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## RESEARCH NOTE

#PARG 2022-17RN

# Sale of Ottawa Senators

## Information on a future transaction

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This research note presents some information on the sale of the Ottawa Senators.

This research note was finalized on December 23, 2022.

### Introduction

Since 1990, three owners were successively leading the Ottawa Senators, Bruce Firestone, Rod Bryden and Eugene Melnyk. The death of Eugene Melnyk in March 2022 and the announcement by his daughters to initiate the sale of the Ottawa Senators in November 2022 brought a lot of interest by eventual buyers.

The objective here is to summarize some public information on the sale of the Ottawa Senators, its valuation and potential buyers.



### Methodology

The archival methodology used to prepare the research note is essentially an examination of documents publicly available and newspapers article. Forbes' valuation is compiled with "information from the teams, sports bankers, team executives, media consultants and public documents, like arena lease agreements and bond documents" (Ozanian and Teitelbaum, 2022). The focus is on the business side and not on the hockey side, which is also rich in learning and stories.



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## Context

Before looking at the sale transaction, it may be valuable to briefly present the main period in the life of the Ottawa Senators in the National Hockey League (NHL). Appendix A offers a summary of some chronological events.

### *Original team – 1917-1934*

Founded in 1883, the original Ottawa Senators played in the NHL between 1917 and 1934. They won 11 Stanley Cups (Wikipedia, 2022). Frank Finnigan, the last surviving player of the 1927 Stanley Cup champion edition has supported the bid in 1990.

### *From the idea in 1988 to a new expansion team lead by Bruce Firestone*

Bruce Firestone (2015), a real estate developer with Terrace Investments Ltd, along with Cyril Leeder and Randy Sexton, launched a bid for a new NHL franchise. The plan was “Buy the site, win the franchise, build the building” (Wikipedia, 2022). Without enough assets to finance the bid, a real estate development was planned around the future arena in Kanata. The land found was initially designated for agriculture. A number of obstacles were encountered leading to the construction of the arena, including the need to pay for a necessary highway interchange and rejection of development project (Baines, 2017). After a two-year public campaign, the group obtained on December 6, 1990 the right to purchase a new NHL franchise (at the same time as the Tampa Bay Lightning). The first season was in 1992-1993.

### *Years of financial turmoil and Rod Bryden era - 1992*

The difficulty around the construction of the arena brought a financial struggle that led to multiple attempts to have financing deals in place, including with Ogden Entertainment, American banks, Government of Ontario, federal government, and Canadian pension fund. Due to financial difficulties, Rod Bryden purchased in 1992 a majority share in Terrace partnership (Duffy, 2015; Wikipedia, 2022). Missing financial deadlines, Bruce Firestone resigned in 1993 and Rod Bryden became the principal owner, CEO, Chairman and Governor of the Ottawa Senators franchise. The construction of the arena went through the Palladium Corporation starting in 1994.

However, the debt had a large weight on the team before and during the Bryden years. Ogden (transformed in Covanta Energy) went bankrupt in 2002. The Bryden years end up in a bankruptcy in January 2003.

### *Purchase by Eugene Melnyk - 2003*

Eugene Melnyk bought the Ottawa Senators on August 26, 2003. Capital Sports & Entertainment (CSE) and affiliates were established to own and operate the Ottawa Senators, the Canadian Tire Centre and manage Sensplex properties in Ottawa (NHL.com, 2022).



## *Death of Eugene Melnyk - March 2022*

Eugene Melnyk, Senators owner, died at 62 on March 28, 2022 from an illness (NHL.com, 2022). His two daughters, Anna Melnyk (23), a second year student at Queen's University, and Olivia Melnyk (20), a recent graduate from UCLA in 2021, are the main beneficiaries of the Eugene Melnyk Estate (Garrioch, 2022 April 20; Woods, 2022). Therefore, Anna and Olivia are the new owners of the shares of the corporations responsible for the Ottawa Senators.

A transition team of three persons has been named to manage the hockey club including: Sheldon Plener, a law partner at Cassels, executor of Melnyk's estate and chairman of the Board of directors; Lawrence Zeifman, longtime business associate; and John Miszuk, club's chief administrative officer (Garrioch, 2022 April 20). The operations of the organization are under the responsibility of Erin Crowe, chief financial officer, Anthony LeBlanc, president of the business operations, and Pierre Dorion, general manager (Garrioch, 2022 April 20). GM Dorion contract ends in 2024-25 and coach D.J. Smith contract expires in 2023-24 (Warren, 2022 Nov 3).

### **Value of the Ottawa Senators**

Getting the value of a private corporation is always a difficult task without proper information. The *Forbes* magazine published on a regular basis valuation of professional sports teams in various leagues, such as the National Basketball Association (NBA), the Major Baseball League (MLB), the National Football League (NFL), and the National Hockey League (NHL) (Forbes, 2022a; Ozanian and Badenhassan, 2020; Ozanian and Teitelbaum, 2022).

### *Information on Ottawa Senators*

Table 1 presents some information on Ottawa Senators. Even if there is no focus on the hockey operations in this research note, the hockey operations are the core of the transaction. Some fans are disappointed and some are excited for the future on the ice (Mendes, 2022). Appendix B presents a summary of Ottawa Senators hockey players with contract information, position, age, and salary cap in 2022-2023.

