

Introduced by Bernice Stern
Bill Reams

77-728

ORDINANCE NO. 3364

AN ORDINANCE relating to an Agreement between King County and the professional basketball franchise located in Seattle for use of the King County Domed Stadium in accordance with Ordinance 2556, and authorizing the King County Executive to sign said Agreement.

PREAMBLE:

King County is the owner of the King County Domed Stadium which is suitable for the playing of professional basketball. The Seattle SuperSonics Corporation is the owner and operator of the Seattle franchise of the National Basketball Association and desires to use the Domed Stadium for the presentation of its home games. King County and the Seattle SuperSonics Corporation have negotiated an Agreement for use of the King County Domed Stadium at such rental rates, terms and conditions which adequately protect the public interest and reasonably reflect existing market conditions.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

The execution by the County Executive of the Agreement between King County and the Seattle SuperSonics Corporation, a copy of which is attached hereto and by this reference made a part hereof, is hereby authorized and approved.

INTRODUCED AND READ for the first time this 8th day of August, 1977.

PASSED this 22nd day of August, 1977.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Phil Lowry
Chairman

ATTEST:

Jessie M. Owens DEPUTY
Clerk of the Council

APPROVED this 23d day of August, 1977.

John D. Spellman
King County Executive

AGREEMENT

Between

KING COUNTY, WASHINGTON

AND

SEATTLE SUPERSONICS CORPORATION

August 30, 1977

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AGREEMENT

THIS AGREEMENT, made and entered into this 30th day of August, 1977, by and between KING COUNTY, WASHINGTON, a duly incorporated municipal corporation of the State of Washington (hereinafter "the County") and SEATTLE SUPERSONICS CORPORATION, (hereinafter "SSC"), a corporation organized and existing under the laws of the State of Washington with the primary place of business at 221 West Harrison, Seattle, Washington 98119.

W I T N E S S E T H:

Recitals

WHEREAS, the County is the owner and operator of the King County Domed Stadium located in Seattle, Washington; and

WHEREAS, SSC is the owner and operator of the Seattle franchise of the National Basketball Association; and

WHEREAS, the County and SSC desire to enter into an agreement specifying the terms and conditions under which SSC will use the Domed Stadium in connection with its National Basketball Association franchise;

NOW, THEREFORE, for and in consideration of the mutual agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE ONE

Definitions

All words in this Agreement bearing initial capitals, other than proper nouns, section headings or words required to be capitalized for proper usage, are defined terms and shall have the meanings specifically assigned to them in this article.

As used in this agreement, the following terms and words are hereby defined as follows:

1.1 Agreement means this Agreement, as from time to

time amended and supplemented in accordance with the terms hereof, including the license to use the Domed Stadium for Home Games.

1.2 Approval of SSC means the prior written consent of SSC which shall not, in any case, be unreasonably withheld.

1.3 Basketball Novelties shall mean merchandise, goods, wares, and publications bearing the symbol, mark or name of the SuperSonics, the NBA or any other NBA team, and all other professional basketball related merchandise, including team pictures or pictures of players or other team personnel.

1.4 County means King County, a municipal corporation of the State of Washington.

1.5 Commissioner means the party designated by the NBA as the Commissioner or similar officer of the NBA.

1.6 Day of Game means the calendar day upon which a Home Game of the SuperSonics is scheduled to be played in the Domed Stadium.

1.7 Domed Stadium or Stadium means the multipurpose stadium, located in the city of Seattle located on the real property described in Exhibit A attached hereto and incorporated by this reference with maximum seating of approximately 65,000 persons, constructed and owned by King County, together with all structures, equipment and other appurtenances incorporated in or adjacent to the stadium site existing as of this date including those areas thereof reasonably necessary for the proper playing and watching of professional basketball games and excluding those areas thereof which are subject to other long term use agreements or part of the County Department of Stadium Administration operations.

1.8 SSC means Seattle SuperSonics Corporation, a corporation owning and operating the Seattle NBA franchise, and its successor or successors.

1.9 Home Game or Home Games means any professional basketball game or games played in Seattle in which the SuperSonics is the host team, including preseason, regular

season and divisional playoff or championship games.

1.10 NBA means the National Basketball Association or its successor or successors as the professional basketball league or organization of which the Seattle franchise is a member.

1.11 Parking Area means the area adjacent to the Domed Stadium containing approximately 2,000 passenger vehicle parking stalls.

1.12 Pay Television Broadcast means any day of game television coverage of any Home Game transmitted by cable or otherwise, in such a manner that a charge for particular broadcasts is made to the receiver or viewer for the reception of signals in usable form, and shall include, but not be limited to, telecasts in theaters, taverns, and similar establishments and any metered, subscription or "pay-as-you-see" home television.

1.13 Season Tickets means those tickets to Home Games in the Domed Stadium sold by SSC each year as part of a multiticket package.

1.14 Seats means those seats in the Domed Stadium from which professional basketball events in the Domed Stadium may be viewed.

