

ARENA FINANCE AND FUNDING AGREEMENT

between

CITY OF SACRAMENTO

and

SACRAMENTO DOWNTOWN ARENA LLC

Dated as of: May 20, 2014

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ARENA FINANCE AND FUNDING AGREEMENT

This ARENA FINANCE AND FUNDING AGREEMENT (this "**Agreement**"), dated May 20, 2014 (the "**Effective Date**"), is between the CITY OF SACRAMENTO (the "**City**") and SACRAMENTO DOWNTOWN ARENA LLC, a Delaware limited liability company ("**ArenaCo**"). The City and ArenaCo are sometimes each referred to as a "**Party**" and collectively as the "**Parties**."

BACKGROUND

Concurrently herewith, the City, ArenaCo, Sacramento Basketball Holdings LLC and Sacramento Kings Limited Partnership have entered into (i) the Comprehensive Project Agreement for the Sacramento Entertainment and Sports Center (the "**Comprehensive Agreement**"), and (ii) all other "**Project Agreements**", including the Arena Design and Construction Agreement (the "**Design and Construction Agreement**").

Pursuant to the Design and Construction Agreement, ArenaCo has agreed to design, develop, and construct the Arena and certain related infrastructure for the City.

The Parties desire to enter into this Agreement to set forth the terms and conditions upon which the City and ArenaCo agree to fund Project Costs for the Work, including (i) the allocation of Project Costs between ArenaCo and the City, and (ii) a funding and disbursement procedure for the payments of Project Costs.

With these background facts in mind, the Parties agree as follows:

- 1. Allocation of Project Costs.** The total Project Costs to complete the Arena are currently estimated at \$477,000,000. Subject to the terms of this Agreement, (A) the City shall pay for \$223,130,100 of Project Costs (the "**City Contribution**") and convey the City Parcels having an agreed upon value of \$32,049,480 to Affiliates of ArenaCo in accordance with the Property Conveyance Agreement to support the ArenaCo Contribution, and (B) ArenaCo shall pay for all Project Costs that exceed the City Contribution (the "**ArenaCo Contribution**"). The amount of the ArenaCo Contribution is currently estimated at \$253,869,900 (which includes \$32,049,480, reflecting the agreed upon value of the City Parcels that ArenaCo will deposit in the City Account pursuant to Section 3.3(E)(3); the City and ArenaCo agree that ArenaCo shall not be obligated to allocate any other portion of the ArenaCo Contribution or Project Costs or pay any other amount to the City for the conveyance of the City Parcels to Affiliates of ArenaCo). **For the avoidance doubt, subject to Section 2.3, and other than additional Project Costs for Construction Work of Modifications for which the City is responsible pursuant to Section 21.7(B) of the Design and Construction Agreement, the City is not obligated in any manner to fund more than \$223,130,100, or to convey property other than the City Parcels, to pay, or help ArenaCo pay, for Project Costs.**
- 2. Sources of Funds.** The purpose of this Section 2 is to set forth the Parties' sources of funds.

2.1 City Contribution. The City intends to fund the City Contribution from the proceeds of lease-revenue bonds (the "**City Financing**") issued by Sacramento Public Financing Authority, a California joint-powers authority (the "**JPA**"), pursuant to one or more of the following agreements: (A) a bond purchase agreement for the sale at a public offering of bonds that have long-term fixed interest rates; (B) a forward bond purchase agreement for the sale in the future (when the conditions set forth in Section 3.2(D) are met) of bonds with a short-term floating interest rate (a "**Forward Bond Purchase Agreement**"); and (C) a bond purchase agreement for the sale of bonds that have a short-term floating interest rate, with the bond proceeds to be held in an escrow until the conditions set forth in Section 3.2(D) have been met (a "**Short-Term Floating Bond Purchase Agreement**").

2.2 ArenaCo Contribution. ArenaCo intends to fund a substantial majority of the ArenaCo Contribution from the proceeds of a loan (the "**ArenaCo Loan**") from an Institutional Lender (the "**Lender**") and the balance of the ArenaCo Contribution from equity or any other source ArenaCo chooses.

2.3 City Loan.

- (A) Separate from the City Contribution and the conveyance of the City Parcels, the City shall lend to ArenaCo an amount equal to the sum of all application, impact, permit and other fees that ArenaCo must pay to the City or to other governmental or quasi-governmental entities for the design, development and construction of the Arena, up to a maximum amount of \$12,000,000.
- (B) The City shall advance amounts under such loan to ArenaCo within five days after ArenaCo delivers to the City a receipt evidencing the payment of any such fees. The City's failure to advance such amounts within such five-day period shall not constitute a default under this Agreement but, if the City has not advanced any such amount within 15 days after it receives any such receipt, such failure shall constitute a default under this Agreement and, in addition to its obligation to advance the loan funds, the City shall pay to ArenaCo interest on such amount at the Default Rate from the date the advance was due until the date the City makes such advance. Notwithstanding the foregoing, in no event shall the City be required to advance any portion of such loan before ArenaCo Closes the ArenaCo Loan.
- (C) ArenaCo shall repay such loan, without interest, from the first disbursement of proceeds from the ArenaCo Loan after the ArenaCo Loan Availability Date. Notwithstanding the foregoing, if ArenaCo terminates this Agreement pursuant to Section 3.4(A) or this Agreement terminates pursuant to Section 3.4(F) due to a breach of a Project Agreement by the

City, ArenaCo shall not be required to repay such loan. In that regard, ArenaCo hereby assigns to the City all of ArenaCo's rights to reimbursement of the fees, to the extent amounts were advanced by the City with respect thereto and not repaid by ArenaCo under this Section 2.3, should the Arena not be constructed for any reason and shall cooperate with the City in its effort to obtain such reimbursement from any other governmental or quasi-governmental entity to which such fees were paid.

(D) Sections 2.3(B) and (C) shall survive termination of this Agreement.

3. Closing and Funding

3.1 *Simultaneous Closings.* The City intends to Sign the Initial City Financing Document and will use all commercially reasonable efforts to cause the JPA to Sign the Initial City Financing Document, and ArenaCo intends to Close the ArenaCo Loan, within 70 days after the Effective Date, with an initial funding under the ArenaCo Loan to facilitate, *inter alia*, the ESC Land Closing.

3.2 *City Efforts.*

(A) The City will use all commercially reasonable efforts to Sign, and cause the JPA to Sign, the Initial City Financing Document within 70 days after the Effective Date, or as soon thereafter as is practicable. As used in this Section 3.2(A), the phrase "commercially reasonable efforts" does not require the JPA to issue bonds with an annual short-term floating interest rate exceeding the greater of twelve percent (12%) or such higher rate as may be permitted in the resolutions of the City and the JPA authorizing the City Financing.

