

**SECURING THE FUTURE OF TRIPLE A BASEBALL IN LACKAWANNA COUNTY**  
**A COMPARISON OF AGREEMENTS**

	<b>Existing Option Agreement</b>	<b>New Agreement</b>	<b>Explanatory Notes</b>
<b>SWB Yankees Investment</b>	\$14.6 Million plus \$125,000 annually.	\$37 Million.	\$37 Million includes \$14.6 Million purchase price and an annual payment of \$750,000 for thirty baseball seasons.
<b>Sales Price</b>	\$14.6 Million less any encumbrances or charges levied on the Authority by SWB Yankees.	\$14.6 Million <u>without</u> any contingency charges or encumbrances.	While SWB Yankees would have preferred to exercise its right to purchase at \$13 Million, SWB Yankees agreed to not exercise the option and pay an exercise price of \$14.6 million.
<b>Lease Term</b>	No less than 20 years.	No less than 30 baseball seasons.	Triple A baseball has been in Lackawanna County for the last 22 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 repurchase right by itself or a third party or extension of the lease by SWB Yankees.
<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.	Potentially two 10-year renewal options so long as a fair market value for future lease payments can be agreed upon by the parties.	This way, even with one extension, the Triple A franchise would be in Lackawanna County for 40 years, as opposed to 25 years under the existing option agreement, without taking into consideration exercise of the Authority's repurchase right by itself or a third party.
<b>Definitive Agreement</b>	The definitive agreement shall be prepared by counsel for the purchaser.	The definitive agreement shall be prepared by counsel for the <u>seller</u> .	

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<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 within 60 days of SWB Yankees exercise of the option.	Seller and purchaser shall negotiate in good faith the terms and conditions and enter into a definitive purchase agreement as soon as is practicable once the design and project budget have been agreed upon.	
<b>Annual Payment</b>	Reasonable annual rent throughout the term of the lease, which must be at least \$125,000 per year.	<u>\$750,000</u> per year.	
<b>SWB Yankees Financing</b>	Permit mortgaging and assignment of the purchaser's interest in the lease 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>	
<b>Designated Responsibilities</b>	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 definitive agreement will include <u>additional responsibilities for SWB Yankees</u> not presently existing in the Management Agreement.	

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<b>Relocation of Triple A Franchise During Lease Period</b>	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.	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.	<p>As long as the Yankees are owners in SWB Yankees,” they have indicated that they are committed to having their triple A affiliate in Lackawanna County.</p> <p>However, even if the New York Yankees are no longer affiliated with SWB Yankees, 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.</p> <p>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.</p>
<b>Penalties for Breach of Agreement</b>	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, then parties agree to court in the Middle District of Pennsylvania or Lackawanna County Court of Common Pleas.	Similar.	

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<b>Repurchase Rights</b>	Authority can repurchase the team for the fair market value as determined by an appraisal.	Fair Market Value to be determined by <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.	This provides the Authority with an opportunity to have its own appraiser involved in the appraisal process to ensure a fair market value for repurchase.
	No provision currently exists.	Authority has the <u>right to assign</u> its repurchase right to a third party.	Even if the International League does not approve a 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 the Triple A franchise remains in Lackawanna County forever. The White Knight could be a local, private investor group, a foundation or other entity not associated with government if the International League refused to allow a governmental entity to repurchase the Triple A franchise or if the governmental entity did not have the financial ability to repurchase.
	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%)	
	No provision currently exists.	Authority or its assigned third party can exercise its right to repurchase if SWB Yankees wishes to relocate the franchise or if the triple A affiliation is no longer the New York Yankees triple A affiliate.	
<b>Master Developer</b>	Seller shall negotiate in good faith an agreement granting the purchaser the exclusive right to act as the master developer 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>	

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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 purchaser has the right to exercise an option to commence acting as “master developer.”	No. All <u>development rights will remain with the Authority.</u>	
<b>Notice of Intent to Repurchase Triple A Franchise</b>	<p>If SWB Yankees 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.</p> <p>If the Authority wishes to repurchase the operational rights of the triple A member club from SWB Yankees, the Authority must provide SWB Yankees with written notice of such election within 60 days of receipt of the relocation notice provided by SWB Yankees.</p>	<p>SWB Yankees must provide the Authority notice of its intention to relocate the triple A member club <u>at least one-year prior</u> to the expiration of the lease agreement or any such renewal period.</p> <p>Authority must provide written notice to SWB Yankees within <u>180 days</u> following the determination of fair market value.</p>	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>	Lackawanna County assumes 100% of the long-term capital repairs.	SWB Yankees would assume a number of capital repairs.	
<b>NY Yankees Conveyance of Triple A franchise</b>	4-Year Player Development Contracts	Same.	

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<b>State Commitment</b>	None.	<p>\$20 Million RCAP from the State for stadium renovation project.</p> <p>\$2 Million from the State in non-matching housing funds to be used for the stadium renovation project.</p>	As part of ongoing negotiations, the Governor has agreed to increase available funds from \$20 Million to \$25 Million.
<b>Commitment to State Match</b>	None.	<p>\$4.3 Million from sale proceeds</p> <p>\$4 Million in existing Authority funds</p> <p>\$8.7 Million in new Authority financing</p> <p>\$3 Million RCAP from the State to reimburse Lackawanna County for allowable Courthouse renovation expenses.</p>	
<b>Project Budget</b>	None.	The Governor will have committed a total of \$25 Million in state funds for the stadium project, as well as, the Authority's additional \$15 Million for a total project of \$40 Million. The remaining \$2 Million of Authority sales proceeds will be used to establish a capital improvement fund.	
<b>Establishment of Capital Improvement Fund</b>	No provision currently exists.	<p>The Authority would establish a capital improvement fund and capitalize the fund with \$2 Million from the sale proceeds.</p> <p>\$4.00 of every ticket sold over 320,000 will be dedicated to further fund the capital improvement fund.</p>	These funds will be used to offset any future capital improvements, which is required to be performed by the Authority on a forward going basis.

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<b>Reduction of Authority Indebtedness to Lackawanna County</b>	None.	The Authority would reimburse Lackawanna County \$3 Million from sale proceeds to assistance in defeasance of a portion of the Authority's outstanding debt to Lackawanna County.	
<b>Multi-Purpose Use</b>	None.	The Stadium would continue to be used as multi-purpose as required by the Deed conveying the property to the Authority.	
<b>Legal Claim by Luzerne County</b>	None.	None.	<p>The Authority would distribute the remaining \$7.3 Million in sale proceeds to Lackawanna County.</p> <p>Lackawanna County has asserted its rights to the funds as Luzerne County owes Lackawanna County over \$10 Million in past capital expenses related to baseball.</p> <p>Lackawanna County intends to consult with its legal counsel prior to making any final decisions on a disposition of such funds.</p>