

The next indicator ECV has been proposed to be calculated as follows (Eq. 3)

$$ECV = [(PV \times Pcs - C) \times Pts - D] \quad (3)$$

where: *ECV* – the expected commercial value of the project; *PV* – future project earnings, discounted to the present time; *D* – investments at Stage I (development); *C* – investments at Stage II (commercialization); *Pts* – the probability of success of technical implementation; *Pcs* – the probability of commercial success after successful technical implementation.

The advantage of ECV model is that it takes into account the probability of occurrence of an event at some point that does not allow the used indicator NPV. Thus, the project to build a transport and logistics center can be adequately assessed and accepted, and in the future in the course of the project implementation of a public-private partnership using the proposed model one may adaptively and efficiently manage the efficiency of its implementation.

Thus it can be concluded that the project financing is the most appropriate source of funding for the construction of a transport and logistics center in the public-private partnership for the proposed model. Direct loans with a non-regress or limited regress right are available directly created to the created project organization. And lenders rely on the project cash flows to repay the debt, while providing the debt is limited by current assets and project future earnings. A proposed method for evaluating the effectiveness of public-private partnership in the construction of a transport and logistics center will be able to show the effectiveness of the project to potential private partners.

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FEATURES OF ECONOMY OF THE NATIONAL BASKETBALL ASSOCIATION: COLLECTIVE AGREEMENT

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The article is devoted to the economy of the National basketball Association. The article considers the issues of the collective agreement, the ceiling of salaries, luxury tax and trades in the NBA.

The national basketball Association, NBA is a men's professional basketball League of North America, particularly of the U.S. and Canada. It is one of the four major professional sports leagues of North America, along with NHL, MLB and NFL. It was founded in 1946 as the Basketball Association of America and after mingling with the National basketball League, was renamed the National basketball Association.

By 2011, the Association consists of 30 teams that are geographically divided into Eastern and Western conferences, while each of the conferences, in turn, is divided into three divisions of five teams. During the regular season, each team plays 82 matches, according to the results of which they select the participants for the play offs. In the playoffs the teams play according to Olympic system, it means up to 4 victories in their conference. Two champions of the conferences then meet in the final match, after it the champion of the NBA is defined.

The income of NBA in 2010 was 3,8 billion dollars, and, with expenses of just over 3,6 billion dollars, operating profit in that year amounted to 183 million dollars, while gross margin was 4,8%. The average salary of players in 2010 amounted to 4,8 million a year – more than in any other sports League in the world [2].

Among the expenditure items we will name the following: the salary of the service personnel, administrative and travel expenses, contributions to the pension and medical funds, payment for food and accommodation of sportsmen during away games, buying of the uniform, necessary implements and equipment, renting of sports facilities, insurance of the players, expenditures for advertising and public relations, the development of sports programs (shooting of educational films, searching for recruits, etc.), the payment of taxes (Federal and local), and others [1, p. 123].

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In its turn NBA management acted strictly according to the law. In the collective agreement, signed in 1995, a restriction was provided in case of exceeding the level of salaries of players from the planned profit of the League of 51,8%. i. e. if the League began to spend more than it earned. In the season 1997-98 this level exceeded 58%. The consequence of this significant dispute was a shortened 50-game season. But in addition, both sides of the debate came to the consensus on all aspects regarding the business relations between the players, teams, and the NBA. Taking into account that the contract was valid until June 2005, and then it was resigned until the season of 2010-11, one may state that the guys did a great job in 1999.

Below some basic provisions of the existing contract are considered.

To begin with let's consider the criteria of getting players in the draft. On the day of the draft the player must be at least 19 years old and in addition he must satisfy the following requirements:

- a player completed 4 year training in a College of the USA;
- a player finished school, did not complete 4 year training at College, but 4 years have passed since school time;
- a player played professionally but not in NBA [3].

These conditions apply to the season 2005-06, and were not applied to the beginners of the draft of 2005.

The current collective agreement provides precise gradation of salaries for the beginners of the League. There were two main problems that caused the creation of this gradation. The first problem was a practice to refrain newcomers after a draft in the team until they agreed to low terms of the team. Otherwise a beginner could just be on the hook sometimes longer than one season. The second problem was that the newcomers could get a higher salary than the veterans of the League. The last straw on the second issue was the rumor that the first player of the draft 1994 Glenn Robinson, was to be signed for 100 million dollars for several years (in the end his contract amounted to 68 million for 10 years). As a result since 1995, there appeared precise gradation of wages for beginners, which depended directly on the ordinal number of a draft. Below the scale of payments of the first number of a draft for every season since 2005-06 and until 2011-12 year is presented (Table 1) [3].