(B) Notwithstanding anything to the contrary contained in this Agreement, the City is not obligated to Sign, or cause the JPA to Sign, the Initial City Financing Document unless and until (1) ArenaCo is simultaneously Closing the ArenaCo Loan (or has previously done so), (2) the JPA has received (a) a rating-indication letter of at least investment grade, and (b) in the case of any pending litigation challenging any aspect of the City Financing or the construction or operation of the Arena, an opinion regarding such litigation, from a counsel reasonably acceptable to the underwriter or purchaser of the bonds, addressed to and in form and substance satisfactory to the underwriter or purchaser in all respects, in the underwriter's or purchaser's sole and absolute discretion, (3) all ESC Land Contingencies have been satisfied, and (4) a final map pursuant to the Subdivision Map Act combining the Arena Land into one parcel has been duly recorded and is effective. The City may not waive the condition described in Section 3.2(B)(3) above without ArenaCo's prior written consent.

- (C) The City will use all commercially reasonable efforts to make the proceeds of the City Financing available for disbursement pursuant to Section 4.2 within one year after the Effective Date, or as soon thereafter as is practicable. As used in this Section 3.2(C), the phrase "commercially reasonable efforts" does not require the JPA to issue bonds with an annual short-term floating interest rate exceeding the greater of twelve percent (12%) or such higher rate as may be permitted in the resolutions of the City and the JPA authorizing the City Financing, or an annual long-term fixed interest rate exceeding the greater of nine percent (9%) or such higher rate as may be permitted in the resolutions of the City and the JPA authorizing the City Financing.
- (D) Notwithstanding anything to the contrary contained in this Agreement, the City is not obligated to make the proceeds of the City Financing available for disbursement pursuant to Section 4.2 unless and until (1) ArenaCo has Closed the ArenaCo Loan, (2) the JPA has received (a) a rating on the City Financing at least as high as the rating given in the rating indication letter pursuant to Section 3.2(B)(2)(a), and (b) a customary, unqualified opinion from bond counsel, (3) if the JPA has completed an offering document, ArenaCo and its Affiliates have delivered to the JPA the reasonable and customary certificates and opinions described in Section 10.3(B) of the Arena Agreement, (4) ArenaCo has entered into the Contractor Agreement and agreed with the Arena Contractor upon the complete guaranteed-maximum-price (the "**GMP**") for all Work delegated to the Arena Contractor as contemplated by the Design and Construction Agreement, (5) the City has obtained fee-simple title to the Arena Land and the Arena, and (6) the City has paid for and delivered to the trustee under the indenture for the City Financing (the "**Trustee**") the title policy required by the City Financing Documents, free and clear of any mechanics' liens exceptions.
- (E) No later than three Business Days after the date (the "**City Funds Availability Date**") on which the proceeds of the City Financing become available for disbursement in accordance with Sections 3.2(C) and (D) and the Site Lease, the Project Lease and the Indenture for the City Financing (the "**City Financing Documents**"), the City shall certify to ArenaCo, in writing, in a form satisfactory to ArenaCo in its reasonable discretion, that funds under the City Financing are available for disbursement for payment of Project Costs in accordance with the terms and conditions of the City Financing Documents.
- (F) The City shall provide ArenaCo prompt written notice when (1) the City or the JPA adopts any resolutions regarding the City Financing and (2) any other material developments regarding the City Financing occur.

3.3 **ArenaCo Efforts.**

- (A) ArenaCo will use all commercially reasonable efforts to Close the ArenaCo Loan and conduct the ESC Land Closing within 70 days after the Effective Date, or as soon thereafter as is practicable.
- (B) Notwithstanding anything to the contrary contained in this Agreement, ArenaCo is not obligated to Close the ArenaCo Loan unless and until (1) the City and JPA are simultaneously Signing the Initial City Financing Document (or have previously done so); (2) all City Parcel Contingencies, other than in respect of the RASA Parcel, have been satisfied, and (3) a final map pursuant to the Subdivision Map Act combining the Arena Land into one parcel has been duly recorded and is effective.
- (C) ArenaCo will use all commercially reasonable efforts to satisfy any conditions under the ArenaCo Loan precedent to ArenaCo's ability to draw advances under the ArenaCo Loan for payment of Project Costs pursuant to Section 4.2(A) by October 15, 2014, or as soon thereafter as is practicable.
- (D) Notwithstanding anything to the contrary contained in this Agreement, ArenaCo is not obligated to make requests for disbursement of the proceeds of the ArenaCo Loan for payment of Project Costs pursuant to Section 4.2(A) unless and until (1) Lender has approved the GMP and satisfied itself with the status of any litigation, in its sole discretion, and (2) if they were not previously satisfied, the conditions set forth in Section 3.3(B) have been satisfied.
- (E) No later than three Business Days after the date (the "**ArenaCo Loan Availability Date**") on which the proceeds of the ArenaCo Loan become available to ArenaCo in accordance with, and after satisfaction of the conditions set forth in, Section 3.3(D) (excluding amounts for the ESC Land Closing and other amounts available for the initial fundings under the ArenaCo Loan) and the documents that evidence, govern, and secure the ArenaCo Loan (the "**ArenaCo Loan Documents**"), ArenaCo shall (1) certify to the City, in writing, in a form satisfactory to the City in its reasonable discretion, that funds under the ArenaCo Loan are available for disbursement for payment of Project Costs in a manner consistent with the terms and conditions of the commitment letter for the ArenaCo Loan provided by Lender to ArenaCo (which commitment letter, with financial terms and other confidential information redacted, ArenaCo shall deliver to the City promptly after its execution), (2) fully pay to the City all amounts advanced (excluding interest, if any, paid) by the City under the loan described in Section 2.3, and (3) deposit \$32,049,480, representing the agreed upon value of the City Parcels, into the City

Account which funds will be the first funds used to satisfy ArenaCo's obligations under Section 4.2(A).

- (F) For the avoidance of doubt, the amount of the ArenaCo Loan in no way limits ArenaCo's obligation to fund the full amount of the ArenaCo Contribution and ArenaCo shall have the right, at its option, to satisfy a larger portion of the Arena Contribution through equity instead of the ArenaCo Loan.

