



Office of the
**INDIAN RIVER COUNTY
ADMINISTRATOR**

Jason E. Brown, County Administrator
Michael C. Zito, Assistant County Administrator

MEMORANDUM

TO: Members of the Board of County Commissioners

FROM: Jason E. Brown
County Administrator

DATE: July 7, 2022

SUBJECT: Request for Approval of Second Amendment to the Amended and Restated Facility Lease Agreement Jackie Robinson Training Complex

On January 2, 2019, the County entered into the Amended and Restated Facility Lease Agreement with Major League Baseball (MLB) doing business as Verotown, LLC (Verotown) to operate the Jackie Robinson Training Complex at the facility previously known as Historic Dodgertown. (The Agreement).

The initial term of the Agreement is ten years and eight months with three successive renewal options of five years each. The Agreement represents a partnership where the County and MLB share in the cost of facility improvements. In broad summary, under the original Agreement the County was responsible for initial repairs on items consisting mostly of roof replacements and concession stand replacements/repairs where maintenance had been deferred during the economic downturn. Verotown agreed to be responsible to make some initial facility improvements such as the design and construction of an indoor training facility. Additionally, Verotown has completed facility repairs such as replacing the entire Holman Stadium seating bowl. Under the Agreement, the County reimburses Verotown for 50% of these costs within the limits of the Capital Reserve Account as set forth in the lease agreement. Other than the County-funded initial improvements, the County's annual contribution is its only obligation for facility improvements and maintenance. Verotown will be responsible for all other capital improvements and maintenance for the duration of the initial term and any renewal term. The Agreement essentially transitions from the County funding the initial deferred maintenance items, to Verotown and the County sharing Verotown's initial improvement costs on a 50%/50% basis, to Verotown fully funding any facility costs beyond the amount approved in the Capital Reserve Fund.

The course of events over the first two (2) years of the Agreement led the parties to mutually endeavor to amend certain terms and conditions. In February of 2021, Major League Baseball and Indian River County entered into the First Amendment to the Agreement. (The First Amendment). Under the First Amendment, Verotown took on responsibility for construction of certain improvements using previously allocated funding to complete those improvements. Additionally, the parties extended specified time frames in which to complete their obligations under the Agreement. The time extensions were primarily reflective of challenges related to the Covid Pandemic at the time and the transfer of construction management to Verotown. The parties now mutually desire to transfer responsibility for some of the County's remaining obligations to Verotown and provide funding for their completion under the terms presented herein by the Second Amendment to the Agreement ("Second Amendment").

The Proposed Second Amendment:

The parties seek to modify certain terms of the Agreement as amended, including certain rights and obligations associated with the Capital Improvements and additional contributions to the Capital Reserve Account in accordance with the terms and conditions of the proposed Second Amendment. Provided below is a summary of modifications to the County's existing improvement obligations pursuant to the Second Amendment. Under the Second Amendment, the County will essentially incur a fixed cost to shift the management of three (3) remaining improvement projects to MLB include the TV Platforms Project, the Executive Building / Championship Hall project, and the Hotel Room Remediation Project.

TV Platforms Project:

The County's obligation to construct TV Platforms at Holman stadium will be deleted in exchange for the County depositing the sum of \$200,000.00 (the "Holman Reimbursement Amount"). The Holman Reimbursement Amount shall only be used by Verotown to fund capital improvements and repairs or replacements to Holman Stadium or any portion thereof.

Executive Building / Championship Hall:

During the life of the agreement as Amended, the parties have come to agree that the intended renovations and roof replacements to Championship Hall have become outdated given the condition of the structure. It is proposed under the Second Amendment that the County credit MLB with \$3.5 million so that MLB can manage and fully fund the planning, design, demolition and construction of the new Executive Building. The new Executive Building will include offices, meeting rooms, fitness room, four (4) batting cages and storage area located in Championship Hall and may include, at Verotown's sole election, the adjacent hardscape, parking and landscape, walkway and canopy extending from the main entrance of Championship Hall. A rendering of the new Executive Building is attached to the Second Amendment as Exhibit B. Any portion of the Executive Building Amount not utilized for the project shall be returned to the County. If the cost of the Second Amendment Work exceeds the project amounts allocated of this Second Amendment, those excess costs shall be borne by Verotown.

The Hotel Room Remediation Project

Under the Agreement, the County is obligated to renovate and remediate the hotel room villas. While the County managed renovation project is nearly complete, there remains asbestos remediation in several of the villas. The parties desire to shift the remaining remediation project to MLB at a fixed cost of \$570,000 utilizing a certified asbestos contractor that employs proper removal and disposal practices, prescribed by the United States Environmental Protection Agency.

Any portion of the Hotel Fund Amount not utilized for the project shall be returned to the County. If the cost of the Second Amendment Work exceeds the project amounts allocated of this Second Amendment, those excess costs shall be borne by Verotown.

Verotown is not required to obtain County's approval in connection with the Second Amendment Work and Verotown's performance of any work including any plans, drawings, selected materials or design features, provided however, that Verotown is required to obtain all necessary site plan approvals and building department permits as required by law.

Funding:

The changes as detailed above and stated in the Amendment will be funded from allocations for County responsibilities in the current agreement (as approved by the Board of County Commissioners on December 18, 2018 and affirmed on February 9, 2021, respectively). These improvements are funded by a combination of Tourist Tax and the One Cent Sales Tax. The Second Amendment requires a deposit of funds into the Capital Reserve Account. A portion of the funding for these projects is included in FY 2022/23 in the Capital Improvements Program. Therefore, a portion of these dollars (approximately \$2.4 million) will need to be advanced into the current year budget if the Second Amendment is approved. Any portion of the Room Remediation Project or Executive Building amounts not utilized for the respective project(s) shall be returned to the County. If the cost of the Executive Building project exceeds the project amounts allocated in this Second Amendment, those excess costs shall be borne by MLB. All obligations imposed by the Agreement and First not reformed by this Second Amendment shall remain in full force and effect.

Staff Recommendation:

1. Staff Recommends the Board of County Commissioners approve the attached Second Amendment to the Amended and Restated Facility Lease Agreement for the Jackie Robinson Training Complex and authorize the Chairman to execute the Second Amendment in substantial form subject to minor changes after review and approval by the County Attorney.
2. Staff requests that the Board of County Commissioners waive the requirement for bids in order to allow MLB Verotown to manage the additional projects under the Second Amendment and to complete facility improvement projects contemplated by the

Agreement and amended and as detailed above in a similar manner to the original approval on December 18, 2018 and February 9, 2021, respectively.

3. Staff recommends that the Board of County Commissioners approve the funding plan as detailed above and approve the necessary budget amendment to advance funding programmed for FY 2022/23 into the current year for the County's responsibilities under the agreement.

ATTACHMENTS:

- Proposed Second Amendment to the Amended and Restated Facility Lease Agreement
- First Amendment to the Amended and Restated Facility Lease Agreement Agenda Item – Approved February 9, 2021.
- Facility Lease Agreement Agenda Item – Approved December 18, 2018