

LEASE RENEWAL TERM SHEET

May 23, 2018

This Term Sheet constitutes the agreement between (1) the Washington State Major League Baseball Stadium Public Facilities District (the "PFD"), a Washington municipal corporation and special purpose district created pursuant to RCW Chapter 36.100, Chapter 1, Laws of 1995, Third Special Session of the Laws of Washington and King County Ordinance 12000; and (2) The Baseball Club of Seattle, LLLP, a Washington limited liability limited partnership, d/b/a the Seattle Mariners Baseball Club (the "Club"), regarding a lease for the baseball stadium currently known as "SAFECO FIELD" located at the corner of 1st Avenue South and Edgar Martinez Drive South in Seattle, Washington (the "Ballpark"). Completion of a formal definitive agreement between the parties will include, but not be limited to, the terms detailed herein along with any additional terms and clarifications the parties may mutually agree upon, hereafter referred to as the "Lease". The terms contained in this Term Sheet, which will be incorporated into the Lease, will become binding only upon completion of the conditions identified herein, including execution of the Lease.

TERM	25 years, with two Club options to extend three years each on the same terms and conditions.
RENT	<p>\$1,500,000 with annual CPI escalation. Rent payments will be made in two equal annual installments.</p> <p>After funding PFD operating expenses and making a \$250,000 required contribution to the CapEx Fund (defined below) with annual CPI escalation, the PFD will deposit the remainder of Rent revenues in a discretionary fund (the "PFD Discretionary Fund"). PFD will disburse amounts from the PFD Discretionary Fund to: (i) an operating reserve fund (the "PFD Operating Reserve Fund"), provided that no such disbursement to the PFD Operating Reserve Fund may cause the balance of the PFD Operating Reserve Fund to exceed \$3,000,000; (ii) the CapEx Fund; (iii) the Ballpark Neighborhood Improvement Fund (described below); or (iv) any other expense item authorized by statute.</p>
ANNUAL REVENUE-SHARING TO CAPEX FUND	The Club will contribute to the PFD 1.5% of the first \$100,000,000 in revenue subject to the admissions tax, then 2% of all revenue subject to the admissions tax above \$100,000,000 (calculated in the same manner as the existing

	5% admissions tax), with no minimum and no cap (the "Annual Revenue Share"). The \$100,000,000 revenue threshold will be adjusted each year by CPI escalation. The PFD will contribute 100% of Annual Revenue Share to the CapEx Fund.
APPLICABLE STANDARD	<p>"Applicable Standard" means operating, maintaining, repairing, re-equipping and Improving (including Upgrades, as described below) the Ballpark in a first class manner, measured against the operation, maintenance, repair, re-equipping and improvement of the top one-third of all Major League Baseball ballparks, taken as a whole (e.g. not less than ten ballparks currently), without regard to any particular aspect of a single ballpark, considering the age of the Ballpark and the age of the group of ballparks against which the Ballpark will be measured, and any special needs or limitations arising from the Ballpark's design and construction, and subject to Ballpark improvements that could only reasonably be addressed in a new stadium. [Note to Mariners: the PFD understands this language will need to be further addressed in the definitive document, including to address variations related to the ballparks' ages that affect the Applicable Standard.]</p> <p>The PFD and Club will agree as to the top one-third of all Major League Baseball ballparks that fall within the above criteria every five years (i.e., Years 1, 6, 11, etc.). If the parties cannot agree as to the top one-third of all Major League Baseball ballparks, the PFD and Club will refer the question to a mutually acceptable independent sports facility expert in design, construction and operations who will make such determination.</p>
MANAGEMENT PLAN	The Club will provide for the PFD's review and approval an annual Management Plan comprising a one-year Operation & Maintenance ("O&M") expenditure plan and a ten-year rolling plan for all CapEx Work (defined below), consistent with the Applicable Standard. The PFD's approval must be consistent with the provisions of the Lease, and may not be unreasonably withheld.
BALLPARK OPERATIONS AND MAINTENANCE	The Club is responsible for the performance and cost of all O&M necessary to fulfill the Management Plan and to meet the Applicable Standard, subject to normal wear and tear.

