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Sale To Billionaire Would Be Step In Right Direction For Buffalo Sabres



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The NHL salary cap for the 2010-11 season is set at \$59.4m, but to the Buffalo Sabres that number is relatively meaningless.

When restricted free agent and hometown hero Tim Kennedy was awarded \$1m in salary arbitration this fall, fans were looking forward to another season with their hard-working local boy in a Sabres uniform. For an organization with millions of dollars in cap space, the arbitration award was just a blip on the radar...until the team shockingly bought out Kennedy's contract four days later.

*Image via Wikipedia*

A contract buyout. The Sabres and GM Darcy Regier paid Kennedy one-third of his \$1m salary (as stipulated in the CBA) to make him go away, leaving the locals outraged. Regier went into damage control in the days that followed and explained that despite plenty of salary cap room, the Sabres had exceeded the internal budget set by ownership.

When taking into account a replacement player would earn at least the 2010-11 NHL minimum salary of \$500k, the Kennedy buyout amounted to a net savings of no more than \$166,667 for the team.

Pinching pennies on Kennedy wouldn't be as tough to swallow if fans hadn't already watched stars Chris Drury and Daniel Briere leave town for bigger paydays in recent seasons. Buffalo still boasts one of the league's top goaltenders in Ryan Miller, but he can only achieve so much without an ownership group willing to invest in Stanley-Cup-caliber talent around him.

On Tuesday, Sabres' fans got a dose of good news as [Forbes' 110th Richest Person in America](#) has reportedly expressed an interest in buying the team. After rumblings over the weekend at the [Boston Globe](#), [Ken Campbell at The Hockey News](#) is reporting that [Terrence Pegula](#) has stepped up to the plate with an offer to buy the Sabres:

“ THN.com has learned that billionaire Terry Pegula has signed a letter of intent to buy the Buffalo Sabres from [Tom Golisano](#) for about \$150 million.

The \$150m reported price tag is a 12% discount to [Forbes' 2009 NHL Team Value of \\$170m](#) but represents a considerable return on Golisano's original \$92m investment seven years ago.

Golisano stepped in to rescue the Sabres in March of 2003 after majority-owner John Rigas was indicted on charges of bank fraud, wire fraud, and securities fraud as CEO of Adelphia Communications. (Rigas' most recent [appeal for a new trial and a reduced sentence](#) was rejected by the US Supreme Court.) With the Buffalo franchise on stable ground and Golisano potentially looking to cash out of his initial investment, the time is right for a billionaire like Pegula to step in, loosen the purse-strings, and turn the Sabres into a serious Stanley Cup contender.

Dupont also reported that Pegula's wife, Kim, is a native of suburban Buffalo and would have an interest in preserving the long-term future of the franchise. Securing a controlling stake in the Sabres wouldn't be difficult for Pegula, the founder and former president, CEO and principal shareholder of East Resources Inc.

East Resources, an oil and gas exploration and production company based in Warrendale, PA, has a leasehold of hundreds of thousands of acres in the lucrative Marcellus Shale region. It was purchased from private investors in May 2010 by Royal Dutch Shell ([LSE:RDSA](#)) for \$4.7b in cash, scoring Pegula a huge payday as owner of 65% of the company.

In addition to a sizable bank account and local family ties, Pegula is also a die-hard hockey fan. He made headlines in September when [he donated \\$88m to his alma mater, Penn State University](#). The gift was the largest in the university's history and will 'fund a state-of-the-art, multi-purpose arena and help to establish an NCAA Division I men's hockey program' at Penn State.

Pegula expressed his excitement at the time by saying, "maybe some day in these hills of Pennsylvania, maybe we'll find a Pennsylvania [Sidney] Crosby. And maybe he plays his youth hockey [at the new arena], and plays his Division I hockey at Penn State."

If the reported deal for the Sabres goes through, Pegula won't just be looking to find a new Sidney Crosby, he'll be part of building an NHL team that can stop the actual one too.

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