

LEASE SUMMARY

BASICS

TEAM: Cincinnati REDS

Team Owner: Robert Castellini

Team Website: <http://cincinnati.reds.mlb.com/>

FACILITY: Great American Ballpark

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

Year Built: 2003

Ownership: Hamilton County, Ohio

TYPE OF FINANCING:

The Reds contributed \$30 million toward construction of the stadium. Rent amounts to \$2.5 million annually for nine years, and then one dollar per year for the remaining 21 years of the 30-year lease. However, because of the extra costs of the project, the team expanded its lease with the facility to 35 years. The county will pay most of the cost, using proceeds from the 0.5% sales tax increase voters approved in 1996. *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:

Amended and Restated Lease Agreement by and between the Board of Commissioners of Hamilton County, Ohio and The Cincinnati Reds, LLC

TERM OF AGREEMENT: Commences on June 16, 1999 and terminates on October 31, 2037. –Article 6.1, pg. 14

PAYMENTS/EXPENSES

RENT:

Article 6.2 – Rent

Article 6.2.1 – Base Rent; Pre-Completion Payments

“The Team shall pay an annual base rent . . . to the County during the Term [of the lease] in accordance with the following schedule:”

<u>Lease Year</u>	<u>Annual Base Rent</u>
1-9	\$2.5 M
10-35	\$1.00

In addition to the foregoing, the Team hereby agrees, as a material inducement to the County for its entering into this Lease, to pay to the County (i) \$10 M on or prior to the date on which the initial grading and site preparation work for the construction of the

Stadium Project occurs (the Groundbreaking Date), (ii) an additional \$10 M on or prior to the first anniversary of the Groundbreaking Date, and (iii) an additional \$10 M on or prior to the Completion Date. –pg. 14

Article 10.3 – Other Events Revenue & Article 10.4 – County Use Days Revenue

The County also shares an equal portion of the net revenue received for other events held at the Stadium with the Team, and has the “right to receive all revenues earned from the holding of Events on County Use Days.” –pg. 20

OPERATING EXPENSES:

Article 11.2 – Team Use Day Operations: Team Responsibility

“[T]he team shall have full and complete responsibility, at the Team’s sole cost and expense, for the operation and management of the Ball Park Project on all days, including, but not limited to, the employment of all security, crowd control, utilities, maintenance, cleaning, landscaping and other personnel . . . required for such operation and management.” –pg. 21

Article 11.3—Team Day Use: County Responsibility

“[T]he County shall be responsible for . . .

- (a) the costs of acquiring and maintaining the appropriate public liability, property and casualty insurance.” –pg. 21

CAPITAL IMPROVEMENTS

Article 13 – Maintenance and Repair

Article 13.5 – County Obligations

“The County shall perform and be responsible for payment of the cost of all Capital Repairs.” –pg. 25

Article 13.3 – Capital Repairs

“[T]he term ‘Capital Repairs’ means any work which is reasonably required to be performed in and about the Ball Park to repair, restore or replace Components necessitated by any damage, destruction, ordinary wear and tear, defects in construction or design, or any other cause.” –pg. 24

Article 13.6 – Capital Repairs Reserve Account

“[T]he County shall establish and maintain an account (the ‘Capital Reserve Account’), the purpose of which shall be to accumulate funds for the payment of the cost of Capital Repairs for which the County is financially responsible hereunder. On or before July 15 of each Lease Year throughout the Term, the County shall deposit One Million Dollars (\$1,000,000.00) into the Capital Reserve Account. . . . All funds in the Capital Reserve Account shall be the property of the County and all interest earned on funds held in the Capital Reserve Account shall be retained in the Capital Reserve Account.” –pg. 25

MAINTENANCE

Section 13.4 – Team Obligations

“The Team . . . shall engage personnel approved by the County to perform (a) all Routine Maintenance and Repairs, (b) all work necessitated by Team Misuse, and (c) repairs or replacement of any component of Ball Park which was not within the scope of the Final Plans and was installed by Team. . . . The cost of performing the work described in (a)-(c) above shall be paid by the Team.” –pg. 25

RETENTION

NON-RELOCATON / RETENTION CLAUSE:

Article 16 – Transfer of Team’s Franchise

The Team is barred from entering into any contract or agreement and from making any formal application to MLB to relocate or transfer the franchise to a location other than the Stadium. –pg. 27