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UNITED STATES BANKRUPTCY COURT  
DISTRICT OF ARIZONA

In re:

DEWEY RANCH HOCKEY, LLC CH: 11

2:09-bk-09488-RTBP

- 1) DEBTOR'S MOTION FOR JOINT  
ADMINISTRATION & USE OF CONSOLIDATED  
CAPTION
- 2) DEBTOR'S MOTION CONFIRMING ORDINARY  
COURSE BUSINESS PRACTICES &  
IMPOSITION OF STAY
- 3) DEBTOR'S MOTION TO EXTEND TIME TO  
FILE STATEMENTS & SCHEDULES
- 4) DEBTOR'S MOTION FOR ORDER  
AUTHORIZING DEBTOR TO PREPARE, BUT  
NOT FILE, A CONSOLIDATED LIST OF  
CREDITORS IN LIEU OF INDIVIDUAL  
MATRICES, MAKE THE CONSOLIDATED LIST  
OF CREDITORS AVAILABLE ONLY UPON  
REQUEST & FILE A CONSOLIDATED LIST  
OF THE DEBTOR'S 40 LARGEST UNSECURED  
CREDITORS
- 5) DEBTOR'S MOTION FOR INTERIM & FINAL  
ORDERS AUTHORIZING MAINTENANCE OF  
EXISTING BANK ACCOUNTS & ALLOWING  
DEBTORS TO CONTINUE USING EXISTING  
BUSINESS FORMS
- 6) DEBTOR'S MOTION FOR ENTRY OF INTERIM  
& FINAL ORDERS DETERMINING ADEQUATE  
ASSURANCE OF PAYMENT OF FUTURE  
UTILITY SERVICES & ESTABLISHING  
DETERMINATION & OBJECTION PROCEDURES
- 7) DEBTOR'S MOTION FOR INTERIM & FINAL  
ORDERS AUTHORIZING THE EMPLOYMENT &  
COMPENSATION OF CERTAIN  
PROFESSIONALS IN THE ORDINARY COURSE  
OF BUSINESS RETROACTIVE TO THE  
PETITION DATE



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- 8) DEBTOR'S MOTION FOR INTERIM & FINAL  
ORDERS AUTHORIZING DEBTORS TO  
CONTINUE TO PAY & HONOR CERTAIN PRE  
PETITION CLAIMS FOR WAGES, SALARIES  
& OTHER COMPENSATION, WITHHOLDINGS &  
DEDUCTIONS AND REIMBURSABLE EMPLOYEE  
EXPENSES; AUTHORIZING THE DEBTOR TO  
CONTINUE TO PAY & HONOR CERTAIN  
PREPETITION CLAIMS RELATED TO  
EMPLOYEE BENEFITS & DIRECTING BANKS  
TO RECEIVE, HONOR AND PAY ALL CHECKS  
& ELECTRONIC PAYMENT REQUESTS  
RELATED TO THE FOREGOING
- 9) DEBTOR'S MOTION FOR ENTRY OF INTERIM  
& FINAL ORDERS AUTHORIZING THE  
RETENTION & EMPLOYMENT OF SQUIRE  
SANDERS & DEMPSEY AS ATTORNEY FOR  
DEBTORS
- 10) DEBTOR'S MOTION TO FILE DOCUMENTS  
UNDER SEAL
- 11) DEBTOR'S MOTION FOR ORDER  
AUTHORIZING COYOTES HOCKEY, LLC'S  
SALE OF SUBSTANTIALLY ALL OF ITS  
ASSETS FREE & CLEAR OF LIENS,  
CLAIMS & ENCUMBRANCES SUBJECT TO  
HIGHER & BETTER OFFERS & APPROVING  
ASSET PURCHASE AGREEMENT
- 12) DEBTOR'S MOTION FOR ENTRY OF ORDER  
AUTHORIZING THE CONDUCT OF AUCTION  
OF COYOTES HOCKEY LLC'S ASSETS,  
ESTABLISHING PROCEDURES TO BE  
EMPLOYED IN CONNECTION WITH THE  
SALE INCLUDING APPROVAL OF  
TERMINATION FEE & APPROVING FORM &  
MANNER OF NOTICE OF CONDITIONAL  
CURE NOTICE & SOLICITATION NOTICE
- 13) DEBTOR'S MOTION ESTABLISHING  
PROCEDURES FOR INTERIM COMPENSATION  
& REIMBURSEMENT OF EXPENSES FOR  
CERTAIN PROFESSIONALS



1 14) DEBTOR'S MOTION FOR INTERIM & FINAL )  
 2 ORDERS AUTHORIZING DEBTOR'S TO )  
 3 OBTAIN POST PETITION FINANCING, )  
 4 AUTHORIZING THE USE OF CASH )  
 5 COLLATERAL & DETERMINING )  
 6 SUFFICIENCY OF ADEQUATE PROTECTION )  
 7 )  
 8 15) DEBTOR'S MOTION FOR INTERIM & FINAL )  
 9 ORDERS AUTHORIZING BUT NOT )  
 10 DIRECTING THE DEBTORS TO REMIT AND )  
 11 PAY CERTAIN TAXES & FEES AND )  
 12 AUTHORIZING FINANCIAL INSTITUTIONS )  
 13 TO HONOR ALL RELATED CHECKS & )  
 14 ELECTRONIC PAYMENT REQUESTS )  
 15 )

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U.S. Bankruptcy Court  
 230 North 1<sup>st</sup> Avenue  
 Phoenix, AZ 85003

May 7, 2009  
 1:36 p.m.

BEFORE THE HONORABLE REDFIELD T. BAUM, Judge

APPEARANCES:

<p>14 For National Hockey League:</p> <p>15</p> <p>16</p> <p>17</p> <p>18 For National Hockey League Players' Association:</p> <p>19</p> <p>20 For PSE Sports &amp; Entertainment LP and S&amp;E Interim Facility Corporation:</p> <p>21</p> <p>22</p> <p>23 For SOF Investments, LP, Donatello Investments, LLC, White Tip Investments LLC:</p> <p>24</p> <p>25</p>	<p>C. Taylor Ashworth          Alan Meda          STINSON MORRISON HECKER LLP          1850 N. Central Ave., #2100          Phoenix, AZ 85004</p> <p>James E. Cross          OSBORN MALEDON P.A.          2929 N. Central Ave., #2100          Phoenix, AZ 85012</p> <p>Susan M. Freeman          Stefan Palys          LEWIS AND ROCA          40 N. Central Avenue          Phoenix, AZ 85004-4429</p> <p>Donald L. Gaffney          SNELL &amp; WILMER L.L.P.          One Arizona Center          Phoenix, AZ 85004-2202</p>
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APPEARANCES: (Continued)

For City of Glendale, AZ:	Cathy L. Reece FENNEMORE CRAIG 3003 N. Central Ave., #2600 Phoenix, AZ 85012-2913
For Dewey Ranch Hockey, LLC:	Thomas J. Salerno Jordan Kroop Kelly Singer Barry Pupkin (Telephonic) SQUIRE, SANDERS & DEMPSEY, LLP 40 N. Central, #2700 Phoenix, AZ 85004 -and- Edward M. Zachary BRYAN CAVE LLP 2 N. Central Ave., #2200 Phoenix, AZ 85004
For National Hockey League:	Anthony Clark Gregory Milmoe Shepard Goldfein SKADDEN ARPS SLATE MEAGHER & FLOM LLP 4 Times Square New York, NY 10036
For SOF Investments, LP, White Tip Investments, LLC, Donatello Investments LLC:	Steven M. Abramowitz (Telephonic) VINSON & ELKINS LLP 666 Fifth Ave., 26 <sup>th</sup> Floor New York, NY 10103-0040
For City of Glendale:	William R. Baldiga Andrew Sroka (Telephonic) BROWN RUDNICK Seven Times Square New York, NY 10036
For SRP:	Carolyn J. Johnsen JENNINGS, STROUSS & SALMON, P.L.C. The Collier Center, 11 <sup>th</sup> Floor 201 East Washington Street Phoenix, AZ 85004-2385

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APPEARANCES: (Continued)

For U.S. Trustee: Larry Watson  
OFFICE OF THE U.S. TRUSTEE  
230 N. 1<sup>st</sup> Avenue  
Phoenix, AZ 85003

Also Appearing: Matt Nussbaum (Telephonic)

Proceedings recorded by electronic sound technician, Juanita Pierson-Williams; transcript produced by AVTranz

1 THE CLERK: 09-9488, Dewey Ranch Hockey, Coyote  
2 Holdings, Coyote Hockey, LLC and Arita Management Group.

3 MR. ASHWORTH: Good afternoon, Your Honor.

4 THE COURT: Mr. Ashworth, how are you?

5 MR. ASHWORTH: I'm fine. I'm here representing the  
6 National Hockey League, and my first request is, can we have  
7 another ten minutes to finalize a scheduling proposal for you?

