

# Sports Facility Reports



*[Sports Facility Reports, Volume 8, Appendix 2](#)*

## National Basketball Association

**Team:** Atlanta Hawks

**Principal Owner:** Atlanta Spirit, LLC

**Year Established:** 1946 in the National Basketball League, joined the NBA in 1949

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$250 (2004) includes Atlanta Hawks, Atlanta Thrashers, and operating rights in Philips Arena

**Current Value (\$/Mil):** \$275

**Percent Change From Last Year:** +5%

**Arena:** Philips Arena

**Date Built:** 1999

**Facility Cost (millions):** \$213.5

**Percentage of Arena Publicly Financed:** 91%

**Facility Financing:** The facility was financed through \$149.5 M in government-backed bonds to be paid back at \$12.5 M a year for 30 years. A 3% car rental tax was created to pay for \$62 M of the public infrastructure costs and Time Warner contributed \$20 M for the remaining infrastructure costs.

[Facility Website](#)

**UPDATE:** In June 2006, a circuit court ruled that Atlanta Spirit co-owner Steve Belkin was entitled to buy out his partners and take over operation of the Hawks, Thrashers and Philips Arena. The judge held that the other owners had breached an earlier agreement to buy out Belkin. Belkin had the ability to take over the teams as early as July 13, 2006; however, the Spirit co-owners filed a motion to stay the order to sell the shares until after the co-owners have had a chance to appeal the decision. As of June 2007, the parties are still awaiting a decision from the Maryland Court of Special Appeals on the appeal of last year's circuit court ruling.

**NAMING RIGHTS:** Philips Electronics is paying \$180 million over 20 years for the naming rights that expire in 2019.

**Team: Boston Celtics**

**Principal Owner:** Boston Basketball Partners, LP; consisting of Wycliffe Grousbeck, H. Irving Grousbeck, and Stephen Pagliuca

**Year Established:** 1946

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$360 (2002)

**Current Value (\$/Mil):** \$367

**Percent Change From Last Year:** +4%

**Arena:** TD Banknorth Garden

**Date Built:** 1995

**Facility Cost (millions):** \$160

**Percentage of Arena Publicly Financed:** 0%

**Facility Financing:** Primarily from bank financing, Delaware North (25%), City bonds and land (10%) and 2% ticket surcharge.

[Facility Website](#)

**UPDATE:** For the 2006-07 season, the Garden revamped its premium seating to accommodate Boston's growing number of young professionals. The Boardroom, a private club area, which appeals to firms and companies, accommodates the growing interest in luxury at sporting events. The Boardroom was created by knocking out luxury suites and includes its own personal chef. In addition, The Premium Sports Deck was created to appeal to young professionals. It has a lower cost and commitment than the Boardroom, but provides more luxury than the former sports bar, including a new menu. The Garden's changes are the most extensive since it opened in 1995.

**NAMING RIGHTS:** FleetBoston Financial paid Bruins owner Jeremy Jacobs \$2 M a year for the 15-year naming rights deal that was to expire in 2010. In 2003 FleetBoston was sold to Bank of America and in January 2005 the Bank of America announced that it would not change the name of the Center and would actually pay \$3 M to exit the existing naming rights deal. In March 2005, arena owner and operator, Delaware North Company, reached a 20-year naming rights agreement worth as much as \$7.5 M per year. The agreement changed the name of the Fleet Center to the TD Banknorth Garden.

## **Team: Charlotte Bobcats**

**Principal Owner:** Robert Johnson

**Year Established:** 2004

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$300 (2004) Estimated

**Current Value (\$/Mil):** \$277

**Percent Change From Last Year:** -8%

**Arena:** Charlotte Bobcats Arena

**Date Built:** 2005

**Facility Cost (millions):** \$265

**Percentage of Arena Publicly Financed:** 100%

**Facility Financing:** The facility was paid for with two bond issues, backed by revenue from city tourist taxes. Bank of America, Duke Energy and Wachovia are underwriting \$100 M in exchange for approximately \$50 M from the sale of real estate downtown, where the venue is located. \$16.8 M is coming from exclusive food and beverage rights, and there is a 3% seat tax at events in city arenas generating \$15 M.

[Facility Website](#)

**UPDATE:** In June 2007, the Charlotte Coliseum, the biggest building in professional basketball, was torn down marking the end of the city's biggest indoor arena. In 2005, the Charlotte Bobcats Arena replaced the Coliseum as the home of the NBA's Charlotte Bobcats to try and boost fan support and attendance, but the Coliseum was still used for concerts and indoor sports in recent years.

**NAMING RIGHTS:** As of June 2007, the Bobcats have not yet secured a naming rights sponsor.

## **Team: Chicago Bulls**

**Principal Owner:** Jerry Reinsdorf

**Year Established:** 1966

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$10.2 (1985)

**Current Value (\$/Mil):** \$461

**Percent Change From Last Year:** +13%

**Arena:** United Center

**Date Built:** 1994

**Facility Cost (millions):** \$175

**Percentage of Arena Publicly Financed:** 7%

**Facility Financing:** A joint venture between the NBA's Bulls and NHL's Blackhawks paid for the facility. The City contributed some of the infrastructure costs.

[Facility Website](#)

**UPDATE:** In April 2007, Chicago was selected as the United States bid city for the 2016 Summer Olympics. The United Center has the largest crowd capacity of any current NBA arena and will be used as an Olympic facility to host basketball and gymnastics.

