

**SECURING THE FUTURE OF TRIPLE A BASEBALL IN LACKAWANNA COUNTY  
A Comparison of Baseball Agreements**

	<b>Existing Option Agreement ("EOA")</b>	<b>Memorandum of Understanding ("MOU")</b>	<b>Proposed Definitive Agreement ("DA")</b>	<b>Explanatory Notes</b>
<b>Defined Term</b>				
<b>Date of Agreement</b>	<b>April 4, 2007</b>	<b>November 9, 2010</b>	<b>Proposed: April 2012</b>	
<b>Total Lackawanna County Taxpayer Investment</b>	Unknown.	Unknown.	<b>ZERO.</b>	
<b>Total SWB Yankees Investment</b>	\$17.1 million over 20 years.	\$37 million.	<b>\$40.85 million plus excess maintenance/improvement obligations (which could be \$15 million or more).</b>	OA: \$14.6 million plus \$125,000 annually for 20 years.  MOU: \$37 million includes \$14.6 million purchase price and an annual payment of \$750,000 for 30 baseball seasons.  <b>DA: \$40.85 million includes \$14.6 million purchase price and an annual payment of \$900,000 for 25 baseball seasons and \$750,000 for an additional 5 baseball seasons. Plus, potentially millions in future capital repairs based on Ewing Cole's 30-year projected capital maintenance requirements.</b>
<b>Total State Investment</b>	None.	\$22 million.	Same as MOU.	
<b>Total 30-Year Lackawanna County Investment</b>	Unknown, potentially the total cost of all future capital improvements; to be negotiated.	\$3 million plus the cost of most future capital improvements (future capital improvements were estimated on February 1, 2012 to be \$30 million).	<b>County exposure to future capital improvements capped at \$15 million. THESE FUNDS WILL BE BORROWED AT NO EXPENSE TO COUNTY TAXPAYERS SINCE THE DEBT SERVICE WILL BE PAID THROUGH THE ANNUAL PAYMENT.</b>	MOU: Since execution of MOU, Ewing Cole has estimated that the Authority would be responsible for \$30 million in capital improvements moving forward to keep the renovated stadium in good condition.

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**Sales Price**

\$14.6 million less any encumbrances or charges levied on the Authority by SWB.

\$14.6 million without any contingency charges or encumbrances.

Same as MOU.

DA: By limiting County exposure to future capital improvement expense, the County obtains certainty and SWB demonstrates its long-term commitment to Lackawanna County. While there are other contingent funding commitments by the Authority/County, if the Authority/County only contribute the \$15 million specified, then SWB would be responsible for all funding of capital improvements over and above our contributions to the Capital Improvements Fund. SWB has agreed to take responsibility for all capital repairs utilizing Capital Improvements Fund money.

Payment for construction budget overruns undetermined.

Construction budget overruns to be paid by SWB.

MOU: While SWB would have preferred to exercise its right to repurchase at \$13 million, SWB agreed to not exercise the option and pay an exercise price of \$14.6 million.

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<b>Lease Term</b>	No less than 20 years.	No less than 30 baseball seasons.	Same as MOU.	MOU: Triple A baseball has been in Lackawanna County for the last 24 years. This change guarantees that Triple A baseball remains in Lackawanna County for at least an additional 30 baseball seasons, without taking into consideration exercise of the Authority's right to repurchase the franchise (directly or by assignment to a third party) under certain circumstances (including the loss of the Yankees as the affiliated Major League team or the sale or attempted relocation of the franchise) or extension of the lease by SWB.
<b>Lease Renewal Periods</b>	Four successive 5-year renewal options in favor of the purchaser to extend the term of the lease, which means the agreement may be in full force and effect for 40 years.	Two 10-year renewal options so long as a fair market value for future lease payments can be agreed upon by the parties.	Same as MOU.	
<b>Negotiating a Purchase Agreement</b>	Seller and purchaser shall negotiate in good faith the terms and conditions and enter into a definitive purchase agreement <u>within 60 days of SWB exercise of the option.</u>	Seller and purchaser shall negotiate in good faith the terms and conditions and enter into a definitive purchase agreement <u>as soon as practicable</u> once the design and project budget have been agreed upon.	Not applicable.	
<b>Annual Rental Payment</b>	Reasonable annual rent throughout the term of the lease, which must be at least <u>\$125,000</u> per year.	<u>\$750,000</u> per year.	At least <u>\$900,000</u> per year.	DA: Assumes \$2.5 million in construction budget overruns to be financed by the Authority and paid by SWB Yankees through the first 25 years of annual rental payments. The remaining \$750,000 will be paid for the remaining 5 years of the DA.
<b>Assignment by SWB Yankees</b>	Permit <u>mortgaging and assignment of the purchaser's interest in the lease</u> for the purpose of obtaining financing related to the stadium (existing Lackawanna County Stadium located at 235 Montage Mountain Road, Moosic PA), team (the Triple A member club) and baseball operations (International League games participated in by the Triple A member club together with all ancillary activities related thereto.).	The definitive agreement would include language requiring <u>Authority approval to assign or mortgage.</u>	Except as otherwise provided by Major or Minor League baseball, Authority approval required to assign, sublease, convey, mortgage or otherwise transfer the lease, the interest in the lease, ownership of the franchise, including by change in control by SWB, without prior consent of the Authority, which will not be unreasonably withheld, conditioned or delayed so long as the NY Yankees continue to be the affiliate.	DA: Authority approval is required before SWB can assign its ownership interest, including a change of control in SWB.

