



Washington State Major League Baseball
Stadium
Public Facilities District

SAFECO Field
PFD Conference Room
110 Edgar Martinez Drive South
Seattle, WA 98134
December 9, 2019 2:30 P.M.

BOARD MEETING AGENDA

- A. **Call to Order / Welcome** (Chair, Stacy Graven)
- B. **Items from the Audience / Public Comment (3 minutes each)**
- C. **Approval of the Minutes**
 - October 29, 2019, Special Board Meeting Minutes
- D. **Board Briefings and Potential Actions:**
 1. Seattle Mariners Maintenance, Operations, and Capital Projects Updates (Trevor Gooby, Seattle Mariners)
 - Bollard permitting
 - 2020 upgrades status report
 - 2021 capital upgrades planning
 2. Review of Vouchers (Carol Nelson)
Proposed Resolution No. 19-005– Approval of Vouchers.
 3. Stadium District Update (Lizanne Lyons) (handout)
 4. Waterfront LID Update (Tom Backer) (handout)
 5. 2020 PFD Budget Preview (Kevin Callan) (handout)
 6. Review of Contracts / Contract Amendments (Kevin Callan)
 - Motion to approve contract amendments
 7. Legislative Update (Pat Dunn)
 8. Other Updates (as needed)

E. Reports:

1. Chair's Report (Stacy Graven)
 - Prior Lease Audit Results: 2017 and 2018
 - Executive Director Search Update
 - Board Member appointment Update
 - Board leadership positions for 2020 (Chair / Vice-Chair / Audit Officer)
 - Other
2. Executive Director's Report (Kevin Callan)
 - State Audit Exit Report
 - Other

F. Board Business / Motions:

- Motion setting regular meetings for 2020 (Proposed generally for the 2nd Monday of the month @ 2:30 p.m. in the PFD's offices)

January 13	May 11	September 14
February 10	June 8 <u>or</u> 29	October 12 <u>or</u> 26
March 9	July 13	November 9
April 13	August 10	December 14

G. Executive Session

The Board may meet in Executive Session to: “review contract performance of publicly bid contracts” RCW 42.30.110 (1)(d); “evaluate the qualifications of an applicant for public employment or to review the performance of a public employee” RCW 42.30.110 (1)(g), and/or discuss with legal counsel real estate lease matters and/or “potential litigation to which the agency . . . is, or is likely to become, a party, where public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency” RCW 42.30.110 (1)(i). The Executive Session is expected to last 45 minutes. The Board may take action following the Executive Session.

H. Adjournment

WASHINGTON STATE MAJOR LEAGUE BASEBALL STADIUM PUBLIC FACILITIES DISTRICT
Tuesday, October 29, 2019 2:30 P.M.
Public Facilities District, Conference Room
110 Edgar Martinez Drive South, Seattle, Washington 98134

SPECIAL BOARD MEETING MINUTES

CALL TO ORDER

Board Chair Stacy Graven called the meeting to order at 2:30 p.m. pursuant to notice. Board members present: Dale Sperling, Tim Burgess, and Omar Riojas. Charley Royer arrived at 2:35 p.m. Paul Mar joined the meeting by phone, but his vote was not counted in any of the totals below. Carol Nelson was absent but excused. Staff present: Tom Backer (Legal Counsel), Bryan Slater (CAA ICON / sports consultant), Lizanne Lyons (consultant), Jim Reid (Falconer Group / consultant), Pat Dunn (legislative), and Gerry Johnson (Pacifica Law Group / Outside Legal Counsel).

ITEMS FROM THE AUDIENCE/PUBLIC COMMENTS:

None.

APPROVAL OF MINUTES:

Motion by Board member Sperling with a second from Board member Burgess to approve the minutes of the September 9, 2019 regular Board meeting. The motion carried 4-0 (Paul Mar not eligible to vote by phone and Charley Royer not yet present).

BOARD BRIEFINGS:

1. Review of the Seattle Mariners' Plan Submittals (Paul Mar / Bryan Slater, CAA ICON):

Tom Backer introduced the Board's review of the Club's 2020 Operations plan and 2020 Ballpark Management plan by reminding the Board of the various standards for review provided in the Lease. The PFD has the right to "review and comment" on the Operations plan and the right to "review and approve" the Management plan. The Operations plan is compared against the Operating Standard (first class, top-tier MLB ballparks) and the Management Plan is compared against the Applicable Standard (majority of the top one-third of MLB ballparks, as referenced in the Lease). Tom noted that portions of the Club's Operations plan and Management Plan submittals were incomplete, largely because the schedule for the submittals did not align well with the Club's annual planning/budgeting calendar. Tom noted that the PFD and the Club were working together to resolve these issues, and that they had agreed to defer certain reviews until all of the required materials were submitted to the PFD.

