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CITY OF OAKLAND



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September 30, 2003

**HONORABLE CITY COUNCIL**  
Oakland, California

**RE: RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF A SETTLEMENT AGREEMENT WITH THE GOLDEN STATE WARRIORS AND RELATED AMENDMENT NO. 2 TO THE LICENSE AGREEMENT BETWEEN THE OAKLAND ALAMEDA COUNTY COLISEUM AUTHORITY, OAKLAND ALAMEDA COUNTY COLISEUM, INC. AND THE GOLDEN STATE WARRIORS**

President De La Fuente and Members of the City Council:

Background. Over the past several years, the Oakland Alameda County Coliseum Authority (the "Authority"), the Oakland Alameda County Coliseum, Inc. ("OACC") and the Golden State Warriors have been engaged in several arbitration proceedings to resolve continuing disputes. Some of these proceedings have been resolved and others have not. In addition, there are a number of potential disputes that have not become the subject of formal proceedings. For a number of months, recognizing that the Warriors are the anchor tenant of the Arena and have a long-term commitment to play in the Arena, the Authority and the Warriors have pursued a negotiated settlement to all remaining disputes. The negotiators for the Authority and the Golden State Warriors have agreed upon a proposed settlement of these disputes that is formalized in the Settlement Agreement (the "Agreement"). The Agreement requires the execution of Amendment No. 2 to the License Agreement (the "Amendment"), between the Golden State Warriors, the Authority and the OACC that is attached to the Agreement. Pursuant to the Management Agreement between the City of Oakland (the "City"), the County of Alameda (the "County") and the Authority, the City and the County must approve the Authority's and OACC's execution of the Agreement and the Amendment.

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Attached as Exhibit A is a summary of the Agreement.

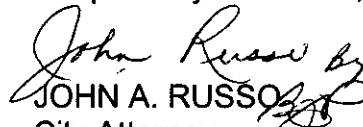
The Agreement. The Agreement generally provides the following:

- The parties reconcile on all amounts owed under the License Agreement and will pay to each other all monies due and owing.
- The parties agree to dismiss all pending arbitration and court proceedings.
- The parties will execute the Amendment that:
  - Clarifies provisions previously disputed or unclear with respect to the collection and payment of revenues and the allocation of expenses;
  - Gives the Warriors the rights to sell the Arena naming rights and establish a split of naming rights revenues;
  - Strengthens Warriors management of the Arena suites; and
  - Establishes procedures to encourage the parties to resolve future conflicts without resorting to arbitration and litigation.

In addition to resolving all pending court and arbitration proceedings and a number of potential disputes, the Agreement has several other advantages to the Authority. The Authority will save up to \$5 million in legal fees. The Agreement maintains the Warriors annual payments for debt service (\$7.428 million) and rent (\$1.5 million). The Amendment formalizes the payment of facility fees, requires reporting of such payments made and delineates the method of calculating them. It fixes the amount of Premium Seating Marketing Group payments so that future disputes are avoided. Moreover, the Agreement is a major step toward building a good working relationship with the Warriors.

Recommendation. Staff recommends the adoption of the attached resolution authorizing the execution and delivery of the Agreement.

Respectfully submitted,

  
JOHN A. RUSSO  
City Attorney

## Exhibit A

### **Summary of Certain Provisions of Warriors Settlement Agreement and Related Amendment to License Agreement**

Note: This is only a summary of the provisions contained in proposed agreements that are attached. Please review the entire agreements.

#### **Settlement Agreement**

- Mutual Release of Claims
  - Resolves all pending disputes, including those in litigation and those threatened.
  - Leaves intact all court judgments Authority has obtained against Warriors
- Payments (see attached Estimated Settlement Payments chart)
  - Authority pays the Warriors total of:
    - amount to resolve past years premium seating marketing payments
    - amount of parking and concession revenues withheld from Warriors
    - refund for payment for suite tickets
  - Warriors pay the Authority total of:
    - amount of facility fee AAA judgment
    - amount of facility fees since calculation of judgment
    - amount of attorneys' fees judgment in AAA arbitration
    - amount of attorneys' fees claim for appeal of JAMS judgment
    - certain past due accounts receivable for services provided by SMG
  - This will result in a net payment of \$ to the Warriors
- Requires modifications to the License agreement outlined below

- Requires Authority to absorb costs of installation and removal of Internet Café as part of day of game set-up, but not of similar future installations
- Provides for the Warriors agreement to consent, when requested by the Authority, to the assignment to the Authority of the rights and obligations of OACC and the subsequent dissolution of OACC

