

SODO Arena



**CITY COUNCIL PRESENTATION #1
GOVERNMENT PERFORMANCE AND FINANCE
COMMITTEE
MAY 31, 2012**

Introduction/Council Schedule



- The City was approached by Chris Hansen in summer of 2011 with proposal
- City and County set up Arena Review Panel
- Executives have negotiated two documents
- MOU—binding agreement identifies responsibilities of each party related to construction and operation of Arena
- ILA—binding agreement between City and County that spells out responsibilities, public financing and project oversight

MOU



- Arena MOU timing is important:
 - Hansen will need an MOU approved by ordinance to acquire NBA franchise as opportunities arise;
 - Hansen can proceed with permitting/EIS process.

City Involvement and benefit



- Local and regional civic engagement
- Long term partnership and commitment
- Grow city and region's cultural and entertainment sector
- Other recreational and cultural events
- Significant private investment
- Construction and permanent job creation; labor peace agreement and commitment to City's Inclusion Plan
- Creation of publicly owned regional asset

Core principles



- Self financed through revenue streams
- Not general fund supported
 - These funds would not exist without the project
 - Not taking money away from other services
- City and County protected from construction cost overruns and operating revenue shortfalls
- No public funds committed until NBA franchise secured



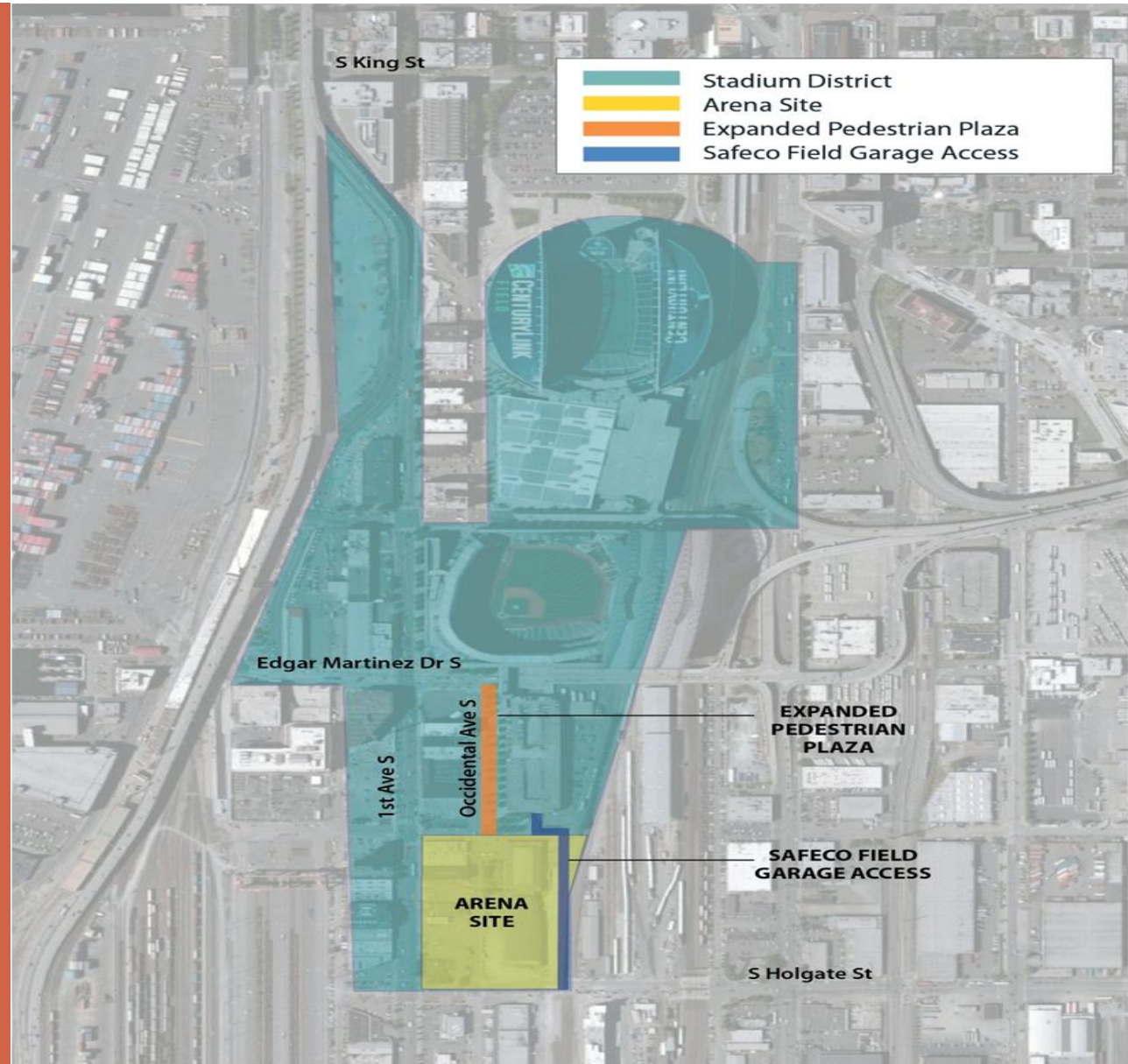
Location

1st Avenue between S. Massachusetts and S. Holgate St.