Tom then introduced Bryan Slater from the sports consulting firm CAA ICON, who presented a PowerPoint slide deck focused on review of the Club's capital expenditure plans and budgets (1-year and 10-year rolling).

Bryan started with the objectives of CAA ICON's review, which began with the Initial CapEx plans submitted by the Club in the Spring and the Board's review and preliminary approval in June. He summarized the work completed, including review of the plan modifications since the Spring. He then offered CAA's analysis of these changes and their effect on the 1-year and 10-year CapEx plans, all of which is detailed in his presentation. Bryan concluded his review of the CapEx plans with a discussion of the Club's proposed upgrade improvements and their alignment with current industry trends. Starting next year, CAA ICON anticipates providing the Board with a more detailed review of the "state of the industry" to help the Board with its assessment of the CapEx plans and proposed upgrade improvements.

Bryan then noted that the Club's 2020 Operations Plan is not yet complete (nor is the Club's Maintenance Plan and Budget), and that review has been deferred until complete materials are submitted by the Club. Bryan concluded with several process changes that the Club and the PFD have been working on, including revisions to the form for reporting capital expenditures and the schedule for annual reviews.

Tom Backer then walked the Board through a draft letter from the PFD to the Club, which formalized the PFD's review and partial approval of the Club's submitted plans. Following Board discussion, Dale Sperling moved that the letter be approved, and Tim Burgess seconded. The motion passed, 5-0.

2. Stadium District Update

Lizanne Lyons briefed the board on the Mayor's new industrial lands process, which is scheduled to commence on November 6 with meeting in the Mayor's office. The process is structured so that there will be an overarching, advisory committee with 18-20 participants representing diverse interests. Under that umbrella, there will be four sub-groups, each with a focus on one of the following specific industrial areas: SODO/Stadium District; Ballard; Interbay/Armory site; and, Georgetown/Southpark. Brian Scott, with BDS Planning and Urban Design, has been engaged to serve as the facilitator for the Mayor's process. Fred Mendoza, chair of the PSA Board, will serve both on the overarching, advisory committee and on the SODO/Stadium District sub-group to represent both the PSA and the PFD. Fred Rivera of the Seattle Mariners will also serve on both of these committees. Additionally, as a result of our work with the City Council, Pioneer Square and C/ID representatives have been invited for the first time to have a seat at the table in such a process regarding the industrial lands adjacent to them.

The Mayor is focusing her process on the following: protecting and expanding living-wage jobs in the industrial and maritime sectors that provide broad access to Seattle's thriving economy; improving the movement of people and goods to and within industrial zones; linking our

industrial sectors to our environmental protection goals; and, developing a proactive land use policy agenda.

Lizanne explained that the Stadium District Leadership Team plans to participate fully in the Mayor's industrial lands process while at the same time continuing to bring awareness to key stakeholders (including incoming City Councilmembers) about the opportunities the Stadium District presents. The Leadership Team believes that the Stadium District can not only further the Mayor's economic development goals as they relate to industrial lands, but also the City's housing, public safety, neighborhood enhancement, open space, tourism and sports promotion goals.

The Mayor's process is expected to conclude by April or May of next year. New Comprehensive Plan proposals will be due to the City Council next year at the same time—approximately April or May 2020.

The Stadium District discussion concluded with discussion of a motion to amend the cost-sharing agreement between the PFD and the PSA to add Sound View Strategies as an authorized consultant assisting with government relations and other issues. Charley Royer moved approval of the amendment and Tim Burgess seconded. The motion was approved, 5-0.

3. Executive Director Search:

Jim Reid of the Falconer Group updated the Board on the E.D. search process. He reviewed with the Board the proposed steps and timeline in the work plan, noting that the goal was to have the new E.D. in place sometime in January 2020. Jim also discussed the proposed hiring announcement, including the new elements discussed and recommended by the hiring task force as a result of a meeting the prior week (salary range, full time/part time status, benefits, and employment status). The Board concurred with the hiring announcement and the accompanying cover letter. With the Board's approval, the formal announcement would be made on November 1, kicking off the public search process. Early applications were encouraged, with the task force beginning to review resumes and qualifications as soon as a sufficient pool of candidates was available.

4. Legislative Update:

Pat Dunn began by noting that the state House had a new speaker beginning this term (Laurie Jenkins), who succeeds longstanding speaker (Frank Chopp). This is also a short (60-day) session, which makes passing bills more challenging. Pat anticipates seeing more bills this year on sports betting, which the Club continues to monitor closely. Pat concluded by noting that if Initiative 976 passes (\$30 car tabs), then the session may be consumed by how to address the major funding deficits (state and local) that will be created.