**NAMING RIGHTS:** United Airlines is paying \$1.8 M annually over 20 years for a total of \$25 M for the naming rights that expire in 2014.

### **Team: Cleveland Cavaliers**

**Principal Owner:** Dan Gilbert and David Katzman

**Year Established:** 1970

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$375 (2005)

**Current Value (\$/Mil):** \$380

**Percent Change From Last Year:** +7%

**Arena:** The Quicken Loans Arena

**Date Built:** 1994

**Facility Cost (millions):** \$152

**Percentage of Arena Publicly Financed:** 48%

**Facility Financing:** The arena was built as part of a city sports complex that was funded both publicly and privately. Public funding came from state capital improvement funds and countywide sin taxes on alcohol (\$3/gallon on liquor, 16 cents/gallon on beer) and cigarettes (4.5 cents/pack) for 15 years.

[Facility Website](#)

**UPDATE:** In late 2006, the Cleveland Cavaliers met with city officials to discuss a proposal to upgrade Quicken Loans Arena. Cuyahoga county officials said the renovations could cost about \$30 million in taxpayer money, but the Cavs have not asked for public money and do not know the project's cost because it is in its conceptual stages. Furthermore, the Cavs have already made two changes to the arena: 1) No smoking, not even in bars or lounges, and 2) Flash Seats that allow patrons to enter by swiping their credit card or driver's license rather than using paper tickets. The Cavs are the first to introduce this technology but believe that soon all arenas will switch to Flash Seat entrances.

In addition, the CAVS have plans to build a \$20 M practice arena, which will include two basketball courts, a therapy and massage room, and a media studio for journalists to interview players and coaches. The naming rights to the practice arena were bought by the Cleveland Clinic and will be named Cleveland Clinic Courts, but the amount was not disclosed.

**NAMING RIGHTS:** Naming rights for the Quicken Loans Arena was part of the \$375 M purchase deal from Gordon Gund in 2005.

**Team: Dallas Mavericks**

**Principal Owner:** Mark Cuban

**Year Established:** 1980

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$280 for 54% of team and 50% of American Airlines Center (2000). In January of 2002, Belo Corp. sold its 12.38% share to Cuban for \$27 M.

**Current Value (\$/Mil):** \$463

**Percent Change From Last Year:** +15%

**Arena:** American Airlines Center

**Date Built:** 2001

**Facility Cost (millions):** \$420

**Percentage of Arena Publicly Financed:** 30%

**Facility Financing:** The city capped its spending at \$125 M. The Mavericks owner, Mark Cuban and Stars owner, Tom Hicks, covered the remaining amount. Team owners spent \$295 M in private investment dollars. The funds to repay the public portion of the financing are coming from a 5% car rental tax, 2% hotel tax and a \$3.4 M per-year lease agreement with the teams for 30 years.

[Facility Website](#)

**UPDATE:** The American Airlines Center is equipped as a state-of-the-art Wi-Fi access venue. The fans in premium-section seats can order food, drinks and security personnel using PDAs. In addition, the Dallas Area Rapid Transit (DART) just opened a station at the American Airlines Center, thus connecting the Center to downtown Dallas.

**NAMING RIGHTS:** With one of the largest naming rights deals, American Airlines is paying \$195 M over 30 years for the naming rights that expire in 2031. In 2003, when American Airlines restructured to prevent filing for bankruptcy, the annual payments were restructured as well.

## **Team: Denver Nuggets**

**Principal Owner:** Stan Kroenke

**Year Established:** 1967

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$450 M in 2000 for the Denver Nuggets, the Pepsi Center and 93% of the Avalanche. The Nuggets alone were \$202 M.

**Current Value (\$/Mil):** \$309

**Percent Change From Last Year:** +9%

**Arena:** Pepsi Center

**Date Built:** 1999

**Facility Cost (millions):** \$164.5

**Percentage of Arena Publicly Financed:** 3%

**Facility Financing:** Financed mostly through private loans. The team also received \$15 M from Liberty Media, \$4.5 M for infrastructure, \$2.25 M in construction sales tax rebates and \$2.1 M annually in property tax exemptions.

[Facility Website](#)

**UPDATE:** The Pepsi Center will host the 2008 NCAA Men's Basketball Tournament as a first and second round site. Future events at the building will include the NCAA Men's ice hockey Frozen Four tournament on April 10 and April 12, 2008. The center was also used in aerial shots of the 2007 film *Blades of Glory* starring Will Ferrell.

**NAMING RIGHTS:** Pepsi is paying \$68 M over 20 years for the naming rights that expire in 2019.

## **Team: Detroit Pistons**

**Principal Owner:** William Davidson

**Year Established:** Ft. Wayne Pistons in 1948, moved to Detroit in 1957.

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$8 (1974)

**Current Value (\$/Mil):** \$429 M

**Percent Change From Last Year:** +7%

**Arena:** The Palace of Auburn Hills

**Date Built:** 1988

**Facility Cost (millions):** \$70

**Percentage of Arena Publicly Financed:** 0%

**Facility Financing:** Privately financed by a bank loan and equity contribution by team

ownership.

[Facility Website](#)

**UPDATE:** In the spring of 2006, a \$25 M renovation was completed at the Palace. The renovations included a new entrance, new dining options, retail facilities and a new box office. The 60,000 square foot new atrium is the largest aspect of the renovation. In March 2006, Comcast and the Pistons agreed to a naming rights deal for the new atrium. The atrium will be named the Comcast Pavilion. The terms of the deal were not disclosed; however, reports say that Comcast paid about \$1 M for the naming rights.

