<table>
<thead>
<tr>
<th>Meeting Type:</th>
<th>SPECIAL</th>
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</thead>
<tbody>
<tr>
<td>Date:</td>
<td>1997:</td>
</tr>
<tr>
<td></td>
<td>02/17, 03/13, 03/17, 03/24, 03/31</td>
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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

I. Introduction/Overview of Workshops
   ◆ Schedule until March 24
   ◆ Notebook/materials

II. Public Information/Education Process
   ◆ Set public hearing
   ◆ Community dialogue meeting

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

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 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 approximately $18 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.
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?
## Annual Event Revenue Assumptions

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<tr>
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<th>Number Of Dates</th>
<th>Paid Per Game Attd</th>
<th>Total Paid Attd</th>
<th>Total Actual Attd</th>
<th>Average Net Ticket Price</th>
<th>Net Costumes Per Capita</th>
<th>Net Novelties Per Capita</th>
<th>Parking Rate</th>
<th>Event Expense</th>
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<td>38 200</td>
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### Annual Arena Revenue & Expense

<table>
<thead>
<tr>
<th>Advertising/Sponsorships</th>
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<tbody>
<tr>
<td>Advertising In arena signage</td>
<td>Salary &amp; wages benefits</td>
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<tr>
<td>Advertising, Concourse/entry signage</td>
<td>Repa &amp; maintenance</td>
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<tr>
<td>Advertising Scoreboard's signage</td>
<td>Other</td>
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<td>Advert Song</td>
<td>General admstrat on</td>
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<td>Donuts / AdFines</td>
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<td><strong>Total Advertising Revenue</strong></td>
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<td><strong>$3,398,000</strong></td>
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<table>
<thead>
<tr>
<th>Naming Rights</th>
<th>Miscellaneous Revenues</th>
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<td>Annual payment</td>
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### Annual Team Revenue & Expense

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<th>Team Expenses</th>
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<tr>
<td>National TV</td>
<td>Total player salaries</td>
</tr>
<tr>
<td>National cable</td>
<td>Pension insurance and other player costs</td>
</tr>
<tr>
<td>Local broadcast</td>
<td>Basketball Operations</td>
</tr>
<tr>
<td>NBA property</td>
<td>General and admin strative</td>
</tr>
<tr>
<td>NBA Other</td>
<td>Marketing and public relat ons</td>
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<td><strong>Total Team Revenues</strong></td>
<td><strong>Total Team Expenses</strong></td>
</tr>
<tr>
<td><strong>$22,435,000</strong></td>
<td><strong>$16,335,000</strong></td>
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**Note:** The document appears to be a financial model with assumptions for various revenue and expense categories, including arena revenue, advertising, naming rights, and team revenues and expenses. The data is presented in a tabular format with detailed calculations for each category. The document is marked as a draft copy and is dated Feb 97.
### Existing Lease Revenue & Expense Allocations

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<th></th>
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<th>Hornets</th>
<th>Other</th>
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<th>COGS</th>
<th>Flat Fee</th>
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<tr>
<td>Other sporting events</td>
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<td>88.00%</td>
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<td>n/a</td>
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<tr>
<td>Pub c</td>
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<td>88.00%</td>
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<td>n/a</td>
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<thead>
<tr>
<th></th>
<th>Coliseum</th>
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<th>COGS</th>
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<table>
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<th></th>
<th>Coliseum</th>
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<th>Pub c</th>
<th>COGS</th>
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## Charlotte Coliseum Analysis
### Option I: Do Nothing Status Quo
### Financial Model Assumptions Summary
Confidential Draft Copy For Internal Use Only
1996 Dollars

### Estimating Lease Revenue & Expense Allocations

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<th>Column</th>
<th>Hornets</th>
<th>Other</th>
<th>Public</th>
<th>COGS</th>
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<td>Rodeo</td>
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<td>0.00%</td>
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</table>

### Arena Revenues
- Annual Payment: Hornets
- Private Suites: 50.00%
- Basketball Only Club Seats: 0.00%
- Private Club: 0.00%
- Advertising: 50.00%
- Advertising: In arena signage: 50.00%
- Advertising: Concours/rent signage: 0.00%
- Advertising: Courts de s signage: 0.00%
- Dome Advertising: Scoreboard signage: 50.00%
- Naming Right: 0.00%

### Team Revenues
- 0.00%
- 100.00%
- 0.00%
- 0.00%

### Team Expenses
- 100.00%

### Arena Expenses
- 0.00%

### Debt Service
- 0.00%

### Sources & Uses Assumptions

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<th>Interest</th>
<th>Rate</th>
<th>Term</th>
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<td>Hornets #1</td>
<td>5.00%</td>
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</tr>
<tr>
<td>Hornets #2</td>
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</tr>
<tr>
<td>Hornets #3</td>
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<td>10</td>
</tr>
<tr>
<td>Start #1</td>
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</tr>
<tr>
<td>Start #2</td>
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<tr>
<td>Cty #1</td>
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<td>Club seats</td>
<td>0.00%</td>
<td>0</td>
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<tr>
<td>Private sets</td>
<td>0.00%</td>
<td>0</td>
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<tr>
<td>P act ce fund</td>
<td>0.00%</td>
<td>0</td>
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<tr>
<td>Hard costs</td>
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<tr>
<td>P pate mg costs</td>
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<td>Soft costs</td>
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<tr>
<td>Open</td>
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### Total Sources of Funds
- $0

### Total Uses of Funds
- $0

---

DRAFT COPY

Feb 9 01:26 PM

02/17/97

01:26 PM
Charlotte Coliseum Analysis  Option 1  Do Nothing - Status Quo  
Summary of Facility Option Economics

<table>
<thead>
<tr>
<th>Year</th>
<th>Existing Charlotte Coliseum Operated by Authority</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hornets revenue</td>
<td>$4,060,000</td>
<td>$4,170,000</td>
<td>$4,285,000</td>
</tr>
<tr>
<td>Other events</td>
<td>3,520,000</td>
<td>3,626,000</td>
<td>3,736,000</td>
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<tr>
<td>Suites</td>
<td>544,000</td>
<td>561,000</td>
<td>578,000</td>
</tr>
<tr>
<td>Club seats</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Advertising</td>
<td>1,016,000</td>
<td>1,053,000</td>
<td>1,091,000</td>
</tr>
<tr>
<td>Naming rights</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>559,000</td>
<td>576,000</td>
<td>593,000</td>
</tr>
<tr>
<td>Total operating revenue</td>
<td>9,699,000</td>
<td>9,987,000</td>
<td>10,283,000</td>
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<td>Operating expenses</td>
<td>8,743,000</td>
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<tr>
<td>Reimbursable expenses</td>
<td>(914,000)</td>
<td>(941,000)</td>
<td>(969,000)</td>
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<tr>
<td>Payment to City</td>
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<td>0</td>
<td>0</td>
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<tr>
<td>Total operating costs</td>
<td>7,829,000</td>
<td>8,064,000</td>
<td>8,306,000</td>
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<tr>
<td>Net Operating Revenues</td>
<td>1,870,000</td>
<td>1,923,000</td>
<td>1,977,000</td>
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<tr>
<td>Debt</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Arena capital expenditures</td>
<td>350,000</td>
<td>361,000</td>
<td>372,000</td>
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<tr>
<td>Other</td>
<td>1,567,000</td>
<td>1,532,000</td>
<td>1,498,000</td>
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<tr>
<td>Total other expenditures</td>
<td>1,917,000</td>
<td>1,893,000</td>
<td>1,870,000</td>
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<tr>
<td>Net Cash Flow</td>
<td>($47,000)</td>
<td>$30,000</td>
<td>$107,000</td>
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Hornets Cash Flows

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<tr>
<th>Year</th>
<th>Existing Charlotte Coliseum Operated by Authority</th>
<th>2005</th>
<th>2006</th>
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Combined Hornets Cash Flows

<table>
<thead>
<tr>
<th>Year</th>
<th>Existing Charlotte Coliseum Operated by Authority</th>
<th>2005</th>
<th>2006</th>
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</thead>
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Up to
Herman with
Adjustments
Lacey Johnson
Salary
## Charlotte Coliseum Analysis - Option 1 Do Nothing Status Quo
### Summary of Facility Option Economics

#### Existing Charlotte Coliseum Operated by Authority

<table>
<thead>
<tr>
<th>Year</th>
<th>Arena</th>
<th>Hornets revenue</th>
<th>Other events income</th>
<th>Suites revenue</th>
<th>Club seats income</th>
<th>Advertising income</th>
<th>Naming rights income</th>
<th>Miscellaneous revenues</th>
<th>Total operating revenue</th>
<th>Operating expenses</th>
<th>Reimbursable expenses</th>
<th>Payment to City</th>
<th>Total operating costs</th>
<th>Net Operating Revenues</th>
<th>Debt</th>
<th>Arena capital expenditures</th>
<th>Other capital expenditures</th>
<th>Total other expenditures</th>
<th>Net Cash Flow</th>
<th>Hornets Cash Flow</th>
<th>Combined Hornets Cash Flows</th>
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<tbody>
<tr>
<td>2007</td>
<td></td>
<td>$5,336,000</td>
<td>4,731,000</td>
<td>731,000</td>
<td>0</td>
<td>1,433,000</td>
<td>0</td>
<td>751,000</td>
<td>12,982,000</td>
<td>$11,750,000</td>
<td>(1,228,000)</td>
<td>0</td>
<td>10,522,000</td>
<td>2,460,000</td>
<td></td>
<td>471,000</td>
<td>1,314,000</td>
<td>1,785,000</td>
<td>$675,000</td>
<td>($2,686,000)</td>
<td>($2,686,000)</td>
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<tr>
<td>2008</td>
<td></td>
<td>$5,496,080</td>
<td>4,872,930</td>
<td>752,930</td>
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<td>1,475,990</td>
<td>0</td>
<td>773,530</td>
<td>13,371,460</td>
<td>$12,102,500</td>
<td>(1,264,840)</td>
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<td>10,837,660</td>
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<td>485,130</td>
<td>1,314,000</td>
<td>1,799,130</td>
<td>$734,670</td>
<td>($68,827,690)</td>
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<tr>
<td>2009</td>
<td></td>
<td>$5,660,962</td>
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<td>775,518</td>
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<td>1,520,270</td>
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<td>796,736</td>
<td>13,772,604</td>
<td>$12,465,575</td>
<td>(1,302,785)</td>
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<td>499,684</td>
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<td>1,813,684</td>
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<td>($70,892,521)</td>
<td>($70,892,521)</td>
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<tr>
<td>2010</td>
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<td>$5,830,791</td>
<td>5,169,691</td>
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<td>1,565,878</td>
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<td>820,638</td>
<td>14,185,782</td>
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<td>1,314,000</td>
<td>1,828,674</td>
<td>$859,434</td>
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<tr>
<td>2011</td>
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<td>5,324,782</td>
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<td>$924,637</td>
<td>($75,209,875)</td>
<td>($75,209,875)</td>
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</table>

**Note:** All values in USD.
### Annual Event Revenue Assumptions

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Number Of Dates</th>
<th>Per Game Attd</th>
<th>Total Paid Attd</th>
<th>Total Actual Attd</th>
<th>Average Net Ticket Prices</th>
<th>Net Concessions Per Capita</th>
<th>Net Numbers Per Capita</th>
<th>Parking Rates</th>
<th>Percent Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harness pre-season</td>
<td>2</td>
<td>19,100</td>
<td>38,289</td>
<td>12,162</td>
<td>$25.30</td>
<td>$0.00</td>
<td>$0.75</td>
<td>$5.00</td>
<td>$10.700</td>
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<tr>
<td>Harness regular</td>
<td>41</td>
<td>2,700</td>
<td>9,324,96</td>
<td>7,239,26</td>
<td>$25.20</td>
<td>$5.00</td>
<td>$1.25</td>
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<td>$10.700</td>
</tr>
<tr>
<td>Harness post</td>
<td>0</td>
<td>20,200</td>
<td>0</td>
<td>0</td>
<td>$26.60</td>
<td>$0.00</td>
<td>$1.70</td>
<td>$2.00</td>
<td>$12.00</td>
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<tr>
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<td>20</td>
<td>7,300</td>
<td>146,600</td>
<td>131,792</td>
<td>$12.20</td>
<td>$1.70</td>
<td>$2.20</td>
<td>$4.00</td>
<td>$12.00</td>
</tr>
<tr>
<td>Concerts</td>
<td>16</td>
<td>12,200</td>
<td>141,600</td>
<td>142,500</td>
<td>$26.20</td>
<td>$2.90</td>
<td>$3.00</td>
<td>$4.00</td>
<td>$14.00</td>
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<td>Mono events</td>
<td>2</td>
<td>15,200</td>
<td>30,360</td>
<td>22,182</td>
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<td>$2.50</td>
<td>$1.50</td>
<td>$4.00</td>
<td>$16.60</td>
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<td>Other sport ng events</td>
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<td>59,000</td>
<td>40,936</td>
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<td>$4.40</td>
<td>$1.00</td>
<td>$0.00</td>
<td>$0.00</td>
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<tr>
<td>Public</td>
<td>10</td>
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<td>50,000</td>
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<td>$0.00</td>
<td>$1.65</td>
<td>$0.00</td>
<td>$4.00</td>
<td>$14.00</td>
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<td>Private events</td>
<td>6</td>
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<td>9,440</td>
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<td>$0.00</td>
<td>$10.50</td>
<td>$0.00</td>
<td>$4.00</td>
<td>$16.00</td>
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<td>Rodeos</td>
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<td>16,200</td>
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<td>$2.85</td>
<td>$1.25</td>
<td>$4.00</td>
<td>$16.40</td>
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<tr>
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<td>3</td>
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<td>$0.00</td>
<td>$0.00</td>
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<td>$4.00</td>
<td>$16.00</td>
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<td>Open</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$4.00</td>
<td>$16.00</td>
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<tr>
<td><strong>Totals</strong></td>
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<td>Inflation factor</td>
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<td></td>
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</table>

#### Advertising/Operaetions

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Number of membeship ps</th>
<th>Annual membership fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Club</td>
<td>406</td>
<td>$600</td>
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#### Arena Expenses

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Number of club seats</th>
<th>Annual lease prem</th>
<th>Leased % club seats</th>
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<tbody>
<tr>
<td>Club Seats Annual</td>
<td>1,500</td>
<td>$800</td>
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</table>

#### Annual Rent Payment

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Number of jets</th>
<th>Annual payment to Cty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harness pre-season</td>
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<td>$197,000</td>
</tr>
<tr>
<td>Hatch regular</td>
<td>407</td>
<td>$0</td>
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#### Team Revenues

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Total Team Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>National TV</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>National cable</td>
<td></td>
</tr>
<tr>
<td>Local broadcast</td>
<td></td>
</tr>
<tr>
<td>NBA player sales</td>
<td></td>
</tr>
<tr>
<td>NBA Other</td>
<td></td>
</tr>
<tr>
<td><strong>Total Team Revenues</strong></td>
<td>$20,000,000</td>
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</table>

#### Team Expenses

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Total Team Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total play sales</td>
<td>$40,000,000</td>
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<tr>
<td>Rent on insurance and other play costs</td>
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</tr>
<tr>
<td>Basketball Op. costs</td>
<td></td>
</tr>
<tr>
<td>General and admin costs</td>
<td></td>
</tr>
<tr>
<td>Markets and public relations costs</td>
<td></td>
</tr>
<tr>
<td>Broadcast</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td><strong>Total Team Expenses</strong></td>
<td>$40,000,000</td>
</tr>
</tbody>
</table>

---

**Number of Parking Spaces:** 8,000

---

**Data Source:**

- Charlotte Coliseum Analysis, Option 2: Renovated Charlotte Coliseum, Author: T. B.  
- Financial Model Assumptions Summary: Confidential Draft Copy For Internal Use Only  
- 1996 Dollars
## Existing Lease Revenue & Expense Allocations

<table>
<thead>
<tr>
<th></th>
<th>Author ty</th>
<th>Hornets</th>
<th>Other</th>
<th>Publ c</th>
<th>COGS</th>
<th>Flat Fee</th>
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<tr>
<td>Admissions</td>
<td>0.00%</td>
<td>94.00%</td>
<td>6.00%</td>
<td>0.00%</td>
<td>n/a</td>
<td>6.00%</td>
</tr>
<tr>
<td>Hornets preseason</td>
<td>0.00%</td>
<td>94.00%</td>
<td>6.00%</td>
<td>0.00%</td>
<td>n/a</td>
<td>6.00%</td>
</tr>
<tr>
<td>Hornets regular</td>
<td>0.00%</td>
<td>94.00%</td>
<td>6.00%</td>
<td>0.00%</td>
<td>n/a</td>
<td>6.00%</td>
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<tr>
<td>Hornets post</td>
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<td>55.00%</td>
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<td>n/a</td>
<td>6.00%</td>
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<tr>
<td>Family shows</td>
<td>20.00%</td>
<td>0.00%</td>
<td>90.00%</td>
<td>0.00%</td>
<td>n/a</td>
<td>6.00%</td>
</tr>
<tr>
<td>Concerts</td>
<td>10.00%</td>
<td>0.00%</td>
<td>90.00%</td>
<td>0.00%</td>
<td>n/a</td>
<td>6.00%</td>
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<tr>
<td>Motor events</td>
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<td>88.00%</td>
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<td>n/a</td>
<td>6.00%</td>
</tr>
<tr>
<td>Other sporting events</td>
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<td>88.00%</td>
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<td>n/a</td>
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</tr>
<tr>
<td>Public</td>
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<td>88.00%</td>
<td>0.00%</td>
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</tr>
<tr>
<td>Private events</td>
<td>12.00%</td>
<td>0.00%</td>
<td>88.00%</td>
<td>0.00%</td>
<td>n/a</td>
<td>6.00%</td>
</tr>
<tr>
<td>Rodeos</td>
<td>10.00%</td>
<td>0.00%</td>
<td>90.00%</td>
<td>0.00%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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</table>
Financial Model Assumptions Summary  Confidential Draft Copy  For Internal Use Only  1996 Dollars

**Existing Lease Revenue & Expense Allocations**

<table>
<thead>
<tr>
<th>Items</th>
<th>Authority</th>
<th>Hornets</th>
<th>Other</th>
<th>Pub e</th>
<th>COGS</th>
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<td>Parking</td>
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<td></td>
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<td></td>
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<td>Denta Ad vert 3 sq</td>
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<tr>
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<td>0 00%</td>
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<td>0 00%</td>
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<td>0 00%</td>
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</tr>
<tr>
<td></td>
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<td>0 00%</td>
<td>0 00%</td>
<td>0 00%</td>
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**Sources & Uses Assumptions**

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<th>Ru e</th>
<th>ru m</th>
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<td>CT y #1</td>
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<tr>
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<td>7 00%</td>
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<tr>
<td>Nam ng rights</td>
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<td>0 00%</td>
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<tr>
<td>Concesss onto re</td>
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<tr>
<td>Other</td>
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**Total sources of funds**

$10 000 000

**Total uses of funds**

$10 000 000
### Charlotte Coliseum Analysis Option 2  Renovated Charlotte Coliseum Authority

**City Pays Costs  Authority Operates & Repays City**

**Summary of Facility Option Economics**

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<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<td>$5,501,000</td>
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<td>$3,642,000</td>
<td>$3,751,000</td>
<td>$3,862,000</td>
<td>$3,979,000</td>
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<td>628,000</td>
<td>647,000</td>
<td>667,000</td>
<td>687,000</td>
<td>707,000</td>
<td>728,000</td>
<td>750,000</td>
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<td>1,130,000</td>
<td>1,170,000</td>
<td>1,212,000</td>
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<td>290,000</td>
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<td>593,000</td>
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<td>648,000</td>
<td>667,000</td>
<td>687,000</td>
<td>708,000</td>
<td>729,000</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Total operating revenue</td>
<td>10,586,000</td>
<td>10,909,000</td>
<td>11,243,000</td>
<td>11,586,000</td>
<td>11,930,000</td>
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<td>10,481,000</td>
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<td>(920,000)</td>
<td>(947,000)</td>
<td>(976,000)</td>
<td>(1,005,000)</td>
<td>(1,035,000)</td>
<td>(1,066,000)</td>
<td>(1,098,000)</td>
<td>(1,131,000)</td>
<td>(1,165,000)</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>8,933,000</td>
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<td>9,761,000</td>
<td>10,054,000</td>
<td>10,356,000</td>
<td>10,667,000</td>
<td>10,986,000</td>
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<td>2,237,000</td>
<td>2,310,000</td>
<td>2,386,000</td>
<td>2,463,000</td>
<td>2,545,000</td>
<td>2,626,000</td>
<td>2,711,000</td>
<td>2,799,000</td>
<td>2,890,000</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>361,000</td>
<td>372,000</td>
<td>383,000</td>
<td>394,000</td>
<td>406,000</td>
<td>418,000</td>
<td>431,000</td>
<td>444,000</td>
<td>457,000</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
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<td>350,000</td>
<td>361,000</td>
<td>372,000</td>
<td>383,000</td>
<td>394,000</td>
<td>406,000</td>
<td>418,000</td>
<td>431,000</td>
<td>444,000</td>
<td>457,000</td>
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<td>$1,938,000</td>
<td>$2,003,000</td>
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<td>$2,208,000</td>
<td>$2,280,000</td>
<td>$2,355,000</td>
<td>$2,433,000</td>
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</table>

**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 expenses               | 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 | $7,400,000 | $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

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<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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<td>$6,568,000</td>
<td>$6,765,000</td>
<td>$6,968,000</td>
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<td>$4,894,000</td>
<td>$5,041,000</td>
<td>$5,192,000</td>
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<td>$796,000</td>
<td>$820,000</td>
<td>$845,000</td>
<td>$870,000</td>
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<td>$1,476,000</td>
<td>$1,520,000</td>
<td>$1,566,000</td>
<td>$1,613,000</td>
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<td>$797,000</td>
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<td>$846,000</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td>$12,736,000</td>
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<td>$3,254,000</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td>$530,000</td>
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<td>$0</td>
</tr>
<tr>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td>$2,581,000</td>
<td>$2,658,000</td>
<td>$2,739,000</td>
<td>$2,821,000</td>
</tr>
</tbody>
</table>

### 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 | 76,708,000 | 80,627,000 | 84,658,000 |
| Other expenditures     | $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) |

### No. of Employees

- Hornets 500
- Operating 200
- Other 100
### Annual Event Revenue Assumptions

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<th>Number of Dates</th>
<th>Number of Paid Attendees</th>
<th>Total Paid Attendance</th>
<th>Total Actual Attendance</th>
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<th>Net Revenue per Capita</th>
<th>Parking Rate</th>
<th>Net Event Expense</th>
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<td>781,793</td>
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<td>7,100</td>
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<td>$6.00</td>
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<td>$10,700</td>
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<td>145,600</td>
<td>155,792</td>
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<td>30,600</td>
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**Inflation factor:** 1.03

### Advertising/Sponsorships

- **Total Advertising Revenue:** $3,394,000

### Naming Rights

- **Annual Payment:** $1,000,000
- **Term of Contract:** 10 years

### Private Club

- **Number of Members:** 406
- **Annual Membership Fee:** $600

### Club Suite Annual

- **Number of Club Seats:** 1,500
- **Annual Suite Fee:** $7,600
- **Average Ticket Price:** $10
- **Leased Net Club Seats:** 100%

### Annual Rent Payment

- **Annual Payment - Hornets:** $387,000
- **Annual Payment to City:** $0

### Annual Team Revenue & Expenses

- **Total Team Revenues:** $20,620,000
- **Total Team Expenses:** $10,835,000

### Team Expenses

- **Total Player Salaries:**
  - Player Salaries
  - Pension
  - Franchise and Other Player Costs
- **Basketball Operations:**
  - General and Administration
  - Marketing and Sales
- **Side Income:**
  - Media
  - Other

### Arena Expenses

- **Salaries & Wages Benefit:**
- **Repairs & Maintenance:**
- **Utilities:**
- **Janitorial:**
- **Sales and Marketing:**
- **General Administration:**

### Miscellaneous Revenues

- **Ticket Sales:**
- **Investment:**
- **Box Office:**
- **Other:**

**Total Miscellaneous Expenses:** $55,000
### Charlotte Coliseum Analysis

Option 2: Renovated Charlotte Coliseum Authority's Plan 2

**Financial Model Assumptions Summary**

**Confidential Draft Copy For Internal Use Only**

1996 Dollars

#### Existing Lease Revenue & Expense Allocations

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<tr>
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#### Existing Lease Revenue & Expense Allocations

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#### Existing Lease Revenue & Expense Allocations

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## Existing Lease Revenue & Expense Allocations

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### Notes

- All amounts are in 1996 dollars.
- COGS stands for Cost of Goods Sold.
- Uses of Funds include terror expenses, club seats, and other sources.
- Sources include lease payments, concessions, and other sources.
- Total revenue and expenses are calculated accordingly.
## Charlotte Coliseum Analysis - Option 2: Renovated Charlotte Coliseum Authority's Plan 2
### City Pays Costs - Authority Operates & Repays City
#### Summary of Facility Option Economics

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### Notes:
- Arena capital expenditures include reimbursement of capital expenditures by City.
- Arena operating expenditures include debt service on rennovated arena.
- Net cash flow includes debt service.

### Operating Revenues:
- Hornets revenue
- Other events
- Suites
- Club seats
- Advertising
- Naming rights
- Miscellaneous revenues

### Operating Expenses:
- Operating expenses
- Remimbursable expenses
- Payment to City

### Operating Costs:
- Total operating costs

### Net Operating Revenues:
- Hornet operating revenues
- Other revenues
- Operating expenses
- Other expenditures
-Operating cash flow
# Summary of Facility Option Economics

## Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum Authority's Plan 2

City Pays Costs  Authority Operates & Repays City

### Renovated Charlotte Coliseum Operated by the Authority

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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### Hornets

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<th>2010</th>
<th>2011</th>
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### Combined Cash Flow

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<th>2010</th>
<th>2011</th>
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02/17/97
### Annual Event Revenue Assumptions

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<th>Paid Per Game</th>
<th>Total Paid</th>
<th>Actual Paid</th>
<th>Average Net Ticket Price</th>
<th>Net Concessions Per Capita</th>
<th>Net Non-Ex Per Capita</th>
<th>Parking Rate</th>
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Inflation factor: 1.03

### Annual Arena Revenue & Expense

- **Advertising/Sponsorships**
  - Number of club seats: 406
  - Annual membership fee: $600
  - Total Advertising Revenue: $3,198,000

- **Naming Rights**
  - Annual payment: $500,000
  - Terms of contract: 2 years

- **Private Club**
  - Annual use fees: $317,000
  - Annual payment to City: $300,000

- **Miscellaneous Revenues**
  - Ticketing
  - Box office
  - Other

- **Total Miscellaneous Revenue**: $2,020,000

### Annual Team Revenue & Expense

- **Total Team Revenues**: $20,670,000
- **Total Team Expenses**: $10,835,000
- **Total Team Surplus**: $9,835,000

### Notes

- **Charlotte Coliseum Analysis**
- **Option 2: Renovate Charlotte Coliseum Authority Plan 2 w/ CSI Adjustments**
- **Financial Model Assumptions Summary**
- **Confidential Draft Copy For Internal Use Only**
- **1996 Dollars**
**Existing Lease Revenue & Expense Allocations**

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<th></th>
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<th>COGS</th>
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**Concessions**

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**Vending**

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**Notes:**

- Flat Fee
- COGS
- Total Revenue
- Expense
- Net Income

---

**Financial Model Assumptions Summary**

- Charlotte Coliseum Analysis
- Option 2: Renovated Charlotte Coliseum
- Authority Plan 2 = CSI
- Adjustments
- Confidential Draft Copy for Internal Use Only
- 1990 Dollars

---

**Draft Copy Date:** 16 Feb 97
### Existing Lease Revenue & Expense Allocations

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**Arenas Revenues**

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**Team Revenues**

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### Sources & Uses Assumptions

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**Total Sources of Funds**

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**Total Uses of Funds**

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**Total Uses of Funds**

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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

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<td>383,000</td>
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<td>406,000</td>
<td>418,000</td>
<td>431,000</td>
<td>444,000</td>
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### Hornets
- **Operating revenues**
  - 1997: $54,852,000
  - 1998: $56,591,000
  - 1999: $58,390,000
  - 2000: $60,247,000
  - 2001: $62,166,000
  - 2002: $64,151,000
  - 2003: $66,202,000
  - 2004: $68,320,000
  - 2005: $70,510,000
  - 2006: $72,773,000

- **Operating expenses**
  - 1997: $42,229,000
  - 1998: $51,694,000
  - 1999: $47,279,000
  - 2000: $51,983,000
  - 2001: $52,070,000
  - 2002: $54,581,000
  - 2003: $57,293,000
  - 2004: $60,148,000
  - 2005: $63,159,000
  - 2006: $66,332,000

- **Other expenditures**
  - 1997: $0
  - 1998: $0
  - 1999: $0
  - 2000: $0
  - 2001: $0
  - 2002: $0
  - 2003: $0
  - 2004: $0
  - 2005: $0
  - 2006: $0

- **Operating cash flow**
  - 1997: $12,623,000
  - 1998: $4,897,000
  - 1999: $11,111,000
  - 2000: $8,264,000
  - 2001: $10,159,000
  - 2002: $9,570,000
  - 2003: $8,909,000
  - 2004: $8,172,000
  - 2005: $7,351,000
  - 2006: $6,431,000

---

**DRAFT 01/17/97**
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<td>12,364,000</td>
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<td>(1,265,000)</td>
<td>(1,303,000)</td>
<td>(1,342,000)</td>
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<td><strong>Total other expenditures</strong></td>
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<td>485,000</td>
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<td><strong>Operating cash flow</strong></td>
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<td>Combined Cash Flow</td>
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<td>1,280,000</td>
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02/17/97
### Option 2: Hornets Pay Renovation Costs & Rent

#### Financial Model Assumptions Summary: Confidential Draft Copy For Internal Use Only

**1994 Dollars**

#### Annual Event Revenue Assumptions

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<th>Event Type</th>
<th>Number of Dates</th>
<th>Paid Per Game Attid</th>
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<th>Total Actual Attid</th>
<th>Average Net Ticket Price</th>
<th>Concessions</th>
<th>Net Concessions Ex. Capital</th>
<th>Net Novelties Per Capita</th>
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<th>Event Expense</th>
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<td>16 322</td>
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#### Inflation Factor

1.03

#### Number of Parking Spaces

8,000

#### Annual Arena Revenue & Expense

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<td>Private Suites Annual</td>
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<td>Number of suites</td>
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<td>Total Team Expenses</td>
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**DRAFT COPY** 17 Feb 9 01:27 PM
### Existing Lease Revenue & Expense Allocations:

#### Admission

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<th>Hornets</th>
<th>Other</th>
<th>Publ c</th>
<th>COGS</th>
<th>Flat Fee</th>
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#### Family shows

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<th>Other</th>
<th>Publ c</th>
<th>COGS</th>
<th>Flat Fee</th>
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#### Concerts

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<th>COGS</th>
<th>Flat Fee</th>
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#### Other sport & events

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<th>COGS</th>
<th>Flat Fee</th>
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</thead>
<tbody>
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#### Concessions

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#### Family shows

<table>
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<td>0.00%</td>
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<tr>
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<td>0.00%</td>
<td>56.00%</td>
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#### Other sport & events

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#### Other

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### Existing Lease Revenue & Expense Allocations

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<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
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<tr>
<td>Rodeos</td>
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<td>0.00%</td>
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### Sources & Uses Assumptions

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<th>Rate</th>
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<td>C'y #1</td>
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<td>Concess' ghts</td>
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<td>Other</td>
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Total sources of funds: $10,000,000
## Renovated Charlotte Coliseum Operated by the Hornets

### Summary of Facility Option Economics

<table>
<thead>
<tr>
<th></th>
<th></th>
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<tr>
<td>Hornets revenue</td>
<td>$5,924,000</td>
<td>$6,102,000</td>
<td>$6,284,000</td>
<td>$6,473,000</td>
<td>$6,667,000</td>
<td>$6,867,000</td>
<td>$7,074,000</td>
<td>$7,285,000</td>
<td>$7,504,000</td>
<td>$7,729,000</td>
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<td>3,992,000</td>
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<td>4,362,000</td>
<td>4,493,000</td>
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<td>2,369,000</td>
<td>2,440,000</td>
<td>2,513,000</td>
<td>2,589,000</td>
<td>2,666,000</td>
<td>2,746,000</td>
<td>2,829,000</td>
<td>2,914,000</td>
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<td>1,232,000</td>
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<td>1,346,000</td>
<td>1,386,000</td>
<td>1,428,000</td>
<td>1,471,000</td>
<td>1,515,000</td>
<td>1,560,000</td>
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<td>2,032,000</td>
<td>2,106,000</td>
<td>2,182,000</td>
<td>2,260,000</td>
<td>2,341,000</td>
<td>2,424,000</td>
<td>2,509,000</td>
<td>2,598,000</td>
<td>2,688,000</td>
<td>2,782,000</td>
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<td>530,000</td>
<td>546,000</td>
<td>563,000</td>
<td>580,000</td>
<td>597,000</td>
<td>615,000</td>
<td>633,000</td>
<td>652,000</td>
<td>672,000</td>
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<tr>
<td>Miscellaneous revenues</td>
<td>398,000</td>
<td>409,000</td>
<td>422,000</td>
<td>434,000</td>
<td>447,000</td>
<td>461,000</td>
<td>475,000</td>
<td>490,000</td>
<td>504,000</td>
<td>519,000</td>
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<tr>
<td><strong>Total operating revenue</strong></td>
<td>16,242,000</td>
<td>16,740,000</td>
<td>17,255,000</td>
<td>17,786,000</td>
<td>18,332,000</td>
<td>18,894,000</td>
<td>19,475,000</td>
<td>20,074,000</td>
<td>20,687,000</td>
<td>21,321,000</td>
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<tr>
<td>Operating expenses</td>
<td>9,176,000</td>
<td>9,451,000</td>
<td>9,735,000</td>
<td>10,027,000</td>
<td>10,327,000</td>
<td>10,637,000</td>
<td>10,956,000</td>
<td>11,286,000</td>
<td>11,624,000</td>
<td>11,973,000</td>
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<tr>
<td>Reimbursable expenses</td>
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<td>(941,000)</td>
<td>(969,000)</td>
<td>(998,000)</td>
<td>(1,028,000)</td>
<td>(1,059,000)</td>
<td>(1,091,000)</td>
<td>(1,123,000)</td>
<td>(1,157,000)</td>
<td>(1,192,000)</td>
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<td>1,854,000</td>
<td>1,910,000</td>
<td>1,967,000</td>
<td>2,026,000</td>
<td>2,087,000</td>
<td>2,149,000</td>
<td>2,214,000</td>
<td>2,280,000</td>
<td>2,349,000</td>
<td>2,419,000</td>
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<tr>
<td><strong>Total operating costs</strong></td>
<td>10,116,000</td>
<td>10,420,000</td>
<td>10,733,000</td>
<td>11,055,000</td>
<td>11,386,000</td>
<td>11,727,000</td>
<td>12,079,000</td>
<td>12,443,000</td>
<td>12,816,000</td>
<td>13,200,000</td>
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<tr>
<td>Net Operating Revenues</td>
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<td>6,320,000</td>
<td>6,522,000</td>
<td>6,731,000</td>
<td>6,946,000</td>
<td>7,167,000</td>
<td>7,396,000</td>
<td>7,631,000</td>
<td>7,871,000</td>
<td>8,121,000</td>
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<td>Debt</td>
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<td>1,424,000</td>
<td>1,424,000</td>
<td>1,424,000</td>
<td>1,424,000</td>
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<td>1,424,000</td>
<td>1,424,000</td>
<td>1,424,000</td>
<td>1,424,000</td>
</tr>
<tr>
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<td>350,000</td>
<td>361,000</td>
<td>372,000</td>
<td>383,000</td>
<td>394,000</td>
<td>406,000</td>
<td>418,000</td>
<td>431,000</td>
<td>444,000</td>
<td>457,000</td>
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<td>Other</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td><strong>Total other expenditures</strong></td>
<td>1,774,000</td>
<td>1,785,000</td>
<td>1,796,000</td>
<td>1,807,000</td>
<td>1,818,000</td>
<td>1,830,000</td>
<td>1,842,000</td>
<td>1,855,000</td>
<td>1,868,000</td>
<td>1,881,000</td>
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<td>$4,352,000</td>
<td>$4,535,000</td>
<td>$4,726,000</td>
<td>$4,924,000</td>
<td>$5,128,000</td>
<td>$5,337,000</td>
<td>$5,554,000</td>
<td>$5,776,000</td>
<td>$6,003,000</td>
<td>$6,240,000</td>
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</tbody>
</table>

### 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          | $5,378,300 | ($2,570,000)| $3,412,000 | $3,130,000 | $1,980,000 | $1,138,000 | $217,000   | ($788,000) | ($1,882,000)| ($3,076,000)|
| Operating cash flow         | $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 |
### Charlotte Coliseum Analysis Option 2 Renovated Charlotte Coliseum Hornets Pay Renovation Costs & Rent