	<p>The PFD must approve any outsourcing to a third-party of Ballpark O&M responsibilities for the entire Ballpark, which approval will not be unreasonably withheld, provided the third-party operator has at least ten years' experience operating and maintaining at least five other Major League Baseball ballparks, National Football League stadiums, National Basketball Association or National Hockey League arenas.</p>
CAPEX WORK	<p>The Club is responsible for the performance and cost of all capital maintenance, repairs, re-equipping and improvements (including all "Necessary Improvements" as used in the 2016 B&D Venues/Populous "Safeco Field Long-Term Capital Needs Assessment" prepared for the PFD and Club, and Upgrade Improvements) necessary to meet the Applicable Standard and to fulfill the Management Plan (the "CapEx Work"). The Club will be reimbursed for CapEx Work from the CapEx Fund (defined below). The Club will remain responsible to complete CapEx Work required to meet the Applicable Standard regardless of the sufficiency of the CapEx Fund at the time the CapEx Work is completed. As long as the Club has met the Applicable Standard, the PFD will not reject proposed Upgrade Improvements.</p> <p>Upgrade Improvements may include improvements or additions to the Ballpark similar to those identified in the 2016 B&D Venues/ Populous report, or any other improvements/additions that the Club determines may enhance the fan experience, subject to the above.</p> <p>The Catastrophic Damage provision in the current lease addressing repairs to the Ballpark following a catastrophic event will be included in the Lease.</p>
CAPEX FUND	<p>The parties will establish a new Capital Expenditure Fund (the "CapEx Fund"), which will replace the existing Capital Fund and Excess Revenues Fund under the existing lease and will be used to fund Ballpark CapEx Work (either directly from the CapEx Fund or by reimbursing the Club for CapEx Work the Club self-funds), including but not limited to upgrades and improvements necessary to meet or exceed the Applicable Standard. CapEx disbursements will be accounted for pro rata between the Club and PFD based on creditable contributions made by the parties as described below.</p>

Because the Club is responsible for the performance and cost of all capital maintenance, repairs, re-equipping and improvements necessary to meet the Applicable Standard, the CapEx Fund will be used as a method to secure performance of the Club's CapEx responsibility. The Club may only spend funds from the CapEx Fund for CapEx Work in accordance with the approved Management Plan or other written approval from the PFD, except (a) in the case of an emergency, and (b) for a single expense of up to \$350,000 and annual aggregate costs of up to \$1,500,000, each increased annually based on CPI.

The Club may not be reimbursed from the CapEx Fund if such reimbursement will reduce the balance of the CapEx Fund below \$3,000,000. If funds in the CapEx Fund are insufficient to meet this minimum balance requirement, during the deficiency period the Club will directly fund CapEx Work necessary to meet the Applicable Standard; provided, however, that the Club will be reimbursed from the CapEx Fund for previously self-funded CapEx Work after the CapEx Fund balance meets the \$3,000,000 minimum balance requirement.

The parties will terminate the Project Close-Out and Settlement Agreement and any remaining or future unanticipated capital costs (UCCs) will be combined with and treated in the same fashion as all other CapEx Work.

The PFD will have a security interest in the CapEx Fund and may use funds in the CapEx Fund to cure any Club default under the Lease (after following the Lease's default procedures), in addition to exercising any other rights the PFD has to cure any Club default.

At the end of the Lease term (including any exercised extension options):

- If the Ballpark is to be demolished and there is no new ballpark planned to be built in the Seattle area (defined to include King County, Snohomish County, and Pierce County), the CapEx Fund balance will first be applied to demolition costs and the PFD will retain any balance.