In addition, the Detroit Pistons found new space to creatively fund their arena. The Detroit Pistons converted storage lockers beneath the stands at the Palace of Auburn Hills into "bunker suites." The suites resemble private clubs and courtside seats, which are leased for more than \$350,000 a year.

**NAMING RIGHTS:** In 1998, the owners of The Palace hired a marketing company to negotiate the rights to rename the arena, but no deal ever developed. As of July 2007, there were no plans to sell the Palace's naming rights.

### **Team: Golden State Warriors**

**Principal Owner:** Christopher Cohan

**Year Established:** 1946 as Philadelphia Warriors, moved to San Francisco in 1962, moved to Oakland and changed the name to Golden State Warriors in 1971.

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$95 (75% share) (1995)

**Current Value (\$/Mil):** \$267

**Percent Change From Last Year:** +10%

**Arena:** The Oracle Arena

**Date Built:** 1966

**Facility Cost (millions):** \$25.5 (\$121 M renovation in 1997)

**Percentage of Arena Publicly Financed:** 100%

**Facility Financing:** In 1997, the Arena was renovated. The city and the county issued \$140 M to pay for the renovations. 80% was refinanced by private loans guaranteed by the Warriors and the remaining 20% was paid by the city and county.

[Facility Website](#)

**UPDATE:** In late 2006, the Golden State Warriors and the Oracle Corporation announced a 10-year agreement in which the Oakland Arena will be known as The Oracle. The Oracle will continue to be managed by Oakland-Alameda County Coliseum Joint Powers Authority (JPA) and SMG Facility Management. The Warrior's lease on the arena runs for another 11 years.

**NAMING RIGHTS:** After a long search, the Golden State Warriors struck a 10-year naming rights deal with Oracle Corp. for \$30 million, which will expire in 2016.

**Team: Houston Rockets**

**Principal Owner:** Les Alexander

**Year Established:** 1967 as San Diego Rockets, moved to Houston 1971

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$85 (1993)

**Current Value (\$/Mil):** \$439

**Percent Change From Last Year:** +4%

**Arena:** Toyota Center

**Date Built:** 2003

**Facility Cost (millions):** \$235

**Percentage of Arena Publicly Financed:** 100%

**Facility Financing:** The city spent \$20 M on the land for the arena. The sports authority sold \$182 M in bonds to build the arena and secured \$125 M of that with money from hotel and car rental taxes. The garage project is paid for by a private business. The Rockets are responsible for cost overruns and have pledged to spend \$20 M on enhancements.

[Facility Website](#)

**NAMING RIGHTS:** In July 2003, the Rockets signed a 20-year, \$100 million deal with Gulf States Toyota Inc., which will expire in 2023. The major lure for Toyota to sign the naming rights deal with Houston was the signing of Yao Ming, who is very popular in the Asian market. While Toyota Motor Sales USA and Toyota Motor Corporation in Japan signed off on the deal and will fund an undisclosed portion of the purchase, Gulf States Toyota and the dealerships that it represents will be paying most of the fee. While the naming rights deal is for 20 years, it can be extended to 30 years to match the deal that the Rockets currently have to stay in the arena.

**Team: Indiana Pacers**

**Principal Owner:** Melvin and Herbert Simon

**Year Established:** Joined the NBA from the American Basketball Association in 1976

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$13 (1983)

**Current Value (\$/Mil):** \$340

**Percent Change From Last Year:** +5%



**Arena:** Conseco Fieldhouse

**Date Built:** 1999

**Facility Cost (millions):** \$183

**Percentage of Arena Publicly Financed:** 43%

**Facility Financing:** Financing for the facility is a public/private partnership. Public contributions totaled \$79 M, which included \$50 M from a professional sports developmental tax district around the new facility, \$4.7 M in infrastructure, \$9.3 M from Capital Improvement Board cash reserves and \$7 M from the Circle Centre Mall revenues. The Pacer contributed \$57 M and other private sources paid for the rest.

[Facility Website](#)

**UPDATE:** The Simon brothers now head the Pacers Sports & Entertainment Group, which owns the Pacers, Conseco Fieldhouse, and the WNBA's Indiana Fever. In June 2006, the Pacers announced the addition of a new limited membership club at Conseco Fieldhouse. The club will be named Legends and will have approximately 600 seats. It will be the first major addition to Conseco Fieldhouse since it opened in 1999. Membership to Legends will include tickets for 45 Pacer games, 18 WNBA Fever games, food and beverages, VIP Parking, access to a private bar and a personal seat nameplate. Membership will cost \$5,750 per seat.

In 2005, 2006, and 2007 Conseco Fieldhouse was ranked the number one venue in the NBA according to the Sports Business Journal/Sports Business Daily Reader Survey. Conseco Fieldhouse was also recently awarded the 2008-2012 men's and women's Big Ten basketball tournaments.

**NAMING RIGHTS:** Conseco, an insurance and financial services company, is paying \$40 M over 20 years for the naming rights that expire in 2019.

## **Team: Los Angeles Clippers**

**Principal Owner:** Donald. T. Sterling

**Year Established:** 1970 as Buffalo Braves, moved to San Diego as the Clippers in 1978, moved to Los Angeles in 1984.

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$13 (1981)

**Current Value (\$/Mil):** \$285

**Percent Change From Last Year:** +15%

**Arena:** Staples Center

**Date Built:** 1999

**Facility Cost (millions):** \$375

**Percentage of Arena Publicly Financed:** 19%

**Facility Financing:** Bank of America underwrote a \$305 M loan to finance construction. The city provided \$38.5 M in bonds and \$20 M in Los Angeles Convention Center reserves. This

money will eventually be repaid through arena revenues. An additional \$12 M in tax incremental financing was also provided by the city's Community Redevelopment Agency.

