Handlong, Amy

From: Gerald Sheehan [gsheehan@beaconsportscapital.com]
Sent: Wednesday, January 21, 2009 9:09 AM
To: Moreno, Jean
Subject: FW: Phoenix Coyotes Operating Plan
Attachments: Memorandum to Ed Beasley January 21.doc; Exhibit_A_-_Coyotes_Proforma_Operating_Plan.xls; Exhibit_B_-_Coyotes_financial_data.xls

-----Original Message-----
From: Gerald Sheehan [mailto:gsheehan@beaconsportscapital.com]
Sent: Wednesday, January 21, 2009 10:55 AM
To: 'Beasley, Ed'
Cc: 'rbillings@beaconsportscapital.com'
Subject: RE: Phoenix Coyotes Operating Plan

Ed:

See attached for your review.

Best regards,
Gerry

-----Original Message-----
From: Beasley, Ed [mailto:Ed@GLENDALEAZ.com]
Sent: Wednesday, January 21, 2009 7:41 AM
To: [redacted] Sheehan
Cc: [redacted]eaconsportscapital.com; gsheehan@beaconsportscapital.com
Subject: RE: Phoenix Coyotes Operating Plan

THE NARRATIVE IS VERY IMPORTANT [redacted]
A CONFIDENTIALITY AGREEMENT MUST BE SIGNED BY JERRY MOISE AND EARL SCUTTER , THEY WILL BE THE ONLY ONES VIEWING THE DOCUMENT. [redacted]

From: [redacted] Sheehan [mailto:[redacted]
Sent: Tue 1/20/2009 2:33 PM
To: Beasley, Ed
Cc: rbillings@beaconsportscapital.com; gsheehan@beaconsportscapital.com
Subject: Phoenix Coyotes Operating Plan

Ed:

I am sorry I missed your call at the office this afternoon but I had to [redacted] I understand you spoke to my partner, [redacted]e call tomorrow morning at 8:15 MST (10:15 EST) to discuss distributing the operating/financial plan we recently addressed to [redacted] that you are supposed to meet with soon. Who actually are you meeting with? [redacted]

[redacted]
We can also make ourselves available via conference call during your meeting to explain the plan in greater detail and address any questions that incur.
I look forward to speaking with you tomorrow.

Best regards,
Gerry Sheehan
*** eSafe scanned this email for malicious content ***
*** IMPORTANT: Do not open attachments from unrecognized senders ***

January 21, 2009

Ed Beasley:

Following up from our meeting of December 12th in Glendale, please find a pro-forma financial and operating plan (Exhibit A) for the Phoenix Coyotes and Jobing.com arena as well as other data (Exhibit B) we reviewed during our due diligence exercise at the Team headquarters. We have worked extensively over the past several weeks with you and Art Lynch [redacted] However, our belief is that further, more extensive due diligence will identify added opportunities for cost savings and new revenue generation.

Since our meeting, we have also had the opportunity to have extended discussions with local area promoters and venue managers regarding the potential opportunities to book more events at the arena particularly concerts, family shows, and non-hockey sporting events. We believe strongly that despite the high level of local competition, the Jobing.com arena is an attractive, cost competitive venue that under new management should generate substantially more event dates then is currently being booked at the arena.

We would be happy to discuss this plan with you in further detail in person at a convenient time and location.

Best Regards,

Gerry Sheehan & Rick Billings
Beacon Sports Capital Partners, LLC
1233 Highland Avenue
Needham, MA 02492
(781) 449-4996 – Voice
[redacted] - Cell

Phoenix Coyotes & Jobing.com Arena Proposed Financial Plan

Introduction:

Beacon Sports has been engaged by the City of Glendale as their financial advisor with respect to the present financial situation with the Phoenix Coyotes and Jobing.com arena. At the City's request, we spent three days on site reviewing the books and records, major contracts, and operating agreements of the Coyotes and Arena Management Group (collectively, the "Company") and had the opportunity to interview management principally the Company's CFO and Controller. Under strict orders from the National Hockey League and the Company we were unable to take copies of any material. We also attended a Coyotes home game on December 11th at the Jobing.com Arena in order to witness the game day experience and get a better understanding of the team's fan base as well as the game day operations. We also attended a Suns home game the following evening at the US Airways Centre to provide a relative benchmark in the greater Phoenix market.

The current Coyotes management team generates the lowest level of local revenue in the NHL and has the 11th highest non-player expense base. The current venue management team has recently generated a range of only 30 to 35 non-hockey events per year. Considering the size of the greater Phoenix market and a new arena in Glendale, even with the high level of competition locally for entertainment and sponsor dollars, a new management/ownership team should be able to immediately and favorably impact the operations at the Team and Arena [redacted]

[redacted] In preparing this operating plan, we have used the current Company budget for the 2008-09 fiscal year as the basis for our assumptions and recommendations.

