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21 IN THE UNITED STATES BANKRUPTCY COURT
22 FOR THE DISTRICT OF ARIZONA

23 In re:
24 DEWEY RANCH HOCKEY, LLC,
25 COYOTES HOLDINGS, LLC,
26 COYOTES HOCKEY, LLC and
27 ARENA MANAGEMENT GROUP, LLC,
28 Debtors.

Case No. 2:09-bk-09488
(Jointly Administered)

Chapter 11

**OBJECTION OF THE CITY OF
GLENDALE, ARIZONA TO MOTION
OF THE DEBTORS FOR ENTRY OF
AN ORDER (A) AUTHORIZING
CONDUCT OF AN AUCTION OF
COYOTES HOCKEY, LLC'S ASSETS;
(B) ESTABLISHING PROCEDURES
TO BE EMPLOYED IN CONNECTION
WITH THE SALE INCLUDING
APPROVAL OF TERMINATION FEE;
AND(C) APPROVING FORM AND
MANNER OF NOTICE OF
CONDITIONAL CURE NOTICE AND
SOLICITATION NOTICE**

This filing applies to:

- All Debtors
 Specified Debtors

The City of Glendale, Arizona (the "City"), by and through its undersigned counsel, hereby objects to the Motion of the Debtors for Entry of an Order (A) Authorizing Conduct of an Auction of Coyotes Hockey, LLC's Assets; (B) Establishing Procedures to be Employed in connection with the Sale including Approval of

1 Termination Fee; and (C) Approving Form and Manner of Notice of Conditional Cure
2 Notice and Solicitation Notice [Docket No. 19] (the “Sale Procedures Motion”). In
3 support of this Objection, the City respectfully states as follows:¹

4 **PRELIMINARY STATEMENT**

5 1. The City’s primary objection to the Sale Procedures Motion is that it is
6 based on the false premise that the Debtors are legally capable of relocating the Phoenix
7 Coyotes hockey team (the team, the National Hockey League franchise and all related
8 assets are referred to herein, collectively, as the “Phoenix Coyotes”). For the reasons set
9 forth below, it is the City’s position that the Debtors are barred from relocating the
10 Phoenix Coyotes and the City believes that its right under applicable law to prevent any
11 such relocation will survive these chapter 11 cases and any proposed sale of the Assets.

12 2. As such, and as more specifically set forth below, the City respectfully
13 submits that (a) potential bidders under the Sale Procedures Motion should be put on
14 notice that the Debtors may be prohibited from relocating the Phoenix Coyotes, and (b) no
15 Termination Fee should be authorized under the Sale Procedures Motion because the
16 Proposed Sale pursuant to the APA, and any other Competing Bid premised on the ability
17 to relocate the Phoenix Coyotes, cannot be legally consummated.

18 **BACKGROUND**

19 3. On May 5, 2009 (the “Petition Date”), each of the Debtors filed a voluntary
20 petition for relief pursuant to chapter 11 of title 11 of the United States Code
21 (“Bankruptcy Code”). The Debtors continue to operate their business and manage their
22 properties as debtors in possession pursuant to sections 1107(a) and 1108 of the
23 Bankruptcy Code. No trustee or examiner has been appointed in these cases.

24 4. Certain of the Debtors, namely Coyotes Hockey, LLC (“Coyotes Hockey”)
25 and Arena Management Group, LLC (“Arena Management”) are parties to that certain
26 “Arena Management, Use and Lease Agreement” dated as of November 29, 2001, among
27

28 ¹ Unless defined herein, capitalized terms shall have the meanings assigned to such terms
in the Sale Procedures Motion and the Exhibits attached thereto.

1 the City, Arena Management, Coyotes Hockey, Glendale-101 Development, LLC and
2 Coyote Center Development, LLC (the “Use Agreement”). A copy of the Use Agreement
3 is attached as Exhibit A hereto.

