



Exhibit No.	Description
3	Plaintiff City of Seattle's Fed. R. Civ. P. 26(a) Disclosure Statement
4	Chart: Preliminary Estimates Based on Currently Available Data (Dep. Ex. 327)
5	April 1, 2008, Greg Nickels email to Regina LaBelle

DATED in Seattle, Washington, this 5th day of May, 2008.

/s/ Bradley S. Keller  
Bradley S. Keller, WSBA #10665

**CERTIFICATE OF SERVICE**

I hereby certify that on the 5th day of May, 2008, I electronically filed the foregoing document with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the following:

Thomas A. Carr ([thomas.carr@seattle.gov](mailto:thomas.carr@seattle.gov))  
Gregory C. Narver ([gregory.narver@seattle.gov](mailto:gregory.narver@seattle.gov))  
Seattle City Attorney  
600 Fourth Avenue, 4th Floor  
P.O. Box 94769  
Seattle, WA 98124-4769

Slade Gorton ([slade.gorton@klgates.com](mailto:slade.gorton@klgates.com))  
Paul J. Lawrence ([paul.lawrence@klgates.com](mailto:paul.lawrence@klgates.com))  
Jeffrey C. Johnson ([jeff.johnson@klgates.com](mailto:jeff.johnson@klgates.com))  
Michelle Jensen ([michelle.jensen@klgates.com](mailto:michelle.jensen@klgates.com))  
K&L Gates  
925 4th Avenue, Suite 2900  
Seattle, WA 98104

/s/ Bradley S. Keller  
Bradley S. Keller, WSBA #10665  
Byrnes & Keller LLP  
1000 Second Avenue, 38th Floor  
Seattle, WA 98104  
Telephone: (206) 622-2000  
Facsimile: (206) 622-2522  
[bkeller@byrneskeller.com](mailto:bkeller@byrneskeller.com)

# **EXHIBIT 1**

UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF WASHINGTON

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CITY OF SEATTLE, a first-class )  
charter city, )  
) )  
Plaintiff, )  
) )  
) )  
vs. ) No. C07-1620MJP  
) )  
) )  
THE PROFESSIONAL BASKETBALL )  
CLUB, LLC, an Oklahoma limited )  
liability company, )  
) )  
) )  
Defendant. )

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Videotaped Deposition Upon Oral Examination  
of  
GREGORY JAMES NICKELS

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Taken at 600 Fourth Avenue, 7th Floor  
Seattle, Washington

DATE: April 2, 2008  
REPORTED BY: Brigid M. Donovan, RPR, CCR  
CCR NO.: 2070

STARKOVICH REPORTING SERVICES  
(206) 323-0919

STARKOVICH REPORTING SERVICES  
206.323.0919

1 A It was very consistent with the proposals  
2 we've had all along.

3 Q And the proposal -- strike that.

4 So you'd like to see the team sold to local  
5 owners and you've been working to try and make that  
6 happen, right?

7 A Yes.

8 Q Do you believe the prospects of the sale of  
9 the team to local ownership is more likely if the  
10 Bennett group faces having to play out their lease term  
11 until 2010?

12 A Absolutely.

13 Q Is that one of the reasons, one of the reasons  
14 why the city is wanting the Sonics to play out the last  
15 two years because you think that that will help create  
16 the environment where the sale of the team will happen  
17 to local owners?

18 MR. NARVER: Object to form.

19 A Absolutely.

20 Q Is that one of the motives why you are trying  
21 to specifically enforce the lease?

22 MR. NARVER: Object to form.

23 A We are seeking to enforce the lease because it  
24 is the basis upon which the people of Seattle invested  
25 \$74 million in upgrading Key Arena. I believe that the

1 longer a team is here, the more likely it is we'll be  
2 able to work out a solution long-term for Key Arena to  
3 be a competitive facility through an additional lease  
4 term.

5 Q Now see if you can answer my question. Is  
6 trying to create the environment where a sale to local  
7 ownership will happen if the current ownership faces  
8 having to play out its lease --

9 MR. NARVER: Object to the form and move  
10 to strike the preface.

11 Q -- is that part of the motive for why you are  
12 seeking specific performance?

13 MR. NARVER: Object to the form.

14 A I believe the longer the team is here, the  
15 more likely it is we will be able to find a long-term  
16 answer to keep them here.