	<ul style="list-style-type: none"> • If the Club extends the Lease for at least ten years, the parties agree to a new lease for a term of at least 10 years, or the parties agree to construct a new ballpark as a public private partnership with the PFD or any successor entity, the CapEx Fund balance will be credited pro rata to the PFD and Club to be applied to the parties' respective agreed obligations for future Ballpark renovations or new construction. The pro rata allocation of the CapEx Fund balance will be based on each party's respective contributions to the CapEx Fund, as follows: <ul style="list-style-type: none"> ○ The PFD's creditable contributions will comprise admission taxes, parking taxes, \$250,000 annual Rent contribution with annual CPI escalation, disbursements from the PFD Discretionary Fund into the CapEx Fund, Annual Revenue Share, County Tax Revenues, and Sale of Club Revenue Share (defined below) if any. ○ The Club's creditable contributions will comprise the Club's annual CapEx contribution, and any direct CapEx expenditures not reimbursed from the CapEx Fund. • If the Club constructs a new ballpark in the greater Seattle area (defined to include King County, Snohomish County, and Pierce County) and does not partner with the PFD or its successor entity, the Club may withdraw the balance of its creditable contribution to the CapEx fund for such construction. • If the Club relocates or no longer operates in the greater Seattle area, the PFD will keep all remaining funds in the CapEx Fund. <p>The Club will provide a \$5,000,000 letter of credit as additional security for its performance under the Lease if the CapEx Fund balance (a) is less than \$5,000,000 for more than 12 consecutive months, or (b) falls below \$3,000,000 for more than thirty days (30) consecutive days.</p>
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<p>CLUB'S CAPEX FUND CONTRIBUTION</p>	<p>The Club will initially contribute \$3,250,000 per year, plus annual CPI increase, to the CapEx Fund for years one (1) through five (5) of the Lease.</p> <p>Every subsequent five (5)-year period during the Lease term (years 6, 11, 16, 21.), the Club and PFD will compare the projected CapEx Fund balance from all available revenue sources (including the existing balance at the time of the review) during the next ten (10) years of the Lease against the budgeted CapEx Work expenses during that period, to determine if the CapEx Fund is sufficiently capitalized.</p> <ul style="list-style-type: none"> • If the projections indicate that the CapEx Fund is undercapitalized by 10% or more (e.g., during the next ten (10) years of the Lease term the projected CapEx Fund balance is 90% or less of estimated CapEx Work), the Club will increase its annual CapEx Fund Contribution, such that the projected CapEx Fund balance will be 110% of estimated CapEx Fund Work during the next ten (10) years of the Lease. • If the projections indicate that the CapEx Fund is overcapitalized by 10% or more (e.g., during the next ten (10) years of the Lease term the projected CapEx Fund balance is 110% or more of estimated CapEx Work), the Club's CapEx Fund Contribution will be reduced, such that the projected CapEx Fund balance will be 110% of estimated CapEx Fund Work during the next ten (10) years of the Lease. <p>If the parties cannot agree on the projected CapEx Fund balance and/or CapEx Work expenditures, the PFD and Club will refer the question to a mutually acceptable independent expert who will make such determination.</p>
<p>PFD CAPEX FUND CONTRIBUTION</p>	<p>The PFD's initial contribution to the CapEx Fund will comprise: (i) 100% of the PFD Excess Revenue Fund balance at the end of the current lease term, including any payments made after the current lease term pursuant to the current lease; and (ii) the balance of the PFD Operating Fund at end of the current lease term, less \$2,000,000 the PFD will hold as operating reserves and less \$2,000,000 that the PFD will contribute to the Ballpark Neighborhood Improvement Fund.</p>

