

PROPOSED AMENDMENTS to Council Bill 119344 (Admission Tax Revenue) & Council Bill 119345 (Transaction Documents)
 Select Committee on Civic Arenas
 September 14, 2018 at 9:30 AM

| Proposed Amendment | Amendment Language | Effect of Amendment |
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| Council Bill 119344 (Admissions Tax Revenue) | | |
| Amendment 1 Clarify appropriation of admission tax revenue (CMs Herbold and Johnson) | Amend Section 1 as follows: B. Admission tax revenue in the General Fund shall be annually appropriated: 1. To the Office of Arts and Culture to support the following purposes: a 1. Arts-related programs and one-time capital expenditures that keep artists living, working, and creatively challenged in Seattle; b 2. Initiatives and programs to build community through the arts and create opportunities for the public to intersect with artists and their work; and c 3. Initiatives and programs that provide art opportunities for youth in and out of school; and 2. <u>For payment of the City's rent adjustment obligations to Seattle Arena Company, LLC or its permitted successors and assigns under the Lease Agreement (Arena at Seattle Center) between The City of Seattle and Seattle Arena Company, LLC, Attachment 1 to the ordinance introduced as Council Bill 119344 (as may be amended or modified in accordance with its terms) (the "Arena Lease"), and only to the extent that such annual appropriation does not exceed the total admission tax revenues generated through operations of the arena at the Seattle Center for that calendar year, minus the amount of the Rent Adjustment Threshold for Admission Tax revenues identified in Article III, Section 6 of the Arena Lease.</u> | Makes clear that the new option for use of admission tax revenues would apply <u>only</u> to (a) the lease agreement for the Seattle Center arena (and not other contracts with arts/sports/cultural opportunities organizations; and (b) only with respect to those admission taxes generated through operations of the new arena. Allows Council to use some of the new admissions tax money from arena operations for rent adjustment payments, while reserving the first \$1.3 million in admission tax revenue generated at the arena (plus all other admission tax revenues in the City) to be appropriated to the Office of Arts and Culture. |

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| Amendment 1 Substitute Omitted Exhibits to the Lease Agreement, Development Agreement, and Integration Agreement (Chair Juarez) | See Handout 1a - 1c | <p>(BLUE PAPER) <i>Handout 1a – Lease Agreement (Arena at Seattle Center) by substituting Version 2 for Version 1b</i> This amendment substitutes Lease Agreement Version 2 in place of Version 1b to include the missing exhibits to the Lease Agreement.</p> <p>(GREEN PAPER) <i>Handout 1b – Development Agreement (Arena at Seattle Center) by substituting Version 2 for Version 1a</i> This amendment substitutes Development Agreement Version 2 in place of Version 1a. This amendment adds the remaining exhibits to the Development Agreement.</p> <p>(YELLOW PAPER) <i>Handout 1c – Integration Agreement (Arena at Seattle Center) by substituting Version 2 in place of Version 1</i> This amendment substitutes Integration Agreement Version 2 in place of Version 1. This amendment adds the remaining exhibit to the Integration Agreement.</p> |

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| <p>Amendment 2 Clarifications to the Lease Agreement, Development Agreement, and Integration Agreement related to lender financing (Chair Juarez)</p> | <p style="text-align: center;">See Handout 2a - 2c</p> | <p>(BEIGE PAPER) <i>Handout 2a – Lease Agreement (Arena at Seattle Center), modifying the definition of “Qualified Financial Institution”; technical changes to Article IX (insurance), Article X (Casualty Damage, Destruction and Restoration), Article Xi (Condemnation), Article XII (Assignment, Transfer and Subletting), and Article XIII (Leasehold Mortgages).</i></p> <p style="text-align: center;">This amends the Lease Agreement Version 2 to align, clarify, and facilitate ArenaCo’s lender financing.</p> <p>(PINK PAPER) <i>Handout 2b – Development Agreement (Arena at Seattle Center), to reflect technical edits to Article 17 (Other Provisions)</i></p> <p style="text-align: center;">This amendment makes technical edits to sync up the leasehold mortgagee’s rights with the rights under the Lease Agreement.</p> <p>(PURPLE PAPER) <i>Handout 2c – Integration Agreement (Arena at Seattle Center), to reflect technical edits to Article 15 (____)</i></p> <p style="text-align: center;">This amendment makes technical edits to sync up the leasehold mortgagee’s rights with the rights under the Lease Agreement.</p> |