8 MR. SALERNO: We actually think, Your Honor -- Tom  
9 Salerno, Squire, Sanders on behalf of the Debtors -- that we're  
10 fairly close on seeing if we can get an agreed upon schedule  
11 along the lines of the critical path and certainly getting  
12 things teed up in a way that we think makes some sense, and if  
13 we could just have another ten minutes I think we might have  
14 something that will not be contentious in that regard.

15 THE COURT: You can certainly have the ten minutes,  
16 but probably I should share with you a thought that occurred to  
17 me as I read through all the materials. I'm not going to set  
18 any hearings on any motions or other matters that haven't been  
19 filed, and there's clearly some things that have been filed  
20 that don't relate to any pending motions or other proceedings,  
21 and so you can set whatever schedule you want, but don't ask  
22 for a hearing on something you haven't file yet.

23 MR. SALERNO: And I believe, Your Honor, that  
24 everything that we're going to be asking for hearings have  
25 already been -- there's actually things that are filed, so it's

1 a controversy that's ripe for adjudication.

2 THE COURT: That may be the case, but in reading  
3 through the materials up until about 45 minutes ago, I was  
4 getting some sense that you all were filing memorandums that  
5 didn't relate to any pending motion, which I think you both  
6 know -- at least in this courtroom -- you're not going to get a  
7 hearing on a motion that hasn't been filed.

8 So we'll take an approximate ten-minute recess, you  
9 let us know when you're ready.

10 MR. ASHWORTH: Thank you.

11 MR. SALERNO: Thank you, Your Honor.

12 (Recess)

13 THE CLERK: All rise.

14 THE COURT: Be seated, please.

15 MR. SALERNO: Good afternoon, Your Honor.

16 THE COURT: Mr. Salerno.

17 MR. SALERNO: Thomas Salerno, Squires, Sanders &  
18 Dempsey on behalf of the Debtors.

19 Your Honor, we're here with respect to the Debtor's  
20 Chapter 11 cases for a number of entities, which combined own  
21 the Phoenix Coyotes hockey team. It's been in the press daily  
22 I suppose for the last week or so.

23 We've had a number of first-day -- traditional first-  
24 day type of motions that have been filed. There were some  
25 objections that were filed with respect to that. The parties

1 have taken the opportunity to talk, and with the Court's  
2 admonition in mind that the Court's not going to set any  
3 hearings on things that haven't yet been file, I think we may  
4 have some general agreement with respect to moving this thing  
5 along in an expedited fashion.

6 I think as a practical matter the very first thing  
7 that the parties think needs to be resolved one way or the  
8 other is who's in charge so to speak. There's been allegations  
9 by the NHL --

10 THE COURT: I think that's the matter that nobody has  
11 filed a motion on yet, have they?

12 MR. SALERNO: That's right, Your Honor, but --

13 THE COURT: You did file an extensive brief in  
14 response to some media memoranda.

15 MR. SALERNO: That's fair enough, Your Honor.

16 THE COURT: Thank you.

17 MR. SALERNO: We are going to have a motion on file  
18 this afternoon I am told by Mr. Ashworth with respect to that,  
19 and at that juncture what the parties wanted to do was have a  
20 brief on that -- an opening brief by the movants on the 13<sup>th</sup> of  
21 May, a reply by the Debtors on the 15<sup>th</sup>, and then if possible, a  
22 hearing on the afternoon of the 20<sup>th</sup>. Because without that,  
23 Your Honor, we're in this kind of weird limbo period where  
24 people will not necessarily know who to deal with et cetera,  
25 and so we think that makes some sense. With the understanding,



1 of course, that this motion is going to be filed today -- this  
2 afternoon as it will be, I'm sure.

3 In addition, Your Honor, there are -- in addition to  
4 all of the normal first days, which we will certainly get into,  
5 the parties also wanted to essentially track that same schedule  
6 with respect to something that is before the Court, and  
7 specifically, Your Honor, the sales procedures motion. Not  
8 asking for any approve of that interim or otherwise today, but  
9 there are some pretty tight time lines under that, and so with  
10 respect to the NHL, and I believe some of the other parties  
11 here as well, we think that it makes sense to track those two  
12 -- to take them if you will -- on parallel tracks to move them  
13 forward.

14 So again objections would be due on the 13<sup>th</sup>,  
15 responses, replies would be due on the 15<sup>th</sup>, and if possible,  
16 the Court could have a hearing with respect to those on the  
17 afternoon of the 20<sup>th</sup> so we figure out where we're moving ahead  
18 -- who's in control and how this thing is going to move ahead,  
19 or not I suppose with respect to those.

20 I also believe, Your Honor, that with that context --  
21 with that overlay, that a lot of the first-day motions, with  
22 the exception of the DIP, which we'll talk about in just a  
23 moment -- are going to be not contested. They were done on an  
24 interim basis only on almost all of them without prejudice to  
25 anyone's rights just so that we can at least maintain the

1 status quo while we're determining how to move forward with  
2 that.

3 With respect to the DIP loan -- this is more in the  
4 nature of an overview, Your Honor -- with respect to the DIP  
5 loan the NHL has told us that they are going to -- they would  
6 be willing to continue to fund in their current position --  
7 they're in a senior position. There is a lender who's junior  
8 to them represented by Mr. Gaffney and Mr. Abramowitz on the  
9 phone. They have subordinated. And that they would agree to  
10 continue to fund under those existing loan documents in  
11 accordance with the budget that we've talked about on a go  
12 forward basis for the next two and a half weeks so we can see  
13 if in the interim we can determine whether there's a longer  
14 term DIP that makes sense or not, and at that juncture we may  
15 be back in front of you and it may be contested, but again to  
16 may taken the status quo. Because at the end of the hearing on  
17 the -- what I call the Alexander Hague motion -- who's in  
18 charge here -- it seems to me we're going to know who's  
19 speaking for this debtor and who's not, and that's kind of an  
20 important thing to know on a go forward basis.

21 That's kind of the game plan -- the general game plan  
22 between the parties that we were able to talk with, and we have  
23 spoken with the NHL, counsel for the junior lender, SOF, and  
24 the City of Glendale. I'm sure there's other creditors that we  
25 have not had a chance to speak with, but those are kind of some

1 of the major parties so far. That's the game plan, what do you  
2 think?

3 THE COURT: Well, I can set a hearing on the motion  
4 on what I'll call the auction procedure motion. I can't do it  
5 on the 20<sup>th</sup>. I can do it on the afternoon of the 19<sup>th</sup>.

6 MR. SALERNO: The afternoon of when, Judge?

7 THE COURT: May 19<sup>th</sup>.

8 MR. SALERNO: That apparently is going to create  
9 familiar problems for Counsel.

10 MR. CLARK: If I may, Your Honor?

11 THE COURT: You may.

12 MR. CLARK: Thank you, Your Honor. I'm Tony Clark of  
13 Skadden Arps here on behalf of the National Hockey League. If  
14 Your Honor can hear us on the afternoon of the 19<sup>th</sup> instead of  
15 on the 20<sup>th</sup> or perhaps the 21<sup>st</sup>, if that works for other  
16 people --

17 THE COURT: Well let me just share with you that the  
18 meeting of the chief bankruptcy judges of the Ninth Circuit is  
19 the last half of that week, that's my problem.

20 MR. CLARK: I see.

21 THE COURT: And I'm both the chief judge, and have  
22 several agenda items at that meeting that's been planned for  
23 months, and so I'm inclined to set that for the afternoon of  
24 the 19<sup>th</sup> and not the 20<sup>th</sup>.

25 MR. CLARK: I have a -- here's the issue,

1 Your Honor. I'm coming back from out of the country on --

2 THE COURT: Where you going?

3 MR. CLARK: -- Monday. Going to Ireland.

4 THE COURT: Going to play some golf?

5 MR. CLARK: I'm going to play at Ballybunion where  
6 I've been a member for 20 years, Your Honor. You want to go?  
7 We got seven, we need an eighth.

8 THE COURT: Maybe I should get your business card.  
9 When do you get back in the country?

10 MR. CLARK: I get back on the afternoon of the 18<sup>th</sup>,  
11 Your Honor --

12 THE COURT: Well, let me ask you --

13 MR. CLARK: -- which also happens to be my younger  
14 son's fourth birthday. And yes, to the crowd, my wife, their  
15 mother is younger than I by a fair amount.

16 THE COURT: Well, let me ask you this question.  
17 Didn't I sign orders today granting admission to you and a  
18 couple of your partners?

19 MR. CLARK: May I introduce them, Your Honor?

20 THE COURT: Well, I signed the order.

21 MR. CLARK: Greg Milmoe and Shep Goldfien.

22 THE COURT: Let me ask my question. You can  
23 certainly introduce in a membership. Is there any chance they  
24 could argue it?

25 MR. CLARK: I'm the litigator, Your Honor, they're

1 two deal guys.

2 THE COURT: Good answer.

3 MR. CLARK: But look, Your Honor, if that's what  
4 works then I'll find a way to get out here and argue this thing  
5 on the 19<sup>th</sup>.

