

CURRENT ISSUES IN SPORTS FACILITY NAMING RIGHTS

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Overview & Goal

- Overview
 - Define Key Terminology
 - Provide a Brief Historical Perspective
 - Address Select Key Current Negotiation/Drafting Issues
 - Take a Quick Look Ahead
- Overall Goal
 - Provide a snapshot of where we are today and things to look for when addressing naming rights now and in the near future

Key Terminology





Defining Naming Rights

- Variety of Ways Possible...
- Elements
 - Name Defined Facility or Area (Geography)
 - Contracted Arrangement
 - Commercial?
 - Inventory for Buyer
 - Payment(s) Made/Compensation for Facility
 - Term/Timing

Identifying Opportunities

- Overall
 - Facility
 - Playing Surface
 - Hyphenated Names...
 - Stages
 - Practice Facilities
- Exterior
 - Parking Garages
 - Skywalks
 - Entrance Plazas
- Interior
 - Suites
 - Premium Clubs
 - Bars/Restaurants
 - Hospitality Rooms
 - Ticket Windows
 - Hallways
 - Bathrooms
 - Seating Sections



Strategic Takeaways

- More Selling Opportunities Than Ever
 - Identify Potential Opportunities
 - Focus on Specificity
 - Definitions
 - Location/Geography
 - Inventory
- The Decision To Sell Is Often Required Earlier Than Many Think (New Facilities)
 - Protect Potential Opportunities
 - Contracts
 - Design/Architecture



Strategic Takeaways

- More Varied Buyers Than Ever
 - Identify The Motivation For The Agreement
 - Why Are The Parties Doing The Deal?
 - Amazon/Seattle Kraken
 - Identify Potential Sponsor/Content Conflict Issues
 - New Sponsor Categories
 - National Agreements
 - Identify Effect On Inventory For Agreement(s)
 - Consider Effect On Negotiation Process

Historical Overview





Brief History

- Origins: College Building Naming Scenarios
- Started in Early 1970s
- Took Off in 1990s
 - Need for COI...
- Up and Down 2000s
- Continually Defying Skepticism/Opposition to Achieve Stability...
 - Achieved mature market status...

Historical Observations

- Most deals run their natural course
- Most “name changes” are a result of rebranding & acquisitions
 - Typically accounted for & “paid for” in current NR contracts
- Reasons for “Failures”
 - Facility
 - Never Built
 - Obsolete/Torn Down
 - Financial Issues
 - Difficulties/Bankruptcy
 - Team Relocations
 - Failure to Finalize Contract
 - Changes in Sponsor Business Strategy/ Executives

Legal History/Perspective

- Stable Area
 - Similar to Advertising/Sponsorship Contracts
 - Inventory
 - Compensation
 - Defaults
 - Term
- Contract Examples Available
 - FOIA/Open Records
 - Internet
- Disputes Usually Resolved Before Courtroom
- Real Goal: No Issues At All...

Key Historic Legal Cases/Situations

- Buffalo
 - Rich Stadium
 - Pilot Field
- Bankruptcy Situations
 - Enron/Astros
 - Adelphia/Titans
- Nashville Predators
 - Gaylord
 - Sommet
- Others
 - City of LaCrosse
 - RCN
 - Barclays
 - Melrose



Strategic Takeaways

- Issues Causing Disputes/Litigation
 - Seller's Right to Sell/Enforce
 - Check Lease/Operating Agreements/Promoter Agreements
 - What Happens if Something Goes Wrong?
 - Payment Issues
 - Rename Issues
 - Disputes Over Contract Completion/Status

Recent Issues

- LAFC
- OKC Thunder
- Buffalo Bills
- Milwaukee Milkmen
- Oshkosh
- FC Cincinnati
- Announced Non-Renewals
 - Pittsburgh
 - Steelers
 - Pirates
 - New Orleans Saints
 - Miami Heat

Key Areas





Approaches/Structures

- Multi-Contract Agreements
 - Can Create Risk...
- Get All Interested Parties to Table
- Check/Address Outside Issues
 - Zoning
 - Signage
 - Collateral Signage

Name Changes (Mid-Deal)

- Common Necessity
- Can Be Frequent
- Lack of Stigma
- Strategic Takeaways:
 - Address Ability to Change
 - Boston Clause
 - Address Timing of Change
 - When/Trigger
 - Pace of Change
 - IP Issues
 - Address Costs of Change
 - Facility: Get As Much Lead Time As Possible...

