

**LETTER OF INTENT
BY AND AMONG
JACKSON COUNTY, MISSOURI,
JACKSON COUNTY SPORTS COMPLEX AUTHORITY,
THE KANSAS CITY CHIEFS FOOTBALL CLUB, INC.,
AND THE
KANSAS CITY ROYALS BASEBALL CLUB, LLC**

The purpose of this Letter of Intent (“**LOI**”) is to set forth certain understandings as of the _____ day of January, 2024 (the “**Effective Date**”), by and among **JACKSON COUNTY, MISSOURI** (the “**County**”), the **JACKSON COUNTY SPORTS COMPLEX AUTHORITY** (the “**Authority**”), the **KANSAS CITY CHIEFS FOOTBALL CLUB, INC.** (the “**Chiefs**”), and the **KANSAS CITY ROYALS BASEBALL CLUB, LLC** (the “**Royals**”) (each and “**party**” and collectively the “**parties**”).

ARTICLE I
FACTS AND STATEMENTS OF INTENT

A. The County is the owner of the Harry S. Truman Sports Complex located in located in Kansas City, Jackson County, Missouri (the “**Sports Complex**”).

B. The Sports Complex is generally comprised of “GEHA Field at Arrowhead Stadium” (the “**Football Stadium**”); a baseball stadium commonly known as “Kauffman Stadium” (the “**Baseball Stadium**”); an unenclosed exhibition and parking area located between the two Stadiums (“**Stadium Plaza**”); the food and employee service facility beneath the Stadium Plaza (the “**Central Services Facility**”); an area used exclusively by the Royals (the “**Royals Exclusive Leased Premises**”); one or more vehicular parking areas which service the Football Stadium, the Baseball Stadium; the Central Services Facility (collectively, the “**Parking Lots**”); and various other areas surrounding the foregoing (the “**Common Areas**”).

C. The Authority is a body corporate and politic and political subdivision of the State of Missouri and was created and exists pursuant to Sections 64.920 to 64.950 of the A&R Statutes of Missouri, as amended.

D. The County and the Authority are parties to a “**County Agreement**” dated as of October 31, 1970, as amended in 1987, in 1990 and, again, in 2006, pursuant to which the County, as Owner, (i) leased the Sports Complex to the Authority, and (ii) authorized the Authority to sublease the Sports Complex to the Teams (when referenced together, the “**Teams**”). The County Agreement is also referred to herein as the “**Prime Lease**.”

E. The County and the Authority are also parties to an “**Agency Agreement**” dated July 15, 2014, as amended, pursuant to which the County engaged the Authority to serve as the facility manager of the Sports Complex under the respective subleases with the Teams.

F. The Authority and the Chiefs are parties to a sublease agreement dated January 19, 1990 (the “**1990 Lease Agreement**”), pursuant to which the Chiefs use and occupy the Football Stadium. The 1990 Lease is amended by an Amendment dated as of November 28, 1990; a Second Amendment dated as of December 6, 1991; that certain 2006 Lease Amendment dated as of January 24, 2006; and a First Amendment to the 2006 Lease Amendment dated as of October 1, 2006 (the 1990 Lease, as amended, collectively the “**Chiefs Lease**”).

G. The Authority and the Royals are parties to a sublease agreement (the “**Lease Agreement**” dated January 19, 1990, pursuant to which the Royals use and occupy the Baseball Stadium (the “**1990 Lease Agreement**”). The 1990 Lease is amended by an Amendment dated as of November 28, 1990; a Second Amendment dated as of December 6, 1991; a Memorandum of Understanding dated January 19, 2005; that certain 2006 Lease Amendment dated as of January 24, 2006; and a First Amendment to the 2006 Lease Amendment dated as of October 1, 2006 (the 1990 Lease, as amended, collectively the “**Royals Lease**”).

H. The Authority, the Teams are each a party to a Management Agreement dated January 19, 1990, and by the terms of the 2006 Lease Amendments (collectively, the “**Management Agreement**”).

I. The Authority and the Teams are also parties to that certain Common Area Improvement Agreement dated March 1, 2019 (the “**Common Area Agreement**”).

J. The foregoing Chiefs Lease, Royals Lease, Management Agreement and Common Area Agreement, among others, were entered into in connection with the County’s imposition of a three-eighths (3/8) cent countywide capital improvements sales tax approved by the Jackson County voters on April 4, 2006 (the “**Existing Sales Tax**”), which Existing Sales Tax is used to pay debt service on the Jackson County, Missouri Special Obligation Refunding Bonds (Harry S. Truman Sports Complex Project) Series 2014, issued to pay for capital improvements to the Sports Complex (the “**Existing Bonds**”). After payment of debt service on the Existing Bonds, the remaining Existing Sales Tax revenues, along with various other sources of revenue, are deposited into a repair, maintenance, management and operations fund for the Chiefs (the “**Existing Football RMMO Fund**”) and a fund for the Royals (the “**Existing Baseball RMMO Fund**”) (together, the “**Existing RMMO Fund**”).

K. The Chiefs and the Royals intend to enter into new agreements with the County and the Authority in connection with the County’s imposition of a three-eighths (3/8) cent countywide parks sales tax and subject to approval by Jackson County voters on April 2, 2024 (the “**New Sales Tax**”), which New Sales Tax will be used to: (a) pay debt service on the teams separate and respective bonds to refinance the current bonds (the “**New Bonds**”); (b) pay for the construction, repair, maintenance, management and operation of the Sports Complex; (c) make deposits into the existing and a new Football RMMO Fund (once established) (the “**New Football RMMO Fund**”); (d) to pay debt service on the New Bonds for the purpose of paying for the construction a new major league baseball stadium; and (e) make deposits into the existing and a new Baseball RMMO Fund (once established) (the “**New Baseball RMMO Fund**”) (together, the “**New RMMO Fund**” or the “**New RMMO Funds**”);

