

TERM SHEET FOR CLEVELAND INDIANS LEASE EXTENSION

Cleveland Mayor Frank Jackson (the “City”), Cuyahoga County Executive Armond Budish (the “County”), Chairman Ken Silliman of the Gateway Economic Development Corporation of Greater Cleveland (“Gateway”), and Cleveland Indians Baseball Company, LLC Chairman and CEO Paul Dolan (the “Team”), collectively (the “Parties”) are committed to preserving Cleveland’s Major League Baseball franchise and its ballpark for future Northeast Ohio generations, and their desire to do so is reflected in the following terms for a lease extension. The Parties understand that the terms are subject to authorization by the respective legislative bodies and boards of each participating entity and subject to the execution of a mutually agreed amended and restated lease agreement (the “Lease”) incorporating, in part, the terms of this term sheet.

1. Term.

There will be a 15-year lease term commencing January 1, 2022 and ending December 31, 2036. The lease will also contain one vesting option of either five or ten years as more fully described below.

2. Strategic Funding Approach

Progressive Field (the “Ballpark”), since 1994, has served as the home of Major League Baseball in our community. The Parties are committed to preserving and improving our Ballpark, enabling it to continue to provide the outstanding fan and community experience it has provided since 1994.

To that end, the *public* financial contributions set forth below are confined to the repair, upkeep, and appropriate modernizations needed to protect and preserve a valuable asset in the City of Cleveland. The repair and upkeep is accomplished via Gateway’s payment of all capital repairs including minor and Major Capital Repairs (“Capital Repairs”) to the Ballpark, generally—but not exclusively—guided by a 20-year Facilities Condition Assessment (“FCA”) prepared by Gateway consultants with assistance from Gateway and which shall be regularly updated by Gateway and the Team. The modernizations are accomplished pursuant to a schedule of Ballpark improvements prepared by the Team and approved by the City and County, with the public providing 2/3 of the contributions toward an improvement fund solely dedicated to the modernization of the Ballpark (the “Ballpark Improvement Fund”).

By contrast to the public’s funding of the physical facility, the Team contributions are primarily directed to the operations required to field a Major League Baseball franchise and pay certain of the public’s operating expenses associated with the Ballpark, namely routine maintenance for the Ballpark, the approved operating budget of Gateway, an additional annual Team rent payment, and property taxes for the Ballpark itself. However, as described in Section 4 below, the Team has also agreed to contribute 1/3 of the funding for the Ballpark Improvement Fund, plus any cost overruns over the original funding amount.

3. Funding Sources Table

The County will cause these approximate one-time revenues to be deposited into the Ballpark Improvement Fund with final amounts determined at the time of deposit:

- \$5,250,000 from County’s General Fund;
- \$1,060,000 from 2020 County Bed Tax Collections (60% of 1.0% Bed Tax);
- \$2,250,000 from County Account of Sports Facility Reserve ();
- \$1,050,000 from 2021 County Bed Tax Collections (60% of 1.0% Bed Tax); and
- \$2,000,000 Payment to County from Development Parcel proceeds.

The existing balance in the 2015 Excise Tax Facility Improvement Fund estimated at \$3,400,000, the 2020 excess excise tax revenues, and the 2021 excess excise tax revenues will be deposited to the Capital Repair Fund at the time of funding the Ballpark Improvement Fund to fund existing approved capital repair obligations and 2022 projected Capital Repairs at the Ballpark.

The County will issue Bonds for the difference between \$135 million and the total of the above amounts, paid by the City, County and State of Ohio funding sources listed below. The Bonds will fund the public’s share of the Ballpark Improvement Fund costs. Any funds not required for Bond debt service payments will be allocated to the payment of Capital Repairs.

