

17 MR. TINDALL: No, I wouldn't, because
18 that's not the purpose of our conversation here today,
19 and that's not why I came here today, to try and -- you
20 know, so, no, I don't, but thanks for the offer.

21 MS. OLSEN: Great. Well, maybe you could
22 send an explanation later since you had mentioned that
23 you had talked about it yesterday, so that would be
24 helpful to us.

25 MR. TINDALL: I thought I provided it.

1 MS. OLSEN: And then I did want to go
2 back to the one of the questions that -- where we
3 talked about Jordan Rose and her statement to us,
4 because, apparently, yesterday Craig suggested that the
5 City -- to our attorneys that the City never intended
6 to sue us; but as we've said before, the press has
7 widely reported this, and on March 5th, your outside
8 attorney sent us an e-mail saying, quote, "Tonight the
9 City decided that they could do nothing but to bring a
10 lawsuit against GI, comma, board members, for several
11 hundred million dollars," and the question is: Did your
12 outside attorney correctly represent what occurred?

13 MR. TINDALL: Well, let me answer it this
14 way: Whether or not the City will go forward in
15 litigation is something that the City will decide and
16 has the ability and the right by statute to decide in
17 confidence.

18 So my comment yesterday, which you
19 mischaracterized, was -- I think there was a
20 statement -- I didn't write it down; I wasn't doing a
21 transcript --

22 MS. OLSEN: It must have been understood.

23 MR. TINDALL: -- was the threat to sue.
24 I said, "Hold on. I don't think the City has ever
25 threatened anything. I don't think the City has ever

1 threatened to sue the Goldwater Institute." That's
2 been reported in the papers. I can't help what the
3 paper writes.

4 MS. OLSEN: Well, that's what your
5 attorney -- that's what your attorney said. That's why
6 I'm asking -- that's why we're asking you: Is that an
7 accurate representation?

8 MAYOR SCRUGGS: May I speak?

9 MS. OLSEN: Yes, please.

10 MAYOR SCRUGGS: If I'm going to be in
11 violation of the open meeting law ...

12 MR. TINDALL: Stop you?

13 MAYOR SCRUGGS: Hit me or something.

14 I was very surprised at how this
15 particular statement was taken out of context and blown
16 up, primarily by Ms. Rebekah Sanders of the Arizona
17 Republic. What the City Council was presented with was
18 the possibility of such a thing occurring in the
19 future, that the situation might be such -- and this
20 was all in executive session, so that's why I'm telling
21 him if I'm going beyond what I should say, I need to be
22 stopped. That's why I have my attorney here.

23 MR. TINDALL: Just don't go too far,
24 I suppose.

25 MAYOR SCRUGGS: Okay. So the discussion

1 was a general discussion in executive session that
2 there might be a situation in the future where that
3 would be an option. The City council was apprised of
4 that. Somehow this whole thing then went --

5 MS. OLSEN: Well, but your attorney
6 told -- said that.

7 MAYOR SCRUGGS: And I cannot --

8 MS. OLSEN: We can give it to you.

9 MAYOR SCRUGGS: Ms. Olsen. Ms. Olsen,
10 I believe you have it in print. I've never seen it.
11 I never authorized that attorney.

12 I am not questioning you. Would you
13 listen to me? Okay. I believe that that was in print
14 somewhere. I did not authorize her to say that, and I
15 would say that is an incorrect statement.

16 MS. OLSEN: Thank you. Thank you.

17 MR. BOLICK: Mayor, would you like to see
18 it? Do you have an interest in seeing it?

19 MR. TINDALL: I don't see why it would
20 make any difference.

21 MAYOR SCRUGGS: I'm not disputing that it
22 occurred. You're going to give me a piece of paper
23 that I will read at some point and you're telling me
24 what it said. I believe what you're asking me was:
25 Did I or the council direct her to say that? And I am

1 saying no.

2 MS. OLSEN: Great.

3 MR. DRANIAS: Let me just be clear on
4 this one point, because, Mayor, I appreciate your
5 willingness to clarify this, and I think you've done
6 that, but it is of great concern when an agent of a
7 public body like a city engages in threats of
8 litigation over the exercise of First Amendment rights,
9 and I want to read into the record the exact thing that
10 the City's outside attorney said, and I'm going to
11 quote it.