- L. The Chiefs have stated a desire, among other things:
- (i) to expand, renovate, and improve that portion of the Sports Complex currently leased to the Chiefs, pursuant to the Chiefs Lease (the “**Football Stadium Project**”);
 - (ii) to enter into an Amended and Restated Chiefs Lease with the Authority (the “**A&R Chiefs Lease**”), for a period of not less than the term of the New Sales Tax, pursuant to which, by way of example and not of limitation, (A) the Chiefs sublease an expanded “**A&R Chiefs Lease Premises**” from the Authority, such area to include the area leased to the Chiefs pursuant to the Chiefs Lease (the Football Stadium) and, subject to the lease payments and occupancy terms of the Definitive Agreements (defined below), the site of Kauffman Stadium, following the demolition thereof); (B) references to the Existing Sales Tax are removed; (C) the County terminates the Existing Sales Tax upon the date on which the New Sales Tax is first imposed and ceases making deposits of the Existing Sales Tax into the Existing RMMO Fund (an “**Existing Sales Tax Termination**”), and (D) the County agrees to establish the New Football RMMO Fund;
 - (iii) to implement the Football Stadium Project upon the A&R Chiefs Lease Premises, pursuant to the Definitive Agreements which will specifically describe all expansions, renovations and improvements to be made to the A&R Chiefs Lease Premises and payments and other obligations related thereto; and
 - (iv) for the County to cause a refunding or redemption of the Existing Bonds, utilizing the proceeds of the New Bonds.
- M. The Royals have stated a desire to, among other things:
- (i) to develop and construct a replacement stadium at a location in Kansas City, Jackson County, not yet confirmed (the “**Baseball Stadium Project**”), utilizing, in part, the proceeds of the New Bonds supported by the Royals’ portion of the New Sales Tax (the “**Baseball Stadium Bond**”) and paid, in part, with the New Sales Tax;
 - (ii) to enter into a new lease of the Baseball Stadium Project with the Authority (the “**New Royals Lease**”), for a period of not less than the term of the New Sales Tax, pursuant to which (A) the Royals will sublease the “**New Royals Lease Premises**” from the Authority, inclusive of the exclusive right to use any parking facility(ies) constructed on the New Royals Lease Premises, as well as all driveways, entrances, exits etc.), and (B) the County will establish the New Baseball RMMO Fund;

- (iii) to construct the Baseball Stadium Project upon the New Royals Lease Premises, pursuant to the Definitive Agreements which will specifically describe all construction and improvements to be made to the New Royals Lease Premises and payments and other obligations related thereto;
- (iv) to enter into an amendment of the Royals Lease (the “**Royals Lease Amendment**”), concurrently with execution of the New Royals Lease, allowing: (A) the Royals to continue to operate its Major League Baseball (“**MLB**”) activities at Kauffman Stadium in the Sports Complex during construction of the Baseball Stadium Project, (B) the County to effect an Existing Sales Tax Termination, and (C) vacate Kauffman Stadium at the Sports Complex, upon completion of the Baseball Stadium Project; and
- (v) for the County to cause a refunding or redemption of the Existing Bonds, utilizing, in part, the proceeds of the New Bonds.

N. The Authority has stated its desire to, as and to the extent necessary, (i) amend or enter into a new Agency Agreement with the County, for a period coterminous with the A&R Chiefs Lease and the New Royals Lease (each a “**New Lease**” and together, the “**New Leases**”); (ii) amend or enter into a new Prime Lease with the County for the A&R Chiefs Lease Premises and the New Royals Lease Premises for a period coterminous with the New Leases; (iii) enter into the A&R Chiefs Lease with the Chiefs leasing to it the Football Stadium and the “Royals Exclusive Leased Premises” (the “**A&R Chiefs Lease Premises**”), pursuant to which the Chiefs will, among other things, assume financial responsibility for long-term repair, maintenance, management and operation of Football Stadium Project utilizing the proceeds of the New Football RMMO Fund, to assist the Chiefs in performing such obligations; (iv) enter into the New Royals Lease with the Royals leasing to it the “**New Royals Lease Premises**” pursuant to which the Royals will, among other things, assume financial responsibility for long-term repair, maintenance, management and operation of Baseball Stadium Project utilizing the proceeds of the New Baseball RMMO Fund, to assist the Royals in performing such obligations; and (v) enter into such other ancillary agreements as may be needed to effectuate the foregoing.

O. The County has stated its desire, through its passage and perfection of Ordinance No. 5822 on January 8, 2024 (the “**Ordinance**”) which contemplates placing a ballot to approve the New Sales Tax before the Jackson County voters on April 2, 2024, to negotiate with the Chiefs, the Royals, and the Authority concerning the matters set forth in the foregoing recitals K, L and M, up to the available proceeds from the New Sales Tax.

P. The parties recognize this LOI (i) is a general outline of various terms and conditions under consideration for the financing, development, construction, operation, use, occupancy, management and oversight of the Football Stadium Project or the Baseball Stadium Project (together, the “**New Stadium Projects**”), based on each party’s present understanding; and (ii) is being executed solely for the purpose of facilitating ongoing discussions to be included in various definitive agreements or amendments for the proposed transactions (each, a “**Definitive Agreement**” and collectively, the “**Definitive Agreements**”) to be mutually agreed upon by the applicable parties thereto.

Q. This LOI is subject to and contingent upon the parties reaching agreement on the terms and conditions set forth in the Definitive Agreements which are expected to include, among others, (i) the Agency Agreement and the Prime Lease; (ii) the Chiefs Lease, the Chiefs Development Agreement and the Chiefs Community Benefits Agreement; (iii) the Royals Lease, the Royals Development Agreement, and the Royals Community Benefits Agreement; (iv) the Management Agreement; (v) the Common Area Agreement; and (vi) various financing instruments, documents and agreements incorporating the terms hereof, with such changes as may be agreed upon and set forth therein. The parties do, however, expressly intend that the provisions of Article III of this LOI, upon acceptance by the parties, will constitute binding agreements with respect to the subject matter thereof.