Name Changes (End Deal)

- Becoming Common
- Likely to Become Even More Common
 - Shorter Deals
- Little Stigma
- Strategic Takeaways:
 - Address ROFR
 - Address Ability to Negotiate Next Deal (Facility)
 - Changeover Costs
 - IP Issues

Protection Clauses (Sponsor)

- Sponsors Looking to Protect Interests Against Substantial Negative Events
 - Work Stoppages/Lockouts
 - Blackouts
 - Team Relocations
 - Weather
 - Loss of Events/Fans
 - Different Events
- Strategic Takeaways:
 - Identify & Address Possible Negative Events for Facility
 - Determine What Protections are Necessary

Incentive Clauses (Facility)

- Facilities Looking to Protect Financial Interests if Certain Events Occur...
 - Farmers/LA
 - Quebec/NHL
 - Toledo/Huntington Arena
- Strategic Takeaways:
 - Identify & Address Possible Positive Events for Facility
 - Determine Whether Incentives are Possible
 - Mitigate Any Price Squeezing...

Community/Customer Benefits

- Common Inventory
 - Customer Interaction
 - Scholarships
 - Free Tickets
- Strategic Takeaways:
 - Define Items
 - What?
 - How Much?
 - When?
 - Who?
 - Administrative Planning
 - Who Gets Credit?



Simple Approach...

- Continually Ask One Question:
 - What Happens If...
 - Be Creative
 - Game Plan for Unique Scenarios

2020...





A Cautionary Tale...

- Jan. 6, 2010 NYT Article
 - Mktg. Exec.: “The market is still completely frozen. From an overall sponsorship perspective, naming rights have such a taboo connotation that very few marketers will entertain a conversation about it.”
 - Article Goes On:
 - Same exec said it could take 2-3 years to exhibit signs of significant life