Annual income includes total income received by all clubs in the NBA, by the Association itself, and by any other legal parties, relevant to the NBA. Sum of such income received by the end of the season affects the level of luxury tax. The gross annual income includes the following items: profit from the sale of tickets for all possible games played under the auspices of the NBA, the profit from the sale of broadcasting rights, income from sponsorship and promotion of the club, profit from the sale of drinks distribution rights, 40% of the profit from advertising on the sports arena, 40% of the profit from the sale of tickets to the VIP area, profit of all the activities taking place during star weekend.

Table 1 – The Scale of payment of the first number of a draft in each season, dollars

Season	Salary for the first year	Salary for the second year	Salary of the third year	Salary in case of prolonging the contract with a beginner for 4 years (rise in % from the salary of the third year)	The subsequent prolonging (rise in % from the salary of the fourth year)
2005-06	3,617,100	3,888,300	4,159,600	26,1	30,0
2006-07	3,751,000	4,032,400	4,313,700	26,1	30,0
2007-08	3,885,000	4,176,400	4,467,700	26,1	30,0
2008-09	4,019,000	4,320,400	4,621,800	26,1	30,0
2009-10	4,152,900	4,464,400	4,775,900	26,1	30,0
2010-11	4,286,900	4,608,400	4,929,900	26,1	30,0
2011-12	4,420,900	4,752,400	5,084,000	26,1	30,0

Luxury tax. The most important distinctive feature of the NBA. This tax is an instrument to control cash expenses of clubs. The team, which exceeds the level, must pay a tax. Luxury tax – means average expenses of a club, the majority of which are the salaries of the players. For every dollar above a definite level the club pays to the League a dollar of tax. The amount of this tax is 61% of the planned annual income from the average income of the team, i.e. the NBA originally sets mandatory profit level of 39% for the season. Under this collective agreement, NBA will always get this profit.

In the 2007-08 season all teams that did not pay their luxury tax received about 2,2 million dollars. I.e. actually they got the opportunity to sign, for example, Radgon Rondo (1,6 million dollars), Stefon Marbury (1,3 million dollars), Nate Robinson (2 million dollars), Rodney Stuckey (1,6 million dollars) and etc. with luck, of course [3].

Limitation on the total wages of the players. This sum is, of course, lower than the luxury tax because the salary is not the only expense item. Initially, it includes 48,04% of total revenue and then 12,96% for all other administrative expenses of the club. As we see, the limit of wages is not pulled out of a hat; it directly depends on the profitability of the League. Thus, when the League is doing poorly, players, while prolonging the contract, receive less, if the League is doing alright, then the players earn more. This was one of the cornerstones of the contract of 1999.

This level is set not only with the intention to make the NBA a profitable corporation, but also to equalize NBA teams. After the draft it is the second lever of equalization necessary to raise the interest for every game, and, as a consequence, to increase income.

Teams have the right to exceed this level in the case of a few exceptions.

Using the above-mentioned rules, the club can overpass the limit for wages. There are lots of them, so it is not surprising that the "New York Knicks" overpass it even for 40 million. Minimal (Table 2) and maximum levels of wages depend on the number of the seasons played [3].

Table 2 – The Minimum salary, dollars

The number seasons played by NBA	2007-08	2008-09	2009-10	2010-11	2011-12
0	427,163	442,114	457,588	473,604	490,180
1	687,456	711,517	736,420	762,195	788,872
2	770,610	797,581	825,497	854,389	884,293
3	798,328	826,269	855,189	885,120	916,100
4	826,046	854,957	884,881	915,852	947,907
5	895,341	926,678	959,111	992,680	1,027,424
6	964,636	998,398	1,033,342	1,069,509	1,106,941
7	1,033,930	1,070,118	1,107,572	1,146,337	1,186,459
8	1,103,225	1,141,838	1,181,803	1,223,166	1,265,976
9	1,108,718	1,147,533	1,187,686	1,229,255	1,272,279
10+	1,219,590	1,262,275	1,306,455	1,352,181	1,399,507

As we see these levels are constantly growing. The maximum salary of a player can never be less than 105% of the last salary.

Teams have the right to exceed this level in case of several exceptions, most of which are named in honor of Larry Bird, who always played in one team, and suddenly it happened that Boston couldn't sign him up because it attained the limit of team wages. According to the rules they had either to lose Bird, what was impossible for the NBA or to dismiss a few very important players and to lose the chance to fight for the championship. This variant wasn't satisfactory for the NBA and it was just nonsense.

"*Larry Bird Rule*" means that general limit of wages is not applied to a player who has played in one team for three or more seasons. The "Bird rule" is still applied even if the player was traded three years later.

This moment is used by many teams, when they trade a star player with a huge contract, for a few important players of the club. Thus, next year when the contract is expired club gets the opportunity to re-sign the strong player, as well as the possibility of signing new strong players due to expansion of the salary limit.

The maximum period for which you can sign the contract with the player, corresponding to the "Larry Bird Rule" – is six years. Another important feature is that the League introduced restrictions to the maximum salary, which vary depending on the number of seasons played in the League. If a player signs a contract according to the "Bird rule", each year his salary will grow no more than by 10,5% of the fixed salary for the first year of the new contract. These 10,5% were a strict requirement of the League during the lockout of 99-th year [3].

