

## **2010 NHL Arena Report**

### **Anaheim Ducks**

The team plays in the Honda Center owned by the City of Anaheim and operated by Anaheim Arena Management, LLC. The facility opened in 1993 and was built by Huber, Hunt & Nichols for \$123 million. The facility was 100% publicly financed and Ogden Entertainment is assuming the debt for the bonds issued by the city through a 30-year agreement. On December 13, 2003, the City of Anaheim reached a 30-year Facility Management Agreement with Anaheim Arena Management, LLC, which gave AAM the right to manage, maintain, and operate the Honda Center. In the nine years leading up to the new agreement in 2003, the City had to expend a total of \$40.2 million more than it received in revenues for arena operations. The new agreement was crafted to reduce the public sector's responsibilities. Maintenance is now the responsibility of the franchise through its management company.

### **Atlanta Thrashers**

The team plays in Philips Arena owned and operated by Atlanta Spirit LLC. The company also owns the Thrashers and Hawks. The facility opened in 1999 and was built for \$213.25 million. A total of \$130.75 million in city-backed revenue bonds are being repaid from arena revenues. The Turner Broadcasting Company, the teams' owners at the time the facility was built, contributed \$20 million to the project. A three percent tax on short-term car rentals generated \$62.5 million of the capital cost of the facility. Public sector responsibility is limited to 29.3 percent of the total capital cost as long as arena revenues repay the bonds. The Atlanta Hawks franchise itself is the collateral for the loan. Given the region's market size and the high level of ticket sales for non-sports events there is little risk of foreclosure. The team agrees to play in the arena as long as there is outstanding public debt. The private firm is responsible for maintenance. Note: the high naming rights agreement with Philips (US \$168M over 20 years) also reflects the exclusive rights Philips has to supply electronics to CNN.

### **Boston Bruins**

The team plays at TD Banknorth Garden owned by Delaware North Companies, Inc. The facility opened in 1995 and was built for \$160 million. Financing of the arena was private and the private firm is responsible for maintenance. The facility was built above a publicly-funded parking garage. The naming rights agreement also includes an \$8 million pledge for arena improvements across 20 years, and \$5 million for community improvement and/or tickets that will be made available for underprivileged children.

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### **Buffalo Sabres**

The team plays at HSBC Arena, built in 1996 at a cost of US\$122 million; \$67 million was from private funds. The state of New York invested \$20 million. Erie County also invested \$20 million and Buffalo provided \$10 million. Erie County also agreed to provide \$7 million for a parking structure. An agreement between all of the parties has changed due to financial issues faced by the team. Erie County agreed that some of its revenue streams would be assigned to the team and New York forgave arena construction costs to new owner, Tom Golisano.

### **Calgary Flames**

The team plays at Pengrowth Saddledome owned by the City of Calgary and operated by the Saddledome Foundation. The facility opened in 1983 at a cost of \$143 million (US). The province and city each contributed \$31.5 million and the national government invested \$29.7 million. The 1988 Olympic organizing committee contributed \$5 million. In 1994, a management agreement transferred the physical operation, maintenance, and management to the Calgary Flames Limited Partnership removing responsibility for maintenance from the public sector. The major renovation resulted in the addition of 46 suites and 1,440 premium seats

### **Carolina Hurricanes**

The team plays at RBC Center owned by Centennial Authority and operated by Gale Force Sports & Entertainment. The facility opened in 1999 and was built for \$158 million. Use of the arena is shared with North Carolina State University. The public sector assumed responsibility for 84 percent of the construction cost including a commitment from North Carolina State University (\$28 million.) The Hurricanes' ownership contributed \$25 million. Wake County's investment was \$70 million and North Carolina invested \$22 million. A sales tax refund provided the remaining funds. Public money was raised through bonds issued by city and county, repaid through food and hotel taxes. The public sector is 100 percent responsible for maintenance. The team pays \$3 million in rent but has control of all revenues generated through sales inside the facility (including luxury seating, advertising, and profits from the sale of food and beverages).

