



## Legislation Text

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**File #:** 17-0303, **Version:** 1

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Resolution Approving a Cooperation Agreement Between the City of Hampton, Virginia and the Economic Development Authority of the City of Hampton, Virginia and Authorizing the Execution of That Agreement and Related Documents to Facilitate the Acquisition and Subsequent Lease of the Boo Williams Sportsplex

### **PURPOSE/BACKGROUND:**

In 2007, the Economic Development Authority of the City of Hampton, Virginia f/k/a the Industrial Development Authority of the City of Hampton, Virginia (“EDA”) entered into a 50-year ground lease with Boo Williams Sportsplex, LLC (“BWS LLC”) of approximately 4.2± acres in the Armistead Point area for the purpose of the construction and operation of an indoor sports facility for basketball, volleyball, indoor track, and other sports-related uses (the “Facility”).

BWS LLC invested approximately \$11 million to construct the Facility. The Facility is primarily operated by Boo Williams Summer League, Ltd. (the “Summer League”), a non-profit amateur sports organization designed to provide young athletes with a forum to develop and display their basketball skills and talents through Amateur Athletic Union (“AAU”) tournaments and other means under the direction of Marcellus S. “Boo” Williams, Jr. (“Williams”), an individual who lives and grew up in the City of Hampton (“City”) and is a prominent athlete, coach, and youth sports advocate.

The City gets economic benefit (as well as taxes) from visitors who come from around the country to attend AAU tournaments at the Facility. A study commissioned by BWS LLC details some of those benefits as follows:

- \$9.3 million a year in direct spending and \$3.8 million in indirect spending, which supports 191 jobs.
- 25,600 hotel nights booked each year, with average stay of five (5) days.
- Players often travel with family members; the average household travel group is 3.6 people.
- Each person spends an average of \$74 per day (excluding hotel costs).

The community also benefits. The Facility's eight (8) basketball courts and indoor track are used by Hampton City Schools (“Schools”), and the track is open for indoor walkers from the community. In addition, the City’s Athletic Hall of Fame of the Lower Virginia Peninsula is also housed there.

BWS LLC financed the construction of the Facility with a 10-year loan commitment that matures in October, 2017. The BWS LLC members would now like to sell the Facility to the EDA. On September 13, 2017, the City Council approved and authorized the issuance of general obligation bond anticipation notes of the City in a maximum principal amount of \$9,250,000 to provide funding

to be used by the EDA for the purchase of the Facility which will be paid to the EDA pursuant to a cooperation agreement, the terms of which are subject to City Council approval. The City will later pay off that note through the issuance of a general bond obligation. The EDA will be obligated to pay to the City all rent received from the lease of the Facility. In turn, the City will service that bond debt, and fund or otherwise provide the EDA with resources necessary to fulfill the EDA's obligations with respect to the purchase, lease, and ownership of the Facility.

The primary goal of this transaction is to provide a seamless transition in ownership, and for the Facility's operations to be continuous and ongoing as it operates today. In addition to the cooperation agreement, this transaction will require contracts for the EDA's acquisition of the Facility from BWS LLC, the EDA's lease of the Facility to the Summer League, as well as use agreements between the EDA, the City, and the Schools for the City's and School's use of the Facility for athletic activities and as the home of the City's Athletic Hall of Fame of the Lower Virginia Peninsula.

**Discussion:**

See Purpose/Background above.

**Impact**

See Purpose/Background above.

**Recommendation:**

Approve the Resolution.

**WHEREAS**, the Economic Development Authority of the City of Hampton, Virginia f/k/a the Industrial Development Authority of the City of Hampton, Virginia ("EDA") is the owner of a parcel of land containing approximately 10.1± acres located in the City of Hampton at Armistead Point Parkway;

**WHEREAS**, approximately 4.2± acres of that parcel were leased to the Boo Williams Sportsplex, LLC ("BWS LLC") pursuant to that certain Ground Lease dated July 19, 2007 for the purpose of the construction and operation of an indoor sports facility for basketball, volleyball, indoor track, and other sports-related uses (the "Facility");

**WHEREAS**, the Facility is primarily operated by the Boo Williams Summer League, Ltd. (the "Summer League"), a non-profit amateur sports organization designed to provide young athletes with a forum to develop and display their basketball skills and talents through Amateur Athletic Union ("AAU") tournaments and other means under the direction of Marcellus S. "Boo" Williams, Jr. ("Williams"), an individual who lives and grew up in the City of Hampton ("City") and is a prominent athlete, coach, and youth sports advocate;

**WHEREAS**, the BWS LLC financed the construction of the Facility with a 10-year loan commitment that matures in October, 2017 and the BWS LLC members would now like to sell the Facility to the EDA;

**WHEREAS**, Williams and the Summer League desires to continue to operate the Facility;

**WHEREAS**, the City receives economic and community benefits from the operation of the Facility, including, but not limited to, an estimated \$9.3 million a year in direct spending, 25,600 hotel

nights booked annually;

**WHEREAS**, the City, through its Parks, Recreation & Leisure Services Department, Hampton City Schools ("Schools"), and the City's citizens use the Facility for certain athletic purposes,

**WHEREAS**, the Facility is also the home of the City's Athletic Hall of Fame of the Lower Virginia Peninsula;

**WHEREAS**, on September 13, 2017, the City Council of the City of Hampton, Virginia approved and authorized the issuance of general obligation bond anticipation notes of the City in a maximum principal amount of \$9,250,000 to provide funding to be used by the EDA for the purchase of the Facility; and

**WHEREAS**, pursuant to a cooperation agreement, the terms of which shall be subject to City Council approval, the City shall provide funding to the EDA for the purpose of purchasing and maintaining the Facility.

**NOW, THEREFORE BE IT RESOLVED** by the City Council of the City of Hampton Virginia, as follows:

1. That it approves the terms of the Cooperation Agreement attached hereto;
2. That the City Manager or her Authorized Designee are hereby authorized to execute and deliver to the Economic Development Authority of the City of Hampton, Virginia the Cooperation Agreement in substantially the same form as attached hereto; and
3. That the City Manager or her Authorized Designee are further authorized to execute and deliver to the Economic Development Authority of the City of Hampton, Virginia any and all other documents necessary to effectuate the transactions contemplated by this resolution, including, but not limited to, use agreements for the City, Schools, and citizens continued use of the Facility.