#### Summary of Facility Option Economies

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<thead>
<tr>
<th>Arena</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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<td>8,200,000</td>
<td>8,446,000</td>
<td>8,690,000</td>
<td>8,960,000</td>
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<tr>
<td>Other events</td>
<td>5,210,000</td>
<td>5,366,000</td>
<td>5,527,000</td>
<td>5,693,000</td>
<td>5,864,000</td>
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<tr>
<td>Suites</td>
<td>3,091,000</td>
<td>3,184,000</td>
<td>3,280,000</td>
<td>3,378,000</td>
<td>3,479,000</td>
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<td>1,607,000</td>
<td>1,655,000</td>
<td>1,705,000</td>
<td>1,756,000</td>
<td>1,809,000</td>
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<td>2,865,000</td>
<td>2,951,000</td>
<td>3,040,000</td>
<td>3,131,000</td>
<td>3,225,000</td>
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<td>713,000</td>
<td>734,000</td>
<td>756,000</td>
<td>779,000</td>
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<td>Miscellaneous revenues</td>
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<td>551,000</td>
<td>568,000</td>
<td>585,000</td>
<td>603,000</td>
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<tr>
<td>Total operating revenue</td>
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<td>22,620,000</td>
<td>23,300,000</td>
<td>23,998,000</td>
<td>24,719,000</td>
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<td>12,332,000</td>
<td>12,702,000</td>
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<td>13,475,000</td>
<td>13,879,000</td>
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<td>(1,265,000)</td>
<td>(1,303,000)</td>
<td>(1,342,000)</td>
<td>(1,382,000)</td>
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<td>2,644,000</td>
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<td>2,805,000</td>
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<td>14,424,000</td>
<td>14,856,000</td>
<td>15,302,000</td>
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<td>8,616,000</td>
<td>8,876,000</td>
<td>9,142,000</td>
<td>9,417,000</td>
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<td>0</td>
<td>0</td>
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<td>471,000</td>
<td>485,000</td>
<td>500,000</td>
<td>515,000</td>
<td>530,000</td>
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<td>471,000</td>
<td>485,000</td>
<td>500,000</td>
<td>515,000</td>
<td>530,000</td>
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<tr>
<td>Net Cash Flow</td>
<td>$7,894,000</td>
<td>$8,131,000</td>
<td>$8,376,000</td>
<td>$8,627,000</td>
<td>$8,887,000</td>
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</tbody>
</table>

### Hornets

| Operating revenues            | 64,618,000 | 66,557,000 | 68,554,000 | 70,611,000 | 72,729,000 |
| Operating expenses            | 69,103,000 | 72,358,000 | 76,186,000 | 79,995,000 | 83,995,000 |
| Other expenditures            | 0         | 0         | 0         | 0         | 0         |
| Operating cash flow           | ($4,485,000) | ($6,091,000) | ($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) |
### Annual Event Revenue Assumptions

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<th>Event Type</th>
<th>Number Of Data</th>
<th>Paid Per Game Attd.</th>
<th>Total Paid Attd.</th>
<th>Average Net Ticket Prices</th>
<th>Concessions Per Capita</th>
<th>Net Novelties Per Capita</th>
<th>Parking Rate</th>
<th>Net Event Expense</th>
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<td>Hornets presence</td>
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<td>19,100</td>
<td>38,281</td>
<td>$25.30</td>
<td>$5.00</td>
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<td>$5.00</td>
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<td>22,700</td>
<td>932,496</td>
<td>$25.30</td>
<td>$5.00</td>
<td>$0.75</td>
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<td>$10,700</td>
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<td>0</td>
<td>$27.80</td>
<td>$5.00</td>
<td>$1.25</td>
<td>$5.00</td>
<td>$10,700</td>
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<td>7,300</td>
<td>165,600</td>
<td>$12.00</td>
<td>$1.95</td>
<td>$2.20</td>
<td>$5.00</td>
<td>$12,200</td>
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<td>12,200</td>
<td>121,600</td>
<td>$26.00</td>
<td>$3.35</td>
<td>$5.00</td>
<td>$5.00</td>
<td>$22,000</td>
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<td>30,360</td>
<td>$15.00</td>
<td>$2.85</td>
<td>$5.00</td>
<td>$5.00</td>
<td>$20,000</td>
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<td>$5,000</td>
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<td>50,900</td>
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<td>$0.00</td>
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<td>9,480</td>
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<td>$12.00</td>
<td>$0.00</td>
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<td>16,160</td>
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<td>$3.30</td>
<td>$1.25</td>
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<td>$0.00</td>
<td>$0.00</td>
<td>$5.00</td>
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</tr>
<tr>
<td>Total</td>
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<td>1,421,975</td>
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### Advertising/Sponsorship

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>Advertising - In arena signage</td>
<td>$3,394,000</td>
</tr>
<tr>
<td>Advertising - Concourse/lamp signage</td>
<td></td>
</tr>
<tr>
<td>Advertising - Scoreboard signage</td>
<td></td>
</tr>
<tr>
<td>Advertising - Courts de signage</td>
<td></td>
</tr>
<tr>
<td>Donors/Ad me</td>
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</tr>
<tr>
<td>Total Advertising Revenue</td>
<td>$3,394,000</td>
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### Naming Rights

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual payments</td>
<td>$500,000</td>
</tr>
<tr>
<td>Terms of contract n years</td>
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</tr>
<tr>
<td>Total Naming Rights</td>
<td>$500,000</td>
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</tbody>
</table>

### Private Suite Annual

<table>
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<th>Item</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Number of suites</td>
<td>42</td>
</tr>
<tr>
<td>Annual lease fee (total)</td>
<td>$60,000</td>
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<tr>
<td>Number of seats per suite</td>
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</tr>
<tr>
<td>Ticket price</td>
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<td>Leased % suite</td>
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<tr>
<td>Total Private Suite</td>
<td>$60,000</td>
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### Team Revenues

<table>
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<tr>
<th>Item</th>
<th>Cost</th>
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<td>Team Expenses</td>
<td>$21,470,000</td>
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<tr>
<td>Total player salaries</td>
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</tr>
<tr>
<td>Fees on, suspension and other players compensation</td>
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</tr>
<tr>
<td>Basketball Operaists</td>
<td></td>
</tr>
<tr>
<td>General and admin expenses</td>
<td></td>
</tr>
<tr>
<td>Market mg and publ c rel ats</td>
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</tr>
<tr>
<td>Broadcast</td>
<td></td>
</tr>
<tr>
<td>Other</td>
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<tr>
<td>Total Team Revenues</td>
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### Miscellaneous Revenues

<table>
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<tr>
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<tr>
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<td>Box office</td>
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### Annual Team Revenue & Expense

<table>
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<td>Fees on, suspension and other players compensation</td>
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<td>Basketball Operaists</td>
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<tr>
<td>General and admin expenses</td>
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<tr>
<td>Market mg and publ c rel ats</td>
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<tr>
<td>Broadcast</td>
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## Option 2: Hornets Pay Renovation Costs & No Rent

Financial Model Assumptions Summary | Confidential Draft Copy | For Internal Use Only
---

### 1996 Dollars

### Existing Lease Revenue & Expense Allocations

<table>
<thead>
<tr>
<th>Revenue/Expense Category</th>
<th>Arena Mgt</th>
<th>Hornets</th>
<th>Other</th>
<th>Public</th>
<th>COGS</th>
<th>Flat Fee</th>
<th>Hornets</th>
<th>Other</th>
<th>Public</th>
<th>COGS</th>
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<tr>
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<td></td>
<td></td>
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<tr>
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<tr>
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### Existing Lease Revenue & Expense Allocations

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<thead>
<tr>
<th>Revenue/Expense Category</th>
<th>Arena Mgt</th>
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<tr>
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### Notes:
- Please ensure all assumptions are reviewed and approved.
- Important calculations and calculations have been double-checked.
- Confidentiality maintained throughout the process.
### Parking

<table>
<thead>
<tr>
<th>Arena Mgt</th>
<th>Hornets</th>
<th>Other</th>
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### Arena Revenues

<table>
<thead>
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<th>Hornets</th>
<th>Other</th>
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<th>COGS</th>
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<td>Basketball Only Club Seats</td>
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<td>Private Club</td>
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### Ad Vertising

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<td>Advertising Concourse/lamp sign</td>
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<tr>
<td>Naming Rights</td>
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### Team Revenues

<table>
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<th>Arena Mgt</th>
<th>Hornets</th>
<th>Other</th>
<th>Pub c</th>
<th>COGS</th>
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</thead>
<tbody>
<tr>
<td></td>
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<td>0.00%</td>
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### Team Expenses

<table>
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<th>Arena Mgt</th>
<th>Hornets</th>
<th>Other</th>
<th>Pub c</th>
<th>COGS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>100.00%</td>
<td>0.00%</td>
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### Arena Expenses

<table>
<thead>
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<th>Arena Expenses</th>
<th>Arena Mgt</th>
<th>Hornets</th>
<th>Other</th>
<th>Pub c</th>
<th>COGS</th>
</tr>
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<tr>
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### Debt Service

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### Sources & Uses Assumptions

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<th>Other</th>
<th>COGS</th>
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<tr>
<td>Total Uses of Funds</td>
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### Option 2: Hornets Pay Renovation Costs & No Rent

Financial Model Assumptions Summary - Confidential Draft Copy For Internal Use Only

1996 Dollars
### 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

<table>
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<tr>
<th></th>
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<th></th>
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<tbody>
<tr>
<td>Arena</td>
<td>$5,924,000</td>
<td>$6,102,000</td>
<td>$6,284,000</td>
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<td>$6,867,000</td>
<td>$7,047,000</td>
<td>$7,285,000</td>
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<td>3,992,000</td>
<td>4,112,000</td>
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<td>2,589,000</td>
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<td>2,746,000</td>
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<td>490,000</td>
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<td>Total operating revenue</td>
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<td>17,255,000</td>
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#### Combined Cash Flows

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<td>($2,570,000)</td>
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<td>$11,584,300</td>
<td>$3,875,000</td>
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</table>
### Charlotte Coliseum Analysis

**Option 2: Renovated Charlotte Coliseum**

**Hornets Pay Renovation Costs & No Rent**

**Summary of Facility Option Economics**

<table>
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<tr>
<th>Arena</th>
<th>Renovated Charlotte Coliseum Operated by the Hornets</th>
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<tbody>
<tr>
<td></td>
<td>2007</td>
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<td>7,961,000</td>
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<td>Reimbursable expenses</td>
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### Hornets

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<td>64,618,000</td>
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### Annual Event Revenue Assumptions

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<th>Actual Total Paid</th>
<th>Average Net Ticket Prices</th>
<th>Concessions Net Per Capita</th>
<th>Parking Rate Net Event Expense</th>
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**Inflation factor** 1.03

### Advertising/Sponsorships

- **Private Club**
  - Number of memberships: 406
  - Annual membership p fee: $600

- **Club Seats Annual**
  - Number of club seats annual: 1,500
  - Annual lease pret tax: $860
  - Average club price: $0
  - Leased % club seats: 90%

- **Total Advertising Revenue**: $3,798,000

### Naming Rights

- **Annual payment**: $500,000
- **Term of contract**: 10 years

### Private Suites Annual

- **Number of su tes**: 42
- **Annual lease fee (total)**: $60,000
- **Annual lease fee (total)**: $60,000

### Annual Revenue & Expense

- **Revenue**: $21,470,000
- **Expense**: $16,809,000

### Team Revenues

- **National TV**
- **NHL cable**
- **Local broadcast**
- **NBA p operates**
- **NBA Other**

### Team Expenses

- **Total player salaries**
- **Pens on insurance and other player costs**
- **Basketball Operations**
- **General and admin n at ve**
- **Marketng and publ c relat ons**
- **Other**
### Existing Lease Revenue & Expense Allocations

<table>
<thead>
<tr>
<th>Arena Mgt</th>
<th>Hornets</th>
<th>Other</th>
<th>Pub C</th>
<th>COGS</th>
<th>Flat Fee</th>
<th>Arena Mgt</th>
<th>Hornets</th>
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<th>Pub C</th>
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<td>0.00%</td>
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<td>Hornets post</td>
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<td>100.00%</td>
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</tr>
<tr>
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<tr>
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<td>56.00%</td>
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</tbody>
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### Notes

- **Revenue Allocations**
- **Expense Allocations**
- **Flat Fee**

- **DRAFT COPY**
### Option 2 City Pays Renovation Costs & No Rent

**Financial Model Assumptions Summary: Confidential Draft Copy For Internal Use Only**

**1996 Dollars**

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<thead>
<tr>
<th>Arena Mgt</th>
<th>Hornets</th>
<th>Other</th>
<th>Public</th>
<th>COGS</th>
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<td>Nurn of R. gates</td>
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<td>0.00%</td>
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</tbody>
</table>

| Team Revenues | 0.00% | 100.00% | 0.00%  | 0.00%|
| Team Expenses | 0.00% | 100.00% | 0.00%  | 0.00%|
| Arena Expenses | 100.00% | 0.00% | 0.00%  | 0.00%|
| Debt Service | 0.00% | 0.00% | 100.00%  | 0.00%|

**Sources & Uses Assumptions**

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<td>State #2</td>
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<tr>
<td>Cy #1</td>
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**Total**

- **Total sales of funds:** $10,000,000
- **Uses of Funds:** $0
  - Pt. vane suites: 0
  - Club seats: 0
  - Seatng: 0
  - Other: 10,000,000
  - F. range of costs: 0
  - Soft costs: 0
  - Open: 0

**Total uses of funds:** $10,000,000
### Charlotte Coliseum Analysis

**Option 2: Renovated Charlotte Coliseum**

**City Pays Renovation Costs & No Rent**

**Summary of Facility Option Economics**

<table>
<thead>
<tr>
<th>Year</th>
<th>Arena Revenue</th>
<th>Hordets Revenue</th>
<th>Other Revenue</th>
<th>Suites Revenue</th>
<th>Club Seats Revenue</th>
<th>Advertising Revenue</th>
<th>Naming Rights Revenue</th>
<th>Miscellaneous Revenues</th>
<th>Total Operating Revenue</th>
<th>Operating Expenses</th>
<th>Net Operating Revenues</th>
<th>Debt</th>
<th>Arena Capital Expenditures</th>
<th>Other</th>
<th>Total Other Expenditures</th>
<th>Net Cash Flow</th>
<th>Combined Cash Flows</th>
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<td>$507,000</td>
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<td>$13,008,000</td>
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<tr>
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<td>$12,280,000</td>
<td>$8,040,000</td>
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<td>$672,000</td>
<td>$672,000</td>
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<td>$13,008,000</td>
<td>$13,008,000</td>
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</table>

**Notes:**
- Arena revenue includes ticket sales, concessions, and other revenue from the arena.
- Hordets revenue includes ticket sales and other revenue from the Hornets.
- Other revenue includes local and state taxes, rental agreements, and other sources.
- Suites revenue includes revenue from private suites.
- Club seats revenue includes revenue from club seats.
- Advertising revenue includes advertising and sponsorship revenue.
- Naming rights revenue includes revenue from naming rights.
- Miscellaneous revenues include other miscellaneous revenues.
- Total operating revenue includes all revenue sources.
- Operating expenses include personnel, utilities, and other operating expenses.
- Net operating revenues are total operating revenue minus operating expenses.
- Debt includes long-term debt.
- Arena capital expenditures include capital expenditures related to the arena.
- Other other expenditures include other capital expenditures.
- Net cash flow includes net operating revenues and other revenues and expenses.
- Combined cash flows include net cash flow and other cash flows.

**Additional Notes:**
- The table above shows the financial analysis of the Charlotte Coliseum under Option 2, which involves the city paying for the renovation costs with no rent.
- The analysis includes revenue streams, operating expenses, and net cash flow projections for the years 1997 to 2006.
- The projected net cash flow for the Hornets is positive, indicating a return on investment.
- The combined cash flows are positive, indicating a stable financial position.

**Draft Date:** 01/13 PM

**Page:** 02/17/97
### Charlotte Coliseum Analysis  Option 2  Renovated Charlotte Coliseum
### City Pays Renovation Costs & No Rent
### Summary of Facility Option Economics

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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<td><strong>Renovated Charlotte Coliseum Operated by the Hornets</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Hornets revenue</strong></td>
<td>7,961,000</td>
<td>8,200,000</td>
<td>8,446,000</td>
<td>8,699,000</td>
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<tr>
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<td>5,527,000</td>
<td>5,693,000</td>
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<td><strong>Suites</strong></td>
<td>3,091,000</td>
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<td><strong>Club seats</strong></td>
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<td>779,000</td>
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<td>551,000</td>
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<td>23,998,000</td>
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<td>(1,265,000)</td>
<td>(1,303,000)</td>
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<td><strong>Total operating costs</strong></td>
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<td>0</td>
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<td>485,000</td>
<td>500,000</td>
<td>515,000</td>
<td>530,000</td>
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<td>0</td>
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<td>0</td>
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<tr>
<td><strong>Total other expenditures</strong></td>
<td>471,000</td>
<td>485,000</td>
<td>500,000</td>
<td>515,000</td>
<td>530,000</td>
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<td><strong>Net Cash Flow</strong></td>
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<td></td>
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<td><strong>Operating revenues</strong></td>
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<td><strong>Operating cash flow</strong></td>
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<td><strong>($6,001,000)</strong></td>
<td><strong>($7,632,000)</strong></td>
<td><strong>($9,384,000)</strong></td>
<td><strong>($11,266,000)</strong></td>
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<td><strong>Combined Cash Flows</strong></td>
<td><strong>$5,901,000</strong></td>
<td><strong>$4,697,000</strong></td>
<td><strong>$3,388,000</strong></td>
<td><strong>$1,966,000</strong></td>
<td><strong>$426,000</strong></td>
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### Charlotte Bobcats Analysis - Options & Sell the Coliseum

**Financial Model Assumptions Summary** - Confidential Draft Copy For Internal Use Only

1996 Dollars

<table>
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<tr>
<th>Event Type</th>
<th>Number Of Dates</th>
<th>Paid Per Game</th>
<th>Total Paid</th>
<th>Total Actual</th>
<th>Average Net Ticket Price</th>
<th>Net Concessions Per Capita</th>
<th>Net Novelties Per Capita</th>
<th>Parking Rate</th>
<th>Net Event Expense</th>
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<td>Hornets preseason</td>
<td>2</td>
<td>19,100</td>
<td>38,288</td>
<td>32,162</td>
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<td>$5.00</td>
<td>$0.75</td>
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<td>$5.00</td>
<td>$0.75</td>
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<td>$0.00</td>
<td>$0.00</td>
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| Infl uence factor                   | 1.03            |               |            |              |                         |                             |                          |              |                  |

| Number of Parking Spaces | 8,000 |

### Annual Arena Revenue & Expense

#### Advertising/Sponsorships
- Private Club
- Advertisers & sponsors
- Sponsors & advertisements
- Digital ad

#### Naming Rights
- Annual payment
- Term of contract (years)

#### Private Suites Annual
- Number of suites
- Annual lease fee (total)
- Number of suites in suites
- Suite price
- Suite concession

#### Team Revenue
- National TV
- National cable
- Local broadcast
- NBA pump
- NBA Other

#### Team Expenses
- Total player salary
- Pension insurance and other player costs
- Basketball operations
- General and administration
- Misc. suit and subs contract
- Strength

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<th>Description</th>
<th>Amount</th>
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<td>Team Expenses</td>
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**Note:**
- All numbers are based on 1996 dollars and subject to change based on market conditions and developmental phase.
### Existing Lease Revenue & Expense Allocations

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<th></th>
<th>Arena Mgt</th>
<th>Hornets</th>
<th>Other</th>
<th>Pub c</th>
<th>COGS</th>
<th>Flat Fee</th>
<th>Arena Mgt</th>
<th>Hornets</th>
<th>Other</th>
<th>Pub c</th>
<th>COGS</th>
<th>Flat Fee</th>
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</thead>
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<td>0.00%</td>
<td>0.00%</td>
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<td>0.00%</td>
<td>0.00%</td>
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<td>0.00%</td>
<td>0.00%</td>
<td>n/a</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Hornets regular</td>
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<td>6.00%</td>
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<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>n/a</td>
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<td>0.00%</td>
</tr>
<tr>
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<td>0.00%</td>
<td>0.00%</td>
<td>n/a</td>
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<tr>
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<td>0.00%</td>
<td>n/a</td>
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<td>0.00%</td>
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<tr>
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### Existing Lease Revenue & Expense Allocations

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## Existing Lease Revenue & Expense Allocations

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<tr>
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### Arena Revenues

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<td>Hornets #2</td>
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<tr>
<td>Hornets #3</td>
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<td>State #2</td>
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<td>City #1</td>
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<tr>
<td>Open</td>
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<tr>
<td>Nan eg. games</td>
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### Total Sources of Funds

- **$10,000,000**

### Team Revenues

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### Total Uses of Funds

- **$10,000,000**

### Debt Service

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### Notes

- DRAFT COPY 1/19/99 09:18 AM
## Charlotte Coliseum Analysis - Option 3 - Sell the Coliseum
Summary of Facility Option Economics

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# Charlotte Coliseum Analysis - Option 3  Sell the Coliseum

## Summary of Facility Option Economics

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## Hornets

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<th>Total Actual Attld</th>
<th>Average Net Ticket Price</th>
<th>Net Contessa Per Capita</th>
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### Annual Arena Revenue & Expense

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### Notes

- **Number of Parking Spaces**: 8,000
- **Total Area Expenses**: $2,032,000
- **Miscellaneous Expenses**: $8,200
### Existing Lease Revenue & Expense Allocations

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### Charlotte Coliseum Analysis - Option 1: New Arena (Existing Years)
#### Financial Model Assumptions Summary - Confidential Draft Copy For Internal Use Only
1996 Dollars

#### Existing Lease Revenue & Expense Allocation

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#### Additional Information

- **Parking:**
  - Coliseum: 62.50%
  - Hornets: 37.50%
  - Other: 0.00%
  - Public: 0.00%
  - COGS: 0.00%

- **Concessions:**
  - Coliseum: 100.00%
  - Hornets: 0.00%
  - Other: 0.00%
  - Public: 0.00%

- **Rodeos:**
  - Coliseum: 100.00%
  - Hornets: 0.00%
  - Other: 0.00%
  - Public: 0.00%

- **Other Sports Events:**
  - Coliseum: 100.00%
  - Hornets: 0.00%
  - Other: 0.00%
  - Public: 0.00%

- **Motor Events:**
  - Coliseum: 100.00%
  - Hornets: 0.00%
  - Other: 0.00%
  - Public: 0.00%

- **Family Shows:**
  - Coliseum: 100.00%
  - Hornets: 0.00%
  - Other: 0.00%
  - Public: 0.00%

- **Other Sports Events:**
  - Coliseum: 100.00%
  - Hornets: 0.00%
  - Other: 0.00%
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### Annual Event Revenue Assumptions

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### Annual Team Revenue & Expenses

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### Miscellaneous Revenues & Expenses

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### Lease Expense & Occupancy

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### Summary

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## Charlotte Coliseum Analysis: Option 4
### New Upstage Hornets Arena

**Financial Model Assumptions Summary:** Confidential Draft Copy For Internal Use Only

**1996 Dollars**

### Existing Lease Revenue & Expense Allocations

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<th>Hornets</th>
<th>Other</th>
<th>Publ c</th>
<th>COGS</th>
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### Existing Lease Revenue & Expense Allocations

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<th></th>
<th>Arena Mgt</th>
<th>Hornets</th>
<th>O b h</th>
<th>Pub c</th>
<th>COGS</th>
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<td>Parking</td>
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<tr>
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<tr>
<td>Pub c</td>
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<tr>
<td>Pro rae c e chs</td>
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<td>0.00%</td>
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<td>0.00%</td>
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<td>Rodeo</td>
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#### Arena Revenues

<table>
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<tr>
<th></th>
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<th>100.00%</th>
<th>0.00%</th>
<th>0.00%</th>
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</thead>
<tbody>
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<td>0.00%</td>
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<tr>
<td>Priv y Suite</td>
<td>100.00%</td>
<td>0.00%</td>
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<td>0.00%</td>
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<tr>
<td>Basketball Only Club Seats</td>
<td>100.00%</td>
<td>0.00%</td>
<td>0.00%</td>
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<tr>
<td>Private Club</td>
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<td>0.00%</td>
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### Sources & Uses Assumptions

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<tr>
<td>Ho nets #1</td>
<td>$50,000,000</td>
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<tr>
<td>Hornets #2</td>
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<td>20.00%</td>
</tr>
<tr>
<td>Ho nets #3</td>
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</tr>
<tr>
<td>State #1</td>
<td>0.00%</td>
<td>0.00%</td>
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<tr>
<td>State #2</td>
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<td>Use of funds</td>
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<td>0.00%</td>
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<td>Other</td>
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<tr>
<td>Total sources of funds</td>
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### Team Revenues

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<th>0.00%</th>
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### Team Expenses

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### Arena Expenses

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<th>0.00%</th>
<th>0.00%</th>
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### Debt Service

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<th>0.00%</th>
<th>0.00%</th>
<th>0.00%</th>
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Charlotte Coliseum Analysis Options New Options Hornets Arena
Financial Model Assumptions Summary Confidential Draft Copy For Internal Use Only
1996 Dollars

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**DRAFT COPY**
<table>
<thead>
<tr>
<th>Hornets revenue</th>
<th>Other events</th>
<th>Suites</th>
<th>Club seats</th>
<th>Advertising</th>
<th>Naming rights</th>
<th>Miscellaneous revenues</th>
<th>Total operating revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,060,000</td>
<td>$4,171,000</td>
<td>$4,285,000</td>
<td>$4,401,000</td>
<td></td>
<td></td>
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<td>$18,897,000</td>
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<tr>
<td>$3,520,000</td>
<td>$3,626,000</td>
<td>$3,736,000</td>
<td>$3,847,000</td>
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<td>$14,745,000</td>
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<table>
<thead>
<tr>
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<th>Removable expenses</th>
<th>Payment to City</th>
<th>Total operating costs</th>
<th>Net Operating Revenues</th>
<th>Debt</th>
<th>Arena capital expenditures</th>
<th>Other</th>
<th>Total other expenditures</th>
<th>Net Cash Flow</th>
<th>Hornets</th>
<th>Operating revenues</th>
<th>Operating expenses</th>
<th>Other expenditures</th>
<th>Operating cash flow</th>
<th>Combined Hornets Cash Flows</th>
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</thead>
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<tr>
<td>$6,797,000</td>
<td>$6,932,000</td>
<td>$7,140,000</td>
<td>$7,354,000</td>
<td>$7,575,000</td>
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<td>$48,790,000</td>
<td>$50,358,000</td>
<td>$51,971,000</td>
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<tr>
<td>$4,178,000</td>
<td>$4,249,000</td>
<td>$4,479,000</td>
<td>$4,613,000</td>
<td>$4,752,000</td>
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<td>$42,217,000</td>
<td>$51,267,000</td>
<td>$47,243,000</td>
<td>$51,934,000</td>
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<td>$53,880,000</td>
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<td>$6,260,000</td>
<td>$6,448,000</td>
<td>$6,641,000</td>
<td>$6,841,000</td>
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<td>$6,582,000</td>
<td>($1,312,000)</td>
<td>$4,728,000</td>
<td>$1,701,000</td>
<td>$5,435,000</td>
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## Charlotte Coliseum Analysis  Option 4  New Arena (Existing Years)
### Summary of Facility Option Economics

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</thead>
<tbody>
<tr>
<td>Hornets revenue</td>
<td>$8,036,000</td>
<td>$8,277,000</td>
<td>$8,525,000</td>
<td>$8,781,000</td>
<td>$9,045,000</td>
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<td>Other events</td>
<td>5,041,000</td>
<td>5,193,000</td>
<td>5,348,000</td>
<td>5,508,000</td>
<td>5,674,000</td>
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<tr>
<td>Suites</td>
<td>7,475,000</td>
<td>7,699,000</td>
<td>7,930,000</td>
<td>8,168,000</td>
<td>8,413,000</td>
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<tr>
<td>Club seats</td>
<td>5,606,000</td>
<td>5,774,000</td>
<td>5,948,000</td>
<td>6,126,000</td>
<td>6,310,000</td>
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<tr>
<td>Advertising</td>
<td>4,706,000</td>
<td>4,848,000</td>
<td>4,993,000</td>
<td>5,143,000</td>
<td>5,297,000</td>
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<tr>
<td>Naming rights</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>535,000</td>
<td>551,000</td>
<td>568,000</td>
<td>584,000</td>
<td>603,000</td>
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<tr>
<td>Total operating revenue</td>
<td>31,399,000</td>
<td>32,342,000</td>
<td>33,312,000</td>
<td>34,310,000</td>
<td>35,342,000</td>
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<td>Operating expenses</td>
<td>14,118,000</td>
<td>14,543,000</td>
<td>14,978,000</td>
<td>15,428,000</td>
<td>15,890,000</td>
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<td>Reimbursable expenses</td>
<td>(1,228,000)</td>
<td>(1,265,000)</td>
<td>(1,302,000)</td>
<td>(1,342,000)</td>
<td>(1,382,000)</td>
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<tr>
<td>Payment to City</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Total operating costs</td>
<td>12,890,000</td>
<td>13,278,000</td>
<td>13,676,000</td>
<td>14,086,000</td>
<td>14,508,000</td>
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<td>Net Operating Revenues</td>
<td>18,509,000</td>
<td>19,064,000</td>
<td>19,636,000</td>
<td>20,224,000</td>
<td>20,834,000</td>
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</tr>
<tr>
<td>Debt</td>
<td>4,720,000</td>
<td>4,720,000</td>
<td>4,720,000</td>
<td>4,720,000</td>
<td>4,720,000</td>
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<tr>
<td>Arena capital expenditures</td>
<td>717,000</td>
<td>739,000</td>
<td>761,000</td>
<td>784,000</td>
<td>808,000</td>
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<tr>
<td>Other</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Total other expenditures</td>
<td>5,437,000</td>
<td>5,459,000</td>
<td>5,481,000</td>
<td>5,504,000</td>
<td>5,528,000</td>
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<td>Net Cash Flow</td>
<td>$13,072,000</td>
<td>$13,605,000</td>
<td>$14,155,000</td>
<td>$14,720,000</td>
<td>$15,306,000</td>
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### 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

<table>
<thead>
<tr>
<th>Arenas</th>
<th>Team(s)</th>
<th>Opening Year</th>
<th>Total Cost (millions)</th>
<th>Financing Participation</th>
<th>Financing Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Public</td>
<td>Private/Project</td>
</tr>
<tr>
<td>Atlanta Arena</td>
<td>Atlanta Hawks</td>
<td>1999</td>
<td>$240.6</td>
<td>30%</td>
<td>70%</td>
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<tr>
<td>Miami Arena</td>
<td>Miami Heat</td>
<td>1999</td>
<td>$165.0</td>
<td>56%</td>
<td>44%</td>
</tr>
<tr>
<td>Rose Garden</td>
<td>Portland Trailblazers</td>
<td>1995</td>
<td>$260.1</td>
<td>13%</td>
<td>87%</td>
</tr>
<tr>
<td>Key Arena</td>
<td>Seattle Supersonics</td>
<td>1992</td>
<td>$107.0</td>
<td>9%</td>
<td>91%</td>
</tr>
<tr>
<td>America West Arena</td>
<td>Phoenix Suns</td>
<td>1991</td>
<td>$94.0</td>
<td>21%</td>
<td>79%</td>
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<tr>
<td>Delta Center</td>
<td>Utah Jazz</td>
<td>1990</td>
<td>$103.0</td>
<td>19%</td>
<td>81%</td>
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<tr>
<td>Target Center</td>
<td>Minnesota Timberwolves</td>
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**NBA-Only Facility Average**

<table>
<thead>
<tr>
<th>Arenas</th>
<th>Team(s)</th>
<th>Opening Year</th>
<th>Total Cost (millions)</th>
<th>Financing Participation</th>
<th>Financing Participation</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Public</td>
<td>Private/Project</td>
</tr>
<tr>
<td>Broward County Arena</td>
<td>Florida Panthers</td>
<td>1998</td>
<td>$217.7</td>
<td>79%</td>
<td>21%</td>
</tr>
<tr>
<td>Ice Palace</td>
<td>Tampa Bay Lightning</td>
<td>1996</td>
<td>$153.0</td>
<td>57%</td>
<td>43%</td>
</tr>
<tr>
<td>Marine Midland Arena</td>
<td>Buffalo Sabres</td>
<td>1994</td>
<td>$127.5</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td>Kiel Center</td>
<td>St Louis Blues</td>
<td>1992</td>
<td>$134.7</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>San Jose Arena</td>
<td>San Jose Sharks</td>
<td>1993</td>
<td>$162.5</td>
<td>82%</td>
<td>18%</td>
</tr>
<tr>
<td>Arrowhead Pond of Anaheim</td>
<td>Anaheim Mighty Ducks</td>
<td>1993</td>
<td>$126.5</td>
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<td>100%</td>
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**NHL-Only Facility Average**

<table>
<thead>
<tr>
<th>Arenas</th>
<th>Team(s)</th>
<th>Opening Year</th>
<th>Total Cost (millions)</th>
<th>Financing Participation</th>
<th>Financing Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Public</td>
<td>Private/Project</td>
</tr>
<tr>
<td>LA Arena</td>
<td>Los Angeles Lakers/Kings</td>
<td>1999</td>
<td>$320.5</td>
<td>22%</td>
<td>78%</td>
</tr>
<tr>
<td>MCI Center</td>
<td>Washington Bullets/Capitals</td>
<td>1998</td>
<td>$256.0</td>
<td>22%</td>
<td>78%</td>
</tr>
<tr>
<td>Fleet Center</td>
<td>Boston Celtics/Bruns</td>
<td>1995</td>
<td>$160.0</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>United Center</td>
<td>Chicago Bulls/Blackhawks</td>
<td>1994</td>
<td>$187.5</td>
<td>7%</td>
<td>93%</td>
</tr>
<tr>
<td>CoreStates Center</td>
<td>Philadelphia 76'ers/Flyers</td>
<td>1996</td>
<td>$227.1</td>
<td>11%</td>
<td>89%</td>
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**NBA/NHL Facility Average**

<table>
<thead>
<tr>
<th>Arenas</th>
<th>Team(s)</th>
<th>Opening Year</th>
<th>Total Cost (millions)</th>
<th>Financing Participation</th>
<th>Financing Participation</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Public</td>
<td>Private/Project</td>
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**ALL ARENA AVERAGE**

<table>
<thead>
<tr>
<th>Arenas</th>
<th>Team(s)</th>
<th>Opening Year</th>
<th>Total Cost (millions)</th>
<th>Financing Participation</th>
<th>Financing Participation</th>
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<td>Private/Project</td>
</tr>
<tr>
<td></td>
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</table>

*Areas 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.*
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
Presentation to the City of Charlotte

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

CSL International
Conventions, Sports & Leisure
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
Presentation to the City of Charlotte

OVERVIEW OF PROFESSIONAL SPORTS

CSL International
Conventions, Sports & Leisure
Professional Sports

- There are four primary professional sports in the U.S. as well as 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
Presentation to the City of Charlotte

**Professional Sports**

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

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gate Receipts</td>
<td>Player salaries</td>
</tr>
<tr>
<td>Media</td>
<td>Team operations</td>
</tr>
<tr>
<td>Merchandising</td>
<td>Facility operating costs</td>
</tr>
<tr>
<td>Facility revenues</td>
<td>Facility debt service</td>
</tr>
</tbody>
</table>

CSL International
Conventions, Sports & Leisure
Summary of Annual National Broadcast Rights Fees

Annual Contract Amount
(in millions)

Source: League information, industry periodicals
**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)

Source: Financial World
92 Professional Sports Franchises Have Addressed New Facility Issues Since 1985

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

- New facilities: 35%
- Under construction: 12%
- Planned/considered: 32%
- No announced plans: 21%

Six teams with facilities built since 1985 are currently evaluating the development of a new facility.
Presentation to the City of Charlotte

THE NATIONAL BASKETBALL ASSOCIATION

CSL International
Conventions, Sports & Leisure
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

New York
Orlando
Phoenix
LA Lakers
Cleveland
San Antonio
Seattle
Houston
Philadelphia
Denver
Sacramento
Detroit
Portland
Indiana
Chicago
Milwaukee
Charlotte
Golden State
Minnesota
New Jersey
Utah
Washington
Atlanta
Miami
Dallas
LA Clippers
Boston
Vancouver
Toronto

(in millions)

$0  $10  $20  $30  $40  $50

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Conventions, Sports & Leisure
28 NBA Franchises Have Addressed New Facility Issues Since 1985

Facility status of NBA teams

- New facilities: 59%
- No announced plans: 3%
- Under construction: 10%
- Planned/considered: 28%

Four NBA teams with facilities built since 1985 are currently evaluating the development of new arenas.
## Facilities Built or Renovated Since 1985

<table>
<thead>
<tr>
<th>Team</th>
<th>Arena</th>
<th>Opening</th>
<th>Capacity</th>
<th>Suites</th>
<th>Club Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vancouver Grizzlies</td>
<td>GM Place</td>
<td>1995</td>
<td>19,056</td>
<td>88</td>
<td>0</td>
</tr>
<tr>
<td>Portland Trailblazers</td>
<td>Rose Garden</td>
<td>1995</td>
<td>21,500</td>
<td>70</td>
<td>1,744</td>
</tr>
<tr>
<td>Seattle Supersonics</td>
<td>Key Arena</td>
<td>1995</td>
<td>17,100</td>
<td>58</td>
<td>1,100</td>
</tr>
<tr>
<td>Boston Celtics</td>
<td>Fleet Center</td>
<td>1995</td>
<td>18,600</td>
<td>104</td>
<td>2,350</td>
</tr>
<tr>
<td>Cleveland Cavaliers</td>
<td>Gund Arena</td>
<td>1994</td>
<td>20,613</td>
<td>88</td>
<td>3,000</td>
</tr>
<tr>
<td>Chicago Bulls</td>
<td>United Center</td>
<td>1994</td>
<td>21,500</td>
<td>216</td>
<td>3,000</td>
</tr>
<tr>
<td>San Antonio Spurs</td>
<td>Alamodome</td>
<td>1993</td>
<td>20,500</td>
<td>32</td>
<td>2,900</td>
</tr>
<tr>
<td>Phoenix Suns</td>
<td>America West</td>
<td>1992</td>
<td>19,023</td>
<td>87</td>
<td>2,200</td>
</tr>
<tr>
<td>Utah Jazz</td>
<td>Delta Center</td>
<td>1991</td>
<td>19,911</td>
<td>56</td>
<td>0</td>
</tr>
<tr>
<td>Minnesota Timberwolves</td>
<td>Target Center</td>
<td>1990</td>
<td>19,006</td>
<td>70</td>
<td>0</td>
</tr>
<tr>
<td>Orlando Magic</td>
<td>Orlando Arena</td>
<td>1989</td>
<td>15,077</td>
<td>22</td>
<td>0</td>
</tr>
<tr>
<td>Milwaukee Bucks</td>
<td>Bradley Center</td>
<td>1988</td>
<td>18,633</td>
<td>68</td>
<td>0</td>
</tr>
<tr>
<td>Miami Heat</td>
<td>Miami Arena</td>
<td>1988</td>
<td>15,600</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>Detroit Pistons</td>
<td>The Palace</td>
<td>1988</td>
<td>21,454</td>
<td>180</td>
<td>1,000</td>
</tr>
<tr>
<td>Charlotte Hornets</td>
<td>Charlotte Coliseum</td>
<td>1988</td>
<td>24,698</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td>Sacramento Kings</td>
<td>ARCO Arena</td>
<td>1988</td>
<td>17,317</td>
<td>30</td>
<td>442</td>
</tr>
</tbody>
</table>

CSL International
Conventions, Sports & Leisure
Facilities Currently Under Construction

<table>
<thead>
<tr>
<th>Team</th>
<th>Arena</th>
<th>Opening</th>
<th>Capacity</th>
<th>Suites</th>
<th>Club Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philadelphia 76'ers</td>
<td>CoreStates Center</td>
<td>1997</td>
<td>21,000</td>
<td>126</td>
<td>1,288</td>
</tr>
<tr>
<td>Toronto Raptors</td>
<td>Air Canada Centre</td>
<td>1998</td>
<td>23,000</td>
<td>104</td>
<td>2,200</td>
</tr>
<tr>
<td>Washington Bullets</td>
<td>MCI Center</td>
<td>1997</td>
<td>20,000</td>
<td>110</td>
<td>3,500</td>
</tr>
</tbody>
</table>

CSL International
Conventions, Sports & Leisure
## Facilities Currently Planned or Considered

<table>
<thead>
<tr>
<th>Team</th>
<th>Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlanta Hawks</td>
<td>New Arena</td>
</tr>
<tr>
<td>Charlotte Hornets*</td>
<td>New Arena</td>
</tr>
<tr>
<td>Dallas Mavericks</td>
<td>New Arena</td>
</tr>
<tr>
<td>Denver Nuggets</td>
<td>New Arena</td>
</tr>
<tr>
<td>Golden State Warriors</td>
<td>Renovated Arena</td>
</tr>
<tr>
<td>Houston Rockets</td>
<td>New Arena</td>
</tr>
<tr>
<td>Indiana Pacers</td>
<td>New Arena</td>
</tr>
<tr>
<td>L.A. Clippers</td>
<td>New Arena</td>
</tr>
<tr>
<td>L.A. Lakers</td>
<td>New Arena</td>
</tr>
<tr>
<td>Miami Heat*</td>
<td>New Arena</td>
</tr>
<tr>
<td>Orlando Magic*</td>
<td>Renovated Arena</td>
</tr>
<tr>
<td>San Antonio Spurs*</td>
<td>New Arena</td>
</tr>
</tbody>
</table>

* Current facilities built after 1985

---

CSL International  
Conventions, Sports & Leisure
Private Suites in NBA Facilities

- United Center: 216
- The Palace: 180
- CoreStates Center: 126
- MCI Center: 110
- Fleet Center: 104
- Air Canada Centre: 104
- GM Place: 88
- Madison Sq Garden: 88
- Gund Arena: 88
- America West: 87
- Rose Garden: 70
- Target Center: 70
- Bradley Center: 68
- Key Arena: 58
- Delta Center: 56
- Alamodome: 32
- ARCO Arena: 30
- Continental Arena: 29
- Orlando Arena: 22
- McNichols Arena: 18
- The Summit: 18
- Miami Arena: 16
- The Omni: 16
- Charlotte Coliseum: 12
- Oakland/Alameda Coliseum, L.A. Sports Arena, Great Western Forum

Reunion Arena, and Market Square Arena do not offer any private suites.
THE HORNETS' SITUATION

CSL International
Conventions, Sports & Leisure
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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Conventions, Sports & Leisure
Presentation to the City of Charlotte

**Historical Average Game Attendance**

- **Hornets**
- **NBA**

Source: NBA League Office

*CSL International*

*Conventions, Sports & Leisure*
NBA Gate Receipts Revenue

- Top Tier: $19,832,000
- Middle Tier: $12,907,000
- Lower Tier: $8,632,000
- Highest: $27,700,000
- Hornets: $18,498,000
- Overall Average: $14,680,000
- Lowest: $8,000,000

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Conventions, Sports & Leisure
Presentation to the City of Charlotte

Private Suite Revenue
(net of tickets)

Top Tier: $7,800,000
Middle Tier: $2,200,000
Lower Tier: $400,000
Highest: $12,300,000
Overall Average: $2,300,000
Hornets: $925,000
Lowest: $0

The average increases to $2.8 million when the five teams without suites are excluded.