5. Ballpark Neighborhood Improvement Fund (NIF):

Tom Backer introduced this discussion by sharing the terms of the Lease relevant to the NIF. Board member Burgess asked about funding available, and Tom noted that there was currently more than \$4M in the fund. Future contributions to the NIF would depend on the availability of funds at the end of every year (from rent, minus operating expenses and funds directed to an operating reserve by the Board). Paul Mar provided a brief history of the NIF from the lease negotiation discussion, including examples from 2017 regarding options on how the funds might be spent. He also reported on his meeting with the Community Partnership Forum in the summer. A discussion of the legal parameters for NIF spending was left for the Executive Session.

Chair Graven noted that no immediate action was required on the NIF, and she suggested that the Board wait for the new Executive Director to be hired before discussing the fund further.

6. Other Updates: None

REPORTS:

Chair Graven reported that she met with Kevin Callan and the State Auditor to kick off the 2018 audit review. Kevin is managing the process, which will likely continue for several weeks. She then reported on contract amendments for Jim Reid (adding scope and budget for the E.D. search), Sound View Strategies (modifying the scope and budget to include assistance on the Stadium District work, to be cost-shared with the PSA), and ZGF (adding budget to address additional scope required for the Stadium District work). Omar Riojas moved approval of the contract amendments as described, and Charley Royer seconded. The motion was approved 4-0 (Dale Sperling out of the room).

EXECUTIVE SESSION:

At 3:55 p.m. Chair Graven called for an Executive Session for the reasons noted on the agenda, to include an ADA litigation update (Fred Rivera, joining), followed by a discussion of legal issues relating to the NIF and to the upcoming E.D. hire. The Executive Session was expected to last 45 minutes and no action was planned following the session.

ADJOURNMENT:

The Executive Session was adjourned at 4:37 p.m. and the Board returned to regular session. There being no further business before the Board, Chair Graven declared the meeting adjourned.

Tom Backer
Recording Clerk

Stacy Graven, Chair
Board of Directors, Public Facilities District

Payment Summary - Special Districts

Report ID: AP_RPRT_181D
 Report Date: 10/1/2019
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09/01/2019 to 09/30/2019

DISTRICT FUND: WSMLBS 280010020
 WSMLBS-PFD OPERATING FUND

Issues

Payee	Payment Type	Number	Amount	Issue Date	Cleared Date	Invoice Number	Invoice Amount
A SPARKLE HOME CLEANING SERVICE	Warrant	9790385	325.00	09/06/2019	09/12/2019	1-0736	325.00
ALLSTREAM	Warrant	9790386	173.27	09/06/2019	09/11/2019	16317750	173.27
COMCAST BUSINESS	Warrant	9790387	138.56	09/06/2019	09/18/2019	9-1-19	138.56
CRYSTAL SPRINGS	Warrant	9790388	3.29	09/06/2019	09/09/2019	5314663 070120-1	3.29
ICON VENUJE GROUP LLC	Warrant	9790389	1,258.57	09/06/2019	09/17/2019	288-22-07-19	1,258.57
KEVIN CALLAN	Warrant	9790390	6,000.00	09/06/2019	09/09/2019	08-31-19	6,000.00
LIZANNE LYONS CONSULTING	Warrant	9790391	7,904.19	09/06/2019	09/09/2019	15	7,904.19
PACIFIC OFFICE AUTOMATION	Warrant	9790392	491.55	09/06/2019	09/16/2019	64531094	491.55
PATRICK DUNN & ASSOCIATES LTD	Warrant	9790393	4,200.00	09/06/2019	09/12/2019	PFD-08-19	4,200.00
POSTMASTER	Warrant	9790394	3,088.00	09/06/2019	09/16/2019	94445	0.00
TEAL GROUP TECHNOLOGIES LLC	Warrant	9790395	315.25	09/06/2019	09/16/2019	88166	315.25
THE FALCONER GROUP	Warrant	9790396	1,102.50	09/06/2019	09/18/2019	19-021	1,102.50
THOMAS ELI BACKER	Warrant	9790397	15,712.50	09/06/2019	09/11/2019	20799	15,712.50
ZGF	Warrant	9790398	22,472.50	09/06/2019	09/11/2019	000115426	22,472.50
Total Issues for Fund 280010020			63,185.18				

Cancels

Payee	Payment Type	Number	Amount	Issue Date	Cancel Date	Invoice Number
TEAL GROUP TECHNOLOGIES LLC	Warrant	9528120	(291.25)	01/12/2017	09/09/2019	86152
POSTMASTER	Warrant	9790394	(3,088.00)	09/06/2019	09/09/2019	94445
Total Cancels for Fund 280010020			(3,379.25)			
Total for Fund 280010020			59,805.93			

Payment Summary - Special Districts

Report ID: AP_RPRT_181D
 Report Date: 10/1/2019
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09/01/2019 to 09/30/2019

