

CLEARWATER STADIUM PROJECT TERM SHEET

This Term Sheet by and between the CITY OF CLEARWATER, FLORIDA, a municipal corporation (the "City") and PHILLIES FLORIDA LLC, a wholly owned subsidiary of The Phillies (the "Team") and THE PHILLIES is intended to set forth the general terms and conditions to be incorporated into a new Clearwater Complex Use Agreement (the "New Use Agreement"), which shall be subject to final negotiation of a final definitive New Use Agreement.

BACKGROUND:

The Team has been operating facilities located within the City consisting of the Carpenter Complex, Phillies Complex, and the Spectrum Field (collectively, the "Clearwater Complex") pursuant to the terms and conditions of (i) that certain Sports Facility Use Agreement dated as of December 31, 2000, as amended from time to time, and (ii) that certain Baseball Training Facility Use Agreement dated as of December 31, 2000, as amended from time to time (collectively, the "2000 Use Agreements"). The City has the opportunity to apply to the State of Florida Department of Economic Opportunity ("DEO") for certification of a retained spring training facility pursuant to Section 288.11631, Florida Statutes, to become eligible for a grant of up to \$20,000,000 to pay a portion of the costs of improvements, rehabilitations, construction and expansion of the Clearwater Complex (the "Project"). The City and the Team understand that the City will need to arrange for funding for more than 50% of the costs of the Project, with the understanding that the anticipated budget for the Project is currently estimated to be \$79,700,000.

AGREEMENT CONDITIONS:

This Term Sheet shall be conditioned on, in all events, the ability of the City and the Team to agree upon final definitive terms and conditions and to enter into a New Use Agreement, a primary purpose of which is the implementation of the improvements, rehabilitations, construction and expansion of the Clearwater Complex and extending the Team's relationship with the City. Any and all references to the Team shall, at its option, refer instead to an entity wholly owned by The Phillies created for purposes of the Project and any and all references to the City shall, at its option, refer instead to an authority or other public or quasi-public entity designated by the City for purposes of the Project, provided that the Team and the City shall each fully stand behind its respective affiliate or designee.

SITE:

This Term Sheet is based on the understanding that the site of the Project will be the land currently occupied by the Clearwater Complex consisting of the existing Spectrum Field and Carpenter Complex, and that no additional real estate will be required for the Project.

THE PROJECT:

The Project is anticipated to include the following upgrades to the Carpenter Complex: (1) Renovations to the existing clubhouse; (2) Addition of second story contiguous office space and coach's locker room area; (3) Minor league food service facilities and dining area; (4) Player support facilities; and (5) Player/staff dormitory facilities to accommodate 160 people. The site and a very preliminary conceptual configuration of the Project are generally outlined on Attachment 1.

Upgrades to Spectrum Field are anticipated to include: (1) Certain repair and replacement items totaling \$7,700,000.00 as identified in Delta Engineering Capital Improvement (Reserve Study) report dated

August 7, 2015; (2) Renovation and expansion of office space; (3) Renovation and expansion of fitness/training space; (4) Expansion of food service and dining area; (5) Climate-controlled club level; (6) Climate-controlled connection of third level; and (7) Renovation of the left field concourse. The City and the Team will work diligently to develop a conceptual configuration for the Spectrum Field upgrades.

The funding for the “all-in” Project cost (meaning all hard and soft costs) shall come from the following sources: (1) the net present value from the City’s bonding of \$1,000,000 per year for 20 years from the State (currently estimated at \$13.7 million) and (2) net proceeds from Pinellas County, Florida (the “County”) having a net present value of \$40 million. The City will (in addition to its other obligations set forth in this Term Sheet) make a capital contribution to the costs of the Project in the amount of \$16 million. The Team shall contribute the balance necessary to complete the Project and the Team shall bear the risk of cost overruns; provided, however, that the Team shall contribute at least \$10 million with a credit for funds already expended by the Team on the Project. The target date for receiving commitments for the public source funds shall be no later than October 31, 2018, and the City agrees to make its best efforts, in good faith, to obtain such commitments by October 31, 2018.

PROJECT DESIGN AND DEFINITION:

The City and the Team will work together to select the required architectural and engineering services necessary to design the Project in accordance with the requirements of the Consultants Competitive Negotiation Act, the end product of which will be the selection and engagement of the providers of the architectural and engineering services (the “Design Professionals”) necessary to design the Project at least in sufficient detail to bid the construction and support the construction documents (the “Construction Documents”). The Team will be the contracting party with the Design Professionals, and as such, the Team will be obligated to pay all of the Design Professionals’ fees and expenses as part of (and which will be credited to) its contribution. It is contemplated that the Team will enter into the required construction contracts, with the City using funds provided by the public sources to reimburse the Team for construction related expenses. Where feasible and practicable, the City will arrange for the direct-contracting for major component purchases and will use public source funds to pay for such costs.

