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*Attorneys for PSE Sports & Entertainment LP and S&E Interim
Facility Corporation*

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF ARIZONA**

In re:
DEWEY RANCH HOCKEY, LLC,
COYOTES HOLDINGS, LLC,
COYOTES HOCKEY, LLC, and
ARENA MANAGEMENT GROUP, LLC,
Debtors.

Chapter 11
Case No. 2:09-bk-09488-RTBP

DECLARATION OF JAMES BALSILLIE

This Filing Applies to:

- All Debtors
- Specified Debtors

I, James Balsillie, declare under penalty of perjury:

1. I am a citizen of Canada.
2. I am the President of PSE Sports & Entertainment GP, Inc., the General Partner of PSE Sports & Entertainment LP, a Delaware limited partnership ("PSE"), and am authorized to make these statements on behalf of myself and of PSE.

1 3. I am an adult person competent to testify in Court. I make the following
2 statements based upon my personal knowledge except as otherwise indicated.

3 4. I earned a Bachelor of Commerce degree from the University of Toronto, and a
4 Masters of Business Administration degree from Harvard University. I am a Fellow of the
5 Institute of Chartered Accountants of Ontario. My curriculum vitae is attached as Exhibit 1

6 5. Since 1992, I have been co-CEO of Research in Motion, the makers of the
7 BlackBerry.

8 6. I grew up loving the game of hockey and dreaming of playing in the greatest
9 professional sports league in the world, the National Hockey League, competing for and winning
10 the oldest and most revered trophy in professional sports, the Stanley Cup, donated by the
11 Governor-General of Canada in 1893. While that dream of playing for the Stanley Cup will never
12 come true, I am in the privileged position of having the resources to compete for one as a potential
13 owner of an NHL franchise on behalf of Canadian hockey fans everywhere, and particularly those
14 in southern Ontario.

15 7. I care deeply about Canada and southern Ontario. While I have had the
16 opportunity to invest millions of dollars in community projects, programs and institutes of higher
17 learning in an effort to help Canadians and to put Canada on the global map, I believe there is
18 more I can do.

19 8. In fact, I have been convinced for several years that one of the most important
20 contributions I can make to my country and my community is to bring a seventh NHL franchise to
21 the greatest under-served hockey market in the world and locate it in Hamilton, a great city with
22 unlimited potential in the heart of a huge and rabid hockey market and in the midst of one of the
23 greatest tourism destinations on Earth, the Niagara Region.

24 9. To this end, I would like to invest in the Coyotes franchise on behalf of those fans.
25 Like many, I do not believe that the team is economically viable in Glendale, but I do believe it
26 does have value of \$212.5 million if moved to Hamilton before it has another season of losses.

1 10. I have secured an option for a long-term lease at the municipally owned Copps
2 Coliseum in Hamilton, an arena built for NHL hockey at the same time as Detroit's Joe Louis
3 Arena. Copps has seating capacity of up to 19,000 and has played host to numerous NHL regular
4 season games as well as the historic in 1987 Canada Cup.

5 11. Under the terms of the leasing agreement, an NHL franchise could start playing at
6 Copps this fall with very modest enhancements. The plans are in place for a major renovation that
7 will make it even better. I firmly believe that moving the Coyotes from Glendale to Hamilton
8 will make the franchise one of the strongest in the League from a business and hockey
9 perspective. If given this opportunity, I will operate and invest in this franchise to win a Stanley
10 Cup in Hamilton.

11 12. I have welcomed the opportunity to provide all the information and applications
12 required of a good NHL owner, because that is exactly what I aspire to be, a good NHL owner,
13 who will work with the League and other Clubs within the rules. I will sign a standard Consent
14 Agreement and other standard NHL member/owner forms, modified as appropriate for the home
15 territory I am seeking.

16 13. From the onset of discussions with the Coyotes management, I expected that if an
17 agreement was reached, PSE would submit applications to the NHL to transfer Club ownership to
18 PSE and to relocate the Club to Hamilton. The opportunity did not arise until the Spring of 2009,
19 so PSE was unable to submit the applications on January 1. However, I understand that the NHL
20 can process applications in the Spring for Fall season games. If PSE acquires the Club, and (a)
21 the NHL and all other parties respect the decision of the Court by foregoing their appeal rights;
22 and (b) the NHL is willing to cover the losses from operating the Club in Glendale for another
23 year in the Glendale arena on current lease terms (subject to the right to terminate the lease at the
24 end of the season), I would be willing to delay the move to Hamilton for that period to alleviate
25 the difficulty to the NHL of re-scheduling 2009-2010 games.
26

1 14. The NHL form of Application to Acquire NHL Membership or an Ownership
2 Interest in an NHL Member Club (the "Transfer Application") was initially submitted to the NHL
3 in the form provided by the NHL on May 22, 2009. I understand a copy was filed with the Court
4 at Docket 228.

5 15. The Transfer Application contains extensive disclosures of personal financial
6 information about my companies, my family, and my net worth. I believe the information is
7 sufficient to demonstrate my ability and the ability of PSE to commit sufficient financial resources
8 to provide for the financial stability of the Club under PSE ownership and operations in Hamilton.
9 I am not only able, but also willing, to commit the resources needed to provide for such financial
10 stability, as required by NHL By-Law 35.1(a).

