

City of San Antonio



AGENDA

City Council B Session

Council Briefing Room
100 Military Plaza
San Antonio, Texas 78205

Wednesday, August 14, 2024

2:00 PM

City Hall Complex

The City Council will hold its meeting at the above referenced date and time for the following items. Once convened, the City Council will take up the following items in any order during the meeting but no sooner than the designated times.

Once a quorum is established, the City Council shall consider the following

1. Briefing on a proposed new downtown minor league baseball stadium and surrounding private development project. [Erik Walsh, City Manager; Ben Gorzell Jr., Chief Financial Officer]

5:00 P.M. – If the Council has not yet adjourned, the presiding officer shall entertain a motion to continue the council meeting, postpone the remaining items to the next council meeting date, or recess and reconvene the meeting at a specified time on the following day.

ACCESS STATEMENT

The City of San Antonio ensures meaningful access to City meetings, programs and services by reasonably providing: translation and interpretation, materials in alternate formats, and other accommodations upon request. To request these services call (210) 207-2098 or Relay Texas 711 or by requesting these services online at <https://www.sanantonio.gov/gpa/LanguageServices>. Providing at least 72 hours' notice will

help to ensure availability.

Intérpretes en español estarán disponibles durante la junta del consejo de la ciudad para los asistentes que lo requieran. También se proveerán intérpretes para los ciudadanos que deseen exponer su punto de vista al consejo de la ciudad. Para más información, llame al (210) 207-7253.

For additional information on any item on this agenda, please visit www.sanantonio.gov or call (210) 207-7080.

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City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 1

Agenda Date: August 14, 2024

In Control: City Council B Session

DEPARTMENT: Office of the City Manager

DEPARTMENT HEAD: Erik Walsh, City Manager

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Briefing on a proposed new downtown minor league baseball stadium and surrounding private development project

SUMMARY:

This item is a briefing on the financing and construction of a proposed new downtown baseball stadium and surrounding private development project. This item is for briefing purposes only.

BACKGROUND INFORMATION:

The San Antonio Missions are a baseball Double-A affiliate of the San Diego Padres. In 2022, the San Antonio Missions were acquired by a local ownership group, Designated Bidders, LLC. Since 1994, the team has played home games in Nelson Wolff Stadium. Due to the age of the Stadium, Major League Baseball (MLB) has determined that the facility in its current condition is not suitable for minor league baseball in the future. MLB requested that the new ownership group have a plan for a new ballpark by August 1, 2024. The new ownership group has expressed the desire to have a new ballpark meeting MLB's facility requirements constructed downtown.

The City has been working with the new ownership group on a proposed project to include the financing and construction of a new downtown minor league baseball stadium and surrounding

private development. The new ownership group has coordinated this effort with the County.

The proposed project is a multi-purpose ballpark facility with approximately 4,500 fixed seats and total capacity of approximately 7,500 located in the northwest portion of downtown San Antonio. The estimated cost of the project is \$160 million inclusive of land. The proposed financing of the project includes an equity contribution from the ownership group coupled with a Tax Increment Reinvestment Zone (TIRZ) bond financing that would primarily be repaid through Team revenues and revenues from taxable new development projects near the new ballpark facility. A detailed non-binding term sheet has been negotiated which includes key provisions and outlines the framework for the development and negotiation of definitive agreements for the ballpark project. In July, to meet the MLB's August 1st deadline, the Mayor and County Judge co-signed a non-binding Letter of Intent to be delivered to MLB which expressed both the City and County's agreement to the funding, maintenance, and operation of the new Ballpark based upon terms and conditions within the term sheet. A copy of the letter sent to MLB is attached. This proposed ballpark project represents a collaborative effort between the City, County, local developer, and new ownership group of the San Antonio Missions.

During the B-Session, City staff will provide a briefing on the ballpark project to include the proposed financing, key terms, and next steps.

ISSUE:

This item is for briefing purposes only.

ALTERNATIVES:

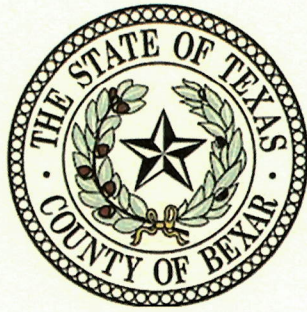
This item is for briefing purposes only.