Table 2 presents some information on the arena, presently named the Canadian Tire Centre. During the first three seasons, the team played in the Ottawa Civic Centre, home of the Ottawa 67's, a major junior hockey team. The Canadian Tire Centre (CTC) is the home of the Ottawa Senators. In addition to hockey, a variety of events take place at CTC, such as arts and theater (Cirque du Soleil), comedy (Kevin Hart), family (Disney on Ice, Harlem Globetrotters, Paw Patrol), lecture (Barack Obama), music (Celine Dion, Kiss, The Weeknd), sports (WWE, Capital Hoops Classic, Monster Spectacular, Canadian interuniversity Sport men's basketball championship, 2009 World Junior Ice Hockey Championship). It is the main arena in the Ottawa-Gatineau area, the National Capital of Canada with a population of 2,642,825 persons per the 2021 Census (Statistics Canada, 2022).



Table 1 - Information regarding the Ottawa Senators (since 1990)

Owner	Eugene Melnyk estate	
Year purchased	2003	
Price paid	~US\$100 M	
Initial expansion franchise fee	US\$50 M	In 1990
Championship (Stanley Cup)	0	(11 during 1917-1934)
Finalist in Stanley Cup	1	2007 playoff
Conference championship (Eastern conference)	1	2006-07 hockey season
Presidents' Trophy (most points during regular season)	1	2002-03 hockey season
Division championships (Atlantic Division)	4	1998-99 hockey season 2000-01 hockey season 2002-03 hockey season 2005-06 hockey season
Revenue	US\$157 M	2020-21 hockey season
Gate receipts	US\$26 M	2020-21 hockey season
Players expenses	US\$57 M	2020-21 hockey season
Operating income	US\$47 M	2020-21 hockey season
Wins-to-player cost	91	
Revenue per fan	US\$71	
Metropolitan area population	2,642,825	2021 Census
Media partners	TV: TSN, RDS Radio: TSN 1200AM 94.5 Unique FM	

Source: Forbes (2022b); Schram (2022); Statistics Canada (2022)

Table 2 - Information on the arena (Canadian Tire Centre)

Information	Description
Owner	Senators Sports & Entertainment
Location	Ottawa (Kanata – West of Ottawa) 417 Highway, west of Terry Fox Drive
Architect	Rosetti Architects
Type	Multi-purpose indoor arena
Year opened	1996 (January 15)
Expansion	2005
Cost to build	US\$145 M / C\$170 M
Seating capacity	18,652 seats
Average ticket price	US\$60
Concessionaire	Aramark
Previous names	1996 = Palladium 1996 - 2006 = Corel Centre 2006 - 2013 = Scotiabank Place 2013 - present = Canadian Tire Centre

Source: Forbes (2022b)



### *Forbes Valuation of NHL Teams*

Forbes (2022b) valuation distinguishes between four main components in their calculations and they are presented in Table 3. Table 4 presents the current value for the seven Canadian NHL teams and Table 5 presents the valuation of all NHL teams per *Forbes* in December 2022.

Table 3 - Components of valuation of hockey teams per Forbes

Component of valuation	Description
Sport	Portion of franchise's value attributable to revenue shared among all teams.
Market	Portion of franchise's value attributable to its city and market size.
Stadium	Portion of franchise's value attributable to its arena.
Brand	Portion of franchise's value attributable to its brand.

Source: Forbes (2022a)

Table 4 - Valuation of Canadian NHL teams per Forbes

Rank	Team	Current value US\$	1-year Value Change	Debt /Value	Revenue US\$	Operating Income US\$
#2	Toronto Maple Leafs	\$2.000 B	11%	10%	\$248 M	\$116 M
#3	Montréal Canadiens	\$1.850 B	16%	12%	\$239 M	\$110 M
#7	Edmonton Oilers	\$1.275 B	16%	6%	\$230 M	\$87 M
#13	Vancouver Canucks	\$1.010 B	22%	12%	\$187 M	\$58 M
#21	Calgary Flames	\$855 M	26%	14%	\$178 M	\$41 M
#24	Ottawa Senators	\$800 M	52%	25%	\$157 M	\$47 M
#27	Winnipeg Jets	\$650 M	13%	27%	\$149 M	\$22 M

Source: Forbes (2022a) Note: value calculated in December 2022

### *Recent transactions of professional sports teams*

Some recent transactions regarding other North American professional sports teams may be relevant to offer a basis to compare the Senators' transaction (ESPN, 2022).

In the National Hockey League (NHL), the owners of the Seattle Kraken recently paid the NHL's expansion franchise fee (US\$650 Million converted at C\$878 M) and officially became league's 32<sup>nd</sup> team (Baker, 2021). In 2021, the Pittsburgh Penguins was sold for US\$900 M (Woods, 2022). In 2022, the Nashville Predators was purchased for a value estimated at US\$775-900 M by Bill Haslam (Badenhausen, 2022; Woods, 2022).

