

June 19, 1997

Rob McKenna  
Pete von Reichbauer  
Jane Hague  
Greg Nickels  
Chris Vance

Introduced By:

97-373submot:pj

Proposed No.:

97-373

MOTION NO. **10227**

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A MOTION relating to sports stadium facilities; authorizing the Executive, contingent upon adoption of Referendum 48, to enter into a letter of intent with Football Northwest regarding the development of a new football/soccer stadium and exhibition hall which commits the county to create a public stadium authority, impose certain taxes authorized by Referendum 48 and dedicate the proceeds to stadium bonds, and to amend the Consent to Assignment and Amendment of Use Agreement with Football Northwest.

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WHEREAS, on Tuesday, June 17, 1997 the people of the State of Washington will vote on Referendum 48, which, if approved, will provide for the financing and construction of a new football/soccer stadium and related exhibition hall facility; and

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WHEREAS, if the voters approve Referendum 48, King County will be authorized to create a public stadium authority (PSA) to construct and own a new football/soccer stadium and exhibition facilities, and authorized to impose certain local taxes, including a .016% sales and use tax which is credited against the state sales and use tax, and admissions tax on the new football/soccer stadium and exhibition facility, and a tax on parking at the new football/soccer stadium and exhibition facilities; and

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WHEREAS, Referendum 48 requires, as a prerequisite to the creation of a PSA, that the County enter into a letter of intent regarding the development of a stadium and exhibition center

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1 with a National Football League team that will use the new football/soccer stadium and exhibition  
2 facility and or an entity that has a contractual right to purchase such a team; and

3 WHEREAS, Football Northwest (FNW) currently holds an option to purchase the Seattle  
4 Seahawks National Football League franchise, which option expires on July 1, 1997; and

5 WHEREAS, if Referendum 48 is approved, FNW requires assurance, prior to the exercise  
6 of its option, that King County intends to take the steps necessary to create the PSA and impose the  
7 taxes authorized by Referendum 48;

8 NOW, THEREFORE BE IT MOVED by the Council of King County:

9 In the event that Referendum 48 is approved, the King County Council hereby authorizes  
10 the Executive to enter into a letter of intent with FNW in substantially the attached form.

11 PASSED by a vote of 9 to 3 this 23rd day of June, 1997.

12 KING COUNTY COUNCIL  
13 KING COUNTY, WASHINGTON

14 Jane Hogue  
15 Chair

16 ATTEST:

17 [Signature]  
18 Clerk of the Council

19 Attachment: Letter of Intent with attached First Amendment to Consent to Assignment and  
20 Amendment of Use Agreement

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**AGREEMENT  
and  
LETTER OF INTENT**

This agreement and letter of intent is between **KING COUNTY, WASHINGTON**, a duly incorporated municipal corporation of the state of Washington (the "County") and **FOOTBALL NORTHWEST**, a general partnership organized and existing under the laws of the state of Washington ("FNW").

This letter of intent is entered into as contemplated by Chapter 220, Laws of 1997 [Engrossed Substitute House Bill 2192-CC] (the "Stadium Legislation"), Section 102.

A. FNW is party to that certain Option Agreement dated April 20, 1996, as amended, (the "Option Agreement") with Seattle Seahawks, Inc., a Washington corporation, ("SSI") and the shareholders of SSI, pursuant to which FNW has the option to purchase all of the issued and outstanding stock of SSI or substantially all of the assets of SSI including the Seattle Seahawks National Football League franchise (either, a "purchase of the team").

B. The Stadium Legislation was enacted by the Washington State Legislature on April 26, 1997, and, pursuant to Section 607(1), the Stadium Legislation was submitted to the voters of the state of Washington for their adoption and ratification as Referendum Bill No. 48 at a special election held on June 17, 1997.

C. At the special election, Referendum Bill No. 48 was approved by the voters, and the Stadium Legislation shall become fully effective on July 17, 1997.

D. Section 102 of the Stadium Legislation authorizes the legislative authority of any county of the State to create a public stadium authority in that county if that county has entered into a letter of intent with a "team affiliate," as defined in the Stadium Legislation, or an entity which has a right to become a team affiliate, which letter of intent is relating to the development of a stadium and exhibition center under the Stadium Legislation.

E. By reason of the Option Agreement, FNW is "an entity that has a contractual right to become a team affiliate" as contemplated by Section 102(1) of the Stadium Legislation.