Initial Outline of a Break-Even Plan

Without assuming any incremental revenue, based upon our initial observations and analysis, we believe that the following steps can be undertaken to immediately decrease the current operating shortfall at the Team/Arena operations in Glendale:

1.) Team and Venue per annum expense reductions from 08/09 budgeted levels-

a) The Coyotes' local broadcast rights are held by Fox Broadcasting which has a ten year deal expiring at the end of the current 08/09 season. At expiration, outsource the local broadcast production costs which would reduce the Team's overall broadcast expenses [redacted] Relative to the rest of the NHL, the Coyotes in 2007-2008 ranked 28th in total local broadcast revenue generating [redacted] that year while the NHL average team local broadcast revenue that year was [redacted]

b) Eliminate Ownership expense of [redacted] which consists of payments to CEO Jeff Shumay and non-Company legal expenses. Mr. Shumay is the owner's representative on site.

c) Eliminate Office expense [redacted] - Currently the Team and venue offices are located off-site in a facility owned by the present owner of the Team at an above market lease cost. To eliminate this cost, the offices should be moved back to the arena where there is ample space available to house this staff.

d) Reduce compensation to Wayne Gretzky from [redacted] (currently receiving [redacted] in salary as coach of the Team) and eliminate his [redacted] in annual deferred payroll cost and a bonus payment of 75 basis points of total Team revenues.

e) Reduce business, operations, and game day expenses at the Arena and Team by [redacted] Our observations are that the Team and arena operations are overstaffed, they under deliver, and present a mediocre game day experience. As an example of this, the Team has the 2nd highest marketing budget in the NHL at [redacted] the League average is [redacted] but generates the lowest level of local revenue in the League.

f) Reduce non-player costs in Hockey operations by [redacted] - Of the $62.0 in hockey operations expenses, actual player payroll is only [redacted] - 2nd lowest in the NHL and at the minimum allowed under the NHL Collective Bargaining Agreement. Team operating costs as defined by the NHL are the 4th highest in the League at [redacted] while the League average is $12.78. It should be noted that Gretzky's [redacted] coaching salary is included in these numbers.

Total potential reduction in budgeted Team and Arena per annum expenses- [redacted]

[redacted]

[redacted]

We believe the expense reductions being proposed can be made without affecting the on ice performance of the Team, the experience of the fans at the games, the Team and Arena's current revenue results, or the overall service provided to sponsors, suite-holders, and fans.

[redacted]

3.) Revenue Opportunities: Aside from making additional expense cuts beyond the levels notated above, in order for this enterprise to obtain break even operations, new management must look to generate additional revenue at the arena which we believe is possible to achieve over time. The greater Phoenix market is the 11th largest in the US, is growing, and has very attractive demographics. The building is new and state of the art, is reported to be cost competitive with other area sports venues, and has an attractive long term lease with the City of Glendale. While the overall local market is competitive for sponsors, suite holders, and entertainment spending, the revenue generated in local hockey operations in Glendale is the lowest in the NHL even with the lowest average ticket price in the League. We believe that there exists ample available revenue inventory (suites, club seats, tickets, non-hockey event dates, sponsorships, signage, etc) at the arena to market and believe under new management combined with a competitive hockey team substantial improvement can be made on the Team and Arena current revenue levels. The opportunities identified for revenue improvement at the Team and Arena are in the following revenue categories:

a) **Local broadcasting Revenue-** The current local media agreement with Fox Broadcasting expires at the end of the current 2008-2009 season. The agreement with Fox was entered into ten years ago while the Coyotes were playing at the America West Arena. They have since moved into a more production friendly venue built specifically for hockey. Furthermore, over the past ten years, the value of sports broadcasting rights has grown dramatically. Even with the present difficult economic environment and the relatively poor ratings for Coyotes games on cable, we believe that the new owners of the Team will have the opportunity to substantially increase local broadcast revenue when the Fox agreement expires next May. The Team has several options to explore to increase local broadcast revenue: bid out the local rights to a variety of media providers; joint venture a new network with another local sports Team or Teams, or; develop their own media outlet. Considering the size of the media market in the greater Phoenix area, a new management team should be able to generate higher annual contractual broadcast revenue than the [redacted] the Team presently receives, which ranks it 28th in the NHL in this revenue category. The average per Team local broadcast revenue in the NHL is $[redacted] per year.

