

Summary of Matter and Facts
Regarding Rawhide Baseball and the City of Visalia*
January 6, 2024

In an effort to provide the public with an accurate statement of the circumstances surrounding a lease it entered into with a private business to use the public ballpark, the City is providing this information. While it was previously shared that the City would not be providing any additional comment given that mediation** is confidential, and both parties have legal options in this matter, it's been made clear that it is in the public interest to share facts pertaining to this matter.

It is important to emphasize the City has always supported baseball in Visalia financially, and in spirit, and continues to do so. The Rawhide pay \$1 a year for the lease to use the ballpark. The City provides \$300,000 annually in subsidy (improvements and operational costs) and provides major maintenance per the contract. Since 2003, the City of Visalia has invested over \$15 million in capital improvements to the stadium. These improvements have included, but are not limited to, club house remodel, field and grandstand improvements, lighting and video scoreboard.

Since the ruling on December 22, 2023, the City has twice requested that First Pitch Entertainment, LLC join with the City in mediation discussions. Those requests have both been rejected. The issue here concerns whether Major League Baseball, who took over Minor League Baseball after the lease was entered into, has the right to dictate how much taxpayer money will be spent on the public ballpark to the benefit of a private, for profit business. A recent court ruling has confirmed the City's position that the City did not give up its fiscal responsibility as custodians of public funds to determine the amount of money to be spent on the ballpark.

It seems that Major League Baseball has put the owners of First Pitch Entertainment, and the City of Visalia, in a very difficult, unfortunate, and expensive situation. Major League Baseball contacted the City on January 4, 2024 about discussing the situation. Due to the current legal process, and the fact that First Pitch has a contract with MLB and the City does not, the City believes the most appropriate way for MLB to participate in finding solutions is with all the parties present in mediation.

On January 5, the City informed the Major League Baseball representatives that their participation would be welcome if and when First Pitch accepts the City's invitation to return to mediation.

Included in the following pages are details noting specifics pertaining to the matter.

Rawhide Baseball

The Rawhide is owned by First Pitch Entertainment, LLC which is a private, for-profit company owned by Sam and Elliott Sigal.

Lease of Stadium “Ballpark”

The company First Pitch Entertainment, LLC has a contract (Lease) with The City of Visalia to lease the Recreation Park Stadium. After entering into the Lease FPE sold the naming rights and renamed the ballpark as Valley Strong Stadium. The Rawhide pay \$1 a year for the lease. The City provides \$300,000 annually in subsidy (improvements and operational costs) and provides major maintenance per the contract. ([For a copy of the lease, click here.](#) [For a copy of the lease attachments, click here](#)).

Major League Baseball

In early 2021, Major League Baseball (MLB) took over Minor League Baseball as the governing body of the league. This takeover resulted in a significant change in the governing body for the Rawhide. MLB required Minor League teams to enter into a Professional Development License Agreement (PDLA) which obligates the Rawhide to comply with the guidelines set forth in the PDLA. The Rawhide executed the agreement on February 12, 2021. The City is not part of this agreement, and was not aware of the specifics included in the agreement prior to it being signed by the First Pitch Entertainment owners.

On June 4, 2021, a First Pitch representative presented to City staff a design for stadium improvements that would meet MLB’s new standards. At the time, First Pitch and their architect estimated that the cost of their proposed improvements was \$10 million. In this meeting, the First Pitch representative indicated that he believed the lease contract required the City to pay for any and all improvements now being required by Major League Baseball or as may be required by MLB in the future.

City Provides Response

The City provided a letter to the First Pitch owners. In this letter the City clearly explained the language of the Lease referred to improvements as specified by Minor League Baseball’s rule 58, and limited the City’s contributions for improvements to \$200,000 a year. The City is also responsible for major maintenance as defined in the lease.

Previous Improvements

Since 2003, the City of Visalia has invested over \$15 million in capital improvements to the stadium. These have included, but are not limited to:

- 2003: Canopies, Seating, Fencing, Party Deck (\$0.73 million)
- 2008: Club House Remodel (\$1.55 million)
- 2010: Right Field and Grandstand Improvement (\$11.4 million)
- 2011: Bullpen Family Deck and Batting Cage Upgrade (\$0.15 million)
- 2015: Energy Retrofit (\$0.02 million)
- 2016: Stadium Lighting Project (\$0.57 million)
- 2021: Video Scoreboard (\$0.6 million)

On-Going Funding

The City also has an obligation to fund \$200,000 annually for capital projects to improve fan experience. Of the \$2 million that is due over the 10 year life of the contract, \$1.4 million is still available. This is the \$200,000 that the City believes is the maximum amount that the Council agreed to provide for improvements, in addition to the defined major maintenance, to the stadium including any future MLB Standard changes.