17 Q Is part of the reason why you are seeking  
18 specific performance is that you know the current  
19 ownership is losing money, and if they face losses you  
20 believe they will be more inclined to sell to local  
21 owners?

22 MR. NARVER: Object to form.

23 A I believe that the longer the team is here,  
24 the more likely it is we will find an answer long-term.  
25 I've experienced that with baseball. I've experienced

1 it with football. And I think it's true of basketball  
2 as well.

3 Q So depositions are a little different than a  
4 press conference. I get to ask follow-ups and ask for  
5 an answer to my question. So I am going to try one more  
6 time.

7 A Sure.

8 Q Is part of the reason why the city is seeking  
9 specific performance because it knows that the current  
10 owners are losing money, and that faced with losing  
11 money you believe it will create an environment where  
12 they would be more likely to sell to a local group?

13 MR. NARVER: Objection. Asked and  
14 answered and move to strike the observations of counsel.

15 A I believe the longer the team is here, the  
16 better the chances are that we will find a long-term  
17 solution, one of those parts being local ownership.

18 Q And is one of the reasons why you believe that  
19 to be the case is because you know that the current  
20 ownership is facing operating losses here, and that if  
21 they have to have those -- incur those operating losses  
22 for another two years, they would be more than likely to  
23 sell?

24 MR. NARVER: Objection to the form.

25 Asked and answered.

1 A I believe that the chances get better over  
2 time.

3 Q You are not answering my questions. Is one of  
4 the reasons why you believe the chances get better over  
5 time because you know they are losing money and if they  
6 are losing a lot of money they ought to be more  
7 motivated to sell?

8 MR. NARVER: Object to the form.

9 A I would hope that the longer the team is here  
10 the better our chances are, and that's one of the  
11 reasons that I am pushing for the team to fulfill its  
12 obligations under the lease.

13 MR. KELLER: Move to strike as  
14 nonresponsive. I've asked it three times. We'll wait  
15 to ask it another time in another form.

16 MR. NARVER: Move to strike the comments.

17 Q Do you agree that the city of Seattle doesn't  
18 own the Sonics team?

19 A That's -- I think that's an interesting  
20 question, what the city's ownership is of an asset like  
21 a professional basketball team. The ownership of the  
22 companies and the financials certainly is Mr. Bennett  
23 and his group. There is a certain type of ownership, a  
24 civic ownership of the Sonics as an institution that's  
25 been part of our city for 41 years. But the ownership

# **EXHIBIT 2**

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The Honorable Marsha J. Pechman

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

CITY OF SEATTLE, a first-class charter  
city,

Plaintiff,

v.

THE PROFESSIONAL BASKETBALL  
CLUB, LLC, an Oklahoma limited liability  
company,

Defendant.

No. C07-1620 MJP

NOTICE OF VIDEO TAPED  
30(b)(6) DEPOSITION OF  
THE PROFESSIONAL  
BASKETBALL CLUB

**TO ALL PARTIES AND YOUR ATTORNEY OF RECORD:**

**YOU AND EACH OF YOU, WILL PLEASE TAKE NOTICE** that testimony of the designated FRCP 30(b)(6) most qualified person or persons of the Professional Basketball Club, upon oral examination before a Notary Public at The Law Office of Kirkpatrick & Lockhart, Preston, Gates Ellis, LLP, located at 925 Fourth Avenue, Suite 2900, Seattle, Washington 98104-1158 (206) 623-7580, as referenced in "Exhibit A" attached hereto, will be taken on April 23, 2008, commencing at the hour of 9:00 a.m. Such deposition shall be subject to continuance or adjournment from time to time, and may be set at an alternative

NOTICE OF VIDEO TAPED  
30(b)(6) DEPOSITION OF THE  
PROFESSIONAL BASKETBALL CLUB - 1

Case No. C07-1620 MJP

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KIRKPATRICK & LOCKHART  
PRESTON GATES ELLIS LLP  
925 FOURTH AVENUE  
SUITE 2900  
SEATTLE, WASHINGTON 98104-1158  
TELEPHONE: (206) 623-7580  
FACSIMILE: (206) 623-7022

1 location to be negotiated, until completed, and shall be taken on the ground that the witness  
2 will provide testimony material to plaintiff's case. Furthermore, the deposition may be  
3 recorded by sound, sound-and-visual, or stenographic means.