In the National Football League (NFL), the NFL owners approved in August 2022 the purchase by the Walton-Penner group (family associated with Walmart) of the Denver Broncos for US\$4.65 Billion (converted at C\$6.28 B) from Pat Bowlen (Legwold, 2022). This is a record for a North American sports franchise. Pat Bowlen had stepped down in July 2014 from day-to-day operations after 30 years due to Alzheimer's disease and the club was managed by a trust overseen by Joe Ellis and others.



Table 5 - Valuation of all NHL teams per Forbes

Rank	Team	Current value US\$	Revenue US\$	Operating Income US\$
#1	New York Rangers	\$2.200 B	\$249 M	\$90 M
#2	Toronto Maple Leafs	\$2.000 B	\$248 M	\$116 M
#3	Montréal Canadiens	\$1.850 B	\$239 M	\$110 M
#4	Chicago Black Hawks	\$1.500 B	\$222 M	\$92 M
#5	Boston Bruins	\$1.400 B	\$218 M	\$57 M
#6	Los Angeles Kings	\$1.300 B	\$249 M	\$88 M
#7	Edmonton Oilers	\$1.275 B	\$230 M	\$87 M
#8	Philadelphia Flyers	\$1.250 B	\$190 M	\$35 M
#9	Washington Capitals	\$1.200 B	\$192 M	\$55 M
#10	Seattle Kraken	\$1.050 B	\$191 M	\$67 M
#11	Detroit Red Wings	\$1.020 B	\$187 M	\$61 M
#12	New York Islanders	\$1.010 B	\$181 M	\$35 M
#13	Vancouver Canucks	\$1.010 B	\$187 M	\$58 M
#14	Tampa Bay Lightning	\$1.000 B	\$187 M	\$27 M
#15	Pittsburg Penguins	\$990 M	\$187 M	\$37 M
#16	Vegas Golden Knights	\$965 M	\$198 M	\$64 M
#17	New Jersey Devils	\$960 M	\$191 M	\$37 M
#18	Dallas Stars	\$925 M	\$187 M	\$43 M
#19	St Louis Blues	\$880 M	\$180 M	\$56 M
#20	Colorado Avalanches	\$860 M	\$178 M	\$43 M
#21	Calgary Flames	\$855 M	\$178 M	\$41 M
#22	Minnesota Wild	\$850 M	\$169 M	\$40 M
#23	Nashville Predators	\$810 M	\$169 M	\$35 M
#24	Ottawa Senators	\$800 M	\$157 M	\$47 M
#25	San Jose Sharks	\$740 M	\$150 M	\$6.7 M
#26	Anaheim Ducks	\$725 M	\$158 M	\$44 M
#27	Winnipeg Jets	\$650 M	\$149 M	\$22 M
#28	Carolina Hurricanes	\$640 M	\$159 M	\$18 M
#29	Columbus Blue Jackets	\$620 M	\$144 M	\$31 M
#30	Buffalo Sabres	\$610 M	\$143 M	\$20 M

Source: Forbes (2022a) Note: value calculated in December 2022

A few transactions in the Major Baseball League (MLB) may be relevant (ESPN, 2022). In 2020, the New York Mets were purchased for US\$2.4 Billion by Steve Cohen, hedge fund manager (ESPN, 2022). In 2012, the Los Angeles Dodgers were purchased for US\$2 Billion (ESPN, 2022).

A few transactions in the National Basketball Association (NBA) may be relevant (ESPN, 2022). In December 2022, Mat Ishbia, a billionaire mortgage lender and president of United Wholesale Mortgage based in Michigan, is completing the purchase of the NBA Phoenix Suns and the WNBA's Phoenix Mercury for US\$4 Billion. The acquisition followed the 10-month investigation by the NBA on "allegations of racism and misogyny" by previous owner, Robert Sarver (ESPN, 2022).



In 2019, the Brooklyn Nets (US\$2.35 Billion) and Barclays Center operating rights (US\$1 Billion) were purchased for a total of US\$3.35 Billion by Joe Tsai (Alibaba) from Mikhail Prokhorov (Badenhausen, 2019; ESPN, 2022). In 2018, the Carolina Panthers were purchased for US\$2.275 Billion by David Tepper, hedge fund manager, from Jerry Richardson (ESPN, 2022). The team became available “after sexual harassment and workplace misconduct accusations” (ESPN, 2022). In 2017, the Houston Rockets were purchased for US\$2.2 Billion by Tilman Fertitta (Badenhausen, 2019).

Table 6 presents a list of a selected group of recent transactions regarding sales of professional sport teams in the four main North American sports leagues.