The City must also provide \$100,000 annually to fund facility operations. Annually this money is used for utility and other expenses First Pitch Entertainment incurs as defined in the contract. This is worth \$1 million over the life of the contract, and the City must also conduct any major maintenance per the contract. This includes roof, major elevator repairs, HVAC, refrigeration systems, security systems, fencing and any other items that cost over \$2,500 to repair. This amount will vary, the City has spent over \$169,000 since 2019.

Funding Source

The City's costs for the subsidy and stadium improvements comes from the City's General Fund, which also funds police, fire, parks and other essential services.

City's Effort to Negotiate a Resolution

In an effort to resolve the issues MLB created, the City and First Pitch agreed to significant, structured negotiations that resulted in the creation of a group to look into practical solutions. That also resulted in the establishment of direct review of the negotiations by the City Council and City management.

Working Group

First Pitch Entertainment and the City of Visalia agreed to form a Working Group that would develop a renovation plan that would meet the requirements of MLB. Both City staff and representatives of the team participated in 11 joint meetings between March 2, 2022 and May 23, 2022. They believed that the cost of the needed improvements could be as low as \$5.7 million or up to \$7.1 million (based on costs 18-months ago).

Policy Group

The Policy Group, comprised of the First Pitch Entertainment, LLC owners and two members of the City Council (Poochigian and Collins) met on July 13, 2022. The City proposed an option for funding the Working Group's proposed improvements that provided \$3.6 million in advancement of the capital project money and direct payment for improvements as well as facility fees to provide reimbursement to the company for the remainder of the improvements. The City also wanted a commitment that no further improvements would be required for the term of the lease (through 2030).

On July 25, 2022, the offer was rejected by First Pitch in a letter which also requested mediation. FPE's owners demanded that City agree the Lease required the City to use taxpayer money to spend on whatever improvements were demanded by MLB (per First Pitch "cross-complaint).

Mediation

The First Pitch owners and representatives of the City held mediation sessions with two different mediators in November, 2022 and in September, 2023. There was also a settlement conference on September 1, 2023. None of these sessions resulted in a resolution that was satisfactory to both parties.

Complaint for Declaratory Relief

Given the importance of these issues, the City of Visalia filed a lawsuit with the Tulare County Superior Court for Declaratory Relief. This was in an effort to have the Judge make a legal determination on the lease contract wording. This action was a request for a legal interpretation. ([For a copy of the Complaint of Declaratory Relief, click here](#))

Counter Complaint for Declaratory Relief

First Pitch Entertainment, LLC also filed a complaint (cross-complaint) for Declaratory Relief. As with the City's complaint, this is also a lawsuit, that is a request for a legal interpretation. ([For a copy of the counter complaint, click here](#))

Court Determination

Only after extensive effort to negotiate a resolution of this dispute with a professional mediator did the case go to trial. Judge David Mathias issued an extensive, well-reasoned, well-cited ruling on Friday, December 22, 2023. After considering the evidence, including the testimony of both Sam and Elliott Sigal, Judge Mathias declined to issue declaratory relief on either parties' complaint and judgement was entered against both the City and First Pitch on the complaint and cross-complaint. His ruling ([For a copy of the Court Determination, click here](#)) also noted *"the negotiating parties, to include the City, First Pitch or ToT (Top of the Third, the previous owner) did not seem to anticipate a change in the Governing body of Minor League Baseball or the resulting required Stadium improvements at any time prior to the subject lease being signed. Likewise, no evidence was presented that either party contemplated at the time the subject lease was signed an unlimited (non-capped) monetary expenditure for Rawhide Stadium Improvements or renovations such as those at issue in this case."*

Closing Statement

The City of Visalia remains committed to working with the owners of First Pitch Entertainment, LLC, with an experienced mediator, towards a negotiated settlement, consistent with the best interests of all of the people of Visalia.

Mayor Brian Poochigian notes, "The Visalia City Council values having the Rawhide as part of our community. This dispute has never been about whether the City supports baseball in Visalia. The issue here was simply whether Major League Baseball could demand an open checkbook requiring the taxpayers of Visalia to pay whatever amount of money to do whatever MLB wants done to the City's ballpark."

Following the recent court decision, the City immediately reached out to First Pitch Entertainment, the private owners of the team, and offered to reengage in mediation with the company; however, their legal Counsel rejected these offers on behalf of the owners.

While we understand that there is a lot of discussion and concern with some in the community, given that this could still be a legal matter, the City of Visalia believes that it will be most productive to have the mediation discussions occur between the company that owns the Rawhide and the City.

**Please note, this Summary does not include all key meetings and communications undertaken over the last three years. It is intended to provide a information and key facts regarding Rawhide Baseball and the City of Visalia.*

***Mediation, dispute resolution method with a neutral, third party that helps parties find a solution to issues in conflict.*

For a digital version of this Summary, visit www.visalia.city/summary.