

Item Title: Approve Stadium Lease Agreement between Wake County, Town of Zebulon, and Capitol Broadcasting Company

Specific Action Requested:
That the Board of Commissioners:

- 1. Approves the lease agreement between Wake County, Town of Zebulon, and Capitol Broadcasting Company, subject to terms and conditions acceptable to the County Attorney; and**
- 2. Accepts and appropriates \$238,164.89 in lease termination payments and rent payments from the Carolina Mudcats into the Major Facilities Capital Fund; and**
- 3. Approves a transfer of \$8,500,000 from the Program-Wide Element of the County Capital Fund to the Major Facilities Capital Fund and increases the appropriation of the Major Facilities Capital Fund by \$8,500,000.**

Item Summary:

Purpose: The Wake County Board of Commissioners must approve leases of County property.

Background: In January 2025, the County and Town issued RFP #24-108 (Lessee and Operator of Five County Stadium for Wake County Government & the Town of Zebulon), seeking a new tenant and operator for the Stadium. The County and Town received three responses to the RFP. After significant evaluation by staff, elected officials, and subject matter consultants, staff recommend awarding the RFP to Capitol Broadcasting Company, Inc. ("CBC" or "Lessee") in September 2025. Since that Board action, County, Town and CBC staff have worked to finalize a lease agreement and schedule of stadium improvements, as outlined in the Additional Information Section.

Strategic Plan: This action supports Inclusive Prosperity Goal 3: By 2029, nine out of ten residents asked will share that they can find and enjoy enriching experiences that support our community's high quality of life.

Fiscal Impact: The County's financial contribution of \$7,333,081 for initial 2026 and 2027 capital improvements to the Stadium were previously appropriated in the Program-Wide Element of the County Capital Fund, and will be transferred to the Major Facilities Capital fund and that Fund's appropriation increased to reflect this amount.

The County's financial contribution of \$1,724,692 to the Maintenance & Capital Repairs Fund will consist of the following:

1. \$1,166,919 previously appropriated in the Program-Wide Element of the County Capital Fund;
2. \$314,666 in prior rent payments, the current rent payment, and the lease termination payment from the Carolina Mudcats (to be accepted, appropriated, or reallocated); and
3. \$243,107 previously designated for other Stadium projects no longer needed.

Future rent payments and naming rights revenue shares from this new lease agreement will be included in the Maintenance & Capital Repairs Fund unit as part of the annual budget process.

Additional Information:

In January 2025, Wake County and the Town of Zebulon released RFP #24-108 (Lessee and Operator of Five County Stadium for Wake County Government & the Town of Zebulon). The County received three responses to the RFP.

The responses to the RFP were reviewed and/or evaluated by County and Town staff and elected officials, staff from Wake County Economic Development and Visit Raleigh, and by the County's contracted consultant (CAA ICON).

Following thorough review of the responses, County and Town staff began non-binding negotiations with CBC as lessee and operator of the Stadium, beginning January 1, 2026, through December 31, 2035.

Highlights of the terms and conditions include:

- The County and Town will ("Lessor") receive bi-annual lease payments totaling \$710,000 over the 10-year lease period;
- Lessors are subject to receive additional rent if Lessee secures additional subtenants;
- Lessee assumes the annual operating expenses aligning with the current tenant's operating expenses plus all utility expenses, including those currently the obligation of Lessor;
- Lessee and Lessor shall share naming rights revenues at a 75%/25% share for the first three years of the lease term, then at a rate of 50%/50% for the remaining years of the lease term;
- Lessee retains rights to all other revenues generated;
- Lessee receives the right to a one-time early termination at the end of the fifth year of the lease term;
- The County and Town remain responsible for funding maintenance and capital repairs of the Stadium, through a new Maintenance & Capital Repairs Fund;
- Lessee shall be responsible for routine maintenance of the Stadium based upon annual maintenance plans developed in conjunction with the County and Town;

- Lessee submits an annual event and operations plan to the County and Town;
- The Stadium hosts, at a minimum, a Coastal Plain League (CPL) baseball team each season (starting in 2026) and all Wake Technical Community College (WTCC) baseball, softball, and men's and women's soccer games;
- The County and Town can host up to 10 total rent-free events that use the Stadium's seating bowl annually;
- Lessee may assign the lease to an affiliated entity under its primary control, subject to a guaranty of all obligations under the lease
- Lessee may submit a redevelopment plan for the undeveloped areas of the property adjacent to the Stadium, for consideration by the County and Town on or before December 31, 2030.

To incentivize additional activity at the Stadium, Lessee will be subject to receiving an operating credit of \$2.50 per ticket sold for the first five years, then \$1.50 per ticket sold in the second five years, for non-tenant ticketed events held at the Stadium, up to a maximum of \$100,000 annually.

In exchange for Lessee's maintenance and operation of the Stadium, the County and Town agree to an initial investment of \$8,626,875 beginning with the commencement of this lease.

For 2026, the following improvements will be managed by Lessee, to be reimbursed by the County/Town:

- Replacement of the existing playing surface with a synthetic field;
- Removal of the bleacher seats along the first and third base sides of the seating bowl;
- Installation of new outfield walls;
- Grading and stormwater improvements; and
- Installation of new stadium lighting.

The maximum reimbursable amount for these improvements is \$4 million.

The County will manage several Lessor (County/Town) improvements with the balance of the \$8,626,875 and funds already set aside for stadium improvements in the Major Facilities Capital Fund, including:

- Locker room and administrative office updates;
- Concourse and exterior aesthetic enhancements;
- Installation of a social and group event space formerly occupied by the third base bleachers;
- Installation of a family and children's space formerly occupied by the first base bleachers, including a play area accessible on non-event dates;
- Replacement of the existing scoreboard (existing funds);
- Upper-level suite and group area improvements; and
- Concession updates, including the installation of various kitchen equipment.

Additionally, the County and Town will establish a Maintenance & Capital Repairs Fund ("Fund") with an initial balance of \$1,975,000. The annual rent payment and net share of naming rights revenue will be added to this Fund to offset use over time. This Fund is exclusive of known, planned for infrastructure replacements, such as HVAC, roofing, and elevator replacements scheduled between now and Fiscal Year 2032.

The combined \$10,601,875 investment in Stadium improvements and the Maintenance & Capital Repair Fund will be paid by the County and Town, approximately at the current ownership interest of each entity. The County intends to fund its allocation with capital reserves previously set aside for anticipated Stadium improvements, the existing rent fund, and the Termination Payment due from the current Lessee on or before December 31, 2025.

Attachments:

1. Presentation
2. Lease Agreement
3. CIP Budget Memo – FY2026 Major Facilities Capital