1.15 Stadium Director means the County Director of the Department of Stadium Administration or his designee.

1.16 Stadium Novelties shall mean merchandise, goods, wares and publications depicting, describing or otherwise relating to the Domed Stadium and/or King County, excluding Basketball Novelties.

1.17 SuperSonics means the NBA professional basketball team owned and operated by SSC.

1.18 Term means the initial Term of this Agreement set forth in Article Two and, if SSC exercises the option to extend the initial Term, any such extended Term.

1.19 Ticket Sales Proceeds means the gross revenues derived from the sale of tickets for each Home Game, less any and all taxes levied on the gross ticket price (admission taxes, excise taxes, or gross receipts taxes) admissions to Home Games. This term shall include complimentary tickets which are exchanged for goods or services.

ARTICLE TWO

Term

The term of this use Agreement shall be seven (7) years commencing September 1, 1978, and ending August 31, 1985. SSC shall have two options to extend the term for two additional five-year periods, the first commencing on September 1, 1985 and ending August 31, 1990, and the second commencing September 1, 1990 and ending on August 31, 1995, both on the same terms and conditions as herein set forth. The first of said options shall be exercisable by notice to the county at any time prior to January 1, 1985 and the second exercisable by notice to the County at any time prior to January 1, 1990.

ARTICLE THREE

Maintenance and Insurance

3.1 Maintenance of Stadium. The County shall maintain the Domed Stadium, including, but not limited to the playing court, in a neat, clean, safe and sanitary condition and in a good state of repair at all times during the Term, so that the basketball court and related areas will at all times be a first class, major league basketball facility which meets the standards and conditions set from time to time by the NBA. The County shall provide lighting in the Domed Stadium which at all times meets such standards and conditions. The

County, at its expense, shall convert the Domed Stadium for use by SSC in an orderly and timely fashion prior to each Home Game. The County shall at all times provide adequate ventilation in the Domed Stadium. The County shall maintain the adjacent parking area in a state of good repair during the Term.

3.2 Insurance.

(a) Property Insurance. For and in consideration of the execution of this Agreement, by each of said parties, does each hereby release and relieve the other, and waive their entire claim of recovery for loss or damage to owned or rented property arising out of or incident to fire, lightning and the perils included in the extended coverage endorsement, in, on, or about said premises, whether due to negligence of either of said parties, their agents or employees or otherwise; provided, however, that such insurance contracts obtained hereunder do not prohibit such waiver.

(b) Liability Insurance. (i) SSC shall at all times during the Term of this Agreement, at its cost and expense, carry and maintain, for the mutual benefit of the County and SSC, general public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Domed Stadium during all times that SSC will be using portions of the Domed Stadium under the terms of this Agreement. The limitations of liability of said liability insurance, which may be increased from time to time as deemed necessary by the County with the approval of SSC, shall not be less than either:

(1) \$5,000,000 each person, personal injury liability;

(2) \$5,000,000 each occurrence, personal injury liability;

(3) \$1,000,000 each occurrence, property damage liability; and

(4) \$1,000,000 aggregate property damage liability; or

(5) a combined limit of \$5,000,000 bodily injury and property damage liability.

(ii) The County shall at all times during the Term, at its own cost and expense, carry and maintain general public liability insurance or make such other arrangements as are necessary to protect against claims for bodily injury, death, or property damage occurring on, in, or about the Domed Stadium. The limitations of liability of said liability insurance, which may be increased from time to time as deemed necessary by the County, shall be not less than either:

(1) \$5,000,000 each person, personal injury liability;

(2) \$5,000,000 each occurrence, personal injury liability;

(3) \$1,000,000 each occurrence, personal damage liability; and

(4) \$1,000,000 aggregate property damage liability; or

(5) a combined limit of \$5,000,000 bodily injury and property damage liability.

(c) General Provisions. The insurance described in subsections 3.2(a) and 3.2(b) shall be obtained from insurance companies which have Best's Ratings of financial condition of XI (or its equivalent as changed from time to time), are duly

authorized to issue such policies in the State of Washington, or are acceptable to the County and SSC; provided, however, that the County may self-insure to the extent it deems necessary. The County and SSC shall both be named as additional insured parties in the other party's policy. Certificates or other evidence satisfactory to the County and SSC evidencing the existence and terms and conditions of all insurance maintained pursuant to subsections 3.2(a) and 3.2(b) shall be delivered to the County or SSC upon request. No policies of insurance maintained pursuant to said subsections shall be cancellable, nor shall the terms and conditions thereof be amendable, without sixty (60) days prior written notice to the County and SSC.

ARTICLE FOUR

License to Use Domed Stadium for Home Games

4.1 Use of Domed Stadium for Home Games. During the Term of this Agreement, SSC shall have the right to play and shall play all regular season Home Games in the Domed Stadium, unless precluded from doing so by Section 5.1 hereof, or the existence of a labor dispute involving the Domed Stadium which renders the Domed Stadium substantially unavailable for use for professional basketball games.

