

## Coyotes Ugly

Written by Jordan Kobritz  
Tuesday, 11 August 2009 04:00

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Bulls and White Sox owner Jerry Reinsdorf is looking to land the Phoenix Coyotes, a club embroiled in financial chaos.

The Phoenix Coyotes are embroiled in a tangled web of power, intrigue, duplicity and litigation that has seemingly gone on forever with no end in sight. And in the eyes of officials with the city of Glendale and the NHL, the white knight in shining armor is Chicago White Sox and Bulls owner Jerry Reinsdorf. Based on their similarities in doing business, they all deserve each other.

The Coyotes have been losing \$30-35 million per year since they moved into a new \$180 million arena in Glendale six years ago. While current owner Jerry Moyes has been blamed for poor management, given the oppressive terms of the lease between the team and the city, the best operator on the planet couldn't make the numbers work. Last fall, Moyes approached the city in an effort to renegotiate the lease. When his efforts were rebuffed, he sought bankruptcy protection in an attempt to salvage a portion of his \$300 million investment in the team.

Unbeknownst to Moyes, while he was begging Glendale for financial relief, the city, in conjunction with the NHL, was soliciting Jerry Reinsdorf as a potential new owner. The troika had been in secret negotiations whereby the league would seize the team from Moyes, sell it to Reinsdorf, and the city would rewrite the lease to Reinsdorf's satisfaction.

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His Coyotes dealings – which served to undermine the Moyes/Glendale relationship - are standard operating procedure for Reinsdorf. The sports magnate refused to honor his spring training lease with the City of Tucson and moved the White Sox to a new facility in...surprise, surprise...Glendale. Faced with a choice between a long, drawn out lawsuit against Reinsdorf or accepting his settlement offer, Tucson opted for the latter.

Reinsdorf's actions effectively killed spring training in Tucson. The two remaining teams – the Arizona Diamondbacks and Colorado Rockies – exercised a clause in their leases giving them the right to opt out in the event there were fewer than three teams in the market.

Reinsdorf was reportedly incensed when details of his backroom dealings with Glendale became public and he threatened to withdraw the offer he made to purchase the Coyotes from Bankruptcy Court for \$148 million. Not surprisingly, no cash is involved in the offer. Reinsdorf would assume a portion of the existing debt if the city would agree to rewrite the lease to provide an additional \$23 million per year in revenue and pay him \$15 million per year if the team continues to lose money. And if losses continued, Reinsdorf would be allowed to move the team after five years.

There's a ready solution to the Coyotes mess. Canadian billionaire Jim Balsillie, co-inventor of the BlackBerry, has offered \$212.5 million in cash to purchase the team if he can move it to Hamilton, Ontario. The deal is clearly the best option for the creditors, but the league isn't exactly enamored of Balsillie, who tried to force his way into their gentlemen's club on two prior occasions when he put in bids for the Pittsburgh Penguins and the Nashville Predators.

In preparation for an auction scheduled for early September, the league voted 26-0 to support Reinsdorf's bid over Balsillie's (and one other bid containing few details). In a motion asking the Bankruptcy Court to throw out Balsillie's bid, the league says it rejected Balsillie as an owner because "he lacks the good character and integrity required of a new owner." By rejecting Balsillie, the league also preserves its right to a fee for the Hamilton territory should it approve expansion or a relocation of an existing team at a later date.

The Bankruptcy Court's responsibility is to the creditors, and from that perspective, Balsillie's bid is clearly the best. But whether the court has the legal authority to circumvent the NHL constitution and bylaws and force the league to accept Balsillie as an owner - and award him the Hamilton territory - remains to be seen. Much to the chagrin of NHL owners and Commissioner Gary Bettman, Bankruptcy Court Judge Redfield Baum has yet to eliminate

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Balsillie, which is a victory for truth, honesty and decency, however fleeting it might be.

In the meantime, the stench emanating from the Valley of the Sun is the Coyotes' carcass decomposing in the desert heat.

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