

Discussion and action on the City of El Paso's financial commitments for the Conference USA 2014 Men's and Women's Conference Championship Basketball Tournament bid.
(contact person: William Blaziek, 534-0608)

Conference USA (CUSA) has asked that El Paso increase the minimum financial guarantee in its bid to host the 2014 Men's and Women's Conference Championship Basketball Tournament from \$500,000 to \$750,000 for further consideration by the site selection committee.

The Conference Site Selection Committee is expected to make a decision on Wednesday, October 12.

Our current bid for \$500,000 guaranteed revenue for CUSA plus \$350,000 in fixed expenses, a total of \$850,000, is currently shared 50/50 with the City and County. This was secured through a Joint Resolution of the City and County in July of this year. The El Paso Sports Commission (SC) committed to a \$50,000 sponsorship of the tournament.

CUSA teams are required to purchase a minimum number of tickets to the tournament, resulting in an estimated \$306,000 in required tournament ticket sales.

Based on our current bid, in a worst case scenario (meaning only the required tournament ticket sales of \$306,000 and the \$50,000 in SC sponsorship are considered), the City and County would each pay half of the remaining \$494,000 (\$850,000 less \$306,000 in required team purchases and \$50,000 in SC sponsorship). Total financial risk to the City would be \$247,000.

An additional \$250,000 is needed to guarantee \$750,000 in revenue to CUSA. The bid would be revised to \$350,000 in fixed expenses and \$750,000 in guaranteed tournament revenue, a total of \$1,100,000.

In an effort to increase the CUSA guarantee, the SC has committed to cover the first \$50,000 in revenue shortfall in addition to their original \$50,000 sponsorship.

The remaining \$200,000 in additional guaranteed funds to CUSA would need to be committed by the City of El Paso in order to increase the minimum guaranteed payment to CUSA to \$750,000.

If the bid is revised to guarantee a minimum of \$750,000 to CUSA the worst case scenario (meaning only the required tournament ticket sales of \$306,000 and the \$50,000 in SC sponsorship are considered) would be as follows: the SC would pay the first \$50,000, the city would pay 100% of the next \$200,000, and the City and County would each pay half of the remaining \$494,000 (\$850,000 less \$306,000 in required team purchases and \$50,000 in SC sponsorship). Total financial risk to the City would be \$447,000.

In the 2011 tournament Total Gross Revenue was \$1,373,000 -- \$273,000 more than the \$1,100,000 of Total Gross Revenue that would be required in 2014 for no payments to be made by the City, County or Sports Commission.

The City will utilize Hotel Occupancy Tax Funds to pay any of its obligations related to this commitment.