b) **Increase in Non-Hockey Events held at Arena:** [redacted]. The arena has booked between 30 and 35 non-hockey dates per year over the last three years. Preliminary due diligence was performed by Beacon Sports with individuals in the entertainment business who are familiar with the arena and the local greater Phoenix market. These discussions would indicate that under new management and with more aggressive marketing, the arena is in a position to generate more non-hockey events than are currently being booked. The building is new, well regarded in the industry, and is very cost competitive with the other venues in the market. Market sources believe that over time and under new management, the arena could generate on a yearly basis 10 to 12 non-hockey event dates (ASU sports, college hockey and basketball tournaments, local and regional high schools sports, rodeos, etc.), 25 concert dates including religious/Christian shows, and 25 family shows. Combined with the existing 44 hockey dates, these additional events would bring total dates booked at the arena to the range of 104 to 106 per year which would be considered an average performing venue based on national results of similar sized venues with one major sports tenant. Aside from the revenue to the arena generated by these added events, this increased activity should also have a positive impact on generating additional sponsorship and suite revenue as well as in improving the arena's concessions split with the concessionaire, ARAMARK.

c) **Additional Suite Sales:** There are 89 suites at Jobing.com arena of which 9 are assigned to be rented out for individual games/events and 5 are complimentary: one each is available to the owner and the team, two are available to the City of Glendale, and one is available to Kubota Golf. Of the remaining 75 suites for sale 46.5 of them are leased and 28.5 are available for future sale. Currently, suite pricing ranges from [redacted] per annum and include tickets for all events held at the arena. Of the 46.5 suites presently leased, 6 are leased to current players and team management and 7.5 are leased to firms with major sponsorship or other business with the arena or Team [redacted] leaving 33 leased to the general corporate community in the greater Phoenix/Glendale area. Despite the high level of local suite inventory, the general corporate market should be able to support suite lease sales greater than 33. The Jobing.com arena is a new, state of the art venue and the price of entertaining clients at the suites at the arena relative to other sports venues in the market provides a real cost advantage to its lessees. Of note, when reviewing the arena's list of current suite holders, there appeared to be few professional service providers on it including local law firms and accountants, banks and finance companies, medical and insurance companies, and the regions major employers all of whom tend to be the target market for selling suites at most venues. With an enhanced event schedule and a competitive Team, new management should be able to generate additional incremental revenue from suite sales over time.

d) **Increase in Sponsorship/Advertising Sales:** According to Team officials, there is approximately [redacted] in unsold available sponsorship inventory for the Team and the Arena. From our on site visit, there appears to be sponsorship opportunities in game day promotions, arena signage particularly on the outside of the building, charity events such as golf outings, media (television, radio and internet), and print (tickets, programs and media guide). Obviously, sponsors/advertisers will be more attracted if the venue is able book more events as outlined in item (b).

e) **Increase in Ticket Sales:** The Coyotes ranks 30th in the NHL in sales of season tickets and 29th in single game attendance even though they maintain the lowest average ticket price in the NHL [redacted] The Team appears to have a small but loyal core fan base with a demographic that is largely blue collar. The product needs to be creatively remarketed to attract the casual fan- families, young professionals, and the corporate entertainment market- with a better game day experience, better parking arrangements, and more affordable price points. Ticket sales and resulting per cap spending should also increase with better on ice performance by the team which is currently taking place as evident by its attendance figures through December 23rd. [redacted]

[redacted] note, during our due diligence, we were not given the opportunity to review the NHL Revenue Sharing, NHL Broadcasting, or NHL Enterprise agreements to determine if additional incremental revenue would be available to the Team in the future under these agreements.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Coyotes Hockey, LLC - Financials
Pro-forma Breakeven Plan

REDACTED

Confidential Propriety Information

Coyotes Hockey, LLC - Financials
Pro-forma Breakeven Plan

REDACTED

Confidential Propriety Information

Phoenix Coyotes Arena Management
Financials 2006 - 2008

REDACTED

Confidential Propriety Information

Phoenix Coyotes Arena Management
Financials 2006 - 2008

REDACTED

Confidential Propriety Information

Coyotes Hockey, LLC - Financials
Projected 2008 - 2009 Budget

REDACTED

Confidential Propriety Information

Coyotes Hockey, LLC - Financials
Projected 2008 - 2009 Budget

REDACTED

Confidential Propriety Information

REDACTED

Confidential Propriety Information

REDACTED

Confidential Propriety Information

Gate Receipts Paid Admissions Report Summary
Comparables for the October 4 through November 15

REDACTED

Confidential Propriety Information

Aramark Concession Information

REDACTED

Confidential Propriety Information

REDACTED

Confidential Propriety Information

Local TV Fox Contract NHL Broadcasting
Revenue

REDACTED

Confidential Propriety Information

Suite Holders

REDACTED

Confidential Propriety Information

REDACTED

Confidential Propriety Information

REDACTED

Confidential Propriety Information

Handlong, Amy

From: Gerald Sheehan [gsheehan@beaconsportscapital.com]
Sent: Tuesday, February 03, 2009 1:24 PM
To: Beasley, Ed; Lynch, Art
Cc: Richard Billings; tlhocking@msn.com
Subject: Beacon Sports Follow-up to January 29 Meeting