4 The Professional Basketball Club is also hereby instructed to identify the witness or  
5 witnesses they will designate by April 9<sup>th</sup>, 2008.

6 DATED this 26th day of March, 2008.

8 KIRKPATRICK & LOCKHART  
PRESTON GATES & ELLIS, LLP

THOMAS A. CARR  
Seattle City Attorney

9  
10 By: 

By: 

11 Slade Gorton, WSBA No. 20  
12 Paul J. Lawrence, WSBA No. 13557  
13 Jeffrey Johnson, WSBA No. 23066  
Jonathan Harrison, WSBA No. 31390  
Michelle Jensen, WSBA No. 36611

Gregory C. Narver, WSBA No. 18127  
Assistant City Attorney  
Attorneys for Plaintiff City of Seattle

14 Attorneys for Plaintiff City of Seattle

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26 NOTICE OF VIDEO TAPED  
30(b)(6) DEPOSITION OF THE  
PROFESSIONAL BASKETBALL CLUB - 2

Case No. C07-1620 MJP  
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KIRKPATRICK & LOCKHART  
PRESTON GATES ELLIS LLP  
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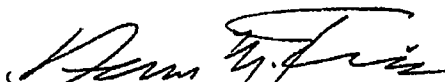
**CERTIFICATE OF SERVICE**

I hereby certify that on March 26, 2008, I served a copy of the foregoing:

**NOTICE OF VIDEO TAPED 30(b)(6) DEPOSITION  
OF THE PROFESSIONAL BASKETBALL CLUB**

by US Mail and electronic mail to the following counsel of record:

Bradley S. Keller, Esq. [bkeller@byrneskeller.com](mailto:bkeller@byrneskeller.com)  
Paul R. Taylor, Esq. [ptaylor@byrneskeller.com](mailto:ptaylor@byrneskeller.com)  
Cathy Coleman [ccoleman@byrneskeller.com](mailto:ccoleman@byrneskeller.com)  
BYRNES & KELLER LLP  
1000 Second Avenue, 38<sup>th</sup> Floor  
Seattle, Washington 98104

  
Dennis M. Tessier

NOTICE OF VIDEO TAPED  
30(b)(6) DEPOSITION OF THE  
PROFESSIONAL BASKETBALL CLUB - 3

Case No. C07-1620 MJP

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KIRKPATRICK & LOCKHART  
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SEATTLE, WASHINGTON 98104-1156  
TELEPHONE: (206) 623-7580  
FACSIMILE: (206) 623-7022

**EXHIBIT A**

**SUBJECT MATTER FOR THE DEPOSITION**

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1. The Professional Basketball Club's ("the PBC's") purchase of the Seattle SuperSonics (the "Sonics"), including but not limited to the purchase agreement, the due diligence process, and the valuation and financial performance of the Sonics.
2. The Premises Use and Occupancy Agreement (the "Lease") entered into between the City of Seattle and SSI Sports, Inc., and subsequently assumed by the Basketball Club of Seattle and the PBC, including but not limited to PBC's obligations under the Lease, and communications between the PBC and any third party regarding the Lease.
3. Communications between the PBC and any former owner of the Sonics regarding (a) the Lease, (b) the suitability of Key Arena as a professional basketball facility, (c) commitments to make efforts to keep the Sonics in Washington State, (d) the possibility of moving the Sonics to Oklahoma City, and (e) the financial performance of the Sonics either in the past or projected in the future.
4. The financial performance of the Sonics, under past and current ownership, including but not limited to profit and loss statements, financial projections and pro formas, and financial statements submitted to the NBA by both present and former owners.
5. Projected attendance at Sonics home games during the 2007-08 season, including but not limited to the effect on attendance resulting from: the departure of former Sonics Ray Allen and/or Rashard Lewis; public awareness of a possible relocation of the Sonics; and, marketing campaigns to promote attendance.
6. Efforts to secure financing for a new arena in Washington State, including lobbying efforts by the PBC and/or its representatives.
7. The possible relocation of the Sonics from KeyArena and/or the City of Seattle, including but not limited to the assessment of alternative venues in Renton, Washington, Bellevue, Washington and Oklahoma City, and communications with representatives of Oklahoma City, the Ford Center or the NBA regarding such a relocation.
8. The formation of the PBC, including communications with investors and the development of organizational documents.
9. Economic and noneconomic benefits derived by Oklahoma City as a result of the New Orleans Hornets playing home games in Oklahoma City.
10. Economic and noneconomic benefits derived by the City of Seattle as a result of the Sonics playing home games in Seattle.
11. Projected benefits, economic and noneconomic, that would be derived by Oklahoma City as a result of the relocation of the Sonics to Oklahoma City.

