53445

DOWNTOWN MULTIPURPOSE ARENA

FIRST RESTATED ADVERTISING AGREEMENT

By and Between

PHOENIX ARENA DEVELOPMENT LIMITED PARTNERSHIP,
"Operator,"

and

PHOENIX SUNS LIMITED PARTNERSHIP,
"Team."

July 19, 1989
TABLE OF CONTENTS

RECITALS .................................................. 1

AGREEMENTS .................................................. 3

1. Definitions ............................................. 3

2. Appointment ............................................. 3

3. Services ............................................... 3
   3.1 General Duties .................................... 4
   3.2 Compliance ........................................ 4

4. Independent Advertising Agent ....................... 5

5. Collection of Advertising Revenues .................... 5
   5.1 Collection ........................................... 5
   5.2 Payment of Independent Advertising Agent ....... 6
   5.3 Deposit .............................................. 6

6. Advertising Fee ......................................... 6

7. Records .................................................. 7

8. Status ................................................... 7

9. Assignment ............................................... 8

10. Term .................................................... 8

11. Default ................................................ 8

12. Dispute Resolution .................................... 9

13. General Provisions .................................... 14
   13.1 Notice .............................................. 14
   13.2 Attorneys' Fees ................................... 14
   13.3 Interest ........................................... 15
   13.4 Severability ....................................... 15
   13.5 Binding Effect ..................................... 15
   13.6 Interpretation ..................................... 16
   13.7 Restatement ....................................... 17
   13.8 Applicable Law .................................... 18

14. Liability Limitation .................................. 19
   14.1 Team ............................................... 19
   14.2 Operator .......................................... 19
   14.3 City .............................................. 20

(i)

Advertising Agreement
FIRST RESTATED ADVERTISING AGREEMENT

THIS FIRST RESTATED ADVERTISING AGREEMENT ("Agreement") is dated as of July 19, 1989 and entered into by and between PHOENIX ARENA DEVELOPMENT LIMITED PARTNERSHIP, a Delaware limited partnership ("Operator") and PHOENIX SUNS LIMITED PARTNERSHIP, a Delaware limited partnership (the "Team").

RECITALS:

A. Pursuant to the Operating Agreement between the Operator and the City of Phoenix, the Operator is to be the operator of a multipurpose arena to be constructed in downtown Phoenix, Arizona and owned by the City of Phoenix (the "Facility"), and in connection therewith, the Operator is empowered to enter into this Agreement and other agreements concerning the Facility.

B. The Operating Agreement grants the Operator certain rights and imposes related obligations upon the Operator with respect to promotion of the Facility and advertising at the Facility including the right to market, negotiate, sell, execute and perform all contracts for specified Commercial Advertising at the Facility.
C. The Operating Agreement (a) permits the Operator to grant to licensees the right to market Licensee Advertising in connection with and during Events conducted by such licensees, (b) obligates the Operator to market all other Commercial Advertising (including permitted Commercial Advertising at City Events), and (c) permits the Operator to assign to the Team the obligations to market and sell such other Commercial Advertising, subject to the obligation to retain an Independent Advertising Agent. The Independent Advertising Agent is to be compensated solely by a negotiated percentage of Fixed and Permanent Commercial Advertising Revenues. The independent Advertising Agent may not be employed or hired or compensated for any other service by the Team or by any Affiliate of Team, unless such arrangement is specifically approved in advance by the City.

D. The Operator desires the Team to undertake certain marketing obligations of the Operator in exchange for the Advertising Payment and in accordance with the provisions of this Agreement.

E. The Team is willing to exercise such rights and to undertake such duties and obligations in accordance with the provisions of this Agreement. As the owner of the Franchise and the primary licensee of the Facility, the Team is experienced in planning, preparing, implementing, coordinating,
supervising, negotiating, executing and performing contracts in connection with advertising for the Franchise and the Games.

THEREFORE, intending to be legally bound, for valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

AGREEMENTS:

1. Definitions. Except as otherwise defined herein, capitalized terms shall have the meaning set forth in the Operating Agreement, dated as of July 19, 1989, as restated on even date herewith (the "Operating Agreement").

