

LSU Law Center Dispute Resolution External Team Tryouts Case File

City of Sunnydale and Watchers, LLC

Tryout Instructions

Below you will find 2/3 of a standard negotiation competition case file – the general fact pattern given to both sides of a negotiation round and the additional confidential facts provided to one side of the negotiation. We have withheld (as would be the case at competition) the confidential facts for the other side of the negotiation.

For your tryout, you are asked to prepare and deliver an approximately 5-to-7 minute “pre-negotiation” analysis. A pre-negotiation analysis is the first part of a negotiation competition round. In the pre-negotiation, each side meets with that round’s attorney evaluators, outside of the presence of the opponent team. During the pre-negotiation analysis, you must explain the following items to the panel:

- (a) Who is your client, and what are your client’s goals for the negotiation?
 - a. What are the client’s main interests? (For instance, “My client would be ecstatic if we left the table to today having accomplished _____. Nonetheless, the client would be happy if we at least accomplished_____.”)
 - b. What are the client’s hard limits? How will you avoid breaching the client’s hard limits?
- (b) What is your overall negotiation strategy, and why?
 - a. How are you going to approach accomplishing your client’s objectives?
 - b. Do you anticipate any roadblocks from the other negotiating party? If so, how do you plan to navigate those roadblocks?
 - c. What, if any, creative solutions would you propose to help meet your client’s objectives?

For your pre-negotiation analysis, you are permitted to create and use a PowerPoint or other presentation, but you are not required to do so. You will present your analysis in a conference room setting to Prof. Brooks, Advocacy Fellow Danny Bosch, and a panel of Board of Advocates members.

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General Information Provided to Both Parties

The City of Sunnydale in the state of Sequoia has been home to a professional basketball team, the Sunnydale Scoobys, for the past 20 years. Two years ago, the owners of the Scoobys became insolvent and could no longer afford to pay the rent on Key Arena, where the Scoobys played, to the City of Sunnydale, which owned the arena. In negotiations with the City on the issue of paying rent for the arena, the owners of the Scoobys agreed to transfer ownership of the Scoobys to the City so that the City could both recoup rent money through ticket sales and sell the Scoobys to new, more financially stable owners. After the City took over temporary ownership of the Scoobys, the city council proposed a penny sales tax to repair, renovate, and expand Key Arena, which was in dire need of updates and increased seating capacity so that the Scoobys could continue to play there profitably. To the surprise of the City, the citizens of Sunnydale did not pass the sales tax, which meant that the Scoobys would no longer be able to play at Key Arena after the Scoobys' original lease at the arena expired in three years because the venue simply was not suitable for the Scoobys' needs.

Despite this setback, the City began efforts to find new ownership for the Scoobys. After failing to find any local interest in buying the team, the City met with interested ownership groups from several different states before agreeing to sell the team to Watchers LLC, a group comprised of several individual investors based in the nearby city of New London, located in the neighboring state of Albion. One of the terms of the sale required Watchers LLC to "use good faith best efforts" for a 12-month period from the date of the sale of the team to secure a new arena lease or venue in the Sunnydale metropolitan area. While Watchers LLC would pay the lease on Key Arena during the 12-month period that it sought an alternative playing venue, after the 12-month period, the City would release Watchers LLC from any further obligation on the Key Arena lease so long as Watchers LLC had satisfied its requirement to make a good faith effort to find an alternative venue in the Sunnydale area.

Watchers LLC immediately went to work to find or create a suitable new venue in the Sunnydale metro so that the Scoobys could get a fresh start in a new arena and begin

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rebuilding their brand and fan base. Three months after the date of Watchers LLC's purchase of the Scoobys, one of the members of Watchers LLC, Rupert Giles, appealed to Sequoia legislators to allocate money from a presently existing parks and recreation fund to pay for a new arena in Ventura, Sequoia, a suburb of Sunnydale. Three months after beginning his appeal to the legislators, Giles had failed to reach a deal with them for the construction of a new arena for the Scoobys and gave up his attempt to find state or city funds to build a new playing facility for the team.

Thirteen months after Watchers LLC' purchase of the Scoobys, Watchers LLC publicly announced that the team would move to New London as soon as it could get free of its Key Arena lease in Sunnydale. This announcement surprised and enraged both Sunnydale city officials and fans, as the Scoobys had been in Sunnydale for 20 years and were considered part of the heart and identity of the city. Sunnydale's mayor publicly stated in response that the Scoobys were expected to stay in Sunnydale until their lease expired at Key Arena in two years and that the City did not intend to make it easy for Watchers LLC to move the team before that time. Subsequently, Watchers LLC released another statement that it felt it had satisfied the terms of the sale contract and was entitled to be released from the Key Arena lease and that it intended for the Scoobys to play their next season in New London.

