

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

This Funding Agreement (the "Agreement") is made and entered into as of the date of the last authorized signature ("Effective Date"), 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."

**STATEMENTS OF FACT**

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.P. (the "Club") for the Ballpark as the home venue of a Major League Baseball team for the benefit of the citizens of the County and visitors to the Ballpark.

The Ballpark attracts tourists to the King County region, who attend arts, heritage and culture events and/or recreational, professional, and amateur sports events, and some of whom stay overnight.

The existing lease with the Club expires at the end of 2018. The District and the Club have executed the "Lease Renewal Term Sheet May 23, 2018" ("Term Sheet") for a new long-term lease (the "Lease"). The Lease duration will be for an initial term of 25 years, starting in 2019, and the Lease requires significant investment in the publicly owned Ballpark over the duration of the Lease to assure that it will remain an attractive and competitive venue for Major League Baseball and for fans.

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.

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 2018-0374 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 statements of fact, promises, covenants and consideration set forth herein, the County and the District hereby agree, as follows.

## AGREEMENT

### **Section 1. Provision of Funds by the County.**

Pursuant to the terms and conditions set forth in this Agreement, if the District and the Club have executed both a lease consistent with the Term Sheet and a nonrelocation agreement that obligates the Club and any successor-in-interest to retain the Ballpark as a home venue of a Major League Baseball team for the term of the Lease, the County agrees that it will annually transfer County lodging tax proceeds to the District (“Yearly Transfers”) pursuant to the following formula: forty three and eight tenths of one percent (43.8%) of the share of County lodging tax proceeds available pursuant to RCW 67.28.180(3)(d)(iii) that is remaining after such share is reduced each year by the amounts provided in Exhibit A (“Annual Reductions”); provided however, no annual transfer may exceed the estimated annual amount for that year as set forth in Exhibit B (“Estimated Annual Transfers”). The estimated annual amounts listed in Exhibit B are based on the August 2018 OEFA Estimated Annual Lodging Tax Revenue, set forth in Exhibit C. If in any year lodging tax revenues are less than the forecasted Total Lodging Tax Revenues, the District agrees that it is only entitled to and will except the Yearly Transfer for that year. If in any given year lodging tax revenues exceed the 2018 forecasted Total Lodging Tax Revenues, then the County agrees to also transfer to the District ten percent of any amount of revenue that exceeds the 2018 forecasted Total Lodging Tax Revenues for that year (“Additional Transfers”). Yearly Transfers shall commence in calendar year 2021 after final payment or defeasance of the CenturyLink Field and Exhibition Center bonds and continue for the remainder of the initial term of the Lease. The County will make such Yearly Transfers on a quarterly basis in arrears, unless the Parties approve by separate agreement the transfer of advances of amounts against which subsequent lodging tax proceeds will be credited. Additional Transfers, if any, will be paid on the first business day of April in the year following that for which the Additional Transfer is generated.

By executing this Agreement, the District agrees that the provision of funds contemplated by this Section 1 is acceptable.

The County’s obligation to make such transfers of lodging tax proceeds shall continue for twenty-three years; provided, that the County may cease to make such transfers in the event that: (1) the Ballpark is no longer used as the home venue for a Major League Baseball team and the County finds, after good faith consultation with the District, 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 County finds, after good faith consultation with the District, 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.

The County’s obligation to make such transfers of lodging tax proceeds is contingent upon the District and the Club executing an agreement, before or at the same time that the Lease is executed, that contains requirements sufficient to prevent labor disputes that would impose costs and burdens upon the County, including but not limited to the likelihood of boycotts or strikes affecting the Ballpark’s operations and visitor spending.

**Section 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 capital improvements to the existing 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 existing 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 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 commingle 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 to eligible capital improvements, including major repairs and 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.

**Section 3. Amendments.**

The Agreement may be amended at any time. To be effective, the amendment must be in writing and signed by the District's Board Chair and the King County Executive or their designees; provided however, before the Executive may sign any amendment purporting to either change the duration of this Agreement or change the amount of lodging tax revenues to be transferred to the District, the proposed amendment shall first be transmitted to the King County Council. The Council shall have thirty days, from the date the Executive transmits the amendment to the clerk of the Council ("review period"), to review the proposed amendment; and unless the Council passes a motion objecting to the amendment within that review period, at the conclusion of the review period, the Executive may sign the amendment.

**Section 4. Entire Agreement.**

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

**Section 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.

**Section 6. Establishment and Maintenance of Records.**

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

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

**Section 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.

**Section 9. Governing Law.**

This Agreement shall be governed and construed in accordance with the laws of the State of Washington, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Washington or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of Washington.

**Section 10. Severability.**

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

**Section 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.

**Section 12. Indemnification.**

The District shall indemnify, defend and hold the County, its officers, officials, agents and employees harmless from and against any and all suits, actions, losses, liabilities, claims, agency findings, orders or requirements, penalties, expenses (including reasonable attorney fees), and damages of whatsoever kind or nature (collectively "Claims") relating to, in connection with, or arising out of, directly or indirectly, the District's use of funds transferred to it by the County or the exercise of its obligations, rights or privileges under this Agreement. The District's obligations under this section shall include: (a) indemnification for Claims regardless of negligence or fault of the District or a third party; (b) the duty to promptly accept tender of defense and provide defense to the County at the District's expense; (c) indemnification of Claims made by District employees, agents or lessees; and (d) waiver of the District's immunity under the industrial insurance provisions of Title 51 RCW, which waiver has been mutually negotiated by the Parties.