CONSTRUCTION OF IMPROVEMENTS:

The improvements included in the Project will be built substantially in accordance with the Construction Documents by construction companies chosen through a competitive selection process by the Team with input by the City. In view of its bearing the risk of overruns, the Team shall have the right to make additive or subtractive change orders, so long as the Project stays within the Project definition.

OWNERSHIP:

The site and the facilities comprising the Project, as well as the existing Clearwater Complex, will be owned by City.

USE AGREEMENT:

The New Use Agreement will provide to the Team the exclusive use of the Clearwater Complex during the Term (as defined below), subject to the Partnership Events (as such term is defined in the 2000 Use Agreement) and to certain civic uses to be agreed upon (e.g. Youth Baseball games) that do not interfere with the Team’s use of the Clearwater Complex for major league baseball functions and related activities. For such use, the Team will pay to the City an annual fixed annual stream of payments of \$180,000.

TERM:

A period of twenty (20) years commencing on the date of the Team's occupancy of the first phase of the Project (the "Term"). The Team shall have one unilateral five-year extension option, for the same annual fixed annual stream of payments as provided for in the initial Term. Additionally, the City and the Team may mutually agree upon three additional five-year extensions.

PHILADELPHIA PHILLIES COMMITMENT:

The Phillies shall make Spectrum Field the spring training home field of the Philadelphia Phillies and the Carpenter Complex the primary domestic training and development home for the entire Philadelphia Phillies baseball organization for the duration of the Term.

OPERATING RESPONSIBILITY/UTILITIES:

The Team shall operate and manage the Clearwater Complex and shall employ the staff necessary to do so without reimbursement (except and to the extent otherwise agreed to) from the City. The Team will continue to pay the full expense of off-duty police and EMT services necessary during spring training games. The Team shall pay 25% of the costs of utilities serving Spectrum Field and the City shall pay the remaining 75% of such costs. The City shall pay 100% of the utility cost of the Carpenter Complex.

MAINTENANCE:

The Team shall provide, at its own cost and without reimbursement from the City, the labor necessary to (1) perform field maintenance, interior cleaning and light housekeeping (e.g. changing bulbs, towels, etc.) of all buildings within the Clearwater Complex and (2) maintain the five full and any half playing fields. The City shall acquire for the Team and make available to the Team all field care supplies (clay, sod, sand, fertilizer, chemicals, etc.) and other supplies necessary for the Team to discharge the Team Maintenance Obligations relating to the five full and any half playing fields. Other than for the Team Maintenance Obligations, the City shall have the obligation to provide all ordinary and necessary maintenance of and repairs to the Clearwater Complex (including without limitation the parking lots and all other exterior areas excepting the playing fields).

CAPITAL REPAIR AND REPLACEMENT:

City shall have all capital repair, refurbishment, restoration and replacement obligations, as necessary to keep the Clearwater Complex at all times in first class condition and up to first-class Major League Baseball standards for facilities such as the Clearwater Complex at the time of reference. The Team and the City shall annually agree on the nature and extent of any capital repairs or improvements and whether any capital reserve fund is necessary and the amount therefor, if any, which shall be that amount customary for a facility of the size, nature and scope of the Clearwater Complex. Following completion of the Project, the parties shall, at their equal cost and expense, designate a mutually acceptable consulting engineer to annually determine what capital repairs, refurbishments, restorations and obligations are currently necessary and a schedule for those to be undertaken in the future.

TAXES, USE CHARGES AND SURCHARGES:

It is the intent of the parties that the Clearwater Complex (land and improvements) shall be exempt from real estate taxes or payments in lieu of real estate taxes throughout the Term, however, each party acknowledges that certain such items are currently payable. City shall throughout the Term hold the Team harmless from all other local (as opposed to Federal, State or County) taxes (except for income,

sales and like taxes of general application), including without limitation amusement/ticket taxes, any increase in the sale tax rate applicable to tickets, use or occupancy taxes and surcharges on Clearwater Complex-derived revenues. However, should the Clearwater Complex become subject to any additional ad valorem property taxes, then the parties shall each pay an equal one-half of the net ad valorem taxes due and payable after deducting any City ad valorem taxes, which shall be paid by the City. The parties will ask the County to return that portion of such taxes payable to the County and the parties agree to cooperate on legislation to exempt the Clearwater Complex from such taxes.