The Negotiation: After several heated exchanges, both publicly and behind closed doors, the parties have agreed to meet to discuss the lease on Key Arena and the proposed relocation of the Scoobys. The parties are sending their attorneys to a mutually agreed upon location to discuss the future of the Scoobys and the parties' respective obligations to each other.

Confidential Information for Watchers LLC

The members of Watchers LLC are not surprised that the announcement of their intention to move the Scoobys to New London incited anger and opposition from the City of Sunnydale. The truth is that Watchers LLC bought the Scoobys not to maintain the team in Sunnydale, but rather hoping to ultimately move the team to New London, an up-and-coming city with a booming technology industry. In the last several years, New

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London has seen thousands of young professionals move into the city and its suburbs, and many neighborhoods, arts initiatives, and entertainment districts have been revitalized in the process. City leaders in New London have been dedicated to helping the city grow, and the members of Watchers LLC see New London as a city ripe with opportunity for a professional basketball team.

Watchers LLC feels that it satisfied its obligation to use good faith best efforts for 12 months to find a suitable alternative venue for the Scoobys in the Sunnydale area. Rupert Giles went so far as to petition the Sequoia legislature for funds to build a new arena, and it's not Watchers LLC' fault that the legislature rejected Giles's proposal. The building of a new arena was the only viable option for the Scoobys to be able to stay in Sunnydale; the Key Arena was not a long-term solution because it needed very expensive, large-scale updates and renovations. Plus, the seating capacity in Key Arena is the smallest in the league. If the Scoobys are expected to grow, thrive, and make money, they need to play in an arena that feels "big league." Aside from Key Arena, no other venues in Sunnydale or its surrounding suburbs were even close to suitable. For several months after the Sequoia legislature rejected Giles's proposal, Watchers LLC toured various venues in the Sunnydale area, such as large concert halls and college arenas, but none of them even matched the seating capacity of the Key Arena and were certainly not suited to host a professional basketball team for an entire season, year in and year out.

Because Watchers LLC feels it satisfied its 12-month obligation in looking at alternative venues in the Sunnydale metropolitan area, it feels strongly that the City of Sunnydale should immediately release Watchers LLC from its obligation to continue paying the lease at Key Arena, which would allow Watchers LLC to bring the Scoobys to New London in time for the upcoming season in three months.

Unfortunately, Watchers LLC doesn't think that the City of Sunnydale will be so quickly agreeable to releasing Watchers LLC from the Key Arena lease. Relationships between the two parties have grown quite tense over the past six months in light of statements made both by and between the various members of Watchers LLC. First,

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shortly after the Sequoia legislature rejected Giles's proposal to use state funds to build a new arena, members of Watchers LLC exchanged emails in which they made statements expressing excitement about the rejection of the option for building a new arena, and stating their desire to move to the team to New London for the upcoming season. Further, a few months after this email exchange, one of the members of Watchers LLC, Quentin Travers, gave an interview to a New London-based newspaper where he stated that Watchers LLC "didn't buy the Scoobys to keep it in Sunnydale; we hoped it would come to New London."

Travers's interview with the newspaper was of course immediately known to the City of Sunnydale. City leaders, furious that it appeared that Watchers LLC was trying to "steal" the Scoobys in spite of the parties' agreement that Watchers LLC would first pursue options in Sunnydale, began threatening a breach of contract claim against Watchers LLC. The email exchange between the members of Watchers LLC also came to the City's attention after Watchers LLC announced that it was moving the team to New London, further souring the relationship between the parties.

Three weeks after Watchers LLC's announcement that it intended to move the team to New London, Watchers LLC offered the City of Sunnydale a buyout of the Key Arena lease in an amount that equaled half of the remaining value of the lease. Watchers LLC hoped that this offer would smooth things over between the parties and give the City an incentive to allow Watchers LLC to move the Scoobys to New London without protracted litigation or settlement talks between the parties. The City, however, rejected the offer. Two weeks after Watchers LLC made the Key Arena buyout offer to the City, and before the City rejected the offer, Watchers LLC reached a preliminary agreement with the City of New London on a 10-year lease of the Glory Center, a large arena in New London, as the Scoobys' playing venue in New London. Watchers LLC, in addition to moving the team to New London, also wants to give the team a totally fresh start in a new city. Therefore, Watchers LLC would like to do a complete rebranding of the team after the move: a new team name and mascot, new uniforms and team colors, etc.