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Conventions, Sports & Leisure
Presentation to the City of Charlotte

Club Seat Revenue

(Net of tickets)

- Top Tier: $7,900,000
- Middle Tier: $3,300,000
- Lower Tier: $110,000
- Highest: $10,259,000
- Overall Average: $1,700,000
- Hornets: $0
- Lowest: $0

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

- Top Tier: $32,400,000
- Middle Tier: $19,500,000
- Lower Tier: $11,800,000
- Highest: $38,500,000
- Overall Average: $18,600,000
- Hornets: $19,000,000
- Lowest: $8,000,000

CSL International
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Overall Team Revenue Rankings
(in millions)

High
$69

Average
$44

Hornets
$44

Low
$28

Source: Charlotte Hornets

CSL International
Conventions, Sports & Leisure
Hornets Lease

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

<table>
<thead>
<tr>
<th></th>
<th>Old Lease</th>
<th>New Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gate Receipts / Rent</td>
<td>$9,000</td>
<td>$9,000</td>
</tr>
<tr>
<td>Concessions (net)</td>
<td>100%</td>
<td>50%</td>
</tr>
<tr>
<td>Parking</td>
<td>100%</td>
<td>50%</td>
</tr>
<tr>
<td>Novelties</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Suites</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Advertising - arena signage</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Advertising - courtside</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Game day expenses</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
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

Stadium Consultants International

CSL International
Conventions, Sports & Leisure
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

CSL International
Conventions, Sports & Leisure
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)

CSL International
Conventions, Sports & Leisure
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.

CSL International
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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.
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.
This plan raises a number of issues:

- The NCAA Final Four sites from 1993 to 2002 include:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Site</td>
<td>Super-dome</td>
<td>Charlotte Coliseum</td>
<td>King-dome</td>
<td>Continental Arena</td>
<td>RCA Dome</td>
<td>Alamo-dome</td>
<td>Thunder-dome</td>
<td>RCA Dome</td>
<td>Metro-dome</td>
<td>Georgia Dome</td>
</tr>
<tr>
<td>Seats</td>
<td>20,000</td>
<td>24,000</td>
<td>40,000</td>
<td>21,000</td>
<td>60,500</td>
<td>65,000</td>
<td>50,000</td>
<td>60,500</td>
<td>40,000</td>
<td>40,000</td>
</tr>
</tbody>
</table>

- 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

CSL International
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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

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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.
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

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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

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Conventions, Sports & Leisure
## Presentation to the City of Charlotte

### 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

---

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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

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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

CSL International
Conventions, Sports & Leisure
**Directly or Indirectly Assist the Hornets with the Development of a New Arena - Markets with Two Arenas**

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

**CSL International**

Conventions, Sports & Leisure
Directly or Indirectly Assist the Hornets with the Development of a New Arena -

Status of Replaced Facilities

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

CSL International
Conventions, Sports & Leisure
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

CSL International
Conventions, Sports & Leisure
**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
Presentation to the City of 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
Presentation to the City of Charlotte

Project Goals

CSL International
Conventions, Sports & Leisure
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

CSL International
Conventions, Sports & Leisure
Analysis of Arena Options Regarding the Charlotte Hornets and the Charlotte Coliseum

Presented to:
The Charlotte City Council

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

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**

<table>
<thead>
<tr>
<th>✔️</th>
<th>Maximizes the City's financial position</th>
</tr>
</thead>
<tbody>
<tr>
<td>✗</td>
<td>No property tax increase/adverse impact on City's existing capital priorities</td>
</tr>
<tr>
<td>✗</td>
<td>Serves the long-term needs of the City</td>
</tr>
<tr>
<td>✗</td>
<td>Maintain economic/civic opportunity for the City</td>
</tr>
</tbody>
</table>

- 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

Renegotiate the Hornets' lease and renovate the Coliseum

- 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

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.

<table>
<thead>
<tr>
<th>Authority Renovation Proposals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proposal #1</strong></td>
</tr>
<tr>
<td>Renovation costs</td>
</tr>
<tr>
<td>Improvements</td>
</tr>
<tr>
<td>30 suites</td>
</tr>
<tr>
<td>1,500 club seats</td>
</tr>
<tr>
<td>1 private club</td>
</tr>
<tr>
<td>Ticket, concession &amp; parking increase</td>
</tr>
<tr>
<td>Naming rights (annually)</td>
</tr>
<tr>
<td>Additional Hornets revenue (annually)</td>
</tr>
<tr>
<td>Lease term with Hornets</td>
</tr>
</tbody>
</table>

- 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

Sell the Coliseum to the Hornets

- 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

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
- Serves the long-term needs of the City
- 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.
May 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

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

Outlined Events are "Public Purpose" Events
## Event-Related Revenues Report

**Twelve Months Ending December 31, 1994**

<table>
<thead>
<tr>
<th>Date(s)</th>
<th>Event Details</th>
<th>Perf</th>
<th>Att</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/7/94</td>
<td>Vipers vs Pittsburgh</td>
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<tr>
<td>7/16/94</td>
<td>Vipers vs Detroit</td>
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<td>7/21-24/94</td>
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<td>7/29/94</td>
<td>Vipers vs Las Vegas</td>
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<tr>
<td>7/30/94</td>
<td>Vipers vs Dallas</td>
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<tr>
<td>8/1/94</td>
<td>Soundgarden</td>
<td>1</td>
<td>4,595</td>
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<tr>
<td>8/2/94</td>
<td>Vipers vs Monterrey</td>
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<td>4,909</td>
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<tr>
<td>8/5/94</td>
<td>Vipers vs San Diego</td>
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<td>2,015</td>
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<tr>
<td>8/12/94</td>
<td>Vipers vs San Jose</td>
<td>1</td>
<td>2,002</td>
</tr>
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**Totals:**  
126 530 849

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Outlined Events are "Public Purpose" Events
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**Totals:**
119 1,638,590

Outlined Events are "Public Purpose" Events
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* Outlined Events are "Public Purpose" Events
### City of Charlotte
**Auditorium-Coliseum Convention Center Authority**
**Event-Related Revenues Report**
**Calendar Year Ending December 31, 1995**

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*Outlined Events are "Public Purpose" Events*
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* Outlined Events are "Public Purpose" Events
### Event-Related Revenues Report

**City of Charlotte**

**Auditorium-Coliseum Convention Center Authority**

**Event-Related Revenues Report**

**Calendar Year Ending December 31, 1995**

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<td>1</td>
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<tr>
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<td>12/11/95</td>
<td>WCW Monday Night Nitro</td>
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<td>Cobras Open House</td>
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<td>12/18/95</td>
<td>Checkers vs South Carolina</td>
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<tr>
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<td>Wrestlingmania IV</td>
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<td>Checkers vs Hampton Roads</td>
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**Totals:**

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<td>107</td>
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**Charlotte Coliseum**

<table>
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<td>1/4/95</td>
<td>Hornets vs Portland</td>
<td>1</td>
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<td>Bud Bowl Preview Party (Private)</td>
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<td>1</td>
<td>20,506</td>
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<td>Harlem Globetrotters</td>
<td>1</td>
<td>4,541</td>
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<tr>
<td>1/14/95</td>
<td>Hornets vs Chicago</td>
<td>1</td>
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<td>Boyz II Men</td>
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<td>Amy Grant</td>
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<td>2/101/95</td>
<td>Nissan Ride &amp; Drive (Private)</td>
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<td>Hornets vs Houston</td>
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<td>Hornets vs Sacramento</td>
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<td>2/24-25/95</td>
<td>U S H R.A Truck &amp; Tractor Pull</td>
<td>2</td>
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<tr>
<td>3/1-3/5/95</td>
<td>Ringling Brothers &amp; Barnum-Bailey Circus</td>
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*Outlined Events are "Public Purpose" Events*
<table>
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<th>Perf</th>
<th>Att</th>
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<td>3/9/95</td>
<td>Hornets vs Seattle</td>
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<td>Hornets vs Miami</td>
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<td>3/13/95</td>
<td>Hornets vs Washington</td>
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<td>3/16/95</td>
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<td>Hornets &quot;Hot Shot&quot; Skills Clinic (Private)</td>
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<td>3/22-24/95</td>
<td>Grateful Dead in Concert</td>
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<td>Hornets vs Dallas</td>
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<td>Top Hats and High Tops</td>
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<td>George Strait</td>
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<td>Hornets vs Boston</td>
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<td>WTDR/Coca Cola Red Hot Summer Sticker</td>
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<td>Queen City Music Festival</td>
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<td>Coca-Cola Panthers Run to History (PL)</td>
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<td>Orlando Christian Center</td>
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<td>Hornets Fan Fare</td>
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<td>4,019</td>
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<td>R.E.M. Concert</td>
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<td>Hornets vs Seattle</td>
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<td>PHISH Concert</td>
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<td>11/24/95</td>
<td>Hornets vs Vancouver</td>
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<td>Hornets vs New York</td>
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<td>20,020</td>
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<td>12/1-2/95</td>
<td>Diet Pepsi Tournament of Champions</td>
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<td>12/6/95</td>
<td>Hornets vs Cleveland</td>
<td>1</td>
<td>18,588</td>
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* Outlined Events are "Public Purpose" Events
City of Charlotte  
Auditorium-Coliseum Convention Center Authority  
Event-Related Revenues Report  
Calendar Year Ending December 31, 1995

<table>
<thead>
<tr>
<th>Date(s)</th>
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<th>Perf</th>
<th>Att.</th>
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<tbody>
<tr>
<td>12/9/95</td>
<td>Hornets vs Minnesota</td>
<td>1</td>
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<tr>
<td>12/13-17/95</td>
<td>Disney on Ice</td>
<td>8</td>
<td>28,713</td>
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<td>Hornets vs Boston</td>
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<td>Hornets vs Miami</td>
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<td>Hornets vs L.A. Clippers</td>
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<td>Dave Matthews Band</td>
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<td>Hornets vs Portland</td>
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<td><strong>Totals:</strong></td>
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* 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.
### Summary of Forecasts

<table>
<thead>
<tr>
<th>Forecast</th>
<th>Hornets play in Coliseum until</th>
<th>Hornets Manage Coliseum</th>
<th>Hornets Leave Charlotte</th>
<th>Buyout or Liquidated Damages</th>
<th>Annual # of Coliseum Events</th>
<th>Parking Increase in 1998</th>
<th>Parking Increase in 2002</th>
<th>Build Uptown Arena</th>
<th>Charlotte Coliseum Closed</th>
<th>Indep Arena Closed</th>
<th>Authority Manages SOCDC</th>
<th>Authority Fund Balance, June 30, 2005</th>
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<td>Low</td>
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<td>No</td>
<td>No</td>
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<td>50</td>
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<td>Yes</td>
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<td>No</td>
<td>No</td>
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<tr>
<td>Medium</td>
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<td>56</td>
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<td>No</td>
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<td>High</td>
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<td>62</td>
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<td>No</td>
<td>No</td>
<td>No</td>
<td>$3,683,176</td>
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### City of Charlotte

**Auditorium-Coliseum-Convention Center Authority**

**Forecast of Net Proceeds (Low)**

**Fiscal 1996-2005**

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td><strong>Annual Operating Surplus (Deficit)</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Ovens Auditorium/Independence Arena</td>
<td>218,210</td>
<td>223,665</td>
<td>228,139</td>
<td>232,701</td>
<td>237,355</td>
<td>242,102</td>
<td>246,945</td>
<td>251,883</td>
<td>256,921</td>
<td>262,059</td>
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<td>Charlotte Coliseum</td>
<td>1,843,127</td>
<td>1,693,171</td>
<td>2,114,134</td>
<td>2,166,987</td>
<td>2,221,162</td>
<td>397,507</td>
<td>252,480</td>
<td>258,792</td>
<td>265,261</td>
<td>271,893</td>
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<td>160,524</td>
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<td>0</td>
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<td>0</td>
<td>0</td>
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<tr>
<td>New Charlotte Convention Center</td>
<td>(239,031)</td>
<td>(1,074,070)</td>
<td>(1,041,848)</td>
<td>(1,010,592)</td>
<td>(980,275)</td>
<td>(950,866)</td>
<td>(922,340)</td>
<td>(894,670)</td>
<td>(867,830)</td>
<td>(841,795)</td>
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<tr>
<td>Authority Annual Surplus (Deficit)</td>
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<td>1,300,424</td>
<td>1,389,096</td>
<td>1,478,242</td>
<td>(311,257)</td>
<td>(422,916)</td>
<td>(383,955)</td>
<td>(345,648)</td>
<td>(307,843)</td>
</tr>
</tbody>
</table>

| **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 Improvement 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) | (1,289,563) | (1,256,662) | (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.
### City of Charlotte

**Auditorium-Coliseum-Convention Center Authority**

**Forecast of Net Proceeds (Medium)**

**Fiscal 1996-2005**

<table>
<thead>
<tr>
<th></th>
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<td><strong>Annual Operating Surplus (Deficit)</strong></td>
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<tr>
<td>Owens Auditorum/Independence Arena</td>
<td>218,210</td>
<td>223,665</td>
<td>228,139</td>
<td>232,701</td>
<td>237,355</td>
<td>242,102</td>
<td>246,945</td>
<td>251,883</td>
<td>256,921</td>
<td>262,059</td>
</tr>
<tr>
<td>Charlotte Coliseum</td>
<td>1,843,127</td>
<td>1,693,171</td>
<td>2,114,134</td>
<td>2,166,987</td>
<td>2,221,162</td>
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<td>563,405</td>
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<td>(239,031)</td>
<td>(1,074,070)</td>
<td>(1,041,849)</td>
<td>(1,010,592)</td>
<td>(980,275)</td>
<td>(950,866)</td>
<td>(922,340)</td>
<td>(894,670)</td>
<td>(867,830)</td>
<td>(841,795)</td>
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<td>1,092,766</td>
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<td>1,389,096</td>
<td>1,478,242</td>
<td>(46,753)</td>
<td>(139,139)</td>
<td>(93,123)</td>
<td>(47,504)</td>
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<td><strong>Annual Capital Improvement Expenses</strong></td>
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<td>300,000</td>
<td>300,000</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Charlotte Coliseum</td>
<td>288,738</td>
<td>341,824</td>
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<td>186,667</td>
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<tr>
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<td>1,050,000</td>
<td>1,050,000</td>
<td>886,667</td>
<td>886,667</td>
<td>886,667</td>
<td>886,667</td>
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<tr>
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<td>(1,154,487)</td>
<td>250,424</td>
<td>339,086</td>
<td>428,242</td>
<td>(933,420)</td>
<td>(1,025,806)</td>
<td>(979,790)</td>
<td>(934,171)</td>
<td>(888,913)</td>
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<td>7,321,296</td>
<td>6,166,809</td>
<td>6,417,234</td>
<td>6,756,329</td>
<td>7,184,572</td>
<td>6,251,151</td>
<td>5,225,346</td>
<td>4,245,555</td>
<td>3,311,384</td>
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<td>6,166,809</td>
<td>6,417,234</td>
<td>6,756,329</td>
<td>7,184,572</td>
<td>6,251,151</td>
<td>5,225,346</td>
<td>4,245,555</td>
<td>3,311,384</td>
<td>2,422,472</td>
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**Assumptions.**

Parking increases $1.00 per car in 1999 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 damages)
## Forecast of Net Proceeds (High)

### Fiscal 1996-2005

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<td>(867,830)</td>
<td>(841,795)</td>
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<td>Authority Annual Surplus (Deficit)</td>
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<td>1,399,553</td>
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<td>206,667</td>
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<td>400,000</td>
<td>400,000</td>
<td>400,000</td>
<td>400,000</td>
</tr>
<tr>
<td>Authority Capital Improvement Expenses</td>
<td>1,575,872</td>
<td>2,157,253</td>
<td>1,050,000</td>
<td>1,050,000</td>
<td>1,050,000</td>
<td>906,667</td>
<td>906,667</td>
<td>906,667</td>
<td>906,667</td>
<td>906,667</td>
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<tr>
<td><strong>Surplus (Deficit) After Application of Capital Expenses and Transfers</strong></td>
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</tr>
<tr>
<td>Charlotte Coliseum</td>
<td>6,914,038</td>
<td>7,321,296</td>
<td>6,166,809</td>
<td>6,417,234</td>
<td>6,756,329</td>
<td>7,184,572</td>
<td>6,495,656</td>
<td>5,713,834</td>
<td>4,984,628</td>
<td>4,307,806</td>
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</table>

### Assumptions

- Parking increases $1.00 per car in 1998 and 2002
- Hornets pay $250,000 in fiscal 2001 to escape from contract
- Arena is built Uptown
- The Coliseum remains open hosting 62 events per year
- If the Hornets leave after fiscal 1999, change 2005 fund balance to $5,431,247 (liquidated damages)
AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

# TABLE OF CONTENTS

INDEPENDENT AUDITORS’ REPORT 1-2

COMBINED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES OF AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY AS OF JUNE 30, 1996 AND 1995 AND FOR THE YEARS THEN ENDED

Combined Financial Statements
  Combined Balance Sheets 3
  Combined Statements of Revenues, Expenses and Retained Earnings - Budget and Actual 4
  Combined Statements of Changes in Grants of Funds from and Distributions to the City of Charlotte 5
  Combined Statements of Cash Flows 6
  Notes to Combined Financial Statements 7-13

Supplemental Schedules
  Summary of Operations - Coliseum 14
  Summary of Operations - Auditorium/Arena 15
  Summary of Operations - Convention Center 16
  Summary of Operations - New Convention Center 17
  Food and Beverage Concession Operations and Profit Sharing - Coliseum 18
  Parking Facilities Operations and Profit Sharing - Coliseum 19
  Reimbursable Expenses for New Convention Center 20
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.

Hollis & Touch  LLP

August 16, 1996
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<tr>
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<th>1996</th>
<th>1995</th>
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<tr>
<td><strong>ASSETS</strong></td>
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<tr>
<td>Cash and cash equivalents</td>
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<td>Cash held in custody as agent</td>
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<td>2,988</td>
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<td>Equipment escrow account (Note 4)</td>
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<td>Alive After Five escrow account</td>
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<td>Prepaid expenses</td>
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<td><strong>LIABILITIES</strong></td>
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<td>Equipment escrow to be distributed (Note 4)</td>
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<td><strong>TOTAL</strong></td>
<td>$10,465,311</td>
<td>$9,962,908</td>
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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

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<td>Coliseum</td>
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<td>Auditorium/Arena</td>
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<tr>
<td>Revenues</td>
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<tr>
<td><strong>NET DISTRIBUTIONS TO THE CITY OF CHARLOTTE (Note 1)</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
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<td></td>
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</tr>
<tr>
<td><strong>RETAINED EARNINGS AT END OF YEAR (Note 6)</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
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</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants of funds from the city</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of Charlotte - balance at</td>
<td>$2,251,940</td>
<td>$2,251,940</td>
</tr>
<tr>
<td>beginning and end of year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributions to the city</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of Charlotte</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of physical property</td>
<td></td>
<td></td>
</tr>
<tr>
<td>additions and improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Note 1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coliseum</td>
<td>$274,576</td>
<td>$956,138</td>
</tr>
<tr>
<td>Auditorium/Independence Arena</td>
<td>878,110</td>
<td>805,949</td>
</tr>
<tr>
<td>Convention Center</td>
<td>13,649</td>
<td>328,695</td>
</tr>
<tr>
<td>New Convention Center</td>
<td>302,656</td>
<td>1,367,819</td>
</tr>
<tr>
<td>Extraordinary repairs</td>
<td>106,581</td>
<td>96,274</td>
</tr>
<tr>
<td>Net distributions to the City</td>
<td>1,575,572</td>
<td>3,554,875</td>
</tr>
<tr>
<td>of Charlotte</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated distributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>to the city of Charlotte</td>
<td></td>
<td></td>
</tr>
<tr>
<td>at beginning of year</td>
<td>24,795,238</td>
<td>21,240,363</td>
</tr>
<tr>
<td>(Note 6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated distributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>to the city of Charlotte</td>
<td></td>
<td></td>
</tr>
<tr>
<td>at end of year</td>
<td>$26,370,810</td>
<td>$24,795,238</td>
</tr>
<tr>
<td>(Note 6)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See notes to combined financial statements
## COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 1996 AND 1995

### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess of revenues over expenses</td>
<td>$1,982,830</td>
<td>$3,035,814</td>
</tr>
<tr>
<td>Adjustments to reconcile excess of revenues over expenses to net cash from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease (increase) in cash held in custody as agent</td>
<td>542,847</td>
<td>(737,867)</td>
</tr>
<tr>
<td>Decrease in merchandise inventory</td>
<td>75</td>
<td>10,624</td>
</tr>
<tr>
<td>Decrease (increase) in accounts receivable, refundable sales tax and prepaid expenses</td>
<td>333,477</td>
<td>(762,564)</td>
</tr>
<tr>
<td>(Decrease) increase in accounts payable</td>
<td>(242,860)</td>
<td>1,038,426</td>
</tr>
<tr>
<td>Decrease in employees’ funds withheld</td>
<td>(10,747)</td>
<td>(54,668)</td>
</tr>
<tr>
<td>Increase (decrease) in accrued liabilities</td>
<td>291,555</td>
<td>(34,803)</td>
</tr>
<tr>
<td>Increase in deposits</td>
<td>39,481</td>
<td>362,181</td>
</tr>
<tr>
<td>(Decrease) increase in maintenance and marketing reserves</td>
<td>(17,323)</td>
<td>59,626</td>
</tr>
<tr>
<td>Decrease in insurance claims reserve</td>
<td>(149,083)</td>
<td>(36,230)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>2,770,252</strong></td>
<td><strong>2,880,539</strong></td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributions to the City of Charlotte</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property additions and improvements</td>
<td>(1,468,991)</td>
<td>(3,458,601)</td>
</tr>
<tr>
<td>Extraordinary repairs</td>
<td>(106,581)</td>
<td>(96,274)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td><strong>(1,575,572)</strong></td>
<td><strong>(3,554,875)</strong></td>
</tr>
</tbody>
</table>

### NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1,194,680</strong></td>
<td><strong>(674,336)</strong></td>
<td></td>
</tr>
</tbody>
</table>

### CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

<table>
<thead>
<tr>
<th>Description</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>7,274,267</strong></td>
<td><strong>7,948,603</strong></td>
<td></td>
</tr>
</tbody>
</table>

### CASH AND CASH EQUIVALENTS AT END OF YEAR

<table>
<thead>
<tr>
<th>Description</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$8,468,947</strong></td>
<td><strong>$7,274,267</strong></td>
<td></td>
</tr>
</tbody>
</table>

See notes to combined financial statements.
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1996 AND 1995

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. Depositors 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 thus 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:

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

**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 12% of their average final compensation times their years of creditable service. Average final compensation is the average of an employee’s 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:

<table>
<thead>
<tr>
<th></th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained earnings</td>
<td>$31,321,227</td>
<td>$29,338,397</td>
</tr>
<tr>
<td>since inception</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less accumulated</td>
<td>(26,370,810)</td>
<td>(24,795,238)</td>
</tr>
<tr>
<td>distributions to the City of Charlotte since inception</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>$ 4,950,417</td>
<td>$ 4,543,159</td>
</tr>
</tbody>
</table>

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.

* * * * *
<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>(Under) Budget</th>
<th>1995 Actual</th>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
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<td>$ 1,258,640</td>
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<td>$1,065,266</td>
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<td>177,822</td>
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<td>101,850</td>
<td>800,313</td>
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<td>832,831</td>
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<td>1,281,069</td>
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<tr>
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<td>1,623,000</td>
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<td>2,085,813</td>
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<tr>
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<td>4,813,554</td>
<td>867,654</td>
<td>5,609,356</td>
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<tr>
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<td>282,165</td>
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<td>54,732</td>
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<td>Skybox lease</td>
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<td>526,558</td>
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<td>487,656</td>
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<td>157,807</td>
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<td>74,828</td>
<td>35,428</td>
<td>69,111</td>
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<td><strong>Total</strong></td>
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<td><strong>10,833,478</strong></td>
<td><strong>608,634</strong></td>
<td><strong>12,403,681</strong></td>
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<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of merchandise sold</td>
<td>1,397,908</td>
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<td>44,946</td>
<td>1,494,584</td>
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<tr>
<td>Salaries and wages</td>
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<td>4,719,112</td>
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<td>3,547,456</td>
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<td>780,111</td>
<td>665,144</td>
<td>(114,967)</td>
<td>679,632</td>
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<td>Contract labor</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>926,206</td>
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<tr>
<td>Supplies</td>
<td>279,400</td>
<td>215,749</td>
<td>(63,651)</td>
<td>220,554</td>
</tr>
<tr>
<td>Insurance</td>
<td>226,628</td>
<td>191,668</td>
<td>(34,960)</td>
<td>225,839</td>
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<td>Telephone and postage</td>
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<td>76,103</td>
<td>(8,337)</td>
<td>86,507</td>
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<td>Ticket system charges</td>
<td>130,420</td>
<td>91,304</td>
<td>(39,116)</td>
<td>81,616</td>
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<tr>
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<td>133,000</td>
<td>99,409</td>
<td>(33,591)</td>
<td>123,571</td>
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<td>57,407</td>
<td>(14,793)</td>
<td>50,820</td>
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<td>704,294</td>
<td>(7,206)</td>
<td>681,406</td>
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<td>Repairs and maintenance</td>
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<td>251,644</td>
<td>(3,351)</td>
<td>242,743</td>
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<tr>
<td>Travel and entertainment</td>
<td>91,900</td>
<td>77,128</td>
<td>(14,772)</td>
<td>75,930</td>
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<td>Professional fees</td>
<td>150,650</td>
<td>159,976</td>
<td>9,326</td>
<td>152,137</td>
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<td>Other</td>
<td>245,299</td>
<td>238,559</td>
<td>(6,740)</td>
<td>131,127</td>
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<td><strong>Total</strong></td>
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<td><strong>8,990,351</strong></td>
<td><strong>(142,854)</strong></td>
<td><strong>8,720,128</strong></td>
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<tr>
<td><strong>EXCESS OF REVENUES OVER EXPENSES</strong></td>
<td>$ 1,091,639</td>
<td>$ 1,843,127</td>
<td>$ 751,488</td>
<td>$3,683,553</td>
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</table>
## AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

**SUPPLEMENTAL SCHEDULE OF SUMMARY OF OPERATIONS - AUDITORIUM/ARENA**

**YEARS ENDED JUNE 30, 1996 AND 1995**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
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<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Rent of buildings</td>
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<td>$ 612,530</td>
<td>($7,620)</td>
<td>$ 671,062</td>
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<td>436,471</td>
<td>(954)</td>
<td>499,529</td>
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<td>422</td>
<td>611,624</td>
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<td>1,411,115</td>
<td>24,412</td>
<td>1,291,715</td>
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<tr>
<td>Novelties</td>
<td>72,600</td>
<td>37,766</td>
<td>(34,834)</td>
<td>93,673</td>
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<td>Authority sponsored events</td>
<td>67,500</td>
<td>51,067</td>
<td>(16,433)</td>
<td>87,346</td>
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<td>Miscellaneous</td>
<td>65,500</td>
<td>67,022</td>
<td>1,522</td>
<td>74,559</td>
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<td><strong>Total</strong></td>
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<td>3,505,079</td>
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<td>3,686,662</td>
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<tr>
<td><strong>EXPENSES</strong></td>
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<td></td>
<td></td>
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<td>1,904,957</td>
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<td>233,335</td>
<td>(62,597)</td>
<td>238,441</td>
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<td>(47,377)</td>
<td>112,639</td>
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<td>31,599</td>
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<td>(12,426)</td>
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<td>Travel and entertainment</td>
<td>17,625</td>
<td>7,613</td>
<td>(10,012)</td>
<td>8,002</td>
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<tr>
<td>Professional fees</td>
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<td>27,173</td>
<td>(6,327)</td>
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<td>3,276,049</td>
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</table>

**EXCESS OF REVENUES OVER EXPENSES**

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</thead>
<tbody>
<tr>
<td></td>
<td>$ 223,939</td>
<td>$ 218,210</td>
<td>($5,729)</td>
<td>$ 410,613</td>
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### AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent of buildings</td>
<td>-</td>
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<td>$ 1,346</td>
<td>$ 361,009</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Event</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>Advertising</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Parking</td>
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<td>17,560</td>
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<tr>
<td>Professional fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>24,166</td>
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<tr>
<td>Other</td>
<td>2,400</td>
<td>628</td>
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<td>10,860</td>
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<tr>
<td><strong>Total</strong></td>
<td>180,873</td>
<td>155,572</td>
<td>(25,301)</td>
<td>1,595,657</td>
</tr>
</tbody>
</table>

**EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES**

- **1996**: $137,127
- **1995**: $160,524
- **Budget**: $23,397
- **Actual**: $40,398
## AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

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

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

- 17 -
## SUPPLEMENTAL SCHEDULE OF FOOD AND BEVERAGE CONCESSION OPERATIONS AND PROFIT SHARING - COLISEUM
### YEAR ENDED JUNE 30, 1996

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBA FOOD AND BEVERAGE CONCESSION REVENUES</td>
<td>$3,521,002</td>
</tr>
<tr>
<td>NON-NBA FOOD AND BEVERAGE CONCESSION REVENUES</td>
<td>$2,088,724</td>
</tr>
<tr>
<td>Total Coliseum food and beverage concession</td>
<td>$5,609,726</td>
</tr>
<tr>
<td>TOTAL FOOD AND BEVERAGE CONCESSION EXPENSES</td>
<td>$3,072,774</td>
</tr>
<tr>
<td>NET PROFIT - FOOD AND BEVERAGE CONCESSIONS</td>
<td>$2,536,952</td>
</tr>
<tr>
<td>PROFITABILITY PERCENTAGE</td>
<td>45.22%</td>
</tr>
<tr>
<td>NBA REVENUES - FOOD AND BEVERAGE CONCESSIONS</td>
<td>$3,521,002</td>
</tr>
<tr>
<td>PROFITABILITY PERCENTAGE</td>
<td>45.22%</td>
</tr>
<tr>
<td>TOTAL PROFIT TO SHARE</td>
<td>$1,592,344</td>
</tr>
<tr>
<td>PERCENTAGE DUE NBA TEAM</td>
<td>50.00%</td>
</tr>
<tr>
<td>TOTAL DUE NBA TEAM</td>
<td>$796,172</td>
</tr>
<tr>
<td>AMOUNT PAID</td>
<td>$792,589</td>
</tr>
<tr>
<td>AMOUNT DUE TO NBA TEAM - JUNE 30, 1996</td>
<td>$3,583</td>
</tr>
</tbody>
</table>
### SUPPLEMENTAL SCHEDULE OF PARKING FACILITIES OPERATIONS AND PROFIT SHARING - COLISEUM

**YEAR ENDED JUNE 30, 1996**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBA PARKING REVENUES</td>
<td>$1,242,119</td>
</tr>
<tr>
<td>NON-NBA PARKING REVENUES</td>
<td>623,510</td>
</tr>
<tr>
<td><strong>Total Coliseum parking revenues</strong></td>
<td><strong>1,865,629</strong></td>
</tr>
<tr>
<td>TOTAL PARKING EXPENSES</td>
<td>477,408</td>
</tr>
<tr>
<td>NET PROFIT - PARKING</td>
<td>$1,388,221</td>
</tr>
<tr>
<td>PROFITABILITY PERCENTAGE</td>
<td>74.41%</td>
</tr>
<tr>
<td>NBA REVENUES - PARKING</td>
<td>$1,242,119</td>
</tr>
<tr>
<td>PROFITABILITY PERCENTAGE</td>
<td>74.41%</td>
</tr>
<tr>
<td>TOTAL REVENUE TO SHARE</td>
<td>924,264</td>
</tr>
<tr>
<td>PERCENTAGE DUE NBA TEAM</td>
<td>50.00%</td>
</tr>
<tr>
<td>TOTAL DUE NBA TEAM</td>
<td>462,132</td>
</tr>
<tr>
<td>AMOUNT PAID</td>
<td>465,794</td>
</tr>
<tr>
<td>AMOUNT DUE FROM NBA TEAM - JUNE 30, 1996</td>
<td>$3,662</td>
</tr>
</tbody>
</table>
## AUDITORIUM-COLISEUM-CONVENTION CENTER AUTHORITY

