



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting of July 30, 2013
Second Reading Ordinance for the City Council Meeting of August 20, 2013

DATE: July 15, 2013
TO: Ronald L. Olson, City Manager
FROM: Wes Pierson, Assistant City Manager – Business Support Services
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Amended Lease with (Corpus Christi Baseball Club, LP) for Use and Management of Whataburger Field Lease.

CAPTION:

Ordinance authorizing the City Manager, or designee, to execute the First Amended and Restated Lease Agreement (“Amended Lease”) between the City of Corpus Christi (“City”) and the Corpus Christi Baseball Club, LP (“Lessee”) for operating Whataburger Field (“Baseball Stadium”) as a professional baseball venue, in consideration of an additional fifteen (15) year term and Lessee’s rental payments therefore.

PURPOSE:

Ordinance amending the stadium lease agreement between the City of Corpus Christi and Corpus Christi Baseball Club, LP (Hooks).

BACKGROUND AND FINDINGS:

In 2004 the City entered into a lease agreement with Corpus Christi Baseball Club, LP (Hooks) for the use and management of the City’s baseball stadium (Whataburger Field). As the stadium is an asset of the City it is in the City’s best interest to ensure that it is properly maintained over the long-term. It is proposed that the City amend the lease with the Hooks to ensure appropriate long-term maintenance and secure an extended commitment by the Hooks, effectively keeping the Hooks in Corpus Christi for an additional 15 years beyond their initial lease term.

The table below outlines the main deal points of the existing and amended lease agreements. The main deal points include: Term, Rent, Maintenance Requirements, Acceleration of Rent, and the Player Development Contract (PDC):

Lease Terms		
Existing Terms		Proposed Terms
15 years plus Two 5 year options	Term	15 additional years; Total of 30 years
Years 1 – 5 = \$50k	Rent	Years 16 – 20 = \$80k

Years 6 – 10 = \$60k Years 11 – 15 = 70k		Years 21 – 25 = \$90k Years 26 – 30 = \$100k
Hooks = 100% City = 0%	Maintenance Requirements	Hooks spend \$350k/year on maintenance and capital items; City will reimburse up to \$175k/year.
None	Acceleration of Rent	Yes
Yes	Requirement for Player Development Contract	Yes

Definition of Term

Term	Duration of lease agreement.
Rent	Amount of money paid to the City for use and management of the stadium.
Maintenance Requirements	Describes the commitment by both the Hooks and the City to maintain the stadium.
Acceleration of Rent	As a condition of default, all remaining rent for the entire term of the contract would be due in full if the default was not cured.
Requirement for Player Development Contract	Hooks are required to maintain, during the entire term of the agreement, an affiliation with a Major League Baseball Franchise through a Player Development Contract.

Stadium Maintenance

The amended lease continues to require the Hooks to perform stadium maintenance at Whataburger Field. The agreement requires the Hooks to create an annual maintenance plan and spend a minimum of \$350,000 on maintenance and capital items per year. If the team meets this requirement, the City will reimburse up to \$175,000 of those expenses annually.

Next Steps

The deal terms of the amended lease are broadly outlined above. Staff will present specific terms to the City Council in executive session on Tuesday, July 30, 2013. Upon completion of the executive session and prior to Council action on the first reading of the proposed ordinance, the final lease will be made available to the general public.

ALTERNATIVES:

Decide not to amend the existing lease.

OTHER CONSIDERATIONS:

Not Applicable

CONFORMITY TO CITY POLICY:

(Includes Master Plans, Financial Plans, Strategic Plans, Land Use Plans, IT Plans, etc.)

EMERGENCY / NON-EMERGENCY:

This is a non-emergency item. This item is a lease for a period longer than 5 years and will require a 28-day delay between readings.

DEPARTMENTAL CLEARANCES:

Assistant City Manager – Business Support Services, Legal, Finance

FINANCIAL IMPACT:

- Operating Revenue Capital Not applicable

Fiscal Year: 2011-2012	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item				
BALANCE				

Fund(s):

Comments: (Insert any brief comments that may be necessary to explain chart)

"This item" – Enter amount obligated by the item in future years (if applicable).

RECOMMENDATION:

Staff recommends approval of the Lease Amendment as summarized above.

LIST OF SUPPORTING DOCUMENTS:

Ordinance- Whataburger Field
Amended Lease – Whataburger Field