Ed & Art:

It was a pleasure meeting with both of you again last week and we appreciate your efforts in arranging the meeting with Coyotes management and ownership as well as Tom Hocking. We thought it would be helpful for us to share with you our impressions of the meeting as well as our recommendations with regard to next steps as follows:

[redacted]

Administrative Office Lease - During our review last December team management indicated on numerous occasions that the rent for team office space at Westgate is $2.7 million per annum and is paid directly to Jerry & Vicky Moyes under a multi-year lease. [redacted]

General & Administrative Expenses - [redacted]

Hockey Operations Expenses - [redacted]

Gretzky Obligations - Discuss further the restructuring of the Wayne Gretzky Service Contract on terms commensurate to our recommendation.

Broadcasting – The team's TV broadcasting contract with Fox Sports expires after the end of the current season. [redacted]

Non-Hockey Events - [redacted] Management indicated that the Phoenix area is extremely competitive to attract non hockey events [redacted]. Overall, based upon our findings and feedback from sources in the market we continue to believe that arena can attract more events.

Sponsorship/Suite Revenue – Need to discuss more in-depth with management what steps are being taken to increase revenue in these areas.

[redacted]

We would be happy to discuss this with you in further detail and are available to follow-up again with you, Coyotes management and ownership in Glendale at your earliest convenience.

Best regards,
Gerry & Rick

Handlong, Amy

From: rbillings [rbillings@beaconsportscapital.com]
Sent: Friday, February 06, 2009 2:49 PM
To: Beasley, Ed; Lynch, Art; Moreno, Jean
Cc: gsheehan@beaconsportscapital.com
Subject: RE: Beacon Sports Follow-up to January 29 Meeting

Ed:

We are glad your discussions continue with Mr. Reinsdorf and are hopeful for a positive result for the City. Our prospective individual will let us know of the level of his interest early next week but he has expressed continued concern about what he reads in the news about this transaction and we, of course, have not disclosed any material to him other than we are representing the City of Glendale in this transaction.

As outlined in our e-mail below, [redacted]

We would like to discuss this further so as the parties are better prepared to adequately address inquires from our prospect and others.

Again, we wish you continued success in moving your discussions forward with Mr. Reinsdorf. If there is any way we can be of assistance, please do not hesitate to call.

Best

Rick & Gerry

-----Original Message-----
From: Moreno, Jean [mailto:JMoreno@GLENDALEAZ.com] **On Behalf Of** Beasley, Ed
Sent: Friday, February 06, 2009 3:52 PM
To: Gerald Sheehan; Beasley, Ed; Lynch, Art
Cc: Richard Billings
Subject: RE: Beacon Sports Follow-up to January 29 Meeting

We are in discussions with Mr. Reinsdorf, we will let you know. Please advise on the prospect which you said you were discussing this issue with.

From: Gerald Sheehan [mailto:gsheehan@beaconsportscapital.com]
Sent: Friday, February 06, 2009 12:09 PM
To: Beasley, Ed; Lynch, Art
Cc: Richard Billings
Subject: RE: Beacon Sports Follow-up to January 29 Meeting

Ed & Art:

There are multiple reports in the media today that Jerry Reinsdorf informed Gary Bettman that he is no longer interested in purchasing the Coyotes. Have you had any communication either from Jerry or Bettman regarding this?

Gerry

From: Gerald Sheehan [mailto:gsheehan@beaconsportscapital.com]
Sent: Tuesday, February 03, 2009 3:24 PM
To: 'Beasley, Ed'; 'art@glendaleaz.com'
Cc: Richard Billings (rbillings@beaconsportscapital.com); 'tlhocking@msn.com'
Subject: Beacon Sports Follow-up to January 29 Meeting

Ed & Art:

It was a pleasure meeting with both of you again last week and we appreciate your efforts in arranging the meeting with Coyotes management and ownership as well as Tom Hocking. We thought it would be helpful for us to share with you our impressions of the meeting as well as our recommendations with regard to next steps as follows:

[redacted]

Administrative Office Lease - During our review last December team management indicated on numerous occasions that the rent for team office space at Westgate is $2.7 million per annum and is paid directly to Jerry & Vicky Moyes under a multi-year lease. [redacted]

General & Administrative Expenses – Management is implementing $3.6 million in administrative cost reductions vs. our suggestion of $2.5 million. [redacted]

Hockey Operations Expenses – [redacted]

Gretzky Obligations - Discuss further the restructuring of the Wayne Gretzky Service Contract on terms commensurate to our recommendation.

