AGENDA

Meeting Type:	SPECIAL
Date: 1997:	02/17, 03/13, 03/17, 03/24/ 03/31
	ARENA WORKSHOPS

City of Charlotte, City Clerk's Office

City Council Workshop Agenda
Coliseum/Hornets Issue
February 17, 1997
3:00-5:00 PM
Room 267

(5 min) **I. Introduction/Overview of Workshops**

- Schedule until March 24
- Notebook/materials

(10 min) **II. Public Information/Education Process**

- Set public hearing
- Community dialogue meeting

(90 min) **III. Option Analysis**

- Chronology of process
  - Analysis
  - Role of arena in team finances
- Summary of Options
  - Option 1 Do Nothing
  - Option 2 Renegotiate and renovate
    --Proposals by the Authority
    --Other Approaches
  - Option 3 Sell Coliseum to Hornets
  - Option 4 Develop new facility
- Analysis of Options: 1 and 2
- Other issues/Discussion

(15 min) **IV. Next Meeting**

- Review of outstanding issues
- Continue Analysis of Options 3 and 4
- _____
- _____
- _____

Hornets/Coliseum Issue
Draft Process Timetable

February 4	Citizen's Committee review of consultant recommendations
February 10	Council Meeting -- Briefing, Process for moving forward Approve schedule of special briefing workshops
February 17	Council workshop prior to Zoning meeting to review options, Committee recommendations, raise issues
Mid-February-March	Ongoing public information/education program ▪ City Report (radio PSA's) ▪ Video package for *Charlotte Behind The Scenes* and Speaker's Bureau ▪ Slide presentation (CSL) for Speaker's Bureau ▪ Speaker's Bureau -- TBD ▪ Media briefings -- As needed ▪ Radio talk shows -- TBD ▪ *State of the City* ▪ *Charlotte Behind The Scenes* 2/28-3/2 at 9:00 on Channel 16 ▪ *Agenda· Charlotte* March 14-16 on Channel 16 with rebroadcasts Discussion of Hornets/Coliseum issue ▪ *Ask The Mayor* 19 on WTVI ▪ *City Beat:* on Channel 16 with rebroadcasts: 2/10 CSL presentation ▪ Series of information ads in local newspapers ▪ Advertisements for public hearing, community as needed ▪ Fax Updates as needed, establishing e-mail distribution ▪ Fast Fax Issue fact sheet/backgrounder available 24/7 as of 2/24
February 24	Dinner Briefing -- Council update on issues related to options
March 3	Dinner Briefing -- Council update on issues related to options
March 13	4-6 PM Council workshop/discussion of issues (continued) 6.00 PM Public Hearing
March 17	3-5 PM Council workshop prior to Zoning Meeting Manager makes recommendation to Council regarding option for negotiation
March 24	Council decision on pursuing one of the four options

Council member Questions Concerning the Nov. 11, 1996 24UP Presentation

Q What is the relationship of the 24UP plan to the Third Ward Plan? And, how is this plan compatible with local neighborhoods?

A Planning Director, Martin Cramton is working on this issue and will report to the Manager in the near future

Q How can the proposal result in a net positive cash flow for the City? And, what are the dollar figures on the returns for the City's investment?

A This question can only be answered after Council has ~~approved~~ authorized us to negotiate a deal. a negotiated deal.

Q Is there any way the community can control the outside forces that dictate the costs associated with this project? And, what types of jobs are being created? How well will they pay?

A The answer to this depends on the final proposal and when and how the project is financed/constructed

Q What is the value of the current coliseum? What will be its value when the new one is built?

A The value of the coliseum could be calculated based on the operating income of the facility The facility's current level of operating income is approximatelly $1 8 million Using a 10% capitalization rate, the value would approximate $18 million

Q What is the value of the land where the new coliseum would be located?

A Estimates range from $12 to $14 million

Q What would be the annual payment required of the Hornets to pay off the debt service on

the new coliseum?

A The answer depends on the amount of debt the Hornets have to service, the terms and interest rate of the loan A preliminary estimate is that the Hornets will need to service about $50 million in debt for the project

Q What is the return on the City's investment? How long will it take until the City turns a profit?

A The answer depends on how the final deal is structured

Q What is the return on investment for every dollar that is spent in uptown Charlotte by the City?

A This number is almost impossible to calculate However, uptown generates more tax revenue per unit than any other part of the City

Q Will we lose the Hornets if this new building is not built?

A The Hornets have stated that a new building is the only solution that meets their long-term needs There are other cities who would contribute substantial amounts of money to relocate the Hornets to their community

Q Why can't the private sector pay for this project?

A According to our consultants' examination of the Hornets' financial position, the Hornets cannot afford to entirely finance a new arena The Hornets are required under the proposal to contribute $109 million toward the project and cannot justify a return on the investment as large as the one required to finance the entire project

Q How does the 24UP project make economic sense for the City to participate in?

A The answer depends partially on the final deal and if the City participates However, assuming that the Hornets will leave the community if a new arena is not built, participation could guarantee that we retain our NBA franchise for the long-term The

uptown project could also spur other retail/entertainment development that would support the tourism and convention industry and generate property, sales and other tax revenue

Q Who came up with the 24UP numbers and how are they supported?

A The numbers were generated by the 24UP group and the Hornets?

Q What is the vision as related to the West side?

A 24UP has not fully developed this vision?

1ST HANDOUT

Charlotte Coliseum Analysis Option 1 Do Nothing Status Quo
Financial Model Assumptions Summary Confidential Draft Copy For Internal Use Only
1996 Dollars

Annual Event Revenue Assumptions

Event Type	Number Of Dates	Paid Per Game Attd	Total Paid Attd	Total Actual Attd	Average Net Ticket Prices	Net Concessions Per Capita	Net Novelties Per Capita	Parking Rate	Net Event Expense
Hornets preseason	2	19 100	38 200	32 088	$24 60	$4 30	$0 75	$4 00	$10 700
Hornets regular	41	22 700	930 700	781 788	$24 60	$4 30	$0 75	$4 00	$10 700
Hornets post	0	22 000	0	0	$26 60	$4 30	$1 25	$4 00	$10 700
Family shows	20	7 300	146 720	156 990	$12 00	$1 70	$2 20	$4 00	$12 200
Concerts	10	12 200	121 720	122 937	$26 00	$2 90	$5 00	$4 00	$22 000
Motor events	2	15 200	30 472	32 300	$15 00	$2 50	$0 60	$4 00	$20 000
Other sporting events	10	7 800	78 440	90 206	$10 00	$4 40	$1 50	$4 00	$2 000
Publ c	10	5 000	50 000	50 000	$0 00	$3 65	$0 00	$4 00	$5 000
Private events	6	2 500	15 216	15 216	$0 00	$10 50	$0 00	$4 00	$5 000
Rodeos	2	8 100	16 272	16 435	$11 00	$2 85	$1 25	$4 00	$8 400
Other	5	6 400	32 000	80 000	$0 00	$1 00	$0 00	$0 00	$10 000
Open	0	0	0	0	$0 00	$0 00	$0 00	$0 00	$0
Totals	108		1 459 740	1 377 961					
Inflation factor	1 03					Number of Park ng Spaces		8 000	

Annual Arena Revenue & Expense

Advertising/Sponsorships

Advertising In arena signage	
Advertising Concourse/ramp signage	
Advertising Scoreboard s gnage	
Advert sing Courtside signage	
Dorna / AdTime	
Total Advertis ng Revenue	$3,398,000

Naming Rights

Annual payment	$0
Term of contract in years	5

Private Suites Annual

Number of suites	12
Annual lease fee	$91 000
Number of seats n su tes	12
Ticket price	$0
Leased % suites	100%

Pr vate Club

Number of membersh ps	406
Annual membersh p fee	$600

Club Seats Annual

Number of club seats annual	0
Annual lease prem um	$0
Average t cket price	$0
Leased % club seats	0%

Annual Rent Payment

Annual payment Hornets	$387 000
Annual payment to City	$0

Arena Expenses

Salar es & wages benef ts	
Repa rs & maintenance	
Other	
Ut l t es	
Insurance	
Sales and Marketing	
General administrat on	
Total arena expenses	$5,639,000

Miscellaneous Revenues

Ticketing	
Investment	
Box office	
Ut l ty	
Total miscellaneous expenses	$542,500

Annual Team Revenue & Expense

Team Revenues

National TV	
National cable	
Local broadcast	
NBA propert es	
NBA Other	
Total Team Revenues	$20,670,000

Team Expenses

Total player salaries	
Pension insurance and other player costs	
Basketball Operations	
General and admin strative	
Marketing and public relat ons	
Broadcast	
Other	
Total Team Expenses	$40,835,000

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02/17/97

Charlotte Coliseum Analysis Option 1 Do Nothing Status Quo
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Existing Lease Revenue & Expense Allocations

	Coliseum	Hornets	Other	Publ c	COGS
Admissions					
Hornets preseason	0 00%	94 00%	6 00%	0 00%	n/a
Hornets regular	0 00%	94 00%	6 00%	0 00%	n/a
Hornets post	0 00%	45 00%	55 00%	0 00%	n/a
Fam ly shows	20 00%	0 00%	80 00%	0 00%	n/a
Concerts	10 00%	0 00%	90 00%	0 00%	n/a
Motor events	12 00%	0 00%	88 00%	0 00%	n/a
Other sport ng events	12 00%	0 00%	88 00%	0 00%	n/a
Publ c	12 00%	0 00%	88 00%	0 00%	n/a
Private events	12 00%	0 00%	88 00%	0 00%	n/a
Rodeos	10 00%	0 00%	90 00%	0 00%	n/a

Flat Fee	Col seum	Hornets
	0 00%	0 00%
	0 00%	0 00%
	0 00%	0 00%
	100 00%	0 00%
	100 00%	0 00%
	100 00%	0 00%
	100 00%	0 00%
	100 00%	0 00%
	100 00%	0 00%
	100 00%	0 00%

Existing Lease Revenue & Expense Allocations

	Col seum	Hornets	Other	Publ c	COGS
Concessions					
Hornets preseason	78 00%	22 00%	0 00%	0 00%	56 00%
Hornets regular	78 00%	22 00%	0 00%	0 00%	56 00%
Hornets post	78 00%	22 00%	0 00%	0 00%	56 00%
Fam ly shows	100 00%	0 00%	0 00%	0 00%	56 00%
Concerts	100 00%	0 00%	0 00%	0 00%	56 00%
Motor events	100 00%	0 00%	0 00%	0 00%	56 00%
Other sporting events	100 00%	0 00%	0 00%	0 00%	56 00%
Public	100 00%	0 00%	0 00%	0 00%	56 00%
Private events	100 00%	0 00%	0 00%	0 00%	56 00%
Rodeos	100 00%	0 00%	0 00%	0 00%	56 00%
Novelties					
Hornets p eseason	0 00%	30 00%	0 00%	0 00%	70 00%
Hornets regular	0 00%	30 00%	0 00%	0 00%	70 00%
Hornets post	0 00%	30 00%	0 00%	0 00%	70 00%
Fam ly shows	30 00%	0 00%	0 00%	0 00%	70 00%
Concerts	30 00%	0 00%	0 00%	0 00%	70 00%
Motor events	30 00%	0 00%	0 00%	0 00%	70 00%
Other sport ng events	30 00%	0 00%	0 00%	0 00%	70 00%
Publ c	30 00%	0 00%	0 00%	0 00%	70 00%
Private events	30 00%	0 00%	0 00%	0 00%	70 00%
Rodeos	30 00%	0 00%	0 00%	0 00%	70 00%

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Charlotte Coliseum Analysis Option 1 Do Nothing Status Quo
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Existing Lease Revenue & Expense Allocations

	Coliseum	Hornets	Other	Publ c	COGS
Parking					
Hornets preseason	62 50%	37 50%	0 00%	0 00%	0 00%
Hornets regular	62 50%	37 50%	0 00%	0 00%	0 00%
Hornets post	62 50%	37 50%	0 00%	0 00%	0 00%
Family shows	100 00%	0 00%	0 00%	0 00%	0 00%
Concerts	100 00%	0 00%	0 00%	0 00%	0 00%
Motor events	100 00%	0 00%	0 00%	0 00%	0 00%
Other sport ng events	100 00%	0 00%	0 00%	0 00%	0 00%
Publ c	100 00%	0 00%	0 00%	0 00%	0 00%
Pr vate events	100 00%	0 00%	0 00%	0 00%	0 00%
Rodeos	100 00%	0 00%	0 00%	0 00%	0 00%
Arena Revenues					
Annual Payment Hornets	100 00%	100 00%	0 00%	0 00%	0 00%
Private Suites	50 00%	50 00%	0 00%	0 00%	0 00%
Basketball Only Club Seats	0 00%	0 00%	0 00%	0 00%	0 00%
Private Club	0 00%	100 00%	0 00%	0 00%	0 00%
Advertising					
Advertis ng In arena s gnage	50 00%	50 00%	0 00%	0 00%	0 00%
Advertis ng Concourse/ramp signage	50 00%	50 00%	0 00%	0 00%	0 00%
Advert s ng Courts de s gnage	0 00%	100 00%	0 00%	0 00%	0 00%
Dorna / AdTime	0 00%	100 00%	0 00%	0 00%	
Advertising Scoreboard signage	50 00%	50 00%	0 00%	0 00%	0 00%
Naming R ghts	0 00%	0 00%	0 00%	0 00%	0 00%
Team Revenues	0 00%	100 00%	0 00%	0 00%	0 00%
Team Expenses	0 00%	100 00%	0 00%	0 00%	0 00%
Arena Expenses	100 00%	0 00%	0 00%	0 00%	0 00%
Debt Service	0 00%	100 00%	0 00%	0 00%	0 00%

Sources & Uses Assumptions

		Interest Rate	*Term*
Hornets #1	$0	7 00%	0
Hornets #2	0	7 00%	20
Hornets #3	0	7 00%	20
State #1	0	7 00%	20
State #2	0	7 00%	20
C ty #1	0	7 00%	20
Open	0	7 00%	20
Nam ng rights	0	0 00%	0
Concess ona re	0	0 00%	0
Other	0	0 00%	0
Total sources of funds	$0		
Uses of Funds	$0		
Private su tes	0		
Club seats	0		
P act ce facil ty	0		
Hard costs	0		
F nanc ng costs	0		
Soft costs	0		
Open	0		
Total uses of funds	$0		

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Charlotte Coliseum Analysis Option 1 Do Nothing - Status Quo
Summary of Facility Option Economics

	Existing Charlotte Coliseum Operated by Authority									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Hornets revenue	$4 060 000	$4 171 000	$4 285 000	$4 401 000	$4 521 000	$4 645 000	$4 773 000	$4 905 000	$5 041 000	$5 181 000
Other events	3 520 000	3 626 000	3 736 000	3 847 000	3 962 000	4 082 000	4 203 000	4 329 000	4 459 000	4 593 000
Suites	544 000	561 000	578 000	595 000	613 000	631 000	650 000	669 000	690 000	710 000
Club seats	0	0	0	0	0	0	0	0	0	0
Advertising	1 016 000	1 053 000	1 091 000	1 130 000	1 170 000	1 212 000	1 255 000	1 299 000	1 344 000	1 391 000
Naming rights	0	0	0	0	0	0	0	0	0	0
Miscellaneous revenues	559 000	576 000	593 000	611 000	629 000	648 000	667 000	687 000	708 000	729 000
Total operating revenue	9 699 000	9 987 000	10 283 000	10 584 000	10 895 000	11 218 000	11 548 000	11 889 000	12 242 000	12 604 000
Operating expenses	8 743 000	9 005 000	9 275 000	9 554 000	9 841 000	10 135 000	10 439 000	10 752 000	11 076 000	11 408 000
Reimbursable expenses	(914 000)	(941 000)	(969 000)	(998 000)	(1 028 000)	(1 059 000)	(1 091 000)	(1 123 000)	(1 157 000)	(1 192 000)
Payment to City	0	0	0	0	0	0	0	0	0	0
Total operating costs	7 829 000	8 064 000	8 306 000	8 556 000	8 813 000	9 076 000	9 348 000	9 629 000	9 919 000	10 216 000
Net Operating Revenues	**1,870,000**	**1,923,000**	**1,977,000**	**2,028,000**	**2,082,000**	**2,142,000**	**2,200,000**	**2,260,000**	**2,323,000**	**2,388,000**
Debt	0	0	0	0	0	0	0	0	0	0
Arena capital expenditures	350 000	361 000	372 000	383 000	394 000	406 000	418 000	431 000	444 000	457 000
Other	1 567 000	1 532 000	1 498 000	1 465 000	1 433 000	1 402 000	1 372 000	1 343 000	1 314 000	1 314 000
Total other expenditures	1 917 000	1 893 000	1 870 000	1 848 000	1 827 000	1 808 000	1 790 000	1 774 000	1 758 000	1 771 000
Net Cash Flow	**($47,000)**	**$30,000**	**$107,000**	**$180,000**	**$255,000**	**$334,000**	**$410,000**	**$486,000**	**$565,000**	**$617,000**
Hornets										
Operating revenues	$48 799 000	$50 358 000	$51 971 000	$53 635 000	$55 356 000	$57 137 000	$58 976 000	$60 878 000	$62 846 000	$64 877 000
Operating expenses	42 217 000	51 670 000	47 243 000	51 934 000	51 945 000	54 506 000	57 204 000	60 045 000	63 041 000	66 199 000
Other expenditures	0	0	0	0	0	0	0	0	0	0
Operating cash flow	$6,582,000	($1,312,000)	$4,728,000	$1,701,000	$3 411 000	$2,631 000	$1 772 000	$833,000	($195 000)	($1 322 000)
Combined Hornets Cash Flows	**$6,582,000**	**($1,312,000)**	**$4,728,000**	**$1,701,000**	**$3,411,000**	**$2 631,000**	**$1,772 000**	**$833,000**	**($195,000)**	**($1,322,000)**

↑
UP TO
$6 MIL WITH
ADJUSTMENT OF
LARRY JOHNSON
SALARY

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Charlotte Coliseum Analysis - Option 1 Do Nothing Status Quo
Summary of Facility Option Economics

	Existing Charlotte Coliseum Operated by Authority				
	2007	2008	2009	2010	2011
Arena					
Hornets revenue	$5 336 000	$5 496 080	$5 660 962	$5 830 791	$6 005 715
Other events	4 731 000	4 872 930	5 019 118	5 169 691	5 324 782
Suites	731 000	752 930	775 518	798 783	822 747
Club seats	0	0	0	0	0
Advertising	1 433 000	1 475 990	1 520 270	1 565 878	1 612 854
Naming rights	0	0	0	0	0
Miscellaneous revenues	751 000	773 530	796 736	820 638	845 257
Total operating revenue	12 982 000	13 371 460	13 772 604	14 185 782	14 611 355
Operating expenses	$11 750 000	$12 102 500	$12 465 575	$12 839 542	$13 224 729
Reimbursable expenses	(1 228 000)	(1 264 840)	(1 302 785)	(1 341 869)	(1 382 125)
Payment to City	0	0	0	0	0
Total operating costs	10 522 000	10 837 660	11 162 790	11 497 673	11 842 604
Net Operating Revenues	**2,460,000**	**2,533,800**	**2,609,814**	**2,688,108**	**2,768,752**
Debt	0	0	0	0	0
Arena capital expenditures	471 000	485 130	499 684	514 674	530 115
Other	1 314 000	1 314 000	1 314 000	1 314 000	1 314 000
Total other expenditures	1 785 000	1 799 130	1 813 684	1 828 674	1 844 115
Net Cash Flow	**$675,000**	**$734,670**	**$796,130**	**$859,434**	**$924,637**
Hornets					
Operating revenues	$66 823 000	$68 827 690	$70 892 521	$73 019 296	$75 209 875
Operating expenses	69 509 000	72 984 450	76 633 673	80 465 356	84 488 624
Other expenditures	0	0	0	0	0
Operating cash flow	($2,686 000)	($4 156 760)	($5,741,152)	($7 446,060)	($9 278 749)
Combined Hornets Cash Flows	**($2,686,000)**	**($4,156,760)**	**($5,741,152)**	**($7,446 060)**	**($9,278,749)**

2ND HANDOUT

Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum Author ty
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Annual Event Revenue Assumptions

Event Type	Number Of Dates	Paid Per Game Attd	Total Paid Attd	Total Actual Attd	Average Net Ticket Prices	Net Concess ons Per Capita	Net Novelties Per Capita	Parking Rate	Net E ent Expense
Hornets preseason	2	19 100	38 288	32 162	$25 30	$5 00	$0 75	$5 00	$10 700
Hornets regular	41	2 700	932 496	783 296	$25 30	$5 00	$0 75	$5 00	$1 70
Hornets post	0	20 300	0	0	$26 60	$5 00	$1 25	$5 00	$10 700
Family shows	20	7 300	145 600	155 792	$12 00	$1 70	$2 20	$4 00	$12 0(
Concerts	10	12 200	121 600	172 816	$26 00	$2 90	$5 00	$4 00	$22 000
Motor events	2	15 200	30 360	32 182	$15 00	$2 50	$0 60	$4 00	$ 0 000
Other sport ng events	10	7 800	78 200	89 930	$10 00	$4 40	$1 50	$4 00	$ 000
Public	10	5 000	50 000	50 000	$0 00	$3 65	$0 00	$4 00	$5 000
Private events	6	1 600	9 480	9 480	$0 00	$10 50	$0 00	$4 00	$5 000
Rodeos	2	8 100	16 160	16 322	$11 00	$2 85	$1 25	$4 00	$8 400
Other	3	6 400	19 200	48 000	$0 00	$1 00	$0 00	$4 00	$10 000
Open	0	0	0	0	$0 00	$0 00	$0 00	$4 00	$0
Totals	106		1,441,383	1,339,979					
Inflat on factor	1 03					Number of Park ng Spaces		8 000	

Annual Arena Revenue & Expense

Advertising/Sponsorships

Advert s ng In arena s gnage	
Advert s ng Concou se/ramp s gnage	
Advertising Scoreboard s gnage	
Advert s ng Courts de s gnage	
Dorna / AdT me	
Total Advert s ng Revenue	$3,398,000

Naming Rights

Annual payment	$500 000
Term of contract, n years	15

Private Suites Annual

Number of su tes	42
Annual lease fee (total)	$60 000
Number of seats n su tes	12
T cket p ce	$0
Leased % suites	90%

Pr ate Club

Number of membersh ps	406
Annual membersh p fee	$600

Club Seats Annual

Number of club seats annual	1 500
Annual lease prem um	$860
A e age t cket p ce	$0
Leased % club seats	90%

Annual Rent Payment

Annual payment Hornets	$387 000
Annual payment to C ty	$0

Arena Expenses

Salar es & wages benef ts	
Repairs & ma ntenance	
Other	
Ut l es	
Insurance	
Sales and Market ng	
General adm n strat on	
Total arena expenses	$5,915,000

Miscellaneous Re enues

T cket ng	
Investment	
Box ofl ce	
U l ty	
To al m scellaneous expenses	$547 500

Annual Team Revenue & Expense

Team Revenues

Nat onal TV	
National cable	
Local broadcast	
NBA p opert es	
NBA Other	
Total Team Re enues	$20,670,000

Team Expenses

Total playe salar es	
Pens on nsurance and other playe costs	
Basketball Operat ons	
General and adm n st at e	
Market ng and publ c elat ons	
Broadcast	
Other	
Total Team Expenses	$40,835,000

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Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum Authority
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Existing Lease Revenue & Expense Allocations

	Author ty	Hornets	Other	Publ c	COGS	*Flat Fee*	Autho ty	Ho ne s
Admissions								
Hornets preseason	0 00%	94 00%	6 00%	0 00%	n a		0 00%	0 00%
Hornets regular	0 00%	94 00%	6 00%	0 00%	n a		0 00%	0 00%
Hornets post	0 00%	45 00%	55 00%	0 00%	n a		0 00%	0 00%
Fam ly shows	20 00%	0 00%	80 00%	0 00%	n a		100 00%	0 00%
Concerts	10 00%	0 00%	90 00%	0 00%	n a		100 00%	0 00%
Motor events	12 00%	0 00%	88 00%	0 00%	n a		100 00%	0 00%
Other sport ng events	12 00%	0 00%	88 00%	0 00%	n a		100 00%	0 00%
Publ c	12 00%	0 00%	88 00%	0 00%	n a		100 00%	0 00%
Pr vate events	12 00%	0 00%	88 00%	0 00%	n a		100 00%	0 00%
Rodeos	10 00%	0 00%	90 00%	0 00%	n a		100 00%	0 00%

Existing Lease Revenue & Expense Allocations

	Author ty	Hornets	Othe	Publ c	COGS
Concessions					
Hornets preseason	78 00%	22 00%	0 00%	0 00%	56 00%
Hornets regular	78 00%	22 00%	0 00%	0 00%	56 00%
Hornets post	78 00%	22 00%	0 00%	0 00%	56 00%
Fam ly shows	100 00%	0 00%	0 00%	0 00%	56 00%
Concerts	100 00%	0 00%	0 00%	0 00%	56 00%
Motor events	100 00%	0 00%	0 00%	0 00%	56 00%
Other sport ng events	100 00%	0 00%	0 00%	0 00%	56 00%
Publ c	100 00%	0 00%	0 00%	0 00%	56 00%
Pr vate events	100 00%	0 00%	0 00%	0 00%	56 00%
Rodeos	100 00%	0 00%	0 00%	0 00%	56 00%
Novelties					
Hornets preseason	0 00%	30 00%	0 00%	0 00%	70 00%
Hornets regular	0 00%	30 00%	0 00%	0 00%	70 00%
Hornets post	0 00%	30 00%	0 00%	0 00%	70 00%
Family shows	30 00%	0 00%	0 00%	0 00%	70 00%
Concerts	30 00%	0 00%	0 00%	0 00%	70 00%
Motor events	30 00%	0 00%	0 00%	0 00%	70 00%
Other sport ng events	30 00%	0 00%	0 00%	0 00%	70 00%
Publ c	30 00%	0 00%	0 00%	0 00%	70 00%
Pr ate events	30 00%	0 00%	0 00%	0 00%	70 00%
Rodeos	30 00%	0 00%	0 00%	0 00%	70 00%

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Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum Authority
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Existing Lease Revenue & Expense Allocations

	Authority	Hornets	Other	Public	COGS
Parking					
Hornets preseason	62.50%	37.50%	0.00%	0.00%	0.00%
Hornets regular	62.50%	37.50%	0.00%	0.00%	0.00%
Hornets post	62.50%	37.50%	0.00%	0.00%	0.00%
Family shows	100.00%	0.00%	0.00%	0.00%	0.00%
Concerts	100.00%	0.00%	0.00%	0.00%	0.00%
Motor events	100.00%	0.00%	0.00%	0.00%	0.00%
Other sporting events	100.00%	0.00%	0.00%	0.00%	0.00%
Public	100.00%	0.00%	0.00%	0.00%	0.00%
Private events	100.00%	0.00%	0.00%	0.00%	0.00%
Rodeos	100.00%	0.00%	0.00%	0.00%	0.00%
Arena Revenues					
Annual Payment Hornets	100.00%	100.00%	0.00%	0.00%	0.00%
Private Suites	25.00%	75.00%	0.00%	0.00%	0.00%
Basketball Only Club Seats	0.00%	100.00%	0.00%	0.00%	0.00%
Private Club	0.00%	100.00%	0.00%	0.00%	0.00%
Advertising					
Advertising In arena signage	50.00%	50.00%	0.00%	0.00%	0.00%
Advertising Concourse/ramp signage	50.00%	50.00%	0.00%	0.00%	0.00%
Advertising Courts design signage	0.00%	100.00%	0.00%	0.00%	0.00%
Dorna / AdTime	0.00%	100.00%	0.00%	0.00%	
Advertising Scoreboard signage	50.00%	50.00%	0.00%	0.00%	0.00%
Naming Rights	50.00%	50.00%	0.00%	0.00%	0.00%
Team Revenues	0.00%	100.00%	0.00%	0.00%	0.00%
Team Expenses	0.00%	100.00%	0.00%	0.00%	0.00%
Arena Expenses	100.00%	0.00%	0.00%	0.00%	0.00%
Debt Service	0.00%	0.00%	0.00%	0.00%	0.00%

Sources & Uses Assumptions

		Interest Rate	Term
Hornets #1	$0	7.00%	10
Hornets #2	0	7.00%	10
Hornets #3	0	7.00%	10
Open	10,000,000	7.00%	10
State #2	0	7.00%	10
City #1	0	7.00%	10
Open	0	7.00%	10
Naming rights	0	0.00%	0
Concessionaire	0	0.00%	0
Other	0	0.00%	0
Total sources of funds	$10,000,000		
Uses of Funds	$0		
Private suites	0		
Club seats	0		
Seating	0		
Other	10,000,000		
Financing costs	0		
Soft costs	0		
Open	0		
Total uses of funds	$10,000,000		

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Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum Authority
City Pays Costs Authority Operates & Repays City
Summary of Facility Option Economics

	Renovated Charlotte Coliseum Operated by the Authority									
	1997	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Arena										
Hornets revenue	$4 745 000	$4 888 000	$5 034 000	$5 185 000	$5 341 000	$5 501 000	$5 666 000	$5 835 000	$6 011 000	$6 191 000
Other events	3 433 000	3 535 000	3 642 000	3 751 000	3 862 000	3 979 000	4 098 000	4 222 000	4 349 000	4 479 000
Suites	575 000	592 000	610 000	628 000	647 000	667 000	687 000	707 000	728 000	750 000
Club seats	0	0	0	0	0	0	0	0	0	0
Advertising	1 016 000	1 053 000	1 091 000	1 130 000	1 170 000	1 212 000	1 255 000	1 299 000	1 344 000	1 391 000
Naming rights	258 000	265 000	273 000	281 000	290 000	299 000	307 000	317 000	326 000	336 000
Miscellaneous revenues	559 000	576 000	593 000	611 000	629 000	648 000	667 000	687 000	708 000	729 000
Total operating revenue	10 586 000	10 909 000	11 243 000	11 586 000	11 939 000	12 306 000	12 680 000	13 067 000	13 466 000	13 876 000
Operating expenses	9 312 000	9 592 000	9 880 000	10 176 000	10 481 000	10 796 000	11 120 000	11 454 000	11 798 000	12 151 000
Reimbursable expenses	(893 000)	(920 000)	(947 000)	(976 000)	(1 005 000)	(1 035 000)	(1 066 000)	(1 098 000)	(1 131 000)	(1 165 000)
Payment to City	0	0	0	0	0	0	0	0	0	0
Total operating costs	8 419 000	8 672 000	8 933 000	9 200 000	9 476 000	9 761 000	10 054 000	10 356 000	10 667 000	10 986 000
Net Operating Revenues	**2,167,000**	**2,237,000**	**2,310,000**	**2,386,000**	**2,463,000**	**2,545,000**	**2,626,000**	**2,711,000**	**2,799,000**	**2,890,000**
Debt	0	0	0	0	0	0	0	0	0	0
Arena capital expenditures	350 000	361 000	372 000	383 000	394 000	406 000	418 000	431 000	444 000	457 000
Other	0	0	0	0	0	0	0	0	0	0
Total other expenditures	350 000	361 000	372 000	383 000	394 000	406 000	418 000	431 000	444 000	457 000
Net Cash Flow	**$1,817,000**	**$1,876,000**	**$1,938,000**	**$2,003,000**	**$2,069,000**	**$2,139,000**	**$2,208,000**	**$2,280,000**	**$2,355,000**	**$2,433,000**
Hornets										
Operating revenues	52 407 000	54 075 000	55 796 000	57 576 000	59 415 000	61 317 000	63 283 000	65 315 000	67 414 000	69 583 000
Operating expenses	42 229 000	51 694 000	47 279 000	51 983 000	52 007 000	54 581 000	57 293 000	60 148 000	63 159 000	66 332 000
Other expenditures	0	0	0	0	0	0	0	0	0	0
Operating cash flow	**$10,178,000**	**$2,381,000**	**$8,517,000**	**$5,593,000**	**$7,408 000**	**$6,736,000**	**$5,990,000**	**$5,167,000**	**$4,255,000**	**$3,251,000**

Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum Authority
City Pays Costs Authority Operates & Repays City
Summary of Facility Option Economics

	Renovated Charlotte Coliseum Operated by the Authority				
	2007	**2008**	**2009**	**2010**	**2011**
Arena					
Hornets revenue	$6 377 000	$6 568 000	$6 765 000	$6 968 000	$7 177 000
Other events	4 613 000	4 751 000	4 894 000	5 041 000	5 192 000
Suites	773 000	796 000	820 000	845 000	870 000
Club seats	0	0	0	0	0
Advertising	1 433 000	1 476 000	1 520 000	1 566 000	1 613 000
Naming rights	346 000	356 000	367 000	378 000	389 000
Miscellaneous revenues	751 000	774 000	797 000	821 000	846 000
Total operating revenue	14 293 000	14 721 000	15 163 000	15 619 000	16 087 000
Operating expenses	12 516 000	12 891 000	13 278 000	13 676 000	14 086 000
Reimbursable expenses	(1 200 000)	(1 236 000)	(1 273 000)	(1 311 000)	(1 350 000)
Payment to City	0	0	0	0	0
Total operating costs	11 316 000	11 655 000	12 005 000	12 365 000	12 736 000
Net Operating Revenues	**2,977,000**	**3,066,000**	**3,158,000**	**3,254,000**	**3,351,000**
Debt	0	0	0	0	0
Arena capital expenditures	471 000	485 000	500 000	515 000	530 000
Other	0	0	0	0	0
Total other expenditures	471 000	485 000	500 000	515 000	530 000
Net Cash Flow	**$2,506,000**	**$2,581,000**	**$2,658,000**	**$2,739,000**	**$2,821,000**
Hornets					
Operating revenues	71 670 000	73 820 000	76 035 000	78 316 000	80 665 000
Operating expenses	69 649 000	73 131 000	76 788 000	80 627 000	84 658 000
Other expenditures	0	0	0	0	0
Operating cash flow	**$2,021,000**	**$689,000**	**($753,000)**	**($2,311,000)**	**($3,993,000)**
Combined Cash Flow	**2,021,000**	**689,000**	**(753 000)**	**(2,311 000)**	**(3 993 000)**

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Handout 3

Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum Authority s Plan 2
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Annual Event Revenue Assumptions

up up $2.00 up

Event Type	Number Of Dates	Paid Per Game Attd	Total Pa d Attd	Total Actual Attd	Average Net Ticket Prices	Net Concessions Per Capita	Net Novelt es Per Capita	Parking Rate	Net E ent Expense
Hornets preseason	2	19 100	38 200	32 088	$29 25	$6 00	$0 75	$6 00	$10 700
Hornets regular	41	22 700	930 708	781 795	$ 9 5	$6 00	$0 75	$6 00	$1 7 X
Hornets post	0	20 700	0	0	$29 25	$6 00	$1 25	$6 00	$10 700
Fam ly shows	20	7 300	145 600	155 792	$12 00	$1 70	$2 20	$4 00	$1 00
Concerts	10	12 200	121 600	122 816	$26 00	$2 90	$5 00	$4 00	$22 000
Motor events	2	15 200	30 360	32 182	$15 00	$2 50	$0 60	$4 00	$ 0 000
Other sport ng events	10	7 800	78 200	89 930	$10 00	$4 40	$1 50	$4 00	$2 000
Publ c	10	5 000	50 000	50 000	$0 00	$3 65	$0 00	$4 00	$5 000
Pri ate events	6	1 600	9 480	9 480	$0 00	$10 50	$0 00	$4 00	$5 000
Rodeos	2	8 100	16 160	16 322	$11 00	$7 85	$1 25	$4 00	$8 400
Other	5	6 400	32 000	80 000	$0 00	$1 00	$0 00	$4 00	$10 000
Open	0	0	0	0	$0 00	$0 00	$0 00	$4 00	$0
Totals	108		1,452,309	1,370,404					
Inflat on factor	1 03					Number of Park ng Spaces		8 000	

Annual Arena Revenue & Expense

Advertising/Sponsorships

Advertising In arena s gnage	
Advert s ng Concourse/ramp s gnage	
Advert s ng Scoreboard s gnage	
Advert sing Courts de s gnage	
Doma / AdTime	
Total Advert s ng Revenue	$3,398,000

Naming Rights

Annual payment	$1 000 000
Term of contract n years	15

Pri vate Suites Annual

Number of su tes	42
Annual lease fee (total)	$60 000
Numbe of seats n su tes	12
T cket pr ce	$0
Leased % su tes	100%

Private Club

Number of membersh ps	406
Annual membersh p fee	$600

Club Seats Annual

Number of club seats annual	1 500
Annual lease p em um	$860
Average t cket pr ce	$0
Leased % club seats	100%

Annual Rent Payment

Annual payment Hornets	$387 000
Annual payment to C ty	$0

Arena Expenses

Salar es & wages benef ts	
Repa rs & ma ntenance	
Other	
Ut l t es	
Insu ance	
Sales and Market ng	
General adm n strat on	
Total arena expenses	$5,915,000

Miscellane us Revenues

T cket ng	
Investment	
Box office	
U l ty	
Total m scellaneous expenses	$54,500

Annual Team Revenue & Expense

Team Re venues

Nat onal TV	
Nat onal cable	
Local broadcast	
NBA propert es	
NBA Othe	
Total Team Re enues	$20,670,000

Team Expenses

Total player salar es	
Pension nsu ance and other player costs	
Basketball Operat ons	
Gene al and adm n strat e	
Market ng and publ c relat ons	
B oadcast	
Othe	
Total Team Expenses	$40,835,000

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Exist ng Lease Revenue & Expense Allocations

	Author ty	Hornets	Other	Publ c	COCS		Au hor ty	Ho nets
Admissions						***Flat Fee***		
Hornets preseason	0 00%	94 00%	6 00%	0 00%	n a		0 00%	0 00%
Hornets regular	0 00%	94 00%	6 00%	0 00%	n/a		0 00%	0 00%
Hornets post	0 00%	45 00%	55 00%	0 00%	n a		0 00%	0 00%
Fam ly shows	20 00%	0 00%	80 00%	0 00%	n/a		100 00%	0 00%
Concerts	10 00%	0 00%	90 00%	0 00%	n/a		100 00%	0 00%
Motor events	12 00%	0 00%	88 00%	0 00%	n a		100 00%	0 00%
Other sport ng e ents	12 00%	0 00%	88 00%	0 00%	n a		100 00%	0 00%
Publ c	12 00%	0 00%	88 00%	0 00%	n/a		100 00%	0 00%
Private events	12 00%	0 00%	88 00%	0 00%	n/a		100 00%	0 00%
Rodeos	10 00%	0 00%	90 00%	0 00%	n/a		100 00%	0 00%

Existing Lease Revenue & Expense Allocations

	Author ty	Hornets	Other	Publ c	COGS
Concessions					
Hornets preseason	56 00%	44 00%	0 00%	0 00%	40 00%
Hornets regular	56 00%	44 00%	0 00%	0 00%	40 00%
Hornets post	56 00%	44 00%	0 00%	0 00%	40 00%
Family shows	100 00%	0 00%	0 00%	0 00%	56 00%
Concerts	100 00%	0 00%	0 00%	0 00%	56 00%
Moto events	100 00%	0 00%	0 00%	0 00%	56 00%
Other sport ng events	100 00%	0 00%	0 00%	0 00%	56 00%
Publ c	100 00%	0 00%	0 00%	0 00%	56 00%
Private events	100 00%	0 00%	0 00%	0 00%	56 00%
Rodeos	100 00%	0 00%	0 00%	0 00%	56 00%
No velties					
Hornets p eseason	0 00%	30 00%	0 00%	0 00%	70 00%
Hornets regular	0 00%	30 00%	0 00%	0 00%	70 00%
Hornets post	0 00%	30 00%	0 00%	0 00%	70 00%
Family shows	30 00%	0 00%	0 00%	0 00%	70 00%
Concerts	30 00%	0 00%	0 00%	0 00%	70 00%
Motor events	30 00%	0 00%	0 00%	0 00%	70 00%
Other sport ng e ents	30 00%	0 00%	0 00%	0 00%	70 00%
Publ c	30 00%	0 00%	0 00%	0 00%	70 00%
Private events	30 00%	0 00%	0 00%	0 00%	70 00%
Rodeos	30 00%	0 00%	0 00%	0 00%	70 00%

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Existing Lease Revenue & Expense Allocations

	Autho ty	Hornets	Othe	Publ c	COGS
Parking					
Hornets p eseason	44 00%	56 00%	0 00%	0 00%	0 00%
Hornets regular	44 00%	56 00%	0 00%	0 00%	0 00%
Hornets post	44 00%	56 00%	0 00%	0 00%	0 00%
Family shows	100 00%	0 00%	0 00%	0 00%	0 00%
Concerts	100 00%	0 00%	0 00%	0 00%	0 00%
Motor events	100 00%	0 00%	0 00%	0 00%	0 00%
Other sporting events	100 00%	0 00%	0 00%	0 00%	0 00%
Public	100 00%	0 00%	0 00%	0 00%	0 00%
Pr vate events	100 00%	0 00%	0 00%	0 00%	0 00%
Rodeos	100 00%	0 00%	0 00%	0 00%	0 00%
Arena Revenues					
Annual Payment Hornets	100 00%	100 00%	0 00%	0 00%	0 00%
Pr vate Su tes	20 00%	80 00%	0 00%	0 00%	0 00%
Basketball Only Club Seats	0 00%	100 00%	0 00%	0 00%	0 00%
Pr ate Club	0 00%	100 00%	0 00%	0 00%	0 00%
Advert s ng					
Advert s ng In arena s gnage	50 00%	50 00%	0 00%	0 00%	0 00%
Advertis ng Concourse/ramp signage	50 00%	50 00%	0 00%	0 00%	0 00%
Ad ert s ng Courts de s gnage	0 00%	100 00%	0 00%	0 00%	0 00%
Dorna / AdT me	0 00%	100 00%	0 00%	0 00%	
Advertis ng Scoreboard s gnage	50 00%	50 00%	0 00%	0 00%	0 00%
Naming R ghts	50 00%	50 00%	0 00%	0 00%	0 00%
Team Revenues	0 00%	100 00%	0 00%	0 00%	0 00%
Team Expenses	0 00%	100 00%	0 00%	0 00%	0 00%
Arenu Expenses	100 00%	0 00%	0 00%	0 00%	0 00%
Debt Service	0 00%	0 00%	0 00%	0 00%	0 00%

Sources & Uses Assumptions

		I tere t Ra e	*Term*
Ho nets #1	$0	7 00%	10
Ho nets #2	0	7 00%	10
Ho nets #3	0	7 00%	10
Open	10 000 000	7 00%	10
State #2	0	7 00%	10
C ty #1	0	7 00%	10
Open	0	7 00%	10
Nam ng ghts	0	0 00%	0
Concess ona re	0	0 00%	0
Other	0	0 00%	0
Total sou ces of funds	$10,000,000		
Uses of Funds	$0		
Pr ate su tes	0		
Club seats	0		
Seat ng	0		
Other	10 000 000		
F nanc ng costs	0		
Soft costs	(		
Open	0		
Total uses of funds	$10,000 000		

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Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum Authority s Plan 2
City Pays Costs - Authority Operates & Repays City
Summary of Facility Option Economics

	Renovated Charlotte Coliseum Operated by the Authority									
	1997	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Arena										
Hornets revenue	$4 140 000	$4 264 000	$4 392 000	$4 524 000	$4 660 000	$4 799 000	$4 943 000	$5 091 000	$5 244 000	$5 401 000
Other events	3 484 000	3 587 000	3 695 000	3 806 000	3 920 000	4 038 000	4 159 000	4 283 000	4 413 000	4 545 000
Suites	512 000	527 000	543 000	559 000	576 000	593 000	611 000	630 000	648 000	668 000
Club seats	0	0	0	0	0	0	0	0	0	0
Advertising	1 016 000	1 053 000	1 091 000	1 130 000	1 170 000	1 212 000	1 255 000	1 299 000	1 344 000	1 391 000
Naming rights	515 000	530 000	546 000	563 000	580 000	597 000	615 000	633 000	652 000	672 000
Miscellaneous revenues	559 000	576 000	593 000	611 000	629 000	648 000	667 000	687 000	708 000	729 000
Total operating revenue	10 226 000	10 537 000	10 860 000	11 193 000	11 535 000	11 887 000	12 250 000	12 623 000	13 009 000	13 406 000
Operating expenses	9 013 000	9 284 000	9 561 000	9 849 000	10 144 000	10 450 000	10 762 000	11 085 000	11 418 000	11 760 000
Reimbursable expenses	(914 000)	(941 000)	(969 000)	(998 000)	(1 028 000)	(1 059 000)	(1 091 000)	(1 123 000)	(1 157 000)	(1 192 000)
Payment to City	0	0	0	0	0	0	0	0	0	0
Total operating costs	8 099 000	8 343 000	8 592 000	8 851 000	9 116 000	9 391 000	9 671 000	9 962 000	10 261 000	10 568 000
Net Operating Revenues	**2,127,000**	**2,194,000**	**2,268,000**	**2,342,000**	**2,419,000**	**2,496,000**	**2,579,000**	**2,661,000**	**2,748,000**	**2,838,000**
Debt	0	0	0	0	0	0	0	0	0	0
Arena capital expenditures	350 000	361 000	372 000	383 000	394 000	406 000	418 000	431 000	444 000	457 000
Other	0	0	0	0	0	0	0	0	0	0
Total other expenditures	350 000	361,000	372 000	383 000	394 000	406 000	418 000	431 000	444 000	457 000
Net Cash Flow	**$1,777,000**	**$1,833,000**	**$1,896,000**	**$1,959,000**	**$2,025,000**	**$2,090,000**	**$2,161,000**	**$2,230,000**	**$2,304,000**	**$2,381,000**
Hornets										
Operating revenues	58 555 000	60 407 000	62 319 000	64 295 000	66 335 000	68 446 000	70 626 000	72 876 000	75 203 000	77 606 000
Operating expenses	42 229 000	51 694 000	47 279 000	51 983 000	52 007 000	54 581 000	57 293 000	60 148 000	63 159 000	66 332 000
Other expenditures	0	0	0	0	0	0	0	0	0	0
Operating cash flow	**$16,326,000**	**$8,713,000**	**$15,040,000**	**$12,312,000**	**$14,328,000**	**$13,865,000**	**$13,333,000**	**$12,728,000**	**$12,044,000**	**$11,274,000**

Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum Authority s Plan 2
City Pays Costs Authority Operates & Repays City
Summary of Facility Option Economics

	Renovated Charlotte Coliseum Operated by the Authority				
	2007	**2008**	**2009**	**2010**	**2011**
Arena					
Hornets revenue	$5 563 000	$5 730 000	$5 902 000	$6 079 000	$6 261 000
Other events	4 681 000	4 821 000	4 966 000	5 115 000	5 268 000
Suites	688 000	709 000	730 000	752 000	775 000
Club seats	0	0	0	0	0
Advertising	1 433 000	1 476 000	1 520 000	1 566 000	1 613 000
Naming rights	692 000	713 000	734 000	756 000	779 000
Miscellaneous revenues	751 000	774 000	797 000	821 000	846 000
Total operating revenue	13 808 000	14 223 000	14 649 000	15 089 000	15 542 000
Operating expenses	12 113 000	12 476 000	12 850 000	13 236 000	13 633 000
Reimbursable expenses	(1 228 000)	(1 265 000)	(1 303 000)	(1 342 000)	(1 382 000)
Payment to City	0	0	0	0	0
Total operating costs	10 885 000	11 211 000	11 547 000	11 894 000	12 251 000
Net Operating Revenues	**2,923,000**	**3,012,000**	**3,102,000**	**3,195,000**	**3,291,000**
Debt	0	0	0	0	0
Arena capital expenditures	471 000	485 000	500 000	515 000	530 000
Other	0	0	0	0	0
Total other expenditures	471 000	485 000	500 000	515 000	530 000
Net Cash Flow	**$2,452,000**	**$2,527,000**	**$2,602,000**	**$2,680,000**	**$2,761,000**
Hornets					
Operating revenues	79 934 000	82 332 000	84 802 000	87 346 000	89 966 000
Operating expenses	69 649 000	73 131 000	76 788 000	80 627 000	84 658 000
Other expenditures	0	0	0	0	0
Operating cash flow	**$10,285,000**	**$9,201,000**	**$8,014,000**	**$6,719,000**	**$5,308,000**
Combined Cash Flow	**10,285 000**	**9 201 000**	**8,014 000**	**6,719 000**	**5,308 000**

Handout 4

Charlotte Col seum Analysis Option 2 Renovated Charlotte Coliseum Authority s Plan 2 w/ CSI Adj istments
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Annual Event Revenue Assumptions

Event Type	Number Of Dates	Paid Per Game Attd	Total Paid Attd	Total Actual Attd	Average Net Ticket Prices	Net Concessions Per Capita	Net Novelt es Per Capita	Parking Rate	Net E e nt Expense
Hornets preseason	2	19 100	38 200	32 088	$ 6 50	$5 00	$0 75	$5 00	$10 700
Hornets regular	41	22 700	930 708	781 795	$26 50	$5 00	$0 75	$5 00	$10 700
Hornets post	0	20 700	0	0	$25 80	$5 00	$1 25	$5 00	$10 700
Fam ly shows	20	7 300	145 600	155 792	$1 00	$1 70	$ 70	$4 00	$1 700
Concerts	10	12 200	121 600	122 816	$26 00	$2 90	$5 00	$4 00	$22 000
Motor e ents	2	15 200	30 360	37 182	$15 00	$2 50	$0 60	$4 00	$20 000
Other sport ng events	10	7 800	78 200	89 930	$10 00	$4 40	$1 50	$4 00	$7 000
Publ c	10	5 000	50 000	50 000	$0 00	$3 65	$0 00	$4 00	$5 000
Private events	6	1 600	9 480	9 480	$0 00	$10 50	$0 00	$4 00	$5 000
Rodeos	2	8 100	16 160	16 322	$11 00	$2 85	$1 75	$4 00	$8 400
Other	5	6 400	32 000	80 000	$0 00	$1 00	$0 00	$4 00	$10 000
Open	0	0	0	0	$0 00	$0 00	$0 00	$4 00	$0
Totals	108		1,452,309	1,370,404					
Inflation factor	1 03						Numbe of Park ng Spaces	8 000	

Annual Arena Revenue & Expense

Advertising/Sponsorships

Ad ert s ng In arena s gnage	
Advertising Concourse/ramp signage	
Advert s ng Scoreboard s gnage	
Advert s ng Courts de s gnage	
Dorna / AdT me	
Total Advert s ng Revenue	$3,398,000

Naming Rights

Annual payment	$500 000
Term of contract n years	15

Pri vate Suites Annual

Number of su tes	42
Annual lease fee (total)	$60 000
Numbe of seats n su tes	12
T cket p ce	$0
Leased % su tes	100%

Private Club

Number of membersh ps	406
Annual membersh p fee	$600

Club Seats Annual

Number of club seats annual	1 500
Annual lease prem um	$860
Average t cket price	$0
Leased % club seats	100%

Annual Rent Payment

Annual payment Hornets	$387 000
Annual payment to C ty	$0

Arena Expenses

Salar es & wages benef ts	
Repa s & ma ntenance	
Other	
Ut l t es	
Insurance	
Sales and Market ng	
General adm n strat on	
Total arena expenses	$5,915,000

Miscellaneous Re venues

T cket ng	
In estment	
Box off ce	
Ut l ty	
Total m scellaneous expenses	$542 500

Annual Team Revenue & Expense

Team Re venues

Nat onal TV	
Nat onal cable	
L ocal broadcast	
NBA properties	
NBA Other	
Total Team Revenues	$20,670,000

Team Expenses

Total playe salar es	
Pens on nsurance and othe playe c sts	
Basketball Operat ons	
General and adm n strat e	
Market ng and publ c relat ons	
B oadcast	
Othe	
Total Team Expenses	$40,835,000

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Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum Authority s Plan 2 w CSL Adjustments
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Existing Lease Revenue & Expense Allocat ons

	Author ty	Hornets	Other	Publ c	COGS	*Flat Fee*	Author ty	Ho nets
Admissions								
Hornets preseason	0 00%	94 00%	6 00%	0 00%	n a		0 00%	0 00%
Hornets regular	0 00%	94 00%	6 00%	0 00%	n a		0 00%	0 00%
Hornets post	0 00%	45 00%	55 00%	0 00%	n a		0 00%	0 00%
Fam ly shows	20 00%	0 00%	80 00%	0 00%	n a		100 00%	0 00%
Concerts	10 00%	0 00%	90 00%	0 00%	n/a		100 00%	0 00%
Motor events	12 00%	0 00%	88 00%	0 00%	n a		100 00%	0 00%
Other sport ng events	12 00%	0 00%	88 00%	0 00%	n a		100 00%	0 00%
Public	12 00%	0 00%	88 00%	0 00%	n a		100 00%	0 00%
Pr vate events	12 00%	0 00%	88 00%	0 00%	n a		100 00%	0 00%
Rodeos	10 00%	0 00%	90 00%	0 00%	n/a		100 00%	0 00%

Existing Lease Revenue & Expense Allocations

	Author ty	Hornets	Other	Publ c	COGS
Concessions					
Hornets preseason	61 00%	39 00%	0 00%	0 00%	40 00%
Hornets regular	61 00%	39 00%	0 00%	0 00%	40 00%
Hornets post	61 00%	39 00%	0 00%	0 00%	40 00%
Fam ly shows	100 00%	0 00%	0 00%	0 00%	56 00%
Concerts	100 00%	0 00%	0 00%	0 00%	56 00%
Motor events	100 00%	0 00%	0 00%	0 00%	56 00%
Other sport ng events	100 00%	0 00%	0 00%	0 00%	56 00%
Publ c	100 00%	0 00%	0 00%	0 00%	56 00%
Private e ents	100 00%	0 00%	0 00%	0 00%	56 00%
Rodeos	100 00%	0 00%	0 00%	0 00%	56 00%
Novelties					
Hornets p eseason	0 00%	30 00%	0 00%	0 00%	70 00%
Hornets regular	0 00%	30 00%	0 00%	0 00%	70 00%
Hornets post	0 00%	30 00%	0 00%	0 00%	70 00%
Family shows	30 00%	0 00%	0 00%	0 00%	70 00%
Concerts	30 00%	0 00%	0 00%	0 00%	70 00%
Motor events	30 00%	0 00%	0 00%	0 00%	70 00%
Other sport ng events	30 00%	0 00%	0 00%	0 00%	70 00%
Publ c	30 00%	0 00%	0 00%	0 00%	70 00%
Pri ate e ents	30 00%	0 00%	0 00%	0 00%	70 00%
Rodeos	30 00%	0 00%	0 00%	0 00%	70 00%

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Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum Authority s Plan 2 w/ CSL Adj stmer ts
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Existing Lease Revenue & Expense Allocations

	Autho ty	Hornets	Othe	Pub c	COGS
Parking					
Hornets preseason	50 00%	50 00%	0 00%	0 00%	0 00%
Hornets egular	50 00%	50 00%	0 00%	0 00%	0 00%
Hornets post	50 00%	50 00%	0 00%	0 00%	0 00%
Fam ly shows	100 00%	0 00%	0 00%	0 00%	0 00%
Concerts	100 00%	0 00%	0 00%	0 00%	0 00%
Motor events	100 00%	0 00%	0 00%	0 00%	0 00%
Other sport ng events	100 00%	0 00%	0 00%	0 00%	0 00%
Publ c	100 00%	0 00%	0 00%	0 00%	0 00%
Private events	100 00%	0 00%	0 00%	0 00%	0 00%
Rodeos	100 00%	0 00%	0 00%	0 00%	0 00%
Arena Re venues					
Annual Payment Hornets	100 00%	100 00%	0 00%	0 00%	0 00%
P vate Su tes	20 00%	80 00%	0 00%	0 00%	0 00%
Basketball-Only Club Seats	0 00%	100 00%	0 00%	0 00%	0 00%
Pri ate Club	0 00%	100 00%	0 00%	0 00%	0 00%
Advert sing					
Ad ert s ng In arena s gnage	50 00%	50 00%	0 00%	0 00%	0 00%
Ad ert sing Concourse/ramp s gnage	50 00%	50 00%	0 00%	0 00%	0 00%
Advert s ng Courtside signage	0 00%	100 00%	0 00%	0 00%	0 00%
Dorna / AdT me	0 00%	100 00%	0 00%	0 00%	
Advert s ng Scoreboard s gnage	50 00%	50 00%	0 00%	0 00%	0 00%
Nam ng R ghts	50 00%	50 00%	0 00%	0 00%	0 00%
Team Re venues	0 00%	100 00%	0 00%	0 00%	0 00%
Team Expenses	0 00%	100 00%	0 00%	0 00%	0 00%
Arena Expenses	100 00%	0 00%	0 00%	0 00	0 00%
Debt Service	0 00%	0 00%	0 00%	0 00%	0 00%

Sources & Uses Assumptions

		I erest Ra	*Iern*
Hornets #1	$0	7 00%	10
Hornets #2	0	7 00%	10
Hornets #3	0	7 00%	10
Open	10 000 000	7 00%	10
Sta e #2	0	7 00%	10
C ty #1	0	7 00%	10
Open	0	7 00%	10
Nam ng ghts	0	0 00%	0
Concess ona re	0	0 00%	0
Other	0	0 00%	0
Total sou ces of funds	$10,000,000		
Uses of Funds	$0		
P ate su tes	0		
Club sea s	0		
Seat ng	0		
Other	10 000 000		
F nanc ng costs	0		
Soft costs	0		
Open	0		
Total uses of funds	$10 000 000		

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Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum Authority s Plan 2 w/ CSI Adjustments
City Pays Costs Authority Operates & Repays City
Summary of Facility Option Economics

	Renovated Charlotte Coliseum Operated by the Authority									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Arena										
Hornets revenue	$3 824 000	$3 939 000	$4 057 000	$4 179 000	$4 304 000	$4 433 000	$4 566 000	$4 703 000	$4 845 000	$4 990 000
Other events	3 484 000	3 587 000	3 695 000	3 806 000	3 920 000	4 038 000	4 159 000	4 283 000	4 413 000	4 545 000
Suites	512 000	527 000	543 000	559 000	576 000	593 000	611 000	630 000	648 000	668 000
Club seats	0	0	0	0	0	0	0	0	0	0
Advertising	1 016 000	1 053 000	1 091 000	1 130 000	1 170 000	1 212 000	1 255 000	1 299 000	1 344 000	1 391 000
Naming rights	258 000	265 000	273 000	281 000	290 000	299 000	307 000	317 000	326 000	336 000
Miscellaneous revenues	559 000	576 000	593 000	611 000	629 000	648 000	667 000	687 000	708 000	729,000
Total operating revenue	9 653 000	9 947 000	10 252 000	10 566 000	10 889 000	11 223 000	11 565 000	11 919 000	12 284 000	12 659 000
Operating expenses	8 672 000	8 932 000	9 200 000	9 476 000	9 761 000	10 054 000	10 356 000	10 666 000	10 986 000	11 315 000
Reimbursable expenses	(914 000)	(941 000)	(969 000)	(998 000)	(1 028 000)	(1 059 000)	(1 091 000)	(1 123 000)	(1 157 000)	(1 192 000)
Payment to City	0	0	0	0	0	0	0	0	0	0
Total operating costs	7 758 000	7 991 000	8 231 000	8 478 000	8 733 000	8 995 000	9 265 000	9 543 000	9 829 000	10 123 000
Net Operating Revenues	**1,895,000**	**1,956,000**	**2,021,000**	**2,088,000**	**2,156,000**	**2,228,000**	**2,300,000**	**2,376 000**	**2,455,000**	**2,536,000**
Debt	0	0	0	0	0	0	0	0	0	0
Arena capital expenditures	350 000	361 000	372 000	383 000	394 000	406 000	418 000	431 000	444 000	457 000
Other	0	0	0	0	0	0	0	0	0	0
Total other expenditures	350 000	361 000	372 000	383 000	394 000	406 000	418 000	431 000	444 000	457 000
Net Cash Flow	**$1,545,000**	**$1,595,000**	**$1,649,000**	**$1,705,000**	**$1,762,000**	**$1,822,000**	**$1,882,000**	**$1,945,000**	**$2,011,000**	**$2,079,000**
Hornets										
Operating revenues	54 852 000	56 591 000	58 390 000	60 247 000	62 166 000	64 151 000	66 202 000	68 320 000	70 510 000	72 773 000
Operating expenses	42 229 000	51 694 000	47 279 000	51 983 000	52 007 000	54 581 000	57 293 000	60 148 000	63 159 000	66 332 000
Other expenditures	0	0	0	0	0	0	0	0	0	0
Operating cash flow	**$12,623,000**	**$4,897,000**	**$11,111,000**	**$8,264,000**	**$10,159,000**	**$9,570,000**	**$8,909,000**	**$8,172,000**	**$7,351,000**	**$6,441,000**

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Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum Authority s Plan 2 w/ CSL Adjustments
City Pays Costs Authority Operates & Repays City
Summary of Facility Option Economics

	Renovated Charlotte Coliseum Operated by the Authority				
	2007	**2008**	**2009**	**2010**	**2011**
Arena					
Hornets revenue	$5 140 000	$5 294 000	$5 453 000	$5 617 000	$5 786 000
Other events	4 681 000	4 821 000	4 966 000	5 115 000	5 268 000
Suites	688 000	709 000	730 000	752 000	775 000
Club seats	0	0	0	0	0
Advertising	1 433 000	1 476 000	1 520 000	1 566 000	1 613 000
Naming rights	346 000	356 000	367 000	378 000	389 000
Miscellaneous revenues	751 000	774 000	797 000	821 000	846 000
Total operating revenue	13 039 000	13 430 000	13 833 000	14 249 000	14 677 000
Operating expenses	11 654 000	12 004 000	12 364 000	12 735 000	13 117 000
Reimbursable expenses	(1 228 000)	(1 265 000)	(1 303 000)	(1 342 000)	(1 382 000)
Payment to City	0	0	0	0	0
Total operating costs	10 426 000	10 739 000	11 061 000	11 393 000	11 735 000
Net Operating Revenues	**2,613,000**	**2,691,000**	**2,772,000**	**2,856,000**	**2,942,000**
Debt	0	0	0	0	0
Arena capital expenditures	471 000	485 000	500 000	515 000	530 000
Other	0	0	0	0	0
Total other expenditures	471 000	485 000	500 000	515 000	530 000
Net Cash Flow	**$2,142,000**	**$2,206,000**	**$2 272,000**	**$2,341,000**	**$2 412 000**
Hornets					
Operating revenues	74 956 000	77 205 000	79 521 000	81 907 000	84 364 000
Operating expenses	69 649 000	73 131 000	76 788 000	80 627 000	84 658 000
Other expenditures	0	0	0	0	0
Operating cash flow	**$5,307,000**	**$4,074,000**	**$2,733,000**	**$1,280 000**	**($294,000)**
Combined Cash Flow	**5,307 000**	**4 074 000**	**2 733 000**	**1 280 000**	**(294 000)**

Handout 5

Option 2 Hornets Pay Renovation Costs & Rent
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Annual Event Revenue Assumptions

Event Type	Number Of Dates	Paid Per Game Attd	Total Paid Attd	Total Actual Attd	Average Net Ticket Prices	Net Concessions Per Capita	Net Novelties Per Capita	Parking Rate	Net Event Expense
Hornets preseason	2	19 100	38 ?88	32 162	$25 30	$5 00	$0 75	$5 00	$10 700
Hornets regular	41	22 700	932 496	783 296	$25 30	$5 00	$0 75	$5 00	$10 700
Hornets post	0	20 300	0	0	$27 80	$5 00	$1 25	$5 00	$10 700
Fam ly shows	20	7 300	145 600	155 792	$12 00	$1 95	$2 20	$5 00	$17 200
Concerts	10	12 200	121 600	122 816	$26 00	$3 35	$5 00	$5 00	$22 000
Motor events	2	15 200	30 360	32 182	$15 00	$2 85	$0 60	$5 00	$20 000
Other sporting events	10	7 800	78 200	89 930	$10 00	$5 00	$1 50	$5 00	$2 000
Public	10	5 000	50 000	50 000	$0 00	$4 20	$0 00	$5 00	$5 000
Private events	6	1 600	9 480	9 480	$0 00	$12 00	$0 00	$5 00	$5 000
Rodeos	2	8 100	16 160	16 322	$11 00	$3 30	$1 25	$5 00	$8 400
Other	5	6 400	32 000	80 000	$0 00	$1 15	$0 00	$5 00	$10 000
Open	0	0	0	0	$0 00	$0 00	$0 00	$5 00	$0
Totals	108		1 454 183	1 371 979					
Inflation factor	1 03					Number of Park ng Spaces		8 000	

Annual Arena Revenue & Expense

Advertising/Sponsorships

Advert sing In arena s gnage	
Advert sing Concourse/ramp s gnage	
Advertising Scoreboard s gnage	
Advertising Courtside signage	
Dorna / AdT me	
Total Advert sing Revenue	$3 398 000

Naming Rights

Annual payment	$500 000
Term of contract, in years	10

Private Suites Annual

Number of su tes	42
Annual lease fee (total)	$60 000
Number of seats n suites	12
T cket price	$0
Leased % suites	90%

Private Club

Number of membersh ps	406
Annual membersh p fee	$600

Club Seats Annual

Number of club seats annual	1 500
Annual lease prem um	$860
Average ticket price	$0
Leased % club seats	90%

Annual Rent Payment

Annual payment Hornets	$0
Annual payment to C ty	$1 800 000

Arena Expenses

Salar es & wages benef ts	
Repairs & maintenance	
Other	
Ut l t es	
Insurance	
Sales and Market ng	
General adm n strat on	
Total arena expenses	$5 640 000

Miscellaneous Revenues

T cketing	
Investment	
Box off ce	
Util ty	
Total m scellaneous expenses	$142 500

Annual Team Revenue & Expense

Team Revenues

Nat onal TV	
Nat onal cable	
Local broadcast	
NBA propert es	
NBA Other	
Total Team Revenues	$21 470 000

Team Expenses

Total player salaries	
Pens on nsu ance and other player costs	
Basketball Operat ons	
General and adm n strative	
Marketing and public relat ons	
Broadcast	
Other	
To al Team Expenses	$40 835 000

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Option 2 Hornets Pay Renovation Costs & Rent
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Existing Lease Revenue & Expense Allocations

	A ena Mgt	Hornets	Other	Publ c	COGS
Admissions					
Hornets preseason	0 00%	94 00%	6 00%	0 00%	n/a
Hornets regular	0 00%	94 00%	6 00%	0 00%	n/a
Hornets post	0 00%	45 00%	55 00%	0 00%	n/a
Family shows	20 00%	0 00%	80 00%	0 00%	n a
Concerts	10 00%	0 00%	90 00%	0 00%	n a
Motor events	12 00%	0 00%	88 00%	0 00%	n a
Other sport ng events	12 00%	0 00%	88 00%	0 00%	n a
Publ c	12 00%	0 00%	88 00%	0 00%	n/a
Private events	12 00%	0 00%	88 00%	0 00%	n/a
Rodeos	10 00%	0 00%	90 00%	0 00%	n/a

	Flat Fee	Arena Mgt	Hornets
Hornets preseason		0 00%	0 00%
Hornets regular		0 00%	0 00%
Hornets post		0 00%	0 00%
Family shows		100 00%	0 00%
Concerts		100 00%	0 00%
Motor events		100 00%	0 00%
Other sport ng events		100 00%	0 00%
Publ c		100 00%	0 00%
Private events		100 00%	0 00%
Rodeos		100 00%	0 00%

Existing Lease Revenue & Expense Allocations

	Arena Mgt	Hornets	Other	Publ c	COGS
Concessions					
Hornets preseason	100 00%	0 00%	0 00%	0 00%	56 00%
Hornets regular	100 00%	0 00%	0 00%	0 00%	56 00%
Hornets post	100 00%	0 00%	0 00%	0 00%	56 00%
Family shows	100 00%	0 00%	0 00%	0 00%	56 00%
Concerts	100 00%	0 00%	0 00%	0 00%	56 00%
Motor events	100 00%	0 00%	0 00%	0 00%	56 00%
Other sport ng events	100 00%	0 00%	0 00%	0 00%	56 00%
Publ c	100 00%	0 00%	0 00%	0 00%	56 00%
Private events	100 00%	0 00%	0 00%	0 00%	56 00%
Rodeos	100 00%	0 00%	0 00%	0 00%	56 00%
Novelties					
Hornets preseason	0 00%	30 00%	0 00%	0 00%	70 00%
Hornets regular	0 00%	30 00%	0 00%	0 00%	70 00%
Hornets post	0 00%	30 00%	0 00%	0 00%	70 00%
Fam ly shows	30 00%	0 00%	0 00%	0 00%	70 00%
Concerts	30 00%	0 00%	0 00%	0 00%	70 00%
Motor events	30 00%	0 00%	0 00%	0 00%	70 00%
Other sport ng events	30 00%	0 00%	0 00%	0 00%	70 00%
Publ c	30 00%	0 00%	0 00%	0 00%	70 00%
Private events	30 00%	0 00%	0 00%	0 00%	70 00%
Rodeos	30 00%	0 00%	0 00%	0 00%	70 00%

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Option 2 Hornets Pay Renovation Costs & Rent
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Existing Lease Revenue & Expense Allocations

	Arena Mgt	Hornets	Other	Publ c	COGS
Parking					
Hornets preseason	100 00%	0 00%	0 00%	0 00%	0 00%
Hornets regular	100 00%	0 00%	0 00%	0 00%	0 00%
Hornets post	100 00%	0 00%	0 00%	0 00%	0 00%
Fam ly shows	100 00%	0 00%	0 00%	0 00%	0 00%
Concerts	100 00%	0 00%	0 00%	0 00%	0 00%
Motor events	100 00%	0 00%	0 00%	0 00%	0 00%
Other sport ng events	100 00%	0 00%	0 00%	0 00%	0 00%
Publ c	100 00%	0 00%	0 00%	0 00%	0 00%
Private events	100 00%	0 00%	0 00%	0 00%	0 00%
Rodeos	100 00%	0 00%	0 00%	0 00%	0 00%
Arena Revenues					
Annual Payment Hornets	100 00%	100 00%	0 00%	0 00%	0 00%
Private Su tes	100 00%	0 00%	0 00%	0 00%	0 00%
Basketball Only Club Seats	100 00%	0 00%	0 00%	0 00%	0 00%
Private Club	100 00%	0 00%	0 00%	0 00%	0 00%
Advert sing					
Advert s ng In arena s gnage	100 00%	0 00%	0 00%	0 00%	0 00%
Advert s ng Concourse/ramp s gnage	100 00%	0 00%	0 00%	0 00%	0 00%
Advert s ng Courtside signage	0 00%	100 00%	0 00%	0 00%	0 00%
Dorna / AdT me	0 00%	100 00%	0 00%	0 00%	
Advertising Sco eboard s gnage	100 00%	0 00%	0 00%	0 00%	0 00%
Naming R ghts	100 00%	0 00%	0 00%	0 00%	0 00%
Team Revenues	0 00%	100 00%	0 00%	0 00%	0 00%
Team Expenses	0 00%	100 00%	0 00%	0 00%	0 00%
Arena Expenses	100 00%	0 00%	0 00%	0 00%	0 00%
Debt Service	100 00%	0 00%	0 00%	0 00%	0 00%

Sources & Uses Assumptions

		Intere t Rate	*Term*
Hornets #1	$10 000 000	7 00%	10
Hornets #2	0	7 00%	10
Hornets #3	0	7 00%	10
State #1	0	7 00%	10
State #2	0	7 00%	10
C ty #1	0	7 00%	10
Open	0	7 00%	10
Nam ng ghts	0	0 00%	0
Concess onaire	0	0 00%	0
Other	0	0 00%	0
Total sources of funds	$10,000,000		
Uses of Funds	$0		
Pr vate su tes	0		
Club seats	0		
Seat ng	0		
Other	10 000 000		
F nanc ng costs	0		
Soft costs	0		
Open	0		
Total uses of funds	$10,000,000		

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Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum
Hornets Pay Renovation Costs & Rent
Summary of Facility Option Economics

	Renovated Charlotte Coliseum Operated by the Hornets									
	1997	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Arena										
Hornets revenue	$5 924 000	$6 102 000	$6 284 000	$6 473 000	$6 667 000	$6 867 000	$7 074 000	$7 285 000	$7 504 000	$7 729 000
Other events	3 877 000	3 992 000	4 112 000	4 236 000	4 362 000	4 493 000	4 628 000	4 768 000	4 910 000	5 058 000
Suites	2 300 000	2 369 000	2 440 000	2 513 000	2 589 000	2 666 000	2 746 000	2 829 000	2 914 000	3 001 000
Club seats	1 196 000	1 232 000	1 269 000	1 307 000	1 346 000	1 386 000	1 428 000	1 471 000	1 515 000	1 560 000
Advertising	2 032 000	2 106 000	2 182 000	2 260 000	2 341 000	2 424 000	2 509 000	2 598 000	2 688 000	2 782 000
Naming rights	515 000	530 000	546 000	563 000	580 000	597 000	615 000	633 000	652 000	672 000
Miscellaneous revenues	398 000	409 000	422 000	434 000	447 000	461 000	475 000	490 000	504 000	519 000
Total operating revenue	16 242 000	16 740 000	17 255 000	17 786 000	18 332 000	18 894 000	19 475 000	20 074 000	20 687 000	21 321 000
Operating expenses	9 176 000	9 451 000	9 735 000	10 027 000	10 327 000	10 637 000	10 956 000	11 286 000	11 624 000	11 973 000
Reimbursable expenses	(914 000)	(941 000)	(969 000)	(998 000)	(1 028 000)	(1 059 000)	(1 091 000)	(1 123 000)	(1 157 000)	(1 192 000)
Payment to City	1 854 000	1 910 000	1 967 000	2 026 000	2 087 000	2 149 000	2 214 000	2 280 000	2 349 000	2 419 000
Total operating costs	10 116 000	10 420 000	10 733 000	11 055 000	11 386 000	11 727 000	12 079 000	12 443 000	12 816 000	13 200 000
Net Operating Revenues	**6,126,000**	**6,320,000**	**6,522,000**	**6,731,000**	**6,946,000**	**7,167,000**	**7,396,000**	**7,631,000**	**7,871,000**	**8,121,000**
Debt	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000
Arena capital expenditures	350 000	361 000	372 000	383 000	394 000	406 000	418 000	431 000	444 000	457 000
Other	0	0	0	0	0	0	0	0	0	0
Total other expenditures	1 774 000	1 785 000	1 796 000	1 807 000	1 818 000	1 830 000	1 842 000	1 855 000	1 868 000	1 881 000
Net Cash Flow	**$4,352,000**	**$4,535,000**	**$4,726,000**	**$4,924,000**	**$5,128,000**	**$5,337,000**	**$5,554,000**	**$5,776,000**	**$6,003,000**	**$6,240,000**
Hornets										
Operating revenues	47 208 300	48 713 000	50 268 000	51 877 000	53 538 000	55 257 000	57 034 000	58 870 000	60 772 000	62 736 000
Operating expenses	41 830 000	51 283 000	46 856 000	51 547 000	51 558 000	54 119 000	56 817 000	59 658 000	62 654 000	65 812 000
Other expenditures	0	0	0	0	0	0	0	0	0	0
Operating cash flow	$5,378 300	($2 570 000)	$3,412,000	$330 000	$1,980 000	$1 138 000	$217 000	($788 000)	($1,882 000)	($3 076 000)
Combined Cash Flows	**$9 730,300**	**$1,965,000**	**$8 138,000**	**$5,254 000**	**$7,108,000**	**$6,475 000**	**$5 771 000**	**$4 988,000**	**$4 121,000**	**$3 164,000**

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Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum
Hornets Pay Renovation Costs & Rent
Summary of Facility Option Economics

	Renovated Charlotte Coliseum Operated by the Hornets				
	2007	**2008**	**2009**	**2010**	**2011**
Arena					
Hornets revenue	7 961 000	8 200 000	8 446 000	8 699 000	8 960 000
Other events	5 210 000	5 366 000	5 527 000	5 693 000	5 864 000
Suites	3 091 000	3 184 000	3 280 000	3 378 000	3 479 000
Club seats	1 607 000	1 655 000	1 705 000	1 756 000	1 809 000
Advertising	2 865 000	2 951 000	3 040 000	3 131 000	3 225 000
Naming rights	692 000	713 000	734 000	756 000	779 000
Miscellaneous revenues	535 000	551 000	568 000	585 000	603 000
Total operating revenue	21 961 000	22 620 000	23 300 000	23 998 000	24 719 000
Operating expenses	12 332 000	12 702 000	13 083 000	13 475 000	13 879 000
Reimbursable expenses	(1 228 000)	(1 265 000)	(1 303 000)	(1 342 000)	(1 382 000)
Payment to City	2 492 000	2 567 000	2 644 000	2 723 000	2 805 000
Total operating costs	13 596 000	14 004 000	14 424 000	14 856 000	15 302 000
Net Operating Revenues	**8,365,000**	**8,616,000**	**8,876,000**	**9,142,000**	**9,417,000**
Debt	0	0	0	0	0
Arena capital expenditures	471 000	485 000	500 000	515 000	530 000
Other	0	0	0	0	0
Total other expenditures	471 000	485 000	500 000	515 000	530 000
Net Cash Flow	**$7,894,000**	**$8,131,000**	**$8,376,000**	**$8 627,000**	**$8,887,000**
Hornets					
Operating revenues	64 618 000	66 557 000	68 554 000	70 611 000	72 729 000
Operating expenses	69 103 000	72 558 000	76 186 000	79 995 000	83 995 000
Other expenditures	0	0	0	0	0
Operating cash flow	($4,485,000)	($6 001 000)	($7 632,000)	($9 384 000)	($11 266 000)
Combined Cash Flows	**$3 409 000**	**$2 130 000**	**$744 000**	**($757 000)**	**($2 379 000)**

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Handout 6

Option 2 Hornets Pay Renovation Costs & No Rent
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Annual Event Revenue Assumptions

Event Type	Number Of Dates	Paid Per Game Attd	Total Paid Attd	Total Actual Attd	Average Net Ticket Prices	Net Concessions Per Capita	Net Novelties Per Capita	Parking Rate	Net Event Expense
Hornets preseason	2	19 100	38 288	32 162	$25 30	$5 00	$0 75	$5 00	$10 700
Hornets regular	41	22 700	932 496	783 296	$25 30	$5 00	$0 75	$5 00	$10 700
Hornets post	0	20 300	0	0	$27 80	$5 00	$1 25	$5 00	$10 700
Family shows	20	7 300	145 600	155 792	$12 00	$1 95	$2 20	$5 00	$12 200
Concerts	10	12 200	121 600	122 816	$26 00	$3 35	$5 00	$5 00	$22 000
Motor events	2	15 200	30 360	32 182	$15 00	$2 85	$0 60	$5 00	$20 000
Other sporting events	10	7 800	78 200	89 930	$10 00	$5 00	$1 50	$5 00	$2 000
Public	10	5 000	50 000	50 000	$0 00	$4 20	$0 00	$5 00	$5 000
Private events	6	1 600	9 480	9 480	$0 00	$12 00	$0 00	$5 00	$5 000
Rodeos	2	8 100	16 160	16 322	$11 00	$3 30	$1 25	$5 00	$8 400
Other	5	6 400	32 000	80 000	$0 00	$1 15	$0 00	$5 00	$10 000
Open	0	0	0	0	$0 00	$0 00	$0 00	$5 00	$0
Totals	108		1,454,183	1,371,979					
Inflat on factor	1 03					Number of Park ng Spaces		8 000	

Annual Arena Revenue & Expense

Advertising/Sponsorships

Advertising In arena s gnage	
Advertising Concourse/ramp s gnage	
Advertis ng Scoreboard s gnage	
Advertising Courts de signage	
Dorna / AdT me	
Total Advertising Revenue	$3,398,000

Naming Rights

Annual payment	$500 000
Term of contract n years	10

Private Suites Annual

Number of su tes	42
Annual lease fee (total)	$60 000
Number of seats n suites	12
Ticket price	$0
Leased % su tes	90%

Private Club

Number of membersh ps	406
Annual membership fee	$600

Club Seats Annual

Number of club seats annual	1 500
Annual lease prem um	$860
Average t cket p ce	$0
Leased % club seats	90%

Annual Rent Payment

Annual payment Hornets	$0
Annual payment to C ty	$0

Arena Expenses

Salar es & wages benef ts	
Repa rs & ma ntenance	
Other	
Ut l t es	
Insurance	
Sales and Market ng	
General admnistration	
Total arena expenses	$5,640,000

Miscellaneous Revenues

Ticket ng	
Investment	
Box off ce	
Ut l ty	
Total m scellaneous expenses	$142,500

Annual Team Revenue & Expense

Team Revenues

Nat onal TV	
Nat onal cable	
Local broadcast	
NBA properties	
NBA Other	
Total Team Revenues	$21,470,000

Team Expenses

Total player salaries	
Pens on nsu ance and other player costs	
Basketball Ope at ons	
General and adm nistrative	
Market ng and publ c relat ons	
B oadcast	
Other	
Total Team Expenses	$40,835,000

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Option 2 Hornets Pay Renovation Costs & No Rent
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Existing Lease Revenue & Expense Allocations

	Arena Mgt	Hornets	Other	Publ c	COGS		Arena Mgt	Ho nets
Admissions						***Flat Fee***		
Hornets preseason	0 00%	94 00%	6 00%	0 00%	n/a		0 00%	0 00%
Hornets regular	0 00%	94 00%	6 00%	0 00%	n/a		0 00%	0 00%
Hornets post	0 00%	45 00%	55 00%	0 00%	n/a		0 00%	0 00%
Fam ly shows	20 00%	0 00%	80 00%	0 00%	n/a		100 00%	0 00%
Concerts	10 00%	0 00%	90 00%	0 00%	n/a		100 00%	0 00%
Motor events	12 00%	0 00%	88 00%	0 00%	n a		100 00%	0 00%
Other sporting events	12 00%	0 00%	88 00%	0 00%	n/a		100 00%	0 00%
Public	12 00%	0 00%	88 00%	0 00%	n a		100 00%	0 00%
Pr vate events	12 00%	0 00%	88 00%	0 00%	n/a		100 00%	0 00%
Rodeos	10 00%	0 00%	90 00%	0 00%	n a		100 00%	0 00%

Existing Lease Revenue & Expense Allocations

	A ena Mgt	Hornets	Other	Publ c	COGS
Concessions					
Hornets preseason	100 00%	0 00%	0 00%	0 00%	56 00%
Hornets regular	100 00%	0 00%	0 00%	0 00%	56 00%
Hornets post	100 00%	0 00%	0 00%	0 00%	56 00%
Family shows	100 00%	0 00%	0 00%	0 00%	56 00%
Concerts	100 00%	0 00%	0 00%	0 00%	56 00%
Motor events	100 00%	0 00%	0 00%	0 00%	56 00%
Other sport ng events	100 00%	0 00%	0 00%	0 00%	56 00%
Publ c	100 00%	0 00%	0 00%	0 00%	56 00%
Private events	100 00%	0 00%	0 00%	0 00%	56 00%
Rodeos	100 00%	0 00%	0 00%	0 00%	56 00%
No elties					
Hornets preseason	0 00%	30 00%	0 00%	0 00%	70 00%
Hornets regular	0 00%	30 00%	0 00%	0 00%	70 00%
Hornets post	0 00%	30 00%	0 00%	0 00%	70 00%
Fam ly shows	30 00%	0 00%	0 00%	0 00%	70 00%
Concerts	30 00%	0 00%	0 00%	0 00%	70 00%
Motor events	30 00%	0 00%	0 00%	0 00%	70 00%
Other sporting events	30 00%	0 00%	0 00%	0 00%	70 00%
Public	30 00%	0 00%	0 00%	0 00%	70 00%
Private events	30 00%	0 00%	0 00%	0 00%	70 00%
Rodeos	30 00%	0 00%	0 00%	0 00%	70 00%

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Option 2 Hornets Pay Renovation Costs & No Rent
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Existing Lease Revenue & Expense Allocations

	Arena Mgt	Hornets	Other	Publ c	COGS
Parking					
Hornets preseason	100 00%	0 00%	0 00%	0 00%	0 00%
Hornets regular	100 00%	0 00%	0 00%	0 00%	0 00%
Hornets post	100 00%	0 00%	0 00%	0 00%	0 00%
Fam ly shows	100 00%	0 00%	0 00%	0 00%	0 00%
Concerts	100 00%	0 00%	0 00%	0 00%	0 00%
Motor events	100 00%	0 00%	0 00%	0 00%	0 00%
Other sport ng events	100 00%	0 00%	0 00%	0 00%	0 00%
Publ c	100 00%	0 00%	0 00%	0 00%	0 00%
Private events	100 00%	0 00%	0 00%	0 00%	0 00%
Rodeos	100 00%	0 00%	0 00%	0 00%	0 00%
Arena Revenues					
Annual Payment Hornets	100 00%	100 00%	0 00%	0 00%	0 00%
Pr vate Su tes	100 00%	0 00%	0 00%	0 00%	0 00%
Basketball Only Club Seats	100 00%	0 00%	0 00%	0 00%	0 00%
Pr vate Club	100 00%	0 00%	0 00%	0 00%	0 00%
Advert s ng					
Advertis ng In arena s gnage	100 00%	0 00%	0 00%	0 00%	0 00%
Advertis ng Concourse/ramp s gnage	100 00%	0 00%	0 00%	0 00%	0 00%
Advertis ng Courtside signage	0 00%	100 00%	0 00%	0 00%	0 00%
Dorna / AdT me	0 00%	100 00%	0 00%	0 00%	
Advertising Scoreboard s gnage	100 00%	0 00%	0 00%	0 00%	0 00%
Nam ng R ghts	100 00%	0 00%	0 00%	0 00%	0 00%
Team Revenues	0 00%	100 00%	0 00%	0 00%	0 00%
Team Expenses	0 00%	100 00%	0 00%	0 00%	0 00%
Arena Expenses	100 00%	0 00%	0 00%	0 00%	0 00%
Debt Service	100 00%	0 00%	0 00%	0 00%	0 00%

Sources & Uses Assumptions

		Int r t Rate	*Term*
Hornets #1	$10 000 000	7 00%	10
Ho nets #2	0	7 00%	10
Ho nets #3	0	7 00%	10
Sta e #1	0	7 00%	10
Sta e #2	0	7 00%	10
C ty #1	0	7 00%	10
Open	0	7 00%	10
Nam ng rights	0	0 00%	0
Concess onaire	0	0 00%	0
Other	0	0 00%	0
Total sources of funds	$10,000,000		
Uses of Funds	$0		
Private su tes	0		
Club seats	0		
Sea ng	0		
Other	10 000 000		
F nanc ng costs	0		
Soft costs	0		
Open	0		
Total uses of funds	$10,000,000		

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Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum
Hornets Pay Renovation Costs & No Rent
Summary of Facility Option Economics

	Renovated Charlotte Coliseum Operated by the Hornets									
	1997	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Arena										
Hornets revenue	$5 924 000	$6 102 000	$6 284 000	$6 473 000	$6 667 000	$6 867 000	$7 074 000	$7 285 000	$7 504 000	$7 729 000
Other events	3 877 000	3 992 000	4 112 000	4 236 000	4 362 000	4 493 000	4 628 000	4 768 000	4 910 000	5 058 000
Suites	2 300 000	2 369 000	2 440 000	2 513 000	2 589 000	2 666 000	2 746 000	2 829 000	2 914 000	3 001 000
Club seats	1 196 000	1 232 000	1 269 000	1 307 000	1 346 000	1 386 000	1 428 000	1 471 000	1 515 000	1 560 000
Advertising	2 032 000	2 106 000	2 182 000	2 260 000	2 341 000	2 424 000	2 509 000	2 598 000	2 688 000	2 782 000
Naming rights	515 000	530 000	546 000	563 000	580 000	597 000	615 000	633 000	652 000	672 000
Miscellaneous revenues	398 000	409 000	422 000	434 000	447 000	461 000	475 000	490 000	504 000	519 000
Total operating revenue	16 242 000	16 740 000	17 255 000	17 786 000	18 332 000	18 894 000	19 475 000	20 074 000	20 687 000	21 321 000
Operating expenses	9 176 000	9 451 000	9 735 000	10 027 000	10 327 000	10 637 000	10 956 000	11 286 000	11 624 000	11 973 000
Reimbursable expenses	(914 000)	(941 000)	(969 000)	(998 000)	(1 028 000)	(1 059 000)	(1 091 000)	(1 123 000)	(1 157 000)	(1 192 000)
Payment to City	0	0	0	0	0	0	0	0	0	0
Total operating costs	8 262 000	8 510 000	8 766 000	9 029 000	9 299 000	9 578 000	9 865 000	10 163 000	10 467 000	10 781 000
Net Operating Revenues	**7,980,000**	**8,230,000**	**8,489,000**	**8,757,000**	**9,033,000**	**9,316,000**	**9,610,000**	**9,911,000**	**10,220,000**	**10,540,000**
Debt	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000
Arena capital expenditures	350 000	361 000	372 000	383 000	394 000	406 000	418 000	431 000	444 000	457 000
Other	0	0	0	0	0	0	0	0	0	0
Total other expenditures	1 774 000	1 785 000	1 796 000	1 807 000	1 818 000	1 830 000	1 842 000	1 855 000	1 868 000	1 881 000
Net Cash Flow	**$6,206,000**	**$6,445,000**	**$6,693,000**	**$6,950,000**	**$7,215,000**	**$7,486,000**	**$7,768,000**	**$8,056,000**	**$8,352,000**	**$8,659,000**
Hornets										
Operating revenues	47 208 300	48 713 000	50 268 000	51 877 000	53 538 000	55 257 000	57 034 000	58 870 000	60 772 000	62 736 000
Operating expenses	41 830 000	51 283 000	46 856 000	51 547 000	51 558 000	54 119 000	56 817 000	59 658 000	62 654 000	65 812 000
Other expenditures	0	0	0	0	0	0	0	0	0	0
Operating cash flow	$5,378,300	($2,570,000)	$3,412 000	$330 000	$1 980 000	$1 138 000	$217 000	($788 000)	($1 882,000)	($3 076 000)
Combined Cash Flows	**$11 584,300**	**$3 875 000**	**$10 105 000**	**$7 280 000**	**$9 195 000**	**$8 624 000**	**$7 985 000**	**$7 268,000**	**$6 470 000**	**$5 583 000**

Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum
Hornets Pay Renovation Costs & No Rent
Summary of Facility Option Economics

	Renovated Charlotte Coliseum Operated by the Hornets				
	2007	**2008**	**2009**	**2010**	**2011**
Arena					
Hornets revenue	7 961 000	8 200 000	8 446 000	8 699 000	8 960 000
Other events	5 210 000	5 366 000	5 527 000	5 693 000	5 864 000
Suites	3 091 000	3 184 000	3 280 000	3 378 000	3 479 000
Club seats	1 607 000	1 655 000	1 705 000	1 756 000	1 809 000
Advertising	2 865 000	2 951 000	3 040 000	3 131 000	3 225 000
Naming rights	692 000	713 000	734 000	756 000	779 000
Miscellaneous revenues	535 000	551 000	568 000	585 000	603 000
Total operating revenue	21 961 000	22 620 000	23 300 000	23 998 000	24 719 000
Operating expenses	12 332 000	12 702 000	13 083 000	13 475 000	13 879 000
Reimbursable expenses	(1 228 000)	(1 265 000)	(1 303 000)	(1 342 000)	(1 382 000)
Payment to City	0	0	0	0	0
Total operating costs	11 104 000	11 437 000	11 780 000	12 133 000	12 497 000
Net Operating Revenues	**10,857,000**	**11,183,000**	**11,520,000**	**11,865,000**	**12,222 000**
Debt	0	0	0	0	0
Arena capital expenditures	471 000	485 000	500 000	515 000	530 000
Other	0	0	0	0	0
Total other expenditures	471 000	485 000	500 000	515 000	530 000
Net Cash Flow	**$10,386,000**	**$10,698,000**	**$11,020,000**	**$11,350,000**	**$11,692,000**
Hornets					
Operating revenues	64 618 000	66 557 000	68 554 000	70 611 000	72 729 000
Operating expenses	69 103 000	72 558 000	76 186 000	79 995 000	83 995 000
Other expenditures	0	0	0	0	0
Operating cash flow	($4 485 000)	($6 001 000)	($7 632,000)	($9,384 000)	($11 266 000)
Combined Cash Flows	**$5,901 000**	**$4,697,000**	**$3,388,000**	**$1 966 000**	**$426 000**

Option 2 City Pays Renovation Costs & No Rent
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Annual Event Revenue Assumptions

Event Type	Number Of Dates	Paid Per Game Attd	Total Paid Attd	Total Actual Attd	Average Net Ticket Prices	Net Concessions Per Capita	Net Novelties Per Capita	Parking Rate	Net Event Expense
Hornets preseason	2	19 100	38 288	32 162	$25 30	$5 00	$0 75	$5 00	$10 700
Hornets regular	41	22 700	932 496	783 296	$25 30	$5 00	$0 75	$5 00	$10 700
Hornets post	0	20 300	0	0	$27 80	$5 00	$1 25	$5 00	$10 700
Fam ly shows	20	7 300	145 600	155 792	$12 00	$1 95	$2 20	$5 00	$12 700
Concerts	10	12 200	121 600	122 816	$26 00	$3 35	$5 00	$5 00	$22 000
Motor events	2	15 200	30 360	32 182	$15 00	$2 85	$0 60	$5 00	$20 000
Other sport ng events	10	7 800	78 200	89 930	$10 00	$5 00	$1 50	$5 00	$2 000
Public	10	5 000	50 000	50 000	$0 00	$4 20	$0 00	$5 00	$5 000
Private events	6	1 600	9 480	9 480	$0 00	$12 00	$0 00	$5 00	$5 000
Rodeos	2	8 100	16 160	16 322	$11 00	$3 30	$1 25	$5 00	$8 400
Other	5	6 400	32 000	80 000	$0 00	$1 15	$0 00	$5 00	$10 000
Open	0	0	0	0	$0 00	$0 00	$0 00	$5 00	$0
Totals	108		1,454,183	1,371,979					
Inflation factor	1 03					Number of Park ng Spaces		8 000	

Annual Arena Revenue & Expense

Advertising/Sponsorships

Advertising In arena signage	
Advertising Concourse/ amp s gnage	
Advertis ng Scoreboard signage	
Advertising Courts de signage	
Dorna / AdT me	
Total Advertis ng Revenue	$3,398,000

Naming Rights

Annual payment	$500 000
Term of contract, n years	10

Private Suites Annual

Number of su tes	42
Annual lease fee (total)	$60 000
Number of seats in su tes	12
Ticket price	$0
Leased % su tes	90%

Private Club

Number of memberships	406
Annual membersh p fee	$600

Club Seats Annual

Number of club seats annual	1 500
Annual lease prem um	$860
Average t cket price	$0
Leased % club seats	90%

Annual Rent Payment

Annual payment Hornets	$0
Annual payment to C ty	$0

Arena Expenses

Salaries & wages benef ts	
Repa rs & maintenance	
Other	
Ut l ties	
Insurance	
Sales and Market ng	
General adm n stration	
Total arena expenses	$5,640,000

Miscellaneous Revenues

Ticket ng	
Investment	
Box off ce	
Ut l ty	
Total miscellaneous expenses	$142,500

Annual Team Revenue & Expense

Team Revenues

National TV	
Nat onal cable	
Local broadcast	
NBA p operties	
NBA Other	
Total Team Revenues	$21,470,000

Team Expenses

Total player salaries	
Pens on nsurance and other player costs	
Basketball Operat ons	
General and adm n st at ve	
Market ng and publ c relat ons	
B oadcast	
Other	
Total Team Expenses	$40,835,000

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Option 2 City Pays Renovation Costs & No Rent
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Existing Lease Revenue & Expense Allocations