FUND 280011010 WSMILBS-PFD CAPITAL PROJECTS FUND

FUND	Payee	Issues	Payment Type	Number	Amount	Issue Date	Cleared Date	Invoice Number	Invoice Amount
280011010	SEATTLE MARINERS		Warrant	9790384	919,903.40	09/06/2019	09/09/2019	12975	919,903.40
	Total Issues for Fund 280011010				919,903.40				
	Total for Fund 280011010				919,903.40				
	Total for District WSMILBS				979,709.33				

Payment Summary - Special Districts

Report ID: AP_RPRT_181D
 Report Date: 11/1/2019
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10/01/2019 to 10/31/2019

DISTRICT FUND WSM SBS WSM SBS-PFD OPERATING FUND

Issues

Payee	Payment Type	Number	Amount	Issue Date	Cleared Date	Invoice Number	Invoice Amount
A SPARKLE HOME CLEANING SERVICE	Warrant	9797401	260.00	10/07/2019	10/16/2019	1-0737	260.00
ALLSTREAM	Warrant	9797402	170.82	10/07/2019	10/11/2019	16378456	170.82
CITY OF SEATTLE	Warrant	9797403	321.88	10/07/2019	10/10/2019	7206140000-9-19	321.88
COMCAST BUSINESS	Warrant	9797404	138.56	10/07/2019	10/15/2019	0253126-9-19	138.56
CRYSTAL SPRINGS	Warrant	9797405	3.29	10/07/2019	10/10/2019	5314663 070120-9-19	3.29
GARY JOHNSON	Warrant	9797406	1,425.00	10/07/2019		2	1,425.00
ICON VENUE GROUP LLC	Warrant	9797407	1,462.00	10/07/2019	10/15/2019	288-23-08-19	1,462.00
KEVIN CALLAN	Warrant	9797408	6,000.00	10/07/2019	10/08/2019	093019	6,000.00
LIZANNE LYONS CONSULTING	Warrant	9797409	5,011.00	10/07/2019	10/15/2019	16	5,011.00
PACIFIC OFFICE AUTOMATION	Warrant	9797410	491.55	10/07/2019	10/17/2019	64247979-9-19	491.55
PACIFICA LAW GROUP	Warrant	9797411	460.00	10/07/2019	10/10/2019	53047	460.00
PATRICK DUNN & ASSOCIATES LTD	Warrant	9797412	4,200.00	10/07/2019	10/16/2019	PFD-09-19	4,200.00
POSTMASTER	Warrant	9797413	308.00	10/07/2019	10/15/2019	BOX 94445	308.00
TEAL GROUP TECHNOLOGIES LLC	Warrant	9797415	1,915.48	10/07/2019	10/15/2019	88223	1,915.48
THE FALCONER GROUP	Warrant	9797416	945.00	10/07/2019	10/16/2019	19-023	945.00
THOMAS ELI BACKER	Warrant	9797417	13,425.00	10/07/2019	10/11/2019	20804	13,425.00

Total Issues for Fund 280010020

Total for Fund 280010020

36,537.58

36,537.58

Payment Summary - Special Districts

Report ID: AP_RPRT_181D
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10/01/2019 to 10/31/2019

280011010 WSMILBS-PFD CAPITAL PROJECTS FUND

FUND 280011010

Issues

Payee	Payment Type	Number	Amount	Issue Date	Cleared Date	Invoice Number	Invoice Amount
SEATTLE MARINERS	Warrant	9797414	648,356.93	10/07/2019	10/08/2019	13010	648,356.93
Total Issues for Fund 280011010			648,356.93				
Total for Fund 280011010			648,356.93				
Total for District WSMILBS			684,894.51				

Payment Summary - Special Districts

Report ID: AP_RPRT_181D
 Report Date: 12/2/2019
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11/01/2019 to 11/30/2019