F. FNW and the County are parties to that certain Consent to Assignment and Amendment of Use Agreement dated January 7, 1997, (the "Amendment of Use Agreement") pursuant to which if FNW exercises its option to purchase the team, immediately upon the closing of such purchase and the assignment to FNW from the seller of its interest under that certain Amended Agreement dated April 22, 1986, (the Use Agreement between the County and the team pursuant to which the team plays its home games in the Kingdome), FNW becomes the party to the Use Agreement and the Use Agreement is automatically amended as provided in the Amendment of Use Agreement.

G. FNW and the County each desire to have a new multi-purpose stadium and exhibition center, as contemplated by the Stadium Legislation, constructed in King County.

ACCORDINGLY, FNW and the County agree as follows:

1. The County, acting through its County Council, shall, promptly following the effective date of the Stadium Legislation do each of the following:

(a) Create a public stadium authority as contemplated by Section 102 of the Stadium Legislation;

(b) Impose a sales and use tax in accordance with Section 204 of the Stadium Legislation, subject to a credit against the state sales and use tax as provided in Section 204;

(c) Levy and fix an admissions tax in accordance with Section 301(5) of the Stadium Legislation, at the full 10% rate permitted;

(d) Levy and fix a parking tax in accordance with Section 302 of the Stadium legislation, at the full 10% rate permitted;

(e) Dedicate to the repayment of the bonds issued to finance a stadium and exhibition center the full 2.0% Hotel/Motel Tax during the years 2016 through 2020 in accordance with Section 501(2)(c)(ii) and 502(3)(c) of the Stadium Legislation;

(f) Pledge to maintain and continue the taxes authorized in RCW 36.38.010(5), 67.28.180, and Section 302 of the Stadium Legislation until the bonds authorized in Section 210 of the Stadium Legislation are fully redeemed, both principal and interest, all as contemplated in Section 215(4) of the Stadium Legislation; and

(g) Subject to the agreement of Football Northwest, amend the Amendment of Use Agreement as provided in a First Amendment to Consent to Assignment and Amendment of Use Agreement substantially in the form attached hereto.

2. FNW shall exercise its option to purchase the team pursuant to the Option Agreement;

3. (a) The County and Football Northwest acknowledge that pursuant to Section 106(1) of the Stadium Legislation, the public stadium authority created pursuant to paragraph 1(a) above, in consultation with a team affiliate, has the exclusive authority to determine the site of the new stadium and exhibition center.

(b) If, pursuant to Section 106(1) of the Stadium Legislation and following any required review under SEPA, the public stadium authority determines that the site for the new

stadium and exhibition center will be the site of the King County Domed Stadium [the Kingdome and surrounding real property including but not limited to lots A and B], or any other site in King County, then the County, in compliance with Section 109(2) of the Stadium Legislation, shall assemble such real property and associated personal property as the public stadium authority and the County mutually determine to be necessary as a site for the stadium and exhibition center. Property that is necessary for this purpose that is owned by the County on or after the effective date of the Stadium Legislation shall be contributed to the public stadium authority, and property that is necessary for this purpose that is acquired by the County on or after the effective date of the Stadium Legislation shall be conveyed to the public stadium authority. Property that is encumbered by debt may be transferred by the county to the authority, but obligation for payment of the debt may not be transferred. If any site determined by the public stadium authority as the site for the new stadium and exhibition center requires any property not currently owned by the County, the County shall acquire such property (including through purchase or condemnation) but the cost of such acquisition shall be paid by the public stadium authority as part of the cost of the stadium and exhibition center project. Transfer of any property shall be subject to the following conditions precedent:

(i) Satisfaction of all of the conditions of Section 210(2) of the Stadium Legislation, provided that the transfer of any property may be via an escrow arrangement to the extent that such transfer is itself is required in order to satisfy any of the conditions of Section 210(2);

(ii) Transfer of any property shall be subject to the terms of any existing use agreements then in effect; and

(iii) The public stadium authority shall have entered into an agreement with the County adequately mitigating the fiscal impact to the county's current expense, transit and stadium funds.

(iv) Transfer of property that constitutes a portion of the site shall not prohibit or substantially limit the county's ability to continue to operate a county-owned facility associated with such property under a use permit.

d. The County shall in good faith exercise its best efforts to comply with all of the obligations of a county contemplated by Section 109 of the Stadium Legislation.