4.2 Use of Parking Facilities in Connection with Home Games. SSC shall have the right to use 100 reserved spaces of the parking area rent free on any Home Game Day, provided, however, that SSC shall have the right to use an additional 200 spaces of the parking area on any Home Game Day for a rental equal to the then existing rate of those spaces. If SSC elects to rent those additional spaces, it shall notify the County by May 1 before the season in which such spaces will be used. Such rental costs shall be in addition to the consideration due the

County for the use of the Domed Stadium. Such payment shall be made pursuant to section 4.12(d).

4.3 Exclusive Use on Game Days. SSC shall have use of the Domed Stadium for Home Games and related activities during the entirety of all Home Game Days. The County shall not use the Domed Stadium for any purpose, nor permit the use of the Domed Stadium by any other party for any purpose on Home Game Days without the prior written consent of SSC; provided, that practice by the football, soccer, and baseball tenants shall be accommodated if such tenants have contractual practice rights which may exist by reason of use agreements heretofore entered into by the County with such tenants.

4.4 Use of Domed Stadium as Practice Facility.

(a) In connection with the use of the Domed Stadium on Home Game Days, the SuperSonics and the visiting team shall each have the right to the exclusive use of the Domed Stadium as a practice facility for three hours (between 9 a.m. and 6 p.m.) on the day of Home Games, subject to the provisions of section 4.3 above. The visiting team's right to use the Domed Stadium as a practice facility shall include the right to use a "visiting team" locker room assigned to the visiting team for a reasonable period before and after the practice period.

(b) On non-Home Game Days, the SuperSonics shall have a right to use the Domed Stadium as a practice facility upon the following conditions:

(i) No other event is scheduled that day, nor is the arena floor being prepared for another event thus presenting conflicting uses;

(ii) A rental fee of \$50 per day plus actual costs to the County of any utilities or personnel (including those required to set up the basketball court) provided by the

County on such days; such payment shall be in addition to the consideration due the County for the use of the Domed Stadium and shall be made pursuant to Section 4.12(d).

4.5 Use of Domed Stadium for Other Basketball Games.

The Domed Stadium shall not be used for any professional basketball games other than those involving SSC or hosted or promoted by SSC without the prior written approval of SSC. SSC shall have first priority in scheduling of all basketball games in the Domed Stadium.

4.6 County to Furnish Domed Stadium. On Home Game days the County shall furnish and make available to SSC the portion of the Domed Stadium reasonably necessary for the playing of professional basketball games, fully equipped (including basketball court, baskets, timing clocks, home and visitors locker rooms, etc.), operating, lighted and staffed for basketball game purposes no later than three (3) hours prior to game time; provided that the playing court shall be available for the practice of basketball as provided in Section 4.4 above. Throughout each year of the Term, the County shall make reasonable storage facilities available to SSC.

4.7 County to Furnish Utilities. On any Home Game day the County shall furnish and have available at the Domed Stadium all utilities required for the use of the Domed Stadium as an arena for professional basketball games, together with such technical and other personnel as are required to maintain and operate such utilities.

4.8 Other County Functions. The County shall be responsible for all other functions relative to the operation and maintenance of the Domed Stadium, including furnishing all utilities, adequate press facilities, first aid facilities, and the like, except those functions expressly undertaken herein or hereafter by SSC.

4.9 Stadium Personnel. The County shall employ and train an adequate number of personnel, including ticket sellers, ticket takers, scoreboard operators and technicians, public address announcers and technicians, ushers, attendants, sweepers, maintenance personnel, security personnel, first aid staff, parking lot attendants and all other personnel reasonably necessary for the operation of the Domed Stadium as a major league basketball facility, including any and all persons who may be required by any governmental body or authority for the maintenance of all traffic and crowd control and compliance with fire and any and all other governmental laws and regulations. The number, identity, sufficiency of training, and competency of all such personnel shall be subject to the approval of SSC which shall not be unreasonably withheld. SSC shall pay the actual costs of providing the backboard repairman and the public address announcer which shall be paid pursuant to Section 4.12(c).

4.10 Treasury Functions. SSC shall supervise and manage all treasury functions at the Domed Stadium relative to its operations, including ticket control, ticket sales, money counting and the like.

4.11 Presentation of Basketball Games. SSC shall assume full responsibility for the presentation of its Home Games including the payment of all expenses of its own team, guarantees and payments to visiting teams and other expenses incident to the playing of games.

4.12 Use Payments. In consideration for the license to use the Domed Stadium as provided in this Article, SSC shall pay to the County annual consideration determined as follows:

(a) Ten percent (10%) of the Ticket Sale Proceeds; provided, that if at the end of the original seven-year term hereof the total of the use payments made by SSC for all home

games played at the Stadium, after deduction of any annual credits made under Section 5.1 hereof, is less than \$1,500,000, SSC shall pay at the conclusion of said term an additional amount equal to the difference between such total and the sum of \$1,500,000.

(b) \$2539 for day of game personnel (except the backboard repairmen, public address announcer or other personnel provided by SSC) provided by the County pursuant to Section 4.9.

This amount shall be increased annually at the rate of 6% for each year of the Agreement and any extension thereof. For example, the base amount for the fifth year of the Agreement shall be \$3,397.