12 It says, quote, "Tonight the City, and I
13 have heard but not yet verified myself the NHL, decided
14 that because GI" -- apparently meaning Goldwater
15 Institute --

16 MAYOR SCRUGGS: Where am I on this so I
17 can follow you, because it's a lot of writing?

18 MR. DRANIAS: It's right towards the
19 sixth or seventh line down from where it says, "Tom,
20 I hope all is well." And I'll start over.

21 It says, "Tonight the City" --

22 MS. OLSEN: Wait. Let her find it. Got
23 it.

24 MR. DRANIAS: Do you have it, Mayor?

25 MAYOR SCRUGGS: Yes, I do. Thank you.

1 MR. DRANIAS: Okay. "Tonight the City,
2 and I've not heard but have not verifi- -- and I have
3 heard but I've not verified myself the NHL, decided
4 that because GI will not answer calls, e-mails, accept
5 meetings, outline their specific legal concerns with
6 the deal, there was nothing left that they could do but
7 to bring a lawsuit against GI, board members for
8 several hundred million dollars. Please know that
9 I have stepped away from this as I will have nothing to
10 do with this litigation as I -- some of my best friends
11 are your staff. That said, I think Skadden out of New
12 York and Fennemore here are working on the suit now."

13 MAYOR SCRUGGS: So what I can tell you in
14 generalities, because it was a conversation in
15 executive session, was that based on the financial harm
16 that will be brought to the City of Glendale if we do
17 not -- that there may be situations and conditions
18 under which the City of Glendale should consider a
19 lawsuit. We did not make a decision to sue at that
20 time, but we did understand that this might be coming
21 back for further discussion.

22 I believe that's general enough.

23 MR. TINDALL: You know, I will say that
24 the City regularly discusses its rights and remedies
25 under -- in executive session under Arizona statutes in

1 various transactions.

2 MS. OLSEN: Great. Well, we
3 appreciate --

4 MAYOR SCRUGGS: And I believe I said
5 something in my press conference that alluded to that.

6 Is that correct? I'm trying to remember
7 what my statement was, but when we had the press
8 conference at the state. I don't know where Rebekah
9 Sanders got this from.

10 MS. RHOADES: Oh, I'm sure she got it
11 from Jordan.

12 MAYOR SCRUGGS: Okay.

13 MS. RHOADES: Yeah.

14 MAYOR SCRUGGS: Before I knew it, you
15 know, I'm reading on AZCentral.com that we're -- not
16 only that we're suing, but that there a deadline on
17 which we were going to do this, and the next thing
18 that happened were those incessant phone calls of
19 "Why haven't you sued? You said were going to sue on
20 Monday or Tuesday," whatever it was.

21 MR. TINDALL: Which nobody ever said.

22 MAYOR SCRUGGS: Which we never said,
23 and --

24 MS. OLSEN: Why wasn't there any attempt
25 to correct the record?

1 MAYOR SCRUGGS: Well, Ms. Olsen, I'm
2 going to tell you, in all honesty, that there are many
3 attempts to correct what Ms. Sanders says, and they
4 just --

5 MS. OLSEN: Not what she said; what your
6 attorney Jordan Rose said.

7 MAYOR SCRUGGS: I am seeing this for the
8 first -- please -- please, can we talk in a more civil
9 tone? You're -- you know, I've met you one time, and
10 you really are very ...

11 MR. DRANIAS: For the record, I'm seeing
12 a very civil discussion, and this is an effort to pad
13 the record with comments --

14 MAYOR SCRUGGS: No, it's not.

15 MR. TINDALL: I dispute that. That's
16 inaccurate.

17 MAYOR SCRUGGS: You know, there was quite
18 a bit of discussion in the press about unless people
19 see each other's face or whatever -- I'm trying here to
20 answer the questions that I have answers to. I'm
21 offering you information, and you're giving me the
22 eye-rolling and so forth.

