Gas billionaire purchases Buffalo NFL Franchise for record $1.2 billion

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Gas and oil billionaire Terry Pegula has been awarded the rights to the Buffalo Bills National Football League (NFL) franchise in a bidding war that lasted for several months. The Bills, an American professional football team, are based in the city of Buffalo, located in western New York state. The team's estimated price is reported to be close to $1.2 billion, which, if true, would be a record amount for an NFL franchise.

The team was previously owned by Ralph Wilson, who died in March at the age of 95. Wilson had owned the team since its creation in 1959, originally purchasing the rights to the franchise for $25,000.

The bidding, which was conducted by Morgan Stanley, began in June. It pitted several multi-millionaires and billionaires against each other for the privilege of owning a franchise in the most lucrative sports league in the world. The profits from the sale will be shared between the remaining Wilson family members and the NFL.

Pegula's main rivals in the bidding included the owners of Rogers Communications of Toronto, who had chosen aging rock-star Jon Bon Jovi as a minority partner and front man in their bid. It was widely believed that the ultimate intention of the Toronto group was to move the franchise to Canada.

The Buffalo Bills are located in one of the NFL's smallest media markets and been rated as the second least valuable NFL team by *Forbes Magazine*. In terms of on-field performance, the team has not had a winning season since 2004. Despite its relatively lowly status, ownership of an NFL franchise virtually guarantees substantial profits with minimal risk.

In 2012, the NFL reported profits of almost $10 billion. The league's revenues, most of which are generated through television and media rights deals, are then distributed among the clubs. Even without league revenues, the Buffalo Bills franchise made $30 million in profits in 2013.

The NFL is considered by the United States government to be a "trade or industry association" with 501(c)(6) status, which makes it a tax-exempt organization. In 2010, Roger Goodell, the league chairman, presented a plan to NFL owners with the goal of reaching $25 billion in league profits by 2027, which would require the league to add an additional $1 billion per year in revenue.

In addition to the immense profits generated by the league, ownership of a franchise allows entry into an elite club. With the addition of Pegula, 18 of the 31 NFL franchise owners are now billionaires. In order to limit ownership to the superrich, current NFL rules require an individual owner to purchase at least 1/3 of the team, which at today's prices would require any potential buyer to put up at least $300 million.

Terry Pegula's own wealth is estimated at $3.3 billion, which was generated largely through his involvement in the oil and gas drilling industry. In 1983 he founded the drilling company East Resources. In 2010 he sold the company's assets in New York, Pennsylvania and the Rocky Mountains for $4.7 billion. In August of this year he sold more drilling rights in Ohio and West Virginia for $1.75 billion. In addition to now owning the Buffalo Bills, Pegula also owns the city's National Hockey League team, the Buffalo Sabres, which he purchased in 2011 for $189 million.

While Pegula often presents himself in the press as a regular everyman who loves sports and just so happens to be one of the wealthiest people on the planet, his investment in sports franchises has obvious political and economic motivations. "Fracking", or the hydraulic fracturing of earth using hydraulically pressurized

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liquid in order to extract natural gas, is currently prohibited in New York state due its well-documented destructive effects on the surrounding ground water, environment, and local population. Pegula's land rights in New York would be worth significantly more if fracking were allowed in the state.

In 2011, after his purchase of the Buffalo Sabres, Pegula invited state and local political figures to the team's hockey arena where Pegula and other members of East Resources lobbied them on the "benefits" and "science" of hydrofracking.

Fracking is permitted in Pennsylvania, Pegula's home state, and he has contributed hundreds of thousands of dollars to politicians there, primarily Republicans, as well as right-wing politicians nationwide. In 2012, he contributed $10,000 to the Mitt Romney Presidential campaign and donated over $310,000 to Pennsylvania's right-wing Governor Tom Corbett, making him one of Corbett's biggest financial backers. Corbett is a strong supporter of hydrofracking in Pennsylvania.

In New York, Democratic Senator Charles Schumer strongly supported Pegula's purchase of the Buffalo franchise, calling Pegula and his wife, Kim, "the perfect choice." According to Federal Election Committee records, Pegula was a contributor to Schumer's Political Action Committee in 2012.

It is likely that Pegula's first action as owner of the team will be to begin lobbying the state and the city of Buffalo for a new stadium. The team's current stadium, despite being the twelfth biggest in the NFL, is one of the least profitable as it lacks the corporate luxury suites, concessions, paid parking lots and large corporate sponsorships which guarantee huge profits. Despite this, the average ticket price for a Buffalo Bills game was $131 in 2013, low by NFL standards, but still about two days pay for a minimum wage worker.

Goodell, who is widely despised by both fans and players as the epitome of the NFL's insatiable corporate greed, spoke with both Democratic Governor Andrew Cuomo and Senator Charles Schumer in August to impress upon them that a new stadium would be required for the franchise to remain in western New York. It is estimated that the price tag for a new stadium meeting NFL requirements would likely exceed $1 billion.

New stadiums with increasingly outlandish amenities have proliferated in the United States professional sports world over the past two decades, despite public opposition. The vast majority are highly subsidized through tax-exemptions or outright funded by the public.

The city of Buffalo and the entire western New York region meanwhile face deteriorating social conditions. In June of 2014, the city's business publication, *Buffalo Business First*, used US Census Data to show that Buffalo is the fourth-poorest major city in the United States. It is immediately preceded in the rankings by nearby Rochester, where the Buffalo Bills hold their yearly training camp. Both cities have poverty rates in the neighborhood of 30 percent and both have suffered greatly from massive job losses and cuts to public services and education.

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