

SAP Center Modernization

Third Amended Arena Management Agreement and Related Agreements

| August 26, 2025
| **Item 8.2**

Lee Wilcox

Assistant City Manager

Kevin Ice

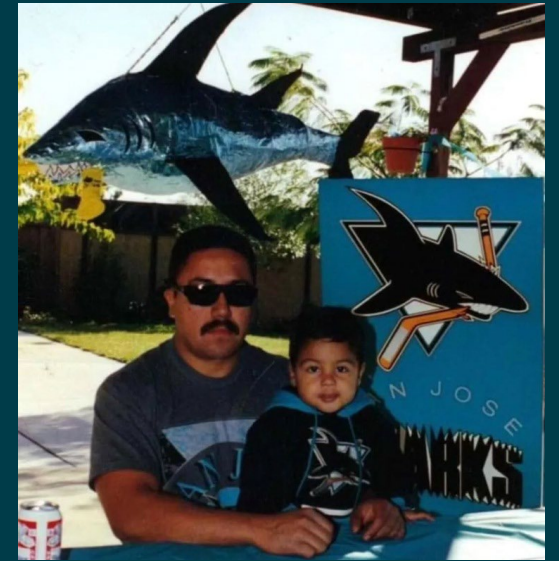
Assistant to the City Manager, Director of Real Estate

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Cameron Day

Senior Deputy City Attorney





SAN JOSE

Recommended Actions

- Approve the Third Amended and Restated Arena Management Agreement between the City and the Sharks for use of the SAP Center through June 30, 2051.
- Approve the Arena District Memorandum of Understanding.
- Authorize City Manager to negotiate and execute:
 - Updated lease between the City and the Sharks for the use of the Ice Centre, including Sharks Ice and Tech CU Arena through 2051.
 - A property use agreement between the City and Sharks for employee parking and storage on property located along Sharks Way between N Autumn Street and N Montgomery Street.
 - A five-year option agreement to acquire APN 259-29-004 for a price of \$1,226,030, subject to annual consumer price index inflation.
 - All other ancillary documents, exhibits, and technical revisions as may be necessary.

SAP Center

- SAP Center has been home to San Jose Sharks since it opened in 1993.
- City-owned facility.
- Hosts world-class entertainment, including tournaments, concerts, and other touring acts.
- 2023 study found 3 million annual attendees generated approximately \$235 million in visitor spending.
 - \$113 million realized by San José residents and workers, supporting 2,740 local jobs.
 - Estimated annual tax revenue to City of approximately \$4 million.



Recent Arena Investments

PUBLICLY FUNDED RENOVATION



CAPITAL ONE ARENA

- City committing \$500M toward \$800M renovation
- MSE to commit undetermined amount