Table 6 - List of recent transactions regarding sales of professional sport teams

Teams	Leagues	Years	Price paid for the team (US\$)
Denver Broncos	NFL	2022	US\$4.65 Billion
Phoenix Suns	NBA	2022	US\$4 Billion
New York Mets	MLB	2020	US\$2.4 Billion
Brooklyn Nets	NBA	2019	US\$2.35 Billion
Carolina Panthers	NBA	2018	US\$2.275 Billion
Houston Rockets	NBA	2017	US\$2.2 Billion
Los Angeles Dodgers	MLB	2012	US\$2 Billion
Pittsburg Penguins	NHL	2021	US\$900 Million
Nashville Predators	NHL	2022-2025	US\$775-900 Million

Source: MLB = Major Baseball League NBA = National Basketball Association; NFL = National Football League; NHL = National Hockey League

### *Valuation of Ottawa Senators*

Table 7 presents the Forbes (2022b) valuation for the four components adding to around US\$800 Million dollars (converted at C\$1,080 M) (Ozarian and Teitelbaum, 2022). Estimates place the value between US\$800 Million and US\$1 Billion and “the new owners also have to agree to build the rink at LeBreton Flats” (Garrioch, 2022 Dec 1). Valuations by *Forbes* magazine was placing the value of the Ottawa Senators at US\$430 M (converted at C\$581 M) in 2020 (Ozarian and Badenhausen, 2020) and at US\$525 M (converted at C\$709 M) in 2021 (Ozarian and Teitelbaum, 2022). “Sportico valued the Senators at US\$655 Million (converted at C\$884 M) in December 2022 (Woods, 2022). Warren (2022 Nov 3) cites an estimated value between US\$650 and US\$900 million.

“League executives believe the sale could ultimately reach as high as the \$2-billion mark when everything is said and done. Potential owners can expect to not [only] purchase the Senators, but also the Canadian Tire Centre, as well as commit to building a new arena at LeBreton Flats” (Negin-Shecter, 2022). Per a league executive, the “transaction could easily be in the \$2 billion range” (Garrioch, 2022 Dec 9). In addition to the team, the Canadian Tire Centre will be acquired in the deal. This is an asset for the buyer. The building could be repurposed for warehouse, commercial or retail use. The land is worth around C\$100 M (Mendes, 2022). It could have value for residential use.



Table 7 - Valuation of Ottawa Senators by Forbes' calculations

Component of valuation	Description of component	Value US\$	Value Can\$
Sport	Portion of franchise's value attributable to revenue shared among all teams	US\$293 M	C\$396 M
Market	Portion of franchise's value attributable to its city and market size	US\$238 M	C\$322 M
Stadium	Portion of franchise's value attributable to its arena	US\$152 M	C\$205 M
Brand	Portion of franchise's value attributable to its brand	US\$116 M	C\$157 M
total		<b>US\$800 M</b>	<b>C\$1,080 M</b>

Source: Forbes (2022b); Values in US\$ converted in Canadian \$ at 1.35 exchange rate

## Process of Sale

Even if the potential sale of the Ottawa Senators was in the air since the death of Eugene Melnyk and even before, nothing was confirmed until recently. On November 4, 2022, Sheldon Plener, chairman of the Board of directors of Senators Sports & Entertainment, announces that a process has been initiated for the sale of the Ottawa Senators Hockey Club (Sens Communications, 2022; Schram, 2022). Melnyk daughters have mentioned : "A condition of any sale will be that the team remains in Ottawa" (Sens Communications, 2022).

### *Land on LeBreton Flats*

Working on a bid for a project on LeBreton Flats, including a new arena, is a couple of years old. LeBreton Flats is the site of a 29-hectare redevelopment project (Willis, 2022). Following a bidding process by the National Capital Commission (NCC), Eugene Melnik's Capital Sports Management and John Ruddy's Trinity Development, partners in RendezVous LeBreton group "won the preferred status in 2018 to build a new arena and mixed-use development on the site" (Garrioch, 2022 March 1). However, the deal fell apart. "Melnik's Capital Sports Management Inc. sued Ruddy for \$700 million and then Trinity counter-sued for \$1 billion" (Garrioch, 2022 March 1). Settling the lawsuits between the Senators and Trinity regarding LeBreton Flats clear the way for a clean slate for new arrangements (Garrioch, 2022 Dec 14a).

The parcel of land for the arena is only seven acres in size, which is sufficient for a building and maybe one high-rise condominium or hotel (Mendes, 2022). It may be possible to get other parcels of land with further negotiations. A Memorandum of understanding was signed in June 2022 between the National Capital Commission (NCC) and the Ottawa Senators for the construction of a new arena on LeBreton Flats (Forbes, 2022b). The Senators secured the preferred bidder status (Schram, 2022). The new arena would be close to downtown Ottawa to replace the Canadian Tire Centre presently located in Kanata. There is a need to have a lease agreement in place regarding LeBreton by September 2023 (Garrioch, 2022 Nov 3). Negotiation are handled by Senators chief financial officer, Erin Crowe, Anthony LeBlanc, president of business operations and others (Garrioch, 2022 Nov 5).





## *Owners, advisers and NHL*

Galatioto Sports Partners (GSP) is the financial adviser hired to help in selling the team (Garrioch, 2022 Nov 5). Table 8 offers some information on the firm but also other interested parties involved in the sale. Appendix C presents some additional information on Galatioto Sports Partners. The National Hockey League (NHL) and commissioner Gary Bettman will also play an important role in supporting the transaction of the NHL and the owners.