23 MS. RHOADES: Mayor Scruggs, this isn't
24 personal --

25 MAYOR SCRUGGS: She's making it personal.

1 MS. RHOADES: -- for any of us. I can
2 assure you it's not. It's not personal.

3 MAYOR SCRUGGS: So the question is --

4 MR. TINDALL: It certainly is. Yes, it
5 is.

6 MAYOR SCRUGGS: The question is --

7 MS. RHOADES: It's not personal on our
8 part.

9 MAYOR SCRUGGS: -- Why was this not
10 refuted? And I will tell --

11 MS. COHEN: You're a public servant.
12 Don't forget that.

13 MR. TINDALL: It's personal. You made it
14 personal.

15 MS. COHEN: Public servant, Craig. Don't
16 forget it.

17 MR. TINDALL: I've never forgot it.

18 MAYOR SCRUGGS: May I say this so that
19 she can hear it?

20 MS. OLSEN: Let's let the Mayor answer
21 this question.

22 MS. COHEN: Go ahead.

23 MAYOR SCRUGGS: The question is: Why was
24 this not refuted? I'm seeing this for the very first
25 time since you handed it to me today. I didn't see it

1 in a newspaper anywhere. And it sounds like Jordan
2 Rose is trying to say she wants no part of this, is
3 what I'm reading into this. Is that the way you're
4 reading? Or, I'm not supposed to ask you questions.

5 But I have not seen it before. Have I
6 answered your questions --

7 MS. OLSEN: Yes, thank you.

8 MAYOR SCRUGGS: -- satisfactorily?

9 MS. OLSEN: Thank you.

10 MAYOR SCRUGGS: Okay. What's next?

11 MS. OLSEN: Well, we appreciate -- we
12 appreciate your time today and the opportunity to share
13 some of the suggested ideas that we have for possibly
14 helping resolve this ongoing dispute, really, about how
15 best to settle things with the Coyotes and the City of
16 Glendale. Do you have any other questions for us?

17 MAYOR SCRUGGS: I do. I would like to
18 know in providing to us one possible solution -- not
19 the whole thing -- but one possible solution is
20 partnering with Tohono O'odham Nation and what form you
21 would see that.

22 MR. BOLICK: Actually, it's -- all we
23 know is that some sort of offer has been made, at least
24 to discuss this. It's our understanding, and please
25 correct me if I'm wrong about this, that you have not

1 been willing to sit down with them to discuss this as
2 yet.

3 As you know, a lot of pressure has been
4 put on us and you to get together and meet. I hope --
5 I would hope that the City would explore every possible
6 option to get the taxpayers off the hook and keep the
7 Coyotes.

8 So we don't know what they have in mind.
9 We haven't really any idea other than what we've read
10 in the newspaper, but it seems to us that it's worth
11 exploring and, obviously, you have to make that
12 decision for yourself and for the City.

13 MAYOR SCRUGGS: Out of fairness, may
14 I have an opportunity -- and some of what I will say is
15 repetitive, but I think it's very important because
16 this is one of the least understood issues that is
17 going on in our state right now.

18 The first time this idea was brought to
19 me was -- I'm going to say a year ago, maybe it was 13
20 months, maybe it was 11, so let's say a year, and it
21 was brought by an individual, okay, a private party,
22 and they see me as kind of like the one controlling
23 this whole Tohono O'odham situation, when, in reality,
24 there's a whole series of other parts to it. And he
25 said, If I would just remove my opposition as one

1 person, the Tohono O'odhams would pay \$100 million to
2 somebody -- I'm not sure who it was going to pay it
3 to -- and all my problems with the Coyotes would go
4 away. And I said, You are asking for something that is
5 not even legally possible to do. Number 1, we have a
6 City council that passed a resolution April of 2009
7 opposing the creation of an Indian reservation within
8 our city.

9 So that's the basis here. So that would
10 have to be overridden. Everybody would have to change
11 their mind. And we talk about this very frequently,
12 and there is not a majority position to change our
13 mind.