(c) SSC agrees to pay to the County for all additional functions to be performed by it as set forth in Sections 4.9 (as it applies to backboard repairmen or public address announcer) and 6.3.

(d) SSC agrees to pay to the County additional use payments, if any, required pursuant to Sections 4.2, 4.4, 10.4 and 10.5.

4.13 Time of Payment. The use payments provided for in section 4.12 shall be due and payable as follows:

(a) All sums payable shall be paid on the fifth working day of each month for all games played during the immediately preceding month during each season of the Term. For example, payment shall be due 7 November 1978 for all games played during October 1978.

(b) Such amount due pursuant to Section 4.13(a) shall be assessed a late payment fee of 8% per annum on the outstanding balance until paid.

4.14 Books, Records and Inspection. SSC shall keep accurate books and accounts of the matters upon the basis of which the use payments specified in Section 4.12

are to be computed and ascertained. Such books and records shall be open and available for inspection by the County upon the official request of the Stadium Director during regular working hours between Monday and Friday. The County covenants and warrants that it will keep the information acquired from the examination of such books and records confidential and that it will not disclose any of such information directly or indirectly or use such information for any purpose during the Term of this Agreement or any time thereafter except with respect to the disclosure of information concerning the amount of the use payments made to the County pursuant to Section 4.12.

4.15 Revenues. SSC shall be entitled to receive and (as between itself and the County) retain the following:

(a) Ticket Sale Proceeds. Subject only to its obligations to pay consideration to the County based on Ticket Sale Proceeds, all Ticket Sale Proceeds.

(b) Basketball Novelty Revenues. All gross revenues derived from the sale of Basketball Novelties.

(c) Programs. All gross revenues derived from the publication, including advertising, and sale of programs and/or score cards, it being understood that all costs of production and distribution thereof shall be the responsibility of SSC.

(d) Broadcast Revenues. Subject to the provisions of this Agreement relating to pay television, all gross revenues derived from any broadcasts and/or telecasts of any basketball games played by the SuperSonics pursuant to any agreement between SSC and broadcasters, and all gross revenues derived from any broadcast and/or telecast or any basketball games played by other professional basketball teams and payable to SSC pursuant to any agreement between NBA and broadcasters less any amounts due the County pursuant to Sections 10.4 or 10.5 herein.

ARTICLE FIVE

Scheduling

5.1 Selection of Dates for Home Games. All regular season Home Games shall be scheduled into the Domed Stadium in accordance with the NBA Schedule which ordinarily becomes available in July for the Season which begins in October; provided, that such scheduling of regular season home games shall be consistent with any scheduling obligations of the County which may exist by reason of use agreements heretofore entered into by the County with the professional football, baseball and soccer tenants. Subject to the foregoing qualification, SSC shall have priority over all other prospective users for purposes of scheduling its regular season home games into the Domed Stadium during each NBA season of the Term. The County shall use its best efforts to obtain consent in any instance where consent is necessary for scheduling purposes. The parties recognize that in the event any regular season basketball game cannot be played at the Domed Stadium because of a conflict with the baseball club, SSC will suffer damages including but not limited to loss of attendance, expense of renting and preparing another facility, and disruption of its season ticket program, which damages will be substantial but difficult of exact ascertainment. It is therefore agreed that the County will provide a credit of \$15,000 against use payments otherwise payable under Section 4.12 hereof, for each such regular season Home Game which must be played elsewhere than in the Domed Stadium because of Seattle Baseball Club home games; provided, however, that the amount to be credited hereunder shall not exceed \$75,000 for any one season. SSC will use its best efforts in assisting the County by keeping the County advised of the NBA scheduling calendar and any other facts relevant to such scheduling including preferred dates.

The parties hereto shall use their best efforts to schedule preseason and playoff Home Games in the Domed Stadium.

5.2 County's Exclusive and Unrestricted Right to Use Domed Stadium on Dates not Selected by SSC. The County shall have the exclusive and unrestricted right to use the Domed Stadium or permit the use of the Domed Stadium by others for any purpose on any dates not selected by SSC pursuant to this Article and Sections 4.3 and 4.4.

ARTICLE SIX

Tickets

6.1 Seats. The sale of tickets (whether individual game tickets or season tickets or tickets affording the purchaser the right to purchase a season ticket for the same seat the following year) by SSC as to all Seats in the Domed Stadium basketball configuration shall be under the exclusive control of SSC. For purposes of determining the number of Seats in the basketball configuration in the Domed Stadium, it is understood that in addition to the permanent seating there will be approximately 5,000 portable theater style Seats (similar to those presently in the Domed Stadium) located on the arena level on the north, east, and west sides of the basketball court. SSC shall not sell any season tickets to Seats located on level 300 of the Domed Stadium.

6.2 Tickets and Ticket Prices. Prices to be charged for tickets to Home Games by SSC, including prices to be charged for Season Tickets and the Home Games to be included in a Season Ticket package, shall be under the exclusive control of SSC. The Club shall furnish all tickets for Home Games at its expense.