2. Appointment. For the term hereof, the Operator hereby appoints the Team and its designated Independent Advertising Agent as the sole and exclusive marketer for all Commercial Advertising in connection with Operator Events other than Licensee Advertising ("Facility Advertising") and also authorizes the Team and its Independent Advertising Agent to market permitted Commercial Advertising in connection with City Events ("City Advertising").

3. Services. The Team shall take all reasonable and appropriate action to market the Facility Advertising in accordance with the provisions of this Agreement. The Team

Advertising Agreement
shall exercise commercially reasonable efforts to market Facility Advertising but provides no other assurance as to the success of the marketing of Facility Advertising.

3.1 General Duties. The marketing of Facility Advertising shall be at such prices, for such terms and pursuant to such documentation as may be established by the Operator and the Team. Subject to the foregoing, at its sole cost and expense except as provided in Section 6 hereof, the Team is authorized to and shall perform the following services in accordance with such guidelines and pursuant to such procedures as may be established from time to time by mutual agreement between the Team and the Operator:

3.1.1 Plan, prepare, implement, coordinate and supervise all Facility Advertising; and

3.1.2 In connection therewith, negotiate, execute, deliver and perform all contracts, documents or agreements with respect to Facility Advertising.

3.2 Compliance. The Team shall comply with all regulations, codes and laws affecting the marketing of the Facility Advertising and City Advertising. In that regard, it is understood that it is illegal for either the Operator or the Team to refuse to place Facility Advertising or City Advertising Agreement 1300h

-4-
Advertising for any person because of race, color, religion, national origin, sex, marital status or physical disability. In performing its services hereunder, the Team agrees to comply with all laws and regulations concerning nondiscrimination including, without limitation, those of the City.

4. Independent Advertising Agent. During the term of this Agreement, the Team shall select and enter into an agreement with an Independent Advertising Agent upon such terms, conditions and provisions as the Team shall determine (subject to the City's right to approve such agreement pursuant to Section 5.1.4.2 of the Operating Agreement and Section 5.8 of the Assurance Agreement); the Team shall carry out its Fixed and Permanent Advertising marketing functions (and may carry out other marketing functions) through the services of an Independent Advertising Agent; and such Independent Advertising Agent shall at all times be compensated solely by a negotiated percentage of Fixed and Permanent Commercial Advertising Revenues.

5. Collection of Advertising Revenue.

5.1 Collection. The Team shall use reasonable efforts to collect all Advertising Revenue when and as due, all of which shall be deemed Facility Revenue.
5.2 Payment of Independent Advertising Agent. During the term of this Agreement, from Fixed and Permanent Advertising Revenue as and when received by the Team, the Team is authorized to pay to the Independent Advertising Agent the percentage of Fixed and Permanent Commercial Advertising Revenue to which the Independent Advertising Agent is entitled and to reimburse the reasonable costs of the Independent Advertising Agent associated with the sale of Fixed and Permanent Commercial Advertising pursuant to its agreement with the Team.

5.3 Deposit. Within ten (10) days after receipt thereof, during the term of this Agreement, the Team shall pay all revenue from Facility Advertising received by the Team (net of the Independent Advertising Agent's Fee) to the Operator for deposit into the Facility Account.

6. Advertising Fee. For the Team's services hereunder throughout the entire term of this Agreement, the Operator shall pay the Advertising Payment to the Team for the period, at the time specified and in accordance with the provisions of the Operating Agreement. (The applicable provisions of the Operating Agreement are incorporated herein by this reference as though set forth herein and no amendment of those provisions shall be effective hereunder or binding upon the Team.) The Team's entitlement to the Advertising
Payments shall be governed by Sections 5.1.4.2, 5.1.4.3 and 5.1.7 of the Operating Agreement.

