

Information Item

Date: May 10, 2021

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

From: Ben Rowe, Assistant City Manager

Subject:

Requested Amendments to Truist Stadium Lease Agreement from WS Dash, LLC (Northwest Ward)

Strategic Focus Area: Economic Vitality and Diversity

Strategic Objective: Promote Travel and Tourism

Strategic Plan Action Item: No

Key Work Item: No



On February 1, the Mayor and City Council approved a new lease agreement with the Winston-Salem Dash for Truist Stadium. 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. The exhibit provided with the approved resolution noted that all other provisions, including responsibilities for stadium maintenance and improvements, remained the same. Please see the attached resolution and exhibit.

Since that time, the City's legal counsel has drafted changes to the agreement to reflect the modifications approved by the City Council. The Dash's legal counsel has requested a number of changes to the lease agreement that were not approved by the Council. The changes are as follows:

- Base rent reduction for games cancelled due to circumstances beyond the team's control such as COVID-19, any other pandemic, government restrictions, acts of God, union work stoppages, or player strikes (This reduction is in addition to the rent reduction approved by the City Council.)
- Base rent reduction for games in which attendance is restricted to less than 80% of full capacity (This reduction is in addition to the rent reduction approved by the City Council.)
- Reduction in the required line of credit from \$1.2 million to \$750,000 initially and from \$900,000 to \$500,000 on January 1, 2026

- Change the due date from June 1 to October 1 to allow for rent adjustments at the end of the season
- Compliance by the City to make any facility improvements required by any change in Baseball Facility Standards
- Compliance by the City to make Health and Safety Facility Upgrades required due to government mandates arising from COVID-19 and other similar epidemics
- Change responsibilities for replacement of playground equipment and internet/Wi-Fi infrastructure to the City
- Require approval of the lease and any amendments by Major League Baseball

City management instructed the City's legal counsel to inform Dash officials that these changes would require the approval of the Mayor and City Council. 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. Attached to this information item is a table that highlights the differences between the three versions of the lease agreement.

City management and legal counsel will continue to work through these differences with Dash officials and their legal counsel and will bring an action item to the Mayor and City Council for future consideration.