

LEASE SUMMARY

BASICS

TEAM: Houston ASTROS

Team Owner: Jim Crane

Team Website: <http://houston.astros.mlb.com/>

FACILITY: Minute Maid Park

Facility Website: <http://mlb.com/hou/ballpark/>

Year Built: 2000

Ownership: Harris County- Houston Sports Authority

TYPE OF FINANCING:

Public financing of \$180 million (68%) came from a 2% hotel tax and a 5% rental car tax. The Houston Sports Facility Partnership provided a \$33 million (12%) interest-free loan with no repayment due until 10 years of ballpark operation occurred. Astros owners contributed \$52 million (20%). The project was completed under budget because only \$248.2 million of \$250 million in public money allotted for the project was used.

Appendix 1, Sports Facility Reports, Vol. 12, <https://law.marquette.edu/assets/sports-law/pdf/sports-facility-reports/v12-mlb-2011.pdf>.

TITLE OF AGREEMENT:

Stadium Lease Agreement by and between Harris County-Houston Sports Authority, as Landlord, and Houston McLane Company, Inc., d/b/a Houston Astros Baseball Club, as Tenant.

TERM OF AGREEMENT: 30 years, effective the first April 1 following the Substantial Completion Date. The Astros have two five (5)-year renewal options.

–Article 3, pgs. 4-5

PAYMENTS/EXPENSES

RENT:

Section 4.1.2.1 – **General**

Basic annual rent for each year of the lease term is \$3.4 M, paid semi-annually to the Authority (two payments of \$1.7M). –pg. 6

OPERATING EXPENSES:

Section 6.1 – **Operating Covenant**

The Tenant (Houston Astros) is responsible for all costs associated with the operations of the “Leased Premises and Concession Improvements . . . in accordance with applicable Governmental Rules and Major League Baseball Rules and Regulations and in a manner reasonably consistent with other Comparable Facilities.” –pgs. 12-13

CAPITAL IMPROVEMENTS

Section 6.3 – **Changes, Alterations, and Additional Improvements**

“Subject to the limitations and requirements contained elsewhere in this Stadium Lease, Tenant shall have the right at any time and from time to time to construct additional or replacement improvements on the Tracts [(real property and parking areas)] and to make changes and alterations in, to or of the Leased Premises and Concession Improvements.”
–pg. 15

Section 7.1 – **Asset Renewal and Replacement Fund**

“The Landlord shall (i) establish and maintain the ARR Account for the purpose of serving as a segregated asset renewal and replacement fund (the ‘ARR Fund’) and (ii) hold and disburse the funds required to be deposited in the ARR Fund.” –pg. 21

Section 7.2 – **Tenant’s Semi-Annual ARR Fund Deposit**

“For each Lease Year occurring during the Lease Term, Tenant shall make, or cause to be made, deposits into the ARR Fund that total an amount equal to Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00) per Lease Year, without offset or deduction other than as expressly provided in this Stadium Lease.” –pg. 22

MAINTENANCE

Section 6.2.1 – **Tenant’s Obligation**

The Tenant is responsible for the following:

- (a) “Perform all Maintenance and all Capital Repairs, or cause the performance of all Maintenance and all Capital Repairs, necessary to keep and maintain the Leased Premises and Concession Improvements in a First Class Condition and in a manner reasonably consistent with other Comparable Facilities; and
- (b) Maintain and keep, or cause to be maintained and kept, the Leased Premises and Concession Improvements in a clean, neat and orderly condition given the nature and use of the Leased Premises and Concession Improvements.” –pg. 13

USE AND OCCUPANCY

Section 5.1 – **Permitted Uses**

“During the Lease Term, Tenant shall have the right to use and occupy the Leased Premises for the following purposes[:]

- (a) The operation of a Major League Baseball franchise . . . and activities related thereto . . . ;
- (b) The exhibition, presentation and broadcasting (or other transmission) of other amateur or professional sporting events, exhibitions and tournaments, musical performances, theater performances and other forms of live

- entertainment, public ceremonies, fairs, markets, fireworks displays, shows, or other public or private exhibitions and activities related thereto;
- (c) Restaurants, clubs and bars (including brew pubs and sports bars);
 - (d) Sale of food and alcoholic and non-alcoholic beverages, souvenirs and other items customarily sold and marketed in sports and entertainment facilities;
 - (e) Operation of a museum open to the public;
 - (f) Conducting public tours of the Leased Premises;
 - (g) Providing parking in the parking facilities located on the Tracts;
 - (h) Specialty retail uses . . . ;
 - (i) Entertainment . . . , museum and educational uses;
 - (j) Office use by Tenant and any of its sub-tenants, licensees, and concessionaires;
 - (k) Studio and related facilities for radio, television, and other broadcast and entertainment media within the Leased Premises . . . ;
 - (l) Storage of maintenance equipment and supplies used in connection with the operation of the Leased Premises . . . including grounds keeping vehicles;
 - (m) Maintenance and repairs . . . ;
 - (n) The use and enjoyment of the rights and licenses granted to Tenant under the License Agreement; and
 - (o) Other uses reasonably related or incidental to any of the foregoing or not inconsistent with any of the foregoing.” –pgs. 9-11

RETENTION

There is a separate non-relocation agreement in addition to the Stadium Lease Agreement:

Title: Non-Relocation Agreement by and between Harris County-Houston Sports Authority and Houston McLane Company, Inc. d/b/a Houston Astro Baseball Club

Article 3, Non-Relocation Agreement

Section 3.1 – Relocation of Astros

- (a) “Houston McClane shall not relocate the Astros or the home territory of the Astros outside the boundaries of the City and the County.” –pg. 3

Section 3.2—Prohibited Actions

“Houston McClane shall not apply for or seek approval from Major League Baseball or the National League for (i) the relocation of the Astros or the home territory of the Astros outside the boundaries of the City and County or (ii) the reduction of the Astros’ territorial or circuit rights, as defined under Major League Rules.” –pg. 4