


**FOUR DECADES OF FACILITY NAMING RIGHTS:
WHAT HAVE WE LEARNED AND WHERE ARE WE
GOING?**

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Today's Roadmap

- Background
- What We've Learned
 - Case Law/Litigation
 - Defunct Deals
 - Business Elements
 - Typical Contract Provisions
- Going Forward
- Conclusion



Background



Defined

- When a Company (or Individual) Pays Compensation to Another Party for the Right to Place a Name on a Sports Facility or a Portion Thereof

History

- Origins: College Building Naming Scenarios
- Started in Early 1970s
 - Schafer/Rich Issue
- Took Off in 1990s
- Up and Down 2000s
- Continually Defying Skepticism/Opposition to Achieve Stability...

Today

- Usage
 - MLB: 63% (19/30)
 - MLS: 72% (13/18)
 - NBA: 87% (26/30)
 - NFL: 72% (23/32)
 - NHL: 90% (27/30)
 - Overall Major Leagues:
 - 108 NR Deals
 - 77% usage
- Key Deals
 - Biggest: Farmers Field (NFL LA) 30 yrs; \$600 million
 - Biggest In Place: MetLife Stadium (NJY/NYG) 25 years \$400-\$600 million

Past Year

- New Deals Trend Continued
 - Overall
 - Internal/External
 - New Types
- Some Negative Issues Developed
 - Name Changes
 - Bigger Recurring Issues As Well...
- Overall: A Solid Year...

What We've Learned



Litigation/Case Law



Key Examples

- Case Law
 - Buffalo Cases
 - Bills
 - Bisons
 - RCN
 - Barclays
 - Melrose
- Notable Litigation
 - Enron/Astros

Lessons

- Address With Teams/Tenants
 - Obligation to use
 - Compensation & costs
- Be Specific in Terminology
- Address Outside Issues
 - Signage/zoning
- Address Negative Scenarios
 - Financial issues
 - Nuisance lawsuits

Defunct Deals



Items of Note

- 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
 - Bankruptcy
 - Team Relocations
 - Changes in Sponsor Business Strategy/ Executives

Lessons

- Identify Potential End of Deal Issues
- Identify & Address Potential Negative Scenarios
 - Business Issues
 - Mergers/Rebranding
 - Changing Strategies
 - Financial Problems
 - Bankruptcy/Moral Clauses
 - Facility Issues

Business Elements



Parties & Typical Sponsors

- Parties
 - Changing...
 - Public Sector Less Involved
 - Approval?
- Typical Sponsors
 - Financial Institutions, Retail & Beverage Sellers Key Areas
 - Growing Diversity in Sponsor Types

Sponsor Reasons/Goals

- Exposure
- Better Image in Community/New to Community
- Connection to Sports
- Cut Through Advertising Clutter
- Direct Business Generation

Inventory

- Opportunities
 - Virtually Everything
- Elements
 - Signage/Impression Elements Typically Essential
 - On- & Off-Site
 - Growing Focus on Sponsor-Specific Inventory & Opportunities
 - Unique Customer Access/Benefits
 - B2B

Compensation/\$\$\$

- Cash is King
- Swapping of Inventory Occurring With Greater Frequency...

Lessons

- Determine Level of Sophistication/Knowledge of Parties
- Find Out Real Reasons/Goals for NR Transaction
- Identify & Be Specific on Elements

Contract Elements



Parties

- Get Everyone On Board Contractually
 - Teams/Tenants
 - Buffalo/Oakland Scenarios
 - Facility Owners
 - Municipalities
 - Approvals
 - Zoning
 - Leagues/Governing Bodies

Term

- Keys
 - Start Date
 - Pre-Opening
 - Opening
 - End Date
- Other
 - ROFRs
 - Defaults

Inventory & Compensation

- Four W's
 - What?
 - Opportunities
 - Descriptions
 - Who?
 - Where?
 - Descriptions
 - When?

Boilerplate/Basics

- Satisfy Legal Requirements for Jurisdiction
- Other Requirements
 - League/Governing Body
 - Financial Institutions
- Often Looks Like Typical Advertising Contract When Complete

Going Forward...



Competition

- More In-Facility Opportunities
- Uniform Sponsorships
- Team Names
- Question: How will your client view these?

Technology/Inventory

- Virtual Signage/Branding
 - Multi-Named Facilities?
- More Sponsor-Focused Inventory
 - Cost Issues
- Changing of Key Inventory/Development of New Inventory
 - How will your deal look in 5 to 10 years?
 - Will it age well?
 - Can it reasonably evolve as technology changes?
 - Again, how will your client view these?

Changing Deal Structures & Reasons

- Shorter Deals
- Second (or More) Deals Becoming More Common
- More Direct Business Elements Included
 - Requires definition...
- More Flexible Deals
 - Escape Clauses

Risk/Reward Clauses

- Bonuses
- Penalties
- Walk-Away/Escapes Clauses
 - Financial
 - Business
 - Moral

Facility Financing Impact?

- Events
 - More Short-Term Deals
 - Shorter Terms in General
 - More Deal-Ending Trigger Situations
- Question: Effect on COI/Financing Scenarios?

Lessons

- Unconventional Becoming Conventional
- Research/Know the Business
- Be Visionary/Creative
 - Negative & Positive
 - Address Tough Issues/Scenarios
- Talk to Client
- Every Situation is Different...

