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April 7, 2011

Scott Zolke
Partner
Loeb & Loeb LLP
10100 Santa Monica Boulevard, Suite 2200
Los Angeles, CA 90067

Re: Sacramento Kings Limited Partnership, LP

Dear Mr. Zolke:

Thank you for your letter dated April 1, 2011.

At the time of my March 30, 2011 letter to the Kings Arco Arena Limited Partnership (Arena Owner) and Sacramento Kings Limited Partnership (Team Owner), there were several recent news reports regarding the Kings' attempts to relocate to the City of Anaheim. Since then, it has been reported that the Anaheim City Council has approved \$75,000,000 in privately-backed bonds to allow the Kings to play at the Honda Center next season.

In my March 30 letter, I pointed out that the Arena Owner and Team Owner entered into a binding written covenant dated July 1, 1997 not to relocate the Kings for 30 years until the City Obligation (now estimated at \$77,000,000) is satisfied and paid off. I further pointed out that the financial impacts to the City would be severe if the written agreements are not honored. I therefore requested - - on behalf of the City of Sacramento - - that the Arena Owner and Team Owner give written assurance of the proposed timing and details of when and how the \$77,000,000 will be paid off.

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Your April 1 letter to me did not provide the specified information.¹ Rather, you state generally:

If and when the obligations set forth in the Relocation Assurance Agreements become applicable, the Kings will, at the appropriate time, contact the City of Sacramento to establish a process for addressing the proposed timing and details of repayment of the City Obligation (as such term is defined in the Sublease and Use Agreement.)

The Kings' stated willingness "to establish a process for addressing the proposed timing and details of repayment of the City Obligation" at some undefined point in the future is insufficient. Given the complexity of the Anaheim transaction it is apparent that the Kings have been negotiating the financial aspects of a relocation for quite some time without any communication to the City of the Kings plans. Given the amount of the City's Obligation, and the City's need to consider and prepare for the financial repercussions of the entire City Obligation becoming due and payable upon the Kings relocation, it is reasonable that the City asks for and expect more specificity, and that City asks for and expects it now. Thus, on behalf of the City, I hereby request direct, non-evasive and unambiguous written responses to the following simple questions:

1. If the Kings relocate, will the Kings repay the \$77,000,000 City Obligation?;
and,
2. If the Kings relocate, when will the Kings repay the \$77,000,000 City Obligation?

You state that the Kings "look forward to continued mutually agreeable and good faith business dealings with the City of Sacramento." You then suggest that I contact the Kings' Executive Vice President and Chief Financial Officer, Thomas K. Land.

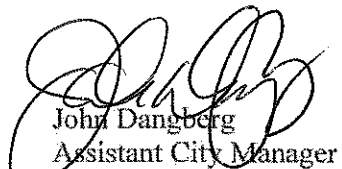
As an alternative, and in the spirit of true good faith business dealings, I propose an immediate, personal face-to-face between myself, City Treasurer Russell Fehr, and Joe and Gavin Maloof (as well as Mr. Land). One of the key issues the City would like to discuss at this meeting is (as referenced in my March 30 letter) the establishment of an escrow account and instructions specifically setting forth a payment process. In addition, the City would like to discuss estoppel certificates, as provided in Article 15 of the Arena Facility Sublease.

¹ The statement in your letter that you "are counsel to Sacramento Kings Limited Partnership, LP (Kings)" and are writing to [the City of Sacramento] in that capacity" is noted. Unless otherwise notified in writing, I will assume that you are not counsel to -- and are not writing on behalf of -- the Arena Owner.

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I look forward to your prompt response.

Very truly yours,


John Dangberg
Assistant City Manager
City of Sacramento

cc: Commissioner David Stern
Board of Governors
National Basketball Association
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New York, NY 10022

Rick Benner (Per Contract Notice Requirement)
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