3.4 Termination.

- (A) If the City and the JPA have failed to Sign the Initial City Financing Document within 150 days after the Effective Date, ArenaCo may terminate this Agreement by written notice to the City.
- (B) If (1) the City Funds Availability Date has not occurred by September 1, 2015, and (2) ArenaCo provides the City written notice that it waives its right to a Replacement Arena Agreement under Section 7.3(B) of the Comprehensive Agreement before the City Funds Availability Date occurs, then ArenaCo may terminate this Agreement by written notice to the City at any time after September 1, 2015 and before the occurrence of the City Funds Availability Date.
- (C) If (1) the City Funds Availability Date has not occurred by September 1, 2015, (2) ArenaCo provides the City with written notice that it intends to cause Substantial Completion of the Arena without the City Financing, and (3) the delay of the City Funds Availability Date to December 31, 2015 could reasonably be expected to delay Substantial Completion of the Arena beyond October 1, 2017, then ArenaCo may terminate this Agreement by written notice to the City at any time after September 1, 2015 and before the occurrence of the City Funds Availability Date.
- (D) If (1) the City Funds Availability Date has not occurred by September 1, 2015, (2) ArenaCo provides the City with written notice that it intends to cause Substantial Completion of the Arena without the City Financing, and (3) the delay of the City Funds Availability Date to December 31, 2015 could not reasonably be expected to delay Substantial Completion of the Arena beyond October 1, 2017, then ArenaCo may terminate this Agreement by written notice to the City at any time after December 31, 2015 and before the occurrence of the City Funds Availability Date.
- (E) If either (1) ArenaCo has failed to Close the ArenaCo Loan within 150 days after the Effective Date, or (2) the ArenaCo Loan Availability Date has not occurred by December 31, 2014, then either Party may terminate this Agreement by written notice to the other.

(F) This Agreement will terminate upon the termination of the Comprehensive Agreement in accordance with Section 7.2 thereof.

3.5 No Default. The JPA's or City's failure Sign the Initial City Financing Document and ArenaCo's failure to Close the ArenaCo Loan, as applicable, or to make the proceeds thereof available for disbursement as contemplated by this Section 3 will not be deemed a default under this Agreement unless the applicable Party failed to use all commercially reasonable efforts to do so.

4. Designation of Project Accounts; Priority of Funding and Disbursement

4.1 Designation of Project Accounts. The Parties will direct the Escrow Agent to establish two bank accounts, one of which shall be identified as the "**City Account**," and the other of which shall be identified as the "**ArenaCo Account**." The City Account and the ArenaCo Account are collectively referred to herein as the "**Project Accounts**."

4.2 Priority of Funding and Disbursement. After the Effective Date, subject to Section 2.3, and other than additional Project Costs for Construction Work Modifications for which a Party is responsible pursuant to Section 21.7 of the Design and Construction Agreement, the Project Costs will be funded and disbursed in the following priority:

(A) First, from the amounts deposited in the City Account pursuant to Section 3.3(E)(3), and thereafter directly by ArenaCo until the City Funds Availability Date. ArenaCo may request disbursements from the City Account of any amount deposited by ArenaCo into the City Account pursuant to Section 3.3(E)(3), and Escrow Agent will be irrevocably and unconditionally instructed to make disbursements from the City Account of such amounts promptly, based upon ArenaCo's request for disbursement, without City consent. The total amount of Project Costs actually funded by ArenaCo from the amounts deposited in the City Account pursuant to Section 3.3(E)(3), and thereafter directly by ArenaCo, before the City Funds Availability Date (including prior to the Effective Date) is the "**ArenaCo Initial Contribution**." No later than five Business Days after ArenaCo's receipt of the City's certification set forth in Section 3.2(E), ArenaCo shall provide to the City a certificate, in a form satisfactory to the City in its reasonable discretion, certifying the amount of the ArenaCo Initial Contribution, plus copies of all invoices and such supporting documentation as the City may reasonably request in order to verify the amount of the ArenaCo Initial Contribution. A certification by Lender of the amount funded under the ArenaCo Loan shall be sufficient evidence of the amount so funded.

(B) Second, beginning on the City Funds Availability Date, by the City, through the City Account, from the proceeds of the City Financing

deposited into the City Account pursuant to Section 6.2, until the date that the City has paid Project Costs in an amount equal to (A) the ArenaCo Initial Contribution, plus (B) fifty percent (50%) of the amount of interest that has accrued on funds advanced under the ArenaCo Loan from the ArenaCo Loan Availability Date to the City Funds Availability Date.

- (C) Third, fifty percent (50%) by the City, through the City Account, from the proceeds of the City Financing deposited into the City Account pursuant to Section 6.2, and fifty percent (50%) by ArenaCo, through the ArenaCo Account, until the City Contribution has been fully funded, provided that ArenaCo may (without obligation) fund the payment of Project Costs directly without seeking matching funding from the City pursuant to this Section 4.2(C) and may thereafter seek catch-up funding from the City in which event, for purposes of the catch-up funding, the Allocable Share shall be adjusted to take into account such catch-up funding.
- (D) Fourth, directly by ArenaCo until all Project Costs have been paid in full.

5. **Selection of Escrow Agent; Escrow Agreement.** Promptly after the Effective Date, the Parties will mutually select an escrow agent ("**Escrow Agent**") and enter into an escrow agreement with the Escrow Agent that is mutually acceptable to both Parties ("**Escrow Agreement**"), which agreement will cover the fundings and disbursements contemplated by this Agreement. The Escrow Agent will be engaged for the sole purposes of receiving funds and holding the same in the Project Accounts, and disbursing the funds from the Project Accounts, in accordance with the Escrow Agreement but on terms and conditions consistent with this Agreement.

6. **Disbursements Requests**

6.1 ***Request for Funds.***

- (A) With respect to Project Costs to be fully or partially funded by the City pursuant to Section 4.2(B) or (C), ArenaCo may from time to time (but no more frequently than once each calendar month) submit to the City and Escrow Agent a request for disbursement of funds (a "**Disbursement Request**"), for the payment of Project Costs to be funded pursuant to Section 4.2(B) or (C) that were actually incurred and not previously funded from the City Account, less a five percent (5%) retainage (the "**Retainage**"); provided that, to the extent that a retainage actually withheld under a construction contract (including, without limitation, the Contractor Agreement) is not included within a Disbursement Request, such retainage shall reduce the Retainage hereunder.
- (B) For Disbursement Requests, the City shall accept the forms of disbursement requests and certificates of ArenaCo and the Independent

Engineer, as applicable, required by Lender for purposes of requisitioning ArenaCo's Allocable Share from the ArenaCo Loan, on the condition such disbursement requests and certificates of ArenaCo and the Independent Engineer expressly permit the City to rely thereon. To the extent that the form of disbursement request and/or certificates accepted by Lender in connection with any Disbursement Request shall omit a material item or statement required by Sections 7.1, 7.2 or 7.3, the City may request such additional certificate or documentation in connection with any such Disbursement Request directly from ArenaCo or the Independent Engineer, as applicable. For clarification, in no event must the City deposit its Allocable Share (or the applicable portion thereof pursuant to Section 6.3 or 7.1B) into the City Account under Section 6.2, unless and until the conditions set forth in Section 7 have been satisfied or waived.

