MINUTES OF A SPECIAL MEETING OF THE FAYETTEVILLE CITY COUNCIL FEBRUARY 29, 2000

A special meeting of the Fayetteville City Council was held on February 29, 2000 at 5:00 p.m. in Room 219 of the City Administration Building located at 113 West Mountain Street, Fayetteville, Arkansas.

PRESENT: Mayor Fred Hanna; Aldermen Reynolds, Davis, Trumbo, Daniel, Santos, Young and Russell; Assistant City Attorney LaGayle McCarty; City Clerk Heather Woodruff; Administrative Services Director John Maguire; Public Works Director Charles Venable; City Planner Tim Conklin; Staff; Press; and Audience.

QUESTEC CORPORATION: An ordinance awarding a contract to QuesTec Corporation for preparation of a business plan, waiving competitive bidding, and appropriating up to $200,000 for preparation of a business plan. The item was left on the second reading.

LaGayle McCarty read the ordinance for the second time.

Mayor Hanna introduced Alett Little, Economic Development Director to make her presentation.

Alett Little thanked the Council for scheduling the special meeting and thanked the guests and the public for coming back for a second meeting. She brought the Council's attention to additional information she had passed out tonight. The Council had requested this information and she had made every effort to make sure all information requested is in the packet. She stated that nothing had changed with the exception that the delivery schedule has been noted on the exclusive agreement. In weeks 1 through 6, the Facility Needs Analysis, the Economic Impact Analysis, and the Demographic Market Study will be completed and delivered. In weeks 2 through 8, a written architectural program, including the ADA assessment, the site plan and the arena concept design will be delivered. There is little bit of an overlap in weeks 6 through12, when work will be on-going on the schematic design development for plans and performance specifications. In weeks 10 through14, the detail construction budget will be developed. There is also an overlap time frame in weeks 8 through16, when a forecast of revenue and operating expenses and a total project development budget will be performed. In weeks 10 through 16, the detailed business plan including ownership structure and financing formula will be delivered. Ms. Little also noted a change in that the detailed business plan will be made available to financial institutions for their required due diligence in deciding whether or not to finance this study.

Ms Little also noted that the Airport Board had wished to have an additional public comment on this item, and they did have an Airport Board Meeting on February 24, 2000 at Drake Field. Two motions came from this meeting as follows:

*A motion was made by Dr. Charles Wallace that the Airport Board support further consideration of the study, and requested the study test for us our serious intention that the proposed facility will be three things:

(1). Compatible and synergistic with Drake Field Airport so that airport functions and services will be enhanced.
(2) A direct and irrevocable revenue producer for the airport and by local commitment that surplus revenue from the operation of the arena be credited to the airport fund and used for airport development and operation.
(3). A renewed effort to redevelop Drake Field be a part of the study seeking to have a viable general aviation airport.

*The second motion was made by Dr. Charles Wallace and it was that the Airport Board would request staff to explore the negotiability of the study and seek the best possible terms for the City and the airport.

Ms Little pointed out that the information distributed included possible locations for an arena. This is very schematic in nature and what is shaded in yellow in the packet and in diagonals in the black and white that has just been passed out, is an area approximately three acres in size which would accommodate the 130-140,000 square foot building that would be proposed.

Also in the packet is a letter from Ron Bumpass supporting the study.

Ms. Little stated that she had been asked repeatedly about the Waco and Abilene teams which were part of the Western Professional Hockey League. She spoke with Dan Wingold, who is a ticket operations manager for the league, as well as with Rick Cosovac. She learned that the Waco franchise had been a struggle from the beginning, due in part by quite a bit of overlap between the Dallas market and the Austin market which had been established first. They stated it was difficult to draw back into Waco the support that they needed for the arena there. They also credited failure of that franchise with the fact that the arena was not built for hockey and the seats were away from the ice, which is not conducive to watching hockey games They stated that they did try very hard to make this market work but in the end the Western Professional Hockey League chose to pull that franchise. It was not the owners decision. With regard to the Abilene Aviators which is in Abilene, the reason is less clear cut. Everything should have worked in that market. Ms. Little was told the franchise changed ownership and the second owner really did not work well with WPHL in terms of following their advice for successful franchisees. Nor did they work well with the local community. Her sources felt the Abilene Aviators would have been successful this season but the WPHL felt it would be best to remove that franchise. They are very much interested in working with another owner and plan to put a team back in Abilene. They do not plan to put a team back in Waco at this point.

Ms. Little stated that she had prepared a packet of information for the Chamber of Commerce. Their Board met yesterday and a representative of that group is ready to address the Council tonight with their comments.

At this time Ms. Little introduced Mr. John Knight, Director of the Arkansas Department of Aeronautics to the Council. She stated that she had asked him to give the Council his perspective on what it takes to operate a general aviation airport.