[Facility Website](#)

**UPDATE:** In December 2006, the Clippers named the Turner Construction Company as their general contractor for their new \$25 million practice facility, which is located in Playa Vista, 17 miles from the Staples Center. The original plan to build the 35,000 square foot facility increased 20% in January 2007 to 42,500 square feet and is scheduled to be completed in the Fall of 2007. In addition to two full basketball courts, the two story structure will house a 2,600 square foot performance and strength training area featuring state of the art cardiovascular and weight training equipment, as well as a training room and an extensive hydrotherapy area. Full locker room facilities for Clippers' players and coaches as well as offices for all members of the Clippers' Basketball Operations Department will also be on site. Furthermore, the new facility will be more convenient to the players since two-thirds of the Clippers' roster live within ten minutes of the new site.

**NAMING RIGHTS:** Staples, an office supply company, is paying \$100 M over 20 years for the naming rights that expire in 2019.

### **Team: Los Angeles Lakers**

**Principal Owner:** Dr. Jerry Buss

**Year Established:** 1947 member of the National Basketball League and joined the NBA in 1948.

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$20 (1979)

**Current Value (\$/Mil):** \$568

**Percent Change From Last Year:** +7%

**Arena:** Staples Center

**Date Built:** 1999

**Facility Cost (millions):** \$375

**Percentage of Arena Publicly Financed:** 19%

**Facility Financing:** Bank of America underwrote a \$305 M loan to finance construction. The city provided \$38.5 M in bonds and \$20 M in Los Angeles Convention Center reserves. This money will eventually be repaid through arena revenues. An additional \$12 M in tax incremental financing was also provided by the city's Community Redevelopment Agency.

[Facility Website](#)

**UPDATE:** In September 2005, AEG set in motion a \$2.5 billion deal for the construction of LA Live. LA Live is a downtown development project next to the AEG owned Staples Center that combines theaters, nightclubs, shops, an ESPN studio, condominiums and hotels. In June 2007, AEG secured Wachovia Bank as a founding partner but did not disclose the amount the bank will

finance. MacFarlane, an urban real estate development investor, will also finance the project offering \$400 million. The remainder of the financing will be provided by the city and through Live's condominium sales. AEG believes that this will revitalize the downtown area and is expected to be completed in 2010.

**NAMING RIGHTS:** Staples, an office supply company, is paying \$100 M over 20 years for the naming rights that expire in 2019.

### **Team: Memphis Grizzlies**

**Principal Owner:** Michael Heisley, Sr.

**Year Established:** 1995 in Vancouver, moved to Memphis in 2001

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$160 (2000)

**Current Value (\$/Mil):** \$313

**Percent Change From Last Year:** +7%

**Arena:** FedEx Forum

**Date Built:** 2004

**Facility Cost (millions):** \$250

**Percentage of Arena Publicly Financed:** 83%

**Facility Financing:** Funding for the arena came from \$206.9 M in revenue bonds sold by the Shelby County Sports Authority, a \$1.15 per ticket fee, and a state sales tax rebate on the sale of merchandise and concessions at the arena. The balance came from the team.

[Facility Website](#)

**UPDATE:** After trying to sell the Grizzlies for a year, owner, Michael Heisley has taken it off the market. He had received offers from Brian Davis for \$250 million and three other undisclosed groups for his 70% share in the team but received no offers from local partners. Heisley has said he would still accept a big contract for the team in the future, but for now he is going to redirect his focus to strengthening the Grizzlies.

**NAMING RIGHTS:** Federal Express is paying \$4.5 M per year for the naming rights that expire in 2022. The 20-year deal is worth a total of \$90 M. The club level at the FedEx Forum will be named First Tennessee Club, for First Tennessee Bank. While the details of the agreement were not announced, it is said to be worth more than \$10 million.

## **Team: Miami Heat**

**Principal Owner:** Micky Arison

**Year Established:** 1988

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$65 for 88% (1995)

**Current Value (\$/Mil):** \$409

**Percent Change From Last Year:** +13%

**Arena:** American Airlines Arena

**Date Built:** 1999

**Facility Cost (millions):** \$194

**Percentage of Arena Publicly Financed:** 59%

**Facility Financing:** The team built the arena, with Dade County providing \$8.5 M a year in bed-tax revenue to help pay the debt from the construction costs.

[Facility Website](#)

**UPDATE:** In early 2007, Miami HEAT announced that they have entered into an agreement with Stanford Financial Group, a global financial services company, for a multi-year naming rights sponsorship. As part of the agreement, Stanford owns the naming rights to the exclusive Gate 4 V.I.P. entrance of the American Airlines Arena through which players, celebrities, and professional athletes are greeted. In addition, the exclusive entrance was renovated and redesigned to include flat-screen plasma TVs and concierge services for its high-profile clients.

**NAMING RIGHTS:** American Airlines is paying \$42 M over 20 years for the naming rights that expire in 2019. To avoid bankruptcy, American Airlines restructured some of its payments for the naming rights in 2003.

