

## **SPORTS & ENTERTAINMENT DISTRICT TERM SHEET**

This nonbinding Term Sheet ("Term Sheet") is entered into on this \_\_\_ day of \_\_\_\_\_, 2025 (the "Effective Date"), between the City of San Antonio, Texas (the "City") and San Antonio Spurs Holdings LLC (the "Spurs"). In this Term Sheet, the City and Spurs shall be referred to collectively as the "Parties". This Term Sheet sets out a nonbinding framework for negotiating future definitive agreements (the "Project Agreements" as defined in Section 3) and does not constitute an offer, acceptance, or legally binding agreement, nor does this Term Sheet contain all the terms of any future Project Agreements.

On August 5, 2025, the Bexar County Commissioners Court called for a venue tax election to be held on November 4, 2025, which would provide a source for partial funding of the construction of the new Arena (as defined below in Section 1) that is the primary subject matter of this Term Sheet. Agreements between the City and the Spurs contemplated in this Term Sheet are conditioned upon the approval of the ballot measure by the Bexar County (the "County") electorate. The Spurs will not pursue any relocation opportunities or discuss the construction of a new arena (other than with the City and the County) until the results of the November 4, 2025, election.

The Spurs will not pursue any relocation opportunities or discuss the construction of a new arena (other than with the City and the County) until the results of the November 4, 2025, election.

### **1. *The District***

The City is working to create a Sports and Entertainment District in downtown San Antonio to include the Henry B. González Convention Center (the "Convention Center"), the Alamodome and its surrounding parking lots, the Hemisfair area, the former site of the Institute of Texan Cultures building and the former GSA offices (the "Sports and Entertainment District" or the "District"). The District will stimulate the development, growth, and expansion of business, commerce, and tourism in downtown San Antonio, to the benefit of each Party. The City will undertake, facilitate, or support projects within the proposed District, including expansion of the Convention Center, renovation of the Alamodome, the construction and development of a new downtown basketball arena for the San Antonio Spurs (the "Arena"), and the development of retail, housing, hotel, and office. The District, Arena site and Private Development Area (defined below) are all generally identified in **Attachments I and II**.

### **2. *Arena Costs***

The Spurs anticipate that an NBA Arena that is consistent with industry-leading standards for design and fan experience will cost approximately \$1.3 billion. The contributions of the Spurs, County and the City toward the cost of the Arena are as follows.

a. The Spurs will contribute:

- i. a minimum of \$500 million toward the Arena project ("Initial Spurs Contribution"); and

- ii. all cost overruns and amounts necessary to finish the construction of the Arena in excess of the amounts required to be contributed by the City and the County as described below.
- b. The County Commissioners Court have called a venue tax election for November 4, 2025, that includes a potential contribution of 25% of the costs for the Arena up to a maximum \$311 million from proceeds of a new venue tax bond issuance (subject to County voter approval at the election).
- c. The City will contribute the lesser of 38% of the cost of the Arena or \$489 million through the issuance of one or more series of bonds, the basic terms of which are described in a financing addendum (“Financing Addendum”) attached to this Term Sheet as **Attachment III** (which Financing Addendum also describes the requirements upon which this City contribution is conditioned), secured and repaid from the following sources:
  - i. Operating rent from the Spurs’ lease of the new Arena;
  - ii. Ground rent from the City’s ground lease of City-owned property to private parties for new private development within the Private Development Area;
  - iii. Revenue from the Hemisfair Tax Increment Reinvestment Zone (“TIRZ”); and
  - iv. Revenue from the Project Finance Zone Number Two, City of San Antonio, Texas (“PFZ”).
- d. Arena contributions from both Parties and the County are required to be delivered to a third-party trustee that will manage the process for the payment of Arena construction costs.

### **3. *Project Agreements***

Given the non-binding nature of this Term Sheet, the Parties anticipate negotiating definitive legally binding agreements for the contemplated Arena project (the “Project Agreements”) and associated development using the framework set out in this Term Sheet. The Project Agreements will include, without limitation, the following:

- a. Design and Construction Agreements which will include the conditions necessary and obligations of the Parties for the release of funds for design and construction of the Arena, project timelines, review and permitting.
- b. Lease Agreement for the Arena and Arena site that will include lease payments and operations.
- c. Non-Relocation Agreement to include the obligation by the Spurs to play NBA home games in the Arena during the Lease term as described more fully in Paragraph 12, Non-relocation Agreement.

