



Legislation Details (With Text)

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Title: Approve in substantial form the Third Amendment to the Amended and Restated Stadium Sublease Agreement between the City of Fresno and Fresno Baseball Club, LLC.
Sponsors: Office of Mayor & City Manager
Indexes:
Code sections:
Attachments: 1. Supplement - 3rd Amendment to Stadium Sublease.pdf, 2. Supplement - PowerPoint Presentation.pdf

Date	Ver.	Action By	Action	Result
6/26/2017	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

June 26, 2017

FROM: BRUCE RUDD, City Manager
City Manager's Office

BY: TIM ORMAN
Chief of Staff to the Mayor

SUBJECT

Approve in substantial form the Third Amendment to the Amended and Restated Stadium Sublease Agreement between the City of Fresno and Fresno Baseball Club, LLC.

RECOMMENDATION

The Mayor and City Manager strongly and whole-heartedly believe that this agreement and the new owners represent the best deal for the City of Fresno and provide us with the best chance of success at the stadium and therefore ask for the Council's support and vote in favor of the Third Amendment to the Amended and Restated Stadium Sublease Agreement between the City of Fresno and Fresno Baseball Club, LLC, in substantial form, as presented by the City Attorney.

EXECUTIVE SUMMARY

The Mayor and City Manager have been negotiating with Fresno Sports and Events, LLC since January of this year. We have reached agreement on all substantial points of the agreement. We are asking Council to approve in substantial form the Third Amendment to the Amended and

Restated Stadium Sublease Agreement between the City of Fresno and Fresno Baseball Club, LLC, the current owner of the team and operator of the stadium. The reason for approving the agreement at this time is to keep the process moving forward and allow the buyers-Fresno Sports and Events, LLC-to enter into escrow with the current owners and finalize their purchase of the team. As part of the escrow, the new owners are required to sign a letter agreeing to the terms of the Third Amendment. The Third Amendment also contains a Non-Relocation Agreement that provides for payment of liquidated damages to the City for the outstanding debt service on the stadium upon relocation of the team. Our agreement is one of many steps necessary to complete this transaction.

BACKGROUND

The City Attorney has been involved in the negotiations from the beginning. Initial negotiations began with the City's consultant, Dan Barrett of Barrett Sports Group, an expert in sports and stadium negotiations. Another expert, Paul Jacobs, Attorney of Counsel for Husch Blackwell, assisted us in advancing this agreement. At that point, Assistant City Attorney, Laurie Avedisian-Favini and City Attorney Doug Sloan, took over the negotiations and are bringing them to conclusion. They have reviewed all of the documents and understand all of the particulars of these agreements and conclude that this deal does not pose any significant additional legal risk as compared to the existing deal with Fresno Baseball Club, LLC.

ENVIRONMENTAL FINDINGS

N/A

LOCAL PREFERENCE

N/A

FISCAL IMPACT

This agreement provides for the new owners of the team to pay annual rent of \$500,000.00. In addition, beginning in 2019 the team will pay \$300,000 annually into a Capital Reserve Fund. This payment will be increased by 2% annually and will be matched by the City of Fresno. Conservative projections of the Capital Reserve Fund between now and 2035 (the term of the debt issued to pay for the stadium) from all revenue sources are that this Fund will be able to pay for between 80% and 94% of the cost of anticipated structural and non-structural costs associated with maintaining Chukchansi stadium. The Capital Reserve Fund means the General Fund will no longer be tasked with funding stadium repairs.

Attachment:

Third Amendment to the Amended and Restated Stadium Sublease Agreement between the City of Fresno and Fresno Baseball Club, LLC