FISCAL IMPACT:

This item is for briefing purposes only.

RECOMMENDATION:

This item is for briefing purposes only.



July 22, 2024

Morgan Sword
EVP, Baseball Operations
Major League Baseball
1271 Avenue of the Americas
New York, NY 10020

Re: San Antonio Missions

Dear Mr. Sword:

Bexar County and the City of San Antonio have been working with the owners of the San Antonio Missions to develop a plan to build a first-class minor league baseball stadium (the "Ballpark") in downtown San Antonio that can be utilized by the Missions to continue the 136-year legacy of baseball in our community in a facility that meets MLB Professional Development League standards. The Ballpark is envisioned as a multi-purpose venue for a myriad of community events designed to activate the adjacent San Pedro Creek Culture Park and include accompanying public spaces and uses.

Please accept this letter as an expression of our intention to agree to the funding, maintenance, and operation of the Ballpark on substantially the same terms and conditions as specified in the Term Sheet attached hereto. Of course, this Term Sheet and the definitive agreements to follow are subject to the review and approval of the Bexar County Commissioners Court and the San Antonio City Council. We expect such authorizations to come before these bodies in the fall of this year and the execution of definitive agreements as soon as practicable thereafter.

We look forward to celebrating, along with MLB, the opening of a new stadium in San Antonio in 2028, if not earlier.

Thank you,

A handwritten signature in blue ink, appearing to read "Peter Sakai".

Judge Peter Sakai
Bexar County

7/26/2024

A handwritten signature in blue ink, appearing to read "Ron Nirenberg".

Mayor Ron Nirenberg
City of San Antonio

SAN PEDRO CREEK PARK DISTRICT PROJECT TERM SHEET (7/15/24)

The San Pedro Creek Park District Project (the “Project”) will activate the San Pedro Creek area by creating the San Pedro Creek Park District (the “District”) to include an assessment district (the “Assessment District”), and a special purpose entity referred to as the San Pedro Creek Development Authority (the “Authority”) in order to deliver significant new development in the area (the “New Development”), including the Project.

Project

The Project is a multi-purpose facility with approximately 4,500 fixed seats and capacity for approximately 8,000 patrons to be used by the San Antonio Missions (the “Team”) for professional minor league baseball (70 home games/year), college and high school tournaments, other non-professional sporting events, festivals, special events, community events, etc. to be completed by April 2028.

Public Private Partnership

The Project, including public park space, will be owned by the Authority for the public’s benefit and the design and construction of the Project shall be funded by the issuance of bonds by the Authority (the “Project Bonds”). The debt will be paid by revenue from the Assessment District and the City and County property tax increment within the Houston Street Tax Increment Reinvestment Zone (the “Houston St. TIRZ”) generated by the projected New Development. The Team will provide revenue in the form of lease payments and ticket fees to be applied to payment of debt service on the Project Bonds. Additionally, the Team will contribute equity towards the publicly owned Project. The Team will be responsible for the design and construction of the Project and cover all Project cost overruns.

The Team will provide an annual payment to the Authority for a maintenance and capital improvement fund to be established for the benefit of the Project and will be responsible for all costs related to the operation, maintenance, and capital repair of the Project.

The Team will commit to charitable giving by the Team’s foundation, including game tickets to local youth groups.

The parties agree that there will be a need for additional parking in the District. The County and the Team will collaborate on the development of a new public parking garage.

Bexar County and the City of San Antonio are requested to take the following steps to provide for the development of the Project:

Bexar County

1. Expand and extend Houston St. TIRZ and pledge 100% of County M&O Increment to secure Project Bonds

City of San Antonio

1. Expand and extend Houston St. TIRZ and pledge 100% of City Increment (less increment committed to other City 380 agreement obligations) to secure Project Bonds
2. Provide annual payments to a maintenance and improvement fund
3. Establish the Assessment District to assess New Development properties

The New Development land is owned or controlled by the Developer, who has committed to build the initial phase of the New Development at the same time as the Project, with the balance of the proposed New Development to be completed on or before 2032.