The District further agrees that it is financially responsible for and shall repay the County all indicated amounts following an audit exception that occurs due to the negligence, intentional act, and/or failure to comply with the terms of this Agreement by the District, its officers, employees, agents, and/or representatives. The County agrees that it is financially responsible for and shall repay the District those amounts of lodging tax proceeds that an audit exception or finding determines are due to the District resulting from the negligence, intentional act and/or failure to comply with the terms of this Agreement by the County, its officers, employees, agents, and/or representatives.

The District's and the County's obligations under this Section 12 shall survive any termination of this Agreement.

**Section 13. Duration.**

This Agreement shall terminate on December 31, 2043.

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

KING COUNTY

WASHINGTON STATE MAJOR LEAGUE  
BASEBALL STADIUM PUBLIC  
FACILITIES DISTRICT

By Dow Constantine  
Dow Constantine, County Executive

By Virginia Anderson  
Virginia Anderson, Board Chair

1-11-19  
Date

12/10/2018  
Date

Approved as to form:

Approved as to form:

Peggy Pahl

Thomas Eli Backer

King County Prosecuting Attorney

Thomas Eli Backer, PFD Attorney

1-11-19  
Date

12-10-18  
Date

**EXHIBIT A**  
**ANNUAL REDUCTIONS**

<b>Year</b>	<b>Reduction Amounts</b>
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 B**  
**ESTIMATED ANNUAL TRANSFER TO**  
**DISTRICT (AUGUST 2018 OEFA FORECAST)**

Year	Transfer to District
2021	\$ 3,258,460
2022	\$ 3,418,503
2023	\$ 3,522,790
2024	\$ 3,656,154
2025	\$ 3,766,704
2026	\$ 3,985,073
2027	\$ 4,146,816
2028	\$ 4,332,006
2029	\$ 4,523,136
2030	\$ 4,720,534
2031	\$ 5,903,465
2032	\$ 6,115,990
2033	\$ 6,336,166
2034	\$ 6,564,268
2035	\$ 6,800,581
2036	\$ 7,045,402
2037	\$ 7,299,037
2038	\$ 7,561,802
2039	\$ 7,834,027
2040	\$ 8,116,052
2041	\$ 8,408,230
2042	\$ 8,710,926
2043	\$ 9,024,519
<b>TOTAL</b>	<b>\$135,050,644</b>



**Exhibit C. August 2018 OEFA Estimated Annual  
Lodging Tax Revenue**

Year	Total Lodging Tax Revenue Forecast
2021	\$38,672,427
2022	\$40,136,407
2023	\$41,086,798
2024	\$42,305,738
2025	\$43,318,324
2026	\$45,316,564
2027	\$46,800,865
2028	\$48,485,696
2029	\$50,231,181
2030	\$52,039,504
2031	\$53,912,926
2032	\$55,853,791
2033	\$57,864,528
2034	\$59,947,651
2035	\$62,105,766
2036	\$64,341,574
2037	\$66,657,870
2038	\$69,057,554
2039	\$71,543,626
2040	\$74,119,196
2041	\$76,787,487
2042	\$79,551,837
2043	\$82,415,703
<b>TOTAL</b>	<b>\$1,322,553,012</b>

Exhibit C

**AMENDMENT NO. 6 TO AGREEMENT  
BETWEEN KING COUNTY  
AND THE WASHINGTON STATE MAJOR LEAGUE  
BASEBALL STADIUM PUBLIC FACILITIES DISTRICT**

This Amendment No. 6 to the March 18, 1996 Financing Agreement (“Amendment No. 6”) by and between King County (the “County”) and the Washington State Major League Baseball Stadium Public Facilities District (the “PFD”), collectively referred to as the “Parties,” shall be effective upon the authorized signatures of the Parties.

**STATEMENT OF FACTS**

The County and the PFD entered into a Financing Agreement dated March 18, 1996 (“Financing Agreement”) providing for County financial assistance and cooperation in certain aspects of the development of a Major League Baseball stadium in the City of Seattle (the “Ballpark”); and

The Financing Agreement which remains in effect by its terms has been periodically amended by the Parties to more specifically address aspects of their cooperation and to provide further County assistance for the Ballpark project; and

The County has determined to provide additional ongoing funding to the PFD from proceeds of its lodging tax for major capital infrastructure improvements to the Ballpark pursuant to a separate agreement between the Parties (the “Funding Agreement”); and

The Parties wish to amend the Financing Agreement to provide for the County’s advance of funds authorized under the Funding Agreement and in accordance with the terms of this Amendment No. 6 upon the request of the PFD through, among other things, the County’s issuance of debt to which the lodging taxes will be pledged for repayment.