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| <p>Amendment 3 Requirement for Council Notification under the Lease Agreement, Development Agreement, and Integration Agreement (Chair Juarez)</p> | <p>Amend notice sections of Attachment 1, 2 and 3 as follows:</p> <ul style="list-style-type: none"> • Att1 - Lease Agreement Section 4: Notices • Att 2 – Development Agreement Subsection 17.8 Notices • Att 3 – Seattle Center Integration Agreement Subsection 15.8 Notices <p><u>Copies to: City of Seattle, City Council</u> <u>Attn: Council President</u> <u>Seattle City Hall</u> <u>600 Fourth Avenue, 2nd Floor</u> <u>P.O. Box 34025</u> <u>Seattle, WA 98124-4025</u></p> | <p>Adds the requirement that when notices are required under the agreement, notice must be provided to the City Council in addition to the City Attorney’s Office and the Mayor’s Office</p> |
| <p>Amendment 4 Addition of at-large positions to the Giving Council (Chair Juarez)</p> | <p>Amend the Lease Agreement (Attachment 1) as follows:</p> <p>Article VII, Section 2: Community Fund and Charitable Funding Commitment Tenant shall cause the establishment of a giving body (the “Giving Council”) to administer a community fund (the “Community Fund”). The Giving Council shall be composed of nine (9) eleven (11) total voting members and one (1) non-voting member as follows: (a) voting members shall be comprised of (i) two (2) members appointed by Tenant; (ii) one (1) member appointed by the resident NHL team; (iii) one (1) member appointed by the resident WNBA team (Seattle Storm); (iv) two (2) members from local community organizations (with staggered terms to ensure continuity); (v) two (2) members who are representatives of Seattle Center resident organizations (with staggered terms to ensure continuity); <u>(vi) two (2) at-large members approved by the Council;</u> and (vii) one (1) at-large member mutually appointed by Tenant and the Mayor’s office; and (b) one (1) non-voting member shall be appointed by the Seattle Center Director to represent Seattle Center.</p> | <p>Adds two at-large voting positions, subject to approval by the Council, to Giving Council, which is responsible for administering the Community Fund.</p> |

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| <p>Amendment 5 Input from Community Coordination Committee (CM Bagshaw)</p> | <p>Amend the Development Agreement (Attachment 2) as follows:</p> <p>5.4 Community Coordination Committee. In addition to the bi-weekly meetings scheduled by the Community Liaison, the Ombudsperson and Community Liaison will staff a monthly meeting with a committee of community representatives (the “Community Coordination Committee”) that will ensure frequent communications between Tenant, adjacent communities/Seattle Center resident organizations, and Seattle Center regarding construction activities and on-going operations of the Arena. The Community Coordination Committee membership will be open to representatives from all affected organizations both in the community and on the Seattle Center campus. The Community Coordination Committee will begin its work during the construction timeframe, but may extend its functions into the operations phase of the Arena. All of the geographic communities impacted by the Development Project will be represented, and decision-making will be defined with the understanding that there will be flexibility over time. <u>Seattle Center will seek input of the members of the Community Coordination Committee in planning the activities identified in Subsection 5.2 during the construction period.</u> The Ombudsperson and the Community Liaison will facilitate the meetings of the Community Coordination Committee and help to address any issues that might arise.</p> | <p>Members of the Community Coordination Committee will be consulted and be involved in marketing plan during the construction period to promote and preserve the economic viability of the resident organizations, communities and businesses impacted.</p> |
| <p>Amendment 6 Creation of construction impact mitigation fund (CM Herbold)</p> | <p>Amend the Development Agreement (Attachment 2) as follows:</p> <p>Exhibit E: Construction Impact Mitigation Plan <u>10.0 Marketing, and Promotion and Organization Financial Health</u> Tenant has committed to contributing \$500,000 (payable over 2 years and up to 30% of the contribution may be delivered in-kind in lieu of cash) to Seattle Center’s operation and development of an “open for business during construction” marketing campaign. <u>Such marketing campaign shall include robust public notice similar to notice provided under Section 2.3.</u> The cash portion 30 of this payment is payable in two equal installments, the first by a date to be mutually agreed upon by the Seattle Center Director and Tenant’s chief executive officer.</p> <p>Tenant has hired a full-time Community Liaison to work with Seattle Center tenants and affected Uptown businesses to ensure the public is aware that businesses are open during construction. The Community Liaison was hired in June 2018, and the position will continue after construction is complete and into project operation. <u>In order to mitigate economic impacts arising from construction,</u> Tenant agrees to:</p> <ol style="list-style-type: none"> 1. pay Pay \$74,000 for City’s costs associated with the rescheduling of the Seattle/King County Clinic at Tenant’s previous request. 2. <u>Create a fund to which impacted tenants can apply in order to be compensated for the loss of projected revenues.</u> | <p>This amendment would require ArenaCo (Tenant) to create a fund to compensate tenant organizations (tenants) for loss of revenues due to construction impacts. There is no required minimum dollar amount noted.</p> |

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| <p>Amendment 7 Addition of Seattle Children’s Theater to Mitigation for Adjacent, On-site Uses (CM Herbold)</p> | <p>Amend the Development Agreement (Attachment 2) as follows:</p> <p style="padding-left: 40px;">Exhibit E: Construction Impact Mitigation Plan 7.6 Mitigation for Adjacent, On-site Uses</p> <p><u>Seattle Children’s Theater</u>, KEXP and other occupants of the Northwest rooms are the nearest receivers to the proposed construction activities and have the greatest potential to be exposed to daytime construction noise levels disruptive to their uses. OVG is in separate discussions with these uses to identify mitigation measures unique to their uses/locations that will allow them to continue operating in their current locations over the construction period.</p> | <p>Adds the requirement to discuss and identify mitigation measures for Seattle Children’s Theater.</p> |