

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF KANSAS AT KANSAS CITY**

In re:)	
)	
JOHN Q. HAMMONS FALL 2006, LLC, et al.,)	Case No. 16-21142
)	
Debtors.)	(Jointly Administered)
)	
		Related to Doc. No. 1791

RESERVATION OF RIGHTS

The City of Glendale, Arizona (“City”) files this *Reservation of Rights* to the Debtors’ *Motion For Authority to Enter into Plan Support Agreement and Compromise of Claims* (“Motion”) (Docket No. 1791).

The Debtors have not yet assumed or rejected the City’s Management and Lease Agreement and the Master Development Agreement (“Agreements”). Pursuant to the Fourth Stipulation filed with the Court, the deadline has been extended to April 25, 2018. As result, there are a number of open issues and the City does not know if the Debtors or JD Holdings will be assuming or rejecting the City’s Agreements, whether any cure amounts will be paid or how any rejection damages would be treated. The Motion seeks approval of the compromise of the dispute between the Debtors and JD Holdings but also seeks approval of the Debtors’ support of and cooperation with the JD Holdings Plan. The JD Holdings’ Disclosure Statement and Plan have not been approved or confirmed and a purchase agreement for the sale of the Glendale Hotel between the Debtors and JD Holdings has not been entered into or approved by the Court.

While the City has no objection to a compromise being approved, the City reserves any and all of its rights (1) to object to the adequacy of the JD Holdings’ Disclosure Statement and/or to the confirmation of the JD Holdings’ Plan, (2) to object to any assumption or rejection, cure,

and treatment of claims arising from the City's Agreements, and (3) to enforce and assert the City's right of first refusal on the Glendale Hotel pursuant to the Agreements.

The City filed a Proof of Claim (Claim No. 610) and attached copies of two Agreements which govern their relationship with the Glendale Debtor. The City and the Glendale Debtor are parties to (1) the Management and Lease Agreement under which the Glendale Debtor manages and leases the Convention Center, Media Center and Parking Garage (collectively, the "Facilities") from the City on a long term agreement, and (2) the Master Development Agreement which provided for the sale and development of the hotel property adjacent to the Facilities to the Glendale Debtor for building a Hotel and which, among other things, granted easements, required an Approved Franchisor for the Hotel, and granted the City a right of first refusal to match the offer of a third party if the Glendale Debtor were to decide to sell the Glendale Hotel. Both Agreements have been recorded with the Maricopa County and with the City Clerk. The City asserts the Agreements are integrated and must be assumed or rejected as one. As an integrated transaction, it is all or nothing. If one is assumed, then both are assumed and enforceable, including the right of first refusal. If one is rejected, then both are rejected and the City has a rejection claim that needs to be treated and paid. In addition, the City asserts that it has a valid and enforceable right of first refusal on the Glendale Hotel that allows the City to match the offer of a third party and to buy the Glendale Hotel. It is a covenant which the City asserts runs with the land. At this point, the Glendale Debtor has not entered into a purchase agreement but has indicated that it will cooperate with and support the JD Holdings' Plan which provides for the sale of all the Debtors' hotels to JD Holdings. The City reserves any and all rights to make these assertions and enforce such rights.

The City and the Glendale Debtor have entered into several Stipulations for the extension of the time to assume or reject after the Court initially extended the time and have reserved their relative positions and arguments as to the Agreements. Both parties have decided not to have the issues of the right of first refusal on the Glendale Hotel litigated because there was a good chance the Debtors might resolve or moot the issue. As a result, neither the City nor the Glendale Debtor wanted to litigate or spend time or fees on the issue and reserved the issues and arguments.

WHEREFORE, the City reserves all of its rights as set forth above.

RESPECTFULLY SUBMITTED this 21st day of February, 2018.

Cathy L. Reece
FENNEMORE CRAIG, P.C.
2394 E. Camelback Rd., Suite 600
Phoenix, AZ 85016
Tel: (602) 916-5343
Fax: (602) 916-5543
creece@fclaw.com

Colin N. Gotham
EVANS & MULLINIX, P.A.
7225 Renner Rd., Suite 200
Shawnee, KS 66217
Tel: (913) 962-8705
Fax: (913) 962-8701
cgotham@emlawkc.com

Counsel for the City of Glendale, Arizona

By: /s/ Colin N. Gotham
Colin N. Gotham

CERTIFICATE OF SERVICE

The undersigned certifies that on February 21, 2018, the foregoing document was served electronically to those parties who have entered an appearance in the court's Electronic Court Filing (ECF) System and was served by U.S. mail, first class, postage prepaid to the following:

Mark Carder
Mark Shaiken
Nicholas Zluticky
1201 Walnut Street Ste 2700
Kansas City MO 64107

Jonathan A. Margolies
McDowell Rice Smith &
Buchanan
The Skelly Building
605 W. 47th St., Ste 350
Kansas City, MO 64112

Scott A. Edelman
Jed M. Schwartz
Milbank Tweed Hadley & McCloy LLP
28 Liberty Street
New York, NY 10005-1413

Mark Shinderman
2029 Century Park East
33rd Floor
Los Angeles, CA 90067-3019

/s/ Colin N. Gotham
Colin N. Gotham