Broadcasting – The team's TV broadcasting contract with Fox Sports expires after the end of the current season. [redacted]

[redacted] It was agreed during our meeting to discuss this issue at a later date.

Non-Hockey Events - [redacted].
Management indicated that the Phoenix area is extremely competitive to attract non hockey events [redacted]
Overall, based upon our findings and feedback from sources in the market we continue to believe that arena can attract more events.

Sponsorship/Suite Revenue – Need to discuss more in-depth with management what steps are being taken to increase revenue in these areas.

[redacted] f possible, we would like to review the analysis that Tom Hocking prepared with regard to additional parking revenue.

We would be happy to discuss this with you in further detail and are available to follow-up again with you, Coyotes management and ownership in Glendale at your earliest convenience.

Best regards,
Gerry & Rick

ED BEASLEY
CITY MANAGER

GLENDALE AZ

April 15, 2009

John Kaites
Public Policy Partners
917 W. McDowell Road
Phoenix, AZ 85007

Dear John:

Included with this letter are documents strictly for your information and consideration only regarding detail related to current revenue sources for the National Hockey League teams and rankings. [redacted] Please treat this information as highly confidential and proprietary, it is not intended for any secondary dissemination.

We would be happy to meet and discuss this with you further. Please feel free to give me a call after you have had an opportunity to review the information.

Sincerely,

Ed Beasley

Ed Beasley
City Manager

EB/jrm

Enclosures (3)

CC: Art Lynch, Deputy City Manager

Phoenix Coyotes & Jobing.com Arena Proposed Financial Plan

Introduction:

Beacon Sports has been engaged by the City of Glendale as their financial advisor with respect to the present financial situation with the Phoenix Coyotes and Jobing.com arena. At the City's request, we spent three days on site reviewing the books and records, major contracts, and operating agreements of the Coyotes and Arena Management Group (collectively, the "Company") and had the opportunity to interview management principally the Company's CFO and Controller. Under strict orders from the National Hockey League and the Company we were unable to take copies of any material. We also attended a Coyotes home game on December 11th at the Jobing.com Arena in order to witness the game day experience and get a better understanding of the team's fan base as well as the game day operations. We also attended a Suns home game the following evening at the US Airways Centre to provide a relative benchmark in the greater Phoenix market.

The current Coyotes management team generates the lowest level of local revenue in the NHL and has the 11th highest non-player expense base. The current venue management team has recently generated a range of only 30 to 35 non-hockey events per year. Considering the size of the greater Phoenix market and a new arena in Glendale, even with the high level of competition locally for entertainment and sponsor dollars, a new management/ownership team should be able to immediately and favorably impact the operations at the Team and Arena [redacted]. In preparing this operating plan, we have used the current Company budget for the 2008-09 fiscal year as the basis for our assumptions and recommendations.

Initial Outline of a Break-Even Plan

Without assuming any incremental revenue a new management should be able to generate (added non-hockey events, increased arena and team sponsorship sales, an increase in suite, club seat, and ticket revenue, etc.), based on our initial observations and analysis, we believe that the following steps can be undertaken by new ownership to immediately decrease the current operating shortfall at the Team/Arena operations in Glendale:

1. **Team and Venue per annum expense reductions from 08/09 budgeted levels.**

    a. The Coyotes' local broadcast rights are held by Fox Broadcasting which has a ten year deal expiring at the end of the current 08/09 season. At expiration, outsource the local broadcast production costs which would reduce the Team's overall broadcast expenses [redacted] Relative to the rest of the NHL, the Coyotes in 2007-2008 ranked 28th in total local broadcast revenue generating [redacted] that year while the NHL average team local broadcast revenue that year was [redacted] n.

b. Eliminate Ownership expense of [redacted] which consists of payments to CEO Jeff Shumay and non-Company legal expenses. Mr. Shumay is the owner's representative on site.

c. Eliminate Office expense- [redacted] – Currently the Team and venue offices are located off-site in a facility owned by the present owner of the Team at an above market lease cost. To eliminate this cost, the offices should be moved back to the arena where there is ample space available to house this staff.

d. Reduce compensation to Wayne Gretzky from [redacted] (currently receiving [redacted] in salary as coach of the Team) and eliminate his [redacted] in annual deferred payroll cost and a bonus payment of 75 basis points of total Team revenue.

e. Reduce business, operations, and game day expenses at the Arena and Team by [redacted] Our observations are that the Team and arena operations are overstaffed, they under deliver, and present a poor game day experience. As an example of this, the Team has the 2nd highest marketing budget in the NHL at [redacted] (the League average is [redacted]) but generates the lowest level of local revenue in the League.

f. Reduce non-player costs in Hockey operations by [redacted] - Of the $62.0 in hockey operations expenses, actual player payroll is only [redacted] - 2nd lowest in the NHL and at the minimum allowed under the NHL Collective Bargaining Agreement. Team operating costs as defined by the NHL are the 4th highest in the League at [redacted] while the League average is $12.78. It should be noted that Gretzky's [redacted] coaching salary is included in these numbers.

