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Agenda Date: 12/10/2020
Special Council Meeting

2020 DEC -9 P 1:39

CITY OF FRESNO
CITY CLERK'S OFFICE

FRESNO CITY COUNCIL



Information Packet

ITEM(S)

File ID 21-043 (B)

Approve material terms of an amended lease with Fresno Grizzlies Baseball Club and authorize and direct the City Attorney to complete the agreement and the City Manager to execute the agreement consistent with the terms approved by Council.

Contents of Supplement: Grizzlies Letter of Intent.

Item(s)

Supplemental Information:

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2)). In addition, Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

Americans with Disabilities Act (ADA):

The meeting room is accessible to the physically disabled, and the services of a translator can be made available. Requests for additional accommodations for the disabled, sign language interpreters, assistive listening devices, or translators should be made one week prior to the meeting. Please call City Clerk's Office at 621-7650. Please keep the doorways, aisles and wheelchair seating areas open and accessible. If you need assistance with seating because of a disability, please see Security.

BINDING LETTER OF INTENT

This binding Letter of Intent (the "LOI") is made this 10th day of December, 2020, by and between the City of Fresno, a municipal corporation (the "City"), and Fresno Sports & Events, LLC., a Delaware limited liability company (the "Team"). The City and the Team are hereinafter sometimes collectively referred to as the "Parties" and each may be referred to as a "Party".

RECITALS

A. The City and the Team are parties to a 2018 Amended and Restated Stadium Sublease Agreement dated December 14, 2018, based upon the Grizzlies having an Major League Baseball (MLB) affiliated Triple-A baseball team ("Sublease").

B. Since a Triple-A team is no longer available for Fresno, and Single-A is the only option offered by MLB to keep affiliated baseball in Fresno, the Parties acknowledge an amendment to the Sublease is in the best interests of the Parties.

C. The Parties are in agreement upon material terms of an amended sublease, and are hereby committing to fully complete the sublease amendment expeditiously, consistent with the following material terms:

1. Rent reduced from \$500,000 to \$100,000.
2. City pays actual utilities, PG&E, water, sewer, trash, up to \$300,000.
3. City and Team contributions to Capital Reserve Fund reduced from \$300,000 to \$50,000, but responsibilities to make repairs unchanged.
4. Team shall pay \$1.00 per ticket for every ticket over 150,000 turnstile for Fresno Grizzlies baseball games; shall be added to Capital Reserve Fund.
5. The City shall receive 15% of Stadium Naming Rights (including any related agreements with same partner) above \$650,000 (gross) per year (growing at 2.0% annually).
6. Profit Share: Fresno Grizzlies shall pay the City a portion of Net Cash Flow based on the below schedule:
 - a. 12.5% between \$1 and \$500,000
 - b. 20% between \$500,001 and \$1,000,000
 - c. 25% for over \$1,000,001
7. MLB would sign an agreement with the Team for 10 years
8. MLB would sign an agreement (attached) with the City to keep professional baseball in Fresno through lease termination 12/31/36.
9. MLB would make their best efforts to bring Triple-A (or Double-A) back to Fresno
10. If and when the Team regains a Triple-A franchise, the existing Sublease terms would be reinstated (with necessary modifications, given PCL dissolution or restructuring).
11. 2020 rent of \$500,000 to be deferred over the life of the Sublease at \$31,250/year with such payments commencing March 1, 2021, and each year thereafter. However, if the Team is current with all obligations and not in default under the terms of the

Sublease following the 2025 baseball season, the remaining payments shall be waived.

12. Both parties agree to waive the 2020 obligation to deposit \$300,000 into the Capital Reserve Fund.
13. Council to consider material terms at 12/10/20 meeting, with direction to complete sublease terms and execute an amendment to address these and other terms as appropriate.
14. Should the Team (and/or affiliated entities) or the City of Fresno receive any compensation from MLB, those funds shall be contributed to the Capital Reserve Fund
15. All other terms of the existing Sublease shall remain unchanged, except as necessary to address restructuring.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement.

CITY
CITY OF FRESNO,
a municipal corporation

The Team
Fresno Sports & Events, LLC.

By: _____
Wilma Quan, City Manager

By: _____
Michael Baker, Manager

Dated: _____

Dated: _____

APPROVED AS TO FORM:
DOUGLAS T. SLOAN
City Attorney

By: _____
Doug Sloan
City Attorney

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The Team
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By: 
Michael Baker, Manager

Dated: 12-9-20

APPROVED AS TO FORM:
DOUGLAS T. SLOAN
City Attorney

By: _____
Doug Sloan
City Attorney