

LEASE SUMMARY

BASICS

TEAM: Philadelphia PHILLIES

Team Owner: David Montgomery

Team Website: <http://philadelphia.phillies.mlb.com/>

FACILITY: Citizens Bank Park

Facility Website: <http://mlb.com/phi/ballpark/>

Year Built: 2004

Ownership: City of Philadelphia

TYPE OF FINANCING:

Approximately half of the financing for Citizens Bank Park came from a combination of city and state funds. The state contributed a total of \$170 million to the Phillies and Eagles (NFL) for their new stadiums through grants. The City of Philadelphia contributed \$304 million total toward the construction of the two stadiums through a 2% car rental tax. It is unclear how the city and state monies were divided between the two facilities. *Appendix I, Sports Facility Reports, Vol. 12, <https://law.marquette.edu/assets/sports-law/pdf/sports-facility-reports/v12-mlb-2011.pdf>.*

TITLE OF AGREEMENT:

Sublease and Development Agreement by and between Philadelphia Authority for Industrial Development and The Phillies.

TERM OF AGREEMENT: 30 years, commencing in 2001. The Agreement includes a renewal option to extend the Agreement for up to ten consecutive renewals of five years each. –Section 2.3, pgs. 32-34

PAYMENTS/EXPENSES

RENT:

Section 2.4 – Base Rent

Base rent is \$30.00 per year for the term of the Agreement; if renewed after the original term, then the base rent will increase to \$500,000, with an increase to \$100,000 for each successive renewal term. –pg. 34

OPERATING EXPENSES:

Section 7.8 – Management and Operations

“During the entire Term of this Agreement, Tenant shall have the exclusive right and shall be solely responsible to manage, coordinate, control and supervise the conduct and operation of the ordinary and usual business and affairs pertaining to or necessary for the proper operation, maintenance and management of the Stadium Premises.” –pg. 75

CAPITAL IMPROVEMENTS

Section 8.5.1 – Capital Repairs and Capital Improvements

“Tenant is solely and exclusively responsible for, and hereby agrees, covenants and undertakes to perform, all Capital Repairs at, on, upon or with respect to the Stadium Premises during the Term of this Agreement and to obtain or provide all labor, personnel, services, materials, supplies and equipment necessary to perform such Capital Repairs. Tenant shall have the sole and exclusive right, but not the obligation, to undertake such Capital Improvements to the Stadium Premises as Tenant shall deem appropriate in its sole discretion.” –pg. 97

MAINTENANCE

Section 8.1.1 – Tenant’s Obligations

“Throughout the Term of this Agreement, Tenant shall undertake and perform or cause to be undertaken or performed, and obtain or provide all labor, personnel, services, materials, supplies and equipment needed to perform all Maintenance and Repairs involving or relating to all or any part of the Stadium Premises.” –pg. 95

Section 8.3 – No Obligation of City or Authority

“[I]t is expressly understood and agreed that (a) neither the City or the Authority shall have any responsibility, financial or otherwise, nor shall the City or the Authority be required to, maintain, alter, repair, build, rebuild, restore or replace all or any portion of the Stadium Premises . . . , and (b) Tenant expressly waives any and all rights to make repairs to the Stadium Premises or any part thereof at the expense of the Authority or the City.” –pg. 96

RETENTION

NON-RELOCATON / RETENTION CLAUSE:

Section 17.1.2 – Conduct of Business

“Tenant maintains and shall continue to maintain its business headquarters, principal business offices, training facilities and camps, and related enterprises and activities . . . , for the Term of this Agreement in the City. –pg. 134

Section 17.1.7 – Franchise

“Tenant is the valid and legal holder and owner of, and has the exclusive rights with respect to, the Major League Baseball professional baseball franchise currently known as the ‘The Phillies’, which franchise is in full force, and Tenant shall not cause, acquiesce in or consent to . . . the revocation or suspension of the Franchise during the Term of this Agreement.” –pg. 135