

April Armbrust (Parnell)

From: venuestoday [venuestoday@mail.vresp.com]
Sent: Wednesday, October 22, 2008 7:08 PM
To: april@venuestoday.com
Subject: VT Pulse, Oct. 22, 2008

The University of South Carolina and Venues Today invite you to SEVT — a conference like no other!
NOVEMBER 5-7, 2008
 COLUMBIA, SOUTH CAROLINA
[CLICK NOW TO REGISTER!](#)
 Uniting the minds of the present for a vision of the future. Sport Entertainment & Venues Tomorrow



October 22, 2008 • VOL. VII, Number 33 • ISSN 1547-4143

Quote of the Week

"There's a big difference when you're used to receiving the client's share of the money as opposed to the concessionaire's share."

— Chris Bigelow on a new food and beverage venture between the Dallas Cowboys and New York Yankees.

In this Issue**THE NEWS**

[Famed Owners Enter Food Biz With Legends Hospitality](#)

[Sunny Skies And 'Stay-Cationers' Bring Big Crowds To The 'Ex](#)

[Bad Luck Brings Drop to Big E](#)

HOT TICKETS

[Diamond Does Dallas in West Coast Foursome](#)

THE BEAT

[Deals: AEG Partners With NBA To Build Arenas In China](#)

[Naming Rights Report](#)

DEPARTMENTS
Short Takes

HELP WANTED

CONTACT VT PULSE

Greetings April,

Welcome to VT Pulse, your weekly guide to the "News Behind the Headlines." In two weeks we launch our first conference: Sport, Entertainment and Venues Tomorrow. Register at www.sevt.org.



Success Is A People Business

#1 In Executive Search



Turnkey Search is a division of Turnkey Sports & Entertainment

856.685.1450

www.TurnkeySE.com

VT NEWS**CONCESSIONS****FAMED OWNERS ENTER FOOD BIZ WITH LEGENDS HOSPITALITY**

George Steinbrenner and Jerry Jones have formed a new food and beverage partnership to service their new stadiums. The joint venture could be competing for food contracts in the future.

SHORT TAKES

>> TICKETMASTER CUTS 300 JOBS – Ticketmaster has announced it plans to layoff five percent of its workforce, equaling about 300 jobs. The move is estimated to save about \$35 million in operating costs, mostly related to duplicate positions as part of its acquisition of Paciolan and TicketsNow.
Contact: Al Lopez, (310) 360-2602

>> GEORGE BROWN CC GETS GRANT TO GO SOLAR – Houston Endowment Inc., a Houston-based philanthropy, has approved an \$850,000 grant to help install a 100-kilowatt solar energy system on the roof of the downtown George R Brown Convention Center. The pilot program calls for solar panels to be installed atop the 11-acre roof of the building in 2009. The balance of funding for the \$1 million project is still being pursued.
Contact: John Harris, (713) 853-8109



SUBSCRIBE

Do you find VT Pulse interesting and can't wait for more?

Subscribe today and get three great resources!

Each monthly issue of Venues Today will bring you information, news,



Two iconic sports owners are now trying their hands in the concessions trade. New York Yankees owner George Steinbrenner and Dallas Cowboys owner Jerry Jones have joined forces to launch Legends Hospitality Management, a full service concessions and merchandising entity that will service both teams' new stadiums, and pursue food contracts with other sports venues.

The new venture has hired long-time Centerplate executive Dan Smith, who ran the company's Yankees operations for nearly 30 years, to serve as the firms' chief operating officer. Former Pizza Hut President Mike Rawlings will serve as Legends' New CEO. Mike Phillips, a former executive at Delaware North, will oversee food operations at Yankee Stadium, while long-time Cowboys executive Amy Phillips will manage Dallas.

Smith said the first order of business will be providing food services to both teams' new stadiums, set to open in 2009. The Cowboys are planning to open their \$1 billion facility, designed by HKS architects, for the beginning of the 2009 season and will continue to operate their own concessions and merchandising. The Yankees are also planning to open a \$1.4 billion stadium for the 2009 season and announced in March that they were planning to sever ties with long-time concessions partner Centerplate.

