



## City of Seattle

### MOU SUMMARY

#### Arena at Seattle Center

Note: The notation below in red after each bullet point indicates whether the proposed Transaction Documents comport with the MOU.

#### Arena Overview

- Redeveloped Arena will nearly double size of current KeyArena. (YES)
- 39-year lease with two, eight-year renewal options (total of 55 years). (YES)
- Designed to preserve the current and historic roofline, and to meet LEED Gold standards. (YES)
- Designed to meet NBA and NHL standards and attract teams. (YES – NHL on track to play in Seattle)
- Project cost estimate: \$600M. (YES – Project Cost now approx. \$700M)
- Construction anticipated to begin in October 2018, with re-opening in October 2020. (YES)

#### Financing

- Arena will be funded by OVG via private equity, debt financing from lenders, and federal historic tax credits. *No City debt financing.* (YES)
- OVG will assume all costs related to operating and maintaining the Arena. (YES)
- To vest its two eight-year extension options, OVG must invest a minimum of \$168M for capital improvements in the building. In addition, OVG must maintain the building to a standard equivalent to other comparable arenas throughout the term of the lease. (YES)
- City is guaranteed current base revenue generated by KeyArena operations, 1<sup>st</sup> Avenue N Parking Garage, and Seattle Center campus sponsorship rights (~\$2.6M per year). (YES)
- OVG will also reimburse the City should the tax revenues generated by the Arena fall below current levels (~\$2.4M per year). This tax revenue guarantee applies to admissions tax, sales tax, B&O tax, leasehold excise tax, and commercial parking tax. (YES)
- Rent adjustments between City and OVG will result in City effectively retaining 25% of all “upside revenue” in the first 10 years, and 50% for the remaining years. “Upside revenue” includes excess revenue above the baseline generated from Mercer and 5<sup>th</sup> Avenue parking garages, campus sponsorships, and represents the increase in all taxes other than admissions tax. (YES)
- \$3.5M also reimbursed to City for development costs for MOU (i.e., legal, financial consultants). (YES)

#### Risk Mitigation

- OVG will assume the risk of cost overruns during construction and the risk of increased costs due to unknown environmental conditions. (YES)
- City has retained financial consultants to conduct due diligence to ensure that: (1) OVG has in place sufficient debt and equity to build the Arena; (2) OVG has a plan and the financial wherewithal to successfully operate the Arena; and (3) City interests will be protected. (YES)

## Transportation

- OVG will pay for all necessary SEPA mitigation of transportation impacts, plus contribute an additional \$40M for a Transportation Fund, to be administered by the City. (YES)
- OVG and City will develop a North Downtown Mobility Action Plan (MAP). OVG will pay up to \$250K for a transportation consultant separate from the SEPA/EIS process for this mobility planning effort. (YES)

## Seattle Center

- Project will include a Seattle Center Integration Agreement. (YES)
- Pottery Northwest will be temporarily relocated and returned to current space, at OVG's expense. (YES, but PNW will not be relocated.)
- OVG will pay \$1.5M to relocate Skate Park and campus maintenance facility and \$500K to relocate tenants other than the Skate Park and Pottery Northwest. (YES)
- OVG will eventually assume City's obligations to the Storm or develop a new agreement with the team. (YES)

## Community Benefits

- Project will include Community Workforce Agreement, Labor Harmony Agreements, Inclusion Plan for WMBEs, Community Benefits Agreement, 14 rent-free days at Arena reserved for community events, and OVG will work with the City to offer employment to KeyArena workers. (YES)
- \$20M Community Fund established, \$10M of which dedicated to YouthCare. (YES)
- Voluntary commitment to fund art in a program similar to the City's "1% for Art Program." (YES)
- OVG will make a Mandatory Housing Affordability payment for the increase in arena square footage. (YES)

End