Table 8 - Interested parties involved in the sale

Parties	Information
Eugene Melnyk Estate (Anna and Olivia Melnyk)	Owners
Galatioto Sports Partners (GSP)	Sal Galatioto, president
	Financial adviser
	New York based sports banking firm
National Hockey League (NHL)	Gary Bettman, commissioner
	Bill Daly, deputy commissioner
	Vetting process to have access to information
	NHL executive committee has to vet the new owners and approve the sale of the team

Source: Garrioch (2022 Dec 10)

## *Data room and information*

There is a delay in the process due to the time needed in opening the data room (Garrioch, 2022 Dec 21; Mendes, 2022). The data room will offer some information to allow the due diligence to take place by the buyers. Table 9 presents some information included in the data room for potential bidders. Each potential buyer will have to sign a non-disclosure agreement (NDA) to have access to the data room and the club's books, A screening will be performed before gaining access. Other conditions may apply as well.

## *Special type of purchase*

Buying a professional sport team is not similar to the regular purchase of a private or public corporation. The prestige and recognition of ownership is a 'prized' purchase. Few teams are available every year. Most owners keep their teams for a long period. Reasons to sell a team may go from allegations or accusations of racism, misogyny, sexual harassment and workplace misconduct, health issues or death.

In that kind of transaction, money is no object, many of the owners are billionaires (ESPN, 2022). Considering the purchase price of many teams, deep pockets are required to complete a transaction like that. The transaction "can be a source of community, a source of common purpose, a source of common pride" (Legwold, 2022).



Table 9 - Information in the data room for potential approved bidders

- Corporate structure of all related entities under club's umbrella
- Business model of all entities
- Audited financial statements (at least 5 years) and budgets of all entities (assets, liabilities / debts)
- Details of every contract signed by the organizations, including player, hockey operations, executives, general staff contracts
- Terms and conditions of every deal the franchise has signed with a vendor or sponsorship partner (naming rights, food and beverage, parking)
- Proposal on development of new arena with National Capital Commission and others
- Broadcasting deals with media rights holders
- Information on Canadian Tire Centre and entertainment business
- Marketing strategies
- Branding effort and commercialization of products
- Tickets pricing structure
- Season ticket holders information (numbers, pricing, terms and conditions)
- Detailed information about the business operations of every entities
- Detailed information about the Belleville Senators and Sensplex arenas
- Tax information: status, issues and risks
- Specific information about the club's charitable activities

Adapted from Mendes (2022), and Cadieux and Brouard (2009)

## Potential Buyers for the Ottawa Senators

Apparently more than 20 interested buyers have some interest in being part of the purchasing group (Garrioch, 2022 Dec 9; Dec 14a). However, some buyers could be interested to only have a majority stake in their group. The "league has indicated more than a dozen parties have signed a non-disclosure agreements" (Garrioch, 2022 Dec 21a).

The expectations are to have five or six serious bids for consideration by Melnyk's family and the NHL and then reduced to two or three serious ones (Garrioch, 2022 Dec 21a).

Table 10 presents a list of the potential buyers mainly from newspapers reporting. Other buyers may come from the partners in the LeBreton bid, namely Sterling Project Development, Populous, Tipping Point Sports and Live Nation (Garrioch 2022 Nov 3).

Some of the buyers may form a group together, for example Michael Andlauer, Rocco Tullio and Paul and Michael Paletta may have partnered together in their bid. This would bring strengths to a particular bid.

Anna and Olivia Melnyk may be interested to retain a small percentage of the hockey team (Garrioch 2022 Nov 3). It may be symbolic, as the buyers may not be interested to have them as partners.



Table 10 - List of potential buyers for Ottawa Senators

Buyers	Organization / City	Comments
Michael Andlauer	ATS Healthcare Group AMG Andlauer Management Group (Hamilton)	Transport and logistics billionaire Owned the Belleville Bulls (OHL) transferred to Hamilton and became Hamilton Bulldogs (OHL) Owned the Hamilton Bulldogs (AHL) until 2015 (sold to the Montréal Canadiens) Owned 20% of the Montréal Canadiens / Bell Centre / Evenko (with the Molson's family) (may sell Habs' shares to André Desmarais) Alternate governor of the Montréal Canadiens Has spoken with Ryan Reynolds
Michael and Jeffrey Kimel	Harlo Capital Chase Hospitality Group Over-Active Media (Toronto)	Real estate billionaires Had talk with Melnyk regarding LeBreton Flats Were part owner of the Pittsburgh Penguins Served on management committee of Penguins Expertise in e-sports Has spoken with Ryan Reynolds
Rocco Tullio	Rock Developments (Windsor)	Owner of Oshawa Generals (OHL) Offered \$650 M for the team to Eugene Melnyk before he died
Paul and Michael Paletta	Alinea Group Holdings (Burlington)	Investments in real-estate development, entertainment industry
André Desmarais	Power Corporation (Montréal)	Had interest with another group bidding for LeBreton Flats in 2016 (may get Habs' shares from Michael Andlauer)
Paul Rivett	Nordstar Capital (Toronto)	Lawyer Involved with Toronto Star / Torstar Corp President of Fairfax Financial Holdings (2013-2020)
Patrick Dovigi	GFL Green For Life Environmental (Toronto)	Founder, president and CEO of GFL Former goalie (OHL Erie Otters)
Jeff York	Farm Boy (Ottawa)	CEO of Farm Boy Try to put together a local group Part of a group with André Desmarais in 2016 in a bid on LeBreton Flats
Roger Greenberg	Minto Group OSEG (Ottawa)	Executive chairman of Ottawa Sports and Entertainment Group (OSEG), with teams such as Ottawa Redblacks, Ottawa Fury FC (2014-2019), Ottawa 67's, Ottawa Titans Operates TD Place Stadium and Arena Partners in Terrace limited partnership in 1992
Neil Malhotra	Claridge Homes (Ottawa)	Opportunity for real estate development
Ryan Reynolds	Maximum Effort (Los Angeles) (New York)	Vancouver-born actor Spent youth in Vanier (Ottawa community) Owner of Wrexham AFC, a Welsh Soccer Team Need financial partner May promote team and hockey with film series
'Mystery group'	Canadian-based group	? Has spoken with Ryan Reynolds