6.3 Advance Ticket Sales. The County shall provide adequate facilities, including ticket sellers, for advance ticket sales by the Club at the Domed Stadium, including a

facility within the stadium building. The actual hourly wage cost of advance ticket sellers shall be reimbursed to the County by SSC and paid in accordance with section 4.12(c).

6.4 Ticket Administration. SSC shall have the responsibility for the administration of all ticket sales including the printing thereof, the season group and special package sales, the distribution, accounting and collection of all non-Domed Stadium outlet sales, and the supervision of all Domed Stadium sales. As a part of this responsibility, SSC shall have its ticket manager or his designee on duty at the Domed Stadium during every Home Game day and at such other times that the parties hereto deem appropriate.

6.5 Complimentary Tickets.

(a) The number of complimentary tickets or complimentary admissions to Home Games of SSC issued to the SuperSonic players and staff, to the visiting team's players and staff, in exchange for goods or services or to charitable organizations shall not exceed 1500 per game on an annual basis except upon written approval by the Stadium Director for distribution to charitable organizations. Complimentary tickets which are exchanged for goods or services by SSC shall be subject to the use payment computed pursuant to Section 4.12(a).

(b) Complimentary admissions to or credentials issued to officials and personnel of the NBA, or to league teams other than the visiting team, to the press and broadcast and similar personnel, and credentials for persons working or performing in the Domed Stadium, shall not be counted as a complimentary admission or complimentary ticket under subsection 6.5(a) above, unless those persons are given the right to occupy seats generally available to the public, in which case such compli-

mentary admissions shall be included in the limitation established in subsections 6.5(a).

ARTICLE SEVEN

Access to Press Box

On the day of Home Games in the Domed Stadium, SSC shall have exclusive control of access to the press box area on the second level of the Domed Stadium for a period beginning three (3) hours prior to game time and ending three (3) hours after the end of the game, provided that the Stadium Director and County personnel designated by the Stadium Director as essential to the operation of the press box shall be afforded reasonable access thereto. In addition, the County shall furnish reasonable court side press facilities.

ARTICLE EIGHT

Concessions

8.1 Concessions. Except for rights and concessions reserved to SSC (such as the sale of basketball novelties, Section 8.2, Article Ten, and similar rights), the County retains the right to operate or authorize others to operate such concessions at the Domed Stadium as it deems appropriate. The County will require concessionaires to so operate as to provide reasonable service and food, beverages and merchandise of wholesome quality and at reasonable prices. The County or concessionaires operating under contract from the County shall not sell any product at Home Games without previously consulting SSC concerning the price, type of product and brands to be sold. The cost of cleaning interior of concession areas before, during and after Home Games shall be the County's responsibility.

8.2 Sale of Basketball and Stadium Novelties. SSC shall have the exclusive right to sell Basketball Novelties at the Domed Stadium on the day of each Home Game, and, except as to Stadium Novelties, which the County may sell or cause to

be sold at the Domed Stadium at any time, no other novelties, souvenirs, programs or other publications may be sold at the Domed Stadium on the day of a Home Game without the prior written Approval of SSC. SSC may itself publish, manufacture and distribute Basketball Novelties. SSC shall use its best efforts to reach agreement with the Domed Stadium concessionaire for the sale of such Basketball Novelties, but in the absence of such agreement shall not be required to use the services of the Domed Stadium Concessionaire.

ARTICLE NINE

Scoring and Information System

9.1 Public Address System. As a part of the Domed Stadium, the County will provide, maintain and operate a public address system. SSC will have the exclusive use and control of the public address system within the Domed Stadium on the Day of Game; provided, however, that such public address system shall not be used for political purposes, and further provided that the County shall have the right of access for emergency purposes, including, but not limited to, general announcements and crowd control.

9.2 Scoreboard-Time Clock. The County shall, during the Term, provide, maintain and operate one primary scoreboard and one auxiliary scoreboard, each of which shall have the capability of presenting, on a fixed format basis, game-in-progress information relating to a basketball game, including, but not limited to: score, team fouls and time remaining in the quarter. The County shall be responsible for the actual operation of the scoreboard; provided, that SSC shall have exclusive control of the scoring information presented on the scoreboard portions of the main and auxiliary scoreboards only; provided, however, that SSC shall not have exclusive control of the

operation of the video screen of the main scoreboard. The County shall also provide two time-shooting clocks to be appropriately located above the basketball backboards.

9.3 Video Screen. As a part of the Domed Stadium, the County shall provide, maintain and operate a video screen which is in accordance with the contract it entered into with the Conrac Corporation, dated August 5, 1975, for the transmission of "instant replays", commercial messages, and other information. The County shall be responsible for the operation of the video screen; provided, that the County and SSC shall have mutual control of timing of information displayed on the video screen.

9.4 Advertising on Video Screen. It is understood by SSC that the County is selling advertising on the scoreboard and the video system which includes fixed advertising panels on the primary and on the auxiliary scoreboard and spot advertising on the video screen, and that the revenue generated therefrom is committed to amortize the costs of the scoreboard. The County shall have the exclusive right to sell and display commercial messages on the video screen. SSC shall determine, in conjunction with the County, the timing of such commercial message time.