FUNDING SOURCE		NATURE: FIXED OR VARIABLE	ANNUAL \$ CONTRIBUTED*	DURATION
ENTITY	TYPE			
City	Sports Facility Reserve	Fixed	3,200,000	2024-2035
City	Parking Garage Revenue	Fixed	2,000,000	2022-2036
City	50% of Indians Admission Tax	Variable	2,550,000	2022-2036
City	Garage Naming Rights	Fixed	333,000	2022-2036
City	Unspecified	Fixed	350,000	2022-2036
County	Bed Tax Increment	Variable	3,000,000	2022-2036
County	Sin Tax	Variable	2,500,000	2021-2034
County	General Fund	Fixed	2,550,000	2022-2036
State of Ohio	Unspecified	Fixed	2,000,000	2022-2036
ANNUAL PUBLIC SECTOR CONTRIBUTION*			18,483,000	

*Due to two of the funding sources not continuing for a full fifteen years, the annual total will be less in several of the years.

Collectively, the County one-time revenues and the City, County and State of Ohio annual payments shall comprise the “Estimated Public Annual Ballpark Contributions.” The Estimated Public Annual Ballpark Contributions are more fully set forth in the Ballpark Improvement Fund Public Resources & Capital Repair Deposits prepared by Stifel Nicolaus attached as Exhibit A.

In addition, the County will issue \$67.5 million of Bonds to be paid by the Team as the Team’s contribution to the Ballpark Improvement Fund pursuant to the Lease.

4. Cost Sharing Table

Gateway (using the Estimated Public Annual Ballpark Contributions set forth in Section 3) shall pay the Ballpark’s annual Capital Repairs, and Ballpark Improvement Fund expenses, and the Team shall pay Gateway operating expenses, Routine Maintenance, additional Team Rent, property taxes, and its share of Ballpark Improvement Fund costs, in the following estimated amounts:

EXPENSE ITEM	ESTIMATED ANNUAL COSTS IN \$	
	TEAM	GATEWAY
Routine Maintenance	2,200,000	0
Capital Repairs < \$500,000	0	2,000,000
Capital Repairs > \$500,000	0	4,670,000
Reserve fund for capital repairs	0	1,330,000
(Less Gateway Rent Credit)		(656,000)
Ballpark Improvement Fund		
Principal	4,500,000	9,000,000
Interest on County bonds	0	1,956,000
Interest on Team bonds	350,000	700,000
Gateway Operations	1,400,000	0
Additional Team Rent	656,000	
Gateway Property Taxes	1,100,000	0
TOTAL ESTIMATED LEASE COSTS	10,206,000	19,000,000

5. Vesting Lease Options

The Lease will contain one five-year vesting option to Gateway to extend the Lease subject to the conditions herein. The five-year vesting option will vest at the City’s and County’s option upon Gateway and the City and County demonstrating to the Team, on or before December 31, 2030, adequate and sufficient funding sources to account for an estimated \$9 million in annual Capital Repairs during years 16 through 20 of the option period and an additional \$67.5 million in Ballpark Improvement Funds to be contributed to the Ballpark Improvement Fund within one year of the public entities exercising the vesting option. If the public entities exercise the five-year vesting option as set forth herein, the Team agrees to contribute an additional \$33.75 million to the Ballpark Improvement Fund. Unless mutually agreed otherwise, an additional condition of the public exercising the

vesting option will be the provision by the public entities of private and public bond financing for the additional funds to be placed in the Ballpark Improvement Fund. The Team and the public will share in the interest costs for such financing on a 2/3 public – 1/3 Team basis. All other terms and conditions of the Lease shall remain the same during the extended Lease term.

The public entities shall also have the option to expand the term of the vesting option from five years to ten years, if Gateway, the City and County demonstrate, to the reasonable satisfaction of the Team, on or before December 31, 2031, sufficient funding sources that provide adequate funding for annual Capital Repairs and the Ballpark Improvement Fund to provide for the Ballpark's needs during the additional five year period, which if all Parties agree, shall add the 21st through 25th term years to the Lease.