Source: Garrioch (2022 April 20, Nov 2, Nov 3, Nov 5, Nov 17, Nov 18, Nov 24, Dec 1, Dec 10, Dec 14b, Dec 21a); Schram (2022); Woods (2022)



The ideal mix for the new group may have the following strengths:

- Financial resources for the acquisition;
- Good reputation of all partners;
- Expertise in real estate development, especially with new arena project;
- Experience in hockey operations;
- Expertise in entertainment industry;
- Relationship with National Hockey League (NHL) peoples and inner circle;
- Expertise in marketing or public figure representing the team;
- Political connections to engage federal, provincial and local governments.

There are no worries regarding the financial resources of the buyers. They need to have deep pocket for the hockey team, but also for the real estate development with the new arena. However, a high net worth is one thing, but the challenge may be to have the necessary liquidity on time for a transaction.

Reputation may be a consideration in bringing a new owner in a league. This is especially true to avoid “investigations into a culture of sexual harassment” and the fine of US\$10 M on Daniel Snyder (Washington Football Team) by the NFL (Willis, 2022).

Considering the importance and high priority (Mendes, 2022) on the new downtown arena, the group should have expertise in real estate development and knowledge and connections with local players. LeBreton Flats is a unique opportunity for the arena. Other locations may also be found around the city, if the LeBreton deal is not working.

The group should have some expertise and experience in hockey or sports operations, in the entertainment industry, in marketing and relationships and connections within the NHL and governments.

Billionaire Michael Andlauer may be an early favorite considering his connection with the NHL (Willis, 2022). However, he will have to sell his shares in the Montréal Canadiens. Andlauer “has reportedly taken a significant step to create liquidity for a bid, freeing up a reported \$86.6 million by selling shares of his company, Andlauer Healthcare Group” (Negin-Shecter, 2022). Michael and Jimmy Kimel and a Canadian-based “mystery group” are reportedly strong groups as well (Garrioch, 2022 Dec 14a).

A local group based in Ottawa may also be a favorite considering the link with the Ottawa community. They may represent an interesting minority group to connect locally with the community, may have the local real estate knowledge and also connections with other sports teams in the region. Roger Greenberg and his family was present in many periods during the foundation and financial turmoil (Garrioch, 2022 April 20). Daniel Alfredsson may help in adding credibility on the hockey side of the deal by being a partner or having a position in the organization (Warren, 2022 Nov 3). This may be a role similar to the one played by Jean Béliveau with the Montréal Canadiens.

Deachman (2022) recalled that having outside owner may be difficult, such as Bernie and Lonie Gieberman and Horn Chen (with Ottawa Rough Riders); the experience with Eugene Melnyk, Torontonion living in Barbados, was not always easy.



A special case is Ryan Reynolds, an actor, who demonstrated a “real” and “genuine” interest in being part of the purchasing team (Garrioch, 2022 Nov 4). He is a co-owner of Wrexham AFC, a Welsh Soccer Team, with American actor Rob McElhenney and produced a documentary on the purchase (Crawford 2022 Nov 5). The National Hockey League (NHL), both Gary Bettman, commissioner, and Bill Daly, deputy commissioner, is interested to have Reynolds as a minority partner in the ownership group with his star power; this may help in “raising the profile of the NHL, than just the Senators” (Garrioch, 2022 Dec 10). This will help in bringing hockey in the major league sports.

## **Conclusion**

The buyer or the buying group should have financial resources, expertise and experience in a number of areas regarding hockey, real estate, and entertainment. Considering the previous financing struggles in early years of the franchise, it is hopeful that the buyer will have sufficient financial resources to have a team able to win a Stanley Cup.

Officially started in November 2022, the sale will take part in 2022 and in 2023 until completion. The timing of the sale may go until March 2023 for the first phase (Garrioch, 2022 Dec 21). The due diligence process by bidders will take some time and will be a quiet / private period. There are expectations of big announcements during the quiet period.

Considering the expansion franchise fee of US\$650 (converted at C\$877) paid by the Seattle Kraken for a new team, it is probably a low level for an established team like the Ottawa Senators with a group of promising players signed for the long term. Estimated value could bring the cost for the buyer between C\$1,080 million dollars (US\$800M) and C\$1.35 billion dollars (US\$1 B) and possibly go as far as C\$2 billion dollars, when the team and the arena are separated.