Street vacation of Occidental Ave S. between S. Massachusetts St and S. Holgate St.

Size

- 700,000 SF
- Up to 19,000 seats for concerts; 18,500 for NBA, 17,500 for NHL



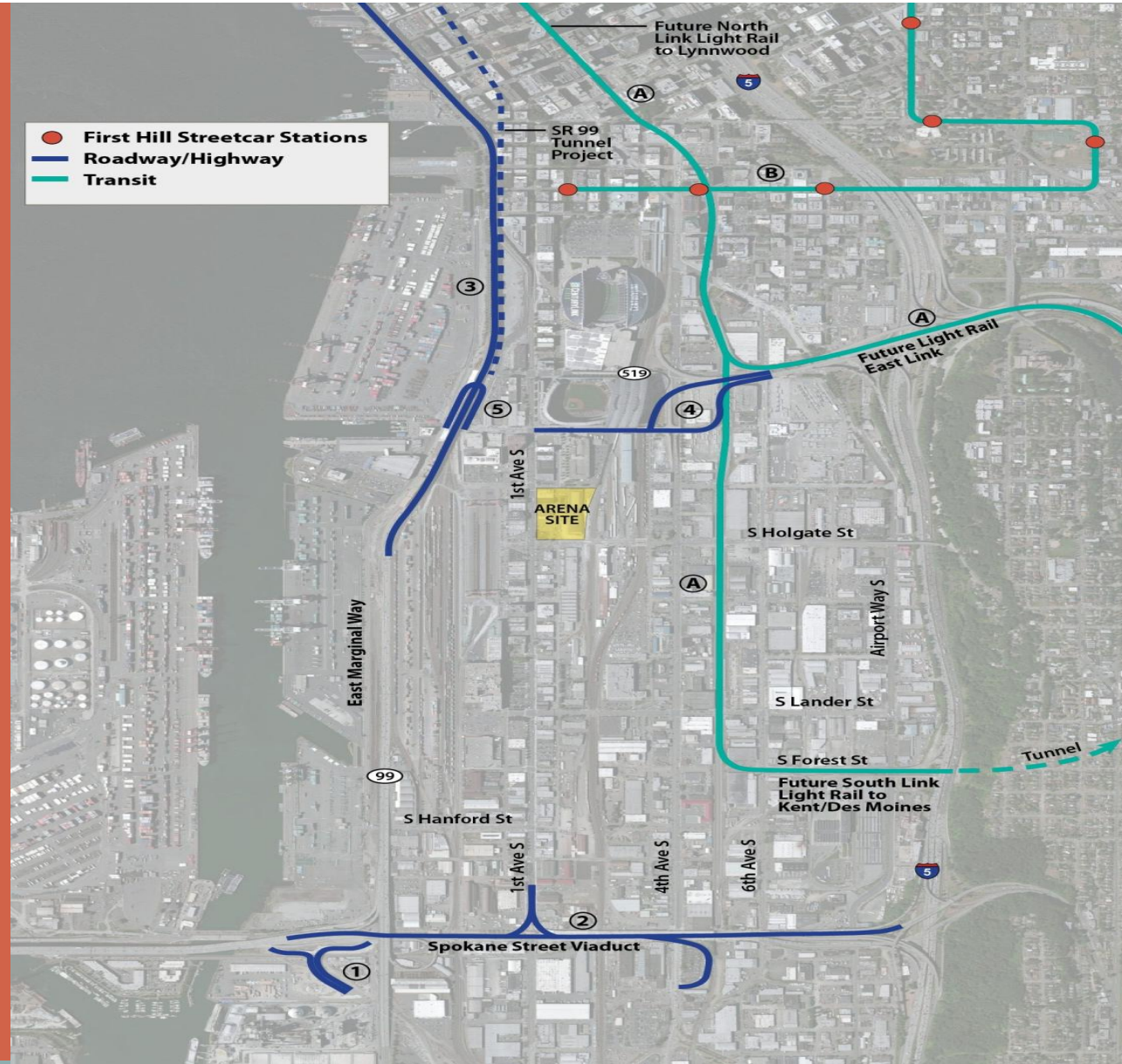
Vicinity Transportation Improvements

Capital Improvement Projects

1. East Marginal Way Grade Separation
2. Spokane Street Viaduct Widening Project
3. Surface Alaskan Way and SR 99 Tunnel
4. SR 510
6. South Atlantic Street Overcrossing

Transit Capital Improvement Projects

- A. Sound Transit East Link
- B. First Hill Streetcar



Arena Details



- Cost
 - Approx. \$490 million
 - ✦ \$290 million from investors
 - ✦ Up to \$200 million from City of Seattle and King County