- d. Community Benefits Agreement with the City that will include funding commitments during the term of the Lease by the Spurs to fund and facilitate specific programs or projects important to the San Antonio community. *See* Paragraph 15, Community Benefits.
- e. Guaranty agreements providing substantive performance and financial guarantees to the City for the obligations of the Spurs entities and developer entities as to the Private Development Area and as may be agreed to in the Project Agreements.
- f. Master Development Agreement that will cover development and related obligations for sites within the District.
- g. Construction Trust Agreement that will define the manner and method by which construction proceeds are disbursed for payment of Arena construction costs, how such proceeds are treated prior to use, and establishment of construction safeguards.

#### **4. *Arena Design and Construction***

The Parties contemplate the construction of an approximately 17,000 to 18,500 capacity NBA basketball arena, and amenities to deliver a premium fan experience, including a range of concessions, merchandising opportunities, premium seating, meeting space, suites, and other items. The Arena shall comply with NBA rules and requirements, and with a design, amenities, fit and finish of comparable NBA arenas as will be further defined in the Project Agreements.

Design and construction of the Arena is expected to take up to 57 months, with a completed facility delivered for Spurs and fan use by the start of the 2032-33 NBA regular season.

The Spurs will be responsible for the development, design, and construction of the Arena, with review and input from the Arena Owner (defined below) as will be provided in the Project Agreements. The Project Agreements will include a process for the Parties to cooperate, review, monitor and provide input to budget, design, contractors, and construction details of the Arena. The City retains its rights to review the design and construction of the Arena and approve other construction components under its governmental function (e.g. issuing permits, inspections).

The Parties will cooperate to establish opportunities for the Arena Owner and public input on design. The City will provide a response team to address permitting and inspections associated with Arena construction and Private Development Area construction in an efficient manner.

The Spurs will develop and maintain for the benefit of contractors and subcontractors, a peer-to-peer business mentorship program that provides small businesses an opportunity to learn and participate in the development, design and construction of the Arena. Additionally, the Spurs will explore opportunities for bonding assistance to contractors who may not have the financial capacity to have access to traditional bonding sources. The Spurs will collaborate with Supply SA during design and construction to facilitate participation of local businesses, contractors, and subcontractors.

## **5. *Development Collaboration for Concurrent Projects***

The Spurs and the City will be simultaneously developing and constructing the Arena, the Convention Center expansion, and other facilities in the District. The City and the Spurs will collaborate and cooperate in an effort to achieve efficiencies and cost savings in the design and development of and procurement for the respective facilities.

## **6. *Arena Ownership, Lease, Operations, and Maintenance***

A City-controlled subsidiary or affiliate (with County participation) (such City-controlled subsidiary or affiliate being, the “Arena Owner”) will own the Arena site and the Arena. The Arena Owner will lease or license the Arena site (including the Arena) to the Spurs (or its affiliate) for a term of thirty (30) years or to include 30 full basketball seasons, whichever is longer, and renewal terms to be negotiated.

The Spurs shall pay an initial annual rent of \$4.0 million, commencing upon the completion of construction of the Arena, as detailed in the Project Agreements. Annual rent shall increase each year during the Term by 2%.

The Spurs shall have exclusive right to NBA games and any NBA-affiliated programming in the Arena and in any other arena or facility owned or controlled by the City or the Arena Owner. The Spurs shall use the Arena for its home NBA games and for other lawful purposes associated with the operation of an NBA franchise including team practices, camps, and other professional basketball activities.

Other permitted uses will also include, but not be limited to: (i) any other professional, collegiate, amateur, or exhibition sporting event; (ii) concerts, family shows, cultural performances, ceremonies, and similar live-entertainment attractions; (iii) the sale and service of food, beverages, merchandise, and other goods through restaurants, clubs, kiosks, pop-ups, and similar retail outlets; (iv) office, broadcast, media production, and other business functions supporting Arena events; (v) public tours, museums, clinics, workshops, and educational or community programs; (vi) event-related parking, rideshare, staging, storage, maintenance, and similar ancillary services. Prohibited uses will include illegal activities, nuisances, and events that have historically been held at the Alamodome (such as the semifinal and national championship games of the NCAA Men’s Final Four). The City will, subject to availability, be entitled to use the Arena site and Arena for up to four (4) days per year during the Term at no cost to the City other than payment of operating expenses without markup.