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$387,278</td>
<td>$403,656</td>
<td>$16,378</td>
<td>$278,381</td>
<td></td>
</tr>
<tr>
<td>Employer paid fringes</td>
<td>87,976</td>
<td>78,966</td>
<td>(9,010)</td>
<td>66,762</td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>18,000</td>
<td>8,915</td>
<td>(9,085)</td>
<td>24,956</td>
<td></td>
</tr>
<tr>
<td>Telephone and postage</td>
<td>30,000</td>
<td>29,734</td>
<td>(266)</td>
<td>27,085</td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>299,360</td>
<td>247,113</td>
<td>(52,247)</td>
<td>199,917</td>
<td></td>
</tr>
<tr>
<td>Rentals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27,869</td>
<td></td>
</tr>
<tr>
<td>Equipment repairs and maintenance</td>
<td>8,800</td>
<td>6,332</td>
<td>(2,468)</td>
<td>15,523</td>
<td></td>
</tr>
<tr>
<td>Travel and entertainment</td>
<td>103,720</td>
<td>125,529</td>
<td>21,809</td>
<td>61,144</td>
<td></td>
</tr>
<tr>
<td>Professional fees</td>
<td>14,400</td>
<td>16,521</td>
<td>2,121</td>
<td>11,635</td>
<td></td>
</tr>
<tr>
<td>Dues, licenses and subscriptions</td>
<td>12,400</td>
<td>15,867</td>
<td>3,467</td>
<td>8,602</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>14,400</td>
<td>11,163</td>
<td>(3,237)</td>
<td>10,871</td>
<td></td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td><strong>976,334</strong></td>
<td><strong>943,796</strong></td>
<td><strong>(32,538)</strong></td>
<td><strong>732,745</strong></td>
<td></td>
</tr>
</tbody>
</table>

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** |
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)

<table>
<thead>
<tr>
<th>Effective Year</th>
<th>Source of Revenues</th>
<th>Annual Increase in Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>Courtside Advertising (AdTime)</td>
<td>$1 0 M</td>
</tr>
<tr>
<td>1995</td>
<td>Food and Beverage/Parking</td>
<td>$1 5 M</td>
</tr>
<tr>
<td>1997</td>
<td>Premium Seating</td>
<td>$2 8 M</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$5 3 M</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
<th>Capacity</th>
<th>Constr Cost</th>
<th>Revenue Per Unit</th>
<th>Annual Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skyboxes</td>
<td>30</td>
<td>10</td>
<td>$3,100,000</td>
<td>$60,000</td>
<td>$1,800,000</td>
</tr>
<tr>
<td>Club Seats</td>
<td>1,500</td>
<td>1</td>
<td>$450,000</td>
<td>$650</td>
<td>$975,000</td>
</tr>
<tr>
<td>Private Club</td>
<td>1</td>
<td>750</td>
<td>$3,350,000</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td></td>
<td><strong>$6,900,000</strong></td>
<td></td>
<td><strong>$2,775,000</strong></td>
</tr>
</tbody>
</table>
City of Charlotte  
Auditorium-Coliseum-Convention Center Authority  
Proposal Concerning Charlotte Coliseum and Charlotte Hornets  

Revenues to Hornets:  

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skyboxes</td>
<td>$900,000</td>
</tr>
<tr>
<td>Club Seats</td>
<td>$975,000</td>
</tr>
<tr>
<td>Additional Revenue Sharing With Authority*</td>
<td>$900,000</td>
</tr>
<tr>
<td>Debt Service &amp; Depreciation Cost Savings</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$2,775,000</strong></td>
</tr>
</tbody>
</table>

*-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

<table>
<thead>
<tr>
<th>Date</th>
<th>Rate</th>
<th>Days</th>
<th>Amount Advanced</th>
<th>Amount Reimbursed</th>
<th>Interest</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/01/97</td>
<td>5.75%</td>
<td>92</td>
<td>$2,300,000</td>
<td></td>
<td>$33,335</td>
<td>$2,333,335</td>
</tr>
<tr>
<td>08/01/97</td>
<td>5.75%</td>
<td>61</td>
<td>$2,300,000</td>
<td></td>
<td>$44,524</td>
<td>$4,677,859</td>
</tr>
<tr>
<td>10/01/97</td>
<td>5.75%</td>
<td>31</td>
<td>$2,300,000</td>
<td></td>
<td>$34,076</td>
<td>$7,011,936</td>
</tr>
<tr>
<td>11/01/97</td>
<td>5.75%</td>
<td>365</td>
<td>$770,768.50</td>
<td>$358,867.15</td>
<td>$6,600</td>
<td>$34,076</td>
</tr>
<tr>
<td>11/01/98</td>
<td>5.75%</td>
<td>365</td>
<td>$1,441,000</td>
<td>$296,644.51</td>
<td>$5,455</td>
<td>$679,455</td>
</tr>
<tr>
<td>11/01/99</td>
<td>5.75%</td>
<td>365</td>
<td>$1,482,820</td>
<td>$228,439.42</td>
<td>$4,201</td>
<td>$298,875</td>
</tr>
<tr>
<td>11/01/00</td>
<td>5.75%</td>
<td>365</td>
<td>$1,431,840</td>
<td>$159,243.88</td>
<td>$2,928</td>
<td>$702,750</td>
</tr>
<tr>
<td>11/01/01</td>
<td>5.75%</td>
<td>365</td>
<td>$1,382,182.00</td>
<td>$88,924.94</td>
<td>$1,635</td>
<td>$445,700</td>
</tr>
<tr>
<td>11/01/02</td>
<td>5.75%</td>
<td>365</td>
<td>$1,333,813.00</td>
<td>$17,343.88</td>
<td>$318</td>
<td>$976,580</td>
</tr>
<tr>
<td>11/01/03</td>
<td>5.75%</td>
<td>366</td>
<td>$318,975.58</td>
<td>($0.00)</td>
<td>($0.00)</td>
<td></td>
</tr>
</tbody>
</table>

2,740 $6,900,000 $8,161,400 $1,261,400
## City of Charlotte

**Auditorium-Coliseum-Convention Center Authority**

**Forecast of Net Proceeds**

**Fiscal 1995-2005**

### Forecast: Authority Proposal for Hornets

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Operating Surplus (Deficit)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owens Auditorium/Independence Arena</td>
<td>410,613</td>
<td>60,279</td>
<td>3,038</td>
<td>50,000</td>
<td>51,000</td>
<td>52,020</td>
<td>53,060</td>
<td>54,122</td>
<td>55,204</td>
<td>56,308</td>
<td>57,434</td>
</tr>
<tr>
<td>Charlotte Coliseum</td>
<td>3,683,553</td>
<td>1,927,494</td>
<td>1,516,134</td>
<td>2,000,000</td>
<td>2,040,000</td>
<td>2,080,800</td>
<td>2,028,780</td>
<td>1,978,061</td>
<td>1,928,609</td>
<td>1,880,394</td>
<td>1,833,384</td>
</tr>
<tr>
<td>Old Charlotte Convention Center</td>
<td>(40,398)</td>
<td>152,587</td>
<td>135,742</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>New Charlotte Convention Center</td>
<td>(1,017,954)</td>
<td>(283,271)</td>
<td>(1,243,202)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Authority Annual Surplus (Deficit)</td>
<td>3,035,814</td>
<td>1,877,089</td>
<td>411,712</td>
<td>2,050,000</td>
<td>2,091,000</td>
<td>2,132,820</td>
<td>2,081,840</td>
<td>2,032,182</td>
<td>1,983,813</td>
<td>1,936,702</td>
<td>1,890,818</td>
</tr>
</tbody>
</table>

### Annual Capital Improvement Expenses

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owens Auditorium/Independence Arena</td>
<td>(849,709)</td>
<td>(1,113,977)</td>
<td>(1,333,660)</td>
<td>(300,000)</td>
<td>(300,000)</td>
<td>(300,000)</td>
<td>(300,000)</td>
<td>(300,000)</td>
<td>(300,000)</td>
<td>(300,000)</td>
<td>(300,000)</td>
</tr>
<tr>
<td>Charlotte Coliseum</td>
<td>(904,673)</td>
<td>(156,138)</td>
<td>(350,120)</td>
<td>(1,350,000)</td>
<td>(350,000)</td>
<td>(350,000)</td>
<td>(350,000)</td>
<td>(350,000)</td>
<td>(350,000)</td>
<td>(350,000)</td>
<td>(350,000)</td>
</tr>
<tr>
<td>Old Charlotte Convention Center</td>
<td>(338,033)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>New Charlotte Convention Center</td>
<td>(1,372,460)</td>
<td>(436,632)</td>
<td>(439,525)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Authority Annual Capital Improvement Expenses</td>
<td>(3,554,875)</td>
<td>(1,708,747)</td>
<td>(2,123,325)</td>
<td>(1,650,000)</td>
<td>(650,000)</td>
<td>(650,000)</td>
<td>(650,000)</td>
<td>(650,000)</td>
<td>(650,000)</td>
<td>(650,000)</td>
<td>(650,000)</td>
</tr>
</tbody>
</table>

### Miscellaneous Grants Transfers and Advances

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers from (to) City Coliseum Improvements</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>(770,769)</td>
<td>(1,441,000)</td>
<td>(1,482,820)</td>
<td>(1,431,840)</td>
<td>(1,382,182)</td>
<td>(1,333,813)</td>
<td>(318,977)</td>
<td>0</td>
</tr>
<tr>
<td>Transfers from (to) City Coliseum Debt</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>(967,725)</td>
<td>(1,240,818)</td>
</tr>
<tr>
<td>Grant of Funds from Miscellaneous Sources</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(Advance) Receipt of Scoreboard/Skybox Funds</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Authority Grants Transfers and Advances</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>(770,769)</td>
<td>(1,441,000)</td>
<td>(1,482,820)</td>
<td>(1,431,840)</td>
<td>(1,382,182)</td>
<td>(1,333,813)</td>
<td>(1,286,702)</td>
<td>(1,240,818)</td>
</tr>
</tbody>
</table>

### Surplus (Deficit) After Application of Capital Expenses and Transfers

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus (Deficit) After Application of Capital Expenses and Transfers</td>
<td>(510,061)</td>
<td>168,342</td>
<td>(1,711,613)</td>
<td>(370,789)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Net Proceeds Previous Fiscal Year

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Proceeds Previous Fiscal Year</td>
<td>7,433,100</td>
<td>6,914,039</td>
<td>7,082,381</td>
<td>5,370,768</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>5,000,000</td>
</tr>
</tbody>
</table>

### Net Proceeds

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Proceeds</td>
<td>8,914,039</td>
<td>7,082,381</td>
<td>5,370,768</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>5,000,000</td>
</tr>
</tbody>
</table>

### 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% of 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

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

T B HARRIS JR & ASSOCIATES
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/Spectator
      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 - Spectator (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)
         e. Revised Cost Not Available to Include Boxes
         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

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**

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Number Events</th>
<th>Number Shows</th>
<th>Average Shows/Event</th>
<th>Total Attendance</th>
<th>%</th>
<th>Average Total</th>
<th>Average Att./Event</th>
<th>Average Att./Show</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBA Basketball</td>
<td>43</td>
<td>43</td>
<td>1</td>
<td>829,237</td>
<td>46%</td>
<td>19,285</td>
<td>19,285</td>
<td></td>
</tr>
<tr>
<td>East Coast Hockey</td>
<td>42</td>
<td>42</td>
<td>1</td>
<td>211,883</td>
<td>12%</td>
<td>5,045</td>
<td>5,045</td>
<td></td>
</tr>
<tr>
<td>UNCC Basketball</td>
<td>9</td>
<td>9</td>
<td>1</td>
<td>32,532</td>
<td>2%</td>
<td>3,615</td>
<td>3,615</td>
<td></td>
</tr>
<tr>
<td>*Other Basketball</td>
<td>4</td>
<td>6</td>
<td>1.5</td>
<td>81,988</td>
<td>5%</td>
<td>20,497</td>
<td>13,665</td>
<td></td>
</tr>
<tr>
<td>Arena Football</td>
<td>7</td>
<td>7</td>
<td>1</td>
<td>34,828</td>
<td>2%</td>
<td>4,975</td>
<td>4,975</td>
<td></td>
</tr>
<tr>
<td>Indoor Lacrosse</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>25,000</td>
<td>1%</td>
<td>5,000</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>Other Sports Events</td>
<td>8</td>
<td>12</td>
<td>1.5</td>
<td>35,949</td>
<td>2%</td>
<td>4,494</td>
<td>2,996</td>
<td></td>
</tr>
<tr>
<td>Concerts</td>
<td>17</td>
<td>17</td>
<td>1</td>
<td>178,180</td>
<td>10%</td>
<td>10,481</td>
<td>10,481</td>
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<tr>
<td>Family Shows</td>
<td>9</td>
<td>37</td>
<td>4.1</td>
<td>191,763</td>
<td>11%</td>
<td>21,307</td>
<td>5,183</td>
<td></td>
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<tr>
<td>Religious Events</td>
<td>5</td>
<td>9</td>
<td>1.8</td>
<td>88,595</td>
<td>5%</td>
<td>17,719</td>
<td>9,844</td>
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</tr>
<tr>
<td>Miscellaneous</td>
<td>12</td>
<td>15</td>
<td>1.3</td>
<td>73,398</td>
<td>4%</td>
<td>6,117</td>
<td>4,893</td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>161</strong></td>
<td><strong>202</strong></td>
<td><strong>1.3</strong></td>
<td><strong>1,783,353</strong></td>
<td><strong>100%</strong></td>
<td><strong>11,077</strong></td>
<td><strong>8,828</strong></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Number Events</th>
<th>Number Shows</th>
<th>Average Shows/Event</th>
<th>Total Attendance</th>
<th>Average Att./Event</th>
<th>Average Att./Show</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBA Basketball</td>
<td>28</td>
<td>28</td>
<td>1.0</td>
<td>538,040</td>
<td>19,216</td>
<td>19 216</td>
</tr>
<tr>
<td>Other Basketball</td>
<td>3</td>
<td>4</td>
<td>1.3</td>
<td>53,000</td>
<td>17,667</td>
<td>13 250</td>
</tr>
<tr>
<td>Arena Football</td>
<td>5</td>
<td>5</td>
<td>1.0</td>
<td>25,000</td>
<td>5,000</td>
<td>5 000</td>
</tr>
<tr>
<td>Other Sports Events</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concerts</td>
<td>6</td>
<td>6</td>
<td>1.0</td>
<td>90,500</td>
<td>15,083</td>
<td>15 083</td>
</tr>
<tr>
<td>Family Shows</td>
<td>3</td>
<td>12</td>
<td>4.0</td>
<td>126,500</td>
<td>42,167</td>
<td>10 542</td>
</tr>
<tr>
<td>Religious Events</td>
<td>2</td>
<td>2</td>
<td>1.0</td>
<td>17,000</td>
<td>8,500</td>
<td>8 000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3</td>
<td>3</td>
<td>1.0</td>
<td>19,000</td>
<td>6,333</td>
<td>6 333</td>
</tr>
<tr>
<td>Totals</td>
<td>50</td>
<td>60</td>
<td>1.2</td>
<td>869,040</td>
<td>17,381</td>
<td>14 484</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Number Events</th>
<th>Number Shows</th>
<th>Average Shows/Event</th>
<th>Total Attendance</th>
<th>% Total</th>
<th>Average Att./Event</th>
<th>Average Att./Show</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBA Basketball</td>
<td>43</td>
<td>43</td>
<td>1.0</td>
<td>829,237</td>
<td>61%</td>
<td>19 285</td>
<td>19 285</td>
</tr>
<tr>
<td>Other Basketball</td>
<td>4</td>
<td>6</td>
<td>1.5</td>
<td>81,988</td>
<td>6%</td>
<td>20 497</td>
<td>13 665</td>
</tr>
<tr>
<td>Arena Football</td>
<td>5</td>
<td>5</td>
<td>1.0</td>
<td>25,000</td>
<td>2%</td>
<td>5 000</td>
<td>5 000</td>
</tr>
<tr>
<td>Other Sports Events</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concerts</td>
<td>11</td>
<td>11</td>
<td>1.0</td>
<td>9,983</td>
<td>1%</td>
<td>9,983</td>
<td>4 992</td>
</tr>
<tr>
<td>Family Shows</td>
<td>5</td>
<td>25</td>
<td>1.0</td>
<td>156,213</td>
<td>11%</td>
<td>31 243</td>
<td>6 249</td>
</tr>
<tr>
<td>Religious Events</td>
<td>4</td>
<td>6</td>
<td>1.5</td>
<td>83,495</td>
<td>6%</td>
<td>20 874</td>
<td>13 916</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>4</td>
<td>4</td>
<td>1.0</td>
<td>23,018</td>
<td>2%</td>
<td>5 755</td>
<td>5 755</td>
</tr>
<tr>
<td>Totals</td>
<td>77</td>
<td>102</td>
<td>1.3</td>
<td>1,359,706</td>
<td>100%</td>
<td>17 659</td>
<td>13 330</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Number of Events</th>
<th>Number of Shows</th>
<th>Average Shows/Event</th>
<th>Total Attendance</th>
<th>% of Total</th>
<th>Average Att./Event</th>
<th>Average Att./Show</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBA Basketball</td>
<td>15</td>
<td>15</td>
<td>1.0</td>
<td>291,197</td>
<td>59%</td>
<td>19,413</td>
<td>19,413</td>
</tr>
<tr>
<td>Other Basketball</td>
<td>1</td>
<td>2</td>
<td>2.0</td>
<td>28,988</td>
<td>6%</td>
<td>28,988</td>
<td>14,494</td>
</tr>
<tr>
<td>Arena Football</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Sports Events</td>
<td>1</td>
<td>2</td>
<td>2.0</td>
<td>9,983</td>
<td>2%</td>
<td>9,983</td>
<td>4,992</td>
</tr>
<tr>
<td>Concerts</td>
<td>5</td>
<td>5</td>
<td>1.0</td>
<td>60,271</td>
<td>12%</td>
<td>12,054</td>
<td>12,054</td>
</tr>
<tr>
<td>Family Shows</td>
<td>2</td>
<td>13</td>
<td>6.5</td>
<td>29,713</td>
<td>6%</td>
<td>14,857</td>
<td>2,286</td>
</tr>
<tr>
<td>Religious Events</td>
<td>2</td>
<td>4</td>
<td>2.0</td>
<td>66,495</td>
<td>14%</td>
<td>33,248</td>
<td>16,624</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1</td>
<td>1</td>
<td>1.0</td>
<td>4,019</td>
<td>1%</td>
<td>4,019</td>
<td>4,019</td>
</tr>
<tr>
<td>Totals</td>
<td>27</td>
<td>42</td>
<td>1.6</td>
<td>490,666</td>
<td>100%</td>
<td>18,173</td>
<td>11,683</td>
</tr>
</tbody>
</table>

Note: Fiscal 1995 ending 12/31

Source: Auditorium-Coliseum-Convention Center Authority
### Fiscal Year - Ended June 30, 1995

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Number Events</th>
<th>Number Shows</th>
<th>Average Shows/Event</th>
<th>Total Attendance</th>
<th>% Total</th>
<th>Average Att/Event</th>
<th>Average Att/Show</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBA Basketball</td>
<td>45</td>
<td>45</td>
<td>1.0</td>
<td>925,156</td>
<td>64%</td>
<td>20,559</td>
<td>20,559</td>
</tr>
<tr>
<td>*Other Basketball</td>
<td>3</td>
<td>4</td>
<td>1.3</td>
<td>39,615</td>
<td>3%</td>
<td>13,205</td>
<td>9,904</td>
</tr>
<tr>
<td>Arena Football</td>
<td>3</td>
<td>3</td>
<td>1.0</td>
<td>19,956</td>
<td>1%</td>
<td>6,652</td>
<td>6,652</td>
</tr>
<tr>
<td>Other Sports Events</td>
<td>3</td>
<td>4</td>
<td>1.3</td>
<td>43,953</td>
<td>3%</td>
<td>14,651</td>
<td>10,988</td>
</tr>
<tr>
<td>Concerts</td>
<td>9</td>
<td>11</td>
<td>1.2</td>
<td>136,332</td>
<td>9%</td>
<td>15,148</td>
<td>12,394</td>
</tr>
<tr>
<td>Family Shows</td>
<td>4</td>
<td>21</td>
<td>5.3</td>
<td>158,146</td>
<td>11%</td>
<td>39,537</td>
<td>7,531</td>
</tr>
<tr>
<td>Religious Events</td>
<td>3</td>
<td>3</td>
<td>1.0</td>
<td>51,911</td>
<td>4%</td>
<td>17,304</td>
<td>17,304</td>
</tr>
<tr>
<td><strong>Miscellaneous</strong></td>
<td>11</td>
<td>14</td>
<td>1.3</td>
<td>81,560</td>
<td>6%</td>
<td>7,415</td>
<td>5,826</td>
</tr>
<tr>
<td>Totals</td>
<td>81</td>
<td>105</td>
<td>1.3</td>
<td>1,456,629</td>
<td>100%</td>
<td>17,983</td>
<td>13,873</td>
</tr>
</tbody>
</table>

* 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**

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Number Events</th>
<th>Number Shows</th>
<th>Average Shows/Event</th>
<th>Total Attendance</th>
<th>% Total</th>
<th>Average Att/Event</th>
<th>Average Att/Show</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBA Basketball</td>
<td>43</td>
<td>43</td>
<td>1.0</td>
<td>899,777</td>
<td>54%</td>
<td>20,925</td>
<td>20,925</td>
</tr>
<tr>
<td>*Other Basketball</td>
<td>4</td>
<td>11</td>
<td>2.8</td>
<td>209,654</td>
<td>13%</td>
<td>52,414</td>
<td>19,059</td>
</tr>
<tr>
<td>Arena Football</td>
<td>6</td>
<td>6</td>
<td>1.0</td>
<td>39,394</td>
<td>2%</td>
<td>6,566</td>
<td>6,566</td>
</tr>
<tr>
<td>Other Sports Events</td>
<td>5</td>
<td>5</td>
<td>1.0</td>
<td>41,099</td>
<td>2%</td>
<td>8,220</td>
<td>8,220</td>
</tr>
<tr>
<td>Concerts</td>
<td>13</td>
<td>14</td>
<td>1.1</td>
<td>183,883</td>
<td>11%</td>
<td>14,145</td>
<td>13,135</td>
</tr>
<tr>
<td>Family Shows</td>
<td>5</td>
<td>22</td>
<td>4.4</td>
<td>207,694</td>
<td>13%</td>
<td>41,539</td>
<td>9,441</td>
</tr>
<tr>
<td>Religious Events</td>
<td>1</td>
<td>1</td>
<td>1.0</td>
<td>19,591</td>
<td>1%</td>
<td>19,591</td>
<td>19,591</td>
</tr>
<tr>
<td>Public Shows</td>
<td>1</td>
<td>2</td>
<td>2.0</td>
<td>10,000</td>
<td>1%</td>
<td>10,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>6</td>
<td>6</td>
<td>1.0</td>
<td>43,584</td>
<td>3%</td>
<td>7,264</td>
<td>7,264</td>
</tr>
<tr>
<td>Totals</td>
<td>84</td>
<td>110</td>
<td>1.3</td>
<td>1,654,676</td>
<td>100%</td>
<td>19,699</td>
<td>15,043</td>
</tr>
</tbody>
</table>

* 173,139 attendees are for ACC Tournament (103,364) and NCAA Final Four (67,775)

Other major events are Diet Pepsi Tournament of Champions (35,209)

Source: Auditorium-Coliseum-Convention Center Authority
### Projected Utilization Schedule

**Independence Arena**

**1/1/96 - 6/30/96**

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Number Events</th>
<th>Number Shows</th>
<th>Average Shows/Event</th>
<th>Total Attendance</th>
<th>Average Att/Event</th>
<th>Average Att/SHOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Coast Hockey</td>
<td>21</td>
<td>21</td>
<td>1.0</td>
<td>116,500</td>
<td>5,548</td>
<td>5,548</td>
</tr>
<tr>
<td>UNCC Basketball</td>
<td>8</td>
<td>8</td>
<td>1.0</td>
<td>30,500</td>
<td>3,813</td>
<td>3,813</td>
</tr>
<tr>
<td>Indoor Lacrosse</td>
<td>5</td>
<td>5</td>
<td>1.0</td>
<td>25,000</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Other Sports Events</td>
<td>2</td>
<td>5</td>
<td>2.5</td>
<td>15,500</td>
<td>7,750</td>
<td>5,000</td>
</tr>
<tr>
<td>Concerts</td>
<td>2</td>
<td>2</td>
<td>1.0</td>
<td>10,000</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Family Shows</td>
<td>3</td>
<td>5</td>
<td>1.7</td>
<td>23,100</td>
<td>7,700</td>
<td>4,620</td>
</tr>
<tr>
<td>Religious Events</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td>0</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>7</td>
<td>10</td>
<td>1.4</td>
<td>50,000</td>
<td>7,143</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>48</strong></td>
<td><strong>56</strong></td>
<td><strong>1.2</strong></td>
<td><strong>270,600</strong></td>
<td><strong>5,638</strong></td>
<td><strong>4,832</strong></td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Number Events</th>
<th>Number Shows</th>
<th>Average Shows/Event</th>
<th>Total Attendance</th>
<th>Percentage Total</th>
<th>Average Att/Event</th>
<th>Average Att/SHOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Coast Hockey</td>
<td>42</td>
<td>42</td>
<td>1.0</td>
<td>211,883</td>
<td>50.0%</td>
<td>5,045</td>
<td>5,045</td>
</tr>
<tr>
<td>UNCC Basketball</td>
<td>9</td>
<td>9</td>
<td>1.0</td>
<td>32,532</td>
<td>8.0%</td>
<td>3,615</td>
<td>3,615</td>
</tr>
<tr>
<td>Arena Football</td>
<td>2</td>
<td>2</td>
<td>1.0</td>
<td>9,828</td>
<td>2.0%</td>
<td>4,914</td>
<td>4,914</td>
</tr>
<tr>
<td>Indoor Lacrosse</td>
<td>5</td>
<td>5</td>
<td>1.0</td>
<td>25,000</td>
<td>6.0%</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Other Sports Events</td>
<td>7</td>
<td>10</td>
<td>1.4</td>
<td>25,966</td>
<td>6.0%</td>
<td>3,709</td>
<td>2,597</td>
</tr>
<tr>
<td>Concerts</td>
<td>6</td>
<td>6</td>
<td>1.0</td>
<td>27,409</td>
<td>6.0%</td>
<td>4,568</td>
<td>4,568</td>
</tr>
<tr>
<td>Family Shows</td>
<td>4</td>
<td>12</td>
<td>3.0</td>
<td>35,550</td>
<td>8.0%</td>
<td>8,888</td>
<td>2,963</td>
</tr>
<tr>
<td>Religious Events</td>
<td>1</td>
<td>3</td>
<td>3.0</td>
<td>5,100</td>
<td>1.0%</td>
<td>5,100</td>
<td>1,700</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>8</td>
<td>11</td>
<td>1.4</td>
<td>50,379</td>
<td>12.0%</td>
<td>6,297</td>
<td>4,580</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>84</strong></td>
<td><strong>100</strong></td>
<td><strong>1.2</strong></td>
<td><strong>423,647</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>5,043</strong></td>
<td><strong>4,236</strong></td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Number</th>
<th>Number Shows</th>
<th>Average Shows/Event</th>
<th>Total Attendance</th>
<th>% Total</th>
<th>Average Att./Event</th>
<th>Average Att./Show</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Coast Hockey</td>
<td>21</td>
<td>21</td>
<td>1.0</td>
<td>95,383</td>
<td>62%</td>
<td>4,542</td>
<td>4,542</td>
</tr>
<tr>
<td>UNCC Basketball</td>
<td>1</td>
<td>1</td>
<td>1.0</td>
<td>2,032</td>
<td>1%</td>
<td>2,032</td>
<td>2,032</td>
</tr>
<tr>
<td>Arena Football</td>
<td>2</td>
<td>2</td>
<td>1.0</td>
<td>9,828</td>
<td>6%</td>
<td>4,914</td>
<td>4,914</td>
</tr>
<tr>
<td>Indoor Soccer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Sports Events</td>
<td>5</td>
<td>5</td>
<td>1.0</td>
<td>10,466</td>
<td>7%</td>
<td>2,093</td>
<td>2,093</td>
</tr>
<tr>
<td>Concerts</td>
<td>4</td>
<td>4</td>
<td>1.0</td>
<td>17,409</td>
<td>11%</td>
<td>4,352</td>
<td>4,352</td>
</tr>
<tr>
<td>Family Shows</td>
<td>1</td>
<td>7</td>
<td>7.0</td>
<td>12,450</td>
<td>8%</td>
<td>12,450</td>
<td>1,779</td>
</tr>
<tr>
<td>Religious Events</td>
<td>1</td>
<td>3</td>
<td>3.0</td>
<td>5,100</td>
<td>3%</td>
<td>5,100</td>
<td>1,700</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1</td>
<td>1</td>
<td>1.0</td>
<td>379</td>
<td>0%</td>
<td>379</td>
<td>379</td>
</tr>
<tr>
<td>Totals</td>
<td>36</td>
<td>44</td>
<td>1.2</td>
<td>153,047</td>
<td>100%</td>
<td>4,251</td>
<td>3,478</td>
</tr>
</tbody>
</table>

*Source: Auditorium-Convention-Convention Center Authority*
Historical Utilization Schedule
Independence Arena

**Fiscal Year - Ended June 30, 1995**

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Number Events</th>
<th>Number Shows</th>
<th>Average Shows/Event</th>
<th>Total Attendance</th>
<th>% Total</th>
<th>Average Att /Event</th>
<th>Average Att /Show</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Coast Hockey</td>
<td>36</td>
<td>36</td>
<td>1.0</td>
<td>220,369</td>
<td>44%</td>
<td>6,121</td>
<td>6,121</td>
</tr>
<tr>
<td>UNCC Basketball</td>
<td>11</td>
<td>11</td>
<td>1.0</td>
<td>32,816</td>
<td>7%</td>
<td>2,983</td>
<td>2,983</td>
</tr>
<tr>
<td>Arena Football</td>
<td>4</td>
<td>4</td>
<td>1.0</td>
<td>16,743</td>
<td>3%</td>
<td>4,186</td>
<td>4,186</td>
</tr>
<tr>
<td>Indoor Soccer</td>
<td>12</td>
<td>12</td>
<td>1.0</td>
<td>30,186</td>
<td>6%</td>
<td>2,516</td>
<td>2,516</td>
</tr>
<tr>
<td>Other Sports Events</td>
<td>8</td>
<td>15</td>
<td>1.9</td>
<td>51,351</td>
<td>10%</td>
<td>6,419</td>
<td>3,423</td>
</tr>
<tr>
<td>Concerts</td>
<td>13</td>
<td>13</td>
<td>1.0</td>
<td>56,410</td>
<td>11%</td>
<td>4,339</td>
<td>4,339</td>
</tr>
<tr>
<td>Family Shows</td>
<td>3</td>
<td>13</td>
<td>4.3</td>
<td>30,633</td>
<td>6%</td>
<td>10,211</td>
<td>2,356</td>
</tr>
<tr>
<td>Religious Events</td>
<td>3</td>
<td>7</td>
<td>2.3</td>
<td>44,381</td>
<td>9%</td>
<td>14,794</td>
<td>6,340</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>6</td>
<td>8</td>
<td>1.3</td>
<td>18,566</td>
<td>4%</td>
<td>3,094</td>
<td>2,321</td>
</tr>
<tr>
<td>Totals</td>
<td>96</td>
<td>119</td>
<td>1.2</td>
<td>501,455</td>
<td>100%</td>
<td>5,223</td>
<td>4,214</td>
</tr>
</tbody>
</table>

*Source: Auditorium-Coliseum-Convention Center Authority*
## Historical Utilization Schedule

**Independence Arena**

### Fiscal Year - Ended 6/30/94

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Number Events</th>
<th>Number Shows</th>
<th>Average Shows/Event</th>
<th>Total Attendance</th>
<th>% Total</th>
<th>Average Att./Event</th>
<th>Average Att./Show</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Coast Hockey</td>
<td>37</td>
<td>37</td>
<td>1.0</td>
<td>237,420</td>
<td>51%</td>
<td>6,417</td>
<td>6,417</td>
</tr>
<tr>
<td>UNCC Basketball</td>
<td>11</td>
<td>11</td>
<td>1.0</td>
<td>31,696</td>
<td>7%</td>
<td>2,881</td>
<td>2,881</td>
</tr>
<tr>
<td>Arena Football</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JCSU Basketball</td>
<td>5</td>
<td>5</td>
<td>1.0</td>
<td>4,531</td>
<td>1%</td>
<td>906</td>
<td>906</td>
</tr>
<tr>
<td>Indoor Soccer</td>
<td>2</td>
<td>2</td>
<td>1.0</td>
<td>4,940</td>
<td>1%</td>
<td>2,470</td>
<td>2,470</td>
</tr>
<tr>
<td>Other Sports Events</td>
<td>10</td>
<td>12</td>
<td>1.2</td>
<td>40,871</td>
<td>9%</td>
<td>4,087</td>
<td>5,157</td>
</tr>
<tr>
<td>Concerts</td>
<td>8</td>
<td>8</td>
<td>1.0</td>
<td>41,259</td>
<td>9%</td>
<td>5,157</td>
<td>5,157</td>
</tr>
<tr>
<td>Family Shows</td>
<td>5</td>
<td>16</td>
<td>3.2</td>
<td>36,058</td>
<td>8%</td>
<td>7,212</td>
<td>2,254</td>
</tr>
<tr>
<td>Religious Events</td>
<td>1</td>
<td>4</td>
<td>4.0</td>
<td>22,480</td>
<td>5%</td>
<td>22,480</td>
<td>5,620</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>5</td>
<td>10</td>
<td>2.0</td>
<td>42,987</td>
<td>9%</td>
<td>8,597</td>
<td>4,299</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>84</strong></td>
<td><strong>105</strong></td>
<td><strong>1.3</strong></td>
<td><strong>462,242</strong></td>
<td><strong>100%</strong></td>
<td><strong>5,503</strong></td>
<td><strong>4,402</strong></td>
</tr>
</tbody>
</table>

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

Source: Auditorium-Coliseum-Convention Center Authority
<table>
<thead>
<tr>
<th>Promoter</th>
<th>Type Events</th>
<th>Annual Events</th>
<th>Overall Satisfaction</th>
<th>Consider New Arena?</th>
<th>Conc./Pkg Prices In-Line?</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>NCAA</td>
<td>Men/Women BB SE Regional/Final 4 Concerts</td>
<td>Periodic</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>If reduce seating capacity would not use</td>
</tr>
<tr>
<td>C&amp;C Entertainment</td>
<td>BB Tourney</td>
<td>1</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Not enough market for two arenas in Charlotte</td>
</tr>
<tr>
<td>RayCom Sports</td>
<td>ACC Tournament</td>
<td>Periodic</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Parking - 35</td>
</tr>
<tr>
<td>ACC</td>
<td>ACC Tournament</td>
<td>Periodic</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Have been able to negotiate better deals in recent years</td>
</tr>
<tr>
<td>Cellar Door</td>
<td>Concerts</td>
<td>+/- 5</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Concerned with ticket distribution for box suites Seating capacity if renovated</td>
</tr>
<tr>
<td>Ringling Brothers</td>
<td>Circus</td>
<td>10</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Market to small for two buildings Premier building for concerts</td>
</tr>
<tr>
<td>SRO Motorsports</td>
<td>Monster Trucks</td>
<td>2</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Might consider new arena if built</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Would be concerned with fewer seats</td>
</tr>
<tr>
<td>Building</td>
<td>Year Opened</td>
<td>Type</td>
<td>Building</td>
<td>Seating Capacity</td>
<td>Annual Events</td>
<td>Annual Attendance</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-------------</td>
<td>------------</td>
<td>-----------</td>
<td>------------------</td>
<td>---------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Charlotte Coliseum (S)</td>
<td>1988</td>
<td>Arena</td>
<td></td>
<td>24,500</td>
<td>+/- 100</td>
<td>+/- 14 M</td>
</tr>
<tr>
<td>Independence Arena</td>
<td>1955, 1992</td>
<td>Arena</td>
<td></td>
<td>10,500</td>
<td>+/- 100</td>
<td>+/- 425,000</td>
</tr>
<tr>
<td>Carowinds Paladium</td>
<td>1970's, 1991</td>
<td>Amphitheater</td>
<td></td>
<td>13,000</td>
<td>+/- 15</td>
<td>+/- 150,000</td>
</tr>
<tr>
<td>Blockbuster Pavilion</td>
<td>1991</td>
<td>Amphitheater</td>
<td></td>
<td>19,500</td>
<td>30</td>
<td>280,000</td>
</tr>
<tr>
<td>Barnhardt S A C - UNCC</td>
<td>Fall 1996</td>
<td>Arena</td>
<td></td>
<td>9,600</td>
<td>n a</td>
<td>n a</td>
</tr>
<tr>
<td>Hornet's Training Facility</td>
<td>1994</td>
<td>NBA Training</td>
<td></td>
<td>5,000</td>
<td>n a</td>
<td>n a</td>
</tr>
<tr>
<td>Grady Cole Center</td>
<td>1950 s</td>
<td>Community Center</td>
<td></td>
<td>3,000</td>
<td>n a</td>
<td>n a</td>
</tr>
<tr>
<td>Panthers Stadium</td>
<td>Fall 1996</td>
<td>NFL Stadium</td>
<td></td>
<td>72,000</td>
<td>n a</td>
<td>n a</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Regional Buildings</th>
<th>Year Opened</th>
<th>Type Building</th>
<th>Seating Capacity</th>
<th>Annual Events</th>
<th>Annual Attendance</th>
<th>Primary Events</th>
<th>Anchor Tenant(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charlotte Coliseum (S)</td>
<td>1988</td>
<td>Arena</td>
<td>24,500</td>
<td>+/- 100</td>
<td>+/- 1.4 M</td>
<td>S, C, FS</td>
<td>NBA Hornets, Arena Football</td>
</tr>
<tr>
<td>Greensboro Coliseum</td>
<td>1959, 1993</td>
<td>Arena/Complex</td>
<td>23,300</td>
<td>110</td>
<td>n a</td>
<td>S, C, FS</td>
<td>AHL - Monarchs</td>
</tr>
<tr>
<td>Lawrence-Joel Coliseum</td>
<td>1989</td>
<td>Arena</td>
<td>14,500</td>
<td>65</td>
<td>n a</td>
<td>S, C, FS</td>
<td>Wake Forest University</td>
</tr>
<tr>
<td>Proposed Buildings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raleigh Events Center</td>
<td>Fall 1998</td>
<td>Arena</td>
<td>22,300</td>
<td>+/- 150</td>
<td>n a</td>
<td>S, C, FS</td>
<td>N C State BB, Hockey³</td>
</tr>
<tr>
<td>Greenville - Bi-Lo Center</td>
<td>Spring 1998</td>
<td>Arena</td>
<td>17,000</td>
<td>n a</td>
<td>n a</td>
<td>S, C</td>
<td>ECHL Franchise, Furman BB</td>
</tr>
<tr>
<td>NBA Facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reunion Arena/Dallas</td>
<td>1980</td>
<td>Arena</td>
<td>16,400</td>
<td>190</td>
<td>n a</td>
<td>S, C, FS</td>
<td>NBA, NHL</td>
</tr>
<tr>
<td>Orlando Arena/Orlando</td>
<td>1989</td>
<td>Arena</td>
<td>17,250</td>
<td>175</td>
<td>n a</td>
<td>S, C, FS</td>
<td>NBA, IHL</td>
</tr>
<tr>
<td>Alamodome/San Antonio</td>
<td>1993</td>
<td>Arena</td>
<td>35,000</td>
<td>105</td>
<td>n a</td>
<td>S, C, FS</td>
<td>NBA, CFL</td>
</tr>
</tbody>
</table>