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**Designated Responsibilities**

**Relocation of Triple A Franchise During Lease Period**

**Penalties for Breach of Agreement**

Designate responsibility, in the manner consistent with the Management Agreement, for the operation and maintenance of and repairs (capital and non-capital) to the stadium.

The "triple A member club" cannot be relocated outside of Lackawanna County during the initial term and, if applicable, any renewal term of the lease.

The parties can agree to a remedy, if both parties cannot agree then the parties agree to non-binding arbitration. If non-binding arbitration does not work, the parties agree to court in the Middle District of Pennsylvania or Lackawanna County Court of Common Pleas.

The definitive agreement will include additional responsibilities for SWB not presently existing in the Management Agreement.

If the Triple A affiliation is no longer the New York Yankees triple A affiliate, the Authority has the automatic right to repurchase or assign its right to repurchase.

Similar.

SWB may not collaterally assign, transfer, mortgage or encumber the DA as security for a loan or otherwise without Authority approval.

SWB is responsible for all day-to-day maintenance and repairs and all capital repairs (using the Capital Improvements Fund for capital repairs when such funds are available).

Same as MOU.

Same as MOU.

DA: This means that SWB cannot borrow against the franchise without Authority approval.

DA: The County and SWB have agreed to share expenses in future capital improvements, however, total County exposure for capital improvements is limited to \$15 million in future borrowings.

MOU: As long as the New York Yankees are owners in SWB, they have indicated that they are committed to having their Triple A affiliate in Lackawanna County.

MOU: However, even if the New York Yankees are no longer affiliated with SWB, the definitive agreement would require that the current Triple A franchise remain in Lackawanna County during the term of the definitive agreement and any extensions thereto.

MOU: This would mean that there could potentially be a player development contract with another major league team during the term of the definitive agreement and any extensions thereto.

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<b>Repurchase Rights</b>	Authority can repurchase the team for the fair market value <u>as determined by an appraisal</u> .	Fair Market Value to be determined by the <u>average of three appraisals</u> - one appraiser retained by the Authority, one appraiser retained by SWB and one appraiser agreed upon by both parties.	Same as MOU.	MOU: This provision provides the Authority with an opportunity to have its own appraiser involved in the appraisal process to ensure a fair market value for repurchase.
<b>Assigning Repurchase Right to a Third Party</b>	No provision currently exists.	Authority has the <u>right to assign</u> its repurchase right to a third party.	Same as MOU.	MOU: Even if the International League does not approve the re-sale of the Triple A franchise to the Authority, the Authority has the right to assign its repurchase right to a third party. This third party could act as a white knight to ensure that Triple A baseball remains in Lackawanna County forever.
<b>Financing a Repurchase</b>	No provision currently exists.	Authority or an assigned third party can <u>finance its repurchase</u> through the New York Yankees up to the maximum debt allowable by MiLB rules (currently 45%).	Same as MOU.	MOU: By having the ability to assign the Authority's repurchase rights to a third party, we protect against a lack of government funding to repurchase the team by allowing private financing by a non-governmental organization.
<b>NY Yankees Affiliate</b>	No provision currently exists.	Authority or its assigned third party can exercise its right to repurchase if SWB wishes to relocate the franchise or if the Triple A affiliation is no longer the New York Yankees Triple A affiliate.	Same as MOU.	MOU: The white knight could be a local, private investor group, a foundation or other entity not associated with government who agrees to keep Triple A baseball in Lackawanna County.
<b>Maintenance Default</b>	No provision currently exists.	No provision currently exists.	The Authority can exercise its repurchase right before the end of the lease if SWB does not maintain the stadium in accordance with certain high level standards.	DA: SWB must maintain the stadium at the same standard and condition as the stadium will be in after construction is complete.
<b>Master Site Developer</b>	Seller shall negotiate in good faith an agreement <u>granting the purchaser the exclusive right to act as the master developer</u> of the development and re-development of all, or any portion of, all land owned by the Authority including adjacent to the existing stadium as indicated in the deed dated August 26, 1986 by and between the Authority and Northeast Delivery, Inc.	No. All property will remain under the <u>exclusive control of the Authority</u> .	Same as MOU.	