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e. The County shall cooperate with and take all such reasonable actions as may be requested by Football Northwest or the public stadium authority to facilitate the construction of the stadium and exhibition center if the cost is *de minimis* or reimbursed. Football Northwest shall cooperate with and take all such reasonable actions as may be requested by the County to implement the terms of this Agreement and Letter of Intent and to facilitate the construction of the stadium and exhibition center.

DATED this \_\_\_ day of June, 1997.

KING COUNTY, WASHINGTON

By \_\_\_\_\_  
Ron Sims, County Executive

FOOTBALL NORTHWEST  
By Football Northwest Inc.,  
Managing General Partner

By \_\_\_\_\_  
Robert J. Whitsitt, President

APPROVED AS TO FORM:

\_\_\_\_\_  
by \_\_\_\_\_  
King County Civil Deputy  
Prosecuting Attorney

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FIRST AMENDMENT  
TO  
CONSENT TO ASSIGNMENT  
AND  
AMENDMENT OF USE AGREEMENT

This amendment, dated July \_\_, 1997, is the first amendment to that certain Consent to Assignment and Amendment of Use Agreement (the "Agreement") dated the 7th day of January, 1997, by and between KING COUNTY, WASHINGTON, a duly-incorporated municipal corporation of the state of Washington (the "County") and FOOTBALL NORTHWEST ("FNW"), a general partnership organized and existing under the laws of the state of Washington.

The parties hereby agree:

1. Section 4.3 of the Agreement is amended by the addition of the following sentence:  
  
"Statewide passage of Referendum Bill No. 48 is hereby deemed to fully satisfy the condition set forth in the preceding sentence."

2. Section 8 (a) of the Agreement is amended by the addition of the following sentence:  
  
"The County may assign its interest in the Domed Stadium and this agreement to a "public stadium authority" as contemplated in Section 102 (1), Chapter 220, Laws of 1997."

3. A new subsection 8(k) is added to the Agreement to read as follows:  
  
8(k) New Domed Stadium Agreements. The County shall require that every new agreement entered into with respect to the lease, rental or use of or activity within or around the Domed Stadium, and every extension or amendment of any existing agreement extending its term with respect to the lease, rental or use of or activity within or around the Domed Stadium (other than this Agreement), shall contain the following provision:

"DEMOLITION OR MAJOR RENOVATION"

At any time after June 30, 1998, the County may terminate this agreement, if the County intends either:

- (i) to demolish the Domed Stadium; or
- (ii) to undertake a major renovation of the Domed Stadium.

If the County elects to so terminate this agreement, the termination shall be effective the later of ninety (90) days after the County notifies [the Tenant],

or June 30, 1998 (the "Expiration Date"). The County shall have no liability, cost or obligation with respect to any such termination, including for interruption or relocation of [the Tenant's] business. For purposes of this provision, the "County" includes any successor owner or operator of the Domed Stadium, including any public stadium authority."

4. A new sentence is added to section 5 of the Agreement to read as follows:

Football Northwest agrees that, except as may be required under use permits for continued operation of the Domed Stadium, no capital improvements to the Domed Stadium (including but not limited to seismic improvements) shall be necessary to comply with the County's obligation under this Agreement.

KING COUNTY, WASHINGTON

By \_\_\_\_\_  
Ron Sims, County Executive

FOOTBALL NORTHWEST

By Football Northwest Inc.,  
Managing General Partner

By \_\_\_\_\_  
Robert J. Whitsitt, President

Approved as to form:

\_\_\_\_\_  
Richard H. Holmquist  
Chief Civil Deputy Prosecuting Attorney



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STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that **RON SIMS** is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it as the **County Executive of King County, Washington**, for the uses and purposes mentioned in this instrument.

Dated this \_\_\_\_\_ day of July, 1997.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,  
residing at \_\_\_\_\_

My appointment expires \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that **ROBERT J. WHITSITT** is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it as the **president of Football Northwest Inc.**, a corporation, as **managing partner of Football Northwest**, a general partnership, to be the free and voluntary act of such partnership for the uses and purposes mentioned in this instrument.

Dated this \_\_\_\_\_ day of July, 1997.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,  
residing at \_\_\_\_\_

My appointment expires \_\_\_\_\_