

UNDERSTANDINGS

1. Purpose and Term of Agreement.

(a) **Purpose; Binding MOU.** This MOU sets forth the material terms of proposed agreements between the Parties with respect to OVG's proposed lease of the Arena, including OVG's design and construction of the Arena Tenant Improvements (as defined in Section 9(q)) and long-term operation of the Arena. Upon satisfaction of the conditions precedent set forth herein, the terms of this MOU shall be memorialized in a Development Agreement ("Development Agreement"), a Lease Agreement ("Lease Agreement"), and a Seattle Center Integration Agreement ("Seattle Center Integration Agreement"), as well as such ancillary documents as may be mutually agreed by the Parties as necessary to further implement the terms of those agreements (collectively, the "Transaction Documents"). The Parties intend this MOU to be a binding and enforceable agreement regarding: (i) the process to be followed by the Parties to complete review of the Development Project pursuant to the State Environmental Policy Act, Chapter 43.21C of the Revised Code of Washington ("RCW"), and the state and local implementing rules promulgated thereunder (collectively, "SEPA"), and (ii) the Parties' commitment to negotiate the Transaction Documents in good faith consistent with the terms, conditions, and limitations of this MOU. Each Party acknowledges that the other Party is devoting significant time and resources to prepare for the Development Project in reliance upon the commitments of each Party to negotiate the Transaction Documents in good faith, consistent with the terms, conditions, and limitations of this MOU.

(b) **Term; Exclusivity.** This MOU will terminate upon the earlier of the effective date of the Lease Agreement (the "Lease Execution Date") or three (3) years from the Effective Date of this MOU, provided that the term shall be automatically extended by an additional one (1) year (for a combined term of four (4) years) if the Permits and Approvals Schedule (as defined in Section 6(b)) has been delayed by SEPA review, regulatory process, or other causes beyond the reasonable control of the Parties. This MOU may also be extended by mutual written agreement of the Parties. During the term of this MOU and the term of the Lease Agreement, (i) the City shall not negotiate with any person or entity, other than OVG (or its designee or permitted assignee), regarding renovation or redevelopment of the Arena, or solicit or entertain bids or proposals to do so, ~~and (ii) the City shall not provide financial support, benefits, or incentives (other than those that are generally available to any potential developer) with respect to the construction of any live entertainment venue with a capacity of more than 15,000 seats within the jurisdictional boundaries of the City of Seattle.~~

2. **Location; Subdivision.** The Arena is located on a portion of certain real property owned by the City and assigned King County Parcel No. 1985200003, with a street address of 334 1st Avenue North. The site for Arena renovations also includes real property owned by the City located south of the Arena and assigned King County Parcel Nos. 1989201515, with a street address of 232 1st Avenue North, and 1989201460, with a street address of 225 Warren Avenue North. Beginning on the Lease Execution Date, the leased premises will be the area depicted on Exhibit A (applicable during the construction period), and beginning on the Operating Term