R. The foregoing recitals are deemed incorporated by reference into the following Articles, as if fully set forth below.

NOW, THEREFORE, the following are the respective understandings of the parties:

ARTICLE II

NONBINDING UNDERSTANDINGS

2.1 **CONCESSIONS**. The Chiefs, as to the A&R Chiefs Lease for the Football Stadium Project and the Royals, as to the New Royals Lease for the Baseball Stadium Project, will make the following concessions, all of which will be set forth in the applicable Definitive Agreement:

2.1.1 **Release of Park Levy**. [See Binding provision in Article III]

2.1.2 **Assumption of Insurance Obligations**. [See Binding provision in Article III]
Under the New Leases:

2.1.2.1 The Chiefs will pay all of the cost of commercial general liability, property and casualty insurance for the Football Stadium Project, and the County will have no liability therefor.

2.1.2.2 The Royals will pay the cost of commercial general liability, property and casualty insurance for the Baseball Stadium Project, and the County will have no liability therefor.

2.1.2.3 The Chiefs' and the Royals' insurance policies will name the County and the Authority as additional insureds, be issued by one or more insurance companies, and have such policy limits, deductibles and other provisions as may be approved by the parties, in the Definitive Agreements.

2.1.3 **Utilities**. The Teams will be solely responsible for the timely payment of utilities consumed at their respective New Stadium Project. Accounts for New Stadium Project utilities will be in the name of the County or the Authority, and

the County or the Authority, as applicable, will invoice each Team for all utility bills received on behalf of the Teams. Each of the Teams may pay the utility bills via application to its respective New RMMO Fund, however, to extent there are insufficient funds, such Team's New RMMO Fund to pay the utilities, each such Team, as applicable, will pay for utilities using such party's private funds.

2.1.4 **New County Revenue.**

- 2.1.4.1 The Chiefs will consent to the County's (or its designee's) creation of a special taxing district with respect to any new revenue producing developments within the boundaries of the former Kauffman Stadium site coterminous with the A&R Chiefs Lease Premises, for the purpose of generating new revenue for the County from the activities delineated in the Definitive Agreements.
- 2.1.4.2 The Royals will consent to the County's (or its designee's) creation of a special taxing district with boundaries coterminous with the New Royals Lease Premises, for the purpose of generating new revenue for the County from the activities delineated in the Definitive Agreements.
- 2.1.4.3 The allocation of revenues generated from the County-created special taxing districts will be set forth in a Definitive Agreement.
- 2.1.4.4 Except for the special taxing district assessments referenced above and as may otherwise be set forth in the Definitive Agreements, neither the County nor the Authority will impose any special taxing district assessment or user fee upon either of the New Stadium Projects, following the execution date of the Definitive Agreements.

2.1.5 **Community Benefits.**

- 2.1.5.1 Each of the Teams acknowledge: (a) the County taxpayers and residents, as well as taxable consumers in Jackson County, are making a substantial and long-term public contribution in the New Stadium Projects through the New Sales Tax, and (b) that such public contribution warrants the Teams' respective execution of one or more robust Community Benefits Agreements with the County or its designee which reflect the Teams' respective private commitments to the public.
- 2.1.5.2 In recognition of the foregoing, the County intends to convene stakeholder meetings with various interests groups, for the purpose of engaging in a robust exchange of ideas intended to refine and manifest subject matters appropriate for inclusion in one or more Community Benefits Agreements to be executed by the Teams (each, a "CBA" and together or collectively, the "CBAs"). Such CBAs will, among other things, reflect the respective commitments of the Teams to make

community investments in such programs, initiatives, and objectives which recognize and respond to community needs, including those

which are complementary to the respective programs and priorities of the Teams.

- 2.1.5.3 The duration of the CBAs will coincide with the term of the New Bonds. The final scope and subject matter of the CBAs may include, by way of example and not of limitation, those topics set forth on **Attachment 1** appended hereto.

2.1.6 **County Attribution and Participation**. The Teams will each:

- 2.1.6.1 At no cost, provide a suite to the County, the Authority, and to nonprofit, charitable or community organizations to be used at their discretion, including for fundraising purposes.
- 2.1.6.2 At no cost, provide a suite for County representatives and their guests, to foster community development, encourage County public relations, and provide opportunities for leadership to engage taxpayers and other stakeholders in support of the New Stadium Projects. The Chiefs may satisfy the provisions of Sections 2.1.6.1 and 2.1.6.2 by making available the current suite being used by the Sports Authority to such parties. The Royals may satisfy the provisions of Sections 2.1.6.1 and 2.1.6.2 by making available a suite for select game to such parties referenced therein.
- 2.1.6.3 Frequently acknowledge the County and taxpayers in signage and in written and video marketing materials at each of the New Stadium Projects.
- 2.1.6.4 Continue and expand upon the County preference plan for County residents regarding ticket sales, and the language will be updated to include language that addresses digital ticket sales and any successor systems/processes.
- 2.1.6.5 Based upon availability, provide discount ticket opportunities to County residents, and steeply discounted tickets opportunities to residents with demonstrated income limitations (based upon parameters to-be developed, provided that, with respect to the Chiefs, the Chiefs will provide discount ticket opportunities to the extent tickets are available for preseason games.

2.1.7 **Environmental**. Each of the Teams will, pursuant to the New Leases, comply with the applicable environmental requirements and laws of the State of Missouri and the County. Such compliance will include, by way of example and not of limitation,

participating in sewer and stormwater retention, discharge and remediation requirements of the Missouri Department of Resources (“**MDNR**”). Assessments and penalties related to grossly negligent or intentional infractions of or noncompliance with such applicable laws will be borne by the offending party and will not be reimbursable from such Teams’ applicable New RMMO Fund. In addition, the violation of any existing sewer and stormwater retention, discharge and remediation requirements of MDNR will be the responsibility of the applicable offending party and not reimbursable from any New RMMO Fund.

2.2 **FINANCIAL UNDERSTANDINGS.**

2.2.1 **New Sales Tax.** The County will submit to the Jackson County Election Board and the Kansas City Election Board, on or before January 23, 2024, a ballot approving the New Sales Tax, in the form perfected by the Jackson County Legislature on January 8, 2024.