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<b>Exercise of Rights to Serve as Master Developer</b>	If the parties cannot consummate a development agreement granting the purchaser "master development" rights by February 15, 2008, then the <u>purchaser has the right to exercise an option to commence acting as "master developer."</u>	No. All property will remain under the <u>exclusive control of the Authority.</u>	Same as MOU.	
<b>Notice of Intent to Repurchase Triple A Franchise</b>	If SWB makes a determination that they want to relocate the triple A member club outside of Lackawanna County, they must provide the Authority with notice of its intention to relocate as soon as practicable following such determination.	SWB must provide the Authority notice of its intention to relocate the Triple A member club <u>at least one-year prior to</u> the expiration of the lease agreement or any such renewal period.	Same as MOU.	MOU: This term has been extended to provide the Authority with the opportunity to obtain necessary financing and/or find a white knight to repurchase the Triple A franchise if the government does not have the funds to repurchase or the International League does not permit the Authority to repurchase.
<b>Long-Term Capital Repairs</b>	If the Authority wishes to repurchase the operational rights of the triple A member club from SWB, the Authority must provide SWB with written notice of such election within 60 days of receipt of the relocation notice provided by SWB.  Lackawanna County assumes <u>100% of the long-term capital repairs.</u>	Authority must provide written notice to SWB within <u>180 days following the determination of fair market value.</u>  SWB would assume a small number of capital repairs.	Same as MOU.	SWB assumes all capital repairs exceeding the County/Authority contribution obligations subject to approval by the Improvements Board, except for all pre-approved capital improvements contained in the DA.  DA: Ewing Cole has delivered a report indicating that the renovated stadium will need \$30 million in capital improvements over the next 30 years to keep the stadium in good condition. This provision caps the Authority's exposure for capital improvements.
<b>Improvements Board</b>	No provision currently exists.	No provision currently exists.	The Capital Improvements Fund, to be used to fund capital improvements, is to be overseen by an Improvements Board, consisting of 2 members appointed by SWB and 2 members appointed by the Authority/County.	DA: The Improvements Board must approve all expenditures for capital repairs and improvements from the Capital Improvements Fund that are not otherwise pre-approved as part of the DA.
<b>NY Yankees Conveyance of Triple A Franchise</b>	4-Year Player Development Contracts.	Same as EOA.	Same as EOA	
<b>State Commitment</b>	None.	\$20 million RACP from the state for stadium renovation project.  \$2 million from the state in non-matching housing and economic development funds to be used for the stadium renovation	Same as MOU.	
<b>Commitment to State Match</b>	None.	\$8.7 million in new Authority financing.	Approximately \$11.2 million in new Authority financing.	

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		\$4.3 million from sales proceeds.	\$7.3 million from sales proceeds.	
		\$4 million in existing Authority funds.	Same as MOU	
		\$3 million courthouse renovation RACP from state.	None.	
<b>Construction Project Budget</b>	None.	\$40 million.	\$43.3 million.	DA: This includes approximately \$1.3 million that SWB is responsible, as well as, the \$2 million sinking fund amount which was previously going to be used for capital improvements.
<b>Construction Project Budget Overruns</b>	None.	Undetermined.	<u>All overruns at SWB expense.</u>	
<b>Establishment of Capital Improvement Fund</b>	No provision currently exists.	\$2 million to be funded by the County/Authority with the County/Authority responsible for most future capital improvements.	Subject to other contingent funding commitments, \$15 million is to be funded by the County/Authority over the next 15 years with SWB responsible for all additional funding of future capital improvements. In Year ten, the County/Authority will borrow \$3 million and in Year 15, the County/Authority will borrow the remaining \$12 million. THESE FUNDS WILL BE BORROWED AT NO EXPENSE TO COUNTY TAXPAYERS SINCE THE DEBT SERVICE WILL BE PAID THROUGH THE ANNUAL PAYMENT.	DA: Ewing Cole has delivered a report indicating that the stadium will need \$30 million in capital improvements over the next 30 years to maintain stadium conditions as delivered for Opening Day 2013. This provision caps the Authority's exposure for capital improvements.
<b>Reduction of Authority Indebtedness to Lackawanna County</b>	None.	\$3 million reimbursement from sales proceeds.	Same as MOU.	
<b>Multi-Purpose Use of Facility</b>	None.	Facility would continue to be used for multi-purpose use as required by the property deed.	Facility would continue to be used for multi-purpose use as required by the property deed, except that concerts are not permitted due to existing contract with LiveNation.	DA: During season, SWB maintains preference on using the stadium, however, the community may use the stadium for multi-purpose use in and out of season so long as the appropriate bonding and approval is received.