### **Amendment to License Agreement**

- **Premium Seating Marketing Group/Non-Season Ticket Sales Group**
  - Sets amount of payment to Warriors at \$675,000 per year for Premium Seating Marketing
  - Deletes references to Non-Season Ticket Sales groups and Licensee's payment of those costs
- **Naming Rights**
  - Gives Warriors 4 years to sell naming rights, after which Authority has option to take back the right to sell
  - Share of revenue if Authority sells name—Warriors will to “swap” shares
  - Places restriction on name—no tobacco or alcohol products or sexually explicit names
  - Provides for certain minimum displays of the name
  - Net proceeds of naming rights revenues divided
    - first \$250,000 to the Authority
    - next \$500,000 to Warriors
    - over \$750,000 split 40% to Authority, 60% to Warriors
    - net proceeds defined as revenue to Warriors for tax purposes, less only agency fees to sell
- **Suite Tickets for Non-Warriors Events**
  - Warriors receive all tickets for Non-Warrior Arena Events at cost to the Authority (\$0 in most cases); Warriors will purchase if certain criteria are met. In any event, the Authority will not be required to buy tickets for the Warriors suite holders
  - Establishes value of suite tickets for facility fees

- Suite holders must pay for parking, except Warriors
- Warriors prohibited from selling individual tickets
  
- **Applicable Standard**
  - Provides for auditor to determine whether the maintenance and operation of the building meets applicable standard (up-grades and capital expenditures specifically excluded)
  - Parties jointly provide auditor with scope of work and auditor communicates with parties only jointly; right of appeal for fraud or if the auditor exceeds the scope
  - Sets a procedure for resolution of disputes over on-going operation and maintenance of the Arena
  - Prohibits arbitration over applicable standard until procedure has been completed
  
- **Mandatory Mediation**
  - Requires a stay of all arbitration claims and counterclaims until the parties submit to mandatory, non-binding mediation
  
- **Negative Incentives for failure to pay**
  - Allows offsets against parking and concession revenues of reimbursable charges relating to operations that are not disputed by Warriors within 30 days

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*Randolph W. Hall*  
Approved as to Form and Legality

## OAKLAND CITY COUNCIL

RESOLUTION No. \_\_\_\_\_ C.M.S.

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RWH:lrr

**RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF A SETTLEMENT AGREEMENT WITH THE GOLDEN STATE WARRIORS AND RELATED AMENDMENT NO. 2 TO THE LICENSE AGREEMENT BETWEEN THE OAKLAND ALAMEDA COUNTY COLISEUM AUTHORITY, OAKLAND ALAMEDA COUNTY COLISEUM, INC. AND THE GOLDEN STATE WARRIORS**

**WHEREAS**, over the past several years, the Oakland Alameda County Coliseum Authority (the "Authority"), the Oakland Alameda County Coliseum, Inc. ("OACC") and the Golden State Warriors have been engaged in several arbitration proceedings to resolve continuing disputes; and

**WHEREAS**, some of these proceedings have been resolved and others have not; and

**WHEREAS**, there are a number of potential disputes that have not become the subject of formal proceedings; and

**WHEREAS**, for a number of months, recognizing that the Warriors are the anchor tenant of the Arena and have a long-term commitment to play in the Arena, the Authority and the Warriors have pursued a negotiated settlement to all remaining disputes; and

**WHEREAS**, the negotiators for the Authority and the Golden State Warriors have agreed upon a proposed settlement of these disputes that is formalized in the Settlement Agreement (the "Agreement"); and

**WHEREAS**, the Agreement requires the execution of Amendment No. 2 to the License Agreement (the "Amendment"), between the Golden State Warriors, the Authority and the OACC that is attached to the Agreement; and

**WHEREAS**, pursuant to the Management Agreement between the City of Oakland (the "City"), the County of Alameda (the "County") and the Authority, the City

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and the County must approve the Authority's and OACC's execution of the Agreement and the Amendment:: **NOW, THEREFORE BE IT**

**RESOLVED:** that pursuant to the Management Agreement between the City of Oakland and the County of Alameda and the Authority, the City of Oakland hereby approves the execution of Amendment No. 2 to the License Agreement and further approves the Agreement between the Golden State Warriors, the Oakland Alameda County Coliseum Authority and the OACC.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2003

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN AND PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_  
CEDA FLOYD  
City Clerk and Clerk of the Council  
of the City of Oakland, California