	Arena Mgt	Hornets	Other	Publ c	COGS
Admissions					
Hornets preseason	0 00%	94 00%	6 00%	0 00%	n/a
Hornets regular	0 00%	94 00%	6 00%	0 00%	n/a
Hornets post	0 00%	45 00%	55 00%	0 00%	n/a
Fam ly shows	20 00%	0 00%	80 00%	0 00%	n/a
Concerts	10 00%	0 00%	90 00%	0 00%	n/a
Motor events	12 00%	0 00%	88 00%	0 00%	n/a
Other sport ng events	12 00%	0 00%	88 00%	0 00%	n/a
Public	12 00%	0 00%	88 00%	0 00%	n/a
Pr vate events	12 00%	0 00%	88 00%	0 00%	n/a
Rodeos	10 00%	0 00%	90 00%	0 00%	n/a

Flat Fee	A ena Mgt	Ho nets
	0 00%	0 00%
	0 00%	0 00%
	0 00%	0 00%
	100 00%	0 00%
	100 00%	0 00%
	100 00%	0 00%
	100 00%	0 00%
	100 00%	0 00%
	100 00%	0 00%
	100 00%	0 00%

Existing Lease Revenue & Expense Allocations

	Arena Mgt	Hornets	Other	Publ c	COGS
Concessions					
Hornets preseason	100 00%	0 00%	0 00%	0 00%	56 00%
Hornets regular	100 00%	0 00%	0 00%	0 00%	56 00%
Hornets post	100 00%	0 00%	0 00%	0 00%	56 00%
Fam ly shows	100 00%	0 00%	0 00%	0 00%	56 00%
Concerts	100 00%	0 00%	0 00%	0 00%	56 00%
Motor events	100 00%	0 00%	0 00%	0 00%	56 00%
Other sporting events	100 00%	0 00%	0 00%	0 00%	56 00%
Public	100 00%	0 00%	0 00%	0 00%	56 00%
Pr vate events	100 00%	0 00%	0 00%	0 00%	56 00%
Rodeos	100 00%	0 00%	0 00%	0 00%	56 00%
Novelties					
Hornets preseason	0 00%	30 00%	0 00%	0 00%	70 00%
Hornets regular	0 00%	30 00%	0 00%	0 00%	70 00%
Hornets post	0 00%	30 00%	0 00%	0 00%	70 00%
Fam ly shows	30 00%	0 00%	0 00%	0 00%	70 00%
Concerts	30 00%	0 00%	0 00%	0 00%	70 00%
Motor events	30 00%	0 00%	0 00%	0 00%	70 00%
Other sport ng events	30 00%	0 00%	0 00%	0 00%	70 00%
Public	30 00%	0 00%	0 00%	0 00%	70 00%
Pr vate events	30 00%	0 00%	0 00%	0 00%	70 00%
Rodeos	30 00%	0 00%	0 00%	0 00%	70 00%

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Option 2 City Pays Renovation Costs & No Rent
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Exist ng Lease Revenue & Expense Allocations

	Arena Mgt	Hornets	Other	Public	COGS
Parking					
Hornets preseason	100 00%	0 00%	0 00%	0 00%	0 00%
Hornets regular	100 00%	0 00%	0 00%	0 00%	0 00%
Hornets post	100 00%	0 00%	0 00%	0 00%	0 00%
Fam ly shows	100 00%	0 00%	0 00%	0 00%	0 00%
Concerts	100 00%	0 00%	0 00%	0 00%	0 00%
Moto events	100 00%	0 00%	0 00%	0 00%	0 00%
Other sport ng events	100 00%	0 00%	0 00%	0 00%	0 00%
Publ c	100 00%	0 00%	0 00%	0 00%	0 00%
Pr vate events	100 00%	0 00%	0 00%	0 00%	0 00%
Rodeos	100 00%	0 00%	0 00%	0 00%	0 00%
Arena Revenues					
Annual Payment Hornets	100 00%	100 00%	0 00%	0 00%	0 00%
Pr vate Suites	100 00%	0 00%	0 00%	0 00%	0 00%
Basketball Only Club Seats	100 00%	0 00%	0 00%	0 00%	0 00%
Private Club	100 00%	0 00%	0 00%	0 00%	0 00%
Advert sing					
Advertis ng In arena s gnage	100 00%	0 00%	0 00%	0 00%	0 00%
Advert s ng Concourse/ramp signage	100 00%	0 00%	0 00%	0 00%	0 00%
Advertis ng Courtside s gnage	0 00%	100 00%	0 00%	0 00%	0 00%
Dorna / AdT me	0 00%	100 00%	0 00%	0 00%	
Advert s ng Scoreboard signage	100 00%	0 00%	0 00%	0 00%	0 00%
Nam ng R ghts	100 00%	0 00%	0 00%	0 00%	0 00%
Team Revenues	0 00%	100 00%	0 00%	0 00%	0 00%
Team Expenses	0 00%	100 00%	0 00%	0 00%	0 00%
Arena Expenses	100 00%	0 00%	0 00%	0 00%	0 00%
Debt Service	0 00%	0 00%	100 00%	0 00%	0 00%

Sources & Uses Assumptions

		Int re t Ra e	*Term*
Hornets #1	$0	7 00%	10
Hornets #2	0	7 00%	10
Hornets #3	0	7 00%	10
State #1	0	7 00%	10
State #2	0	7 00%	0
C ty #1	10 000 000	7 00%	10
Open	0	7 00%	10
Nam ng r ghts	0	0 00%	0
Concess ona re	0	0 00%	0
Other	0	0 00%	0
Total sou ces of funds	$10,000,000		
Uses of Funds	$0		
P vate suites	0		
Club seats	0		
Seat ng	0		
Other	10 000 000		
F nanc ng costs	0		
Soft costs	0		
Open	0		
Total uses of funds	$10,000,000		

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Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum
City Pays Renovation Costs & No Rent
Summary of Facility Option Economics

	Renovated Charlotte Coliseum Operated by the Hornets									
	1997	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Arena										
Hornets revenue	$5 924 000	$6 102 000	$6 284 000	$6 473 000	$6 667 000	$6 867 000	$7 074 000	$7 285 000	$7 504 000	$7 729 000
Other events	3 877 000	3 992 000	4 112 000	4 236 000	4 362 000	4 493 000	4 628 000	4 768 000	4 910 000	5 058 000
Suites	2 300 000	2 369 000	2 440 000	2 513 000	2 589 000	2 666 000	2 746 000	2 829 000	2 914 000	3 001 000
Club seats	1 196 000	1 232 000	1 269 000	1 307 000	1 346 000	1 386 000	1 428 000	1 471 000	1 515 000	1 560 000
Advertising	2 032 000	2 106 000	2 182 000	2 260 000	2 341 000	2 424 000	2 509 000	2 598 000	2 688 000	2 782 000
Naming rights	515 000	530 000	546 000	563 000	580 000	597 000	615 000	633 000	652 000	672 000
Miscellaneous revenues	398 000	409 000	422 000	434 000	447 000	461 000	475 000	490 000	504 000	519 000
Total operating revenue	16 242 000	16 740 000	17 255 000	17 786 000	18 332 000	18 894 000	19 475 000	20 074 000	20 687 000	21 321 000
Operating expenses	9 176 000	9 451 000	9 735 000	10 027 000	10 327 000	10 637 000	10 956 000	11 286 000	11 624 000	11 973 000
Reimbursable expenses	(914 000)	(941 000)	(969 000)	(998 000)	(1 028 000)	(1 059 000)	(1 091 000)	(1 123 000)	(1 157 000)	(1 192 000)
Payment to City	0	0	0	0	0	0	0	0	0	0
Total operating costs	8 262 000	8 510 000	8 766 000	9 029 000	9 299 000	9 578 000	9 865 000	10 163 000	10 467 000	10 781 000
Net Operating Revenues	**7,980,000**	**8,230,000**	**8,489,000**	**8,757,000**	**9,033,000**	**9,316,000**	**9,610,000**	**9,911,000**	**10,220,000**	**10,540,000**
Debt	0	0	0	0	0	0	0	0	0	0
Arena capital expenditures	350 000	361 000	372 000	383 000	394 000	406 000	418 000	431 000	444 000	457 000
Other	0	0	0	0	0	0	0	0	0	0
Total other expenditures	350 000	361 000	372 000	383 000	394 000	406 000	418 000	431 000	444 000	457 000
Net Cash Flow	**$7,630,000**	**$7,869,000**	**$8,117,000**	**$8,374,000**	**$8,639,000**	**$8,910,000**	**$9,192,000**	**$9,480,000**	**$9,776,000**	**$10,083,000**
Hornets										
Operating revenues	47 208 300	48 713 000	50 268 000	51 877 000	53 538 000	55 257 000	57 034 000	58 870 000	60 772 000	62 736 000
Operating expenses	41 830 000	51 283 000	46 856 000	51 547 000	51 558 000	54 119 000	56 817 000	59 658 000	62 654 000	65 812 000
Other expenditures	0	0	0	0	0	0	0	0	0	0
Operating cash flow	$5,378,300	($2 570 000)	$3 412 000	$330,000	$1,980 000	$1,138 000	$217 000	($788 000)	($1 882 000)	($3,076,000)
Combined Cash Flows	**$13,008,300**	**$5,299 000**	**$11 529 000**	**$8 704,000**	**$10 619 000**	**$10 048,000**	**$9 409 000**	**$8 692 000**	**$7 894 000**	**$7,007 000**

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Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum
City Pays Renovation Costs & No Rent
Summary of Facility Option Economics

	Renovated Charlotte Coliseum Operated by the Hornets				
	2007	**2008**	**2009**	**2010**	**2011**
Arena					
Hornets revenue	7 961 000	8 200 000	8 446 000	8 699 000	8 960 000
Other events	5 210 000	5 366 000	5 527 000	5 693 000	5 864 000
Suites	3 091 000	3 184 000	3 280 000	3 378 000	3 479 000
Club seats	1 607 000	1 655 000	1 705 000	1 756 000	1 809 000
Advertising	2 865 000	2 951 000	3 040 000	3 131 000	3 225 000
Naming rights	692 000	713 000	734 000	756 000	779 000
Miscellaneous revenues	535 000	551 000	568 000	585 000	603 000
Total operating revenue	21 961 000	22 620 000	23 300 000	23 998 000	24 719 000
Operating expenses	12 332 000	12 702 000	13 083 000	13 475 000	13 879 000
Reimbursable expenses	(1 228 000)	(1 265 000)	(1 303 000)	(1 342 000)	(1 382 000)
Payment to City	0	0	0	0	0
Total operating costs	11 104 000	11 437 000	11 780 000	12 133 000	12 497 000
Net Operating Revenues	**10,857,000**	**11,183,000**	**11,520,000**	**11,865,000**	**12 222,000**
Debt	0	0	0	0	0
Arena capital expenditures	471 000	485 000	500 000	515 000	530 000
Other	0	0	0	0	0
Total other expenditures	471 000	485 000	500 000	515 000	530 000
Net Cash Flow	**$10,386,000**	**$10,698,000**	**$11,020,000**	**$11,350,000**	**$11,692,000**
Hornets					
Operating revenues	64 618 000	66 557 000	68 554 000	70 611 000	72 729 000
Operating expenses	69 103 000	72 558 000	76 186 000	79 995 000	83 995 000
Other expenditures	0	0	0	0	0
Operating cash flow	($4 485 000)	($6 001 000)	($7 632 000)	($9,384 000)	($11 266 000)
Combined Cash Flows	**$5 901 000**	**$4,697,000**	**$3,388,000**	**$1 966 000**	**$426,000**

Charlotte Coliseum Analysis - Option 3 - Sell the Coliseum
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Annual Event Revenue Assumptions

Event Type	Number Of Dates	Paid Per Game Attd	Total Paid Attd	Total Actual Attd	Average Net Ticket Prices	Net Concessions Per Capita	Net Novelties Per Capita	Parking Rate	Net Event Expense
Hornets preseason	2	19 100	38 288	32 162	$25 80	$5 00	$0 75	$5 00	$10 700
Hornets regular	41	22 700	932 496	783 296	$25 80	$5 00	$0 75	$5 00	$10 700
Hornets post	0	20 300	0	0	$24 60	$5 00	$1 25	$5 00	$10 700
Fam ly shows	20	7 300	145 600	155 792	$12 00	$1 95	$2 20	$5 00	$12 200
Concerts	10	12 200	121 600	122 816	$26 00	$3 35	$5 00	$5 00	$2? 000
Motor events	2	15 200	30 360	32 182	$15 00	$2 85	$0 60	$5 00	$20 000
Other sporting events	10	7 800	78 200	89 930	$10 00	$5 00	$1 50	$5 00	$2 000
Publ c	10	5 000	50 000	50 000	$0 00	$4 20	$0 00	$5 00	$5 000
Private events	6	1 600	9 480	9 480	$0 00	$12 00	$0 00	$5 00	$5 000
Rodeos	2	8 100	16 160	16 322	$11 00	$3 30	$1 25	$5 00	$8 400
Other	5	6 400	32 000	80 000	$0 00	$1 15	$0 00	$5 00	$10 000
Open	0	0	0	0	$0 00	$0 00	$0 00	$5 00	$0
Totals	108		1,454,183	1,371,979					
Inflation factor	1 03					Number of Park ng Spaces		8 000	

Annual Arena Revenue & Expense

Advertising/Sponsorships

Advert sing In arena signage	
Advertising Concourse/ramp signage	
Advert s ng Scoreboard s gnage	
Advertising Courtside signage	
Dorna / AdT me	
Total Advert sing Revenue	$3,398,000

Naming Rights

Annual payment	$500 000
Term of contract n years	10

Private Suites Annual

Number of su tes	42
Annual lease fee (total)	$60 000
Number of seats in su tes	12
T cket price	$0
Leased % su tes	90%

Private Club

Number of membersh ps	406
Annual membersh p fee	$600

Club Seats Annual

Number of club seats annual	1 500
Annual lease p em um	$860
Average ticket pr ce	$0
Leased % club seats	90%

Annual Rent Payment

Annual payment Hornets	$0
Annual payment to City	$2 563 000

Arena Expenses

Salar es & wages benef ts	
Repa rs & ma ntenance	
Other	
Ut l ties	
Insu ance	
Sales and Market ng	
General adm nistrat on	
Total arena expenses	$5,640,000

Miscellaneous Revenues

T cket ng	
Investment	
Box off ce	
Ut l ty	
Total m scellaneous expenses	$142,500

Annual Team Revenue & Expense

Team Revenues

National TV	
National cable	
Local broadcast	
NBA propert es	
NBA Othe	
Total Team Re enues	$21,470,000

Team Expenses

Total player salar es	
Pension insurance and other player costs	
Basketball Operat ons	
General and adm n strat ve	
Ma ket ng and publ c relat ons	
B oadcast	
Other	
Total Team Expenses	$40,835,000

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Charlotte Coliseum Analysis Option 3 Sell the Coliseum
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Existing Lease Revenue & Expense Allocations

	Arena Mgt	Hornets	Other	Publ c	COGS	*Flat Fee*	A ena Mgt	Ho nets
Admissions								
Hornets preseason	0 00%	94 00%	6 00%	0 00%	n/a		0 00%	0 00%
Hornets regular	0 00%	94 00%	6 00%	0 00%	n a		0 00%	0 00%
Hornets post	0 00%	45 00%	55 00%	0 00%	n/a		0 00%	0 00%
Fam ly shows	20 00%	0 00%	80 00%	0 00%	n/a		100 00%	0 00%
Concerts	10 00%	0 00%	90 00%	0 00%	n/a		100 00%	0 00%
Motor events	12 00%	0 00%	88 00%	0 00%	n/a		100 00%	0 00%
Other sport ng events	12 00%	0 00%	88 00%	0 00%	n/a		100 00%	0 00%
Publ c	12 00%	0 00%	88 00%	0 00%	n/a		100 00%	0 00%
Private events	12 00%	0 00%	88 00%	0 00%	n/a		100 00%	0 00%
Rodeos	10 00%	0 00%	90 00%	0 00%	n/a		100 00%	0 00%

Existing Lease Revenue & Expense Allocations

	Arena Mgt	Hornets	Other	Publ c	COGS
Concessions					
Hornets preseason	100 00%	0 00%	0 00%	0 00%	56 00%
Hornets regular	100 00%	0 00%	0 00%	0 00%	56 00%
Hornets post	100 00%	0 00%	0 00%	0 00%	56 00%
Family shows	100 00%	0 00%	0 00%	0 00%	56 00%
Concerts	100 00%	0 00%	0 00%	0 00%	56 00%
Motor events	100 00%	0 00%	0 00%	0 00%	56 00%
Other sport ng events	100 00%	0 00%	0 00%	0 00%	56 00%
Public	100 00%	0 00%	0 00%	0 00%	56 00%
Private events	100 00%	0 00%	0 00%	0 00%	56 00%
Rodeos	100 00%	0 00%	0 00%	0 00%	56 00%
Novelties					
Hornets preseason	0 00%	30 00%	0 00%	0 00%	70 00%
Hornets regular	0 00%	30 00%	0 00%	0 00%	70 00%
Ho nets post	0 00%	30 00%	0 00%	0 00%	70 00%
Family shows	30 00%	0 00%	0 00%	0 00%	70 00%
Concerts	30 00%	0 00%	0 00%	0 00%	70 00%
Motor events	30 00%	0 00%	0 00%	0 00%	70 00%
Other sport ng events	30 00%	0 00%	0 00%	0 00%	70 00%
Publ c	30 00%	0 00%	0 00%	0 00%	70 00%
Private events	30 00%	0 00%	0 00%	0 00%	70 00%
Rodeos	30 00%	0 00%	0 00%	0 00%	70 00%

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Existing Lease Revenue & Expense Allocations

	Arena Mgt	Hornets	Other	Publ c	COGS
Parking					
Hornets preseason	100 00%	0 00%	0 00%	0 00%	0 00%
Hornets regular	100 00%	0 00%	0 00%	0 00%	0 00%
Hornets post	100 00%	0 00%	0 00%	0 00%	0 00%
Fam ly shows	100 00%	0 00%	0 00%	0 00%	0 00%
Concerts	100 00%	0 00%	0 00%	0 00%	0 00%
Motor events	100 00%	0 00%	0 00%	0 00%	0 00%
Other sport ng events	100 00%	0 00%	0 00%	0 00%	0 00%
Publ c	100 00%	0 00%	0 00%	0 00%	0 00%
Private events	100 00%	0 00%	0 00%	0 00%	0 00%
Rodeos	100 00%	0 00%	0 00%	0 00%	0 00%
Arena Revenues					
Annual Payment Hornets	100 00%	100 00%	0 00%	0 00%	0 00%
Private Suites	100 00%	0 00%	0 00%	0 00%	0 00%
Basketball Only Club Seats	100 00%	0 00%	0 00%	0 00%	0 00%
Private Club	100 00%	0 00%	0 00%	0 00%	0 00%
Advertis ng					
Advert sing In arena s gnage	100 00%	0 00%	0 00%	0 00%	0 00%
Advert sing Concourse/ramp s gnage	100 00%	0 00%	0 00%	0 00%	0 00%
Advert sing Courtside signage	0 00%	100 00%	0 00%	0 00%	0 00%
Dorna / AdT me	0 00%	100 00%	0 00%	0 00%	
Advert s ng Scoreboard s gnage	100 00%	0 00%	0 00%	0 00%	0 00%
Nam ng R ghts	100 00%	0 00%	0 00%	0 00%	0 00%
Team Revenues	0 00%	100 00%	0 00%	0 00%	0 00%
Team Expenses	0 00%	100 00%	0 00%	0 00%	0 00%
Arena Expenses	100 00%	0 00%	0 00%	0 00%	0 00%
Debt Service	100 00%	0 00%	0 00%	0 00%	0 00%

Sources & Uses Assumptions

		Interest Ra e	*7 rm*
Ho nets #1	$10 000 000	7 00%	10
Hornets #2	0	7 00%	10
Hornets #3	0	7 00%	10
State #1	0	7 00%	10
State #2	0	7 00%	10
C ty #1	0	7 00%	10
Open	0	7 00%	10
Nam ng ghts	0	0 00%	0
Concess ona re	0	0 00%	0
Other	0	0 00%	0
Total sources of funds	$10,000,000		
Uses of Funds	$0		
Open	0		
Club seats	0		
Seat ng	0		
Other	10 000 000		
F nanc ng costs	0		
Soft costs	0		
Open	0		
Total uses of funds	$10,000,000		

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Charlotte Coliseum Analysis - Option 3 - Sell the Coliseum
Summary of Facility Option Economics

	Renovated Coliseum Purchased by the Hornets									
	1997	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Arena										
Hornets revenue	$5 924 000	$6 102 000	$6 284 000	$6 473 000	$6 667 000	$6 867 000	$7 074 000	$7 285 000	$7 504 000	$7 729 000
Other events	3 877 000	3 992 000	4 112 000	4 236 000	4 362 000	4 493 000	4 628 000	4 768 000	4 910 000	5 058 000
Suites	2 300 000	2 369 000	2 440 000	2 513 000	2 589 000	2 666 000	2 746 000	2 829 000	2 914 000	3 001 000
Club seats	1 196 000	1 232 000	1 269 000	1 307 000	1 346 000	1 386 000	1 428 000	1 471 000	1 515 000	1 560 000
Advertising	2 032 000	2 106 000	2 182 000	2 260 000	2 341 000	2 424 000	2 509 000	2 598 000	2 688 000	2 782 000
Naming rights	515 000	530 000	546 000	563 000	580 000	597 000	615 000	633 000	652 000	672 000
Miscellaneous revenues	398 000	409 000	422 000	434 000	447 000	461 000	475 000	490 000	504 000	519 000
Total operating revenue	16 242 000	16 740 000	17 255 000	17 786 000	18 332 000	18 894 000	19 475 000	20 074 000	20 687 000	21 321 000
Operating expenses	9 176 000	9 451 000	9 735 000	10 027 000	10 327 000	10 637 000	10 956 000	11 286 000	11 624 000	11 973 000
Reimbursable expenses	(914 000)	(941 000)	(969 000)	(998 000)	(1 028 000)	(1 059 000)	(1 091 000)	(1 123 000)	(1 157 000)	(1 192 000)
Payment to City	2 563 000	2 563 000	2 563 000	2 563 000	2 563 000	2 563 000	2 563 000	2 563 000	2 563 000	2 563 000
Total operating costs	10 825 000	11 073 000	11 329 000	11 592 000	11 862 000	12 141 000	12 428 000	12 726 000	13 030 000	13 344 000
Net Operating Revenues	**5,417,000**	**5,667,000**	**5,926,000**	**6,194,000**	**6,470,000**	**6,753,000**	**7,047,000**	**7,348,000**	**7,657,000**	**7,977,000**
Debt	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000
Arena capital expenditures	350 000	361 000	372 000	383 000	394 000	406 000	418 000	431 000	444 000	457 000
Other	0	0	0	0	0	0	0	0	0	0
Total other expenditures	1 774 000	1 785 000	1 796 000	1 807 000	1 818 000	1 830 000	1 842 000	1 855 000	1 868 000	1 881 000
Net Cash Flow	**$3,643,000**	**$3,882,000**	**$4,130,000**	**$4,387,000**	**$4,652,000**	**$4,923,000**	**$5,205,000**	**$5,493,000**	**$5,789,000**	**$6,096,000**
Hornets										
Operating revenues	47 678 300	49 196 509	50 767 000	52 390 000	54 067 000	55 802 000	57 595 000	59 448 000	61 367 000	63 349 000
Operating expenses	41 830 000	51 283 000	46 856 000	51 547 000	51 558 000	54 119 000	56 817 000	59 658 000	62 654 000	65 812 000
Other expenditures	0	0	0	0	0	0	0	0	0	0
Operating cash flow	$5,848,300	($2,086,491)	$3,911,000	$843,000	$2,509 000	$1 683,000	$778,000	($210,000)	($1,287,000)	($2 463,000)
Combined Cash Flows	**$9 491,300**	**$1,795,509**	**$8,041,000**	**$5 230,000**	**$7,161,000**	**$6,606 000**	**$5 983,000**	**$5 283 000**	**$4,502,000**	**$3,633 000**

Charlotte Coliseum Analysis - Option 3 Sell the Coliseum
Summary of Facility Option Economics

	Renovated Coliseum Purchased by the Hornets				
	2007	2008	2009	2010	2011
Arena					
Hornets revenue	$7 961 000	$8 200 000	$8 446 000	$8 699 000	$8 960 000
Other events	5 210 000	5 366 000	5 527 000	5 693 000	5 864 000
Suites	3 091 000	3 184 000	3 280 000	3 378 000	3 479 000
Club seats	1 607 000	1 655 000	1 705 000	1 756 000	1 809 000
Advertising	2 865 000	2 951 000	3 040 000	3 131 000	3 225 000
Naming rights	692 000	713 000	734 000	756 000	779 000
Miscellaneous revenues	535 000	551 000	568 000	585 000	603 000
Total operating revenue	21 961 000	22 620 000	23 300 000	23 998 000	24 719 000
Operating expenses	12 332 000	12 702 000	13 083 000	13 475 000	13 879 000
Reimbursable expenses	(1 228 000)	(1 265 000)	(1 303 000)	(1 342 000)	(1 382 000)
Payment to City	0	0	0	0	0
Total operating costs	11 104 000	11 437 000	11 780 000	12 133 000	12 497 000
Net Operating Revenues	**10,857,000**	**11,183,000**	**11,520,000**	**11,865,000**	**12,222,000**
Debt	1 424 000	1 424 000	1 424 000	1 424 000	1 424 000
Arena capital expenditures	471 000	485 000	500 000	515 000	530 000
Other	0	0	0	0	0
Total other expenditures	1 895 000	1 909 000	1 924 000	1 939 000	1 954 000
Net Cash Flow	**$8,962,000**	**$9,274,000**	**$9,596,000**	**$9,926,000**	**$10,268,000**
Hornets					
Operating revenues	65 249 000	67 206 000	69 222 000	71 299 000	73 438 000
Operating expenses	69 103 000	72 558 000	76 186 000	79 995 000	83 995 000
Other expenditures	0	0	0	0	0
Operating cash flow	($3,854,000)	($5 352 000)	($6 964 000)	($8,696,000)	($10 557 000)
Combined Cash Flows	**$5,108,000**	**$3,922,000**	**$2 632 000**	**$1 230,000**	**($289 000)**

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Charlotte Col seum Analysis Option 4 New Arena (Existing Years)
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Annual Event Revenue Assumptions

Event Type	Number Of Dates	Paid Per Game Attd	Total Paid Attd	Total Actual Attd	Average Net Ticket Prices	Net Concess ons Per Capita	Net Novelties Per Capita	Parking Rate	Net Event Expense
Hornets preseason	2	19 100	38 00	32 088	$ 4 60	$4 30	$0 75	$4 00	$10 700
Hornets egular	41	27 700	930 700	781 788	$ 4 60	$4 30	$0 75	$4 K	$10 700
Hornets post	0	27 000	0	0	$ 6 60	$4 30	$1 25	$4 00	$10 70
Fam ly shows	20	7 300	146 720	156 990	$1 00	$1 70	$7 20	$4 00	$1 00
Concerts	10	12 200	121 720	122 937	$76 00	$2 90	$5 00	$4 00	$ 000
Motor events	2	15 200	30 472	32 300	$15 00	$2 50	$0 60	$4 00	$ 0 000
Other sport ng events	10	7 800	78 440	90 206	$10 00	$4 40	$1 50	$4 00	$2 000
Publ c	10	5 000	50 000	50 000	$0 00	$3 65	$0 00	$4 00	$5 000
Pr vate events	6	2 500	15 216	15 216	$0 00	$10 50	$0 00	$4 00	$5 000
Rodeos	2	8 100	16 272	16 435	$11 00	$2 85	$1 25	$4 00	$8 400
Other	5	6 400	32 000	80 000	$0 00	$1 00	$0 00	$0 00	$10 000
Open	0	0	0	0	$0 00	$0 00	$0 00	$0 00	$0
Totals	108		1,459,740	1,377,961					
Inflat on factor	1 03					Numbe of Park ng Spaces		8 000	

Annual Arena Revenue & Expense

Advertising/Sponsorships

Ad ert s ng In arena s gnage	
Advert s ng Concourse/ramp s gnage	
Ad ert s ng Scoreboard s gnage	
Advert s ng Courts de s gnage	
Doma / AdT me	
Total Advert s ng Revenue	$3,398,000

Naming R ghts

Annual payment	$0
Term of contract n years	5

Private Suites Annual

Number of su tes	12
Annual lease fee	$91 000
Number of seats n su tes	12
T cket pr ce	$0
Leased % su tes	100%

Private Club

Number of membersh ps	406
Annual membersh p fee	$600

Club Seats Annual

Number of club seats annual	0
Annual lease prem um	$0
Average t cket p ce	$0
Leased % club seats	0%

Annual Rent Payment

Annual payment Hornets	$387 000
Annual payment to C ty	$0

Arena Expenses

Salar es & wages benef ts	
Repa rs & ma ntenance	
Other	
Ut l t es	
Insurance	
Sales and Market ng	
General adm n strat on	
Total arena expenses	$5 632 000

Miscellaneous Revenues

T cket ng	
In estment	
Box office	
Ut l y	
Total n scellaneous expenses	$24 200

Annual Team Revenue & Expense

Team Revenues

Nat onal TV	
Nat onal cable	
L ocal broadcast	
NBA propert es	
NBA O her	
To al Team Re enues	$ 0,670,000

Team Expenses

Total player salar es	
Pens on nsu ance and othe playe costs	
Basketball Operat ons	
General and adm n stra e	
Market ng and publ c elat ons	
B oadcast	
Other	
To al Team Expenses	$40,835,000

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Charlotte Coliseum Analysis Option 4 New Arena (Existing Years)
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Existing Lease Revenue & Expense Allocations

	Coliseum	Hornets	Other	Public	COGS	*Flat Fee*	Coliseum	Hornets
Admissions								
Hornets preseason	0.00%	94.00%	6.00%	0.00%	n/a		0.00%	0.00%
Hornets regular	0.00%	94.00%	6.00%	0.00%	n/a		0.00%	0.00%
Hornets post	0.00%	45.00%	55.00%	0.00%	n/a		0.00%	0.00%
Family shows	20.00%	0.00%	80.00%	0.00%	n/a		100.00%	0.00%
Concerts	10.00%	0.00%	90.00%	0.00%	n/a		100.00%	0.00%
Motor events	12.00%	0.00%	88.00%	0.00%	n/a		100.00%	0.00%
Other sporting events	12.00%	0.00%	88.00%	0.00%	n/a		100.00%	0.00%
Public	12.00%	0.00%	88.00%	0.00%	n/a		100.00%	0.00%
Private events	12.00%	0.00%	88.00%	0.00%	n/a		100.00%	0.00%
Rodeos	10.00%	0.00%	90.00%	0.00%	n/a		100.00%	0.00%

Existing Lease Revenue & Expense Allocations

	Coliseum	Hornets	Other	Public	COGS
Concessions					
Hornets preseason	78.00%	22.00%	0.00%	0.00%	56.00%
Hornets regular	78.00%	22.00%	0.00%	0.00%	56.00%
Hornets post	78.00%	22.00%	0.00%	0.00%	56.00%
Family shows	100.00%	0.00%	0.00%	0.00%	56.00%
Concerts	100.00%	0.00%	0.00%	0.00%	56.00%
Motor events	100.00%	0.00%	0.00%	0.00%	56.00%
Other sporting events	100.00%	0.00%	0.00%	0.00%	56.00%
Public	100.00%	0.00%	0.00%	0.00%	56.00%
Private events	100.00%	0.00%	0.00%	0.00%	56.00%
Rodeos	100.00%	0.00%	0.00%	0.00%	56.00%
Novelties					
Hornets preseason	0.00%	30.00%	0.00%	0.00%	70.00%
Hornets regular	0.00%	30.00%	0.00%	0.00%	70.00%
Hornets post	0.00%	30.00%	0.00%	0.00%	70.00%
Family shows	30.00%	0.00%	0.00%	0.00%	70.00%
Concerts	30.00%	0.00%	0.00%	0.00%	70.00%
Motor events	30.00%	0.00%	0.00%	0.00%	70.00%
Other sporting events	30.00%	0.00%	0.00%	0.00%	70.00%
Public	30.00%	0.00%	0.00%	0.00%	70.00%
Private events	30.00%	0.00%	0.00%	0.00%	70.00%
Rodeos	30.00%	0.00%	0.00%	0.00%	70.00%

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Existing Lease Revenue & Expense Allocat ons

	Col seum	Hornets	Other	Publ c	COGS
Parking					
Hornets p eseason	62 50%	37 50%	0 00%	0 00%	0 00%
Hornets regular	62 50%	37 50%	0 00%	0 00%	0 00%
Hornets post	62 50%	37 50%	0 00%	0 00%	0 00%
Fam ly shows	100 00%	0 00%	0 00%	0 00%	0 00%
Concerts	100 00%	0 00%	0 00%	0 00%	0 00%
Motor events	100 00%	0 00%	0 00%	0 00%	0 00%
Other sport ng events	100 00%	0 00%	0 00%	0 00%	0 00%
Publ c	100 00%	0 00%	0 00%	0 00%	0 00%
P ate e ents	100 00%	0 00%	0 00%	0 00%	0 00%
Rodeos	100 00%	0 00%	0 00%	0 00%	0 00%
Arena Revenues					
Annual Payment Hornets	100 00%	100 00%	0 00%	0 00%	0 00%
Pr vate Su tes	50 00%	50 00%	0 00%	0 00%	0 00%
Basketball Only Club Seats	0 00%	0 00%	0 00%	0 00%	0 00%
Pr vate Club	0 00%	100 00%	0 00%	0 00%	0 00%
Advert sing					
Advert s ng In arena s gnage	50 00%	50 00%	0 00%	0 00%	0 00%
Advert s ng Concourse/ amp s gnage	50 00%	50 00%	0 00%	0 00%	0 00%
Ad ert s ng Courts de signage	0 00%	100 00%	0 00%	0 00%	0 00%
Dorna / AdT me	0 00%	100 00%	0 00%	0 00%	
Advert s ng Scoreboard s gnage	50 00%	50 00%	0 00%	0 00%	0 00%
Nam ng Rights	0 00%	0 00%	0 00%	0 00%	0 00%
Team Revenues	0 00%	100 00%	0 00%	0 00%	0 00%
Team Expenses	0 00%	100 00%	0 00%	0 00%	0 00%
Arena Expenses	100 00%	0 00%	0 00%	0 00%	0 00%
Debt Service	0 00%	100 00%	0 00%	0 00%	0 00%

Sources & Uses Assumptions

		I t re Ra e	*T rm*
Ho nets #1	$0	7 00%	20
Ho nets #2	0	7 00%	20
Ho nets #3	0	7 00%	20
State #1	0	7 00%	20
State #	0	7 00%	20
C ty #1	0	7 00%	20
Open	0	7 00%	20
Nam ng r ghts	0	0 00%	0
Concess ona e	0	0 00%	0
Other	0	0 00%	0
Total sou ces of funds	$0		
Uses of Funds	$0		
P vate su tes	0		
Club seats	0		
Pract ce fac l ty	0		
Hard costs	0		
F nanc ng cos s	0		
Soft costs	0		
Open	0		
Total uses of funds	$0		

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Charlotte Coliseum Analysis Opt on 4 New Uptown Hornets Arena
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Annual Event Revenue Assumptions

Event Type	Number Of Dates	Paid Per Game Attd	Total Paid Attd	Total Actual Attd	Average Net Ticket Prices	Net Concessions Per Capita	Net Novelties Per Capita	Park ng Rate	Net Event Expense
Hornets preseason	2	19 100	38 200	34 76	$29 50	$6 25	$0 75	$10 00	$ 700
Hornets regular	41	21 000	861 000	783 510	$29 50	$6 25	$1 00	$10 00	$10 700
Hornets post	0	15 800	0	0	$31 50	$6 5	$1 25	$10 00	$10 700
Fam ly shows	20	7 300	145 600	155 792	$12 00	$2 00	$2 0	$5 00	$1 00
Concerts	10	12 200	121 600	172 816	$26 00	$3 00	$5 00	$5 00	$27 000
Motor events	2	15 200	30 360	32 18	$15 00	$3 00	$0 60	$5 00	$20 000
Other sport ng events	10	7 800	78 200	89 930	$10 00	$4 75	$1 50	$5 00	$7 000
Publ c	10	5 000	50 000	50 000	$0 00	$4 00	$0 00	$5 00	$5 000
Pr vate events	6	2 500	14 880	14 880	$0 00	$10 50	$0 00	$5 00	$5 000
Rodeos	2	8 100	16 160	16 322	$11 00	$3 00	$1 25	$5 00	$8 400
Other	5	6 400	32 000	80 000	$0 00	$2 00	$0 00	$5 00	$10 000
Open	0	0	0	0	$0 00	$0 00	$0 00	$5 00	$0
Totals	108		1,388,000	1,380,193					
Inflat on factor	1 03					Number of Park ng Spaces		2 000	

Annual Arena Revenue & Expense

Advertising/Sponsorships
- Advert s ng In arena s gnage
- Advertising Concou se/ramp s gnage
- Advertising Scoreboard s gnage
- Advertising Courtside s gnage
- Dorna / AdT me

Total Advert s ng Revenue $4,150,000

Naming Rights [1]
- Annual payment $0
- Term of contract, n years 20

Private Su tes Annual
- Numbe of su tes 80
- Annual lease prem um $75 000
- Numbe of seats n su tes 12
- T cket pr ce $0
- Leased % su tes 90%

Pri vate Club
- Number of membersh ps 406
- Annual membersh p fee $600

Club Seats Annual
- Numbe of club seats annual 3 000
- Annual lease prem um $1 500
- Average t cket pr ce $0
- Leased % club seats 90%

Annual Rent Payment
- Annual payment Hornets $0

Arena Expenses
- Salar es & wages benef ts
- Repa rs & ma ntenance
- Other
- Ut l t es
- Insu ance
- Sales and Market ng
- General adm n st at on

Total a ena expenses $6,059,000

Miscellaneous Re enues
- T cket ng
- In estmen
- Box off ce
- Ut l ty

Total m scellaneous expenses $143,000

Annual Team Revenue & Expense

Team Revenues
- Nat onal T V
- Nat onal cable
- Local broadcast
- NBA propert es
- NBA Other

Total Team Re enues $22,470,000

Team Expenses
- Total player sala es
- Pens on nsu ance and o he playe costs
- Basketball Ope a ons
- General and adm n s a e
- Market ng and publ c relat ons
- B oad ast
- Othe

Total Team Expenses $40,635,000

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1) Naming rights re enue is assumed to be used as an upf ont funding sou

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Existing Lease Revenue & Expense Allocations

	Arena Mgt	Hornets	Other	Publ c	COGS		Arena Mgt	Ho nets
Admissions						***Flat Fee***		
Hornets preseason	0 00%	94 00%	6 00%	0 00%	n a		0 00%	0 00%
Hornets regular	0 00%	94 00%	6 00%	0 00%	*n a*		0 00%	0 00%
Hornets post	0 00%	45 00%	55 00%	0 00%	n a		0 00%	0 00%
Fam ly shows	20 00%	0 00%	80 00%	0 00%	n a		100 00%	0 00%
Concerts	10 00%	0 00%	90 00%	0 00%	n a		100 00%	0 00%
Motor e ents	12 00%	0 00%	88 00%	0 00%	n a		100 00%	0 00%
Other sport ng events	12 00%	0 00%	88 00%	0 00%	n a		100 00%	0 00%
Publ c	12 00%	0 00%	88 00%	0 00%	n/a		100 00%	0 00%
Pr ate events	12 00%	0 00%	88 00%	0 00%	n/a		100 00%	0 00%
Rodeos	10 00%	0 00%	90 00%	0 00%	n a		100 00%	0 00%

Existing Lease Revenue & Expense Allocat ons

	A ena Mgt	Hornets	Other	Publ c	COGS
Concessions					
Hornets preseason	100 00%	0 00%	0 00%	0 00%	60 00%
Hornets regular	100 00%	0 00%	0 00%	0 00%	60 00%
Hornets post	100 00%	0 00%	0 00%	0 00%	60 00%
Fam ly shows	100 00%	0 00%	0 00%	0 00%	60 00%
Concerts	100 00%	0 00%	0 00%	0 00%	60 00%
Motor events	100 00%	0 00%	0 00%	0 00%	60 00%
Othe sport ng even s	100 00%	0 00%	0 00%	0 00%	60 00%
Publ c	100 00%	0 00%	0 00%	0 00%	60 00%
Private events	100 00%	0 00%	0 00%	0 00%	60 00%
Rodeos	100 00%	0 00%	0 00%	0 00%	60 00%
Novelties					
Hornets p eseason	0 00%	30 00%	0 00%	0 00%	70 00%
Hornets regular	0 00%	30 00%	0 00%	0 00%	70 00%
Hornets post	0 00%	30 00%	0 00%	0 00%	70 00%
Family shows	30 00%	0 00%	0 00%	0 00%	70 00%
Concerts	30 00%	0 00%	0 00%	0 00%	70 00%
Moto events	30 00%	0 00%	0 00%	0 00%	70 00%
Other sport ng e ents	30 00%	0 00%	0 00%	0 00%	70 00%
Publ c	30 00%	0 00%	0 00%	0 00%	70 00%
Pr ate e ents	30 00%	0 00%	0 00%	0 00%	70 00%
Rodeos	30 00%	0 00%	0 00%	0 00%	70 00%

Charlotte Coliseum Analysis Option 4 New Uptown Hornets Arena
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Existing Lease Revenue & Expense Allocations

	Arena Mgt	Hornets	Other	Public	COGS
Parking					
Hornets preseason	100.00%	0.00%	0.00%	0.00%	0.00%
Hornets regular	100.00%	0.00%	0.00%	0.00%	0.00%
Hornets post	100.00%	0.00%	0.00%	0.00%	0.00%
Family shows	100.00%	0.00%	0.00%	0.00%	0.00%
Concerts	100.00%	0.00%	0.00%	0.00%	0.00%
Motor events	100.00%	0.00%	0.00%	0.00%	0.00%
Other sporting events	100.00%	0.00%	0.00%	0.00%	0.00%
Public	100.00%	0.00%	0.00%	0.00%	0.00%
Private events	100.00%	0.00%	0.00%	0.00%	0.00%
Rodeos	100.00%	0.00%	0.00%	0.00%	0.00%
Arena Revenues					
Annual Payment Hornets	100.00%	100.00%	0.00%	0.00%	0.00%
Private Suites	100.00%	0.00%	0.00%	0.00%	0.00%
Basketball Only Club Seats	100.00%	0.00%	0.00%	0.00%	0.00%
Private Club	100.00%	0.00%	0.00%	0.00%	0.00%
Advertising					
Advertising In arena signage	100.00%	0.00%	0.00%	0.00%	0.00%
Advertising Concourse/ramp signage	100.00%	0.00%	0.00%	0.00%	0.00%
Advertising Courtside signage	100.00%	0.00%	0.00%	0.00%	0.00%
Donna / AdTime	0.00%	100.00%	0.00%	0.00%	
Advertising Scoreboard signage	100.00%	0.00%	0.00%	0.00%	0.00%
Naming Rights	100.00%	0.00%	0.00%	0.00%	0.00%
Team Revenues	0.00%	100.00%	0.00%	0.00%	0.00%
Team Expenses	0.00%	100.00%	0.00%	0.00%	0.00%
Arena Expenses	100.00%	0.00%	0.00%	0.00%	0.00%
Debt Service	100.00%	0.00%	0.00%	0.00%	0.00%

Sources & Uses Assumptions

		Interest Rate	Term
Hornets #1	$50,000,000	7.00%	20
Hornets #2	0	7.00%	20
Hornets #3	0	7.00%	20
State #1	0	7.00%	0
State #2	0	7.00%	20
City #1	0	7.00%	20
Open	49,500,000	7.00%	20
Upfront	59,000,000	0.00%	0
Concessionaire	0	0.00%	0
Other	26,000,000	0.00%	0
Total sources of funds	$184,500,000		
Uses of Funds	$0		
Land	0		
Infrastructure	0		
Parking	0		
Arena hard costs	184,500,000		
Financing costs	0		
Soft costs	0		
Coliseum debt	0		
Total uses of funds	$184,500,000		

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Charlotte Coliseum Analysis Option 4 New Arena (Existing Years)
Summary of Facility Option Economics

	Existing Charlotte Coliseum Operated by Authority				*New Arena Operated by Hornets*					
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Hornets revenue	$4 060 000	$4 171 000	$4 285 000	$4 401 000	$6 797 000	$6 932 000	$7 140 000	$7 354 000	$7 575 000	$7 802 000
Other events	3 520 000	3 626 000	3 736 000	3 847 000	4 178 000	4 349 000	4 479 000	4 613 000	4 752 000	4 894 000
Suites	544 000	561 000	578 000	595 000	6 260 000	6 448 000	6 641 000	6 841 000	7 046 000	7 257 000
Club seats	0	0	0	0	4 695 000	4 836 000	4 981 000	5 130 000	5 284 000	5 443 000
Advertising	1 016 000	1 053 000	1 091 000	1 130 000	3 942 000	4 060 000	4 182 000	4 307 000	4 436 000	4 569 000
Naming rights	0	0	0	0	0	0	0	0	0	0
Miscellaneous revenues	559,000	576,000	593 000	611 000	448 000	462 000	476 000	490 000	505 000	519 000
Total operating revenue	9 699 000	9 987 000	10 283 000	10 584 000	26 320 000	27 087 000	27 899 000	28 735 000	29 598 000	30 484 000
Operating expenses	8 743 000	9 005 000	9 275 000	9 554 000	11 848 000	12 179 000	12 544 000	12 920 000	13 308 000	13 708 000
Reimbursable expenses	(914 000)	(941 000)	(969 000)	(998 000)	(1 028 000)	(1 059 000)	(1 091 000)	(1 123 000)	(1 157 000)	(1 192 000)
Payment to City	0	0	0	0	0	0	0	0	0	0
Total operating costs	7 829 000	8 064 000	8 306 000	8 556 000	10 820 000	11 120 000	11 453 000	11 797 000	12 151 000	12 516 000
Net Operating Revenues	**1,870,000**	**1,923,000**	**1,977,000**	**2,028,000**	**15,500,000**	**15,967,000**	**16,446,000**	**16,938,000**	**17,447,000**	**17,968,000**
Debt	0	0	0	0	4 720 000	4 720 000	4 720 000	4 720 000	4 720 000	4 720 000
Arena capital expenditures	350 000	361 000	372 000	383 000	600 000	618 000	637 000	656 000	676 000	696 000
Other	1 567 000	1 532 000	1 498 000	1 465 000	0	0	0	0	0	0
Total other expenditures	1 917 000	1 893 000	1 870 000	1 848 000	5 320 000	5 338 000	5 357 000	5 376 000	5 396 000	5 416 000
Net Cash Flow	**($47,000)**	**$30,000**	**$107,000**	**$180,000**	**$10,180,000**	**$10,629,000**	**$11,089,000**	**$11,562,000**	**$12,051,000**	**$12,552,000**
Hornets										
Operating revenues	$48 799 000	$50 358 000	$51 971 000	$53 635 000	$56 762 000	$58 274 000	$60 175 000	$62 142 000	$64 178 000	$66 283 000
Operating expenses	42 217 000	51 670 000	47 243 000	51 934 000	51 327 000	53 880 000	56 571 000	59 405 000	62 393 000	65 543 000
Other expenditures	0	0	0	0	0	0	0	0	0	0
Operating cash flow	$6,582,000	($1,312,000)	$4,728,000	$1,701,000	$5,435,000	$4 394,000	$3 604,000	$2 737 000	$1 785,000	$740,000
Combined Hornets Cash Flows	**$6,582,000**	**($1,312 000)**	**$4,728,000**	**$1,701,000**	**$15,615,000**	**$15,023,000**	**$14,693 000**	**$14 299 000**	**$13,836,000**	**$13,292,000**

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Charlotte Coliseum Analysis Option 4 New Arena (Existing Years)
Summary of Facility Option Economics

	New Arena Operated by the Hornets				
	2007	**2008**	**2009**	**2010**	**2011**
Arena					
Hornets revenue	$8 036 000	$8 277 000	$8 525 000	$8 781 000	$9 045 000
Other events	5 041 000	5 193 000	5 348 000	5 508 000	5 674 000
Suites	7 475 000	7 699 000	7 930 000	8 168 000	8 413 000
Club seats	5 606 000	5 774 000	5 948 000	6 126 000	6 310 000
Advertising	4 706 000	4 848 000	4 993 000	5 143 000	5 297 000
Naming rights	0	0	0	0	0
Miscellaneous revenues	535 000	551 000	568 000	584 000	603 000
Total operating revenue	31 399 000	32 342 000	33 312 000	34 310 000	35 342 000
Operating expenses	14 118 000	14 543 000	14 978 000	15 428 000	15 890 000
Reimbursable expenses	(1 228 000)	(1 265 000)	(1 302 000)	(1 342 000)	(1 382 000)
Payment to City	0	0	0	0	0
Total operating costs	12 890 000	13 278 000	13 676 000	14 086 000	14 508 000
Net Operating Revenues	**18,509,000**	**19,064,000**	**19,636,000**	**20,224,000**	**20,834,000**
Debt	4 720 000	4 720 000	4 720 000	4 720 000	4 720 000
Arena capital expenditures	717 000	739 000	761 000	784 000	808 000
Other	0	0	0	0	0
Total other expenditures	5 437 000	5 459 000	5 481 000	5 504 000	5 528 000
Net Cash Flow	**$13,072,000**	**$13,605,000**	**$14,155,000**	**$14,720,000**	**$15,306,000**
Hornets					
Operating revenues	$68 462 000	$70 716 000	$73 051 000	$75 467 000	$77 967 000
Operating expenses	68 865 000	72 366 000	76 060 000	79 956 000	84 066 000
Other expenditures	0	0	0	0	0
Operating cash flow	($403,000)	($1,650 000)	($3 009,000)	($4,489 000)	($6 099 000)
Combined Hornets Cash Flows	**$12 669 000**	**$11 955 000**	**$11,146 000**	**$10 231 000**	**$9 207 000**

Summary of Facility Financing Participation Since 1990

Arenas	Team(s)	Opening Year	Total Cost (millions)	Financing Participation		Financing Participation	
				Public	Private/ Project	Public	Private
Atlanta Arena	*Atlanta Hawks*	1999	$240 6	30%	70%	$72 6	$168 0
Miami Arena	*Miami Heat*	1999	165 0	56%	44%	92 7	72 3
Rose Garden	Portland Trailblazers	1995	260 1	13%	87%	32 8	227 3
KeyArena	Seattle Supersonics	1995	107 0	9%	91%	9 3	97 7
America West Arena	Phoenix Suns	1992	99 8	47%	53%	47 3	52 5
Delta Center	Utah Jazz	1991	94 0	21%	79%	20 0	74 0
Target Center	Minnesota Timberwolves	1990	103 0	19%	81%	20 0	83 0
NBA-Only Facility Average			**$152.8**	**28%**	**72%**	**$42.1**	**$110.7**
Broward County Arena	*Florida Panthers*	1998	$217 7	79%	21%	$172 2	$45 5
Ice Palace	*Tampa Bay Lightning*	1996	153 0	57%	43%	86 6	66 4
Marine Midland Arena	*Buffalo Sabres*	1996	127 5	43%	57%	55 0	72 5
Kiel Center	St Louis Blues	1994	134 7	0%	100%	0 0	134 7
San Jose Arena	San Jose Sharks	1993	162 5	82%	18%	132 5	30 0
Arrowhead Pond of Anaheim	Anaheim Mighty Ducks	1993	126 5	0%	100%	0 0	126 5
NHL-Only Facility Average			**$153.7**	**43%**	**57%**	**74.4**	**$79 3**
L A Arena	*Los Angeles Lakers/Kings*	1999	320 5	22%	78%	70 5	250 0
MCI Center	*Washington Bullets/Capitals*	1998	256 0	22%	78%	56 0	200 0
Fleet Center	Boston Celtics/Bruins	1995	160 0	0%	100%	0 0	160 0
United Center	Chicago Bulls/Blackhawks	1994	187 5	7%	93%	12 5	175 0
CoreStates Center	Philadelphia 76'ers/Flyers	1996	227 1	11%	89%	25 5	201 6
NBA/NHL Facility Average			**$230.2**	**12%**	**88%**	**$32.9**	**$197 3**
ALL ARENA AVERAGE			**$174.6**	**29%**	**71%**	**$50 3**	**$124.3**

Arenas presented in italics are currently under construction or in planning phases

Source Municipal authorities, facility management, public records, and industry publications Amounts have not been audited or otherwise verified

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Operating Characteristics of Professional Sports, the National Basketball League, and Issues Related to the Viability of a New Charlotte Arena

CHARLOTTE

Presented to:

The City of Charlotte

April 1, 1996

CSL International
Conventions, Sports & Leisure

Presentation Outline

A. Introduction
B. Overview of Professional Sports
C. National Basketball Association
D. Hornets' Situation
E. SCI Reports
F. Options
G. Project Goals
H. Proposed Workplan

Introduction

Craig Skiem, Partner, CSL International

- 15 years of industry experience
- over 150 sports-related consulting projects

Relevant Experience includes:

- City and County of Denver / Pepsi Center
- MCI Center
- Dallas Mavericks Arena
- Target Center Acquisition

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OVERVIEW OF PROFESSIONAL SPORTS

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Professional Sports

- *There are four primary professional sports in the U.S. as well numerous minor professional sports leagues*
- *Each league has a number of unique characteristics*
- *However, there are a number of common issues which impact all professional sports*

Professional Sports

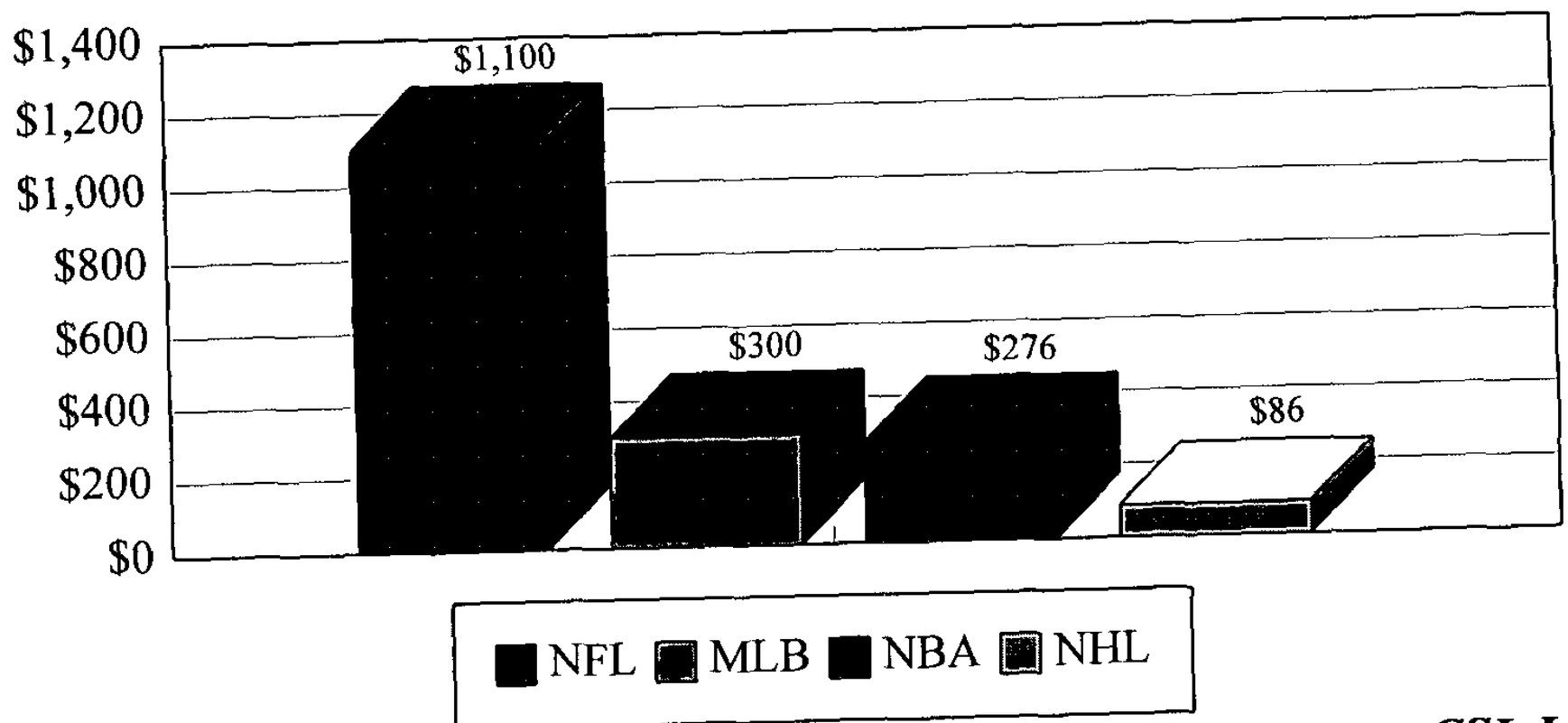
- *In order to understand professional sports, there are a number of key elements which impact franchises and facilities including:*

Revenues	Expenses
Gate Receipts	Player salaries
Media	Team operations
Merchandising	Facility operating costs
Facility revenues	Facility debt service

Summary of Annual National Broadcast Rights Fees

Annual Contract Amount

(in millions)



Source League information, industry periodicals

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Player Salaries Have Risen Sharply

- **NFL 780% increase**

  (19.9% annual increase)

- **NBA 690% increase**

  (18.9% annual increase)

- **NHL 420% increase**

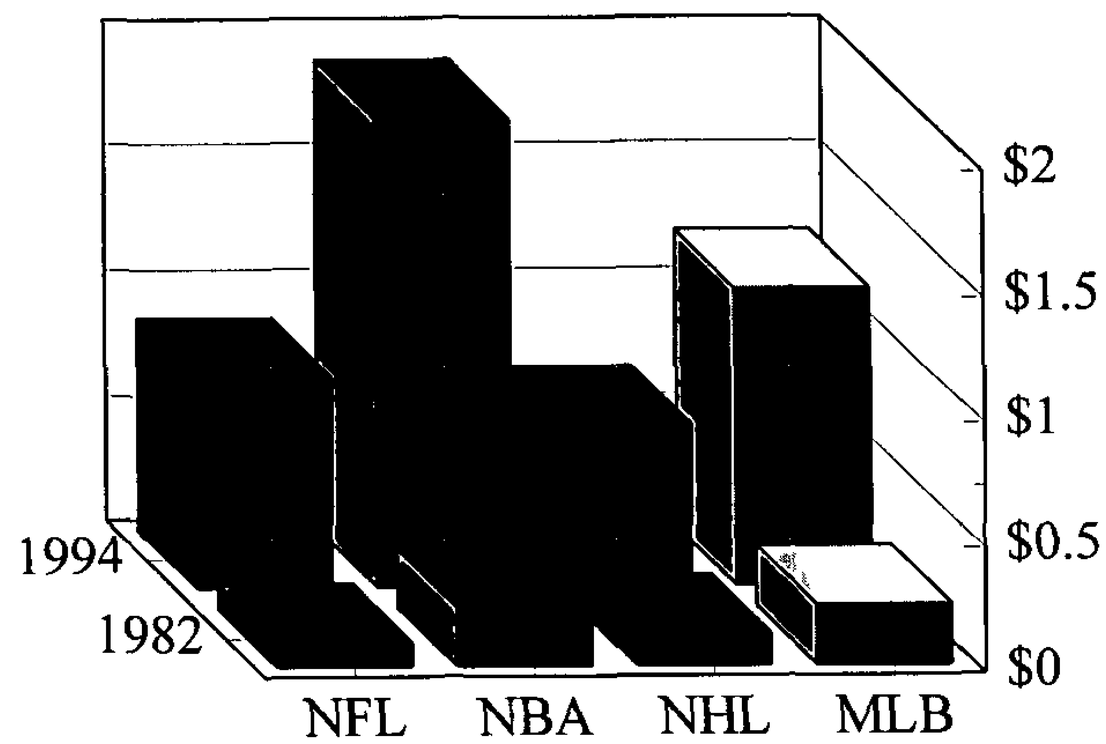
  (14.7% annual increase)

- **MLB 390% increase**

  (14.2% annual increase)

Average Player Salaries

(in millions)



Source Financial World

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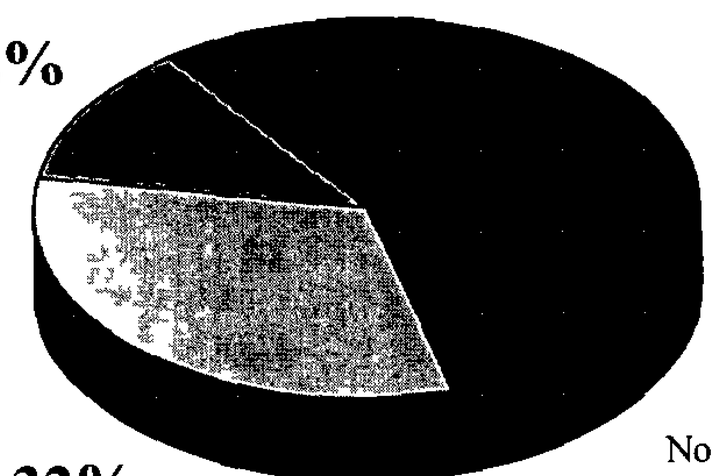
92 Professional Sports Franchises Have Addressed New Facility Issues Since 1985

Facility status of NBA, NHL, NFL, and MLB teams



Six teams with facilities built since 1985 are currently evaluating the development of a new facility

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THE NATIONAL BASKETBALL ASSOCIATION

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How the NBA Works

- *Shared Revenues*
  - *National Broadcast Revenues*
  - *Licensed Product Revenues*

- *Non-shared Revenues*
  - *Gate Receipts*
  - *Local Broadcast Revenues*
  - *Arena Revenues*

- *Collective Bargaining Agreement (CBA)*

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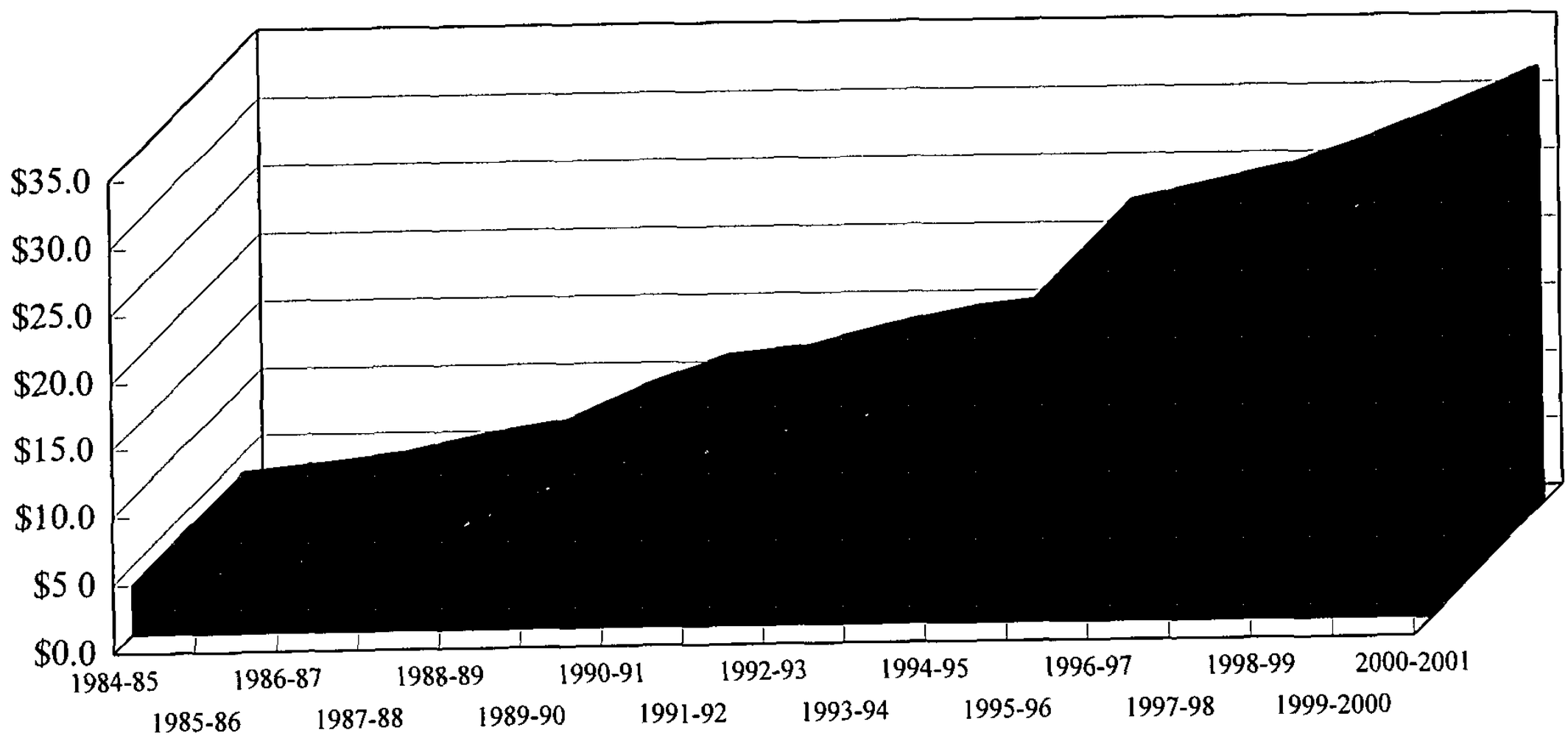
NBA Salary Cap

(in millions)



Figures for 1995-96 through 2000-2001 have been projected by the NBA

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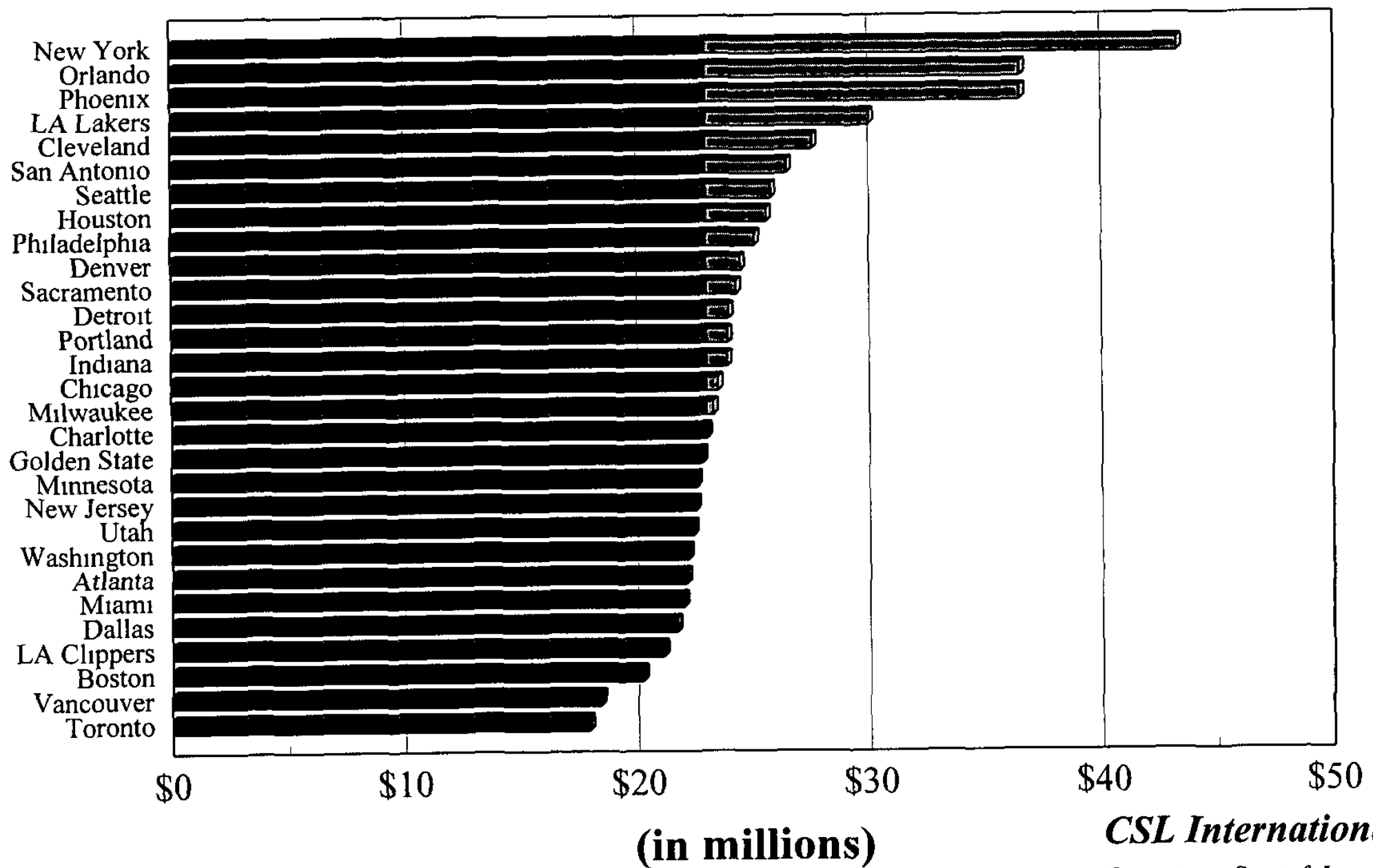
1995 - 1996 NBA Team Payrolls vs Salary Cap



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28 NBA Franchises Have Addressed New Facility Issues Since 1985

Facility status of NBA teams

Four NBA teams with facilities built since 1985 are currently evaluating the development of new arenas

Facilities Built or Renovated Since 1985

Team	Arena	Opening	Capacity	Suites	Club Seats
Vancouver Grizzlies	GM Place	1995	19,056	88	0
Portland Trailblazers	Rose Garden	1995	21,500	70	1,744
Seattle Supersonics	Key Arena	1995	17,100	58	1,100
Boston Celtics	Fleet Center	1995	18,600	104	2,350
Cleveland Cavaliers	Gund Arena	1994	20,613	88	3,000
Chicago Bulls	United Center	1994	21,500	216	3,000
San Antonio Spurs	Alamodome	1993	20,500	32	2,900
Phoenix Suns	America West	1992	19,023	87	2,200
Utah Jazz	Delta Center	1991	19,911	56	0
New York Knicks	Madison Sq Garden	1968/1991	19,763	88	2,500
Minnesota Timberwolves	Target Center	1990	19,006	70	0
Orlando Magic	Orlando Arena	1989	15,077	22	0
Milwaukee Bucks	Bradley Center	1988	18,633	68	0
Miami Heat	Miami Arena	1988	15,600	16	0
Detroit Pistons	The Palace	1988	21,454	180	1,000
Charlotte Hornets	Charlotte Coliseum	1988	23,698	12	0
Sacramento Kings	ARCO Arena	1988	17,317	30	442

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Facilities Currently Under Construction

Team	Arena	Opening	Capacity	Suites	Club Seats
Philadelphia 76'ers	*CoreStates Center*	*1997*	*21,000*	*126*	*1,288*
Toronto Raptors	*Air Canada Centre*	*1998*	*23,000*	*104*	*2,200*
Washington Bullets	*MCI Center*	*1997*	*20,000*	*110*	*3,500*

Facilities Currently Planned or Considered

Team	Facility
Atlanta Hawks	New Arena
Charlotte Hornets*	New Arena
Dallas Mavericks	New Arena
Denver Nuggets	New Arena
Golden State Warriors	Renovated Arena
Houston Rockets	New Arena
Indiana Pacers	New Arena
L A Clippers	New Arena
L.A Lakers	New Arena
Miami Heat*	New Arena
Orlando Magic*	Renovated Arena
San Antonio Spurs*	New Arena

* Current facilities built after 1985

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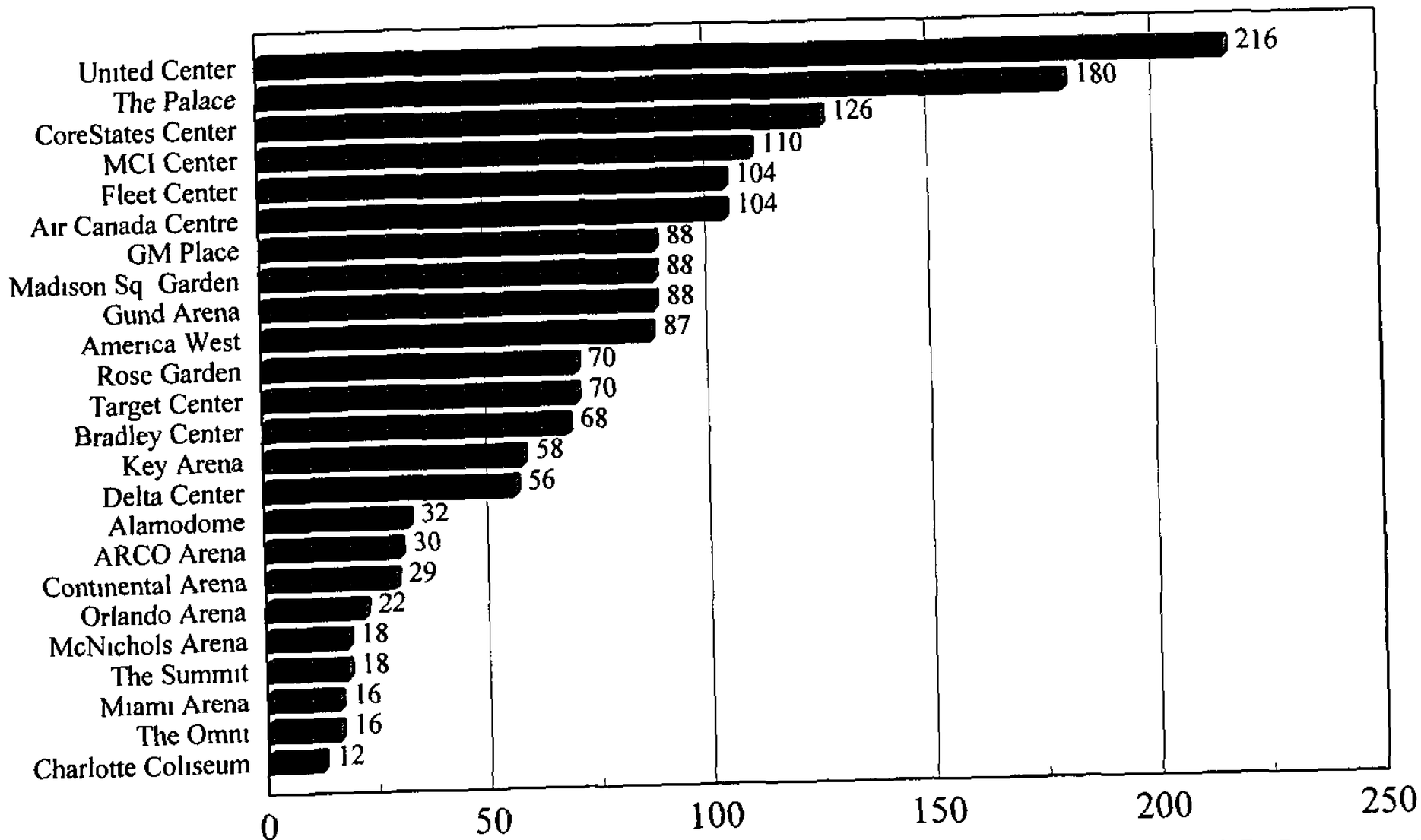
Private Suites in NBA Facilities



Oakland/Alameda Coliseum, L A Sports Arena Great Western Forum Reunion Arena, and Market Square Arena do not offer any private suites

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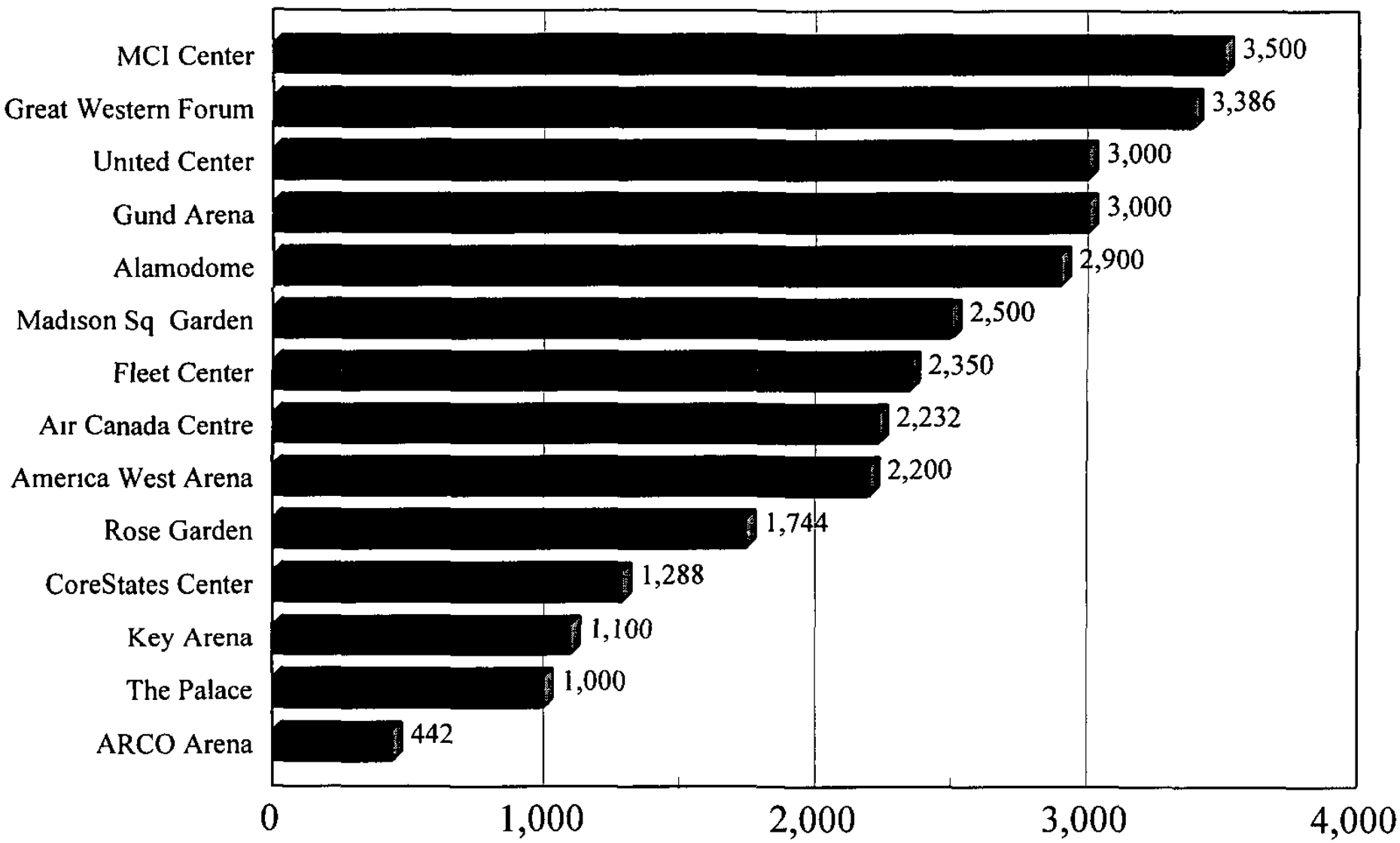
Club Seats in NBA Facilities



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THE HORNETS' SITUATION

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Charlotte Hornets

- *Hornets began play in 1988 in the new $54 million Charlotte Coliseum, which is the largest dedicated NBA arena.*
- *The Charlotte Coliseum was designed primarily for college as opposed to NBA basketball*
- *Key facility characteristics include:*
  - *24,000 seats*
  - *12 private suites*
  - *0 club seats*
- *Miami and Orlando are currently facing the same facility issues*
  - *limited private suites*
  - *0 club seats*

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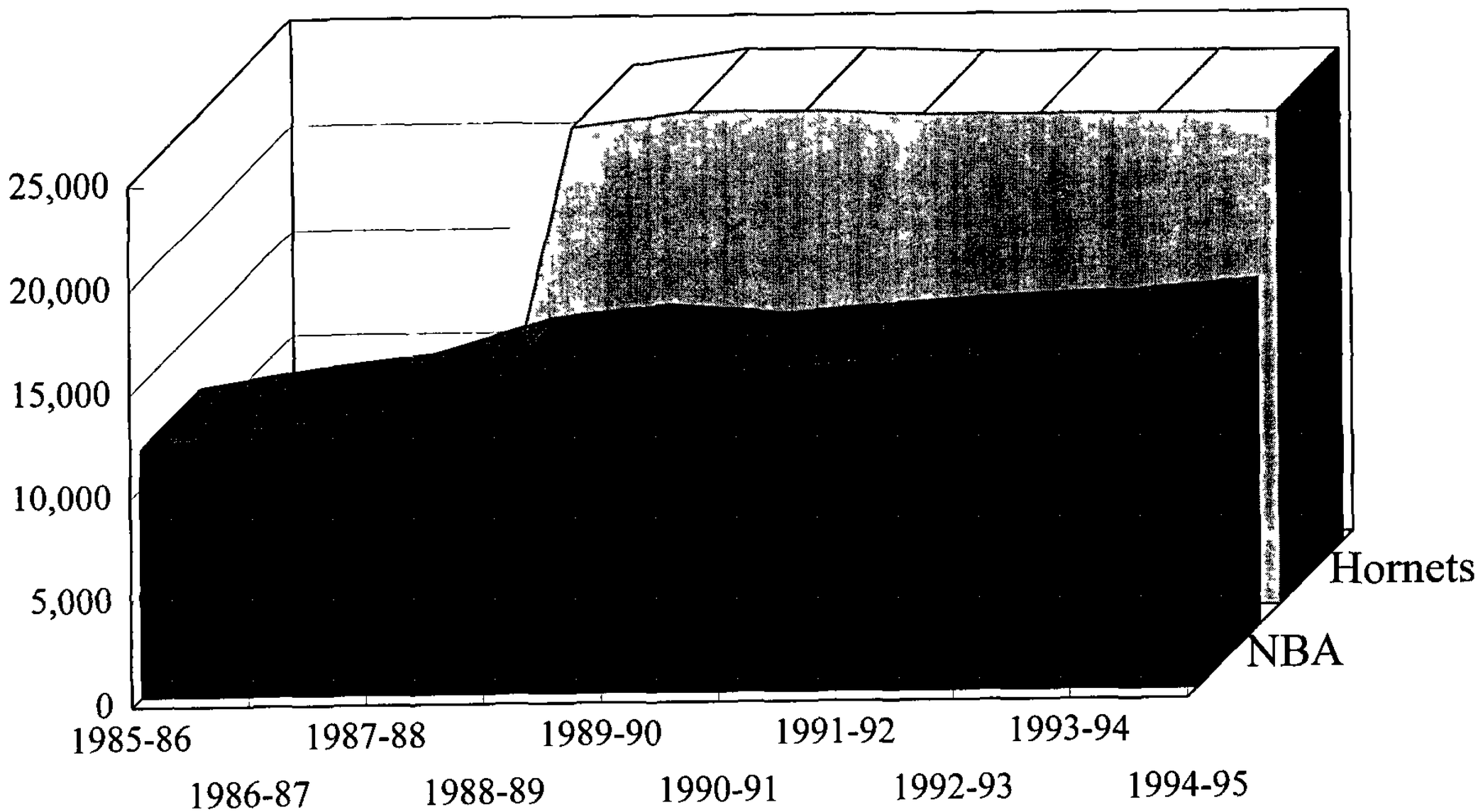
Historical Average Game Attendance



Source NBA League Office

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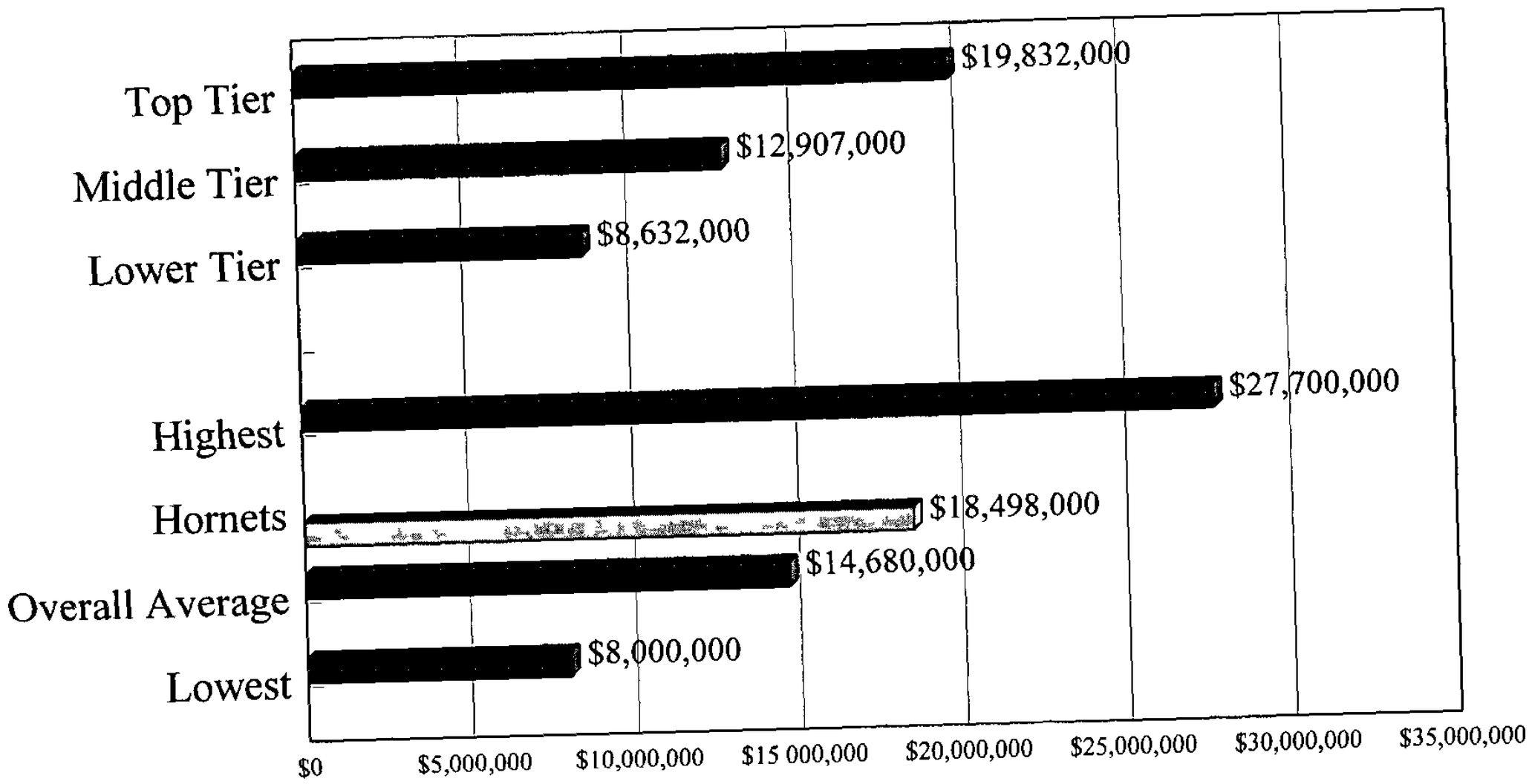
NBA Gate Receipts Revenue



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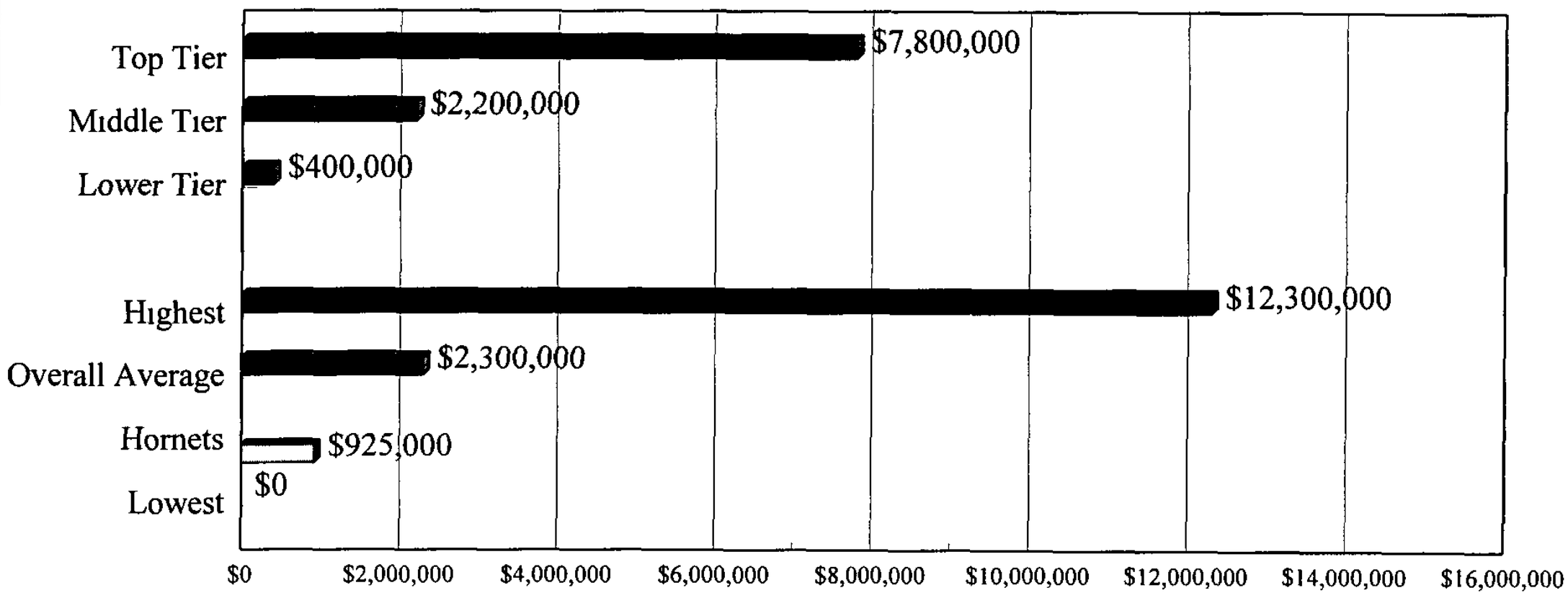
Private Suite Revenue

(net of tickets)



The average increases to $2 8 million when the five teams without suites are excluded

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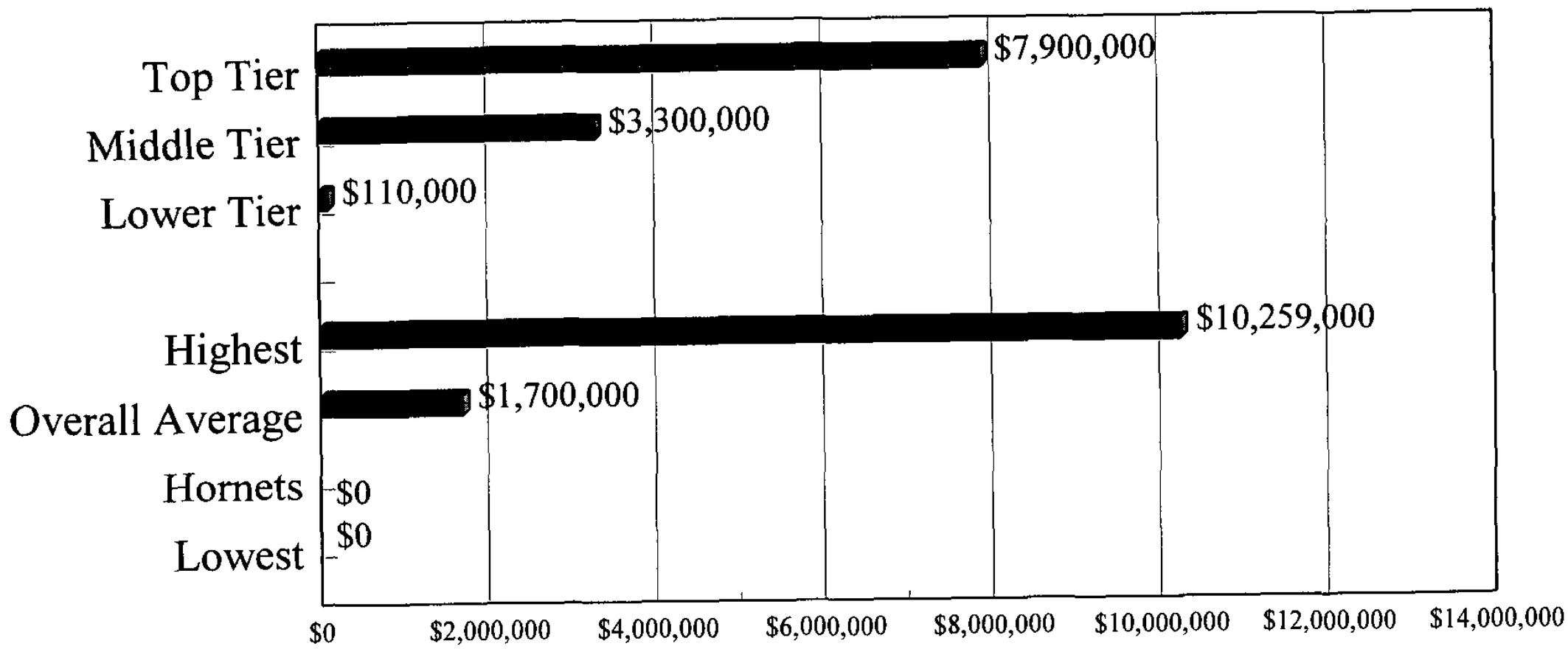
Club Seat Revenue

(net of tickets)



The average increases to approximately $3 4 million when teams without club seats are excluded

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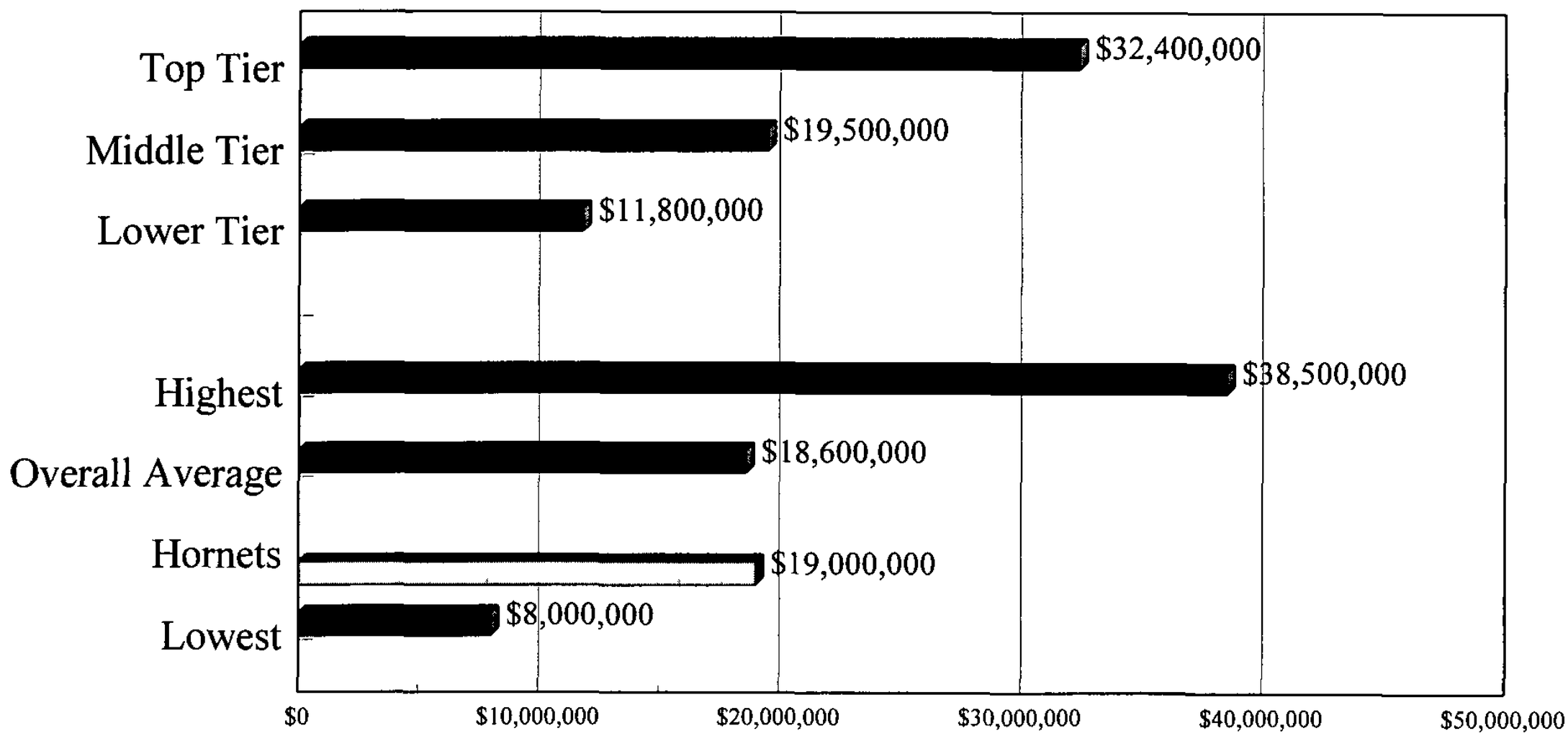
Combined Ticket, Suite & Club Seat Revenue