## **Team: Milwaukee Bucks**

**Principal Owner:** Herb Kohl

**Year Established:** 1968

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$19 (1985)

**Current Value (\$/Mil):** \$260

**Percent Change From Last Year:** +13%

**Arena:** Bradley Center

**Date Built:** 1988

**Facility Cost (millions):** \$90

**Percentage of Arena Publicly Financed:** 0%

**Facility Financing:** Money for the arena was donated by the Pettit family as a gift to the people

of Wisconsin and in memory of Jane Bradley Pettit's father Harry Lynde Bradley. The team does not pay rent and gets a percentage of suite revenue and concessions.

[Facility Website](#)

**UPDATE:** In April 2007, Bucks owner Herbert Kohl expressed his desire for a new Bucks arena. Kohl has lost money in recent years since the Bradley Center lacks the ability to provide in-stadium revenue and a sizable media market. For now, Kohl is pushing for an extended lease with the Bradley Center, which would allow the Bucks to play an additional year rent-free and would also buy time for Kohl to formulate a plan to generate revenue for a new arena. In addition, Kohl is not considering moving the franchise outside of Milwaukee and would like the NBA owners to vote yes to revenue sharing. Large-market owners who can bring in the revenue are against it, but for small-market teams like the Bucks, revenue sharing is becoming necessary.

**NAMING RIGHTS:** The money for the Bradley Center was donated by the Pettits with the understanding that it would always be named the Bradley Center after Jane Bradley Pettit's father, Harry Lynde Bradley.

### **Team: Minnesota Timberwolves**

**Principal Owner:** Glen Taylor

**Year Established:** 1989

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$88.5 (1995), and an additional \$6 M for 10% in 1996.

**Current Value (\$/Mil):** \$308

**Percent Change From Last Year:** +2%

**Arena:** Target Center

**Date Built:** 1990

**Facility Cost (millions):** \$104

**Percentage of Arena Publicly Financed:** 100%

**Facility Financing:** Financed through a tax exempt bond issue.

[Facility Website](#)

**UPDATE:** As of April 2007, the Minnesota Timberwolves have discussed replacing the Target Center's roof with a green roof. A green roof uses grass and vegetation on top of a waterproof membrane. Its benefits include keeping buildings cooler in the summer and somewhat warmer in the winter. If the Timberwolves agreed to the \$2.2 million job, their Target Center arena would be one of the ten largest green roof projects in the world. Minneapolis also believes that by going green, it may be able to increase their sponsorship and be able to pay off the Target Center's mortgage. A decision will be made on the green roof in the fall of 2007, but whether or not the city decides to go green, a new roof will be installed in 2008.

Furthermore, Los Angeles-based AEG has been approved by Minneapolis to manage the Target Center, which has often competed with the NHL's Minnesota Wild Xcel Energy Center for concerts. The city hopes new management will help incur more revenue for the Target Center.

**NAMING RIGHTS:** Target was paying \$18.8 M over 15 years for the naming rights that expired in 2005. The agreement appears to have been extended because the venue has retained the Target name.

### **Team: New Jersey Nets**

**Principal Owner:** Bruce Ratner

**Year Established:** Joined the NBA from the American Basketball Association in 1976 as the New York Nets. In 1977 the team changed to the New Jersey Nets.

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$300 (2004)

**Current Value (\$/Mil):** \$325

**Percent Change From Last Year:** +20%

**Arena:** Continental Airlines Arena

**Date Built:** 1981

**Facility Cost (millions):** \$85

**Percentage of Arena Publicly Financed:** 100%

**Facility Financing:** The arena is part of larger sports complex that houses a football Arena and horse racetrack. The arena was publicly funded by bonds issued by the New Jersey Sports Authority. The debt is paid off by revenue generated from the racetrack.

[Facility Website](#)

**UPDATE:** Bruce Ratner plans to construct a \$500 M arena in Prospect Heights to house his team. The arena is only part of Ratner's \$3.5 billion Atlantic Yards development. In addition to the arena, Ratner wants to build 4,500 apartments and 2.4 million square feet of retail space. The construction on the development began in spring 2006 and is expected to be completed by 2009, but Bruce Ratner has met some legal opposition from current Brooklyn residents. Thirteen holdout tenants sued last year to save their properties from being leveled for Atlantic Yards. The tenants claim that Bruce Ratner is building the arena for his own personal gain, but in June 2007, U.S. District Judge Nicholas Garaufis dismissed one of two major legal challenges to the project. Judge Garaufis ruled that no reasonable juror would conclude that the sole purpose of the project is for Ratner's private benefit since the project will create large quantities of housing and office space in addition to the sports arena in an area that is currently run-down. Next, Atlantic Yards must face a state court challenge to the arena's environmental impact on the community.

**NAMING RIGHTS:** Continental Airlines originally was paying \$29 M over 12 years for the naming rights that expire in 2011, \$2.4 M a year. Since the Devils and Nets are moving out of the arena the fees have been reduced to \$1.4 M.

**Team: New Orleans Hornets**

**Principal Owner:** George Shinn

**Year Established:** 1988 as the Charlotte Hornets, moved to New Orleans in 2002.

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$33 (1987)

**Current Value (\$/Mil):** \$248

**Percent Change From Last Year:** +10%

**Arena:** New Orleans Arena

**Date Built:** 1999

**Facility Cost (millions):** \$110

**Percentage of Arena Publicly Financed:** 100%

**Facility Financing:** Publicly funded with revenue bonds.

[Facility Website](#)

**UPDATE:** Since Hurricane Katrina in 2005, the Hornets played over 60 games at the Ford Center in Oklahoma City. Thirty of those home games were sellouts, which proved that Oklahoma City is capable of housing an NBA franchise. The team gained a large following in Oklahoma City, but the Hornets will return to New Orleans for its 2007-08 season. In June 2007, the New Orleans Arena held an open house where eager fans toured the arena, bought tickets, and hand-picked their seats. Even though 5,000 season tickets have already been sold, Hornets officials continue to organize promotions to raise excitement and ticket sales for the team's return. New Orleans will also host the 2008 NBA All-Star Game.

