

Resolution #21-0316
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**RESOLUTION AUTHORIZING AMENDMENTS TO THE TRUIST STADIUM LEASE
AGREEMENT WITH THE WS DASH, LLC (f/k/a Sports Menagerie, LLC) AND ITS
AFFILIATES**

WHEREAS, on February 1, the Mayor and City Council approved a new lease agreement with the Winston-Salem Dash for Truist Stadium; and

WHEREAS, the new agreement established a new 25-year lease, reduced the annual lease payment by 50%, eliminated the ticket surcharge, and set a common due date of June 1 for the lease payment and economic incentive payment. The annual lease payment was reduced from \$1,545,000 to \$750,000, a reduction of \$795,000. This reduction, along with the elimination of the ticket surcharge (-\$175,000), brings the total amount of relief to \$970,000; and

WHEREAS, after that approval, the City's legal counsel drafted changes to the agreement to reflect the modifications approved by the City Council; and

WHEREAS, subsequently, the Dash's legal counsel requested a number of changes to the lease agreement that were not approved by the Council. These changes included base rent adjustments resulting from government restrictions or other factors beyond the team's control (in addition to the rent reduction approved by the Mayor and City Council), reduction in the required letter of credit, change in the due date from June 1 to October 1, compliance with MLB standards for both baseball facilities and health and safety upgrades, change in certain facility replacement responsibilities, and required approval of the lease and any amendments by MLB; and

WHEREAS, after the team's legal counsel presented their requested changes, City staff were informed that Major League Baseball would not approve the lease agreement in its current form. Subsequently, Major League Baseball submitted their requested changes to the lease agreement; and

WHEREAS, at the May meeting of the Finance Committee, City staff briefed the Mayor and Council Members on the requested changes and presented a table that highlighted the differences between the three versions of the lease agreement; and

WHEREAS, City staff subsequently reached out to officials with Durham, Fayetteville, and Kannapolis to see whether MLB was requiring similar changes to the lease agreements with their teams. Durham and Kannapolis responded that they had not made any changes to their agreements like those requested by the Winston-Salem Dash; and

WHEREAS, over the last three months, City staff and outside counsel have been working with the team's counsel to draft final modifications to the new agreement; and

WHEREAS, while efforts have been made to consolidate the Stadium Land and Improvements Lease and the Stadium Improvements Lease into one agreement, legal counsel on both sides have determined that both leases will need to be amended.

NOW, THEREFORE, BE IT RESOLVED that the Mayor and City Council of the City of Winston-Salem, after a duly advertised public hearing, hereby authorize, as set forth in Exhibit A, amendments to the new Truist Stadium lease agreements with WS Dash, LLC (f/k/a Sports Menagerie, LLC), pursuant to North Carolina General Statute 160A-457 and 160A-458.3 by the appropriate City officials, upon approval as to form and legality by the City Attorney.

BE IT FURTHER RESOLVED that, after a duly advertised public hearing pursuant to G.S. 158.7.1, the Amended and Restated Incentives Agreement between the City, Brookstown Development Partners, LLC, Sports Menagerie, LLC, Sports Menagerie Corp., and Sports Menagerie Stadium, LLC regarding the Baseball Stadium and the Brookstown Project (a \$189 million dollar mixed use development) is hereby amended to reduce the letter of credit requirement to \$900,000 in line with the modification to the lease agreements, as noted in Exhibit A.

BE IT FURTHER RESOLVED that the amendments to the new lease agreements and the third amendment to the Amended and Restated Incentives Agreement shall contain provisions similar to Exhibit A with limited revision rights given to the City Manager and City Attorney as long as such rights do not abridge the underlying intent of the Mayor and City Council as expressed in this resolution and that the City Manager and City Clerk are hereby authorized to execute all documents necessary to implement this resolution.