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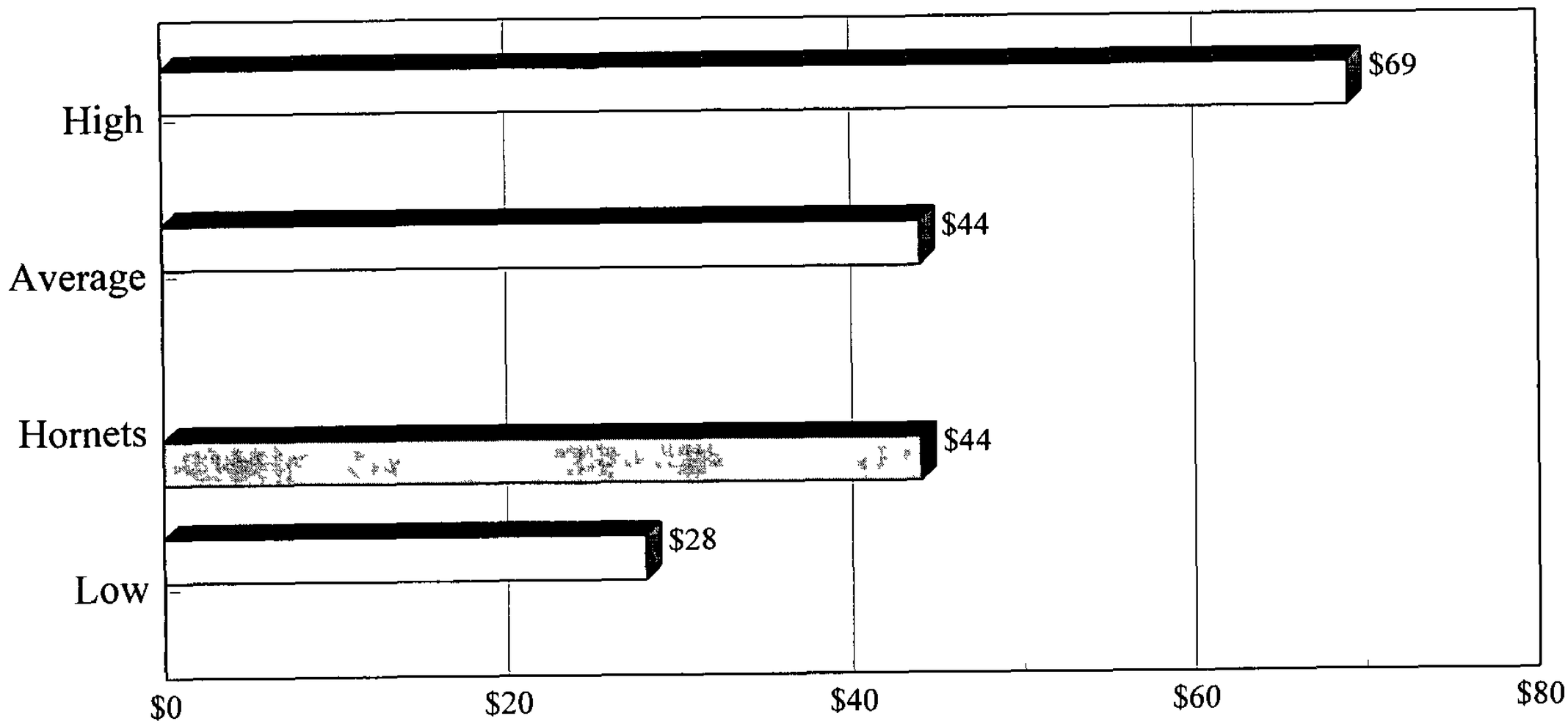
Overall Team Revenue Rankings

(in millions)



Source Charlotte Hornets

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Hornets Lease

- *The Hornets lease was renegotiated in November 1995 to provide the Hornets with additional revenues*

	Old Lease	New Lease
Gate Receipts / Rent	$9,000	$9,000
Concessions (net)	100%	50%
Parking	100%	50%
Novelties	100%	100%
Suites	50%	50%
Advertising - arena signage	50%	50%
Advertising - courtside	100%	100%
Game day expenses	100%	100%

Hornets Lease

- *The amended lease could provide the Hornets with an additional $1.5 million, annually.*
- *The amended lease could be considered a reasonable to good lease as compared to other NBA leases.*

Presentation to the City of Charlotte

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Stadium Consultants International

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SCI Facility Reports

- *The Hornets commissioned Stadium Consultants International (SCI) to assist with their evaluation of the Coliseum and related options*
- *Three separate reports prepared by SCI have been reviewed:*
  - *new facility site analysis*
  - *Coliseum college facility analysis*
  - *Coliseum revenue enhancements*

SCI Site Analysis

- *The site analysis focused on four new facility locations*
  - *Uptown Charlotte*
  - *South Charlotte*
  - *Northeast Charlotte*
  - *South Carolina (I-77)*

- *The report examined the financial advantages of each location based on the following criteria:*
  - *additional revenue*
  - *additional taxes*
  - *capital costs (land, building, infrastructure and development delay)*

SCI Site Analysis

- *The site analysis determined that a South Carolina location would generate the highest level of additional net capital revenue:*

  1. *South Carolina (I-77)*
  2. *Uptown Charlotte*
  3. *South Charlotte*
  4. *Northeast Charlotte*

- *According to the SCI report, the primary advantage of South Carolina over the other locations is that property taxes will be waived, land and infrastructure costs will be zero, and development approvals will be fast-tracked.*

SCI Site Analysis

- *The Uptown Charlotte site is the preferred location based on the SCI presentation as the significant impact associated with South Carolina is the potential capital costs savings.*

- *Although the analysis performed by SCI is highly subjective, the issues considered in evaluating the sites, the relative ranking of sites and locational priorities capture key elements of the Charlotte market.*

SCI College Facility

- *This report focuses on the renovations necessary to increase the capacity of the Coliseum to 30,000 seats.*
- *According to SCI, the necessary renovations would total approximately $7 million.*
- *The renovations would enable the Coliseum to attract another NCAA Final Four.*

SCI College Facility

- *This plan raises a number of issues:*
  - *The NCAA Final Four sites from 1993 to 2002 include:*

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Super-dome	**Charlotte Coliseum**	King-dome	Continental Arena	RCA Dome	Alamo-dome	Thunder-dome	RCA Dome	Metro-dome	Georgia Dome
20,000	**24,000**	40,000	21,000	60,500	65,000	50,000	60,500	40,000	40,000

  - *The Coliseum can currently accommodate regionals and subregionals NCAA games as well as the ACC tournament (commitments for 1999, 2000, 2001)*
  - *Other events do not require this level of seating capacity*

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Charlotte Coliseum Renovations

- *The report associated with renovations to Charlotte Coliseum presented various renovation alternatives:*
  - *increase season ticket holder area in lower bowl*
  - *reconfigure lower bowl seating to increase basketball seating*
  - *increase floor seating by 100*
  - *add 32 new private suites*
  - *renovate 8 existing suites to match new suites*
  - *add 20 court side suites*
  - *add 3,000 club seats and club lounge*
  - *add 800 additional seats at upper level vomitories*
  - *add 600 person capacity bar*
  - *add ice-making capacity*
  - *provide 800 VIP covered car parking spaces*

Charlotte Coliseum Renovations

- *It appears that the evaluation performed by SCI is comprehensive in its scope and addresses the primary revenue deficiencies of the Coliseum. However, a more detailed economic evaluation of the cost/benefit would need to be considered in order to determine the viability of a renovation.*

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Options

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Options

- *There are a number of options which may be considered with regard to the Coliseum and/or Hornets request:*
  - *Do nothing*
  - *Renegotiate existing lease and/or renovate the Coliseum*
  - *Sell the Coliseum to the Hornets*
  - *Directly or indirectly assist the Hornets with the development of a new arena*

Do Nothing

- *Advantages*
  - *no direct costs*
  - *maintains status quo*
  - *does not disturb the current 108 event schedule at the Coliseum*
  - *does not effect the current management/operating structure of the Coliseum*
- *Disadvantages*
  - *Hornets will likely leave the Coliseum, and possibly the State, at the end of the lease term (2001 season)*
  - *loss of approximately 45 annual basketball events and related revenues ($1.6 million)*
  - *new facility may be developed which would create direct competition*
  - *relationship with the Hornets may be compromised*

Renegotiate Existing Lease and/or Renovate the Coliseum

- *Advantages*
  - *keeps Hornets in Charlotte beyond the current lease term*
  - *provides an option for the Hornets to increase facility revenues*
- *Disadvantages*
  - *according to the SCI report, renovation costs of $23.2 million will be needed to upgrade the Coliseum for the NBA*
  - *may not fully address Hornets issues / potentially not a long-term solution*
  - *construction may impact current event schedule*
  - *Potential loss of $1.6 million on-going revenues to the Authority*
  - *Potential loss of operating control*
  - *Operations and pricing for public events may be impacted*

Sell the Coliseum to the Hornets

- *Advantages*
  - *the Hornets remain in Charlotte*
  - *sale proceeds could retire the remaining debt, depending upon sale price*
- *Disadvantages*
  - *the public sector will not maintain operating control of the Coliseum*
  - *may not fully address Hornets' issues / potentially not a long-term solution*
  - *does not address the facility's lack of suites or club seats*
  - *operations and pricing of the Coliseum for public events may be impacted*
  - *sale proceeds might not retire the $32.5 million in remaining debt*
  - *The on-going revenues of $1.6 million to the Authority would be lost*

Directly or Indirectly Assist the Hornets with the Development of a New Arena

- *Advantages*
  - *the Hornets remain in Charlotte*
  - *the new arena may create/stimulate economic development in Uptown Charlotte*
  - *serves as a long-term solution*
- *Disadvantages*
  - *loss of 45 annual events and the resulting revenue ($1.6 million)*
  - *competition for non-NBA events*
  - *City may incur direct or indirect costs*
  - *reduced revenues due to event competition*
  - *the on-going the viability of the Charlotte Coliseum*

Directly or Indirectly Assist the Hornets with the Development of a New Arena -

Markets with Two Arenas

Market	Arenas	Prime Tenant	Seats	Suites	Club Seats
Minneapolis	Targets Center	NBA Timberwolves	19,006	70	0
	St. Paul Civic	None	16,000	0	0
Phoenix	America West	NBA Suns	19,023	87	2,200
	Coliseum	IHL Roadrunners	11,300	0	0
Portland	Rose Garden	NBA Trail Blazers	21,500	70	1,744
	Coliseum	None	13,000	0	0
Philadelphia	CoreStates Center	NBA 76ers/NHL Flyers	21,000	126	1,288
	CoreStates Spectrum	IHL	17,380	13	72
Toronto	Air Canada Centre	NBA Raptors	23,000	104	2,200
	Maple Leaf Gardens	NHL Maple Leafs	15,728	84	0
Milwaukee	Bradley	NBA Bucks	18,633	68	0
	MECCA	None	11,000	0	0
Detroit	Palace	NBA Pistons	21,454	180	1,000
	Joe Louis	NHL Redwings	19,275	83	0

Directly or Indirectly Assist the Hornets with the Development of a New Arena -

Status of Replaced Facilities

New Arena	Old - Arenas	Seats
Alamodome - *Spurs*	Hemisphere	Torn-down
America West - *Suns*	Phoenix Coliseum	Competitive
Delta Center -*Jazz*	Salt Palace	Torn-down
Bradley Center - *Bucks*	MECCA	Non-competitive / Competitive
ARCO - *Kings*	ARCO	Converted to Office space
Gund - *Cavs*	Richfield	Inactive
Fleet Center - *Celtics*	Boston Garden	Inactive
United Center - *Bulls*	Chicago Stadium	Inactive
The Palace - *Pistons*	Cobo Arena Joe Louis	Competitive Competitive
MCI Center - *Bullets*	USAir	Common management

Directly or Indirectly Assist the Hornets with the Development of a New Arena -

Status of Expansion Franchises

- *Charlotte Hornets*
  - *currently evaluating facility options*
- *Orlando Magic*
  - *currently evaluating the renovation of Orlando Arena*
  - *financing is currently undetermined, but will probably involve both private and public funds*

Directly or Indirectly Assist the Hornets with the Development of a New Arena -

Status of Expansion Franchises

- *Miami Heat*
  - *currently evaluating the development of a new arena*
  - *Broward County is proposing a $212 million facility financed with a 2% bed tax, State sales tax rebate and $5 million in annual arena revenues*
  - *Dade County and the City of Miami are proposing a 1% bed tax increase and the State sales tax rebate with the remaining financing undetermined*
- *Minnesota Timberwolves*
  - *City of Minneapolis recently purchased the Target Center from the former owners of the team*
  - *The Target Center offers preferential options not available at the other 3 expansion facilities*

CHARLOTTE

Proposed Workplan

CSL International

Conventions, Sports & Leisure

Proposed Workplan (continued)

June 1

- *Evaluate the economics of the various options and their economic framework*
- *Evaluate the City's and other related entities financial obligations*
- *Explore other entities development options*
- *Rank the options available to the City*
- *Further define detailed negotiating parameters*
- *Pursue best option*

Project Goals

CSL International

Conventions, Sports & Leisure

CHARLOTTE

City Council's Instructions to Negotiation Team

- *Maximize the City's financial position*
- *Serves the long-term needs of the City of Charlotte*
- *No property tax increase or adverse impact on the City's existing capital priorities*
- *Maintain economic / civic opportunity for the City of Charlotte*

Analysis of Arena Options Regarding the Charlotte Hornets and the Charlotte Coliseum

Presented to:
The Charlotte City Council

CONVENTIONS SPORTS & LEISURE

February 10, 1997

Presentation Outline

I. Introduction
II. Key Milestones
III. Citizens Advisory Committee
IV. Council Criteria
V. Charlotte Coliseum History
VI. Hornets & NBA Issues
VII. Evaluation of Options
VIII. Committee's Recommendation

Introduction

- In early 1996, the Charlotte Hornets requested that the City Council consider the long-term facility requirements of the Hornets and their stated need to receive additional arena related revenues.

- After discussions and presentations by the Hornets and CSL, the City Manager appointed the Citizens Advisory Committee.

Key Milestones

Other important milestones to date include:

1) Hornets presentation	02/26/96
2) CSL briefing to City Council	04/01/96
3) Citizens' Committee assembled	04/30/96
4) Uptown proposal presented	11/96
5) Committee's recommendation	02/10/97

Citizens Advisory Committee

Cliff Cameron - Chairman
Erskine Bowles
Gene Frauenheim
Bernie Johnson
Muriel Helms
Jeff Mullins
Billie Ray, Jr.
Vicki Sutton
Sam Smith
Mary Stafford
Jim Thompson

Criteria for Option Evaluation

The City Council provided the Committee with the following Criteria for evaluating any possible solutions:

- **Maximize the City's financial position**
- **Serve the long-term needs of the City**
- **Create no property tax increase or adverse impact on the City's existing capital priorities**
- **Maintain economic / civic opportunity for the City**

Criteria for Option Evaluation

Further, Council directed City staff, the Advisory Committee and CSL to evaluate the following arena options:

- **Option 1: Do nothing**
- **Option 2: Renegotiate the Hornets' lease and renovate the Coliseum**
- **Option 3: Sell the Coliseum to the Hornets**
- **Option 4: Provide direct or indirect assistance with the development of a new arena**

Charlotte Coliseum History

- Built in 1988, the Coliseum was originally developed with the purpose of attracting the ACC tournament back to Charlotte as well as other large spectator events.
- Since 1994, the total number of annual events has ranged from 107 in 1994 to 135 in 1996.
- During its first seven years, operating income has ranged from $4.0 to $3.2 million per annum.
- In 1996, operating income decreased to $1.8 million primarily due to a new amendment to the Hornets lease.

Hornets and NBA Issues

Community / Franchise Relationship:

- The Hornets and the community have had a mutually beneficial relationship.
- The Hornets have brought the City:
  - recognition
  - economic impact
    - Price Waterhouse estimated:
    - direct and indirect spending — $148 million
    - income — $95 million
    - employment — 2,000 FTEs

Hornets and NBA Issues

Community / Franchise Relationship:

- community sponsorship and participation
  - charity events including annual fund-raisers and golf tournaments
  - stay in school programs, Martin Luther King Scholarship award, Adult Literacy Program, Special Olympics, make-a-wish foundation, community police program
  - charitable contributions over the past 3 years totaled at least $1.3 million.

➤ The Hornets have generated approximately $56 million in gross revenues at the Coliseum (rent, concessions, parking, advertising, suites, etc.).

Hornets and NBA Issues

Community / Franchise Relationship:

- It is estimated by the Authority that over $12 million in net new revenues has been generated by the Hornets for the Authority.
- At the same time, the community has also provided significant benefits to the Hornets.
  - the community has provided the Hornets with tremendous fan support
  - the Hornets have achieved the highest paid attendance level in the NBA since their inception
  - the Hornets have been able to generate a significant level of operating profits

Hornets and NBA Issues

Status of the Industry:

- Since the Hornets began play in 1988, 19 NBA franchises have moved into new or renovated facilities.
- In addition to the Hornets, 12 other NBA teams are currently evaluating the development of new or renovated arenas.
- The average inventory of suites and club seats of the NBA facilities currently being constructed or built since 1990 totals 90 and 2,100, respectively.

Hornets and NBA Issues

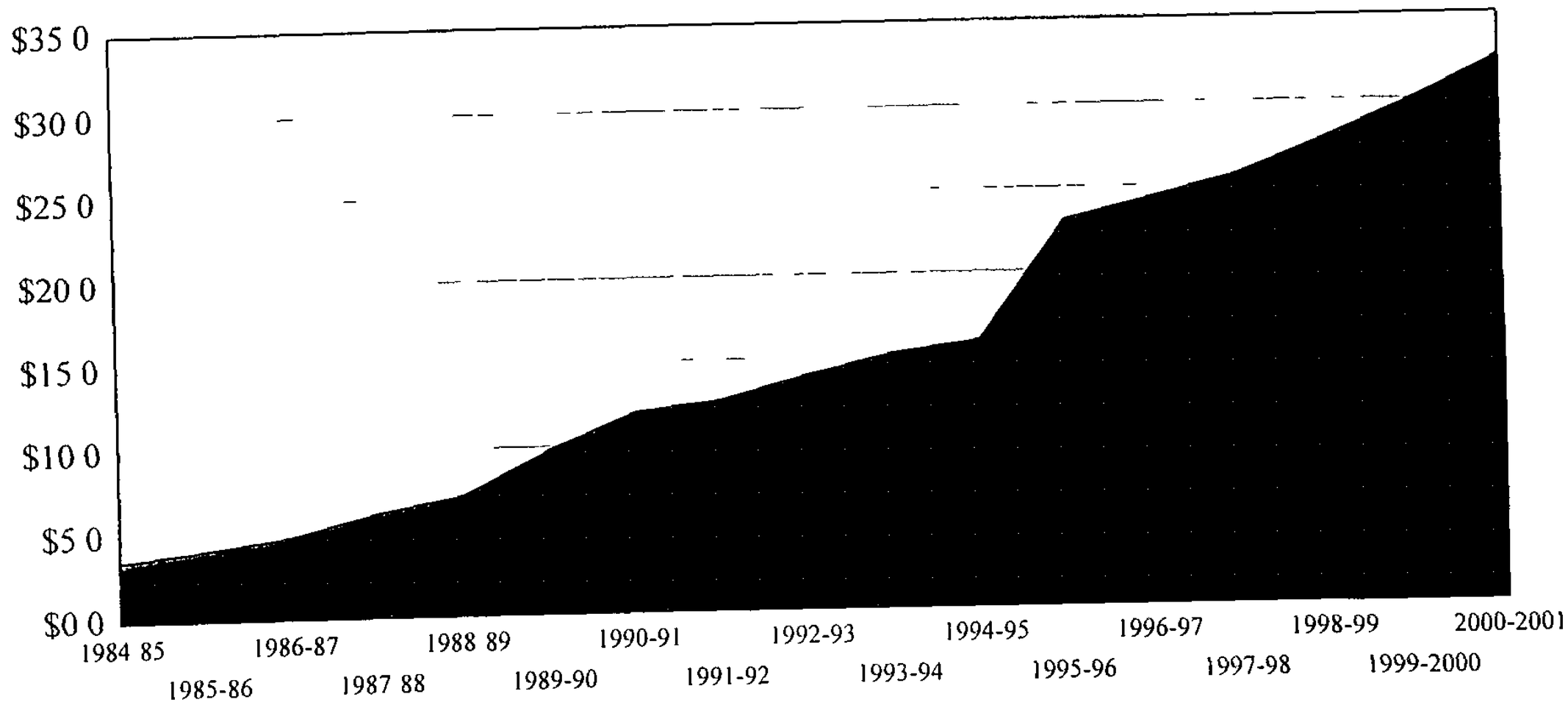
Status of the Industry:

- **As a result of the significant level of new arena construction, the revenue streams associated with the new arenas have directly impacted the operating costs of NBA franchises, primarily through salary cap increases.**
- **The salary cap has increased from $15 million in 1994 to $24 million today, and is projected by the NBA to increase to $32 million by 2001.**

Hornets and NBA Issues

NBA Salary Cap

(in millions)



Hornets and NBA Issues

Hornets Situation:

- Currently, the Hornets depend primarily on ticket revenue to remain competitive with other teams in the League in terms of team revenues.
- The Hornets' paid attendance has averaged approximately 22,600 per game over the past eight years, ranking first in the NBA each of those years.
- In 1995, the Hornets' gross revenues approximated the NBA average of $44 million.
- As the development of new NBA facilities continues, the average team revenue level will increase dramatically causing player costs too also increase.

Hornets and NBA Issues

Hornets Situation:

- According to the Hornets, the team has been profitable in the past and will continue to be profitable (excluding interest and other non team-related operations) in the short-term.
- However, within the next five years, the rise in player salaries coupled with the lack of arena-related revenue sources will impact the ongoing profitability of the franchise.
- Our analysis indicates a similar trend over slightly longer time frame, barring any significant increase in team revenues, such as national broadcast or significant increase in ticket prices.

Evaluation of the Options

The four options considered by the Committee include the following:

- **Option 1: Do nothing**
- **Option 2: Renegotiate the Hornets' lease and renovate the Coliseum**
- **Option 3: Sell the Coliseum to the Hornets**
- **Option 4: Provide direct or indirect assistance with the development of a new arena**

Synopsis of the Options

- Each of the options has been evaluated based on quantitative and qualitative information. Further, financial models reflecting each of the options have been developed and analyzed.
- The following pages provide a synopsis of issues related to each option and the ability of the option to address the City's criteria.
- If the option meets the specific criterion, a ✓ is denoted adjacent to the criterion. An ✗ denotes the option's inability to address the criterion. If it is unclear at this time whether the option meets the criterion, the box has been left empty.

Option 1

Option 1

Do nothing

- ☒ Maximizes the City's financial position
- ☑ No property tax increase/adverse impact on City's existing capital priorities
- ☒ Serves the long-term needs of the City
- ☒ Maintain economic/civic opportunity for the City

- The Hornets have indicated that they will likely not renew their existing lease. As a result, it is possible the franchise could relocate to another market.
- Not addressing any of the Hornets' facility-related issues would minimize the City's financial exposure in the short-term, but could prove to be costly after the Hornets existing lease expires.
- The option clearly does not present a long-term solution for the City with regards to maintaining an NBA franchise in the market.
- The loss of the Hornets could have a significant negative impact on the Charlotte area in excess of $100 million according to Price Waterhouse. Further the loss of the Hornets, would also negatively impact the operating revenues of the Coliseum by at least $2.0 million.

Option 2

Option 2

Renegotiate the Hornets' lease and renovate the Coliseum

- [ ] Maximizes the City's financial position
- [x] No property tax increase/adverse impact on City's existing capital priorities
- [x] Serves the long-term needs of the City
- [x] Maintain economic/civic opportunity for the City

➤ A number of operating/renovation scenarios could be considered as part of this option including:

- Authority renovates the Coliseum
- Hornets renovate the Coliseum
- City renovates the Coliseum

➤ The report prepared by SCI indicates that approximately 32 additional suites, 20 courtside suites and 3,000 club seats could be added to the Coliseum for approximately $9 million.

Option 2

- The Authority has submitted two different proposals to the City which are intended to address each of the criteria while generating significant incremental revenues for the Hornets.
- The renovation plan includes the development of 30 additional suites, 1,500 club seats and a private club at the cost of $7.0 million.

Authority Renovation Proposals

	Proposal #1	Proposal #2
Renovation costs	$7,000,000	$7,000,000
Improvements	30 suites 1 500 club seats 1 private club	30 suites 1,500 club seats 1 private club
Ticket, concession & parking increase	No	Yes
Naming rights (annually)	No	$1,000 000
Additional Hornets revenue (annually)	$2,775,000	$10,167 000
Lease term with Hornets	through 2005	through 2007

- The primary reason for the significant variance in incremental revenue generated for the Hornets under the Authority's proposals is due to the increased ticket, concession, parking prices and naming rights.

Option 2

- The various scenarios that have been considered indicate that a renovated Coliseum could generate additional revenues for the Hornets ranging from $3 to $10 million.
- The highest estimate depends primarily on increased ticket prices rather than new facility revenue streams.
- A more realistic estimate of increased revenues that could be generated at a renovated Coliseum total between $4 and $6 million, annually.
- Although the renovation could provide additional revenues to the franchise, the level of revenues would likely only provide a short-term solution (approximately 10-years).
- It is currently unclear whether this Option would maximize the City's financial position.
- By extending the Hornets lease term, the City would maintain its civic/economic opportunities, at least in the short-term.

Option 3

Option 3

Sell the Coliseum to the Hornets

- ✓ Maximizes the City's financial position
- ✓ No property tax increase/adverse impact on City's existing capital priorities
- ✗ Serves the long-term needs of the City
- ✓ Maintain economic/civic opportunity for the City

- As the value of the Coliseum to a private party is largely based on the income the facility could provide, it is unlikely that any private entity would purchase the Coliseum for any value significantly over a capitalization of the facility's income.
- By purchasing the Coliseum, the Hornets would increase their operating revenues by at least $1.8 million per annum (fiscal 1996 Coliseum operating surplus) assuming similar operating trends. This level of additional revenue would clearly in itself not provide a solution to the Hornets long-term issues. Therefore, it would likely be necessary to renovate the Coliseum.

Option 3

- The sale of the Coliseum would likely maximize the City's financial return due to the significant proceeds generated and the potential property taxes.
- As with Option 2, it is estimated that a renovated Coliseum purchased by the Hornets would generate additional revenues ranging from $3 to $10 million, but more likely would generate additional revenue in the $4 to $6 million range.
- Considering this information, as with Option 2, the financial projections reveal that increased operating revenues could likely only provide a short-term solution for the Hornets.
- Due to debt service and property tax payments, the Hornets will not likely receive any additional financial benefits under this option, as compared to Option 2.
- Further, the Hornets have indicated they are not interested in purchasing the Coliseum at any price that would likely be acceptable to the City.

Option 4

Option 4

Provide direct or indirect assistance with the development of a new arena

- [ ] Maximizes the City's financial position
- [ ] No property tax increase/adverse impact on City's existing capital priorities
- [x] Serves the long-term needs of the City
- [x] Maintain economic/civic opportunity for the City

- A proposal was received by the City from the Hornets and 24-Uptown Partnership.
- The proposed Uptown arena would contain approximately 21,000 seats, 4,000 club seats and up to 80 suites. The facility would be built in accordance with ACC and NCAA standards.
- The development of a new arena would provide the Hornets with a state-of-the-art facility and a 30-year lease term, thereby keeping the franchise in the community.

Option 4

- The Hornets would contribute funds in excess of $100 million towards the development of the new arena.
- Evaluating the operating revenues and expenses related to a new arena, it appears the development of a new arena will provide a long-term solution for the Hornets.
- However, based on the current proposal, public involvement would range from $49 to $58 million.
- Issues related to the Authority and the ongoing operations of the Coliseum would also need to be addressed.
- It is currently unclear whether this option maximizes the City's financial return or impacts the City's existing capital priorities.
- Further discussion regarding financial terms and structure must be undertaken prior to the Committee providing a final recommendation regarding this option.

Committee's Recommendation

- It is the Committee's collective opinion that Options 1 and 3 do not address the Council's prescribed criteria.
  - The Committee believes that if the City does not take action with regards to the issues presented, it is possible the franchise could be lost, resulting in loss economic impacts and national and international exposure.
  - Option 3 does not appear to provide a long-term solution to the City. Further, based on economic evaluations and the franchise's long term needs, it is unlikely that the City would receive an acceptable price.

Committee's Recommendation

- It is the Committee's collective opinion that Option 4 has the greatest potential to address the Council's criteria.
  - Option 4 is the best solution to address the long-term needs of the City. However, it is unclear at this time, whether Option 4 maximizes the City's financial position or impacts the existing capital expenditure plan.
  - The Committee believes that a renovated Coliseum (Option 2) could also generate additional revenues for the franchise, however, this solution only provides a short-term solution.

Committee's Recommendation

- Therefore, the Committee recommends that negotiations begin immediately regarding Option 4, to maximize the City's financial position and economic opportunities.
- Prior to providing final endorsement of this option a number of issues related to Option 4 need to be further addressed and evaluated.

Committee's Recommendation

- Some of the key issues relative to Option 4 which need to be addressed include the following:

  1. The level of public involvement in project funding, the ability of the project to maximize the City's financial position and the potential impact on the City's existing capital priorities must be further addressed. It is the Committee's opinion that the level of City funding should be minimized.

Committee's Recommendation

2. Evaluation of the project revenue and funding sources should be undertaken. Significant changes in the underlying assumptions (number and prices of suites and club seats, attendance, per capita spending estimates, etc.) and the inability to raise up-front funds (naming rights, concessionaire rights, pouring rights, PSLs, etc.) will impact the viability of this option relative to the franchise and the City.

3. An appropriate evaluation will need to be undertaken to assess the impact of a new facility on the Coliseum and Independence Arena.

Committee's Recommendation

- **In addition, the Committee believes the following issues should be key elements incorporated into any agreement for the development of a new Uptown arena involving public funds:**

  1. **Any agreement with the NBA franchise and City must be for a minimum of 30 years and should be structured in a manner which assures the continued presence of the NBA franchise throughout the 30 year term.**
  2. **The facility should be constructed in order to accommodate NCAA and ACC events.**
  3. **A number of dates should be available to the City that meet the public purpose as described by the City Council.**

Auditorium · Coliseum · Convention Center Authority

May 20, 1996

20 1996

Mr Cliff Cameron
Citizens' Advisory Committee
c/o Charlotte-Mecklenburg Government Center
600 East Fourth Street
Charlotte, North Carolina 28202

Re: Hornets/Coliseum Issue

Dear Mr Cameron:

Enclosed you will find the information requested by the Citizens' Advisory Committee at the May 15, 1996 meeting.

The enclosed information is a listing of events staged at Ovens Auditorium, Independence Arena and the Charlotte Coliseum during 1994 and 1995. The events that are shown in boxes are the events that we believe fall into the category of receiving some type of subsidy from the Authority. We further believe that were it not for the success realized at the Charlotte Coliseum, many of these events might not be able to occur

If you need any additional information, please do not hesitate to request it.

Sincerely,

Steve Camp
Managing Director

SC/da

Enclosure

cc **Del Borgsdorf**
Bob Bradshaw

INDEPENDENCE ARENA/OVENS AUDITORIUM
2700 E Independence Boulevard
Charlotte N C 28205
704-372 3600

CHARLOTTE COLISEUM
100 Paul Buck Boulevard
PO Box 669247
Charlotte N C 28266-9247
704-357-4700

NEW CHARLOTTE CONVENTION CENTER
501 South College Street
Charlotte N C 28202
704-339 6000

City of Charlotte

Auditorium-Coliseum Convention Center Authority
Event-Related Revenues Report
Twelve Months Ending December 31, 1994

Date(s)	Event	Perf	Att
Ovens Auditorium			
1/2/94	New Life Productions Gospel	1	985
1/13/94	David Copperfield	1	3,682
1/18/94	Kiwanis Travelogue	1	1,000
2/3/94	Arts for Youth, "Harriet Tubman"	2	4 100
2/6/94	Lutheran Evangelism Rally	2	2 800
2/8-10/94	Charlotte Symphony School Concerts	6	15,000
2/15/94	Kiwanis Travelogue	1	1,500
2/22-27/94	Jesus Christ Superstar	8	18 669
2/28/94	Charlotte Basketball Committee Reception	1	n/a
3/1/94	Chamber Theatre	1	2,100
3/4/94	Jeff Foxworthy	1	2,399
3/7/94	Living Arts for Students	2	4,100
3/12-13/94	Starpower Competition	2	1 600
3/15/94	Kiwanis Travelogue	1	1,100
3/20/94	Bernie Mac	1	2,588
3/21/94	Morris Cerullo	1	2 000
4/6/94	"Dreamgirls"	1	1 210
4/7/94	Ken Hill's "Phantom of the Opera"	1	1 150
4/8-10/94	"Tambourines to Glory"	3	3 754
4/18/94	Concert for Older Adults	1	1,400
4/19/94	Kiwanis Travelogue	1	1 300
4/20-22/94	Charlotte Youth Ballet "Sleeping Beauty"	2	3,775
4/23/94	Barbershop Harmony	1	750
4/26/94	Arts for Youth 'Pinocchio"	1	1 780
4/27/94	Arts for Youth "Red Badge of Courage"	2	1 500
5/6/94	Arts for Youth, "Town Mouse"	2	4 900
5/7/94	Bill Bellamy & Chris Tucker	1	1 671
5/8/94	Johnson C Smith University Graduation	1	1 700
5/9/94	Arts for Youth, "Wizard of Oz"	1	1,800
5/10-11/94	Dance Productions Recital	1	2,300
5/12/94	Phil Hughston Memorial Awards	1	2 500
5/13-14/94	Dance Unlimited Recital	1	1,900
5/20-21/94	Rhythm Dance Studio Recital	2	1 600
5/26/94	C P C C High School Graduation	1	3,800
5/28-30/94	Fancy Feet Dance Recital	3	6 650
6/2/94	Charlotte Catholic High Graduatuion	1	1,500
6/4-5/94	Steps 'N Motion Recital	1	1,600
6/7-8/94	Fran Sullivan School of Dance Recital	1	1 000
6/9-12/94	Miss Donna's School of Dance Recital	4	6,100
6/13-14/94	Star Talent Recital	1	700
6/15/94	Fabulous 50's and 60's Revue	1	600
6/16/94	Kings College Graduation	1	1 700
6/17-18/94	Corey Classic Bodybuilding	2	1 500
6/21-26/94	"Les Miserables"	1	16,293
7/18-21/94	Institute in Basic Youth Conflicts	4	10 850
9/9-10/94	"A Family Affair"	2	2,067
9/13/94	FTD Reception	0	200
9/17/94	Rock 'N Roll Reunion Reception	0	80

Outlined Events are "Public Purpose" Events

City of Charlotte

Auditorium-Coliseum Convention Center Authority

Event-Related Revenues Report

Twelve Months Ending December 31, 1994

Date(s)	Event	Perf	Att
7/12/94	Vipers vs Pittsburgh	1	2,052
7/16/94	Vipers vs Detroit	1	2,535
7/21-24/94	Storms Family Weekend	4	24,076
7/29/94	Vipers vs Las Vegas	1	2,540
7/30/94	Vipers vs Dallas	1	3 219
8/1/94	Soundgarden	1	4,595
8/2/94	Vipers vs Monterrey	1	4,909
8/5/94	Vipers vs San Diego	1	2,015
8/12/94	Vipers vs San Jose	1	2,002
8/19/94	Vipers vs Anaheim	1	2,408
8/30/94	Vipers vs Washington	1	2 005
9/1/94	Stone Temple Pilots	1	5,257
9/2/94	Vipers vs Detroit	1	1 654
9/14/94	Checkers Open House	1	300
9/14/94	Rock N Roll Reunion	1	4 782
9/20/94	NHL-Quebec vs Washington	1	4 133
10/5-9/94	Sesame Street Live	7	12 353
10/10-16/94	Checkers Preseason Camp	0	0
10/15/94	Checkers vs Greensboro	1	3 808
10/18/94	Checkers vs Greensboro	1	5 788
10/20/94	Budweiser Superfest	1	3 726
10/22/94	Checkers vs Hampton Roads	1	6 150
10/27/94	Checkers vs South Carolina	1	4,386
10/28/94	Fabian s Good Time Rock 'N Roll	1	3 028
10/29/94	Checkers vs Raleigh	1	5 309
10/30/94	Checkers vs Greensboro	1	4,291
11/5/94	Checkers vs Hampton Roads	1	7 184
11/6/94	Public Ice Skating	1	400
11/11-12/94	Shepherd Ministries	2	19 296
11/18-19/94	Queen City Roundball Classic	2	1 575
11/22/94	Checkers vs Roanoke	1	5 789
11/25/94	Checkers vs Raleigh	1	8 833
11/26/94	Steven Curtis Chapman in Concert	1	6 569
11/27/94	Little Texas in Concert	1	8 343
12/1/94	UNC Charlotte vs Coastal Carolina	1	2 564
12/2/94	Checkers vs Richmond	1	6 133
12/3/94	Checkers vs Hampton Roads	1	5 021
12/4/94	Pride Unity Choir	1	1 009
12/9/94	Checkers vs Roanoke	1	4 905
12/10/94	UNC Charlotte vs Southern Illinois	1	1 645
12/10/94	Checkers vs South Carolina	1	5 492
12/15/94	Christmas on Ice	1	5 646
12/17/94	Checkers vs Hampton Roads	1	5 547
12/20/94	UNC Charlotte vs Appalachian State	1	2 443
12/28/94	Checkers vs Richmond	1	8,100
12/31/94	Checkers vs Greensboro	1	7 104
	Totals:	126	530 849

Outlined Events are 'Public Purpose" Events

City of Charlotte

Auditorium-Coliseum Convention Center Authority

Event-Related Revenues Report

Twelve Months Ending December 31, 1994

Date(s)	Event	Perf	Att.
Charlotte Coliseum			
1/6/94	Hornets vs Portland	1	22,071
1/8/94	Hornets vs New York	1	22 432
1/9/94	Janet Jackson	1	12 572
1/12-16/94	Disney on Ice	8	88 820
1/19/94	Hornets vs Philadelphia	1	20 520
1/20/94	IBM CTA Kickoff 1994	1	n/a
1/22/94	Hornets vs Milwaukee	1	22 016
1/26/94	Hornets vs Orlando	1	22,202
1/28/94	Hornets vs Atlanta	1	21 677
1/29/94	Billy Joel	1	22,110
2/2/94	Hornets vs Indiana	1	19,401
2/4/94	Hornets vs Miami	1	20,404
2/9/94	Hornets vs Golden State	1	20 023
2/12/94	Alan Jackson	1	15 038
2/16/94	Hornets vs Houston	1	19 714
2/18/94	Hornets vs Milwaukee	1	20 367
2/19/94	Don King Boxing	1	3 610
2/20/94	Hornets vs Cleveland	1	19,722
2/24/94	Hornets vs Dallas	1	19 220
2/25/94	Rush	1	9,919
2/26/94	Monster Truck Pull	1	20,132
3/2-6/94	Ringling Brothers Circus	10	92,724
3/8/94	Hornets vs Phoenix	1	21 328
3/10-13/94	ACC Basketball Tournament	5	105,364
3/14/94	Hornets vs Boston	1	20,026
3/16/94	Hornets vs Atlanta	1	21,038
3/18/94	Hornets vs Utah	1	21 327
3/19/94	Lipizzaner Stallions	2	4 018
3/20/94	Hornets vs Seattle	1	20 230
3/22/94	Hornets vs Philadelphia	1	19,575
3/26/94	Stay in School Jam	1	11 607
3/26/94	Hornets vs L.A Clippers	1	20 082
4/1-4/94	N.C.A.A Final Four	3	67,775
4/6/94	Hornets vs Indiana	1	19 592
4/8/94	Hornets vs New Jersey	1	20,447
4/11/94	Hornets vs Miami	1	20 069
4/12/94	"Top Hats and High Tops"	1	3 500
4/15/94	Hornets vs Chicago	1	22,156
4/17/94	Hornets vs New York	1	19 894
4/20/94	Hornets vs Washington	1	20,189
4/23/94	Hornets vs Detroit	1	19,802
4/26-27/94	Biggers Brothers Food Show	2	10 000
5/14/94	UNC Charlotte Commencement	1	15 000
5/22/94	Michael Bolton	1	12 808
5/24/94	Buick Ride and Drive	1	1 500
5/28/94	World Figure Skating Champions	1	17 571
6/4/94	Rage vs Milwaukee	1	7 472
6/10/94	Rage vs Fort Worth	1	6 764

Outlined Events are "Public Purpose" Events

City of Charlotte

Auditorium-Coliseum Convention Center Authority

Event-Related Revenues Report

Twelve Months Ending December 31, 1994

Date(s)	Event	Perf	Att
6/24/94	Rage vs Orlando	1	5,820
7/8/94	Rage vs Cleveland	1	5,283
7/26/94	Dream Team II	1	22,611
7/29/94	Rage vs Miami	1	8,286
8/11/94	Red Cross Blood Drive	1	1 000
8/12/94	Rage vs Albany	1	6,387
9/2-4/94	Childers Enterprises (Amway)	4	49,448
9/13/94	Duke Power Quality Day	1	5,000
9/16/94	Black Expo USA Concert	1	8,178
9/24/94	Advanta 1994 Tennis Tour	1	4,936
10/8/94	Reed Jewelers All-Star Kickoff	1	1 500
10/8/94	ZZ Top in Concert	1	8 678
10/10/94	Microsoft Meeting	1	500
10/15/94	Carman Ministries	1	19 020
10/20-22/94	Longhorn Rodeo	2	16 406
10/24/94	Hornets vs Detroit	1	16 203
10/27/94	Hornets vs Dallas	1	15 467
10/29/94	Hornets Jam Session	1	4 212
11/5/94	Hornets vs Cleveland	1	22,225
11/8/94	Bonnie Riatt in Concert	1	4 587
11/9/94	Hornets vs Orlando	1	22,236
11/12/94	Hornets vs Detroit	1	21,709
11/17/94	Hornets vs L A Clippers	1	20,463
11/19/94	Hornets vs Indiana	1	21 296
11/22/94	Hornets vs Golden State	1	21 250
11/25/94	Handel's Young Messiah	1	13 595
11/30/94	Hornets vs Miami	1	20,498
12/2-3/94	Diet Pepsi Tournament of Champions	2	35 713
12/7-11/94	Disney on Ice	8	25,978
12/13/94	Hornets vs Milwaukee	1	19,422
12/15/94	Barclays American Party (C/R)	0	400
12/17/94	Hornets vs Denver	1	20 588
12/20/94	Hornets vs Indiana	1	21 142
12/22/94	Hornets vs Philadelphia	1	20 646
12/29/94	Hornets vs Orlando	1	22,363
12/31/94	Jubilate' 1994	1	19 716
	Totals:	119	1 636 590

Outlined Events are "Public Purpose" Events

City of Charlotte

Auditorium-Coliseum Convention Center Authority

Event-Related Revenues Report

Calendar Year Ending December 31, 1995

Date(s)	Event	Perf	Att.
Ovens Auditorium			
1/1/95	John P Key	1	1,522
1/10-15/95	Radio City Music Hall Spectacular	7	14,906
1/17/95	Kiwanis Travelogue	1	1 300
1/19/95	UNCC Reception (Starlight Lounge)	1	150
1/23/95	Living Arts "Beauty and the Beast"	1	600
1/24-26/95	Symphony Educational Concerts	1	7 500
2/3-5/95	"My Grandmother Prayed for Me"	5	11,865
2/10/95	Def Comedy Jam	1	2 536
2/13/95	Living Arts for Students "Jungle Book"	1	475
2/16/95	Charlotte Basketball Committee (Lounge)	1	150
2/21/95	Classic Productions "Buffalo Soldiers"	2	3 750
2/21/95	Kiwanis Travelogue	1	900
2/25/95	Sweet Adelines	1	1 300
3/3-5/95	"Lord, Can You Help My Child?"	4	5 955
3/8/95	Living Arts for Students	2	3 200
3/10/95	Charlotte Philharmonic Orchestra	1	2 500
3/17/95	Immature in Concert	1	2,265
3/20/95	Chamber Theatre "Encore"	1	975
3/21/95	Kiwanis Travelogue	1	1 500
3/25/95	The Real Deal Showcase	1	200
4/1/95	Carrot Top	1	2,589
4/3/95	David Copperfield	2	3 471
4/5/95	Living Arts "Jack and the Beanstalk"	2	3,545
4/7-9/95	"How I Got Over"	5	3 353
4/11/95	Arts for Youth "Cinderella"	1	875
4/14/95	Charlotte Philharmonic Orchestra	1	1,700
4/18/95	Kiwanis Travelogue	1	1,200
4/20/95	Arthur Smith Reunion	1	2,037
4/22/95	Barbershop Harmony	2	807
4/23-25/95	IBM Stockholders Meeting	1	1 500
5/1/95	Concert for Older Adults	1	1,000
5/6/95	Charlotte Philharmonic Orchestra	1	1 600
5/7/95	J C Smith University Graduation	1	2,500
5/11/95	Phil Hughston Memorial Awards	1	2,500
5/12-13/95	Dance Unlimited Recital	2	1 200
5/14/95	Bernie Mac	1	2,346
5/19-20/95	Rhythm Dance Recital	2	1 450
5/21-23/95	Dance Productions Recital	3	2,700
5/24-28/95	Fancy Feet Recital	4	4 700
5/30-31/95	Ballet School Recital	2	1,100
6/1/95	Charlotte Catholic High School Graduation	1	1 600
6/2/95	Dan Fogelburg	1	1 934
6/3-4/95	Steps N Motion Recital	2	1 400
6/6-7/95	Sullivan School Recital	2	1 000
6/8-11/95	Miss Donna s School Recital	4	4 950
6/16-17/95	Corey Classic Bodybuilding Championships	2	800
6/23/95	King s College Graduation	1	800
7/14/95	Zima Comedy Jam	1	2 603

* Outlined Events are "Public Purpose" Events

City of Charlotte

Auditorium-Coliseum Convention Center Authority

Event-Related Revenues Report

Calendar Year Ending December 31, 1995

Date(s)	Event	Perf	Att.
7/17-22/95	Institute in Basic Youth	5	5,100
8/1-31/95	No Events - Renovation of Power Systems		
9/9-10/95	"A Struggle to be Free"	3	1,199
9/12/95	FTD Reception	1	300
9/27/95	Louis Rukeyser	1	660
9/30/95	Natilie Merchant	1	2 575
10/7/95	Friendship Trays	1	1 000
10/10-12/95	Symphony Education Concerts	6	14 300
10/12-14/95	'Young Man, Older Woman"	4	1 666
10/15/95	Kiwanis Travelogue	1	700
10/17/95	Classic Productions 'Amelia Bedilia"	1	2,300
10/18/95	Classic Productions 'Treasure Island"	1	2 300
10/19/95	Living Arts 'Goldilocks"	1	2 100
11/1/95	Classic Productions Pippi Longstocking"	1	900
11/5/95	Ebony Fashion Show	1	1 200
11/6/95	Living Arts 'Babar"	1	500
11/9/95	Rich Mullins Concert	1	899
11/15/95	Boys Choir of Harlem	1	1 116
11/17/95	Kirk Franklin Concert	1	751
11/19/95	Kiwanis Travelogue	1	600
12/1/95	Charlotte Youth Ballet "Nutcracker"	2	2 339
12/3/95	Charlotte Music Club 'Messiah"	1	1,000
12/8-10/95	"Singing Christmas Tree"	5	4,537
12/12/95	Arts for Youth "A Christmas Carol"	1	2,500
12/14/95	Chamber Theatre "Tour de Force"	2	2,500
12/23/95	Kwanzaa Extravaganza	1	60
12/30/95	Mark Curry Comedy Show	1	1,577
12/31/95	John P Kee Concert	1	1 200
	Totals:	131	176,688
Independence Arena			
1/3/95	Checkers vs Roanoke	1	4 395
1/4-8/95	Mid-Atlantic Championship Rodeo	3	10 961
1/11/95	Checkers vs Richmond	1	5 430
1/12/95	UNC Charlotte vs Davidson	1	3,627
1/14/95	Checkers vs Erie	1	8,388
1/16/95	UNC Charlotte vs UNC Wilmington	1	2 073
1/17/95	Checkers vs Roanoke	1	4 738
1/19/95	UNC Charlotte vs Louisville	1	5 560
1/21/95	UNC Charlotte vs S Mississippi	1	2 160
1/21/95	Checkers vs Tallahassee	1	8 475
1/27/95	Alabama	1	7,637
1/28/95	Checkers vs Birmingham	1	9,325
1/31/95	Checkers vs Hampton Roads	1	4,614
2/2/95	UNC Charlotte vs Tulane	1	3,319
2/3/95	Checkers vs Johnstown	1	5 614
2/4/95	UNC Charlotte vs South Florida	1	2 236
2/4/95	Checkers vs Roanoke	1	8 288

* Outlined Events are 'Public Purpose" Events

City of Charlotte

Auditorium-Coliseum Convention Center Authority

Event-Related Revenues Report

Calendar Year Ending December 31, 1995

Date(s)	Event	Perf	Att
2/10/95	Checkers vs Roanoke	1	6,383
2/11/95	Checkers vs Raleigh	1	8,258
2/14/95	Checkers vs Richmond	1	3,780
2/16/95	UNC Charlotte vs Virginia Tech	1	2 872
2/18/95	UNC Charlotte vs Virginia Commonwealth	1	4 317
2/19/95	Checkers vs Dayton	1	5,832
2/21/95	Checkers vs Greensboro	1	4 751
2/23-25/95	NCHSAA Wrestling Championships	5	14 090
3/3/95	NCHSAA AAAA Regional Basketball Finals	1	3,136
3/5/95	Checkers vs Greensboro	1	6,270
3/7/95	Checkers vs Raleigh	1	4,663
3/10/95	Sawyer Brown	1	3,580
3/11/95	Checkers vs Richmond	1	8 097
3/13/95	Public Skating/Red Cross Blood Drive	1	500
3/14/95	Checkers vs Greensboro	1	5,459
3/21/95	Checkers vs Raleigh	1	5 834
3/24/95	W C W Wrestling	1	2,392
3/25/95	Checkers vs Greensboro-Playoffs	1	4 507
3/26/95	Checkers vs Greensboro-Playoffs	1	3 428
4/5-7/95	Ultimate Fighting Championships	1	3 982
4/21/95	Immature/Vicious	1	1 982
4/25/95	Crystal Gayle/Larry Stewart	1	2,875
4/28-30/95	Power Rangers	5	12,634
5/5/95	Virginia Slims Legends Concert	1	2,558
5/10/95	Jay Strach & Ricky Skaggs	1	1,478
5/17/95	World Figure Skating Champions	1	8,009
5/19/95	Rage vs Orlando	1	3 944
5/25/95	C P C C College & High School Graduations	1	3 144
5/26-27/95	Jerome Davis Bull Riding Championships	1	7 055
6/1-2/95	Charlotte-Mecklenburg H S Graduations	3	10 240
6/3/95	Rage vs Milwaukee	1	4 285
6/16/95	Rage vs Connecticut	1	3 746
6/30/95	Rage vs Albany	1	4,768
7/7/95	Rage vs San Jose	1	5,321
7/28/95	W C W Wrestling	1	2,162
8/4/95	Rage vs Las Vegas	1	4 507
8/13/95	1995 World Team Tennis Championships	1	1,135
8/31/95	Janlibo Gymnastics	1	900
9/7-10/95	Sesame Street	7	12 450
9/16/95	Rock N Roll Reunion	1	5 087
9/20/95	Checkers Pick-A-Seat	1	379
9/23/95	Gospelfest 1995	1	3 962
10/6/95	Checkers vs Raleigh	1	3 029
10/7/95	Checkers vs Roanoke	1	4,143
10/14/95	Checkers vs Hampton	1	6 194
10/18/95	Checkers vs Roanoke	1	3,523
10/21/95	Checkers vs South Carolina	1	4 868
10/23/95	Johnny Rivers in Concert	1	1 609
10/28/95	Checkers vs Columbus	1	3,717

* Outlined Events are "Public Purpose" Events

City of Charlotte

Auditorium-Coliseum Convention Center Authority

Event-Related Revenues Report

Calendar Year Ending December 31, 1995

Date(s)	Event	Perf	Att
10/29/95	Checkers vs Raleigh	1	2,859
11/01/95	Checkers vs Richmond	1	3 225
11/04/95	Checkers vs Johnstown	1	6,505
11/07/95	Checkers vs Hampton	1	3,313
11/10-11/95	Sheperd Ministries	3	5 100
11/24/95	Checkers vs South Carolina	1	5,771
11/25/95	Checkers vs Raleigh	1	5,782
11/29/95	Checkers vs Toledo	1	3 267
12/2/95	UNC Charlotte vs East Carolina	1	2,032
12/2/95	Checkers vs Hampton Roads	1	5,832
12/6/95	Checkers vs Wheeling	1	3,028
12/9/95	Checkers vs Roanoke	1	6,119
12/11/95	WCW Monday Night Nitro	1	3 298
12/15/95	Cobras Open House	1	342
12/16/95	Checkers vs South Carolina	1	4,303
12/17/95	Wrestlingmania IV	1	2,971
12/19/95	Checkers vs Tallahassee	1	3 687
12/26/95	Checkers vs Richmond	1	5 037
12/29/95	Checkers vs Roanoke	1	6 007
12/30/95	Jeff Foxworthy	1	6 751
12/31/95	Checkers vs Hampton Roads	1	5 174
	Totals:	107	419,078
Charlotte Coliseum			
1/4/95	Hornets vs Portland	1	20,394
1/7/95	Hornets vs Boston	1	21,661
1/8/95	Bud Bowl Preview Party (Private)	1	500
1/11/95	Hornets vs Minnesota	1	20,506
1/13/95	Harlem Globetrotters	1	4 541
1/14/95	Hornets vs Chicago	1	22 056
1/18/95	Hornets vs San Antonio	1	20,778
1/20/95	Hornets vs New Jersey	1	21 073
1/21/95	Boyz II Men	1	11 680
1/23/95	Hornets vs L.A Lakers	1	20,213
1/25/95	Hornets vs Atlanta	1	20,075
1/27/95	Hornets vs New York	1	22,002
1/28/95	Amy Grant	1	7,173
1/30-31/95	Nissan Ride & Drive (Private)	1	500
2/1/95	Johnson C Smith vs N C Central	1	1,001
2/3/95	Hornets vs Milwaukee	1	21,479
2/4/95	Johnson C Smith vs Winston-Salem St	1	2 901
2/5/95	Hornets vs Washington	1	20,195
2/7/95	Hornets vs Indiana	1	20,767
2/16/95	Hornets vs Houston	1	21,140
2/18/95	Hornets vs Detroit	1	21,795
2/20/95	Hornets vs Chicago	1	20,929
2/22/95	Hornets vs Sacremento	1	20,387
2/24-25/95	U S H R.A Truck & Tractor Pull	2	32,032
3/1-5/95	Ringling Brothers & Barnum-Bailey Circus	10	95 595

* Outlined Events are "Public Purpose" Events

City of Charlotte

Auditorium-Coliseum Convention Center Authority

Event-Related Revenues Report

Calendar Year Ending December 31, 1995

Date(s)	Event	Perf	Att
3/9/95	Hornets vs Seattle	1	21,123
3/11/95	Hornets vs Miami	1	21,004
3/13/95	Hornets vs Washington	1	19,354
3/16/95	Hornets vs Phoenix	1	21 322
3/18/95	Hornets "Hot Shot" Skills Clinic (Private)	1	500
3/19/95	Hornets vs Utah	1	19,244
3/22-24/95	Grateful Dead in Concert	3	57,369
3/25/95	Hornets vs Cleveland	1	20,038
3/27/95	Hornets Media Game (Private)	1	250
3/30/95	Hornets vs Dallas	1	19,468
3/31/95	Top Hats and High Tops	1	1,500
4/1/95	Anheuser-Busch Wholesale Party	1	3,000
4/5/95	Hornets vs Philadelphia	1	19,066
4/8/95	George Strait	1	14,303
4/10/95	Hornets vs Boston	1	19 059
4/12/95	Hornets vs New Jersey	1	18,717
4/16/95	Hornets vs Atlanta	1	17 407
4/20/95	Hornets vs New York	1	21,310
4/23/95	Hornets vs Cleveland	1	20,665
4/28/95	Hornets vs Chicago	1	23,201
4/30/95	Hornets vs Chicago	1	23 220
5/13/95	UNC-Charlotte Commencement	1	15,000
6/3/95	WTDR/Coca Cola Red Hot Summer Sticker	1	1,500
6/13/95	Mother Theresa	1	13,175
6/24/95	Queen City Music Festival	1	10,769
7/1-31/95	No Events		
8/1-31/95	Filming of the movie "Eddie"	16	30,621
8/7/95	Coca-Cola Panthers Run to History (PL)	1	0
8/10/95	Red Cross Blood Drive	1	0
9/1-24/95	Filming of the movie "Eddie"	9	19 320
9/10/95	Eric Clapton	1	14,731
9/21-22/95	Orlando Christian Center	3	43,386
9/25-29/95	Saturn "Ride and Drive" (PL)	5	1,000
10/19/95	Hornets vs Denver	1	15,214
10/21/95	Hornets Fan Fare	1	4,019
10/22/95	Hornets vs Phoenix	1	14,042
10/27-28/95	Longhorn Rodeo	2	9,983
11/04/95	Hornets vs Philadelphia	1	22,603
11/07/95	Hornets vs Detroit	1	21,151
11/11/95	Hornets vs Toronto	1	20,202
11/12/95	R E M Concert	1	13 095
11/17/95	Hornets vs Seattle	1	20 663
11/18/95	Alan Jackson Concert	1	9,972
11/19/95	PHISH Concert	1	8 914
11/22/95	Hornets vs Boston	1	20 314
11/24/95	Hornets vs Vancouver	1	20,005
11/29/95	Hornets vs New York	1	20,020
12/1-2/95	Diet Pepsi Tournament of Champions	2	28,988
12/6/95	Hornets vs Cleveland	1	18,586

* Outlined Events are "Public Purpose" Events

City of Charlotte

Auditorium-Coliseum Convention Center Authority

Event-Related Revenues Report

Calendar Year Ending December 31, 1995

Date(s)	Event	Perf	Att.
12/9/95	Hornets vs Minnesota	1	19,118
12/13-17/95	Disney on Ice	8	28,713
12/21/95	Hornets vs Boston	1	19,301
12/23/95	Hornets vs Miami	1	20 406
12/27/95	Hornets vs L.A Clippers	1	19 856
12/28/95	Dave Matthews Band	1	13,559
12/29/95	Hornets vs Portland	1	19 716
12/31/95	Jubilate'	1	23,109
	Totals:	131	1,453,544

* Outlined Events are "Public Purpose" Events

Attached are forecasts of various financial forecasts presented by the Charlotte Auditorium-Coliseum-Convention Center Authority to the Citizens Advisory Committee

City of Charlotte
Auditorium-Coliseum-Convention Center Authority
Forecast of Net Proceeds
Fiscal 1996-2005

Summary of Forecasts

Forecast	Hornets play in Coliseum until	Hornets Manage Coliseum	Hornets Leave Charlotte	Buyout or Liquidated Damages	Annual # of Coliseum Events	Parking Increase in 1998	Parking Increase in 2002	Build Uptown Arena	Charlotte Coliseum Closed	Indep Arena Closed	Authority Manages SOCDC	Authority Fund Balance, June 30, 2005
Low	2000	No	No	$250,000	50	$1 00	$1 00	Yes	No	No	No	**$1,079,578**
Medium	2000	No	No	$250,000	56	$1 00	$1 00	Yes	No	No	No	**$2,422,472**
High	2000	No	No	$250,000	62	$1 00	$1 00	Yes	No	No	No	**$3,683,176**

City of Charlotte

Auditorium-Coliseum-Convention Center Authority

Forecast of Net Proceeds (Low)

Fiscal 1996-2005

	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
Annual Operating Surplus (Deficit)										
Ovens Auditorium/Independence Arena	218 210	223,665	228,139	232,701	237 355	242,102	246 945	251 883	256 921	262 059
Charlotte Coliseum	1 843 127	1 693 171	2,114,134	2,166 987	2 221 162	397 507	252 480	258 792	265 261	271 893
Old Charlotte Convention Center	160 524	160,000	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(239 031)	(1 074,070)	(1 041,848)	(1 010 592)	(980 275)	(950 866)	(922 340)	(894 670)	(867 830)	(841 795)
Authority Annual Surplus (Deficit)	**1,982,830**	**1,002,766**	**1,300,424**	**1,389,096**	**1,478,242**	**(311,257)**	**(422,916)**	**(383,995)**	**(345,648)**	**(307,843)**
Annual Capital Improvement Expenses										
Ovens Auditorium/Independence Arena	958 086	1,399 553	300 000	300 000	300 000	300,000	300 000	300 000	300,000	300 000
Charlotte Coliseum	288,738	341,824	350,000	350 000	350 000	166 667	166,667	166 667	166,667	166,667
Old Charlotte Convention Center	13 649	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	315 099	415 876	400 000	400 000	400 000	400 000	400 000	400 000	400 000	400 000
Authority Capital Imrpovement Expenses	**1,575,572**	**2,157,253**	**1,050,000**	**1,050,000**	**1,050,000**	**866,667**	**866,667**	**866,667**	**866,667**	**866,667**
Surplus (Deficit) After Application of Capital Expenses and Transfers	**407,258**	**(1,154,487)**	**250,424**	**339,096**	**428,242**	**(1,177,924)**	**(1,289,583)**	**(1,250,662)**	**(1,212,315)**	**(1,174,510)**
Net Proceeds Previous Fiscal Year	6 914,038	7 321 296	6 166,809	6 417 234	6 756 329	7 184 572	6 006 647	4 717 064	3 466 402	2 254 087
Forecasted Net Proceeds	**7,321,296**	**6,166,809**	**6,417,234**	**6,756,329**	**7,184,572**	**6,006,647**	**4,717,064**	**3,466,402**	**2,254,087**	**1,079,578**

Assumptions.

Parking increases $1 00 per car in 1998 and 2002

Hornets pay $250 000 in fiscal 2001 to escape from contract

An arena is built Uptown

The Coliseum remains open hosting 50 events per year

f the Hornets leave after fiscal 1999, change 2005 fund balance to $2,219,154 (liquidated damges)

City of Charlotte

Auditorium-Coliseum-Convention Center Authority

Forecast of Net Proceeds (Medium)

Fiscal 1996-2005

	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
Annual Operating Surplus (Deficit)										
Ovens Auditorium/Independence Arena	218 210	223 665	228 139	232 701	237 355	242 102	246 945	251 883	256 921	262 059
Charlotte Coliseum	1 843,127	1,693 171	2,114,134	2,166,987	2 221,162	662,011	536,257	549,663	563 405	577 490
Old Charlotte Convention Center	160 524	160,000	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(239 031)	(1,074 070)	(1 041 848)	(1 010 592)	(980 275)	(950 866)	(922 340)	(894 670)	(867 830)	(841 795)
Authority Annual Surplus (Deficit)	**1,982,830**	**1,002,766**	**1,300,424**	**1,389,096**	**1,478,242**	**(46,753)**	**(139,139)**	**(93,123)**	**(47,504)**	**(2,246)**
Annual Capital Improvement Expenses										
Ovens Auditorium/Independence Arena	958 086	1 399 553	300 000	300 000	300,000	300 000	300 000	300 000	300 000	300 000
Charlotte Coliseum	288,738	341 824	350,000	350 000	350 000	186 667	186 667	186 667	186 667	186 667
Old Charlotte Convention Center	13 649	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	315 099	415 876	400 000	400 000	400 000	400 000	400 000	400 000	400 000	400 000
Authority Capital Imrpovement Expenses	**1,575,572**	**2,157,253**	**1,050,000**	**1,050,000**	**1,050,000**	**886,667**	**886,667**	**886,667**	**886,667**	**886,667**
Surplus (Deficit) After Application of Capital Expenses and Transfers	**407,258**	**(1,154,487)**	**250,424**	**339,096**	**428,242**	**(933,420)**	**(1,025,806)**	**(979,790)**	**(934,171)**	**(888,913)**
Net Proceeds Previous Fiscal Year	6,914 038	7 321 296	6 166 809	6 417 234	6 756 329	7 184,572	6 251 151	5 225 346	4 245 555	3 311 384
Forecasted Net Proceeds	7,321,296	6,166,809	6,417,234	6,756,329	7,184,572	6,251,151	5,225,346	4,245,555	3,311,384	2,422,472

Assumptions.

Parking increases $1 00 per car in 1998 and 2002

Hornets pay $250 000 in fiscal 2001 to escape from contract

An arena is built Uptown

The Coliseum remains open hosting 56 events per year

If the Hornets leave after fiscal 1999, change 2005 fund balance to $3,842,624 (liquidated damges)

City of Charlotte

Auditorium-Coliseum-Convention Center Authority

Forecast of Net Proceeds (High)

Fiscal 1996-2005

	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
Annual Operating Surplus (Deficit)										
Ovens Auditorium/Independence Arena	218 210	223,665	228,139	232 701	237 355	242 102	246 945	251,883	256 921	262 059
Charlotte Coliseum	1,843 127	1 693 171	2 114,134	2 166 987	2 221,162	926 515	800 242	820 248	840 754	861 773
Old Charlotte Convention Center	160 524	160,000	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(239 031)	(1 074,070)	(1 041 848)	(1 010 592)	(980 275)	(950 866)	(922 340)	(894,670)	(867 830)	(841 795)
Authority Annual Surplus (Deficit)	**1,982,830**	**1,002,766**	**1,300,424**	**1,389,096**	**1,478,242**	**217,751**	**124,846**	**177,461**	**229,845**	**282,037**
Annual Capital Improvement Expenses										
Ovens Auditorium/Independence Arena	958 086	1 399 553	300,000	300 000	300,000	300 000	300 000	300 000	300 000	300 000
Charlotte Coliseum	288,738	341,824	350 000	350,000	350 000	206 667	206 667	206 667	206 667	206 667
Old Charlotte Convention Center	13 649	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	315 099	415 876	400 000	400 000	400 000	400 000	400 000	400 000	400 000	400 000
Authority Capital Imrpovement Expenses	**1,575,572**	**2,157,253**	**1,050,000**	**1,050,000**	**1,050,000**	**906,667**	**906,667**	**906,667**	**906,667**	**906,667**
Surplus (Deficit) After Application of Capital Expenses and Transfers	**407,258**	**(1,154,487)**	**250,424**	**339,096**	**428,242**	**(688,916)**	**(781,821)**	**(729,206)**	**(676,822)**	**(624,630)**
Net Proceeds Previous Fiscal Year	6 914 038	7,321 296	6 166 809	6 417 234	6 756,329	7 184 572	6 495 656	5 713,834	4 984 628	4 307 806
Forecasted Net Proceeds	**7,321,296**	**6,166,809**	**6,417,234**	**6,756,329**	**7,184,572**	**6,495,656**	**5,713,834**	**4,984,628**	**4,307,806**	**3,683,176**

Assumptions.

Parking increases $1 00 per car in 1998 and 2002

Hornets pay $250 000 in fiscal 2001 to escape from contract

An arena is built Uptown

The Coliseum remains open hosting 62 events per year

f the Hornets leave after fiscal 1999, change 2005 fund balance to $5,431,247 (liquidated damges)

Deloitte & Touche LLP

AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

Combined Financial Statements and Supplemental Schedules for the Years Ended June 30, 1996 and 1995 and Independent Auditors' Report

Deloitte Touche Tohmatsu International

AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

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Deloitte & Touche LLP

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INDEPENDENT AUDITORS' REPORT

Authority Members
Auditorium-Coliseum-Convention Center Authority
Charlotte, North Carolina

We have audited the combined financial statements of the Auditorium-Coliseum-Convention Center Authority (the Authority) as of June 30, 1996 and 1995, and for the years then ended, listed in the foregoing table of contents These combined financial statements are the responsibility of the Authority's management Our responsibility is to express an opinion on these combined financial statements based on our audits

We conducted our audits in accordance with generally accepted auditing standards Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

The Authority has consistently maintained its accounts and prepared its combined financial statements in accordance with accounting principles which exclude the cost of and depreciation of the properties and facilities under its control and the liability for and interest costs on the related debt Such principles differ from generally accepted accounting principles for a combined component unit as explained in Note 1 to the combined financial statements Accordingly, the accompanying combined financial statements are not intended to present financial position and results of operations of the Authority in conformity with generally accepted accounting principles

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the assets, liabilities, and retained earnings of the Authority at June 30, 1996 and 1995, and the results of its operations, the changes in grants from and distributions to the City of Charlotte, and its cash flows for the years then ended, on the basis of accounting described in Note 1

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole The supplemental schedules listed in the foregoing table of contents, which are presented on the basis of the accounting described in Note 1 are for purposes of additional analysis and are not a required part of the basic combined financial statements These schedules are the responsibility of the Authority's management Such schedules have been subjected to the auditing procedures applied in our audits of the basic combined financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic combined financial statements taken as a whole

Deloitte & Touche LLP

August 16, 1996

AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

COMBINED BALANCE SHEETS
JUNE 30, 1996 AND 1995

ASSETS	1996	1995
Cash and cash equivalents	$ 8,468,947	$7,274,267
Cash held in custody as agent	468,302	1,011,149
Advertising escrow account (Note 3)	2,988	36,663
Equipment escrow account (Note 4)	219,890	2,093
Alive After Five escrow account	6,739	6,739
Accounts receivable (no allowance for doubtful accounts)	952,588	1,157,249
Refundable sales tax	103,108	152,899
Merchandise inventory (Note 1)	168,398	168,473
Prepaid expenses	74,351	153,376
TOTAL	$10,465,311	$9,962,908
LIABILITIES AND PROPRIETARY INTEREST		
LIABILITIES		
Accounts payable		
Event sponsors	$ 590,681	$1,080,529
Others	1,014,891	767,903
Advertising escrow to be distributed (Note 3)	2,988	36,663
Equipment escrow to be distributed (Note 4)	219,890	2,093
Alive After Five escrow to be distributed	6,739	6,739
Employees' funds withheld	1,236	11,983
Accrued liabilities		
Salaries and wages	112,761	107,401
Vacation pay	372,333	96,526
Other	16,992	6,604
Deposits	618,145	578,664
Maintenance and marketing reserves (Notes 5 and 7)	120,147	137,470
Insurance claims reserve (Note 8)	67,212	216,295
Total liabilities	3,144,015	3,048,870
PROPRIETARY INTEREST (Note 1)		
Grants of funds from the City of Charlotte	2,251,940	2,251,940
Contributed from other sources	118,939	118,939
Retained earnings (Note 6)	4,950,417	4,543,159
Total proprietary interest	7,321,296	6,914,038
TOTAL	$10,465,311	$9,962,908

See notes to combined financial statements

AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

COMBINED STATEMENTS OF REVENUES, EXPENSES AND RETAINED EARNINGS - BUDGET AND ACTUAL
YEARS ENDED JUNE 30, 1996 AND 1995

	1996		1995
	Budget	Actual	Actual
SUMMARY OF OPERATIONS			
Coliseum			
Revenues (Note 9)	$10,224,844	$10,833,478	$12,403,681
Expenses	9,133,205	8,990,351	8,720,128
Excess of revenues over expenses	1,091,639	1,843,127	3,683,553
Auditorium/Arena			
Revenues (Note 9)	3,631,906	3,505,079	3,686,662
Expenses	3,407,967	3,286,869	3,276,049
Excess of revenues over expenses	223,939	218,210	410,613
Convention Center			
Revenues	318,000	316,096	1,555,259
Expenses	180,873	155,572	1,595,657
Excess (deficiency) of revenues over expenses	137,127	160,524	(40,398)
New Convention Center			
Revenues	7,132,479	7,401,451	3,653,315
Expenses	8,341,115	7,640,482	4,671,269
Excess of expenses over revenues	(1,208,636)	(239,031)	(1,017,954)
EXCESS OF REVENUES OVER EXPENSES	$ 244,069	1,982,830	3,035,814
RETAINED EARNINGS AT BEGINNING OF YEAR		4,543,159	5,062,220
NET DISTRIBUTIONS TO THE CITY OF CHARLOTTE (Note 1)		(1,575,572)	(3,554,875)
RETAINED EARNINGS AT END OF YEAR (Note 6)		$ 4,950,417	$ 4,543,159

See notes to combined financial statements

AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

COMBINED STATEMENTS OF CHANGES IN GRANTS OF FUNDS FROM AND DISTRIBUTIONS TO THE CITY OF CHARLOTTE
YEARS ENDED JUNE 30, 1996 AND 1995

	1996	1995
GRANTS OF FUNDS FROM THE CITY OF CHARLOTTE - Balance at beginning and end of year	$ 2,251,940	$ 2,251,940
DISTRIBUTIONS TO THE CITY OF CHARLOTTE		
Cost of physical property additions and improvements (Note 1)		
Coliseum	$ 274,576	$ 956,138
Auditorium/Independence Arena	878,110	805,949
Convention Center	13,649	328,695
New Convention Center	302,656	1,367,819
Extraordinary repairs	106,581	96,274
Net distributions to the City of Charlotte	1,575,572	3,554,875
ACCUMULATED DISTRIBUTIONS TO THE CITY OF CHARLOTTE AT BEGINNING OF YEAR - Included as a component of retained earnings within the balance sheet (Note 6)	24,795,238	21,240,363
ACCUMULATED DISTRIBUTIONS TO THE CITY OF CHARLOTTE AT END OF YEAR - Included as a component of retained earnings within the balance sheet (Note 6)	$26,370,810	$24,795,238

See notes to combined financial statements

AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 1996 AND 1995

	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	$1,982,830	$3,035,814
Adjustments to reconcile excess of revenues over expenses to net cash from operating activities		
Decrease (increase) in cash held in custody as agent	542,847	(737,867)
Decrease in merchandise inventory	75	10,624
Decrease (increase) in accounts receivable, refundable sales tax and prepaid expenses	333,477	(762,564)
(Decrease) increase in accounts payable	(242,860)	1,038,426
Decrease in employees' funds withheld	(10,747)	(54,668)
Increase (decrease) in accrued liabilities	291,555	(34,803)
Increase in deposits	39,481	362,181
(Decrease) increase in maintenance and marketing reserves	(17,323)	59,626
Decrease in insurance claims reserve	(149,083)	(36,230)
Net cash provided by operating activities	2,770,252	2,880,539
CASH FLOWS FROM INVESTING ACTIVITIES		
Distributions to the City of Charlotte		
Property additions and improvements	(1,468,991)	(3,458,601)
Extraordinary repairs	(106,581)	(96,274)
Net cash used in investing activities	(1 575,572)	(3,554,875)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,194,680	(674,336)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7 274,267	7,948,603
CASH AND CASH EQUIVALENTS AT END OF YEAR	$8,468,947	$7,274,267

See notes to combined financial statements

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization - The Charter of the City of Charlotte (City) provides, among other things, that (1) the Authority shall control, manage, and operate the Auditorium-Coliseum-Convention Center in a proper, efficient, economical and business-like manner to the end that these properties and facilities may effectively serve the public needs for which they were established at the least cost and expense to the City, (2) the Authority shall have full and complete control and make all reasonable rules and regulations as it deems necessary for the proper operation and maintenance of such properties and facilities, (3) the Authority's finance officer, who shall be the finance officer of the City, shall keep all the Authority's funds in separate accounts from other funds of the City and make payments only in accordance with procedures established by the Authority

The Authority, a "special district" for purposes of the Local Government Budget and Fiscal Control Act, has consistently maintained its records and prepared its budgetary and financial reports on only those funds for which it has financial responsibility, excluding (1) the cost of the above referred-to properties and facilities, which are owned by the City of Charlotte, and (2) the liability for, and interest on, the related bonds which are general obligations of the City of Charlotte

The accompanying combined financial statements have been prepared in conformity with generally accepted accounting principles, except as follows

(1) neither the cost of the facilities, the liability for the bonds nor the related depreciation and bond interest are recorded in the accounts of the Authority or included in the accompanying combined financial statements, and

(2) costs of capital additions and improvements and extraordinary repairs to the facilities are, in accordance with an agreement with the City of Charlotte, reported as distributions to the City and not charged to expenses

Reporting Entity - The Authority has no component units (legally separate entities for which it is financially accountable) to warrant inclusion in the accompanying combined financial statements

The City of Charlotte is financially accountable for the Authority The City pays the Authority's outstanding general obligation bonded debt and any net operating proceeds of the Authority are to be used to pay interest and principal on the bonded debt, or as otherwise directed by the City Council Therefore, the Authority is considered a component unit of the City and is presented in the City's combined financial statements in a separate column

Basis of Presentation - Financial Accounting - The accounts of the Authority are organized and operated on a fund basis A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets, liabilities, retained earnings, revenues, and expenses

The Authority accounts for its operations in one fund type, the enterprise fund An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes The Authority maintains four enterprise funds - Coliseum, Auditorium/Arena, Convention Center, and New Convention Center

Basis of Accounting - The Authority follows the accrual basis of accounting Under this method, revenues are recognized in the accounting period in which they are earned and become measurable Expenses are recognized when the liability is incurred, if measurable

As permitted, the Authority has elected to apply only the applicable FASB Statements and Interpretations issued before November 30, 1989 in the accounting and reporting practices for its operations

Budgetary Control - As required by the North Carolina Budget and Fiscal Control Act, the Authority adopts an annual budget ordinance The accompanying statement of revenues, expenses, and retained earnings - budget and actual presents the annual operating budget amounts as amended to June 30, 1996

Cash and Cash Equivalents - For purposes of reporting cash flows, the Authority considers cash and investments with an original maturity of three months or less to be cash equivalents Such amounts include interest-earning demand deposits

Deposits - All of the deposits of the Authority are either insured or collateralized by using one of two methods Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Authority's agent in the Authority's name Under the Pooling Method, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer Since the State Treasurer is acting in a fiduciary capacity for the City and thus the Authority, these deposits are considered to be held by the Authority's agent in the Authority's name The amount of the pledged collateral is based on an approved averaging method for noninterest-bearing deposits and the actual current balance for interest-bearing deposits Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits The State Treasurer does not confirm this information with the City or the escrow agent Because of the inability to measure the exact amounts of collateral pledged for the Authority under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method

Investments - North Carolina statutes authorize the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain nonguaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Cash Management Trust, an SEC registered mutual fund

All of the Authority's investments are with the North Carolina Cash Management Trust The North Carolina Cash Management Trust is exempt from risk categorization because the Authority does not own any identifiable securities but is a shareholder of a percentage of the fund

Property Additions and Improvements - The cost of physical property additions and improvements made during 1996 and 1995, and reported as distributions to the City are summarized as follows

	1996	1995
Coliseum		
Machinery and equipment	$ 178,406	$ 757,626
Furniture and fixtures	7,335	66,571
Improvements	88,835	131,941
Total	274,576	956,138
Auditorium/Independence Arena		
Machinery and equipment	95,254	526,729
Furniture and fixtures	80,425	138,405
Improvements	702,431	140,815
Total	878,110	805,949
Convention Center		
Machinery and equipment	13,649	303,345
Improvements	-	25,350
Total	13,649	328,695
New Convention Center		
Machinery and equipment	182,982	1,344,149
Furniture and fixtures	64,723	-
Improvements	54,951	23,670
Total	302,656	1,367,819
Total	$1,468,991	$3,458,601

Extraordinary Repairs - Repairs which are so extensive in nature as to prolong the life of the asset beyond the period originally estimated are considered to be "extraordinary" by agreement with the City of Charlotte and are accounted for as distributions to the City Such extraordinary repairs recorded as distributions to the City for 1996 and 1995 totaled $106,581 and $96,274, respectively

Compensated Absences - Employees earn vacation leave at the rate of five to twenty days per year and can accrue a maximum of twenty to forty days, depending on length of service Unused vacation days are payable upon termination, resignation, retirement, or death at the rates of pay then in effect The Authority's liability for accumulated earned vacation is recorded in accrued liabilities vacation pay on the combined balance sheet

Employees accumulate sick leave at the rate of one day per month and can accrue an unlimited number of days Sick leave can be taken for personal illness or illness of a member of the immediate family Sick leave is lost upon termination or resignation and as the Authority has no obligation for the accumulated sick leave, no accrual for sick leave is made

Pension Plan Obligations - All permanent full-time Authority employees participate in the North Carolina Local Governmental Employees' Retirement System (System), a multiple employer, cost-sharing, defined benefit pension plan The Authority's annual contribution is based upon a percentage of salaries of eligible employees in accordance with provisions of the Plan The Authority's payroll for employees covered by the System for the year ended June 30, 1996 was $3,825,272, the Authority's total payroll was $11,704,037

The System provides retirement and disability benefits After five years of creditable service, employees qualify for a vested benefit Employees may retire with unreduced retirement benefits under the following conditions

(1) Complete 30 years of creditable service, or
(2) reach age 65 and complete 5 years of creditable service, or
(3) reach age 60 and complete 25 years of creditable service

Employees retiring under any of these conditions are entitled to annual retirement benefits equal to 1 72% of their average final compensation times their years of creditable service Average final compensation is the average of an employees' salary during the employee's four highest paid years in a row

Employees who reach age 50 and complete 20 years of creditable service or who reach age 60 and complete 5 years of creditable service may retire with reduced benefits

Covered employees are required by State statute to contribute 6% of their salary to the System The Authority is required by the same statute to contribute the remaining amounts necessary to pay benefits when due For the Authority, the actuarially determined contribution requirement for the year ended June 30, 1996 was $413,103, which consisted of $183,613 from the Authority and $229,490 from employees, these contributions represented 4 8% and 6 0% of covered payroll, respectively The actuarially determined contribution requirement for the year ended June 30, 1995 was $391,926, which consisted of $174,189 from the Authority and $217,737 from employees

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and employers The System does not make separate measurements of assets and pension benefit obligation for individual employers The pension benefit obligation for the System as a whole at June 30, 1995, the date of the latest available actuarial valuation, was $4,477,415,000 The System's net assets available for benefits on that date (at book value) were $4,911,161,000, leaving net assets in excess of the pension benefit obligation of $433,746,000 The Authority's 1995 contribution represented less than 1% of total contributions required of all participating employers

Ten-year historical trend information showing the System's revenues by source and expenses by type will be presented in the State of North Carolina's June 30, 1996 Comprehensive Annual Financial Report (CAFR) The State's CAFR will also begin to present prospective trend information showing the System's progress in accumulating sufficient assets to pay benefits when due

Postemployment Benefits - In addition to providing pension benefits, the Authority has elected to provide healthcare and life insurance benefits to retirees of the Authority who participate in the System and have at least five years of creditable service with the Authority The Authority pays a percentage of the cost of coverage for these benefits based on years of service Also, retirees can purchase coverage for their dependents at the Authority's group rates Currently, twelve retirees are eligible for postretirement health benefits and eight retirees receive life insurance benefits For the fiscal years ended June 30, 1996 and 1995, the Authority made payments for postretirement health benefit premiums of $5,252 and $8,294, respectively, and postretirement life insurance premiums of $28 and $31, respectively During the years ended June 30, 1996 and 1995, the Authority paid $32,878 and $55,520, respectively, in claims related to these postretirement benefits The Authority participates in a partially self-funded risk-financing pool administered by the North Carolina League of Municipalities

Merchandise Inventory - Merchandise inventory is stated at the lower of cost, determined on a first-in, first-out basis, or market The Authority's inventory consists of concessions and catering food, beverage and supplies

Revenue Sharing - On November 6, 1995, the Authority and George Shinn Sports Inc ("Shinn") agreed to share 50% of the net profits from food and beverage concession operations and from parking operations associated with Charlotte Hornets NBA team home games During 1996, the Authority paid Shinn $792,589 and $465,794 in food and beverage concession and parking profits, respectively

Reclassification - Certain reclassifications have been made to the 1995 financial statements to conform to the 1996 presentation

2. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters Settled claims have not exceeded purchased insurance coverage in any of the past three fiscal years

The Authority protects itself from potential loss through the purchase of various insurance policies from commercial insurance providers for the following coverages

Automobile liability, hired and non-owned coverage, with limits of $1,000,000 each accident, bodily injury and property damage combined single limit

Commercial general liability with limits of $1,000,000 bodily injury and property damage each occurrence and $2,000,000 annual aggregate

Liquor law liability with limits of $1,000,000 each occurrence and $2,000,000 annual aggregate

Medical expense limit of $5,000 per person

Employee benefit liability coverage with a limit of $1,000,000 with an annual aggregate of $3,000,000

Umbrella liability coverage with a limit of $25,000,000 over the automobile, general liability, liquor liability and medical expense coverages with a retention of $10,000 each occurrence

Blanket crime coverage with a limit of $200,000 inside or outside the premises with a deductible of $1,000 per occurrence

Public officials and employees liability insurance with a $2,000,000 limit each loss and annual aggregate and $7,500 retention each loss

Blanket business personal property coverage on a replacement cost basis with a limit of $16,214,177 with a $1,000 deductible per occurrence

The Authority participates in the self-funded workers' compensation program administered by the City of Charlotte's Risk Management Fund

3. ADVERTISING ESCROW ACCOUNT

The Authority is the custodian of a cash management account which is used to accumulate the advertising proceeds from the Coliseum scoreboard Such proceeds will be distributed in accordance with the "Repayment Agreement" entered into in June 1989 between the City of Charlotte, the Authority, and the Charlotte NBA Funded Partnership The undistributed proceeds as of June 30, 1996 and 1995 are reflected in the respective balance sheets under the captions "Advertising escrow account" and "Advertising escrow to be distributed "

4. EQUIPMENT ESCROW ACCOUNT

During the fiscal years 1996 and 1995, the Authority and the Charlotte NBA Funded Partnership agreed to accumulate a portion of the annual advertising revenues from the Coliseum scoreboard in a separate cash management account for the purpose of purchasing equipment to be used in the Coliseum during Charlotte Hornets games The undistributed proceeds as of June 30, 1996 and 1995 are reflected in the balance sheet under the caption "Equipment escrow account" and "Equipment escrow to be distributed "

5. NEW CONVENTION CENTER AND MARKETING RESERVE

The General Assembly of the State of North Carolina enacted a room occupancy tax during its 1983 session and increased that tax and imposed a prepared food and beverage tax during its 1989 session The latter legislation provides for distribution to the City of Charlotte of 3% of the gross occupancy receipts and the entire net proceeds of the prepared food and beverage tax The legislation allows the City to distribute $1 5 million annually, if available, from the above net proceeds, after payment of debt service for new and expanded convention center facilities, for marketing and promotion of the New Convention Center completed in 1995 The Authority and the Charlotte Convention and Visitors Bureau (CCVB) share such distributions to cover marketing and promotional costs incurred as a result of their efforts in promoting the New Convention Center Under an agreement dated July 1, 1993, the Authority and the CCVB agreed to an allocation of thirty percent (30%) and seventy percent (70%), respectively

During 1996 and 1995, the Authority received a total of $743,177 and $620,115, respectively, under this agreement, of which $711,023 and $604,401, respectively, were used for reimbursement of New Convention Center marketing and promotion costs incurred In accordance with the agreement, the remaining amounts received were recorded in the marketing reserve, the balance of which was $47,867 and $15,715 at June 30, 1996 and 1995, respectively The Authority incurred $943,796 and $732,745 in 1996 and 1995, respectively, of New Convention Center marketing and promotion costs Net marketing and promotion expenses of $232,773 and $128,344 for 1996 and 1995, respectively, are included in expenses of the New Convention Center

The Authority has entered into an agreement with the City of Charlotte under which the City will subsidize the New Convention Center in an amount equal to fifty percent (50%) of the New Convention Center's annual net operating deficit In accordance with this agreement, the City advanced $1 2 million to the Authority during the year, of which $800,000 was refunded to the City during the year This agreement is effective as long as the Authority operates the New Convention Center The actual deficit subsidy for the New Convention Center for the year ended June 30, 1996 was $239,031, and is included in revenues of the New Convention Center The remaining $169,605 refundable to the City is included in other accounts payable on the combined balance sheet

The Authority opened the New Charlotte Convention Center at the end of January 1995 and subsequently closed the old Convention Center As of June 30, 1996, the old Convention Center building is for sale Until such sale occurs, the Authority is responsible for maintaining the facilities Subsequent to its closure, the only source of revenue for the old Convention Center is parking revenue generated from a leasing arrangement

6. RETAINED EARNINGS

The retained earnings at June 30, 1996 and 1995 reflects the following

	1996	1995
Retained earnings since inception	$31,321,227	$29,338,397
Less accumulated distributions to the City of Charlotte since inception	(26,370,810)	(24,795,238)
Retained earnings	$ 4,950,417	$ 4,543,159

7. MAINTENANCE RESERVES

The Authority entered into agreements with the Charlotte NBA Limited Partnership in December 1991 which stipulate the allocations of Skybox and Scoreboard (signage) revenues In accordance with these agreements, during the year ended June 30, 1995, the Authority was allocated $87,000 for maintenance of the Scoreboard and $25,000 for maintenance of the Skyboxes At June 30, 1996, $4,714 remained in the Scoreboard maintenance reserve and $67,565 remained in the Skybox maintenance reserve

8 INSURANCE

The Authority is self insured for certain healthcare claims At June 30, 1996 and 1995, the Authority had accrued $67,212 and $216,295, respectively, for estimated claims incurred but not reported

9 MAJOR CUSTOMERS

Revenues from the Charlotte Hornets basketball team accounted for 42 3% and 47 5% of the Coliseum's revenues in 1996 and 1995, respectively Revenues from the Charlotte Checkers hockey team accounted for 40% and 30% of the Auditorium/Arena's revenues in 1996 and 1995, respectively

* * * * * *

AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

SUPPLEMENTAL SCHEDULE OF SUMMARY OF OPERATIONS - COLISEUM
YEARS ENDED JUNE 30, 1996 AND 1995

	1996			
	Budget	Actual	Over (Under) Budget	1995 Actual
REVENUES				
Rent of buildings	$ 1,334,000	$ 1,258,640	$ (75,360)	$1,065,266
Box office and ticketing	282,430	177,822	(104,608)	185,763
Event	629,195	731,045	101,850	800,313
Advertising	913,500	832,831	(80,669)	1,281,069
Parking	1,623,000	1,403,496	(219,504)	2,085,813
Concessions and catering	3,945,900	4,813,554	867,654	5,609,356
Novelties	315,000	282,165	(32,835)	167,100
Authority sponsored events	220,000	274,732	54,732	252,724
Skybox lease	622,419	526,558	(95,861)	487,656
Investment	300,000	457,807	157,807	399,510
Miscellaneous	39,400	74,828	35,428	69,111
Total	10,224,844	10,833,478	608,634	12,403,681
EXPENSES				
Cost of merchandise sold	1,397,908	1,442,854	44,946	1,494,584
Salaries and wages	4,574,754	4,719,112	144,358	3,547,456
Employer paid fringes	780,111	665,144	(114,967)	679,632
Contract labor	-	-	-	926,206
Supplies	279,400	215,749	(63,651)	220,554
Insurance	226,628	191,668	(34,960)	225,839
Telephone and postage	84,440	76,103	(8,337)	86,507
Ticket system charges	130,420	91,304	(39,116)	81,616
Advertising	133,000	99,409	(33,591)	123,571
Rentals	72,200	57,407	(14,793)	50,820
Utilities	711,500	704,294	(7,206)	681,406
Repairs and maintenance	254,995	251,644	(3,351)	242,743
Travel and entertainment	91,900	77,128	(14,772)	75,930
Professional fees	150,650	159,976	9,326	152,137
Other	245,299	238,559	(6,740)	131,127
Total	9,133,205	8,990,351	(142,854)	8,720,128
EXCESS OF REVENUES OVER EXPENSES	$ 1,091,639	$ 1,843,127	$ 751,488	$3,683,553

AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

SUPPLEMENTAL SCHEDULE OF SUMMARY OF OPERATIONS - AUDITORIUM/ARENA
YEARS ENDED JUNE 30, 1996 AND 1995

	1996			
	Budget	Actual	Over (Under) Budget	1995 Actual
REVENUES				
Rent of buildings	$ 620,150	$ 612,530	$ (7,620)	$ 671,062
Box office	174,578	110,896	(63,682)	156,323
Event	437,425	436,471	(954)	499,529
Advertising	219,300	189,640	(29,660)	200,831
Parking	588,150	588,572	422	611,624
Concessions and catering	1,386,703	1,411,115	24,412	1,291,715
Novelties	72,600	37,766	(34,834)	93,673
Authority sponsored events	67,500	51,067	(16,433)	87,346
Miscellaneous	65,500	67,022	1,522	74,559
Total	3,631,906	3,505,079	(126,827)	3,686,662
EXPENSES				
Cost of merchandise sold	365,971	336,320	(29,651)	342,026
Salaries and wages	1,815,994	1,863,783	47,789	1,904,957
Employer paid fringes	295,932	233,335	(62,597)	238,441
Supplies	156,900	109,523	(47,377)	112,639
Insurance	70,612	74,729	4,117	74,424
Telephone and postage	45,401	48,668	3,267	42,839
Advertising	10,000	5,413	(4,587)	3,600
Rentals	46,575	35,521	(11,054)	37,341
Utilities	298,000	329,599	31,599	284,226
Repairs and maintenance	170,452	158,026	(12,426)	150,694
Travel and entertainment	17,625	7,613	(10,012)	8,002
Professional fees	33,500	27,173	(6,327)	21,947
Other	25,200	26,310	1,110	15,818
Ticket system charges	55,805	30,856	(24,949)	39,095
Total	3,407,967	3,286,869	(121,098)	3,276,049
EXCESS OF REVENUES OVER EXPENSES	$ 223,939	$ 218,210	$ (5,729)	$ 410,613

AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

SUPPLEMENTAL SCHEDULE OF SUMMARY OF OPERATIONS - CONVENTION CENTER
YEARS ENDED JUNE 30, 1996 AND 1995

	1996			
	Budget	Actual	Over (Under) Budget	1995 Actual
REVENUES				
Rent of buildings	$ -	$ 1,346	$ 1,346	$ 361,009
Box office	-	-	-	-
Event	-	-	-	52,536
Advertising	-	-	-	-
Parking	318,000	314,750	(3,250)	366,385
Concessions and catering	-	-	-	591,132
Electrical	-	-	-	151,650
Novelties	-	-	-	4,500
Miscellaneous	-	-	-	28,047
Total	318,000	316,096	(1,904)	1,555,259
EXPENSES				
Cost of merchandise sold	-	-	-	166,674
Salaries and wages	-	-	-	707,437
Employer paid fringes	-	-	-	163,648
Supplies	-	-	-	37,945
Insurance	13,673	16,447	2,774	62,026
Telephone and postage	4,800	1,022	(3,778)	17,262
Advertising	-	-	-	-
Rentals	6,000	-	(6,000)	56,803
Utilities	130,000	121,738	(8,262)	268,734
Repairs and maintenance	24,000	15,737	(8,263)	62,542
Travel and entertainment	-	-	-	17,560
Professional fees	-	-	-	24,166
Other	2,400	628	(1,772)	10,860
Total	180,873	155,572	(25,301)	1,595,657
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ 137,127	$ 160,524	$ 23,397	$ (40,398)

AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

SUPPLEMENTAL SCHEDULE OF SUMMARY OF OPERATIONS - NEW CONVENTION CENTER
YEARS ENDED JUNE 30, 1996 AND 1995

	1996			
	Budget	Actual	Over (Under) Budget	1995 Actual
REVENUES				
Rent of buildings	$ 1,306,280	$ 1,938,692	$ 632,412	$ 640,862
Box office	9,500	7,215	(2,285)	3,465
Event	76,000	85,350	9,350	37,949
Advertising	3,000	2,574	(426)	946
Parking	90,000	89,297	(703)	34,940
Concessions and catering	3,720,363	3,918,570	198,207	1,519,102
Utilities	580,700	868,797	288,097	284,559
Novelties	-	400	400	1,022
Miscellaneous	138,000	251,525	113,525	54,381
Authority sponsored event	-	-	-	308,135
Deficit subsidy	1,208,636	239,031	(969,605)	767,954
Total	7,132,479	7,401,451	268,972	3,653,315
EXPENSES				
Cost of merchandise sold	1,166,075	1,048,164	(117,911)	499,453
Salaries and wages	3,483,158	3,670,365	187,207	2,041,514
Employer paid fringes	704,853	552,298	(152,555)	307,892
Supplies	445,148	323,406	(121,742)	238,734
Insurance	152,343	177,547	25,204	62,816
Telephone and postage	119,100	111,001	(8,099)	66,445
Advertising	309,360	247,782	(61,578)	758,052
Rentals	185,200	145,173	(40,027)	103,046
Utilities	1,646,000	1,384,967	(261,033)	910,748
Repairs and maintenance	434,120	339,754	(94,366)	59,560
Travel and entertainment	134,345	148,602	14,257	82,212
Professional fees	63,000	86,912	23,912	75,848
Other	81,400	115,534	34,134	69,350
Marketing and promotional funding	(582,987)	(711,023)	(128,036)	(604,401)
Total	8,341,115	7,640,482	(700,633)	4,671,269
EXCESS OF EXPENSES OVER REVENUES	$(1,208,636)	$ (239,031)	$ 969,605	$(1,017,954)

AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

SUPPLEMENTAL SCHEDULE OF FOOD AND BEVERAGE CONCESSION OPERATIONS AND PROFIT SHARING - COLISEUM
YEAR ENDED JUNE 30, 1996

NBA FOOD AND BEVERAGE CONCESSION REVENUES	$3,521,002
NON-NBA FOOD AND BEVERAGE CONCESSION REVENUES	2,088,724
Total Coliseum food and beverage concession	5,609,726
TOTAL FOOD AND BEVERAGE CONCESSION EXPENSES	3,072,774
NET PROFIT - FOOD AND BEVERAGE CONCESSIONS	$2,536,952
PROFITABILITY PERCENTAGE	45 22 %

NBA REVENUES - FOOD AND BEVERAGE CONCESSIONS	$3,521,002
PROFITABILITY PERCENTAGE	45 22 %
TOTAL PROFIT TO SHARE	1,592,344
PERCENTAGE DUE NBA TEAM	50 00 %
TOTAL DUE NBA TEAM	796,172
AMOUNT PAID	792,589
AMOUNT DUE TO NBA TEAM - JUNE 30, 1996	$ 3,583

AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

SUPPLEMENTAL SCHEDULE OF PARKING FACILITIES OPERATIONS AND PROFIT SHARING - COLISEUM
YEAR ENDED JUNE 30, 1996

NBA PARKING REVENUES	$1,242,119
NON-NBA PARKING REVENUES	623,510
Total Coliseum parking revenues	1,865,629
TOTAL PARKING EXPENSES	477,408
NET PROFIT - PARKING	$1,388,221
PROFITABILITY PERCENTAGE	74 41 %

NBA REVENUES - PARKING	$1,242,119
PROFITABILITY PERCENTAGE	74 41 %
TOTAL REVENUE TO SHARE	924,264
PERCENTAGE DUE NBA TEAM	50 00 %
TOTAL DUE NBA TEAM	462,132
AMOUNT PAID	465,794
AMOUNT DUE FROM NBA TEAM - JUNE 30, 1996	$ 3,662

AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

SUPPLEMENTAL SCHEDULE OF REIMBURSABLE EXPENSES FOR NEW CONVENTION CENTER
YEARS ENDED JUNE 30, 1996 AND 1995

	1996			
	Budget	Actual	Over (Under) Budget	1995 Actual
EXPENSES				
Salaries and wages	$387,278	$403,656	$ 16,378	$278,381
Employer paid fringes	87,976	78,966	(9,010)	66,762
Supplies	18,000	8,915	(9,085)	24,956
Telephone and postage	30,000	29,734	(266)	27,085
Advertising	299,360	247,113	(52,247)	199,917
Rentals	-	-	-	27,869
Equipment repairs and maintenance	8,800	6,332	(2,468)	15,523
Travel and entertainment	103,720	125,529	21,809	61,144
Professional fees	14,400	16,521	2,121	11,635
Dues, licenses and subscriptions	12,400	15,867	3,467	8,602
Other	14,400	11,163	(3,237)	10,871
Total expenditures	976,334	943,796	(32,538)	732,745
Less New Convention Center Marketing and Promotion Reimbursements recorded	582,987	711,023	(128,036)	604,401
Net Marketing and Promotion Expenditures for New Convention Center	$393,347	$232,773	$(160,574)	$128,344

6-21-96

City of Charlotte

Auditorium-Coliseum-Convention Center Authority

Proposal Concerning Charlotte Coliseum and Charlotte Hornets

Proposal

The City of Charlotte will·

Advance the Authority up to $6 9M for improvements to the Charlotte Coliseum

Agree to fully subsidize operating deficits and capital improvement needs at the Charlotte Convention Center out of funds legally dedicated to that purpose

The Authority will.

