

April 24, 2024

**WHEREAS**, the City of Dallas (City) recognizes the importance of its role in local economic development and the public purposes of fostering economic growth, including providing incentives to attract and retain professional sports franchises and major sporting events to the City of Dallas and otherwise prioritizing investment in the City's sports assets; and

**WHEREAS**, in furtherance of these goals, Mayor Eric L. Johnson organized the Ad Hoc Committee on Professional Sports Recruitment and Retention in 2022; and

**WHEREAS**, the Dallas Memorial Auditorium will consist of the newly-renovated Dallas Memorial Auditorium (the Project) within the overall Kay Bailey Hutchison Convention Center Dallas (KBHCCD) Master Plan expansion project; and

**WHEREAS**, the Mayor of the City and City leadership requested Convention and Event Services to negotiate with a professional sports team to relocate its primary home operations to the Dallas Memorial Auditorium (Arena or primary facility) as part of the economic development goals of the KBHCCD Master Plan; and

**WHEREAS**, a professional sports team has expressed desire to relocate to the City as its resident home base; and

**WHEREAS**, the City recognizes the potential detrimental effects the relocation may cause the professional sports team; and

**WHEREAS**, the City recognizes the long-term economic and collateral benefits to be gained by activating use of the Arena through the relocation of a professional sports team to the City; and

**WHEREAS**, the City, through Department of Convention and Event Services, negotiated a term sheet with such professional sports team that enables the team to relocate to the Arena as its resident home base, to include an economic development incentive payable over three calendar years and offsetting revenues over 15 years, to stimulate business and commercial activity in the City and attracting and retaining professional sports franchises and major sporting events to the City pursuant to the provisions under Chapter 380 of the Texas Local Government Code; and

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**WHEREAS**, the City Council now desires to authorize a mutually-agreed upon resident use and incentive agreement with a professional sports team for the Arena (primary facility) and ancillary meeting rooms (secondary facility) with three five-year renewal options with a professional sports team, for a minimum of 70 days per year for the primary facility and 365-days per year for organizational needs including but not limited to office and training space for the secondary facility, with a \$19,000,000.00 incentive ("Incentive") payable over three calendar years (Agreement).

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**SECTION 1.** That the City Manager is hereby authorized to execute a fifteen-year resident use and incentive agreement, approved as to form by the City Attorney, for the Dallas Memorial Auditorium (Arena or primary facility) and ancillary meeting rooms (secondary facility) (collectively, the primary facility and the secondary facility shall be referenced as the Facility) with three five-year renewal options with a professional sports team, for a minimum of 70 days per year for the primary facility and 365-days per year for organizational needs including but not limited to office and training space for the secondary facility with a \$19,000,000.00 incentive (Incentive) payable over three calendar years and offsetting estimated revenues of \$1,550,000.00 per calendar year for 15 years (Agreement).

**SECTION 2.** That the Agreement shall include the following terms and conditions:

- A. Minimum Use.** Professional sports team will occupy the: (i) primary facility, for a minimum of 70 days between April 15 to November 1; and (ii) the secondary facility, which includes office and training facilities, 365 days per year.
- B. Playoffs.** If the Arena is not available for playoff dates, the City will provide a suitable alternative venue and cover the costs associated with a relocation, limiting long-term holds where necessary. The professional sports team will notify the City of required playoffs and championship home game dates to hold. Upon elimination from playoff contention, professional sports team will immediately release any dates previously held for post-season games.

**SECTION 2. (continued)**

- C. Dark Days.** The City shall make the Arena available to professional sports team for use upon request at no charge if the floor is installed and no events are booked 10 days out from the date of request. If the floor is not installed, the City or the City's designated facility manager shall charge actual labor costs for floor installation/deinstallation and moving any required equipment. With notice from the City or the designated facility manager, the City can cancel for repairs or late bookings. In addition to the City's best efforts to accommodate professional sports team practices on the day prior to a game, City shall provide a minimum of 10 holds for the day preceding either regular season or playoff games.
- D. Ownership and Responsibilities.** The City will represent and warrant that the City maintains ownership of the Arena and will obtain all final inspections, certificates of occupancy, and other authority necessary for opening and operating the facility. Professional sports team shall install all furniture, fixtures, equipment, machinery, and any specific stand-alone or integrated technology specifically needed by the professional sports team. The City will be responsible for providing among other things, league-approved courts, scorer's table and stanchions for use in the Arena, as well as the floor, scorer's table, digital displays, and goals in the team practice facility. City's designated Manager will deliver the building "game ready" for each home game played by the Team.
- E. Parking Terms.** The Director of Convention and Event Services (Director) or designated facility manager proposes a revenue share of parking, estimated to be 2,000 – 3,000 spaces per game, at a 70/30% split in favor of the City for the term of the original agreement, with a renegotiation of the terms during the renewal period; parties to mutually agree on parking rates for said spaces as coordinated with the management company for game days. Professional sports team to be provided up to 300 complimentary parking spaces in a secure location in close proximity to the property for game day use, with limited impact to the KBHCCD, and up to 100 complimentary parking spaces in a secure location in close proximity to the property for non-game day use.