NOTICE OF VIDEO TAPED  
30(b)(6) DEPOSITION OF THE  
PROFESSIONAL BASKETBALL CLUB - 4

Case No. C07-1620 MJP  
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KIRKPATRICK & LOCKHART  
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SEATTLE, WASHINGTON 98104-1158  
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FACSIMILE: (206) 623-7022

- 1 12. Tax benefits accruing to the principals of the PBC as a result of their ownership  
2 interest in the Sonics.
- 3 13. Volunteer, community and charitable contributions by the Sonics, its employees,  
4 representatives and/or players, to the greater Seattle, Washington community.
- 5 14. The PBC's calculation of rental payments and admissions taxes due to the City under  
6 the remaining two years of the Lease, as reflected in ¶ 6(a) of the PBC's February 15,  
7 2008 Offer of Judgment.
- 8 15. The PBC's request to the NBA for approval to relocate the Sonics franchise to  
9 Oklahoma City, including any communications of any kind with any representative of  
10 the NBA or other NBA franchise owners.
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NOTICE OF VIDEO TAPED  
30(b)(6) DEPOSITION OF THE  
PROFESSIONAL BASKETBALL CLUB - 5

Case No. C07-1620 MJP  
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KIRKPATRICK & LOCKHART  
PRESTON GATES ELLIS LLP  
925 FOURTH AVENUE  
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TELEPHONE: (206) 623-7580  
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# **EXHIBIT 3**

RECEIVED

The Honorable Marsha J. Pechman

2008 JAN -9 P 4: 01

BYRNES & KELLER LLP

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

CITY OF SEATTLE, a first-class charter  
city,

Plaintiff,

v.

THE PROFESSIONAL BASKETBALL  
CLUB, LLC, an Oklahoma limited liability  
company,

Defendant.

No. C07-1620 MJP

PLAINTIFF CITY OF SEATTLE'S  
FED. R. CIV. P. 26(a) DISCLOSURE  
STATEMENT

Pursuant to Fed. R. Civ. P. 26(a)(1)(A)-(D), plaintiff the City of Seattle ("the City"),  
states as follows:

**GENERAL RESPONSE**

1. The City expressly reserves its right to supplement or amend this disclosure at  
a future date.

2. In making the disclosure contained below, the City does not waive, but instead  
expressly reserves, any and all objections, including but not limited to the attorney-client  
privilege, the work-product doctrine, relevance, materiality and overbreadth, to the

CITY OF SEATTLE'S RULE 26(a)  
DISCLOSURE STATEMENT - 1  
Case No. C07-1620 MJP

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KIRKPATRICK & LOCKHART  
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FACSIMILE: (206) 623-7022

**ORIGINAL**

1 discoverability of information defendant The Professional Basketball Club ("PBC") may seek  
2 in this action.

3 **FED. R. CIV. P. 26(A) RESPONSES**

4 **A. FED. R. CIV. P. 26(A)(1)(A): "THE NAME AND, IF KNOWN, THE ADDRESS**  
5 **AND TELEPHONE NUMBER OF EACH INDIVIDUAL LIKELY TO HAVE**  
6 **DISCOVERABLE INFORMATION RELEVANT TO DISPUTED FACTS**  
7 **ALLEGED WITH PARTICULARITY IN THE PLEADINGS, IDENTIFYING**  
8 **THE SUBJECTS OF THE INFORMATION."**

9 **The City's Response:**

10 To the extent known to the City at this time, the following are the names and last  
11 known addresses of the individuals, other than the City's litigation counsel (and their agents),  
12 who may have information that bears on the disputed facts alleged with particularity in the  
13 pleadings:

14 1. Bill Ackerley  
15 [Contact information unknown at this time]

16 Knowledge of negotiation of Lease.

17 2. Virginia Anderson  
18 President, Safeco Insurance Foundation  
19 1001 Fourth Avenue, Suite 1400  
20 Seattle, WA 98185  
21 (206) 473-5890

22 Former Director of Seattle Center. Knowledge of negotiation of Lease, and of  
23 finances relating to SuperSonics, KeyArena and City of Seattle.

