

City Council – Action Request Form

Date: April 9, 2024

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Angela Carmon, City Attorney
Ben Rowe, Assistant City Manager

Council Action Requested:
 Actions Related to Amendments to Agreements for Truist Stadium:

1. Public Hearing
2. Resolution Authorizing Amendments to and Assumption of the Truist Stadium Lease Agreements with DBH Winston Salem, LLC and Amendments to the Companion Amended and Restated Incentives Agreement

Strategic Focus Area: Economic Vitality and Diversity
Strategic Objective: Promote Travel and Tourism
Strategic Plan Action Item: NA
Key Work Item: NA



Summary of Information:

In September 2021, the City Council approved new lease agreements with Winston-Salem Dash, LLC to ensure the club was not impacted by the contraction that Major League Baseball conducted to reduce the number of minor league clubs. The new agreements established a new 25-year lease, reduced the annual lease payment by 50%, eliminated the ticket surcharge, reduced the letter-of-credit requirement from \$1.2 million to \$900,000, and required the City to comply with Baseball Facility Standards as part of Major League Baseball’s Professional Development League (PDL) Rules and Regulations. By the end of the lease, which will expire in 2045, no City tax dollars will be required to retire the debt on the construction of the stadium. In addition, the City Council approved amendments to the Amended and Restated Incentives Agreement, which provides for economic incentives to support development around the stadium. Those amendments included the on-going requirement for ownership to make the annual payment-in-lieu-of-taxes (PILOT) of \$93,100, eliminated the ticket surcharge of \$175,000, and reduced the letter-of-credit by the same amount noted above. Under the agreements, the lease payments and PILOT are due on June 1 each year.

Committee Action:

Committee	F – 4/9/24	Action	Approval
For	Unanimous	Against	

Remarks:

In recent weeks, Dash ownership have informed City management that they intend to sell the club to DBH Winston Salem, LLC, which is an affiliate of Diamond Baseball Holdings, a portfolio company of Silver Lake Technology Management, L.L.C., an American global private equity firm. According to information provided by the Dash's legal counsel, Diamond Baseball Holdings owns and operates select Minor League Baseball clubs and seeks to support, promote, and enhance its clubs through professional management, best practices, innovation, and investment. Diamond Baseball Holdings currently owns two Minor League Baseball clubs in North Carolina—the Hickory Crawdads (Single A) and the Down East Ducks (Single A). According to Diamond Baseball Holdings' website, they own 29 clubs nationwide, having formed in 2021.

Attachment A provides a diagram of the complex agreements that have been established for the lease of Truist Stadium. Dash ownership have presented a proposal to City staff to facilitate the sale of the club to DBH Winston Salem, LLC. The proposal includes the following provisions to consolidate the buyer's obligations under the Stadium Land and Improvements Lease and the Stadium Improvements Sublease:

Truist Stadium Lease Agreements

The following general terms include provisions to consolidate DBH Winston Salem, LLC's obligations under the Stadium Land and Improvements Lease and the Stadium Improvements Sublease.

- Amend the Stadium Land and Improvements Lease Agreement to include the Cessation of Use Penalty. The penalty would require the buyer to repay the City the amount of \$8.5 million, which is considered the "Public Stadium Investment" (less any ticket surcharge paid).
- Keep the PILOT and letter-of-credit requirements in the Stadium Land and Improvements Lease.
- Assign the Stadium Land and Improvements Lease and Stadium Improvements Sublease to DBH Winston Salem, LLC.
- Amend the Stadium Improvements Sublease to include certain non-disturbance provisions.

Amended and Restated Incentives Agreement

The following amendment would consolidate DBH Winston Salem, LLC's obligations under the Stadium Land and Improvements Lease and the Stadium Improvements Sublease.

- Amend the Amended and Restated Incentives Agreement to remove the PILOT, letter-of-credit requirements, and Cessation of Use Penalty.
- Remove the public park requirement as a technical adjustment.

Pursuant to General Statute 160A-457 and 160A-458.3, the attached resolution authorizes the City to assign and modify the lease agreements according to the proposal outlined above. Pursuant to General Statute 158-7.1, the attached resolution also authorizes an amendment to the Amended and Restated Incentives Agreement to remove the PILOT, letter-of-credit requirements, and Cessation of Use Penalty as part of the consolidation of DBH Winston Salem, LLC's obligations.

Because these agreements are part of a downtown economic development project, the City Council will hold a public hearing prior to approval of the assignment and amendments to the agreements. That public hearing will take place on Monday, April 15, 2024.

Attachment A

Truist Stadium Agreements

