

CITY OF LEWISTON

CITY COUNCIL

JANUARY 13, 2004

SPECIAL MEETING HELD IN THE COUNCIL ROOM AT 7:00 P.M.

THE HONORABLE LIONEL C. GUAY, JR., MAYOR, PRESIDING.

PRESENT: Councilors Mendros, Bernier, O'Brien, Jean, Connors, Paradis, Rousseau, City Administrator James Bennett, and City Clerk Kathleen Montejo

Pledge of Allegiance to the Flag.

Moment of Silence.

RESOLUTION REGARDING THE CENTRAL MAINE CIVIC CENTER AND THE LEWISTON MAINEIACS HOCKEY TEAM

At this time, Councilor Bernier recused herself from the meeting, stating she wanted to avoid any perception of a conflict of interest regarding this item.

City Administrator James Bennett made an hour long presentation and provided background information regarding this topic. It was noted that copies of the informational press packet were available for interested members of the public, which contains all of the background and information for this issue. Mr. Bennett provided a brief background on dates for this project, noting the following: December 2, 2002 - a phone call was received from the team owner, asking if there was interest in having a Quebec Major Junior Hockey team come to Lewiston. On February 2, 2003, the City Council approved a resolution in support of the relocation of the team, approved a TIF district around the Civic Center and a \$2 million loan guarantee for the project costs to upgrade the facility to professional standards needed for the team. On December 5, 2003, the Maineiacs owners sent a letter of default to the Civic Center, citing breach of contract since many items in the contract were not completed, and on December 8, 2003, the City sent a default letter to the Civic Center.

There are two main categories for the problems that were identified - operational issues and construction issues. The operational issues are problems with the ticketing system - tickets were sold for seats that did not exist, tickets were sold twice for the same seat on the same night, signage problems, compressor problems effecting ice quality and others. The construction issues - luxury boxes were not built as required in the agreement, a pro shop was not constructed, an office for Maineiacs office staff such as managers, marketing personnel and others was not built, and numerous other related problems.

It was noted that over \$321,000 worth of work was done by local contractors, over and above the \$2 million dollar loan money from the City, and this money is owed to local vendors and has not been paid, and unfortunately, there is no source of cash to be able to pay these vendors.

The only apparent alternative, if the City did not step in, was that the Civic Center facility was headed for litigation and court action by local vendors who were owed the funds. The

facility was already carrying a debt of \$1.5 million dollars , before the City’s \$2 million dollar loan. If the facility declared bankruptcy, then the city would be like any other vendor and wait for their money. If the anchor tenant left , the hockey team , then there would be no major cashflow and City would most likely not be paid either.

It was stated that for years, the Civic Center has served as a local place for many community activities - high school graduations, the local circus, local hockey tournaments and many other community events and programs. The hockey team is losing money and not getting what they contractually are due by legal agreement/contract. The City explored many options and alternatives before this action tonight and believes there is a need to hold on to the facility and the team. It was noted that, with the amount of debt on the facility, the facility can not sustain itself without the presence of the hockey team.

Mr. Bennett then reviewed the proposed Civic Center solution costs:

COSTS:

Assumed Debt	\$1,082,137
Additional City	\$75,000
Loan Guarantee	\$2,000,000
Outstanding Construction Liabilities	\$321,853
Estimated Funds to Complete	\$470,000
Original TIF Funds	\$150,000
Rent Concessions	\$110,000
Maineiacs “Loan”	\$200,000
Payment to Roger Theriault	\$250,000
TOTAL	\$4,658,990

SOURCES:

City Other	\$200,000	Existing Loan Portfolio
Payments to Roger over 10 years for land	\$250,000	\$25,000 per year
City Operating (to be repaid)	\$200,000	Carried on books
Other Development Partners	\$300,000	still being negotiated
Balance to be financed	\$3,708,990	

The proposal is to have the facility overseen by a private entity - a limited liability corporation and this board would hire a manager to run the facility.

At 8:00pm, Mayor Guay opened the floor to receive citizen input and comment. The following citizens addressed the Council:

Mark Just, team owner of the Lewiston Maineiacs addressed the Council and the audience, stating the team is committed to remaining in Lewiston and partnering with the City to make this venture work, he spoke of the strong support received already by the City and the community.