11 16. NHL By-Law 35.1(b) provides that the NHL will consider the good character and
12 integrity of proposed holders of an ownership interest in an NHL Club. A Supplement to the
13 Transfer Application, providing information not specifically addressed in the NHL form including
14 a letter from me explaining my motives in attempting to buy the Coyotes for relocation to
15 Hamilton together with my curriculum vitae, was provided to the NHL on June 1, 2009, and I
16 understand a copy was filed with the Court at Docket 237 (the "Supplement").

17 17. The Supplement further includes true and correct copies of selected letters that I
18 received from various dignitaries and community leaders over the past two years, and of a few of
19 the news articles about recent awards and contributions.

20 18. The purpose of the Supplement and enclosures is to show the NHL that I have
21 earned a reputation for good character and integrity and have established strong ties with
22 community and business leaders. As stated in my letter in the Supplement and as noted above, I
23 want to help build the strength of the NHL with business partners and sponsors, and believe that
24 these relationships will enable me to accomplish that goal.

25 19. There seems to be a belief by some that I will not "play by the rules" or that I am
26 attempting to enter the NHL through the backdoor or that I don't want to submit to the scrutiny of

1 the NHL Board of Governors. To that I would reply that I am in a United States federal court,
2 having made a very significant "stalking horse" bid to acquire the Coyotes, a team that has been
3 for sale since October 14, 2008 without having received any firm bids. As a stalking horse bid,
4 my offer is there for anyone to outbid me, with the auction to be run by a federal judge. I have
5 removed my requirement for a break fee. In accordance with the purchase agreement and NHL
6 rules, I have submitted to the NHL for consideration by the NHL Board of Governors what I
7 believe to a complete and fulsome Transfer Application and a membership relocation application.
8 I have secured an option for a suitable arena in which to play. I believe I am fully complying with
9 the rules as I understand them, under the full scrutiny of the NHL, creditors of the Coyotes who
10 are most affected by the offer, and the Bankruptcy Court.

11 20. Mr. Daly suggests in paragraph 15 of his declaration of May 13, 2009 that I have a
12 record of unwillingness to comply with the NHL constitution and bylaws and that I verbally
13 agreed to the 7 year non-relocation covenant in respect of the Pittsburgh Penguins. If that was his
14 understanding, then there was a misunderstanding. In my agreement with the Pittsburgh team, I
15 specifically negotiated the right to negotiate certain terms of the Consent Agreement with the
16 NHL. While certain specific terms for the Consent Agreement were mandated by the purchase
17 agreement, the seller acknowledged that I would **not** be required to agree to the standard 7 year
18 non-relocation covenant. In my view, the reason the seller acknowledged that the 7 year non-
19 relocation was **not** a tenable commitment was because the arena in which the Pittsburgh team
20 played was the oldest in the League and needed to be replaced. If I was to agree to a 7 year non-
21 relocation covenant, I would have no leverage with local public officials to seek funding for a new
22 arena. In my meetings with the Commissioner and Mr. Daly, the Commissioner said that he
23 would consider a relocation in a shorter period of time if a new arena was not obtained. However,
24 I was unwilling to complete the purchase without a written understanding. As none was
25 forthcoming, I chose to terminate my agreement to purchase the team as I was permitted to do
26

1 under the purchase agreement, and my \$15 million deposit was refunded except for \$1 million
2 which the seller was contractually entitled to keep.

3 21. Mr. Daly suggests in his declaration that I broke NHL rules by entering into an
4 option to lease and taking season ticket deposits in Hamilton at the time I was seeking to acquire
5 the Nashville Predators. Mr. Daly suggests that my actions constituted a significant attempt to
6 "destabilize the franchise's exiting business in Nashville". I had no intention of destabilizing the
7 team in Nashville and my position was that the team would not move unless the lease was
8 terminated and the NHL consented to the move. However, I knew that the then current owner of
9 the Nashville team was about to, and subsequently did, give notice to the City of Nashville to
10 terminate the lease. To me, that was the destabilizing act. I secured an option on the arena in
11 Hamilton well before I began negotiating the purchase of Nashville and began taking season ticket
12 deposits in Hamilton because I needed a place to play if the Nashville lease was terminated. The
13 League's policy at the time was that a substantial number of season ticket deposits had to be
14 obtained to demonstrate that a community could support an NHL team. In retrospect, I regret that
15 I did not seek NHL permission before taking these steps. In connection with the Coyotes, given
16 the NHL's objections to my actions in Nashville, I have secured an option on the arena in
17 Hamilton to ensure that I can demonstrate to the NHL that I have a place for the team to play, but
18 I have not sought to take deposits for seasons tickets.

19 22. I would also note that one of the eventual owners of the Nashville team in 2007,
20 Mr. William Del Baggio, secured an option on an arena in Kansas City in anticipation of a
21 potential relocation of an NHL team to Kansas City at some future date. Although Mr. Del
22 Baggio has since pleaded guilty to fraud, I am unaware of his being viewed by the NHL as an
23 owner who was unwilling to comply with League rules in 2007.