"It's a new building, and the Yankees opted not to go a third-party model," said Smith. "We've done a lot of innovative things to the new facility to deliver food faster, hotter and higher quality."

Smith said Legends will focus on offering fresher tasting concessions, quickly made to order with customizable options. He said the new venture will increase the equipment allocation by one-third

"You don't have to cook that much in advance anymore," he said. "You just need to have enough equipment to fulfill your orders, and have your food staff working in sync."

Legends Hospitality will be headquartered in Newark, N.J. Teaming up with the Cowboys will allow the company to share best practices, personnel and financial resources. While he wouldn't elaborate on how the two teams would share revenues, he did say, "It's a joint venture in every sense of the word."

The Yankees are most interested in learning more about the Cowboys' merchandising model, Smith said, where the team controls both the wholesale business and the consumer market, opting out of the National Football League's licensing agreement. Financing for the new venture will come from Goldman Sachs and CIC Partners, a Dallas-based private equity-firm.

Long-term, Smith said, Legends has plans to grow beyond New York and Dallas and food contracts for other sports and entertainment destinations.

"They will be coming into an environment where product costs are higher, labor expenses are higher and

If you no longer wish to receive these emails, please reply to this message with "Unsubscribe" in the subject line or

Venues Today
 P.O. Box 2540
 Huntington Beach, California 92647

[Read the VerticalResponse marketing policy.](#)

photos, trends, features and more for the public assembly facility management industry.

The weekly e-newsletter is also full of all original reporting delivered to you in a timely fashion. Keep up with who's who and what's going on as it happens!

Subscribers have online access to our archive database. This feature allows you to view articles OR charts published in either the magazine or the e-newsletter.

[CLICK TO SUBSCRIBE](#)



[CONTACT US](#)

To submit news or information, contact:

Linda Deckard
Publisher, Editor-in-chief
(714) 378-5400, ext. 22
linda@venuestoday.com

Dave Brooks
Senior Writer & Assignment Editor
(714) 378-5400, ext. 24
dave@venuestoday.com

Rob Ocampo
Hot Tickets/Top Stops Manager
(714) 378-5400, ext. 21
rob@venuestoday.com

For advertising information, contact:

Sue Nichols
Eastern U.S.

the cost of borrowing money is higher," said Ken Young, president of Ovations Food Services, which manages concessions for the Jacksonville (Fla.) Jaguars of the NFL and 37 other sports facilities.

"The one thing they're going to find is that they need to be competitive with everyone else; just 'cause they run the Yankees and Cowboys doesn't mean they won't have to compete," Young said. "And more than likely, they will experience some growing pains."

Concessions consultant Chris Bigelow, The Bigelow Cos., said he's seen other sports teams attempt to outsource their food operations with limited success.

"It's extremely competitive and there's a big difference when you're used to receiving the client's share of the money as opposed to the concessionaire's share," he said. "There aren't a lot of teams out there like the Yankees or Cowboys, so they'll be looking for accounts that are much smaller than their own."

He cited the Illitch Family in Detroit, who tried unsuccessfully to expand their Olympia Entertainment catering practice.

"When they started looking at what the competition was paying to get new business, they realized it was not a business they wanted to get involved in," he said. — Dave Brooks

Interviewed for this story: Dan Smith, (862) 902-5451; Ken Young, (757) 839-0552; Chris Bigelow, (816) 483-5553

Time's running out to register!!

SEVT

Sport Entertainment & Venues Tomorrow

November 5-8
Columbia, South Carolina

[REGISTER NOW!](#)

You won't want to miss this unique gathering of diverse talents to discuss and debate the future of an industry, from the perspective of STUDENTS, PROFESSIONALS and PROFESSORS.

More speakers/panelists confirmed!