ARTICLE TEN

Broadcasting

10.1 Broadcast Rights. Subject to the provisions of section 10.4 and 10.5, SSC shall have and retain exclusive broadcast and reproduction rights incident to each Home Game including, but not limited to, radio and television broadcasting, film or tape rights, closed circuit, cable or pay television rights and similar rights by whatever means or process now existing or hereafter developed of preserving, transmitting and repro-

ducing for hearing and/or viewing day of Home Games in the Domed Stadium. Such broadcasts shall not be used for political purposes, except for regular advertising commercials. All proceeds from such broadcast rights shall be retained by SSC. Except as provided in sections 10.4 or 10.5 or as required by federal or state law, no Home Game shall be televised within a radius of 75 miles of the Domed Stadium including the transmission back within the 75 mile radius area.

10.2 Broadcast Facilities. With regard to the broadcast and reproduction rights referred to in section 10.1, the County shall cooperate with SSC and with those parties actually producing any of such broadcasts and reproduction of Home Games. In connection with any of such broadcast activities, the County shall provide access to the Domed Stadium and the necessary maintenance personnel and all utilities at the request of SSC. SSC shall be authorized to issue a reasonable number of credentials for admission to the Domed Stadium of personnel engaged in such broadcasts and reproductions and the installation and removal of broadcast and reproduction equipment.

10.3 Camera Facilities. As part of the Domed Stadium, the County shall provide facilities adequate for the use by SSC and the broadcasting media for the purpose of filming, taping and broadcasting the on-field activities.

10.4 Pay Television Broadcasts. (a) SSC shall not authorize or otherwise participate in any Pay Television Broadcast of any regular season Home Game to locations within a 75-mile radius of the Domed Stadium without the prior written consent of the County Executive; provided,

(i) That during the first three years of this agreement, Pay Television Broadcasts shall be permitted with a 75-mile radius of the Domed Stadium if SSC shall pay the County 10% of the gross receipts received by SSC for such broadcasts.

(ii) That after the first three years of this agreement, Pay Television Broadcasts shall be permitted within a 75-mile radius of the Domed Stadium if SSC shall guarantee that the County will not suffer any loss of revenue in rental income (section 4.12(a)), Pay Television income, if any, (section 10.4(a)) and parking and net concession income. In determining whether the County shall have suffered a loss of rental income, Pay Television Broadcast income, if any, and parking or net concession revenue, it is understood that the County shall be deemed to have suffered loss if the total of the rental income, Pay Television Broadcast income, if any, and parking and net concession revenue received by the County in the year in which said broadcast shall occur, is less than the total of the average income received by the County from said rental income, Pay Television Broadcast income, if any, and parking and net concession revenue during all Home Games of the preceding three (3) years; provided, however, that after ten (10) years have elapsed, the computation shall be based upon the three highest revenue-producing years within the past ten years.

(b) Any payments required under this subsection shall be made pursuant to section 4.12(d).

10.5 Home Game Television Broadcasts. (a) SSC may telecast within a radius of 75 miles of the Domed Stadium two regular season Home Games and any or all Home Game playoff games each season provided that SSC pay the County 10% of any revenue generated therefrom.

(b) SSC may telecast within a radius of 75 miles of the Domed Stadium any Home Game not telecast pursuant to subsection 10.5(a) above which is telecast nationally by a national network provided that paid admissions to such game (excluding any complimentary tickets except those exchanged for goods or services) equals at least 15,000. If paid admissions are not 15,000, SSC may telecast locally such game provided that SSC pay 10% of the average ticket price for that season on the number of paid admissions required to reach 15,000 persons in attendance. For example, if the paid admissions are 13,000, SSC would pay 10% of the average ticket price for that season of 2,000 tickets.

(c) Payments due under subsections 10.5(a) and 10.5(b) shall be made in accordance with subsection 4.12(c).

ARTICLE ELEVEN

Default

11.1 Nonexcusable Acts of Default by SSC. The County shall have the right to terminate this Agreement in its entirety in the event that SSC shall not, within ninety (90) days of receipt of notice hereof, cure (or commence to cure and then prosecute the curative action with diligence, but in any event cure within one hundred and twenty (120) days of receipt of such notice) any of the following events of default:

(a) The occurrence of any act or omission on the part of SSC which operates to deprive it of the right, powers, licenses, and authorizations necessary for the lawful and proper conduct and operation of the services and activities authorized herein; or

(b) The filing by or against SSC of any petition in bankruptcy, either voluntary or involuntary; or

(c) The making by SSC of an assignment for the benefit of creditors; or

(d) The abandonment or discontinuance without the written consent of the County of any or all of the operations of SSC under this Agreement; or

(e) The failure of SSC to pay the considerations required under the terms of this Agreement.