6 THE COURT: Well let me ask you this question. Why  
7 not have somebody else here, argue it, you can be on the  
8 phone? And I'll do a rare thing, I might let two lawyers on  
9 the same side make some arguments on the same motion.

10 MR. CLARK: We'll work it out one way or the other,  
11 Your Honor.

12 THE COURT: All right, thank you. Enjoy Ireland and  
13 Ballybunion. It's a great golf course.

14 MR. CLARK: I'm going to bring that old course to its  
15 knees this time, Your Honor.

16 THE COURT: I'd like to watch that.

17 MR. SALERNO: So what time on the 19<sup>th</sup>, Judge?

18 THE COURT: 1:30.

19 MR. SALERNO: Your Honor, we appreciate that very  
20 much. What I'd like to do in the interest of time, I had some  
21 brilliant remarks, and they were brilliant --

22 THE COURT: Well that's the great thing about this  
23 country, you're certainly entitled to your opinion on that.

24 MR. SALERNO: Thank you, Your Honor. But I think  
25 what probably makes some sense in the interest of time, and

1 especially in light of the time that we've had to discuss with  
2 Counsel, is maybe to go through the things that we consider  
3 non-controversial -- I guess we'll see, right -- but some of  
4 the things I think the NHL and other parties are okay with, and  
5 then move on to the DIP financing and the accommodation that we  
6 think has been reached on the DIP financing. Does that make  
7 sense?

8 MS. FREEMAN: It does. I do want to get one thing on  
9 the record, if I may. Susan Freeman on behalf of PSE Sports  
10 and Entertainment, we are the stalking horse bidder for this  
11 property.

12 THE COURT: Proposed lender too, if I remember -- or  
13 that's an affiliate.

14 MS. FREEMAN: We're offering DIP loan. We're happy  
15 if somebody else wants to loan. This is not a tactical DIP  
16 where we're trying to come in and take control of it that way,  
17 we have a legitimate offer on the table.

18 We do want to get it clear on the record and have  
19 confirmed this with the NHL that they're not going to be  
20 arguments that by virtue of pushing back the argument on the  
21 sale procedures motion, that it's going to be too short of a  
22 time frame before closing. It's important that we get the  
23 order approving the sale to whoever it is before the June 26,  
24 27 draft. And so we just want to make sure --

25 THE COURT: I've read everything, and as I understand

1 it --

2 MS. FREEMAN: That there's not a waiver here.

3 THE COURT: -- you all are looking for a kind of  
4 resolution of the sale matters by about June 22<sup>nd</sup> or so.

5 MS. FREEMAN: Right, right. And I do just need to  
6 get on the record that nobody is going to be saying oh, now  
7 we're not hearing this sale procedure motion until the middle  
8 of May and therefore it's too short of a time frame. Thank  
9 you.

10 MR. CLARK: Your Honor, the NHL will not argue that  
11 because of the fact that the auction procedures motion is now  
12 being scheduled to be heard on the 19<sup>th</sup> that that incremental  
13 delay between from today to then is a reason -- if you ever get  
14 to it -- for the Court to deny a motion to approve a sale at  
15 the end of June.

16 We will be arguing, if we get to it, that even if you  
17 started today there isn't enough time between now and the end  
18 of June -- frankly, there's not enough time between now and the  
19 end of 2009 to go through the process of approving a  
20 relocation, but we're not going to argue that this incremental  
21 period of days makes a difference one way or the other.

22 The other thing I wanted to clarify, Your Honor, is  
23 that the hearing on the 19<sup>th</sup>, we will file our motion today as  
24 Counsel indicated, raising the what I call the management  
25 control issue, and it was our understanding in negotiating with

1 Counsel that that would be on at the same time, because it  
2 really going to whether or not there is an auction procedure  
3 before Your Honor.

4 THE COURT: You being a litigator I suspect you've  
5 run into a lot of judges who have the philosophy I have, that  
6 you don't set hearings on matters not filed, because -- I used  
7 to do that when I was a young judge, and then I'd get ready to  
8 go and hear the matter and I start looking around for the  
9 motion -- and of course this was pre-computer days -- and you  
10 couldn't find the motion and you couldn't find the response,  
11 but you had something on your calendar, then you realize you'd  
12 kind of been snookered by the lawyers.

13 MR. CLARK: No snookering going on, Your Honor.

14 THE COURT: Good.

15 MR. CLARK: That issue has to be decided before the  
16 auction procedures can be decided, and we will file the paper  
17 today.

18 THE COURT: It seems like an issue that ought to be  
19 presented and resolved. All I'm going to say as I sit here  
20 right now, I've read a lot about in, but not in an appropriate  
21 procedural context.

22 MR. CLARK: We will make it so today.

23 THE COURT: Good.

24 MR. CLARK: Thank you, Your Honor.

25 THE COURT: What's your handicap? On the record.



1 MR. CLARK: I'm sorry, could we have a closed  
2 proceeding for this?

3 THE COURT: No. No advise of Counsel. It's  
4 available at the USGA.

5 MR. CLARK: Fair enough. USGA is 13.2, but I'm  
6 playing to a lot higher than that right now.

7 THE COURT: You sound like I sound fleece my pocket  
8 every time.

9 MR. CLARK: If Your Honor wants to come -- if you  
10 want to come to Ireland this time you could win a lot of money  
11 on this trip, Your Honor.

12 THE COURT: Noted.

13 MR. CLARK: Thank you.

14 MR. SALERNO: Your Honor, if we could just go through  
15 the what we think are the non-controversial ones, and then deal  
16 with the DIP motion.

17 MR. SINGER: Good morning, Your Honor, Kelly Singer,  
18 Squire, Sanders & Dempsey on behalf of the Debtors.

19 While the parties are working out who's in charge and  
20 the sale procedures, we do have a bankruptcy case to run, and  
21 in that regard I'll be presenting to the Court some of the more  
22 non-controversial first-day motions that you typically find in  
23 a first-day hearing. We'll just get right into them,  
24 Your Honor.

25 The first one is the motion for joint

1 administration. Your Honor, this motion is self-explanatory.  
2 There are four different cases, four different dockets, and  
3 therefore we think it makes sense to consolidate these  
4 proceedings into the earliest filed docket, which is Dewey  
5 Ranch Hockey, LLC. That'll obviously eliminate the need to  
6 file separate pleadings and separate bankruptcy cases.

7 Your Honor, we are also seeking to establish a  
8 uniform caption under the order as well, and we are requesting  
9 a final hearing on this motion. As far as I know, Your Honor,  
10 we have worked with the United States Trustee on this motion,  
11 and as far as I know there are no objections.

12 THE COURT: Anybody want to be heard in opposition to  
13 that request? Anybody believe they need more time to consider  
14 that issue? Being no opposition, no request for further time  
15 the motion is granted. You may submit a form of order.

16 MR. SINGER: Thank you, Your Honor. The next motion  
17 is the motion seeking to confirm the Debtors ordinary course of  
18 business in imposition of the automatic stay. Your Honor, the  
19 order submitted with respect to this motion actually just  
20 confirms what's said in the bankruptcy code. I know that that  
21 sounds a little bit redundant, but from an operation --

22 THE COURT: Yes, it does.

23 MR. SINGER: I'm sorry, Your Honor?

24 THE COURT: Yes, it does.

25 MR. SINGER: From an operational standpoint this is

1 something that the Debtors can hand to vendors, they can hand  
2 to banks that basically says there's an automatic stay in place  
3 and there is -- the Debtors are authorized to operate the  
4 ordinary course of business. This alleviates the problem of  
5 having to file orders to show cause with respect to stay  
6 violations. It's very easy for bankruptcy lawyers to cite the  
7 bankruptcy code to somebody, whether it be § 362 or § 363, but  
8 it's a lot easier to actually present them with a order that's  
9 signed by you that states those things. Therefore, Your Honor,  
10 we've also discussed this with the United States Trustee and --

11 THE COURT: Mr. Salerno, could you do me a favor?

12 MR. SALERNO: I'm sorry?

13 THE COURT: When Mr. Singer is speaking, could you be  
14 quiet please?

15 MR. SALERNO: I apologize, Judge.

16 THE COURT: Thank you.

17 MR. SINGER: Thank you, Your Honor. Your Honor, we  
18 have worked with the United States Trustee with respect to this  
19 motion. The United States Trustee has submitted a proposed  
20 form of order. It basically tracks or language, but it does  
21 highlight in box and bold some of the rights that third parties  
22 would have with respect to seeking stay relief and the like.  
23 Therefore, Your Honor, that said, we would request that  
24 actually an interim order be entered with respect to this  
25 motion.

1 THE COURT: Anybody opposed to that motion? Anybody  
2 need more time before that motion is considered by the Court?

3 MR. ASHWORTH: Your Honor, the League does not  
4 object, with the understanding that it's without prejudice to  
5 the issues regarding control. But whoever is in charge of the  
6 debtor-in-possession has the rights of a debtor-in-possession.