**NAMING RIGHTS:** When the Hornets moved to New Orleans, city officials gave them the exclusive right to sell the naming rights to the arena and keep all of the profits. Since 2001, the state has contracted with two different sports marketing firms to get naming rights deals for both the Superdome and the New Orleans Arena. Both firms have been unsuccessful. In December 2004, the Hornets hired the Bonham group to work on securing a naming rights deal for the arena.

As of June 2007, there is still no naming-rights deal, but SMG, who runs the Arena for the state, hopes the 2008 All-Star Game will attract a corporate sponsor since the game will be broadcasted in 200 countries around the world.



## **Team: New York Knicks**

**Principal Owner:** Team and Arena are owned by Cablevision Systems Corp. ("CSC") (60%) and Fox Entertainment Group (40%).

**Year Established:** 1946 as part of the Basketball Association of America, joined the NBA when the leagues merged in 1949.

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$1 billion: Fox acquired 40% of the Knicks, the New York Rangers, Madison Square Garden, and MSG Cable Network in 1997 for \$850. The Knicks alone cost \$300 M.

**Current Value (\$/Mil):** \$543

**Percent Change From Last Year:** +10%

**Arena:** Madison Square Garden

**Date Built:** 1968

**Facility Cost (millions):** \$43

**Percentage of Arena Publicly Financed:** 100%

**Facility Financing:** \$200 M in renovations completed in 1991.

[Facility Website](#)

**UPDATE:** The Empire State Development Corp. is negotiating with private developers on a plan that probably will include a new Madison Square Garden, to be built in the annex of the Farley Post Office on 8th Avenue. This will create more than 5 million square feet of new office space on the spot where the Garden stands now. These changes are part of a larger makeover for the area's subway system in which ESDC will build new stations in both the post office and nearby Penn Station. ESDC hopes the project will be completed by 2017. The proposed Madison Square Garden V would cost \$750 M.

**NAMING RIGHTS:** Madison Square Garden's history is probably the most significant reason the owners have stated that they would never sell the naming rights to the arena. The history began when Madison Square Garden I opened in 1879. The current Madison Square Garden, Madison Square Garden IV, opened in 1968.



## **Team: Orlando Magic**

**Principal Owner:** Richard DeVos

**Year Established:** 1989

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$85 (1991)

**Current Value (\$/Mil):** \$283

**Percent Change From Last Year:** +15%

**Arena:** Amway Arena (formerly named TD Waterhouse Centre)

**Date Built:** 1989

**Facility Cost (millions):** \$102

**Percentage of Arena Publicly Financed:** 100%

**Facility Financing:** Publicly financed

[Facility Website](#)

**UPDATE:** In Spring 2007, the Florida Senate unveiled a plan to split \$100 million three-ways to help fund or renovate arenas for the Orlando Magic (NBA), the Florida Marlins (MLB), and the Tampa Bay Lightning (NHL). Despite help from the Florida Senate, the Orlando Magic were still having trouble convincing Orange County commissioners to approve the new \$480 million arena unless the franchise put more of its own money into the deal. In April 2007, the Orlando Magic agreed to give up millions of dollars in potential revenue to appease Orange County officials. The financing deal calls for the Magic to contribute \$50 million in cash, \$29.5 million in financing arrangements, and \$60 million in lease and revenue payments. The deal is not definite and is still developing since some officials and many tax-payers believe the Orlando Magic should be paying more money for the new arena.

**NAMING RIGHTS:** The Orlando Arena was renamed following a \$7.8 million, five-year naming rights deal with Orlando Magic. The city will receive \$2.1 million from the deal, which will be used for building improvements and a new basketball floor.

## **Team: Philadelphia 76ers**

**Principal Owner:** Comcast-Spectacor

**Year Established:** 1946 in the National Basketball League as the Syracuse Nationals, joined the NBA in 1949, moved to Philadelphia in 1963 and became the 76ers.

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$500 which included the NHL's Philadelphia Flyers, the Spectrum Arena, and CoreStates Center. The 76ers alone were \$125 (1996).

**Current Value (\$/Mil):** \$375

**Percent Change From Last Year:** +7%

**Arena:** Wachovia Center

**Date Built:** 1996

**Facility Cost (millions):** \$206

**Percentage of Arena Publicly Financed:** 11%

**Facility Financing:** \$140 M was financed through a private bank. Comcast contributed \$45 M and \$30 M will come from the naming rights revenue. The state provided \$17 M and the City of Philadelphia is lending \$8.5 M for infrastructure improvements. Additionally, \$10 M came from state capital redevelopment assistance funding for general site improvements.

[Facility Website](#)

**UPDATE:** After months of searching, Comcast-Spectacor Chairman Ed Snider announced in November 2006 that the company had concluded its search for alternative ownership of the Philadelphia 76ers and had decided that the company would retain control of the team. Interested buyers included Wayne Kimmel (founder of ETF Venture Funds) and a group of partners headed by Julius Erving (Doctor J). The proposals confirmed the belief that the Sixers are a valuable team and Comcast-Spectacor is not ready to give them up yet.

