

RESOLUTION NO. ____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM APPROVING MEMORANDA OF UNDERSTANDING RELATING TO (1) AN AMENDED AND RESTATED STADIUM LEASE WITH ANGELS BASEBALL LP AND (2) A GROUND LEASE FOR THE STADIUM DISTRICT WITH PACIFIC COAST INVESTORS LLC, AUTHORIZING THE CITY MANAGER TO EXECUTE SAID MEMORANDA OF UNDERSTANDING AND DETERMINING SAID ACTION IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT PURSUANT TO CEQA GUIDELINES SECTIONS 15060, 15061 AND 15301.

WHEREAS, the City and Angels Baseball L.P. ("Angels") are parties to the Amended and Restated Lease dated May 15, 1996 ("Existing Lease") relating to the Baseball Stadium and Stadium Site (as those terms are defined in the Existing Lease). The Angels have the sole right and option to terminate the Existing Lease, for any reason and without cause, no earlier than October 15, 2016 and no later than February 15, 2017 upon providing the City at least twelve months' notice; provided, however, that at the same meeting at which this Resolution is considered, the City Council is considering an amendment to the Existing Lease that, if approved, would extend the termination period's outside date from February 15, 2017 to October 16, 2019, as provided in the proposed lease amendment; and

WHEREAS, in contemplation of the fact the Angels may consider exercising their termination right in the Existing Lease, the Angels approached the City and requested the City consider negotiating new terms for the use and occupancy of the Baseball Stadium and the area generally defined as the Stadium Site (which area is generally consistent with the designation of the "Stadium District" in the Platinum Triangle Master Land Use Plan dated December 18, 2012); and

WHEREAS, it is in the City's interest to set forth general terms on which the parties may negotiate both (1) an extended lease that could potentially replace the Existing Lease (an "Extended Lease") by entering a Memorandum of Understanding relating to an Amended and Restated Stadium Lease (the "Stadium Lease MOU") and (2) a potential ground lease and related agreements ("Implementing Agreements") for the Stadium Site by entering a Memorandum of Understanding relating to a Ground Lease for the Stadium Site (the "Stadium District MOU" and, collectively with the Stadium Lease MOU, the "MOUs"). The Stadium Lease MOU is attached as Exhibit A and the Stadium District MOU is attached as Exhibit B; and

WHEREAS, the MOUs' express purposes and the City's intention in approving the MOUs are to set forth a nonbinding framework and general terms for the parties to negotiate diligently and in good faith on the matters addressed in the MOUs and on such other matters related to the framework as the parties may deem necessary. Therefore, as expressly reflected in the MOUs, these agreements are nonbinding except for those specific provisions of the MOUs that are expressly identified as being binding; and

WHEREAS, the proposed MOUs authorize negotiating along the terms set forth in the MOUs, but do not restrict the parties from negotiating outcomes inconsistent with the MOUs and negotiation on other issues not referenced in the MOUs, such as the City's obtaining other revenue and/or other economic and non-economic benefits from the Angels' use of the Baseball Stadium and Stadium Site, or other rights relating to the use and occupancy of the Baseball Stadium and Stadium Site; and

WHEREAS, the City Council desires that, as part of the negotiations contemplated by the MOUs, the City and the other parties to the MOUs explore opportunities for the City obtaining revenue and/or other economic and non-economic benefits in connection with entering the potential Extended Lease and Implementing Agreements. The City has received confirmation through both communication and testimony that the Angels and Pacific Coast Investors intend that such opportunities will be discussed as part of the negotiation; and;

WHEREAS, as general frameworks to further negotiations, the MOUs do not commit the parties to enter an Extended Lease, Implementing Agreements or any other definitive agreement. Such agreements, if ultimately prepared pursuant to negotiations, would require City Council action to adopt them in the exercise of the City Council's discretion.

NOW, THEREFORE, BE IT RESOLVED that, pursuant to the above recitals and findings, which are incorporated by this reference, the City Council of the City of Anaheim does hereby approve the Stadium Lease MOU by and between the City and the Angels and the Stadium District MOU by and between the City and Pacific Coast Investors LLC, in the forms presented to the City Council at the meeting at which this Resolution was adopted and as attached to this Resolution, and authorizes the City Manager to execute, and the City Clerk to attest, the MOUs on behalf of the City.

BE IT FURTHER RESOLVED THAT THE City Manager and staff are directed to negotiate with the respective entities to the MOUs to identify and define opportunities for the City obtaining revenue and/or other economic and non-economic benefits in connection with entering potential Extended Lease and Implementing Agreements.