REVENUES:

The City shall receive 1/3, and the Team shall receive 2/3, of any net revenue derived from the sale of the right to name the stadium, at any time or from time to time. The City shall have, in each instance, the right to approve any such sale, which approval shall not be unreasonably withheld, delayed or conditioned.

Otherwise, the Team will retain all net revenues generated on and from the Clearwater Complex during the Term from all sources, including without limitation, all revenues from: (1) tickets (with the City receiving \$1.00 per sold spring training ticket), premium seating, concessions, signage, merchandise, broadcasting, sponsorships, parking; (2) restaurant/sports bar, souvenir/sporting goods and other synergistic uses; (3) fantasy camps; and (4) any other events held at the Clearwater Complex that are not Partnership Events. As between the parties (and subject to the terms for Partnership Events), the Team shall be entitled to any net revenues generated by events at the Clearwater Complex from parking at all of the following locations: (1) the Clearwater Complex; (2) St. Petersburg College Clearwater Campus; and (3) the Florida Power Corporation right of way.

PERMITS AND APPROVALS:

Provided that the Team pays all applicable fees therefor and subject to "Conditions to City's Obligation" below, the City will provide or secure all zoning, subdivision, land-use, curb-cut, construction and all other similar and dissimilar governmental or quasi-governmental approvals, licenses and permits necessary for the Project and to operate the Clearwater Complex.

MARKETING/PROMOTION:

The New Use Agreement between the City and the Team will include a provision that would trade out value in marketing programs from the Team with the County. Those marketing programs could include destination advertising, tourism public relations campaigns, tourism direct sales activities, and any other mutually agreed upon marketing program.

DISASTER STAGING AREA:

The City may, in each instance of actual or imminently threatened natural disaster, use the Clearwater Complex as a staging area for disaster preparations, response or other related uses, provided that such use of the Clearwater Complex will not damage the Clearwater Complex so that it is unfit to be used for its customary purpose and that there will not be any cost to the Team and that the City will immediately restore any damage to the playing field or any other element of the Clearwater Complex. The City shall not be responsible to the Team for any loss of revenue or consequential damages resulting from such use of the Clearwater Complex, except any attributable to its failure to duly effect any such restoration and restore full use of the Clearwater Complex to the Team immediately following the end of the disaster.

DAMAGE, CASUALTY OR CONDEMNATION EVENT, INSURANCE, INDEMNITIES/RELOCATIONS EVENTS:

The New Use Agreement shall contain provisions regarding damage, the occurrence of any casualty or condemnation event, insurance and relocation events substantially similar to the 2000 Use Agreements.

CONDITIONS TO TEAM'S OBLIGATION:

- Construction contracts with acceptable contractors, as described above, with pricing and upon terms that are reasonably satisfactory to the Team have been entered into by the Team for a pre-construction and construction services leading to an acceptably priced and dated contracts; provided that the Team may reasonably reject any contract or contracts if the "all-in" cost (meaning all hard and soft costs) of the Project is greater than \$79,700,000.
- A definitive New Use Agreement, on terms that are reasonably acceptable to each of the Team, Major League Baseball, and the City and consistent with this Term Sheet, has been entered into and the 2000 Use Agreements have been terminated.
- If, despite the City's best efforts, the full State and County contributions have not been committed to the City for use in the Project by December 31, 2018, the Team may in its discretion terminate the Project and all of its agreements relating thereto, in which event the City shall promptly reimburse the Team for all expenditures made and obligations incurred in respect of the Project as of said termination date, which expenditures are estimated to be \$2.5 million through September 30, 2018.

This Term Sheet accurately reflects the basic terms of the business deal between the City of Clearwater, Phillies Florida LLC and The Phillies, pertaining to the Project and the operation of the Clearwater Complex for the Term.

CITY OF CLEARWATER, FLORIDA

By: _____
George Cretokos, Mayor

Attest: _____
Rosemarie Call
City Clerk

PHILLIES FLORIDA LLC

THE PHILLIES

By: _____
Andrew B. MacPhail
President

By: _____
Andrew B. MacPhail
President

Signature Page
Clearwater Stadium Project Term Sheet
Between City of Clearwater and Phillies Florida LLC

Countersigned:

CITY OF CLEARWATER, FLORIDA

George N. Cretekos
Mayor

By: _____
William B. Horne, II
City Manager

Approved as to form:

Attest:

Owen Kohler
Assistant City Attorney

Rosemarie Call
City Clerk