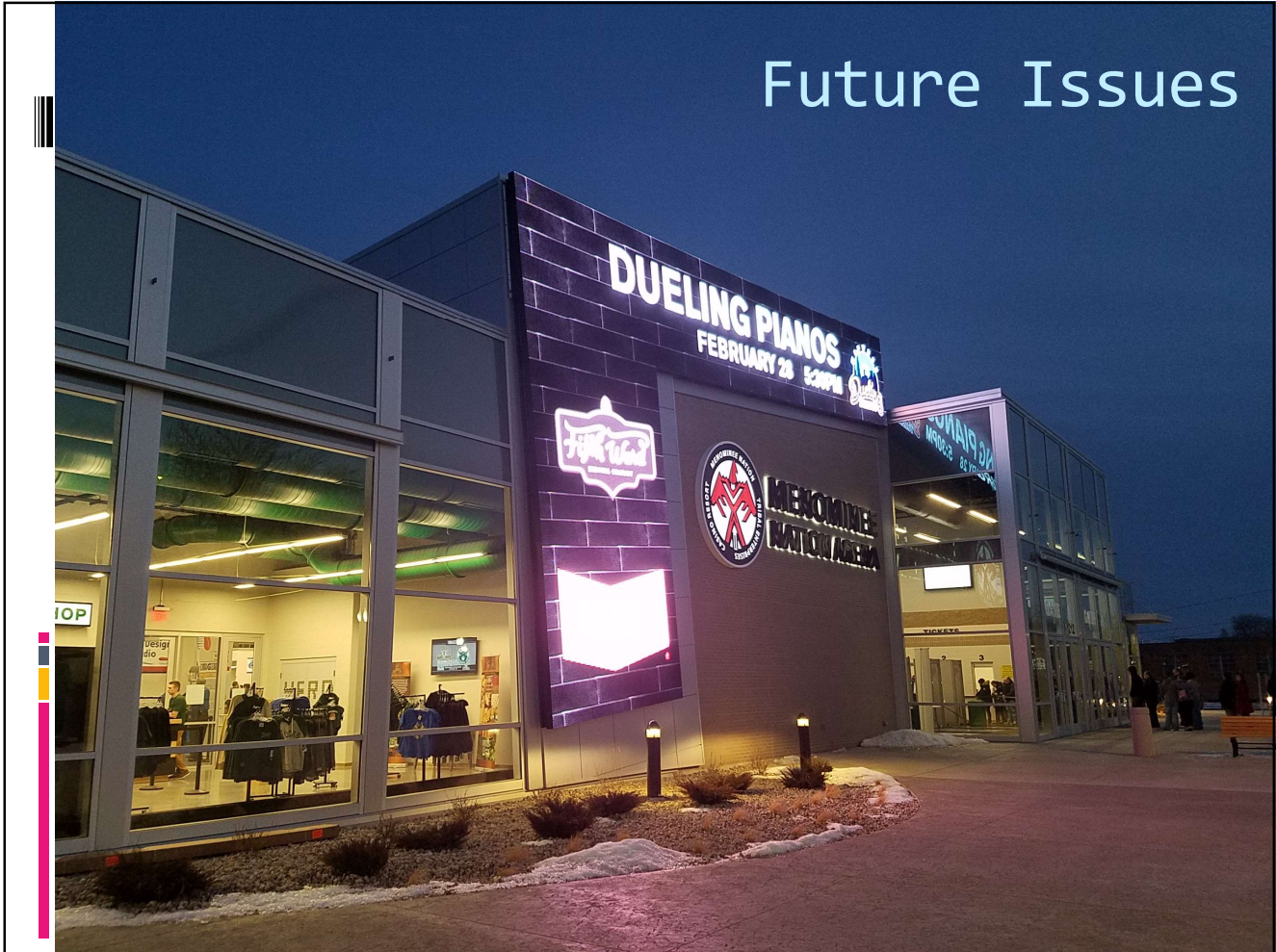
A Cautionary Tale...

- What will happen due to the pandemic???
- Varying Opinions...
 - Lots of Them...
- Basics Still Apply...

2020 Deals

- During Pandemic
 - Seattle Kraken
 - NY Islanders
 - Lansing, MI
 - Long Island, NY
 - Georgia State
 - Hoffman Estates, IL
 - Omaha, NE
- Pre-Pandemic
 - Philadelphia Union
 - Independence, MO
 - Albuquerque, NM
 - Lynchburg, VA
 - Kannapolis, NC
 - Dayton, OH
 - Jacksonville, FL

Future Issues





Things to Consider...

- Potential Developments
 - Effect of Team Naming Rights
 - Effect of Uniform Signage
 - Technology/Virtual Signage
 - Merging of Internet & Television/Second Screen Development
 - Effect of Video Games
- Strategic Takeaway
 - Can you realistically address all or even most of the industry events or technological advancements that could change the value of the deal?



Things to Consider...

- Due Diligence & Protection Clauses for Facilities
- Strategic Takeaways:
 - Conduct Research on Front End
 - Address What Happens if Sponsor Faces Problems...
 - Trigger(s)?

Things to Consider...

- Sponsor Input/Demands
 - Potential Sponsor/NR Conflicts
 - Input on Content/On-Field Product
 - Access to Broadcast, Mobile & Social Media Channels
- Strategic Takeaway:
 - Can/Should You Address What Input NR Sponsors Will Have on Facility Operations/Content Development?

Things to Consider...

- Strengthening Force Majeure Clauses...
 - What are the Triggers?
 - What Happens If?
 - Games Played with No Fans/Reduced Number of Fans
 - Games Not Played at All



Questions...