

# LEASE SUMMARY

**TEAM: Houston ROCKETS**

**Team Owners:** Tilman J. Fertitta

[Team Website](#)

**FACILITY:** Toyota Center

[Facility Website](#)

**Year Built:** 2003

**TITLE OF AGREEMENT:** Arena Lease, Sublease, License and Management Agreement

**Lessor:** Harris County-Houston Sports Authority

**Lessee:** Rocket Ball, LTD

**TERM OF AGREEMENT:**

“The term of this Agreement (the “Term”) shall commence at 12:01 a.m. on the date following Substantial Completion that is the earlier of (i) the scheduled date of the first official Rockets pre-Season game of the 2003/2004 NBA Season and (ii) the later to occur of (A) sixty (60) days following the Substantial Completion Date and (B) October 1, 2003 (the “Commencement Date”) . . . . The Term shall end on the last day of the three hundred sixtieth (360th) calendar month after the calendar month in which the Commencement Date occurs (the “Scheduled Expiration Date”) unless sooner terminated.” Section 4.1, page 6.

**RENT:**

“[R]ent of Five Million Four Hundred Thousand Dollars (\$5,400,000) for each lease year during the Term (the “Rent”) consisting of Two Hundred Thousand Dollars (\$200,000) (the “Naming Rights Portion”) and Five Million Two Hundred Thousand Dollars (\$5,200,000) (the “Residual Arena Rent”), and shall make deposits for the operation and Maintenance of the Arena and for Capital Work (excluding Landlord Capital Work), as further provided in this Agreement, of One Million Five Hundred Thousand Dollars (\$1,500,000) for each full Lease Year during the Term to the Maintenance Fund (the “Maintenance Fund Deposit”) and of One Million Six Hundred Thousand Dollars (\$1,600,000) for each full Lease Year during the Term to the Capital Fund (the “Capital Fund Deposit”) (the Rent, the Maintenance Fund Deposit and the Capital Fund Deposit, collectively herein called the “Annual Payment”).” Section 5.1, page 7.

**USE OF THE FACILITY:**

“During the Term, Tenant and Tenant’s Affiliates and any other Affiliates of Tenant shall have the exclusive right (but not the obligation) to use and occupy the Leased Premises for any lawful purpose other than the Prohibited Uses, [including:]

- (a) The operation of the NBA Franchise . . . ;
- (b) The entry into use or license agreements for, or the exhibition, presentation, and broadcasting (or other transmission) of, other amateur or professional sporting events . . . ;
- (c) Constructing, operating, and displaying any signs on the interior, exterior or any other portion of the Arena . . . ;

- (d) Restaurants, clubs and bars (including brew pubs and sports bars);
- (e) Sale of food and alcoholic and non-alcoholic beverages, souvenirs and other items customarily sold and marketed in sports and entertainment facilities;
- (f) Operation of a museum or hall of fame open to the public;
- (g) Conducting public tours of the Arena and the Leased Premises;
- (h) Parking in any parking facilities located on the Arena Site;
- (i) Retail uses, including such uses located in the Arena, along the street level of the Arena Site and in kiosks, carts and similar movable or temporary retail facilities;
- (j) Entertainment (including theaters, movie theaters, arcades and gaming), museum and educational uses;
- (k) Conducting day-to-day business operations in Tenant's office space within the Arena by Tenant . . .;
- (l) Studio and related facilities for radio, television, and other broadcast and entertainment media . . .;
- (m) Storage of maintenance equipment and supplies used in connection with the operation of the Leased Premises or all other Permitted Uses . . .;
- (n) Maintenance, repairs, and other works . . .;
- (o) The use and enjoyment of the rights and licenses granted . . .;
- (p) Any other use made or permitted to be made of any Comparable Facility; and
- (q) Other uses reasonably related or incidental to any of the foregoing or not inconsistent with any of the foregoing."

Section 6.1, page 9-10.

#### **MAINTENANCE:**

"Tenant shall manage and operate the Arena, or cause the Arena to be managed and operated, as a multipurpose sports and entertainment facility in compliance with Governmental Rules subject to the provisions of Sections 6.1 and 6.3 and in a manner consistent with the manner and standards by which Comparable Facilities are managed and operated, and shall perform Maintenance and Capital Work necessary to maintain the Arena in a manner comparable to that in which Comparable Facilities are maintained" Section 7.1, page 16.

#### **OPERATING EXPENSES:**

"During the Term, Tenant shall be responsible for payment of, and as provided in Section 7.2 may be reimbursed from the Maintenance Fund during the Term for, all utility, salary, insurance (including all premiums and deductibles), management and other operating costs and expenses associated with the operation of the Arena ("Operating Expenses") and the performance of Maintenance and payment for all Maintenance Expense." Section 7.3, page 18.

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

##### **Section 16.1: Events of Default**

"The occurrence of any of the following shall be an 'Event of Default' by Tenant or a 'Tenant Default':

- (a) The failure of Tenant to pay any Semi-Annual Installment when due and payable under this Agreement . . .;
- (b) The failure of Tenant to pay any payments due to Landlord . . .;

- (c) If any default by Tenant shall have occurred under any of the Principal Project Documents to which it is a party and the same remains uncured after the lapse of the applicable notice and cure period, if any, provided for under the terms of the respective Principal Project Documents;
- (d) If any default by Tenant shall have occurred under the Project Agreement and the same remains uncured after the lapse of the applicable notice and cure period, if any, provided for under the terms of the Project Agreement;
- (e) If any default by the NBA Team or Tenant shall have occurred under the Non-Relocation Agreement and the same remains uncured after the lapse of the applicable notice and cure period, if any, provided for under the terms of the Non-Relocation Agreement;
- (f) The failure of Tenant to keep, observe or perform any of the material terms, covenants or agreements contained in this Agreement.”

Section 16.1, page 51.

**INSURANCE:**

“Commencing on the Commencement Date, and at all times during the Term, Tenant shall, at its sole cost and expense, obtain, keep and maintain a properly insurance policy” and builders’ all-risk insurance policies, commercial general liability insurance, workers’ compensation, and an excess/umbrella policy. Section 10.1, pages 27-29.