6.2 Funding.

- (A) The City shall promptly review any Disbursement Request delivered by ArenaCo. If the City determines that the Disbursement Request fully satisfies the conditions of Section 7, then, no later than five Business Days after receiving a Disbursement Request, the City shall deposit its Allocable Share into the City Account, and ArenaCo shall deposit its Allocable Share into the ArenaCo Account. For the avoidance of doubt, subject to Section 21.7 of the Design and Construction Agreement, a Party will have no obligation to deposit any funds into a Project Account unless it is obligated to fund based on the funding priority set forth in Section 4.2 above.
- (B) If the City fails to deposit its Allocable Share of any Disbursement Request as and when it is obligated to do so hereunder, ArenaCo may fund the same and the City shall reimburse ArenaCo therefor promptly after ArenaCo delivers written evidence of such funding to the City, together with interest at the Default Rate if the City fails to so reimburse ArenaCo within 15 days after its receipt of such written evidence.

6.3 Failure of Condition. The City shall notify ArenaCo and the Escrow Agent in writing as soon as reasonably possible and no later than five Business Days after receipt of a Disbursement Request if it determines in good faith that the Disbursement Request fails to satisfy any condition of Section 7, which notice must describe the nature of the failure with reasonable specificity. If the City objects to payment of only a portion of the Project Costs described in a Disbursement Request, the City shall deposit into the City Account its Allocable Share of the portion of the Project Costs described in the Disbursement Request to which it does not object.

7. **Conditions to Funding.** The City's obligation to fund its Allocable Share under any Disbursement Request is subject to all of the following conditions:

7.1 Complete Disbursement Request. ArenaCo must have submitted to the City and Lender a complete Disbursement Request for the requested disbursement, together with:

- (A) conditional lien waivers for all Project Costs to be paid by the disbursement;
- (B) unconditional lien waivers for all Project Costs paid with the immediately preceding disbursement; provided, however, that if a particular item has not been paid, the Disbursement Request shall provide an explanation of the reason therefor, in which event, this condition will be deemed satisfied but the amount previously paid for such item will be deducted from, and shown as such on, the then current Disbursement Request unless ArenaCo intends to pay such item with the other payments sought under that Disbursement Request;
- (C) ArenaCo's certifications that (1) all amounts included in the Disbursement Request are Project Costs incurred in accordance with the Design and Construction Agreement and (2) for all Disbursement Requests other than the final Disbursement Request, the Disbursement Request excludes the Retainage to the extent required under Section 6.1; and
- (D) ArenaCo's certification that, after payment is made for the Disbursement Request, the sum of (1) the unfunded portion of the City Contribution, (2) the unfunded portion of the ArenaCo Loan, and (3) the balance of any equity or other funding held in the ArenaCo Account or in any reserve accounts held by Lender, if any, will not be less than the sum of (a) the Project Costs required to complete the Work as set forth in the then current Approved Budget, plus (b) the estimated Project Costs for any (i) Construction Work Modifications, (ii) other agreed upon changes in the Work, and (iii) pending change orders from any contractor, including Arena Contractor, that have been approved by ArenaCo, but have not yet been incorporated into the then current Approved Budget.

7.2 Compliance with Project Agreements. ArenaCo must not be in material breach, beyond any applicable cure period, of any of its obligations under any Project Agreement, including its obligations to obtain and maintain insurance and payment and performance bonds pursuant to the Design and Construction Agreement.

7.3 Certification of Independent Engineer. The Independent Engineer must have certified to the City, ArenaCo and Lender in writing that the Independent Engineer has:

- (A) inspected the Work described in the Disbursement Request;
- (B) confirmed that the Work has been performed (1) to the extent described in the Disbursement Request (on a percentage-of-completion basis), and (2) in accordance with the Design and Construction Agreement;
- (C) confirmed that the Disbursement Request, other than the final Disbursement Request, does not include any Retainage to the extent set forth in Section 6.1; and
- (D) confirmed that, after payment is made for the Disbursement Request, the sum of (1) the unfunded portion of the City Contribution, (2) the unfunded portion of the ArenaCo Loan, and (3) the balance of any equity or other funds held in the ArenaCo Account or in any reserve accounts held by Lender, if any, will not be less than the sum of (a) the Project Costs required to complete the Work as set forth in the then current Approved Budget, plus (b) the estimated Project Costs for any (i) Construction Work Modifications, (ii) other agreed upon changes in the Work, and (iii) any pending change order from any contractor, including the Arena Contractor, that have been approved by ArenaCo, but have not yet been incorporated into the then current Approved Budget.

7.4 Funding by ArenaCo.

- (A) If applicable, ArenaCo must have funded its Allocable Share into the ArenaCo Account with instructions (from Lender if necessary) to pay the Disbursement Request.
- (B) If the Independent Engineer is unable to make the confirmation regarding the sufficiency of funds to complete the Work described in Section 7.3(D), ArenaCo shall deposit into the ArenaCo Account the amount of the deficiency as determined by the Independent Engineer.

8. Disbursement of Funds from the Project Accounts. The Escrow Agreement will include directions to Escrow Agent to disburse to ArenaCo or directly to the Arena Contractor or other contractors, in accordance with any instructions from Lender, funds held in the Project Accounts that are attributable to a particular Disbursement Request promptly after the City and ArenaCo have each funded their Allocable Share into the City Account and the ArenaCo Account.

9. Accounting. Each of (A) ArenaCo with respect to any payments or deposits made pursuant to Sections 4.2(A), (C), and (D); (B) the City with respect to any deposits made pursuant to Sections 4.2(B) and (C); and (C) Escrow Agent with respect to any deposits and disbursements made pursuant to this Agreement, will keep and maintain, at all times, full, true, and accurate books and records, in sufficient detail to reflect the

payments, deposits and disbursements made or received by it hereunder. Each of the City and ArenaCo may, during normal business hours, audit and examine all books and records of any other Party pertaining to the disbursements made by it hereunder and make extracts therefrom and copies thereof.

10. ***[Intentionally omitted.]***

11. ***[Intentionally omitted.]***

12. ***[Intentionally omitted.]***

13. **Mediation**

13.1 Process. Any dispute between the Parties under this Agreement must be resolved in accordance with this Section 13.

13.2 Direct Communication. As soon as reasonably possible after a dispute is identified, each Party shall set forth its position in the dispute in written correspondence delivered to the other Parties involved. Within 15 days after delivery, representatives of each Party involved shall meet at a mutually agreed time and place to attempt, with diligence and in good faith, to resolve and settle the dispute.

13.3 Non-binding Mediation.

(A) *Resort to Mediation.* If the dispute is not resolved through direct communication as provided in Section 13.2, any Party to such dispute may request appointment of a neutral and properly credentialed mediator with expert knowledge and practical experience regarding the subject in dispute.

(B) *Choice of Mediators.* The requesting Party shall provide a list of three possible mediators to the non-requesting Parties. The non-requesting Party shall then select the mediator to be used to mediate the dispute from that list.