Add the following amenities to the Charlotte Coliseum
Up to 30 10-seat skyboxes
Up to 1,500 club seats
Private club to support existing and new skyboxes and club seats
(Number of seats and skyboxes and size of club to be demand-based)

Share additional concessions and parking profits with the Hornets equal to 50% of the revenue generated by the new skyboxes

Repay the advances made by the City with interest calculated at the City's "lost opportunity rate"

After the advances are repaid, make annual contributions to Coliseum debt service (any net proceeds in excess of $5 0M)

The Hornets will

Agree to play in the Coliseum until the conclusion of the 2004-05 basketball season

City of Charlotte
Auditorium-Coliseum-Convention Center Authority

Proposal Concerning Charlotte Coliseum and Charlotte Hornets

Benefits

Benefits to the Hornets:

No capital costs

Incremental increase in revenues of up to $2 8M per year
(Would mean City has created up to $5 3M annually in revenues for Hornets since original agreement)

Effective Year	Source of Revenues	Annual Increase In Revenues
1992	Courtside Advertising (AdTime)	$1 0 M
1995	Food and Beverage/Parking	$1 5 M
1997	Premium Seating	$2 8 M
	Total	$5 3 M

Public perception of "partnership" with the City

Benefits to the City and Authority:

Extension of Hornets lease agreement

Ability to attract hockey franchise

Maintenance of current facility management structure

Fulfillment of obligations made in 1984 to voters

Improvements made at no additional expense to taxpayers

Limited investment in uncertain future of professional sports

Time to create a time and project-specific master plan for Uptown
(See recommendations made in Charlotte Convention Center maximization study)

City of Charlotte

Auditorium-Coliseum-Convention Center Authority

Proposal Concerning Charlotte Coliseum and Charlotte Hornets

Improvements to Coliseum

Description	Number	Capacity	Constr Cost	Revenue Per Unit	Annual Revenues
Skyboxes	30	10	$3,100,000	$60,000	$1,800,000
Club Seats	1,500	1	$450,000	$650	$975,000
Private Club	1	750	$3,350,000	n/a	n/a
Totals			$6,900,000		$2,775,000

City of Charlotte

Auditorium-Coliseum-Convention Center Authority

Proposal Concerning Charlotte Coliseum and Charlotte Hornets

Revenues to Hornets:

Skyboxes	**900,000**
Club Seats	**975,000**
Additional Revenue Sharing With Authority-*	**900,000**
Debt Service & Depreciation Cost Savings	**n/a**
Total:	**$2,775,000**

*-To preserve the Authority's ability to attract another franchise while the Hornets continue to play in the Coliseum, the Authority would share additional food and beverage and parking revenues with the Team in an amount equal to the Authority's share of skybox revenues

City of Charlotte

Auditorium-Coliseum-Convention Center Authority

Proposal Concerning Charlotte Coliseum and Charlotte Hornets

Pay-As-You-Go Repayment Schedule of Advances Made by the City For Improvements to the Charlotte Coliseum

Date		Rate	Days	Amount Advanced	Amount Reimbursed	Interest	Balance
05/01/97	07/31/97	5 75%	92	$2 300,000 00		$33 335 04	$2,333 335 04
08/01/97	09/30/97	5 75%	61	$2 300 000 00		$44 524 45	$4 677 859 49
10/01/97	10/31/97	5 75%	31	$2 300 000 00		$34 076 81	$7 011 936 29
11/01/97	10/31/98	5 75%	365		$770,768 50	$358 867 15	$6 600 034 94
11/01/98	10/31/99	5 75%	365		$1 441,000 00	$296 644 51	$5 455 679 45
11/01/99	10/31/00	5 75%	365		$1 482,820 00	$228 439 42	$4 201 298 87
11/01/00	10/31/01	5 75%	365		$1 431 840 00	$159 243 88	$2 928 702 75
11/01/01	10/31/02	5 75%	365		$1 382,182 00	$88 924 94	$1 635 445 70
11/01/02	10/31/03	5 75%	365		$1 333 813 00	$17 343 88	$318 976 58
11/01/03	10/31/04	5 75%	366		$318 976 58	($0 00)	($0 00)
			2 740	$6 900 000 00	$8 161 400 08	$1 261 400 08	

City of Charlotte
Auditorium-Coliseum-Convention Center Authority
Forecast of Net Proceeds
Fiscal 1995-2005
Forecast. Authority Proposal for Hornets

	Fiscal 1995	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
Annual Operating Surplus (Deficit)											
Ovens Auditorium/Independence Arena	410 613	60 279	3 038	50 000	51 000	52 020	53 060	54 122	55 204	56 308	57 434
Charlotte Coliseum	3 683 553	1 927 494	1 516 134	2 000 000	2 040 000	2 080 800	2 028 780	1 978 061	1 928 609	1 880 394	1 833 384
Old Charlotte Convention Center	(40 398)	152 587	135 742	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(1 017 954)	(263 271)	(1 243 202)	0	0	0	0	0	0	0	0
Authority Annual Surplus (Deficit)	**3,035,814**	**1,877,089**	**411,712**	**2,050,000**	**2,091,000**	**2,132,820**	**2,081,840**	**2,032,182**	**1,983,813**	**1,936,702**	**1,890,818**
Annual Capital Improvement Expenses											
Ovens Auditorium/Independence Arena	(849 709)	(1 113 977)	(1 333 680)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)
Charlotte Coliseum	(994 673)	(156 138)	(350 120)	(1 350 000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)
Old Charlotte Convention Center	(338 033)	0	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(1 372 460)	(438 632)	(439 525)	0	0	0	0	0	0	0	0
Authority Capital Improvement Expenses	**(3,554,875)**	**(1,708,747)**	**(2,123,325)**	**(1,650,000)**	**(650,000)**	**(650,000)**	**(650,000)**	**(650,000)**	**(650,000)**	**(650,000)**	**(650,000)**
Miscellaneous Grants Transfers and Advances											
Transfers from (to) City Coliseum Improvements	0	0	0	(770 769)	(1 441 000)	(1 482 820)	(1,431 840)	(1 382 182)	(1 333 813)	(318 977)	0
Transfers from (to) City Coliseum Debt	0	0	0	0	0	0	0	0	0	(967 725)	(1 240 818)
Grant of Funds from Miscellaneous Sources	0	0	0	0	0	0	0	0	0	0	0
(Advance) Receipt of Scoreboard/Skybox Funds	0	0	0	0	0	0	0	0	0	0	0
Authority Grants Transfers and Advances	**0**	**0**	**0**	**(770,769)**	**(1,441,000)**	**(1,482,820)**	**(1,431,840)**	**(1,382,182)**	**(1,333,813)**	**(1,286,702)**	**(1,240,818)**
Surplus (Deficit) After Application of Capital Expenses and Transfers	**(519,061)**	**168,342**	**(1,711,613)**	**(370,769)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net Proceeds Previous Fiscal Year	7 433 100	6 914 039	7 082 381	5 370 768	5 000 000	5 000 000	5 000 000	5 000 000	5 000 000	5 000 000	5 000 000
Net Proceeds	**6,914,039**	**7,082,381**	**5,370,768**	**5,000,000**	**5,000,000**	**5,000,000**	**5,000,000**	**5,000,000**	**5,000,000**	**5,000,000**	**5,000,001**

Notes

1. Authority repays City advance of funds for Coliseum premium seating improvements (1997 2001) See attached schedule
2. Additional revenues to the Authority from skyboxes are offset by additional revenue sharing to team
3. Convention Center capital improvement expenses and operating deficits are paid from Convention Center funds (approx $1 5 million per year)
4. After advances to the City are repaid Authority transfers all funds in excess of 5 0 million to City to accelerate payment of Coliseum debt

City of Charlotte

Auditorium-Coliseum-Convention Center Authority

Authority Proposal for Charlotte Hornets
Projected Use of Authority Net Proceeds

Use of Coliseum Surpluses

	7/88-6/96	7/96-6/05
Authority Fund Balance, 6/30/88, 6/30/96	$1,310,359	$7,082,381
Coliseum Operating Surpluses:	27,584,106	17,286,161
Auditorium/Arena Operating Surpluses:	1,021,983	432,186
Old Convention Center Deficits:	(1,687,692)	135,742
New Convention Center Deficits:	(1,387,548)	(1,243,202)
Repayment of Advances:	0	(8,161,400)
Transfer of Funds from (to) City of Charlotte	0	(2,208,543)
Grant of Funds from (to) Other Sources	528,515	0
Capital Improvement Expenses, All Facilities:	(20,287,342)	(8,323,325)
Authority Fund Balance	$7,082,381	$5,000,001

City of Charlotte

Auditorium-Coliseum-Convention Center Authority

Proposal Concerning Charlotte Coliseum and Charlotte Hornets

Summary:

This proposal accomplishes the following:

Continues the "partnership" established between the Hornets and the City in 1986

Increases facility-related revenues for the Hornets

Limits the liability of the public in the future of professional sports

Maintains the public purpose for which the Coliseum was built

Maintains the financial benefits the Coliseum generates for the City

Reflects the opinions of the general public concerning what to do about the Hornets and the Coliseum.

I. Introduction

II. Historical Utilization
- A. Attendance (Summary Tables)
  - 1. Charlotte Coliseum
    - a. +/- 100 Performances, +/- 1.4M Attendees
  - 2. Independence Arena
    - a. +/- 100 Performances, +/- 400,000 Attendees
  - 3. Combined
    - a. +/- 200 Performances, +/- 1.8 M Attendees
  - 4. Hornets Impact on Utilization
    - a. 43 to 45 Performances
    - b. +/- 850,000 to 925,000 Attendees
    - c. +/- 40% to 45% of Performances (Coliseum)
    - d. +/- 60% of Annual Attendees (Coliseum)
  - 5. Changes in Utilization
    - a. Hornets attendance down 1,500 per game
    - b. Possible Loss of Hornets (5-Year Period)
    - c. Ind. Arena's loss of UNCC (Fall 1996 - New UNCC Arena)
- B. User Surveys
  - 1. Summary of Responses (Summary Table)
  - 2. Overall Satisfaction with Facility and Management
  - 3. Potential Impact of Renovated Facility
    - a. Reduced Seating Capacity - Due to Boxes
    - b. Possible Loss of ACC/NCAA Tournaments
  - 4. Potential Interest in "New" NBA Arena
    - a. Loss of Events - Charlotte Coliseum
- C. Summary of Competitive Facilities
  - 1. Local Facilities
  - 2. Regional Facilities

III. Historical Financial Performance
- A. Summary Table
  - 1. Three-Year Historical Data (See Summary Table)
  - 2. Budgeted Fiscal 1996 (See Summary Table)
- B. Impact of Hornets on Historical Performance
  - 1. >75% Impact on Net Income
  - 2. +/- $600,000 Net Income w/o Hornets Versus $3 7 M w/Hornets (Old Lease)
- C. Impact of new Hornets lease
  - 1 50% Split of Net Parking (Old Lease - Authority 100% Parking)
  - 2. 50% Split of Net F&B Concessions (Old Lease - Authority 100% F&B)
  - 3 Estimated $1.5M Drop in Net Income in Fiscal 1996 (NOI - $2M New Lease)
  - 4 Future 2 5% Annual Increases in Hornets Split for Both Rev. Sources
  - 5 Buy-out in Year 6 - $250,000
- D Potential Revenue Enhancements
  - 1 Add Box Suites/Club Seats as Physically Possible
  - 2 Minor Price Increases - Parking (Inc. to $5)/Concessions (Inc by +/- 5%)
  - 3 Name Rights to Coliseum - Est +/- $1M Per Year (Hornets Significant)

IV. Private Manager/Owner and Potential Investor Surveys
- A. Private Manager/Owner Interview
  - 1. Knowledge of Coliseum Operations and Market
    - a. Worked at Merchandise Mart
    - b. Knowledge of other NC/SC arena facilities
    - c. Knowledge of Authority management
  - 2. Potential Sale of Facility
    - a. No Known Arena Sale Precedent in the U.S. Market
    - b Problems with Selling Arenas
      - (i) Property Tax Issue Difficult to Negotiate
      - (ii) How to Value/Price the Arena?
      - (iii) Public Sector Policy Issues
    - c. Limited Market
    - d. Significance of Hornets as "Anchor Tenant"
    - e Hornets as Most Likely Buyer
  - 3. Internal Rate of Return - 15% to 25% Range (Opinion)
- B. Potential Investors
  - 1. Charlotte Hornets
    - a. Concerns with Existing Building
    - b. Estimated Renovation Costs: $30M to $35M
    - c. Reported Offer to Purchase/Appraisal/New Numbers
    - d. Alternatives to Buying Coliseum
      - -Long-Term Lease Agreement
      - -Build New Arena
  - 2. Out-of-State Investor
    - a. Hornets as Long-Term Tenant Critical
    - b. Indicated IRR 18% to 20% Range
    - c. Would Base Offer on Income Potential
    - c. No Longer Interested Party

V Building Functional Utility Issues
- A. General Arena Events
- B. NBA Facility
  - 1. Functional Obsolescence Per Architect
    - a. Lack of Box Suites (Typically 60 to 200)
    - b. Lack of Club Seating
    - c. Lack of Exclusive Concourse for Suites/Club Seats
    - d. Small Team Facilities (Locker Rooms/Training Areas)
    - e. Small Building Envelope (465,000 SF vs. 600,000 to 750,000 SF)
    - f. Lacks broadcast areas for TV/Radio
    - g Lacks storage areas
  - 2. Possible Short-Term Solutions
    - a. Increase box suites and club seats
    - b Add Ice Rink to Coliseum +/- $1.2M
      - (i) Attract Hockey Franchise (IHL/NHL)

VI. Replacement Cost Issues
- A. Replacement Costs "As Is" - +/- $77 to $78 M (1996 Dollars) - Odell Associates
- B. NBA Arena Costs (Exclusive of Land) - Odell Associates/Spectacor
  - 1. $4,000 to $8,000 Per Seat
  - 2. $150 to $160 Per Building Square Foot
- C. NBA Arena Costs in Charlotte (Excludes Land) - Odell Associates
  - 1. +/- 700,000 SF
  - 2. +/- $150/SF to $160/SF = $105M to $112M
  - 3. +/- 20,000 Seats
  - 4. +/- $6,000/Seat = $120M
- D. Comparable Arena Costs
  - 1. New Tampa NHL Arena - Spectacor (Owner/Manager)
    - a. 19,000 Seats; 70 Box Suites
    - b $140M Including Land; $7,368/Seat
    - c. $90M Public Sector/$50M Private Sector
  - 2. Raleigh Arena
    - a. 22,300 Seats Max. (21,700 Seats Basketball); 72 Box Suites
    - b. Recent Re-Design to Include Box Suites
    - c. $66M Original Budget (No Box Suites and No Land)
    - d. $2,960/Seat Excluding Land and Box Suites (Possibly Other Costs)
    - d. Revised Cost Not Available to Include Boxes
    - e. Ground-breaking Fall 1996; Open Fall 1998
    - f. Anchor Tenant: N.C. State Basketball; Possible Hockey (IHL, NHL)
    - g. $22 M Private Sector; Remainder Public Sector Funding
  - 3. Greenville, South Carolina - Bi-Lo Center
    - a. 17,000 Seats Max. (15,000 Seats Hockey); 30 Box Suites; 1,000 Club
    - b. $57.2 M - Exclusive of Land Costs
    - c. $3,365/Seat - Exclusive of Land
    - d. Public/Private J.V. - Scheer Sports; City/County; Auditorium District
    - e. Financed by Box Suite Leases and Accommodations Tax of $1 per Room
    - f Anchor Tenants: ECHL Franchise, Furman Basketball
    - g. Groundbreaking - March 1996, Open 1998

VII. Land Value Estimate
- A. 156 Acres Zoned R-4
- B. Re-Zoning Likely Allowed to Office/Mixed-Use - Planning Department
- C. Comparable Land Sales Summary (See Table)
- D. Estimated Market Value - $50,000/Acre to $75,000/Acre (If Re-Zoned)

VIII. Conclusions
- A. With Hornets - Limited Market
- B Without Hornets - No Market
- C Value Dependent on Long-Term Lease with Hornets
- D Renovation Option Considered Short-Term Solution (+/- 5 Years)
- E. Short-Term Lease with Hornets Negative to Marketability
- F Summary Table
  - 1. Various Cost Options
    - a. Hornets Cost - New NBA Arena
    - b Depreciated Cost - Existing Arena
  - 2. City Negotiating Strategy
  - 3 Hornets Negotiating Strategy

Combined Historical and Projected Utilization Schedule
Charlotte Coliseum/Independence Arena

Fiscal Year - Ended 6/30/96

Event Type	Number Events	Number Shows	Average Shows/Event	Total Attendance	% Total	Average Att./Event	Average Att /Show
NBA Basketball	43	43	1 0	829,237	46%	19 285	19,285
East Coast Hockey	42	42	1 0	211,883	12%	5 045	5 045
UNCC Basketball	9	9	1 0	32,532	2%	3 615	3 615
*Other Basketball	4	6	1 5	81 988	5%	20 497	13 665
Arena Football	7	7	1 0	34 828	2%	4 975	4 975
Indoor Lacrosse	5	5	1 0	25 000	1%	5 000	5,000
Other Sports Events	8	12	1 5	35,949	2%	4 494	2,996
Concerts	17	17	1 0	178,180	10%	10,481	10,481
Family Shows	9	37	4 1	191,763	11%	21,307	5,183
Religious Events	5	9	1 8	88,595	5%	17,719	9,844
Miscellaneous	12	15	1 3	73,398	4%	6,117	4,893
Totals	161	202	1 3	1,783,353	100%	11 077	8 828

Includes projections by Authority staff for 1st six months 1996

* Includes Women s NCAA Final Four in March 1996

Source: Auditorium-Coliseum-Convention Center Authority

Projected Utilization Schedule
Charlotte Coliseum

1/1/96 to 6/30/96

Event Type	Number Events	Number Shows	Average Shows/Event	Total Attendance	Average Att /Event	Average Att /Show
NBA Basketball	28	28	1 0	538,040	19,216	19 216
Other Basketball	3	4	1 3	53,000	17,667	13 250
Arena Football	5	5	1 0	25,000	5 000	5 000
Other Sports Events						
Concerts	6	6	1 0	90 500	15 083	15 083
Family Shows	3	12	4 0	126,500	42,167	10 542
Religious Events	2	2	1 0	17,000	8,500	8 500
Miscellaneous	3	3	1 0	19,000	6,333	6 333
Totals	50	60	1 2	869,040	17,381	14 484

Projections by Authority staff for 1st six months of 1996

Source: Auditorium-Coliseum-Convention Center Authority

Projected Utilization Schedule
Charlotte Coliseum

Fiscal Year - Ended 6/30/96

Event Type	Number Events	Number Shows	Average Shows/Event	Total Attendance	% Total	Average Att /Event	Average Att /Show
NBA Basketball	43	43	1 0	829 237	61%	19 285	19 285
Other Basketball	4	6	1 5	81,988	6%	20 497	13 665
Arena Football	5	5	1 0	25,000	2%	5 000	5,000
Other Sports Events	1	2	2 0	9 983	1%	9 983	4 992
Concerts	11	11	1 0	150 771	11%	13 706	13 706
Family Shows	5	25	5 0	156 213	11%	31 243	6 249
Religious Events	4	6	1 5	83,495	6%	20 874	13 916
Miscellaneous	4	4	1 0	23,019	2%	5 755	5 755
Totals	77	102	1 3	1 359,706	100%	17 659	13 330

Includes projections by Authority staff for 1st six months of 1996

Source. Auditorium-Coliseum Convention Center Authority

Historical Utilization Schedule
Charlotte Coliseum

7/1/95 to 12/31/95

Event Type	Number Events	Number Shows	Average Shows/Event	Total Attendance	% Total	Average Att./Event	Average Att /Show
NBA Basketball	15	15	1 0	291 197	59%	19 413	19,413
Other Basketball	1	2	2 0	28 988	6%	28 988	14 494
Arena Football							
Other Sports Events	1	2	2 0	9 983	2%	9 983	4 992
Concerts	5	5	1 0	60,271	12%	12,054	12,054
Family Shows	2	13	6 5	29,713	6%	14,857	2 286
Religious Events	2	4	2 0	66,495	14%	33,248	16 624
Miscellaneous	1	1	1 0	4,019	1%	4 019	4,019
Totals	27	42	1 6	490 666	100%	18 173	11 683

Note Fiscal 1995 ending 12/31

Source: Auditorium-Coliseum-Convention Center Authority

Historical Utilization Schedule
Charlotte Coliseum

Fiscal Year - Ended June 30,1995

Event Type	Number Events	Number Shows	Average Shows/Event	Total Attendance	% Total	Average Att /Event	Average Att /Show
NBA Basketball	45	45	1 0	925,156	64%	20 559	20 559
*Other Basketball	3	4	1 3	39,615	3%	13 205	9,904
Arena Football	3	3	1 0	19,956	1%	6 652	6 652
Other Sports Events	3	4	1 3	43,953	3%	14 651	10 988
Concerts	9	11	1 2	136,332	9%	15 148	12 394
Family Shows	4	21	5 3	158,146	11%	39 537	7 531
Religious Events	3	3	1 0	51,911	4%	17 304	17 304
**Miscellaneous	11	14	1 3	81,560	6%	7 415	5,826
Totals	81	105	1 3	1,456,629	100%	17,983	13 873

* 35 713 of total attendance is for 2-day Diet Pepsi Tournament of Champions college basketball tournament Remainder is for two J C Smith games at 1 951 per game

** Excludes 4 miscellaneous events that provide no revenue to the building

Source: Auditorium Coliseum Convention Center Authority

Historical Utilization Schedule
Charlotte Coliseum

Fiscal Year - Ended June 30,1994

Event Type	Number Events	Number Shows	Average Shows/Event	Total Attendance	% Total	Average Att /Event	Average Att /Show
NBA Basketball	43	43	1 0	899,777	54%	20,925	20,925
*Other Basketball	4	11	2 8	209 654	13%	52,414	19,059
Arena Football	6	6	1 0	39 394	2%	6 566	6 566
Other Sports Events	5	5	1 0	41 099	2%	8,220	8 220
Concerts	13	14	1 1	183,883	11%	14,145	13 135
Family Shows	5	22	4 4	207,694	13%	41,539	9 441
Religious Events	1	1	1 0	19,591	1%	19,591	19 591
Public Shows	1	2	2 0	10,000	1%	10,000	5 000
Miscellaneous	6	6	1 0	43,584	3%	7,264	7,264
Totals	84	110	1 3	1 654,676	100%	19,699	15,043

* 173 139 attendees are for ACC Tournament (105 364) and NCAA Final Four (67,775)
Other major event is Diet Pepsi Tournament of Champions (35,209)

Source: Auditorium-Coliseum-Convention Center Authority

Projected Utilization Schedule
Independence Arena

1/1/96 - 6/30/96

Event Type	Number Events	Number Shows	Average Shows/Event	Total Attendance	Average Att /Event	Average Att./Show
East Coast Hockey	21	21	1 0	116,500	5,548	5 548
UNCC Basketball	8	8	1 0	30,500	3 813	3 813
Indoor Lacrosse	5	5	1 0	25,000	5 000	5 000
Other Sports Events	2	5	2 5	15 500	7 750	3 100
Concerts	2	2	1 0	10 000	5 000	5 000
Family Shows	3	5	1 7	23 100	7 700	4 620
Religious Events	0	0	n a	0	n a	n.a
Miscellaneous	7	10	1 4	50,000	7 143	5 000
Totals	48	56	1 2	270,600	5,638	4 832

Projections by Authority staff for 1st six months 1996

Source: Auditorium-Coliseum Convention Center Authority

Combined Historical and Projected Utilization Schedule
Independence Arena

Fiscal Year - Ended 6/30/96

Event Type	Number Events	Number Shows	Average Shows/Event	Total Attendance	% Total	Average Att /Event	Average Att /Show
East Coast Hockey	42	42	1 0	211,883	50%	5 045	5 045
UNCC Basketball	9	9	1 0	32 532	8%	3 615	3,615
Arena Football	2	2	1 0	9,828	2%	4 914	4,914
Indoor Lacrosse	5	5	1 0	25 000	6%	5 000	5 000
Other Sports Events	7	10	1 4	25 966	6%	3 709	2 597
Concerts	6	6	1 0	27 409	6%	4 568	4 568
Family Shows	4	12	3 0	35 550	8%	8 888	2 963
Religious Events	1	3	3 0	5 100	1%	5 100	1 700
Miscellaneous	8	11	1 4	50,379	12%	6 297	4 580
Totals	84	100	1 2	423 647	100%	5 043	4 236

Includes projections by Authority staff for 1st six months 1996

Source Auditorium Coliseum-Convention Center Authority

Historical Utilization Schedule
Independence Arena

7/1/95 to 12/31/95

Event Type	Number Events	Number Shows	Average Shows/Event	Total Attendance	% Total	Average Att /Event	Average Att /Show
East Coast Hockey	21	21	1 0	95 383	62%	4,542	4,542
UNCC Basketball	1	1	1 0	2,032	1%	2 032	2 032
Arena Football	2	2	1 0	9 828	6%	4 914	4,914
Indoor Soccer			-				
Other Sports Events	5	5	1 0	10 466	7%	2 093	2 093
Concerts	4	4	1 0	17 409	11%	4 352	4 352
Family Shows	1	7	7 0	12 450	8%	12 450	1 779
Religious Events	1	3	3 0	5,100	3%	5 100	1 700
Miscellaneous	1	1	1 0	379	0%	379	379
Totals	36	44	1 2	153,047	100%	4 251	3 478

Source: Auditorium-Coliseum-Convention Center Authority

Historical Utilization Schedule
Independence Arena

Fiscal Year - Ended June 30,1995

Event Type	Number Events	Number Shows	Average Shows/Event	Total Attendance	% Total	Average Att /Event	Average Att /Show
East Coast Hockey	36	36	1 0	220 369	44%	6,121	6 121
UNCC Basketball	11	11	1 0	32,816	7%	2,983	2 983
Arena Football	4	4	1 0	16 743	3%	4 186	4 186
Indoor Soccer	12	12	1 0	30186	6%	2 516	2 516
Other Sports Events	8	15	1 9	51,351	10%	6 419	3 423
Concerts	13	13	1 0	56,410	11%	4,339	4 339
Family Shows	3	13	4 3	30,633	6%	10,211	2 356
Religious Events	3	7	2 3	44,381	9%	14,794	6 340
Miscellaneous	6	8	1 3	18,566	4%	3,094	2 321
Totals	96	119	1 2	501 455	100%	5 223	4 214

Source: Auditorium-Coliseum-Convention Center Authority

Historical Utilization Schedule
Independence Arena

Fiscal Year - Ended 6/30/94

Event Type	Number Events	Number Shows	Average Shows/Event	Total Attendance	% Total	Average Att /Event	Average Att /Show
East Coast Hockey	37	37	1 0	237 420	51%	6,417	6 417
UNCC Basketball	11	11	1 0	31 696	7%	2 881	2 881
Arena Football			-				
JCSU Basketball	5	5	1 0	4 531	1%	906	906
Indoor Soccer	2	2	1 0	4 940	1%	2,470	2,470
Other Sports Events	10	12	1 2	40,871	9%	4,087	3,406
Concerts	8	8	1 0	41,259	9%	5,157	5,157
Family Shows	5	16	3 2	36,058	8%	7 212	2,254
Religious Events	1	4	4 0	22,480	5%	22,480	5 620
*Miscellaneous	5	10	2 0	42,987	9%	8 597	4 299
Totals	84	105	1 3	462 242	100%	5,503	4,402

* Excludes NABC Open House and Public Skating miscellaneous events paying no rent.

Source. Auditorium-Coliseum-Convention Center Authority

Charlotte Coliseum Study
User Survey Summary

Promoter	Type Events	Annual Events	Overall Satisfaction	Consider New Arena?	Conc./Pkg Prices In-Line?	Comments
NCAA	Mens /Womens BB SE Regional/Final 4	Periodic	Yes	Yes	Yes	If reduce seating capacity would not use
C&C Entertainment	Concerts	6 to 8	Yes	Yes	Yes	Not enough market for two arenas in Charlotte
RayCom Sports	BB Tourney	1	Yes	Yes	Parking - $5	Have been able to negotiate better deals in recent years
ACC	ACC Tourney	Periodic	Yes	Yes	Yes	Concerned with ticket distribution for box suites Seating capacity if renovated
Cellar Door	Concerts	+/ 5	Yes	Yes	Yes	Market to small for two buildings Premier building for concerts
Ringling Brothers	Circus	10	Yes	Yes	Yes	Might consider new arena if built
SRO Motorsports	Monster Trucks	2	Yes	Yes	Yes	Would be concerned with fewer seats

Charlotte Coliseum Study
Local Major Spectator Event Facilities

Building	Year Opened	Type Building	Seating Capacity	Annual Events	Annual Atendance	Primary Events	Anchor Tenant(s)
Charlotte Coliseum (S)	1988	Arena	24,500	+/- 100	+/- 1 4 M	S, C, FS	NBA Hornets, Arena Football
Independence Arena	1955, 1992	Arena	10,500	+/- 100	+/- 425,000	S, C, FS	ECHL, UNCC*
Carowinds Paladium	1970's,1991	Amphitheater	13,000	+/- 15	+/- 150,000	C	None
Blockbuster Pavilion	1991	Amphitheater	19,500	30	280,000	C	None
Barnhardt S A C - UNCC	Fall 1996	Arena	9,600	n a	n a	S	UNCC Men's Basketball
Hornet's Training Facility	1994	NBA Training	5,000	n a	n a	S, C	NBA Hornets Training Facility
Grady Cole Center	1950 s	Community Center	3,000	n a	n a	C, M	None
Panthers Stadium	Fall 1996	NFL Stadium	72,000	n a	n a	S	NFL Panthers
Total							
Subtotal - Net Panthers Stadium							

*- UNCC men s basketball moves to on-campus facility in late 1996

Sources Facility Management

Charlotte Coliseum Study
Major Spectator Event Facilities

Regional Buildings	Year Opened	Type Building	Seating Capacity	Annual Events	Annual Atendance	Primary Events	Anchor Tenant(s)
Charlotte Coliseum (S)	1988	Arena	24,500	+/- 100	+/- 1 4 M	S, C, FS	NBA Hornets, Arena Football
Greensboro Coliseum	1959, 1993	Arena/Complex	23,300	110	n a	S, C, FS	AHL - Monarchs
Lawrence-Joel Coliseum	1989	Arena	14,500	65	n a	S, C, FS	Wake Forest University
Proposed Buildings							
Raleigh Events Center	Fall 1998	Arena	22,300	+/- 150	n a	S, C, FS	N C State BB, Hockey?
Greenville - Bi-Lo Center	Spring 1998	Arena	17,000	n a	n a	S, C	ECHL Franchise, Furman BB
NBA Facilities							
Reunion Arena/Dallas	1980	Arena	16,400	190	n a	S, C, FS	NBA, NHL
Orlando Arena/Orlando	1989	Arena	17,250	175	n a	S, C, FS	NBA, IHL
Alamodome/San Antonio	1993	Arena	35,000	105	n a	S, C, FS	NBA, CFL

Sources Facility Management, A-A-C Authority

HISTORICAL INCOME AND EXPENSES
Charlotte Coliseum
Charlotte, NC

	1993		1994			1995			Projected 1996		
	Fiscal Ends 6/30	%	Fiscal Ends 6/30	%	+/- %	Fiscal Ends 6/30	%	+/- %	Fiscal Ends 6/30	%	+/- %
Income											
Arena Rentals	$1,493,068	11%	$1 644,507	13%	10%	$1,065,266	9%	-35%	$1,334,000	13%	25%
Box Office/Ticketing	172,331	1%	194,578	2%	13%	185,763	1%	-5%	282,430	3%	52%
Event Related	808,939	6%	715 147	6%	-12%	800,313	6%	12%	668,595	7%	-16%
*Advertising	782,874	6%	835,853	7%	7%	1,281,069	10%	53%	913,500	9%	-29%
Parking	1,919,730	14%	1,743,097	14%	-9%	2,085,813	17%	20%	1,623,000	16%	-22%
Concessions/Catering	6,850,578	51%	6,062,669	47%	-12%	5,609,356	45%	7%	3,945,900	39%	-30%
Novelties	240,226	2%	431 747	3%	80%	167,100	1%	-61%	315,000	3%	89%
Authority Sponsered Events	375,725	3%	377,709	3%	1%	252,724	2%	-33%	220,000	2%	-13%
Skybox Leases	397,500	3%	507,500	4%	28%	487,656	4%	-4%	622,419	6%	28%
Investment	225,840	2%	216,749	2%	-4%	399,510	3%	84%	300,000	3%	-25%
Miscellaneous	148,401	1%	110,805	1%	-25%	69,111	1%	38%	0	0%	n a
Gross Income	13,415,212	100%	12,840,361	100%	4%	12,403,681	100%	3%	10,224,844	100%	18%
Expenses											
Cost of Goods Sold	1,769,646	13%	1,550,604	12%	-12%	1,494,584	12%	-4%	1,397,908	14%	-6%
Salaries/Benefits	4,451 621	33%	4 315 209	34%	3%	4 227,088	34%	2%	4,649,995	45%	10%
Event Related	1 111,262	8%	1,079,936	8%	3%	1,007,822	8%	-7%	835,290	8%	17%
Equipment Rentals	78,578	1%	77,801	1%	-1%	50,820	0%	-35%	68,600	1%	35%
Administrative/General	561,440	4%	478,853	4%	-15%	535,128	4%	12%	621,690	6%	16%
Insurance	305,545	2%	217 838	2%	29%	225,839	2%	4%	226,628	2%	0%
Utilities	609,266	5%	643,699	5%	6%	681,406	5%	6%	711,500	7%	4%
Advertising/Promotion	109,400	1%	105 803	1%	3%	123,571	1%	17%	133,000	1%	8%
Repairs/Maintenance	249,605	2%	269,099	2%	8%	242,743	2%	10%	258,595	3%	7%
Other	195,212	1%	212,094	2%	9%	131,127	1%	-38%	230,000	2%	75%
Total Expenses	9,441,575	70%	8,950,936	70%	5%	8,720,128	70%	3%	9,133,206	89%	5%
Net Operating Income	$3,973,637	30%	$3,889,425	30%	-2%	$3,683,553	30%	5%	$1,091,638	11%	-70%

NOTES

* Fiscal 1995 Advertising revenue includes one-time transfer of capital reserve funds

SOURCE

Auditorium Coliseum-Convention Center Authority

LEASE SUMMARY - CHARLOTTE HORNETS

Lease Data: November 6, 1995

Lessee: Auditorium - Coliseum - Convention Center Authority

Lessor: George Shinn/George Shinn Sports, Inc

Premises: Charlotte Coliseum
100 Paul Buck Boulevard
Charlotte, North Carolina

Term: Six seasons ending with last team home game of 2000-01 season

Renewals: 4-Annual Renewals

Base Rent: 12% of net ticket sales to a maximum of $9,000 per game

Renewal Rent:

Season	%	Maximum
2001-02	12%	$10,000
2002-03	12%	$11,000
2003-04	12%	$12,000
2004-05	12%	$13,000

Early Termination:

A.

Season Ending	Notification
2000-01	7/98
2001-02	7/99
2002-03	7/00
2003-04	7/01

B. Lease may be terminated at end of 1999-00 season with notice by 7/98 and $250,000 fee paid by 7/00.

Skyboxes:

1. Shinn provides tickets to all skybox licenses per existing agreements
2. First $25,000 of license revenue to reserve funds for any capital improvements.
3. If additional funds needed to pay these costs and maintain $25,000 reserve, these funds are from license fees
4. Any "NBA League Fee" for skybox tickets will be funded next, along with any NBA taxes
5. Finally, remainder to license fees to be split 50/50 between lessor and lessee
6. Shinn can build 8 (minimum) to 16 (maximum) additional skyboxes prior to November 1, 1997, construction must occur between June 1996 and October 1996 or June 1997 and October 1997
7. First $80,000 of lease fees on new skyboxes goes to Shinn to off-set costs

Parking:

1. Shinn receives 50% of net profits from Hornets games parking through 1999-00 season. Revenue to Shinn increases by 2 5% in year 2000-01 and in each of the four renewal years.
2. Authority shall not charge more for parking at Hornets games than at other Coliseum events
3. Shinn Sports gets 100 parking spaces nearest to Hornets offices at no charge
4. Shinn Sports gets up to another 100 spaces at no charge by giving notice by September 1 of each year
5. Additional designated spaces can be allocated and are paid for at normal parking charges

Programs/Novelties:

1. Shinn has right to all proceeds from sale of programs/novelties during Hornets games.
2. Authority may not sell Hornets or NBA novelties or other merchandise.

Food & Beverage:

1. Shinn receives 50% of net profits from food and beverage The percent increases by 2.5% in 2000-01 season and in each renewal period
2. Authority has right to select and approve all food and beverage sold in the concessions

Advertising:

1. Based on Signage Operating Agreement at the center
2. Team signage means 14 outside box advertising panels, two pole pads, two entry/exit tunnel advertising panels, four baseline advertising panels, and the Ad Time Signage.
3. A refurbishment and replacement reserve for signs of 15% of signage advertising revenue from non-team signage up to $250,000 will be established annually
4. Merchandising reserve will be 5% of prior years non-team signage ad revenue

Allocation of Ad Revenue as follows

1. Maintenance Reserve
2. Merchandise Reserve
3. Refurbishment/Replacement Reserve
4. Lessee and Lessor

Broadcasts:

1 Shinn receives all broadcast revenue from TV and radio.

2 If a game is televised within a 50-mile radius and attendance is 15% or more below average attendance, Shinn shall reimburse the authority for lost parking and concession revenues The amount is $3.00/patron lost in years 1-5, and $3.50/patron for years 7-10 of the agreement. Lost patrons are the actual attendance versus 85% of the average attendance.

"OLD" LEASE SUMMARY - CHARLOTTE HORNETS

Lease Data: December 16, 1991 (Amended)

Lessee: Auditorium - Arena - Convention Center Authority

Lessor: George Shinn/Charlotte
NBA, L.P.

Premises: Charlotte Coliseum
100 Paul Buck Boulevard
Charlotte, North Carolina

Term: October 15, 1992 through 1996-1997 basketball season

Renewals: One, 5-year Renewal Option.

Base Rent:

Season	Rental Rate
1992-93	$3,500/game or 12% net ticket sales; $6,000/game maximum
Remaining Seasons	Same base rent at $3,500/game or 12% net ticket sales; maximum increases $1,000 per game per year of term

Renewal Rent:

Season	Rental Rate
1997-98	$5,000/game or 12% NTS, $10,000/game maximum
1998-99	$5,000/game or 12% NTS, $11,000/game maximum
1999-00	$5,500/game or 12% NTS; $12,000/game maximum
2000-01	$6,000/Game or 12% ONB; $12,500/game maximum.
2001-02	$6,000/game or 12% NTS, $12,500/game maximum

(NTS Net Ticket Sales)

Skyboxes:

1. Team provides tickets for exhibition and regular season games to skybox license holders.
2. Reserve fund of $25,000 annually for skyboxes
3. Remainder of lease similar to new lease, except rights of Shinn to build new skyboxes

Scheduling: Certain events have priority over team home games

- Circus
- Ice Shows
- ACC Basketball, Tenant
- NCAA Basketball, Tenant
- Tournament of Champions

Parking:

1 Authority retains all revenue derived from parking.

2 Team gets 100 free spaces near to offices and dressing rooms for its use.

3 Team gets 100 free spaces for its use if requested in advance of September 1.

4. Additional spaces in excess of 200 will be paid for by team.

Novelties: Team retains all rights to revenue from programs and novelties

Concessions: Authority operates and retains all revenue from food and beverage concessions

Advertising: Per Signage Operating Agreement.

Broadcasts: Team receives all revenue from TV and radio

Tickets: Authority will be responsible for ticket distribution as long as team feels rates and service are competitive

LAND SALES ADJUSTMENT SUMMARY
Charlotte Coliseum
Charlotte, NC

DESCRIPTION	SUBJECT	SALES Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Location	*Charlotte Coliseum*	SWC Billy Graham	Yorkmont Road east	SEC W Tyvola Road/	Whitehall	IBM Site
	100 Paul Buck Blvd.	Pky/West Boulevard	W Tyvola Road	Yorkmont Road	NC 49/I-485 (Proposed)	Harris Boulevard
	Charlotte NC	Charlotte, NC	Charlotte NC	Charlotte NC	Charlotte NC	Charlotte NC
Zoning	*R-4, S.U P*	I 1	BP	B-1CD O-15CD	COND	RE-2
Date of Sale	*10-Jan 96*	21-Sep-95	22 Dec-95		10-Feb-95	24-Jun-94
Useable Size- Acres	*156 5090*	46 8020	26 6700	33 5700	126 5410	155 2708
Useable Size- SF	*6 817 532*	2 038 695	1 161 745	1 462,309	5,512 126	6 763,596
Primary Frontage	*W Tyvola Road*	Billy Graham Parkway	Yorkmont Road	W Tyvola	I-485	Harris Boulevard
Site Access	*Excellent*	Excellent	Poor	Excellent	Excellent	Excellent
Visibility	*Excellent*	Excellent	Excellent	Excellent	Excellent	Excellent
Topography	*Rolling/Sloping*	Rolling	Rolling	Sloping	Rolling	Rolling
Utilities (See Note 4)	*WS*	WS	WS	WS	WS	WS
Note (5)		Long Term Hold	Hotel Site	Office Building Site	Proposed Bus Park	First Union Building
Value Indications						
Sales Price	*N/A*	$2 325 000	$2 800 000	$2 815 000	$5 694 345	$7 297 728
Sales Price/SF	*N/A*	$1 14	$2 41	$1 93	$1 03	$1 08
Adjusted Price/Acre	*N/A*	$49,677	$104,987	$83,855	$45,000	$47,000
MARKET ADJUSTMENTS						
Financing	*N/A*	0%	0%	0%	0%	0%
Adjusted Price		$2,325 000	$2 800 000	$2 815 000	$5 694 345	$7,297 728
Conditions of Sale	*N/A*	0%	0%	0%	0%	0%
Adjusted Price		$2 325 000	$2 800 000	$2 815 000	$5 694,345	$7,297 728
Ownership Rights	*N/A*	0%	0%	0%	0%	0%
Adjusted Price		$2 325 000	$2 800 000	$2 815 000	$5 694,345	$7,297 728
Market Conditions (Date)	*N/A*	0%	0%	0%	0%	0%
Adjusted Price		$2,325,000	$2,800,000	$2,815,000	$5,694,345	$7,297,728
Adjusted Price/SF	*N/A*	$1 14	$2.41	$1 93	$1 03	$1 08
Adjusted Price/Acre	*N/A*	$49,677	$104,987	$83,855	$45,000	$47,000
PHYSICAL ADJUSTMENTS						
Location		25%	0%	0%	25%	[illegible]
Size		35%	35%	35%	0%	0%
Access		0%	0%	0%	0%	0%
Visibility		0%	0%	0%	0%	0%
Utilities		0%	0%	0%	0%	0%
Topography		0%	0%	0%	0%	0%
Zoning		0%	0%	0%	0%	0%
TOTAL						
Adjustments	*N/A*	10%	35%	35%	25%	25%
Adjusted Price/SF	*N/A*	$1 03	$1.57	$1 25	$1 29	$1.35
Adjusted Price/Acre	*N/A*	$44,710	$68,241	$54,506	$56,250	$58,750

STATISTICAL SUMMARY

	Sales Price/Acre Before Adjustments	*Sales Price/Acre After Adjustments*	*Difference*
Average:	*$66 104*	$56,491	14.5%
Range Minimum	*$45 000*	$44 710	-0 6%
Range Maximum	*$104 987*	$68,241	-35 0%
Range %	*133 3%*	52 6%	
Avg. Phys. Adjustment	*N/A*	-6 0%	

NOTES

1 Annual time adjustment. *as noted*
2 Numbers may reflect rounding
3 N/A Not Applicable N.A Not Available UC Under Construction
4 Utilities Key W Public Water· S-Public Sewer
5 Other notes. none

SOURCE

T B Harris, Jr & Associates research and parties to sale

COMPARABLE LAND SALE ONE

Location	Southwest Corner of Billy Graham Parkway and West Boulevard Intersection Charlotte, North Carolina
Tax ID	143-091-03, others
Sale Data	
Date	September 21, 1995
Grantor	Marc Silverman
Grantee	Crescent Resources, Inc.
Recorded	8298/364
Sale Price	$2,325,000
Unit Price	$49,677/Acre; $1.14/SF
Financing	Cash
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Confirmation	Brad Cherry, Trammell Crow (Broker), Henry Lomax, Crescent Resources
Site Data	
Site Size (Acres-SF)	46 802 Acres
Topography	Rolling
Zoning	I-1
Utilities	CMUD
Frontage	1,759 Ft. - Billy Graham Parkway; 1,743 Ft - West Boulevard
Access/Visibility	Excellent/Excellent
Use at Sale	Vacant
Intended Use	Mixed-Use
Comments	Site is located across from several low-income apartment projects Buyer stated the site was purchased as a long-term strategic acquisition for potential future development, will provide a development tract for future offices, or a hybrid product like Parkway Plaza, and will not be developed with a speculation project in the near term

COMPARABLE LAND SALE TWO

Location	Yorkmont Road Charlotte, North Carolina
Tax ID	143-131-04
Sale Data	
Date	December 22, 1995
Grantor	City of Charlotte
Grantee	Crescent Resources, Inc
Recorded	N/A
Sale Price	$2,800,000 (See Comments)
Unit Price	$104,987/Acre, $2.41/SF
Financing	50% Cash; 50% Balance Purchase Money Mortgage, 5 years, 6% Interest
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Confirmation	Henry Lomax, Crescent Resources
Site Data	
Site Size (Acres-SF)	26 67 Acres
Topography	Rolling
Zoning	BP
Utilities	CMUD
Frontage	147.59 Ft - Yorkmont Road
Access/Visibility	Poor/Excellent
Use at Sale	Vacant
Intended Use	Hotel/Mixed-Use Development
Comments	The site was sold by the city with the interest to obtain a privately developed "first-class convention" hotel on a portion of it The sales agreement states Crescent will attempt to develop the hotel within a two-year period, and cannot develop the site to preclude a hotel during this period Crescent Resources is obligated to construct a bridge across Sugar Creek within 540 days of closing Price reported at $2,100,000 net of bridge costs Crescent will pay to city the difference, if any, between the cost of bridge and $700,000 the estimated cost, if costs are less than $700,000

COMPARABLE LAND SALE THREE

Location	Southeast Corner of West Tyvola Road at Yorkmont Road Intersection Charlotte, North Carolina
Tax ID	143-124-02
Sale Data	
Date	August 23, 1994
Grantor	City of Charlotte
Grantee	Crescent Resources
Recorded	7888/839
Sale Price	$2,815,000
Unit Price	$120,145/Acre; $2.76/SF
Financing	Exchange
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Confirmation	City Data/Deed
Site Data	
Site Size (Acres-SF)	33 57 Acres (23 43 Acres - Net Useable Area)
Topography	Rolling; Floodplain
Zoning	B-1 (CD); O-15 (CD)
Utilities	CMUD
Frontage	1 759 Ft. - West Tyvola, 958 Ft - Yorkmont Road
Access/Visibility	Excellent/Excellent
Use at Sale	Vacant
Intended Use	Office Development
Comments	Site was sold based on a direct exchange that included 130 acres on Dixie River Road ($165,000), 59.7 acres on Pump Station Road ($625,000), 203 acres on Stephens Road ($1,115,000), and $400,000 in cash Part of the property acquired by the city is near Mountain Island Lake and is a portion of the city's watershed protection areas The site is split-zoned to allow for business park and retail/restaurant development

Charlotte Coliseum Study
Cost Issues

Cost New NBA Arena	Depreciated Cost Existing Arena:
$100M to $125M with land	Original Cost $54M Life Expectancy 35 Years Depreciation 8/35 = 23% Depreciated Cost $42M Land Value @ $60,000/Acre $60,000 x 156 = $9 4 M Total Dep Cost = $51 M Bond Balance = $38 M

Analysis of Arena Options Regarding the Charlotte Hornets and the Charlotte Coliseum

Presented to:
The Charlotte City Council

CONVENTIONS SPORTS CSL LEISURE

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February 10, 1997

Presentation Outline

I. Introduction
II. Key Milestones
III. Citizens Advisory Committee
IV. Council Criteria
V. Charlotte Coliseum History
VI. Hornets & NBA Issues
VII. Evaluation of Options
VIII. Committee's Recommendation

Introduction

- In early 1996, the Charlotte Hornets requested that the City Council consider the long-term facility requirements of the Hornets and their stated need to receive additional arena related revenues.

- After discussions and presentations by the Hornets and CSL, the City Manager appointed the Citizens Advisory Committee.

Key Milestones

Other important milestones to date include:

1) Hornets presentation	02/26/96
2) CSL briefing to City Council	04/01/96
3) Citizens' Committee assembled	04/30/96
4) Uptown proposal presented	11/96
5) Committee's recommendation	02/10/97

Citizens Advisory Committee

Cliff Cameron - Chairman
Erskine Bowles
Gene Frauenheim
Bernie Johnson
Muriel Helms
Jeff Mullins
Billie Ray, Jr.
Vicki Sutton
Sam Smith
Mary Stafford
Jim Thompson

Criteria for Option Evaluation

The City Council provided the Committee with the following Criteria for evaluating any possible solutions:

- **Maximize the City's financial position**
- **Serve the long-term needs of the City**
- **Create no property tax increase or adverse impact on the City's existing capital priorities**
- **Maintain economic / civic opportunity for the City**

Criteria for Option Evaluation

Further, Council directed City staff, the Advisory Committee and CSL to evaluate the following arena options:

- **Option 1: Do nothing**
- **Option 2: Renegotiate the Hornets' lease and renovate the Coliseum**
- **Option 3: Sell the Coliseum to the Hornets**
- **Option 4: Provide direct or indirect assistance with the development of a new arena**

Charlotte Coliseum History

- Built in 1988, the Coliseum was originally developed with the purpose of attracting the ACC tournament back to Charlotte as well as other large spectator events.
- Since 1994, the total number of annual events has ranged from 107 in 1994 to 135 in 1996.
- During its first seven years, operating income has ranged from $4.0 to $3.2 million per annum.
- In 1996, operating income decreased to $1.8 million primarily due to a new amendment to the Hornets lease.

Hornets and NBA Issues

Community / Franchise Relationship:

- **The Hornets and the community have had a mutually beneficial relationship.**
- **The Hornets have brought the City:**
  - **recognition**
  - **economic impact**
    - **Price Waterhouse estimated:**
    - **direct and indirect spending** — **$148 million**
    - **income** — **$95 million**
    - **employment** — **2,000 FTEs**

Hornets and NBA Issues

Community / Franchise Relationship:

- community sponsorship and participation
  - charity events including annual fund-raisers and golf tournaments
  - stay in school programs, Martin Luther King Scholarship award, Adult Literacy Program, Special Olympics, make-a-wish foundation, community police program
  - charitable contributions over the past 3 years totaled at least $1.3 million.

► The Hornets have generated approximately $56 million in gross revenues at the Coliseum (rent, concessions, parking, advertising, suites, etc.).

Hornets and NBA Issues

Community / Franchise Relationship:

- It is estimated by the Authority that over $12 million in net new revenues has been generated by the Hornets for the Authority.
- At the same time, the community has also provided significant benefits to the Hornets.
  - the community has provided the Hornets with tremendous fan support
  - the Hornets have achieved the highest paid attendance level in the NBA since their inception
  - the Hornets have been able to generate a significant level of operating profits

Hornets and NBA Issues

Status of the Industry:

- Since the Hornets began play in 1988, 19 NBA franchises have moved into new or renovated facilities.
- In addition to the Hornets, 12 other NBA teams are currently evaluating the development of new or renovated arenas.
- The average inventory of suites and club seats of the NBA facilities currently being constructed or built since 1990 totals 90 and 2,100, respectively.

Hornets and NBA Issues

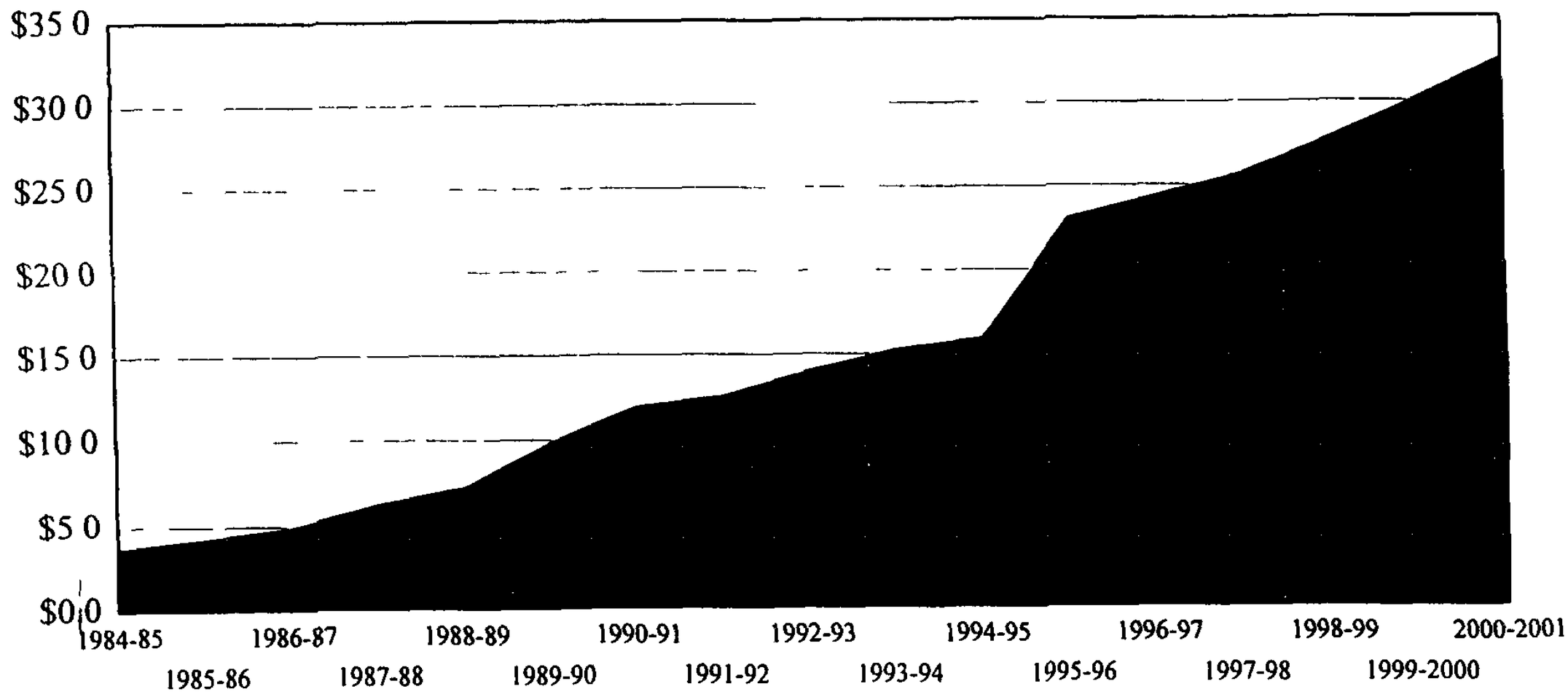
Status of the Industry:

- **As a result of the significant level of new arena construction, the revenue streams associated with the new arenas have directly impacted the operating costs of NBA franchises, primarily through salary cap increases.**
- **The salary cap has increased from $15 million in 1994 to $24 million today, and is projected by the NBA to increase to $32 million by 2001.**

Hornets and NBA Issues

NBA Salary Cap

(in millions)



Hornets and NBA Issues

Hornets Situation:

- **Currently, the Hornets depend primarily on ticket revenue to remain competitive with other teams in the League in terms of team revenues.**
- **The Hornets' paid attendance has averaged approximately 22,600 per game over the past eight years, ranking first in the NBA each of those years.**
- **In 1995, the Hornets' gross revenues approximated the NBA average of $44 million.**
- **As the development of new NBA facilities continues, the average team revenue level will increase dramatically causing player costs too also increase.**

Hornets and NBA Issues

Hornets Situation:

- According to the Hornets, the team has been profitable in the past and will continue to be profitable (excluding interest and other non team-related operations) in the short-term.
- However, within the next five years, the rise in player salaries coupled with the lack of arena-related revenue sources will impact the ongoing profitability of the franchise.
- Our analysis indicates a similar trend over slightly longer time frame, barring any significant increase in team revenues, such as national broadcast or significant increase in ticket prices.

Evaluation of the Options

The four options considered by the Committee include the following:

- **Option 1: Do nothing**
- **Option 2: Renegotiate the Hornets' lease and renovate the Coliseum**
- **Option 3: Sell the Coliseum to the Hornets**
- **Option 4: Provide direct or indirect assistance with the development of a new arena**

Synopsis of the Options

- Each of the options has been evaluated based on quantitative and qualitative information. Further, financial models reflecting each of the options have been developed and analyzed.
- The following pages provide a synopsis of issues related to each option and the ability of the option to address the City's criteria.
- If the option meets the specific criterion, a ✓ is denoted adjacent to the criterion. An ✗ denotes the option's inability to address the criterion. If it is unclear at this time whether the option meets the criterion, the box has been left empty.

Option 1

Option 1

Do nothing

- ☒ Maximizes the City's financial position
- ☑ No property tax increase/adverse impact on City's existing capital priorities
- ☒ Serves the long-term needs of the City
- ☒ Maintain economic/civic opportunity for the City

- The Hornets have indicated that they will likely not renew their existing lease. As a result, it is possible the franchise could relocate to another market.
- Not addressing any of the Hornets' facility-related issues would minimize the City's financial exposure in the short-term, but could prove to be costly after the Hornets existing lease expires.
- The option clearly does not present a long-term solution for the City with regards to maintaining an NBA franchise in the market.
- The loss of the Hornets could have a significant negative impact on the Charlotte area in excess of $100 million according to Price Waterhouse. Further the loss of the Hornets, would also negatively impact the operating revenues of the Coliseum by at least $2.0 million.

Option 2

Option 2

Renegotiate the Hornets' lease and renovate the Coliseum

- [ ] Maximizes the City's financial position
- [x] No property tax increase/adverse impact on City's existing capital priorities
- [x] Serves the long-term needs of the City
- [x] Maintain economic/civic opportunity for the City

- A number of operating/renovation scenarios could be considered as part of this option including:
  - Authority renovates the Coliseum
  - Hornets renovate the Coliseum
  - City renovates the Coliseum
- The report prepared by SCI indicates that approximately 32 additional suites, 20 courtside suites and 3,000 club seats could be added to the Coliseum for approximately $9 million.

Option 2

- The Authority has submitted two different proposals to the City which are intended to address each of the criteria while generating significant incremental revenues for the Hornets.
- The renovation plan includes the development of 30 additional suites, 1,500 club seats and a private club at the cost of $7.0 million.

Authority Renovation Proposals

	Proposal #1	Proposal #2
Renovation costs	$7,000,000	$7,000,000
Improvements	30 suites 1,500 club seats 1 private club	30 suites 1,500 club seats 1 private club
Ticket, concession & parking increase	No	Yes
Naming rights (annually)	No	$1,000,000
Additional Hornets revenue (annually)	$2,775,000	$10,167,000
Lease term with Hornets	through 2005	through 2007

- The primary reason for the significant variance in incremental revenue generated for the Hornets under the Authority's proposals is due to the increased ticket, concession, parking prices and naming rights.

Option 2

- The various scenarios that have been considered indicate that a renovated Coliseum could generate additional revenues for the Hornets ranging from $3 to $10 million.
- The highest estimate depends primarily on increased ticket prices rather than new facility revenue streams.
- A more realistic estimate of increased revenues that could be generated at a renovated Coliseum total between $4 and $6 million, annually.
- Although the renovation could provide additional revenues to the franchise, the level of revenues would likely only provide a short-term solution (approximately 10-years).
- It is currently unclear whether this Option would maximize the City's financial position.
- By extending the Hornets lease term, the City would maintain its civic/economic opportunities, at least in the short-term.

Option 3

Option 3

Sell the Coliseum to the Hornets

- ✓ Maximizes the City's financial position
- ✓ No property tax increase/adverse impact on City's existing capital priorities
- ✗ Serves the long-term needs of the City
- ✓ Maintain economic/civic opportunity for the City

- As the value of the Coliseum to a private party is largely based on the income the facility could provide, it is unlikely that any private entity would purchase the Coliseum for any value significantly over a capitalization of the facility's income.
- By purchasing the Coliseum, the Hornets would increase their operating revenues by at least $1.8 million per annum (fiscal 1996 Coliseum operating surplus) assuming similar operating trends. This level of additional revenue would clearly in itself not provide a solution to the Hornets long-term issues. Therefore, it would likely be necessary to renovate the Coliseum.

Option 3

- The sale of the Coliseum would likely maximize the City's financial return due to the significant proceeds generated and the potential property taxes.
- As with Option 2, it is estimated that a renovated Coliseum purchased by the Hornets would generate additional revenues ranging from $3 to $10 million, but more likely would generate additional revenue in the $4 to $6 million range.
- Considering this information, as with Option 2, the financial projections reveal that increased operating revenues could likely only provide a short-term solution for the Hornets.
- Due to debt service and property tax payments, the Hornets will not likely receive any additional financial benefits under this option, as compared to Option 2.
- Further, the Hornets have indicated they are not interested in purchasing the Coliseum at any price that would likely be acceptable to the City.

Option 4

Option 4

Provide direct or indirect assistance with the development of a new arena

- [ ] Maximizes the City's financial position
- [ ] No property tax increase/adverse impact on City's existing capital priorities
- [x] Serves the long-term needs of the City
- [x] Maintain economic/civic opportunity for the City

- **A proposal was received by the City from the Hornets and 24-Uptown Partnership.**
- **The proposed Uptown arena would contain approximately 21,000 seats, 4,000 club seats and up to 80 suites. The facility would be built in accordance with ACC and NCAA standards.**
- **The development of a new arena would provide the Hornets with a state-of-the-art facility and a 30-year lease term, thereby keeping the franchise in the community.**

Option 4

- The Hornets would contribute funds in excess of $100 million towards the development of the new arena.
- Evaluating the operating revenues and expenses related to a new arena, it appears the development of a new arena will provide a long-term solution for the Hornets.
- However, based on the current proposal, public involvement would range from $49 to $58 million.
- Issues related to the Authority and the ongoing operations of the Coliseum would also need to be addressed.
- It is currently unclear whether this option maximizes the City's financial return or impacts the City's existing capital priorities.
- Further discussion regarding financial terms and structure must be undertaken prior to the Committee providing a final recommendation regarding this option.

Committee's Recommendation

- It is the Committee's collective opinion that Options 1 and 3 do not address the Council's prescribed criteria.
  - The Committee believes that if the City does not take action with regards to the issues presented, it is possible the franchise could be lost, resulting in loss economic impacts and national and international exposure.
  - Option 3 does not appear to provide a long-term solution to the City. Further, based on economic evaluations and the franchise's long term needs, it is unlikely that the City would receive an acceptable price.

Committee's Recommendation

- It is the Committee's collective opinion that Option 4 has the greatest potential to address the Council's criteria.
  - Option 4 is the best solution to address the long-term needs of the City. However, it is unclear at this time, whether Option 4 maximizes the City's financial position or impacts the existing capital expenditure plan.
  - The Committee believes that a renovated Coliseum (Option 2) could also generate additional revenues for the franchise, however, this solution only provides a short-term solution.

Committee's Recommendation

- **Therefore, the Committee recommends that negotiations begin immediately regarding Option 4, to maximize the City's financial position and economic opportunities.**
- **Prior to providing final endorsement of this option a number of issues related to Option 4 need to be further addressed and evaluated.**

Committee's Recommendation

- **Some of the key issues relative to Option 4 which need to be addressed include the following:**

  1. **The level of public involvement in project funding, the ability of the project to maximize the City's financial position and the potential impact on the City's existing capital priorities must be further addressed. It is the Committee's opinion that the level of City funding should be minimized.**

Committee's Recommendation

2. **Evaluation of the project revenue and funding sources should be undertaken. Significant changes in the underlying assumptions (number and prices of suites and club seats, attendance, per capita spending estimates, etc.) and the inability to raise up-front funds (naming rights, concessionaire rights, pouring rights, PSLs, etc.) will impact the viability of this option relative to the franchise and the City.**

3. **An appropriate evaluation will need to be undertaken to assess the impact of a new facility on the Coliseum and Independence Arena.**

Committee's Recommendation

- **In addition, the Committee believes the following issues should be key elements incorporated into any agreement for the development of a new Uptown arena involving public funds:**

1. **Any agreement with the NBA franchise and City must be for a minimum of 30 years and should be structured in a manner which assures the continued presence of the NBA franchise throughout the 30 year term.**
2. **The facility should be constructed in order to accommodate NCAA and ACC events.**
3. **A number of dates should be available to the City that meet the public purpose as described by the City Council.**

City Council Workshop Agenda
Coliseum/Hornets Issue
March 13, 1997
4:00-6:00 PM
Room 267

(10 min) **I. Review of outstanding issues**

(20 min) **II. Option Analysis**
- Analysis of Options 3 and 4
- Overview of arena financing in other markets
- Other Issues/Discussion

(20 min) **III. The Charlotte Chamber**
- Report and Recommendations

(20 min) **IV. Chamber of Citizens**
- Report

(15 min) **V. Next Meeting March 17 (3-5 PM, Rm. 267)**
- Review of outstanding issues
- City Manager's Recommendations
- _____
- _____
- _____

Upcoming events:

March 13, 6 00 PM	Community Workshop	CMGC Meeting Chamber
March 17, 3 00 PM	City Council Meeting	Room 267
March 26, 6 00 PM	Public Hearing	CMGC Meeting Chamber

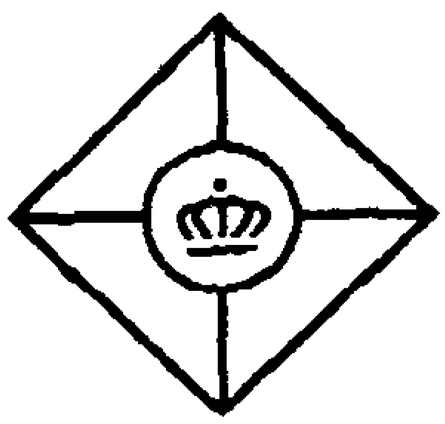
Follow-Up to Council Workshop on February 17 Regarding the Hornets/Coliseum Issue

During the February 17, 1996 workshop on the Hornets/Coliseum issue, Council raised several questions that are responded to in the attached information The questions are listed on this page for your review

> What is the financial impact on the capital needs and upkeep of the facilities managed by the Authority without the Hornets? ***(See memo from the Authority)***
>
> What has been the effect of Hornets events on the bottom line of the Coliseum? What has been the effect of non-Hornets events on the bottom line of the Coliseum? ***(See page 7 of the information from the Authority)***
>
> What is the balance sheet of hotel/motel tax and prepared food tax? And, what is the incremental amount above projections? ***(See "Convention Center Tax Fund Forecast & Actual")***

Note We have also included some detail about the poll conducted by the Charlotte Observer and NBC6 The question from the poll was "Do you favor or oppose state and local governments helping pay for professional arenas and stadiums?" The questions was asked in the context of determining priorities for the 1997 Legislative Session ***(See memo from Kathyrn Blanchard of Crown Communications)***

attachments



Auditorium · Coliseum · Convention Center Authority

Memorandum

Date February 26, 1997

To Charles Woodyard, City of Charlotte

From Mike Crum

Re Response to Council Workshop Questions

Per your request, the following are replies to Authority-related questions raised by City Council members at the City Council Workshop on February 17

Question: What is the financial impact on the capital needs and upkeep of the facilities managed by the Authority without the Hornets?

Answer: The earliest the Authority would require direct financial assistance from the City for the maintenance and upkeep of the facilities under Authority management would be fiscal 2007 Three scenarios are enclosed which support this estimate

These estimates assume that the Hornets leave the Coliseum to play elsewhere at the conclusion of the 1998 1999 basketball season Per their contract with the Authority, the team would be required to pay the Authority 3 25 million dollars for leaving the Coliseum at that time

Authority financial reserves would be drained over time to maintain facilities to the current standard The time at which the Authority would require direct financial assistance from the City depends on whether or not the Coliseum is to be closed and whether or not the Hornets continue to play in Charlotte If the Hornets play in an Uptown facility and the Coliseum is closed, financial assistance will be required by 2007 If the Hornets leave Charlotte and the Coliseum remains open, financial assistance would not be required until well past 2010

Under the current financial arrangement with the City, after the financial reserves of the Authority are exhausted, the Authority will require between $1 1 and $1 5 million per year to maintain and subsidize the operations of Ovens Auditorium, Independence Arena and the Charlotte Convention Center

A fourth scenario included with this answer depicts the effect of the Authority's second proposal concerning the Hornets on the financial reserves of the Authority This proposal provides the Hornets with additional revenues, keeps the team playing in the Coliseum until 2007, limits public subsidy of the team, and defers financial assistance for the Authority until well after 2010 It is a solution that, even according to CSL, limits public investment and keeps the Hornets profitable well into the next century

INDEPENDENCE ARENA/OVENS AUDITORIUM
2700 E Independence Boulevard
Charlotte N C 28205
704 372 3600

CHARLOTTE COLISEUM
100 Paul Buck Boulevard
P O Box 669247
Charlotte N C 28266-9247
704-357 4700

NEW CHARLOTTE CONVENTION CENTER
501 South College Street
Charlotte N C 28202
704 339-6000

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02/26/97

City of Charlotte
Auditorium-Coliseum-Convention Center Authority
Forecast of Net Proceeds
Fiscal 1996-2005

	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010
Annual Operating Surplus (Deficit)															
Ovens Auditorium/Independence Arena	216,210	223 665	228 139	232 701	237 355	242,102	248 945	251 883	258,921	262,059	267,301	272 647	278 100	283,662	289,335
Charlotte Coliseum	1 643 127	1,693 171	2,114 134	2,166,967	5,471 162	676,515	800,242	820,248	840,754	861,773	883,317	905 400	928 035	951 236	975 017
Old Charlotte Convention Center	160 524	160 000	0	0	0	0	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(238,031)	(1,074 070)	(1,041,646)	(1,010,582)	(980,275)	(950,866)	(922,340)	(894,670)	(867,830)	(841 795)	(816 541)	(792,045)	(768,264)	(745,235)	(722,878)
Authority Annual Surplus (Deficit)	1,882,830	1,802,766	1,300,424	1,389 086	4,728,242	(12,249)	124,849	177,461	229,845	282,037	334,076	386,002	437,871	489,662	541,473
Annual Capital Improvement Expenses															
Ovens Auditorium/Independence Arena	954,088	1,299 563	300,000	300 000	300,000	300 000	300,000	300,000	300 000	300 000	300,000	300 000	300,000	300 000	300 000
Charlotte Coliseum	284,738	341 824	350,000	350,000	206,667	206 667	206,667	206 667	206,667	206,667	206 667	206,667	206 667	206,667	206 667
Old Charlotte Convention Center	13,649	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	315,099	415,876	400,000	400,000	400,000	400,000	400 000	400 000	400,000	400 000	400 000	400 000	400,000	400 000	400 000
Authority Capital Improvement Expenses	1,574,572	2,157,253	1,050,000	1,050,000	906,667	906,667	906,667	906,667	906,667	906,667	906,667	906,667	906,667	906,667	906,667
Surplus (Deficit) After Application of Capital Expenses and Transfers	407,258	(1,164,487)	250,424	339,086	3,821,575	(938,916)	(781 821)	(729,206)	(676,822)	(624,630)	(572,591)	(520,665)	(468,796)	(417 005)	(365 194)
Net Proceeds Previous Fiscal Year	5 914 038	7 321 296	6 166 809	6,417,234	6 756 320	10 577 905	9 638,989	8,857 167	8,127 961	7 451 139	6,826,509	6,253 918	5,733,253	5 264,437	4 847 432
Forecasted Net Proceeds	7,321,296	6,166,809	6,417,234	6,756,320	10,577,905	9,638,989	8,857,167	8,127,961	7,451,139	6,826,509	6,253,918	5,733,253	5,264,437	4,847,432	4,482,238

Assumptions
Hornets pay $3,250 000 in fiscal 2000 to escape from contract.
The Hornets leave Charlotte

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City of Charlotte
Auditorium-Coliseum-Convention Center Authority
Forecast of Net Proceeds
Fiscal 1996-2005

	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010
Annual Operating Surplus (Deficit)															
Ovens Auditorium/Independence Arena	216,210	223,665	228,139	232,701	237,355	242,102	246 945	251,883	256,921	262 059	267 301	272 647	278 100	283 682	289,335
Charlotte Coliseum	1,843 127	1,693,171	2,114,134	2,168,987	3 397,507	151,194	258,792	265,261	271,893	278 690	285,658	292,799	300 119	307 622	315 313
Old Charlotte Convention Center	160,524	160 000	0	0	0	0	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(239,031)	(1,074 070)	(1,041 648)	(1,010,592)	(980,275)	(950,866)	(922,340)	(894,670)	(867,830)	(841 795)	(816,541)	(792,045)	(768,284)	(745 235)	(722,878)
Authority Annual Surplus (Deficit)	1,982,830	1,002,766	1,300,624	1,389,096	2,654,587	(557,570)	(416,804)	(377,515)	(339,016)	(301,845)	(263,583)	(226,699)	(190,065)	(153,957)	(118,231)
Annual Capital Improvement Expenses															
Ovens Auditorium/Independence Arena	968,088	1 399,553	300 000	300 000	300,000	300 000	300 000	300,000	300,000	300,000	300,000	300,000	300 000	300 000	300 000
Charlotte Coliseum	288 738	341,624	350 000	350 000	166,667	166 667	166 667	166,667	166 667	166 667	166 667	166,667	166 667	166 667	166 667
Old Charlotte Convention Center	13,649	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	318,099	415,676	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400 000
Authority Capital Improvement Expenses	1,578,572	2,157,253	1,050,000	1,050,000	866,667	866,667	866,667	866,667	866,667	866,667	866,667	866,667	866,667	866 667	866 667
Surplus (Deficit) After Application of Capital Expenses and Transfers	407,358	(1,154,487)	250,624	339,096	1,787,920	(1,424,237)	(1,283,271)	(1,244,182)	(1,205,683)	(1,167,712)	(1,130,250)	(1 093,366)	(1,056,732)	(1,020 618)	(984,898)
Net Proceeds Previous Fiscal Year	6 914 038	7 321,296	6 166 809	6 417,234	6 756 329	8 544,250	7 120 013	5 836 742	4 592,549	3 386,866	2219 154	1,088 904	(4 363)	(1 061 095)	(2,081 713)
Forecasted Net Proceeds	7,321,396	6,166,809	6,417,234	6,756,329	8,544,250	7,120,013	5,836,742	4,592,549	3,386,866	2,219,154	1,088,904	(4,363)	(1,061,095)	(2,081,713)	(3,066,611)

Assumptions:
Hornets pay $3,250,000 in fiscal 2000 to escape from contract.
An arena is built Uptown.
The Coliseum remains open

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02/26/97

City of Charlotte
Auditorium-Coliseum-Convention Center Authority
Forecast of Net Proceeds
Fiscal 1996-2005

	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010
Annual Operating Surplus (Deficit)															
Ovens Auditorium/Independence Arena	218,210	223,665	228,139	232,701	237 355	242,102	246,945	251,883	256,921	262,059	267 301	272,647	278,100	283,662	289,335
Charlotte Coliseum	1 843,127	1 693,171	2 114 134	2,166 987	3,250,000	0	0	0	0	0	0	0	0	0	0
Old Charlotte Convention Center	160,524	180,000	0	0	0	0	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(239,031)	(1 074,070)	(1 041,848)	(1 010,592)	(980,275)	(950 886)	(922,340)	(894 670)	(867,830)	(841 795)	(816,541)	(792 046)	(768,284)	(745,235)	(722,878)
Authority Annual Surplus (Deficit)	1,982,830	1,902,766	1,300,424	1,389,096	2,507,081	(708 784)	(675,396)	(642,787)	(610,909)	(579,736)	(548,241)	(516,399)	(490,184)	(461,574)	(433 543)
Annual Capital Improvement Expenses															
Ovens Auditorium/Independence Arena	956,086	1,399 553	300,000	300 000	300 000	300 000	300 000	300,000	300,000	300,000	300 000	300 000	300,000	300 000	300,000
Charlotte Coliseum	288 738	341 824	350 000	350,000	0	0	0	0	0	0	0	0	0	0	0
Old Charlotte Convention Center	13 849	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	315,099	415,876	400 000	400,000	400,000	400,000	400,000	400,000	400 000	400,000	400,000	400,000	400 000	400,000	400,000
Authority Capital Improvement Expenses	1,573,572	2,157,253	1,050,000	1,050,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Surplus (Deficit) After Application of Capital Expenses and Transfers	407,258	(1 154,487)	250,424	339,096	1,807,081	(1,408,784)	(1,375,396)	(1,342,787)	(1,310,909)	(1,279,736)	(1,248,241)	(1,216,399)	(1,190,184)	(1,161,574)	(1,133,543)
Net Proceeds Previous Fiscal Year	6,914,038	7,321,296	6,166 809	6,417,234	6 756,329	8 563,410	7 154 646	5 779,250	4 436 463	3 125 554	1 845 816	596 578	(622,821)	(1,813 005)	(2,974 578)
Forecasted Net Proceeds	7,321,296	6,166,809	6,417,234	6,756,329	8,563,410	7,154,646	5,779,250	4,436,463	3,125,554	1,845,818	596,578	(622,821)	(1,813,005)	(2,974,578)	(4,108,122)

Assumptions:
Hornets pay $3,250 000 in fiscal 2000 to escape from contract.
The Coliseum is closed.

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02/26/97

City of Charlotte
Auditorium-Coliseum-Convention Center Authority
Forecast of Net Proceeds (Authority Proposal)
Fiscal 1996-2006

	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010
Annual Operating Surplus (Deficit)															
Ovens Auditorium/Independence Arena	218,210	223,665	229,139	232,701	237,355	242,102	246,945	251,883	256 921	262,059	267,301	272 647	278,100	283 662	289 335
Charlotte Coliseum	1,843,127	1,893,171	2,114 134	2,166 987	2,221,162	2,194 449	2,724,697	2,697 541	2,662,453	2,818,670	2,654 137	2,751,240	0	0	0
Old Charlotte Convention Center	190,524	160,000	0	0	0	0	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(239,031)	(1,074,070)	0	0	0	0	0	0	0	0	(816,541)	(792,045)	(768,284)	(745,235)	(722 678)
Authority Annual Surplus (Deficit)	1,912,830	1,002,766	2,343,272	2,399,688	2,458,517	2,436,550	2,971,632	2,949,423	2,919,374	2,880,729	2,104,896	2,231,842	(490,184)	(461,574)	(433,543)
Annual Capital Improvement Expenses															
Ovens Auditorium/Independence Arena	956 066	1 399 553	300,000	300,000	300 000	300,000	300,000	300,000	300,000	300,000	300,000	300 000	300 000	300 000	300 000
Charlotte Coliseum	288,738	341 624	350 000	350,000	350,000	350,000	350,000	350,000	350,000	350 000	350 000	350 000	0	0	0
Old Charlotte Convention Center	13,649	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	315,099	415 678	0	0	0	0	0	0	0	0	450 000	450 000	450 000	450,000	450 000
Coliseum Improvement Advance	0	0	2,543,982	1 749,688	1 608,516	1 625 678	0	0	0	0	0	0	0	0	0
Coliseum Debt Service Payment	0	0	0	0	0	160,875	2,321 631	2,299,425	2,269,374	2,230,729	0	0	0	0	0
Authority Capital Improvement Expenses	1,573,572	2,157,253	3,193,982	2,399,688	2,458,516	2,436,551	2,971,631	2,949,425	2,919,374	2,880,729	1 100,000	1,100,000	750,000	750 000	750 000
Surplus (Deficit) After Application of Capital Expenses and Transfers	407,258	(1 154,487)	(851,710)	0	(1)	(0)	1	(0)	0	0	1,004,896	1,131,842	(1,240,184)	(1,211,574)	(1 183,543)
Net Proceeds Previous Fiscal Year	6 914 038	7,321 296	6 166,809	5,315 099	5 315,100	5,315 099	5 315,099	5 315 099	5,315,099	5,315 099	5 315,100	6,349 996	7 481 837	6 241 653	5,030,079
Forecasted Net Proceeds	7,321,296	6,166,809	5,315,099	5,315,100	5,315,099	5,315,099	5,315,099	5,315,099	5,315,099	5,315,100	6,349,996	7,481,837	6,241,653	5,030,079	3,846,536

Assumptions.
Parking increases $1 00 per car in 1996 and 2002.
Hornets play in Coliseum until 2007
CCC Fund absorbs current Authority capital and operating obligations to CCC
Authority repays 7 0 improvement advance from City
Authority contributes to Coliseum debt service after advance is repaid
Authority resumes CCC capital and operating obligations after Coliseum debt is paid off

Question: What has been the effect of Hornets events on the bottom line of the Coliseum? What has been the effect of non-Hornet events on the bottom line of the Coliseum?

Answer: The Hornets have contributed approximately $12 2 million to the bottom line profitability of the Coliseum Non-Hornet events have contributed approximately $8 1 million to the bottom line profitability of the Coliseum An exhibit is enclosed which supports this estimate

Capital expenses have been allocated to each revenue type to calculate these 'bottom line" estimates

The Authority is very confident in these estimates and would be willing to review their calculation with either City Staff or interested City Council members

City of Charlotte
Auditorium-Coliseum-Convention Center Authority

Estimate of Revenues and Expenses Attributable to the Charlotte Hornets
Fiscal 1989-1997

Fiscal Year	Total Revenues	Hornet Revenues	Hornet Revenues Shared	Revenues Net of Hornets	Total Expenses	Hornet Expenses	Expenses Net of Hornets	Total Surplus	Surplus Net of Hornets	Surplus Due to Hornets
1989	10 016 384	5 219 255	-	4,797,109	6 384,387	3,791,409	2,592,978	3 631 977	2 204,131	1 427,847
1990	12,176,790	5 653,907	-	6 522 883	8,232,290	3 974,598	4 257,692	3 944 500	2,265,191	1 679 309
1991	11,712,633	5,347,596	-	6 365 037	8 473 368	3 970 738	4 502,630	3,239 265	1 862 407	1,376 858
1992	12,097,502	6 124,565	-	5 972 937	8,803,261	4,174 802	4 628,459	3,294,241	1 344 479	1 949,762
1993	13 415 212	6,581,952	-	6,833 260	9 441 575	4 594 338	4,847,237	3 973 637	1 986,023	1 987 614
1994	12,840 381	6 330,810	-	6 509,751	8 950 936	4 545,323	4 405,613	3,889 425	2 104,138	1,785,287
1995	12,403,681	7 306 669		5 097,012	8,720 128	4,684 980	4,035,148	3 683 553	1 061 864	2 621,689
1996	12 091 783	6 531,228	1 258 304	5,560 555	10,246,655	5 473,195	4 775,460	1 843 128	785,096	1 058 032
1997	11 779 701	6,896,971	1,361,159	4 882,730	10,086 530	5,880 315	4,206,215	1,693,171	676 515	1,016 656
Totals	108,534,027	55,992 752	2,619,463	52,541 275	79 341,130	41 089 697	38 251,432	29 192 897	14,289,842	14,903 055

Fiscal Year	Gross Surplus	Captial Expenditures	Net Surplus	Surplus Attrib to Hornets	Capital Attrib to Hornets	Net Attrib to Hornets	Non-Hornet Gross Surplus	Non-Hornet Captial	Non-Hornet Net Surplus
1989	3,631 977	1 106 299	2,525 678	1,427 847	317 176	1 110,671	2,204 131	789,123	1 415 008
1990	3,944,500	1 016,804	2 927,696	1 679,309	289,586	1,389,723	2,265,191	727,218	1 537 973
1991	3,239,285	2,569 505	669,760	1,376 858	736,677	640,181	1,862 407	1,832 828	29,579
1992	3,294 241	712,351	2,581 890	1,949,762	202,878	1 746,885	1 344,479	509 473	835 005
1993	3 973,637	872,845	3,100,792	1 987,614	250 245	1,737,369	1 986 023	622,600	1 363 423
1994	3,889,425	1,017,582	2,871,843	1,785 287	312,092	1,473 195	2,104,138	705,490	1 398,648
1995	3 683 553	956 138	2 727 415	2,621 689	384,272	2 237,417	1 081 864	571 868	489,998
1996	1 843,128	274,578	1,568,552	1 058 032	114 416	943 617	785 096	160,160	624 935
1997	1,693,171	427,280	1,265,891	1 016,656	132,200	884,456	676,515	295,080	381,435
Totals	29,192,897	8,953,380	20 239 517	14,903 055	2,739,542	12 163 513	14,289 842	6,213,838	8,076 004

11-7-94 FM FROM H-FLOTTE LISEUM TU 933 66644 P008/008

Convention Center Tax Fund Forecast and Actual

Summary

The detailed Convention Center Tax Fund Forecast and Actual for 1991 through 1996 is included on the next page Although the actual revenues exceeded the forecast by $3 3 million during this period, the fund balance at June 30, 1996 is less than the forecast because of the following

- Pursuant to the 1993 Marketing Agreement, the amount for promotions increased from $1 5 million per year to a percent of the tax revenues collected. The formula for calculating this amount is described in Note 2 on the next page

- Council's decision to use these funds to cover 50% of the convention center deficit was made subsequent to the preparation of the forecast

- The savings resulting from the refinancing of the convention center debt (COP's) was used for construction costs and contingency These savings will be realized over the life of the COP's which have 25 years remaining on the payout schedule

CONVENTION CENTER TAX FUND
FORECAST (1) AND ACTUAL

(Dollars in Thousands)

	1991		1992		1993		1994		1995		1996	
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actua
Revenues												
Room Occupancy Tax	$ 3 234	$ 3 124	$ 4 237	$ 3,949	$ 4 443	$ 4 160	$ 4,644	$ 4,634	$ 4 938	$ 5,223	$ 5,361	$ 6 0
Prepared Food and Beverage Tax	-	-	2 383	3 126	6 120	6,580	6,548	7,164	7 013	7,762	7,514	8 7
Interest Income	107	73	390	450	764	533	1,099	657	1,322	1,131	1,519	1,5
Total Revenues	3 341	3 197	7,010	7,525	11,327	11,273	12,291	12,455	13,273	14,116	14,394	16,3
Expenditures												
Promotions (2)	-	-	1,500	1,500	1 500	1 516	1,500	1,698	1,500	2,018	1,500	2 3
Convention Center Deficit (50% of Actual)	-	-	-	-	-	-	-	-	-	768	-	2
Debt Payment (3)	-	-	-	-	3 661	3 665	6,478	3,996	9 119	8,857	9 391	8 8
Construction (4)	-	-	-	-	-	-	-	4,411	-	350	-	1,5
Total Expenditures	-	-	1,500	1,500	5,161	5,181	7,978	10,105	10,619	11,993	10,891	12,9
Beginning Fund Balance	-	-	3 341	3,197	8,851	9,222	15,017	15,314	19,330	17,664	21,984	19,7
Ending Fund Balance	$ 3 341	$ 3 197	$ 8 851	$ 9 222	$ 15 017	$ 15 314	$ 19 330	$ 17,664	$ 21 984	$ 19,787	$ 25,487	$ 23 1

(1) The forecast amounts were prepared by KPMG Peat Marwick in 1991

(2) Beginning in 1994 pursuant to the marketing Agreement dated May 1993 the amounts paid to CCVB and the Authority for promotions were increased from $1 5 million per year to the following 15% of the actual tax revenues plus 30% of the amount by which the actual occupancy tax exceeds the forecast The 15% of tax revenues is distributed 70% to CCVB and 30% to the Authority The 30% excess occupancy tax is distributed 50% to CCVB and 50% to the Authority

(3) The debt payment for 1992 and a portion of the amount for 1993 through 1995 were funded by interest earnings on bond proceeds

(4) Savings resulting from the 1994 refinancing of Convention Center COP's were used to fund construction project costs and contingency These savings will be realized over the life of the COP's which have 25 years remaining on the payout schedule (Final Payment in 2022)

CROWN COMMUNICATIONS

MEMO

TO Jim Palermo

FROM Kathryn Blanchard

SUBJECT The Charlotte Observer - NBC 6 Poll

DATE 17 February 1997

According to Chuck Clark (Government Editor for The Charlotte Observer) who directed the poll for The Charlotte Observer and NBC6, there were 802 total participants from the 17-county Charlotte region Of those, 600 were from North Carolina and 202 live in South Carolina

Of the 600 North Carolina participants, 239 live in Mecklenburg County Chuck says the report does not break down the respondents by citizens of Charlotte, zip code or any other indicator

Please let me know if you have any questions

cc Ed Brown
Jim Nash
Tommy Shealy

101 South Tryon Street
Suite 2460
Charlotte NC 28280
Tel 704 376 5444
Fax 704 376 2537

DINNER BRIEFING

HORNETS/ARENA OPTIONS CONVENED AT 5 25 p m

Dixie Mayed (absent until noted
Sarborough absent

City Manager, Pam Syfert advised Council she met with George Shinn that morning She asked Mr Shinn if he decided to withdraw from an Uptown Arena option to let her know by 5 00 p m Ms Syfert said at 4 00 p m Mr Shinn called her and said he is withdrawing his participation in an uptown arena which is Option 4 in the Arena Options scenario Mr Shinn told her he would pursue the purchase of the existing Coliseum on Tyvola Road

Mayor McCrory stated Mr Shinn asked that he be allowed to speak first in the Public Hearing in order for the public to hear his decision

Ms Syfert then stated as the City changes its process, since one of the four options will be withdrawn, there will be another public hearing

Ms Syfert stated an item is being added to their agenda on Monday, March 31, and that item is the Noise Ordinance as it relates to Panther Racing

Meeting recessed and Council moved to the meeting Chamber at 5:50 p.m.

Reconvened at 6:00 p.m.