NOW, THEREFORE, in consideration of the promises, covenants and considerations set forth herein, the County and the PFD hereby agree to amend the Financing Agreement to add a new Section 24, as follows:

**24. ADDITIONAL FUNDING FOR CAPITAL IMPROVEMENTS**

24.1 The PFD may request that the County make advances to the PFD of amounts it is obligated to transfer to the PFD under the Funding Agreement for the purposes set forth in the Funding Agreement. Such request for an advance shall be in writing directed to the County’s Director of the County Finance and Business Operations Division or his or her functional successor (the “Director”) with such information as the Director may require, including the amount of the advance, the proposed date of such advance (which shall be no sooner than 240 days after the request) and the proposed use of such funds. Such advance shall be repaid to the County by crediting against the repayment obligation the lodging taxes to be transferred to the PFD under the

Funding Agreement. The County shall determine the term of such repayment based on its reasonable estimate of future lodging tax payments to the PFD under the Funding Agreement.

24.2 The County shall only advance such funds in accordance with this Section 24. . The County shall credit against this advance the amount of lodging taxes that it would otherwise have transferred to the PFD under the Funding Agreement including an amount equal to interest on such advance until such advance, including interest thereon, is fully repaid.

If the County borrows or otherwise issues debt to fund such advance pledging the lodging taxes to the repayment of such borrowing, then the interest rate to the PFD shall be the interest rate of such borrowing. It is assumed, but not required, that the County will apply such lodging taxes to the debt the County incurred. If the County does not borrow for such advance but makes such an advance from available funds of the County, the interest rate to the PFD shall be the interest rate reasonably determined by the County based on its projections of what it would have earned on such amounts if they had been held by the County and not advanced less the amount, if any, the County would have earned on lodging tax amounts during the periods that it would possess such amounts prior to their distribution to the PFD at the times set forth in the Funding Agreement.

24.3 In the event the amount that would have been transferred to the PFD in accordance with the Funding Agreement exceeds the amount that is required to pay the amortized repayment of an advance hereunder including interest, then any excess shall be transferred to the PFD in accordance with the Funding Agreement. In the event the amount that would have been transferred to the PFD is less than the amount that is required to pay the amortized repayment of an advance including interest, then the unpaid repayment shall accrue and the amount shall be added to the unpaid portion of the original advance.

24.4 Any obligation of the PFD under this Amendment to the Financing Agreement shall be satisfied exclusively from lodging taxes to be transferred to the PFD under the Funding Agreement.

24.5 The PFD agrees to deposit the proceeds of any advance in a separate fund (the "Advance Fund") and not comingle such proceeds with other amounts held by or on behalf of the PFD. The PFD will use the amounts in the Advance Fund in accordance with the Funding Agreement to provide funding for major basic infrastructure improvements to the Ballpark and report to the County on an annual basis with regard to the use of such amounts on deposit in the Advance Fund. As PFD Treasurer, the County will invest amounts in the Advance Fund and any earnings thereon on deposit in such fund.

24.6 In the event the County were to terminate its obligation to make payments to the PFD from lodging taxes in accordance with the Funding Agreement, such termination shall not apply to amounts required to repay advances made by the County hereunder, including interest thereon, which otherwise would be credited against any PFD repayment obligation incurred hereunder until fully repaid.

24.7 The PFD acknowledges that a request to advance funds will require King County Council ("Council") review and approval of requests for advances of funds. Upon receipt from

the PFD of its request for an advance of funds, the Director shall review the PFD request and determine if it is reasonable, complies with the County's financial and debt management policies, and if the advance of funds is made, that it will not adversely affect the County's bond rating. The determination shall also identify the proposed mechanism (e.g. bonds, interfund borrowing) by which funds would be advanced to the PFD.

The Director shall transmit his or her determination to the clerk of the Council. The Council shall then have forty-five days from the date the clerk receives the determination to review the determination ("review period"); and unless the Council passes a motion objecting to advance of funds within that review period, at the conclusion of the review period, the Director may proceed with making the advance of funds in accordance with the provisions of this Amendment No. 6. Notwithstanding the foregoing, the final decision to issue bonds shall be within the sole discretion of the Council.

24.8 The indemnification provisions in Section 12 of the Funding Agreement are incorporated herein as if fully set forth.

EXCEPT AS SET FORTH HEREIN, ALL OTHER TERMS AND CONDITIONS OF THE FINANCING AGREEMENT ARE TO REMAIN IN FULL FORCE AND EFFECT.

In witness whereof, the Parties hereto have accepted this Amendment No. 6.

KING COUNTY

WASHINGTON STATE MAJOR LEAGUE  
BASEBALL STADIUM PUBLIC  
FACILITIES DISTRICT

By *Dow Constantine*  
Dow Constantine, County Executive

By *Virginia Anderson*  
Virginia Anderson, Board Chair

1-11-19  
Date

12/10/2018  
Date

Approved as to form:

Approved as to form:

*Peggy Pahl*  
King County Prosecuting Attorney

*Thomas Eli Backer*  
Thomas Eli Backer, PFD Attorney

1-11-19  
Date

12-10-18  
Date