

NBA LEASE SUMMARIES

TEAM: Miami Heat

Team Owner: Micky Arison

Team Website: <http://www.nba.com/heat/>

FACILITY: American Airlines Arena

Facility Website: <http://www.aaarena.com/>

Year Built: 1999

TITLE OF AGREEMENT: Miami Heat License Agreement

Lessor: Metropolitan Dade County

Lessee: Miami Heat Limited Partnership; Basketball Properties, LTD

Financing Information

The team built the Arena, with Dade County providing \$8.5 million a year in bed-tax revenue to help pay the debt from the construction costs.

Term

The term of the License Agreement commences on the license commencement date and expires on the later of thirty (30) years after the June 30 which immediately follows the license commencement date or the first June 30 following the scheduled final maturity date. – Sect. 2.1, pg. 3–4

Options to Extend

The Heat have two successive options to extend the agreement, each for the lesser of five (5) years or one-half the number of full years less than forty (40) subsequent to the license commencement date. The extension options are subject to approval of the County. – Sect. 2.1, pg. 4

Rent

The Heat pay a use fee to basketball properties based on gate receipts for home games.

Team Use of the Facility

The Heat have the non-exclusive right to use the Arena, the common area and can have up to six team events other than home games during the license term. The Heat also can require the basketball floor be installed when the Arena is not being used for other purposes for a fee of \$500 in the first year, and 3% higher each year after. – Sect. 3.3, pg. 12

Revenue Sources

Tickets

The Heat exclusively realize all revenue from tickets (other than suites and premium seating). – Sect. 6, pg. 15

Parking

The Team does not realize any revenue from parking. – Sect. 9, pg. 18–19

Concessions

The Heat retain 0% of the revenue from soft concessions but 100% of the revenue from hard concessions. – Sect. 8, pg. 17–18

Advertising

The Heat retain all revenue from team advertising, including the communication system. – Sect. 13.1, pg. 23

Broadcast Rights

The Heat have the exclusive right to revenue of all radio, television and broadcasts. – Sect. 7, pg. 17

Maintenance

The Heat provide Basketball Properties with any changes in the NBA requirements or procedures as adopted, and the Operator complies at its expense. The Heat incur no maintenance payments. – Sect. 10, pg. 19–20

Operating Expenses

Staffing

At its expense, the Heat employ the players, officials, timers, scorekeepers, scoreboard operators, public address announcer and other persons directly engaged in the conduct of home games. – Sect. 12, pg. 21

Custodial Services

The Heat can request additional services and pay a reasonable fee to Basketball Properties. – Sect. 12, pg. 21

Other

The Heat pay a box office ticket fee for each ticket sold through the box office. – Sect. 6, pg. 16

Capital Improvements

The Heat bear the expense of placing team equipment in the home locker room. – Sect. 14.2, pg. 25

Insurance

The Heat is required to have general commercial liability insurance and property insurance for special causes. – Sect. 15, pg. 27

Escape, Default or Termination Clauses

Team Default

1. Failure to make a payment after fifteen (15) days of receiving notice.
2. Team fails to perform any provision and failure is not corrected thirty (30) days after receiving notice. – Sect. 20.1.1, pg. 37

Operator Default

1. Operator fails to perform any provision and failure is not corrected thirty (30) days after receiving notice. – Sect. 20.2.1, pg. 39

Remedies

The Heat or Basketball Properties may recover any damages or losses, or obtain an injunction or specific performance in the event of default. – Sect. 20.1.1, pg. 37; Sect. 20.2.1, pg. 40

Force Majeure

Failure to perform by either party will not be considered a default on the agreement if due to force majeure. – Sect. 23.19, pg. 58–59