DISTRICT FUND **WSMLBS** **280010020** **WSMLBS-PFD OPERATING FUND**

Issues

Payee	Payment Type	Number	Amount	Issue Date	Cleared Date	Invoice Number	Invoice Amount
A SPARKLE HOME CLEANING SERVICE	Warrant	9808631	260.00	11/13/2019	11/26/2019	1-0738	260.00
ALLSTREAM	Warrant	9808632	170.82	11/13/2019	11/20/2019	16434908	170.82
CAROL NELSON	Warrant	9808633	300.00	11/13/2019	11/20/2019	CN 9-19	300.00
CHARLES ROYER	Warrant	9808634	2,150.00	11/13/2019	11/19/2019	CR 9-19	2,150.00
CITY OF SEATTLE - RCA	Warrant	9808635	56.00	11/13/2019	11/20/2019	3120962	56.00
CITY OF SEATTLE	Warrant	9808636	114.41	11/13/2019	11/18/2019	7206140000-10-19	114.41
COMCAST BUSINESS	Warrant	9808637	138.56	11/13/2019	11/20/2019	0253126-10-19	138.56
CRAIG KINZER	Warrant	9808638	150.00	11/13/2019	11/20/2019	CK 9-19	150.00
CRYSTAL SPRINGS	Warrant	9808639	3.29	11/13/2019	11/20/2019	P9797405	3.29
DALE SPERLING	Warrant	9808640	500.00	11/13/2019	11/25/2019	DS 9-19	500.00
JESUS SANCHEZ	Warrant	9808641	50.00	11/13/2019	11/25/2019	JS 9-19	50.00
KEVIN CALLAN	Warrant	9808642	6,000.00	11/13/2019	11/14/2019	101119	6,000.00
KEVIN CALLAN	Warrant	9808643	22.00	11/13/2019	11/14/2019	OFFICE SUPPLIES	22.00
LIZANNE LYONS CONSULTING	Warrant	9808644	5,942.81	11/13/2019	11/25/2019	17	5,942.81
OMAR RIOJAS	Warrant	9808645	350.00	11/13/2019	11/21/2019	OR 9-19	350.00
PACIFICA LAW GROUP	Warrant	9808646	1,437.50	11/13/2019	11/18/2019	53902	1,437.50
PATRICK DUNN & ASSOCIATES LTD	Warrant	9808647	4,200.00	11/13/2019	11/21/2019	PFD-10-19	4,200.00
PAUL MAR	Warrant	9808648	950.00	11/13/2019	11/20/2019	PM	950.00
STACY GRAVEN	Warrant	9808649	750.00	11/13/2019	11/25/2019	SG 9-19	750.00
STATE AUDITOR'S OFFICE	Warrant	9808650	100.10	11/13/2019	11/20/2019	L133089	100.10
TEAL GROUP TECHNOLOGIES LLC	Warrant	9808651	1,480.30	11/13/2019	11/20/2019	88303 - 88367	1,480.30
THE FALCONER GROUP	Warrant	9808652	2,625.00	11/13/2019	11/20/2019	19-026	2,625.00
THOMAS ELI BACKER	Warrant	9808653	26,665.00	11/13/2019	11/14/2019	20810	26,665.00
TIM BURGESS	Warrant	9808654	250.00	11/13/2019	11/18/2019	TB 9-19	250.00

Total Issues for Fund 280010020

Total for Fund 280010020

54,665.79

54,665.79

Payment Summary - Special Districts

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11/01/2019 to 11/30/2019

280011010 WSMILBS-PFD CAPITAL PROJECTS FUND

FUND 280011010

Issues

Payee	Payment Type	Number	Amount	Issue Date	Cleared Date	Invoice Number	Invoice Amount
SEATTLE MARINERS	Warrant	9808655	457,670.30	11/13/2019	11/15/2019	13046	457,670.30
Total Issues for Fund 280011010			457,670.30				
Total for Fund 280011010			457,670.30				
Total for District WSMILBS			512,336.09				

PFD Operations Budget - VS - Actual 2019

January - November 2019	Total	Actual	Variance
Operating Cash balance	2,563,232	2,731,124	167,892
Rent - Mariners	1,500,000	1,500,000	-
Interest	27,948	68,719	40,771
1. Outside Consultants:			
Outside Accounting / Auditing	22,500	16,477	6,023
Legal fees	275,000	233,333	41,667
Consulting services	231,367	205,254	26,113
Subtotal Outside Consultants:	528,867	455,064	73,803
2. PFD Staff			
Kevin & "new staff"	103,500	66,000	37,500
3. General and Administrative:			
Office Expense	16,500	13,753	2,747
Meeting Expense	5,500	5,950	(450)
Telephone / Computer Expense	16,500	13,981	2,519
Travel	11,000	-	11,000
Insurance	32,850	32,848	2
PFD Discretionary pymt to NIF Fund	-	-	-
Payment to Capital Projects Fund	250,000	250,000	-
Subtotal General and Administrative:	332,350	316,532	15,818
Total PFD operating Expenses	964,717	837,596	127,121

Neighborhood Improvement Budget - vs - Actual 2019

January - November 2019	Budget	Acutal	Variance
Operating Cash balance	4,291,825	4,354,500	62,675
2018 Profit Sharing Contribution	2,300,000	2,300,000	-
PFD Discretionary Contribution	-	-	-
Interest	52,325	54,500	2,175
1. Outside Consultants:			
Outside Accounting / Auditing	-		
Legal fees	22,000	-	
Consulting services	33,000	-	
Subtotal Outside Consultants:	55,000	-	-
2. PFD Staff			
Kevin & "new staff"	-		
3. General and Administrative:			
Meeting Expense	5,500	-	
Subtotal General and Administrative:	5,500	-	-
4. SUBTOTAL Monthly Expenses	60,500	-	-

November 14, 2019

Mr. Kevin Callan, Executive Director
Washington State Major League Baseball Stadium
Public Facilities District
110 South Atlantic Street
Seattle, Washington 98134

Dear Kevin:

Thank you for the opportunity to propose our services to assist you and the Public Facilities District (the "District") in the oversight of certain terms of the Lease between the Baseball Club of Seattle, LLP (Mariners) and the District. This letter outlines the approach and steps we would propose to support you in this work.

