

# LEASE SUMMARY

**TEAM: San Antonio SPURS**

**Team Owners:** Spurs Sports & Entertainment

[Team Website](#)

**FACILITY: AT&T Center**

[Facility Website](#)

**Year Built:** 2002

**TITLE OF AGREEMENT:** Operating Agreement

**Lessor:** Bexar County, Texas

**Lessee:** Community Arena Management, LTD.

## **TERM OF AGREEMENT:**

“This Operating Agreement shall be effective as a contract as of the date hereof . . . and shall expire (the ‘Expiration Date’), unless sooner terminated in accordance with the provisions of this Operating Agreement, at 11:59 P.M. on June 30 of the twenty-fifth (25<sup>th</sup>) fiscal year after the Operations Start Date.” Section 3.1, pages 20-21.

## **RENT:**

“[T]he Operator shall pay to the County (without offset or deduction except as specifically provided in this Operating Agreement, if any), an annual license fee of \$1,300,000 (the ‘Annual License Fee’) for each year of the Term payable semi-annually in the amount of \$650,000.” Section 5.7, page 36.

## **USE OF THE FACILITY:**

“Operator shall have the right to use and occupy the Arena Project for any lawful use consistent with a venue project . . . including:

- (a) The operation of an NBA franchise . . . ;
- (b) The exhibition, presentation and broadcasting (or other transmission) of other amateur or professional sporting events . . . ;
- (c) Restaurants, clubs, and bars (including brew pubs and sports bars) located in the Arena . . . ;
- (d) Sale of food and alcoholic and non-alcoholic beverages, souvenirs and other items . . . ;
- (e) Operation of a museum open to the Public in the Arena;
- (f) Conducting public tours of the Arena Project;
- (g) Sale of Event (Except for SALE Event) parking . . . ;
- (h) Specialty retail uses . . . ;
- (i) Entertainment uses . . . ;
- (j) Educational uses . . . ;
- (k) Office and Arena ancillary space . . . ;
- (l) Studio and related facilities . . . ;
- (m) Storage of maintenance equipment.”

Section 4.22, pages 29-30.

**MAINTENANCE:**

“Operator shall, throughout the Term, do the following (collectively, the ‘Maintenance and Capital Repair Work’):

- (a) Perform all Maintenance and perform all Capital Repairs . . .;
- (b) Maintain and keep, or cause to be maintained and kept, the Arena Project in a clean, neat, safe, and orderly condition.”

Section 4.1, page 22.

**OPERATING EXPENSES:**

“As soon as practicable, but in no event later than one hundred and twenty (120) days following the end of each Fiscal Year during the Term, the Operator will distribute to the County an amount equal to twenty percent (20%) of the Net Operating Income which is in excess of the Threshold Amount.” Section 5.2, page 32.

The Team will also be charged:

- The Other Event Seat Use Charge shall initially be \$1.00 per user . . . shall be collected by the Operator and shall be in addition to, and not in lieu of, admissions charges
- The Parking Use Fee shall initially be \$1.00 per vehicle
- The operator shall make up such deficit to the Renewal and Replacement Account in its own Funds.
- The Team Seat Use Charge shall initially be \$1.00 per user

Section 5.9, page 37.

**ESCAPE, DEFAULT OR TERMINATION CLAUSES:**

Each of the following events shall constitute an Event of Default:

- If any representation or warranty made by the County or the Operator herein shall at any time prove to have been incorrect in any material respect as of the time made
- If the Operator shall breach its obligations under the provisions
- If the County or the Operator shall materially breach any of the other covenants or provisions in this Operating Agreement

Section 16.1, page 67.

**INSURANCE:**

“The Operator shall cause to be procured and maintained . . . the following insurance coverages[:]” property insurance, builders’ all-risk insurance, commercial general liability insurance, workers’ compensation, and excess/umbrella liability coverage. Section 11.1, pages 47-49.