Mr. John Knight thanked Mrs. Little, the Mayor, and the Council. He explained that he felt his mission tonight would to be stress how important general aviation airports are to communities and to the State airport system plan. The State of Arkansas has ninety-three public-owned, public-used airports. Four of the ninety-three are primary air carrier airports, which is what Drake Field used to be . Six of the ninety-three are primary commercial service airports. That leaves eighty-three general aviation airports. About ten of the eighty-three general aviation airports generate sufficient revenue to be self sustaining. The other seventy-three have to be subsidized by the city or the county

The challenge at hand for Fayetteville is to transition from the primary carrier status to the GA status. Mr. Knight stated that obviously less revenue will be generated due to the loss of the airlines and the related businesses at Drake Field. Also, the amount of grant funding received from FAA will decrease. More revenue from the City budget will have to be used to subsidize the airport, unless the City can find a revenue generating source. Mr. Knight stated that he felt the City had already begun to meet these challenges. The new A & P School is an asset to the airport operation and to the City. He urged the airport management, the City Council, and the Airport Board to continue to search for ways to compete in the general aviation airport arena and also ways to generate revenue. And of course any revenue that is generated from any industry into the airport can be used for matching funds for FAA and State grants. Mr. Knight stated that in the last ten years, the City has had a total of twenty-five grants to support capital improvements and maintenance items at Drake Field. Fifteen of those grants were matched with FAA grants of 90%; the City picked up 5% and the State picked up 5%. Ten of those grants were matched with State grant money only on 50/50 match basis. These grants resulted in just under a million dollars for improvements. He felt that in the future, the City would see less FAA funding come to Drake Field, the State stands ready to do at least what has been done in the past. They will support the City's efforts as long as the City stays in compliance with its grant assurances.

Alderman Russell asked Mr. Knight if he had experience working with commercial air carriers.

Mr. Knight said he had less than with general aviation airports.

Alderman Russell said he wondered if the existence of the proposed facility would prevent commercial airlines from considering returning to Drake 30 years down the road.

Mr. Knight stated that he had had a conversation with the FAA concerning an arena such as Fayetteville is looking at. Although no one really can look thirty years into the future, from that discussion with the FAA he did not believe the facility would have a negative affect.

Alderman Russell asked if Mr. Knight was aware of any current FAA rules or regulations that would prevent commercial air service from operating at this site with the arena there.

Mr. Knight stated that as long as it is air spaced correctly and the FAA approves it, he knew of no problems.

The Council thanked Mr. Knight for addressing this issue.

Ms. Alett Little then introduced Tom Ingle from St. Charles, Missouri. Mr. Ingle worked as County Administrator for two years trying to bring an arena project into St. Charles. He is now the arena manager.

Mr. Tom Ingle stated that St. Charles County has a population of about 280,000 people. There are five medium sized cities in the county and they are basically a suburb of St. Louis. A private developer came in with the idea of building a ten thousand seat arena that would house basketball and hockey and would also be available for some concerts. Basically they put together a program where the county and the city of St. Charles in a joint partnership with the developer worked out a risk sharing for both entities. They spent about 2-2 ½ years putting this together and working out all the details. There was much mixed reaction from the community. Many said it wouldn't work and they shouldn't be doing it, that it was too great a risk for tax payer money. The facility opened in September of last year and it has been nothing but a success. It would be very hard to find twenty people out of 280,000 in St. Charles County that would say now that it should not have been done. A minor league hockey team had been brought in. They compete with the Blues in St. Louis. Also, a basketball team from the new international basketball league is doing very well. They are bringing in a professional soccer team. They are negotiating with arena football and hope to have a team next year. That will give them four major tenants. In addition to that they are doing a number of concerns and special activities.

Mr. Ingle stated St. Charles County is a very fast growing county and have a lot of people who work outside the county in St. Louis. They are interested in trying to bring business and entertainment to the County so that families can live and work in St. Charles County and spend their entertainment money at home. This Family Arena was intended to create a place for families of parents and kids and grandparents to go to enjoy many, many different activities and do it in a place that was fun, exciting and not too expensive Mr. Ingle said that his County is extremely happy with the arena and glad that they took the financial steps and the risks of the taxpayers money to do it. He felt their taxpayers are happy at this point.

Alderman Russell asked if St. Charles County taxpayers are obligated on the bond if the bonds default.

Mr. Ingle said there is some risk. If everything goes bust, the citizens are stuck with the $35 million bond issue. The bond payment is covered by the amount the private corporation pays the County and City and with the increase in tax revenue generated by the facility. In essence the arena is being paid for by the people that go there and in twenty-five years the county will get a $35 million building they didn't have to put any money into. Always assuming they stay successful.

Alderman Russell said he understood that the St. Charles County taxpayers took a substantially larger risk than Fayetteville is being asked to take on this project. In this case the City is not being asked to obligate itself on the bonds at all.

Alderman Santos asked Mr. Ingle what his interest is on our community and who paid for his trip to Fayetteville.

Mr. Ingle said his predecessor as County Administrator in St. Charles County was Jim McLagan, who is a friend of and who has worked with the developer (QuesTec) Mr. McLagan called him and said he had a friend trying to build an arena here and wanted to know if Mr. Ingle thought it was a good idea. Mr. Ingle said it was great for St. Charles County. He was then asked to come to Fayetteville and give a testimony, which he agreed to. He said he was willing to share information from studies St. Charles County had done or help Fayetteville in any way he could.