CITY COUNCIL B SESSION

Ballpark Project

Ben Gorzell, Jr.
Chief Financial Officer

August 14, 2024

Ballpark Project - Summary

Team is proposing to construct a new downtown minor league ballpark with approximately 4,500 fixed seats and total capacity for approximately 7,500

- Estimated cost is approximately \$160 Million inclusive of land
- Payments primary paid for from Team equity, Team revenue, tax assessment revenues from new taxable development

New private development (hospitality and multi-family) anticipated to be constructed in 4 phases through 2031

- New private development has a projected taxable value of approximately \$1 Billion

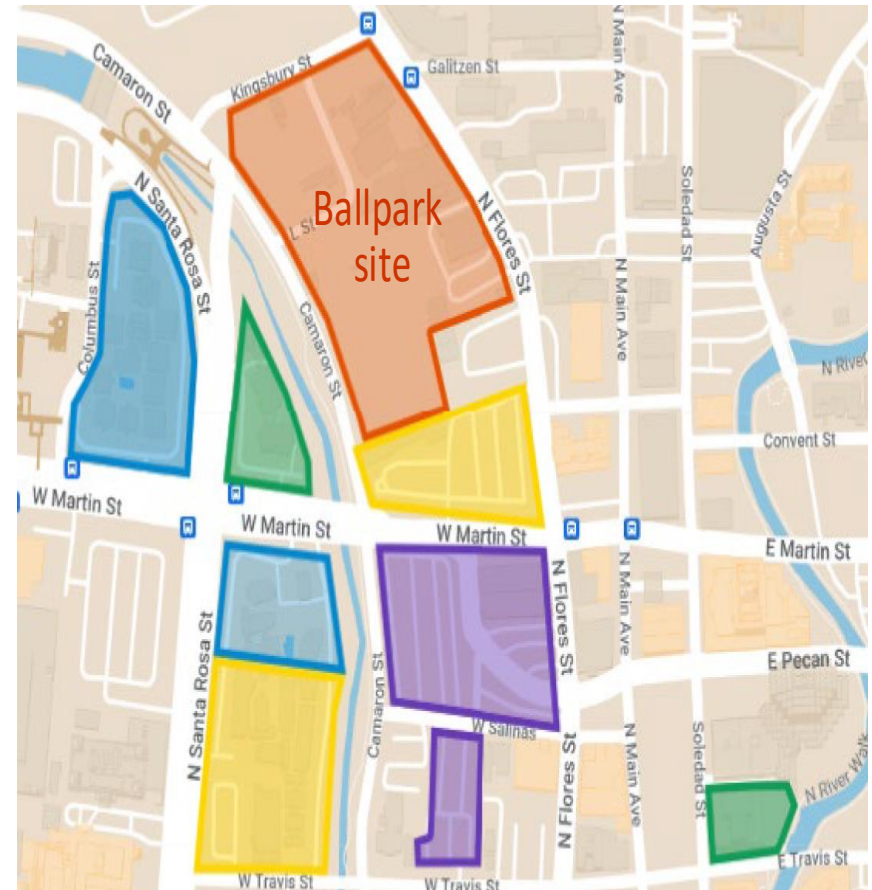
Ballpark completion expected in time for opening day in April 2028



Ballpark Project – Proposed New Development

PHASE	ESTIMATED COMPLETION DATE	ESTIMATED TAXABLE VALUE BY PHASE
1	2027	\$300,000,000
2	2029	\$275,000,000
3	2030	\$275,000,000
4	2031	\$150,000,000
TOTAL		\$1,000,000,000

All properties for the Ballpark site have been acquired with the exception of the SAISD site