6. Amended and Restated Lease

The parties agree the Lease will contain the provisions set forth in this term sheet and replace the current lease between Gateway and the Team dated September 15, 2008 (the "Current Lease") and will also contain the following additional specific terms:

- (a) the definitions of Routine Maintenance, Capital Repairs, Major Capital Repairs, and Alterations in the Current Lease will remain unchanged in the Lease;
- (b) the Lease will incorporate language requiring annual review/revision of the FCA as needed by reason of the annual budget process and full updates to the FCA not later than 2025, 2028, 2031 and 2034;
- (c) Article V, "Term," shall be amended to incorporate the revised term and striking Section 5.2 "Extension Options" and replacing it with a new Section 5.2 entitled "Vested Lease Option;" and
- (d) the Lease will also be amended and supplemented as needed to provide for terms and provisions which the parties feel are appropriate to implement this term sheet or such other provisions deemed necessary and appropriate by Gateway and the Team.

7. Gateway East Garage.

As set forth in Section 2, the City will contribute \$2 million annually from the operating revenue of the Gateway East Garage with the City covering any operating revenue deficiency sufficient to meet the \$2 million annual contribution. The City will also contribute \$333,000 in annual naming rights revenue with the City

covering any naming rights revenue deficiency sufficient to meet the \$333,000 annual contribution. For the next two years, the City will also make the Gateway East Garage available for the Team's purchase at a \$25 million purchase price. In the event the Team purchases the Gateway East Garage, the City will use the sale proceeds to fund the City's annual \$2 million commitment towards the Public's Ballpark Contributions and shall assign future naming rights sale proceeds to the Team as a 100% credit against the above-referenced \$333,000 annual payment.

8. Development Parcel

Gateway agrees to convey or cause to be conveyed, the Gateway Development Parcel to the Team in exchange for a \$2 million purchase price. Gateway or its transferee will then convey its entire share of the sale proceeds into the Ballpark Improvement Fund.

9. Ballpark Improvement Fund Projects and Timeline

The Ballpark Improvement Fund, held by the Trustee or Gateway, will be used to fund certain modernizations at the Ballpark to be overseen and disbursement to be approved by Gateway. These projects include, but are not limited to, an update and expansion of the Home Team Clubhouse to accommodate innovations in sports science and player training and treatment, a redesign and rebranding of the Terrace Club, and redesign of the right field upper deck and concourse. A complete copy of the projects to be financed with the Ballpark Improvement Fund and an estimated timeline for completion is attached hereto as Exhibit B. The Team agrees to fund any cost overruns to Ballpark Improvement Fund projects beyond the funding sources identified in Section 3 of this term sheet and the Team agrees to guarantee completion of the projects listed on Exhibit B.

(Signatures Contained on Following Page)

APPROVED BY:

Frank Jackson, Mayor, City of Cleveland

Date

Armond Budish, Cuyahoga County Executive

Date

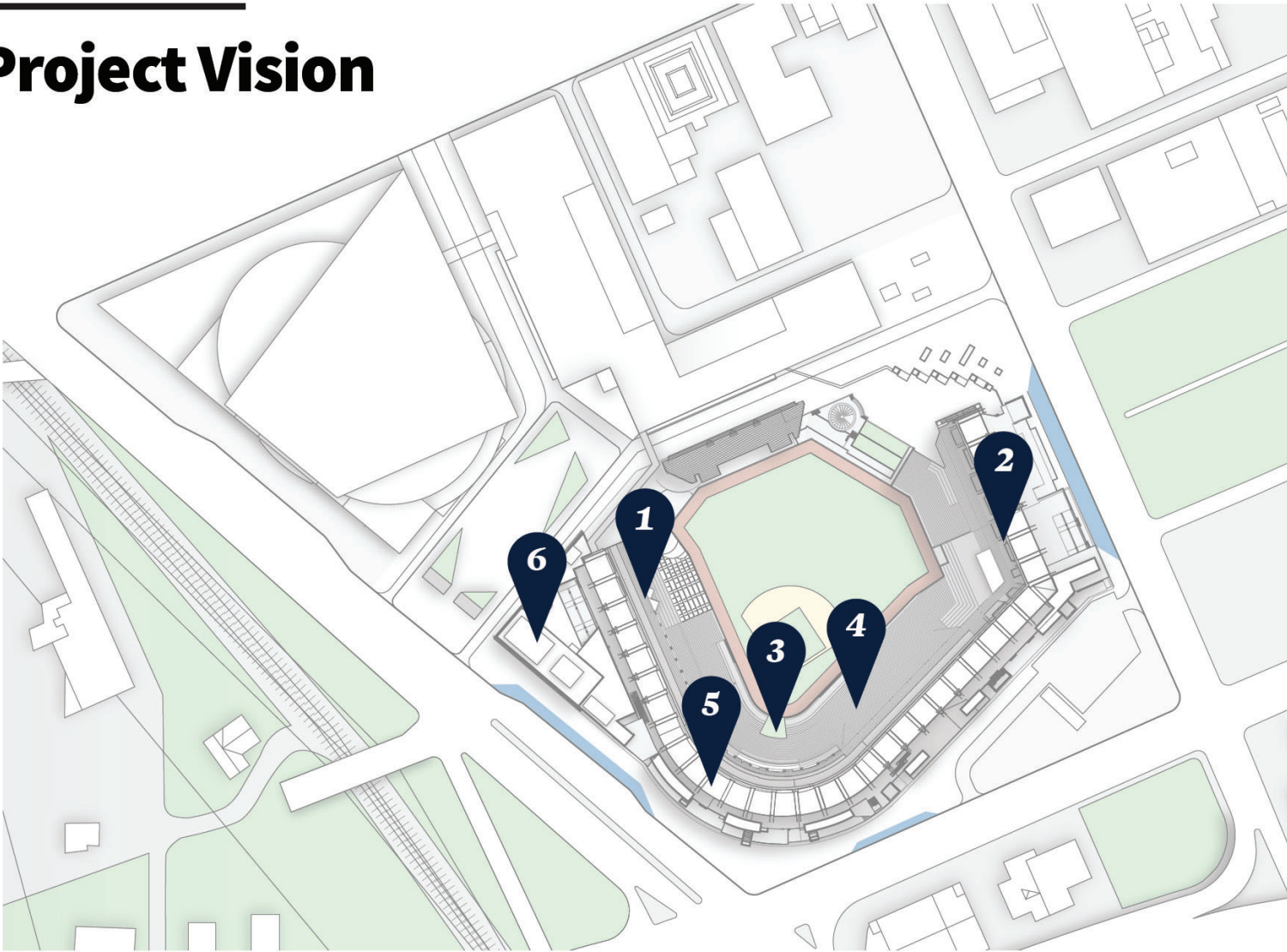
Ken Silliman, Chairman, Gateway Economic Development
Corporation of Greater Cleveland

