



City of San Antonio

Agenda Memorandum

File Number:13-627

Agenda Item Number: 14.

Agenda Date: 10/17/2013

In Control: City Council A Session

DEPARTMENT: Convention & Sports Facilities

DEPARTMENT HEAD: Michael J. Sawaya

COUNCIL DISTRICTS IMPACTED: City Wide, Council District 2

SUBJECT:

Amendment to Alamodome License Agreement with San Antonio Talons.

SUMMARY:

This Ordinance authorizes the third amendment to the License Agreement with LS Talons SA, LLC, owners of the San Antonio Talons Arena Football League (AFL) team, to host its home football games in the Alamodome. The initial term of the agreement was for two years, with a one-year renewal option. This agreement exercises the one-year renewal for the 2014 season.

BACKGROUND INFORMATION:

The City originally negotiated an agreement with Gameplan Wealth Acquisition Partners, LLC, previous owners of the San Antonio Talons Arena Football League (AFL) team, to play its home football games in the Alamodome. Jason Lohe, CEO of Revolutionary Sports, Inc. and Gameplan Wealth Acquisition Partners, LLC, purchased the Tulsa Talons team at the end of the 2011 AFL season, moved the team to San Antonio, and changed the name to the San Antonio Talons.

Subsequently, a two-year agreement to play in the Alamodome was signed. The original ownership group included Lohe and several S.F. Bay Area investors, Paul Ross (former principal owner in the Tulsa Talons) and local investor David Lynd, COO at the Lynd Company. The Lynd Company is a professional property management company, and one of the nation's leading apartment providers.

In early March 2012, David Lynd, CEO of newly-formed Lynd Sports Group dba LS Talons SA, LLC, bought

majority interest in the team and took over all business operations of the Talons. Under this ownership, the Agreement was amended twice in May and November of 2012.

Key terms of the current License Agreement include:

- Two-year term for 2012 and 2013 seasons, with one-year renewal option for the 2014 season
- City receives facility rental of \$18,500 per game - includes all event staffing and service costs (ushers, cleaning, utilities), and conversion costs to arena configuration
- City receives 10% of merchandise sales
- Talons receive 15% of City food and beverage sales commissions
- City contributes 50% of net parking revenues to event marketing
- Talons receive office space during term of License Agreement without rent and pay all telecommunications costs.

ISSUE:

The following are recommendations for changes to the current License Agreement:

- Changes name of Licensee to LS Talons SA, LLC
- Changes the facility rental fee to \$15,500 per game
- Changes the seating configuration to remove south end seating
- Adds the new Non-Discrimination policy

The Talons have experienced two successful seasons but continue to adjust the Alamodome configuration to ensure both a positive fan experience and a favorable business model. For the 2014 AFL season, the Alamodome arena configuration will be modified to remove the south end seating. This results in a \$3,000 cost savings to the Alamodome which is being passed on to the Talons in the form of a rent reduction by the same amount. Additionally, the change in configuration will decrease the time needed to transition in and out of the Talons set up. This will open up additional days to schedule other events.

Revenue sharing of merchandise sales, food and beverage commissions, and parking revenue would continue under this amendment, and they will continue to occupy offices at the Alamodome free of rental charges.

ALTERNATIVES:

Alternatives include directing staff to renegotiate the terms of the amended License Agreement, or not authorizing the amendment to License Agreement.

FISCAL IMPACT:

This amended License Agreement is expected to generate approximately \$139,500 in net rental revenue to the City for FY 2014, based on estimated annual attendance of 54,000.

RECOMMENDATION:

Staff recommends approval of an amendment to the License Agreement with LS Talons SA, LLC, owners of the San Antonio Talons AFL team, to host its home football games at the Alamodome.