14 Secondly, we have reached out to Tohono
15 O'odham on numerous occasions saying, "You own all this
16 land within our city. If you will develop, as anybody
17 else will develop, we will partner with you" --
18 probably that would involve incentives, which you'd
19 have to investigate at some point, but anyway -- "But
20 if you will develop as everybody else around you has
21 developed, as a part of, you know, the State of
22 Arizona, United States of America, whatever, we will
23 work with you. We want you to develop your land. We
24 want you to have economic prosperity for it."

25 They are unwilling to do that. They will

1 only develop if it is taken in as an Indian reservation
2 because they want the casino. That's the only thing
3 that is of any relevance or importance to them.

4 So that, then, runs them headlong into
5 the attorney general and the State Gaming Compact and
6 IGRA, the Indian Gaming Regulatory Act -- I don't know
7 how familiar you are with that? So the creation of an
8 Indian reservation, first of all, there's nowhere near
9 their -- they're on the aboriginal lands of a totally
10 different nation that finds great offense in all of
11 this. Okay?

12 So it is totally in violation of all of
13 those under the federal law, IGRA, the State Gaming
14 Compact.

15 It is also something that causes other
16 Indian nations to have written letters of opposition,
17 past resolutions in their tribal councils, and in the
18 case of one group, to start a lawsuit, and another
19 nation has asked to meet with us that we believe wants
20 to join the lawsuit.

21 So this is not as -- it sounds so easy
22 and simple, but this does not turn on the City of
23 Glendale's lawsuit that we do not want an Indian
24 reservation within our city; it goes far beyond that.

25 So the partnering now in the last couple

1 of weeks, it's some really interesting phone calls from
2 business community members. I've also heard from a
3 member of the congressional delegation who was asked to
4 approach me, and after learning I was approached, said,
5 "There's no way. This is inappropriate. This is
6 blackmail, is what it is."

7 So, but I did meet with one small group
8 of local West Valley elected officials, because they
9 said, "Even though you've told us how you -- you know,
10 all of this, we think we should meet anyway, because
11 losing the Coyotes means problems for Westgate and
12 that's problems for all of the West Valley cities,"
13 because we're kind of the front door to the economic
14 development in the other cities.

15 So I sat with them close to two hours and
16 I produced all of the documentation. They were just
17 kind of stunned by it all. I produced the letters of
18 opposition, the resolutions from the other tribal
19 nations. I produced Tom Horne's letter. I produced --
20 I can't even remember. I'm sorry. We had a thick
21 stack -- our resolution and so forth. And I said,
22 "This is what you're looking (sic). It's not as
23 simplistic as Triadvocates would like you to believe it
24 is."

25 So I just really want to get this on the

1 record, because I have been dismayed, to tell you the
2 truth, that for -- since January 28, 2009, that I
3 was -- after about three weeks of being asked to attend
4 a meeting where nobody would say what the purpose was
5 but because of a relationship between a member of my
6 staff and a member of Triadvocates, I said, "Okay, I'll
7 go." And so this was presented the day before they
8 filed their petition with the Department of Interior,
9 and I've been just kind of astounded at how the entire
10 story is not allowed to be given out for the public to
11 understand.

12 As the public begins to understand this
13 and begins to understand what a sovereign nation is and
14 that all rights are given up -- and let me tell you
15 just simple things that I brought up to Chairman
16 Norris, that, you know, I was presented with this as
17 this is going to happen no matter what, and so I wanted
18 to make the best of a bad situation.

19 And just simple things that I asked him
20 about. The fact that they're in the flight path of the
21 Glendale airport, and they would not have to abide by
22 FAA rules regarding heights, placement of buildings, so
23 forth and so on. "Would you abide by FAA rules?"

24 "We'll talk about that after it's taken into trust."