Alderman Trumbo asked how much St. Charles County had paid for their feasibility study.

Mr. Tom Ingle said the private developer did $500,000 to $600,000 worth of research and development in studies. He brought those studies to the county and said "This will work". The county wanted to step back and do their own studies, which they did. He estimated they spent around $15,000 for an engineering study to see what kind of building they would get for $60 million. Then they spent $80,000 on a study to establish whether enough money could be made in operating the facility to allow them to pay the county enough to pay the mortgage Those were the only studies done by the county.

Alderman Trumbo asked if the developer re-cooped their $6-700,000 soft cost of doing that study and refer the bonds to the county.

Mr. Ingle said the arena ended up costing about $29 million and then the County reimbursed the developer almost a million dollars of funds that he had spent in developing this project. These were things the County would have probably done itself so they felt it was only fair to reimburse that out of the bond monies.

In response to a question from Ms. Little about how the land was acquired for the project, Mr. Ingle said that four entities were involved in this project. The city of St. Charles is donating some money to the county who is also donating money and who put the bonds in. Also involved are the developer and the person who wanted to operate the facility, and a fourth entity was the Station Casinos who have a casino in St. Charles County. They have bought a lot of property along the Missouri River to prevent other casinos from coming in. When the laws changed in terms of other casinos coming in, they had a fair amount of land that was pretty much useless to them. They felt if an arena was built and 10,000 people came to it, those same people might come down to the casino afterwards. They donated the 60 acres to put the arena on. They also donated $100,000 in cash and a guarantee of $500,000 a year in advertising. They became another private partner. So there are really two private partners and two public partners. Four groups came together to make it work.

Mayor Hanna and the City Council thanked Mr. Ingle for coming down to address the council.

Mrs. Alett Little said she wanted to correct one piece of information. Though Mr. McLagan offered to pay for Mr. Ingle's ticket to Fayetteville, she felt that since she had asked for him to come, she should pay for it out of her economic development budget. She also stated that Mr. Ingle has not worked with QuesTec nor with Nustadia. She felt it was important for him to be here because he could answer questions from both sides of the issue - as the County Administrator and as the current operator of the arena.

Steve Ward, with the Chamber of Commerce, thanked Alett Little for the information packet she had given to the Chamber. It was distributed to their Board of Directors who spent extensive time viewing the information before and during their Board Meeting. Upon viewing this information they found this to be a private sector investment, to be run by the private sector. They feel private sector dollars invested into this community to bring multi purpose facilities would be an enhancement to the community and they support the project. He stated that he had an official letter from the Chamber for Alett for her files.

Mayor Hanna thanked Steve Ward and asked if the Council had any questions and if they wanted to open it up to the public.

Alderman Trumbo asked if Mr. Ward saw this project as potentially helping existing businesses and creating new businesses.

Steve Ward said he thought anytime traffic is generated, dollars will be generated. Where there is development in the community you will see additional businesses develop in that area and prosper. This would obviously be a drawing card for South Fayetteville.

Alderman Trumbo said he believed there are only two or three options left on the airport. One is to sell it, privatize it or try to convert a non-earning asset to an earning asset with all the parking utilities and infrastructure already there. Or to somehow increase the revenue attributed to general aviation, which we haven't been able to do so far. He asked if Mr. Ward saw it any differently.

Mr. Ward said a marketing plan was developed cooperatively between the City and the Chamber. The marketing plan for Drake Field included utilization of the facilities for expanded aviation businesses. He thinks it is an ideal piece of property for that purpose and there is ample land down there to do that. It still needs to be a focus for the development of that land. Those opportunities exist out there.

Alderman Trumbo asked if the study was generated internally or if the Chamber contracted it out with a consultant

Steve Ward said Dale Frederick and Jim Crider had attended a national meeting and seminar on redevelopment of airports. With that information, a group of marketing people was assembled. It took about nine months to develop a marketing plan in 1994 and it was updated in 1999. He felt it to be a quality plan that offers some real direction on the development of aviation at Drake Field.

Alderman Daniel said she had been told that competition to attract businesses and industries to municipal airports is furious. She wondered if any businesses had expressed interest when the plan was in place.

Steve Ward reminded the Council that when the marketing plan was presented to the Airport Board, they made a choice to hire an internal marketing director. The Chamber did not have any direct involvement in that marketing

Mayor Hanna and the Council thanked Steve Ward for addressing the Council.

Alderman Russell asked if the staff had had an opportunity to negotiate regarding the cost of the study, as per the motion by the Airport.

Alett Little said she feels the $200,000 that is on the table is a negotiated amount. The City must own the study. The staff feels in the event the arena does not materialize, the city is putting money into it and they certainly want to have something at the end of it. That was probably the major point of negotiation.. As she understands it, the $200,000 is a deal killer. When the subject has been brought up, the staff was told it was non-negotiable. She feels other developers are out there who might be interested in pursuing a project here. They may or may not offer the same deal. In talking to other communities, she didn't find many other projects that are privately financed like this one is. Most have been publicly financed.

