

# THE VALUE OF THE HOMETEAM

✖ Sports are a fickle thing, they bring out the best and the worst of people. Professional sports franchises often come, in a way, to define their cities. Pittsburgh, home of the Steelers. Boston, home of the Red Sox. Detroit, home of the Red Wings. But what is their intrinsic value? What does it mean when they leave? The City of Phoenix may be about to find out:

Less than an hour before the National Hockey League commissioner planned to broker a deal to sell the Phoenix Coyotes and strip team owner Jerry Moyes of his duties Tuesday, Moyes filed for bankruptcy to sell to his own buyer.

Moyes, as part of a Chapter 11 reorganization filing, agreed to sell the team for \$212.5 million to a BlackBerry wireless magnate who plans to move the team to a yet-to-be determined location in southern Ontario, Canada.

The move is not a certainty. Already, the NHL and Glendale, which leases Jobing.com Arena to the Coyotes, have objected to Moyes' tactics. And other investors could outbid BlackBerry executive Jim Balsillie's PSE Sports & Entertainment LP.

But the Coyotes, who have played in metro Phoenix since 1996, habitually have lost money in the desert, first when they shared an arena with the Phoenix Suns in downtown Phoenix and most recently in Glendale.

Moyes, who since 2001 has invested more than \$310 million in the team, declined to be interviewed. Earl Scudder, his financial and legal adviser, said Moyes

had no option but to file for bankruptcy because that was the only way to void the team's lease with Glendale.

There are so many threads here it is hard to know where to start. The arrogance of an owner. The bankrupt state of a national sports franchise. And not just any hockey franchise either, one run by the Great One, the greatest hockey player ever, Wayne Gretzky and playing in one of the newest most state of the art single sport dedicated stadium in the league. Oh, and hey, does the line "no option but to file for bankruptcy because that was the only way to void the team's lease with Glendale" not sound an awful lot like the mantra of the Obama Administration and the auto manufacturers trying to shed those pesky dealership agreements?

So, apparently the market value of the Phoenix Coyotes is 212.5 million – if the team is shipped off to somewhere in southern Ontario, Canada. I don't know the value if they stay in Phoenix, we may find that out soon. What is the value of the team to the city above and beyond that and how should it play into consideration in BK Court? Now, with the Coyotes and Phoenix, this is somewhat of a theoretical exercise compared to big time franchises like the Steelers, Red Sox etc., but there is *some* value there. Should that be considered?

What do you do about the stadium lease? The presumption is that can be blithely voided. This stadium is a huge issue:

The move shocked Glendale, which contributed \$180 million for the \$220 million arena that opened in 2003. For the city's hefty investment, the team signed a 30-year agreement with an early-termination penalty of more than \$700 million.

There are only so many ice capades shows and big enough concert acts to fill a joint the size of

Jobbing.com Arena. What becomes of the city's investment and the property that resulted? What about the fans that have been loyal to the Coyotes, are they owed anything. In all honesty, Phoenix is a Suns, D'Backs, Sun Devils and, for the time being anyway, Cardinals town. The Coyotes were always an afterthought, but still, there are more than a few. This has happened to more established franchises to a degree before, to wit the Seattle SuperSonics most recently.

I fully understand that I have asked more questions than I have answered, but there are some perplexing ones in play here. I am interested in the thoughts of people from different regions and perspectives. Oh, and hey, to our Canadian friends, do you really want the Coyotes back? After all, Phoenix stole them from Winnipeg to start with. What comes around goes around, eh?