

## NBA LEASE SUMMARIES

**TEAM: San Antonio Spurs**

**Team Owner:** Peter Holt

**Team Website:** <http://www.nba.com/spurs/>

**FACILITY:** AT&T Center

**Facility Website:** <http://www.attcenter.com/>

**Year Built:** 2002

**TITLE OF AGREEMENT:** Spurs License Agreement

**Lessor:** Bexar County, Texas

**Lessee:** San Antonio Spurs, L.L.C.; Community Arena Management, LTD (CAM).

### **Financing Information**

\$146.5 million of the stadium finances were generated through a county tax increase and an increase in hotel and rental car taxes. The Spurs contributed \$28.5 million, which was raised through a \$1.00 increase in ticket fees for NBA games and a \$1.00 parking surcharge. The bulk of the facility's revenues go to the team.

### **Term**

The License Term as herein provided, the "License Term" shall begin on the License Commencement Date and shall end at 11:59 p.m. on June 30 of the twenty-fifth (25th) Fiscal Year after the License Commencement Date. – Sect. 2.7, pg. 19

### Option to Extend

The Spurs have no option to extend. The option rests at the discretion of CAM. – Operating Agreement Sect. 3.2, pg. 20

### **Rent**

“In consideration for the License granted by the County under this Spurs License Agreement, the Spurs shall pay the Spurs' Contribution in accordance with the terms of the Development Agreement which shall be expended in accordance with the terms thereof.” – Sect. 3.1, pg. 20

### **Team Use of the Facility**

The Spurs “have the right to use the Arena for marketing functions for its sponsors, public basketball play for fans, or for a junior sports league or other marketing uses that Spurs may determine provided the Spurs reimburse [CAM] for the direct and actual expenses for such use.” – Sect. 2.6.4, pg. 19

The Spurs are also permitted to use the Licensed Premises for the presentation of Spurs Events and any activities related to the presentation of Spurs Events, including set-up, shut-down and other pre-and post-game activities and events (intermission shows, concerts

or other entertainment), warm-up sessions, practice sessions and promotional Exhibitions.  
– Sect. 2.5, pg. 17

## **Operator Use of the Facility**

The Operator has possession and control of the Licensed Premises, other than the Spurs Spaces for which Spurs has exclusive possession, and the Spurs acknowledge that the Operator has the right to enter the Spurs Spaces upon at least one day's prior written notice to the Spurs (except in an emergency). – Sect. 2.1, pg. 15

## **Revenue Sources**

### Tickets

The Spurs exclusively own and possess all ticket receipts. – Sect. 4.1, pg. 20

### Parking

The Spurs exclusively own and possess all net revenue from parking during basketball events or other Spurs Events. – Sect. 4.1, pg. 21

### Concessions

The Spurs exclusively own and possess all net concession revenues from Spurs Events. – Sect. 4.1, pg. 21

### Advertising

The Spurs exclusively own and possess all advertising revenue. – Sect. 4.1, pg. 21

### Naming Rights

The Spurs exclusively own and possess all naming rates. – Sect. 4.1, pg. 21

### Luxury/Premium Seating

All revenue (excluding seat use charges) from the sale and licensing of premium seating is Spurs revenue. – Sect. 4.1, pg. 21

### Novelty and Merchandising Items

The Spurs exclusively own and possess all items sold at the Spurs retail store and net revenues from the sale of consumable and non-consumable Concessions sold during Spurs Events. – Sect. 4.2, pg. 21

### Broadcast Rights

The Spurs exclusively own and possess all sponsorship receipts including, but not limited to, pay television, television, electronic, radio and other media broadcasting. – Sect. 4.1, pg. 21

## **Maintenance**

The Spurs provide CAM any changes in the NBA Rules and Regulations or procedures as adopted affecting the operation of the Arena Project during Basketball Events.. The Spurs shall have no responsibility or repair or maintenance at the Arena Project, the Arena or the Licensed Premises. – Sect. 5.2, pg. 22

## **Operating Expenses**

### Staffing

At its expense, the Spurs employ the players, officials, timers, scorekeepers, scoreboard operators, public address announcer and other persons directly engaged in the conduct of the Spurs Events, as well as all salaries and employment benefits for Spurs players, employees, contractors and agents. – Sect. 5.4, pg. 23

### Pass Through Expenses

The Spurs shall pay or reimburse CAM for all Spurs Event Expenses which shall be due and payable within a reasonable period of time after invoicing by CAM. – Sect. 3.2, pg. 20

### Other

“All actual and directly allocable expenses properly attributable and related to the operation of the Spurs Retail Store including personnel costs, maintenance, custodial and utility expenses and other costs of the Spurs' Retail Store operation, shall be borne by the Spurs and shall not be treated as Arena Project Operating Expenses. The expenses of operating the Spurs Retail Store shall be borne solely by the Spurs from its own resources.” – Sect. 4.3, pg. 21

### **Insurance**

During all times of the license term the Spurs have the following insurance coverage: commercial general liability policy, workers compensation policy and excess/umbrella policy. – Sect. 15.1, pg. 38–39

### **Escape, Default, or Termination Clauses**

#### Default

The Spurs or CAM default by:

1. Any material representation not corrected within thirty (30) days.
2. Materially breaching any of the covenants. – Sect. 19.1, pg. 48–49

The Spurs can also default by breaching the Non-Relocation Agreement. – Non-relocation Agreement Sect. 4.1(a), pg. 4

#### Termination

The Spurs can terminate the License Agreement with thirty (30) days notice given a default by CAM. The License Agreement automatically terminates if the Operating Agreement is terminated. – Sect. 19.6, pg. 50–52

#### Remedies

The Spurs have the right to pursue litigation or arbitration if CAM defaults in the form of injunction or liquidated damages. – Sect. 19.7, pg. 52

#### Force Majeure

Failure to perform by either party will not be considered a default on the agreement if due to force majeure. – Sect. 21.5, pg. 58

### **Retention Methods**

#### Non-Relocation

The Spurs cannot play more than two home games outside of Bexar County in any season, and will not relocate outside Bexar County for the duration of the agreement. – Non-relocation Agreement Sect. 3.1(b), pg. 3