2.2.2 **Bonds.**

2.2.2.1 Prior to December 1, 2031, the maturity date of the Existing Bonds (the “**Maturity Date**”), the Existing Bonds will be refinanced or redeemed through the issuance of the New Bonds. The County or its designee which is authorized by the County to issue the Bonds, will be subject to negotiation and identified in the Definitive Agreements.

2.2.2.2 Debt service and any other costs of the New Bonds will be paid by New Sales Tax, and shall be paid prior to the distribution of New Sales Tax to the New Football RMMO Fund or the New Baseball RMMO Fund.

2.2.2.3 From and after the issuance date of the New Bonds (the “**Issuance Date**”) until the maturity date thereof, (a) the New Sales Tax, less debt service payments on the respective New Bonds of each team, (the “**Net New Sales Tax Revenues**”) will be deposited into the accounts as follows:

2.2.2.3.1 Fifty percent of the Net New Sales Tax Revenues, to the existing and New Football RMMO Fund (once established), to be used solely at the Football Stadium Project; and

2.2.2.3.2 Fifty percent of the Net New Sales Tax Revenues, to the existing and New Baseball RMMO Fund (once established), to be used solely at the Baseball Stadium Project.

2.2.3 **Commitment of Private Funds.** The Chiefs will make a materially substantial private contribution to the Football Stadium Project, and the Royals will make a materially substantial private contribution to the Baseball Stadium Project,

pursuant to such terms and in such amounts set forth in the Definitive Agreements.

2.2.4 **Revenues.**

2.2.4.1 Except as may otherwise be provided herein or in the Definitive Agreements, each of the Teams will market, control, and be entitled to receive and retain revenues, net of taxes, generated by their respective operations of the New Stadium Projects for, in the case of the Chiefs,

National Football League (“NFL”)-related events, and, in the case of the Royals, MLB-related events, each, by way of example and not of limitation, revenues generated from naming rights, sponsorship, advertising (including both in-stadium and exterior signage and any other intellectual property exploitation); tickets and seating (including any premium seating); merchandise; broadcasting (including cable, television, streaming, or any other broadcast medium); parking charges, concessions, Chiefs events, Royals events, other events, and any ancillary revenues.

2.2.4.2 Each Team will have the right to set all prices (including, without limitation, ticket prices for games and other events, parking and concessions) with respect to its New Stadium Project and the activities occurring therein; provided, however, such pricing will be competitive with pricing for similar sports franchises in similar markets and will reflect the requirements of the CBA and the County Attribution and Participation requirements of Section 2.1.6 of this LOI.

2.2.5 **Rent.** The New Leases (and the bond documents executed in connection with the New Bonds) will provide that the Teams, respectively, will pay base rent and percentage rent (the “**Rent**”) to the Authority for their respective use of the New Stadium Projects. The Rent will be paid in a manner similar to the Chiefs Lease and the Royals Lease (together, the “**Current Leases**”) to which each of the Teams is a party. The Rent will be in such amounts set forth in the Definitive Agreements, as determined following the parties’ review of current market conditions, each such party recognizing that the amount of Rent due under the Current Leases was established more than 30 years ago. No Rent paid pursuant to the Current Leases will be pledged to pay debt service on the New Bonds. The Rent will increase annually in accordance with benchmarks established in the Definitive Agreements.

2.3 **REAL ESTATE UNDERSTANDINGS.**

2.3.1 **Prime Lease.** The County will own the A&R Chiefs Lease Premises and the New Royals Lease Premises, and, once completed, the New Stadium Projects (collectively, the “**Lease Premises**”). The County will lease the Lease Premises to the Authority pursuant to a Prime Lease. The Prime Lease will require, among other

things, that the Authority maintain insurance with commercially reasonable policy limits covering the personal property and equipment owned by the Authority.

- 2.3.2 **Football Stadium Project.** The Authority will sublease the A&R Chiefs Lease Premises and the Football Stadium to the Chiefs, pursuant to the A&R Chiefs Lease. The A&R Chiefs Lease will commence on the Issuance Date and continue for a term of twenty-five (25) years, and include three (3) five-year renewal terms exercisable by the Chiefs at its option, pursuant to a process to be set forth in the Definitive Agreements. The Chiefs will be the sole tenant of the A&R Chiefs Lease Premises and, following the relocation of the Royals from the Sports Complex and subject to the Definitive Agreements, the former Royals Exclusive Premises, and enjoy exclusive management and control of the A&R Chiefs Lease Premises and Football Stadium, pursuant to the New Chiefs Lease and the Definitive Agreements.
- 2.3.3 **Baseball Stadium Project.** The Authority will sublease the New Royals Lease Premises to the Royals, pursuant to the New Royals Lease. The New Royals Lease will be executed on or prior to the Issuance Date and continue for a term of forty (40) years, subject to extension in the event there are disruptions in operation due to force majeure. The Royals will be the sole tenant of the New Royals Lease Premises and, upon completion of construction, the Baseball Stadium. The New Royals Lease will also include two (2) options to renew for five (5) years each, upon the same terms and conditions applicable during the initial 40-year term, including the same annual Rent escalations. The target date for commencement of the New Royals Lease March 1, 2028, but commencement (and the Royals' obligation to pay Rent under the New Royals Lease) will not occur until the Royals commence operations at the Baseball Stadium Project; provided, the New Lease will not mitigate the Royals' obligation to pay Rent under the Royals Lease until the first day on which its obligation to pay Rent under the New Royals Lease commences, so as to prevent any gap in the payment of Rent to the Authority. The Royals will enjoy exclusive management and control of the New Royals Lease Premises and the Baseball Stadium, pursuant to the New Royals Lease and the Definitive Agreements.
- 2.3.4 **Tax Status.** As a result of the County owning the Lease Premises and, upon completion, the New Stadium Projects, there will be no ad valorem real property taxes due by the Chiefs or the Royals with respect to the Lease Premises, during the term of the New Leases. The parties intend that the Teams will be able to purchase construction materials for the performance of their obligations with respect to construction, maintenance and future improvements, as well as payment of utility costs and performance of other obligations under the Lease, without payment of any applicable sales and use taxes, if and to the extent such obligations are recognized by the State of Missouri as tax-exempt, public activities.
- 2.3.5 **Subordination to New Leases.** The New Leases, respectively, will be subordinate and subject to NFL and MLB documents and generally subject to requirements of the NFL and MLB, in a manner consistent with the Current Leases (subject to

updates as may be required by NFL and MLB, as applicable). Written notices of any updates will be provided to the County and the Authority timely following notification thereof by the applicable Team. Notwithstanding the foregoing, the requirements of the NFL and the MLB, as applicable, shall not limit the Teams' respective obligations to the County and the Authority under the Definitive Agreements, all of which will prevail over subsequent amendments upon execution thereof.