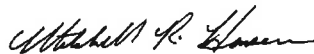
1. We will review and become familiar with the relevant terms of the Lease between the Mariners and the District,
2. We will review the prior (2016) Calculations of Net Income and Cumulative Net Loss to gain an understanding of the methodology for complying with the Lease in the years 2017 and 2018,
3. We will accompany you to the office of the Mariners to make inquiries of management and to test the current Calculation of Net Income and Cumulative Net Loss against underlying supporting documentation, primarily the audited financial statements as supplied by the Mariners,
4. We will discuss any differences noted with you and Mariners' management and attempt to resolve such differences through our discussions,
5. We will prepare a letter to you summarizing our work and findings.

This work will be performed by Ronald Rauch at a time that is mutually convenient. We anticipate that our fee for this work will be \$2,500, based on the estimated time involved. Time incurred in excess of this amount will not be billed without prior discussion with and approval by you as documented in a change order.

Mitch Hansen will be our shareholder in charge of all services that we perform for the District.

I look forward to discussing this proposal with you at your convenience.

Sincerely,



Mitchell Hansen
Shareholder



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November 22, 2019

Mr. Kevin Callan, Executive Director
Washington State Major League
Baseball Stadium Public Facilities District
110 South Atlantic Street
Seattle, Washington 98134

Dear Kevin:

This letter summarizes the work we performed on behalf of the Public Facilities District (the "District") in the oversight of certain terms of the Lease between the Baseball Club of Seattle, LLP (Mariners) and the District for the Lease years ended 2017 and 2018. Following are the significant steps performed by Ronald Rauch:

1. We reviewed the relevant terms of the Lease (Section 5.2) between the Mariners and the District related to the calculation and payment of "profit sharing",
2. We reviewed the prior Calculations of Net Income and Cumulative Net Loss to gain an understanding of the methodology for complying with the Lease,
3. We accompanied you to the office of the Mariners on November 21, 2019 to make inquiries of management and to test the current Calculation of Cumulative Net Loss through December 31, 2017 and 2018 against underlying supporting documentation, primarily the audited financial statements as supplied by the Mariners.

During the meeting on November 21, we met with Tim Kornegay and Greg Massey, representing Mariners' management. Tim explained that he is responsible for the preparation of the Report to the District regarding compliance with the Lease and confirmed that he had prepared the calculations in the correspondence to the District, dated April 30, 2018 related to 2017 and April 30, 2019 related to 2018, outlining the Cumulative Net Loss Through December 31, 2017 and Cumulative Net Income through December 31, 2018. Those letters indicate a Cumulative Loss of \$(5,656,000) through December 31, 2017 and a Cumulative Net Income of \$45,998,000 through December 31, 2018. The Cumulative Net Income through 2018 resulted in a payment of \$4,600,000 in Profit Sharing under the lease.

Our meeting with Mariners management included a review of the 2017 and 2018 Audited Financial Statements of the Baseball Club of Seattle, LLP. Tim indicated that the preparation of the schedule of Cumulative Net Loss was done on a consistent basis from year to year and in accordance with the terms of the Lease.

We discussed each of the entries on the calculation of Cumulative Net (Loss) Income and were able to trace and agree those amounts to the audited financial statements.



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98004

clarknuber.com

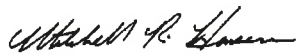
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Mr. Kevin Callan, Executive Director
Washington State Major League
Baseball Stadium Public Facilities District
November 22, 2019
Page 2

We received satisfactory answers to all of our inquiries.

I will be pleased to discuss this report with you at your convenience.

Sincerely,



Mitchell Hansen
Shareholder



April 30, 2019

Mr. Kevin Callan
Executive Director
Washington State Public Facilities District
Safeco Field
Seattle, WA 98134

Dear Kevin:

In accordance with Article 5.2 of the Ballpark Operations and Lease Agreement between the Washington State Major League Baseball Stadium Public Facilities District (PFD) and The Baseball Club of Seattle, LLLP, enclosed please find the Mariners report to the PFD for the year ended December 31, 2018, along with an update on the club's Cumulative Net Loss calculated from July 1, 1995.