Total potential reduction in budgeted Team and Arena per annum expenses- [redacted]

[redacted]

[redacted]

We believe the expense reductions being proposed can be made without affecting the on ice performance of the Team, the experience of the fans at the games, the Team and Arena's current revenue results, or the overall service provided to sponsors, suite-holders, and fans. [redacted]

3. **Revenue Opportunities:** Aside from making additional expense cuts beyond the levels notated above, in order for this enterprise to obtain break even operations, new management must look to generate new revenue at the arena which we believe is possible to achieve over time. The greater Phoenix market is the 11th largest in the US, is growing, and has very attractive demographics. The building is new and state of the art, is reported to be cost competitive with other area sports venues, and has an attractive long term lease with the City of Glendale. While the overall local market is competitive for sponsors, suit holders, and entertainment spending, the revenue generated in local hockey operations in Glendale is the lowest in the NHL even with the lowest average ticket price in the League. We believe that there exists ample available revenue inventory (suites, club seats, tickets, non-hockey event dates, sponsorships, signage, etc) at the arena to market and believe under new management combined with a competitive hockey team substantial improvement can be made on the Team and Arena current revenue levels. The opportunities identified for revenue improvement at the Team and Arena are in the following revenue categories:

    a. Local broadcasting Revenue- The current local media agreement with Fox Broadcasting expires at the end of the current 2008-2009 season. The agreement with Fox was entered into ten years ago while the Coyotes were playing at the America West Arena. They have since moved into a more production friendly venue built specifically for hockey. Furthermore, over the past ten years, the value of sports broadcasting rights has grown dramatically. Even with the present difficult economic environment and the relatively poor ratings for Coyotes games on cable, we believe that the new owners of the Team will have the opportunity to substantially increase local broadcast revenue when the Fox agreement expires next May. The Team has several options to explore to increase local broadcast revenue: bid out the local rights to a variety of media providers; joint venture a new network with another local sports Team or Teams, or; develop their own media outlet. Considering the size of the media market in the greater Phoenix area, a new management team should be able to generate higher annual contractual broadcast revenue than the [redacted] the Team presently receives, which ranks it 28th in the NHL in this revenue category. The average per Team local broadcast revenue in the NHL is [redacted] per year.

b. [redacted] The arena has booked between 30 and 35 non-hockey dates per year over the last three years. Preliminary due diligence was performed by Beacon Sports with individuals in the entertainment business who are familiar with the arena and the local greater Phoenix market. These discussions would indicate that under new management and with more aggressive marketing, the arena is in a position to generate more non-hockey events than are currently being booked. The building is new, well regarded in the industry, and is very cost competitive with the other venues in the market. Market sources believe that over time and under new management, the arena could generate on a yearly basis 10 to 12 non-hockey event dates (ASU sports, college hockey and basketball tournaments, local and regional high schools sports, rodeos, etc.), 25 concert dates including religious/Christian shows, and 25 family shows. Combined with the existing 44 hockey dates, these additional events would bring total dates booked at the arena to the range of 104 to 106 per year which would be considered an average performing venue based on national results of similar sized venues with one major sports tenant. Aside from the revenue to the arena generated by these added events, this increased activity should also have a positive impact on generating additional sponsorship and suite revenue as well as in improving the arena's concessions split with the concessionaire, ARAMARK.

c. Additional Suite Sales: There are 89 suites at Jobing.com arena of which 9 are assigned to be rented out for individual games/events and 5 are complimentary; one each is available to the owner and the team, two are available to the City of Glendale, and one is available to Kubota Golf. Of the remaining 75 suites for sale 46.5 of them are leased and 28.5 are available for future sale. Currently, suite pricing ranges from [redacted] per annum and include tickets for all events held at the arena. Of the 46.5 suites presently leased, 6 are leased to current players and team management and 7.5 are leased to firms with major sponsorship or other business with the arena or Team [redacted] leaving 33 leased to the general corporate community in the greater Phoenix/Glendale area. Despite the high level of local suite inventory, the general corporate market should be able to support suite lease sales greater than 33. The Jobing.com arena is a new, state of the art venue and the price of entertaining clients at the suites at the arena relative to other sports venues in the market provides a real cost advantage to its lessees. Of note, when reviewing the arena's list of current suite holders, there appeared to be few professional service providers on it including local law firms and accountants, banks and finance companies, medical and insurance companies, and the regions major employers all of whom tend to be the target market for selling suites at most venues. With an enhanced event schedule and a competitive Team, new management should be able to generate additional incremental revenue from suite sales over time.