Date

Paul Dolan, Chairman and CEO, Cleveland Indians
Baseball Company, LLC

Date

Project Vision



1 *Transformed Left Field Terraces*

2 *Upper Deck Re-imagined*

3 *Dugout Experience*

4 *Service Level & Clubhouse Modernization*

5 *Social Press Box Experience*

6 *Office Renovation & Connection to Gateway Plaza*

Ballpark Improvement Projects

Project Cost Breakdown

estimated cost

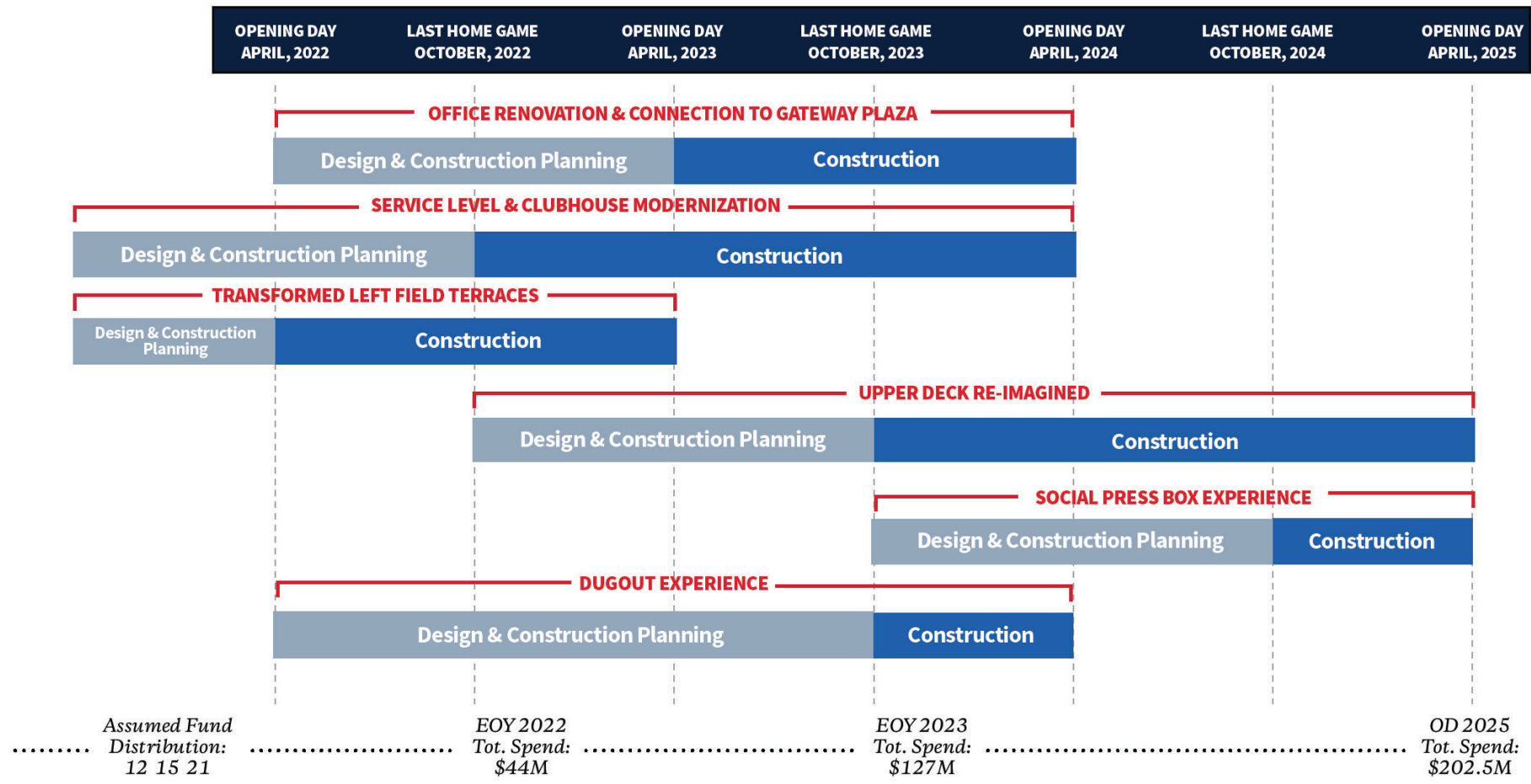
Transformed Left Field Terraces	\$33,000,000
Upper Deck Re-Imagined	\$40,000,000
Dugout Experience	\$9,000,000
Service Level & Clubhouse Modernization	\$40,150,000
Social Press Box Experience	\$20,000,000
Office Renovation & Connection to Gateway Plaza	\$42,000,000
Total	\$184,150,000
Escalation & Contingency	\$18,415,000
Grand Total	\$202,565,000

\$202.5M in Ballpark Improvements will be funded in a 2/3 (Public) 1/3 (Club) partnership.

The Club will be solely responsible for cost overruns on each project

Cost estimates have been created at Concept Phase and will be adjusted at completion of Schematic Design, Design Documentation and Construction Documentation Phases for each project.

Draft Proposed Phasing / Schedule



Estimated Paydown Schedule