25 "Well, how about Luke Air Force Base, because where you

1 are can cause interference with Luke Air Force Base's
2 air space?" "Will you comply with Arizona state laws
3 regarding compatibility of uses that relates
4 specifically to Air Force bases?" "We'll discuss that
5 after it's taken into federal trust." "Well, Chairman
6 Norris, you know, we've been working for years to build
7 the Northern Parkway, which is the only avenue left,
8 really, quarter opportunity left for east/west traffic
9 in the West Valley after the Paradise Parkway was taken
10 away. We're past 35 percent design right now, and it
11 will go right because its right along Northern Avenue,
12 which is the northern edge of your property. Will you
13 agree to abide by the design as its been put together
14 by Maricopa County, El Mirage, Peoria, Glendale" --
15 I can't remember if Surprise is in there -- it's a
16 multijurisdiction. "Actually, we don't like where the
17 off-ramps are. We'll need to talk about that."
18 "Chairman Norris, what about water and sewer?" "Well,
19 we'll allow you to bid on water and sewer if you want;
20 but if we don't like your prices, you know, we're a
21 sovereign nation. We can just drill wells." This is
22 in the West Valley where no one can drill wells, where
23 there's serious issues regarding the drawing down of
24 the aquifer, but they will do that.

25 There were several others, but these are

1 kind of the main ones that stick out in my mind where
2 there was an absolute unwillingness to cause anything
3 that resembled assurances or reassurances that they
4 would be community partners.

5 And I'm only telling you this because it
6 goes to what our opposition is. Our opposition is to
7 the creation of a sovereign nation within our
8 boundaries. The State's opposition is to the violation
9 of the State Gaming Compact. The Indian nation's
10 opposition is due to what they see as a breach of trust
11 among the 17 nation agreement that was -- that led up
12 to proposition 202 in the year 2002.

13 Thank you for giving me -- I know I took
14 a lot of your time.

15 MR. BOLICK: Well, Mayor Scruggs, we have
16 simply attempted to give you some ideas that may help
17 find a solution to this. Obviously, it's up to the
18 City whether it explores those possibilities or not.

19 The one thing that we will offer is if
20 the deal is changed -- and you asked me before whether
21 we were committed to filing a lawsuit, and I replied
22 that based on the current deal, we are, unless we find
23 something that we don't know yet that would change our
24 mind.

25 But we are very happy to look at any

1 changes in the deal and to give you our thoughts on
2 them, and we hope that the City will do everything it
3 can to put together a deal that comports with the
4 Arizona Constitution.

5 MAYOR SCRUGGS: We probably have about
6 three or four days to do that before --

7 MS. SITREN: Is that your timeline right
8 now?

9 MAYOR SCRUGGS: I'm just guessing.
10 I don't know. Nothing has been given to us formally.
11 But, in reality, most of what you have suggested would
12 take sort of going back and starting over and --
13 I don't know, you think we have that kind of time with
14 the movement within --

15 MS. SITREN: Oh, I know. No, you just
16 mentioned three or four days. I didn't know what you
17 were talking about.

18 MAYOR SCRUGGS: For the record, let me
19 say that I made a flippant offhand remark that
20 I probably should not have.

21 I believe that there is, as Commissioner
22 Bettman says, there's not an infinite amount of time,
23 and there has to be an agreement by Mr. Hulsizer and
24 Mr. Bettman.

25 So I apologize to each of you for saying

1 three or four days, and I ask your indulgence in not
2 saying, "Mayor Scruggs said three or four days." I've
3 tried not to be flippant through this meeting at all,
4 and I erred.

5 MS. RHOADES: You got it. No problem.

6 MS. OLSEN: Thank you.

7 MS. RHOADES: Great.

8 MAYOR SCRUGGS: Thank you.

9 MS. OLSEN: You bet.

10 MR. BOLICK: Thanks for coming over.

11 MAYOR SCRUGGS: Sure.

12 (4:59 p.m.)

13 (After the proceedings adjourned, the
14 court reporter was asked to attach four documents to
15 the transcript.)

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1 STATE OF ARIZONA.)
2 COUNTY OF MARICOPA) SS.

3 BE IT KNOWN that the foregoing transcript was
4 taken before me, HALEY WESTRA, a Certified Court
5 Reporter in the State of Arizona; that the transcript
6 of proceedings was taken down by me in shorthand and
7 thereafter reduced to print under my direction; that
8 the foregoing pages are a true and correct transcript
9 of all proceedings, all done to the best of my skill
10 and ability.

11 I further certify that I am in no way related to
12 any of the parties hereto nor am I in any way
13 interested in the outcome hereof.

14 Dated at Phoenix, Arizona, this 22nd day of
15 April, 2011.

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