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### **Chicago Blackhawks**

The team plays at the United Center; the arena is owned and operated by the United Center Joint Venture Corporation. The operating company is owned and managed by Rocky Wirtz and Jerry Reinsdorf. The facility opened in 1994 and was built for \$175 million and was privately financed. Chicago did contribute to some infrastructure costs and the venue received some property tax abatements. The arena is managed by a firm owned by the Bulls and Blackhawks and is responsible for maintenance.

### **Colorado Avalanche**

The team plays at the Pepsi Center owned and operated by Stanley Kroenke. The facility opened in 1999 and was built for \$180 million. Use of the arena is shared with the Denver Nuggets and the Colorado Mammoths. The facility was privately financed but the public sector made contributions through construction sales tax rebates (\$2.25 million) and annual property tax abatement minimally valued at \$2.1 million. City also contributed approximately \$4.5 million for infrastructure enhancements. The private firm is responsible for maintenance.

### **Columbus Blue Jackets**

The team plays at Nationwide Arena owned by Nationwide Mutual Insurance Company and managed by Spectator Management Group. The facility opened in 2000 and was built for \$150 million. The facility was privately financed (Nationwide Insurance, 90 percent and Dispatch Printing owner of the local newspaper, 10 percent). Nationwide was able to reduce arena costs through the sale of personal seat licenses (ranging from \$750 to \$4,000/seat) and founder's suites (a one-time \$2.5 million payment that provided a 25-year lease, tickets not included). The private firm is responsible for maintenance. Competition from the arena built by The Ohio State University and the team's poor performance have led to financial problems for the arena.

### **Dallas Stars**

Team plays in American Airlines Center that is believed to have cost between \$380 and \$420 million. The two teams (Dallas Stars and NBA Mavericks) agreed to pay all cost overruns and the public investment was limited to \$125 million for the building and \$30 million for infrastructure. The public sector uses a hotel and car rental tax to pay for the bonds it secured. The teams reportedly pay \$3.4 million each per year and have 30-year leases. A management firm owned by the two teams is responsible for all maintenance and also receives all revenues earned at the facility. Teams have option to buy arena for \$1 at end of lease.

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### **Detroit Red Wings**

The team plays at Joe Louis Arena; the aging facility is owned by Detroit and operated by Olympia Entertainment (the holding company that also owns the Red Wings). The facility opened in 1979 and was built for \$57 million; the bonds were paid by the City of Detroit. In exchange for control of arena, Olympia provides Detroit with 10 percent of all gate revenues, 7 percent of suite income, and 10 percent of concession profits. Olympia Entertainment is responsible for the maintenance of the arena but plans are being developed for a new facility.

### **Florida Panthers**

The team plays at Bank Atlantic Center owned by Broward County and operated by Spectator Management Group World. The facility opened in 1998 and was built using \$184.7 million in public funds, with the remainder of the \$212 million construction costs covered by then-owner, Wayne Huizenga. The arena was publicly financed by Broward County relying in part on a 2 percent hotel (tourism) tax, and also receives support from a state sports team rebate program. In return for using tourism tax as funding mechanisms, team made available one 30-second commercial for tourism purposes per telecast, and up to 50 tickets for each game was provided to Broward County for tourism promotion purposes. The team is responsible for \$5.2 million in annual debt payments. In June 2009 the Florida Panthers, the arena, and the land surrounding the arena were sold to Sports Properties Acquisition Group for \$240 million. The private firm is responsible for maintenance.