24 3. Clayton I. Bennett  
25 Seattle SuperSonics  
26 1201 Third Avenue, Suite 1000  
Seattle, WA 98101  
(206) 281-5800

Knowledge of allegations in Arbitration Demand, and of claims and defenses  
asserted herein.

4. William B. Beyers  
Department of Geography  
Smith Hall  
University of Washington

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Seattle, WA 98195  
(206) 543-5871

Conducted KeyArena Economic Impact Assessment. Knowledge of research on impact on City of Seattle and community of presence of SuperSonics franchise.

- 5. Bob Blackburn  
12134 SE 16<sup>th</sup> Place  
Bellevue, WA 98005  
(425) 746-2434

Former SuperSonics broadcaster. Knowledge of impact on City of Seattle and community of presence of SuperSonics franchise.

- 6. Tim Ceis  
Deputy Mayor  
City Hall  
600 Fourth Avenue, 7<sup>th</sup> Floor  
P.O. Box 94749  
Seattle, WA 98124-4749  
(206) 684-8106

Knowledge of finances relating to SuperSonics, KeyArena and City of Seattle.

- 7. Cheryl Chow  
Seattle Public Schools  
2445 3rd Avenue South  
Seattle, WA 98134  
(206) 252-0000

Former member of City Council. Knowledge of negotiation of Lease, related legislation, and budget issues.

- 8. Diane Clausen  
Seattle Public Utilities  
700 Fifth Avenue, Suite 4900  
Seattle, WA 98124  
(206) 684-8151

Knowledge of negotiation of Lease, related legislation, and budget issues.

- 9. John Coney  
3227 13<sup>th</sup> Ave. W.  
Seattle, WA 98119  
(206) 283-2049

Member of KeyArena Subcommittee. Knowledge of work and conclusions of Subcommittee.

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10. Jill Crary  
Senior Project Manager  
Seattle Center  
305 Harrison Street  
Suite 100  
Seattle, WA 98109  
(206) 684-7107

Knowledge of finances relating to SuperSonics, KeyArena and City of Seattle, and of work and conclusions of KeyArena Subcommittee.

11. Dwight Dively  
Director, City of Seattle Department of Finance  
City Hall  
600 Fourth Avenue, 6<sup>th</sup> Floor  
P.O. Box 94747  
Seattle, WA 98124-4747  
(206) 684-5212

Knowledge of finances relating to SuperSonics, KeyArena and City of Seattle.

12. James Donaldson  
2843 34<sup>th</sup> Ave. W.  
Seattle, WA 98199  
(206) 709-4000

Former SuperSonics player. Knowledge of impact on City of Seattle and community of presence of SuperSonics franchise.

13. Sue Donaldson  
Executive Director  
Washington Appleseed  
1900 N. Northlake Way, #215  
Seattle, WA 98103  
(206) 632-7197

Former member of City Council. Knowledge of negotiation of Lease, related legislation, and budget issues.

14. Edward Dunn  
Capital Budget Manager  
Seattle Center  
305 Harrison Street  
Suite 200  
Seattle, WA 98109  
(206) 684-7212

Knowledge of finances relating to SuperSonics, KeyArena and City of Seattle, and of work and conclusions of KeyArena Subcommittee.

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15. Jim Hill  
Kemper Development Company  
575 Bellevue Square  
Bellevue, WA 98004  
(425) 460-5792

Member of KeyArena Subcommittee. Knowledge of work and conclusions of Subcommittee.

16. Thomas Israel  
Director of Finance and Administration  
Seattle Center  
305 Harrison Street  
Suite 215  
Seattle, WA 98109  
(206) 684-7298

Knowledge of finances relating to SuperSonics, KeyArena and City of Seattle, and of work and conclusions of KeyArena Subcommittee.

17. Martha Lester  
Seattle City Council Central Staff  
City Hall  
600 Fourth Avenue, 2<sup>nd</sup> Floor  
P.O. Box 34025  
Seattle, WA 98124-4025  
(206) 684-8149

Knowledge of negotiation of Lease, related legislation, and budget issues.