Ballpark Funding

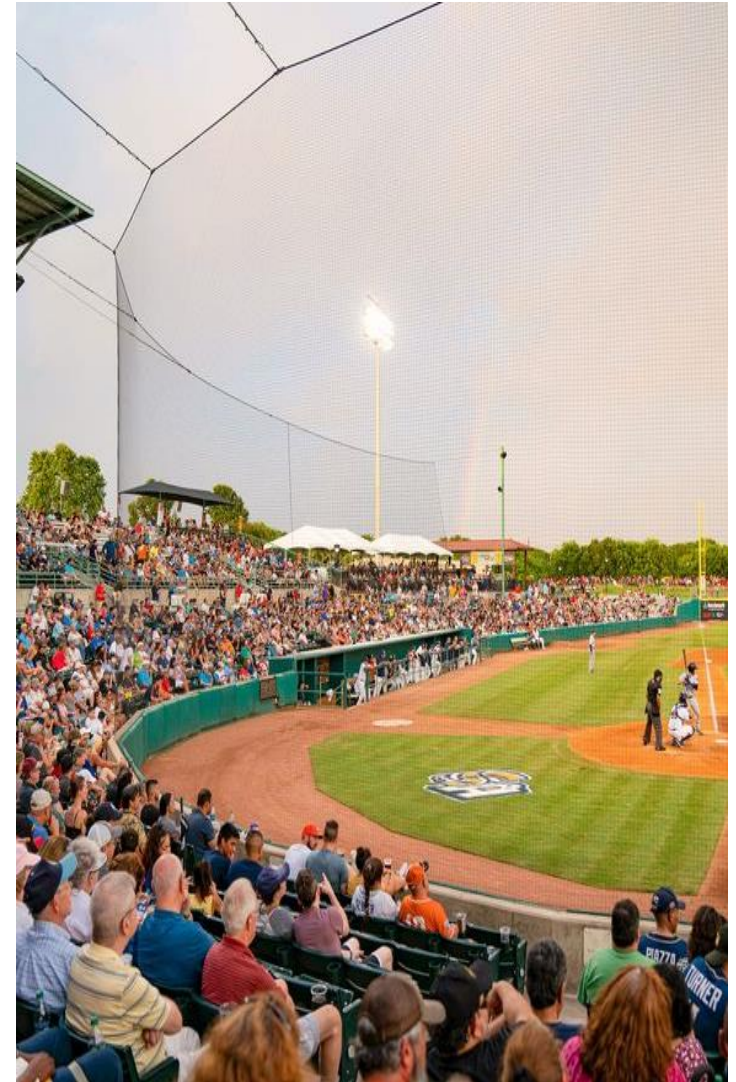
City and County to create the San Pedro Creek Development Authority

Authority would own the Ballpark

Proposed Ballpark is located in the Houston Street Tax Increment Reinvestment Zone (TIRZ)

Funding of approximately \$160 Million for the Ballpark is expected to include:

- Team Equity Contribution of \$34 Million
- Bonds to be issued by the Authority with a pledge of revenue from the Houston Street TIRZ
 - Generate proceeds of approximately \$126 Million for the Project
- Team is responsible for construction overruns (exceeding Guaranteed Maximum Price (GMP))



Proposed Bond Financing

Tax-Exempt and Taxable Bonds to be issued by Authority with a pledge of Houston Street TIRZ

Bonds will be repaid by:

- Team Revenue
 - \$1 Million Annual Lease Payment
 - \$2 Ticket Fee
- Guaranteed City and County property tax increment from Phase 1 and 2 of New Development
- Guaranteed assessment from Municipal Management District (MMD) created to capture New Development
- Existing City and County Houston Street TIRZ capacity





Preliminary Ballpark Funding Breakout

Approximately 86% funding from:

- Team Equity Contribution
- Team Revenues
- Guaranteed City and County property tax increment from Phase 1 and 2 of New Development
- Guaranteed MMD Assessment from Phases 1 and 2 of New Development

Approximately 14% funding from:

- Existing City and County Houston Street TIRZ increment
- Shared equally between City and County
- Assumes Phase 1 and 2 values do not exceed projections and no additional New Development is constructed (i.e. Phase 3 and 4)



Phase I & II New Development Revenue Guarantee

Guarantees cover the projected property tax increment and assessment revenues to be generated from Phases 1 & 2 of New Development

Team to provide 2-Year Rolling Line of Credit

- Value will be based on projected risk over the upcoming 2-year period

Subset of Team owners to provide an additional line of credit

Modified Force Majeure provision will allow for guaranteed payments (for payments caused by events out of developer's control) to be repaid if revenues from New Development exceed net debt service requirements