Joyce Bilodeau, 135 Cotton Road said that she understood the need to protect the City's investment and wondered if eminent domain would be a better solution, rather than buying the facility from Mr. Theriault, noting that this is an unpalatable place for the community to be in, and feels the City is rewarding a company who did not have the ability and business sense to support itself.

Larry Gilbert, 39 Cote Street spoke in support of the proposal, yet reminded everyone that Roger Theriault worked to get the team here in the first place, realizing a lifelong dream to have this level of hockey played in town. Mr. Gilbert said he is a season ticket holder and being able to secure the team's future in Lewiston is an investment in the team and the local youth. He noted the billet families are strong and reflect strong community support.

Charles Soule, 170 Bartlett Street spoke against this item, stating the City is rushing into this, and is setting up for a "Bates Mill Number 2", and this project will be like dealing with the Bates Mill issue all over again. He said the City will be in direct competition with the private sector, which is where we should not be.

Elaine Makas, 10 Sheffield Avenue said that she is proud of the team and the community's support of it, noting it is a great opportunity for Lewiston and a good chance to move forward positively. She noted that all of the partners entered into this project with the best of intentions for the City and the team.

Guy Gagnon, 62 Lemont Avenue asked if the building was not already built, how much would it cost to build a new building, and would the City even plan to build a new one, if this "opportunity" was not present, and questioned if this really is an "opportunity" for the City.

Peggy Auger, Auburn addressed the Council and said that she is a billet family mother, and she is speaking on behalf of the billet families and the team. She said the families support the team 100 percent and do not want to see them leave Lewiston. She suggested approaching the City of Auburn to see if they are interested in serving as partners regarding the Civic Center, and suggested the facility could be a Lewiston-Auburn Civic Center. She said that the media could get the results of the Maineiacs games from the internet and report the results during the news broadcasts. She also stated that the amount the City is paying to Roger Theriault to purchase the facility is outrageous.

Jack Cowie, Scarborough complimented the Council on the development work the City has undertaken in the past year, noting that people from area towns are taking notice, and he said

that the CMCC facility was a negative for years until the City stepped in to assist Roger with the upgrades. Mr. Cowie said that Roger has been a great supporter of youth hockey and he appreciates what he has done. Mr. Cowie said that he is a sports promoter by profession and feels that the plans laid out regarding keeping the Maineiacs in Lewiston will work.

Rob Aldrich, Auburn said that he is the Lewiston PD school resource officer and said that he hears students mention frequently about not having things to do in the area, but since the Maineiacs team has come to Lewiston, many students are attending the games and supporting the team. He said that he sees kids of all ages at the games and encouraged the City to do what it can to keep the team.

Bruce Damon, 22 Buttonwood Lane said he feels this is a rush decision and the City is a poor business manager, citing the Bates Mill complex operation cost the City \$60 million. He urged the Council to not proceed with this deal, stating it is a real stretch to think the City will make money with this obsolete, inefficient, ineffective facility and cautioned the facility will cost taxpayers money. He asked the Council not to put taxpayer money at risk for a sports team.

Paul Samson, 143 Webster Street addressed the Council and said that Mr. Theriault did the best job he could, but it did not work out, and he asked the Council not to stop the progress with the facility.

Dennis Mason, 804 Webster Street said that Bruce Damon made good points and said there is a list of bad real estate decisions that the City has made in the past. He suggested the City needs more time to study this decision, citing concerns with traffic jams during the games, and noting the City can invest funds into the facility, but the view on the ride in is bad and will project a negative image to people coming into the games. He said a lot more study and planning needs to be done for the entire area. Also wondering about impact on neighborhood regarding increased traffic and noise, with the additional ticket sales that are needed to make this work.

Michael Marcotte, 12 O'Connell Street echoed the comments by Dennis Mason and asked questions about who will own the land and who will be responsible for resurfacing the parking lot. The City Administrator responded saying that at the time of closing the land will be purchased by the LLC.