- 2.3.6 **Liens.** Neither the County nor the Authority will have lien rights with respect to equipment, trade fixtures, and personalty of any kind and nature belong to the respective Teams.

2.4 **DEVELOPMENT UNDERSTANDINGS.**

- 2.4.1 **Predevelopment Expenses.** Subject to Article III below, each of the parties will be responsible for payment of the fees and expenses of their own transaction counsel and consultants in connection with the negotiation and execution of the Definitive Agreements. However, third-party design and other pre-construction expenses, such as project management, cost estimating, project related legal costs, and similar expenses, may be part the "Budget" (defined in Section 2.4.4. below).

- 2.4.2 **Site Preparation and Clearance.** The cost to perform site preparation and clearance at the Sports Complex related to Kauffman Stadium (the "**Site Work**") will not be paid for by the County or the Authority. The Authority, pursuant to its Agency Agreement with the County, will contract for the Site Work. The scope of the Site Work will be determined by the Authority, with the input of the County, and the Teams.

2.4.3 **Design.**

- 2.4.3.1 The Football Stadium Project consists of a renovation and expansion of GEHA Field at Arrowhead Stadium, excluding infrastructure improvements, and the potential renovation of the existing training facility located at the Sports Complex. The Chiefs will determine the final design of the Football Stadium Project. Upon completion, the Football Stadium Project will be first-class condition in comparison to NFL stadiums of the same general age, and will incorporate top quality, state-of-the-art renovations.

- 2.4.3.2 The Baseball Stadium Project will consist of the construction of a new MLB stadium. The Royals will determine the final design of the Baseball Stadium Project. Upon completion, the Baseball Stadium Project will be first-class condition and incorporate top quality, state-of-the-art construction elements.

2.4.3.3 The Authority will obtain the County’s approval on the final design of each of the New Stadium Projects, prior to providing final approval thereof to the Teams, respectively. The County will not unreasonably withhold, condition or delay its consent.

2.4.4 **Budget.** The Chiefs, as to the Football Stadium, and the Royals, as to the Baseball Stadium, will develop a project budget for the design, development, and construction, prior to the Issuance Date. Each Budget will include a reasonable contingency. The Teams will be responsible for any cost overruns above their respective Budgets for their respective New Stadium Projects, except as may otherwise be set forth in the Definitive Agreements.

2.4.5 **Construction.**

2.4.5.1 As limited scope agents of the County/Authority, the Chiefs (as to the Football Stadium) and the Royals (as to the Baseball Stadium) will each contract with a general contractor with a national reputation and representative experience with similar facilities.

2.4.5.2 Each contractor and subcontractor will be retained and perform in accordance with the requirements of the County Code of Ordinances and the participation requirements set forth in the CBA. The Authority, in consultation with the County, will have approval rights over the architect, the general contractor, and construction manager (if any), each selected by the Teams, respectively, which approval will not be unreasonably withheld, conditioned or delayed.

2.4.5.3 The Teams each will meaningfully include the County and the Authority in the development, design, financing, and construction process of their respective New Stadium Projects.

2.4.5.4 The Definitive Agreements pertaining to the construction of the New Stadium Projects will require, by way of example and not of limitation, adherence to the County Code of Ordinance and delineate: the following provisions and requirements:

2.4.5.4.1 A process to identify the general contractor and architect

2.4.5.4.2 Responsibility for any cost overruns

2.4.5.4.3 The rights of the Teams to change scope (with quality at least comparable to initially approved plans)

2.4.5.4.4 Clear timelines for any required approvals

2.4.6 **Applicable Laws.** The Teams will each cause its New Stadium Project to comply with applicable laws, and, subject to Section 2.1.7 above, the New RMMO Fund may be applied to effectuate such compliance.

2.4.7 **Development Opportunities.**

2.4.7.1 The A&R Chiefs Lease will grant the Chiefs an option and right to pursue and develop future opportunities at the Sports Complex, in accordance with terms set forth in the Definitive Agreements.

2.4.7.2 The New Royals Lease will grant the Royals the right to make future alterations to the Baseball Stadium, subject to terms and conditions consistent with the New Royals Lease. In addition, in accordance with the New Royals Lease and, as applicable, other Definitive Agreements, the Royals will have the right to make certain capital improvements in the

future, utilizing the Management Fee and New Baseball RMMO Fund (as well as any funds otherwise provided by the Royals) for purposes of maintaining the Stadium in a first-class condition consistent with other MLB stadiums.

2.5 **MAINTENANCE UNDERSTANDINGS.**

2.5.1 **Tenant Obligations.**

2.5.1.1 Once the Royals vacate the Sports Complex and the Site Work is complete, pursuant to the New Chiefs Lease, the Chiefs will be solely responsible for the maintenance and repair of the Football Stadium Project and the A&R Chiefs Lease Premises, inclusive of the Exclusive Royals Lease Premises, subject to the provisions of the Definitive Agreements. The A&R Chiefs Lease will acknowledge that neither the County nor the Authority will have any maintenance obligation whatsoever for the Football Stadium Project.

