

SUMMARY – MAJOR PROPOSED TERMS & CONDITIONS

**2006 LEASE AMENDMENTS
(Pending Drafts)**

**JC/JCSCA – KC CHIEFS – KC ROYALS
TRUMAN SPORTS COMPLEX
JACKSON COUNTY, MISSOURI
(1-20-06)**

1. **Parties:** Landlord: Jackson County Sports Complex Authority (JCSCA or Landlord)
Tenant: Kansas City Chiefs Football Club, Inc.
Tenant: Kansas City Royals Baseball Corporation
Owner: Jackson County, Missouri (County)
(See Chiefs/Royals Leases Intro-Recitals)

2. **Lease Term; Extension Options.** Approximately Twenty-Five (25) years from anticipated Commencement Date in 2006 to January 31, 2031. Two (2) Five (5) Year Extension Options for Chiefs/Royals [2031-2036 & 2036-2041]. **(Chiefs § 1.2; Royals §§ 7 and 8)**

3. **Leased Premises.** As described in the Chiefs/Royals 1990 Leases subject to Common Areas modifications to increase sizes of both Chiefs and Royals Exclusive Leased Premises as approved by Landlord/County. **(Chiefs § 2.1 – Exhibit C (Amd); Royals § 9; Exhibit C)**

4. **Sports Complex—Stadiums Expansion and Renovation Plans (With Minimum Required Projects); Cost/Cost Overrun Responsibilities.**
 - 4.1 **Arrowhead Stadium Expansion and Renovation Plan – Minimum Required Projects** described on **Exhibit E** to Chiefs Lease. Landlord/County to contribute or arrange for “capped” total not to exceed \$250 Million of Public Funds from approximately \$212.5 Million from New County Sales Tax and from Missouri State Tax Credit revenues of approximately \$37.5 Million. Chiefs to contribute \$75 Million for \$325 Million Plan total. **(Chiefs § 3.2; Exhibit E)**

 - 4.2 **Kauffman Stadium Expansion and Renovation Plan with Minimum Required Projects** described on **Exhibits H and J** to Royals Lease. Landlord/County to contribute or arrange for “capped” total not to exceed \$225 Million of Public Funds from \$212.5 Million from New County Sales Tax and from Missouri State Tax Credit revenues of approximately \$12.5 Million. Royals to contribute \$25 Million for \$250 Million Plan total. **(Royals §§ 21 and 22; Exhibits H & J)**

 - 4.3 Chiefs and Royals (not Public) responsible for any Arrowhead/Kauffman Stadium Expansion and Renovation Plan cost overruns. **(Chiefs § 3.2.1; Royals § 21(c)(v))**

4.4 Arrowhead/Kauffman Expansion and Renovation Plans will include new reconfigured or separated Central Services Facility Improvements to allow separate concessionaire vendors for Chiefs and Royals (**Chiefs § 3.3; Royals §§ 9(b) and 22(a)**)

5. Development Agreements. Parties enter into Development Agreements to carry out Arrowhead/Kauffman Stadium Expansion and Renovation Plans. Chiefs and Royals approved Architect/Construction Manager/General Contractor to design, manage and construct Stadium Expansion and Renovation Plans for Landlord/County or other possible agency arrangement but always with Landlord/County oversight. Landlord/County or Teams as Landlord/County's controlled agents will be contracting party and will bid all design and work pursuant to current County bid procedures and MBE/WBE Plan. (**Chiefs § 3.2; Royals § 21**)

6. MBE/WBE-Minority Contractor Plan. Leases require that Development Agreements contain use of minority/women provisions for Stadium Expansion and Renovation Plan design and construction work as currently required pursuant to County policies as supplemented by a more comprehensive "Sports Complex Fair Share Agreement" (with Landlord specially hired M/WBE Coordinator) to be executed by Landlord (Authority) and Teams. (**Chiefs § 11.3 and Exhibit G; Royals § 21(c)(ii) and Exhibit I**)

7. "Updated Master Plan" (Chiefs) or "Capital Improvements Schedule" (Royals). Plan/schedule for scheduled repairs, maintenance and capital improvements at Stadiums after completion of Expansion and Renovation Plans (in approximately 2009) through 2031. Chiefs and Royals (not Public) responsible for any such costs in excess of available RMMO Fund amounts described below. Chiefs shall have the right to modify the schedule of repairs, maintenance and capital improvements, provided that the purpose of the modifications is to maintain the Chiefs/Royals Leased Premises in a first class NFL/MLB condition. (**Chiefs § 10.6 and Exhibit H; Royals § 11(d)(e) and Exhibit D**)

8. Rent. Chiefs and Royals as Tenant pay current Basic Rent (\$450,000 per year) and Percentage Rent under 1990 Leases with dedicated revenues into RMMO Fund for Stadiums' upkeep to the extent not needed by Landlord for its Sports Complex Common Areas and other costs. (**Chiefs § 6.1; Royals § 6.01 of Original 1990 Lease**)

9. User Fees. Landlord/County option to impose a Parking User Fee up to 5% and proposed \$1.00 per Chiefs Tickets and proposed 50¢ per Royals Tickets (Royals considering), with 50% of revenues used for Landlord's "capped" Common Areas costs and 50% into Stadium RMMO Funds for Stadium repairs and maintenance. (**Chiefs § 13.1; Royals § 24**)

10. Jackson County Residents Preference Plans. Landlord/County and Chiefs and Royals to work together on formulating a required Jackson County residents preference/benefits program for attendance at Chiefs and Royals games. Some parts still being developed but will include regular and season ticket purchase priorities, discounts on parking, and/or discounts on concessions/merchandise. (**Chiefs § 7.3; Royals § 26**) Teams will be requested to start programs immediately after successful County Sales Tax Election.