24 23. In his declaration, Mr. Daly suggests that there is something improper with making
25 a secret stalking horse bid. I am told that these are common in the United States and that a seller
26 commonly does not advise creditors and potentially affected parties until an actual written

LEWIS
AND

ROCA
LLP

LAWYERS

1 agreement is signed. I further understood from my experience with the potential acquisition of the
2 Predators that the NHL would not consider any offer for a NHL team unless it was finalized and
3 signed. My understanding is that after more than 5 fruitless months of searching for a buyer who
4 would keep the team in Glendale, Mr. Moyes believed he had no other option but to proceed with
5 searching for and negotiating with a potential buyer like me who is interested if the team can be
6 relocated.

7 24. It is my fondest ambition to do all that I can to build up the strength of the League
8 with business partners and sponsors, as well as strengthening community ties to the game of
9 hockey that I still play. I firmly believe that the best way for me to do that is as owner of my
10 proposed Hamilton NHL franchise, which will be a credit to the greatest game in the world. NHL
11 hockey, for many years to come.

12 I make this declaration under penalty of perjury of the laws of Ontario, Canada in Toronto,
13 Canada on June 7th, 2009.

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15 By: _____
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James Balsillie

1 **Exhibit 1**

2 **Jim Balsillie – Curriculum Vitae**

3 Jim Balsillie is co-CEO of Research in Motion (RIM)

4 **Community Involvement**

5 **Boards**

6 Member, Board of Directors – Canadian Olympic Foundation

7 Founder – The Centre for International Governance Innovation (CIGI)

8 Chair, Operational Board of Directors – CIGI

9 Founder and Chair – Canadian International Council (CIC)

10 Honourary Police Chief – Ontario Association of Chiefs of Police

11 Member, Ontario Task Force on Productivity, Competitiveness and Economic Progress

12 Member, YPO-WPO Western Chapter

13 Honourary Captain, Director General Maritime Force Development – Canadian Navy

14 Campaign Leader – Child Witness Centre of Waterloo Region

15 Honourary Chair – Kids at Risk, KW Counseling

16 Member, International Advisory Board of Governors – CIGI

17 Honourary Chairperson – Intelligent Waterloo Leadership Group

18 Founding Member & Current Board of Advisors member – Communitech

19 **Community Contributions**

20 The Centre for International Governance Innovation (CIGI)

- 21 • Balsillie Centre of Excellence
- 22 • CIGI Organization
- 23 • University of Waterloo: Chair, International Governance
- 24 • Wilfrid Laurier University: Chair, International Governance
- 25 • Establish Balsillie School of International Affairs

26 Grand River Regional Cancer Centre

- The Balsillie Family Building

Founding Donor – The Perimeter Institute for Theoretical Physics

Founding Donor – Waterloo Regional Children's Museum

KW Counseling Services Family First Campaign

Founding Donor – RIM Park

Donor – Kitchener-Waterloo Food Bank

1 Jim & Heidi Balsillie Endowment Fund (via KWCF) – the Child Witness Centre of Waterloo
Region

2 Donor – Kidsability

3 Donor – Family & Children's Services of Waterloo Region Foundation

4

Recognition & Awards

5 Barron's List of World's Best 30 CEOs, 2008 and 2009

6 Top 25 Most Influential People in Business, Canada Business, 2009

7 Inductee, the Canadian Business Hall of Fame, 2009

8 Recipient, International Distinguished Entrepreneur Award, ASPER School of Business, 2009

8 Recipient, Paul Harris Fellowship Award for International and Community Service, Rotary, 2009

9 Named 'Outstanding Business Leader of the Year' by Wilfrid Laurier University, 2009

10 Recipient, Annual Testimonial Award, Public Policy Forum, 2009

11 Appointed to Canada's Outstanding CEO of the Year Advisory Board, 2008

11 Canadian of the Year Award, Canadian Club of Toronto, 2006

12 Co-winner of the Canada's Outstanding CEO of the Year award by Financial Post Business
magazine, 2006

13 TIME 100 Most Influential People, Time Magazine, 2005

14 Recipient, Canada-U.S. Business Achievement Award, 1999

15 Recipient of the Canada Award for Business Excellence, 1998

16 Canada's 50 Most Influential People in Graphic Communications. PrintAction Magazine, 2005

16 E&Y Entrepreneur of the Year, 1996

17

Honourary Degrees

18 Recipient of Honourary Doctor of Laws – University of Waterloo (2007)

19 Recipient of Honourary Bachelor of Applied Studies – Seneca College (2007)

20 Recipient of Honourary Doctor of Laws – Trent University (2007)

21 Recipient of Honourary Doctor of Laws – Dalhousie University (2006)

22 Recipient of Honourary Doctor of Laws – Wilfrid Laurier University (2003)

Education

24 Bachelor of Commerce, Trinity College, University of Toronto, 1984

25 MBA, Harvard University, 1989

25 Chartered Accountant

26 Fellow, Institute of Chartered Accountants of Ontario (FCA), (2003)