Debra Rancourt, 27 Sheffield Avenue said the City needs to support this proposal saying there are many positive benefits by having the team here, noting that each game brings people from around Maine and from Canada here to Lewiston to stay in area hotels, shop and dine. She pointed out that the merchandise for the arena is supplied by local vendors and the 50/50 raffle benefits youth hockey. She said the CMCC could become a first class facility that could attract shows and entertainment.

Rose Wilson, 324 Webster Avenue stated she is a new resident to Lewiston, yet has experience with hockey teams that her seven sons were involved with. She said that having the local hockey teams creates opportunities for kids and could help them stay away from

drugs. She noted that every speaker tonight with a positive comment received loud applause, and she encouraged the Council to listen to the citizen's responses. Ms. Wilson also noted that any business venture involves risk and said the Council would be wise to take this risk.

Mike Ouellette, said the problems with the disrepair of the facility are in the past and he and the community love the improvements and support the City's forward progress. He noted he is not impressed with the original structure of the original loan last year, and is not impressed with the current deal on the table, yet notes the City has to buy out Roger Theriault. Mr. Ouellette said that he likes seeing all of the progress going on in Lewiston now.

Maurice Paradis, 19 Woodside Drive introduced himself and said he is a local business owner. He suggested that people look at the entire community as a whole, and notice all of the improvements and development currently happening. He urged the Council to put business-minded people on the LLC board and noted the facility can be a money-maker for the City. He said the facility needs to be marketed and supported and encouraged the Council to move forward and make it happen. He said if the project fails, it will have a negative effect on local businesses.

John Parent, 425 Webber Avenue said that if the City does not get ownership of the Civic Center, then we lose the \$2.2 million dollars already invested, he suggested the Council clear the way to get the facility back.

Michael C. Ouellette, 1498 Lisbon Street addressed the Council and said he worked at the Civic Center and said the City's opportunity to take over the facility is the best thing that has ever happened to the City and he asked Councilor to vote yes and go for it.

At this time, with no other members of the public wishing to address the Council, Mayor Guay closed the public input section of the meeting. At this time, Council took a ten minute recess, beginning at 8:45pm and ending at 8:55pm.

Mayor Guay then reconvened the meeting and asked for Council discussion. Councilors discussed the issue for approximately 30 minutes. Councilor O'Brien stated that she has received many calls from citizens - about 95% of the calls are in support, saying this is a great opportunity for the City, and about 5% are opposed to the deal, citing concerns with the cost. Councilor O'Brien said the building already has a lot of work done to the upgrades and noted the parking lot is paved, a huge improvement. She said the City needs the facility for many civic oriented events, not just hockey, and noted there is no land in the City to construct a similar building for large community events. She said the Council and the City have a responsibility to the youth of the community, who will greatly benefit from the City's ownership of the site. She does not want to see another entity buy the facility via an auction and operate it - it is an unknown quantity.

Councilor Mendros expressed concern regarding the attendance numbers, noting there were about 2200 people at this weekend's Maineiacs game, and saying the contract calls for 2500

tickets sold on average per game next season, over 17 games. He said he is concerned these numbers will not be met. He also expressed concern over the speed of this issue, noting more time is needed to study the pros and cons. Councilor Mendros said he feels the Council is forced to make a decision immediately to either throw away \$2.2 million dollars in City money or take on a major, unknown risk. He also asked about the facility and if it is structurally sound. The City Administrator stated that Shelley Engineering recently issued a report stating the building is structurally sound, and he said that the City's Director of Public Services and the City Engineer both reviewed the report and found it to be complete and thorough. Mr. Bennett also commented regarding the ticket sales, noting the Maineiacs by contract will spend \$300,000 each year on marketing and promotions, something that was suppose to be done this year and wasn't due to the numerous problems at the Civic Center.

Councilor Mendros also said that he is concerned for the elderly tax payers of the community who are on a fixed income and he is trying to be responsive to the "non-hockey" citizens and tax payers of the City.