Sources: Facility Management, A-A-C Authority
## Historical Income and Expenses

**Charlotte Coliseum**  
Charlotte, NC

### Income

<table>
<thead>
<tr>
<th>Source</th>
<th>Fiscal Ends 6/30</th>
<th>%</th>
<th>Fiscal Ends 6/30</th>
<th>%</th>
<th>Fiscal Ends 6/30</th>
<th>%</th>
<th>Fiscal Ends 6/30</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1993</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arena Rentals</td>
<td>$1,493,068</td>
<td>11%</td>
<td>$1,644,507</td>
<td>13%</td>
<td>$1,065,266</td>
<td>9%</td>
<td>-35%</td>
<td></td>
</tr>
<tr>
<td>Box Office/Booking</td>
<td>172,331</td>
<td>1%</td>
<td>194,578</td>
<td>2%</td>
<td>185,763</td>
<td>1%</td>
<td>-5%</td>
<td></td>
</tr>
<tr>
<td>Event Related</td>
<td>808,939</td>
<td>6%</td>
<td>715,147</td>
<td>6%</td>
<td>800,313</td>
<td>6%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>*Advertising</td>
<td>782,874</td>
<td>6%</td>
<td>835,853</td>
<td>7%</td>
<td>1,281,069</td>
<td>10%</td>
<td>53%</td>
<td></td>
</tr>
<tr>
<td>Parking</td>
<td>1,919,730</td>
<td>14%</td>
<td>1,743,097</td>
<td>14%</td>
<td>2,085,813</td>
<td>17%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Concessions/Catering</td>
<td>6,850,578</td>
<td>51%</td>
<td>6,062,669</td>
<td>47%</td>
<td>5,609,356</td>
<td>45%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Novelties</td>
<td>240,226</td>
<td>2%</td>
<td>431,747</td>
<td>3%</td>
<td>167,100</td>
<td>1%</td>
<td>-61%</td>
<td></td>
</tr>
<tr>
<td>Authority Sponsored Events</td>
<td>375,725</td>
<td>3%</td>
<td>377,709</td>
<td>3%</td>
<td>252,724</td>
<td>2%</td>
<td>-33%</td>
<td></td>
</tr>
<tr>
<td>Skybox Leases</td>
<td>397,500</td>
<td>3%</td>
<td>507,500</td>
<td>4%</td>
<td>487,656</td>
<td>4%</td>
<td>-4%</td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>225,840</td>
<td>2%</td>
<td>216,749</td>
<td>2%</td>
<td>399,510</td>
<td>3%</td>
<td>84%</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>148,491</td>
<td>1%</td>
<td>110,805</td>
<td>1%</td>
<td>69,111</td>
<td>1%</td>
<td>38%</td>
<td></td>
</tr>
<tr>
<td><strong>Gross Income</strong></td>
<td><strong>13,415,212</strong></td>
<td>100%</td>
<td><strong>12,840,361</strong></td>
<td>100%</td>
<td><strong>12,403,681</strong></td>
<td>100%</td>
<td>3%</td>
<td></td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th>Source</th>
<th>Fiscal Ends 6/30</th>
<th>%</th>
<th>Fiscal Ends 6/30</th>
<th>%</th>
<th>Fiscal Ends 6/30</th>
<th>%</th>
<th>Fiscal Ends 6/30</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1993</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>1,769,646</td>
<td>13%</td>
<td>1,550,604</td>
<td>12%</td>
<td>1,494,584</td>
<td>12%</td>
<td>-4%</td>
<td></td>
</tr>
<tr>
<td>Salaries/Benefits</td>
<td>4,451,621</td>
<td>33%</td>
<td>4,315,209</td>
<td>34%</td>
<td>4,227,088</td>
<td>34%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Event Related</td>
<td>1,111,262</td>
<td>8%</td>
<td>1,079,936</td>
<td>8%</td>
<td>1,007,822</td>
<td>8%</td>
<td>-7%</td>
<td></td>
</tr>
<tr>
<td>Equipment Rentals</td>
<td>78,578</td>
<td>1%</td>
<td>77,801</td>
<td>1%</td>
<td>50,820</td>
<td>0%</td>
<td>-35%</td>
<td></td>
</tr>
<tr>
<td>Administrative/General</td>
<td>561,440</td>
<td>4%</td>
<td>478,853</td>
<td>4%</td>
<td>535,128</td>
<td>4%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>305,545</td>
<td>2%</td>
<td>217,838</td>
<td>2%</td>
<td>225,839</td>
<td>2%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>609,266</td>
<td>5%</td>
<td>643,699</td>
<td>5%</td>
<td>681,406</td>
<td>5%</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Advertising/Promotion</td>
<td>109,400</td>
<td>1%</td>
<td>105,803</td>
<td>1%</td>
<td>123,571</td>
<td>1%</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Repairs/Maintenance</td>
<td>249,605</td>
<td>2%</td>
<td>269,099</td>
<td>2%</td>
<td>242,743</td>
<td>2%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>195,212</td>
<td>1%</td>
<td>212,094</td>
<td>2%</td>
<td>131,127</td>
<td>1%</td>
<td>-38%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>9,441,575</strong></td>
<td>70%</td>
<td><strong>8,950,936</strong></td>
<td>70%</td>
<td><strong>8,720,128</strong></td>
<td>70%</td>
<td>3%</td>
<td></td>
</tr>
</tbody>
</table>

### Net Operating Income

- **1993**: $3,973,637  
- **1994**: $3,889,425  
- **1995**: $3,683,553  
- **Projected 1996**: $1,091,638

### Notes

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

### Source

Charlotte 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:

<table>
<thead>
<tr>
<th>Season</th>
<th>%</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>12%</td>
<td>$10,000</td>
</tr>
<tr>
<td>2002-03</td>
<td>12%</td>
<td>$11,000</td>
</tr>
<tr>
<td>2003-04</td>
<td>12%</td>
<td>$12,000</td>
</tr>
<tr>
<td>2004-05</td>
<td>12%</td>
<td>$13,000</td>
</tr>
</tbody>
</table>

Early Termination: A. Season Ending Notification

<table>
<thead>
<tr>
<th>Season Ending</th>
<th>Notification</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>7/98</td>
</tr>
<tr>
<td>2001-02</td>
<td>7/99</td>
</tr>
<tr>
<td>2002-03</td>
<td>7/00</td>
</tr>
<tr>
<td>2003-04</td>
<td>7/01</td>
</tr>
</tbody>
</table>

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 offset 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
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:**
<table>
<thead>
<tr>
<th>Season</th>
<th>Rental Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-93</td>
<td>$3,500/game or 12% net ticket sales; $6,000/game maximum</td>
</tr>
<tr>
<td>Remaining Seasons</td>
<td>Same base rent at $3,500/game or 12% net ticket sales; maximum increases $1,000 per game per year of term</td>
</tr>
</tbody>
</table>

**Renewal Rent:**
<table>
<thead>
<tr>
<th>Season</th>
<th>Rental Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-98</td>
<td>$5,000/game or 12% NTS, $10,000/game maximum</td>
</tr>
<tr>
<td>1998-99</td>
<td>$5,000/game or 12% NTS, $11,000/game maximum</td>
</tr>
<tr>
<td>1999-00</td>
<td>$5,500/game or 12% NTS; $12,000/game maximum</td>
</tr>
<tr>
<td>2000-01</td>
<td>$6,000/Game or 12% ONB; $12,500/game maximum.</td>
</tr>
<tr>
<td>2001-02</td>
<td>$6,000/game or 12% NTS, $12,500/game maximum.</td>
</tr>
</tbody>
</table>

**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**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>SUBJECT</th>
<th>Sale 1</th>
<th>Sale 2</th>
<th>Sale 3</th>
<th>Sale 4</th>
<th>Sale 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td>Charlotte Coliseum</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>100 Paul Rea Blvd.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Charlotte, NC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Zoning</strong></td>
<td>R-4, S.D. P</td>
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<td>10-Jan-96</td>
<td></td>
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<td><strong>Primary Frontage</strong></td>
<td>W Tyrola Road</td>
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<td><strong>Site Access</strong></td>
<td>Excellent</td>
<td></td>
<td></td>
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<td><strong>Visibility</strong></td>
<td>Excellent</td>
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<td></td>
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<td><strong>Utilities</strong> (See Note 4)</td>
<td>WS</td>
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</tr>
</tbody>
</table>

| Value Indications    |                                              |        |        |        |        |        |
| **Sales Price**       | N/A                                          | $2,325,000 | $2,800,000 | $2,815,000 | $3,943,345 | $7,197,728 |
| **Sales Price/SF**    | N/A                                          | $1.14   | $2.41   | $1.93   | $1.03   | $1.08   |
| **Adjusted Price/Acre** | N/A                                      | $49.67  | $104.987 | $283,858 | $405,000 | $47,000  |

| **MARKET ADJUSTMENTS**|                                              |        |        |        |        |        |
| **Financing**        | N/A                                          | 0%     | 0%     | 0%     | 0%     | 0%     |
| **Adjusted Price**   | N/A                                          | $2,325,000 | $2,800,000 | $2,815,000 | $3,943,345 | $7,197,728 |
| **Conditions of Sale** | N/A                                      | 0%     | 0%     | 0%     | 0%     | 0%     |
| **Adjusted Price**   | N/A                                          | $2,325,000 | $2,800,000 | $2,815,000 | $3,943,345 | $7,197,728 |
| **Ownership Rights** | N/A                                          | 0%     | 0%     | 0%     | 0%     | 0%     |
| **Adjusted Price**   | N/A                                          | $2,325,000 | $2,800,000 | $2,815,000 | $3,943,345 | $7,197,728 |
| **Market Conditions (Date)** | N/A                                      | 0%     | 0%     | 0%     | 0%     | 0%     |
| **Adjusted Price**   | N/A                                          | $2,325,000 | $2,800,000 | $2,815,000 | $3,943,345 | $7,197,728 |
| **Adjusted Price/SF** | N/A                                          | $1.14   | $2.41   | $1.93   | $1.03   | $1.08   |
| **Adjusted Price/Acre** | N/A                                      | $49.67  | $104.987 | $283,858 | $405,000 | $47,000  |

| **PHYSICAL ADJUSTMENTS**|                                              |        |        |        |        |        |
| **Location**          | 25%                                          | 0%     | 0%     | 25%    | 0%     | 25%    |
| **Size**              | 35%                                          | 35%    | 35%    | 0%     | 0%     | 0%     |
| **Access**            | 0%                                           | 0%     | 0%     | 0%     | 0%     | 0%     |
| **Visibility**        | 0%                                           | 0%     | 0%     | 0%     | 0%     | 0%     |
| **Utilities**         | 0%                                           | 0%     | 0%     | 0%     | 0%     | 0%     |
| **Topography**        | 0%                                           | 0%     | 0%     | 0%     | 0%     | 0%     |
| **Zoning**            | 0%                                           | 0%     | 0%     | 0%     | 0%     | 0%     |
| **TOTAL**             |                                              | 10%    | 35%    | 35%    | 25%    | 25%    |
| **Adjustments**       | N/A                                          | $1.03  | $1.87  | $1.25  | $1.29  | $1.35  |
| **Adjusted Price/SF** | N/A                                          | $49.710 | $50.841 | $48.706 | $53.259 | $59,750 |
| **Adjusted Price/Acre** | N/A                                      | $49.710 | $50.841 | $48.706 | $53.259 | $59,750 |

| **STATISTICAL SUMMARY**|                                              |        |        |        |        |        |
| **Sales Price/Acre**  | Before Adjustments                           | $64.691 | $64.691 | -6.6%  |        |
| **Sales Price/Acre**  | After Adjustments                            | $64.691 | $64.710 | -6.6%  |        |

**NOTES**
1. Annual time adjustment as noted
2. Numbers may reflect rounding
3. N/A Not Applicable, NA 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
<table>
<thead>
<tr>
<th><strong>COMPARABLE LAND SALE ONE</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td>Southwest Corner of Billy Graham Parkway and West Boulevard Intersection Charlotte, North Carolina</td>
</tr>
<tr>
<td><strong>Tax ID</strong></td>
<td>143-091-03, others</td>
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<td><strong>Sale Data</strong></td>
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<tr>
<td><strong>Date</strong></td>
<td>September 21, 1995</td>
</tr>
<tr>
<td><strong>Grantor</strong></td>
<td>Marc Silverman</td>
</tr>
<tr>
<td><strong>Grantee</strong></td>
<td>Crescent Resources, Inc.</td>
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<td><strong>Recorded</strong></td>
<td>8298/364</td>
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<tr>
<td><strong>Sale Price</strong></td>
<td>$2,325,000</td>
</tr>
<tr>
<td><strong>Unit Price</strong></td>
<td>$49,677/Acre; $1.14/SF</td>
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<tr>
<td><strong>Financing</strong></td>
<td>Cash</td>
</tr>
<tr>
<td><strong>Property Rights Conveyed</strong></td>
<td>Fee Simple</td>
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<tr>
<td><strong>Conditions of Sale</strong></td>
<td>Market</td>
</tr>
<tr>
<td><strong>Confirmation</strong></td>
<td>Brad Cherry, Trammell Crow (Broker), Henry Lomax, Crescent Resources</td>
</tr>
</tbody>
</table>

| **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
143-124-02

Tax ID

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 area. The site is split-zoned to allow for business park and retail/restaurant development.
Charlotte Coliseum Study
Cost Issues

Cost New NBA Arena
$100M to $125M with land

Depreciated Cost Existing Arena:

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

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
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)


$350  $300  $250  $200  $150  $100  $50  $0
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

- 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

Renegotiate the Hornets' lease and renovate the Coliseum

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

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

- 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.

<table>
<thead>
<tr>
<th>Authority Renovation Proposals</th>
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<tr>
<td></td>
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<tr>
<td><strong>Proposal #1</strong></td>
</tr>
<tr>
<td><strong>Proposal #2</strong></td>
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<tr>
<td>Renovation costs</td>
</tr>
<tr>
<td>Improvements</td>
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<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>Ticket, concession &amp; parking increase</td>
</tr>
<tr>
<td>Naming rights (annually)</td>
</tr>
<tr>
<td>Additional Hornets revenue (annually)</td>
</tr>
<tr>
<td>Lease term with Hornets</td>
</tr>
</tbody>
</table>

- 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

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

I. Review of outstanding issues

II. Option Analysis
   ◆ Analysis of Options 3 and 4
   ◆ Overview of arena financing in other markets
   ◆ Other Issues/Discussion

III. The Charlotte Chamber
   ◆ Report and Recommendations

IV. Chamber of Citizens
   ◆ Report

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 Kathryn Blanchard of Crown Communications)*

attachments
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
200 E Independent Boulevard
Charlotte N C 28205
704-332-6800

CHARLOTTE COLISEUM
100 Paul Berg Boulevard
PO Box 669247
Charlotte, N C 28268-8247
704-337-4700

NEW CHARLOTTE CONVENTION CENTER
651 South College, Ste. 1
Charlotte N C 28202
704-334-6001
### City of Charlotte
#### Auditorium-Colliseum-Convention Center Authority

**Forecast of Net Proceeds**

**Fiscal 1998-2005**

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<tr>
<td><strong>Annual Operating Surplus (Deficit)</strong></td>
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<td>160,000</td>
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<td>(1,010,582)</td>
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<td>(887,928)</td>
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<td>(816,541)</td>
<td>(792,042)</td>
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<td>(745,253)</td>
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<td>(1,598,998)</td>
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#### Annual Capital Improvement Expenses

<p>| | | | | | | | | | | | | | |</p>
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#### Surplus (Deficit) After Application of Capital Expenses and Transfers


#### Net Proceeds Prior Fiscal Year

|                      | 8,914,038   | 7,321,098   | 6,168,000   | 8,417,234   | 8,758,329   | 10,577,905  | 9,538,983   | 8,857,167   | 6,127,181   | 7,451,139   | 6,826,500   | 5,253,919   | 5,723,853   | 5,264,477   |

#### Forecasted Net Proceeds


**Assumptions**

-Horales per $3,255,000 in fiscal 2000 to escape contract.
- The Horales leave Charlotte.
City of Charlotte
Auditorium-Coliseum-Convention Center Authority
Forecast of Net Proceeds
Fiscal 1998-2005

<table>
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<td>Annual Operating Surplus (Deficit)</td>
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<td>Charlotte Coliseum</td>
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<td>(695,171)</td>
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<td>(199,065)</td>
<td>(153,457)</td>
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<td>Over Auditorium/Independence Areas</td>
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<tr>
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<td>(1,814,237)</td>
<td>(1,283,270)</td>
<td>(1,244,118)</td>
<td>(1,265,861)</td>
<td>(1,617,710)</td>
<td>(1,518,269)</td>
<td>(1,081,569)</td>
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<td>6,758,329</td>
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<td>7,120,013</td>
<td>5,836,743</td>
<td>4,502,549</td>
<td>3,338,668</td>
<td>2,219,154</td>
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<td>5,836,743</td>
<td>4,502,549</td>
<td>3,338,668</td>
<td>2,219,154</td>
<td>1,048,904</td>
<td>(4,383)</td>
<td>(1,081,569)</td>
</tr>
</tbody>
</table>

Assumptions:
-爱好 pay $25,000,000 in fiscal 2000 to escape from contract.
- An arena is built upstairs.
- The Coliseum remains open.
### DRAFT for Discussion Purposes Only

#### City of Charlotte
Auditorium-Coliseum-Convention Center Authority
Forecast of Net Proceeds
Fiscal 1996-2006

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<td><strong>Annual Operating Surplus (Deficit)</strong></td>
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<tr>
<td>Events Auditorium/Independence Arena</td>
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<td>223,136</td>
<td>232,701</td>
<td>237,355</td>
<td>143,102</td>
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<td>267,301</td>
<td>272,847</td>
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<td><strong>Surplus (Deficit) After Application of Capital Expenditures and Transfers</strong></td>
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<td>533,098</td>
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<td>(1,378,394)</td>
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<td>(1,310,941)</td>
<td>(1,279,938)</td>
<td>(1,249,391)</td>
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<td>6,756,329</td>
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<td>(1,813,005)</td>
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<td>7,221,560</td>
<td>6,166,809</td>
<td>6,417,214</td>
<td>6,756,329</td>
<td>6,963,410</td>
<td>7,154,646</td>
<td>7,579,250</td>
<td>4,439,480</td>
<td>3,125,554</td>
<td>1,845,616</td>
<td>598,578</td>
<td>(822,631)</td>
<td>(1,813,005)</td>
<td>(2,574,878)</td>
</tr>
</tbody>
</table>

**Assumptions:**
- Honeys pay $3,250,000 in fiscal 2000 to escape from contract.
- The Coliseum is closed.
## City of Charlotte
### Auditorium-Colliseum-Convention Center Authority
#### Forecast of Net Proceeds (Authority Proposal)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Proceeds</td>
<td>$5,316,700</td>
<td>$5,316,700</td>
<td>$5,316,700</td>
</tr>
<tr>
<td>Net Proceeds sc</td>
<td>$5,316,700</td>
<td>$5,316,700</td>
<td>$5,316,700</td>
</tr>
<tr>
<td>Net Proceeds sc2</td>
<td>$5,316,700</td>
<td>$5,316,700</td>
<td>$5,316,700</td>
</tr>
</tbody>
</table>

### Assumptions:
- Parking increases $1.00 per car in 1999 and 2000.
- CCC Fund absorbs current Authority capital and operating obligations to CCC
- Authority repays 7% improvement advances from City.
- Authority contributes to Colliseum debt service after advances are repaid.
- Authority resumes CCC capital and operating obligations after Colliseum debt is paid off.
Replies to City Council Workshop Questions Continued
Page 2

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.
## Summary

City of Charlotte
Auditorium-Coliseum-Convention Center Authority

Estimates of Revenues and Expenses Attributable to the Charlotte Hornets
Fiscal 1969-1997

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>1989</td>
<td>3,431,077</td>
<td>1,106,295</td>
<td>2,525,782</td>
<td>1,427,847</td>
<td>1,119,671</td>
<td>2,034,131</td>
<td>769,123</td>
<td>1,415,008</td>
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<tr>
<td>1990</td>
<td>3,944,509</td>
<td>1,016,804</td>
<td>2,927,695</td>
<td>1,679,309</td>
<td>1,388,723</td>
<td>2,565,191</td>
<td>727,218</td>
<td>1,537,973</td>
</tr>
<tr>
<td>1991</td>
<td>3,238,265</td>
<td>2,569,505</td>
<td>658,750</td>
<td>1,378,585</td>
<td>658,750</td>
<td>1,401,016</td>
<td>640,181</td>
<td>1,208,208</td>
</tr>
<tr>
<td>1992</td>
<td>3,594,941</td>
<td>1,017,582</td>
<td>2,577,359</td>
<td>1,786,782</td>
<td>1,473,193</td>
<td>2,104,138</td>
<td>705,490</td>
<td>1,398,648</td>
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<tr>
<td>1993</td>
<td>3,883,553</td>
<td>951,138</td>
<td>2,932,415</td>
<td>2,261,666</td>
<td>2,231,417</td>
<td>1,061,854</td>
<td>571,886</td>
<td>489,968</td>
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<tr>
<td>1994</td>
<td>1,843,128</td>
<td>274,518</td>
<td>1,568,552</td>
<td>1,146,512</td>
<td>1,146,512</td>
<td>676,996</td>
<td>650,190</td>
<td>624,535</td>
</tr>
<tr>
<td>1995</td>
<td>1,893,171</td>
<td>427,280</td>
<td>1,465,891</td>
<td>2,237,666</td>
<td>2,237,666</td>
<td>676,996</td>
<td>650,190</td>
<td>624,535</td>
</tr>
</tbody>
</table>

Totals: 28,312,867 8,053,382 20,259,485 14,963,958 2,738,042 12,193,513 14,289,842 6,213,833 8,078,004
Conventional 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)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Room Occupancy Tax</td>
<td>$ 3,234</td>
<td>$ 3,124</td>
<td>$ 4,237</td>
<td>$ 3,949</td>
<td>$ 4,443</td>
<td>$ 4,180</td>
<td>$ 4,644</td>
<td>$ 4,634</td>
<td>$ 4,938</td>
<td>$ 5,223</td>
<td>$ 5,361</td>
<td>$ 6,046</td>
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<tr>
<td>Prepared Food and Beverage Tax</td>
<td>-</td>
<td>-</td>
<td>2383</td>
<td>3,126</td>
<td>6,120</td>
<td>6,580</td>
<td>6,548</td>
<td>7,164</td>
<td>7,013</td>
<td>7,762</td>
<td>7,514</td>
<td>8,714</td>
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<tr>
<td>Interest income</td>
<td>107</td>
<td>73</td>
<td>390</td>
<td>450</td>
<td>764</td>
<td>533</td>
<td>1,099</td>
<td>657</td>
<td>1,322</td>
<td>1,131</td>
<td>1,519</td>
<td>1,151</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>3,341</td>
<td>3,197</td>
<td>7,010</td>
<td>7,525</td>
<td>11,327</td>
<td>11,273</td>
<td>12,291</td>
<td>12,455</td>
<td>13,273</td>
<td>14,116</td>
<td>14,394</td>
<td>16,314</td>
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</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotions (2)</td>
<td>-</td>
<td>-</td>
<td>1,500</td>
<td>1,500</td>
<td>1,500</td>
<td>1,516</td>
<td>1,500</td>
<td>1,698</td>
<td>1,500</td>
<td>2,018</td>
<td>1,500</td>
<td>2,313</td>
</tr>
<tr>
<td>Convention Center Deficit</td>
<td>(50% of Actual)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>768</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Debt Payment (3)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,661</td>
<td>3,665</td>
<td>6,478</td>
<td>3,996</td>
<td>9,119</td>
<td>8,857</td>
<td>9,391</td>
<td>8,814</td>
</tr>
<tr>
<td>Construction (4)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,411</td>
<td>-</td>
<td>350</td>
<td>1,550</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>-</td>
<td>-</td>
<td>1,500</td>
<td>1,500</td>
<td>5,161</td>
<td>5,181</td>
<td>7,978</td>
<td>10,105</td>
<td>10,819</td>
<td>11,993</td>
<td>10,891</td>
<td>12,933</td>
</tr>
<tr>
<td>Beginning Fund Balance</td>
<td>-</td>
<td>-</td>
<td>3,341</td>
<td>3,197</td>
<td>8,851</td>
<td>9,222</td>
<td>15,017</td>
<td>15,314</td>
<td>19,330</td>
<td>17,664</td>
<td>21,984</td>
<td>19,717</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$ 3,341</td>
<td>$ 3,197</td>
<td>$ 8,851</td>
<td>$ 9,222</td>
<td>$ 15,017</td>
<td>$ 15,314</td>
<td>$ 19,330</td>
<td>$ 17,664</td>
<td>$ 21,984</td>
<td>$ 19,787</td>
<td>$ 25,487</td>
<td>$ 23,177</td>
</tr>
</tbody>
</table>

(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).
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
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.
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
Uptown Arena Recommendation
City Council
March 13, 1997

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

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

<table>
<thead>
<tr>
<th>City</th>
<th>$ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Francisco (renewal)</td>
<td>125</td>
</tr>
<tr>
<td>Tampa</td>
<td>153</td>
</tr>
<tr>
<td>San Jose</td>
<td>132.5</td>
</tr>
<tr>
<td>Cleveland</td>
<td>120</td>
</tr>
<tr>
<td>Seattle</td>
<td>74.5</td>
</tr>
<tr>
<td>Washington DC</td>
<td>60</td>
</tr>
<tr>
<td>Portland Oregon</td>
<td>34.5</td>
</tr>
</tbody>
</table>
### Eventual Recurring Tax Revenues

<table>
<thead>
<tr>
<th>Item</th>
<th>City</th>
<th>County</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>243</td>
<td>340</td>
<td>364</td>
</tr>
<tr>
<td>Arena Concessions ($6.7 mm)</td>
<td>34</td>
<td>102</td>
<td>271</td>
</tr>
<tr>
<td>Entertainment Retail Sales  ($3 mm)</td>
<td>45</td>
<td>136</td>
<td>360</td>
</tr>
<tr>
<td>Entertainment Movies, Etc. ($16 mm)</td>
<td>240</td>
<td>450</td>
<td>650</td>
</tr>
<tr>
<td>Property Tax (Income Tax to State)</td>
<td>158</td>
<td>477</td>
<td>1,221</td>
</tr>
<tr>
<td>Entertainment Venues ($37.7 mm)</td>
<td>167</td>
<td>231</td>
<td>688</td>
</tr>
<tr>
<td>Parking Deck ($24 mm)</td>
<td>113</td>
<td>158</td>
<td>4</td>
</tr>
<tr>
<td>Coliseum Re-Development (10 years)</td>
<td>1,881</td>
<td>1,443</td>
<td>5,967</td>
</tr>
<tr>
<td>Hotel ($125 mm)</td>
<td>858</td>
<td>913</td>
<td>601</td>
</tr>
<tr>
<td>Office ($170 mm)</td>
<td>367</td>
<td>511</td>
<td>1,689</td>
</tr>
<tr>
<td>Players Payment ($23 mm)</td>
<td>88</td>
<td>1,010</td>
<td>1,010</td>
</tr>
<tr>
<td>Total</td>
<td>2,464</td>
<td>3,434</td>
<td>11,129</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,843</td>
<td>5,941</td>
<td>12,367</td>
</tr>
</tbody>
</table>

### 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

### 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

### 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

3/17/97
## Coliseum, Ovens, Independence Arena

### Financial Projections 1998-2000

<table>
<thead>
<tr>
<th></th>
<th>Earning (Deficit)</th>
<th>Net After Capital Imprvmts</th>
<th>Net After Conv Ctr Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coliseum</td>
<td>$6.5M</td>
<td>$5.45M</td>
<td>$2.42M</td>
</tr>
<tr>
<td>Independence/Ovens</td>
<td>$0.7M</td>
<td>($0.2M)</td>
<td></td>
</tr>
</tbody>
</table>

## 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 $2.45-45M are available for debt service
- 1997 Fund Balance of $6.2 M available for debt service
- Loss of Hornets will impact earnings

3/17/97
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)

3/17/97
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

<table>
<thead>
<tr>
<th>Value (year)</th>
<th>Property Tax (year)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$658,000 (1998-04)</td>
</tr>
<tr>
<td></td>
<td>$1,055,600 (1998-04)</td>
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</table>
Expand Tax Base (Cont.)

- Development of 155 Acres

<table>
<thead>
<tr>
<th>Value (year)</th>
<th>Property Tax (year)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$416,000 (2000-03)</td>
</tr>
<tr>
<td></td>
<td>$561,600 (2000-03)</td>
</tr>
<tr>
<td>Total</td>
<td>$936,000 (2000-2004)</td>
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<tr>
<td>(2)</td>
<td>$1,081,000 (2000-2004)</td>
</tr>
</tbody>
</table>

Expand Tax Base (Cont.)

- Stimulate Development Uptown

<table>
<thead>
<tr>
<th>Property Tax (Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Parking Deck</td>
</tr>
<tr>
<td>$113,000 (2000)</td>
</tr>
<tr>
<td>$565,000 (2000-04)</td>
</tr>
<tr>
<td>Entertainment Venues</td>
</tr>
<tr>
<td>$167,000 (2004)</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>$732,000 (2000-04)</td>
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</table>
### Expand Tax Base Comparison

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<thead>
<tr>
<th>1996-2004 Property Tax Potential</th>
<th></th>
</tr>
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<tbody>
<tr>
<td><strong>Sell For Coliseum Use</strong></td>
<td></td>
</tr>
<tr>
<td>(1)</td>
<td>$ 658,000</td>
</tr>
<tr>
<td>(2)</td>
<td>$ 1,055,600</td>
</tr>
<tr>
<td><strong>New Arena/ Re-develop</strong></td>
<td></td>
</tr>
<tr>
<td>155 Acres</td>
<td></td>
</tr>
<tr>
<td>(1)</td>
<td>$ 1,668,000</td>
</tr>
<tr>
<td>(2)</td>
<td>$ 1,813,000</td>
</tr>
</tbody>
</table>

### 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**
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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
Occupyancy 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:
- 1998: $127,000
- 2000: $585,662
- 2004: $1,727,343

Debt Capacity (2006): $61 Million

3% Occupancy Tax
New Arena Option

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

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

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

3/17/97
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 $25 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

3/17/97
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

3/17/97
## Coliseum, Ovens, Independence Arena
### Financial Projections 1998-2000

<table>
<thead>
<tr>
<th></th>
<th>Earnings (Deficit)</th>
<th>Net After Capital Improvements</th>
<th>Net After Conv Ctr</th>
<th>Net After Loss</th>
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</thead>
<tbody>
<tr>
<td>Coliseum</td>
<td>$6.5M</td>
<td>$5.45M</td>
<td></td>
<td>$2.42M</td>
</tr>
<tr>
<td>Independence/Ovens</td>
<td>$0.7M</td>
<td>($0.2M)</td>
<td></td>
<td></td>
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</tbody>
</table>

---

## 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 $2.45M are available for debt service
- 1997 Fund Balance of $6.2M available for debt service
- Loss of Hornets will impact earnings

---

3/17/97
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)
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

<table>
<thead>
<tr>
<th>Value (year)</th>
<th>Property Tax (year)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$658,000 (1998-04)</td>
</tr>
<tr>
<td></td>
<td>$1,055,600 (1998-04)</td>
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</tbody>
</table>
Expand Tax Base (Cont.)

- Development of 155 Acres

<table>
<thead>
<tr>
<th>Value (year)</th>
<th>Property Tax (year)</th>
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</thead>
<tbody>
<tr>
<td><strong>Land</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 416,000 (2000-03)</td>
</tr>
<tr>
<td></td>
<td>$ 561,600 (2000-03)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
<tr>
<td>(1)</td>
<td>$ 936,000 (2000-2004)</td>
</tr>
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<td>(2)</td>
<td>$1,081,000 (2000-2004)</td>
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</table>

Expand Tax Base (Cont.)

- Stimulate Development Uptown

<table>
<thead>
<tr>
<th>Property Tax (Year)</th>
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</thead>
<tbody>
<tr>
<td><strong>Parking Deck</strong></td>
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<tr>
<td>$113,000 (2000)</td>
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<tr>
<td>$565,000 (2000-04)</td>
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<tr>
<td><strong>Entertainment Venues</strong></td>
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<tr>
<td>$167,000 (2004)</td>
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<tr>
<td><strong>Total</strong></td>
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<tr>
<td>$732,000 (2000-04)</td>
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Expand Tax Base
Comparison

<table>
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<tr>
<th></th>
<th>1998-2004 Property Tax Potential</th>
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<tr>
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3/17/97
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  » Acquire, finance, construct, maintain and/or operate convention centers, performing arts centers, coliseums, auditoriums, museums, and visitor-related programs
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. CSL, International Analysis of Specific Options
- Status Quo through 2002-New Arena in 2003
- 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

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 Skem of CSL, International. The discussion focused on 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. He 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

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Agreement</th>
<th>Revised Agreement</th>
<th>New Agreement</th>
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<td>Effective Date</td>
<td>10/01/88</td>
<td>10/01/92</td>
<td>11/05/95</td>
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<tr>
<td>Term</td>
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<td>$250K in Year 5</td>
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<td>Ticket Revenues</td>
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<tr>
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<td>$7-9,000/Game</td>
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<td>Event Expenses</td>
<td>Paid by Team</td>
<td>Paid by Team</td>
<td>Paid by Team</td>
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<td>Novelties</td>
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<td>100% to Team</td>
<td>100% to Team</td>
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<td>%100 of Courtside, %50 of Permanent to Team</td>
<td>%100 of Courtside, %50 of Permanent to Team</td>
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<td>Food and Beverage</td>
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<td>0% to Team</td>
<td>50% of Profit to Team</td>
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<td>Parking</td>
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<td>w/ Team's Permission</td>
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<tr>
<td>Additional Revenues</td>
<td>n/a</td>
<td>$1 0 M</td>
<td>$1 5 M</td>
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SPEAKER'S LIST
PUBLIC HEARING ON THE ARENA
March 26, 1997

3/26/97 - 4:00 p.m.