Charlotte
CHAMBER

March 13, 1997

MEMORANDUM

TO: Members of Charlotte City Council

FR John Clancey, Chair, Charlotte Chamber's Uptown Arena Committee

RE Chamber's position on uptown arena proposal

Attached you'll find a copy of my formal presentation to the Council

In addition, you'll also find a copy of *Ventures Extra* which profiles Nashville's experience with a downtown arena and the synergy which has resulted from its presence

We strongly encourage you to continue negotiating with 24 Up to make an uptown arena a reality

Thank you for your consideration

xc Chamber Arena Committee members

330 South Tryon Street • Post Office Box 32785 • Charlotte NC 28232 • Telephone (704) 378 1300 • Fax (704) 374-1903

Uptown Arena Recommendation

City Council

March 13, 1997

Committee

- Wayne Brown WPEG
- John Crosland Jr The Crosland Group
- Sharon Decker Lynnwood Foundation
- Steve Hankin McKinsey & Company
- Ron Leeper R J Leeper Company Inc
- Jim Morgan Interstate/Johnson Lane
- Peter Pappas The Harris Group
- Bailey Patrick Jr Perry Patrick Farmer & Michaux
- H A Wheeler Charlotte Motor Speedway
- Fletcher Wright Deloitte & Touche

Why Does Charlotte Need New Arena?

- We want to keep our Hornets
- NBA estimates player cap to be $33 million by 2001
- Teams need suite/club seat revenues to be viable
- League supports location of teams in cities with new arenas
- Because of small TV market Hornets must maximize arena revenues

Why is an NBA Franchise Important?

- Greater national and international recognition
- Greatly enhanced Charlotte as a headquarters city
- Paved way for NFL team
- Retention of major employers

Present Coliseum not Viable

- Consultant estimates $7-10 million renovation cost (or more) to generate annual $4-6 million
- Short term fix
- Depletes existing Coliseum Authority reserves
- Inconsistent with NBA franchise trends

Tyvola Will Continue to Develop

- Tyvola Road major connector road to I-77 and I-85 and airport
- Critical mass of office development exists and will continue
- Direct Coliseum related development minimal
- Coliseum traffic deters some business

Uptown as Arena Solution

- Opportunity to "relocate" the Coliseum at minimal cost
- $49 million is less than $57 million approved by referendum in 1984 for Coliseum
- City can "trade up" for state-of-the-art uptown arena for 30% of cost/value of facility

- When combined with stadium traffic creates new uptown market of 2 million people
- Stimulates uptown tax base total – 3 square miles pays 9% of city taxes
- Improves perceived safety and security
- Supports $200 million Convention Center investment

Accelerates Additional Development

- $25 5 million privately financed parking deck to be on the tax rolls
- Rail terminal
- Hotel
- CWAC business park
- Nashville experience

Nashville Experience

- Projects landed since arena was announced
  - $72 8 million in restaurants entertainment and retail venues alone
    - Includes high profile names like Hard Rock Cafe Planet Hollywood and Wild Horse Saloon
- Arena has aided convention center
  - Eight largest conventions ever held in Nashville since arena

Nashville Experience

- Value of five block area surrounding arena has increased 250% – from $7 5 to $19 million

Financial Analysis

Sport Facility Subsidies in Other Cities

City	$ Million
San Francisco (renovation)	$225
Tampa	153
San Jose	132 5
Cleveland	120
Seattle	74 5
Washington DC	60
Portland Oregon	34 5

Eventual Recurring Tax Revenues

	(In thousands)		
	City	County	State
Sales Tax			
Arena Concessions ($6 7 mm)	34	102	271
Entertainment Retail Sales ($9 mm)	45	135	360
Entertainment, Movies, Etc ($16 mm)	80	240	640
	159	477	1 271
Property Tax (Income Tax to State)			
Entertainment Venues ($37 mm)	187	231	888
Parking Deck ($26 mm)	113	156	6
Coliseum Re-Development (10 years)	1 181	1 643	5,967
Hotel ($125 mm)	656	913	666
Office ($70 mm)	367	511	1 989
Players Payroll ($23 mm)			1,610
	2,484	3 454	11 126
Total	2,643	3 931	12,397

- Prudent investment of city funds
  - Avoids higher cost to construct arena at a later date
  - Consistent with past city facilities investment policy
- Value of new downtown arena $158 5 million with Hornets contributing 2/3 of cost

- Hornets financial contributions
  - Outperformed $2 million projected loss per year and generated $2 million profit/year since 1988 = $40 million
  - Will contribute $109 million of construction costs to a publicly owned facility

- If we lose NBA team
  - Lost value to local economy -- over $100 million* per year
- Loss of civic momentum
  - Arena project is within city control future issues may not be

*Dr John Connaughton
March, 1997

Recommendation

- The Charlotte Chamber endorses the concept of the uptown arena

Winners

- Citizens - Through improved tax base and quality of life
- City - Through improved tax base uptown and redevelopment of present Coliseum land
- County - Improved tax base and shared state revenues
- State - Improved revenues from sales gas and income taxes

Winners

- *Convention Center - Arena provides entertainment/recreation options for convention industry*
- *CWAC Business Park - $3 6 million commitment to development of west side and line of credit of $8 million = $11 6 million*

Coliseum/Hornets Issue

City Manager's Recommendation
March 17, 1997

Introduction

- Hornets/Coliseum Issue = Opportunities
  - » Rethink City's role in owning and financing sports/entertainment facilities
  - » Retire Coliseum debt early
  - » Increase property tax base
  - » Reduce subsidy obligations for three current facilities
  - » Re-think role of Authority

Purpose of March 17 Workshop

- Complete evaluation of Option 4
  - » Maximize City's financial position
  - » No property tax increase or adverse impact on capital priorities
- Present restructured arena proposal
- City Manager's recommendation

Current Obligations For Sports Entertainment Facilities

- Coliseum, Independence Arena, Ovens Auditorium
- $32M principal, $44 3M to retire debt by 2005, general taxes
- City responsible for any operating or capital deficits
- Authority manages facilities
  - » Financial custodian of earnings/surplus
  - » Decision-maker for capital investments

Coliseum, Ovens, Independence Arena Financial Projections 1998-2000

	Earning (Deficit)	Net After Capital Imprvmnts	Net After Conv Ctr Loss
Coliseum	$6 5M	$5 45M	$2 42M
Independence/ Ovens	$0 7M	($0 2M)	

Coliseum, Ovens, Independence Arena Financial Summary

- 1997 Fund balance $6 2 Million
- Coliseum with Hornets as anchor tenant has generated significant earnings and will continue
- Independence Arena/Ovens are projected to run deficits if projected capital improvements are made to these facilities
- 1998-2000 earnings of $2 4-5 45M are available for debt service
- 1997 Fund Balance of $6 2 M available for debt service
- Loss of Hornets will impact earnings

Opportunities To Maximize City's Financial Position

- Generate additional income to retire Coliseum debt
  - » Sale of Assets
  - » Re-capture all or part of Coliseum earnings
  - » Increase Coliseum earnings by reducing costs
- Expand tax base
  - » Invest to stimulate development
  - » Move public assets to private ownership
- Reduce long-term obligation to subsidize operating deficits with general tax dollars

Generate Additional Income To Retire Coliseum Debt

- Sale of Coliseum Land
  - » Continue use as a sports entertainment facility — $18 Million (1998)
  - » Sale of land for redevelopment — $20 - 27 Million (2000-2001)

Generate Additional Income To Retire Coliseum Debt (Cont.)

- Re-Capture Coliseum Earnings
  - » $6 2M Fund Balance
  - » $2 4M-$5 2M Net Earnings
- Reduce Costs of Operation and Management of Facility

Expand Tax Base

Sale of Coliseum/Land

- Sale of Coliseum/Land

	Value (year)	Property Tax (year)
(1)	$18M (1992)	$ 94,000 (1998)
		$ 658,000 (1998-04)
(2)	$29M (1998)	$ 150,800 (1998)
		$1,055,600(1998-04)

Expand Tax Base (Cont.)

- Development of 155 Acres

		Value (year)	Property Tax (year)
» Land	(1)	$20M(2000)	$ 104 000 (2000)
			$ 416,000 (2000-03)
	(2)	$27M(2000)	$ 140,400 (2000)
			$ 561,600 (2000-03)
» Development		$100M(2004)	$ 520,000 (2004)
		Total (1)	$ 936,000 (2000-2004)
		(2)	$1,081,000 (2000-2004)

Expand Tax Base (Cont.)

- Stimulate Development Uptown

	Property Tax (Year)
» Parking Deck	$113,000 (2000) $565,000 (2000-04)
» Entertainment Venues	$167,000 (2004)
Total	$732,000 (2000-04)

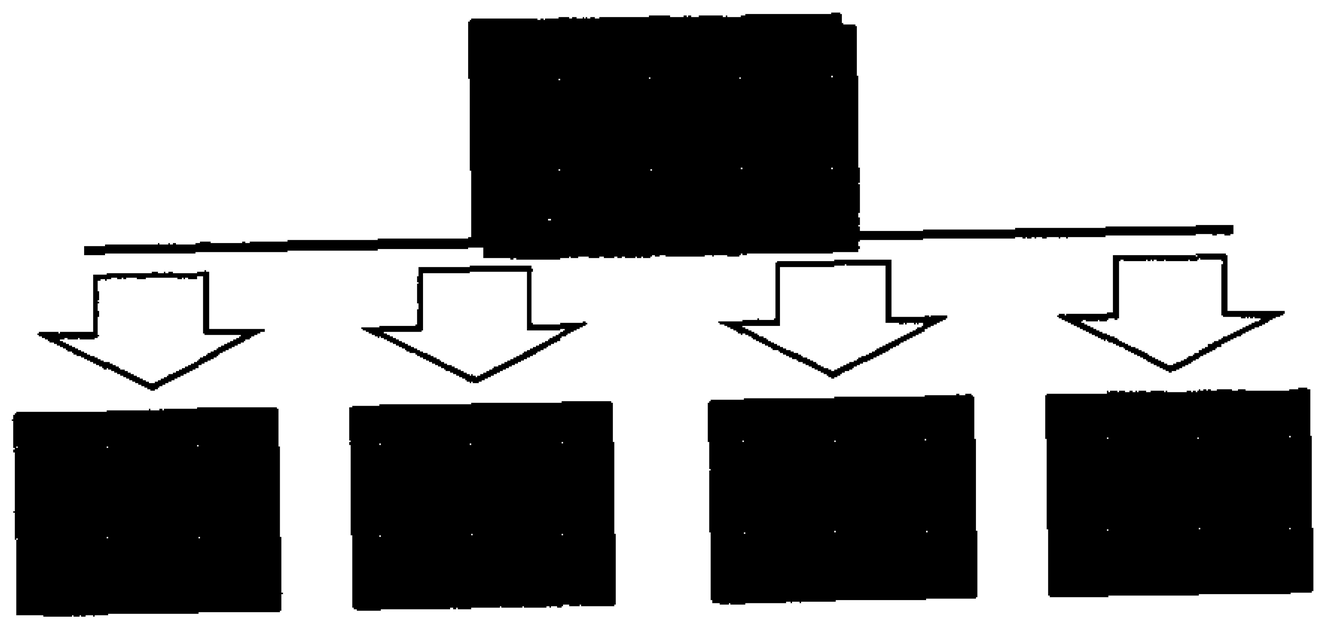
Expand Tax Base Comparison

		1998-2004 Property Tax Potential
Sell For Coliseum Use	(1)	$ 658,000
	(2)	$ 1,055,600
New Arena/ Re-develop 155 Acres	(1)	$ 1,668,000
	(2)	$ 1,813,000

Reduce Use of General Tax Dollars For Sports/Entertainment Facilities

- Strategies For Authority
  - » Competition to test operation/management costs
  - » Privatization
  - » Alliances with Performing Arts Center, Merchandise Mart
- Retire Coliseum debt before 2004
  - » Dedicate sale to debt retirement
  - » Allocate earnings to debt retirement
- Use occupancy taxes for new arena, retire debt by 2004

Distribution of Revenues
Original 3% of Occupancy Tax



Occupancy Tax:
All Taxes Are Not The Same

- Who Pays?
  - » Visitors who rent hotel/motel rooms pay 6%
- What can the revenues be used for?
  - » Acquire, finance, construct, maintain and/or operate convention centers, performing arts centers, coliseums, auditoriums, museums, and visitor-related programs

Occupancy Tax

- 1996-97 Distribution of First 3%
  - » CCVB $2 0 Million
  - » City 2 8
  - » County/Towns 1.9
  - Total $6 7
- City Share of Growth $ 127,000 (1998)
  585,662 (2000)
  1,727,343 (2004)
- Debt Capacity (2006) $61 Million

3% Occupancy Tax New Arena Option

Fiscal Year	Occupancy Tax Growth	Debt Payment Required*	Annual Difference	Cumulative Total Amount Required from Coliseum Auth
1998	$ 120,750	$ 820 000	$ (699,250)	$ 699,250
1999	$ 345,345	$ 820 000	$ (474,655)	$1,173,905
2000	$ 585,662	$ 820,000	$ (234,338)	$1 408 243
2001	$ 842,800	$ 820,000		
2002	$1 117,939	$ 820 000		
2003	$1 412,337	$ 820 000		
2004	$1,727,343	$ 820 000		
2005	$2 064,400	$1 175,000		

*annual amount required for debt service on $15m financing

Revised Uptown Arena Proposal
Uses of Funds

• Land	$ 15.0 Million*
• Infrastructure	3.5
• Arena	143.0
Total	$161.5 Million

* If land or infrastructure costs can be reduced below the indicated level savings will reduce the City commitment

Revised Uptown Arena Proposal
City Funding

• City	
» Land	$ 15 0
» Infrastructure	3 5
» Other	7 5
City subtotal	$ 26 0 Million

City Manager's Recommendation

- Build new Arena Uptown with City participation of $26 Million
- Begin marketing plan for Coliseum land, close Coliseum in year 2000
- Require Coliseum Authority
  - » To contribute operating surplus and Fund Balance toward debt service beginning 1997 with $2 5 Million
  - » To develop competition/privatization plan for Independence Arena/Ovens

Benefits

- It makes business/economic sense
  - » long-term
  - » healthy center city
  - » utilizes revenue not used for general government
  - » reduces city participation in entertainment/sports facilities
  - » No property tax increase
  - » Keeps Hornets & its economic benefits ($20M since 1989)
  - » Good use of existing infrastructure

Citizen Issues From Workshop

- Keep the Franchise
- Don't use taxes
- Don't detract from other needs/priorities
- Uptown arena would benefit economic development
- Support of Private Business

Next Steps If Arena Option Chosen

- Re-use Study of Coliseum/Land
- Financing Package For COPS
- Sale of Old Convention Center
- Agreement on re-capture of Coliseum earnings
- Instructions to Authority
- Negotiate land Purchase
- Resolve Legal Issues on Coliseum/Land Sale
- Appraisals on Land
- Negotiate Agreements

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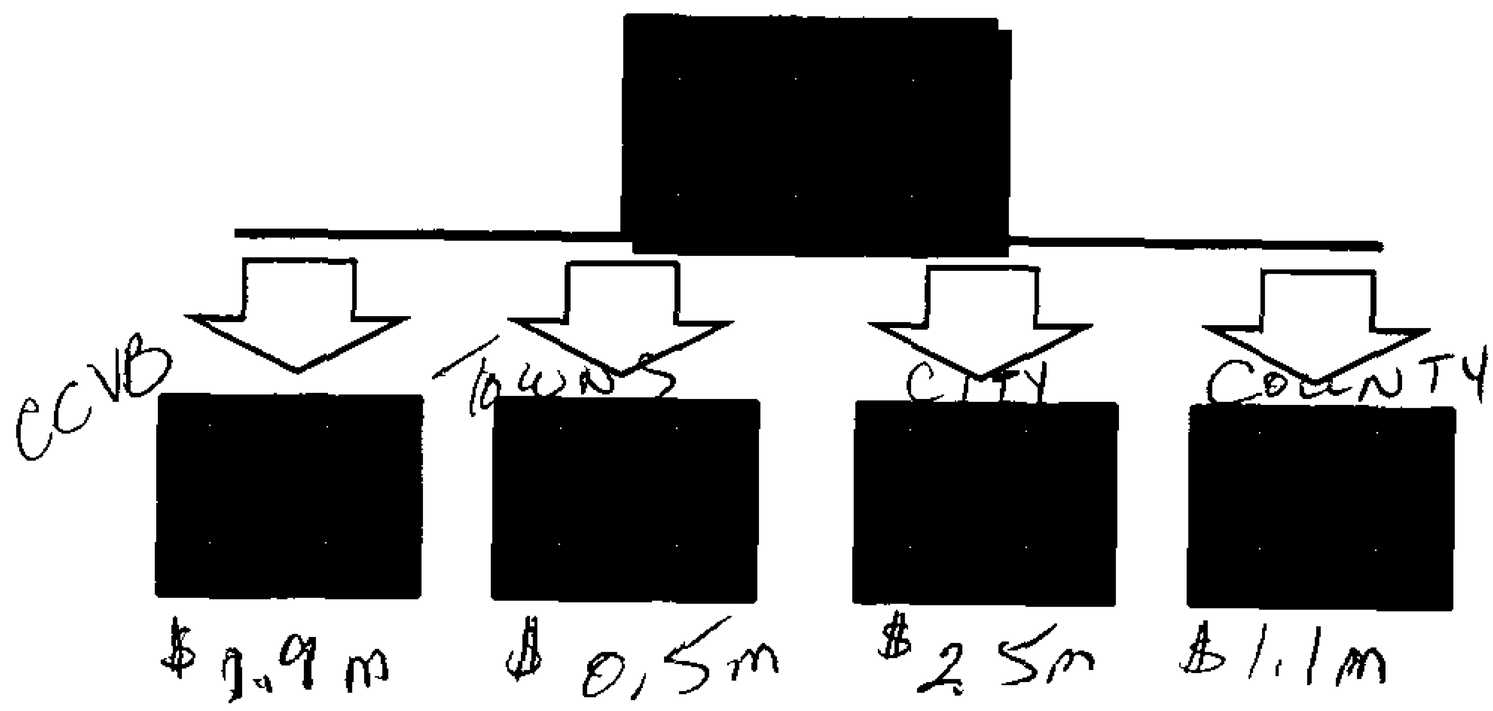

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AGENDA

Citizens' Advisory Committee
On
The Hornets/Coliseum

Wednesday, May 15, 1996

4:30 p.m.	Welcome & Agenda Review - Cliff Cameron
4:40 p m.	Introductions - Del Borgsdorf
4·45 p m.	Coliseum Authority •Presentations followed by Q & A
5 30 p.m.	CSL International - Craig Skiem •Options Review •Financial Framework •Q & A
6:15 p.m.	Next Agenda, May 23 - Cliff Cameron •4:30 Hornets •5:30 Discussion

Future Dates: 5/29, 6/4, 6/6

AGENDA

Citizens' Advisory Committee
On
The Hornets/Coliseum

Thursday, May 23, 1996

4:30 p.m.	Welcome & Agenda Review - Cliff Cameron
4:35 p.m.	Charlotte Hornets •Presentations followed by Q & A
5 35 p.m.	CSL, International Q & A (Possible Executive Session)
Future Dates:	5/29, 6/4, 6/6

AGENDA

Citizens' Advisory Committee
On
The Hornets/Coliseum

Tuesday, June 4, 1996

4.30 p m.	Welcome & Agenda Review - Cliff Cameron
4 35 p m.	Future Meetings
4·45 p.m.	<u>CSL, International Analysis of Specific Options</u> •Status Quo through 2002-New Arena in 2003 •Hornets Renovate Coliseum in 1997, build new arena in 2007 •Authority Renovates Coliseum in 1997, Hornets build new arena in 2007 •Hornets Operate Coliseum in 1997, renovate Coliseum in 2000 •Hornets Operate Coliseum through 2002, build new arena in 2003
6 15 p.m.	Follow-up discussion for June 6

AGENDA

Citizens' Advisory Committee
On
The Hornets/Coliseum

Wednesday, November 20, 1996

4·30 p.m.	Welcome & Agenda Review - Cliff Cameron
4·35 p m.	Proposal to Develop Uptown Arena/Entertainment Complex (24 UP)
5·55 p m.	Review of Council's Questions (24 UP)
6 10 p m.	Committee Q & A
6 25 p m.	Next Meeting

AGENDA

Citizens' Advisory Committee
On
The Hornets/Coliseum

Thursday, December 5, 1996

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4 30 p.m.	Welcome & Agenda Review - Cliff Cameron
4·35 p.m.	Review of Economic Impacts - Proposal to Develop Uptown Arena/Entertainment Complex (24 UP)
5 35 p.m.	Committee Q & A
6:25 p m.	Next Meeting

City Manager's Report

Update on the Citizens' Advisory Committee on the Hornets/Coliseum

The Advisory Committee has met three times to consider the four options before Council The discussions have been information gathering sessions and have not yet focused on recommending a framework for future negotiations. The Committee has gone into executive session once, at the third meeting after hearing a presentation by George Shinn That executive session discussion represented the first phase of deliberations for the Committee to make a recommendation to City Council on how to move forward with this issue

Briefly, here is how the meetings have gone

First meeting: Included an overview of the NBA, Hornets and the Coliseum from a revenue/expense perspective Also included discussions about the Hornets' current lease and the financial/legal relationship between the City and the Authority (i e , how much debt is owed on the building)

Second Meeting: Included a presentation from Steve Camp of the Authority and a follow-up discussion with Craig Skiem of CSL, International. The discussion focused on the how the Hornets compared with other teams in the NBA, the specifics of the Hornets' lease with the Coliseum, the public purposes the coliseum fulfills and the amount of debt left on the Coliseum after the Hornets' five-year lease has expired

Third Meeting: Featured a presentation by George Shinn and focused on four major categories

- The Hornets' needs
- The Hornets' marketing capabilities
- Preserving public purpose/usage
- The Hornets' financial resources

Hornets' Needs: Although Council's timetable for negotiations includes a recommendation on the preferred negotiating option by June, 30, Mr Shinn emphasized that he does not need to have a recommended option by that time He appears to be willing to work with the City under a longer timetable

Because the Hornets' revenues are below the NBA average, they would like to increase revenues by controlling the facility they play in (the current Coliseum or a new facility) They are willing to negotiate a long-term lease (5-10 years) or the purchase of the Coliseum Control of the facility is the key issue to increasing their revenues If they buy the Coliseum, they may tear it down in ten years and build a new facility on the same site

Renovations to the facility would include the addition of 32 luxury suites This would mean that 450 regular seats would be eliminated

Any solution involving the current building is seen as an interim solution (5-10 years) According to Shinn, their long term needs can only be met by a new facility Would prefer to build a facility uptown, but has no problem with the current site

Shinn stated that control of the facility would be enhanced by control of competing facilities This was desirable, this did not seem to be a pivotal negotiating posture

Hornets' Marketing Capabilities: Pointed to their leadership in licensed NBA merchandise Also, that would market the existing facility so that it would have many more events A new facility would also be aggressively marketed

Shinn stated that the Hornets' have a $200 million impact on the region

Public Purposes: Despite the aggressive marketing, Shinn promised that he would provide the City with opportunities to hold public purpose events at the Coliseum Shinn hinted that he would do this even at the risk of impacting his bottom line

Financial Resources: Shinn stated that he has the resources to build a new facility and presented a letter from First Union stating that they would assist him Also, appears to be interest from other banks The Hornets estimate that construction alone for a new facility would cost from $80 million to $130 million. This does not include land costs or other non construction costs

City of Charlotte

Auditorium-Coliseum-Convention Center Authority

Presentation to City Manager's Committee
Concerning the Charlotte Hornets
May 1, 1996

Comparison of Authority Lease Agreements with Charlotte Hornets

Description	Original Agreement	Revised Agreement	New Agreement
Effective Date	10/01/88	10/01/92	11/05/95
Term	5 Years	5 Years	5 Years
Renewal Term	5 Years	5 Years	5 Years
Notice	None	None	3 Years
Termination	None	None	$250K in Year 5
Ticket Revenues	Retained by Team	Retained by Team	Retained by Team
Rent	$1 00/Game	$7-9,000/Game	$9,000/Game
Event Expenses	Paid by Team	Paid by Team	Paid by Team
Novelties	100% to Team	100% to Team	100% to Team
Advertising	50% to Team	%100 of Courtside, %50 of Permanent to Team	%100 of Courtside, %50 of Permanent to Team
Food and Beverage	0% to Team	0% to Team	50% of Profit to Team
Parking	0% to Team	0% to Team	50% of Profit to Team
Other Franchises	w/ Team's Permission	w/ Team's Permission	Allowed
Additional Revenues	n/a	$1 0 M	$1 5 M

SPEAKER'S LIST
PUBLIC HEARING ON THE ARENA
March 26, 1997

3/26/97 -4 00- p m

1 Invocation

2 Pledge of Allegiance

3 Martin Forbes, 8513 Lorraine Drive, 28270 - 365-3110

DECLINE 4 Malcolm Graham, 3404 Cresta Court, 28269 - 536-2884

5 Tarra Thornton, 10024 Oak Run Drive, Apt H, 28210 - 341-1120

6 Tammy Thompson, 1515 Mockingbird Lane, 28209 - 529-1677- Ext 2

2 Frank Bragg, 1031 S Caldwell Street, suite 101, 28203 - 377-0261

8 Eric Stewart, 323 Drury Drive, 28206 - 596-7045

9 Arlene Jacobs, 5220 MacAndrew Drive, 28226 - 347-4104

3 Ray Ardizzone, 5935 Carnagie Boulevard, 28209 - 553-0038

4 Beverly Howard, 1912 Windlock Drive, 28270 - 523-4333

12 Heather Grant, 9325-C Westbury Woods Drive, 28277 - 543-9293

13 Bobbye Newsome, 645 Furrow Drive, 28270 - 841-2034

14 Steve Maag, 701 East Second Street, 28202 - 379-7001

15 Arthur Horton, 6010 #222 Birkdale Valley Drive, 28277 - 336-8337

16 Vincent Pratt, 1023 Queens Road, West, 28270 - 553-3377

5 William Anderson, 700 East Second Street, 28202 - 343-5450

18 Dennis Dixon, 343-5815

6 John Sullivan, 2421 Richardson Drive, 28211 - 366-9482

20 Ernie Hunt, 10301 Kilmory Terrace, 28210

21 Jim Breech, 10018 Silver Lake Court, 28277 - 525-1621

22 Howard Henry, 5516 Bleeker Street, 28215 - 336-7472

23 Don Hagler, 3400-D South Tryon Street, 38217 - 366-7472

24 Officer Tim Gromis, Charlotte-Mecklenburg Police - 336-2724

25 Sgt Chuck Johnson, Charlotte-Mecklenburg Police - 336-2724

26 Mary Clark, 7017 Cool Springs Lane, 28226 - 343-3905

27 R Brisley, 15346 Bexley Place, Mint Hill, 28227 - 336-2094

28 James R Johnson, 254 Huntley Place, 28207 - 333-5995

29 Mike Wilson, 307-F West Tremont Avenue, 28203 - 376-2282 – GIVE TIME TO ALLEN WELLS

30 7 Allen Wells, 236 Hunter Lane, 365-4568

31 8 Tom Kalin, 3000 East Independence Boulevard, 377-1501

32 Jennifer Ludes, 9506 Covedale Drive, 28270 - 333-0202

33 Cheryl Jones, 4838 Butterwick Lane, 28212 - (no phone)

34 9 Ed Nowokunski, 4633 Mullens Ford Road, 521-5285

35 10 Cora Mullis, 2317 Belmeade Drive, 28214 - 393-9485

36 12 Debbie Ware, 9900 Russet Oak Lane, 542-0384

37 Robert Ett, 701 Old Belle Road, 28270 - 334-5383

38 Dr John Simpson, 1210 Shady Bluff Drive, 28211 - 362-2663

39 11 Alfred Schwirck, 21303 Nautigue Boulevard, Cornelius, NC 28031 - 896-9649

40 13 Neal Howes, 9209 Old Barnette Place, Huntersville, NC- 336-4037

41 14 Liz Johnson, 3625 Windbluff Drive, 28277 - 542-9873

42 Ella F Jackson, 9408 Windsong Drive, 28273 - 535-0881

43 Paul Sedan, 6500 Brookfield Place, 28270 - 365-2590

44 Rhett N ~~Mobey~~ MABRY, 1509 Providence Drive, 28211 - 376-0291

45 Angelia Tanner, 4628 Water Oak Road, 28221 - 388-3828

46 Dr Patricia Holleman, 3404 Linden Berry Lane, 28269 - 343-5510

47 15 David Henderson, Sr , 1122 Berkeley Avenue, 334-4125

48 Patty Buchanan, 4529 Sharon Road, 362-3158

49 Tom Harris, 741 Kenilworth Avenue, 28203 - 334-4686

50 19 William M (Bill) Brawley, Jr , 136112 O'Toole Drive, Matthew, 28105 - 948-3379

51 Mike Masterman, 1434 Point Lookout Road, 522-8094

52 Kit Cramer, 6224 Ash Cove Lane, 28269, 948-0264

53 Chris Jackson, 128 South Tryon Street, 28202 - 334-0119

54 Ed Weisiger, 9000 Statesville Road, 28201 - 596-6700

55 16 Roy Johnson, 129 West Trade Street, 28202 - 377-591

56 Baxter Hayes, 4515 Sharon Road, 28211 - 364-4515

57 17 Betty Seizinger, 5323 Finsbury Place, 28211 - 364-6256

58 Bobbie Drakeford, 1535 Running Brook Road, 28214 - 347-4363

59 Peter McCoppin, 211 North College Street, 28202 - 332-0468

60 Pat Turner, 12537 Delshire Lane, 28273 - 588-4335

61 18 Wayne Shusko, Park Hotel of Charlotte, 364-8220

62 Bob Freedman, 300 South Brevard Street, 28202 - 357-6767

63 Matthew Bradbury, 100 North Tryon Street, 28202 - 331-0777

64 Dewitt Foard, 128 South Tryon Street, 28202 - 372-1515

65 James F Foxx, 1937 Crestdale Drive, 28216 - 399-6242

66 Frank Barnes, 3616 School House Lane, 28226 - 553-1413

67 Mike Hampton, 15210 McComb Manor Court - 357-2880

68 Jeff Thompson, 4017 Moonland Drive, 28226 - 357-2803

69 Curt Peters, 300 South Brevard Street, 28202 - 357-6767

70 Preston Griffith, 1914 Brunswick Avenue, 28207 - 332-7173

71 Russ Louderback, 2103-K Diamond Creek Circle, 28273 - 357-2847

72 William Kirk, 5726 Eastbrook Road, 28215 - 568-6728

73 Bryan King, 1108 Circlewood Drive, 28211 - 357-2826

~~74~~ Jim Gamble, 4024 Old Field Road, 561-3486

~~75~~ Eugene Rackly, 227 West Trade Street, 335-0332

~~76~~ Paul Eich, 3535 Keith Drive, 28269 - 372-9491

21 ~~77~~ 20 Billy Peeler, 4124-N Firewood Lane - 519-0078

~~78~~ Roger Stacks, 137 Brevard Court, 28202 - 375-6014

~~79~~ Walker Wells, 132 Brevard Court, 334-7211

~~80~~ Marcus Terry, 11012 Graduate Lane, 28262 - 549-1111

~~81~~ Scott Hubbard, 2734 Long Dale Road, 28209 - 547-2358

~~82~~ Andrea Myer, 9201 University City Boulevard, 28223 - 595-5041

~~83~~ Nan Bauroth, 7801 Arboretum Drive, 541-8986

~~84~~ Joe Miller, 4413 St Ives Place, 28211 - 366-6172 or 362-0590

20 ~~85~~ 19 Sally Wentz, 2210 Hopedale Avenue, 377-1611

~~86~~ Vanessa DeGeorge, 7212 Prescott Pond Lane, 28270 - 544-1369

~~87~~ Rich Sheubrooks, Two First Union Center, 28202 - 332-7717

~~88~~ John Anderson, Two First Union Center, 28202 - 332-7717

~~89~~ Dan Bishop, 1108 Heather Lane, 28209 - 552-6571

~~90~~ C Richard Melvin, 5416 Five Knolls Drive, 28226 - 542-6962

~~91~~ Caldwell Rose, 135 Cottage Place, 375-1000

~~92~~ Tom Nixon, 6512 Newhall Road, 28270 - 334-7088

22 ~~93~~ 21 Steven Iannarone, 6840 April Lane, 28215 - 563-1350

23 22. Herb Bennett

23 23 Cecil Carter

24 Rhett Mabry (He was on list as #44)

March 26,1997

Thank you Mayor McCrory, Mayor Pro-Tem and City Councilwomen and men.

George Shinn can get the desired twenty-six(26) million, to fifty-eight million plus dollars for his arena without taking it from the pockets of the taxpayers. Experience is the best teacher. "W O R K' "WORK" Apostle Paul said, "if you don't work, you don't eat"!

A success story of how a grieving orphan boy from eight (8) years old to fourteen years old made it without the taxpayers.

He fished, set hooks in the Mecklenburg-Gaston County Catawba River. When he got a string of fish, he sold them for 10¢ a string, to Jones Brothers Grocery, Mt. Holly, N.C

He saved the 10¢ until he got 50¢. He bought a rooster and a hen, (25¢ each).

When the hen began to lay, he saved the eggs and "set" them. He raised the feed for his chickens - corn.

Picked blackberries and wild plums, gathered pears, made jams, jellies and preserves.

At one point, he saved enough money, to buy a pig and corn fed it.

At twelve, a brother bought him a 22 rifle, he hunted and had rabbits and squirrels.

If an eight year old to fourteen (14) year old grieving - orphan boy; (when the whole country was trying to survive from the worst depression in our history), (DEPRESSION,1929) can make it without the taxpayers.

Mr. Shinn can make it without the help of the taxpayers; having the support of Hugh McCall, NationsBank, a report out of Washington, D.C. of a thriving and prosperous economy, a skyrocketing stock market, and help from an inheritance.

Commissioner Tom Bush slogan in 1994 was "ENOUGH IS ENOUGH".
I changed it to "ENOUGH IS TOO MUCH!".
But the wisest man that ever lived (SOLOMON) said, it perfect;

K J V Proverbs 30:14-16
Verse 14: There is a generation, whose teeth are as swords, and their jaw teeth as knives, to devour the poor from off the earth, and the needy from among men. (15) The horseleach hath two daughters, crying, Give, give, here are three things that are never satisfied, yea, four things say not, It is enough: (16) The grave, and the barren womb, the earth that is not filled with water; and the fire that saith. It is enough.

THE TAXPAYERS ARE NOW SAYING:
WE HAVE "HAD" "ENOUGH"!

Thank You,
Cora Mullis 2317 Belmeade Dr 28214
393-9485

CHARLOTTE

Mayor Patrick McCrory *Mayor Pro Tem Al Rousso*

Charles Baker
Patrick Cannon
Malachi Greene
Mike Jackson
Nasif Rashad Majeed
Don Reid
Ella Butler Scarborough
Tim Sellers
Sara Spencer
Lynn Wheeler

Council Agenda

CITY COUNCIL SPECIAL MEETING

Monday, March 31, 1997

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5 00 pm Room CH-14

Dinner Briefing

6:00 pm Meeting Chamber

Invocation

Pledge of Allegiance

1 Report on Mr. & Mrs. Samuel Gordon - noise complaint at 2514 Danforth Lane

Attachment

2 Discussion of Decision Process on Hornets/Coliseum

Hornets/Coliseum Issue
Draft Process Timetable

February 4	Citizen's Committee review of consultant recommendations
February 10	Council Meeting -- Briefing, Process for moving forward Approve schedule of special briefing workshops
February 17	Council workshop prior to Zoning meeting to review options, Committee recommendations, raise issues
Mid-February-March	Ongoing public information/education program ▪ City Report (radio PSA's) ▪ Video package for *Charlotte Behind The Scenes* and Speaker's Bureau ▪ Slide presentation (CSL) for Speaker's Bureau ▪ Speaker's Bureau -- TBD ▪ Media briefings -- As needed ▪ Radio talk shows -- TBD ▪ *State of the City* ▪ *Charlotte Behind The Scenes* 2/28-3/2 at 9 00 on Channel 16 ▪ *Agenda Charlotte* March 14-16 on Channel 16 with rebroadcasts Discussion of Hornets/Coliseum issue ▪ *Ask The Mayor* 19 on WTVI ▪ *City Beat* Channel 16 with rebroadcasts 2/10 CSL presentation ▪ Series of information ads in local newspapers ▪ Advertisements for public hearing, community as needed ▪ Fax Updates as needed, establishing e-mail distribution ▪ Fast Fax Issue fact sheet/backgrounder available 24/7 as of 2/24
February 24	Dinner Briefing -- Council update on issues related to options
March 3	Dinner Briefing -- Council update on issues related to options
March 13	4-6 PM Council workshop/discussion of issues (continued) 6 00 PM Public Hearing
March 17	3-5 PM Council workshop prior to Zoning Meeting Manager makes recommendation to Council regarding option for negotiation
March 24	Council decision on pursuing one of the four options

Pomfret Financial Company

The Pomfret Financial Company Inc
111 East Morehead Street
Charlotte North Carolina 28204 2857
704 347 1060 Extension 12
Fax 704 347 1726

EDWIN B (Ed) PEACOCK JR CLU
President

March 31, 1997

Ms Pamela A Syfert
City Manager
City of Charlotte
600 E 4th Street
Charlotte NC 28202 2244

Via Fax - 336 6644

Dear Ms Syfert

Please consider this letter as an expression of interest in the possible purchase of certain properties now owned by the city and operated by the Coliseum Authority

Will you inquire of the City Council if there is an interest in selling as one package

A The present Charlotte Coliseum and the surrounding land
B Ovens Auditorium and Independence Arena and the surrounding land
C The "old" convention center and the surrounding land

If the details could be resolved to our mutual satisfaction and simultaneous with the purchase the acquiring partnership would like to have completed the following

1 Rezone some or all of the property, if necessary
2 Enter into an agreement with the Coliseum Authority to manage some or all of the property Furthermore, the agreement would provide that the net profits would be divided between the city and the partnership
3 Precisely determine the values to be used by the City and County for assessing property taxes
4 Resolve many other as yet unidentified items

After consultation with the City Council, will you please keep me posted?

Thanks for your courteous consideration!

Sincerely,

Edwin B Peacock, Jr , CLU

EBP/jf

VOLUME 1 / NUMBER 1 THE OFFICIAL NEWSLETTER OF THE CHARLOTTE CHAMBER OF COMMERCE MARCH 1997

EXPRA

VENTURES

Nashville s $144 5 million publicly-funded downtown arena opened in December

MUSIC CITY'S DOWNTOWN MOMENTUM

THE NASHVILLE ARENA CONTRIBUTES TO DOWNTOWN'S REVITALIZATION

"Five and a half years ago we were dead in the water said Butch Spyridon Executive Vice President of the Nashville Convention and Visitors Bureau The media was writing about Branson (Missouri) downtown was dead and we were feeling sorry for ourselves

Today Nashville s downtown is bustling with tourists and redevelopment of property A new stadium is being constructed across the Cumberland river to house the NFL Oilers in their 1998 season and a brand new arena is feeding their convention center and downtown businesses beyond anyone s expectations

How did it happen? Opinions vary, but there are many common notes in the complicated composition that makes up the Music City s reprise

Lots of people were at the right place at the right time said Spyridon Some of those people include the mayor the Metropolitan Development and Housing Agency (MDHA) the chamber and convention and visitors bureau and private entities like Gaylord Entertainment

THE MAYOR

Many people use the terms pro-business and visionary to describe Mayor Phil Bredesen Bredesen recognized the importance of revitalizing the downtown area and brought private business and government together to do it He is also credited with fighting attempts to place the arena a major component of that revitalization in other locations

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

Some credit the MDHA s use of tax increment financing as having made the arena a reality Executive Director Gerald Nicely said the public investment in the property pieced together for the project is paying off Originally valued at $7 5 million dollars, the property was recently reassessed at $19 million–a 250 percent increase Estimated investment in restaurants mixed use facilities, retail and entertainment venues since the arena s announcement in 1991 is already $72 8 million More work is underway including a NASCAR Cafe currently being developed on Broadway as well as a high rise residential center An announcement of a $5 million multi dimensional club for 2nd Avenue was made just last week

The arena has been a real boon to downtown Land values are taking off said Nicely The convention center's business is booming They'd love to expand He notes that development which has already begun on Second Avenue and Broadway is expected to move further toward the arena

> Estimated investment in restaurants mixed use facilities retail and entertainment venues since the arena s announcement in 1991 is already $72 8 million More work is underway

Existing plans for the future include a hotel east of the arena 600 parking spaces beneath an innovative downtown park and a new Country Music Hall of Fame to be built on the southeast side Eventually other land will be sold off for mixed use development The First Baptist Church of Nashville also plans a 1 000 space parking garage adjacent to the arena Nicely cred

See back

OPPORTUNITIES TO SHOW YOUR SUPPORT FOR THE ARENA PROJECT

MARCH 26
Public Hearing
6 00 pm
Charlotte-Mecklenburg Government Center

MARCH 31
City Council Vote
6 00 pm
Charlotte-Mecklenburg Government Center

EXPRESS YOUR VIEWS THROUGH LETTERS TO THE EDITORS

The Observer Forum
The Charlotte Observer
Box 30308 28230 0308
E Mail opinion@charlotte com

The Business Journal
128 South Tryon St 28202
E-Mail charlotte@amcity com

The Charlotte Post
P O Box 30144 28230
E Mail charpost@clt mindspring.com

The Leader
P O Box 30486 28230

CHAMBER ENDORSES ARENA

The Chamber's Board of Directors and Advisors enthusiastically endorsed the proposed uptown arena at its Feb 24 meeting Arena Committee Chair John Clancey, Sea-Land Service Inc , said the Hornets' NBA franchise is "good for the city, good for the tax base and should pay for itself with increased property, sales and income tax revenues"

"The presence of the Hornets, the city's first major professional sports team and a great source of civic pride, has enhanced Charlotte's role as a headquarters city, assisted in the retention of major employers and aided the city's economic development momentum necessary for low taxes," said Clancey. "The NBA's success, and the increased national and international exposure for Charlotte, effectively paved the way for the Carolina Panthers. We can't afford not to make this investment," he concluded

Also, the committee determined that renovation of the existing coliseum is not viable While an estimated $7-10 million expense would assist in generating $4-6 million added revenue per year, it would not benefit the Hornets or Charlotte in the long term. The NBA player cap requirements would be met for only 2-3 years and existing Coliseum reserves would be drained It would not meet the City Council objectives of maximizing the city's financial position, serving the long term needs of the city or maintaining economic and civic opportunity for Charlotte

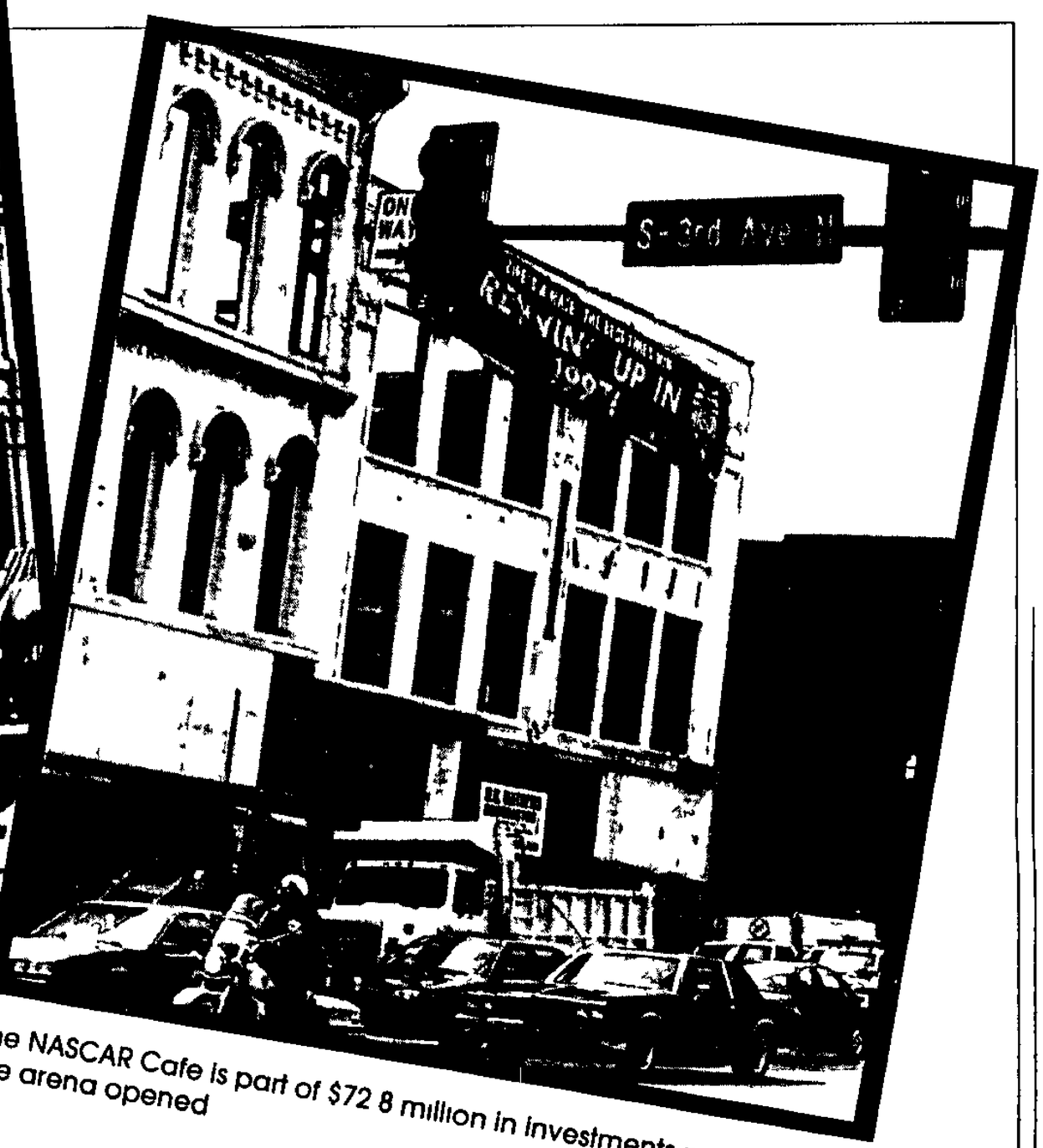
> "We can't afford not to make this investment (in the Uptown arena)."

The Uptown arena makes financial sense The NBA's annual economic impact of over $100 million would be retained, as well as the contribution the team makes to the City's image It is anticipated that Charlotte's contribution would be far less than that made by other cities to sports teams, such as San Francisco ($225 million), Cleveland ($120), Seattle ($74.5) or Washington D C. ($60) Building a new arena now avoids higher construction costs later

Private investment of $109 million would be put into a publicly owned facility, the report stated. Uptown, which pays four times the taxes it uses, would be stimulated, improving uptown land and building values Revenues from Uptown property taxes would be increased by a minimum of $2.4 million annually after the arena is built.

According to the committee's findings, the arena would complement Ericsson Stadium and the convention center, providing a year-round customer base for retailers and facilitating Uptown life after 5 p m Further, immediate development could be accelerated, including an arena parking deck, a rail terminal, a convention hotel and the City Within a City Industrial Park. An Uptown arena encourages other development such as entertainment, retail, residential and office development.

Opening of high profile venues like Planet Hollywood have propelled growth



The NASCAR Cafe is part of $72 8 million in investments named since the arena opened

SHOW YOUR SUPPORT BY CALLING OR WRITING MEMBERS OF CITY COUNCIL:

Mayor Pat McCrory
600 East [redacted] Street 28202
336 2244

Al Rousso Mayor Pro-Tem
4620 Rou[redacted]g Run Rd 28277
375-1142

Don Reid, At Large
4128 Carnoustie Lane, 28210
523 8851

Ella Scarborough At-Large
1119 Worcaster Place 28211
366-4790

Lynn Wheeler At-Large
920 Queens Road 28207
338 1911

Sara Spencer, District 1
528 East Kingston Ave 28203
375 3042

Malachi Greene District 2
1000 Greenleaf Ave 28202
375 3883

Patrick Cannon District 3
1625-E Village Brook Dr 28210
553 8760

Nasif Majeed District 4
5401 Rupert Lane, 28215
536 1153

Tim Sellers District 5
1201 Rutledge Avenue 28211
366-3440

Charles Baker District 6
2023 Carmel Rd 28226
338 1800

Mike Jackson District 7
PO Box 471251 28247
542-2421

NO LONGER SINGING THE BLUES (CONTINUED)

its Gaylord Entertainment s work on the Ryman Redevelopment Area with providing a great deal of the impetus for redevelopment

GAYLORD ENTERTAINMENT

Gaylord Entertainment owners of Opryland USA rehabilitated Ryman Auditorium, the original site of the Grand Ole Opry in an effort to boost tourism on the whole Alan Hall Vice President of Corporate Communication for Gaylord Entertainment, said they and partners Central Parking and R C Matthews, worked through the Mayor's office and the MDHA to created the Ryman Redevelopment Area Ryman is now used to hold smaller concerts, as well as plays about music stars like Patsy Cline and Hank Williams

Gaylord s consortium also opened the Wild Horse Saloon on Nashville s 2nd Avenue, formerly a warehouse district It was the first of many entertainment venues which have since come to the area We needed a place to capitalize on the successful Club Dance show on TNN, said Hall For Gaylord, bringing tourism back downtown also helps Opryland USA

Gaylord s involvement served as a spur for developments like the Hard Rock Cafe and Planet Hollywood, which in turn encouraged smaller development Both are nice fits with the city s entertainment history Hard Rock provided the music tie, but a non country music tie,' said Spyridon

THE NASHVILLE ARENA

Others say the downtown arena has made the difference, allowing Nashville to reclaim some of its musical roots with its ability to host large concerts

Bob Wolf of Wolfy's bar and grill on Broadway said 'The arena is the only reason I came here He contends that the improvements on 2nd Avenue and Broadway would ve never happened without an arena

Wolf signed a lease before the announcement was made about the project Lots of people knew it was going to happen,' he said And he says that the traffic the arena has brought has given down town a new lease on life

"Before the arena you wouldn t have felt safe walking alone in front of my place Now we have families coming downtown Services are coming back, [redacted]cluding a hair studio market and [redacted]othing store

He cites the traffic in his restaurant as [redacted]vidence of the impact of the arena [redacted]or us an average day would be about $1,500 On arena nights I ll do $5,000-$6 000 People are lined up to get in, said Wolf

Nashville s arena, which opened in December, 1996, was built across from their convention center and is connected by a pedestrian tunnel Jeff Gaines, Assistant General Manager of the arena, said 30 percent of the arena s bookings are related to conventions 'The arena has enabled the convention center to host eight of the largest conventions to come to Nashville including Kiwanis International State Farm and the U S Figure Skating Championships The convention center uses the arena as a large assembly venue Gaines expects to see 12 to 14 million visitors this year

> **"Before the arena, you wouldn't have felt safe walking alone in front of my place Now we have families coming downtown Services are coming back, "**
>
> **- Bob Wolf**

The arena was built for $144 5 million dollars in public funds through general obligation bonds approved by the City Council The project included an attached garage concession stands furniture, fittings and equipment, and a Sony Jumbotron

The facility currently serves as home to the Nashville Kats an arena football team Nashville has indicated its interest in a National Basketball Association franchise in the past More recently, the hopes in Nashville are that it will be named among four expansion teams for the National Hockey League

Boosters believe the arena s presence is a powerful incentive but the city has added a few perks to the project The official NHL offer included the completion of an additional 44 luxury boxes (the arena already has 20) nam[redacted] rights for the arena (valued at $[redacted]nil-lion per year) 100 percent of the NHL game ticket revenues, 100 percent of radio/television revenues, 80 p[redacted]nt of the annual base rent on suites ([redacted]ently $50 000/year without a team) 80 percent of the annual premium charge on club seats, as well as other percentages on food, merchandise and advertising A $20 million bounty was also approved by City Council for an NBA or NHL team It s a pretty sweet deal, said Gaines

OTHER IDEAS

Some have suggested the river has played a role in the downtown s redevelopment, but locals discount that idea It s not the river, said Spyridon 'The river has always been seen as anything but an asset keeping downtown from growing east He cited the fact that none of the 2nd Avenue developments have a riverfront presence

That may be changing The construction of the stadium across the river from downtown has created interest The Ryman redevelopment group also created water taxies, forging the way for further water-related development

No longer dead in the water, Nashville s downtown is working on the additional challenges which come with growth They're awaiting word on their NHL franchise as they watch their NFL stadium grow across the river Music City is no longer singing the blues about its downtown's future

8/96
Staff Questions

Key Issues Re: Hornets/Coliseum

1. What is the problem - the Coliseum is only 8 years old?

The escalating costs to operate an NBA team, especially salary costs (up to $7 5 million in one year for one player) require NBA teams to look for more revenue Many are building or have built new arenas to generate more revenues from skyboxes & club seats

2. Why should the City care about the Hornets' problem?

They are the principle tenant in the Coliseum, generating 60% of all the coliseum revenue/ The Authority uses this money to provide capital improvements at the Coliseum, Independence Arena and Ovens Auditorium, and to help cover operating deficits at the New Charlotte Convention Center

3. What are we doing about this?

We are analyzing four options

Do nothing
Renegotiate the Hornets' lease and/or renovate the Coliseum
Sell the Coliseum
Facilitate or participate in the development of a new arena

We have also hired a consultant and appointed a citizens committee to advise city management on the best option to pursue The Acting City Manager will then make a recommendation to City Council The citizens committee has nine members They include

Cliff Cameron	James Thompson
Erskin Bowles	Jeff Mullins
Billy Ray	Vicki Sutton
Bernie Johnson	Sam Smith
Mary Stafford	

4. What are City Council's expectations?

Staff has been instructed by Council to utilize the following parameters

Maximize the City's financial position
Serve the long-term needs of the City
No property tax increase or adverse impact on the City's capital priorities

Maintain the economic/civic opportunity for the City

5. **Why do we need consultants?**

The economics of the NBA an the financing of arenas is complex Our consultants, CSL, International, from Minneapolis are experts in professional sports franchises & facilities and have assisted other cities with similar problems

6. **What has happened so far?**

The consultants have prepared a financial analysis of the options and met several times with staff, the committee and City Council The Coliseum Authority and the Hornets have each made two presentations to the Committee

7. **What happens next?**

There is a general consensus that the best long term solution may involve a new facility and a group of businesses, led by the banks and others are working on a proposal for the Hornets and the City to consider This proposal will be presented to City Council and the Committee in public session on Aug 26

8. **What is the remaining debt on the Charlotte Coliseum?**

The current remaining debt is approximately $32 million

9. **When will the debt be retired?**

July 1, 2004

10. **What is the value of the land under the Coliseum?**

Estimates for the value of the land run as high as $100,000 an acre That value would be impacted by the timing of a sale and potential use of the land if the Coliseum is ever sold

11. **How much revenue have the Hornets produced for the Authority?**

The % of Coliseum revenue from the Hornets is approximately 60% Here's the breakdown

Concessions Parking & Rent = $4 4 million
Suite Revenue's = $544,000
Advertising is approximately $1 million

Hornets' total contribution is approximately $6 million Total coliseum revenue is $10 million

12. **What happens if the Hornets manage the Coliseum without the Authority's involvement?**

The Hornets would increase their arena revenue depending on how much they increased ticket prices, parking and concessions The revenue increase would also be determined by how much rent they paid to the City

The City's revenues would increase because of an increased lease payment by the Hornets City Council could direct the lease payment to the City and bypass the Authority

13. **How much is the City willing to contribute to a new private arena uptown?**

The answer depends on City Council, however, many Council members want the debt on the Coliseum retired as part of any assistance with a new arena The City's contribution could not increase taxes

14. **Why have some of the meetings been held in closed session?**

As a result of a precedent setting case in North Carolina, the open meetings law allows public bodies to discuss the expansion and retention of existing businesses in closed session City Council and the Citizens Committee are considered public bodies

15. **How much will it cost to renovate the Coliseum to meet the Hornets' needs?**

Estimates range from $7 million to $23 million Some of the possible improvements are

Adding 10 - 32 additional luxury suites (skyboxes)
Building a restaurant/bar inside the coliseum
Building club seats
Developing a preferred parking area

16. **What would happen to the Tyvola Road area if the Coliseum shut down?**

The coliseum and the infrastructure in the Tyvola Road area spurred office development Most of the development does not depend on coliseum events with the exception of a planned hotel Commercial/office development should continue in the area if the Coliseum is shut down

The City, however, would still need a facility to hold public purpose/non-revenue producing events like the circus and NCAA events The City would negotiate public purpose use of a new private arena

Response to the Auditorium-Coliseum-Convention Center Authority's Questions Concerning the Uptown Arena Proposal

1. **Is it the recommendation of the partnership that the operation of the existing Coliseum be turned over to the Hornets immediately or is the proposal only that the Hornets control the proposed arena?**

   Our objective was to develop the fourth or new arena (the "Arena") option for the Citizens Advisory Committee This issue of operation needs to be addressed by the Charlotte Hornets, the Coliseum Authority and the City Council

   The Charlotte Hornets will soon have a revenue problem resulting from the escalating salary cap With your significant knowledge of arenas and the NBA, you are aware that this issue is being addressed in other NBA cities that have non-competitive arenas (lack of club seats and high quality suites, too few concourses and inadequate rest room facilities and concession points of sale) Over the last few weeks, we have seen articles addressing these arena issues in Atlanta, Miami, Indianapolis and Los Angeles In each case, the cities are pro-actively finding ways to build replacement facilities For example, Atlanta recently announced a replacement building for the current Omni

2. **Since the proposal indicates that it is desirable to eliminate competition by the existing Coliseum with the proposed arena, is it also recommended that Independence Arena either be closed or be subject to some restrictions in its programming so that it, too, will not compete with the proposed arena?**

   We concluded that there would not be enough events in the Charlotte market to have two economically viable large arenas Given the significant differences in amenities in the new Arena as compared with the Coliseum, it appears that the Coliseum would be forced to compete on price, thereby further exacerbating the cash flow concerns expressed by the Coliseum Authority It should be studied to determine if the Coliseum can support itself without operating subsidies from the taxpayers, in addition to the existing significant subsidies that provide 100% of the debt service on the Coliseum

   The issue of scheduling conflicts that result from the Charlotte Hornets playing in the Coliseum is an issue other facilities apparently overcome A current example is the Discover Stars on Ice 1996-97 Tour Seven of the 61 cities on the Tour have two professional teams playing in their buildings They managed to schedule those games and the Tour, which is not coming to Charlotte (This event is discussed in greater detail in the answer for Question 4)

   Given the significant differences in the new Arena and Independence Arena, such as seating capacity, revenue potential, quality of the venue, and events the two would attract, we do not view Independence Arena as competition for the new Arena

3. **The proposal indicates that a new arena would be leased to the Hornets with provisions for it "to be available for public events." How would this be assured? Particularly, what incentive does a private operator of the facility have to pursue events, e.g., ACC and NCAA basketball, which do not generate substantial dollars directly for the benefit of the facility but have significant favorable economic impact on the community at large?**

The lease between the City of Charlotte and the Charlotte Hornets would contain provisions that guarantee that the Arena would be available for public events As Steve Camp stated during the meeting when we presented our plan to the Coliseum Authority, there were 11 days allocated to this type of event over the past year The Charlotte Hornets have stated that they will provide even more days for public events in the new Arena Steve Camp also said that the Coliseum has made money on the ACC and NCAA tournaments from concessions and parking Since approximately $50 million of debt incurred with the proposed new arena will be serviced with the lease payments made by the Hornets, they have the incentive to maximize the income generated from the arena.

College tournaments are playing in privately managed arenas As was stated during our presentation to the Coliseum Authority, the United Center, a privately owned and managed arena in Chicago, is hosting a regional NCAA tournament and has just hosted the Great Eight Tournament It should be noted that they were able to schedule this tournament despite having the NBA Bulls and NHL Blackhawks currently playing in the arena At a recent Sports Commission meeting, Chuck Steedman, Vice President of Events and Programming of Raycom, stated Raycom is responsible for the Great Eight Tournament. They recently made the decision to move the tournament to the United Center from the Palace of Auburn Hills According to Steedman, tournaments of this type need to be held in downtown, new generation arenas to be successful In evaluating possible sites for the Great Eight Tournament, Steedman stated that the two finalists were the United Center and the Kiel Center (St Louis), both downtown, privately managed arenas In concluding, he commented that the Charlotte Coliseum was not considered as a viable candidate for the Tournament because it could not produce the revenues needed to stage an such event

Regarding the Women's NCAA Final Four, the tournament in the year 2000 will be played in Philadelphia, where both arenas are managed by the same private management company

4. **What incentives are there for a private operator of a new arena to schedule family shows and other events which arguably serve a community need but do not themselves generate substantial revenues for the facility?**

The incentive for the private arena manager is to maximize the revenue potential of the Arena Approximately $50 million of debt incurred with the proposed new arena will be serviced with the lease payments made by the Hornets and, therefore. they have every reason to generate as much revenue as possible

Kenneth Feld, owner and producer of Ringling Bros and Barnum & Bailey Circus and the

Disney on Ice Shows, says that he plays in all the new generation arenas around the country, including the United Center, Fleet Center, the Rose Garden, CoreStates Center, etc The incentive for the circus and ice shows to come to a new arena, per Feld, is that the public likes to attend events in new buildings Feld says he would want to play in Charlotte's new arena

The track record of new arenas across the country demonstrates that Feld's statements reflect the philosophy of family event producers. For example, the new Discover Stars on Ice 1996-97 Tour (starring Kristi Yamaguchi, Scott Hamilton and many other familiar ice skating stars) that will commence on December 28, 1996 at the Greensboro Coliseum and run until March 29, 1997 will play in numerous privately managed arenas, such as the Rose Garden (Portland), Kiel Center (St Louis), Bradley Center (Milwaukee), Palace of Auburn Hills (Detroit), Gund Arena (Cleveland) and CoreStates Center (Philadelphia)

It is interesting to note that this Tour will visit 61 cities, but will not visit Charlotte Twenty-two of the cities have at least one professional team playing in their arenas and seven of the cities have two professional teams playing in their arenas The issue of scheduling conflicts that result from the Charlotte Hornets playing in the Coliseum is an issue other facilities apparently overcome Resultingly, we do not understand why some members of the Coliseum Authority keep mentioning scheduling conflicts with the Charlotte Hornets as a major problem in fully utilizing the Coliseum

5. **Would the suggested athletic user fee be applied only to the proposed arena, or would that include all facilities in the City of Charlotte which present athletic events, including Independence Arena, Grady Cole Center, UNC Charlotte, and Johnson C. Smith University?**

This issue of sources for the City's investment needs to be decided by the City Council After careful examination of how other cities have provided investments in their facilities, we have presented some options to begin the discussion The Athletic Facility User Fee is one of the options, and would be applied only to the existing Coliseum, Independence Arena, Ericsson Stadium, the new Arena and the proposed baseball park We suggested the above venues since they all host for-profit athletic events and have received some form of public support, such as land or debt service Grady Cole Center, UNC Charlotte and Johnson C Smith were never considered for this fee

6. **The proposal mentions that the proposed arena will have a seating capacity of 21,500 which could be expanded to accommodate non-NBA events. To what number is the seating capacity expandable?**

We intend to meet the seating requirements of the ACC and NCAA The exact number of seats will be determined when the architectural plans for the Arena are drawn, which will occur if the City Council approves the new arena option

As you know, seating capacity varies based on the type of event The published capacity of

the United Center is 21,500 for NBA basketball, yet their average attendance for games this season is 23,869 This is only a few fans below the capacity of the Charlotte Coliseum Other capacities in the United Center are 20,500 for hockey and 25,000 for concerts

7. **Where will the money come from to pay off the debt on the Coliseum?**

Just as is the case today, our proposal assumes that the City will continue to pay the bonds off with funds from the General Fund. The Hornets' lease payments on the Arena to the City of Charlotte will enhance the City's General Funds This is not the case today, since the Coliseum Authority does not make any payments to the City for the debt service on any of the buildings that it manages

8. **Would the Street of Champions Development Corporation become an entity of the City or County government, or will it serve as an agency that reports to both the City and County?**

Under North Carolina law, Street of Champions Development Corporation would be created by both the City of Charlotte and Mecklenburg County to serve as a clearinghouse for both the private and public funds used to build the Arena.

9. **Under the proposal for the proposed arena, the number of events projected is 200 per year. How is this volume of events possible in light of the fact that the Charlotte Coliseum hosts 110 events and the Independence Arena hosts 130 events?**

As previously stated in response to Question 2, we concur that there would not be enough events in the market for Charlotte to have two economically viable large arenas

In our model, we have assumed that the Arena will have 129 events, consisting of the following

Hornets Games	43
Family Shows	20
Concerts	20
College Basketball	6
Other Events	40
Total	129

We believe that these event assumptions are attainable and could be exceeded up to 200 events per year.

10. **Without revenues from the Coliseum, how will the Authority cover the upkeep of the remaining facilities it operates? Would any of the proceeds generated from the sale of the Coliseum land be returned to the Authority for this purpose?**

The Coliseum Authority is going to lose the revenues generated from the Charlotte

Hornets, which per the Hornets' calculation totals $3,584,000 per year This consists of

$1,007,000 from game operations
50% of suite income or $540,000
50% of parking revenues netted for expenses or $465,000
50% of concession revenues netted of expenses or $792,000, and
50% of the permanent signage or $780,000.

The parking and concession revenue calculations are verified in supplemental schedules of the Coliseum Authority's June 30, 1996 financial statements prepared by Deloitte & Touche LLP

We are unfamiliar with the operating performance of the various buildings operated by the Coliseum Authority so it is difficult for us to address this issue specifically Even after reviewing your financial statements, it is unclear how much of the Coliseum's earnings (excess of revenues over expenses) as opposed to revenues are generated by the Hornets, how much of the Coliseum's overhead as well as additions and improvements to the Coliseum could be eliminated without the Hornets as a tenant in the building and how the overhead of the Coliseum Authority is allocated to the various buildings

Based on the Hornets' contribution of $3,584.000 to the Coliseum's net cash flow of $1,568,551 (calculated by deducting the cost of physical property additions and improvements to the Coliseum totaling $274,576 from the Revenues over Expenses in the amount of $1,843,127), it appears that all the other events held in the Coliseum produced a net cash flow deficit of $2,015,449 This conclusion is subject to whatever adjustments that may warranted by addressing the issues raised in the preceding paragraph Perhaps it is coincidental, however, this negative cash flow figure is comparable to the purported approximate $2,000,000 loss that is generated by the operations of the Greensboro Coliseum This problem will occur with the inevitable loss of the Hornets, whether or not the Arena is built

If the Arena is built, we assume that additional events, such as the circus and the ice shows, will move to the new Arena, further reducing the Coliseum Authority's cash flow In either event, it appears that the Coliseum could generate negative cash flows, thereby requiring a subsidy from the taxpayers to remain open

From reviewing your financial statements, it appears that the Auditorium/Independence Arena had negative aggregate cash flows, defined as excess of revenues over expenses less the cost of physical property additions and improvements, for the 1995 and 1996 fiscal years These negative cash flows appeared to exceed $1,000,000, amounting to $659,900 for 1996 and $395,336 for 1995 The City Council will have to decide if it is the best interest of the taxpayers of the City to subsidize these deficits

The Convention Center appears to be a very different issue If bigger conventions can be attracted to Charlotte, the increase in Convention Center revenues plus the corresponding increase in hotel/motel tax revenues should generate sufficient incremental cash flows to support this building, provide for its future expansion and more rapidly eliminate the

burden of the Prepared Food Tax with the earlier repayment of the debt on the Convention Center

Regarding the sale of the Coliseum land, it is the City Council's decision regarding how the proceeds from the sale will be utilized We believe that our proposal will help deal with the entertainment and recreation deficiencies cited repeatedly in studies done over the last thirty years, including the Odell Plan (1966), the RKL Study (1980), the CUDC Study (1989) and the ULI Study (1994) With increased entertainment options, we believe that the attractiveness of our city for conventions will improve, thereby generating more revenues for the City With these increase revenues, as noted above, the City will be able to deal with the Coliseum Authority's cash flow shortfalls

11. How many "public purpose" events will be offered to the City each year?

Please see question and answer #3

12. What will the use of the arena for "public purpose" events cost the City?

It is our assumption that there will be no cost to the City for "public purpose" events This issue will be addressed in the lease

13. What is the definition of a "public purpose" event?

A public purpose event would be an event that is in the best interest of the our community, however, the economics of the event are such that it could generate more expenses than revenues resulting in a loss for the venue An example would be high school graduations We assume another example would be the Billy Graham Crusade that was just held in Ericsson Stadium, which is privately owned and managed Although the stadium was provided at no charge to the crusade, the stadium received 100% of the revenues generated from concession sales

14. Who will decide when "public purpose" events can be held in the arena?

The City and the Charlotte Hornets will work together to decide this issue, defining the terms and conditions of the issue in the lease

15. What will be the organizational structure of the City Within a City Economic Development Corporation?

This is a concept for consideration by the City Council, and has not been structured We view it as a partnership of the public and private sectors, including the Charlotte Chamber, and expect the structure to reflect all the parties involved

16. How will the CWAC be managed/operated?

The plan is still in the conceptual phase

17. **What portion of the proceeds from the sale of Coliseum land will be designated to support the operations of the Authority?**

This is the City Council's decision

18. **What provisions are proposed for the control of the proceeds from the sale of Coliseum land (i.e. a trust or bank entity)?**

We proposed that the property would be sold by the City over several years to maximize the value of the property with the proceeds from the property sales flowing to the City The City Council should decide how the funds are used

19. **Will proceeds from the sale of Coliseum property be used to purchase the Coliseum?**

This is the City Council's decision

20. **Is it wise to sign a 30 year lease with the Charlotte Hornets considering the way the team is currently managed; are there any guarantees or concessions being sought from George Shinn regarding the amount of money that he will invest in the Hornets to maintain it as a viable team?**

By putting a quality team on the court, the Charlotte Hornets will maximize their revenue potential from the Arena If the team does not perform well, revenues of all types will be reduced, including concession revenues, advertising revenues and, at some point, suite revenues Additionally, if you look at the team's performance this season, it is respectable, having a 12-9 record after a tough road trip that included an upset win over the Seattle Supersonics and winning their last four games The team is off to their best start in franchise history

Regarding issue of investing in the Hornets, each team is required to spend within a specific dollar figure of the salary cap It is my understanding that each team must spend no less than $21 3 million for the 1996-97 season or $3 million less than the salary cap As the salary cap rises in the years ahead, the required minimum salary expenditures will also rise

It is unclear to us what a short term lease would accomplishes Are you recommending that the City evict the Hornets from the Arena if they do not perform?

21. **Are there standards in the industry to indicate the appropriate level of investment needed to maintain the team as a viable and exciting franchise?**

Each team spends cash based on their ability to generate revenues based on the size of their media market, their game attendance and the type of arena in which the team plays The Arena will generate the required revenues to keep up with the rapidly rising salary cap as well as to exceed the cap when needed to retain talented free agents There are players,

however, who want to play in high profile markets. such as Shaquille O'Neal, who left Orlando for Los Angeles

As noted above, if you look at the team's performance this season, it is respectable, having a 12-9 record after a tough road trip that included an upset win over the Seattle Supersonics and having won their last four games.

22. What assumptions underlie the notion that the City will reap financial benefits in the amounts in the proposal from seat taxes, sales taxes, property taxes, and income taxes?

This issue is addressed in the Price Waterhouse Economic Impact Study, which is attached

23. Would the Street of Champions Development Corporation (SOC) become an entity of City or County government, or would it serve as an agency reporting to both the City and County?

Please refer to the answer to Question 8

24. What amount of money will the Hornets organization and George Shinn contribute to the financing of this project other than PSLs, naming rights, concession rights, and ticket holder deposits?

As currently structured, the Charlotte Hornets are responsible for raising $59 million and making lease payments that will service the $50 million of debt incurred with the proposed Arena Additionally, the Charlotte Hornets are responsible for all cost overruns on the project As you noted, there are numerous sources of the $59 million, however, the Charlotte Hornets have committed to raise the full $59 million, covering any shortfalls

25. Would the Hornets, to whom the building would be leased with provisions for it to be available for "public purpose" events, be responsible for staging or presenting touring groups as the Authority now does in the Coliseum? If so, why would the City set itself up to compete with George Shinn for events that might also be booked at Independence Arena?

Given the significant differences in the Arena and Independence Arena, such as seating capacity, revenue potential, quality of the venue, we do not believe Independence Arena and the Arena would attract the same events For further information, please refer to question #4

26. What will CWAC do for specific areas of West Charlotte? Was anyone from the Westside brought in on the planning? To what extent?

To develop the concept, several conversations were held with representatives of the western portion of the City If our proposal is adopted, the plan for the development in the western

To develop the concept, several conversations were held with representatives of the western portion of the City If our proposal is adopted, the plan for the development in the western portion of the City would be created by a full representation of this area of the City

27. **Will the suggested athletic facility user fee be applied only to the new uptown arena, or would that include all facilities in the City of Charlotte which present athletic events, including Independence Arena, the Grady Cole Center, the Halton Arena (UNCC), and Johnson C. Smith?**

Please refer to the answer for Question 5

28. **What is the basis of the notion that a baseball team will come to Charlotte in the time frame suggested in the proposal?**

The dynamic growth in our market combined with the popularity of the Hornets and the Panthers have caught the attention of Major League Baseball This has been validated with conversations with Major League Baseball owners

29. **What guarantees are there that this venture will not be another CityFair for the City of Charlotte?**

First, the debt on the Arena will be serviced by the Hornets' lease payments with no recourse to the City's General Fund Secondly, CityFair did not have the draw that the Multi-Purpose Entertainment Complex will have. Specifically, the Hornets will bring almost one million people uptown to their games Additionally, look at the success of the Panthers They bring over 700,000 people uptown Next, our city, including the Uptown, is much more vibrant today than it was just a few years ago These dynamics impacted your decision to build the new $130 million Convention Center Lastly, the quality of the entertainment options in the Entertainment Center will be dramatically different and better than what existed in CityFair

30. **To what capacity is the new arena expandable for ACC and NCAA events? How will this be accomplished?**

Please refer to question and answer #6

31. **Who will be responsible for annual capital improvement expenses for the proposed arena? What are those projected costs?**

The Charlotte Hornets will be responsible for all costs of maintaining the facility Our model includes the provision of reserves that are comparable to the many other private and public arenas

32. **With respect to land acquisition, it is contemplated that this would be done through eminent domain, or through a fair market purchase arrangement?**

Fair market purchase arrangement

33. Has the Hornets need for additional revenues been reliably predicted for the next several years? What are the assumptions that went into making such a prediction?

The salary cap is rising several million dollars per year for the next several years to a level of $33 million for the 2000 season from the current level of $24 3 million for the 1996-97 season This is an issue for every team that does not play in a state-of-the-art facility

Many people believe that since the Charlotte Hornets lead the league in attendance. they also lead the league in revenues This is simply not true Their average ticket price is the second lowest in the league at $25 57 So that even with their league leading attendance, they rank 13th in projected gate or ticket revenue for the 1996-97 season based on the 1996-97 average ticket price and 1996 NBA average attendance through November 21, 1996 This excludes suite, club seat and other arena revenues as well as media revenues Of the 16 teams below the Charlotte Hornets in general admission revenues, 13 teams have more suites and we assume more suite revenues These cities include Detroit (180 suites), Philadelphia (126), Cleveland (92), Vancouver (74), Minnesota (68). Milwaukee (68), San Antonio (34), Indianapolis (36), Sacramento (30), New Jersey (29), Denver (27), Atlanta (16) and Miami (16) At least seven of the eight cities that need new arenas have new arenas under construction or are planning for one They include Denver (new Pepsi Center nearing the commencement of construction), Atlanta (replacement for Omni announced), Oakland ($225 million renovation in progress), Miami, Dallas, Los Angeles and Indianapolis (all in active negotiation on new arenas) Overall, venue revenues rank 25th out of 29 teams

34. How wide is the gap between local broadcast revenues for the Hornets and NBA teams located in major markets? Even with the club seat and skybox revenues created by a new arena, will this difference in broadcast revenues permanently place the Hornets in the second tier of NBA teams in terms of total revenues generated?

We do not have current dollar figures, however, based on the size of our market and the super station and cable contracts that other teams have, the Hornets media revenues should be smaller Based on our projections, the Arena enables the Hornets to generate up to ten million dollars in incremental cash flow after debt service This is based on 129 events per year and the sale of 60 suites It is our expectation that, like the Panthers who have sold 135 suites and plan to market at least 10 additional suites at the end of this season, the Hornets will also be successful in marketing their incremental 60 suites over a period of several years

The major differentiator in our market is the support of our fans This support and the resulting higher admission revenues from club seats and luxury suites will overcome the media revenue differences that are more permanent given the smaller size of our market

35. **Has any study been undertaken to determine the demand for skyboxes and club seats in a new arena? What final plans for the construction of the arena await either a feasibility study or actual pre-sale of PSLs for the suites and club seats?**

The research to date has been empirical Just look at the success of the Panthers They raised more than twice of what any other city has raised in PSLs. Additionally, the PSLs have already appreciated in value We are told that a PSL in Section A has appreciated to $10-15,000, up from the initial cost of $5,400 The Panthers have already sold 135 suites in Ericsson Stadium and plan to market at least 10 more at the end of the season They do not anticipate any difficulty in selling these suites

During a recent two week sales campaign in Cleveland, 74 suites were sold in the proposed new stadium that the city is building in an effort to bring the NFL back Since 1994, 92 suites for Gund Arena (basketball) and 125 suites for Jacobs Field (baseball) have been sold in Cleveland Before the sales campaign for the stadium began, it was unclear how strong the demand would be. The speed and ease of this sales campaign amazed everyone It was noted that suite demand was high because the fans wanted the same high quality suites they had become accustomed to in Gund Arena and Jacobs Field We are convinced that the same result will occur in Charlotte

Lastly, the seat rights in the Coliseum continue to escalate in value In the December 8, 1996 edition of *The Charlotte Observer*, there were four ads, three offering to sell and one wanting to buy Hornets seat rights

1 4 Charter Seat Rights, lower level, section 122, row H, aisle 1-4 $6500 each (These seats are behind the basket)
2 4 Charter Seat Rights, upper level, section 210, Row O, Seats 3-6 $2200 each (These are upper level seats)
3 2 pairs in section 117 $16,500 total for rights and tickets to all four seats (These seats are also behind the basket)
4 Wanted Hornets lifetime rights, lower level Reasonable, will pay cash A South Carolina number is listed

Upon approval of the plan by City Council, the Hornets will market the PSLs for the Club Seats and Suites The plan includes ample time for this campaign to be successfully conducted before the desired commencement of construction in the summer of 1997

36. **What controls will be provided to assure that increased revenues will actually be used to provide for higher player salaries?**

Both the Hornets and the Panthers have the financial responsibility of servicing the debt on the facilities they play in as the incentive of maximizing their revenue potential that is, in turn, maximized by selling out every game There will not be any controls placed on the Hornets just as there were none placed on the Panthers when they received $60 million from the public sector

new arena?

Please see question and answer #1

38. **Since the proposal indicates that it would be desirable to eliminate the competition by the existing Coliseum with the new arena, is it also recommended that Independence Arena either be closed or be subject to some restrictions in its programming so that it, too, will not compete with the new arena?**

Please see question and answer #2

39. **The proposal indicates that the new arena would be leased to the Hornets with provisions for it "to be available for public events". How would this be assured? Particularly, what incentive does a private operator of the facility have to pursue events (ACC, NCAA, etc.) which do not generate substantial revenues for the facility but have significant favorable economic impact on the community at large?**

Please see question and answer #4

40. **What incentives are there for a private operator of a new arena to schedule family and other events which arguably serve a community need, but do not themselves generate substantial revenues for the facility?**

Please see question and answer #4

41. **Why can't the proposed new arena be financed entirely from the sale of PSLs for all seats in the new arena including luxury suites and club seats and/or a "seat tax" on the new arena alone? Is this not a fairer proposal than a seat tax imposed on other facilities?**

The Hornets have stated that they do not want to charge the Charter Seat Right holders -- those people whose investment helped bring the team to Charlotte -- a PSL in the new Arena Given that there are currently approximately 15,000 charter seats, it is not possible to finance the Arena in this manner The Hornets are utilizing PSLs on the Club Seats and Suites -- the new product in the Arena as compared with the Coliseum -- to reduce the requested funding from the City

42. **Under the proposal for the new arena, there is an extra $15-20 million in revenue generated. How is this extra money going to be used?**

Player salaries under the rapidly increasing salary cap and debt service on the Arena

43. **Under the proposal for a new arena, the number of events projected is 200 per year. How is this possible when there are 110 events held at the Coliseum and 130 events held at the Independence Arena?**

Please see question and answer #9

44. What will happen to the Charlotte Coliseum, Independence Arena, and Ovens Auditorium?

Please see questions and answers #2 and #10

45. Who will manage the proposed arena?

In keeping with the city's effort to privatize services, The Charlotte Hornets

46. Will the building of a new arena make the Hornets "competitive" in the NBA?

The Hornets are already competitive in the NBA They are off to their best start in franchise history and rank 11th-15th out of 29 teams in the league according to Rick Bonnell, who is a *Charlotte Observer* sports writer As has been previously stated, the Arena will generate the revenues needed to pay the rising payrolls in the NBA There is no guarantee that they will win the NBA championship with the Arena, however, they will have the opportunity to generate the revenues needed have the talent to be competitive This will not be the case as the salary rises over the next few years

47. Is Charlotte's corporate community deep enough to purchase the 60-100 skyboxes and 3-4,000 club seats suggested in the arena proposal. What information suggests support for such an assumption?

Please see question and answer #35

48. What is the proposed pricing structure for the premium seating in the proposed arena?

It has not been finalized by the Hornets, who are working with Muhleman Marketing on this issue

49. What assurances does the City have that additional profits generated by the proposed arena will go towards making the Hornets "competitive"?

Please refer the question and answer #36

50. Even with a new arena, how can the Hornets regularly compete with the NBA's "large market" teams?

Please refer to question and answer #34

51. What is the incremental increase in revenues and economic impact created by the

proposed arena?

We believe that the Arena will generate approximately $15 million of new revenues before debt service with upside potential for higher revenues based on selling the remaining suites

52. ***What is the cost in revenues and economic impact to other areas of the City created by the closing of the Coliseum and opening of the proposed arena?***

We are unaware of any significant negative impact that the closing of the Coliseum will have on the Tyvola area The property is primed for significant development of additional office buildings, creating thousands of new jobs and hundreds of millions of dollars in increases to the real property tax base of the City and County

The Coliseum Authority has been fortunate to have had the Hornets as a tenant for many years, reaping millions of dollars in unplanned revenues given that the Coliseum was built for college basketball Unfortunately, as you are aware, they must as soon as possible move into an arena designed for an NBA team During the 11-12 years that the Hornets will be a tenant in the Coliseum, they will generate aggregate revenues of $30 - 40 million for the Coliseum Authority that were not expected when the Coliseum was originally built This estimate is based on the $3,600,000 that the Hornets will generate for the Coliseum Authority this year These funds should have significantly increased the operating cash flows of the Coliseum over its original projections and are perhaps the reason that the Coliseum Authority has not needed to go to the City for operating subsidies from the General Fund

We would appreciate a detailed break down of all the funds that have been generated for the Coliseum Authority from having the Hornets as a tenant so that we can precisely state what revenues have been generated by the Hornets for the Coliseum Authority

53. **What do the Panthers, with their significant investment in an uptown facility, think of this proposal?**

Based on the fact that the Richardsons have built the type facility we are proposing, they understand the need for the new Arena Jerry Richardson has said that he is supportive of the concept

54. **Support the assertion that the entertainment center is located in an area where it will have the greatest impact on the City's convention business.**

We have never stated or asserted this We have stated that if Charlotte has a vibrant Uptown with more entertainment options than exist today, it will benefit the Convention Center, increasing the probability of attracting bigger and more conventions and move the City closer to justifying a new convention hotel in the proximity of the Convention Center

55. **How much impact can a 120,000 square foot facility have on the City's convention**

and tourism business?

Please see questions and answers #29 and 54

56. Without the other amenities necessary to maximize the use of the Charlotte Convention Center (HQ hotel, parking, and land acquisition for expansion), how will the proposed entertainment center have an impact on the use of the facility?

Please see question and answer #29

57. Why is Cousins Properties stake in the entertainment center limited to $5.0 million?

Based on our model, the Entertainment Center is properly capitalized Additional equity investments in the Entertainment Center would make the return on equity capital, which is currently at the low end of the acceptable range, unacceptable

Numerous studies conducted on Charlotte starting with the Odell Plan in 1966 and including the RTKL Associates study in 1980, the CUDC study in 1989 and the ULI study in 1994 have concluded that Charlotte lacks in entertainment options for our visitors and residents As citizens, we have a substantial investment in our Convention Center, and this Entertainment Center stands to enhance that investment The reasons for public support of the Entertainment Center are compelling Please also refer to the Price Waterhouse Economic Impact Study

58. What is the possibility that factors beyond the City and 24-UP's control, like the salary cap dynamics of the NBA, will make this proposed arena inadequate to cover the Hornets revenue needs? Does the influence of outside factors on the success of this project make the funds requested of the City more of a bet, versus an investment? If so, what are the odds that the City will recover their investment?

Please see question and answer #33 Additionally, once all the teams have new generation arenas, the significant rise in the salary cap should moderate For example, the opening of the United Center caused the salary cap to rise for each team by approximately $800 thousand This is based on the significant incremental revenue potential created by the United Center's 216 suites, 3,300 club seats and higher capacity than the old arena in Chicago Unfortunately for the Hornets and the other teams in the league, when this occurred, their revenues remained the same while the Bulls' revenues rose dramatically Regarding the question of "is this a bet or an investment on behalf of the City," we believe that it is absolutely an investment that will produce substantial overall returns for the community

59. What is the projected useful life of the proposed facility? Does the projection account for the escalation in the cost of running an NBA franchise?

If the proposal is accepted, the Hornets will sign a 30-year "no lights out ' contract, which

binds them to the facility and Charlotte for the next three decades We believe that the Arena will provide the Hornets the revenues they need to be an economically viable franchise

60. What information supports the assertion that the building of an arena will spur the building of hotels in Uptown?

This is not exactly the statement that we have made We have stated that a vibrant Uptown with more entertainment options than exist today will improve our ability to attract more conventions which will, in turn, accelerate the timetable for a new convention hotel

61. What does CWAC have to do with building the proposed arena? What would prevent the City from keeping the Coliseum open and using one of the proposed revenue sources to fund CWAC?

We feel that development of the western portion of the city is an integral part of our plan, based on the following points

1 Just as you have implied by your earlier question on the number of events in the Arena, we concluded that there would not be enough events in the market for Charlotte to have two economically viable large arenas, therefore, an alternate use should be developed for the Coliseum

2 Given that the Coliseum is currently located in the western portion of the City, we feel that a portion of the funds from the liquidation of the Coliseum property, if this option is pursued, should be reinvested in the western portion of the City utilizing the City Within A City Business Park concept, creating economic redevelopment in areas of the city that already possess the infrastructure of water, sewer, roads, city bus service and rail access and additionally need quality job growth The concept of the CWAC was already under development by the Charlotte Chamber

3 The part of the redevelopment plan in the western portion of the city along Wilkinson Blvd will provide for a gateway in keeping with the our city's image for our visitors, many of whom will be attending conventions

62. How will the ownership of the proposed complexes by SOC, a government entity, increase the City's tax base? Is the benefit direct or implied? What shrinkage will occur because of the impact of this project on other parts of the City?

Please refer to the Price Waterhouse Economic Impact Study

63. What information supports the assertion that this project will enhance and protect the City's investment in the Charlotte Convention Center?

A vibrant Uptown that includes significantly more entertainment options than exist today

and three professional sports teams playing in state-of-the-art facilities will assist in attracting more and bigger conventions to the Convention Center As you are aware, the convention business has become significantly more competitive and, as has been repeatedly documented, Charlotte lacks the entertainment and recreational options that competing cities already have

64. If the Hornets, for whatever reason, were to default on their payments to the SOC, what organization would be responsible for the payment on SOC's debt?

The lease with the Hornets would include a 'no lights out' provision binding the team to Charlotte and the new arena for 30 years Just as is the case with Ericsson Stadium there is no recourse to any other organization or the public sector

65. What will be the impact of the entertainment center on the City's convention and tourism industry if other assets to maximize the use of the Charlotte Convention Center are not in place before the facility is opened?

A precise answer is not possible, however, increased entertainment options in Uptown can only support the Convention Center's effort to bring in more and bigger conventions

66. What information supports the assertion that every public dollar invested in Uptown results in $16.50 in investment by the private sector?

To the best of our knowledge we have never made this statement Based on information provided to us by the City staff, we have stated that for every dollar expended by the City in Uptown, it generates almost four dollars in tax revenues When combined with the comparable figures for the county, we assume that this ratio rises

67. What information supports the assertion that the maintenance of the Old Charlotte Convention Center is costing the City $245,000 annually?

This was told to us by the city staff

68. What information supports the assertion that the Coliseum Authority will have over $6.0 million in unrestricted funds in 1999?

It is based on current reserve levels reported to us by the City staff combined with the ability to minimize spending on maintenance and other capital projects on the Coliseum if it will not be utilized after 1999 We welcome your projections

69. What information supports the assertion that the Charlotte Hornets generate an annual economic impact in excess of $200 million? Has this number been verified by a qualified third party?

In 1994, John Connaughton, a professor at UNCC studied the impact of the Hornets and

concluded that the team pumps more than $200 million into our economy every year

70. Given the event rights necessary to sell premium seating at a premium price, how will the proposed arena continue to attract events like the NCAA and ACC basketball tournaments, two events which require exclusive control over ticketing for their events?

Given that the United Center funded a major component of the cost of their building based on the sale of luxury suites and club seats and they are hosting the NCAA, we do not know of why this would be a problem for the Arena As another example closer to home, PSL holders in Ericsson Stadium had no rights to their seats for the recent NC State - East Carolina game

71. What type of contract will assure that the Hornets play in the proposed arena for 30 years?

A no-lights-out provision in the lease

72. What information supports the assertion that Charlotte can support Major League Baseball?

Please see question and answer #28

73. What elements support the statement that the Hornets are 25th out of 29 NBA teams in terms of annual revenues? Does this ranking include ticket sales?

We have stated that the Hornets ranked 25th out of 29 NBA teams in venue, not annual, revenues Based on the venue revenues for the 1994-95 season, the Hornets ranked 18th out of 27 teams This data, which is the most current available, was reported in the May 20, 1996 issue of *Financial World* Since the 1994-95 season, the following events have occurred

1 The league was expanded by two teams for the 1995-96 season Vancouver has 74 suites and 2350 club seats and Toronto has 55 suites and an unknown number of club seats, therefore, it is assumed that their venue revenues are significantly greater than the Hornets

2 Four of the teams below Charlotte began playing in new arenas Portland (1995) - 70 suites and 2,387 club seats, Seattle (1995) - 58 suites and 1,690 club seats, Boston (1995) - 104 suites and 2,350 club seats and Philadelphia (1996) - 126 suites and an unknown number of club seats

3 Orlando, with venue revenues of only $100,000 below Charlotte, renovated its arena in the summer of 1995 despite pursuing a new arena

Based on the venue revenue potential of the arenas noted in items 1-3, it is assumed that

they all currently generate more venue revenues than Charlotte, thereby lowering Charlotte to 25th out of 29 teams

The venue ranking does not include ticket sales As previously noted, many people believe that since the Charlotte Hornets lead the league in attendance, they also lead the league in revenues This is simply not true Their average ticket price is the second lowest in the league at $25 57 So that even with their league leading attendance, they rank 13th in projected ticket or gate revenue for the 1996-97 season based on the 1996-97 average ticket price and 1996 NBA average attendance through November 21, 1996 This excludes suite, club seat and other arena revenues as well as media revenues Of the 16 teams below the Charlotte Hornets in general admission revenues, thirteen teams have more suites and we assume more suite revenues These cities include Detroit (180 suites), Philadelphia (126), Cleveland (92), Vancouver (74), Minnesota (68), Milwaukee (68), San Antonio (34) Indianapolis (36), Sacramento (30), New Jersey (29), Denver (27), Atlanta (16) and Miami (16) At least seven of the eight cities that need new arenas have new arenas under construction or are planning for one They include Denver (new Pepsi Center is nearing the commencement of construction), Atlanta (replacement for Omni announced), Oakland ($225 million renovation in progress), Miami, Dallas, Los Angeles and Indianapolis (all in active negotiation on new arenas)

74. Has the size of the proposed entertainment/retail complex decreased in size from earlier plans? Is the size of the current facility large enough to have a significant impact on the arena?

The scale of the entertainment complex insures that the demand for the space will significantly exceed supply As is highlighted in the longer term vision, we clearly envision that additional phases of entertainment will be added, but only as demand dictates We firmly believe that the Entertainment Center will make the experience of attending an event in the Arena as compared to the Coliseum more enjoyable since there will be entertainment options available within walking distance before and after the events Just look at what happened before the recent Sunday night Panther game Uptown restaurants were packed!

75. Has the Hornets need for additional revenues been reliably predicted for the next several years? If so, is it reasonably certain that additional revenues generated by skyboxes and club seats in the proposed arena will meet this need?

Please refer to questions and answers #21 and #33

76. If the proposed arena is built, how will the cost to attend non-NBA events be affected?

This issue has not been addressed, however, we do not anticipate any significant increase in cost In other cities, the circus and ice shows are performing in new arenas, keeping tickets prices reasonable and attracting large crowds

77. If the Hornets leave Charlotte, how much of the economic impact created by the team

leaves with them?

We assume that all of the economic benefits of the Hornets will leave if the Hornets move to another city It is unclear why any benefits would remain in Charlotte Additionally, we would become known as one of those cities that has lost a professional sports franchise. It would also probably have a negative impact on our business recruitment efforts. Bill Simms of Transamerica has said that the availability of professional sports was an integral consideration in their move from Los Angeles to Charlotte

78. **Of the 156 acres currently part of the Coliseum site, how much of that land is usable, and thus, could be sold?**

We have been told that the vast majority of the land is usable

79. **Is there any guarantee by any organization that it will take the City 12 years or less to recover their investment in the project?**

There is no guarantee from any organization

80. **What guarantees are there that the non-quantifiable benefits listed in the proposal will come true?**

The Hornets will play in the proposed arena for 30 years? A no-lights-out provision in the lease
Major League Baseball will come to Charlotte? None Baseball is part of a longer term vision
The proposal will enhance Charlotte's image as a convention and tourism destination? No guarantee, however, if you look at the study mentioned before, all indicate that entertainment option would enhance our image as a convention and tourism destination.

81. **Breakout the economic impacts listed in the proposal by project. Are these impacts gross or incremental?**

Please refer to the Price Waterhouse Economic Impact Study

82. **Is a return of 10 times the investment on monetized funds an industry standard? Is this a legitimate expected return?**

Ten years is a benchmark The actual amount of the proceeds of the monetarization depends on the interest rate and maturity of the debt obligation We do not understand the second question "Is this a legitimate expected return?"

