

# LEASE SUMMARY

## BASICS

**TEAM: Philadelphia PHILLIES**

**Team Owner:** John Middleton

**Team Website**

**FACILITY:** Citizens Bank Park

**Facility Website**

**Year Built:** 2001

**Ownership:** Philadelphia Authority for Industrial Development

**TYPE OF FINANCING:** “Approximately half of the financing for Citizens Bank Park came from a combination of city and state funds. The State contributed a total of \$170 million in grants to the Phillies and Eagles (NFL) for their new stadiums. The City of Philadelphia contributed \$304 million total toward the construction of the two stadiums. This money is being collected through a two percent car rental tax. It is unclear how the city and state monies were divided between the two facilities.” *Appendix 1, Sports Facility Reports*, Vol. 18, *available at* <https://law.marquette.edu/assets/sports-law/MLB.Antonio.72617.pdf>.

**TITLE OF AGREEMENT:** Sublease and Development Agreement

**Lessor:** Philadelphia Authority for Industrial Development

**Lessee:** The Phillies

### **TERM:**

The Term of the Agreement shall commence “on such date as all of the conditions to the Authority’s obligations set forth in Section 4.1.1 of this Agreement have been satisfied or waived . . . and shall expire on the Secondary Term Expiration Date” which is the December 31<sup>st</sup> that immediately follows the end of the thirtieth (30<sup>th</sup>) MLB Season following the Commencement Date. Section 2.3, page 32.

## PAYMENTS/EXPENSES

### **RENT:**

“The Authority hereby acknowledges receipt from Tenant of the amount of Thirty Dollars (\$30) representing base rent (‘Base Rent’) paid in advance for the entire Secondary Term of this Agreement. During each Renewal Term, Tenant hereby agrees to pay the Authority and the Authority hereby agrees to accept as a Base Rent under this Agreement the yearly sum of Five Hundred Thousand Dollars (\$500,000) for each Lease Year during the first Renewal Term, and such annual Base Rent shall increase by One Hundred Thousand Dollars (\$100,000) for each Renewal Term thereafter, all such Base Rent payable in advance on or prior to the first day of each Calendar Year” Section 2.4, page 34.

**ADDITIONAL RENT:**

“Tenant covenants and agrees to pay and discharge as additional rent (‘Additional Rent’) . . . all payments in addition to Base Rent and the Commonwealth Payment Amount that Tenant is required by or pursuant to this Agreement to pay the Authority, as well as other amounts, liabilities and obligations.” Section 2.7, page 34.

**OPERATING EXPENSES:**

Commonwealth Payment Amount: “Tenant hereby agrees to pays the Authority, as agent for the Commonwealth . . . the amounts pursuant to Chapter 5 of the CFDEA.” Section 2.5, page 34.

Utilities and Services: “Tenant shall arrange, procure, obtain and enter into contracts for the furnishing to the Stadium Premises or itself provide (a) all necessary utility services . . . (b) cleaning and janitorial services . . . (c) system and facility maintenance services . . . and (d) any and all services deemed necessary or advisable by Tenant.” Section 5.1.3, pages 48-49.

**CAPITAL IMPROVEMENTS****CAPITAL REPAIRS, CAPITAL IMPROVEMENTS, AND CAPITAL FUND:**

Capital Repairs and Capital Improvements: “Tenant is solely responsible for, and hereby agrees, covenants and undertakes to perform, all Capital Repairs at, on, upon or with respect to the Stadium Premises during the Term of this Agreement.” Section 8.5.1, page 97.

Capital Budget: “On or before the date which is thirty (30) days prior to the first day of each Lease Year during the Term of this Agreement, Tenant shall prepare and submit to the Authority (for informational purposes) the following:

- 1) A budget setting forth a list of and estimated costs of performing all Capital Repairs and Capital Improvements.”

Section 8.5.2.2, page 97.

**MAINTENANCE****UTILITIES AND SERVICES:**

“Tenant shall arrange, procure, obtain and enter into contracts for the furnishing to the Stadium Premises or itself provide (a) all necessary utility services . . . (b) cleaning and janitorial services . . . (c) system and facility maintenance services . . . and (d) any and all services deemed necessary or advisable by Tenant.” Section 5.1.3, pages 48-49.

**MANAGEMENT AND OPERATIONS:**

“Performing or caused to be performed, all Maintenance, Repairs, and Capital Repairs.” Section 7.8.3, page 75.

**RETENTION****NON-RELOCATION/RETENTION CLAUSE:**

The “Tenant shall play and caused to be play all Tenant Home Games in the Stadium Premises.” Section 7.7, page 73. “Tenant shall not enter into any contract or agreement with respect to or

which would result in the move or relocation or make application to MLB with respect or which would result in the move or relocation.” Section 7.7.1.5, page 74.