



MEMORANDUM

OCPPA Agenda
Item No.PPA.C.
4/29/2008

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

Food and Beverage Agreement with The City of Oklahoma City, SMG and Professional Basketball Club, LLC, concession and premium food services, Ford Center, 100 West Reno Avenue. Ward 7.

Purpose

The attached Food and Beverage Agreement includes terms regarding concession and premium food service at the Ford Center as it relates to the conditions of use granted under the Arena Use License Agreement with the Professional Basketball Club, LLC. It addresses issues such as revenue sharing of food and beverage sales with the team for general concessions and premium service areas, patron service and commodity quality and other general terms.

With the previously approved Arena Use License Agreement, Practice Facility Lease Agreement and Arena Upgrade and Practice Facility Agreement, the Food and Beverage Agreement completes all necessary Agreements to favorably position Oklahoma City as a potential NBA market for relocation of the Professional Basketball Club, LLC franchise.

A summary is attached outlining the terms of the operational agreements. The key terms of the Food and Beverage Agreement are represented in bold type for your convenience.

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 on the dollar 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. On Friday April 18, 2008, the NBA Board of Governors voted to approve PBC's request to relocate its NBA franchise to Oklahoma City.

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 the Ford Center (Item Nos. PPA.D. and Council Agenda VIII.I). On April 15, 2008, City Council and the Trustees of the OCPPA jointly approved the following Agreements with PBC: 1) an Arena Use License Agreement (Item Nos. PPA.D. and Council Agenda VIII.K.); 2) a Practice Facility Lease Agreement (Item Nos. PPA.E. and Council Agenda VIII.L.); 3) and an Agreement for Arena Upgrades and Practice Facility (Item Nos. PPA.F and Council Agenda VIII.M.)

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