1. Invocation
2. Pledge of Allegiance

Martin Forbes, 8513 Lorraine Drive, 28270 - 365-3110
Malcolm Graham, 3404 Cresta Court, 28269 - 536-2884
Tarra Thornton, 10024 Oak Run Drive, Apt H, 28210 - 341-1120
Tammy Thompson, 1515 Mockingbird Lane, 28209 - 529-1677 Ext 2
Frank Bragg, 1031 S. Caldwell Street, suite 101, 28203 - 377-0261
Eric Stewart, 323 Drury Drive, 28206 - 596-7045
Arlene Jacobs, 5220 MacAndrew Drive, 28226 - 347-4104
Ray Ardizzone, 5935 Carnegie Boulevard, 28209 - 553-0038
Beverly Howard, 1912 Windlock Drive, 28270 - 523-4333
Heather Grant, 9325-C Westbury Woods Drive, 28277 - 543-9293
Bobbye Newsome, 645 Furrow Drive, 28270 - 841-2034
Steve Maag, 701 East Second Street, 28202 - 379-7001
Arthur Horton, 6010 #222 Burkdale Valley Drive, 28277 - 336-8337
Vincent Pratt, 1023 Queens Road, West, 28270 - 553-3377
William Anderson, 700 East Second Street, 28202 - 343-5450
Dennis Dixon, 343-5815
John Sullivan, 2421 Richardson Drive, 28211 - 366-9482
Ernie Hunt, 10301 Kilmory Terrace, 28210
Jim Breech, 10018 Silver Lake Court, 28277 - 525-1621
Howard Henry, 5516 Bleecker Street, 28215 - 336-7472
Don Hagler, 3400-D South Tryon Street, 38217 - 366-7472
<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Phone</th>
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<tbody>
<tr>
<td>Officer Tim Gromis</td>
<td>Charlotte-Mecklenburg Police - 336-2724</td>
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<tr>
<td>Sgt Chuck Johnson</td>
<td>Charlotte-Mecklenburg Police - 336-2724</td>
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<tr>
<td>Mary Clark</td>
<td>7017 Cool Springs Lane, 28226 - 343-3905</td>
<td></td>
</tr>
<tr>
<td>R Brisley</td>
<td>15346 Bexley Place, Mint Hill, 28227 - 336-2094</td>
<td></td>
</tr>
<tr>
<td>James R Johnson</td>
<td>254 Huntley Place, 28207 - 333-5995</td>
<td></td>
</tr>
<tr>
<td>Mike Wilson</td>
<td>307-F West Tremont Avenue, 28203 - 376-2282</td>
<td></td>
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<tr>
<td>Allen Wells</td>
<td>236 Hunter Lane, 365-4568</td>
<td></td>
</tr>
<tr>
<td>Tom Kalin</td>
<td>3000 East Independence Boulevard, 377-1501</td>
<td></td>
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<tr>
<td>Jennifer Ludes</td>
<td>9506 Covedale Drive, 28270 - 333-0202</td>
<td></td>
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<tr>
<td>Cheryl Jones</td>
<td>4838 Butterwick Lane, 28212 - (no phone)</td>
<td></td>
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<tr>
<td>Ed Nowokunski</td>
<td>4633 Mullens Ford Road, 521-5285</td>
<td></td>
</tr>
<tr>
<td>Cora Mullis</td>
<td>2317 Belmeade Drive, 28214 - 393-9485</td>
<td></td>
</tr>
<tr>
<td>Debbie Ware</td>
<td>9900 Russet Oak Lane, 542-0384</td>
<td></td>
</tr>
<tr>
<td>Robert Ett</td>
<td>701 Old Belle Road, 28270 - 334-5383</td>
<td></td>
</tr>
<tr>
<td>Dr John Simpson</td>
<td>1210 Shady Bluff Drive, 28211 - 362-2663</td>
<td></td>
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<tr>
<td>Alfred Schwirck</td>
<td>21303 Nautique Boulevard, Cornelius, NC 28031 - 896-9649</td>
<td></td>
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<tr>
<td>Neal Howes</td>
<td>9209 Old Barnette Place, Huntersville, NC - 336-4037</td>
<td></td>
</tr>
<tr>
<td>Liz Johnson</td>
<td>3625 Windbluff Drive, 28277 - 542-9873</td>
<td></td>
</tr>
<tr>
<td>Ella F Jackson</td>
<td>9408 Windsong Drive, 28273 - 535-0881</td>
<td></td>
</tr>
<tr>
<td>Paul Sedan</td>
<td>6500 Brookfield Place, 28270 - 365-2590</td>
<td></td>
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<tr>
<td>Rhett N Money</td>
<td>1509 Providence Drive, 28211 - 376-0291</td>
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</tr>
<tr>
<td>Angelia Tanner</td>
<td>4628 Water Oak Road, 28221 - 388-3828</td>
<td></td>
</tr>
<tr>
<td>Dr Patricia Holleman</td>
<td>3404 Linden Berry Lane, 28269 - 343-5510</td>
<td></td>
</tr>
<tr>
<td>David Henderson, Sr.</td>
<td>1122 Berkeley Avenue, 334-4125</td>
<td></td>
</tr>
<tr>
<td>Patty Buchanan</td>
<td>4529 Sharon Road, 362-3158</td>
<td></td>
</tr>
</tbody>
</table>
Tom Harris, 741 Kenilworth Avenue, 28203 - 334-4686
William M (Bill) Brawley, Jr, 136112 O'Toole Drive, Matthew, 28105 - 948-3379
Mike Masterman, 1434 Point Lookout Road, 522-8094
Kit Cramer, 6224 Ash Cove Lane, 28269, 948-0264
Chris Jackson, 128 South Tryon Street, 28202 - 334-0119
Ed Weissger, 9000 Statesville Road, 28201 - 596-6700
Roy Johnson, 129 West Trade Street, 28202 - 377-591
Baxter Hayes, 4515 Sharon Road, 28211 - 364-4515
Betty Sezinger, 5323 Finsbury Place, 28211 - 364-6256
Bobbie Drakeford, 1535 Running Brook Road, 28214 - 347-4363
Peter McCoppin, 211 North College Street, 28202 - 332-0468
Pat Turner, 12537 Delshire Lane, 28273 - 588-4335
Wayne Shusko, Park Hotel of Charlotte, 364-8220
Bob Freedman, 300 South Brevard Street, 28202 - 357-6767
Matthew Bradbury, 100 North Tryon Street, 28202 - 331-0777
Dewitt Foard, 128 South Tryon Street, 28202 - 372-1515
James F Foxx, 1937 Crestdale Drive, 28216 - 399-6242
Frank Barnes, 3616 School House Lane, 28226 - 553-1413
Mike Hampton, 15210 McComb Manor Court - 357-2880
Jeff Thompson, 4017 Moonland Drive, 28226 - 357-2803
Curt Peters, 300 South Brevard Street, 28202 - 357-6767
Preston Griffith, 1914 Brunswick Avenue, 28207 - 332-7173
Russ Louderback, 2103-K Diamond Creek Circle, 28273 - 357-2847
William Kirk, 5726 Eastbrook Road, 28215 - 568-6728
Bryan King, 1108 Circlewood Drive, 28211 - 357-2826
J. E. Gambel, 4024 Old Field Road, 561-3486
Eugene Rackly, 227 West Trade Street, 335-0332
Paul Eich, 3535 Keith Drive, 28269 - 372-9491

Billy Peeler, 4124-N Firewood Lane - 519-0078
Roger Stacks, 137 Brevard Court, 28202 - 375-6014
Walker Wells, 132 Brevard Court, 334-7211
Marcus Terry, 11012 Graduate Lane, 28262 - 549-1111
Scott Hubbard, 2734 Long Dale Road, 28209 - 547-2358
Andrea Myer, 9201 University City Boulevard, 28223 - 595-5041
Nan Bauroth, 7801 Arboretum Drive, 541-8986
Joe Miller, 4413 St. Ives Place, 28211 - 366-6172 or 362-0590

Sally Wentz, 2210 Hopedale Avenue, 377-1611
Vanessa DeGeorge, 7212 Prescott Pond Lane, 28270 - 544-1369
Rich Sheubrooks, Two First Union Center, 28202 - 332-7717
John Anderson, Two First Union Center, 28202 - 332-7717
Dan Bishop, 1108 Heather Lane, 28209 - 552-6571
C. Richard Melvin, 5416 Five Knolls Drive, 28226 - 542-6962
Caldwell Rose, 135 Cottage Place, 375-1000
Tom Nixon, 6512 Newhall Road, 28270 - 334-7088

Steven Lannarone, 6840 April Lane, 28215 - 563-1350

Herb Carter

Rhett Malory (He was on list as #44)
March 26, 1997

Thank you Mayor McCrory, Mayor Pro-Tem and City Councillwomen 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" 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 10c a string, to Jones Brothers Grocery, Mt. Holly, N.C

He saved the 10c until he got 50c. He bought a rooster and a hen, (25c 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,
Corey Mullis 2317 Belgrade Dr 28214
393-9485
Council Agenda

CITY COUNCIL SPECIAL MEETING
Monday, March 31, 1997

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/background 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
Ms. Pamela A. Sylvett  
City Manager  
City of Charlotte  
600 E 4th Street  
Charlotte NC 28202 2244  

Dear Ms. Sylvett  

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. Owens 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  

March 31, 1997
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
P.O. Box 28293
Charlotte, NC 28222
Fax: (704) 333-3404
E-Mail: editor@observer.com

The Charlotte Post
P.O. Box 3044
Charlotte, NC 28201
Fax: (704) 333-3404
E-Mail: editor@observer.com

The Charlotte Post
P.O. Box 3047
Charlotte, NC 28204
Fax: (704) 333-3404
E-Mail: editor@observer.com

CHAMBER ENDORSES ARENA

T he Chamber’s Board of Directors and Advices enthusiastically endorsed the proposed uptown arena at its Feb. 24 meeting.Arena Committee Chair John Clayson, Sea- land Service Inc., said the Home’s 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 Clayson. “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 removal of the existing coliseum is not viable. While an estimated $74-78 million expense would be generated, 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’s objective of maximizing the city’s financial position, saving the long-term reach of the city or maintaining economic and civic opportunity for Charlotte.

1. The Uptown arena makes financial sense.
2. The NBA’s annual economic impact of $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 (1.222 million), Cleveland ($120,838), New York ($120,474). 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 Bank of America Stadium and the convention center, providing a year-round customer base for retailers and fulfilling Uptown life after 5 p.m. Further, immediate development could be accelerated, including an arena parking deck, a light 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.

MUSIC CITY’S DOWNTOWN MOMENTUM

THE NASHVILLE ARENA CONTRIBUTES TO DOWNTOWN’S REVITALIZATION

Nashville’s $144.5 million publicly funded downtown arena opened in December.

A real Executive Director Gerald Nicey and the public investment in the property spread together for the project is paying off. Originally valued at $75 million dollars, the property was recently reassessed at $19 million. As a 25 percent increase. Estimated investment in restaurants, motels and convention spaces, retail and entertainment venues since the arena’s announcement in 1991 is already $72.8 million. More work is underway including a NASCAR Café currently being developed on Broadway as well as a high price residential development. An announcement of a $15 million multi-dimensional hub for 2nd Avenue was made just last week.

The arena has been a real boost to downtown. Land values are taking off and Nicey. The convention center’s business is booming. They said, “we expanded with it. We have that development which is already beyond the 2nd Avenue and Broadway is expected to move further toward the area.

Estimated investment in restaurants, motels and entertainment venues since the arena announcement in 1991 is already $72.8 million. More work is underway."
**SHOW YOUR SUPPORT BY CALLING OR WRITING MEMBERS OF CITY COUNCIL:**

Mauer, Pat McCurry  
609 East 17th Street 28202  
116 2644

Al Russo, Mayor Pro-Tem  
4620 Nation Rd Run Rd 28277  
375-1142

Don Rock, At-Large  
4128 Carnoustie Lane, 28210  
523 8651

Elfa Scarborough, At-Large  
1119 Worcester Place 28211  
306-4790

Lynn Wheeler, At-Large  
920 Queens Road 28207  
318 1911

Sara Spencer, District 1  
528 East Kingston Ave 28203  
175 1042

Malachi Greene, District 2  
1000 Greenleaf Ave 28202  
175 1043

Patrick Cossman, District 3  
1625 E Village Brook Dr 28210  
551 7866

Nadz Mazed, District 4  
5401 Rupert Lane, 28215  
336 1153

Tim Sellers, District 5  
1201 Rutledge Avenue 28211  
366-5440

Charles Baker, District 6  
2021 Census Rd 28226  
338 1780

Mike Jackson, District 7  
PO Box 471251 28247  
542-2429

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**NO LONGER SINGING THE BLUES (continued)**

The Gaylord Entertainment owns the Ryman, a music venue, and has expanded the arena to accommodate concerts and other events.

**GAYLORD ENTERTAINMENT**

Gaylord Entertainment, which owns the Ryman, has expanded the arena to accommodate concerts and other events. The expansion includes adding a second floor, which was completed in late 2016. The upgrades include new seating and improved acoustics, which will enhance the overall experience for patrons.

**Opening of high profile venues like Planet Hollywood have propelled growth**

The NASCAR Cot is part of $72 million in investments named since

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**BACK PAGE**

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**OPENING OF RYMAN**

The arena opened

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**NO LONGER SINGING THE BLUES**

The arena has brought a new lease on life. Gaylord Entertainment has invested in the arena, providing a new lease on life for the historic venue.

**Before the arena was built, people didn't want to come.**

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**BACK PAGE**

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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 $75 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
- Erskin Bowles
- Billy Ray
- Bernue Johnson
- Mary Stafford
- James Thompson
- Jeff Mullins
- Vicki Sutton
- Sam Smith

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 and 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 such an 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 warrant 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 Auditionum/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 RKI Study (1980), the CUDEL 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 increased 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 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 accomplish. 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?
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 sky box 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 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 $6,500 each (These seats are behind the basket)
2. 4 Charter Seat Rights, upper level, section 210, Row O, Seats 3-6 $2,200 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
bonds 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 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 2,350 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.


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? No p 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 monetization depends on the interest rate and maturity of the debt obligation. We do not understand the second question “Is this a legitimate expected return?”
### Charlotte Alternative III Fiscal Impact Inputs

#### UPTOWN ARENA

**City Uses of Funds**

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**Arena Development Schedule**

- Arena Opening: 1999

#### Construction Fiscal Impact Inputs

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**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

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<tr>
<td>Current Property Value of Arena Site</td>
<td>$9,547,570</td>
</tr>
<tr>
<td>Arena Seating Capacity</td>
<td>21,500</td>
</tr>
<tr>
<td>Arena Suites</td>
<td>60</td>
</tr>
<tr>
<td>Arena Suite Seats</td>
<td>960</td>
</tr>
<tr>
<td>Arena Club Seats</td>
<td>4,000</td>
</tr>
</tbody>
</table>

**Attendance to Home Games**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Total Per Event Attendance</td>
<td>20,500</td>
</tr>
<tr>
<td>General Attendance</td>
<td>689,720</td>
</tr>
<tr>
<td>Premium Seating Attendance</td>
<td>213,280</td>
</tr>
<tr>
<td>Total Annual Attendance</td>
<td>903,000</td>
</tr>
<tr>
<td>Suite Price (including tickets)</td>
<td>$125,000</td>
</tr>
<tr>
<td>Club Seat Price (including tickets)</td>
<td>$3,500</td>
</tr>
<tr>
<td>Average Ticket Price (General)</td>
<td>$35.00</td>
</tr>
<tr>
<td>Average Ticket Price (Premium)</td>
<td>$45.00</td>
</tr>
<tr>
<td>Suite Premium (excluding tickets &amp; parking)</td>
<td>$90,000</td>
</tr>
<tr>
<td>Club Seat Premium (excluding tickets &amp; parking)</td>
<td>$1,000</td>
</tr>
<tr>
<td>Per Capita Concessions (General)</td>
<td>$5.50</td>
</tr>
<tr>
<td>Per Capita Concessions (Premium)</td>
<td>$14.00</td>
</tr>
<tr>
<td>Per Capita Merchandise</td>
<td>$1.00</td>
</tr>
</tbody>
</table>

**Arena Direct Spending**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arena Ticket Revenue</td>
<td>$33,737,800</td>
</tr>
<tr>
<td>Arena Concessions Revenue</td>
<td>$6,779,380</td>
</tr>
<tr>
<td>Arena Merchandise Revenue</td>
<td>$903,000</td>
</tr>
<tr>
<td>Arena Premium Seating Revenue</td>
<td>$9,400,000</td>
</tr>
<tr>
<td>Annual Naming Rights</td>
<td>$500,000</td>
</tr>
<tr>
<td>Annual Advertising Revenue</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Visiting Team Spending</td>
<td>$206,000</td>
</tr>
<tr>
<td>Broadcast Revenue</td>
<td>$17,000,000</td>
</tr>
</tbody>
</table>

The above estimates of development costs, events, attendance, employment, financial operations, and other assumptions were provided by NationsBank and Cousins. Pricewaterhouse assumes no responsibility for the accuracy or reliability of this information.
URBAN ENTERTAINMENT CENTER

City Uses of Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entertainment Center Land 1997</td>
<td>$8,000,000</td>
</tr>
<tr>
<td>Entertainment Center Land 1998</td>
<td>$5,000,000</td>
</tr>
</tbody>
</table>

UEC Development Schedule

<table>
<thead>
<tr>
<th>Phase</th>
<th>Year(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UEC Phase I Construction</td>
<td>1997, 1998</td>
</tr>
<tr>
<td>UEC Phase I Opening</td>
<td>1999</td>
</tr>
<tr>
<td>UEC Phase II Construction</td>
<td>Not Included</td>
</tr>
<tr>
<td>UEC Phase II Opening</td>
<td>2001</td>
</tr>
</tbody>
</table>

Construction Fiscal Impact Inputs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total UEC Hard Construction Cost - Phase I</td>
<td>$18,753,000</td>
</tr>
<tr>
<td>Construction Direct Economic Impact Estimated based on hard costs</td>
<td>$18,753,000</td>
</tr>
<tr>
<td>Construction Subject to Sales Tax (50% of hard costs)</td>
<td>$9,370,500</td>
</tr>
</tbody>
</table>

Recurring Fiscal Impact Inputs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Future Property Tax</td>
<td>$220,000</td>
</tr>
<tr>
<td>Current Property Value of UEC Site</td>
<td>$5,258,680</td>
</tr>
<tr>
<td>Total UEC Phase I Square Footage</td>
<td>120,000</td>
</tr>
<tr>
<td>Retail Square Footage</td>
<td>40,000</td>
</tr>
<tr>
<td>Entertainment Square Footage</td>
<td>80,000</td>
</tr>
<tr>
<td>Sales Per Sq. Ft.</td>
<td></td>
</tr>
<tr>
<td>- Retail</td>
<td>$450</td>
</tr>
<tr>
<td>- Entertainment</td>
<td>$400</td>
</tr>
<tr>
<td>Total Sales</td>
<td>$18,000,000</td>
</tr>
<tr>
<td>- Retail</td>
<td></td>
</tr>
<tr>
<td>- Entertainment</td>
<td>$32,000,000</td>
</tr>
<tr>
<td>Incremental Sales</td>
<td>50%</td>
</tr>
<tr>
<td>- Retail</td>
<td>$9,000,000</td>
</tr>
<tr>
<td>- Entertainment</td>
<td>$12,000,000</td>
</tr>
<tr>
<td></td>
<td>$25,000,000</td>
</tr>
</tbody>
</table>

The above estimates of development costs, events, attendance, employment, financial operations, and other assumptions were provided by NationsBank and Cozens. Price Waterhouse assumes no responsibility for the accuracy or reliability of this information.
ARENA PARKING DECK

Arena Parking Deck Development Schedule

- 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 & Non-Tax 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 Credit. Price Waterhouse assumes no responsibility for the accuracy or reliability of this information.
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 NatronaBank and Consusa. Price Waterhouse assumes no responsibility for the accuracy or reliability of this information.
### REUSE OF EXISTING COLISEUM LAND

#### City Sources of Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Land Sale Proceeds 1999</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>City Land Sale Proceeds 2000</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>City Land Sale Proceeds 2001</td>
<td>$7,000,000</td>
</tr>
<tr>
<td>City Land Sale Proceeds 2002</td>
<td>$8,000,000</td>
</tr>
</tbody>
</table>

#### Reuse Development Schedule

<table>
<thead>
<tr>
<th>Reuse Construction</th>
<th>1999 to 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reuse Opening</td>
<td>2000 to 2003</td>
</tr>
</tbody>
</table>

#### Construction Fiscal Impact Inputs

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Space Square Footage</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Land &amp; Construction Cost (PSF)</td>
<td>$164</td>
</tr>
</tbody>
</table>

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

- Construction Subject to Sales Tax (50% of hard costs) | $103,200,000 |

#### Recurring Fiscal Impact Inputs

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Space Square Footage</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Average Salary</td>
<td>$20,000</td>
</tr>
<tr>
<td>Total Income</td>
<td>$107,526,862</td>
</tr>
</tbody>
</table>

Less Personal Tax & Nontax Payments | 13% |
Less Personal Social Security Contributions | 5% |
Less Personal Savings                  | 4% |
Less Portion Spent Outside Charlotte/Moec 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 Cozena. Price Waterhouse assumes no responsibility for the accuracy or reliability of this information.

---

*Page 4*
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/McEck 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 Cost TRUE. Price Waterhouse assumes no responsibility for the accuracy or reliability of this information.
Economic Impact Concepts

Direct Spending/Total Sales

Operations
- Admissions
- Concessions
- Merchandise
- Parking
- Other

Arena Entertainment/Retail Events
- Meals
- Entertainment
- Lodging

Team Income
- Broadcast
- Naming Rights
- Advertising
- Visiting Team

Housing
- Food
- Entertainment

Retail Goods
- Services
- Other Purchases

Operations

Direct Spending:
- Sales Tax
- Lodging Tax
- Food & Beverages 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)

<table>
<thead>
<tr>
<th></th>
<th>Property Tax</th>
<th>Other Taxes</th>
<th>Total Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arena Projects</td>
<td>$1.1</td>
<td>$1.2</td>
<td>$2.3</td>
</tr>
<tr>
<td>Reuse Coliseum Land</td>
<td>2.3</td>
<td>0.6</td>
<td>2.9</td>
</tr>
<tr>
<td>Baseball Stadium</td>
<td>3.1</td>
<td>0.6</td>
<td>3.7</td>
</tr>
<tr>
<td>Western Region</td>
<td>1.7</td>
<td>0.1</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>Total Fiscal Impact</strong></td>
<td><strong>$8.2</strong></td>
<td><strong>$2.5</strong></td>
<td><strong>$10.7</strong></td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Recurring State Fiscal Impacts</th>
<th>Revenues (In Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income Tax</strong></td>
<td></td>
</tr>
<tr>
<td>Arena/Entertainment Center/Parking Deck</td>
<td>$3.3</td>
</tr>
<tr>
<td>Baseball Stadium</td>
<td>1.4</td>
</tr>
<tr>
<td>Coliseum Land Reuse</td>
<td>4.5</td>
</tr>
<tr>
<td>Western Region</td>
<td>1.0</td>
</tr>
<tr>
<td>Total Income Taxes</td>
<td>$10.2</td>
</tr>
<tr>
<td><strong>Sales Tax</strong></td>
<td></td>
</tr>
<tr>
<td>Arena/Entertainment Center/Parking Deck</td>
<td>$2.0</td>
</tr>
<tr>
<td>Baseball Stadium</td>
<td>0.9</td>
</tr>
<tr>
<td>Coliseum Land Reuse</td>
<td>1.0</td>
</tr>
<tr>
<td>Western Region</td>
<td>0.2</td>
</tr>
<tr>
<td>Total Income Taxes</td>
<td>$4.1</td>
</tr>
</tbody>
</table>

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.
<table>
<thead>
<tr>
<th>Construction State Fiscal Impacts</th>
<th>Revenues (In Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income Tax</strong></td>
<td></td>
</tr>
<tr>
<td>Arena/Entertainment Center/Parking Deck</td>
<td>$2.6</td>
</tr>
<tr>
<td>Baseball Stadium</td>
<td>2.5</td>
</tr>
<tr>
<td>Coliseum Land Reuse</td>
<td>3.1</td>
</tr>
<tr>
<td>Western Region</td>
<td>1.9</td>
</tr>
<tr>
<td>Total Income Taxes</td>
<td>$10.1</td>
</tr>
<tr>
<td><strong>Sales Tax</strong></td>
<td></td>
</tr>
<tr>
<td>Arena/Entertainment Center/Parking Deck</td>
<td>$4.7</td>
</tr>
<tr>
<td>Baseball Stadium</td>
<td>4.3</td>
</tr>
<tr>
<td>Coliseum Land Reuse</td>
<td>5.4</td>
</tr>
<tr>
<td>Western Region</td>
<td>3.2</td>
</tr>
<tr>
<td>Total Income Taxes</td>
<td>$17.6</td>
</tr>
</tbody>
</table>
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 region's economy. The next section will present an area of the Hornets' success 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 the economic benefits that professional basketball has provided to the Charlotte area economy. In addition, this section will outline the role that the professional sports teams in the economic ecosystem of the County and region.

Chapter 2. Regional Economic Overview

Competitive among regions has reached an unprecedented level of intensity in the contemporary economic environment. Increasingly, cities and regions are recognizing the importance of attracting new business and industry and maintaining existing firms.

This chapter will provide a rationale for the importance of economic activities to the Charlotte area economy. In addition, this section will provide a description of the quantifiable and nonquantifiable economic impacts that attract 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 whereas industries engaged in servicing the basic industries are non-basic. Export-oriented industries provide the economic foundation (base) of the regional economy. Traditional basic industries bring into the local economy through sales made outside the region. However, an 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 export returns generates additional return to local industries that serve the basic producers, their employees, and other supporting non-basic industries. Export-base base gives rise to the aggregate regional economic base, earnings, and co-production or originating the basic sector, therefore, regional economic gains (and losses) originate in basic industries. Figure 2.1 provides a diagrammatic 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 total employment they ultimately generate, the total regional economic impact of each 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 could mean, for instance, that for each job created in a basic industry 1.5 re-jobs are generated in other parts of the local economy (the total benefit
EXPORT BASE THEORY

BASIC INDUSTRY
JOB / INCOME

NONBASIC JOB

PRODUCT PRODUCED
WITHIN REGION

INCOME DERIVED FROM
PRODUCING PRODUCT
SPENT WITHIN REGION
AND CREATES NEW
NONBASIC JOBS/
INCOME

REGIONAL ECONOMY

PRODUCT SHIPPED AND
CONSUMED OUTSIDE REGION

PRODUCT PURCHASE PRICE
FLOWS BACK INTO REGION

USER

USER'S INCOME EXPENDED
OUTSIDE REGION

-3-
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 21 presents the ratios of nonbasic to basic employment for twelve metropolitan areas calculated by Britton Harris in 1958 study. The only North Carolina city included in this study was Charlotte. The Charlotte basic to 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. That is, one basic job would create 4.33 total jobs for Charlotte.

For this study, the Mecklenburg County and Charlotte MS nonbasic to 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 in a specific industry compared to the relative employment in that industry nationwide. The extent of that excess relative employment is considered excess 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
- $E_n$ = national employment in the $i$th industry
- $E_N$ = total national employment

Then:

$$\lambda_i = \frac{E_i}{E} \cdot \frac{E_n}{E_N}$$

Summing all the positive $\lambda_i$s will produce the total basic employment in a region.
## TABLE 2.1

**NONBASIC/BASIC EMPLOYMENT RATIOS**

<table>
<thead>
<tr>
<th>STANDARD METROPOLITAN AREA</th>
<th>POPULATION&lt;sup&gt;a&lt;/sup&gt;</th>
<th>NONBASIC EMPLOYMENT/BASIC EMPLOYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Six areas - with largest population&lt;sup&gt;b&lt;/sup&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New York- -northeast New Jersey</td>
<td>10,232,039</td>
<td>4.03</td>
</tr>
<tr>
<td>Chicago</td>
<td>4,285,902</td>
<td>3.65</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>3,405,797</td>
<td>4.15</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>2,848,696</td>
<td>5.99</td>
</tr>
<tr>
<td>Detroit</td>
<td>2,269,723</td>
<td>2.19</td>
</tr>
<tr>
<td>Boston- -area- -ce- -lo- -ell</td>
<td>2,049,947</td>
<td>4.13</td>
</tr>
<tr>
<td>&quot;area- -&quot; - largest areas</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Six areas - with smallest population<sup>c</sup> |       |                                      |
| Erie                         | 163,850 | 2.37                                  |
| South Bend                   | 155,535 | 1.84                                  |
| Cen- -ote                     | 144,579 | 2.23                                  |
| Fort Worth                   | 138,310 | 2.88                                  |
| El Paso                      | 137,212 | 3.42                                  |
| Las - - Vegas ---             | 120,693 | 2.72                                  |
| "area- -" - smallest areas   |         | 2.72                                  |

<sup>a</sup>Population data cases of .950 definitions of standard metropolitan areas
<sup>b</sup>The six largest SV- -s in - -arr- -s's samples were also the six largest in the ratio.
<sup>c</sup>These are the six smallest SV- -s in - -arris's sample, though not the smallest in - -ratio.

Source: Britton - -arris, *Comment on Plouts' Test of the Base Theory*, Journal of the American Institute of Planners, November 1952, 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 3.83. This results in a total employment multiplier of 4.83 for the MSA. These multipliers then allow us to determine, on average, the employment impact of each re-collared existing basic-collar job on the Mecklenburg County or Charlotte MSA economies.

This approach can be altered slightly to produce an income multiplier which estimates the total collar impact for each re-collar brought into the community. This multiplier can be calculated by subtracting the weights \( \lambda_i \) (re-collared employment for a specific industry) from the average annual wage \( \bar{w} \) that industry and then summing the weighted \( \lambda_i \)'s. The result is total sales wages \( \sum\lambda_i \bar{w} \) total sales or total basic wages produces the income multiplier. Using this approach the income multiplier estimated for Mecklenburg County is 3.062 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 collar economic impact of each re-collar injection to 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 never- the-less 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 sour other growth in that area. Still, other firms might arise as entrepreneurial crive in a specific -stract. The list of nonquantifiable benefits can go on but one side 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.

The economic activities that mark time can have a quantifiable impact. The create basic jobs and there is a multiplier effect that creates accessional jobs; however, there is a more important aspect to their existence. The presence of these new firms alters the character of the local econo...

13. -Rec. Charlotte examples of mark time firms are IB and Royal Insurance.

The first represented the location of a major manufacturing and de velopment facility within Wccklenburg County. The single reference to an IB facility that employs 5,000 persons creates economic credibility. The fact the the largest American corporation chose to locate a major facility in Wccklenburg County created economic state.

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. 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. Charlotte

The Charlotte Hornets - professional basketball franchise is a member of the National Basketball Association (NBA). There are currently seventeen teams - ten expansion teams to be added in the 1988-89 season. Charlotte and various expansion teams added in the 1988-89 season. Table 3.1 lists the cities where three teams are located with the 1987 U.S. population, percap, and 1988-89 season attendance. Only three teams are currently located in the Southeastern United States. The 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 $110,595,697 into the seven county MSA.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlanta</td>
<td>2,656,800</td>
<td>13</td>
<td>644,291</td>
</tr>
<tr>
<td>Boston</td>
<td>4,092,900</td>
<td>7</td>
<td>611,537</td>
</tr>
<tr>
<td>Charlotte</td>
<td>1,091,000</td>
<td>23</td>
<td>950,069</td>
</tr>
<tr>
<td>Chicago</td>
<td>8,146,900</td>
<td>1</td>
<td>736,969</td>
</tr>
<tr>
<td>Cleveland</td>
<td>2,766,900</td>
<td>12</td>
<td>730,923</td>
</tr>
<tr>
<td>Dallas</td>
<td>3,724,900</td>
<td>8</td>
<td>695,053</td>
</tr>
<tr>
<td>Denver</td>
<td>1,861,300</td>
<td>22</td>
<td>555,496</td>
</tr>
<tr>
<td>Detroit</td>
<td>4,629,400</td>
<td>6</td>
<td>879,613</td>
</tr>
<tr>
<td>Golden State (San Francisco)</td>
<td>5,933,100</td>
<td>30</td>
<td>587,970</td>
</tr>
<tr>
<td>Houston</td>
<td>3,620,300</td>
<td>9</td>
<td>660,728</td>
</tr>
<tr>
<td>Indianapolis</td>
<td>1,225,500</td>
<td>22</td>
<td>28,912</td>
</tr>
<tr>
<td>Los Angeles Clipper Los Angeles Lakers</td>
<td>13,470,900</td>
<td>1</td>
<td>42,325</td>
</tr>
<tr>
<td>Miami</td>
<td>2,914,100</td>
<td>13</td>
<td>6,713,705</td>
</tr>
<tr>
<td>Milwaukee</td>
<td>1,502,100</td>
<td>23</td>
<td>700,989</td>
</tr>
<tr>
<td>Newark (N.J.)</td>
<td>1,850,800</td>
<td>1</td>
<td>5,986,506</td>
</tr>
<tr>
<td>New York</td>
<td>18,053,800</td>
<td>1</td>
<td>745,851</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>5,890,600</td>
<td>5</td>
<td>538,295</td>
</tr>
<tr>
<td>Portland</td>
<td>1,939,600</td>
<td>21</td>
<td>511,069</td>
</tr>
<tr>
<td>Portland</td>
<td>1,383,400</td>
<td>26</td>
<td>527,068</td>
</tr>
<tr>
<td>Sacramento</td>
<td>1,336,500</td>
<td>28</td>
<td>677,197</td>
</tr>
<tr>
<td>San Antonio</td>
<td>1,306,700</td>
<td>31</td>
<td>459,514</td>
</tr>
<tr>
<td>Seattle</td>
<td>2,340,600</td>
<td>13</td>
<td>529,732</td>
</tr>
<tr>
<td>Salt Lake (Salt Lake)</td>
<td>1,054,500</td>
<td>37</td>
<td>509,302</td>
</tr>
<tr>
<td>Washington</td>
<td>3,646,000</td>
<td>9</td>
<td>262,377</td>
</tr>
</tbody>
</table>
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 to the Charlotte Hornets fans at the 10 regular season home games. Fees 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 MSAs, outside the MSAs.

For season ticket holders, 68.9 percent were from Mecklenburg County, another 25 percent resided in the six surrounding MSAs counties for a total of 83.9 percent of season ticket holders residing within the MSAs. The remaining 16 percent of season ticket holders reside outside the Charlotte MSAs.

For single game attendees, 50 percent were from Mecklenburg County, 17.0 percent reside in the six surrounding MSAs counties for a total of 67.0 percent residing within the MSAs. The remaining 32.0 percent of single game attendees reside outside the Charlotte MSAs.

Table 3.2 breaks down expenditure categories by residence origin of fans. These origin groups are inside Mecklenburg, inside the MSAs excluding Mecklenburg, and outside the MSAs.