11.2 Right of SSC to Terminate. Neither the provisions of Section 11.1 hereof, nor any other provision hereof, shall abrogate or diminish any common law right of SSC to terminate this Agreement in the event of a breach or breaches of this Agreement by the County.

11.3 Excusable Act of Default. Any condition, occurrence or delay which substantially interferes with SSC's performance hereunder due to force majeure causes or any other circumstances found and determined by the County to be beyond the reasonable control of SSC, shall excuse performance by SSC of its contractual obligations under this Agreement, including the payment of rental and other considerations to the County as provided herein, for the period of such substantial interference, notwithstanding anything to the contrary stated herein.

11.4 Termination Procedure. Termination of this Agreement by the County shall be by written notice authorized by the County Executive and directed to SSC. Upon termination, the County shall have the right, immediately and without further notice, to enter and take full and exclusive possession of the area occupied by SSC in connection with its operations under this agreement. If at the time of any such re-entry by the County there will be any personal property (including trade fixtures) of SSC or of any other person (other than the County) in those re-entered areas, the County may remove any such personal property and place the same in a public warehouse at the expense

and risk of the owners thereof. SSC shall reimburse the County for any expense incurred by the County in connection with any such removal and/or storage.

Upon such termination by the County, all rights, powers, privileges and authority granted to SSC under this Agreement shall immediately cease and SSC shall vacate the premises immediately.

The remedies provided the County herein upon termination shall not be considered to be exclusive but instead shall be cumulative and shall not affect any other right or remedy available to the County.

11.5 Nonwaiver of Default. The County's failure to take advantage of any default or breach of any term of condition of this Agreement by SSC shall not be implied nor construed to be a waiver thereof. A waiver by the County of a particular breach or default shall not be considered continuing as to a subsequent breach or default of the same nature.

ARTICLE TWELVE

Miscellaneous

12.1 Enforcement of this Agreement. It is recognized that the obligations of the parties and their successors to this Agreement are unique in nature and that it may be specifically or mandatorily enforced by either party.

12.2 Powers of the County. Nothing contained in this Agreement shall be considered to diminish the governmental or police powers of the County.

12.3 NBA Rules and Regulations. The activities of SSC in owning and playing a professional basketball team in the NBA and in matters related to such activities and

the obligations of the Seattle NBA team under this Agreement are subject to the Constitution, Bylaws, and Rules and Regulations of the NBA: Provided, however, that none of such Constitution, Bylaws, Rules and Regulations shall relieve SSC of its obligation to play its Home Games in the Domed Stadium in accordance with this Agreement.

12.4 Warranties, Special Covenants. SSC hereby warrants to, and specially covenants and agrees with, the County as follows, to-wit:

(a) That SSC is the owner and holder of a valid effective franchise of the National Basketball Association which permits and authorizes SSC to operate a professional basketball team in the Domed Stadium;

(b) That no rule, policy, constitution or bylaw (or any provision of any thereof) of the National Basketball Association in any manner or respect prohibits, limits or in any manner affects the right or power of SSC to enter into, accept or perform each and every one of the terms, commitments and provisions of this Agreement, except that the same is required to be approved by the Commissioner of the National Basketball Association as provided elsewhere herein.

12.5 Notices. Any notice or communication hereunder must be in writing, and may be given by registered or certified mail and, if given by registered or certified mail, the same shall be deemed to have been given and received when a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail, and if given otherwise than by registered mail, it shall be deemed to have been given when delivered to and received by the party to whom it is addressed. Such notices or communications

shall be given to the parties hereto at their following addresses as may be changed from time to time in waiting.

If to the County:

County Executive
King County Courthouse
Seattle, Washington 98104

And,

Stadium Director
King County Domed Stadium
201 South King Street
Seattle Washington 98104

If to SSC:

Seattle SuperSonics Corporation
ATTN: General Manager
221 West Harrison
Seattle, Washington 98119

12.6 Force Majeure.

(a) This agreement shall be subject to force majeure (hereafter "force"), including, but not limited to fire, accidents, labor disputes, riots, civil disturbances, war, government regulations, judicial decrees, and other causes beyond the control of either party whereby the fulfillment of this agreement may be made impossible.

(b) Temporary Situations. If SSC will be prevented by such "force" from exhibiting professional basketball in the Domed Stadium or from carrying out the NBA schedule in any Season during the Term, SSC, without payment of the consideration provided for herein, may not play Home Games or may play Home Games elsewhere without such play of Home Games being an act of default under this agreement during the period of time that such "force" continues in effect.

(c) Termination of Agreement. If the Domed Stadium is damaged or destroyed by any "force" which is then covered by insurance to the extent of 90% or more of the loss, the County shall proceed with due diligence to rebuild or

restore the damaged area in order to render the same usable under the terms of this Agreement as soon as is practicable. If any "force" causes damage or destruction which is not then covered to that extent by insurance, the County may, at its option, elect to rebuild or restore the damaged area from any funds available to it. In the latter event, if the County elects not to rebuild or restore the damaged area, the County shall give SSC written notice to that effect within 60 days after the occurrence of the "force", at which time either party shall have the right to terminate this Agreement by written notice to the other party.