7 MR. SALERNO: We stipulate to that, Your Honor.

8 MR. WATSON: Larry Watson for the United States  
9 Trustee's Office.

10 Your Honor, we put together a form of order, it's  
11 similar to what Mr. Singer has attached to the motion. It  
12 delineates a little bit more clearly in our -- for our purposes  
13 and highlights for people that they can still seek the  
14 automatic stay in the event that want to do that, and we  
15 provided them with that form of order, and I believe that's  
16 what will be provided to the Court for its signature. So based  
17 upon that we have no objection.

18 MR. SINGER: Kelly Singer, Your Honor. That will be  
19 provided to the Court for signature.

20 THE COURT: Being no opposition, no request for more  
21 time, the motion is granted on a stipulated order between the  
22 Debtor and the United States Trustee.

23 MR. SINGER: Thank you, Your Honor. The next motion  
24 is the motion to change the hearing location for these cases.  
25 Technically, because the very first case was Dewey Ranch

1 Hockey, these cases are technically supposed to be assigned to  
2 be heard in Prescott, Arizona.

3 THE COURT: Not technically, they're supposed to be.

4 MR. SINGER: Yes, Your Honor, that's right. However,  
5 as this Court is probably aware and as the parties in here are  
6 aware, substantially all of the Debtors operations are located  
7 in the Phoenix area, most of the counsel are going to be based  
8 out of Phoenix -- local counsel -- creditors are going to be  
9 based in Phoenix or the Phoenix area, and therefore it makes  
10 sense to have all of the hearings with respect to these jointly  
11 administered cases heard here in Phoenix. It makes sense for  
12 the Court's calendar, and I think it makes sense for all  
13 parties in interest, and we would request a final order with  
14 respect to this motion.

15 THE COURT: And the record should reflect that we  
16 could not fit all of these folks into the courtroom in Prescott  
17 Valley. Anybody want to be heard in opposition to that  
18 motion? Anybody need more time before that motion is  
19 considered by the Court?

20 MR. WATSON: Your Honor, Larry Watson on behalf of  
21 the United States Trustee.

22 We do not have an objection. We are talking with the  
23 clerk's office right now to establish that the 341 Meeting will  
24 be held here in Phoenix as well, and we're calendaring that and  
25 we will provide that -- a notice to the parties shortly.

1 THE COURT: Where are you going to hold that meeting?

2 MR. WATSON: That is a very good question,  
3 Your Honor, and I think we have to anticipate a fairly large  
4 crowd, so we may have it over at the federal district court  
5 building.

6 THE COURT: Being no opposition, no request for more  
7 time, the motion is granted. You may submit a form of order.

8 MR. SINGER: Thank you, Judge. The next motion is  
9 the motion to extend the time to file statements and  
10 schedules. Obviously throughout the beginning periods of these  
11 cases parties are concentrating on a smooth transition into  
12 Chapter 11 and also on the sale process. Therefore,  
13 Your Honor, we are respectfully requesting a 15-day extension  
14 of the deadline, which would make the deadline to file  
15 statements and schedules June 4<sup>th</sup> of 2009.

16 Your Honor, we spoke with the U.S. Trustee about that  
17 and we don't believe there's any objection to this motion, and  
18 we would request a final order on it.

19 MR. BALDIGA: May I be heard, Your Honor?

20 THE COURT: You may.

21 MR. BALDIGA: Good afternoon, Your Honor, William  
22 Baldiga, Brown Rudnick, representing the City of Glendale. I  
23 am here with co-counsel, Your Honor, and I do not yet have a --  
24 given the first-day hearing, there's not yet a motion pro hac  
25 on, but it can be filed within the day.

1 THE COURT: Don't worry about it, go ahead.

2 MR. BALDIGA: Thank you, for welcoming --

3 THE COURT: But go ahead and make the application,  
4 the order will get entered, but don't worry about that for  
5 today.

6 MR. BALDIGA: Thank you very much, Your Honor.

7 Your Honor, the -- you will hear from us more shortly  
8 about the request to conduct a sale hearing, and you heard the  
9 Debtor speak that the proper focus should be on that. If the  
10 Debtor does want to try to bring forward a sale process, which  
11 will be controversial to say the least given the extraordinary  
12 relief that it would require, we think not comporting with the  
13 law, the least that could happen we think is that the schedules  
14 are on file when the Court is called upon to see what the  
15 appropriate schedule for that is.

16 So we think it's premature perhaps to consider this  
17 motion, given that we will be back here before this 15 days  
18 comes up. And if the Court then sees fit to schedule a -- and  
19 a very accelerated sale process, the Court could best, we  
20 think, decide at that point when the schedules and statements  
21 should be on record with this Court to assist parties in  
22 evaluating that process. Thank you.

23 MR. SINGER: Your Honor, I think I can take care of  
24 this. We'll withdraw the motion, we'll comply with the normal  
25 15-day schedule.

1 THE COURT: Motion withdrawn, hearing on that matter  
2 vacated.

3 MR. SINGER: Thank you, Your Honor. The next motion  
4 is seeking an order to prepare a consolidated list of creditors  
5 in lieu of having to file a separate list for each of the  
6 jointly administered cases. It also seeks authority not the  
7 file this list, but to provide this list to creditors and  
8 parties of interest on request.

9 Your Honor, because these cases are jointly  
10 administered it does make sense to have a master mailing matrix  
11 for them. In the ordinary course the Debtors have about 250 to  
12 350 creditors. Under their own business records they keep  
13 track of the these creditors. We think at this time in the  
14 case it would be unnecessary and overly burdensome to require  
15 them to file an individual matrix with respect to each separate  
16 Debtor conforming with the normal bankruptcy rules.

17 We do intend to hire a claims agent in this case  
18 which will be doing all of the servicing and noticing for the  
19 Debtors. They will also be maintaining their own separate  
20 list. And therefore, Your Honor, we think that would alleviate  
21 the need to file the list with the Court. We will have a  
22 consolidated list available for parties if they want it on  
23 written request, but we just respectfully request that just a  
24 consolidated matrix be prepared for these cases and not have to  
25 do one with respect to each separate debtor.



1           Your Honor, this motion also seeks authority to file  
2 a consolidated list of the top 40 unsecured creditors.  
3 Substantially all the operations happen at the Arena Management  
4 level and the Coyotes hockey, LLC level. Your Honor, providing  
5 a top 20 list for each individual Debtor is not necessary  
6 because most of those operations are at those two levels, and  
7 therefore we think it makes sense to have a consolidated list  
8 of top 40 creditors.

9           We have discussed this with the United States  
10 Trustee, we have agreed to provide the United States Trustee a  
11 separate top 20 list so that the U.S. Trustee can use those  
12 lists in possibly forming an unsecured creditors committee, but  
13 the U.S. Trustee has no problem with filing a consolidated top  
14 40 list. We are requesting a final order on this motion.

15           MR. WATSON: Perhaps I may have failed to properly  
16 communicate to Mr. Singer with regard to this one, Your Honor,  
17 and I apologize to him up front with regard to that.

18           Your Honor, what we asked Mr. Singer to do was  
19 provide our office with top 20s of each of the entities, which  
20 they've done. We've solicited as of yesterday each of those  
21 top 20 lists for a potential committee in the case. We're  
22 reviewing that. If we determine that to the extent a  
23 consolidated top 40 makes sense then we will not have an  
24 objection. For right now we don't mind it as a interim, but we  
25 would like to set over for a final in the event that we do have

1 concerns and it doesn't properly notify the parties as to who  
2 the true top 40 is, then we'll bring that before the Court at  
3 the final hearing at that time.

4 MR. SINGER: We'll stipulate to an interim order,  
5 Your Honor.

6 THE COURT: Anybody else want to be heard regarding  
7 that request as modified? Anybody need more time before that  
8 is ruled upon? Motion is granted on a stipulated order with  
9 the United States Trustee.

10 MR. SINGER: Thank you, Your Honor. The next motion  
11 is the motion to -- the motion that's seeking to maintain the  
12 existing bank accounts and the existing business forms as used  
13 in the ordinary course of business.

14 Your Honor, there are two main operating accounts  
15 held by Arena Management and Coyotes Hockey. Each of these  
16 accounts are demand deposit accounts with Wells Fargo. From my  
17 discussions with the United States Trustee that's okay from  
18 their end.

19 Furthermore, Your Honor, there are a couple other  
20 accounts. One is a certificate of deposit accounts which is  
21 used to secure certain credit card transactions. The other two  
22 accounts are trust accounts which are used to secure  
23 obligations under -- for maintaining and operating the  
24 Jobbing.com arena. Your Honor, a list of these accounts and  
25 recent balances under these accounts is attached to the

1 motion.

2 As I mentioned, Your Honor, we have discussed with  
3 that the United States Trustee. At this point we're asking for  
4 an interim order, but I believe the U.S. Trustee is okay with  
5 the relief requested.

6 Again also, Your Honor, we're seeking relief to use  
7 the current business forms in the ordinary course of business  
8 without labeling on them debtor-in-possession. Given the  
9 notoriety and the press as you can see in the courtroom, and  
10 probably in the other courtroom as well, I don't think there's  
11 any party that's doing business with the Coyotes Hockey that's  
12 not going to know this company is in -- it's Chapter 11  
13 Debtor.