PNC ARENA

- Centennial Authority funding 100% of the \$300M renovation



SPECTRUM CENTER

- City funding 100% of the \$275M renovation



DELTA CENTER

- City funding 100% of the \$525M renovation



NEW ARENA COSTS



UBS ARENA

\$1.5 Billion



INTUIT DOME

\$2 Billion



CLIMATE PLEDGE ARENA

\$1.2-\$1.3 Billion



CHASE CENTER

\$1.6-\$2 Billion

Key Terms

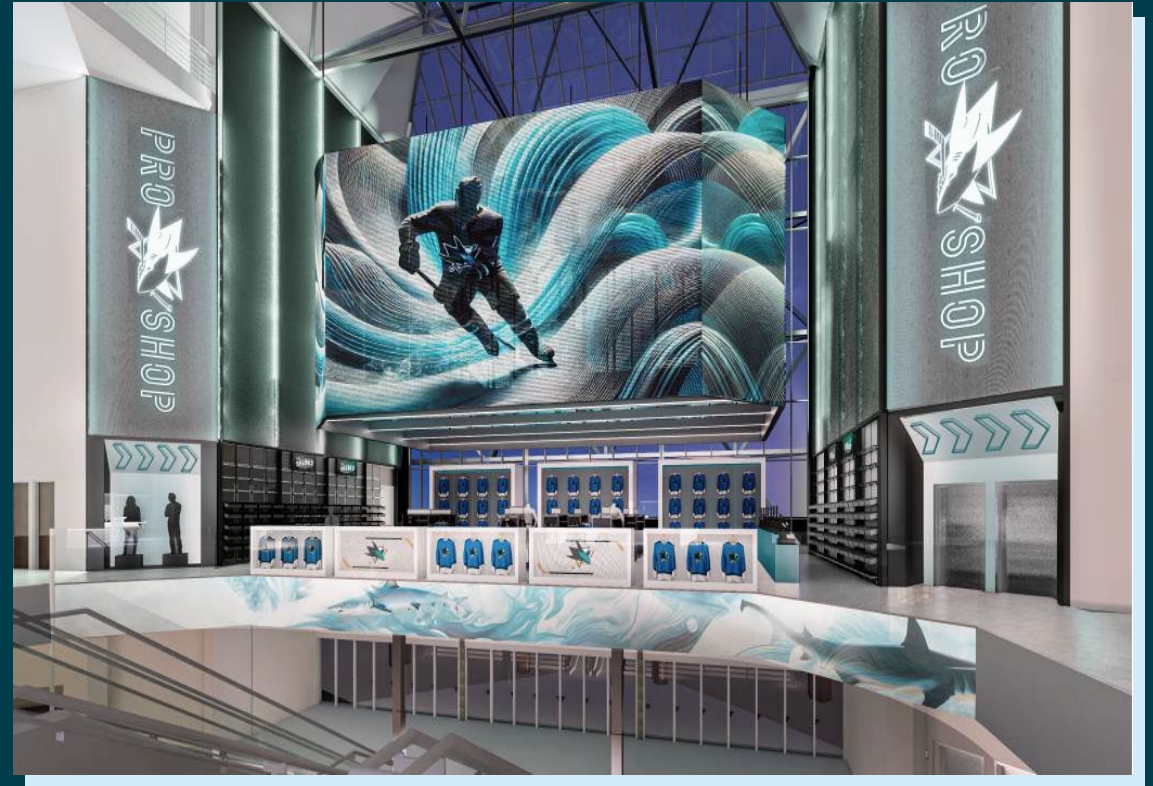
- Sharks to perform \$425M renovation, committing to structural elements.
- Net City contribution of \$325M.
 - City expects to bond for \$350M; paid in five installments of \$70 million between 2027 and 2031; City retains full flexibility for its financing strategy.
 - Financing options include short-term commercial paper, increased Transient Occupancy Taxes, and/or a general obligation bond.
- Sharks contribute \$100M, of which \$25M goes to City for debt service.
 - Sharks responsible for any cost overruns.
 - Sharks have funded \$84M into the building above contract requirements under Hasso Plattner's ownership.
- Sharks to guarantee playing in San José through 2051.
 - Early termination fee covers City's outstanding debt plus interest. Hold stipulated judgment and injunction in escrow to block sale/move if fee isn't paid.

Other Financial Terms

- Sharks contribute \$475,000 annually, \$12,350,000 in total for community benefits.
- Both contribute roughly \$32 million towards capital maintenance.
 - City's contributions are weighted to the back end of the term.
- Sharks to fund traffic and parking management costs up to \$517,000, adjusted annually for CPI.
- Sharks contribute \$120,000 to the Arena Authority, adjusted annually for CPI.
- City contributes \$150,000 in first year, \$100,000 annually thereafter to a public safety fund.
- Permit fees not to exceed 1.3% of total renovation cost.

SAP Center Renovation

- Project will use union labor.
- Oldest active arena in the NHL without having undergone a major renovation.
- Deferred maintenance in structural building systems including mechanical, plumbing, electrical, and technological.
- Layout not consistent with NHL Standards, which has blocked certain upgrades.



SAP Center Renovation

- Renovations planned over 7 years in the offseason, which will include:
 - Retrofits to meet updated codes and standards
 - Architectural enhancements, including major expansion of concourse areas
 - Enhanced and new premium products and seating, such as bunker suites
 - Food service and merchandise revisions and new offerings
 - Back-of-house enhancements and modernization



Arena District MOU

- Parties anticipate needing a new Arena by 2051.
- Arena District Agreement to be negotiated by September 2027.
- Agreement will identify and reserve a future arena location and include district objectives.
- The new arena location will anchor a district that includes other uses such as retail, restaurants, hotels, arts and cultural venues, and other gathering spaces.



Related Agreements

- First Amendment to Ice Centre Lease
- Option to acquire APN 259-29-004
- Transportation and Parking Management Plan Operations Manual
- Standard Operating Procedures for Impoundment
- Standard Operating Procedures for Scheduling Security Personnel
- Video Surveillance Access Agreement
- Property Use Agreement for Lot E
- Guaranties
 - Stipulated Judgment to protect Termination Fee agreement.
 - Sharks Sports & Entertainment LLC Guaranty.
 - San Jose Sharks, LLC Guaranty.



Thank you!

Staff are available for questions.



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