7. Records. For a period of five years after the end of each calendar year to which they pertain, the Team shall keep and maintain complete and accurate records concerning the Facility Advertising (and any City Advertising marketed by the Team) separate and identifiable from its other records, and the agreement with the Independent Advertising Agent shall require the latter to keep and maintain complete and accurate records concerning Facility Advertising (and any City Advertising marketed by the Team) separate and identifiable from the Independent Advertising Agent's other records. The Operator and the City each (including accountants and attorneys designated by the Operator or the City) shall be entitled to inspect such records during the term of this Agreement and for five years thereafter (at the Team's office or at the Independent Advertising Agent's office, upon not less than 72 hours' notice, and at all reasonable times).

8. Status. The relationship between the Operator and the Team is solely that of the Operator and independent advertising marketer and is not and never shall be deemed that of a partnership, joint venture or employment nature. The Operator is not and never shall be liable to any creditor of the Team or to any other person for any debt, loss, contract or
other obligation of the Team. No personnel normally and regularly involved in assisting the Team in performing its services hereunder shall be employees of the City.

9. **Assignment.** The Team shall have the same rights and shall be subject to the same restrictions with respect to the assignment of this Agreement or its rights herein as apply to the Team's transfer of the Suns License as therein provided. The Operator shall have the same rights and shall be subject to the same restrictions with respect to the assignment of this Agreement or its rights herein as apply to its transfer of the Suns License as therein provided.

10. **Term.** This Agreement shall be effective as of July 19, 1989 and shall continue until the expiration or earlier termination of the Suns License in accordance with its terms or in accordance with the terms of the Assurance Agreement so that, in all events, this Agreement shall continue in effect as long as the Suns License remains in effect but not thereafter.

11. **Default.** In the event of a breach of this Agreement by either party, if such breach is not cured within thirty (30) days following written notice by the non-defaulting party (or such longer period as is necessary for the defaulting party to cure the failure within a reasonable time in the
exercise of due diligence), then the defaulting party shall be in default hereof (an "Event of Default"). Subject to the requirement to comply with Section 12, upon the occurrence of an Event of Default, the non-defaulting party shall have the right to recover damages and to pursue all the rights and remedies provided by law or in equity. Notwithstanding and prevailing over any contrary provision hereof, because it is intended that the term of this Agreement shall be coterminous with the term of the Suns License and that this Agreement shall continue so long as the Suns License remains in effect, unless and until the Suns License has been terminated as therein provided or as provided in the Assurance Agreement, each party's remedies for an Event of Default by the other party hereunder shall be limited so that the non-defaulting party shall not have the right to terminate this Agreement albeit the non-defaulting party shall have the other rights and remedies above provided.