2.5.1.2 The Royals will be solely responsible for the maintenance and repair of the Baseball Stadium Project and the New Royals Lease Premises. The New Royals Lease will acknowledge that neither the County nor the Authority will have any maintenance obligation whatsoever for the Baseball Stadium Project.

2.5.1.3 Each Team will maintain its New Stadium Project in a safe, clean, attractive, and first-class manner comparable to that of other professional stadiums of similar design and age.

2.5.2 **RMMO Funds.**

- 2.5.2.1 Pursuant to the Current Leases, until the termination of the Royals Lease, the Authority will maintain, and the Teams will utilize, the respective Existing RMMO Funds in accordance with the requirements of the Current Leases; provided, however, pursuant to an amendment of its Current Lease, the Royals will deposit their share of the required deposits into the Existing RMMO Fund for Common Areas, as currently required in the Royals' Current Lease, until the Royals vacate the Sports Complex.
- 2.5.2.2 Pursuant to the New Leases, the Authority will maintain the respective New RMMO Funds using the following sources of Revenue:
 - 2.5.2.2.1 The New Sales Tax, less any debt service payments due on the New Bonds;
 - 2.5.2.2.2 Other additional public financing commitments;
 - 2.5.2.2.3 Parking and ticket fees; and
 - 2.5.2.2.4 Any Rent payable by the Teams under their respective New Leases.

With respect to the Chiefs, any reference to New Bonds shall mean a bond to refinance fifty percent (50%) of the existing bond debt which will mature on December 1, 2031.

- 2.5.2.3 The Authority's annual administrative fee in an amount to be set forth in the Definitive Agreements, as increased annually by three percent (3.0%), and the Management Fee (defined in Section 2.1.3 below) will be deducted annually from the New RMMO Funds.
- 2.5.2.4 The New RMMO Funds will not be used for: (i) personnel costs (e.g. wages, benefits) for the Teams or front office executives (but may be applied to personnel costs for New Stadium Projects' operations staff and employees); (ii) any expense that is not directly related to repair, maintenance, upgrade, management or operation of the New Stadium Projects; (iii) any expense the payment of which with public funds would violate any of the documents related to the New Bonds or applicable law.
- 2.5.2.5 The New RMMO Funds will be invested by the County, to the extent permitted for government entities, with financial institutions reasonably acceptable to each Team, respectively, as to their portion of the New RMMO Fund.
- 2.5.2.6 Unless otherwise agreed to by the parties and subject to available funds, the Teams under their respective Current Leases and, following the Issuance Date, under the New Leases, will be reimbursed for all prior and

continuing eligible RMMO costs and expenses defined in the Current Leases from all amounts required to be deposited into the New RMMO Funds, respectively, through the end of the term of the New Leases.

2.5.3 **Management Fees.** Subject to available funds, in coordination with the Authority, as required by the New Leases, the Chiefs will manage the Exclusive Premises at the Sports Complex, and the Royals will manage the Baseball Sports Complex, pursuant to one or more Management Agreements with terms similar to the existing Management Agreement. Such Management Agreements will include a fee payable to the Teams which will be paid directly to the Teams, as applicable, and will not be subject to deposit into the New Football RMMO Fund and the New Baseball RMMO Fund, respectively, or withheld or reduced, except as otherwise provided in the Definitive Agreements. Each Management Fee will be set at a market rate determined in accordance with industry norms and set forth in the Definitive Agreements. The Management Fee will be increased annually in accordance with the Consumer Price Index and in a manner consistent with the Existing Leases.

2.6 **OTHER UNDERSTANDINGS**

2.6.1 **Team Covenants.**

2.6.1.1 Until the later of (a) repayment of the New Bond with respect to the Chiefs or (b) expiration of the A&R Chiefs Lease, the Chiefs will continuously operate its NFL franchise at the Football Stadium Project, in accordance with applicable NFL requirements. The Chiefs shall maintain the Football Stadium in a first class condition consistent with other NFL Stadiums.

2.6.1.2 Until the later of (a) repayment of the Baseball Stadium Bond or (b) expiration of the New Royals Lease, the Royals will continuously operate its MLB franchise at the Baseball Stadium Project in accordance with applicable MLB requirements. Subject to the MLB Collective Bargaining Agreement and other MLB rules, the Royals will agree to play at least 90% of all the Royals' regular season "home" baseball games in the Stadium, including the Royals' annual regular season home opening series; however, a designated Royals regular season "home" opener not played in the Stadium will be permitted if played outside of the continental United States. The Royals shall maintain the Baseball Stadium in a first class condition consistent with other MLB stadiums.

2.6.1.3 Neither of the New Leases will be terminated by the Chiefs or the Royals, except in the event of an uncured default of the Authority not otherwise cured by the County, as will be set forth in the Definitive Agreements.

2.6.1.4 For the duration of the New Bonds and the New Royals Lease, the Royals (as to its administrative offices) will be physically located in the County. During the term of the Chiefs A&R Lease, if the Chiefs desire to relocate

its administrative offices and training facility from the Sports Complex in the future, the Chiefs will provide the County the first opportunity to make a proposal for such relocation within Jackson County.

2.6.2 **Marketing**. The parties will mutually agree on a ballot campaign related to seeking voter approval of the New Sales Tax.

2.6.3 **Assignment of New Leases**. The New Leases will provide that neither of the Teams may assign or pledge their interest in their New Lease without the prior written consent of the County and the Authority, which consent shall not be unreasonably withheld, conditioned or delayed provided that the proposed assignee of the applicable New Lease meets the criteria of the County and the Authority set forth in the Definitive Agreements; provided, however, (i) each Team will have the right to assign its New Lease without the consent (A) to any entity with respect to which a Team sells, transfers or assigns its NFL or MLB franchise, as applicable, or assigns or transfer shares of stock in the Team, so long as the NFL or MLB, as applicable, has approved such assignee; or (B) to an entity with respect to which the Team may merge or consolidate, provided, that the survivor or successor corporation shall have a net worth at least equal to the Team, prior to such transaction. Each Team will be permitted to secure any private debt with a leasehold mortgage.