Participants, keynotes, speakers, panelists and moderators include:

- ◊Mike Ahearn, VP of operations, Global Spectrum
- ◊Dr. Robin Ammon, Slippery Rock Univ.
- ◊Ross Bartow, Univ. of Tampa
- ◊Pat Christenson, president, Las Vegas Events
- ◊Mike deMaine, general manager, Greenville Drive
- ◊Dr. Ron Dick, Duquesne Univ.
- ◊Greg Edwards, president & CEO, Greater Des Moines Convention & Visitors Bureau
- ◊Dr. Chris Greenwell, Univ. of Louisville
- ◊Dr. Robert Li, Univ. of South Carolina
- ◊Peter Luukko, president & CEO, Comcast Spectacor
- ◊John Montgomery, Univ. of North Carolina

(615) 662-0252
sue@venuestoday.com

Pauline Davis
 Texas
 (615) 243-7883
pauline@venuestoday.com

Rich DiGiacomo
 Mid & Western U.S.,
 International
 (310) 429-3678
rich@venuestoday.com

April Armbrust
 Director of Marketing &
 Sales
 (714) 378-0056
april@venuestoday.com

To update a Fair or
 Festival Listing for
 the VT Resource
 Guide, contact:

Nazarene Kahn
 Resource Guides
 Coordinator
 (714) 378-5400 ext. 25
resourceguides@venuestoday.com

Nicole Sorenson
 Resource Guide Assistant
 (714) 378-5400 ext. 26

HELP WANTED

[VIEW THE FULL
 LISTINGS](#)

Sydney (Australia)
 Showground - Event
 Coordinator

International
 Ticketing
 Association, Inc.
 (INTIX), New York -
 President

Flint Center,
 Cupertino, Calif. -
 Operations Manager

The Edge, New
 Zealand - Senior
 Producer

Sydney (Australia)
 Olympic Park -
 Events Coordinator

Arena at Harbor
 Yard, Bridgeport, CT
 - Marketing
 Manager

Maloof Sports &
 Entertainment,
 Sacramento, Calif. -
 Vice President,
 Arena Programming

The University of
 South Carolina,
 Columbia -
 Instructor-
 Entertainment/Venue
 Management

- ◊C.T. Nice, senior VP, Aramark
- ◊Sean Pate, director of marketing, StubHub
- ◊Tom Paquette, general manager, Global Spectrum -
 Colonial Center
- ◊Bill Powell, Regional VP, Feld Entertainment
- ◊Brian Risner, Univ. of South Carolina
- ◊Karen Swope, senior general manager-South,
 Ticketmaster
- ◊Doug Thornton, Regional VP, SMG
- ◊Humpy Wheeler, former head of Lowe's Motor
 Speedway, Charlotte, N.C.
- ◊Roddy White, director of event marketing and client
 services, Atlanta Falcons
- ◊Mike Wooley, associate principal, HOK
- ◊Chris Wyrick, Univ. of Arkansas
- ◊Lee Zeidman, senior VP and general manager, AEG-
 Staples Center/Nokia Theatre/L.A. Live
 ...and more to come.

PLUS:

◊Claire Rothman will be honored as the 2008 Lifetime
 Achievement Award Winner for her contributions to the
 industry as an arena manager at the Forum, Inglewood,
 Calif. and the Spectrum, Philadelphia.

REGISTER NOW!

FAIRS & FESTIVALS

SUNNY SKIES AND 'STAY-CATIONERS' BRING BIG CROWDS TO THE 'EX

Jump Jet featuring Circus Orange; Ventriloquist Michael Harrison



Near-perfect fair weather - after weeks of rain that had
 officials worried until the sun came out- helped boost
 attendance at the Canadian National Exhibition, to 1.31
 million, up from 1.24 million last year.

"In addition to nice weather in terms of no rain, we
 didn't have heat and humidity," said CEO David Bednar
 of the Aug. 15-Sept. 1 fair. "We had moderate
 temperatures - almost ideal fair weather."

North American Midway Entertainment, with whom the
 CNE signed a five-year contract the day before the fair
 started, placed 60 rides on the midway and were up 10
 percent, said NAME's Tony Diaz. The Crazy Mouse
 spinning roller coaster was the most popular ride, he
 said.

In spite of the economy, vendors also appeared to have
 done well, according to anecdotal evidence Bednar
 heard.

"I would say spending was up," he said. "One guy in the
 international pavilion said he had a better year than
 last year, and last year was a good year. He brings in 12
 or 13 vendors from Thailand."

Vendors pay fixed prices so Bednar has no numbers as
 to how they did.