The Spurs and the Arena Owner will explore opportunities to provide for the University of Texas at San Antonio (“UTSA”) to hold events at the Arena, subject to the availability of dates at the Arena.

The Parties will collaborate with regard to events being held at the Arena and the City-controlled venues in the Sports and Entertainment District so as to enhance future opportunities to bring premier entertainment to the citizens of the City and the County, including Spurs-related or other events at facilities within the District.

## **7. *Arena Operations and Concessions***

The Spurs will maintain and operate the Arena in compliance with NBA rules and all laws, and in a manner comparable to or exceeding that of comparable NBA arenas as will be further defined in the Project Agreements.

The Spurs will be solely responsible for all expenses for the operation of the Arena during the term and will retain all revenues from the use and operation of the Arena. The Spurs will operate at the Arena a full range of concessions and other amenities consistent with comparable NBA arenas of as will be further defined in the Project Agreements. The concessions and amenities will be reflective of San Antonio culture, cuisine, and heritage. The Spurs will be responsible for the selection, contracting, and management (including retaining all risks) for concessions and amenities.

## **8. *Parking, Security, and Transportation***

The Parties will collaborate on developing plans to provide parking, transportation and security for Arena events, community events, and related activities in the Arena or at the Arena site.

## **9. *Arena Operations, Repair and Maintenance***

The Spurs will be responsible for the operation, repair and maintenance of the Arena, including the cost of all capital repairs and replacements, capital improvements, capital maintenance, and day-of-event operation of the Arena. The Spurs will annually provide to the Arena Owner: (i) operations, maintenance, repair, and replacement plans and budgets; and (ii) reporting on the maintenance, repair, and replacement work performed during such year and the costs incurred in performing such maintenance, repair, and replacement work.

Following the end of the lease term, the Arena shall be in a good and operable manner, capable of continuing operations as a professional sports arena.

## **10. *Major Arena Renovations***

The Project Agreements will include an obligation to renovate the Arena between the 13<sup>th</sup> and 15<sup>th</sup> year of operation to ensure the Arena remains a state-of-the-art NBA arena favorably comparable to newer NBA arenas, subject to the Parties' agreeing on a funding mechanism to pay for such renovation.

## **11. *Naming, Advertising/ Signage Rights, Broadcast Rights***

The Spurs will have the exclusive naming and advertising signage rights to the Arena and the Arena site. The Spurs will have the exclusive right to display, sell, or license, all advertising signage and sponsorship signage on the interior and attached to the exterior of the Arena building or located on the Arena site. The Project Agreements will contain certain limitations on these rights to protect the City's interests such as limitation on names, images, or signage that are antithetical to the character of the Arena as a prominent symbol of the City, the County, and the State of Texas. The Spurs shall provide the City with the ability to advertise governmental functions or programs at no cost to the City (other than costs of production of any such advertising).

The Spurs will have the exclusive broadcasting rights (including the licensing, selling, and granting concessions for all NBA-related and other events) at the Arena and the Arena site across all media, including without limitation, radio, and television broadcasting; internet streaming; film and tape reproductions; closed circuit, cable, and pay television and radio rights.

The City shall retain the naming and advertising signage rights to the Sports and Entertainment District areas excluding the Arena, the remainder of the Arena site and the Private Development Area.

#### **12. *Non-relocation Agreement***

The Project Agreements will include a Non-relocation Agreement for the term of the Arena lease (30 years) which will require the Spurs to maintain its NBA franchise in San Antonio and play its home games in the Arena. The Non-relocation Agreement will require the Spurs to play all their home games in the Arena during the Term among other requirements; provided, however, the Spurs will have the ability to play home games at international sites and other neutral sites as required by NBA rules and regulations and up to four home games outside the Arena but in the Spurs' home territory (which may include the Alamodome). The Non-relocation Agreement will include robust remedies for any breach including the ability of the City to receive injunctive or declaratory relief, liquidated damages, and other remedies aimed at making the City whole if there is a breach.