Other Contributions & Plans

Ballpark Maintenance & Capital Improvement Fund

Team to contribute \$250,000 annually

City to contribute \$500,000 annually (funded from the Houston Street TIRZ)

Traffic, Security, and Cleanliness Plan

City and Team to collaborate on the development of a traffic, security, and cleanliness plan for the areas around the Ballpark for game and event days

TIRZ & MMD

Tax Increment Reinvestment Zone

City Council creates the TIRZ and designates the geographic boundary

Base Tax Value is established for the boundary

Only incremental tax revenue from the taxable properties within the designated boundary are captured for that specific TIRZ

Funds are to be used for projects within the designated boundary

Houston Street TIRZ

Primarily hotel, commercial office and residential

Majority of property tax increment to support the Ballpark Project is guaranteed and generated from new development

Municipal Management District

The proposed MMD and its boundary will be created through the Texas Commission on Environmental Quality with consent by City Council

Property owners within the designated boundary will pay an assessment in addition to their property taxes

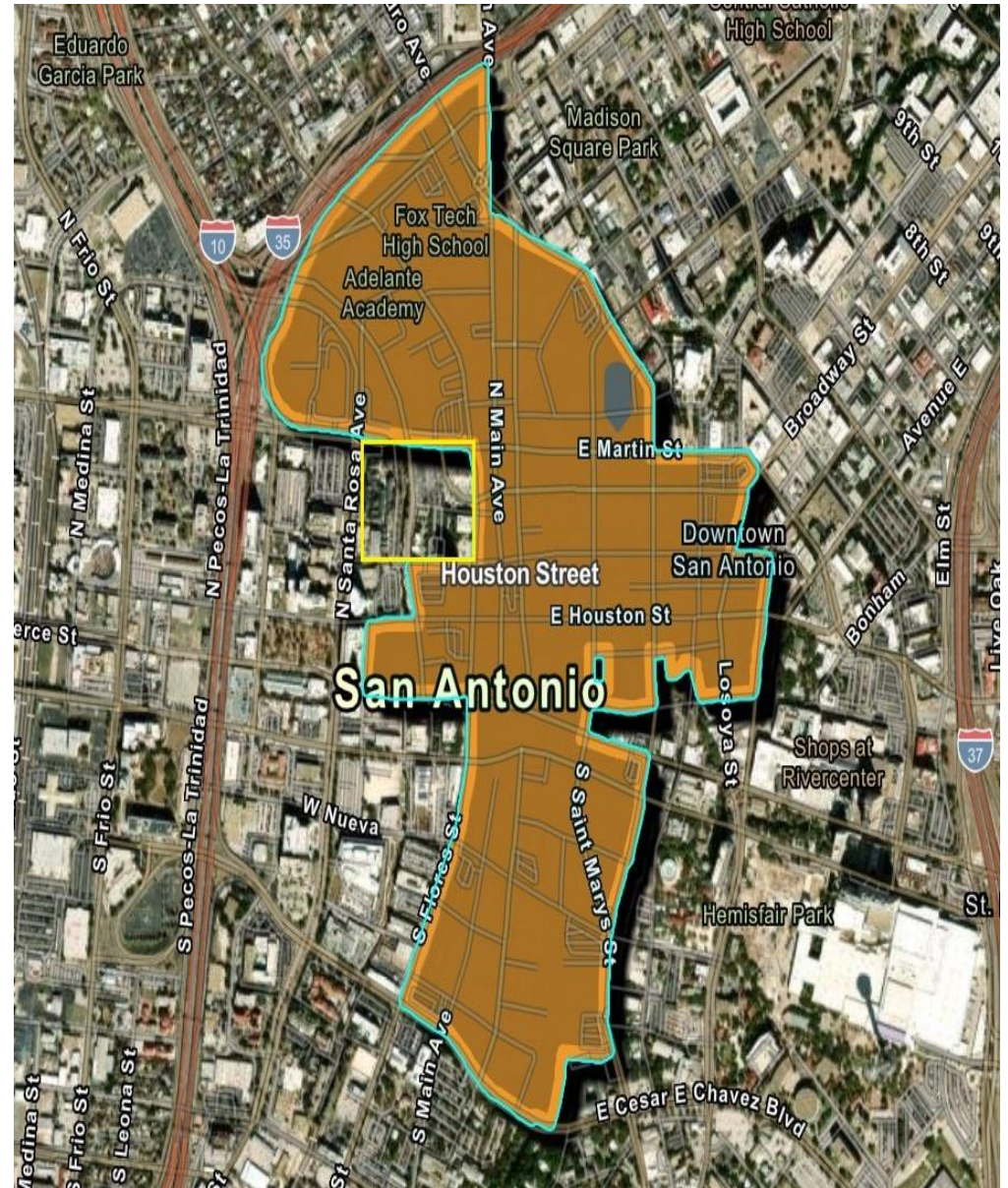
Assessment funds are used to support services or projects within the boundary

