

LEASE SUMMARY

BASICS

TEAM: Cleveland INDIANS

Team Owner: Larry Dolan

Team Website: <http://cleveland.indians.mlb.com/>

FACILITY: Progressive Field

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

Year Built: 1994

Ownership: Cuyahoga County

TYPE OF FINANCING:

The stadium was built as part of a city sports complex that was funded both publicly and privately. The Gateway Economic Development Corp. issued \$117 million in bonds backed by voter-approved countywide sin taxes on alcohol (\$3/gallon on liquor, 16 cents/gallon on beer) and cigarettes (\$0.045/pack) for 15 years. It also issued \$31 million in stadium revenue bonds. The Gateway Corp. received about \$20 million up front from early seat sales. *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:

Lease Agreement by and between Gateway Economic Development Corporation of Greater Cleveland and Cleveland Indians Baseball Company Limited Partnership

TERM OF AGREEMENT: 20 years, commencing on the Completion Date and ending on the earlier of: “(i) December 31 of the year in which the twentieth (20th) full Season following the Completion Date is concluded, or (ii) upon the retirement, defeasance or discharge . . . of all of the Bonds.” There are no option rights to extend this Term. –Article 5, pgs. 27-30

PAYMENTS/EXPENSES

RENT:

Article 6.1 – Rent

Based on tiered scale of a fee paid per paid attendance tickets, annual rent is an aggregate of the following:

- (1) \$.75 for each Paid Attendance Ticket sold during the applicable season after 1.85 M tickets sold, up to 2.25 M sold
- (2) \$1.00 for each Paid Attendance Ticket sold during such season after 2.25 M tickets sold, up to 2.5 M sold

- (3) \$1.25 for each Paid Attendance Ticket sold during applicable season after 2.5 M tickets are sold. –pg. 31

CAPITAL IMPROVEMENTS

Section 10.1 – Gateway Obligations

“Gateway shall be responsible for all Routine Maintenance and Capital Repairs for the Baseball Facility.” –pg. 38

Section 1.1 – Definitions

“‘Capital Repairs’ shall mean any work that is reasonably required to be performed in and about the Baseball Facility, to repair, restore or replace Components necessitated by any damage, destruction, ordinary wear and tear, defects in construction or design, or any other cause, [but] shall not include . . . any work necessitated by misuse.” –pg. 4

Section 10.3 – Capital Repairs Fund

“Gateway shall establish and maintain an account (the ‘Capital Repairs Fund’), the purpose of which shall be to accumulate funds for the payment of the cost of Capital Repairs for which Gateway is financially responsible hereunder.” –pg. 39

MAINTENANCE

Article X – Maintenance of and Repairs to the Baseball Facility

Section 10.1 – Gateway Obligations

“Gateway shall be responsible for all Routine Maintenance and Capital Repairs for the Baseball Facility.” –pg. 38

Section 1.1 – Definitions

“‘Routine Maintenance’ shall mean the provision of all labor and materials which are required to[:]

- (a) keep the Baseball Facility and the Components in good order and repair which is of a routine, regular and predictable nature,
- (b) keep the Baseball facility clean and free of debris, and
- (c) repair, maintain or replace Components which are installed by the Lessee or the Operator unless such installation was performed hereunder on behalf of Gateway. . . .

Routine Maintenance shall not include[:]

- (i) repair or replacement required as a result of ordinary wear and tear, unless otherwise expressly specified herein, or
- (ii) Capital Repairs.” –pgs. 14-15

RETENTION

NON-RELOCATON / RETENTION CLAUSE:

Article XVI – Transfer of Franchise (Relocation)

“Notwithstanding any other provision of this Agreement, the Lessee agrees as follows:

- (a) The Lessee shall not enter into any contract or agreement of any kind to transfer the Lessee’s baseball franchise to a location other than the Baseball Facility.
- (b) The Lessee shall not make any application to the American League for approval to transfer, or vote to approve transfer of the Lessee’s franchise to a location other than the Baseball Facility.
- (c) . . . [T]he Lessee shall cause the Team, from and after the Completion Date and until the expiration of the Term of this Agreement (by lapse of time or otherwise), to play all of its American League home games, home play-off games, American League Championship home games and World Series home games at the Baseball Facility.
- (d) The Lessee agrees that Gateway does not have an adequate remedy at law for breach of this Article XVI. The Lessee further agrees that in the event of a violation . . . , Gateway shall be entitled to seek and obtain an injunction from a court of competent jurisdiction to enjoin any violation.” –pgs. 48-49