12. Dispute Resolution. In the event of any default, breach or other dispute between the parties in connection with this Agreement (collectively, the "Dispute"), the parties shall comply with the following procedures (all of which shall collectively be referred to as "ADR"): Within seven (7) Business Days after written request (the "Request") by either party, the parties promptly shall hold an initial meeting to attempt in good faith to negotiate a settlement of the
Dispute. No Request concerning a Dispute may be made after the time allowed by any statute of limitations applicable to such Dispute. If within ten (10) days after the Request, the parties have not negotiated a settlement of the Dispute, the parties jointly shall appoint a mutually acceptable neutral person who is not affiliated with either of the parties, the Team or the City (the "Neutral"). If the parties are unable to agree upon the appointment of the Neutral within fourteen (14) days after the Request, either party may request the American Arbitration Association or its successor ("AAA") to select the Neutral or may cause both parties to submit to any procedures of AAA to select the Neutral, including without limitation the selection of AAA as the Neutral. In order to resolve the Dispute, the parties shall develop a non-binding alternative dispute resolution procedure such as mediation or facilitation (the "Mediation") with the assistance of the Neutral. The Neutral shall make the decision as to how, when and where the Mediation will be conducted if the parties have been unable to agree on such matters by the earlier of seven (7) Business Days after the appointment of the Neutral or twenty-one (21) days after the Request. The parties shall participate in good faith in the Mediation to its conclusion. If the parties resolve their Dispute through their own negotiations or in the Mediation, the resolution shall be reduced to the form of a written settlement agreement which shall be binding upon both parties and shall preclude any litigation with respect to such
Dispute. If the parties have not resolved the Dispute through the Mediation within thirty (30) days after the Request, then at any time thereafter and prior to resolution of the Dispute by the Mediation, upon written demand by either party, the Mediation shall cease and the Dispute shall be submitted to arbitration (the "Arbitration") for resolution by an arbitrator or a panel of arbitrators whose number shall be determined and who shall be selected and shall conduct the Arbitration in accordance with the rules of AAA. If the Arbitration results in a determination by the arbitrator(s) that an Event of Default has occurred, the provisions of Section 11 shall govern the damages and other remedies which may be implemented or ordered by the arbitrator(s). Neither the requirement to utilize nor the pendency of any ADR procedures shall in any way invalidate any notices or extend any cure periods applicable to an Event of Default as provided in Section 11. Except as expressly provided to the contrary in this Section 12 or elsewhere herein, these ADR procedures require that the parties use these ADR procedures exclusively rather than litigation as a means of resolving their disputes hereunder or to determine the consequences of an Event of Default and the implementation of the remedies therefor as provided in Section 11. Notwithstanding any other provision of this Section 11 to the contrary, in the event either party may wish to seek interim relief, whether affirmative or prohibitive, in the form of a temporary restraining order or preliminary injunction or other
interim equitable relief concerning a Dispute, including without limitation declaratory relief, provisional remedies, special action relief, stay proceedings in connection with special action relief and any similar relief of an interim nature, either before beginning the ADR procedures or at any point in the ADR procedures concerning such Dispute, such party may initiate the appropriate litigation to obtain such relief ("Equitable Litigation"). Nothing herein shall be construed to suspend or terminate the obligation of both parties promptly to proceed with the ADR procedures to completion while such litigation and any appeal therefrom is pending. No withstanding any contrary provisions of rules 65(a)(2) of the Arizona Rules of Civil Procedure or Rule 65(a)(2) of the Federal Rules of Civil Procedure as either rule currently exists or may be amended, the parties agree there shall be no consolidation of any hearing for preliminary injunction in the Equitable Litigation with a trial of an action for permanent injunction on the same matter. Regardless of whether such interim relief is granted or denied or such Equitable Litigation is pending or any appeal is taken from the grant or denial of such relief, at all times the parties shall diligently proceed to complete the ADR procedures. Any interim or appellate relief granted in such Equitable Litigation shall remain in effect until, and only until, the ADR procedures concerning the Dispute that is the subject of such Equitable Litigation result in a settlement agreement or the issuance of
an Arbitration award. Such written settlement agreement or award shall be the final determination on the merits of the Dispute (including but not limited to any equitable relief and monetary damages but excluding any award of attorneys' fees in the Equitable Litigation), shall supersede and nullify any decision in the Equitable Litigation on such merits and shall preclude any subsequent litigation on such merits, notwithstanding any determination to the contrary in connection with any Equitable Litigation granting or denying interim relief or any appeal therefrom. The parties agree that any Disputes which arise out of such a written settlement agreement or award during the term of this Agreement shall be resolved exclusively by the procedures set forth in this Section 12, provided that either party may institute legal proceedings in a court of competent jurisdiction to enforce judgment upon an Arbitration award in accordance with A.R.S. § 12-1501 et.seq. or other applicable law. The fees and costs of the Neutral and AAA in the Mediation shall be an Operating Expense; provided, however, that the prevailing party in Arbitration shall be entitled to recover from the other party's own assets, and not from Facility Revenue, in addition to any other remedy, reimbursement for any costs of such proceeding, reasonable attorneys' fees, reasonable costs of investigation and any other expenses incurred in connection with the Arbitration or the Mediation. Any such recovered costs and expenses in such Arbitration shall not be included as Operating Expenses or paid from Facility Revenue.
13. **General Provisions.**

13.1 **Notice.** All notices and other communications pursuant to this Agreement shall be in writing and shall be deemed properly given if sent by personal delivery or by certified United States mail, postage prepaid, return receipt requested, addressed as follows:

**Operator:**

Phoenix Arena Development Limited Partnership  
2800 North Central Avenue  
Suite 1200  
Phoenix, Arizona 85004  
Attention: General Manager

**Team:**

Phoenix Suns Limited Partnership  
2910 North Central Avenue  
Phoenix, Arizona 85012  
Attention: President of General Partner

Each party may by notice to the other specify a different address for subsequent notice purposes. Notice shall be deemed effective on the date of actual receipt or three days after the date of mailing, whichever is earlier. A copy of all notices issued pursuant to this Agreement shall be issued simultaneously to the City in the manner provided in the Operating Agreement.

13.2 **Attorneys' Fees.** If either party hereto shall initiate, intervene in or is brought into any action at law or equity, whether in ADR, arbitration, court or otherwise, against or involving the other, which is in any way connected with this Agreement, its interpretation or enforcement, then
the party hereto which prevails in any such action shall recover and receive from the other party reasonable attorneys' fees, court costs and expenses as determined by ADR, an arbitrator, a court or an administrative agency and not by the jury, whether in ADR, arbitration, courts or agencies of original, appellate or bankruptcy jurisdiction.

13.3 **Interest.** Except for the Advertising Payment, the interest as to which shall be as provided in the Operating Agreement, any other amounts which may be owed to either party by the other pursuant to this Agreement shall bear interest from the due date until paid at the Premium Rate. Payment of such interest shall not excuse or cure any default.

13.4 **Severability.** If any provision of this Agreement is determined to be illegal or unenforceable by an arbitrator or by a court of competent jurisdiction, this Agreement shall remain valid as if such provision had not been contained herein unless the omission of such provision permits the Team to terminate this Agreement pursuant to the Assurance Agreement.

13.5 **Binding Effect.** This Agreement shall extend to and be binding upon the representatives, successors and permitted assigns of the respective parties hereto including, without limitation, any successor, assign or
replacement of the Operator as the operator of the Facility whether pursuant to the Operating Agreement or otherwise. This Agreement shall continue in effect notwithstanding, and neither this Agreement nor the Team's rights hereunder shall be adversely affected by, a default under or termination of the Operating Agreement or any other agreements between the Operator and the City.

13.6 Interpretation. This Agreement, together with the Operating Agreement and all other Related Agreements to the extent applicable, constitute the entire understanding of the parties with respect to the subject matter of this Agreement. There are no oral or written statements, representations, agreements, understandings or surrounding circumstances which modify, amend or vary any of the provisions hereof. Except as provided in Section 13.7, all prior and contemporaneous representations, negotiations and agreements are superseded and replaced hereby. All attachments hereto shall be deemed to have been incorporated herein so as to become a part of this Agreement. This Agreement shall not be amended or modified, and rights hereunder shall not be waived, except with the prior approval of the City and any attempt to amend, modify or waive any of the terms or provision of this Agreement without prior City approval shall be void. The parties hereto mutually understand and declare that time is of
the essence of this Agreement. Section 19.14 of the Operating Agreement is incorporated herein by this reference.

13.7 Restatement. This Agreement is a clarification and restatement of the original Advertising Agreement between the parties dated as of July 19, 1989 (the "Initial Advertising Agreement"), the Operating Agreement is a clarification and restatement of the original Operating Agreement dated as of July 19, 1989 (the "Initial Operating Agreement"), and each of the other Related Agreements is a clarification and restatement of each of the respective other original Related Agreements dated as of July 19, 1989 (the "Initial Other Related Agreements"), all of which shall remain effective as restated. The Initial Advertising Agreement, the Initial Operating Agreement and the Initial Other Related Agreements contained inadvertent definitional, typographical, textual and other errors, omissions and inconsistencies. This Agreement, the Operating Agreement and the other Related Agreements have been prepared and executed so as to correct and eliminate such unintended errors, omissions and inconsistencies and thereby clarify and restate the intentions of the parties. All references to this Agreement, to the Operating Agreement and to the other Related Agreements shall refer to the Initial Advertising Agreement, the Initial Operating Agreement and the Initial Other Related Agreements, as clarified by this restatement, the restatement of the Operating Agreement and the