Proposed MMD for Ballpark Project

Geographic boundary is limited to the Ballpark and development Phases 1-4

MMD assessment will support the debt for the Ballpark Project

Houston Street TIRZ



Soap Factory Resident Displacement Plan

Tenants impacted by Phase I will be offered the opportunity to relocate to other Soap Factory Units

Tenants impacted by Phase II will be offered the opportunity to relocate to other Soap Factory Units or the Continental Block Development on West Commerce (145 units reserved for 60% to 80% AMI) subject to availability

For those tenants that do not wish to move to the Continental Block or those that are below 60% AMI, housing navigation will be provided to help the individual identify housing that is affordable for their income level and accommodates their needs





Community Benefits

Public Amenities – Amenity and green space will be made available to the public

Youth Program – Under development, Team shall develop a youth program to include a number of free tickets per year to disadvantaged youth and youth groups, teams, etc.

Stakeholder Days – City and County shall have access to the Facility for 5 days per year – cannot conflict with other events



Community Benefits

Stakeholder Advertising – City, County and Team exploring electronic advertising opportunities (public service announcements) and other opportunities for Team announcements

San Antonio 1888 Baseball Foundation – Team has created the 1888 Baseball Foundation which shall contribute at least \$200,000 annually to support local initiatives regarding children and homeless veterans

SAISD Program – Being developed but initial concepts include internships, access to facility, and stakeholder days

Wage Commitment – The Team shall provide full-time and part-time positions which will be paid at the City's minimum entry wage (\$18 per hour)

Veterans – Team will make an effort to hire veterans for game day operations





Local Participation and SBEDA Plan

Prime Contracts – Primary vendors, if not located in Bexar County, for design/engineering and construction will be encouraged to joint venture with a local partner

Diversity Outreach – Primary vendors will provide outreach plans for identifying local, small, minority, veteran, and women owned subcontractors

Construction Packages – Construction packages will be assigned goals for SBEDA subcontractors