The Profit Share reflects a one-time, non-recurring payment from MLB Advanced Media for the sale of certain assets. But for the asset sale in 2018, the Club would have continued to show a Cumulative Net Loss without any Profit Share payable to the PFD. Under the new Lease Agreement, the Club will pay to the PFD an annual, guaranteed Revenue Share based on the sale of event tickets at T-Mobile Park.

This report meets the requirements of Article 5.2 of our Lease. As the Club's Executive Vice President, CFO, I certify to the best of my knowledge that the attached calculations are true and correct.

Sincerely,

Tim Kornegay
Executive Vice President, CFO

Enclosure



REPORT TO THE WASHINGTON STATE PUBLIC FACILITIES DISTRICT BY THE SEATTLE MARINERS FOR YEAR ENDED DECEMBER 31, 2018

Submitted April 30, 2019

In 1996, the Washington State Major League Baseball Stadium Public Facilities District (PFD) and The Baseball Club of Seattle, LLLP (Mariners or Club) entered into the Ballpark Operations and Lease Agreement (Lease). The Mariners agreed to play at the ballpark now known as T-Mobile Park.

Section 5.2 of the Lease includes a commitment by the Mariners to share profits after the recovery of the financial losses that occurred after July 1, 1995 (defined as Cumulative Net Loss in section 5.2.4). From that date through October 31, 1999, the Mariners net operating losses totaled \$200,212,000. (Note: This figure does not include the losses this ownership group incurred for the three years from July 1, 1992 through June 30, 1995.)

A "special calculation" was agreed upon in the Lease to determine the annual amount to apply to the Cumulative Net Loss. It was created specifically to determine when the Mariners begin sharing profits with the PFD and has no application other than this limited purpose. Each year, if the special calculation is positive, the Cumulative Net Loss is reduced. This special calculation should not be confused with the Mariners Net Income/Loss from business operations.

Although not required by the Lease, the Mariners would like to advise the PFD that in fiscal year 2018, the Club had net income from business operations (using generally accepted accounting principles, GAAP) of \$44,055,000. This was the result of a one-time payment from Major League Baseball Advanced Media for sale of certain assets. But for the one-time distribution, the Club would have experienced a net operating loss for 2018. It is important to note that since this ownership group bought the franchise in 1992, there has never been a distribution of team profits to individual members of this ownership group in any year.

The "special calculation" for profit-sharing purposes with the PFD resulted in a positive figure of \$51,654,000 in 2018. That has now eliminated the Mariners Cumulative Net Loss and for the first time, the Club will share profits with the PFD.

Below are the 2018 figures the Mariners are reporting to the PFD per Article 5.2 of the Lease.

Cumulative Net Loss through October 31, 1999	(\$200,212,000)
Cumulative Net Loss through December 31, 2017	(\$5,656,000)
Special Calculation* for 2018 fiscal year	\$51,654,000
Cumulative Net Income through December 31, 2018	\$45,998,000

Therefore, for the year ended December 31, 2018, the PFD is due 10% of the Club's net income for 2018, or \$4,600,000 in profit share according to Section 5.2.2 of the Lease.

*Per section 5.2.3 of the Lease, the special calculation was made using the following adjustments to GAAP Net Income of \$44,055,000: add Depreciation/Amortization of \$22,168,000; subtract Player Signing Bonuses of \$14,725,000; subtract Non-ballpark Capital Expenditures of \$1,057,000; subtract Net Capital Fund Deposits \$3,387,000; add \$4,600,000 Profit Share. This yields the special calculation of \$51,654,000.

Footnote: The numbers in this report are taken from the audited annual financial statements, covering our fiscal year ended December 31, 2018. Our financial statements have been prepared using generally accepted accounting principles (GAAP). Deloitte & Touche LLP performed the audit in accordance with generally accepted auditing standards (GAAS).

DATE	4/30/2019	CHECK NUMBER	018539
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INVOICE NUMBER	INVOICE DATE	VOUCHER NBR	DESCRIPTION	NET AMOUNT
04/30/2019	4/30/2019	VCONH00352699	2018 PFD Profit Share	4,600,000.00
PRINT BATCH	VENDOR CODE	PAY TO NAME		NET TOTAL
4,016	WASHI012	WA State Major League Baseball Stadium		\$4,600,000.00

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Seattle Mariners
 P.O. Box 4100
 Seattle, WA 98194
 (206) 346-4000

Key Bank
 Seattle, WA

Accts Payable

DATE	4/30/2019	CHECK NUMBER	018539
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PAY Four million six hundred thousand and 00 / 100 Dollars Only *****

TO THE ORDER OF
 WA State Major League Baseball Stadium
 Public Facilities District
 1250 1st Ave S
 Seattle, WA 98134

AMOUNT	\$4,600,000.00
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Jimmy's Rouney

THIS DOCUMENT IS PRINTED ON SECURITY PAPER AND INCLUDES VISIBLE FIBERS

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April 30, 2018

Mr. Kevin Callan
Executive Director
Washington State Public Facilities District
Safeco Field
Seattle, WA 98134

Dear Kevin:

In accordance with Article 5.2 of the Ballpark Operations and Lease Agreement between the Washington State Major League Baseball Stadium Public Facilities District (PFD) and The Baseball Club of Seattle, LLLP, enclosed please find the Mariners report to the PFD for the year ended December 31, 2017, along with an update on the club's Cumulative Net Loss calculated from July 1, 1995.