18. Terry McLaughlin  
Seattle SuperSonics  
1201 Third Avenue, Suite 1000  
Seattle, WA 98101  
(206) 281-5800

Knowledge of negotiation of Lease.

19. Louise Miller  
17005 191<sup>st</sup> Avenue NE  
Woodinville, WA 98072-9175  
(425) 788-3404

Member of KeyArena Subcommittee. Knowledge of work and conclusions of Subcommittee.

20. Robert Nellams  
Director, Seattle Center  
305 Harrison Street  
Suite 215  
Seattle, WA 98109

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(206) 684-7334

Knowledge of finances relating to SuperSonics, KeyArena and City of Seattle.

- 21. Greg Nickels  
Mayor  
City Hall  
600 Fourth Avenue, 7th Floor  
P.O. Box 94749  
Seattle, WA 98124-4749  
(206) 684-4000

Knowledge of impact on City of Seattle and community of presence of SuperSonics franchise.

- 22. The Professional Basketball Club, LLC (members):

- Aubrey K. McClendon
- Jeffrey Records
- Tom L. Ward
- William M. Cameron
- Bob Howard
- Everett R. Dobson
- Domer "Jay" Scaramucci, Jr.

Knowledge of allegations in Arbitration Demand, and of claims and defenses asserted herein.

- 23. Steve Pyeatt  
14700 114th Avenue NE  
Kirkland, WA 98034  
(206) 276-6708

Co-founder of Save Our Sonics. Knowledge of impact on City of Seattle and community of presence of SuperSonics franchise.

- 24. Bill Rhoda  
CSL International  
1907 East Wayzata Blvd., Suite 250  
Wayzata, MN 55391-2017  
(952) 476-5900

Consultant to KeyArena Subcommittee. Knowledge of work and conclusions of Subcommittee.

- 25. Norman Rice  
Daniel J. Evans School of Public Affairs  
Parrington Hall  
University of Washington  
Seattle, WA 98195

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(206) 221-3892

Former Mayor of Seattle. Knowledge of impact on City of Seattle and community of presence of SuperSonics franchise.

26. Brian Robinson  
2622 NW Market Street, Suite A  
Seattle, WA 98107  
(206) 349-6447

Co-founder of Save Our Sonics. Knowledge of impact on City of Seattle and community of presence of SuperSonics franchise.

27. Charles Royer  
Urban Health Initiative  
316 Occidental Avenue S., Suite 300  
Seattle, WA 98104  
(206) 812-1193

Former Mayor of Seattle. Knowledge of impact on City of Seattle and community of presence of SuperSonics franchise.

28. Bryce Seidl  
President and CEO, Pacific Science Center  
200 Second Avenue North  
Seattle, WA 98109  
(206) 443-2889

Member of KeyArena Subcommittee. Knowledge of work and conclusions of Subcommittee.

29. Matthew Wade  
Athlete Foundations, LLC  
551 N. 170th Place  
Shoreline, WA 98133  
(206) 227-9387

Knowledge of impact on City of Seattle and community of presence of SuperSonics franchise.

30. Bob Watt  
1301 Spring Street  
Unit 11A  
Seattle, WA 98104

Former Deputy Mayor of Seattle. Knowledge of negotiation of Lease, related legislation, and budget issues.

31. Tom Weeks  
(206) 937-4516

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Former member of City Council. Knowledge of negotiation of Lease, related legislation, and budget issues.

32. Carl Weinstein  
6515 106th Ave. NE  
Kirkland, WA 98033  
(206) 853-4833

Former Director of Marketing and Business Development for Seattle Center. Knowledge of relationship between SuperSonics and Seattle Center, and of finances relating to SuperSonics, KeyArena and the City of Seattle.

33. Shelly Yapp  
Chief Financial Officer  
Seattle Housing Authority  
120 Sixth Avenue North  
P.O. Box 19028  
Seattle, WA 98109-1028  
(206) 615-3300

Former Director of Redevelopment, Seattle Center. Knowledge of finances relating to SuperSonics, KeyArena and City of Seattle, and of work and conclusions of KeyArena Subcommittee.

34. Other Current or Former Sonics Employees and Employees of Community Organizations the Sonics Have Supported  
[Contact information unknown at this time]

Knowledge of impact of presence of SuperSonics franchise on City of Seattle and community.

