

April 10, 2024

Caroline Perry, Chief Operating Officer
Padres, L.P.
100 Park Blvd
San Diego, CA 92101

Re: Sale of City Suite Tickets at Petco Park

Dear Ms. Perry:

The City of San Diego (“City”) and Padres L.P. (“Padres”) are parties to that certain Joint Use and Management Agreement dated February 1, 2000, and amended May 21, 2012 (as amended, “JUMA”), which establishes the respective rights and responsibilities of the City and the Padres for the funding, construction, maintenance, operation, and occupancy of the Ballpark Property.¹ Under the JUMA, the City has exclusive access to and use of one of the Private Suites within the Ballpark Structure (“City Suite”) and receives free admission tickets for all seats in the City Suite (“City Suite Tickets”) for all Events, including Padres Games and Events, at the Ballpark Property. The current City Suite is Suite No. 14 along the third base line.

This letter, effective as of the date signed by the Padres (“Effective Date”), memorializes our agreement (“Agreement”) about the sale of City Suite Tickets and the allocation of associated revenue between the City and the Padres.

This Agreement is intended to implement the provision in Section 303(c) of the San Diego Charter, passed by the electorate as Measure L in 2018, which states that all City Suite Tickets must be “marketed to the public at fair market value with all revenues received to be directed to the City Treasurer.” This Agreement is not intended to modify or amend the JUMA.

1. Defined Terms.

- A. “City Share of City Suite Revenues” means all amounts payable by the Padres to the City under Section 3 of this Agreement.
- B. “City Suite” means Private Suite No. 9 in the Ballpark Structure.
- C. “City Suite Expenses” means the reasonable cost of (i) cleaning and maintenance of the City Suite; (ii) improvements to the City Suite completed during the Term (as defined in Section 6 of this Agreement), amortized over ten (10) years from the date of completion, to the extent approved by the City under Sections 7.8 and 7.9 of the JUMA; and (iii) commissions for Padres’ sales representatives who sell City Suite Tickets, at the same rate as for admission tickets for all other Private Suites (or if no such rate is established, then a commission of five percent (5%)).

¹ All capitalized terms used but not defined in this Agreement have the meaning ascribed to them in the JUMA.

- D. "City Suite Expense Cap" means Twenty-Five Thousand dollars (\$25,000), in the aggregate, per Fiscal Year (or relevant part thereof).
 - E. "City Suite Statement" means the statement delivered by the Padres to the City as described in Section 4(A).
 - F. "Fiscal Year" means July 1 to June 30.
 - G. "Gross Revenue" means the total revenue generated by the sale of City Suite Tickets before deducting the City Suite Expenses (up to the City Suite Expense Cap).
2. **Marketing.** The Padres will market and sell City Suite Tickets to the general public in the same manner as admission tickets for all other Private Suites.
3. **Revenue Allocation.** In exchange for the City's activation of the City Suite and the privilege of marketing and selling the City Suite Tickets to the general public, the Padres agree to pay to the City a portion of the City Suite revenue the Padres are entitled to receive under the JUMA, as follows:
- A. For all Padres Games and Events, sixty percent (60%) of the Padres' 100% share of Gross Revenue, less City Suite Expenses (up to the City Suite Expense Cap).
 - B. For only 70/30 Events, forty-two and eight hundred fifty-seven thousandths percent (42.857%) of the Padres' seventy percent (70%) share of Gross Revenue, less City Suite Expenses (up to the City Suite Expense Cap).
 - i. For illustration purposes only, assume a 70/30 Event that generated \$1,000,000 in total revenue, of which \$10,000 was generated by the City Suite (after City Suite Expenses). Under the JUMA, the City would be entitled to \$300,000. Under this Section 3(B) of this Agreement, the City would be further entitled to 42.857% of the Padres' 70% of Gross Revenue (i.e., \$7,000), or \$3,000. The City's total share under the JUMA and this Agreement for the foregoing example would be \$303,000.
 - C. This Agreement shall not affect the allocation of revenue, including revenue generated by the City Suite, for City Events under Section 3.2.4 of the JUMA.
 - D. Notwithstanding anything to the contrary in this Agreement, if, for any given Fiscal Year of the Term of this Agreement, the City Suite Expenses (up to the City Suite Expense Cap) exceed the City Share of City Suite Revenues, the City Share of City Suite Revenues will be zero, and the City will not be liable for any portion of the City Suite Expenses for that particular year.
4. **Reconciliation; Reporting; Payment.** The City and the Padres agree that reconciliation, reporting, and payment of the City Share of City Suite Revenues will be conducted in the following manner:
- A. **For Padres Games and Events:** Annually, within sixty (60) days of the commencement of the first new Fiscal Year after the Effective Date and every Fiscal Year in the Term thereafter, the Padres will (1) pay the City Share of City Suite Revenues for the preceding

Fiscal Year in the same manner as they do for Net Incremental Revenues under the JUMA; and (2) deliver a statement showing, at a minimum, (a) the preceding Fiscal Year's Gross Revenue, broken down by each Padres Game and Event, (b) a detailed breakdown of City Suite Expenses for each Padres Game and Event, and (c) the City Share of City Suite Revenues for each Padres Game and Event ("City Suite Statement").

- B. For 70/30 Events: The Padres will pay and report the City Share of City Suite Revenues for 70/30 Events at the same time and in the same manner as they do for Net Incremental Revenue or Net Incremental Loss for 70/30 Events under Sections 6.11.1 or 6.11.2 of the JUMA, as applicable. Provided, however, that any statement with respect to the City Share of City Suite Revenues from 70/30 Events shall contain, at a minimum, the information required in a City Suite Statement. While the Padres' payment of the City Share of City Suite Revenues from 70/30 Events may, for administrative convenience, be combined and paid together with Net Incremental Revenues owed to the City under Sections 6.11.1 or 6.11.2 of the JUMA, as applicable, for the avoidance of doubt, it is the intent of the Parties that Net Incremental Revenue under the JUMA shall remain unchanged and shall be calculated first, and the City Share of City Suite Revenues shall be deducted from the Padres' share of revenues it is entitled to receive under the JUMA; the allocation of Gross Revenue established in this Agreement shall not be an amendment to the revenue allocation provisions of the JUMA.
5. Waiver. The Padres waive all application of Section 2.3.4 of the JUMA to this Agreement.
6. Term; Termination. This Agreement will be in effect for three (3) years from the Effective Date; however, upon three (3) days' prior written notice, either party may terminate this Agreement for any reason or no reason ("Term").

CITY OF SAN DIEGO


Casey Smith
Deputy Chief Operating Officer

ACCEPTED AND AGREED TO:

PADRES L.P.

By: 
Caroline Perry, Chief Operating Officer, Padres L.P.

Date: 4/11/24

cc: Eric K. Dargan, Chief Operating Officer, City of San Diego
Matthew Vespi, Chief Financial Officer, City of San Diego
Christina Bibler, Director, Economic Development Department
Matt Yagyagan, Deputy Director of Policy, Office of the Mayor
Kohta Zaiser, Deputy Director of Community Engagement, Office of the Mayor
Karen Johnson, Asset Manager, Economic Development Department
Brian Byun, Deputy City Attorney
Terezka Zabka, General Counsel, Padres L.P.