AEG Ogden, Perth,
Australia -
Performing Arts
General Manager

VEE Corporation,
Minneapolis -
Marketing/PR

[VIEW THE FULL
LISTINGS](#)

His take on the situation was that the “staycation” - people staying closer to home because of the economy - was in effect at the CNE.

In the 5,000-seat, 8,000-capacity bandshell patterned after the Hollywood Bowl, the line-up included Mickey Rooney with his wife, Jan, Tony Orlando, David Clayton Thomas, Kim Mitchell, The Stampeders, Ray J & the Angry Kids, plus the 12th Annual Toronto Urban Music Festival.

“For a fair that doesn’t have big-name entertainment, we had a good line-up in the bandshell,” Bednar said.

That includes pairing acts such as Rooney and Orlando on days that offered senior citizen discounts.

“Tony Orlando gave a hell of a show,” Bednar said. “He was someplace in New York City and you could see him at a concert hall for 50 bucks, and we thought it was funny that you could see him for free here. That’s what I get so frustrated about. I still get the complaints about, ‘The fair isn’t what it used to be,’ or ‘it’s not as grand as it was.’ How do you get that story out there? I think we had a wonderful presentation this year.”

As for getting the story out there, the CNE tried something new in marketing this year, sending four professionally-trained singers into the community to spontaneously sing the fair’s theme song, “Let’s go to the Ex” to the tune of “Let’s Go to the Hop” on the subway or in a food court.

The fair spends about \$763,471 U.S. in paid advertising. “I think we upped it,” Bednar said of the figure, which is \$900,000 Canadian. “For the last decade, it was in the \$750,000 Canadian (\$636,000) range.”

Another big change in marketing is that fair officials have greatly curtailed buying television ads.

“We’ve split the money we were using in television between outdoor and radio buys,” Bednar said. “It seems to be working for us. We’re continuing to grow our paid attendance, which is the ultimate measure of that.”

Bednar expected gate revenues to be up this year over last year’s \$5.25 million at the fair, which has a \$19 million budget, but he did not know by how much. Gate admission cost \$12 for adults and \$8.50 for senior citizens and children, and adults could get an advance ticket for \$8.50 as well.

“Pricing was the same as last year,” Bednar said. “We’ve got enough inflationary pressure. We’ll have to raise prices next year, but we haven’t figured out what that will be. We’re coming off two successful years and we have to debate it. Our prices are going up just like everybody else’s - fuel, help, insurance, all that stuff continues to increase.”

Next year’s dates will be Aug. 21-Sept. 7.- Mary Wade Burnside

Interviewed for this story: David Bednar, (416) 263-3840; Tony Diaz, (601) 842 8496.



CAST YOUR VOTE

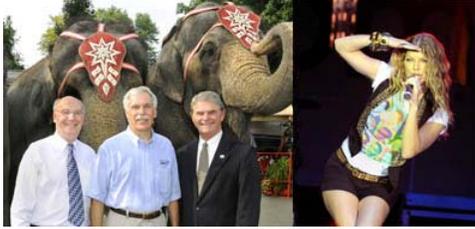
For the 2008 *Venues Today* Hall of Headlines Winners.

Have your subscription e-mail address and your password handy and log-in when you visit our website:

<http://www.venuestoday.com/webpoll.php>

FAIRS & FESTIVALS BAD LUCK BRINGS DROP TO BIG E

Big E Fair Manager Wayne McCary, U.S. Secretary of Agriculture Ed Schafer and Big E Chairman Donald R. Chase; Fergie performs a concert at the Big E



Rainy weather on two-thirds of the weekend days plus the last-minute cancellation of a sold-out concert by the country group Sugarland translated to a 14 percent attendance decline at the Eastern States Exposition, West Springfield, Mass.

Attendance was 1,050,624, down from last year's 1,227,889.

"That's one of the steepest declines we've had in a single year in many, many years," said GM Wayne McCary of the Sept. 12-28 fair known as The Big E.

Because the fair begins after Labor Day and the start of school, The Big E relies on the nine weekend days of its 17-day run for 65-70 percent of attendance, McCary noted. Rain fell on six of those days, and in addition to the cancellation of the Sugarland concert, the other two entertainers in ticketed shows - Fergie and Natasha Bedingfield - performed in the rain at the 6,500-seat, outdoor Comcast Arena Stage.