Parties and Roles/Responsibilities



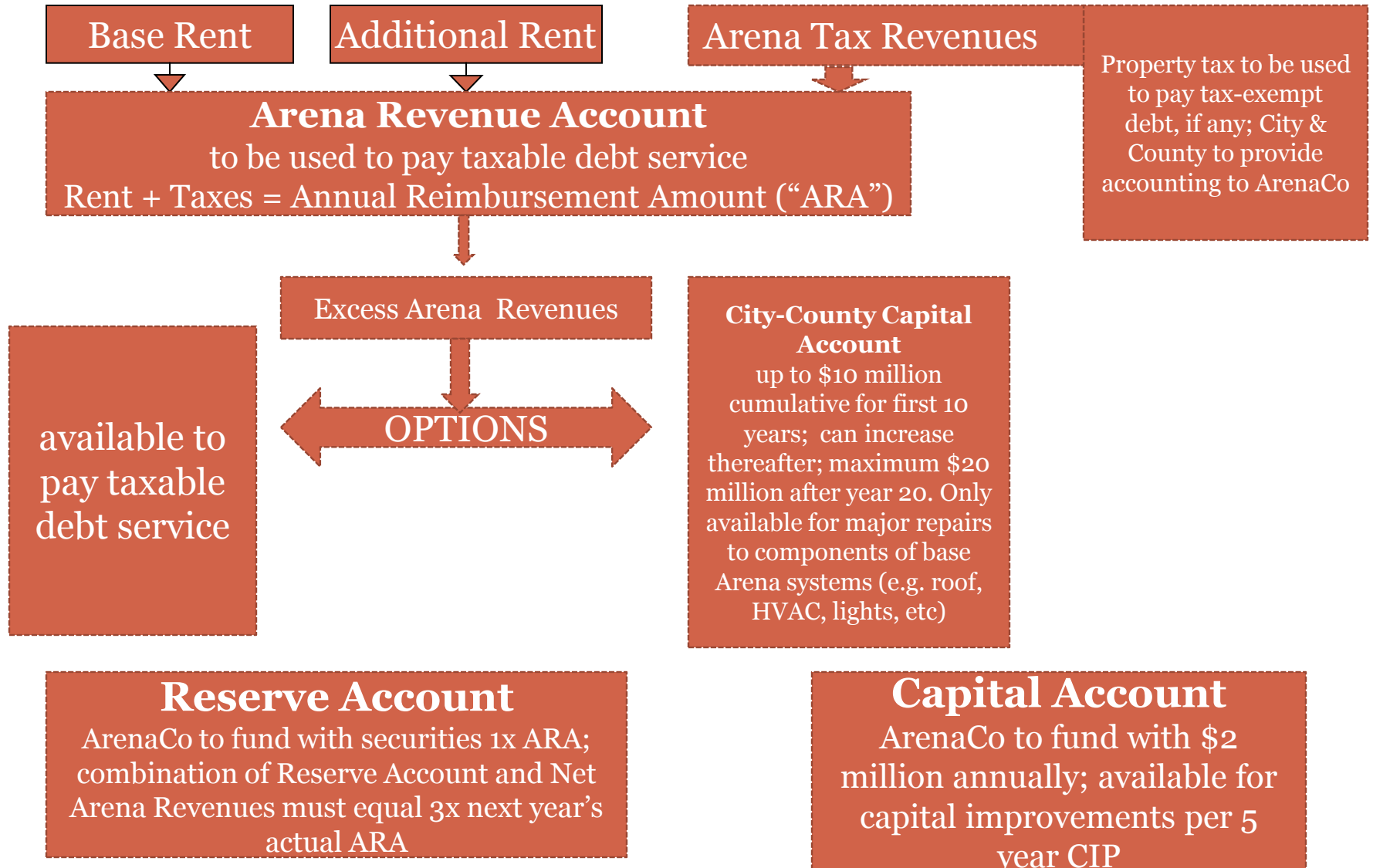
- **ArenaCo**
 - Developer and Operator of Arena
 - Tenant of City/County owned Arena
- **TeamCo**
 - Owns and manages teams
- **Parent company (HoldCo)**
 - Has equity ownership of ArenaCo and teams
- **City of Seattle**
 - Co-owner of Arena
 - Lead entity for permitting, design review, construction oversight
- **King County**
 - Co-owner of Arena

Financing



- **Financed from Arena-generated economic activity**
 - No general fund
 - Admissions, property, B&O, sales and leasehold excise taxes
 - ✦ **First Installment (City)**
 - Up to \$100 million for Land Acquisition
 - ✦ **Second Installment (City and County)**
 - City – Up to \$120 million when combined w/ First Installment
 - County – Up to \$80 million (depending on arena utilization)
 - If no NHL team, total City/County up to \$120 million

Arena Flow of Funds & Security



Security



- Construction Cost Overruns
- Project Ownership—City owns land and ownership interest in Arena
- Revenue Protections
 - Annual Revenue Pledge
 - Reserve Account
 - First Position on ArenaCo Revenues—rent paid before private lenders and parent company
 - Guaranty of Parent Company
- Non-Relocation Agreement
- Capital Expenditure Fund
- No Operational Financial Risk—Arena Co operates the facility

Future briefings



- Transportation
- Financial responsibilities and obligations
- Key Arena
- Presentation from Mr. Hansen