

**AGREEMENT BETWEEN KING COUNTY AND THE
WASHINGTON STATE MAJOR LEAGUE BASEBALL STADIUM
PUBLIC FACILITIES DISTRICT**

This Agreement (the “Agreement”) is made and entered into this ___ day of _____, 2018, by and between King County (the “County”) and the Washington State Major League Baseball Stadium Public Facilities District (the “District”), collectively referred to as the “Parties.”

STATEMENT OF FACTS

The Washington State Major League Baseball Stadium Public Facilities District, established pursuant to RCW 36.100 and King County Ordinance 12000, successfully developed a Major League Baseball ballpark in the City of Seattle (the “Ballpark”) and entered into a lease with The Baseball Club of Seattle, L.L.L.P. (the “Club”) which has provided Major League Baseball to the citizens of the County and visitors to the ballpark.

The existing lease with the Club expires at the end of 2018, and the District and the Club have agreed on the terms for a new long-term lease (the “Lease”). Those terms will perpetuate Major League Baseball in Seattle for at least 25 more years and provide for significant investment in the publicly owned Ballpark over the Lease term to assure that it will remain an attractive and competitive venue for Major League Baseball and for fans.

The Lease terms are reflected in a Term Sheet signed by both the District and the Club. The Club has confirmed that the Club’s agreement to a binding Lease consistent with the Term Sheet is contingent upon the County allocating a portion of available proceeds from its lodging tax authorized pursuant to RCW 67.28.180 in an amount acceptable to the Club.

While the District takes no position on an allocation of the lodging tax revenue out of respect for the County’s decision-making process, the Term Sheet provides that the District will accept an allocation of such funds were the County to provide it.

The County Council, the County Executive concurring, enacted its Ordinance _____ approving and authorizing the County Executive to sign this Agreement between the County and the District providing for the transfer of such funding to the District and specifying the manner in which such funding must be used by the District.

NOW, THEREFORE, in consideration of the promises, covenants and consideration set forth herein, the County and the District hereby agree, as follows.

AGREEMENT

1. Provision of Funds by the County.

Pursuant to the terms and conditions forth in this Agreement, if the District and the Club have executed a Lease consistent with the Term Sheet, the County agrees that it will annually transfer County lodging tax proceeds to the District in amounts representing 60 percent of the share of County lodging tax proceeds available pursuant to RCW 67.28.180(3)(d)(iii) that were otherwise unallocated as of August 1, 2018, reduced each year by the amounts provided in Exhibit A (“Annual Reductions”). Such annual transfers are estimated to be in the amounts set forth in Exhibit B (“Estimated Annual Transfers”) hereto. Such transfers shall commence in calendar year 2021 after final payment or defeasance of the CenturyLink Field and Exhibition Center bonds and continue at a comparable share of County lodging tax proceeds for the term of the Lease. The County will make such transfers on a quarterly basis in arrears, unless the Parties approve by separate agreement for the transfer of advances of amounts against which subsequent lodging tax receipts will be credited.

The County’s obligation to make such transfers of lodging tax receipts shall continue for the term of the Lease as it may be extended in accordance with its terms; provided, that the County may cease to make such transfers in the event that: (1) the Club no longer provides a Major League Baseball team at the Ballpark and the Parties agree, after good faith consultation, that continued investment in the Ballpark is neither necessary nor useful to attract a new team to the region; or (2) the use of the Ballpark is terminated or interrupted due to a catastrophic event and the Parties agree, after good faith consultation, that continued transfers are not necessary unless and until plans for its replacement and/or continued use as a venue for Major League Baseball have been approved by the District and the County. The District shall provide notice to the County if events have occurred which could give rise to such cessation of transfers.

2. Expenditure of Funds.

The District shall use, or cause to be used, the funds transferred by the County in accordance with Section 1 solely to provide a portion of the funding, in addition to the other available funds identified in the Lease, for major capital improvements to the basic infrastructure of the Ballpark including replacements and major repairs as determined by the District in a manner consistent with the Lease and RCW 67.28.180. Such infrastructure includes basic building systems, such as plumbing, electrical and HVAC, as well as building structural elements and essential building components, such as the retractable roof and its support system and other uses related to the basic functioning of the Ballpark, but does not include expenditures related to baseball operations or facility upgrades with direct revenue generation potential, such as suites, restaurants, or so-called Club spaces. Funds transferred by the County under this Agreement shall not be used for operation or routine maintenance of the Ballpark.

The District shall retain the County lodging tax proceeds transferred from the County separate and apart from other funds in its possession and shall not comingle such amounts with other funds of the District. The amounts received pursuant to this Agreement shall be deposited in and accounted for in a separate fund of the District (and not the Capital Expenditure Fund of the District

established under the Lease). County lodging tax proceeds must be applied only for eligible major repairs and basic capital replacements and improvements identified in the annual Management Plans (“Plan” or “Plans”) developed by the Club and approved by the District as provided in the Lease. Such Plans shall specifically identify expenditures for which County lodging tax proceeds may be used consistent with the requirements of this Agreement and RCW 67.28.180.