In response to a question, Ms. Little said the total cost of the plan is $700,000. QuesTec has money already invested in the project and they will put additional money in the project as will Nustadia. They have accounting procedures where they account for their hours. The main money that will go to QuesTec is for the production of the architectural documents and the specifications that would determine what the total facility is going to cost so we could look at what revenues have to be produced to cover those costs.

Alderman Trumbo asked Jim McCord if the project goes to the next phase where they actually go to the Facility Board for the bond, whether all three of those entities would be able to recoup the soft cost of the $700,000 of the total bond issue.

Ms. Little said she understood that soft costs for the project are reimbursable whether or not bonds are used to finance. If commercial or bank financing is used, those costs should be recoverable. She said they have talked about the use of bonds for this project because they want to prepare the Council if bonds are used. Bonds are a very advantageous way to finance a project. But the Nustadia Group has a financial arm and they might chose to finance using conventional financing. So a determination that bonds will be used has not yet been made. That decision has to be made during the course of this study.

Alderman Davis wanted to be sure everyone was in agreement that in the event things don't work once the arena is built, whether it is bonds or private financing through a bank, that the City taxpayers will not be held responsible for this debt.

Ms. Little said this is a 100% private liability. Since it is to be built on airport property, our property, of necessity, will be tied up. It is the ground underneath the facility. However, we retain the parking and if you don't have parking to go along with your building you are pretty much up a creek. So whoever came in and took over the management of the facility or bought it at some reduced price, would be forced to deal with the City in order to make the project go.

Alderman Austin asked Ms. Little to comment on any other products that might be derived for the benefit of our City from the $200,000 extensive study; apart from the building specs and the architectural plans.

Ms. Little said she thinks one of the most important things the City will get from that study is additional public involvement. This developer has said they will not do this project unless there is public support for this project. So in order to get a facility that can be supported by citizens of Fayetteville and surrounding areas some fairly extensive public involvement will have to occur. Another important thing is that the City will own the document and will have the ability to refine it and go forward so we have not lost that money. The City can reuse it in a positive way.

Alderman Trumbo said he had check out all the players, and found them to be credible. But he is concerned that this is a private enterprise for profit. They will have a group of investors who will expect 12 -18 percent rate of return on their investment. He stated the $200,000 is a problem for him. The city's equity portion should be the land and utilities and the parking. The study would be used to sell the idea to investors. He questioned if he could justify the expenditure. In essence the city would be subsidizing the cost of doing business.

Alderman Davis stated his problem was with the payment structure. It seems to be a good project, but he had some reservations.

Alderman Daniel said a lot of money is spent on studies by consultants. She has spoken with citizens who are concerned about the cost of this study. She felt it is important that the Airport Board has approved this and that it is coming from the Airport fund.

Alderman Austin asked if the City would be paying for plans that had already been made for another facility or another community with this $200,000.

Alderman Trumbo expressed concern about QuesTec not having done one of these plans before and not having worked with Nustadia before. This was a new merge between the two.

Mr. Gary McClagan, Vice President with QuesTec, stated they would not be purchasing a set of plans that had been used somewhere else. Some things are standard, but the plans would be designed specifically for this facility.

Alderman Austin asked what other information would be derived from the study other than the building plans and architecture design. For instance, will population projections be made.

Mr. Joe Greaves explained they will look first at demographics and market study. They would talk to the community to see what they would support. There would be a site plan and architecture program, schematic designs, and a set of plans detailed enough for a cost estimate. It will not be a set of plans that anyone could bid. There will also be a forecast of revenue and operating expenses. They will be compiling an entire program, not just a project.

In response to a question from Alderman Trumbo, Mr. John Akerley stated that he is an employee of Nustadia, a wholly owned subsidiary of Cochran Group. He is also a major shareholder in the Cochran Group. He is a member of the Board of Directors and a Senior Vice

President of Nustadia Developments. He is also the managing director of an entity which is about to be created and will be called ICC. It stands for International Coliseums and that is an entity that is owned 50% by Nustadia and 50% by the shareholders of the Western Professional Hockey League. It exists for the sole purpose of bringing in investment. It would be the investing arm of his group in this project.

Alderman Trumbo said he visited today with Terry in Lamar, Texas, a municipality that is currently 2 ½ months ahead of the City in this process. That city's population is only 14,000 and they put $100,000 to get started on their plan.

Mr. Akerley stated there has to be a commitment on both sides to make this thing happen. The project has started. There are a series of decisions to go through collectively as the project is developed.. It is not a study to see if this is going to be a project. This project has started. I am investing into it and so are you, through your Airport authority. This is a new and different approach we think works and is more successful.

Alderman Daniel had a citizen ask her why they could not use U of A students to help develop the plan.

Mr. Akerley stated they liked to involve local universities. He liked to use local people. In response to the questions, he stated the process they are following is very new and was brought about by taxpayer revolt. He has personally been involved in this type of project since 1972. They had done close to one hundred buildings of all types, ranging from recreational arenas to 20,000 seat multi purpose stadiums. In the last four years this new procedure has been developed as a response to the tax payer. There have been no failures. They are just starting this in the US. In response to questions, he stated they had been looking at this area for quite some time. QuesTec contacted them. He wants a commitment from his associates, but until they put money down he feels they are not committed.