(C) *Length of Mediation.* The Parties shall then participate in good faith in a one-day, non-binding mediation session. Notwithstanding the foregoing, the Parties may agree to extend the mediation proceedings.

(D) *Location.* Any mediation proceedings take place in the City, unless otherwise agreed by the Parties.

(E) *Cost Sharing.* The cost of the mediation will be divided equally between the Parties to the dispute.

13.4 Mediation Failure. If the Parties do not resolve the dispute after engaging in this mediation process, each Party will be entitled to bring an appropriate action or

proceeding in any court of competent jurisdiction to vindicate its rights under this Agreement.

14. Default and Remedies; Termination

14.1 *ArenaCo Default.* Each of the following events will, unless otherwise expressly agreed by the City in writing, constitute an "**ArenaCo Default**" under this Agreement:

- (A) ArenaCo materially breaches or fails to comply with any material provision of this Agreement applicable to ArenaCo, and as to any breach or noncompliance which is not monetary in nature (as to which monetary breaches or noncompliance ArenaCo shall have no cure period), such breach or noncompliance continues for a period of 30 days after written notice thereof by the City to ArenaCo; or, if such breach or noncompliance cannot reasonably be cured within such 30-day period, ArenaCo does not commence to cure such breach or noncompliance within such 30-day period or, after commencing to cure such breach or noncompliance, does not thereafter pursue such cure in good faith to completion.
- (B) ArenaCo files a petition in bankruptcy or insolvency, or for reorganization or arrangement under any Applicable Laws related to bankruptcy or insolvency, or voluntarily takes advantage of any such Applicable Laws by answer or otherwise, or dissolves or makes a general assignment for the benefit of creditors, or involuntary proceedings under any such Applicable Laws or for the dissolution of ArenaCo are instituted against ArenaCo, or a receiver or trustee is appointed for the Arena or for all or substantially all of ArenaCo's property, and such involuntary or dissolution proceedings are not dismissed or such receivership or trusteeship vacated within 90 days after such institution or appointment.

14.2 *City's Remedies.* If any ArenaCo Default occurs, the City shall have the right, at the City's election, to exercise any one or more of the following remedies, subject to the rights of Leasehold Mortgagees and Mezzanine Lenders (as more fully described in Section 15.15 below). Exercise of any of such remedies shall not prevent the concurrent or subsequent exercise of any other remedy provided for in this Agreement or otherwise available to the City at law or in equity, except as otherwise expressly stated herein.

- (A) The City may, at the City's option but without obligation to do so, and without releasing ArenaCo from any obligations under this Agreement, make any payment or take any action as the City deems necessary or desirable to cure any ArenaCo Default in such manner and to such extent as the City in good faith deems necessary or desirable. ArenaCo shall pay the City, upon demand, all reasonable advances, costs, and expenses of

the City in connection with making any such payment or taking any such action, including reasonable attorneys' fees, together with interest on all such amounts at the Default Rate from the date of payment of any such advances, costs, and expenses by the City.

- (B) The City may sue ArenaCo for and obtain damages, specific performance, other equitable relief, or any combination of the foregoing.
- (C) If the City prevails on any suit brought under Section 14.2(B) above, obtains a judgment for damages, specific performance, other equitable relief, or any combination of the foregoing and ArenaCo either (1) fails to pay such damages within 30 days after such judgment becomes final and non-appealable, or (2) fails to otherwise comply with such judgment within the time periods set forth therein or, if no time periods are set forth therein, within a reasonable period of time after such judgment becomes final and non-appealable but, subject to Force Majeure Events, in no event more than 120 days after such judgment becomes final and non-appealable, then, the City may, by written notice to ArenaCo, (a) offset the amount of any such unpaid damages against any amount owed by the City to ArenaCo under any Project Agreement other than this Agreement and (b) terminate this Agreement, which termination shall be effective on the date specified in such notice (but not less than 30 days after the date of such notice).

14.3 City Default. Each of the following events will, unless otherwise expressly agreed by ArenaCo in writing, constitute a "**City Default**" under this Agreement:

- (A) The City materially breaches or fails to comply with any material provision of this Agreement applicable to the City, and as to any breach or noncompliance which is not (1) monetary in nature (including without limitation, funding obligations under Sections 4.2, 6.2 or 7), or (2) a failure to timely approve or disapprove with reasonable specificity (as to which (1) or (2) the City shall have no cure period), such breach or noncompliance continues for a period of 30 days after written notice thereof by ArenaCo to the City; or, if such breach or noncompliance cannot reasonably be cured within such 30-day period, the City does not commence to cure such breach or noncompliance within such 30-day period or, after commencing to cure such breach or noncompliance, does not thereafter pursue such cure in good faith to completion.
- (B) The City files a petition in bankruptcy or insolvency, or for reorganization or arrangement under any Applicable Laws related to bankruptcy or insolvency, or voluntarily takes advantage of any such Applicable Laws by answer or otherwise, or dissolves or makes a general assignment for the benefit of creditors, or involuntary proceedings under any such

Applicable Laws or for the dissolution of the City are instituted against the City, or a receiver or trustee is appointed for all or substantially all of the City's property, and such involuntary or dissolution proceedings are not dismissed or such receivership or trusteeship vacated within 90 days after such institution or appointment.

14.4 *ArenaCo's Remedies.* If any City Default occurs, ArenaCo shall have the right, at ArenaCo's election, to exercise any one or more of the following remedies. Exercise of any of such remedies shall not prevent the concurrent or subsequent exercise of any other remedy provided for in this Agreement or otherwise available to ArenaCo at law or in equity, except as otherwise expressly stated herein.

- (A) ArenaCo may, at ArenaCo's option but without obligation to do so, and without releasing the City from any obligations under this Agreement, make any payment or take any action as ArenaCo deems necessary or desirable to cure any City Default in such manner and to such extent as ArenaCo in good faith deems necessary or desirable. The City shall pay ArenaCo, upon demand, all reasonable advances, costs, and expenses of ArenaCo in connection with making any such payment or taking any such action, including reasonable attorneys' fees, together with interest on all such amounts at the Default Rate from the date of payment of any such advances, costs, and expenses by ArenaCo.
- (B) ArenaCo may sue the City for and obtain damages, specific performance, other equitable relief, or any combination of the foregoing.
- (C) If ArenaCo prevails on any suit brought under Section 14.4(B), obtains a judgment for damages, specific performance, other equitable relief, or any combination of the foregoing and the City either (1) fails to pay such damages within 30 days after such judgment becomes final and non-appealable, or (2) fails to otherwise comply with such judgment within the time periods set forth therein or, if no time periods are set forth therein, within a reasonable period of time after such judgment becomes final and non-appealable but, subject to Force Majeure Events, in no event more than 120 days after such judgment becomes final and non-appealable, then, ArenaCo may, by written notice to the City, (a) offset the amount of any such unpaid damages against amounts owed by ArenaCo to the City under any Project Agreement and (b) terminate this Agreement, which termination shall be effective on the date specified in such notice (but not less than 30 days after the date of such notice).