14 Therefore, Your Honor, going through the unnecessary  
15 expense of modifying their existing business forms is  
16 unnecessary, and therefore we would request relief from the  
17 bankruptcy rules and the U.S. Trustee's guidelines to maintain  
18 their existing business forms in the ordinary course. And  
19 again, we are requesting an interim order on this motion.

20 MR. WATSON: Your Honor, with regard to the different  
21 accounts, we're asking that and we're requiring that the  
22 Debtor, pursuant to 345 -- § 345 ensure that each of its  
23 institutions internally identify those accounts as DIP  
24 accounts. Meaning that they will be fully collateralized as  
25 required and that there's no exposure to the estate in the

1 event that an institution were to fail that the monies would be  
2 available and would be adequately protected. The Debtors  
3 agreed to do that, and we will be in discussions with those  
4 individual banks to ensure that the proper collateralization  
5 exists.

6 With regard to continuing use of forms et cetera and  
7 the continuing use of the cash management system, as always we  
8 will look at that on the interim basis. In the event that we  
9 have an issue then we'll bring that before the Court at that  
10 time at the final hearing.

11 MR. BALDIGA: William Baldiga, Your Honor, again to  
12 the City of Glendale.

13 Your Honor, with respect to the Debtor's obligations  
14 going forward. The Debtor intends I believe to continue to use  
15 the arena owned by the City. The Debtor is required,  
16 Your Honor, under the lease to collect on behalf of the City a  
17 ticket charge, that is the --

18 THE COURT: Say that again, a --

19 MR. BALDIGA: The Debtor is required under the lease  
20 at each event to be the City's agent to collect for the City in  
21 trust approximately \$2.60 per ticket sold. That trust has been  
22 violated pre-petition. This is not the time or place to talk  
23 about that. However, now that the Debtor is operating under  
24 this Court and intends, we believe to continue to use the  
25 arena, there's no excuse for not complying pending assumption

1 or rejection of that lease with that requirement.

2 Again, Your Honor, this is not the Debtor's money,  
3 it's the City's money. There is a balance owed as of March 30  
4 at least we believe of more than two and a half million  
5 dollars. It's an important source of revenue for the City, and  
6 the City simply cannot condone a Debtor in this Court from  
7 violating that.

8 I don't think there's any dispute as to the  
9 requirement. I don't think there's any dispute as to the per  
10 seat charge. It's simply been a matter that this Debtor has  
11 not done it pre-petition while it's been in distress.

12 And again, we're not seeking relief here today for  
13 pre-petition events, we of course reserve the right to do so,  
14 but going forward again as a debtor-in-possession and it's  
15 simply required to do that.

16 And it's the trust account that's required under the  
17 lease, Your Honor, is not one of the accounts listed in the  
18 schedule or otherwise. I think actually there's no mention of  
19 that trust account anywhere.

20 THE COURT: Is there a trust account in existence?

21 MR. BALDIGA: We don't know. But in any event --

22 THE COURT: Is that what you want a trust account  
23 with your \$2.60 or whatever the amount is to be deposited  
24 directly upon collection by the Debtor?

25 MR. BALDIGA: The next day. Yes, that's what

1 remitted. The lease is, Your Honor, that simple. We care less  
2 about the exact methodology of the process set up here to do  
3 that, we just simply care that it is done. And again, only as  
4 to events from yesterday going forward.

5 THE COURT: Thank you.

6 MR. BALDIGA: Thank you.

7 MR. SINGER: Your Honor, to my knowledge there is no  
8 operate trust account set up for these ticket proceeds that  
9 Counsel refers to.

10 Your Honor, without admitting that these are  
11 segregated trust funds or trust funds in general, we're  
12 prepared under the operating budget with respect to the  
13 debtor-in-possession financing that you're going to be hearing  
14 about soon, to continue in the ordinary course of business,  
15 and --

16 THE COURT: Well let me ask perhaps a naive  
17 question. If the underlying agreement requires the trust  
18 account now that it's a Debtor in Chapter 11, shouldn't they  
19 establish such an account?

20 MR. SINGER: Can I have a moment, Your Honor?

21 THE COURT: Sure.

22 (Counsel Confer)

23 MR. SINGER: Your Honor, without acknowledging that  
24 these are trust funds, we are prepared to segregate them --  
25 prepare to create an account and segregate these proceeds.

1 THE COURT: All right. Does that satisfy the City?

2 MR. BALDIGA: No, Your Honor. The City is at least  
3 as credit worthy as this Debtor. The lease requires that the  
4 monies be remitted next day to the City's trust account. And  
5 if there is some dispute, and we've never heard of one --

6 THE COURT: Well let me -- let me ask you this  
7 question. Bear in mind this is a motion to continue existing  
8 bank accounts and existing bank forms, it's not to kind of  
9 argue about whose got what rights and the money you say should  
10 be segregated, held, and I guess paid to the City.

11 It seems like in this context procedurally what the  
12 Court ought to do is direct the Debtor to make sure there is a  
13 segregated account, these monies are put in there until that  
14 issue is properly before the Court and let it stay there.

15 MR. BALDIGA: Your Honor, on an interim basis we're  
16 happy to do that as long as a account that's set up is clearly  
17 denominated as the City ticket account or something so that  
18 it's clearly identifiable to all concerned.

19 THE COURT: I think what you're going to find is the  
20 motion is going to be granted as modified on the record on a  
21 stipulated order that you sign.

22 MR. BALDIGA: Thank you, Your Honor.

23 THE COURT: Anybody else want to be heard regarding  
24 the motion for maintaining the existing bank accounts and  
25 forms? Mr. Gaffney.

1 MR. GAFFNEY: Your Honor, Doug Gaffney on behalf of  
2 SVD, secured lender. We assume that just as all rights are  
3 being reserved that the City of Glendale as to that money, all  
4 the secured lender's rights are equally reserved.

5 THE COURT: I would assume that's the case.

6 MR. GAFFNEY: Thank you, Your Honor.

7 THE COURT: All right, there being nothing further,  
8 no objections other than is noted on the record and no request  
9 for additional time the motion is granted.

10 I think I'm going to direct that two orders be  
11 provided. One between the U.S. Trustee and the Debtor, a  
12 stipulated order as to the motion in general. And then a  
13 separate order regarding the account from the City of  
14 Glendale. Mr. Watson, do you want to sign that order?

15 MR. WATSON: Yes, Your Honor.

16 THE COURT: All right, so that'll be a stipulated  
17 order between the Debtor, the U.S. Trustee, and the City of  
18 Glendale.

19 MR. SINGER: Thank you, Your Honor. The next motion  
20 is the motion to establish adequate assurance procedures for  
21 utilities. Your Honor, the adequate assurance that we're  
22 proposing for these utilities is a combination of an adequate  
23 assurance deposit --

24 THE COURT: Well, let me ask you kind of a procedural  
25 question. The Debtor is still within the statutory time period



1 before any utility provider can take any action, and it seems  
2 to me to some extent this is probably premature to deal with it  
3 today. I think utilities probably are entitled to a little  
4 more time as to what position they want to take.

5 And I'll also share with you, and I can't remember, I  
6 think tried to make notes about this, but I missed it. I own  
7 stock in Qwest and Southwest Gas, so if there's a dispute  
8 between the Debtor and either of those providers I'll have to  
9 get you another judge to resolve those.

10 But I kind of think we ought to move this to either  
11 the 19<sup>th</sup> of some time in that time frame so that they will have  
12 a little more time to respond.

13 MR. SINGER: We're okay with that, Your Honor.

14 THE COURT: All right. Let me ask the Debtor and the  
15 NHL. How much time is the argument on the control issue going  
16 to take that day you think?

17 MR. SALERNO: You're talking about the hearing,  
18 Your Honor, on the 19<sup>th</sup>?

19 THE COURT: Right.

20 MR. SALERNO: I think we're going to need certainly  
21 the full afternoon, I think.

22 THE COURT: So it's probably better to put this --  
23 the utility motion on another date?

24 MR. CLARK: It probably is right. One question I do  
25 have about the hearing on the 19<sup>th</sup>. I had contemplated that to

1 the extent we want to put in facts we put them in by  
2 declaration. Is Your Honor contemplating an evidentiary  
3 hearing of any sort?

4 THE COURT: Well, you know again, I don't even have a  
5 motion in front of me, so I assume I'm going to see a motion,  
6 and a motion of accelerated hearing and about the briefing  
7 schedule, but set it on that date, which I'll probably do. I'm  
8 a big believer in declarations, and so hopefully that will  
9 resolve any need for evidence.