### **Los Angeles Kings**

The team plays at the Staples Center owned by the Los Angeles Arena Company and operated by AEG Worldwide. The facility opened in 1999 and was built for \$375 million. Use of the arena is shared with the Los Angeles Lakers, the Los Angeles Clippers, the Los Angeles Sparks, and the Los Angeles D-Fenders. The public sector's commitment was limited to \$38.5 million and the financial reserves of the Los Angeles Convention Center (\$20 million) were also used. The public sector received dedicated revenue streams from the arena's operation and those funds have led to full settlement of its investment. Los Angeles continues to receive those revenue streams and those funds are now part of the general revenues collected by the city. The private firm is responsible for all maintenance.

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### **Minnesota Wild**

The team plays at Xcel Energy Center owned by the City of St. Paul and operated by Minnesota Sports and Entertainment. The facility opened in 2000 and was built for \$130 million. Use of the arena is shared with the Minnesota Swarm. The team contributed \$35 million towards construction and a local sales tax supported \$30 million worth of the capital cost. The State of Minnesota provided an interest-free loan of \$65 million to be repaid with sales tax receipts. Minnesota waived \$17 million of the debt if City made the arena available for 50 days/year for public events at no charge. The team controls the rights to sell naming rights. St. Paul is responsible for all maintenance but the team does pay rent for the use of the facility, as do other users.

### **Montreal Canadiens**

The team plays at Bell Centre (La Centre Bell) owned and operated by the Molson Brothers (Geoff, Andrew, and Justin Molson). The team and the arena were reportedly sold to Molson for more than \$500 million. The previous owner bought team for \$115.5 million and paid \$66 million for the arena in 2001. The facility opened in 1996 and was built for \$198.2 million (American). Molson Co. Ltd privately financed the arena. The private firm is responsible for maintenance.

### **Nashville Predators**

The team plays at the Bridgestone Arena owned by the Sports Authority of Nashville and Davidson County. The Powers Management Company, a subsidiary of the Nashville Predators, operates the arena. The facility opened in 1998 and was built for \$144 million. The arena was publicly financed through general obligation bonds issued by Nashville. The city also reportedly paid some of the team's expansion fee in order to attract a franchise. A 2008 agreement revised responsibilities for the arena. Powers Management Company is responsible for up to \$1 million per year in maintenance expenses. If expenses surpass \$1 million, the City of Nashville is responsible for the difference. If the team wishes to leave Nashville after June 2010, the exit fee is \$20 million. In 2011, the exit fee increases to \$25 million. Beginning in 2012, however, the team can terminate the lease if losses prevail for a settlement fee of \$10 million. The exit clauses are linked to attendance and financial losses that must be documented.

### **New Jersey Devils**

The team plays in the \$375 million Prudential Center, opened in 2007. The City contributed \$210 million towards construction. The team agreed to contribute \$100 million and to be responsible for any cost overruns. Newark receives 7 percent of suite revenues and 4 percent of all other revenues. All other revenues are retained by the Devils.

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### **New York Islanders**

The team plays at Nassau County's Veterans' Memorial Coliseum; the public owned facility is operated by the Spectacor Management Group. The facility opened in 1972 and was built for \$31.3 million; Nassau County paid for the total cost of construction. Spectacor Management Group is responsible for maintenance and retains earnings from the management and operation of the facility. The Islanders' rent is 11 percent of ticket sales and the team also gives the County some suite and other arena revenues. The Islanders are actively pursuing a new arena.

### **New York Rangers**

The team plays at Madison Square Garden owned and operated by Madison Square Garden (MSG), Inc. The facility opened in 1968 and was built for \$123 million. A \$200 million renovation in 1990 was privately financed. MSG. is responsible for maintenance. MSG owns the Knicks and Liberty and both teams play their home games at the facility. The facility has benefited from a 25-year old property tax exemption and plans are under way to undertake a \$500 million, privately-financed renovation of the facility during the off seasons of the Knick and Rangers.

### **Ottawa Senators**

The team plays at Scotiabank Place. The arena is owned by Capital Sports Properties and is operated by Live Nation Canada. The facility opened in 1996 and cost US \$146 million, including \$27 million for infrastructure improvements. The arena was funded through private bank consortium loans, subordinated loans, and suite sales and fees. The infrastructure costs were publicly financed. The private firm, Live Nation Canada, is responsible for maintenance.