	<p>The PFD's annual contribution to the CapEx Fund will comprise (i) the PFD's proceeds from the 5% admissions tax and 10% parking tax; (ii) Annual Revenue Share; (iii) \$250,000 per year with annual CPI escalation after PFD operating expenses are paid from the Annual Rent payment, in addition to any additional amounts from the PFD's Discretionary Fund deposited in the CapEx Fund; and (iv) any County Tax Revenues. The PFD will also contribute to the CapEx Fund any Sale of Club Revenue Share it receives.</p>
<p>BALLPARK NEIGHBORHOOD IMPROVEMENT FUND</p>	<p>The "Ballpark Neighborhood Improvement Fund" is intended to support work consistent with the PFD's statutory authority and Mission Statement (to the extent consistent with the PFD's statutory authority).</p> <p>The PFD will fund the Ballpark Neighborhood Improvement Fund as follows: (i) a \$2,000,000 initial deposit from excess amounts in the PFD's Operating Fund at termination of the existing lease; and (ii) at the PFD's discretion annually thereafter from the PFD Discretionary Fund funded from the Club's Annual Rent.</p> <p>The PFD and Club will form an advisory committee to discuss Ballpark Neighborhood Improvement Fund projects and expenditures. The PFD retains sole discretion in determining such projects, however, mutual agreement of the PFD and Club is required for any project that materially interferes with Club's Lease rights, including use of the Ballpark premises.</p> <p>The parties will seek input and feedback from other stakeholders, as appropriate.</p> <p>The PFD agrees to consider requests from the Club to transfer funds initially deposited into the Neighborhood Improvement Fund to the CapEx Fund to fund ballpark improvements, with the PFD retaining discretion to approve or reject such requests.</p> <p>If, by a final non-appealable judgment, a Washington State Court determines the PFD lacks statutory authority to fund and manage the PFD Neighborhood Improvement Fund, the balance of the PFD Neighborhood Improvement Fund will be transferred to the CapEx Fund.</p>

<p>COMMUNITY BENEFITS</p>	<p>Maintain benefits from the existing lease:</p> <ul style="list-style-type: none"> • Making the Ballpark available at reasonable rates and terms for community non-baseball use; • Making at least 5% of the seats available at a price no greater than 50% of the average ticket price of all paid admissions during the previous season; • Making at least 30% of all seats available for purchase outside of full or partial season ticket plans; • Making at least an average of 4,600 tickets per game reasonably affordable to average citizens and their families, including the 5% of total seats discussed above and tickets made available through Mariners' Care and other youth, senior and community programs, family and other discount programs, and other means. <p>The Club will report annually to the PFD its prior year's public and community investments via Mariners' Care or any other community benefit programs in which the Club participates, with its plan for the coming year.</p> <p>[Other existing and on-going community benefits to be added]</p>
<p>NON-RELOCATION AGREEMENT</p>	<p>Subject to MLB approval, the PFD and Club will enter into a stand-alone non-relocation agreement, the specific terms of which are to be negotiated but which are generally expected to reflect terms common to recent MLB non-relocation agreements.</p>
<p>SALE OF CLUB REVENUES TO CAPEX FUND</p>	<p>The Club will be obligated to make a good faith effort, for at least a 90-day period, to find a Local Buyer if the Club or a Controlling Interest in the ownership of the Club is offered for sale. "Local Buyer", as used herein, refers to a buyer whose principal residence or place of business is in the State of Washington for at least the previous 10 years. "Controlling Interest", as used herein, means (i) ownership of more than 50% of all outstanding equity in the Club; (ii) ownership of more than 50% of the general partnership interest in the Club; or (iii) control of a majority of the voting interests in the Club either by ownership or contract.</p> <p>The Club will not be required to pay any amount to the PFD upon the sale or transfer of a Controlling Interest in the Club</p>

