

LEASE SUMMARY

BASICS

TEAM: Seattle MARINERS

Team Owner: Nintendo Company Ltd.

Team Website: <http://seattle.mariners.mlb.com/>

FACILITY: Safeco Field

Facility Website: <http://mlb.com/sea/ballpark/>

Year Built: 1999

Ownership: Washington-King County Stadium Authority

TYPE OF FINANCING:

The Mariners contributed \$145 million, including \$100 million in cost overruns towards the financing of the stadium. The public's share was capped at \$372 million.

Washington State's contribution comprised of a .017% sales tax credit, proceeds from the sale of sports lottery scratch games (\$3 million/year guaranteed), and proceeds from the sale of commemorative ballpark license plates. King County contributed via a .5% sales tax on food and beverages in King County restaurants, taverns, and bars, a 2% sales tax on rental car rates in King County, and a 5% admission tax on events at the new ballpark.

Appendix 1, Sports Facility Reports, Vol. 12, <https://law.marquette.edu/assets/sports-law/pdf/sports-facility-reports/v12-mlb-2011.pdf>.

TITLE OF AGREEMENT:

Ballpark Operations and Lease Agreement between the Washington State Major League Baseball Stadium Public Facilities District and The Baseball Club of Seattle, L.P.

TERM OF AGREEMENT: 20 years, effective upon substantial completion of the stadium, and terminates on December 31, 2018. Each party may exercise 3 five-year maximum renewal options. –Section 2.2, pg. 12-14

PAYMENTS/EXPENSES

RENT:

Section 5.1.1 – Base Rent

A rent of \$700,000 is paid by the Club in each Lease Year, payable with equal installments on March 1st and August 1st of each year. After the first year, the Base Rent shall be adjusted according to CPI change from the previous lease year. –pgs. 23-24

Section 5.2 – Profit-Sharing

The Club also owes the District Profit-Sharing based upon Net Income and Cumulative Net Loss. If there is no Net Income, the Club does not owe the District any Profit-Sharing for the year. –pgs. 24-25

OPERATING EXPENSES:

Section 3.2 – Operations and Maintenance

The Club is solely and exclusively responsible for the Operations and Maintenance of the Leased Premises.

Examples of “Operations and Maintenance” include the following:

- a. Performing all preventive or routine maintenance;
- b. Regular maintenance procedures for all Ballpark systems, including the HVAC, electrical, plumbing and mechanical systems;
- c. Groundskeeping and routine maintenance of the surface of the playing field, including mowing, seeding, fertilizing, drainage system components, marking lines, installing and removing bases and the pitcher’s mound;
- d. Keeping all portions of the Leased Premises clean and free from debris;
- e. Touch-up or limited painting performed as routine or preventive maintenance;
- f. Ready the playing field for the upcoming Season;
- g. Maintaining 24-hour security of the Leased Premises; and
- h. Staffing the Leased Premises during events. –pgs. 15-16

CAPITAL IMPROVEMENTS

Section 7.1 – Major Maintenance and Capital Improvements

“The Club is solely and exclusively responsible for all Major Maintenance and Capital Improvements during the Operating Term, other than work that is part of initial construction.” –pg. 31

Section 7.2 – Capital Fund

Annual contributions are made by the Club to a Capital Fund for all Major Maintenance and Capital Improvements. Contributions are based on 5% of all gross ticket revenues. The fund amount is not to exceed \$5 M. –pgs. 33-35

MAINTENANCE

Section 3.2 – Operations and Maintenance

“The Club is solely and exclusively responsible for the Operations and Maintenance of the Leased Premises . . . during the Operating Term.” –pg. 15

“Examples of Operations and Maintenance shall include, but shall not be limited to, such items as:

- a. performing all preventive or routine maintenance . . . ;
- b. regular maintenance procedures for all Ballpark systems, including the HVAC, electrical, plumbing and mechanical systems;

- c. groundskeeping and routine maintenance of the surface of the playing field, including mowing, seeding, fertilizing, drainage system components, marking lines, installing and removing bases and the pitcher's mound;
- d. keeping all portions of the Leased Premises clean and free from debris;
- e. touch-up or limited painting performed as routine or preventive maintenance;
- f. readying the playing field for the upcoming Season;
- g. maintaining 24-hour security of the Leased Premises; and
- h. staffing the Leased Premises during events.” –pgs. 15-16

RETENTION

NON-RELOCATON / RETENTION CLAUSE:

Article 14.1 – Commitment to Play

“Commencing on Opening Day, the Club agrees to play at least ninety percent (90%) of its home games for each Championship Season and all Post Season home games . . . in the Ballpark during the Operating Term.” –pg. 61