Advertising Agreement

1300h
restatements of the other Related Agreements. Each of the parties warrants to the other, effective upon this restatement, that: (a) each of its authorizations, consents and approvals contained or referred to in the initial instruments is valid and effective, and each of its warranties contained in the initial instruments is correct and effective, and each of its covenants contained in the initial instruments is binding and effective, all as restated in this Agreement, the Operating Agreement and the other Related Agreements to the same extent as if this restatement, the restatement of the Operating Agreement and the restatements of the other Related Agreements had been executed on July 19, 1989; (b) it agrees with, approves of and consents to all of the terms of the restatements of this Agreement, the Operating Agreement and the other Related Agreements; and (c) no further actions or proceedings are required to be taken by it to authorize this Agreement, the Operating Agreement and the other Related Agreements as restated.

13.8 Applicable Law. The laws of the State of Arizona shall govern the interpretation and enforcement of this Agreement.
14. **Liability Limitation.**

14.1 **Team.** Notwithstanding and prevailing over any contrary provision or implication in this Agreement, except for their criminal acts with respect hereto (i.e., acts which would constitute crimes were they prosecuted therefor and convicted thereof), the officers, directors, shareholders, employees, agents and limited partners of the Team (collectively "the Team Personnel"), shall not in any way be liable hereunder or with respect hereto; no deficiency or other monetary or personal judgment of any kind with respect to liability arising hereunder or with respect hereto shall be sought or entered against any of the Team Personnel; and no judgment with respect to liability arising hereunder or with respect hereto shall give rise to any right of execution or levy against the assets of any of the Team Personnel other than their interest in this Agreement; and the liability of the Team hereunder shall be limited to the assets of the Team and its general partner.

14.2 **Operator.** Notwithstanding and prevailing over any contrary provision or implication in this Agreement, except for their criminal acts with respect hereto (i.e., acts which would constitute crimes were they prosecuted therefor and convicted thereof), the officers, shareholders, directors, employees, agents and limited partners of the Operator...
(collectively "the Operator Personnel"), shall not in any way be liable hereunder or with respect hereto; no deficiency or other monetary or personal judgment of any kind with respect to liability arising hereunder or with respect hereto shall be sought or entered against any of the Operator Personnel; no judgment with respect to liability arising hereunder or with respect hereto shall give rise to any right of execution or levy against the assets of any of the Operator Personnel other than their interest in this Agreement; and the liability of the Operator hereunder shall be limited to the assets of the Operator and its general partner.

14.3 City. Notwithstanding and prevailing over any contrary provision or implication in this Agreement, the Team and the Operator acknowledge that this Agreement imposes no obligations upon the City unless, until and only if the City expressly assumes in writing the obligations of the Operator as provided in the Operating Agreement; that the City is an express third party beneficiary of this Agreement; that in the event of a default under this Agreement, of any kind or nature whatsoever, the Team shall look solely to the Operator at the time of the default for remedy or relief; and that no member, elected official, other official, employee, agent, independent contractor or consultant of the City shall be liable to the Team, or any successor in interest to the Team, in the event of any default or breach by the Operator for any amount which may
become due to the Team, or any successor in interest to the Team, or on any other obligation under the terms of this Agreement, except for their criminal acts with respect hereto (i.e., acts which would constitute crimes were they prosecuted therefor and convicted thereof).

IN WITNESS WHEREOF, the parties have hereunto set their hands to be effective July 19, 1989.

Operator:

PHOENIX ARENA DEVELOPMENT LIMITED PARTNERSHIP,

By Phoenix Arena Development Corporation, an Arizona corporation, General Partner,

By: Richard H. Dozer
President

Team:

PHOENIX SUNS LIMITED PARTNERSHIP,

By JDM Sports Inc., an Arizona corporation, General Partner,

By: Jery J. Colangelo
President