10 MR. CLARK: I agree with Mr. Salerno, we probably do  
11 need the afternoon to have that hearing --

12 THE COURT: All right.

13 MR. CLARK: So it might be best to leave it just  
14 that --

15 THE COURT: Well why don't we then use the hearing on  
16 the utility motion will be May 18<sup>th</sup> at 10:00.

17 MR. SINGER: Thank you, Your Honor. The next motion  
18 is the motion to employ ordinary course professionals.  
19 Your Honor, we've provided a list of who we deem to be ordinary  
20 course professionals that in any business context provides your  
21 normal business related lawyering and accounting services.  
22 Your Honor --

23 THE COURT: Let me ask you a question about that one,  
24 if I remember correctly. I know there's five total, there's  
25 either two law firms and three accountants, or three

1 accountants and two law firms. It seems to me, why shouldn't  
2 they just go through the regular process like everybody else?  
3 I mean, there's not some massive list of 100 professionals all  
4 scattered all over the country, most of these folks are local  
5 if I remember.

6 MR. SINGER: Your Honor, I think it's a cost  
7 analysis, and obviously we'll comply with the Court's request  
8 if the Court does want to do formal fee applications and formal  
9 application processes.

10 THE COURT: Well, it's not so much what I want to do,  
11 I think that's what the law directs. It seems like -- I don't  
12 see any burning need -- it's not like you've got a hundred  
13 lawyers scattered all over the country, that might be  
14 different. We're talking about five outfits.

15 MR. SINGER: We'll go ahead and withdraw the motion,  
16 Your Honor.

17 THE COURT: All right.

18 MR. SINGER: Your Honor, the next motion is probably  
19 the most important motion here with respect to your ordinary  
20 first days, and this is the motion to pay the pre-petition  
21 amounts owed to employees.

22 Your Honor, as you are aware, most times a bankruptcy  
23 filing doesn't necessarily coincide with the pay period, and it  
24 oftentimes falls in the middle of that pay period.  
25 Accordingly, Your Honor, you have a situation where Debtors

1 have incurred employee wages that are pre-petition that  
2 technically are not allowed to pay those until an order from  
3 the Court if the time to pay comes post-petition.

4 Your Honor, under this motion we're requesting relief  
5 to pay those employee wages and maintain those health benefits,  
6 dental plans, health insurance and things like that.

7 Your Honor, I will go through a couple of the  
8 figures. There are approximately 524 employees that are  
9 employed by Arena Management and Coyotes Hockey together. With  
10 respect to pre-petition wages, which also include hourly wages  
11 and salary wages, the amount that the Debtors estimate has been  
12 incurred but has not yet come due, that's pre-petition, is  
13 about \$195,000. In this regard, Your Honor, there also may be  
14 an additional amount owing on account of commissions with  
15 respect to some of these employees that may be up to \$100,000.

16 Your Honor, additionally they maintain several health  
17 care -- a health care plan, a dental plan, life insurance,  
18 long-term and short-term disability, accidental death and  
19 dismemberment insurance, all of this in the ordinary course of  
20 business. With respect to all of these together there's about  
21 \$6,000 owed on account of the health and dental plans, and  
22 there's a de minimis amount owed on account of a supplemental  
23 life insurance plan.

24 Your Honor, for the benefit of the employees the  
25 Debtors also make matching 401K contributions, and they also

1 withhold employee contributions. Under our estimates,  
2 Your Honor, there's approximately \$6,600 in employee  
3 contributions that need to be withheld and remitted on account  
4 of the pre-petition period, and there's also approximately  
5 \$2,400 in matching contributions from the employer's side that  
6 need to be withheld and remitted to the appropriate parties.

7 In addition, Your Honor, there's approximately \$5,500  
8 in reimbursable expenses owed to certain employees that are  
9 entitled to reimbursement for business expenses.

10 In a nutshell, Your Honor, to minimize the hardship  
11 on these employees, this bankruptcy, this process should not  
12 have any effect upon your employees. To minimize any hardship  
13 on them we're requesting that we are able to pay those amounts  
14 due, even if they're pre-petition in the order course.

15 I want to make clear, Your Honor, that we're not  
16 going to be paying to any individual over the statutory cap,  
17 which I believe is \$10,950.

18 And also, Your Honor, I want to make a note that the  
19 player's salaries have come due, they've been paid in the  
20 ordinary course at the conclusion of the 2008/2009 season so  
21 they're not part of this motion.

22 Your Honor, we're also seeking to continue to pay and  
23 withhold payroll and employer taxes. For the pre-petition  
24 amount owed it's about approximately \$60,000. Your Honor,  
25 there's also a workers' compensation pre-petition stub that's

1       owed, it's approximately \$168,000. We have discussed this with  
2       the United States Trustee. We are requesting just an interim  
3       order on this. The United States Trustee would like to see a  
4       list of all the employees in the amounts that each of these  
5       employees are going to be receiving.

6               THE COURT: So would the Court.

7               MR. SINGER: Duly noted. We're requesting an interim  
8       order on this motion.

9               THE COURT: Who wants to be heard.

10              MR. WATSON: Your Honor, the U.S. Trustee has no  
11       objection at this time. We'll wait and see what the list looks  
12       like, but predicated upon the assurances have been provided by  
13       the Debtor that we're below 10,950 on this, I don't know that  
14       we're going to have significant issues. To the extent we do  
15       we'll bring that before the Court's attention.

16              THE COURT: Anybody else wish to be heard? Motion is  
17       granted on a stipulated order between the Debtor and the United  
18       States Trustee. Debtor is to provide a list of the amounts and  
19       the names for which all payments are made to both the United  
20       States Trustee and to file the same with the Court.

21              MR. SINGER: Thank you, Your Honor. The next motion  
22       is the motion to pay the Debtor's professionals on an interim  
23       basis. Your Honor, we are -- we're going to withdraw this  
24       motion without prejudice to re-file it.

25              THE COURT: Good idea.

1 MR. SINGER: Your Honor, the last motion on my plate  
2 today is the motion to authorize payment of pre-petition  
3 taxes. As this Court is aware the Debtors sell Phoenix Coyotes  
4 related merchandise. In this regard, Your Honor, the Debtors  
5 remit in the ordinary course of their business various sale,  
6 sometimes franchise, trust fund, and other taxes, business  
7 licenses and fees. As of the petition date, Your Honor, we  
8 estimate that there's approximately \$100,000 owed on account of  
9 sales taxes, and about \$500 in certain franchise taxes.

10 Your Honor, because these are priority claims under  
11 the bankruptcy code, and because failure to pay these taxes may  
12 subject non-debtor parties to personal liability, we  
13 respectfully seek authorization to pay these taxes and fees in  
14 the ordinary course of business, regardless of whether they're  
15 pre-petition or post-petition. And we are requesting an  
16 interim order on this motion.

17 THE COURT: Anybody want to be heard in opposition to  
18 that request? Anybody want more time before that matter is  
19 considered by the Court? Being no opposition the motion is  
20 granted. You may submit a form of order.

21 MR. SINGER: Thank you, Your Honor. That said, I  
22 know that most of these motions that I went through were  
23 granted on an interim basis. I think it makes sense after the  
24 conclusion of the DIP motion and any other motions we need to  
25 hear to actually set the final hearings on these motions. And

1 with that said, Your Honor, I will turn this over to Mr. Jordan  
2 Kroop who will talk about our retention application and the  
3 debtor-in-possession financing. Thank you, Your Honor.

4 MR. KROOP: Good afternoon, Your Honor. Because I  
5 wore a suit I got to do one of these. This is --

6 THE COURT: You look very nice.

7 MR. KROOP: Thank you very much, I appreciate it. It  
8 was -- this is my Judge Baum suit.

9 The motion that is on is actually an application of  
10 the Debtors to employee Squire, Sanders & Dempsey, my firm, as  
11 counsel to the Debtors in this case, recognizing that we have  
12 already heard from the NHL in terms of the governance issue and  
13 recognize that if they were to prevail their choice of counsel  
14 might be different.

15 So suffice it to say, that the application is being  
16 urged at this point strictly on an interim basis so that the  
17 Debtor knows that it has at least interim authorized counsel to  
18 move forward in these matters, at least until the governance  
19 issue is resolved.

20 On file with the Court is not just the application,  
21 but also a verified statement under Bankruptcy Rules 2014 and  
22 2016. That statement was made under penalty of perjury by my  
23 partner, Mr. Salerno. And I'm happy to answer any questions  
24 concerning it or any of its contents, but suffice it to say,  
25 that the Debtors believe that Squire, Sanders -- and Squire,



1 Sanders believes that Squire, Sanders is disinterested in these  
2 matters and qualifies in all regard to be retained as counsel  
3 under § 327(a).

4 THE COURT: Anybody want to be heard in opposition to  
5 that request? Anybody want more time before the matter is  
6 considered on an interim basis?

7 MR. BALDIGA: William Baldiga for the City of  
8 Glendale, Your Honor.

9 We don't oppose the motion on an interim basis.  
10 There is a request embedded in the motion for the use of a DIP  
11 loan advance to pay a retainer. I assume that that will be a  
12 matter for a final hearing and not at this interim time.