This was the third year that officials at The Big E had moved away from an all-free musical entertainment format because of the increasing price of some of the musical acts. All together, The Big E paid \$2 million for entertainment, which included grounds acts as well as staging costs in addition to artist fees.

"You can't charge a ticket price to everybody to subsidize an act that a limited number of people want to see. Some people say, 'Why don't you add more to the front gate?' but I don't think that's realistic," he said.

Gate admission costs \$15 for ages 13 and above on weekends and \$12 on weekdays, and ages 6-12 cost \$10 and \$8.

"Our plan is to continue with free entertainment being the major portion of our entertainment."

This year, the free acts included Ashley Gearing, LeAnn Rimes, Danity Kane, Jason Aldean, Bad Company lead singer Brian Howe and "American Idol" winner Jordin Sparks.

Ticket prices for the other concerts were \$30 and \$20 for Bedingfield, \$45 and \$30 for Sugarland and \$55 and \$45 for Fergie. The tickets included the price of admission.

Sugarland's gear already had been unloaded and the stage set up before the cancellation took place, and all those costs fall to The Big E, McCary said.

"I think the only thing that you recover is, of course, the actual contractual payment for the talent for the show itself," McCary said.

On the midway, North American Midway Entertainment was set to best the 2007 record grosses, said the carnival's Tony Diaz, when the bad weather set in, prompting a 6 percent decline in revenues.

"We were above that record and unfortunately, we had rain the last three days of the event," Diaz said.

Patrons could take advantage of a pay-one-price \$25 wristband Monday through Friday, while the carnival used coupons on the weekends.

Officials advertised the two paid pop concerts - Bedingfield and Fergie - on Facebook, and utilized the fair's second year of advertising in movie theaters to drive patrons to the Facebook page.

Marketers also took advantage of this year's presidential election by calling The Big E "The Third Party," and creating "campaign" buttons that emphasized various aspects of the fair such as the signature food with a slogan that stated "Pro Cream Puff."

Other buttons - both handed out and for sale - included "Love, Liberty and Llamas," "The Fair with Flair," and "A Time for Dizziness."

"We tried to cover the fair's five core experiences, entertainment, food, agriculture, shopping and the New England experience," Tassinari said, noting that a sixth core experience recently has been added to the fair - people watching.

"I'm not sure if other fairs have recognized this as a draw, but we included it on one of our surveys, and it scored really high," Tassinari said.

Sponsorships brought in \$575,000 and were up from last year, and if the economy will play a factor in sponsorships, McCary believes that will be more likely to take effect next year.

"In late 2007 and early 2008, we were making commitments for this year, so I don't believe it was as much of an issue as it's going to be next year," he said.

Next year's dates will be Sept. 18-Oct. 4. - Mary Wade Burnside

Interviewed for this article: Wayne McCary and Noreen Tassinari, (413) 737-2443; Tony Diaz, (601) 842-8496.

HOTTickets

HOT TICKETS is a weekly summary of the top acts and ticket sales as reported to VT PULSE. Following are the top 20 concerts and events, the top 5 in each seating capacity category, which took place since Sept. 30, 2008.

DIAMOND DOES DALLAS IN WEST COAST FOURSOME

15,001 or More Seats	10,001-15,000 Seats	5,001-10,000 Seats	5,000 or Less Seats
1) Neil Diamond Gross Sales: \$2,854,920; Venue: Hollywood Bowl, Los Angeles; Attendance: 32,514; Ticket Range: \$150-\$35; Promoter: Andrew Hewitt, Bill Silva Presents; Dates: Oct. 1-2; No. of Shows: 2	1) HBO Boxing: Bernard Hopkins vs. Kelly Pavlick Gross Sales: \$2,553,950; Venue: Atlantic City (N.J.) Boardwalk Hall; Attendance: 11,299; Ticket Range: \$70-\$75; Promoter: Caesars Atlantic City & Main	1) Luis Miguel Gross Sales: \$854,705; Venue: Dodge Arena, Hidalgo, Texas; Attendance: 9,111; Ticket Range: \$175-\$45; Promoter: Live Nation, In-House; Dates: Oct. 8-9; No. of Shows: 2 2) Luis Miguel	1) Cher Gross Sales: \$1,294,960; Venue: The Colosseum at Caesars Palace, Las Vegas; Attendance: 8,530; Ticket Range: \$250-\$95; Promoter: AEG Live, Concerts West; Dates: Sept. 30-Oct. 1; No. of