**SECTION 2. (continued)**

- F. Base Fee.** Professional sports team will pay a base fee of \$10,000.00 per game or event upon execution of the Agreement, with the base fee to be adjusted annually at a percentage equal to change in Consumer Price Index beginning in year 4 of the Agreement term, inclusive of: changeover fees, access to utilities and services, guest staffing, and league-mandated security (ushers, custodial, etc.). Base fee excludes: any team or league specific dictated services, such as security and any additional costs for entertainment or events/displays that exceed \$1,000.00 in total.
- G. Broadcast Revenue.** The City shall provide “last mile” for utilities and services and will build to league broadcast standards. City and professional sports team shall negotiate future broadcast support improvements.
- H. Marketing & Advertising Rights.** The City shall provide professional sports team with limited marketing and advertising rights to the Facility, including exclusive rights 365 days per year for the professional sports team portion of the Facility, including the secondary facility. The City retains permanent signage, exterior digital display, and naming rights, with 30% or fixed fee/guaranteed share to professional sports team. The professional sports team shall receive 100% of gameday advertising (temporary and on equipment plus digital inventory). The professional sports team shall provide the City with up to two minutes of digital display time per game for the marketing of KBHCCD events. Digital inventory provided to the City cannot be passed through to third parties. For temporary advertising, the fee to set and remove the branded equipment would be included in the fixed use fee.
- I. Signage/Graphics.** Professional sports team is responsible for the creation and production of any advertising signage, digital graphic, etc. City shall be responsible for the cost of permanent displays such as video boards, light-emitting diode ribbon displays, and scorer’s table displays. City shall also be responsible for the cost of installing any advertising sold by the professional sports team, with team provided the opportunity to identify ten (10) protected categories (exclusives) per year.
- J. Pouring Rights.** City or designated facility manager shall have the authority to determine pouring rights for the primary facility as part of the KBHCCD campus to include all beverage-related offerings. City and professional sports team agree to split pouring rights at 70/30% in favor of the City.

**SECTION 2. (continued)**

- K. Concessions.** If a revenue share is negotiated by the professional sports team, the revenue share will be 50/50%. Should concessions be negotiated by the facility manager, the revenue share will be 65/35% in favor of the City. Professional sports team shall be permitted to execute sponsor-related sampling in-venue during home games and bring in outside food and beverage for professional sports team and staff use, if desired.
- L. Ticketing.** Professional sports team will be provided the opportunity to contract directly with a ticket service provider and retain 100% of all ticket-related revenue, including season tickets, group tickets, individual tickets, and premium seating to include any club, suite, and courtside seating. All tickets sold will include a \$2.00 ticket service fee with such revenue split 50/50% with the City. Professional sports team shall provide the City with up to ten (10) complimentary tickets for each game played at the Facility, with ticket seat locations as mutually agreed upon by the parties.
- M. Merchandise.** Professional sports team to provide all team merchandise for sale in the KBHCCD and shall retain 100% of the revenue. The City shall ensure the Facility has appropriate merchandise points of sale, including a dedicated team store and auxiliary/portable merchandise sale locations.
- N. Payment of Incentive.** The City shall pay the professional sports team the Incentive in three equal installments over a calendar three-year term, with the initial payment due by the City to the professional sports team within 30 calendar days following the parties' execution of the Agreement.
- O. Minor Modifications.** At the professional sports team's written request, the Director may authorize an extension of the Agreement deadlines up to one year for just cause.
- P. Additional Terms.** Professional sports team agrees to:
- i. during architecture/engineering and design until renovation of the site and building improvements have been completed in accordance with the mutually agreed upon recommendations, and final certificate of occupancy has been issued, to engage a professional, at its own expense, to work and collaborate with the City on all aspects of the building design and construction process;

**SECTION 2.** (continued)

- ii. ensure all part-time game day jobs it creates due to its activities at the Facility comply with the City's wage requirement (Wage Requirement) with a minimum of 40% of such part-time positions to be filled by City residents (Local Hiring Requirement);
- iii. obtain a final certificate of occupancy (or equivalent evidence of completion issued by the City) no later than March 1, 2026;
- iv. submit to the Director of Convention and Event Services or designated manager (Director) a quarterly status report for activities booked and scheduled at the Arena. Such status reports shall be due to the City within thirty (30) calendar days following the end of each calendar quarter;
- v. submit an annual compliance report to the Director no later than April 15th of each year outlining activities booked and scheduled at the Arena, and any capital investments made to the Facility. The parties mutually agree to an annual capital improvement fund provided by the City to ensure the Facility remains a best-in-class venue;
- vi. acknowledge and agree that any modification to the deadlines and conditions set forth in this resolution require further action of the City Council and additional consideration, unless otherwise allowed for in the Agreement;
- vii. acknowledge and agree that City commitments to the Project may be re-evaluated and modified if Project completion or scope is changed in any manner;
- viii. maintain sole responsibility for payment of sales and other taxes arising out of its use of the Facility;
- ix. provide insurance, at its sole cost, in accordance with the City's Office of Risk Management requirements; and
- x. agree to indemnification in accordance with the City's standard requirements and local or State law.

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**SECTION 3.** That the Chief Financial Officer is hereby authorized to disburse, to the professional sports team, the Incentive in a total amount not to exceed \$19,000,000.00 (subject to annual appropriations) in three equal installments over three calendar years, with the first disbursement no later than thirty (30) days of the date the Agreement is executed by all parties (and the second and third installment as outlined in the Agreement), from Convention Center Construction Fund, Fund 0082, Department CCT, Unit W433, Activity CCIM, Object 3099, Program PBC00032; and Encumbrance/Contract No. CCT-2024-00024819.

**SECTION 4.** That the Chief Financial Officer is hereby authorized to receive, accept and deposit revenues from the Agreement in the Convention Center Operating Fund, Fund 0080, Department CCT, Unit 7408, Revenue Codes 7456, 7816, 7822, 7838, 7882, 8218.

**SECTION 5.** That this resolution does not constitute a binding agreement upon the City or subject the City to any liability or obligation until such time as the Agreement is duly approved and executed by all Parties.

**SECTION 6.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

APPROVED AS TO FORM

Tammy L. Palomino, City Attorney

BY: \_\_\_\_\_  
Assistant City Attorney