13 THE COURT: That's correct.

14 MR. BALDIGA: Thank you, Your Honor. With that basis  
15 no objection.

16 THE COURT: Motion is granted on an interim basis.  
17 You may submit a form of order.

18 Let me add one comment that's applicable to both this  
19 and the application regarding Bryan Cave as conflicts counsel.  
20 You should not interpret that as an approval of any of the  
21 hourly rates that are generally referenced in the motion.  
22 There's nobody identified by name and rate, and so the  
23 appointment is granted, but there's no expressed nor implied  
24 approval of anybody's hourly rate, that's come up at a later  
25 time.

1 MR. KROOP: Understood, thank you. I will cede to  
2 Mr. Zachary to urge his application for his firm if I may.

3 MR. ZACHARY: Thank you, Jordan. Good afternoon,  
4 Your Honor.

5 THE COURT: Good afternoon.

6 MR. ZACHARY: Very briefly and on an interim basis we  
7 ask the Court to approve the Debtor's retention of Bryan Cave  
8 as conflicts counsel in those matters solely for which Squire,  
9 Sanders has a conflict and has stepped aside. We have filed  
10 both our verified statements with the Court. We believe we are  
11 fully disinterested and the Debtor believes we are  
12 disinterested as well. We understand that the Court is not  
13 authorizing or approving any of the hourly rates set forth in  
14 the application, and we understand that. We ask for our  
15 appointment on an interim basis only.

16 THE COURT: Anybody want to be heard in opposition of  
17 that request? Anybody want more time before that matter is  
18 considered by the Court on an interim basis? Being no  
19 opposition, motion is granted on an interim basis with the same  
20 admonition about hourly rates.

21 MR. ZACHARY: Thank you, Your Honor. I will cede the  
22 podium to Mr. Salerno at this point.

23 MR. SALERNO: Your Honor, we're coming dangerously  
24 close to the end. There's four items left on the agenda.

25 With respect to the last two items, which were the --

1 not really asking for relief, just the sale motion itself  
2 procedure, we've discussed that at the beginning, those were  
3 more informational with respect to the two items that we were  
4 seeking approval on. With respect to item 14 on the agenda,  
5 the Debtor's motion to file certain confidential sale  
6 information under seal, that is currently filed --

7 THE COURT: That reminds me I need to share with all  
8 of you one other thing. I also own stock in Citigroup or  
9 Citicorp, which I believe from what I've read, was involved in  
10 some capacity in assisting the Debtor in looking for potential  
11 buyers, but no application had been appointed in any regard,  
12 but again, to the extent anything would come up with them it  
13 would require some kind of a contested proceeding, I would not  
14 be able to hear that.

15 MR. SALERNO: Okay. With respect to this motion we  
16 are going to take that -- withdraw it for today --

17 THE COURT: All right.

18 MR. SALERNO: -- and simply have it track, if you  
19 will, the briefing schedule et cetera, with respect to sales  
20 procedures et cetera. The NHL has stated that they want to  
21 review that and object to it or whatever, and so --

22 MR. CLARK: Your Honor, with respect to whatever has  
23 been filed under seal we would like to see that, and we will  
24 obviously keep it confidential.

25 THE COURT: I don't think anything has actually been

1 filed.

2 MR. CLARK: Whatever he's asking be filed.

3 THE COURT: I think they filed the motion to file the  
4 Scudder affidavit as I understand it under seal, but I don't  
5 think it's actually at the courthouse.

6 MR. CLARK: Yeah, we have no objection to the filing  
7 under seal at this time, but we would like to receive a copy  
8 and we would keep it confidential.

9 MR. BALDIGA: The same with respect to the City,  
10 Your Honor.

11 MR. SALERNO: And Your Honor, that's fine. What we  
12 would ask, and what I think is essential here, is that we have  
13 confidentiality agreements with respect to these parties and  
14 here's why. The Scudder declaration contains specific  
15 discussions -- contains specific economics with bidders or  
16 potential investors, so there's --

17 THE COURT: Well, let me ask you kind of what I think  
18 is an easy question for today. Since the motion is going to be  
19 deferred, as I understand it, if the National Hockey League or  
20 the City of Glendale wants copies I assume you can say I'll  
21 give you a copy, but you have to keep it confidential --

22 MR. SALERNO: Correct.

23 THE COURT: -- and they either agree or not agree.

24 MR. SALERNO: That's exactly right, Your Honor. As  
25 long as we have confidentiality agreements so that it doesn't

1 be made public that would obviously chill any potential bidding  
2 by having this out there.

3 MR. CLARK: As we said, Your Honor, we'd like to see  
4 it and we'll keep it confidential.

5 MR. BALDIGA: William Baldiga for the City,  
6 Your Honor.

7 From our perspective, Your Honor, it would be best if  
8 the Court could simply order that it be kept confidential so we  
9 don't have a long debate about the terms of a confidentiality  
10 agreement. If the Court simply orders us to keep it  
11 confidential, we will do so.

12 THE COURT: Is what you all want me to do?

13 MR. CLARK: That would be wonderful, Your Honor.  
14 We'll loved to be ordered as opposed to negotiating an  
15 agreement.

16 THE COURT: So ordered. You draft up the order,  
17 Mr. Salerno.

18 MR. SALERNO: Will do, and I'll circulate it to the  
19 parties in the courtroom.

20 MR. ABRAMOWITZ: Your Honor, Steven Abramowitz on  
21 behalf of SOF. We would like a copy of that also, please. And  
22 we would of course keep it confidential in accordance with your  
23 order.

24 MR. SALERNO: The last item I believe we have,  
25 Your Honor, was we're seeking interim approval of

1 debtor-in-possession financing facility. Over the next two  
2 weeks we have a couple of million dollars and specific expenses  
3 coming up as per our budget. None of those are professional  
4 fees or any of that, it's strictly operational expenses. The  
5 NHL has stated that they will fund those. The NHL currently  
6 has an existing credit facility with the Coyotes. It's at a  
7 favorable interest rate, and they will continue to fund on the  
8 budget with respect to the same terms and conditions as their  
9 existing deal.

10           SOF, Mr. Abramowitz and Mr. Gaffney's client have  
11 already contractually subordinated to those as advances, so  
12 it's not really a priming lien in that sense, it's a  
13 contractual subordination with respect to those. And again,  
14 these are pure operational, there's no professional fee  
15 component with respect to the next two weeks.

16           THE COURT: You know, it seems to me that the League,  
17 the Debtor, at a minimum, and perhaps a couple others ought to  
18 get a stipulated order on this. Because at least, you know, to  
19 a bankruptcy judge \$2 million is a lot of money. I think it  
20 would be good to have a written agreement as opposed to a bunch  
21 of statements by a bunch of lawyers.

22           MR. CLARK: That was what I was going to suggest that  
23 Mr. Salerno prepare an order and submit it to us. But the  
24 League will fund on the basis of the existing terms and  
25 conditions that it's been funding on for quite some time,

1 Your Honor.

2 MR. SALERNO: Your Honor, all we would ask is that  
3 people turn this around quickly, simply because some of these  
4 payments are coming up quickly. And I think everyone is in  
5 agreement that it makes sense to not have any disruption out  
6 there during the time period.

7 MR. CLARK: I promise I'll look at it before I leave  
8 for Ireland, Your Honor.

9 THE COURT: When are you leaving?

10 MR. CLARK: When do I leave? I leave on Wednesday.  
11 I'll look at it well before I leave for Ireland, Your Honor.

12 MR. BALDIGA: Thank you, Your Honor, and thank you  
13 for not asking me about my golf game.

14 With respect to the DIP financing, obviously, Your  
15 Honor, we appreciate the League providing its financing. The  
16 same comment with respect to the City's ticket funds. We do  
17 want to be sure that whatever liens are granted in connection  
18 with whatever financing is provided do not stand in front of  
19 the City as to the City's ticket funds.

20 THE COURT: All right. Well if I understand it this  
21 is simply taking the existing arrangement, whereby the League  
22 was funding the Debtor or Debtors pre-petition and imposing  
23 that up to the amount of \$2 million to cover the expenses for  
24 the next several weeks, which I assume the City was on board  
25 with.

1 MR. BALDIGA: The City was not privy to those  
2 arrangements, Your Honor.

3 THE COURT: Oh.

4 MR. BALDIGA: We know that the League was making  
5 loans, but we were not privy to that, and we really -- we don't  
6 believe that the ticket remittance -- we know that we were  
7 not --

8 THE COURT: Well, are we talking about the same  
9 thing? The League's going to loan the Debtor in round numbers  
10 \$2 million to pay ongoing operating expenses --

11 MR. BALDIGA: Yes.

12 THE COURT: -- for the next couple of weeks. You're  
13 talking about the portion of ticket revenue to which you say  
14 the City has the absolute right and not -- or that it's the  
15 League or any other lender.

16 MR. BALDIGA: Correct. And to the extent that -- and  
17 I assume there is a request made for a lien to support or other  
18 administrative rights or whatever rights to support the DIP --  
19 which I would expect that to be embedded in the request -- we  
20 just want to make clear that that does not -- whatever happened  
21 pre-petition -- and again, we don't know what happened  
22 pre-petition -- we just want to make sure that that doesn't  
23 invade the City's rights to its ticket money going forward.

