



TO: St. John's City Council

FROM: Sheena McCrate, CEO, St. John's Sports & Entertainment

RE: Mile One Centre Lease for National Basketball League Franchise

DATE: 18 September 2017

Presented for approval are the key terms to a deal for the operation of a professional basketball team at Mile One Centre for the 2017-2018 season. St. John's Sports & Entertainment Limited's (SJSEL) Board of Directors has unanimously approved terms of this deal.

The deal provides 20 regular season game nights at Mile One Centre with the potential for another 10 playoff games, as well as exhibition games. This undoubtedly will lead to more economic activity in the City, particularly the Downtown and the associated, restaurants, bars, taxis, and other businesses.

The deal is not expected to result in any increase in the subsidy beyond what the City currently provides to Mile One Centre and the St. John's Convention Centre and as such is recommended for Council approval.

A handwritten signature in black ink, appearing to read "Sheena McCrate", written over a horizontal line.

SHEENA McCRATE
CEO
ST. JOHN'S SPORTS & ENTERTAINMENT LTD.

Attached: Tentative deal highlights

Tentative Deal Highlights

	Aspect of Deal	Tentative Agreement	Comments
1	Control of Sponsorships	Controlled by SJSE	Significant operational win for SJSE as did not exist under Icecaps deal
2	Suite and Sponsorship revenue	\$855,000 plus 40% of the excess	This deal provides \$228K more plus 40% of excess.
3	Cleaning costs	\$4,600 per game but \$3,600 for the second game on back to back nights.	Expected improvement for SJSE
4	Parking revneues	Team to receive 20% of parking revenue in excess of \$1,000 per night	No major issue
5	First right of refusal for Hockey	Limited, exists unless a proponent can obtain confirmation of interest from league	No major risk seen for SJSE
6	Basketball advertising revenue	100% to the team	Same
7	Suite catering	Team to receive half of SJSE's 20% share if external caterer; 4% if catering done internally	No impact
8	Food & Beverage - concessions	Team retains 20%	Same
9	Suite tickets	Regular season tickets only provided to suite holders	The tentative agreement is consistent with current AHL practice
10	Merchandise revenue	20% of gross sales; Team to operate store	Negligible financial difference
11	Capital expenses	\$125,000 for SJSE	Same
12	Term of Deal	5 years	Same
	<u>Other comments:</u>		
	Potentially more revenue from corporate partnerships and suite revenue		
	The tentative deal places our risk more on the partnerships rather than the attendance.		
	Our breakeven in the tentative deal is around 1,500 attendees as opposed to 2,500 provided the sponsorship revenue of \$855K is realized.		

MEDIA RELEASE

September 18, 2017

BASKETBALL DEAL APPROVED FOR MILE ONE CENTRE STARTING THIS FALL

Today, during City Council meeting, Council approved the terms of agreement for the operation of a professional basketball team at Mile One Centre for the 2017-18 season. The Board of Directors for St. John's Sports & Entertainment Limited (SJSEL) have unanimously approved terms of the deal.

"On behalf of City Council we are thrilled that the St. John's Sports & Entertainment Board of Directors have been able to secure a deal to bring professional basketball to St. John's starting this fall," said Mayor Dennis O'Keefe. "This is a new sporting event for our City which will see positive economic spin offs for area restaurants, bars, taxis, and other businesses."

The deal is not expected to result in any increase in the subsidy currently provided to Mile One Centre and the St. John's Convention Centre; in fact, it has the potential to be more lucrative than previous agreements, provided the franchise is successful in terms of corporate and public support.

"SJSEL has been working diligently for several months to secure this deal with the National Basketball League," said Sheena McCrate, CEO, St. John's Sports and Entertainment. "The deal guarantees 20 regular season game nights at Mile One with the potential for another 10 playoff games."

St. John's Sports and Entertainment Limited is a wholly owned subsidiary of the City of St. John's responsible for the operations of the Mile One Centre and the St. John's Convention Centre.

Ticket sales and prices will be announced by the team ownership group in the near future.

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