**NAMING RIGHTS:** CoreStates Bank purchased the naming rights for the Center and the Spectrum for \$1.4 M a year until 2023. CoreStates was acquired by First Union, which then merged with Wachovia Bank in 2001, keeping the Wachovia name. In 2003 the Center and Spectrum acquired the new name. It was the arena's third name change in seven years.

## **Team: Phoenix Suns**

**Principal Owner:** Robert Sarver

**Year Established:** 1968

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$401 (2004) Purchase price included the WNBA's Phoenix Mercury and the AFL's Arizona Rattlers.

**Current Value (\$/Mil):** \$410

**Percent Change From Last Year:** +4%

**Arena:** U.S. Airways Center

**Date Built:** 1992

**Facility Cost (millions):** \$90

**Percentage of Arena Publicly Financed:** 39%

**Facility Financing:** The City of Phoenix contributed \$35 M with \$28 M going to construct the arena and \$7 M for the land. The Phoenix Suns contributed \$55 M. The city has a 30-year commitment from the Suns to repay a portion of the contribution at \$500,000 per year, with an annual 3% increase. The city will also receive 40% of revenue from luxury boxes and advertising.

[Facility Website](#)

**UPDATE:** After \$67 million and four years of renovations inside and out, the U.S. Airways Center has become a model arena to other franchises. Renovations started in 2001 when the Suns spent \$15 million to widen concourses, rebuild concessions, add rest rooms and build their first premium club with 1,400 seats. Prior to this, the Center had suites to accommodate a limited amount of wealthier patrons but it still lacked other premium experiences, such as clubs and restaurants, to increase revenue. In 2003, the Suns spent \$35 million to build a 15,000-square-foot glass pavilion, complete with will-call and ticket windows. Finally, in 2004, a new scoreboard and a second club were constructed. The Suns determined that renovating its arena would be just as profitable as building one from scratch.

**NAMING RIGHTS:** US Airways is paying \$26 M over 30 years for the naming rights that expire in 2019. In January 2006, the name of the arena was changed from America West Arena to the US Airways Center after America West and US Airways merged in 2005.

### **Team: Portland Trail Blazers**

**Principal Owner:** Paul Allen

**Year Established:** 1970

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$70 (1988)

**Current Value (\$/Mil):** \$230

**Percent Change From Last Year:** +1%

**Arena:** Rose Garden

**Date Built:** 1995

**Facility Cost (millions):** \$262

**Percentage of Arena Publicly Financed:** 82%

**Facility Financing:** Public and private funds. The plan called for the public money to be supplied by city bonds backed by event revenues. The city also contributed \$34.5 M for roadwork and utilities. \$46 M in private money came from team owner, Paul Allen.

[Facility Website](#)

**UPDATE:** In May 2007, Trail Blazer owner, Paul Allen reached a deal to buy back the Rose Garden from creditors. The creditors were mainly insurance companies who financed the construction of the Rose Garden and took it over after Allen's ownership group filed for bankruptcy in 2004. The deal ends three years of negotiations and bankruptcy court proceedings. It also goes a long way towards securing the Blazers future in Portland

**NAMING RIGHTS:** There is no naming rights agreement in place.

## **Team: Sacramento Kings**

**Principal Owner:** Gavin and Joseph Maloof

**Year Established:** 1945 in the National Basketball League as the Rochester Royals, joined the NBA in 1948, moved to Cincinnati in 1957, moved to Kansas City as the Kings in 1972 and moved to Sacramento in 1985.

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** The Maloofs bought 24% in 1998 and 29% in 1999 for a total of between \$240 and \$250 M. The purchase price included the WNBA's Sacramento Monarchs and Arco Arena.

**Current Value (\$/Mil):** \$379

**Percent Change From Last Year:** +10%

**Arena:** ARCO Arena

**Date Built:** 1988

**Facility Cost (millions):** \$40

**Percentage of Arena Publicly Financed:** 0%

**Facility Financing:** Privately financed.

[Facility Website](#)

**UPDATE:** Plans for a new Sacramento Kings arena are still up in the air, but a complicated new \$70 million financing scheme for Arco Arena was agreed upon in May 2007. The Kings still own the arena but the city guarantees the \$70 million loan over a ten year period. The city plans to sell bonds and the Kings will repay the city in quarterly payments.

**NAMING RIGHTS:** ARCO is paying \$750,000 per year for ten years for the naming rights that expire in 2007. The naming rights deal was originally signed in 1985 as a 99-year deal for only \$7.5 M. In 1997, the deal was renegotiated. Since then ARCO was bought by British Petroleum, but the company is going to keep the ARCO name because of its recognition on the west coast.

## **Team: San Antonio Spurs**

**Principal Owner:** Peter Holt

**Year Established:** Joined the American Basketball Association in 1967 as the Dallas Chaparrals. Moved to San Antonio as the Spurs in 1973. Joined the NBA in 1976.

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$75 (1993)

**Current Value (\$/Mil):** \$390

**Percent Change From Last Year:** +11%

**Arena:** AT&T Center

**Date Built:** 2002

**Facility Cost (millions):** \$186

**Percentage of Arena Publicly Financed:** 84%

**Facility Financing:** \$146.5 M was generated through a county tax increase and an increase in hotel and rental car taxes. The Spurs contributed \$28.5 M themselves, which it raised through a \$1.00 increase in ticket fees for NBA games and a \$1.00 parking surcharge. The bulk of the facilities revenues go to the team.