14.5 *Waiver.*

- (A) The Parties hereby waive any and all rights to consequential, punitive, or exemplary damages for an ArenaCo Default or a City Default, as the case may be.
- (B) Notwithstanding anything to the contrary contained in this Agreement, if (1) a City Default arises from (a) the City's intentional default under Section 3.2(A), the purpose of which is to prevent or avoid the Signing of the Initial City Financing Document, (b) the City's intentional default under Section 3.2(C), the purpose of which is to prevent or avoid the proceeds of the City Financing from becoming available for disbursement, (c) the City's intentional refusal to fund Disbursement Requests as and when the same are required to be funded under this Agreement, or (d) the JPA's or City's intentional default under any City Financing Document, the purpose of which is to preclude the use of the proceeds of the City Financing to fund Disbursement Requests, and (2) the foregoing results in the NBA imposing penalties on HoldCo, any of its Affiliates or any of its owners, or exercising its contractual rights to purchase HoldCo's equity interests in TeamCo and the operator of Sleep Train Arena, pursuant to the Agreement and Undertaking dated May 31, 2013 among HoldCo, its owners, TeamCo, Kings Arena Limited Partnership, which is the operator of Sleep Train Arena ("**KALP**"), and their Affiliates for the benefit of the NBA, any such penalties imposed by the NBA and any losses suffered by the members of HoldCo attributable to the difference in the price paid by such members for their equity interests in HoldCo and the price paid by the NBA for the equity interests of HoldCo in the general partners of TeamCo and KALP pursuant to such purchase right shall not be deemed consequential damages under Section 14.5(A) and, as such, the City shall not assert the waiver of consequential damages described in Section 14.5(A) in defense of any claim brought by ArenaCo or any of its Affiliates in respect thereof. Conversely, the Parties agree that any such penalties or losses shall be deemed consequential damages and, as such, waived pursuant to Section 14.5(A), to the extent such penalties or losses result from any other default by the City under any Project Agreement.

15. Miscellaneous

- 15.1 **Additional Agreements.** In addition to the Project Agreements, the Parties agree to cooperate in good faith to negotiate, execute, and deliver any additional documents reasonably required by any Party, from time to time, to effectuate the purposes and intent of this Agreement and the other Project Agreements.
- 15.2 **Notices.** Any notice or other communication under this Agreement, including all Disbursement Requests, must be in writing and will be considered properly given and effective only when mailed or delivered in the manner provided by this section to the persons identified below. A notice or other communication that is

mailed will be effective or will be considered to have been given on the third day after it is deposited in the U.S. Mail (certified mail and return receipt requested), addressed as set forth below, with postage prepaid. A notice or other communication sent in any other manner will be effective or will be considered properly given when actually delivered.

<p><i>If to the City:</i> John Dangberg Assistant City Manager City of Sacramento 915 I Street, Fifth Floor Sacramento, CA 95814</p> <p><i>And</i></p> <p>Russ Fehr City Treasurer Office of the City Treasurer 915 I Street, Third Floor Sacramento, CA 95814</p> <p><i>With copies to:</i> Matthew Ruyak Assistant City Attorney City of Sacramento 915 I Street, Fourth Floor Sacramento, CA 95814</p> <p>Jeffrey Massey Senior Deputy City Attorney City of Sacramento 915 I Street, Fourth Floor Sacramento, CA 95814</p>	<p><i>If to ArenaCo:</i> John Rinehart, CFO Sacramento Basketball Holdings, LLC One Sports Parkway Sacramento, CA 95834 Facsimile: (916) 928-6983</p> <p><i>With copies to:</i> Mark Friedman, Owner 1530 J Street, Suite 200 Sacramento, CA 95814</p> <p>Jeffrey Dorso, Esq. Pioneer Law Group, LLP 1122 S Street Sacramento, CA 95811 Facsimile: (916) 496-8500</p> <p>Adam R. Klein, Esq. Katten Muchin Rosenman LLP 525 W. Monroe Street Chicago, IL 60661-3693 Facsimile: (312) 902-1061</p>
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Any Party may from time to time designate a different address, facsimile number or persons for notices by giving notice to that effect to the other Parties in accordance with the terms and conditions of this section.

15.3 City's Purpose of Inspections and Review. The City's review of any designs, plans, specifications, or other documents or inspection of any property or improvements in connection with this Agreement are performed solely for its own purposes and benefit, and the City is not liable to the other Parties or any third party for defects in such documents or any other improvements related thereto, or the operations and maintenance standards to be applied thereto.

- 15.4 Force Majeure.** Failure in performance by any Party under this Agreement due to a Force Majeure Event shall not be deemed a breach of this Agreement. In addition, when this Agreement provides a time for the performance of any obligation, the time provided is extended if compliance is not possible due to a Force Majeure Event. The extension time shall equal one day for each day that the Force Majeure Event prevents compliance. "Force Majeure Event" means any act, event, or condition that is beyond the reasonable control of the Party asserting the Force Majeure Event, if it prevents or delays such Party from performing any obligation under this Agreement including without limitation the following: any act of public enemy, terrorism, blockade, war, insurrection, civil disturbance, explosion, or riot; epidemic; landslide, earthquake, fire, storm, flood, or washout, or other catastrophic weather event; any other act of God; strike, lockout, or other industrial disturbance; but excluding unavailability of any funds after the City Funds Availability Date.
- 15.5 Severability.** If a court with jurisdiction rules that any nonmaterial part of this Agreement is invalid, unenforceable, or contrary to law or public policy, then the rest of this Agreement remains valid and fully enforceable.
- 15.6 Obligations of the Parties.** The obligations and undertakings of the Parties under or in accordance with this Agreement are obligations solely of the Parties themselves and no recourse shall be had, whether in contract, in tort, or otherwise against any officer, director, employee, agent, member, volunteer, or representative of any Party in his or her individual capacity on account of any obligation or undertaking of or any act or omission by any Party under or pursuant to this Agreement.
- 15.7 Time of the Essence.** Time is of the essence in the performance of this Agreement.
- 15.8 Binding Effect.** This Agreement binds and inures to the benefit of the Parties' successors and permitted assigns.
- 15.9 Waiver.** A Party's failure to insist on strict performance of this Agreement or to exercise any right or remedy upon breach of this Agreement will not constitute a waiver of the performance, right, or remedy. A Party's waiver of another Party's breach of any provision in this Agreement will not constitute a continuing waiver or a waiver of any subsequent breach of the same or any other provision. A waiver is binding only if set forth in a writing signed by the waiving Party.
- 15.10 Interpretation.** This Agreement is to be interpreted and applied in accordance with California law, except that that the rule of interpretation in California Civil Code section 1654 will not apply. The term "including" shall mean "including, without limitation" and "including, but not limited to" and shall not be interpreted to imply any limitation on the more general preceding provision unless otherwise expressly stated. All references in this Agreement to Sections

or Exhibits refer to the Sections and Exhibits of this Agreement unless otherwise expressly stated. Each Exhibit referenced in this Agreement is incorporated herein by reference and made a part hereof. The headings and captions of the Sections and Exhibits are included for convenience only and shall have no effect upon the construction or interpretation of this Agreement.