d. Increase in Sponsorship/Advertising Sales: According to Team officials, there is approximately [redacted] in unsold available sponsorship inventory for the Team and the Arena. From our on site visit, there appears to be sponsorship opportunities in game day promotions, arena signage particularly on the outside of the building, charity events such as golf outings, media (television, radio and internet), and print (tickets, programs and media guide).Obviously, sponsors/advertisers will be more attracted if the venue is able book more events as outlined in item (b).

e. Increase in Ticket Sales: The Coyotes ranks 30th in the NHL in sales of season tickets and 29th in single game attendance even though they maintain the lowest average ticket price in the NHL [redacted] The Team appears to have a small but loyal core fan base with a demographic that is largely blue collar. The product needs to be creatively remarketed to attract the casual fan- families, young professionals, and the corporate entertainment market- with a better game day experience, better parking arrangements, and more affordable price points. Ticket sales and resulting per cap spending should also increase with better on ice performance by the team which is currently taking place as evident by its attendance figures through December 23rd. [redacted]

[redacted]. Of note, during our due diligence, we were not given the opportunity to review the NHL Revenue Sharing, NHL Broadcasting, or NHL Enterprise agreements to determine if additional incremental revenue would be available to the Team in the future under these agreements.

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ED BEASLEY
CITY MANAGER

GLENDALE

January 8, 2009

Mr. Gary Bettman
Commissioner
National Hockey League
1185 Avenue of the Americas
New York, NY 10036

Dear Gary:

Attached is the document we had discussed which provides a break-even scenario for consideration of sale & acquisition. We believe this proposal could meet the expectations of a prospective buyer. [redacted] As always, this is a draft proposal for consideration. Any final or detailed proposal that includes the city's participation is subject to discussion and council approval.

Sincerely,

Ed Beasley
City Manager

EB/jrm

Enclosure: Draft Proposal

City of Glendale
Municipal Complex • 5850 West Glendale Avenue • Glendale, Arizona 85301-2599 • (623) 930-2870

From: Tindall, Craig
Sent: Friday, June 26, 2009 11:44 AM
To: 'Klein, Adam R.'
Attachments: westgate.jpg

Craig D. Tindall

City Attorney

City of Glendale

623-930-2930

From: Tindall, Craig
Sent: Tuesday, June 23, 2009 9:25 AM
To: 'Klein, Adam R.'
Subject: RE: Email me with your cell if you want to talk about your dchedule

[redacted]

Also, on time, anything that we do to the Management and Use Agreement must go Council. [redacted]

From: Klein, Adam R. [mailto:[redacted]
Sent: Tuesday, June 23, 2009 [redacted]
To: Tindall, Craig
Cc: John Kaites
Subject: RE: Email me with your cell if you want to talk about your dchedule

[redacted]

ADAM R. KLEIN
Partner
Katten Muchin Rosenman LLP

525 W. Monroe Street / Chicago, IL 60661-3693
p / [redacted] f / (312) 577-8739
[redacted] <mailto [redacted]> / www.kattenlaw.com
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Sent: Tuesday, June 23, 2009 10:29 AM
To: Klein, Adam R.
Subject: RE: Email me with your cell if you want to talk about your dchedule

[redacted]

From: Klein, Adam R. [mailto:[redacted]]
Sent: Tuesday, June 23, 2009 5:54 AM
To: [redacted]
Cc: Sieger, John P.; Tindall, Craig; [redacted]; [redacted];
[redacted]
Subject: Re: Email me with your cell if you want to talk about your dchedule

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Adam R. Klein
Katten Muchin Rosenman LLP
[redacted]

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From: Baldiga, William R. [redacted]
To: Klein, Adam R.
Sent: Tue Jun 23 06:37:44 2009
Subject: RE: Email me with your cell if you want to talk about your dchedule

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William R. Baldiga

[redacted]

From: Klein, Adam R. [mailto:[redacted]]
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To: Baldiga, William R.
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Katten Muchin Rosenman LLP
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To: 'Klein, Adam R.'
Subject: RE: Email me with your cell if you want to talk about your dchedule

Adam: Has anyone on your team begin discussions with the Ellman Group? That will be necessary with the structure under discussion. Craig

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Cc: Sieger, John P.; Tindall, Craig; [redacted]; [redacted]
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From: Tindall, Craig
Sent: Monday, May 04, 2009 3:42 PM
To: 'Klein, Adam R.'
Subject: RE: Nondisclosure Agreement

How about this:

a. Further, the Group agrees to indemnify, defend and hold harmless City from any claims, actions, lawsuits, or any other controversy or remedy, in whatever form, that arises from the failure to comply with the request for information and the laws pertaining to public records, including defending City in any legal action and payment of any penalties or judgments related to a claim for nondisclosure of the Propriety Information and which is not part of another underlying proceeding that is related to gross negligence, willful misconduct or breach of contract by the City.