35. Representatives of the National Basketball Association  
[Contact information unknown at this time]

Knowledge of allegations in Arbitration Demand, and of claims and defenses asserted herein.

**B. RULE 26(A)(1)(B): "A COPY OF, OR A DESCRIPTION BY CATEGORY AND LOCATION OF, ALL DOCUMENTS, DATA COMPILATIONS, AND TANGIBLE THINGS IN THE POSSESSION, CUSTODY, OR CONTROL OF THE PARTY THAT ARE RELEVANT TO DISPUTED FACTS ALLEGED WITH PARTICULARITY IN THE PLEADINGS."**

**The City's Response:**

Pursuant to Rule 26(a)(1)(B) of the Federal Rules of Civil Procedure, the City states that it has: copies of the Premises and Use Agreement ("the Lease") entered into between the City of Seattle and SSI Sports, Inc. ("SSI"), and subsequently assumed by The Basketball Club of Seattle and PBC; drafts of the Lease generated during negotiations between the City and SSI; correspondence between the City and SSI during Lease negotiations; copies of subsequent amendments to the Lease; financial documents related to the SuperSonics, KeyArena and the City of Seattle, and studies and other documents relating to the impact of SuperSonics-related activities on KeyArena and the City of Seattle. The City has already produced numerous relevant documents in its possession in response to a Public Records Act ("PRA") Request filed by PBC. The City produced all documents responsive to PBC's PRA request on November 19, November 30 and December 3, 2007.

The City will make appropriate claims of privilege or similar reasons for non-production with its response to any further requests for production. These disclosures are based on the current status of the City's investigation. The City specifically reserves the right to supplement these disclosures as its investigation warrants.

**C. RULE 27(A)(1)(C): "A COMPUTATION OF ANY CATEGORY OF DAMAGES CLAIMED BY THE DISCLOSING PARTY, MAKING AVAILABLE FOR INSPECTING AND COPYING AS UNDER RULE 34 THE DOCUMENTS OR OTHER EVIDENTIARY MATERIALS, NOT PRIVILEGED OR PROTECTED FROM DISCLOSURE, ON WHICH SUCH COMPUTATION IS BASED, INCLUDING MATERIALS BEARING ON THE NATURE AND EXTENT OF INJURIES SUFFERED."**

**The City's Response:**

This is a suit for declaratory relief. As such, the City does not presently claim damages against PBC in this action. The City, however, expressly reserves the right to pursue claims for affirmative relief against PBC in the future as appropriate.

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2 **D. RULE 26(A)(1)(D): "FOR INSPECTION AND COPYING AS UNDER RULE**  
3 **34 ANY INSURANCE AGREEMENT UNDER WHICH ANY PERSON**  
4 **CARRYING ON AN INSURANCE BUSINESS MAY BE LIABLE TO SATISFY**  
5 **PART OR ALL OF A JUDGMENT WHICH MAY BE ENTERED IN THE**  
6 **ACTION OR TO INDEMNIFY OR REIMBURSE FOR PAYMENTS MADE**  
7 **TO SATISFY THE JUDGMENT."**

8 **The City's Response:**

9 The City has no knowledge that any insurance agreement is presently implicated in  
10 this dispute.  
11

12 DATED this 9th day of January, 2008.

13 KIRKPATRICK & LOCKHART  
14 PRESTON GATES & ELLIS, LLP

THOMAS A. CARR  
Seattle City Attorney

15 By: Michelle Jensen  
16 Slade Gorton, WSBA No. 20  
17 Paul J. Lawrence, WSBA No. 13557  
18 Jeffrey Johnson, WSBA No. 23066  
19 Jonathan Harrison, WSBA No. 31390  
20 Michelle Jensen, WSBA No. 36611

By: Michelle Jensen Fox  
Gregory C. Narver, WSBA No. 18127  
Assistant City Attorney

