

# LEASE SUMMARY

**TEAM: Charlotte HORNETS**

**Team Owner:** Michael Jordan

**[Team Website](#)**

**FACILITY:** Spectrum Center

**[Facility Website](#)**

**Year Built:** 2005

**TITLE OF AGREEMENT:** Arena Use and Operating Agreement

**Lessor:** City of Charlotte and the Auditorium-Coliseum-Convention Center Authority

**Lessee:** RLJ Arena Operations, LLC

## **TERM OF AGREEMENT:**

“[T]he term of this Agreement (‘Operating Period’) shall end on the later of June 30, 2030, or the tenth (10<sup>th</sup>) Business Day following completion of the last Home Game of the NBA Team in the 2029-30 NBA Season (the ‘Scheduled Expiration Date’), unless sooner terminated.” Section 4.1, page 4.

## **RENT:**

“[T]he operator shall pay to the City or the City’s designee, without any right of offset, reduction or abatement . . . the Capital Amount, on or before the first Business Day of January 2007, and on or before the first Business Day of each January thereafter during the Operating Period. For purposes hereof, the ‘Capital Amount’ shall initially be Two Hundred Fifty Thousand Dollars (\$250,000), and shall increase by five percent (5%) per year compounded annually, up to a maximum of Five Hundred Thousand Dollars (\$500,000).” Section 5.1, page 6.

## **USE OF FACILITY:**

“[T]he operator shall, subject to the terms and conditions of this Agreement, have the exclusive right to use, sublicense, conduct business form, and operate the Facility for any lawful purpose (the ‘Permitted Uses’), including the following:

- (a) Operation of an NBA Team, a WNBA Team and other Sports Users . . .;
- (b) Exhibition, presentation, marketing and broadcasting (or other transmission) of other amateur or professional sports events . . .;
- (c) Constructing, operating, and displaying any Signage on the interior portion of the Facility . . .;
- (d) . . . operation of restaurants, clubs and bars (including sports bars);
- (e) . . . sale of food, beverages, souvenirs, novelties, and other items customarily sold and marketed in sports and entertainment facilities;
- (f) Conducting public tours of the Facility;
- (g) Conducting parking operations in any parking facilities located on the Arena Site;
- (h) . . . retail uses for the sale of items described in clause (e) above . . .;
- (i) Conducting day-to-day business operations in Operator’s office space within the Facility;

- (j) Operating studio and related facilities for radio, television and other broadcast and entertainment media . . .;
- (k) Storage of maintenance equipment and supplies . . .;
- (l) Maintenance, repairs and other work . . .;
- (m) Use and enjoyment of the other rights conferred upon the Operator under Section 6.3 of this Agreement; and
- (n) Any other use or made or permitted to be made of any Comparable Facility.”

Section 6.1, pages 6-8.

#### **MAINTENANCE:**

“[T]he Authority shall be retain the right to provide, and shall be solely responsible for, all operational and maintenance service and other ‘back of house’ services for the Facility.” Section 7.7, page 20.

#### **OPERATING EXPENSES:**

##### **Arena Management and Operations**

The Operator shall “purchas[e] and supply[] all materials and supplies (other than those used for Back of House Services of Food and Beverage Services) regularly used and consumed in the operation of the Facility.” Section 7.1(f), page 18.

##### **Operating Expenses and Loans**

“[T]he Operator shall be responsible for payment of all costs associated with Event Management, the insurance with respect to the Facility it is required to carry under Article 10, Taxes required to be paid by the Operator under this Agreement, the performance of all of its other obligations under this Agreement . . . the Operator shall pay such Operating Expenses from the revenues generated through exercise of the Operating Rights.” Section 7.2, page 18.

#### **ESCAPE, DEFAULT OR TERMINATION CLAUSES:**

Operator Default: “The occurrence of any of the following shall be an ‘Event of Default’ by the Operator or an ‘Operator Default’:

- (a) The failure of the Operator to pay any amounts due to the City or the Authority when due and payable . . . .;
- (b) A Non-Relocation Default . . . shall have occurred;
- (c) The failure of the Operator to keep, observe or perform any of the material terms, covenants or agreements contained in this Agreement . . .; [or]
- (d) An Act of Bankruptcy shall have occurred with respect to the Operator.”

Section 16.1, pages 56-57.

#### **INSURANCE:**

“Commencing on the Commencement Date, or any earlier occupancy of the Facility by the Operator or the Team and at all times during the Operating Period the Operator shall, at its sole cost and expense, obtain, keep and maintain” property insurance, commercial general liability insurance, workers’ compensation policy, an excess or umbrella policy, personal property policy, automobile liability policy, comprehensive boiler and machinery insurance policy, and operator liquor liability policy. Section 10.1, pages 34-36.