4 5. Pursuant to Section 9.5 of the Use Agreement (the “Non-Relocation
5 Covenant”), Coyotes Hockey covenanted and agreed that the Phoenix Coyotes would play
6 all of its home games at the Jobing.com Arena (the “Arena”) for at least thirty (30) hockey
7 seasons. Under the Use Agreement, the City has the right, among other rights and
8 remedies, to seek specific performance of Coyotes Hockey’s obligations under the Non-
9 Relocation Covenant. See Use Agreement at §14.7.

10 **OBJECTION**

11 6. The Proposed Sale of the Assets to the Proposed Buyer pursuant to the APA
12 is premised on the relocation of the Phoenix Coyotes to a venue outside of Glendale,
13 Arizona. See APA at §6.2(b)(viii). In fact, the APA expressly requires that any order of
14 this Court approving the consummation of such sale must confirm that the sale is free and
15 clear of any claims which might prohibit the relocation of the Phoenix Coyotes to
16 Southern Ontario, Canada. Id. The likely effect of this provision is that all Competing
17 Bids proposed under the Sale Procedures Motion will also be premised on the ability to
18 relocate the Phoenix Coyotes to a venue of the bidder’s choice.

19 7. The Use Agreement and, in particular, the Non-Relocation Covenant,
20 prohibits Coyotes Hockey from relocating the Phoenix Coyotes and requires that the
21 Phoenix Coyotes play all of its home games at the Arena for the full term of the Use
22 Agreement. Further, the City believes and therefore asserts that its right to enforce the
23 Non-Relocation Covenant under applicable law shall survive these chapter 11 cases,
24 including any sale of the Assets. The City is not requesting that the Court determine this
25 issue at this stage of these proceedings, but the City does intend to take appropriate action
26 to vigorously and fully enforce such requirement as necessary.

27 8. Given the critical nature of the City’s assertion, fairness dictates that, before
28 such parties incur substantial expense to prepare their bids and comply with the Sale

1 Procedures Motion, all potential bidders should be provided with a prominently displayed
2 disclosure that Coyotes Hockey may be prohibited from relocating the Phoenix Coyotes
3 and that the City believes that it has the right under applicable law to prohibit any
4 relocation of the Phoenix Coyotes, notwithstanding any rejection of the Use Agreement or
5 any other action that may be taken in connection with these chapter 11 cases and any sale
6 of the Assets, and intends to enforce the same.

7 9. Based on the foregoing, the City requests that the Solicitation Notice
8 prominently set forth the following additional paragraph:

9 “PLEASE BE FURTHER ADVISED that the City of Glendale, Arizona (the
10 “City”) has asserted that certain provisions of the “Arena Management, Use and
11 Lease Agreement” dated November 29, 2001, among the City, Arena Management,
12 Coyotes Hockey, Glendale-101 Development, LLC and Coyote Center
13 Development, LLC (the “Use Agreement”) require that the Phoenix Coyotes
14 hockey team (the team, the National Hockey League franchise and all related assets
15 are referred to herein, collectively, as the “Phoenix Coyotes”) play all of its home
16 games at Jobing.com Arena in Glendale, Arizona for the full term of the Use
17 Agreement and that any relocation of the Phoenix Coyotes is, therefore, prohibited
18 by law. The City has stated that it intends to vigorously and fully enforce that
19 commitment.”

20 Furthermore, as the Proposed Sale under the APA cannot be legally consummated
21 in accordance with its terms it is not fair or appropriate, and is not in the best interests of
22 these estates, for the estates to incur any Termination Fee in connection with a bid that has
23 no reasonable likelihood of ever being consummated. To the extent that this “stalking
24 horse” bid misleads other potential bidders to make bids that also contemplate relocation
25 of the Phoenix Coyotes (again in violation of the Non-Relocation Covenant), even more
26 of the Debtors’ resources will be exhausted receiving and reviewing bids that ultimately
27 cannot be consummated under applicable law. For the foregoing reasons, the City objects
28 to the Termination Fee.

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CONCLUSION

WHEREFORE, for the reasons discussed herein, the City respectfully requests that this Court enter an Order denying the Motion and granting such other relief as is just and appropriate.

DATED: May 13, 2009

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This document was electronically filed with the U.S. Bankruptcy Court on this 13th day of May, 2009.

COPY of the foregoing mailed or emailed the same day to:

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