2.7 **CONDITIONS PRECEDENT AND REQUIRED APPROVALS**. This LOI and the commitments and obligations of each of the parties are contingent upon the following conditions precedent, among such other conditions set forth in the Definitive Agreements:

2.7.1 **Definitive Agreements**. Execution of binding Definitive Agreements which are mutually acceptable to the parties thereto.

2.7.2 **Community Benefits Agreement**. Execution of a one or more binding CBAs by the County or its designee, and by the Teams.

2.7.3 **New Sales Tax Approval**. No later than May 1, 2024, approval by the voters of Jackson County to (i) repeal the Existing Sales Tax; and (ii) impose the New Sales Tax for a term of 40 years following the imposition thereof.

2.7.4 **Financial Commitments**. Binding commitments for incentives and additional financing from lenders, investors, and other governmental entities to fund the respective New Stadium Projects, on terms acceptable to the County and the Chiefs (as to the Football Stadium Project financing), and the County and the Royals (as to the Baseball Stadium Project financing).

2.7.5 **Bonds**. Final approval by the County, the Teams and their respective legal counsel, financial advisors and underwriters of the terms, provisions, and structure required to cause the refinancing and refunding of the Existing Bonds and the issuance of the New Bonds.

- 2.7.6 **Governmental Approvals.** Final approval to implement the Site Work, for the Chiefs to construct and install the Football Stadium Project, and for the Royals to construct and install the Baseball Stadium Project, in accordance with the Definitive Agreements.
- 2.7.7 **Franchise Approvals.** Final approval by the NFL (after taking into account any existing NFL approvals) of the Definitive Agreements related to the A&R Chiefs Lease and the Football Stadium Project, and final approval by the MLB (after taking into account any existing MLB approvals) of the Definitive Agreements related to the New Royals Lease and the Baseball Stadium Project.
- 2.7.8 **Royals Site Control.** Acquisition by the Royals or an affiliate of the New Royals Lease Premises, and conveyance of fee simple title by special warranty deed of the New Royals Lease Premises to the County, prior to the Issuance Date, free and liens and other encumbrances not otherwise approved by the County, pursuant to a mutually acceptable real estate contract.
- 2.7.9 **Royals Relocation.** Relocation of the Royals from the Sports Complex, completion of the Site Work, amendment of the Royals Lease, and amendment of the Common Area Agreement.
- 2.7.10 **Good Faith Efforts.** The parties proceeding with due diligence and in good faith to satisfy the foregoing conditions precedent as expeditiously as possible, but no later than March 31, 2024.
- 2.7.11 **Party Approvals.** Final, binding approval of the Definitive Agreements by the County Legislature, the Authority Board of Commissioners, authorized representatives of each of the Teams, and confirmation from such parties that the conditions precedent and required approvals are satisfied, without condition or exception.

ARTICLE III

BINDING PROVISIONS UPON PASSAGE OF SALES TAX BY VOTERS

- 3.1 **OWNERSHIP OF STADIUM PROJECTS.** The Teams and the Authority agree the County will own the A&R Chiefs Lease Premises, the New Royals Lease Premises, and the New Stadium Projects. The County and the Teams agree the Authority will be the lessor of the A&R Chiefs Lease Premises, the New Royals Lease Premises, and the New Stadium Projects. The County and the Authority agree the foregoing ownership of the County will not preclude the Teams from pledging income generated by the operation of their respective activities in their respective New Stadium Projects, in connection with any private financing obligations.
- 3.2 **RECOURSE OBLIGATIONS.** If and to the extent all or any portion of the New Stadium Projects are implemented by and through one or more affiliate entities of the Teams, such affiliate contracts will be subject to the consent of the County and the Authority, and each

Team, respectively, agrees it will remain wholly liable to the County and the Authority for such Team's obligations under its New Lease.

- 3.3 **ABANDONMENT**. The Teams each acknowledge that the County has considered, passed and perfected the Ordinance, solely at the request of the Teams. The Teams further acknowledge that if the voters approve the ballot for the New Sales Tax, the Existing Sales Tax will be rescinded, upon adoption by the County of a subsequent ordinance rescinding the Existing Sales Tax, and result in an Existing Sales Tax Termination, in contravention of the County's obligations set forth in Article 10 of the Chiefs Lease and Section 14 of the Royals Lease. The Teams finally acknowledge that, following the Existing Sales Tax Termination, one or both of the Teams may be unable to identify and secure the financial commitments necessary to implement their respective New Stadium Projects. Based upon the foregoing acknowledgments, the Teams agree the occurrence of an Existing Sales Tax Termination resulting from the repeal of the Existing Sales Tax (effectuated in accordance with the ballot for the New Tax which is being done at the request of the Teams) will not constitute a default of the County or the Authority under either the Chiefs Lease or the Royals Lease.
- 3.4 **CONSULTANT COSTS**. The Teams agree that because this LOI and the due diligence and analysis of the transactions contemplated hereby are being undertaken by the County and the Authority solely at the request of the Teams, the Teams agree to share the cost and expense of the County and the Authority, respectively, which each such party incurs prior to the execution of Definitive Agreements which may arise as a result thereof (each and collectively, "**Consultant Costs**"), but with payment conditioned upon the execution of the Definitive Agreements by all parties. Such Consultant Costs may include, by way of example and not of limitation, the cost and expense incurred by the County and/or the Authority, as applicable, legal and consulting costs incurred to prepare and negotiate this LOT, prepare the Definitive Agreements, perform and cause the performance of financial and underwriting projections and analysis, engage staff and third-parties to perform any of the foregoing, and to convene stakeholders in connection with the CBAs. The County's and the Authority's respective Predevelopment Obligations will be paid by the Teams within thirty (30) days following the invoicing thereof by the County and the Authority, as applicable (each, a "**Reimbursement**"). In no event will the Teams' total payment liability for the County's or the Authority's Predevelopment Obligations exceed Five Hundred Thousand and No/100 Dollars (\$500,000.00) each for the Authority and the County. The Consultant Costs subject to Reimbursement which are due and owing by each of the Teams, as well as other Consultant Costs paid by the County and the Authority, may be reimbursed to the paying party, as applicable, from the proceeds of the New Bonds or the costs of issuance account.
- 3.5 **BROKERS**. Each Team will be responsible for commissions due and owing any brokers engaged by such Team and will indemnify the County and the Authority, as applicable, for any direct or indirect claims related to this LOI and the Definitive Agreements.
- 3.6 **SITE SELECTION**. The Royals will announce their site selection no later than February 29, 2024.

