



City of San Antonio

Agenda Memorandum

File Number:21-2504

Agenda Item Number: 13.

Agenda Date: 4/1/2021

In Control: City Council A Session

DEPARTMENT: City Attorney's Office

DEPARTMENT HEAD: Andy Segovia, City Attorney

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

Settlement of a claim arising out of the matter styled In re: Legendary Field Exhibitions, LLC

SUMMARY:

This item approves the settlement of a claim arising out of the bankruptcy of the Commanders football team of the Alliance of American Football (AAF). The parent company of the Commanders, Legendary Field Exhibitions, LLC filed for bankruptcy in April 2019 in the United States Bankruptcy Court for the Western District of Texas, San Antonio Division.

The bankruptcy trustee is claiming that a payment of approximately \$83,000 made to the Alamo Dome is a "preferential payment" that must be returned to the bankruptcy estate. A "preferential payment" is a payment made to a creditor within 90 days of the bankruptcy payment that unfairly puts that creditor in a better position than other similarly situated creditors.

The trustee is offering to settle the claim for \$74,862.00.

ISSUE:

Settlements over \$50,000 require City Council approval.

ALTERNATIVES:

The offer to settle can be declined which will likely lead to bankruptcy litigation. Bankruptcy courts usually favor collection of preferential payments to maximize funds available to all creditors.

FISCAL IMPACT:

If approved by City Council, this will result in a payment to the trustee in the amount of \$74,862.00.

RECOMMENDATION:

Staff recommends approval of this item.