	<p>(a) among existing Club owners or their heirs (or any new entities formed by such individuals or entities) so long as the buyers take on the responsibilities and obligations of the Lease; or (b) to a Local Buyer who commits to at least a ten (10)-year extension of the Lease, a new lease adding at least ten (10) years to the Lease term, or commits to other agreements ensuring the Club remains in the Seattle area for at least ten (10) years beyond the Lease term.</p> <p>Other than as provided for above, the Club will pay to the PFD \$20,000,000 upon the sale or transfer of a Controlling Interest in the Club: (i) during the first 15 years of the term, or (ii) during years 16 through 25 of the Lease term (or any three-year extension thereof) provided the buyer or transferee commits to at least a ten (10)-year extension of the Lease, a new lease adding at least ten (10) years to the Lease term, or commits to other agreements ensuring the Club remains in the Seattle area for at least ten (10) years beyond the Lease term.</p> <p>Other than as provided for above, the Club will prohibit the sale of a Controlling Interest in the Club during the last 10 years of the Lease to any buyer or transferee who does not agree to extend the Lease, commit to a new lease extending the term by at least ten (10) years, or enter into other agreements ensuring the Club remains in the Seattle area for at least ten years beyond the Lease term. If a sale of a Controlling Interest occurs in violation of the preceding sentence, the PFD may seek injunctive relief enforcing this provision of the Lease, or if a court determines that Injunctive relief is not available or is not granted for any reason, the Club shall pay the PFD liquidated damages in an amount equal to ten percent (10%) of the gross sale proceeds from such sale.</p> <p>The PFD will contribute to the CapEx Fund any proceeds it receives from the Club upon the sale or transfer of a Controlling Interest in the Club (the "Sale of Club Revenue Share").</p>
<p>CHANGED CIRCUMSTANCES</p>	<p>If any governmental body takes any action that may have a material detrimental impact on the Club's ability to operate the Ballpark or comply with the Lease, including issuing the final approvals necessary for the development of a sports and entertainment complex development within a one-mile radius of the Ballpark, the PFD will, in good faith, cooperate and</p>

	discuss with the Club options to mitigate the impact of such actions. Unless otherwise agreed, the PFD will have no financial obligations to mitigate such impacts.
INSURANCE	The Club will pay the premiums for all insurance coverages required in the current lease, including earthquake insurance with business interruption. Coverage requirements, deductibles, limits and premiums, to be discussed and mutually agreed upon by the parties. Insurance provisions will be updated as necessary to comport with industry standards and practices.
COUNTY LODGING TAX	The PFD will accept King County's decision to allocate lodging tax revenues (the "County Tax Revenues" or "Lodging Tax Revenues") for Ballpark-related purposes, provided the PFD is satisfied with, and reaches agreement with the Club on, terms for the Lease.
ADDITIONAL TERMS	<ol style="list-style-type: none"> 1) The PFD agrees to remove restrictions on liquor and spirit advertising. Restrictions on sexually explicit and marijuana advertising will be added, provided that the PFD agrees to discuss revising advertising restrictions on marijuana if the Seattle Seahawks or the Seattle Sounders, or any other major league professional team in Seattle that plays in a publicly owned facility with over 10,000 seats advertise marijuana. 2) The PFD will release or modify the existing easement on the 1st Avenue/Edgar Martinez Drive corner property if the Club commences development of the property by December 31, 2023. If the Club fails to commence development by such date, the PFD will discuss releasing or modifying the easement in connection with a later development of the property. 3) The Club agrees that if it resells charter seat licenses during the term of the Lease, any net proceeds will be dedicated to the CapEx Fund (subject to the revenue/expense projection process described above). 4) The parties will discuss King County requirements for public funding such as race and social justice initiatives, environmental, etc.

This Term Sheet is not intended to be and will not constitute a legally binding agreement to lease the Ballpark, but each party agrees to negotiate exclusively and in good faith based on the terms herein to execute a Lease Agreement.

Acknowledged and Agreed To:

**Washington State Major League Baseball
Stadium Public Facilities District, a Washington
municipal corporation and special purpose district**

By: Virginia Anderson Dated: May 23, 2018
Title: Board Chair

**The Baseball Club of Seattle, LLLP, a Washington
limited liability limited partnership, d/b/a
the Seattle Mariners Baseball Club**

By: Kean Y. Nether Dated: June 11, 2018
Title: PRESIDENT + CEO