

LEASE SUMMARY

BASICS

TEAM: Chicago WHITE SOX
Team Owner: Jerry Reinsdorf
Team Website: <http://chicago.whitesox.mlb.com/>

FACILITY: U.S. Cellular Field
Facility Website: http://chicago.whitesox.mlb.com/index.jsp?c_id=cws
Year Built: 1991
Ownership: Illinois Sports Facility Authority

TYPE OF FINANCING:

The Illinois Sports Facilities Authority issued \$150 million in bonds for the land and the construction of the new stadium. A 2% hotel tax levied on Chicago hotels services the debt. *Appendix I*, Sports Facility Reports, Vol. 12, <https://law.marquette.edu/assets/sports-law/pdf/sports-facility-reports/v12-mlb-2011.pdf>.

TITLE OF AGREEMENT:

Management Agreement Between Illinois Sports Facilities Authority and Chicago White Sox, Ltd.

TERM OF AGREEMENT: 20 years, effective March 1, 1991. The White Sox hold four successive options to extend the term for five years each. –Article 2, pgs. 7-9

PAYMENTS/EXPENSES

RENT:

Article III – Fees to Authority

Section 3.03 – Ticket Fees to Authority

“For each Season during the First Period following the Existing Stadium Period in which Paid Attendance exceeds 1,200,000 Team shall pay Ticket Fees equal to the aggregate of:

- (i) the First Tier Ticket Fee Rate [\$2.50] multiplied by the lesser of (A) 800,000 and (B) the Paid Attendance for such Season in excess of 1,200,000; and
- (ii) the Second Tier Ticket Fee Rate [\$1.50] multiplied by Paid Attendance for such Season in excess of 2,000,000.”

The amount of attendance and the Fee Rate of each Tier required shall be adjusted following the first period. –pg. 14

Section 3.04 – Media Fees

“For the First Season, Team shall pay Media Fees equal to Thirty-Five (35%) of Sign Income [revenues from the sale or rental of sign advertising within the stadium] for the fiscal year in which such Season occurs in excess of \$2,000,000. For each Season after

the First Season, Team shall pay Media Fees equal to the lesser of (a) Net Income (Fees) for the fiscal year in which such Season occurs and (b) Thirty-Five Percent (35%) of the aggregate of Broadcast Income [Team revenues from the exploitation of local radio and television rights] and Sign Income in excess of \$10,000,000 for the fiscal year in which the Season occurs.” –pgs. 14-15

CAPITAL IMPROVEMENTS

Article VII – Maintenance and Repair

Section 7.01- Allocation of Responsibilities; Definitions

“[T]he Authority is to be responsible for the financial burdens of all ‘Capital Repairs.’” – pg. 33

“[T]he term ‘Capital Repairs’ shall mean any work which is reasonably required to be performed in and about the Stadium to repair, restore or replace components of the Stadium necessitated by any damage, destruction, ordinary wear and tear, defects in construction or design, or any other cause.” –pg. 34

Section 7.07- Capital Repairs Account

“Authority shall establish an Account . . . , the purpose of which shall be to accumulate funds for the payment of the cost of Capital Repairs for which Authority is financially responsible.” –pgs. 37-38

“[A]fter the end of each Season . . . , Authority shall deposit the sum of \$1,000,000 [into the Capital Repairs fund].” –pg. 38

MAINTENANCE

Section 7.01 – Allocation of Responsibilities; Definitions

“[The] Team is to be responsible for the financial burdens of performing “Routine Maintenance.” –pg. 33

“[T]he term ‘Routine Maintenance’ shall mean the provision of all labor and materials which are required to (a) keep the Stadium and its components in good order and repair which is of a routine, regular and predictable nature, (b) keep the Stadium clean and free of debris, and (c) to repair, maintain or replace components of the Stadium which are not within the scope of the Authority’s Work.” (Authority’s Work was related to the completion of the Stadium.) –pg. 33

RETENTION

Article 26 – Transfer of Franchise

Section 26.01 - Agreement by Team

“Team acknowledges that Authority will be irreparably harmed by the transfer of the Team’s American League franchise to a location other than the Stadium during the Term of this Agreement.” –pg. 72

“Team shall not enter into any contract or agreement of any kind to transfer the Team’s franchise to a location other than the stadium unless” there is a major or other default by Authority or the Term of this Agreement has expired. –pg. 72

“Team agrees that in the event of a violation of this Article XXVI, Authority shall be entitled to seek and obtain an injunction . . . to enjoin any violation of this Article XXVI.” –pg.72