

Key Arena Use Agreement

Seattle City Council
Government Performance and Finance Committee
May 1, 2013

Term

- July 1, 2013 – June 30, 2015, with a 1 year extension through June 30, 2016, at ArenaCo's option. Either party may terminate after June 30, 2015 if ArenaCo stops playing NBA home games at KeyArena.

ArenaCo's Rights and Responsibilities

ArenaCo will:

- Assume responsibility for all sales, marketing and operations of the Arena and all negotiation, execution and delivery of contracts with promoters and other users. This shall include naming rights, concessions and catering, advertising, ticketing and event scheduling. ArenaCo may terminate the agreements, unless agreements address other Seattle Center facilities.
- Have the right to rename KeyArena.
- Retain all revenues earned at KeyArena and be responsible for paying all direct KeyArena operating expenses except capital maintenance and repair work on the building shell or the infrastructure of building systems.
- Honor all of the event agreements scheduled to occur after July 1, 2013, or, with the agreement of the other party, may renegotiate the terms of those agreements.

City's Rights and Responsibilities

The City will have responsibility for:

- Maintaining the KeyArena building shell, including the roof, walls, rafters and structural support, permanent risers and the infrastructure for all mechanical, electrical, plumbing, HVAC, fire alarm and other systems. The City's anticipated capital maintenance and repair responsibilities during the term are consistent with the Seattle Center 2013 and 2014 CIP.
- Providing routine maintenance and repair (with reimbursement by ArenaCo).
- Providing 24-hour general exterior building security.
- Providing 500 parking permits for the 1st Avenue North Parking Garage for each NBA and NHL game and up to 500 parking permits each for other NBA and NHL events.

The City will have the right to use KeyArena rent-free for Bumbershoot.

Staffing and Employees

ArenaCo will either retain an experienced arena General Manager to operate the KeyArena for ArenaCo, or contract with an experienced third party arena operator. The City will have the right to conduct reasonable due diligence on the proposed General Manager for relevant experience, competency and industry stature (whether as part of a management company or working directly for ArenaCo).

City employees will continue to perform all Key Arena services that they currently provide. ArenaCo will reimburse Seattle Center for the salary and benefit costs of those employees as well as any increased costs due to increased workload. ArenaCo will fulfill all collective bargaining obligations.

Use Fees

ArenaCo will pay the City:

- An annual use fee of \$1,500,000; plus
- A patron fee of \$1 per ticket on all ticketed events, except for NBA, Seattle Storm, NHL and City events, that are sold for \$25 or less, and \$2 per ticket for all tickets sold for more than \$25, with a guaranteed annual minimum of \$500,000; plus
- An annual \$750,000 use fee if NHL games are played at KeyArena.

Arena Capital Improvements

ArenaCo will invest a minimum of \$3M in upgrades to KeyArena.

A separate Construction Agreement will identify specific improvements.

Parties will agree at time of installation which improvements will remain at KeyArena and which improvements ArenaCo will remove at end of term, with intent that ArenaCo leaves KeyArena in a fully functional state, suitable for future intended use. In all events, ArenaCo shall leave behind improvements that had original costs of at least \$3 Million.

The City will allow ArenaCo access to KeyArena to start the improvements as soon as practicable after agreement execution. ArenaCo will be responsible for obtaining all applicable permits for its improvements. ArenaCo understands that KeyArena has current event commitments and will work with the City to coordinate all construction.

The City is responsible for complying with the Americans with Disabilities Act for the permanent structural features of KeyArena and for all improvements, other than those improvements made by ArenaCo. ArenaCo is responsible for complying with all non-structural and non-permanent ADA requirements.