- 3.7 **RELEASE OF PARK LEVY.** The County’s existing parks property tax (the “Park Levy”) allocated to the Sports Complex will terminate upon the commencement of the Chiefs extended lease term (January 31, 2031), and no Park Levy will be used for either of the New Stadium Projects.
- 3.8 **ASSUMPTION OF INSURANCE OBLIGATIONS.** Under the New Leases:
- 3.9.1 The Chiefs will pay all of the cost of commercial general liability, property and casualty insurance for the Football Stadium Project, and the County will have no liability therefor.
- 3.9.2 The Royals will pay the cost of commercial general liability, property and casualty insurance for the Baseball Stadium Project, and the County will have no liability therefor.

ARTICLE IV

MISCELLANEOUS PROVISIONS

- 4.1 **ENTIRE AGREEMENT.** This LOI represents the entire summary of understandings and agreement of the parties with respect to its subject matter. There are no other agreements, oral or written, except as expressly set forth in this LOI, which supersedes all previous agreements, oral or written.
- 4.2 **COUNTERPARTS.** This LOI may be signed in any number of identical counterparts, each of which will be considered an original, even if such counterpart is transmitted by electronic means and, taken together, will be considered to constitute one and the same instrument.
- 4.3 **AMENDMENT.** This LOI may not be amended or supplemented except by a writing signed by each of the parties.
- 4.4 **TIME OF THE ESSENCE.** Recognizing that the viability of the transactions could be influenced by the passage of time, the parties agree to cooperate in good faith to expedite completion of requisite due diligence and approvals listed in this LOI, exercising best efforts.
- 4.5 **ITEMS NOT SPECIFICALLY NEGOTIATED.** The parties agree and acknowledge that, although numerous items are specifically identified and negotiated in this LOI, certain subjects or items will be set forth in Definitive Documents which have not been specifically addressed in this LOI. As to such issues, the parties hereby agree and consent to engage in good faith discussions and negotiations to address those topics and include terms and conditions related to such topics in the Definitive Agreements.

The parties hereto have executed this Letter of Intent on the Effective Date first-above written.

ACKNOWLEDGEMENT AND AGREEMENT
TO
NONBINDING AND BINDING PROVISIONS
OF
LETTER OF INTENT

JACKSON COUNTY SPORTS COMPLEX AUTHORITY

By: Shawn Foster
Shawn Foster, Chairman

KANSAS CITY CHIEFS FOOTBALL CLUB, INC.

By: Mark Donovan
Mark Donovan, President

KANSAS CITY ROYALS BASEBALL CLUB LLC

By: R. Brooks Sherman, Jr.
R. Brooks Sherman, Jr., President, Business Operations

JACKSON COUNTY, MISSOURI

Approved by Resolution No. _____
on January _____, 2024

EXAMPLE CBA TOPICS

1. A minimum of 30% M/WBE participation;
2. Financial investments in civic, nonprofit and charitable causes;
3. Prevailing wage, living wage, workforce utilization agreements;
4. Supplier diversity agreements;
5. Project labor and labor peace agreements;
6. Workforce and skills training and trades development apprenticeships;
7. Children's health and wellness, children and families in crisis, and civic responsibility efforts in partnership with local community organizations;
8. Licensed childcare for New Stadium Project workers.
9. On-site healthcare for New Stadium Project workers.
10. Youth athletics and facility programs;
11. Educational programs;
12. Healthy and active community programs;
13. Military and veteran support;
14. Anti-racism initiatives;
15. Transportation and mass transit improvement operational and transit-oriented community investment.
16. Sustainability and environmental programs; LEED certification for the Stadium Projects;
17. Equity and inclusivity initiatives;
18. Affordable and workforce housing initiatives;
19. Community and public arts programs;
20. Neighborhood investments;

21. Civic, nonprofit, and charitable uses of the Football Stadium Project and the Baseball Stadium Project;
22. Post-construction employment opportunities, whether within the Football Stadium Project and the Baseball Stadium Project and in any ancillary development, whether on a full-time or part-time basis, and whether permanent or temporary employment, including, by way of example and not of limitation, construction, custodial or janitorial employees, food and beverage service employees, security, ticket-takers, ushers, maintenance, hospitality, and parking employees.
23. “First source” hiring programs developed to engage persons residing (at the time of initial hire) within a to-be-defined target hiring zone.
24. “Hiring hall” facilities to generate and house provide notifications concerning open positions, administer programs to conduct outreach to potential employees in target hiring zones, and to otherwise facilitate the implementation of the first source hiring and other workforce programs.
25. Workforce “wraparound” services, including an on-site ombudsman and program coordinator.
26. Low-interest loans for MBE/WBE/SDVOSB/SLBE and VOSB firms working on the New Stadium Projects.
27. M/WBE supplier and retail concessionaire agreements within the Stadium Projects and in any ancillary development for a term commensurate with the New Leases.
28. Self-bonding program for MBE/WBE/SDVOSB/SLBE and VOSB firms engaged to work on either of the New Stadium Projects.
29. Small business incubator space for MBE/WBE/SDVOSB/SLBE and VOSB firms to access on-site plan rooms and conference work spaces alongside the New Stadium Project general and subcontractors.
30. A community-based Community Benefits Committee, appointed by the Jackson County legislature, made up of nine members, each selected by each legislature by district.
31. Community enhancement programs which represent proven best practice models from other public/private partnerships.
32. Internships for administrative positions from low income neighborhoods.
33. Diversity in all community-facing operational activities.

[END OF LETTER OF INTENT]