Alderman Davis asked when and how many public input sessions were planned.

Mr. Joe Greaves stated they had not determined the number yet. The important thing now is whether the city is behind it.

Alderman Trumbo asked if QuesTec would be subcontracting the work.

Mr. Greaves stated they were a growing company and their primary business was consulting engineering. They did small feasibility studies, but not the type they were discussing here.. If they can not do something, they go out and find the best people in that area so the client gets the best project. He said he had worked on this project for a couple of years. They knew at some point they would have to team up with someone who knew how to do arenas. Once they had an outline, then they could carry the ball forward. They have done construction management for a long time.

Alderman Trumbo questioned when all the funding would be worked out.

Mr. Akerley stated it comes together pretty quickly at the end. He needs to know what the revenues and operating expenses would be. He had been contacted within the last week by four independent financing groups interested in talking about this area and this type of building.

Alderman Trumbo asked who would have control with the investors and the actual bonds being floated. Who would impose debt service ratios and other financial considerations on bond issue?

Mr. Akerley stated all these items will be covered when the plan is complete. They had to address all these matters with the financing companies.

Mr. Charles Wallace, Airport Board, stated the Airport Board seriously considered the arena and made a very cautious decision to support the next step. They were aware that it was not just a feasibility study but a step toward a project that would make a major change in our community airport. On the one hand it is an exciting project, an airport with a sports arena. On the other hand, it's an anxiety producing project should it become a sports arena with an airport. He wanted to make sure any local revenues go to the airport. They also want a renewed commitment on everyone's part to develop a viable general aviation airport. The board is concerned about doing more marketing than has been done. It is in a far better location than many airports that have been successful following the withdrawal of airlines. He said Drake Airport is not dead without this project. It is very likely that it could be a stand alone community airport as a general aviation entity. Drake has been recovering from losing its major revenue stream. Staff is changing its view towards what it means to be a GA field. Marketing for general aviation is very different from calling on airlines. A lot more can be done.

Christen Walker, ten years old and a goalie for the a youth hockey team said he started playing in October, 1999 and has gotten into it more than any sport before. He wants everyone to know what this multi sports facility means to his future. This arena provides a way for him to realize his dreams and goals of going on to college with a hockey scholarship. Without the use of ice time, he will not be able to gain the experience he needs.

Emily Williams said Mrs. Little made the statement that this was going to be built anyway. She wondered if this meant that this was going to be built "anyway" in this area or built "anyway" somewhere else?

Ms. Little stated that she was not certain where she said that statement. Perhaps it was when she was mentioning that she had inadvertently talked to another league. She said she could not guarantee this project. But she thinks there is a very good possibility another group might want to proceed with the project if this falls through. She has been amazed at the amount of interest that this particular facility has generated.

Emily Williams asked if she was saying, that regardless of the Council's decision tonight, the facility will be built in this area?

Ms. Little stated that she thought there was a lot of interest and that if this deal is not made, someone else will come forward and entertain us with their ideas of how a deal could be made in this area.

Emily Williams stated she is not opposed to funding this study. There have been a lot of questions raised and she is very upset with the unseemly haste with which she feels the Council is going into this decision. She feels the City keeps rushing into things without giving the public a chance to really absorb it and find out what it is they think about something. When you are pressured to make a decision, mistakes are made. She feels the process should be slowed down.. She felt that public trust had already been damaged over the years when these issues came up and everybody rushed right ahead. She urged that the project be left on its second reading. She stated the Council was elected to make informed decisions and to make an informed decision you have to have information and you have to have time.

Alderman Trumbo asked, with all due respect, what kind of additional information Ms. Williams felt they needed to get back.

Ms. Williams referred to information the Council received tonight and asked when they had received it.

Alderman Trumbo said on any item before the Council, whether it be the waste water treatment plant or senior center, he gets his information and makes a lot of calls and asks questions. He gets a lot of information. He agrees that the more public hearings you have on anything the better it is for the overall community. But on the other hand, an alderman is elected to represent the people, to do that with due diligence and ask the questions and to make informed decisions based on his/her convictions. If the people in his ward disagree with his decisions, they won't elect him again. He stated that he does not jump into any decision he makes.

Ms. Williams said she is concerned that there has not been enough time to get all the information needed. The Council appears to still have questions. She personally has questions. If a decision is made tonight, she feels the public is left with the impression the Council is jumping into something.

Alderman Young said if the Council votes tonight, it will not be a vote on whether to put the hockey rink in there. In the event the $200,000 is approved, the public should continue to study this because the next round is the lease agreement, which is more important than this question.

Ms. Williams said she came here tonight with the understanding that this was a vote on $200,000 for a feasibility study but she feels now she is hearing that as far as the developers are concerned, a yes vote is a green light and the only thing that stops it is if the investors say no.

Alderman Young stated that is not the case. If the Council votes no to a lease, the project stops.