From: Klein, Adam R. [mailto:adam.klein@kattenlaw.com]
Sent: Monday, May 04, 2009 3:37 PM
To: Tindall, Craig
Subject: RE: Nondisclosure Agreement

yep

ADAM R. KLEIN
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Got it. Makes sense. Can we except from the exclusion an assert of wrongdoing for failure to disclosure? Otherwise, we defeat the purpose of the indemnification.

From: Klein, Adam R. [mailto:adam.klein@kattenlaw.com]
Sent: Monday, May 04, 2009 3:32 PM
To: Tindall, Craig
Cc: John Kaites
Subject: RE: Nondisclosure Agreement

SEE BELOW IN ALL CAPS --THANKS FOR QUICK RESPONSE

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, to the extent the request is not part of an underlying proceeding related to gross negligence, willful misconduct or breach of contract by the City.

We may be fine, just wanted your thoughts on the how you see this addition working and what you protecting against with this language. I'm sure it's probably fine, but if we fail to disclose under the Public Records Law (to which there is a judicially-created exception for nondisclosure when in the best interests of the city, such as during negotiations) an asserted violation could be characterized as "willful misconduct," I suppose. JUST TRYING TO MAKE SURE THE GROUP IS NOT INDEMNIFYING THE CITY IF THE REASON THE CITY HAS TO DISCLOSE THE PROPRIETARY INFORMATION IS BECAUSE IT IS PARTY TO A PROCEEDING ALLEGING THAT THE CITY ENGAGED IN WRONGDOING

Also, just so you know, if we were faced with a public records request, we could protect disclosure during negotiations. "Best interests" arguments tend to run out when negotiations are concluded, although [redacted]

From: Klein, Adam R. [mailto:adam.klein@kattenlaw.com]
Sent: Monday, May 04, 2009 2:53 PM
To: Tindall, Craig
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Subject: RE: Nondisclosure Agreement

Craig -- please find attached a clean and redline of the nondisclosure Agreement (marked against the version you sent us). Feel free to contact me with any questions -- otherwise Kaites is ready to execute

Hope all is well and look forward to hopefully working together again.

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Adam: Hope all is well. Attached is the city's standard non-disclosure agreement. While this is a standard agreement, let me know if you'd like any changes. Thanks,

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Follow Up Flag: Follow up
Flag Status: Flagged

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ok with me -- please circulate clean copy of agreement to me Kaites for signature (and cc me)

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Also, just so you know, if we were faced with a public records request, we could protect disclosure during negotiations. [redacted]

From: Klein, Adam R. [mailto:adam.klein@kattenlaw.com]
Sent: Monday, May 04, 2009 2:53 PM
To: Tindall, Craig
Cc: John Kaites
Subject: RE: Nondisclosure Agreement

Craig -- please find attached a clean and redline of the nondisclosure Agreement (marked against the version you sent us). Feel free to contact me with any questions -- otherwise Kaites is ready to execute

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City Attorney

City of Glendale

623-930-2930

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From: Klein, Adam R. [adam.klein@kattenlaw.com]
Sent: Monday, May 04, 2009 3:37 PM
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yep

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Got it. Makes sense. Can we except from the exclusion an assert of wrongdoing for
failure to disclosure? Otherwise, we defeat the purpose of the indemnification.

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Attachments: WSComparison_#60725627v1_CHI02_ - Glendale Nondisclosure Agreement-#60725627v2_CHI02_ - Glendale Non.DOC; Glendale Nondisclosure Agreement.DOC

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From: Klein, Adam R. [redacted]
Sent: Saturday, June 27, 2009 8:37 AM
To: Tindall, Craig
Subject: Lawsuit against Glendale

Anything we should know about the suit filed by the Goldwater group re access to records Adam R. Klein
Katten Muchin Rosenman LLP
[redacted]

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Service, any tax advice contained herein is not intended or written to be used and cannot be used by a
taxpayer for the purpose of avoiding tax penalties that may be imposed on the taxpayer.

Documents Withheld

Re: Public Records Request of Phoenix Newspapers, Inc. Dated May 8, 2009
(as expanded by letter from Steptoe & Johnson)

	Document	Exception
1	Jan 29, 09 Letter from Ed Beasley to Gary Bettman with enclosed confidential and propriety financial information and analysis of a private entity	Best Interests
2.	Jan 29, 09 Letter from TL Hocking & Associates re: Westgate and Arena Revenue Increases	Best Interests