



AGENDA MEMORANDUM
Action Item for the Corpus Christi Business and Job Development Corporation
Meeting November 11, 2019

DATE: November 1, 2019

TO: President and Honorable Board Members,
Corpus Christi Business and Job Development Corporation

FROM: Matt Blasy, General Manager, American Bank Center
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Arena Marketing/Co-Promotion Fund Request – Luke Combs Concert

CAPTION:

Motion authorizing the expenditure of \$40,000 from American Bank Center Arena Marketing/Co-Promotion Fund to offset operating costs of hosting Luke Combs concert on April 24, 2020.

PURPOSE:

ASM Global/American Bank Center is requesting a total of \$40,000 from the Arena Marketing/Co-Promotion Fund to assist the promoter, AEG Live, in offsetting operating costs for the Luke Combs concert.

BACKGROUND AND FINDINGS:

The objective of the American Bank Center Arena Marketing/Co-Promotion Fund is to provide funding to the American Bank Center Arena to offset event related expenses incurred for the purpose of attracting business to the Arena such as: tenant leases, conventions, and other events and business opportunities. The purpose of this memo is related to the other events part of our business.

This financial assistance will be instrumental in offsetting operating expenses associated with organizing the concert for the promoter, AEG Live. Specifically, it would cover a portion of the cost involved with rent and labor to convert the Arena floor from a hockey rink into a concert floor as well as staffing associated with housekeeping, ticket takers, ushers, security, police, and emergency medical technicians.

This incentive to offset venue expenses for the promoter was critical in securing the Luke Combs concert given the American Bank Center Arena's capacity relative to the other venues on his tour. Specifically, the average venue capacity on his current tour is 15,810 which is nearly double the American Bank Center's Arena at 8,900. This tour consists of performances in forty-six cities including major league sports arenas in San Antonio, Texas (AT&T Center), Houston, Texas (Toyota Center), Pittsburgh, Pennsylvania (PPF Paints Arena), Philadelphia, Pennsylvania (Wells Fargo Arena), Nashville, Tennessee (Bridgestone Arena), and Cleveland, Ohio (Rocket Mortgage

Fieldhouse).

Considering the American Bank Center Arena has approximately 7,000 less seats than the tour average, the potential revenue from ticket sales is much less for the promoter to generate which is their primary source of their income. In order for the concert's financials to make sense, we needed to incentivize the promoter by reducing their expenses associated with renting the facility.

Given the quick turnaround necessary, the rent reduction was offered in order to secure the concert at the American Bank Center. The show was confirmed in mid-September and went on sale to the general public on Friday, September 27, 2019. The show was an instant sell out attracting thousands of people from outside the Coastal Bend including ticket buyers from Memphis, Tennessee and New Orleans, Louisiana. In total, tickets were purchased from 47 different counties in Texas. This concert will have a major impact on our local economy with thousands of out of town visitors spending money in local hotels, restaurants and other businesses.

This event will also have a major impact on the American Bank Center's financials as Luke Combs is breaking concessions sales records at nearly every venue he has played. In addition, all available suites have been sold adding more revenue to the bottom line.

The strategic plan of utilizing Type A Marketing/Co-Promotion funds for incentivizing promoters to attract major concerts is proving successful as it has resulted in multiple sold out Arena concerts (KISS, Luke Combs), nearly sold out shows (New Kids on the Block, Mana) as well as Luis Miguel (3,500) and Five Finger Death Punch (anticipating 5,500-6,000). This funding support resulting in successful shows is important in securing future Arena concerts.

Given the timing of the booking opportunity, we needed to provide the rent reduction in advance of receiving approval for the Marketing/Co-Promotion dollars. Any delay to the booking process would have resulted in the promoter considering other options for Luke Combs to perform his concert on April 24, 2020. This would have had a negative financial impact for the American Bank Center and Corpus Christi.

ALTERNATIVES:

American Bank Center would still provide AEG Live their Rent Reduction incentive. However, it would result in less profit for the venue as it would have to utilize \$40,000 of the ancillary revenues (parking, concessions) to cover the costs to organize the concert.

FINANCIAL IMPACT:

This event has the potential to be the largest profit generating concert in the Arena's history.

If funding is not secured, it could result in future lost revenue opportunities as American Bank Center would not offer funding support to potential promoters in advance of Type A Board approval which would have a negative impact on booking of major shows.

Funding Detail:

Fund: 4710 Visitor Facility
Organization/Activity: 13615 Arena Marketing/Co-Promotion
Mission Element: 734 Tourism
Project # (CIP Only): N/A
Account: 530500 Printing Advertising & PR

RECOMMENDATION:

Staff recommends approval of this item.

LIST OF SUPPORTING DOCUMENTS:

Luke Combs Tour – Arena Tour Capacities

Luke Combs Concert – Ticket Sales by Location