#### **13. *NBA Authority***

The Spurs are subject to the Constitution and Bylaws of the NBA, and to the rules, regulations, policies, limitations, and agreements (including the Collective Bargaining Agreement) as may be imposed by the NBA or the Commissioner of the NBA. The NBA will need to approve the design of the Arena and the Spur's obligations under the Project Agreements, including debt to be incurred by the Spurs. The Project Agreements will include provisions to mitigate negative impacts, if any, of NBA rule changes on the Parties' interests in the Arena or other matters that are the subject of this Term Sheet.

#### **14. *Private Development***

To support debt service on bonds the City will issue to fund its Arena contribution, the Spurs will engage third-party developers ("Private Developers") to develop certain portions of the District (the "Private Development Area") with a variety of different uses, including housing, hotel, retail, and office. This requirement is detailed in the Financing Addendum attached to this Term Sheet.

#### **15. *Community Benefits***

The Parties will negotiate and enter into a Community Benefits Agreement (the "CBA") as one of the Project Agreements. Under the CBA the Spurs will commit to provide funding of \$2.5 million annually for a total of \$75 million over the initial term of the Arena lease. The use of the committed funding shall be allocated and used by the City based on a process determined by the City Council.

The Spurs will include a covenant in the Project Agreements stating that it will pay a minimum of the equivalent of the City's entry wage for all full-time employees at the Arena.

In addition to the yearly financial commitment above, the Spurs will continue to pursue the Spurs' historical philanthropic efforts in the community that include the Spurs' support for local small businesses, youth sports, health programming, internships, workforce development, public art, park redevelopment, community spaces, and other efforts aligned with the Spurs' mission and organizational values.

**16. *Term Sheet is Non-binding***

This Term Sheet is not a binding or enforceable agreement, nor does it constitute a legal obligation on any Party. Nothing in this Term Sheet can be used or relied upon by either Party to attempt to demonstrate that the Parties have entered into any binding agreement or obligation of any kind. Neither the expenditure of funds by any Party or actions taken to implement any of the concepts in this Term Sheet shall be regarded as performance of this Term Sheet or otherwise alter or modify the provisions of this paragraph, and neither Party may seek to recover from the other any damages or other sums based on any theory of contract, quasi-contract, reliance, estoppel, or any other theory. No provision or covenant of this Term Sheet shall constitute a limitation or waiver of the right of the City to perform its governmental functions. No Party shall have any legal obligations to the other until the Parties have negotiated and executed the respective Project Agreements.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS HEREOF, the Parties have executed this Term Sheet as of the date first set forth above.

**SAN ANTONIO SPURS HOLDINGS, LLC,**  
a Texas Limited Liability Company

By: \_\_\_\_\_  
Name: Peter J. Holt  
Title: Managing Partner  
Date:

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Name: Bobby Perez  
Title: Chief Legal Officer & General Counsel  
Date:

**CITY OF SAN ANTONIO, TEXAS,** a  
Texas Municipal Corporation

By: \_\_\_\_\_  
Name: Erik Walsh  
Title: City Manager  
Date:

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Name: Andrew Segovia  
Title: City Attorney  
Date:



**ATTACHMENT I**

**DISTRICT, ARENA SITE AND PRIVATE DEVELOPMENT AREA**

(To Be Inserted Prior to City Council Action)

DRAFT

## **ATTACHMENT II**

(To Be Inserted Prior To City Council Action)

DRAFT

**CITY CONTRIBUTION**  
**FINANCING ADDENDUM TO TERM SHEET**

*General.* This Financing Addendum is part of the Term Sheet and should be interpreted as being consistent and supplemental to the provisions in the Term Sheet. The City contribution toward the costs of constructing the Arena, as identified in the Term Sheet, (the “City Contribution”), is expected to be funded in the 2028 calendar year through issuance, either directly or through a City-controlled instrumentality, of one or more series of bonds (together, the “City Bonds”). The security and source of repayment for the City Bonds shall include (i) operating rent from the Spurs’ lease of the Arena, (ii) ground rent from the City’s ground lease of City-owned property to private enterprise for new private development within the Private Development Area, (iii) revenue from the Hemisfair Tax Increment Reinvestment Zone (the “Hemisfair TIRZ”), (iv) revenue from the Project Finance Zone Number Two, City of San Antonio, Texas (the “PFZ”).