With the rare opportunity to get a NHL franchise (Schram, 2022), there is anticipation of record price (Woods, 2022). The future will tell who will win the prize of being the new owner of the Ottawa Senators and how it will cost.



## ABOUT THE AUTHOR

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## Appendix A

### Some chronological events associated with Ottawa Senators

(based on CBC News (2022), Wikipedia (2022) and various sources)

Date	Description
March 1988	Idea of a bid to bring back the Ottawa Senators
June 22, 1989	Public announcements by Terrace Investments Ltd. to acquire an NHL team.
September 7, 1989	Kick off of 'Bring Back the Senators' campaign lead by Bruce Firestone
December 1990	Bruce Firestone secures an NHL expansion franchise for Ottawa after a presentation in Palm Beach, Florida.
October 8, 1992	First game played in the Ottawa Civic Centre (winning 5-3 against the Montréal Canadiens)
1992	Rod Bryden bought a majority stake in Terrace
August 17, 1993	Firestone resigns as CEO of Terrace limited partnership. A mortgage payment on the property is missed and the development fees owed the city are overdue, while construction of the arena has not yet started.
August 17, 1993	Rod Bryden took full control in Terrace New CEO of Terrace limited partnership
February 1994	Bryden's frustration mounts in his quest to find lenders to build the arena.
July 1994	Construction begins on the arena, Palladium, with a \$188 million price tag Bryden's deal to build the facility involves almost entirely borrowed money.
January 17, 1996	First game in new arena "Palladium"
February 1996	Naming rights in a 10-year deal with Corel Corporation (new name of arena Corel Centre)
September 1999	Bryden makes a plea to governments for financial help, demanding an annual tax break of between \$10 million and \$12 million.
December 1999	Bryden puts the team up for sale.
February 2000	Bryden changes his mind and decides not to sell the club.
August 2002	Bryden announces a plan to re-finance the hockey team, his second attempts. The debt for the team and Corel Centre sits at about \$375 million.
November 2002	Court documents reveal the Senators have borrowed \$14 million from the NHL to pay bills.
December 31, 2002	The re-financing deal collapses. The club has no operating money.
January 1, 2003	Players are told there's not enough cash to pay their salaries.
January 9, 2003	The Ottawa Senators Hockey Club Corporation receives bankruptcy protection, which outlines a process to sell the team.
January 14, 2003	Bryden and an unidentified co-investor submit a bid for the team and the Corel Centre.
January 31, 2003	Toronto billionaire Eugene Melnyk expresses his interest, should the team go on the open market.
February 11, 2003	Bryden announces that his deal has been accepted by the team's senior creditors, but it's conditional on the approval of the Corel Centre purchase. The bankruptcy court must also give its blessing.
February 27, 2003	Bryden's deal falls apart after his US partner backs out.
April 2, 2003	Drug industry billionaire Eugene Melnyk submits a bid to buy the financially-troubled team.
April 27, 2003	NHL commissioner Gary Bettman says the league has reached an agreement with Melnyk.



Date	Description
May 9, 2003	Ontario Justice James Chadwick approves a plan put forward by bankruptcy lawyers that conditionally sells the Senators to Melnyk, although it hinges on him securing the purchase of the Corel Centre.
August 26, 2003	New owner = Eugene Melnyk (acquisition of the Ottawa Senators)
~ September 2003	Terrace limited partnership dissolved
February 2006	Naming rights in a 25-year deal with Scotiabank (new name of arena Scotiabank Place)
2013	Scotiabank sold naming rights to Canadian Tire Corporation (new name of arena Canadian Tire Centre)
July 5, 2013	Departure of Daniel Alfredsson for the Detroit Red Wings
May 18, 2015	Melnyk makes a public plea for a live liver donor. Without one he says his condition will become 'life-threatening'.
April 28, 2016	The Senators inch towards relocating to the downtown after a bid backed by the team was named top choice to redevelop LeBreton Flats.
April 29, 2016	The National Capital Commission (NCC) reveals the Senators-backed RendezVous Group earned the higher of two marks in the bids to redevelop LeBreton Flats.
May 2017	Eastern Conference final (losing in a seven-game series against the Pittsburgh Penguins)
2018	Partners in RendezVous LeBreton group, Eugene Melnik (Capital Sports Management) and John Ruddy (Trinity Development), won the preferred status to build a new arena and mixed-use development on LeBreton site
March 19, 2018	With fans angry at the team's penny-pinching, #MelnykOut billboards go up around Ottawa, paid for by fans who want the owner to relinquish control of the team.
August 2018	RendezVous LeBreton prepares to submit official applications.
September 13, 2018	Team captain Erik Karlsson is traded to the San Jose Sharks.
November 22, 2018	The plan for the massive redevelopment of LeBreton Flats, including a new NHL arena, is in danger of failing over a disagreement between the key members of the group awarded the major project.
November 23, 2018	Melnyk alleges in a lawsuit that Ottawa Mayor Jim Watson's office responded with 'threats and intimidation' to news that the LeBreton Flats redevelopment project was in peril.
March 22, 2019	Melnyk makes comments about trading players, drawing the ire of fans.
2020-2021	COVID pandemic
December 1, 2021	The National Capital Commission (NCC) renews its call for submissions for the stalled development of LeBreton Flats.
March 28, 2022	Eugene Melnyk dies at the age of 62, leaving the team to his two daughters.
June 23, 2022	The National Capital Commission (NCC) inks a new agreement with the Ottawa Senators to bring an arena to LeBreton Flats.
November 4, 2022	The team is officially put up for sale.
November 6, 2022	Ryan Reynolds attending Sens game
November 7, 2022	Ryan Reynolds at The Late Night Show with Jimmy Fallon mentions his interest in purchasing the Ottawa Senators but need financial partners.
December 2022	Lawsuits settled between Capital Sports Management and Ruddy / Trinity
December 1, 2022	Anticipation of access for bidders to a website with information on the team
January 2023	Possible new date to provide access for bidders to a data room



