



CIT 5 MINUTE CAPITAL PODCAST SERIES

Hard Wired: The New Sports Venue Experience with Gordon Saint-Denis, Managing Director, CIT Communications, Media and Entertainment, Sports

Elliott Forrest: Welcome to Five Minute Capital, CIT's executive insight series which takes on financial issues in about five minutes. Today we're talking about financing sports venues with Gordon Saint-Denis, Managing Director, CIT Communications, Media and Entertainment, Sports. Thanks for coming in.

Gordon Saint-Denis: Thank you.

Elliott Forrest: Boy things have changed haven't they? When I see pictures of Ebbets Field and these old sports arenas, it's totally different now. Especially since the 90's. Tell us what the big changes are.

Gordon Saint-Denis: I think you really see is, it's gone from just going to the event, watching the team play to going to the game now where you can have a game day experience at the venue. It's turned into an entertainment complex with high-end restaurants, with interactive video and audio in some of the newer buildings, with the retail spaces that have been built with this new development over the last 15 years. So it really has changed dramatically from what it used to be.

Elliott Forrest: And from the start they're hard-wired for Internet access, for television broadcasting, right?

Gordon Saint-Denis: They are. What these new buildings have done is, they're hard-wired so if they don't start off with the interactive audio and video opportunities for the fans, they can be put in afterwards. When concerts come in and play in these venues they don't have to wire the building themselves. They can just plug in the equipment and next thing you know the Rolling Stones are up and playing.

Elliott Forrest: Talk to us about the financial implications of that. I mean, from the beginning then it must be very different.

Gordon Saint-Denis: Very much so. If you look at a lot of buildings that were built in the 60s and 70s, they cost \$20 to \$40 million to be built. Now, if you're building an arena it costs \$200 - \$250 million. If you're building a football or baseball stadium, it can be close to a billion dollars. There's money coming from state and local government, which accounts for a portion of financing these buildings as well. So, it really has changed dramatically from the last generation of venues that were built.

Elliott Forrest: They're more expensive, but more people are interested and there's probably more to be gained from it. Is it more difficult to put the deals together these days, or is it easier?

Gordon Saint-Denis: They're very complex with respect to the amount of time it takes to build the building. You have to structure your financing around that so you have draw downs on your facility that are consistent with the projection in the building schedule. You have to make sure your financing works very closely with the state and local government – that everyone is on the same page. So, it's very complicated to put these deals together, you have the league involved, you have the franchise involved, you have state and local government, and then a financial institution like CIT is involved in putting the financing together for all of this.

Elliott Forrest: What affect does this have on the bottom line of people who own a venue like this?

Gordon Saint-Denis: The financing is a lot larger and a lot more complicated, but there's a lot more revenue opportunities. New York City for example, with the new buildings that are going up – you're seeing some naming rights that are being done for \$20 million a year over 20 years. Which, those are just very large numbers. And you're seeing additional revenues being created by the sponsorship opportunities within the building. There's power rings that go around and you'll see the different ads that take place throughout the venue. So there's a lot more revenue streams and the opportunity to be more profitable with these new buildings.

Elliott Forrest: And how do they affect the neighbourhoods? It's not just the building itself and everything that's contained there, but it has an affect on the entire community I would imagine.

Gordon Saint-Denis: It does. You're seeing additional restaurants open up for the game day experience, you're seeing parks being put in - that happened with the Prudential Center in Newark. You're seeing streets being widened, additional lights being put in. And some municipalities are taking advantage to use it as redevelopment. It happened in Baltimore, with the Orioles, when Camden Yards was built. It was in the Inner Harbor of Baltimore, which was a bit of a tough area, and it was really part of the whole redevelopment and helped revitalize that city quite a bit.

Elliott Forrest: CIT was involved in the Prudential Center in Newark. Tell us about that deal.

Gordon Saint-Denis: We were, we lead that financing for the New Jersey Devils, for the building of their new arena. It was about \$250 million financing that we were agent and arranger and we worked closely with the state government that was involved in financing a little over half of the building. We put the other component together. It was a great project for us and was used as a redevelopment for that part of Newark. And we're very proud to be associated with something like that.

Elliott Forrest: Are you doing any financing of arenas outside the United States?

Gordon Saint-Denis: We're looking at opportunities in Europe. The European sports market has changed quite a bit. You've had a number of U.S. owners come over and purchase teams there and one of the things they're doing is taking their experience with the building boom of new stadiums and arenas and you're seeing either major renovations or new stadiums going up throughout Europe. Primarily with the premiership soccer league in the United Kingdom and some of the other markets in Spain and France as well.

Elliott Forrest: Gordon Saint-Denis, Managing Director, CIT Communications, Media and Entertainment, Sports. Thanks for spending some time with us.

Gordon Saint-Denis: Thank you.

Elliott Forrest: And thank you for listening to Five Minute Capital. Please log on to fiveminutecapital.com for more. I'm Elliott Forrest Forrest. This has been a production of CIT. Capital Redefined.