

LEASE SUMMARY

BASICS

TEAM: Kansas City ROYALS

Team Owner: David Glass

Team Website: <http://kansascity.royals.mlb.com>

FACILITY: Kauffman Stadium

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

Year Built: 2009

Ownership: Jackson County Sports Complex Authority

TYPE OF FINANCING:

A \$43 million county bond issue financed the stadium. Half of the bond money (\$21.5 million) was used to fund the neighboring Arrowhead Stadium (NFL Kansas City Chiefs). A 3/8-cent increase in the county sales tax funded the \$250 million renovation of Kauffman Stadium. *Appendix 1, Sports Facility Reports, Vol. 12,* <https://law.marquette.edu/assets/sports-law/pdf/sports-facility-reports/v12-mlb-2011.pdf>.

TITLE OF AGREEMENT:

Lease Agreement between Jackson County Sports Complex Authority as Landlord, and Kansas City Royals Baseball Corporation as Tenant

TERM OF AGREEMENT: 25 years, effective on January 19, 1990. –Article 1, pg. 3

PAYMENTS

RENT: The rent paid is a combination of annual rent and a percentage of gross receipts.

Section 6.01 – Rent

- (A) “Tenant shall pay to Landlord a basic annual rent . . . of Four Hundred Fifty Thousand Dollars (\$450,000.00) payable in four (4) equal installments of One Hundred Twelve Thousand Five Hundred Dollars (\$112,500.00) each on the first day of each April, June, August and October [for the lease term].
- (B) In addition to the Basic Rent specified above, Tenant shall pay to Landlord by the May 1st next following the end of each Lease Year, commencing May 1, 1991, annual percentage rental for any Lease Year in which Gross Receipts, Net of Taxes exceeds \$7,500,000.00 as follows:
 - (i) Five percent (5%) of Gross Receipts, Net of Taxes, in excess of \$7,500,000 up to \$12,500,000; and
 - (ii) Four percent (4%) of Gross Receipts, Net of Taxes, in excess of \$12,500,000 up to \$17,500,000; and

- (iii) Two percent (2%) of Gross Receipts, Net of Taxes, in excess of \$17,500,000.” –pg. 11

CAPITAL IMPROVEMENTS

Section 4.01 – Alterations and Improvements by Tenant

The team has the right to make improvements, at the team’s expense, with thirty days notice to Landlord and the Landlord’s approval for all public areas of the Baseball Stadium. No Landlord approval is necessary for areas not generally open to the public. – pg. 8

MAINTENANCE

Section 10.01 – Cleaning by Landlord

“During the term of this Lease, as it may be extended, the Landlord, at its expense, shall be responsible for cleaning the entire Sports Complex . . . before and after each Baseball Stadium event or event on the leased premises other than in the Baseball Stadium exhibited by Tenant, its sublessees or licensees, or others.” –pgs. 17-18

Section 10.02- Maintenance and Repair by Landlord

“During the term of this Lease, as it may be extended, the Landlord, at its cost and expense, will maintain and be responsible for the ordinary repair of all of the Sports Complex.” –pg. 18

USE AND OCCUPANCY

Article VII – Tenant’s Right to Use

Section 7.01 – Right to Use for Any Lawful Purposes

“[T]he leased premises shall be under the management and control of the Tenant and the Tenant shall have the right to use, occupy, possess, enjoy, and rent the leased premises or any part thereof for any and all lawful purposes.” –pg. 14

Section 7.02 – Tenant Covenants to Play Games in Baseball Stadium

“Unless consented to and in writing by the Landlord . . . , Tenant shall during the term of this Lease, . . . play or conduct no fewer than ninety percent (90%) of its professional baseball ‘home’ games in the Baseball Stadium.” –pg. 14

Section 7.03 – Tenant’s Right to Broadcast

“Tenant shall have the exclusive right to broadcast, re-broadcast, reproduce, transmit or disseminate by radio, television, telephone, microwave or other method of reproduction, transmission, communication, or exhibition of all or any party of the events held, exhibited, or played within the leased premises.” –pg. 15

Section 7.04- Prices for Tickets, Parking and Concessions

“Prices charged by the Tenant or its concessionaires for tickets, parking and concessions to its events . . . will conform generally to, and be competitive with, prices charged in other cities having a professional baseball franchise similar to that owned by the Tenant and operating under similar circumstances.” –pgs. 15-16