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September 4, 2019

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VIA U.S. MAIL AND EMAIL

Jim Schaad
Assistant City Manager
Office of the City Manager
City Hall
2600 Fresno Street
Fresno, CA 93721-3600

Re: Granite Park Ground Lease and Service Agreement Contracts

Dear Mr. Schaad:

As you know, Coleman & Horowitz, LLP represents the Central Valley Community Sports Foundation ("CVCSF"). The foundation's president, Terance Frasier, has provided to me copies of your two letters, dated August 29, 2019, which individually address the replacement of certain lamps for field lighting at Granite Park and the overall status of the existing ground lease and service agreement for Granite Park. Each letter is addressed herein.

The letter addressing the issue of the replacement lamps is in the form of a letter agreement providing for the City of Fresno to have professionally removed and replaced 44 lamps at a cost not to exceed \$6,534.00. The letter also provides for CVCSF to reimburse the City of Fresno for the "full amount expended by the City for lamp replacement" out of future funds scheduled to be paid to CVCSF from either the pending digital billboard contract revenues yet to be received or from the annual service agreement payment due from the City in or about February 3, 2020, whichever occurs earlier. CVCSF is agreeable to the lamp replacement and payment reimbursement subject to a couple of minor changes to the letter agreement. First, the letter agreement needs to include a date by which the lamp replacement will be completed. Second, the last sentence of the letter agreement needs to more clearly state that the full amount expended by the City for lamp replacement to be deducted is limited to \$6,534.00, or the actual cost, whichever is less. With those two changes, Mr. Frasier is ready to sign the letter agreement so the work can be performed.



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The second letter addresses more comprehensively, the ground lease and service agreement, but also references certain matters discussed at a meeting on June 6, 2019, which I did not attend. Hence, I am taking at face value your statements that Mr. Frazier agreed to provide certain information and/or responses as outlined in the bullet points on page two of your letter. Also included in your letter are references to the insurance documentation required by the ground lease and an outstanding balance due for water service.

Your letter is not clear as to what financial records were to be made available at the end of June 2019, except for a reference to "ledger and backup documentation." While I have admitted that I was not in attendance at the June 6th meeting, the request for financial records raises a proverbial red flag based primarily on the now infamous, and audit performed by the City and error-filled draft audit report prematurely released to the public in early 2019. So, I am compelled to ask for clarification as to exactly what you want in terms of financial records, ledgers and backup documentation. What time periods are you expecting these records to cover? The CVCSF bookkeeping staff and its accountant are currently busy working on closing out the records for the period of January through June 2019. If those are the records you seek, they will not be ready for a few more weeks. If you seek records from other time periods, we need to know more precisely what it is you seek in order to ensure that CVCSF is providing what is required under the terms of the ground lease and service agreement.

The transfer of Granite Park interests to which you refer appears to misstate the intent of CVCSF. That intent is to transfer the Granite Park ground lease and service agreement to the Central California Baseball Academy, which is an active non-profit and current with the California Secretary of State. Mr. Frazier has obtained tentative approval from the CDFI Clearinghouse, which is the primary lender for the improvements made to the Granite Park facility. He is meeting with the CDFI Clearinghouse officials later this week to finalize those plans and to obtain the specifics for what will be required in terms of documentation from CVCSF. We should be able to provide additional information to you regarding that process in a few days.

You have requested feedback on the City's list of proposed changes to the ground lease and service agreement. The impetus for these changes appears to have arisen within the context of the prior request from CVCSF for additional funding assistance under the terms of the service agreement and resultant City audit referenced above. While the funding request has been withdrawn, the fallout from the premature release of the error-filled draft audit report continues to plague CVCSF, Mr. Frazier personally, and the overall operations of the Granite Park facility. Hence, it should not be hard for you to understand that CVCSF has not been eager to renegotiate anything with regard to the ground lease or service agreement in light of the significant economic harm caused by the premature release of the City's draft audit report. In addition, CVCSF is not convinced that the

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wholesale changes the City wants to make to the ground lease are in CVCSF's best interests. With that background in mind, CVCSF will provide responses to the City's list of proposed agreement changes to the agreements. Those responses will be provided within 30 days.

Your letter also addresses the issue of insurance coverage required under the terms of the service agreement. Mr. Frazier has provided to me copies of email communications between City representative (Heather Haupt) and the CVCSF insurance broker (Lindsay Rhoden). For the time being, I am going to assume that these two insurance professionals can deal with the issues and get them worked out. If more direct involvement is required, we can jump in later.

Your last issue has to do with a water bill. CVCSF would like to discuss a long-term plan for dealing with water usage at Granite Park, and appreciates your willingness to discuss options. Thank you for that consideration. CVCSF long ago paid for the installation of its "purple pipe" connection point to accommodate the City's planned recycled irrigation water as described in the ground lease. However, that City project has never come to pass, which has resulted in extremely high costs for irrigation water for Granite Park. Are there other projects or recreation facilities where the City is paying for all or part of the water needed for irrigation? Please let us know when you are available to meet and discuss this issue.

As a final point, we would like to suggest that the parties consider having a mediator involved in the discussions regarding these issues. Having attended at least one of the prior meetings earlier this year, I can attest to the tensions between the parties that I encountered during the meeting. Those tensions can often be a barrier to resolving disputes. A trained mediator can help bridge the differences between the parties. Please let us know if the City has any interest in such a process.

Very truly yours,

COLEMAN & HOROWITT, LLP

DAVID J. WEILAND

DJW/krl

cc: Terance Frazier