Inputs

Charlotte Alternative III Fiscal Impact Inputs

UPTOWN ARENA

City Uses of Funds	
Arena Land Purchase 1997	$5 000 000
Arena Land Purchase 1998	$7 000 000
Arena Infrastructure 1997	$3 000 000
Arena Construction 1997	$9 000 000
Arena Construction 1998	$9,000 000
Arena Construction 1999	$10 000 000
Arena Development Schedule	
Arena Construction	1997, 1998
Arena Opening	1999
Construction Fiscal Impact Inputs	
Arena Development	
- Hard Costs	$126,000,000
- Soft Costs	$14,000,000
- Land Acquisition	$15 000,000
Total Arena Development Cost	$155 000 000
Construction Direct Economic Impact	
Estimated based on hard costs	$126 000,000
Construction Subject to Sales Tax (50% of hard costs)	$63 000,000
Recurring Fiscal Impact Inputs	
Annual PILOT to the City	$700,000
Current Property Value of Arena Site	$9,547,570
Arena Seating Capacity	21,500
Arena Suites	60
Arena Suite Seats	960
Arena Club Seats	4,000
Attendance to Hornets Games	
Average Total Per Event Attendance	20,500
General Attendance	689,720
Premium Seating Attendance	213,280
Total Annual Attendance	903,000
Suite Price (including tickets)	$125,000
Club Seat Price (including tickets)	$3,500
Average Ticket Price (General)	$35 00
Average Ticket Price (Premium)	$45 00
Suite Premium (excluding tickets & parking)	$90,000
Club Seat Premium (excluding tickets & parking)	$1,000
Per Capita Concessions (General)	$5 50
Per Capita Concessions (Premium)	$14 00
Per Capita Merchandise	$1 00
Arena Direct Spending	
Arena Ticket Revenue	$33,737 800
Arena Concessions Revenue	$6,779,380
Arena Merchandise Revenue	$903 000
Arena Premium Seating Revenue	$9,400,000
Annual Naming Rights	$500,000
Annual Advertising Revenue	$4 000,000
Visiting Team Spending	$206,000
Broadcast Revenue	$17,000,000

The above estimates of development costs, events, attendance, employment, financial operations, and other assumptions were provided by NationsBank and Cousins. Price Waterhouse assumes no responsibility for the accuracy or reliability of this information.

	inputs
URBAN ENTERTAINMENT CENTER	
City Uses of Funds	
Entertainment Center Land 1997	$6 000,000
Entertainment Center Land 1998	$6,000 000
UEC Development Schedule	
UEC Phase I Construction	1997, 1998
UEC Phase I Opening	1999
UEC Phase II Construction	Not included
UEC Phase II Opening	2001
Construction Fiscal Impact Inputs	
Total UEC Hard Construction Cost - Phase I	$18,753,000
Construction Direct Economic Impact	
Estimated based on hard costs	$18,753,000
Construction Subject to Sales Tax (50% of hard costs)	$9,376,500
Recurring Fiscal Impact Inputs	
Annual Future Property Tax	$228,000
Current Property Value of UEC Site	$5 268,680
Total UEC Phase I Square Footage	120,000
Retail Square Footage	40,000
Entertainment Square Footage	80,000
Sales Per Sq Ft.	
- Retail	$450
- Entertainment	$400
Total Sales	
- Retail	$18 000 000
- Entertainment	$32 000,000
	$50,000,000
Incremental Sales	50%
- Retail	$9,000,000
- Entertainment	$16,000,000
	$25,000,000

The above estimates of development costs, events, attendance, employment, financial operations, and other assumptions were provided by NationsBank and Cousins. Price Waterhouse assumes no responsibility for the accuracy or reliability of this information.

	inputs
ARENA PARKING DECK	
Arena Parking Deck Development Schedule	
Arena Parking Deck Construction	1997, 1998
Arena Parking Deck Opening	1999
Construction Fiscal Impact Inputs	
Parking Deck Development	
- Materials	$18 500 000
- Labor	$5,000 000
- Site Acquisition	$1 000 000
- Soft Costs	$1 000 000
Total Development Costs	$25,500 000
Construction Direct Economic Impact	
Estimated based on hard costs (materials & labor)	$23,500,000
Construction Subject to Sales Tax (materials)	$18,500 000
Recurring Fiscal Impact Inputs	
Current Property Value of Arena Parking Deck Site	$4 059,580
Total Parking Spaces	3,000
Parking Charge Per Car	$8 00
Total Arena Parking Revenue	$1,032,000
Total Annual Incremental Employees	5
Average Annual Salary	$20,000
Total Income	$100 000
Less Personal Tax & Nontax Payments	13%
Less Personal Social Security Contributions	5%
Less Personal Savings	4%
Less Portion Spent Outside Charlotte/Meck Co	50%
Total Direct Spending in Meck. Co	$40,000

The above estimates of development costs, events, attendance, employment, financial operations, and other assumptions were provided by NationsBank and Cousins. Price Waterhouse assumes no responsibility for the accuracy or reliability of this information.

	inputs
BASEBALL STADIUM	
City Uses of Funds	
Baseball Land Purchase 1998	$5,000,000
Baseball Land Purchase 1999	$13 000 000
Baseball Stadium Construction 2000	$10,000,000
Baseball Stadium Construction 2001	$9 000 000
Baseball Stadium Development Schedule	
Baseball Stadium Construction	2000 2001
Baseball Stadium Opening	2002
Construction Fiscal Impact Inputs	
Baseball Stadium Development	
- Hard Construction Costs	$164,750 000
- Land Acquisition Costs	$17,500 000
- Soft Costs (10% of Total)	$20 250,000
Total Development Costs	$202,500 000
Construction Direct Economic Impact	
Estimated based on hard costs	$164,750 000
Construction Subject to Sales Tax (50% of hard costs)	$82,375 000
Recurring Fiscal Impact Inputs	
Current Property Value of Baseball Stadium Site	$19,008 426
Total Attendance	2,000 000
In-Stadium Per Capita Spending	
- Tickets	$10 00
- Concessions	$7 00
- Merchandise	$1 00
- Parking	$2.00
Total	$20 00
In-Stadium Spending	$40,000,000
Portion Incremental	50%
Incremental Spending	$20,000,000
Other Spending	$30,000,000
Portion Incremental	50%
Incremental Spending	$15,000,000
Out of Stadium Spending	
- Per Capita	$7 00
- Total Outside Spending	$14 000,000
- Portion Incremental	50%
Incremental Spending	$7,000,000
Total Incremental Spending	$42,000,000

The above estimates of development costs, events, attendance, employment, financial operations, and other assumptions were provided by NationsBank and Cousins. Price Waterhouse assumes no responsibility for the accuracy or reliability of this information.

	Inputs
REUSE OF EXISTING COLISEUM LAND	
City Sources of Funds	
City Land Sale Proceeds 1999	$5,000 000
City Land Sale Proceeds 2000	$6 000 000
City Land Sale Proceeds 2001	$7,000,000
City Land Sale Proceeds 2002	$8,000 000
Reuse Development Schedule	
Reuse Construction	1999 to 2002
Reuse Opening	2000 to 2003
Construction Fiscal Impact Inputs	
Office Space Square Footage	1,500,000
Land & Construction Cost (PSF)	$164
Reuse Development	
- Hard Costs	$206,400,000
- Land Costs	$15,000,000
- Soft Costs (10% of Total)	$24,600,000
Total Reuse Development Costs	$246,000,000
Construction Direct Economic Impact	
Estimated based on hard costs	$206,400,000
Construction Subject to Sales Tax (50% of hard costs)	$103,200 000
Recurring Fiscal Impact Inputs	
Office Space Square Footage	1,500,000
Square Footage Per Employee	279
Average Salary	$20,000
Total Income	$107,526,882
Less Personal Tax & Nontax Payments	13%
Less Personal Social Security Contributions	5%
Less Personal Savings	4%
Less Portion Spent Outside Charlotte/Meck Co	50%
Total Direct Spending In Meck. Co	$42,552,412

The above estimates of development costs, events, attendance, employment, financial operations, and other assumptions were provided by NationsBank and Cousins. Price Waterhouse assumes no responsibility for the accuracy or reliability of this information.

	Inputs
WESTSIDE DEVELOPMENT	
Westside Development Schedule	
Westside Construction	1998 to 1999
Westside Opening	1999 to 2000
Construction Fiscal Impact Inputs	
Total Square Footage	3 800,000
Distribution Square Footage	1,900 000
Light Manufacturing Square Footage	1 900 000
Land & Construction Cost (PSF)	
- Distribution	$30
- Light Manufacturing	$45
Westside Development	
- Land Costs	$4 500 000
- Soft Costs (10% of Total)	$14 250,000
- Total Hard Costs	$123,750,000
Total Development Costs	$142,500,000
Construction Direct Economic Impact	
Estimated based on hard costs	$123,750,000
Construction Subject to Sales Tax (50% of hard costs)	$61,875,000
Recurring Fiscal Impact Inputs	
Current Property Value	$7,514,000
Square Footage Per Employee	
- Distribution	7,500
- Light Manufacturing	2 000
New Direct Distribution Employment	253
New Direct Manufacturing Employment	950
Average Salary	$20,000
Total Income	$24,066,667
Less Personal Tax & Nontax Payments	13%
Less Personal Social Security Contributions	5%
Less Personal Savings	4%
Less Portion Spent Outside Charlotte/Meck Co	50%
Total Direct Spending in Meck. Co	$9,524,081

The above estimates of development costs, events, attendance, employment, financial operations, and other assumptions were provided by *NationsBank and Cousins. Price Waterhouse* assumes no responsibility for the accuracy or reliability of this information.

Economic Impact Concepts

Direct Spending/Total Sales

Operations

Admissions
Concessions
Merchandise
Other
Parking
Other

Arena Entertainment/ Retail Events

Meals
Entertainment
Lodging

Team Income

Broadcast
Naming Rights
Advertising
Visiting Team

Coliseum Devel./ Western Region Devel.

Employees/Residents

Housing
Food
Entertainment

Retail Goods
Services
Other Purchases

Direct Spending:

Sales Tax
Lodging Tax
Food & Bev. Tax
Property Tax

Indirect Spending:

Sales Tax
Lodging Tax
Food & Beverage Tax
Property Tax

Direct + Indirect:

Sales Tax
Lodging Tax
Food & Beverage Tax
Property Tax

Increased Annual Tax Revenues City/County (1996 Dollars)

	Property Tax	Other Taxes	Total Impact
Arena Projects	$1.1	$1.2	$2.3
Reuse Coliseum Land	2.3	0.6	2.9
Baseball Stadium	3.1	0.6	3.7
Western Region	1.7	0.1	1.8
Total Fiscal Impact	$8.2	$2.5	$10.7

The State of North Carolina will benefit from income and sales tax revenues resulting from construction and operations of the proposed facilities in the 24-UP plan

The following table presents recurring state fiscal impacts generated from income and sales taxes

Recurring State Fiscal Impacts	
	Revenues
Income Tax	*(In Millions)*
Arena/Entertainment Center/Parking Deck	$3.3
Baseball Stadium	1 4
Coliseum Land Reuse	4.5
Western Region	1.0
Total Income Taxes	$10.2
Sales Tax	
Arena/Entertainment Center/Parking Deck	$2.0
Baseball Stadium	0 9
Coliseum Land Reuse	1.0
Western Region	0.2
Total Income Taxes	$4 1

The State of North Carolina will also collect income and sales tax revenues during the construction period. The following table illustrates one-time impacts generated from construction of the proposed facilities.

Construction State Fiscal Impacts

	Revenues (In Millions)
Income Tax	
Arena/Entertainment Center/Parking Deck	$2 6
Baseball Stadium	2 5
Coliseum Land Reuse	3 1
Western Region	1 9
Total Income Taxes	$10 1
Sales Tax	
Arena/Entertainment Center/Parking Deck	$4 7
Baseball Stadium	4 3
Coliseum Land Reuse	5 4
Western Region	3.2
Total Income Taxes	$17 6

UNC CHARLOTTE
The University of North Carolina at Charlotte
Charlotte, N.C. 28223

FEB 28

Department of Economics
704 547-2185

February 27, 1990

Mary Ann Moses
Director of Marketing
Charlotte Convention and Visitors Bureau
229 N. Church Street
Charlotte, N.C. 28202

Dear Ms. Moses:

Enclosed is a copy of the economic study of the Charlotte Hornets you requested. Thank you for your interest in this paper. Please do not quote or cite this paper without prior written approval.

If you have any questions, please call me at (704) 547-2185.

Sincerely,

John E. Connaughton
Director, Center for Business
and Economic Research

JEC/jh

THE ECONOMIC IMPACT OF THE

CHARLOTTE HORNETS

ON CHARLOTTE, NORTH CAROLINA

Prepared by:

John E. Connaughton, Ph.D

Chapter 1. Introduction

The purpose of this report is to define the economic impact of the Charlotte Hornets National Basketball Association (NBA) franchise on Mecklenburg County, North Carolina and the Charlotte Metropolitan Statistical Area (MSA)* economies during the 1988 - 1989 basketball season. The report will be divided into three sections. The first will present an overview of regional economic growth and development. This section will provide an understanding of the important role that certain types of economic activities play in a regional economy. The next section will present an analysis of the Hornets franchise and the quantifiable and nonquantifiable economic benefits that it has provided for the County and MSA.

The final section will present the conclusions of the study outlining precisely the economic benefits that professional basketball has provided to the Charlotte area economy. In addition, this section will detail the role that the professional sports plays in the economic development of a city and region.

Chapter 2. Regional Economic Overview

Competition among regions has reached an unprecedented level of intensity in the contemporary economic environment. Increasingly, cities and regions are realizing the importance of attracting new business and industry and maintaining existing firms.

This chapter will provide a rationale for the importance of new economic activities to the Charlotte area economy. In addition, this section will provide a description of the quantifiable and nonquantifiable economic impacts that accrue to a region that is successful in attracting new and maintaining existing economic activities.

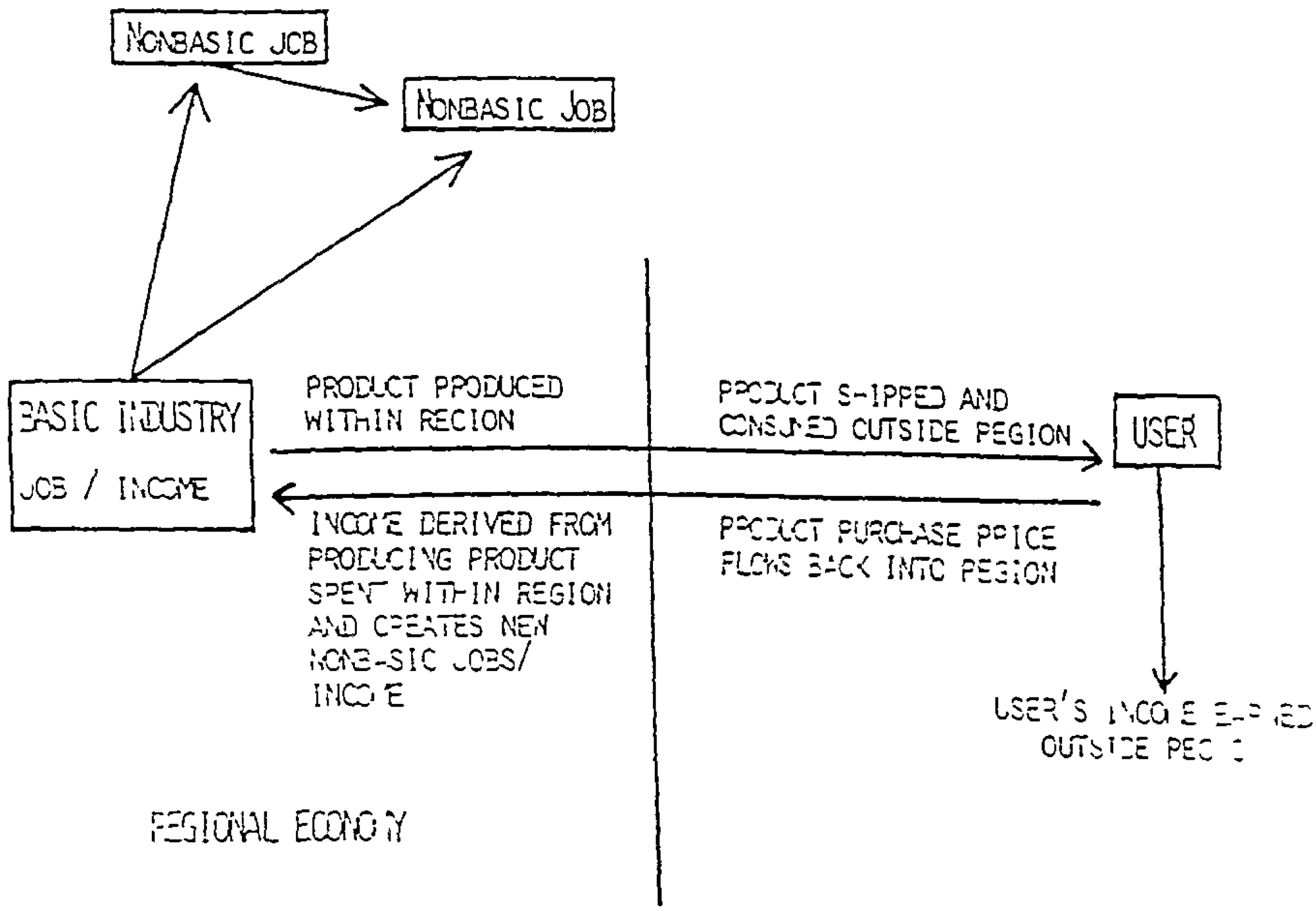
*The Charlotte MSA consists of seven counties: Cabarrus, Gaston, Lincoln, Mecklenburg, Rowan and Union counties in North Carolina and York county in South Carolina.

2.1 Quantifiable Economic Impacts

The precise importance of economic development to the regional economy is embodied in the export-base theory of regional growth and development. Export-base theory divides employment into two types: basic and nonbasic. Basic industries are defined as those engaged in producing goods and services to be "exported" outside the region. Manufacturing and agriculture are traditional export-base, or basic, industries. Nonbasic industries are defined as those engaged in "servicing" the basic industries and one another. Export industries provide the economic foundation (base) of the regional economy. Traditional basic industries bring money into the local economy through sales made outside the region. However, any organization that causes money earned elsewhere to be spent locally may be considered part of the economic base. Basic industry income supports employment within the industry. Basic employment in turn generates additional employment in local industries that serve the basic producers, their employees, and other secondary or nonbasic industries. In short, export-base theory stresses the idea that aggregate regional employment, earnings, and consumption originate in the basic sector, therefore, regional economic gains (and losses) originate in basic industries. Figure 2.1 provides a diagramatic view of this concept.

The practical significance of basic industries is quantified in the multiplier concept. Since basic industries benefit the region not only directly through their own employment but also indirectly through the nonbasic employment they ultimately generate, the total regional economic impact of each new basic firm is a multiple of its separate individual impacts. The multiplier concept captures the magnified effect of basic industry employment on the total regional economy employment. A regional multiplier value of 2.5 would mean, for instance, that for each job created in a basic industry 1.5 new jobs are generated in other parts of the local economy (the total benefit

EXPORT BASE THEORY



to the economy being two and a half jobs). Similarly, a loss of 100 jobs in a basic industry would, through the multiplier, translate into a subsequent employment loss of 150 jobs in the nonbasic sector, for a total employment loss of 250 jobs (100 x 2.5).

Table 2.1 presents the ratios of nonbasic to basic employment for twelve metropolitan areas calculated by Britton Harris in a 1958 study. The only North Carolina city included in this study was Charlotte. The Charlotte basic/nonbasic employment ratio was 3.33. This means that for each basic job created in Charlotte, on average 3.33 additional nonbasic jobs would result. Overall, one basic job would create 4.33 total jobs for Charlotte.

For this study, the Mecklenburg County and Charlotte MSA nonbasic/basic employment ratios were estimated using a similar methodology to that used by Britton Harris. The basic approach is to calculate a location quotient for each industry. In essence, a location quotient measures the relative employment of a specific local industry compared to the relative employment in that industry nationally. If the relative employment of the local industry is greater than the relative employment in that industry nationally, the extent of that excess relative employment is considered export or basic employment. Algebraically, this may be written as follows:

Let:

e_i = export employment in the i_{th} industry
e_i = local employment in the i_{th} industry
e = total local employment
E_i = national employment in the i_{th} industry
E = total national employment

Then:

$$\lambda_i = \frac{e_i}{e} - \frac{E_i}{E} \cdot e$$

Summing all the positive λ_is will produce the total basic employment in a region.

TABLE 2.1

NONBASIC/BASIC EMPLOYMENT RATIOS

STANDARD METROPOLITAN AREA	POPULATION[a]	NONBASIC EMPLOYMENT/BASIC EMPLOYMENT
Six areas with largest population[b]		
New York-Northeast New Jersey	10,232,039	4.03
Chicago	4,285,902	3.65
Los Angeles	3,405,797	4.15
Philadelphia	2,848,698	5.99
Detroit	2,269,725	2.19
Boston-Lawrence-Lowell	2,049,947	4.13
Mean - largest areas		4.02
Six areas with smallest population[c]		
Erie	163,850	2.37
South Bend	155,535	1.84
Charlotte	144,579	3.33
Fort Wayne	138,110	2.88
El Paso	137,22[illegible]	3.42
Evansville	120,695	2.75
Mean - smallest areas		2.77

[a]Population data based on 1950 definitions of Standard Metropolitan Areas

[b]The six largest SMA's in Harris's samples were also the six largest in the nation

[c]These were the six smallest SMA's in Harris's sample, though not the smallest in the nation.

Source: Britton Harris, Comment on Pfouts' Test of the Base Theory, Journal of the American Institute of Planners, November 1962, p. 236

This location quotient estimating technique was applied to Mecklenburg/Charlotte MSA employment at the two digit Standard Industrial Classification (SIC) code level for 1987. The resulting nonbasic/basic ratio for Mecklenburg County is 3.20. The total employment multiplier for Mecklenburg County is 4.20. These same calculations were also performed for the seven county Charlotte MSA. The nonbasic/basic ratio for the Charlotte MSA is 3.85. This results in a total employment multiplier of 4.85 for the MSA. These multipliers then, allow us to determine, on average, the employment impact of each new or existing basic industry job on the Mecklenburg County or Charlotte MSA economies.

This approach can be altered slightly to produce an income multiplier which estimates the total dollar impact for each new dollar brought into the community. This multiplier can be calculated by weighting the individual X_i (export employment for a specific industry) by the average annual wage in that industry and then summing the weighted X_i's. The result is total basic wages. Dividing total wages by total basic wages produces the income multiplier. Using this approach the income multiplier estimated for Mecklenburg County is 3.0462 which is less than the employment multiplier. The income multiplier for the seven county Charlotte MSA is 4.1929, also slightly less than the employment multiplier. These multipliers allow us to determine, on average, the total dollar economic impact of each new dollar injection by a basic industry on the Mecklenburg County or Charlotte MSA economies.

2.2 Nonquantifiable Economic Impacts

While we can adequately estimate what impact the addition of a specific job might have on a regional economy, it is useful to note that additional nonquantifiable economic benefits might accrue as a result of certain types of

economic activities. Although it is a much less precise process, it is nevertheless an important aspect of some new economic activities. This nonquantifiable impact will vary with the specific economic activity. Some firms become good corporate citizens and support civic and cultural events. Other firms might locate in one area of the region and become an "economic anchor" which will spur other growth in that area. Still, other firms might renew an entrepreneurial drive in a specific industry. The list of nonquantifiable benefits can go on but one type can be of particular importance. Some very special economic activities "mark time", that is, it is possible to refer to the general economic environment before and after the event.

New economic activities that "mark time" do have a quantifiable impact. They create basic jobs and there is a multiplier effect that creates additional jobs, however, there is a more important aspect to their existence. The presence of these new firms alters the character of the local economy. Two recent Charlotte examples of "mark time" firms are IBM and Royal Insurance.

The first represented the location of a major manufacturing and development facility within Mecklenburg County. The simple reference to an IBM facility that employs 5,000 persons creates economic credibility: the fact that the largest American corporation chose to locate a major facility in Mecklenburg County, establishes an instant economic status.

In the second instance, Royal Insurance, the largest insurance company in the United States, relocated its national headquarters from New York City to Charlotte. This event established Charlotte as a headquarters location city for major United States companies.

The next section of this report details the specific quantifiable and the nonquantifiable economic impacts of the Charlotte Hornets NBA basketball franchise on the Mecklenburg/Charlotte MSA economies during the 1988-89 season

Chapter 3. Economic Impact

This section of the report will be divided into three parts The first section will present an overview of the Charlotte Hornets NBA franchise activity The second will present the quantifiable economic impacts of a professional basketball franchise located in Charlotte. The third section will present the qualitative economic impacts of the Charlotte Hornets on the Charlotte Metro area. In sections two and three a distinction will be made between direct and indirect effects and between the present and the future economic impacts

3 1 Overview

The Charlotte Hornets professional basketball franchise is a member of the National Basketball Association (NBA) There are currently twenty-five teams with two expansion teams to be added in the 1989-90 season Charlotte and Miami were expansion teams added in the 1988-89 season. Table 3.1 lists the cities where NBA teams are located with the 1987 MSA population, rank and 1988-89 home attendance Only three teams are currently located in the Southeastern United States. A fourth, Orlando, will enter the league in the 1989-90 season

3 2 Economic Impact

During the first year of operation, the Charlotte Hornets professional basketball franchise introduced an economic benefit of $91,928,708 into the Mecklenburg County economy. In addition the Hornets injected $110,096,697 into the seven county MSA.

MSA	1987 Population Estimate	1987 Population Rank	1988 - 1989 Home Attendance
Atlanta	2,650,800	13	644,291
Boston	4,092,900	7	611,537
Charlotte	1,091,000	35	950,06-
Chicago	8,146,900	3	736,96-
Cleveland	2,760,900	12	730,925
Dallas	3,724,900	8	695,050
Denver	1,861,300	22	555,498
Detroit	4,629,400	6	879,61-
Golden State (San Francisco)	5,953,100	-	587,820
Houston	3,620,300	12	680,728
Indianapolis	1,228,800	32	-08,9-2
Los Angeles Clipper Los Angeles Lakers	13,470,900	2	4[illegible],309 7[illegible],3-9
Miami	2,934,100	--	6-2,75-
Milwaukee	1,502,100	35	700,98-
New Jersey (PVS-)	1,890,800	—	5-9,60-
New York	18,053,800	-	740,85-
Philadelphia	5,890,600	5	558,292
Phoenix	1,959,600	21	511,080
Portland	1,383,400	26	527,008
Sacramento	1,336,500	28	677,197
San Antonio	1,306,700	31	459,514
Seattle	2,340,600	15	529,732
Utah (Salt Lake)	1,054,500	37	509,502
Washington	3,646,000	9	402,377

Tables 3.2 through 3.7 present a detailed outline of new expenditures associated with the Charlotte Hornets first year of operation. For each table a list of assumptions used in the data development for this study is provided in the text. The dollar values reported are total expenditure numbers without reference to specific organizations. For the purpose of this study, it is not necessary to identify the organization receiving the income, only the total value of the expenditure.

Table 3.2 presents revenue generated directly by the Charlotte Hornets' fans at the 41 regular season home games. Fans were grouped into two categories, season ticket holders and single game attendees. Each category was further disaggregated by geographical origin, inside Mecklenburg County, inside the MSA, outside the MSA.

For season ticket holders, 68.9 percent were from Mecklenburg County, another 10.7 percent resided in the six surrounding MSA counties for a total of 81.6 percent of season ticket holders residing within the MSA. The remaining 18.4 percent of season ticket holders reside outside the Charlotte MSA.

For single game attendees, 51.0 percent were from Mecklenburg County, 17.0 percent reside in the six surrounding MSA counties for a total of 68.0 percent residing within the MSA. The remaining 32.0 percent of single game attendees reside outside the Charlotte MSA.

Table 3.2 breaks down expenditure categories by residence origin of fans. These origin groups are inside Mecklenburg, inside the MSA excluding Mecklenburg, and outside the MSA.

1. Charlotte led the NBA in attendance during the 1988-89 season, with 950,064 persons attending 41 home games. This figure does include approximately 57,000 no charge tickets. The no charge tickets

TABLE 3.2

REVENUES GENERATED BY TEAM DIRECTLY

ITEM	DOLLAR EXPENDITURE 1988-89	INSIDE MECKLENBURG	MSA	OUTSIDE MSA
Attendance	950,064	595,337	159,654	195,073
Gross Ticket Sales	$15,118,601	$9,816,281	$2,5[illegible],870	$2,767,450
Season Ticket Holders				
Attendance	6[illegible],018	426,503	103,375	89,[illegible]39
Revenue	$11,764,216	$8,105,545	$1,964,62[illegible]	$1,694,047
Single Game Attendees				
Attendance	33[illegible],046	168,834	56,278	105,93[illegible]
Revenue	$3,354,385	$1,710,736	$570,246	$1,073,403
Concessions	3,301,639	2,068,901	554,825	677,913
Parking	872,756	546,894	146,663	179,199
Skybox Sales				
28 seat	5[illegible]0,000	510,000		
10 seat	270,000	270,000		
Skybox Catering	118,114	118,11[illegible]		
Crown Club	404,227	278,512	67,50[illegible]	58,209
Total	$20,595,337	$13,608,702	$2,303,864	$3,682,771

TABLE 3.3

BROADCAST COST REVENUE GENERATED BY TEAM

TYPE	DOLLAR EXPENDITURE 1988-89	INSIDE MSA	OUTSIDE MSA
National Tv Contracts			
CBS Contract Share	$1,800,000		$1,800,000
TBS Contract Share	920,000		920,000
Total Tv Contact Share	2,270,000		2,270,000
Local T Contracts Estimates			
Contract Rights	850,000		
Production Costs*	666,500		
Estimated Margin 30%	45-,950		
Total Costs	1,971,450		
Advertising			
National 65.	1,281,443		1,281,443
Local	690,007	690,007	
Local Radio Contract Estimates			
Contract Rights	630,000		
Production Costs	200,000		
Estimated Margin 30%	270,000		
Total Costs	1,170,000		
Advertising			
National 30%	351,000		351,000
Local 70.	819,000	819,000	
Misc Radio Shows			
Contract Rights and Production Costs	126,000		
Estimated Margin 30%	37,800		
Total Costs	163,800		
Advertising			
National 30%	49,140		49,140
Local 70%	114,660	114,660	
Total Direct Local Advertising	$6,025,250	$1,623,667	$4,401,583

TABLE 3.4

REVENUE GENERATED BY VISITING TEAMS/MEDIA/ETC.

ITEM	DOLLAR EXPENDITURE ORIGINATING OUTSIDE MSA
Visiting Teams	
Hotel/Motel	$ 36,900
Food/Entertainment	55,100
Visiting Local TV/Radio	
Hotel/Motel/Entertainment	23,895
TV Production Costs	1,025,000
Radio Production Costs	10,250
NBA Referees/Scouts/Officials	
Hotel/Motel/Entertainment	2[illegible],320
Total	$1,[illegible]72,[illegible]

TABLE 3.5

REVENUE GENERATED BY SPECTATORS

ITEM	DOLLAR EXPENDITURE 1988-89	INSIDE MECKLENBURG	MSA	OUTSIDE MSA
Food and Entertainment Restaurants, hotels bars *	$6,249,981	$3,981,438	$[illegible],006,797	$1,[illegible],7[illegible]
Gasoline and Auto Expenditures **	$[illegible]1,259	571,021	153,133	[illegible]
Taxis, Buses, Etc. **	255,792	160,286	42,985	52,5[illegible]
Out-of-Pocket Expenditures ***	1,4[illegible]6,908	---	636,6[illegible]6	780,292
Retail Shopping ***	386,800	---	399,125	487,6[illegible]5
	$9,820,740	$4,712,745	$[illegible],298,65[illegible]	$2,[illegible],[illegible]

*42% of Gross Ticket Sales, Based on Hamer, Siler, Charlotte Coliseum Study

**Percentages of Gross Based on Wharton School Philadelphia Study

***Based on Charter Properties Performance Place Study

TABLE 3.6

ADVERTISING REVENUE

ITEM	DOLLAR EXPENDITURE 1988-89	INSIDE MECKLENBURG	INSIDE MSA	OUTSIDE MSA
Coliseum Advertising	$1,200,000	---	$420,000	$780,000
Promotional Giveaways at Coliseum	400,000	---	---	400,000
Player Shoe contracts	25,000	---	---	25,000
Local Promotions	150,000	100,000	50,000	---
Total	$1,775,000	$100,000	$470,000	$1,205,000

TABLE 3.7

ANNUAL MECKLENBURG COUNTY/MSA ECONOMIC IMPACT

	INSIDE MECKLENBURG	MSA	OUTSIDE MSA	TOTAL
Table 3.2				
Revenue Generated by Team Directly	$[illegible],608,702	$3,303,864	$3,682,771	
Table 3.3				
Broadcast Revenue		1,623,607	[illegible],401,583	
Table 3.4				
Revenue Generated by Visiting Team			1,172,555	
Table 3.5				
Revenue Generated by Spectators	[illegible],7[illegible],7[illegible]	2,298,65[illegible]	[illegible],809,309	
Table 3.6				
Revenue Generated by Advertising	[illegible]00,000	470,000	[illegible],205,000	
Total	$[illegible],421,4[illegible]7	$7,696,187	$13,271,248	$39,[illegible]
Mecklenburg County Direct Effect	9,210,724	20,967,435		$30,[illegible],159
Mecklenburg Multiplier				3.0[illegible]
Total Mecklenburg Impact Direct and Indirect				$91,[illegible],708
MSA Direct Effect	13,058,817	13,271,248		$26,330,065
MSA Multiplier				4.192[illegible]
Total MSA Impact Direct and Indirect				$110,396,697

include team and player tickets as well as promotional and community support tickets.

2. Gross ticket sales of $15,118,601 were generated by Hornets fans on tickets for the 41 regular season games.

3. Season ticket holders accounted for 619,018 in attendance during the 1988-89 season. The season ticket holders accounted for $11,764,2[illegible]6 in gross ticket sales. 68.9% of season ticket holders live within Mecklenburg County. An additional 16.7 percent live within the MSA (excluding Mecklenburg) for a total of 85.6 percent.

4. Single game attendees accounted for 331,0[illegible]6 in ticket sales during the 1988-89 season. This resulted in $3,35[illegible],385 in ticket purchases. It is estimated that 51.0 percent of single game attendees reside within Mecklenburg County. An additional 17.0 percent reside within the MSA (excluding Mecklenburg), for a seven county MSA total of 68.0 percent.

5. The 9[illegible],064 patrons who attended the [illegible] home games spent an additional $3,30[illegible],039 on concessions at the Charlotte Coliseum. This is $3.48 per person per game.

6. Parking revenue at the 41 home games amounted to $872,756.

7. There are six large, 18 seat, sky boxes that sold for $85,000 per year for the 1988-89 season. This represents total sales of $510,000. There are also six smaller, 10 seat, sky boxes that sold for $55,000 per year. This represents total sales of $270,000 for the 1988-89 season.

8. Special sky box catering accounted for $[illegible]18,1[illegible]4 in sales during the 1988-89 season.

9. The Charlotte Hornets and the Coliseum operate the Crown Club before and after every Charlotte Hornets home game. This is a membership

organization with the members spending $404,227 during the 1988-89 season.

On average, 23,172 fans attended each game. Of that total, 14,520 or 62.7 percent originated from Mecklenburg County. Another 3,894 or 16.8 percent originated from the six surrounding counties of the MSA. Those residing outside the MSA totaled, on average, 4,758 per night or 20.5 percent of average game attendance.

The total dollar expenditure for revenues generated by the team and its fans during the 1988-89 season was $20,595,337.

Table 3.3 presents broadcast revenue generated by the Charlotte Hornets.

1. The Charlotte Hornets received $1,800,000 per year as their share of the National CBS NBA contract. In addition, the team received $920,000 as their share of the TBS NBA cable contract.

2. The local television and radio contract rights were purchased by WCCB-TV in Charlotte. The TV only contract rights are estimated to have been $800,000 for the 1988-89 season. Thirty-one games were televised during the season with an average game production cost of $21,500 for a total of $666,500. The estimated profit margin was 30 percent bringing the total cost/revenue to $1,971,450 that was injected into the local economy by the television of Hornets games during the 1988-89 season.

3. The Charlotte Hornets radio network, the largest in the NBA with 36 stations, is anchored by WBT in Charlotte. The estimated value of the contract rights is $650,000 for the 1988-89 season. WBT estimated its production costs at $250,000 for the year. With a 30 percent profit margin, the 82 game radio schedule accounted for an $1,170,000 impact in the local economy during the 1988-89 season.

4. Production costs and contract rights for other Hornets' related radio shows (Dick Harter, Carl Scheer) were estimated at $126,000 for the 1988-89 season. Including an estimated profit margin of 30 percent, a total impact of $163,000 from related Hornets' broadcasts on the local economy during the 1988-89 season.

While both cost and rights information is shown in Table 3.3 for all local radio and TV, these do not represent final demand expenditures. This concept is captured by advertising revenue. Local advertising revenue is split into two categories inside MSA (local) and outside MSA (national). The national TV contract rights plus local TV and radio advertising revenue are used to calculate total direct broadcast revenue. The total broadcast revenue on the local economy is estimated to have been $6,025,250 for the 1988-89 season.

Table 3.4 estimates the revenue generated by visiting teams, visiting media and NBA officials (referees, scouts, etc.). This revenue is generated completely from outside the MSA.

- For 41 home games, visiting teams are estimated to spend $36,900 on hotels and $55,100 on food and entertainment. Local visiting team expenditures are based on average Hornet expenditures while on the road.
- Visiting local TV and radio crews are estimated to spend $22,000 while in Charlotte. Local production costs for TV broadcasts are on average $25,000 per game for a total of $1,025,000 for the season. Local radio production costs are $250 per game on average for a total of $10,250.

3 NBA referees, scouts, and officials are estimated to spend an additional $21,320 during the season while visiting Charlotte.

The total direct expenditure on Charlotte by visiting teams and officials was $1,172,555 during the 1988-89 season.

Table 3.5 estimates the revenue generated by spectators in conjunction with attending Charlotte Hornets basketball games

1. Based on a study conducted for the Charlotte Coliseum by Hamner and Sular, food and entertainment expenditures by attendees, off site, are expected to account for 42 percent of total ticket sales. This represents an expenditure of $6,349,981 for the 1988-89 season.

2. Gasoline, and auto-taxis-buses, etc. expenses are based on a Wharton School of Finance study on Philadelphia professional sports and for Charlotte are estimated to be $911,259 and $255,792.

3. Out-of-pocket expenditures and retail shopping expenditures are based on a Charter Properties study on the Charlotte performing arts center. Out-of-pocket expenditures for out-of-town attendees only are estimated at $4.00 per person for a total of $1,4[illegible],903 and retail expenditures at $25 per person for 10 percent of attendees for a total of $885,800. The other 90 percent of out-of-town attendees are not expected to make retail expenditures in conjunction with their trip to Charlotte to attend a Hornets basketball game.

The total revenue generated by fans attending Hornets games is estimated at $9,820,740 for the 1988-89 season.

Table 3 6 presents advertising revenue associated with the Charlotte Hornets basketball team.

1 Signage in the Coliseum amounts to $1,200,000. Of this, 35 percent is from local and 65 percent is from national sources.

2 Promotions and giveaways for the 1988-89 season were estimated at $400,000.

3 The total for players shoe contracts is estimated at $25,000 for the year

4 Local promotions by the Hornets organization and players amount to $150,000 for 1988-89

The total expenditure on advertising associated with the Hornets was $1,775,000 during the 1988-89 season.

Table 3 7 summarizes the total expenditures by origin of Table 3 2 through 3 6 The total direct first round expenditures associated with Hornets basketball during the 1988-89 season is $19,388,882. Mecklenburg County residents spent $9,421,447 or 46.8 percent of the total Residents of the six surrounding counties spent $7,696,187 or 39 5 percent. Originating from outside the Charlotte MSA was $13,271,248 or 33 7 percent of the total direct expenditures

To estimate the total (direct and indirect) impact on the Mecklenburg economy, an adjustment is made to the Mecklenburg origin expenditure category It is estimated that only one-half of Mecklenburg expenditures on the Hornets represents new expenditures or blocks a "leakage" of money to the outside from within the community. The other 50 percent are expenditures that would have taken place anyway.

The adjusted Mecklenburg County origin direct expenditure of $9,210,724 plus the direct expenditure of $20,967,435 by residents outside the county totals to $30,178,159 of new direct expenditures in Mecklenburg County

resulting from the Charlotte Hornets during the 1988-89 season. Applying the Mecklenburg County multiplier of 3.0462 produces a total first year direct and indirect economic impact of $91,928,708 on the Mecklenburg economy.

For the MSA, a similar calculation process is followed producing a first year direct and indirect economic impact of $110,396,697. Over a five year period, these impacts would amount to $459,643,540 for Mecklenburg County and $55[illegible],483,485 for the seven county MSA.

3.3 Qualitative Economic Impact

The 1980's have seen the emergence of tremendous competition between regions for their share of the economic pie. No longer are the standard tax concessions and other economic incentives sufficient to attract new industry into an area. Firms that are considering relocation and expansion are increasingly looking for cities that offer a complete package. Very near the top of that package are amenities.

In recent years, Charlotte has been able to put together many components of a complete amenity package. This list includes access to a major hub airport, a dynamic skyline with a vibrant city center, a modern and exciting performing arts center and professional sports.

The addition of professional sports may be the most unique, because a community cannot decide on its' own to spend the money to obtain a franchise. In the southeastern region of the United States, only five MSAs (Atlanta, Charlotte, Miami, New Orleans, and Tampa)** have major league professional sports franchises. Charlotte now has something that only five other southern cities can boast. Our traditional competition of Birmingham, Richmond, Jacksonville, and Nashville comes up empty in one category - sports.

*Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.

**Next year, Orlando will enter this list.

While no dollar level can be placed on the recruiting impact that entertainment, particularly professional sports, has on a community, it is safe to say that in today's competitive environment, professional sports may not be sufficient, but may well be necessary to attract future quality economic development. The addition of the Charlotte Hornets professional basketball team to the Charlotte area and the impact it will have on future economic development is indeed a "mark time" event.

Chapter 4. Conclusions

The Charlotte Hornets NBA team has had a dramatic impact on the Charlotte/Mecklenburg and MSA economies during the 1988-89 season. The list of quantifiable benefits includes

* $91,928,708 economic impact on the Mecklenburg economy during the first season in the NBA.

* $120,396,697 economic impact on the seven-county Charlotte MSA economy during the first season in the NBA

* A five-year projected impact of $459,040,340 on the Mecklenburg economy and a five-year projected impact of $556,483,485 on the MSA economy.

* First year total direct revenues generated by the Hornets totaled $39,388,882 with $13,271,248 (33.7%) originating from outside the MSA.

* On average 23,172 fans attended each game with 62.7 percent (14,520) from Mecklenburg county, 16.8 percent (3,894) for the six other MSA counties, and 20.5 percent (4,758) from outside the MSA.

* 195,078 in total season attendance came from outside the MSA.

* Advertising revenue from outside the MSA is estimated to have been $4,401,583.

* Off-site revenue generated by Hornets fans during the 1988-89 season was estimated at $9,820,740.

The qualitative benefits provided by the Charlotte Hornets NBA team include.

* Charlotte is one of only five southern cities that have a professional sports franchise.

* Charlotte led the NBA in attendance during the 1988-89 season

* The introduction of major league professional sports entertainment into the Charlotte area is a "mark time" event.

The arrival of big time professional sports has provided a major economic impact on the Charlotte area economy. While the collars impact has been large, the non-collar statement may be greater. During the next decade, Charlotte will increasingly become one of a few southern cities to achieve a national cut status

24-UP Program Economic Impacts

Presentation to the
Citizens Advisory Committee

December 5, 1996

Presentation Topics

- Scope of Analysis
- 24-UP Plan Proposal
- Economic Impact Methodology
- Annual Operating Impacts
- Construction Period Impacts

Scope of Analysis

- To measure the extent to which the 24-UP proposal creates additional sales, employment, and taxes for the City of Charlotte
- Consider the potential loss if the Hornets relocate out of the City and the gain from the new developments offered by the 24-UP Plan

24-UP Plan Proposal

"The Vision for the 21st Century"

- Arena Projects:
  - New NBA arena
  - Retail/restaurant/entertainment
  - 3,000 space parking garage
- Private development of Coliseum property
- Multi-block park
- Major League Baseball park
- New investment in the Western Region of the City

NBA Arena Developments

Number of Franchises	29
New Facilities Since 1988	17
Facilities Under Construction	2
Currently Evaluating New Facilities	10*

* Includes 3 facilities built since 1988

Financial Obsolence

- Due to Decreasing Franchise Income
  - Increasing Franchise Costs (Player Costs)
  - Limited Arena Revenue vs New Facilities

New Generation Income Sources

- Seating Capacity/Segmentation
- Club Seats/Luxury Suites
- Signage Opportunities
- Sponsorship Opportunities
- Increased Points of Sale
- Related Developments

Business Realities: Illustrative Gains

Food & Beverage Per Capita	$5 00	$7 00
Food & Beverage Net Income (40%)	$1,500,000	$2,000,000
Premium Seats / Suites	$1,500,000	$6,000,000
Naming Rights	0	$1,000,000
Advertising	$1,000,000	$3,000,000
	$4,000,000	$12,000,000

Have-Not Arenas Short $8,000,000

Have-Not Arenas

- Orlando
- Dallas
- Charlotte
- Miami
- Atlanta
- Houston
- Los Angeles-Lakers
- Los Angeles-Clippers

Economic Impact Methodology

Operating "Inputs"

- Building program, attendance, revenue, construction costs, and other inputs are based upon the 24-UP Proposal (excluding the multi-block park)
- Inputs related to operations characteristics (admissions, suites, team operations) in the proposed uptown arena are considered reasonable by Price Waterhouse and City consultants

Events Which Could Change Estimates of Economic Impacts

- Impacts are presented only for the stated components of the 24-UP proposal and do not include other potential development stimulated by the 24-UP Plan
- Economic and fiscal impacts do not account for other potential developments that could occur in place of the proposed facilities
- Estimates of recurring economic benefits from retaining NBA franchise are approximately 20% less if the franchise leaves the metro area

If The Hornets Move Out of the City

- Charlotte may retain some of the benefits from team or arena employees which reside or spend earnings in Charlotte
- Existing Coliseum would continue to host other events; therefore, this analysis only considers Hornets' games

Retail/Restaurant/Entertainment Spending

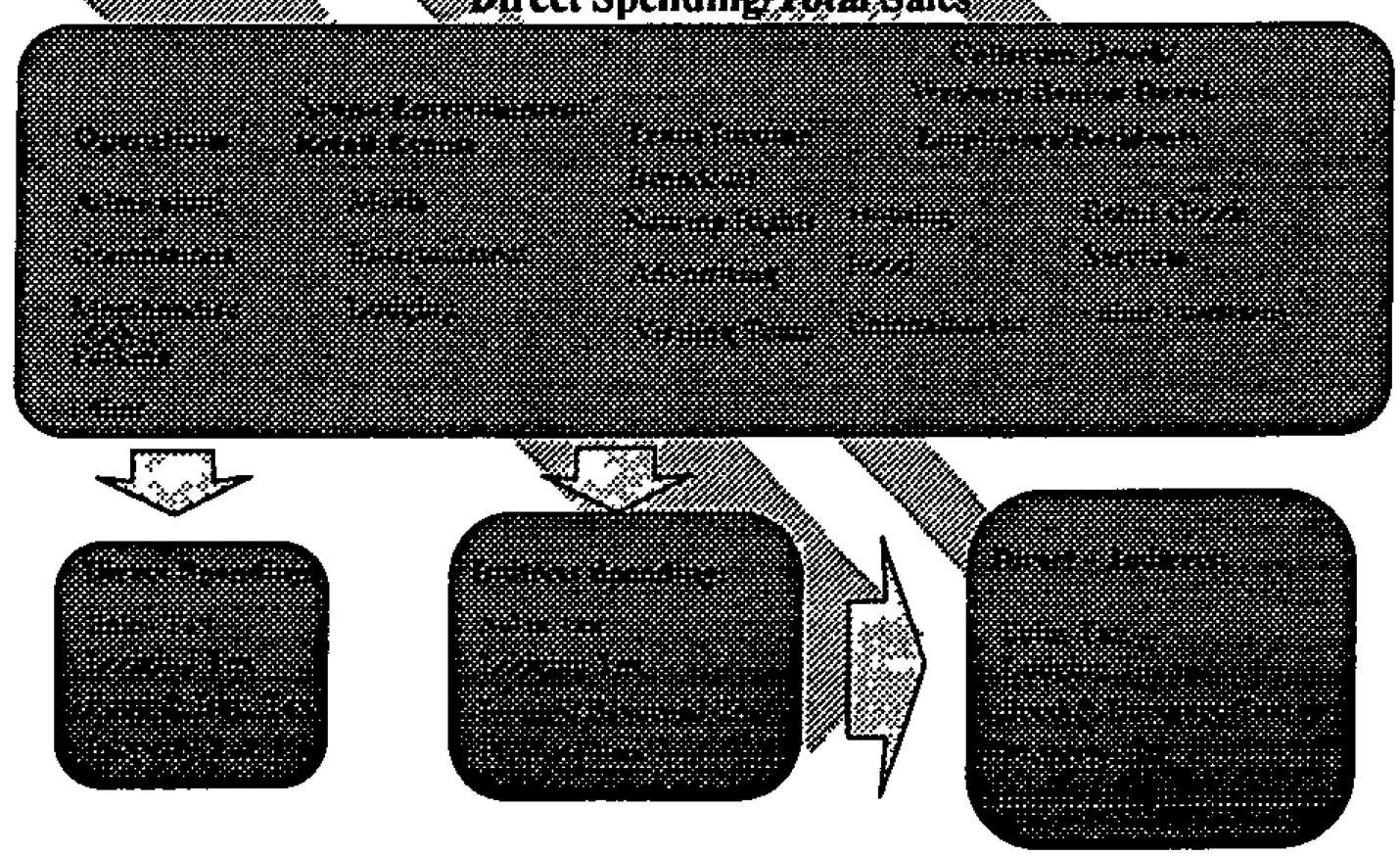
- Impact is based only on that portion of sales (50 percent) which is not "displaced"
- Displaced spending is that which would have occurred elsewhere in Charlotte by residents and non-residents
- Analysis does not include potential future expansion of uptown retail/restaurant/ entertainment options outside of the 24-UP proposal

Incremental Employment

- New jobs/income will support new spending in the local economy (Charlotte)
- Only money spent in Charlotte is included in the analysis (net of taxes, savings, spending outside the city, other non-local spending)

Economic Impact Concepts

Direct Spending/Total Sales



Total Economic Impacts

- Sales Volume
- Income
- Jobs

Annual Operating Impacts

Total Annual Recurring Sales Economic Impact

- Direct and Indirect Sales Volume

Arena Projects	$148.3
Reuse of Existing Coliseum Land	75.4
Baseball Stadium	64.3
Western Region of the City	16.9
Total Sales Volume	$304.9

Total Annual Recurring Income Economic Impact

- Income

Arena Projects	$94.8
Reuse of Existing Coliseum Land	134.5
Baseball Stadium	39.0
Western Region of the City	30.1
Total Income	$298.4

Recurring Economic Impact

- Employment

	Full Time & Part Time	Full Time Equivalent
Arena Projects	2,280	2,000
Reuse of Existing Coliseum Land	6,640	6,480
Baseball Stadium	990	870
Western Region of the City	1,490	1,450
Total Employment	11,400	10,800

Fiscal (Tax) Impacts to the City

- Property tax
- Other City Taxes
  - Sales tax
  - Prepared food & beverage tax
  - Hotel tax

Increased City Annual Tax Revenues

(1996 Dollars)

	Property Tax	Other City Taxes	Total Impact
Arena Projects	$0.8	$0.5	$1.3
Reuse Coliseum Land	1.3	0.2	1.5
Baseball Stadium	1.0	0.3	1.3
Western Region	0.7	0.1	0.8
Total Fiscal Impact (city only)	$3.8	$1.1	$4.9

City Property Tax Estimates

- City of Charlotte only
- Based on 24 UP property assessments
- Net of property taxes currently being generated by those parcels

Construction Period Impacts

Construction Economic Impact

- Direct and Indirect Sales Volume

Arena Projects	$248.2
Reuse of Existing Coliseum Land	304.5
Baseball Stadium	243.0
Western Region of the City	182.5
Total Sales Volume	$978.2

Construction Economic Impact

- Income

Arena Projects	$70.2
Reuse of Existing Coliseum Land	86.1
Baseball Stadium	68.8
Western Region of the City	51.7
Total Income	$276.8

Construction Economic Impact

- Employment (full-time-equivalent)

Arena Projects	2,000
Reuse of Existing Coliseum Land	2,520
Baseball Stadium	2,010
Western Region of the City	1,510
Total Employment	8,040

Construction Period Tax Revenues

■ New Tax Revenues - City only

Arena	$.7
Reuse of Coliseum Land	.8
Baseball Stadium	.6
Western Region of the City	.5
Total New Taxes	$2.5

Other Non-Quantifiable Benefits

- Retaining the Hornets for the next 30 years
- Major League Baseball
- New Uptown shopping, dining, and entertainment options for residents & visitors
- Enhanced attractiveness of Charlotte as a convention and meeting destination
- Enhanced attractiveness of Charlotte for corporate/business relocations
- Potential stimulus for other Uptown and city-wide developments
- Redevelopment of Western Region of the City

Charlotte Coliseum

The future of the Charlotte Hornets and the impact on the Charlotte Coliseum are subjects of substantial public discussion The changing economic environment, the competitive challenges of the NBA and the growing number of facilities in the Charlotte area all influence the content and outcome of these discussions The attached information, beginning with a chronology of some of the changes in recent years, is provided to facilitate Council discussion at the upcoming retreat

Much has changed in the time between when voters approved bonds to finance the Coliseum and when the doors opened in the fall of 1988 with the Hornets NBA team as its primary tenant Much more has changed since The 12 years of change is captured in the following list and accompanying attachments

1986-87 The NBA comes to Charlotte, additions and improvements are made to the new Coliseum at an eventual cost of $52 5 million

1990-93 Charlotte is the NBA attendance leader, the ACC and NCAA Final Four come to Charlotte, the facility's operating revenue exceeds expenditures by more than $3 million per year and economists estimate the annual economic impact of the NBA at more than $100,000,000

The lease with the Hornets is renegotiated to provide for rent payment and revenue sharing

1994-96

1. Facilities and economics change dramatically

- Independence Arena reopens
- Blockbuster and Carowinds add outdoor concert venues
- UNCC begins construction on a new arena
- Greensboro Coliseum expands and "wins back" some future ACC tournaments
- Greenville, S C announces a new state-funded arena
- City builds a new Convention Center and links Coliseum revenues to operating expenses at the new facility
- NFL comes to Charlotte Carolinas Stadium opens in 1996

2. NBA economics begin to change

- Player contracts cost soars - exemplified locally by the Hornets $84 million contract with Larry Johnson and the inability to re-sign Alonzo Mourning

- New facilities emerge throughout the NBA led by New York, Chicago, Phoenix, Boston and others - club seats and sky boxes replace capacity and attendance as key revenue sources

- Hornets lease is renegotiated a second time to improve the revenue sharing for the Hornets and scheduling flexibility for the Authority

1996 -

3. Pro sports scene continues to evolve:

- $104 million privately built "new" Target Center in Minneapolis is sold to the public sector for $54 8 million and the team sold to keep the NBA Timberwolves in Minneapolis

- "Modell sacks Maryland" headlines George Will's article in the 1/22/96 *Newsweek* highlighting the move of the Cleveland Browns owned by Art Modell to Baltimore, pointing out that Maryland and Baltimore offered the following·

  - $200 million stadium with 108 boxes and 7500 club seats built with public funds

  - $75 million in seat licenses go to Modell

  - Concessions, parking and advertising revenue to Modell

  - 10% fee for all other events paid to Modell

  - Estimated annual team "profit" $30 million

- Knight-Ridder's Bob Keisser does a national story on the economics of pro football for the host city suggesting the impact is overrated

- The *Observer* editorializes with headline, "Don't let sports teams call the shots in Charlotte"

During this 12 years of change, the City has developed an enviable inventory of civic, cultural and entertainment facilities The Auditorium, Coliseum, Convention Center Authority has put approximately $20,000,000 into the capital improvement of these facilities and currently shows an annual operating surplus - one year after the opening of the new Convention Center and including the projected impact of the new Hornets lease The "mortgage" (debt service) on the Coliseum is paid by the City through a General Obligation Bond issue (property tax supported) and the debt service on the Convention Center is paid by Certificates of Participation (occupancy and food tax supported)

QUESTIONS FOR COUNCIL CONSIDERATION

1 Does the City want to retain the Charlotte Hornets within the City limits?

- Do the Hornets want to buy the Coliseum, continue to lease or build a new facility?
- Given the changing economics in the NBA, what is the potential value/sale price of the Coliseum?
- What is the impact on the Coliseum (and the Convention Center) of a new, privately owned & operated Hornets facility?

2 How has the "public purpose" mission of the Coliseum changed and are there alternatives to fulfill this mission?

- Will a "new" private facility or the Coliseum in private ownership be competitive in attracting ACC and NCAA events?
- Will the facility(s) continue to meet the needs for community events?
- Are there other facilities that can fill this void (UNCC, Independence Arena, Convention Center, or private facilities)?

3 What impact will the economics/facilities in other cities have on our ability to control our own fate?

- Nashville has a new vacant basketball arena
- South Carolina has tax abatement incentives to offer the Hornets
- NBA economics are dictated by large media markets and new facilities

Contents
Attachments 1-16

I. **Council/Manager Memo - assignments**

II. **Letters requesting information**

III. **Coliseum History - prepared by the Authority**

IV. **Basketball agreement details**

V. **Asset Management Discussion**

VI. **Financial options**

- A Hornets depart Coliseum after Fiscal 2000
- B Hornets stay throughout contract
- C Hornets leave after 2000, minor league hockey moves to Coliseum
- D Hornets leave after 2000, NHL moves in
- E Building sold

VII. **Other facilities and situations**

- A Minneapolis Target Center
- B. How Suite It Isn't, *Time*, 7/10/95
- C Out With The New, *Newsweek*, 2/13/95

VIII. **Coliseum comparisons**

- A Coliseum comparisons (NBA) - Authority Exhibit
- B Coliseum comparisons (North Carolina)
- C Atlanta Journal/Constitution - Jeff Denberg
- D Modell Sacks Maryland, *Newsweek*, 1/22/96
- E *USA Today*, 9/18/95

Process
Key Dates

I. Hornets Meetings

1 December 22, 1995

- Building value/sale
- Building improvements
- NBA

2 January 25, 1996

- Long-term strategy
- Process for communication & negotiation

II. Information requests

1 Letters

- CUDC
- CCVB
- Authority
- Citizens Committee

2 Meetings scheduled

CCVB	1/5/96
Authority	1/10/96
CUDC	1/10/96
Privatization Committee	1/4/96, 1/11/96
follow-up 1/31/96	

III. Staff research

1 Appraisal due	1/30/96
2 Building analysis	in process

IV. Consultants

1 SCI - January 23, 8 30 a m (follow-up week of 2/12/96)
2 CUED - February 1-3

DB

Mayor and Council Communication
Memo Number: 89
December 29, 1995

CHARLOTTE

CALENDAR HIGHLIGHTS

For the week of January 1, 1996

Monday, January 1

New Year's Holiday - City Offices Closed

COUNCIL'S MONTHLY CALENDAR IS ATTACHED

INFORMATION

Coliseum Issues

Following the discussion of the future of the Charlotte Coliseum at the Council meeting on December 19, 1995, I assigned Del Borgsdorf and Boyd Cauble to examine the major issues and to prepare an information briefing for the Council retreat. Although detailed answers to every question will not be available, every effort will be made to provide a thorough report. I have requested the assistance of the Authority, the CUDC, the CCVB and others in compiling information Del and Boyd began this assignment last week, beginning with a lengthy discussion with Hornets officials.

The following list highlights the major issues under review If you have additional concerns or information you would like to have at the retreat, please contact Boyd at 336-2009 or Del at 336-4169

Coliseum Issues/Assignments

Issue	Assigned	Outside Agency
History· Purpose, financing cost	City Manager/Finance	Authority
Hornets options/studies	City Manager's Office	Hornets
Sale/lease options	City Manager/Finance	
Appraisal •land value •assumptions •zoning	Engineering/Prop. Mgmt. Planning	Hornets Authority Citizens's Advisory Committee on Competition & Privatization

INFORMATION

(Continued)

Coliseum Issues/Assignments

Issue	Assigned	Outside Agency
Market Data/Benchmark Facilities-Cities	City Manager/Finance	CUED ICMA Authority CCVB
Coliseum Building •modification options	Engineering	Hornets Authority
Alternative "Futures" •impact of Hornet relocation •Coliseum impact & other facilities	City Manager/Finance	Authority Advisory Committee on Competition & Privatization
Existing City-Authority relations •legal •financial	Legal/Finance	Authority

January 1996

CITY COUNCIL CALENDAR

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1 New Year's Holiday	2	3	4	5	6
7	8 5:00pm Workshop	9	10	11	12	13
14	15 Martin Luther King Holiday	16 12:00pm Agenda Briefing 5:00pm Council Meeting	17	18	19	20
21	22 5:00pm Zoning Meeting	23	24	25	26	27
28	29 12:00pm Agenda Briefing 5 00pm Council Meeting	30	31			

December 1995

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

February 1996

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29		

12/29/1995

ATTACHMENT 2

December 29, 1995

Mr. Steve Camp
Auditorium-Coliseum-Convention Center Authority
P. O. Box 669247
Charlotte, North Carolina 28266-9247

Dear Steve:

As you are aware, the Mayor and City Council have requested the City Manager to prepare a briefing report to facilitate their deliberations about the future of the Charlotte Coliseum. The Manager has requested that you provide us with information and assistance in preparing this report. Time is of the essence and we need your help in the first two weeks of the new year.

Any information which you feel would assist the Council in their discussions would be appreciated. The following are some general topics where you could be particularly helpful:

- History of the Coliseum and the development of the relationship with the Hornets
- Financial data reflecting the annual history of operations and the source of various revenues.
- Information from comparable and competitive facilities - other NBA cities and area facilities that compete with us for local and regional events.
- Future of the Coliseum with and without the Hornets.
- Information of building improvement options - including costs for improved NBA revenues, hockey options and the pro/con of various improvements.
- Summary of legal restrictions regarding City-Authority options

Steve, I know much of this information, especially financial data, is currently available Your assistance in organizing the available information, supplemented by the advice and input from you and your Board is what is needed.

Office of the City Manager 600 East Fourth Street Charlotte, NC 28202-2840 704/336-2241

Thanks for your attention to these critical issues and for your continued assistance in getting information to the governing body.

Sincerely,

Del D. Borgsdorf
Assistant City Manager

ATTACHMENT 3

CHARLOTTE.

December 29, 1995

Mr. William Spears
Privatization/Competition Advisory Committee
Gleiberman Spears & Shepherd, P. A.
NationsBank Plaza, Suite 3500
Charlotte, North Carolina 28280

Dear Bill:

As you and the Advisory Committee are aware, the Mayor and City Council have initiated discussions regarding the future of the Charlotte Coliseum and have requested an information report from the City Manager. He has requested that I seek the advice of the Committee in preparing that report. The threshold question may be, does the City want to keep the Charlotte Hornets located within the City for the long term? And what is the impact on the Charlotte Coliseum?

In the past the Committee has discussed the importance of our appraisal of the facility and other asset management issues regarding the Coliseum This information and substantial additional financial information is being assembled for the report to Council

The City Manager would like to have any advice the Committee thinks will facilitate the Council discussion, and is particularly interested in the Committee's input regarding the following:

- Impact on the existing Coliseum if a new Hornet facility in Charlotte and/or in the region.
- Economic value of the Hornets (pro-sports) and the appropriate role of City government in dealing with pro-franchises.
- Key questions or advice on alternative approaches to evaluating the Coliseum's future.

Since this will be on the Council's agenda early in the new year, your prompt consideration and advice will be appreciated

Sincerely,

Del D. Borgsdorf
Assistant City Manager

Office of the City Manager 600 East Fourth Street Charlotte, NC 28202-2840 704/336-2241

ATTACHMENT 4

CHARLOTTE.

December 29, 1995

Mr. Melvin Tennant
Charlotte Convention & Visitors Bureau
122 East Stonewall Street
Charlotte, North Carolina 28202

Dear Mel:

As a follow-up to our phone conversation on Friday, this letter is to request your assistance in evaluating the City's options regarding the future of the Charlotte Coliseum. Hardly a day goes by that there isn't some new media story regarding pro-sports and the stormy relationship with government. Clearly, a major public policy issue in Charlotte and around the country is what is the appropriate relationship between the community, the government and professional sports.

In particular, we need your assistance regarding the impact of pro-sports, especially the Hornets, on the City and the hospitality industry. Information that has already been prepared for use elsewhere as well as the opinions held by you and your Board would be helpful. Tourism, economic impact, relationship to the Convention Center and overall marketing impact are all issues of interest.

Boyd Cauble and I are preparing an information report to assist the Mayor and Council in their deliberations. Timing is critical so your immediate attention to available material as opposed to additional research is essential. We will be preparing the report during the first two weeks of the new year.

Thanks for your assistance and happy holidays.

Sincerely,

Del D Borgsdorf
Assistant City Manager

Office of the City Manager 600 East Fourth Street Charlotte, NC 28202-2840 704/336-2241

ATTACHMENT 5

CHARLOTTE.

December 29, 1995

Mr. Mike Schneiderman
Charlotte Uptown Development Corporation
1255 One Tryon Center
Charlotte, North Carolina 28284

Dear Mike:

As you are aware, one of the top priorities for the Mayor and City Council as we enter the new year is the future of the Charlotte Coliseum and our relationship with the Hornets. The City Manager has been requested to prepare an informational report and he has asked me to request your assistance in this effort. We will be compiling this report during the next two weeks, so your prompt reply to these issues is essential.

Any information which you or your Board feels would assist the Council in their deliberations would be appreciated; however, specific attention to the following issues would be helpful:

- Information from SCI or others regarding possible alternative sites the Hornets may consider for a new coliseum.

- Information from you, your Board or other sources regarding the economic viability and impact of a new coliseum and its importance to the City and more particularly to uptown

- Information from other cities regarding pro-sports and their relationship to the Community and local government.

- Position of CUDC regarding the Hornets and the appropriate role of the City regarding their future.

The timing of the Council discussion places a premium on receiving your reply within two weeks. Thanks very much for your assistance and Happy New Year.

Sincerely,

Del D. Borgsdorf
Assistant City Manager

Office of the City Manager 600 East Fourth Street Charlotte, NC 28202-2840 704/336-2241

CHARLOTTE COLISEUM ANALYSIS

HISTORIC PERSPECTIVE

During late 1982, the Coliseum Authority and their executive director, Mr. Paul Buck, briefed Council on the need to update the old Charlotte Coliseum in order to refurbish the building and perhaps add a few additional seats. The estimated cost for the renovations was $3 million plus or minus.

Mayor Eddie Knox in conjunction with the City Council decided a more detailed analysis of the building and market conditions for the coliseum should be evaluated before additional funds would be spent on the 30 year old building.

Mayor Knox established a "Coliseum Committee of 100" to evaluate the coliseum and report back to Council with recommendations on how to proceed. The Committee of 100 Chair, Mr. Johnny Harris, working with citizens representing different geographic areas, businesses, and walks of life, concluded that the old Coliseum's capacity could not accomodate large concerts and events that were passing us up for cities with bigger facilities. The Mayor and Council then charged the committee with the responsibility to make a recommendation to Council regarding the scope for a new building as well as locational issues and funding alternatives.

After months of analysis, public meetings, and consultant reports, the "Committee of 100" recommended that we request Charlotte residents to authorize general obligation bonds to build a 25,000 seat facility and locate the facility on City-

owned property off the Billy Graham Parkway.

The original objectives of the committee were to lure back to Charlotte the ACC tournament and attract additional NCAA tournament games to the City of Charlotte. The committee also was concerned about large concerts that were by-passing what is now the Independence Arena

One of the last acts of Mayor Knox and the 1981 City Council was to approve a location for the new Coliseum off Billy Graham Parkway and approved the construction of the Tyvola extension

Immediately after Mayor Gantt and the new Council were elected in '83, the Council voted to spend an additional two months evaluating the feasibility of a public/private arena to be constructed in the Uptown area. The evaluation proved futile with the major obstacle being a location large enough to accommodate the footprint of the proposed building. The Authority was also concerned about the loss of revenue from surface parking and the additional debt required to purchase land not currently under City ownership.

Many individuals, including elected officials, thought that the Coliseum should be located Uptown in order to leverage additional benefits from Coliseum events, but the overriding additional land cost and lack of identifiable acreage soon required Council to reconfirm the Billy Graham site as the future home of the new Coliseum

After the '84 bond referendum was approved, the City hired Odell and Associates to begin designing the new 25,000 seat Coliseum. Groundbreaking had occurred and preliminary footings

were being poured when the City became involved in George Shinn's successful attempts to lure an NBA franchise to Charlotte The Authority refused to offer Mr Shinn rent relief until after the City negotiated a $1 00 per year lease with Mr Shinn and then guaranteed the Authority the City would cover any losses resulting from the lease.

Once the franchise was awarded, the City and Mr. Shinn began negotiations for the existing 12 sky boxes, the video scoreboard, the canopy at the front of the building, terrazzo floors, the marquis on Tyvola Road; and upscale bathroom fixtures, dressing rooms, and other amenities.

The Coliseum was never envisioned to house an NBA franchise, nor was the design state-of-the-art for that industry. However, the City during negotiations with Mr. Shinn agreed that if the team averaged over 15,000 in attendance per game, both the City and Mr. Shinn would make money. Obviously, the success of the Hornets far surpassed both Mr. Shinn's and the City's most optimistic projections.

In conclusion, the new Charlotte Coliseum was not built for a professional sports franchise, nor was it built to make a substantial amount of money. The new Coliseum was built to hopefully "break even" with operating costs resulting from management by the Coliseum Authority and their staff. Both the market for the Coliseum and the nature of professional sports has changed drastically since the NBA franchise was awarded in 1986 While the Hornets were pleased with their initial lease, they underestimated the potential wealth of revenue to be derived from

marketing exclusive suites and club seats The professional game has evolved into catering to the exclusive whims of high-priced patrons more than merely selling large-scale to ordinary fans. We will address the changing nature of the professional game in other sections.

As the history of the Coliseum goes, we have been lucky by building the new Coliseum at a time when an NBA franchise could be leveraged into the new facility with a favorable lease to the franchisee (at that time). Unfortunately, the existing design of the Coliseum was several years behind time as professional venues go. We now have a "first-class college basketball facility" with a professional team as its anchor tenant struggling to adapt to a market which has drastically changed since the new building opened.

City of Charlotte
Auditorium-Coliseum-Convention Center Authority

Charlotte Coliseum
Comparison of Lease Agreements with Hornets

Issue	Old Agreement	Current Agreement
Term	10/95-6/97 (2 Years)	11/95-6/01 (6 Years)
Renewal	10/97-6/02 (5 Years)	10/01-6/05 (4 Years), automatic unless three years notice is given
Termination	None	With three years notice, pay $250,000 by 7/00 to terminate 00-01 season
Rent	$9,000 per game in 95-96 season, increases $1,000 per game each year	$9,000 per game, increases $1,000 per game in each renewal year
Facilities	As is	Team may add 8-16 skyboxes by 11/97, expense to be repaid through lease revenues from new boxes
Personnel	Team may ask for ushers to be terminated	At the request of Team, Authority will not employ designated part time employees for Team events
Scheduling	Allowed scheduling of specific events ahead of Team events Diet Pepsi TOC, ice show, circus, ACC, NCAA.	Facility can schedule any event, as long as Team has access to facility for 14 or more days in any given 28 day period
Other Franchises	Authority to obtain consent of Team for another franchise to hold home games in facility during basketball season.	As long as Team is indemnified against revenues lost from canceled events, Authority may contract with additional franchises
Parking	Authority retains 100% of revenues.	Authority shares 50% of profits from Team events with Team. Team percentage to increase 2 5% with each year of renewal
Food and Beverage	Authority retains 100% of revenues	Authority shares 50% of profits from Team events with Team Team percentage to increase 2 5% with each year of renewal
Advertising	Authority contracts with all clients. Team receives 100% of courtside signage Permanent signage is split 50-50 Merchandising reserve to Team equal to 5% of all paid signage sales	Authority contracts with any client purchasing permanent signage Team receives 100% of courtside signage Permanent signage is split 50-50. Merchandising reserve to team equal to 5% of paid permanent signage sales
Activities	Authority may veto any activity planned by Team	Team may conduct any activity in facility which complies with all laws and regulations

ATTACHMENT 8

ASSET MANAGEMENT DISCUSSION

SALE, LEASE, OR KEEP THE NEW COLISEUM?

While evaluating the question of whether or not to keep the Coliseum as a publicly owned facility, two questions need to be asked:

1. Why is the City in the Coliseum business in the first place and is there "continued public purpose need" for the City to remain in this business?
2. How does the Hornet's dilemma for a new building relate to question one?

The original public purpose objectives for building the new Coliseum remain today. Even though the market picture has changed since the mid-80s, the new Coliseum still meets our need for a facility which can draw major college basketball tournaments and serve large touring concerts that desire an indoor facility.

The Coliseum Authority has ably pointed out that they manage the new building with the intent of making sound business decisions, but also realize their role in leveraging events into the City which will greatly benefit other public and quasi-public agencies. The Authority continues to offer "special deals" to large groups that will create additional room nights (sales tax and occupancy tax revenues to the City) and encourage visitors to our local restaurants (prepared food and beverage tax and sales tax) and other retail establishments (sales tax). The economic

impact to the City for the Authority discounting their rent structure for these additional events is difficult to quantify Additionally, the Authority makes the building available for purely public events such as high school graduations at little or no cost to the local agencies.

Public ownership and management of the building has also been credited by the Authority with keeping admission, parking, and concession costs at a reasonable rate. Comparisons with other cities indicate this to be the case. (See attachment VIII)

~~(EXAMPLES OF WHERE THIS HAS HAPPENED)~~

Aside from the public purpose issues associated with the building, which might be difficult to maintain with private ownership, the basic question is, "how much money could the City get for the facility if it were to be sold?"

Although Mr Shinn earlier alluded to paying the City approximately $60 million for the Coliseum, he is currently of the opinion that the building is not worth more than $42 million to the Hornets. He has hired Peat Marwick to prepare an appraisal which uses both a "cost approach" and "income approach" to arrive at a purchase price of $43,220,000 and $42,200,000 respectively. Peat Marwick's assumptions include the land value being minimized by residential zoning and the income from the facility being directly linked to the profit margin of the major anchor tenant remaining - the Hornets. The Peat Marwick appraisal conducted in early '95 does not take into consideration

the discounted rent returns the Authority negotiated with the Hornets during October of '95

Since the existing debt payment on the new Coliseum is approximately $38,000,000, the Peat Marwick appraisal does not suggest there is significant equity in the Coliseum for a potential buyer. Additionally, any potential buyer other than the Hornets, must assume that the Hornets as an anchor tenant will constantly be threatening to move or requiring an additional piece of the operating surplus from the building The Authority projects only $350,000? net income without Hornets Questions to be asked in pursuing the sale/lease options further are.

1. Is there still a substantial need for a 25,000 seat arena within the City of Charlotte?
2. What public purpose issue should be addressed in preparing an RFP for potential investors?
3. If our objective is to maximize return on our asset at the Coliseum, should we explore demolishing the Coliseum, rezoning the land for a higher and better use than residential, and then selling the raw land?
4. Other questions.

The issue of the Charlotte Hornets should be evaluated separately from the asset management question regarding the new Coliseum. Regardless of whether we negotiate with the Hornets a sale/lease of the new Coliseum, we will have to face the same questions that other major league cities are facing when their

pro-franchisee comes forward requesting additional revenue in order to stay and be profitable.

1. What priorities does the City place upon keeping the Hornets in Charlotte?
2. How much subsidy is the City willing to provide the Hornets in order to keep them within the City?
3. What form of public/private participation should we pursue if we do wish to keep the Hornets? That is, should we negotiate a sale of the new Coliseum and hope it can be retrofitted or should we abandon the building and underwrite a new building located elsewhere within the City?
4. If we sell the new building or abandon it, how could we (should we) provide for public purpose needs in future arena alternatives?

The Hornets' needs are not unique. In almost every city in the country where a professional team is performing in a less-than current "state-of-the-art" facility, the franchisee is questioning why they are not receiving massive subsidies like their competitors in other cities? The response to cities from across the country have varied from exorbitant subsidies to total rejection of additional subsidies. Council will need to give thought to the overall public need for keeping "Charlotte" in the Charlotte Hornets as we evaluate this complicated dilemma.

ATTACHMENT 9

City of Charlotte
Auditorium-Coliseum-Convention Center Authority
Information Requested by City Staff
January 16, 1996

Financial Forecasts

Charlotte Coliseum and Authority, Fiscal 1996-2005
Assumptions
Savings Created by Elimination of Hornet-Related Positions
Detail of Calculations, Elimination or Addition of Various Coliseum Tenants
Financial Forecasts

City of Charlotte
Auditorium-Coliseum-Convention Center Authority
Notes on Forecasts of Net Proceeds

In General
- Ovens Auditorium/Independence Arena Complex surplus growth set at 2% per year
- Charlotte Convention Center deficit reduction set at 3% per year
- No revenue forecasted for old convention center beyond fiscal 1996
- Cost of ice floor in Coliseum is projected at 1 2 million, installed in fiscal 1997
- Capital improvement needs to remain stable at 1 05 million through fiscal 2005
- No transfers to or from City are forecasted

Forecast #1 Hornets Leave after Fiscal 2000
- Hornets choose to exercise buy out option in current contract.
- 250 000 payment made to Authority on 7/1/00
- Surplus projected at $599,000 See enclosed exhibit
  - Direct revenues and expenses removed from FY95 numbers
  - Overhead revenues and expenses removed from FY 95 numbers
    - Savings on staffing are actual calculations
    - Certain revenues and expenses reduced by educated guess
      - Advertising
      - Skyboxes
      - Insurance
    - Other overhead expenses
      - Assume 20% of overhead present with 0 events
      - Amount attributable to Hornets is base on total events versus total Hornets events
      - (Overhead*80%*(45 Hornet Events/108 Total Events)
        - Calculation gives equal value to all events-is not necessarily the case
- Forecast does not account for competition created by Hornets facility

Forecast #2 Hornets Stay for Length of Contract
- Coliseum surpluses reduce over time due to incentives included in Hornets contract (increased % of parking and F&B profits to team)

Forecast #3 Hornets Leave after Fiscal 2000, Minor League Hockey Moves to Coliseum
- Minor league hockey increases Coliseum surplus to $725 000
- Loss of hockey decreases Arena surplus by 50%
- One third of Hornets-related overhead is added back to Coliseum expenses
- 100% of utilities expense added back to Coliseum expenses
- No revenue sharing with team is forecasted
- Attendance assumed to be 6 000 per game
- Forecast does not account for competition created by Hornets facility

Forecast #4 Hornets Leave after Fiscal 2000 NHL Hockey Moves to Coliseum
- NHL hockey increases Coliseum surplus to 2 00 million
- Loss of hockey decreases Arena surplus by 50%
- Two thirds of Hornets-related overhead is added back to Coliseum expenses
- 100% of utilities expense added back to Coliseum expenses
- Revenue sharing with team assumed to be 12 5% of profits from F&B and Parking
- Attendance assumed to be 12,500 per game
- Forecast does not account for competition created by Hornets facility

City of Charlotte
Auditorium-Coliseum Convention Center Authority
Forecast of Net Proceeds
Fiscal 1995 2005
Forecast #1. Hornets Leave after Fiscal 2000

	Fiscal 1995	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
Annual Operating Surplus (Deficit)											
Ovens Auditorium/Independence Arena	410 613	350 000	357 000	364 140	371 423	378 851	386 428	394 157	402 040	410 081	418 282
Charlotte Coliseum	3,683 553	2 000 000	2 040,000	2 080 800	2 122 416	2 164 864	849 849	611 846	624 083	636 565	649 296
Old Charlotte Convention Center	(40,398)	137 127	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(1 017 954)	(1 202 636)	(1,166,557)	(1 131 560)	(1 097 613)	(1 064 685)	(1 032 744)	(1 001 762)	(971 709)	(942 558)	(914 281)
Authority Annual Surplus (Deficit)	3,035,614	1,284,491	1,230,443	1,313,380	1,396,225	1,479,031	203,533	4,241	54,414	104,087	153,297
Annual Capital Improvement Expenses											
Ovens Auditorium/Independence Arena	(849 709)	(1,786 241)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)
Charlotte Coliseum	(994 673)	(231 310)	(1 500 000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)
Old Charlotte Convention Center	(338 033)	0	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(1 372 460)	(585,285)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)
Authority Capital Imrpovement Expenses	(3,554,875)	(2,602,836)	(2,200,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1,050 000)
Miscellaneous Grants Transfers and Advances											
Transfers from (to) City Coliseum	0	0	0	0	0	0	0	0	0	0	0
Transfers from (to) City Convention Center	0	0	0	0	0	0	0	0	0	0	0
Grant of Funds from Miscellanous Sources	0	0	0	0	0	0	0	0	0	0	0
(Advance) Receipt of Scoreboard/Skybox Funds	0	0	0	0	0	0	0	0	0	0	0
Authority Grants Transfers and Advances	0	0	0	0	0	0	0	0	0	0	0
Surplus (Deficit) After Application of Capital Expenses and Transfers	(519,061)	(1,318,345)	(969,557)	263,380	346,225	429,031	(846,467)	(1,045,759)	(995,586)	(945,913)	(896 703)
Net Proceeds Previous Fiscal Year	7 433 100	6 914 039	5 595 694	4 626 137	4 889 517	5 235 742	5 664 773	4 818 306	3 772 546	2 776 960	1 831 047
Net Proceeds	6,914,039	5,595,694	4,626,137	4,889,517	5,235,742	5,664,773	4,818,306	3,772,546	2,776,960	1,831,047	934,344

City of Charlotte
Auditorium-Coliseum Convention Center Authority
Forecast of Net Proceeds
Fiscal 1995-2005
Forecast #2, Hornets Stay for Length of Contract

	Fiscal 1995	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
Annual Operating Surplus (Deficit)											
Ovens Auditorium/Independence Arena	410 613	350 000	357 000	364 140	371 423	378 851	386 428	394 157	402 040	410 081	418 282
Charlotte Coliseum	3 683 553	2 000 000	2 040 000	2 080 800	2 122 416	2 164 864	2 110 743	2 057,974	2 006 525	1 956 362	1 907 453
Old Charlotte Convention Center	(40 398)	137,127	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(1 017,954)	(1,202 636)	(1,166,557)	(1,131,560)	(1 097 613)	(1 064 685)	(1 032 744)	(1 001 762)	(971 709)	(942 558)	(914 281)
Authority Annual Surplus (Deficit)	3,035,814	1,284,491	1,230,443	1,313,380	1,396,225	1,479,031	1,464,427	1,450,369	1,436,856	1,423,884	1,411,454
Annual Capital Improvement Expenses											
Ovens Auditorium/Independence Arena	(849,709)	(1 786 241)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)
Charlotte Coliseum	(994 673)	(231 310)	(1,500,000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)
Old Charlotte Convention Center	(338 033)	0	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(1,372 460)	(585 285)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)
Authority Capital Imrpovement Expenses	(3,554,875)	(2,602,836)	(2,200,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1,050 000)
Miscellaneous Grants Transfers, and Advances											
Transfers from (to) City, Coliseum	0	0	0	0	0	0	0	0	0	0	0
Transfers from (to) City Convention Center	0	0	0	0	0	0	0	0	0	0	0
Grant of Funds from Miscellanous Sources	0	0	0	0	0	0	0	0	0	0	0
(Advance) Receipt of Scoreboard/Skybox Funds	0	0	0	0	0	0	0	0	0	0	0
Authority Grants, Transfers, and Advances	0	0	0	0	0	0	0	0	0	0	0
Surplus (Deficit) After Application of Capital Expenses and Transfers	(519,061)	(1,318,345)	(969,557)	263,380	346,225	429 031	414 427	400,369	386 856	373,884	361,454
Net Proceeds Previous Fiscal Year	7,433 100	6 914 039	5 595 694	4 626 137	4 889 517	5 235 742	5 664 773	6 079 199	6 479 568	6 866 424	7 240 308
Net Proceeds	6,914,039	5,595,694	4,626,137	4,889,517	5,235,742	5,664,773	6,079,199	6,479,568	6,866,424	7,240,308	7,601,762

City of Charlotte
Auditorium-Coliseum-Convention Center Authority
Forecast of Net Proceeds
Fiscal 1995-2005

Forecast #3. Hornets Leave after Fiscal 2000, Minor League Hockey Moves to Coliseum	Fiscal 1995	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
Annual Operating Surplus (Deficit)											
Ovens Auditorium/Independence Arena	410 613	350 000	357,000	364,140	371 423	378 851	189 426	193 214	197 078	201 020	205 040
Charlotte Coliseum	3 683 553	2,000 000	2 040 000	2 080 800	2,122 416	2 164 864	975 319	739 825	754 622	769 714	785 109
Old Charlotte Convention Center	(40,398)	137,127	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(1,017,954)	(1 202,636)	(1 166 557)	(1 131 560)	(1 097 613)	(1 064 685)	(1 032 744)	(1 001 762)	(971 709)	(942,558)	(914 281)
Authority Annual Surplus (Deficit)	3,035,814	1,284,491	1,230,443	1,313,380	1,396,225	1,479,031	132,000	(68,723)	(20,009)	28,176	75 868
Annual Capital Improvement Expenses											
Ovens Auditorium/Independence Arena	(849,709)	(1 786 241)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)
Charlotte Coliseum	(994 673)	(231 310)	(1 500 000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)
Old Charlotte Convention Center	(338 033)	0	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(1 372,460)	(585 285)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)
Authority Capital Imrpovement Expenses	(3,554,875)	(2,602,836)	(2,200,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1,050 000)	(1,050,000)	(1,050,000)	(1,050,000)
Miscellaneous Grants Transfers and Advances											
Transfers from (to) City, Coliseum	0	0	0	0	0	0	0	0	0	0	0
Transfers from (to) City Convention Center	0	0	0	0	0	0	0	0	0	0	0
Grant of Funds from Miscellanous Sources	0	0	0	0	0	0	0	0	0	0	0
(Advance) Receipt of Scoreboard/Skybox Funds	0	0	0	0	0	0	0	0	0	0	0
Authority Grants, Transfers, and Advances	0	0	0	0	0	0	0	0	0	0	0
Surplus (Deficit) After Application of Capital Expenses and Transfers	(519,061)	(1,318,345)	(969,557)	263,380	346,225	429 031	(918,000)	(1,118,723)	(1,070 009)	(1,021,824)	(974 132)
Net Proceeds Previous Fiscal Year	7 433 100	6 914 039	5 595 694	4 626 137	4 889 517	5 235 742	5 664 773	4 746 773	3 628 050	2 558 041	1 536 218
Net Proceeds	6,914,039	5,595,694	4,626,137	4,889,517	5,235,742	5,664,773	4,746,773	3,628,050	2,558,041	1,536,218	562,086

City of Charlotte
Auditorium-Coliseum-Convention Center Authority
Forecast of Net Proceeds
Fiscal 1995 2005

Forecast #4. Hornets Leave after Fiscal 2000, NHL Franchise Plays in Coliseum	Fiscal 1995	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
Annual Operating Surplus (Deficit)											
Ovens Auditorium/Independence Arena	410 613	350 000	357,000	364 140	371 423	378 851	189 426	193 214	197 078	201 020	205 040
Charlotte Coliseum	3 683 553	2,000 000	2 040 000	2 080 800	2 122 416	2 164 864	2 263 127	2 053 390	2 094 457	2 136 346	2 179 073
Old Charlotte Convention Center	(40 398)	137,127	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(1 017 954)	(1 202 636)	(1,166 557)	(1 131 560)	(1 097,613)	(1 064 685)	(1 032 744)	(1 001 762)	(971 709)	(942 558)	(914 281)
Authority Annual Surplus (Deficit)	3,035,814	1,284,491	1,230,443	1,313,380	1,396,225	1,479 031	1,419 808	1,244,842	1,319,826	1,394,808	1,469,833
Annual Capital Improvement Expenses											
Ovens Auditorium/Independence Arena	(849 709)	(1,786,241)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)
Charlotte Coliseum	(994 673)	(231 310)	(1,500,000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)	(350 000)
Old Charlotte Convention Center	(338 033)	0	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(1 372 460)	(585 285)	(400,000)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)	(400 000)
Authority Capital Improvement Expenses	(3,554,875)	(2,602,836)	(2,200,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1 050,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)
Miscellaneous Grants Transfers, and Advances											
Transfers from (to) City, Coliseum	0	0	0	0	0	0	0	0	0	0	0
Transfers from (to) City Convention Center	0	0	0	0	0	0	0	0	0	0	0
Grant of Funds from Miscellanous Sources	0	0	0	0	0	0	0	0	0	0	0
(Advance) Receipt of Scoreboard/Skybox Funds	0	0	0	0	0	0	0	0	0	0	0
Authority Grants Transfers and Advances	0	0	0	0	0	0	0	0	0	0	0
Surplus (Deficit) After Application of Capital Expenses and Transfers	(519,061)	(1,318,345)	(969,557)	263,380	346,225	429,031	369,808	194,842	269,826	344,808	419 833
Net Proceeds Previous Fiscal Year	7,433 100	6 914 039	5 595 694	4 626 137	4 889 517	5 235 742	5 664 773	6 034 581	6 229 423	6 499 249	6 844 058
Net Proceeds	6,914,039	5,595,694	4,626,137	4,889,517	5,235,742	5,664,773	6,034,581	6,229,423	6,499,249	6,844,058	7,263,890

City of Charlotte
Auditorium-Coliseum-Convention Center Authority
Forecast of Net Proceeds
Fiscal 1995-2005

Forecast #5. Financial Needs of the Authority if Coliseum is Sold by 6/30/96	Fiscal 1995	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
Annual Operating Surplus (Deficit)											
Ovens Auditorium/Independence Arena	410 613	350 000	357 000	364 140	371 423	378 851	386 428	394 157	402 040	410 081	418 282
Charlotte Coliseum	3 683 553	2 000 000	0	0	0	0	0	0	0	0	0
Old Charlotte Convention Center	(40 398)	137 127	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(1 017 954)	(1,202,636)	(1,166,557)	(1,131,560)	(1,097 613)	(1,064,685)	(1 032 744)	(1 001 762)	(971 709)	(942 558)	(914 281)
Authority Annual Surplus (Deficit)	3,035,814	1,284,491	(809,557)	(767,420)	(726,191)	(685,834)	(646,316)	(607,605)	(569,669)	(532,477)	(495,999)
Annual Capital Improvement Expenses											
Ovens Auditorium/Independence Arena	(849 709)	(1 786,241)	(300,000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)	(300 000)
Charlotte Coliseum	(994 673)	(231 310)	0	0	0	0	0	0	0	0	0
Old Charlotte Convention Center	(338 033)	0	0	0	0	0	0	0	0	0	0
New Charlotte Convention Center	(1,372,460)	(585 285)	(400,000)	(400 000)	(400 000)	(400 000)	(400,000)	(400 000)	(400 000)	(400 000)	(400 000)
Authority Capital Imrpovement Expenses	(3,554,875)	(2,602,836)	(700,000)	(700,000)	(700,000)	(700,000)	(700,000)	(700,000)	(700,000)	(700,000)	(700,000)
Miscellaneous Grants, Transfers, and Advances											
Transfers from (to) City, Coliseum	0	0	0	0	0	0	0	0	0	0	0
Transfers from (to) City Convention Center	0	0	0	0	0	0	0	0	0	0	0
Grant of Funds from Miscellanous Sources	0	0	0	0	0	0	0	0	0	0	0
(Advance) Receipt of Scoreboard/Skybox Funds	0	0	0	0	0	0	0	0	0	0	0
Authority Grants Transfers and Advances	0	0	0	0	0	0	0	0	0	0	0
Surplus (Deficit) After Application of Capital Expenses and Transfers	(519,061)	(1,318,345)	(1,509,557)	(1,467,420)	(1,426,191)	(1,385,834)	(1,346,316)	(1,307,605)	(1,269,669)	(1,232,477)	(1,195,999)
Net Proceeds Previous Fiscal Year	7 433 100	6 914 039	5 595 694	4 086 137	2 618 717	1 192 526	(193 307)	(1 539 624)	(2 847 229)	(4 116 898)	(5 349 375)
Net Proceeds	6,914,039	5,595,694	4,086,137	2,618,717	1,192,526	(193,307)	(1,539,624)	(2,847,229)	(4,116,898)	(5,349,375)	(6,545,374)

ATTACHMENT 10

City of Charlotte
Auditorium-Coliseum-Convention Center Authority
Information Requested by City Staff
January 16, 1996

Case Study: The Target Center

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DEC 15 94

FT4

Monday to be key day in Target Center tale

By Jay Weiner
Staff Writer

The on-again, off-again Target Center saga, seemingly done weeks ago, is reaching a climax, with Monday being identified as a critical day in the year-long dance.

Metropolitan Sports Facilities Commission executive director Bill Lester said Wednesday that a meeting has been set for Monday in which the commission, representatives of Timberwolves buyer Glen Taylor and of the Ogden Corp., which manages Target Center, hope to finally complete the deal

But Lester and Minneapolis finance officer John Moir both said it will be impossible for the Target Center deal to be closed by year end, a goal set by Taylor and Wolves and Target Center owners Marv Wolfenson and Harvey Ratner

Ogden vice president Dana Warg will be in New York today to meet with his bosses and NBA officials to apprise them of the situation. With interest rates up since an original agreement was struck in September, Ogden is concerned about some risks it faces in the public buyout of the arena.

"I still think it is going to get done," Lester said, but others close to the situation believe that Ogden might decide it's not in its best interests to remain part of the deal.

If Ogden drops out — which it did once before — the deal to take-over Target Center would be in serious jeopardy

By not closing the deal by Dec. 31, the Target Center buyout will move into its third year

Of Monday, one key player called it, "the Day of Reckoning."

Interest rate hikes have adversely affected the finances of the deal While the sports facilities commission and Taylor have adjusted the deal using short-term variable rate interest debt to finance the deal, Ogden has become concerned about the risks involved in such financing.

(612) 5[illegible]

DEC 19 94

NBA

It's do or die for Target Center deal

By Jay Weiner
Staff Writer

Sides seek to complete sale today

Today is the day to seal the public buyout of Target Center

"Everyone is getting short-fused, upset, tired and frustrated," Metropolitan Sports Facilities Commission chairman Henry Savelkoul said Sunday "It's a situation that we just have got to get behind us."

Last week, with the deal at an impasse, Dana Warg, vice president of Ogden Corp., the management company that controls bookings and concessions at the arena, set today as the decisive, make-or-break day All parties agreed.

Most key players in the deal remain nervously confident that the commission's purchase of the arena for $54 million from outgoing Timberwolves owners Marvin Wolfenson and Harvey Ratner will be resolved today Simultaneous with that transaction, Mankato businessman Glen Taylor will complete his purchase of the Wolves for $88.5 million. "There s been a lot of jerking around," said one person who has been close to the deal for two years. "There s no reason it shouldn't get done."

Still, one key participant said there is about a 30 percent chance the entire Wolves/Target Center deal could blow up today

The process has generated some bad feelings, with the private entities poised to point fingers at the commission if the deal doesn't get done. The basic critique: the commission has been inefficient and without focus in its negotiations.

Commission members point out that they are the ones who got the bill to pass through the Legislature.

Furthermore, after the legislative battle, the Wolves lead suitor Bill Sexton, dropped out. Taylor didn t emerge until August. A new lease arrangement had to be negotiated with him. Ogden Corp. has always been tentative about remaining involved.

And this is a 30-year deal, long by any standard. It has to be approved or audited by about a half-dozen public bodies. Business on tap for today's meetings includes:

■ **The ticket surcharge:** Target Center's new publicly owned mortgage is going to be paid for by ticket taxes. The only tangible public subsidy of the deal is $750,000 a year from Minnesota s general fund. Otherwise, tickets to Target Center events will include a 10 percent tax and at least a $1 surcharge to pay off the debt.

But, to pay the annual debt and have a reserve fund for capital improvements, it's almost certain that there will be a "premium surcharge" on tickets that cost more than $20. A $40 Wolves ticket or $50 concert ticket might carry a $3.50 premium surcharge in addition to the $1 surcharge.

The premium surcharge is viewed by team owners and non-sports promoters as an additional charge. That is, if you pay $3.50 more to see Whitney Houston, Houston will want that $3.50. She won t happily pass that money on to pay off the Target Center's mortgage.

Ogden will have to kick that $3.50 surcharge back to the promoters who want their full share of ticket revenues. Last September Taylor agreed to cover Ogden s extra surcharge costs on non-Wolves events up to about $350,000 per year

But, because fixed-rate, long-term interest rates rose last fall, the Target Center buyout is now going to be financed with shorter-term, variable-rate bonds. Here's where the problem comes in.