Alderman Davis stated that they have to take this information back to their investors to make sure it is a go for them. Then they bring it back and work out a lease agreement.

Ms. Williams stated that the developer made the statement that this was not a feasibility study, but the beginning of a project. Mrs. Little said that this was a study we would own in the end, and it would come back to us.

Alderman Davis stated that it is a business plan.

Ms. Williams said she feels everyone has a different idea of what this vote is really on.

Alderman Trumbo stated he had only been on the Council three years and he feels they have a well diversified group with good checks and balances. He asked for specific cases where the City Council has been moving too fast and voting and not telling the people what they are doing.

Ms. Williams referred to public perception, and law suits such as the Town Center and going all the way back to the incinerator. She feels the perception is going to be that the Council does not take the time they need to inform the public and allow them to respond. She said when these things come up it appears the Council is trying to push something and avoiding public input.

Alderman Trumbo stated that it was not the Council's intent.

Ms. Williams again asked that the Council slow down, put off the vote until a regular meeting.

Alderman Austin said he would like to see everybody who wants to speak, come up and speak. If they have a question to ask a particular staff person, they can call them tomorrow. He would like to not have the bantering back and forth. He felt time was being wasted.

Mayor Hanna agreed.

Alderman Russell said he agreed as long as this was going to be left on the second reading. However it they were going to vote tonight and an aldermen has questions they have no choice but to ask the question.

Tim de Noble stated he was there on behalf of Friends for Fayetteville, a non-profit citizen organization. They request that the City Council examine and respect the motion passed by the Drake Field Airport Board, Thursday, February 24, 2000. Friends for Fayetteville also support the Airport's Board vote for further negotiation on the cost of the study. In addition they recommend the City Council allow another two weeks, a third reading on the ordinance in order to continue the opportunity for public input. They also request that a more detailed description of what this study will encompass and a sample of a probable lease be presented to the public before any money is spent.

Mr. de Noble. also said he hoped the City, even though it will be leasing the facility, has some input about what will go on there. He hopes the study does not come about by promoting things that promote violence , even fake violence, as family activities and that the City has a part in and some control over who cannot be excluded from going into the facility.

Paula Marinoni said she thought this project would be great if it would work. She gave an instance of a similar situation in Kansas City where the airport thrived when the old terminal was turned into a convention hall. She liked the idea of making use of all the parking spaces already there. She shared some information she had collected about other arenas in other areas she felt the Council should look at. She talked about the range of sports already available in this area and how many opportunities citizens already have to spend recreational dollars on sports. She questioned how long it would take to get something like hockey going in this area. She listed what she considered red flags in this. One concern is the short period of time this has been available for the public to consider. Cost is also a concern for her. She listed the costs of other studies that have been done in our area and what we had received for the money. Her third red flag is what she sees as a conflict of interest - paying the people who will profit from this project to do a study and telling us how much we have to pay for it. Her fourth flag is the haste and pressure she feels is being applied by the developer. She questioned why the $200,000 is a deal killer and why it cannot be negotiated.

Mayor Hanna asked Paula to clarify for him whether she was for the project or against

Paula Marinoni said she thinks it would be wonderful if it could work. But she doesn't feel it has been on the table long enough to weigh all the options.

Chuck Chadwick stated that he is an eighteen year resident of Fayetteville and represented Fayetteville Air Service, the fixed base operator at Drake Field. He commended the Council for not suspending the rules at the last meeting and sending this on to the second reading then. He said he is not opposed to the arena but promotes public awareness and public discussion. He said he isn't sure if he is for or against the project, but is leaning toward support of the study, though he feels the cost is too high. He urged the Council not to go for the quick fix but to think of long term investments. He commended Ms. Little for bringing the project before the Airport Board and the Council. He questioned paying someone who is admittedly new in the business and trying to get their foot in the door more than other people are paying for a similar study. He feels Northwest Arkansas has a lot to offer. If this market is attractive enough to bring a hockey league or whatever, it is attractive enough to do so without the haste.

Mr. Chadwick stated he might not be as concerned if the money was coming from the city budget and not the Airport budget. As a pilot and airport business representative, this would greatly affect him. The $200,000 would go a long way toward other investments and improvements on the field.

Richard Mannard asked, without the feasibility study, what keeps a ice hockey franchise viable in terms of attendance - 3,000 or 4,000? As a taxpayer, he was a little nervous about what the city would be asked to do if the project doesn't work. Would we be asked to give a little more if the project isn't quite a success but not really a failure?

Dan Coody from Fayetteville said he appreciated those aldermen who did not vote to push the project through on the first meeting. It took St. Charles, Missouri a year to get from the time of presentation to the public to actually starting the arena. He asked if the arena takes over half of the terminal and then six months down the line an aviation facility wants to come in that needs that half of the terminal, how will the conflict be handled.

Alderman Trumbo said if the hockey franchise wanted to lease part of the terminal, the City Attorney would have to look into the issue before a lease was signed.

Alderman Young repeated that all that would be addressed when the lease agreement came before the Council.

Mayor Hanna stated that no one had made a request for any of the terminal and he said he was not much in favor of use of the terminal building for this project. He also had questions about the location presently designated for the arena.