- 2) **Neil Diamond**
Gross Sales: \$1,233,740;
Venue: **Jobing.com Arena, Glendale, Ariz.**; Attendance: 13,126; Ticket Range: \$120-\$55; Promoter: AEG Live, Concerts West; Dates: Oct. 10; No. of Shows: 1
- 3) **Neil Diamond**
Gross Sales: \$1,103,185;
Venue: **American Airlines Center, Dallas;**
Attendance: 13,850; Ticket Range: \$120-\$55; Promoter: AEG Live, Concerts West; Dates: Oct. 16; No. of Shows: 1
- 4) **Neil Diamond**
Gross Sales: \$1,092,750;
Venue: **Toyota Center, Houston;**
Attendance: 13,383; Ticket Range: \$120-\$55; Promoter: AEG Live, Concerts West; Dates: Oct. 14; No. of Shows: 1
- 5) **Elton John**
Gross Sales: \$1,017,400;
Venue: **John Paul Jones Arena, Charlottesville, Va.**; Attendance: 11,600; Ticket Range: \$97-\$47; Promoter: Live Nation; Dates: Oct. 7; No. of Shows: 1
- Events, Golden Boy Promotions, Top Rank; Dates: Oct. 18; No. of Shows: 1
- 2) **Enrique Iglesias**
Gross Sales: \$502,361;
Venue: **Patriot Center, Fairfax, Va.**; Attendance: 7,524; Ticket Range: \$128-\$58; Promoter: Live Nation; Dates: Oct. 3; No. of Shows: 1
- 3) **Michael Buble**
Gross Sales: \$286,261;
Venue: **Ervin J. Nutter Center, Dayton, Ohio;**
Attendance: 3,901; Ticket Range: \$79.50-\$59.50;
Promoter: Beaver Productions; Dates: Oct. 7; No. of Shows: 1
- 4) **Counting Crows, Maroon 5**
Gross Sales: \$241,535;
Venue: **Verizon Wireless Music Center, Birmingham, Ala.**; Attendance: 5,091; Ticket Range: \$126-\$36; Promoter: Live Nation; Dates: Sept. 30; No. of Shows: 1
- 5) **The Allman Brothers Band**
Gross Sales: \$170,004;
Venue: **Verizon Wireless Music Center, Birmingham, Ala.**; Attendance: 4,624; Ticket Range: \$55-\$20; Promoter: Live Nation; Dates: Oct. 7; No. of Shows: 1
- Gross Sales: \$364,710; Venue: **El Paso (Texas) County Coliseum;**
Attendance: 5,021; Ticket Range: Oct. 4; Promoter: Live Nation, Stardate Concerts, In-House; Dates: Oct. 4; No. of Shows: 1
- 3) **Sleaze Ball**
Gross Sales: \$357,058; Venue: **Hordern Pavilion, Sydney, Australia;**
Attendance: 4,828; Ticket Range: \$84.83-\$56.31; Promoter: New Mardi Gras; Dates: Oct. 4; No. of Shows: 1
- 4) **George Lopez**
Gross Sales: \$346,660; Venue: **Yakima (Wash.) Valley SunDome;**
Attendance: 7,519; Ticket Range: \$49.50-\$39.50; Promoter: Outback Concerts; Dates: Oct. 18; No. of Shows: 1
- 5) **Jeff Dunham**
Gross Sales: \$342,405; Venue: **Reno (Nev.) Events Center;**
Attendance: 6,785; Ticket Range: \$57.25-\$36.75; Promoter: Another Planet Entertainment; Dates: Oct. 12; No. of Shows: 1
- Shows: 2
- 2) **Kathy Griffin**
Gross Sales: \$768,596; Venue: **Chicago Theatre;**
Attendance: 12,775; Ticket Range: \$72-\$52; Promoter: Live Nation, MSG Entertainment; Dates: Oct. 12, 14-16; No. of Shows: 4
- 3) **La Traviata**
Gross Sales: \$750,428; Venue: **Keller Auditorium, Portland, Ore.;**
Attendance: 7,950; Ticket Range: \$162-\$39; Promoter: Portland Opera; Dates: Sept. 26, 28-Oct. 2, 4; No. of Shows: 4
- 4) **Robin Williams**
Gross Sales: \$709,695; Venue: **Fox Theatre, Detroit;**
Attendance: 9,603; Ticket Range: \$95-\$55; Promoter: Live Nation, Olympia Entertainment; Dates: Oct. 3-4; No. of Shows: 2
- 5) **Robert Plant, Alison Krauss**
Gross Sales: \$319,109; Venue: **The Mountain Winery, Saratoga, Calif.;**
Attendance: 2,261; Ticket Range: \$199.50-\$79.50; Promoter: Live Nation; Dates: Oct. 5; No. of Shows: 1