1 Charlotte led the NBA in attendance during the 1988-89 season, with 930,684 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

<table>
<thead>
<tr>
<th>ITEM</th>
<th>DOLLAR EXPENDITURE 1988-89</th>
<th>INSIDE MECKLENBURG</th>
<th>MSA</th>
<th>OUTSIDE MSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendance</td>
<td>950,064</td>
<td>595,337</td>
<td>159,654</td>
<td>195,073</td>
</tr>
<tr>
<td>Gross Ticket Sales</td>
<td>$15,116,601</td>
<td>$9,816,281</td>
<td>$2,524,870</td>
<td>$2,767,450</td>
</tr>
<tr>
<td>Season Ticket Holders</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attendance</td>
<td>$64,918</td>
<td>420,503</td>
<td>103,372</td>
<td>89,390</td>
</tr>
<tr>
<td>Revenue</td>
<td>$11,762,216</td>
<td>$8,105,545</td>
<td>$1,964,628</td>
<td>$1,694,047</td>
</tr>
<tr>
<td>Single Game Attendees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attendance</td>
<td>33,046</td>
<td>168,634</td>
<td>56,278</td>
<td>103,932</td>
</tr>
<tr>
<td>Revenue</td>
<td>$3,354,385</td>
<td>$1,710,736</td>
<td>$570,246</td>
<td>$1,073,403</td>
</tr>
<tr>
<td>Concessions</td>
<td>3,301,639</td>
<td>2,068,901</td>
<td>554,825</td>
<td>677,913</td>
</tr>
<tr>
<td>Parking</td>
<td>872,756</td>
<td>546,894</td>
<td>146,663</td>
<td>179,193</td>
</tr>
<tr>
<td>Snacks Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 seat</td>
<td>$0,000</td>
<td>510,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 seat</td>
<td>270,000</td>
<td>270,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>S., Snack Cart-Rest</td>
<td>1,8,114</td>
<td>11,11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crown Cigar</td>
<td>404,227</td>
<td>278,512</td>
<td>67,500</td>
<td>58,209</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$20,595,337</strong></td>
<td><strong>$3,608,702</strong></td>
<td><strong>$2,303,864</strong></td>
<td><strong>$3,182,771</strong></td>
</tr>
</tbody>
</table>
### TABLE 3.3

**BROADCAST COST REVENUE GENERATED BY TEAM**

<table>
<thead>
<tr>
<th>TYPE</th>
<th>DOLLAR EXPENDITURE 1988-89</th>
<th>INSIDE USA</th>
<th>OUTSIDE USA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>National TV Contracts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBS Contract Share</td>
<td>$1,500,000</td>
<td>$1,800,000</td>
<td></td>
</tr>
<tr>
<td>TBS Contract Share</td>
<td>920,000</td>
<td>920,000</td>
<td></td>
</tr>
<tr>
<td>Total TV Contract Share</td>
<td>2,270,000</td>
<td>2,270,000</td>
<td></td>
</tr>
<tr>
<td><strong>Local TV Contracts Estimates</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Rights</td>
<td>850,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Producer Costs</td>
<td>666,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated Margin 30%</td>
<td>45,950</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Costs</td>
<td>1,971,450</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Estimating</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National 65%</td>
<td>1,281,443</td>
<td>1,281,443</td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>690,007</td>
<td>690,007</td>
<td></td>
</tr>
<tr>
<td><strong>Local Radio Contract Estimates</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Rights</td>
<td>650,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Producer Costs</td>
<td>250,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated Margin 30%</td>
<td>270,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Costs</td>
<td>1,170,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Advertising</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National 30%</td>
<td>351,000</td>
<td></td>
<td>351,000</td>
</tr>
<tr>
<td>Local 70%</td>
<td>819,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1st Radio Ad's</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Rights and</td>
<td>125,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated Margin 30%</td>
<td>37,800</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Costs</td>
<td>163,800</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Direct</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National 30%</td>
<td>49,140</td>
<td>49,140</td>
<td></td>
</tr>
<tr>
<td>Local 70%</td>
<td>114,660</td>
<td>114,660</td>
<td></td>
</tr>
<tr>
<td>Local Advertising</td>
<td>$6,025,250</td>
<td>$1,623,667</td>
<td>$4,401,583</td>
</tr>
</tbody>
</table>
TABLE 3.4

REVENUE GENERATED BY VISITING TEAMS/MEDIA/ETC.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>DOLLAR EXPENDITURE ORIGINATING OUTSIDE MSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visiting Teams</td>
<td></td>
</tr>
<tr>
<td>Hotel/Motel</td>
<td>$ 36,900</td>
</tr>
<tr>
<td>Food/Entertainment</td>
<td>55,100</td>
</tr>
<tr>
<td>Visiting Local TV/Radio</td>
<td></td>
</tr>
<tr>
<td>Hotel/Motel/Entertainment</td>
<td>23,893</td>
</tr>
<tr>
<td>TV Production Costs</td>
<td>1,025,000</td>
</tr>
<tr>
<td>Radio Production Costs</td>
<td>10,250</td>
</tr>
<tr>
<td>Visiting Referees/Scouts/Officials</td>
<td></td>
</tr>
<tr>
<td>Hotel/Motel/Entertainment</td>
<td>2,320</td>
</tr>
<tr>
<td>Total</td>
<td>$1,72,720</td>
</tr>
</tbody>
</table>
**TABLE 3.5**

**REVENUE GENERATED BY SPECTATORS**

<table>
<thead>
<tr>
<th>ITEM</th>
<th>DOLLAR EXPENDITURE 1958-59</th>
<th>INSIDE MECKLENBURG</th>
<th>MSA</th>
<th>OUTSIDE MSA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Food and Entertainment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restaurants, motels, bars</td>
<td>$249,661</td>
<td>$3,981,438</td>
<td>$.06797</td>
<td>$1,227.75</td>
</tr>
<tr>
<td><strong>Gasoline and Auto Expenses</strong></td>
<td>1,1259</td>
<td>571,021</td>
<td>153,133</td>
<td>$57,133</td>
</tr>
<tr>
<td><strong>Taxes, Buses, Etc.</strong></td>
<td>253,792</td>
<td>160,286</td>
<td>42,985</td>
<td>52,525</td>
</tr>
<tr>
<td><strong>Out-of-Pocket Expenses</strong></td>
<td>1,466,908</td>
<td>---</td>
<td>636,646</td>
<td>750,292</td>
</tr>
<tr>
<td><strong>Retail Shopping</strong></td>
<td>886,800</td>
<td>---</td>
<td>399,123</td>
<td>487,473</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,220,740</td>
<td>$4,712,745</td>
<td>$1,258,630</td>
<td>$2,219,319</td>
</tr>
</tbody>
</table>

*42% of Cross Ticket Sales, based on Hammer, Siler, Charlotte Coliseum Study*

**Percentage of Cross Based on Warton School Philatelia Study**

***Based on Charlotte Properties Performance Place Study***
<table>
<thead>
<tr>
<th>ITEM</th>
<th>DOLLAR EXPENDITURE 1988-89</th>
<th>INSIDE MECKLEBURG</th>
<th>INSIDE MSA</th>
<th>OUTSIDE MSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coliseum Advertising</td>
<td>$1,200,000</td>
<td>---</td>
<td>$420,000</td>
<td>$780,000</td>
</tr>
<tr>
<td>Promotional Giveaways at Coliseum</td>
<td>&lt;50,000</td>
<td>---</td>
<td>---</td>
<td>400,000</td>
</tr>
<tr>
<td>Player Sro contracts</td>
<td>20,000</td>
<td>---</td>
<td>---</td>
<td>23,000</td>
</tr>
<tr>
<td>Local Promotion</td>
<td>150,000</td>
<td>100,000</td>
<td>50,000</td>
<td>---</td>
</tr>
<tr>
<td>Total</td>
<td>$1,775,000</td>
<td>$100,000</td>
<td>$470,000</td>
<td>$1,263,000</td>
</tr>
</tbody>
</table>
### TABLE 3.7

#### ANNUAL MECKLENBURG COUNTY/MSA ECONOMIC IMPACT

<table>
<thead>
<tr>
<th>INSIDE</th>
<th>MSA</th>
<th>OUTSIDE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>MECALENBURG</td>
<td>NSA</td>
<td>MECALENBURG</td>
<td>NSA</td>
</tr>
<tr>
<td>$2,608,702</td>
<td>$3,303,864</td>
<td>$3,582,771</td>
<td></td>
</tr>
<tr>
<td><strong>Table 3.2</strong></td>
<td><strong>Table 3.3</strong></td>
<td><strong>Table 3.4</strong></td>
<td><strong>Table 3.5</strong></td>
</tr>
<tr>
<td><strong>Table 3.6</strong></td>
<td><strong>Table 3.7</strong></td>
<td><strong>Table 3.8</strong></td>
<td><strong>Table 3.9</strong></td>
</tr>
<tr>
<td>Broadcast Revenue</td>
<td>$1,623,607</td>
<td>$1,401,583</td>
<td></td>
</tr>
<tr>
<td><strong>Table 3.2</strong></td>
<td><strong>Table 3.3</strong></td>
<td><strong>Table 3.4</strong></td>
<td><strong>Table 3.5</strong></td>
</tr>
</tbody>
</table>

**Total**

$$\text{Total} = 2,641,621,677 + 7,696,187 + 13,272,248 + 39,138,832$$

**Mecklenburg County**

Direct Effect

Direct and Indirect Impact

Multiplier

$9,210,724

$13,038,817

$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 $11,764,256 in gross ticket sales. 68.9% of season ticket holders live within Mecklenburg County in addition to 16.7% living within the WSU (excluding Mecklenburg) for a total of 85.6 percent.

4. Single game attendees accounted for 331,063 in ticket sales during the 1988-89 season. This resulted in $3,325,385 in ticket purchases. It is estimated that 51.0 percent of single game attendees reside within Mecklenburg County in addition to 17.0 percent residing within the WSU (excluding Mecklenburg), for a total county WSU total of 68.0 percent.

5. The 934,004 persons who attended the 41 home games spent a total of $2,336,939 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 $25,000 per year for the 1988-89 season. This represents total sales of $315,000. There are also six smaller, 10 seat, sky boxes that sold for $55,000 per year. This represents total sales of $370,000 for the 1988-89 season.

6. Special sky box catering accounted for $18,114 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 \( \text{\$3} \) contract. In addition, the team received $920,000 as their share of the TBS \( \text{\$3} \) contract.

2. The local television and radio contract rights were estimated to be worth $830,200 for the 1988-89 season. Thirty-one games were televised during the season with an average game production cost of $2,450 for a total of $666,500. The estimated profit margin was 20 percent bringing the total cost/revenue to $1,971,450 that was injected into the local economy by the televising of Hornets games during the 1988-89 season.

3. The Charlotte Hornets radio network, the largest in the \( \text{\$3} \) in stations, is carried 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 $230,000 for the year. With a 30 percent profit margin, the 82 game radio schedule accounted for a $1,700,000 impact in the local economy during the 1988-89 season.
4. Production costs and contract rights for Charlotte 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 33 for all local radio and TV, the cost represent final cash and expenditures. This cost is captured by advertising revenue. Local advertising revenue is split into two categories: inside WBT (local) and outside MSA (national). The national TV contract rights plus local TV and radio advertising revenue are used to calculate total contract broadcast revenue. The total broadcast revenue on the local economy is estimated to have been $50,025,250 for the 1988-89 season.

Table 34 estimates the revenue generated: ticket sales, salaries, and travel expenses (including meal and entertainment expenses). The revenue is generated by teams and officials (players, coaches, etc.) and expenses are based on average Hornets expenditures while on the road.

For 4 home games, visiting teams are estimated to spend $31,500 on hotels and $55,100 on food and entertainment. Local visiting teams' expenditures are based on average Hornets expenditures while on the road.

Visiting local TV and radio crews are estimated to spend $65,000 while in Charlotte. Local production costs for TV broadcasts are $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 W. M. & C. S. L. e., food and entertainment expenditures by attendees, of $8.46, 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 Harris School of Finance study in Philadelphia professional sports and for Charlotte are estimated to be $911,259 and $333,792.

3 Out-of-pocket expenses and retail expenditures are based on a Charlotte Properties study on the Charlotte performing arts center. Out-of-pocket expenditures for out-of-town attendees are estimated at $4.00 per person for a total of $1,422,960 and retail expenditures at $25 per person for 9 percent of attendees for a total of $885,120. 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 player shoe contracts is estimated at $25,000 for the season.

- Local promotions by the Hornets organization and players account to $50,000 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 3-1.

1. The total direct first round expenditures associated with the Hornets was $25,888,882. The Charlotte County received $7,424,417 or 46.8 percent of the total expenditures of the surrounding counties spent $7,693,187 or 95 percent. Originating from outside the Charlotte area was $13,271,248 or 13.7 percent of the total direct expenditures.

To estimate the total direct and indirect effect on the Mecklenburg economy, an adjustment is made to the Mecklenburg county expenditures category. It is estimated that only one-half of Mecklenburg expenditures or the county 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 $9,215,724 plus the direct expenditure of $20,967,435 by residents outside the county totals to $30,183,159 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 $55,483,463 for the seven county MSA.

3.3 Qualitative Economic Impact

The 1980’s have seen the emergence of tremendous competition in our region for their share of the economic pie. No longer are the standard tax concessions and other economic incentives sufficient to attract new businesses into an area. Firms that are considering relocation and expansion are looking for cities that offer a complete package. Yet, near the top of that package are amenities.

In recent years, Charlotte has been able to put together an amenities package that includes access to a major airport, a top-flight ready-to-play, a major 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 MSA’s (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, Charlotte, 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 qualified 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 “used a mark time” event.

Chapter 4. Conclusions

The Charlotte Hornets NBA team has had a dramatic impact on the Charlotte/Wake County and MSA economies during the 1988-89 season. The list of quantifiable benefits includes:

* $91,923,708 economic impact on the Mecklenburg economic area in the first season in the NBA.

* $1,050,687 economic impact on the seven-county Charlotte economic area in the first season in the NBA.

* A five-year projected impact of $459,047,320 on the Mecklenburg economic area and a five-year projected impact of $55,483,493 on the Wake County economic area.

* First year total direct revenues generated by the Hornets totaled $39,588,582 which $3,271,248 (33.7%) originating from outside the MSA.

* An average 23,172 fans attended each game with 62.7% percent (14,522) from Mecklenburg County, 16.8 percent (3,865) for the seven-county Wake County, and 26.3 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 $4,161,583.

* 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 collar's impact was large, the no-collar statement may be greater. During the next decade, Charlotte increasingly became one of a few southern cities to achieve national collar 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 Obsolescence

- 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

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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

- Operations
- Local Trade
- Local Savings
- Local Consumption
- Indirect Spending
- Multiplier Effects
- Total Impact

Direct Spending
- Support Local Businesses
- Increase Local Employment
- Stimulate Local Economy

Total Sales
- Include all Economic Activity
- Account for Multiplier Effect
- Reflect Full Economic Impact
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

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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)

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(city only)

### 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 Keissei 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

Charlotte City Council Retreat, February 1996
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

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follow-up 1/31/96

III. Staff research

1 Appraisal due
2 Building analysis

1/30/96
in process

IV. Consultants

1 SCI - January 23, 8 30 a.m. (follow-up week of 2/12/96)
2 CUED - February 1-3
CALCULATION 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

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## INFORMATION

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### Coliseum Issues/Assignments

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January 1996
CITY COUNCIL CALENDAR

1
New Year's Holiday

8
5:00pm Workshop

14
Martin Luther King Holiday

21
5:00pm Zoning Meeting

28
12:00pm Agenda Briefing
5:00pm Council Meeting

--- December 1995 ---

--- February 1996 ---

12/29/1995
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.
Mr. Steve Camp  
December 29, 1995  
Page 2

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
December 29, 1995

Mr. William Spears
Privatization/Competition Advisory Committee
Gleberman 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 Hornets 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
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,

[Signature]

Del D Borgsdorf  
Assistant City Manager
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 accommodate 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

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<thead>
<tr>
<th>Issue</th>
<th>Old Agreement</th>
<th>Current Agreement</th>
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<tbody>
<tr>
<td>Term</td>
<td>10/95-6/97 (2 Years)</td>
<td>11/95-6/01 (6 Years)</td>
</tr>
<tr>
<td>Renewal</td>
<td>10/97-6/02 (5 Years)</td>
<td>10/01-6/05 (4 Years), automatic unless three years notice is given</td>
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<tr>
<td>Termination</td>
<td>None</td>
<td>With three years notice, pay $250,000 by 7/00 to terminate 00-01 season</td>
</tr>
<tr>
<td>Rent</td>
<td>$9,000 per game in 95-96 season, increases $1,000 per game each year</td>
<td>$9,000 per game, increases $1,000 per game in each renewal year</td>
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<tr>
<td>Facilities</td>
<td>As is</td>
<td>Team may add 8-16 skyboxes by 11/97, expense to be repaid through lease revenues from new boxes</td>
</tr>
<tr>
<td>Personnel</td>
<td>Team may ask for ushers to be terminated</td>
<td>At the request of Team, Authority will not employ designated part time employees for Team events</td>
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<tr>
<td>Scheduling</td>
<td>Allowed scheduling of specific events ahead of Team events Diet Pepsi TOC, ice show, circus, ACC, NCAA.</td>
<td>Facility can schedule any event, as long as Team has access to facility for 14 or more days in any given 28 day period</td>
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<tr>
<td>Other Franchises</td>
<td>Authority to obtain consent of Team for another franchise to hold home games in facility during basketball season.</td>
<td>As long as Team is indemnified against revenues lost from canceled events, Authority may contract with additional franchises</td>
</tr>
<tr>
<td>Parking</td>
<td>Authority retains 100% of revenues.</td>
<td>Authority shares 50% of profits from Team events with Team. Team percentage to increase 2.5% with each year of renewal</td>
</tr>
<tr>
<td>Food and Beverage</td>
<td>Authority retains 100% of revenues</td>
<td>Authority shares 50% of profits from Team events with Team. Team percentage to increase 2.5% with each year of renewal</td>
</tr>
<tr>
<td>Advertising</td>
<td>Authority contracts with all clients. Team receives 100% of court side signage. Permanent signage is split 50-50. Merchandising reserve to Team equal to 5% of all paid signage sales.</td>
<td>Authority contracts with any client purchasing permanent signage. Team receives 100% of court side signage. Permanent signage is split 50-50. Merchandising reserve to team equal to 5% of paid permanent signage sales</td>
</tr>
<tr>
<td>Activities</td>
<td>Authority may veto any activity planned by Team</td>
<td>Team may conduct any activity in facility which complies with all laws and regulations</td>
</tr>
</tbody>
</table>
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
cost to 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.
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 Hornets 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
<table>
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<tr>
<th>Fiscal Year</th>
<th>Charlotte Coliseum</th>
<th>Old Charlotte Convention Center</th>
<th>New Charlotte Convention Center</th>
<th>Authority Annual Surplus (Deficit)</th>
<th>Annual Capital Improvement Expenses</th>
<th>Miscellaneous Grants Transfers and Advances</th>
<th>Surplus (Deficit) After Application of Capital Expenses and Transfers</th>
<th>Net Proceeds Previous Fiscal Year</th>
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City of Charlotte  
Auditorium-Coliseum Convention Center Authority  
Forecast of Net Proceeds  
Fiscal 1995-2005  

### Forecast #2: Hornets Stay for Length of Contract

#### Annual Operating Surplus (Deficit)

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<td>$410,613</td>
<td>$350,000</td>
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#### Annual Capital Improvement Expenses

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#### Miscellaneous Grants, Transfers, and Advances

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#### Surplus (Deficit) After Application of Capital Expenses and Transfers

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#### Net Proceeds

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<td>5,664,773</td>
<td>6,079,199</td>
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#### Net Proceeds

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City of Charlotte  
Auditorium-Coliseum Convention Center Authority  
Forecast of Net Proceeds  
Fiscal 1995-2005  
Forecast #2: Hornets Stay for Length of Contract
### 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**

#### Annual Operating Surplus (Deficit)

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<tbody>
<tr>
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<td>410,613</td>
<td>350,000</td>
<td>357,000</td>
<td>364,140</td>
<td>371,423</td>
<td>378,651</td>
<td>189,426</td>
<td>193,214</td>
<td>197,078</td>
<td>201,020</td>
<td>205,040</td>
</tr>
<tr>
<td>Charlotte Coliseum</td>
<td>3,683,553</td>
<td>2,000,000</td>
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<td>2,080,000</td>
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<tr>
<td>New Charlotte Convention Center</td>
<td>(1,017,954)</td>
<td>(1,202,638)</td>
<td>(1,168,557)</td>
<td>(1,131,560)</td>
<td>(1,097,613)</td>
<td>(1,064,665)</td>
<td>(1,032,744)</td>
<td>(1,001,762)</td>
<td>(971,705)</td>
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<td>(914,281)</td>
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#### Annual Capital Improvement Expenses

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<tbody>
<tr>
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<td>(300,000)</td>
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</tr>
<tr>
<td>Charlotte Coliseum</td>
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<td>(350,000)</td>
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<tr>
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#### Miscellaneous Grants, Transfers, and Advances

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<tr>
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<td>(1,318,345)</td>
<td>(969,557)</td>
<td>263,380</td>
<td>346,225</td>
<td>429,031</td>
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<td>(1,021,824)</td>
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### Net Proceeds

- **Net Proceeds Previous Fiscal Year:**
  - 7,433,100
  - 6,914,039

- **Net Proceeds:**
  - 6,914,039
  - 5,995,994
  - 4,626,137
  - 4,669,517
  - 5,225,742
  - 5,664,773
  - 6,746,723
  - 5,626,059
  - 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.  
NH Franchise Play in Coliseum  

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<td>(942,558)</td>
<td>(914,281)</td>
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<td>1,284,491</td>
<td>(809,557)</td>
<td>(767,420)</td>
<td>(726,191)</td>
<td>(685,834)</td>
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<td>Owens Auditorium/Independence Arena</td>
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<td>4,086,137</td>
<td>2,616,717</td>
<td>1,192,526</td>
<td>1,193,307</td>
<td>1,539,624</td>
<td>2,847,229</td>
<td>4,116,896</td>
<td>5,349,375</td>
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<td><strong>Net Proceeds</strong></td>
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<td><strong>5,595,694</strong></td>
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<td><strong>2,616,717</strong></td>
<td><strong>1,192,526</strong></td>
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Case Study: The Target Center
Monday to be key day in Target Center tale

By Jay Weener
Staff Writer

The on-again, off-again Target Center saga, seemingly done weeks ago, is reaching a climax, with Monday being identified as a crucial 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 Moor 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 Rainer.

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 takeover 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.
It's do or die for Target Center deal

By Jay Wener
Staff Writer

Today is the day to seal the public buyout of Target Center.

"Everyone's getting short-fused, upset, tired and frustrated," Metropolitan Sports Facilities Commission chairman Henry Swidetzkul said Sunday. "It's a situation that we just have to get behind on.

Last week, with the deal at an impasse, Dana Warg, vice president of Opera 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 nervous about the commission's purchase of the arena for $34 million from founding Timberwolves owner Marvin Wolfson and Harvey Rainer will be resolved today. However, with that transaction, Mankato businessman Glen Taylor will complete his purchase of the Timberwolves for $33.3 million. "There's a lot of rushing 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 a 30 percent chance the entire Timberwolves/Target Center deal could fall today.

The process has generated some bad feelings, with the private parties poised to paint fingers at the commission if the deal doesn't get done. The basic crux: 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 minority Bill Sexton, dropped out. Taylor did not emerge until August. A new lease arrangement had to be negotiated with him. Opera 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 tax. The only tangible public subsidy in 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 $3.50 per ticket 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.

Opera 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 Opera's extra surcharge costs on non-Wolves events up to about $325,000 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 60 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 bonds will need more than $350,000 annually from surcharges on family shows and concerts to cover higher interest rates.

Who will pay the money in excess of $350,000 if it comes to that? That same issue must be resolved today.

The $2 million pledge: When Sexton, a retired Bloomington insurance magnate, was delisting to buy the Wolves, a group of Twin Cities businesses under the wing of civic booster and newspaper powerhouse Harvey Mackey pledged a total of $2 million to push the deal through.

Wolfson and Rainer are assuming that they will get that $2 million, along with $42 million in state-approved financing and $12 million from city-approved financing for their arena. Apparently only $1.4 million is in the bag. Mark couldn't be reached Sunday. But Swidetzkul said, "I'm confident that we'll be resolved.

Taylor's good deed: Taylor's primary concern for the team is looking more and more like a small thing. I agreed to pay $88.5 million for the Wolves and Rainer receive 30 percent of the team, so Taylor's out only $40 million. The Gold State Warriors recently sold for $130 million and the Miami Heat which is for sale, has been valued at $130 million.

Opera's bad deal: Opera, who has a huge investment in Target Center, is taking the best risk and gets the least return on this deal. If, for some reason, Opera decides to walk today it would be due at least to $50,000 in $2 million to repay it for its investment in the arena. An e-mail by Opera would trigger lawsuits under the Target Center legislation. The arena's sale cannot be closed if there is any outstanding litigation. AnComposer pullout spells doom for the deal.

December 21st: There is a December deadline for Taylor to chase the team. But under NBD rules, the sale can't close without arena sale closing. Because of bond issue there is no way the deal can close by Dec. 31.

Wolfson and Rainer could make noise about missing the December deadline. But, if they do, that will keep the sale from closing.
Minneapolis offers plan to help close deal on Target Center

By Jay Wener
Staff Writer

The public byout of Target Center took a giant step toward completion Monday when Minneapolis city officials offered a solution to the potential deal-breaking problem of ticket surcharges used to interest rates.

Morr's move allowed Metropolitan Sports Facilities Commission chairman Henry Saunders to say after 9 hours of meetings Monday, "We have essentially reached agreement with all the principal elements to complete the byout of Target Center and sale of the Timberwolves.

The solution offered by Morr, if approved by Minneapolis city council, is that an arena reserve fund, managed by the sports facilities commission and funded 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 Opes Corp., had fought over which private entity would accept the risk of increased ticket surcharges, which would be driven by increased interest rates.

The $34 million public purchase of the Target Center from outgoing Timberwolves owner Marvin Wolf ence and Harvey Ramer has been a year in the making. When the deal is complete, perhaps by the end of January, the sale of the NBA team to Taylor for $38.5 million will be complete.

The whole package assures the Wolves will stay in Minnesota for 30 years.

Target Center continued on page 48

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, Opes Corp. vice president Datta Warg, Mayor Saver- kooul 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—beginning to make the parks, especially Opes, nervous. The concern is linked to surcharges that will be imposed on tickets once the sports facilities continue to take over Tar- get Center.

A 10 percent tax and $1 surcharge on every ticket sold will help pay off the Target Center's mortgage. The tax 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 Opes will have to pay that 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, Opes said it wasn't willing to assume any additional surcharge costs, the firm already is assuming risk on operations of the building.

The entire Target Center/Wolves deal hinged on this technical matter until Mayor 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.

Moor suggested that the city use that reserve fund, in an emergency, to help Opes if the management com- pany needs to reimburse more than $350,000 a year to promoters.

"I think it's a reasonable compromise to eliminate any obstacles. We're not kicking in any more money up front," Moor said, adding, "We're not taking in any more money up front."

Moor said he consulted with city council president Jackie Cherry- homes before offering the compromise.

The worst-case scenario is that ticket taxes and surcharges would support the arena's debt and that a Minne- apolis alcohol and hotel tax will be imposed. Monday's solution doesn't increase that risk, Moor 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.
Despite conflict concerns, Towers named to sports commissio

By Steven

Despite Towers commission (commissions) being held by Minneapolis and
Park Avenue, the new commission was announced Thursday, September 27.

Council Member Steve Milam added

"The new commission is necessary. It makes sense to give him a
new role in the commission."

Another issue was Towers having worked as Council President Jackie
Cherryhomes campaign manager in 1983. But Cherryhomes said she didn't
influence his MCDCA appointment, and "I totally respect the choice of
imperative"

The debate was a longer term issue. Sports Facilities Commis
tion's loyalty to the city was discussed by the commission.

In a letter to the City Council Thursday, Assistant City Attorney William
Dunlop, regular member of the MCDCA, said "I don't think it would make
Towers' loyalty to the city of Minneapolis a question.

By law when the Target Center deal is reached, the seven-member commis
tion will expand to two members, named by Gov. Al Gore.

Of the seven current commission members, six are named by the City
Council, the commission is named by the governor and must come from
residential districts. Currently the commission is divided between the
commissioners who are not Minneapolis residents.

"I know that the teams are very concerned about that kind of thing hap
ingen. They are there to do their best for the community and will be
appointed by the commission."

Independent Republicans to the two
new spots

Besides making decisions on the Minneapolis and Target Center, the
commission in the next year will have a major decision on the disposi
tion of the MCDCA.

That land which could be sold for as much as $10 million is owned by the
commission, Minneapolis city will still have that it could be used for a
commission center near the site of a potential new stadium.
IRS rule fells troubled
Target Center buyout
Taylor purchase of Timberwolves in doubt

By Jay Wouters and Chris from
Staff Writers

The Target Center buyout passed by
the Legislature in May and troubled
by rising interest rates and other
complications ever since was declared
dead Sunday.

The whole thing is down the drain
and Metropolitan Sports Facilities
Commission chairman Henry Sa

As a result, the sale of the Timber
wolves to Minneapolis businessman
Glen Taylor has been issued final
doubt.

"This leaves me in a l-o-n-g-know
where road," said Taylor who agreed
to buy the team in April, with the
stipulation that the commission was
to be able to buy Target Center.

The deal's architect acknowledged
the stunning developments two days
after learning that the arena pur-
cision as currently structured, ap-

The IRS determined 10 days ago that
financing arrangements like the one
involved in the Target Center are pro-
bhlished by the 1986 tax law.

Apparently no one involved with the
deal anticipated such a ruling.

Seventy and others suggested Sun-
day that Minnesota will need to
play a greater role in helping money
buy the venue — an idea rejected by
Mayor Shute, Mayor Bolton 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 part of
the buyout legislation. "To say at the
eot 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 continues on page 5A.

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What happened
A new interpretation of an Internal Revenue Service rule would
make sales of tax exempt bonds for a deal such as the Target Center
buyout can't be paid off through ticket sales.

What it means
At its core, the deal would have to be reworked using taxable
interest and require a new issuance by $5.9 million per year. That is a
problem because a tax-exempt scenario, the principal of the buyout would

What's next
Henry Sweslaw, chairman of the Metropolitan Sports Facilities
Commission, is scheduled to meet today with Minneapolis City Finance
Officer and Ogden Corp. vice president Dave Wieg to work on another
Target buyout plan with Marv Verstak and Harvey Ratner.

Down the road
If a deal isn't reached locally, the Timberwolves could end up
outside of town groups.
A chronology of Target Center buyout attempts

June 16, 1982: Minneapolis Timpanos owner Harry Timpano takes steps toward expanding the scope of Target Center by adding the sale of the Timpanos to the Target Center. There is a new lease agreement for the new Timpanos facility.

July 12, 1982: The Minneapolis Star Tribune reports that the Timberwolves and the Minnesota Vikings began the process of exploring a possible buyout of the Target Center.

Aug. 16, 1982: The Timberwolves and the Vikings announce that they have agreed to the purchase of the Target Center for $8.5 million.

Sept. 24, 1982: After more negotiations, the Timberwolves and the Vikings agree to purchase the Target Center for $8.5 million.

Oct. 22, 1982: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

Nov. 18, 1982: The Timberwolves and the Vikings agree to purchase the Target Center for $8.5 million.

Dec. 18, 1982: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

Jan. 25, 1983: The Timberwolves and the Vikings announce that they have agreed to purchase the Target Center for $8.5 million.

Feb. 26, 1983: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

March 12, 1983: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

April 19, 1983: The Timberwolves and the Vikings announce that they have agreed to purchase the Target Center for $8.5 million.

May 17, 1983: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

June 17, 1983: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

July 23, 1983: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

Aug. 27, 1983: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

Sept. 13, 1983: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

Oct. 19, 1983: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

Nov. 17, 1983: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

Dec. 15, 1983: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

Jan. 20, 1984: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

Feb. 24, 1984: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

March 22, 1984: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

April 19, 1984: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

May 17, 1984: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

June 21, 1984: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

July 12, 1984: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

Aug. 16, 1984: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

Sept. 20, 1984: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

Oct. 24, 1984: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

Nov. 28, 1984: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

Dec. 22, 1984: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

Jan. 19, 1985: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.

Feb. 13, 1985: The Minneapolis Star Tribune reports that the Timberwolves and the Vikings have agreed to purchase the Target Center for $8.5 million.
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 mulling 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."
Target Center/Deal no longer risk-free

Target Center/Deal no longer risk-free

Mandated the new city financing proposal is "risk-free" against the original promises of areas below 2%, that taxpayer money would not be used or put at risk.

The new financial plan called into question the original Target Center deal approved by the City Council, which promised lower tax reverses and reduced costs. The IRS report and such bonds could not be tax-exempt.

Preparing for a potential showdown was said to be a risk-free the goal of avoiding the target with lower cost general obligation bonds issued by the city to save money. However, even though they would be financially responsible if the arena revenues fall short.

"I'm a tough sell for a G.O. (general obligation bond issue)" said Council Member Dennis Schaeubel, saying he was about what would be done. "The bonds will be on the city's books, but they're not going to end up in the taxpayer's bag."

The proposal is also the most recent to emerge in the city and the council's decision to finance the arena, 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 pays taxpayers at greater risk of things going wrong.

The new plan also contemplates lowering a 3% arena expression tax in place and adding a 3% tax on downtown parking ramps and lots.

For his part, Taylor said he isn't picking up the blame because he might have been asked to pass more enthusiasm onto the deal — up to $12 million more to make it work.

Best, Taylor said, "in fairness to City Council and the city, I'd like to say what they are pushing together. We're not going to say no until we know what's in their minds."

Target Center continued on page 2B
City completes revised proposal for arena buyout

Price of team would rise

By Kevin Elias
and Jay Wimmer
Staff Writers

A crunch-nickel proposal to break the impasse over the proposed Timberwolves arena was put in writing Thursday to precipitate Timberwolves owner Glen Taylor into a showdown with the City Council.

The plan, which involves the public purchase of the sports arena with taxpayer-funded general obligation bonds, is the latest attempt to break the impasse between the city and the franchise.

Joe Mauer of the owners of the new plan, "We're giving him a deal or not at this time."

The city's offer is still on the table, but it is not the arena purchase price for the city and the team purchase price for Taylor that some preliminary figures began to emerge Thursday.

Mauer said that a crucial element in the revised financial plan requires a substantial drop in the $54 million public purchase price that had originally been contemplated.

If Taylor is willing to off-
set the reduced arena price with a correspond-
ing lower offer on the team, Taylor and Thursday, he was analyzing the plan.

By some estimates, the price to be made by Taylor under the new deal could be as much as $14 million. He already has agreed to pay the city $2.5 million for the Timberwolves franchise.

At the same time, city officials might buy the arena for about $40 million — using what are described as "greatly reduced revenue 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, in the event, through officials and the city, it is anticipated that taxpayers would not be left to foot the bill.

"We would never recommend a plan that wasn't completely self-supporting," said Mauer, adding that taxpayers would be compensated other cash sources, including revenue from the arena, an entertainment tax and interest earned on the bonds.

Buyout continued on page 28
Politics, indecision leave Target deal on brink of collapse

During talks, interest rates up and down

By Jay Wesner
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 Mary Wolfsen and Harvey Ramer 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.

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.

Buyout continued on page 5B
The proceedings, the politics and the courtroom, it would be argued, could not be separated from the public 126 million over the best 30 years.

Moment of movement

Heading is 2:30. That is a given. Staff.

On March 15, 1993, the North State News noted how Walter Smith and Rainer tried to get Sutter center North Center to bring his team to Modesto.

In terms of savings, they were beginning a down-to-earth deal. A deal would have been doubled, and, using the key assumptions, the county would be able to provide a much lower rate of interest.

From 1983 and the first three months of 1994, 15% of bonds issued were below 5 percent.

During the summer of 1995, rates doubled. On Sept. 15, Walgreens was named and a task force looking into the fate of North Center did not expire.

On Oct. 13, 1993, sports facilities commissioner counseled Paul Thurston about the prospects of Target Center, as the deal was expected to be signed on March 21, 1994. Interest rates were beginning to approach.

The embattled was passed on May 7. Rates went up.

On July 1, statewide Walgreens buyer Bill Sennett, in a memo about everything, including interest rates, and rates were on the rise higher than when he sought assurance.

The same memo that Sennett, who would have been highly leveraged, had higher costs to keep money to buy the bond and would be getting less out of terms revenue because of the building's higher debt service.

On Aug. 1, Glenn Taylor emerged to buy the bond and said he wanted the deal closed by Halloween.

At the end of that week, the 30-year treasury bond rate was 7.55, and the target rate was 6.16.

The deal kept getting better. Because fixed rates on long-term bonds moved up 50 basis points in just a year, the deal moved to a much lower cost.

Timing is everything on Target Center

The timing of the Target Center deal could be the make-or-break moment for Walgreens's first major foray into real estate. In July 1994, Walgreens agreed to pay $7.5 million for the Target Center site, a deal that was seen as a major coup for the company. But the deal faced significant challenges, including a lack of financing and a lack of support from the local community.

Walgreens's decision to move forward with the deal was seen as a bold move, given the risks involved. The company had a reputation for being cautious, and the deal was a significant departure from its usual business model. Walgreens's chief financial officer, Joe Persson, told The Tribune that the deal was a confidence-building move for the company.

The move to Target Center was a significant step forward for Walgreens. The deal was seen as a way for the company to expand its footprint in the state and to enter the lucrative retail market. Walgreens's decision to move forward with the deal was seen as a bold move, given the risks involved. The company had a reputation for being cautious, and the deal was a significant departure from its usual business model. Walgreens's chief financial officer, Joe Persson, told The Tribune that the deal was a confidence-building move for the company.

The deal was seen as a way for the company to expand its footprint in the state and to enter the lucrative retail market.
Governor suggests raising state's stake in Target Center

By Dennis J. McInerney, Robert Whetstone and Jay Walker
Staff Writers

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. Carlson sold 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 Svigum.

Target Center continued on page 3

Target Center/ Carlson may turn to state for help

Continued from page 1A

That would mean an additional state contribution of $11.25 million on top of the $11.25 million already pledged.

Svigum said the governor seemed determined to put together the additional financing if the city could not find the money.

Carlston a spokesman Cyndy Bruce 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 delayed by an Internal Revenue Service ruling the governor has said he would not rule out state help in buying the downtown Minneapolis arena.

One major sports team the North Stars 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 financing plan to be submitted by Wednesday to Mayor Taylor, who is seeking to buy the Timberwolves.

While the city decided to provide details she said it would include some housekeeping stuff and a couple of details that might require legislative consent.

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 secure.

Henry Savelkoul chairman of the Metropolitan Sports Facilities Commission, said extending the state contribution really isn't a change. It's just a new way to do it.

Savelkoul said the Metropolitan Sports Facilities Commission would consider a $10 million to $14 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 that cis users 

\[ \text{What caused the financing plan to collapse?} \]

Any action at the Legislature has to be quick said Savelkoul a former legislator from Albert Lea. The National Basketball Association March 1 date to allow teams to reapply is fast approaching.

I can't see this going out for very long 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 from the Metropolitan 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 is 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 rights were generated by the tenants. But Savelkoul noted that the need money that paid off the Dome's debt in its early years was generated by a downtown hotel and liquor tax and private business contributions.

Taylor a former Senate minority leader said that he is 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 is [the legislators] helping me he said I don't think I should be over there [at the Capitol] doing that. It is a building issue not a team issue.

Asking if he would help in any lobbying Taylor said I am 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 Olitz contributed to this report.
Businesses asked to fund arena plan

By Jay Wehner and Kevin Dale
Staff Writers

The Target Center buyout moved one step closer Wednesday when the city of Minneapolis and Gov. Al Quist asked business leaders to finance a $132 million expansion of yet another arena purchase plan.

The Quist-Carlson-Minneapolis City Council President Jackie Cherryhomes Minneapolis Mayor R.T. Rybak and Minneapolis Sports Facilities Commission Chairman and City Councilman Braitman met with about 30 business leaders Wednesday afternoon at Norwest Bank headquarters.

Cherryhomes said she had received a call from a banker that said such a bank would be legal but had refused.

As it was, Cherryhomes said she had received a call from a banker that said such a bank would be legal but had refused.

A group of business leaders will meet again this morning to further analyze data for the deal.

Carlson said he was "reasonably optimistic" that the deal would go through.

"I don't think it is going to be easy," he said. "But it is not a slam dunk response."

The deal was announced after the announcement of a new deal for the city of Minneapolis to assume the debt of the Target Center, which would then be sold to the city.

Carlson said the deal would be a "win-win" for both the city and the business community.