Mayor Hanna said he and Charles Venable looked at the area yesterday and today and there appears to be a possibility of putting the arena south of the parking area. That can all be worked out when the time comes. First you have to get some plans on the proposed arena and the site decided for the footprint of the building and where it would fit in there. At that time they would come back to us and start talking about lease agreements.

Dan Coody hoped there would be plenty public comment scheduled so these details could be discussed.. He also questioned whether Drake Field was the best site for this project. He mentioned partnering it with the Youth Center to make it readily accessible to schools. He favored putting it right in town rather than at the southernmost point of town. He felt more time was needed to discuss all these issues.

Sandy Walker , a hockey mom and a concerned citizen of Northwest Arkansas, not necessarily just Fayetteville, said she was very much a supporter of this facility. She felt it has a lot to offer the area. She said she has complete confidence in the Council's ability to make the financial decisions, whether it be in a three week process or longer. As with any major project, pros and cons have to be weighed and she felt the pros outweighed the cons. She emphasized that the facility would offer opportunities for children in this area to have ice time. Normally they would have to travel to Little Rock, Ft. Smith and Tulsa for this opportunity. Over 100 families volunteer their time to make a successful hockey program for the youth of this area. There are well over 160 registered players in the Jones Center hockey arena. But there are ice limitations at the Jones Center because of the continuing growth of the hockey program. One group travels to Tulsa at least once a week to play in the regional high school program. If these kids could practice and play locally, it would also keep the money local. In addition to the youth hockey program, a junior varsity team will be added next season, which means more kids traveling away for ice time. The youth hockey league holds tournaments, which would generate local revenue to area businesses. She asked that the council remember this is not just a financial issue but an issue that involves the future of our children.

Alderman Santos asked what percentage of time the operators would donate the facility for use by youth groups.

Alett Little said that was one of the things that would be more fully discovered during the feasibility study. She didn't think donations of time would be involved, but she said that in talking with other communities it is evident that one of their most successful revenue generators is public skate time. In conversations with the Youth Hockey Leagues, fees they pay now for tournaments were discussed. This group is interested in the youth sports aspects of the project. They have discussed hockey as well as figure skating and indoor soccer. But details have not been worked out yet.

Rick McKinney, a lifetime resident and the Chairman of the Airport Board, stated he has been around that airport all of his life. He felt marketing the airport was a big issue. He felt little had been done in the area of marketing for industrial support, corporate aviation and general aviation. He felt the feasibility study needs more discussion. Prospective tenants at the airport have been required to come to the Board and to the City with a business plan. He questioned why this came to the Council before the Airport Board and why it was being rushed. He said the public didn't have enough information to look at and really consider. $200,000 is two thirds of the annual airport budget. He asked that the Council consider the money to be spent out of the Airport budget, and what it might be take away from the operation of the Airport. He suggested the

Council consider taking part of the money out of the general fund.

Jeff Erf, a Fayetteville resident asked what percentage of the total cost the $200,000 would be. He was concerned that such a small percentage of the total cost of the project would be a deal breaker. He also wondered if the feasibility study is going to be an independent study or if it would be done by one of the developers. Upon being told that Questec would do the study, Mr. Erf if QuesTec would gain financially if they determine the project is feasible.

Alderman Trumbo stated that they would be paid for the study and they would also be paid during the construction phase to do some engineering work for which they would obviously be compensated.

Jeff Erf said they obviously would have a financial interest in a positive outcome.

Alderman Trumbo said that the feasibility study would have to show that it would be feasible financially in order to get the investors to buy the bonds.

Alderman Russell said at some point independent people without a current financial interest in the project would have to look at the feasibility study and make their own determinations whether the project is feasible before deciding whether to put their finances at risk.
Mayor Hanna closed the public portion of the meeting and turned it back to the Council.

Alderman Austin stated if the venture is a success, it is a win-win situation. If it is unsuccessful, the investors and the financial institutions lose; and the city is sitting there with property with a building on it.

Alderman Russell said he had a couple of concerns. He agrees with the Mayor's concerns about leasing terminal space. If it is leased, it should be year by year so priority can be given to aviation related businesses if that opportunity arises. If the $200,000 is approved and they come back to us in 120 days and say, this project is feasible and we will build it if we can have a ten year lease on half of your airline terminal, a no answer could cause the city to forfeit the $200,000. He felt some of these things should be written out beforehand so everyone essentially knows what kind of playing field they are dealing with.

Alderman Davis suggested some of these items might be discussed with the developers and answers might be available at the next meeting if the Council does not vote today.

Alderman Davis suggested changing the payout schedule, dividing it into quarters, paying $50,000 at the time of signing; another $50,000 in eight weeks, another $50,000 in twelve weeks, and the last $50,000 at sixteen weeks. This would decrease the payout if at any time during the process it was determined to be a no-go.

Alett Little said she would need to address the payment of money at the time of signing.

Mayor Hanna said he had it divided a little differently - $50,000 at signing; $75,000 at twelve weeks and $75,000 at the sixteenth week.

Alderman Davis said he had no problem with that.

