



Anaheim's Lease Agreement With Angels Ownership

Unclear Terms Have Hindered the City From Ensuring That Its Own Stadium Is Properly Maintained, While Revenue Sharing Provides Limited Funding

Background

The city of Anaheim owns the Angel Stadium (stadium) and leases it to Angels Baseball LP (Angels ownership), the owner of the Los Angeles Angels Major League Baseball team. Anaheim and Angels ownership have a stadium lease agreement that has been in place since 1996 and runs through 2032. Angels ownership has the right to extend the lease for up to an additional six years, through 2038. The lease agreement generally provides Angels ownership with exclusive use of the stadium, and Anaheim may receive certain revenue from baseball ticket sales; parking revenue; and other, non-baseball event revenue, if specified annual revenue-sharing thresholds are met. Subject to certain conditions, Angels ownership is responsible for maintaining the stadium using its own money in addition to Anaheim's contributions to a capital reserve fund, which both the city and ownership contribute to each year. In 2020, Anaheim agreed to sell the stadium and surrounding site to Angels ownership. However, before the parties could complete the sale, a federal probe in 2022 implicated the city's mayor—who served as the city council's representative on the negotiating team with Angels ownership—for various felony crimes. As a result, the city council voted in May 2022 to terminate the purchase agreement. In July 2024, Anaheim and Angels ownership reached a settlement agreement over the canceled sale, and in February 2025 Angels ownership elected to extend the lease agreement by three years to the current 2032 termination date.

Key Findings

- » Unclear language in Anaheim's lease agreement with Angels ownership limits the city's ability to monitor the maintenance and condition of its own stadium.
 - The lease agreement lacks clear language allowing Anaheim to inspect the stadium's condition for any reason, and Anaheim and Angels ownership disagree about the city's right to inspect the stadium. Further, the lease agreement does not require Angels ownership to provide regular reports on the stadium's condition. Anaheim is currently working with Angels ownership to complete an inspection of the stadium.
 - Angels ownership claims that it has spent \$35.6 million more for stadium repair and improvement than the amount available in the stadium capital reserve fund, and claims that Anaheim is required to reimburse ownership for this amount at the end of the lease. Although Anaheim maintains that this interpretation is baseless, it has not resolved this issue, which could result in litigation at the end of the lease.
- » The lease agreement's revenue-sharing provisions have resulted in limited revenue to Anaheim.
 - Between 1996 and March 2025, Anaheim realized approximately \$415,000 in net revenue from its lease agreement with Angels ownership, not including \$20 million in expenses Anaheim incurred to help pay for the stadium's renovations.
 - Anaheim relies on periodic audits to identify any discrepancies in the

revenue payments that Angels ownership makes, but Anaheim has conducted only two audits of the lease agreement since 2013. Although we found that the revenue provided to the city from baseball ticket sales and parking were generally likely to be accurate and comply with the terms of the lease, we identified \$95,000 that Angels ownership erroneously paid Anaheim in 2021 that the city will need to refund.

Key Recommendations

- » To protect its interests in the future, Anaheim should ensure that future lease agreements regarding a city-owned stadium include clear language in the following areas:
 - Anaheim's right to inspect the stadium periodically for any reason.
 - The party responsible for maintenance and repairs, the specific systems covered and exempt, what constitutes *normal wear and tear*, and what condition Anaheim expects the stadium to be in at the end of the lease.
 - Treatment of any funds spent in excess of the capital reserve fund at the end of the lease.
- » To ensure that Anaheim is receiving the appropriate revenue, it should use its right to audit Angels ownership to obtain and review ownership's records every year to determine if Anaheim received all revenue to which it is entitled.