

# LEASE SUMMARY

## BASICS

**TEAM:** Washington NATIONALS

**Team Owner:** Ted Lerner

**Team Website:** <http://washington.nationals.mlb.com/>

**FACILITY:** Nationals Park

**Facility Website:** <http://mlb.com/was/ballpark/>

**Year Built:** 2008

**Ownership:** Washington Convention and Sports Authority

### TYPE OF FINANCING:

The City of Washington D.C. agreed to pay up to \$610.8 million to finance the stadium, with the money generated by issuing bonds. Revenue to pay the debt will come from in-stadium taxes on tickets, concessions and merchandise (estimated at \$11-\$14 million annually), a new tax on businesses with gross receipts of \$3 million or more (estimated at \$21-\$24 million annually), and \$5.5 million in annual rent payments over a 30 year lease term from the baseball team's owner. The Nationals are responsible for any cost overruns. *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 between District of Columbia Sports and Entertainment Commission and Baseball Expos, L.P.

**TERM OF AGREEMENT:** 30 years, commencing upon Substantial Completion of the Ballpark. The team holds five two-year extension periods. –Article 3, pgs. 16-17

## PAYMENTS/EXPENSES

### RENT:

#### Section 4.1 –Basic Rent

“[T]he Team shall pay Basic Rent in respect of each Lease Year in accordance with the schedule below:

<u>Lease Year</u>	<u>Annualized Basic Rent</u>
1	\$3,500,000
2	\$3,750,000
3	\$4,000,000
4	\$4,500,000
5	\$5,000,000
6	\$5,500,000

7 and thereafter \$10,000 less than 102% of the Basic Rent in the immediately prior Lease Year” –pgs. 21-22

Year 7 rent formulation continues for the remainder of the term. –pg. 22

#### Article 4.2 – **Additional Rent**

Team also pays Additional Rent for every Baseball Home Game ticket that it sells over 2.5 million. –pg. 22

### **OPERATING EXPENSES:**

#### Article 5.1 – **Management of Operations**

“The Team shall have the exclusive right to manage, operate and control the Lease Premises.” –pg. 25

This includes the right to employ personnel, engage independent contractors for services necessary for the operation of the park, and adopt rules, regulations, and policies as the Team sees fit. –pgs. 25-26

### **CAPITAL IMPROVEMENTS**

#### Article 6.1 – **Capital Repairs**

“The Team shall have the right from time to time to utilize Development Rights and to make, construct and install such Capital Improvements as it deems necessary or appropriate subject . . . and [with] the prior written approval of the Commission.” –pgs. 29-30

#### Article 6.4 – **Capital Reserve Fund**

“The Commission shall establish and maintain a segregated account (the ‘Capital Reserve Fund’) with a bank or financial institution for the uses and purposes set for in this Section 6.4. On or before April 15 of each Lease Year during the Term . . . , the Commission shall . . . deposit the annual amount of \$1,500,000 into the Capital Reserve Fund.” –pg. 31

### **MAINTENANCE**

#### Article 5.2 – **Maintenance and Repairs**

“[T]he Team shall be solely responsible for, and shall make and perform, all Maintenance and Repairs.” –pg. 27

### **RETENTION**

**There is a separate non-relocation agreement in addition to the Stadium Lease Agreement:**

**Title:** Non-Relocation Agreement between District of Columbia Sports and Entertainment Commission and Baseball Expos, L.P.

**Section 2.1 – Obligation to Maintain Franchise in the District**

The Team is required to maintain its personal place of business within the District of Columbia, maintain the Franchise as an participating and existing member of Major League Baseball, play all Regular and Post Season Home Games at the Baseball Stadium, and “not relocate, attempt to relocate, or permit the relocation of, the Franchise outside of the District of Columbia.” –pg. 4