Alderman Austin stated that he had been thinking about dividing it by two.

Mayor Hanna said the two things that really need to be decided are whether or not to fund the study and how to pay it if it is funded. If the Council chooses to leave it on second reading tonight, putting it on the third reading on the next meeting, it would give Alett an opportunity to talk with the principals and to fine tune that.

Alderman Santos asked if they could get information such as what percentage of ice time would be dedicated to public use or youth hockey. He also asked about parking needed for this large arena.

Ms. Little stated she would be glad to get with the developers and ask them what percent of time could be dedicated. She said they have to come up with cost before they can figure out how much revenue is needed to cover those costs. Any information is going to be preliminary information. But they can draw from their experiences to provide some information.

As for the parking, until a location is decided on, again any information would be preliminary. If any alderman wants additional information, Alett asked that they call and let her know what they need. She will get what information she can for them.

In response to a question from Alderman Santos, Ms. Little said they don't know for sure if this project will be connected to the terminal. It might be better to have entrances from another location.

Alderman Russell said he would like to know whether they are interested in using the terminal and if so, whether they would be willing to lease it on a short term or year-to-year basis. He said he wanted to have a good idea of whether he would vote for the lease before he votes to appropriate the $200,000.

Ms. Little said she would ask the question and if some ground rules and decisions need to be made along the way, they will try to do that.

Alderman Davis asked Mayor Hanna about the best way to handle the Airport Board's recommendations - should it be in a lease agreement or part of the ordinance being voted on.

Mayor Hanna said he thought it should be a separate resolution of the City's intent. He said that he thought it had little to do with the developers and everything to do with the City. The main thing is that we want to be sure that the revenues generated go to the airport. The other thing is that it not take over the whole airport identity. A resolution can be passed to that effect.

Alderman Trumbo said his first thought here was that it was a way to take a non-earning asset and create some revenue that would compliment it and not infringe upon the general aviation aspect.

Dan Coody stated that he understood that position entirely. He said that there is nothing that says that if the arena does get built in a better location, that a portion of the proceeds can't still go to the airport.

In response to a question from Alderman Daniel, Ms. Little said it was correct that if the airport parking is used for the arena, some of the parking revenue can come to the city

Alderman Daniel then asked if additional parking has to be built by the group who run the arena, whether they would get those parking revenues.

Ms. Little said the question asked at the Airport Board was whether there is enough parking already there to support the arena. The answer is no. Additional parking and additional ways to get people to the arena were then discussed.. She said she was concerned about using additional airport land for parking because of its dedication to aviation uses. The idea of using other parking lots and busing patrons was then discussed. However, if additional parking has to be built it will follow the same rules every other business in Fayetteville follows, which is that they will have to build their own parking. She said unless there is something unique decided during the lease negotiations, she doesn't think the City would have any control over or derive any revenue from that. At this point, since the actual seating in the arena has not been established (though they have been using 6,000 as a round number), there is no way to know exactly how much parking is going to be required.

Alderman Austin agreed with Alderman Russell about negotiating some issues now so they won't come back with a financial hook use this $200,000 investment as a leverage for more.

In response to a question from Alderman Austin about figure skating in this arena, John Akerly said there are provisions for ice hockey and other professional ice events. There are also provisions for tiny tot ice. He did want the Council to realize that these buildings are not recreation type buildings where you have no spectators. This is a spectator building that happens to have ice facilities and the object of the building is to put buns in seats. To take this project and totally dedicate it to tiny tot skating programs will not work. It is not a business then and would have to be subsidized. But public ice time will be available because events only take of part of the time. The rest of the day this building can be used for other things. There will be professional ice events, shows, and trade shows as well. Even aviation trade shows if the city decides on the airport location. He said the choice of site is not his but the city's.

Chuck Chadwick stated that he had heard the way the airport is going to get revenue is through parking. If there are 900 spaces and a 6,000 seat arena, there is going to have to be extra parking. If the airport or City does not control that parking, we leave it up to the owners of the facility. They can then make deals as far as ticket prices, including parking and stuff, in which it is possible that the airport may not get revenue from parking.

Mayor Hanna assured Mr. Chadwick that this would be in the lease agreement.

Chuck Chadwick stated that land lease is not how the airport is going to make it's money. He said the revenue would come from the parking, and that is going to be per car per event.

Mayor Hanna said he was in favor of that.

Alderman Davis made a motion to leave the item on the second reading.

Alderman Daniel seconded the motion.

THE ORDINANCE WAS LEFT ON THE SECOND READING.

PUBLIC FACILITIES BOARD

Mayor Hanna read the next item which is an ordinance to expand the role of the Public Facilities Board to include recreational facilities and multi-family housing as provided by state law. It is on the second reading.

LaGayle McCarty read the ordinance.

Mayor Hanna stated that it was on the second reading and would automatically be on the third reading next time.

Alderman Austin asked if he could make an announcement. He wanted to commend Swifty for coming to the meeting tonight, which is his 35th wedding anniversary. He has been waiting for an hour and a half to get home to take his spouse out to eat.

The meeting was adjourned.