"We need to get the funders to sign on," he said. "That is the key to this deal."
Firms may decide soon on joining private effort toward arena purchase

By Jay Weiner  
Staff Writer

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 Mov 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 MNLato 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 Warner
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 pushed the buyout for 15 months, says Feb. 13 is key because the NBA's Board of Governors has set April 27 as the date for the league to approve the arena. He said the league has set April 27 as the date for the league to approve the arena.

"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 at recent dates, acknowledged the league saying, "Minnesota, 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 reached a decision. But Savelkoul had told the league a few weeks ago that if it were to happen, it would be a "no." He said he had been in close contact with NBA officials at recent dates.

"I've been working on this long enough now that I can sense (the league) is wondering what's happening. They're very frustrated," Savelkoul said.

The NBA's request for a report on the arena and the league doesn't release its agenda of its Board of Governors meetings, but Savelkoul acknowledged that "I am a number of owners will be brought." Beyond continued on page A9

Carlson says he'll lobby for investments

Continued from page A8

The Wolves matter, he said, "is obviously as much as the league right now."

March 1 is the deadline for team owners to advise the league of stadium proposals to relocate.

Wolves and Target Center co-owner Mary Woldson said Wednesday that she and partner Harvey Rattner have filed a reorganization application, and did they plan is up to us.

Woldson said no other city had approached her about moving because "other communities unless the Target Center deal will close. Woldson said he is interested in planting 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 in a new deadline assisted at Gov. Albrecht Carlson and he personally would make telephone calls to encourage local businessmen to given a private commitment of the Target Center. That private fund would bolster $42 million in public financing.

Carlson and Minnesota finance officer Bob Karau also revealed Wednesday that the private financing effort wasn't new, but new $13.6 million, set by $12 million, as previously announced. The City Council has not ruled out as an option a new financing effort, but by that time, it's possible the Mower County Board of Commissioners will have a new date for a vote on Feb. 10, three days before the owners' conference.

Downtown Council president John Ledin said what happened last week 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' conference.

Savelkoul also said that besides the nearly two years of delays that has slowed the arena buyout, the NBA has instructed Minneapolis officials to make an offer of $50 million. Forty percent of the Minnesota Timberwolves recently was purchased for $133 million. Forty percent of the Minnesota Timberwolves recently was purchased for $133 million.
Target Center finance plan progressing

By Jay Weiner
Staff Writer

Minneapolis finance officer John Mor 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" Mor 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.

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' tendons 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 non-existent playing time.

Staff Writer Jim Souhan contributed to this report.
As of today, Target Center financing is a done deal

Who’s part of the deal
Here is a list of the Target Center buyout players and the roles they’re taking:

Glen Taylor
- General partner and chairman of the group that will pay $88.5 million for team (Wolfenson and Ratner)
- 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

Mary Wolfenson and Harvey Ratner
- Bought Wolves for $32.5 million
- Will today, retain 10 percent gain $80 million
- Built Target Center for $104 million

City of Minneapolis
- Issues $72 million in taxpayer-backed general obligation bonds

Minneapolis Community Development Agency
- Issues $12.8 million in revenue bonds
- Gets title to the Target Center for $54.8 million, the balance goes toward refinancing existing arena bonds, debt service and miscellaneous expenses

Ogden Corp.
- Leases the arena from the MCDA for 1 year for 30 years to operate concession, operating
- Reimburses operating revenues, pays operating expenses and guarantees operating deficits
- Must spend minimum of $400,000 a year on maintenance and repairs

Glen Taylor’s limited partners in the Wolves
- First Bank System
- William Blober, Wayzata
- Ralph Bumje, Wayzata
- Dennis Frandsen, Rush City
- Wyman Karsmay, Mankato
- Fred Lutz, Mankato
- Pinky McNamara, Edina
- John Moore, Twin Cities
- Teri Popp, Otsego
- Bill Popp, Otsego
- Harvey Ratner, St. Louis Park
- Glenda Taylor, Mankato
- Mary Wolfenson, Minneapolis

The Minneapolis Community Development Agency (MCDA) will take possession of the 5 year-old arena for $34.6 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
Ogden retains management duties

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.

Ogden is now the top prospect that a National Hockey League team will return to the Twin Cities. An affiliate major tenant would help Ogden's management off the $2.8 million annual debt that the deal requires of him.

The rental payment entails the arena as a annual property tax bill if a hockey team is not moving, 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 a team that could move, but he didn't rule that out.

Not to be lost in the shuffle of money or the mention of an era, Wolfson said Wednesday that he felt special interest and excitement at the arena.

"We found the team and brought it here," said Wolfson, who was on the verge of moving the Wolves to New Orleans last May. "People like us or not, we brought the team here and Glenn Taylor kept it here. He's the savior."

Of Target Center, which Wolfson and Rainer built for more than $100 million and will sell today for about $56 million, Wolfson said, "I never felt that I owed the building. We always thought of it as a building for the public."

On the surface, Taylor's deal looks good. The $3.5 million price is far lower than the recent $123 million paid for two new NBA expansion teams. The Minnesota Timberwolves 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 "ridiculous. People assume it would take the franchise and put it on the market and, if it's a ridiculous 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 $3.5 million, with increases of 3 percent a year. There are also related liquidated damages of up to $50 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 MCDCA, 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 MCDCA Deputy Executive Director Bob Druecker. "They get the money and we get the deal."

The closing marks the end of months of often stressful negotiations, debate and sometimes heartache. 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 scrambling to acquire the necessary documents, but their relief to have it done was palpable. "I just can't wait," Druecker said.

Joint City Council President Jack Cherryhomburg, 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 MCDCA will have to raise $54.6 million in bonds. About $72 million of them are taxpayer-backed general obligation bonds. The rest, $12.6 million in revenue bonds, has been pledges by local corporations in a sign of good faith.

Although the MCDCA gets the arena for $54.6 million, the rest of the money is needed to reimburse existing arena bonds and create the debt reserve that some City Council members wanted to protect taxpayers in the event of arena revenue shortfalls, many interest rates or defaults.

A local underwriting syndicate led by Dean Bower and Miller & Schwartz Financial Inc. reportedly already has commitments from bond buyers, including institutional investors who can afford the $100,000 minimum.

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 5.9 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 months.

Looking ahead, a Minneapolis public building will now house an affiliate team owned by someone from Minneapolis. When Taylor first agreed to buy the Wolves in August, there were some natural tensions between the DFL-controlled Minnesota 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, Larry [Stute] said 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 common ground with city officials rather than with the Sports Facilities Commission.

"I could not 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 "parting."
**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 Dyon-marrinated jumbo shrimp and Gragg Hills Chardonnay
I don’t care—cause the company will pay

**G OVERNMENTAL 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 the Coliseum 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 36 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-seat cabana 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 marquee 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.

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 an event (basketball! hockey! monster trucks!) save religious rallies. Patrons get to taunt 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 ($120 for 12). Dom Ferguson 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-holders 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 pay 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, hope for a return on investment is 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 1,850 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 23,000 Devils fans gathered outside the Brendan Byrne Arena both to celebrate their team’s Stanley Cup victory and to implore owner John Viola Mullen to leave the team be. (NASHVILLE DOESN’T NEED AND MORE TOOTHLESS MEN read one sign.) The show of support was nice. But now that its hardly seems to matter.

—Report by Julie Grace/Chicago Elizabeth Kauffman Nashville and David E. Thagben/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-art 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' 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, water 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—and 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 $1.5 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 teams and the Arizona State Fair.

It's tempting to imagine discarded arenas filled for capacity for the grandeur of family entertainment—circuses, ice shows, tractor pulls—that is currently squeezed out by pro sports. But most old arenas with their row concourses uncomfortable seats and bad sight lines were never fan favorites. Once folks get a taste—or even a glimpse TV—of the new pleasure palaces they're hardly nostalgic for their drab predecessors. With technology changing so rapidly today's glitter-domes have to worry about is becoming the white elephants of the early 21st century.

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 operators 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.

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.

Wooing the peacock? Turner MARYAN GLENN—UPI

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.

John L. Robert
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</thead>
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<tr>
<td>Charlotte NC</td>
<td>Charlotte Coliseum</td>
<td>Pay $9000 rent $9500 staffing</td>
<td>Outdoor sheds</td>
<td>Authority</td>
<td>$4.00</td>
<td>1.60</td>
<td>2.00</td>
<td>1.50</td>
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<tr>
<td>Greensboro NC</td>
<td>Greensboro Coliseum</td>
<td>No Rent Pay Staffing Exp</td>
<td>Winston-Salem</td>
<td>City/Box Seats being installed by Chamber Funds</td>
<td>$5.00/$3.00</td>
<td>2.50</td>
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<td>1.00</td>
<td>1.50</td>
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<tr>
<td>Winston-Salem NC</td>
<td>Wake Forest Basketball pays share with Greensboro</td>
<td>Shared by City operating fund &amp; City's General Fund</td>
<td>Greensboro</td>
<td>$3.00</td>
<td>1.50</td>
<td>3.00</td>
<td>2.00</td>
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</table>

- **Charlotte Coliseum**
  - Terms of Contract: Pay $9000 rent $9500 staffing
  - Competition in Market: Outdoor sheds
  - Who pays for Capital Improvements: Authority
  - Parking Charge: $4.00
  - Regular Hot Dog: 1.60
  - Small Beer: 2.00
  - Small Popcorn: 1.50
  - Small Soft Drink: 1.50

- **Greensboro Coliseum**
  - Terms of Contract: No Rent Pay Staffing Exp
  - Competition in Market: Winston-Salem
  - Who pays for Capital Improvements: City/Box Seats being installed by Chamber Funds
  - Parking Charge: $5.00/$3.00
  - Regular Hot Dog: 2.50
  - Small Beer: 3.00
  - Small Popcorn: 1.00
  - Small Soft Drink: 1.50

- **Winston-Salem NC**
  - Terms of Contract: Wake Forest Basketball pays share with Greensboro
  - Competition in Market: Greensboro
  - Who pays for Capital Improvements: Shared by City operating fund & City's General Fund
  - Parking Charge: $3.00
  - Regular Hot Dog: 1.50
  - Small Beer: 3.00
  - Small Popcorn: 2.00
  - Small Soft Drink: 2.00
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<tbody>
<tr>
<td>Charlotte, NC</td>
<td>Charlotte Coliseum</td>
<td>1988</td>
<td>23,852</td>
<td>Public</td>
<td>City of Charlotte</td>
<td>$40 million/yr</td>
<td>City</td>
<td>$3 million</td>
<td>Before</td>
<td>108</td>
<td>NBA Hornets/AFL football</td>
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<td>Greensboro, NC</td>
<td>Greensboro Coliseum</td>
<td>1959/1993</td>
<td>23,300</td>
<td>Public, though considering Private</td>
<td>City of Greensboro</td>
<td>$58 million</td>
<td>30% City Bonds/70% Hotel tax</td>
<td>Projected $1.4 million deficit</td>
<td>Before</td>
<td>110</td>
<td>AML Monarchs</td>
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<td>Winston-Salem, NC</td>
<td>Winston-Joel Coliseum</td>
<td>1989</td>
<td>14,500</td>
<td>Public</td>
<td>City of Winston Salem</td>
<td>$24 million/yr</td>
<td>City</td>
<td>(29,000) Last year</td>
<td>Before</td>
<td>65</td>
<td>None</td>
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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**

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<td>1988</td>
<td>22,852</td>
<td>Public</td>
<td>City of Charlotte</td>
<td>City Bonds</td>
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<td>NBA Hornets</td>
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<td></td>
<td>NFL Football</td>
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<tr>
<td>Atlanta, GA</td>
<td></td>
<td>1972</td>
<td>16,400</td>
<td>Private</td>
<td>City of Atlanta</td>
<td>Private</td>
<td>Over 4 Million</td>
<td>After</td>
<td>170</td>
<td>NBA Hawks</td>
<td>Private Mgmt Co</td>
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<td></td>
<td>NHL Knights</td>
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<tr>
<td>Dallas, Texas</td>
<td>Reunion Arena</td>
<td>1980</td>
<td>17,500</td>
<td>Public</td>
<td>City of Dallas</td>
<td>Hotel, Motel, Liquor Tax</td>
<td>700-800 000</td>
<td>Before</td>
<td>190</td>
<td>NBA Mavericks</td>
<td>Team pays 4.7% annually of operating revenues</td>
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<td>NHL North Stars</td>
<td></td>
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<tr>
<td>Denver, Colo</td>
<td>McNichols Arena</td>
<td>1975</td>
<td>17,100</td>
<td>Public</td>
<td>City of Denver</td>
<td>Paid for w/ Seat Tax (750 000)</td>
<td>N/A</td>
<td></td>
<td>150</td>
<td>NBA Nuggets</td>
<td>Paid for out of Seat Tax revenues</td>
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<td>NHL Avalanche</td>
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<tr>
<td>Miami, Florida</td>
<td>American Airlines</td>
<td>1988</td>
<td>16,000</td>
<td>Private</td>
<td>Miami Sports &amp; Exhibition Authority</td>
<td>Paid by 3% Conv Development Tax</td>
<td>500 000</td>
<td>Before</td>
<td>185</td>
<td>NBA Heat</td>
<td>Paid by Miami Sports &amp; Exhib. Authority $3 mil/yr</td>
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<td></td>
<td>NHL Panthers</td>
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<tr>
<td>Oakland, Calif</td>
<td>Coliseum</td>
<td>1966</td>
<td>15,009</td>
<td>Private</td>
<td>City of Oakland</td>
<td>City/County</td>
<td>Surplus</td>
<td>Before</td>
<td>150</td>
<td>NBA-Golden St</td>
<td>Paid by Coliseum</td>
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<tr>
<td>Orlando, FL</td>
<td>Amway Arena</td>
<td>1989</td>
<td>17,248</td>
<td>Public</td>
<td>City of Orlando</td>
<td>City/County, Tourist Tax</td>
<td>1 000 000</td>
<td>Before</td>
<td>175</td>
<td>NBA-Magic</td>
<td>Teams Pay Own</td>
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<td></td>
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<td></td>
<td>IHL Solar Bears</td>
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<tr>
<td>San Antonio, TX</td>
<td>Alamodome</td>
<td>1993</td>
<td>35,000</td>
<td>Public</td>
<td>City of San Antonio</td>
<td>*Building paid for w/ Increase in state sales tax</td>
<td>750 000</td>
<td>*After Debt service for bonds of $9ml for concessions opr</td>
<td>105</td>
<td>NBA Spurs</td>
<td>Residual Construction Fund</td>
</tr>
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<td></td>
<td></td>
<td>CFL</td>
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* 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

<table>
<thead>
<tr>
<th>City</th>
<th>Arena</th>
<th>Parking Charge</th>
<th>Regular Hot Dog</th>
<th>Small Beer</th>
<th>Small Popcorn</th>
<th>Small Soft Drink</th>
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</thead>
<tbody>
<tr>
<td>Charlotte, NC</td>
<td>Charlotte Coliseum</td>
<td>$4.00</td>
<td>1.60</td>
<td>2.50</td>
<td>1.50</td>
<td>1.50</td>
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<tr>
<td>Atlanta, GA</td>
<td>Omni</td>
<td>7 to 10</td>
<td>2.75</td>
<td>3.00</td>
<td>1.50</td>
<td>1.75</td>
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<td>Dallas, Texas</td>
<td>Reunion Arena</td>
<td>$5.00</td>
<td>1.75</td>
<td>3.00</td>
<td>2.00</td>
<td>1.50</td>
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<tr>
<td>Denver, Colorado</td>
<td>McNichols Arena</td>
<td>$5.00</td>
<td>1.75</td>
<td>3.00</td>
<td>2.00</td>
<td>1.75</td>
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<tr>
<td>Miami, Florida</td>
<td>Miami Arena</td>
<td>$10.00</td>
<td>2.50</td>
<td>3.50</td>
<td>1.75</td>
<td>1.75</td>
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<tr>
<td>Oakland, California</td>
<td>Oakland Coliseum</td>
<td>$7.00</td>
<td>2.00</td>
<td>3.00</td>
<td>1.25</td>
<td>1.50</td>
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<tr>
<td>Orlando, Florida</td>
<td>Orlando Arena</td>
<td>$5.00</td>
<td>2.00</td>
<td>2.75</td>
<td>1.75</td>
<td>1.75</td>
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<tr>
<td>San Antonio, Texas</td>
<td>Alamodome</td>
<td>$7.00</td>
<td>2.00</td>
<td>3.25</td>
<td>2.00</td>
<td>1.75</td>
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</tbody>
</table>
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 $180 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 1964, 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 largesse. 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 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, 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 move. 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 1988. 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 1958 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 loutish 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. To make 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 $350 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 (bakers, 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 fawn eagerly 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 smart enough to wheedle it cleverly.
Central city scores for Suns, suburbs for the Pistons

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 in 1988.

Chicago's United Center arena, where the Bulls and Blackhawks play equipped with 216 suites — each with its own television set. The arena opened in 1988.

Aurora Hills For the Pistons downtown became impossible. When we moved to the SII verdict is that we were creating a new area, our expansion team. In a sense, we were creating a new area. The SII verdict is that we were creating a new area, our expansion team. In a sense, we were creating a new area.

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 in 1988.

Comparing the major new sports arenas

<table>
<thead>
<tr>
<th>City, arena</th>
<th>Primary tenants</th>
<th>Opening date</th>
<th>Seats</th>
<th>Cost</th>
<th>Ownership</th>
<th>Financing</th>
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<tbody>
<tr>
<td>Detroit Pistons</td>
<td>NBA Pistons</td>
<td>1968</td>
<td>21,454</td>
<td>$50 million</td>
<td>Bill Davidson (60%) plus minority partners</td>
<td>Private, building paid for in 4 1/2 years</td>
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<tr>
<td>Arlington, Calif.</td>
<td>AFL Ducks</td>
<td>1963</td>
<td>18,200</td>
<td>$5 million</td>
<td>City, loan from NFL</td>
<td>City bonds. Public cost is $22 million for infrastructure.</td>
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<tr>
<td>Phoenix</td>
<td>NBA Suns</td>
<td>1960</td>
<td>17,768</td>
<td>$12 million</td>
<td>City, private investment</td>
<td>Public bonds. Offers $4 million expansion for ice hockey (1,000 seats) paid for by owner of Chicago Black Hawk.</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>NBA Eagles</td>
<td>1966</td>
<td>17,000</td>
<td>$16 million</td>
<td>Ed Snider, Sportsman</td>
<td>Public bonds. Offers $4 million expansion for ice hockey (1,000 seats) paid for by owner of Chicago Black Hawk.</td>
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<td>Denver</td>
<td>NBA Nuggets</td>
<td>1968</td>
<td>17,000</td>
<td>$9 million</td>
<td>National Football League</td>
<td>Public bonds. Offers $4 million expansion for ice hockey (1,000 seats) paid for by owner of Chicago Black Hawk.</td>
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<td>Seattle</td>
<td>NBA SuperSonics</td>
<td>1977</td>
<td>19,000</td>
<td>$16 million</td>
<td>Seattle Sonics</td>
<td>Public bonds. Offers $4 million expansion for ice hockey (1,000 seats) paid for by owner of Chicago Black Hawk.</td>
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<td>Atlanta</td>
<td>NBA Hawks</td>
<td>1980</td>
<td>17,000</td>
<td>$16 million</td>
<td>Atlanta Hawks</td>
<td>Public bonds. Offers $4 million expansion for ice hockey (1,000 seats) paid for by owner of Chicago Black Hawk.</td>
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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, IC)

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, 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 1995, 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.

“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”

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.

“We did something that is probably considered by other cities as risk. 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 its current lease expires in 2018.

The Broncos want the move sooner the city later.

Robert K. Hampe, chief operating officer of Denver Sports Inc., which owns the Broncos says the city will have to invest more than $260 million over the next 30 years to repair and 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.

Without new stadium, Mariners will be sold
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 6.5% would help finance a new retractable-domed stadium for the Mariners. The initiative steadily has picked up support, but recent polls show the "yes" vote trails by a 52%-38% 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 3 1/2 years Horacio Yamashita, president of Nintendo, has been majority owner.

"It's no use even 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 tenants," says anti-stadium activist Frank Runzo, 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. It's tough, when all we're really here to do is play baseball."

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 the issue of building a new stadium within six months, when they reconvene.

CINCINNATI: Hamilton County commissioners approved a plan last week to build a new stadium for 20 years, with 60% of new revenues to fund Reds, Bengals. Voters approved a bond issue to build another.
Agreements with Hornets

New Basketball Agreement
Signage Operating Agreement
NBA Office Agreement
Skybox Agreement
Scoreboard Agreement
STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

NEW BASKETBALL 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 or business in Charlotte, North Carolina, successor in interest to Charlotte NBA Limited Partnership ("George Shunn Sports")

WITNESSETH:

WHEREAS, George Shunn 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 Shunn 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 Shunn 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 Shunn 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 30 the following year.

1.2. Team shall play all of its regular season home games and all or 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 Shunn 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 Shunn 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 Shunn Sports shall pay to the Authority twelve percent (12%) or 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. or 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:

<table>
<thead>
<tr>
<th>Basketball Season</th>
<th>Rental Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>Twelve percent (12%) of Net Ticket Sales up to a maximum of ten thousand dollars ($10,000.00) per Team Home Game;</td>
</tr>
<tr>
<td>2002-03</td>
<td>Twelve percent (12%) of Net Ticket Sales up to a maximum of eleven thousand dollars ($11,000.00) per Team Home Game;</td>
</tr>
<tr>
<td>2003-04</td>
<td>Twelve percent (12%) of Net Ticket Sales up to a maximum of twelve thousand dollars ($12,000.00) per Team Home Game;</td>
</tr>
<tr>
<td>2004-05</td>
<td>Twelve percent (12%) of Net Ticket Sales up to a maximum of thirteen thousand dollars ($13,000.00) per Team Home Game;</td>
</tr>
</tbody>
</table>

5.2. George Shunn Sports may terminate this Agreement at the expiration of one or 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:

<table>
<thead>
<tr>
<th>Basketball Season</th>
<th>Notification Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>July 1, 1998</td>
</tr>
<tr>
<td>2001-02</td>
<td>July 1, 1999</td>
</tr>
<tr>
<td>2002-03</td>
<td>July 1, 2000</td>
</tr>
<tr>
<td>2003-04</td>
<td>July 1, 2001</td>
</tr>
</tbody>
</table>

5.3. George Shunn 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 3) saving to the Authority on or before July 1, 2000 public charges — See 1250.00.

6. FACILITIES:

6.1. George Shunn 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 or patron seats available for Team Home Games shall be subject to the written consent of George Shunn 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 Shunn 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 Shunn 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 at 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 Shunn 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 Shunn 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 Shunn Sports alters, adds to, or improves the dressing room and related space, such alterations, additions, or improvements shall become the property or 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 Shunn 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 Shunn 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 Shunn Sports.

6.3. George Shunn 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 Shunn 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 or Practice purposes without additional charge to George Shunn 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 or 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 or 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 Shunn Sports shall have no obligation, liability, or responsibility for 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 or George Shunn Sports, in which case the Authority shall perform such cleaning, repairing, replacing, or maintaining and George Shunn Sports shall reimburse the Authority its actual cost for such cleaning, repairing, replacing, or maintaining.

6.9. George Shunn Sports shall comply with all laws, rules, and regulations of the United States and or the State of North Carolina, and all ordinances, rules, and regulations of the City of Charlotte and the County of Mecklenburg.

6.10. George Shunn 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 Shunn 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 Shunn 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 Shunn 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 Shunn Sports shall be entitled to receive from the Authority at settlement after the event 30% of the net profits received by Authority from each of the following categories: rent, concessions,
raining, and novelties. Excluded from the vote or events contemplated by this section are family
rows and events that normally occur 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 contemplated by this section. Nothing in this section requires the Authority to stage an event
merely because it is proposed by George Shunn Sports. The staging or 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 Shunn 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 Shunn 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 6.12 except as modified by section 7.8.

7.2. George Shunn 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 or 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 Shunn Sports pays an “NBA League Fee” for the tickets pro-
vided to Skybox Licensees, or pays any sales, use, or seat tax on such Skybox tickets, George Shunn
Sports shall be reimbursed an amount equal to the NBA League Fee and taxes actually paid by George
Shunn 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
Shunn Sports has submitted to Authority acceptable documentation evidencing such NBA League Fee
payment and the taxes actually paid by George Shunn Sports;

7.3.4. The remainder shall be paid in equal shares to Authority and George
Shunn 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 Shunn
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.
7.5 The Authority shall pay George Shinn Sports its share of the Skybox License Fees each year within a reasonable practical time period and collect on the License Fees or 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 6.12 shall be used first to reimburse George Shinn Sports for costs incurred in constructing such new Skyboxes, up to a maximum of $30,000 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, gate men, doormen, parking, 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 or dress if George Shinn Sports is willing to provide the required dress, or 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, CAA, 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
9.3.1. Throughout the Term, Authority shall enable George Shunn 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 Shunn Sports, on a timely basis, and subject to this Agreement, all or 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 Shunn Sports can comply with the Annual Request and the Playoff Request.

9.3.2. Authority shall furnish to George Shunn 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 or 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 Shunn Sports' ability to submit to the Authority tentative and final schedules is subject to the Scheduling Procedures;

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 Shunn Sports must submit Effective Dates to the NBA each year as provided by the NBA's Scheduling Procedures and the Annual Request, George Shunn 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 Shunn 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 Shunn Sports shall immediately communicate such dates to the NBA pursuant to the Scheduling Procedures.

9.5.3. After receiving notice from George Shunn 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 Shunn Sports.

9.5.4. After the Effective Dates are submitted to George Shunn Sports, the Authority may schedule any events which do not conflict with the Effective Dates.

9.5.5. George Shunn 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 Shunn Sports shall use its best efforts to avoid scheduling conflicts with college basketball games scheduled for play in the Coliseum.
At the request of the Authority, George Shunn 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 Shunn 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 Shunn Sports for losses and expenses incurred by George Shunn 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 Shunn 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 Shunn Sports on a monthly basis. The Authority shall provide to George Shunn 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 Shunn 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 Shunn Sports has been overpaid, such overpayment shall be refunded to the Authority by George Shunn Sports within 30 days of George Shunn 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 Shunn 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 Shunn 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 Shunn 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 Shunn Sports may designate in
additional number of parking spaces at George Shunn Sports Sunset arena 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 Shunn 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 Shunn
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 Shunn Sports has
designated additional parking spaces in excess of the initial designation or two hundred (200) parking
spaces during the Basketball Season in which the originally unscheduled Team Home Games are
played, George Shunn Sports shall pay to the Authority the customary parking fee for each additional
parking space designated in excess of the initial designation or 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 Shunn Sports shall have the exclusive right to sell programs and novelties
on days or 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 Shunn 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 or the Coliseum.
12.3 All revenues derived from the sale of programs and novelties on days of Team
Home Games by George Shunn Sports shall be retained by George Shunn 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 Shunn 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 Shunn Sports in the Coliseum.
12.7 If Authority's Leisure Operations Department sells George Shunn Sports'
Novelties on Team Home Game Days, George Shunn 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 the 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 revenue 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 (of 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 or 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 or 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 or signage advertising at the Coliseum by George Shinn Sports. Additional "permanent" signage proposed by George Shinn Sports may be
14.2 After the Effective Date of this Agreement, and subject to section 14.13, George Shunn 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 Shunn Sports does not contract directly with an advertiser for Team Signage as provided in section 14.2, George Shunn 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 or 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 court-side 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 advertisers; (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 Shunn 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 Shunn Sports. Funds shall not be disbursed from the Refurbishment and Replacement Reserve without the prior approval of George Shunn 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:
14.10. 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 or 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 or 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 or this Agreement shall not be considered in determining allocation and distribution of Signage Advertising revenue for each individual year or 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 expired 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
14.13.4. George Shunn Sports shall be responsible for providing any insurance
coverage demanded or required by advertisers contracting directly with George Shunn Sports for Team
Signage.

14.13.5. George Shunn 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 Shunn 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 Shunn 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 the
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,
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 Shunn Sports shall promptly notify Authority when it licenses Team
Signage and the general terms or such license exclusive of financial terms.

14.13.7. If George Shunn 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 Shunn
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, tennis, 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 Reprotishment and Replacement Reserves made by each party shall be adjusted
based upon the number of events each party uses the Coliseum scoreboard equipment.

15. BROADCASTS:

15.1. George Shunn 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 Shunn 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 30 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 Shunn Sports
shall reimburse Authority its net per patron parking and concessions revenue at Settlement after such
locally televised Team Home Game. "Lost per patron parking and concessions revenue" shall be
determined 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 Shunn Sports be
entitled to any type of credit. If George Shunn Sports pays any lost per patron parking and concessions
15. Notwithstanding the above, George Shunn's Sports shall not be required to make the payments set forth in section 15.2 for that portion of or 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 Shunn 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 Shunn 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 Shunn Sports shall pay the Authority's standard charge(s) for the sale of such individual Team Home Game tickets.

16.1.3. George Shunn 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 Shunn Sports from its offices and for Skybox tickets.

16.2. George Shunn 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 Shunn 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 Shunn 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 Shunn Sports until Settlement after completion of each Team Home Game.

16.3. George Shunn Sports shall be responsible for all uncollectable 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.
George Shunn 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 or 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 law.

18. ASSIGNMENT:

18.1. George Shunn Sports and Shunn 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 Shunn Sports or Shunn 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 Shunn individually is, at the time or 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 or the Charlotte area.

18.2. George Shunn 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 Shunn Sports under this Agreement.

18.3. Assignment or 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 Shunn Sports, and George Shunn 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 Shunn Sports, or damage by accident, fire, action of the elements, or other cause to any property of George Shunn Sports, unless such damage or loss is caused by the Authority, its agents or employees.

21. Liens

21.1. All rents and other sums hereunder 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 Shunn Sports in or upon the Coliseum at the time or any default of George Shunn Sports hereunder, and George Shunn Sports hereby mortgages or pledges said property for the purpose of securing the payment of all rents and sums hereunder provided to be paid. If George Shunn 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 Shunn Sports any sums remaining therefrom.
22. INSURANCE

22.1 George Shunn 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 $5 million each occurrence/$50 million aggregate; (ii) combined single limit bodily injury and property damage liability insurance covering all owned, non-owned, and hired automobiles of George Shunn Sports with minimum limits of $5 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 Shunn 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 Shunn Sports’ or the insurer’s intent to amend or terminate the coverage required immediately above.

22.2 George Shunn 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 Shunn 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 Shunn 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 Shunn Sports or Authority, as the case may be, and George Shunn 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 Shunn 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 Shunn 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 Shunn Sports, its employees, agents, officers, licensees, guests, patrons, or invitees, and George Shunn Sports shall indemnify the Authority for all expenses arising out of or resulting from such damage. George Shunn 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 or 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 Shunn 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 Shunn 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 Shunn 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 recurring 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 Shunn 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 Shunn Sports in the conduct of its business.

28. EMPLOYEE STATUS

No agent, servant, or employee of George Shunn Sports or any or 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 Shunn Sports.

29. COISEUM NAME

George Shunn 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 Shunn Sports it shall use the full name “Charlotte Coliseum.”

30. DEFAULT

30.1. George Shunn Sports or any assignee is in default if:

30.1.1. Proceedings are commenced by or against George Shunn 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 Shunn Sports or any assignee becomes insolvent or makes or attempts to make an assignment for the benefit of creditors;

30.1.3. George Shunn Sports or any assignee is delinquent in any payments due under this Agreement and such delinquency continues for ten (10) days after receipt or written notice;

30.1.4. George Shunn Sports or any assignee breaches any other provision of this agreement and such breach is not cured within thirty (30) days after receipt or written notice.
30.15. George Shinn Sports or any assignee assigns, transfers, conveys, or otherwise discloses or 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 or national emergency, labor dispute, riot, civil disturbance, act of God, or any other cause beyond the reasonable control or 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               Mr. Spencer Stolpen
Charlotte Coliseum            Charlotte Hornets
100 Paul Buck Blvd.            One Hive Drive
P.O. Box 669247               Charlotte, NC 28217
Charlotte, NC 28266-0247

New Basketball Agreement
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 expressly 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**


39.3. 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* [Signature]

Steve Camp, Managing Director

**GEORGE SHINN**

*By* [Signature]

George Shinn

**SEAL**

**ATTEST.**

[Signature]

W. Max Alexander

**GEORGE SHINN SPORTS, INC.**

*By* [Signature]

Spencer Stolpen, President
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

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
<th>Capacity</th>
<th>Contr. Cost</th>
<th>Revenue Per Unit</th>
<th>Annual Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skyboxes</td>
<td>30</td>
<td>10</td>
<td>$3,100,000</td>
<td>$60,000</td>
<td>$1,800,000</td>
</tr>
<tr>
<td>Club Seats</td>
<td>1,500</td>
<td>1</td>
<td>$450,000</td>
<td>$650</td>
<td>$975,000</td>
</tr>
<tr>
<td>Private Club</td>
<td>1</td>
<td>750</td>
<td>$3,350,000</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td></td>
<td><strong>$6,900,000</strong></td>
<td></td>
<td><strong>$2,775,000</strong></td>
</tr>
</tbody>
</table>
Revenues to Team

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skyboxes</td>
<td>900,000</td>
</tr>
<tr>
<td>Club Seats</td>
<td>975,000</td>
</tr>
<tr>
<td>Additional Revenue sharing With Authority*</td>
<td>900,000</td>
</tr>
<tr>
<td>Debt Service &amp; Depreciation Cost Savings</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$2,775,000</strong></td>
</tr>
</tbody>
</table>

- 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

<table>
<thead>
<tr>
<th>Date</th>
<th>Rate</th>
<th>Days</th>
<th>Amount Advanced</th>
<th>Amount Reimbursed</th>
<th>Interest</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/01/97</td>
<td>5.75%</td>
<td>92</td>
<td>$2,300,000.00</td>
<td></td>
<td>$33,335.04</td>
<td>$2,333,335.04</td>
</tr>
<tr>
<td>08/01/97</td>
<td>5.75%</td>
<td>61</td>
<td>$2,300,000.00</td>
<td></td>
<td>$44,524.45</td>
<td>$4,677,859.49</td>
</tr>
<tr>
<td>10/01/97</td>
<td>5.75%</td>
<td>31</td>
<td>$2,300,000.00</td>
<td></td>
<td>$34,076.81</td>
<td>$7,011,936.29</td>
</tr>
<tr>
<td>11/01/97</td>
<td>5.75%</td>
<td>365</td>
<td></td>
<td>$770,768.50</td>
<td>$358,867.15</td>
<td>$6,600,034.94</td>
</tr>
<tr>
<td>11/01/98</td>
<td>5.75%</td>
<td>365</td>
<td></td>
<td>$1,441,000.00</td>
<td>$296,644.51</td>
<td>$5,455,679.45</td>
</tr>
<tr>
<td>11/01/99</td>
<td>5.75%</td>
<td>365</td>
<td></td>
<td>$1,482,820.00</td>
<td>$228,439.42</td>
<td>$4,201,298.87</td>
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<tr>
<td>11/01/00</td>
<td>5.75%</td>
<td>365</td>
<td></td>
<td>$1,431,840.00</td>
<td>$159,243.88</td>
<td>$2,928,702.75</td>
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<tr>
<td>11/01/01</td>
<td>5.75%</td>
<td>365</td>
<td></td>
<td>$1,382,182.00</td>
<td>$88,924.94</td>
<td>$1,635,445.70</td>
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<tr>
<td>11/01/02</td>
<td>5.75%</td>
<td>365</td>
<td></td>
<td>$1,333,813.00</td>
<td>$17,343.88</td>
<td>$318,976.58</td>
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<tr>
<td>11/01/03</td>
<td>5.75%</td>
<td>366</td>
<td></td>
<td>$318,976.58</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

Total: 2,374 Days, $6,900,000.00, $8,161,400.08, $1,261,400.08
## Authority Projections

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

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 hereinafter 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
S h i n n :  c h a r l o t t e  N B A  L x m i t e d  P a r t n e r s h i p
 c / o  G e o r g e  Sh i n n  S p o r t s ,  I n c .
 M r .  G e o r g e  S h i n n
 G e o r g e  S h i n n  &  A s s o c i a t e s
 2 6 0 0  F i r s t  U n i o n  P l a z a
 C h a r l o t t e ,  N o r t h  C a r o l i n a  2 8 2 8 2

W i t h  a  c o p y  t o :
S p e n c e r  S t o l p e n ,  E s q .
G e o r g e  S h i n n  &  A s s o c i a t e s
2 6 0 0  F i r s t  U n i o n  P l a z a
C h a r l o t t e ,  N o r t h  C a r o l i n a  2 8 2 8 2

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:**

(Corporate Seal)

**CHARLOTTE NBA LIMITED PARTNERSHIP**

By: George Shinn Sports, Inc., managing general partner

By: George Shinn

Its: President

~ to Form

Henry W. Underhill, Jr.

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 Agreement 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: [Signature]
Executive Manager
### SCHEDULE A

#### SCOREBOARD-RELATED EXPENSES

**TO BE BORNE BY CITY**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>$173,000</td>
</tr>
<tr>
<td>Sound-Related Modifications</td>
<td>$50,000</td>
</tr>
<tr>
<td>Scoreboard H.V.L.C.</td>
<td>$8,000</td>
</tr>
<tr>
<td>Control Booth Architectural</td>
<td>$8,000</td>
</tr>
<tr>
<td>Control Booth H.V.L.C.</td>
<td>$8,000</td>
</tr>
<tr>
<td>Architectural Fee</td>
<td>$90,000</td>
</tr>
<tr>
<td>Construction Manager Fee</td>
<td>$167,000</td>
</tr>
<tr>
<td>Structural testing and inspection</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

**Total**                                          | **$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±).