

## THE SACRAMENTO GAME CHANGER:

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### A CONCEPTUAL OVERVIEW OF TERM SHEET FOR NEW ENTERTAINMENT AND SPORTS COMPLEX

*NOTE: This document is not comprehensive of all issues and items detailed in the actual term sheet.*

#### **Overview**

Proposal **meets the all criteria** set forth by the City, including

- saving 800-1200 local jobs provided by the Sacramento Kings
- creating 4,100 new jobs by 2015
- providing a catalyst to accelerate development at the Railyards and broader downtown revitalization
- protecting taxpayers by avoiding any new taxes or net impact to the general fund
- ensuring the ESC generates revenues for the City's general fund

#### **Context**

Term sheet is a non-binding agreement that lays out a framework for development of an Entertainment and Sports Complex (ESC). The key parties are:

- City of Sacramento (Owner)
- Sacramento Kings (Anchor Tenant)
- Anschutz Entertainment Group (Operator)
- ICON-Taylor Group (Design-Build with Populous and Turner)

#### **Facility Overview**

- City will own a state-of-the-art, NBA-level ESC under a 30 year lease with AEG as operator
- The Kings agree to play in Sacramento for 30 years as the anchor tenant at the new ESC
- ICON-Taylor team will guarantee completion of the \$391MM facility at the downtown Railyards by September 2015 and provide cost overrun protection

#### **Finance Plan Overview**

Four key sources of capital contributions to ESC construction:

• City of Sacramento	\$255.53MM
• Sacramento Kings	\$73.25MM
• AEG	\$58.75MM
• <u>Brick-by-Brick capital campaign <sup>1</sup></u>	<u>\$3.00MM</u>
<b>TOTAL</b>	<b>\$390.53MM</b>

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<sup>1</sup> Mayor Johnson and Council Member Steve Cohn have agreed to lead a community effort to raise \$3 million in donations for the construction of the ESC. Participants will make gifts and donations in exchange for engraved bricks, plaques, etc.

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#### **Other Considerations**

- The City will generate its contribution primarily via a **parking public-private partnership (P4)** and the sale of city-owned land. The exact contribution from the P4 will depend on the results of a competitive RFP process that will yield the most favorable amounts, terms, and partners for the City.
- The City and AEG agree to a **revenue-sharing plan** where the city will receive 15% of the first \$10MM in the ESC's operating profit, 30% of the next \$5MM, and 50% of any subsequent profits.
- Proposal will ensure **no net impact to the general fund** via new revenues generated from sources including parking monetization, user fees (e.g. 5% ticket surcharge), and other ESC-related revenues and taxes. Exact allocations will depend on the results of the RFP process for the P4.
- The City and Kings will **issue new bonds to retire the existing Kings loan**, provided the City receives adequate security/collateral from the Kings for the loan.
- The Kings' commitment **provides Natomas with three additional years of revenue and economic activity** at PowerBalance Pavilion as the City, Kings and other stakeholders determine the optimal re-use after 2015.