BE IT FURTHER RESOLVED THAT THE City Council hereby determines and finds that, in accordance with California Environmental Quality Act (CEQA) and the State CEQA Guidelines, the adoption of this Resolution by the City Council is exempt from CEQA pursuant to State CEQA Guidelines sections 15060(c)(2), 15061(b)(3) and 150301 because (i) the activity approved by this Resolution will not result in a direct or reasonably foreseeable indirect physical change in the environment; (ii) it can be seen with certainty that there is no possibility that the activity approved by this Resolution may have a significant effect on the environment; and (iii) this Resolution does not expand existing uses. City staff is hereby directed to file with the County Clerk a Notice of Exemption following adoption of this Resolution.

[Resolution continued on next page]

THE FOREGOING RESOLUTION is approved and adopted by the City Council of the City of Anaheim this ____ day of September, 2013 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CITY OF ANAHEIM

MAYOR OF THE CITY OF ANAHEIM

ATTEST:

CITY CLERK OF THE CITY OF ANAHEIM

CAO-97210.2

Exhibit A
Stadium Lease MOU
(Contained on following pages)

MEMORANDUM OF UNDERSTANDING

AMENDED AND RESTATED STADIUM LEASE

This Memorandum of Understanding ("MOU") is made and entered into for reference purposes as of September 4, 2013, by and between Angels Baseball LP ("ABLP"), and the City of Anaheim, a charter city and municipal corporation ("City").

This MOU sets forth the general terms on which the parties intend to negotiate an Amended and Restated Lease Agreement by and between ABLP and City ("Extended Lease") that will replace the Amended and Restated Lease Agreement dated May 15, 1996 ("Current Lease"). With the exception of the subject matter of Sections 7 and 8 below, all of the terms herein are non-binding and will be further memorialized in the Extended Lease at a later date, subject to approval by ABLP and the Anaheim City Council, each in its sole discretion.

1. Stadium Lease Term:

- a. ABLP will waive the existing 2016-2017 "opt-out"/"termination right" (as such right is amended by the execution of this MOU and/or the Lease Amendment described in Section 7 below) and agree that the Angels baseball team will play all home games in Anaheim through 2057, with a termination right for ABLP effective from October 15, 2036 through February 15, 2037. ABLP will have additional termination rights from October 15, 2043 through February 15, 2044 and from October 15, 2050 through February 15, 2051. All termination rights require twelve months prior written notice to be effective. The City and ABLP shall agree on any public communication regarding the Extended Lease.
- b. Section 9(d) of the Current Lease will be revised to provide that ABLP shall pay the City two dollars (\$2) for each paid admission ticket to a home game at Baseball Stadium in excess of (i) two million six hundred thousand paid baseball admissions until existing Stadium debt is retired, and (ii) thereafter, but not later than the baseball season beginning in Spring, 2021, three million paid baseball admissions in each year. The number of paid admissions to be adjusted each year based on an increased amount to be mutually agreed upon by the ABLP and the City in the Extended Lease.
- c. Beginning with the inception of the Extended Lease, ABLP will provide the City the use of one suite ("City Suite") for all events and 20 additional suites dates for team home games at the Baseball Stadium. ABLP will provide the City with 2,500 tickets for each year for mutually agreeable dates and locations.

2. **Stadium Maintenance and Repair:** ABLP will have responsibility to maintain, repair and provide capital upgrades for the Baseball Stadium to a standard to be agreed upon by the parties during negotiation on the Extended Lease, at ABLP's expense. The City shall have no obligations for maintenance, repair or capital facilities during the Extended Lease term. Subject to the aforementioned standard, ABLP will have exclusive rights and sole control regarding capital expenditures, renovations and maintenance concerning the Baseball Stadium.

3. **Baseball Stadium Area:** The Extended Lease will apply to the Baseball Stadium, as defined in the Current Lease. Should ABLP seek to relocate the Baseball Stadium to a

location within the Stadium District, the City welcomes the opportunity to discuss amendment of the Extended Lease to apply to such relocated Stadium and other amendments may be necessary. Relocation of the Baseball Stadium shall be subject to the requirements of applicable law. In the event that the Stadium is moved within the Stadium District, the Extended Lease will apply to the new Stadium and all terms will remain the same.