- 15.11 *Integration and Modification.*** This Agreement, the other Project Agreements, and any other documents executed by the City and one or more Kings Parties (as such term is defined in the Comprehensive Project Agreement) in connection herewith, collectively set forth the Parties' entire understanding regarding the matters set forth herein and are intended to be their final, complete, and exclusive expression of those matters. Without limiting the generality of the foregoing, this Agreement, the other Project Agreements, and any other documents executed by the City and one or more Kings Parties in connection herewith, collectively supersede the non-binding Sacramento Entertainment and Sports Center Term Sheet dated March 23, 2013 in its entirety. This Agreement may be modified only by another written agreement signed by all Parties.
- 15.12 *Assignment.*** Subject to this Section 15.12, a Party may not assign or otherwise transfer this Agreement or its rights or obligations hereunder without the other Party's prior written consent, which may not be unreasonably withheld, delayed or conditioned. Notwithstanding the foregoing, ArenaCo may assign or encumber this Agreement or its rights or obligations hereunder without the City's prior written consent to any party to whom ArenaCo is permitted to assign, or for whose benefit ArenaCo is permitted to encumber, without the City's prior written consent, its leasehold interest under the Arena Agreement. An assignment or other transfer made contrary to this section is void.
- 15.13 *Conflicts among Project Agreements.*** To the extent of any conflict or inconsistency between or among any of the Project Agreements, such conflict or inconsistency shall be resolved pursuant to Section 11.12 of the Comprehensive Agreement.
- 15.14 *Relationship of the Parties.*** The Parties do not intend to create any agency, partnership, joint venture, trust, or other relationship with duties or incidents different from those of parties to an arm's-length contract.
- 15.15 *No Third-Party Beneficiaries.*** Except as set forth in this Section 15.15, this Agreement is solely for the benefit of the City and ArenaCo, and their permitted successors and assigns. Nothing in this Agreement, express or implied, is intended to (A) confer upon any Person other than the City, ArenaCo, and their permitted successors and assigns any rights or remedies under or by reason of this Agreement as a third party beneficiary or otherwise except as specifically provided in this Agreement; or (B) authorize anyone not a Party to this Agreement to maintain an action pursuant to or based on this Agreement.

Notwithstanding the foregoing, (i) all affiliates of ArenaCo and (ii) the holder of any Leasehold Mortgage or Mezzanine Financing are each intended direct third party beneficiaries of this Agreement with the right of direct enforcement of the provisions set forth herein. The Parties agree that the provisions of Section 16 of the Arena Agreement (authorizing Leasehold Mortgages and Mezzanine Financings and granting certain rights and protections to Leasehold Mortgagees and Mezzanine Lenders) are hereby incorporated by reference. Each Leasehold Mortgagee shall be entitled to all of the rights and protections set forth in the Arena Agreement with respect to this Agreement, including specifically Section 16.7 (notice and cure rights), as if such provisions were included in this Agreement.

- 15.16 Representations.** Each Party hereby represents and warrants to the other that it has all necessary right, power, and authority to enter into this Agreement. Additionally, each Party represents and warrants that the execution and delivery of this Agreement and the performance and observance of all obligations and conditions to be performed or observed by each Party hereunder have been duly authorized by all necessary action of such Party. This Agreement, when fully executed and delivered by each Party, shall constitute the legal, valid, and binding obligation of the Parties, enforceable in accordance with the terms hereof.
- 15.17 Attorneys' Fees.** Each Party shall bear its own costs and attorneys' fees incurred in connection with the negotiation and execution of this Agreement.
- 15.18 Alternative Delivery.** When a Party is obligated to deliver a document or similar item to another Party, the recipient may, in its sole discretion, opt for a review of that item without taking physical or electronic delivery thereof.
- 15.19 Counterparts.** The Parties may sign this Agreement in counterparts, each of which will be considered an original, but all of which will constitute the same Agreement. Facsimile signatures or signatures transmitted by email or other electronic means shall be effective to bind each of the Parties hereto.
- 15.20 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California. In the event of any proceedings regarding this Agreement, the Parties agree that the venue shall be the state courts of California located in Sacramento County or the U.S. District Court for the Eastern District of California.
- 15.21 Disclosure of Records.** All non-public documents shared by the Parties hereunder shall be treated as confidential to the extent permitted by Applicable Law. All documents submitted to the City may be subject to disclosure pursuant to the California Public Records Act. If the City receives a request for disclosure under the California Public Records Act or is served with a legal or administrative demand for disclosure (e.g., by subpoena, civil investigative demand, or court-

ordered or court-sanctioned discovery) of any document set apart and clearly marked "trade secret" or "confidential" when provided by ArenaCo to the City, then the City shall notify ArenaCo as soon as practicable before disclosure is required so that ArenaCo may seek an appropriate protective order or may consent in writing to disclosure. Absent a protective order or written consent to disclosure, received before the time disclosure is required, the City may disclose the documents as required by law. The City is not obligated to defend against any litigation brought to compel disclosure of documents, but the City may defend against the litigation as the real party in interest, subject to the following: ArenaCo shall indemnify and hold the City harmless against all damages and costs awarded against the City in the litigation, including reasonable attorneys' fees and litigation costs through final resolution on appeal. ArenaCo shall have sole responsibility for defense of the actual "trade secret" or "confidential" designations.

15.22 Effectiveness. Notwithstanding anything in this Agreement to the contrary, the effectiveness of this Agreement is conditioned upon the NBA's approval of the Team Agreement and the Arena Agreement, which approval is required for the effectiveness of both such agreements pursuant to the terms thereof. ArenaCo shall promptly deliver to the City a copy of the letter from the NBA confirming such approval upon ArenaCo's receipt thereof.

15.23 Estoppel Certificate. Each of the Parties shall, upon the reasonable request of the other (or any current or prospective source of financing for the City, ArenaCo or any transferee or assignee, including Leasehold Mortgagee), and in each case within 10 days after the other Party has requested it, execute and deliver to the appropriate Persons a certificate in recordable form stating:

- (A) That this Agreement is unmodified and is in full force and effect (or, if there have been modifications, that this Agreement is in full force and effect as modified and stating the modifications or, if this Agreement is not in full force and effect, that such is the case);
- (B) That, to the knowledge of the Party providing the certificate, there are no defaults by it or the other Party under this Agreement (or specifying each such default as to which it may have knowledge);
- (C) To the knowledge of the Party providing the certificate, whether there are any counterclaims against the enforcement of any Party's obligations under this Agreement; and
- (D) Any other matters reasonably requested.