While interest rates over the past 40 years suggest otherwise, it is possible that the cost of paying off the Target Center could increase over the next 30 years. Thus, the premium surcharge needed to repay the debt could increase. It's possible that the building will need more than $350 000 annually from surcharges on family shows and concert to cover higher interest rates.

Who will pay the money in excess of $350,000 if it comes to that? That issue must be resolved today

■ **The $2 million pledge:** When Sexton, a retired Bloomington insurance magnate, was dickering to buy the Wolves, a group of Twin Cities businesses under the wing of civic booster/envelop king/author Harvey Mackay pledged a total of $2 million to push the deal through.

Wolfenson and Ratner are assuming that they will get that $2 million, along with $42 million in state-a proved financing and $12 mill from city-approved financing f their arena. Apparently only abo $1 4 million is in the bag. Mack couldn t be reached Sunday But S velkoul said, "I'm confident this w be resolved."

■ **Taylor's good deal:** Taylor's pu chase price for the team is looki more and more like a steal. I agreed to pay $88 5 m B Wolfenson and Ratner red p cent of the team, so Taylor ha over only $80 million. The Gold State Warriors recently sold for abo $130 million and the Miami He which is for sale, has been valued $130 million.

■ **Ogden's bad deal:** Ogden, whi has a huge investment in Target Ce ter, is taking the most risk and gett the least return on this deal. If, some reason, Ogden decides to p out today it would be due at least million to $8 million to repay it its investment in the arena. An e by Ogden would trigger lawsuits. U der the Target Center legislation, t arena s sale cannot be closed if the is any outstanding litigation. An O den pullout spells doom for the dea

■ **December 31?** There is a Dece ber 31 deadline for Taylor to p chase the team. But under N rules, the sale can't close without arena sale closing. Because of bond issue there is no way the ar deal can close by Dec. 31

Wolfenson and Ratner could m noise about missing the Dec. deadline Indications are that t will extend the sale without m protest, if everything else is in plac

F T4

Minneapolis offers plan to help close deal on Target Center

By Jay Weiner
Staff Writer

The public buyout of Target Center took a giant step toward completion Monday when Minneapolis city finance officer John Moir offered a solution to the potential deal-breaking problem of ticket surcharges tied to interest rates.

Moir's move allowed Metropolitan Sports Facilities Commission chairman Henry Savelkoul to say after 9 hours of meetings Monday, "We have essentially reached agreement with all the principal elements" to complete the buyout of Target Center and sale of the Timberwolves.

The solution offered by Moir, if approved by Minneapolis city council, is this: an arena reserve fund, managed by the sports facilities commission and flush with money from the sale of tax-exempt bonds, would, if necessary be used to cover the cost of any excessive rise in ticket surcharges.

Until Monday new Timberwolves owner Glen Taylor and the arena manager Ogden Corp., had fought over which private entity would accept the risk of increased ticket surcharges, which would be driven by increased interest rates.

The $54 million public purchase of the Target Center from outgoing Timberwolves owners Marvin Wolfenson and Harvey Ratner has been a year in the making. When the sale of the arena is complete, perhaps by the end of January the sale of the NBA team to Taylor for $88.5 million also will be complete.

The whole package assures the Wolves will stay in Minnesota for 30 years.

Target Center continued on page 4B

"I think it's a reasonable compromise to eliminate any obstacles We're not kicking in any more money up front"
– John Moir,
Minneapolis official

Star Tribune
Mpls. Mn.
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DEC -20 94

Target Center/ It's not a done deal yet

Continued from page 1B

The deal wasn't finalized Monday in meetings attended by Wolves president Rob Moor, Ogden Corp. vice president Dana Warg, Moir, Savelkoul and others. But all parties expressed confidence that the major hurdle had been cleared and that the purchases could close next month.

The deal had reached a troublesome impasse. Amid the protracted negotiations to sell the team and arena, long-term fixed interest rates had risen dramatically The financing plan then turned to short-term variable-rate bonds. While short-term interest rates are lower, the potential variation in rates — and the risk involved — began to make the parties, especially Ogden, nervous. The concern is linked to surcharges that will be imposed on tickets once the sports facilities commission takes over Target Center

A 10 percent tax and $1 surcharge on every ticket sold will help pay off the Target Center's mortgage. The state will contribute an annual $750,000 payment as well.

But, if interest rates rise, an expected "premium surcharge" on tickets that cost $20 or more would likely be imposed. The surcharge could increase ticket prices by $4 to $5 or more. Promoters of concerts and family shows view those surcharges not as taxes but as rent, and as money they should receive. Warg has long said that Ogden will have to pay the premium surcharge to promoters in order to keep them coming to the arena.

In September when fixed interest rates still were workable, Taylor agreed to cover surcharge costs on events other than Wolves games up to $350,000 a year Taylor has stood firm on that amount despite the change in interest rates. Meanwhile, Ogden said it wasn't willing to assume any additional surcharge costs, the firm already is assuming risk on the operations of the building.

The entire Target Center/Wolves deal hinged on this technical matter until Moir proposed his solution on Monday

The Minneapolis finance chief suggested that the city which is backing all of the bonds, step forward. He said that as part of the arena's purchase, a reserve fund will be established. That reserve will hold about $11 million.

Moir suggested that the city use that reserve fund, in an emergency to help Ogden if the management company needs to reimburse more than $350,000 a year to promoters.

"I think it's a reasonable compromise to eliminate any obstacles," Moir said, adding, "We're not kicking in any more money up front." Moir said he consulted with city council president Jackie Cherryhomes before offering the compromise.

The worst-case scenario is that ticket taxes and surcharges won't support the arena's debt and that a Minneapolis alcohol and hotel tax will be imposed. Monday's solution doesn't increase that risk, Moir said, but it's likely to increase examination of the Target Center deal around city hall. The deal requires city council approval and some council members have expressed opposition to the buyout.

DEC 31 94

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)espite conflict concerns, Towers named to sports commissio

ay Weiner
l Writer

hat would usually be a routine ical appointment the Minne s City Council engaged in an tional debate Friday before de g to name Terrell Towers to the npolitan Sports Facilities Com ion

oming Towers to the panel that the Metrodome will own Tar center and controls Met Center "II" council members brushed charges that his selection didn t the smell test on conflict-of est matters

ical members, too sent a signal the commission will be closely tched for its loyalty to Minne s interests

t referring to the Met Center in Bloomington that will soon developed Council Member Dziedzic said That 53 acres is thing ground "

Besides Towers commission incumbents Paul Thatcher and John Pacheco were reappointed Towers will replace outgoing commissioner Carolyn Anderson.

No one questioned Towers qualifications At 47 he s a longtime resident of north Minneapolis and director of the Office of Business Development in the Minnesota Department of Trade and Economic Development.

But last week he was hired by the Minneapolis Community Development Agency (MCDA) as director of economic development His aspirations to be on the commission — which has relationships with the MCDA — and his simultaneous hiring by the MCDA caused pause in City Hall

In the debate Friday Council Member Pat Scott said she didn't think it made sense to give him a big job with the MCDA and then turn around and give him a political appointment Why do we do this to ourselves? It makes us all look bad "

Council Member Steve Minn added "The smell test applies " He expressed concern that Towers will need to abstain from key votes at the commission because as an MCDA employee he might be faced with conflicts of interest The MCDA, for instance owns the land lease to Target Center which the commission will own when the arena deal soon closes.

In a letter to the City Council Thursday Assistant City Attorney William Dunning vaguely suggested to MCDA officials that they "could" make Towers hiring at MCDA conditional on his bowing out of consideration for the commission spot

But MCDA director Rebecca Yanisch said she s comfortable with Towers two posts. Towers, who will start work at the MCDA Jan 17 acknowledged "I ll have a fine line but said he felt his dual role as MCDA employee and commission member "will be a benefit to the city "

Another issue was Towers having worked as Council President Jackie Cherryhomes campaign manager in 1989 and 1993 But Cherryhomes said she didn t influence his MCDA hiring, and "I really resent the hint of impropriety

Underlying the debate was a longer term issue Sports Facilities Commission loyalty to the city of Minneapolis.

By law when the Target Center deal is sealed, the seven member commission will expand by two members, named by Gov Arne Carlson

Of the seven current commission members, six are named by the City Council the chairman is named by the governor and must come from outstate Minnesota Currently the commission s chairman is Henry Savelkoul of Albert Lea, an independent Republican and former legislator Presumably Carlson will name Independent Republicans to the two new spots

Besides making decisions on the Metrodome and Target Center the commission in the next year will have a major decision on the disposition of the Met Center land

That land which could be sold for as much as $20 million is owned by the commission Minneapolis city officials fear that it could be used for a convention center near the Mall of America that would compete with the Minneapolis Convention Center

Savelkoul speaking from his Albert Lea office expressed concern that the commission s work will dissolve into partisanship

"I know that the teams are very concerned about that kind of thing happening, he said I think it would be detrimental to professional sports if that happened I think we re a team working together and it would be a mistake to position all this in some kind of political or adversarial I view what s good for Minne as being good for the state "

In other action Friday the coun

■ Presented a resolution to out Police Chief John Laux for hi vice with council Vice Presider Biernat apologizing for the coun Laux You were there for us b weren t always there for you I last day as chief is today

■ Approved a finance plan $20 5 million "Northeast Resid ject which Dziedzic called the est Minneapolis shopping di outside of downtown Minn su ed that the development be Dziedzicdale "

■ Voted to send back to commit proposed $160 000 settlement police excessive force claim year old boy alleges he was rou up by officer Robert Kroll

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IRS rule fells troubled Target Center buyout

Taylor purchase of Timberwolves in doubt

By Jay Weiner and Chris Ison
Staff Writers

The Target Center buyout passed by the Legislature in May and troubled by rising interest rates and other complexities ever since was declared dead Sunday

The whole thing is down the drain said Metropolitan Sports Facilities Commission chairman Henry Savelkoul

As a result, the sale of the Timberwolves to Mankato businessman Glen Taylor has been tossed into doubt.

"This leaves me in I-don t-know where land " said Taylor who agreed to buy the team in August, with the stipulation that the commission was able to buy Target Center

The deal s architects acknowledged the stunning development two days after learning that the arena purchase as currently structured, appears to violate federal tax rules The IRS determined 10 days ago that financing arrangements like the one involving the Target Center are prohibited by the 1986 tax law

Apparently no one involved with the deal anticipated such a ruling.

Savelkoul and others suggested Sunday that Minneapolis will need to play a greater role in raising money to buy the arena — an idea rejected by Mayor Sharon Sayles Belton and other city officials

Frustrated city and state officials also questioned how those involved with the deal could have failed to foresee the IRS' objections.

I m quite surprised, said Rep Richard Jefferson DFL-Minneapolis, who sponsored the state s part of the buyout legislation "To say at the end of December that they found this (problem) — I find it difficult that it could have been in existence that long and nobody knew about it "

Target continued on page 5A

What nov

SOLD??? TIMBERWOLVES

What happened
A new interpretation of an Internal Revenue Service rule would p sale of tax-exempt bonds for a deal such as the Target Center c bonds can't be paid off through ticket taxes

What it means
As a result, the deal would have to be reworked using taxable b Those would have a higher interest rate and require arena reve increase by $1 8 million per year That s a problem because e the tax-exempt scenario, the economics of the buyout were the shaky

What's next
Henry Savelkoul, chairman of the Metropolitan Sports Facilities C is scheduled to meet today with Minneapolis City Finance Office and Ogden Corp. vice president Dane Warg to work on anothe Target Center from Marv Wolfenson and Harvey Ratner

Down the road
If a deal isn't reached locally the Timberwolves could end up f out-of-town groups

File Photo by John Croft

The unveiling of the most recent buyout plan to the latest in a series of financial contortions for the Target Center, pictured in 1990.

Target

Continued from page 1A

Sandhurst, Minneapolis Finance Officer John Moir and Dave Wong, vice president of the Ogden Corp., which manages the arena, will meet today to discuss new ways to buy Target Center from Marv Wolfenson and Harvey Ratner and keep the team — once again — from moving out of Minnesota.

Wolfenson and Ratner agreed to sell the team in May to a Texas-based group that planned to move the Timberwolves to New Orleans. NBA officials rejected the deal, however, and Taylor suddenly came forward when other local ownership efforts didn't pan out.

"I'm still interested in buying the team, but as of today I don't think I have an agreement," said Taylor, who planned to pay $88.5 million for the team. "The thing that we've been working so hard on the past four or five months, that very complex thing, isn't to be."

The collapse of the arena buyout was triggered by a proposed IRS regulation published in the Federal Register on Dec. 30. The 32 pages of regulations amount to an interpretation of the 1986 federal tax law. And that interpretation would appear to prohibit the Legislature-approved plan to help the businessmen buy the facility for $34 million.

The plan called for selling tax-exempt bonds and paying back bondholders with revenues generated by ticket taxes and surcharges.

But the IRS' new ruling, which probably won't be final until August, states that bonds serviced through ticket sales cannot be tax-exempt. That means taxable bonds, at higher interest rates, would have to be used to finance the buyout.

These higher rates — perhaps 2 percentage points higher — would mean that the state's revenues would have to increase by about $2 million per year to pay off the additional debt service.

Even under the tax-exempt scenario, the economics of the buyout were in question because of concerns about whether there would be sufficient revenue generated by Target Center events.

"The city of Minneapolis and the state of Minnesota, if they have the interest to keep the team, I'm certainly willing to work with them," Taylor said. "But I don't think it's up to me. They have to come up with an idea that makes sense.

"Maybe there's another solution, and maybe there's a better solution, but no one knows what it is right now."

Though Jefferson and Ann Nimmo, a City Council member opposed to the arena buyout, said officials should have anticipated the possibility of the IRS interpretation, others said no one is to blame — except, perhaps, the IRS.

"I don't think it's anybody's fault," Sayles Belton said. "I think it's a real complicated deal. You just don't anticipate everything."

How a how the new problem developed, according to various sources:

For months, the city's bond counsel had been studying tax laws and their potential impact on Target Center financing. Officials acknowledged that, initially, the bonds tax-exempt was essential to the financing deal. Moir and attorneys concluded that the bonds would be tax-exempt.

However, they had not sought an opinion from the IRS, he said.

They were surprised then, on Dec. 30, when the IRS published the new set of proposed regulations. The attorneys studied them for four days and concluded on Friday that the deal as structured would be prohibited.

Asked Sunday why no one foresaw the problem, the bond counsel, John Udry said, "It's a complicated thing. It involves a lot of documents, and it just isn't possible to give you a good answer without a lot of background."

Udry said the hypothetical examples used to explain the regulations were to move the Target Center package, suggesting that they could have been written with the Target Center deal in mind.

Moir said the city's bond counsel disagrees with the IRS' interpretation of the tax law.

"The IRS is not a board of state and local governments, and they're just guessing at all over again," Moir said.

Both Moir and Sayles Belton said the city they against the proposed regulations. But Bill Knight, an IRS spokesman in St. Paul, said the agency simply interprets and enforces laws passed by Congress. Because the new regulations haven't been finalized, the city will have a chance to examine them, Knight said.

Wolfenson, in New York where the Timberwolves played on Sunday declined to comment, but said he would return to the Twin Cities today to huddle with advisers. One source close to the situation said that Wolfenson was eager to resolve the matter quickly.

But a swift resolution is unlikely, even if a breakthrough is forthcoming March 1 is the deadline by which Wolfenson and Ratner must tell the NBA they want to move the team.

Adam Silver, an aide to commissioner David Stern, said the league was aware of the situation and would inform its Oklahoma in decision to commence.

Moir acknowledged that everyone was so focused on making the government legislation work that no alternatives were in the pipeline. Moir, who said he's still optimistic, cited the following potential options:

- The city could buy the arena, through the Metropolitan Community Development Agency with general obligation bonds supported by arena revenues. Then, the city would lease the arena to the commission.
- Restructuring a 3 percent Target Center entertainment tax that was going to be eliminated after the arena was sold, and using it to finance the sale of the arena.
- Seeking state money beyond the $750,000 a year for 15 years that's already been committed.
- Seeking a metro-wide property tax from the Metropolitan Council.

A Minneapolis-only tax appears to be out of the question. "I hope people aren't looking at the city of Minneapolis to come up with any more money, because we don't have it," Sayles Belton said.

Other City Council members were surprised to hear of the deal's demise. Walt Dziedzic and council members were briefed just over a week ago and raised no significant concerns about the tax-exempt status of the bonds.

Nimmo also was surprised, but not unhappy. "I've always been opposed to the Target Center business, so hopefully this kills the repeal of the taxpayers," he said.

Taylor allowed that he has practiced leaving the arena. "It's not clear-cut, there's new legislation," he warned.

Both Moir and Sandhurst said they wanted to avoid going back to the Legislature, where the deal had faced a hostile reception before getting final approval. "Do you want to go back to the Legislature and be held hostage like last time?" Moir said. "There's another call the politicians will want to make."

Said Jefferson, "For me to go back and ask for more, that would be pretty rough sledding. That's non-

Target continued on page 6A

A chronology of Target Center buyout attempts

Sept. 18, 1993/ Minnesota Timberwolves co-owner Marv Wolfenson says the disposition and ownership of Target Center could affect the future of the Timberwolves in the Twin Cities. "There comes a time when I have to think about moving," Wolfenson says. "We're not threatening to do it. That's the last thing I want to do."

Oct. 27, 1993/ Harvy Sandhurst, the new chairman of the Metropolitan Sports Facilities Commission, says he has concluded that the Timberwolves will leave Minnesota if Target Center is not sold. "My personal goal is that we come up with a solution that is better for the taxpayers if the team stays than if it moves," he says.

Jan. 1, 1994/ The Target Center Task Force, a group of Twin Cities business leaders, says it will seek an economic impact study of Target Center in an effort to rally public and political support for an arena buyout.

Jan. 30, 1994/ The Star Tribune reports that Wolfenson and his partner, Timberwolves co-owner Harvey Ratner, are plagued by money-losing deals and business relationships that didn't pan out. Their troubled holdings include an apartment complex in Brooklyn Park.

Feb. 17, 1994/ The Target Center Task Force issues an economic impact statement that concludes that the annual benefit of the arena and Timberwolves is $37.5 million, but that the prestige and other intangibles of professional basketball are even more important.

Feb. 23, 1994/ A group led by William Sexton, a wealthy Bloomington insurance executive, emerges as a potential bidder for the Timberwolves. The potential ownership group includes a representative of First Bank System.

Feb. 24, 1994/ Wolfenson and Ratner say they have reached an agreement in principle to sell the team to the Sexton group for $85 million, but that the sale is contingent on a public buyout of Target Center.

March 18, 1994/ The Minneapolis City Council endorses a legislative proposal for a public purchase of Target Center.

April 13, 1994/ A boyhood friend of Ratner, together with a real estate partner, say they are negotiating a deal that would rescue Ratner and Wolfenson from their money-losing apartment holdings after the collapse of an earlier refinancing attempt.

April 23, 1994/ Talks between the Sexton group and Wolfenson and Ratner temporarily break down, but Twin Cities-based music producers Jimmy Jam and Terry Lewis emerge as potential bidders for the team. Former NBA star Magic Johnson also is mentioned as being interested, possibly as part of a group including Jam and Lewis.

May 3, 1994/ Sexton says that although negotiations have stalled, a deal with his group remains possible.

May 7, 1994/ The Legislature approves a buyout plan for Target Center. The plan is contingent on the team being sold to a local ownership group. The state's buyout would pay Wolfenson and Ratner $42 million.

May 17, 1994/ NBA commissioner David Stern takes over sale negotiations for the Timberwolves, and a transaction appears imminent.

May 23, 1994/ After months of negotiations, Wolfenson and Ratner shock the sports community with the announcement that they have agreed to sell the Timberwolves to a New Orleans group for $152.5 million. "It's a devastating day for us," Wolfenson says.

May 24, 1994/ Ratner receives a fax from the Sexton group with a new purchase agreement, increasing its offer. The agreement, however, is stamped "NON-BINDING."

June 15, 1994/ The NBA decides that Tom Benson of New Orleans isn't able to buy the Timberwolves. Stern challenges Minnesota to complete a deal for the arena and team with Sexton.

July 6, 1994/ After Sexton's lawyers analyze the Timberwolves financial records, Sexton makes another offer — $85 million, $10 million less than the original. Wolfenson and Ratner want nothing to do with it.

Aug. 4, 1994/ Mankato businessman Glen Taylor offers $88.5 million for the Timberwolves. Wolfenson accepts the offer.

Oct. 5, 1994/ The NBA Board of Governors votes unanimously to transfer ownership of the Wolves from team founders Wolfenson and Ratner to Taylor. The transfer is contingent on the Metropolitan Sports Facilities Commission formally acquiring Target Center. The commission has approved the sale, but approvals also are required of the Metropolitan Council and Minneapolis City Council; bonds must be issued, and the transaction must close.

Oct. 13, 1994/ The Minneapolis City Council conducts a public hearing into the financial arrangements for the takeover of Target Center. Citizens attend.

Dec. 19, 1994/ The public buyout of Target Center takes a giant step toward completion when Minneapolis City Finance Officer John Moir offers a solution to the potential deal-breaking problem of ticket surcharges tied to interest rates. Moir's move allows Metropolitan Sports Facilities Commission Chairman Harvy Sandhurst to stay after nine hours of meetings. "We have essentially reached agreement with all the principal elements" to complete the buyout of Target Center and sale of the Timberwolves.

Dec. 30, 1994/ The IRS publishes proposed tax regulations saying that financing deals such as the Target Center's violate the 1986 tax law.

Dec. 31, 1994/ A deadline to close the sale of the Timberwolves passes without consequence. Sandhurst says he spoke with representatives of Taylor and sellers Wolfenson and Ratner, and there is "a gentlemen's agreement that no one is going to upset the apple cart." In their purchase agreement on the $88.5 million team sale, Taylor and Wolfenson and Ratner agree to close their deal by year's end.

Jan. 6, 1995/ Architects of the Target Center deal conclude that the deal is unworkable given the new tax regulations. City officials are crushed, and officials begin pondering alternative financing.

Glen Taylor

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Minneapolis
JAN 09 1995

Target/ Buyout 'is jobs and tax base,' Savelkoul says

Continued from page 5A

thing the governor would have to take the lead on "

For his part, Savelkoul, who was appointed by Gov Arne Carlson and who is in close contact with the governor, said he thought the city would have to make a move

"I think it's a very, very important thing for Minneapolis to deal with," said Savelkoul, a former Independent-Republican legislator from Albert Lea, Minn

The city did invest $20 million in a tax-increment finance bond when Target Center was built As part of the collapsed deal, the city was refinancing that bond

"To me, the Target Center is jobs and tax base," Savelkoul said "Some people don't look at it for the tax base and jobs They look at it as competing with other social uses, with other expenditures of the city of Minneapolis Rather than looking at it as a source of income, they look at it as an expenditure."

Under the plan that collapsed, the state approved $42 million in bonds and the city another $12 million to give Wolfenson and Ratner $54 million for an arena that cost them $100 million to build and on which they still hold a $74 million mortgage.

Meanwhile, the MCDA was going to refinance the tax-increment finance bond, thus saving Wolfenson and Ratner a $20 million debt Another $14 million in bonds were to be issued to set up reserve funds and capital improvement funds A total bond package of about $88 million was to be sold

Originally, Taylor wanted to close the deal by Oct 30 That was pushed to Dec 31 Had the deal been completed by mid-November, Savelkoul said, it's possible the Target Center acquisition — with money changing hands — could have come in before the IRS's new rulings But, he said, the IRS could have re-examined the deal after its close, throwing it into confusion

The collapse of the finance plan comes after weeks of private sniping among various constituencies City officials have been frustrated by what they've seen as foot-dragging by Ogden Corp Ogden, the NBA, Taylor and Wolfenson and Ratner associates have been mumbling about the commission's slow schedule

"No one's been riding herd," said one commission insider who requested anonymity

Meanwhile, there has been a delay in raising private funds to the deal Only $1 4 million of a $2 million corporate promise has been collected

Ironically, it is Wolfenson and Ratner, who seemed so impatient last winter, who have been the most patient in the past nine months After announcing they would move the team to New Orleans, they have sat through the NBA blocking the sale, through an unsuccessful purchase by insurance executive Bill Sexton and through the sputtering pace of Taylor's deal

The option that Moir spoke of Sunday — a city-backed purchase of the arena — was proposed by Wolfenson and Ratner two years ago in a plan to bring the hockey North Stars from Bloomington's Met Center to Target Center It's a concept that Wolfenson has long believed would have saved the Stars from moving to Dallas

"I wouldn't be shocked if they moved somewhere else," Savelkoul said "I still think [Wolfenson and Ratner] want to keep the team here But we have to have an economically feasible alternative If they believe they don't have another choice, they could move somewhere

"I think most people didn't believe they would move last year I think people will believe them now "

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Target Center/ Deal no longer risk-free

Continued from page 1B

Niland said the new city financing proposal is "180 degrees" against the original promises of arena buyout supporters that taxpayer money would not be used or put at risk.

The new financial plan emerged this week after an IRS ruling called into question the original Target Center buyout approved by the Legislature, which contemplated tax-exempt revenue bonds serviced by ticket taxes and surcharges. The IRS report said such bonds could not be tax-exempt.

Preparing for a political showdown soon, skeptics on the council argued that financing the buyout with lower cost general obligation bonds poses serious risks to Minneapolis taxpayers if arena revenues fall short.

"I'm a tough sell for a G O [general obligation bond issue]," said Council Member Dennis Schulstad, saying he is undecided about how he would vote. "The burden will be on someone to assure us it's not going to end up in the taxpayer's lap."

The proposal is the most recent to emerge in buyout negotiations with Taylor and the commission. It poses significant political risks for the council because it more directly ties the arena's financial health to the city's creditworthiness.

Unlike revenue bonds, which would be backed by arena operating revenues, general obligation bonds are ultimately backed by the "full faith and credit" of the city. That assurance allows the city to pay a lower interest rate to bondholders, but puts taxpayers at greater risk if things go wrong.

The new plan also contemplates leaving a 3 percent arena concessions tax in place and adding a 3 percent tax on downtown parking ramps and lots.

For his part, Taylor said he wasn't pleased with the suggestion that he might be asked to put more upfront money into the deal — up to $12 million more — to make it work.

But, Taylor said, "In fairness to the City Council and the city I'd like to see what they are putting together. We're not going to say no until we know what what they have in mind."

Taylor, a former Independent-Republican state senator from Mankato, said he wanted to be "sensitive" to the political realities of the Democrat-controlled City Council's task.

If Glen Taylor and the city of Minneapolis agree to the plan, Target Center would be bought with general obligation bonds, backed by residents' property taxes.

Should Minneapolis taxpayers support the plan to save the arena, even though they would be financially responsible if arena revenues fell short or it went bankrupt?

Would you also support a 3 percent tax on Target Center concessions and a 3 percent tax on parking in downtown ramps and lots to finance the deal?

We'd like to hear your thoughts. Please call the Star Tribune at 673-9014 and leave a voice mail message with your name and phone number. We'll publish a sampling of responses.

"I have to give them time," Taylor said. "Not only do I want a proposal that's acceptable to us, but also one the council will approve. That's why I say it's important that it's their proposal to us and not our proposal to them. As long as I hear the city of Minneapolis wants to make this work and rally around it, I'll try to make it work."

Said Savelkoul: "Everyone is looking at numbers, and it's accurate that Mr. Taylor isn't going to ask for anything. He still indicates an interest in helping to save the team. But he's not in a position to ask for anything."

Herron, one of the potential swing votes on the council, said, "It sounds like it could potentially be a better deal for the city if the city pays less. But the risks are higher."

An aide to Sayles Belton said that the mayor is willing to consider the proposal, though as recently as a week ago she said she was opposed to the use of general obligation bonds.

Ways and Means chairwoman Joan Campbell said council action is possible this week, but unlikely. "Everything that's been decided needs to be looked at by attorneys and number crunchers and whoever else," she said.

Campbell said that although use of general obligation bonds raises additional concerns about the deal, it cannot be ruled out. "I want to keep the team, keep the asset and protect the residential property tax base," she said. "This makes it harder but there may be no other routes, unless the IRS changes its mind."

Criticism, details stall Target Center proposal

By Kevin Diaz
and Jay Weiner
Staff Writers

No major progress was made on the Target Center buyout Wednesday with Minneapolis City Council critics turning vocal and prospective Timberwolves buyer Glen Taylor waiting for a detailed written proposal by city officials.

"We don't want to talk in theory," Taylor said. "We would like to see something in writing that both the City Council and we understand. I'm pleased to resolve and work things out, but I don't want to OK an idea."

Minneapolis Community Development Agency officials and city finance officer John Moor apparently spent Wednesday nailing down details for Taylor, even as the idea of financing the buyout with general obligation bonds issued by the MCDA appeared to be a tough sell in City Hall.

"It's just absurd. It's just outrageous," said Jim Niland, the leading City Council critic of the Target Center buyout. "How much more gold bullion are we going to throw at these scamsters?"

Several council and staff members in the office of Mayor Sharon Sayles Belton said calls from constituents — perhaps prompted by radio talk show hosts — have been running heavily against the latest plan, which would essentially make the city the new owner of the arena.

Said Council Member Brian Herron: "Folks are saying no."

Metropolitan Sports Facilities Commission chairman Henry Savelkoul was in his office in Albert Lea, Minn., preparing to return to the Twin Cities today to huddle with city officials. He expressed frustration.

"Maybe there are people who are more patient than I am," said Savelkoul, who's been working on the Target Center project for 14 months. "But every time you want to do something, you have to convince 15 other people it's in their best interest. It's not a very good way to run a ship, with eight rudders."

Target Center continued on page 2B

City completes revised proposal for arena buyout

Price of team would rise

By Kevin Diaz
and Jay Weiner
Staff Writers

A much-anticipated proposal to break the impasse over the proposed Target Center buyout was put in writing Thursday to prospective Timberwolves buyer Glen Taylor setting up a final game of brinkmanship between the millionaire from Manitoba, Minn., and the Minneapolis City Council.

The plan, which involves the public purchase of the sports arena with taxpayer-backed general obligation bonds, now awaits a tough business decision by Taylor and an equally tough political debate in the council.

Said Minneapolis Finance Officer John Moir, one of the architects of the new plan: "We really don't know if there's a deal or not at this time."

Still to be negotiated are the final arena purchase price for the city and the team purchase price for Taylor. But some preliminary figures began to emerge Thursday.

Moir said that a critical element in the revised financial plan requires a substantial drop in the $54 million public purchase price that had originally been contemplated.

That will only be possible, however if Taylor is willing to offset the reduced arena price with a correspondingly higher offer on the team, Taylor said Thursday he was analyzing the plan.

By some estimates, the gap to be made up by Taylor under the new deal might be as much as $14 million. He already has agreed to pay Harvey Ratner and Marv Wolfenson $88.5 million for the Timberwolves franchise.

At the same time, city officials might buy the arena for about $40 million — using what are described as general obligation tax increment bonds, meaning bonds paid back with arena property taxes and other sources of revenue.

By definition, however, such bonds ultimately would be backed by the city's "full faith and credit," that is, its tax base, though officials said the chances are minimal that taxpayers would be left on the hook.

"We would never recommend a plan that wasn't completely self-supporting," said Moir, adding that taxpayers would be insulated other cash sources, including revenue from the state, an entertainment tax and interest earnings to pay off the bonds.

Buyout continued on page 2B

Buyout

Continued from page 1B

But those assurances are expected to do little to assuage buyout critics. Some council members received dozens of angry calls from constituents who are concerned about being on the hook if the team and the arena ... to fall into hard times.

"I for one simply don't accept that the city should be using general obligation bonds to buy an arena," said Jim Niland, a City Council critic of the buyout.

But Council President Jackie Cherryhomes, a strong advocate of the buyout, said the deal poses little risk to city taxpayers.

"This is not a huge quantum leap," she said. "All along, we've been saying we'd be partners at the table. We are on record as saying we wouldn't use taxpayer dollars."

Mayor Sharon Sayles Belton emphasized the arena's importance to the downtown economy and said that new circumstances have forced those who want to "keep the deal alive" to consider general obligation bonds to buy the facility.

"The real issue is how can we guarantee to taxpayers that there is sufficient revenue to cover the debt service, and for the past 48 hours our professional staff has been trying to construct a deal that provides that guarantee," she said.

Until last week, the deal to keep the Timberwolves in Minneapolis was that the Metropolitan Sports Facilities Commission would buy the arena — minus Wolfenson and Ratner's health club — with tax-exempt revenue bonds paid back largely by admission ticket taxes and surcharges.

That deal died, however, with an unexpected Internal Revenue Service ruling saying that such bonds would not be tax-exempt, thus adding millions in annual interest rate costs.

Thus was born the idea of buying the the arena through the Minneapolis Community Development Agency (MCDA), which could issue tax-exempt bonds paid back by arena property taxes.

Under the current scenario, the sports commission would be out of the deal, except that it may pony up a $10 million letter of credit as security for interest rate fluctuations.

While the suggestion that the building be acquired for about $40 million is $14 million less than what Wolfenson and Ratner were promised before the deal went sour last week, Moir said that economic "efficiencies" might make it possible to reduce the price of the building without forcing Taylor to ante up that much.

Moir did not say how, but by some estimates Taylor would save $1.1 million a year from reduced property taxes and the elimination of the ticket taxes and surcharges.

Whatever the math, a source close to Wolfenson and Ratner said the sellers' bottom line still "has to be $144.5 million." Wolfenson and Ratner were unavailable for comment Thursday night.

Under a plan worked out last year between public officials and Taylor, $88.5 million for the team was to come from Taylor, $54 million for the arena was to come from public sources, and some $2 million was to come from the Twin Cities business community.

That $2 million remains a question, with only about $1.4 million collected.

Of any possibility that he would kick in another $14 million to the deal, Taylor said: "I don't think that's even the question. There are other questions."

Among them: tax consequences for Taylor and Wolfenson and Ratner if the team's price goes up as the building's goes down; the NBA's approval of the deal, which was based on the previous terms; and previous approvals that Taylor received on his private financing, which were based on the specifics of the earlier deal.

Still, Taylor said his financial advisors have been anticipating a detailed offer from the city and "I think we can verify their figures and I don't think this would take too long. It would appear to us that there is a way to do this without the city taking much of a risk at all."

Cherryhomes said specifics of the deal had been discussed with representatives of the Ogden Corp., the arena manager and that they had reacted favorably to the proposal.

"It's not impossible," said Taylor. "I think Moir is trying to do a good job for the city. If he can come up with some ideas, if we can help them with ideas, I think there's a way for this to still make sense for us and for Ogden."

If Glen Taylor and the city of Minneapolis agree to the plan, Target Center would be bought with general obligation bonds, backed by residents' property taxes.

Should Minneapolis taxpayers support the plan to save the arena, even though they would be financially responsible if arena revenues fell short or it went bankrupt?

Would you also support a 3 percent tax on Target Center concessions and a 3 percent tax on parking in downtown ramps and lots to finance the deal?

We'd like to hear your thoughts. Please call the Star Tribune at 673-9014 and leave a voice mail message with your name and phone number. We'll publish a sampling of responses.

Politics, indecision leave Target deal on brink of collapse

During talks, interest rates up and down

By Jay Weiner
Staff Writer

Timing isn't everything, but it sure helps. The very long-term but extremely variable Target Center buyout is a case in point.

The procrastination factor — plus indecision and real politics — is what has kept the arena buyout bill teetering on the brink of failure.

Two words tell the story: interest rates.

During the two-plus years of talk about Marv Wolfenson and Harvey Ratner selling their arena to the city of Minneapolis, the state or the Metropolitan Sports Facilities Commission, interest rates have dipped and soared.

Throughout that period, it's always been about an $80 million proposition to buy the arena and refinance other bonds linked to the facility

From the lowest rates during this period to the highest rates, the debt on the arena took an $800,000 swing.

That is, if the arena would have been sold in October 1993, when the long-term tax-exempt rates were at a low of 5 29 percent, the annual debt on an $80 million purchase of the arena would have been about $5 38 million.

Sold at today's long-term tax-exempt fixed rate of 6.7 percent, annual debt service would be $6.2 million.

LEGISLATURE 1995

■ The Target Center buyout knocked on the door of the Capitol again, but few legislators answered. Perhaps it was because of a lack of lobbyists, the result of a 1994 reform act. This and more in a new Sunday feature that looks at the week that was and the week that will be Page 2B.

But if the bonds for an $80 million acquisition were taxable at today's rates, debt service would exceed $7 million. The taxable bond rate is more than one percentage point higher than tax-exempt bonds.

The building's revenues can't support such debt. That's what officials faced 10 days ago when, informed of a new Internal Revenue Service ruling, they pulled the plug on the Legislature-approved finance plan.

Worse yet. If timing and decision making had been perfect, if bonds were sold when interest rates were the lowest, the total cost to pay off $80 million over 30 years would have been $161 million.

Today, even at tax-exempt rates, the total cost of principal and interest on paying back $80 million will be $187 million.

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The procrastination, the politics and the indecision, it could be argued, have cost the public $26 million over the next 30 years.

Moment by moment

Hindsight is 20-20. That's a given. Stuff:

■ On March 10, 1993, the North Stars moved to Dallas after Wolfenson and Ratner tried to get Stars owner Norm Green to bring his team from Bloomington to Minneapolis.

Interest rates were beginning a downward trend. A deal would have been doable, using the key assumptions that have always existed for public agencies: Bonds would be tax-exempt and, over time, interest rates on the "high-grade municipal bonds" would have averaged 6 percent.

Through 1993 and the first three months of 1994, tax-exempt bonds carried interest rates below 6 percent.

■ During the summer of 1993, rates tumbled. On Sept. 15, Wolfenson told a task force looking into the fate of Met Center that he might consider moving the Wolves.

■ On Oct. 13, 1993, sports facilities commission member Paul Thatcher suggested that the commission find a way to buy Target Center. By the end of October 30-year, fixed-rate Treasury bonds were at an all-time low and municipal bond rates were the lowest since 1973.

■ After months of calculations, a bill was introduced into the Legislature on March 21 1994. Interest rates were beginning an upswing.

■ The bill was passed on May 7 Rates went up.

■ On July 8, erstwhile Wolves buyer Bill Sexton, nervous about everything, including interest rates, pulled out. Interest rates were a point higher than when his negotiations began.

That meant that Sexton, who would have been highly leveraged, had higher costs to borrow money to buy the team and would be getting less out of arena revenues because of the building's higher debt service.

■ On Aug. 5, Glen Taylor emerged to buy the team and said he wanted the deal closed by Halloween.

At the end of that week, the 30-year treasury bond rate was 7.35 and the tax-exempt rate was 6.16.

The deal kept getting tighter Because fixed rates on long-term bonds soared so high, officials had to turn to a riskier form of financing: variable short-term bonds.

Under the now-dead bill, there was a 10 percent ticket tax and a $1 minimum ticket surcharge, plus a potential "premium surcharge."

The bigger the debt on the building, the higher the surcharge had to be to cover it. Taylor and Ogden Corp., which is set to manage the building, worried that the surcharge was getting too big — $4 or $5 per ticket — and would keep customers away

■ Taylor wanted the deal done by Nov 4, the start of the Wolves season. Three days before that, 30-year treasury bond rates passed 8 percent. Two weeks later the tax-exempt bond rate went above 7 percent.

The deal still isn't done. Rates are down a tad from November but still too high for breathing room.

What happened?

Some events were uncontrollable: the long session at the Legislature, Sexton's indecision, Taylor's entrance and the need to rework his lease with the commission.

There has never been any solid political support for the Target Center buyout. The public acquisition of a building is very complicated.

Public agencies generally move in glacier-like steps. The bond lawyers apparently messed up.

Last week, no key player in the Target Center deal would blast any other key player on the record. But, in interviews, a picture of clashing cultures became evident.

Private participants in the deal have mumbled about "the commission" dragging its feet, and about the tedious public approvals needed at every turn. But the sports facilities commission — that is, the six members appointed by the Minneapolis City Council — has barely been involved in the deal. Henry Savelkoul, the commission's chairman, and a slew of consultants have been the movers.

Savelkoul lives in Albert Lea, Minn., and has a full-time law practice there. His chairman's role is not meant to be full-time. Since fall, Savelkoul has spent time at his "real job," while putting in significant hours on his public job.

Bill Lester executive director of the sports commission, who some private parties thought would direct the arena project, has no real authority to make decisions. Generally his job is to manage the Metrodome. His father has been gravely ill, and that took him out of the picture during most of December

Sometimes commission members or city officials missed or arrived late to meetings, according to a variety of sources. On the other hand, there often were too many people at meetings, with every party to the deal bringing along a lawyer or two.

For the past three months, Wolfenson and Ratner's chief financial officer Joe Perturosa, among the most informed people on the deal, hasn't been regularly invited to meetings.

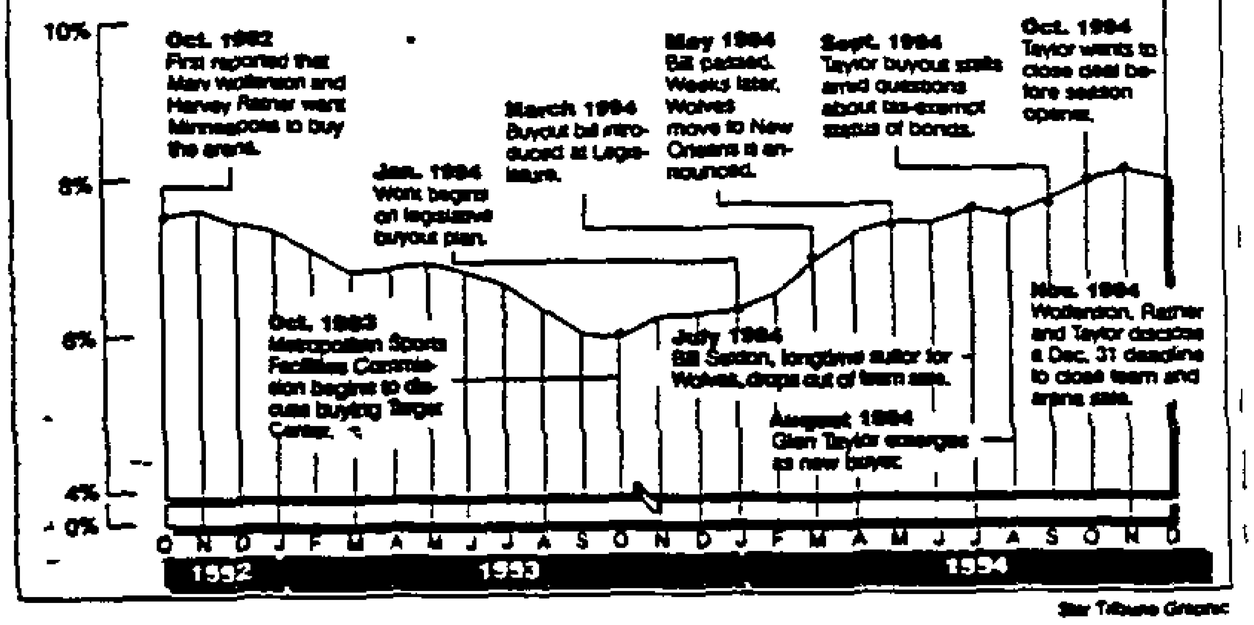
Meanwhile, the business community's pledge of $2 million has fallen short. By most accounts, civic booster Harvey Mackay the envelope magnate, raised almost all of the $1.4 million collected. His partner in the venture, Robert Dayton, the downtown developer has been criticized for doing little. Wolfenson and Ratner expect that money

There has been grumbling about the lack of spiritual leadership and aggressiveness by Mayor Sharon Sayles Belton. An NBA source said a concerned league official called all key parties in mid-December The official asked each participant to provide a short list of outstanding issues.

Timing is everything on Target Center

If the Target Center deal could have been completed sooner, interest rates would have been more favorable. But "the procrastination factor," as it's called in the business world, has made financing the Target Center buyout more difficult as time has worn on.

Here's a look at the major events in the history of the deal and the 30-year treasury bond interest rates, a benchmark for other rates. (Ideally the Target Center financing would use tax-free municipal bonds, which have rates that are 1 percentage point or lower than treasury bonds.)



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Governor suggests raising state's stake in Target Center

By Dennis J McGrath,
Robert Whereatt and Jay Weiner
Staff Writers

FT4

Although the burden of patching up the Target Center financing still rests with the city of Minneapolis there is more and more talk about turning to the state for help

At a breakfast meeting Monday Gov Arne Carlson told legislative leaders that if Minneapolis cannot solve the Target Center financing puzzle on its own, he wants the state to step in and double its financial commitment, according to a legislator present

Other Target Center players said Monday that while the Legislature would be the last resort, they might have to return to the State Capitol for revisions in the law passed last year, including an increase in the state money pledged to the deal to buy the arena

At the breakfast meeting Carlson said that if state help is necessary, he would ask the Legislature to extend the current commitment, $750 000 annually for 15 years to $750 000 a year for 30 years said House Minority Leader Steve Sviggum (R Kenyon

Target Center continued on 9A

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Target Center/ Carlson may turn to state for help

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That would mean an additional state contribution of $11 25 million on top of the $11 25 million already pledged

Sviggum said the governor seemed determined to put together the additional financing if the city could not find the money

Carlson s spokeswoman Cyndy Brucato said the governor is not planning to go to the Legislature for help but rather wanted to bring legislative leaders up to date and alert them to some of the options

I don t think the governor wants to let the city off the hook she said

But since Jan 6 when the Target Center buyout was derailed by an Internal Revenue Service ruling the governor has said he would not rule out state help in buying the downtown Minneapolis arena

One m[illegible]orts team the North Stars a[illegible] has left since Carlson became governor and he has said he fears that if the Timberwolves also leave, the Twins might follow

Rep Richard Jefferson DFL-Minneapolis the chief sponsor of the Target Center bill last year said that if Carlson is contemplating an increase in state aid he will have to put all of his weight behind the effort for it to have a chance of getting through the Legislature

City Council President Jackie Cherryhomes said city officials are working on a new finance plan to be submitted by Wednesday to Glen Taylor who is seeking to buy the Timberwolves

While she declined to provide details she said it could include some housekeeping stuff and a couple of details that might require legislative consent

While Cherryhomes said a trip back to the Legislature would be a last resort she acknowledged that it would probably involve a request for an additional $10 million in state aid to provide the financing cushion needed to make the buyout work The additional aid would come from extending the state's commitment another 15 years

Bond rating agencies apparently have told officials that a cushion of $10 million is needed to make the arena bonds secure

Henry Savelkoul chairman of the Metropolitan Sports Facilities Commission, said extending the state s contribution really isn't a change It's really cleaning it (the Target Center law) up

Legislative critics however are certain to consider a $10 million to $11 million increase in state funding as more than a housekeeping chore

Another part of the request to the state would be to repeal the ticket tax and surcharge language those user fees originally were meant to finance the building The IRS said last month that ticket taxes make the bonds taxable which wou[illegible] to the cost of buying the aren[illegible] is what caused the financing plan to collapse

Any action at the Legislature has to be quick said Savelkoul a former legislator from Albert Lea The National Basketball Association s March 1 date to allow teams to relocate is fast approaching

I can t see this going out for very long ' Savelkoul said The NBA isn t going to sit by

In addition to discussing a greater state contribution Target Center players are exploring the possibility of a loan by the Sports Facilities Commission to the city Presumably it would be about $10 million This loan which would be in addition to the increased state aid would have to be paid back No interest rates have been established Savelkoul said

It s a legal loan I would think we would do it if it could get this done he said

The Twins and Vikings long have been protective of the Dome s reserves which now total about $28 million They have argued that the reserves were generated by their customers But Savelkoul noted that the seed money that paid off the Dome s debt in its early years was generated by a downtown hotel and liquor tax and by private business contributors

Taylor a former Senate minority leader said that he s still intent on buying the team but that he prefers to stay out of any efforts that might arise at the Legislature

I think there could be a perception that it s (the legislation) helping me he said I don t think I should be over there (at the Capitol) doing that It s a building issue not a team issue

Asked if he would help in any lobbying Taylor said I m not going to do anything that would hurt He said he would reiterate his vow to keep the Wolves in Minnesota for 30 years

Staff writer Kevin Diaz contributed to this report

Businesses asked to fund arena plan

FT4

By Jay Weiner and Kevin Diaz
Staff Writers

The Target Center buyout moved into a new phase Wednesday when the city of Minneapolis and Gov Arne Carlson asked business leaders to finance a $12 million component of yet another arena purchase plan

Gov Arne Carlson Minneapolis City Council President Jackie Cherryhomes Minneapolis Mayor Sharon Sayles Belton and Metropolitan Sports Facilities Commission Chairman Henry Savelkoul met with about 20 business leaders Wednesday afternoon at Norwest Bank headquarters

Carlson used the word urgency to describe the Target Center situation and the effort to keep the NBA Timberwolves in Minnesota

Under the new plan being developed by Minneapolis finance officer John Moir the buyout would include these ingredients according to people who attended the closed meeting

■ The city would issue $42 million in general obligation bonds to buy the arena

■ Minneapolis businesses would buy $12 million in additional bonds in a "secondary position" to the city s

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Buyout/ 'The pitch now is we're at the end of the road'

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bonds That means the businesses wouldn t get returns on their investments until the city s obligations were paid

■ The Sports Facilities Commission would lend $10 million to the city of Minneapolis to set up an interest rate reserve fund that would only be used in the event interest rates spiked

Cherryhomes said she had received a legal opinion that said such a loan would be legal Savelkoul said If it s necessary to do it we ll do the loan

As if rewinding a tape of the situation from a year ago Carlson and Savelkoul said that March 1 is a critical date to solve the arena s finance problems

By that date Wolves and Target Center owners Marv Wolfenson and Harvey Ratner must inform the NBA if they plan to move their team elsewhere Mankato businessman Glen Taylor has offered to buy the team but his offer is contingent on a public buyout of the arena

Downtown Council President and Chief Executive Officer John Labosky who helped organize the meeting said What we need is timeliness and decisiveness

While city, state and commission officials had canvassed the business community twice before on the Target Center/Wolves matter a key difference existed Wednesday said City Council Member Dennis Schulstad

The pitch now is that we re at the end of the road he said

Businesses represented at the meeting Wednesday included Cowles Media Co parent of the Star Tribune Dayton s Norwest Bank First Bank IDS Honeywell and U S West

Carlson said he was "reasonably optimistic that the appeal to the businesses would work out even if it s not a slam-dunk response

"I don t think it s going to be Yes we ll kick in $12 million and that will be it said Carlson who labeled the arena and team a state asset

Labosky said We re on a short fuse We re not going to take two weeks we re on a one week schedule

But he acknowledged "We don t know what form it s all going to take yet

Carlson said that if the private interests come up with the $12 million he wouldn t need to return to the Legislature to seek additional aid but he said he would "pitch in and lead a legislative effort to buy the building if the private sector doesn t deliver

A group of six business leaders will meet again this morning to further analyze data for the deal Labosky said

Moir will be there too Asked for details of his plan he declined comment saying only Be patient

Ratner said Wednesday that he and Wolfenson are being patient and haven t made any relocation applications to the league and had no immediate plans to

Carlson said that in the long term the reserves of the Metrodome which now stand at $29 95 million are the logical solution to financing the arena s public purchase

Presumably, this would result in some sort of merger of the operations of the two arenas even though the city of Minneapolis will own Target Center under the plan presented Wednesday

The Dome is owned by the Sports Facilities Commission Such a merger concept has been kicked around by Savelkoul too

But dipping into Dome reserves would require much work time and undoubtedly negotiations with the Twins Vikings and bondholders

Protracted solutions aren t possible now said Carlson who said he thought the NBA s March 1 deadline would be firm this year

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Firms may decide soon on joining private effort toward arena purchase

By Jay Weiner
Staff Writer

FT4

A few large Minneapolis companies could decide as early as today whether to participate in a private-financing component of the Target Center buyout.

John Labosky, president and chief executive officer of the Minneapolis Downtown Council, said that leaders of six companies met with city finance officer John Moir for four hours Thursday in an attempt to better understand details of the arena buyout.

Labosky, who is coordinating the effort, wouldn't identify the firms.

The city and Gov Arne Carlson asked about 20 Minneapolis companies Wednesday to find a way to finance $12 million of the $54 million arena buyout.

The arena purchase would facilitate acquisition of the Timberwolves by Mankato businessman Glen Taylor

Under the current buyout plan, the arena would stay on city tax rolls.

Labosky said the private financing could involve the purchase of revenue bonds by companies or the opening of a line of credit by the firms. He said that if the private firms agree to participate, about six companies are likely to carry up to $9 million of the load, with the other $3 million financed by a host of other companies.

But the firms were told that any investment they made in the arena won't be returned until the city's debt on general obligation bonds is paid off and a capital improvement fund is established.

In any event, it's unlikely the rate of return on the private financing will be greater than the current 3 75 percent rate on tax-exempt general obligation bonds, Labosky said.

Arena deal must be in by Feb. 13, Savelkoul says

By Jay Weiner
Staff Writer

A Target Center buyout package, so long in the making, must be in place by Feb. 13 or Minnesota again could face the loss of the Timberwolves, Henry Savelkoul, chairman of the Metropolitan Sports Facilities Commission, said Wednesday.

Savelkoul, who has guided the buyout for 15 months, says Feb. 13 is key because the NBA's Board of Governors, made up of the league's 27 owners, next meets then, one day after the league's All-Star Game in Phoenix, Ariz.

"My concern is that we have the owners all getting together at the All-Star Game in about 10 days, and if we don't have it done by that time they might say 'We're going to make a decision.'" Savelkoul said.

Savelkoul, who has been in close contact with NBA officials in recent days, anticipates the league saying: "Minneapolis, you tried, you didn't make it. Minnesota, you tried, you didn't make it."

He said no league official had specifically warned him that the NBA had such definitive plans. But, Savelkoul said, "I've been working at this long enough now that I can sense [the league is] wondering what's happening. They're very frustrated."

NBA spokesman John Maroon said the league doesn't release the agenda of its Board of Governors meetings. But Maroon acknowledged that "a number of issues will be broached."

Buyout continued on page 2B

Buyout

Carlson says he'll lobby for investments

Continued from page 1B

The Wolves matter, he said, "is obviously an issue in the league right now."

March 1 is the deadline for team owners to advise the league of intentions to relocate.

Wolves and Target Center co-owner Marv Wolfenson said Wednesday that he and partner Harvey Ratner haven't filed a relocation application, nor did they plan to do so.

Wolfenson said no other city had approached him about moving because other communities assume the Target Center deal will close. Wolfenson said neither he nor Ratner had plans to attend the board meeting in Phoenix. But Glen Taylor, who has an agreement to buy the Wolves, is planning to be there. Taylor's purchase is contingent on a public buyout of the arena.

Savelkoul's identification of the All-Star Game as a new deadline occurred as Gov. Arne Carlson said he personally would make telephone calls to encourage local businesses to invest in a private component of the Target Center buyout. That private fund will bolster $42 million in public financing.

Carlson and Minneapolis finance officer John Moir also revealed Wednesday that the private financing effort must now raise $12.6 million, not $12 million, as previously announced; the additional $600,000 is left from an earlier private fund-raising effort, led by businessmen Harvey Mackay and Bob Dayton, that fell short, Moir said. Carlson also pointed to Feb. 13 as a key date. "We'd like to get it done within a week and a half," Carlson said. "We'd like to get it done prior to the All-Star Game."

Minneapolis City Council President Jackie Cherryhomes said last week she was determined to bring a deal to the council's Ways and Means Committee on Monday and to the full council for a vote on Feb. 10, three days before the owners convene.

Downtown Council president John Lebosky was unavailable Wednesday but earlier this week said he hoped to have the private effort to buy $12-plus million in "secondary debt" completed this week. Companies and banks either will buy bonds or support lines of credit.

Savelkoul also said that besides the nearly two years of debate that has slowed the arena buyout, the NBA is frustrated that team values have skyrocketed over the past three months. The Golden State Warriors recently were purchased for $138 million. Forty percent of the Miami Heat has been on the market for $60 million, placing that team's value at about $150 million, compared with the $88.5 million price that Taylor will pay for the Wolves.

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Wolves notes

Target Center finance plan progressing

FT4

By Jay Weiner
Staff Writer

Minneapolis finance officer John Mour and leaders of a handful of Twin Cities businesses met again Friday in hope of finalizing a finance plan to help complete the Target Center buyout.

John Labosky, president of the Minneapolis Downtown Council, said that after a 2-hour session "there is a real willingness to plug the $12 million gap." Mour and the firms still are evaluating the best way to finance the $12 million, Labosky said. He said the plan won't be completed until next week at the earliest.

Minneapolis City Council president Jackie Cherryhomes said "from the body language" she is "optimistic" that the private interests will come through and that the Minneapolis City Council will approve a $42 million general obligation bond package to buy the building.

Rider rumors persist

The rumors about the Wolves trading guard J.R. Rider for Seattle guard Kendall Gill are expected to continue because the proposed trade of Gill for Portland guard Clyde Drexler is not imminent, and might not happen. . . . Wolves rookie Donyell Marshall missed Friday's game and is expected to miss tonight's game in Houston because of the death of his aunt. . . Chris Smith is recovering from Achilles' tendinitis in his right foot and played Friday night. . . . The Mavericks placed forward Roy Tarpley (sore knee) on the injured list. Tarpley also is scheduled to go through tests with his aftercare counselors after his recent revelation that his behavioral problems have not been caused by intoxication. . . Blair took time before warmups to talk with forward Mike Brown, who missed Thursday's practice and complained about his virtually nonexistent playing time.

Staff Writer Jim Souhan contributed to this report.

As of today, Target Center financing is a done deal

y Jay Weiner and Kevin Diaz
taff Writers

he Target Center deal, practically a art of Minnesota *folklore for the* ast two years will be completed oday with the wiring of about $140 nillion from the city of Minneapolis and Mankato businessman Glen Taylor to the bank accounts of Marv Wolfenson and Harvey Ratner

"We're all smiling at each other," said Taylor, who, with a group of limited partners, will pay $88 5 million for the Timberwolves of the National Basketball Association, the cornerstone property in the public buyout of the arena

The Minneapolis Community Development Agency (MCDA) will take possession of the 5 year-old arena for $54 6 million — added to $1 4 million in private contributions — and then lease it for 30 years to the Ogden Corp of New York, a multinational building management and concession conglomerate

Arena continued on page 10A

Who's part of the deal

Here is a list of the Target Center buyout players and the cards they're holding

Glen Taylor

- General partner and chairman of the group that will pay $88.5 million for team (Wolfenson and Ratner retain about 10 percent of that, or about $8 5 million)
- Will pay $2 8 million annually in rent to city to cover bond debt
- Is committed for 30 years, with damages if he tries to up and leave
- Will get first bite at new NHL franchise

Marv Wolfenson and Harvey Ratner

- Bought Wolves for $32.5 million
- Sell today, retain 10 percent, gain $80 million
- Built Target Center for $104 million
- Sell arena for $56 million from city and corporations
- Lost about $25 million on arena operations but profited on team operations

City of Minneapolis

- Issues $72 million in taxpayer-backed general obligation bonds

Minneapolis Community Development Agency

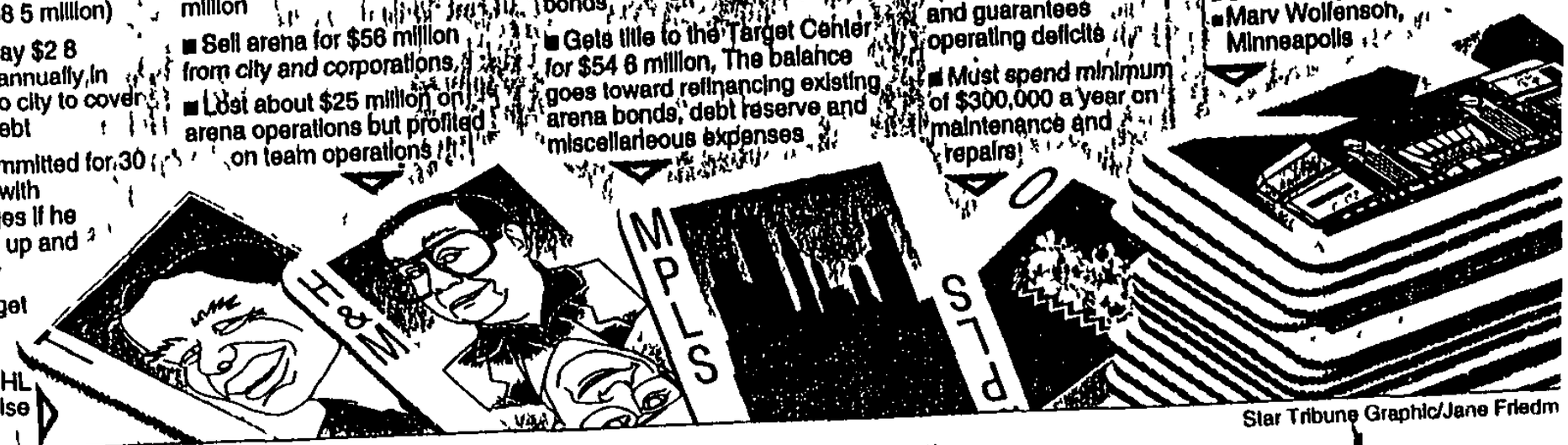
- Issues $12.6 million in revenue bonds
- Gets title to the Target Center for $54 6 million. The balance goes toward refinancing existing arena bonds, debt reserve and miscellaneous expenses

Ogden Corp.

- Leases the arena from the MCDA for $1 a year for 30 years to operate concession operations
- Retains operating revenues, pays operating expenses and guarantees operating deficits
- Must spend minimum of $300,000 a year on maintenance and repairs

Glen Taylor's limited partners in the Wolves

- First Bank System
- William Bieber, Wayzata
- Ralph Burnet, Wayzata
- Dennis Frandsen, Rush City
- Wynn Kearney, Mankato
- Fred Lutz, Mankato
- Pinky McNamara, Edina
- John Moore, Twin Cities
- Teri Popp, Orono
- Bill Popp, Orono
- Harvey Ratner, St Louis Park
- Glenda Taylor, Mankato
- Marv Wolfenson, Minneapolis



Star Tribune Graphic/Jane Friedm

Source Minneapolis Finance Office

Minneapolis, MN.

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Arena / Ogden retains management duties

Continued from page 1A

Ogden will manage the arena for Taylor's Wolves and will carry the costs of operation. The city is liable for capital improvements. Ogden will benefit from non-Wolves events.

All eyes now turn to the prospect that a National Hockey League team will return to the Twin Cities. An additional major tenant would help Taylor pay off the $2.8 million annual rent that the deal requires of him.

The rental payment equals the arena's annual property tax bill. If a hockey team moved in, it could share some of that tax burden.

Taylor said Wednesday, "We will be working with Ogden to try to find a hockey team." He said his preference would be not to own the team himself, but he didn't rule that out.

Not to be lost in the shuffle of money or the transition of an era, Wolfenson said Wednesday that he felt no special sadness or inflated elation.

"We found the team and brought it here," said Wolfenson, who was on the verge of moving the Wolves to New Orleans last May. "Whether people like us or not, we brought the team here and Glen Taylor kept it here. He's the savior."

Of Target Center, which Wolfenson and Ratner built for more than $100 million and will sell today for about $56 million, Wolfenson said, "I never felt that I owned the building. We always thought of it as a building for the public."

On the surface, Taylor's deal looks gold. The $88.5 million price is far lower than the recent $125 million paid for two new NBA expansion teams. The Miami franchise and Golden State Warriors have recently been sold for about $140 million.

But Taylor said any suggestion that he and his partners are getting the franchise at a discount "is kind of a misnomer. People assume if I would take this franchise and put it on the market and, if it's a sellable thing, obviously that would be a good deal. But I've signed a 30-year lease, and we've set the price that the city can buy it for."

As part of his arrangement with the city, Taylor has agreed to give the city two years to buy the Wolves, if and when he tries to move the franchise. The price is set at today's $88.5 million, with increases of 3 percent a year. There are also related liquidated damages of up to $30 million.

"It will be a good deal for a championship team," Taylor said. "If the team is poor then it will be a poor deal. There's a built-in incentive."

For the city and the MCDA, the deal will feel much like closing on a long-anticipated $54.6 million house. "We'll sit down and sign a whole lot of documents," said MCDA Deputy Executive Director Bob Dronen. "They get the money and we get the deed."

The closing marks the end of months of often stressful haggling, debate and sometimes heartbreak. Officials thought they had the deal done several months ago, only to find that it wouldn't pass muster with federal tax laws.

On the eve of what looks to be the final settlement, city officials were scurrying to prepare the necessary documents, but their relief to have it done was palpable. "I just can't tell you," Dronen said.

Joked City Council President Jackie Cherryhomes, whose ward includes Target Center: "I'm hoping not to have to deal with this for the rest of my life, or at least not for the next week."

To do the deal, the city and the MCDA will have to issue $84.6 million in bonds. About $72 million of them are taxpayer-backed general obligation bonds. The rest, $12.6 million in revenue bonds, has been pledged by local corporations in a sign of good faith.

Although the MCDA gets the arena for $54.6 million, the rest of the money is needed to refinance existing arena bonds and create the debt reserve that some City Council members wanted to protect taxpayers in the event of arena revenue shortfalls, rising interest rates or default.

A local underwriting syndicate led by Dain Bosworth and Miller & Schroeder Financial Inc. reportedly already has commitments from bond buyers, largely institutional investors who can afford the $100,000 minimum.

So as money begins to change hands, the interest-rate clock will also start ticking today on the variable-rate tax-free bonds. The historic average of 4.9 percent is the budgeted interest rate for the city.

Underwriting costs and other fees of issuance are expected to cost the city more than $1 million. The business was spread out over seven or eight local underwriting agencies.

Along with the arena purchase, the critical document to be signed is the 30-year basketball playing agreement between the MCDA and Taylor. It gives the city what it wants: a pro basketball franchise playing in its downtown arena. It also gives Taylor what he wants — escape clauses allowing him to walk away from the lease if the team loses money two years in a row or if his property tax obligations increase an average of 2 percent or more over any five-year period.

Buyout critics have characterized it as a publicly subsidized sweetheart deal between millionaires: Taylor gets a basketball team. Harv and Marv get off the hook and the taxpayers get saddled with a sports arena that lost money as a private enterprise.

But city officials, backed by downtown business interests, prevailed by stressing the economic interest at stake in the arena and the team, which together generate about $57 million in annual spending, support nearly 700 jobs and bring in $10.9 million in public sector revenues.

The only shadow remaining over the deal — and city officials call it a faint shadow — is the threat of further litigation from a Louisiana group that has been courting the Timberwolves for the last year.

Although that information must be disclosed to bond buyers, Dronen said it is not getting in the way of the sale. "Something you always hold your breath for at closings is last-minute lawsuits," he said.

Looking ahead, a Minneapolis public building will now have as its major tenant a team owned by someone from Mankato. When Taylor first agreed to buy the Wolves in August, there were some natural tensions between the DFL-controlled Minneapolis City Council and the former Independent-Republican senator from Nicollet County.

But, Taylor said, as his deals with the city were negotiated the past several months, "a partnership" emerged.

"As we went along, I kept saying we have to be careful that we don't get ourselves into a situation where I could become 'the outsider,'" Taylor said. He said he found communicating with city officials easier than with the Sports Facilities Commission.

"I could see that the city of Minneapolis wanted to get it done, that they were trying to get it done," he said, but he found the commission's posture more like "sparring."

"Patience has really paid off," Taylor said. "It's a good feeling."

ANDRE SOUROU ON / RS / LGH

NOT CHEAP SEATS Someone shelled out so these fans could enjoy a Toronto sky box

■ BUSINESS

How Suite It Isn't

Cities are winning and losing teams based on how many luxury boxes they can offer greedy owners

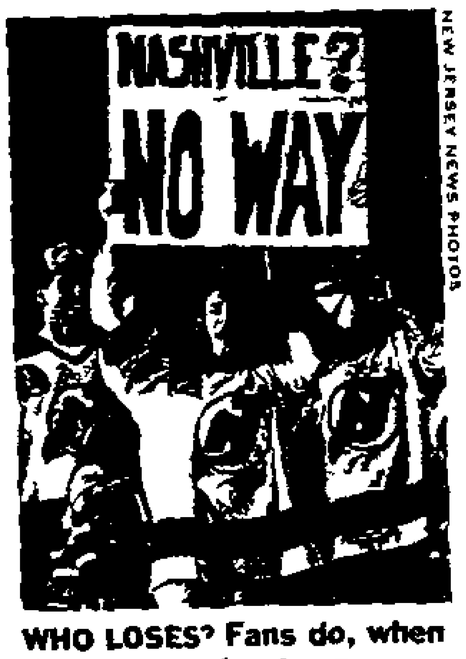
By **STEVE WULF**

Take me out to the ball game
Take me out to the Diamond View Suites
Buy me some Dijon-marinated jumbo shrimp and Grgich Hills Chardonnay
I don t care cause the company will pay

GIVEN THE CURRENT STATE OF PRO sports economics *Take Me Out to the Ball Game* needs a little updating And so does the antediluvian notion that fan support is the key to franchise success A ball club needs not only gate receipts and a good media contract but also steady revenue from stadium advertising sweetheart concession deals and, especially, luxury boxes Luxury boxes are critical these days," says Craig Simon director of sports marketing for the Chicago consulting firm of Frankel & Co "A stadium that doesn t have them is in danger of losing its team "

Indeed the luxury box—or sky box club suite call it what you will—is such a primary temptation that both National Football League franchises in the Los Angeles area the Raiders and the Rams, are leaving the second largest TV market Raiders owner Al Davis who abandoned Oakland California in 1982 after the Los Angeles Coliseum promised sky boxes but never delivered them will be returning to the Bay Area now that the Oakland Coliseum is increasing its luxury suite total from 58 to 175 With the Raiders getting 100% of the revenue from the sale of those suites, which fetch between $40 000 and $85,000 a year Davis will net an extra $7 6 million a year The Rams will be going to a new stadium in St Louis Missouri thanks in large measure to the promise of 120 luxury suites one of which is a 48 seater big enough to accommodate the baby grand piano of the Rams owner Georgia Frontiere

The National Hockey League is undergoing its own greed fueled identity crisis The Nordiques are abandoning their antiquated arena in Quebec City for a new one with lots of luxury suites in Denver next year while the Stanley Cup champion New Jersey Devils—who as it happened played in Denver before they moved to the marsh across the river from New York City 13 years ago—are trying to clear the way for a move to a box-studded arena in the not particularly hockey loving city of Nashville Tennessee



NEW JERSEY NEWS PHOTOS

WHO LOSES? Fans do, when their teams skip town

A luxury box is not something you give Dad on Father s Day At New York City s Madison Square Garden a suite goes for as much as $240 000 a year For that money lucky patrons get 16 seats in the box for every event (basketball! hockey! monster trucks!) save religious rallies Patrons get to saunter in through a special VIP entrance watch the game from a nicely appointed glass-enclosed living room and relieve themselves in their own private bathroom The waiter service menu ranges from hot dogs ($42 for 12) to grilled lamb chops ($95 for 12) Dom Perignon is available at $120 a bottle So what s the drawback? The boxes at the top of the Garden offer a view of the action that reduces 7 ft tall basketball players to ants in short pants The biggest selling point? Corporate box-goers in New York as in every other U S city get to write off 50% of the expense for tax purposes which means the taxpayers down in the cheap seats are footing part of the bill for the alleged client wooing going on upstairs And in the case of arenas and stadiums built with public funds hoi pol loi are having their pockets picked twice

At the brand-new United Center in Chicago where basketball s Bulls and hockey s Blackhawks play 216 suites sell for between $55,000 and $175 000 a year "The luxury suites are the financial engine that offsets the cost ($175 million) the Bulls and Blackhawks incurred in constructing the facility " says Steve Schanwald vice president of marketing for the Bulls Jack Kent Cooke owner of the N F L s Washington Redskins is so enamored of luxury boxes—and the Washington lobbyists are so eager to buy them—that the joke around the Beltway is that the new Redskins stadium which is planned for Landover Maryland will have 850 luxury boxes with a handful of standing room spaces left over for normal people

But the concept of luxury seating just isn t funny in Quebec City Or in New Jersey where last Wednesday 25 000 Devils fans gathered outside the Brendan Byrne Arena both to celebrate their team s Stanley Cup victory and to implore owner John McMullen to leave the team be (NASHVILLE DOESN'T NEED ANY MORE TOOTHLESS MEN read one sign) The show of support was nice But nowadays it hardly seems matter —**Report**

by Julie Grace/Chicago Elizabeth Kauffman/Nashville and David E. Thigpen/New York

Out With the New

Sports: Why teams abandon their arenas

IT WASN'T TOO MANY YEARS AGO THAT the Richfield Coliseum outside Cleveland was considered a state-of-the-sport showcase. Just 20 years old, the $30 million arena should now be in its prime. Instead it is regarded as a relic of a bygone era, a giant concrete slab that has been mothballed while its owners search for a profitable reincarnation. The Cleveland Cavaliers, its principal tenant, abandoned Richfield this fall for a downtown jewel called the Gund Arena, with all the comfort and glitz that is today's National Basketball Association.

Across the country, NBA teams have moved to or are seeking new facilities that—with luxury boxes, waiter service and giant scoreboards—enable them to compete in a megabucks league. If Chicago, Portland, Seattle and Cleveland are out building new facilities and getting revenues from seats and suites, we need to be doing that too, says Denver Nuggets president Tim Leiweke. In 1997 the Nuggets will abandon the city's McNichols Arena for its own $132 million arena just a few miles away. The Washington Bullets plan to quit the USAir Arena in Maryland for a new $180 million home in their namesake city. And Dallas suburbs are wooing the Mavericks out of downtown Reunion Arena.

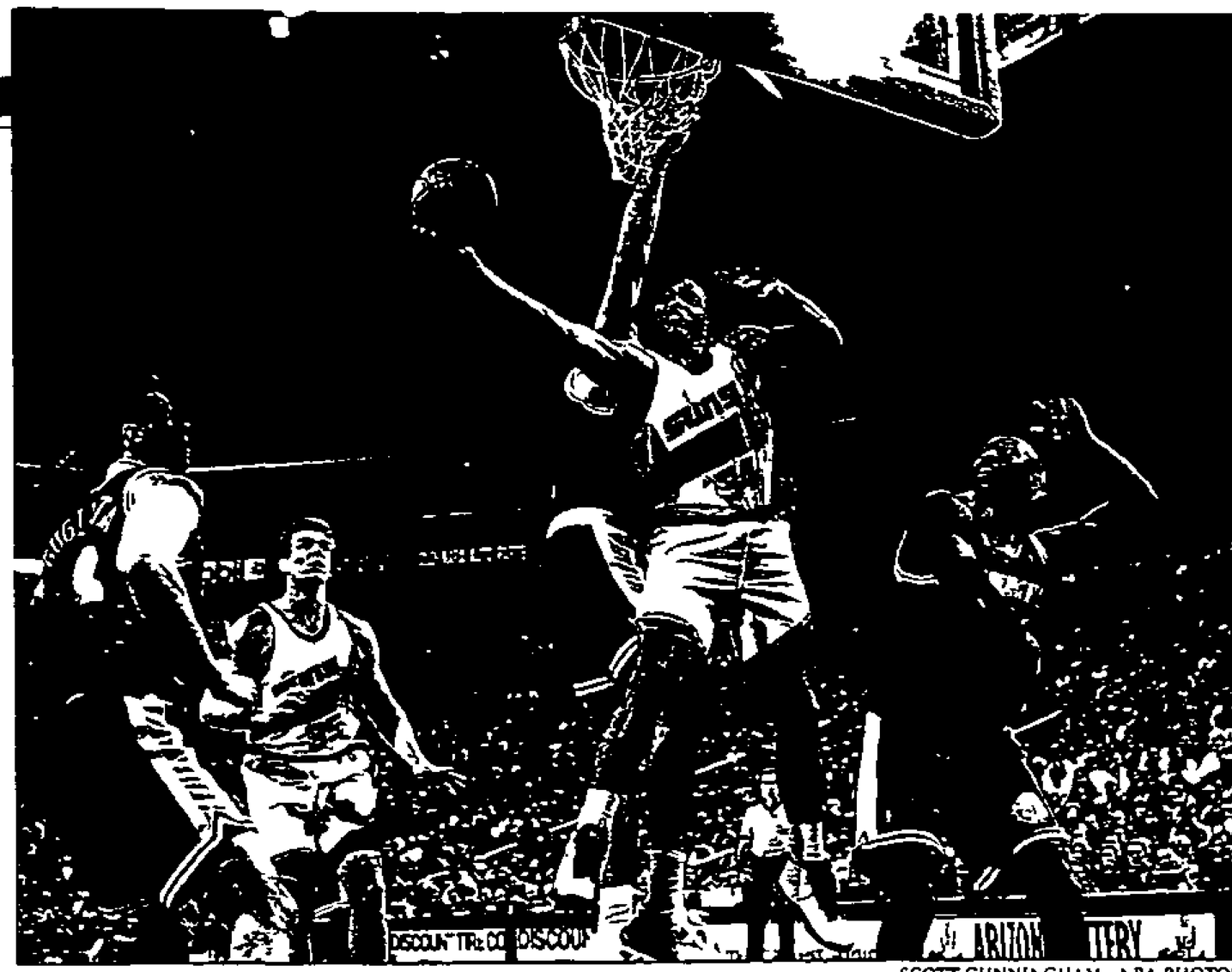
The new arenas may not be any bigger, but they sell the same amount of seats for more money. The luxury boxes and club seats planned for Denver's new arena, for example, will pump some $7 million a year into the Nuggets' coffers, seven times more than McNichols now generates. With the extra revenues, the Nuggets can go out and, at today's NBA prices, sign one more star. By owning their own arena, the Nuggets won't have to share parking and concession profits with the city. And they hope the fancy new digs will soon attract a National Hockey League tenant.

The only losers are local governments that built or subsidized arenas in the flusher 60s and 70s. If the Bullets and hockey Capitals depart Maryland's Prince George's County, the county will lose about $2.5 million in annual rent and taxes. Cities can't adjust as fast as the market changes, says urban environment expert Mark Rosentraub.

Before the newer arenas are consigned to the junk heap, the scramble is on to find alternative uses. One proposal for Reunion is to convert it to a casino. The best bet for Richfield may be an outlet mall. At USAir Arena they're already floating ideas for a new aquarium or even a velodrome. In some cities, the best use of the old arena may turn out to be the same as always—only with different clients. In 1992, after the basketball Suns abandoned the Veterans Memorial Coliseum outside Phoenix for the modern downtown America West, the old arena began to rely on less glamorous clients such as minor-league hockey, rodeos and the Arizona State Fair.

It's tempting to imagine discarded arenas filled to capacity for the kind of family entertainment—circuses, ice shows, tractor pulls—that is currently squeezed out by pro sports. But most old arenas, with their narrow concourses, uncomfortable seats and bad sight lines, were never fan favorites. Once folks get a taste—or even a glimpse on TV—of the new pleasure palaces, they're hardly nostalgic for their drab predecessors. With technology changing so rapidly, all today's glitter-domes have to worry about is becoming the white elephants of the early 21st century.

MARK STARR with TOM HEATH in Denver



SCOTT CUNNINGHAM—NBA PHOTOS

Bigger, better and more lucrative *A Phoenix Suns game at the new America West arena*

NBC and Turner: Here They Go Again

BREAKING OFF SEEMS SO hard to do for NBC and Turner Broadcasting. After ambling toward the altar for months, Ted Turner spurned a proposal from NBC's parent, General Electric, in January—largely because GE wanted to maintain control. Now the two companies have reached out to each other again. Sources say low-level operatives recently tried to determine whether there's wiggle room to resume formal talks. A Turner spokesman says the two sides aren't talking, while NBC wouldn't comment.

If talks resume, sources say NBC will have to placate Turner's big investors, Tele-Communications Inc. and Time Warner. The companies balked when GE asked them to take a smaller role in Turner Broadcasting. GE wanted two things: for the firms to give up veto power over any important moves by Turner and their right to buy Turner assets like CNN and TNT if they were put up for sale. Another problem: GE would have picked six of the seven directors slated to oversee the combined Turner-NBC operations. To give those concessions and let go of Turner, Time Warner and TCI want a big payoff in return, says a source involved in the talks. NBC may just be willing to try to satisfy them.

JOHNNIE L. ROBERTS

Wooing the peacock? *Turner*

NAILAH FEANNY—SABA

NEWSWEEK 2/13/95

Charlotte Coliseum
Comparison of Regional
Public Facilities

City Arena	Terms of Contract?	Competition In Market	Who pays for Capital Improvements	Parking Charge	Regular Hot Dog	Small Beer $	Small Popcorn $	Small Soft Drink $
Charlotte NC Charlotte Coliseum	Pay $9000 rent $9500 staffing Box Office $900	Outdoor sheds	Authority	$4 00	1 50	2 50	1 50	1 50
Greensboro NC Greensboro Coliseum	No Rent Pay Staffing Exps	Winston Salem	City/Box Seats being installed by Chamber Funds	$5 00/$3 00	2 50	3 00	1 00	1 50
Winston-Salem NC Lawrenc Joel Coliseum	Wake Forest Basketball pays $ 350 000 per yr/bldg keeps P & conc	Greensboro	Shared by bldg operating fund & city's general fund	$3 00	1 50	3 00	2 00	2 00

ATTACHMENT 12

Charlotte Coliseum
Comparison of Regional
Public Facilities

City Arena	Yr Built	Capacity	Management	Owner/Operator	Debt Service ($)	Debt Service Paid By?	Surplus/Deficit ($)	Is Surplus/Deficit Before/After Debt Service?	# of Events	Profess onal Tenants?
Charlotte, NC Charlotte Coliseum	1988	23 852	Public	City of Charlotte	$ 4 0 million/yr Varies	City	3 6mil	Before	108	NBA Hornets AFL football
Greensboro NC Greensboro Coliseum	1959 1993 expansion	23 300	Public Though considering Private	City of Greensboro	$ 5 8 MILLION	30% City Bonds 70% Hotel tax	Projected $ 1 4 mil deficit	Before	110	AHL Monarchs
Winston-Salem NC Lawrenc-Joel Coliseum	1989	14 500	Publ c	City of Winston Salem	$ 2 4 million/yr	City	(29 000) Last year	Before	65	None

City of Charlotte
Auditorium-Coliseum-Convention Center Authority
Information Requested by City Staff
January 16, 1996

Coliseum Comparisons

Coliseum vs. Other Public Facilities with an NBA Franchise
Coliseum vs. Other Public Facilities in North Carolina

Charlotte Coliseum
Comparison of Publicly Owned
NBA Facilities

City Arena	Yr Built	Capacity	Management	Owner/Operator	Debt Service Paid By?	Surplus/Deficit ($)	Is Surplus/Deficit Before/After Debt Service?	# of Events	Professional Tenants?	Who pays for Capital Improvements
Charlotte, NC Charlotte Coliseum	1988	23,852	Public	City of Charlotte	City Bonds	3 6mil	Before	108	NBA-Hornets AFL football	Authority
Atlanta, GA Omni	1972	16 400	Private	City of Atlanta	Private	Over 4 Million	After	170	NBA Hawks IHL Knights	Private Mgmt Co
Dallas Texas Reunion Arena	1980	17 500	Public	City of Dallas	Hotel Motel Liquor Tax	700-800 000	Before	190	NBA Mavericks NHL North Stars	Team pays 4 7% annually of operating revenues
Denver, Colorado McNichols Arena	1975	17 100	Public	City of Denver	Paid for w/ Seat Tax	(750 000)	N/A	150	NBA Nuggets NHL Avalanche	Paid for out of Seat Tax revenues
Miami, Florida Miami Arena	1988	16 000	Private	Miami Sports & Exhibition Authority	Paid by 3% Conv Development Tax	500 000	Before	185	NBA-Heat NHL Panthers	Paid by Miami Sports & Exhib Authority $3 mil /yr
Oakland, California Oakland Coliseum	1966	15 909	Private	City of Oakland	City/County	Surplus	Before	150	NBA-Golden St	Paid by Coliseum
Orlando, Florida Orlando Arena	1989	17 248	Public	City of Orlando	City/County Tourist Tax	1 000 000	Before	175	NBA-Magic IHL Solar Bears	Teams Pay Own
San Antonio, Texas Alamodome	1993	35 000	Public	City of San Antonio	*Building paid for w/ increase in state sales tax	750 000	*After Debt service for bonds of of $9mil for concessions opr	105	NBA Spurs CFL	Residual Construction Fund

* Note Alamodome was paid for with 1/2 cents increase in state sales tax
The team owned concessionaire backed out of a deal to retrofit all concession stands thus leaving the city with a $9 million bond package

Charlotte Coliseum
Comparison of Publicly Owned
NBA Facilities

City Arena	Parking Charge	Regular Hot Dog	Small Beer $	Small Popcorn $	Small Soft Drink $
Charlotte, NC Charlotte Coliseum	$4 00	1 50	2 50	1 50	1 50
Atlanta GA Omni	7 to 10	2 75	3 00	1 50	1 75
Dallas, Texas Reunion Arena	$5 00	1 75	3 00	2 00	1 50
Denver, Colorado McNichols Arena	$5 00	1 75	3 00	2 00	1 75
Miami, Florida Miami Arena	$10 00	2 50	3 50	1 75	1 75
Oakland California Oakland Coliseum	$7 00	2 00	3 00	1 25	1 50
Orlando, Florida Orlando Arena	$5 00	2 00	2 75	1 75	1 75
San Antonio, Texas Alamodome	$7 00	2 00	3 25	2 00	1 75

THE LAST WORD

MODELL SACKS MARYLAND

Average folks are building suites for rich fans so rich owners can pay rich players

BY GEORGE F WILL

ART MODELL MADE DUMB BUSINESS DECISIONS AND needed the money or at least wanted it more than he wanted the affection of his community where he once was a leader and now is a pariah. But what is Maryland's excuse for one of the most peculiar acts of government in memory?

In 1961 Modell bought 51 percent of the Cleveland Browns for $4 million The team is now worth an estimated $160 million. During the last decade the Browns have averaged 70,000 fans a game, fourth best in the league The NFL has equal sharing of TV revenue, generous sharing of gate receipts and a (porous) payroll cap No wonder the Packers can thrive in little Green Bay But Modell says that he managed to lose millions and that Cleveland is so stingy with subsidies that he had to succumb to Maryland's blandishments and move to Baltimore, a city salivating for a team since 1984, when its Colts skedaddled to Indianapolis, which then had a domed stadium in need of a tenant

Maryland, which probably would have gift-wrapped the Bay Bridge if Modell had thought to demand it, promises to build a $200 million stadium with 108 luxury boxes, usually bought by corporations and 7,500 club seats where affluent patrons pay premium ticket prices in order to be pampered with various services, lest they be stuck with only football for amusement But that is just the beginning of Maryland's largess Modell will get, to use for paying some team expenses, up to $75 million generated by the sale of "personal seat licenses " (Purchasers acquire the right to purchase season tickets) Modell will pay a minimal sort of rent and will get all revenues from ticket sales, concessions, parking and stadium advertising When the stadium is used for college football games, rock concerts and other events, Modell will collect a 10 percent management fee and half the profits No wonder Maryland has added an estimated $60 million to the value of the Browns, who even under Modell's guidance probably will be unable to avoid making an annual profit of $30 million.

Modell s move is part of the new trend of NFL teams moving to smaller cities This year the Los Angeles Raiders and Rams moved to Oakland and St Louis respectively The Raiders were returning to where they started. St Louis got the Rams to replace the Cardinals, whom St. Louis got from Chicago and then lost to Phoenix, which may soon lose them to another city on the make. Baltimore might have got them for less than the Browns are costing. Long ago the Rams belonged to Cleveland. And the beat goes on. The Houston Oilers will light out for Nashville when that city's $292 million stadium (82 luxury suites, 9,600 club seats) is ready in 1998 The Tampa Bay Buccaneers are flirting with Orlando

This "socialism of sport" is explained—rationalized—as what is known as industrial policy a strategy for urban economic development supervised by interventionist government It began in 1953 when Milwaukee built a stadium to lure the Boston Braves the first major league baseball team to move in 50 years After 12 years the Braves defected to Atlanta, so Milwaukee plucked the Pilots from Seattle renamed them the Brewers and now in order to keep them is going to build a better (definition more luxury suites for "fans" more interested in canapes than double plays) ballpark. To mollify litigious Seattle baseball invented the Mariners, who recently were on the verge of migrating until last year's success on the field revived interest in building them a new park

There is a high ratio of bald assertion to serious demonstration in most arguments purporting to prove that sports franchises give cities large economic benefits One reason Maryland is committing football folly is because Baltimore clearly benefited when the Orioles (on whose board of directors I serve without compensation) moved into a gem of a ballpark Maryland built for them near Harborplace, the development that sparked the city's downtown revival. But the Orioles play 81 home games a year and average attendance at the new park has been 45,036, so the park is putting 3 5 million people a year into a commercial setting, generating what economists call "multiplier effects" of spending on restaurants and hotels The Baltimore Browns will use the stadium just 10 times a year (two preseason and eight regular season games) Besides, much of the money spent on sports would otherwise be spent on other things in the local economy

The argument that a particular project will be "self-financing" is usually the first refuge of politicians defending the indefensible. So Maryland says the Browns will mean $123 million a year to the local economy, a figure ginned up with dubious assumptions such as that 20 percent of the people attending games will spend a night in a hotel. (Where will those people be coming from in a region with NFL teams in Pittsburgh, Philadelphia and Washington?) Maryland says the Browns will create the equivalent of 1 400 full-time jobs But if the cost of the stadium and other inducements is $250 million, that comes to $178,000 per job—rather pricey, even if the 1,400 figure is not inflated and even if many of the jobs are not low wage (ushers, food services) and seasonal.

Downtowns as different as those of Baltimore, Cleveland and Phoenix are benefiting from new sports facilities And major league sports can give a rising city a cachet that has a cash value in attracting other businesses And it only takes a few cities in search of such cachet to create a sellers' market for team owners eager to move, or to feign eagerness in order to extort more subsidies from their home cities Still, hats off to Houston s mayor, Bob Lanier who asked to sink $150 million in a new stadium to keep the Oiler out of Nashville's clutches, said, "Can you ask the average guy to build luxury suites for rich people, so they can support rich owners so they can pay rich players?"

If litigation in Cleveland and indignation in Maryland do not derail the deal, it will make Modell the latest proof that there is no penalty for failure in America. Maryland s role in this is the latest proof that government often is the servant of those strong enough to wheedle it cleverly

Central city scores for Suns, suburbs for the Pistons

/ Jeffrey Denberg
AFF WRITER

Speaking as a man who put the future of his franchise on the line Jerry Colangelo of the Phoenix Suns says a new arena is as much necessity as it is luxury in the modern National Basketball Association

If we had not put together an arena deal we would have died on the vine says Colangelo a man who bought a staggering franchise that was in the shadow of a drug scandal in the mid 1980s and now boasts of one of sports great recoveries

We were able to elevate ourselves into the elite and become one of the two or three most profitable franchises Colangelo says There are very few players who don t want to be here

Colangelo built in the heart of a depressed downtown Phoenix and says he never considered an other course This thing has worked big time and now we re building the baseball park [for an expansion team] two blocks from here

The Suns decision to build in town flew in the face of the Detroit Pistons success in suburban Auburn Hills For the Pistons downtown became impossible

When we moved to the Silverdome in Pontiac there was total public sentiment to stay in the city says Matt Dobek the team s vice president "People in the city looked at the black athletes as abandoning them and it was very emotional But the hard fact is that we were drawing horrendously downtown

A spat over lost revenues in the Silverdome led Pistons owner Bill Davidson to put up his own arena two miles north of Pontiac home of the National Football League Lions

Davidson was visionary in his approach to the Palace lining it with 21 454 seats and 180 luxury suites

It opened in 1988 Everything broke right for us Dobek says "We won the title the next two years and the building was paid for in 4½ years

Of course new isn t always so neat *Already several arenas* that were built for expansion teams in the late '80s are topics of dissatisfaction In Charlotte *where 24 800 seats are sold for* every game the presence of only 12 suites has owner George Shinn making go ahead on a new arena

The Miami Heat probably will move out of Miami Arena (15 200 seats no suites) if Wayne Huizenga puts up an arena for his Panthers hockey team Orlando Arena originally constructed with 15 500 seats and 26 suites is under its second expansion and will open this fall with 17 248 seats

These lessons were not lost on the Chicago Bulls and Blackhawks when they built the United Center *which has 216 suites* — each equipped with a TV set

A big question is can a new arena really influence the competitive fate of a franchise? Colangelo says it can turning to baseball as an example

Cleveland builds Jacobs *Field the team is winning and* people in that city speak with pride about downtown " he says

Special

Chicago's United Center arena, where the Bulls and Blackhawks play is equipped with 216 suites — each with its own television set The arena opened last year

[illegible] supports

Of more than 100 one story brick wood and aluminum sided houses Golfview Village only one fourth are inhabited by their owners

Both Guilford Village and Mill Court have been boxed in by industrial areas and newly widened *roads which have* changed the area s character

Most of it was homeowners when we moved in 25 years ago said Frances Anthoney who lives in Guilford Village with her husband Joe Now it s all rental The house down the street has been empty for two or three years

Longtime residents say that with the interstate nearby trains and airplanes flying into DeKalb Peachtree Airport Guilford Village has become a very noisy place to live

Comparing the major new sports arenas

City, arena	Primary tenants	Opened	Seats	Cost	Ownership	Financing
Auburn Hills Mich The Palace	NBA Pistons	1988	21 454 (180 suites)	$90 million	Bill Davidson (80%) plus minority partners	Private. Building paid for in 4 1/2 years
Anaheim, Calif Arrowhead Pond	NHL Ducks	1993	18 200 (53 suites)	$120 million	City	*City bonds. Public cost is $22 32 million for infrastructure.*
Boston FleetCenter	NBA Celtics NHL Bruins	Sept. 1995	18 400 (104 suites)	$160 million	Delaware North ($40 million equity investment)	$120 million borrowed from three Boston banks No public cost.
Chicago United Center	NBA Bulls NHL Blackhawks	1994	21 500 (216 suites)	$175 million	Bulls and Blackhawks ($17 5 million equity investment from each)	$140 million loan from Fuji Bank. No public cost.
Cleveland Gund Arena	NBA Cavaliers	994	21 000 (90 suites)	$142 million	City	$142 million in city county excise tax revenue bonds Public cost is $10 million for infrastructure.
Nashville Nashville Arena	None	May 1996	19 000 (20-44 suites)	$88 million	City	Public bonds
Orlando Orlando Arena	NBA Magic	1989	17 248 (26 suites)	$120 million	City	Public bonds Current $4 million expansion for ice hockey (1 000 seats) paid for by owner of Orlando teams
Philadelphia Spectrum II	NBA 76ers NHL Flyers	Aug 1996	21 000 (120 suites)	$206 million	Ed Snider Spectacor	$186 million private placement by Prudential $20 million contract from concessionaire Public cost is $29 million in city land
Phoenix America West Arena	NBA Suns	1992	19 000 (88 suites)	$96 million	City	$44 million from Fuji Bank, $5 million from concessionaire, $47 million excise tax revenue bonds
Portland, Ore Rose Garden	NBA Trail Blazers	Prior to 95 season	20 300 (70 suites)	$262 million	Paul Allen, Microsoft ($46 million equity investment)	$155 million private placement (Prudential), $16 million from Bank of America, $10 3 million investment earnings Public cost is $34 million in city funds
Salt Lake City Delta Center	NBA Jazz	1992	19 900 (60 suites)	$94 million	Larry Miller ($8 million equity investment)	$66 million from Sumitomo Trust Bank. Public cost is $20 million from city redevelopment agency bonds to be repaid through taxes
Sacramento Calif Arco Arena	NBA Kings	1988	17 014 (30 suites)	$65 million	Sacramento Sports Association (private)	$65 million Prudential taxable bonds No public cost
Seattle Seattle Center	NBA Sonics	Nov 1995	17 700 (58 suites)	$70 million	City	Public bond issue.
Vancouver General Motors Place	NBA Grizzlies, NHL Canucks	1995	20,000 (53 suites)	$125 million	Northwest Entertainment	Private. First in Canada since Maple Leaf Gardens in 1934 Public cost $2 million (estimated) for infrastructure.
Washington, D.C. [illegible]	NBA Bullets NHL Capitals	TBA	20,000 (100 suites)	$150-$180 million	City	$80 million arena project bonds; Public cost is $92 million, to be repaid by taxes on D.C. businesses and hotels.