21 Attorneys for Plaintiff City of Seattle

Attorneys for Plaintiff City of Seattle

# **EXHIBIT 4**

**PRELIMINARY ESTIMATES BASED ON CURRENTLY AVAILABLE DATA**

**ATTORNEYS EYES ONLY**

**PBC Financial Obligation 2008-2010**

**NON OPERATIONAL FEE PAYMENTS**

	07/08 Actual/Est. Sonics only	Estimated 08-09 Sonics Only	% From 07-08	Estimated 09-10 Sonics Only	% From 08-09
Suite Rentals	\$605,762	\$424,033	-30%	\$436,754.10	3%
Leased Suites	\$1,289,116	\$709,014	-45%	\$730,284.08	3%
Club Seats	\$456,335	\$310,308	-32%	\$319,617.31	3%
Admissions Taxes	\$1,292,690	\$924,273	-29%	\$952,001.55	3%
Title Sponsorship	\$884,646	\$905,032	2%	\$932,182.45	3%
Parking	\$20,925	\$14,961	-29%	\$20,925.00	3%
<b>Total Payments Non-Operational Fees</b>	<b>\$4,549,473</b>	<b>\$3,287,621</b>	<b>-27.7%</b>	<b>\$3,391,784</b>	<b>3%</b>

**OPERATIONAL FEES**

Sonics Preseason Rent	\$65,021	F \$39,012	-40%	\$40,182.75	3%
Quarterly Rent	\$1,170,641	G \$1,205,780	3%	\$1,241,933.22	3%
<b>Total Payments Operational Fees</b>	<b>\$1,235,662</b>	<b>\$1,244,773</b>	<b>0.7%</b>	<b>\$1,282,116</b>	<b>3%</b>
<b>Total Due Seattle Center</b>	<b>\$5,785,135</b>	<b>\$4,537,394</b>	<b>-21.7%</b>	<b>\$4,673,880</b>	<b>3%</b>

**NOTES:**

- A= Actual Suite Rentals through April 2008 and estimated \$25K for remainder of the year.
- B= Based on actual contractual suite obligations and club seat ticket revenues for 2008.
- C= Based on actual admission tax payments through March 2008 and Estimate for April 2008.
- D= Based on amounts provide by Seattle Center for Title Sponsorship
- E= Based on prior year parking cost. Majority of parking costs have yet to be billed to Sonics as of April 2008.
- F= Based on actual rent at 8.5% of gross proceeds for preseason games
- G= Based on Seattle Center quarterly invoice for 2008 rent.

Suites	2007-08	2008-09	2009-010
Total Contractual Suite Payments	\$2,148,526	\$653,812	\$578,508
Seattle Center Share	60%	60%	60%
Seattle Center Revenue from Contractual Obligations	\$1,289,116	\$392,287	\$347,105

**EXHIBIT**  
 327  
 4-25-08 BHTA

# **EXHIBIT 5**

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**From:** Greg Nickels [gjnicks@Seattle.Gov]  
**Sent:** Tuesday, April 01, 2008 6:59 PM  
**To:** Regina LaBelle  
**Subject:** Attorney Client Communication  
**Importance:** High

I think I sent this one to you before -- I was cc'ed on it.

>>> Dwight Dively 3/10/2008 10:36:39 AM >>>

Mr. Rossi,

Mayor Nickels asked me to send you some information about the possible tax revenue benefits of Sonics games to the State. I do not have access to the State's tax databases but have done some estimates based on information available to the City of Seattle or provided by the team two years ago. Matt Griffin asked me for similar information over the weekend in response to a question from Senator Hewitt, and I sent him the following estimates of annual State revenues earlier today:

Sales and B&O on concessions: \$643,000. This is based on about \$15 per person per game.

Team B&O: \$1,100,000. This is an extrapolation of what the team pays the City. I do not know if the State has made any special tax agreement with the team that would change this figure.

Sales and B&O on Sonics-related parking: \$25,000

Miscellaneous sales and B&O: \$279,000. This is based on an extrapolation of the City's tax revenues from visiting teams and game-related retail activity. It is probably a low estimate.

Overall, these figures suggest the State collects at least \$2 million annually in Sonics-related taxes. The previous ownership's "benefits" study included a higher figure, but I can't verify that. State staff could prepare a more detailed analysis.

As has already been discussed, a \$300 million renovation of Key Arena would generate \$19.5 million in State sales tax revenue. B&O taxes would also be paid by contractors, subcontractors, and materials suppliers, and the City's experience is that the compounding effect typically results in something around 1.5 times the tax rate. This means that the renovation project would generate at least \$2 million in State B&O tax revenue.

I hope this information is useful. Please let me know if you have other questions.

4/2/2008

KALD\_02000894

Dwight Dively  
Director of Finance  
City of Seattle

4/2/2008

KALD\_02000895