

SACRAMENTO KINGS

April 13, 2012

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2010

- Kings and Anaheim discuss move
 - NBA informed
- Late 2010 major terms in place
- April 14, 2011 Board of Governors meet
 - Mayor Johnson persuades NBA to give Sacramento one more chance
 - NBA promises relocation if not successful

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THE NBA SPEAKS

- “But if it can’t [get done], if this becomes the fifth or sixth or seventh, it will be the last, as far as we are concerned, effort with respect to an arena . . . I pledge the support for a move to another market.”

-Commissioner, NBA

THE NBA SPEAKS

- “The Committee did suggest to the Maloofs that if they would try another year in Sacramento, that the Committee would be supportive of a move in a year if a plan didn’t come to fruition.”

-Commissioner, NBA

MAYOR JOHNSON AGREES

- “The City’s not going to make the Maloofs wait until March of next year . . . to know if Sacramento’s going to make an arena happen.”

-Mayor Johnson

THE STATUS IN APRIL 2011

- According to the NBA:
 - If financing not in place by March 1, 2012,
 - Fully support relocation
- NBA agrees to assist the Kings in negotiating with the City.

NOVEMBER 10 LEASE TERMS

- AEG proposed lease terms unacceptable to Kings
- Revenue projections unrealistic and unacceptable to Kings
 - Two peak years used
 - Championship contender
 - Height of bull market
 - No accommodation for any future economic downturn

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NOVEMBER 15 CALL

- Kings phone call with NBA
 - Reject AEG proposed lease terms and revenue projections as unrealistic and unacceptable
 - Kings again stress that contribution will be \$4.25 million annual rent with no upfront payment
 - Can the City afford the new arena?

PRELIMINARY TERM SHEET

- Kings receive February 19
- Respond same day
 - 2/19 Kings' email: "We are having a hard time with this document. We find it insulting. I hope the League feels the same."
 - 2/20 Kings state that term sheet wholly unacceptable; numbers don't work

ORLANDO/ALL-STAR WEEKEND

- NBA says in Orlando:
 - No more than \$4.25 million annually
 - Timeline of benchmarks included in term sheet
 - Contingency in term sheet on terms of local cable contract
- All parties acknowledge numerous unresolved issues remain

ORLANDO/ALL-STAR WEEKEND

- City wants to publicly announce "agreement"
- Kings emphatically object to saying "agreement"
- League suggests and all parties agree . . .
"Let's say there is a framework of a deal with lots of work to be done."

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KINGS OBJECT

- Kings object to unacceptable terms prior to March 6 City Council vote
 - February 29 (email to NBA)
 - February 29 (letter to NBA)
 - March 1 (redline of term sheet to NBA)
 - March 5 (summary of March 1 redline to NBA)
 - March 5 (letter to City of Sacramento)

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“NON-BINDING”

- NBA and Kings consistently agree that term sheet is “non-binding”
 - February 29 email
 - February 29 email
 - March 1 email

KINGS' MARCH 5 LETTER TO NBA

- *“The term sheet posted by the City of Sacramento does not reflect any of the comments that we provided to the NBA”*

KINGS' MARCH 5 LETTER TO NBA

- *"In the spirit of the parties working together to find consensus, we trust that the NBA has communicated the Kings' comments on the current draft to the city."*

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CITY REFUSES TO PUBLICLY DISCLOSE MATERIAL FACTS

Thanks for your comments, many of which had been raised by you previously and were addressed in the revised term sheet or discussed with you in Orlando. Before addressing them again, individually, I want to set the stage. This is only a term sheet and many details remain to be ironed out in the final documents. Several of the points you make are agreeable to the City, but they say they cannot put the provisions you want into the document at this time for political reasons. If, as we go down the road, things are not worked out to your reasonable satisfaction, you will have the opportunity to pull out.

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END

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