### **Philadelphia Flyers**

The team plays at the Wells Fargo Center owned by Comcast Spectacor L.P. and operated by Global Spectrum. The facility opened in 1996 and was built for \$210 million. The arena was largely privately financed with \$35.5 million invested by the public sector (city and state) for infrastructure. Global Spectrum is responsible for all maintenance.

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### **Phoenix Coyotes**

The team plays at Jobing.com Arena owned and operated by the City of Glendale. The facility opened in 2003 and was built for \$220 million. The arena was funded by a \$180 million contribution from the City of Glendale (\$30 million in general obligation bonds and \$150 in excise tax funding). The city planned to repay its debt from revenues generated from activities surrounding the facility. The Coyotes' owner agreed to pay for any cost overruns and to repay the city for its investment if the commercial property surrounding the arena did not generate enough money to offset the city's investments. The entire financial plan has collapsed and the team filed for bankruptcy protection. The City of Glendale is responsible for all maintenance and the costs for the facility's construction and new potential owners have each submitted bids that would require Glendale to assume responsibilities for all construction related expenses and maintenance. No new ownership group has yet been designated and that team and the matter remain under the oversight of the bankruptcy judge and the NHL that is operating the team.

### **Pittsburgh Penguins**

The team plays at the new, \$320 million Consol Energy Center owned by the Sports & Exhibition Authority of Pittsburgh. The team assumed responsibility for 38 percent of the cost; the balance of the funds were provided by the State of Pennsylvania drawing on revenues from gaming licensing fees collected from the owners of the Majestic Start Casino. The team is responsible for annual maintenance fees up to \$400,000 collected from parking fees (but capped at \$400,000).

### **San Jose Sharks**

The team plays at HP Pavilion at San Jose owned by the City of San Jose and managed by San Jose Sports & Entertainment Enterprises. The facility opened in 1993 and was built for \$162.5 million. The arena was financed through City bonds and private equity (\$132.5 million) and HP Pavilion Management (\$30 million); as a result, 82 percent of the arena was financed by the public sector. A new current operating agreement splits the maintenance costs 50/50 between the team's management company and the city of San Jose.

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### **St. Louis Blues**

The Blues play at Scottrade Center owned by the City of St. Louis and operated by Sports Capital Partners. The facility opened in 1994 and was built for \$135 million (\$170 million including land costs). St. Louis contributed \$34.5 million. This went toward demolition of existing building and garage, site preparation and new parking facility; the balance of the cost was assumed by the private sector and the management company, which is privately owned, is responsible for all maintenance.

### **Tampa Bay Lightning**

The team plays at St. Petersburg Times Forum owned and operated by Palace Sports and Entertainment. The facility opened in 1996 and was built for \$139 million, with the public sector assuming responsibility for almost two thirds of the cost, 62 percent. Public funding through state sales tax, county tourism tax, city parking, county and city ticket surcharge. The private firm is responsible for all maintenance and retains all arena revenues.

### **Toronto Maple Leafs**

The team plays at Air Canada Centre owned and operated by Maple Leaf Sports and Entertainment. The facility opened in 1999 and was built for \$250 million. The arena is shared with the Toronto Raptors. The arena was privately financed and the private firm is responsible for all maintenance.

### **Vancouver Canucks**

The team plays at Rogers Arena, owned and operated by Canucks Sports and Entertainment. The facility opened in 1995 and was built for US\$116 million and was privately financed. The private firm is responsible for all maintenance.

### **Washington Capitals**

The team plays at the Verizon Center owned and operated by Monumental Sports and Entertainment. The facility opened in 1997 and was privately built with the public sector investing \$60 million for needed infrastructure improvements. The private firm is responsible for all maintenance.