11. RMMO Fees. A "RMMO Fee" calculated under the 1990 Management Contract will be remains payable by Landlord to Teams to assist Teams in repairing, maintaining,

managing and operating the Stadium as part of New Lease structure whereby Teams (not County/Landlord) have cost/cost overrun responsibility. **(Chiefs § 10.5; Royals § 11)**

12. Stadium Revenues; Advertising Sharing; Naming Rights. Teams as Tenants keep revenues from Stadium operations, including advertising and naming rights (except County/Landlord share into Royals RMMO Fund) revenues, to help Teams fund Chiefs/Royals increased operational and cost overrun obligations. **(Chiefs § 14.1; Royals § 31)**

13. Stadium Repairs, Maintenance, Management and Operations; RMMO Fund. With Teams becoming responsible for their Leased Premises-Stadiums as part of new “Net” Lease structure and Teams responsibility for costs/cost overruns, Landlord/County contributes the following to an “RMMO Fund” for use at each Stadium;

(i) 50% [for each Team] of the following revenues and proceeds:

(A) the total of New County Sales Tax yearly proceeds not needed for principal and interest payments on the New Bonds that will finance the Stadium Expansion and Renovation Plans;

(B) existing Local and State Revenues for Sports Complex (currently, Missouri State of \$3 Million, County Property Tax of \$3.5 Million, and KCMO of \$2 Million); and

(C) any other future Local or State revenues for the Sports Complex (other than for a possible County/Landlord Rolling Roof for the Sports Complex);

less the following amounts: (a) 50% of the principal and interest needed for Sports Complex existing Bonds, (b) 50% of the Landlord administrative costs for the Sports Complex, and (c) the RMMO Fee payable annually to each Team by Landlord.

(ii) Stadium Rent and Ticket/Parking User Fees.

There are also adjustments to provide funds for a Common Areas RMMO Fund administered by Landlord. **(Chiefs § 10.5; Royals § 11)**

14. Common Areas RMMO Fund/Responsibility. Landlord will perform repair, maintenance, management and operations for the Sports Complex Common Areas such as Parking Lots and Roads, but Landlord/County will have no cost or other responsibility beyond available “capped” funds placed in a separate “Common Areas RMMO Fund” administered by Landlord. **(Chiefs Lease § 10.7; Royals Lease § 12)**

15. Utilities. Teams pay for their Stadiums and other Leased Premises and Landlord pays for Common Areas (with “capped” Common Area RMMO Fund) **(Chiefs §§ 9.1 and 9.2; Royals § 11(f))**

16. 2006 Lease Amendments Contingencies; Commencement Date. The proposed 2006 Lease Amendments with the Teams will not be operational and effective until its

“**Commencement Date**” which will be the date certain contingencies have been satisfied which include:

(i) Landlord/County and each Team have entered into the Stadium Development Agreements to carry out the Stadium Expansion and Renovation Plans;

(ii) A “**New County Sales Tax**” not exceeding a 3/8¢ levy must be passed in Jackson County with the presently anticipated Election Date of **April 4, 2006**;

(iii) Landlord/County must have received a firm commitment for \$50 Million in Missouri State Tax Credit revenues for the Arrowhead/Kauffman Stadium Expansion and Renovation Plans;

(iv) Each Team must have approved the other Team’s final form of 2006 Lease Amendment; and

(v) Approval of Royals 2006 Lease Amendment by MLB; and Approval of Chiefs 2006 Lease Amendment by NFL.

17. Rolling Roof; Possible Use Tax Financing. Landlord/County and Teams studying designs, feasibility, engineering, operation and financing plans for possible addition of a “Rolling Roof” to service the Sports Complex and protect games and other events against increment weather. One possible partial financing source is a Jackson County “use” tax on out-of-state sales of goods. (**Chiefs Lease § 4.2; Royals Lease § 23**)

18. TIF Exemption for New Sales Tax. To protect part of the revenues from the proposed 3/8¢ New County Sales Tax from existing TIF districts “capture” so that such funds can be used at the Sports Complex, the parties will use their reasonable best efforts to have necessary legislation passed in Jefferson City, but this will now not be a condition to the effectiveness of the 2006 Lease Amendments. (**Chiefs Lease § 1.9 (new); Royals Lease § 2**)

Prepared by:

Stephen G. Mitchell
Lathrop & Gage L.C.
Special Counsel to
Jackson County