

March 9, 2008

The Honorable Christine Gregoire,
Governor
State of Washington
Olympia, Washington 98504

Dear Governor Gregoire:

Over the past few months, many people have been involved in the discussions about the City's proposal to help revitalize Seattle Center by renovating KeyArena and preserving professional basketball in our community. With so much at stake, we thought it would be helpful for you and the others, if we summarized the important issues.

As you know, we have offered to contribute \$150m to the city of Seattle, half of the estimated cost of remodeling KeyArena to create a competitive NBA arena and an outstanding venue for other events. Of the \$300m in total costs, \$75m of the balance has been pledged by the City. The City has asked you and the Legislature to assist in financing the final \$75m by authorizing King County to continue its taxes on car rentals and restaurant/bar sales after Safeco Field bonds have been retired in 2011. This will generate \$75m *without* using all the revenues available by continuing to collect them until 2016, the original end date for the Safeco bonds. As much, and possibly more would be available for application to other uses without extending the taxes beyond 2016.

Funds would be available for the proposed KeyArena project only if we can obtain a NBA franchise, which we believe that we can do, and have committed to a binding long-term lease for the team at KeyArena. The City's proposed legislation implementing this plan also restricts the use of the State authorized County revenues to public components of the building.

The City first broached this general idea with you and with the Democratic legislative leadership before the current session convened, and we have been in continuous discussions with all of you since. The specific \$150m offer was presented to the City on February 15 and conveyed to you and the legislative leadership immediately thereafter.

We are willing to commit \$150m of our private money to this effort because we believe NBA basketball and a vibrant Seattle Center are important to the health and vitality of our region.

The NBA has consistently said that the present KeyArena is inadequate. As you know, the NBA Board of Governors will meet on April 17 and 18 to act on Mr. Bennett's petition to move the Sonics to Oklahoma City. Absent intervening action, that petition is almost certain to be granted, subject to the outcome of the City's lawsuit to enforce the last two years of the present KeyArena lease. Our best chance to have a meaningful discussion with the NBA and Mr. Bennett is before the NBA Board of Governors meet and while the City's lawsuit is still pending. Without a financing plan for a competitive arena, there is no need to have those discussions.

Since we need at least a week to present a case to the NBA, the necessary State legislation to assure the NBA that we will have a competitive KeyArena must be passed and signed into law by April 10. We are therefore hopeful that you and the legislative leadership will commit to acting on the City's proposed legislation to implement this plan during the current legislative session or during a short special session well before April 10. If this is not possible, we will need to go back to our other responsibilities and our offer will expire.

We understand that this is a significant decision, and that is why we have come forward with \$150m of private funding to assist in the revitalization of KeyArena and Seattle Center. You can feel confident in taking this step -- the proposed taxes would only be levied if we are successful in keeping the Sonics or securing a new franchise and entering into a binding lease with the City.

We stand ready to help keep the Sonics here in Washington State and rebuild a critical regional facility, but we need your help urgently. Given the looming date of the NBA Board meeting next month, the time for action is now.



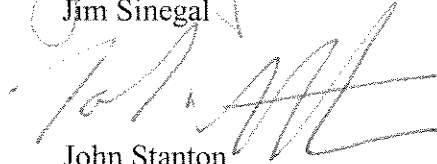
Steve Ballmer



Matt Griffin



Jim Sinegal



John Stanton

CC: Honorable Lisa Brown, Senate Majority Leader
Honorable Frank Chopp, Speaker of the House
Honorable Richard DeBolt, House Republican Leader
Honorable Mike Hewitt, Senate Republican Leader
Honorable Greg Nickels, Mayor, City of Seattle