

Lease Overview

PFD Objectives:

1. Keep the Club in Seattle for an extended term.
2. Safeguard the public’s investment in the ballpark by ensuring it is maintained and improved consistent with the top 1/3 of all MLB ballparks
3. Require the Club to be responsible for operating, maintaining and improving the ballpark according to established standards, in exchange for retaining revenues from ballpark operations.
4. Enhance community benefits associated with the ballpark’s operations, maintenance and improvement.

Lease Summary

REFERENCE	TOPIC	KEY PROVISIONS
Basic Lease Terms		
§§2.2, 2.3	Term	<ul style="list-style-type: none"> • 25 years (expires 12/31/43) • Two (3)-year renewal options, Club must give 2-year advance notice of renewal
§§5.1.1, 5.1.2	Rent	<ul style="list-style-type: none"> • \$1.5 million, escalated annually by CPI • Paid in two installments, March 1st and August 1st. • Deposited into PFD Operating Account
§5.1.3	Rent waterfall	<p>From Basic Rent, PFD pays in order, as funds are available:</p> <p>1) PFD operating expenses, including Waterfront LID Assessment; <u>then</u></p> <p>2) \$250,000, escalated annually by CPI, to CapEx Fund; <u>then</u></p> <p>3) at PFD’s discretion: to the Operating Reserve Fund (balance capped at \$3 million, adjusted by CPI), <u>or</u> to CapEx Fund, <u>or</u> to the Ballpark Neighborhood Improvement Fund</p>
§5.2.2	Annual Revenue Sharing	<ul style="list-style-type: none"> • 1.5% of first \$100 million, escalated annually by CPI, in revenues subject to the Admissions Tax • 2% of all amounts above that amount • PFD contributes all revenue sharing to CapEx Fund
Operations and Maintenance		
§§3.2.1, 3.2.3	Club’s Operations Obligations and Standard	<ul style="list-style-type: none"> • Club is exclusively responsible for performing all Operations consistent with the Operating Standard, at the Club’s sole cost and expense.

REFERENCE	TOPIC	KEY PROVISIONS
		<ul style="list-style-type: none"> Operating Standard requires Club to operate the ballpark as a first-class facility, consistent with other top tier ballparks.
§§3.2.2, 3.2.3	Club's Maintenance Obligations and Performance Standard	<ul style="list-style-type: none"> Club is solely responsible for maintaining the ballpark consistent with the Applicable Standard, at its sole cost and expense. Applicable Standard requires ballpark to be maintained consistent with the majority of the top 1/3 of all MLB ballparks (the "Reference Ballparks").
CapEx		
§§7.1, 7.2	Club's CapEx Obligations	<ul style="list-style-type: none"> Club is solely responsible for performing all CapEx Work required to meet the Applicable Standard, regardless of the sufficiency of available funds in the CapEx Fund. Applicable Standard requires the ballpark to be improved/ upgraded consistent with the majority of the top 1/3 of all MLB ballparks and provides only limited carve-outs if certain improvements or upgrades are physically impossible to implement.
§7.3	CapEx Funding	<ul style="list-style-type: none"> PFD contributes up to \$250,000, escalated annually by CPI King County contributes in accordance with separate Funding Agreement entered into with PFD Club contributes \$3.25 million, escalated annually by CPI Club must first contribute naming rights revenues to cover any shortfalls in a given Lease Year Club responsible for all CapEx Funding other than the above commitments.
Club Operations, Maintenance and CapEx Planning Obligations and PFD Oversight		
§§6.1.1, 6.2, 6.3	Operations Plan	<ul style="list-style-type: none"> Club must submit an operations plan annually on Sept. 1 PFD reviews and comments within 60 days Operations Plan is evaluated against the Operating Standard
§§6.1.2, 6.2, 6.3	Ballpark Management Plan – Maintenance Plan	<ul style="list-style-type: none"> Club must submit a maintenance plan annually on Sept. 1 PFD reviews and approves within 60 days (90 days in years when new Reference Ballparks are determined and when a new Facility Assessment is conducted)