## Appendix B Ottawa Senators Players in 2022-2023

Name	Years remaining	Position	Age	Cap Hit 2022-2023
<b>Forwards (12 - \$33,889,881)</b>				
Tkachuk, Brady "C"	6 UFA	LW, C	23	\$8,205,714
Giroux, Claude "A"	3 UFA	RW, C	34	\$6,500,000
DeBrincat, Alex	1 RFA	LW, RW	25	\$6,400,000
Batherson, Drake	5 RFA	RW	24	\$4,975,000
Watson, Austin	1 UFA	RW, LW	30	\$1,500,000
Motte, Tyler	1 UFA	LW, RW	27	\$1,350,000
Gambrell, Dylan	1 RFA	C	26	\$950,000
Pinto, Shane	1 10.2(c)	C	22	\$925,000
Kastelic, Mark	3 RFA	C	23	\$821,667
Kelly, Parker	2 RFA	C, LW	23	\$762,500
Chartier, Rourke	1 UFA	C	26	\$750,000
Brassard, Derick	1 UFA	C, LW	35	\$750,000
<b>Defense (7 - \$19,387,500)</b>				
Chabot, Thomas "A"	6 UFA	LD	25	\$8,000,000
Zaitsev, Nikita	2 UFA	RD	31	\$4,500,000
Hamonic, Travis	1 UFA	RD	32	\$3,000,000
Holden, Nick	1 UFA	LD	35	\$1,300,000
Sanderson, Jake	2 10.2(c)	LD	20	\$925,000
Brannstrom, Erik	1 RFA	LD/RD	23	\$900,000
Heatherington, Dillon	2 UFA	LD	27	\$762,500
<b>Goalies (2 - \$6,416,667)</b>				
Talbot, Cam	1 UFA	G	35	\$3,666,667
Forsberg, Anton	3 UFA	G	30	\$2,750,000
<b>Injured reserve (5 - \$15,250,000)</b>				
Norris, Joshua	8 UFA	C	23	\$7,950,000
Joseph, Mathieu	4 UFA	LW,RW,C	25	\$2,950,000
Zub, Artem	5 UFA	RD	27	\$2,500,000
Bernard-Docker, Jacob	1 RFA	RD	22	\$925,000
Stutzle, Tim	9 UFA	C,LW	20	\$925,000

Source: CapFriendly (2022)

Note: RFA = Restricted Free Agent; UFA = Unrestricted Free Agent



## Appendix C Galatioto Sports Partners

“The Galatioto Sports Partners (“GSP”) group of companies provides best-in-class advisory, lending, capital raising and other services to clients in the professional sports industry. GSP’s three different companies can meet all your sports advisory and finance needs.

Sal Galatioto, President of GSP, is the industry’s leading sports banker. Sal heads a team of finance professionals that has over 100 years of total banking and finance experience.

Over the past two decades, members of GSP have acted in the capacity of Financial Advisor, Arranger, Agent, Underwriter or Participant in over 100 transactions and assignments in the major North American and international sports leagues. GSP’s members have executed assignments for a variety of premier clubs (and their affiliates and owners), including the Chicago Cubs, Detroit Pistons, Golden State Warriors, Los Angeles Angels, New York Giants, New York Jets, New York Yankees, Oakland Athletics, Philadelphia Flyers, Philadelphia 76ers, San Francisco Giants and Washington Commanders (f/k/a Washington Redskins). GSP has also completed a variety of non-public advisory engagements.

GSP has extensive high-level access to the governing bodies, franchise owners and executive management of the major sports leagues as a result of its experience providing advice to its clients and the leagues across a broad array of transactions. Our knowledge base and access is further enhanced by the relationships and experience of our Vice Chairman, Russ Granik, who previously served as Deputy Commissioner and Chief Operating Officer of the NBA and was inducted into the Naismith Memorial Basketball Hall of Fame in Springfield, Massachusetts in 2013.”

Source: <https://www.gspcap.com/>

“The Galatioto Sports Partners (“GSP”) family of companies consists of three separate legal entities. In accordance with regulatory requirements and best practices, all business is conducted through one of the entities described below.

Galatioto Sports Partners: a specialized financial services firm that focuses exclusively on providing non-securities advisory services to the sports industry. Services include general and venue-related financial advisory, valuations, capital restructuring, dispute resolution, and consulting.

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