



City of San Antonio

Agenda Memorandum

File Number: 15-6282

Agenda Item Number: 4D.

Agenda Date: 12/17/2015

In Control: City Council A Session

DEPARTMENT: Convention & Sports Facility

DEPARTMENT HEAD: Michael J. Sawaya

COUNCIL DISTRICTS IMPACTED: Council District 10

SUBJECT:

The purchase of Toyota Field from Sports and Outdoor Recreation (SOAR) Park through a City/County Public Facility Corporation (PFC) for a cumulative amount of \$18 million; and, subsequent to purchase, a lease agreement with SA FC Management LLC, an affiliate of Spurs Sports & Entertainment, to operate Toyota Field for a term of 20 years, along with certain portions of the STAR Soccer Complex, in pursuit of a Major League Soccer (MLS) franchise.

SUMMARY:

The following actions relate to the purchase of Toyota Field from Sports and Outdoor Recreation (SOAR) Park in the amount of \$18 million and, upon acquisition, the leasing of Toyota Field and certain portions of STAR Soccer Complex to SA FC Management LLC, an affiliate of Spurs Sports & Entertainment ("SS&E"), for a term of 20 years and an annual rental amount of \$100,000.

- A. A resolution authorizing the creation of a City/County Public Facility Corporation (PFC) to acquire and hold title to 5106 David Edwards Drive, San Antonio, TX, Bexar County, also known as "Toyota Field"; approving the Bylaws and Articles of Incorporation of the PFC; approving an Interlocal Cooperation Agreement with Bexar County for participation in the PFC; and other matters related to the creation of the PFC.
- B. An ordinance authorizing a \$9 million contribution to be used in conjunction with \$9 million in funds from Bexar County for the purchase of Toyota Field through an Earnest Money Contract between a City/County Public Facility Corporation (PFC) and Sports and Outdoor Recreation (SOAR) Park in a cumulative amount of \$18 million; approving the negotiation and execution of ancillary documents necessary to purchase Toyota Field.

- C. An ordinance authorizing a twenty-year Soccer Stadium Facility Lease Agreement between a City/County Public Facility Corporation and SA FC Management LLC for Toyota Field for an annual lease rent of \$100,000 and a \$1 million contribution from Spurs Sports & Entertainment for deferred maintenance at Toyota Field contingent upon a \$500,000 contribution from the City and a \$500,000 contribution from Bexar County for maintenance of Toyota Field and STAR Soccer Complex; approving the negotiation and execution of ancillary documents necessary to lease Toyota Field, to include a Guaranty Agreement with San Antonio Spurs LLC.
- D. An ordinance authorizing a lease agreement between the City and SA FC Management LLC for the STAR soccer complex located at 5103 David Edwards Drive, San Antonio, TX Bexar County, excluding a portion of property to remain leased to Sports and Outdoor Recreation (SOAR) Park; approving the negotiation and execution of ancillary documents necessary to lease STAR Soccer Complex.
- E. An ordinance authorizing a Third Amendment to the Lease Agreement between the City and Sports and Outdoor Recreation (SOAR) Park.

BACKGROUND INFORMATION:

Recent efforts by the City, Bexar County (County) and Spurs Sports & Entertainment (SS&E) to work collaboratively in an effort to pursue a Major League Soccer (MLS) franchise have resulted in a proposal to purchase Toyota Field from Sports and Outdoor Recreation (SOAR) Park for the purpose of establishing a SS&E affiliated minor league soccer franchise at the facility as a roadmap to future MLS expansion or relocation. The City and County have each agreed to provide \$9 million to purchase Toyota Field for a total purchase price of \$18 million. SS&E has agreed to provide an additional \$3 million to SOAR for associated soccer rights, for a total transaction cost of \$21 million. Ownership of Toyota Field shall be vested in a City/County Public Facility Corporation and separate lease agreements have been concurrently negotiated to provide SS&E, or a SS&E affiliate, with a 20- year lease of Toyota Field and the STAR Soccer Complex where SS&E, or a SS&E affiliate, will operate its minor league soccer team and youth soccer programs while pursuing an MLS franchise.

ISSUE:

Resolution 2015-11-12-0059R of the City Council, passed and approved on November 11, 2015, authorized City staff to negotiate for the purchase of Toyota Field and its subsequent lease under the following parameters:

- The City and County each providing \$9 million towards the \$18 million purchase of Toyota Field;
- SS&E providing an additional \$3 million to Gordon Hartman;
- SS&E agreeing to enter into a 20 year lease for Toyota Field where it will operate a minor league soccer team;
- The City contributing \$500,000 to the deferred maintenance of Toyota Field;
- SS&E using best efforts to establish an MLS franchise in San Antonio throughout the lease term;
- SS&E agreeing to repay up to \$5 million should it be unsuccessful in establishing an MLS franchise in San Antonio prior to year 6 of the lease term; and

- City and County maintaining ownership of Toyota Field.

City staff is now presenting agreements which reflect the above stated parameters.

ALTERNATIVES:

City Council could direct City staff to redefine the parameters for the purchase and lease of Toyota Field or decline to further negotiate with SOAR and SS&E.

FISCAL IMPACT:

This ordinance authorizes the City Council to appropriate \$9,000,000.00 from the Redemption and Capital Reserve Fund to Sports and Outdoor Recreation Park on behalf of the City/County Public Facility Corporation (PFC) to pay the City's share of the \$18,000,000.00 earnest money for the purchase of Toyota Field.

This ordinance authorizes the appropriation of \$500,000.00 from the Redemption and Capital Reserve Fund to the PFC. These funds will be deposited into the PFC's Initial Facility Fund for deferred maintenance and improvements of Toyota Field.

RECOMMENDATION:

Staff recommends approval.