REFERENCE	TOPIC	KEY PROVISIONS
§§6.1.2, 6.2, 6.3	Ballpark Management Plan – CapEx Plan	<ul style="list-style-type: none"> • Evaluated against the Applicable Standard • Club must submit an initial CapEx plan on May 1 that includes CapEx Work planned for the following year as well as a 10-year rolling CapEx plan • PFD reviews and gives provisional approval within 60 days (90 days in years when new Reference Ballparks are determined and when a new Facility Assessment is conducted) • CapEx Plan is evaluated against the Applicable Standard • Club submits a final CapEx plan on Sept. 1; PFD has 60 days to review and approve (90 days in years when new Reference Ballparks are determined and when a new Facility Assessment is conducted) a complete submission (including any drawings and plans) • Rolling 10-year CapEx plans draw from the B&D Report facility assessment and from new Facility Assessments conducted at least every 10 years during the Term, to help guide planning for necessary improvements and upgrades to the ballpark.
Community Benefits		
§§15.1, 15.2	Community Use, Affordability	<ul style="list-style-type: none"> • Club is required to make the ballpark available for certain non-baseball uses • Club must provide a certain number of discounted tickets: at least 5% of the seats offered for sale available at a price no more than 50% of the average ticket price of all paid admissions during the last season, and at least 30% of all seats available for purchase outside of full or partial season ticket plans
§§15.3, 15.6	WMBE, Labor Harmony, Prevailing Wages	<ul style="list-style-type: none"> • Club must require contractors to establish and make efforts to achieve inclusionary goals • Labor agreements and prevailing wage rates are required for CapEx Work funded either in whole or in part with contributions from the PFD and County
§15.4	Ballpark Neighborhood Improvement Fund	<ul style="list-style-type: none"> • Initially funded with \$2 million from surplus funds transferred at end of 2018 and funds from 2018 profit sharing distribution under original lease • Ongoing PFD contributions from Rent, in PFD’s sole discretion • PFD consults with Club on use of funds, but retains sole discretion over project spending

REFERENCE	TOPIC	KEY PROVISIONS
Summary of PFD Responsibilities		
§§7.3.5, 7.3.6, 6.1, 6.2, 8.1, 14.2, 6.5, 6.7	CapEx Contributions and Oversight	<ul style="list-style-type: none"> • Make required PFD contributions to CapEx Fund • Reimburse the Club for County Eligible CapEx Work from the County Tax Revenues Fund • Conduct oversight: <ul style="list-style-type: none"> ○ Review and comment on Operations Plan ○ Review and approve Ballpark Management Plan; review and comment on operations plan ○ Perform inspections of facility for consistency with Operations Plan and Operating Standard, and Ballpark Management Plan and Applicable Standard ○ Audit financial records • Update Reference Ballparks every 5 years • Conduct Facility Assessment at least every 10 years
Defaults and Remedies		
§19.1	Club Default	<ul style="list-style-type: none"> • Failure to adhere to Operating Standard or Applicable Standard • Failure to pay any amounts when due • Failure to perform any other Club obligation under the Agreement
§19.2	PFD Remedies	<ul style="list-style-type: none"> • Self-help • Terminate Club’s right to manage the ballpark • Specific performance and/or damages • Terminate the Agreement
§19.5	PFD Default	<ul style="list-style-type: none"> • Failure to fund CapEx Fund as required • Failure to reimburse Club from the County Tax Revenues Fund • Amending the Funding Agreement to the Club’s detriment • Failure to perform any other PFD obligation under the Agreement
§19.6	Club Remedies	<ul style="list-style-type: none"> • Club can sue for specific performance, damages • Club can sue the County in the PFD’s name if the County breaches the Funding Agreement

REFERENCE	TOPIC	KEY PROVISIONS
		<ul style="list-style-type: none"> Club is excused from performing CapEx Work to the extent the work would have been funded by a PFD CapEx contribution, the PFD's properly reimbursing the Club from the County Tax Revenues Fund, or funds available but for PFD's improper amendment of the Funding Agreement.

Key Dates

March 1	1 st Rent installment due
May 1	Club submits Initial CapEx Plan to PFD
May 1-June 30*	PFD provisional review/ approval of Initial CapEx Plan
August 1	2 nd Rent installment due
Sept. 1	Club submits Operations Plan, Ballpark Management Plan (comprising Maintenance Plan, CapEx Plan)
Sept. 1-Oct. 31*	PFD review/approval of Ballpark Management Plan PFD review/comment on Operations Plan
Every 5 years, starting in 2025	Determine Reference Ballparks
Within first 10 years, starting in 2019, and at least every 10 years thereafter	Conduct a new Facility Assessment

*90 days for PFD review/approval in years when new Reference Ballparks are determined and when new Facility Assessments are conducted; clock on review of CapEx Plan does not start until PFD receives a complete submission, including plans and drawings as requested

NRA Summary

REFERENCE	TOPIC	KEY PROVISIONS
§2.1	Non-Relocation Covenants – General	Club entity must remain in good standing; must maintain its headquarters in Seattle or King County; must include “Seattle” or “Washington” in the team’s name
§2.2	Non-Relocation Covenants – Home Games	<ul style="list-style-type: none"> Team must play at least 90% of its home games at the ballpark May play at an alternate site if the ballpark isn’t available due to Force Majeure event, etc.
§2.3	Non-Relocation Covenants – Non-Relocation	Can’t relocate the team or play home games elsewhere without PFD’s consent
§3.1	Transfer	<ul style="list-style-type: none"> Any transfer of the Club is subject to the Non-Relocation Agreement

REFERENCE	TOPIC	KEY PROVISIONS
§4.1	PFD Remedies for Default	<ul style="list-style-type: none">• PFD may seek injunctive relief to prevent an action (e.g. relocation) or compel an action (e.g. force team to play at the ballpark)• Club must pay PFD liquidated damages if injunctive relief is not available.