Councilor Rousseau said the City and the Council have made mistakes in the past and will make them again in the future. He said the difference is how we learn from them and move forward for the betterment of the City, noting that decisions are always made with the best of intentions for the City. He said the Council is facing a big decision, and the phone calls he is receiving from citizens are that people feel this is a "lose-lose situation", and whatever decision is made, people will support it. He said this is a chance for the City to come together as a community - elected officials and citizens can work together to move forward. He will vote for what he feels is best for the entire community, he supports the team and feels this is the best deal that could be developed at this time, with these circumstances. He reminded the Council of the other uses for the facility - auto shows, indoor flea markets, etc. He said there is more at risk here than just money or hockey, noting it is how the community is received and the perception of Lewiston around the state, noting that the community is better than that. He said the community needs the facility, needs to hockey team and need to prove ourselves. He urged all Councilors to vote for this, stating this needs an unanimous vote to show a pledge of support.

Councilor Paradis said that in his past seven years as a municipal official, this is the worse situation he has been asked to make a decision on, noting it is a no win situation and a tough decision. He said the deal is fair to both the City and Roger Theriault, noting if the original loan was from a bank and not the City, that perhaps Mr. Theriault would not be able to maintain some items purchased with business funds, such as a vehicle and some equipment. Councilor Paradis said he will vote yes for this item, because it needs to be done.

Councilor Jean said he is thankful to Roger Theriault for working for many years to bring the team to Lewiston. He said there were about 3200 people in attendance at last week's game, saying there were many young families with children in attendance, all showing great enthusiasm. He said he will vote yes to support this as well.

Councilor Connors noted that various considerations were discussed tonight, all important to the survival of the community. He said that he feels this issue comes down to two points:

1) how best to protect the \$2.2 million dollars the City is on the hook for and already invested in the site and 2) do we, or do we not, want to have a hockey team in the community. He noted that the City's investment will not be protected if the project goes into bankruptcy, saying the City would be sure to lose the \$2.2 million dollars. He also said that it is clear that this community wants the team. He said he is supportive of education and economic development in the community, and he feels the refurbished Civic Center will feed future economic development opportunities and he will be voting yes as well.

Councilor Mendros expressed concerns about the upcoming City budget cycle, stating he does not want to see costs associated with running the Civic Center to be an excuse for an increase in property taxes. He said that he wants this project to work, but not at the expense of tax payers, and does not want this to be an issue to raise taxes over. He said that when the oversight LLC is created, he would suggest selling a position on the Board to an area town, the county or a private entity to help create revenue funds. Councilor Mendros expressed concern regarding the proper accounting of the \$2.2 million that was for the loan to Roger Therriault to renovate the facility. The City Administrator said that all invoices were reviewed when the City Auditor did the bank reconciliation for the facility during the past two weeks. Mr. Bennett said that full financial reviews will be done on the facility's business operations before the City closes on the purchase of the Civic Center on February 2.

VOTE (1)

Motion by Councilor Mendros, seconded by Councilor Connors:

To have a full financial reporting and accounting of funds, to the extent possible and allowable by law, to account for the full \$2.2 million of City money.

Passed - Vote 5-1 (Councilor Jean opposed.)

VOTE (2)

Motion by Councilor Jean, seconded by Councilor O'Brien:

Be It Hereby Resolved: That the City Council approves the term sheet dated January 12, 2004 with the Lewiston-Auburn Hockey Arena, Inc. and Roger Therriault; that the City Council authorizes the City Administrator to execute and deliver a purchase and sale agreement substantially in accordance with such term sheet and to execute and deliver any and all other documents necessary in connection with the closing on the purchase of the assets described in the term sheet, and that the City Council authorizes the City Administrator to execute a revised lease with the Maineiacs hockey team for the use of the Central Maine Civic Center substantially in accordance with the terms of the attached term sheet with the Lewiston Maineiacs and to execute and deliver any and all other documents necessary in connection with such lease. Passed - Vote 6-0

Mayor Guay thanked the citizens for attending the session, and thanked the Councilors and city staff for their hard work on this project.

VOTE (3)

Motion by Councilor Jean, second by Councilor O'Brien:

To adjourn at 9:30 P.M. Passed - Vote 6-0

A true record, Attest:

Kathleen M. Montejo, CMC
City Clerk
Lewiston, Maine