

# LEASE SUMMARY

## BASICS

**TEAM:** Arizona DIAMONDBACKS

**Team Owner:** Ken Kendrick

**Team Website:** <http://arizona.diamondbacks.mlb.com/>

**FACILITY:** Chase Field

**Team Website:** <http://mlb.com/ari/ballpark/>

**Year Built:** 1998

**Ownership:** Maricopa County Stadium District

### TYPE OF FINANCING:

The Maricopa County Stadium District provided \$238 M for the construction through a .25% increase in the county sales tax from April 1995 to November 1997. In addition, the Stadium District issued \$15 M in bonds that is being paid off with stadium-generated revenue. Private financing paid the remainder, including a naming rights deal worth \$66 M over 30 years. In 2007, the Maricopa County Stadium District paid off the remaining balance of \$15 million on its portion of Chase Field. The payment erased the final debt for the stadium 19 years earlier than expected. *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:

Memorandum of Understanding of Agreed Terms between Maricopa County Stadium District and Arizona Professional Baseball Team Limited Partnership

**TERM OF AGREEMENT:** 30 years, with two additional five-year renewal periods at the team's option. –Article 14.2, pg. 77

## PAYMENTS/EXPENSES

**RENT:** Revenue Sharing

Article 3.2.5.1 – **Suite Revenues**

“[T]he Team shall pay the District five percent (5%) of the gross revenues, net of transaction privilege taxes paid, received from the licensing of the Suites during the prior Fiscal Year.” –pg. 12

Article 3.2.5.2 – **Club Seat Premiums Revenues**

“[T]he Team shall pay the District five percent (5%) of the gross revenues, net of transaction privilege taxes paid, received from the premium portion of Club Seat sales during the prior Fiscal Year.” –pg. 13

#### **Article 3.2.5.3 – Naming Rights**

“Within ninety (90) days after the Completion Date and on the anniversary of that date each year (“Naming Rights Payment Date”), the Team shall pay the District Three Hundred Twenty-Five Thousand Dollars (\$325,000.00). For each subsequent Fiscal Year of the term of the Stadium Use Agreement, the Team shall pay the District an amount equal to the greater of (a) Three Hundred Twenty-Five Thousand Dollars (\$325,000.00) or (b) Three Hundred Twenty-Five Thousand Dollars (\$325,000.00) multiplied by the ratio of the Naming Rights Proceeds for the immediately preceding Fiscal Year divided by the Naming Rights Proceeds for the first Fiscal Year that a payment was made by the Team.” –pg. 14

#### **Article 3.2.5.4 – Club Memberships**

“Within sixty (60) days after the end of each Fiscal Year in which the District Loan remains unpaid during the term of the Stadium Use Agreement, the Team shall pay the District fifty percent (50%) of the gross revenues, net of transaction privilege taxes paid, received from sale of Club Memberships during the prior fiscal year.” –pg. 15

#### **Article 3.2.5.5 – Minimum Payment**

“Notwithstanding the foregoing provisions of this Section 3.2.5, if the total of the Independent Payments and Dependent Payments for any Fiscal Year is less than Three Hundred Twenty-Five Thousand Dollars (\$325,000.00), . . . the Team shall pay the District the difference between Three Hundred Twenty-Five Thousand Dollars (\$325,000.000) and the total of the Independent Payments and Dependent Payments paid for such Fiscal Year.” –pg. 16

#### **Article 15.2.1 – Minimum License Fee**

“The Team shall pay the District an annual payment of One Million Dollars (\$1,000,000.00) minus any rent paid by the Team pursuant to the Baseball Team Facilities Lease. . . . The Minimum License Fee to be paid each year under the Stadium Use Agreement shall be calculated as One Million Dollars (\$1,000,000.00) multiplied by the ratio of the Average Ticket Price for the subject year divided by the Average Ticket Price for the first year of the Stadium Use Agreement.” –pgs. 83-84

### **OPERATING EXPENSES:**

#### **Article 11.1 – Team’s Responsibility for Operating and Maintenance Costs**

“The Team shall be responsible and pay for one hundred percent (100%) of all Operating Expenses; provided, however, that the Facility Manager shall pay to the Team an amount equal to any per diem base O&M Cost payments that the Facility Manager receives in connection with Non-MLB events.” –pg. 60

## **CAPITAL IMPROVEMENTS**

#### **Article 11.2 – Funding of Project Reserve Account**

The Team deposited an initial amount of \$1 M and after the sixth anniversary of the completion date, the Team is required to make annual payments of \$250 K for the life of the agreement. –pgs. 60-61

**Article 11.3 – Use of Project Reserve Account**

“The Project Reserve Account shall be used for Capital Improvements intended to maintain the Facility during and at the conclusion of the term of the Stadium Use Agreement. –pg. 62

**Article 11.3.1 – Capital Improvement**

“Either party may propose to the other suggested Capital Improvements intended to maintain the Facility. The District and the Team shall exercise their reasonable business judgment when deciding if the suggested Capital Improvement should be paid for from the Project Reserve Account.” –pg. 62

## **MAINTENANCE**

**Article 12.1.2 – Facility Operations**

“The Team, as principal tenant of the Facility and because of the Team’s responsibilities for one hundred percent (100%) of the Operating Expenses as set forth in Section 11.1, shall serve, or designate an Affiliate(s) to serve, as the manager of the Facility.” –pg. 65

**Article 12.2.1 – Facility Management, Duties**

“The Facility Manager shall be responsible for and do all things necessary for the operation and maintenance of the Facility, including (without limitation) the care and maintenance of the Facility.” –pg. 66

## **USE AND OCCUPANCY**

**Article 14.1- Use**

“[T]he Team [has] the right to use the Facility only on such days on which a Home Game is scheduled and for the Team’s practices during the term of the Stadium Use Agreement.” –pgs. 76-77

## **RETENTION**

The agreement includes no specific language regarding a non-relocation or retention clause.