



MEMORANDUM

OCPPA Agenda
Item No. PPA.D.
4/15/2008

The City of OKLAHOMA CITY

TO: Chairman and Trustees of the Oklahoma City Public Property Authority

FROM: James D. Couch, City Manager/General Manager, OCPPA

Arena Use License Agreement with The City of Oklahoma City, SMG and Professional Basketball Club, LLC, providing for conditions of use for the presentation of professional basketball at the Ford Center, 100 West Reno Avenue. Ward 7

Purpose

The attached Arena Use License Agreement includes conditions for PBC's use of the Arena during a proposed 15-year Initial Term and five potential three-year renewal term(s). The Arena Use License Agreement, together with a Practice Facility Lease Agreement also on today's Agenda, constitute the major operational components relating to the relocation of PBC's NBA franchise to Oklahoma City. A Food and Beverage Agreement is being finalized that includes terms regarding concession and premium food service at the Ford Center as relates to the conditions of use granted under the Arena Use License Agreement. It is anticipated the Food and Beverage Agreement will be presented for consideration on April 22, 2008.

These Agreements follow through with the terms outlined in the Letter of Intent approved by City Council and the OCPPA on March 18, 2008, however, specific issues and responsibilities of the parties are identified and addressed in much greater detail.

Upon approval, the City will have taken the steps necessary to favorably position Oklahoma City as a potential NBA market from an operational standpoint. An Agreement for Arena Upgrades and Practice Facility appears on today's Agenda that outlines cooperation between the parties with regard to the capital projects.

A summary is attached outlining the terms of these Agreements.

Background

On November 2, 2007, the Professional Basketball Club, LLC ("PBC"), owners of the Seattle SuperSonics NBA franchise, announced its intention to file for relocation of the franchise to Oklahoma City. On March 4, 2008, City voters approved an extension of a one-cent sales tax to fund capital improvements to the Ford Center and construct an NBA Practice Facility in the event the City acquires an NBA franchise. This dedicated sales tax will go into effect on January 1, 2009.

The NBA Relocation Committee conducted a site visit of Oklahoma City including a tour of the Ford Center on March 25, 2008. The NBA Board of Governor's is anticipated to vote on PBC's request to relocate its NBA franchise to Oklahoma City on April 18, 2008.

Previous Action On March 25, 2008, City Council and the Trustees of the OCPPA jointly approved a Letter of Intent with PBC for presentation of professional basketball at Ford Center. (Item Nos. PPA.D. and Council Agenda VIII.L.)

Revenue Year One Estimated Revenue
 Arena Rent \$ 1,640,000
 + Naming Rights Payment \$ 409,000
 + Practice Facility Rent \$ 100,000
 = \$ 2,149,000

Review City Manager's Office

Recommendation: Agreement be approved.

Attachment