



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Nanci Klein

**SUBJECT:** SEE BELOW

**DATE:** December 13, 2021

Approved

Date

12/14/2021

**COUNCIL DISTRICT: 7**

**SUPPLEMENTAL**

**SUBJECT: LEASE EXTENSION AND NAMING RIGHTS FOR THE SAN JOSE MUNICIPAL STADIUM**

**REASON FOR SUPPLEMENTAL**

The purpose of this memorandum is to provide additional information regarding the change in ownership of the San Jose Giants from Baseball Acquisition Company, Inc. to DBH San Jose LLC (“DBH”), effective January 1, 2022, and changes to the terms of the municipal stadium lease reflecting the change in ownership and incorporating terms of the San Jose Giants license with Major League Baseball Professional Development League.

**RECOMMENDATION**

Due to the change in ownership of the San Jose Giants, the recommendation is amended to read as follows.

- (a) Adopt a resolution:
  - (1) Authorizing the City Manager to negotiate and execute an amendment to the Amended and Restated Lease between the City of San José and the San Jose Giants, d.b.a., DBH San Jose LLC. (“DBH”), regarding the San Jose Municipal Stadium located at 588 E. Alma Avenue, including all ancillary documents necessitated by the amendment, to extend the existing lease for a period of five

- (5) years, with one option for DBH to extend the term for an additional five (5) years; and
- (2) Approving the agreement between the Excite Credit Union and DBH, for the sponsorship of the San Jose Municipal Stadium, and the continued naming of the San Jose Municipal Stadium as “Excite Ballpark, Home of the San Jose Giants” for a period of ten (10) years.

## **ANALYSIS**

Effective January 1, 2022, Baseball Acquisition Company, Inc.’s (“BAC”) ownership of the San Jose Giants will transfer to DBH San Jose LLC (“DBH”), which is a subsidiary of Endeavor, a publicly traded global sports and entertainment company. All references to BAC in an amendment to the Amended and Restated lease regarding the San Jose Municipal Stadium (“Amendment”) shall be changed to DBH. In order to coincide with the change in ownership, the effective date of Amendment shall be January 1, 2022. The San Jose Giants will continue to be a Minor League Baseball affiliate of the San Francisco Giants and be led by the current President and CEO, and Chief Operating Officer.

BAC is general partner of Progress Sports Management, L.P., which entered into a Player Development License Agreement with Major League Baseball Professional Development Leagues, LLC (“MLB-PDL”), effective as of February 12, 2021 (“PDL License”). The contents of the PDL License are subject to change as standards and requirements evolve for the optimal development of players, with the baseline facility standards imparted leaguewide. These standards are anticipated to be updated with some regularity with some buffer periods to ease transition to the new, higher standards. It is for this reason the PDL License requires that any rights granted by the Amendment be subordinate to the PDL License in order for the updated terms to apply evenly to all minor league teams and facilities.

While MLB-PDL policy requires their agreements to remain private, departmental staff and the City Attorney’s Office have reviewed the PDL License and recommend amending the terms of the lease between the City and DBH to allow subordination of the lease to the PDL License with the following reservations:

- All costs incurred with as a result of compliance with the PDL License, including any improvements to implement the facility standards, shall be at the expense of the San Jose Giants.
- The terms of the PDL License will not impinge on the Naming Rights Agreement, the City’s right to consent to the Naming Rights, and any Naming Rights Revenue shall be paid to City prior to net payments required to be paid to MLB-PDL.
- PDL License will not override any municipal code or City/Council policy. Should a requirement of the PDL License conflict with municipal code or City/Council policy, the municipal code or City/Council policy will control.

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- Any notices required to be made by the club to Major League Baseball will also be made to the City.
- PDL License will not override the Amendment's liabilities or indemnities as they relate to the San Jose Giants.

/s/

NANCI KLEIN

Director of Economic Development and  
Cultural Affairs

Director of Real Estate

For questions, please contact Kevin Ice, Senior Manager, Real Estate Services, at (408) 535-8197.