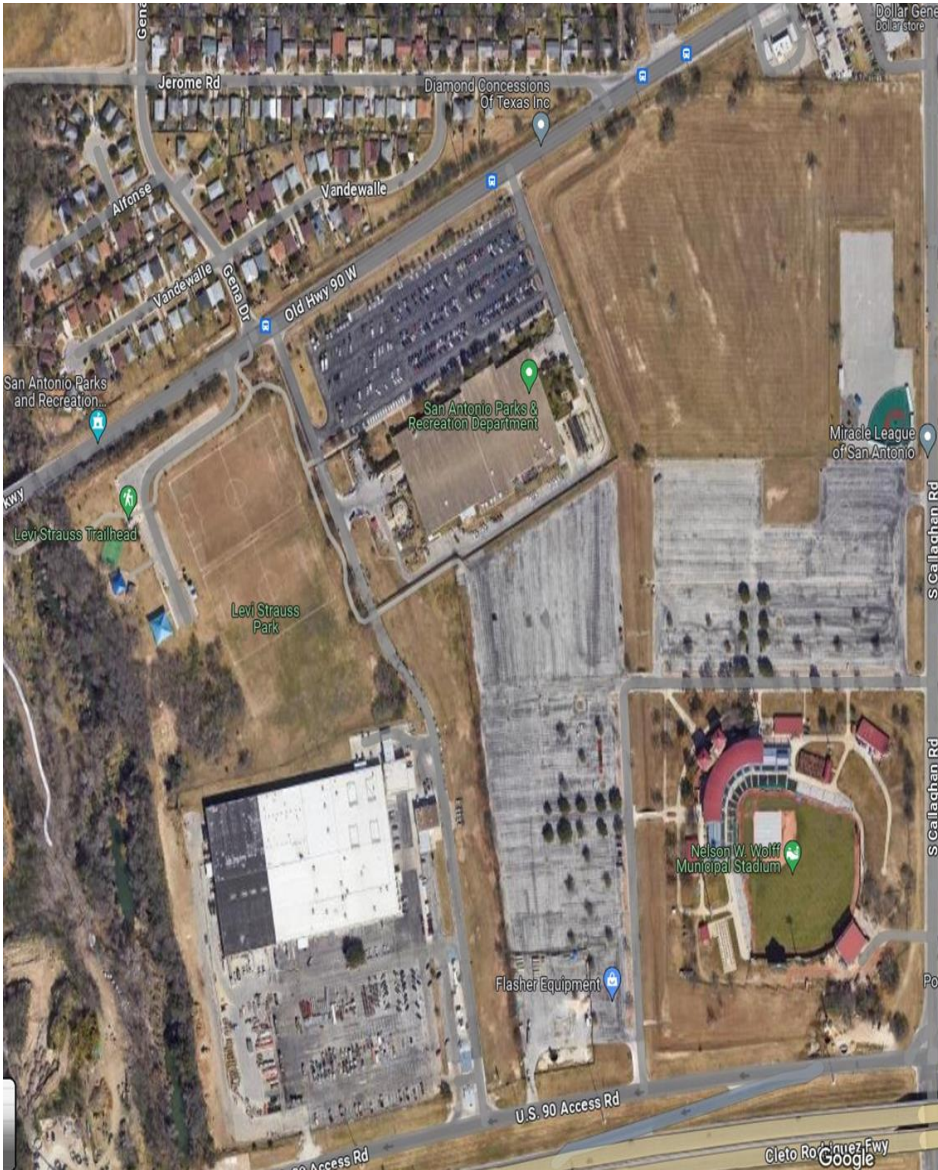


Nelson Wolff Stadium Site

Existing stadium site is an excellent opportunity for redevelopment

City plans to develop a concept plan for the redevelopment of this site based upon the needs of the surrounding community

City owns the ballpark site plus the majority of property around the ballpark to include the park, open space, and the recreation center reflected in the map



Next Steps

Mayor and County Judge executed Letter of Intent to MLB on July 26, 2024

B Session Briefing on August 14, 2024

Term Sheet approval tentatively scheduled for City Council consideration on August 29, 2024

Creation of San Pedro Creek Development Authority

Houston Street TIRZ – Adjust boundary for New Development parcels currently in Westside TIRZ and extend term

Westside TIRZ - Increase City participation rate from 90% to 100% and extend term

Create Municipal Management District (MMD)

Explore expanding Downtown Public Improvement District (PID)

Negotiate and develop other Development Agreements

- Team Lease
- Economic Development Agreement
- Developer Agreement
- Bond Indenture and other financing documents
- TIRZ Funding Agreement