*Conditions.* The availability of this City Contribution is subject in all respects to the following:

1. City Council approval of the Term Sheet, including all exhibits and addenda, the various actions contemplated by the Term Sheet, and other required approvals determined over the Arena Project’s development cycle to be necessary or otherwise legally required.
2. The successful negotiation of the necessary project definitive agreements described or contemplated in the Term Sheet (including, but not limited to, successful negotiation of the terms, including scheduled delivery, of the Required Development and the resultant Guaranteed Revenue Amount (each, as defined and described below)).
3. The availability of the respective contributions to the Arena project from the Spurs and the County.
4. City acquisition of: 1) land for the Arena site from the Board of Regents of the University of Texas System and 2) property from the General Services Administration for new private development.
5. Achievement of the financial metrics consistent with the assumptions upon which the City has modeled the availability of the City Contribution.
6. Voter passage of a City bond program to support the first phase of transportation and pedestrian infrastructure improvements for the Sports and Entertainment District.

*Guarantee of Minimum Private Development within Hemisfair TIRZ.* To support debt service on the City Bonds, the City will require the Spurs and private real estate developers (the “Private Developers”) to commit to new mixed-use development (including housing, hotel,

### Attachment III

retail, and office) of areas within the Hemisfair TIRZ (being those areas identified in the attached map) that will result in an expected taxable assessed value increment of \$1.4 billion delivered in accordance with the agreed-upon development schedule (the “Required Development”). In addition, the Hemisfair TIRZ cashflows attributable to the City’s prospective ad valorem tax levy on the Required Development will be guaranteed (the “Guaranteed Revenue Amount”) by the Spurs and the Private Developers. To facilitate this private development within the Hemisfair TIRZ, the Spurs will identify the Private Developers with the requisite experience, capability, and financial wherewithal to plan, develop, and implement the Required Development which will all be part of the Project Agreements.

Amounts paid in partial or complete satisfaction of the Guaranteed Revenue Amount that are necessitated because of development delay attributable to events or circumstance not within the control of the Private Developers are reimbursable to the Guarantors from excess revenues pledged as security for the City Bonds, subject to applicable legal limitations (if any).

*Phased Approach.* The City and the Spurs will develop a phased delivery approach for the Required Development, to provide for its incremental delivery over an approximate 12-year development period. While elements of these phases are subject to further negotiation, the Required Development’s initial phase (“Phase I Development”) shall include the following:

- Minimum Hemisfair TIRZ taxable assessed value increment target of approximately \$500 million;
- Commencement of development at the time of delivery of the City Contribution;
- Coordinated so that the Phase I Development is complete at or before the Arena’s projected opening date; and
- A boutique hotel meeting the NBA’s requirements for visiting teams.

The remaining \$900 million of Required Development will be delivered over the remainder of the approximate 12-year development period.

*City’s Acquisition of the ITC Property.* The City will acquire fee simple title to the former site of the Institute of Texan Cultures building (the “ITC Property”). The City has an exclusive right to acquire the ITC Property from the Board of Regents of the University of Texas System, which it expects to exercise either directly or through an instrumentality acting on its behalf.

*City’s Acquisition of GSA Property; Spurs Contribution.* Subject to passage of the County’s November 4, 2025 Venue Tax Election, the Spurs will deliver to the City (as either a donation or a capital contribution), subject to terms agreeable to the Parties, a cash payment of up to \$30 million, which the City, either directly or through an instrumentality acting on its behalf, will use to acquire from the Federal General Services Administration fee simple title to the land identified in the map attached hereto (the “GSA Property”).

*Private Development Area Availability.* The Private Development Area will be made available to the Private Developers through market-rate ground leases (as established in the financial

### Attachment III

model that forms the basis for the issuance of the City Bonds) and thereby used as a site upon which a portion of the Required Development will be built.

*Extension of Hemisfair TIRZ Expiration Date.* The City will extend the Hemisfair TIRZ's expiration date to conform to the provisions of the financial model that forms the basis for the issuance of the City Bonds.

DRAFT