



# City of San Antonio

## Agenda Memorandum

**File Number:** 16-1027

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**Agenda Item Number:** 4E.

**Agenda Date:** 12/17/2015

**In Control:** City Council A Session

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**DEPARTMENT:** Convention & Sports Facilities

**DEPARTMENT HEAD:** Michael J. Sawaya

**COUNCIL DISTRICTS IMPACTED:** Council District 10

### **SUBJECT:**

The purchase by the City of San Antonio (“City”) and Bexar County (“County”) of Toyota Field from Sports and Outdoor Recreation (“SOAR”) Park through a City created Public Facility Corporation (“PFC”) for a cumulative amount of \$18 million; and, subsequent to purchase, execution of a lease between the PFC and SA FC Management LLC (“SA FC”), an affiliate of Spurs Sports & Entertainment (“SS&E”), to operate Toyota Field for a term of 20 years, along with a lease agreement between the City and SA FC for certain portions of the South Texas Area Regional (“STAR”) Soccer Complex, in pursuit of a Major League Soccer (“MLS”) franchise.

### **SUMMARY:**

The following actions relate to the purchase of Toyota Field from SOAR in the amount of \$18 million and, upon acquisition, the leasing of Toyota Field and certain portions of STAR Soccer Complex to SA FC for a term of 20 years at an annual rental amount of \$100,000.

- A. An ordinance authorizing a \$9 million contribution by the City to be used in conjunction with \$9 million in funds from the County for the purchase of Toyota Field through an Earnest Money Contract between the PFC and SOAR in a cumulative amount of \$18 million; approving the negotiation and execution of ancillary documents necessary to purchase Toyota Field.
- B. A resolution authorizing the creation of a 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 the County for its participation in the PFC; and other matters related to the creation of the PFC.
- C. An ordinance authorizing the PFC to enter into a Soccer Stadium Facility Lease Agreement with SA FC

for a term of 20 years at an annual rental amount of \$100,000.00; authorizing a \$500,000 contribution from the City to the PFC to be used for PFC approved deferred maintenance and facility standard upgrades at Toyota Field, such contribution being contingent upon a \$1 million contribution towards deferred maintenance and facility standard upgrades to Toyota Field from SA FC and a \$500,000 contribution from the County for deferred maintenance of the STAR Soccer Complex; approving the negotiation and execution of ancillary documents necessary to lease Toyota Field to SA FC, including a provision providing reimbursement to City and County of a combined \$5 million should no MLS franchise be awarded.

D. An ordinance authorizing a Lease Agreement between the City and SA FC 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 SOAR; 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 SOAR to reduce the acreage of leased property at 5103 David Edwards Drive, San Antonio, TX, Bexar County, to approximately four (4) acres to be used as a water park in association with Morgan's Wonderland.

### **BACKGROUND INFORMATION:**

Recent efforts by the City, County and SS&E to work collaboratively in an effort to pursue a MLS franchise have resulted in a proposal to purchase Toyota Field from SOAR 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 PFC created by the City and separate lease agreements have been concurrently negotiated to provide SA FC with a 20- year lease of Toyota Field and the STAR Soccer Complex where SA FC will operate its minor league soccer team and youth soccer programs while pursuing a 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 SOAR;
- SS&E agreeing to enter into a 20 year lease for Toyota Field where it will operate a minor league soccer team with the intent to pursue a MLS franchise;
- 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 a transaction which reflects the above stated parameters and authorizes the PFC Board of Directors to execute PFC related documents reflecting the above stated parameters.

**ALTERNATIVES:**

City Council could direct City staff to redefine the parameters of the transaction 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 (SOAR) Park on behalf of the PFC to pay the City's share of the \$18,000,000.00 earnest money for the purchase of Toyota Field.

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

**RECOMMENDATION:**

Staff recommends approval.