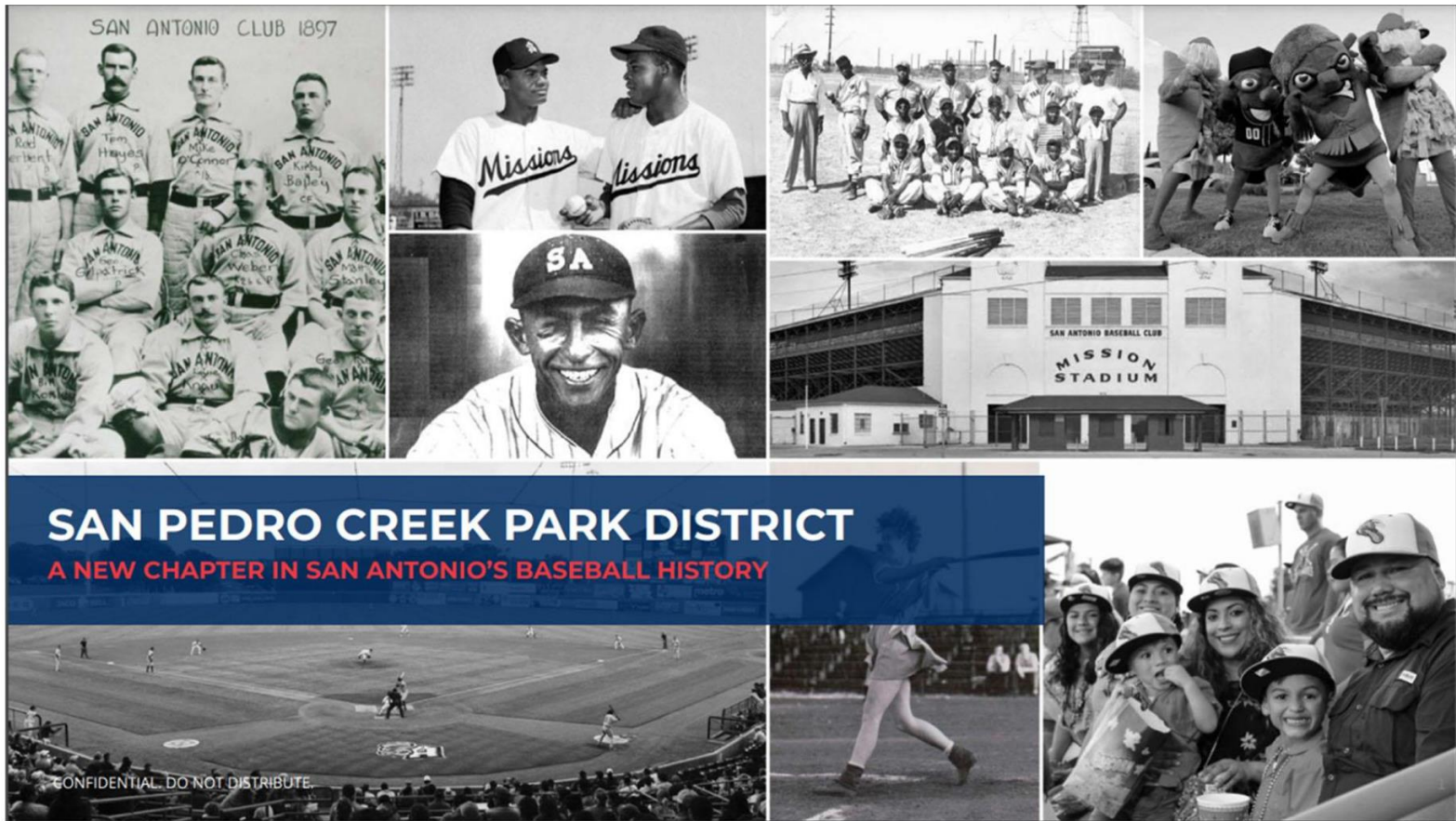


CITY COUNCIL B SESSION

Ballpark Project

Ben Gorzell, Jr.
Chief Financial Officer

August 14, 2024



SAN ANTONIO MISSIONS

**LOCAL
OWNERSHIP**

**136 YEAR
LEGACY**

**SELF-SUSTAINING -
PAYS FOR ITSELF**

**BEST IN CLASS MULTIPURPOSE
COMMUNITY ASSET**

**ASSOCIATED DEVELOPMENT
DUE TO BALLPARK**

Public officials have long said that local ownership was a prerequisite to the City and County helping fund a new ballpark. The newly established local Mission's ownership group is broad, diverse and driven by the desire to keep professional baseball in San Antonio. The **San Pedro Creek Park District (SPCPD)** presents an opportunity for the City, County and local ownership to revitalize and invest in downtown San Antonio along the recently completed San Pedro Creek Cultural Park.

As Phase 1 of the SPCPD development, SA Missions propose to build a best in-class, new state of the art multi-purpose ballpark (the "Ballpark") to revitalize downtown San Antonio and to continue the tradition of professional baseball in San Antonio that started in 1888. This facility will act as a catalyst in downtown San Antonio and drive significant investment and economic impact in and around the Ballpark District.

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Over 5,000 available
parking spaces within
a ¼ mile walk from
the proposed ballpark
site