This report meets the requirements of Article 5.2 of our Lease. As the Club's Executive Vice President of Finance, I certify to the best of my knowledge that the attached calculations are true and correct.

Sincerely,

Tim Kornegay
Executive Vice President Finance

Enclosure



REPORT TO THE WASHINGTON STATE PUBLIC FACILITIES DISTRICT BY THE SEATTLE MARINERS FOR YEAR ENDED DECEMBER 31, 2017

Submitted April 30, 2018

In 1996, the Washington State Major League Baseball Stadium Public Facilities District (PFD) and The Baseball Club of Seattle, LLLP (Mariners or Club) entered into the Ballpark Operations and Lease Agreement (Lease). The Mariners agreed to play at yet-to-be-named Safeco Field.

Section 5.2 of the Lease includes a commitment by the Mariners to share profits after the recovery of the financial losses that occurred after July 1, 1995 (defined as Cumulative Net Loss in section 5.2.4). From that date through October 31, 1999, the Mariners net operating losses totaled \$200,212,000. (Note: This figure does not include the losses this ownership group incurred for the three years from July 1, 1992 through June 30, 1995.)

A "special calculation" was agreed upon in the Lease to determine the annual amount to apply to the Cumulative Net Loss. It was created specifically to determine when the Mariners begin sharing profits with the PFD, and has no application other than this limited purpose. Each year, if the special calculation is positive, the Cumulative Net Loss is reduced. This special calculation should not be confused with the Mariners Net Income/Loss from business operations.

Although not required by the Lease, the Mariners would like to advise the PFD that in fiscal year 2017, the Club had net income from business operations (using generally accepted accounting principles, GAAP) of \$15,019,000. This compares with a net loss in 2016 of (\$21,457,000). It is important to note that since this ownership group bought the franchise in 1992, there has never been a distribution of team profits to individual members of this ownership group in any year.

The "special calculation" for profit-sharing purposes with the PFD resulted in a positive figure of \$20,891,000 in 2017. That has reduced the Mariners Cumulative Net Loss has been reduced to (\$5,656,000).

Below are the figures for 2017 that the Mariners are reporting to the PFD per Article 5.2 of the Lease.

Cumulative Net Loss through October 31, 1999	(\$200,212,000)
Cumulative Net Loss through December 31, 2016	(\$26,547,000)
Special Calculation* for 2017 fiscal year	\$20,891,000
Cumulative Net Loss through December 31, 2017	(\$5,656,000)

Therefore, for the year ended December 31, 2017, no profit sharing payment is currently due the Public Facilities District under section 5.2.2 of the Lease.

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*Per section 5.2.3 of the Lease, the special calculation was made using the following adjustments to GAAP Net Income of \$15,019,000: add Depreciation/Amortization of \$22,552,000; subtract Player Signing Bonuses of \$12,644,000; subtract Non-ballpark Capital Expenditures of \$1,562,000; subtract Ballpark Capital Expenditures of \$2,474,000. This yields the special calculation of \$20,891,000.

Footnote: The numbers in this report are taken from the most recent draft of our annual financial statements, covering our fiscal year ended December 31, 2017. Our financial statements have been prepared using generally accepted accounting principles (GAAP). Deloitte & Touche LLP performed the audit in accordance with generally accepted auditing standards (GAAS).

Calculation of Net Income & Cumulative Net Loss For the 12 months ended December 31, 2017
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Lease Section <u>5.2.3</u>	<u>Item</u>	<u>000's</u>
	2017 Net Income (GAAP)	\$ 15,019
	<u>Additions (Subtractions):</u>	
(i)	Depreciation/amortization	22,552
(ii)	Player signing bonuses	(12,644)
(iii)	Non-ballpark capital expenditures	(1,562)
(iv)	Net Capital Fund deposits	<u>(2,474)</u>
	Special Calculation per section 5.2.3 of the Ballpark Operations and Lease Agreement	\$ 20,891
	Ballpark construction	<u>-</u>
	Cumulative Net Loss through December 31, 2016	<u>(26,547)</u>
	Cumulative Net Loss through December 31, 2017	<u>\$ (5,656)</u>