

Staff Summary Report



Council Meeting Date: 08-14-08

Agenda Item Number: _____

SUBJECT: Request approval to allocate the City of Tempe's portion of revenues from Tempe Diablo Stadium display panels per amended lease C2004-252B to Tempe Community Council 501(c)3.

DOCUMENT NAME: 20080814tccjm01 **DIABLO STADIUM – CALIFORNIA ANGELS (0903-15)**

SUPPORTING DOCS: Yes.

COMMENTS: Allocation of net profits in the estimated amount of \$150,000.

PREPARED BY: Kate Hanley, Executive Director, Tempe Community Council, 480-858-2303

REVIEWED BY: Jerry Hart, Financial Services Manager, City of Tempe, 480-350-8350

LEGAL REVIEW BY: N/A

FISCAL NOTE: Funds will be provided from display panel net profits pursuant to contract C2004-252B.

RECOMMENDATION: Staff recommends approval of the allocation of Tempe's portion of the display panel net profits to the Tempe Community Council.

ADDITIONAL INFO: Please note attached memorandum from Tempe Community Council dated August 6, 2008. Per the agreement from the Second Amendment of contract number C2004-252, regarding the Tempe Diablo Stadium Display Panels, the Angels Baseball LP (Club) and the City of Tempe (City) "shall share equally in the Net Profits generated by those Display Panels, after the Club has recovered all of its construction and installation costs. Net Profits shall be defined as the money received from sales of advertising on the Display Panels less any costs to (1) produce, construct, install and/or remove advertisements and extensions on the Display Panels, (2) operate the Display Panels, (3) maintain and repair the Display Panels, and (4) pay commissions on the sale of advertising on the Display Panels."

Club shall be responsible for contracting for the sale of advertisements on the Display Panels and collecting advertising fees. Within sixty (60) days from the end of each calendar year that this agreement is in effect, Club shall provide City with a statement of revenues and expenses relating to the Display Panels (the "Annual Statement"). City shall have thirty (30) days from the date it receives the Annual Statement to review, audit and/or challenge the information in the Annual Statement (the "Review Period"). If no such challenge is made during the Review Period, then the Annual Statement shall be deemed to be correct. Club will tender any payment to City within thirty (30) days of the end of the Review Period."

This agreement provides that Tempe's portion of the net profits, as agreed upon in the terms and conditions of the amended lease C2004-252B, will be allocated to Tempe Community Council and thereby transferred to the Tempe Community Foundation to build an endowment to support current and long-term human services in Tempe.

Memorandum



Date: August 6, 2008

To: Tempe City Council

CC: Tempe Community Council Board of Directors
Charlie Meyer, City Manager
Jerry Hart, Financial Services Manager
Shelley Hearn, Community Relations Manager

From: Kate Hanley, Tempe Community Council

RE: Display Panel Revenue Distribution Agreement

Per the agreement (C2004-252B) regarding the Tempe Diablo Stadium Display Panels, from the Second Amendment of contract C2004-252, valid until 12/31/2025 with the option of two five year extensions, the Angels Baseball LP (Club) and the City of Tempe (City) "shall share equally in the Net Profits generated by those Display Panels, after the Club has recovered all of its construction and installation costs. Net Profits shall be defined as the money received from sales of advertising on the Display Panels less any costs to (1) produce, construct, install and/or remove advertisements and extensions on the Display Panels, (2) operate the Display Panels, (3) maintain and repair the Display Panels, and (4) pay commissions on the sale of advertising on the Display Panels.

Club shall be responsible for contracting for the sale of advertisements on the Display Panels and collecting advertising fees. Within sixty (60) days from the end of each calendar year that this agreement is in effect, Club shall provide City with a statement of revenues and expenses relating to the Display Panels (the "Annual Statement"). City shall have thirty (30) days from the date it receives the Annual Statement to review, audit and/or challenge the information in the Annual Statement (the "Review Period"). If no such challenge is made during the Review Period, then the Annual Statement shall be deemed to be correct. Club will tender any payment to City within thirty (30) days of the end of the Review Period."

Tempe Community Council (TCC) recommends that the City's full portion of net profits, as agreed upon in the terms and conditions of the amended lease C2004-252B, be allocated annually to TCC and thereby transferred to the Tempe Community Foundation to build an endowment in support of current and long-term human services in Tempe.

One-hundred percent of all said net profits will thereby be deposited into the Tempe Community Foundation to provide sustainable, reoccurring and long-term funding for human services in Tempe. Tempe Community Foundation is committed to four core guiding principles:

1. Growing endowment resources
2. Partnering with City of Tempe and Tempe community
3. Involving citizens in reviewing and determining community needs
4. Distributing proceeds with fairness and transparency to the most qualified organizations

Funds are to be designated to TCC in perpetuity of the C2004-252B contract, until the City decides to formally amend or change said contract, or upon the mutual written consent of both the Tempe City Council and the TCC Board of Directors (or a designee).

Pursuant to the defined payment schedule and following the Review Period, City will distribute net profits, accompanied by the audited annual statement, no later than the end of TCC's fiscal year, by June 30.

TCC's Board of Director's unanimously approved this agreement (with one abstention) on August 6, 2008 and reserves the right to review or amend this agreement based on the lease contract and upon the formal approval of the Tempe City Council.