Compiled by Rob Ocampo and Nicole Sorenson. To submit reports, e-mail HotTickets@venuestoday.com or fax to (714) 378-0040.

THE BEAT

DEALS

AEG PARTNERS WITH NBA TO BUILD ARENAS IN CHINA

With an 18,000-seat arena already under construction in Shanghai and a ground-breaking ceremony in Guangzhou last week, the unprecedented joint venture between NBA China and AEG to build basketball arenas in China is off to a fast start.

Both new arenas are scheduled to open in 2010 and are just two of what AEG's Tim Leiweke and the National Basketball Association's David Stern predicted will be 12 arenas "initially" to be designed, constructed, marketed and managed by a new organization, yet to be named, that unites the NBA and AEG in a 50/50 partnership. In the Oct. 14 press conference announcing the joint venture and again in an interview with Heidi Ueberroth, president, Global Marketing Partnerships and International Business Operations for the NBA, everyone emphasized the new partners are taking a long-term view of developing venues and basketball in China.

Stern's interest in the China market dates back to 1985 when he invited the Chinese National Team to the Friendship Games. International growth has been a priority for Stern for two decades and it has shown great strides. "We had a really terrific preseason schedule that involved teams playing in Paris, London, Berlin and Barcelona and Guangzhou and Beijing," Ueberroth noted of this past two weeks.

The NBA's portion of the new joint venture is under the NBA China umbrella. In many cases, the arenas will be financed by local and provincial governments. "There is no template," Ueberroth said, adding that the best elements of a variety of NBA arenas in the U.S. will be incorporated. It is known the arenas will be multipurpose and, when possible, part of an entertainment district. AEG came prominently into the picture when the Beijing Wukesong Culture & Sports Center (BWSC), NBA China and AEG formed a strategic partnership to design, market, program and operate the Beijing Olympic Basketball Arena (BOBA).

That led to the Shanghai development, which will be completed in time for the World Expo, which opens in May 2010. That arena is in the heart of the Expo District, she said. It will host 70 million visitors over 184 days during the World Expo. On a recent site visit, she was impressed with the three different metro lines coming into the facilities and the ferries arriving arena-side. "It will have tremendous access," she said. The architect for the arenas in Guangzhou and Shanghai is David Manica.

"This partnership with AEG is a first for us. As we study the opportunities for basketball around the world today, the U.S. is unique in having these state-of-the-art, multipurpose arenas, but it's coming, beyond China, too," she said, citing the two new AEG-operated O2 arenas in London and Berlin, home to NBA exhibition games. "We saw the opportunity coming very quickly in China, given the growing urban Chinese middleclass and increasing interest in leisure and entertainment activities.

Each arena development will have local partners, she said. Everything the NBA has done in China has involved locals, including the formation of NBA China in January, which controls all the NBA's assets in China. The first step in formalizing that entity was finding strategic partners and investors who took on 11 percent of NBA China, investing \$253 million. Those companies include Disney/ESPN and four very prominent Chinese companies: Bank of China Group Investment, Legend Holdings, China Merchant Bank, and Li Ka Shing Foundation.

"These are companies, with tremendous resources and long histories of doing business in China, that can help build out our infrastructure and operations," Ueberroth said.