Source: Staff research

KEVIN AUSTIN/Staff

ATTACHMENT 15

IN FOCUS . . .

Mile-high commitment

More pro sports franchises are seeking new stadiums or renovations to existing ones to maximize revenues Without them, some teams threaten to leave As stadium and arena issues pop up, USA TODAY takes a look at the hot spots (Milwaukee and Seattle), a city that is keeping taxpayers and teams happy (Denver) and potential trouble spots *Cover story, 1C*

Denver keeps taxpayers, teams happy

By Mike Dodd
USA TODAY

DENVER — About 30 years ago this western city could brag only about an American Football League team with funny socks and a minor-league baseball team training future Minnesota Twins.

In a half-dozen or so years, it might be the envy of pro sports fans everywhere.

Downtown Denver has baseball's newest jewel in 50 000-seat Coors Field, is expected to see a state-of-the-art basketball/hockey arena by 1997 or '98 and might find a way to replace or dramatically refurbish Mile High Stadium not long after

It's premature to proclaim it a model for other cities, but Denver illustrates how one medium-sized market is dealing with the pressures of keeping taxpayers content and team owners in town.

With its metro population of about 2 million, Denver has a history of supporting its teams with excellent attendance. That provides the city with leverage in its negotiations, says Daniel E. Muse, city attorney

"We think all that fan support is a major enough contributor to those people," he says. "We create an environment in which sports franchises can be profitable. We don't feel the need to be held hostage to terms and conditions not in the taxpayers' best interests."

Though Muse is unhappy with the taxpayer share for Coors Field, the 6-month-old facility will be paid off in about five years.

The Pepsi Center for the NBA Nuggets and NHL Avalanche will be built with private financing, pending ongoing negotiations with the city over a tax break.

And the Broncos have 23 years left on their lease at Mile High Stadium, so the city is in a good bargaining position.

Coors Field was built for $215 5 million $161 3 million of which will be borne by the taxpayers. Funding was approved in 1990, before the National League awarded the expansion franchise, when voters in a six-county area approved a 0 1% increase in sales tax for not more than 20 years.

It will be paid off around 1999 thanks to more growth in the area than expected and favorable interest rates on the bonds.

"We did something that is probably considered by other cities as risky We left it for a public vote" says Thomas J Gleason, deputy director of the Metropolitan Stadium District. "But it really reinforces the public's commitment."

Last year the NBA Nuggets owned by COMSAT Video Enterprises, announced plans to build a $132 million arena downtown with private funds. But the club must get out of a lease in city-owned McNichols Arena that expires in 2008

A deal guaranteeing the city $2 million-plus a year to offset lost revenue at McNichols was near completion. But it was complicated this spring by a court ruling that questions whether the club can avoid about $2 million a year in property taxes on the new facility by turning the deed over to the city

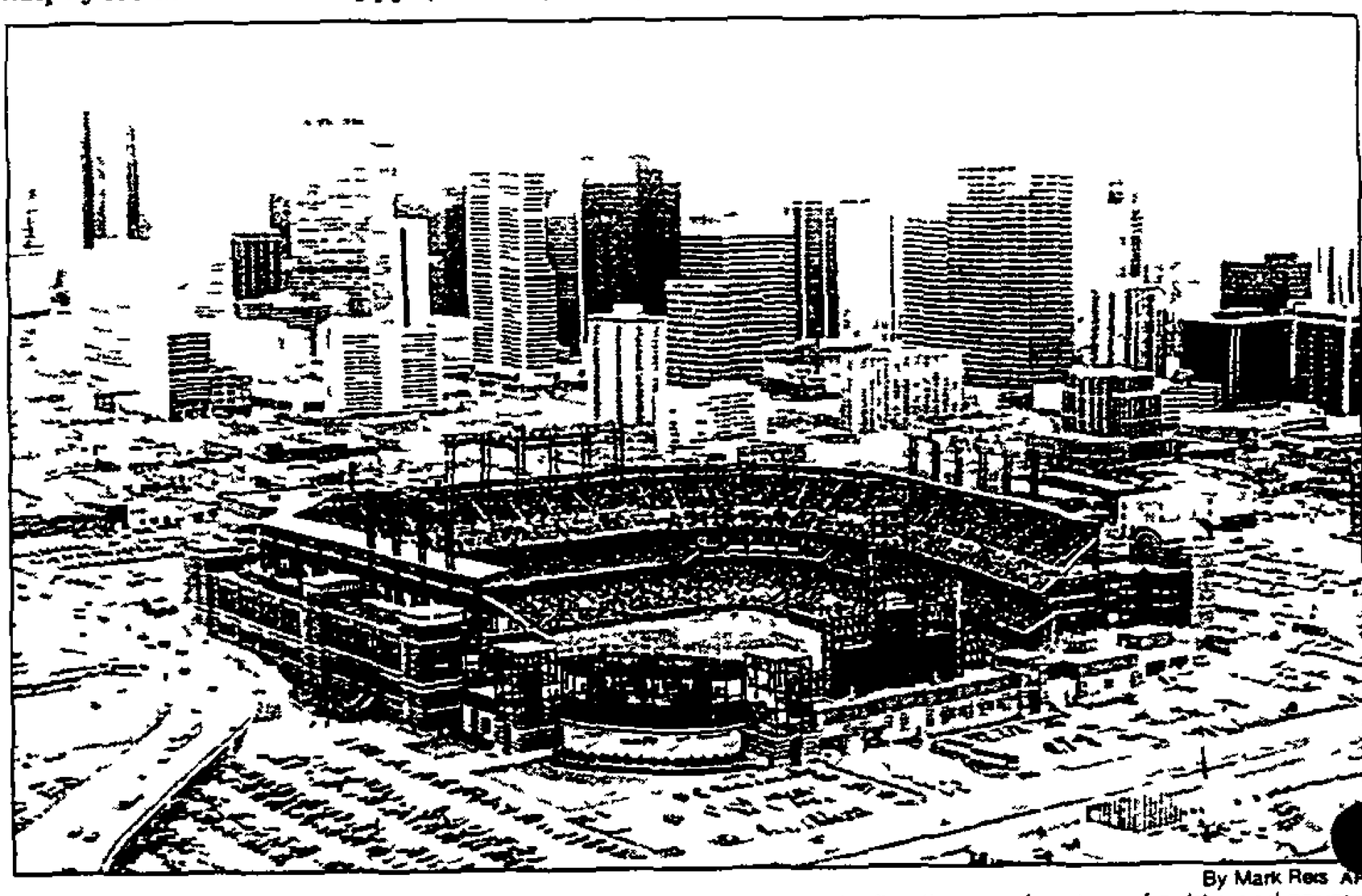
Both the city and the Broncos agree the football club ought to be in a new home sooner or later before the current lease expires in 2018 The Broncos want the move sooner the city later

Robert K. Hampe chief operating officer of Bowlen Sports Inc. which owns the Broncos says the city will have to invest more than $260 million over the next 30 years to repair maintain and operate the 47-year-old park.

"The biggest incentive for both sides is the kind of money that's going to be spent in Mile High Stadium.

It doesn t make any sense to renovate this thing, he says.

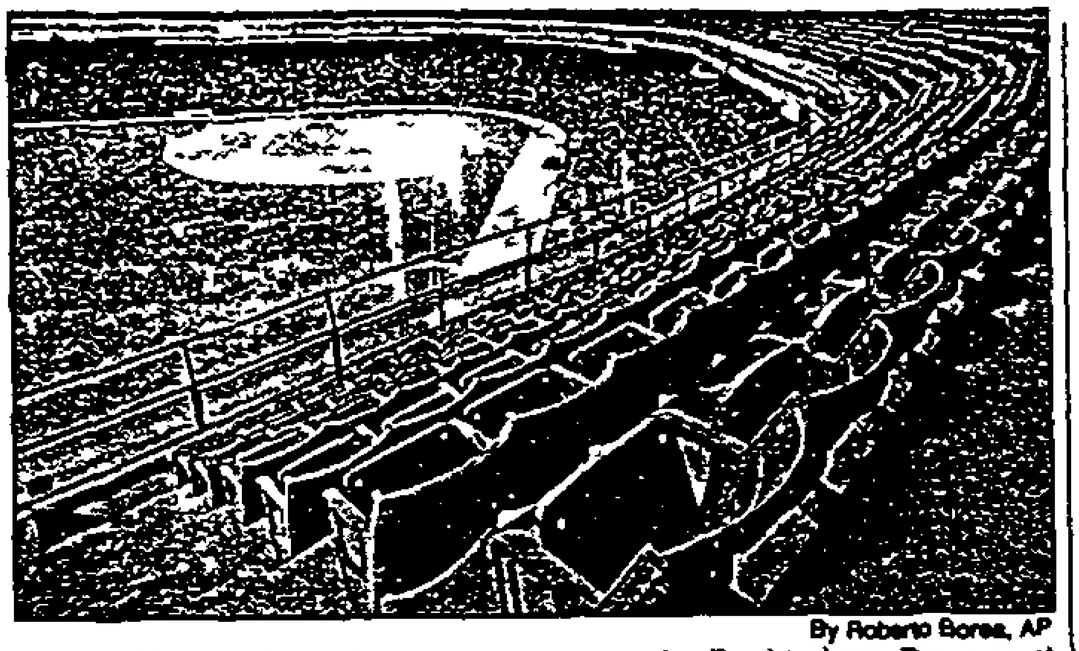
In negotiations with any team, Muse says, the 'western ethic' in Denver dictates you pay your own way "We re more than happy to work out a public-private partnership and not that high on public subsidy for private enterprise



By Mark Reis AP

ROCKIES' HOME. Coors Field, at the foot of downtown Denver was built with a combination of public and private money Regional voters approved a 0 1% sales tax increase and the stadium should be paid for in 1999

Without new stadium, Mariners will be sold



By Roberto Borea, AP

EMPTY SEATS. Owner Bud Selig says he can't afford to keep Brewers at Milwaukee County Stadium: he's willing to pay $90 million to build new park.

Milwaukee asks state for help to build park

By Mel Antonen
USA TODAY

When it comes to the Milwaukee Brewers, Wisconsin lawmakers agree: They want to keep the team.

The trick is how to do it. Today, in Madison, Wis., a special session of the legislature begins debate on Gov Tommy Thompson's $250 million plan for a new [illegible] park.

Thompson [illegible] Republican who drove around [illegible] te on a motorcycle to drum [illegible] pport, says the Brewers will [illegible] without a new stadium. Oppo[illegible] don't favor a tax increase or the [illegible] lic money going to a private bus[illegible]s.

The public w[illegible] pay for $160 million of the bill with a sales tax increase in Milwaukee and Waukesha counties. The Brewers would pay $90 million, most by any team with a new stadium deal.

Last spring, Wisconsin voters turned down by a 2-1 margin a sports lottery that would pay for the park.

Brewers owner Bud Selig, baseball's interim commissioner, hasn't said the Brewers will leave without a new park, but he has said the park is critical to the team's future.

Rep. Scott Jensen, R-Waukesha and the majority leader in the state Assembly, predicts the plan will go to the full Assembly at the end of this week or the beginning of next.

He says the plan will be expanded to include more counties in the tax base and guarantee taxpayers will not be stuck with an empty stadium.

Rep Boyd Porter, R-Burlington, doesn't think it will pass: "Bud Selig has his suitcases packed. Unless Milwaukee legislators can find a way to pay for it, nothing will pass."

Lawmakers opposed to the plan are concerned about spending money on a ballpark when programs for the needy are getting the ax.

"It's a question of priorities," says Rep. David Travis, D-Madison.

Without new stadium, Mariners will be sold

By Chuck Johnson
USA TODAY

Seattle Mariners fans finally have a winner, but it might not be enough to guarantee the team's long-term presence in the Pacific Northwest.

"There's no way that baseball is going to survive in Seattle without a new stadium," says Mariners superstar Ken Griffey Jr., echoing the company line. King County voters will cast their ballots for or against Tuesday

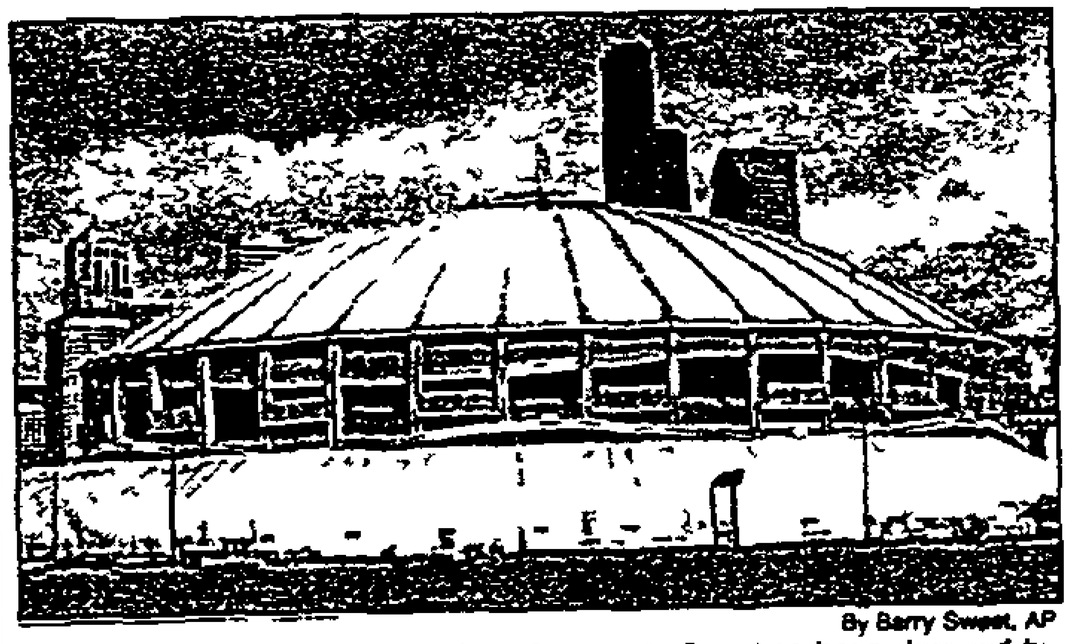
A proposed sales tax increase of 0.1% would help finance a new retractable-dome stadium for the Mariners. The initiative steadily has picked up support, but recent polls show the "yes" vote trails by a 52%-36% margin, with 12% undecided.

Mariners owners say they need a new stadium to attract the 3 million fans annually they need to be profitable. They expect to lose $30 million this season, which would bring the losses to $67 million in the 3½ years Hiroshi Yamauchi, president of Nintendo has been majority owner

"If it's no then we have to stop the bleeding and sell the team," Mariners chairman John Ellis says. "And I can guarantee that it will be taken elsewhere."

Opponents of the proposed new stadium say it amounts to a subsidy for millionaires. "The building does not make the winner" says anti-stadium activist Frank Ruano, 74 "The team makes the winner"

Griffey says voters should look past the current team when considering the proposal. "A new stadium is going to be here long after these players are gone," Griffey says. "It's not fair to us to say that we have to win. But it's because of our history (two winning seasons in 18) that the players are being asked to sell the people on baseball. And that's tough, when all we're really here to do is play baseball."



By Barry Sweet, AP

TROUBLED KINGDOME: Seattle's domed stadium has been doomed by physical problems and poor attendance at sporting events

Issue arises in every sport, across nation

Where stadiums and arenas are at issue:

MAJOR LEAGUE BASEBALL

BOSTON: Massachusetts state lawmakers will take up issue of new stadium when they reconvene

CINCINNATI: Hamilton County commissioners approved a 1-cent sales tax to generate $100 million annually for 20 years, with 35% for new stadiums for Reds, Bengals. Petition drive got signatures to force tax hike onto ballot for March vote.

MILWAUKEE: Team says survival in Milwaukee depends on new stadium.

MINNESOTA: Twins President Jerry Bell says team likely will leave state after '98 season if it doesn't get new stadium or $35 million overhaul of Metrodome.

NEW YORK YANKEES. Owner George Steinbrenner cites safety parking as major concerns for Yankee Stadium.

SEATTLE. Voters going to polls. Team says it could leave without new ballpark.

NATIONAL BASKETBALL ASSOCIATION

CHARLOTTE. Team has limited sky suite space. New arena is being looked into.

DENVER. Team proposes a new downtown arena and giving it to the city

HOUSTON: The Rockets are thinking downtown, too The Summit seats only 16,311 and has limited skybox space

ORLANDO: Has one of smallest arenas (15,998); needs more seats and boxes; team is looking at alternatives.

SAN ANTONIO: Ownership wants a downtown basketball-only arena, and there have been talks about possibly leaving if it doesn't happen.

WASHINGTON: Ground to be broken next month for downtown arena.

NATIONAL FOOTBALL LEAGUE

ARIZONA. Seeking domed stadium in Phoenix area, expressed possible interest in moving franchise to Los Angeles.

CHICAGO: Lease at Soldier Field expires in 2000: threatened to leave city and state

CINCINNATI: Vote next spring on tax for new park.

CLEVELAND: Asking for $150 million in renovations.

DETROIT Seeks more favorable lease (parking, concessions revenues), while exploring possibility of new building.

HOUSTON: Wants new stadium despite $70 million in recent Astrodome improvements Discussing move to Nashville in '97

SEATTLE. Seeking new building in Seattle area, expressed interest in move to Los Angeles.

TAMPA BAY City guarantees revenues for two years if no improvements or new stadium. Baltimore beckons.

WASHINGTON: Plans stadium in suburban Maryland.

NATIONAL HOCKEY LEAGUE

COLORADO: Transferring from Quebec, team is finalizing plans for a new arena.

FLORIDA: Owner Wayne Huizenga is negotiating for a new arena in Miami.

LOS ANGELES. Wants a new arena, although negotiations can't move forward until a new owner is in place.

NEW JERSEY. Threatened move to Nashville without better lease Has one more season in New Jersey although negotiations are aimed at a long-term commitment.

WASHINGTON: Construction to begin soon on downtown arena.

WINNIPEG. Team is expected to be sold and moved after an unsuccessful bid to get a new arena and new ownership in Winnipeg.

City of Charlotte
Auditorium-Coliseum-Convention Center Authority
Information Requested by City Staff
January 16, 1996

Agreements with Hornets

New Basketball Agreement
Signage Operating Agreement
NBA Office Agreement
Skybox Agreement
Scoreboard Agreement

THIS NEW BASKETBALL AGREEMENT is entered into as of the 6th day of November, 1995, among **AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY**, a political subdivision of the City of Charlotte, North Carolina ("Authority"), **GEORGE SHINN**, an individual residing in Charlotte, North Carolina ("Shinn"), and **GEORGE SHINN SPORTS, INC.**, a North Carolina corporation with principal place of business in Charlotte, North Carolina, successor in interest to Charlotte NBA Limited Partnership ("George Shinn Sports")

W I T N E S S E T H:

WHEREAS, George Shinn Sports desires to rent the Charlotte Coliseum for the purpose of staging NBA basketball games subject to the terms of this Agreement;

WHEREAS, Authority desires to rent the Charlotte Coliseum to George Shinn Sports subject to the terms of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, IT IS AGREED:

1. *USE.*

1.1. Subject to the limitations set forth in this Agreement, Authority hereby grants George Shinn Sports the right to use the Coliseum to exhibit, promote, stage, and hold Team Home Games

1.1.1. 'Coliseum' means the Charlotte Coliseum at 100 Paul Buck Boulevard, Charlotte, North Carolina.

1.1.2. "Team" means the "Charlotte Hornets," its successors and assigns

1.1.3. "Charlotte Hornets" means the National Basketball Association ("NBA") franchise and team acquired by George Shinn Sports and Shinn.

1.1.4. "Team Home Games" means all NBA regular season, exhibition, and play-off games involving the Team as a participant played in the Coliseum during a Basketball Season. "Team Home Game" is the singular of "Team Home Games"

1.1.5. "Basketball Season" means the period beginning with the date of the first Team Home Game each year, but no earlier than October 15 each year, to the date of the last Team Home Game the following year, but no later than June 20 the following year).

1.2. Team shall play all of its regular season home games and all of its NBA post-season play-off home games in the Coliseum. Exhibition games may not be played within Mecklenburg County unless played in the Coliseum.

1.3. George Shinn Sports shall execute in advance a standard Coliseum Rental Agreement for each monthly group of Team Home Games.

2. *PURPOSE:*

The right to use the Coliseum to exhibit, promote, stage, and hold Team Home Games is restricted to Team Home Games, Team practice, and Team associated events on Team Home Game days during the Basketball Season. George Shinn Sports may not use the Coliseum during other periods or for other basketball games or for any other purpose except as may be specifically provided for in this Agreement.

3. *Term.*

The term of this Agreement shall begin as of the date of this Agreement and shall terminate thirty (30) days after the last Team Home Game played in the Coliseum during the 2000–01 Basketball Season.

4. *Rental Rate:*

4.1. During the initial term of this Agreement, George Shinn Sports shall pay to the Authority twelve percent (12%) of Net Ticket Sales up to a maximum of nine thousand dollars ($9,000.00), as rental for each Team Home Game.

4.2. "Net Ticket Sales" means the gross revenue from the sale of all tickets, including season tickets and daily admission tickets, to attend Team Home Games, less any and all gross receipts, admissions, sales, or other taxes imposed upon the sale of such tickets, or the purchase price thereof, by any Federal, State, or local taxing authority.

4.3. During the initial term of this Agreement and any renewal term, rental payments and other charges that may be due pursuant to this Agreement shall be made to the Authority on or before 5:00 p.m. of the next business day following the completion of each Team Home Game ("Settlement").

5. *Options to Renew and Terminate.*

5.1. If this Agreement is not sooner terminated as provided in sections 5.2 or 5.3, this Agreement shall automatically renew each year for up to four (4) additional one-year renewal terms upon the terms and conditions set forth herein except dates which shall be deemed modified accordingly and Rental Rate which shall be as set forth below:

Basketball Season	Rental Rate
2001–02	Twelve percent (12%) of Net Ticket Sales up to a maximum of ten thousand dollars ($10,000.00) per Team Home Game;
2002–03	Twelve percent (12%) of Net Ticket Sales up to a maximum of eleven thousand dollars ($11,000.00) per Team Home Game;
2003–04	Twelve percent (12%) of Net Ticket Sales up to a maximum of twelve thousand dollars ($12,000.00) per Team Home Game;
2004–05	Twelve percent (12%) of Net Ticket Sales up to a maximum of thirteen thousand dollars ($13,000.00) per Team Home Game;

5.2. George Shinn Sports may terminate this Agreement at the expiration of one of the Basketball Seasons set forth below by sending written notice of its intent to so terminate to the Authority on or before the Notification Date set forth below:

Basketball Season	Notification Date
2000–01	July 1, 1998
2001–02	July 1, 1999
2002–03	July 1, 2000
2003–04	July 1, 2001

5.3. George Shinn Sports may terminate this Agreement at the expiration of the 1999–00 Basketball Season by sending written notice of its intent to so terminate to the Authority on or

before July 1, 1997 and by paying to the Authority on or before July 1, 2000 liquidated damages in the amount of $250,000.

6. *FACILITIES:*

6.1. George Shinn Sports accepts the Coliseum as built, "as is," and as reasonably modified from time to time by the Authority or the City of Charlotte.

6.1.1. Modifications to the Coliseum that reduce the total number of patron seats available for Team Home Games shall be subject to the written consent of George Shinn Sports, such consent not to be unreasonably withheld. All other modifications to the Coliseum shall be at the sole discretion of the Authority or the City of Charlotte.

6.1.2. George Shinn Sports may, at its expense, and on or before November 1, 1997, complete construction of not less than eight nor more than sixteen additional Skyboxes at the Coliseum. The design and location of the new skyboxes shall be subject to the prior written approval of the Authority, such approval not to be unreasonably withheld. George Shinn Sports shall be responsible for any alteration to the Coliseum's HVAC system made necessary by the construction of such additional skyboxes. Subject to the mutual agreement of the parties, the new Skyboxes shall be marketed by the parties as season-ticket Skyboxes for Team Home Games, as "special-event" Skyboxes for individual events, or both.

6.1.3. Construction of the new Skyboxes may take place between June 1 and October 1, 1996 or between June 1 and October 1, 1997 depending upon the schedule of events in the Coliseum for such time periods. Construction shall be conducted to minimize interference with the rental schedule of the Coliseum during the construction period.

6.2. The Authority will provide the following to George Shinn Sports in the Coliseum.

6.2.1. necessary season, advance, and daily ticket sales facilities through the Coliseum box office, the daily event ticket windows, and the ticket system as set forth in section 16 below;

6.2.2. use of a private dressing room and related space as shown on plans of Odell Associates, Inc., dated July 21, 1987 (Authority shall have no obligation to alter, add to, or improve the private dressing room and related space; George Shinn Sports will not, without Authority's prior written consent, make any alterations, additions to, or improvements in such private dressing room and related space; if George Shinn Sports alters, adds to, or improves the dressing room and related space, such alterations, additions, or improvements shall become the property of Authority at the termination of this Agreement;

6.2.3. right of first refusal to use the Hospitality Room(s) in the Coliseum on Team Home Game days at no additional rental charge (All catering shall be handled by the Coliseum's Leisure Operations Department as provided in the standard Coliseum Rental Agreement);

6.2.4. reasonably adequate lighting, heating, air conditioning, and ventilation in the Coliseum and reasonably adequate lighting outside the Coliseum before, during, and after Team Home Games as needed (when heating, air conditioning, and ventilation are activated solely upon the request of George Shinn Sports on a day other than the date of a scheduled Team Home Game, the granting of such request to be in the sole discretion of the Authority, and George Shinn Sports shall reimburse the Authority for the cost of such services), and

6.2.5. such storage space during the Basketball Season for use in connection with program and novelty sales as has been previously provided to George Shinn Sports.

6.3. George Shinn Sports shall abide by and conform to all reasonable rules and regulations from time to time adopted or promulgated by the Authority for the government and management of the Coliseum.

6.4. George Shinn Sports may not sublet the Coliseum or its rights to use the Coliseum

6.5. The Authority will provide the Coliseum for use by the Team for practice purposes without additional charge to George Shinn Sports on days upon which Team Home Games are scheduled.

6.6. Except as otherwise provided in this Agreement, the right to use the Coliseum is exclusive of lobbies, general offices, and all space in halls, corridors, basements, grounds, and other non-public areas, and space used by the Authority for concessions, all of which is hereby expressly reserved by the Authority for its own use, with the privilege of occupying and using such space at any and all times during the term and in accordance with this Agreement.

6.7. The Authority shall not permit any person to enter the Coliseum during a Team Home Game, or to watch a Team Home Game or any portion thereof, unless such person is the holder of a proper ticket or pass or is required by law or his employment to be in the Coliseum during such Team Home Game.

6.8. Except for the operation, maintenance, and repair of Signage as provided in the Signage Operating Agreement between the parties dated May 2, 1991 ("Signage Operating Agreement"), the Authority shall have responsibility for cleaning and maintaining the Coliseum and all of its equipment and facilities in a good, safe, and sanitary state of condition and repair at all times during the term hereof, including, but not limited to, seats, chairs, stands, roof, parking areas, playing areas, and all other public areas used during any Team Home Game. George Shinn Sports shall have no obligation, liability, or responsibility of any nature for cleaning, repairing, replacing, or maintaining any portion of the Coliseum or any of its equipment, facilities, walkways, parking areas, or other areas unless such cleaning, repairing, replacing, or maintaining is caused by the abusive use of the Coliseum by George Shinn Sports, in which case the Authority shall perform such cleaning, repairing, replacing, or maintaining and George Shinn Sports shall reimburse the Authority its actual cost for such cleaning, repairing, replacing, or maintaining.

6.9. George Shinn Sports shall comply with all laws, rules, and regulations of the United States and of the State of North Carolina, and all ordinances, rules, and regulations of the City of Charlotte and the County of Mecklenburg.

6.10. George Shinn Sports shall not do or permit to be done anything in, on, or about the Coliseum or bring or keep anything in, on, or about the Coliseum that will in any way conflict with the conditions of any insurance policy maintained by the Authority for the Coliseum or any part thereof, or in any way increase the rates paid by the Authority for such insurance; *provided, however,* that the playing of a Team Home Game (exclusive of promotional activities) shall be deemed not to cause any increase in premiums.

6.11. Only authorized personnel and authorized third parties may use the basketball floor and all such authorized personnel and authorized third-parties shall be attired in rubber-soled shoes, and at no time shall the general public be allowed on the playing floor.

6.12. George Shinn Sports shall be allowed to conduct activities in the Coliseum during Team Home Games if such activities are in full compliance with all applicable laws, rules, and regulations (including advance permitting requirements), do not affect the structural integrity of the Coliseum, and do not endanger patrons. If a planned activity requires the advance approval of a governmental entity (such as pyrotechnic/combustion activities or activities involving animals), George Shinn Sports shall notify Authority at least 7 days in advance about the nature of such planned activity and shall obtain all required governmental approvals in advance. Authority may reject a planned activity if in its reasonable opinion the planned activity is not in full compliance with all applicable laws, rules, and regulations (including advance permitting requirements), affects the structural integrity of the Coliseum, or endangers patrons.

6.13. If George Shinn Sports, through its own efforts or the efforts of a consortium, arranges for an event at the Coliseum that would not otherwise have been staged at the Coliseum, then George Shinn Sports shall be entitled to receive from the Authority at settlement after the event 50% of the net profits received by Authority from each of the following categories: rent, concessions,

parking, and novelties. Excluded from the type of events contemplated by this section are family shows and events that normally take place at the Coliseum on an annual basis. The events contemplated by this section are those events that would not normally be made available to the Authority. The Managing Director of the Authority shall have the right to determine whether or not a proposed event is one contemplated by this section. Nothing in this section requires the Authority to stage an event merely because it is proposed by George Shinn Sports. The staging of an event is subject to the availability of the Coliseum and the other criteria usually used by the Authority in determining whether or not to stage an event at the Coliseum.

7. SKYBOXES:

7.1. As provided in the Skybox Agreement executed by the City of Charlotte, the Authority, Charlotte NBA Limited Partnership, and Shinn on March 14, 1988 (the "Skybox Agreement"), twelve (12) Skyboxes were constructed and upfitted in the new Coliseum. The Skybox Agreement was modified with respect to repayment of Skybox Revenue by the Repayment Agreement executed by the Authority, the City of Charlotte, Charlotte NBA Limited Partnership, and Shinn on June 29, 1989 ("Repayment Agreement"). This Agreement supersedes both the Skybox Agreement and the Repayment Agreement. This section 7 shall apply to the additional Skyboxes constructed pursuant to section 6.1.2 except as modified by section 7.8.

7.2. George Shinn Sports shall furnish tickets for exhibition and regular season Team Home Games to each Skybox Licensee as provided in the Skybox Licenses.

7.3. The allocation of annual Skybox License Fees received by the Authority pursuant to the Skybox Licenses shall be as follows:

7.3.1. The first $25,000 shall be deposited into a Skybox Maintenance Reserve maintained by the Authority to fund future Skybox operation and maintenance expenses (operation and maintenance expenses shall include expenditures incurred for personnel, equipment, and parts to operate, maintain, and repair the Skyboxes, but not routine cleaning and maintenance);

7.3.2. If the Skybox Maintenance Reserve is insufficient to fund past or present operation and maintenance expenses, such expenses shall be paid from remaining Skybox License Fees. After such expenses are paid, sufficient funds from Skybox License Fees shall be deposited into the Skybox Maintenance Reserve to bring the balance in the fund to $25,000;

7.3.3. If George Shinn Sports pays an "NBA League Fee" for the tickets provided to Skybox Licensees, or pays any sales, use, or seat tax on such Skybox tickets, George Shinn Sports shall be reimbursed an amount equal to the NBA League Fee and taxes actually paid by George Shinn Sports from remaining Skybox License Fees. The reimbursement shall be paid within thirty (30) days after (1) receipt of sufficient Skybox License Fees to fund the Skybox Maintenance Reserve and the reimbursement; (2) the Skybox Maintenance Reserve has actually been funded, and (3) George Shinn Sports has submitted to Authority acceptable documentation evidencing such NBA League Fee payment and the taxes actually paid by George Shinn Sports; and

7.3.4. The remainder shall be paid in equal shares to Authority and George Shinn Sports.

7.4. The Skybox License Fees deposited into the Skybox Maintenance Reserve shall be held by the Authority in a segregated account prior to disbursement. In addition, the expenses paid from the Skybox Maintenance Reserve shall be audited at least yearly at the end of the Authority's fiscal year by the Authority's accountants and such audit shall be made available to George Shinn Sports within thirty (30) days of its delivery to the Authority (the audit shall also include an audit of the annual Skybox License Fees received by the Authority).

7.5. The parties shall not receive any part of the Skybox License Fees until all maintenance and operation expenses, the Skybox Maintenance Reserve fund, and the reimbursement for the NBA League Fee and taxes have been paid each year.

7.6 The Authority shall pay George Shinn Sports its share of the Skybox License Fees each year within a reasonable practical time period after collection of the License Fees for such year.

7.7 If the Authority licenses the use of the Coliseum to another professional sports team, and such team is scheduled to play more than eight regular season games in the Coliseum during its season, such team shall be required to provide free tickets to each Skybox Licensee for the seats in such Licensee's Skybox for all pre-season and regular season games played in the Coliseum by such team.

7.8. Skybox License Fees from the additional Skyboxes constructed pursuant to section 6.1.2 shall be used first to reimburse George Shinn Sports for costs incurred in constructing such new Skyboxes, up to a maximum of $80,000 per Skybox, and then shall be disbursed in accordance with section 7.3.

8. *PERSONNEL.*

8.1. The Authority will provide all personnel, including security personnel, ushers, gatemen, doormen, porters, ticket sellers, and ticket takers, as reasonably needed at each Team Home Game at George Shinn Sports' sole expense.

8.2. George Shinn Sports shall have the right to set and establish reasonable standards of performance, and may establish reasonable standards of dress if George Shinn Sports is willing to provide the required dress, for part-time and temporary event personnel used at Team Home Games, and any such part-time or temporary event employee who fails, in George Shinn Sports' reasonable opinion, to satisfactorily meet the reasonable standards of performance set by George Shinn Sports will not be utilized by the Authority at Team Home Games.

8.3. Authority personnel, while in the performance of their duties and as required for the performance of their official duties, shall have access at all times reasonably necessary to all space occupied by George Shinn Sports as long as there is no unreasonable or unnecessary interference with George Shinn Sports' use of such space.

8.4. The Authority reserves the right at all times to control all personnel used by the Authority at Team Home Games and the right to remove from the premises any and all such personnel, and the right, with its officers and agents, including its off-duty police officers, to eject any objectionable person or persons from the building and premises.

9. *SCHEDULING:*

9.1. Dates booked or to be booked for an ice show (not to exceed seven days), a circus (not to exceed seven days), the Tournament of Champions (or any successor early season college basketball tournament of a similar type) (not to exceed four days), and any post-season collegiate basketball tournament (*e.g.*, ACC, NCAA, CIAA, SEC, etc.) shall have scheduling priority over Team Home Games, *provided, however,* that the Authority may not schedule any of the above events so as to foreclose George Shinn Sports from playing Team Home Games in the Coliseum for more than 14 consecutive days during any consecutive 28 day period during a Basketball Season nor may the Authority schedule more than three of the events listed above in any consecutive four-week period during a Basketball Season. The Authority will also ensure that George Shinn Sports is provided at least 4 weekend dates during both March and April for Team Home Games.

9.2. Since exhibition and play-off Team Home Games are not scheduled as early as regular season Team Home Games, exhibition and play-off Team Home Games shall have scheduling priority subject to the availability of the Coliseum at the time the exhibition and play-off Team Home Games are finally scheduled by the NBA and a request is made by George Shinn Sports to schedule such games in the Coliseum.

9.3. George Shinn Sports, Shinn, and Authority acknowledge the following: (i) the NBA has implemented uniform procedures for scheduling NBA games (the "Scheduling Procedures") for each year during the period covered by this Agreement (the "Term"), (ii) the NBA may, in its discretion, amend the Scheduling Procedures from time to time; *provided, however,* the NBA may not

unilaterally impose modifications to the Scheduling Procedures without the consent of the Authority. If, the Scheduling Procedures currently include a request for available dates for the upcoming season ("Annual Request") and a request for Playoff dates for participants ("Playoff Request")

9.3.1. Throughout the Term, Authority shall enable George Shinn Sports to comply with the minimum requirements set forth in the Scheduling Procedures (the "Minimum Requirements") to be provided by the NBA subject to the terms of this Agreement. For example, Authority shall make available to George Shinn Sports, on a timely basis, and subject to this Agreement, all of the Playoff dates requested in the Playoff Request and a sufficient number of regular season effective dates, as calculated by the method set forth in the Annual Request ("Effective Dates"), so that George Shinn Sports can comply with the Annual Request and the Playoff Request.

9.3.2. Authority shall furnish to George Shinn Sports, on a timely basis, subject to the terms of this Agreement the following numbers of Effective Dates for each Basketball Season during the term of this Agreement:

9.3.2.1. In the first instance, enough Effective Dates and Mondays to comply with the Minimum Requirements, and

9.3.2.2. Upon receipt from the NBA of a statement of the average number (rounded-up) of Effective Dates and Mondays provided by the other NBA Teams (the "Average"), enough additional Effective Dates and/or Mondays (as applicable) to equal the Average

9.4. Authority acknowledges the following:

9.4.1. George Shinn Sports' ability to submit to the Authority tentative and final schedules is subject to the Scheduling Procedures, and

9.4.2. to be considered as an Effective Date, a game date must be submitted to the NBA with an appropriate game time and must be free and clear of restrictions and must be held open until the final schedule is completed.

9.5. At least sixty (60) days prior to the date on which George Shinn Sports must submit Effective Dates to the NBA each year as provided by the NBA's Scheduling Procedures and the Annual Request, George Shinn Sports shall give the Authority written notice of such date.

9.5.1. Within thirty (30) days of receiving such notice, the Authority will notify George Shinn Sports of the Effective Dates for the next Basketball Season and the dates for the priority events listed above.

9.5.2. After receiving notice of the Effective Dates, George Shinn Sports shall immediately communicate such dates to the NBA pursuant to the NBA Scheduling Procedures.

9.5.3. After receiving notice from George Shinn Sports as provided above, the Authority will not schedule any other events in the Coliseum during the Basketball Season until after it submits the Effective Dates to George Shinn Sports.

9.5.4. After the Effective Dates are submitted to George Shinn Sports, the Authority may schedule any events which do not conflict with the Effective Dates

9.5.5. George Shinn Sports shall immediately notify the Authority by telecopier that the NBA Schedule has been published and shall provide a copy of the NBA Schedule to the Authority within twenty-four (24) hours of receipt of such NBA Schedule by Team.

9.5.6. After the NBA schedule has been published, the Authority may schedule any other events during the Basketball Season which do not conflict with scheduled regular season Team Home Games even though such dates may have been "effective dates"

9.6. George Shinn Sports shall use its best efforts to avoid scheduling conflicts with college basketball games scheduled for play in the Coliseum.

9.7 At the request of the Authority George Shinn Sports shall make a good faith effort to avoid scheduling Team Home Games that conflict with the scheduling of other events important to the citizens of Charlotte. The Authority notifies George Shinn Sports as provided below.

10. EXCLUSIVE USE.

10.1. The Authority will not schedule other professional basketball games in the Coliseum during the term of this Agreement except for performances by the Harlem Globetrotters and any college "All Star" type professional basketball game.

10.2. If Authority schedules professional ice hockey, soccer, or football games between April 30 and June 20, Authority shall include in the rental agreement for such games a clause providing that NBA play-off games involving the Team shall have scheduling priority over such professional ice hockey, soccer, or football games and such professional ice hockey, soccer, or football games will be rescheduled if there is a scheduling conflict with an NBA play-off game involving the Team.

10.3. If Authority licenses the use of the Coliseum to an ice hockey franchise for regular season home games, Authority shall indemnify George Shinn Sports for losses and expenses incurred by George Shinn Sports if a Team Home Game is canceled because of a problem related to the ice rink, such as lost TV revenue, travel payments to the visiting team, etc. (the indemnity will be losses net of revenue recovered by playing a rescheduled game).

11. PARKING.

11.1. Subject to the conditions set forth below, Authority shall pay to George Shinn Sports 50% of the net profits generated from parking at Team Home Games (such "initial percentage" shall increase by 2.5% during the 2000-01 Basketball Season and during each yearly renewal term), such Parking Net Profits Payment to be determined as follows: first subtract annual parking expenses from annual parking revenues and then divide the result by annual parking revenues to determine the parking profit percentage; then multiply the parking profit percentage by gross parking revenues earned at Team Home games and then multiply by the applicable percentage (50% during the initial term, 52.5% during the sixth Basketball Season, 55% during the first yearly renewal term, etc.).

11.2. The Parking Net Profits Payment shall be estimated for each Team Home Game and paid to George Shinn Sports on a monthly basis. The Authority shall provide to George Shinn Sports appropriate supporting documentation with each monthly payment. Authority shall have the right to determine which revenues and expenses are included in the net profit formula set forth in section 11.1, provided that such determination shall be reasonable and consistent with past practices. Authority shall prepare an annual accounting of the Parking Net Profits Payment for the previous Basketball Season which shall be delivered to George Shinn Sports on or before July 31 each year along with any final annual Parking Net Profits Payment. If the Authority's annual Parking Net Profits Payment accounting determines that George Shinn Sports has been overpaid, such overpayment shall be refunded to the Authority by George Shinn Sports within 30 days of George Shinn Sports' receipt of the annual accounting.

11.3. Except as provided in section 6.13 and section 11.1, Authority shall retain all revenue derived from parking at Coliseum events.

11.4. Authority shall not charge more for parking at Team Home Games than at other Coliseum events, except as mutually agreed otherwise.

11.5. George Shinn Sports may designate one hundred (100) parking spaces nearest to the entrances to the Team offices and dressing room for the exclusive use of Team players and employees on Team Home Game days at no charge.

11.6. George Shinn Sports also may designate one hundred (100) parking spaces at the Coliseum for use at no charge on Team Home Game days by Team personnel or other persons identified by George Shinn Sports by giving notice to the Authority as provided below on or before September 1 each year.

11.7. On or before October 5 each year George Shinn Sports may designate an additional number of parking spaces for George Shinn Sports discretionary use by giving notice to the Authority as provided below.

11.7.1. The designation of additional parking spaces may be increased for the remainder of the Basketball Season at any time during the particular Basketball Season in which the additional number of parking spaces are designated by giving notice to the Authority as provided below at least seven (7) days before each requested increase.

11.7.2. For all additional parking spaces designated in excess of the initial designation of two hundred (200) parking spaces, George Shinn Sports shall pay to the Authority an amount not to exceed the amount the Authority customarily charges for each parking space multiplied by the number of additional parking spaces designated multiplied by the number of Team Home Games scheduled for the particular Basketball Season in which the additional parking spaces are designated.

11.7.3. Payment for all additional parking spaces designated by George Shinn Sports each Basketball Season shall be made at the time of giving notice.

11.7.4. If more Team Home Games are played each Basketball Season than originally scheduled at the beginning of the Basketball Season, and George Shinn Sports has designated additional parking spaces in excess of the initial designation of two hundred (200) parking spaces during the Basketball Season in which the originally unscheduled Team Home Games are played, George Shinn Sports shall pay to the Authority the customary parking fee for each additional parking space designated in excess of the initial designation of two hundred (200) parking spaces multiplied by the number of additional parking spaces designated multiplied by the number of additional and originally unscheduled games played during the Basketball Season in which the originally unscheduled Team Home Games are played.

12. *PROGRAMS AND NOVELTIES:*

12.1. George Shinn Sports shall have the exclusive right to sell programs and novelties on days of Team Home Games without accounting to the Authority for the receipts therefrom subject to the conditions set forth below.

12.2. Programs and Novelties may be sold by George Shinn Sports' vendors on the concourses in the Coliseum, in the lobby of the Coliseum, and on the front sidewalk of the Coliseum, and Programs (but not Novelties) may be sold in the Coliseum seating area, but Programs and Novelties may not be sold on any other adjoining grounds or at such locations or in such manner that may cause safety hazards or interference with the Authority's operation of the Coliseum.

12.3. All revenues derived from the sale of programs and novelties on days of Team Home Games by George Shinn Sports shall be retained by George Shinn Sports unless otherwise agreed.

12.4. On Team Home Game days, the Authority shall not sell any programs or novelties without the prior written consent of George Shinn Sports.

12.5. On other than Team Home Game days, the Authority may sell any merchandise, goods, wares, publications, souvenirs, or novelties not bearing the symbol, mark or name of the NBA, the Team, or any other NBA team.

12.6. The Authority reserves the right to approve, with respect to appropriateness and taste, the programs and novelties sold by George Shinn Sports in the Coliseum.

12.7. If Authority's Leisure Operations Department sells George Shinn Sports' Novelties on Team Home Game Days, George Shinn Sports shall pay the mutually agreed upon percentage or flat fee to Authority for such service and all Novelty Sales shall be accounted for using Authority approved accounting procedures. The percentage fee shall be calculated using the gross revenue from the sale of Novelties less applicable sales and use taxes.

13. AUTHORITY FOOD AND BEVERAGE CONCESSIONS

13.1. Subject to the conditions set forth below Authority shall pay to George Shinn Sports 50% of the net profits generated from "Food and Beverage Concessions" at Team Home Games (such "initial percentage" shall increase by 2.5% during the 2000-01 Basketball Season and during each yearly renewal), such Food and Beverage Concessions Net Profits Payment to be determined as follows first subtract annual food and beverage concessions expenses from annual net (of tax) food and beverage concessions revenues and then divide the result by annual food and beverage concessions revenues to determine the food and beverage concessions profit percentage, then multiply the food and beverage concessions profit percentage by net (or tax) food and beverage concessions revenues earned at Team Home games and then multiply by the applicable percentage (50% during the initial term, 52.5% during the sixth Basketball Season, 55% during the first yearly renewal term etc.)

13.2. The Food and Beverage Concessions Net Profits Payment shall be estimated for each Team Home Game and paid to George Shinn Sports on a monthly basis. The Authority shall provide to George Shinn Sports appropriate supporting documentation with each monthly payment Authority shall have the right to determine which revenues and expenses are included in the net profit formula set forth in section 13.1, provided that such determination shall be reasonable and consistent with past practices.. Authority shall prepare an annual accounting of the Food and Beverage Concessions Net Profits Payment for the previous Basketball Season which shall be delivered to George Shinn Sports on or before July 31 each year along with any final annual Food and Beverage Concessions Net Profits Payment. If the Authority's annual Food and Beverage Concessions Net Profits Payment accounting determines that George Shinn Sports has been overpaid, such overpayment shall be refunded to the Authority by George Shinn Sports within 30 days of George Shinn Sports' receipt of the annual accounting

13.3. Except as provided in section 6.13 and section 13.1, Authority shall retain all revenue derived from Food and Beverage Concessions at Coliseum events.

13.4. Authority shall not charge more for Food and Beverage Concessions at Team Home Games than at other Coliseum events.

13.5. "Food and Beverage Concessions" means the sale of food, beverages, and tobacco products from Coliseum concessions stands, food carts, and the Coliseum catering service. The term "Food and Beverage Concessions" does not include the operation of checkrooms for clothing or the rental of binoculars or similar devices. On other than Team Home Game days, "Food and Beverage Concessions" includes the sale of merchandise, goods, wares, publications, souvenirs, and novelties not bearing the symbol, mark, or name of the NBA, the Team, or any other NBA team.

13.6. The Authority shall confer with George Shinn Sports regarding reasonable standards to be maintained in its Food and Beverage Concessions operations, but the final decision regarding such standards shall be in the sole discretion of the Authority.

13.6.1. The Authority shall also confer with George Shinn Sports regarding selection and pricing of all beverage, food, and tobacco products to be sold in the Coliseum and will select such items as are recommended by George Shinn Sports if such items are of reasonable quality and can be obtained by the Authority at competitive prices.

13.6.2. The Authority shall have the right, in its sole discretion, and even if George Shinn Sports selects another product, to make final selection as to all food, beverage, and tobacco products to be sold in the Coliseum after George Shinn Sports has had a reasonable opportunity to review with the Authority the proposed selections.

14. ADVERTISING:

14.1. The Signage Operating Agreement, and any amendments thereto, including amendments set forth in this Agreement, shall govern the sale of signage advertising at the Coliseum by George Shinn Sports Additional "permanent" signage proposed by George Shinn Sports may be

installed at the Coliseum subject to the reasonable consent of the Authority and the mutual agreement of the parties with respect to responsibility for installation and operation.

14.2. After the Effective Date of this Agreement, and subject to section 14.13, George Shinn Sports shall be entitled to contract directly with advertisers for Team Signage (as defined in section 14.4) and to receive directly from such advertisers all Signage Advertising revenue (as defined in the Signage Operating Agreement) associated with such Team Signage.

14.3. After the Effective Date of this Agreement, and for Team Signage for which George Shinn Sports does not contract directly with an advertiser for Team Signage as provided in section 14.2, George Shinn Sports shall be entitled to all Signage Advertising revenue (as defined in the Signage Operating Agreement) collected by Authority from Team Signage during each year of this Agreement (the "Remittance") ("each year of this Agreement" shall mean the Authority's fiscal year (July 1 through the following June 30))

14.4. "Team Signage" means advertising Signage (as defined in the Signage Operating Agreement) displayed only during Team Home Games and includes, but is not limited to, the fourteen courtside box advertising panels, the two pole pads, the two entry/exit tunnel advertising panels, the four baseline advertising panels, and the AdTime signage.

14.5. The Remittance shall be paid as soon as practicable after receipt of Signage Advertising revenue from Team Signage sufficient to fund or partially fund the Remittance, but in no event later than sixty (60) days after receipt by Authority of Signage Advertising revenue from Team Signage sufficient to fund or partially fund the Remittance. The Remittance shall not accrue interest prior to payment from Signage Advertising revenue.

14.6. The value of Team Signage sold to advertisers in a package arrangement where such advertisers licensed advertising on multiple signs and did not assign individual values to each component sign in the package shall be determined as follows: (1) determine the total current Rate Card value of all signage licensed by the advertiser; (2) divide the total License Fee paid by the advertiser by the total current Rate Card value of all signage licensed by the advertiser; and (3) multiply the quotient obtained by the previous equation by the current Rate Card value for the individual Team Signage advertising panel.

14.7. Signage Advertising revenue shall also be used to fund a Refurbishment and Replacement Reserve for the refurbishment and replacement of major signage items as mutually determined by Authority and George Shinn Sports. The amount of such Refurbishment and Replacement Reserve shall be fifteen percent (15%) of the Signage Advertising revenue received by Authority from non-Team Signage during each year of this Agreement; *provided, however,* that the amount deposited in such Reserve each year of this Agreement shall not exceed $250,000. Subject to sections 14.8 and 14.9, the Reserve shall be funded as soon as practicable after receipt of Signage Advertising revenue from non-Team Signage sufficient to fund or partially fund the Refurbishment and Replacement Reserve, but in no event later than sixty (60) days after receipt by Authority of Signage Advertising revenue from non-Team Signage sufficient to fund or partially fund the Reserve. Authority shall hold the Refurbishment and Replacement Reserve in an interest bearing escrow account for the benefit of Authority and George Shinn Sports. Funds shall not be disbursed from the Refurbishment and Replacement Reserve without the prior approval of George Shinn Sports, such approval not to be unreasonably withheld.

14.8. Notwithstanding anything set forth in the Signage Operating Agreement to the contrary, the Merchandising Reserve shall be in an amount equal to five percent (5%) of the prior year's paid non-Team Signage Advertising.

14.9. Notwithstanding anything set forth in the Repayment Agreement or the Signage Operating Agreement to the contrary, allocation and distribution priority for non-Team Signage Advertising revenue collected during each year of this Agreement shall be as follows:

14.9.1. First, to the Maintenance Reserve;

14.9.2. Second, to the Merchandising Reserve

14.9.3. Third, to the Refurbishment and Replacement Reserve, and

14.9.4. Last, to Authority and George Shinn Sports in equal amounts.

14.10. Notwithstanding anything set forth in the Repayment Agreement or the Signage Operating Agreement to the contrary, if the Signage Advertising revenue collected by Authority from non-Team Signage each year of this Agreement is insufficient to fully fund any level of the allocation and distribution priority plan in the order set forth above, Authority shall fully fund all levels that can be fully funded in the order of allocation and distribution set forth above using non-Team Signage revenue and then shall make a partial allocation and distribution to the level below the last level that can be fully funded using the remaining non-Team Signage revenue or make no distribution to such level if non-Team Signage revenue is not available; provided however, that Authority and George Shinn sports shall, in equal shares, fully fund such levels from other revenues if the Signage Advertising revenue collected by Authority from non-Team Signage each year of this Agreement is insufficient to fully fund any level of the allocation and distribution priority plan in the order set forth in section 14.9.

14.11. Each year of this Agreement shall be considered separately and Signage Advertising revenue collected by Authority during previous or subsequent years of this Agreement shall not be considered in determining allocation and distribution of Signage Advertising Revenue for each individual year of this Agreement.

14.12. The Signage Operating Agreement shall be amended as follows:

14.12.1. Insert the following after section 3.7: "3.8. deliver to Authority at least 24 hours before each Team Home Game a schedule of all commercial messages and displays to be displayed on the Electronic Signage during such Team Home Game.",

14.12.2. Insert the following after new section 3.8: "3.9 display on the four scoreboard matrix panels and the four message center matrix panels for at least one (1) minute per quarter at appropriate times during Team Home Games (as defined in the Revised Basketball Agreement) electronic messages announcing upcoming events in Authority facilities accompanied by appropriate P.A. announcements two times per Team Home Game (Authority will supply message copy).",

14.12.3. Delete the word "Maintenance" from the first line of section 16.2 and substitute in lieu thereof the word "Merchandising".

14.12.4. Notwithstanding anything set forth in this Agreement or any other agreement to the contrary, the amendments to the Signage Operating Agreement set forth in this section 14.12 shall be effective as of the date of the Signage Operating Agreement.

14.13. George Shinn Sports' right to contract directly with Team Signage advertisers as set forth in section 14.2 is subject to the following:

14.13.1. George Shinn Sports shall not have the right to contract directly with an advertiser for Team Signage if such advertiser also licenses advertising on non-Team Signage. In such case, the advertiser shall contract with Authority and the revenue generated by the Team Signage portion of such advertising contract shall be governed by section 14.3.

14.13.2. George Shinn Sports shall not have the right to contract directly with an advertiser for Team Signage which is subject to an unexpired Display Advertising Agreement with the Authority; *provided, however*, that George Shinn Sports may, subject to the restrictions of this Agreement, contract with such advertiser for the time period after the scheduled expiration of such Display Advertising Agreement.

14.13.3. George Shinn Sports' right to grant an advertiser an exclusive advertising arrangement is subject to the consent of the Authority, such consent not to be

reasonably within [illegible] for George Shinn Sports shall not grant an exclusive arrangement that is contrary to another advertiser's existing exclusive

14.13.4 George Shinn Sports shall be responsible for providing any insurance coverage demanded or required by advertisers contracting directly with George Shinn Sports for Team Signage

14.13.5 George Shinn Sports shall have no right to grant concession rights to advertisers of Team Signage absent the written consent of the Authority which may be withheld at the sole discretion of the Authority.

14.13.6 George Shinn Sports shall have no right to grant advertising rights in excess of the rights granted to advertisers in the Authority's standard Display Advertising Agreement. Contracts for Team Signage between George Shinn Sports and an advertiser for Team Signage shall be subject to the "black-out" provisions included in the Standard Terms and Conditions to the Authority's standard Display Advertising Agreement. Team Signage shall be subject to the approval of Authority as provided in the Signage section of the Standard Terms and Conditions to the Authority's standard Display Advertising Agreement. Team Signage shall also be subject to all rules, regulations, and policies applicable to Signage Advertising generally, including such rules, regulations, and policies set forth in the Standard Terms and Conditions to the Authority's standard Display Advertising Agreement. George Shinn Sports shall promptly notify Authority when it licenses Team Signage and the general terms or such license exclusive or financial terms.

14.13.7 If George Shinn Sports' right to sell Signage Advertising is terminated as provided in the Signage Operating Agreement, the Authority shall honor existing advertising contracts for Team Signage until such contracts are terminated pursuant to their terms George Shinn Sports shall not have the right to negotiate renewals or extensions of such advertising contracts unless such advertising contracts grant the advertiser a written right to renew or extend, and then only upon such terms as are granted in such renewal or extension right.

14.14 If the Authority licenses the use of the Coliseum to another professional sports team, such as an ice hockey franchise, and such team is scheduled to play more than eight regular season games in the Coliseum during its yearly game-playing season, the contribution to the Maintenance and the Refurbishment and Replacement Reserves made by each party shall be adjusted pro rata based upon the number of events each party uses the Coliseum scoreboard equipment.

15. *BROADCASTS:*

15.1 George Shinn Sports shall receive any and all revenue derived from television and radio broadcasts of Team Home Games. Notwithstanding the assignment prohibitions set forth in section 18, George Shinn Sports may assign broadcast rights to Team Home Games. The Authority shall use its best efforts to provide adequate facilities for such broadcasts not to include technical facilities such as cameras and cables.

15.2 If a regular season Team Home Game played in the Coliseum is televised to television viewers within a 50 mile radius of the Coliseum, and the attendance at such locally televised Team Home Game, as determined by turnstile counts, is fifteen percent (15%) or more below the average attendance, as determined by turnstile counts, at regular season non-locally televised Team Home Games played in the Coliseum during the preceding Basketball Season, George Shinn Sports shall reimburse Authority its lost per patron parking and concessions revenue at Settlement after such locally televised Team Home Game. "Lost per patron parking and concessions revenue" shall be deemed to be $3.00 per patron during the initial five years of this Agreement and $3.50 per patron during the last four years of this Agreement. The lost per patron parking and concessions revenue set forth above shall be multiplied by the difference between the actual attendance at such locally televised Team Home Game and the average attendance, less the 15% leeway as set forth above, at regular season Team Home Games for the preceding Basketball Season. If the product of such equation is a negative number, no reimbursement shall be paid nor shall George Shinn Sports be entitled to any type of credit. If George Shinn Sports pays any lost per patron parking and concessions

revenue to Authority pursuant to this section such payments shall not be reduced by any otherwise applicable Parking Net Profits Payment or Concessions Net Profits Payment and George Shinn Sports shall not receive any otherwise applicable Parking Net Profits payment or Concessions Net Profits payment with respect to such lost per patron parking and concessions revenue.

15.3. Notwithstanding the above, George Shinn's Sports shall not be required to make the payments set forth in section 15.2 for that portion of a reduction in attendance at a locally televised Team Home Game due primarily to a cause unrelated to the televising of such Team Home Game, such as hazardous travel conditions or public emergency. Such proportionate reduction shall be determined by comparing the attendance at such locally televised Team Home Game to the average attendance at locally televised Team Home Games during the preceding Basketball Season. If the attendance at such locally televised Team Home Game is less than such average attendance, then the difference shall be deemed attributable to a cause unrelated to the televising of such Team Home Game

16. TICKETS AND RECEIPTS:

16.1. George Shinn Sports shall control all ticket sales for all Team Home Games for all seats in the Coliseum but shall use the Authority's ticket system for printing and distributing all individual Team Home Game tickets for so long as, in George Shinn Sports' reasonable opinion, the Authority's system is reasonably competitive as to price and service.

16.1.1. The ticket system will track and print all tickets manifested to the System for individual ticket sales for Team Home Games.

16.1.2. George Shinn Sports shall pay the Authority's standard charge(s) for the sale of such individual Team Home Game tickets.

16.1.3. George Shinn Sports may have a computer terminal at its offices for communicating with the ticket system and for making season and advance ticket sales.

16.1.4. The Authority shall provide the necessary hardware and software for use in the Authority's ticket system. Such software shall be accompanied by a manifest of all authorized tickets included in the software for each Team Home Game and shall be capable of producing a daily accounting of all authorized tickets for each Team Home Game.

16.1.5. Mutually agreeable arrangements shall be made for the delivery of tickets printed by the Authority using its ticket system sold by George Shinn Sports from its offices and for Skybox tickets.

16.2. George Shinn Sports shall receive all revenues received by Authority from ticket sales for Team Home Games subject to the terms of this Agreement.

16.2.1. Revenue from the sale of tickets received by the Authority at its Coliseum terminals and box office will be advanced to George Shinn Sports at least daily unless the daily revenue from ticket sales is less than $5,000 in which case daily revenue will be advanced the next day cumulative revenue exceeds $5,000.

16.2.2. All ticket stubs will be retained by the Authority for audit. If the same information is not substantially available elsewhere, George Shinn Sports shall provide, at the request of the Authority, an accounting of all tickets purchased for all Team Home Games and shall provide an accounting of all tickets sold and unsold at the end of each Team Home Game;

16.2.3. No money from day of game ticket sales will be advanced to George Shinn Sports until Settlement after completion of each Team Home Game

16.3. George Shinn Sports shall be responsible for all uncollectible payments made by patrons for Team Home Game tickets and shall reimburse the Authority accordingly

16.4. The Authority expressly reserves the right to view and record turnstile readings at all times

17. BOOKS AND RECORDS

George Shinn Sports shall maintain accurate and complete books and records in accordance with Generally Accepted Accounting Principles. If a dispute arises between the parties with respect to the meaning of any term of this Agreement, the performance by either party of the terms of this Agreement, or the terms of a new agreement to govern substantially the same subject matter as this Agreement, each party shall make available to the other all information relevant and material to such dispute. Such information shall be disclosed orally and by allowing the inspection of all records kept according to good business practice. All information received pursuant to this paragraph shall be kept confidential and not disclosed to any third-party except as may be required by legal process.

18. ASSIGNMENT:

18.1. George Shinn Sports and Shinn may assign their rights under this Agreement either by assignment or by transfer of stock ownership without the written consent of the Authority only to:

18.1.1. A bank or other lending institution to secure a loan to George Shinn Sports or Shinn primarily to finance or refinance the NBA franchise and Team and such bank may reassign only in connection with a sale or assignment of the loan; or

18.1.2. A legal entity in which Shinn individually is, at the time of the assignment, a controlling general partner, the sole shareholder or a controlling general partner, or Chief Executive Officer and shareholder, and which after the assignment owns the NBA franchise for the Charlotte area.

18.2. George Shinn Sports shall not transfer or assign its franchise, name, goodwill, trademarks, player contracts, or other contracts unless such transfer or assignment includes its interest under this Agreement and the assignee undertakes to perform all obligations of George Shinn Sports under this Agreement.

18.3. Assignment of any interests or rights in connection with Signage or Skyboxes shall be as provided elsewhere in this Agreement or as provided in other agreements specifically governing such Signage or Skyboxes.

19. TAXES:

The Authority shall not be responsible for payment of any Federal, State, or local taxes arising out of or resulting from the use of the Coliseum by George Shinn Sports, and George Shinn Sports shall pay any and all such taxes.

20. PROPERTY:

The Authority shall not be responsible for any loss by theft or otherwise of any property of George Shinn Sports, or damage by accident, fire, action of the elements, or other cause to any property of George Shinn Sports, unless such damage or loss is caused by the Authority, its agents or employees.

21. LIENS

21.1. All rents and other sums herein provided to be paid whether due or not shall be and constitute a first lien, subordinate only to any bank lien as set forth in the assignment provisions above, on all property of George Shinn Sports in or upon the Coliseum at the time of any default of George Shinn Sports hereunder, and George Shinn Sports hereby mortgages or pledges said property for the purpose of securing the payment of all rents and sums herein provided to be paid. If George Shinn Sports defaults, the Authority may take possession of any and all such property including box office receipts and hold the same until such default has been remedied and, if not remedied or satisfied within ten days of such default, the Authority may advertise the property for sale and upon such sale shall apply the proceeds therefrom to the satisfaction of any amounts due the Authority and shall pay over to George Shinn Sports any sums remaining therefrom.

21.2 George Shinn Sports shall not suffer or permit any liens to be filed against the Coliseum or any part thereof or the interests granted by this Agreement, by reason of work, labor, services or materials supplied or claimed to have been supplied to George Shinn Sports, or suffer or permit any other lien to attach to the Coliseum or any part thereof or the interests granted by this Agreement, except in accordance with the provisions for assignment as provided above.

22. INSURANCE.

22.1 George Shinn Sports shall take out and/or maintain: (i) commercial general liability ("CGL") insurance for bodily injury/property damage including broad form property damage liability coverage, contractual liability coverage, copyright infringement coverage, and products-completed operations coverage with minimum limits of $1 million each occurrence/$1 million aggregate; (ii) combined single limit bodily injury and property damage liability insurance covering all owned, non-owned, and hired automobiles of George Shinn Sports with minimum limits of $1 million, and (iii) Workers' Compensation and Occupational Disease Insurance, including employers' liability, with the statutory minimum limits for Part A and minimum limits of $500,000 for Part B.

22.1.1 George Shinn Sports shall provide a certificate of insurance to the Authority naming the Authority, its officers, employees, agents, and assigns as additional insureds and providing for thirty (30) days written notice of George Shinn Sports' or the insurer's intent to amend or terminate the coverage required immediately above.

22.2 George Shinn Sports shall keep its interest in equipment, fixtures, and other property located at the Coliseum insured at its own expense against fire, theft, extended coverage and such other risks as it may choose in an amount equal to at least eighty percent (80%) of the replacement value of such equipment, fixtures, and other property located at the Coliseum.

22.2.1 George Shinn Sports shall provide a certificate of insurance to the Authority within thirty (30) days of the commencement of the Term of this Agreement evidencing the coverage required immediately above.

22.3 Any insurance policy issued pursuant to this paragraph shall be issued by a reputable and responsible insurance company issuing such insurance in North Carolina and such insurance company shall carry a "Best's" rating of at least A.

22.4 To the extent such insurance is reasonably obtainable, George Shinn Sports and Authority agree that their insurance policies shall contain provisions stating that such insurance will not be invalidated by the waiver of a claim of the insured against either George Shinn Sports or Authority, as the case may be, and George Shinn Sports and Authority hereby waive any claim against the other for any loss to the extent such loss is covered by insurance which is not invalidated by such a waiver.

22.5 George Shinn Sports shall be added as an additional insured to the Authority's liquor liability policy if the additional premium to be paid by the Authority for such addition is not more that $1,000 per year.

23. INDEMNITY:

George Shinn Sports shall be liable for all damage to the Coliseum, including damage to buildings, grounds, and equipment, exclusive of reasonable wear and tear, if caused wholly or in part by any act or omission of George Shinn Sports, its employees, agents, officers, licensees, guests, patrons, or invitees, and George Shinn Sports shall indemnify the Authority for all expenses arising out of or resulting from such damage. George Shinn Sports shall indemnify and hold harmless the Authority and the City of Charlotte, their agents, employees, servants, and officials from any and all claims, losses, damages, or expenses, including reasonable attorneys' fees, arising out of or resulting from claims or actions for bodily injury, including death, or property damage if caused wholly or in part by any act or omission of George Shinn Sports, its employees, agents, officers, licensees, guests, patrons, or invitees.

24. *DESTRUCTION OF FACILITY*

If the Coliseum, or a substantial portion thereof, shall be destroyed or so badly damaged by fire or some other cause so as to render the Coliseum unfit for use by George Shinn Sports, and if the Coliseum cannot be restored with reasonable diligence within sixty (60) working days from the destruction or damage, then this Agreement may be terminated by either party upon written notice to the other. If so terminated, rental shall abate at the date of destruction. George Shinn Sports hereby waives any claim for damages or compensation should this Agreement be so terminated

25. *WAIVER:*

One or more waivers by either party of any covenant or condition of this Agreement shall not be construed as a waiver of a subsequent breach of the same or of any other covenant or condition. The consent or approval given by either party with respect to any act by the other party requiring such consent or approval shall not be deemed to waive or render unnecessary further consent or approval of any subsequent similar act by such party.

26. *COPYRIGHT INDEMNIFICATION:*

George Shinn Sports represents and warrants that all copyrighted or trademarked material to be displayed or performed in connection with Team Home Games has been duly licensed or authorized by the copyright or trademark owner(s) or authorized representative(s) or the owner(s), that all applicable royalties have been or will be paid, and that it shall indemnify and hold the Authority harmless from any and all claims, losses, damages, or expenses, including reasonable attorneys' fees, arising out of or resulting from the display or performance of such copyrighted or trademarked material.

27 *RELATIONSHIP OF PARTIES:*

The Authority shall not be construed or held to be a partner, agent, or associate by joint venture or otherwise or George Shinn Sports in the conduct of its business.

28. *EMPLOYEE STATUS:*

No agent, servant, or employee of George Shinn Sports or any of its sub-contractors shall under any circumstances be deemed an agent, servant, or employee of the Authority and no agent, servant, or employee of the Authority shall under any circumstances be deemed an agent, servant, or employee of George Shinn Sports.

29. *COLISEUM NAME:*

George Shinn Sports agrees that whenever it refers to the Coliseum on its tickets, brochures, advertising, publicity releases, and any other written materials issued or caused to be issued by George Shinn Sports it shall use the full name "Charlotte Coliseum."

30. *DEFAULT:*

30.1. George Shinn Sports or any assignee is in default if:

30.1.1. Proceedings are commenced by or against George Shinn Sports or any assignee under any bankruptcy, reorganization, arrangement, insolvency, or liquidation law that are not vacated within one hundred twenty (120) days;

30.1.2. George Shinn Sports or any assignee becomes insolvent or makes or attempts to make an assignment for the benefit of creditors;

30.1.3. George Shinn Sports or any assignee is delinquent in any payments due under this Agreement and such delinquency continues for ten (10) days after receipt of written notice;

30.1.4. George Shinn Sports or any assignee breaches any other provision of this agreement and such breach is not cured within thirty (30) days after receipt of written notice.

30.1.5. George Shinn Sports or any assignee assigns transfers conveys, or otherwise disposes of by assignment or stock transfer its interest in this agreement in violation of the assignment provisions set forth above

31. *Remedies Upon Default:*

Upon default, the Authority may, at its sole option, terminate this Agreement and recover from George Shinn Sports all damages whether direct, special, incidental, or consequential, and take any other action authorized by law, equity, or this Agreement. Notwithstanding the foregoing, if George Shinn Sports fails or refuses to play its Team Home Games in the Coliseum because George Shinn Sports moves the Team to a facility other than the Coliseum, Authority shall not be entitled to specific performance to force George Shinn Sports to play its Team Home Games in the Coliseum. In lieu of specific performance, George Shinn Sports shall pay to Authority as liquidated damages the sum of $3 million for each Basketball Season or portion thereof in which Team Home Games are not played in the Coliseum as required by this Agreement.

32. *Headings:*

The headings of the several articles contained herein are for convenience only and do not define, limit, or construe the contents of such articles.

33. *Severability:*

If any provision contained in this Agreement is held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be considered as if such invalid, illegal, or unenforceable provision had never been included herein.

34. *Force Majeure:*

If the Coliseum is unavailable to George Shinn Sports or George Shinn Sports is unable to play any Team Home Game due to war or a state of national emergency, labor dispute, riot, civil disturbance, act of God, or any other cause beyond the reasonable control of the Authority or George Shinn Sports, the Authority shall not be liable to George Shinn Sports and George Shinn Sports shall not be liable to the Authority for any claims, losses, damages, or expenses arising out of or resulting from the unavailability of the Coliseum or George Shinn Sports' inability to play a Team Home Game because of a force majeure. If a Team Home Game is canceled for any of the reasons set forth above, both parties shall attempt in good faith to find a mutually acceptable date to reschedule such Team Home Game.

35. *Notice:*

If any notice is required to be delivered pursuant to the terms of this Agreement, it shall be given in writing, and shall be delivered personally, by United States mail (postage prepaid, certified or registered, return receipt requested), or by an overnight delivery service such as *FedEx*, and shall be deemed given upon receipt, to the address listed below, unless such address is changed by giving notice as provided in this section:

Authority:	Team:
Mr. Steve Camp *Charlotte Coliseum* 100 Paul Buck Blvd. P.O. Box 669247 Charlotte, NC 28266-0247	Mr. Spencer Stolpen *Charlotte Hornets* One Hive Drive Charlotte, NC 28217

36. *ENTIRE AGREEMENT*

All negotiations, considerations, representations, and understandings between the parties with respect to the subject matter of this Agreement are incorporated and merged herein, and may be modified or altered only by agreement in writing between the parties.

37 *APPLICABLE LAW:*

This Agreement shall be construed in accordance with the internal laws of the State of North Carolina, the City of Charlotte, and the County of Mecklenburg

38. *DISCRETION:*

All matters not expressiv provided for herein shall be handled and disposed of in the discretion of the Authority. Any discretion herein granted to the Authority may be exercised through the Managing Director or his designees.

39. *GEORGE SHINN SPORTS:*

39.1. Authority, Shinn, and Charlotte NBA Limited Partnership entered into a Basketball Agreement dated March 12, 1987, an Amended Basketball Agreement dated March 14, 1988, a First Amendment to the Amended Basketball Agreement dated September 29, 1989, and a Revised Basketball Agreement dated December 16, 1991 (collectively the "Prior Agreements"). This Agreement supersedes the Prior Agreements.

39.2. Charlotte NBA Limited Partnership and George Shinn Sports executed a Bill of Sale, Assignment and Assumption Agreement dated April 30, 1994, whereby Charlotte NBA Limited Partnership assigned and George Shinn Sports assumed all rights and obligations of Charlotte NBA Limited Partnership with respect to the Prior Agreements.

39.3. George Shinn Sports executes this Agreement as assignee of Shinn under the Prior Agreements and assumes all obligations of Shinn under such Agreements and shall be bound by the terms of this Agreement. Shinn shall not be released from any of his obligations under any of the Prior Agreements or this Agreement by any assignment (to George Shinn Sports or otherwise), and shall continue to be personally responsible for the performance by George Shinn Sports and Team of all obligations of George Shinn Sports and Team under this Agreement.

IN WITNESS WHEREOF, the parties have duly executed this instrument in triplicate as of the day and year first above written.

AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

By: _____
Steve Camp, Managing Director

GEORGE SHINN

_____
George Shinn

GEORGE SHINN SPORTS, INC.

By: _____
Spencer Stolpen, President

SEAL

ATTEST:

_____

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City of Charlotte
Auditorium-Coliseum
Convention Center Authority

Proposal Concerning Charlotte Coliseum and Charlotte Hornets

The Authority Proposes:

- Increase team revenues
- Maintain City control of Coliseum
- Maintain financial benefits to City
- Preserve public purpose

The City of Charlotte will:

- Advance the Authority up to $6.9M for Coliseum improvements.
- Subsidize the Convention Center from CCC funds.

The Authority will:

- Build skyboxes, club seating, and club.
- Share revenues with Hornets equal to 50% of skybox lease revenue.
- Repay City advance at "lost opportunity rate" (Used in 1989).
- Contribute to acceleration of debt service payments after advances are repaid.

The Hornets will:

- Agree to play in the Coliseum until conclusion of 2004-05 basketball season.

Benefits to the Hornets

- No capital costs.
- Increase the facility-related revenue of up to $2.8M per year (Brings City concessions to $5.3M/yr since 1992).
- Public perception of “partnership” with City.

Benefits to the City

- Hornets play in Coliseum until debt is retired.
- Ability to attract hockey franchise.
- Maintenance of current management structure.
- Fulfillment of obligations made in 1984 to voters.
- Improvements made at no additional expense to taxpayers.
- Limited investment in future of professional sports.
- Time to create time and project-specific master plan for Uptown Charlotte.

Improvements

Description	Number	Capacity	Contr. Cost	Revenue Pe Unit	Annual Revenues
Skyboxes	30	10	$3,100,000	$60,000	$1,800,000
Club Seats	1,500	1	$450,000	$650	$975,000
Private Club	1	750	$3,350,000	n/a	n/a
Totals			$6,900,000		$2,775,000

Revenues to Team

Skyboxes	900,000
Club Seats	975,000
Additional Revenue sharing With Authority*	900,000
Debt Service & Depreciation Cost Savings	n/a
Total:	**$2,775,000**

- To preserve the Authority's ability to attract another franchise while the Hornets continue to play in the Coliseum, the Authority would share additional food and beverage and parking revenues with the Team in an amount equal to the Authority's share of skybox revenues.

Repayment of Debt

Date	Rate	Days	Amount Advanced	Amount Reimbursed	Interest	Balance
05/01/97 07/31/97	5.75%	92	$2,300,000.00		$33,335.04	$2,333,335 04
08/01/97 9/30/97	5.75%	61	$2,300,000.00		$44,524.45	$4,677,859.49
10/01/97 10/31/97	5.75%	31	$2,300,000 00		$34,076.81	$7,011,936.29
11/01/97 10/31/98	5.75%	365		$770,768.50	$358,867.15	$6,600,034.94
11/01/98 10/31/99	5 75%	365		$1,441,000.00	$296,644.51	$5,455,679.45
11/01/99 10/31/00	5.75%	365		$1,482,820.00	$228,439.42	$4,201,298 87
11/01/00 10/31/01	5.75%	365		$1,431,840 00	$159,243.88	$2,928,702.75
11/01/01 10/31/02	5.75%	365		$1,382,182.00	$88,924.94	$1,635,445 70
11/01/02 10/31/03	5.75%	365		$1,333,813.00	$17,343.88	$318,976 58
11/01/03 10/31/04	5.75%	366		$318,976 58	$0.00	$0.00
		2,374	$6,900,000 00	$8,161,400.08	$1,261,400 08	

Authority Projections

	7/88-6/96	7/88-6/05
Authority Fund Balance, *6/30/88, 6/30/96*	$1,310,359	$7,082,381
Coliseum Operating Surpluses:	27,584,106	17,286,161
Auditorium/Arena Operating Surpluses:	1,021,983	432,186
Old Convention Center Deficits:	(1,687,692)	135,742
New Convention Center Deficits	(1,387,548)	(1,243,202)
Repayment of Advances:	0	(8,161,400)
Transfer of Funds from (to) City of Charlotte	0	(2,208,543)
Grant of Funds from (to) Other Sources	528,515	0
Capital Improvement Expenses,All Facilities	(20,287,342)	(8,323,325)
Authority Fund Balance	$7,082,381	$5,000,001

Summary

- Partnership
- Increase Team Revenues
- Limit Public Liability
- Maintain Public Purpose
- Maintain Financial Benefits

★Reflects Public Opinion

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

ASSIGNMENT AND AGREEMENT
TO CONTRACT

THIS AGREEMENT, is entered into this 2 day of March, 1988, by and between THE CITY OF CHARLOTTE, NORTH CAROLINA (the "City") and CHARLOTTE NBA LIMITED PARTNERSHIP, a North Carolina limited partnership ("Shinn").

W I T N E S S E T H:

WHEREAS, the AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY of the City of Charlotte, North Carolina (the "Authority") has granted to Shinn the right to use the new Charlotte Coliseum (the "Coliseum") presently under construction, following its completion and delivery to the Authority by the City, for the purposes of exhibiting and promoting basketball games involving the franchise team awarded Shinn by the National Basketball Association (the "NBA Team") pursuant to a Basketball Agreement between the Authority and Shinn dated March 12, 1987 (the "Basketball Agreement"); and

WHEREAS, the City on January 29, 1988 made a request for initial bids for the production, delivery and installation of the Scoring Information and Advertising Equipment (the "Project") as set forth in the Project Manual prepared by Odell Associates and dated January 29, 1988 with respect to the Project (the "Project Manual"); and

WHEREAS, the City has determined following the receipt and review of all bids for the Project that it is in its best interests to accept the bid of American Sign and Indicator Corporation ("ASI") to undertake and complete the Project in accordance with the Proposal Specification, Publication No. 102-600, prepared by ASI with respect to the Project and dated February 12, 1988, with such changes, amendments and modifications thereto as are described in Exhibit A hereto (the "Plans and Specifications"); and

WHEREAS, the City desires to assign its rights to bid of ASI for the Project to Shinn; and

WHEREAS, Shinn desires to contract with ASI for the Project and will materially benefit from such Project when exhibiting basketball games involving the NBA Team in the Coliseum;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, including the covenants, terms and conditions hereinafter appearing, Shinn does hereby covenant and agree with the City as follows:

1. Assignment of Contract Rights. City hereby assigns and transfers to Shinn all of its interests in and rights to ASI's bid for the Project tendered to City pursuant to the Project Manual.

2. Obligation to Contract. Shinn hereby agrees to enter into a contract with ASI for the construction and installation of the Project as soon as practicable after the date hereof, but in no event later than March 4, 1988. Such contract between Shinn and ASI for the Project shall contain, by recital, incorporation or otherwise, the Plans and Specifications without any alteration of or amendment thereto unless previously consented to and approved by City in writing and shall agree to pay ASI not more than $3,918,926.00 to complete the Project (the actual cost of the Project as agreed upon between Shinn and ASI hereinafter referred to as the "Project Cost") as set forth in ASI's bid for the Project previously tendered to City.

3. Access. Shinn hereby agrees to provide City access during customary business hours to review all records, documents and contracts related to the Project and, upon request, to provide City with a reasonable number of copies of all such records, documents and contracts. Shinn further agrees to assist City in City's reasonable requests from time to time to verify that the Project meets or exceeds the Plans and Specifications.

4. Ownership. At the option of City exercisable by and effective concurrently with delivery of written notice to Shinn pursuant to Section 14 hereof not later than the date of completion of the Project, either:

(a) Immediately upon completion of the Project by ASI, without any further action by ASI, Shinn or City, all the scoring, information and advertising equipment installed by ASI in the Coliseum in connection with the Project (collectively, the "Scoreboard") shall attach to and become part of the Coliseum and City shall have full, good and marketable title in the Scoreboard, free and clear of any lien, security interest, mortgage, pledge, encumbrance or charge of any kind, including without limitation, (i) purchase money security interests, materialman's liens or other security interests related to any financing of the Project by Shinn or otherwise ("Project Financing"), or (ii) any claim, right or action against ASI or Shinn, now or hereafter arising, in connection with ASI's undertaking and completion of the Project. If City elects to have title in the Scoreboard as set forth in this Section 4(a), City shall be obligated to prepay in whole without penalty any Project Financing by Shinn and to provide Project Financing in replacement therefor or, if Shinn has paid for the Project Cost without any Project Financing, City shall reimburse Shinn in an aggregate amount equal to the Project Cost plus

imputed interest at the rate set forth in Section 5(c) hereof. Notwithstanding the foregoing, Shinn hereby agrees to execute any bill of sale, assignment or other agreement, instrument or document following completion of the Project as City may request with respect to evidencing its title in the Scoreboard; or

(b) Immediately upon completion of the Project by ASI, without any further action by ASI, Shinn or City, Shinn shall have full, good and marketable title in the Scoreboard, and until acceptance of the Scoreboard by City and Shinn from ASI following completion of the Project, Shinn shall provide for a letter of credit payable to the City in form and substance acceptable to City and in an amount equal to the Project Cost. Shinn hereby covenants and agrees to convey and transfer to City not later than forty-eight (48) months after the date hereof full, good and marketable title in the Scoreboard, free and clear of any lien, security interest, mortgage, pledge, encumbrance or charge of any kind, including without limitation, (i) purchase money security interests, materialman's liens or other security interests related to any Project Financing, or (ii) any claim, right or action against ASI or Shinn, now or hereafter arising, in connection with ASI's undertaking and completion of the Project or Shinn's ownership of the Scoreboard.

5. Project Financing. In connection with any Project Financing:

(a) Shinn hereby covenants and agrees to present and deliver to City all terms and conditions of and agreements, instruments and documents evidencing Project Financing or, if City or Authority arranges for or procures Project Financing and in connection with such Project Financing the Authority, pursuant to Section 5(f) hereof, pledges to any creditor providing Project Financing certain revenues derived from operation of the Scoreboard, Shinn shall, upon request of City or Authority at any time, promptly make, execute and deliver any and all further documents and instruments and take such action as may be necessary in connection with such pledge of revenues;

(b) Shinn shall be entitled to reimbursement as provided in Section 7 (Third) hereof for any fees, expenses, commissions or other costs incurred by Shinn in connection with any such Project Financing in an aggregate amount not to exceed one-half of one percent (1/2%) of the Project Cost;

(c) If Shinn pays the Project Cost without any Project Financing, as an investment for its own account, the imputed

interest rate for such financing shall be the prime rate as announced by NCNB National Bank of North Carolina from time to time (the "NCNB Prime Rate") and shall be adjusted daily concurrently with any announced change in the NCNB Prime Rate;

(d) City shall not, by implication herefrom or otherwise, directly or indirectly, be obligated with respect to or guaranty of any Project Financing.

(e) City shall have the right, and any agreement for or instrument evidencing Project Financing shall expressly grant City the right, to prepay at any time or from time to time, in whole or in part, without penalty, any Project Financing and to provide Project Financing in replacement for any such existing financing.

(f) Authority shall have the right in connection with any Project Financing to pledge to any creditor providing Project Financing or to City all revenues from operation of the Scoreboard after allocation thereof in accordance with Sections 7 (First) and 7 (Second) hereof; provided, however, so long as there is no default under the terms and conditions of such Project Financing and such revenues are in excess of principal and interest payments required by such Project Financing, such excess revenues shall be allocated pursuant to Sections 7 (Fourth) and 7 (Fifth) hereof.

6. Option to Purchase. The City shall have the option at any time to purchase the Scoreboard from Shinn at a purchase price equal to the Project Cost plus any actual expenses and less any prepayments or reimbursements made pursuant to Sections 5(e) and 7 (Third), subject to the limitation set forth in Section 5(b) above, and interest actually paid and/or accrued at the imputed rate set forth in Section 5(c).

7. Allocation of Revenues. All annual gross advertising revenues derived by the Authority from operation of the Scoreboard shall be allocated for the purposes and among the parties in the manner set forth below as of the end of each fiscal year of the Authority:

First: to pay all annual operating and maintenance expenses incurred to operate the Scoreboard (including without limitation all premiums with respect to insurance policies maintained pursuant to Section 9 hereof);

Second: to reimburse the Authority for expenses and fees of up to $500,000 advanced to the City in connection with completion of the Project as set forth in Schedule A hereto plus interest on such fees

and expenses calculated at the "lost opportunity rate" as shall be computed by the City's finance department;

Third: (i) If City has title in the Scoreboard, whether pursuant to Sections 4(a) or 4(b) hereof, then following reimbursement of such expenses and fees in whole, to pay annual principal and interest due with respect to the Project Financing; or (ii) if Shinn has title in the Scoreboard pursuant to Section 4(b) hereof, then following reimbursement of such expenses and fees in whole, to reimburse Shinn in an aggregate amount equal to (A) the Project Cost plus (B) imputed interest calculated as set forth hereinabove on the unreimbursed balance of the Project Cost as of the first day of each such fiscal year plus (C) Project Financing fees, expenses and commissions as set forth in Section 5(b) hereof;

Fourth: to reimburse Authority for expenses and fees incurred in connection with consulting and analysis services regarding Scoreboard and related matters as set forth in Schedule B hereto plus interest on such expenses and fees calculated at the "lost opportunity rate" as shall be computed by the City's finance department; and

Fifth: to be shared equally by the Authority and Shinn.

It is the intention of all parties hereto that such expenses and fees set forth in paragraph Second hereof shall be reimbursed in full at the end of the Authority's fiscal year in which advertising revenues are first derived from the Scoreboard by the Authority and after such reimbursement in full such revenues shall be allocated annually pursuant to paragraphs First, Third, Fourth and Fifth. With the consent of the Authority to this Assignment and Agreement to Contract set forth below, to the extent the provisions of paragraph 14.c(ii) of the Basketball Agreement conflict with this Section 7, paragraph 14.c(ii) of the Basketball Agreement is hereby amended to the extent necessary to make effective this Section 7.

8. Liens, Security Interests, etc. At all times and at any time Shinn shall keep the Scoreboard free and clear of any liens, security interests, mortgages, pledges, encumbrances, or charges of any kind, incurred in connection with the Project Financing or otherwise.

9. Insurance. Shinn shall require ASI to maintain for the benefit of City, or Shinn shall procure or cause to be procured for, deliver to and maintain for the benefit of City, original

fully paid insurance policies providing the following types of insurance relating to the Project, issued by such insurance companies, in such amounts, in such form and substance and with such expiration dates as are acceptable to City, such policies naming City as loss payee and providing that the insurer shall give City at least thirty (30) days prior written notice of cancellation or termination, and providing that no act or thing done by the insured shall invalidate or diminish the insurance provided to City and, except for liability policies, containing loss payable clauses satisfactory to City:

(i) "All risk" hazard insurance, insuring the Project against all hazards, including, without limitation, earthquake and collapse, the amount of which insurance shall be not less than one hundred percent (100%) of the full replacement cost of the Project without deduction for depreciation in the form of "all risk" builder's risk insurance satisfactory to City;

(ii) Such other insurance on the Project, or any replacements or substitutions therefor, in such amounts as may from time to time be required by City against other insurable casualties which at the time are commonly insured against in the case of properties of similar character and location, due regard being given to the height and type of the improvements, their construction, location, use and occupancy, or any replacements or substitutions therefor; and

(iii) Public liability insurance covering all liabilities incident to the construction of the Project and naming City as an additional insured thereunder.

10. Access; Related Fees. City hereby agrees and covenants to grant ASI and Shinn access to the Coliseum for the sole purpose of completing the Project; provided, however, any and all work performed by ASI with respect to the Project shall be under the City's supervision, including without limitation the supervision of its engineers, architects, contractors and subcontractors constructing the Coliseum. City further agrees to pay all fees and expenses of such engineers, architects, contractors and subcontractors incurred in connection with supervising ASI's completion of the Project or otherwise directly attributable to the Project in an aggregate amount not to exceed $500,000 as more fully set forth in Schedule A hereto; provided, however, City shall use its best efforts to negotiate an architectural fee and a construction manager fee less than the amount of such fees set forth in Schedule A.

11. Approval of Contracts. Until City has full, good and marketable title in Scoreboard, City shall approve in writing prior to execution or effectiveness thereof all contracts,

agreements, arrangements or other understandings negotiated by Shinn with respect to the operation and maintenance of the Scoreboard.

12. Operation and Removal. Immediately upon completion of the Project by ASI and at all times that Shinn has full, good and marketable title in the Scoreboard, the Authority shall have the exclusive right to operate the Scoreboard in connection with all events staged or held at the Coliseum, including any and all basketball games involving the NBA Team, and at all such times as Shinn shall have such title in the Scoreboard and Authority has the right to operate the Scoreboard, Shinn shall not remove all or any part of the Scoreboard from the Coliseum for maintenance or otherwise without the prior written consent of the City and Authority.

13. Binding Effect and Assignment. This Assignment and Agreement to Contract shall be binding upon and inure to the benefit of the assigns of the parties hereto and the heirs and successors of Shinn; provided, however, that no assignment of any rights or delegation of any obligations provided for herein may be made by Shinn without the express written consent of City.

14. Notices. All notices, requests and demands to or upon the respective parties hereto shall be deemed to have been given or made when hand delivered or mailed first class, certified or registered mail, postage prepaid, addressed as follows or to such other address as the parties hereto shall have been notified pursuant to this Section 14.

City: City of Charlotte Director of Engineering
600 East Trade Street, 10th Floor
Charlotte, North Carolina 28202-2847

With copies to:

Auditorium-Coliseum-Convention Center
Authority of Charlotte
2700 East Independence Boulevard
Charlotte, North Carolina 28205
Attention: Executive Director

City of Charlotte
600 East Trade Street, 10th Floor
Charlotte, North Carolina 28202-2847
Attention: Director of Finance

Shinn: Charlotte NBA Limited Partnership
c/o George Shinn Sports, Inc.
Mr. George Shinn
George Shinn & Associates
2600 First Union Plaza
Charlotte, North Carolina 28282

With a copy to:

Spencer Stolpen, Esq.
George Shinn & Associates
2600 First Union Plaza
Charlotte, North Carolina 28282

except in cases where it is expressly herein provided that such notice, request or demand is not effective until received by the party to whom it is addressed, in which event said notice, request or demand shall be effective only upon receipt by the addressee.

15. Amendment. This Assignment and Agreement to Contract may be amended, modified or discharged only upon an agreement in writing of City and Shinn.

16. Effect of Delay and Waivers. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle City to exercise any remedy now or hereafter existing at law or in equity, it shall not be necessary to give any notice. In the event any provision contained herein should be breached by any party and thereafter waived by the other party so empowered to act, such waiver shall be limited to the particular breach hereunder. No waiver, amendment, release or modification hereof shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the parties thereunto duly authorized hereby.

17. Severability. The invalidity or unenforceability of any one or more phrases, sentences, clauses or Sections contained herein shall not affect the validity or enforceability of the remaining portions of this Assignment and Agreement to Contract, or any part thereof.

18. Governing Law. This Assignment and Agreement to Contract shall be governed by and construed in accordance with the laws of the State of North Carolina.

19. Entire Agreement. This Assignment and Agreement to Contract contains the entire agreement between the parties hereto with respect to the subject matter hereof.

20. Survival of Covenants. All covenants contained herein shall survive execution of this Assignment and Agreement to Contract and the execution of a contract between Shinn and ASI with respect to the Project.

IN WITNESS WHEREOF, City and Shinn have caused this Assignment and Agreement to Contract to be executed in their respective names as of the date first above written.

CITY OF CHARLOTTE

By: _____
City Manager

ATTEST:

_____
Secretary

(Corporate Seal)

CHARLOTTE NBA LIMITED PARTNERSHIP
By: George Shinn Sports, Inc.,
managing general partner

By: _____
Its: President

Approved as to Form

_____
City Attorney

CONSENT, ACKNOWLEDGEMENT AND AGREEMENT

The undersigned hereby accepts and acknowledges receipt of a copy of the foregoing Assignment and Agreement to Contract and consents to and agrees to be bound by all provisions thereof, including, without limitation, the agreements between the City of Charlotte and George Shinn with respect to the allocation of advertising revenues set forth in Section 7 thereof and, to the extent the provisions of paragraph 14.c(ii) of the Basketball Agreement (as defined in the foregoing Assignment and Agrement to Contract) conflicts with Section 7 thereof, hereby agrees to amend the Basketball Agreement to the extent necessary to make effective Section 7 of the Assignment and Agreement to Contract.

As of March 4, 1988.

AUDITORIUM-COLISEUM-CONVENTION
CENTER AUTHORITY

By: _____
Executive Manager

SCHEDULE A

SCOREBOARD-RELATED EXPENSES
TO BE BORNE BY CITY

Electricity	$173,000
Sound-Related Modifications	50,000
Scoreboard H.V.L.C.	8,000
Control Booth Architectural	8,000
Control Booth H.V.L.C.	8,000
Architectural Fee	90,000
Construction Manager Fee	167,000
Structural testing and inspection	5,000
	$509,000

SCHEDULE B

SCOREBOARD-RELATED CONSULTING
EXPENSES FOR WHICH AUTHORITY
IS TO BE REIMBURSED

Consulting and analysis services performed by Coopers & Lybrand, and related travel and other expenses, referenced on Invoice No. 15342-JBG dated October 20, 1987 (amount attributable to Authority)	$36,988.20
Consulting and analysis services performed by Coopers & Lybrand, and related travel and other expenses, referenced on Invoice No. 15681-JBG dated November 25, 1987	$ 9,373.32
Consulting and analysis services performed by Coopers & Lybrand, and related travel and other expenses, referenced on Invoice No. 16299-JBG dated February 23, 1988	$22,855.93
	$69,247.45

EXHIBIT A

CHANGES, AMENDMENTS AND MODIFICATIONS TO PROJECT PLANS AND SPECIFICATIONS

1. Rather than two Television Monitors in concession stand there shall be one ($6,483).

2. Video front end located in control booth -- rather than the video front end state of the art equipment described in ASI proposal, Shinn may supply equipment for this booth itself or through a third party, such equipment actually installed to be acceptable to the Authority. The price of this equipment as set forth in the ASI proposal was $515,350. Control booth to be installed and wired by ASI.

3. No requirement of ASI furnishing performance bond ($65,000).

4. ASI shall not pay any sales tax ($15,386±).