Annually and prior to allocating County lodging tax proceeds for any Ballpark improvements, the District shall inform the County of any proposed improvements in the current Plan for which it has determined it may apply County lodging tax proceeds consistent with the requirements of this Agreement. The District also shall annually report to the County on its application of County lodging tax proceeds as reflected in the Plans and as previously reported to the County. Such reports shall include information regarding the status of the work funded in whole or in part by County lodging tax proceeds.

3. Amendments.

The Agreement may be amended at any time by mutual written agreement of the Parties.

4. Entire Agreement.

This Agreement is the complete expression of the terms hereto and any oral representations or understandings not incorporated here are excluded.

5. Administration.

All tasks and services undertaken pursuant to this Agreement shall be administered on behalf of the County by its Budget Director, who will represent the County in administering tasks covered by the Agreement, and on behalf of the District by the District Executive Director who will represent the District in administering tasks covered by the Agreement.

Any problem that cannot be resolved by the County’s Budget Director and the District’s Executive Director shall be referred to the Chair of the District Board and the County Executive, who may resolve the issue with or without using the dispute resolution provisions of Section 7 of this Agreement.

6. Establishment and Maintenance of Records.

Each Party shall maintain records which accurately reflect all actions taken pursuant to this Agreement.

7. Dispute Resolution.

The parties shall use good faith efforts to resolve all claims, disputes and other matters in question between the Parties arising out of or relating to this Agreement, through nonbinding arbitration or mediation. If the Parties cannot resolve their dispute pursuant to nonbinding arbitration or mediation as aforementioned, jurisdiction and venue for resolving any dispute arising out of or in

in connection with this Agreement shall be in the Superior Court for the State of Washington in King County.

8. Assignment.

Neither Party shall assign this Agreement without the written consent of the other. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their successors and permitted assigns.

9. Governing Law.

This Agreement shall be governed by the internal laws of the State of Washington.

10. Severability.

If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable, the remaining terms and provision unaffected thereby shall remain in full force and effect.

11. Third Party Beneficiaries.

This Agreement is solely for the benefit of the District and the County, and no other person may acquire or have any right hereunder by virtue hereof.

In witness whereof, the Parties hereto have accepted this Agreement.

KING COUNTY

WASHINGTON STATE MAJOR LEAGUE
BASEBALL STADIUM PUBLIC
FACILITIES DISTRICT

By _____
Dow Constantine, County Executive

By _____
Virginia Anderson, Board Chair

Date

Date

Approved as to form:

Approved as to form:

King County Prosecuting Attorney

Thomas Eli Backer, PFD Attorney

Date

Date

EXHIBIT A
ANNUAL REDUCTIONS

Year	Reduction Amounts
2021	2,228,700
2022	2,229,300
2023	2,228,800
2024	2,229,050
2025	2,229,800
2026	2,230,800
2027	2,232,600
2028	2,231,000
2029	2,231,000
2030	2,232,400
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	
2040	
2041	
2042	
2043	
TOTAL	22,303,450

EXHIBIT B¹
ESTIMATED ANNUAL TRANSFERS

Year	Total Lodging Tax Revenue Forecast	25% Share for Tourism Purposes	Reduction Amounts²	Net Revenue Available	Estimated Annual Transfers³
2021	38,399,224	9,599,806	2,228,700	7,371,106	4,422,664
2022	39,508,954	9,877,239	2,229,300	7,647,939	4,588,763
2023	40,473,046	10,118,262	2,228,800	7,889,462	4,733,677
2024	42,105,816	10,526,454	2,229,050	8,297,404	4,978,442
2025	43,311,650	10,827,913	2,229,800	8,598,113	5,158,868
2026	45,082,235	11,270,559	2,230,800	9,039,759	5,423,855
2027	46,689,652	11,672,413	2,232,600	9,439,813	5,663,888
2028	48,370,479	12,092,620	2,231,000	9,861,620	5,916,972
2029	50,111,817	12,527,954	2,231,000	10,296,954	6,178,173
2030	51,915,842	12,978,961	2,232,400	10,746,561	6,447,936
2031	53,784,812	13,446,203		13,446,203	8,067,722
2032	55,721,066	13,930,266		13,930,266	8,358,160
2033	57,727,024	14,431,756		14,431,756	8,659,054
2034	59,805,197	14,951,299		14,951,299	8,970,780
2035	61,958,184	15,489,546		15,489,546	9,293,728
2036	64,188,679	16,047,170		16,047,170	9,628,302
2037	66,499,471	16,624,868		16,624,868	9,974,921
2038	68,893,452	17,223,363		17,223,363	10,334,018
2039	71,373,616	17,843,404		17,843,404	10,706,042
2040	73,943,066	18,485,767		18,485,767	11,091,460
2041	76,605,017	19,151,254		19,151,254	11,490,753
2042	79,362,797	19,840,699		19,840,699	11,904,420
2043	82,219,858	20,554,965		20,554,965	12,332,979
TOTAL	1,318,050,956	329,512,739	22,303,450	307,209,289	184,325,573

¹ Revenue

² From Exhibit A

³ 60% of Net, to be Transferred to PFD