"*Rule of early Bird*". For this rule to come into force the player must play for a team at least for two years, the maximum period of a new contract – 5 years, with this the maximum sum of the contract also changes it cannot be more than 175% of the expiring contract or of the average one (whichever is longer).

The "*Rule of the Anti-Bird*" ("*Non Bird*"). Most often, clubs may sign contracts using this exception with the players who, firstly, do not meet the requirements of the previous two rules, for example, who do not stay in teams longer than one season, and, secondly, if a club does not want to re-sign the beginner for the third year on the basis of the «rule of early bird». The contract of such a player cannot grow more than by 20%, and then it will grow by 8% each year.

"*Rule of average wages*". This rule allows you to sign up any free agent with the salary of the average level in the NBA, even if the club exceeds the limit for the total wages of the players. It is applied to contracts for maximum of five years. Increase of the salary is not more than 8% of the first year of the contract. The average salary is calculated for each season separately.

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"Half-rule". Once this rule was called "million", as in 1998-99, the sum regulating the correspondence to this rule, was 1 million. The essence is that the club may sign up any free agent, whose salary amounts to minimum sum: 2005-06 – 1.67 million dollars; 2006-07 – 1,75 million dollars; 2007-08 – 1,83 million dollars; 2008-09 – 1,91 million dollars; 2009-10 – 1,99 million dollars; 2010-11 – 2,08 million dollars; 2011-12 – 2,18 million dollars.

Peculiarity lies in the fact that the players under this rule cannot be signed up for more than two seasons. Under this rule, you can sign up no more than two players per season [3].

"Beginner rule". Teams can sign up beginners, despite exceeding the General level of wages of the club, but it must be a newcomer of the first round of a draft.

"Rule of a minimum wage". Clubs can offer players contracts with the lowest possible wages applicable to the specific players. Every day of the regular season, the sum of payment under the contract is reduced in proportion to the days remaining to the end of the season. For example, in season of 180 days, each day salary will be decreased by 1/180. If the player signed up for a minimum contract within 90 days before the end of the season, the payment will be made for the half of the minimum salary.

"Rule of the exchanged player". This rule is used for trades, not for signing up of free agents. Using this rule, the club may release the payment order, allegedly in exchange for a player sent to another team, with the difference in their wages. For example, the club has changed a player with a salary of 4 million for a player with a salary of 2 million, he gets 2 free million on the acquisition of other players and even the club is paid a bonus of 100 thousand dollars.

"Rule of the injured player". The rule can be applied only for one player. If a player is seriously injured, and he misses the rest of the season, the club can buy a free agent to replace the injured one. This rule is also applied when players die. The maximum player salary, which is signed up in order to replace the injured one is 50% of the salary of the injured player or 50% of the average wage, whichever is less [3].

"Rule of renewal". If a player is disqualified for use of illegal medicines, the team has the right to resign this player at the end of the period of disqualification.

Using the above-mentioned rules, the club can pass over the limits of wages. There are lots of them, so it is not surprising that the "New York Knicks" step over their 40 million. It's well that at the end of this season contracts of 8 players of the Knicks expire, this makes the team the central figure on the market of free agents.

Trades, waiver of the player and the redemption of the contract. Clubs may carry out any exchanges of players at their discretion, if the financial conditions of the contracts of players participating in exchanges do not exceed the limit of salaries for more than 100 thousand dollars. If this overpassing of the limit occurs, then one must use the above rules (exceptions) for signing players. And it is not necessary to exchange the players on the basis of one rule.

In addition to the exchange of players for other players, clubs may offer the rights for their new players in the upcoming drafts. They can also offer so-called bonuses to the players who take part in trades and to the team. The maximum bonuses could reach 3 million dollars.

A very common type of exchange is a trade under the name «sign-and-trade». This kind of exchange is advantageous, because with its help the club may sign a player who in any case will soon become a free agent, and exchange him for other player. If the team does not do this, then it may lose a player without getting a new one in return.

There are rules, according to which clubs cannot exchange their players:

- if a team is over the limit of salaries, it may not exchange the player within two months from the moment of its signing in the result of the exchange;
- after the start of the moratorium on exchanges up to the end of the regular season;
- within 30 days after signing the beginner;
- without the player's consent;
- club can't get the player, which it previously exchanged with another team in the same season;
- only if the team with which the player was exchanged refuses to accept him. [3].

When the club wants to refuse from the services of the player, it should officially waive its right for this player. After that other teams have 7 days to get this player. If several commands claim to such a player, he will be received by the team with the worst percentage of victories in this season. If within 7 days no team buys this player, he will independently choose the club, but under new terms, as a free agent.

The above data are the provisions of the collective agreement between the League and the players, the purpose of which sounded like "with this agreement we provide best wages and working conditions of each player".

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