24 THE COURT: Well here's the easy answer. Mr. Salerno  
25 will send you a copy of the proposed stipulated order for you



1 to look at.

2 MR. BALDIGA: That's fine. Thank you, Your Honor.

3 MR. CLARK: Yeah, it's just going to be the same deal  
4 that it was before, Your Honor. We're not going to change it.  
5 If we have a security interest we do, if we don't we don't.  
6 Whatever it is right now.

7 MR. GAFFNEY: And Your Honor, not to berate,  
8 obviously the same thing with --

9 THE COURT: You want a copy of the order too?

10 MR. GAFFNEY: Yes, Your Honor.

11 THE COURT: And Mr. Abramowitz?

12 MR. ABRAMOWITZ: Yes.

13 MR. BALDIGA: Well, Your Honor, that -- we assume  
14 they have a lien. That's not the question. I think that at  
15 least from the UCCs on record, the League and SOF for that  
16 matter I think have a lien on all assets. The question really  
17 is priority. And in connection with the what happened  
18 pre-petition, it may be water that is today under the bridge to  
19 some extent, but going forward it's certainly not the case that  
20 the City would have anyone take a interest of any type that is  
21 senior to that of the City's on its ticket charge, because the  
22 team is simply collecting that as our agent.

23 THE COURT: Well, I'm not sure there's a dispute  
24 here, but I think the easy answer is you'll get a copy of the  
25 order. If you've got a problem with it let me know and I'll

1 have a quick hear on it and we'll work it out.

2 MR. BALDIGA: Thank you very much.

3 MR. SALERNO: And I think other than circulating  
4 those forms of order -- that form of stipulated order and  
5 getting sign off by parties, hopefully we can have that filed  
6 some time tomorrow, because there's an urgent need with respect  
7 to that.

8 MR. CLARK: We will look at it promptly, Your Honor.

9 MR. SALERNO: Your Honor, in my excitement of being  
10 in court for the first time, I forgot to introduce Mr. Jerry  
11 Moyes. He's in the courtroom. And Your Honor, I think that's  
12 what we had on our agenda for first days.

13 THE COURT: Don't we need to set another hearing date  
14 on a couple of these matters, or do you want to defer on that?

15 MR. SALERNO: I think we already have a hearing date  
16 on the 19<sup>th</sup> -- the afternoon of the 19<sup>th</sup>.

17 THE COURT: Right. We've got I think one matter or  
18 maybe two matters on the 18<sup>th</sup> at 10:00. Is there anything else  
19 we need to set today?

20 MR. WATSON: A hearing of the final orders,  
21 Your Honor.

22 THE COURT: I'm sorry?

23 MR. WATSON: A hearing on the final orders.

24 MR. SALERNO: A hearing on final orders.

25 THE COURT: When approximately do you want to do

1 that?

2 MR. SINGER: Twenty days out, Your Honor.

3 THE COURT: So kind of the last couple of days in  
4 May, somewhere in there.

5 THE CLERK: The last couple of days of May?

6 THE COURT: Do you have anything on 27<sup>th</sup> or 28<sup>th</sup>?

7 THE CLERK: No, it's open. May 27<sup>th</sup> is open.

8 THE COURT: Okay. May 27<sup>th</sup> at 9:00 will be a final  
9 hearing on all interim orders.

10 MR. SINGER: And Your Honor, we respectfully request  
11 that objections be due on the 26<sup>th</sup>.

12 THE COURT: That would be the Tuesday after -- you  
13 know the only thing that concerns me about that, in all candor,  
14 is that's the day before the hearing, and sometimes I can't sit  
15 by my computer and read things as you all file them. So how  
16 about we make them due on Friday the 22<sup>nd</sup> of May.

17 MR. SINGER: Okay.

18 THE COURT: Anybody opposed to that?

19 MR. SINGER: No.

20 THE COURT: All right.

21 MR. WATSON: Your Honor, one last thing that I'd like  
22 to --

23 THE COURT: Mr. Watson.

24 MR. WATSON: I want to reserve the rights of the  
25 committee with regard the any of the orders that have been

1 entered, that the committee, you know, has the right to look  
2 back on this 45 days -- you know, a look back period of 45 days  
3 from the date of organization.

4 THE COURT: Understood.

5 MR. BALDIGA: Your Honor, if I may. Your Honor, the  
6 -- William Baldiga for the City again.

7 The -- we understand and appreciate that we will not  
8 have further proceedings today on the sale motion; however, I  
9 did -- I do think that the Court is well served just by one  
10 note in that regard. The City is not asking here for there to  
11 be -- there were a couple of gating issues I think you heard  
12 about the League's gating issue as to who is in charge, and  
13 there's been a process set up to hear that on an expedited  
14 basis.

15 There's a second gating issue which we have not  
16 briefed because there is no motion, which is the team is  
17 contractually obligated under its lease to play for the next 26  
18 or so years, all of its own games at the arena under Section  
19 9.5 of the lease. This is an issue, Your Honor, that comes up  
20 occasionally as to whether that's a dischargeable claim.  
21 Fortunately we do all have the benefit where Judge Markovitz in  
22 Pittsburgh ruled several years ago on language almost identical  
23 to that here in the case of the Pittsburgh Penguins, that the  
24 City did have the right of specific performance that was not  
25 dischargeable, not something that a 363 sale or plan could

1 permit a debtor to escape.

2 The fact that we are not now making a first-day  
3 matter of proceedings in that regard, we didn't want to Court  
4 to be surprised later when we did bring to the Court's  
5 attention that this is certainly a gating issue. We think it  
6 makes the entire sale process moot. And one of the risks  
7 obviously is that the Debtor engages in what may be a fairly  
8 expensive mission that cannot be legally completed, which we  
9 think is certainly the case.

10 So we thought in the spirit of fairness and in  
11 service to the Court we would at least bring that to your  
12 attention. Again, we don't have arguments, we don't have  
13 hearings to request or demands to make, but we simple wanted  
14 the Court to be advised of that, and obviously we'll be guided  
15 by the Court as to a briefing schedule on that. I think we  
16 will obviously bring appropriate papers before the Court to  
17 have that matter decided if someone doesn't beat us to us.

18 THE COURT: I come back to what I said at the  
19 beginning of the hearing. There have been some pleadings filed  
20 already that in my view I'm not exactly sure they were filed --  
21 why they were filed, because there was nothing before the Court  
22 to be decided on. I don't mean to be rude, but I have some  
23 sense that's the same situation here. I suppose you may be  
24 filing that as an objection to the sales procedure motion, but  
25 it seems to me it's really not before we today. In all candor

1 I'm not surprised to hear you state the position of the City on  
2 that issue.

3 MR. BALDIGA: And Your Honor, given that this is my  
4 first time in this Court I feel more comfortable having over  
5 disclosed than being chastised a little bit later that you  
6 should have told me that earlier and I would have liked to know  
7 that in connection with this whole process that I'm approving  
8 with these professionals and this great expense. But I  
9 appreciate the Court's comments, Your Honor.

10 THE COURT: Thank you.

11 MR. SALERNO: On that I think we've gone through the  
12 agenda for first-day motions and things of that nature that the  
13 Debtor has filed. We appreciate the Court's time. We'll be  
14 circulating various forms of order on the parties and we'll be  
15 lodging those. And I suppose we'll see you again pretty soon,  
16 unless the Court has any particular questions or issues.

17 THE COURT: Well, I had kind of a general question to  
18 almost everybody here, and I know there's quite a few people in  
19 the courtroom on the 6<sup>th</sup> floor that we attempted to make  
20 available. But I guess just to help us, I'm going to ask  
21 everybody who's here in the courtroom, if you think you're  
22 going to be attending most of these hearings it would be  
23 helpful for us to know that. And I'll tell you in all candor,  
24 this is as large a courtroom as we have in this building, so if  
25 you all stand up I'm not sure what I'm going to do, but I will

1 say this, I'll endeavor to try and find some place where  
2 everybody can all be in the same room. So if I could, all of  
3 you here, are you all planning on coming to all these hearings,  
4 at least on an interim basis? If you are, if you'd stand up  
5 that would be somewhat helpful. I'm not going to promise you I  
6 can do anything about it, but it would at least be helpful to  
7 know that. So that's almost everybody here, plus I'm sure some  
8 of the folks down on the 6<sup>th</sup>. Thank you.

9 Anything else before we adjourn for the day?

10 MR. CLARK: Not for the League, Your Honor.

11 THE COURT: All right.

12 MR. SALERNO: Thank you, Your Honor.

13 THE COURT: Thank you.

14 MR. CLARK: Thank you very much.

15 (Proceedings Concluded)

16  
17  
18 I certify that the foregoing is a correct transcript from the  
19 record of proceedings in the above-entitled matter.

20  
21 Dated: May 18, 2009

*Dawn South*

\_\_\_\_\_  
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