The NBA is now entering its 22nd year of showing NBA games in China through CCTV, the national broadcaster. They are averaging eight games a week now, including four on CCTV and four on a variety of another 51 provincial or city networks. A record 1.6 billion viewers watched NBA programming during the 2007-08 season in China, a 34 percent increase from the previous season.

Live attendance at basketball games in China has meant sellouts for every pre-season game staged beginning with the Houston Rockets and Sacramento Kings in 2004, she said. They are building toward selling out 18,000-seat arenas when the new NBA/AEG breed comes on board.

Ancillary income from concessions and merchandise is a major growth factor as this joint venture goes forward, she said. "That's where we see the opportunity. It's changing. It's certainly part of the plan for the new arenas we will be designing and operating in partnership with AEG. To date, it's been something that has been a very small part of the experience."

The NBA opened some standalone NBA stores in Beijing this year during the Olympics. "We have a very strong merchandising division and are working closely with adidas in having all the NBA apparel represented in their stores," she added. They also brought in merchandise for the pre-season games, building a

market.

“Today China is our number one market outside the U.S. We are very encouraged by the growth in participation in the game and popularity of the game. Internationally, it’s always about growing the game and participation is a start,” she said. There are over 170 cities that have a population of over 1 million in China. Shanghai is a city of 20 million people. The China Basketball Association, which has been operating for 10 years and boasts 16 teams and the National Team. The NBA has strong ties with the CBA and it’s no secret there is talk afoot for a special league for these new, multipurpose, state of the art arenas that involves both established leagues.

Ueberroth also envisions an increase in the number of artists traveling through Asia to play these new arenas and she sees regional performers making their way onto stages outside of China, all made possible by the new developments. It also fits nicely with NBA’s current operations, like marketing partnerships.

“For us it’s been very successful, showing growth in each of our business lines: television, sponsorship, event business, merchandising business.”

Now that the joint venture is being formalized, the next most important part is identifying the right local partners and cities. “Then there is opportunity down the road,” she said. — Linda Deckard

Interviewed for this story: Heidi Ueberroth, (212) 407-8585

NAMING RIGHTS REPORT

Chevrolet Centre, Youngstown, Ohio

Date Announced: Oct. 4

Terms: One year, no financial terms disclosed

Buyer: Chevrolet Dealerships

Tenant/Ownership: Mahoning Valley Phantoms (junior hockey)/City of Youngstown

Comments: General Motors recently announced it would not renew its three-year naming rights sponsorship of Chevrolet Centre, which ended on Sept. 30. They cited economic conditions and the company’s own financial struggles. “The setback hurt, but in reality, in one year, we have made huge strides here,” said Eric Ryan, executive director of the venue. Since June, when SMG took over management, the venue has posted small profits, and Ryan said they expect to break even this fiscal year. The previous management company, International Coliseums Co., a subsidiary of Global Entertainment Corp., had losses of close to \$300,000 in two years.

Ryan said he expects to ink a deal with local Chevrolet dealers shortly that will keep the Chevrolet name on the venue for another year. While they will not pay the \$175,000 annually that GM paid, Ryan said it would bring in some income while giving management time to search for a new naming rights partner.

“The dealers are loyal sponsors for us and this minimizes the damage,” Ryan said. “It was going to take six months to do a new deal, no matter what.” He said they will investigate options for brokering the deal, but said officials from the city of Youngstown, the venue and SMG may well do the deal themselves.

Despite losing GM and their major tenant - the Youngstown SteelHounds, a minor league hockey team, who was kicked out of the Central Hockey - Ryan said the venue was on the upswing.

To fill the 32 dates opened by the SteelHounds, he brought in a junior hockey team as the major tenant, and they were able to reduce the prices of the luxury suites by approximately \$8,500 - the SteelHounds share of the suite revenue. Despite the move from professional to junior hockey, the venue has sold 20 of the 24 suites, and the other four are regularly rented for events, Ryan said. And sales are brisk for upcoming events like Smuckers Hot Ice/Cool Sounds and rocker Meatloaf.

“It is not gloom and doom,” Ryan said. “Tickets are selling great.” — Liz Boardman

Contact: Eric Ryan, (330) 746-5600