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However, Watchers LLC now feels “stuck”: it doesn’t freely have the ability to pack the team up and move it to New London because Watchers LLC is still on the hook for the remaining two years of the Key Arena lease, an expense that Watchers LLC cannot afford while also paying a lease at the Glory Center. Watchers knows that litigation over the Key Arena lease would not be a good idea—the litigation could take years to finish—and that its best option is negotiate a settlement with the City on what Watchers LLC will, or won’t, pay on the Key Arena lease. If worse comes to worst and Watchers LLC agrees to pay some or all of the remainder of the Key Arena lease, Watchers LLC strongly believes that it can delay the start of its lease obligation on the Glory Center, as Watchers LLC had to call in special favors to even get an immediate lease arrangement at the Glory Center.

Watchers LLC anticipates that the City of Sunnydale will insist that Watchers LLC at least pay out the remainder of the two-year lease on Key Arena. Watchers LLC also anticipates that the City will maintain that the intent of the contract was for the Scoobys to remain in Sunnydale long term. Luckily, the contract didn’t address the point of where the Scoobys should be located following the team’s sale. The members of Watchers LLC readily admit that the City made it clear during the parties’ negotiations on the sale of the team that it expected the Scoobys to stay in the state of Sequoia, somewhere near Sunnydale, hence the provision requiring Watchers LLC to make good faith efforts to secure an alternate playing venue in the Sunnydale metropolitan area. And Watchers LLC also admits that it never disclosed its intentions or desire to move the team to New London during the parties’ negotiations—in fact, during these talks, Watchers LLC members spoke in terms of the Scoobys remaining in the Sunnydale area. Unfortunately, through the public exposure that Watchers LLC has received through both the emails between the members of Watchers LLC and Travers’s statements to the media, Watchers LLC members know that it appears that they didn’t negotiate the sale with the City in good faith, at least as to the issue of the Scoobys remaining in Sequoia.

The members of Watchers LLC do not want to agree to keep the team in Sunnydale long term, and the contract doesn’t require them to. The only hurdle that would prevent Watchers LLC from moving the team to New London for the immediately

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upcoming season is the remainder of the Key Arena lease, which Watchers LLC is responsible for under the sale contract. Watchers LLC isn't sure why the City rejected its buyout offer, but it suspects that the City will insist on receiving the full value of the remainder of the Key Arena lease. Because Watchers LLC wants to bring the team to New London for the immediately upcoming season, Watchers LLC would be willing to buy out the Key Arena lease at 80-90% of the remaining amount owed in exchange for an immediate release from any further obligation on that lease.

If the City of Sunnydale will not agree to a buyout on the remainder of the lease, but instead insists on the Scoobys playing in Key Arena for the next one or two seasons while Watchers LLC continues to pay out the lease, Watchers LLC will ask the City to reduce the monthly rent on Key Arena by at least 20%, but ideally up to 40%. After all, Watchers LLC did make efforts for the 12 months required in the contract to find a suitable venue in the Sunnydale metropolitan area, and none was available. If pressed, Watchers LLC thinks it could successfully sue to be released from its obligation on the Key Arena lease, based on Watchers LLC' view that it satisfied this provision of the sale contract, but Watchers LLC is willing to work something out with the City to avoid litigation.

Because of the fact that the parties' most recent dealings have been shrouded in bad press, especially with the revealing of Watchers LLC members' emails and Quentin Travers's statements to the press, Watchers LLC is anxious to resolve all remaining issues with the City of Sunnydale in a way that allows Watchers LLC to generate some good press and maintain a positive public image.

Though there is a lot of excitement in New London about the prospect of a professional basketball team coming to town, Watchers LLC doesn't want to start this new era in New London off under a cloud of suspicion and bad feelings. Thus, Watchers LLC members have instructed you to do what you can to create a positive image of Watchers LLC, the Scoobys, and New London going forward.

More generally, so long as your doing so will not interfere with its other priorities, Watchers LLC hopes you will be creative in thinking of other steps that the City can take to advance the interests of Watchers LLC and in securing the City's agreement to take

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those steps. Watchers LLC is leaving the negotiation to your discretion and will agree to anything that is in Watchers LLC' best interests. You may provide additional, non-self-serving information and details consistent with the facts as stated above and in the General Information.