4. **Transfer:** ABLP will have exclusive right and sole discretion regarding the transfer of the Extended Lease, directly or indirectly through a transfer of ABLP, or sale of the Angels baseball team. In the event of a sale of the Team, the Transferee shall be approved by MLB and the Transferee shall agree to be bound by the Extended Lease. If the Lease is transferred, but the Team is not sold, the Transferee will be bound by the Extended Lease terms.
5. **Team Name:** ABLP has absolute control and exclusive rights concerning its team name.
6. **Capital Reserve:** ABLP and the City will discuss the amount of past stadium capital expenditures contributed by ABLP to date.
7. **Deferral of Termination Right:** The following terms will be memorialized in a separate amendment to the Current Lease, processed and executed by ABLP and the City concurrently with this MOU (the "Lease Amendment"). The Current Lease is amended by deleting the first sentence of Section 5 of the Current Lease and replacing it with the following:

"Tenant shall have the option to terminate this Lease at any time, without cause, to be effective no earlier than October 17, 2016, but no later than October 16, 2019."

The remainder of Paragraph 5 of the Current Lease is unchanged, and ABLP will still be required to provide twelve (12) months notice of its intent to exercise the termination provision.

8. **Effect of Agreement, Binding Provisions, Limitations on Damages and Termination:**
 - a. The parties agree to negotiate diligently and in good faith to reach agreement on the Extended Lease and, on approval of the Extended Lease by the City Council of City and ABLP, to cause the Extended Lease to be promptly executed. ABLP acknowledges that (i) reaching agreement on the Extended Lease requires discussion and consideration of a broad array of issues and terms arising from both custom and practice for similar agreements and from the City's status as a public agency, which requires the City to comply with applicable law, (ii) only City Council approval of the final form of the Extended Lease can bind City to the matters described therein, and (iii) approval of the Extended Lease by the City Council will require its decision to exercise its discretion, consistent with applicable law. The parties further agree that neither ABLP nor the City are or


will become liable to the other party for damages of any kind as a result of either party's respective acts or omissions with respect to the non-binding provisions of this MOU.

- b. The parties' negotiations pursuant to this MOU may be terminated at any time, with or without cause, on thirty (30) days prior written notice given by either party to the other in accordance with the notice provisions of the Current Lease.
- c. The terms and covenants set forth in Sections 7 and 8 of this MOU will be immediately binding on the City and ABLP following approval and execution of this MOU by the City Council of City and ABLP. The remainder of the terms of this MOU shall be subject to completion and execution of a complete Extended Lease, which will subsume and replace this MOU. With the exception of the terms set forth in Sections 7 and 8, nothing in this MOU will supersede or alter any other terms of the Current Lease, absent additional negotiation and inclusion in the Extended Lease.

[signature page follows]

AGREED:

Angels Baseball LP:

By: 
Name: ARTURO R. MORENO
Title: GENERAL PARTNER

8-24-13
Date

City of Anaheim:

City of Anaheim, a charter city and a municipal corporation

Date

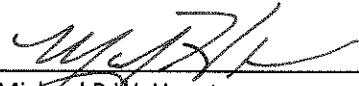
By: _____
Name: _____
Title: _____

ATTEST:

Linda Andai,
City Clerk

APPROVED AS TO FORM:

MICHAEL R.W. HOUSTON, CITY ATTORNEY

By: 
Michael R.W. Houston,
City Attorney

Date: 8/28/13

Exhibit B
Stadium District MOU
(Contained on following pages)

MEMORANDUM OF UNDERSTANDING

GROUND LEASE FOR STADIUM DISTRICT

This Memorandum of Understanding ("MOU") is made and entered into for reference purposes as of September 4, 2013, by and between Pacific Coast Investors, LLC, a Delaware limited liability company ("PCI"), and the City of Anaheim, a charter city and municipal corporation ("City").

This MOU sets forth the general terms on which the parties intend to negotiate a Ground Lease Agreement for the Stadium District, located in Anaheim, California (the "Ground Lease"), by and between PCI and City. With the exception of the subject matter of Section 5 below, all of the terms herein are non-binding and will be further memorialized in the Ground Lease and other agreement necessary to implement the terms of the MOU (the "Implementing Agreements"), subject to approval by PCI and the Anaheim City Council, each in its sole discretion.

