

LEASE SUMMARY

TEAM: Phoenix SUNS

Team Owners: Robert Sarver

[Team Website](#)

FACILITY: Talking Stick Resort Arena

[Facility Website](#)

Year Built: 1992

TITLE OF AGREEMENT: First Restated Operating Agreement

Lessor: City of Phoenix, Arizona

Lessee: Phoenix Arena Development Limited Partnership

TERM OF AGREEMENT:

“The Term of this Agreement shall be effective as of July 19, 1989 The date upon which this Agreement shall expire (‘Expiration Date’) shall be the date forty (40) years after the July 1 immediately prior to the License Commencement Date.” Section 2.1, pages 7-8.

RENT:

Phase I: “Prior to the Thirtieth Anniversary Date, subject to the Team’s rights pursuant to Section 6.9 of the Assurance Agreement, the Operator Shall pay the City seventy percent (70%) of all Adjusted Excess Net Cash Flow as an Ordinary Operating Fee Payment.” Section 5.2.1, page 42.

Phase II: “After the Thirtieth Anniversary Date, subject to the Team’s rights pursuant to Section 6.9 of the Assurance Agreement, the Operator shall pay the City sixty percent (60%) of all Adjusted Excess Net Cash Flow as an Ordinary Operating Fee Payment.” Section 5.2.2, page 44.

USE OF THE FACILITY:

“Except as provided in this Agreement, the City reserves the exclusive right to use the Facility.” Section 3.2, page 11.

MAINTENANCE:

“[T]he Operator is authorized to and shall . . . maintain the facility in good, clean, sanitary order and repair.” Section 4.2, page 17.

OPERATING EXPENSES:

“[T]he Operator is authorized to and shall:

4.2.1 pay all Operating Expenses.

4.2.6 purchase and maintain all materials, tools, machinery, equipment and supplies necessary for the operation of the Facility.

4.2.8 maintain the facility in good, clean, sanitary order and repair

4.2.10 arrange for all utility and other services for the Facility and pay or cause to be paid when due all charges for water, sewer, gas, light, heat, telephone, electricity and other utilities and services rendered”

Section 4.2, pages 16-19.

ESCAPE, DEFAULT OR TERMINATION CLAUSES:

“Each of the following events shall constitute an Event of Default:

16.1.1 If any representation or warranty made by the City or by the Operator herein shall at any time prove to have been incorrect in any material respect as of the time made

16.1.2 If the Operator shall breach its obligations

16.1.3 If the Operator shall (without prior written City approval) make any modification, amendment or waiver of any provision of the Suns License, the Advertising Agreement and the Suite Marketing Agreement. . . .

16.1.4 If the City or the Operator shall materially breach any of the other covenants”

Section 16.1, pages 121-122.

INSURANCE:

“[T]he Operator shall maintain the following insurance:” casualty insurance policies, business interruption insurance, extended coverage commercial general liability insurance, workers’ compensation, and builders’ risk insurance. Article 9, pages 64-68.