[Facility Website](#)

**UPDATE:** The name of the arena was changed to the AT&T Center in January 2006. The change was made after SBC Communications acquired AT&T and adopted the name AT&T Inc.

According to Forbes, the San Antonio Spurs have been above the curve in operating income and has become the model NBA franchise. Fans have filled the AT&T Center to 98% capacity for the past four seasons, including their 60 luxury suites that range in price from \$160,000 to \$240,000 per season. This percentage is compared to the 89% capacity the rest of the NBA averages.

**NAMING RIGHTS:** AT&T is paying \$41 M over 20 years for the naming rights that expire in 2022.

## **Team: Seattle Supersonics**

**Principal Owner:** Clay Bennett and the Professional Basketball Club, LLC

**Year Established:** 1967

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$350 (2006). Purchase also included the WNBA's Seattle Storm.

**Current Value (\$/Mil):** \$268

**Percent Change From Last Year:** +15%

**Arena:** Key Arena

**Date Built:** 1995

**Facility Cost (millions):** \$94

**Percentage of Arena Publicly Financed:** 79%

**Facility Financing:** The arena cost the city \$75 M and the Supersonics \$19 M.

[Facility Website](#)

**UPDATE:** Owner, Clay Bennett, an Oklahoma City businessman, has been frustrated at Seattle's inability to come up with a plan for a new arena to replace outdated Key Arena, the second-smallest facility in the NBA. The Sonics' lease does not expire until 2010, but the franchise could opt out for \$75 million after the 2007-08 season if it wants. Possible relocation cities include Kansas City and Oklahoma City, where the New Orleans Hornets spent their time away from

home after Hurricane Katrina. NBA Commissioner David Stern believes that Bennett will find a way to finance the arena, but Bennett is giving the city until October 31, 2007 to work out a deal.

**NAMING RIGHTS:** Key Bank is paying \$15.1 M over 15 years for the naming rights that expire in 2010.

**Team: Toronto Raptors**

**Principal Owner:** Maple Leaf Sports and Entertainment, LTD

**Year Established:** 1995

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$125 (1998)

**Current Value (\$/Mil):** \$315

**Percent Change From Last Year:** +13%

**Arena:** Air Canada Centre

**Date Built:** 1999

**Facility Cost (millions):** \$265 Canadian; \$239.5 American

**Percentage of Arena Publicly Financed:** 0%

**Facility Financing:** Privately Financed.

[Facility Website](#)

**UPDATE:** Maple Leaf Sports and Entertainment ("MLSP") is planning an estimated \$34 M renovation to Air Canada Centre. The renovation will not take place until 2009. The renovations are intended to coincide with the arena's 10-year anniversary.

**NAMING RIGHTS:** Air Canada is paying \$40 M Canadian over 20 years for the naming rights that expire in 2019.

## **Team: Utah Jazz**

**Principal Owner:** Larry Miller

**Year Established:** 1974 as New Orleans Jazz, moved to Utah in 1979.

[Team Website](#)

**Most Recent Purchase Price (\$/Mil) :** \$24 (1985)

**Current Value (\$/Mil)** \$297

**Percent Change From Last Year:** +8%

**Arena:** EnergySystems Arena (formerly the Delta Center)

**Date Built:** 1991

**Facility Cost (millions):** \$94

**Percentage of Arena Publicly Financed:** 22%

**Facility Financing:** Mostly financed by team owner. The city donated the land and \$20 M for parking and support facilities.

[Facility Website](#)

**UPDATE:** In November 2006, Jazz owner Larry Miller sold the arena naming rights to controversial EnergySystems, a company that specializes in disposing of nuclear waste, for an undisclosed amount over a ten year period. The EnergySystems Arena name change has led many consumers to boycott Miller's other businesses, such as movie theaters, car dealerships, and a television station.

**NAMING RIGHTS:** EnergySystems bought the naming rights for an undisclosed amount, which expires in 2016.

## **Team: Washington Wizards**

**Principal Owner:** Abe Pollin

**Year Established:** Joined in 1961 as the Chicago Packers; changed team name to Zephyrs in 1962; moved to Baltimore as the Bullets in 1963, and then moved to Landover and changed team name to Capital Bullets in 1973; changed name to Washington Bullets 1974, and then moved to Washington DC; changed team name to Wizards in 1997.

[Team Website](#)

**Most Recent Purchase Price (\$/Mil):** \$1.1 (1964)

**Current Value (\$/Mil):** \$334

**Percent Change From Last Year:** +5%

**Arena:** Verizon Center

**Date Built:** 1997

**Facility Cost (millions):** \$260

**Percentage of Arena Publicly Financed:** 23%

**Facility Financing:** Private loans financed the building. The District of Columbia provided \$60 M in infrastructure costs.

[Facility Website](#)

**UPDATE:** In April 2007, the D.C. Council acquiesced to Abe Pollin's request and gave preliminary approval to the sale of \$50 million in bonds to fund improvements to the Verizon Center. The city will increase taxes on tickets and merchandise at the downtown arena from 5.75 percent to 10 percent, with the additional tax revenue used to pay off the bonds. Pollin said he could not fund the improvements himself since he is still \$110 million in debt from the arena's construction.

**NAMING RIGHTS:** The name of the arena changed from the MCI Center to the Verizon Center in March 2006. The change was the result of Verizon's merger with MCI. Verizon is paying \$44 M over 15 years for the naming rights that expire in 2017.

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