16. Definitions and Terms. Capitalized terms in this Agreement have the definitions set forth in this section.

"**Agreement**" is defined in the introductory paragraph of this Agreement.

"**Allocable Share**" means for a Party, with respect to any Disbursement Request, the portion such Party is obligated to fund to a Project Account pursuant to Section 4 (including without limitation, subject to any adjustments as set forth in Section 4.2(C) hereof).

"**Applicable Laws**" means any law, statute, ordinance, rule, regulation, order, or determination of any Governmental Authority.

"**Arena**" means the multipurpose entertainment and sports center, including practice facilities, administrative offices, plazas, walkways, parking, and outdoor entertainment areas, that is to be constructed by ArenaCo pursuant to the Design and Construction Agreement.

"**Arena Agreement**" is defined in the Comprehensive Agreement.

"**ArenaCo**" is defined in the introductory paragraph of this Agreement.

"**ArenaCo Account**" is defined in Section 4.1.

"**ArenaCo Contribution**" is defined in Section 1.

"**ArenaCo Default**" is defined in Section 14.1.

"**ArenaCo Initial Contribution**" is defined in Section 4.2(A).

"**ArenaCo Loan**" is defined in Section 2.2.

"**ArenaCo Loan Availability Date**" is defined in Section 3.3(E).

"**ArenaCo Loan Documents**" is defined in Section 3.3(E).

"**Arena Contractor**" is defined in the Design and Construction Agreement.

"**Arena Land**" is defined in the Comprehensive Agreement.

"**Business Day**" means any day that the Sacramento City Attorney's Office is open. California Code of Civil Procedure Section 12a applies to this Agreement. The use of the word "day," instead of "Business Day," means a calendar day.

"**City**" is defined in the introductory paragraph of this Agreement.

"**City Account**" is defined in Section 4.1.

"**City Contribution**" is defined in Section 1.

"**City Default**" is defined in Section 14.3.

"**City Financing**" is defined in Section 2.1.

"**City Financing Documents**" is defined in Section 3.2(E).

"**City Funds Availability Date**" is defined in Section 3.2(E).

"**City Parcel Contingencies**" is defined in the Property Conveyance Agreement.

"**City Parcels**" is defined in the Property Conveyance Agreement (which for the avoidance of doubt includes the RASA Parcel Replacement Property to the extent applicable under the Property Conveyance Agreement).

"**City's Title Policy**" is defined in the Property Conveyance Agreement.

"**Close the ArenaCo Loan**" means ArenaCo and Lender are executing and delivering the ArenaCo Loan Documents.

"**Comprehensive Agreement**" is defined in the Background.

"**Construction Work Modifications**" is defined in the Design and Construction Agreement.

"**Contractor Agreement**" is defined in the Design and Construction Agreement.

"**Default Rate**" is defined in the Arena Agreement.

"**Design and Construction Agreement**" is defined in the Background.

"**Disbursement Request**" is defined in Section 6.1(A).

"**Effective Date**" is defined in the introductory paragraph of this Agreement.

"**ESC Land Closing**" is defined in the Property Conveyance Agreement.

"**ESC Land Contingencies**" is defined in the Property Conveyance Agreement.

"**Escrow Agent**" is defined in Section 5.

"**Escrow Agreement**" is defined in Section 5.

"**Force Majeure Event**" is defined in Section 15.4.

"**Forward Bond Purchase Agreement**" is defined in Section 2.1.

"**Governmental Authority**" means any federal, state, or local entity, political subdivision, agency, department, commission, board, bureau, administrative, or regulatory body, or

other instrumentality having jurisdiction over the Parties, the Arena, or any other properties or rights that are the subject of the Project Agreements.

"**GMP**" is defined in Section 3.2(D).

"**HoldCo**" means Sacramento Basketball Holdings LLC, a Delaware limited liability company.

"**Independent Engineer**" means the firm designated by Lender from time to time to monitor the construction of the Arena and make the certifications set forth in Section 7.3.

"**Institutional Lender**" is defined in the Arena Agreement.

"**JPA**" is defined in Section 2.1.

"**Leasehold Mortgagee**" is defined in the Arena Agreement.

"**Lender**" is defined in Section 2.2.

"**Mezzanine Lender**" is defined in the Arena Agreement.

"**NBA**" is defined in the Comprehensive Agreement.

"**Party**" and "**Parties**" are defined in the introductory paragraph of this Agreement.

"**Project Accounts**" is defined in Section 4.1.

"**Project Agreements**" is defined in the Background.

"**Project Costs**" is defined in the Design and Construction Agreement.

"**Project Lease**" is defined in the Arena Agreement.

"**Property Conveyance Agreement**" is defined in the Comprehensive Agreement.

"**RASA Parcel**" is defined in the Property Conveyance Agreement.

"**Replacement Arena Agreement**" is defined in the Comprehensive Agreement.

"**Replacement Arena Notice**" is defined in the Comprehensive Agreement.

"**Retainage**" is defined in Section 6.1(A).

"**Site Lease**" is defined in the Arena Agreement.

"**Short-Term Floating Bond Purchase Agreement**" is defined in Section 2.1.

"Sign the Initial City Financing Document" means the City and JPA are either (A) executing and delivering the Forward Bond Purchase Agreement, or (B) executing and delivering the Short-Term Floating Bond Purchase Agreement, issuing bonds pursuant thereto and escrowing the proceeds of those bonds.

"Substantial Completion" is defined in the Design and Construction Agreement.

"Trustee" is defined in Section 3.2(E).

"Work" is defined in the Design and Construction Agreement.

* * *

IN WITNESS WHEREOF, the Parties have entered in this Agreement as of the day and year first above written.

<p>City of Sacramento</p> <p>By: _____ John F. Shirey City Manager</p> <p>Date: _____, 2014</p>	<p>SACRAMENTO DOWNTOWN ARENA LLC, a Delaware limited liability company</p> <p>By: Sacramento Basketball Holdings LLC, a Delaware limited liability company, its Sole Member</p> <p>By: _____</p> <p>Name: _____</p> <p>Its: _____</p> <p>Date: _____, 2014</p>
<p>Approved as to Form Sacramento City Attorney</p> <p>By: _____ Matthew D. Ruyak Assistant City Attorney</p>	<p>Approved as to Legal Form Pioneer Law Group, LLP</p> <p>By: _____ Jeffrey K. Dorso Attorneys for Kings Parties</p>