RESOLUTION NO. __

A RESOLUTION of the Board of Directors of the Washington State Major League Baseball Stadium Public Facilities District authorizing execution of a Term Sheet with the Baseball Club of Seattle, L.L.L.P. for the long-term lease of the Ballpark currently known as “SAFECO FIELD”.

WHEREAS, pursuant to Chapter 36.100 RCW, as amended, the Washington State Major League Baseball Stadium Public Facilities District (the “District”), has been created by action of Washington State Legislature and by the King County Council (Ordinance 12000); and

WHEREAS, the District possesses all the powers of a public facilities district, including the power to acquire, own, sell, transfer, or lease property as well as the usual powers of a corporation for public purposes (RCW 36.100.010, .035 and .160); and

WHEREAS, in 1995 the District was created as an independent public authority to oversee the site selection, design, construction, and operation of a Major League Baseball stadium with natural turf and a retractable roof or canopy together with associated parking facilities in King County, Washington (the “Ballpark”); and

WHEREAS, in 1996 the Baseball Club of Seattle, L.L.L.P. (the “Club”), signed a development agreement and a 20-year lease with the District addressing the construction, use, and operation of the Ballpark (the “Lease”), under which the Club ultimately invested more than $145 million for the Ballpark’s construction; and

WHEREAS, King County donated the land required for the construction of the Ballpark and issued $336 million in bonds for construction financing, debt service for which was paid from a variety of public tax sources and ballpark-generated revenue; and

WHEREAS, other public contributions totaled $36 million for a total Ballpark construction cost of $517 million; and

WHEREAS, the Ballpark was constructed over a 27-month period and opened for play on July 15, 1999; and
WHEREAS, the County bonds for Ballpark construction were paid off in full in September 2011, more than five years ahead of schedule; and

WHEREAS, five of the taxes and fees imposed to pay off the County bonds sunsetting when the bonds were retired, while two user fees tied to Ballpark activities remain: a 5% user fee on Ballpark admissions and a 10% user fee on parking at the Ballpark garage; and

WHEREAS, those user fees continue to be collected by King County—the District’s treasurer—and remitted to the District to be used “exclusively to fund repair, reequipping, and capital improvements” of the Ballpark as mandated by State law, RCW 36.100.220 (3) and RCW 36.38.010 (4)(a); and

WHEREAS, under the existing Lease the Club is solely and exclusively responsible for all operating expenses, routine and preventative maintenance, with District participation in capital repairs and replacements in defined circumstances; and

WHEREAS, under the existing Lease the Club is also responsible for ensuring that the Ballpark is operated, maintained and equipped, in a manner consistent with the “Applicable Standard”; and

WHEREAS, the Applicable Standard under the existing Lease is defined as maintaining and operating the Ballpark in a “first class manner”, measured with reference to performance of the ballparks described below, and taking into account the age of the Ballpark and any special needs or limitations resulting from the Ballpark’s design and construction; and

WHEREAS, beginning in 2005, the District has evaluated the Club’s compliance with the Applicable Standard by measuring the Club’s operation and maintenance of the Ballpark against the performance of operators of other Major League Baseball (“MLB”) stadiums first opened for play between 1990 and 1999 (i.e., Tropicana Field, Tampa; Guaranteed Rate Field, Chicago; Camden Yards, Baltimore; Globe Life Park, Arlington; Progressive Field, Cleveland; Coors Field, Denver; Turner Field, Atlanta; Chase Field, Phoenix); and
WHEREAS, in each of those evaluations, conducted in 2005, 2008, 2012, and 2015, the Ballpark has come out on top, ranking the highest each time when compared against MLB venues of comparable age; and

WHEREAS, annual facility audits conducted by an experienced consulting team confirm that the Ballpark is well maintained by the Club; and

WHEREAS, the Ballpark continues to be recognized by both fans and players as one of the best ballparks in baseball, and more than 45 million fans have passed through the Ballpark gates since its opening; and

WHEREAS, the existing Lease between the District and the Club expires on December 31, 2018; and

WHEREAS, in the fall of 2015, the District began the process of evaluating the existing Lease and considering terms for a new long-term lease. To help guide the District through this process, the District retained the services of Barrett Sports Group (now part of CAA/ICON) and its founder Dan Barrett, a nationally recognized expert serving public agencies and teams in the sports industry; and

WHEREAS, over the course of the following two-and-a-half years, the District and its consultants explored various aspects of a new lease at Regular and Special meetings of the Board; and

WHEREAS, in the fall of 2015, the District and the Club partnered to engage the services of B&D Venues and Populous Architects to investigate the extent, cost, and timing of potential capital improvements that could reasonably be anticipated for the Ballpark over the next 20 years (through 2036); and

