



**CITY OF MODESTO**  
**COUNCIL AGENDA REPORT**

**DATE OF MEETING:**  
August 27, 2024

Date: August 22, 2024

TO: Mayor and City Council

FROM: Joseph P. Lopez, City Manager

SUBJECT: First Amendment to the Lease Agreement with The Baseball Club of Modesto, LLC for John Thurman Field

CONTACT: Joseph P. Lopez, City Manager, joelopez@modestogov.com, 209-577-5223

**DESCRIPTION:**

Consider approving a First Amendment to the Lease Agreement with The Baseball Club of Modesto, LLC to lease John Thurman Field through September 30, 2025, and authorizing the City Manager, or his designee, to finalize the language of the agreement pursuant to the negotiated terms and execute the Amendment. (Funding Source: Capital Improvement Project (CIP) 101019/General Fund)

**STRATEGIC PLAN ELEMENT:**

This action supports the City's 2020-2025 Strategic Plan's Area of Focus to promote its economic vitality goals to drive the success of a vibrant and economically sustainable business climate, build and promote a recognizable and desirable identity of the City of Modesto, and to make downtown Modesto a regional destination.

**BACKGROUND:**

The City owns the property, stadium, and parking facilities that comprise John Thurman Field located at 601 Neece Drive. On February 27, 2024, by Resolution No. 2024-052, Council approved an agreement with The Baseball Club of Modesto LLC to lease the John Thurman Field Facility through September 30, 2024. This agreement gave the parties additional time to enter negotiations for a long-term lease.

**DISCUSSION:**

During this period, the parties were unable to reach agreement on a long-term lease. Subsequently, on July 10, 2024, the parties announced publicly that a mutual agreement on a long-term lease extension could not be reached. Since then, there have been additional conversations and the City and The Baseball Club of Modesto LLC have reached a tentative draft lease amendment for a one-year term extension. This amendment will allow the parties to continue negotiations for a long-term lease.

Specifically, the amendment includes the following key terms:

- Term of Lease: October 1, 2024, through September 30, 2025
- Rent: The annual rent shall be Six Hundred Thousand Dollars (\$600,000). Lease payments shall be paid on a monthly basis, divided equally over the twelve (12 months). Seventy-Five Thousand Dollars (\$75,000) of the annual rent will be held by the Tenant and used for capital improvements. Following the end of the year, the Tenant shall submit an accounting to the City showing the use of the Seventy-Five Thousand Dollars (\$75,000) withheld by the Tenant. Any amount not used capital improvements shall be paid to the City.
- Maintenance and Capital Improvements: Tenant shall be solely responsible for all ongoing repairs and maintenance expenses.
- Mandated Capital Improvements: The Tenant agrees to fund all Improvements to the Property which are required by Major League Baseball (“MLB”), Minor League Baseball (“MiLB”), Major League Baseball Players Association (“MLBPA”), Minor League Baseball Players Association (“MiLBPA”), or any other entity with authority or control over the condition and specifications of stadiums used for minor league baseball.
- Proximity Clause: The Tenant agrees that they, their Parent Organization, or any other affiliates associated with the Tenant will not engage any other city or entity within Stanislaus County to negotiate the development or redevelopment of a baseball or multipurpose sports facility during the term of the Lease and through December 2026. The Tenant agrees to and acknowledges that a breach of this provision will result in a penalty of fifty percent (50%) of the base rent equal to Three Hundred Thousand Dollars (\$300,000).
- Long Term Lease Negotiations: The Parties agree that if a new long-term lease agreement for the Property is not finalized by April 1, 2025, unless otherwise agreed in writing, negotiations will end, and the Tenant shall vacate the Property by October 1, 2025.

The Parties are still finalizing all the details of the amendment. The proposed resolution, if adopted, will authorize the City Manager to finalize the lease amendment, subject to the negotiated terms identified above.

**FISCAL IMPACT:**

If approved, the annual rent shall be Six Hundred Thousand Dollars (\$600,000). Seventy-Five Thousand Dollars (\$75,000) of the annual rent will be held by the Tenant and used for capital improvements. Following the end of the year, the Tenant shall submit an accounting to the City showing the use of the Seventy-Five Thousand Dollars (\$75,000) withheld by the Tenant. Any amount not used capital improvements shall be paid to the City.

The revenue received from the tenant fully covers the City’s General Fund cost associated with operating the stadium.

**COMMITTEE RECOMMENDATION:**

Due to the urgent nature of the action needed this item was taken directly to Council.

**RECOMMENDED COUNCIL ACTION:**

**Staff Recommendations:**

Resolution approving a First Amendment to the Lease Agreement with The Baseball Club of Modesto, LLC to lease the John Thurman Field facility through September 30, 2025, and

authorizing the City Manager, or his designee, to finalize the language of the amendment pursuant to the negotiated terms and execute the Agreement.

Approved by:

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Joseph P. Lopez, City Manager

**Attachments:**

1. Resolution