

LEASE SUMMARY

BASICS

TEAM: Seattle MARINERS

Team Owner: Nintendo Company Ltd.

Team Website

FACILITY: Safeco Field

Facility Website

Year Built: 1999

Ownership: Washington-King County Stadium Authority

TITLE OF AGREEMENT: Ballpark Operations and Lease Agreement

Lessor: Washington State Major League Baseball Stadium Public Facilities District

Lessee: The Baseball Club of Seattle, L.P.

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, available at <https://law.marquette.edu/assets/sportslaw/pdf/sports-facility-reports/v12-mlb-2011.pdf>.*

TERM:

The term is for 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, page 12-14.

PAYMENTS/EXPENSES

RENT:

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. Section 5.1.1, pages 23-24.

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. Section 5.2, pages 24-25.

OPERATING EXPENSES:

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.

Section 3.2, pages 15-16.

CAPITAL IMPROVEMENTS**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.”
Section 7.1, page 31.

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. Section 7.2, pages 33-35.

MAINTENANCE**OPERATIONS AND MAINTENANCE:**

“The Club is solely and exclusively responsible for the Operations and Maintenance of the Leased Premises . . . during the Operating Term.” Section 3.2, page 15.

RETENTION**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.” Section 14.1, page 61.

INSURANCE

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“[T]he Club shall purchase and maintain such insurance as is necessary to protect it an the PFD, the PFD’s Board of Directors, and the PFD’s employees and agents from all claims arising out of the ownership, use, management and operation of the Leased Premises and the Club’s and the PFD’s property in and around the Leased Premises.” Section 9.1, page 50.