



## **AGENDA MEMORANDUM**

First Reading Item for the City Council Meeting of April 17, 2018  
Second Reading Item for the City Council Meeting of August 8, 2018

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**DATE:** August 7, 2018

**TO:** Keith Selman, Interim City Manager

**FROM:** E. Jay Ellington, Director, Parks and Recreation Department  
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<b>SQH Sports &amp; Entertainment Lease</b>
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**CAPTION:**

Ordinance authorizing execution of 40-year Lease Agreement with SQH Sports and Entertainment, Inc. of approximately 203 acres located near State Highway 286 @ FM 43 for a Regional Sports Complex and other improvements with up to four 5-year extensions; and cancelling the existing lease.

**PURPOSE:**

To execute a new 40-year Lease Agreement with SQH Sports and Entertainment, Inc. of approximately 203 acres located near intersection of State Highway 286 at FM 43 for the purpose of constructing and operating a Regional Sports Complex and additional commercial improvements and authorizing up to four additional 5-year extensions.

The newly proposed Lease Agreement includes an annual rental amount to be paid to the City based on the cost per acre of land and includes an increase annually by the Consumer Price Index (CPI) for the rental and should be considered for adoption.

Upon the effective date of the new 40-year Lease Agreement, the prior agreement between the parties authorized by Ordinance 030993 on October 18, 2016 is cancelled and replaced with the new proposed lease agreement.

**BACKGROUND AND FINDINGS:**

The First Reading for the SQH Lease Agreement was read on April 17, 2018. During the discussion of the agreement, the Council had several questions that included:

1. What is the price of the proposed City land per acre?
2. Would SQH consider renting new acreage?
3. What staff and team members are proposed?

During the City Council Briefing on May 15, 2018, SQH staff and team members were identified. Following the First Reading of the Lease Agreement, the Parks & Recreation Director and SQH renegotiated the new proposed agreement to include an annual rental amount to be paid to the City based on the cost per acre of land and include an increase

annually by the CPI for the rental.

**ALTERNATIVES:**

1. Approve or deny

**OTHER CONSIDERATIONS:**

**CONFORMITY TO CITY POLICY:**

Lease Agreements must be approved by City Council.

**EMERGENCY / NON-EMERGENCY:**

Non-Emergency

**DEPARTMENTAL CLEARANCES:**

Parks and Recreation, Legal, Finance

**FINANCIAL IMPACT:**

Cost and reimbursement from City are part of the negotiations

☐ Operating      X Revenue      ☐ Capital      ☐ Not applicable

<b>Fiscal Year: 2017-2018</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget				
Encumbered/ Expended Amount				
This item		\$37,500		
BALANCE				

Fund(s): N/A

**Comments:**

This newly proposed agreement should be considered for adoption. This allows for the private/public partnership to move forward.

**RECOMMENDATION:**

Staff recommends approval of the Ordinance.

**LIST OF SUPPORTING DOCUMENTS:**

New Lease Agreement  
Ordinance  
Site Plan  
Presentation