12.7 Nondiscrimination. SSC agrees to comply with all applicable Federal, State and County laws regarding non-discrimination, and specifically agrees not to discriminate against any employee or applicant for employment because of race, color, religion, creed, sex, or national origin.

12.8 Taxes. SSC agrees to pay on a current basis all taxes or assessments levied on its activities and property; provided, however, that nothing contained herein shall modify the right of SSC to contest any such tax and SSC shall not be deemed to be in default as long as it shall in good faith, be contesting the validity or amount of any such taxes.

12.9 Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and shall insure to the benefit of the parties hereto and their respective successors and assigns.

12.10 Costs and Attorneys' Fees. If either party shall commence suit to enforce any term or condition or covenant herein, or in any other action for relief against the other, declaratory or otherwise, arising out of this Agreement, the

nonprevailing party in such action shall pay the prevailing party, in addition to any judgment, a reasonable sum as attorneys' fees together with costs of suit at both trial and appellate levels. If the County prevails, its attorneys fees shall be computed on the basis of a private attorney with comparable experience.

12.11 Non-Waivers. Neither the waiver by either party to this Agreement of any breach of any agreement, covenant, condition or provision hereof, nor the failure of either party to seek redress for violation of, or to insist upon strict performance of, any such agreement, covenant, condition or provision shall be considered to be a waiver of any such agreement, covenant, condition or provision or of any subsequent breach thereof. No provision of this Agreement may be waived except by written agreement of the party to be charged.

12.12 Governing Law. This Agreement has been made under and shall be construed in accordance with the laws of the State of Washington.

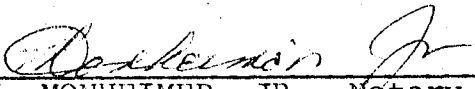
12.13 Section Headings. The section headings contained herein are only for convenience and reference and are not intended to be a part of this Agreement or in any manner to define, limit or describe the scope or intent of this Agreement or the particular sections to which they refer.

12.14 Entire Agreement. This Agreement constitutes the entire agreement between the County and SSC and may not be altered, amended or modified except by an instrument in writing signed by the parties hereto with the same formality as this Agreement.

STATE OF WASHINGTON)
 : ss.
COUNTY OF KING)

On this 30th day of August, 1977, before me, personally appeared Zollie M. Volchok, to me known to be the Executive Vice-President of the Seattle SuperSonics Corporation, the corporation that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and further that said Zollie M. Volchok has the authority to sign on behalf of said corporation.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.



M. MONHEIMER, JR., Notary
Public in and for the state of
Washington, residing at Seattle.

ADDENDUM TO USE AGREEMENT

Both parties hereto recognize and acknowledge that the signature herein of the County Executive is conditional on and subject to Ordinance No. 3364 and Ordinance 3368 becoming effective by November 22, 1977; if such ordinances are not effective by that date, this Agreement is null and void and neither party is obligated to perform hereunder.

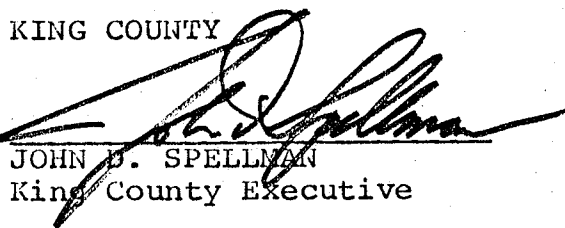
Acknowledged this 30th day of August, 1977.

SEATTLE SUPERSONICS



ZOLLIE M. VOLCHOK
Executive Vice-President

KING COUNTY



JOHN B. SPELLMAN
King County Executive

EXHIBIT A

to

KING COUNTY - SEATTLE SUPERSONICS CORPORATION AGREEMENT

Legal Description

The Domed Stadium is situated on the following described real estate in King County, Washington:

PARCEL 1: Those portions of lots nineteen (19), twenty (20), twenty-one (21), twenty-two (22), and twenty-three (23) and of the south ten (10) feet of lot eighteen (18), all in block three hundred twenty-five (325) of Seattle Tide Lands, lying between lines parallel with and distant respectively one hundred thirteen and five-tenths (113.5) feet and two hundred three and five-tenths (203.5) feet easterly, measured at right angles, from the east line of Occidental Avenue; and

PARCEL 2: That portion of lots 11, 12, 13, 14, 15, 16 and 17, the south 40 feet of lot 10 and the north 50 feet of lot 18, block 325, of Seattle Tide Lands, according to the official map thereof, lying west of a line parallel with and distant 8.5 feet westerly, measured at right angles, from the centerline of the first track as now constructed east of the building known as the former Safeway Produce Building and a south production of the tangent thereof, and east of a line parallel with and distant 8.5 feet easterly measured at right angles, from the most westerly track as now constructed; except that portion of lots 10 and 11 now occupied by that certain building north of said former Safeway Building under that certain lease #97901, dated November 30, 1966, made by Northern Pacific Railway Company, which has been succeeded by Burlington Northern Inc., a Delaware Corporation.