



SEATTLE CITY COUNCIL  
**CENTRAL STAFF**

# **Council Bill 120626: Second Amendment to the Seattle Aquarium Operations and Management Agreement**

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PUBLIC ASSETS AND HOMELESSNESS COMMITTEE NAME  
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# SEAS' Funding Shortfall and Proposed Solution

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- The Seattle Aquarium (SEAS) has both a projected funding gap and cash flow timing issues in its plan to complete the Ocean Pavilion project by Summer 2024;
- Delays would increase total project costs for both the Ocean Pavilion and the City's Waterfront Overlook Walk Project;
- SEAS has arranged a private bank loan from PNC, facilitated by the Washington State Housing Finance Commission;
- The proposed Second Amendment to the Operating and Management Agreement (OMA) is necessary for SEAS to meet the lending requirements stipulated by PNC Bank.

# SEAS' Ocean Pavilion Project

## Funding Sources and Timing of Cashflows

Amounts in million \$	Public	Private	Total
Received Cash in Hand	\$42.7	\$56.9	\$99.6
Pledges Outstanding, Expected in 2023	\$10.8	\$2.9	\$13.7
<i>Amounts available in project timeframe</i>	<i>\$53.5</i>	<i>\$59.8</i>	<i>\$113.3</i>
Pledges Outstanding, Expected Beyond 2023	\$4.0	\$7.1	\$11.1
Future Fundraising	\$3.3	\$13.1	\$16.4
<i>Amounts projected outside construction timeframe</i>	<i>\$7.3</i>	<i>\$20.2</i>	<i>\$27.5</i>
Shortfall in federal grants	\$19.2	-	\$19.2
<b>Totals</b>	<b>\$80.0</b>	<b>\$80.0</b>	<b>\$160.0</b>

# SEAS/PNC Loan Package Details

	\$ Millions
Remaining Project Expenses (July 2023 Through May 2024)	\$45.7
Less: Pledged public and private financing through May 2024	\$(19.2)
<i>Net construction financing need</i>	<b>\$26.5</b>
Prepay Enhanced Facility Fee	\$19.2
<i>Total Project Need</i>	<b>\$45.7</b>
Debt Service Reserve	\$7.0
<i>Total expected loan draw</i>	<b>\$52.7</b>
Additional financing available if no additional fundraising occurs	\$14.0
<b>Total financing available</b>	<b>\$66.7</b>

## By approving CB 120626, Council would:

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- Authorize the City to execute the Second Amendment to the OMA;
- Authorize the City to execute related ancillary and additional agreements related to and the Second Amendment to the OMA; and
- Ratify and confirm any act consistent with the authority of the ordinance taken after its passage and prior to its effective date.

# Terms of the Second Amendment to the OMA

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- Extend the duration from June 2030 to December 2040;
- Prohibit the City from terminating the OMA while the bank loan is outstanding except by paying SEAS a termination fee;
- Authorize the City Finance Director to consent to the sale of the SEAS Bonds only if SEAS has paid the City in full the Enhanced Facility Fees owing under the existing OMA;
- Require SEAS to prepay the principal of the loan to keep the outstanding loan amount below an annual maximum;
- Require SEAS to request funding from the City, subject to appropriation by the Council and approval by the Mayor, if the balance of the required reserve fund falls below \$7 million. If the City approves this request, the City would at the same time reinstate the Enhanced Facility Fees;
- Prioritize paying the bank loan before paying Enhanced Facility Fees to the City; and
- Reaffirms SEAS' and the City's commitment to negotiate the specific terms for the transfer of ownership of the completed Ocean Pavilion from SEAS to the City.

# Questions?