1. Ground Lease:

- a. The City will lease to PCI, a nominee under common control with PCI or PCI's assignee meeting the definition of an approved assignee as determined during negotiations ("Developer"), all property (the "Stadium District") identified as the Stadium District in the Platinum Triangle Master Land Use Plan dated December 18, 2012 which is owned in fee by the City *other than* the land underneath the Baseball Stadium, as defined in the Amended and Restated Lease Agreement by and between The California Angels L.P., whose interest as lessee is now held by Angels Baseball LP ("ABLP"), and the City of Anaheim, dated May 15, 1996 (as the same may be amended by written agreement of ABLP and the City, the "Stadium Lease").
- b. The term of the Ground Lease will be a minimum of sixty-six years (the precise term to be negotiated), for one dollar per year rent. The Ground Lease will be subject to all matters of record.
- c. The City and Developer shall agree on any public communication regarding the Ground Lease and Implementing Agreements.

2. Development Rights:

- a. Developer will have full discretion and control of, and all rights to develop, improve, or otherwise alter the Stadium District, subject to existing entitlements and applicable law.
- b. The Implementing Agreements will include a statutory development agreement authorized by California Government Code Section 65864 et seq. in a form and content substantially similar to the Platinum Triangle Standardized Development Agreement (as may be modified by the parties' mutual agreement) (the "Development Agreement"). The City will cooperate with Developer to enter into a Development Agreement to grant Developer vested rights for the Stadium District as to timing, phasing, use and density under existing entitlements.


- c. The City and Developer will negotiate in good faith to address the obligations currently placed on the Stadium District (including parking obligations) regarding the City National Grove of Anaheim, the Stadium Gateway Office Building, AmTrak/Metrolink, ARTIC and ARC, and transition of operations.
3. **Economic Assistance:** Developer and the City will identify all of the particular taxes and fees which would presently be assessed for the benefit of the City related to development of the Stadium District, and consistent with applicable state law and local ordinances, and following completion of a feasibility gap analysis, negotiate in good faith with respect to providing Developer with General Fund-neutral economic assistance from those revenues generated from the Ground Lease development pursuant to a mutually acceptable arrangement.
4. **Transfer:** Developer will have exclusive right and sole discretion regarding the transfer of the Ground Lease, or any portion thereof, whether directly or indirectly through a transfer of the Developer or other transfer, to any individual or entity throughout the term of the Ground Lease, subject to the City's reasonable approval. Any transferee must agree to be bound by all terms of the Ground Lease.
5. **Effect of Agreement, Binding Provisions, Limitation on Damages and Termination:**
 - a. The parties agree to negotiate diligently and in good faith to reach agreement on the Ground Lease and Implementing Agreements and, on approval of the Ground Lease and Implementing Agreements by the City Council of City and Developer, to cause the Ground Lease and Implementing Agreements to be promptly executed. Developer acknowledges that (i) reaching agreement on the Ground Lease and Implementing Agreements requires discussion and consideration of a broad array of issues and terms arising from both custom and practice for similar agreements and from the City's status as a public agency, which requires the City to comply with applicable law, (ii) only City Council approval of the final form of the Ground Lease and Implementing Agreements can bind City to the matters described therein, and (iii) approval of the Ground Lease and Implementing Agreements by the City Council will require its decision to exercise its discretion, consistent with applicable law. The parties further agree that neither Developer nor the City are or will become liable to the other party for damages of any kind as a result of either party's respective acts or omissions with respect to the non-binding provisions of this MOU.
 - b. The parties' negotiations pursuant to this MOU may be terminated at any time, with or without cause, on thirty (30) days prior written notice given by either party to the other in accordance with the notice provisions of the Stadium Lease.

[Agreement continued on next page.]

- c. The terms and covenants set forth in Section 5 of this MOU will be immediately binding on the City and Developer following approval and execution of this MOU by the City Council of City and Developer. The remainder of the terms of this MOU shall be subject to completion and execution of a complete Ground Lease and Implementing Agreements, which will subsume and replace this MOU.

AGREED:

Pacific Coast Investors, LLC,
a Delaware limited liability company

By:  8-24-13
Name: ARTURO R. MORENO Date
Title: PRINCIPAL

City of Anaheim:

City of Anaheim, a charter city and a municipal corporation

Date

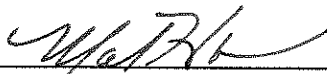
By: _____
Name: _____
Title: _____

ATTEST:

Linda Andal,
City Clerk

APPROVED AS TO FORM:

MICHAEL R.W. HOUSTON, CITY ATTORNEY


Michael R.W. Houston,
City Attorney

Date: 8/28/13