WHEREAS, B&D Venues and Populous directed an interdisciplinary team of experts in facility management, architecture, structural engineering, systems engineering, audio visual engineering/technology, food services, and other disciplines who visited and evaluated the Ballpark (the “Consulting Team”); and

WHEREAS, the Consulting Team completed a scope of work that included an on-site facility assessment of the Ballpark; development of a baseline improvements matrix; creation of an on-line survey; identification of potential necessary and upgrade improvements, with preliminary cost estimates for the necessary improvements; and an
economic benefits analysis that quantifies the economic and fiscal value of annual Ballpark operations over a 20-year period; and

WHEREAS, the Report defined “Necessary Improvements” as those improvements required to protect the building against physical obsolescence, and “Upgrade Improvements” as improvements required to protect the Ballpark against economic obsolescence, including investments designed to enhance the spectator experience, create additional revenue streams, or attract additional demographic groups to the Ballpark; and

WHEREAS, the District and the Club both accepted the findings of this Long-Term Capital Needs Assessment (the “Report”), which constitute the professional opinions of the Consulting Team based on the assumptions and conditions detailed in the Report; and

WHEREAS, in 2018 at the District’s request, B&D Venues extended the period for the assessment of the cost of Necessary Improvements in the Report from 20 years to 25 years (the “2018 Update”); and

WHEREAS, in order to maintain its position as one of the best ballparks in baseball, the Report and 2018 Update found that the estimated capital cost of Necessary Improvements extending the useful physical life of the Ballpark for a 25-year period (though 2043) would be $385 million. This estimate includes a 3% annual escalation factor and 15% contingency expense; and

WHEREAS, at the same time, the Club estimates that the capital cost of potential Upgrade Improvements to the Ballpark over the same period using the same assumptions could be an additional $160 million; and

WHEREAS, in the Spring of 2017, following an RFQ process and review of proposals, the District expanded the legal side of its lease negotiating team to include the Husch Blackwell firm from Denver, a national law firm with broad sports industry experience, and the Pacifica Law Group, a Seattle firm with significant local experience and knowledge, including direct involvement negotiating the existing Lease; and

WHEREAS, the current mission of the District is “to maintain and enhance our iconic baseball park in order to promote the success of Major League Baseball in the State
of Washington, enhance fan enjoyment, and contribute to an economically successful, safe, desirable, innovative and walkable stadium neighborhood;” and

WHEREAS, over the course of the District’s meetings and discussions regarding the new lease, the Board developed a broad set of goals and objectives that guided the District’s negotiations; and

WHEREAS, as negotiations between representatives of the Club and the District commenced, the Board discussed in an open public meeting held on July 25, 2017, various factors in addition to cash rent that were relevant to and would impact the minimum value for which the Board would agree to a new lease; and

WHEREAS, the Club presented its initial lease proposal to the District in August 2017, and the negotiating teams for the District and the Club met periodically ever since and exchanged proposals for the terms that could be incorporated into a new lease; and

WHEREAS, the District has met with its negotiating team during regular and special meetings to evaluate the minimum acceptable value to lease the Ballpark, informed by its public discussions of factors other than cash rent impacting the minimum price, and to give direction and to ensure that the identified goals and objectives of the District are met; and

WHEREAS, the District and the Club have now reached agreement on the terms that each finds acceptable to form the basis for a new lease of the Ballpark (the “Term Sheet”), which is now ready for formal approval; and

WHEREAS, the Term Sheet addresses the long-term capital needs of the Ballpark and satisfies the goals and objectives established by the District, and it provides full benefit to the public for this publicly-owned facility; and

WHEREAS, the proposed action is categorically exempt from environmental review under the State Environmental Policy Act, WAC 197-11-800 (5)(c); and

WHEREAS, the Board has determined that the executing the Term Sheet is in the best interest of the District and the public it represents.
NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE WASHINGTON STATE MAJOR LEAGUE BASEBALL STADIUM PUBLIC
FACILITIES DISTRICT:

Section 1. The Term Sheet between the District and the Baseball Club of Seattle,
L.L.C. establishing terms for the long-term lease of the Ballpark currently known as
“SAFECO FIELD”, is approved.

Section 2. The Board Chair or Executive Director is hereby authorized to execute
the Term Sheet, substantially in the form attached hereto.

Section 3. The Executive Director is directed to work with the District’s legal
counsel and sports consultant to prepare definitive lease documents consistent with the
Term Sheet for Board review.

Section 4. The Executive Director is hereby authorized to take such administrative
or other actions as necessary to implement the provisions of this resolution.

PASSED by a vote of _____ to _____ this 23rd day of May 2018.

BOARD OF DIRECTORS
WASHINGTON STATE MAJOR LEAGUE BASEBALL STADIUM PUBLIC
FACILITIES DISTRICT

Virginia Anderson, Chair

ATTEST:

Jan Simons
Clerk